



Testimony of Sharon L. Cleveland, CFO and Treasurer of Spectrum Generations, the Central Maine Area Agency on Aging d/b/a Spectrum Generations.

In Favor of LD 1449: An Act to Require a Study on State Contracting Practices by the Commissioner of Administrative and Financial Services.

Delivered in person on April 16, 2025.

Dear Senator Baldacci, Representative Salisbury, and members of State and Local Government Committee:

I am here today to express my support for LD 1449, *An Act to Require a Study on State Contracting Practices* on behalf of Spectrum Generations, the Central Maine Area Agency on Aging. This bill seeks to identify best practices and complications in state contracting, including delays in funding, that significantly impact the delivery of services by the Area Agencies on Aging (AAAs).

As you know, the AAA network is a vital part of the aging services infrastructure in Maine. Our ability to deliver essential services depends heavily on the timely and consistent flow of Federal Older Americans Act (OAA) and State funds. These funds are administered through state contracts, which serve as a significant level of fiscal support for our programs.

I would like to emphasize that we are all seeking the same thing: to provide vital services to those most in need. And to do that, we can work together to troubleshoot and hopefully solve issues that hinder that common goal.

Currently, inefficiencies within the contracting process—combined with heightened oversight, evolving regulatory requirements, inconsistent communication, and increasing administrative burdens on the AAAs—are resulting in delayed payments and disruptions in funding continuity. These delays can directly affect our capacity to provide timely services to older adults and caregivers who depend on our programs for their health, safety, and independence.

A few examples illustrate these challenges:

- In FY25, our agency waited six months for July FY24 payments, which were not distributed until the end of January 2025. Similarly, FY25 payments expected in

October were not received until February—four months after service delivery. These delays resulted in our agency being owed over \$1.2 million. Because services were continuously delivered during that time, and no waitlist was established, expenses were incurred without reimbursement, significantly impacting cash flow and forcing us to utilize our line of credit to maintain operations and service delivery. Not all AAAs in Maine have the financial capacity to do the same, placing service delivery at risk. This also put us in the position of paying interest and line of credit fees on those borrowed funds which also takes away resources from getting to the consumers.

- The overall contract budgeting process further contributes to delays and burden. Our agency has submitted contract budgets within the required 10-day timeframe and sometimes even a shorter turnaround time, only to have them returned after 30 days with additional questions. Some of these inquiries appear unnecessarily cumbersome—for example, requesting details for a training-related travel expense before the training details have been released by the training provider (such as name of hotels, location of training, breakdown of meal costs, etc.), asking for detailed breakdown of linen, kitchen tools, and furniture for congregate dining, requesting copies of ads that will be published in newspapers, questioning what type of supplies we will be purchasing for Center Activities (only \$1K allocated), etc.. While our responses are typically provided the same day, the contract then undergoes several layers of approval, often resulting in *further* questions or *periods of no communication* even after inquiries are sent. In some instances, the encumbrance process for a single contract (FY25) has taken over 130 days. During this time, we continued to outlay cash without reimbursement in order to meet delivery demands. This model is not sustainable.
- Although being looked at by the State Unit on Aging (SUA), another recurring issue is the lack of timely information regarding AAA funding allocations prior to the start of the fiscal year as well as timely processing of contract amendments throughout the fiscal year. Without the timely communication of this information, AAAs are forced to estimate funding levels and develop agency budgets based on assumptions. When the actual allocation letters are eventually released, discrepancies between projected and actual funding impact our ability to deliver the levels of service originally budgeted. However, we were just informed yesterday that the SUA is attempting to improve this process and will provide these initial figures prior to the start of the fiscal year, which is a much-needed process improvement in this one area. However, contract amendments often have additional funds that the AAAs rely upon such as disencumbered/carryover funds and/or transference of funding between programs and these amendments still face ongoing delays in timely

processing which hinders the funding getting to the provider and ultimately, to the consumer.

- Current State and Federal funding rates have remained stagnant (and in some instances they have been cut) for the past two fiscal years despite heightened compliance requirements imposed on the AAAs, heightened reporting requirements, and inflationary components which all translate into decreased funding in light of increases in expenses. Funding amounts do not keep pace with service delivery costs, the increased needs that are being served and, in some instances such as Nutrition Services Incentive Program (NSIP), are decreased. The AAAs were just informed that FY26's initial figures reflect a 10% decrease from FY24 OAA funding. I propose that the studying of the larger contract processes will identify areas where improvements could be made to ensure that these limited funds get to the service provider in a more expeditious manner.

We understand, and agree, that we all want to achieve the same goal: providing these much-needed services in a sensible manner to those we serve. We are partners working to fulfill a common mission. However, these operational inefficiencies not only strain resources but ultimately compromise our mission to provide timely and reliable services to older adults in our communities. A collaborative approach which includes a comprehensive study, as proposed in LD 1449, would allow the State to evaluate and improve contracting processes, ensure timely disbursement of funds, and better support the providers tasked with serving Maine's aging population that we are all committed to serve.

Thank you for your time and consideration.

Respectfully submitted,

Sharon L. Cleveland, CFO and Treasurer
Central Maine Area Agency on Aging