

Be It Resolved by the People of the State of Maine:

1. SECTION 1

- a. The Working Group on Modernizing State Grants, Contracts, and Procurement is established.
- b. The working group consists of 15 members appointed as follows:
  - i. The President of the Senate shall appoint one member from among members of the Senate.
  - ii. The Speaker of the House of Representatives shall appoint one member from among members of the House of Representatives.
  - iii. The Governor shall appoint 12 members as follows:
    1. One member who represents the office of the Governor;
    2. One member who represents the Maine Department of Administrative and Financial Services;
    3. One member who represents a public or private foundation with headquarters in Maine; and
    4. Nine members who represent nonprofit organizations that since January 1, 2020, have applied for or received grants from, or entered into public contracts with, a state agency, a municipality or another nonprofit organization in Maine. These organizations shall represent a variety of mission area, budget size, and geographic area served.
- c. The working group shall examine the state's granting and public procurement practices make recommendations to the Maine Department of Administrative and Financial Services concerning:
  - i. Delays in grant / contract execution and encumbrment across agencies;
  - ii. Delays in payment of grants and contracts;
  - iii. Identify application, communication, or system improvements that would increase transparency, enhance communications between the State and nonprofits, and / or improve application, reporting, or procurement processes;
  - iv. Alignment of state practices with applicable federal standards, such as the establishment of a generally permissible standard of indirect costs;
  - v. A mechanism for ongoing review and evaluation of grantmaking and procurement processes.
- d. The working group may examine additional questions and make recommendations concerning:
  - i. Reimbursement rates;
  - ii. Uniform application procedures;
  - iii. Upfront payments;
  - iv. Standard contracting language;
  - v. Feasibility of increasing the low cost service contract to allow more low-barrier opportunities;
  - vi. Related issues that arise during the course of the Working Group's duties as set forth in this section.

- e. The working group may conduct studies, take testimony, request data and information from state agencies and otherwise take actions necessary to carry out the purposes set forth in subsections (c) and (d) of this section.
  - f. A majority of the voting members of the working group constitutes a quorum for the transaction of business.
  - g. Official action by the working group requires the approval of a majority of the voting members of the working group.
  - h. The working group shall elect one of its members to serve as chairperson.
  - i. If there is a vacancy for any cause, the appointing authority shall make an appointment to become immediately effective.
  - j. The working group shall meet at times and places specified by the call of the chairperson or of a majority of the voting members of the working group.
  - k. The working group may adopt rules necessary for the operation of the working group.
  - l. The working group shall submit a report in the manner provided by \_\_\_\_\_, and may include recommendations for legislation, with a copy to the Director of the Maine Department of Administrative and Financial Services, no later than September 15, 2026.
  - m. The Maine Department of Administrative Financial Services shall provide staff support to the working group.
  - n. Members of the Maine Legislature appointed to the working group are nonvoting members of the working group and may act in an advisory capacity only.
  - o. Members of the working group who are not members of the Maine Legislature are not entitled to compensation or reimbursement for expenses and serve as volunteers on the working group.
  - p. All agencies of state government, as defined in \_\_\_\_\_, are directed to assist the working group in the performance of the duties of the working group and, to the extent permitted by laws relating to confidentiality, to furnish information and advice the members of the working group consider necessary to perform their duties.
2. SECTION 2. This Resolve takes effect on the 91st day after the date on which the 2025 regular session of the legislature adjourns sine die.



Mike Tipping  
Senator, District 8

**THE MAINE SENATE**  
132nd Legislature

3 State House Station  
Augusta, Maine 04333

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

My name is Mike Tipping, I represent Senate District 8 in Penobscot County and I am pleased to present **LD 1449, Resolve, Requiring the Commissioner of Administrative and Financial Services to Conduct a Study of the State's Grant, Contracting and Procurement Practices.**

In my time in the legislature, I have heard from constituents who have had challenges in their individual interactions with the state's grant, contract, and procurement processes. Serving as a member of the Government Oversight Committee has also given me a broader insight into the difficulties facing a variety of subsectors when it comes to government contracting, and in particular contracts with non-profit organizations.

From child care to long term care to community transportation, nonprofits in our state fill a vital role in providing services that the state government can't, or won't, provide. At this moment, the nonprofits across our state need to be recognized for what they are: partners with government - who are working every day to serve the needs of our community.

Organizations have cited several challenges, including delays in encumbrment, delays in payment, a lack of standard indirect cost rate, and general difficulty with managing the procurement and contract management processes.

I've heard of delayed processing and payment leading to nonprofits having to draw on lines and credit and pay high interest rates while performing vital services - extra expenses that they have to pay out of pocket.

I've also heard from organizations that the best interest of the state isn't always taken into account, despite that requirement in Maine law, and decisions are made that benefit large, out-of-state corporations with greater contracting experience over local non-profits that can have cascading effects on the services available to Maine people.

These difficulties mean that programs and services our communities need are suffering. I know that service gaps for families in need is something that the state government and Maine's nonprofit community both want to avoid. I believe that by convening a working group to assess the biggest challenges with grants, contracts, and procurement, state government and nonprofits can improve the partnership, increase efficiency, and better serve our communities.

While many nonprofits work with DHHS to deliver needs to our community, other departments often contract with nonprofits, as well. For that reason, this working group would be conducted in partnership with the Department of Administrative and Financial Services, as well as several other departments, in order to arrive at effective results.

I have also included a sponsor's amendment, keeping the intent of this resolve but modifying some of the details. I appreciate that the Department of Administrative and Financial Services has been working with the Maine Association of Nonprofits on this language.

Thank you for your consideration and I welcome any questions.