

**Testimony of Elaine Clark, Commissioner
Department of Administrative and Financial Services**

**Before the Joint Standing Committees on
Appropriations and Financial Affairs
and State & Local Government**

**“An Act Making Supplemental Appropriations and Allocations from the
General Fund and Other Funds for the Expenditures of State Government
and Changing Certain Provisions of the Law Necessary to the Proper
Operations of State Government for the Fiscal Years Ending June 30, 2026
and June 30, 2027”**

February 24, 2026

Good afternoon, Senator Rotundo, Representative Gattine, and members of the Joint Standing Committee on Appropriations and Financial Affairs; Senator Baldacci, Representative Salisbury and members of the Joint Standing Committee on State and Local Government. I am Elaine Clark, the Commissioner of the Department of Administrative and Financial Services. I am here today to testify in support of certain items in LD 2212, the Governor’s proposed fiscal year 2026-2027 supplemental budget bill.

This is the final budget proposal from this Administration. The proposal delivers financial relief to Maine people, preserves programs lawmakers and Maine people support, and addresses some emergent issues, including impacts of new federal legislation. Governor Mills’ guiding belief has always been that our strongest asset is the people of Maine and that’s why this budget, like those in the past, seeks to invest in and support them. We look forward to working with the Legislature in the coming weeks to enact a balanced budget that supports Maine people and protects the fiscal health of our state.

I am here in support of those items on today’s agenda relating to the Department of Administrative and Financial Services.

This includes an allocation request, three initiatives relating to positions, two appropriation requests for artificial intelligence efforts, and two reclasses.

The State's collective bargaining unit agreements include negotiated language related to the reclassification process. Reclasses may be employee-initiated (usually referred to as reclass) or management-initiated (usually referred to as reorganization). Approved employee-initiated actions include a retroactive pay component back to the date the request was signed. Our Department's reclass and reorganization requests are summarized at the end of testimony as **Appendix A**. While we won't read the specifics, we have included the blippie and justification in this testimony on the relevant page in italics for your reference.

Our proposal also includes a request to move some Personal Services to All Other. This is language that will allow agencies to self-fund a small number of emergent operating expenses through this biennial. Throughout the dozen agencies with this language, it amounts to a total of \$6.7 million in fiscal year 2026 and \$5.3 million in fiscal year 2027. For DAFS, this is Language Part S and is \$425,000 each year. I will describe the specific needs of this MaineIT request in the language section of my testimony.

Now to the details.

On **Page A-1**, there is one initiative in the **Bureau of General Services – Capital Construction & Improvement Reserve Fund (0883)**.

This fund is used for the receipt and expenditure of funds earmarked for major capital improvements, repairs, and renovation of state government owned facilities. The funding is necessary for repair, replacement, and renovation including: parking garage repairs; plumbing and electrical issues; roof replacements and repairs; mold, lead, asbestos and water testing; walkway repairs; septic system maintenance; building envelope repairs; drainage upgrades; site work; above- and below- ground infrastructure; paving improvements and striping; master plan updates; masonry repointing; window replacements; space planning; mechanical system upgrades; painting, flooring, carpeting, lighting repairs and updates; retaining wall maintenance; remediation efforts; and capital asset management planning.

This initiative provides allocation to finalize expenditures for certain construction and repair efforts of state-owned buildings. In Public Law 2021, chapter 398, Part SSS, \$50 million was transferred to this Other Special Revenue account to sustain several years' worth of maintenance efforts, including repairs to roof, building envelope – insulation, walls, exterior, foundation, HVAC, electrical, plumbing, and interiors. This is not a request for cash; rather it is the authority to spend the remaining cash in this account, all of which has been obligated to specific projects. Requesting this allocation in the budget reduces the need for the program to process this allocation through a financial order.

Provides funding for capital construction and repairs for state owned buildings. This is allocation in the Other Special Revenue account of \$2,000,000 in fiscal year 2027.

Also, on **Page A-1**, there is one reclass initiative in the **Central Fleet Management (0703)** Internal Service Fund program.

The Department of Administrative and Financial Services (DAFS) develops, delivers, and maintains centralized government systems that support the financial, human resource, physical and technological infrastructure of state government. The services are billed to agencies through Internal Service Funds (ISF). Central Fleet Management (CFM) within DAFS centrally procures, distributes and disposes of passenger and light truck vehicles. CFM handles many aspects of vehicle service including writing vehicle specifications, ordering vehicles, providing drivers with maintenance schedules, service assistance, fueling resources, insurance protection, and accident information processing.

Provides funding for the approved reclassification of one Public Service Coordinator I position to a Public Service Manager II position. The reclass recognized that the position had assumed extensive supervisory, operational and fiscal responsibility not reflected within the Public Service Coordinator I position but accurately captured in a Public Service Manager II position. This is Central Fleet Management Internal Service Funds of \$3,613 Personal Services in fiscal year 2026 and \$15,015 Personal Services in fiscal year 2027.

On **Page A-2**, there are three initiatives in the **Division of Financial and Personnel Services (0713)** Internal Service Fund program.

The Department of Administrative and Financial Services (DAFS) develops, delivers, and maintains centralized government systems that support the financial, human resource, physical and technological infrastructure of state government. The services are billed to agencies through Internal Service Funds (ISF). The DFPS ISF provides centralized accounting, payroll, budgeting and human resources services to departments and agencies.

The first initiative is a reclass.

Provides funding for the approved reclassification of one Senior Staff Accountant position to a Senior Staff Accountant Supervisory position. The employee, in a Senior Staff Accountant position at the General Government Service Center, exercised supervisory functions but was not classified or compensated as such. This is DFPS Internal Service Funds of \$2,712 Personal Services in fiscal year 2026 and \$3,063 Personal Services in fiscal year 2027.

The second initiative continues an Accounting Analyst in the Natural Resources Service Center to address an increased financial management workload. This position is being continued through June 19, 2027, to perform additional work resulting from a multi-year, multimillion-dollar federal grant to the Department of Marine Resources (DMR). The position will be responsible for accounting for multiple programs within DMR's Bureau of Marine Science and compliance with federal reporting requirements. This position is paid for by DMR and is in their existing biennial budget resources. There is an error in the supplemental budget document in that it adds 1.0 Legislative Count; in fact, this position is being continued and as such does not add legislative headcount. We are continuing the position to ensure the work can be completed as we evaluate the level of ongoing effort.

Continues one limited-period Accounting Analyst position to assist the Natural Resources Service Center in addressing an increased financial management workload, previously continued by financial order 004369 F6, through June 19, 2027. This is DFPS Internal Service Funds in fiscal year 2027 of \$104,780 Personal Services and \$6,065 All Other.

The third initiative continues a Human Resource Assistant in the Natural Resources Service Center to address an increased workload. This position is being continued through June 19, 2027, to perform functional tasks such as recruitment, employment actions, pay, and benefits for all agencies covered by this service center. Increased workload is the result of new positions on new grants, the implementation of the new human resources management system, the addition of the Department of Energy Resources to the responsibilities of this service center, and the additional work of merging several programs into the one Maine Office of Community Affairs. We are continuing the position to ensure the work can be completed as we evaluate the level of ongoing effort.

Continues one limited-period Human Resource Assistant position, previously continued by Financial Order 004351 F6, through June 19, 2027. This is DFPS Internal Service Funds in fiscal year 2027 of \$102,746 Personal Services and \$6,065 All Other.

On **Page A-3**, there are two initiatives in the **Information Services (0155)** program – otherwise known as MaineIT.

The Department of Administrative and Financial Services (DAFS) develops, delivers, and maintains centralized government systems that support the financial, human resource, physical and technological infrastructure of state government. The services are billed to agencies through Internal Service Funds (ISF). MaineIT is responsible for the delivery of safe, secure, and high-performing networks and systems to State Agencies for daily performance of their missions for the residents of Maine. IT enterprise functions benefiting all state agencies are managed through this office to ensure consistency, volume discount efficiencies, and optimum performance and throughput.

Both MaineIT initiatives are connected to the Governor's Artificial Intelligence Task Force recommendations. Specifically, these initiatives propose \$1,000,000 of one-time General Funds for MaineIT to train state employees over the next two years to safely, responsibly and effectively use artificial intelligence, and \$1,008,000 one-time General Funds to strengthen Maine's Data Management and Governance Practice (1 MRS, chapter 14-B, section 547), the State's modernization path of how

we think about, collect, track, share, use and record data, specifically as those efforts interact with artificial intelligence (AI).

The Governor's proposed budget includes approximately \$6.7 million to fund AI initiatives, including beginning to implement recommendations of Maine's Artificial Intelligence Task Force, who delivered their final report in October 2025. The 14 initiatives, located across 8 State agencies, are designed to lay a foundation for bolstering innovation related to AI while strengthening guardrails against its potential harms.

These initiatives include:

- **Funding to expand AI literacy and digital skills** via a statewide AI literacy and safety program that leverages public institutions like libraries to allow all Maine people to better understand emerging technologies, their benefits, and their risks.
- **Support for State agencies and municipalities to address capacity and resource constraints** to assess needs, explore responsible use cases, and access technical support through a new program at the Maine Office of Community Affairs. The budget also proposes funding to establish an AI Public Innovation Hub at the University of Maine System to leverage expertise from Maine's higher education institutions to help state agencies and local governments safely adopt impactful AI solutions.
- **Investments to prepare Maine businesses, workers, and schools for the economy of the future** via support for workforce training organizations to update curricula; for Maine DOE to expand their technical assistance offerings for schools and educators grappling with AI in the classroom; and for businesses and entrepreneurs trying to understand how AI can be used to grow their businesses.
- **New State capacity for AI governance and responsible use** to ensure that Maine State government can adopt AI effectively and responsibly, including: training for state employees, strengthening data governance and management, and building durable policy and coordination capacity across the executive branch.

You will hear more about these efforts from each of the agencies as a part of this statewide proposal. Together, these investments take the first steps to benefit from AI responsibly while protecting Maine people from potential harm.

As part of the Governor's AI Commission recommendations, provides one-time funding for two years to train state employees to safely, responsibly and effectively use artificial intelligence. This is one-time General Funds in fiscal year 2027 of \$1,000,000.

In connection with the Governor's AI Commission recommendations, provides a one-time appropriation in the General Fund for Maine's Data Management and Governance Practice. This initiative provides funding for Maine's Data Management and Governance Practice as related to Data Cataloging Metadata Management consistent with the recommendations found in the AI Task Force Report. These activities will help the State of Maine mitigate data loss, respond to FOAA requests, determine which data sets can be used for Gen AI tool training, and potentially automate records management and retention. This is one-time General Funds in fiscal year 2027 of \$1,008,000.

	<i>SUMMARY OF AI INITIATIVES</i>	<i>FY2027</i>
<i>DAFS</i>	<i>As part of the Governor's AI Commission recommendations, provides one-time funding for two years to train state employees to safely, responsibly and effectively use artificial intelligence technology.</i>	<i>1,000,000</i>
<i>DAFS</i>	<i>In connection with the Governor's AI Commission recommendations, provides One-Time appropriation in the General Fund for Data Management and Governance Practice.</i>	<i>1,008,000</i>
<i>DECD</i>	<i>As part of the Governor's AI Commission recommendations, provides funding to the Maine Technology Institute, Maine Entrepreneurial Resource Corps Artificial Intelligence (MERC AI) program to provide curated cybersecurity courses and small grants to eligible Maine businesses and entrepreneurs to access Maine-based consultants</i>	<i>200,000</i>

	<i>with expertise in artificial intelligence and cybersecurity.</i>	
<i>DOE</i>	<i>As part of the Governor's AI Commission recommendations, provides one-time funding to expand the Department of Education's Artificial Intelligence Guidance Toolkit and to provide grants to school administrative units, non-profits, universities, or professional organizations which provide professional development or planning to educators related to artificial intelligence.</i>	<i>500,000</i>
<i>MOCA</i>	<i>As part of the Governor's AI Commission recommendations, provides ongoing funding for a partnership program supporting municipalities to assess needs and opportunities related to the use of artificial intelligence through grants, technical assistance and information sharing with priority toward expedited permitting for housing development and improved cybersecurity.</i>	<i>350,000</i>
<i>GOPIF</i>	<i>As part of the Governor's AI Commission recommendations, establish one Public Service Coordinator II position to coordinate development and implementation of state policies, practices, and partnerships related to artificial intelligence.</i>	<i>167,800</i>
<i>GOPIF</i>	<i>As part of the Governor's AI Commission recommendations, provides one-time funding for state-wide support of artificial intelligence technology and inter-agency coordination.</i>	<i>300,000</i>
<i>GOPIF</i>	<i>As part of the Governor's AI Commission recommendations, provides one-time funding to engage with outside experts to recommend ways to enable the state to more effectively and efficiently identify, procure, and onboard technology and digital solutions that can improve outcomes for residents.</i>	<i>250,000</i>
<i>Labor</i>	<i>As part of the Governor's AI Commission recommendations, provides one-time funding for competitive grants to workforce training organizations to develop training courses and new career exploration or apprenticeship programs with credentialing standards related to artificial</i>	<i>300,000</i>

	<i>intelligence, to integrate artificial intelligence into existing training programs, or to encourage employers to invest in related skills to keep their workforces competitive, innovative and productive.</i>	
<i>Library</i>	<i>As part of the Governor's AI Commission recommendations, provides one-time funding to design a program to promote a public literacy and safety program related to artificial intelligence.</i>	<i>250,000</i>
<i>Library</i>	<i>As part of the Governor's AI Commission recommendations, provides one-time funding for media and outreach to promote a public literacy and safety program related to artificial intelligence.</i>	<i>500,000</i>
<i>Library</i>	<i>As part of the Governor's AI Commission recommendations, provides one-time funding for competitive grants to deploy and implement a public literacy and safety program related to artificial intelligence.</i>	<i>500,000</i>
<i>Library</i>	<i>As part of the Governor's AI Commission recommendations, provides one-time funding for grants to public libraries for trainings, hardware, and other needs related to artificial intelligence.</i>	<i>1,000,000</i>
<i>Uni of Maine - MEIF</i>	<i>As part of the Governor's AI Commission recommendations, provides ongoing funding to establish the Maine AI Public Innovation Hub to partner with state agencies, local governments, and other higher education institutions in identifying, evaluating, designing, and deploying digital innovation projects related to artificial intelligence.</i>	<i>400,000</i>
<i>Total</i>		<i>6,725,800</i>

The final initiative today is on **Page A-4**, in the **Risk Management-Claims (0008)** Internal Service Fund program.

The Department of Administrative and Financial Services (DAFS) develops, delivers, and maintains centralized government systems that support the financial, human resource, physical and technological infrastructure of state government.

The services are billed to agencies through Internal Service Funds. The Division of Risk Management within DAFS provides high quality insurance, loss control and claims services to all state agencies, the State's higher education institutions and some quasi-state agencies at the lowest possible cost.

This initiative establishes one Public Service Coordinator I position to assist with the increased number of claims and insurance services to State of Maine agencies and quasi-state agencies. As a reminder, DAFS updated rates in the biennial budget and this position was included in that rate setting process, meaning that this position is already factored into the rates. However, the position request was inadvertently left out of our biennial request. The Risk Management Division within the Office of the State Controller manages 13 insurance programs and more than a thousand insurance policies, which continue to increase, with one person handling all the claims, which also continue to increase. This position will ensure the division responds to the myriad of insurance actions in a timely manner.

Establishes one Public Service Coordinator I position to assist with the increased number of claims and insurance services to State of Maine agencies and quasi-state agencies. This is 1.0 Legislative Count and Risk Management Internal Service Funds in fiscal year 2027 of \$125,102 Personal Services and \$6,065 All Other.

I will now turn to the language pieces.

Part G may be found on **Page 11** of the language document. This Part authorizes any remaining balances in the Department of Administrative and Financial Services, Information Services program to carry each fiscal year. This Part also proposes carrying authority for the Developmental Services Oversight and Advisory Board program, who I believe have previously testified in front of AFA in favor of their part of this language.

MaineIT technological upgrades and advancements can take years to develop and implement, and the timing of the financial investment isn't always easy to predict. Having flexibility to use unused funding from prior years will allow MaineIT to make continued progress on these initiatives as well as maximize our funding to reduce the impact on the budgets of our agency partners, by keeping rates more

consistent and by using one-time funding to reduce higher vulnerabilities. Carrying language will also allow for better strategic planning related to future funding opportunities and debt service payments.

Over the years, MaineIT has:

- *Created operational efficiencies through streamlined process and workflows using integrated systems, one of which is centralized data management and analytic systems to allow agency partners to make data driven decisions.*
- *Implemented a robust cybersecurity program to ensure our data is protected from cybercriminals while also ensuring that our critical systems and data are protected and can be quickly restored in case of disruption.*
- *Launched the Enterprise Architecture Program to help ensure that technology decisions across the State align with strategic goals and support secure and efficient service delivery.*
- *Begun developing the Constituent Portal. State governments across the country are increasingly adopting constituent portals to improve the delivery of services and enhance resident engagement. These portals serve as a centralized, secure platform where individuals can access a wide range of state services and information, manage their accounts, and complete transactions efficiently. For Maine, the Constituent Portal will streamline interactions with state agencies, improve efficiencies, reduce redundancies, and provide a user-friendly interface that simplifies access to critical services such as licensing, benefits, and tax information.*
- *Engaged in transitioning to the cloud. Transitioning to cloud hosting will improve the scalability, reliability, and security of the state's IT infrastructure. Cloud solutions also offer greater flexibility to respond to evolving technology needs while reducing the long-term costs and risks associated with maintaining outdated on-premises systems.*

Part I may be found on **Page 13** of the language document. This Part allows access to state postal services to certain external entities, as defined by statute, including the university system, political subdivisions, educational institutions, and qualifying nonprofits. The state has invested in the modernization of its postal center, particularly document/envelope insertion and mailer presorting services. Giving access to these services to other entities, similar to our surplus sales operations, will

distribute the costs of the operations to a wider base and allow for efficiency opportunities for those entities.

This Part also codifies the State purchasing card program as a component of Central Services. Purchasing cards are the modern and more efficient way to make thousands of routine purchases throughout state government. This Part updates statute with this longstanding procurement practice.

Part S may be found on **Page 40** of the language document. This Part authorizes DAFS to transfer up to \$425,000 each fiscal year from Personal Services to All Other to fund continuous improvement of the Enterprise GIS architecture. Specifically, funds will be used to stabilize the Environmental Systems Research Institute (ESRI) system, which is a statewide GIS system that collects, stores, and analyzes data tied to specific locations on the earth. It lets users create maps and visualizations to see patterns, relationships, and trends based on geography. Organizations use GIS to support decision-making in areas like planning, public safety, infrastructure, and natural resource management. As an example, the Department of Agriculture, Conservation and Forestry (DACF) relies on ESRI to carry out critical statutory and operational responsibilities. The Bureau of Parks and Lands stewards more than 700,000 acres of State Parks and Public Lands and monitors more than 500,000 acres of conservation easements. GIS tools are used in nearly every aspect of land management, including mapping forest types, planning and monitoring harvesting operations, designing roads, and delineating stream buffers and rare habitat types. In addition, interagency PFAS response efforts rely on GIS data to accurately identify and map impacted areas.

Currently, instability and latency within the system impact performance for staff working both in the field and in the office. Funds will be used to conduct a comprehensive health check of the current environment and application configuration, providing recommendations to enhance enterprise-level service performance. Additionally, MaineIT will engage the ESRI vendor to perform an assessment of DACF-specific workflows, file storage locations, and processes, and will use the funds to implement recommended best practice solutions.

DACF requires GIS to: a) track state and regional trends in future land use development patterns (Title 30-A §4331); b) track locally designated growth areas in Comprehensive Plans (Title 30-A §4349-A, subsection 1, paragraph A or B); c) maintain the Conservation Lands Registry (Title 33 MRS §479-C and Title 5 MRS Chapter 353, Section 6206(1)(D)); d) complete statewide mapping updates of coastal bluffs, shoreline change, and the coastal submerged lands boundary; and e) enter and compile thousands of geologic geospatial data points collected annually (Title 12 MRS §542), among other responsibilities.

Pursuant to Maine Revised Statutes, Title 5, Chapter 163, Section 1973, the Chief Information Officer is statutorily responsible for the planning, coordination, and oversight of all information technology resources within State Government. In accordance with this statute, funding for enterprise technology initiatives — including those related to GIS infrastructure and shared services, are allocated to the Office of Information Technology to ensure alignment with statewide IT standards, governance, and strategic direction.

From an enterprise technology perspective, continued investment in the State's Enterprise GIS environment represents a prudent and responsible approach to supporting critical operations. The Enterprise platform provides standardized architecture, shared licensing, centralized security controls, and consistent governance across agencies, ensuring reliability, interoperability, and appropriate oversight. Strengthening and stabilizing this shared environment preserves economies of scale, avoids duplicative infrastructure and licensing costs, and maintains consistent data standards and cybersecurity protections statewide. Because GIS supports cross-agency statutory and operational responsibilities, including land use planning, environmental management, emergency response coordination, and interagency initiatives such as PFAS mapping, maintaining a unified enterprise platform promotes effective collaboration and data sharing.

Part ZZ may be found on **Page 68** of the language document. This Part authorizes that all limited-period positions throughout State Government that are scheduled to expire during June 2026, are already funded through the end of fiscal year 2026, and are proposed in this supplemental to continue in the 2026-2027 biennium, be continued until November 1, 2026. This ensures that people in these positions are

not temporarily laid off between the June expiration date of their limited-period position and the time the funding and authority to continue the position is finalized and in place.

This concludes my testimony. I will be happy to answer any questions the Committees may have. Thank you.

Appendix A: Reclasses/Reorgs/Range Changes

Civil Service Rules require the State's Human Resources Officer to maintain the classification plan and establish the processes and procedures with which to do so. There is a long-standing process in place to evaluate proper classification of positions and determine through a functional job analysis whether a position meets the requirements for reclassification, including any pay adjustment. The State's collective bargaining unit agreements include negotiated language related to this process. Actions may include changing classification or keeping the same classification but changing pay range (usually referred to in blippie as range change). Requests may be employee-initiated (usually referred to as reclass) or management-initiated (usually referred to as reorganization). Approved employee-initiated actions include a retroactive pay component back to the date the request was signed. Reclass/reorg/range change initiatives in Part A of the budget are necessary to fund these approved actions, which is required before the action can be processed and paid. Reclass initiatives in Part B of the budget are self-funded.

Page	Type	Program	Fund	FY26 Amount	FY27 Amount
A-1	Reclass	0703	CFM ISF	\$3,613	\$15,015
A-2	Reclass	0713	DFPS ISF	\$2,712	\$3,063