

MAINE STATE LEGISLATURE

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(New Title)
New Draft of: S. P. 417, L. D. 1458

ONE HUNDRED AND EIGHTH LEGISLATURE

Legislative Document

No. 1807

S. P. 514

In Senate, May 25, 1977

Reported by Senator Morrell of Cumberland from the Committee on Performance Audit and printed under Joint Rules No. 2.

MAY M. ROSS, Secretary

STATE OF MAINE

IN THE YEAR OF OUR LORD NINETEEN HUNDRED
SEVENTY-SEVEN

AN ACT Providing for Improved Accountability of Funds Expended by the Department of Human Services and by the Department of Mental Health and Corrections.

Be it enacted by the People of the State of Maine, as follows:

Sec. 1. 22 MRSA § 5306 is enacted to read:

§ 5306. Agreements with community agencies

All funds disbursed by the department to a community agency for the purpose of financially supporting a human service shall be covered by a written agreement, pursuant to the same provisions specified for the Department of Mental Health and Corrections in Title 34, section 12.

Sec. 2. 34 MRSA § 12 is enacted to read:

§ 12. Agreements with community agencies

1. Definitions. For the purposes of this section, unless the content otherwise indicates, the following words shall have the following meanings.

A. "Agreement" means a legally binding document between 2 parties, including such documents as are commonly referred to as accepted application, proposal, prospectus, contract, grant, joint or cooperative agreement, purchase or service or state aid.

B. "Community agency" means any person; any public or private non-profit organization; or any firm, partnership or business corporation operated for profit, which:

- (1) Operates a human service program at the community level; and
- (2) Is not an administrative unit of the Federal or State Government.

C. "Department" means the Department of Mental Health and Corrections and any administrative unit or institution of the department.

D. "Funds" means any and all general funds, dedicated funds, fees, special revenue funds, 3rd party reimbursements, vendor payments or other funds available for expenditure by the department in support of the provision of a human service.

E. "Human service" means any alcoholism, children's community action, corrections, criminal justice, developmental disability, education, elderly, health, income supplementation, juvenile, law enforcement, legal, medical care, mental health, mental retardation, poverty, rehabilitation, services to older people, social service, substance abuse, transportation or youth service operated by a community agency under an agreement financially supporting the service, wholly or in part, by funds authorized by expenditure by the department.

F. "Income supplementation" means any donated food, food stamp, income maintenance, public assistance or welfare operated by a community private nonprofit organization under an agreement financially supporting the program, wholly or in part, by funds authorized for expenditure by the department.

G. "Nonprofit organization" means any agency, institution or organization which is, or is owned and operated by, one or more corporations or associations, no part of the net earnings of which inures, or may lawfully inure, to the benefit of any private shareholder or individual and which has a territory of operations that may extend to a neighborhood, community, region or the State.

H. "Public" means municipal, county and other governmental bodies which are political subdivisions within the State.

2. Rules. The department shall adopt principles, policies, rules and regulations consistent with and necessary for the effective administration of this section.

3. Agreements.

A. All funds to be disbursed by the department to a community agency for the purpose of financially supporting a human service shall be covered by a written agreement between the department and the community agency. Each agreement shall specify, but shall not be limited to specifying:

- (1) The human service to be provided by the community agency;
- (2) The method of payment by the department to the community agency; and
- (3) The criteria for monitoring and evaluating the performance of the community agency in the provision of the human service.

No funds shall be disbursed by the department in the form of a block grant, unless there has been such a written agreement.

B. When making agreements with community agencies for the purpose of financially supporting the provision of a human service, the department shall utilize agreement forms and shall develop procedures which are uniform. When disbursing funds pursuant to an agreement, the department shall require accounts payable forms or supporting documentation and information which are uniform. When accounting for funds disbursed pursuant to an agreement, the department shall utilize accounting principles, policies and procedures which are uniform.

Sec. 3. **Effective date.** This Act shall become effective on January 1, 1978.

STATEMENT OF FACT

The purpose of this new draft is to require that all funds disbursed by both the Department of Human Services and the Department of Mental Health and Corrections to community agencies for the provision of human services shall be disbursed according to written agreements. Each written agreement shall specify:

- (1) The human service to be provided;
- (2) The method of payments to the agency; and
- (3) The criteria for monitoring and evaluating performance.