

MAINE STATE LEGISLATURE

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**JOINT STANDING COMMITTEE ON
BUSINESS AND ECONOMIC DEVELOPMENT**

**Review of the Maine Development Foundation under the Government
Evaluation Act**

The Government Evaluation Act

The Government Evaluation Act (“Act”) provides for a system of periodic review of the efficacy and performance of state government agencies. The review of an agency’s finances and programs must include a review of agency management and organization, program delivery, goals and objectives, statutory mandates and fiscal accountability. (3 MRSA § 951 et seq) The law was enacted in the 117th Legislature to replace the old Government Audit and Program Review Program and substituted a legislative audit of each agency on a rotating basis with an agency self assessment. The first reviews under the Act will be completed at the end of the 118th Legislature.

The keystone to the Act is the agency program evaluation report which consists of a number of components required by the statute. Essentially, the report is an agency self-assessment which the committee of jurisdiction uses as a starting point for its evaluation of the agency’s effectiveness, efficiency and performance. The components that must be included in the report are: the agency’s enabling state and federal legislation; program descriptions; organizational structure, position count and job classifications; compliance with federal and state health and safety laws; ten-year financial summaries; regulatory agenda; coordinated efforts with other state agencies; constituencies served by the agency; alternative delivery systems; and emerging issues for the agency.

Review Process

Pursuant to the requirements of the Act, the Joint Standing Committee on Business and Economic Development notified the Maine Development Foundation of its intent to review the agency shortly after the end of the 118th Legislature’s First Regular and First Special Sessions. Although the Act requires that agencies submit the program evaluation report to the committee of jurisdiction by November 1, 1997, the Business and Economic Development Committee revised its review schedule with the approval of the Legislature Council in order to conduct the reviews of the Department of Economic and Community Development, the Department of Professional and Financial Regulation and the Maine Development Foundation before the start of the Second Regular Session. The Maine Development Foundation submitted its program evaluation report on September 15, 1997.

The Business and Economic Development Committee held three meetings to conduct the review under the Act. On September 24, 1997, the committee received an oral presentation from the foundation on the report. Subsequent meetings were held on October 27th and December 4th to discuss the program evaluation report and develop the recommendations presented in this report.

Findings and Recommendations

The committee finds that the Maine Development Foundation is operating within its statutory authority, has clearly articulated its mission and continues to focus its resources to provide programs essential to that mission. The committee endorses the purpose of the Maine Development Foundation expressed in statute, 10 MRSA § 917-A and finds that the activities of the foundation are consistent with this purpose and recommends that the foundation continue .

The committee's recommendations to the Legislature are for minor changes to 2 statutory sections, one relating to the number of corporators who may serve on the foundation's Board of Directors and one establishing the annual level of support required to be a corporator. These recommendations and discussion surrounding each are as follows:

Recommendation 1. Allow the Board of Directors for the Maine Development Foundation to be expanded from a minimum of 15 members to a number determined optimal by the Board of Directors. Current law limits the size of the board to 15 directors. Of these 15, 7 must be elected from private sector corporators, 5 elected from public sector corporators and 2 appointed by the Governor from the 18 ex officio corporators. The nominating committee places nominations before the membership, i.e. all corporators, based on these requirements. A person may not serve as a director for more than 5 consecutive years. The board of directors appoints the Foundation's president and the president becomes the fifteenth member of the board.

Henry Bourgeois, President/CEO of the Maine Development Foundation, has requested that the Foundation be allowed to expand the number of directors, specifying a minimum of 15 in statute but no maximum. The committee supports this request recognizing the increasing diversity of Maine businesses and believing that inclusion of more public and private corporators in the direction of the Foundation will be beneficial. The proposed language also clarifies that the Foundation President/CEO may serve as a director for more than 5 years.

Recommendation 2. Allow the Board of Directors of the Maine Development Foundation to determine annual support required to become a corporator of the Foundation. The annual support required to be a corporator of the Maine Development Foundation is set in statute at \$250 per year for private sector corporators and \$50 per year for public sector corporators. From its establishment in 1977 until FY 90-91, the Foundation received a General Fund appropriation equal to total revenue from annual corporator support. In FY 91-92 and FY 92-93 appropriations were significantly less than corporator support. The Foundation has received no General Fund appropriation since FY 93-94. Since a General Fund appropriation is no longer linked to membership revenue, setting an arbitrary fee in statute is no longer justified.