

MAINE STATE LEGISLATURE

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BETH L. ASHCROFT
DIRECTOR

MAINE STATE LEGISLATURE
OFFICE OF PROGRAM EVALUATION AND
GOVERNMENT ACCOUNTABILITY

February 17, 2010

TO: The Honorable Bill Diamond, Senate Chair
The Honorable Emily Cain, House Chair
and Members of the Appropriations and Financial Affairs Committee

FROM: Beth L. Ashcroft, Director

RE: OPEGA's Special Project on Professional and Administrative Contracts

On February 10, 2010, I briefed you on the current results of our research into certain State contracts and agreements. This research has been conducted to assist you and the Office of Fiscal and Program Review in identifying contracted services that might offer opportunities for cost savings in FY11. In retrospect, I believe I concluded my briefing without specifically detailing my recommendations for next steps to be taken with regard to OPEGA's results. Those recommendations are as follows:

1. **Discontinued Services** - Some agencies reported that certain contracts were being discontinued in FY11 and that the funds which previously supported these contracts had either already been removed from current appropriations for the agency or had already been proposed for cuts. AFA should have OFPR confirm the status of these funds as regards the currently planned appropriations for FY11 and the budget initiatives included in the Supplemental Budget. If, for some reason, current appropriations still include the funds that have previously supported these contracts, there may be opportunity to reduce the budget by those amounts. OPEGA has the detail on these contracts to share with OFPR.
2. **Possible Cost Reductions Within Continuing Contracted Services** – Of the 39 contracts that OPEGA has reviewed with agencies to date, the agencies planned to continue procuring services associated with about 30 of them. For the majority of these, the agency has been procuring these services for at least several years - often from the same vendor. AFA should direct the agencies to analyze the historical **actual expenditures** associated with procuring these services over the last two full fiscal years and report back on how those expenditures compare to the most current contracted budget for those services. If historical actual expenditures have typically been substantially lower than the current budget, there may be opportunity to reduce the budgets (and related appropriations) for contracted services that will be continuing. OPEGA will provide AFA and OFPR the pertinent details on these 30 contracts (some of which also fall into the category of contracts described below) by February 19, 2010.

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OPEGA also observed specific potential opportunities to reduce costs within certain contracts based on our review of budgets associated with those contracts. The potential savings are likely to be marginal but OPEGA will share these observations with the responsible agencies so that they can be taken into consideration when developing future contracts.

3. **Services That Could Potentially Be Temporarily Suspended Or Reduced** – AFA and/or policy committees should consider these contracted services, as appropriate, during deliberations on the Supplemental Budget. These contracted services represent possible alternatives to other budget cuts that the committees may deem unacceptable or options to address situations where budget gaps remain.

As I expressed during the briefing, cutting these services would not be without impacts and consequences. The degree of impact varies in relation to how closely linked the contracted services are to the provision of direct services, federal or State statutory requirements or the State’s goals for improvement in particular areas. Should the committees proceed with considering any of the specific contracts identified by OPEGA, that consideration should definitely include gaining a more detailed understanding of the contracted services and the potential impacts from suspending them. Those potential impacts are unique to each service.

OPEGA is prepared to discuss further with AFA, or others, the pertinent details we have gathered about any of the contracts or services that become of interest during your deliberations. Such details include:

- contract specifics – contract period, total contracted budget, funding sources and amounts, scope of services descriptions, expected deliverables, justification statements for sole source contracts or statements describing the mutual benefits of projects contained in Cooperative Agreements, payment provisions, etc.;
- whether there are federal or State requirements related to these services and what those requirements are;
- how the services being procured relate to agency missions, goals and existing direct services and programs;
- information provided by agencies on deliverables and other support illustrating results that have come from the contracted services;
- the contractual history with the particular vendor;
- potential impacts on State and vendor of suspending or reducing procurements of particular services.

The responsible agencies should also be given the opportunity to provide input on any contracts being considered.

As I also mentioned during my briefing, OPEGA is still gathering information from DHHS on three large agreements so as to properly determine whether any of the many services in those agreements should be added to the list of “Services that Could

Potentially be Temporarily Suspended or Reduced”. Further interviews with DHHS are currently scheduled for February 22, 2010 and I will provide you with an updated list as soon as possible after that but no later than February 26, 2010.

4. **Opportunities to Reduce Costs Associated with Cooperative Agreements** – 21 of the contracts reviewed with agencies were Cooperative Agreements with various entities within the University of Maine System. OPEGA observed several potential opportunities for reducing costs or improving efficiencies associated with Cooperative Agreements that deserve further exploration. These potential opportunities relate not just to the contracts OPEGA reviewed in this project but to all Cooperative Agreements entered into by the State. Exploring these opportunities could result in the State continuing to procure desired services through these mutually beneficial arrangements but at a reduced cost or with increased efficiency.

Performing the additional research and analysis to explore these opportunities would be a project unto itself, similar to the review of Cooperative Agreements that OPEGA recommended in its September 2008 report on State Contracting for Professional Services. The DAFS’ Division of Purchases has recently reported that the State awarded 166 Cooperative Agreements totaling \$34.8 million in calendar year 2009. Given those figures and the fact that OPEGA now has more specific information on Cooperative Agreements than we did in September 2008, I intend to revisit the idea of OPEGA conducting a review of these agreements with the Government Oversight Committee at one of its upcoming meetings (February 19th or 26th). I believe the GOC would welcome any input you have on whether such a review would be of interest to AFA.

I will be available to answer questions or further discuss these recommended actions with any of you that have an interest in doing so. In addition, please find attached a compilation of the individual documents that I have presented to AFA over the course of our work on this special project. I hope that it will serve as a sufficient reminder of the objective we pursued in our work for you as well as the methodology we employed in conducting it. If you desire further explanation, I will be pleased to provide that as well.

Attachments

Cc: Members of the Government Oversight Committee

Maureen Dawson, Principal Analyst, Office of Fiscal and Program Review

**OPEGA Special Project for AFA
on Professional and Administrative Services Contracts**

**Materials Presented to AFA by OPEGA
during February, 10, 2010 Briefing**

Results to Date

OPEGA Special Project
Professional and Administrative Services Contracts Supported by General Fund
Briefing to Appropriations and Financial Affairs Committee on February 10, 2010

OPEGA reviewed with agencies the individual services contained in a total of 34 contracts which had FY10 encumbrances as per information queried from the State's financial data warehouse. The breakdown by Department was:

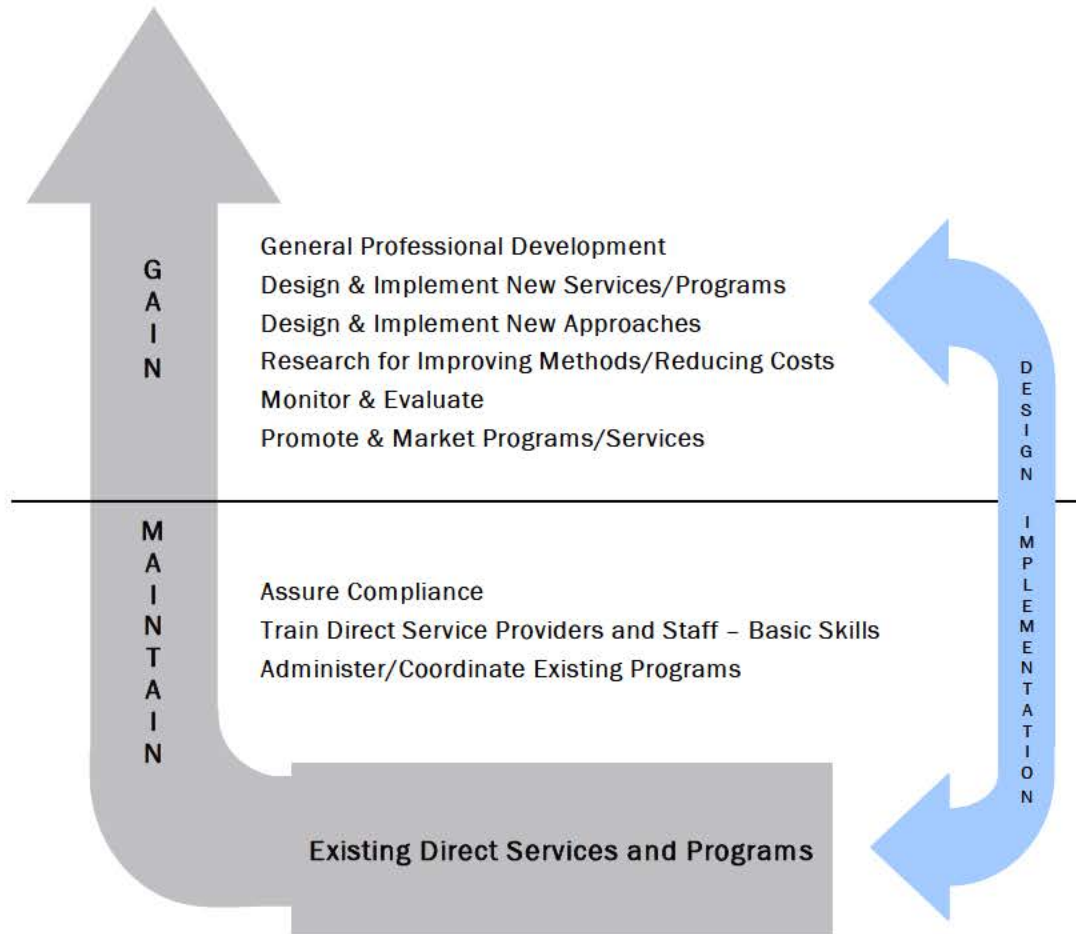
Department	# of Contracts
Corrections	4
Education	15
Economic and Community Development	2
Health and Human Services	11
Environmental Protection	1
Administrative and Financial Services	1

Discontinued Services

Agencies reported that some or all of the services in about 9 of those contracts were not continuing to be procured through FY11. The total dollars associated with these contracts was approximately \$1.7 million - \$1.2 million GF, \$400,000 FF, and about \$61,000 SRF. For some of these, the agency said that the funds that had previously supported these contracted services had already been removed, or had been proposed to be removed, from their budgets. OPEGA has not yet confirmed the actual status of those funds and suggests that the appropriate analysts from the Office of Fiscal and Program Review would be the most efficient at doing that. In those instances where agencies did not report removing the funds from their budgets, OPEGA assumes that the funds have been redirected to support other activities. We have not followed up to determine specifically what those other activities are.

Services that are Related to Maintaining Existing Direct Services and Programs

Thirteen of the contracts we discussed with agencies contained one or more specific services that appeared directly related to activities required to just maintain existing direct services and existing programs in their current state. For many of these, the agency was procuring the service because it did not have adequate staff resources to perform necessary work. OPEGA observed that in these situations, the agencies had developed longer term relationships with the particular vendor, and sometimes particular individuals employed by that vendor. Other contracts falling into this category, however, were related to acquiring particular expertise that may not make sense to maintain internally even if it were possible to get positions approved. From its review of the contracts in this category, OPEGA observed possible opportunities for reducing costs within these contracts that could be further explored. More detailed analysis would be required and savings are likely to be marginal with perhaps the exception of those where the services are being obtained through Cooperative Agreements.



Services that Could Potentially be Temporarily Suspended or Reduced

For each of the contracts OPEGA reviewed, agency staff were able to articulate why the contract is important and valuable to the citizens of Maine and often provided evidence of successful outcomes from the results of the services procured. What we realized, however, is that some of the services being procured went beyond what was necessary to just maintain the status quo on existing services. Those that went beyond maintenance often had goals such as improving program effectiveness or efficiency. While these are certainly important aims, the contracts with these goals could potentially be suspended or reduced temporarily without direct impact on existing services and programs in their current state.

Suspending or reducing these services is not without impacts and consequences. Choices to suspend many of these services would have potentially significant impacts on achieving continuous improvement in the services and programs the State is currently providing. In other cases, there would be a reduction in current and relevant information for making policy decisions. Nonetheless, in the current fiscal environment where the choices may be between maintaining and gaining, OPEGA offers a number of contracted services for consideration. The summary of those by agency and their related dollars is below.

Department	# Contracts	FY10 GF	FY10 SPEC	FY10 FED	FY10 OTHER	Total FY10\$**
Corrections	4	\$768,318				\$768,318
Education	7	\$1,160,957		\$58,560		\$1,219,517
Economic & Community Development	1	\$100,000				\$100,000
Health & Human Services	4	\$528,106	\$152,500	\$190,802	\$0	\$871,408
Total for All Departments	16	\$2,557,381	\$152,500	\$249,362	\$0	\$2,959,243

****Actual \$ that could be reduced would be less than total contract \$ because contract also contains other services not put forward for consideration and contract contained no breakdown by service.**

OPEGA is currently still in discussions with the Department of Health and Human Services on the multiple services contained in 3 large Cooperative Agreements with the University of Maine. Initial interviews have been conducted but there are numerous individual services being procured with various funding streams and OPEGA needs to understand these in more detail to determine what category those services would fall into. OPEGA will be prepared to report back to AFA or the policy committee on these remaining contracts. The total FY10 dollars associated with these three contracts is about \$2.9 million.

Other Suggestions

OPEGA has observed possible opportunities for reducing costs within Cooperative Agreements for agreements that are currently being developed and into the future. Exploring these opportunities and quantifying any results would require more detailed analysis and collaboration with the University and College Community Systems.

We also suggest that the Legislature review whether there is a continuing need to maintain the Maine Education Policy Research Institute as it is currently designed in 20-A MRSA §10. It is unclear whether the Legislature's intent for this entity is still being met or whether this entity specifically is still needed to meet the Legislature's needs. The entity is a combination of staff from CEPARE at USM and CRE at UMO which perhaps could be contracted with directly. We also observed that the role of the Steering Committee is unclear and it may not be necessary to continue with the Steering Committee even if MEPRI continues.

Services that Could Potentially Be Temporarily Suspended or Reduced (by Dept.)

Department of Corrections

Vendor Name: University of Maine at Augusta

CONTRACT #	TOTAL FY10 CONTRACT DOLLARS	CATEGORY	DESCRIPTION	PURPOSE	
6351	\$175,769	GF	Training	Continue development, delivery, assessment and coaching for the DOC Leadership Program.	Professional Development
			Training	Secure college credit for DOC Leadership Program graduates to encourage attainment of additional college credits.	
7085 **	\$179,000	GF	Administrative Support	Administer Jurisdictional Team Planning groups intended to divert youths at risk of becoming unnecessarily detained in juvenile correctional facilities.	Design/Implement New Approaches
			Training	Develop and deliver curriculum and training for JCCOs in evidence-based practices for behavioral interventions.	Design/Implement New Approaches
			Training	Secure college credits for staff who complete approved training curriculums.	Professional Development

Vendor Name: University of Maine at Orono

CONTRACT #	TOTAL FY10 CONTRACT DOLLARS	CATEGORY	DESCRIPTION	PURPOSE	
7125	\$45,380	GF	Training	Research best practice, train, and provide consultation to support development of gender-responsive case management model for Juvenile Community Corrections Officers (JCCO) specialists and facility staff serving girls.	Design/Implement New Approaches
			Research & Consulting	Secure clinical consultation for JCCOs and cutting edge research in the field of juvenile sexual offenders.	Research for Improving Effectiveness or Efficiency
			Consulting	Provide consultation to mental health providers on applying the jsoap-II inventory to youth in DOC care and other youth with sexual behavior problems.	Design/Implement New Approaches

Vendor Name: University of Southern Maine – Muskie School of Public Service

CONTRACT #	TOTAL FY10 CONTRACT DOLLARS	CATEGORY	DESCRIPTION	PURPOSE	
6966	\$368,169	GF	Consulting	Design and deliver processes and tools that implement emerging evidence-based practices and research.	Design/Implement New Approaches
			Evaluation	Provide independent evaluation of four juvenile programs (generally delivered by 3rd party contractors) for effectiveness using the Correctional Program Assessment Inventory.	Monitor & Evaluate
			Data Analysis & Reporting	Analyze DOC data and independently produce the annual Juvenile Recidivism Report.	Monitor & Evaluate
			Administrative Support & Consulting	Provide data and planning support for Juvenile Justice Task Force and fall Summit.	Design/Implement New Approaches

**Actual \$ that could be reduced would be less than total contract \$ because contract also contains other services not put forward for consideration and contract contained no breakdown by service.

Department of Education

Vendor Name: Maine Mathematics & Science Alliance

CONTRACT #	TOTAL FY10 CONTRACT DOLLARS	CATEGORY	DESCRIPTION	PURPOSE	
0422	\$92,006	GF	Research and consulting	Assist DOE in developing and implementing a process for redesigning high schools, including new diploma requirements.	Design/Implement New Approaches
**	\$58,560	FED	Research	Conduct on-going research and provide information on educational components that are essential to the effective implementation of Maine Learning Results.	Design/Implement New Approaches
			Consulting	Assist DOE in developing a plan for implementing technical assistance to schools based on the concept of professional learning communities focused on student achievement.	Design/Implement New Approaches
			Research & Consulting	Assist DOE with the development of a balanced system for high school diploma assessments.	Design/Implement New Approaches
5891	\$61,422	GF	Administrative Support	Provide support for and organize professional development on using technology in schools.	Design/Implement New Approaches
6445	\$195,129	GF	Professional Staff	Assist DOE in coordinating and integrating PK-20 initiatives in alignment with DOE long range strategic plan and implementation of Learning Results as required by statute.	Design/Implement New Approaches
**			Professional Staff	Support teachers and administrators in implementing a standards-based curriculum.	Design/Implement New Approaches
			Evaluation and research	Carry out research and program evaluation activities to inform ongoing practices.	Monitor & Evaluate

Vendor Name: University of Maine - Center for Education Policy, Applied Research & Evaluation

CONTRACT #	TOTAL FY10 CONTRACT DOLLARS	CATEGORY	DESCRIPTION	PURPOSE	
7227	\$250,000	GF	Evaluation	Evaluate the effectiveness of the Maine Learning Technology Initiative Program (MLTI) as required by PL2005 Chapter 519 section J-11.	Monitor & Evaluate
7230	\$250,000	GF	Research & Analysis	Provide research and analysis as specified by 20-A MRSA §15686-A focused on review of six specific components of the Essential Programs and Services (EPS) school funding formula.	Monitor & Evaluate

Vendor Name: University of Maine - Maine Education Policy Research Institute

CONTRACT #	TOTAL FY10 CONTRACT DOLLARS	CATEGORY	DESCRIPTION	PURPOSE	
7332	\$250,000	GF	Research Analysis & Reporting	Maintain an education information system for the Legislature that tracks education data for K -12 by updating the data annually through administering a school survey. From the information system, provide Legislative District Education Report (on-line and	Monitor & Evaluate
			Research & Analysis	Conduct targeted studies, research and analysis as determined by the Legislature's Education Committee.	Monitor & Evaluate

**Actual \$ that could be reduced would be less than total contract \$ because contract also contains other services not put forward for consideration and contract contained no breakdown by service.

Department of Education

Vendor Name: Philip Brookhouse

CONTRACT #	TOTAL FY10 CONTRACT DOLLARS	CATEGORY	DESCRIPTION	PURPOSE
5887	\$62,400	GF Training	Provide technical support and professional development for Maine educators to support more effective use of technology in classroom instruction.	Professional Development

Department of Economic and Community Development

Vendor Name: Nancy Marshall Communications

CONTRACT #	TOTAL FY10 CONTRACT DOLLARS	CATEGORY	DESCRIPTION	PURPOSE
0240	\$100,000	GF Marketing	Promote Maine businesses, the State of Maine as a good place to locate a business, and the Department's economic and community development programs.	Promotion & Marketing

Department of Health and Human Services

Vendor Name: AdCare Institute of Maine, Inc (Corrected Copy from what was presented to AFA - 2-10-10)

CONTRACT #	TOTAL FY10 CONTRACT DOLLARS	CATEGORY	DESCRIPTION	PURPOSE
6018	\$412,016	GF Training	Provide addictions workforce with exposure and training in best and evidence based practice as required by federal block grant.	Design/Implement New Approaches
**	\$152,500	SPEC Training	Assist organizations and individuals in the adoption and implementation of new practices.	Design/Implement New Approaches
		Training	Conduct systemic and organizational management improvement.	???
		Administrative Support	Staff the SASC (Substance Abuse Services Commission) meetings.	Administer Existing Programs
		Training	Complete projects to increase knowledge and awareness of evidence-based and best practice in addiction prevention, intervention, and treatment.	Design/Implement New Approaches
		Training	Analysis and improvement of workforce development system.	Design/Implement New Approaches
		Administrative Support	Conduct logistical work for the Healthy Maine Partnership Annual meeting of October 6, 2009 at the Black Bear Inn, Orono, Maine.	???
		Training	Develop and implement training, workforce development and support system regarding the issue of medication assisted treatment (MAT) in Maine.	Design/Implement New Approaches

Vendor Name: University of Southern Maine – Muskie School of Public Service

CONTRACT #	TOTAL FY10 CONTRACT DOLLARS	CATEGORY	DESCRIPTION	PURPOSE
5669	\$92,340	GF Research & Consulting	Research, analyze and assist with implementation of a tool for assessing level of supports required by service recipients and methods to correlate those needs with the allocation of resources -	Design/Implement New Approaches
	\$167,052	FED Research Consulting & Training	Assist with improving services and programs through selected research, training and consulting projects.	Research for Improving Effectiveness or Efficiency

			Training & Consulting	Develop a tool kit and trainings for support professionals on enhancing community inclusion, as required by the consent decree.	Design/Implement New Approaches
0248	No FY10 encumbrance in contract	GF	Training	Develop distance learning modules for state workers to provide one week of pre-service training online and reduce travel related costs.	Design/Implement New Approaches

Vendor Name: University of Maine at Farmington

CONTRACT #	TOTAL FY10 CONTRACT DOLLARS	CATEGORY	DESCRIPTION	PURPOSE	
5729	\$23,750	GF	Training	Provide UMF students with internship opportunities within OMS.	Professional Development
	\$23,750	FED	Consulting	Collaborate with OMS and outside marketing firm to conduct outreach activities or produce outreach materials to MaineCare members, i.e. brochures on how to improve health.	Design/Implement New Approaches

****Actual \$ that could be reduced would be less than total contract \$ because contract also contains other services not put forward for consideration and contract contained no breakdown by service.**

Corrected Copy from what was presented to AFA - 2-10-10

**OPEGA Special Project for AFA
on Professional and Administrative Services Contracts**

**Materials Presented to AFA by OPEGA
during December, 10, 2009 Briefing**

**Project Status,
Methodology Used for Work Done to Date and
Possible Other Alternatives to Remaining Planned Work for
AFA's Consideration**

Summary of OPEGA Special Project to Assist Appropriations and Financial Affairs Committee (AFA) and Office of Fiscal Program Review (OFPR) - Review of Contracted Professional and Administrative Services

Provided to AFA on December 10, 2009

OPEGA Objective A: Suggest contracted professional and administrative services supported by current General Fund or Special Revenue Fund appropriations in FY11 that the State might reasonably consider no longer procuring or procuring on a less frequent basis. (Priority given to those contracts supported by significant GF.)

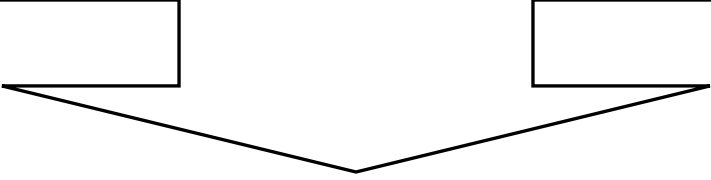
STATUS NOTE: OPEGA has completed Steps 1-5, is currently working on Steps 6 and 7 and has yet to begin Steps 8 and 9 other than having developed the plans and tools (i.e. standard set of detailed questions to be pursued) for performing them.

Step 1: Identified contracts with transactions for Object Codes 4000 – 4999 in FY09 and associated encumbrances by Fund.

Results (all figures are approximates for FY09):

# of Contracts: 6400	Total \$ Encumbered: \$253 million
# of Vendors: 3300	GF \$ Encumbered: \$82.8 million
# of Agencies: 65	SRF \$ Encumbered: \$56.7 million

Notes: Accomplished through query of State’s financial warehouse data from the Advantage ME system. In all Steps, the number of vendors given includes multiple vendors that are actually part of the same organization.

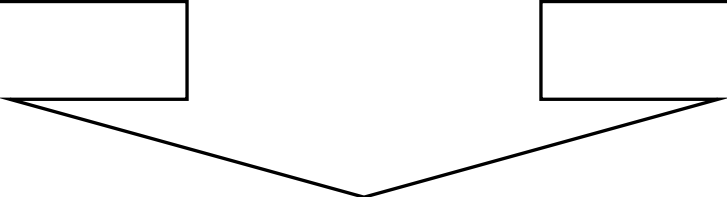


Step 2: Selected a subset of these contracts based on vendors that had significant GF or SRF in their contracts **and** had FY09 contract transactions related to selected object codes that most closely match types of services within scope of this project.

Results (all figures are approximates for FY09):

# of Contracts: 331	Total \$ Encumbered: \$127.6 million
# of Vendors: 76	GF \$ Encumbered: \$55.5 million
# of Agencies: 29	SRF \$ Encumbered: \$36.8 million

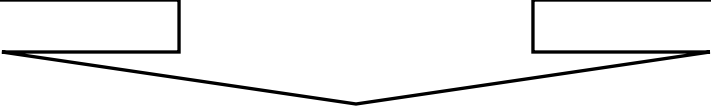
Notes: Accomplished through OPEGA Director’s review of Step 1 data and selection of object codes (119 codes) and vendors based on described criteria.



Step 3: Selected all contracts in this subset that had total GF encumbrances in FY09 of \$10,000 or more.

Results (all figures are approximates for FY09):

# of Contracts: 140	Total \$ Encumbered: \$90.3 million
# of Vendors: 45	GF \$ Encumbered: \$55.4 million
# of Agencies: 17	SRF \$ Encumbered: \$8.4 million



Step 4: Obtained and reviewed all contracts selected in Step 3. Entered certain contract information into a database. As part of this work, OPEGA assigned contracts to pre-established categories for the types of services being procured.

Notes: Contracts were obtained from State's FORTIS system. See Page 4 of this package for a listing of data elements that were entered to database and Page 5 for descriptions of the categories assigned by OPEGA.

Step 5: Selected a subset of the contracts entered to the database to receive priority for further work based on level of GF encumbrances and the assigned categories of service.

Results (all figures are approximates for FY09):

# of Contracts: 69	Total \$ Encumbered: \$24.6 million
# of Vendors: 34	GF \$ Encumbered: \$12.1 million
# of Agencies: 10	SRF \$ Encumbered: \$1.3 million

Notes: Accomplished through query of the database using the criteria described on Page 5 of this package.

Step 6: For vendors with contracts selected in Step 5, determine whether there are more current, or additional, contracts for services within scope that should be included in further work. Also identify all GF contract amounts or encumbrances for FY10, regardless of object code, for all relevant contracts.

Notes: Accomplishing through query of the State's financial warehouse data from the Advantage ME system for FY10 transactions for each vendor and review of any more current or additional contracts identified as a result.

Step 7: For all contracts selected for further work from Steps 5 and 6, prepare list of specific services being procured within each contract.

Notes: Accomplished through review of the contract documents obtained from State's FORTIS system.

Step 8: Discuss these contracts and services with responsible agencies.

Notes: OPEGA has developed a specific line of questioning to pursue with agencies for each contract.

Step 9: Based on all information gathered, determine whether there are contracts and /or services that could be considered for discontinuance or a change in procurement frequency.

Contract Data Elements Available in OPEGA Contracts Database for this Project

Description
The contract number that serves as a unique identifier for each contract.
The vendor number that serves as a unique identifier for each vendor.
The vendor's name.
Categorization of the services included in contract (a description of the categories defined by OPEGA is on Page 5).
A description of the major services included in the contract.
The beginning date of the contract period.
The ending date of the contract period.
The date the first contract originated, if known (for contracts that have been renewed).
An indicator of whether the contract has a history of amendments or renewals.
An indicator of whether the contract is an Original, a Renewal, or an Amendment.
The amount of General Fund dollars shown in the contract as the FY09 contracted amount.
The amount of Special Revenue Fund dollars shown in the contract as the FY09 contracted amount.
The amount of money from any other funds shown in the contract as the FY09 contracted amount.
The total amount of money contracted for in FY09 according to the contract.
The amount of General Fund dollars encumbered during FY09 according to the State's financial data warehouse.
The amount of Special Revenue Fund dollars encumbered during FY09 according to the State's financial data warehouse.
The amount of money from any other funds encumbered during FY09 according to the State's financial data warehouse.
The total amount of money encumbered for the contract in FY09 according to the State's financial data warehouse.
List of any funds other than General and Special Revenue Funds that support the contract.
An indicator of whether the contract receives any Federal Funding.
An indicator of whether the contract was competitively bid or sole sourced, if known.
RFP number, if known.
RFP date, if known.
Title of State department responsible for the contract.
Title of State agency within the department that has direct responsibility for the contract.
Name of the contract administrator or contact person within the responsible agency.
Indicator of whether the contract has a non-performance clause that includes specific financial or other penalties.
Any additional OPEGA commentary about the vendor, the scope of services or the contract's funding.

Description of Major Categories of Service

Information for Policy and Decision Making - development and provision of information or analysis to be used for general planning, decision-making, or policy-making;

Information for reporting – development and provision of information (including analysis) to be used for regulatory or other required reporting, and/or the completion and filing of required reporting on behalf of the State;

Support for State workers - functions that support State workers in performing their jobs, i.e. training, IT development and support, educational materials or communication tools, information on best practices;

Assistance with Problems and Improvements - consulting services intended to assist State managers in addressing specific situations i.e. solving problems and improving processes, organizational structure, and etc.;

Assistance with Administration and Management - services intended to help administer programs and control costs, etc.;

Outsourced functions - outsourced services where the State is really procuring staffing resources for functions/positions that might otherwise be, or historically have been, filled by State employees.

Other - Give description

Criteria for Selection of First Priority Contracts

- Contract meets general scope criteria
- At least 50% of total FY09 encumbrances are GF or FY09 GF encumbrances are \geq \$50,000 or GF Contracted \$ are \geq \$50,000
- Contract assigned to one of the following selected Major Categories of Service:
 - Information for Policy and Decision Making - development and provision of information or analysis to be used for general planning, decision-making, or policy-making;
 - Support for State workers - functions that support State workers in performing their jobs, i.e. training, IT development and support, educational materials or communication tools, information on best practices;
 - Assistance with Problems and Improvements - consulting services intended to assist State managers in addressing specific situations i.e. solving problems and improving processes, organizational structure, and etc.;
 - Assistance with Administration and Management - services intended to help administer programs and control costs, etc.;
 - Other

Alternatives for OPEGA Priorities on Further Contract Work for AFA Consideration

- A.** OPEGA continues with work as it currently has planned (as described on Pages 2 and 3 of this package of materials) on the 69 contracts currently in our high priority subset (See Step 5) and share our final suggestions on each of those contracted services or groups of services with AFA and the responsible committee of jurisdiction:
 - 1.** as we have them; **or**
 - 2.** when we have finished with all of them.

- B.** OPEGA expands on information available on all contracts and related or similar services currently in our database (approximately 140 – see Step 3 and 4) by completing Steps 6 and 7 for each and prepares that information to share with AFA and/or responsible committees of jurisdiction for them to:
 - 1.** select the contracts, services or vendors they would like OPEGA to further explore with agencies; **or**
 - 2.** explore with agencies themselves with OPEGA's support (i.e. suggesting the slate of questions that should be asked, serving as consultant through the process and/or coordinating with OFPR Analysts on following up on additional questions or needs for information that may arise.

- C.** OPEGA conducts work in Steps 3 – 5 with focus on initially selected contracts supported by significant Special Revenue funds and then proceeds with either A or B above.

- D.** OPEGA performs different analyses of contract information as requested by AFA or policy committees.

**OPEGA Special Project for AFA
on Professional and Administrative Services Contracts**

**Materials Presented to AFA by OPEGA
during August, 12, 2009 Discussion**

**Potential Avenues for Cost Reductions Related to Professional and
Administrative Services Contracts**

Prioritized Possible Avenues to Cost Reductions Provided by OPEGA to the Appropriations and Financial Affairs Committee on August 12, 2009

Procurements of Professional Services/Administrative Services that are supported by significant funding from General Fund or Other Special Revenue

A. Expenditures for services provided to the State, as opposed to a citizen, for the purposes of managing State Government and administering its programs.

Examples include:

- development and provision of information or analysis to be used for planning, decision-making, policy-making or reporting;
- functions that support State workers in performing their jobs, i.e. training, IT development and support, educational materials or communication tools, information on best practices;
- consulting services intended to assist State managers in solving problems and improving processes, organizational structure, and etc.; and
- services intended to help administer programs and control costs, etc.

B. Expenditures for outsourced services where the State is really procuring staffing resources for functions/positions that might otherwise be, or historically been, filled by State employees.

Examples include:

- call centers;
- medical services in the prisons;
- staffing provided through traditional temporary staffing agencies;
- individuals who are contracted directly, or through an organization that provides payroll services and benefits, to work within State government.

Questions to explore for individual vendors, contracts, agreements:

1. Do we need to continue procuring this function/service? Can we get by without it for several years?
 - Why did we start procuring or outsourcing this service/function?
 - Is State making effective use of results/deliverables?
 - How critical is it to the core mission of the agency?
 - What would be the impact of not procuring it?
2. If we do need the function/service, are there opportunities to get it for less cost?
 - Has it been subject to a robust competitive bid process? If not, would such a process be likely to produce a reduced cost?
 - Can we negotiate a reduced price with the existing vendor?
 - Can we narrow the scope of the needed services?
 - Can it be done more inexpensively by existing or new resources within the State?
3. Are there opportunities to recover \$ that might be due the State for non-performance, non-compliance with terms and provisions, or inaccurate/inappropriate billings under the contract/agreement?

Summary of Contracts with Services That Are Being Continued

Historical analysis of actual expenditures in procuring the services in these contracts (or similar services) might show a trend in actuals typically being less than contracted costs thus indicating opportunity to reduce the budget associated with the contract without cutting the service

Contracts highlighted in gray have one or more services that were also identified by OPEGA as possible options for temporary suspension or reduction in the service for FY11 as an alternative to other budget cuts because they have less direct impact on maintaining existing direct services and programs

Dept	Vendor	Contract #	FY10 Dollars as shown in the contract				
			GF \$	FF \$	SRF \$	Other \$	Total \$
Corrections	University of Maine - Augusta	20090522*06351	\$175,769				\$175,769
Corrections	University of Maine at Orono	20090615*07125	\$45,380				\$45,380
Corrections	University of Maine - Augusta	20090612*07085	\$179,000				\$179,000
Corrections	University of Southern Maine - Muskie	20090610*06966	\$368,169				\$368,169
Education	Maine Mathematics & Science Alliance	20090504*05891	\$61,422				\$61,422
Education	Maine Mathematics & Science Alliance	20090527*06445	\$195,129				\$195,129
Education	Maine Mathematics & Science Alliance	20090716*00422	\$92,006	\$58,560			\$150,566
Education	University of Southern Maine - CEPARE	20090617*07227	\$250,000				\$250,000
Education	University of Southern Maine - CEPARE	20090617*07230	\$250,000				\$250,000
Education	University of Maine - MEPRI	20090623*07332	\$250,000				\$250,000
Education	Philip Brookhouse	20090504*05887	\$62,400				\$62,400
Education	Educational Policy Improvement Center	20090716*00411	\$500,000	\$249,050			\$749,050
Education	Maine Compact for Higher Ed	20090715*00368	\$90,000	\$12,500			\$102,500
Economic & Community Development	University of Southern Maine	20090713*00252	\$690,478				\$690,478
Economic & Community Development	Nancy Marshall Communications	20090713*00240	\$100,000		\$660,000		\$760,000
Health & Human Services	AdCare Educational Institute	20090529*06546	\$849,208				\$849,208
Health & Human Services	AdCare Educational Institute Of Maine	20090507*06018	\$412,016		\$152,500		\$564,516
Health & Human Services	University of Southern Maine - Muskie	20090424*05669	\$92,340	\$167,052			\$259,392
Health & Human Services	University of Southern Maine - Muskie	20090424*05670	\$157,568	\$257,843			\$415,411
Health & Human Services	University of Southern Maine - Muskie	20090602*06701	\$114,815	\$268,322	\$74,346		\$457,483
Health & Human Services	University of Southern Maine - Muskie	20090602*06708	\$122,936	\$218,080		\$55,057	\$396,073
Health & Human Services	University of Southern Maine - Muskie	20090602*06710	\$150,154	\$364,028	\$2,848		\$517,030
Health & Human Services	University of Southern Maine - Muskie	20090331*05290	\$1,178,584	\$1,127,666			\$2,306,250
Health & Human Services	University of Maine - Augusta	20090428*05735	\$134,439	\$134,438			\$268,877
Health & Human Services	University of Maine - Farmington	20090428*05729	\$312,911	\$312,911			\$625,822
Health & Human Services	Pan Atlantic	20080912*01958	\$80,000	\$32,000	\$80,000	\$45,000	\$237,000
Health & Human Services	Public Services Consulting Group	20090826*01420	\$2,778,437	\$3,115,738			\$5,894,175
Health & Human Services	Covington & Burlington	20090803*00858	\$75,000	\$75,000			\$150,000
Health & Human Services	Health Management Services Inc.	20090619*07295	\$1,304,678	\$1,304,678			\$2,609,355
Environmental Protection	AXYS Analytical	20090917*01847	\$86,580	\$3,000	\$133,368		\$222,948
DAFS/Maine Revenue Servic	NCO Financial Systems	20091118*03035	\$3,452,081				\$3,452,081