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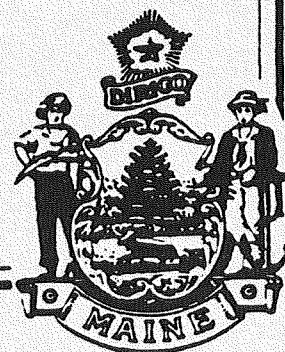


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FINAL REPORT
of the
JOINT STANDING COMMITTEE ON
APPROPRIATIONS AND FINANCIAL AFFAIRS
on
A STUDY OF FEDERAL AND
OTHER SPECIAL REVENUE FUNDS
IN MAINE STATE GOVERNMENT

JANUARY 1991



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A STUDY OF
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IN MAINE STATE GOVERNMENT

JANUARY 1991

SUBCOMMITTEE MEMBERS

Sen. Michael D. Pearson
Rep. Donald V. Carter, Chair
Rep. Lorraine N. Chonko

Rep. Judith C. Foss
Rep. John Lisnik (through
12/4/90)

STAFF

James A. Clair, Deputy Director
Grant T. Pennoyer, Principal Analyst
Shirrin Blaisdell, Legislative Analyst
Rosemarie Fredette, Legislative Analyst
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Office of Fiscal & Program Review
State House Station #5
Augusta, Maine 04333
(207) 289-1635

DEDICATION

This report is dedicated to the
lasting memory of Representative Donald V. Carter,
a legislator to whom we looked for knowledge and
guidance and who exemplified, for us,
excellence in public service.

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I N T R O D U C T I O N

The 114th Legislature, in its First Regular Session, authorized the Joint Standing Committee on Appropriations and Financial Affairs to organize a five-member subcommittee to study two issues: the use of financial orders during legislative sessions, and the manner in which new and expanded services in federal and "dedicated" funds should be presented to the Legislature for review. The subcommittee presented a number of recommendations on those issues to the full Appropriations Committee and, subsequently in LD 2418, to the Second Regular Session of the 114th Legislature.

One recommendation in LD 2418 for which there was unanimous Appropriations Committee support was the establishment of a "standing subcommittee" of the full Committee to review federal and dedicated funding issues. It was the Committee's sense that an ongoing commitment had to be made toward those parts of Maine's budget that had received little attention in comparison to the General Fund which continued to grow in complexity.

LD 2418 received a unanimous "Ought to Pass as Amended" report from the Appropriations Committee in April 1990. However, the bill was "indefinitely postponed" from the General Fund Appropriations Table at session's end due to the cost of implementing all of its recommendations.

The Legislative Council, by administrative action, authorized an interim five-member "Federal/Dedicated Funds Subcommittee" of the Appropriations Committee for the period of July 1990 through December 1990 (see Appendix A). This report represents the culmination of that Subcommittee's work as it proceeded to examine every federal and dedicated fund program within Maine State Government.

METHOD

The Joint Standing Committee on Appropriations and Financial Affairs organized a five-member subcommittee to conduct its study of federal and dedicated funds. The subcommittee was comprised of the following committee members:

Rep. Donald V. Carter, Subcommittee Chair
Sen. Michael D. Pearson
Rep. Lorraine N. Chonko
Rep. Judith C. Foss
Rep. John Lisnik (Through 12/4/90)

The objectives of the subcommittee, as authorized by the Legislature in April, 1990, are presented below:

- To compile historical expenditure data for every federal and dedicated fund program in Maine State Government; and
- To compile programmatic data concerning those same programs.

Title 5, section 162, subsection 3 of the Revised Statutes empowers the Legislative Council to authorize joint standing committees of the Legislature to conduct studies. Appendix A provides a copy of the subcommittee's authorizing memorandum from the Legislative Council.

The subcommittee held six public meetings during the summer and fall of 1990, each of which was held for organizational purposes or to review the volumes of data that had been received from the various departments and agencies. The information and topics reviewed at each meeting is summarized below:

- | | |
|------|---|
| 7/90 | <ul style="list-style-type: none">• Review of 2/90 Final Report of Appropriations Committee's "Part 2/Financial Order" Subcommittee;• Definition of data needs and data collection process; and• Authorization for subcommittee staff to seek historical expenditure and programmatic data. |
| 9/90 | <ul style="list-style-type: none">• Update on data collection;• Review of Program Narratives and Federal/Dedicated Fund Report for:<ul style="list-style-type: none">- Municipal Revenue - Sharing- Maine Children's Trust Fund- Housing Opportunities for Maine (H.O.M.E.) program- Baxter State Park Authority- Public Utilities Commission (Administrative Division); |

- 10/90 • Update on data collection;
- Review of Program Narrative and Federal/Dedicated Fund Report for all programs in the Social Services Federal Block Grant, including those in the following departments/agencies:
- Department of Human Services
 - Human Development Commission
 - Department of Mental Health and Mental Retardation
- 10/90 • Follow-up on information requests from previous meetings:
- Review of Program Narratives and Federal/Dedicated Fund Reports for programs in the Department of Professional and Financial Regulation, including:
- Administration
 - Bureau of Banking
 - Bureau of Consumer Credit Protection
 - Bureau of Insurance
 - Division of Administrative Services
 - Maine Athletic Commission
 - Board of Accountancy
 - Acupuncture Licensing Board
 - Arborists Examining Board
 - Board of Architects and Landscape Architects
 - Board of Barbers
 - Board of Chiropractic Examination and Registration
 - Board of Commercial Driver Education
- Review of various state funding contracts for one community service provider: Mainely Families, Inc.
- 11/90 • Review of Program Narratives and Federal/Dedicated Fund Reports for programs related to Children's Services, including those in the following departments/agencies:
- Department of Corrections
 - Department of Education (exclusive of K-12 Education)
 - Executive Department
 - Department of Human Services
 - Department of Mental Health and Mental Retardation

- 12/90 • Discussion of Preliminary Findings and Recommendations for Final Report Status of Federal/Dedicated Fund Reports yet reviewed by subcommittee members
- Review and Discussion of Draft Final Recommendations

The subcommittee requested and received from the Legislative Council an extension on submitting its final report from December 1, 1990 to January 15, 1991. The subcommittee met in early January 1991 to review its draft report in its entirety and to transmit that document to the full Appropriations Committee and, subsequently, the full Legislature for its review.

OVERVIEW OF DATA

In July 1990, the subcommittee sent a "Federal/Dedicated Fund Report" to every state department and agency receiving federal and dedicated funds (see Appendices B and C). Upon receipt of the completed reports, subcommittee staff proceeded to review the data and prepare "program narratives" for each federal/dedicated fund program. These narratives provide a brief history of the program, the statutory reference for the establishment of the program and any fiscal/program issues of significance.

As the subcommittee selected various broad topics for their meetings, the staff would provide copies of the relevant program narratives and federal/dedicated fund reports for the members' review. Due to time constraints, program narratives are not available for every federal/dedicated fund program in Maine State Government. However, subcommittee staff will be completing the balance of these narratives as time permits.

Two sets of federal/dedicated fund reports and available program narratives are available for review by legislators, department and/or agency representatives, or members of the public. One set is located in the Appropriations Committee Hearing Room, Room 228 in the State House. The other set is located in the Office of Fiscal and Program Review, Room 225, in the State House.

FINDINGS AND RECOMMENDATIONS

The Joint Standing Committee on Appropriations and Financial Affairs finds and recommends the following:

A. Standing Subcommittee on Federal and Dedicated Funds

FINDING

The establishment of a standing subcommittee on federal and dedicated funds would enable the Appropriations Committee to develop a greater understanding of federal and dedicated fund issues.

A Federal/Dedicated Funds Subcommittee would be most effective if, in its initial stages, the Subcommittee is limited to reviewing federal fund requests only during the legislative sessions. During the interim, the Subcommittee will be most effective if it continues to compile historical and program data for both federal and dedicated funds in a report form that can be submitted to the full Appropriations Committee for its review and use.

Although appointment to the subcommittee will place a significant time burden on each member, regular and active attendance will be crucial in order to ensure an in-depth review of accounts and a timely report to the full committee.

A standing subcommittee will have significant staffing needs and will place significant time burdens on committee staff, especially during the legislative sessions. The Committee reserves the right to request an additional analyst, if necessary, to accommodate the additional workload. Limiting session review to federal fund requests only will be one means of lessening the impact on staff.

RECOMMENDATION

A Federal/Dedicated Funds Subcommittee, comprised of five members of the Appropriations Committee, should be established on an ongoing basis. During legislative sessions, this subcommittee should be restricted to only reviewing federal funds in detail. During the interim, this subcommittee should compile historical and program data on federal and dedicated funds in report form for review and use by the Appropriations Committee. Appendix D provides additional details on implementing this recommendation.

B. New and Expanded Services for Federal and Dedicated Funds

FINDING

The current practice of allowing "current services" budgets submitted by the Executive Branch for federal and dedicated funds to include new positions and new program funding within the Part I

submittal is inconsistent with the budget process for the General Fund and Highway Fund. The Joint Standing Committee on Appropriations and Financial Affairs should reevaluate its workload during the legislative session so that more time can be spent examining "new or expanded services" budget requests for federal and dedicated funds.

RECOMMENDATION

The Governor should be required to present "new and expanded services" funding requests for federal and dedicated funds in the "Part 2" budget, as happens now with the "new and expanded services" budget requests for the General Fund and Highway Fund.

C. "Emergency" Financial Orders

FINDING

The "emergency" nature of a financial order must be clearly defined and readily apparent to the Committee when members are deliberating whether to grant a department or agency a waiver to the 30-day waiting period pursuant to Title 5, section 1585.

RECOMMENDATION

The Bureau of the Budget, in its review of proposed financial orders, should scrutinize all requests for waiver of the 30-day waiting period and apply true "emergency" criteria before recommending to the Governor that the 30-day period be waived. The criteria developed by the Bureau of the Budget should be distributed to the Legislative Office of Fiscal and Program Review and all departments and agencies.

D. Financial Order Explanations

FINDING

During the financial order review process, Committee members frequently evaluate financial orders which contain unclear or deficient information. The inability to explain the purpose of the financial order and provide accurate supporting information is contrary to the Committee's sense of the purpose of a financial order's "statement of fact".

RECOMMENDATION

To the extent possible, the Joint Standing Committee on Appropriations and Financial Affairs urges all departments and agencies to provide complete and concise information pertaining to financial orders.

E. Federal Funds Notification

FINDING

Title 5, section 1669 of the Revised Statutes, which requires all departments and agencies of state government to notify the Office of Fiscal and Program Review within 10 working days whenever federal funds are increased or decreased. However, agencies are not required to include in this notice the impact the federal funding changes will have on the General Fund - whether additional General Fund "match" dollars will be required or whether existing "match" dollars will be freed up.

RECOMMENDATION

Title 5, section 1669 of the Revised Statutes should be amended to require all departments and agencies, when notifying the Legislative Office of Fiscal and Program Review of federal funding increases or decreases, to include information on the General Fund "match" that will be required or freed up as a result of the federal funding action.

F. "Ongoing" Federal/Dedicated Fund Positions

FINDING

P.L. 1989, c. 501, Part P, section 48, which prohibits any positions intended to be "ongoing" from being created unless funds are specifically appropriated or allocated by the Legislature, is unallocated, non-statutory language. It would be more appropriately placed in the Revised Statutes in order to continue this prohibition into future fiscal years.

RECOMMENDATION

P.L. 1989, chapter 501, Part P, section 48, currently unallocated, non-statutory language, should be included in the

Revised Statutes to ensure that the prohibition against establishing federal and dedicated fund positions by financial order will continue. The prohibition should also be expanded to include any new and expanded program expenditure being established by financial order that is intended to be ongoing.

G. Review of "Juvenile Justice" functions within the Department of Corrections

FINDING

The "Justice-Planning Projects and Statistics" program of the Department of Corrections consists of two components:

- Juvenile Justice Advisory Group
- Criminal Justice Information Clearinghouse

The Juvenile Justice Advisory Group oversees the implementation of the Juvenile Justice and Delinquency Prevention Act of 1974, participates in the development of the state's juvenile justice plan, reviews and acts on all juvenile justice and delinquency prevention grant applications, and advises the Governor and Legislature on Maine juvenile justice and delinquency prevention issues.

General fund appropriations provide funds for staff support to the JJAG, the planning and analysis function for the department's delinquency and delinquency prevention programs, as well as the administration of the federal JJDP Program. Approximately \$325,000 of federal expenditure funds are received pursuant to the Juvenile Justice and Delinquency Prevention Act. The majority of these funds are available for grants to private non-profit organizations and units of state and local government for projects designed to remediate or prevent delinquency. Federal expenditure funds are also received from the Bureau of Justice Statistics (approximately \$40,000) for a criminal justice statistics and analysis clearinghouse and for prison population projections.

PL 1989, c. 591, established the Bureau of Juvenile Corrections, and requires the Department to develop a plan by January 1, 1991 for the implementation of a system of services. This law also provided General Fund appropriations in Fiscal Year 1989-90 and 1990-91 for planning and clerical capability to allow the Department to establish the bureau and to implement the Juvenile Corrections Planning Commission recommendations. The purpose of the Bureau of Juvenile Corrections is to provide an efficient, coordinated, comprehensive system of services to juveniles and their families in order to promote the welfare of juveniles and protect the interests of society.

The subcommittee expressed concern over the possibility of duplication of the functions of these two programs. The Subcommittee concluded that the issue of duplication and potential consolidation of programs could be addressed during the department's Part I budget hearing.

RECOMMENDATIONS

The Joint Standing Committee on Appropriations and Financial Affairs should review the planning functions of the "Justice-Planning Projects and Statistics" program and the "Bureau of Juvenile Corrections" program and determine whether these two programs could be consolidated or streamlined.

The Committee should conduct this review as part of the Department of Correction's FY 92 - FY 93 current services (Part I) budget hearing.

H. Juvenile Justice Advisory Group Grants

FINDING

The Juvenile Justice Advisory Group was established to oversee the implementation of the Juvenile Justice and Delinquency Prevention Act of 1974, to participate in the development of the state's juvenile justice plan, to review and act on all juvenile justice and delinquency prevention grant applications, and to advise the Governor and Legislature on Maine juvenile justice and delinquency prevention issues.

34-A MRSA §1209, sub-§4-E states that when the Juvenile Justice Advisory Group "directs that a grant be made to a department or agency of State Government, the department shall send to the joint standing committee of the Legislature having jurisdiction over appropriations and financial affairs:

- (1) A copy of the approved grant application;
- (2) Information on the expected length of programs to be funded by the grant; and
- (3) Information on restrictions or limitations placed on the grant application."

The subcommittee is not aware of having received any of the required information and intends to pursue the Department of Correction's compliance with this requirement.

RECOMMENDATION

The Joint Standing Committee on Appropriations and Financial

Affairs should request the Juvenile Justice Advisory Group, through the Department of Corrections, to comply with Title 34-A, §1209, sub-§4-E of the Maine Revised Statutes concerning submission of information on JJAG grants.

34-A, §1209, sub-§4, ¶D, should be amended to prohibit any department or agency of state government from subgranting to any other unit or organization any grant funds awarded to them by the JJAG.

I. Annual Report by the Department of Corrections and Department of Education concerning Services Contracted with Community Providers.

FINDING

The Department of Human Services and the Department of Mental Health and Mental Retardation are required to submit an annual report on all services contracted with community providers. The information contained in these reports is valuable and provides the Joint Standing Committee on Appropriations and Financial Affairs with a comprehensive reference tool to use when funding requests for specific community services are made.

The Department of Corrections and the Department of Education also purchase services from community providers. The subcommittee finds that it would be beneficial for these two departments to also provide this type of information as they also expend budgeted funds for purchased services. In recent years, the dollar value of services purchased for community services has continued to increase. The burgeoning number of funding requests for additional community services clearly indicates the need for information from the Departments of Corrections and Education concerning the services which are purchased.

RECOMMENDATION

Amend Title 20-A, Section 256 and Title 34-A, Section 1402 of the Maine Revised Statutes to require the Department of Corrections and the Department of Education to comply with a provision similar to 22 MRSA, §3, sub-§1 (Department of Human Services) and 34-B MRSA, §1208, sub-§5 (Department of Mental Health and Mental Retardation) to provide an annual report to the Legislature. The following information should be included in this report:

- Listing of community services, funds received from the state and purposes for which funds were expended;

- Most recent year's allocations (all funds), by department, bureau or office, service area and region (and county, if available);
- The department's evaluation, by individual service area, of the additional funding needed to "equalize" funding among all regions presented by priority;
- The department's assessment, by individual service area, of the outstanding needs of the state; assessment will have to include funding source projected by the department to be available for the expansion of service presented in priority; and
- Recommendations for changes in funding resulting from each department's planning and evaluation systems presented in priority.

J. Review of Bureau of Health Functions

FINDING

The programs of the Bureau of Health are carried out within its various divisions and offices. A variety of services are provided by component units, some of which are performed at a "fee for service" and may appear to compete with services provided by the private sector. The subcommittee discussed a recent situation in which the Public Health Laboratory distributed a letter which identified specific analyses which it could perform and the benefits associated with using the state's laboratory, cost being a consideration due to the lab's "not for profit" mandate.

The subcommittee strongly objected to this form of what it considers direct advertising and solicitation by a unit of state government. The subcommittee believes further review is warranted into the Bureau of Health's apparent solicitation of business.

Furthermore, the subcommittee finds that the Bureau of Health should be restricted from advertising its services which, in essence, directly competes with the private sector. These issues could be addressed during the department's Part I budget hearing.

RECOMMENDATION

The Joint Standing Committee on Appropriations and Financial Affairs should review the services provided by the Bureau of Health,

with emphasis on why the Bureau apparently solicits business. The Committee should consider legislation which restricts the Bureau from advertising its services and, thereby, directly competing against private sector businesses.

The Committee should conduct this review as part of the Department of Human Services, Bureau of Health FY 92 - FY 93, current services (Part I) budget hearings.

K. Public Health Laboratory Solicitation (Advertising Restrictions)

FINDING

The Public Health Laboratory provides a variety of laboratory services such as chemical, biological or radiological analyses at nominal cost within the State of Maine. The fee-for-service system funds the majority of the laboratory's operating expenses while the remainder comes from state and federal sources. According to the 1988-89 Maine State Government Annual Report, the Public Health Laboratory prepares and edits Lab Gab, a quarterly newsletter which is sent free of charge to hospitals, private laboratories, pathologists, state Public Health Laboratory directors, and other interested parties.

Some of the subcommittee members had been contacted by constituents with regard to a particular letter which had been distributed by the Public Health Laboratory. They were concerned that the Public Health Laboratory was openly advertising and/or soliciting individuals to utilize its services.

RECOMMENDATION

Amend Title 22, sections 3 and 9 of the Maine Revised Statutes to prohibit solicitation and advertising of services provided by the Department of Human Services for which a fee is charged.

L. Review of the Maine Children's Trust Fund

FINDING

The Maine Children's Trust Fund was established to provide a mechanism for voluntary contributions by Maine taxpayers through an income tax checkoff for funding of programs designed to prevent abuse, neglect and mental illness among Maine children. This funding is intended primarily to support local prevention programs

which do not duplicate other state-funded programs. 22 MRSA §3725, sub-§2 specifies that of the first \$100,000 of income each year, the amount remaining after payment of operating expenses and expenses for developing public awareness, shall be allocated in accordance with detailed disbursement provisions.

The subcommittee finds that the financing and operations of the fund need to be examined in view of the fact that it appears that the greatest portion of revenue to the fund is expended for administrative costs, with a low percentage of funds utilized for grants to conduct prevention programs in local communities throughout Maine.

RECOMMENDATION

The Joint Standing Committee on Appropriations and Financial Affairs should organize a subcommittee to conduct a study of the financing and operations of the Maine Children's Trust Fund.

The committee shall report its findings to the First Regular Session of the 115th Legislature no later than June 1, 1991, along with its recommendations for any legislative action based on these findings.

M. Maine Athletic Commission Members' Retirement

FINDING

When the Maine Athletic Commission was established in 1939, Commission members were authorized to receive annual salaries of \$1,000 each. Because they were treated as salaried employees, they also became members of the Maine State Retirement System.

5 MRSA §12003A,7, as enacted by PL 1983, c. 732 stated that "No member of a board, as defined in this chapter, may be deemed eligible for state retirement and retirement benefits..." There was no grandfather clause associated with the legislation.

This change in the law apparently went unnoticed by the Commission and the Department of Professional and Financial Regulation until very recently. Paperwork has been processed to terminate the commission members from their positions, and thus end their relationship with the Retirement System, effective December 22, 1990.

N. Funding of the Department of Professional and Financial Regulation's Account

FINDING

The Subcommittee notes that the Department of Professional and Financial Regulation's Administration account is supported by the General Fund. With the exception of the Bureau of Banking, other department staff are funded either directly with dedicated revenues generated from licenses, fees, or assessments; or, through the department's DI-CAP, its indirect cost formula, which assesses all programs for their use of centralized support services. The Subcommittee discussed the elimination of general fund support in favor of utilizing the Department's DI-CAP funds for the "Administration - Professional and Financial Regulation" program.

RECOMMENDATION

The "Administration - Professional and Financial Regulation" program of the Department of Professional and Financial Regulation should continue to be supported by the General Fund.

O. Public Utilities Commission's Regulatory Fund

FINDING

The unexpended balance of the Public Utilities Commission Regulatory Fund may be carried forward into the subsequent fiscal year; and of that balance, an amount up to 7% of the annual utility assessment may be carried and expended without Legislative allocation. Balances in excess of 7% are either reallocated by the Legislature or used to reduce the subsequent utility assessments. This spending authority, given in PL 1981, c. 599, was intended to limit the accumulation of excessive balances while still allowing some flexibility to meet the Public Utility Commission's fluctuating caseload.

The Subcommittee's discussion centered around whether the Public Utility Commission should be prohibited from allocating up to 7% without Legislative action, or whether the percentage itself should be reduced.

RECOMMENDATION

The Subcommittee determined that it did not have enough information to make a specific recommendation on this issue. The Subcommittee will work with the Public Utilities Commission during the legislative session to formulate its recommendation.

APPENDIX A:

**AUTHORIZING MEMORANDUM
FROM THE LEGISLATIVE COUNCIL**



REP JOHN L MARTIN
CHAIR

SEN DENNIS L DUTREMBLE
VICE-CHAIR

STATE OF MAINE

114th LEGISLATURE

LEGISLATIVE COUNCIL

SEN CHARLES M PRAY
SEN NANCY RANDALL CLARK
SEN CHARLES M WEBSTER
SEN DANIEL CAHILL
REP DAN A GRADOSKY
REP JOSEPH W MAYO
REP MARY CLARK WEBSTER
REP FRANCIS C MARSANO

SARAH C DIAMOND
EXECUTIVE DIRECTOR

April 10, 1990

Honorable Michael D. Pearson, Senate Chair
Honorable Donald V. Carter, House Chair
Joint Standing Committee on Appropriations & Financial Affairs
114th Maine Legislature
Augusta, Maine 04333

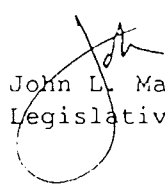
Dear Senator Pearson and Representative Carter:

The Legislative Council met this morning to review requests from Committees to conduct interim studies. The Council also took preliminary action on the studies which are included in legislation that is still pending.

I am pleased to inform you that the Council has unanimously approved funding to support monthly meetings of the Subcommittee on Federal and Dedicated Funds for the period July 1 through December 31 of this year. The Council's approval is independent of the outcome the Legislature's ultimate action on the pending legislation, LD 2418, that proposes establishing the Subcommittee on a permanent basis. A complete list of the Council's action on study requests is enclosed.

We appreciate your bringing this matter to our attention and would ask that you inform the Council of your appointments to this Subcommittee and designate the Chair as soon as possible. I would be happy to answer any questions you may have.

Sincerely,


John L. Martin, Chair
Legislative Council

Enclosure

cc: Members of the Legislative Council
Bent Schollosser, Director, Office of Fiscal
and Program Review
Jim Clair, Principal Analyst, Office of Fiscal
and Program Review

LEGISLATIVE COUNCIL
ACTION ON INTERIM STUDY REQUESTS

April 10, 1990

Committee	Study Topic	# Members	# Meetings	Council Action
Agriculture	Impacts and Supporting Infrastructure of the Horse Industry in Maine	5	5	FAILED
Appropriations & Financial Affairs	Subcommittee on Federal and Dedicated Funds (LD 2418)	5	6 (once a month)	APPROVED
Banking & Insurance	Task Force to Study Health Insurance Continuity (Task Force to be convened by Bureau of Insurance)	4	4	APPROVED
	Study of the Motor Vehicle Insurance Laws	7	4 subcommittee 1 full committee	FAILED
Human Resources	AMHI Oversight Subcommittee	4	3	APPROVED
Judiciary	Commission on the Criminal Penalties in the Maine Revised Statutes (LD 2328, Part B)*	0	0	APPROVED AS A STAFF RESEARCH STUDY
	Research Study on Grandparents' Rights	0	0	APPROVED AS A STAFF RESEARCH STUDY

APPENDIX B:

**MEMORANDUM TO ALL
DEPARTMENTS AND AGENCIES**

MICHAEL D. PEARSON, DISTRICT 6, CHAIR
JOSEPH C. BRANNIGAN, DISTRICT 29
THOMAS R. PERKINS, DISTRICT 12



DONALD V. CARTER, WINSLOW, CHAIR
LORRAINE N. CHONKO, TOPSHAM
JOHN LISNIK, PRESQUE ISLE
PATRICK K. MCGOWAN, CANAAN
VINTON T. RIDLEY, SHAPLEIGH
ROGER M. POULIOT, LEWISTON
DONNELL P. CARROLL, GRAY
LINWOOD M. HIGGINS, SCARBOROUGH
RUTH S. FOSTER, ELLSWORTH
JUDITH C. FOSS, YARMOUTH

STAFF

OFFICE OF FISCAL AND PROGRAM REVIEW
BENT SCHLOSSER, DIRECTOR
JAMES A. CLAIR, PRINCIPAL ANALYST

STATE OF MAINE
ONE HUNDRED AND FOURTEENTH LEGISLATURE
COMMITTEE ON APPROPRIATIONS AND FINANCIAL AFFAIRS

July 25, 1990

Dear :

As you may know, various members of the Joint Standing Committee on Appropriations and Financial Affairs have taken an interest in better understanding the role that federal and dedicated funds play in supporting Maine State Government.

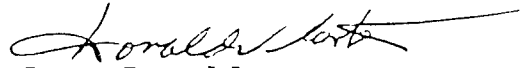
This past April, the Legislative Council authorized the Appropriations Committee, in accordance with Title 5, section 162, sub-section 3 of the Revised Statutes, to initiate a detailed study of these funds. Specifically, the Legislative Council authorized a five-member subcommittee to compile historical expenditure and program data on all federal and dedicated funds.

The first step in the subcommittee's process is, of course, data collection. We on the subcommittee are asking that each department and agency of state government **complete the attached form for each program within their respective organization that utilizes federal and/or dedicated funds.** We have attempted to design the forms to be as self-explanatory as possible. If, however, you have a question concerning this form or require additional information related to the subcommittee, please contact Jim Clair or the legislative analyst assigned to your policy area in the Office of Fiscal and Program Review at 289-1635.

The Federal and Dedicated Funds Subcommittee has a very limited time frame in which to complete its assigned tasks. We would request, therefore, that you instruct your administrative staff to return the completed forms to the Office of Fiscal and Program Review no later than Friday, August 31, 1990.

Thank you for your cooperation.

Sincerely,

A handwritten signature in cursive script, appearing to read "Donald V. Carter".

Rep. Donald V. Carter, Chair
Federal and Dedicated Funds
Subcommittee

APPENDIX C:

FEDERAL AND DEDICATED

FUND REPORT

FEDERAL AND DEDICATED FUND
REPORT

APPENDIX C

DEPARTMENT: _____

PROGRAM NAME: _____
(Be Specific)

PROGRAM DIRECTOR: _____

PERSON COMPLETING
THIS FORM: _____

DATE: _____

ACCOUNT #('s) _____
(Old and New)

1. HISTORICAL DATA

- a. Please complete the following information for the last six state fiscal years plus the current biennium.

BUDGET FOR THIS PROGRAM

<u>FY</u>	<u>General</u> <u>Fund</u>	<u>Federal</u> <u>Fund</u>	<u>Dedicated</u> <u>Fund</u>	<u>Total</u>
91				

ACTUAL EXPENDITURES FOR THIS PROGRAM

90

89

88

87

86

85

84

- b. What is the specific funding source for this federal and/or dedicated program? (Example: Title XIX of Social Security Act)
(Example: Annual license fees paid by all licensed electricians)

List funding sources: _____

c. For federal funds:

Number of years assistance has been received: _____

Number of years assistance is expected to continue: _____

Are there any federally imposed restraints in the use of these funds? ☐/Yes ☐/No If yes, what are they? (Example: Funds provided for personnel must be spent for that purpose or must revert to federal government.)

Are there any applications for funding pending or soon to be pending before the federal government for new federal funds?
☐/Yes ☐/No. If yes, please explain:

Will General Fund support be requested if federal or dedicated funds were reduced or unavailable? ☐/Yes ☐/No

d. Required/Actual State General Fund Match

<u>FY</u>	<u>%</u>	<u>Match</u>	<u>\$</u>
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e. Specific Budget Data for your federal/dedicated fund program:

	ACTUAL EXPENDITURES			BUDGET
	<u>FY 88</u>	<u>FY 89</u>	<u>FY 90</u>	<u>FY 91</u>
<u>GENERAL FUND</u>				
Positions - Leg.Count-Authorized				
Positions - Leg.Count-Filled				
Positions - Other Count				
Personal Services				
All Other				
Capital Expenditures				
Unallocated	_____	_____	_____	_____
TOTAL				
Unexpended Balance Forward				
- Encumbered				
- Unencumbered				
<u>FEDERAL EXP. FUND*</u>				
Positions - Leg. Authorized				
Positions - Filled				
Personal Services				
All Other				
Capital Expenditures				
Unallocated	_____	_____	_____	_____
TOTAL				
Unexpended Balance Forward				
- Encumbered				
- Unencumbered				
<u>OTHER SPECIAL REV. FUND*</u>				
Positions - Leg. Authorized				
Positions - Filled				
Personal Services				
All Other				
Capital Expenditures				
Unallocated	_____	_____	_____	_____
TOTAL				
Unexpended Balance Forward				
- Encumbered				
- Unencumbered				
<u>TOTAL</u>				
POSITIONS - LEG. COUNT-AUTHORIZED				
POSITIONS - LEG. COUNT-FILLED				
POSITIONS - OTHER-AUTHORIZED				
POSITIONS - OTHER-FILLED				
PERSONAL SERVICES				
ALL OTHER				
CAPITAL EXPENDITURES				
UNALLOCATED	_____	_____	_____	_____
TOTAL				
UNEXPENDED BALANCE FORWARD				
- Encumbered				
- Unencumbered				

(Attach separate sheets with information on each specific funding source if you have more than one federal or dedicated account in this program).

2. PROGRAM DATA

a. In brief, what are the objectives of this federal/dedicated fund program? _____

b. Please provide some specific statistical indicator(s) of how these federal and/or dedicated funds are used (eg., # of clients served, # of cases completed, # of miles paved, etc.)? If these funds are used for administrative support, please provide some indicator(s) that correlate expenditures to workload.

FY Indicator: _____

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c. Are you aware of any issues that will negatively affect the continued level of federal/dedicated funding for this program? _____

d. Other Comments: _____

(Attach additional sheets as necessary)

APPENDIX D:

PROPOSED LEGISLATION

FUND REPORT

PURSUANT TO PL 1989, c.501, Part P, Section 46

Sec. 1. 3 MRSA §521-A is enacted to read:

§ 521-A. Federal and Dedicated Funds Subcommittee

The Joint Standing Committee of the Legislature having jurisdiction over appropriations and financial affairs is authorized to establish a subcommittee for the following purposes:

1. To examine and/or conduct research on new and expanded federal fund budget requests and to report all findings and recommendations to the Appropriations Committee;
2. To compile historical and program data on federal and dedicated fund programs in a report format for use by the Appropriations Committee;
3. To monitor federal budgeting activities; and
4. To conduct special studies on federal and dedicated fund issues as needed.

The subcommittee members are to be appointed by the chairs of the Joint Standing Committee on Appropriations and Financial Affairs. One subcommittee member is to be selected by the committee chairs to serve as subcommittee chair for that legislative biennium. The subcommittee may meet monthly or as often as is deemed necessary. Members of the subcommittee are entitled to receive legislative per diem and to be reimbursed for expenses as defined in the Maine Revised Statutes, Title 3, section 2, upon application to the Executive Director of the Legislative Council.

Sec. 2. 5 MRSA Sec. 1581, as amended by PL 1959, c. 33, is further amended by adding a sentence to read:

In the first regular session of each Legislature, the Governor shall present funding requests that distinguish between current services and new and expanded services, as defined in 5 MRSA Sec. 1661, for all funding sources including the General Fund, Highway Fund, Federal Expenditure Fund, Federal Block Grant Fund, Other Special Revenue Funds, and any other funds of the State.

Sec. 3. 5 MRSA, §1661, as amended by PL 1987, c. 402, §A, 39, is repealed and the following enacted in its place:

§ 1661. Definitions

1. Governor-elect. The words "Governor-elect", whenever used in this chapter and chapter 145, shall be held to mean the candidate most recently elected to the office of Governor of the State of Maine in the November election for choice of Governor, or his successor.

2. Current Services. The words "current services" mean budget estimates based upon the costs of continuing all current legislatively authorized programs at present levels.

3. New or Expanded Services. "New or expanded services" means new programs or initiatives or the expansion of existing programs beyond the scope of those programs already established, recognized or approved by the Legislature.

Sec. 4. 5 MRSA §1667-A, sub-§1 is enacted to read:

Prohibition. No positions, or any other program expenditures, which are intended to be ongoing may be created with any state or federal funds unless those funds are specifically appropriated or allocated by the Legislature.

Sec. 5. 5 MRSA §1669, as amended by PL 1989, c. 7, Pt. O, §2, is further amended to read:

§ 1669. Federal funds

No state department or agency may make expenditures of any federal funds or expenditures in anticipation of receipt of federal funds for any new or expanded programs, unless such federal funds are approved by the Legislature. The Governor may authorize the expenditure of such federal funds for a period not to exceed 12 calendar months and shall notify the Office of Fiscal and Program Review of such action.

All departments and agencies that receive federal funds shall, within 10 working days of receipt of any official notification from the Federal Government concerning the potential or actual increase or reduction in present funding, submit a copy of that notification to the Director of the Legislative Office of Fiscal and Program Review. A statement outlining the extent to which a General Fund appropriation will be required to match federal funding increases or can be reduced due to decreased federal funding shall accompany each notification. In addition, departments and agencies shall, within 25 working days of that notification, submit in writing to the Director of the Legislative Office of Fiscal and Program Review their proposed plan of action to address the notification which may include an appeal or an outline of the options that will be examined in detail and a time frame for the examination.

Sec. 6. 20-A MRSA §256, sub-8 is enacted to read:

1. Annual Report. The Department of Education shall prepare an annual report on all services contracted with community providers. The department shall deliver its report to the joint standing committee of the Legislature having jurisdiction over appropriations and financial affairs by January 31st of each year. The report shall include:

- A. A listing, by community agency, of all funds received from the State and a summary of the purposes for which those funds were expended;
- B. A summary of the most recent year's allocations of all funds by bureau or office, service area, region and, if available, county;
- C. An evaluation of additional funding needed to equalize funding among all regions by individual service areas, presented in prioritized order;
- D. The department's assessment, by individual service area, of the outstanding service needs of the State. The assessment shall identify the funding source projected by the department to be available for the expansion of service, presented in prioritized order; and
- E. Recommendations for changes in funding resulting from the department's planning and evaluation system presented in the following order of priority: greatest service need within existing funding scheme; equalization of regional funding within each service area; and new or outstanding needs.

Sec. 7. 22 MRSA §3, sub-§2, is enacted to read:

2. Prohibited activities; solicitation. No employee of, or any other person representing the Department of Human Services, may directly or indirectly solicit others to utilize the services provided by the Department for which a fee is charged. Solicitation is prohibited through any verbal request, including but not limited to, a request that is made in person, by telephone or through any advertising media; and through any written request, including, but not limited to a request that is sent, delivered or distributed or any advertisement posted in a public place or appearing in a newspaper, television or other advertising media.

Sec. 8. 22 MRSA §9, ¶A is enacted to read:

A. No employee of, or any other person representing the Department of Human Services, may directly or indirectly solicit others to utilize the services provided by the Department for which a fee is charged.

Sec. 9. 34-A §1209, sub-§4, ¶D sub-¶1 is enacted to read:

1. When grants are made to a department or agency of State Government, that department or agency is prohibited from subgranting those funds to any other unit or organization.

Sec. 10. 34-A MRSA §1402, sub-§10 is enacted to read:

1. Annual Report. The Department of Corrections shall prepare an annual report on all services contracted with community providers. The department shall deliver its report to the joint standing committee of the Legislature having jurisdiction over appropriations and financial affairs by January 31st of each year. The report shall include:

- A. A listing, by community agency, of all funds received from the State and a summary of the purposes for which those funds were expended;
- B. A summary of the most recent year's allocations of all funds by bureau or office, service area, region and, if available, county;
- C. An evaluation of additional funding needed to equalize funding among all regions by individual service areas, presented in prioritized order;
- D. The department's assessment, by individual service area, of the outstanding service needs of the State. The assessment shall identify the funding source projected by the department to be available for the expansion of service, presented in prioritized order; and
- E. Recommendations for changes in funding resulting from the department's planning and evaluation system presented in the following order of priority: greatest service need within existing funding scheme; equalization of regional funding within each service area; and new or outstanding needs.

Section 11. Appropriation. The following funds are appropriated from the General Fund to carry out the purposes of this Act.

	<u>1991-92</u>	<u>1992-93</u>
LEGISLATURE		
Legislature		
Personal Services	\$1,650	\$1,650
All Other	2,500	2,500
Provides funds for the per diem and related expenses of the Federal and Dedicated Funds Subcommittee of the Joint Standing Committee on Appropriations and Financial Affairs.		
LEGISLATURE		
TOTAL	<u>\$4,150</u>	<u>\$4,150</u>

FISCAL NOTE

The Federal and Dedicated Funds Subcommittee created in this legislation will create additional workload to non-partisan legislative staff, the exact nature of which cannot be determined at this time. A request for additional staff assistance may have to be presented to a future Legislature.

STATEMENT OF FACT

This legislation implements the recommendations of the Appropriations Committee's interim subcommittee studying the manner in which new and expanded services are presented to the Legislature for review.

Section 1 authorizes the Appropriations Committee to organize an ongoing subcommittee to review federal and dedicated funding issues.

Section 2 clarifies that all new and expanded service requests, regardless of the funding source, must be presented to the Legislature in such a way as to distinguish between new and expanded services and current services.

Section 3 defines "current services" and "new and expanded services" as currently used in a budgeting context.

Section 4 places into the Revised Statutes language that is currently unallocated.

Section 5 clarifies an existing provision of law.

Sections 6 and 10 require the Department of Education and the Department of Corrections to provide an annual report on all services contracted with community providers.

Sections 7 and 8 prohibit the Bureau of Health and the Public Health Lab from soliciting.

Section 9 clarifies the awarding of Juvenile Justice Advisory Group sub-grants.

Section 11 provides a General Fund appropriation to support the activities of the Federal/Dedicated Funds Subcommittee.