

MAINE STATE LEGISLATURE

The following document is provided by the
LAW AND LEGISLATIVE DIGITAL LIBRARY
at the Maine State Law and Legislative Reference Library
<http://legislature.maine.gov/lawlib>



Reproduced from electronic originals
(may include minor formatting differences from printed original)



Office of Program Evaluation and
Government Accountability

Annual Report on
Activities and Performance

2017

a report to the
Government Oversight Committee and the Legislature
from the
Office of Program Evaluation & Government Accountability
of the Maine State Legislature

February

2018

GOVERNMENT OVERSIGHT COMMITTEE OF THE 128TH LEGISLATURE

Senator Roger J. Katz, Chair
Senator Nathan L. Libby
Senator Paul T. Davis, Sr.
Senator G. William Diamond
Senator Geoffrey M. Gratwick
Senator Thomas B. Saviello

Representative Anne-Marie Mastraccio, Chair
Representative Jeffrey K. Pierce
Representative Jennifer L. DeChant
Representative Matthew A. Harrington
Representative Deane Rykerson
Representative Paula G. Sutton

Committee Clerk

Etta Connors
Phone: (207) 287-1901
Fax: (207) 287-1906
Email: etta.connors@legislature.maine.gov

Mailing Address:

Government Oversight Committee
82 State House Station
Augusta, Maine 04333-0082

Web:

<http://legislature.maine.gov/opega/about-the-goc>

OFFICE OF PROGRAM EVALUATION & GOVERNMENT ACCOUNTABILITY

Director Beth Ashcroft, CIA beth.ashcroft@legislature.maine.gov

Staff

Matthew Kruk, Principal Analyst
Scott Farwell, Senior Analyst
Jennifer Henderson, Senior Analyst
Amy Gagne, Analyst
Kari Hojara, Analyst
Joel Lee, Analyst
Maura Pillsbury, Analyst
Ariel Ricci, Analyst
Etta Connors, Administrative Secretary

Mailing Address:

82 State House Station
Augusta, Maine 04333-0082
Phone: (207) 287-1901
Fax: (207) 287-1906
Web: <http://legislature.maine.gov/opega>
Email: etta.connors@legislature.maine.gov

Requests for OPEGA reviews are considered by the Government Oversight Committee in accordance with a standard process. Requests must be made in writing and must be initiated or sponsored by a legislator. Individual legislators or citizens should review the process and FAQ that are posted on OPEGA's website at <http://legislature.maine.gov/opega/request-for-a-review>. There is also a form there to help facilitate the GOC's consideration of the request. Legislative committees can request reviews directly through a written communication to the Government Oversight Committee.

Copies of OPEGA's reports are free.

Reports are available in electronic format at:

<http://legislature.maine.gov/opega/opega-reports>

Hard copies of reports may be obtained by contacting OPEGA at:

(207) 287-1901

Office of Program Evaluation & Government Accountability

82 State House Station • Augusta, ME • 04333-0082



BETH L. ASHCROFT
DIRECTOR

MAINE STATE LEGISLATURE
OFFICE OF PROGRAM EVALUATION AND
GOVERNMENT ACCOUNTABILITY

February 12, 2018

The Honorable Roger J. Katz, Senate Chair
The Honorable Anne-Marie Mastraccio, House Chair
And Members of the Government Oversight Committee
82 State House Station
Augusta, Maine 04333

The Honorable Michael D. Thibodeau, President of the Senate
and Members of the 128th Maine Senate
3 State House Station
Augusta, Maine 04333

The Honorable Sara Gideon, Speaker of the House
and Members of the 128th Maine House of Representatives
2 State House Station
Augusta, Maine 04333

Dear Government Oversight Committee Members, Senators and Representatives:

In accordance with 3 M.R.S.A. § 995.4, I respectfully submit OPEGA's Annual Report on Activities and Performance for 2017. OPEGA's service to the Legislature as a non-partisan resource is meant to provide support in overseeing and improving the performance of State government. The OPEGA staff and I are committed to continuing to earn the trust and respect of Maine's legislators and citizens as a trusted source of objective, credible information.

Sincerely,

A handwritten signature in cursive script that reads 'Beth L. Ashcroft'.

Beth L. Ashcroft
Director

Cc: Heather J.R. Priest, Secretary of the Senate
Robert B. Hunt, Clerk of the House

Table of Contents

ANNUAL REPORT	
About OPEGA	1
Key Activities in 2017	3
OPEGA Completed Five Projects and Conducted Substantial Work on Seven Others	3
OPEGA Monitored Actions Taken on Past Reports	5
Percent of Recommendations Implemented or Affirmatively Address	5
OPEGA Supported GOC and Other Legislative Efforts	7
OPEGA Stayed Within Budget Again in 2017	8
Summary of Projects and Results	8
Children’s Licensing and Investigation Services	8
Maine State Lottery	9
New Markets Capital Investment Program	11
Pine Tree Development Zones	12
Special Project: Tax Expenditure Expedited Reviews – Tax Fairness	14
Actions on Past Reports	15
Acknowledgements	16
APPENDICES	
A. Listing of Available OPEGA Work Products by Date Issued	17
B. Summary of Implementation and Follow Up Status on Issued Reports	22

About OPEGA

History:

The Office of Program Evaluation and Government Accountability (OPEGA) is a non-partisan, independent legislative office created by Public Law 2001, Chapter 702. The Office first became operational in January 2005. Its authorizing statute is 3 M.R.S.A. §§ 991-1001.

Organization:

OPEGA is part of a unique organizational arrangement within the Legislature that ensures both independence and accountability. This structure is critical to ensuring that OPEGA can perform its function in an environment as free of political influence and bias as possible.

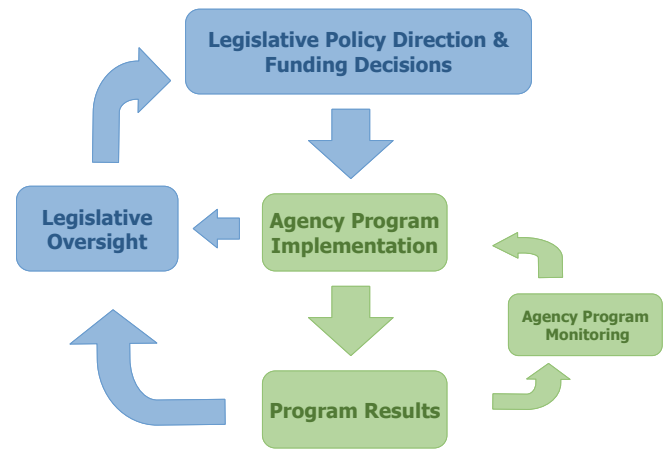
The Legislative Council appoints the Director of OPEGA for five year terms and also sets the Director's salary. OPEGA's activities are overseen by the legislative Government Oversight Committee (GOC), a 12-member bi-partisan and bi-cameral committee appointed by legislative leaders according to Joint Rule. The GOC's oversight includes approving OPEGA's budget and annual work plan, as well as monitoring OPEGA's use of resources and performance.

Staffing:

OPEGA has an authorized permanent staff of nine full-time positions including the Director and the Administrative Secretary, who also serves as the Committee Clerk for the GOC. Two of the full-time positions were added in 2015 as a result of Public Law 2015, Chapter 344 which directs OPEGA to conduct evaluations of tax expenditure programs as part of an on-going legislative review process.

Function:

OPEGA primarily supports legislative oversight by conducting independent reviews of State government as directed by the GOC¹. As legislators perform their oversight function, they often have questions about how policies are being implemented, how programs are being managed, how money is being spent and what results are being achieved.



The GOC and OPEGA address those questions from an unbiased perspective through performance audits, evaluations and studies. The independence and authorities granted by our governing statute provide the Legislature with a valuable supplement to policy committee oversight. In addition, the GOC and OPEGA are in an excellent position to examine activities that cut across State government and span the jurisdictions of multiple policy committees.

The results of OPEGA's reviews are provided to legislators and the public through formal written reports and public presentations.

¹ When directed to do so, OPEGA also has authority to perform audits of non-State entities that receive State funds or have been established to perform governmental functions.

Mission

The Office of Program Evaluation and Government Accountability exists to support the Legislature in monitoring and improving the performance of State government by conducting independent, objective reviews of State programs and activities² with a focus on effectiveness, efficiency and economical use of resources.

Vision

OPEGA is valued as a credible source of objective information that contributes to good government and benefits Maine's citizens.

Values

OPEGA seeks to be a model for best practices in government and is committed to:

- ◆ Independence and objectivity
- ◆ Professionalism, ethics and integrity
- ◆ Participatory, collaborative approach
- ◆ Timely, effective communications
- ◆ Valuable recommendations
- ◆ Continuous improvement
- ◆ Using skilled and knowledgeable staff
- ◆ Minimizing disruption of operations
- ◆ Identifying root causes
- ◆ Measuring its own performance
- ◆ Smart use of its own resources

Overall Goals

- A. Provide timely, relevant and useful information and recommendations.
- B. Conduct all work with objectivity and accuracy.³
- C. Communicate regularly on our activities, results and impacts.
- D. Utilize OPEGA's resources effectively, efficiently and economically.

Indicator of Overall Outcomes

OPEGA tracks and reports on the percentage of our recommendations that have been implemented or affirmatively addressed by agencies or the Legislature as a measure of our effectiveness in facilitating change in State government.

² When directed to do so by the Government Oversight Committee, OPEGA is also authorized to perform audits of non-State entities that receive State funds or have been established to perform governmental functions.

³ OPEGA adheres as fully as possible to the performance auditing standards issued by the United States Government Accountability Office (GAO), known as the *Generally Accepted Government Auditing Standards (GAGAS)* or Yellow Book standards. Adherence to professional standards ensures OPEGA's work is objective and accurate and reported results are appropriately supported.

Key Activities in 2017

OPEGA Completed Five Projects and Conducted Substantial Work on Seven Others

In early 2017, the GOC of the 128th Legislature revisited OPEGA's Work Plan for 2015-2016 and made adjustments for the next biennium. OPEGA's GOC-approved Work Plan for 2017-2018 currently includes 14 projects six of which were carried over from the 2015–2016 Work Plan. Of the remaining eight projects, three were added in accordance with the established schedule for tax expenditure reviews and the GOC voted to add four others. The final special project was added pursuant to Public Law 2017, Chapter 297 which required OPEGA to perform a design evaluation on a new tax credit enacted at the end of the First Regular Session. OPEGA's Work Plan and project status are shown in Table 1 and posted on OPEGA's web site.

Project Name	Date Initiated	Scope Approved	Status	Date Completed
Maine State Lottery	Aug 2013	Dec 2013	Completed	April 2017
Tax Expenditure: New Markets Capital Investment Credit	Oct 2015	Jan 2016	Completed	March 2017
Tax Expenditure: Pine Tree Development Zones	Oct 2015	Jan 2016	Completed	Aug 2017
Child Care Licensing and Regulation	March 2016	May 2016	Completed	March 2017
Special Project: Tax Expenditure Expedited Reviews – Tax Fairness	March 2017	Scope per statute	Completed	July 2017
Tax Expenditure: Employment Tax Increment Financing	Oct 2015	Jan 2016	In Progress	
Tax Expenditure: Maine Capital Investment Credit	Feb 2017	May 2017	In Progress	
Tax Expenditure: Business Equipment Tax Reimbursement and Business Equipment Tax Exemption	March 2017	May 2017	In Progress	
Beverage Container Recycling Program	May 2017	Aug 2017	In Progress	
Temporary Assistance for Needy Families	May 2017	Oct 2017	In Progress	
Special Project: Design Evaluation for Major Corporate Headquarters Expansion Credit	July 2017	Scope per P.L. 2017, ch. 297	In Progress	
Maine's Citizen Initiative Process	Nov 2017	Jan 2018	In Progress	
DHHS Audit Functions	NA	NA	Planned	
Substance Abuse Treatment Programs in the Corrections System	NA	NA	Planned	

In 2017, the Office finished its work on five projects, four of which were performance reviews.

Maine State Lottery. Review of the State Lottery began in August 2013 but was effectively delayed for a lengthy period due to the GOC assigning OPEGA other priority projects. OPEGA resumed work on the State Lottery review in March 2016. Prior to resuming this work, the GOC reconsidered and revised the approved scope questions for the review in light of concerns raised in a recent study reported by the Maine Center of Public Interest Reporting. The GOC received an atypical interim briefing on OPEGA's results to date in November 2016 to accommodate interested GOC members who would not be returning to legislative service in the 128th Legislature. OPEGA's final report was issued in April 2017 and contained two recommendations. A summary of review results is on page 9.

Child Care Licensing and Regulation. OPEGA began a review of the Department of Health and Human Services' child care licensing and regulation unit in April 2014. Following completion of the preliminary research phase of this review, the GOC suspended it to allow the agency time to implement a comprehensive strategic improvement plan intended to address serious known issues that were the impetus for the review. The GOC and OPEGA received several written report backs and briefings from DHHS on its progress while the review was in suspended status. OPEGA re-initiated this review in March 2016 and released the final report in March 2017. The report contained five recommendations. The review is summarized on page 8.

New Markets Capital Investment Credit (NMTC) and Pine Tree Development Zone Program (PTDZ). OPEGA's dedicated team of two full-time resources conducted the evaluations of these tax expenditure programs in accordance with Title 3 § 999. The projects were both initiated in October 2015 and ran concurrently throughout 2016 with the GOC approving the scope for each of them in January 2016. OPEGA contracted with a consultant for assistance with the economic impact modeling desired for these projects. While conducting these projects, the team was also evaluating a third tax expenditure and completing the special project research work to provide the Joint Standing Committee on Taxation (TAX) with information for two rounds of Expedited Reviews, one in 2016 and one in 2017. This workload and the complexity of the NMTC and PTDZ programs contributed to the length of time it took to complete these reviews, as did the challenges OPEGA dealt with in gaining access to the necessary data. The final report on NMTC was released in March 2017 and contained four recommendations. The PTDZ report issued in August 2017 also contained four recommendations. The NMTC and PTDZ reviews are summarized on pages 11 and 12 respectively.

Special Project: Tax Expenditure Expedited Review-Tax Fairness. In accordance with 3 M.R.S.A. § 1000, OPEGA collected and prepared certain information on 15 tax expenditures. These included eight sales and use tax exemptions, four income tax credits or deductions, two excise tax refunds and a real estate tax exemption that were associated with a general policy of "tax fairness". OPEGA presented the information to TAX in July 2017 and TAX used it to conduct the statutorily-required Expedited Reviews. This OPEGA project is summarized on page 14.

During 2017, OPEGA conducted substantial work on seven other performance reviews that are in various stages of completion:

- Beverage Container Redemption Program;
- Temporary Assistance for Needy Families;
- Maine's Citizen Initiative Process;
- Employment Tax Increment Financing;
- Maine Capital Investment Credit; and
- Special Project: Design Evaluation of Major Corporate Headquarters Expansion Credit.

OPEGA Monitored Actions Taken on Past Reports

OPEGA actively follows up with agencies on actions taken, and monitors legislative efforts when applicable, related to report recommendations. The GOC periodically reviews the implementation status of specific reports and often receives formal report backs from responsible agencies.

Under the established follow-up procedure, OPEGA ceases active follow-up of any outstanding recommendations for reports issued more than two years ago, unless the GOC directs that active follow-up should continue. The procedure also calls for OPEGA to report to the GOC semi-annually on its follow-up activities, and the status of actions on related recommendations, so the GOC can determine whether additional action by the Committee is warranted.

The six reports listed in Table 2 had outstanding recommendations and were in active follow-up status in 2017. Three of those are reports OPEGA released in early 2017 and the Office has monitored action taken on those recommendations over the course of 2017.

OPEGA also worked closely with the GOC in the First Regular Session as the Committee introduced two pieces of legislation to improve upon measures that had previously been implemented in response to recommendations from the 2006 review of economic development programs in Maine. Active follow-up on that report will cease in 2018.

OPEGA did not conduct any formal follow-up on the Office of Information Technology or Riverview Psychiatric Center reviews in 2017. Those reviews will remain in active follow-up status in 2018.

Table 2. OPEGA Reports in Active Follow-up Status in 2017

Maine State Lottery (2017)
Children's Licensing and Investigation Services (2017)
New Markets Capital Investment Program (2017)
Riverview Psychiatric Center (2016)
Follow-Up Review of the Office of Information Technology (2015)
Economic Development Programs in Maine (2006)

The Summary of Projects and Results section of this report, beginning on page 8, has additional description of actions OPEGA is aware of that have been taken on prior reports, including actions by the GOC as a result of the follow-up work described here. Appendix B also gives the current follow-up and implementation status of all OPEGA reports.

Percent of Recommendations Implemented or Affirmatively Addressed

OPEGA tracks how often action is taken by agencies, or the Legislature, to address the specific issues identified in our reviews. Those issues may be addressed either through implementation of our recommended action or through alternative actions reasonably expected to improve the situation we identified. Tracking this data gives us insight into the significance and usefulness of our recommendations, as well as the overall effectiveness of our ability to stimulate warranted changes in State government.

Table 3 shows the cumulative number of recommendations made, with a breakdown by implementation status, for each year since 2010. For the period January 2005 through December 2017 (based on OPEGA's follow-up to date), 61% of all recommendations made (146 of 239) have been implemented or affirmatively addressed including:

- 66% of the recommendations directed to management (110 of 167); and
- 50% of recommendations directed to the Legislature (36 of 72).

OPEGA is aware of activities in progress that, if successfully completed, could result in implementation of another 42 recommendations. Thirty-one of these were directed to management and 11 to the Legislature.

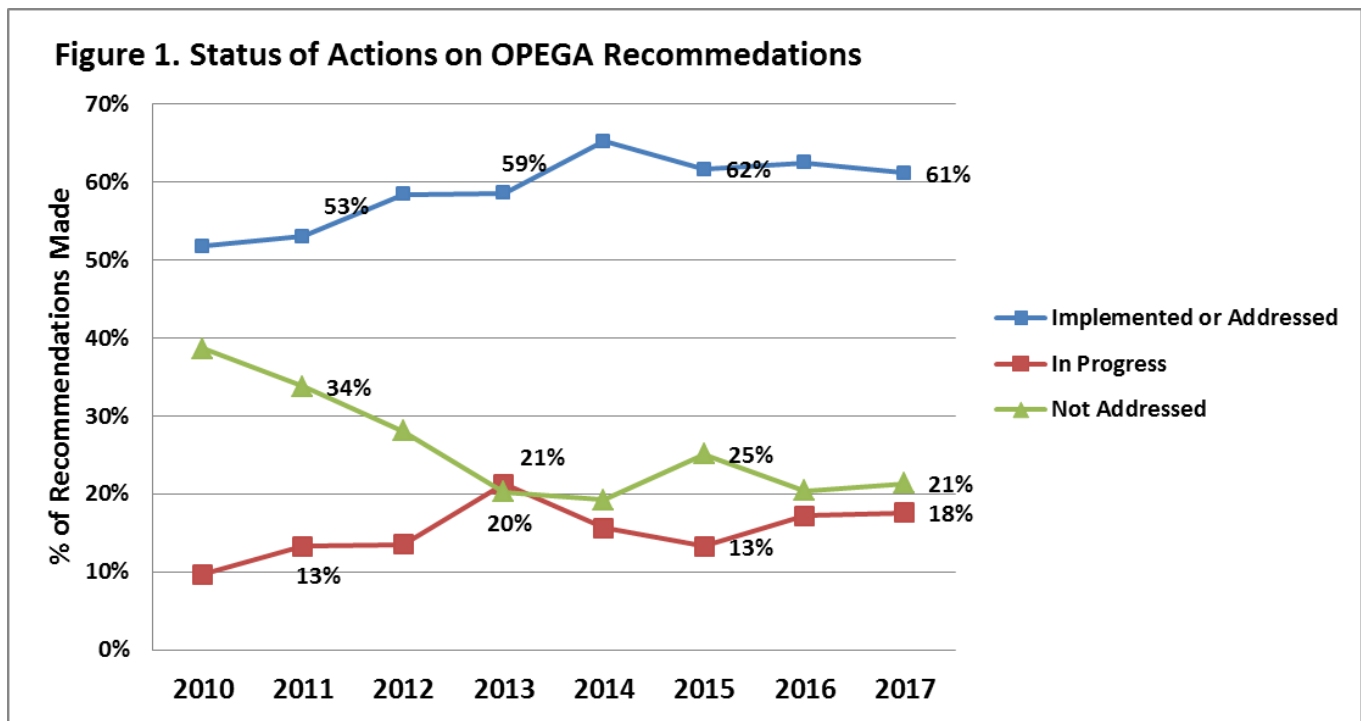
Status	2010	2011	2012	2013	2014	2015	2016	2017
Implemented or Affirmatively Addressed	75	88	104	113	129	130	138	146
In Progress	14	22	24	41	31	28	38	42
Not Addressed as of Last Follow-Up	56	56	50	39	38	53	45	51
Cumulative Total of Recommendations Made	145	166	178	193	198	211	221	239

Of the 51 recommendations that had not been addressed as of OPEGA's last follow up, 41 are from 11 OPEGA reports that the Office and GOC are no longer conducting active follow-up on. Of the remaining 10, four are from a report released in 2017. Another four are from reports released in 2015 and 2016 that OPEGA did not complete follow-up efforts for in 2017 and which may have been acted on. OPEGA follow-up on these two reports is currently in progress for 2018. The last two recommendations that have not been addressed are from the 2006 report on Economic Development Programs in Maine which OPEGA has ceased any further active follow-up on as of the end of 2017.

Nearly half of the recommendations unaddressed are from the reports OPEGA issued in 2006 on State-wide Information Technology Planning and Management and Guardians ad litem for Children in Child Protection Cases. In both instances, the responsible agencies had noted resource constraints or the need for additional resources as barriers to implementing OPEGA's recommendations or otherwise addressing the issues reported. In 2012, the GOC directed OPEGA to conduct a two year follow-up review of the Office of Information Technology. The follow-up report highlighted root causes for why many of the previous recommendations had not been addressed and implementing recommendations from the follow-up review should eventually result in progress on resolving issues identified in the initial information technology review. In 2013, legislators and citizens initiated action on concerns with Guardians ad litem which resulted in enacting legislation directing the Judicial Branch to take actions that addressed some of the key recommendations made in OPEGA's 2006 report. Even with this progress, however, to OPEGA's knowledge, nine recommendations in that report remain unaddressed.

Another eight of the unaddressed recommendations were made to the Legislature in OPEGA's 2008 report on State Boards, Committees, Commissions and Councils. While individual legislators have expressed interest in addressing some of the issues raised from time to time, there has been no formalized or concerted effort to address the report – likely because jurisdiction for these Boards is split among a number of different joint standing committees and the level of State funding to these entities is typically minimal.

As Figure 1 shows, the percentage of total OPEGA recommendations implemented or affirmatively addressed has generally increased since 2010. We believe this trend reflects increased willingness of agencies to act on issues identified by OPEGA, even while reviews are in progress, and the initiative of the GOC and individual legislators to introduce legislation as a means to implement recommendations when appropriate. OPEGA expects that the slight drop in percentage of recommendations implemented since 2014, with corresponding increases in the percent in progress or unaddressed, is primarily due to two reports released in 2015 and 2016 that OPEGA has been delayed in following up on. In both cases, there are a number of actions we believe to be in progress, but which we have not yet verified as completed. OPEGA and the GOC are continuing to monitor actions taken on these reports as well as reports released in 2017.



OPEGA Supported GOC and Other Legislative Efforts

OPEGA serves as staff for the Government Oversight Committee. Staff support includes coordinating and giving notice of meetings and agendas, developing and distributing written meeting materials, and preparing written summaries of the meetings. The GOC held 12 meetings in 2017. An archive of the Meeting Summaries from all GOC meetings is maintained on OPEGA's website.

OPEGA also performs research and gathers information to support the Committee's consideration of potential review topics. In 2017, the Office processed and/or conducted research related to seven formal requests for OPEGA reviews. The GOC actively considered all requests. The Committee placed two, Temporary Assistance for Needy Families and Maine's Citizen Initiative Process, on OPEGA's Work Plan for 2017 – 2018. Three other topics were placed on the GOC's On Deck list for possible future review. These topics were: Maine Power Options Program, Commission on Indigent Legal Services and State Law Enforcement Agencies' Undercover Operations Practices. The Committee voted to take no further action on the remaining two requests. In 2017, OPEGA also fielded contacts from 16 citizens inquiring about the potential for an OPEGA review on a variety of topics. These discussions did not result in formal requests for reviews but did involve telephone conversations, e-mail or other written correspondence.

During the First Regular Session, the GOC introduced three bills for the Legislature's consideration. LD 367 and LD 1217 were complementary bills intended to provide for comprehensive assessments of the State's economic development activities against the goals and objectives of an established long-range plan. The GOC also introduced LD 1572 to make changes to the law to improve the efficiency and effectiveness of tax expenditure evaluations conducted by OPEGA for the Legislature. OPEGA assisted the Committee in drafting the three bills, interfacing with affected agencies, and providing information to the joint standing committees that worked the bills. LD 1217 and LD 1572 were enacted by the Legislature and LD 367 was carried over on the Appropriations Table to the Second Regular Session.

OPEGA also assisted TAX with that committee's Expedited Reviews of 15 tax expenditures, as well as its consideration of the recommendations contained in OPEGA's NMTC and PTDZ Program reports. Under 3 M.R.S.A. § 999 sub-§ 4, TAX has responsibility for reviewing the results of tax expenditure evaluations conducted by the Office and making such recommendations to the Legislature as may result from that review.

OPEGA Stayed Within Budget Again in 2017

OPEGA's actual expenditures have been under budget each year since beginning operations in 2005 and that trend continued in 2017. Table 4 shows OPEGA's adjusted General Fund budget and actual expenses for the past three fiscal years.

	FY2015	FY2016	FY2017
Total General Fund budget (adjusted)	\$1,070,489	\$1,145,264	\$1,208,880
Total General Fund dollars expended	\$876,520	\$912,438	\$1,074,266
Dollar variance of expenditures to budget	(\$193,969)	(\$232,826)	(\$134,614)
% variance of expenditures to budget	(18%)	(20%)	(11%)

OPEGA's adjusted budget for FY16 and FY17 reflects additional funding to cover costs associated with two additional full-time resources, and consulting expenses, dedicated to tax expenditure evaluations newly assigned to OPEGA by Public Law 2015 Chapter 344. FY16 included a partial year of those new expenses while FY17 was a full year. About 70% of the total General Funds added to OPEGA's budget in FY16 and FY17 for these purposes were offset through allotments from OPEGA's prior year balances.

OPEGA's actual expenditures for FY17 were under adjusted budget by \$134,614, or about 11%. The variance was primarily due to:

- four month vacancy in one full-time analyst position;
- actual costs for employee training, printing, and advertising being lower than budgeted; and
- actual costs for consultant services being less than budgeted.

Summary of Projects and Results

During 2017, OPEGA completed its work on four performance reviews, two of which were OPEGA's first tax expenditure evaluations. The Office also completed a special project supporting the Taxation Committee's Expedited Review of 15 tax expenditure programs. A listing of all 51 projects OPEGA has produced public work products on since 2005 can be found in Appendix A.

Children's Licensing and Investigation Services

OPEGA conducted a review of Children's Licensing and Investigation Services (Children's Licensing), an agency of the Department of Health and Human Services (DHHS), located within the Maine Center for Disease Control and Prevention (Maine CDC). The agency is responsible for the licensing and regulatory oversight of child care providers in the State of Maine, and conducts investigations of alleged child abuse and neglect⁴ occurring in a child care facility or by a person subject to licensure or inspection by DHHS.

The GOC initiated this review in 2014 following publicity of child abuse and neglect at a child care center in Lyman, Maine. At the time, public concerns were also being raised about the agency's performance with regard to child care investigations and enforcement actions. OPEGA's preliminary research found that DHHS was well aware of the

⁴ The term child abuse/neglect refers to child physical abuse, sexual abuse, neglect, or emotional maltreatment.

issues, and was actively implementing a strategic plan designed to enhance oversight of child care providers and address risks to children in care. OPEGA's review was suspended in June 2014 to provide time for implementation of these initiatives. DHHS briefed the GOC on the status of the implementation in the interim and OPEGA's review was resumed in April 2016. During the period OPEGA's review was suspended, DHHS implemented a reorganization that included the child care licensing and regulatory functions. Since April 2016, Children's Licensing has been part of the Maine CDC's Division of Environmental and Community Health.

OPEGA's review primarily examined whether Children's Licensing conducts timely and effective investigations of alleged child abuse/neglect and alleged licensing violations for child care facilities and family child care providers. Also, whether the agency takes timely and effective action on issues identified in those investigations. We assessed timeliness and effectiveness for a sample of investigations against expectations existing in agency policies.

We observed that investigations in our sample were generally assigned and completed within the expected time frames set in current policy. We were uncertain, however, whether investigations were as thorough as desired in all cases as investigation steps were inconsistently documented and/or policy guidance was not specific enough to assess whether the step had been completed as fully as expected. With regard to action taken on identified issues, OPEGA noted there were not many time frames set in policy against which to assess timeliness of action. Generally, however, we found that Children's Licensing was requiring providers with sanctions against them to make improvements, and monitoring to ensure violations are resolved.

OPEGA additionally assessed whether there was timely notification of investigations and results to parents⁵, as well as notification to prospective child care clients through the agency's Child Care Choices website, in accordance with policy and statute. For the sample of cases we reviewed, we noted that parents of alleged victims of child abuse/neglect had been notified of investigation findings. We also observed that the posting of licensing sanctions to the website took significantly longer for higher-level sanctions than for lower-level sanctions in the sample of child abuse/neglect investigations we reviewed.

The GOC voted unanimously to fully endorse OPEGA's Final Report on *Children's Licensing and Investigation Services*. The report included five recommendations for Children's Licensing to consider as it continued to improve its policies, procedures and practices. To date, the agency has implemented four of the five and is exploring options for addressing the final recommendation, which involves replacement of the computer system used to document and monitor investigations.

Maine State Lottery

OPEGA reviewed the Maine State Lottery (Lottery) function within the Bureau of Alcoholic Beverages and Lottery Operations (BABLO), an agency of the Department of Administrative and Financial Services (DAFS). It operates as a business that generates revenue for the Maine General Fund. The Lottery became the focus of public concern in October 2015 when a series of media reports about the Lottery were published. These articles focused on regions of the State with the highest lottery spending per capita which raised questions for legislators about the marketing of the Lottery. OPEGA had a review of the Lottery in progress at the time and the GOC modified the objectives for the review to encompass the new areas of concern. OPEGA gave the 127th GOC an interim briefing on the review in November 2016.

OPEGA's review focused primarily on oversight and governance of the Lottery, and the Lottery's advertising and marketing activities. We also analyzed lottery sales and winnings for the period fiscal year 2012 through fiscal year 2016, and reviewed the impact of lottery winnings on recipient's eligibility for certain public benefit programs.

⁵ The term parent includes guardians and custodians of children.

Responsibility for governance and oversight of the Lottery lies primarily with DAFS and the State Liquor and Lottery Commission (Commission). DAFS' role is typical of the governance and oversight it provides of any agency within its organization with regard to finances, personnel and other resources, and compliance with applicable regulations, policies and procedures. The Commission meets monthly and is responsible for adopting and amending rules, approving new instant tickets, approving multi-jurisdictional lottery agreements, and hearing appeals from retailers denied a lottery retail license. OPEGA observed that oversight and governance provided by DAFS and the Commission cover all key aspects of the Lottery's finances and operations. Additional communication to legislative committees to raise awareness of the Lottery's and Commission's activities would be beneficial given the Legislature's limited oversight role.

OPEGA reviewed the Lottery's advertising and gaming system contracts, as well as marketing and advertising studies and plans. We also analyzed television and radio advertising buys and other marketing activities for the period March 2015 – December 2016. We found no indication that the Lottery puts any marketing or advertising emphasis on any specific demographic group(s).⁶

OPEGA made several observations from our analysis of lottery ticket sales and lottery winnings, though several limitations in the data available for analysis mean our breakdowns by county and municipality should be considered rough estimates of lottery activity in those locations. Our observations included:

- Lottery ticket sales totaled over \$1.2 billion for the period and increased about 19% between FY12 and FY16. Most of the increase occurred between FY14 and FY16 when there was a corresponding increase in instant tickets sales which typically represent over 70% of annual total sales.
- Lottery winnings totaled nearly \$698 million for the period, for an overall payout percentage of 58%. Total winnings increased 28% from FY12 to FY16 with most of the increase occurring between FY14 and FY16, mirroring a similar increase in small prize winnings claimed at lottery retailers which represent about 82% of all winnings.
- Strong positive correlations exist between total sales and winnings, total sales and population, and total winnings and population at both the county and municipal level. There were several exceptions at the county level. Both Kennebec and Washington counties had notably higher percentages of total sales and winnings than they did of total population, while Cumberland and Penobscot had notably lower percentages of total sales and winnings than of total population.
- Lottery sales over the period occurred at retailers in 352 different municipalities. Of the 25 municipalities with the highest total sales for the period FY12 to FY16, 19 were among Maine's most populated municipalities. The other six were municipalities designated by the State as regional service centers.

We determined that using the available data to analyze activity on a per capita basis resulted in meaningless, and potentially quite misleading, results particularly on a municipal-level. Consequently, OPEGA did not report any per capita results.

⁶ OPEGA reviewed academic research literature and found there is general agreement that an inverse relationship exists between socio-economic status and lottery play. There is no consensus, however, on the explanations for this inverse relationship.

The GOC voted unanimously to fully endorse OPEGA's Final Report on *Maine State Lottery*. The report included two recommendations for agency and legislative action seeking to improve transparency for Lottery activities and decisions. In response to one recommendation, BABLO immediately began posting Commission meeting agendas and summaries to its website. The GOC is currently considering whether to introduce legislation to clarify and enhance annual legislative reporting requirements for the Lottery and is awaiting input from the Joint Standing Committee on Veteran's and Legal Affairs before making that decision.

New Markets Capital Investment Program

OPEGA conducted a review of Maine's New Markets Capital Investment Program (NMTC), a State program modeled after the Federal New Markets Tax Credit Program and administered by the Finance Authority of Maine (FAME). The program provides a 39% tax credit over seven years for investors who make qualified investments in low-income community businesses via a qualified Community Development Entity (CDE). The NMTC Program is one of the tax expenditures OPEGA is required to evaluate as per 3 M.R.S.A. §§ 998 – 1001. The GOC gave it priority on the review schedule following a series of media articles that raised concerns about the appropriateness of some of the investments made under the program.

OPEGA's evaluation addressed eight questions but primarily focused on the program's fiscal impacts, design and outcomes. We contracted with a consultant for assistance in modeling the broader impacts to the State budget and Maine's economy. We also analyzed cost-effectiveness of the program from several perspectives.

OPEGA found that the current program design directly supported some, but not all, of the program's desired outcomes. Despite the noted weaknesses in the program design, OPEGA found that the portfolio of 10 projects funded as of August 2016, taken in aggregate, had produced positive outcomes. The positive outcomes that OPEGA attributed directly to the program included:

- total investments of about \$313 million in the 10 projects;
- creation or retention of 1,021 direct permanent jobs since the beginning of the program with 764 of those still existing in 2016; and
- generation of additional Gross State Product estimated at \$173 million, on average, for each of the years 2013 – 2016.

Since there are no established measures or targets for the desired outcomes, OPEGA was unable to say to what extent these results match expected results for the program. We noted that these results, however, were specific to this portfolio of 10 projects. Future portfolios could have very different results, for positive or negative, depending on the types of businesses and uses of invested funds.

OPEGA estimated the direct cost of the program to the State for the 10 projects would total about \$76 million for the period 2013 – 2021. This includes approximately \$14 million incurred from 2012 through 2016 and another \$62 million over the next five calendar years. OPEGA also calculated the Net Impact on the State Budget using economic modeling to estimate the direct and indirect impacts to State revenues from Maine NMTC projects⁷ as of August 2016. We estimate the Net State Budget Impact as being a \$24.7 million increase in State revenues from 2012 through 2016, and an \$8.9 million revenue loss in the following five years, for an overall positive fiscal impact of \$15.8 million in the period 2013 - 2021.

⁷ Net Impact on State Budget from investments is calculated as impact on State revenues from NMTC investments as of August 2016 **minus** direct cost of the program.

With regard to cost-effectiveness, OPEGA observed that, although there have been positive outcomes, the Maine NMTC Program may not be accomplishing those ends cost-effectively. The level of investments made in businesses and how those funds are used generally drive the outcomes achieved. Investments associated with both the State and federal NMTC programs are often made through complex financing structures that can reduce transparency, increase the business's cost and effort to participate, and decrease the amount of investment that a business actually has available for use. This complexity affected the amount of total investment in Maine's 10 projects that was spent in ways that impacted the Maine economy. OPEGA's estimates of outcomes on a per tax credit dollar basis included:

- an additional \$21.67 in GSP produced for every \$1 of State tax credits;
- an average of \$1.66 of business spending from the NMTC investments for every \$1 of State tax credits, rising to an average of \$3.39 in spending for every \$1 dollar of tax credit when including additional investments the businesses were able to attract;
- an average of \$1.19 of business spending “within the State” for each tax credit dollar; and
- a **total one-time cost** of \$99,179 for each of the 764 jobs still existing in 2016 and expected to persist into the foreseeable future.

OPEGA observed several areas that could be addressed to help ensure incentivized investments are used in ways that most directly drive toward desired outcomes or that might reduce the State's cost for the program. We recommended that if another round of Maine NMTC allocation is funded in the future, then the Legislature should consider addressing those areas for possible statutory or rule changes that would further focus or otherwise improve the program. The report also included three other recommendations. One of these addressed the capture of additional data that would be helpful for future evaluations. The other two were suggestions for statutory changes to incorporate a new FAME rule and clarify an ambiguous provision in statute.

The GOC voted unanimously to fully endorse OPEGA's Final Report on the *Maine New Markets Capital Investment Program*. As prescribed by statute, the GOC transmitted the report and other information gathered during the GOC's process to TAX for that committee's consideration during the legislative interim.

TAX reviewed OPEGA's report in accordance with 3 M.R.S.A. § 999 and submitted a bill to the 128th Legislature to incorporate the FAME rule. LD 1796 is currently before the TAX committee. TAX is also exploring with Maine Revenue Services (MRS) the possible need for clarifying language in a provision that establishes a fiscal year limit on total tax credits claimed. Lastly, TAX agreed with OPEGA's other two recommendations but has not taken further action as there currently is no pending legislation proposing to increase the allocations authorized for the NMTC Program. The full results of TAX's review of the NMTC report can be found in the Committee's December 2017 report on Tax Expenditure Review.

Pine Tree Development Zones

OPEGA conducted a review of the Pine Tree Development Zone Program (PTDZ), another one of the tax expenditures OPEGA is required to evaluate as per 3 M.R.S.A. §§ 998 – 1001. PTDZ as a whole is administered by the Department of Economic and Community Development (DECD). However, the ten specific benefits available under the program are administered by a variety of agencies including DECD, Maine Revenue Services (MRS), the Public Utilities Commission (PUC), and Efficiency Maine Trust. At the time of our review, all benefits available under PTDZ were statutorily set to terminate as of December 31, 2028 with no new applicants being certified after December 31, 2018.

OPEGA's evaluation was intended to address eight questions. We determined, however, that many of the questions could not be answered without considerable effort because of the shortage of readily available program data. Gathering, preparing and assessing the necessary data would require a significant amount of time for OPEGA staff

and potentially the staffs of DECD, MRS and business participants. Given that the PTDZ Program had already begun to sunset and new certifications would not be issued after 2018, OPEGA decided not to pursue obtaining that data at this time. Consequently, our review focused primarily on program design, fiscal impact and administration.

OPEGA observed that half of the benefits available under the PTDZ Program represent no cost to the State budget as they are born by electric utilities and other entities. We roughly estimated the State's foregone revenue associated with the remaining five benefits to be at least \$11.3 million in FY16 and \$12.1 million in FY17. Combining forgone revenue with administrative costs brings the program's total estimated direct cost to at least \$11.4 million in FY16 and \$12.2 million in FY17. Data on actual use of some of the benefits was not readily available or not collected at all. For those benefits, we used estimates of forgone revenue generated by MRS in calculating the overall fiscal impact.

OPEGA found that the current program design does not adequately support achievement of any of the program's desired outcomes, particularly the job-related outcomes and the original intent to target areas of the State experiencing the most significant economic distress. OPEGA acknowledges that a program can still produce valuable outcomes despite design weaknesses and this may be true of PTDZ. However, a weak design does not adequately ensure that the program benefits will reach the intended beneficiaries or will only be distributed to projects that contribute to the program's goals.

OPEGA also noted overlap between the State's Employment Tax Increment Financing Program (ETIF) and the expanded ETIF benefit available to PTDZ participants. The overlap was quite significant from an administrative standpoint as well as from the perspective of State agencies and stakeholders in the business community who speak of the ETIF and PTDZ programs as though they are inseparable or are actually one and the same. OPEGA's analyses indicated the overlap is also substantial in terms of cost and use of the ETIF expansion benefit. In FY17, 42% of the total cost of the ETIF Program was associated with the ETIF expansion benefit and 89% of business projects qualifying for ETIF reimbursement were at the 80% PTDZ rate. While this commingling of the two programs has been administratively efficient for both DECD and MRS, OPEGA found it creates difficulties in identifying the cost to the State, and benefits to businesses, for each of the programs in isolation.

Lastly, OPEGA found the program, as a whole, can not be effectively administered for two primary reasons. The first is that the program's administration is fragmented. There are a number of agencies involved and there is no single entity with the statutory authority to oversee or coordinate the PTDZ benefits distributed by the others. In addition, there is no single agency with access to utilization data for all of the program's benefits. The second major issue is that many PTDZ benefits are designed in a way that makes monitoring and enforcement resource-intensive to a degree that renders those efforts unreasonable.

OPEGA made two recommendations for legislative action only in the event that the PTDZ Program was going to be extended beyond its current statutory sunset date. At the time of our report, no proposal to extend the program had been put forth. The first of these recommendations dealt with a number of noted design weaknesses and administrative issues the Legislature should consider addressing and the second involved capturing data that would allow for a full evaluation of the program. OPEGA's report also included two other recommendations. One was for enhanced reporting of fiscal impact in MRS' Biennial Maine State Tax Expenditure Report. The other discussed additional notifications DECD should make in the event a PTDZ business is decertified.

The GOC voted unanimously to fully endorse OPEGA's Final Report on the *Pine Tree Development Zones*. At the GOC's public comment period on the report, DECD reported that it had already incorporated additional notifications into its procedures. As prescribed by statute, the GOC transmitted the report and other information gathered during the GOC's process to TAX for that committee's consideration during the legislative interim.

TAX reviewed OPEGA's report in accordance with 3 M.R.S.A. § 999 and voted to recommend that the design, data availability and administrative weaknesses identified in OPEGA's report be addressed if there was legislation introduced to extend the program. Such legislation, LD 1654, was subsequently introduced and referred to the Joint Standing Committee on Labor, Commerce, Research and Economic Development (LCRED). OPEGA is currently working with LCRED, DECD and MRS on possible committee amendments to the bill that will address some of the identified issues. The full results of TAX's review of the PTDZ report can be found in the Committee's December 2017 report on Tax Expenditure Review.

Special Project: Tax Expenditure Expedited Reviews – Tax Fairness

OPEGA is tasked by 3 M.R.S.A. § 1000 sub-§ 2 with providing information to support TAX in carrying out expedited reviews of certain Maine State tax expenditures⁸. Tax expenditures selected for expedited review are those intended to implement broad tax policy goals that cannot be reasonably measured. The information OPEGA is required to provide includes:

- a description of the tax policy under review;
- descriptions of each tax expenditure associated with that policy, including the mechanism through which it is distributed and its intended beneficiaries;
- the legislative history of each tax expenditure; and
- the fiscal impact of the tax policy and each related tax expenditure, including past and future impacts.

OPEGA gathered much of the required information on these expenditures from the following sources:

- sections of Maine statute pertaining to each tax expenditure;
- MRS' Maine State Tax Expenditure Reports for 2018-2019, 2016-2017 and 2014-2015; and
- MRS Tax Bulletins and taxpayer guidance.

In addition, the legislative history summarized in the report was prepared by OPEGA in consultation with the Office of Fiscal and Program Review based on details researched and provided to OPEGA by the Law and Legislative Reference Library.

In July 2017, OPEGA provided the required information to the Taxation Committee of the 128th Legislature on the 15 tax expenditures selected for expedited review in 2017. They included sales and use tax exemptions, income tax credits and deductions, excise tax refunds and a real estate tax exemption associated with the tax policy area generally described as "Tax Fairness." For the purposes of the expedited reviews, the "Tax Fairness" policy area captured those expenditures which appeared to:

Prevent double taxation or pyramiding (taxing on taxes); provide similar tax treatment of similar transactions/ taxpayer situations; or addresses public perception that it would not be fair to tax the item/ transaction.

The 15 tax expenditures captured in OPEGA's report were:

1. Exemption for Certain Loaner Vehicles (Sales & Use Tax)
2. Exemption for Certain Property Purchased Out of State (Sales & Use Tax)
3. Exemption for Certain Returnable Containers (Sales & Use Tax)
4. Exemption for Meals & Lodging Provided to Employees (Sales & Use Tax)
5. Exemption for Mobile & Modular Homes (Sales & Use Tax)

⁸ As defined by 3 MRSA § 992 and 5 MRSA § 1666, "tax expenditures" means "those state tax revenue losses attributable to provisions of Maine tax laws that allow a special exclusion, exemption or deduction or provide a special credit, a preferential rate of tax or a deferral of tax liability."

6. Exemption for Motor Vehicle Fuel (Sales & Use Tax)
7. Exemption for Packaging Materials (Sales & Use Tax)
8. Exemption for Trade-In Credits (Sales & Use Tax)
9. Credit for Income Tax Paid to Other Jurisdiction (Income Tax)
10. Deduction for Active Duty Military Pay Earned Outside of Maine (Income Tax)
11. Deduction for Dividends from Affiliates not included in Combined Return (Income Tax)
12. Deduction for Social Security Benefits Taxable at Federal Level (Income Tax)
13. Refund of the Gasoline Tax for Off-Highway Use and for Certain Bus Companies (Excise Tax)
14. Refund of the Special Fuel Tax for Off-Highway Use and for Certain Bus Companies (Excise Tax)
15. Exemptions of the Real Estate Transfer Tax (Real Estate Transfer Tax)

In accordance with 3 M.R.S.A. § 1000, TAX conducted its Expedited Review of these tax expenditures during the legislative interim. The results of that review are contained in a December 2017 report on the Committee's Tax Expenditure Review. TAX found the tax policy described as "tax fairness" was still consistent with the goals of State policy makers to create a tax structure that is equitable and reduces unfair tax burdens and that the policy should be maintained to the extent possible within budgetary constraints. TAX also determined that each of the 15 tax exemptions were still warranted and recommended no substantial changes to them.

Actions on Past Reports

OPEGA and the GOC continue to monitor actions taken on previously issued reports and determine whether additional Committee action is needed to implement recommendations not yet satisfactorily addressed. Notable actions taken on past OPEGA reports in 2017 were:

- ***Economic Development Programs in Maine.*** The Legislature considered two complementary bills introduced by the GOC and intended to improve the effectiveness and efficiency of evaluations of the State's investments in economic development. The bills were the culmination of GOC efforts that began in 2015 to address findings from OPEGA's 2006 report on *Economic Development Programs in Maine*, as well as from the evaluations of economic development investments that had been done since that time. LD 367 focused on clarifying expectations for, and funding, the development of a long-range strategic economic improvement plan for the State by the Maine Economic Growth Council (MEGC). The House passed the bill and the Senate sent it to the Special Appropriations Table where it was carried over to the Second Regular Session. In the meantime, Maine Development Foundation (MDF), which staffs MEGC, has been working with DECD and others to find alternative funding and resources that would allow the strategic plan effort to move forward. The second bill, LD 1217, was enacted as Public Law 2017, Chapter 264 on an override of the Governor's veto. The law amended several statutory provisions to improve the efficiency and effectiveness of two separate independent evaluations DECD had been required to conduct every two years. It specified the scope of these evaluations as encompassing the portfolio of the State's economic development investments and the portfolio's contribution to the strategic economic improvement plan developed by MEGC.

Appendix B summarizes the current implementation and follow-up status of OPEGA's reports.

Acknowledgements

OPEGA would like to acknowledge and express appreciation to others in State government for the knowledge, service and other assistance they willingly contribute to OPEGA's reviews and general operations. In particular, special thanks to the:

- Office of the Executive Director of the Legislative Council;
- Office of Legislative Information Technology;
- Office of Policy and Legal Analysis;
- Office of Fiscal and Program Review;
- Law and Legislative Reference Library;
- Office of the State Controller;
- Office of the State Auditor; and
- Office of the Attorney General.

Appendix A: Listing of Available OPEGA Work Products by Date Issued

Report Title	Date Issued	Overall Conclusion	JSCs that Received Report*
Pine Tree Development Zones	August 2017	Program design does not support intended goals. Whether program is achieving results despite design is unknown as adequate data is not readily available to assess outcomes.	TAX LCRED
Special Project: Tax Expenditure Expedited Reviews - Tax Fairness	July 2017	Provided information on 15 tax expenditures for "tax fairness" items to Joint Standing Committee on Taxation. The information included estimates of fiscal impact, program descriptions and history of legislative changes. The Committee used the information to conduct statutorily-required Expedited Reviews.	TAX
Maine State Lottery	April 2017	DAFS and the Lottery Commission govern and oversee all aspects of Lottery finances and operations. The Lottery advertises state-wide to all adults and there was no indication of marketing emphasis on any specific demographic group(s).	VLA
Children's Licensing and Investigation Services	March 2017	Investigations and follow-up on licensing sanctions were completed within expected time frames. Time frames are needed for some post-investigation activities. Procedural guidance and documentation should be enhanced to help ensure thorough and consistent investigations.	HHS
New Markets Capital Investment Program	March 2017	Current portfolio of projects funded with investments under the program produced positive outcomes. Cost-effectiveness of the program could be improved.	TAX LCRED
Northern New England Passenger Rail Authority	September 2016	NNEPRA is subject to federal and State oversight with MDOT playing a significant role. As is typical for passenger rail service, Downeaster operating revenues are not sufficient to cover operating expenses. NNEPRA and the State face particular challenges in implementing passenger rail service in Maine that create inherent risk in ability to achieve desired outcomes for passenger rail service.	TRANS
Special Project: Tax Expenditure Expedited Reviews- Necessity of Life	July 2016	Provided information on 13 sales tax exemptions for "necessity of life" items to Joint Standing Committee on Taxation. The information included estimates of fiscal impact, program descriptions and history of legislative changes. The Committee used the information to conduct statutorily-required Expedited Reviews.	TAX
Riverview Psychiatric Center	April 2016	Primary avenues for reporting incidents and concerns are generally effective in ensuring timely attention of appropriate authorities. Inconsistencies in policy, practice and documentation were noted and some reported metrics may be unreliable.	HHS

Report Title	Date Issued	Overall Conclusion	JSCs that Received Report*
State Funding for Good Will-Hinckley	September 2015	Financial risks associated with the potential loss of State funding led the GWH Board to change course on its hiring decision for a new President.	
Follow-Up Review of the Office of Information Technology	August 2015	Progress has been made in implementing a strategic improvement plan. There are broader issues that need Executive attention for the State to advance further.	AFA SLG
DHHS Workplace Culture and Environment	April 2015	Survey results show employees are generally satisfied with climate and work environment. Organizational issues are present in some offices, and DHHS is engaged in culture change efforts.	
Special Project: Tax Expenditure Programs Phase II	March 2015	Proposed process for on-going legislative review of tax expenditures, with GOC oversight. Proposal outlines three categories of review: full, expedited, and no review. Taxation Committee would consider OPEGA evaluation results and determine whether action should be taken to implement recommendations.	TAX
Follow Up Review of Health Care in the State Correctional System	November 2014	No systemic deficiencies identified in the vendor's provision of health care services. Inaccurate information and disagreements over MDOC policy are the primary causes of the prisoner complaints reviewed.	AFA CJPS HHS
Maine Economic Improvement Fund	June 2014	Allocations of the Fund and expenses supported by the Fund are consistent with statutory intent. Improvements are needed in performance reporting and fiscal monitoring associated with the Fund.	AFA LCRED
Special Project: Tax Expenditure Programs Phase I	March 2014	Proposed process for on-going legislative review of tax expenditures involved OPEGA conducting full evaluations of certain categories of expenditures, with GOC oversight, as well as supporting Taxation Committee in expedited reviews of other categories of expenditures. Taxation would determine whether action should be taken to implement OPEGA's recommendations.	TAX
Healthy Maine Partnerships' FY13 Contracts and Funding	December 2013	Approach to selecting HMP lead agencies appropriate but the process was poorly implemented and allowed for manipulation of outcomes. Funding was consistent across HMPs based on role. Documentation maintained was insufficient to support key decisions in the selection process.	AFA HHS
Public Utilities Commission	September 2013	Improvements can be made in accessibility and responsiveness of avenues available for consumers to raise utility-related concerns. Risk of actual and perceived bias on the part of the PUC persists.	EUT
Maine State Housing Authority: Energy Assistance Programs LIHEAP and WAP	July 2013	Both programs administered well overall, but LIHEAP controls should be improved and ongoing efforts to strengthen WAP program operations should be continued.	LCRED

Report Title	Date Issued	Overall Conclusion	JSCs that Received Report*
Communications Regarding a Computer System Weakness Resulting in MaineCare Claims Payments for Ineligible Individuals	November 2012	DHHS MIHMS project staff knew of the issue in 2010, but executive management knowledge of the issue and its impact was limited until early 2012. Several factors contributed to the system weakness not being highly prioritized or reported to the DHHS Commissioner earlier.	AFA HHS
Child Development Services	July 2012	Implementing comprehensive program management, encouraging responsible stewardship of resources, and developing data to support management decisions could improve efficiency and cost effectiveness.	AFA EDUC
Cost Per Prisoner in the State Correctional System	June 2012	MDOC's methodology for calculating the cost per prisoner is reasonable but the statistic is of limited use in comparing states to one another due to a number of variables.	AFA CJPS
Maine State Housing Authority: Review of Certain Expenditures	May 2012	Most expenses reviewed were connected to MaineHousing's mission. Some expense types or amounts may be unnecessary and should be reconsidered.	AFA LCRED
Health Care Services in State Correctional Facilities	November 2011	Weaknesses exist in MDOC's monitoring of contractor compliance and performance. Contractor not compliant with some MDOC policies and professional standards. New administration is undertaking systemic changes.	AFA CJPS
Sales of State Real Estate	October 2011	Process is inconsistent across departments. Public notice on real estate sales is limited.	
GOC Special Project: Investigation into Sale of Real Estate to Maine State Prison Warden	August 2011	GOC questioned judgment of State officials in allowing sale to proceed but found no intentional misdealings.	
Maine Green Energy Alliance	August 2011	Weak controls and informal practices created high risk for misuse of funds and non-compliance. No inappropriate funding uses identified, but compliance issues were noted.	EUT
Certificate of Need	May 2011	Process appears clear, consistent and transparent. Opportunity for better documentation exists.	HHS
Health Care Services in State Correctional Facilities: Opportunities to Contain Costs and Achieve Efficiencies	April 2011	Opportunities exist to better manage costs of health care in State correctional facilities by restructuring contracts with providers and implementing electronic medical records.	AFA CJPS HHS
GOC Special Project: Investigation into MTA's Purchase of Gift Cards	April 2011	GOC determined there was sufficient evidence of potential misuse of funds to request an investigation by the Attorney General's Office.	
Maine Turnpike Authority	January 2011	Strong planning process drives bond and toll decisions. Some contracting practices and expenditure controls should be improved. Additional clarity needed around surplus transfer and operating expenses.	TRANS

Report Title	Date Issued	Overall Conclusion	JSCs that Received Report*
Emergency Communications in Kennebec County	February 2010	Fragmented PSAP and dispatch network presents challenges. Quality and rate issues need to be addressed to optimize public safety.	EUT CJPS
Special Project: Professional and Administrative Contracts	February 2010	Opportunities exist to reduce FY11 General Fund costs for professional and administrative contracts by temporarily suspending some contracts. Potential also exists to reduce costs of on-going agreements.	AFA
Fund for a Healthy Maine Programs	October 2009	Adequate frameworks exist to ensure cost-effectiveness of specific activities. Allocations should be reassessed and changes should be made to improve financial transparency.	AFA HHS
MaineCare Durable Medical Equipment and Medical Supplies	July 2009	Prevention and detection of unnecessary or inappropriate claims should be strengthened to better contain costs.	AFA HHS
Maine State Prison Management Issues	June 2009	The workplace culture of Maine State Prison may be exposing employees and the State to unacceptable risks and needs continued attention.	CJPS
MaineCare Children's Outpatient Mental Health Services	February 2009	8% of funds spent support DHHS's administrative costs. Primary drivers are a contract with the ASO and costs incurred in processing provider claims. Another 19% of expenses can be attributed to providers' administrative costs.	AFA HHS
Fund For A Healthy Maine Programs: A Comparison of Maine's Allocations to Other States and a Summary of Programs	February 2009	Maine consistently prioritized preventive health services more than other states.	AFA HHS
State Contracting for Professional Services: Procurement Process	September 2008	Practices generally adequate to minimize cost-related risks; controls should be strengthened to promote accountability.	AFA
DHHS Contracting for Cost-Shared Non-MaineCare Human Services	July 2008	Cash management needs improvement to assure best use of resources.	AFA HHS
State Administration Staffing	May 2008	Better information needed to objectively assess possible savings opportunities.	AFA
State Boards, Committees, Commissions and Councils	February 2008	Opportunities may exist to improve State's fiscal position and increase efficiency.	AFA SLG ENR
Bureau of Rehabilitation Services: Procurements for Consumers	December 2007	Weak controls allow misuse of funds, affecting resources available to serve all consumers.	AFA LCRED
Riverview Psychiatric Center: An Analysis of Requests for Admission	August 2007	Majority seeking admission not admitted for lack of capacity but appear to have received care through other avenues; a smaller group seemed harder to place in community hospitals.	CJPS HHS
Urban-Rural Initiative Program	July 2007	Program well managed; data on use of funds should be collected.	TRANS

Report Title	Date Issued	Overall Conclusion	JSCs that Received Report*
Highway Fund Eligibility at the Department of Public Safety	January 2007	The absence of a clear definition of HF eligibility and reliable activity data prevent a full and exact determination of which DPS activities are eligible to receive HF.	AFA CJPS TRANS
Economic Development Programs in Maine	December 2006	EDPs still lack elements critical for performance evaluation and public accountability.	AFA ACF LCRED TAX
Guardians <i>ad Litem</i> for Children in Child Protection Cases	July 2006	Program management controls needed to improve quality of guardian ad litem services and assure effective advocacy of children's best interests.	HHS JUD
Bed Capacity at Riverview Psychiatric Center	April 2006	RPC referral data is unreliable; other factors should be considered before deciding whether to expand.	CJPS HHS
State-wide Information Technology Planning and Management	January 2006	State is at risk from fragmented practices; enterprise transformation underway and needs steadfast support.	AFA SLG
Review of MECMS Stabilization Reporting	December 2005	Reporting to Legislature provides realistic picture of situation; effective oversight requires focus on challenges and risks.	AFA HHS
Title IV-E Adoption Assistance Compliance Efforts	November 2005	Maine DHHS has made progress in addressing compliance issues; additional efforts warranted.	HHS

*Acronyms for Legislative Joint Standing Committees (JSC) that OPEGA's reports were distributed to:

AFA – Appropriations and Financial Affairs
ACF – Agriculture, Conservation and Forestry
CJPS – Criminal Justice and Public Safety
EDUC – Education
ENR – Environment and Natural Resources
EUT – Energy, Utilities and Technology
HHS – Health and Human Services
JUD – Judiciary
LCRED – Labor, Commerce, Research and Economic Development
SLG – State and Local Government
TAX – Taxation
TRANS – Transportation
VLA – Veterans and Legal Affairs

Appendix B: Summary of Implementation and Follow-Up Status on Issued Reports
 (Implementation status based on information gathered by OPEGA as of 12-31-17)

Report Title	Date Issued	Implementation Status
Reports Still in Active Follow-Up Status (by date of issuance)		
Pine Tree Development Zones	August 2017	Not Implemented (Activity in Progress)
Maine State Lottery	April 2017	Partially Implemented (Activity in Progress)
Children's Licensing and Investigation Services	March 2017	Mostly Implemented (Activity in Progress)
New Markets Capital Investment Program	March 2017	Not Implemented (Activity in Progress)
Riverview Psychiatric Center	April 2016	Partially Implemented (Activity in Progress)
Follow-Up Review of the Office of Information Technology	August 2015	Limited Implementation (Activity in Progress)
Reports No Longer in Active Follow-Up Status (by date of issuance)		
Maine State Housing Authority: Energy Assistance Programs LIHEAP and WAP	July 2013	Partially Implemented (Activity in Progress)
Maine Economic Improvement Fund	June 2014	Mostly Implemented (Activity in Progress)
Healthy Maine Partnerships' FY13 Contracts and Funding	December 2013	Mostly Implemented
Public Utilities Commission	September 2013	Fully Implemented
Child Development Services	July 2012	Fully Implemented
Maine State Housing Authority: Review of Certain Expenditures	May 2012	Fully Implemented
Health Care Services in State Correctional Facilities	November 2011	Fully Implemented
Maine Green Energy Alliance	August 2011	Partially Implemented
Maine Turnpike Authority	January 2011	Fully Implemented
Emergency Communications in Kennebec County	February 2010	Mostly Implemented
OPEGA's Special Project on Professional and Administrative Contracts	February 2010	Partially Implemented
Fund for a Healthy Maine Programs	October 2009	Mostly Implemented

Report Title	Date Issued	Implementation Status
MaineCare Durable Medical Equipment and Medical Supplies	July 2009	Mostly Implemented
Maine State Prison Management Issues	June 2009	Fully Implemented
MaineCare Children's Outpatient Mental Health Services	February 2009	Limited Implementation
State Contracting for Professional Services: Procurement Process	September 2008	Fully Implemented
DHHS Contracting for Cost-Shared Non-MaineCare Human Services	July 2008	Fully Implemented
State Administration Staffing	May 2008	Partially Implemented
State Boards, Committees, Commissions and Councils	February 2008	Limited Implementation
Bureau of Rehabilitation Services: Procurements for Consumers	December 2007	Fully Implemented
Urban-Rural Initiative Program	July 2007	Fully Implemented
Economic Development Programs in Maine	December 2006	Partially Implemented (Activity in Progress)
Guardians <i>ad Litem</i> for Children in Child Protection Cases	July 2006	Partially Implemented
Bed Capacity at Riverview Psychiatric Center	April 2006	Fully Implemented
State-wide Information Technology Planning and Management	January 2006	Partially Implemented
Review of MECMS Stabilization Reporting	December 2005	Mostly Implemented
Title IV-E Adoption Assistance Compliance Efforts	November 2005	Fully Implemented

Note: Implementation and follow-up are not applicable for the following OPEGA study reports as they did not contain recommendations: Special Projects: Tax Expenditure Expedited Reviews; Northern New England Passenger Rail Authority; State Funding for Good Will-Hinckley; DHHS Workplace Culture and Environment; Special Projects: Tax Expenditure Programs Phase I and II; Follow Up Review of Health Care in State Correctional System; Communications Regarding Computer System Weakness; Cost Per Prisoner in the State Correctional System; Sales of State Real Estate; Certificate of Need; Health Care Services in State Correctional Facilities: Opportunities to Contain Costs and Achieve Efficiencies; Riverview Psychiatric Center: An Analysis of Requests for Admissions; Highway Fund Eligibility for the Department of Public Safety; and, Fund For A Healthy Maine Programs: A Comparison of Maine's Allocations to Other States and a Summary of Programs.