

# MAINE STATE LEGISLATURE

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Office of Program Evaluation and  
Government Accountability

Annual Report on  
Activities and Performance

2018

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

February

2019

## GOVERNMENT OVERSIGHT COMMITTEE OF THE 129<sup>TH</sup> LEGISLATURE

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Senator Nathan L. Libby  
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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:

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DANIELLE D FOX  
DIRECTOR

MAINE STATE LEGISLATURE  
OFFICE OF PROGRAM EVALUATION AND  
GOVERNMENT ACCOUNTABILITY

February 12, 2019

The Honorable Justin Chenette, Senate Chair  
The Honorable Anne-Marie Mastraccio, House Chair  
Members of the Government Oversight Committee  
82 State House Station  
Augusta, Maine 04333

The Honorable Troy D. Jackson, President of the Senate  
Members of the 129<sup>th</sup> Maine Senate  
3 State House Station  
Augusta, Maine 04333

The Honorable Sara Gideon, Speaker of the House  
Members of the 129<sup>th</sup> 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 the Office of Program Evaluation and Government Accountability (OPEGA) Annual Report on Activities and Performance for 2018. OPEGA's service to the Legislature as an independent, non-partisan resource is meant to support the important role of legislative oversight and to help improve the performance of State government. The staff of OPEGA and I continue to be committed to serving Maine's legislators and citizens as a trusted source of objective, credible information.

Sincerely,

A handwritten signature in blue ink that reads 'Danielle D. Fox'.

Danielle D. Fox  
Director

cc: Darek M. Grant, Secretary of the Senate  
Robert B. Hunt, Clerk of the House

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# 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.

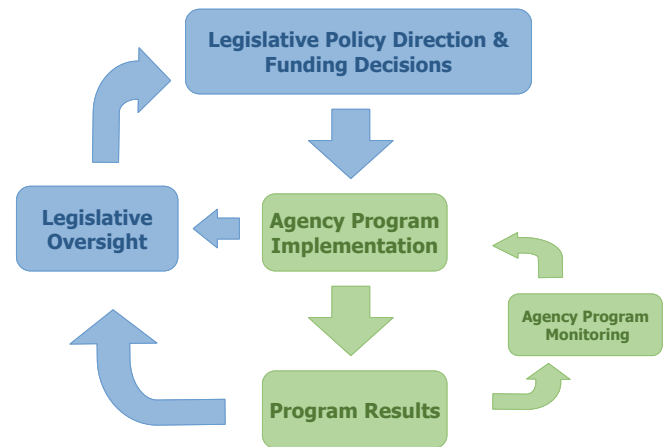
The Legislative Council appoints the Director of OPEGA for five year terms and also sets the Director's salary. OPEGA's activities are overseen by the legislative Government Oversight Committee (GOC), a 12-member bi-partisan and bi-cameral committee appointed by legislative leaders according to Joint 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 GOC<sup>1</sup>. 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.

<sup>1</sup> 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 activities<sup>2</sup> 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.<sup>3</sup>
- 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.

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<sup>2</sup> 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.

<sup>3</sup> 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 2018

## OPEGA Completed Six Projects and Conducted Substantial Work on Six Others

In early 2017, the GOC of the 128<sup>th</sup> 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 19 projects, six of which were carried over from the 2015–2016 Work Plan. Of the remaining thirteen projects, four were added in accordance with the established schedule for tax expenditure reviews and the GOC voted to add eight others during the 128<sup>th</sup> session. 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.

**Table 1. OPEGA Work Plan for 2017-2018 by Status and Date Initiated**

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 of Child Care Providers	March 2016	May 2016	Completed	March 2017
Special Project: Tax Expenditure Expedited Reviews – Tax Fairness	March 2017	Scope per statute	Completed	July 2017
Maine's Beverage Container Recycling Program	May 2017	Aug 2017	Completed	May 2018
Temporary Assistance for Needy Families Program	May 2017	Oct 2017	Completed	June 2018
Special Project: Design Evaluation for Major Business Headquarters Expansion Credit	July 2017	Scope per P.L. 2017, ch. 297	Completed	Feb 2018
Child Protection System: Two Case Studies	March 2018	March 2018	Completed	May 2018
Sales of Timber From Public Lands	March 2018	March 2018	Completed	Aug 2018
Special Project: Tax Expenditure Expedited Reviews – Charitable and Specific Policy Goal/Mandate	April 2018	Scope per statute	Completed	July 2018
Tax Expenditure: Employment Tax Increment Financing	Oct 2015	Jan 2016	Completed	January 2019
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	
Maine's Citizen Initiative Process	Nov 2017	Jan 2018	In Progress	
Department of Labor, ReEmployME System	March 2018		In Progress	
Special Project: Office of Child and Family Services, Child Protective Perspectives	June 2018	June 2018	In Progress	



OPEGA Work Plan for 2017-2018 by Status and Date Initiated (con't)				
DHHS Audit Functions	NA	NA	Planned	
Substance Abuse Treatment Programs in the Corrections System	NA	NA	Planned	

In 2018, OPEGA finished its work on six projects, four of which were performance reviews.

***Maine's Beverage Container Recycling Program.*** Review of the Beverage Container Recycling Program began in May, 2017. It was first voted onto the GOC's "On Deck List" in March, 2009. In March, 2017, the Committee voted to move the review onto OPEGA's Work Plan. In August, 2017, the GOC considered and approved scope questions. Fieldwork began in September, 2017. OPEGA's final report was issued in May 2018 and contained eight recommendations. A summary of review results is on page 8.

***Temporary Assistance for Needy Families.*** OPEGA began a review of the Department of Health and Human Services' Temporary Assistance for Needy Families program in May 2017. The project was first voted onto OPEGA's Work Plan by the GOC in March, 2017. Following completion of the preliminary research phase of this review, the GOC considered and approved scope questions in October, 2017. OPEGA released the final report in June 2018. The report contained two recommendations. The review is summarized on page 9.

***Special Project: Design Evaluation for Major Business Headquarters Expansion Credit.*** OPEGA's dedicated team of two full-time resources conducted the evaluation of the design of this newly legislated tax expenditure program in accordance with Public Law 2017, Chapter 297, §3. This project was initiated in July 2017 with the public law providing the scope for the project. While conducting this project, the team was also evaluating two other tax expenditures which are scheduled for completion in 2019. This workload and the complexity of the ETIF and BETR/BETE 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 for the ETIF program. The final report on the Major Business Headquarters Expansion program was released in February 2018 and contained five observations. This OPEGA project is summarized on page 10.

***Special Project: Tax Expenditure Expedited Review-"Charitable" and "Specific Policy Goal" Tax Expenditures.*** In accordance with 3 M.R.S.A §1000, OPEGA collected and prepared certain information on 15 tax expenditures. These included three expenditures associated with public support for government organizations, three associated with public support for certain tax exempt organizations, three associated with public support for the elderly, two associated with public support for veteran's organizations, two associated with public support for charitable donations and two to support a specific policy goal or mandate; the Job Increment Financing Funds for the former Loring Air force Base and Brunswick Naval Air Station. OPEGA presented the information to the Joint Standing Committee on Taxation (TAX) in July 2018 and TAX used it to conduct the statutorily-required Expedited Reviews. This OPEGA project is summarized on page 11.

During 2018, OPEGA conducted substantial work on six other performance reviews that are in various stages of completion:

- Employment Tax Increment Financing;
- Maine Capital Investment Credit;
- Business Equipment Tax Reimbursement and Business Equipment Tax Exemption;
- Maine's Citizen Initiative Process;
- Department of Labor, ReEmployME System; and
- Office of Child and Family Services, Child Protective Perspectives.

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## OPEGA Monitored Actions Taken on Past Reports

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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 ten reports listed in Table 2 had outstanding recommendations and were in active follow-up status in 2018. Four of those are reports OPEGA released in 2018 and the Office has monitored action taken on those recommendations over the course of the year.

OPEGA worked closely with the GOC in the First Regular Session of the 128th 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 ceased in 2018.

The GOC voted to close follow-up work for Riverview Psychiatric Center in March 2018.

OPEGA did not conduct any formal follow-up on the Office of Information Technology in 2017. This review will remain in active follow-up status in 2019.

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.

<b>Table 2. OPEGA Reports in Active Follow-up Status in 2018</b>
Pine Tree Development Zones (2018)
Beverage Container Recycling Program (2018)
Temporary Assistance for Needy Families (2018)
Major Business Headquarters Expansion Credit (2018)
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)

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## Percent of Recommendations Implemented or Affirmatively Addressed

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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 2018 (based on OPEGA's follow-up to date), 62% of all recommendations made (159 of 255) have been implemented or affirmatively addressed including:

- 67% of the recommendations directed to management (116 of 173); and
- 52% of recommendations directed to the Legislature (43 of 82).

OPEGA is aware of activities in progress that, if successfully completed, could result in implementation of another 42 recommendations. Twenty-nine of these were directed to management and 13 to the Legislature.

Status	2010	2011	2012	2013	2014	2015	2016	2017	2018
Implemented or Affirmatively Addressed	75	88	104	113	129	130	138	146	159
In Progress	14	22	24	41	31	28	38	42	42
Not Addressed as of Last Follow-Up	56	56	50	39	38	53	45	51	54
<b>Cumulative Total of Recommendations Made</b>	<b>145</b>	<b>166</b>	<b>178</b>	<b>193</b>	<b>198</b>	<b>211</b>	<b>221</b>	<b>239</b>	<b>255</b>

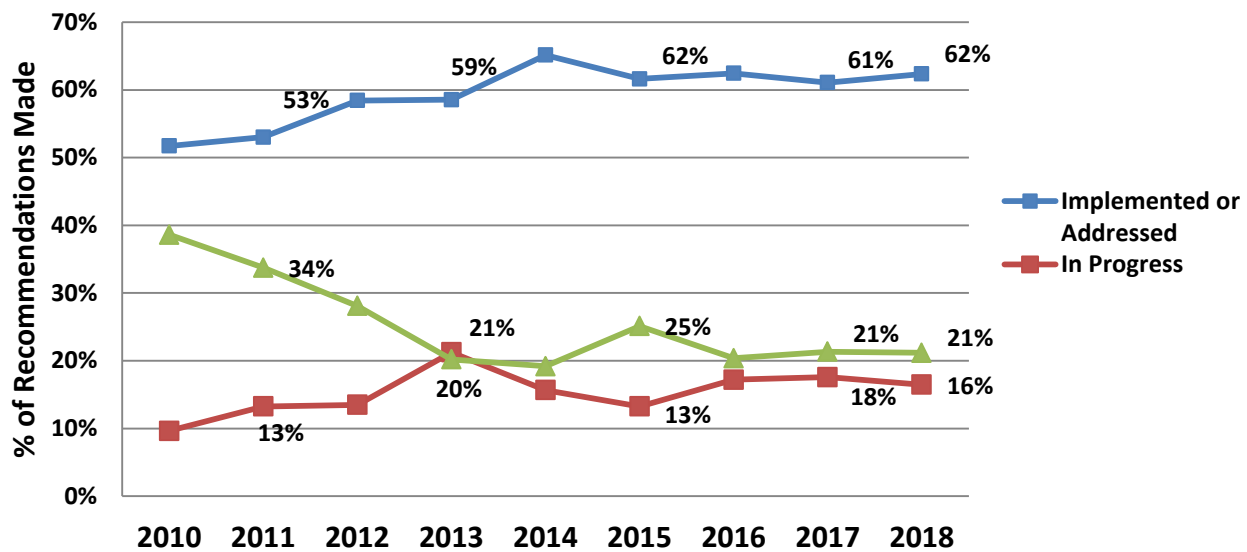
Of the 54 recommendations that had not been addressed as of OPEGA's last follow-up, 47 are from 13 OPEGA reports that the Office and GOC are no longer conducting active follow-up on. Of the remaining seven, three are from a report released in 2017. Another four are from reports released in 2015 and 2016 for which OPEGA did not complete follow-up efforts in 2018 and which may have been acted on in the meantime. OPEGA follow-up on these two reports is currently in progress for 2019. The last two recommendations that have not been addressed are from the 2006 report on Economic Development Programs in Maine which OPEGA ceased further active follow-up in 2017.

Nearly half of the unaddressed recommendations 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.

**Figure 1. Status of Actions on OPEGA Recommendations**



## 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 14 meetings in 2018. 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 2018, the Office processed and/or conducted research related to three formal requests for OPEGA reviews. The GOC actively considered all requests. The Committee placed all three, Child Protection System: Two Case Studies, Sales of Timber from Public Lands, and ReEmployME on OPEGA’s Work Plan for 2017 – 2018. In 2018, OPEGA also fielded contacts from 15 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 second regular session, the Legislature’s Labor, Commerce, Research and Economic Development Committee (LCRED) considered LD 1654, An Act To Protect Economic Competitiveness in Maine by Extending the End Date for Pine Tree Development Zone Benefits. The bill, as amended, extended the Pine Tree Development Zone (PTDZ) Program for three years beyond its original statutory expiration date. At the request of the LCRED Committee, OPEGA provided documents and testimony to the Committee as it considered incorporating the recommendations from OPEGA’s 2017 report on the PTDZ Program into the bill. LD 1654 was subsequently passed to be enacted by the 128<sup>th</sup> Legislature, and did incorporate language that addressed some of the recommendations from OPEGA’s PTDZ report.

OPEGA also provided support, as requested, to the Legislature’s Taxation Committee with its expedited reviews of 15 tax expenditures.

## OPEGA Stayed Within Budget Again in 2018

OPEGA's actual expenditures have been under budget each year since beginning operations in 2005 and that trend continued in 2018. Table 4 shows OPEGA's adjusted General Fund budget and actual expenses for the past three fiscal years.

	FY2016	FY2017	FY2018
Total General Fund budget (adjusted)	\$1,145,264	\$1,208,880	\$1,291,824
Total General Fund dollars expended	\$912,438	\$1,074,266	\$1,158,807
<b>Dollar variance of expenditures to budget</b>	<b>(\$232,826)</b>	<b>(\$134,614)</b>	<b>(\$133,017)</b>
<b>% variance of expenditures to budget</b>	<b>(20%)</b>	<b>(11%)</b>	<b>(10%)</b>

OPEGA's adjusted budget for FY16 and FY17 reflected 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 Fund money added to OPEGA's budget in FY16 and FY17 for these purposes were offset through allotments from OPEGA's prior year balances. For FY18, the two positions dedicated to tax expenditure evaluations are reflected in the OPEGA budget baseline.

OPEGA's actual expenditures for FY18 were under budget by \$133,017, or about 10%. The variance was primarily due to:

- actual costs for consultant services being less than budgeted; and
- actual costs for employee training, printing, and advertising being lower than budgeted.

## Summary of Projects and Results

During 2018, OPEGA completed its work on four performance reviews and two information briefs. A listing of all 57 projects OPEGA has produced public work products on since 2005 can be found in Appendix A.

### Maine's Beverage Container Redemption Program

OPEGA conducted a review of Maine's Beverage Container Redemption Program. Since November 2015, the program is administered by the Department of Environmental Protection (DEP). It was formerly administered by the Department of Agriculture, Conservation and Forestry. Maine Revenue Services (MRS) also has a limited administrative role related to the reporting and collection of unredeemed deposits.

OPEGA's review primarily examined: whether the program was accomplishing its intended purpose; the costs and offsets incurred; the extent to which commingling was accomplishing its intended purpose; the degree to which risk of non-compliance, fraud, and abuse were mitigated in the program; and how the program compared to the management of beverage containers in other states. Our work included extensive review of statutes and rules, interviews with past and present program administrators, interviews with a variety of program participants, review of existing commingling agreements, and a limited review of available program data.

We observed that the intended purpose (which has remained unchanged since 1976) of the program is to prevent beverage containers from becoming litter or being disposed of through the municipal solid waste stream. It is designed to achieve this purpose by incentivizing the return of containers. However, the State lacks the necessary basic program data to be able to calculate the overall redemption rate. OPEGA was able to calculate the redemption rate for containers that are not commingled and for distilled spirit containers. In CY16, based on data self-reported to MRS, the redemption rate for non-commingled containers was 74.7%. The Bureau of Alcoholic

Beverages and Lottery Operations (BABLO) provided data for CY16 that showed a redemption rate of 87.2% for distilled spirit containers.

OPEGA estimates that the program administration costs to the State are approximately \$230,000, with offsetting revenues and unredeemed deposits of \$2 million. If the program did not exist, there may be additional costs to the State, municipalities and/or residents for alternate methods of disposal. We observed that initiators of deposit bear the majority of the program costs. However, OPEGA was unable to calculate an average cost and offset due to wide variations in practices.

Commingling agreements allow redemption centers to sort beverage containers for multiple initiators of deposit by like size and material. Sixteen of roughly 260 initiators of deposit were participating in commingling agreements, which covered as much as 76% of containers. However, OPEGA estimated that there were still upwards of 500 sorts required of redemption centers, though they are not all in use at the same time. Although commingling did reduce the number of sorts for the majority of containers, commingling did not minimize sorts to the extent that may be possible.

We identified several non-compliance and program abuse risks that did not appear to be adequately mitigated by established controls and considered potential measures to mitigate these risks. These included risks around: incorrect license registrations by initiators of deposit; inaccurate reporting of sales and redemption by initiators of deposit to MRS; timeliness and efficiency of action by MRS and DEP to respond to non-compliance; redemption centers “shorting bags” of redeemed containers; and potential loopholes in redemption center licensing requirements. OPEGA identified a number of recommendations to mitigate the identified risks.

The GOC voted unanimously to fully endorse OPEGA’s Final Report on Maine’s Beverage Container Redemption Program. The report included eight recommendations for agency and legislative action to improve the program. To date, all of the recommendations are in progress, with DEP having issued an annual report “Implementing Product Stewardship in Maine” in January 2019, which includes proposals to address OPEGA’s recommendations.

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## Temporary Assistance for Needy Families Program

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OPEGA reviewed the Temporary Assistance for Needy Families (TANF) program, within the Office for Family Independence (OFI), an office of the Department of Health and Human Services (DHHS). TANF became the focus of public concern in early 2017 when questions were raised about why there had been substantial declines in TANF enrollment since 2012 when statewide poverty rates had not improved. At the same time, it was noted that Maine’s unobligated federal TANF block grant funds beginning State Fiscal Year 2018 were expected to total over \$110 million and there was a lack of legislative understanding as to what federal TANF funds were being spent on. OPEGA began its review of Maine’s TANF program in April 2017.

OPEGA’s review focused primarily on how Maine was using federal TANF funds and the reasons for expenditure changes and enrollment reductions. Our work included an extensive review of federal and State regulations and rules, interviews with relevant State employees, and analysis of enrollment data, expenditures, and contracts.

TANF basic assistance consists of cash payments, vouchers for childcare and vouchers for transportation, intended to meet the basic needs of families. Basic assistance enrollment declined by approximately 70% from 2010 to 2017. OPEGA found the primary factors contributing to the decline to be State statutory changes and an overall reduction in applicants. In 2011, the Legislature enacted changes that discontinued the practice of providing basic assistance, using primarily State funds, beyond 60 months. Additionally, the legislative changes required DHHS to terminate benefits if recipients were not compliant with family contract requirements. OPEGA also observed an overall reduction in TANF applicants over the time period reviewed.

As enrollment levels for basic assistance have declined, the State’s unused federal funds carried over from year to year and as of SFY17, the State’s available and unused funds had accumulated to approximately \$146.4 million. OPEGA analyzed the State’s expenditures associated with federal TANF block grant dollars from SFY08-SFY 17

and found significant change in how funds were expended over the time period, particularly after the 2011 statutory program changes. Spending on Family Supports, which includes basic assistance, decreased by \$24 million from SFY12 to SFY13. These reduced expenditures created the first significant carryover balance of unused federal funds. Beginning in SFY14, DHHS began spending federal TANF funds on new programs and services, and began to identify programs supported by the General Fund that could be funded by TANF. We observed a dramatic change in the distribution of spending in SFY17, with spending on Child Welfare, Work/Education Training, At Risk Youth and Child Care services increasing, while Family Supports spending decreased from 84% of total spending in SFY13 to 28% in SFY17.

OPEGA assessed the effectiveness of DHHS' process for identifying and prioritizing federal TANF funds. DHHS began contracting with consultant Public Consulting Group in 2017 to help ensure potential programs identified for possible TANF funding are allowable by federal regulations. DHHS has developed a plan to spend down the carryover balance that has accrued, along with the new federal TANF grant received annually, for SFY18-SFY22. OPEGA observed that DHHS' process for identifying, prioritizing, and deciding on uses for federal TANF funds generally sufficient to mitigate risks of negative impacts associated with poor planning.

DHHS contracts with a number of service providers to accomplish TANF purposes and meet departmental priorities. OPEGA reviewed the 49 contracts active at the time of our review. We found that, overall, the required reporting on performance measures generally allows for DHHS to meaningfully assess program outcomes, though we observed some variation in the quality of the performance measures.

Maine did not meet established federal TANF requirements for work participation rates for those receiving basic assistance in the period of FFY07-FFY15 and at the time of our review, was at risk of penalties totaling over \$20.2 million. OPEGA observed that DHHS' efforts to mitigate the negative fiscal impact of current penalties and reduce the risk of future penalties appeared effective.

The GOC voted unanimously to fully endorse OPEGA's Final Report on the *TANF program*. The report included one recommendation for agency and legislative action seeking to improve transparency and accountability for TANF spending decisions, and one recommendation for agency action to continue to improve performance measures. During the public comment period following the report presentation, several issues regarding the TANF program beyond those that were reviewed with the scope of the report were raised. Due to the late date of the GOC's final work session and the limited time remaining in the legislative session, the GOC voted to offer a communication to the GOC and Health and Human Services Committee of the 129<sup>th</sup> Legislature highlighting the potential need for further review and policy consideration.

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## Special Project: Assessment of the Design of the Newly Enacted Major Business Headquarters Expansion Program

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### Program Overview

Public Law 2017, chapter 297 enacted the Major Business Headquarters Expansion (MBHE) Program, and also required OPEGA to assess the statutory design and planned administration of the program prior to its full implementation. The MBHE program is set out in Title 36 §5219-QQ. It provides a refundable tax credit of up to \$16 million over 20 years for a qualifying business that meets employment targets and invests in a headquarters facility in Maine.

### Evaluation Objectives

Under P.L. 2017, ch. 297, OPEGA was required to assess each of the following for the MBHE Program:

1. The extent to which the design of the tax expenditure supports accomplishment of the tax expenditure's purpose, intent and goals;

2. The extent to which the design of the tax expenditure directs benefits to the intended beneficiaries;
3. The extent to which the State's current or planned administration of the tax expenditure, including enforcement efforts, is efficient and effective; and
4. The performance measures that would be appropriate for analyzing the evaluation objectives established for full evaluations under Title 3 § 999(1)(A), and the data that would be necessary to support those measures.

## Evaluation Results

OPEGA found that the MBHE Program should have its goals clarified and specified in statute. For the purposes of our review, we assumed goals for the program based on the legislative findings and purpose section in the enacting law's unallocated language. Some of these goals were somewhat supported by the program's design – as set out in statutory requirements and definitions – while others were not supported at all or were too general to assess.

Both Maine Revenue Services (MRS) and the Department of Economic Development (DECD) have responsibilities for administering portions of the MBHE Program. Since the program does not become active until 2020 under statute, neither agency had developed administrative procedures as of the time of OPEGA's assessment. As a result, we could not evaluate the agencies' planned administration. However, OPEGA did assess the administrative procedures outlined in statute. We found them generally appropriate, but offered suggestions for improvements in four areas:

- setting a base level for the purpose of counting qualifying added jobs;
- assignment of responsibility for repaying recaptured funds;
- specifying a consistent definition of qualified investment for the purposes of calculating the credit; and
- clarifying language and timelines for reporting requirements.

As required by P.L. 2017, ch. 297, OPEGA also offered suggested performance measures for use in future evaluations of the program, and described the data that would be required to support calculation of these measures.

## Reporting and Subsequent Actions

OPEGA provided the report of this assessment to the Legislature's Taxation Committee in February of 2018, as required by P.L. 2017, ch. 297. After reviewing OPEGA's report, the Taxation Committee submitted a bill in the second session of the 128<sup>th</sup> Legislature to make changes to the MBHE Program. LD 1903 responded to all five of the observations from OPEGA's report and was enacted into law (P.L. 2017 ch. 405).

The Government Oversight Committee was briefed on the report in March 2018. Because this was a special project, completed pursuant to the scope prescribed by chapter 297, there was no Government Oversight Committee vote on endorsement of the report.

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## Special Project: Tax Expenditure Expedited Reviews – “Charitable” and “Specific Policy Goals”

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OPEGA is tasked by 3 M.R.S.A. § 1000 sub-§ 2 with providing information to support the Joint Standing Committee on Taxation (TAX) in carrying out expedited reviews of certain Maine State tax expenditures<sup>4</sup>. 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:

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<sup>4</sup> As defined by 3 M.R.S.A. § 992 and 5 M.R.S.A. § 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."



- 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 2018, OPEGA provided the required information to the TAX Committee of the 128<sup>th</sup> Legislature on the 15 tax expenditures selected for expedited review in 2018. The tax expenditures were associated with two tax policy areas generally described as “Charitable” and “Specific Policy Goals”. OPEGA’s 2015 Proposal for Legislative Review of Maine State Tax Expenditures defined the “Charitable” and “Specific Policy Goal/Mandate” policy areas.

- 1) Charitable expenditures are expenditures which exempt charitable organizations from taxes. For purposes of this classification, charitable organizations include government, educational, nonprofit, religious, health care and other organizations that assist particular groups in need.<sup>5</sup>
- 2) Expenditures associated with Specific Policy Goals or Mandates that support a specific public policy goal or action mandated by the State.

The tax expenditures associated with these broad policy goals were further subdivided into groupings of similar exemptions and expenditures. The groups were for tax expenditures which provide:

- 1) Public support for government organizations;
- 2) Public support for certain tax exempt organizations;
- 3) Public support for the elderly;
- 4) Public support for veteran’s service organizations; and
- 5) Public support for charitable donations.

The tax policy area described as “Specific Policy Goal/Mandate” remained as the 6<sup>th</sup> tax expenditure grouping:

- 6) Support for a Specific Policy Goal or Mandate.

The 15 tax expenditures captured in OPEGA’s report are shown in Table 5.

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<sup>5</sup> OPEGA developed this definition based on 26 U.S. Code § 501(c)(3).

Table 5: 2018 Tax Expenditures Grouped by Category		
Category	No.	Expenditures
Public Support for Government Organizations	1	Tax Exemption on Sales to the State and Political Subdivisions of the State
	2	Exemption from the Gasoline Tax for State and Local Governments
	3	Exemption from the Special Fuel Tax for State and Local Governments
Public Support for Certain Tax Exempt Organizations	4	Tax Exemption on Sales of Tangible Goods and Fabrication Services for Certain Construction Contracts with Certain Exempt Organizations
	5	Sales Tax Exemption for Certain Qualified Snowmobile Trail Grooming Equipment
	6	Exemption from Sales and Use Tax for Free Publications and Components of Publications
Public Support of the Elderly	7	Sales Tax Exemption for Meals for Residents of Certain Nonprofit Congregate Housing Facilities
	8	Sales Tax Exemption for Providing Meals for the Elderly
	9	Sales Tax Exemption for Meals Served by a Retirement Facility to its Residents
Public Support for Veterans' Service Organizations	10	Sales and Use Tax Exemption for Certain Veterans' Service Organizations
	11	Tax Exemption on Certain Sales by an Auxiliary Organization of the American Legion
Public Support for Charitable Donations	12	Use Tax Exemption on Returned Merchandise Donated to Charity
	13	Use Tax Exemption on Merchandise Donated from a Retailer's Inventory to Exempt Organizations
Support for a Specific Policy Goal/Mandate	14	Job Increment Financing Fund - Brunswick
	15	Job Increment Financing Fund - Loring

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 2018 report on the Committee's Tax Expenditure Review. With regard to the expedited provisions subject to review in 2018, TAX recommended no statutory changes at this time; however they recommended the TAX Committee of the 129<sup>th</sup> Legislature examine several provisions to fill gaps in the availability of information to facilitate future reviews.

- 1) **Donations to certain "nonprofit" entities.** TAX notes that there are two exemptions reviewed during this cycle that relate to the donation of merchandise by a retailer to certain "nonprofit" entities. 36 M.R.S.A. § 1863 exempts the donation of used merchandise to an Internal Revenue Code section 501(c)(3) entity when the original purchaser was granted a refund or credit. 36 M.R.S.A. §1864 exempts donations by a retailer of merchandise from inventory to an organization that is exempt from sales tax. TAX recommends that the Taxation Committee of the 129<sup>th</sup> Legislature review these exemptions to determine whether there should be consistency in the types of organizations which can receive these donations.
- 2) **Congregate housing facilities.** TAX notes that the language of 36 M.R.S.A. § 1760(6)(D) has become outdated and provides ambiguous provisions that could complicate administration. TAX also notes that the facilities intended to be exempted by this provision may also be covered under 36 M.R.S.A. § 1760(6)(G). TAX recommends that the Taxation Committee of the 129<sup>th</sup> Legislature review this provision to determine whether it should be clarified or repealed as no longer necessary.

- 3) **Income tax increment financing for former military base redevelopment.** TAX notes that the mechanism for support for the two regions supported by these provisions operates in a fashion similar to the Employment Tax Increment Financing (ETIF) program which falls under the category of tax expenditures subject to full evaluation. TAX recommends that the Taxation Committee of the 129<sup>th</sup> Legislature consider whether these two provisions should be evaluated with the ETIF review rather than through the current expedited review procedure.

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## **Child Protection System: A study of how the system functions in two cases of child death by abuse in the home**

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OPEGA produced an information brief regarding the fact surrounding the handling and response to potential child abuse and neglect reports received by DHHS in two cases of child death by abuse in the home. The request for the review of the system and these cases was submitted by the House Chair for the Joint Standing Committee on Health and Human Services.

OPEGA reviewed and analyzed records of entities involved with the two children. Entities we sought records from included DHHS, Maine State Police, relevant municipal and county law enforcement, relevant local school districts and the Department of Education inclusive of Child Development Services. We also reviewed statutes, rules, policies and procedures, and obtained additional information through interviews.

We were unable to publicly share many details about the two cases due to federal and state laws governing the confidentiality of health, education, and child protective records, along with the consideration of ongoing criminal investigations and court proceedings at the time of our review.

OPEGA made observations about how the system functioned in these two cases and about missed opportunities that may have better protected children. In one case, we observed the Office of Child and Family Services (OCFS) failed to follow policies and procedures requiring a full assessment of the appropriateness of the placement and ongoing engagement with the child and family to ensure needed services and supports were provided. Poor job performance and inadequate supervision appeared to have been factors. In one case, we observed that the risk of child abuse/neglect was not necessarily evident without continually putting together many pieces of information held by various parties interacting with the child and/or her parents over time.

The GOC voted unanimously to fully endorse OPEGA's Information Brief on *Child Protection System*. We identified potential areas of concern or improvement in the child protective system that seem worth exploring further toward the goal of better protecting children in the future. Results of this review are intended to inform the scope of a broader review of Maine's child protection system.

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## **Sales of Timber Harvested from Public Lands: February 2018 diversion of spruce and fir deliveries**

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OPEGA produced an information brief regarding the facts associated with a February 2018 decision to divert deliveries of public timber from one Maine sawmill to another. The review was requested by the Governor who maintained that legislator and public allegations saying he diverted the deliveries to retaliate against certain mill owners who had publicly disagreed with his views on softwood tariffs were false.

OPEGA discussed the diversion with the Governor and the Governor's Office staff; interviewed relevant Bureau of Parks and Lands (BPL) staff; interviewed mill owners and contracted harvesters; and reviewed relevant documents including email correspondence.

Very little documentation relevant to the decision to divert deliveries exists, though OPEGA observed this is not particularly unusual for communication and agreements made in the forestry industry. We found consistent

agreement among those we interviewed that the decision to divert deliveries was made by the Director of the Maine Forest Service and we found no evidence or indication that the Governor had any role in that decision. We also found no evidence or indication that the decision was in any way related to mill owners' position on softwood tariffs.

The GOC voted unanimously to fully endorse OPEGA's information brief on *Sales of Timber Harvested from Public Lands*. OPEGA observed that it would seem prudent and expected for such decisions to be well considered, communicated directly to affected parties and to be supported by sufficient documentation. We suggested BPL improve its practices by establishing a more formalized process and procedure for decision-making relevant to sales of timber from Public Lands.

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## Actions on Past Reports

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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 2018 were:

- ***Economic Development Programs in Maine.*** The 128<sup>th</sup> 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 1217 was enacted as Public Law 2017, Chapter 264. 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 Maine Economic Growth Council (MEGC). The second bill, LD 367, focused on clarifying expectations for, and funding, the development of a long-range strategic economic improvement plan for the State by the MEGC. The amended bill was enacted in the House and was placed on the Special Appropriations Table pending final enactment by the Senate. The bill remained on the Special Appropriations Table upon adjournment of the 128<sup>th</sup> Legislature and was not finally enacted. At the time of the publication of this report, a bill making the same proposals as LD 367 was introduced to the 129<sup>th</sup> Legislature (LD 50). It has been referred to Joint Standing Committee on Innovation, Development, Economic Advancement and Business and has since had a public hearing.
- ***Maine State Lottery.*** The 129<sup>th</sup> Legislature is considering LD 25, a bill that implements recommendations of the GOC based on OPEGA's April 2017 report. The bill removes a provision of law that requires the Director of BABO within the Department of Administrative and Financial Services to certify certain financial information related to lottery operations to the Treasurer of State monthly. The bill modifies the Director's annual reporting requirements related to lottery operations, requires the director to submit an annual report to the Governor and the Joint Standing Committee on Veterans and Legal Affairs (VLA). The report must include specific information on lottery activities and finances, marketing and advertising efforts and a listing of decisions made by the State Liquor and Lottery Commission and actions taken. The bill also amends several provisions related to monthly certification and annual reporting requirements related to administration of the State's spirits business and the Bureau's oversight of the manufacture, distribution and sale of liquor in the State to make them consistent with the bill's proposed requirements for lottery operations reporting. Finally, the bill authorizes VLA to submit legislation based on the reports. At the time of the publication of this report, LD 25 was unanimously voted out as ought to pass VLA, with two non-substantive amendments.

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

# Acknowledgements

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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*
Sales of Timber Harvested From Public Lands: February 2018 Diversion of Spruce and Fir Deliveries	August 2018	Decision to divert deliveries of spruce and fir was made by the Director of the Maine Forest Service. Bureau of Parks and Lands could improve its practices by establishing a more formalized process and procedure for decisions relevant to sales of timber from Public Lands.	ACF
Information to Support 2018 Expedited Reviews - "Charitable" and "Specific Policy Goal" Tax Expenditures	July 2018	Provided information on 15 tax expenditures for "charitable" and "specific policy goal" 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
Temporary Assistance for Needy Families Program (TANF)	June 2018	2011 statutory program changes contributed to basic assistance enrollment decline. Federal funds are increasingly being spent on other allowable uses. Opportunities to improve transparency and accountability for fund uses were noted.	HHS AFA
Child Protection System: A Study of How the System Functioned in Two Cases of Child Death by Abuse in the Home	May 2018	In one case, OCFS failed to follow policies and procedures in fully assessing the appropriateness of the placement and staying engaged with the child and family. In one case, the risk of child abuse/neglect was not necessarily evident.	HHS
Maine's Beverage Container Recycling Program	May 2018	Lack of data hinders evaluation of program and alternatives. Program design is not fully aligned with intended goals. Compliance, program administration, and commingling issues were noted.	ENR AFA
Assessment of the Design of the Newly Enacted Major Business Headquarters Expansion Program	February 2018	Program goals should be clarified and specified in statute. Opportunities exist to improve administrative procedures outlined in statute.	TAX LCRED
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

Report Title	Date Issued	Overall Conclusion	JSCs that Received Report*
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
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

Report Title	Date Issued	Overall Conclusion	JSCs that Received Report*
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
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



Report Title	Date Issued	Overall Conclusion	JSCs that Received Report*
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
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

Report Title	Date Issued	Overall Conclusion	JSCs that Received Report*
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
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

Report Title	Date Issued	Overall Conclusion	JSCs that Received Report*
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 12-31-18)

Report Title	Date Issued	Implementation Status
<b>Reports Still in Active Follow-Up Status (by date of issuance)</b>		
Temporary Assistance for Needy Families Program (TANF)	June 2018	Partially Implemented (Activity in Progress)
Maine's Beverage Container Recycling Program	May 2018	Partially Implemented (Activity in Progress)
Assessment of the Design of the Newly Enacted Major Business Headquarters Expansion Program	February 2018	Fully Implemented
Pine Tree Development Zones	August 2017	Partially 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)
Follow-Up Review of the Office of Information Technology	August 2015	Limited Implementation (Activity in Progress)
<b>Reports No Longer in Active Follow-Up Status (by date of issuance)</b>		
Riverview Psychiatric Center	April 2016	Partially Implemented
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
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: Sales of Timber Harvested From Public Lands: February 2018 Diversion of Spruce and Fir Deliveries; Child Protection System: A Study of How the System Functioned in Two Cases of Child Death by Abuse in the Home; 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.