

# MAINE STATE LEGISLATURE

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# AGENCY TESTIMONY SIGN IN SHEET

Joint Standing Committee on Appropriations Joint with Joint Standing Committee  
on State and Local Government

LD 221 - 3/3/2021- 1:00 PM

**An Act Making Unified Appropriations and Allocations for the Expenditures of  
State Government, General Fund and Other Funds and Changing Certain  
Provisions of the Law Necessary to the Proper Operations of State Government  
for the Fiscal Years Ending June 30, 2021, June 30, 2022 and June 30, 2023**

Name	Town/Affiliation	Proponent	Opponent	Neither
Matthew Dunlap	Office of the State Auditor			
Kirsten Figueroa	Executive Department			
Bradley Sawyer	Municipal Bond Bank Maine Rural Water Assoc.			
Shenna Bellows	Secretary of State			
Laura Hudson	Office of the Treasurer			
Kirsten Figueroa	Administrative and Financial Services			

**TESTIMONY OF  
MATTHEW DUNLAP, STATE AUDITOR  
OFFICE OF THE STATE AUDITOR**

March 3, 2021

Before the Joint Standing Committee on Appropriations and Financial Affairs and the Joint  
Standing Committee on State and Local Government

**L.D. 221, An Act Making Unified Appropriations and Allocations for the Expenditures of State Government, General Fund and Other Funds, and Changing Certain Provisions of the Law necessary to the Proper Operations of State Government for the Fiscal Years Ending June 30, 2022 and June 30, 2023.**

Senator Breen, Representative Pierce, Senator Baldacci, Representative Matlack and distinguished members of the Joint Standing Committees on Appropriations and Financial Affairs and State and Local Government, my name is Matthew Dunlap and I serve as the State Auditor. I am here to present testimony in support of those items presented in the Biennial Budget for the Office of the State Auditor (OSA).

Office information begins on page **A-83** of the **Budget Document**.

Audit Bureau 0067

The Bureau conducts the State's annual Single Audit, comprised of the financial audit and the compliance audit which is subject to the Single Audit Act Amendments of 1996, 31 United States Code, Sections 7501-7507 (1998). The Single Audit is conducted in accordance with professional auditing standards generally accepted in the United States. The Bureau is also authorized to conduct audits of all accounts and financial records of any organization, institution or other entity receiving or requesting an appropriation or grant from State Government and to issue reports on such audits as the Legislature or the State Auditor may require. The Bureau serves as a staff agency to the Legislature, or any of its committees, or to the Governor, by making investigations of any phase of the state's finances (5 MRSA § 243.6).

The Office of the State Auditor (OSA) issues an Independent Auditor's Report on the State's financial statements. This report provides an opinion on whether the financial statements are fairly stated and prepared in accordance with generally accepted accounting principles (GAAP). OSA's opinion on the financial statements is an essential element of Maine's Comprehensive Annual Financial Report (CAFR). The timeliness of our audit and resulting audit opinion allow the State Controller to submit Maine's CAFR to the Government Finance Officers Association for consideration of the Certificate of Achievement for Excellence in Financial Reporting. Bond rating agencies consider this certificate to be a positive reflection on the accuracy of a state's financial statements.

The OSA also issues separate Independent Auditor's Reports on internal control and on compliance. These reports provide opinions on the effectiveness of internal control and

compliance in accordance with Government Auditing Standards (the Yellowbook) and the Uniform Guidance (Federal compliance requirements). Currently, OSA is auditing 15 Federal programs for the fiscal year ending June 30, 2020. These Federal programs include Medicaid and CHIP, Unemployment Insurance, Coronavirus Relief Funds, the SNAP Cluster (Supplemental Nutrition Assistance Program), the TANF Cluster (Temporary Assistance to Needy Families) and other programs. The Federal compliance report is due annually by March 31<sup>st</sup>.

Special Projects are also assigned at the discretion of the State Auditor. These projects examine certain activities of government that are not covered as part of the Single Audit.

OSA also operates a Fraud Hotline. While the bulk of the complaints historically have been referred to Health and Human Services and Maine Revenue Services, this past year has seen an uptick in complaints regarding employment law and unemployment insurance.

With an FTE staff headcount of just 35 positions, against the backdrop of the scope of work performed, it may be observed that the Audit Bureau of the Office of the State Auditor punches way above its weight.

The **Audit Bureau's baseline budget** for the fiscal years 2021-2023 biennium (**page A-83**) provides funding from the General Fund of **\$1,659,965** for fiscal year 2021-2022 and **\$1,695,845** for fiscal year 2022-2023 in support of 13 authorized positions. It also includes funding from the Other Special Revenue Funds of **\$2,911,121** for fiscal year 2021-2022 and **\$2,992,838** for fiscal year 2022-2023 in support of 22 authorized positions. The Other Special Revenue Funds portion of OSA's operating budget represents funding resulting from the assessment of charges to certain State agencies (allowable Federal costs under the Uniform Guidance) for Federal program audit services.

For the Audit Bureau, we are submitting two modifications to the baseline budget in the form of program initiatives as follows; **Page A-84**

The first initiative is C-A-5: \$3,000 in FY 2022-23 for the General Fund and \$7,000 for the Other Special Revenue Funds in the All Other line. The initiative provides one-time funding for a Peer Review of the system of quality control that is required to be conducted every three years in accordance with Government Auditing Standards. The most recent 2019 Peer Review Report with a favorable opinion on OSA's system of quality control can be found on our website. The next Peer Review will be conducted in August 2022. The National State Auditors Association conducts the review under a contract of approximately \$10,000. The cost of the Peer Review is split between the General Fund (30%) and the Special Revenue Fund (70%). This initiative is consistent with Maine Revised Statutes Title 5, § 242, and is in line with prior year requests.

The second initiative is C-A-8: a cost-neutral adjustment to allocations for professional services to more accurately reflect spending. This initiative reallocates \$9,149 in FY 2022 and FY 2023 from Other Special Revenue Funds to the General Fund to correct the existing negative allotment and to adjust the allotment going forward.

Unorganized Territory 0075

**Unorganized Territory (UT), Fiscal Administration for the UT** beginning on **Page A-85**: The second function administered by the Office of the State Auditor is the fiscal administration for the Unorganized Territory. This function is accounted for in a Special Revenue Fund and expenditures are supported entirely by local property tax payments from the property owners of the UT. There are two subunits within this fund:

- The Fiscal Administrator—Maine Revised Statutes, Title 5, § 246
- The Passamaquoddy Tribe—Maine Revised Statutes, Title 36, § 1602

The UT Bureau is comprised of the Fiscal Administrator of the UT (FAUT) and an Office Associate II. The FAUT's primary responsibilities are to review, analyze, and investigate the budgets and expenditures of all county and state agencies whom request funds from the Unorganized Territory Education and Services Fund. The FAUT is also responsible for drafting and submitting the Annual Municipal Cost Component legislation in order to levy taxes in the UT (this legislation is now in draft form), attending and participating in public hearings, and preparing the annual financial statements for the Unorganized Territory Education and Services Fund. In addition, the FAUT serves as the Chair of the State Commission on Municipal Deorganization.

The **Unorganized Territory's baseline budget** for the fiscal years 2021-2023 biennium (see **page A-85**) provides funding from Other Special Revenue Funds of \$263,965 for FY 2021-2022 and \$265,457 in FY 2022-2023 in support of the two authorized positions noted above.

For the UT Bureau, we are submitting one modification to the baseline budget in the form of a program initiative as follows; **Page A-85**

The initiative is C-A-9: \$5,000 for FY 2021-2022 and \$7,000 for FY 2022-23 in Other Special Revenue Funds to support higher payments to the Passamaquoddy Tribe as a result of a property revaluation in the UT. The Maine Revised Statutes, Title 36 § 1602, paragraph 2-B requires an annual payment to the Passamaquoddy Tribe for the municipal services they provide to non-tribal members who own property in Indian Township. Without this increase, those non-tribal members would not receive vital municipal services such as snowplowing or ambulance service from the Passamaquoddy Tribe.

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Thank you for the opportunity to address you today; and I am happy to answer questions of the committees at the pleasure of the presiding chair.

**Testimony of Kirsten LC Figueroa, Commissioner  
Department of Administrative and Financial Services**

**Before the Joint Standing Committees on  
Appropriations and Financial Affairs  
and State & Local Government**

**“An Act Making Unified Appropriations and Allocations for the Expenditures of  
State Government, General Fund and Other Funds and Changing Certain  
Provisions of the Law Necessary to the Proper Operations of State Government for  
the Fiscal Years Ending June 30, 2021, June 30, 2022 and June 30, 2023”**

**March 3, 2021**

Good afternoon Senator Breen, Representative Pierce, and members of the Joint Standing Committee on Appropriations and Financial Affairs; Senator Baldacci, Representative Matlack and members of the Joint Standing Committee on State and Local Government. My name is Kirsten Figueroa, and I am the Commissioner of the Department of Administrative and Financial Services. I am here today to testify in support of the fiscal year 2022-2023 biennial budget bill, LD 221, specifically those items on today’s agenda relating to the Executive Department.

As Governor Mills said, at a time when Maine people are hurting, when small businesses are struggling to keep their doors open, when the ranks of the unemployed have swelled, and when we are fighting a deadly virus all around us, we are proposing balanced budgets as required by the Constitution that continue efficiencies, good fiscal management and curtailments to cover projected revenue shortfalls for all three fiscal years. They focus on combatting the COVID-19 pandemic by continuing to rebuild the State’s public health infrastructure and protecting essential health care, education, and life-saving services. They do not change Maine tax rates and they maintain the Budget Stabilization Fund. With a future made unpredictable due to the ongoing pandemic, these budgets make good on the promise of government, which is to protect and support the wellbeing of our people and institutions.

***Executive Department***

**Administration – Executive – Governor’s Office**

We start on **page A-198** of the budget bill with the **Administration – Executive – Governor’s Office** Program.

This program provides funding for support staff and related All Other to the Governor as she carries out the responsibilities of the Chief Executive. This support includes correspondence, policy development, legislative relations, national and regional Governor's associations scheduling, preparation of reports and addresses, public information, executive appointments, case work, department coordination, and managing the operating budget of the Governor. There are no new initiatives in this Program.

### **Blaine House**

Next is **page A-199**. The **Blaine House**, a National Historic Landmark, is the official residence of the Governor. The Blaine House staff provides services for the Governor, the Governor's family and guests, maintains House offices for the Governor, displays the mansion during public visiting hours, and assists at official receptions and other gatherings. The Governor is responsible for the operation of the building and general maintenance of its interior. The Bureau of General Services maintains the grounds, service buildings and exterior of the mansion. There are no new initiatives in this Program.

### **Office of Policy Innovation and the Future**

Finally, the Governor's Office of Policy Innovation and the Future (GOPIF) can be found on **page A-201**. The Governor's Office of Policy Innovation and the Future was created in 2019 by Governor Mills to address important long-term issues facing Maine, by engaging state agencies, stakeholders and the public in the planning and implementation of innovative, data-driven policy solutions. GOPIF's current policy focus areas include: climate and energy policy, including the Maine Climate Council and coordination of the state's new four-year action plan "Maine Won't Wait"; opioid response, prevention and coordination of the "Maine Opioid Crisis Strategic Action Plan"; staff leadership for the Governor's Children's Cabinet and the Early Childhood Advisory Council; and support for other key economic innovation and workforce development initiatives, as needed. In response to the COVID-19 pandemic, the office continues to provide policy, communications and technology support to the Governor and several state efforts, and the office staffed the Governor's Economic Recovery Committee. There are no new initiatives in this Program.

This concludes my testimony for today. Thank you. I am happy to take any questions you may have.



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To: Senator Breen, Representative Pierce, Senator Baldacci, Representative Matlack, and Honorable Members of the Committees on Appropriations and Financial Affairs and State and Local Government

From: Bradley Sawyer, Director of Government Affairs

Date: March 3, 2021

Re: Testimony in Support of L.D 221, Section 0699, Maine Municipal Bond Bank – Maine Rural Water Association

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Senator Breen, Representative Pierce, Senator Baldacci, Representative Matlack, and Honorable Members of the Committees on Appropriations and Financial Affairs and State and Local Government, thank you for the opportunity to speak with you today. My name is Brad Sawyer, and I am the Director of Government Affairs for the Maine Rural Water Association.

The Maine Rural Water Association is a member driven non-profit organization that specializes in training and technical assistance for water and wastewater utilities. Our membership spans roughly 300 systems from some of the largest utilities in the state with thousands of water and sewer connections to some of the smallest, with customers in the tens and increasing trepidation about the future.

The federal Safe Drinking Water Act requires the same regulatory compliance of the largest water utility in the state, such as the Portland Water District, as it does of the smallest: the mobile home parks, schools, and businesses. Unlike our largest utilities, these small public water systems are not in the business of selling water and our technical assistance is necessary to safeguard public health and maintain compliance. Similarly, publicly owned wastewater treatment facilities in small towns are economically disadvantaged compared to larger municipalities when complying with the federal Clean Water Act. With increasing regulation from both federal and state governments some of these utilities find it difficult to keep up to date with the latest requirement.

Maine Rural Water receives a General Fund Appropriation which is administered by the Maine Municipal Bond Bank. This is a pass-through grant that allows us to provide various types of technical assistance to individual water and wastewater utilities. This money allows us to help these systems regardless of membership status in our organization. At a time when small utilities are struggling, we ask that you not pull this lifeline away from them. When people our industry and your communities need help, we help them. This allocation, while a drop in the bucket of the entire budget, is critical to water and wastewater utilities when they are looking for help with grant writing, management and merger questions, compliance and financial issues, training, record retention, annual reviews, Covid-19 protocols, and anything else that comes with running a water and wastewater utility in Maine.

I am happy to try to answer any questions you may have now or if you have any questions or concerns after this hearing please do not hesitate to reach out to me at [Bradley.Sawyer@MaineRWA.org](mailto:Bradley.Sawyer@MaineRWA.org) or 207-737-9014.



SHENNA BELLOWS  
SECRETARY OF STATE

STATE OF MAINE  
OFFICE  
OF THE  
SECRETARY OF STATE

**TESTIMONY OF  
SHENNA BELLOWS, SECRETARY OF STATE  
DEPARTMENT OF THE SECRETARY OF STATE**

Before the Joint Standing Committees on Appropriations and Financial Affairs  
and State and Local Government

Wednesday, March 3, 2021

**L.D.221, An Act Making Unified Appropriations and Allocations for the Expenditures of State Government, General Fund and Other Funds and Changing Certain Provisions of the Law Necessary to the Proper Operations of State Government for the Fiscal Years Ending June 30, 2021, June 30, 2022 and June 30, 2023**

Senator Breen and Senator Baldacci, Representative Pierce and Representative Matlack and distinguished members of the Joint Standing Committees on Committee on Appropriations and Financial Affairs and State and Local Government, my name is Shenna Bellows and I am the Secretary of State. I am here today to present testimony in support of those items presented in the 2022-2023 Biennial Budget for the Department of the Secretary of State.

Department information begins on page **A-467** of the **Budget Document**.

**Administration - Archives 0050**

On page A-468, there are 3 General Fund initiatives:

1. Initiative: Reduces funding for in-state and out-of-state travel, employee training and state vehicle operations to maintain costs within available resources. The All Other reduction is **\$10,000 in FY 2021-22** and **\$10,000 in FY 2022-23**.

Staff will reduce in-state mileage costs by utilizing teleconferencing, web training and minimizing travel as much as possible and out of state travel to professional organizations will be reduced. Training for employees will be granted "only as required" to perform their job duties. Vehicle repairs and maintenance will be done in a cost-efficient manner.

2. Initiative: Reduces funding for contracted services by reducing the number of workers. The All Other reduction is **\$148,323 in FY 2021-22** and **\$150,647 in FY 2022-23**.

Reduce the number of contracted workers as the projects become completed.

3. Initiative: Provides funding for the approved reorganization of one Inventory and Property Associate I position to an Inventory and Property Associate II position. The Personal Services request is **\$4,729 in FY 2021-22 and \$4,728 in FY 2022-23.**

This management-initiated reorganization from Inventory and Property Associate I, range 11 to an Inventory and Property Associate II, range 14 was approved by the Bureau of Human Resources on August 23, 2019.

#### **Bureau of Administrative Services and Corporations 0692**

On page A-471, there is one Other Special Revenue initiative and 2 General Fund initiatives:

1. Initiative: Provides funding for one contract worker. The All Other request is **\$120,456 in FY 2021-22 and \$120,456 in FY 2022-23.**

Provides funding for a contracted worker to continue work on completing the coding, testing and implementation of the Corporations application for the Bureau of Corporations, Elections and Commissions.

2. Initiative: Provides funding for the approved reclassification of one Public Service Manager II position from range 30 to range 31 and related All Other costs. The approved range change has an effective date of May 30, 2019. The Personal Services request is **\$867 in FY 2021-22 and \$286 in FY 2022-23.**

This employee-initiated reclassification of one Public Service Manager II (Human Resources Director) position to a Public Service Manager II (Human Resources Director) position was approved by the Bureau of Human Resources on August 20, 2020. The effective date of this reclassification is May 30, 2019.

3. Initiative: Provides funding for the approved reorganization of one Senior Programmer Analyst position to an Agency Application Architect position. The Personal Services request is **\$7,328 in FY 2021-22 and \$7,326 in FY 2022-23.**

This management-initiated reorganization from Senior Programmer Analyst, range 27 to an Agency Application Architect, range 29 was approved by the Bureau of Human Resources on August 22, 2019.

This concludes my testimony on the items included in the Governor's proposed 2022-2023 Biennial budget.

I would be happy to answer questions now or at the work session.



STATE OF MAINE  
**OFFICE OF THE STATE TREASURER**  
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**HENRY E.M. BECK, ESQ.**  
State Treasurer

March 3, 2021

Senator Cathy Breen, Chair  
Representative Teresa Pierce  
Joint Standing Committee on Appropriations and Financial Affairs

Senator Joseph Baldacci, Chair  
Representative Ann Matlack, Chair  
Joint Standing Committee on State and Local Government

*Via Electronic Delivery*

Testimony on LD 221, 2022/2023 Biennial Budget (Administration-Treasury)

Senator Breen, Representative Pierce, Senator Baldacci, Representative Matlack and Honorable Members:

We are pleased to be with you to provide information on the administrative/operations budget for the Office of State Treasurer as proposed in the Governor's 2022/2023 Biennial Budget. This section appears on page A-482.

The Office of the State Treasurer provides several administrative services to state agencies and Maine people. These functions include general banking services, cash investments and disbursements, trust fund management and probably most noticeably, unclaimed property administration.

The largest general fund cost in this biennium is in personnel. We have the lowest headcount of the Constitutional Offices and the Administration is not proposing any changes to employee classification or employee size.

The proposed budget provides \$325,454 for unclaimed property operations. The largest cost here is in the technology to securely store and process the data as well as the computer and phone equipment needed for the staff.

On the subject of unclaimed property, we are pleased to report that in FY 20 we returned unclaimed funds to the largest number of recipients on record. We are constantly looking for new ways and strategies to reunited Maine people, businesses and nonprofit organizations with their money.

The one initiative proposed relates to a loan guaranty program established Title 10, chapter 110, subchapter 14. The fund is terminated on June 30, 2022. Upon the termination of the Loan Guarantee Program, the State Controller is to transfer any funds remaining in the fund to the unappropriated surplus of the General Fund. Since this program's inception, there has been no activity.

We support entire this section as proposed by the Administration. We are happy to provide information and answer any questions.

Laura Hudson  
State Treasurer

Laura Hudson is now a panelist and will present on Administration-Treasury. This is a copy of her testimony.