

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

**Before the Joint Standing Committee on
Appropriations and Financial Affairs**

**“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, 2023, June 30, 2024 and
June 30, 2025”**

May 15, 2023

Good morning, Senator Rotundo, Representative Sachs, and members of the Joint Standing Committee on Appropriations and Financial Affairs. I am Kirsten Figueroa, the Commissioner of the Department of Administrative and Financial Services. I am here today to present the change package for LD 258, the Governor’s proposed fiscal year 2024-2025 biennial budget bill.

Today’s proposal is presented as a change package that builds on the Governor’s original proposal for the fiscal year 2024-2025 biennium, LD258, legislation that includes the remaining budget initiatives for Fiscal Years 2024-2025 that were not included in the current services budget passed by the Legislature and signed by the Governor last month. The remaining proposals in LD258, not previously pulled into Public Law 2023, Chapter 17, plus this change package combine to approximately: \$432 million in appropriations, \$455 million in transfers, \$8 million in tax proposals, and leaves \$12 million on the table.

The Governor is introducing the change package after the independent, nonpartisan Revenue Forecasting Committee recognized \$223 million in funding available for fiscal year 2023 – most of which is one-time – and projected a limited increase of \$71 million in revenue for fiscal years 2024-2025, and importantly, projected just \$24 million in fiscal years 2026-2027. This represents a plateau in revenues.

To recap where we started. The Governor’s original 2024-2025 biennial budget proposal totaled 10.282 billion General Fund appropriations.

However, it is important to keep in mind that projected revenues for the biennium were higher than that, and as such the Governor's original budget also proposed \$245 million in transfers. Examples of transfers include:

- \$200 million to the Maine Department of Transportation, which will allow the Department to draw down an estimated \$1 billion in matching Federal funds to repair multimodal infrastructure across Maine;
- \$30 million to build more affordable housing in Maine for workers and their families;
- \$15 million to expand Maine's highly successful free Community College initiative, which is an integral part of our strategy to reengage students whose aspirations for higher education were disrupted by the pandemic and to build the workforce our employers desperately need.

The change package does include additional ongoing priorities and therefore increases the \$10.282 appropriations to \$10.318 billion, which is \$251 million lower than the Revenue Forecasting Committee projections of General Fund revenue for Fiscal Year 2024-2025. Utilizing the one-time funding for fiscal year 2023, the change package also proposes adding \$210 million of additional one-time transfers and it fixes the MCILS account by reclassifying it from a General Fund "Other Special Revenue" account to a General Fund Appropriations account.

The one-time investments aim to address some of Maine's most pressing and urgent problems, including housing, homelessness, food insecurity, emergency medical services, and continued workforce development efforts – issues that we know are important to each of you and the communities you represent. More details on these to come as I walk through each of the initiatives. The Governor's budget leaves a total of \$12 million available to lawmakers.

As a reminder, the Governor, in her original biennial budget proposal that now remains a part of LD 258, has proposed modernizing the General Fund limit to be 98 percent of December 2022 forecasted revenues. The appropriations in the change package and LD 258 remain below that proposed General Fund limit.

As she's consistently said, the Governor's budget funds the commitments that have been made in a bipartisan fashion over the past several years. As I will explain in just a bit, you'll see that she thoughtfully set the limit and appropriations below the level of 2024-2025 resources understanding the revenue plateau in the out years.

Now, I want to take a moment to outline some important broader considerations that the Administration believes the Legislature needs to keep in mind as it evaluates this proposal.

Some lawmakers have called for between \$200 million and \$400 million in income tax reductions. These reductions, as we understand them to be proposed, would impact all income brackets, from low-income through high-income earners.

The Governor took this proposal under serious consideration as we developed this change package. Here is how we approached the decision-making process and what we considered:

- As a starting place, the Governor and the Legislature have approved more than \$200 million worth of ongoing tax relief per year – or more than \$400 million for the biennium – in the current services biennial budget the Governor signed into law last month – this includes an expansion of the Earned Income Tax Credit, the Property Tax Fairness Credit, the pension deduction (which cuts taxes for retirees), the modernized student loan debt relief tax credit, and the expanded Homestead Exemption to address property taxes. We have prepared a one-pager that provides additional information on these initiatives for you. Tax rates in Maine have not changed during this Administration, and tax relief for Maine citizens has never been greater than under this Administration. That is also because of your support.
- The new proposed spending in the remaining budget includes several bipartisan priorities, including:
 - \$7 million to bolster direct response to the opioid crisis and funding to support substance use prevention, treatment, and recovery;
 - nearly \$8 million to catalyze improvements to behavioral health care for children;
 - \$12 million for foster care and adoption assistance to support the child welfare system;
 - more than \$8 million to strengthen care for older Mainers through home delivered meals and programs that reduce abuse, neglect and exploitation;

- nearly \$21 million for MaineCare rates for long-term care facilities to support the health of older Mainers and individuals with disabilities;
 - \$12 million to improve access to services for people with intellectual and developmental disabilities, including funding to transform service delivery by creating a new Lifespan waiver to connect individuals with the services they need over their lifetime within a single program rather than various sections of MaineCare
- We believe that Republicans and Democrats share in these priorities. If the Legislature approves them, then biennial budget will be – as I previously mentioned -- \$10.318 billion for fiscal years 2024-2025.

Now, it is logical to look at the projected revenue of \$11.6 billion for fiscal year 2026-2027 and think that there is room to enact a structural, ongoing income tax reduction. But here is why that picture is more complicated than it immediately appears:

1. In every budget cycle, there is expected growth – for our purposes, we presume an historically modest 4 percent growth rate. What does this mean? Well, for example, we know that maintaining the State’s obligations, like 55 percent of education, 5 percent municipal revenue sharing, and expanded Homestead Tax Exemptions will increase in cost every year. We must be mindful of these expected increasing costs as we budget right now.
2. There is also expected growth in the personnel costs. For example, the Administration hopes to soon begin negotiating with all, as we have started with most, two-year contracts with state employee unions. LD1854 has significant bipartisan support for some level of pay increases for state employees. This will result in increasing costs in the future, and we must be mindful of these as we budget right now.
3. There are so-called “tails” of laws that the Legislature has passed with strong, bipartisan support that will continue to cost money into the future. An example of this is the Homestead Exemption. The Legislature, in bipartisan unity, committed to municipalities that the State will increase by three percent every year its reimbursement to the cities and towns, until the State is reimbursing 100 percent of the cost. We are currently at 73 percent of reimbursement.

This commitment will increase costs in the future as we budget right now.

4. There are also expected investments that we believe Republicans and Democrats are interested in making in the future – namely implementing the Dirigo Business Incentives Program to replace the outdated Pine Tree Development Zone program. We should anticipate this increased commitment right now.
5. The State of Maine implemented a State Standard Deduction years ago for income taxes. When the same was implemented at the Federal level, this became a conformity item. The Federal standard deduction is scheduled to expire in the 2026-2027 biennium and that has not yet been addressed at the federal level. However, to continue the deduction and avoid a tax increase on Maine people, the Governor proposed and the Legislature passed under the hammer (it is currently on the Appropriations Table) to maintain this standard tax deduction in the future. This change will reduce projected revenues in the fiscal year 2026-2027 biennial by \$350 million, which means that the projected \$11.6 billion in revenue immediately becomes \$11.25 billion.

Now, consider all of these together: when you start with a \$10.318 billion budget, then you add to it the expected growth in expenses that I just covered – nearly all of which are commitments that lawmakers have made to Maine people in a bipartisan fashion – and factor in the continuation of the State Standard Deduction to avoid a tax increase, the State's expenses are expected to very nearly match its revenues in fiscal years 2026-2027.

To reduce those revenues by \$200 million or \$400 million would threaten the State's ability to meet its ongoing, bipartisan commitments to Maine people, unless to maintain a fiscally responsible and sustainable budget, you cut spending, which will mean renegeing on commitments, or you find another way to increase revenues.

Now, to be clear, the Governor is not opposed to income tax relief. After all, you and she have done it! However, taking into consideration all the factors I just laid out for you, she believed it was more appropriate for the State to maintain the commitments it has made to Maine people, rather than jeopardize them – especially given the State's history of failing to meet 55 percent of education funding for so

long, or consistently rolling back 5 percent of municipal revenue sharing, for example.

Before we begin reviewing initiatives, I'd like to familiarize everyone with the format of a change package document. At the top the page, there is a header that indicates if we are adding or amending LD 258. If the page indicates that we are amending, it could be that the initiative is being deleted which will be indicated by a sub-heading, or that it is revised. In the case where an initiative is being revised, the document will display what is currently in LD 258 and the revised initiative.

The change package includes a number of reclasses and allocation changes.

As we discussed in the supplemental and biennial budgets, Civil Service Rules require the Director of the Bureau of Human Resources to maintain the classification plan and establish the processes and procedures with which to do so. There is a long-standing process in place to evaluate proper classification of positions and determine through a functional job analysis whether a position meets the requirements for reclassification, including any pay adjustment. The State's collective bargaining unit agreements include negotiated language related to this process. Reclasses may be employee or management initiated. Approved employee-initiated actions include a retroactive pay component back to the date the request was signed.

Throughout the document, you will see numerous initiatives related to the Revenue Forecasting Committee. In addition to the undedicated General Fund and Highway Fund revenues updated by the Committee, there are dedicated revenue lines as well, such as the Harness Racing Commission and the Milk Commission. As these revenues increase or decrease, the allocations may also be adjusted. LD 258 included allocation adjustments to align with the December 2022 report. The change package includes revisions to those initiatives based on the May 2023 Revenue Forecasting Committee report.

Now to the details.

We start in the **Department of Administrative and Financial Services**. On page 1 of the change package, in the Alcoholic Beverages – General Operation account. This entry is made to correct the amount included for Cost of Goods Sold (COGS). Title 5, section 1666 specifies that COGS expenditures in Internal Service Funds and Enterprise Funds are not subject to legislative allocation and these entries double-count funds elsewhere.

Page 2 amends the initiative in the **Debt Service – Governmental Facilities Authority** by reducing the debt service request in fiscal year 2024 from \$3,200,000 to \$1,600,000 to reflect timing of borrowing for the work on the Department of Inland Fisheries and Wildlife headquarters building.

There is one new initiative in the **Risk Management – Claims** program on **Page 3**. This initiative allocates \$3.5 million in fiscal year 2024 and \$500 in fiscal year 2025 to pay attorneys' or other costs awarded by a court against the State, its departments, agencies, officers or employees, and settlements of attorneys' or other costs without court award in these cases, which are not otherwise insured against under a deductible or self-insured retention program. This is supported by a General Fund transfer included in **Part BBBB** on **Page 27** of the change package language document.

We will now move to initiatives for the Department of Agriculture, Conservation and Forestry.

Page 4 amends one initiative in the Bureau of Agriculture. There was a slight change in the calculated cost of the position resulting in an overall change of \$390 in each fiscal year.

Page 5 includes two new initiatives in the **Bureau of Agriculture**. The first initiative transfers positions and related All Other costs that support the State Horticulture program from the Pesticides Control - Board of program, Other Special Revenue Funds to the Bureau of Agriculture program, General Fund. This request also transfers positions and related All Other costs transferred in Public Law 2023, Chapter 17, that support the Board of Pesticides program from the Bureau of Agriculture, General fund account to the Pesticides Control - Board of program, Other Special Revenue Funds. Together this request will fully fund the Bureau of Pesticides program and move the State Horticulture program out of the Board of Pesticides program to better align responsibilities and resources. This initiative increases the General Fund appropriation by \$310,771 in fiscal year 2024 and by \$309,266 in fiscal year 2025. This request is also found on **Page 14** in the Board of Pesticides Control program with some All Other costs on **Page 6** in the **DACF-Administration** program.

The second initiative on this page establishes one Contract/Grant Manager position to oversee multiple grant programs and provides funding for related All other costs. This initiative appropriates \$110,165 in fiscal year 2024 and \$116,030 in fiscal year 2025. The department has had significant needs in this area, and with the additional responsibilities of the new Drought Relief and Healthy Soils programs, we need this essential position. In addition, USDA Secretary Vilsack recently announced new funding available for the Resilient Food Systems Infrastructure Program, which puts DACF in line to receive substantial funding through a cooperative agreement with the USDA, to make sub-awards in the form of Infrastructure Grants to middle-of-the-supply businesses to create more diverse local and regional market options and create more economic opportunities for communities, allowing them to retain more of the value chain dollar. All of these programs are great investments in the State of Maine.

Page 6 includes four new initiatives in the **DACF Administration** program. The first initiative funds the reorganization of one position and reallocates the costs between the General Fund and Other Special Revenue Funds accounts within the same program.

The second initiative establishes one Senior Planner position and provides the All Other for related costs. Some All Other costs associated with the position are included in the **Administration** program. This initiative is also found on **Page 13** in the **Parks-General Operations** program. The Bureau of Parks and Lands (BPL) is responsible for monitoring numerous properties protected by the Land for Maine's Future (LMF) Program. While many properties conserved by LMF are owned and managed by BPL, BPL also serves as the Designated State Agency for conservation lands owned by non-state entities, and BPL is mandated to have perpetual stewardship obligations for these properties. As a result, BPL faces significantly increased obligations related to land acquisition, and, with record levels of recreational use impacting trails and campsites and the greater frequency of intense storms affecting roads, culverts, streams, bridges, and forests, current staffing is insufficient to meet these obligations. This position will strengthen our responsibilities for maintaining the state's considerable investments in public and private lands.

The third initiative on this page provides funding for a position reclassification.

The final initiative on **Page 6** provides funding for some of the All Other costs associated with the Senior Planner position discussed earlier.

There is one new initiative in the **Division of Forest Protection's** General Fund account on **Page 7**. This initiative provides funding to allow the Division of Forest Protection to replace current Nomex gear and brush coats with new firefighting gear that is PFAS free. The initial replacement of this gear was funded in the fiscal year 2023 supplemental budget. This request adds this necessary funding as ongoing in the baseline.

Page 8 amends the existing initiative in the **Harness Racing Commission** program updating the allocation to align with projected revenues in the May 2023 Revenue Forecasting Committee report.

Page 9 adds two new initiatives providing funds for position reclassifications in the **Land Management and Planning** program.

Page 10 amends the existing initiative in the **Milk Commission** account updating the allocation to align with projected revenues in the May 2023 Revenue Forecasting Committee report.

Page 11 includes one new initiative in the **Milk Commission, Other Special Revenue Fund** account. This initiative allocates \$1.5 million in one-time funding to the Dairy Stabilization Fund. This new initiative distributes to qualifying in-state milk producers a one-time payment to help counter pandemic volatility to farmers who produced milk and reported production information to the Maine Milk Commission in the calendar year 2022 and are currently participating in the Maine Dairy Stabilization Program, also known as the Tier Program. In 2019, prior to the pandemic, Maine had 214 dairy farms. Today, we have 158 dairy farms, a loss of nearly one third with numerous others on the verge of exiting as well, due to unprecedented market disruptions coupled with elevated costs of critical inputs, such as (but certainly not limited to) energy and grain. This initiative is supported by a General Fund transfer, which can be found on **Page 29** of the language document in **Part FFFF**.

On **Page 12** in the **Parks – General Operations** account, we delete a capital equipment request. The Department was able to utilize previously authorized federal funding for these purchases.

The next page, **Page 13**, includes 2 new initiatives for the **Parks – General Operations** account. The first is a position reclassification and the second is the creation of the new Senior Planner positions we discussed in the **DACF Administration program on Page 6**.

Page 14 is the **Board of Pesticides Control** account and reflects the transfer of positions between this account and the Bureau of Agriculture program discussed earlier and included on **Page 5**.

The final initiative in the Department of Agriculture, on **Page 15**, is a one-time allocation of \$2,000,000 in the **Statewide Hunger Relief Program** for the Department to award a grant to a Portland-based food security hub with partnerships or capacity for state-wide distribution for capital support to enable increasing production from 2,000 hot meals each day to 10,000 hot meals each day for homeless, sheltered or food insecure persons. This initiative is supported by a General Fund transfer, which can be found on **Page 29** of the language document in **Part EEEE**.

Page 16 includes 2 initiatives for the **Office of Affordable Healthcare**. The Office of Affordable Health Care was created in P.L. 2021 Ch. 459, with a mandate to analyze and report on health care costs, and develop proposals to advance the cost-effective provision of quality health care to residents of the state. The Office was formally established following the nomination and confirmation of an Executive Director in February 2023. The initial budget for the Office was established prior to the Executive Director's appointment, and provided minimal funding for operations of the Office outside of personal services expenses. This budget request reflects the Executive Director's assessment of the actual budgetary needs of the Office. The initiative includes an increase in All Other expenses of \$146,003 in fiscal year 2024 and \$151,259 in fiscal year 2025. This increase in funding reflects a more realistic assessment of operating expenses, which considers costs of legal support, technology equipment and support, and Human Resources and financial and administrative processes. The initiative also would allow the Office to offer paid

internships and fellowships to graduate students. Finally, it would provide funding to allow the Office to contract with expert analysts and actuaries to fulfill its statutory reporting requirements.

The second initiative in this Office reduces funding based on the reorganization of one of the three authorized positions. This reorganization results in a decrease in the Office's personnel budget of \$6,069 in fiscal year 2024 and \$6,694 in fiscal year 2025.

Page 17 includes 2 initiatives in the Office of the Attorney General, **Administration** program. These 2 initiatives provide funding for position reorganizations and range changes.

There is one new initiative in the **District Attorney** program of the Office of the Attorney General on **Page 18**. This initiative re-establishes 3 limited-period Assistant District Attorney positions funded by the Stop Violence Against Women Formula Grant Program subgrant. The purpose of the grant and positions is to enhance the ability of the criminal justice system to provide a trauma-informed, victim-centered, and evidence-informed response to domestic violence, sexual assault, and stalking throughout central Maine. The funding was due to end so the positions ended in March; however, funding has since been extended and these positions will now end on June 14, 2025. The allocation for this grant is \$375,043 in fiscal year 2024 and \$390,473 in fiscal year 2025.

There is one initiative for a position reclassification in the Office of the Attorney General in the **Human Services Division** on **Page 19**.

The final initiative for the Office of the Attorney General is on **Page 20**. This initiative removes the Other Special Revenue Funds allocation and increases allocation in a new **Maine Recovery Fund**. The Memorandum of Understanding referenced in Title 5, section 203-C requires that "The Maine Recovery Fund is established for the purposes specified in this chapter as a separate and distinct fund for accounting and budgetary reporting purposes." This initiative satisfies that requirement. **Part HHHH**, on **Page 31** of the change package language document, updates Title 5, sections 203-B and 203-C noting that the MOU may be periodically amended, as it was in June 2022.

There is one initiative for the Office of the State Auditor, **Audit Bureau on Page 21**. This initiative allocates \$10,000 for a peer review of the quality control system. The Office of the State Auditor is required by Generally Accepted Auditing Standards to have a professional Peer Review conducted of its system of quality control once every three years. The next Peer Review will be conducted in the spring of 2025. The National State Auditors Association conducts this required review under a contract of approximately \$10,000.

Page 22 includes one initiative for the Department of Corrections, **Correctional Medical Service Fund**. This initiative provides additional funding, approximately \$7.9 million in fiscal year 2024 and \$9.6 million in fiscal year 2025, for contracted medical services based on the recent contract renewal with the State's medical services vendor. Increased appropriation was provided in Public Law 2023, chapter 17 based on an estimated increase using the Consumer Price Index of 1.5%. Negotiations with the vendor have since been finalized and this additional funding is needed to meet the medical services contractual costs.

The Department of Corrections contracts with Wellpath, a national correctional healthcare provider working in more than 30 states across the country. Wellpath specializes in the treatment of high risk and vulnerable populations and has served Maine's prison system since 2012. Wellpath provides a host of health care services including: oral health care, including preventive care, treatment, and emergency oral care; general practitioner medical care, including preventive services, yearly wellness services, screening and vaccines, sick care; specialty care services, general treatment; lab services; x-ray services (through mobile x-ray); transport and communication with other providers for ambulatory and/or other specialty or serious care; behavioral health services including prevention, treatment, recovery, individual and group counseling, medication for SUD treatment, psychiatry; medical care for chronic conditions; and, assisted living, nursing level of care, and hospice services.

Our current contract, through a new RFP from 2020, is \$32.6 million for fiscal year 2023; the fiscal year 2024 and fiscal year 2025 amounts are \$43.6 million and \$45.3 million, respectively. There are on average 1,750 residents.

Although not all residents get all services, quick math of contract amount divided by number of residents is approximately \$2,100 per year per resident. The additional funding covers the increased costs of medical care, medical personnel, and medications, particularly for chronic and serious health conditions of the incarcerated population, as well as increased utilization of substance use treatment.

Moving on to **Page 23**, this page amends an initiative in the budget for the Department of Defense, Veterans and Emergency Management, **Military Training & Operations program**. LD 258 included a General Fund appropriation of \$9.7 million in fiscal year 2024 and \$4.6 million in fiscal year 2025 for the design and construction of sustainment, restoration and modernization projects to the Maine National Guard facilities. The change package amends this from a General Fund appropriation to an Other Special Revenue Funds allocation and is supported by a General Fund transfer, which is included in **Part III** on **Page 32** of the language document.

Page 24 amends the existing initiative in the **Veterans Services** account updating the allocation to align with projected revenues in the May 2023 Revenue Forecasting Committee report.

There is one initiative for the Department of Economic & Community Development, **Administration** program on **Page 25** to establish allocation in the Federal Expenditures Fund account.

Page 26 includes one initiative to continue 2 limited-period Public Service Coordinator II positions in the **Housing Opportunity Program** through June 7, 2025. The Housing Opportunity Program provides support for communities working through complicated housing zoning issues. The two staff administer the program, write the grant criteria, and provide guidance, technical support and model ordinance to communities. The initiative uses existing All Other funding to continue funding these positions in fiscal year 2025.

Page 27 includes two initiatives in the **Office of Tourism**. The initiative relates to a federal grant from the Economic Development Administration that approved funding for one limited-period Public Service Executive I Position and All Other

funding to support the Director of the Office of Tourism in the development, execution, administration, and support of the Office of Outdoor Recreation.

The Northern Border Regional Commission and United States Department of Agriculture Rural Development have partnered to fund the new multi-state, multi-year effort that will provide each state with funding to bolster new or ongoing outdoor recreation economy programs. The initiative increases allocation by \$425,700 in both fiscal year 2024 and 2025.

The second initiative increases the Federal Expenditures Fund allocation in the **Office of Tourism** to establish 2 limited-period Public Service Coordinator I positions and provides All Other funding to support consulting, advising, managing, planning, and implementing grant and contract program work for the Federal American Rescue Plan relating to Tourism and Outdoor Recreation. Funds are provided by a federal grant from the Economic Development Administration. The initiative allocates \$218,924 in fiscal year 2024 and \$230,770 in fiscal year 2025 in the Personal Services line category and approximately \$8.3 million and \$2 million in the All Other line category in fiscal year 2024 and 2025, respectively.

Next is the **Department of Education**.

There are two initiatives in the Department of Education's **Education in the Unorganized Territory** program on **Page 28**. The first initiative provides \$300,000 in one-time funding to update mechanical, electrical and plumbing systems and address exterior building enclosure deficiencies at the Kingman Elementary School and Edmunds Consolidated School. Education in the Unorganized Territory (EUT) operates three state-owned schools. The school buildings are between 50 and 60 years old and are in need of significant health and safety improvements. Work, as outlined in facility assessments conducted in the spring of 2022, will begin in the spring of 2024.

The second initiative in the **EUT** provides \$750,000 in each year for the increased cost of tuition, transportation and special education services. The Education in the Unorganized Territory has seen increasing tuition, transportation and special education costs over the last several years with no related increase in funding, resulting in a growing year-end expense accrual. This initiative provides ongoing

funding to make timely payments to vendors and school administrative units and maintain current services.

There are two initiatives on **Page 29** in the **General Purpose Aid for Local Schools** Program. The first establishes one limited-period Public Service Manager II position through June 30, 2026, and reduces All Other to fund the position. This position will serve as the Learning Through Technology Coordinator, supervising a team of four staff with an operating budget of \$14 million. This position will oversee the Maine Learning Through Technology Initiative (MLTI) and the statewide Computer Science Education Plan and is responsible for formulating and implementing the goals, objectives and work activities focused on the whole student approach to learning through technology.

Page 29 amends the existing initiative in the **General Purpose Aid for Local Schools**, Other Special Revenue Funds account updating the allocation to align with projected revenues in the May 2023 Revenue Forecasting Committee report.

Page 30 includes one initiative transferring \$25,000 to the **Higher Education and Educator Support Services** program for the licensing, hosting and maintenance fees of the Department's educator credentialing system. There is a corresponding reduction in the **School Finance and Operations** account on **Page 38**.

Page 31 reflects a change for an existing initiative in LD 258. The initiative originally established 4 Regional Education Representative positions. The revised initiative establishes 4 Education Specialist III positions. This change results in a slight decrease in costs in each year. The positions are split funded in the **Learning Systems Team** program on this page and the **School and Student Supports** program on **Page 36**. These positions will serve as School Nurse Specialists to provide statewide school nursing leadership, consultation and direction in the Coordinated School Health team within the Office of School and Student Supports. School Nurse Specialists work within a small team of resource experts for local and regional school health programs to synthesize and disseminate information regarding health care trends, school nursing practices and health-related policy changes in an ever-changing field of school health. This work is currently performed by 4 contracted staff. The COVID-19 pandemic highlighted and even expanded the role of the school nurse both at the local and state levels. This initiative establishes

the positions permanently in the Office of School and Student Supports to maintain the current level of statewide school nursing support that ensures that student wellness and health needs are addressed for optimal educational access.

These positions will be funded through American Rescue Plan (ARP) Act grant funds through the end of the grant and transfer to the School and Student Supports program, General Fund beginning October 1, 2024.

There are four new initiatives in the **Learning System Team** program on **Page 32**. All of the initiatives are funded with federal grant dollars. The first adjusts the allocation in the Federal Expenditures Fund by \$4.6 million in fiscal year 2024 and \$68,417 in fiscal year 2025 to align with the Stronger Connections grant received in September 2022.

The second initiative establishes one limited-period Public Service Coordinator I position through September 30, 2024, for the Maine School Safety Center and provides funding for related All Other costs. This position will assist the Maine School Safety Center (MSSC) Director with internal operations and administrative functions within the office. The position is funded through September 30, 2024, with a combination of the following grants: STOP School Violence grant; Maine Grant for School Emergency Management and Elementary and Secondary School Emergency Relief Fund grant. This initiative also appears on **Page 34** with the allocation related to the **Maine School Safety Center** program.

The third initiative continues one limited-period Public Service Manager III position previously continued in Public Law 2021, chapter 635 and one limited-period Public Service Coordinator I position, previously continued in Public Law 2023, chapter 17. These positions provide grant oversight and administration for the Rethinking Responsive Education Venture (RREV) program. The grant received a no-cost extension to continue grant activities through July 31, 2024. This initiative, utilizing existing funding, continues the positions through the end of the grant and provides funding for related All Other costs.

The final initiative on this page increases the allocation in the Federal Expenditures Fund for the Preschool Development Grant. The Preschool Development Grant Birth to Five program (PDG B-5) is funded by the federal DHHS Administration for Children and Families to support early childhood services for children from birth to

age five that builds upon the strategic plan established under the initial PDG award through Maine DOE. Funds support a needs assessment, strategic planning, family engagement, quality improvement, workforce compensation and supports, and direct services for young children. The PDG B-5 grant supports improved collaboration among existing programs as well as a mixed delivery system that includes childcare and family childcare providers, Head Start, state pre-kindergarten, and home visiting. These objectives for the grant support the Child Care Plan for Maine and the Governor's Children's Cabinet Plan for Young Children. Maine DOE, the Governor's Office of Policy, Innovation and the Future, and the Department of Health and Human Services are collaborating, with each receiving some of the grant funding. Allocations for the Governor's Office of Policy Innovation and the Future can be found on **Page 44**. The allocations for the Department of Health and Human Services can be found on **Page 50**.

There is one new initiative for the **Maine Commission on Community Service** on **Page 33**. This continues one limited-period Senior Planner position, previously established by Public Law 2021, chapter 635, through December 31, 2024. This position oversees development and implementation of the Climate Corps initiative. The position coordinates with multiple state and federal agencies to engage citizens as participants in the Climate Corps and develops, maintains, and delivers required online training for those participants. The position monitors developments in climate science and tactics for responding, provides training that meets Climate Corps' goals, represents the Commission on national Climate Corps committees and advises the Executive Director on policies, practices, or legislative initiatives that will impact Maine's Climate Corps success. This initiative funds the position through the end of the grant.

On **Page 34**, there is one initiative in the **Maine School Safety Center** that corresponds and was discussed with the initiative on **Page 32** under the **Learning Systems Team** program. The increase to the Maine School Safety Center allocation for this limited-period position is \$79,127 in fiscal year 2024 and \$26,014 in fiscal year 2025.

Turning to **Page 35**, there is one new initiative in the **Office of Innovation** to establish two limited-period Interdisciplinary Instruction Specialist positions through June 30, 2026 and provides funding for related All Other costs.

The positions will provide Pre-k through grade 12 education leadership and expertise to organizations and educators statewide in curriculum, instruction, and assessment through the provision of professional development opportunities and technical assistance, with a focus on English to Speakers of Other Languages (ESOL) and bilingual programs. ESOL services are currently provided by contracted staff through June 30, 2023. This initiative increases funding by \$224,380 in fiscal year 2024 and \$237,874 in fiscal year 2025.

On **Page 36**, there is one change to an initiative in the **School and Student Supports** program that corresponds with and was discussed on **Page 32** under the **Learning Systems Team** program. The increase to School and Student Supports for these nurse positions is \$339,135 in fiscal year 2025, a decrease from the original proposal of \$356,811.

There is one new initiative on **Page 37** in the **School and Student Support** program increasing the Federal Expenditures Fund allocation by nearly \$2 million in fiscal year 2024 and \$1.6 million in fiscal year 2025 to bring allocation in line with the Expanding Access in School Environments grant award received by the Department in January 2023. The objective of this grant is to provide grants to local educational agencies (LEAs) and groups of LEAs to increase the number of credentialed mental health services providers providing school-based mental health services to students in LEAs with demonstrated need. Funds will be used to hire a contracted program manager to develop applications for competitive sub-grants to school administrative units, coordinate data collection and provide program monitoring.

There are three new initiatives in the **School Finance and Operations** program on **Page 38**. The first initiative increases Federal Expenditures Fund allocation by \$17 million in each fiscal year. The Department receives a National School Lunch Program grant from the United States Department of Agriculture. The purpose of the grant is to make the school lunch program available to school children and to encourage the domestic consumption of nutritious agricultural commodities. School districts are reimbursed on a monthly basis for their actual program expenditures; therefore, the grant award is driven by actual expenditures rather than a fixed annual amount. This initiative brings allocation in line with projected expenditures.

The second initiative provides funding for the approved reclassification of one position.

The third initiative on this page, and the last for DOE, reflects the transfer of funding to the **Higher Education and Educator Support Services** program on **Page 30**.

We'll now move on to initiatives in the Department of Environmental Protection.

There is one initiative on **Page 39** for the **Maine Environmental Protection Fund**. This initiative establishes one limited-period Environmental Specialist III position to support the implementation of the Mandatory Shoreland Zoning Act and provides funding for related All Other costs. This position ends June 7, 2025. This limited-period position will provide support to municipalities in Northern Maine to implement the Mandatory Shoreland Zoning Act. Currently, the DEP's Shoreland Zoning Program includes one staff member in Southern Maine, one staff member in Central Maine, and one staff member in Eastern Maine. This position will fill a critical need in Northern Maine, including educating municipal code enforcement officers and supporting municipalities in updating their Shoreland Zoning ordinances to conform with minimum standards in the department's Administrative Procedure Act, chapter 1000. This initiative increases the Other Special Revenue Funds allocation by \$90,030 in fiscal year 2024 and \$95,052 in fiscal year 2025.

There is a change to an initiative in the **Water Quality** program on **Page 40**. The original proposal in LD 258 was to provide an ongoing appropriation of \$3.5 million to replace the funding received from liquor profits received through the Maine Municipal Bond Bank. The allocation reduction of \$1,313,700 reduced the anticipated Other Special Revenue Funds, received from the liquor profits, to \$0. **Part MMMM**, beginning on **Page 34** of the change package language document, proposes a one-time transfer of \$12.8 million to the Other Special Revenue Funds account. The allocation increase of \$5,086,300 in each year adds to the \$1.3 million baseline allocation providing access to the full \$12.8 million, \$6.4 million in both fiscal year 2024 and 2025, to water programs.

There are two initiatives for the Executive Department on **Page 41**. The initiatives create the Community Resilience Partnership program within the Governor's Office of Policy Innovation and the Future. This change package also proposes program authorization language, **Part OOOO** beginning on **Page 36** of the change package

language document, that provides clarity on the legislative intent of this program and the allocated funding.

The first initiative establishes one Public Service Coordinator II position and provides \$1.5 million for grants and technical assistance to Maine municipalities and tribes for climate planning and actions, including adaptation and resilience projects. This initiative was included in the Governor's original 2024-2025 budget in the GOPIF account. The change package moves the position and funding to the new **Community Resilience Partnership** program and deletes it from the GOPIF account. The corresponding initiative to delete the initiative from GOPIF is on **Page 43**.

The second initiative transfers \$1.5 million All Other funding from the Office of Policy, Innovation and the Future program to the GOPIF - **Community Resilience Partnership** program and establishes allocation for Federal Expenditures Fund and Other Special Revenue Funds to properly reflect the ongoing appropriation for green communities' emission reduction planning, technical assistance and grants for community climate projects that was provided in Public Law 2021, chapter 398. The corresponding initiative is on **Page 44**.

As you may recall from the February hearings, the Community Resilience Partnership program currently has 140 Maine cities, towns and tribal governments engaged in the program from every region of the state. The program offers state grants and technical assistance to help municipalities plan for climate risks including flooding, sea level rise, droughts, public health and emergency management risks. The program also supports energy and emission reduction projects including energy efficiency, clean energy, battery storage, transportation, and other locally determined actions.

Some of these grant-funded community actions are reducing operating costs and saving money for local taxpayers. Other actions support public safety and transportation planning and will help communities leverage much larger federal funding opportunities. And these actions will help protect community and economic assets from extreme weather impacts, which are becoming a more and more common occurrence in our state as evidenced by recent storm events.

There are two new initiatives on **Page 42** for the **Governor's Energy Office**. Both initiatives reallocate the cost of a Public Service Coordinator II position from the Other Special Revenue Funds to the Federal Expenditures Fund. The first initiative transfers the position effective December 1, 2023, and the second is effective August 1, 2023. This will allow the GEO to utilize all projected private grant funds before transitioning the positions to the federal grant.

There are two initiatives for the **Governor's Office of Policy Innovation and the Future** program on **Page 44**. The first initiative is the \$1.5 million transfer out of the **Governor's Office of Policy Innovation and the Future** program just discussed and referenced in the **Community Resilience Partnership** program on **Page 41**.

The second provides \$287,244 in the Federal Expenditures Fund allocation in both fiscal years for allocation related to the Preschool Development Grant Birth to Five program (PDG B-5) funded by the federal DHHS Administration for Children and Families as discussed during the Department of Education section. These grant funds support early childhood services for children from birth to age five which build upon the strategic plan established under the initial PDG award through Maine DOE. Funds support a needs assessment, strategic planning, family engagement, quality improvement, workforce compensation and supports, and direct services for young children. PDG B-5 grant supports improved collaboration among existing programs as well as a mixed delivery system that includes childcare and family childcare providers, Head Start, state pre-kindergarten, and home visiting. These objectives for the grant support the Child Care Plan for Maine and the Governor's Children's Cabinet Plan for Young Children. Maine DOE, the Governor's Office of Policy, Innovation and the Future and the Department of Health and Human Services are collaborating, and each will be receiving some of the grant funding.

Page 45 amends the existing initiative in the **Finance Authority of Maine's Dairy Improvement**, Other Special Revenue Funds account updating the allocation to align with projected revenues in the May 2023 Revenue Forecasting Committee report.

There is one initiative for the **Historic Preservation Commission** on **Page 46**. This initiative transfers an existing Historic Preservation Coordinator position, an

existing Archaeology Tech 1 position, and an existing part-time Archaeology Tech 1 position from the Other Special Revenue account to the General Fund.

The Maine Historic Preservation Commission has two objectives with this initiative: 1) to re-balance the State matching share for its annual federal grant; and 2) to retain the agency's archaeological field services program.

The Commission's annual Historic Preservation Fund grant through the National Park Service requires a state matching share of 40%. For many years, the agency's General Fund appropriation has fallen well short of that amount, and in fiscal year 2023 it only provided 68% of the total needed to match the federal grant. The only avenue to bridge this shortfall in the State appropriation is for the Commission to offer matching grants to qualified entities. However, the need to raise matching funds constrains the agency's ability to conduct priority staff identified projects, or to pursue projects that could be done to fulfill goals of the statewide historic preservation plan. In addition, there are simply some areas of the state and some types of projects where raising a matching share is difficult.

The second objective will allow the Commission to retain its archaeological field services program, which now has inconsistent and inadequate Other Special Revenue income to sustain it. Through support by the General Fund, the Commission will gain flexibility in determining where archaeological investigations are conducted and for what types of sites; it will be able to conduct emergency data recovery on sites that are threatened by rising sea levels and from other effects of climate change; and it will be able to continue to provide archaeological field services to other State agencies such as the Land For Maine's Future and the Bureau of Parks and Lands. This is \$237,169 in fiscal year 2024 and \$239,644 in fiscal year 2025.

Moving to the Maine State Housing Authority, the first new initiative is on **Page 47** in the **Emergency Housing Relief Fund**. This initiative increases funding by \$12 million in fiscal year 2024 supported by a transfer in **Part RRRR**, on **Page 39** of the change package language document. Maine is continuing to see a crisis in our unsheltered population, and our state continues to see new arrivals seeking asylum in the United States. This change package requests an additional \$12,000,000 for Maine Housing's Emergency Housing Relief Fund Program, to be used for both

temporary and permanent housing options for those experiencing homelessness and the supports necessary to make those initiatives successful. Included in this funding will be the continuation of the highly successful Asylum Seeker Transitional Housing Program in Saco, which is guiding hundreds of asylum-seeking families into Maine's workforce through a wide range of on-site supports. Funds will also be available to expand this approach to other sites in Maine, to provide additional support for legal assistance, and to provide additional emergency shelter beds needed in various parts of the State.

On **Page 48**, there are two revised initiatives for the State Housing Authority program. The first initiative is modifying the initiative aimed at expanding affordable rental housing options, from \$30 million to \$80 million. The change package changes the initiative to expand affordable rental and ownership housing options through the Rural Affordable Rental Housing Program, the Low-income Housing Tax Credit Program and a new Innovation Fund for Attainable Housing for development subsidies, low-barrier financing options, and support for additional development and production mechanisms to accelerate housing production in Maine. The allocation for this initiative is \$45 million in fiscal year 2024 and \$35 million in fiscal year 2025. This is supported by a General Fund transfer, which is included in **Part TT on Page 35** of the change package language document.

Governor Mills recognizes the urgent need for more affordable housing options for individuals and families across the state. This change package increases funding to support additional housing production from the \$30 million proposed to a total of \$80 million for the biennium to be used for three uses at Maine Housing: 1) The Rural Affordable Rental Housing Program; 2) To leverage and augment the federal low-income housing tax credit program; and 3) a new "Innovation Fund for Attainable Housing."

The Rural Affordable Rental Housing Program was created by the Administration and MaineHousing last year through the Maine Jobs and Recovery Plan, in response to long-standing concerns about the difficulty of financing much-needed affordable housing in rural areas of the State. The program was designed to provide capital subsidies and sub-market loans for the creation of new rental properties comprised of five to eighteen units, which will become home for families with incomes up to

80% of the area median income. Housing built through the program must remain affordable for at least 45 years.

Uptake of this new initiative was unprecedented, as requests for funding quickly eclipsed the \$20 million made available through MJRP and MaineHousing resources, such that within two months the program was forced to stop accepting new applications. This first tranche of funding for the Rural Affordable Rental Housing Program is expected to result in the creation of approximately 130 new units of affordable housing in Bath, Belfast, Fort Fairfield, Houlton, Madison, Norway, Presque Isle, Rockland and Waterville. Based on this overwhelming response and the ongoing housing needs in Maine's rural areas, we are proposing to invest another \$35 million in this successful program over the coming two years.

The federal Low Income Housing Tax Credit Program is the nation's primary mechanism for building affordable housing. Tax credits made available through the U.S. Treasury Department provide the resources necessary to finance roughly one-third of the cost of new affordable housing development. While developers are generally expected to finance another third of those costs through a combination of loans and other grants, the final third needed for financial feasibility requires state-level capital subsidy. \$30 million in MJRP funds were deployed through this approach last year and is expected to create about 330 new affordable housing units in Bridgton, Hartland, South Portland and Portland. The Administration proposes to invest another \$35 million in this program over the coming biennium, leveraging federal and private resources to produce another 350 affordable homes for Maine people. Like the Rural Rental program, housing created through this tax credit program is administered by MaineHousing and must remain affordable for at least 45 years.

Finally, the Administration is proposing the creation of a new Innovation Fund for Attainable Housing, with \$10 million, to address housing challenges that are more difficult to tackle through existing finance programs. This funding will support the development of rental housing options for households with incomes up to 80% of the area median income and ownership housing options for households with incomes up to 120% of the area median income, through development subsidies, low-barrier financing options, and support for additional development and production mechanisms to accelerate housing production in Maine. Among the housing

solutions this new initiative could support are: additional housing units for workers in the tourism and hospitality sectors, financing to incentivize more mixed-income housing developments in all areas of the state, and support for the production of accessory dwelling units.

The second change on **Page 48** amends the existing initiative in the **State Housing Authority** program by updating the allocation to align with projected revenues in the May 2023 Revenue Forecasting Committee report.

Page 49 includes one new initiative in the **Low-Income Home Energy Assistance-MSHA** program. This initiative provides \$15 million in one-time funding to help low-income homeowners and renters pay for electricity costs by providing a credit on their electric bills. The Low-Income Assistance Program (LIAP) assists low-income Mainers by providing a benefit from their utility provider to reduce the direct energy cost to the household. MaineHousing plays a coordinating role in this program, matching applications taken by the Community Action Agencies with the utilities that actually provide the benefit.

During Program Year 2022, the average benefit to a household was approximately \$263. With electricity costs rising 35-50% the demand for electricity relief has increased. The LIAP program has expanded over the years, with annual expenditures of \$7million in 2021, \$10 million in 2022, and the 2023 program anticipates providing over \$15 million in benefits to low-income Mainers.

This proposed \$15,000,000 of supplemental state support split over two years will temporarily expand ratepayer eligibility for LIAP beyond the current 75% of the Federal Poverty Level. MSHA will distribute up to \$7,500,000 for each year of the biennium to the electric utilities who manage this program for the Public Utilities Commission. This is supported by a General Fund transfer included in **Part SSSS** on **Page 40** of the change package language document.

Initiatives for the Department of Health and Human Services begin on **Page 50**.

The first initiative increases allocation in the **Child Care Services** program, Federal Expenditures Fund for the Preschool Development Grant by \$7,760,179 in fiscal year 2024 and \$5,619,014 in fiscal year 2025 as outlined in both the DOE and GOPIF sections. This grant supports early childhood services for children from birth to age

five which build upon the strategic plan established under the initial PDG award through Maine DOE. Funds support a needs assessment, strategic planning, family engagement, quality improvement, workforce compensation and supports, and direct services for young children. These objectives for the grant support the Child Care Plan for Maine and the Governor's Children's Cabinet Plan for Young Children. Allocations for the Department of Education were on **Page 32**. The allocations for the Governor's Office of Policy Innovation and the Future were discussed on **Page 44**.

Page 51 includes one new initiative for the **Consent Decree** program. Funds for this effort were originally requested in the **Mental Health Services – Community** program. This provides \$817,780 in each fiscal year for mental health and substance use disorder services for uninsured clients to align with expected MaineCare rate increases under MaineCare Benefits Manual, Chapter III, Section 65, Behavioral Health Services, and Section 17, Allowances for Community Support Services. This initiative can also be found in the **Mental Health Services - Community** program on **Page 72** (\$516,954 in each year reduced from \$2,271,064) and the **Office of Substance Abuse and Mental Health Services** program on **Page 82**. The total impact of the amended initiative is \$2,271,063 in fiscal year 2024 and 2025, which is \$1 less than the original proposal.

Page	Program	2023-24	2024-25
51	Consent Decree	817,780	817,780
72	Mental Health Services - Community	516,954	516,954
82	Office of Substance Abuse and Mental Health Services	936,329	936,329
	Total now in 3 accounts	2,271,063	2,271,063
72	Originally all in one account	2,271,064	2,271,064

The **Department of Health and Human Services Central Operations** program on **Page 52** includes one initiative for an approved position reclassification involving 6 positions retroactive to January 30, 2017, and one position reclassification retroactive to March 2, 2018.

Page 53 amends the existing initiative in the **Developmental Services Waiver – MaineCare program** by updating the allocation to align with projected revenues in the May 2023 Revenue Forecasting Committee report. This initiative appears repeatedly throughout the MaineCare accounts. The table below summarizes the impact and identifies the impacted programs:

December Forecast Adjustments		General Fund		Other Special Revenue	
Page	Program	2023-24	2024-25	2023-24	2024-25
53	Developmental Services Waiver - MaineCare	2,434,017	2,434,017		
55	Developmental Services Waiver - Supports	89,319	89,319		
65	Medicaid Services - Developmental Services	(8,091)	(8,091)	(2,859,255)	(2,859,255)
67	Medical Care - Payments to Providers	1,591,475	1,591,475	(1,591,475)	(1,591,475)
71	Mental Health Services Child Medicaid	117,667	117,667	-	-
75	Nursing Facilities	4,303,125	4,303,125	(4,303,125)	(4,303,125)
80	Office of Substance Abuse & Mental Health Srv-Medicaid Seed	347,997	347,997	(347,997)	(347,997)
84	Residential Treatment Facilities Assessment			226,343	226,343
	Total	8,875,509	8,875,509	(8,875,509)	(8,875,509)
May Forecast Adjustments		General Fund		Other Special Revenue	
Page	Program	2023-24	2024-25	2023-24	2024-25
53	Developmental Services Waiver - MaineCare	2,460,537	2,460,537		
55	Developmental Services Waiver - Supports	(19,840)	(19,840)	19,840	19,840
65	Medicaid Services - Developmental Services	(9,165)	(9,165)	(2,822,083)	(2,822,083)
68	Medical Care - Payments to Providers	1,197,712	1,197,712	(1,197,712)	(1,197,712)
71	Mental Health Services Child Medicaid	-	-	-	-
75	Nursing Facilities	2,408,850	2,408,850	(2,408,850)	(2,408,850)
80	Office of Substance Abuse & Mental Health Srv-Medicaid Seed	304,872	304,872	(304,872)	(304,872)
84	Residential Treatment Facilities Assessment			370,711	370,711
	Total	6,342,966	6,342,966	(6,342,966)	(6,342,966)
	Net Impact (May less December)	(2,532,543)	(2,532,543)	2,532,543	2,532,543

The next initiative in the **Developmental Services Waiver – MaineCare** program on **Page 54** adjusts funding and rates to reflect the elimination of healthcare services providers from the Service Provider Tax under 36 MRSA section 2552, effective January 1, 2025, which is included in **Part XXX** beginning on **Page 15** of the language document. Repealing the tax will resolve a longstanding dispute with the Federal government that dates back to a 2018 warning from the U.S. Centers for Medicare and Medicaid Services that the nearly 20-year-old tax was allegedly in violation of Federal law. This proposal repeals the tax, replaces the lost revenue with General Fund revenue to continue supporting MaineCare services, and dedicates additional revenue to the Medicaid Stabilization Fund in the event that the Federal government issues a disallowance for past use of the tax, as it has warned it may do. Details are available at: <https://www.maine.gov/dhhs/blog/tackling-long-standing-financing-issue-maine-care-2023-05-10>.

On the effective date of the removal of health providers from the Service Provider Tax, the Department will also remove amounts linked to the payment of this tax by affected health providers as documented in the rate models and reimbursement methodologies for their MaineCare reimbursement. The Centers for Medicare & Medicaid Services has asserted that these changes are necessary for compliance and thus the Department will implement them through routine technical rulemaking, unless the rate changes include other substantive changes to the rate methodology unrelated to the Service Provider Tax and are otherwise subject to major substantive rulemaking under statute. Only rate changes that include other substantive changes to the rate methodology unrelated to the Service Provider Tax will be subject to the process created through Public Law 2021, Chapter 639. This initiative appears repeatedly throughout the MaineCare accounts. The table below summarizes the impact and identifies the impacted programs:

	Repeal SPT on healthcare services/adjust rates	GF	OSR	Fed
Page	Program	2024-25	2024-25	2024-25
54	Developmental Services Waiver - MaineCare	12,416,299		
66	Medicaid Services - Developmental Services	223,635	(12,639,934)	
70	Medical Care - Payments to Providers	2,346,103	(8,529,849)	(10,372,467)
74	Mental Health Services Community	3,827,062	(3,827,062)	
81	Office of Substance Abuse & Mental Health Srv- Medicaid Seed	88,326	(88,326)	
	Total	18,901,425	(25,085,171)	(10,372,467)

There is one new initiative in the **Division of Licensing and Certification** on **Page 56**. This initiative reorganizes several positions.

There is a change to an initiative in the **Drinking Water Enforcement** program on **Page 57**. The original proposal in LD 258 was to provide an ongoing appropriation of \$3.5 million to replace the funding received from liquor profits received through the Maine Municipal Bond Bank. **Part MMMM**, beginning on **Page 34** of the change package language document, proposes a one-time transfer of \$9.2 million to the Other Special Revenue Funds account. The allocation increase of \$4.6 million in each year will enable additional funding for Drinking Water programs.

The next program is the **Early Childhood Consultation Program** on **Page 58**. There is one initiative in this program to reallocate the cost, including two positions, of the Early Childhood Consultation Program. Public Law 2021, chapter 679, "An Act to Expand the Statewide Voluntary Early Childhood Consultation Program," included ongoing General Fund appropriations to the Department of Health and Human Services based on a January 1, 2023 start date and specifically stated 50% of the expenditures were to be paid using the federal child and development block grant. Currently this program is funded 100% from the General Fund. This initiative reduces the General Fund by \$1,530,086 in fiscal year 2024 and \$1,606,632 in fiscal year 2025. The increase to the Federal Block Grant Fund allocation is slightly higher

with the addition of \$9,195 in fiscal year 2024 and \$9,656 in fiscal year 2025 for STACAP.

Page 59 includes two new initiatives for the **Food Supplement Administration** program. The first continues one limited-period Social Services Program Specialist I position previously continued by Public Law 2021, chapter 398 through June 14, 2025, and provides funding for the approved reorganization to a Senior Planner position. This initiative also provides funding for related All Other costs. The position assists in developing the annual Supplemental Nutrition Assistance Program Education program (SNAP-Ed) and Supplemental Nutrition Assistance Program Education and Training (SNAP E & T) plans for federal approval; is responsible for the oversight of the SNAP-Ed and SNAP E & T contracts with various providers; and makes site visits, ensuring proper use of SNAP-Ed and SNAP E & T funds. This position also assists with providing mandated services to food supplement recipients, including identifying and removing barriers to employment, on a statewide basis and supports the employment first goal by assisting Able Bodied Adults without Dependents (ABAWD) in finding employment. This position is funded with 100% federal funds provided by the SNAP-Ed and SNAP E & T grants received annually.

The second initiative provides \$4,260,654 in one-time funding for State-funded supplemental nutrition assistance program benefits within the Food Supplement Administration program. The Supplemental Nutrition Assistance Program (SNAP) was designed to provide food assistance to low-income individuals. Federal law prohibits SNAP to certain non-citizens, such as asylum seekers and lawful permanent residents who have not been in the U.S. more than five years. These populations rely on the State-funded SNAP program. Enrollment in this program has doubled between January 2022 and January 2023. DHHS is evaluating whether this trend will continue and is thus only requesting funding for FY 2024. This initiative requests General Fund appropriation of \$4,260,654 in fiscal year 2024.

There is one new initiative in the **Forensic Service** program on **Page 60**. This initiative provides funding to establish a Forensics Fellowship Program in the Forensics Services program within the Office of Behavioral Health to better position the program to meet growing demand. This initiative also establishes one Public Service Coordinator III position. This new fellowship program will improve training

opportunities by creating fellowship for doctoral level psychologists and will create a pipeline for new evaluators to meet the growing demand for evaluations. In 2010, the State Forensics Service completed 617 evaluations compared to 1,468 in 2022. The fellowship will train clinicians in the highest standards of forensic mental health assessment and prepares candidates for board certification in forensic psychology through the American Board of Professional Psychology (ABPP). The Public Service Coordinator III position will serve as the third state evaluator and increase the capacity of the office to meet the increased workload. While the evaluation requests have increased more than twofold since 2010, the number of evaluators in the office has not increased resulting in required timeframes not being met. This initiative requests General Fund appropriation of \$349,076 in fiscal year 2024 and \$357,189 in fiscal year 2025.

Page 61 includes one initiative for the new **Housing First** program in DHHS. This initiative establishes one Public Service Manager III position and one Social Services Program Manager position effective January 1, 2024, in the Housing First Program, General Fund to provide initial planning and administration for the delivery of support and stabilization services to residents of properties established or developed to provide permanent housing to end chronic homelessness in the State. These positions will provide coordination of housing support programs within the Office of Behavioral Health as well as planning and oversight for the Housing First Program anticipated to begin in fiscal year 2026-27. This initiative requests General Fund appropriation of \$132,292 in fiscal year 2024 and \$278,429 in fiscal year 2025. **Part AAAA on Pages 23-27** of the change package language document creates the Housing First program.

IV-E Foster Care/Adoption Assistance includes one initiative on **Page 62** which provides funding to increase foster care treatment reimbursement rates to increase recruitment and retention of foster families in Maine, in line with increased foster home reimbursement rates recently passed in Public Law 2023, chapter 17. Treatment (Therapeutic) Foster Care is a family-based model of service delivery which provides treatment to children with moderate to severe behavioral health and developmental needs. Treatment is delivered through services integrated with key interventions and supports provided by therapeutic foster parents who are trained, supervised, and supported by qualified therapeutic foster care provider staff. These reimbursement rates were last adjusted on September 7, 2018, per Public Law 2017,

chapter 471 and since that time, children in care have continued to increase while the economic conditions have made it more challenging to attract and retain foster parents. The proposed Foster Care treatment rate increase will offset some of the economic impediments to attracting and maintaining foster homes. The corresponding initiative appears on **Page 85** in the **State Funded Foster Care/Adoption Assistance** program. The combined total General Fund impact is \$99,871 in fiscal year 2024 and \$104,864 in fiscal year 2025.

There is one new initiative on **Page 63** for the **Maine Center for Disease Control and Prevention**. This initiative increases funding by \$578,713 in fiscal year 2024 and \$897,356 in fiscal year 2025 to expand school-based oral health services in all Maine schools by January 1, 2025, pursuant to Public Law 2021, chapter 635. The school-based oral health program currently serves 219 schools. There are currently 603 public schools and 104 private schools, for a total of 707 schools in Maine.

There is one initiative in the **Maternal & Child Health** program on **Page 64** to continue one Comprehensive Health Planner II position previously continued in Public Law 2021, chapter 398 through June 14, 2025, and also provides funding for related All Other costs. This position coordinates all aspects of the Maine Pediatric Mental Health Access work, also known as the Maine Behavioral and Pediatric Health Partnership. This includes engagement of primary care practices, training and continuing education, data collection strategies, and reporting. This initiative requests Federal Block Grant Fund allocation of \$119,488 in fiscal year 2024 and \$125,016 in fiscal year 2025.

Page 65 amends the existing initiative in the **Medicaid Services Developmental Services** program by updating the allocation to align with projected revenues in the May 2023 Revenue Forecasting Committee report.

There is one new initiative for the **Medicaid Services Developmental Services** program on **Page 66** to adjust funding and rates to reflect the elimination of healthcare services from the Service Provider Tax under 36 MRSA section 2552, effective January 1, 2025. This initiative was discussed earlier.

Pages 67 and 68 amend two initiatives within the **Medical Care – Payments to Providers** program. The first amends the initiative for reimbursement reform for acute care hospitals under Section 45 of the MaineCare Benefits Manual by moving

the amount of funding originally proposed in fiscal year 2024 to fiscal year 2025. The second initiative amends the existing initiative in the program by updating the allocation to align with projected revenues in the May 2023 Revenue Forecasting Committee report.

There are 3 new initiatives in the **Medical Care – Payments to Providers** program on **Page 69**. The first provides funding for inpatient psychiatric and substance use disorder services rates pursuant to Public Law 2023, chapter 3, Part S. This increases the General Fund by \$2,721,202 in fiscal year 2024 and \$2,922,518 in fiscal year 2025. The Federal Expenditures Fund increases by nearly \$8.2 million and \$8.5 million in 2024 and 2025, respectively. This funding is necessary to update the rate methodology for distinct psychiatric and Substance Use Disorder discharge rates to reflect the changes passed in Public Law 2023, chapter 3, Part S, section 1. Proposed new rates were determined by a rate study by Burns and Associates and moved from a per discharge rate to a per diem, adjusted for patient acuity and length of stay. This initiative reflects the increase needed above appropriations provided in Public Law 2021, chapter 635.

The second initiative increases General Fund appropriations by \$2,123,834 in fiscal year 2025 to establish a High-Fidelity Wraparound service for children. The initiative includes \$3.2 million in Federal Expenditure Funds allocation and \$540 thousand in Federal Block Grant Fund allocation. This initiative provides funding to support youth with complex behavioral health needs and their families, as described in the Department's Children's Behavioral Health Plan. High-Fidelity Wraparound will provide a higher service tier of the current services covered under MaineCare Benefits Manual Section 92.05.1-6, Behavioral Health Home Services and will utilize an evidence-based, team-based, collaborative process to deliver intensive services coupled with training and other supports. Due to the ramp up in fiscal year 2025, additional funding will be needed to annualize costs in fiscal year 2026 for a total of \$13.6 million (\$4.9 million General Fund).

The final initiative on this page provides funding for MaineCare coverage of community-based substance use disorder partial hospitalization services. This initiative is necessary to fund coverage for community-based level of care for Substance Use Disorder treatment in accordance with the American Society of Addiction Medicine. This initiative funds an additional level of service within the

behavioral health continuum of care recommended as part of MaineCare's recent behavioral health rate study. This is a General Fund increase of \$112,723 in fiscal year 2024 and \$151,696 in fiscal year 2025. There are increases in the Federal Expenditures Fund allocation of \$479,880 and \$638,260.

The last new initiative for the **Medicaid Care Payments to Providers** program on **Page 70** adjusts funding and rates to reflect the elimination of healthcare services from the Service Provider Tax under 36 MRSA section 2552, effective January 1, 2025. This initiative was discussed earlier.

Page 71 deletes the existing initiative in the **Mental Health Services – Child Medicaid** program based on projected revenues in the May 2023 Revenue Forecasting Committee report.

Page 72 amends one new initiative for the **Mental Health Services – Community** program providing \$516,954 in each year for the MaineCare rate increases under MaineCare Benefits Manual, Chapter III, Section 65, Behavioral Health Services, and Section 17, Allowances for Community Support Services. We discussed this initiative earlier in the **Consent Decree** program on **Page 51**. It also impacts the **Office of Substance Abuse and Mental Health Services** program on **Page 85**.

There is one new initiative in the **Mental Health Services Community** program on **Page 73** to increase allocation in the Federal Expenditures Fund – ARP account in fiscal year 2024. This account administers two federal grants awarded by the federal Department of Health and Human Services under Statutory Authority Section 2501 Funding for Public Health Workforce of the ARP: 1. 988 State and Territory Cooperative Agreement, in the amount of \$268,996 (April 2022 through April 2024) 2. 988 State and Territory Cooperative Agreement, in the amount of \$727,329 (April 2022 through April 2024).

There is one initiative for the **Mental Health Services – Community Medicaid** program on **Page 74** to adjust funding and rates to reflect the elimination of healthcare services from the Service Provider Tax under 36 MRSA section 2552, effective January 1, 2025. This initiative was discussed earlier.

Page 75 amends the existing initiative in the **Nursing Facilities** program by updating the appropriation and allocation adjustments to align with projected revenues in the May 2023 Revenue Forecasting Committee report.

Page 76 includes two new initiatives in the **Office for Family Independence**. The first initiative establishes one limited-period Family Independence Program Manager position funded 50% General Fund (\$58,259 and \$61,351) and 50% Other Special Revenue Funds (\$59,671 and \$62,840) in the Office for Family Independence program through June 14, 2025, to manage the summer Electronic Benefit Transfer program and provides one-time funding for related All Other costs. This program manager position is required to develop, implement, and manage the summer Electronic Benefit Transfer (EBT) program that was newly created by the Consolidated Appropriations Act of 2023, as well as support the Supplemental Nutrition Assistance Program (SNAP) Senior Program Manager with all other duties as assigned, which include providing outreach, policy changes, determining eligibility, and maintaining program integrity for SNAP.

The second initiative establishes one limited-period Family Independence Program Manager position funded 50% General Fund (\$58,259 and \$61,351) and 50% Other Special Revenue Funds (\$59,777 and \$62,940) within the Office for Family Independence program through June 14, 2025 and provides one-time funding for related All Other costs. This position is needed to support increased activities resulting from MaineCare State Plan Amendment work resulting from legislation, 1115 waiver requests not residing specifically with the Office of MaineCare Services, as well as increased support to the Office of the Health Insurance Marketplace within the Department of Health and Human Services.

Page 77 includes funding for one position reclassification in the **Office of Child and Family Services – Central** program.

Page 78 includes two new initiatives for approved position reorganizations, including 47 Customer Representative Associate II Human Services positions in the **Office of Child and Family Services – District** program.

Page 79 includes three new initiatives in the **Office of MaineCare Services** program. The first initiative establishes one limited-period Comprehensive Health Planner II position funded 50% General Fund (\$53,129 and \$55,970) and 50%

Federal Expenditures Fund (\$54,420 and \$57,303) through June 14, 2025 and provides one-time funding for related All Other costs. This position will be part of the provider relations team as a provider relations coordinator. Support is needed for the significant increase in workload due to the implementation and ongoing operations of a comprehensive, streamlined, and coherent system to set rates for MaineCare services and programs, as codified in Public Law 2023, chapter 639. This position will coordinate and track activities across state and vendor teams that result in significant changes to provider claims, rates, billing, and prior authorization requirements; will monitor provider feedback and responses; and will provide input to provider communications, billing guidance, and education.

The second initiative provides funding for the approved reclassification of one position.

The third initiative transfers and reallocates one Business Data Analytics Specialist position from 100% General Fund in the Office of Substance Abuse and Mental Health Services program to 50% General Fund (\$57,458 and \$57,954) and 50% Federal Expenditures Fund (\$58,839 and \$59,348) in the Office of MaineCare Services program and transfers funding for related All Other costs. This initiative places the position in the appropriate functional location to align the duties being performed with the proper funding source. The General Fund reduction in the **Office of Substance Abuse and Mental Health Services** program can be found on **Page 82**.

Page 80 amends the existing initiative in the **Office of Substance Abuse and Mental Health Services-Medicaid Seed** program by updating the appropriation and allocation adjustments to align with projected revenues in the May 2023 Revenue Forecasting Committee report.

There is one initiative for the **Office of Substance Abuse and Mental Health Services-Medicaid Seed** program on **Page 81** to adjust funding and rates to reflect the elimination of healthcare services from the Service Provider Tax under 36 MRSA section 2552, effective January 1, 2025. This initiative was discussed earlier.

Page 82 includes three new initiatives in the **Office of Substance Abuse and Mental Health Services** program. The first is the position transfer just discussed on **Page 79**.

The second initiative provides funding to support two new adult drug treatment courts through a MOU with the Maine Judicial Branch and for data collection through the Behavioral Health Services Information System agreement per the Public Health Service Act (42 U.S.C. §290aa-4). This initiative will align the budget with available resources eliminating the need for financial orders. This initiative requests Other Special Revenue Funds allocation of \$1,123,028 in fiscal year 2024 and \$1,001,692 in fiscal year 2025.

The third initiative is the rate initiative also discussed earlier under the **Consent Decree** program, on **Page 51**, and the **Mental Health Services – Community** program on **Page 72**. This initiative increases funding in the Office of Substance Abuse and Mental Health Services by \$936,329 in each fiscal year.

There are two new initiatives in the **Purchased Social Services** program on **Page 83**. Both initiatives support the Department’s work in strengthening families as an approach to child abuse and neglect prevention. The first provides \$750,000 in one-time funding for development and implementation of an online resource hub for parents as well as a communications campaign that will increase help seeking and resource sharing for parents who need support for parenting and other family needs as part of the state’s Child Safety and Family Well Being Plan. DHHS, with the assistance of the Maine Child Welfare Action Network, has developed a Child Safety and Family Well Being State Plan to address strengthening families in Maine as a child abuse and neglect prevention approach. Funding for implementation of this communication and resource sharing strategy is being requested to fund a media contractor to develop a campaign similar to the Massachusetts www.onetoughjob.org campaign, including multimedia messages that can be distributed and utilized after the funding ends to encourage and support help-seeking behavior in children, youth, and families, develop a social norm of a “shared responsibility” approach to strengthening families and child safety/family wellbeing, connect families to information, ideas and on-the-ground resources through an online resource hub, develop a shared message regarding "parenting is hard" and asking for help is a sign of strength, and increase knowledge of existing resources such as Access Maine, Help Me Grow, and 211 Maine. This initiative requests General Fund appropriation of \$750,000 in state fiscal year 2024.

The second initiative provides \$335,000 in one-time funding for development and implementation of coordinated community-based strategies for child safety and family well-being as part of the state's Child Safety and Family Well Being Plan. Community collaboration and coordination of prevention efforts as well as the development of community resource hubs for strengthening families were identified as strategies from community and state partners. Funding will be used to work with a consultant provided by Casey Family Programs to model the work done in Nebraska, regarding building statewide community prevention partnerships and community collaborative and fund Maine-based organizations to identify and support solutions to remove barriers to community-based prevention efforts, to develop enhanced and coordinated strategies around community-based efforts to strengthen families in Maine, and to conduct an assessment to determine assets and needs for building a community hub for strengthening families in each county in Maine. Each Prevention Council will develop a strategic plan for their service area to have a hub / center of support and resources for meeting the needs of families across Maine and a community collaborative of providers.

The final initiative for the Department of Health and Human Services is on **Page 84** and amends the existing initiative in the **Residential Treatment Facilities Assessment program** by updating the appropriation and allocation adjustments to align with projected revenues in the May 2023 Revenue Forecasting Committee report.

We talked about **Page 85** on pages 51 and 72.

The next two pages of the change package contain initiatives for the **Maine Commission on Indigent Legal Services**. LD 258 included an initiative to transition the Commission staff and funding from the Other Special Revenue Funds account supported by a transfer from unappropriated surplus of the General Fund to a General Fund appropriation. The initiative on **Page 86** of the change package makes this effective in fiscal year 2025.

Page 87 includes an initiative to transition the additional \$12.5 million approved by the Legislature in Public Law 2023, chapter 17 from an Other Special Revenue Fund allocation supported with a transfer from the unappropriated surplus of the General Fund to a General Fund appropriation. **Part XXXX** on **Page 44** of the change

package language document amends the General Fund transfers included in Public Law 2023, chapter 17, Part T for both of these initiatives.

Next are two initiatives in the change package for the **Department of Inland Fisheries and Wildlife**. The first initiative, starting on **Page 88**, provides funds for increased costs of electricity, heating, insurance, maintenance, services, equipment and other operating expenses associated with information and education, resource management, licensing and warden service. Some of the examples include: for ballistic vest replacements; Warden Service training mandates; hatchery and regional facility operations and maintenance; online merchant fees; and registration sticker printing costs. This initiative is found on the following pages of the change package and totals \$431,390 in fiscal year 2024 and \$445,278 in fiscal year 2025:

Page	Program	2023-24	2024-25
88	Administrative Services – IF&W	52,439	53,085
90	Enforcement Operations – IF&W	139,510	139,510
91	Fisheries and Hatcheries Operations	108,931	112,173
92	Licensing Services – IF&W	100,000	110,000
93	Public Information and Education	30,510	30,510
	Total	\$431,390	\$445,278

Page 89 amends the existing initiative in the **ATV Safety and Education Program** by updating the allocation adjustments to align with projected revenues in the May 2023 Revenue Forecasting Committee report.

Moving to **Page 94**, there is one initiative in the Judicial Department, **Courts-Supreme, Superior and District** program. This initiative establishes 3 District Court Judge positions, 4 Deputy Marshal positions, 4 Assistant Clerk positions and one Superior Court Justice position effective July 01, 2023 and provides funding for related All Other costs. As outlined by the Judicial Branch during LD 258 testimony, these positions will help to build capacity within the Judicial Branch to meet current

caseload needs. All Other costs include computer equipment, workstation setups, travel and minor supplies. The initiative increases Legislative headcount by 12 in each year with General Fund increases of \$1,626,668 in fiscal year 2024 and \$1,590,272 in fiscal year 2025. There is corresponding language in **Part ZZZZ**, beginning on **Page 45** of the change package language document, which increases the number of District Court judges by 3 headcount and Superior Court justices by 1 headcount.

Initiatives for the **Department of Labor** begin on **Page 95**. The first initiative in the **Administration – Labor** program provides funding for the proposed reorganization of one Career Center Consultant position to an Associate Commissioner - Department of Labor position and transfers and reallocates the cost from 100% Employment Services Activities program, Federal Expenditures Fund to 92.3% Other Special Revenue Funds and 7.7% General Fund within the Administration - Labor program. The establishment of the Associate Commissioner position will enhance policy development, identify and seek federal and philanthropic funding opportunities, and improve coordination of workforce development programs. There is an associated statutory amendment included in **Part BBBB**, on **Page 46** of the change package language document, to identify the Associate Commissioner as an appointed position. The Commissioner's Office at the Department of Labor is funded through a federally negotiated indirect cost plan. This results in the split between the General Fund and Other Special Revenue Fund. The Program is increased in fiscal year 2024 by \$10,915 in the General Fund and \$133,022 in the Other Special Revenue Fund. The fiscal year 2025 increases are \$11,497 and \$140,120, respectively. This initiative can also be found on **Page 98** under the **Employment Services Activity** program.

Page 96 includes 3 new initiatives for the **Division of the Blind and Visually Impaired**. The first initiative provides allocation for a position reclassification.

The second initiative provides \$600,000 in fiscal year 2024 and \$300,000 in fiscal year 2025 for job support services for people who are blind or visually impaired. The Division for the Blind and Visually Impaired provides vocational rehabilitation services to individuals who require visual aids or other services to fully participate in Maine's workforce. The additional \$300,000 in the first year provides needed

funds to optimize federal funds available for vocational rehabilitation. Every dollar in state funds is matched with four dollars in federal funds.

The third initiative in this program provides \$200,000 each year in the General Fund to provide ongoing support for education of children who are blind or visually impaired. This initiative will fund two additional contracted Teachers of the Visually Impaired to address a backlog of students who are waiting for classroom support. This program provides supports for people who are blind or visually impaired, regardless of age.

Page 97 includes two new initiatives in the **Employment Security Services** program. The first provides funding for an approved position reorganization.

The second initiative continues 2 Unemployment Compensation Team Leader positions and one Assistant Unemployment Compensation Team Leader position, previously authorized in Public Law 2021, chapter 29, through June 7, 2025. These three positions will be added to those already extended to bring the total number of these limited-period positions to 38. During the pandemic, a total of 153 positions were authorized to increase the staffing level, which was insufficient for administering the program, even at pre-pandemic levels. These three positions manage the previously extended staff positions.

Page 98 includes 5 new initiatives in the **Employment Services Activity** program. The first initiative funds a position reorganization.

The next initiative is the second half of the transfer I described in the **Administration – Labor** program on **Page 95**.

The third initiative funds a position reorganization.

The fourth initiative transfers positions, appropriations, and allocations from the **Employment Services Activities** program to the newly created **Maine Apprenticeship Program**. This program supports Registered Apprenticeships, which create a proven path to good-paying, family-supporting careers in fields that are sought after by Maine employers. The General Fund allocation in this program is reduced by \$803,595 in fiscal year 2024 and by \$810,695 in fiscal year 2025, which includes a reduction of two positions. The Federal Expenditures Fund is reduced by \$697,907 in fiscal year 2024 and by \$713,428 in fiscal year 2025, which

includes a reduction of four positions. The funding and the six positions are transferred to the new program. The corresponding entries for the **Maine Apprenticeship Program** can be found on **Page 99**.

The final initiative in the **Employment Services Activity** program provides Other Special Revenue allocation for initiatives outlined in **Part CCCCC** on **Page 47** of the change package language document. The language in this Part directs the State Controller to transfer \$5 million from the unappropriated surplus of the General Fund into this account to continue workforce efforts across the state, including: continued workforce development supports for people who need our support in overcoming their barriers to employment; career exploration and paid job experiences for Maine's high school students in conjunction with the Department of Education; and workforce recruitment efforts in conjunction with the Department of Economic and Community Development.

Page 99 includes the initiative for the **Maine Apprenticeship Program** that we touched on a minute ago. The Maine Apprenticeship Program is established as a new program in the state budget. Registered Apprenticeships provide people with the opportunity to "earn while you learn," through a combination of work, on-the-job training, and classroom training. Participants in the program earn a solid wage while they work and develop the skills they need to advance in their career. Employers that participate develop a workforce that meets their specific needs, and often find a higher-than-average retention rate. Entering into a Registered Apprenticeship is a career pathway on par with community college and other post-secondary education, and funding for it should be transparent; therefore, a unique state program has been established for it.

This initiative transfers the General Fund appropriation and Federal allocation from the **Employment Services Activities** program (**Page 98**) and provides increases to both. The baseline budget contains just over \$1.1 million in General Fund dollars each year. This includes six positions transferred from the Employment Services Activities program, and All Other funding for training reimbursements and for operations of the program. The Federal allocation is \$3.1 million in the first year of the biennium and \$1.7 million in the second year. The first year's allocation is higher to account for a one-time federal grant that will be expended over the next year.

Page 100 includes one initiative in the **Regulation and Enforcement program**. This initiative reallocates one Chief Labor and Safety Inspector from 92% General Fund in the Regulation and Enforcement program and 8% Other Special Revenue Funds in the Safety Education and Training Program to 100% General Fund in the Regulation and Enforcement program. The initiative increases the Personal Services General Fund appropriation by \$8,584 in fiscal year 2024 and \$8,992 in fiscal year 2025. The funding allocation of this position was partially shifted several years ago to the Safety Education and Training Fund Other Special Revenue account as a cost savings measure. The intent was that a portion of this position would be spent on outreach and education. However, the position is dedicated to compliance with state wage and hour laws. The corresponding initiative reducing Other Special Revenue Funds allocation is on **Page 102** in the **Safety Education and Training Programs**.

There are three new initiatives in the **Rehabilitation Services** program on **Page 101** of the change package. The first increases Federal Expenditures Fund allocation to support a position reclassification.

The next initiative establishes eight Rehabilitation Counselor II positions in the General Fund account. These positions are added to support people with disabilities who are waiting for services to reach their employment goals. The ongoing funding is intended to prevent the wait list from continuing to grow over time. In addition, these positions will help to support new program participants as they transition from services provided by the Office of Aging and Disability Services into their workforce development and onto career attainment.

The third initiative establishes 2 limited-period Rehabilitation Assistant positions through June 7, 2025 (\$140,026 and \$147,556) to assist with the intake and enrollment process. These positions will expedite enrollment so that services can be provided timelier.

Page 102 includes the initiative reducing Other Special Revenue Funds allocation on **Page 100** in the **Regulation and Enforcement program** that I just covered.

Page 103, the **State Workforce Board** program, and **Page 104**, **Workforce Research** program, each include one new initiative increasing Federal Expenditures Fund allocation to support position reorganizations.

There is one initiative for the **Maine State Library** on **Page 105**. This initiative reallocates a number of positions within the library in alignment with the appropriate funding sources. This results in a General Fund savings of \$150 in fiscal year 2024 and \$1,113 in fiscal year 2025. The Federal Expenditures Fund allocation increases by those amounts.

There are four initiatives in the **Department of Marine Resources**. The first three are on **Page 106** in the **Bureau of Marine Science** and all provide funding for approved position reclassifications and reorganizations. The final initiative in DMR is on **Page 107** in the **Bureau of Marine Patrol** and also provides funding for a reorganization.

Page 108 amends the existing initiative in the **Maine Maritime Academy Scholarship Fund - Casino** program updating the allocation to align with projected revenues in the May 2023 Revenue Forecasting Committee report.

There is one initiative on **Page 109** for the **Maine State Museum**. This initiative provides \$400,000 in one-time funding to fund the steel framing, railings, and related elements required to construct two structurally safe, code compliant, low maintenance, and physically attractive 48-foot ramps. The ramps will serve the west side of the Museum, where two whale skeletons will be displayed, and a new education center on the east side.

The basis of this \$400,000 is the most recent cost estimate from the project contractor. The amount of metal in the ramps and railings is needed to ensure the structures' durability over time, as the whale exhibit especially will generate great interest and high traffic volume. But the price for longer life and solid safety is the greater cost needed for high-quality materials. The Museum has drawn on all its available funds to upgrade exhibits and educational opportunities for visitors, leaving the ramps unfunded. This initiative is supported by the Bureau of General Services and by DAFS, which have gone to extraordinary lengths to ensure that the Cultural Building renovation includes upgrades to all major building systems and finishes; but project funds cannot extend to exhibit upgrades, which are the Museum's responsibility.

This initiative is directly related to the public educational needs which will most directly be expressed by the Museum's new construction on the third floor of the

Cultural Building. The education center there will provide new facilities, technologies, and displays for thousands of students, and for family groups (before closing for construction the museum annually served over 15,000 students on-site, the largest student museum audience in Maine). The other side of the floor will feature an ecological exhibit with the two authentic humpback whales' skeletons, a mother and calf from the Gulf of Maine, the only paired display of such humpback whales anywhere in the world.

The long process and many challenges of the Cultural Building renovation project are generally known to you all. At last, the completion of this project is in sight, and with it will come exceptionally valuable gains for Maine's people and for the many visitors to our beautiful state. This project is the Museum's most important advance since opening over 50 years ago. In many respects the project will give birth to a new museum, reinforcing our commitment to the modern needs of education through exhibition and supportive programming, and, as always, underlining our deep pride in Maine. All this depends on completing our portion of this major construction effort.

The first initiative for the **Department of Professional and Financial Regulation** is on **Page 110** and adjusts funding for the approved reclassification of one position in the **Board of Licensure** program.

There is one initiative in the **Board of Nursing**, on **Page 111**, account to fund a position reclassification.

Moving on to **Page 112**, there are two initiatives in the **Emergency Medical Services** program of the **Department of Public Safety**. The first initiative establishes 4 Public Service Manager I positions to provide regional support infrastructure for Emergency Medical Services and provides funding for related All Other costs. These four Public Service Manager I positions will serve as local points of contact between the Bureau of EMS and the hundreds of EMS agencies in the regions while also providing ongoing regional support. They will help to facilitate the implementation of this grant program, support regional sustainability programming, liaise with the state office, coordinate training and educational opportunities, and assist with guiding the growth of the EMS system in all parts of

Maine. This is again in alignment with the Maine EMS Board's Plan for a Sustainable EMS System in the State of Maine: A Vision for 2035.

The second initiative establishes 4 limited-period positions and provides one-time funding to support the sustainability and resiliency of the emergency medical services system. This initiative is funded with a transfer from the unappropriated surplus of the General Fund in **Part GGGGG** beginning on **Page 51** of the change package language document. Part GGGGG establishes the Maine Emergency Medical Services Emergency, Sustainability, and Resiliency Grant program to provide grants to Maine-based emergency medical service entities to increase the sustainability and resiliency of the emergency medical services throughout the state and to help ensure that all Mainers continue to have access to high-quality out-of-hospital clinical care provided by the emergency medical services system. The EMS system in the State of Maine is in crisis, as was articulated by the Blue-Ribbon Commission which was empaneled by the 130th Legislature. As part of the report issued by the Commission, it was recommended that the Legislature take action to support the EMS system with additional funding. This grant program is the accountable mechanism created to help facilitate the delivery of resources to the EMS system while maintaining the necessary accountability and contributing to greater overall sustainability.

This program is broken into two tracks, Emergency Support Funding and Sustainability and Growth Funding, and will be supported with four limited-period positions, one Public Service Manager I and three Contract/Grant Specialists. These positions are critical to support the over 270 entities eligible to apply for both funding tracks. The first funding track, Emergency Support Funding, will be directed at supporting EMS entities throughout the state facing imminent risk of failure and leaving their residents without appropriate EMS coverage. The second track, Sustainability and Growth Funding, is aimed at EMS entities increasing their sustainability and growth as a system in the State of Maine. The proposed grant program will limit expenditures to those items that facilitate the system's sustainability and requires recipients to develop a sustainability plan for their services. Doing so aligns with the work performed by the Maine Board of Emergency Medical Services' Plan for a Sustainable EMS System in the State of Maine: A Vision for 2035 and the Blue-Ribbon Commission.

Page 113 amends the existing initiative in the **Gambling Control Board** program updating the allocation to align with projected revenues in the May 2023 Revenue Forecasting Committee report.

Page 114 includes one initiative in the **Safe Homes Program** to reestablish the Federal Expenditures Fund and Other Special Revenue Funds allocations for the Safe Homes Program Fund that was enacted in Public Law 2021, chapter 575 and was inadvertently excluded in the Governor's Recommended Biennial Budget.

The **State Police** program on **Page 115** includes one new initiative to provide funding for a position reclassification.

There is one new initiative in the **Maine Redevelopment Land Bank Authority** on **Page 116**. This initiative creates the allocation for the Maine Redevelopment Land Bank Authority established in Public Law 2021, chapter 664 and annualizes the allocation. The baseline budget for the Maine Redevelopment Land Bank Authority was inadvertently excluded from the Governor's Recommended Biennial Budget due to a technical error. This initiative sets the allocation based on Public Law 2021, chapter 664 and annualizes the \$3 per ton waste disposal fee assessed on construction and demolition debris disposed of in a landfill that is collected and deposited into the Fund.

Page 117 amends LD 258 by deleting the initiative to purchase a box truck with lift gate in the **Department of the Secretary of State, Administration – Archives** program. The Maine State Archives is self-funding the purchase of a box truck used for retrieval and transportation of boxes to the State Records Center and archival records storage area. Repairs have become more frequent, and parts are difficult to find, risking the safety of staff. This purchase is being expedited to ensure employee safety and avoid disruption of operations.

There is one initiative on **Page 118** for the **Bureau of Administrative Services and Corporations** in the Department of the Secretary of State. This initiative establishes one Public Service Coordinator I position to serve as the Executive Director of the Permanent Commission on the State of Women. The position will be responsible for creating and publishing, printing, and distribution of the biennial report on the Status of Women and Girls in Maine; convening public hearings, meetings, workshops and panels to discuss and publicize the needs of and solutions to the

problems of women, as identified in the biennial report; and the creation of a Permanent Commission on the Status of Women website. The General Fund increase is \$142,469 in fiscal year 2024 and \$146,539 in fiscal year 2025.

Page 119 amends the existing initiative in the **Maine Community College System – Board of Trustees** program updating the allocation to align with projected revenues in the May 2023 Revenue Forecasting Committee report.

There are two initiatives in the **Office of the Treasurer of State**. **Page 120** and **Page 121** amends the existing initiative in the **Disproportionate Tax Burden Fund** program (Revenue Sharing II) and **State-Municipal Revenue Sharing** program (Revenue Sharing I) updating the allocations to align with projected revenues in the May 2023 Revenue Forecasting Committee report.

The final initiative in the change package document is on **Page 122** and amends the existing initiative in the **University of Maine System Scholarship Fund** program updating the allocation to align with projected revenues in the May 2023 Revenue Forecasting Committee report.

Page 123 includes one new item added to **Part B**, which includes self-funded non-General Fund reclassifications.

We will now move on to the Change Package Language Document. The first item is a change to **Part I** on **Page 1**. The change package is deleting Sec. I-1 and replacing it with this version. The only change is in the definition of the Biennial base year appropriation which has been corrected to say that “For the 2024-2025 biennium, ninety-eight percent of the Baseline General Fund revenue for fiscal year 2023-24 as of December 1, 2022;”. We noted this error, previously said ninety-nine percent, during the public testimony for LD 258 and are correcting it now.

Next is **Part J**, beginning on **Page 2**. This Part creates the Dirigo Business Incentives program to provide a refundable tax credit to qualified businesses for investments and workforce training that will better reflect the current needs of Maine’s economy. The Part provides an exemption from the requirement for confidentiality of tax records for information disclosed as part of certain reports to the Department of Economic and Community Development and legislative committees regarding the Dirigo business incentives credit program. It extends the

end date of the Pine Tree Development Zone program and associated provisions of statute by one year, and it repeals sections of statute regarding Pine Tree Recreation Zones. This Part ends the Maine Capital Investment credit January 1, 2025. This Part also prohibits issuing a certificate of approval for employment tax increment financing after December 31, 2024 and provides for the end of employment tax increment financing benefits as of December 31, 2034.

Part EE, which begins on **Page 11**, adds probation officers and other employees identified by the Commissioner of Corrections to those employees that may be assigned a state vehicle. This Part also updates the list of those employees who are authorized to use state vehicles for commuting between home and work.

Parts II and **KK** are deleted. The Parts authorized the transfer of certain funds within the Department of Corrections. The authority for the transfers already exists.

There is an amendment to **Part LL** on **Page 13** of the change package language document. The dollar amount of the unencumbered balance was corrected by \$10 from \$1,057,303 to \$1,057,313.

On **Page 13**, **Part TT** is replaced and requires the transfer of \$80,000,000 from the unappropriated surplus of the General Fund to the Maine State Housing Authority, State Housing Authority program, Other Special Revenue account to expand housing options that are affordable to households through funding to the Rural Affordable Rental Housing Program, the Low-income Housing Tax Credit Program, and a new Innovation Fund for Attainable Housing. The change increases the transfer from \$30,000,000 to \$80,000,000. There is a corresponding budget initiative allocating these funds on **Page 48** of the change package.

Part QQQ clarifies the eligibility and conditions for Maine Community College's 2-year free tuition program.

Part XXX, beginning on **Page 15**, repeals the healthcare-related provisions of the Service Provider Tax in Title 36, Chapter 358 beginning January 1, 2025. There are corresponding initiatives in the Department of Health and Human Services that we reviewed earlier.

Part YYY, beginning on the bottom of **Page 18**, revises income tax law to double the Credit for Child Care Expenses, a refundable State income tax credit that helps

working families pay expenses for the care of children and dependents. The expanded benefit will double the current state credit from 25 percent to 50 percent of the Federal credit for child and dependent care expenses and from 50 percent to 100 percent if qualified expenses are related to a quality childcare provider. This doubles the average benefit to \$360. This initiative reduces fiscal year 2025 revenues by \$4,066,000.

Part ZZZ, Pages 19-22, updates references to the United States Internal Revenue Code of 1986 contained in the Maine Revised Statutes, Title 36 to refer to the United States Internal Revenue Code of 1986, as amended through December 31, 2022, for tax years beginning on or after January 1, 2022 and for any prior tax year as specifically provided by the United States Internal Revenue Code of 1986, as amended. It changes the Maine standard deduction, for tax years beginning on or after January 1, 2026, from an amount equal to the federal standard deduction to \$12,000 for single filers, \$18,000 for heads of households and \$24,000 for individuals filing married joint returns, subject to an inflation adjustment. This will maintain the Maine standard deduction at current levels for tax years 2026 and later, as opposed to current federal law, which provides for a reduction in the Maine and federal standard deduction for those tax years. And it changes references in the Maine dependent exemption tax credit from the federal child tax credit to the federal personal exemption. This will maintain the Maine dependent exemption tax credit at current levels for tax years 2026 and later, as opposed to current federal law, which provides for a reduction in the credit due to the expiration of the referenced federal child tax credit provisions. This initiative reduces fiscal year 2024 revenues by \$35,150 and fiscal year 2025 by \$182,400. The impact for fiscal year 2026 is a revenue reduction of \$47,250,150 and for fiscal year 2027 is \$299,063,800.

Part AAAA, on Pages 22-27, establishes the Housing First program in the Department of Health and Human Services to facilitate the delivery of stabilization and support services to residents of properties established or developed to provide permanent housing to persons who have been chronically homeless and to fund technical assistance, administered by the Maine State Housing Authority, for the development of housing consistent with the program. This Part requires the department to ensure that fund supplements existing and future services provided under programs like MaineCare and the Housing Outreach and Member Engagement Program is funded from the real estate transfer tax by depositing half of the funds

that would otherwise be deposited into the General Fund into the Housing First Fund created by this Part. This Part also directs the Department of Health and Human Services and the Maine State Housing Authority to jointly adopt rules to administer the program and requires them to report annually to the Joint Standing or Joint Select Committee of the Legislature having jurisdiction over housing matters for the purpose of evaluating the effectiveness of the program. This Part also directs the Department of Health and Human Services to apply to the United States Department of Health and Human Services, Centers for Medicare and Medicaid Services to align certain federal programs with the Housing First model. There is a related position request initiative in the Department of Health and Human Services on **Page 61**.

Part BBBB, on **Page 27**, requires the transfer of \$3,500,000 from the unappropriated surplus of the General Fund to the Department of Administrative and Financial Services, Risk Management, Other Special Revenue account to pay attorneys' or other fees awarded by a court against the State, its departments, agencies, officers or employees, and settlements of attorneys' or other fees without court award in these cases, which are not otherwise insured against under a deductible or self-insured retention program. The related budget initiative is included on **Page 3** of the change package.

Part CCCC, on **Pages 27-28**, continues the voluntary employee incentive program through the 2024-2025 biennium. There are certain situations when an employee temporarily reduces his/her workweek or is approved to take some days off without pay. Participation in this program is subject to the approval of the employee's appointing authority.

Part DDDD, on **Pages 28-29**, authorizes the State Controller to carry forward, to be used for the same purposes, any unexpended balance of the \$500,000 appropriated in Public Law 2021, chapter 635 for the development and implementation of a new database for the Bureau of Agriculture's feed, seed and fertilizer program.

Part EEEE, on **Page 29**, requires the transfer of \$2,000,000 from the unappropriated surplus of the General Fund to the Department of Agriculture, Conservation and Forestry, Statewide Hunger Relief program, Other Special Revenue account to grant to a Portland-based food security hub with partnerships or capacity for state-wide distribution for capital support to enable increasing production from 2,000 hot meals

each day to 10,000 hot meals each day for homeless, sheltered or food insecure persons. The related budget initiative is included on **Page 15** of the change package.

Part FFFF, on **Pages 29-30**, requires the transfer of \$1,500,000 from the unappropriated surplus of the General Fund to the Department of Agriculture, Conservation and Forestry, Maine Milk Commission program, Other Special Revenue account to provide one-time pandemic volatility payments to Maine milk producers who produced milk and reported production information to the Maine Milk Commission in the calendar year 2022 and are currently participating in the Maine Dairy Stabilization Program. The related budget initiative is included on **Page 11** of the change package.

Part GGGG, on **Page 30**, authorizes the Department of Health and Human Services to transfer savings incurred from the increase in FMAP per the American Rescue Plan Act of 2021, section 9817, from various General Fund MaineCare Program accounts to the Home and Community Based Services – ARP Savings Program, in the Medical Care - Payments to Providers program and the Office of MaineCare Services program, Other Special Revenue Funds.

Part HHHH, on **Page 31**, updates the date in the reference to the Memorandum of Understanding and Agreement Regarding the Use of Settlement Funds in the Maine Recovery Council statute.

Part IIII, on **Page 32**, requires the transfer of \$14,300,000 from the unappropriated surplus of the General Fund to the Military Training & Operations program, Other Special Revenue Funds account in the Department of Defense, Veterans and Emergency Management for the design and construction of sustainment, restoration and modernization projects for Maine National Guard facilities. This funding will be matched with an estimated \$18.2 million in federal dollars. The related budget initiative is included on **Page 23** of the change package.

Part JJJJ, on **Page 33**, adds language indicating that the Commissioner of Education may apply unexpended balances from another program's appropriated amount toward the English learner adjustment and removes the requirement that a school administrative unit petitions the commissioner to demonstrate the budgetary hardship.

Part KKKK, on **Page 34**, is intentionally left blank.

Part LLLL, on **Page 34**, corrects the statutory reference to 10 United States Code to Chapters 1209 and 1211 rather than Sections 1209 and 1211.

Part MMMM, beginning on **Page 34**, transfers \$12.8 million to the Department of Environmental Protection and \$9.2 million to the Department of Health and Human Services for federal matching funds purposes under federal water programs to be used for revolving loan funds for drinking water systems and wastewater treatment with any remaining funds to be used consistent with the Maine Clean Water Fund and the Maine Drinking Water Fund. This Part also authorizes the carry forward of unspent balances of any General Fund appropriations made to the Water Quality program in the Department of Environmental Protection or the Drinking Water Enforcement program in the Department of Health and Human Services. These amounts represent two years of funding for each Department based on the existing language in statute once the hospital debt bond is paid off, based on \$53 million of spirits operations profits per year. Having these funds available in an OSR will allow the Departments to maximize federal funding available through BIL, ERA and IRA. There are corresponding budget initiatives on **Page 40** for the Department of Environmental Protection and **Page 57** for the Department of Health and Human Services.

Part NNNN, on **Pages 34-35**, updates statute relevant to Federal Energy Programs, amending the language to reflect how federal entities administer funds, the wide array of energy activities, and the various entities responsible for overseeing such activities. Currently, the federal entities responsible for administering these programs award funds to numerous entities across state government with specific subject matter expertise or legislative authority to undertake the activity. Amending this language will also make state statute congruent with the criteria through which certain federal agencies make formula and competitive funds available to states. This clarification will positively impact the State's ability to access the more than \$73 billion made available for energy programs by the Bipartisan Infrastructure Law through multiple federal entities, including through the U.S. Department of Energy, which is establishing 60 new energy programs.

Part OOOO, beginning on **Page 36**, codifies the Community Resilience Partnership Program within the Governor's Office of Policy Innovation and the Future to provide technical and financial assistance for local and regional planning and implementation projects consistent with the state's emissions reduction targets and state climate action plan. There are corresponding budget initiatives on **Pages 41 and 43** of the change package document, transferring spending authority from the GOPIF program to the Community Resilience Partnership Program. There are corresponding budget initiatives on **pages 41, 43 and 44**.

Part PPPP, on **Page 38**, authorizes the Maine Health Data Organization to transfer the uncommitted Personnel Services line category balance to the All Other line category in fiscal years 2023-24 and 2024-25.

Part QQQQ, on **Page 38**, amends Public Law 2023, chapter 1, Sections A-1, which transferred \$40 million to Maine State Housing to supplemental federal Low Income Home Energy Assistance Program funding, and A-2 which transferred \$10 million to Maine State Housing Authority for households that are not eligible for federal Low Income Home Energy Assistance Program, to allow the Maine State Housing Authority to utilize unobligated balances as of October 31, 2023 for the MaineHousing Heat Pump Program or other energy related home improvement programs. MaineHousing estimates that approximately \$3 – 4 million is available from the \$50 million, most of this from the \$10 million program. This Part requires that any unobligated balance be transferred to the unappropriated surplus of the General Fund at the end of fiscal year 2024.

Part RRRR, on **Page 39**, requires the transfer of \$12,000,000 from the unappropriated surplus of the General Fund to the Maine State Housing Authority, Emergency Housing Relief Fund program, Other Special Revenue account created by Governor Mills and the Legislature in 2022 to support emergency housing needs in communities across Maine. Specifically, these funds will be used to extend housing supports to individuals and families now in transitional housing and expand support for shelters and other efforts to help individuals and families experiencing homelessness. This funding builds on the \$43 million provided by the Governor and the Legislature over the past year to address homelessness. The related budget initiative is included on **Page 47** of the change package.

Part SSSS, on **Page 40**, requires the transfer of \$15,000,000 from the unappropriated surplus of the General Fund to the Maine State Housing Authority, Low-Income Home Energy Assistance-MSHA, Other Special Revenue Funds account for the Low-Income Assistance Program to help low-income homeowners and renters pay for electricity costs by providing a credit on their electric bills. This funding will temporarily expand ratepayer eligibility for the Low-Income Assistance Program beyond the current 75% of the Federal Poverty Limit, pursuant to the Public Utilities Commission formal solicitation of public input. The related budget initiative is included on **Page 49** of the change package.

Part TTTT, on **Page 40**, codifies the Baxter Counseling Services Program to facilitate the delivery of counseling services for eligible former students of the Maine School for the Deaf or the Governor Baxter School for the Deaf and shall ensure that counseling services provided under this program are reimbursed under the MaineCare program to the maximum extent possible.

Part UUUU, on **Page 42**, amends an initiative included in the Maine Jobs and Recovery Plan (Public Law 2021, chapter 483) by increasing the payment limit for the Family Caregiver Grant Pilot Program from \$2,000 annually to \$5,171 annually. This would achieve parity with the benefit available through a similar Department program, Respite Care Services for Adults with Alzheimer’s Disease or Related Disorders. This Part also identifies that \$500,000 may be used to expand marketing efforts and eligibility staff capacity, and therefore expand the program’s participation.

Part VVVV, on **Page 42**, authorizes the Department of Health and Human Services to transfer available balances of Personal Services appropriations to All Other in the Office for Family Independence program and the Office for Family Independence – District program for technology and related services for the 2024-2025 biennium.

Part WWWW, on **Page 43**, requires the State Controller to transfer \$6.5 million from the unappropriated surplus of the General Fund to the MaineCare Stabilization Fund. This Part also transfers the first \$20 million in unencumbered balances from MaineCare accounts to the MaineCare Stabilization Fund at the close of fiscal year 2023 and the first \$28.5 million at the close of fiscal year 2024. Payment of the

disallowance from CMS related to healthcare service provider tax will be made from the Medicaid Stabilization Fund.

Part XXXX, on **Page 44**, amends budgeted transfers from the General Fund that were included in Public Law 2023, chapter 17 as a funding source for the Maine Commission on Indigent Legal Services, Other Special Revenue Funds account. The funding for six positions, associated All Other and reimbursements to attorneys transitions to a General Fund appropriation beginning in fiscal year 2025 to reflect the ongoing nature of the General Fund support for these costs in the agency's baseline budget.

Part YYYY, on **Page 45**, transfers funds from the Inland Fisheries and Wildlife Carrying Balances – General Fund account to the Resource Management Services – Inland Fisheries and Wildlife program, General Fund account to provide matching funds for the construction of the Fryeburg shooting range. This effectively increases and extends language Part II from the fiscal year 2022 Supplemental Budget.

Part ZZZZ, on **Page 45**, increases the number of District Court judges by 3 headcount and Superior Court justices by 1 headcount. The related budget initiative is on **Page 94** of the change package.

Part AAAAA, on **Page 46**, returns the Director of the Bureau of Unemployment Compensation to classified service when the position next becomes vacant.

Part BBBBB, on **Page 47**, adds the position of Associate Commissioner to those positions that are appointed by the Commissioner of Labor. The related budget initiative is on Page 95 of the change package.

Part CCCCC, on **Page 47**, requires the State Controller transfer \$5 million from the unappropriated surplus of the General Fund to the Department of Labor, Employment Services Activity, Other Special Revenue Funds account for a workforce attraction pilot for recent college graduates (\$750,000); career exploration to allow additional high school students the opportunity to have paid work experience (\$3 million); and recruitment and job-related supports targeted to groups who are underrepresented in Maine's workforce, including older workers (\$250,000) and people who have disabilities (\$1 million). The related budget initiative is included on **Page 96** of the change package.

Part DDDDD, beginning on **Page 48**, revises Title 27 to more accurately reflect the role of the State Library in the Dolly Parton Imagination Library program; provide more accountability about the program by the State Library to the Legislature; and better align with legal language included in the Memorandum of Agreement with the Dollywood Foundation. The Imagination Library of Maine Fund was established in 2022 to launch a statewide program to provide free books mailed to the homes of registered Maine children ages birth through five.

Part EEEEE, on **Page 51**, is intentionally left blank.

Part FFFFF, on **Page 51**, requires the State Controller to transfer \$30 million from the unencumbered balance of the Department of Education, General Purpose Aid for Local Education, General Fund carrying account and \$20 million from the unappropriated surplus of the General Fund to replenish the School Revolving Renovation Fund at the Maine Municipal Bond Bank, which provides no-interest loans for school renovations and repairs across the state. This would be Governor Mills' third investment in the fund.

Part GGGGG, beginning on **Page 51**, establishes the Maine Emergency Medical Services Sustainability and Resiliency Grant program to provide grants to Maine-based emergency medical services entities to ensure that all Mainers continue to have access to high-quality out-of-hospital clinical care provided by the emergency medical services system. This Part also transfers \$31,000,000 to the Emergency Medical Services program from the unappropriated surplus of the General Fund to strengthen the overall sustainability and resiliency of the emergency medical services system in the State of Maine. There is a corresponding budget initiative on **Page 112** of the change package.

Part HHHHH, on **Pages 53-54**, authorizes the State Controller to transfer \$19,800,000 from unappropriated surplus of the General Fund to the Retirement Allowance Fund within the Maine Public Employees Retirement System and directs the Board to issue a one-time 3.0% cost-of-living adjustment for retired State employees. The one-time adjustment would provide a maximum benefit of \$726 and an average benefit of \$527 to approximately 37,600 state sponsored plan retirees.

Part IIIII, on **Page 54**, authorizes the Department of Administrative and Financial Services on behalf of the Department of the Secretary of State to enter into financing

agreements in fiscal years 2024 and 2025 for improvements to the department's customer services system, technology infrastructure and data centers; updating of department software and hardware; ongoing modernization of databases, storage and other components; and improved security of personally identifiable information and other confidential data. This language relates to a budget initiative included in LD 258 which increased funding in the Department of the Secretary of State for the repayment of principal and interest on a Certificate of Participation for the information systems modernization project. This initiative can be found on **page A-625** of the original LD 258 budget document.

Part JJJJJ, on Page 55, requires the State Controller transfer \$10 million from the unappropriated surplus of the General Fund to the Department of Transportation, Infrastructure Adaptation Fund, Other Special Revenue Funds account for the purpose of supporting the municipal culvert program and planning and federal matching funds for other adaptation, resilience and culvert projects. The next ten years are critical to prepare Maine's infrastructure for the impacts of climate change, including more frequent flooding and large storm events that are already damaging Maine's communities, infrastructure and economy.

Maine's municipal and state culverts are among the most at-risk infrastructure, and we've seen culverts fail statewide, impacting public safety and wildlife, including fish passage. Statewide, approximately 675 miles of roadways have a one-in-four chance of flooding in the next thirty years and 2,300 undersized road culverts are at risk of overtopping in a severe storm. In coastal communities, sea level rise will permanently inundate 26 miles of public roadways by 2050 and impair approximately 1,000 coastal bridges and culverts unless preventative actions are taken.

The Department of Environmental Protection has been working closely with the Department of Transportation on state and municipal culvert needs and the intention with this funding is to have future municipal culvert grants administered by DOT. DEP lacks staff to manage this funding program and both agencies agreed that with the DOT leadership in managing state culverts and transportation funding, DOT can more effectively administer this program. The State Infrastructure Adaptation Fund, created by the Maine Jobs and Recovery Plan and as a recommendation of the Maine Climate Council, is managed by DOT as a collaborative effort that includes support

and engagement from multiple state agencies including DEP, Inland Fisheries and Wildlife, Department of Marine Resources, and the Governor's Office of Policy Innovation and the Future. This initiative would continue that effort to jointly administer municipal culvert grants and also provide for other resilience funding opportunities through the State Infrastructure Adaptation Fund. This initiative will crucially provide funding for both municipal culvert grants and the state match and planning resources needed to leverage additional competitive federal funds for culverts, as well as adaptation and resilience projects statewide.

There is a corresponding budget initiative to allocate these funds on **Page 4** in the Highway Fund change package to LD 259.

Part KKKKK, on **Page 55**, requires the transfer of \$12 million from the unappropriated surplus of the General Fund to the Multimodal Ports and Marine, Other Special Revenue Funds account in the Department of Transportation for analysis, design, permitting and regulatory work relating to wind port and other infrastructure to position Maine as a leader in floating offshore wind (OSW) development, which will help Maine achieve its clean energy goals, attract private investments, and create good-paying jobs. With offshore wind projects planned up and down the east coast, offshore wind offers the opportunity to establish Maine as a global technology and manufacturing leader both to support Maine's energy goals as well as economic development in Maine. Maine's deep-water ports have a significant potential to support an industry that is anticipated to generate as much as \$1 trillion in worldwide investment by 2040.

In coordination with the Governor's Energy Office, these funds will be focused on supporting the technical marine aspects of offshore wind development including engineering and mapping to identify suitable offshore wind farm interconnections and optimal port infrastructure, design of infrastructure at identified port location(s) including marshalling and docking facilities, fabrication facilities, launching vessels and/or structures, vessel support structures, storage areas, assembly areas, port equipment, and maintenance facilities, and analysis of interconnections and grid integration of offshore wind power into the existing electrical grid, which will require collaboration with utilities, regulatory bodies, and other stakeholders to enhance grid capacity and transmission infrastructure.

There is a corresponding budget initiative to allocate these funds on **Page 6** of the Highway Fund change package.

This concludes my testimony. Thank you.

