SEN. DEBORAH L. SIMPSON, CHAIR
REP. DAWN HILL, CHAIR

MEMBERS:

SEN. RICHARD A. NASS
SEN. JOSEPH C. BRANNIGAN
SEN. BILL DIAMOND
SEN. EARLE L. MCCORMICK
SEN. DAVID TRAHAN
REP. EVERETT W. MCLEOD, SR.
REP. BRUCE A. BICKFORD
REP. DAVID C. BURNS
REP. PEGGY A. PENDLETON
REP. MARGARET R. ROTUNDO

MAINE STATE LEGISLATURE
GOVERNMENT OVERSIGHT COMMITTEE

MEETING SUMMARY
January 30, 2009

CALL TO ORDER

The Chair, Rep. Hill, called the Government Oversight Committee to order at 9:45 a.m. in the Burton Cross Building.

ATTENDANCE

Senators:	Sen. Brannigan, Sen. Nass, Sen. Diamond, Sen. McCormick, and Sen. Trahan Joining the meeting in progress: Sen. Simpson
Representatives:	Rep. Hill, and Rep. Burns Joining the meeting in progress: Rep. Bickford, Rep. Rotundo, and Rep. Pendleton Absent: Rep. McLeod
Legislative Officers and Staff:	Beth Ashcroft, Director of OPEGA Jennifer Reichenbach, Principal Analyst, OPEGA Etta Begin, Adm. Secretary, OPEGA
Executive Branch Officers	Linda Pistner, Chief Deputy Attorney General, Office of the Attorney General

SUMMARY OF THE JANUARY 16, 2009 MEETING

Motion: That the Meeting Summary of January 16, 2009 be approved as printed with the two changes discussed. (Motion by Sen. Nass, second by Sen. Brannigan, PASSED 7-1-4).

Chair Hill asked if there was objection to taking an item out of order. Hearing none, the Committee moved to **Report From OPEGA Director, Follow-up on Information Requested by the Committee at the January 16, 2009 Meeting.**

82 State House Station, Room 107 Cross Building
Augusta, Maine 04333-0082
TELEPHONE 207-287-1901 FAX: 207-287-1906

REPORT FROM OPEGA DIRECTOR

- **Follow-up on Information Requested by the Committee at the January 16, 2009 Meeting**
  - questions re: OPEGA's jurisdiction over certain entities
  - subpoena process;
  - procedure for examining witnesses; and
  - AG's instructions on use of Executive Session.

Chair Hill introduced Chief Deputy Attorney General Linda Pistner. Chief Deputy Pistner was invited to the meeting to give the Committee information regarding the items listed above.

Chief Deputy Pistner said the Government Oversight Committee is the only Committee established by statute in the Legislature. She said the GOC questions she would address fell within two categories - jurisdictional and procedural. Following today's meeting Chief Deputy Pistner will prepare a written reference on the procedural matters so the Committee will have the information for future use. She said she will also be available to advise the Committee should it be in a situation to use the subpoena process or examines witnesses.

Chief Deputy Pistner said OPEGA's jurisdictional questions are answered clearly by its Statute which gives authority in four broad areas. (1) Program evaluation of State agencies and entities of local government of various kinds, including special purpose districts that are created by statute; (2) public funds that are provided to any of those governmental entities; (3) State funds that are paid out to contractors; and (4) the expenditure of monies by any public official.

Chief Deputy Pistner first addressed the GOC's question of whether a review of the Maine Health Access Foundation (MEHAF) was within its jurisdiction. She said that clearly State funds that are paid out to nonprofits can be reviewed by the Committee. There is a stand alone reference to nonprofits in the statute that might suggest you can review a nonprofit absent the State fund link. However, if you read the GOC's statute as a whole, it is clear that reviews of non- governmental entities, contractors and nonprofits, are done because the Committee is following State money and looking at how State money is spent. In the case of MEHAF, because it was created as a result of a statute that the Legislature enacted that permitted the old Blue Cross/Blue Shield organization, which was in a nonprofit form, to convert to a for profit stock insurance company, many had the notion that there was some State money involved. In fact what happened was the statute recognized that the original entity was essentially a charity. That was the argument the Attorney General's Office made because it oversees charities. Because it was a charity, the value of that charity had to continue in a charitable foundation as a condition for the conversion to a for profit company. Once the value was determined, and all of that was approved by the Superior Court, Blue Cross was able to convert to a stock company which became the Anthem affiliate in the State of Maine. But MEHAF itself does not receive, and did not receive at that point, State funds, so she believes it puts it outside the GOC purview unless there are some ways in which the State is sending them money.

Chief Deputy Pistner next addressed the GOC's inquiry about questions concerning tribal matters. She believes these areas also fall outside the jurisdictional description in OPEGA's statute. She is not aware of the extent to which they may be receiving State funds, but as entities in and of themselves, does not think they fall within the categories outlined in the statute. Conversely, the Muskie School, which is a part of the University of Southern Maine, and the facility owned by the University of Fort Kent are under the GOC's purview. The University System and all of its component parts are subject to review by the GOC.

Sen. Nass asked if there was a statutory change that would give the Legislature oversight over MEHAF.

Chief Deputy Pistner said it was definitely something she could look into a little more in terms of whether there is any ability of the Legislature to change the statute to reach that. MEHAF is established as an irrevocable trust and in order to maintain its tax exempt status it has to follow certain limits and rules on how much of the trust's money is spent each year. Even though some may believe there was a public purpose because of the tax exempt status Blue Cross/Blue Shield previously enjoyed, she does not believe the law supports there being public funds involved

that are within the Legislature's purview to spend. The way MEHAF spends its money is determined by its board and she is not sure there is any way that the Legislature, by statute, can direct that. If the Committee would like the AG's office to investigate further, it can do that.

Sen. Nass asked what can be done by way of changing the statute to give the Legislature some oversight of MEHAF. Chief Deputy Pistner said because it is established as an irrevocable trust pursuant to an Order of the Superior Court, it would have to go back to the Superior Court in order to get a change in the Order. She will check on whether the statutory change would fall within the category of things that allows the AG's Office to go back to the Court for approval of. She suggested that perhaps the Committee might ask representatives of MEHAF's Board to come talk with the Committee and that they bring their lawyer to explain what the restrictions of the federal tax laws are on how they spend their money. The Committee might get a better understanding then of the difference between legal requirements and the judgments the Board makes in terms of how the money gets spent.

Chair Hill wanted to clarify that as a rule if the money can be followed from government to an agency, the GOC has the authority to look at that agency. Chief Deputy Pistner said the GOC can look at state and local governmental agencies right down to special purpose districts, like water or sewer districts, for program evaluation, how they use funds, as well as how contractors and nonprofits use State money.

Chair Hill said she understood from information she previously received regarding OPEGA that it had jurisdiction over any entity that received public funds, had governmental authority, or was performing a governmental activity. Director Ashcroft said in her previous discussions with Chief Deputy Pistner regarding OPEGA's jurisdiction, she understood that OPEGA did have jurisdiction over entities that have been set up to perform a governmental function or purpose even if they were not receiving State funds. Chief Deputy Pistner confirmed this.

Rep. Bickford asked about the University of Maine System and how detailed a direction would be needed if the GOC wanted to know how the Muskie School relates to the University of Southern Maine. Director Ashcroft said the University of Maine is within OPEGA's purview to review and would work closely with the GOC to define exactly what questions the Committee would like OPEGA to answer.

Chair Hill asked if most of the governmental subdivisions would fall within the jurisdiction of OPEGA. Chief Deputy Pistner said there is a laundry list in the statute that includes state, county, municipal, special purpose districts, etc. Virtually all governmental entities below the State level are created by the State, they are in statute, and the list comprehends that group. It also includes quasi governmental entities, which includes the Maine Turnpike Authority.

Sen. Diamond noted that the Legislature does not approve the Maine Turnpike Authority's budget because of bonding issues. The Authority makes the Legislature aware of their budget, but there is no approval process by the Legislature.

Sen. Diamond made reference to the prior Audit and Program Review Committee and the fact that it reviewed State Departments on a rotating basis and always found at a minimum of $1 or $2 million savings, always had recommendations to improve an agency. He asked if it there had been prior discussions of OPEGA actually reviewing whole departments on a particular schedule to find out how each one is working, where savings can be made and how improvements can be made. Sen. Trahan said in the past there have been discussions of how OPEGA can play a role with the Government Evaluation Act (GEA) reviews and the committees of oversight. He thinks it would be worth following up on and to have discussions with Committee Chairs, Leads and Leadership to discuss a subcommittee or group to look at reconnecting GEA and OPEGA. Chair Hill noted that the Committee should address that at a meeting.

Sen. Nass referred back to the Tribal issue the Chief Deputy spoke of earlier. He said his questions had not been so much about Tribal issues in general, but were rather in regard to the free tuition granted by the University of Maine to Tribal members. It appears that falls under the jurisdiction, as well as other groups that receive free tuition,

because it is a function of the University System which the GOC does have jurisdiction over. Chief Deputy Pistner said she did not see why it would not be as long as the GOC was looking at it from the perspective of the University.

Rep. Burns went back to MEHAF and asked if there was any entity the AG's office looks at that is similar to MEHAF and its Board as to how they do their business. Chief Deputy Pistner said the AG's Office does have oversight with respect to charities that is limited to enforcing of the terms of the trust they are established under. If they are outside of the purposes for which they were established, have misspent money, or are in some other way in conflict with the requirements of the nonprofit corporation law, the AG's Office has gone to court to make clear that they need to cease those activities. The AG's Office has limited resources and tends to look at issues where there is an actual financial impact and prioritizes which cases to bring. Her Office does a lot of consultation with private counsels who advise nonprofits about whether something is or is not consistent with the law. The AG's Office does have some continuing role with respect to MEHAF in that MEHAF advises her Office when they have Board member changes, but as to how MEHAF spends its money, is not generally overseen by the AG.

Chief Deputy Pistner continued with the process questions regarding subpoenas, examining witnesses and executive sessions. GOC's statute gives it subpoena power and the ability to examine witnesses. The statute cross references Chapter 21 of Title 3 which lays out all the detail requirements that apply to investigating committees which are mostly procedural. The GOC's statute speaks to the Committee conducting hearings, and therefore taking testimony, for the purpose of receiving reports from OPEGA and questioning public officials about OPEGA findings and recommendations. The GOC could set up a hearing in relation to a fairly limited report from the Office if the GOC wanted to collect information and clarify background for issues on a matter. When examining witnesses, the Committee has to decide by a majority vote if it wants to put people under oath as opposed to just question them in the normal fashion.

Chief Deputy Pistner said subpoenas also are by majority vote of the Committee and the GOC statute states a subpoena is only appropriate when there has been a refusal to appear or provide documents voluntarily. The voluntary request comes first, but the Committee has the tool to back it up if needed by issuing a subpoena. A complicated question with respect to subpoenas is, that as a general rule, the statute divides the Committee and OPEGA with respect to confidential information. Access to confidential information is handled through some fairly detailed requirements that OPEGA follows in working with agencies so that there is protection for confidential information in order that it is not generally distributed as a result of the evaluation or review process. This means that confidential information does not normally come to the Committee but, depending on the nature of the confidentiality statute, there may be some confidential information that the GOC can review if the Committee issues a subpoena. There is case law in Maine that suggests that when an investigating committee issues a subpoena, the subpoena trumps some state law of confidentiality provisions.

The Chief Deputy said executive sessions are available to the GOC if it has confidential information it is reviewing or for other purposes under the executive session law. Executive sessions are limited to some very specific areas. A three fifths Committee vote is required to go into executive session and in that session the Committee can only deal with the matters that were specified in the motion to go into executive session and are within the confines of those permitted grounds. The Committee cannot vote while in executive session. Director Ashcroft referred members to the memorandum in their notebooks prepared by Chief Deputy Pistner which summarizes the criteria for conducting executive sessions. Sen. Trahan noted, and Chief Deputy Pistner agreed, that Committee members are not allowed to talk with anyone regarding what was said in an executive session.

Chair Hill said the Committee, at a future meeting, may want to talk more about the subpoena trumping confidentiality provisions that Chief Deputy Pistner mentioned. She suggested the GOC might want to take some action to assure that Committee members would not receive confidential records in the case of issuing a subpoena as that may undermine the GOC and OPEGA's efforts. Chair Hill asked Chief Deputy Pistner to explain. The Chief Deputy said the issue is the potential, that because the GOC can issue a subpoena, it would see confidential information that the Committee's statute otherwise contemplates the Committee would not see. If the Committee wanted to address that in a broad, across the board way, the GOC could seek to amend the subpoena provision in

statute to clarify that subpoenas are not intended to override any statutory confidentiality provision, or the Committee could address the issue on a case-by-case basis.
Sen. Trahan did not believe changing the statute was necessary, but the GOC may want to consider having procedures in place if the Committee used its subpoena power.

Director Ashcroft said that being the staff for the GOC, OPEGA does have access to confidential information. What OPEGA presents to the GOC could be void of that confidential information. OPEGA gives the GOC some way to get comfort around confidential information without necessarily being in a position of having to look at the information. It is something OPEGA currently does and can continue to do in the future.

The Government Oversight Committee thanked Chief Deputy Pistner for attending the GOC meeting and providing information and answering members' questions.

- **Project Status Report**

Director Ashcroft gave a brief summary of the reviews in progress.

Children's Mental Health: Outpatient Services has moved from the Fieldwork Phase to the Reporting Phase. OPEGA has completed a rough draft of the Report and is talking with the agencies about any findings, conclusions and recommendations that OPEGA has included in the Report, and is on schedule to get the final draft to the agencies on February 9th. Once the agencies receive a copy of the final draft of the Report, that starts their 15 day statutory comment period and the agencies will have until February 23rd to make their written comments regarding the Report to OPEGA. OPEGA is on track to present the Children's Mental Health: Outpatient Services Report to the GOC at its February 27, 2009 meeting.

Durable Medical Equipment and Medical Supplies Purchased Through MaineCare is still in fieldwork and OPEGA has begun significant analysis of very large data files that have been received from MECMS.

Sen. Nass asked if OPEGA has had trouble getting information because of the MECMS problems. Director Ashcroft said that has not been a problem on any particular review so far.

Fund for Healthy Maine: Programs, Allocations and Expenditures Reviews - OPEGA is still planning to get the GOC an Information Brief on February 27, 2009. OPEGA is continuing with the full review to address the full scope of what the Health and Human Services Joint Standing Committee (HHS) was looking for. OPEGA will be getting the GOC the Final Report on that review in the 2nd quarter of 2009. It is hoped that the Information Brief will be helpful to the Legislature as it considers any Fund for Healthy Maine Programs during the budget process. The Brief will include the answer to one of the questions the HHS had asked which was how Maine compares to other states in how it prioritizes its spending of the tobacco settlement money for preventive health.

Chair Hill said the information on Fund for Healthy Maine is very important for the Appropriations and Financial Affairs Committee (AFA) to have and that in the 2nd quarter of 2009 AFA's work regarding the budget will be done. She asked if the information OPEGA will be presenting in February will give AFA adequate information to be working with in terms of reviewing that portion of the budget.

Director Ashcroft believes it will give AFA contextual information, a better understanding of what some of the Fund for Healthy Maine Programs are involved in. OPEGA hopes to provide information to help the Joint Standing Committees ask other pointed questions of the agencies that are involved.

Sen. Brannigan explained that HHS and AFA will be questioning the Department of Health and Human Services over the next couple of weeks and wants any detailed information needed for that process to get priority over OPEGA completing the longer term part of this review.

Rep. Rotundo believes it goes to the larger question of work that can be done now to help the Legislature and AFA and that conversation will come up when the GOC talks about its prioritizing later in the meeting. One item she

had discussed with Director Ashcroft was looking at offices like OPEGA in other States that work closely with Committees like AFA to help them identify savings within state government that actually can get booked into a budget, such as trying to identify duplication of services so the same services can be provided at a reduced amount.

Chair Hill said often the questions in a review topic are too broad and hopes the GOC can narrow down the questions. Also, when creating the workplan, the Committee will need to remember that the Legislature will need time left on the workplan for other priorities that may arise.

Chair Simpson noted that Fund for Healthy Maine money is given out to many entities and asked if it would make more sense for OPEGA to be following up with those entities and leave DHHS alone while they are working on the budget so timely information can get back to AFA without hampering the budget process.

Director Ashcroft said that whenever OPEGA goes into any review, it has to get a decent understanding of the subject matter and that is the piece of work OPEGA has been doing with DHHS. Part of that piece of work was finding out who it is in State government that can answer the questions about the programs and can tell OPEGA what other organizations are involved and can be looked at as part of the program. As OPEGA proceeds through the review process, we will take what has been learned from DHHS in how the programs are working and who is involved at the community level, and follow as many programs as makes sense all the way through to the end of the process – looking at who the contracts are with, and how those contractors are making decisions about spending Fund for Healthy Maine money. OPEGA is almost to that stage. As we continue we get further down the line, less of OPEGA's discussions will be with DHHS until the end when OPEGA brings all the information together.

Sen. Nass said there will always be budget problems and a danger he is concerned about is that the Legislature is constantly responding to the near term budget issues. There has been no function, and he's hoping OPEGA is that function, that can provide the longer term look. Unless there is a function in the Legislature that is taking the long look, it will consistently suffer from crisis management. He is reluctant to agree with the direction Rep. Rotundo wants to go.

Rep. Rotundo agrees with Sen. Nass, but another message she hears from citizens of Maine is that they want greater efficiencies in government and how can the State save money by finding things within government that are not functioning efficiently. Members on AFA would like to have that guidance of whether there are any duplicated services so the same services can continue to be provided, but at a reduced cost because the duplication is eliminated, thereby enabling the State to continue to provide those services as opposed to having to cut them.

Director Ashcroft said the GOC is exactly where OPEGA is in terms of some of the things it has been struggling with. The first struggle is that there are longer term issues that have been talked about with prior GOCs. There are themes in what OPEGA has been reporting and one is how to put the Legislature in a better position in the future to already have the information it needs to address issues like the budget. Many times when OPEGA looks for certain data either around finances or performance, the agencies have not been in the position to provide that data because it has not been collected. Those questions have not been asked before so no one has been tasked with gathering what would be needed. A possible topic for GOC discussion is what kinds of efforts need to be taken on a broader scale to put every joint standing committee in a better position when it comes budget time to have that information already available. The second is looking at a Department as a whole. This has been the crux of what has been difficult, there are a million ways to divide state government and almost as many ways to divide any particular review. What is the best way to get at duplications, questions of efficiencies and cost effectiveness? The answer to that question has been difficult to determine.

Rep. Rotundo asked how other states addressed the questions. Director Ashcroft had sent an email to other states to ask how closely they work with the AFA Committee, and what they are doing that may be helpful. They are working in a similar way as OPEGA in that they work with committees like the GOC. Florida does not have an Office of Fiscal and Program Review like Maine, so some of the work they are doing is done by the Fiscal Office here. Florida is trying a new process where fiscal information is being gathered together on the program level and a sublevel, if they can get it, by the Senate and House fiscal staff and then the OPPAGA office is filling in information about the program. Ever since Director Ashcroft started OPEGA, she has been trying to put together a

large data base of all the possible subjects that could be looked at and break it down from larger departments, all the bureau programs, and the key activities within each program. OPEGA has not gotten far on the data base but it may be a place where OPEGA can dovetail better with the Government Evaluation Act by using that process to bring some of that information in. She believes the crux of the matter is to clearly identify what any of the committees, in the budget process, need to know and then between the non-partisan offices, OPEGA included, who can best get that information the quickest and in a format that will be helpful.

Rep. Rotundo also spoke about the responsiveness of OPEGA to committees because it needs to go through the GOC and that slows the process down. OPEGA has its priorities set by the GOC, it does not give OPEGA the flexibility to do a rapid response that would be a benefit to joint standing committees while working on the budget. Sen. Brannigan said Florida does not have offices like OFPR or OPLA that have staff that support joint standing committees. OPEGA is not set up at this point to do those functions. Rep. Rotundo clarified that she meant if there were gaps, if there was information that would be helpful to committees that analysts could not provide because of time constraints, OPEGA could respond.

Director Ashcroft gave several examples of how OPEGA may be of assistance. The Legislature is looking at the budget and budget initiatives and may have questions about the validity of the dollars being presented, or the justifications for them, have concerns about what the real impact will be of a particular budget initiative, or may have received conflicting information from the agency versus what was being heard from some of the other advocacy groups or stakeholders. These are some of the kinds of questions that OPEGA, if in a position to respond quickly, could try and help with. OPEGA should be able to get into a deeper level in the agency and really understand what they are basing their figures on. She believes OFPR could also do that, but it is a question of who has the resources. The other place OPEGA may be of help is when committees are working through budget matters in an area OPEGA has already reviewed and may have some knowledge about. OPEGA could let the committee know it may be worth while to ask questions in a certain area and what the questions might be - share with committees what questions OPEGA would ask if it was looking at the particular program.

Sen. Simpson asked why OPEGA's reports do not come with recommendations in terms of legislation or the GOC does not report out legislation around the reports in order to do follow-up. Director Ashcroft said there have been recommendations in OPEGA reports for legislative action and the GOC thought the appropriate course for implementing change would be to have the policy committee take the lead. There have been some individual GOC members who have proposed implementing legislation. The BRED Committee did have legislation around the Economic Development Report. Also, some of the recommendations are made are for the State agency to take care of and OPEGA has had success in getting management to commit to taking action on recommendations. In those cases OPEGA follows up with the department on action taken and reports that information to the GOC so the Committee can decide if further actions may need to be taken.

Chair Simpson said having the department act on the recommendations is an Executive Branch function and not the Legislative Branch and that the committees need to hear from the GOC in terms of what it is finding that the departments could do better. This might be an important step to take to make sure the Executive Branch understands the GOC is looking for change. Sen. Nass asked if the GOC has the authority to introduce legislation and was informed the Committee does have the authority and is not bound by the cloture date.

Chair Hill asked Sen. Trahan and Director Ashcroft if they knew where the gap regarding follow-up on report recommendations was and how to better address it. Sen. Trahan believes it is important that the joint standing committee of jurisdiction gets briefed through the public process on the findings and how Committees can pick up the findings and run with them. Chair Hill also thought it would be helpful to flag right up front in a report what is important. She had noted in past reports that some recommendations could be done without the need for money. The more the GOC can do to get to the meat of the subject fast, the better it will be at delivering the message and the results of OPEGA's work.

Rep. Bickford suggested that the GOC should get a report back on the recommendations contained in each report. Timelines should be set for actions to be taken and updates brought back to the GOC to make sure that the recommendation has been acted on or if they haven't, decide if further action needs to be taken.

Sen. Nass thinks the GOC should introduce legislation on its own when that is the action recommended in reports and by doing so, the committees of jurisdiction have to deal with the issues and the GOC will also receive more recognition. Sen. Trahan said by the GOC introducing legislation it would eliminate legislators from picking certain pieces from an OPEGA report to act on.

UNFINISHED BUSINESS

None.

NEW BUSINESS

- **Review and Discussion of Details of OPEGA's Proposed Budget for 2010-2011 Biennium**

Director Ashcroft said OPEGA, like the other non-partisan offices, was asked to put together its proposed biennial budget for 2010-2011 through the Executive Director's Office. OPEGA puts together the All Other category items and the Executive Director's Office uses the information it has to develop the Personal Services budget. Director Ashcroft referred Committee members to the budget information in their notebooks. She noted that OPEGA's request for FY 2010 – 2011 is approximately $34,000 less in 2010 than the 2009 budget request and approximately $32,000 less in 2011 than 2009. These deappropriations are already included in the Governor's proposed budget.

Sen. Diamond asked what OPEGA's actual expenditures in FY 2009 were to date and what the reductions for 2010 were. Director Ashcroft said the adjusted budget for FY 2009 is $981,663 and expended through the end of December was $342,779, leaving an unspent amount of $638,883. The largest driving factor is whether OPEGA is spending its consulting money in the All Other category and so far in 2009, none has been spent. Nor did OPEGA spend any in FY 2008. For all of the years, OPEGA has been running under budget by about 20% of its appropriations. Those funds have lapsed back to the General Fund with the exception of FY 2009, which we are currently in. The variances have been due to position vacancies over the last couple of years, and decisions made not to use the consulting budget.

Sen. Trahan believes it is time to make OPEGA's budget more in line with the expenditures now that it has been in operation for a few years and is able to do so.

Sen. Diamond asked for clarification on travel expenses and the amounts spent and budgeted. Director Ashcroft said that obviously the current FY 2009 budget had been developed back in 2007. In preparing the 2010-2011 budget, she looked at the expenditure levels that OPEGA had experienced for 2006, 2007, and 2008. She did not drop the proposed budget to match expenditure levels in some cases, she left room for other eventualities. For example, within the travel budget is the cost of GOC members' expenses for attending meetings and other travel related expenses that members get reimbursed for. Not being certain how many committee meetings might be held or what the distance for travel of members would be, she calculated an average of what had been used in the past to use as a basis. The budget also includes training for OPEGA staff and the travel dollars are in anticipation of staff traveling to get the training. In past years, OPEGA has not used very much of the budgeted amount, but she left the budget higher than past expenditures because of OPEGA's goal to try and meet the professional standards requirements for staff training.

Chair Hill asked why object code 4200 went up so much in 2009 and Director Ashcroft said the 2009 figure on the spreadsheet is the budgeted number, not what has been expended. The information on the spreadsheet shows the actual expenditures from 2006 through 2008. All State budgets are done on a base line so unless there is a budget initiative to actually decrease it, agencies typically allocate monies within what the base line is. OPEGA's budget stayed flat except for Personal Services over time, but she does not believe OPEGA will have expenditure levels near the budgeted amounts for 2009 again this year.

Chair Hill noted that the system is set up for a dramatic increase and that something is awry with the system. Sen. Simpson said the 2010-2011 budget is reflective of a shift downward whereas 2009 was what had probably been budgeted for the past years.

Sen. Trahan said OPEGA's budget was created by the Executive Director's Office and not OPEGA when it was first created. It was an estimate of what they thought it may take to run OPEGA. Now that information is available from the cost of OPEGA over the last couple of years, it may be time to have discussions on what OPEGA's budget should be.

Rep. Rotundo explained that there is an amount that people determine they need to do a job and what AFA has been pushing them to do is, of the amount they feel they need, how much can be taken and still have them do that job. In the Supplemental Budget, AFA virtually took training away from all departments and stripped travel accounts.

Director Ashcroft reminded members that the budgets were put together last fall, understanding of what the current fiscal situation is had not happened at that time. OPEGA is more than willing to talk about its budget and the contributions it can make. She expected the GOC to look at OPEGA's budget and have recommendations to the Legislative Council. She is going to be as transparent as possible regarding OPEGA's budget.

Sen. Simpson asked if the GOC should be doing the budget at this time in terms of the biennial budget or are they going to be presented separately with budget documents. She also asked how the GOC had worked in terms of the budget in the past. Sen. Trahan answered that most of the budget work for OPEGA has been done through the Executive Director's Office and this may be the time to have the GOC determine what OPEGA's budget should be and present that budget to the Council.

Rep. Bickford had concerns that OPEGA has done such a great job of coming in under budget each year that now more money may get cut from OPEGA's budget that may be needed by the Office. He believes there is room for the budget to be worked down, but would be concerned if OPEGA is penalized for doing such a good job of staying under budget.

Sen. Diamond asked for clarification of the structure of OPEGA's budget as to when it goes before AFA, who has reviewed it, approved and made recommendations for reductions. Director Ashcroft said it comes under the Legislative Council. OPEGA is not in the same budget line as the other non-partisan offices, the Law Library and OPEGA are separate. OPEGA is separate because in statute the GOC is charged with being the Committee that has some say over OPEGA's resources and not just in terms of the projects it works on. The Committee approves the budget and how the budget is spent is between OPEGA and the GOC. Director Ashcroft said OPEGA's budget will be presented as part of the Legislative Council's budget. It is being done a little differently this year in that she is working with the Executive Director's Office and other non-partisan offices collectively on what they need to be prepared for to discuss with the Legislative Council. She does feel, according to the statute, that it is the role of the GOC to understand and be comfortable with OPEGA's budget and thinks the Committee is in the position to suggest to the Legislative Council any changes to OPEGA's budget. The Council would then decide whether or not to include the recommendations in the package they send to AFA.

Sen. Diamond asked if the Legislative Council reviews OPEGA's budget, whether they have the authority to reduce it, and has anyone gone over it line by line with the Director to question various parts of it. Director Ashcroft replied that the Legislative Council reviews OPEGA's budget and has the authority to reduce it, but never has gone through the budget line by line with her. Through various initiatives of the Council they have taken money out of OPEGA's budget. She had been privy to some of those conversations. Sen. Diamond asked if the Director was scheduled during the next few weeks to discuss OPEGA's budget before the Legislative Council. She said it was being coordinated through the Executive Director's Office and the non-partisan offices are preparing themselves as a group to have those discussions with the Legislative Council, but does not know what level of detail will be before the Council or when that will occur.

Sen. Nass believes the Legislative Budget is not handled the same as the Executive Department's budgets. Typically when the Legislative budget comes before AFA, the Committee will be looking to the Senate President and the Speaker of the House. It is a little mysterious as to whether they have done anything or whose agenda is being considered. The problem with OPEGA is its independence, it has been controversial from the beginning, those opposed to it were ruling the Legislative Council so he would have suspicions about budgets and would agree with Director Ashcroft that the GOC ought to have significant say in what the outcome of OPEGA's budget is. It is different than the others in the Legislative Council's purview and he is concerned about what the Council's ultimate control is over OPEGA. The budget is one area the Council can squeeze OPEGA down to nothing and there was that attempt last year.

Sen. Trahan noted that this has been the first time he has seen a responsible approach to OPEGA's budgeting. A lot of the decisions had been made by the Legislative Council that should not have been made there, they should have been made by the GOC. That was why OPEGA was set up as it is, so the GOC, which is bipartisan, could scrutinize that budget and then make recommendations to the Legislative Council in a positive and effective way. That has not happened until now.

Chair Hill believes the Committee is taking on a new role and the Speaker, President and Legislative Council is looking to the GOC to do the work on OPEGA's budget and go before them with the Committee's recommendation. She recommended that members of the GOC attend the Council meeting when discussing OPEGA's budget to show its support.

Rep. Rotundo echoed what Chair Hill and Sen. Trahan had said in terms of the credibility of the GOC. The State of Maine is in extraordinary times and AFA has asked other oversight committees to look at the areas they have oversight in and to cut. If the Legislature stands out as an area that never has to get looked at and never is evaluated or has to give up anything, then the Legislature sets itself up as a target for attack. The GOC has to model what it expects others to be doing.

Sen. Brannigan asked if staff was ready to make recommendations around reducing OPEGA's budget and if Director Ashcroft would be ready to make recommendations to the GOC when they return from lunch break. Director Ashcroft said she will have that information ready.

RECESS

The Government Oversight Committee recessed at 11:45 a.m. on the motion of Chair Simpson.

RECONVENED

Chair Simpson reconvened the meeting at 12:50 p.m.

Director Ashcroft's recommendations to reduce OPEGA's 2010-2011 proposed budget were in the All Other category and come to a decrease of $46,483 for 2010 and $45,483 for 2011. Those amounts are in addition to the amounts already included in the Governor's budget as an initiative. The proposed budget the GOC had before it earlier already took into account those budget initiative amounts so the proposals she is now making is in addition to those amounts. The consulting budget has been reduced by $25,000. She also made reductions in travel for training while keeping some training dollars thinking OPEGA would be able to get its training accomplished locally or within the New England area. She also eliminated the amount budgeted for possible rent of a meeting room. The Director said she would be happy to discuss any of the other areas as to why reductions were taken or not taken. If the remaining $100,000 for consultant fees is not used, it could potentially lapse back to the General Fund. Director Ashcroft left some money in consulting fees not knowing what OPEGA's workplan was going to be.

Rep. Bickford asked how OPEGA's proposed budget compares to 2006, 2007 and 2008. Director Ashcroft said OPEGA's personal services budget had stayed at its consistent staffing level of 7 filled positions since the budget

began and those amounts have increased over time due to salary increases and cost of living adjustment. Cost of living adjustments have had to be self funded by OPEGA and it has been able to that within the Personal Services lines from the savings from vacant positions.

Motion: That the Government Oversight Committee accept the budget as altered by Director Ashcroft. (Motion by Sen. Brannigan, second by Chair Hill, unanimous 9-0-3).

Director Ashcroft asked for clarification of how the GOC wanted to proceed with the revised budget and procedure for getting that information to the Legislative Council. She is working with the Executive Director coordinating efforts to go to the Legislative Council to present the non-partisan offices' budgets. Based on the Committee's earlier discussion, she was looking for clarification of whether the GOC was going to submit a letter to the Legislative Council regarding OPEGA's budget.

Sen. Nass suggested Director Ashcroft prepare a letter from the GOC Chairs to the Legislative Council indicating that the GOC has met with the Director and agreed to the further budget reductions, making sure the letter indicates the total reduction and not just the additional reductions and ask that the Chairs be notified when the Legislative Council addresses OPEGA's budget. The Chairs concurred.

Director Ashcroft also noted that in 2005 the Transportation Joint Standing Committee appropriated $100,00 to OPEGA out of the Highway Fund budget in anticipation that OPEGA would be doing some reviews related to highway fund matters. It has used a portion of the money when it did the Highway Fund Review for the Department of Public Safety, but has been carrying most of it as unencumbered balance. The money is in an All Other account so the only way OPEGA can use the money is if it hires a consultant. There is an unencumbered balance of $95,715 which, unless the GOC puts some topics on OPEGA's workplan where a consultant is hired to do work related to the Highway Fund, Director Ashcroft does not foresee OPEGA using that money. Once the GOC has its discussion of OPEGA's workplan the remaining money may be another piece that could go forward or lapse back to the Highway Fund.

Sen. Nass did not realize that OPEGA was using any money from another fund. Director Ashcroft said it was a surprise to the GOC when the Transportation Committee appropriated it, but she thinks it was the Committee's way of showing support for the several reviews it was suggesting OPEGA do.

Chair Hill asked if it showed up anywhere in the budget and if there were any other funds like it. Director Ashcroft said because it is an unencumbered balance it does not show up, but she has been keeping track of it. There are not other funds like it. Chair Hill would like to keep that money until the GOC decides what it is targeting for audits and research.

Sen. McCormick asked if Director Ashcroft would be redoing the original budget proposal that shows past years so that it will actually reflect not only the additional $46,000 cut but also includes the $34,000 so compared to 2008-2009 it shows the real cut. Director Ashcroft will do that.

The GOC commended Director Ashcroft for making the additional cuts in the budget in such a short amount of time.

- **Discussion of Topics for OPEGA Reviews**
  - current "on deck" topics;
  - all other requests to date received by OPEGA from various sources; and
  - all policy committee and GOC suggestions to date for topics.

  Director Ashcroft referred members to the information in their notebooks she had prepared of the topics for GOC consideration. (A copy of OPEGA Reviews – Topics for Consideration and Reconsideration – January 2009 prepared for this meeting are attached to the Meeting Summary.)

Chair Hill shared the background discussion she and Chair Simpson had about how to proceed in considering the topics. Their preference is to have the Director work the Committee through the list of topics before them but not to make any decisions about what to do with them until after establishing a procedure for prioritizing topics so that it can be done equitably. This meeting will be to get informed on the topics, move to a procedure and then at the next GOC meeting, start to design the workplan.

Director Ashcroft said the topics on the document before the GOC are only those that OPEGA had collected. Most of the topics came from brainstorming done by the original GOC, or requests from citizens, or individual legislators. Some topics have been suggested to the GOC by OPEGA based on work it has done. Some also have come from joint standing committees. The document before the Committee does not include any of the current Committee's suggestions for topics. It also does not include other suggestions that OPEGA may make from other work it has done aside from what has been issued in OPEGA reports. There may be other topics OPEGA can suggest if the Committee is looking for that too.

Director Ashcroft also referred members to the list received from State Auditor Douglass following her discussion with Chair Simpson of possible areas the GOC may want to look at. Director Ashcroft is not in a position today to give the GOC a lot of detail on those areas because she has not talked with the State Auditor herself.

Director Ashcroft suggested she start with the topics that the GOC may want to consider taking off the list as no longer being of interest. Chair Hill also asked that if any Committee member knew of a study or commission going on for any of the topics, that they share that information. She noted that the Corrections Commission is going to be looking at the big picture on many of the criminal justice areas.

The topics the Director recommends be considered taken off the list included:

- Bureau of Motor Vehicles Branch Offices
- Bureau of Motor Vehicles Computer Migration Project
- Division of Market and Production Development – Agriculture
- Emergency Rooms Stays for Persons in Mental Health Crises
- Employment Services Activity (Bureau of)
- Fleet Management
- Public Safety Administration
- Remediation and Waste Management (Bureau of)
- Vacant Positions

The GOC continued with discussion on the following topics.

- Leased Office Space – Because this review was suspended by the last GOC, it will require a vote from the Committee. Some GOC members did have an interest in moving forward with the review. The Director said she would be better prepared at the next meeting to discuss the current state of this review.

- MDOT Operations and Maintenance – Sen. Brannigan asked if DOT had done its own evaluation because of the topic being on OPEGA's list. Director Ashcroft said no, DOT's evaluation was done in 2004 and they, as an agency, appear very interested in finding what they can for efficiencies.

Sen. Brannigan suggested that the GOC may want to consider pushing other departments to do their own work and then have OPEGA review that rather than having OPEGA put its limited resources into a study.

- Contracted Evaluations for Healthy Maine Partnerships – Director Ashcroft said there is a program evaluation of the Healthy Maine Partnerships that is funded by the Fund for Healthy Maine and this contract was regarding that evaluation.

- Higher Education – Topic is very broad. Sen. Brannigan noted that the GOC may want to wait on this review for a year or two because at this time things are changing so rapidly in higher education.

Chair Hill asked if department and agency heads receive notice if a topic involves their department or agency. Director Ashcroft does inform them. Chair Hill said that instead of taking a topic off the GOC's list that it may be better to have someone from that department come before the Committee and speak to what has been done regarding the topic. Director Ashcroft explained past GOCs have had discussions of to what degree the Committee wanted to be engaged in bringing people before it to answer questions about possible topics from two view points. First, many are already answering to a policy committee of oversight or AFA and second that may put the GOC in a position to make a decision on what the agencies say, but OPEGA has not done work to validate what is being said is correct and there are often stakeholder groups that disagree. OPEGA, in the past, has played a role in doing the research for the GOC about what it has for questions and reports the information back to the GOC.

The Committee continued its discussion on topics.

- Criminal Justice: Adult – Chair Hill said the State Board of Corrections is very new and she is hearing that they are doing a good job. May want feedback from the Chairs of the Criminal Justice and Public Safety Committee when deciding on this topic.

- Revenue Collected Through the Courts – Director mentioned that the State Controller's Office had planned a review in this area in 2007. OPEGA was going to wait until that review was completed to determine what else might need to be done. Controller's Office currently estimates it will be at lease another 6 months before they have resources to begin.

- Division of Financial and Personnel Services (Service Centers) – Rep. Rotundo asked if the concerns listed on the topic could be given back to DAFS with the GOC's concerns and ask that they look into and do some work around this area as opposed to OPEGA. Director Ashcroft said she has had contact with Crystal Canney, Associate Commission of the Financial and Personnel Services Office, and believes she would be able to answer the Committee's questions.

- State-funded Grants
- State Lottery

  Chair Hill asked if the Director believed the two topics listed above should stay on the list because there is money in the areas. Director Ashcroft said she was not in a position to give a good read regarding the money in the two areas. There is a lot of money in State-funded Grants and if OPEGA were to do a review of grants and find that people were not using grant money for what it was intended, there would be an opportunity to recover monies or avoid sending out more monies. OPEGA does not know if that is happening, it has not done a review of the area. For the State Lottery there may be opportunities to reduce their expenses and thereby increase the funds that flow into the State from that. Sen. Nass asked if the Director could generate a list of the grants. She thinks a list could be generated by the codes that identify the grants.

- State Publications – The Director noted that this topic represented an opportunity to review the statutorily required reports to the Legislature to see if they were still needed or could be improved to be more useful to the Legislature. Cutting down on the reports would reduce State employees' efforts in preparing them and potentially reduce paper costs. She noted it may be a review that interns could assist with.

- ASPIRE Program – The Director noted that this program was very similar to the one OPEGA reviewed in the Bureau of Rehabilitation Services where misuse of funds was found.

- Maine Center for Disease Control and Prevention (formerly the Bureau of Health) – Director Ashcroft said she was not sure it needs to stay on the list in its current form because of OPEGA's current review of Fund for Healthy Maine, FFHM supports many Maine CDC programs.

- Child Mental Health Services – Topic would need to be refined down. OPEGA is currently doing one review with a limited scope in this area. No GOC comments.

- Child Protective Services – Topic would need to be refined down. No GOC comments.

- Criminal Justice: Juvenile – Topic would need to be refined down and Director Ashcroft referred to the GOC's previous discussion about the new Board of Corrections and its efforts. No GOC comments.

- Medicaid Waiver: Mental Retardation – State Auditor Douglass will be invited to attend the next GOC meeting and can give the Committee more information on this topic. Sen. Nass asked if this review would be too broad as is and Director Ashcroft said it was in the medium category. It would be helpful to know the GOC's specific questions.

- Spurwink – Sen. Brannigan noted that when Spurwink was added to this list there was question by some as to why OPEGA would be out routing around in specific agencies, and it may be better to generalize such topics in the future.

Sen. Nass asked if the Director could provide a list of former GOC members and, if possible, legislators who worked on its creation. The Director will provide that list.

- State Licensing Activities - Topic would need to be refined down. Sen. Brannigan said this has moved ahead and DHHS has established a deemed status for hospitals so that if they have national accreditation they do not have to go through all the rigors of State licensing. He noted other groups like hospitals who have been accredited now wish to have deemed status and this will be discussed in the Health and Human Services Committee this session.

- Support and Learning Systems – The director noted that these two program areas are related to the Maine Learning Results assessments and appear to encompass a variety of activities.

- Economic Develop Programs – Chair Hill asked why the Department of Economic and Community Development had an outside evaluation done instead of having OPEGA do it. Director Ashcroft explained it was looking for outcomes and measuring the outcomes of economic development programs. There are a lot of different factors that affect those outcomes. OPEGA would probably have had to hire outside expertise, or a consultant that would be able to assist with a model for evaluating those impacts. OPEGA had also recommended that it be an ongoing evaluation tied to keeping track of whether the portfolio of programs was furthering the State's strategy for economic development, and believes the Department plans for it to be an ongoing evaluation that is funded and administered by the Executive Branch. Rep. Pendleton said OPEGA had come up with very good suggestions in its Economic Develop Programs Report and then handed it over to the Department of Economic and Community Development. The reorganization of that Department came from the Report. OPEGA makes suggestions on how a Department can improve and then that department follows through with the improvements. That is exactly what DECD is doing, and the GOC or the joint standing committee of jurisdiction follows the progress.

  Director Ashcroft went back to Chair Hill's question to add that in OPEGA's Report there was a list of approximately 15 programs that OPEGA recommended a more detailed review of because we saw that they did not all have clear purposes about why they existed, what they had for goals, or what they were trying to measure. From that perspective, OPEGA could certainly go in and take a look at those programs individually, how they might be improved and how they related to the whole portfolio. Sen. Nass inquired as to whether anyone had asked OPEGA to pay some toward the evaluation by the outside group and Director Ashcroft does not believe that OPEGA was asked to contribute.

- State Boards, Committees, Commissions and Councils – Chair Simpson asked if OPEGA found boards that should have been eliminated. OPEGA found a number of boards and the Report contains a list of all of the boards that looked inactive based on what they had reported to OPEGA for how often they met and what their accomplishments had been against their purpose.

- State Administration Staff – The Director noted that DAFS had taken action on a couple of the recommendations from this review and that there should be additional information coming from those actions that would allow the Legislature to continue evaluating the State's administrative structure. No GOC comments.

- Education Health Care Plans – No comments.

- Electronic Devices Used by Employees – Rep. Rotundo said this topic was part of the work AFA did around streamlining.

- Employee Retirements – Rep. Rotundo said work has been done by AFA on this topic.

- K-12 Education – Administration and Operating Costs – Sen. Nass asked if Director Ashcroft has seen the McKenzie Report and she replied that she had. Chair Simpson asked if other states used standardized curriculum or other things for cost savings. Director Ashcroft did not know, but did say that some other states offices like OPEGA are engaged in standardized audits of school districts, reviewing a few school district each years.

- MaineCare (Medicaid and Non-Medicaid) – Sen. Nass commented that this topic will be difficult because of all the federal money coming in, it is not going to be stable enough for a few years. Director Ashcroft said it depends on what the GOC wants OPEGA to study. There are a broad range of items to focus on – effectiveness or efficiency, it might not be on just following the money. A review might include whether any particular program is cost effective in the way it is operating, or could it be done better. She believes there is a long list of potential more specific questions that could be focused on regardless of the funding and Director Ashcroft believes some of them are on the State Auditor's list.

- Pharmaceuticals (Prescription Drugs and Medicaid Drug Rebate) – Sen. Nass and Chair Simpson believes there are huge savings to be had on this topic.

- Public Health Labs – The Director noted that some other states had found savings in this area through outsourcing or charging fees. No GOC comments.

- State Travel – has been, as is being, dealt with by AFA.

- Tax Collection (income, sales, use, fuel, cigarette) – The Director noted that she believes the State Auditor does some review of the State's revenue streams as part of the annual audit of the State's financial statements. More would need to be known about what that audit covered. No GOC comments.

- Use of Bond Money – Chair Hill asked where the bond money would be coming from. Director Ashcroft's recollection was there had been a situation where one state had had bond money that had been issued out to another entity to use for a specific purpose and that entity had not been using the money for that purpose. Chair Hill wanted to know if it was a misuse of funds or is the money sitting somewhere. Director Ashcroft believes they misused it so it was owed back to the State.

- Wireless Phone Service – Rep. Rotundo said AFA is looking at this topic.

- Access to Services for MaineCare Members – The Director said she was aware that at least one legislator had an interest in this topic and that she had learned more about it through a meeting with executives at a New Hampshire hospital that served MaineCare members in Southern Maine. No GOC comments.

The Director said the following topics had also come through informal conversations with Legislators. In the interest of gathering up all potential topics she was aware of, she put them on this list but she did not have any further information on them.

- Maine Military Authority: Maine Readiness Sustainment Maintenance Center (Rehab of Equipment) - No GOC comments.

- Animal Welfare Department - No GOC comments.

- Audit Division of the Maine Revenue Services - No GOC comments.

- Lottery Commission - No GOC comments.

The Director mentioned that the following two topics had been brought up by current GOC members who could speak to them.

- New Technology to Reduce Oil Consumption in State Buildings – this is the topic that Sen. Trahan wants to speak on but he is currently absent from the GOC meeting.

- Use of Federal Funds Available to State for Training – Sen. Simpson said it involved employment training for people receiving food stamps. The Department of Health and Human Services was not recording the training hours so it could capture the federal funds available. There is money in the Federal Reserve Bank in Boston waiting for the State of Maine to claim.

The Director made the GOC aware that the last topic was related to a formal written request for an OPEGA review that had been received by OPEGA and was scheduled to go on the GOC's quarterly list for consideration.

- Personal Use of State Assets Recreational Vehicles (ATVs, boats, snowmobiles, etc.); airplanes and helicopters; houses and camps.

Sen. Brannigan asked if a legislator should be able to get an issue before the GOC without making out a form. Director Ashcroft said requests that come in once OPEGA has a workplan established and approved by the GOC, have to be writing whether it be from a legislator, citizen, or a policy committee. In this present phase of trying to actually develop the next work plan, the Director has tried to capture potential topics she has been made aware of assuming the GOC will determine if they are interested in pursuing them. Rep. Rotundo thinks some questions could be answered by calling a commissioner and asked if OPEGA ever referred people to departments instead of using the process of bringing the matter before the GOC. If the person is not satisfied with the department's explanation a formal request could then be put in. Director Ashcroft said the topics in Section E of the list had been added because she thought the GOC had indicated it wanted her to pull together whatever OPEGA had for legislative requests. None had come in, but the Director did list any she was aware of from conversations with legislators. She does refer people to departments and lets them know if they are not satisfied following that avenue then their request will have to be in writing. Rep. Rotundo would feel more comfortable that the request be in writing because of the power of the list and wants to be able to hold people accountable. She felt the name of the person bringing the issue forward should be included.

Sen. Simpson said some topics on the list are from legislators and the public and some people may bring the request to their legislator because they see a problem in state government and do not know where else to go. She does not want people to feel like they can't come to legislators if they have ideas because they risk having their identity given out. Sen. Simpson agreed with Rep. Rotundo in part, but would be concerned that people would not bring an issue up for fear of retribution.

Rep. Rotundo understands why the need for anonymity can be important in certain areas and why in other areas it is more important to look at the broader picture and thinks it is important to have a process by which people bring requests to the GOC. There is a power to the list that the GOC members have to continue to be sensitive to.

Director Ashcroft said these legislators did not ask for their topic to be put before the GOC. She was trying to capture anything she had heard that might be of interest to the Legislature and she did not want to cause issues for

those who had mentioned those topics. Rep. Pendleton said the last GOC did come up with the Request form and established a process to make people responsible but names could be kept confidential.

Director Ashcroft apologized for not following the procedure that Rep. Pendleton had outlined. Normally a request comes in writing, and OPEGA first looks to see if it is something that is in the Committee and OPEGA's jurisdiction. If it is not, the person is told it is not in our jurisdiction. Other times it seems to be more appropriate for another agency such as the State Auditor, the Attorney General or someone else to be weighing in and OPEGA contacts those entities. If it is something we think someone in the Executive Branch can quickly answer or it's a complaint they can handle, OPEGA forwards it there. If none of that happens, OPEGA does brief research to try to get a handle on whether there is any validity to what has been put on paper and what additional information can be provided to the GOC about the topic that would help the Committee make a decision. The Committee may want additional informational and will ask OPEGA to answer specific questions before they decide what to do with the topic. In the past, the GOC has tried having the person requesting the review, and the agency that was the subject of the request, come before them but that was a mess in several situations and is why the GOC went to the present process.

Sen. McCormick said he has many constituents in his district who are State workers. Some do not mind if you use their name with an issue, but some do not want their name known. He would want written requests, but would expand input into the GOC by allowing for any anonymous suggestion that someone wants to put forward be put in a suggestion box and thinks those suggestions would also have merit. If the GOC is interested in fixing government, he believes it would receive a lot of input that would support other things the GOC does.

Sen. Brannigan asked if employees coming to OPEGA were covered under the Whistleblower Act and Director Ashcroft answered in the affirmative.

Sen. Brannigan believes that a topic should never be as specific as that like Spurwink and would hope that it can be changed next meeting to be of a more generic topic.

Rep. Pendleton said the GOC has to keep in mind that last session the Committee kept looking at what its mission was because when OPEGA was created it was argued not to do a witch hunt, and Sen. Brannigan is right about specific names being on the list. The GOC's mission has changed, not through its fault, but just from what has happened in the economy. Originally OPEGA was to find efficiencies. Now everyone assumes OPEGA is going to find money, which was not the point of OPEGA, it was to help people make things better, to make the programs and commissions to work and communicate better. Chair Hill asked what other states do regarding naming or not naming programs. Director Ashcroft said they have canvassed other states about processes used to handle requests received and the process now in place is the result of that. The Director never talked with other states specifically about naming or not naming specific organizations. There have been some past situations where there have been particular interests by members of the GOC that wanted to review a more refined scope. She also believes there may be situations in the future where defining a scope means selecting one particular contract. Chair Hill said she would not want to be so concerned about protecting a name, an agency or company because it makes it look like the GOC is not being the oversight committee but is insulating some the agencies, people, etc.

Chair Simpson said that efficiencies can save the State money so the GOC should not lose sight of its mission just because the State has financial problems. The financial problems can help the GOC refine its mission which is to find those efficiencies so that the State is not duplicating and spending more than needed to get the job done.

Director Ashcroft will have a list prepared for the next GOC meeting with the information from this meeting added for each topic. Chair Hill asked if Director Ashcroft would note if there are any topics that have the potential to do what the Department of Economic and Community Development did with the Maine Development Foundation. It is not to take work away from OPEGA, but to allow OPEGA to do more work because some areas could be freed up with outside contracting and independent evaluation that the agency itself will actually pay for.

Rep. Rotundo suggested that the Chairs and Leads of the GOC meet with the AFA's Chairs and Leads along with Directors Ashcroft and Pennoyer to discuss between now and the next GOC meeting, how OPEGA and OFPR

could work together to help AFA. Sen. Diamond agreed and will talk with the AFA House Chair and Director Pennoyer and have the meeting set for a time next week that meets everyone's schedule. Rep. Bickford asked that the other members of the GOC get a list of those attending that meeting and minutes or feedback from the meeting.

Director Ashcroft asked for clarification on what OPEGA will be expected to do with any topics suggested from that meeting. Chair Simpson said the only thing OPEGA may want to do before the GOC meets again, would be to do some of the pre-research it would normally do before bringing something before the GOC.
Director Ashcroft said because some of the reviews OPEGA is currently working on are coming to the reporting stage she will begin to have some staff resources freeing up.

- **Prioritizing Topics for Audit/Research**
  - developing criteria and procedure; and
  - addressing legislative requests including proposed legislation affecting OPEGA resources.

  Will be discussed at the February 13, 2009 GOC meeting.

NEXT COMMITTEE MEETING

February 13, 2009 at 9:30 a.m.

ADJOURNMENT

The Government Oversight Committee meeting was adjourned at 3:10 p.m. (Motion by Chair Simpson, unanimous).

Government Oversight Committee

Topics for Consideration and Reconsideration
January 2009

The attached document lists the general topic area, the responsible State Department, possible different areas the review could focus on (although there may also be others); and additional information regarding the source and history of the topic or other information OPEGA is aware of that may be relevant to GOC decision-making about the topic. Some of the additional information may be dated as it was pulled from previous OPEGA research but it still gives a sense of context. For some topics, OPEGA may also have other information available that has not been included in the interest of keeping the document as brief as possible.

The topics are arranged in categories as follows:

Section A (pages 1 through 4) – Topics that were on OPEGA's 2007-2008 Biennial Work Plan but were not completed

Section B (pages 4 through 9) – Topics that are currently on the GOC's On Deck list

Section C (pages 10 through 12) - Topics suggested in OPEGA's reports released to date that have potential for positive fiscal impacts or improved efficiencies but which do require additional research or evaluation work that could be done by OPEGA

Section D (pages 12 through 15) – Other topics that were previously considered by the GOC during the development of the 2007-2008 Biennial Work Plan that may have potential for positive fiscal impact or improved efficiencies

Section E (page 16) – New topics that legislators have specifically mentioned to OPEGA that have not been previously considered by the GOC (may have missed some).

Section A: Topics on OPEGA's 2007-2008 Work Plan That Were Not Completed				
#	Topic	Dept	Possible Areas of Focus	Additional Info
1	Leased Office Space	DAFS	Costs and use of office leased by the State	• Topic was a result of scoping down a review of Real Estate and Public Buildings that was on OPEGA's 2007-2008 work plan. The Real Estate and Public Buildings topic came up as a possible area of savings from Brookings report and a survey of other states done by OPEGA. • OPEGA was in fieldwork phase on this review when GOC suspended it in October 2008.
2	MDOT Operations and Maintenance	MDOT	Efficient and economical use of resources in completing projects, i.e. crew and equipment assignment and scheduling	• Topic was added to OPEGA's 2007-2008 work plan by GOC in July 2008 as result of a citizen's request. • MDOT did an internal evaluation of this area in 2004 and is still in process of implementing some of the recommendations. • Some legislators have also expressed interest in this topic due to complaints from constituents.
3	Contracted Evaluations for Healthy Maine Partnerships	DHHS	Contract administration: vendor selection, contract terms including pricing and performance, payments	• Topic was added to OPEGA's 2007-2008 work plan by the GOC as a result of a citizen's request. • The evaluation contract is funded by Fund for Healthy Maine. OPEGA currently has a review of FFHM programs in progress. We do expect contract administration to be within the scope of that review but have not determined yet whether this particular contract will be looked at in detail unless GOC so directs.

4	Higher Education	DOE UMS CCS MM	• Costs of excess credit hours taken by students • Subsidies for out of state students • Residency requirements • Profits from auxiliary operations offsetting costs • Administrative costs • Costs of non-instructional vs. instructional activities	• GOC of the 122nd Legislature had a scoped review on UMS Administration and Staffing that was "Tabled". • The GOC of the 123rd Legislature put this topic on OPEGA's work plan as a possible area of savings from Brookings report and a survey of other states done by OPEGA. • A much more defined scope for this review would need to be selected. • UMS did a strategic plan in 2004 – some parts of which have not moved forward, i.e. merging of campuses, apparently due to legislative preferences for UMS

Section A (cont.): Topics on OPEGA's 2007-2008 Work Plan That Were Not Completed				
#	Topic	Dept	Possible Areas of Focus	Additional Info

5	Criminal Justice: Adult	COR	• Resources used within the adult criminal justice system • Probation and parole practices • Costs or staff per inmate • Overtime costs • Capacity planning Legislative Interest Areas • Effectiveness, coverage and cost of inmate education and training programs • Status of recommendations from the Corrections USA report • Consolidation: status and performance measures • Medical and dental services for inmates including access to forensic beds for mental health • Contracted Services Citizen Interest Areas • Inmate Benefit Fund • Community Corrections Svcs	• This topic was put on OPEGA's work plan as a possible area of savings from Brookings report and an OPEGA survey of other states. • PL 2007 Chap created State Board of Corrections to establish unified correctional system to achieve sound fiscal management, efficiencies, reduced recidivism and safety and security of staff, inmates, visitors and surrounding communities. • A much more defined scope for this review would need to be selected. • Legislators and citizens have expressed interest in, or submitted requests for reviews, of particular subjects – see prior column. • FY07 GF expenditures for Correctional Medical Services Fund were over $14.5 million. This program funds "exceptional medical and other health and treatment related costs not eligible under other reimbursement programs". • DOC contracts for the provision of medical services in prisons. A multi-year contract for at least $42 million was included in a sample of contracts OPEGA reviewed in another audit. • In FY07, expenditures for Adult and Juvenile Community Corrections were $7.8 million and $9.4 million respectively. 20% of State funding to county jails and 20% (approx. $1.15 million in FY09) must be used for community corrections.

6	Revenue Collected through the Courts	JUD	• Internal controls over collection, deposit, accounting and safeguarding of revenue • Effectiveness and timeliness of collections efforts, i.e. are all funds due the State being collected timely	• OPEGA suggested this topic when work plan was being developed. We had learned through work on other reviews that this area had not been audited for some time. Topic also had potential fiscal impact – some fine revenues go to HF. • The State Controller's Internal Audit Division also had a review of revenue controls in the Courts on its 2007 work plan. It was agreed OPEGA would wait until that audit was complete, review the results and make a recommendation to the GOC whether or not a review with a different focus might still be valuable. • The State Controller's Internal Audit Division reports it has not yet begun this review due to competing priorities and estimates it will be another 6 months before it is able to do so.
Section A (cont.): Topics on OPEGA's 2007-2008 Work Plan That Were Not Completed				
#	Topic	Dept	Possible Areas of Focus	Additional Info

7	Division of Financial and Personnel Services (Service Centers)	DAFS	• Potential for increased process efficiencies within Service Center and client agencies • Definition of roles/responsibilities between Service Center and client agencies • Staffing for financial processes and administration in Service Center and client agencies • Control environment and internal control systems • Change management • Achievement of expected savings from consolidation	• OPEGA suggested this topic during 2007-2008 work plan development. Centralization of key administrative functions affected most agencies. OPEGA had noted potential internal control weaknesses in financial processes in some reviews. There were complaints from agencies being served about process inefficiencies and quality of customer service. In addition, Brookings had highlighted financial administration as an area of possible savings. • Since then, the State Controller's Internal Audit Division has completed a review of internal controls in at least one Service Center. OPEGA understands that recommendations for improvements are being shared with all Service Centers. • We also understand that the DAFS Associate Commissioner continues to address concerns from the agencies being served that are brought to her attention. • A more defined scope for this review would need to be selected.

8	State-funded Grants	Various	Grant administration: purpose of grant, selection of recipients, conditions of grant including accountability and performance, distribution of grant funds	• This topic was put on OPEGA's work plan as a possible area of savings from a survey of other states done by OPEGA. • Other states found concerns with grant administration and with grants that were earmarked for particular organizations through legislation or the appropriations process • Per MFASIS, grants for FY06 were approx. $4.5 billion from many different funds inc. $1.9 billion – GF. Approx $602 million is for grants to public/private organizations with about $373 million of that from GF • A much more defined scope for this review would need to be selected
9	State Lottery		• Administration and operating expenses; • Revenue; • Safeguarding of assets	• This topic was put on OPEGA's 2007-2008 work plan as a possible area of savings from a survey of other states done by OPEGA. • Per OFPR, Lottery is an enterprise account meaning it is operated like a business. Net income is split between GF and Other Spec Rev. Lottery brings in about $50 million to GF annually. Allocated expenses of about $5 million per year do not include expenses for costs of goods sold. Cost of goods sold expenses do not get reviewed by Legislature as part of appropriations process.
Section A (cont.): Topics on OPEGA's 2007-2008 Work Plan That Were Not Completed				
#	Topic	Dept	Possible Areas of Focus	Additional Info

10	State Publications	Various	• Resources used in preparing and distributing reports and publications • Statutorily required reports: continued need for, usefulness of or less costly means of providing	• This topic was put on OPEGA's 2007-2008 work plan as a possible area of savings from a survey of other states done by OPEGA. • Per MFASIS, FY06 expenditures on publishing, printing, binding, photocopying, etc. is approx. $8.8 million with over half from GF. These costs do not include state employee time. • Believe there is likely some effort to purchase materials as inexpensively as possible through bulk purchasing • A more defined scope for this review would be helpful. Depending on scope, this may be a topic that interns could assist with.
Section B: Topics Currently "On Deck"				
#	**Topic**	**Dept**	**Possible Areas of Focus**	**Additional Info**
11	ASPIRE Program	DHHS	• Internal controls re: goods and services purchased for clients • Eligibility criteria • Performance measures • Overlap with services provided by BRS **Legislative Interest Areas** • Prevention and detection of fraud, waste and abuse in welfare programs • Effectiveness of welfare programs - moving people off program	• OPEGA suggested this topic following the completion of Bureau of Rehabilitation Services review in December of 2007 that found a misuse of funds in goods and services procured for clients. • ASPIRE stands for Additional Support for People in Retraining and Employment. Program provides same type of supports, and purchases similar goods and services for DHHS clients, as BRS provides to disabled individuals seeking employment. • Several legislators have expressed interest in welfare programs. This program was mentioned specifically by one legislator.

12	Maine Center for Disease Control and Prevention (formerly Bureau of Health)	DHHS	• Opportunities to improve effectiveness and efficiency in programs • Contracted providers meeting service and performance expectations (how monitored) • Alignment of contractor efforts with State goals and objectives (how monitored) Legislative Interest Areas • Contracted Services • Fund for Healthy Maine	• This topic has been on GOC's On Deck list since 2005. OPEGA originally suggested the GOC consider it based on a high level financial risk assessment OPEGA had performed. • OPEGA currently has a review of FFHM programs in progress and the Maine Center for Disease Control and Prevention receives significant funding from FFHM for a variety of programs and activities. • Legislators have also expressed interest in contracted services. There is significant contracting activity associated with MCDCP. Some of this contract activity will be within the scope of the FFHM review. • Other states have found savings related to Public Health Labs. • A much more defined scope for this review would need to be selected.
Section B (cont.): Topics Currently "On Deck"				
#	Topic	Dept	Possible Areas of Focus	Additional Info
13	Bureau of Motor Vehicles Branch Offices	SOS	• Opportunities to increase efficiency • Opportunities to reduce administrative costs	• Topic has been list since 2005. It was suggested by the Transportation Committee of the 122nd Legislature.
14	Bureau of Motor Vehicles Computer Migration Project	SOS	• Project status • Project management • Adequacy of system design/controls • Adequacy of designed functionality	• This topic has been on the On Deck list since 2005. It was suggested by the Transportation Committee of the 122nd Legislature. The project had experienced several financial and management problems and, at that time, the project had not yet been completed. • In January 2006, OPEGA released the report from its review of State-wide Information Technology Planning and Management. Many of the issues identified were likely root causes of problems with this system as well.

15	Child Mental Health Services	DHHS	• Opportunities to improve effectiveness and efficiency • Contracted providers meeting service and performance expectations (how monitored) • Alignment of contractor efforts with State goals and objectives (how monitored) Legislative Interest Areas • Contracted services • Preventing re-hospitalization/recycling of patients • Administrative burdens on providers (ASO)	• This topic has been on the GOC's On Deck list since 2005-2006. It was a topic of interest for members of the 122nd GOC. Other related topics that are also On Deck are: Spurwink and Emergency Room Stays for Persons in Crisis. • This topic is broad and would need to be broken into reviews with more defined scopes to produce timely results. • OPEGA currently has a review of Children's Mental Outpatient Services as covered by MaineCare in progress. This review focuses primarily on administrative costs and burdens. • Many legislators, including members of the GOC, have shown interest in the topics of MaineCare, contracted services, and mental health. • Mental health services receive significant funding from the General Fund and a number of appropriation programs appear to receive nearly all their funding from the General Fund. • There is significant contracting activity involved in the provision of mental health services. • DHHS has on-going activity in this area in efforts to standardize rates, implement ASO and other legislatively mandated activities and reporting.
Section B (cont.): Topics Currently "On Deck"				
#	Topic	Dept	Possible Areas of Focus	Additional Info

16	Child Protective Services	DHHS	Currently scoped as 3 phase review: • Phase I: Intake • Phase 2: Case Management • Phase 3: Resolution. Many possible areas of focus in all phases	• This topic has been on the On Deck list since 2005-2006. It was an area of interest for a member of the 122nd GOC and there was other legislator interest as shown in an initial OPEGA survey of legislators. There are also several "programs" related to this activity that were in the final selection list from OPEGA's first high-level financial risk assessment. • Child Protective Services – Phase I was on OPEGA's approved work plan for 2005-2006 but the project, as well as several others, was never initiated and it was moved back to On Deck. • Completed OPEGA reviews that relate to this topic are Title IV-E Adoption Assistance Compliance Efforts and Guardians ad litem for Children in Child Protection Cases. There is an overview of the CPS process included in the GAL report. • OPEGA periodically receives phone calls from citizens with complaints about DHHS decisions and behaviors with regard to specific personal CPS situations. OPEGA refers these individuals to the Ombudsman and/or their legislator. • A more defined scope for this review would need to be selected.

17	Criminal Justice: Juvenile	COR	• Capacity planning • Costs per inmate/staff per inmate • Overtime costs • Opportunities to reduce cost through better coordination between agencies involved in efforts that would help keep youth out of prison • Probation and parole – opportunities to reduce costs by changing policies and approaches	• This topic has been on GOC's On Deck list since 2005. OPEGA originally suggested the GOC consider it based on a high level financial risk assessment OPEGA had performed. • Corrections was also mentioned as a possible area of savings from Brookings report and a survey of other states done by OPEGA. Criminal Justice: Adult was on OPEGA's work plan for 2007-2008 for this reason. • PL Chap 653 from last session created State Board of Corrections which is to establish unified correctional system to achieve sound fiscal management, efficiencies, reduced recidivism and safety and security of staff, inmates, visitors and surrounding communities. • A much more defined scope for this review would need to be selected. • Bill was proposed last session requiring OPEGA to review medical/dental expenses at correctional facilities
Section B (cont.): Topics Currently "On Deck"				
#	Topic	Dept	Possible Areas of Focus	Additional Info

18	Division of Market and Production Development – Agriculture	AG	• Program effectiveness – Market Development • Program effectiveness – Production Development	• This topic has been on GOC's On Deck list since 2005. OPEGA originally suggested the GOC consider it based on a high level financial risk assessment which showed that there had been a large % increase in both federal and State funds from 1996 to 2004. • Market Dev. provides marketing support to farmers, food processors, agric assoc and promotes Maine products. Production Dev. seeks to create and improve crop and livestock production and genetic diversity. • Appears the two divisions were merged in 1996 as a result of Productivity Task Force and 2 positions were added in July 2002.
19	Emergency Rooms Stays for Persons in Mental Health Crises		• Length of ER stays • Consequences of not being able to be admitted to Riverview. • Cost to State of persons in mental health crises spending long periods in ERs	• This topic has been on the On Deck list since 2006. It was an area of interest for a member of the 122nd GOC. • Some data related to this topic was analyzed and reported by OPEGA in its Analytical Study of Requests for Admissions to Riverview Psychiatric Center – August 2007.
20	Employment Services Activity (Bureau of)	LABOR	• Program/service effectiveness and efficiency • Potential overlap with other programs/efforts	• Topic has been On Deck since 2005. OPEGA originally suggested the GOC consider it based on a high level financial risk assessment which showed a significant % increase in GF $ from 2000 to 2004. • This Bureau provides a variety of services to individuals and businesses aimed at building the workforce of the State and connecting workers with employers.

21	Fleet Management	DAFS	• Vehicle usage rates • Fuel, maintenance & repairs • Usage of assigned vehicles – commuting • Purchase, lease and disposal of vehicles	• This topic has been on the On Deck list since 2005-2006. It was an area of interest for a member of the 122nd GOC. • State has a centralized fleet management function that manages the majority of State vehicles and works to reduce costs.
22	Medicaid Waiver - Mental Retardation	DHHS	• Rate setting • Differences in rates and hours of service by client • Cost differences in self-directed vs. agency-directed care • Costs per client • Program/service effectiveness and efficiency • Service and performance expectations for contractors • Alignment of contractor efforts with State goals and objectives • Need and appropriateness of services provided	• This topic was added to the On Deck list in 2006 as the result of request from a legislator. The MR-Waiver program was also in OPEGA's final selection list from the high-level financial risk assessment we performed in 2005. • State Auditor does financial review as part of Single Audit and has had past findings on MR- Waiver. • DHHS has had on-going activity in this area to standardize rates, etc. to try to reduce costs. However, this program has recently been in a significant over budget situation that has required DHHS to implement strategies to curtail costs including limitations on services.
Section B (cont.): Topics Currently "On Deck"				
#	**Topic**	**Dept**	**Possible Areas of Focus**	**Additional Info**
23	Public Safety Administration	DPS	• Resources utilized	• This topic has been on GOC's On Deck list since 2005. OPEGA originally suggested the GOC consider it based on a high level financial risk assessment which showed a large % increase in federal fund $ from 1996 to 2004. • In the fall of 2005, financial and human resources administration for DPS that had been part of this program was transferred to the new DAFS Service Center. • In January 2007, OPEGA issued the report from its Analytical Study of Highway Fund Eligibility at the Department of Public Safety which did include this

				program. This study examined activities within this program and whether they were eligible for HF support. We noted that this program included 7 positions in FY05 and that it had about $2.6 million in expenditures in FY06 – approx. 12% of which were GF.
24	Remediation and Waste Management (Bureau of)	DEP	• Effectiveness, efficiency and economy of all programs and services • Compliance with laws and regs • Safety	• This topic has been on GOC's On Deck list since 2005. OPEGA originally suggested the GOC consider it based on a high level financial risk assessment which showed large $ in Spec Rev funds. • This Bureau administers Maine's oil, hazardous material and solid waste control programs. It has 6 Divisions and offices in 4 locations around Maine.
25	Spurwink	DHHS	• Contract award • Contract administration • Billings to MaineCare • Efficiency and effectiveness of services provided • Achievement of service and performance expectations (how monitored) • Alignment of efforts with State goals and objectives (how monitored) • Need and appropriateness of services provided • Administrative costs and burdens	• This topic has been on the On Deck list since 2005. It was an area of interest for a member of the 122nd GOC. The GOC added it to OPEGA's annual work plan for 2005 but the project, along with several others, was never initiated and was moved back to On Deck. • Related topic also On Deck is Child Mental Health. The GOC member was also interested in Spurwink's role in diagnosing and treating children held in State custody. Child Protective Services is also a topic that is On Deck. • During our work on other projects, we noted that Spurwink does have contracts with the State outside of MaineCare and that Spurwink is one of the largest providers of children's mental health services through MaineCare.
Section B (cont.): Topics Currently "On Deck"				
#	Topic	Dept	Possible Areas of Focus	Additional Info

26	State Licensing Activities	DHHS PF&R Others	• Opportunities to reduce costs of licensing and auditing activities if can rely on licensing and auditing efforts performed by other organizations	• This topic has been on the On Deck list since 2006 as a result of a legislator's request. The legislator's specific request was regarding hospital licensing and auditing done by DHHS vs. a national accreditation organization or other entities that the State might be able to rely on - duplications between the two and the extra burden on hospitals. • Since that time, similar issues have been raised by providers in various conversations OPEGA has had with them. We have also seen reports from other state program evaluation offices suggesting that this might be an area for efficiency gains and cost reductions. • A much more defined scope for this review would need to be selected.
27	Support and Learning Systems	DOE	• Possible efficiencies • Opportunities to improve cost-effectiveness • Potential overlap with other programs	• This topic has been on GOC's On Deck list since 2005. OPEGA originally suggested the GOC consider it based on a high level financial risk assessment. • This topic encompasses two separate programs that are connected to the current assessment efforts for Learning Results. There are multiple and varied activities going on in each program. See description in State Annual Report. • Per OFPR, these programs/depts were created by combining many other Dept. of Ed programs as a result of Gov. King's Productivity Task Force.

28	Vacant Positions	Various	• Eliminating positions vacant for a certain period of time	• This topic has been on the On Deck list since 2005. It was an area of interest for legislators in the 122nd Legislature and was suggested by the Appropriations Committee. The GOC added this topic to OPEGA's work plan for 2005-2006. • OPEGA began preliminary work on this project in early 2006 and found that the Administration had undertaken its own analysis and had recently reported to AFA that it planned to eliminate several hundred positions that had been vacant for two years or more. • Vacant positions have continued to be eliminated through various budget initiatives to address the State's need to reduce costs.
Section C: Topics Suggested in OPEGA Reports with Potential for Positive Fiscal Impact/Efficiencies				
#	**Topic**	**Dept**	**Possible Areas of Focus**	**Additional Info**

29	Economic Development Programs	DECD Various	Reducing Overlaps and Administrative Costs • Potential overlaps among programs; • Opportunities to combine or eliminate programs to reduce administrative costs; • Other opportunities to reduce administrative costs Selected Individual Programs • Effectiveness, efficiency, relevancy, overlap with other programs Tax incentive economic development programs as a group • Effectiveness, efficiency, relevancy, overlap with other programs	• OPEGA issued the report from its Performance Audit of Economic Development Programs in Maine in December 2006. That report recommended that the Legislature consider further evaluation in the areas listed as possible areas of focus. • DECD has contracted for an independent evaluation of a portfolio of EcDev programs (identified in an inventory prepared by Maine Development Foundation) and how they are contributing, as a portfolio, to the State's economic development goals. That evaluation report is expected to be available in March 2009. It is possible that results of the report will lead to actions that reduce costs. • OPEGA currently plans to review that report, when available, and report to the GOC (as part of its follow up efforts) on the degree to which the evaluation results address the concerns and recommendations raised in OPEGA's report so the GOC can decide whether further actions should be considered. • A defined scope for any further review would need to be selected.
Section C (cont): Topics Suggested in OPEGA Reports with Potential for Positive Fiscal Impact/Efficiencies				
#	**Topic**	**Dept**	**Possible Areas of Focus**	**Additional Info**

30	State Boards, Committees, Commissions and Councils	Various	Opportunities to reduce costs and/or increase efficiencies and State employee productivity by freeing up employee time through: • Eliminating Inactive Boards • Eliminating Boards with a Large Portion of Vacant Seats or Reducing Number of Members • Eliminating Advisory Boards • Consolidate Administration of Regulatory Boards Under OLR • Reduce Costs for Facility Rentals and Refreshments • Standardize Board Compensation	• OPEGA issued the report from its Fiscal Opportunity Study of State Boards, Committees, Commissions and Councils in February 2008. That report recommended that the Legislature consider seven identified fiscal opportunities. • As of the end of the last session, six of those opportunities had not yet been fully considered. See bullets in previous column. • For most of these opportunities, OPEGA had not identified specific boards to be considered as the timeframe for this study did not allow for adequate understanding of all the boards. • For several of the opportunities, there was also more work to be done to attempt to estimate the amount of savings that could be achieved. • The State and Local Government Committee of the 123rd Legislature did address some of the OPEGA report items and thought that the SL&G Committee of the 124th might continue with the rest. • OPEGA continues to monitor actions on this report to update the GOC but it is possible that some items may not be acted on without further work and more specific recommendations as to what changes should be made. • A specific scope would need to be identified for any further OPEGA work.
Section C (cont): Topics Suggested in OPEGA Reports with Potential for Positive Fiscal Impact/Efficiencies				
#	**Topic**	**Dept**	**Possible Areas of Focus**	**Additional Info**

31	State Administration Staffing	Various	Determining whether opportunities exist to reduce costs by: • altering State organizational structure – layers and spans of control • adjusting total compensation packages for certain categories of employees	• OPEGA issued the report from its Fiscal Opportunity Study of State Administration Staffing in May 2008. That report recommended that the Legislature direct the Executive Branch to obtain and provide information that could be used to assess the State's organizational structure and adequacy of total compensation packages. • AFA is expected to review OPEGA's report during the biennial budget process for possible savings opportunities. • DAFS voluntarily took action to obtain the information recommended by OPEGA through contracting for a market study of compensation and the development of standardized organizational charts for the Executive Branch. • The deliverables from that consultant are due in the immediate future and will be available to the Legislature. • OPEGA is continuing to follow up on actions taken on this report. As part of this, OPEGA intends to review the deliverables when they are available and report to the GOC, and other committees as appropriate, on possible next steps toward determining whether any fiscal opportunities exist.
Section D: Other Topics Considered by GOC with Potential for Positive Fiscal Impact/Efficiencies				
#	**Topic**	**Dept**	**Possible Areas of Focus**	**Additional Info**
32	Education – Health Care Plans		• Opportunities to reduce state/local costs by consolidating school district health care plans into one large statewide plan	• OPEGA presented this topic to GOC for consideration during development of 2007 -2008 work plan based on a survey done of other states and where those states had found cost savings opportunities. • PA had an actuarial study

				done that found possibility for over $585 million in savings. AFA asked for copy of the report which OPEGA provided and copied to HHS and I&FS.
33	Electronic Devices Used by Employees	Various	• Eliminating unnecessary pagers and other electronic devices	• OPEGA presented this topic to GOC for consideration during development of 2007 -2008 work plan based on a survey done of other states and where those states had found cost savings opportunities.
Section D (cont): Other Topics Considered by GOC with Potential for Positive Fiscal Impact/Efficiencies				
#	**Topic**	**Dept**	**Possible Areas of Focus**	**Additional Info**
34	Employee Retirements	DAFS Various	• Opportunities for long term costs savings through implementing changes that will allow some positions to be eliminated as they are vacated through retirements • Opportunities for shorter term savings through early retirement incentives	• OPEGA presented this topic to GOC for consideration during development of 2007 -2008 work plan given we had heard that there would be a large percentage of employees eligible for retirement over next 5 years. • There is an initiative in current budget to offer retirement incentives for those already eligible to retire (not early retirement). DAFS Commissioner indicated in discussions with AFA that an analysis to determine feasibility of offering actual early retirement incentives had been performed and it would be too costly. • There may still be some long term opportunities associated with the first bullet in the previous column. Such analysis may also identify areas where State is at significant risk for knowledge loss in next five years (if that has not already been done) so there is adequate planning for knowledge transfer.

35	K-12 Education - Administrative and Operating Costs	DOE Local	• Opportunities to reduce administrative costs • Opportunities to reduce operating costs	• GOC considered this topic during development of 2007-2008 work plan. It was an area identified by Brookings report as having possible savings opportunities. In addition, there are other states that had found savings in this area. • School consolidation legislation was then pending, was subsequently passed and is in various stages of implementation • Several other states regularly perform standardized performance audits of individual school districts partially to identify opportunities to reduce costs. They have over time developed benchmarks that they compare each school district to. • The McKenzie report recently released with the Governor's Proposed Biennial Budget highlights significant variations in costs per student among Maine's school units and also suggests there are savings opportunities in this area. • A much more defined scope for the topic would need to be selected.
Section D (cont): Other Topics Considered by GOC with Potential for Positive Fiscal Impact/Efficiencies				
#	Topic	Dept	Possible Areas of Focus	Additional Info

36	MaineCare (Medicaid and Non-Medicaid)	DHHS	**Legislative Interest Areas** • Effectiveness and efficiency of efforts to prevent, detect and correct instances of fraud, waste and abuse • Cost-effectiveness of individual MaineCare programs • MaineCare expenses related to federally required programs versus State's discretionary programs • Comparisons between Maine's program and other states **GOC Areas of Focus** • Effectiveness of any cost containment measures that are already in place, i.e. prescription drugs. • Adequacy of any measures we have in place in the State to prevent, detect, or correct fraud, waste and abuse from a provider, recipient or employee. • State's management of large managed care contracts. • Administrative costs of delivery system (provider network). • Mandatory vs. optional eligibility/services - costs associated with - comparison to other states. • Disproportionate share. • Rate-setting - how standardized rates are developed - effect on providers and services. • Administrative burdens on providers.	• MaineCare was an area of high interest for legislators during interviews OPEGA conducted last summer. OPEGA subsequently presented this topic to the GOC for consideration. • At the end of last session, OPEGA and the GOC were engaged in efforts to identify and prioritize more defined scopes for MaineCare-related reviews. Potential areas of focus that were emerging are listed. • OPEGA was directed to begin reviews of Children's Mental Health: Outpatient Services and Durable Medical Equipment and Medical Supplies currently in progress. GOC/OPEGA would continue to identify other specific MaineCare reviews for future work. • MaineCare encompasses the federal Medicaid and SCHIP programs as well as other State health care programs. • Certain aspects of Medicaid and SCHIP programs are audited annually by the State Auditor as part of the State Single Audit. The Report typically includes findings on these programs. See the Single Audit Report on the States Auditor's website. • The GAO and legislative performance evaluation offices in other states have released numerous reports from reviews of a variety of Medicaid-related topics. They typically contain recommendations for cost savings opportunities or findings of identified fraud and abuse. • DHHS has a Program integrity Unit (formerly known as SURS unit) whose function is to identify and investigate potential fraud and abuse in Medicaid programs. DHHS has recently added some resources to this Unit and reorganized to put it under

Section D (cont): Other Topics Considered by GOC with Potential for Positive Fiscal Impact/Efficiencies				
#	Topic	Dept	Possible Areas of Focus	Additional Info
37	Pharmaceuticals (Prescription Drugs and Medicaid Drug Rebate)	DHHS	• Measures to contain costs	• GOC considered this topic during development of 2007-2008 work plan. Other states had found savings in this area. • DHHS had made significant efforts to reduce costs in this area including establishing a preferred drug list. • This topic is related to MaineCare. See that topic for more possible areas of focus.
38	Public Health Labs	DHHS	• Possible outsourcing of some lab work • User fees charged	• GOC considered this topic during development of 2007-2008 work plan. Other states had found savings in this area.
39	State Travel	DAFS Various	• Opportunities to reduce cost through centralized travel management • Airfares • Mileage reimbursement rates • Meal and lodging rates • Travel advances • Efficiencies in processing travel requests • Cost of processing travel advances and reimbursements	• GOC considered this topic during development of 2007-2008 work plan. Other states had found savings in this area. • OPEGA is aware of State efforts to reduce costs by limiting travel but is not aware of any efforts to find efficiencies or ways to reduce cost for travel that is allowed.
40	Tax Collection (income, sales, use, fuel, cigarette)	MRS	• Timely collection and deposit of taxes (including efforts to collect overdue taxes) • Effective efforts to assure credits, etc. taken to reduce taxes owed are valid	• GOC considered this topic during development of 2007-2008 work plan. Other states had found savings in this area. • The State offered a Tax Amnesty program approx. several years ago in effort to collect overdue taxes.
41	Use of Bond Money		• Possible recovery of bond monies that have not been used as intended	• GOC considered this topic during development of 2007-2008 work plan. Other states had found potential recoveries in this area.

42	Wireless Phone Service	Various	• Opportunities to reduce costs for overage, roaming, long distance and text messaging charges • Phone usage – phones not used or used little	• GOC considered this topic during development of 2007-2008 work plan. Other states had found savings in this area.
Section E: New Topics from Legislators				
#	**Topic**	**Dept**	**Possible Areas of Focus**	**Additional Info**
43	Access to Services for MaineCare Members	DHHS	• Delivery network • Availability, timeliness and quality of various healthcare services in different parts of State • Inefficiencies in referrals between providers for MaineCare members	• Legislator concern discussed with OPEGA. At Legislator's request, OPEGA Director met with a hospital in NH who serves MaineCare member in southern Maine to hear concerns that were leading that hospital to make policy decisions that would affect MaineCare member access to primary care physicians and other services in that area.
44	Maine Military Authority: Maine Readiness Sustainment Maintenance Center (Rehab of Equipment)		• Costs to dispose of aluminum wheels, engines, gas/diesel and whether these items could be sold for salvage or recycling instead.	• Legislator interest discussed with OPEGA based on a discussion this legislator had with a constituent.
45	Animal Welfare Department	AG	• Alignment of activities with purpose and legislative intent • Effectiveness and efficiency of programs/activities	• Legislator interest discussed with OPEGA based on a discussion this legislator had with a constituent.
46	Audit Division of the Maine Revenue Services	DAFS MRS	• Resources and time required of businesses being audited • Attitudes of MRS auditors in dealing with auditees	• Legislator interest discussed with OPEGA based on discussion this legislator had with constituents.
47	Lottery Commission		• Staffing and productivity • Appropriate use of State resources •	• Legislator interest discussed with OPEGA based on discussion this legislator had with constituents.
48	New Technology to Reduce Oil Consumption in		• Verification of new technology's effectiveness in reducing	• Current GOC member interest.

	State Buildings		oil consumption • Calculation of estimated savings State could realize by employing new technology	
49	Use of Federal Funds Available to State for Training		• Determination of whether any current State activities qualify to be supported by a federal program that State is apparently not currently drawing from	• Current GOC member interest.
50	Personal Use of State Assets recreational vehicles (ATVs, boats, snowmobiles, etc.); airplanes and helicopters; houses and camps		• Policies in place regarding personal use of assets • Compliance with policies and how compliance is monitored • Appropriateness of current or past personal use of significant State assets	• This topic is based on a request directed to OPEGA through a legislator by an individual who requested identity be kept confidential. OPEGA has conducted some brief research in preparation for putting this topic on the GOC's Quarterly List of Requests Received. • That brief research has included collecting inventories of these assets from the Departments that have them as well as any policies governing the use of these assets. OPEGA has not had opportunity to review the inventories or policies in detail. • This is a fairly broad topic and would need a more defined scope for OPEGA to complete work in a timely manner.