



SEN. EMILY ANN CAIN, SENATE CHAIR
REP. CHUCK KRUGER, HOUSE CHAIR

MEMBERS:

SEN. ROGER KATZ
SEN. DAVID C. BURNS
SEN. MARGARET M. CRAVEN
SEN. CHRISTOPHER K. JOHNSON
SEN. EDWARD M. YOUNGBLOOD
REP. PAUL T. DAVIS, SR.
REP. ANDREA M. BOLAND
REP. H. DAVID COTTA
REP. LANCE E. HARVELL
REP. MATTHEW J. PETERSON

MAINE STATE LEGISLATURE
GOVERNMENT OVERSIGHT COMMITTEE

MEETING SUMMARY
January 25, 2013
Accepted February 22, 2013

CALL TO ORDER

The Chair, Sen. Cain, called the Government Oversight Committee to order at 10:05 a.m. in the Burton Cross Building.

ATTENDANCE

Senators: Sen. Cain, Sen. Burns, Sen. Craven, and Sen. Johnson
Absent: Sen. Katz and Sen. Youngblood

Representatives: Rep. Kruger, Rep. Davis, Rep. Boland, Rep. Cotta, and Rep. Harvell
Joining the meeting in progress: Rep. Peterson

Legislative Officers and Staff: Beth Ashcroft, Director, OPEGA
Jennifer Henderson, Principal Analyst, OPEGA
Etta Connors, Adm. Secretary, OPEGA

INTRODUCTION OF GOVERNMENT OVERSIGHT COMMITTEE MEMBERS

The members of the Government Oversight Committee introduced themselves for the benefit of the listening audience.

SUMMARY OF THE JANUARY 18, 2013 GOC MEETING

The Meeting Summary of January 18, 2013 was accepted as written. (Motion by Rep. Boland, second by Sen. Craven, passed by unanimous vote 10-0.)

NEW BUSINESS

• **Considerations When Assigning Projects to OPEGA**

Director Ashcroft discussed the following as factors to consider in adding projects to OPEGA's Work Plan:

1. In addition to conducting projects on the Work Plan, OPEGA has other responsibilities that consume various levels of resources. These include:
 - staffing the GOC;
 - processing and performing some research on new requests for OPEGA reviews;
 - drafting legislation the GOC wants to introduce; and
 - conducting follow up on actions taken on past reports.
2. The scope of an assigned project affects how many resources have to be put into a project and how long it will take to complete. The more specifically the GOC can define the scope, the easier it is for OPEGA to zero in on what work has to be done to answer the scope questions(s). Other factors that affect resources needed and time to complete are whether there is a lot of data analysis required and whether the scope requires coordinating with, and getting information from, a lot of different entities.
3. OPEGA has a few different work products that may be produced depending on the nature of a topic. For example, OPEGA may be providing information to assist legislators with decision-making or with better understanding programs or activities that are the subject of bills being considered. The goal or purpose of that work is to pull together relevant factual information for the Legislature and many times the final work product produced is an Informational Brief as opposed to a full report that has recommendations.
4. OPEGA would like to provide the Legislature with project results when they will be most useful. The GOC may want to consider what projects would be most useful to complete, if possible, while the Legislature is in session versus during the Interim.

Sen. Burns said the GOC will have challenges that will pull them away from the original Work Plan priorities, and the Committee should try to stick to the topics members agreed to put on the Work Plan. Unless it is truly an emergency, the GOC should try not to divert OPEGA's resources to the latest perceived crisis.

Rep. Boland appreciated that, in the past, when topics came before the GOC, they were thoroughly considered, and a lot of ideas were heard until the Committee decided what to include in the scope of the review.

• **GOC Approach to Establishing OPEGA Work Plan for 2013-2014**

Director Ashcroft said there is an On Deck List of topics and at the last GOC meeting the Chairs encouraged members to reach out to other legislators to ask if they had topics for an OPEGA review.

The process for the last two GOCs was to get down to a relatively short list of topics that the GOC was seriously considering and then members ranked those topics individually in terms of their level of interest. OPEGA compiled the final ranking results for each topic for the GOC and the Committee made final decisions on what to put on the Work Plan, taking into consideration the level of interest in each topic.

The Committee discussed the approach to developing OPEGA's Work Plan and agreed it was unrealistic to load up the biennial Work Plan now as issues will come up over the next two years. Members agreed to select some projects to work on now and continue adding projects over the course of the biennium.

Chair Cain suggested that the GOC could regularly review the On Deck List for topics. Rep. Harvell suggested that the GOC prioritize the On Deck List with top tier topics and, following that, members can bump topics up to that area and move others down accordingly.

• **Review of Topics on the On Deck List and Discussion of How Best to Manage On Deck List for the Future**

Chair Cain suggested the GOC consider removing some topics from the On Deck List to help them set priorities. She noted that Section B of the List were topics OPEGA suggested could be removed. The Committee proceeded to review and discuss the topics currently on the On Deck List. The Director responded to members'

questions on the history and the possible areas of focus for certain topics. (A copy of the On Deck List is attached to the Meeting Summary.)

Rep. Harvell questioned what the priority of these topics were in the last session and why these topics remained On Deck. Director Ashcroft said the last GOC did pick out a number of topics from the On Deck List they were considering and ranked them. The GOC/OPEGA then got involved in other work and never got back to the List. Additional topics, other than the ones On Deck, kept coming up through the two years with some getting added to OPEGA's Work Plan right away and a couple were voted onto the On Deck List. Rep. Harvell noted that some of the topics have been on the On Deck List since 2006 and perhaps the Committee should consider a moratorium of four years for topics to remain on the On Deck List. Chair Kruger would rather see the GOC vote topics off the List based on the merits and issues rather than just on a timetable.

Following Committee discussion, the GOC voted a number of topics off the On Deck List through the following motions:

Motion: That the Government Oversight Committee votes the **Dirigo Health Program** off the On Deck List. (Motion by Rep. Harvell, second by Sen. Johnson, vote passed unanimously 11-0).

Motion: That the Government Oversight Committee votes the **Boat Launch Programs in Department of Conversation and Department of IF&W** off the On Deck List. (Motion by Rep. Harvell, second by Sen. Craven, vote passed unanimously 11-0).

Motion: That the Government Oversight Committee votes the **Economic Development Programs** off the On Deck List. (Motion by Chair Kruger, second by Rep. Harvell, vote passed unanimously 11-0).

Motion: That the Government Oversight Committee votes the **State Administrative Staffing** off the On Deck List. (Motion by Rep. Harvell, second by Sen. Johnson, vote passed unanimously 10-0).

Motion: That the Government Oversight Committee votes the **State Boards, Committees, Commissions and Councils** off the On Deck List. (Motion by Chair Kruger, second by Rep. Harvell, vote passed unanimously 11-0).

Motion: That the Government Oversight Committee votes **State Publications** off the On Deck List. (Motion by Rep. Cotta, second by Rep. Harvell, vote passed unanimously 11-0).

Motion: That the Government Oversight Committee votes **Use of Federal USDA Funds Available to State for Food Stamp Employment and Training 100%** off the On Deck List. (Motion by Rep. Harvell, second by Sen. Johnson, vote passed unanimously 11-0).

Motion: That the Government Oversight Committee votes the **Medicaid Waiver Development Disabilities** topic off the On Deck List. (Motion by Sen. Craven, second by Rep. Harvell, vote passed unanimously 11-0)

Note: Sen. Youngblood stopped by the OPEGA Office and voted on the GOC's motions subsequent to the meeting, in accordance with the Committee's Rules.

The GOC's thoughts about how to proceed with the remaining topics and action items assigned OPEGA are summarized below.

1. Beverage Container Recycling (Bottle bill)

Bills on this topic come up nearly every legislative session. Chair Kruger said a couple of bottle bills had again been introduced for this legislative session. He thought it may be appropriate for the GOC to make the policy committees receiving these bills, and the bill sponsor, aware of the work the GOC is considering

doing on this topic. If the joint standing committee was going to address the same concerns in working the bills then the topic could be taken off the On Deck List.

Chair Cain said the GOC could send a letter to the policy committee stating the topic has been On Deck for a while and list the issues that have been noted. The other members of the Committee agreed.

OPEGA will identify bills introduced this session on this topic and report back to the GOC on what the bills include and which policy committees they are referred to.

2. Leased Office Space

Chair Cain said the possible area of focus on leased office space is very broad and asked what the past GOC was looking to accomplish with this review. Director Ashcroft said OPEGA was to look at the processes that were in place for determining what space to lease and at what cost. OPEGA was also attempting to compare what the State was paying for leases against the market. That analysis proved difficult because the State has certain requirements for buildings it is leasing that were not necessarily comparable with what other lessors would be looking for. OPEGA had not yet started looking at how well the State was utilizing its leased space.

3. Long-term Care: Nursing Homes

Sen. Burns said he has submitted a bill requesting a comprehensive Legislative study of nursing homes with a report back in the second legislative session. The areas of focus for the Legislative study may be similar to some of those given for this topic

4. Pharmaceuticals (Prescription Drugs and Medicaid Drug Rebate)

Chair Kruger asked if the Quality Assurance Audits were done randomly. Director Ashcroft did not know but could find out.

Chair Cain recalled when this topic was being added to the List and thinks it is about whether or not the State was managing the drug formulary in a way that was getting the best rates, particularly around the rebates. There has been work done on that and there has also been work done in relation to the Affordable Care Act. She thinks the area as stated on the On Deck List is too broad for OPEGA to take on all at once. The GOC may want to look into what accountability measures are being used within DHHS regarding pharmaceuticals as well as prescription drugs in Corrections because that comes up annually when reviewing medication purchases for the prison population. She thinks if the GOC wants to consider this topic it should be scoped down to the specific control piece.

5. Public Health Labs

Sen. Johnson said there is a considerable amount of water testing done by the Department of Marine Resources that has to meet FDA specifications because it relates to shell fish. He asked if that would fit in the scope of this topic. Director Ashcroft said OPEGA had not scoped this topic out so the GOC could decide how to proceed. Chair Kruger thinks it is a relevant topic to consider the balance of contracting out to private corporate labs versus doing it within the State because there are some things private labs can do better and it may cost the State a lot of money to be able to do specialized testing.

6. Revenue Collected Through the Courts

Chair Cain said the AFA Committee had a briefing from the Judicial Branch and the drop in revenue is not a matter of fewer fines or settlements being assessed, it is a matter of them not being paid to the State. It is about the amount the Courts are able to collect through the means they currently have and whether they could do something differently to have a better outcome collecting what is owed.

Rep. Cotta thinks the issue is more a legislative statutory remedy. There are other means to capture the funds such as attaching wages. Director Ashcroft envisioned the review would be to understand why the revenues are declining, how much is about people just not paying, and if they are not paying, is it because the State is not using the avenues that are available to compel people to pay. The value of a review of this topic would be getting to the root causes and whether there are changes that could be made in the Judicial Branch processes, or statutorily, that could make sure the revenue from this source is maximized.

Chair Kruger would not vote this topic off the On Deck List. He would like to look at whether there can be improvements in the collection process. Chair Cain noted that in recent years the Maine Revenue Services has had great luck in taking a look at what is owed in back taxes, and as part of the budget initiative, the State hires or contracts with employees or a company to help the State collect the money. They forego the fines that have accrued and are owed beyond the base amount. Perhaps similar efforts would reap benefits for uncollected fines, etc.

7. State Lottery

Chair Kruger asked if there was an Annual Report from the Lottery Commission. Director Ashcroft said that OPEGA has not looked for a Report, but certainly could do that and check its level of detail. She noted that in OPEGA's past experience sometimes the detail of what expenses are captured in figures included in the financial reports that come to the Legislature are not necessarily what the Legislature would expect. Even if there is a report, there may be value in looking further.

Sen. Craven asked if the State Lottery was overseen like private gaming in the State. Chair Cain thinks the question about expenses in administration is a reasonable question and if the GOC was going to scope the topic a little more, they should look at what is available for information.

Rep. Harvell suggested removing the State Lottery topic from the On Deck List. Sen. Craven agreed but would like to first see what requirements the Lottery has for regulation and reporting. Director Ashcroft said it was originally added to the On Deck List because other states had found additional revenue in this area. OPEGA thought there may be opportunity in looking more closely at what is making up their cost of goods sold expenses. The Legislature, unless it is lined out in an annual report, does not get to see what those expenses are as part of the budget process. If the State Lottery could reduce those expenses there would be more profit.

OPEGA will find out what reporting is already being done to the Legislature, whether there is an annual report and what kind of information it contains, as well as how the Lottery is overseen and at what level the State Lottery is regulated. OPEGA will also get a description of how much the Lottery has expanded in terms of the number of games or activities the Lottery is now involved in. Chair Cain thought it would be helpful to receive that information because it is an area where there is so much money that is directed other places.

8. Substance Abuse Treatment Programs in Prison System (Correctional Recovery Academy and Intensive Outpatient Program)

Chair Kruger said there is a Report on OPEGA's website relating to healthcare services for inmates. This topic was not part of that Report.

9. Tax Collection (income, sales, use, fuel, cigarette)

Sen. Johnson said the federal government has moved some investigators from reviewing tax filings and, instead of attempting to audit, they are investigating what people are doing versus what they say they are doing. This was a very effective program on the federal level in identifying revenues that they should have been receiving but were not because of incorrect filings.

Rep. Harvell asked if the topic of **Revenue Collected Through the Courts and Tax Collection** could be combined. Chair Cain did not believe they were related because the origination of the revenue source is different. She thought Tax Collection could be removed from On Deck because there has been a lot of work done by Maine Revenue Services and the Legislature was getting positive feedback on what they have been able to recover.

Rep. Boland said OPEGA could address whether the tax collection process is efficient. Director Ashcroft asked if the Committee was interested in looking at tax collections from the stand point of cash flow, getting collections in timely, rather than where the State makes an extra effort to go out and collect what is owed. She also pointed out that there are a lot of different kinds of taxes noted in this topic and wondered if the Committee had particular concerns around one of the taxes versus another.

Chair Cain said looking at the cash flow of tax collections may be of limited value as there is typically a deadline for when taxes are due – unless collections aren't being received by the deadlines. If it's noted that payment is always late in one area, maybe the deadline has to be looked at. The Chair thought the topic area needed to be more specific in order to produce a worthwhile review. She suggested a discussion with the Maine Revenue Services of whether there is data available that shows which taxes are typically under-collected.

Rep. Boland wanted to know if there was a certain protocol that is used that is effective in collecting money owed. Chair Cain said the GOC could ask what kind of information is available to that end and may want to pick a program or two to ask that question of.

OPEGA will talk with the Maine Revenue Services and/or the legislative analyst for the Taxation Committee to get a general description of what the processes are through which certain taxes are collected. OPEGA can then help the GOC evaluate whether there are any opportunities that might warrant a review. The GOC members agreed.

10. Division of Financial and Personnel Services (Service Centers)

Chair Cain asked if any member thought this topic should stay on the list. Rep. Boland thought it should because of the changes going on in the Division. Chair Cain said the AFA Committee had a presentation from the Service Centers and asked if Director Ashcroft could get that information for the GOC members so they could see how it has developed and what the structure is now. If the Committee is satisfied after reviewing that information, members could then vote to remove this topic from the On Deck List.

OPEGA will obtain the material presented to AFA on the DAFS Service Centers.

11. Personal Use of State Assets: recreational vehicles (ATVs, boats, snowmobiles, etc.); airplanes and helicopters; houses and camps.

Motion: That the Government Oversight Committee votes the Personal Use of State Assets off the On Deck List. (Motion by Sen. Craven, second by Rep. Harvell)

Chair Cain noted that members seemed less certain about removing this topic from the On Deck List.

Members agreed they would like to receive updated information from the relevant agencies before voting this topic off. Members would like information on what policies are in place and how agencies are making employees aware of those policies.

Sen. Craven withdrew her motion and Rep. Harvell withdrew his second on the motion to take this topic off the On Deck List.

Motion: That the Government Oversight Committee votes to keep this topic on the On Deck List and asks OPEGA to gather updated information from the relevant agencies regarding their policies on the use of State assets and how their employees are informed of those policies. (Motion by Sen. Craven, second by Sen. Johnson, vote passed unanimously 10-0).

RECESS

The Government Oversight Committee recessed at 12:22 p.m. on the motion of the Chair Cain.

RECONVENED

Chair Kruger reconvened the meeting at 1:06 p.m.

Director Ashcroft informed the GOC there was an additional On Deck topic that the last GOC voted on but which was not included in the On Deck List the Committee reviewed earlier.

The topic is **Publicly Funded Services for Children Birth to Five Years**. The 125th GOC voted it on the On Deck List because Committee members did not want to lose sight that there were concerns about that topic. In the past Legislature there was a bill that established a study commission to look at those kinds of programs. The Governor vetoed the bill so the study commission did not go forward. When considering OPEGA's Child Development Services report the GOC learned from the Maine Department of Education that there were a couple of groups working on efforts related to programs for children birth to five. The GOC added the topic to the On Deck List with the idea that OPEGA and the GOC would review the results of those efforts and see whether those results were sufficient to answer legislators' questions. If not, the Committee would decide whether they wanted to take further action in terms of directing OPEGA to do some work. Director Ashcroft will add this topic to the On Deck List for future GOC meetings.

• Introduction of New Review Requests and Other Potential Topics of Interest

Rep. Cotta said he is working on a review request, but wanted to narrow the scope before bringing it forward. His request would ask OPEGA to review the Maine Economic Improvement Fund that is administered by the University of Maine Board of Trustees, established in 1997. He would like to know how the Fund is working and where the money is going and whether it is in compliance with its charter. The money involved is approximately \$15 million per year and has never been looked at. Rep. Cotta will file a Request for Review with OPEGA.

UNFINISHED BUSINESS

• Talking Points and Plan for GOC Testimony on LD 34 Regarding Child Development

Director Ashcroft understands the LD has not yet been scheduled for public hearing, at least not during the week of February 4th. The Talking Points on LD 34 document was prepared for the GOC should they want to talk with other legislators or speak to the bill in any other way. It gives background on the purpose of the bill, why the GOC decided to introduce it, what the bill does and the impact on the agency. Director Ashcroft reviewed the wording of the bill in some detail with the State Director of CDS, who was comfortable with it.

Director Ashcroft asked whether GOC members intended to testify before the joint standing committee on this bill, and if so, whether they needed additional information.

Director Ashcroft said in the past at least one GOC member attended the public hearing to let the policy committee know why the GOC introduced the legislation. If there were details GOC members did not feel comfortable covering then she presented testimony on what it was OPEGA saw that was deficient that led to the bill. Sen.

Burns noted that, in the past, Committee members went before the joint standing committee for support and Director Ashcroft gave the background information.

Chair Cain said she and Chair Kruger could attend on behalf of the GOC to give the policy committee some background on the bill and be available if they needed more information. The Chairs wanted to make sure that the joint standing committee understands OPEGA's role and the nature of the work they do and how it is different. Chair Cain noted that there were a lot of new members on the Education Committee and it would be worthwhile to have a little education, even if it is brief, about what OPEGA is as part of their presentation on the bill. The Chairs can speak directly with Rep. McDonald, the sponsor of the bill, to let him know and he may want them to present the bill on his behalf.

Chair Cain thought turning the talking points document into a testimony document would be fine because it contained all the relevant information. Other members agreed. Director Ashcroft will draft testimony for the Chairs.

- **Review of Enacted Legislation on Quasi-independent State Entities and Possible Communications to Legislative Policy Committees on Opportunity for Action on Quasi-independents Under Their Jurisdiction**

Director Ashcroft said the legislation was from the 125th GOC and is a significant piece of work in that it puts requirements and expectations on the quasi-independent agencies that had not existed before. Certain entities are listed in the legislation as reporting entities and their boards have to take certain steps to develop and implement policies and procedures around particular topic areas. There are also requirements for reports to the Legislature. The first reports are due February 1, 2013. The Executive Director's Office is the conduit established under the statute for getting those reports into the Legislature, and then distributed out to the relevant policy committees.

Director Ashcroft wanted to let the Committee know, both from the GOC perspective, and the perspective of the policy committees they sit on, that they should be receiving a report in February from any of the "reporting entities" under their jurisdiction. Reports should be received by the policy committee on an annual basis and should describe certain activities going on in the quasis.

Chair Cain would like to see a list of all of the agencies and a status on whether or not they complied with the new statute's requirements. At least for the first Report, the GOC should review those reports for the quality of the data reported. She would like this information regarding the quasis reporting for the February 22, 2013 GOC meeting.

Director Ashcroft was not certain that the policy committees receiving the reports were familiar with why they were receiving them, or what they might do in terms of oversight. The intent was for policy committees to look at whether the boards seem to have a good process for staying in compliance with the law, etc. She asked if the GOC wanted to do outreach of a formal nature to the committees who had jurisdiction over the entities, or did they want the Director to do an informal outreach and offer to give them some input.

Chair Cain thought if the GOC wanted this to be successful, it made sense that the Committee send a letter to the policy committees and that Director Ashcroft could prepare a list of which quasi each policy committee could be expecting to receive a report from. The GOC asked Director Ashcroft to draft those letters for the Chairs' signature.

Director Ashcroft asked if the GOC also wanted to make each of the policy committees aware of the other piece of the legislation that gave the policy committees an opportunity to look at the statutes of all the quasis that are under their jurisdiction and determine whether their statute needs to be strengthened in terms of governance and oversight. The GOC agreed and asked her to prepare the correspondence for the Chairs' signature.

- **Potential Revisions to GOC's Mission Statement**

Chair Cain recalled that the word the Committee talked about changing at its last meeting was the word investigation. Director Ashcroft noted that the Committee has started to use other avenues, other than just independent OPEGA reviews, to accomplish their work. Also now that the Committee has a name, it may be appropriate to change the reference in the Mission Statement to Government Oversight Committee. Chair Kruger agreed and said that the documents coming out of the Legislative Branch are referring to the Committee as the Government Oversight Committee. Also the focus in the Statement seems to be on expenditures of funds and the work the GOC has had OPEGA doing is broader than that in many ways. As discussed earlier in the meeting, the revenue side of the equation is something that is in the jurisdiction of the GOC. The Mission Statement does not specifically address accountability and transparency, although under the statute it does say the GOC oversees government accountability matters. Director Ashcroft said the Statement also does not speak to the fact that, on occasion, the GOC did its own public inquiries with OPEGA as support rather than tasking OPEGA to do a review and then bring results back to the Committee.

Director Ashcroft will draft suggested changes to the Mission Statement as discussed at the meeting and asked members of the Committee to contact her if they had additional changes. She will prepare a draft Mission Statement with the noted changes for the GOC to review at its next meeting.

REPORT FROM OPEGA DIRECTOR

- **Status of Projects In Progress**

Director Ashcroft referred members to the information in the notebooks regarding OPEGA's projects noting that nothing has changed from the last meeting.

- **NLPES Report on Ensuring the Public Trust 2012**

Sen. Burns requested at the last GOC meeting that members be given a copy of this NLPES Report because he had found it helpful when it was distributed to the 125th GOC. Director Ashcroft gave an overview of the Report.

Director Ashcroft talked about a peer review which may be useful for giving the GOC a sense of how OPEGA was doing and whether they are conforming to the standards, etc. It is an expenditure that is discretionary and to date has not been planned for in OPEGA's budget.

Chair Cain said having a peer review of OPEGA is something the GOC should consider when thinking about the long term credibility of OPEGA. It would be helpful to know what the cost is and what is involved in that process and asked Director Ashcroft to contact the organization to find out, on average, what that cost would be and what would be involved. Director Ashcroft said the Committee may want a scope for a peer review that is more than just whether OPEGA is complying with the standards. Some peer reviews encompass the questions of what results is OPEGA getting, how well they are interacting with the Legislature and what kind of difference they are making. Chair Cain also asked Director Ashcroft if it would be possible to get a copy of a peer report of another state that mirrors OPEGA as an example. She said it would be helpful to have 2 or 3 of those reports to review.

NEXT GOC MEETING DATE

The next GOC meeting was scheduled for Friday, February 8, 2013 at 10:00 a.m.

ADJOURNMENT

The Government Oversight Committee was adjourned at 1:48 p.m.

Government Oversight Committee

On Deck List (as of 1-25-13)

Section A: Topics Currently On Deck That Appear Most Appropriate for Continued Consideration

	Topic	Dept	Possible Areas of Focus	Additional Information
1	Beverage Container Recycling (Bottle Bill)	Agriculture MRS	<ul style="list-style-type: none"> • compliance with current law by initiators of deposit • current recycling rates for beverage containers; • current handling fees and bottler requirements of redemption centers; • continued need for current beverage container recycling laws; • opportunities to meet goals of beverage recycling laws via alternative models; • impact of potential changes to beverage container recycling laws on beverage container redemption facilities and initiators of deposit; 	<ul style="list-style-type: none"> • Proposed by a former GOC member in the 124th Legislature. • Maine's handling fees may exceed that of most other states with bottle bills. • Expansion of redeemable beverages causes additional work for redemption centers despite attempts to mitigate costs via changes that allow commingling agreements. • There may be bottlers, particularly those from out of state, not in compliance with Maine's law. • Issues with the bottle bill have been raised for many years. During the 125th session the Legislature considered two bills – one to repeal the law and one aimed at reducing fraud. • LD 1324 was passed and enacted as PL 2011 Chapter 429. The law changed the legislative oversight for this program to the committee on environmental and natural resources. It also established, as a civil violation, \$100 fine per container returned in excess of 48 containers that are found to be from out-of-state (attempt to reduce fraud).

Section A: Topics Currently On Deck That Appear Most Appropriate for Continued Consideration

	Topic	Dept	Possible Areas of Focus	Additional Information
2	Leased Office Space	DAFS	Costs and use of office space leased by the State	<ul style="list-style-type: none"> • OPEGA was in fieldwork phase on this review when GOC suspended it in October 2008. The review was looking at whether the State is leasing space at the best possible price, and if the space is fully utilized. • At the time of suspension, OPEGA had nearly completed the portion of the review covering general leased space processes and practices. OPEGA had also begun some analysis of whether the State was getting the best lease prices. Due to the passage of time, that analysis would need to be redone and updated. OPEGA had not yet begun work on how well leased space is utilized. • OPEGA planned to submit a proposed revised scope to GOC for consideration in 2009, however AFA was asking questions of BGS regarding leases and a decision was made to wait and see what AFA was going to do with this topic. To OPEGA's knowledge there were no specific directions or actions taken by AFA at that time. • In FY10 State agencies spent over \$26 million on leased office space with more than \$11 million coming from the General Fund. • In 2011, new management in BGS was undertaking some efforts related to leased office space. BGS met with OPEGA to understand what work had been done on the leased office space review and what suggestions OPEGA might have for areas of improvement. OPEGA has not yet gathered further information on what recent efforts the Administration has undertaken on leased office space.
3	Long-term Care: Nursing Homes	DHHS	<ul style="list-style-type: none"> • Reducing costs and improving quality through possible changes to: <ul style="list-style-type: none"> ○ current payment rates and structure to incentivize reducing costs; ○ inspection system to reduce inefficiencies; ○ nursing services and care delivery approaches to better match them to patients' needs and wishes; and ○ coordination between hospitals and nursing homes. • Quality of care in relation to cost 	<ul style="list-style-type: none"> • Proposed by former GOC member in the 124th Legislature. • Proposed FY12 Budget for Nursing Facilities (0148) is \$71,869,096 in General Fund, \$271,468,065 in Federal Funds and \$32,403,540 in Other Special Revenue Funds. • Medicaid expenditures are audited as part of the State Single Audit, but that work would not cover the items listed in Possible Areas of Focus.

Section A: Topics Currently On Deck That Appear Most Appropriate for Continued Consideration

	Topic	Dept	Possible Areas of Focus	Additional Information
4	Medicaid Waiver - Mental Retardation	DHHS	<ul style="list-style-type: none"> • 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 • Payments exceeding authorized amounts. 	<ul style="list-style-type: none"> • This topic was requested by a legislator in 2006 and subsequently placed On Deck. • DHHS has had on-going activity in this area to standardize rates, etc. to try to reduce costs. Several years ago, this program was in a significant over budget situation that required DHHS to implement strategies to curtail costs including limitations on services. • At the GOC meeting on 2-13-09, the State Auditor discussed concerns with Medicaid MR Waiver related to payments to providers exceeding authorized amounts and lack of reasonable basis and support for rates being paid to providers in the Home and Community-based Services Waiver. Since then, the State Auditor has had no additional findings in this area. • Proposed GF budget for FY12 is about \$88.2 million (program #'s 0987 and Z006) and \$88.3 million for FY13.
5	Pharmaceuticals (Prescription Drugs and Medicaid Drug Rebate)	DHHS	<ul style="list-style-type: none"> • Effectiveness of measures taken to contain costs • Effectiveness of internal controls in place to prevent fraud and abuse related to controlled substances. 	<ul style="list-style-type: none"> • GOC considered this topic during development of 2007-2008 work plan as other states had found savings in this area. • At that time, DHHS had been making significant efforts to reduce costs in this area including establishing a preferred drug list • In 2009, the GAO reported on fraudulent, improper or abusive actions related to the prescribing and dispensing of controlled substances. • In FY09, Federal and State expenditures on prescription drugs totaled approximately \$200 million. • The State Single Audit performed by the State Auditor includes a compliance audit of the Medicaid program including audit steps related to prescription drugs and drug rebates. Significant findings have been noted in the past. The most recently completed State Single Audit for FY11 included a finding that controls over the pharmacy claims processing system need improvement. According to the State Auditor, they currently anticipate having findings in the FY12 Single Audit Report as well. • In February 2012, DHHS began quality assurance audits of 50 paid pharmacy claims each month.
6	Public Health Labs	DHHS	<ul style="list-style-type: none"> • Possible outsourcing of some lab work • User fees charged • Testing being conducted by multiple State agencies using different labs. 	<ul style="list-style-type: none"> • GOC considered this topic during development of its 2007-2008 work plan. Other states have found savings in this area. • It appears there are State agencies other than DHHS that also do laboratory work, i.e. Agriculture.

Section A: Topics Currently On Deck That Appear Most Appropriate for Continued Consideration

	Topic	Dept	Possible Areas of Focus	Additional Information
7	Revenue Collected through the Courts	JUD	<ul style="list-style-type: none"> • 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 	<ul style="list-style-type: none"> • OPEGA suggested this topic and it was placed on the 2007-2008 work plan because it had not been audited for some time and had a potential fiscal impact. OPEGA was not able to get to all planned reviews in that biennium and, therefore, the topic was moved to the On Deck list. • According to the Revenue Forecasting Committee's December 2012 Report, actual FY12 revenues through the Judiciary for fines, forfeitures and penalties were \$25,120,959 and are forecast to be \$24,452,139 in FY13; a 2.7% decrease. The FY12 revenues were also a decrease from FY10 when actual revenues were \$32,787,060. Revenues from fines are primarily from judicial collections. • Previously the Forecasting Committee has noted that major factors affecting this revenue source are the number of violators being prosecuted, the ability of violators to pay fines and the collection effort implemented by the Judicial Branch.
8	State Lottery	DAFS Bureau of Alcoholic Beverages and Lottery Operations	<ul style="list-style-type: none"> • Reasonableness of administrative and operating expenses; • Revenue maximization; • Cost of goods sold; • Safeguarding of assets 	<ul style="list-style-type: none"> • This topic was put on OPEGA's 2007-2008 work plan as a possible area of savings based on a survey of other states done by OPEGA. OPEGA was not able to get to all planned reviews in that biennium and, therefore, the topic was moved to the On Deck list. • The Lottery is an enterprise account which transfers about \$50 million a year to the General Fund. 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: Topics Currently On Deck That Appear Most Appropriate for Continued Consideration

	Topic	Dept	Possible Areas of Focus	Additional Information
9	Substance Abuse Treatment Programs in Prison System (Correctional Recovery Academy and Intensive Outpatient Program)	DOC OSA	<ul style="list-style-type: none"> effectiveness and/or cost-effectiveness of programs in rehabilitating participants and reducing recidivism 	<ul style="list-style-type: none"> This topic was added to the On Deck list as the result of a citizen's 2009 request for a review of these programs. The Correctional Recovery Academy (CRA) program is a 9 month residential intensive substance abuse treatment program that has the goal of reducing prisoner's dependency on drugs and alcohol. The Intensive Outpatient Program (IOP) is a 16 week outpatient group therapy program for the treatment of drug and alcohol abuse. In June 2006, the Muskie School of Public Service performed an evaluation of the Correctional Recovery Academy and a companion program. The evaluation resulted in some recommendations, including that DOC and OSA may want to consider conducting an evaluation to assess actual program effectiveness. These programs have been a collaboration of the Department of Corrections (MDOC) and DHHS' Office of Substance Abuse (OSA) and in the past MDOC and OSA contracted for these services directly with Spectrum Health Systems, Inc. The contract that expired on 6/30/2011 was for \$698,820. MDOC funding is a combination of federal (\$121,000) and General Fund (\$469,668) dollars. OSA's portion is from Other Special Revenue funds (\$108,152). As of July 2012, MDOC entered into a contract with Correctional Care Solutions to provide both medical and behavioral health services to the adult and juvenile populations. CCS assessed Spectrum Health Systems program and offered Spectrum a sub-contract to continue providing these programs. MDOC reports the advantage of contracting with one vendor who they are able to demand accountability from and who in turn is able to implement consistent evidence-based practice. The new contract includes provisions requiring the vendor to track outcome data to ensure that programs are efficient and effective with regard to our specific population.

Section A: Topics Currently On Deck That Appear Most Appropriate for Continued Consideration

	Topic	Dept	Possible Areas of Focus	Additional Information
10	Tax Collection (income, sales, use, fuel, cigarette)	MRS	<ul style="list-style-type: none"> 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 	<ul style="list-style-type: none"> Other states have found savings in this area. The State has had several initiatives over the past ten years aimed at collecting overdue taxes and enhancing compliance with the Use Tax. These included a Tax Amnesty program in 2003, a Use Tax Compliance Program in 2006 and Tax Receivable Reduction initiatives in both 2009 and 2010. These initiatives brought in about \$70.7 million in unpaid taxes while waiving about \$44 million in interest, penalties and Use taxes. Maine Revenue Services was also assigned two initiatives for FY13 to collect unpaid taxes and increase compliance with Use Tax. The initiatives are budgeted to net about \$6.66 million in unpaid taxes. The State Auditor audits the various State revenue streams using high level analytics across years and a review of internal financial controls. OPEGA understands that those audits do not include a review of cash flow within a particular year or the quality and effectiveness of collection efforts or audits performed by Maine Revenue Service.

Section B: Topics That Could Potentially Be Removed From On Deck

	Topic	Dept	Possible Areas of Focus	Additional Information
11	Boat Launch Programs in Dept of Conservation and Department of IF&W	DOC IF&W	<ul style="list-style-type: none"> potential similarities in the programs and opportunities for combining them cost-effectiveness of the programs appropriateness, reasonableness and necessity of expenditures 	<ul style="list-style-type: none"> DOC's boat launch program purchases, builds and maintains state-owned public launching sites and assists in the development and maintenance of locally-owned boat launching sites available to the public. The program also marks navigation hazards in 2 dozen selected lakes, and provides grants to lake associations and others for marking another 2 dozen lakes. The proposed FY12 and 13 budgets are about \$2 million. All funding is from Other Special Revenue. IF&W's boat access sites program acquires and develops access sites to Maine public waters following an approved long-range plan. The current budget for this program is \$967,674. The proposed FY12 and 13 budgets are about \$1 million. Funding is about 59% federal funds with remainder from Other Special Rev.
12	Division of Financial and Personnel Services (Service Centers)	DAFS	<ul style="list-style-type: none"> 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 	<ul style="list-style-type: none"> OPEGA suggested this topic during 2007-2008 work plan development because centralization of key administrative functions affected most agencies and potential internal control weaknesses in financial processes were noted in some reviews. At the time there were also complaints from agencies about process inefficiencies and quality of customer service. In addition, Brookings had highlighted financial administration as an area of possible savings. The topic was placed on OPEGA's 2007-2008 work plan as a second level priority but OPEGA was not able to get to all the reviews on that biennial plan. Since then, the State Controller's Internal Audit Division has reviewed internal controls in at least one Service Center and provided internal control training to all. The Service Centers are supposed to have internal control plans that are submitted to the Controller's Office. OPEGA is not aware of the current status of those plans or the Controller's Office review of them.
13	Dirigo Health Program (Insurance Portion)	Dirigo Health Insurance	<ul style="list-style-type: none"> Original legislation and amendments and policies and rules that have been implemented; Program expenses; Estimate of coverage cost for previously uninsured that are enrolled in the program; Whether State funds would be saved by privatization; cost of insurance from out of state providers; policyholder responsibilities for interactions with their providers; and co-payments. 	<ul style="list-style-type: none"> A legislator originally introduced a bill in the 124th Legislature requiring an OPEGA review of this topic. GOC and OPEGA worked with legislator to send a request to the GOC for consideration rather than continue with the bill. The GOC placed the topic on the On Deck list. The FY11 budget for Dirigo Health was \$84,626,547 including \$4,441,791 million from the Fund for Healthy Maine. The Governor's proposed FY12 & 13 biennial budget did not eliminate Dirigo Health, but reduced revenue for the program by eliminating FHM funding and phasing out insurance carrier assessments over time until the federal health care act begins in 2014. As a result, the Dirigo Health agency is taking steps to transition those with coverage under the program to other health insurance coverage on or before January 1, 2014 and enrollment in coverage will be slowly reduced over the next year. Under the Affordable Care Act health insurance exchanges will be established in every state to provide

Section B: Topics That Could Potentially Be Removed From On Deck

	Topic	Dept	Possible Areas of Focus	Additional Information
				<p>access to health insurance coverage. Although legislation was not enacted last year, there was some interest and discussion about using the infrastructure within Dirigo Health to establish a state-based insurance exchange. Given the recent declaration of the Governor relating to exchanges, it is likely that Maine will initially have an exchange administered by the federal government in Jan. 2014, though this may change with the upcoming session.</p> <ul style="list-style-type: none"> • There are functions other than insurance within the Dirigo agency, namely the Maine Quality Forum.

Section B: Topics That Could Potentially Be Removed From On Deck

<p>14</p>	<p>Economic Development Programs (A specific individual program or group of programs as selected by the GOC)</p>	<p>DECD Various</p>	<p>Reducing Overlaps and Administrative Costs</p> <ul style="list-style-type: none"> • Potential overlap among programs; • Opportunities to reduce administrative costs by combining or eliminating programs; • Other opportunities to reduce administrative costs <p>Selected Individual Programs</p> <ul style="list-style-type: none"> • Effectiveness, efficiency, relevancy, overlap with other programs <p>Tax incentive economic development programs as a group</p> <ul style="list-style-type: none"> • Effectiveness, efficiency, relevancy, overlap with other programs 	<p style="text-align: center;">◊ Topic originated with a prior OPEGA Report</p> <ul style="list-style-type: none"> • 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. • A defined scope for further review would need to be selected preferably a specific program or group of programs. • Title 5 §1666 requires that the Governor’s Biennial Budget include tax expenditures and language asking the Legislature whether it wishes to continue funding for each tax expenditure. Title 36, Chapter 10 assigns certain authorities and duties for oversight and review of tax expenditures to the Taxation Committee. • During the 2nd regular session of the 124th Legislature, the Taxation Committee established a subcommittee to review about 10 tax expenditures. The subcommittee reported that some of those incentives may be meeting the intended objectives but that a better understanding of objectives and a stronger basis for evaluating tax expenditures was needed. There were no formal recommendations coming from the full Taxation Committee as a result of this review. • In November 2010, a DAFS Task Force issued a report to AFA on ways to increase transparency and assess impact of tax expenditure programs such as BETR. To OPEGA’s knowledge there has been no specific action or legislation to implement the recommendations in that report. • In the 1st regular session of the 125th Legislature, the Taxation Committee submitted a bill (LD 1730) to create a process for the Taxation Committee to review proposed new or expanded tax expenditures. That Committee ultimately voted that bill out as ONTP with a plan to instead pursue a Joint Rule that would effectively establish the process envisioned in the bill. It does not appear that Joint Rule was ever established. • LD1437 passed in the 125th Legislature which required, to the extent funding was possible, the Maine Economic Growth Council (under the Maine Development Foundation) to develop the Maine Prosperity Action Plan – a comprehensive and specific action for a sustainable State economy with concrete proposals for legislative action. The bill required this effort to be supported by outside funding. Although no funding was obtained, the Growth Council did undertake a portion of the effort and is plans to submit a report to the Legislature’s LCRED Committee in the near future. • The GOC of the 125th Legislature directed OPEGA to draft legislation for the GOC to introduce that would implement any recommendations from the 2006 report that had not yet been satisfactorily address. OPEGA still has this task on its To Do list and expects there will be a significant amount of work necessary to determine what needs to go into any legislation.
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Section B: Topics That Could Potentially Be Removed From On Deck

15	Personal Use of State Assets: recreational vehicles (ATVs, boats, snowmobiles, etc.); airplanes and helicopters; houses and camps	Various	<ul style="list-style-type: none"> • 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 	<ul style="list-style-type: none"> • This topic is based on a request directed to OPEGA through a legislator by an individual who requested confidentiality. OPEGA conducted minor research in preparation for putting this topic before the GOC for consideration in 2008. Research included collecting inventories of these assets from Departments that have them as well as policies governing the use of these assets. • At that time, six departments had assets of this type with the substantial majority being in Departments of Marine Resources, Inland Fisheries & Wildlife and Conservation. Most departments reported that no personal use was allowed, but did not provide written policies that expressly communicate this. IF&W reported that assets (other than airplanes) were available for limited personal use and provided written policies to that affect. • This is a fairly broad topic and would need a more defined scope for OPEGA to complete work in a timely manner.
16	State Administration Staffing	Various	<p>Whether opportunities exist to reduce costs by:</p> <ul style="list-style-type: none"> • altering State organizational structure – layers and spans of control • adjusting total compensation packages for certain categories of employees 	<p>◊ Topic originated with a prior OPEGA Report</p> <ul style="list-style-type: none"> • 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. • DAFS contracted for a market study of compensation and the development of standardized organizational charts for the Executive Branch. • OPEGA discussed this with GOC as part of follow-up during 2010 interim but the GOC never finished its discussions on whether to further pursue OPEGA’s recommendations. • DAFS reports that no other actions have been taken by the administration on OPEGA’s recommendations.

Section B: Topics That Could Potentially Be Removed From On Deck

17	State Boards, Committees, Commissions and Councils	Various	<p>Opportunities to reduce costs and/or increase efficiencies and State employee productivity by freeing up employee time through:</p> <ul style="list-style-type: none"> • Eliminating Inactive Boards • Eliminating Boards with many vacant seats or reducing the number of members • Eliminating advisory boards • Consolidating regulatory board administration Under OLR • Reducing facility rental and refreshment costs • Standardizing board compensation 	<p>◊ <i>Topic originated with a prior OPEGA Report</i></p> <ul style="list-style-type: none"> • OPEGA issued a report from its Fiscal Opportunity Study of State Boards, Committees, Commissions and Councils in February 2008. The report recommended the Legislature consider seven identified fiscal opportunities. Six of them have not been fully considered. • OPEGA continues to monitor actions on this report to update the GOC. Some items may not be acted on without further work and more specific recommendations although a specific scope would need to be identified for any further OPEGA work. • OPEGA's Director briefed the State and Local Government Committee on this report on March 11, 2009. To OPEGA's knowledge the Committee has not considered the recommendations further. • In accordance with statute, the Secretary of State's Office compiles and maintains certain information on boards and commissions. The SOS also submits annual reports to the Governor and the Legislature on boards and commissions that include notifying the Legislature if a board reports being inactive or does not file a report for two years. The Legislature decides whether to repeal those boards. Six boards were repealed in 2012 and 12 in 2011. • The SOS Division of Corporations, UCC and Commissions continues to observe the following with regard to boards and commissions: <ul style="list-style-type: none"> ○ people questioning the necessity of certain boards; ○ some board clerks not being aware of their responsibilities and unable to answer questions regarding things like what fund are boards reimbursed from which has implications for the accuracy of annual reports filed with the Secretary of State; ○ problems with keeping seats filled and current as, although this administration had done a better job filling vacancies, there are still many vacant seats and people in seats whose terms have expired; ○ the possibility that new people are serving on boards without notification to the Secretary of State or being sworn in.
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Section B: Topics That Could Potentially Be Removed From On Deck

18	State Publications	Various	<ul style="list-style-type: none"> Resources used in preparing and distributing reports and publications Statutorily required reports: continued need for, usefulness of or less costly means of providing Opportunities to reduce publication costs. 	<ul style="list-style-type: none"> 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. OPEGA was not able to get to all planned reviews in that biennium and, therefore, the topic was moved to the On Deck list. According to a query of the State's financial data warehouse, FY12 expenditures on publishing, printing, binding, photocopying, etc. were approx. \$5.0 million including \$2.4 million of GF. These costs do not include state employee time. Total expenditures on these expenses are down from FY10 was the total expended was about \$6.4 million with about half from GF. A more defined scope for this review would be needed.
19	Use of Federal USDA Funds Available to State for Food Stamp Employment and Training 100%	DHHS	<ul style="list-style-type: none"> Determination of whether any current State activities qualify to be supported by this federal program that the State is not currently drawing from 	<ul style="list-style-type: none"> Proposed by a former GOC member. A federal audit conducted in 2008 found that the State had not been correctly capturing DHHS' efforts expended on "Food Stamp Employment and Training 100%. Consequently Maine claimed federal reimbursement of \$63,138 from an available budget of \$1,620,833 - leaving \$1,557,695 unclaimed. It appears from the auditor's report that employees' time spent on Food Stamp Employment and Training 100% was not being attributed to the program. It is unclear whether the time was being charged to another federal program and reimbursed or whether federal reimbursement was not being sought at all. OPEGA obtained explanation on them from DHHS and let the interested legislator know we were prepared to share the answer. Legislator did not follow up and OPEGA has not discussed it further with GOC. According to DHHS, the specific issue raised in the federal audit has been corrected. However, Maine has not and will not be taking full advantage of this federal grant as Maine is not required to run a program and there is not enough need for the service to justify adding more DHHS resources to run one. Services that are required are being provided on an as needed basis and grant funds are accessed for this.