



STATE OF MAINE
 DEPARTMENT OF ADMINISTRATIVE & FINANCIAL SERVICES
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SERVING THE PUBLIC AND DELIVERING ESSENTIAL SERVICES TO STATE GOVERNMENT

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March 5, 2025

To: Senator Rotundo, Chair
 Representative Gattine, Chair
 Members of the Joint Standing Committee on Appropriations and Financial Affairs

Senator Baldacci, Chair
 Representative Salisbury, Chair
 Members of the Joint Standing Committee on State and Local Government

From: Kirsten LC Figueroa, Commissioner
 Department of Administrative and Financial Services (DAFS)

Re: DAFS Biennial Budget Response Document to AFA/SLG

Information requested AFA/SLG LD201 26/27 Biennial Budget Public Hearing held 2/28/2025.

1. Information about Internal Service Funds/DAFS Centralized Services. Including Crosswalk of all agency/by fund 26/27 budget requests for Centralized Services.

Additional information is provided (at the end of response as ADDITIONAL INFO) than was provided in the AFA/VLA response on February 28, 2025. We will continue to update it as more reports are run and data is gathered.

Attached is a spreadsheet with 3 tabs that show the 26/27 budget requests for centralized services by service type, agency, and fund.

The total amount of Centralized Services (DAFS, OAG legal services, and DPS dispatch) requests in the 26/27 biennial budget is \$30.8 million in FY26, all funds, and \$31.7 million in FY27, all funds.

The General Fund component of that total is \$17.9 million and \$18.2 million, respectively.

GF	17,863,231	18,185,934
HWF	6,616,491	5,689,349
Fed	(31,059)	37,755
OSR	4,687,978	5,675,260
Other	1,639,488	2,122,186
TOTAL	30,776,129	31,710,484

The 26/27 biennial budget includes requests for increases to centralized services. Primarily these include: financial, human resources, technology, passenger/light truck vehicles, insurance, postal, and surplus provided by the Department of Administrative and Financial Services. Other examples are legal services provided by the Office of the Attorney General and dispatch services provided by the Department of Public Safety. These rates are being adjusted as a result of vendor increases, capital needs, supply chain impacts, but the primary factor is the significant collective bargaining efforts approved by the Governor and Legislature.

The Department of Administrative and Financial Services (DAFS) develops, delivers, and maintains centralized government systems that support the financial, human resource, physical and technological infrastructure of state government. The services are billed to agencies through Internal Service Funds

Each year, the State is required to submit its Central Services Cost Allocation Plan for Billed Services (Internal Service Funds Cost Plan) for review, negotiation and approval by the Grants Finance and Administration Services Program Support Center within the US Department of Health and Human Services as the federal cognizant agency for the State of Maine. This Plan includes certifications that all costs included in the proposal to establish billings for the applicable fiscal year are allowable in accordance with the requirements of federal awards to which they apply and comport with the requirements of OMB Circular A-87. Additionally, all costs included in the Plan are properly allocable to Federal awards on the basis of a beneficial or causal relationship between the expenses incurred and the agreements to which they are allocated.

All components of an internal service fund, including staff, All Other and capital, are included in Internal Service Fund budgeting. Personal Services increases the result of collective bargaining, or any other Personal Services action, as well as increases to All Other costs for various reasons, including vendor increases or supply chain costs, etc. impact these budgets. Internal Service Funds are meant to recover the costs of providing the service. DAFS bills agencies for these services and the agencies pay the bills with All Other funds.

For each internal service fund or similar activity, the Plan submitted to the Federal government must include: A brief description of each service; financial statements for each fund, with revenues broken out by source; a description of the procedures (methodology) used to charge the costs of each service to users, including how billing rates are determined; a schedule of current rates; and, a schedule comparing total revenues (including imputed revenues) generated by the service to the allowable costs of the service, as determined under this part, with an explanation of how variances will be handled.

In this biennial budget, DAFS has adjusted these rates for all of the reasons outlined above, but primarily the result of significant collective bargaining efforts approved by the Governor and Legislature. Agency All Other funds are not increased in the baseline to reflect the increased costs of the Internal Service Funds, so statewide all agencies will include initiatives for additional All Other to cover these services.

DAFS Centralized Services Internal Service Funds include:

- Service Centers within DAFS provide centralized accounting, payroll, budgeting and human resources services to departments and agencies.

- MaineIT is responsible for the delivery of safe, secure, and high-performing networks and systems to State Agencies for daily performance of their missions for the citizens of Maine. IT enterprise functions benefiting all state agencies are managed through this office to ensure consistency, volume discount efficiencies, and optimum performance and throughput.
- Central Fleet Management (CFM) within DAFS centrally procures, distributes and disposes of passenger and light truck vehicles. CFM handles many aspects of vehicle service including writing vehicle specifications, ordering vehicles, providing drivers with maintenance schedules, service assistance, fueling resources, insurance protection, and accident information processing.
- The Division of Risk Management within DAFS provides high quality insurance, loss control and claims services to all state agencies, the State's higher education institutions and some quasi-state agencies at the lowest possible cost.
- The Division of Leased Space manages leases encompassing office, warehouse, garage, storage, tower, classroom, mixed-use, and training spaces.
- Central Services within DAFS provides a wide range of mail services, including interoffice mail, as well as disposition of state surplus materials and equipment no longer needed by the state agency that purchased them. This group also manages federal surplus property.

The 26/27 baseline budgets plus initiatives in the 26/27 budget total \$168 million in FY26 and \$174 million in FY27 (corrected from \$173) for the DAFS centralized services outlined above (these numbers do not include OAG legal and DPS dispatch). These are paid with various funding sources throughout the agencies.

Even though it is not apples to apples (more like apples to race cars), taking the total of \$342 (corrected from \$341) million over the biennial (paid for with various funds) as a percentage of the General Fund biennial budget of \$11.6 billion, equals 2.94%...for centralized statewide financial, human resource, technology, fleet vehicle, insurance, leased space, postal, and surplus...for all Executive Branch agencies. Assuming half is paid with General Fund, the percentage of the General Fund budget for all of the DAFS centralized services drops to 1.47%. For context, financial/services companies will spend upwards of 6-11%...just for technology.

ADDITIONAL INFORMATION.

Please also find attached, a crosswalk of agency/by fund payments of DAFS centralized services for Fiscal Year 2024.

For FY24 Actual Payments: There were approximately \$182.8 million payments for DAFS Internal Services made from General Fund, Highway Fund, Federal Fund (not including MJRP or ARP), Other Special Revenue accounts (including agency DICAP accounts), and Federal Block Grant funds. A bit more than half, 54%, was General Fund. The total payments for these funds as a percentage of all expenditures from these funds is 1.58%... for centralized statewide financial, human resource, technology, fleet vehicle, insurance, leased space, postal, and surplus...for all Executive Branch agencies.

For FY26/27 Budget: The estimates for FY26 and FY27 of baseline plus initiatives, not including Cost of Goods Sold estimates that are not required per Title 5, section 1666, total \$168MM and \$174MM, respectively, and as a percentage of General Fund, Highway Fund, Federal Fund (not including MJRP or ARP), Other Special Revenue accounts (including agency DICAP accounts), and Federal Block Grant funds is 1.24% and 1.27% for FY26 and FY27, respectively... for centralized statewide financial, human resource, technology, fleet vehicle, insurance, leased space, postal, and surplus...for all Executive Branch agencies.

	FY24 Actual Expenses (\$ in thousands)	FY24 Payments for DAFS ISF Services	% of Budget Pd for ISF Services	% of Fund to FY24 Payments			NOTES
010 GENERAL FUND	4,980,442	114,380	2.30%	54.07%			
012 HIGHWAY FUND	480,784	24,480	5.09%	11.57%			
013 FEDERAL EXPEND. FUND	4,196,697	19,015	0.45%	8.99%			
014 OTHER SPECIAL REVENUE	1,708,208	51,997	3.04%	24.58%			
015 FEDERAL BLOCK GRANT FUND	229,862	1,674	0.73%	0.79%			
	11,595,994	211,546	1.82%				
		* (\$28,800)					
		182,746	1.58%				
NOTES	1	2, 3, 4, 5	6				
DAFS ISF	Baseline		Initiatives		LD 210		
Fund	FY26	FY27	FY26	FY27	FY26	FY27	
029 FIN & PERSONNEL SERVICE FUND	32,849,733	34,793,783	957,606	1,192,722	33,807,339	35,986,505	
035 POSTAL, PRINTING & SUPPLY FUNI	4,535,820	4,703,304	-	-	4,535,820	4,703,304	
038 OFFICE OF INFORMATION SERVI	65,274,392	68,653,360	6,800,397	7,235,809	72,074,789	75,889,169	
039 RISK MANAGEMENT FUND	6,300,553	6,347,262	12,333	15,852	6,312,886	6,363,114	
042 CENTRAL MOTOR POOL	9,982,945	10,076,211	3,615,493	3,618,796	13,598,438	13,695,007	
043 REAL PROPERTY LEASE SERVICES	30,449,096	30,477,398	7,235,297	7,258,588	37,684,393	37,735,986	
Grand Total	149,392,539	155,051,318	18,621,126	19,321,767	168,013,665	174,373,085	
					7,8	7,8	
NOTES							
	PROPOSED LD 210 & LD 274						
Fund	FY26	FY27					
010 GENERAL FUND	5,759,955,105	5,866,728,483				342,386,750	9
012 HIGHWAY FUND	523,240,121	523,556,551				2.94%	10
013 FEDERAL EXPEND. FUND	5,097,574,337	5,069,209,805					
014 OTHER SPECIAL REVENUE	1,887,183,227	1,937,877,089					
015 FEDERAL BLOCK GRANT FUND	301,836,582	319,016,835					
Grand Total	13,569,789,372	13,716,388,763				1.24%	1.27%
							11
* Included in the \$211.5MM is Pcard reimbursement by agencies to Central Services of \$28.8MM. This is a passthrough, not part of ISF services.							
(1) \$11.6 billion is actual expenditures in FY24 for the funds listed.							
(2) \$11.5-\$28.8MM=\$182.8MM are total payments for DAFS ISF Services in FY24 made with these funds.							
(3) This does not include funding agencies may spend on ISF-like items not covered by ISFs, ie cell phones, direct-to-agency tech billing							
(4) Because of timing, it may be that some of these payments are for previous fiscal year invoices.							
(5) Certain, but not all, Cost of Goods Sold (CGS) expenses by ISFs are included in invoices/payments							
(6) FY24 payments of DAFS ISFs by these funds as a percentage of Total Expenditures of those funds in FY2024							
(7) These amounts do not include CGS estimates (allocations for CGS are not required per Title 5, section 1666)							
(8) These amounts include PS/AO estimates for DAFS ISFs for all entities, regardless of entity/funding source							
(9) FY26 + FY27 total baseline+initiatives in DAFS ISF per LD210							
(10) FY26 + FY27 total baseline+initiatives in DAFS ISF per LD210 as percentage of FY26/27 GF Budget as proposed in LD210							
(11) LD210 DAFS ISFs baseline+initiatives total as a percentage of Total Expenditures of those funds as proposed in LD210 & LD 274							

2. More information on Centralized Imaging Services.

There are no new initiatives in this Program, but here is the testimony from last year (all of these requests were approved in Public Law, Chapter 412) that details these important efforts.

“Now to talk about various geospatial requests.

The first initiative on page A-29 establishes one Public Service Coordinator I position and one System Analyst position in the General Fund to service Geospatial mapping needs within the Maine GeoLibrary and provides funding for related All Other. The Maine Library of Geographic Information (GeoLibrary Board) was established in 2002 through State statute to expand and promote the value of geographic spatial data through widespread distribution and innovative use for the benefit of Maine's citizens. The GeoLibrary Board is comprised of public and private stakeholders who, among other tasks:

- Collect, maintain, and determine how to use geospatial information system data.*
- Support and maintain a state-of-the-art, comprehensive, and ever-expanding portal to public geospatial information and services.*
- Reduce redundancies in the creation, verification, and maintenance of public geographic information to enhance its utility for complex analyses.*
- Develop services to facilitate generalized access for and use of data by governmental agencies and the public.*

MaineIT has historically augmented support for the GeoLibrary Board using two partially dedicated resources, totaling about 30 hours each week collectively. These staff hold roles that are intended to be dedicated full time to supporting Maine State agency needs. Our attempt to leverage existing resources in a part-time capacity to support the GeoLibrary Board has caused both this, and their primary focus area, to suffer. Attempting to divide time between two separate areas of focus hinders our ability to maintain a balance of ensuring both State of Maine agencies and the GeoLibrary Board are fully and adequately served in all Geospatial Information System initiatives.

The practice of leveraging our resources in this manner to support both GeoLibrary Board and Maine Geospatial Information Systems initiatives is not enough and does a disservice to both areas needing full-time support resources. There is far more work that is required which simply cannot be accomplished through the current support model. Maine is lacking in our ability to secure and leverage Federal matching grants. Additional funding avenues and our ability to robustly support citizens and governmental agencies using the data is also significantly constrained.

*To deliver on the strategic direction and to be an effective partner in supporting the Maine GeoLibrary Board with its statutorily mandated tasks, we are asking to establish two new full-time positions to serve and focus on GeoLibrary Board initiatives, modernizations, strategic enhancements, and citizen support. The \$246,228 and \$270,993 being requested for Fiscal Year 2024 and 2025 respectively, will allow MaineIT to fill these positions to robustly support the GeoLibrary Board, generate more value, increase cost savings to the State of Maine, and ensure the citizens of Maine are able to benefit from the service. Next and related is the fourth initiative in this program, or the second initiative at the top of **page A-30**. In addition to the increased headcount to serve the essential mission of the GeoLibrary Board, MaineIT is also requesting General Fund support for State Aerial Image Collection Projects. The General Fund support for this initiative will be used to collect, refresh, and store high resolution aerial images for the State, and financially support specific projects for Geographic Information System Mapping (GIS) and Orthoimagery and Light Detection and Ranging (LIDAR).*

Part of the GeoLibrary Board mission is the maintenance of the GeoLibrary, where aerial data, spanning back over a decade, is stored for statewide support and use. As GeoLibrary programs, imagery, technology, and data collection practices mature, new imagery data must routinely be collected to ensure the data is both viable and valuable long term to Maine communities. In Fiscal Year 2022 alone, the GeoLibrary acquired aerial imagery for over 16,000 square miles.

The data collected through the GeoLibrary has a transformative effect on land development costs for private and public sectors in Maine's economy. These detailed aerial images collected are used to map land, boundaries, climate change, erosion, and other land anomalies. In addition, elevation data provides a rich resource for analyzing natural and manmade environments. The GeoLibrary provides a coordination avenue for State agencies to support their efforts and combine aerial imagery needs to reduce overall costs. On-going funding will provide continuity for a program that has substantially benefited the state, counties, and municipalities.

As part of the cost-sharing funding model, the State has an obligation to provide matching funds necessary to supplement the fiscal support received from private sources, local governments, municipalities, and other statewide grant opportunities. The GeoLibrary needs an ongoing funding source to stabilize the Orthoimagery program, as well as GIS and data infrastructure for the future. The \$553,772 being requested in both Fiscal Year 2024 and 2025 will provide the financial support necessary to match funds to counties and attract additional funding from local communities.

Centralized Imaging Services (Z372)

*Turning back to **page A-22**, there is one initiative in this program providing an appropriation of \$500,000 in each fiscal year to conduct aerial imaging acquisition and processing and Light Detection and Ranging (LIDAR) on state agency directed projects. While the GeoLibrary Board provides services and tools that align with the needs of the public, the Board does not currently have a mission to fund data and imagery collection and facilities that are statutory requirements of individual State agencies. Combining the resources of technology tools and platforms creates efficiencies and reuse but underlying those tools is still the need for ongoing collection of imagery and data. This initiative proposes to create a standing fund, dedicated to serve State agency data collection needs, to be prioritized and managed by a governing board internal led by MaineIT. This provides better opportunity to align data collection with the GeoLibrary Board and ensure Maine is getting the best value when acquiring aerial services.*

The entirety of the first year of this funding will be dedicated to meet the Department of Agriculture, Conservation and Forestry's Public Lands division and their requirement to update forestry inventories that was established in Public Law 2017, Chapter 289. In subsequent years, these funds will be prioritized across all agencies' needs."

3. All of DAFS new position requests on one page.

Please see attached for details.

DAFS is requesting 45.0 new positions in the 26/27 biennial:

- 4.0 are General Fund, the 35.0 remaining are for Internal Service Funds.
- 10 of the 45.0 continue and make permanent Limited Period Positions.
- 20 positions (\$5.8MM of the \$9.6MM on Information Services line) in MaineIT are to replace contractors doing the work and would be funded using the All Other for those contracts. The cost of the positions is shown here because we would need new Personal Services allocation.
- 9 (4 in Financial Service Center and 5 in MaineIT) of the 45.0 were started with Maine Jobs Plan funding and are being transitioned to the Internal Service Funds because of ongoing effort that cannot be absorbed by existing personnel. In the case of the Constituent Portal effort, it is likely that effort will not succeed without additional personnel.

We are also requesting that one LPP position in Accident-Sickness-Health Insurance be continued.

GENERAL FUND	010	346,339	372,473	4.0
ARP AUDIT, CONTROLLER AND PROGRAM MANAGEMENT	023	367,545	193,169	-
FINANCIAL AND PERSONNEL SERVICES - DIVISION OF	029	430,289	661,867	8.0
INFORMATION SERVICES	038	4,644,766	4,985,272	32.0
BUILDINGS & GROUNDS OPERATIONS, LEASED SPACE	043	97,255	104,780	1.0
ACCIDENT-SICKNESS-HEALTH INSURANCE	046	172,626	179,491	-
Grand Total		6,058,820	6,497,052	45.0