



SEN. CRAIG V. HICKMAN, SENATE CHAIR
REP. JESSICA FAY, HOUSE CHAIR

MEMBERS:

SEN. LISA KEIM
SEN. MIKE TIPPING
SEN. RICHARD BENNETT
SEN. JILL C. DUSON
SEN. JEFFREY TIMBERLAKE
REP. AMY ARATA
REP. H. SAWIN MILLETT, JR.
REP. MARK BLIER
REP. ANNE MARIE MASTRACCIO
REP. MARGARET M. O'NEIL

MAINE STATE LEGISLATURE
GOVERNMENT OVERSIGHT COMMITTEE

MEETING SUMMARY
May 15, 2024

Call to Order

The Chair, Sen. Hickman, called the Government Oversight Committee to order at 9:30 a.m.

ATTENDANCE

Senators: Sen. Hickman, Sen. Duson, Senator Tipping, Sen. Keim, Sen. Timberlake
Zoom: Sen. Bennett,
Absent:

Representatives: Rep. Fay, Rep. Arata, Rep. Mastraccio, Rep. Millett, Rep. O'Neil
Absent: Rep. Blier

Legislative Staff: Peter Schleck, Director, OPEGA
Jen Henderson, Senior Analyst
Kari Hojara, Senior Analyst
Sabrina Carey, Secretary, OPEGA

Other Legislators: Criminal Justice and Public Safety (CJPS) Committee:
Sen. Beebe-Center, Rep. Salisbury, Rep. Hasenfus Rep. Perkins, Rep. LaFountain
Zoom: Rep Lookner, Rep. Ardell. Rep. Millikin, Rep. Mathieson

Executive Branch: Richard McCarthy, Maine State Fire Marshal,
Michael Sauschuck, Commissioner, Department of Public Safety

Introduction of Committee Members

The members of the Committee introduced themselves.

New Business

(To watch this meeting - the recorded Live Stream can be viewed here: <https://legislature.maine.gov/Audio/#220>)

OPEGA Report Presentation – Evaluation of the Credit for Maine Shipbuilding Facility Investment

(A copy of the Report can be found here: <https://legislature.maine.gov/doc/10957>)

Ms. Henderson and Ms. Hojara from OPEGA joined the Committee and presented the OPEGA Report: Evaluation of the Credit for Maine Shipbuilding Facility Investment.

Rep. Mastraccio asked about the credit's creation and whether it was easier to get information that was needed to do the evaluation.

Ms. Henderson answered yes, there was more public transparency and data that was already public so there were less worries about confidentiality issues compared to other evaluated Tax Expenditures.

Sen. Tipping asked about whether the taxes of the company were included for consideration in naval contracting. Ms. Henderson answered that her limited understanding is that taxes are a factor in the price that a shipyard can deliver and that there is some fixed cost, but could request a proper answer from BIW (Bath Iron Works) as a follow up.

Sen. Keim asked if the office considered any other tax incentives or credits that the state may also give.

Ms. Henderson answered that there is a recommendation on that topic in the Report because it remains a challenge to bring together data that can be reported publicly. The figures presented only speak to the ship building credit. It was reported that there were benefits of a handful of other incentives during the same time period. Most of the other incentives did not support the same investment projects as the ship building credit but what BIW reported about those smaller programs is confidential.

Sen. Hickman asked about the hypothetical situations and how they are normalized.

Ms. Hojara answered that there was an analysis on a hypothetical business to see how the impacts of the investments would affect that hypothetical business and how it would be impacted if they did not receive the investments, both in Maine and other states.

Sen. Keim wanted clarity on the comparison of this hypothetical business between Maine's credits and other states credits.

Ms. Hojara explained that none of the other states had a specific ship building credit, but had other types of incentives that were factored in to whether the hypothetical business would have been able to claim them.

Sen. Timberlake inquired about the numbers reported on page 22 table 7 and asked whether it could be differentiated as to which vendors money was being spent on.

Ms. Henderson answered that they found there was not enough information to understand what it all meant and that it was unclear. She also noted that statute requires it to be just the money that went to the Maine vendors but is that out of BIW's investment that qualified them for the credit or is it out of their spending. BIW stated it was out of all of their spending so in turn, OPEGA is recommending that be made clear in future reports.

Sen. Hickman asked if with that clarity from BIW if there was more information on what was spent on in-state businesses only from the \$200,000,000 investment criteria.

Ms. Henderson answered that they did have to ask for additional information about that because the qualifying investment is continuing to be reported even over the \$200 Million mark that qualifies for the credit. The additional information was provided. She noted that the reporting that is required by statute is being reported

by all parties, it just appears that the language in the statute left openness for various figures to be reported and how it has been defined hasn't been set down by DECD (Department of Economic and Community Development). The figures are being put there without contextual information.

Rep. Mastraccio appreciated that there is more data being received than in the past.

Sen. Tipping asked what BIW provided DECD with for information.

Ms. Henderson answered that they provided the dollar amounts required by statute and noted that a list of the projects is not required by statute.

Sen. Tipping asked about the transparency and measurable impact of the credit.

Ms. Henderson stated that there was a higher level of transparency in the public reporting that is required for this credit compared to others that have been evaluated in the past. She appreciated that there was more attention to putting reporting requirements in the bills created by the legislature.

Sen. Keim mentioned the first recommendation suggesting to have discretionary incentives and understood the listed reasons why it may be a good process, but asked what some of the potential drawbacks may be to compare.

Ms. Hojara noted Appendix D and some of the footnotes share some of the concerns that were raised in other states around the transparency around particular things. She noted that they are not saying the legislature has to do the incentives this way, but that to suggest they try and get the most information possible prior to making decisions and doing comparisons and analyses ahead of the investments.

Rep. Mastraccio stated that it has come a long way but that there is still work to be done to have access to how the public's money is being spent in incentivizing business.

Sen. Duson asked that if the two-hundred million has already been spent, if the Legislature should expect a new ship building credit.

Ms. Henderson suggested that BIW may be able to answer that at the work session.

Sen. Hickman asked if a control system could be identified that includes both preventative and detective controls.

Ms. Henderson answered that in other Tax Expenditures that have been evaluated there has been circumstances where before a payment is made there is a review and a vetting of the data which becomes the basis for that payment. She would consider that preventative control. She noted that the audit authority for Maine Revenue Services exists to perform an audit after the fact which she considers a situation that includes both.

Director's Report

Director Schleck joined the committee and distributed the updated OPEGA Work Plan.

(A copy of the OPEGA Work Plan can be found here: <https://legislature.maine.gov/doc/10975>)

He noted at the next meeting there would be another new tax report presentation on the Paper Manufacturing credit. He updated the Committee on the progress of the Maine Veterans Homes' Report. He reminded the Committee of the suggestion to wait for the fourth CPS case file review to have a full Work Session on all of those reports at the same time.

Sen. Duson thanked Director Schleck for responding positively to the Blue-Ribbon Commission's invitation to give an oversight brief on what the GOC activities, listening sessions and recommendations are at the first meeting on May 20th.

Director Schleck shared that he looked forward to the presentation.

Next GOC meeting date and planning

The Committee asked the clerk to poll the members via email following the meeting to discuss the potential meeting dates for June, as the standard third Wednesday falls on the State Holiday Juneteenth. Rep. Mastraccio suggested either of the Wednesdays before or after Juneteenth, to keep the meeting on a Wednesday. (The committee ultimately decided to meet on June 26, 2024)

Fire Marshal's Office

The Criminal Justice and Public Safety Committee was invited to join this section of the meeting. The chairs and members of CJPS introduced themselves.

Sen. Hickman explained that the joint meeting was to discuss an update on the work culture and climate of the Fire Marshall's Office and quickly summarized the OPEGA Survey.

(A copy of the FMO OPEGA Survey can be found here: <https://legislature.maine.gov/doc/10963>)

(A copy of the FMO response to the OPEGA Survey can be found here: <https://legislature.maine.gov/doc/10964>)

The Maine State Fire Marshal, Richard McCarthy, and the Department of Public Safety Commissioner, Michael Sauschuck joined the Committee for an update.

(A copy of the 5.15.24 Update to the FMO response can be found here: <https://legislature.maine.gov/doc/10966>)

Rep. Perkins asked FM McCarthy on his observation on any noticeable change in morale or the cohesion of the team since the beginning of his term as Fire Marshal. He asked about the implementation of the compliance directives from the Labor Relations Board and if there have been any additional grievances in the matter. He asked for clarification on working toward eliminating issues related to a hostile work environment and what barriers or obstacles are stopping the office from fully implanting those.

Mr. McCarthy answered that there is increased cohesion and that they are working better as a unit and moving in the right direction. He shared that there were seven grievances and only one is outstanding. He answered that it takes time for people to understand and conform to expectations and it is a proves that is ongoing thought monthly supervisor meetings to consistently coach the change in culture.

Rep. Matheson asked about the investigator positions and if they are currently filled. He also asked about any new policies and education systems that could be used to help with interpersonal relationships, distrust, and employee resistance to change.

Mr. McCarthy answered that they are down two investigators and there are three new positions to be filled, totaling to five. He noted the office is looking to hire those shortly. He stated that building relationships and trust is critical to fixing the hostile work environment that previously existed. He noted meetings with supervisors to enforce and reinforce and coach how to deal with employees to gain said trust.

Rep. Matheson requested information on what kind of access the workers have to psychological help for the stress of the jobs in the office.

Mr. McCarthy answered that there are many different avenues for employees to get help if they are in need. He noted fire fatalities are one of the hardest things to deal with and he made the decision to also personally go to as many of those fires as possible to show support for those investigators that are doing the work that no one should ever see.

Rep. Salisbury asked for the exact number of vacancies in the office and wanted clarity on the on-call weekend investigator shifts.

Mr. McCarthy answered that there are 8 positions open and that the weekend shift is rotating to spread the coverage out.

Rep. Fay asked if the FMO could share the updated policies once finished in June.

Mr. McCarthy answered yes.

Rep. Fay then asked about the shortage of staff and back log on the code enforcement side and wondered if there was a plan since the current code enforcement position is open.

Mr. McCarthy said it is hard to find code enforcement officers as the pay gap between municipalities is making it hard for them and the smaller communities in the state to hire those positions. He noted that his office's code enforcement officer provides training to the other code enforcement officers across the state, but the FMO has no jurisdiction over those working for municipalities.

Rep. Hassenfus asked what Mr. McCarthy has been doing to build trust and transition from something that was hostile to a productive work environment.

Mr. McCarthy answered that he emphasizes that he has his staff's back and that there will be full accountability in the office. He noted an open-door policy and making sure his staff feels respected.

Rep. Hassenfus asked if there was anything new he has learned from this open-door policy.

Mr. McCarthy shared that the office is rewriting 36 policies to address issues that have been discovered, including safety of staff and emphasized that these will be reviewed and updated as needed annually.

Rep. Blier had heard a complaint from an employee who noted the transfer of a supervisor from the Northern Maine region to the Southern Maine region and asked for clarity on what this transfer cost in terms of tax payer money. The complaint also mentioned an unfair overtime schedule.

Mr. McCarthy answered that the employee is staying in Southern Maine for this transfer at his own cost, it was not an additional cost to the FMO. He mentioned looking into the overtime schedules to see the hours logged as each person can request overtime if they have to drive further than expected.

Sen. Keim suggested agency wide meetings to keep the communication open from the top to the bottom.

Rep. Fay asked if OPEGA could get some information about the amount of time it takes for HR to do an approved reclassification and the impact on the budget.

Sen. Hickman asked about misogyny in the work place and how claims of misogyny are substantiated.

Mr. McCarthy stated he would immediately get HR involved and contact the employee to do an investigation on the issue. He emphasized that he can't fix issues he doesn't know about and wants employees to feel safe coming to him with any issue in the workplace.

Adjourn

Sen. Hickman adjourned the Government Oversight Committee meeting at 2:30 p.m.