



STATE OF MAINE  
DEPARTMENT OF PROFESSIONAL  
AND FINANCIAL REGULATION  
35 STATE HOUSE STATION  
AUGUSTA, MAINE  
04333-0035

Janet T. Mills  
Governor

Anne L. Head  
Commissioner

**Testimony of Anne L. Head, Commissioner  
Department of Professional and Financial Regulation**

**February 24, 2021**

**Before the Joint Standing Committee on Appropriations and Financial Affairs and  
the Joint Standing Committee on Innovation, Development, Economic Advancement and  
Business**

**LD221 - “An Act Making Unified Appropriations and Allocations for the Expenditures of  
State Government, General Fund and Other Funds and Changing Certain Provisions of  
the Law Necessary to the Proper Operations of State Government for the Fiscal Years  
Ending June 30, 2021, June 30, 2022 and June 30, 2023”**

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Good morning Senator Breen, Representative Pierce, and Members of the Joint Standing Committee on Appropriations and Financial Affairs; Senator Curry, Representative Roberts and members of the Joint Standing Committee on Innovation, Development, Economic Advancement and Business. My name is Anne L. Head, and I am the Commissioner of the Department of Professional and Financial Regulation. I am here today to testify in support of the biennial budget bill, LD 221.

As Governor Mills said, at a time when Maine people are hurting, when small businesses are struggling to keep their doors open, when the ranks of the unemployed have swelled, and when we are fighting a deadly virus all around us, we are proposing balanced budgets as required by the Constitution that continue efficiencies and good fiscal management. With a future made unpredictable due to the ongoing pandemic, these budgets make good on the promise of government, which is to protect and support the wellbeing of our people and institutions.

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I am pleased to present information to both committees regarding the Governor's biennial budget request for the Department of Professional and Financial Regulation's Administrative Services Division, Office of Professional and Occupational Regulation and the Board of Licensure for Professional Engineers, one of six licensing programs affiliated with the Department. The term "affiliated" indicates that these licensing programs have a statutory connection to the Department through the state budget process. Affiliated boards have their own staff, and each board develops its own budget under the general oversight of the Department.

In addition to the three programs I will be discussing today, there are four financial services agencies within the Department and five affiliated boards under the oversight of the Joint Standing Committee of Health Coverage, Insurance and Financial Services. These are the Bureau of Insurance, the Bureau of Financial Institutions, the Bureau of Consumer Credit Protection, the Office of Securities, the Board of Licensure in Medicine, Board of Nursing, Board of Optometry, Board of Dental Practice and Board of Osteopathic Licensure. Budget information on these programs will be presented on later in these discussions.

As a whole, the Department of Professional and Financial Regulation is charged with the important role of protecting the health, safety and welfare of citizens of Maine through the regulation of State-chartered financial institutions, the insurance industry, grantors of consumer credit, the securities industry, and numerous professions and occupations providing services to the public through licensing, examination, and auditing activities; by conducting programs aimed at increasing voluntary compliance with State laws; by investigating possible violations of law; and by undertaking enforcement actions. By encouraging the development of sound ethical businesses which serve the needs of Maine citizens, the Department fosters a healthy business environment through competent, impartial and efficient regulation.

It is important to note, that our budget contains no General Fund appropriations or initiatives. The Department is funded exclusively with dedicated revenue and relies on Other Special Revenue Funds as the sole source of revenue to fund Department operations.

#### **Administrative Services Division – 0094**

I will begin with the Administrative Services Division on pages A-420 and A-421. The Division, which includes the Commissioner's Office, provides overall management and administrative oversight for the Department's five regulatory agencies and six affiliated boards in the areas of policy development, legislative support, technology services, accounting, budgeting, facility management, personnel and information management, centralizing functions to ensure efficient operations and compliance with statutory and public service responsibilities. The Division is supported by Other Special Revenue Funds transferred from the agencies and boards within and affiliated with the Department and has a small Federal Expenditures Fund allocation.

The baseline budget request for this program provides funding to continue administrative support for Department. This program has four initiatives.

The first three initiatives relate to the reorganization of the Bureau of Consumer Credit

Protection, which includes the establishment of three new positions in FY2022 and two additional positions in FY2023. I will be outlining these initiatives and the reorganization in more detail, when I present the Bureau's budget on March 2<sup>nd</sup>. The portion of the request for Other Special Revenue Funds All Other allocation of \$7,419 in FY22 and \$12,366 in FY23 in the Administrative Services Division program is for the procurement of technology services to support the new positions in the Bureau of Consumer Credit Protection.

The final initiative reduces All Other allocation by \$95,500 in FY22 and \$97,890 in FY23, reflecting a decrease in the cost of products and services provided by MaineIT.

### **Board of Licensure for Professional Engineers – 0369**

The next program I will be discussing is the Board of Licensure for Professional Engineers on page A-424. The Board protects the public safety and welfare of the people of Maine through the licensing of qualified applicants for an engineer license and regulation of the practice of engineering. The Board is supported solely by Other Special Revenue Funds generated from licensing fees. The Board consists of seven members appointed by the Governor and employs an executive director and one administrative staff member.

The Board elects a Chair from its members. Brent Bridges P.E. is the current Board Chair.

The baseline budget request for this program continues funding for administrative operations such as staff, complaint investigation, and board member travel and compensation.

The Board has three initiatives, each requesting increases to Other Special Revenue Funds All Other allocation.

The first initiative increases allocation by \$3,368 in FY22 and \$4,145 in FY23 to cover the increased cost of services provided by the Office of the Attorney General. Projected costs are based on estimates provided by the AG's Office.

The next initiative increases allocation by \$19,690 in FY22 only. The Professional Engineers Board operates with a biennial license cycle, requiring additional allocation in even fiscal years for fees associated with processing license renewals. This is a recurring initiative as the baseline budget is calculated from the odd fiscal year.

The third initiative impacts several programs within the Department, requesting increases to Other Special Revenue Funds All Other allocation to cover increased Statewide Indirect Cost Allocation Plan (STACAP) expenses due to increases in the rates billed to the Department. Estimated costs are based on the current STACAP rates. For the Professional Engineers Board, this initiative increases allocation by \$3,023 in FY22 and \$3,151 in FY23.

### **Licensing and Enforcement (Office of Professional and Occupational Regulation) – 0352**

The Office of Professional and Occupational Regulation (OPOR), on page A-427, is an umbrella administrative agency for 37 professional and occupational regulatory programs. The Office protects the public against unqualified, incompetent and unethical practitioners through

licensure, establishment of practice standards, inspection, complaint investigation and, when warranted, imposition of professional discipline. Full-time staff and board members appointed by the Governor implement license qualifications determined by the Legislature, set standards of practice and ethical behavior, and assist in conducting disciplinary proceedings. The program is funded with Other Special Revenue Funds, primarily from license fees.

The baseline budget request for this program is a consolidation of the budget requests for the 37 individual programs and provides Other Special Revenue Funds allocation for shared administrative operations such as administrative staff, complaint investigation and rent, as well as providing funding for program-specific needs such as inspection staff and rulemaking.

The program has two initiatives.

The first initiative is requesting a \$308,643 increase annually to Other Special Revenue All Other allocation for the Board of Real Estate Appraisers to implement requirements of the Dodd-Frank Wall Street Reform and Consumer Protection Act (Public Law 111-203 (H.R. 4173)) to be applied by participating States in the registration and supervision of Appraisal Management Companies (AMC's), requiring the board to collect fees from AMC's based on the number of appraisals assigned during a specific time period and pay said fees to the National Registry. This initiative includes projected increase to revenue that will offset expenses.

The second initiative is providing \$7,857 allocation in FY22 and \$43,140 in FY23 for increased Statewide Indirect Cost Allocation Plan (STACAP) expenses. (A portion of the increase has been offset with reductions in other areas. The higher amount in the 2<sup>nd</sup> year is due to higher AAG and payroll expense in FY23. Higher AAG means that STACAP expenses are higher in the 2<sup>nd</sup> year, and we are not able to offset as much of the increase.)

### **Manufactured Housing Board – 0351**

The last program I will be presenting is the Manufactured Housing Board, on page A-429, one of the 37 professional licensing boards administered by the Office of Professional and Occupational Regulation. This program receives a small Federal Expenditures Fund All Other allocation, allocating federal funds to enforce federal manufacturing and housing installation specifications for manufactured homes.

That concludes my testimony in support of the Governor's Biennial Budget Request. I thank you for your time and consideration, and I will be happy to answer any questions.