

**Testimony of Kirsten LC Figueroa, Commissioner  
Department of Administrative and Financial Services**

**Before the Joint Standing Committee on  
Appropriations and Financial Affairs**

**“An Act To Provide Allocations for the  
Distribution of State Fiscal Recovery Funds”**

**Maine Jobs & Recovery Plan**

**June 4, 2021**

Good afternoon Senator Breen, Representative Pierce, and members of the Joint Standing Committee on Appropriations and Financial Affairs. My name is Kirsten Figueroa, and I am the Commissioner of the Department of Administrative and Financial Services. I am here today to present LD 1733, the Mills Administration’s plan for the allocation of the State Fiscal Recovery Funds included in the American Rescue Plan Act of 2021.

Thank you for the opportunity to be here today.

It is an historic moment to introduce this legislation to implement the Maine Jobs & Recovery Plan, a nearly \$1 billion proposal to drive Maine’s immediate economic recovery from the COVID-19 pandemic, make strategic investments for our long-term economic growth and prosperity, and build and revitalize essential infrastructure for families, businesses and communities in Maine using the discretionary portion of funds allocated to the state by the federal American Rescue Plan Act (ARP).

As you will recall, the American Rescue Plan Act invests approximately \$4.5 billion in Maine altogether. Of this \$4.5 billion, Congress directly committed approximately \$3.5 billion to various recovery efforts, including significant support for COVID-19 testing and vaccinations, enhanced unemployment benefits, stimulus payments to families, and funds for businesses, education, child care, broadband, and behavioral health – as well as funds specifically designated for counties and towns across Maine.

The remaining \$997.5 million of ARP funds are allocated to the state as discretionary to support Maine’s economic recovery from the pandemic. The Mills Administration’s roadmap for these discretionary funds, The Maine Jobs & Recovery Plan, is designed to complement, not duplicate, funding already committed by Congress to other recovery efforts. These funds are entrusted to us to use both wisely and comprehensively.

The Plan draws from recommendations from the Governor’s Economic Recovery Committee and Maine’s 10-Year Economic Development Strategy, which heard input from thousands of Maine people, and relied on the expertise of Maine’s business, economic, education, nonprofit and community leaders, to develop detailed, consensus priorities for Maine’s economic recovery and future.

To outline how the Maine Jobs & Recovery Plan reflects these recommendations, we’ve included a separate document that aligns each initiative with the section of the ERC report and/or 10-year strategy in which they were proposed.

The Plan aims to heal our state from the unprecedented economic disruption of the COVID-19 pandemic, which has created a disparate “K-shaped” recovery in which those most vulnerable to the disruption of the pandemic remain in dire need of economic supports for themselves, and for their families.

To that end, the Maine Jobs & Recovery Plan proposes historic investments to address Maine’s immediate and long-standing economic challenges, increase workforce training and education opportunities for Maine workers, support small businesses and heritage industries, encourage new businesses and job creation through innovation and entrepreneurship, and invest in infrastructure – broadband, transportation, affordable housing, child care – to help retain and attract young families.

The Plan organizes its proposals into three categories for three specific purposes: 1) spur Maine’s economic recovery from the pandemic, 2) invest in long-term economic growth, and 3) build and revitalize essential infrastructure.

If approved by the Legislature, the Maine Jobs & Recovery Plan would infuse \$258.4 million into Maine’s immediate economic recovery, to address short-term needs and give Maine’s economy a shot in the arm; invest an additional \$294.5

million into long-term economic growth; , and allocate approximately \$418 million for Maine’s infrastructure.

Though largely a reflection of the draft framework outlined last month, the Maine Jobs & Recovery Plan was fine-tuned per guidance from the U.S. Treasury, and is presented today to the Legislature as an emergency measure in order to expedite the infusion of funds into Maine’s economy, while also providing stability and certainty for Maine people, businesses, and communities to achieve long-term growth.

I look forward to presenting all the details today. You will note three things:

First, the proposal includes \$22 million to cover administration and successful deployment of funds, in addition to the \$4.6 million previously approved through Public Law 2021, chapter 78. This will include transparent online tracking of funds as they are injected into Maine’s economy, as well as retention of dedicated financial professionals to provide mandated reporting to the Federal government and forecast any necessary course corrections as additional guidance is received from the U.S. Treasury. Regular updates will also be provided to the Legislature.

Second, the initiative to provide funding for the promotion of tax incentives such as the Opportunity Maine Tax Credit is no longer included, as U.S. Treasury guidance indicates that ARP funds may not be used to reduce or eliminate tax liability. Specifically, the eligible uses do not include “directly or indirectly offset[ting] a reduction in the net tax revenue of [the] State or territory resulting from a change in law, regulation, or administrative interpretation.”

Third, the \$129 million the Administration originally included for high-speed broadband expansion remains a part of the Administration’s Maine’s Jobs & Recovery Plan but it is not included in this bill. The U.S. Treasury guidance made it clear that those funds were so important to economic recovery, they were specifically earmarked for that purpose, and so today’s proposal is in addition to that \$129 million investment in broadband that will be coming separately from the Federal government, anticipated this summer, through the American Rescue Plan Act.

As you know, many Maine people and businesses are facing difficulty in communities across our state. We believe there is urgency to put these investments to work this summer and fall, to help our state, our businesses, towns, and people recover from the effects of the pandemic. We are in regular communication with Maine's municipalities and counties as they consider how to best utilize federal funds for their communities. From sewer and water infrastructure, to broadband and housing, many communities are seeking partnership with the state to make the greatest impact possible for their residents. We believe these opportunities, if approved by the Legislature, will ensure the maximum possible benefit for all Maine people and communities.

It is an awesome responsibility to determine how to use these time-limited funds in a way that stimulates economic growth over the short-term and the long term, in ways that will benefit the all Maine people. The Administration has created this roadmap that is in lock step with the intentions of Congress as they passed this transformative legislation to enable states to move their economies through and past the throes of the pandemic. We have done this methodically and strategically – and, at your request, with a high level of detail.

Maine's economic recovery, as you know, is urgent, and we feel we now have enough detail to confidently outline the Plan. We are engaging with other state's administrations as we roll out recovery plans for our respective states. We look forward to continuing to work in close partnership with the Legislature and our federal counterparts, including our Congressional Delegation and the U.S. Treasury, to confidently support economic recovery for Maine people, communities, and businesses as they recover from this long and difficult pandemic. We will monitor for further guidance or best practices that may emerge and, throughout, aim to produce formal reports for and provide regular updates to the Legislature.

We look forward to a robust bipartisan discussion – and a robust recovery for Maine. Despite the stormy seas of the past 15+ months, we are ready to set sail once again.

Beginning on **page 1, Part A** includes several items intended to **Drive Immediate Economic Recovery from the Pandemic**. Maine's nation-leading COVID-19

vaccination rate is helping our state turn the corner on this pandemic. It remains crucial, however, to support employers and particularly small businesses to get through this difficult time. These proposals aim to provide new and renewed support for Maine businesses, particularly small businesses, to ensure their doors stay open, their workers are safe and on-the-job, and our economy is secure in the short-term. There are three initiatives in this Part.

The first initiative in the Department of Economic and Community Development provides \$20 million for additional economic recovery grants for businesses and organizations struggling to recover from the economic disruption of the COVID-19 pandemic.

The second initiative provides \$48.4 million for loans and loan guarantees to help businesses secure needed investment capital due to the COVID-19 pandemic. It also replenishes capital for the Maine Rural Development Authority to support rural development projects.

The final initiative in this part provides \$10 million through the Finance Authority of Maine to support assistance programs for businesses or organizations employing emerging financing and/or governance models, including Co-Ops, B-corps, and Employee Stock Ownership Plans. These models became market trends during the pandemic, and flexible programs to support their growth is an investment in economic recovery.

**Part B, on page 2, focuses on Investment in Heritage Industries.** The economic disruption from COVID-19 has made investment in heritage industries – including the agriculture, fishing, and forest products sectors — urgently needed to stabilize these core economic engines of Maine’s rural areas. By investing in these industries, Maine can help these key sectors recover as they develop new product and market opportunities and sustain important, good-paying jobs across our state. There are three initiatives in this Part.

The first initiative provides \$20 million to the Department of Agriculture for urgent infrastructure that supports recovery of Maine’s farms and food processors, ensures the sustainability of farms and farm families, increases the supply of local food to meet state food consumption goals, and enhances Maine’s agricultural

exports while reducing the state's reliance on food imports. This initiative includes one limited period Contract Grant Manager position to support the program.

Prior to the pandemic, it was known that processing bottlenecks constrained the growth of our agricultural economy and the profitability of our producers. Market and supply chain disruptions caused by the pandemic exacerbated these bottlenecks, causing elevated risk, new expenses, and lost income for farmers, while consumers lost access to certain kinds of foods.

The Economic Recovery Committee highlighted agricultural processing as an area of emphasis for investment, and a recent Heritage Industries Infrastructure Survey, conducted by the departments of Agriculture, Conservation and Forestry, Economic and Community Development, and Marine Resources, verified the opportunities and needs that exist to strengthen our food system and grow value-added economic opportunities within it, particularly grain, fruit, dairy and meat processing. While survey results are preliminary, more than 50 percent responded that investments of up to \$100,000 would make a significant impact to support their recovery and growth.

The next initiative provides \$20 million for grants supporting economic recovery and development opportunities in the forest products industry to address reduced sector demand due to the economic downturn and industry impacts. This initiative would bolster this critical sector of our economy and the related businesses that it supports – and that support it – at this important time. From value-added products like mass timber, to emerging demand for bioplastics and biofuels, a significant opportunity exists to grow this sector, create jobs and economic security in rural Maine, and drive the future of modern, efficient building products and energy solutions, while supporting jobs and sustainable forests.

The Heritage Industries Infrastructure Survey showed that, for forestry respondents, categories that most urgently require enhancement were value-added and other wood product facilities, R&D/innovation facilities, roads/rail, and pulp and paper mill equipment. With this funding, the Maine Technology Institute will deploy grants and loans for research and development, new products and market opportunities, and job growth in innovative forest products industries.

The final initiative in Part B provides \$10 million to the Department of Marine Resources for grants targeting seafood processors and dealers to upgrade or replace aging or failing infrastructure, or re-engineer and retool facilities, in response to product line changes or safety protocols necessary as a result to COVID-19. Many of these businesses have already had to retool or adjust their facilities, in short order and at great financial cost, during the pandemic to safely continue operations and during unstable market conditions. Unfortunately, many of these businesses have had limited access to other federal seafood coronavirus relief programs due to program restrictions. DMR will implement this program in cooperation with the Maine Technology Institute, with the funding tied to economic recovery and resiliency in the seafood sector.

**Part C on page 4 provides funding for Small Business Health Insurance Premium Support.** Health insurance premiums, already a significant expense for small businesses in Maine, worsened during the pandemic. A relief program through the Maine Bureau of Insurance would provide small businesses that provide their employees with group health insurance temporary relief from rising health insurance premiums as they recover from the COVID-19 pandemic, giving them financial flexibility and help employees keep healthy and working.

Under this \$39 million proposal, small group health insurance premiums would be reduced by \$50 per employee per month for 18 months starting July 2021, with an additional reduction for family coverage. The employer and employee are to share the reduction pro rata according to their contributions to premium. The Bureau of Insurance will issue relief payments to the five health carriers based on actual credits made monthly by the carriers. The Bureau will audit small group carriers for compliance and to make sure there will be no recapture of discounts through premium increases. Carriers would notify their small group business policyholders of the program, its purpose, and when it will end.

ARP helps large employers that offer COBRA and individuals covered in the health insurance marketplaces but does not specifically send health premium help to small businesses. The Maine Small Business Health Cost Relief Proposal fills that gap. This is important because, between March 2017 to March 2020, the number of people in the small group market in Maine has dropped by 18 percent while premiums have risen by about 33 percent. The pandemic has worsened the

challenges that small businesses face and delayed our efforts to implement reforms to the small group market.

**Part D beginning on the bottom of page 4** directs the State Controller to transfer \$80 million from the Federal Expenditures Fund – ARP State Fiscal Recovery balance to the Department of Labor, Unemployment Trust Fund no later than September 30, 2021.

State unemployment insurance is paid to eligible Maine people through the Maine Unemployment Trust Fund, which is funded by certain employer taxes. A preliminary projection by the Maine Department of Labor indicates unemployment taxes for these Maine businesses would increase by an estimated 60 percent for 2022, without additional infusion to the Fund.

These funds continue the Mills Administration’s practice of replenishing the Fund to meet the unprecedented demand for unemployment assistance during the pandemic, reduce possible tax increases on Maine businesses, and avoid borrowing interest-bearing funds from the federal government.

**Part E, on page 5, includes the initiatives focused on Sustaining New Businesses & Entrepreneurs.** Although small businesses and entrepreneurs are central to Maine’s economy, and strongly supported by both the Economic Recovery Committee and the 10-year Economic Strategy, many new or newly acquired businesses found themselves unable to access federal relief programs established during the pandemic because they could not demonstrate the revenue losses necessary for eligibility. This makes supporting and sustaining these new businesses and business owners, many of whom have made significant personal investments into their operations and employees, a key aspect of our state’s immediate and long-term economic recovery. There are two initiatives in this Part.

The first provides \$6 million for additional economic recovery grants for new or newly acquired businesses and organizations that were unable or ineligible to benefit from prior relief programs. The second provides \$2 million for technical assistance to support these new businesses navigate their economic recovery.

**Part F on page 6 Encourage Business Diversity.**



In the pandemic, business owners from underrepresented backgrounds experienced barriers to accessing recovery support, due to language or cultural factors, lack of relationships with lending institutions, or unfamiliarity or lack of representation with Maine’s business support systems. Maine has also not traditionally conducted specific outreach to these businesses, which led to limited understanding and data about their experience and needs.

The Economic Recovery Committee and 10-year Economic Strategy both speak to the need for equitable economic growth and encouragement of business diversity. Supporting business owners from under-represented backgrounds will only enhance Maine’s business climate and economy, by providing immediate, targeted technical assistance, outreach, training, and access to capital. The Plan also highlights that, “Diversity is fundamental to innovation, entrepreneurial success, and a vibrant creative economy.”

There are three initiatives in this Part. The first provides \$1 million for technical assistance grants to support business diversity initiatives. The second provides \$500,000 for entrepreneurial training for underrepresented populations.

The final initiative provides \$1.5 million to the Department of Administrative and Financial Services, Division of Purchases. Funds will be used to develop and conduct statewide education and training events. Additionally, the Department will engage in a study to analyze current contract portfolios and assist with the development and implementation of policies and procedures designed to encourage business diversity throughout the procurement process.

**Part G on page 7 includes initiatives to Sustain Long-term Growth for Maine People, Jumpstart Research & Development.**

Maine’s investment in research and development, a key driver of economic growth, is among the lowest in the nation. According to the *Measures of Growth* report from the Maine Development Foundation, research and development spending in Maine is just 0.8% of our Gross Domestic Product, which ranks 46th among states.

While Maine has ways to evaluate R&D investments, ensure healthy competition, and promote public-private collaboration, failing to make sustained R&D

investments hampers our growth and hinders our economic recovery. The Governor's Economic Recovery Committee made a point of this, saying the economic challenges exposed by the pandemic "has accelerated the need to make strategic investments in innovation and entrepreneurship." The state's 10-Year Economic Development Strategy has identified certain sectors – such as biological and life sciences and advanced forest products for example – that align Maine's strengths with global market opportunities.

These investments have generated strong returns in the past. The state's last R&D bond invested \$45 million, coupled with \$1.06 million from the Maine Technology Institute, and attracted \$192 million in private investment that created over 5,350 good paying jobs.

There are three initiatives in this Part.

The first initiative provides \$75 million for the Maine Technology Institute to support and leverage private investments in research, development, and innovation in the state's targeted technology sectors to support economic recovery and growth. Funds will be awarded to Maine organizations through a competitive process to help them start innovative initiatives, grow market share, increase revenues, expand employment, and preserve jobs.

The next initiative provides \$4 million for contracted services for the Department of Environmental Protection to conduct time-sensitive licensing for urgent economic development projects to support recovery and job growth. DEP is receiving more land use permitting applications than in the past decade and cannot conduct technical and regulatory reviews within timeframes needed to support investments. These resources will allow for DEP regulatory experts to focus on nuanced regulatory issues while expediting more routine licensing processes. Limited period and contractual positions will also work in coordination with DEP subject matter experts to migrate DEP's existing licensing processes into an updated data management structure. Contractors will be selected for expertise in information technology and process improvement techniques. This will enable experienced DEP licensing staff to continue reviewing permit applications while also contributing their knowledge to agency-wide efforts to modernize how DEP engages with the regulated community and citizens.

The final initiative provides \$1 million to modernize DEP licensing processes using contracted services for organizational change management and integration of information technology with licensing regulations. The selected contractor(s) will also provide stakeholder facilitation and rule development services to assist DEP with comprehensive revisions to land use regulations including consideration for sea level rise and other climate change effects. This work will be coordinated with the project team developing DEP's new online licensing data system, so that updated regulatory requirements can be designed to maximize use of data management technology and to eliminate unnecessary administrative steps in the licensing process. The vendor will facilitate effective stakeholder engagement, including public outreach and development of guidance and training for local officials.

**Part H, starting on page 8, includes plans to Launch Health Workforce Initiatives.**

Health care employs more workers than any other job sector in Maine, yet critical worker shortages existed in Maine prior to the pandemic and have been exacerbated by it. These shortages limit access to quality care, particularly in behavioral health and long-term care; increase costs; and affect Maine's ability to attract talented workers since quality health care is often a priority for relocation. These funds would expand industry partnerships, build career ladders (e.g., from a certified nursing assistant to a registered nurse), promote and incentivize opportunities in rural health care settings, and support diversification of the workforce. It would also create one-time dedicated pools of funding for hospitals and for nursing homes to help recruit and retain workers in critical areas, in a public-private partnership model. There are eight initiatives in this Part.

The first initiative provides \$1 million in one-time funding to the Finance Authority of Maine for a pilot loan repayment program to help attract and recruit health care workers providing physical, behavioral and oral health services in a broad array of settings, to address critical workforce shortages exacerbated by the COVID-19 pandemic.

The next initiative provides \$7.2 million to the Department of Labor's Employment Services Activity program. This funding invests in training and

stackable credential attainment for incumbent frontline healthcare workers. The COVID-19 pandemic has exacerbated Maine's critical shortage of direct service workers including certified nursing assistants (CNA), personal support specialists (PSS), and behavioral health professionals (BHP) who are on the first rung of a career ladder and often leave for work in other sectors. To retain this critical workforce and reduce turnover, this initiative would establish a tuition remission program for direct service healthcare workers to attain credentials and move into the next rung on their career pathway (such as CNA to LPN).

The next initiative provides funding for three limited period CareerCenter Consultant and one limited period Employment and Training Specialist III position to assist in establishment, program referrals, enrollment and payment processing for a tuition remission program. It includes customization of the Department's system to track enrollments, process payments, and gather required information to evaluate outcomes including match with existing employer wage records, surveys, etc.

The next initiative, on the top of page 10, establishes one limited period Public Service Coordinator II position in the Department of Health and Human Services to support curriculum design that aligns required certifications for entry level positions -- such as direct service professional (DSP), mental health rehabilitation technician (MHRT), and CAN -- with college credit bearing courses and stackable credentials. This will allow front-line staff to advance their careers, increase the pool of health care workers with degrees, and help forge pathways for workers who may have been displaced by the pandemic to find jobs that can lead to long-term careers in health care.

The fifth initiative in this Part provides one-time funding to increase critical healthcare workforce pipeline by providing incentives to providers to serve as preceptors and clinical sites for healthcare students who require clinical hours and related oversight. Part of the workforce shortage in Maine is the shortage of training opportunities. This would expand clinical education and training programs by supporting educators and their organizations to spend time on developing talent.

The next initiative establishes two limited period CareerCenter Consultant positions to provide information on stackable credentials, prior learning credits,

and to assist out of state and foreign trained healthcare workers to quickly recredential as licensed providers in Maine. The 10-year Economic Plan included helping people with credentials obtained outside the State of Maine with becoming licensed in Maine. CareerCenter staff will partner with DHHS and DPFR to identify what training is required by the individual to become licensed or certified in Maine and then connect people with training and opportunities for tuition assistance

The next initiative provides funding to develop and refine health care career pathways and implement health care apprenticeships. This initiative establishes funding to help refine existing health care pathways and to establish apprenticeships within the health care sector. This funding may be utilized to help health care employers upskill their front-line workforce, expand CNA, Medical Assisting and specialty nursing apprenticeships; and expansion to other classifications, such as: LPN, x-ray technician, respiratory therapist, etc. This funding will provide partial reimbursement of the training costs for registered apprentices, using a model based on the existing Maine Apprenticeship Program.

The last initiative in Part H establishes one limited period Statistician position to collect and prepare data for analysis to ensure that ARP-funded services are based on sound information and that results are accurately reported. The Department of Labor's Center for Workforce Research and Information (CWRI) conducts analysis and reports on Maine's labor market. The substantial ARP investment in Maine's health care workforce must be based on accurate and meaningful data about the skills needs, job openings, and available workforce by geographic area of the state. This position will work with other CWRI staff to compile health care workforce data. CWRI will also work with DHHS to develop performance measures of the health care workforce.

**Part I, starting on page 11, includes initiatives focused on the Clean Energy Partnership.** Clean energy jobs are among the fastest growing job sectors in the country. Careers spanning from electricians to HVAC technicians to engineers offer good-paying jobs for workers seeking new better paying job opportunities and young people seeking careers. Maine's overall shortage of skilled workers is an obstacle to filling these jobs, Maine lags other New England states in its number of clean energy jobs per capita, and COVID-19 has challenged parts of this

economy, like weatherization and energy efficiency businesses, and has hindered the growth of new companies.

The Clean Energy Partnership will support clean energy and energy efficiency job growth through workforce development programs developed in partnership with the Department of Labor, and with industry and education leaders. This program will support innovation of advanced technologies and services that contribute to the achievement of state's clean energy, climate, and economic recovery goals. Funding may also be used for research and analysis of clean energy finance development tools that support the growth of this industry.

There are four initiatives in this Part.

The first provides \$1.5 million for apprenticeships at the Department of Labor. Funding will enable the expansion of apprenticeship opportunities; MDOL currently has electrical apprenticeships in the solar energy installations. Most clean energy jobs could become Registered Apprenticeships, including assembler, fabricator and meteorological technician. This funding will provide partial reimbursement of the training costs for registered apprentices, using a model based on the existing Maine Apprenticeship Program.

The next initiative provides one-time funding to establish the Workforce Development Program that advances clean energy workforce development and training programs, including but not limited to internships, scholarships, apprenticeship and pre-apprenticeship programs and a pilot initiative through Americorps. This initiative will also support the development of an online platform for attracting workers, sharing training opportunities, and highlighting job opportunities in this sector. The Governor's Energy Office shall develop this program in partnership with the Department of Labor, industry, education institutions and others and shall focus efforts on supporting workers and business most impacted by the COVID-19 pandemic and economic impacts. It also provides funding for one limited-period Public Service Coordinator II position through June 10, 2023 to manage this program's development.

The third initiative establishes one limited period Public Service Coordinator II position to manage industry and higher education sector engagement and program development of the Clean Energy Partnership.

The last initiative in this section provides one-time funding to advance innovation in the clean energy sector, including but not limited to providing grants in coordination with the Maine Technology Institute, as well as supporting partnerships with the private sector, education intuitions and others.

**Part J, starting on page 13, Establishes a Domestic Trade Program.**

The international trade disruption of the COVID-19 pandemic has made expanding and diversifying domestic opportunities for Maine businesses sustained economic recovery. The Domestic Trade Program, as envisioned by the 10-year Economic Development Strategy, will support Maine small and mid-sized businesses identify and access new domestic markets for their products, by providing market research data and marketing support to increase their domestic exports.

Maine is 17<sup>th</sup> in the nation for demand satisfied by imports, and this program will include a business-to-business campaign to connect Maine companies with local vendors to purchase services and products. The program will be housed in DECD's Office of Business Development and will have an advisory committee of private sector leaders.

There are four initiatives in this Part beginning on page 14.

The first provides for the management of the domestic trade pilot within the Office of Business Development program. The second provides grant funding and contracts for project partners for state trade promotion opportunities for Maine companies. The third provides funding for trade and market analysis opportunities for Maine companies. And the final provides the funding for the domestic trade pilot program and outreach.

**Part K starting on page 15 includes initiatives to Expand and Strengthen Maine's Workforce, and to Attract and Retain Workers.**

Funding will support worker attraction and relocation programs that encourage long-term residency in Maine. This initiative addresses a long-standing economic and workforce challenge that has increased in urgency during the pandemic, exacerbated by an unaffordable housing market, and child care challenges. This issue is impeding the recovery of tourism and other businesses facing a shortage of available workers. There are two initiatives in this Part.

The first initiative provides, on page 15, provides one-time funding to build out a complementary talent/workforce attraction & retention system that seeks to attract people to Maine and into the workforce. Talent recruitment and retention is a key tenet of the 10-year Economic Strategy and a leading recommendation of the Governor's Economic Recovery Committee.

The second provides one-time funding to address critical healthcare workforce shortages through a collaborative public-private partnership to support nursing home and hospital healthcare recruitment efforts. Maine, along with most other states, is facing a critical shortage of health care professional staff. These funds will build upon existing recruitment strategies that exist within the current health care infrastructure.

**Part L starting on page 16 includes initiatives to Expand and Strengthen Maine's Workforce, Expand Maine's Career Exploration Program.**

These initiatives will expand the Maine Career Exploration program, part of the State's 10-year Economic Strategy. To help students explore career opportunities geared to their interests, students in the program would have one paid internship between their junior year of high school and one year after graduation. To provide accessible and affordable education and training for working adults, the program will also offer incentives and assistance to workers and employers to access training and skills development opportunities. There are two initiatives in this Part.

The first initiative provides for three years of pilot funding for on the job training for Maine youth to be able to explore career options including internships and related program supports, such as transportation, childcare and technology.

The second initiative provides funding for youth pre-apprenticeship programs to support urgent workforce needs and support student exploration of good paying careers. Maine is facing a shortage of trained workers to support business recovery. Quality pre-apprenticeship programs benefit employers, educators, and students by providing work-based learning to help youth prepare for an entry-level Registered Apprenticeship. Employers benefit by being able to determine if they want to invest in a full Registered Apprenticeship for the young adults while they are still in school, and by developing a talent pipeline with the skills the employer needs.



**Part M starting on page 17 includes initiatives to Expand and Strengthen Maine’s Workforce by Creating the Remote Worker Program.** With Maine as just one of 10 locations in the U.S. to successfully attract new residents to live and work remotely during the pandemic, further strengthening the attraction and integration of remote workers into our communities is an economic growth opportunity. These funds will support outreach to potential remote workers and their employers; grants for communities to welcome and integrate remote workers and their families; and funding for collaborative workspaces to help remote workers engage in local communities and economies. This project will also allow an expansion of the “Working Communities Challenge” in partnership with Federal Reserve Bank of Boston. There are two initiatives in this Part.

This first initiative provides \$2.5 million to build out the infrastructure and information needed to attract and integrate remote workers into Maine's communities and economy through clarifying all rules and requirements for employees and employers, and providing marketing and outreach around this information; consideration of any specifics around tax implications or offering any incentives longer term; development of employer materials for out-of-state employers with remote workers in Maine.

The second initiative provides \$2.5 million to support coworking development. In addition to expanding the existing program, these dollars will be used to leverage the spaces as a mechanism for integrating remote workers into their Maine communities. Use of funds will be guided by the input of the coworking spaces and the work they have been doing collaboratively over the last year. This will also expand the Working Communities Challenge to three additional communities.

**Part N, on page 18, includes initiatives to Expand and Strengthen Maine’s Workforce, Train Workers through Maine’s Career and Technical Education Centers and Higher Education Systems.** To meet workforce development needs in emerging economic sectors, in alignment with the 10-year Economic Development Strategy, these funds will support infrastructure and equipment upgrades for Maine’s Career and Technical Education centers that advance programs and curricula for high school students, new University of Maine System and Maine Community College System targeted workforce programs, and

competitive workforce development grants available to all higher education institutions in Maine.

The Governor's Economic Recovery Committee November recommendations also prioritized the need for investment in training and education to unleash the power of the state's workforce, noting that "students and skilled workers are more likely to stay in Maine when they have fulfilling jobs and access to prosperous career pathways."

The report also cited that college graduates earn about 56% more (about \$20,000 a year), on average, than those with only high school diplomas, and that gap continues to grow. Maine statute identifies a postsecondary attainment goal of increasing the percentage of working-age adults holding a high-value certificate, college degree, vocational education or other industry-recognized credential to 60% by 2025. Currently at 46%, Maine must increase degree and credential attainment at both our private and public institutions to meet our state's goal and prepare Maine people for a good-paying job.

There are four initiatives in this Part.

The first initiative in this Part provides \$20 million dollars of one-time funding to the Department of Education for infrastructure and equipment grants for Maine's Career and Technical Education (CTE) programs with a focus on career development and training to meet Maine's workforce needs for economic recovery, workforce development, and supporting good paying job opportunities for Maine students.

The next two initiatives provide \$35 million dollars of one-time funding for both the Maine Community College System and the University of Maine System to support workforce development plans, targeted training and career pathway programs, and new training program infrastructure designed to meet the needs of workers and students, as well as Maine employers and industries especially those most impacted by COVID-19 including hospitality, heritage industries, health care, and skilled trades that are in demand. These programs will also support workforce demand required for other economic opportunities, ranging from broadband expansion to construction trades.

The last initiative in this Part provides \$15 million in one-time funding for competitive grant funds to state of Maine higher education institutions, with grant program criteria to be developed jointly by the Department of Economic and Community Development, the Department of Labor, and the Department of Education. Grants will target programs and infrastructure that meets the meet the needs of workers and students, as well as Maine employers and industries, especially those most impacted by COVID-19 and as required to support state economic growth strategies.

**Part O, beginning on page 20, includes initiatives to Expand and Strengthen Maine’s Workforce, Advancing Equality.**

Increasing diversity, equity, and inclusion in Maine’s economy and workforce is recommended by the 10-year Economic Strategy and the Economic Recovery Committee as critical for long-term economic growth, to address the state’s long-standing need to grow its workforce and the disparate impact of the COVID-19 pandemic on underrepresented communities in Maine.

This investment of \$8 million dollars of funds will support engagement with Maine’s racial and ethnic communities, tribal communities, the state’s Permanent Commission on the Status of Racial, Indigenous and Maine Tribal Populations, and other underrepresented and marginalized communities to develop programming that reduces economic and employment barriers and advance opportunity for Maine people of diverse backgrounds, cultures, races, genders, religions, and socio-economic statuses. There are five initiatives in this Part.

The first initiative provides \$1.5 million for the promotion of diversity, equity, and inclusion in Maine's workforce. Investment in the promotion and training to support diversity, equity, and inclusion in public and private hiring to include technical assistance to the State and Maine businesses and organizations for hiring and retaining a diverse workforce.

The next initiative allocates \$3.5 million to advance opportunity and reduce structural economic and workforce barriers for individuals from historically marginalized backgrounds based on race, ethnicity, gender, sexuality, religion, and socio-economic status and increase access to State funding for diverse businesses

and non-profits, to include infrastructure investment for qualifying businesses and non-profits.

The third initiative, on the top of page 21, provides \$1 million for improved data collection to support efforts that advance opportunity and reduce structural economic and workforce barriers for individuals from different backgrounds, cultures, races, genders, religions as well as reduce barriers for diverse businesses and non-profits.

The next initiative provides funding to assist people in underserved populations with addressing basic needs and seeking employment. DOL will implement a pilot program that will leverage relationships that community organizations have with underserved populations to assist people with expanding employment opportunities, connecting them with CareerCenter services and job training programs, and obtaining support for basic needs while they seek employment or training.

The final initiative in this Part provides funding to expand the Progressive Employment program for all underrepresented populations and provides technical assistance to employers. Progressive employment consists of short-term placement opportunities that allow people to try out a new work scenario, build valuable skills and experience and show an employer what they can do.

Work placement opportunities can include everything from an informational interview and company tour to job shadowing and short-term placements. Employers like progressive employment because they know MDOL carefully matches job seekers to the right opportunities, and that they will have a chance to assess the persons skills without the commitment of making a full-time hire. MDOL uses this model for people with disabilities, and it can be expanded to other disadvantaged populations. Funds will support the expansion of the program and subsidize short-term placements.

**Part P, beginning at the bottom of page 21, includes initiatives to Expand and Strengthen Maine’s Workforce, Connecting Workers to Job Opportunities.**

To help the state’s 10-year Economic Strategy move forward, these funds will enhance coordination efforts in the labor market. There are gaps between the types of skills needed and existing and available workers, and communication gaps that

prevent workers from matching with available jobs.

These initiatives will be funded with \$15 million dollars and will offer an opportunity to build new infrastructure and pilot new programs to support skill advancement, outreach, and build additional opportunities to support connections and pathways for workers to open opportunities, establish services for emerging industries, expand supports for employers and workers, and enhance program outreach and evaluation. There are seven initiatives in this Part.

The first initiative establishes four limited period CareerCenter Consultant positions to increase individualized employment services to people who have been out of work during the COVID-19 pandemic. The Maine Jobs and Recovery Plan combined with the LD 221 budget provide an unparalleled investment in Maine's workforce. The change package to LD 221 includes a General Fund investment in the Department's CareerCenters that hasn't been seen in twenty years. As you know, the CareerCenter staff work with people to develop an individualized employment plan. These plans match people's skills and interests with jobs and industries in their area. These plans also identify resources to help people who are struggling with barriers that prevent them from participating in the workforce. To help meet the increased demand for employment assistance, the Department is adding 4 limited-period CareerCenter Consultant positions. This is in addition to 16 limited-period positions that have been proposed in LD 221.

The next initiative provides \$4 million for apprenticeships to facilitate economic recovery for workers and businesses impacted by COVID-19. Apprenticeship is an industry-driven, high-quality career pathway where employers can develop and prepare their future workforce, and individuals can obtain paid work experience, classroom instruction, and a nationally recognized, portable credential.

The third initiative provides \$3.7 million for connecting workers affected by COVID-19 with jobs that match their skills, interests, and geographic area, for overcoming barriers like transportation and childcare, and for the development of an online portal for connecting multiple workforce resources. CareerCenters work with people to develop an individualized employment plan. These plans match people's skills and interests with jobs and industries in their area. These plans also identify resources to help people who are struggling with barriers that prevent them

from participating in the workforce. These funds will be used to address barriers that may be preventing people from becoming and remaining employed.

The next initiative provides \$1.5 million for the Competitive Skills Scholarship Program to train disadvantaged individuals impacted by COVID-19. CSSP provides funding for education, training and necessary support services that lead to good-paying jobs. Eligible education and training must be universally recognized and accepted by the trade or industry in which the participant intends to seek employment, and must provide opportunity for employment in high-wage, in-demand jobs in Maine that lead to a substantial improvement in earnings and benefits. Eligibility for each component is the same and is dependent on the individual. Each participant must: not already have a marketable post-secondary degree; have an income lower than 200% of the federal poverty level for their applicable family size; be working toward a job in a high-demand high-wage occupation; and, have the aptitude and ability to complete the desired educational program. The CSSP has been unable to accept new enrollees since November 2019. This funding will support eligible individuals who have been affected by COVID-19 to train for a high-wage, in-demand occupation.

The next initiative provides \$3.7 million to assist industries hardest hit by COVID-19 with workforce development training, networking, recruitment, and collaboration to raise career and industry awareness. DOL's industry partnerships are organized to align education, workforce and economic development partners and others to collaboratively design responsive solutions to meet the needs of manufacturers. They are focused on a single industry to allow business leaders to engage directly with industry peers across traditional boundaries. Partnerships are driven by business leader priorities that go beyond basic workplace skill needs to building a sustainable talent pipeline and diving deeply into technical or supply chain needs and established regionally to address the dynamics of local economies and identify common issues, challenges, and opportunities across employers. Funding will support efforts of targeted partnerships and the development of a talent pipeline.

The next initiative establishes one limited period Eligibility Specialist position and provides All Other for outreach and other expenses related to the Worker Opportunity Tax Credit (WOTC) program in order to create incentives for

employing traditionally disadvantaged populations, which have been hardest hit by COVID-19. The WOTC program provides tax credits to employers who hire individuals that typically face serious barriers to finding employment. Some of these individuals include qualified veterans, justice-involved individuals, SNAP (food supplement) program recipients, and vocational rehabilitation referrals. This program has done an incredible job of breaking down potential barriers for populations that have a difficult time finding work. The WOTC program incentivizes hiring of populations who often watch from the sidelines and encourages a more diverse and inclusive workplace. Maine's WOTC allocation of \$76,000 is grossly inadequate to process the 13,000 applications that come in yearly. This funding will clear up the backlog of employer applications and ensure that employers receive a determination of their WOTC eligibility in a timely manner. In addition, promotion of the WOTC program will create greater awareness of the program and encourage hiring of people who are traditionally overlooked.

The final initiative in this Part establishes one limited period Senior Economic Research Analyst for evaluation of ARP workforce programs through data analysis and impact evaluations. The Department of Labor's Center for Workforce Research and Information (CWRI) conducts analysis and reports on Maine's labor market. The substantial ARP investment in Maine's workforce must be based on accurate and meaningful data about the skills needs, job openings, and available workforce by geographic area of the state. This position will work with other CWRI staff to compile Maine-specific workforce data.

**Part Q, on page 24, addresses Regulatory Reform, Increasing Licensing and Permitting Efficiency.** These funds would support making state licensing easier and faster for businesses and more transparent and accessible to the public, through launching an online licensing system for environmental and other state licenses. A timely and fair permitting system is crucial to economic investments, which was felt especially during the pandemic. This proposal envisions contracting with a software company for this licensing system, to put funds into the economy quickly and multiply it through savings for businesses and the State.

This initiative will provide \$8 million dollars to fund development of an agency-wide online licensing and compliance portal for the Department of Environmental

Protection to serve the regulated community and citizens. The new system would provide modern workflow and constituent self-service functionality that is not possible with DEP's legacy databases, will eliminate redundant paperwork submissions, and will enable applicants to manage their records with DEP online. This system will be developed to support environmental and other state licenses, making licensing easier and faster for businesses and more transparent and accessible to the public.

Timely and fair environmental permitting is critical to support business investments. Maine's 10-year Economic Development Strategy calls for the state to create a web portal that would enable businesses to understand the regulatory system for their particular projects, the standards they must meet, the critical path the application would follow, and the anticipated length of time for a decision. The Governor's Economic Recovery Committee specifically recommended that the State should develop and implement an online permitting system at the Department of Environmental Protection to enable tracking of permit applications.

**Part R, on page 24, includes initiatives to Build and Revitalize Infrastructure for a Better Tomorrow.**

Infrastructure in the 21st century is much more than just roads and bridges; it is the fundamental support systems that ensure people are able to live a decent, healthy, and productive life in Maine – it is the foundation that will support Maine people and families as they seek to recover from the pandemic, and it will keep Maine people here and attract others to come here, live, raise, their families, and contribute to our economy. The Governor's Economic Recovery Committee strongly recommended infrastructure investments in broadband, affordable housing, transportation, and childcare in response to the economic upheaval of COVID-19. With a strong infrastructure, Maine can grow its population, grow its economy, and ensure we are a state that where everyone can thrive. This Part includes nine initiatives.

The first initiative provides \$21 million in funding for the expansion of affordable high-speed broadband access in Maine, leveraging private funding and ensuring long-term benefit for Maine through the new Maine Connectivity Authority. The new Authority will utilize state mapping data to ensure the funds are targeted,



across the state, supporting increased high-speed access. The Authority's investments will be used to ensure affordable access for all communities and citizens and will maximize the use of public dollars for long-term benefit.

This funding will be supplemented by the \$129 million in anticipated "Coronavirus Capital Projects Fund" (CCPF) Maine is expecting to receive through a separate American Recovery Act program by summer, targeted to support "access to high-quality, modern infrastructure needed to thrive, including internet access." The funding provided in this bill, plus the CCPF funds will provide a historic \$150 million dollar investment in expanded equitable high-speed internet access for Maine people.

The Economic Recovery Committee highlighted the urgency of these investments and wrote that "Broadband has become the de facto line of demarcation between communities with economic opportunity and those with dwindling populations, and even broadband in most urban areas of Maine lack the fiber to the home speeds found in metro areas nationally. The pandemic has added urgency to this long-standing need and its importance to talent attraction and retention."

The report also highlighted housing issues and how the pandemic has "exacerbated Maine's housing crisis situation as housing stock decreases, prices skyrocket; affordable housing lists have grown and more families face evictions due to their inability to pay rent. Although programs exist to make housing affordable, they require reform and additional funding to ensure that they meet the scale of the current problem, enable more Maine workers to live closer to where they work, and make Maine more attractive to families considering moving here."

The next initiative provides funding for \$50 million in investments to expand housing options that are affordable to workers and their families to own or rent, through existing financing programs through MaineHousing, as well as new incentives in partnership with DECD, and utilizing input from stakeholders, especially Maine's municipalities and counties who are considering housing investments utilizing their federal ARP allocations. These funds may also be used to provide planning and technical assistance for communities, developers, and builders to encourage construction or production of affordable, energy efficient housing units close to service and employment centers to support families and

reduce commuting times. The Maine Legislature also has a pending housing stakeholder process that may provide important recommendations to guide the use of some portion of these funds for FY 23.

The next infrastructure investment provides \$50 million in one-time funding to the Efficiency Maine Trust to support efficiency and weatherization programs for homeowners, renters, communities, and businesses. Of the total, it will provide \$25 million to accelerate weatherization and efficiency upgrades for Maine homes, especially for low-income residents, older Mainers and renters who have struggled to get by during this pandemic. These funds will also assist municipal, county, school, and community organizations with heating and ventilation efficiency projects by providing \$15 million in matching funds, and will support \$10 million dollars in incentives for industries and businesses to invest in energy cost savings, supporting economic recovery and improved efficiency.

The fourth initiative provides \$10 million dollars of one-time funding to Department of Health and Human Services to provide grants to renovate, expand, or construct childcare facilities to increase availability of accessible and affordable childcare. This initiative includes one limited-period Social Services Manager I position to support the management of this program.

A recent analysis by the Bipartisan Policy Center found that close to 5,000 Maine children with working parents, mainly in rural areas, do not live near a childcare program. Based on provider and constituent reports, gaps in childcare may have worsened during the pandemic, as some providers have reduced capacity or closed due to COVID-19 pandemic. Investment in childcare was a key recommendation of the Governor's Economic Recovery Committee and the State's 10-year Economic Development Strategy to attract new families to Maine, allow parents to stay in the workforce, and assist employers in finding skilled workers. Based on provider and constituent reports, gaps in childcare may have worsened during the pandemic, as some providers have reduced capacity or closed due to COVID-19 pandemic.

Investment in childcare was a key recommendation of the Governor's Economic Recovery Committee and the State's 10-year Economic Development Strategy to attract new families to Maine, allow parents to stay in the workforce, and assist employers in finding skilled workers.

Maine is expected to receive an additional nearly \$120 million in federal funds through the American Rescue Plan for childcare program support, as part of what has been described as “the single biggest national investment in childcare since World War II.”

These investments are detailed in the [Child Care Plan for Maine \(May 2021\)](#), and are targeted to increase access to high-quality childcare and to support and expand Maine’s child care workforce.

Additionally, to support the expansion of high quality early childhood education, the next initiative, on page 27, provides \$10 million for one-time funding to the Department of Education for grants for School Administrative Units to establish new or expanded public pre-K programs and pre-K partnership programs for 4-year-olds to increase the number of children accessing high-quality pre-K. Priority will be given to programs that engage in community partnerships, provide longer duration programs, support inclusive programming, and enroll socio-economically disadvantaged students.

This initiative also establishes one limited-period Contract Grant Specialist position through June 10, 2023 and provides funding for one contracted distinguished educator position to provide technical assistance and professional learning to school administrative units for pre-kindergarten expansion.

The next four initiatives allocate funds to the Department of Transportation. Maine’s transportation system serves every Maine citizen and is a cornerstone of the economy. Even before the pandemic, Maine and most other states confronted chronic transportation funding challenges, and reduced travel during the pandemic has resulted in lower Highway Fund revenue to support infrastructure repairs. The first initiative provides \$50 million in state fiscal year 2022 to help offset Highway Fund revenue losses and support capital projects in summer 2021 to preserve, improve, and construct highways and bridges statewide.

The next four initiatives allocate funds to the Department of Transportation (MaineDOT). Maine’s transportation system serves every Maine citizen and is a cornerstone of the economy. Even before the pandemic, Maine and most other

states confronted chronic transportation funding challenges, and reduced travel during the pandemic has resulted in lower Highway Fund revenue to support infrastructure repairs. The first initiative provides \$50 million in state fiscal year 2022 to help offset Highway Fund revenue losses and support capital projects in summer 2021 to preserve, improve, and construct highways and bridges statewide.

The second initiative provides \$20 million in one-time funding for municipal, regional, and state infrastructure adaptation improvements that support public safety and emergency management and increased infrastructure resilience.

These funds will create a pilot “Infrastructure Adaptation Fund” to support local, regional, and state infrastructure projects that addresses critical vulnerabilities. These funds will help protect vital infrastructure most at risk, help unlock additional federal and other funding options, and benefit public safety and emergency management efforts. This pilot funding program will support competitive projects across the state, determined in partnership with municipalities, counties, and relevant state agencies.

The third initiative provides \$5 million to support workforce transportation pilot projects. Connecting workers to job opportunities across the state helps both Maine people connect to work opportunities and it helps Maine employers who need workers, especially in the rural parts of our state where traditional public transportation options are limited.

MaineDOT is reviewing best practices from across the nation and will work with local, regional, and state partners, including the Department of Labor, chambers of commerce, community action agencies, and employers - to identify needs and opportunities, develop and support initiatives, and design a grant program to support innovative and promising pilot projects across the state that connect Maine people with employment opportunities.

The fourth DOT initiative provides \$8 million to expand state, municipal and other publicly accessible electric vehicle charging stations and related infrastructure. As Maine’s tourism economy recovers, and the border with Canada re-opens, this initiative will support growing tourist demand for electric vehicle charging and will support enhanced opportunities for state-wide electric transportation opportunities for Maine people across the state. Maine DOT, in conjunction with Efficiency

Maine Trust, will locate existing and planned chargers, with a priority for expansion of Level 3 (fast charging) infrastructure.

**Part S, on page 30, Supports Essential Drinking and Wastewater Projects.**

The need for critical infrastructure improvements, such as upgrades to water treatment plants, storage reservoirs, pipe distribution systems exceeds the State’s current funding capacity. Through a \$25M investment in the State Revolving Fund (SRF) and the CDC drinking water program, these funds will address significant backlog of drinking water projects and help municipalities leverage further local and federal ARP funds. These investments improve public health, provide community benefits, reduce the burden for local rate payers, and support construction jobs.

This part also provides \$22M for municipal wastewater and infrastructure projects, also leveraging local ARP funds and accelerating the timeline of these essential local projects that protect public health, provide community benefits, reduce the burden for local ratepayers, and support construction jobs. Additionally, this initiative provides \$3M for the Small Community Grant Program, which supports septic repair and replacement projects, supporting water quality and public health for communities, water bodies, and fisheries. This Part includes 3 initiatives.

The first initiative provides funds to the Department of Health and Human Services to expand efforts to address imminent risk to public health through investment in public water system improvements, including mitigation of lead in drinking water at schools and daycares and PFAS impacts. Safe, reliable, and affordable drinking water is fundamental to the wellbeing and economic prosperity of our communities.

The Maine CDC Drinking Water Program would utilize these new funds to provide grants and low interest loans would help Maine’s public water systems address imminent risks to public health such as elevated lead in drinking water at schools and daycares, harmful algal blooms in surface water supplies, arsenic and other natural contaminants in groundwater along with threats from manmade pollutants like petroleum and PFAS, or “forever chemicals”. Funding would also be used to upgrade existing treatment systems, establish new safe drinking water sources and repair or replace critical infrastructure such as aging pump stations,

distribution piping and storage tanks to ensure compliance with the Safe Drinking Water Act.

The Maine CDC Drinking Water Program would utilize these new funds to provide grants and low interest loans would help Maine’s public water systems address imminent risks to public health such as elevated lead in drinking water at schools and daycares, harmful algal blooms in surface water supplies, arsenic and other natural contaminants in groundwater along with threats from manmade pollutants like petroleum and PFAS, or “forever chemicals”. Funding would also be used to upgrade existing treatment systems, establish new safe drinking water sources and repair or replace critical infrastructure such as aging pump stations, distribution piping and storage tanks to ensure compliance with the Safe Drinking Water Act.

The next two initiatives provide funding to the Department of Environmental Protection. This would fund municipal wastewater infrastructure projects, help leverage local American Rescue Plan funds and accelerate the timeline of these essential local projects that protect public health and water quality, provide community benefits, reduce the burden for local ratepayers, and support construction jobs.

Wastewater infrastructure (such as treatment plants, sewer systems and pump stations) is typically the highest value asset a community owns, and in some circumstances, cannot be affordably sustained solely through local rate payers. In Maine, we continue have approximately \$1 billion dollars of known wastewater infrastructure needs just to maintain and upgrade our existing facilities. Funding will be distributed through DEP’s Municipal Wastewater Grant Program.

The final initiative in this Part would fund DEP’s Small Community Grants, which cover costs for repair and replacement of malfunctioning septic systems that impact surface waters, such as lakes and ponds. These grants protect public health, water bodies, and fisheries. This is an existing grant program that has been previously funded with sporadic bond funds.

**Part T, on page 31, begins to outline the plan to Invest in Outdoor Recreation & Marine Resources by Upgrading Maine State Parks.**

Investments in state parks bolsters the recovery of the state’s tourism economy, by improving the state’s incredible outdoor recreation facilities for visitors and Maine people alike. Maine’s State Parks had more than three million visits for the first time in 2020, and through March of 2021, the pace of campground reservations was already 63 percent higher than last year. While this increase shows the recreational and economic importance of State Parks for Maine, it is also straining park staff and infrastructure.

These funds will address \$50M in capital maintenance and improvement needs and represent the first meaningful investment in State Parks in more than a decade. Park infrastructure is outdated, lacking funding to be properly maintained, and in some cases, unsafe. In addition to structural repairs to park roads, bridges, shelters, and staff housing, the pandemic highlighted the inadequacy of plumbing and sanitation facilities.

These funds will address \$50M in capital maintenance and improvement needs and represent the first meaningful investment in State Parks in more than a decade. Park infrastructure is outdated, lacking funding to be properly maintained, and in some cases, unsafe. In addition to structural repairs to park roads, bridges, shelters, and staff housing, the pandemic highlighted the inadequacy of plumbing and sanitation facilities.

**Part U, beginning on page 32, includes initiatives to Invest in Outdoor Recreation & Marine Resources by Bolstering Fisheries and Wildlife Infrastructure.**

During the pandemic, hunting and fishing spiked as people flocked to the outdoors. Already in 2021, fishing license sales are up nearly 20 percent over last year. At the core of Maine’s fisheries is Maine’s State hatchery system, which stocks over one million fish annually in Maine’s waters. Fishing in Maine has an annual economic impact of over \$320 million, supports over 3,300 jobs, and there are over 350,000 licensed anglers.

This initiative provides \$20 million to the Department of Inland Fisheries & Wildlife which will be used for hatchery redesign and improvements. The funds

will allow for the replacement of end of life and antiquated infrastructure at the 88 year old New Gloucester Fish Hatchery, create needed capacity at Grand Lake Stream Hatchery to manage fish disease threats and conserve an endemic population of landlocked Atlantic salmon, and lastly improve the quality of hatchery effluent at all 8 fish culture facilities that will improve protections to receiving waters. These investments will not only maintain existing fish production, but efficiencies in modernization and increased capacity are expected to provide some increases in fish production, while investments in effluent treatment will address requirements in wastewater discharge licenses.

**Part V, on page 33, focuses on Improving Fishing Industry Infrastructure & Monitoring.** As the commercial fishing and aquaculture industries recover from the market disruptions and economic challenges of the pandemic, the Department of Marine Resources requires urgent investments to fulfill their industry and management mandates. This part provides \$16 million dollars to the Department for public health and infrastructure investments that improve the operations of the Department, increase their ability to serve marine industries, and that support urgent restoration projects that improve habitat for commercial and recreational usage.

These funds will support a variety of public health, infrastructure, and industry support needs including public health monitoring as it pertains to shellfish and water quality by upgrading equipment to support maximizing harvest opportunities in both the aquaculture and wild shellfish sectors; investment in climate-resilient infrastructure on the coast to promote public health and efficiency; and an urgently needed marine patrol vessel upgrade for cost savings and safety. Additionally, needed improvements to boat ramps, docks and parking areas will improve coastal public access to state-owned facilities at a time their use has greatly increased.

The first initiative would provide funding to upgrade Maine's efficiency and monitoring for biotoxin and human pathogens in shellfish and; support the establishment of a surveillance program to monitor for the human pathogen *Vibrio parahaemolyticus* (Vp), a naturally occurring marine bacteria in bivalve shellfish that has become a growing health concern as Gulf of Maine. .This investment would provide better support and improved harvesting opportunities for Maine's



wild harvest shellfish industry and rapidly growing aquaculture sector, especially as they seek to recover their markets from significant pandemic shut-downs.

The second initiative provides infrastructure for funding to support construction of a new offshore patrol vessel to replace an aging asset in its fleet, and greatly enhance the Bureau's ability to safely and effectively operate more than 40 miles offshore in the Gulf of Maine to focus on fishing activity and compliance with measures to protect endangered right whales. The vessel would be built in Maine and the first of its kind to incorporate new innovative marine diesel engine technology that will maximize fuel efficiency and dramatically minimize environmental pollution. Funds would also upgrade and replace failing infrastructure at a number of Marine Patrol facilities, floats and pilings; upgrades to the heating system for energy efficiency; and replacement of failing electrical infrastructure at the Boothbay Harbor facility that caused a fire and resulted in the loss of a Patrol vessel last year.

The next initiative will support increased public access at State DMR facilities for recreational access to the ocean with rebuilt ramps, roadways, and ADA-compliant piers.

The fourth initiative in Part V provides one-time funding to support critical emergent needs to support this critical industry including research and analysis or contractual support to inform future regulations to protect right whales; increased staffing to implement harvester reporting; and to implement early-stage fishery research priorities in the State's proposed offshore wind research array, and to ensure we have the needed data that would be used to protect valuable marine resources in anticipation of commercial offshore wind development in the Gulf of Maine. The use of these funds for harvester reporting would delay for an additional year the need for DMR to request either significant license fee increases to our lobster license holders, which we have held off on due to reluctance to make such a request during this period of great uncertainty.

The final initiative will provide \$7.6M in competitive grants for habitat and tidal restoration projects across the state. A substantial list of shovel-ready projects (totaling \$96 million) has been identified by the Maine Coastal Program and the Division of Sea Run Fisheries in conjunction with community partners. These

projects include work to improve fish passage, promote salt marsh resilience, and allow greater tidal flow in restricted crossings. These projects will result in increased fish populations that expand both commercial and recreational opportunities as well as improved public access.

**Part W, on page 35, includes one initiative to Facilitate Energy Needs.** These funds will establish a matching grant program to support electricity grid upgrades that will reduce barriers for economic development by new or struggling businesses, especially in rural areas of the state.

The initiative provides \$8 million dollars of funding to establish the Interconnection and Electrical Grid Upgrade Program at the Department of Economic and Community Development, and competitive grants will be made in partnership with the Governor’s Energy Office. These grants will support electricity grid upgrades that support economic development by new, struggling, or growing businesses in Maine, especially in heritage industries.

**Part X, beginning on page 35, includes initiatives to Modernize State Technology.** The pandemic has illustrated the need for accessible, safe, and efficient State government services and programs – especially those that can managed online or through remote programs. These funds will invest in targeted upgrades to make State systems more user friendly, as well as cybersecurity needed to ensure safe State operations (\$40M). These funds will also invest in required heating, ventilation, and efficiency upgrades to promote healthy working environments and long-term operational savings (\$10M).

The first initiative provides \$10 million for enhancements of digital services for citizens that are needed to make State systems more user friendly to the public. The recent global pandemic has highlighted a pressing need to deliver State services anywhere and anytime. Our ability to effectively deliver remote services will protect State of Maine employees and citizenry. This project aims to develop a single citizen login and begin the transition of services into a one-stop structure for government services. Citizens will be able to easily find and navigate state government’s digital presence without needing a full understanding of State agency structures.

The second initiative provides \$20 million to address the modernization of digital and physical technology assets are required to begin moving away from aging assets that represent accumulating technical debt and risk. These funds will provide for replacement of aging server and network systems and the creation of architectural cloud structures for applications that will bring greater flexibility and opportunity to state services in the future.

The third initiative provides \$6 million for critical investments in the cybersecurity program will help strengthen our core cyber capabilities and improve the overall resiliency of the State of Maine. We have highlighted in previous testimony how years of funding information security with the chargeback model has created a situation where the State's cybersecurity requirements have been unable to keep pace with a rapidly evolving threat landscape. The funding for cybersecurity will augment the proposed general fund appropriation request in LD221 and allow for the resources needed to tackle some of our highest risk areas including business continuity planning and workforce enhancements.

The last initiative in Information Services provides fund for increased effectiveness of remote work capability will improve the opportunities a highly capable remote workforce can provide and create easier ways to work for those onsite. This initiative will enable collaboration and efficiency for those not physically together and automate many manual processes. While the remote workforce was a necessity of the pandemic and could be needed in response to many other crisis situations, there are other potential benefits to a well-equipped remote workforce. Improved work environment, location independence, cost savings, and positive environmental impacts can be gained through a remote workforce that evolves through continuous improvement processes.

The final initiative in this Part provides funding for capital construction and repair to address air quality and energy efficiency improvements in Augusta area state-owned buildings. Ninety percent of state-owned buildings in greater Augusta are more than 46 years old, and of these, one third were built before 1885. Many of these structures are not adequately insulated, and most mechanical systems that provide ventilation to the facilities have exceeded their useful life, which is normally in the 15-20 year range.

**Part Y begins on page 37 and provides funding for Administration.** These funds will be used for financial oversight of American Rescue Plan Act funds, including State discretionary and direct funds, as well local passthrough funds. This will include coordination, processing, tracking, reporting, reconciling, compliance, auditing, and program guidance monitoring and summarizing – as well as for monitoring federal guidance and best practices throughout the period. Significant reporting will be needed to meet federal requirements, as well as consistent, transparent updates for the Maine Legislature and citizens. These funds may be used for limited period positions, project management, contractors, and consultant support.

**Part Z on page 38** authorizes the adjustment of allocations by financial order.

And, on that note, thank you. Thank you for listening thoughtfully, for understanding and undertaking the unprecedented responsibility and opportunity before us.

We look forward to a robust bipartisan conversation during next week’s work session and public hearing, and our teams are standing by to record any questions you have today so we can be sure to address them at that time. And we look forward to future updates on the status and impacts of this Plan, once approved.

The amount of energy and expertise that has gone into the architecture of this Plan is a reflection of the grave importance of getting this right and taking advantage of the opportunity that could be transformative for our state, its economy, and people.

As I’ve said, the Maine Jobs & Recovery Plan has been authored after two years of engagement with thousands of Maine people, including business, economic, educational, nonprofit and community leaders, and has received the support of countless Maine organizations and leaders.

Joshua Broder, CEO of Tilson, and Laurie Lachance, president of Thomas College, co-chairs of the Governor’s Economic Recovery Committee said “By emphasizing investments in economic recovery, broadband, childcare, innovation and workforce development, Governor Mills has set the right priorities to support Maine’s people, while creating a strong foundation for economic growth. We commend the

governor and her administration for their dedicated attention to the issues facing Maine's families and communities, and for bringing forth bold initiatives to restore Maine's economic trajectory, grow jobs in our state, and further establish Maine as among the nation's best places to live and work."

And Kate Dempsey, state director of The Nature Conservancy in Maine said: "This plan represents a critical investment in Maine's economy and environment and a significant step toward a climate-ready future. With bold investments in clean energy jobs, modern and resilient transportation infrastructure, healthy communities and access to the outdoors, this is a plan worthy of the Maine we need to build if we are to meet the challenges ahead."

Maine State Chamber of Commerce president and CEO Dana Connors commented, said that "As Maine continues to work through the pandemic and into full economic recovery, it is fortuitous that Governor Mills had already established a ten-year Economic Development Strategy to grow the state's economy, coupled with the Economic Recovery Committee's recommendations to guide our investments. Using these documents as our road map, the Maine State Chamber supports the Governor's proposal for use of the American Recovery Act funds, because they represent short-term investments that will result in long-term gains to Maine employers and their employees."

And I could go on. Suffice to say, the Maine Jobs & Recovery Plan is worthy of your endorsement as well. Urgently, immediately upon your passage, we can start immediately investing these funds into our communities – so that our state, our businesses, towns, and people can not only recover but chart a path forward toward a brighter future.

Thank you.