



SEN. CRAIG V. HICKMAN, SENATE CHAIR
REP. ANNE-MARIE MASTRACCIO, HOUSE CHAIR

MEMBERS:

SEN. MIKE TIPPING
SEN. JILL C. DUSON
SEN. JEFF TIMBERLAKE
SEN. RICK BENNETT
SEN. BRADLEE T. FARRIN
REP. ANN HIGGINS MATLACK
REP. ADAM R. LEE
REP. MICHAEL H. LEMELIN
REP. CHAD R. PERKINS
REP. JOHN M. EDER

MAINE STATE LEGISLATURE
GOVERNMENT OVERSIGHT COMMITTEE

MEETING SUMMARY
March 28, 2025

Call to Order

The Chair, Senator Hickman, called the Government Oversight Committee to order at approximately 9:34 a.m.

ATTENDANCE

Senators: Senator Hickman, Senator Bennett (attended via Zoom), Senator Duson (attended via Zoom), Senator Tipping, and Senator Timberlake
Absent: Sen. Farrin

Representatives: Representative Mastraccio, Representative Eder, Representative Lemelin, Representative Matlack, and Representative Perkins
Absent: Rep. Lee

Legislative Staff: Peter Schleck, Director, OPEGA
Matt Kruk, OPEGA Principal Analyst
Amy Gagne, OPEGA Senior Analyst
Hillary Risler, OPEGA Analyst
Jennifer Greiner, OPEGA Administrative Secretary/GOC Clerk

Others: Dan Brennan, Director, Maine State Housing Authority
Erik Jorgensen, Maine State Housing Authority Senior Director of Government Relations & Communications
Kara Hay, President and Chief Executive Officer of Penquis
Brad Klawitter, Chief Executive Officer of Maine Veterans' Homes
Steve SanPedro, Vice Chair of the MVH Board of Trustees

Introduction of Committee Members

The members of the Committee introduced themselves.

New Business

(To watch this meeting - the recorded Live Stream can be viewed here: [March 28, 2025, GOC Meeting](#))

Meeting Summary – February 28, 2025

(A copy of this Meeting Summary can be found here: [February 28, 2025 GOC Meeting Summary](#))

The Committee accepted and approved this meeting summary.

Committee Discussion: Home Energy Assistance Program

Sen. Hickman invited Maine State Housing Authority Director Dan Brennan to discuss with the Committee concerns raised by Rep. Perkins to the Committee regarding the Home Energy Assistance Program. Present with Director Brennan was Erik Jorgensen, Senior Director of Government Relations & Communications for Maine State Housing and Kara Hay, President and Chief Executive Officer of Penquis.

Director Brennan began by thanking the Committee for the opportunity to address the concerns regarding the Low-Income Home Energy Assistance Program, stating Maine State Housing Authority takes pride in being held accountable and being fully transparent.

Director Brennan shared with the Committee information regarding the Low-Income Home Energy Assistance Program, those documents can be found here:

- [Low-Income Home Energy Assistance Program \(LIHEAP or HEAP\)](#)
- [HEAP Program Dashboard & HEAP Disbursements YTD](#)

Director Brennan then addressed the concerns raised by Rep. Perkins, the first concern being untimely scheduling of appointments for applicants of the program, particularly towards the end of the heating season, which Director Brennan stated this concern is absolutely a valid concern, adding that this time of year there is typically a backlog of applications that are being processed by the CAP agencies. Director Brennan stated that some CAP agencies can keep current with applications but other CAP agencies do fall behind. Director Brennan stated the underlying cause of the delay in scheduling appointments is due to a significant increase in applications in the last five years without a corresponding increase in the federal grant that provides the administrative funds to hire the proper amount of staffing. Director Brennan stated the grant is \$40,000,000.00 and has not been increased in years while the applications have increased from 45,000 in 2019 to 70,000 a year currently.

Director Brennan stated that during the pandemic, the program did benefit from supplemental funding into the program from both federal and state funding, a total of \$118,000,000.00 until 2024, which allowed the

CAP agencies to better meet the demand for LIHEAP, however the funding is back to \$40,000,000.00 per year.

Director Brennan stated the grant allows a total of 10% of the grant to be used for administrative costs and also allows Maine Housing to use a portion of the grant, 13.5%, for program delivery, which covers the cost of positions at the CAP agencies for taking and processing applications, determining the benefit and making the payments. In total, the administrative costs of LIHEAP are 23.5% of the grant.

Director Brennan stated that this has been a particularly difficult year because there is simply not enough money to meet the higher demand of the applications. Director Brennan stated that the issue with scheduling appointments of applicants is not a fault of the CAP agencies, adding the agencies are affected, as most employers are, by staffing challenges. Director Brennan stated the LIHEAP program, is putting out \$675,000 per week on average, which equals between 1,200 and 1,300 households a week getting fuel assistance payment throughout the heating season this year, adding the system is maxed out as far as its ability to process applicants.

Director Brennan stated they have focused on process improvements over the past several years, the on-line application being one of those improvements, as well as improving operational efficiencies, stating the CAP agencies have hired a consultant to systematically redesign operations. However, Director Brennan added that if the federal grant does not increase, and the demand stays high, they may have to adjust the program which might mean fewer people receive assistance.

Director Brennan addressed another concern raised by Rep. Perkins, the unreasonable delays between a benefit determination and the actual payment, stating that once a benefit is determined, the payment should be in the next disbursement, noting payments from the program are made weekly. However, if legislatures or anyone run into concerns of the payments not being made timely, Director Brennan suggested a call should be made to Maine State Housing Authority or the CAP agency involved and that payment will be looked into.

Rep. Mastraccio asked Director Brennan if there are CAP agencies that are more hampered at getting payments out than others because of lack of staffing.

Director Brennan answered Rep. Mastraccio stating this is an issue for some CAP agencies, also noting that other CAP agencies have been able to help struggling CAP agencies in these situations, which is a help but not a solution to the issue.

Director Brennan then shared the four tables data found in the above document labeled [HEAP Program Dashboard & HEAP Disbursements YTD](#) which addresses more concerns raised by Rep. Perkins, including the following:

- HEAP Disbursements YTD by Region and Agency
- Current Program YTD Statistics by Fuel Type
- Current Program Year (PY2025) Projected Budget
- Breakdown by Partner of LIHEAP Administration and Program Delivery Costs

Director Brennan stated that when Maine Housing has its third-party audit of their financial statements, the auditor is also required to do a single audit of all their federal programs and on occasion the LIHEAP program is the subject of the audit.

Director Brennan stated there are 121 people around the state who work for CAP agencies. Director Brennan added he has a staff of 7 on his team who oversee and help the CAP Agencies, perform quality control monitoring, provide training and technical assistance, as well as set the rules. Director Brennan stated the rules are run through the board of commissioners, with a public process including public hearings. Mr. Jorgensen added that the program is heavily weighted toward older people, the program cannot be fully done on-line which requires a lot of staff personnel. Mr. Jorgensen added that all of the program delivery funds go directly to the CAP agencies, Maine State Housing only receives 3.5% of the program.

Mr. Jorgensen also stated that Maine's reliance on oil is different than other parts of the country and LIHEAP deals with hundreds of different oil dealers who are small businesses not able to wait long for payments like larger companies might be able to, making the program more complicated and challenging.

Rep. Perkins thanked both Director Brennan and Director Jorgensen for coming before the Committee, stating his original request to the Committee to look into this program came from complaints from constituents. Rep. Perkins stated when he reached out to Maine Housing, he was not able to get the information needed to address the complaints. Rep. Perkins added that after he brought his original request to the Committee he had the opportunity to meet with Director Brennan and Mr. Jorgensen during which they were extremely forthcoming and candid in answering his questions and addressed his concerns, most of which were addressed during today's meeting. Rep. Perkins also stated that he does not believe there was any part on Maine State Housing in the beginning to stonewall him, rather there were some communication errors which have been identified.

Rep. Perkins asked Director Brennan to explain to the Committee the small amount of State funds processed through LIHEAP in addition to the previous funds due to the pandemic.

Director Brennan stated that several years ago, the Legislature put into the budget, \$3,000,000 from Maine DHHS to Maine State Housing to help TANF eligible households supplement their heating system. Director Brennan added this is considered separate from LIHEAP, and is separately processed.

Rep. Perkins asked Director Brennan about one of the other concerns, the amount of time between the time of the determination and the time of receiving the benefit, stating Director Brennan had informed Rep. Perkins that the federal grant money does not transfer to Maine until November.

Director Brennan confirmed that once the federal budget is passed, or a continuing resolution is made, October 1st is the start of the federal fiscal year. Director Brennan also stated it then takes the Federal DHHS about 4-6 weeks to process the money and have it available to the state. Director Brennan added it is typically the beginning to middle of November before LIHEAP is able to disburse the first payments for the year. Director Brennan stated that CAP agencies start taking applications for LIHEAP in July, therefore there can be quite a bit of lead time for some early applicants, however there should not be a long period of time between when someone is told they will be receiving a specific amount of benefit to when they actually receive it.

Director Brennan stated the LIHEAP is not just for the cold weather months, but for the entire 12 months of heating, and Maine State Housing strongly encourages people to apply as early as they can, adding they are required to prioritize households with household members under the age of five, over the age of 60, or who have hypothermic medical conditions.

Mr. Jorgensen added that it is important to remember there is often a lengthy time of applicants waiting for their initial appointment, adding that people look at this program as a cold weather program, and it is intended by the federal government to be a year-round program.

Rep. Perkins asked Director Brennan about the admin costs, stating the admin costs are much lower than he had originally been informed, adding that Maine Housing is in a situation where if they lower the amount of admin costs, it would actual hinder the CAP agencies from being able to administer the program.

Director Brennan agreed with Rep. Perkins' statement, further adding the only way to change the program is to get a larger grant from the federal government, by 50% to 100%, adding that Maine only receives 1% of the federal dollars budgeted for this nationwide program. Director Brennan stated that the average benefit to qualifying households is about \$500.00 in order to help as many people as they can, further adding if the grant does not increase, Maine Housing will be forced to make difficult decisions and end up being able to help fewer people.

Rep. Mastraccio shared with the Committee the following document, YCCA HEAP Information. That document can be found here: [YCCA HEAP Information](#)

Sen. Tipping stated he has had significantly more complaints and concerns from constituents this year than previous years, adding that there seemed to be a disconnect between information his constituents were getting verses how they were able to apply as well as long wait times for appointments, one constituent applying in November but not receiving an appointment until March.

Director Brennan stated there could be several reasons for the disconnect including lack of training, a new computer system that was implemented this year, but that the situation Sen. Tipping described was unacceptable. Director Brennan added that the CAPS have hired a consultant to help them work through and smooth out what the customer experience should be. Director Brennan also stated the federal requirement of the program is that the highest benefit has to go to the household with the lowest income and the highest heating burden, and the CAP agency has to assess the exact income of the household and the exact heating burden of the household.

Mr. Jorgensen added that due to LIHEAP being a federal program, it has a lot of requirements with income verification which involves a complicated application often requiring several back and forth communications with the applicants which can take time.

Rep. Lemelin stated his constituents' concern is with the application process and length of time between application made and the appointment to determine eligibility, which for some is after the heating season is over. Rep. Lemelin added that when he called to get the details he found out that if someone can apply online they can be taken care of much faster. Rep. Lemelin's concern is that some of the people who are applying for assistance do not have the ability to apply on-line. Rep. Lemelin asked for clarification on when someone can apply for heating assistance.

Director Brennan stated the portal for the online application is open in July, adding that people can also call their CAP agency to begin the application process when the portal is open.

Rep. Lemelin asked Director Brennan how the information regarding when the portal and application period is open gets out to the people of Maine, stating he believes most people may think they cannot apply until the winter months.

Director Brennan stated Maine Housing will work with the CAPS on increasing the outreach of this information including public service announcements and press releases.

Mr. Jorgensen stated that there is currently outreach in July announcing the application period is now open, noting there are limited funds for advertising, but they do the best they can to get the word out. Mr. Jorgensen added that getting people to apply sooner in the program is a very good strategy.

Director Brennan added that Maine Housing could inform legislators when the application period begins to help reach out to constituents reminding them the application period is open.

Sen. Timberlake stated that his understanding of the conversation so far on LIHEAP is that about 23% to 25% of the program goes towards administrative costs and to him that seems to be taking money away from people who need help. Sen. Timberlake stated he would like to know if this percentage towards administrative costs is average as it seems to him to be high and it is a concern for him.

Director Brennan stated it is also a concern for him and the 23.5% administrative costs are on the high end as well as a little above his comfort zone. Director Brennan stated years ago 10% admin costs would be sufficient, however payroll costs and other costs are much higher now. The federal grant allows for costs to come out of the grant for program delivery and in Maine that means ten different CAP agencies, with ten sets of overhead. Director Brennan stated the CAP agencies are working towards a cross collaboration to perhaps simplify the back end of the process of the program.

Mr. Jorgensen stated it is important to note that Maine Housing only takes 3.5% of the grant towards administrative costs, the remaining 20% for administrative costs goes out to the CAP agencies who are delivering the program. The CAP agencies get a certain amount for their admin. and for the program delivery.

Sen. Timberlake asked for a definition of Administrative Costs and Program Delivery Costs.

Director Brennan stated the administrative costs include lights, heat and other building costs, and the program delivery costs are staffing costs.

Sen. Timberlake noted, after looking at the data on the information provided, that Aroostook County, ACAP, distributed \$2,576,150 in program benefits, yet their total administrative costs and program delivery costs were almost \$1,000,000.

Director Brennan stated that what is not included in the information provided is that CAP agencies also administer the Central Heating Improvement Program and other components. Director Brennan will provide the Committee with more specific breakdown of the other components.

Rep. Mastraccio asked Director Brennan about the process of CAP agencies responding to applicants of the program, and how long it generally takes from the time of application to hear from someone at the CAP agencies.

Director Brennan deferred to Kara Hay, President and Chief Executive Officer of Penquis, to respond to this question as she has more knowledge of the process. Director Brennan stated he did know that once an applicant has submitted their information online, and assuming the information is complete, there is a period of time before a CAP agency worker pulls that information off the system and begins to work the file, noting there is a two-step process and perhaps a week or two before the file goes to payment.

Rep. Mastraccio asked Ms. Hay to explain how LIHEAP works in her CAP agency.

Ms. Hay stated that the LIHEAP program is very important to vulnerable people and it is also a hard program to deliver because there is not enough money to meet the need. Ms. Hay stated that people come to their CAP agency in crisis, not having enough money to pay for heating fuel and other household needs. Ms. Hay explained when the program season launches, they have to serve priority households first, which does take a few months due to the number of households in need. Ms. Hay stated the new system implemented this year did slow the process down but should be better next year, adding there is a new online application which increases efficiencies, recognizing that the online application process is not the right option for some Mainers who are not able to go online, however, if those who are able to do apply online that will free up some staff time to assist those who cannot. Ms. Hay also stated that another barrier is that often times people do not answer their phone when the CAP agency calls them. Ms. Hay added they do have a phone waiting list for appointments, and odds are high that someone on that waiting list will get a call for an earlier appointment.

Rep. Mastraccio asked Ms. Hay if an applicant who has been approved for a current year, could make an appointment for the following year knowing they will probably qualify, instead of waiting for the July opening of the program.

Ms. Hay stated she would look into if they are able to make appointment for the following year and get back to the Committee.

Rep. Mastraccio stated she believes the administrative fee is valuable as those who work at CAP agencies often have benefited from the program and know the area, people, and program well.

Sen. Tipping stated he appreciates the point that Ms. Hay made, that LIHEAP is not just a cold weather program, however people's financial situations can change when winter approaches and it is into the heating season when they realize they need assistance in paying for heat. Sen. Tipping also pointed out he noticed there are significant differences in administrative costs and program delivery costs across different counties and CAP agencies and asked for additional information on those differences.

Director Brennan stated he would need to do some research in terms of billing cycles and how payments of processing and for the administrative costs are broken down to provide better information.

Sen. Tipping then asked Director Brennan what size the federal grant should be to meet the need of the program.

Director Brennan stated he has advocated for \$60 million total to Maine, which would be a \$20 million increase in the grant to Maine, but would like to see it at \$80 million. Director Brennan added that whatever the amount of the grant is, Maine State Housing has the obligation to deliver it as efficiently and as effectively as possible.

Sen. Tipping asked Director Brennan if there was any concern right now about the federal funding disruption of the money the State of Maine is getting.

Director Brennan stated that at this time there is not a concern of a disruption of the federal funds for LIHEAP, adding that the continuing resolution secured the funding for this program through this fiscal year. Director Brennan stated as he has been monitoring and analyzing the world of federal funding, this grant has not come up as one that is at risk.

Ms. Hay added that she and a few others are going to DC the first week of April and will make sure to speak with our federal delegation about this program.

Sen. Tipping then stated that as the program would benefit from a \$20 million increase due to the need right now of heating assistance in the state, asking if there has been a request for a state appropriation of \$20 million currently.

Director Brennan stated there is not a request for a state appropriation from Maine Housing for additional funding at this time due to the current financial situation of the State, adding they want to be realistic.

Sen. Tipping stated that he believes when it comes to older Mainers freezing in their home, the state should be able to find the funds.

Rep. Matlack asked Director Brennan what the state of Maine's percentage of the overall LIHEAP funding from the federal government.

Director Brennan stated that Maine's percentage of the overall LIHEAP grant is about 1%, adding the overall budget is \$4 billion and Maine receives \$40 million. Director Brennan states there is an incredibly complex formula that determines what states receive.

Rep. Lemelin asked who determines the program delivery and administrative costs.

Director Brennan stated that he and his team determine the budget at the beginning of every year. Director Brennan stated they ask the CAP agencies to submit their budget requests, then there are difficult conversations and decisions made to set the budget, noting that CAP agencies understand they will not be able to get all the funding they need to administer the volume of applications for LIHEAP.

Rep. Lemelin asked for a detailed breakdown of the administrative costs for PCAP.

Ms. Hay stated she would get that information and provide it to the Committee.

Sen. Timberlake stated he had looked over the numbers provided for CCI, which is the CAP agency in his district, and after doing the math he stated it costs, in administrative and delivery costs, \$505 per applicant. Sen. Timberlake asked if they figured in a cost per application when working on the budget.

Director Brennan stated that the data provided is not a complete picture, stating that there are other programs administered by the CAP agencies, which he will provide to the Committee. Director Brennan stated that he focuses on the percentage of administrative costs in relation to the size of the program. Sen. Hickman stated, as there were no further questions from the Committee, that as more information has been requested from the agency, no other action needs to be taken at this time, and the Committee will wait for the information request to be fulfilled for a future meeting.

Sen. Hickman then put the Committee at ease until 11:00am.

OPEGA Report: Maine Veterans' Homes - Select Financial Operations

Sen. Hickman called the meeting back to order at approximately 11:03am.

Sen. Hickman next invited OPEGA Director Peter Schleck to present to the Committee OPEGA's report on Select Financial Operations at Maine Veterans' Homes, beginning with a brief overview of when, how, and why the 131st GOC came to direct OPEGA to perform this review.

Director Schleck began by sharing the below statement with the Committee, which includes a summary on the timeline of events, including the Committee's focus on Maine Veterans' Homes, as well as a description of the three types of Committee Meetings on OPEGA Reports. Director Schleck's statement may be found here: [OPEGA Director's Opening Statement on OPEGA Report: MVH – Select Financial Operations](#)

Director Schleck then went over the report with the Committee, which can be found here: [Report: Maine Veterans' Homes: Select Financial Operations](#)

Sen. Timberlake asked Director Schleck if MVH had received all the funds from LD 985 as passed by the Legislature and signed by the Governor on July 27, 2023. LD 985 may be found here: [LD 985](#)

Director Schleck stated OPEGA had communicated numerous times with MVH regarding the funding from LD 985, however Director Schleck stated he would need to get back to the Committee with the figures, adding his understanding was the money promised by LD 985 was provided to MVH in January 2025, and there are still some other funds for MVH passed in supplemental appropriations.

Rep. Perkins asked about MVH operating losses for 2022, as he did not see them in the report.

Director Schleck stated that OPEGA would get the amount of the operating loss for 2022, or the leadership present from MVH may be able to provide that number.

Rep. Mastraccio asked Director Schleck if there was an event or something that happened that caused MVH to look at their paper invoice process.

Director Schleck stated that he had viewed documentation from MVH that suggested they were aware of the weaknesses in their paper invoice process over time, adding there were some in the organization who were looking to move towards a more automated system for invoices, but he was not aware of one specific event that caused MVH to look closer at their invoice process.

Sen. Hickman asked Director Schleck if during the review, when it was found that some invoices had been paid more than once, did the vendors issue credits back to MVH.

Director Schleck stated that in instances where OPEGA identified duplicate payments to vendors, MVH reported to OPEGA that all of those duplicate payments were either credited or returned to MVH.

Sen. Timberlake asked Director Schleck if there were instances where MVH needed to purchase a product but the vendor no longer extended credit to MVH leaving the staff to purchase the product another way and then enter the invoice into the system.

Director Schleck stated that OPEGA is aware there were times when MVH was cut off from some vendors for a time, or threatened to be cut off for further services.

Rep. Mastraccio asked Director Schleck if MVH has an outside group that raises money for things like staff recognition expenses or other extra expenses instead of using State funds through taxpayer dollars.

Director Schleck stated that as a quasi-government entity, they do have money from a variety of sources, but stated MVH leadership could provide a more precise accounting of funds. However, OPEGA recommends a policy or other guidelines as to what is an allowable expense, and should specify when staff recognition expense purchases can be made, what can be purchased and acceptable amounts.

Director Schleck ended the overview of the report by reviewing the recommendations by OPEGA, as well as noting that MVH, in their response to the report, noted in great detail the issues identified by OPEGA during the review and the action MVH has already implemented or was in the process of implementing.

Sen. Timberlake asked Director Schleck if OPEGA had looked at any of the CPA reports that the nursing home obtained over the previous years.

Director Schleck stated there is a reporting requirement that MVH provide their audited financial statements to the committee of oversight, Veterans and Legal Affairs Committee (VLA), adding MVH has a firm that does the auditing and there is an opinion that in all material respects, the financial statements accurately reflect the financial position. Director Schleck stated that the results were considered, also understanding the type of audit is not designed to evaluate all of the operating internal controls point by point.

Sen. Timberlake asked Director Schleck if during the evaluation any evidence of fraud or abuse was discovered.

Director Schleck stated no, no fraud or abuse was evidenced.

Sen. Timberlake asked, in discussing MVH trying to close down two of its homes a few years ago due to finances, yet the State decided to keep those homes open, was any consideration taken during the evaluation that part of the structure of MVH operations trying to meet the demand of the high standard MVH has and is expensive to maintain, and perhaps keeping those two homes open is what is hindering MVH from paying its bills.

Director Schleck stated it was an excellent question, but one for the legislators and leadership of MVH. Director Schleck noted, however, OPEGA was very mindful and respectful that there is a larger context to the financial position of MVH.

Rep. Mastraccio added that she thinks it would be a good idea to revise the statute, which established some parameters about how a quasi-governmental agency can spend their money, to include MVH to perhaps catch issues before it potentially becomes a big issue.

Sen. Hickman next invited Brad Klawitter, CEO of MVH, and Steve SanPedro, Vice Chair of the MVH Board of Trustees to come forward to respond to the report and answer any questions the Committee may have for them.

Mr. Klawitter began by thanking OPEGA, stating they performed the evaluation with a professional attitude and believes MVH and OPEGA had a common goal, adding OPEGA was collaborative throughout the process and because of that, MVH was able to get an early jump on some of the plans of corrections. Mr. Klawitter stated it is because of this collaborative approach that he believes MVH is set for continued success and has a solid plan.

Mr. Klawitter stated that while valuing the insights of OPEGA, it is important to put everything into a context. Mr. Klawitter stated that MVH struggled with the pandemic and has not had a full recovery from its census and expenses have been driven up, including labor costs and supply costs which have continued to stay steady or increase while reimbursement rates in the nursing home industry remain well below the real-world cost of providing care.

Mr. Klawitter noted that Maine nursing homes have been closing at nearly four times the national rate, with no expectation this trend will slow and is a continuing crisis in the healthcare industry.

Mr. Klawitter stated that MVH has had to draw \$18.5 million from its investments to pay bills since June 2022, stating that the decision the Board made to not draw funds sooner was due to LD 985 which would have provided MVH adequate funding to meet the shortfalls had it been paid out in 2024. Mr. Klawitter added that MVH has not received the full amount from LD 985 yet, stating one payment was received in 2024, one payment was received in 2025, and with the federal match MVH believes there is still \$2.4 million dollars that was authorized that MVH has not yet received.

Rep. Mastraccio asked Mr. Klawitter if there was a reason the \$2.4 million dollars has not been paid out yet, adding she is aware there were conditions to be met for the payouts from LD 985.

Mr. Klawitter stated that MVH is actively requesting the funds, talking with representatives who sponsored LD 985, members of the VLA, as well as the governor's office. Mr. Klawitter added that he believes the payment MVH received in 2025 was due to these numerous discussions.

Rep. Mastraccio followed up by asking Mr. Klawitter when MVH asks for the remaining funds, what is the reason the state gives for the funds not being provided yet, is there additional information the state asks for to fulfill the conditions needed before the funds can be disbursed.

Mr. Klawitter stated the reason MVH has been given for not receiving the remaining \$2.4 million dollars is that the funds are tied to a residential care tax, which ended in 2024, and further adding the revenue from that tax was not as much as expected. Mr. Klawitter stated that when he read the appropriation bill, he understood that \$2 million of the funds would come from the cannabis fund, and the remaining amount appropriated would come out of the general fund, adding he did not recall that the funds were connected to any tax or anything else.

Sen. Hickman stated he had viewed the communication regarding this funding and there was no assumption in the language of the law that the funding was tied to a service provider tax.

Rep. Mastraccio asked Mr. Klawitter if MVH had received any ARPA funds due to the impacts of COVID. Rep. Mastraccio also asked if MVH is affected by the MaineCare holdbacks due to the current issues with the state budget.

Mr. Klawitter stated that MVH is not affected by the MaineCare holdbacks as MaineCare has not currently identified nursing facilities as one that will have holdbacks or diminished payments. Mr. Klawitter stated he would ask the MVH CFO, Kevin Brooks, if MVH had received any ARPA funds and provide that information to the Committee.

Mr. Klawitter stated that some of the funds MVH receives from the federal government is part of the Medicaid expansion program, generally receiving a 200% federal match for anything the state appropriates to MVH.

Mr. Klawitter stated that in deciding whether or not to withdraw from MVH's investments, the Board considered the opportunity cost, adding that during the time MVH incurred \$249,000 in late fees on invoices, they realized \$1.5 million dollars in investment gain they would not have received if they had pulled out \$9 million dollars sooner. Mr. Klawitter added that so far in 2025, MVH has realized \$1 million dollars in gains.

Mr. Klawitter stated MVH processes about 20,000 invoices a year, totaling \$27 million dollars.

Mr. Klawitter stated MVH has been in the process of updating its procurement system, noting the new Procurement manager has 25 years of experience in supply chain management in long-term care in the state of Maine. Mr. Klawitter stated the updated process will allow MVH to have a more centralized approach in how they handle procurement, accounts payable. And to identify ways to bring down costs.

Mr. Klawitter stated MVH continues to work on improvements to the software system they have, working with the different homes with the procurement manager to work with individual users and any questions they have regarding that system.

Mr. Klawitter stated that MVH does not have any objections to any of the findings in the OPEGA report.

Mr. Klawitter stated, referring to LD 2001, An Act To Clarify State Policy and Legislative Intent Regarding the Maine Veterans' Homes, To Require Notification of Closure of the Maine Veterans' Homes to the Legislature and To Fund Public Homes in Caribou and Machias in Order To Keep Them Open, the state of Maine has a moral obligation to ensure MVH is adequately funded so our veterans, their spouses, and Gold Star families can receive the care they deserve and have earned.

LD 2001 may be found here: [LD 2001](#)

Sen. Timberlake asked Mr. Klawitter if MVH has received the moral obligation from the state to keep the Caribou and Machias Homes open.

Mr. Klawitter stated that MVH has received one-time funding, which helps some of their gaps, but the annual line item on the Governor's budget for MVH is about \$780,000, with the federal match bringing in additional money, however, Mr. Klawitter stated it is nowhere near what is needed in order to cover the shortfall in MaineCare reimbursement.

Mr. Klawitter stated about 50% of MVH residents are on MaineCare, about 20% of MVH residents are 70% service disabled for whom MVH receives a payment and stipend from the VA, with the remaining 30% being self-pay or under commercial insurance. Mr. Klawitter noted with the current reimbursement rates for MaineCare, MVH's funding gap is significant.

Sen. Timberlake asked Mr. Klawitter the amount of additional funds needed from the State to keep Caribou and Machias Homes open, which the State agreed to keep open.

Mr. Klawitter stated that MVH had requested \$4.2 million dollars in state funding, with the federal match of \$6.9 Million Dollars for a total of \$11.2 million dollars, stating this is the shortfall MVH encounters.

Sen. Timberlake asked Mr. Klawitter to state what MVH has been paid.

Mr. Klawitter stated that from LD 985 MVH has received about \$6 million dollars of the \$8 million dollars that was expected. Mr. Klawitter added that in terms of reliable funding to MVH, the current amount that is in the budget is not sustainable.

Rep. Mastraccio asked Mr. Klawitter if the population at the different homes are similar.

Mr. Klawitter stated each home is a little bit different, for example, the Machias Home only offers residential care, with no skilled therapy. Mr. Klawitter added MVH has a total of 628 beds throughout the state with 138 beds in Augusta, 150 beds in Bangor, 70 beds in Caribou, 30 beds in Machias, 150 beds in Scarborough, and 90 in South Paris.

Rep. Mastraccio asked Mr. Klawitter if there are some homes that are more expensive to run than others, and was that a factor in the MVH Board deciding, due to financial costs, to close the Caribou and Machias Homes, which the State has chosen to keep open.

Mr. Klawitter stated the MVH Board did not want to close any homes down, but with the \$18.5 million-dollar loss, the decision to close down two homes was made based on where MVH could do the most good for the most people, and the rural homes have a more limited population, adding that generally rural care is more expensive for any healthcare organization.

Sen. Hickman stated the new Augusta facility has a different set of requirements that make it more expensive per patient.

Mr. Klawitter agreed with Sen. Hickman, stating the Augusta Home has MVH's highest cost of care due to the home model, stating it requires more staff and a larger footprint, and in turn the Augusta Home provides private rooms, meals cooked in the unit adding to a home-like environment. Mr. Klawitter also stated there are several initiatives underway to try to bring down some of the expenses at the Augusta home.

Mr. SanPedro added the VA had requirements for the new Augusta Home to be built the way it is in order to receive the matching funds from the VA for the home. Mr. SanPedro acknowledged the new Augusta Home is taxing on all the homes because of the type of staffing needed, but the residents and their families as well as the public enjoy the facility and the atmosphere it provides.

Sen. Hickman asked Mr. Klawitter and Mr. SanPedro, other than the state stepping up and do what it is morally obligated to do to fund MVH, what is the development plan for raising private funds, which are statutorily required, for the homes to remain solvent. Sen. Hickman stated the previous CEO said it would cost too much to hire someone to oversee fundraising, also asking what is the role of the Board in trying to get more private funds.

Mr. SanPedro stated MVH did have a director in charge of philanthropy, however after multiple years of not bringing in income that was expected, that director moved on and MVH has not filled that position. Mr. SanPedro added there is current discussion on the Board regarding the need for this position, stating it was something the Board wants to do but there are other matters to address and fix first.

Rep. Mastraccio suggested that MVH should think about possibly working with "money raisers" who organize and run fundraising events and their pay comes out of the funds raised, and it might be worth thinking about trying instead of hiring someone full-time.

Mr. SanPedro stated he has worked with "money raisers" through the VFW, and while they do provide that service, they also take 25% to 33% of the funds raised as their fee. Mr. SanPedro acknowledged that the Board of the MVH is discussing this option for the future.

Mr. Klawitter added that a member of the MVH Board has identified a foundation that wants to work with MVH and the Board is hoping to have a meeting with that foundation sometime in the summer.

Sen. Hickman asked about MVH organizing and advertising a fundraiser for the organization.

Mr. Klawitter stated MVH has done some small fundraising, such as a calendar they put out every year, and a QR code for direct giving. Mr. Klawitter also stated that if MVH has specific needs, they go to organizations who have been generous in the past, noting that a lot of those donations are specifically earmarked for activities.

Rep. Perkins asked if MVH has any corporate donors; BIW, for example, has a high percentage of veterans.

Mr. Klawitter stated that MVH has received donations from banks, which are generally around \$10,000, adding those donations are generally earmarked for specific purposes. Mr. Klawitter added that they do have a plan to reach out to organizations like BIW in the future for possible donations.

Rep. Perkins asked Mr. Klawitter what percentage of MVH nurses are traveling nurses.

Mr. Klawitter stated there are currently only three contract (traveling) nurses at this time, and the reason for having them is they sponsor foreign born nurses, and they are under a three-year contract that expires this year, after which they will be converted to employees.

Rep. Perkins asked, regarding centralization, if there are staff accountants at the homes.

Mr. Klawitter stated the MVH fiscal department is lead by the CFO, and includes a controller, accountants as well as clerks. Each home has a business operation manager, who are responsible for sending invoices and communicating with the fiscal department about any account payable issues.

Rep. Perkins asked Mr. Klawitter what the operating losses were for FY2022.

Mr. Klawitter stated the operating loss for MVH for FY2022 was \$15 million dollars.

Rep. Perkins noticed a big difference in the operating loss for FY 2023, which was \$17.1 million, and FY2024, which was \$8.2 million. Rep. Perkins asked Mr. Klawitter for the reason of the large difference.

Mr. Klawitter stated that the main reason for the change in operating loss was largely due to census growth at the homes, adding that most of the homes are currently operating at 91% occupancy.

Rep. Perkins asked Mr. Klawitter for MVH's projected FY2025 loss.

Mr. Klawitter stated MVH is currently predicting an \$8.5 million operating loss.

Sen. Hickman asked what impact, if at all, did any funds from the state help diminish MVH's financial loss for FY2024 or FY2025.

Mr. Klawitter stated that MVH had not received any state funding yet for FY 2025, though MVH has been appropriated significant money from the state for this year and next year. Mr. Klawitter stated, related to FY2024 funding, MVH did receive some LD 985 funding as well as a supplemental funding, that Mr. Klawitter believes was a total of \$12 million dollars including the federal match, however Mr. Klawitter stated MVH is still owed \$2.4 million dollars from 2024 appropriations.

Sen. Timberlake stated that though there are some financial areas within MVH that need work, the state of Maine needs to pay its bill and do what it agreed upon in LD 2001. Sen. Timberlake suggested that perhaps DHHS and the Governor's office need to answer why they have not paid the \$2.4 million dollars owed. Sen. Timberlake also stated that more funding will be needed in the future to maintain MVH.

Rep. Perkins stated he himself is a veteran, as is his wife and three of their children, adding that a lot of people don't understand when you sign on the dotted line when you first go into military service a lot of promises are made to you, including when you get out of the service including healthcare and a lot of veterans end up in homes like MVH. Rep. Perkins stated it is imperative to make sure MVH gets supported.

Rep. Mastraccio stated that she agrees with everything that has been said, but the legislature has experience with the legislature appropriates funds, and the executive branch may choose not to send out that money both at the state and federal level. Rep. Mastraccio added she is concerned that some of the money MVH is counting on from the federal level may not come through. Rep. Mastraccio also stated she is hoping there will be a public hearing on this report and the Executive Branch will have a chance to explain why all the funds from LD 985 have not been dispensed.

Motion and Committee Vote

Sen. Hickman then stated the Chair would entertain a motion.

Sen. Timberlake made a motion to authorize the Chairs to send letters to DHHS and the Governor's Office inviting appropriate representation from each office to appear before the GOC to discuss the following:

1. DHHS & Governor's Office: Timeliness of payments to MVH that have already been authorized but not yet received; and
2. DHHS: Timeliness of payments for Foster Children in Day Care.

The motion was seconded by Rep. Lemelin. The motion was approved unanimously by all Committee Members who voted. (Eight members were present for the vote and one member later voted by absentee vote as allowed by Committee Rules.)

Sen. Tipping asked Mr. Klawitter if there was any concern for MVH about the consistency of federal funding at this point.

Mr. Klawitter stated the latest he has read, as of March 27, 2025, the federal government is looking to cut \$800 billion dollars in the Expansion Program over the next 10 years, adding the Expansion Program is generally where MVH gets the federal 200% matching funds from. Mr. Klawitter stated if the federal matching funds go away it will have a significant impact for MVH and they would have to be asking for more funds from the state.

Sen. Tipping stated that was deeply concerning to him and perhaps the Committee may consider any outreach it might do to the federal government regarding this funding.

Mr. Klawitter added, addressing the previous question during Director Schleck's presentation regarding whether or not any tax dollars were utilized for employee recognition, that CMS does not allow tax dollars

to go towards staff recognition, therefore all of the costs mentioned in the report for staff recognition came out of operating funds that were not tax dollars.

Sen. Hickman thanked Mr. Klawitter and Mr. SanPedro for their service and for being here today, answering all the Committee's questions.

OPEGA Director's Report

Next, Sen. Hickman invited Director Schleck to present his Director's Report to the Committee.

Director Schleck began by presenting the OPEGA Budget for 2026-2027. Director Schleck stated that he is mindful the budget has already been approved by the Legislature, but the Legislature Counsel still expects the process of presenting the budget to the Committee, and for the Committee to provide a memo the if Committee approves the budget.

The OPEGA budget may be found here: [OPEGA Budget 2026-2027](#)

Motion and Committee Vote

Following Committee Discussion, Rep. Mastraccio made the motion to approve the 2026-2027 OPEGA Budget as presented at today's meeting, and to authorize the Chairs to send a letter to the Members of the Legislative Council's Budget Subcommittee of the approval of the OPEGA Budget with no changes. The motion was seconded by Rep. Matlack. The motion was approved unanimously by all Committee Members who voted. (Eight members were present for the vote and one member later voted by absentee vote as allowed by Committee Rules.)

Director Schleck next presented to the Committee, for the record, the letter from the GOC Chairs to the Secretary of State and the Attorney General conveying the meeting summary Concerning Election Integrity. That letter may be found here: [GOC Chair's Letter to AG & SoS re Election Integrity](#)

Director Schleck next stated his plan was to present to the Committee, on April 11th, for approval, the proposed provisional scoping and order of priority for three new GOC-assigned OPEGA reviews. Also, on April 11th, the Committee will hear from DHHS representative(s) regarding staffing and staff safety at Riverview and Dorothea Dix, as well as have the public hearing on the MVH report.

Adjourn

Sen. Hickman adjourned the Government Oversight Committee, without objection, at approximately 1:12pm