

March 18, 2026

Dear Senator Hickman, Representative Mastraccio, and esteemed members of the Government Oversight Committee,

My name is Renee Page, and I am a Farmingdale resident and the Executive Director of Healthy Communities of the Capital Area (HCCA), a public health nonprofit organization based in Hallowell and serving primarily Kennebec County and the Central Public Health District. HCCA works with community members, organizations, schools, and municipalities to implement policy, systems, and environmental change strategies to prevent the costly and negative life altering impacts of chronic disease and addiction. This work is supported statewide primarily through state Maine Prevention Network (MPN) grants through DHHS/MCDC.

### **Healthy Communities of the Capital Area Challenges with DCM**

I am sharing HCCA's experience with the Division of Contracts Management (DCM) as related to Maine Prevention Network contracts that are awarded to each of Maine's nine public health districts.

The current 10-year DHHS MPN grant began in 2023 and is renewed periodically throughout with updated workplans and budgets that initiate either new contracts or contract amendments for the awarded time period (typically 1 or 2 years per contract period). The most recent contract award was a one-year award for FY25 that ended June 2025. Rather than issue a new contract for FY26, DHHS/MCDC opted to amend the FY25 contract by adding funding for FY26.

These awards are comprised of different funding streams from different sources (state and federal) with different start and end dates to the funding within the contracts, meaning some funding streams must be spent sooner than others, and other funding streams may not be accessible until after the contract start date.

### **Encumbrance Delays Due to Amendments**

One unique complicating factor of the FY25-26 contract was that there were ARPA funds in the FY25 contract. You will recall that ARPA funds were part of the March 2025 federal funding freeze. At that time MPN contractors were told to stop spending ARPA funds immediately. Subsequently, the State of Maine successfully sued the federal government and the ARPA funds were restored. By that time, it was close to the end of the FY25 contract but MCDC allowed contractors to carry over the unspent ARPA funds to use by the end of that funding stream period, September 30, 2025. All of this back and forth triggered contract amendments in the form of budget amendments along the way. By the time the carryover funds were restored (December 2025), contractors were told the state had already closed out their contract with the feds and had returned the "unspent" ARPA funds. Because MPN contractors were still waiting on encumbered contracts, invoices that included those spent funds were never paid. In good faith, the program did cover the unreimbursed ARPA expenses already incurred by contractors with a different funding stream, but this triggered yet another contract amendment, further slowing the encumbrance process.

This is just one example of the type of amendments that regularly happen with these contracts. Sometimes new funding opportunities arise to do additional work and the state wants to add these funds to existing contracts, which in theory is a good thing, but when the contract encumbrance and subsequent invoicing takes too long, the ability to spend the funds is

diminished. Every time there is any type of adjustment to the contract, it triggers an amendment and until the amendment is encumbered, invoices will not be paid.

### **Implications for HCCA**

The fallout for HCCA with this particular contract to date has been that the organization was not paid for six months of incurred expenses for a contract that started July 1, 2025. Even then, the organization received only partial payment from some of the aforementioned funding streams that were already encumbered and not caught up in the ARPA shifts. This was the result of strong advocacy and problem-solving by MCDC staff. There has been a lot of back and forth with DCM on revisions and reallocation of expenses as funding streams have expired and new ones have become available, but to date, HCCA still does not have an encumbered contract.

### **Not a New Problem**

This is not a new problem and has been a concern since the creation of DCM under the previous administration, leading one to believe it is not a partisan issue. What is different now is the extreme length of time that it takes to get contracts encumbered. Previously, contractors might be expected to wait one or two months but were assured that the work could commence, invoices could be submitted, and they would be paid upon encumbrance. Given the current uncertainty of federal funding, even if it has already been appropriated, the comfort level with working at risk is very low. The ARPA situation is a prime example of what can happen. Had the program not come through with alternate funds to cover the ARPA expenses, HCCA and other organizations would have been left holding the bag.

### **Other Negative Implications**

There are other examples of what has triggered amendments that bring the encumbrance process to a halt, but this is one of the more recent ones. Some other observations made from being part of this infrastructure for several years are:

1. **Working at Risk** Without an encumbered contract, contractors are working at risk when incurring expenses that are not reimbursed in a timely manner, or possibly not reimbursed at all.
2. **Work Stoppage** If contractors were to stop work until contracts were encumbered, the infrastructure would be at risk of collapse. Had HCCA stopped work in July to await an encumbered contract, the organization would have lost key staff and the community would not have received the services outlined in the contract. Given the size of this contract and the length of time that has elapsed, it is highly likely the organization would have closed its doors by now.
3. **Poor Customer Service** The inability to access or understand the inner workings of DCM is concerning as a contractor. There is no ability to check on contract status or Go To person(s) there to help with challenges. DCM has a generic email address and when contacted, random people seem to be assigned to respond. Often one has to start from the beginning explaining the situation each time when trying to address an unresolved issue, and then may or may not get a response for quite some time. A higher level of customer service and responsiveness would go a long way.
4. **No Sense of Prioritization or Urgency** There is no perceived sense of urgency from DCM's end, based on user experience. There doesn't seem to be any sort of prioritization based on contract dates (first in, first out if you will) or based on contract start dates. Often other contracts with later start dates are encumbered with no issues while backlogged contracts remain unencumbered.

5. **Disconnect Between Work Plans & Budgets** There was a time when contracting lived within state agencies. Contractors used to have program managers who oversaw work plans and budgets. Those who have experience with project work know it is essential to ensure the budget supports the work and vice versa. Now the two are completely separate. Work plans are submitted to MCDC without approved budgets and often without even knowing what the budget allocations will be. Budgets are submitted to DCM separately.
6. **Lack of Understanding of How the System Works** This issue has persisted for years, but never to this extent (HCCA is going on 9 months of an unencumbered contract that is slated to end June 30). That said, smaller agreements seem to make it through the system more quickly, so perhaps there is a higher level of scrutiny based on the amount of the contracts that is slowing the process?

### **Not an Isolated Incident**

This situation is not unique to this contract or HCCA. HCCA is aware of a lot of other contractors across the state who experience the same thing but opt not to speak out for any number of reasons - they don't even know where to start, they are fearful it will put their contract or vendor status at risk, they just accept the status quo, or they have opted not to contract with the state anymore. The negative impacts of this ongoing situation are many, including excessive contractor staff time reworking budgets to respond to DCM requests, figuring out how to cover unpaid expenses, navigating staff morale, and dealing with seemingly never-ending uncertainty. More important is the loss to the community. HCCA has had to adjust the work plan to only do the minimum amount of work without incurring too many expenses beyond staff time until invoices start to be reimbursed. This is a highly inefficient and ineffective way to do public health work and a disservice to the community. Given the amount of time that has elapsed, HCCA is now at risk for not being able to spend down the funding due to having to be so conservative with unreimbursed spending. This creates the illusion to the legislature who makes decisions about funding these critical programs, that the funds aren't needed because they weren't spent.

### **Proposed Solutions**

Proposed “solutions” presented by the program include not allowing carryover of unspent funds from one fiscal year to the next and/or not adding funds to contracts once encumbered. It is understood that since these actions trigger amendments, which then lead to prolonged encumbrance, that these actions should be avoided. This doesn't do anything to address the root cause problems with the contracting process, but rather shortchange the community from resources appropriated for them.

Some ideas for possible solutions the committee may consider:

1. Create increased transparency and access between DCM and contractors.
  - a. A more comprehensive website with contact information for individuals to help with specific issues.
  - b. Require state employees who have email addresses to also have phone numbers (identified in their email signatures).
  - c. Require regular contract status updates from DCM to contractors.
2. Reunite the programs with the budgets so that the contracting process evolves simultaneously. *Currently, programs work hard to get workplans in place prior to contract renewal, but it is difficult to build said workplans without even knowing what the funding allocations will be (not sure if this one falls on DCM).*



3. Training for grant applicants/contractors on how to properly complete state budget forms. *This could be done virtually a couple of times per year and/or recorded for reference and would decrease the back and forth for minor revisions.*
4. Contract language explanations and definitions. *Very often, contract terms and conditions change without notice and vary widely from the original RFP. This is often at the expense of the contractor. For example, required cybersecurity insurance, prohibitions on certain software usage, etc.*

### **Ideas From Another State**

For further consideration, California is debating these proposed changes to their state contracting practices:

1. Mandate advance payments to contractors to solve cash flow issues.
2. Amend Prompt Payment Act - *currently California state agencies must pay undisputed invoices for goods and services within 45 calendar days of receipt. Late payments accrue interest penalties.*
3. Provide sufficient indirect cost coverage - *not limiting indirect rates to less than NICRA or de minimis.*
4. Maximize grant duration and simplify renewals to increase stability. *The 10-year MPN contract would apply here.*
5. Standardize emergency amendments.
6. Audit and harmonize reporting requirements.
7. Require feedback on rejected submissions.
8. Establish a nonprofit liaison in state government.
9. Standardize contract templates and terms.
10. Improve technical assistance and peer learning.
11. Establish a uniform portal for state grant reporting.
12. Streamline grant management processes within the State's Controller's Office.

Thank you to the Committee for your attention to this issue. Please consider me a resource for any future work sessions or for further clarification or sharing of my experience.

Sincerely,

Renee Page, MPH, PS-C, CLC  
Executive Director, Healthy Communities of the Capital Area