

MAINE STATE LEGISLATURE

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OFFICE OF
THE GOVERNOR

NO. 5FY 89/90
DATE December 8, 1989

SPECIAL BUDGET AND EXPENDITURE ORDER OF 1990

WHEREAS, General Fund revenues for the first five months of Fiscal Year 1990 have fallen \$15 million below projection levels; and

WHEREAS, there is evidence that the economy in Maine and in the northeast region has further slowed since General Fund revenues for the current biennial budget were last revised; and

WHEREAS, the KPMG Peat Marwick Policy Economics Group consultants have provided us with their preliminary estimates of sales and individual income tax revenues for the current biennium which suggests a need to further reduce those revenue estimates by \$66 million; and

WHEREAS, the Commissioner of the Department of Finance has advised me in accordance with Title 5, MRSA, Section 1668, that the anticipated income and other available funds of the State will not be sufficient to meet the expenditures authorized by the Legislature for the 1990-91 biennium;

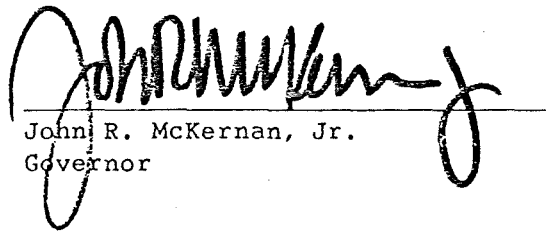
NOW, THEREFORE, I, John R. McKernan, Jr., Governor of the State of Maine, do hereby authorize the curtailment of General Fund allotments and further direct and request that each department and agency of State Government implement the following procedures in relation to all General Fund accounts;

1. All allotment reserves will be temporarily frozen. The State Budget Officer shall establish criteria, subject to my approval, to govern the future release of frozen reserves.
2. Departments and agencies of State Government will reduce their FY90 spending by an amount equal to five percent (5%) of their discretionary General Fund appropriations. Only debt service payments, specific obligations of the State and major grants that are mandated by the Legislature to be spent for a particular purpose will be exempted from the calculation of discretionary appropriations.

3. Departments and agencies of State Government are requested to substantially restrict in-state and out-of-state travel for the balance of FY90 in a manner that would reduce expenditures for these purposes by at least 40% for out-of-state travel and 20% for in-state travel.
4. Departments and agencies of State Government are requested to cooperate in the implementation of a more strict hiring freeze that will be described in a soon to be released amendment to the existing modified hiring freeze described in Human Resources Memorandum 10-89 and will result in the removal of certain exemptions from that freeze policy.
5. Departments and agencies of State Government will be requested to submit budget adjustment forms to achieve the FY90 spending reductions described in item number two above and for further reductions in FY91 General Fund appropriations to the lesser of FY90 or FY91 discretionary appropriation levels as presently authorized.

The Bureau of the Budget is hereby directed to provide further instructions, criteria and forms describing steps to be taken in compliance with this Order and shall further assist the departments and agencies in carrying out its intent.

This Order is effective immediately and will remain in effect through June 30, 1990, unless specifically amended, terminated or extended by Executive Order.



John R. McKernan, Jr.
Governor