

# MAINE STATE LEGISLATURE

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OFFICE OF  
THE GOVERNOR

NO. 02 FY 01/02  
DATE October 5, 2001

**SPECIAL BUDGET AND  
EXPENDITURE ORDER OF OCTOBER, 2001**

**WHEREAS**, the Maine economy is continuing a pattern of slow growth; and

**WHEREAS**, the events of the September 11, 2001 tragedy have contributed to the slowing of economic growth; and

**WHEREAS**, General Fund undedicated revenues are below budget in fiscal year 2001-2002 on a year-to-date basis; and

**WHEREAS**, the Commissioner of Administrative and Financial Services has reported that said anticipated revenue will not be sufficient to meet authorized General Fund expenditures without some reductions in expenditures; and

**WHEREAS**, it is prudent to implement immediate measures to reduce General Fund expenditures pending completion of the Revenue Forecasting Commission's review and analysis of state revenue projections in order to ensure a balanced General Fund budget through June 30, 2002; and

**WHEREAS**, it is fiscally responsible to undertake contingency planning in anticipation of the possibility of a revenue shortfall; and

**WHEREAS**, the expertise and cooperation of State agencies and departments and their employees are vital to the success of these fiscal control and planning initiatives;

**NOW, THEREFORE**, I, Angus S. King, Jr., Governor of the State of Maine, do hereby order that, effective immediately, each State agency and department must review its programs and implement the following procedures for their General Fund accounts:

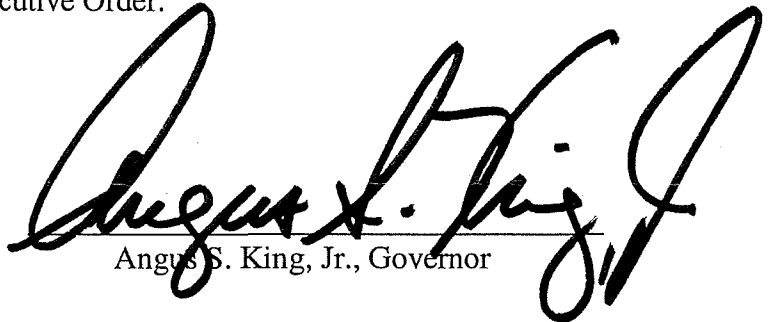
1. All allotment reserves in FY 02 will be immediately frozen. The State Budget Officer may authorize any future use of frozen allotment reserves in FY 02 that are necessary to protect the health or safety of Maine citizens or that constitute unavoidable commitments or legal obligations.
2. Unencumbered balances carried forward from FY 01 in General Fund accounts shall be immediately frozen. The State Budget Officer shall review financial orders requesting the use in FY 02 of General Fund unencumbered balances carried forward from FY 01 and advise the Governor of situations that present a threat to the health or safety of Maine citizens, or that constitute unavoidable commitments or legal obligations.
3. A hiring freeze is immediately in effect for all positions funded in whole or in part from the General Fund that are vacant or that become vacant in FY 02. Emergency exceptions to this provision may be approved by the Governor's Office with advice and recommendations from the Bureau of the Budget and the Commissioner of the Department of Administrative and Financial Services or the Commissioner's designee. Department and agency heads should make every effort to streamline operations in order to avoid the filling of vacancies. All positions will be individually evaluated and no blanket exemptions will be given. Procedures for the filing of exemptions will be set out in a subsequent memorandum.
4. All positions approved in non-emergency laws from the First Regular Session of the 120<sup>th</sup> Legislature that are funded in whole or part from the General Fund shall immediately remain unfilled for the remainder of FY 02. Exceptions to this provision shall be limited to positions already filled, those for which a hiring commitment has already been made, or positions that have a significant, direct impact on General Fund revenues. All positions will be individually evaluated and no blanket exemptions will be given. Procedures for the filing of exemptions will be set out in a subsequent memorandum.
5. Departments and agencies are directed to take steps immediately to achieve reductions in All Other in General Fund accounts in FY 02 equal to 2% in the aggregate for the department or agency for all character and objects of expenditure for which allotment is available on October 1, 2001, for the 2<sup>nd</sup>, 3<sup>rd</sup> and 4<sup>th</sup> quarters, except for the following expenditure categories:
  - Food
  - Fuel
  - Grants (see item 6 below)
  - Rents
  - Utilities
6. Departments and agencies are directed to take steps immediately to achieve additional reductions in All Other in General Fund accounts in FY 02 equal to 2% in the aggregate for the department or agency for which allotment is available on October 1, 2001 for the 2<sup>nd</sup>, 3<sup>rd</sup> and 4<sup>th</sup> quarters, in character and object 6400, Grants to Public and Private Organizations, except for the following programs:

- General Purpose Aid to Local Schools
  - Debt Service – University of Maine
  - Retirement Allowance Fund
7. All capital equipment purchases funded in whole or in part from the General Fund in FY 02 are immediately frozen, except in cases of emergency. Each department or agency head will be responsible for making the determination that a capital equipment purchase satisfies the emergency standard in accordance with guidelines developed by the Bureau of the Budget.
8. The Bureau of the Budget, in cooperation with each affected department or agency, shall review General Fund encumbrances brought forward from FY 01 in order to lapse encumbrances remaining in FY 02 for which the contract terms have been fulfilled.

In the event an agency or department demonstrates that it is unable to comply with the paragraphs above, it must submit an alternative plan that will achieve the same amount of savings, to be developed in cooperation with the Bureau of the Budget no later than October 31, 2001.

Nothing in this Executive Order may be interpreted to authorize departments and agencies to postpone the processing of invoices payable in fiscal year 2001-2002. This Executive Order also is not intended to prevent state agencies and departments from addressing emergencies or imminent threats to health or safety, or from fulfilling legal obligations entered into prior to its effective date.

The Executive Order is effective immediately and shall remain in effect through June 30, 2002, unless modified or rescinded by Executive Order.



Angus S. King, Jr., Governor