

MAINE STATE LEGISLATURE

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OFFICE OF
THE GOVERNOR

NO. 06 FY 01/02
DATE June 19, 2002

JUNE 19, 2002 ORDER CURTAILING ALLOTMENTS
Pursuant to 5 M.R.S.A. §1668

WHEREAS, April 2002 General Fund revenues were below budget due to several factors including lower than budgeted final payments and higher than expected refunds in the individual income tax combined with a continuing decline in revenues from the corporate income tax; and

WHEREAS, the May 2002 report of General Fund Undedicated Revenue provides further evidence of the revenue shortfall anticipated in fiscal year 2001-02 as a result of the unexpected \$11.5 million shortfall in individual income tax withholding; and

WHEREAS, other states are reporting similar revenue deficiencies through fiscal year 2001-02; and

WHEREAS, in anticipation of a General Fund revenue shortfall in fiscal year 2001-02, I issued on May 9, 2002, Executive Order 05 FY 01/02, which among other things, froze certain allotments and accounts and directed agencies to prepare for certain reductions; and

WHEREAS, on June 13, 2002, the Commissioner of Administrative and Financial Services officially reported to me in writing pursuant to 5 M.R.S.A. §1668 that the anticipated income and other available funds of the State General Fund will not be sufficient to meet the General Fund expenditures authorized by the 120th Legislature for fiscal year 2001-02; and

WHEREAS, in these circumstances, the Governor has authority and discretion under 5 M.R.S.A. §1668 to curtail allotments "equitably" and in a limited manner to ensure that expenditures in the General Fund will not exceed the anticipated income and other available funds of the State General Fund in fiscal year 2001-02; and

WHEREAS, in carrying out the exercise of said authority and discretion in an equitable manner, I have taken into account a number of factors, including:

- The amount of General Fund dollars available in allotment reserves and 4th quarter state agency allotments;

- The nature of the services provided by state agencies, so as to minimize to the extent practicable impacts on services that provide or promote public health and safety, educational welfare, and effective operations of state government, including without limitation services involving direct care, law enforcement, care and custody of adults and juveniles in state correctional facilities, teaching and direct care at educational facilities, protection of the well being of the public and wards of the state, and General Fund revenue collection;
- The intent of the Legislature in authorizing state agency expenditures; and
- The requirements and results of my previous Executive Order 05 FY 01/02, which was based upon and reflects the foregoing considerations; and

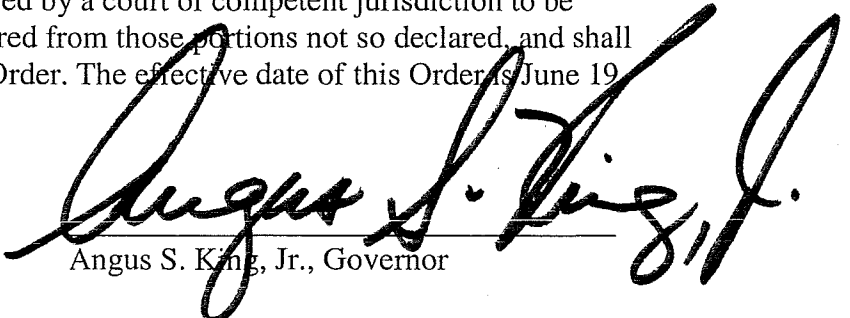
WHEREAS, reliance upon said factors constitutes a rational, reasonable, fair, just and therefore equitable means by which to exercise discretion in the curtailment of allotments; and

WHEREAS, the allotment curtailments ordered herein faithfully preserve the expectations, if not the priorities, of the 120th Legislature by minimizing insofar as practicable the impact to services involving protection and/or promotion of the health and safety of the public, the educational welfare of our students, and the effective operation of state government; and

WHEREAS, this order curtails allotments in General Fund programs to the extent necessary to ensure that expected General Fund lapsed balances are achieved for fiscal year 2001-02, and that expenditures in the General Fund will not exceed the anticipated income and other available funds in fiscal year 2001-02;

NOW, THEREFORE, I Angus S. King, Jr., Governor of the State of Maine, do hereby order the Commissioner of Administrative and Financial Services to curtail fiscal year 2001-02 fourth quarter allotments in the General Fund accounts consistent with the guidelines established in Executive Order 05 FY 01/02, and as specified in the attached financial order.

Any portion of this Order declared by a court of competent jurisdiction to be invalid as a matter of law, shall be severed from those portions not so declared, and shall be subject to revision by a subsequent Order. The effective date of this Order is June 19, 2002.


Angus S. King, Jr., Governor

Attachment (Financial Order)