

MAINE STATE LEGISLATURE

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OFFICE OF
THE GOVERNOR

NO. 7 FY 02/03
DATE January 9, 2003

**SPECIAL BUDGET AND
EXPENDITURE ORDER OF JANUARY 9, 2003**

WHEREAS, the State of Maine and the national economies continue to exhibit patterns of relatively slow recovery; and

WHEREAS, the authority of the Governor to curtail General Fund allotment in accordance with Title 5 M.R.S.A., §1668 has been exercised twice in the anticipation that income and other available resources of the State General Fund would not be sufficient to meet the authorized General Fund expenditures for Fiscal Year 2002-03; and

WHEREAS, it is prudent to effect preventive measures as a contingency in the event of a further revenue shortfall; and

WHEREAS, it is fiscally responsible to continue budgetary constraints that are currently in place to reduce state government expenditures in order to ensure a balanced General Fund budget through June 30, 2003;

NOW, THEREFORE, I, John E. Baldacci, 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:

1. All allotment reserves will be immediately frozen. The State Budget Officer may authorize any future use of frozen allotment reserves that are necessary to protect the health or safety of the public or to satisfy existing legal obligations. Federal Expenditures Fund accounts and Federal Block Grant Fund accounts are exempted.
2. All unencumbered balances forward from FY 02 in accounts shall be immediately frozen. The State Budget Officer shall review financial orders requesting the use of unencumbered balances forward and advise the Governor of situations where such use may be necessary to protect the health or safety of the public, to meet payroll obligations, to fund legislatively approved salary increases and adjustments, to maintain effective operations within existing legislative appropriations and allocations or to satisfy existing

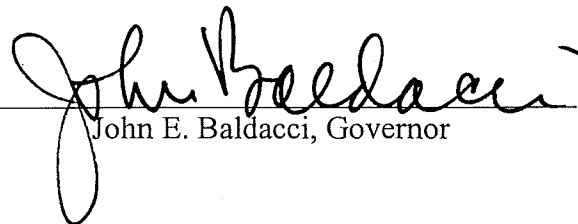
legal obligations. Federal Expenditures Fund accounts and Federal Block Grant Fund accounts are exempted

3. Financial orders that request the transfer of balances of appropriations and allocations between line categories and accounts, that request the use of savings for project or limited period positions or that request allotment in excess of allocation, except Government/Student Intern positions, will not be approved unless the State Budget Officer determines such uses are necessary to protect the health or safety of the public, to meet payroll obligations, to fund legislatively approved salary increases and adjustments or are necessary to meet unavoidable legal obligations.
4. A hiring freeze is immediately in effect for all positions that are vacant or that become vacant. Emergency exceptions to this provision may be approved by each department or agency head 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. Hiring decisions by department and agency heads will be limited by available Personal Services in General Fund accounts during FY 03. Except in extraordinary circumstances, department and agency heads should not expect to receive from the General Fund Salary Plan in FY 03 more funds than in FY 02.
5. Unscheduled overtime shall not be permitted except in emergency or other unavoidable circumstances and only with the prior approval of the department or agency head, or his or her designee.
6. All out-of-state travel paid in whole or part by General Fund accounts must be terminated for all future and pending requests with the following exceptions:
 - Travel directly related to the care of residents, wards, foster children and other individuals under state care or protection.
 - Travel required in the execution of law enforcement investigations, interstate contracts directly related to the extradition of an individual, or the transfer of an individual to or from a correctional facility.
 - Travel directly involved in the securing of revenue, or that directly impacts revenue.
 - Travel required in emergencies or other extraordinary circumstances necessary to maintain effective operations. All in-state travel must be reduced to the absolute minimum necessary to maintain effective and essential operations. Alternatives to in-state travel should be explored especially the use of appropriate telecommunications technology.

7. All contracts, grants or purchases must be reviewed by each department and agency head and reduced to the absolute minimum necessary to maintain effective operations or to meet emergency situations. Each department or agency head will be responsible for making the determination that a contract, grant or purchase satisfies the emergency or cost effective operation standard in accordance with guidelines developed by the Division of Purchases. The Director of Purchases is authorized to return to a department or agency head any contracts, grants or purchases that are determined to be non-essential or that can be delayed or postponed. Federal Expenditures Fund accounts and Federal Block Grant Fund accounts are exempted.
8. All capital equipment purchases are immediately frozen, except in cases of extreme emergency or to maintain effective and less costly operations. Each department or agency head will be responsible for making the determination that a capital equipment purchase satisfies the emergency or cost effective operations standard in accordance with guidelines developed by the Division of Purchases. The Director of Purchases is authorized to return to a department or agency head any capital equipment purchase determined to be non-essential or that can be delayed or postponed. Federal Expenditures Fund accounts and Federal Block Grant Fund accounts are exempted.

Nothing in this Executive Order may be interpreted to authorize departments and agencies to postpone the processing of invoices payable in fiscal year 2002-03. This Executive Order also is not intended to prevent state agencies and departments from addressing emergencies or imminent threats to health and 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, 2003, unless modified or rescinded by Executive Order. This Order supersedes 05 FY 01/02 and 02 FY 02/03.


John E. Baldacci, Governor