

MAINE STATE LEGISLATURE

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OFFICE OF
THE GOVERNOR

NO. 01 FY 02/03
DATE July 1, 2002

JULY 1, 2002 ORDER CURTAILING ALLOTMENTS
Pursuant to 5 M.R.S.A. § 1668

WHEREAS, Maine as well as numerous other states are experiencing an unanticipated and significant shortfall in revenues in fiscal year 2001-02, and a similar shortfall is also projected for fiscal year 2002-03; and

WHEREAS, in light of the Maine Constitution's requirement for a balanced budget in each fiscal year, this presents a serious situation that must be addressed forthwith; and

WHEREAS, in anticipation of a General Fund revenue shortfall in fiscal year 2001-02, I have taken a number of actions including the issuance of Executive Order 05 FY 01/02 on May 9, 2002, 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 years 2001-02 and 2002-03; and

WHEREAS, on June 19, 2002, I issued Executive Order 6 FY 01/02 curtailing allotments, implementing reductions achieved through Executive Order 5 FY 01/02, and effecting other savings in fiscal year 2001-02; and

WHEREAS, in order to address the anticipated shortfall in fiscal year 2002-03, I have directed the following review process involving state departments and agencies:

- Departments and agencies were assigned reduction targets that adjusted for budget reductions already taken for fiscal year 2002-03;
- One-on-one budget meetings were held with affected departments and agencies that received General Fund appropriations in fiscal year 2002-03;

- Departments and agencies have presented options and program impact analyses in connection with the reduction targets for fiscal year 2002-03; and
- Proposed reduction options and analyses were evaluated based on a number of factors, including without limitation the following:
 - The hierarchy of needs and the impact of a proposed reduction in service on public health, safety, education, welfare, and effective program operations;
 - Whether any such impact would be direct or indirect;
 - The extent to which an impact on program beneficiaries could be minimized;
 - The extent to which a department or agency had available other resources to support the program or to meet a public service need;
 - The extent to which efforts supported by new spending could be delayed to avoid or minimize adverse effects;
 - The extent to which expenditure growth could be reduced so as to minimize any impact on services;
 - The extent to which a department or agency may be required to issue rules under the provisions of Chapter 375 of Title 5 of the Maine Revised Statutes in order to accomplish savings in a timely manner;
 - The availability of other options to achieve the same level of savings and avoid or minimize the impact on services to the public;
 - Whether an option avoids termination of a program or service; and
 - Whether proposed reductions could be made in a fair and equitable manner, and preserve insofar as practicable the intent of the Legislature.

WHEREAS, as a result of this process, I have developed a proposal for addressing the anticipated budget shortfall in fiscal year 2003-03 which involves, among other things, a continuation and expansion of curtailment of allotments commenced in fiscal year 2001-02; and

WHEREAS, I have met with Legislative leaders on June 19, 2002, to review generally this proposal with them; 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 2002-03; and

WHEREAS, in ordering these curtailments, I have attempted to follow the guiding principles set forth in 5 M.R.S.A. § 1668, the Superior Court's decision in Butterfield et al. v. Department of Human Services, CV-91-29 (Kenn. Cty., Jan. 17, 1991) (Alexander, J.), and the June 18, 2002 guidance letter from Attorney General G. Steven Rowe, including requirements that allotment curtailments be made "equitably", and curtailments be made consistent with the intent of the Legislature insofar as practicable.

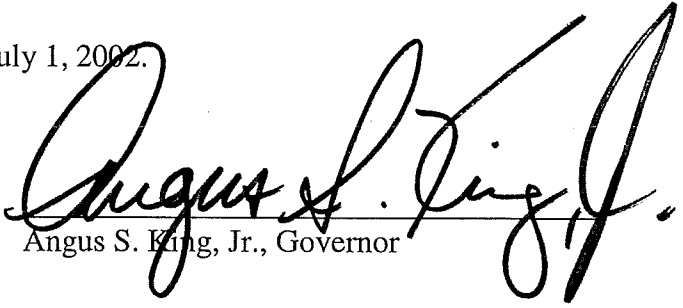
WHEREAS, reliance upon the foregoing factors and principles constitutes a rational, reasonable, fair, just and therefore equitable means by which to exercise discretion in the curtailment of allotments; and

WHEREAS, the allotment curtailments ordered herein faithfully preserve the intent and priorities of the 120th Legislature insofar as practicable.

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 2002-03 first, second, third and fourth quarter allotments for all General Fund accounts as specified in the attached financial order.

Any portion of this Order declared to be invalid as a matter of law by a court of competent jurisdiction 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 July 1, 2002.



Angus S. King, Jr., Governor

Attachment (Financial Order)