
OFFICE OF GOVERNOR RONNIE MUSGROVE
INTEROFFICE MEMORANDUM

TO: BILL RENICK

FROM: FELICIA GAVIN

RE: GOVERNOR'S OFFICE EXPENDITURES

DATE: MAY 7, 2003

As I have stated in the past, I am concerned about the financial condition of the Governor's Office. Our appropriation for 2003 with the budget cuts that we have taken leaves the office with no funds to incur ANY additional expenses other than our normal expenses. We average in total expenditures for a given month approximately \$170K, of which approximately \$153K (90%) is in payroll and contractual payroll. Through April, we have spent \$1.7M, leaving \$346K to spend over the next two months. As you can see, at \$170K per month x 2 months (May and June), we only have \$6K left in our budget. This leaves no funds for any unusual expenditure or any increases in the normal expenditures. This does not include three past due invoices from DFA @ \$10K each for rent of the building and \$4K to MDA for our portion of the DC office.

We have been working with some of our vendors the last few months to ensure that we are receiving the best contract prices on services such as copiers, cell phones, faxes, etc. Outside of internal agency fees, our largest contractual fees are Expedite (blast fax) at an average of \$1,500 per month and Associated Press fees of \$800 per month. Anthony has spoken with Lee Ann about any opportunities to reduce these costs without impacting service. After placing a call to Expedite, they have agreed to at a minimum, reducing our fee from \$.20 per minute to \$.15 per minute. This will save us approximately \$400 per month.

My other concern is looking forward to next year. With a 14% reduction in appropriation over 2003 appropriation, our office will need to make some immediate adjustments in expenditures for next year. This appropriation level will only allow an average of \$151K in expenditures per month, down from \$170K.

My suggestion for the remainder of the year is that each division in the office incurs no expenses other than the normal, must have expenses of operation and wherever possible, reduce those expenses. We will not be able to purchase many supplies for the rest of the year and will need to reduce travel to only the "MUST GO TRIPS". For next year, we will need to determine early on what adjustments in the budget we will make.

Please let me know when you will be available to discuss. Thanks.