



STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS

Department of Administration
BUDGET OFFICE
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Memorandum

To: Department Directors and Agency Heads
Chief Financial Officers

From: Jerome F. Williams, Director
Department of Administration

Rosemary Booth Gallogly
Executive Director/State Budget Officer

Date: May 15, 2008

Subject: Restricted Spending

The Third Quarter Report released today reveals that the State is facing a \$32.8 million deficit in the current fiscal year. Given our projected statewide deficit, you should not spend up to your enacted appropriation, contained in H-7204, and instead should make every effort to produce a surplus balance. We must constrain spending in every area to ensure statewide balance. The Governor has instructed the Department of Administration to take any and all necessary actions to ensure that the State does not close the fiscal year in a deficit.

In order to achieve this fiscal balance, all agencies must immediately constrain spending to only those expenditures which are critical. There will be controls instituted in the RIFANS system to prevent new spending in certain natural accounts. Additionally, the Department of Administration will be liquidating all purchase orders currently outstanding unless the agency can document a need to keep a portion of the purchase order outstanding through June 30, 2008. Agencies should also identify those purchase orders that need to be brought forward into FY 2009 to cover any remaining contractual obligations.

Agencies will be provided with an electronic file displaying the balance of outstanding purchase orders. Agencies should provide information concerning the estimated amounts to be paid for the remainder of May and June by May 20, 2008 to the Division of Purchases

Agencies should not circumvent these controls by using incorrect natural accounts to process payments or by submitting direct pays or batches. Directors, program managers, and chief financial officers will be held accountable for actions taken during this critical time.

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There will be a meeting held in Conference Room A, 2nd Floor, in the Department of Administration Building on Friday, May 16th at 11:30 a.m. Chief Financial Officers should attend.

RBG:JM:sm08-113

cc: Quarterly Report
Letter from J. Williams on Discretionary Spending