



NEWS RELEASE

CALIFORNIA STATE TREASURER BILL LOCKYER

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Treasurer Lockyer Comments on Updated Projection for Fiscal 2008-09 State Budget

SACRAMENTO – State Treasurer Bill Lockyer issued the following statement on the updated 2008-09 budget projection announced today by the Governor:

“The magnitude and speed of the economic meltdown have placed enormous strains on state and local governments across the nation. As the nation’s biggest state, California has been hit hardest, and the fiscal challenge we now face is enormous. Our mission remains the same as it has been all year: We have to balance our State budget as soon as we can, matching our service needs with our available revenues and without gimmicks or excessive borrowing. I believe the Governor and Legislature are more than up to the task. I’m confident they will come together and give the people of California a responsible, real solution.

“Under the present circumstances, it appears to our office unlikely that California will be able to enter the market to sell general obligation bonds until after the first of the year. Current financial market conditions are not favorable, and with our state budget assumptions in flux during the Legislature’s special session, securities disclosure requirements would make it difficult or impossible to access the credit market. Investors will want to see how the state addresses the budget imbalance before lending to us at reasonable rates. While the decision is not final, I have notified the Governor and legislative leaders that they will likely need to take a borrowing delay into account as they make plans for the rest of the year. Once the Governor and Legislature agree on current year budget adjustments, we will be better able to decide how soon it will be possible to return to the debt market, not only to finance the state’s short term needs but to pay for the vital infrastructure projects approved by the voters which provide badly-needed jobs and lasting improvements for our state. My goal is to ensure that these projects can continue without disruption or delay.”

Lockyer also said his office will consult with the Department of Finance and State Controller’s Office on the need for further borrowing to meet the State’s short-term cash-flow needs.

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