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Treasurer Lockyer Urges Quick Budget Solution to Avoid Funding Cutoff for Infrastructure Projects

SACRAMENTO – State Treasurer Bill Lockyer today told a joint session of the Legislature that failure to quickly fix the State budget will force a shutdown of infrastructure project financing, costing businesses billions of dollars in contracts and workers thousands of jobs.

"Without a budget solution, state financing of infrastructure projects will stop. It's as simple, and dire, as that," said Lockyer. "Highway projects, school construction and other vital work in communities across California will be delayed or not even break ground.

"Our ability to give our struggling economy a much-needed shot in the arm will be crippled. Tens of thousands of new jobs, potentially hundreds of thousands, will be lost. Thousands more existing jobs will vanish if projects already under construction are delayed. Businesses will lose billions of dollars in contracts. Our economy will lose billions of dollars in output. And to top it off, our budget will lose millions of dollars and be in even worse shape.

"The only way to avoid this economic and fiscal nightmare is to produce an honest, sustainable and balanced budget – not next month, or three months from now or next June – now."

Lockyer explained the State cannot sell infrastructure bonds because of the State's budget crisis. Because it cannot sell bonds, the State will have to stop providing an average of $660 million in loans every month to provide startup and cash-flow financing for infrastructure projects. The funding cutoff could happen as early as next week.

The $660 million per month works out to $4.62 billion through June 2009, and $12.5 billion through June 2010. The loss of that financing would cost businesses billions of dollars in contract revenue, and could eliminate up to 225,000 new jobs for workers.

The attached document provides more details.

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