



CALIFORNIA STATE TREASURER BILL LOCKYER

NEWS RELEASE

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Treasurer Lockyer Comments on Governor's State Budget Revision

SACRAMENTO – State Treasurer Bill Lockyer issued the following statement on the May Revise to the State Budget, released today by the Governor:

“The Governor deserves credit for not succumbing to expediency and remaining focused on California’s longer-term fiscal future. The plan reflects an understanding that, despite welcome revenue increases, the State still faces significant budget shortfalls not just in the next fiscal year, but in subsequent years. It closes those ongoing deficits with a balanced approach that solidifies California’s fiscal foundation without short-circuiting the state’s economic recovery.

“The plan’s effect on our ability to borrow \$10 billion to meet the State’s cash-flow needs remains unclear. If full implementation of the Governor’s FY 2011/12 plan remains contingent on voter approval of taxes, my office will not be able to complete a cash-flow borrowing transaction unless the final adopted budget includes real, inescapable, quickly-implemented spending cuts that would be triggered if voters reject the taxes.”

The revised budget assumes the State will sell \$3.9 billion of General Obligation (GO) bonds in FY 2011/12 – \$1.53 billion this Fall and \$2.37 next Spring. The plan also assumes lease revenue bond sales will total \$2.04 billion, including \$1.02 billion this Fall and \$1.02 billion next Spring. Combined with other steps the Administration plans to take, the bond sales should provide sufficient funds to start high-priority infrastructure projects and keep current projects going through the end of FY 2011/12.

The May Revise allots a net \$5.42 billion of General Fund money to pay debt service on outstanding GO bonds and LRBs in FY 2011/12. That includes \$4.8 billion for GO bonds and \$617.5 million for LRBs. The \$5.42 billion equals 5.96 percent of available General Fund revenues, as estimated in the May Revise.

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