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Controller Releases May Cash Update

SACRAMENTO - State Controller John Chiang today released his monthly report covering California's cash balance, receipts and disbursements in May 2014. Revenues for the month totaled \$6.7 billion, missing estimates in the Governor's January proposed budget by \$389.1 million, or 5.5 percent. Year-to-date, revenues still exceed expectations by \$1.8 billion, or 2.1 percent.

"While this is the first time in six months that revenues have fallen short, the overall budgetary health remains stable and there is no threat to the State's ability to pay its bills on time and in full," said Chiang. "As lawmakers finalize their spending decisions in the coming days, my office urges fiscal restraint with an eye toward slashing the billions of dollars in debt accrued during the Great Recession."

Because the State's cash position exceeded expectations by \$5 billion as of the release of the Governor's May Revision, the Department of Finance -- with the concurrence of the offices of the State Treasurer and State Controller -- did not produce formal cash flow projections for the May Revision. As a result, actual May receipts and disbursements are compared against projections provided in the Governor's January budget proposal.

Income tax collections for the month of May came in \$254.2 million, or 7.4 percent, below estimates in the Governor's January proposed budget. Corporate taxes were below estimates by \$177.6 million, or 99.8 percent. Sales taxes also came in short of estimates by \$98.6 million, or 3.1 percent.

As of the end of May, the State's cash reserves exceed the Governor's January projection by \$4.9 billion. This positive reserve is comprised of \$3.5 billion in greater than anticipated internal borrowable resources and a cash deficit that is lower than projections by \$1.4 billion. That cash deficit, now \$8.5 billion, is being covered by both internal and external borrowing.

For more details on today's report, read the and .

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