

News Release



Controller of the State of California - Kathleen Connell

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FOR IMMEDIATE RELEASE

STATE CONTROLLER KATHLEEN CONNELL OUTLINES RISKS ASSOCIATED WITH BUDGET DELAY

Legislative Employees, Vendors and Local Governments Will be the First Victims of a Protracted Budget Debate

Sacramento, July 1, 2002 – State Controller Kathleen Connell today gave a warning to the Legislature and the Governor that the effects of a delayed budget would soon start to be felt by the State’s taxpayers.

“Unfortunately, legislative employees will once again become early victims of a no budget scenario,” said Controller Connell. “If a budget is not passed by July 12, these individuals will not be paid. Similarly, vendors that serve the State will begin to face cash-flow pressures, with local governments following shortly behind. Each day the budget stalemate continues, more people, businesses and local programs are affected. And, every day of a delayed budget draws closer the possibility that Court action could cause the rest of the State’s workforce to be paid minimum wages.”

The new fiscal year begins today, however, without a signed Budget, the Controller’s Office does not have the legal authority to make certain payments. State civil services employees will receive their full salaries because it is for services rendered in June. However, legislators, legislative staff, constitutional officers, and appointees will not be paid.

Contractors who provide services to the State will also not receive payment on invoices submitted for goods and services delivered in the current fiscal year.

“Without a budget, I am forced to withhold payment to vendors rendering services after July 1, which will also have a direct, negative impact on California’s economy and individual households,” said Controller Connell.

Some payments to local governments may also be delayed, including non-salary related trial court payments due July 15, and portions of the highway users tax payment due on July 31.

“Local governments rely on those revenues to meet various financial obligations,” said Controller Connell. “The failure to pass a budget is an injustice to taxpayers, as it creates a burden on many levels.”

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The Controller strongly urged Sacramento leaders to act immediately in reaching an agreement.

"I want to commend the Senate and particularly the leadership shown by Senators John Burton and Steve Peace for resolving many of the difficult issues, and passing a budget timely," stated Controller Connell.

"I recognize that lawmakers are faced with exceedingly difficult choices in an attempt to close a record deficit of as much as \$24 billion. However, I now urge the Assembly to come to a conclusion on this budget impasse as soon as possible as more and more taxpayers will begin to feel the financial strain."

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