

Steve Westly *California State Controller*



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WESTLY OUTLINES CASH MANAGEMENT STRATEGY

Sacramento, May 19, 2003 – State Controller Steve Westly sent a letter to Legislative leaders outlining his plans for managing the State’s cash flow through the summer months. The Controller released the details to answer questions about which payments will be made in the absence of a budget.

“Employees, vendors, local governments, lobbyists, unions and the media regularly ask what payments would be made during a no-budget situation. I have prepared an overview of what would occur in a no-budget situation,” Westly explained. “This detailed explanation will further illustrate why timely action on the budget is critical.”

The Controller’s letter discusses:

- Short-term borrowing through an \$11 billion RAW
- No-budget payment restrictions
- The *Jarvis vs. Westly* court ruling
- Deferring or delaying payments
- Additional borrowing
- Registered Warrants, also called IOUs

“None of us has an easy job in this fiscal crisis,” Westly wrote to lawmakers. “You have the job of crafting perhaps the toughest budget ever. As Controller, I am faced with issuing the largest RAW in the state’s history. We have a difficult job before us, but I am confident we will be successful.”

The Controller will travel to New York later this week to negotiate with investors and rating agencies on the short-term loans.

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[Letter to Legislature](#)