

Steve Westly
California State Controller



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FOR IMMEDIATE RELEASE

CONTROLLER WESTLY SAYS STATE WILL NEED TO BORROW \$9-11 BILLION

Sacramento, April 4, 2003 – State Controller Steve Westly today announced he plans to borrow the maximum amount allowable this spring through a Revenue Anticipation Warrant (RAW), which is expected to be \$9 to \$11 billion.

“We have updated our cash flow projections to account for actual tax receipts through March, the impact of the current year budget cuts, and the delay of the tobacco bond sale,” Westly said. “Based on this new data, it is clear that we need to borrow the maximum amount to avoid a cash shortage in the summer.”

The RAW proceeds will be received in June in time to repay \$12.5 billion in Revenue Anticipation Notes and to meet the state’s cash needs in July. However, the Controller emphasized the RAW borrowing heightens the need for a timely budget.

“We’re planning to borrow the most we can, but lawmakers must pass the budget on time to avoid a cash crisis,” Westly said. “If we run through the RAW proceeds and a budget is not in place, we will not have the flexibility to borrow more money.”

The Controller said his announcement today is part of an ongoing process to anticipate California’s borrowing needs and keep investors informed.

“We have a responsibility to Wall Street to maintain open communication, so they can plan for this sale,” Westly explained. “We want to maintain credibility and confidence by providing regular updates of the State’s financial needs.”

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