

Steve Westly
California State Controller



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FOR IMMEDIATE RELEASE

CONTROLLER TO BORROW MAXIMUM CASH OF \$11 BILLION

Sacramento, May 1, 2003 – State Controller Steve Westly announced today that he will borrow \$11 billion through a Revenue Anticipation Warrant (RAW), the maximum possible this spring. The Governor concurred with the Controller’s request.

“We are borrowing \$11 billion so California will be able to pay its bills into the start of next fiscal year. However, without a budget, we’ll face another cash crisis and legal restrictions on which bills can be paid,” Westly said. “Everyone in the Capitol needs to be aware that this is a short-term cash solution. It does not solve the budget crisis, and it does not eliminate the need for an on-time budget.”

The RAW proceeds will be received in June in time to meet the State’s cash needs this summer. When a budget is passed, the Controller will size cash needs for a Revenue Anticipation Note (RAN), which is not possible without a budget.

The Controller will lead a team traveling to New York in three weeks to talk to investors and rating agencies about the RAW. Representatives from the Treasurer’s Office and the Department of Finance will join the Controller.

A RAW is a short term borrowing instrument that allows the State to bridge one fiscal year to the next. The amount was increased to the maximum of \$11 billion because mid-year budget cuts were less than projected, there was a decrease in tax receipts, and the sale of tobacco bonds has been delayed.

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