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Controller Releases October Cash Flow Figures

SACRAMENTO – State Controller John Chiang today released his monthly report detailing California’s cash balance, receipts and disbursements in October and through the first four months of the 2007-08 fiscal year.

“October hit a sour note for the State budget,” said State Controller John Chiang. “Another month of disappointing revenues has added to the growing concern over California’s financial condition.”

Actual General Fund revenue in October was \$303 million (-5.9%) below the 2007-2008 Budget Act estimate for that month. Personal income tax receipts in October came in \$148 million (-4.4%) below estimates. Corporate taxes came in slightly above estimates by \$3 million (0.8%), while retail sales tax receipts were under by \$159 million (-13.9%).

“The downturn in the housing market is having a significant impact on California’s overall economy,” Chiang said. “As California families lose equity in their homes, they lose consumer spending power, and that affects tax-generating retail stores across the State.”

Of the three major taxes, sales tax receipts continue to show the poorest performance, coming in at \$198 million (-2.6%) below the year-to-date total seen in October 2006.

The State spent \$5.8 billion more than it received in October – but deficits at this point are not unusual as a disproportionate share of the State’s revenues come in during the last four months of a fiscal year, while a large percentage of disbursements occur in the first eight months.

The State began the fiscal year with a cash balance of \$2.5 billion. The net cash deficit at the end of October totaled \$13.5 billion and was covered by internal borrowing. The State still has \$2.5 billion in unused borrowable resources available and the proceeds of a \$7 billion Revenue Anticipation Note (RAN) were deposited into the General Fund during the first week of November.

The [financial statement](#) and the [summary analysis](#) can be found on the Controller’s Web site at www.sco.ca.gov.

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