

# CONTROLLER JOHN CHIANG

## STATE OF CALIFORNIA

300 Capitol Mall  
Sacramento, CA 95814  
916.445.2636  
[www.controller.ca.gov](http://www.controller.ca.gov)

PR08:038

FOR IMMEDIATE RELEASE:  
JULY 10, 2008

CONTACT: JACOB ROPER  
916-445-2636

## Chiang Releases Year-End Cash Figures

**SACRAMENTO** – State Controller John Chiang today released his monthly report detailing California’s cash balance, receipts and disbursements for Fiscal Year 2007-08.

Total expenditures for the year were \$107.3 billion, while total receipts were \$103.4 billion. Total receipts include non-revenue items such as \$3.3 billion from the February 2008 sale of Economic Recovery Bonds (ERB) and a January transfer of \$1.4 billion from the State’s Budget Stabilization Account.

“Without counting bond proceeds, the gap between last year’s revenues and expenditures was more than \$7 billion,” said Controller Chiang. “Installing an annual mid-year correction in our budget process would help us avoid these structural spending deficits in the future and improve our standing on Wall Street.”

Total General Fund revenue in Fiscal Year 2007-08 was \$714 million higher (0.7%) than the prior year, and the three largest taxes (personal income, sales and corporate) grew by \$1.2 billion (1.3%), showing the slowest rate of growth since the 2001 recession. Total General Fund revenue did exceed the latest estimates found in the Governor’s May Revision by \$741 million.

“While the additional revenue is welcome news, that does not alleviate the need for a budget in early August. Without a spending plan in place, the State will run out of cash at the end of September and be forced to engage in costly borrowing to cover its bills,” said Controller Chiang.

Income taxes were the only major revenue stream to make gains in Fiscal Year 2007-08, rising \$2.5 billion (4.8%) over the prior year. Sales taxes during this time period dropped \$679 million (-2.5%) and corporate taxes fell \$643 million (-6%). While estimated income tax payments were strong throughout most of the year, June 2008 totals fell 0.3% below those from June 2007, indicating a possible slowdown in the revenue generated from personal income.

The State began the fiscal year with a cash balance of \$2.5 billion, but ended with a net cash deficit of \$1.45 billion. On July 1, the State began the new fiscal year without a budget, which prevents the State Controller from making \$1.2 billion in July payments to many educational institutions, healthcare providers, and vendors doing business with the State.

The [financial statement](#) and [summary analysis](#) of the 2007-08 fiscal year, along with a [list](#) of payments that cannot be made without a budget, are available on the Controller’s Web site at [www.sco.ca.gov](http://www.sco.ca.gov).

###