



Controller Betty T. Yee

California State Controller's Office

300 Capitol Mall
Sacramento, CA 95814
916.445.2636
www.sco.ca.gov

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Contact: Jacob Roper
916-445-2636

Controller Releases December Cash Update

SACRAMENTO – State Controller John Chiang today released his monthly report covering California's cash balance, receipts and disbursements in December, showing monthly revenues came in \$165.2 million below the latest projections contained in the Governor's proposed 2012-13 Budget. When compared against the 2011 Budget Act, December revenues were \$1.4 billion below estimates.

"While we saw positive numbers in November, December's totals failed to meet even the latest revenue projections," said Chiang. "Coupled with higher spending tied to unrealized cost savings, these latest revenue figures create growing concern that legislative action may be needed in the near future to ensure that the State can meet its payment obligations."

To offer a complete view of the State's finances, the issued today by the State Controller compares actual revenues and disbursements to figures from 2010, estimates from the 2011 Budget Act, and the latest projections found in the Governor's proposed 2012-13 budget.

Compared to the 2011 Budget Act estimates, disbursements exceeded projections by \$2.65 billion. This deficit was eliminated in the 2012-13 Governor's budget estimates when the Department of Finance revised projections in consideration of spending assumptions that now appear unlikely.

When comparing to the Governor's 2012-13 budget, personal income taxes were \$69.8 million down (-1.4 percent), and corporate taxes also dropped by \$19.5 million (-1.4 percent). December's sales tax totals came in above estimates by \$17 million (1.1 percent). These receipts do not reflect all holiday spending. The balance of holiday sales tax receipts will be seen in late January and early February.

The State ended last fiscal year with a cash deficit of \$8.2 billion. The combined current year cash deficit stands at \$21 billion. Those deficits are being covered with \$15.6 billion of internal borrowing (temporary loans from special funds) and \$5.4 billion of external borrowing.

For more details, read December 2011's .

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