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Proposed Accounting Standards Threaten Job Creation and Economic Growth

Westly joins Boxer, Feinstein, Pelosi and Eshoo in supporting alternative to FASB proposal

Sacramento, CA – State Controller Steve Westly responded to today’s exposure draft from the Financial Accounting Standards Board (FASB) on mandatory stock options expensing. Westly urged Congress to pass the Stock Option Accounting Reform Act, which offers an alternative approach to the FASB proposal. U.S. Senators Barbara Boxer and Dianne Feinstein and House Minority Leader Nancy Pelosi have already joined Representative Anna Eshoo, the bill’s co-author, in supporting the Act.

“Today’s FASB proposal would hinder California’s economic recovery at the worst possible time. Mandatory expensing of stock options would force many companies – particularly small, start-up businesses – to eliminate broad-based stock options plans that benefit rank-and-file workers.

I urge Congress to instead enact legislation that would target the most egregious corporate abuses without hurting workers. The Stock Option Accounting Reform Act (S. 1890 and H.R. 3574) would require expensing of top corporate executives’ stock options, while protecting the broad-based stock options plans that reward rank-and-file workers.

While well-intentioned, the FASB proposal will hurt workers and undermine entrepreneurship and innovation unnecessarily. At a time when policymakers need to focus on job creation and retention, the Stock Option Accounting Reform Act is an appropriate and balanced solution to the stock option debate.”

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