

# CONTROLLER JOHN CHIANG

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## Chiang Describes Fiscal Impact of No Budget

**SACRAMENTO** – State Controller John Chiang today outlined what bills his office can and cannot pay absent the enactment of a state budget by the end of the fiscal year June 30.

“The State has enough cash to pay bills that come due at the end of June and we can keep payments flowing for some essential services,” Chiang said. “But despite having cash on hand, starting July 1, I am prohibited from making payments to school special education programs, community colleges, local governments, small businesses and state vendors until a budget is in place.”

Even without a budget by June 30, the State Controller still has the authority to pay for vital services including basic funding for schools, health and welfare programs required by federal law, constitutional obligations, state employee payroll and continuous legislative appropriations.

The Controller will continue to make the following payments:

- Federally-mandated services such as Supplemental Security Income/State Supplementary Payment (SSI/SSP), and In-Home Support Services.
- Debt service and other financial obligations authorized by the State Constitution.
- Payroll for state employees covered by the Federal Fair Labor Standards Act.
- Vendor payments for services provided in the fiscal year ending June 30.
- Expenses with ongoing appropriations from the Legislature, including Medi-Cal, CalWORKs, income tax refunds and payments on claims for unclaimed property.

Without a budget by the start of the new fiscal year, the Controller cannot pay:

- School districts for categorical programs such as special education and remedial summer school, community colleges, local governments and other entities not included in the above parameters.
- Vendors for services provided after July 1.
- Salaries and per diem of state elected officials and their appointed staff.

Controller Chiang added that large payments to community colleges and schools come due at the end of July; without a budget in place by mid-July, those payments cannot be made.

“A budget stalemate that persists until the end of July will threaten California’s ability to meet many significant financial obligations,” Chiang said. “We can avoid putting financial pressure on our schools, community colleges and those private businesses that provide state services if a budget is enacted in the next few weeks.”

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