

News Release



Controller of the State of California - Kathleen Connell

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FOR IMMEDIATE RELEASE

STATE CONTROLLER CONNELL SAYS BUDGET DELAY WILL BEGIN AFFECTING VENDORS AND LOCAL GOVERNMENTS

Sacramento, July 13, 2001 – State Controller Kathleen Connell today said the delay in passing the State budget is creating a financial crunch for California, first for vendors who supply services to the State, and next to local governments and some State employees.

"Legislative staffers are the first workers who won't be paid. They were due to be paid today. Some businesses that serve the State are already feeling the pinch, and local governments are next," said Connell. "Each day the budget stalemate continues, more people, businesses and local programs are affected."

The new fiscal year started July 1, however, without a signed budget, the Controller's Office does not have the legal authority to make certain payments. State civil service employees will receive their pay warrants. However, legislators, legislative staff, constitutional officers, and appointees will not be paid.

Contractors who provide services to the State will also not receive payment on invoices submitted for goods and services delivered in the current fiscal year. "Small businesses depend on timely payment. When they do business with the State they expect to get paid." explained Connell.

Some payments to local governments may also be delayed, including a trial court payment due today, and a highway users tax payment due on July 31.

"Local governments rely on those revenues to meet their financial obligations and to secure local bonds," said Connell. "The failure to pass a budget is a disservice to taxpayers up and down the state, as it creates a burden on many levels."

The Controller urged lawmakers and the Administration to reach an agreement as soon as possible.

"There are people waiting for this budget, so they can be paid, and in turn pay their mortgages and support their families," said Connell. "It is the taxpayers who really feel the effects of the budget stalemate, and I cannot stress enough to lawmakers how important it is to get the job done."

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