

The state controller has just come out with the cash statement for the first 2 months of the fiscal year. The good news is that revenues are a bit higher than estimated when the budget was passed. The bad news is that they are below levels for the same period last year despite tax increases enacted last Feb. Sales tax, which is an index of consumption and economic activity, is down relative to last year, despite cash for clunker car sales and the tax rate increase. (I cashed in my clunker so it ain't my fault.)

Spending is notably lower than the budget anticipated, but that is mainly because of the IOUs and delayed payments. Otherwise, it is pretty much a wash.

In short, relative to last year, we are taking in less and spending about the same for the first 2 months of the year. Once the controller pays off his IOUs and makes his delayed payments, we will be in deficit for this period. But Wall St still loves to lend to us, anyway.

You can find all of this at

[http://sco.ca.gov/Files-ARD/CASH/fy0910\\_aug.pdf](http://sco.ca.gov/Files-ARD/CASH/fy0910_aug.pdf)