



Finance Bulletin

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Economic Update

California continues to add jobs at a faster pace than the nation. The difference between the California and U.S. unemployment rate has narrowed to its smallest since January 2008. Real estate markets and home building are improving at a slow and somewhat uneven pace. California personal income growth increased by 4.7 percent in 2014 compared with 2.8 percent in 2013—faster than the nation’s increase of 3.9 percent in 2014 and 2 percent in 2013.

LABOR MARKET CONDITIONS

- California's unemployment rate dropped to 6.7 percent in February from a revised 7 percent in January. The 0.3-percentage point drop in February was the largest since November 1983. The number of employed residents increased by 48,000 and the labor force expanded by 5,000. The labor force participation rate held steady at 62.4 percent. During the same period, the U.S. unemployment rate dropped by 0.2 percentage points to 5.5 percent, and remained at that level in March.
- California added 29,400 nonfarm jobs in February, following a revised 59,100 job gain in January. This is the 44th consecutive month of job gains—averaging about 37,000 new jobs per month.
- Eight industry sectors gained jobs while three lost jobs. The largest job gain was in leisure and hospitality (12,600), followed by construction (11,200), professional and business services (9,200), manufacturing (4,200), trade, transportation, and utilities (2,800), educational and health services (2,100), financial activities (1,200), and mining and logging (200). Sectors that lost jobs were government (8,400, mostly in local government), information (5,000), and other services (700).

Year-Over-Year Percent Change
California and U.S. Nonfarm Employment



BUILDING ACTIVITY

- Residential permits fell 17.2 percent in February, to a seasonally adjusted annual rate of 98,011 units. The drop in February came entirely from multifamily projects—from 84,000 in January to 53,000 in February. Single-family home permits rose, from 34,000 in January to 45,000 in February. During January and February, residential permits were up nearly 44 percent from the same months of 2014 with strong multifamily permit activity in January.
- The value of nonresidential permits in February—an annualized \$24.6 billion—was 5 percent lower than in January.

REAL ESTATE

- The housing market improved in February as existing home sales and the median home price increased from both the previous month and year. Sales totaled 368,160 units at a seasonally adjusted annualized rate in February—up 4.7 percent from January and 2.4 percent from February 2014. The statewide median home price in February was \$428,970—up 0.5 percent from January and 5.5 percent from February 2014.

MONTHLY CASH REPORT

Preliminary General Fund agency cash for March was \$652 million above the 2015-16 Governor's Budget forecast of \$6.604 billion. Year-to-date revenues are \$1.286 billion above the forecast of \$71.962 billion.

- Personal income tax revenues to the General Fund were \$571 million above the month's forecast of \$2.876 billion. Withholding receipts were \$380 million above the forecast of \$4.467 billion and other receipts were \$293 million higher than the forecast of \$793 million. Refunds issued in March were \$91 million above the forecasted \$2.332 billion. Proposition 63 requires that 1.76 percent of total monthly personal income tax collections be transferred to the Mental Health Services Fund (MHSF). The amount transferred to the MHSF in March was \$10 million higher than the forecast of \$52 million. Year-to-date General Fund income tax revenues are \$956 million above forecast.
- Sales and use tax receipts were \$15 million above the month's forecast of \$1.637 billion. March cash includes the second prepayment for first quarter sales and use tax liabilities. Year-to-date, sales tax revenues are \$179 million above forecast.
- Corporation tax revenues were \$81 million above the month's forecast of \$1.48 billion. Prepayments were \$88 million above the forecast of \$527 million and other payments were \$14 million higher than the \$1.079 billion forecast. Total refunds for the month were \$22 million higher than the forecast of \$126 million. Year-to-date revenues are \$163 million above forecast.
- Insurance tax revenues were \$21 million below the \$509 million forecasted for March. Year-to-date revenues are \$53 million below the forecasted \$1.765 billion. Revenues from the estate, alcoholic beverage, tobacco taxes, the vehicle license fee, and pooled money interest matched the \$33 million forecast. "Other" revenues were \$6 million above the month's forecast of \$69 million.

2014-15 Comparison of Actual and Forecast Agency General Fund Revenues

(Dollars in Millions)

Revenue Source	MARCH 2015				Percent Change	2014-15 YEAR-TO-DATE			
	Forecast	Actual	Change	Percent Change		Forecast	Actual	Change	Percent Change
Personal Income	\$2,876	\$3,447	\$571	19.9%	\$46,744	\$47,701	\$956	2.0%	
Sales & Use	1,637	1,653	15	0.9%	16,987	17,166	179	1.1%	
Corporation	1,480	1,561	81	5.5%	5,392	5,555	163	3.0%	
Insurance	509	488	-21	-4.1%	1,765	1,712	-53	-3.0%	
Estate	0	0	0	n/a	2	2	1	48.6%	
Pooled Money Interest	1	2	2	182.8%	12	12	0	0.3%	
Alcoholic Beverages	26	24	-2	-7.6%	275	264	-11	-3.9%	
Tobacco	6	6	0	0.1%	64	64	0	0.7%	
Vehicle License Fees	0	0	0	n/a	0	0	0	33.0%	
Other	69	74	6	8.4%	721	771	51	7.0%	
Total	\$6,604	\$7,256	\$652	9.9%	\$71,962	\$73,248	\$1,286	1.8%	

This is an agency cash report and the data may differ from the Controller's report to the extent that cash received by agencies has not yet been reported to the Controller.

Totals may not add due to rounding. The forecast is from the 2015-16 Governor's Budget.