



Finance Bulletin

Michael Cohen, Director

Economic Update

Job growth continues in early 2015. January's gain was the state's 43rd consecutive month of increased jobs. In addition, new benchmark revisions revealed that California gained more jobs in 2013 and 2014 than previously estimated and the gains were spread widely across major industry sectors. More than 1.8 million jobs have been added since California's economic recovery began in February 2010.

LABOR MARKET CONDITIONS

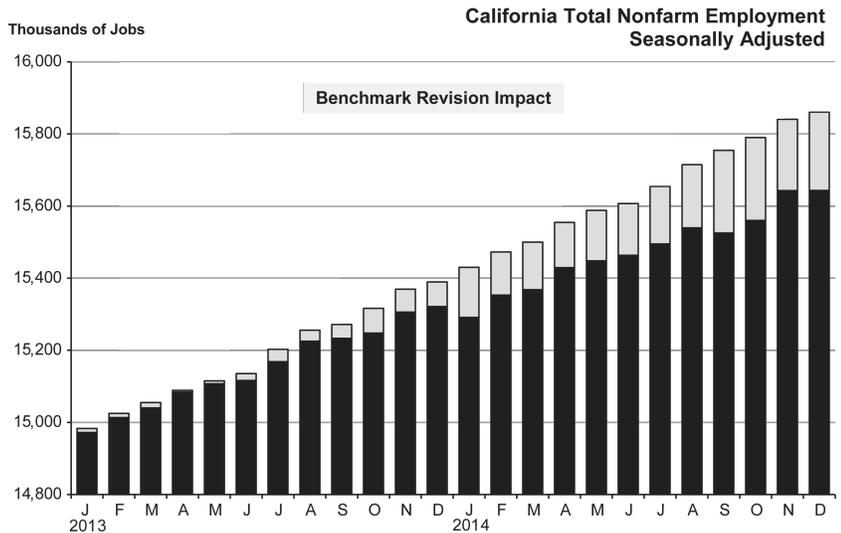
■ California's unemployment rate dropped by 0.2 percentage points to 6.9 percent in January. The last time California's unemployment rate was under 7 percent was in May 2008. California's unemployment rate has fallen steadily over the past four years and at a faster pace than the nation's. California's labor force participation rate remained at 62.4 percent.

■ The number of unemployed Californians fell by 31,500 in January—the largest monthly decrease since September 1983—reflecting the net of 54,000 workers finding jobs and 22,500 people entering the labor force.

■ California added 67,300 nonfarm jobs in January, following an upwardly revised 19,800-job gain in December. This was the 43rd consecutive month of job gains. From January 2014 to January 2015, the state gained 498,000 nonfarm jobs.

■ Eight industry sectors gained jobs while three lost jobs in January. The information sector gained the most jobs (14,000), followed by educational and health services (13,800), construction (11,700), government (11,200, mostly in local government), leisure and hospitality (10,200), financial activities (4,800), professional and business services (3,800), and trade, transportation, and utilities (2,800). Sectors that lost jobs were manufacturing (4,200), mining and logging (400), and other services (400).

California Gained More Jobs Than Previously Estimated



BUILDING ACTIVITY

■ Residential permit activity rebounded in January, after slowing in December. Total residential permits were issued at a seasonally adjusted annual rate of 118,000 units in January—up 63 percent from December. The growth in multifamily housing permits outpaced the growth in single-family permits with about 70 percent of the permits issued for multifamily units.

■ Nonresidential permit valuation increased by 23 percent from December, led by healthy gains in commercial building and other building structures.

REAL ESTATE

■ Sales of existing single-family homes totaled 351,890 units at a seasonally adjusted annualized rate in January. This represents a 3.9-percent decline from December. Sales have declined for the third consecutive month in January.

■ The statewide median home sales price dropped by 5.9 percent on a month-over-month basis, to \$426,790 in January, but was still up by 3.4 percent on a year-over-year basis. Yearly price gains have been narrowing significantly since June of last year.

MONTHLY CASH REPORT

Preliminary General Fund agency cash for February was \$160 million above the 2015-16 Governor's Budget forecast of \$4.703 billion. Year-to-date revenues are \$633 million above the forecasted \$65.358 billion.

- Personal income tax revenues to the General Fund were \$512 million above the month's forecast of \$1.853 billion. Withholding receipts were \$168 million above the forecast of \$4.046 billion. Other receipts were \$57 million above the forecast of \$425 million. Refunds issued in February were \$297 million below the forecasted \$2.585 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 February was \$9 million above the forecast of \$33 million. Year-to-date General Fund income tax revenues are \$385 million above forecast.
- Sales and use tax receipts were \$337 million below the month's forecast of \$2.63 billion due to the early receipt of payments in January. February cash includes the remaining portion of the final payment for fourth quarter 2014 sales, which was due at the end of January, as well as the first prepayment for the first quarter 2015 sales. Year-to-date, total sales tax revenues of \$15.513 billion is \$163 million above forecast.
- Corporation tax revenues were \$59 million below the month's forecast of \$75 million. Prepayments were \$7 million above the forecast of \$102 million and other payments were \$8 million higher than the \$117 million forecast. Total refunds for the month were \$73 million higher than the forecast of \$144 million. Year-to-date revenues are \$82 million above forecast.
- Insurance tax revenues were \$1 million above the month's estimate of \$25 million. Year-to-date insurance tax revenues are \$33 million below the forecasted \$1.256 billion. Revenues from the estate, alcoholic beverage, tobacco taxes, pooled money interest, and vehicle license fee came in \$3 million below the \$32 million that was expected. "Other" revenues were \$46 million above the month's estimate of \$87 million.

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

(Dollars in Millions)

Revenue Source	FEBRUARY 2015				2014-15 YEAR-TO-DATE			
	Forecast	Actual	Change	Percent Change	Forecast	Actual	Change	Percent Change
Personal Income	\$1,853	\$2,365	\$512	27.6%	\$43,868	\$44,254	\$385	0.9%
Sales & Use	2,630	2,293	-337	-12.8%	15,350	15,513	163	1.1%
Corporation	75	16	-59	-78.5%	3,913	3,994	82	2.1%
Insurance	25	26	1	3.1%	1,256	1,224	-33	-2.6%
Estate	0	0	0	n/a	2	2	1	37.2%
Pooled Money Interest	2	0	-2	-86.3%	11	10	-2	-13.4%
Alcoholic Beverages	24	23	-1	-3.6%	249	240	-9	-3.5%
Tobacco	6	6	0	-4.1%	57	58	0	0.7%
Vehicle License Fees	0	0	0	0.0%	0	0	0	22.0%
Other	87	133	46	52.9%	652	697	45	6.9%
Total	\$4,703	\$4,863	\$160	3.4%	\$65,358	\$65,991	\$633	1.0%

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