



Finance Bulletin

Michael Cohen, Director

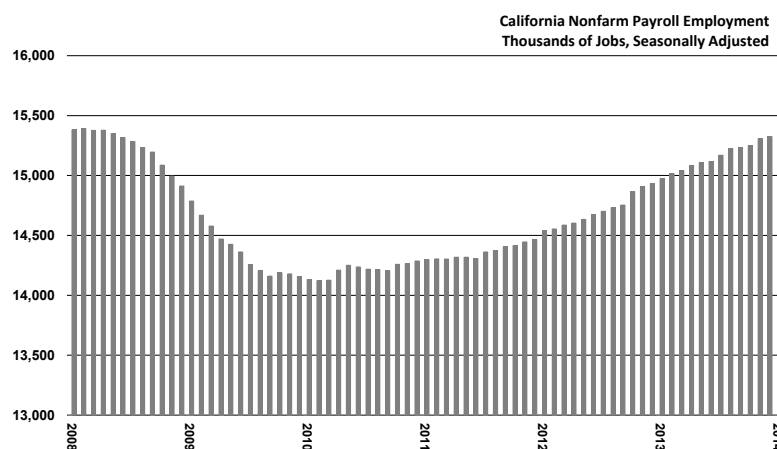
Economic Update

The new labor market benchmark revealed that California's economy has been adding more jobs than previously measured. The statistics show the state has recovered 88 percent of jobs lost during the recession.

LABOR MARKET CONDITIONS

- California's unemployment rate dropped 0.2 percentage point to 8.1 percent in January—the lowest rate since October 2008, and down by 1.4 percent since January 2013. The number of employed Californians rose by 50,700, reflecting both workers finding new jobs and a rise in the labor force of 21,100.
- California lost 31,600 nonfarm payroll jobs in January, and had gained jobs for 30 straight months before that. The benchmark revision just released reclassified In-Home Supportive Services (IHSS) jobs from personal households to part of the payroll series under Educational and Health Services. The series was revised back to 1990.
- California has recovered 88 percent of the jobs it lost during the recession, from a revised high of 15,449,800 jobs in July 2007.
- Five industry sectors gained jobs and five lost jobs in January, with no change in mining and logging. Losses in information (12,700), trade, transportation, and utilities (13,900, mostly in retail trade), construction (6,600), leisure and hospitality (5,800), and government (7,500) were offset by gains in manufacturing (500), financial activities (300), professional and business services (8,300), educational and health services (1,500), and other services (4,300).

California Has Recovered Almost All Jobs Lost During Recession



Source: CA Employment Development Department, LMID

BUILDING ACTIVITY

- Residential housing permits fell in January, to a seasonally adjusted rate of 76,246 units. This represented a 19.2-percent drop on a month-over-month basis, and a 13-percent drop on a year-over-year basis. Multifamily permits represented 52.7 percent of the residential permits issued, continuing a trend of fewer single-family permits.
- The value of nonresidential permits in January fell by 9.4 percent on a month-over-month basis, although this was only 1.3 percent below January 2013.

REAL ESTATE

- Sales of existing single-family homes totaled 363,340 units at a seasonally adjusted annualized rate in January, essentially flat compared with December 2013. This represents a 13.8-percent year-over-year decline, likely due to tight housing supply and higher home prices.
- Median home prices fell 6.2 percent on a month-over-month basis to \$410,990 in January, but were still up 22.1 percent on a year-over-year basis.

MONTHLY CASH REPORT

Preliminary General Fund agency cash for February was \$825 million above the 2014-15 Governor's Budget forecast of \$3.223 billion. Year-to-date revenues are \$965 million above the expected \$58.695 billion.

- Personal income tax revenues to the General Fund were \$716 million above the month's forecast of \$1.333 billion. Withholding receipts were \$468 million above the estimate of \$3.56 billion. Other receipts were \$17 million below the projected level of \$454 million. Refunds issued in February were \$276 million below the anticipated \$2.655 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 \$11 million above the estimate of \$26 million. Year-to-date General Fund income tax revenues are \$667 million above estimate.
- Sales and use tax receipts were \$23 million below the month's forecast of \$1.724 billion. February cash includes the remaining portion of the final payment for fourth quarter 2013 sales, which was due at the end of January, as well as the first prepayment for the first quarter 2013 sales. Year-to-date, total sales tax cash of \$14.949 billion is \$127 million below forecast.
- Corporation tax revenues were \$86 million above the month's estimate of \$37 million. Prepayments were \$4 million above the forecast of \$96 million and other payments were \$6 million lower than the \$131 million that was anticipated. Total refunds for the month were \$88 million lower than the estimate of \$190 million. Year-to-date revenues are \$284 million above estimate.
- Insurance tax revenues were \$6 million above the month's estimate of \$18 million. Year-to-date insurance tax revenues are \$16 million above the forecasted \$1.138 billion. Revenues from the estate, alcoholic beverage, tobacco taxes, pooled money interest, and vehicle license fee came in \$1 million above the \$30 million that was expected. "Other" revenues were \$39 million above the month's estimate of \$81 million.

2013-14 Comparison of Actual and Forecast Agency General Fund Revenues

(Dollars in Millions)

Revenue Source	FEBRUARY 2014				2013-14 YEAR-TO-DATE			
	Forecast	Actual	Change	Percent Change	Forecast	Actual	Change	Percent Change
Personal Income	\$1,333	\$2,049	\$716	53.7%	\$38,794	\$39,461	\$667	1.7%
Sales & Use	1,724	1,701	-23	-1.3%	15,076	14,949	-127	-0.8%
Corporation	37	123	86	232.4%	2,552	2,836	284	11.1%
Insurance	18	24	6	33.3%	1,138	1,154	16	1.4%
Estate	0	0	0	0.0%	4	5	1	25.0%
Pooled Money Interest	1	1	0	0.0%	14	16	2	14.3%
Alcoholic Beverages	22	23	1	4.5%	239	240	1	0.4%
Tobacco	7	7	0	0.0%	60	59	-1	-1.7%
Vehicle License Fees	0	0	0	0.0%	0	0	0	0.0%
Other	81	120	39	48.1%	818	939	121	14.8%
Total	\$3,223	\$4,048	\$825	25.6%	\$58,695	\$59,659	\$965	1.6%

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 2014-15 Governor's Budget.