



Finance Bulletin

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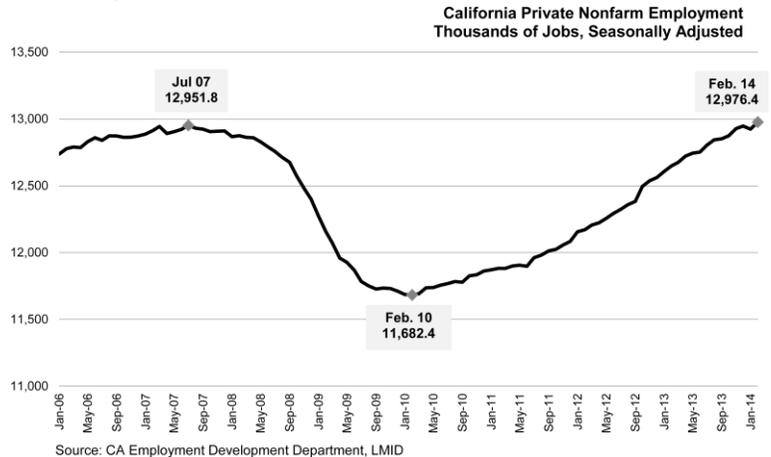
Economic Update

Labor market trends point to continued moderate, broad-based growth, with job gains spread widely across the private sector. While property market values continue to rise, permits and sales have been slowing.

LABOR MARKET CONDITIONS

- California's unemployment rate dropped in February to 8 percent, down 0.1 percentage point from January. The labor force participation rate rose by 0.1 percentage point to 62.3 percent. This marks the first time it has risen since October 2012, although it remains well below the pre-recession peak of 65.9 percent. With an aging population, it is expected that the participation rate will continue to decline.
- Nonfarm employment grew by 58,000 jobs in February. When factoring in public sector jobs as well, California has recovered 92.5 percent of the jobs lost during the recession. Total private nonfarm employment has fully recovered, and now has added more jobs than were lost.
- During February, only manufacturing (down 2,600) and other services (down 200) lost jobs. All other sectors added jobs. Notable gains were in educational and health services (15,800), construction (14,100), leisure and hospitality (9,300), and professional and business services (9,200). Government overall added 5,500, with rises in state and local levels making up for declining federal government jobs. Other growth sectors included trade, transportation, and utilities (5,000), information (1,700), financial activities (800), and mining and logging (200).

California's Private Sector Has Fully Recovered Jobs Lost During Recession



BUILDING ACTIVITY

- Total housing permits issued in February rose 1.6 percent from January 2014 to a seasonally adjusted rate of 77,493 units. Single-family units were down 3.7 percent while multi-family housing units were up 6.4 percent from January 2014. Year-over-year total housing permits were down 24.8 percent with both single-family and multi-family units declining.
- The value of nonresidential building permits in February at a seasonally adjusted annual rate was \$20.8 billion. This represents an increase of 17.5 percent from January 2014 and a decrease of 36 percent year-over-year.

REAL ESTATE

- Sales of existing single-family homes fell for the seventh straight month, declining by 13.7 percent to 361,210 units in February compared with the same period a year ago. This is likely due to higher home prices, low inventories, and rising interest rates.
- Median home prices in California have increased on a year-over-year basis for two consecutive years. The statewide median price in February, at \$404,250, was up 21.3 percent over the same month last year. Higher priced homes continue to make up a larger share of the market.

MONTHLY CASH REPORT

Preliminary General Fund agency cash for March was \$459 million above the 2014-15 Governor's Budget forecast of \$6.066 billion. Year-to-date revenues are \$1.438 billion above the forecast of \$64.761 billion.

- Personal income tax revenues to the General Fund were \$274 million above the month's forecast of \$2.626 billion. Withholding receipts were \$49 million below the forecast of \$4.495 billion and other receipts were \$93 million lower than the forecast of \$813 million. Refunds issued in March were \$424 million below the forecasted \$2.636 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 \$8 million higher than the forecast of \$47 million. Year-to-date General Fund income tax revenues are \$949 million above forecast.
- Sales and use tax receipts were \$12 million below the month's forecast of \$1.61 billion. March cash includes the second prepayment for first quarter sales and use tax liabilities. Year-to-date, sales tax revenues are \$139 million below forecast.
- Corporation tax revenues were \$110 million above the month's forecast of \$1.37 billion. Estimated payments were \$79 million above the forecast of \$475 million and other payments were \$24 million lower than the \$1.079 billion that was forecasted. Total refunds for the month were \$55 million lower than the forecast of \$185 million. Year-to-date revenues are \$401 million above forecast.
- Insurance tax revenues were \$75 million above the \$359 million forecasted for March. Year-to-date revenues are \$91 million above the forecasted \$1.497 billion. Revenues from the estate, alcoholic beverage, tobacco taxes, the vehicle license fee, and pooled money interest came in \$2 million below the \$35 million forecast. "Other" revenues were \$14 million above the month's forecast of \$66 million.

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

(Dollars in Millions)

Revenue Source	MARCH 2014				2013-14 YEAR-TO-DATE			
	Forecast	Actual	Change	Percent Change	Forecast	Actual	Change	Percent Change
Personal Income	\$2,626	\$2,900	\$274	10.4%	\$41,421	\$42,370	\$949	2.3%
Sales & Use	1,610	1,598	-12	-0.8%	16,686	16,547	-139	-0.8%
Corporation	1,370	1,480	110	8.0%	3,922	4,323	401	10.2%
Insurance	359	434	75	20.9%	1,497	1,588	91	6.1%
Estate	0	0	0	0.0%	4	5	1	25.0%
Pooled Money Interest	3	2	-1	-33.3%	17	18	1	5.9%
Alcoholic Beverages	25	25	0	0.0%	264	265	1	0.4%
Tobacco	7	6	-1	-14.3%	67	65	-2	-3.0%
Vehicle License Fees	0	0	0	0.0%	0	0	0	0.0%
Other	66	80	14	21.2%	884	1,019	135	15.3%
Total	\$6,066	\$6,525	\$459	7.6%	\$64,762	\$66,200	\$1,438	2.2%

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.