



Finance Bulletin

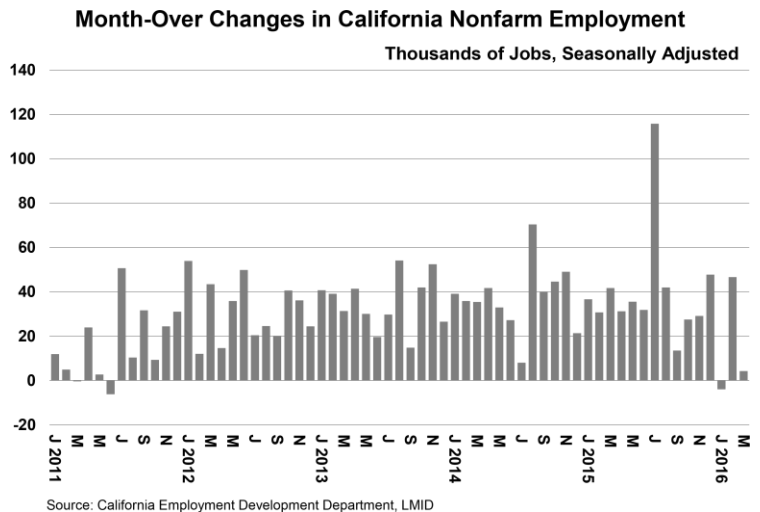
Michael Cohen, Director

Economic Update

The state's unemployment rate fell to 5.4 percent in March—its lowest level since July 2007. In 2015, personal income for the state grew by 6.3 percent versus 4.4 percent for the nation, due mainly to faster growth in wages.

LABOR MARKET CONDITIONS

- California gained 4,200 nonfarm jobs in March, following a gain of 46,600 in February and a loss of 4,000 in January for a total of 46,800 for the first quarter. The average quarterly gain in 2015 was 120,750.
- Six major industry sectors added jobs in the first quarter. Construction added 4,200; trade, transportation, and utilities, 16,900; information, 4,800; educational and health services, 22,200; leisure and hospitality, 17,600; and government, 13,600 jobs.
- Five major industry sectors lost jobs in the first quarter. Mining and logging lost 1,100; manufacturing, 4,800; financial activities, 4,200; professional and business services, 22,100; and other services, 300 jobs.
- The nation's unemployment rate remained at 4.9 percent in February before rising to 5 percent in March due to increased labor force participation. The state's labor force participation rate increased by 0.1 percentage point to 62 percent in February and remained at that level in March. This was the first increase in California since October 2014. With California's unemployment rate at 5.4 percent, the gap between the U.S. and California unemployment rates is the narrowest since January 2007.



BUILDING ACTIVITY

- Residential permits fell by 2.3 percent in February to a seasonally adjusted annual rate of 93,775 units, composed of nearly equal shares of single-family and multifamily units. Single-family permits rose by 12 percent, while multifamily permits fell by 12.8 percent from January.
- The value of nonresidential construction fell by 0.3 percent in February but was up almost 9 percent from a year earlier.

REAL ESTATE

- Sales of existing homes totaled 393,360 units at a seasonally adjusted annualized rate in February, an increase from both the previous month and year by 2.6 percent and 6.4 percent, respectively. The statewide median price of single-family homes sold in February reached \$446,460, 3.8 percent higher than the February 2015 median.

MONTHLY CASH REPORT

Preliminary General Fund agency cash for March was \$170 million below the 2016-17 Governor's Budget forecast of \$7.666 billion. Year-to-date revenues are \$287 million above the forecast of \$78.147 billion.

- Personal income tax revenues to the General Fund were \$315 million below the month's forecast of \$3.664 billion. Withholding receipts were \$188 million above the forecast of \$5.112 billion and other receipts were \$120 million lower than the forecast of \$1.137 billion. Refunds issued in March were \$389 million above the forecasted \$2.519 billion, offsetting last month's lower refunds. 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 \$6 million lower than the forecast of \$66 million. Year-to-date General Fund income tax revenues are \$124 million below forecast.
- Sales and use tax receipts were \$9 million below the month's forecast of \$1.789 billion. March cash includes the second prepayment for first quarter sales and use tax liabilities. Year-to-date, sales tax revenues are \$132 million below forecast.
- Corporation tax revenues were \$16 million above the month's forecast of \$1.665 billion. Prepayments were \$5 million above the forecast of \$642 million and other payments were \$109 million higher than the \$1.129 billion forecast. Total refunds for the month were \$98 million higher than the forecast of \$107 million. Year-to-date revenues are \$359 million above forecast.
- Insurance tax revenues were \$77 million above the month's estimate of \$469 million, likely due to timing. Revenues from the estate, alcoholic beverage, tobacco taxes, and pooled money interest came in \$4 million above the \$33 million forecast. "Other" revenues were \$56 million above the month's forecast of \$45 million.

2015-16 Comparison of Actual and Forecast Agency General Fund Revenues

Revenue Source	MARCH 2016				2015-16 YEAR-TO-DATE			
	Forecast	Actual	Change	Percent Change	Forecast	Actual	Change	Percent Change
Personal Income	\$3,664	\$3,349	-\$315	-8.6%	\$51,516	\$51,392	-\$124	-0.2%
Sales & Use	1,789	1,780	-9	-0.5%	18,522	18,390	-132	-0.7%
Corporation	1,665	1,682	16	1.0%	5,151	5,510	359	7.0%
Insurance	469	546	77	16.4%	1,726	1,802	77	4.4%
Estate	0	0	0	n/a	1	2	1	85.9%
Pooled Money Interest	1	6	4	328.4%	17	23	5	31.5%
Alcoholic Beverages	26	27	0	1.6%	276	277	2	0.6%
Tobacco	6	6	0	-1.9%	63	64	0	0.3%
Vehicle License Fees	0	0	0	n/a	0	0	0	53.8%
Other	45	101	56	125.5%	875	975	100	11.4%
Total	\$7,666	\$7,496	-\$170	-2.2%	\$78,147	\$78,434	\$287	0.4%

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 2016-17 Governor's Budget.