



Finance Bulletin

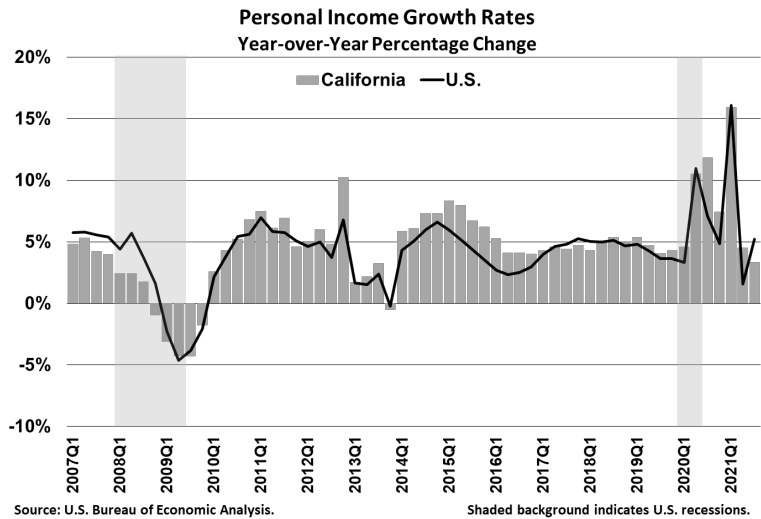
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Economic Update

California personal income increased by 3.4 percent year-over-year in the third quarter of 2021, following a 4.5 percent increase in the second quarter of 2021. U.S. personal income growth accelerated to 5.2 percent year-over-year in the third quarter, up from 1.6 percent in the second quarter. For both California and the nation, personal income growth was driven by total wages and salaries (up 12.6 percent and 11.2 percent year-over-year, respectively) while transfer receipts continued to decline.

U.S. headline inflation rose by 6.8 percent year-over-year in November 2021—its fastest pace since 1982 and the seventh consecutive month above 5 percent.

California headline inflation rose by 5.6 percent year-over-year in October 2021—its fastest pace since 1990. California's inflation rate has exceeded 4 percent since April 2021. For both the state and the nation, food, energy, and transportation prices continued to be the main drivers of inflation in November.



LABOR MARKET CONDITIONS

- The U.S. unemployment rate fell 0.4 percentage point to 4.2 percent in November, with civilian employment increasing by 1.1 million people. Civilian unemployment decreased by 542,000 and the labor force increased by 594,000. The U.S. added 210,000 jobs in November 2021, with eight sectors gaining jobs: professional and business services (90,000), trade, transportation, and utilities (37,000), construction (31,000), manufacturing (31,000), leisure and hospitality (23,000), financial activities (13,000), other services (10,000), and educational and health services (4,000). Government (-25,000), information (-2,000), and mining and logging (-2,000) lost jobs. As of November 2021, the U.S. has recovered 82.5 percent of the 22.4 million jobs lost in March and April 2020.
- California's unemployment rate also fell 0.4 percentage point, decreasing to 6.9 percent in November, with civilian employment increasing by 80,000. Civilian unemployment decreased by 62,000 and the labor force grew by 18,000. After adding 45,700 nonfarm jobs in November 2021, California has recovered 69.6 percent of the 2.7 million jobs lost in March and April 2020. Eight sectors added jobs: professional and business services (18,800), educational and health services (9,500), leisure and hospitality (6,900), government (5,300), other services (3,200), trade, transportation, and utilities (2,100), manufacturing (1,000), and financial activities (900). Construction (-1,700), information (-200), and mining and logging (-100) lost jobs.

BUILDING ACTIVITY & REAL ESTATE

- California permitted 128,000 units (69,000 multi-family units and 59,000 single-family units) on a seasonally adjusted annualized rate (SAAR) basis in October 2021. This was up 14.9 percent from September 2021 and up 26.8 percent from October 2020. In the first ten months of 2021, California permits averaged 121,000 units, up from 102,000 units in the same period in 2020 and 110,000 units in the same period in 2019.
- The statewide median price of existing single-family homes decreased to \$782,480 in November 2021, the second month below \$800,000 since March 2021. This was down 2 percent from October 2021 but up 11.9 percent from November 2020. Sales of existing single-family homes in California totaled 454,450 units (SAAR) in November 2021, up 4.7 percent from October 2021 but down 10.7 percent from November 2020.

MONTHLY CASH REPORT

Preliminary General Fund agency cash receipts for the first five months of the 2021-22 fiscal year were \$13.378 billion above the 2021-22 Budget Act forecast of \$53.408 billion. Cash receipts for the month of November were \$2.183 billion above the forecast of \$10.835 billion. Preliminary General Fund agency cash receipts for the entire 2020-21 fiscal year were \$4.783 billion above the 2021-22 Budget Act forecast of \$201.775 billion, or 2.4 percent above forecast. When this prior fiscal year-end amount is combined with the current fiscal year-to-date total, preliminary General Fund agency cash receipts are \$18.161 billion above the 2021-22 Budget Act forecast.

2021-22 Comparison of Actual and Forecast Agency General Fund Revenues

(Dollars in Millions)

Revenue Source	NOVEMBER 2021				2021-22 YEAR-TO-DATE			
	Forecast	Actual	Change	Percent Change	Forecast	Actual	Change	Percent Change
Personal Income	\$6,576	\$8,027	\$1,452	22.1%	\$35,786	\$45,220	\$9,434	26.4%
Sales & Use	3,295	3,625	331	10.0%	11,359	12,755	1,396	12.3%
Corporation	85	383	298	350.3%	3,331	5,181	1,849	55.5%
Insurance	596	548	-48	-8.1%	1,434	1,421	-13	-0.9%
Estate	0	0	0	n/a	0	0	0	n/a
Pooled Money Interest	6	19	13	232.9%	34	68	34	101.9%
Alcoholic Beverages	34	34	1	1.5%	168	189	21	12.2%
Tobacco	5	5	-1	-10.1%	25	24	-1	-2.5%
Other	239	377	137	57.4%	1,270	1,928	658	51.8%
Total	\$10,835	\$13,018	\$2,183	20.1%	\$53,408	\$66,786	\$13,378	25.0%

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 2021 Budget Act.

- Personal income tax cash receipts to the General Fund for the first five months of the fiscal year were \$9.434 billion above the forecast of \$35.786 billion. Cash receipts for November were \$1.452 billion above the forecast of \$6.576 billion. Withholding receipts were \$1.609 billion above the forecast of \$6.259 billion. Other cash receipts were \$328 million above the forecast of \$972 million. Refunds issued in November were \$459 million above the expected \$537 million. 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 November was \$26 million higher than the forecast of \$118 million.
- Sales and use tax cash receipts for the first five months of the fiscal year were \$1.396 billion above the forecast of \$11.359 billion. Cash receipts for November were \$331 million above the month's forecast of \$3.295 billion. November cash receipts include a portion of the final payment for third quarter taxable sales.
- Corporation tax cash receipts for the first five months of the fiscal year were \$1.849 billion above the forecast of \$3.331 billion. Cash receipts for November were \$298 million above the month's forecast of \$85 million. Estimated payments were \$131 million above the forecast of \$155 million, and other payments were \$85 million above the \$231 million forecast. Total refunds for the month were \$82 million lower than the forecast of \$301 million.
- Insurance tax cash receipts for the first five months of the fiscal year were \$13 million below the forecast of \$1.434 billion. Insurance tax cash receipts for November were \$48 million below the forecast of \$596 million. Cash receipts from the alcoholic beverage, tobacco taxes, and pooled money interest were \$54 million above the forecast for the first five months of the fiscal year, and were \$13 million above the forecast of \$45 million for November. "Other" cash receipts were \$658 million above the forecast for the first five months of the fiscal year, and were \$137 million above the forecast of \$239 million for the month.