



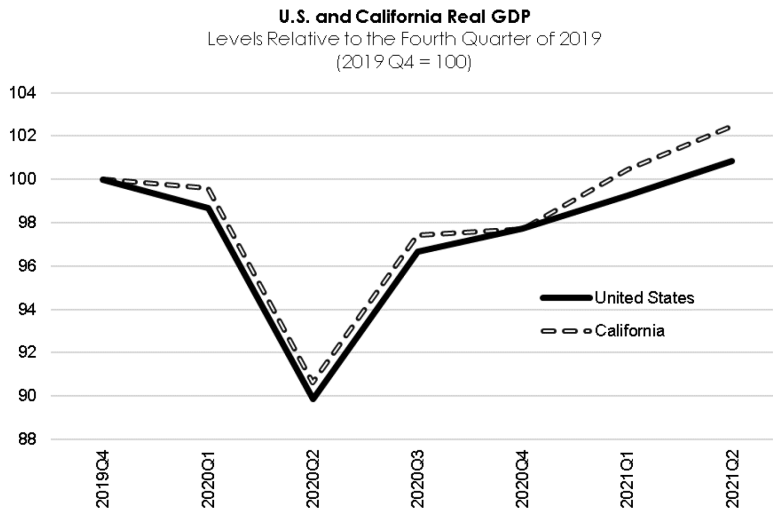
Finance Bulletin

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Economic Update

Personal income in California increased by 4.2 percent year-over-year in the second quarter of 2021, following an increase of 16 percent in the first quarter. U.S. personal income also slowed in the second quarter of 2021, growing at 1.1 percent following 16.1 percent in the first quarter. For both the U.S. and California, personal income components were similar with total wages and salaries and proprietors' income the largest drivers of personal income growth, which offset decreases in transfer receipts.

California real GDP grew by 8.1 percent on a seasonally adjusted annualized rate (SAAR) basis in the second quarter of 2021, following growth of 11.7 percent (revised up from 6.3 percent) in the first quarter of 2021. U.S. real GDP grew at 6.7 percent in the second quarter of 2021 after growing 6.3 percent in the first quarter of 2021. The annual Bureau of Economic Analysis updates indicate that California real GDP returned to pre-pandemic (fourth quarter of 2019) levels in the first quarter of 2021 while the U.S. returned in the second quarter of 2021.



Source: U.S. Bureau of Economic Analysis.

LABOR MARKET CONDITIONS

- The U.S. unemployment rate fell 0.4 percentage point to 4.8 percent in September 2021, with civilian employment increasing by 526,000 and 183,000 fewer people in the labor force. There were 5.1 million fewer employed, 3.1 million fewer persons in the labor force, and 2 million more unemployed in September 2021 than in February 2020. The U.S. added 194,000 nonfarm jobs in September 2021, with eight of the eleven major industry sectors gaining jobs. Government, other services, and educational and health services lost jobs. As of September 2021, the U.S. has recovered 77.8 percent of the 22.4 million jobs lost in March and April 2020.
- California unemployment rate remained unchanged at 7.5 percent in September 2021. California civilian employment increased by 43,000 in September 2021 with 31,000 more people entering the labor force and 13,000 fewer unemployed. There were 993,000 fewer employed, 420,000 fewer people in the labor force, and 574,000 more unemployed in September 2021 than in February 2020. After adding 47,400 nonfarm jobs, California has now recovered 63.5 percent of the 2.7 million jobs lost in March and April 2020. Nine sectors added jobs: leisure and hospitality (23,300), professional and business services (6,900), manufacturing (5,700), information (5,000), government (3,100), educational and health services (2,600), trade, transportation, and utilities (1,900), construction (1,400), and financial activities (1,300). Other services (-3,700) and mining and logging (-100) lost jobs.

BUILDING ACTIVITY & REAL ESTATE

- California permitted approximately 123,000 housing units (57,000 multi-family units and 65,000 single-family units) on a SAAR basis in August 2021. This was up 1.9 percent from 120,000 units in July 2021 and up 24.5 percent from the 98,000 units permitted in August 2020. Year-to-date through August 2021, California permitted 123,000 units on average, compared to 101,000 units in the same period in 2020 and 108,000 units in the same period in 2019.
- The statewide median price of existing single-family homes decreased to \$808,890 in September 2021, the sixth consecutive month above \$800,000. This was down 2.3 percent from August 2021 and up 13.5 percent from September 2020. Sales of existing single-family homes in California totaled 438,190 units (SAAR) in September 2021, up 5.6 percent from August 2021 and down 10.5 percent from September 2020.

MONTHLY CASH REPORT

Preliminary General Fund agency cash receipts for the first three months of the 2021-22 fiscal year were \$9.145 billion above the 2021-22 Budget Act forecast of \$33.235 billion. Cash receipts for the month of September were \$5.617 billion above the forecast of \$13.893 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 \$13.928 billion above the 2021-22 Budget Act forecast.

- Personal income tax cash receipts to the General Fund for the first three months of the fiscal year were \$6.557 billion above the forecast of \$22.088 billion. Cash receipts for September were \$3.994 billion above the forecast of \$9.486 billion. Withholding receipts were \$1.667 billion above the forecast of \$5.683 billion. Other cash receipts were \$2.433 billion above the forecast of \$4.507 billion. Even though California does not have a September estimated payment due, taxpayers often match the federal estimated payment schedule. Refunds issued in September were \$34 million above the expected \$534 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 September was \$72 million higher than the forecast of \$170 million.
- Sales and use tax cash receipts for the first three months of the fiscal year were \$1.035 billion above the forecast of \$6.679 billion. Cash receipts for September were \$365 million above the month's forecast of \$2.203 billion. September cash receipts include the second prepayment for third quarter taxable sales.
- Corporation tax cash receipts for the first three months of the fiscal year were \$1.449 billion above the forecast of \$2.738 billion. Cash receipts for September were \$1.12 billion above the month's forecast of \$1.782 billion. Estimated payments were \$709 million above the forecast of \$1.609 billion, and other payments were \$342 million above the \$351 million forecast. Total refunds for the month were \$68 million lower than the forecast of \$178 million.
- Insurance tax cash receipts for the first three months of the fiscal year were \$23 million above the forecast of \$801 million. Insurance tax cash receipts for September were \$41 million above the forecast of \$144 million. Cash receipts from the alcoholic beverage, tobacco taxes, and pooled money interest were \$35 million above the forecast for the first three months of the fiscal year, and were \$14 million above the forecast of \$45 million for September. "Other" cash receipts were \$45 million above the forecast for the first three months of the fiscal year, and were \$83 million above the forecast of \$233 million for the month.

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

(Dollars in Millions)

Revenue Source	SEPTEMBER 2021				2021-22 YEAR-TO-DATE			
	Forecast	Actual	Change	Percent Change	Forecast	Actual	Change	Percent Change
Personal Income	\$9,486	\$13,480	\$3,994	42.1%	\$22,088	\$28,645	\$6,557	29.7%
Sales & Use	2,203	2,568	365	16.6%	6,679	7,714	1,035	15.5%
Corporation	1,782	2,902	1,120	62.8%	2,738	4,187	1,449	52.9%
Insurance	144	184	41	28.2%	801	824	23	2.9%
Estate	0	0	0	0.0%	0	0	0	0.0%
Pooled Money Interest	9	15	6	72.2%	19	39	19	100.0%
Alcoholic Beverages	33	38	6	18.0%	102	116	15	14.6%
Tobacco	4	6	2	61.1%	15	16	0	2.4%
Other	233	316	83	35.7%	793	838	45	5.7%
Total	\$13,893	\$19,510	\$5,617	40.4%	\$33,235	\$42,380	\$9,145	27.5%

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.