



Finance Bulletin

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Economic Update

U.S. real GDP fell by 3.5 percent in calendar year 2020, after growing by 4.1 percent in the fourth quarter of 2020. The U.S. unemployment rate fell from 6.3 percent in January to 6.2 percent in February 2021, remaining 2.7 percentage points higher than a year ago. There were 4.2 million fewer Americans in the labor force in February 2021 than in February 2020. The U.S. gained 379,000 jobs in February after adding 166,000 jobs in January.

LABOR MARKET CONDITIONS

California's annual labor force and employment losses in 2020 were -2.8 percent and -8.9 percent, respectively (previously estimated at -2.3 percent and -8.6 percent, respectively). California's nonfarm job loss in 2020 was -7.4 percent (previously estimated at -7.0 percent). The annual benchmark process revised labor market series back through 1976. The state's unemployment rate was revised up from 3.9 percent in the seven months through February 2020 to 4.1 percent from April 2019 to November 2019 and 4.3 percent in February 2020. The record-high unemployment rate in April 2020 was revised down from 16.4 percent to 16.0 percent.

California's unemployment rate decreased to 9.0 percent in January, down from 9.3 percent in December, but

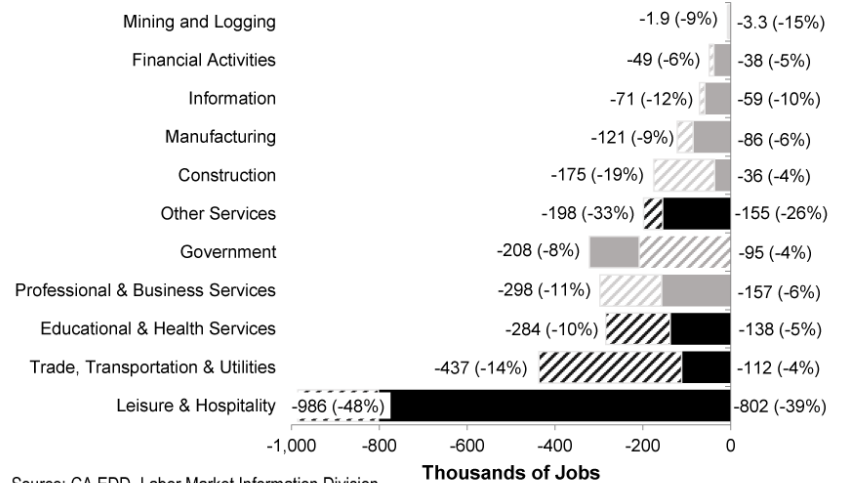
4.7 percentage points higher than February 2020's pre-pandemic rate of 4.3 percent. California's labor force fell by 36,500 people, with 764,000 fewer Californians in the labor force in January 2021 than in February 2020.

The state lost 69,900 nonfarm payroll jobs in January, after losing 75,400 in December. Nonfarm jobs in January totaled 15.9 million, down 10.2 percent from February 2020. In January, six of California's 11 major industries added jobs: trade, transportation, and utilities (13,700), professional and business services (3,600), government (3,600), information (600), financial activities (600), and mining and logging (500). Five industries lost jobs: leisure and hospitality (-70,600), education and health services (-10,000), manufacturing (-4,600), construction (-4,000), and other services (-3,300).

California Jobs by Industry Relative to February 2020

Shaded areas correspond to April 2020 and solid areas correspond to January 2021

Dark bars correspond to low-wage sectors



Source: CA EDD, Labor Market Information Division

BUILDING ACTIVITY

California housing units authorized by building permits increased 14.2 percent from December 2020 to a seasonally adjusted annualized rate of 136,000 housing units in January 2021, 12.5 percent higher than in January 2020. Single-family permits issuance in January 2021 was down 2.6 percent from the prior month and down 2.1 percent from the previous year to 66,000. Multifamily permits issuance increased by 36.2 percent from the prior month and by 30.6 percent from the previous year to 71,000 multifamily units.

REAL ESTATE

Sales of existing, single-family detached homes in January 2021 totaled 485,000 units at a seasonally adjusted annualized rate, down 4.9 percent from the prior month but up 22.5 percent from the previous year. The median price of existing, single-family detached homes sold statewide in January was \$699,980, down 2.5 percent from the prior month but up 21.7 percent from the previous year.

MONTHLY CASH REPORT

Preliminary General Fund agency cash receipts for the first eight months of the fiscal year were \$14.34 billion above the 2021-22 Governor's Budget forecast of \$111.518 billion. Cash receipts for the month of February were \$3.801 billion above the 2021-22 Governor's Budget forecast of \$4.994 billion. A significant amount of receipts above the January forecast is due to lower refunds caused by a later enactment date for the Golden State Stimulus than expected at the Governor's Budget, as well as a delayed opening date of the tax filing season by the Internal Revenue Service.

- Personal income tax cash receipts to the General Fund for the first eight months of the fiscal year were \$12.777 billion above forecast. Cash receipts for February were \$2.973 billion above the month's forecast of \$2.078 billion, largely due to lower refunds due to the issues noted above. Withholding cash receipts were \$485 million above the forecast of \$6.09 billion. Other cash receipts were \$325 million above the forecast of \$698 million. Refunds issued in February were \$2.196 billion below the expected \$4.651 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 \$32 million higher than the forecast of \$58 million.
- Sales and use tax cash receipts for the first eight months of the fiscal year were \$760 million above forecast. Cash receipts for February were \$592 million above the month's forecast of \$2.612 billion. February included a portion of the final payment for fourth quarter taxable sales.
- Corporation tax cash receipts for the first eight months of the fiscal year were \$721 million above forecast. Cash receipts for February were \$227 million above the month's forecast of \$165 million. Estimated payments were \$106 million above the forecast of \$135 million, and other payments were \$104 million above the \$125 million forecast. Total refunds for the month were \$18 million lower than the forecast of \$95 million.
- Insurance tax cash receipts for the first eight months of the fiscal year were \$96 million above forecast. Insurance tax cash receipts for February were \$11 million above the forecast of \$38 million. Cash receipts from the alcoholic beverage, tobacco taxes, and pooled money interest for the first eight months of the fiscal year were \$10 million above forecast, and were \$4 million above the forecast of \$31 million for February. "Other" Cash receipts for the first eight months of the fiscal year were \$23 million below forecast, and were \$6 million below the forecast of \$70 million for February.

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

(Dollars in Millions)

Revenue Source	FEBRUARY 2021				Percent Change	2020-21 YEAR-TO-DATE			
	Forecast	Actual	Change	Percent Change		Forecast	Actual	Change	Percent Change
Personal Income	\$2,078	\$5,051	\$2,973	143.1%	\$78,775	\$91,552	\$12,777	16.2%	
Sales & Use	2,612	3,205	592	22.7%	18,063	18,823	760	4.2%	
Corporation	165	392	227	137.9%	11,682	12,402	721	6.2%	
Insurance	38	48	11	27.9%	1,571	1,667	96	6.1%	
Estate	0	0	0	0.0%	0	0	0	0.0%	
Pooled Money Interest	3	8	5	160.8%	124	131	7	6.0%	
Alcoholic Beverages	25	24	-1	-4.0%	276	276	0	0.2%	
Tobacco	3	3	0	2.6%	38	40	2	4.8%	
Other	70	64	-6	-9.0%	989	966	-23	-2.3%	
Total	\$4,994	\$8,795	\$3,801	76.1%	\$111,518	\$125,858	\$14,340	12.9%	

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 2021-22 Governor's Budget.