



Finance Bulletin

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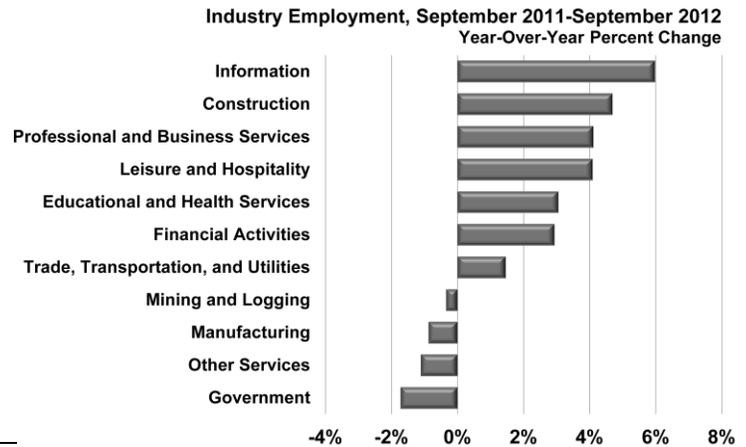
Economic Update

Job growth and better real estate conditions showed that the California economy continued its gradual recovery. In September, California added jobs for the fifth consecutive month, but the pace of employment gains moderated from mid-year. In August, existing home prices rose amid tighter inventories.

LABOR MARKET CONDITIONS

- In September, the state added 8,500 nonfarm jobs and August's initially reported gain of 12,000 jobs was revised down to 5,100. Private employment increased 14,900 in September following gains of 12,600 and 20,000 jobs in August and July, respectively.
- Industry job gains in September were led by leisure and hospitality (10,700), followed by information (5,900), education and health services (4,800), trade, transportation and utilities (3,100), professional and business services (2,100), and financial activities (1,700).
- Five industry sectors lost jobs in September, led by government which fell by 6,400. Manufacturing lost 5,900 jobs; construction, 3,600; other services, 3,400; and mining and logging, 500.
- Employment grew by 262,000, or 1.9 percent, from September 2011 to September 2012. Private sector employment grew faster—increasing by 303,100 jobs, or 2.6 percent, over the year. Nationally, private payrolls expanded 1.7 percent.
- Seven industry sectors added jobs over the year. Employment rose 88,000 in professional and business services; 62,800 in leisure and hospitality; 56,300 in educational and health services; 38,800 in trade, transportation, and utilities; 25,700 in construction; 25,700 in information; and 22,300 in financial activities.
- Over the year, employment fell by 41,100 in government; 11,000 in manufacturing; 5,400 in other services; and 100 in mining and logging.
- In September, California's unemployment rate dropped to 10.2 percent from 10.6 percent in August, which reflected a similarly large drop in the national unemployment rate in September. The number of people unemployed in California fell 59,100, while the number employed increased 52,600.

Information & Construction Lead Job Growth



REAL ESTATE

- Sales of existing, single-family detached homes totaled 511,240 units at a seasonally adjusted annualized rate in August. Even though this was a modest slowdown from July, the pace of existing home sales during the three months ending in August was up 8.5 percent from the same months of 2011.
- The median price of existing, single-family homes sold in August was \$343,820, up 15.5 percent from a year earlier. This was the highest statewide median price since August 2008.
- Home prices have been boosted by low inventories and a decline in distressed sales. The California Association of Realtors' unsold inventory index decreased slightly to 3.2 months in August, down from 5.2 months a year earlier. The median number of days needed to sell a home dropped to 41.1 days, down from 52.5 days in August 2011. Non-distressed property sales comprised 62.2 percent of total sales in August—its highest level in four years.

MONTHLY CASH REPORT

Preliminary General Fund agency cash for September was \$147 million below the 2012-13 Budget Act forecast of \$7.096 billion. Year-to-date revenues are \$379 million below the forecast of \$17.991 billion.

- Personal income tax revenues to the General Fund were \$109 million above the month's forecast of \$4.29 billion. Withholding receipts were \$23 million above the estimate of \$3.001 billion. Other receipts were \$82 million higher than the projected level of \$1.566 billion. Refunds issued in September were \$3 million below the anticipated \$197 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 \$1 million below the estimate of \$80 million. Year-to-date General Fund income tax revenues are \$113 million above estimate.
- Sales and use tax receipts were \$51 million below the month's forecast of \$1.552 billion. September represents the second prepayment for third quarter taxable sales. A more complete picture of third quarter sales activity will be available when final payments for the quarter are received in late October and early November. Year-to-date, the sales tax cash is \$128 million below forecast.
- Corporation tax revenues were \$51 million below the month's estimate of \$849 million. Prepayments were \$80 million below the forecast of \$749 million and other payments were \$43 million lower than the \$218 million that was anticipated. The month's refunds were \$68 million under the projected level of \$118 million. Year-to-date revenues are \$132 million below estimate.
- Insurance tax revenues were \$127 million below the month's estimate of \$189 million. This shortfall is primarily due to the fact that revenue that was expected at the very beginning of September actually was received at the very end of August. August receipts were up \$113 million. Year-to-date revenues are \$27 million below forecast. Revenues from the estate, alcoholic beverage, tobacco taxes, the vehicle license fee, and pooled money interest were \$1 million above the month's forecast of \$41 million. "Other" revenues were \$28 million below the month's estimate of \$175 million.

2012-13 Comparison of Actual and Forecast Agency General Fund Revenues

Revenue Source	SEPTEMBER 2012				2012-13 YEAR-TO-DATE			
	Forecast	Actual	Change	Percent Change	Forecast	Actual	Change	Percent Change
Personal Income (a)	\$4,290	\$4,399	\$109	2.5%	\$11,112	\$11,225	\$113	1.0%
Sales & Use	1,552	1,501	-51	-3.3%	4,763	4,635	-128	-2.7%
Corporation	849	798	-51	-6.0%	1,200	1,072	-128	-10.7%
Insurance	189	62	-127	-67.2%	552	525	-27	-4.9%
Estate	1	0	-1	-100.0%	1	1	0	0.0%
Pooled Money Interest	2	2	0	0.0%	6	7	1	16.7%
Alcoholic Beverages	29	31	2	6.9%	89	84	-5	-5.6%
Tobacco	8	8	0	0.0%	24	23	-1	-4.2%
Vehicle License Fees	1	1	0	0.0%	3	3	0	0.0%
Other	175	147	-28	-16.0%	624	420	-204	-32.7%
Total	\$7,096	\$6,949	-\$147	-2.1%	\$18,374	\$17,995	-\$379	-2.1%

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 2012 May Revision updated for the 2012 Budget Act.