



FINANCE

BULLETIN

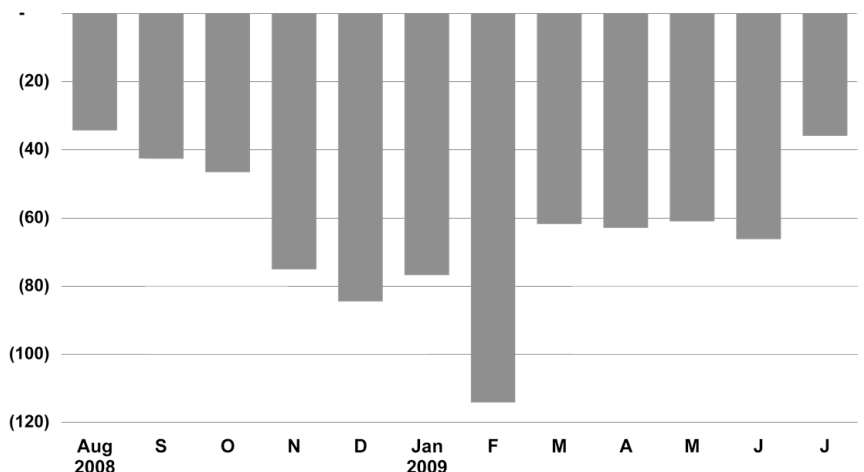
September 2009

ECONOMIC UPDATE

California labor markets and residential real estate markets brought mostly good news in July. Although the State's unemployment rate rose, the number of jobs lost was the smallest in 11 months. Existing home prices rose for the fifth consecutive month.

- With only two major industry sectors adding jobs, California lost 35,800 nonfarm jobs in July. However, this was the smallest month-over-month loss since August 2008.
- Leisure and hospitality added 2,400 jobs; and professional and business services gained 500. The small natural resources and mining sector held steady in July.
- Eight industry sectors lost jobs in July. Trade, transportation, and utilities lost 15,900 jobs; construction, 10,700; educational and health services, 3,300; manufacturing, 2,500; other services, 2,400; information, 2,100; government, 1,500; financial activities, 300.
- Nonfarm payroll employment fell by 760,200 from July 2008 to July 2009, a 5.1-percent loss. Educational and health services was the only sector to gain jobs over the year (17,900).
- Over the year, employment fell by 196,600 in trade, transportation, and utilities; 144,500 in construction; 132,000 in professional and business services; 124,400 in manufacturing; 62,100 in leisure and hospitality; 44,300 in financial activities; 30,200 in information; 23,700 in government; 18,600 in other services; and 1,700 in natural resources and mining.
- Since the national recession began in December 2007, California has lost 939,700 industry jobs.
- The state's unemployment rate rose to 11.9 percent in July. The number of people unemployed in California was 2,187,000—up 33,000 over the month, and up 840,100 compared with July of last year.
- Residential permits were issued at a seasonally adjusted annual rate of 32,500 units, down over 50 percent from a year earlier. Single-family permits were down 38.3 percent, while multi-family permitting was down 64.6 percent. New home permitting during the first seven months of 2009 was down 51.5 percent from the same months of 2008.
- Nonresidential construction permitting fell 50 percent in July from a year earlier. For the first seven months of 2009 as a whole, nonresidential permitting was down 48 percent from the same months of 2008.
- Real estate markets continued to show signs of bottoming out in July. Sales of existing, single-family detached homes totaled 554,000 units at a seasonally adjusted annualized rate, a 12-percent improvement from a year earlier. The median price of existing, single-family homes sold in July was \$285,500, down 19.6 percent from a year earlier. This did, though, mark the fifth consecutive month-over-month increase in the median sales price.
- The unsold inventory index inched down to 3.9 months. The median number of days needed to sell a home fell to 39.9 days, a 16.5-percent improvement from a year earlier.

Monthly Job Losses Begin to Moderate
Month-Over-Month Change in Nonfarm Employment
 (1,000s of Jobs)

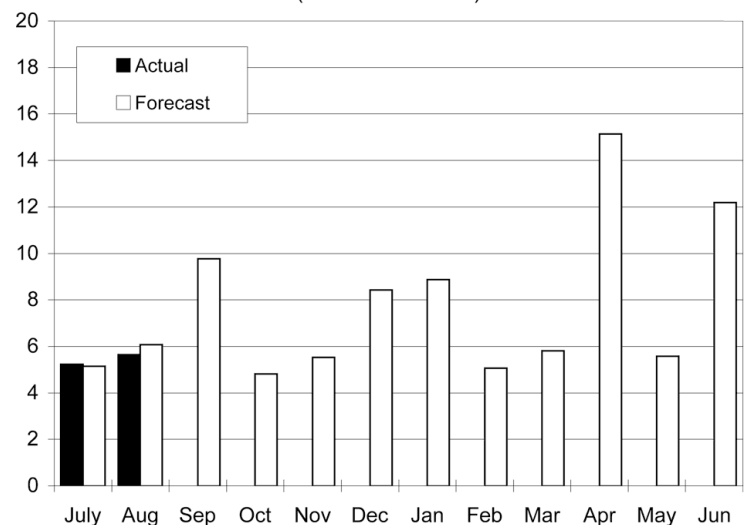


MONTHLY CASH REPORT

As part of the Amended 2009 Budget Act, Finance assumed an unallocated \$3 billion revenue reduction to the 2009-10 May Revision forecast. The revenue reduction was assumed to occur throughout the 2009-10 fiscal year in amounts proportional to current tax collections. For August, the unallocated revenue reduction was calculated at -\$217 million, reducing the total General Fund revenue forecast for August from \$6.064 billion to \$5.847 billion. Preliminary General Fund agency cash for August was \$5.634 billion, or \$213 million below the Amended 2009 Budget Act forecast, which includes the unallocated revenue adjustment. On the same adjusted basis, year-to-date revenues are \$144 million below the expected \$10.991 billion. Although August is a significant revenue month, September is more important because estimated payments for personal income tax filers and calendar-year corporations are due mid-month.

- Personal income tax revenues to the General Fund were \$83 million below the month's forecast of \$2.637 billion. Withholding receipts were \$148 million lower than the projected level of \$2.631 billion. Other receipts were \$48 million above the anticipated \$266 million and refunds came in \$16 million under the estimate of \$213 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 August was \$1 million below the month's estimate of \$47 million. Year-to-date General Fund income tax revenues are \$160 million below estimate.
- Sales and use tax receipts were \$173 million below the month's forecast of \$2.517 billion. August cash includes the remaining portion of the final payment for the second quarter sales, as well as the first prepayment for third quarter sales. Year-to-date, the sales tax cash is \$249 million below forecast.
- Corporation tax revenues were \$17 million above the month's estimate of \$121 million. Prepayments were \$10 million higher than the forecast of \$101 million and other payments were \$4 million below the \$110 million that was expected. Refunds were \$11 million below the projected level of \$91 million. Year-to-date revenues are \$125 million above estimate.
- Total Vehicle License Fee General Fund revenue reported in August was \$34 million lower than the estimate of \$151 million. Year-to-date revenues are \$66 million below forecast.
- Revenues from the insurance tax were \$109 million below the month's estimate of \$375 million. This shortfall is due to timing and has been recovered in early September collections; the August cash includes the third quarterly prepayment, which was due September 1. Estate, alcoholic beverage, and tobacco taxes came in \$2 million below the \$36 million that was expected. Pooled money interest income was \$0 compared to the estimated \$9 million for the month because interest earnings for the General Fund were recorded as other revenues. "Other" revenues were \$37 million below the month's estimate of \$218 million.

General Fund Agency Cash
2009-10 Amended Budget Act Forecast
 (Dollars in Billions)



2009-10 Comparison of Actual and Forecast Agency General Fund Revenues

(Dollars in Millions)

Revenue Source	AUGUST 2009				2009-10 YEAR-TO-DATE			
	Forecast	Actual	Change	Percent Change	Forecast	Actual	Change	Percent Change
Personal Income	\$2,637	\$2,554	-\$83	-3.1%	\$5,378	\$5,218	-\$160	-3.0%
Sales & Use	2,517	2,344	-173	-6.9%	4,512	4,263	-249	-5.5%
Corporation	121	138	17	14.0%	292	416	124	42.5%
Insurance	375	266	-109	-29.1%	385	281	-104	-27.0%
Estate	0	1	1	n/a	0	2	2	n/a
Pooled Money Interest	9	0	-9	-100.0%	18	0	-18	-100.0%
Alcoholic Beverages	27	25	-2	-7.4%	59	58	-1	-1.7%
Tobacco	9	8	-1	-11.1%	18	18	0	0.0%
Vehicle License Fees	151	117	-34	-22.5%	299	233	-66	-22.1%
Other	218	181	-37	-17.0%	395	358	-37	-9.4%
Unallocated Revenue Reduction	-217		(217)		-365		(365)	
Total	\$5,847	\$5,634	-\$213	-3.6%	\$10,991	\$10,847	-\$144	-1.3%

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 2009 May Revision updated for the 2009 Budget Amendments.