



# Finance Bulletin

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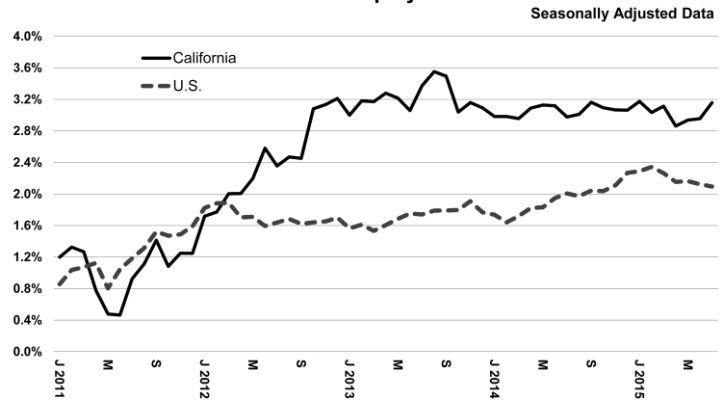
## Economic Update

California continued to post solid job gains—the state added a third of all jobs gained in the nation in July. Unemployment in California is now at its lowest since February 2008. U.S. real GDP growth in the second quarter was revised up from 2.3 percent to 3.7 percent.

### LABOR MARKET CONDITIONS

- California's unemployment rate dropped by 0.1 percentage point to 6.2 percent in July, while the U.S. unemployment rate remained unchanged at 5.3 percent before falling to 5.1 percent in August.
- California added 80,600 nonfarm jobs in July—the sixth largest month-over-month gain in California since 1990. After adding 245,000 jobs in July, the nation added 173,000 nonfarm jobs in August. On a year-over-year basis, California nonfarm employment has expanded by 3.2 percent compared to 2.1 percent for the nation.
- Nine of the 11 major industry sectors gained jobs in July. The largest job gains were in professional and business services (22,300) and leisure and hospitality (19,100). Other sectors that gained jobs include educational and health services (9,900), trade, transportation, and utilities (8,400), financial activities (5,100), other services (4,800), manufacturing (4,700), information (4,700), and construction (3,000). The two sectors that lost jobs were government (1,100) and mining and logging (300).

Year-Over-Year Percent Change  
California and U.S. Nonfarm Employment



Source: CA Employment Development Department, LMID

### BUILDING ACTIVITY

- California residential construction permits issued in July totaled 90,000 units on a seasonally adjusted annual rate basis, up 1.4 percent from a year earlier. The average for the first seven months is 100,000 units. Single-family permits rose 7.9 percent to 42,000 while multifamily permits fell 3.7 percent to 48,000 from a year earlier. The value of residential permits issued increased 10 percent while nonresidential permit valuation fell 7.7 percent from a year earlier.

### REAL ESTATE

- July sales of existing single-family homes in California increased 2.7 percent from June and 12.7 percent from July 2014 to 449,530 homes. The statewide median home price in July was \$488,260—down 0.3 percent from June but up by 5.4 percent from a year earlier.

## MONTHLY CASH REPORT

Preliminary General Fund agency cash for August total revenues was \$108 million above the 2015-16 Budget Act forecast. In addition, the state received a settlement payment of \$300 million two months earlier than expected. Year-to-date revenues are \$474 million above the forecasted \$13.364 billion.

- Personal income tax revenues to the General Fund were \$33 million above the month's forecast of \$4.142 billion. Withholding receipts were \$26 million below the forecast of \$3.964 billion. Other receipts were \$81 million higher than the forecast of \$470 million. Refunds issued in August were \$21 million higher than the forecasted \$217 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 higher than the forecast of \$74 million. Year-to-date revenues are \$162 million above forecast.
- Sales and use tax receipts were \$42 million above the month's forecast of \$1.96 billion. August cash includes the remaining portion of the final payment for the second quarter sales, which was due July 31. August receipts also include the first prepayment for third quarter sales. Year-to-date, the sales tax cash is \$5 million above forecast.
- Corporation tax revenues were \$25 million below the month's forecast of \$123 million. Prepayments were \$8 million above the forecast of \$88 million and other payments were \$24 million higher than the \$93 million forecast. Total refunds for the month were double the forecast of \$57 million. Year-to-date revenues are \$42 million below forecast.
- Revenues from insurance, estate, alcoholic beverage, tobacco taxes, pooled money interest, and vehicle license fees were \$24 million above the \$445 million forecast. "Other" revenues were \$334 million above the month's forecast of \$77 million because of an accelerated judgment payment of \$300 million from Pacific Gas & Electric for the San Bruno pipeline incident that occurred in 2008. This payment was projected to be received in November 2015.

### 2015-16 Comparison of Actual and Forecast Agency General Fund Revenues

(Dollars in Millions)

| Revenue Source        | AUGUST 2015    |                |              |                | 2015-16 YEAR-TO-DATE |                 |              |                |
|-----------------------|----------------|----------------|--------------|----------------|----------------------|-----------------|--------------|----------------|
|                       | Forecast       | Actual         | Change       | Percent Change | Forecast             | Actual          | Change       | Percent Change |
| Personal Income       | \$4,142        | \$4,175        | \$33         | 0.8%           | \$8,429              | \$8,591         | \$162        | 1.9%           |
| Sales & Use           | 1,960          | 2,002          | 42           | 2.1%           | 3,883                | 3,888           | 5            | 0.1%           |
| Corporation           | 123            | 98             | -25          | -20.3%         | 416                  | 373             | -42          | -10.1%         |
| Insurance             | 408            | 432            | 25           | 6.0%           | 407                  | 455             | 48           | 11.9%          |
| Estate                | 0              | 0              | 0            | n/a            | 0                    | 1               | 1            | n/a            |
| Pooled Money Interest | 2              | 1              | -1           | -33.1%         | 5                    | 2               | -2           | -46.9%         |
| Alcoholic Beverages   | 28             | 28             | 0            | -1.2%          | 63                   | 65              | 1            | 2.3%           |
| Tobacco               | 7              | 7              | 0            | 2.4%           | 14                   | 15              | 0            | 0.3%           |
| Vehicle License Fees  | 0              | 0              | 0            | n/a            | 0                    | 0               | 0            | -100.0%        |
| Other                 | 77             | 411            | 334          | 432.1%         | 147                  | 448             | 301          | 204.7%         |
| <b>Total</b>          | <b>\$6,748</b> | <b>\$7,156</b> | <b>\$408</b> | <b>6.0%</b>    | <b>\$13,364</b>      | <b>\$13,838</b> | <b>\$474</b> | <b>3.5%</b>    |

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 2015 Budget Act.