



Finance Bulletin

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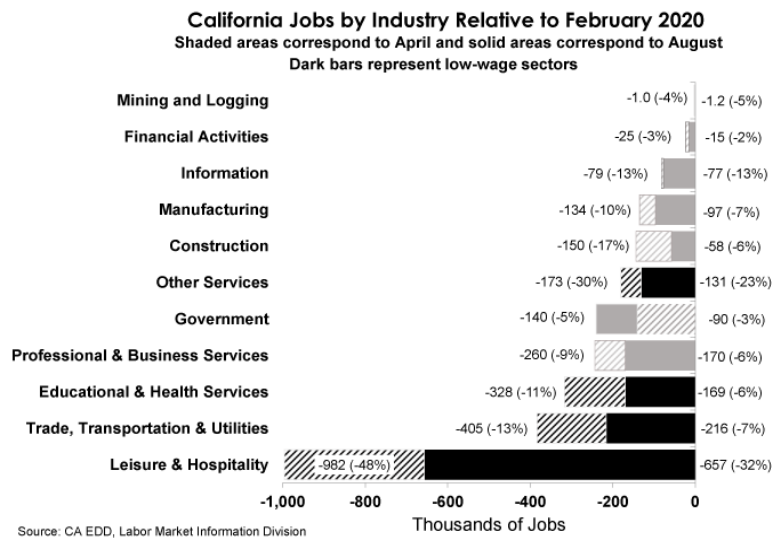
Economic Update

The U.S. unemployment rate fell from 10.2 percent in July to 8.4 percent in August 2020 and is now 4.9 percentage points above the pre-pandemic level of 3.5 percent in February. The U.S. labor force participation rate rose 0.3 percentage point to 61.7 percent and civilian employment rose by 3.8 million to 147.3 million in August. Compared to the 164.5 million in the February labor force, 89.5 percent were employed in August. The U.S. gained 1.4 million jobs in August after 4.8 million and 1.8 million jobs were added in June and July, respectively. This followed 22.2 million jobs lost in March and April.

LABOR MARKET CONDITIONS

California's civilian unemployment rate fell to 11.4 percent in August after reaching an average of 15.9 percent in the second quarter and a 13.5-percent rate in July. The unemployment rate is now 0.9 percentage point lower than The Great Recession's peak in March 2010. Civilian employment increased by 291,700 people (1.8 percent) while the labor force shrank by 117,100 people (-0.6 percent) to 18.7 million. California's labor force participation decreased 0.3 percentage point to 59.9 percent. Compared to the 19.5 million in the February labor force, 16.6 million people, or 84.9 percent were employed in August.

The state gained 101,900 nonfarm payroll jobs in August, bringing the total jobs recovered since May to 885,700, roughly one-third of the 2.6 million jobs lost in March and April. California's nonfarm employment remains 1.7 million jobs or 9.8 percent below February's level of 17.6 million. While six out of the 11 major industry sectors added jobs in August, all 11 major industry sectors remained below February levels: leisure and hospitality (656,800 fewer jobs in August than in February); trade, transportation and utilities (216,000); professional and business services (169,600); educational and health services (169,400); government (140,300); other services (130,900); manufacturing (96,500); information (77,200); construction (57,600); financial activities (14,600); and mining and logging (1,200).



BUILDING ACTIVITY

California housing units authorized by building permits totaled 115,600 units in July 2020 (seasonally-adjusted annualized rate), up 54.4 percent from June 2020 but down 6.6 percent from February's 123,700 units. In July, single-family units increased by 24.2 percent from June to 61,800 units and multifamily units increased by 114.1 percent to 53,800 units. Year-to-date, authorized residential housing units averaged 95,900 (down 10.3 percent from the same period in 2019), split into 51,800 single-family units (down 4.8 percent) and 44,200 multifamily units (down 16.1 percent). California's nonresidential building valuation in July was \$27.8 billion, down 4.4 percent from June 2020 but up 2.2 percent from February's \$27.2-billion valuation. Year-to-date, nonresidential building valuation averaged \$23.8 billion, down 33.5 percent from the same period in 2019.

REAL ESTATE

The California existing single-family median home sales price reached a new record-high of \$706,900 in August, exceeding \$700,000 for the first time in history, and surpassing the previous record set in July 2020 by 6.1 percent. This is up 21.9 percent from February 2020 and up 14.6 percent from August 2019. Statewide sales volume rose by 6.3 percent to 465,400 units—the highest sales volume since May 2010 and 10.4 percent higher than February 2020 level.

MONTHLY CASH REPORT

Preliminary General Fund agency cash receipts for the first two months of the fiscal year were \$4.544 billion above the 2020-21 Budget Act forecast of \$35.604 billion. Cash receipts for the month of August were \$1.632 billion above the forecast of \$8.17 billion. Preliminary General Fund agency cash receipts for the entire 2019-20 fiscal year were \$1.135 billion above the 2020-21 Budget Act forecast of \$123.395 billion, or 0.9-percentage point above forecast. Total collections for March through August 2020 were down by 5 percent from the same period in 2019.

- Personal income tax cash receipts to the General Fund for the first two months of the fiscal year were \$3.646 billion above forecast. Cash receipts for August were \$975 million above the forecast of \$4.999 billion. Withholding cash receipts were \$837 million above the forecast of \$4.799 billion. Other cash receipts were \$359 million higher than the forecast of \$647 million. Refunds issued in August were \$203 million higher than the expected \$358 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 \$19 million more than the forecast of \$88 million.
 - Sales and use tax cash receipts were \$1.176 billion above forecast for the first two months of the fiscal year. Cash receipts for August were \$574 million above the forecast of \$2.086 billion. August cash receipts include a portion of the final payment for the second quarter sales, which was due July 31. August cash receipts also include the first prepayment for third quarter sales.
 - Corporation tax cash receipts for the first two months of the fiscal year were \$176 million below the forecast of \$5.029 billion. Cash receipts for August were \$176 million above the month's forecast of \$228 million. Estimated payments were \$133 million above the forecast of \$117 million, and other payments were \$56 million higher than the \$172 million forecast. Total refunds for the month were \$14 million higher than the forecast of \$61 million.
 - Insurance tax cash receipts for the first two months of the fiscal year were \$31 million below forecast. Insurance tax cash receipts for August were \$32 million below the forecast of \$604 million. Cash receipts from alcoholic beverage, tobacco taxes, and pooled money interest were \$23 million below forecast for the first two months of the fiscal year, and were \$4 million below the forecast of \$58 million for the month of August.
- “Other” cash receipts for the first two months of the fiscal year were \$48 million below forecast and \$57 million below the forecast of \$196 million for the month of August. The Year-To-Date figures shown below reflect a correction to the forecast amount for “Other” July revenues that were displayed in the August Finance Bulletin.

2020-21 Comparison of Actual and Forecast Agency General Fund Revenues

(Dollars in Millions)

| Revenue Source | AUGUST 2020 | | | | | 2020-21 YEAR-TO-DATE | | | |
|-----------------------|----------------|----------------|----------------|----------------|----------|----------------------|-----------------|----------------|----------------|
| | Forecast | Actual | Change | Percent Change | | Forecast | Actual | Change | Percent Change |
| Personal Income | \$4,999 | \$5,974 | \$975 | 19.5% | | \$26,003 | \$29,649 | \$3,646 | 14.0% |
| Sales & Use | 2,086 | 2,660 | 574 | 27.5% | | 3,371 | 4,547 | 1,176 | 34.9% |
| Corporation | 228 | 403 | 176 | 77.2% | | 5,029 | 4,853 | -176 | -3.5% |
| Insurance | 604 | 572 | -32 | -5.2% | | 629 | 599 | -31 | -4.9% |
| Estate | 0 | 0 | 0 | 0.0% | | 0 | 0 | 0 | 0.0% |
| Pooled Money Interest | 22 | 14 | -8 | -34.5% | | 61 | 33 | -29 | -46.7% |
| Alcoholic Beverages | 30 | 34 | 4 | 13.3% | | 69 | 75 | 6 | 9.3% |
| Tobacco | 6 | 6 | 0 | -7.8% | | 12 | 10 | -1 | -10.7% |
| Other | 196 | 139 | -57 | -29.1% | | 430 | 381 | -48 | -11.2% |
| Total | \$8,170 | \$9,802 | \$1,632 | 20.0% | | \$35,604 | \$40,148 | \$4,544 | 12.8% |

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 2020-21 Budget Act.