



Finance Bulletin

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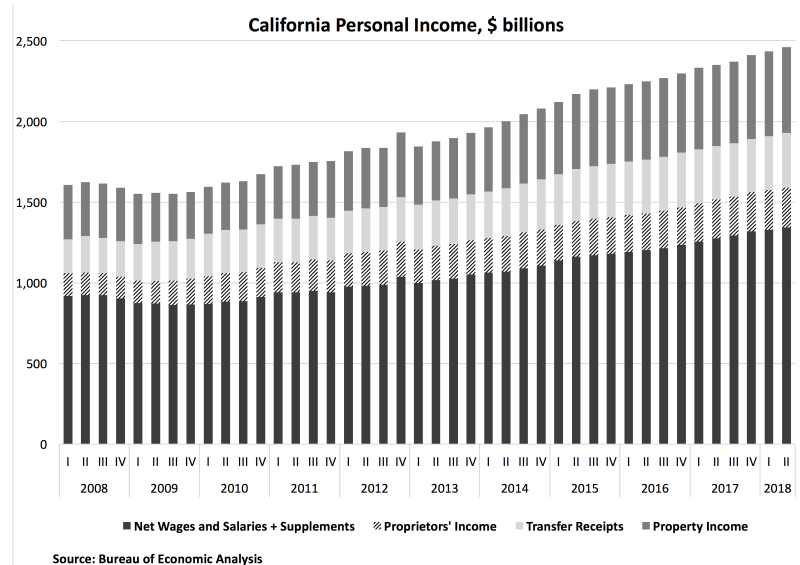
Economic Update

California's unemployment rate remained at a record-low 4.2 percent for the fifth straight month in August. The U.S. unemployment rate dropped to 3.7 percent in September, the lowest it has been since 1969. California personal income for the first half of 2018 grew at a 4.5-percent year-over-year rate.

LABOR MARKET CONDITIONS

■ California's unemployment rate remained at the historic low of 4.2 percent in August. There were 803,000 unemployed people—fewer than at any time since 1990. The California labor force participation rate also remained at the historic low of 61.9 percent for the third straight month. Year-over-year labor force growth has averaged 0.5 percent in the first eight months of 2018—compared to 1.1 percent for the same period in 2017.

■ California added 44,800 jobs in August—more than 20 percent of all U.S. jobs added in the month. More than 3 million jobs have been added in the state since the recession low point in February 2010. July's job gains were revised down to 34,400 jobs from a 46,700-job gain. Eight of the eleven major industry sectors gained jobs in August, led by educational and health services (18,700); followed by professional and business services (7,700); government (6,100); construction (5,200); trade, transportation, and utilities (4,700); financial activities (1,800); leisure and hospitality (1,200); and information (300). The only sectors that lost jobs in August were manufacturing (800) and mining and logging (100). There was no change in other services jobs compared to the previous month.



BUILDING ACTIVITY

■ California housing units authorized by building permits totaled 106,300 in August (64,500 single-family housing and 41,800 multifamily housing), down 9.9 percent from the previous month and down 8.3 percent from the previous year. This drop is driven by multi-family units, which fell 21.3 percent from the previous month and fell 26.0 percent from the previous year. Permits for single-family units in August were down 0.5 percent from the previous month but up 8.0 percent from August 2017. The first eight months of 2018 average is 121,000 total permits compared to 112,800 for the same period in 2017. Nonresidential building valuation in August fell 20.8 percent from July to an annualized valuation of \$25 billion.

REAL ESTATE

■ California statewide median home price of existing single-family homes increased to \$596,410 in August, up 0.8 percent from July but below its peak of \$602,760 in June. Sales volume in August declined to a seasonally adjusted annualized rate of 399,600 single-family housing units, down 1.8 percent from July and down 6.7 percent from August 2017.

MONTHLY CASH REPORT

Preliminary General Fund agency cash for the first three months of the fiscal year was \$1.032 billion higher than the forecast of \$27.51 billion. Revenues for September were \$160 million above the 2018-19 Budget Act forecast of \$11.626 billion.

- Personal income tax revenues to the General Fund for the first three months of the fiscal year were \$990 million above forecast. Revenues for September were \$260 million above the month's forecast of \$8.146 billion. Withholding receipts were \$324 million below the forecast of \$5.013 billion. Other receipts were \$569 million above the forecast of \$3.606 billion. Refunds issued in September were \$20 million below the expected \$328 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 \$5 million higher than the forecast of \$146 million.
- Sales and use tax receipts for the first three months of the fiscal year were \$61 million below forecast. Receipts for September were \$31 million below the month's forecast of \$2.039 billion. September represents the second prepayment for third quarter taxable sales.
- Corporation tax revenues for the first three months of the fiscal year were \$66 million above forecast. Revenues for September were \$60 million above the month's forecast of \$1.172 billion. Estimated payments were \$91 million above the forecast of \$1.032 billion, and other payments were \$16 million lower than the \$251 million forecast. Total refunds for the month were \$15 million higher than the forecast of \$111 million.
- Insurance tax revenues for the first three months of the fiscal year were \$9 million above forecast. Insurance tax revenues for September were \$89 million below the forecast of \$141 million. Revenues from the estate, alcoholic beverage, tobacco taxes, and pooled money interest for the first three months of the fiscal year were \$26 million above forecast, and were \$3 million above the forecast of \$67 million for September. "Other" revenues for the first three months of the fiscal year were \$2 million above forecast, and were \$42 million below the forecast of \$62 million for September.

2018-19 Comparison of Actual and Forecast Agency General Fund Revenues

(Dollars in Millions)

Revenue Source	SEPTEMBER 2018					2018-19 YEAR-TO-DATE			
	Forecast	Actual	Change	Percent Change		Forecast	Actual	Change	Percent Change
Personal Income	\$8,146	\$8,405	\$260	3.2%		\$18,550	\$19,540	\$990	5.3%
Sales & Use	2,039	2,008	-31	-1.5%		6,332	6,270	-61	-1.0%
Corporation	1,172	1,232	60	5.1%		1,703	1,769	66	3.8%
Insurance	141	52	-89	-63.2%		621	631	9	1.5%
Estate	0	0	0	n/a		0	0	0	n/a
Pooled Money Interest	29	33	4	14.0%		66	91	26	39.2%
Alcoholic Beverages	32	30	-2	-5.9%		98	98	0	-0.4%
Tobacco	6	7	1	18.6%		18	18	1	3.7%
Other	62	19	-42	-68.6%		121	124	2	1.8%
Total	\$11,626	\$11,787	\$160	1.4%		\$27,510	\$28,542	\$1,032	3.8%

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 2018-19 Budget Act.