



Finance Bulletin

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Economic Update

U.S. real GDP growth for the fourth quarter of 2025 was revised down 0.2 percentage point to 0.5 percent on a seasonally adjusted annualized rate (SAAR) basis, following a 4.4-percent SAAR growth in the third quarter, and bringing U.S. annual GDP growth to 2.1 percent for 2025. California real GDP grew at a 0.9-percent SAAR in the fourth quarter of 2025, following a 4.5-percent SAAR growth in the third quarter. This brings California's annual GDP growth to 2.5 percent for 2025.

California personal income increased by 5.5 percent in 2025, following a growth of 6.5 percent in 2024, while U.S. personal income grew by 4.9 percent in 2025, a deceleration from a 5.4-percent growth in 2024. California's share of U.S. personal income remained at 13.7 percent in 2025, unchanged from its share in 2024.

U.S. headline inflation accelerated to 3.2 percent in March 2025 after holding at 2.4 percent year-over-year in the first two months of 2026, reflecting the initial impacts of the Iran War on gasoline prices. Core inflation—which excludes food and energy—accelerated 0.1 percentage point to 2.6 percent in March after holding at 2.5 percent for the first two months of the year. In March, gasoline inflation accelerated 18.9 percent year-over-year, following three months of deflation averaging -5.5 percent year-over-year.

LABOR MARKET CONDITIONS

■ In March 2026, the U.S. unemployment rate decreased by 0.1 percentage point from February to 4.3 percent as the number of employed decreased by 64,000 persons (-0.04 percent), the number of unemployed decreased by 332,000 persons (-4.6 percent), and the labor force decreased by 396,000 persons (-0.2 percent). The nation added 178,000 nonfarm payroll jobs in March, with seven sectors adding jobs: education and health services (+91,000 jobs), leisure and hospitality (+44,000 jobs), trade, transportation, and utilities (+33,000 jobs), construction (+26,000 jobs), manufacturing (+15,000 jobs), mining and logging (+2,000 jobs), and professional and business services (+2,000 jobs). The remaining four sectors lost jobs: financial activities (-15,000 jobs), other services (-9,000 jobs), government (-8,000 jobs), and information (-3,000 jobs).

■ The California unemployment rate decreased by 0.1 percentage point from December to 5.4 percent in January 2026 and remained at that rate in February 2026. Over the first two months of the year, the state's labor force decreased by a total of 51,400 persons, with civilian household employment decreasing by 28,700 persons and the number of unemployed Californians decreasing by 22,900 persons.

■ The state added a total of 61,900 jobs in January and February as the 81,800-job gain in January offset the 19,900 jobs lost in February. Nine sectors added jobs over the two-month period, led by leisure and hospitality (+17,300 jobs), professional and business services (+15,600 jobs), and other services (+11,900 jobs). Manufacturing lost a total of 1,200 jobs and mining and logging jobs remained unchanged. Six sectors lost jobs in February, driven largely by the loss of 24,100 jobs in private education and health services which were likely to be temporary due to the strike of 31,000 healthcare workers in California and Hawaii in February.

California Labor Market	Month-over-Month Change		Total
	January 2026	February 2026	January and February 2026
Household Employment			
Civilian Labor Force	-16.3	-35.1	-51.4
Civilian Employment	-5.6	-23.1	-28.7
Civilian Unemployment	-10.8	-12.1	-22.9
Civilian Unemployment Rate (%)	-0.1	0.0	-0.1
Payroll Employment			
Total Nonfarm	81.8	-19.9	61.9
Mining and Logging	0.0	0.0	0.0
Construction	4.6	-0.9	3.7
Manufacturing	1.2	-2.4	-1.2
Trade, Transportation, and Utilities	3.8	-1.5	2.3
Information	-2.1	2.4	0.3
Financial Activities	0.3	1.5	1.8
Professional and Business Services	11.5	4.1	15.6
Private Education and Health Services	28.7	-24.1	4.6
Leisure and Hospitality	22.0	-4.7	17.3
Other Services	12.0	-0.1	11.9
Government	-0.2	5.8	5.6

BUILDING ACTIVITY

- The statewide median sale price of existing single-family homes increased to \$830,370 in February 2026, up 0.9 percent from \$822,630 in January 2026 and up 0.2 percent from \$829,060 in February 2025. Sales volume of existing single-family homes in California was 274,820 (SAAR) in February 2026, up 7 percent from January 2026, and down 0.3 percent from February 2025.

MONTHLY CASH REPORT

Preliminary General Fund agency cash receipts were \$1.5 billion, or 9.3 percent, above the Governor's Budget forecast in March and \$8.6 billion, or 5.5 percent, above the fiscal year-to-date forecast. The March overage was due largely to corporation tax receipts, which were \$927 million above forecast, followed by personal income tax receipts, which exceeded the forecast by \$519 million. The fiscal year-to-date overage is largely attributable to personal income tax (\$4.8 billion above forecast) and corporation tax (\$2.8 billion above forecast). The Governor's Budget monthly cashflows reflect cash results through November; therefore, fiscal year-to-date variances are primarily related to December through March, with some revisions to prior months.

- Personal income tax cash receipts were \$519 million, or 6.2 percent, above forecast in March. All personal income tax components contributed to the month's overage, led by final payments, which were \$255 million, or 28.2 percent, above forecast, and withholding, which was \$233 million, or 2 percent, above forecast. Fiscal year-to-date, personal income tax cash receipts were \$4.8 billion, or 4.9 percent, above forecast due largely to higher estimated payments (\$4 billion, or 20.8 percent, above forecast), higher withholding receipts (\$481 million, or 0.6 percent, above forecast), and lower refunds (\$353 million, or 2.2 percent, lower than projected).
- Corporation tax cash receipts were \$927 million, or 21 percent, above forecast in March and \$2.8 billion, or 11.5 percent, above the fiscal year-to-date forecast. March's overage was almost entirely due to Pass Through Entity Elective Tax (PTET) payments, which were above forecast by \$919 million, or 40.9 percent. March is an important month for PTET collections as final PTET payments for tax year 2025 were due in March for most taxpayers. The fiscal year-to-date overage is due to higher PTET payments (\$2.7 billion, or 21.7 percent, above forecast) and lower refunds (\$789 million, or 17.1 percent, lower than projected), which were partially offset by estimated payments, which were \$730 million, or 6.8 percent, below forecast.
- Preliminary sales and use tax receipts were \$83 million, or 3.3 percent, above forecast in March and \$85 million, or 0.3 percent, above the fiscal year-to-date forecast.

2025-26 Comparison of Actual and Forecast Agency General Fund Revenues (Dollars in Millions)

Revenue Source	March 2026				2025-26 YEAR-TO-DATE			
	Forecast	Actual	Difference	Percent Difference	Forecast	Actual	Difference	Percent Difference
Personal Income	\$8,374	\$8,893	\$519	6.2%	\$97,637	\$102,469	\$4,832	4.9%
Withholding	11,373	11,606	\$233	2.0%	84,245	84,725	481	0.6%
Estimated Payments	252	320	\$68	27.1%	19,236	23,240	4,004	20.8%
Final Payments	904	1,159	\$255	28.2%	7,002	7,109	108	1.5%
Other Payments	579	624	\$45	7.8%	4,842	4,823	-19	-0.4%
Refunds	-4,554	-4,623	-\$69	1.5%	-15,811	-15,458	353	-2.2%
MHSF Transfer	-150	-159	-\$9	6.2%	-1,749	-1,836	-87	4.9%
Corporation	\$4,410	\$5,337	\$927	21.0%	\$23,974	\$26,728	\$2,754	11.5%
Estimated Payments	977	907	-70	-7.2%	10,752	10,022	-730	-6.8%
PTET Payments	2,243	3,162	919	40.9%	12,689	15,437	2,748	21.7%
Other Payments	1,518	1,576	58	3.8%	5,150	5,097	-53	-1.0%
Refunds	-329	-308	21	-6.4%	-4,618	-3,828	789	-17.1%
Sales & Use	\$2,561	\$2,645	\$83	3.3%	\$26,000	\$26,085	\$85	0.3%
Insurance	\$872	\$965	\$93	10.7%	\$3,106	\$3,225	\$120	3.8%
Pooled Money Interest	\$272	\$158	-\$114	-42.0%	\$2,346	\$2,213	-\$133	-5.7%
Alcohol	\$27	\$21	-\$6	-22.9%	\$315	\$306	-\$9	-2.8%
Tobacco	\$3	\$3	-\$0.1	-5.6%	\$26,621	\$26,612	\$0	0.0%
Other	\$22	\$58	\$35	158.5%	\$1,216	\$2,131	\$915	75.3%
Total	\$16,542	\$18,079	\$1,537	9.3%	\$154,620	\$163,183	\$8,564	5.5%

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. The personal income total includes Individual Shared Responsibility Penalty transfers. The forecast is from the 2026-27 Governor's Budget.