



Finance Bulletin

Keely Bosler, Director

Economic Update

California remained the fifth largest economy in the world in 2020 for the fourth consecutive year, behind Germany and ahead of the United Kingdom, with a GDP of \$3.1 trillion in current dollar terms. In real terms, California's GDP contracted by 2.8 percent in 2020 compared to a decrease of 3.5 percent for the nation.

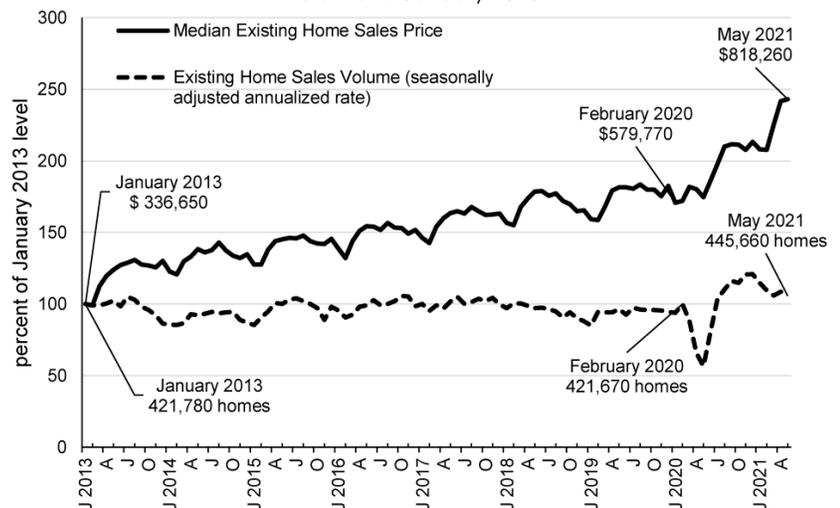
LABOR MARKET CONDITIONS

- The U.S. unemployment rate fell from 6.1 percent in April to 5.8 percent in May 2021, or 2.3 percentage points higher than the 3.5 percent rate in February 2020. U.S. civilian unemployment decreased by 496,000 in May as employment increased by 444,000 and 53,000 people left the labor force. There were nearly 7.1 million fewer employed and around 3.5 million fewer persons in the labor force in May 2021 than in February 2020.
- The U.S. added 559,000 nonfarm jobs in May 2021, with eight out of the eleven major sectors gaining jobs: leisure and hospitality (292,000), educational and health services (87,000), government (67,000), trade, transportation and utilities (37,000), professional and business services (35,000), information (29,000), manufacturing (23,000), and other services (10,000). Construction (-20,000) and financial activities (-1,000) lost jobs. Mining and logging jobs remained unchanged in May. As of May 2021, the U.S. has recovered 65.9 percent of the 22.4 million nonfarm jobs lost in March and April 2020.
- California unemployment rate decreased from 8.0 percent (revised) in April to 7.9 percent in May 2021, 3.6 percentage points higher than February 2020's rate of 4.3 percent. Civilian employment increased by 39,500 people as unemployment decreased by 27,100 and 12,400 Californians rejoined the labor force. There were 1.2 million fewer employed and 525,400 fewer people in the labor force in May 2021 than in February 2020.
- California added 104,500 nonfarm jobs in May 2021, nearly one-fifth of the nation's gain. As of May 2021, California has recovered 51.8 percent of the 2.7 million jobs lost in March and April 2020. Nine sectors gained jobs: leisure and hospitality (62,300), educational and health services (16,500), information (11,200), professional and business services (7,300), other services (2,700), manufacturing (2,400), government (1,700), financial activities (1,200), and trade, transportation, and utilities (1,100). Construction (-1,600) and mining and logging (-300) lost jobs.

BUILDING ACTIVITY & REAL ESTATE

- California permitted 128,000 housing units on a seasonally adjusted annualized rate in April 2021, down from 136,000 units in March 2021 but above the 72,000 units in April 2020 and above the 2020 average of 105,000 units. Permitted multi-family units fell from 57,000 in March 2021 to 52,000 in April 2021 and single-family units fell to 76,000 in April from 79,000 in the previous month.
- The statewide median price of existing single-family homes remained above the historic \$800,000 for the second consecutive month, reaching a new record of \$818,260 in May 2021. This is up 0.5 percent from April and up 39.1 percent from May 2020. Sales of existing single-family homes in California totaled 446,000 units on a seasonally adjusted annualized rate in May 2021, down 2.7 percent from April 2021 but up 86.7 percent from May 2020's pandemic low of 239,000 units.

California Median Home Price and Home Sales Volume
Relative to January 2013



Source: California Association of Realtors

MONTHLY CASH REPORT

Preliminary General Fund agency cash receipts for the first eleven months of the fiscal year were \$1.603 billion above the 2021-22 May Revision forecast of \$177.082 billion. Cash receipts for the month of May were \$1.468 billion above the 2021-22 May Revision forecast of \$18.847 billion.

- Personal income tax cash receipts to the General Fund for the first eleven months of the fiscal year were \$960 million above forecast. Cash receipts for May were \$642 million above the month's forecast of \$14.653 billion. Withholding receipts were \$951 million above the forecast of \$5.13 billion. Other cash receipts were \$453 million above the forecast of \$12.485 billion. Refunds issued in May were \$750 million above the expected \$2.699 billion. 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 May was \$12 million higher than the forecast of \$263 million.
- Sales and use tax cash receipts for the first eleven months of the fiscal year were \$175 million above forecast. Cash receipts for May were \$181 million above the month's forecast of \$3.049 billion. May cash includes the remaining portion of the final payment for first quarter taxable sales, which was due April 30, as well as the first prepayment for second quarter sales and use tax liabilities.
- Corporation tax cash receipts for the first eleven months of the fiscal year were \$627 million above forecast. Cash receipts for May were also \$627 million above the month's forecast of \$342 million. Estimated payments were \$324 million above the forecast of \$181 million, and other payments were \$268 million above the \$244 million forecast. Total refunds for the month were \$35 million lower than the forecast of \$83 million.
- Insurance tax cash receipts for the first eleven months of the fiscal year were \$203 million below forecast. Insurance tax cash receipts for May were \$26 million below the forecast of \$590 million. Cash receipts from the alcoholic beverage, tobacco taxes, and pooled money interest for the first eleven months of the fiscal year were \$13 million above forecast, and were also \$13 million above the forecast of \$37 million for May. "Other" cash receipts for the first eleven months of the fiscal year were \$31 million above forecast, and were also \$31 million above the forecast of \$175 million for the month.

2021-22 Comparison of Actual and Forecast Agency General Fund Revenues

(Dollars in Millions)

Revenue Source	MAY 2021				2020-21 YEAR-TO-DATE			
	Forecast	Actual	Change	Percent Change	Forecast	Actual	Change	Percent Change
Personal Income	\$14,653	\$15,295	\$642	4.4%	\$125,964	\$126,924	\$960	0.8%
Sales & Use	3,049	\$3,230	181	5.9%	26,046	26,221	175	0.7%
Corporation	342	970	627	183.2%	19,915	20,542	627	3.1%
Insurance	590	563	-26	-4.4%	3,180	2,977	-203	-6.4%
Estate	0	0	0	n/a	0	0	0	34.7%
Pooled Money Interest	17	10	-8	-44.8%	156	149	-8	-5.0%
Alcoholic Beverages	14	35	21	151.9%	356	378	21	5.9%
Tobacco	6	5	-1	-11.1%	55	55	-1	-1.2%
Other	175	207	31	17.9%	1,408	1,439	31	2.2%
Total	\$18,847	\$20,315	\$1,468	7.8%	\$177,082	\$178,685	\$1,603	0.9%

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 2021-22 May Revision.