



Finance Bulletin

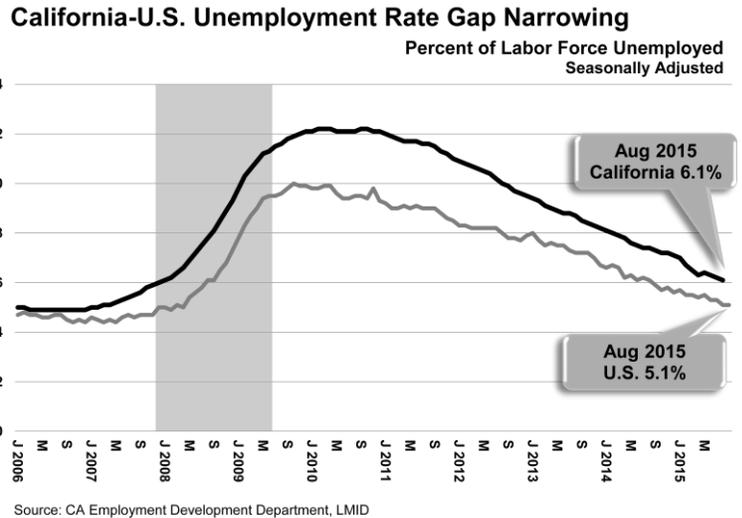
Michael Cohen, Director

Economic Update

California's housing permits for August remained unchanged at 90,000, bringing down the year-to-date average for housing permits to 99,000. The final estimate of the U.S. real GDP growth in the second quarter was 3.9 percent, revised up by 0.2 percentage point from its last estimate, but real GDP growth for the first two quarters of 2015 has averaged only 2.3 percent.

LABOR MARKET CONDITIONS

- California's unemployment rate fell by 0.1 percentage point to 6.1 percent in August while the U.S. unemployment rate dropped to 5.1 percent. The U.S. unemployment rate remained unchanged in September. The average gap between California's and U.S. unemployment rates since January 2015 has been 1 percentage point—lower than the 1.4-percentage point gaps in both 2014 and 2013.
- California added 36,300 nonfarm jobs in August following a gain of 80,400 jobs in July. After adding 136,000 jobs in August, the nation added 142,000 nonfarm jobs in September.
- Seven of the eleven major industry sectors gained jobs in August. The largest job gains were in government (31,300), and leisure and hospitality (10,600). Other sectors that gained jobs include trade, transportation, and utilities (7,900), educational and health services (3,800), financial activities (1,600), construction (700), and information (300). Following a strong job gain of 24,100 in July, professional and business services lost 11,200 jobs in August. Other sectors losing jobs in August were manufacturing (7,100), other services (1,200) and mining and logging (400).



BUILDING ACTIVITY

- California residential construction permits issued in August totaled 90,000 units at a seasonally adjusted annual rate, up 19.2 percent from a year earlier. The average for the first eight months was 99,000 units, less than half the rate in 2005. Single-family permits rose 19 percent to 41,000 while multifamily permits rose 19.4 percent to 48,000 from a year earlier. On a year-to-date basis, the value of residential permits issued was up 19.7 percent from the first eight months of 2014, while nonresidential permit valuation was only up by 0.1 percent over the same period.

REAL ESTATE

- August sales of existing single-family homes in California decreased 3.8 percent from July, but were up 9.3 percent from August 2014 to 431,800 homes. The statewide median home price in August was \$493,420—up 1 percent from July and 2.5 percent from a year earlier. This is roughly the same level as the median home price at the beginning of 2005.

MONTHLY CASH REPORT

Preliminary General Fund agency cash for September was \$217 million above the 2015-16 Budget Act forecast of \$9.491 billion. Year-to-date revenues are \$744 million above the expected \$22.855 billion.

- Personal income tax revenues to the General Fund were \$486 million above the month's forecast of \$6.21 billion. Withholding receipts were \$244 million above the forecast of \$3.772 billion. Other receipts were \$278 million higher than the forecast of \$2.785 billion. Refunds issued in September were \$27 million above the forecasted \$236 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 \$9 million above the forecast of \$111 million. Year-to-date General Fund income tax revenues are \$648 million above forecast.
- Sales and use tax receipts were \$63 million below the month's forecast of \$1.987 billion. September represents the second prepayment for third quarter taxable sales. Year-to-date revenues are \$7 million below forecast.
- Corporation tax revenues were \$104 million below the month's forecast of \$972 million. Prepayments were \$34 million above the forecast of \$878 million and other payments were \$60 million higher than the \$195 million forecast. Total refunds for the month were \$198 million higher than the forecast of \$101 million. Year-to-date revenues are \$143 million below forecast.
- Insurance tax revenues were \$37 million below the month's forecast of \$187 million, and \$12 million above the forecasted \$594 million for the year to date. Revenues from the estate, alcoholic beverage, tobacco taxes, pooled money interest, and vehicle license fee came in \$7 million below the \$40 million that was forecast. "Other" revenues were \$59 million below the month's forecast of \$94 million.

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

(Dollars in Millions)

Revenue Source	SEPTEMBER 2015					2015-16 YEAR-TO-DATE			
	Forecast	Actual	Change	Percent Change		Forecast	Actual	Change	Percent Change
Personal Income	\$6,210	\$6,696	\$486	7.8%		\$14,639	\$15,287	\$648	4.4%
Sales & Use	1,987	1,925	-63	-3.2%		5,871	5,863	-7	-0.1%
Corporation	972	868	-104	-10.7%		1,387	1,244	-143	-10.3%
Insurance	187	151	-37	-19.5%		594	605	12	2.0%
Estate	0	0	0	n/a		0	1	1	n/a
Pooled Money Interest	2	3	1	52.1%		6	5	-1	-19.9%
Alcoholic Beverages	31	23	-8	-24.6%		94	88	-6	-6.5%
Tobacco	7	7	0	-0.1%		22	22	0	0.2%
Vehicle License Fees	0	0	0	n/a		0	0	0	0.0%
Other	94	35	-59	-62.8%		242	483	242	100.1%
Total	\$9,491	\$9,707	\$217	2.3%		\$22,855	\$23,599	\$744	3.3%

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.