



Finance Bulletin

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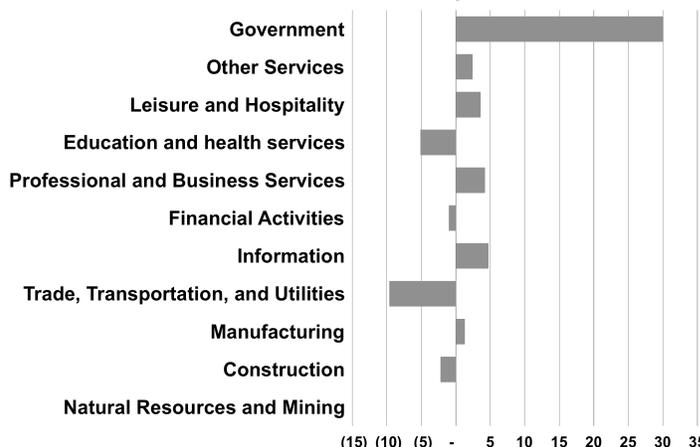
Economic Update

California received good employment news in May: more jobs and a drop in the unemployment rate. Most of the new jobs, though, were the result of a surge of temporary hiring by the U.S. Census. The improvement in the unemployment rate—to 12.4 percent—was the second consecutive drop. The last two-month drop in the unemployment rate occurred in January 2006. New home construction improved slightly in May, while existing home sales picked up smartly.

LABOR MARKET CONDITIONS

- California [gained 28,300 nonfarm jobs in May](#), but increased hiring by the U.S. Census accounted for almost all of the new jobs—without Federal employment gains, the state would have lost 4,600 jobs. The census jobs are only temporary ([Source: EDD](#))
- Six major industry sectors added jobs in May. Government added the most jobs, 30,000, due to Census hiring. Information added 4,700; professional and business services, 4,200; leisure and hospitality, 3,600; other services, 2,400; and manufacturing, 1,300.
- Four sectors lost jobs. Trade, transportation, and utilities lost 9,600 jobs; education and health services, 5,100; construction, 2,200; and financial activities, 1,000. There was no change in employment in natural resources and mining.
- Nonfarm payroll employment fell by 244,900 (1.7 percent) from May 2009 to May 2010. On a year-over-year basis, employment rose 24,500 in education and health services; 8,900 in information; and 3,600 in government.
- Over the year, employment fell by 82,300 in trade, transportation, and utilities; 80,900 in construction; 53,200 in manufacturing; 20,600 in leisure and hospitality; 19,700 in financial activities; 14,400 in professional and business services; 9,800 in other services; and 1,000 in natural resources and mining.
- The state's unemployment rate fell one-tenth of a percentage point to 12.4 percent in May—the second consecutive month-to-month drop. The number of people unemployed in California was 2,277,200 – down 21,000 over the month, but up 212,300 compared with May of last year.

Government Dominates May Job Gains



BUILDING ACTIVITY

- Home building improved slightly in May—following slowdowns in the three previous months. Residential permits were issued at a seasonally adjusted annual rate of 36,500 units, up over 10.5 percent from a year earlier. Single-family permits were down 18.6 percent, while on the other hand multi-family permitting was up 87.2 percent.
- New home permitting during the first five months of 2010 was up nearly 22 percent from the same months of 2009.
- Nonresidential construction permitting slowed in May and was down 1.6 percent from a year earlier. For the first five months of 2010 as a whole, nonresidential permitting was down 5.5 percent from the same months of 2009.

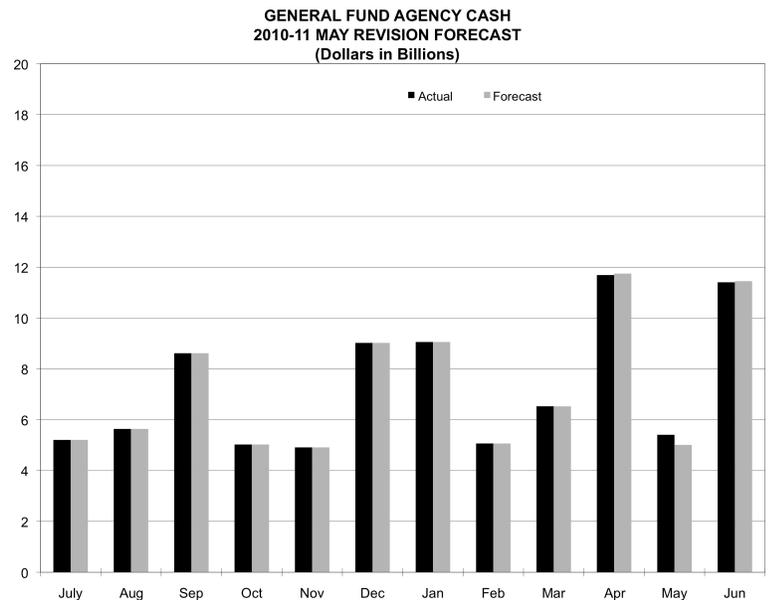
REAL ESTATE

- Real estate activity improved in May, with an up-tick in both unit sales and prices. Sales of existing, single-family detached homes totaled 552,800 units at a seasonally adjusted annualized rate in May, up 14 percent from April. The median price of existing, single-family homes sold in May was \$324,400, up nearly 6 percent from April and up over 23 percent from a year earlier.
- The unsold inventory index dropped to 4.6 months in May. The median number of days needed to sell a home rose slightly to 39.8 days, but that was a 24-percent improvement from a year earlier. (Source: [California Association of Realtors](#)).

Monthly Cash Report

Preliminary General Fund agency cash for June was \$44 million below the 2010-11 May Revision forecast of \$11.451 billion. Year-to-date revenues are \$300 million above the \$87.281 billion that was expected.

- Personal income tax revenues to the General Fund were \$182 million above the month's forecast of \$5.512 billion. Withholding receipts were \$71 million above the month's estimate of \$2.821 billion and the second quarterly estimated payment for the 2010 tax year came in \$111 million above the projected level of \$2.789 billion. Other receipts were \$128 million above the month's estimate of \$227 million. Partially offsetting these gains in receipts were refunds, which were \$125 million above the anticipated \$226 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 June was \$3 million above the month's forecast of \$99 million. Year-to-date General Fund income tax revenues are \$609 million above estimate.
- Sales and use tax receipts were \$33 million below the month's forecast of \$2.891 billion. June represents the second prepayment for second quarter sales. A more complete picture of second quarter sales will be available in mid-August, when all of the second quarter receipts have been processed. Year-to-date, the sales tax cash is \$186 million below estimate.
- Corporation tax revenues were \$159 million below the month's estimate of \$2.1 billion. Prepayments were \$167 million lower than the forecast of \$2.051 billion. Other payments came in \$21 million below the estimate of \$169 million and refunds were \$29 million below the projected level of \$120 million. Year-to-date corporation tax revenues were \$80 million below forecast.
- Total Vehicle License Fee General Fund revenues reported in June were \$5 million above than the estimate of \$117 million. Year-to-date cash receipts for this revenue source are equal to the estimate.
- Revenues from the insurance, estate, alcoholic beverage, and tobacco taxes came in \$5 million below the \$231 million that was expected. Pooled money interest income was \$5 million above the estimate of \$5 million and "other" revenues were \$39 million below the forecast of \$595 million.



2009-10 Comparison of Actual and Forecast Agency General Fund Revenues (Dollars in Millions)

Revenue Source	JUNE 2010				2009-10 YEAR-TO-DATE			
	Forecast	Actual	Change	Percent Change	Forecast	Actual	Change	Percent Change
Personal Income	\$5,512	5,694	\$182	3.3%	\$43,949	\$44,558	\$609	1.4%
Sales & Use	2,891	2,858	-33	-1.1%	27,836	27,650	-186	-0.7%
Corporation	2,100	1,941	-159	-7.6%	9,577	9,497	-80	-0.8%
Insurance	192	189	-3	-1.6%	2,026	2,020	-6	-0.3%
Estate	0	2	2	n/a	6	8	2	33.3%
Pooled Money Interest	5	10	5	100.0%	22	26	4	18.2%
Alcoholic Beverages	30	27	-3	-10.0%	331	322	-9	-2.7%
Tobacco	9	8	-1	-11.1%	100	99	-1	-1.0%
Vehicle License Fees	117	122	5	4.3%	1,384	1,384	0	0.0%
Other	595	556	-39	-6.6%	2,050	2,017	-33	-1.6%
Total	\$11,451	\$11,407	-\$44	-0.4%	\$87,281	\$87,581	\$300	0.3%

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 2010 May Revision.