



Source: The World Bank, U.S. Bureau of Economic Analysis (BEA)



Department of Finance Forecasting Unit

Demographics



Economics



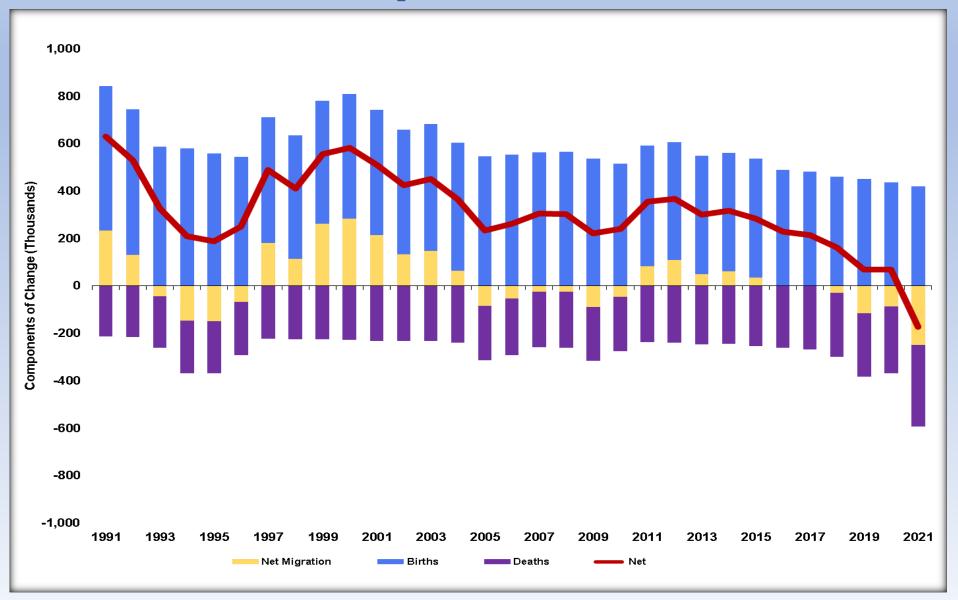
Revenues







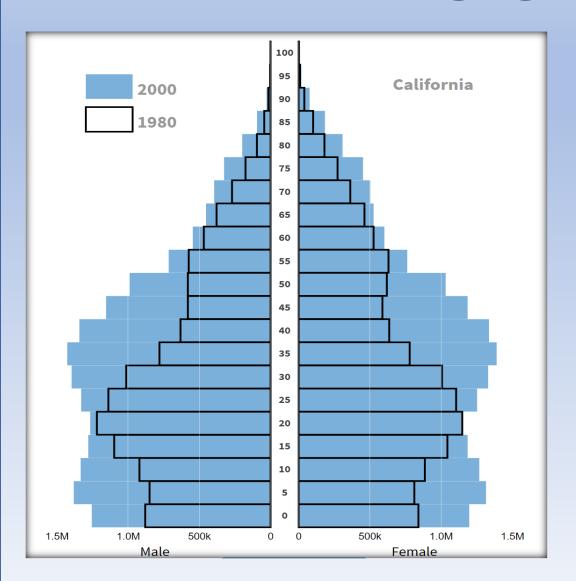
California's Population on the Decline

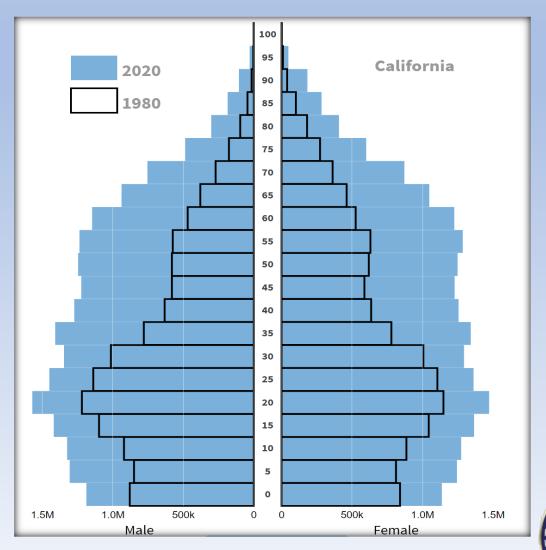




Source: California Department of Finance, Governor's Budget

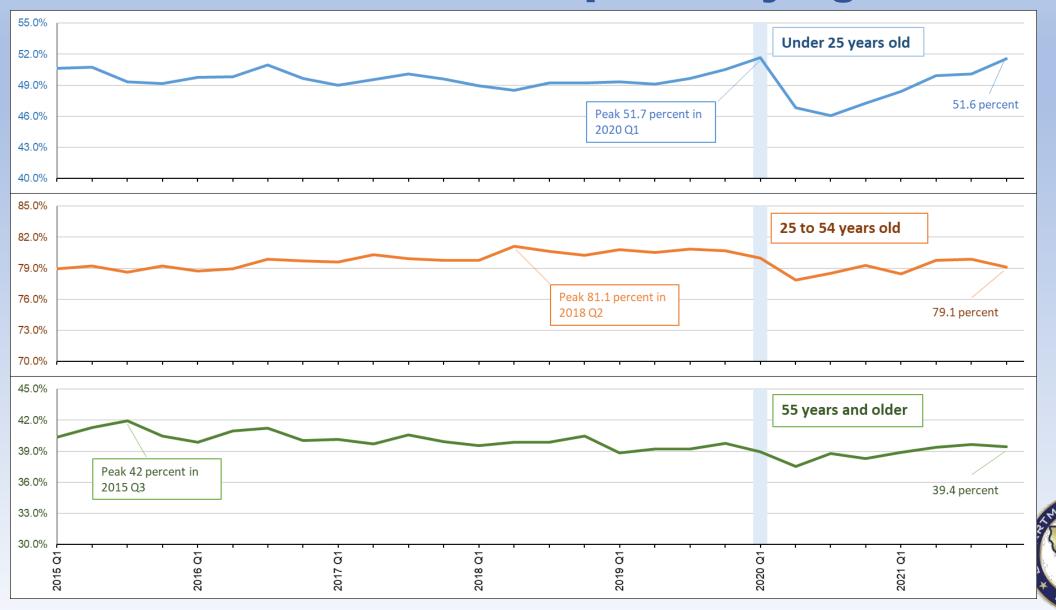
Aging Population



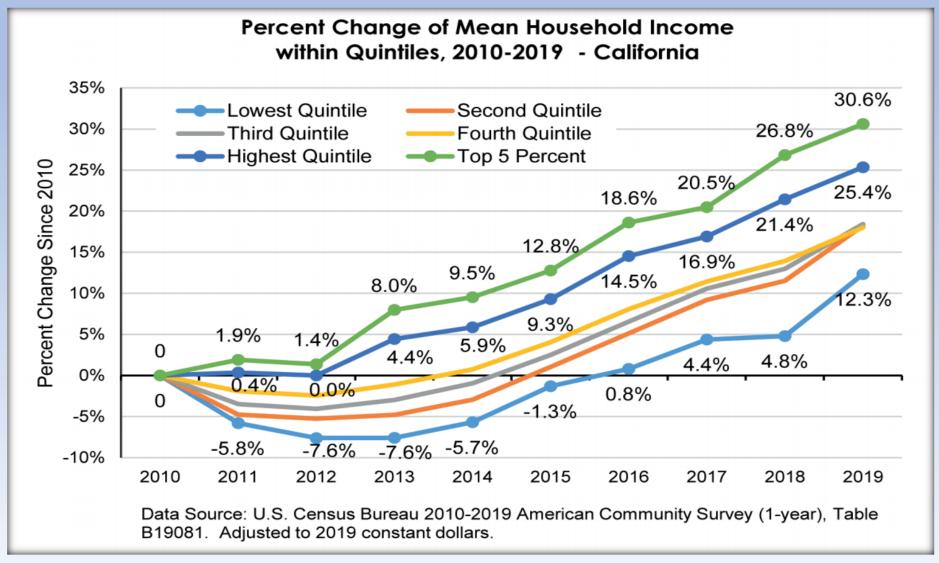




Labor Force Participation by Age



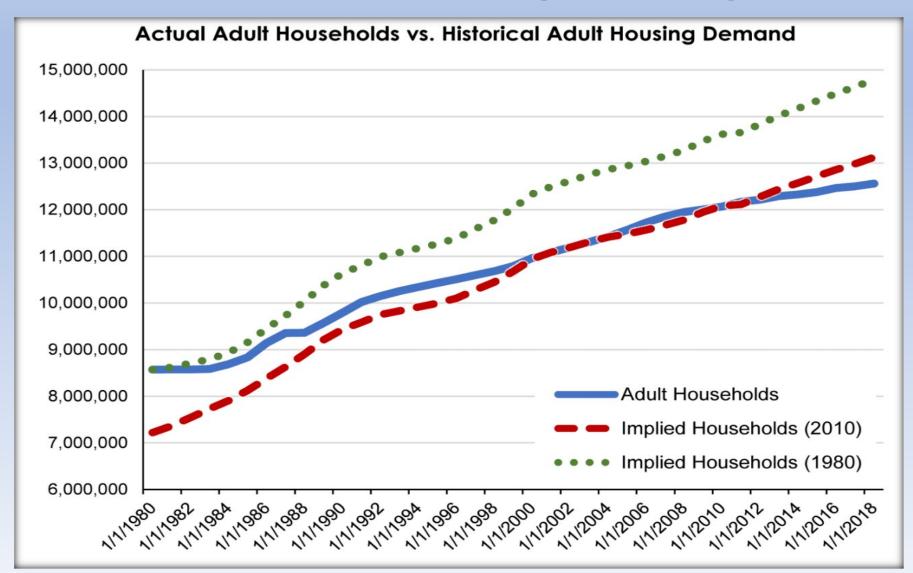
Inequality in California





Source: California Department of Finance, Governor's Budget

Critical Housing Shortage





Source: California Department of Finance, Governor's Budget





Impact of COVID-19



January 2020

10+ years of economic
expansion;

118 consecutive months job growth

U.S. Real GDP:

1.9% in 2019 Q1

Unemployment Rate:

3.5% U.S.

4.1% CA

Non-farm Jobs Added:

1 in 7 new jobs U.S. jobs created in CA

COVID-19 Pandemic
(Official Recession:
February to April 2020)

U.S. Real GDP: (2020Q2) -31.2%

Unemployment Rate:

14.7% (U.S., April 2020) **16.1%** (CA, May 2020)

Non-farm Jobs Lost:

1 in 6 jobs CA lost in March and April 2020.

Current Economic Conditions:

U.S. Real GDP

in 2022Q1 -1.6% in 2022Q2 -0.6%

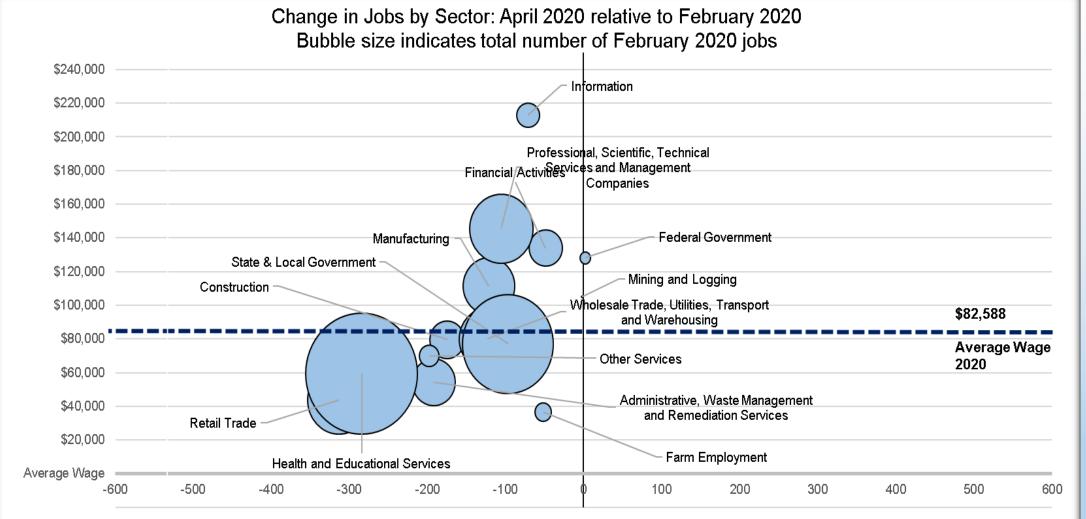
Unemployment Rate:

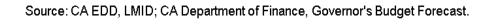
August 2022 3.7% U.S. 4.1% CA

Non-farm Jobs Recovery:

CA 98% of 2.7 million lost U.S. 100% of 22 million lost

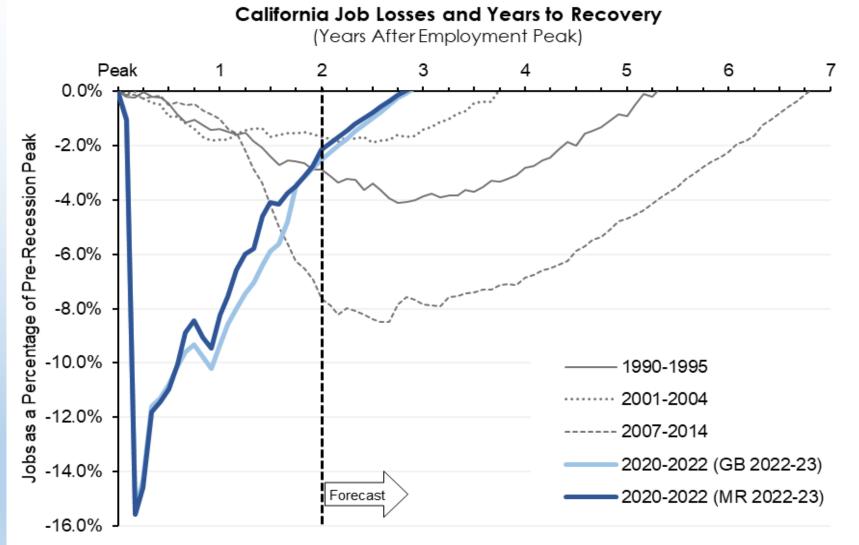
COVID-19 Impact on Jobs

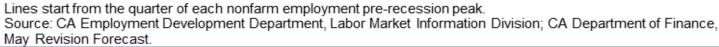






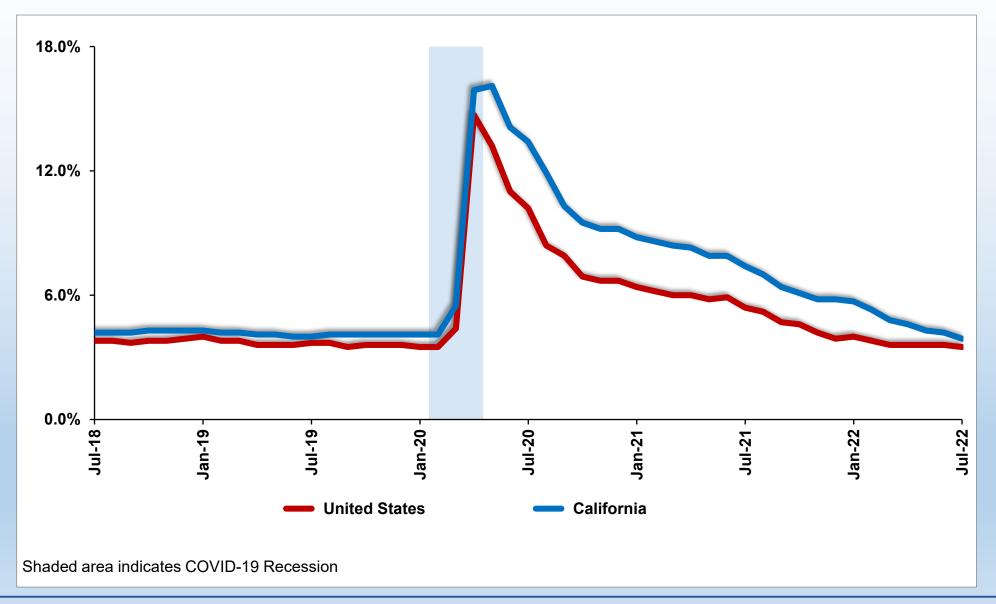
Deepest But Shortest Recession







Falling Unemployment Rates

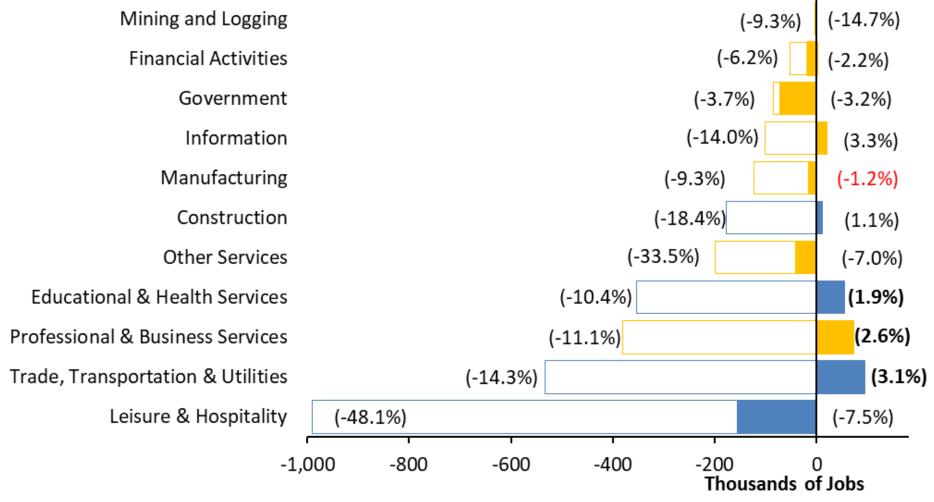




Continued Recovery of Jobs

California Jobs by Industry Relative to February 2020

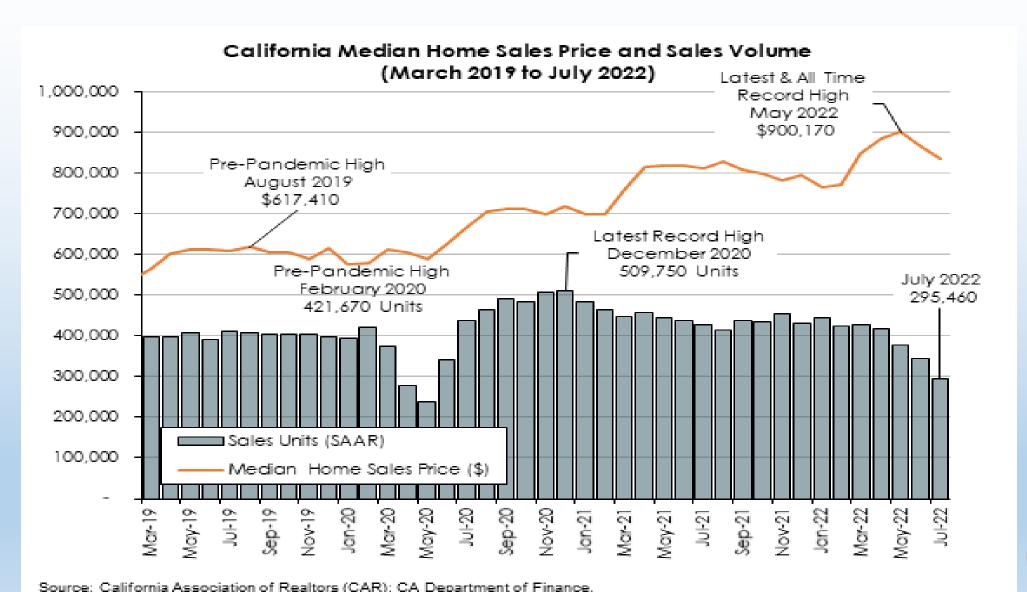
Outlined Areas Correspond to April 2020, Filled Areas Correspond to July 2022, and Blue Bars Represent Low-Wage Sectors





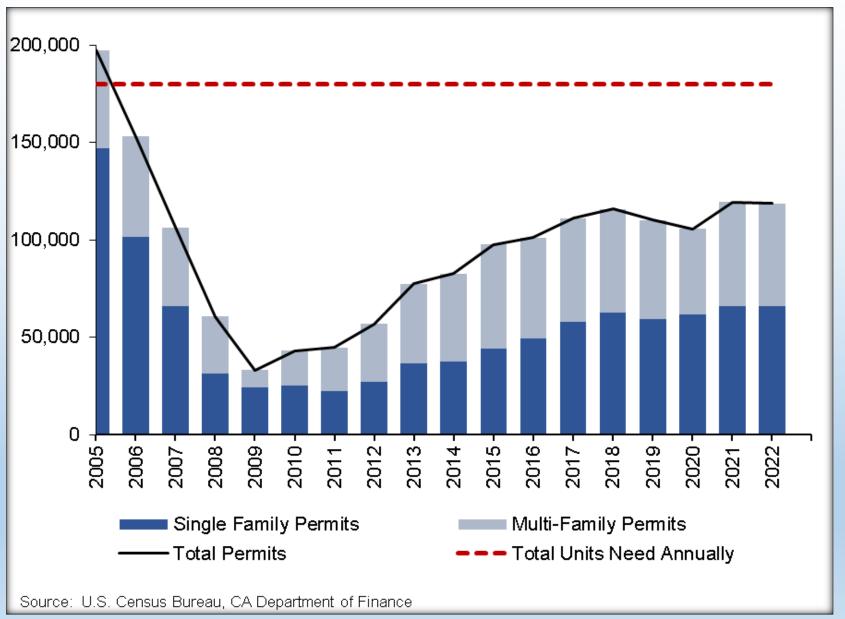
Source: California Employment Development Department, Labor Market Information Division.

Challenge—Critical Housing Shortage → Expensive



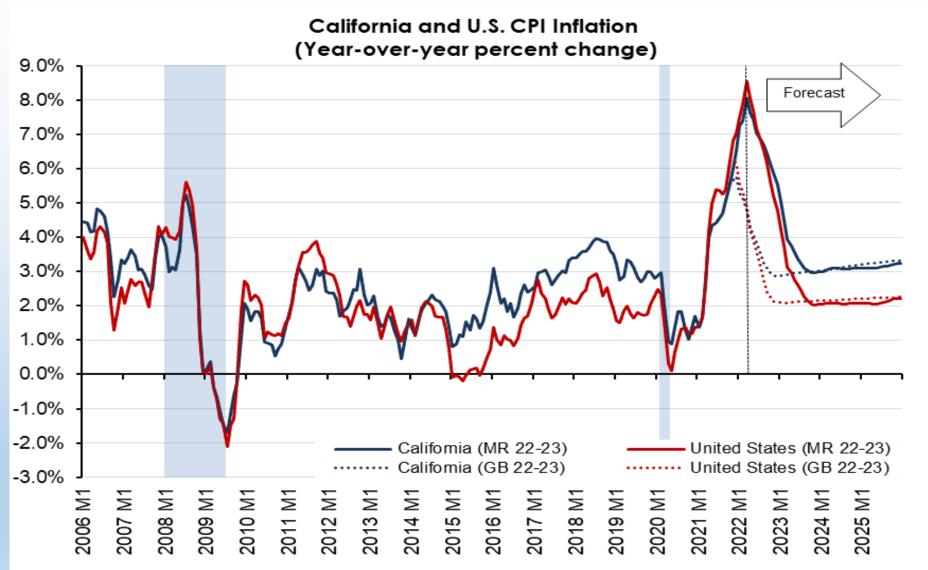


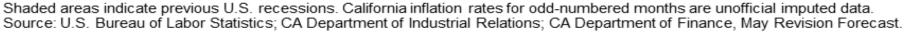
Are We Building Enough?





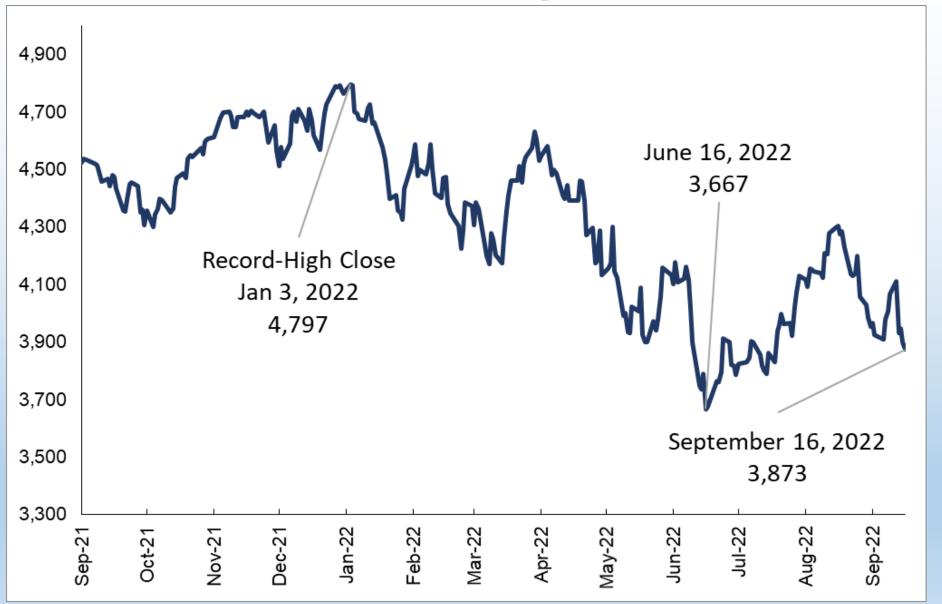
Inflation!







Volatile S&P 500 over past 12 months





Source: S&P Dow Jones Indices

Current Economic News

- Two quarters of declining GDP—Recession?
- 40-year high inflation
- Gas prices
- Federal funds rate hikes
- Declining consumer confidence
- Pre-pandemic employment recovery and job gain
- Declining unemployment rate
- Slowing housing market
- Russian invasion of Ukraine
- "Quiet Quitting"













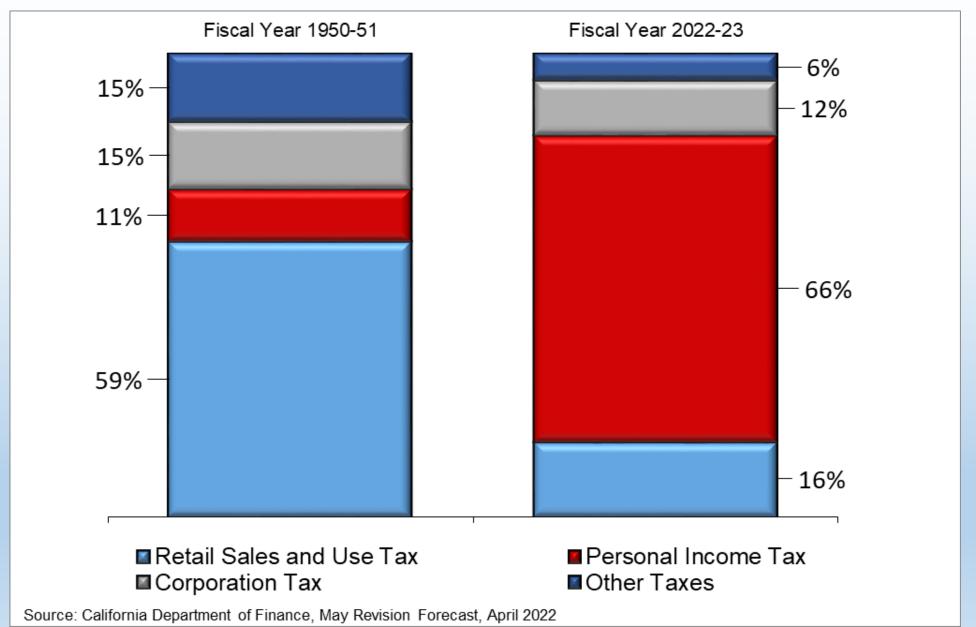


MAY REVISION

\$97.5 Billion
Surplus



Sources of State Revenues

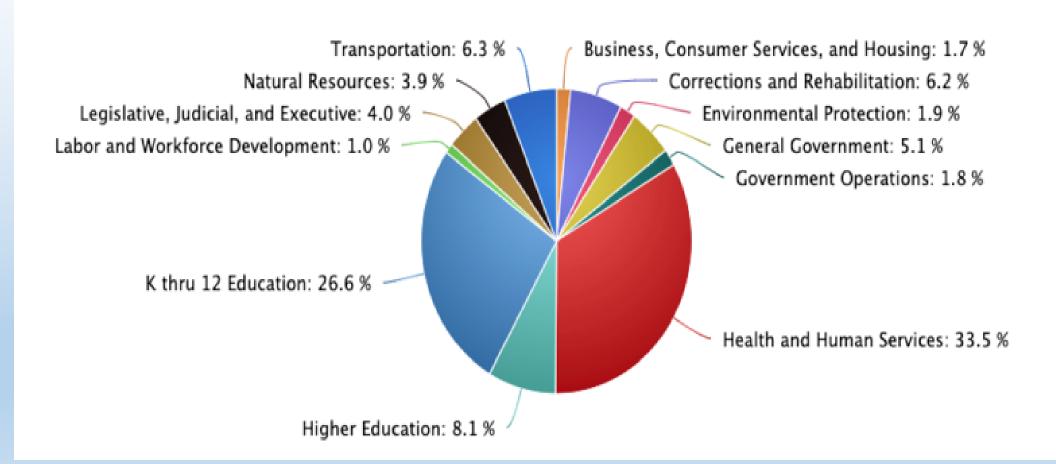




What State Revenues Fund

Total State Funds

Total \$301 Billion





Long-Term Revenue Forecast

	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	Average Year-Over- Year Growth
Personal Income Tax	\$128.9	\$ 136.4	\$ 137.5	\$143.8	\$148.9	\$ 156.2	3.9%
Sales and Use Tax	\$ 29.1	\$ 32.7	\$ 34.0	\$ 35.1	\$ 36.2	\$ 37.3	5.2%
Corporation Tax	\$ 22.6	\$ 46.4	\$ 38.5	\$ 42.0	\$ 45.4	\$ 38.6	18.1%
Total	\$ 180.5	\$ 215.5	\$ 209.9	\$ 220.9	\$ 230.6	\$ 232.2	5.4%
Growth	29.5%	19.4%	-2.6%	5.3%	4.4%	0.7%	

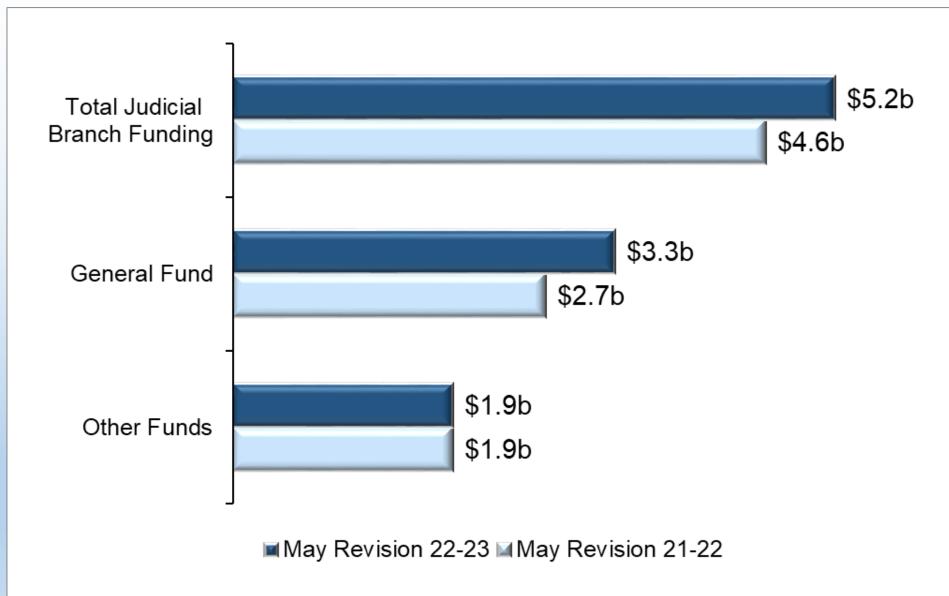
Source: California Department of Finance, May Revision



Judicial Branch Summary



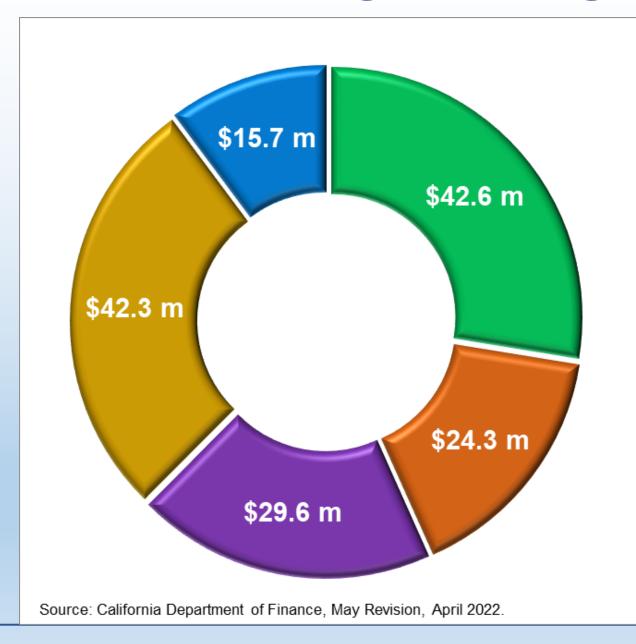
Judicial Branch Funding





Source: California Department of Finance, May Revision Forecast April 2021, April 2022

Judicial Branch Budget Has Significant Adjustments



General Fund

- Modify Existing Court Facilities
- Construction of New Courtrooms
- 23 Additional Superior Court Judgeships
- Address Fire, Life and Safely Issues at Court Facilities



Legal Occupation Employment Projected To Increase

