



# COMMUNITY COLLEGE UPDATE

PUBLIC EDUCATION'S POINT OF REFERENCE FOR MAKING EDUCATED DECISIONS

## Finance Bulletin Shows Mixed Economic Signals



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Today, September 24, 2025, the Department of Finance (DOF) issued its September 2025 *Finance Bulletin*, indicating that state General Fund revenues for 2025-26 are exceeding projections included in the June Enacted Budget.

In August, total revenues exceeded Budget Act estimates by \$1.7 billion (12.8%). This is primarily the result of higher-than-projected August personal income tax (+\$1.1 billion), other revenues (+\$326 million), and corporation tax (+\$286 million) receipts. Increases in these revenues were offset by lower-than-expected Pooled Money Investment Account Interest revenues (-\$55 million) and sales and use tax revenues (-\$27 million). As displayed below, since the beginning of the fiscal year (July), revenues from the "Big Three" taxes, which are responsible for the bulk of the state's resources for government program funding, came in \$1.15 billion above Budget Act estimates.

### 2025-26 Fiscal Year-to-Date "Big Three" Tax Revenues (In millions)

	Forecast	Actual	Difference
Personal Income Tax	\$16,064	\$17,431	\$1,367
Corporation Tax	\$1,443	\$1,303	-\$140
Sales and Use Tax	\$5,504	\$5,427	-\$77
Total	\$23,011	\$24,161	\$1,150

Source: DOF

Second quarter economic growth is up, with U.S. real gross domestic product (GDP) growing at a 3.3% seasonally adjusted annual rate in the second quarter of 2025, an improvement over the 0.5% first quarter contraction. In

contrast to last year at this time, when personal consumption contributed heavily to GDP growth, growth in the second quarter of 2025 was driven primarily by net exports, according to the DOE. U.S. headline inflation increased to 2.9% in August. Core inflation remained steady at 3.1%. According to the DOE, the August acceleration in inflation was attributed to a broad-based increase in consumer prices.

The August U.S. unemployment rate increased by 0.1% to 4.3%, with the U.S. adding 22,000 jobs, while most U.S. employment sectors lost jobs. California's unemployment rate remained at 5.5%, which is currently the second-highest unemployment rate in the nation. The state added 3,800 jobs in August, and July's figures were revised to show a loss of 300 jobs. In contrast to the nation, California had more sectors gaining than losing jobs in August. Those California sectors experiencing job losses include government; professional and business services; construction; manufacturing; and trade, transportation, and utilities. Private education and health services, leisure and hospitality, information, other services, mining and logging, and financial activities experienced job gains in California.

Building activity has decreased 1.2% since June 2025 and 6.6% compared to July 2024. At \$884,050, the median sales price of existing single-family homes is down 0.3% since July 2024. Existing single-family home sales in July decreased 1.0% month over month and have declined 4.1% since July 2024.

As we look ahead, the upcoming October 15, 2025, extended deadline for Los Angeles County taxpayers will provide further tax receipts to compare against forecasted revenues.