



COMMUNITY COLLEGE UPDATE

PUBLIC EDUCATION'S POINT OF REFERENCE FOR MAKING EDUCATED DECISIONS

Economy Is Slowing While Revenues Stabilize



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The Department of Finance issued its latest monthly [Finance Bulletin](#) showing that state General Fund revenues are stabilizing from earlier in the year and are tracking with updated estimates included in the 2023 Budget Act.

Total state General Fund revenues for the month of August beat budget projections by over \$1.3 billion (11.1%), equaling \$13.5 billion. Each of the “Big Three” taxes outperformed the forecast for August. On a fiscal year-to-date basis, “Big Three” taxes are lagging modestly despite the fact that total General Fund revenues came in \$75 million over estimates.

“Big Three” Revenues—Actual vs. Forecast

In Millions

	August 2023			2023-24 Year-to-Date		
	Forecast	Actual	Difference	Forecast	Actual	Difference
Personal Income Tax	\$7,298	\$7,714	\$416	\$14,032	\$13,983	-\$49
Sales and Use Tax	\$3,557	\$3,998	\$441	\$5,383	\$5,370	-\$12
Corporation Tax	\$384	\$487	\$102	\$1,268	\$959	-\$309
Total	\$11,239	\$12,199	\$959	\$20,683	\$20,312	-\$370

While revenues stabilize, economic growth is slowing. U.S. unemployment crept up 0.3 percentage points (to 3.8%) last month but remains relatively low. The pace of new nonfarm jobs slowed 22.7% in August from the average monthly gain of 242,000. California’s unemployment rate remained unchanged.

As reported by the Bureau of Labor Statistics last week, U.S. headline inflation accelerated in August after 12 consecutive months of deceleration. California’s import-export trade activity is down on a monthly and yearly basis, which is significant for the world’s fifth largest economy. Export trade was down 9.7% in July from June and down 8.6% from July 2022. Likewise, import trade was down 2.1% from June and 16.2% from last July.

Finally, the state housing market continues to sputter with housing permits down 0.6% from June and 11.1% from last July with single-family dwellings down 20.5% from a year ago.

That the economy is slowing, namely with the labor market loosening ever so slightly, is unsurprising since the Federal Reserve has been indicating its intention to cool the economy amidst rising costs via interest rate increases.