IMPACT OF COVID-19 ON THE CALIFORNIA ECONOMY

Somjita Mitra
California Department of Finance

June 18, 2020
California's Economic Outlook in January

- Unemployment at record lows
- Almost 10 years of consecutive job growth
- 1 out of 7 new U.S. jobs in California
- 5th largest economy in the world
- Projected budget surplus $5.6 billion
COVID-19

January 20, 2020 -- first U.S. case

January 26, 2020 -- first California case

March 11, 2020 -- global pandemic declared by WHO

March 19, 2020 – California stay-at-home order

Through June 15, 2020 – 2.2M cases in the U.S. with over 118K deaths (over 150K cases and 5K deaths in California)
California Job Losses in March and April 2020
(Jobs and Percentage Changes relative to February 2020)

Blue bars represent low-wage sectors

- Mining and Logging: -0.5 (-2%)
- Financial Activities: -30.1 (-4%)
- Information: -42.4 (-7%)
- Government: -99.3 (-4%)
- Manufacturing: -130.7 (-10%)
- Construction: -150.5 (-17%)
- Other Services: -170.2 (-29%)
- Professional & Business Services: -267.1 (-10%)
- Educational & Health Services: -305.7 (-11%)
- Trade, Transportation & Utilities: -397.6 (-13%)
- Leisure & Hospitality: -961.1 (-47%)

Source: CA EDD, Labor Market Information Division
California Job Losses
(Years after Employment Peak)

Job Loss in Percent

-30.0% -27.5% -25.0% -22.5% -20.0% -17.5% -15.0% -12.5% -10.0% -7.5% -5.0% -2.5% 0.0% 2.5% 5.0%

0 1 2 3 4 5 6 7

Source: U.S. Bureau of Labor Statistics; CA Employment Development Department, Labor Market Information Division; CA Department of Finance, May Revision Forecast.
Contributions to CA Personal Income Growth

Source: BEA, California Department of Finance, May Revision
**Long-Term Revenue Forecast — Three Largest Sources**  
(General Fund Revenue — Dollars in Billions)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Personal Income Tax</td>
<td>$99.2</td>
<td>$94.8</td>
<td>$76.8</td>
<td>$76.8</td>
<td>$81.4</td>
<td>$87.7</td>
<td>-1.9%</td>
</tr>
<tr>
<td>Sales and Use Tax</td>
<td>$26.1</td>
<td>$24.9</td>
<td>$20.6</td>
<td>$23.7</td>
<td>$24.6</td>
<td>$25.4</td>
<td>0.0%</td>
</tr>
<tr>
<td>Corporation Tax</td>
<td>$14.1</td>
<td>$13.9</td>
<td>$16.6</td>
<td>$15.9</td>
<td>$16.0</td>
<td>$14.9</td>
<td>1.8%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$139.4</strong></td>
<td><strong>$133.6</strong></td>
<td><strong>$114.0</strong></td>
<td><strong>$116.4</strong></td>
<td><strong>$122.0</strong></td>
<td><strong>$128.0</strong></td>
<td><strong>-1.4%</strong></td>
</tr>
</tbody>
</table>

Growth  

| Growth | 6.4% | -4.2% | -14.6% | 2.1% | 4.8% | 4.9% |

Note: Numbers may not add due to rounding.  
Source: California Department of Finance, May Revision Forecast
Key Conclusions for Forecast

✓ Pandemic is controlled
✓ Recovery is gradual, measured and restrained
✓ Fundamental changes in business operations

❗ Continuing Risks
❗ Extended Shutdown Scenario
Thanks!

somjita.mitra@dof.ca.gov