

2020-21 Financial Trends

Board of Supervisors

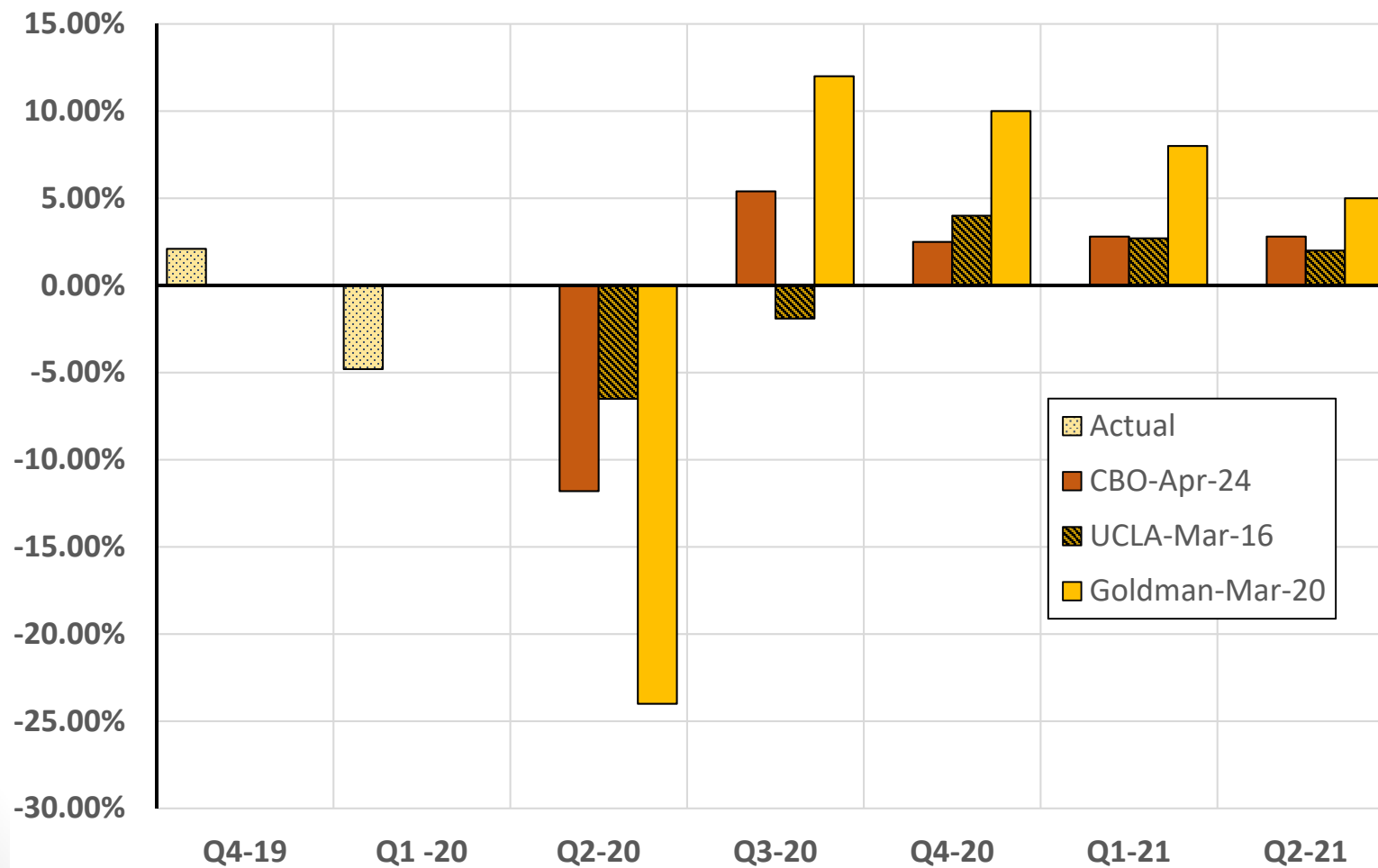
June 9, 2020

Woodland, CA

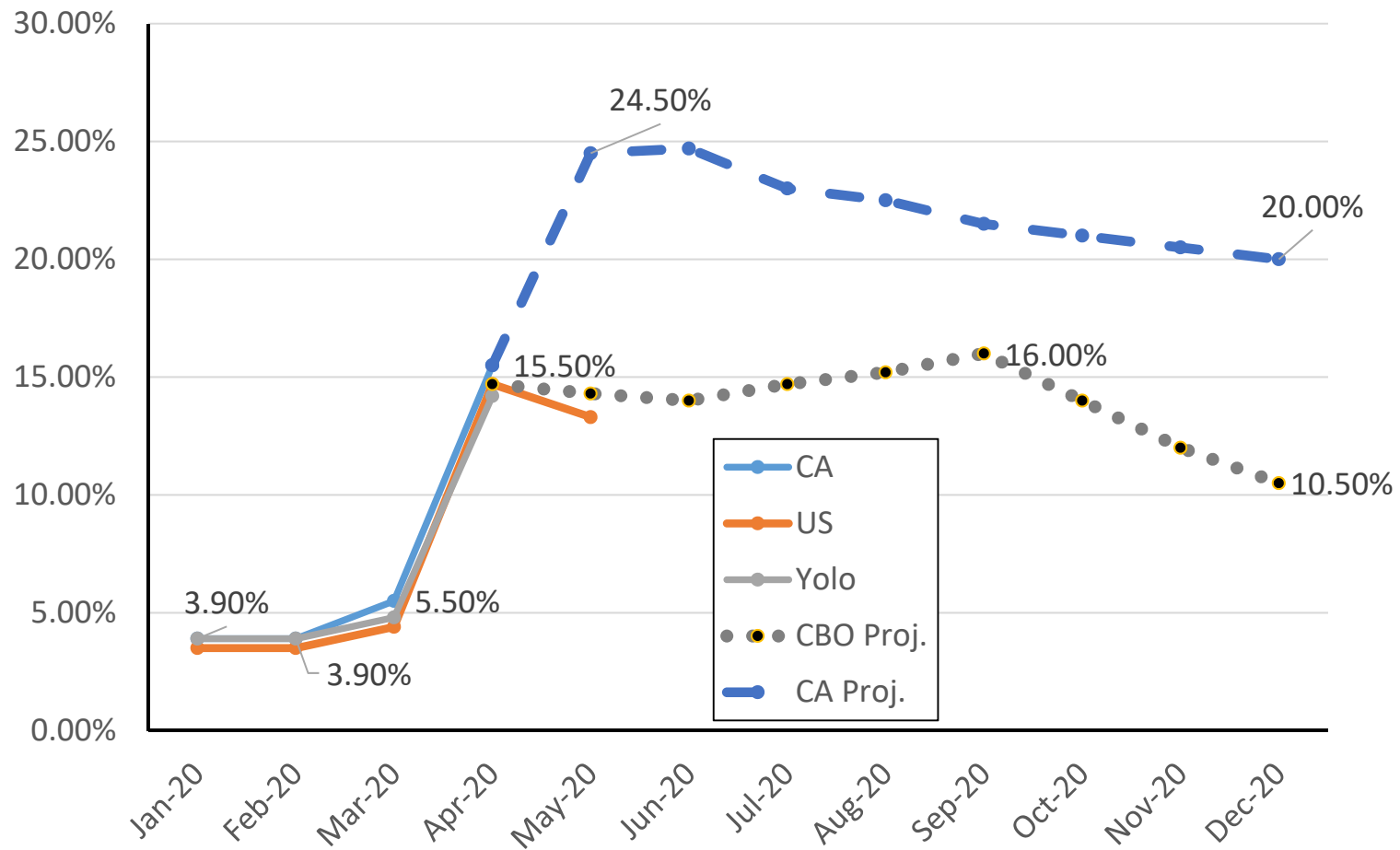


Mubeen Qader,
Chief Budget Official

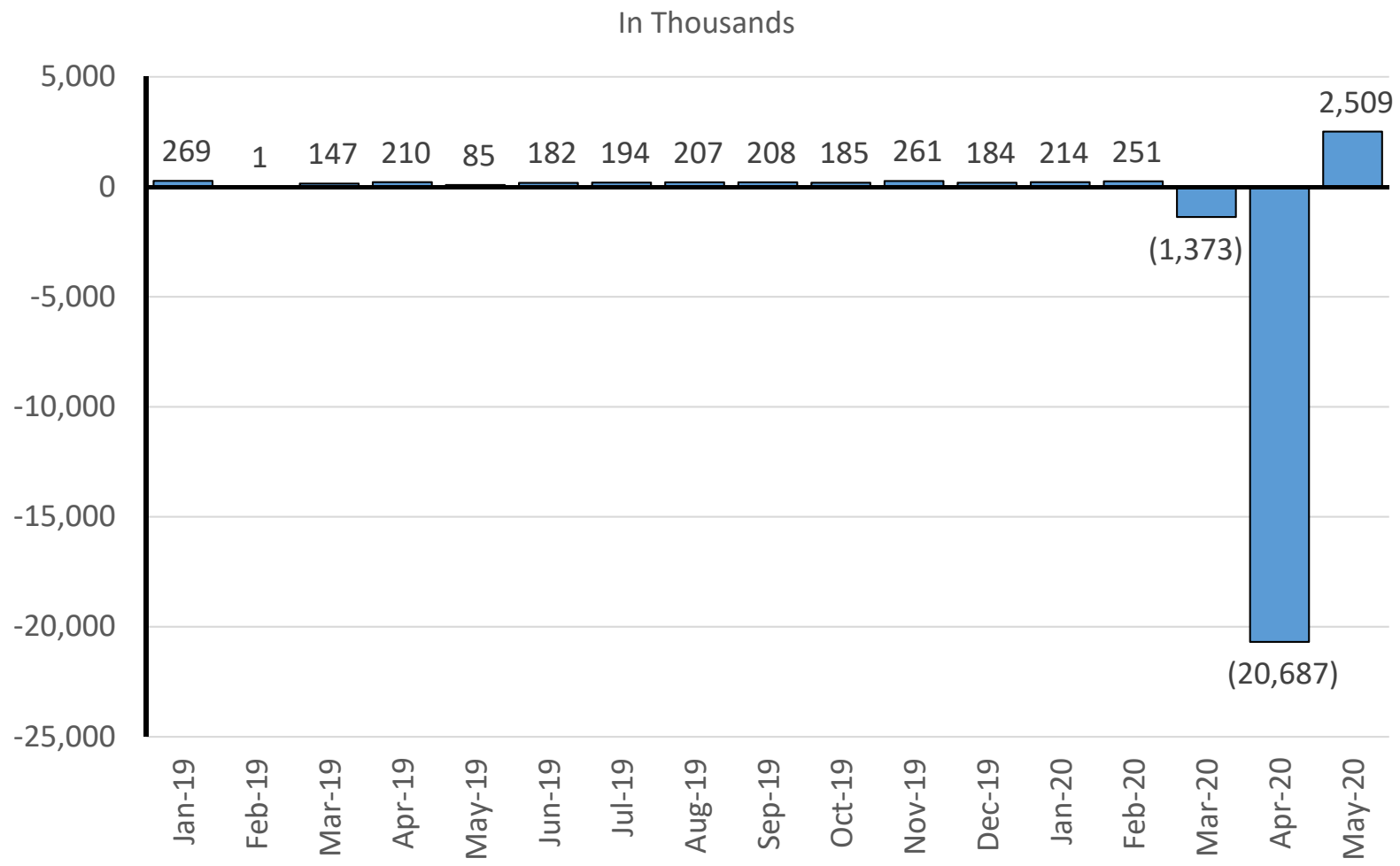
US GDP Projection



Unemployment Rate

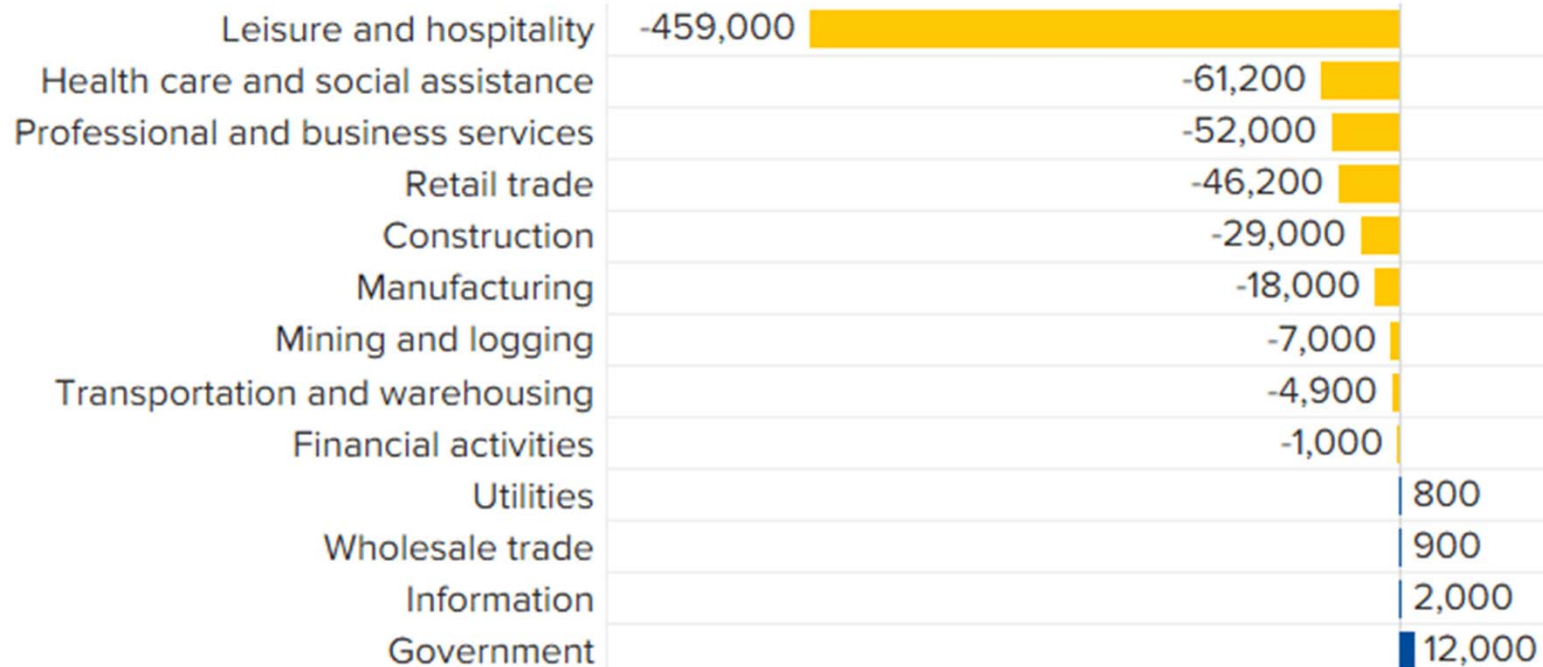


US Jobs Gain/Loss

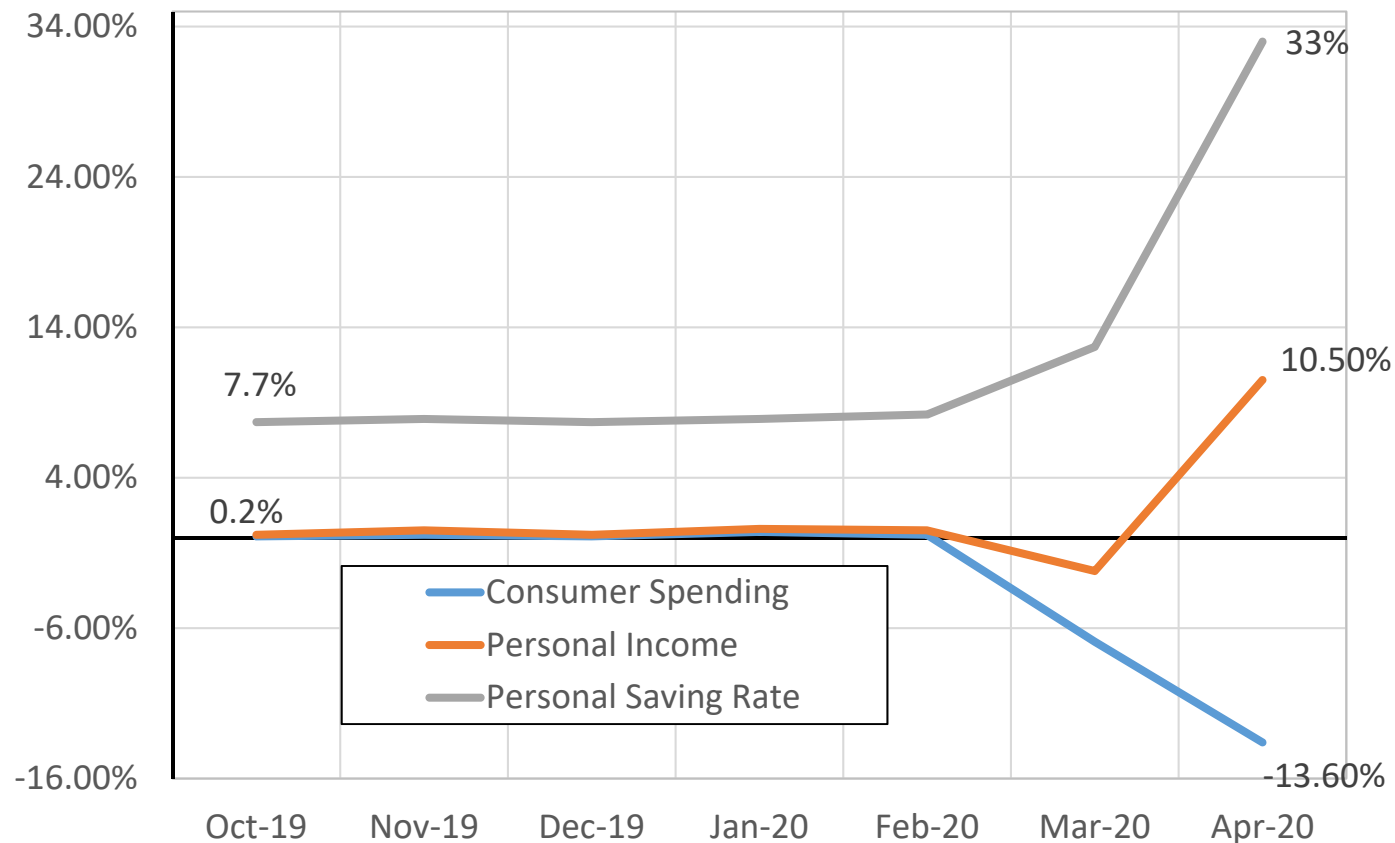


Job Gain/Loss by Industry (COVID-19)

March jobs one-month net change

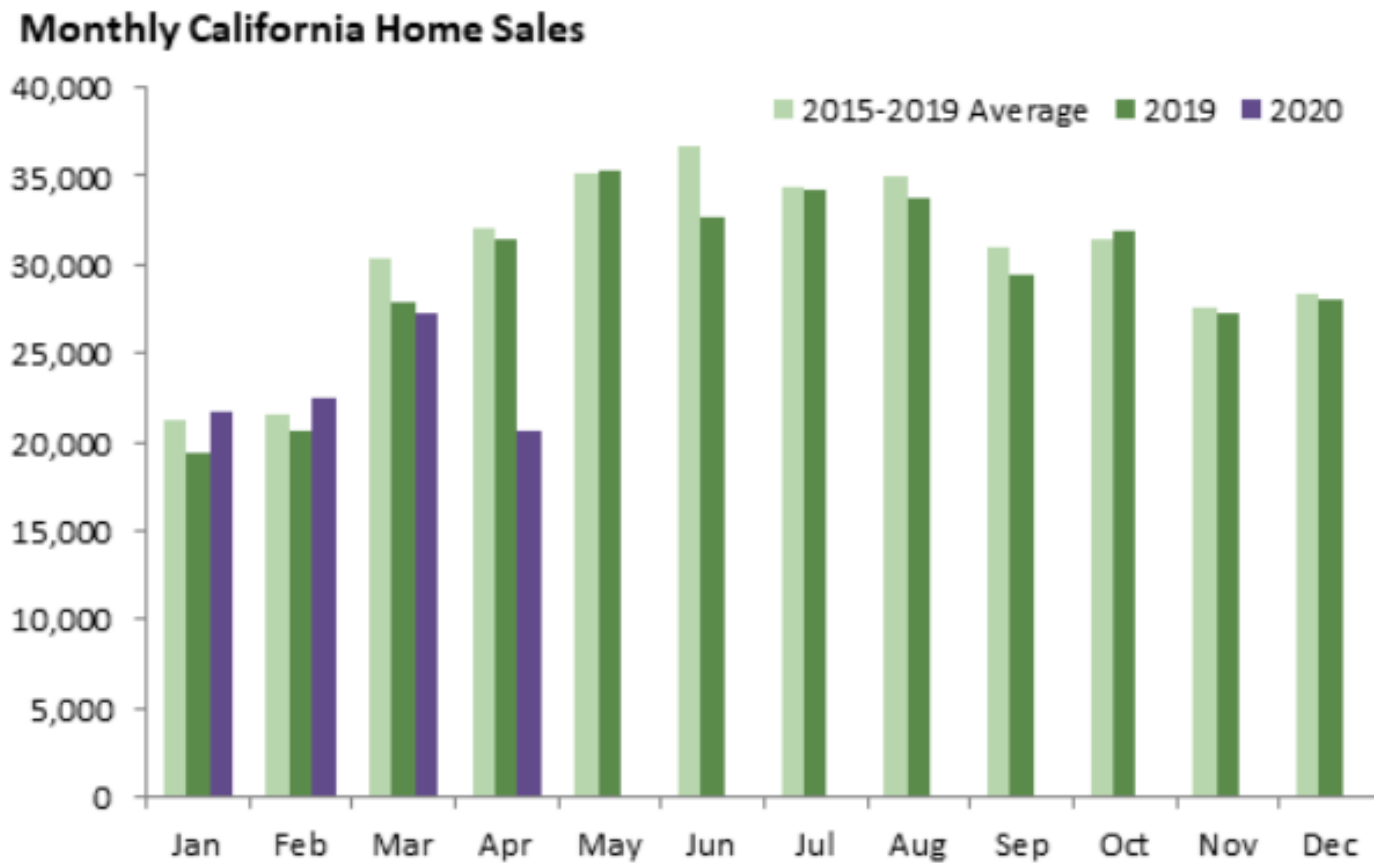


Consumer Spending and Personal Income



*Temporary increase in in Personal Income due to stimulus payments

Home Sales



Source: Redfin

Source: California Legislative Office

Looking Ahead

- US economy faces significant uncertainty
- Pandemic continues to overshadow economic activity
- 43 million (about 20%) workers filed for unemployment, exceeding every projection
- Recovery depends on containment of COVID-19 and return of economic activity until vaccine exists
- Resurgence of the virus is significant to economy especially should another shut-down be required

Impacts on State General Fund Revenues

\$33B, -10.7%

- Personal income tax down

\$10B, -12.1%

- Sales tax receipts down

\$5B, -11.2%

- Corporation tax revenue down

* \$3.3 Billion Realignment revenue loss to CA Counties over 2019-20 & 2020-21

Covid-19 Adjusted Economic Assumptions Based on UCLA's March Projection

- National Real GDP

2020Q1	2020Q2	2020Q3	2020Q4	2021Q1	2021Q2
0.4%	-6.5%	-1.9%	4.0%	2.7%	2.0%
-4.8%	Actual GDP Drop in FY 2020-Q1				

- California Taxable Sales Changes

2020Q1	2020Q2	2020Q3	2020Q4	2021Q1	2021Q2
-3.1%	-10.6%	-3.7%	3.6%	2.4%	3.4%
-9%	Estimated Actual Taxable Sales Drop				

- CA Unemployment Rate

2020Q1	2020Q2	2020Q3	2020Q4	2021Q1	2021Q2
4.2%	5.3%	6.1%	6.3%	6.6%	6.7%
5.5%	Actual 2020-Q1 Highest Unemployment Rate				

2020-21 Revenue Picture

Revenue Source	Pre-Covid 19 Projection*	Negative adjustment to prior Projection	Covid-19 Adjusted Revenue	Change (%) from Prior Projection
General Purpose Revenues	\$84.6M	\$(532k)	\$84.1M	(0.6%)
Proposition 172 – Public Safety Sales Tax	\$23.2M	\$(1.1M)	\$22.1M	(4.8%)
Public Safety Realignment	\$17.0M	\$(1.4M)	\$15.6M	(8.0%)
Health & Human Services Realignment	\$54.4M	\$(5.4M)	\$49.0M	(10.0%)

*Pre-Covid-19 Revenue projection presented to Board of Supervisors on 03/10/2020.

Conclusion

- Current revenue projections based on early economic forecasts that were overly optimistic
- Revenues will be revised downward in the Adopted Budget based on actual receipts and more current forecasts
- Revenue update will be provided to the Board on July 07.

Questions?