California Fiscal Focus
A Monthly Report from State Controller Betty T. Yee

State Revenue Outpacing Expectations for September and Fiscal Year

State Controller Betty T. Yee reports the state received $12.10 billion in revenue in September, exceeding projections in the 2018-19 fiscal year budget by 5.1 percent, or $582.4 million.

This month, all of the “big three” revenue sources — personal income tax (PIT), corporation tax, and sales tax — came in higher than assumed in the enacted budget.

For the first quarter of the 2018-19 fiscal year, revenues of $28.71 billion are 5.2 percent ($1.43 billion) higher than projected in the budget enacted at the end of June. Total revenues for FY 2018-19 thus far are 10.8 percent ($2.79 billion) higher than for the first quarter of FY 2017-18.

For September, PIT receipts of $8.44 billion were 3.7 percent ($297.4 million) more than expected in the FY 2018-19 Budget Act.

September corporation taxes of $1.30 billion were 11.2 percent ($130.9 million) above FY 2018-19 Budget Act estimates.

Sales tax receipts of $2.00 billion for September were 10.6 percent ($191.9 million) more than anticipated in the FY 2018-19 budget.

For more details, read the monthly cash report.
Global Vision for Sustainable Ocean Economies Expands

Traditional definitions of the California ocean economy include coastal tourism and recreation, fishing, and maritime industries such as offshore oil and gas. California’s nearly $45 billion ocean economy employs more than 524,100 people and generates $21.6 billion in wages. Since 2005, California’s ocean economy grew by 6.4 percent in gross domestic product (GDP), surpassing overall growth of 4.4 percent for the state. With 1,100 miles of diverse Pacific coast, it is no surprise that growth is largely attributed to the tourism and recreation sector of our ocean economy. It contributes almost half, or $22.4 billion, in GDP and accounts for 77 percent of ocean economy employment.

These facts emphasize our obligation to safeguard the long-term health and resilience of natural resources, ensure economic security, and provide opportunity to the workforce of tomorrow. This effort will require innovative solutions, coordinated strategies, and a change in the way we think about our ocean economy.

Global efforts are underway to expand traditional definitions of the ocean economy to include emerging activities and industries such as education and scientific research; offshore wind, tidal, and wave energy; marine aquaculture and biotechnology; and management of ocean-scale protected areas. This expansion realizes that ocean economies reach just as far inland as they do offshore and rely on partnerships to balance resource health and use. This is the “blue economy.”

Internationally, strong blue economy efforts are visible in the European Commission’s long-term strategy called Blue Growth, which comprehensively supports smart, sustainable, and inclusive growth and jobs in the marine and maritime sectors. For example, in Northern European waters, offshore wind energy is quickly developing in response to the European Union’s 2020 renewable energy targets, relying on efficient and effective marine spatial planning to balance environmental protection, shipping, tourism, and other ocean activities.

In California, San Diego is home to the most robust form of the state’s blue economy. Generating more than $14 billion a year and providing nearly 46,000 jobs, San Diego’s blue economy now is larger than the
The economies of California and the nation are shaped each day by the myriad contributions of women.

Women account for 47 percent of all workers in the United States. Their labor contributes $7.6 trillion to the United States’ gross domestic product (GDP) each year. It is estimated the U.S. GDP would drop by $21 billion if every woman took one day off simultaneously, according to McKinsey and Company.

California would bear the brunt of that hit, with a loss of $2.76 billion — more than 13 percent of the national total.

Women also contribute in many ways beyond the bottom line. Women are credited with bringing empathy and enhanced collaboration to the boardroom and executive offices — and with creating a safer place for innovation and the free exchange of ideas.

Diverse perspectives and skills add greatly to organizational wisdom, and help engineer visionary thinking and strategies. A McKinsey study of companies with at least one female board member showed they outperformed comparable companies with all-male boards by 26 percent over a six-year period.

Still, 445 publicly traded California companies have all-male boards. Recently enacted legislation (SB 826 - Jackson) seeks to have each of these boards include at least one woman by the end of 2019.

Multiple databases tout the many qualified women who are in the pipeline to fill these positions, but progress has been slow. The portion of women in the workforce with a college degree tripled from 1970 to 2016, but women still only make up 5 percent of Fortune 500 CEOs. It will take growth in the mid-level and at the top — and mentorship by current female leaders — to show more women an ambitious career route is possible for them.

Under the Obama Administration, the Department of State reported that investing in women’s employment and financial parity produces a multiplier effect, as women reinvest a greater share of their earnings in their families and communities than do men.

Women perform many of the low-wage jobs that make it possible for other women and men to enter or remain in the workforce. For example, the U.S. Department of Labor reports women make up 94 percent of all child care workers and the vast majority of in-home health care providers.

Women also hold more than half of the jobs projected to be lost to automation between now and 2026, including food preparers and servers, retail cashiers, and administrative assistants. Male-dominated jobs most at risk include truck transport and assembly line work.

Whatever job they perform — from the custodial closet to the Capitol halls — all women and men deserve to work in an environment that is free from discrimination and harassment.

To that end, Controller Yee sponsored legislation authored by Senator Holly Mitchell to expand sexual harassment prevention training in California.

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region’s previously leading sector — biotechnology. Scripps Institution of Oceanography is collaborating with innovative blue technology industries to develop new approaches to better understand our environmental systems and creative solutions to adapt to our changing climate. The Maritime Alliance, a nonprofit industry association and organizer of the largest blue technology cluster in the nation, is holding education and workforce development as a high priority. The Alliance is aligning “blue STEM” resources and curriculum for grades K-14, and creating pathways for trade school and college graduates to easily connect with jobs and industry.

Thinking of the blue economy as an organizing principle is a necessary response to the eminent challenges exacerbated by climate change that must be adapted to now rather than reacted to later. This more expansive view will optimize the accessibility and connectivity of people, information, goods, and services. It will continue to deepen our understanding of environmental systems and support scientifically informed decisions. It represents a properly maintained labor force supported with flexible education pathways. It encourages new public-private partnerships to creatively leverage capital for sustainable development. Most importantly, as we move forward, a unified strategy for California’s blue economy would enable a socially inclusive, sustainable model to secure healthy ocean and coastal ecosystems for generations.

Senate Bill 1343, signed into law by Governor Jerry Brown in September, requires that anyone working at a California business with five or more employees receive sexual harassment prevention training.

Prior law applied only to businesses with 50 or more employees, exempting millions from these protections. Prior law also required such training only for managers and supervisors, depriving non-supervisory workers of a critical opportunity to learn their workplace rights and resources.

California law is evolving to keep pace with women’s ever-growing role in our workforce and economy — the fifth-largest in the world. As is often the case, California aims to lead by example.

McKinsey estimates that, if every country matched the rate of improvement for women’s equality of the best country in its region, the global GDP could grow by $12 trillion by 2025.