California Center for Jobs & the Economy

California Business Roundtable

California's Economic Performance Review 2025

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Prepared by

Center for Jobs & the Economy

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Executive Summary

California's economy in 2025 presents a troubling paradox. While the state continues to rank among the largest economies in the world, the underlying data reveals an economy that is no longer delivering broad-based growth, opportunity, or stability. California may have risen to the 4th largest economy, but only because Japan's economy slowed and the dollar appreciated against the yen. Meanwhile, household economies throughout the state continue to be strained, as the cost of living and lack of upward economic mobility continue to directly impact the quality of life for countless residents.

The Center for Jobs and the Economy's 2025 Economic Performance review includes measures of key economic activity and continues to benchmark economic indicators to identify trends that can quantify impacts of policy decisions and help inform future economic opportunities.

In addition, this report serves a critical role for the next governor, providing data to benchmark future economic plans, policies, and regulations that will have a direct impact on California's economic performance.

Rather than expanding, California's economy is increasingly defined by stagnation in job creation, erosion in its private sector base, and mounting structural challenges tied to affordability and competitiveness. Many of the state's headline strengths—particularly in technology—are masking deeper weaknesses across the broader economy.

The data shows an economy that has largely stalled since the pandemic recovery, with employment barely returning to pre-2020 levels, private sector job losses accelerating, and consumer activity weakening in real terms. At the same time, high costs of living and doing business continue to push workers, companies, and investment out of the state.

These trends are not isolated or temporary. They point to a growing disconnect between California's economic potential and its actual performance—and raise serious warning signs about the state's long-term economic trajectory.

Key Findings

- California's labor market remains deeply strained, with more than 1 million unemployed workers and the highest unemployment rate in the nation.
- Job creation has effectively stalled, with a net loss of jobs in 2025 and little meaningful employment growth since before the pandemic.
- The private sector—the core driver of economic growth—is contracting, losing more than 180,000 jobs in 2025 alone.
- Job growth is increasingly dependent on government and government-funded positions, many of which offer lower wages and limited upward mobility.
- California has nearly twice as many unemployed workers per job opening as the rest of the country, reflecting a severe lack of hiring demand.
- Outside of the tech sector, California's economy is significantly underperforming the rest of the nation.
- Consumer activity is weakening, with taxable sales flat in nominal terms and declining after inflation since 2022.

- The state continues to lose residents and workers to other states at significant levels, driven by high costs and lack of opportunity.
- California's cost structure—including housing, energy, and fuel—remains among the highest in the nation and continues to worsen affordability.
- The state's fiscal foundation is increasingly fragile, relying heavily on a small number of high-income taxpayers while spending continues to outpace revenues.

What the Data Tells Us

The data makes clear that California is no longer simply facing cyclical economic challenges—it is confronting deeper structural decline in key areas of its economy.

At the center of this concern is the state's failure to generate jobs. Despite having a large and available workforce, California is not creating enough employment opportunities to sustain growth. Instead, unemployment remains persistently high because businesses are not expanding or hiring at the levels seen in other states.

Even more concerning is where job losses are occurring. The private sector—the engine of innovation, productivity, and long-term economic health—is steadily shrinking. Since 2022, hundreds of thousands of jobs have disappeared from private industries, replaced largely by government and government-supported roles. This shift signals not just stagnation, but a weakening of the state's economic foundation.

While California's GDP continues to grow on paper, that growth is increasingly narrow and concentrated. A small number of high-value industries, particularly in technology, are carrying the broader economy. Outside of these sectors, economic growth has slowed dramatically, leaving much of the state behind.

At the same time, California's high cost environment is compounding these challenges. Rising housing costs, escalating energy prices, and one of the highest tax burdens in the country are eroding real income gains and driving both workers and employers to seek opportunities elsewhere. The result is a steady outflow of people, talent, and investment—trends that are difficult to reverse once established.

The state's fiscal outlook further reinforces these warning signs. Revenues are increasingly dependent on a small, volatile group of high-income taxpayers and large corporations, while spending continues to grow at a faster pace. This imbalance creates ongoing budget instability and leaves the state exposed to economic shocks.

Taken together, these trends suggest that California is not just lagging behind other states—it is losing ground in areas that have historically defined its economic strength.

Looking Ahead: Warning Signs and Indicators to Watch

Looking forward, the key question is whether California can reverse these trends—or whether current conditions represent the early stages of a longer period of economic decline.

The most immediate warning sign will be whether private sector job losses continue. If California cannot restore consistent job growth in its core industries, unemployment will remain elevated and economic opportunity will continue to erode.

Labor market dynamics will also be critical. A persistently high ratio of unemployed workers to job openings would signal that businesses are continuing to pull back on hiring and investment, reinforcing the current cycle of stagnation.

Migration patterns will remain one of the clearest indicators of confidence in the state's economy. Continued outmigration—particularly among working-age individuals and high earners—would further weaken the labor force, tax base, and long-term growth potential.

Consumer activity will provide another important signal. If taxable sales continue to stagnate or decline in real terms, it will indicate that households are under increasing financial strain and that the broader economy lacks momentum.

Business formation and expansion trends will also bear close watching. Growth concentrated in sole proprietors rather than employer-based firms suggests an economy struggling to generate scalable, job-creating enterprises.

Finally, the state's fiscal condition will be a critical test. A widening gap between spending and revenues—particularly in the face of a narrowing tax base—would increase the risk of deeper structural deficits and limit the state's ability to respond to future downturns.

California remains a state with extraordinary advantages—innovation, talent, and global economic reach. But the data from 2025 makes clear that these strengths are no longer translating into broad economic success. Without meaningful changes to improve job creation, affordability, and competitiveness, the state risks entering a prolonged period of economic stagnation, with consequences that will be increasingly difficult to reverse.

California Jobs 2025

Overview

As in previous years, our Full Jobs Report for the December data provides an overview of California's economic performance in 2025. The data is presented in two series: (1) outcomes in the last 12 months (or the last 4 quarters available where the full year data is not yet published) for California and (2) longer term results beginning just prior to COVID. Each chart indicates the time period covered by the indicator, with complete 2025 data available in some instances and partial year results or even only 2024 results available in particular for some of the broader economic measures such as state GDP. In cases where the December monthly data is used, the 2025 results are preliminary and will be subject to revision along with the annual revisions to be released towards the end of April.

To provide a comparison base, the state results are shown in relation to the national results for each indicator. Wherever possible, these are shown comparing California to the aggregate total for the other 49 states (plus DC) to avoid the influence California has on the national averages due to its size. In some cases, however, only comparisons to the US total are possible due to the nature of the data.

Due to the extended lag in releases this year coming from the federal shutdowns, data for the US is taken from the same benchmark series as currently available for California rather than the recently released annual US revisions in order to keep the comparison base consistent. This factor affects the labor force and job numbers shown below. Both the job and employment numbers for the US saw sizeable downgrades due to both the normal revisions to the benchmark data used to calibrate the estimation models as well as changes to the models themselves. Similar factors will affect the California numbers in the upcoming revisions for 2025 along with prior years.

From a jobs and employment perspective, the data as it now stands shows California remains in an extended period of stagnation:

- The number of unemployed has remained above 1 million since 2024. At 1.096 million in December, unemployment remains at levels previously seen in 2021 in the later stages of the pandemic recovery and in 2015 in the later stages of the Great Recession recovery.

- California continues to have the highest unemployment rate among the states (note DC is somewhat higher) whether measured by the reported monthly rate of 5.5% in December or the most recently reported underemployment rate (U-6) of 10.0%.

- The number of workers employed in December was not significantly different from the number employed in February 2020 just prior to the pandemic period job closures.

- Taxable sales have been essentially stagnant in nominal terms and have eroded in real terms since 2022. Part of this trend is due to continuing pressure from rising essential costs of living on discretionary income, while the trend in general reflects the stagnating economic conditions.

- Unemployment remains high because the state is not creating jobs. For most economies, demographics is destiny, and their ability to grow jobs and grow overall is tied to the ready availability of a labor force with the requisite skills. Demonstrating the exception, California has the labor, a substantial number of unemployed labor. What it does not have is the jobs, and its base for future expansion continues to erode as both resident workers and immigrants follow the jobs being created in other states.

- In 2025, the preliminary numbers show California was essentially stagnant with a preliminary loss of 11,200 nonfarm jobs (seasonally adjusted), the 47th worst outcome among the states. Compared to January 2024, nonfarm jobs are up by only the same marginal amount.

- The picture of stagnation quickly becomes one of decline when the type of jobs is considered. In 2025, California saw 170,500 jobs created in government and in government-supported Healthcare & Social Services. Of these, 42% were In Home Supportive Services (IHSS) workers funded as a Medi-CAL benefit, paying $18.33 an hour and working on average 29 hours a week (or the equivalent of only $27,600 a year). This expansion was more than offset by a 181,700 decline in all other private industries. In the aggregate, all other private industries have steadily declined since September 2022, with a total loss of 432,900 (-3.4%). Simply maintaining a stagnant jobs picture in California now depends on spending public revenues to keep the numbers up, but the core base producing those revenues is in a multi-year decline.

- And there are comparatively few jobs in the pipeline. The most recent Job Openings & Labor Turnover Survey (JOLTS) data shows California again the worst among the states with 1.9 unemployed workers for every unfilled job opening at the end of December. The equivalent rate for the rest of the US was 1.1 unemployed workers per job opening, a low rate but still far better than California's. California's job prospects remain dim because its high costs of doing business—and the high costs of living affecting the supply of workers with the requisite skills—mean businesses are investing more in other states. California, for now, remains the center of the AI industry, but those operations produce relatively fewer jobs compared to the High Tech expansion the state saw in recent years. And while AI thrives, the rest of the private economy is not.

- These trends are being reflected in the state's public revenue base. Among the top three revenue sources for the state budget: (1) the number of personal income tax filers is declining, both in the overall totals and in the critical upper tier income earners; (2) the number of C Corp filers has shown no growth since 2018; and (3) as above, taxable sales have been stagnant in nominal terms and have fallen in real terms since 2022. Given the state's currently high tax and fee burden, current efforts to squeeze more out of this stagnant and in some cases declining base through higher tax rates are more likely to accelerate shifts of both high earners and company investments to other states.

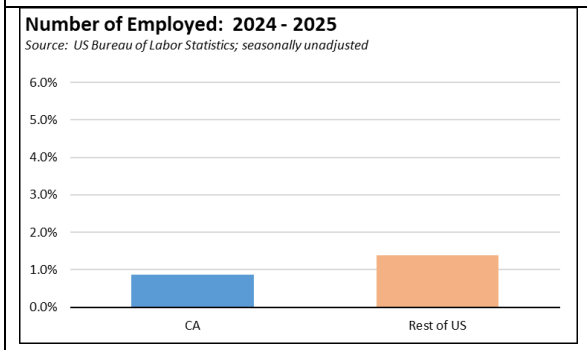
- And those shifts do not have to be big. In the most recent results for Tax Year 2023, only 4,729 filers (0.03% of the total) paid 11.4% of all personal income tax. Only 1,779 (0.5%) filers paid 84.0% of total corporation income tax paid by C Corps. Combined with the share of jobs coming from the largest companies, the location decisions by only a few are enough to produce significant effects on the state economy and the state budget.

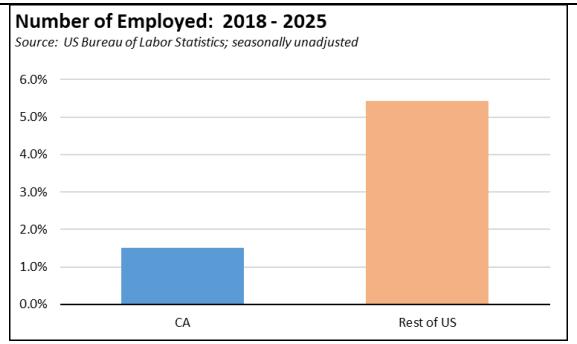
California is likely still the 4th largest economy in the world. But we got there because Japan shrank out of our way, not because we grew fast enough to move ahead of them. From this perspective, this is not something to brag about as much as to look to it as a cautionary tale. Like Japan, California is now in a growing period of stagnation. Key parts especially middle class job providers are in decline. And other states are not standing still.

Texas already took the lead as the largest trade portal in 2021. At current trends, they may pass us as well as the largest manufacturing state within the next 3 years and as the largest state overall within 17. While we still lead in tech jobs, our share has dropped 8% over the past 7 years as the industry spreads to other states, and may drop more as taxes, affordable costs for their employees, and development of critical data center investments favor other states.

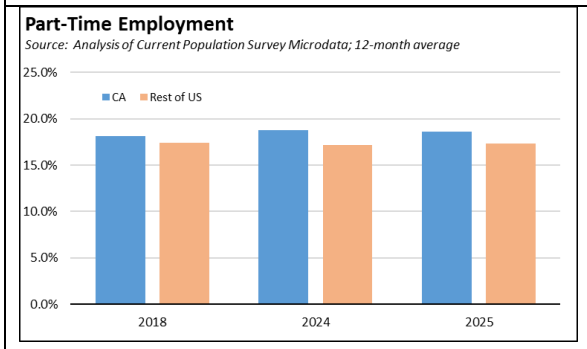
California still has extraordinary resources, both natural and through the creation of core centers in higher education and research, manufacturing, trade, high tech, agriculture, and other industries that have enabled the state to constantly reinvent itself to meet the challenges of the coming decades. What we do not increasingly offer is opportunity, as our advantages are overcome by high operating and investment costs stemming from high taxes, constantly expanding regulations, infrastructure constraints, and unnavigable decision processes at every level of government in the state. Those same factors are behind the state's high costs of living that debase the state's otherwise higher level of wages and income, and that have led workers with needed skill levels—both residents and immigrants—to seek more affordable opportunity in other states.

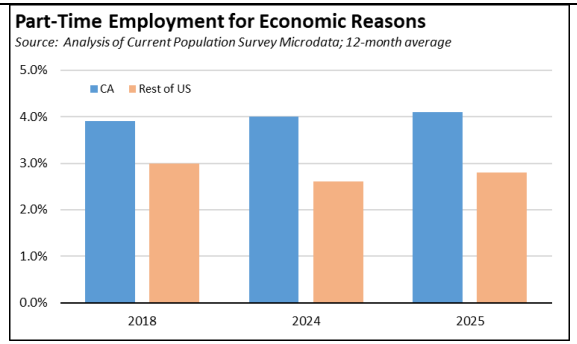
LABOR FORCE



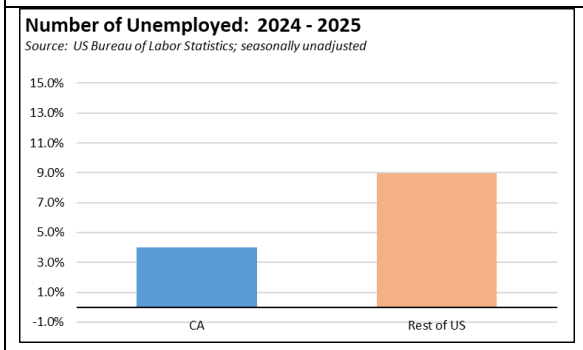
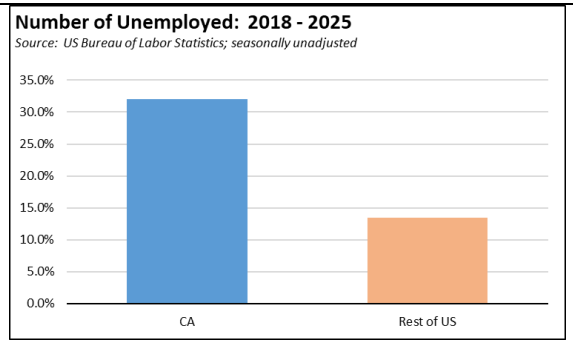
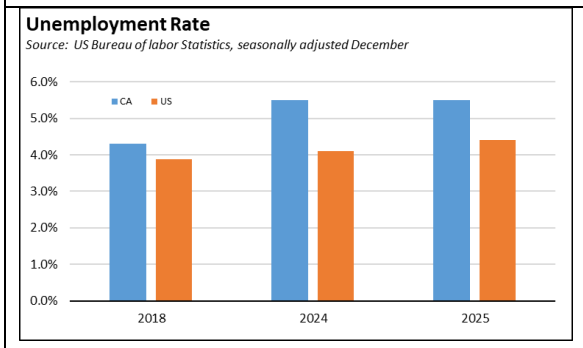
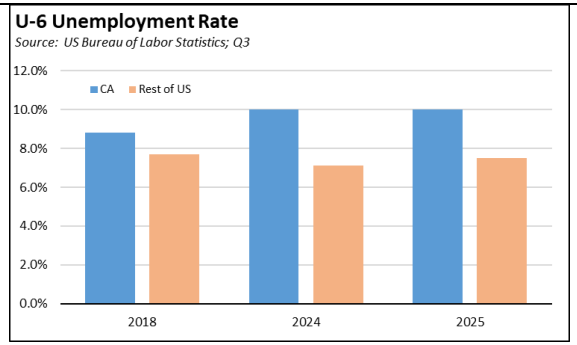


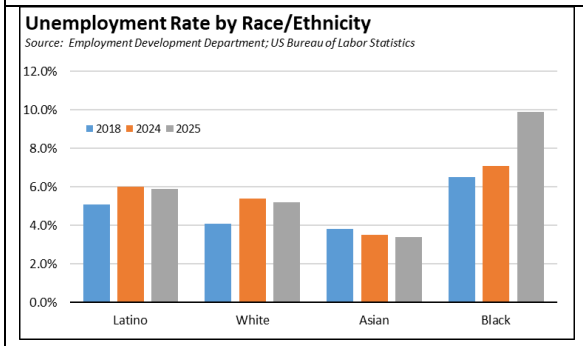
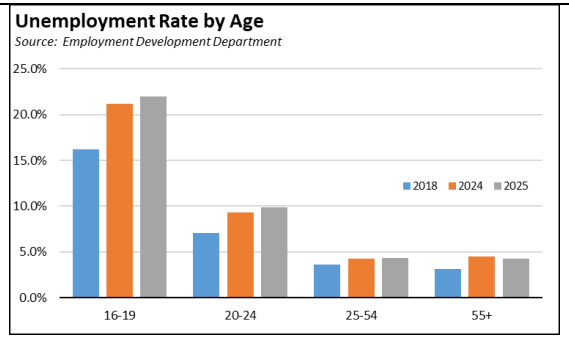
Employment finally showed positive results in 2025, rising 0.9% in California compared to 1.4% in the rest of the US. Over the longer term, the 2025 results essentially represent the only net improvements the state has seen, with employment growing faster in the rest of the US as population has shifted. The 2025 results, moreover, represent the tail end of recovery rather than growth for the state. Compared to pre-pandemic February 2020, the December results show California has barely achieved recovery in the employment numbers (off a statistically insignificant -0.2%), while the rest of the US showed positive net growth of 4.1%.





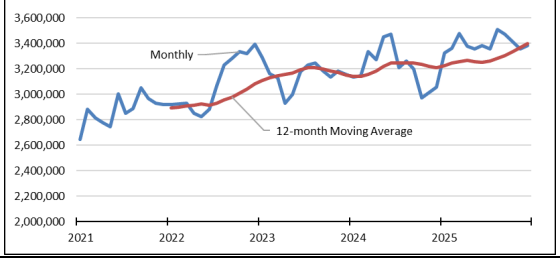
Part Time Employment among employed workers showed little change in 2025, with marginal improvement in California going from 18.8% to 18.6% of workers employed part time, compared to 17.2% to 17.3% in the rest of the nation. Over the longer term shown, part-time employment has expanded by 0.5 percentage point in the state, while being essentially unchanged in the rest of the US. Part-time employment for economic reasons (only part time jobs

		are available) has shown little change in California.
		**Unemployment** has remained above 1 million in the seasonally adjusted series since January 2024. In the unadjusted series, the number of unemployed rose faster in the rest of the country in 2025, but compared to 2018, the number of California unemployed grew more than twice as fast, expanding overall by nearly a third. In 2025, California had 14.8% of total unemployed, down only slightly from 15.4% in 2024 and still well above its overall population share of 11.5%.
		**Unemployment Rate** has remained higher in California due to its persistently high number of unemployed. The December 2025 unemployment rate was unchanged from the prior year, while the US average was 0.3 percentage point higher. Compared to 2018, California's rate was 1.2 percentage points higher. The monthly unemployment rate, however, only covers persons actively looking for work. U-6 is a broader measure of underemployment covering unemployed, part time employed for economic reasons, and persons marginally attached to the labor force. California's U-6 rate similarly has diverged from the rest of the nation, going from 14% higher in Q3 2018 to a

		third higher in Q3 2025. Compared to 2024, California's rate remained the same while notching higher in the rest of the nation.
		**Unemployment Rate Demographics** show the rates by **Race and Ethnicity** experienced different patterns. Comparing 2024 and 2025, Blacks saw a substantial increase in unemployment to 9.9%, while the other 3 groups saw marginal improvements. Compared to 2018, Asians saw reduced unemployment, while the other 3 groups experienced higher joblessness, just over 50% greater in the case of Blacks. Unemployment Rates by Age show marginally higher rates compared to 2024 among prime working age adults 24-54 and marginally lower among seniors. Young Adults (20-24) and in particular Youth (16-19) show the highest increases as minimum wage increases have affected their job opportunities, with the Youth rate rising 36% since 2018 and Young Adults by 39%. Note that the demographic data is calculated as 12-month moving averages from the Current Population Survey and is not directly comparable with the model based estimates issued monthly.

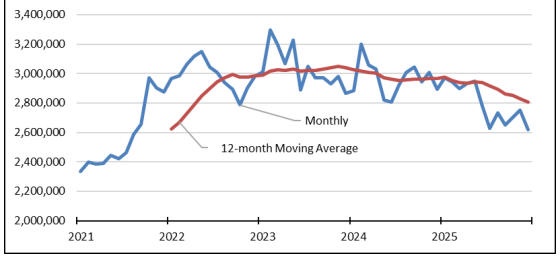
California Employment: Foreign Born, Naturalized Citizen

Source: Analysis of Current Population Survey microdata



California Employment: Foreign Born, Not a Citizen

Source: Analysis of Current Population Survey microdata



Change in Foreign Born, Not a Citizen, Main Job by Industry, 2023-2025

Source: Analsyis of Current Population microdata; 12-month moving average

Other services	-59,700
Manufacturing	-55,600
Construction	-52,000
Leisure & hospitality	-42,900
Wholesale & retail trade	-26,600
Public administration	-19,600
Information	-14,700
Transportation & utilities	-10,800
Mining	900
Professional & business services	2,000
Agriculture, forestry, fishing & hunting	3,700
Financial activities	12,400
Educational & health services	30,500
Total	-232,500

Employment by Citizenship

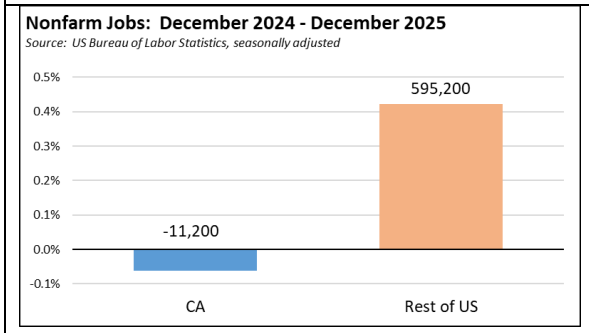
shows a 224,400 drop in the number of foreign born, not a citizen workers in 2025. This drop, however, was more than offset by a 242,000 increase in the number of employed foreign born, naturalized workers.

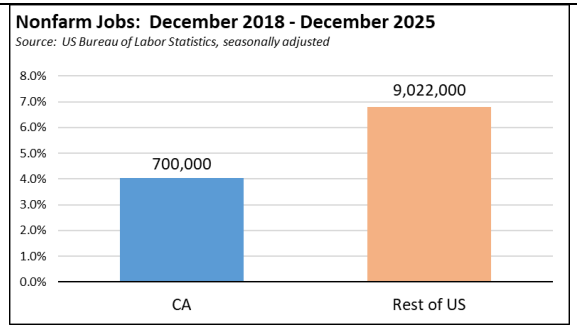
The drop in non-citizen workers, however, is not due solely to immigration policies. As indicated in the chart, the number of these workers was already on a downward trend in 2024, and as indicated by the breakout by industry, additional employment losses were driven by industries experiencing job contractions in the state. As reflected in the population numbers, an element of this worker loss is driven by immigrants now shifting to states where these jobs are being created. Immigrants come to this country for economic opportunity. It is not surprising that they are instead moving to the parts of the country where those opportunities are still being created, especially in gateway jobs such as construction, manufacturing, and trade.

Nonetheless, the data shows an inflection point in August, with the trend still showing a typical seasonal drop but without the prior upswing as in other years.

		The data in these charts, however, are an imperfect indicator of the full picture. Even prior to current conditions, undocumented workers due to the nature of their status were undercounted if at all in the Current Population Survey. This factor is reflected in the industry chart which shows a marginal increase in agricultural employment, contra to reports from the field citing substantial labor shortages.

JOBS

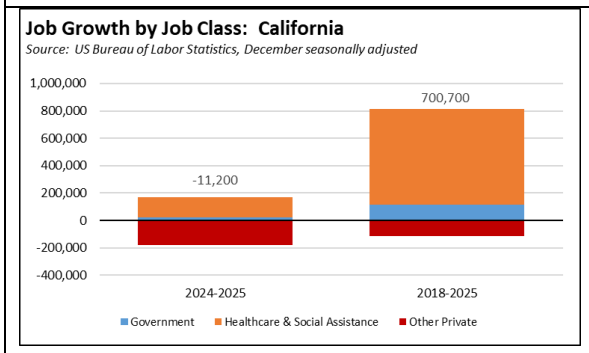


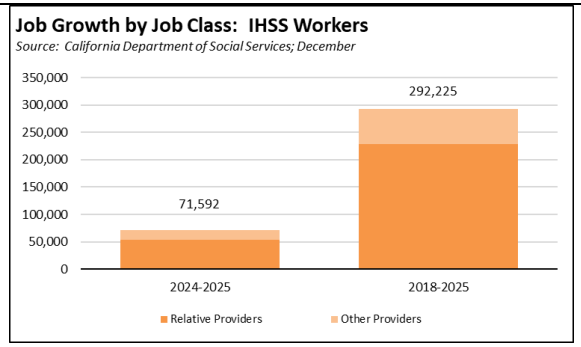


Nonfarm Jobs dipped 0.1% (seasonally adjusted) over the year, while growing 0.4% in the comparable series for the other states. Compared to December 2018, nonfarm jobs in California grew by 4.0%, while expanding faster in the other states at 6.8%.

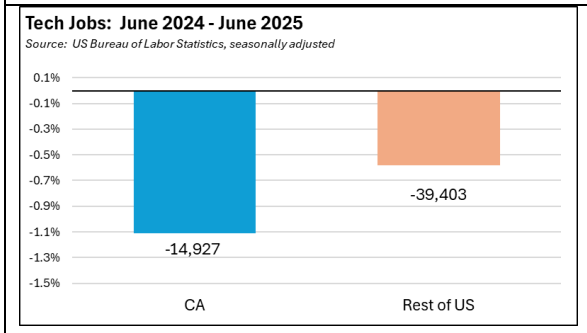
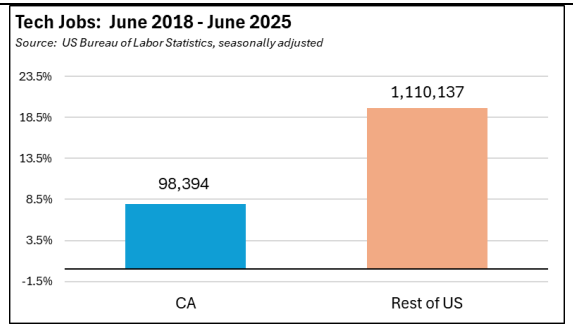
In December 2018, California contained 11.6% of the nation's nonfarm jobs. In December 2025, this share continued dropping to 11.3%.

These charts, however, are affected by the current delay in the annual revisions. The recently revised numbers for the US show the 2025 gain revised down by 40%. The comparable changes for California will be released on April 22.

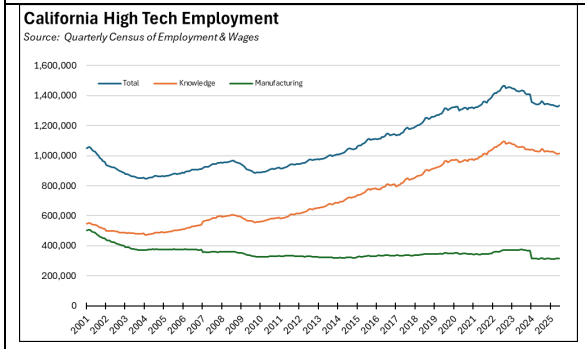


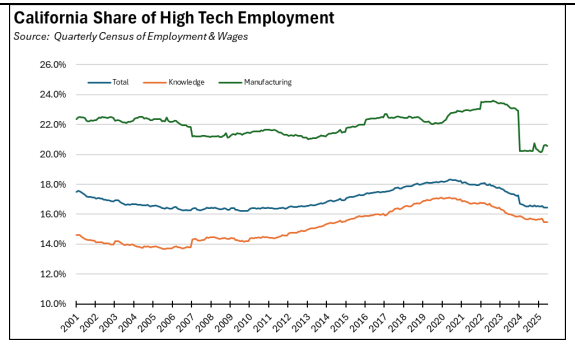


Jobs by Class indicates jobs growth in California has become overly dependent on government spending while high taxes, regulations, and costs are restricting its traditional base in industries other than Tech. The state's jobs growth comes predominantly from government and government-dependent (Health Care & Social Assistance) sources. All other private industries fell

		by a net 181,700 jobs in the state in 2025. California saw a net drop of 115,100 other private industry jobs since December 2018, and a net loss of 432,900 since the peak in December 2022. Furthermore, nearly half of the Healthcare & Social Assistance job increase came from direct government employment of In Home Supportive Service (IHSS) workers provided as a Medi-Cal benefit. In December 2025, these jobs paid an average of $18.33 an hour for an average 29 hours a week (or the equivalent of only $27,600 a year). The bulk of this jobs expansion consists of paying persons to take care of a relative.
		**High Tech** jobs continued their decline in the state, dropping 1.1% between June 2024 and June 2025 while easing 0.6% in the rest of the US. Compared to June 2018, tech jobs grew 8.0% in California, but more than twice as fast at 19.6% in the rest of country as the knowledge component diversified into other urban centers and as the manufacturing component growth shifted to the Southeastern and Intermountain states. In 2018, California had 17.9% of the nation's Tech jobs. In 2025, this share dropped to 16.5% as the industry diversified geographically.

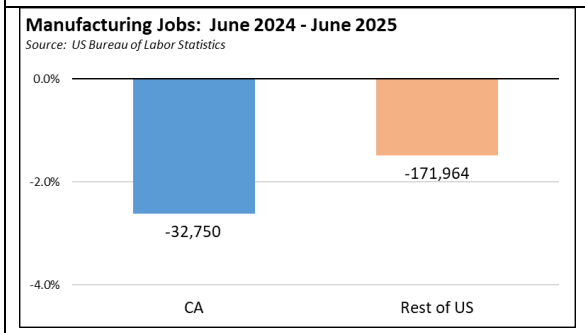
The Center's current definition of Tech industries adopts the industry mix defined by the Census Bureau. Data for this indicator was taken from the Quarterly Census of Employment & Wages (QCEW).

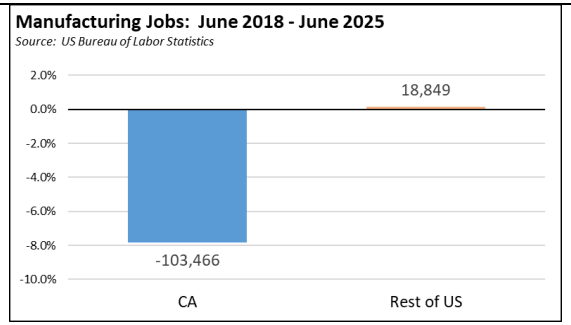




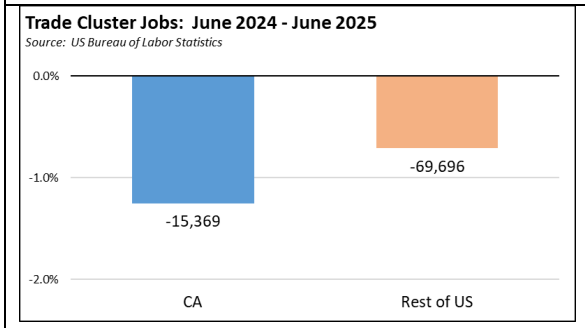
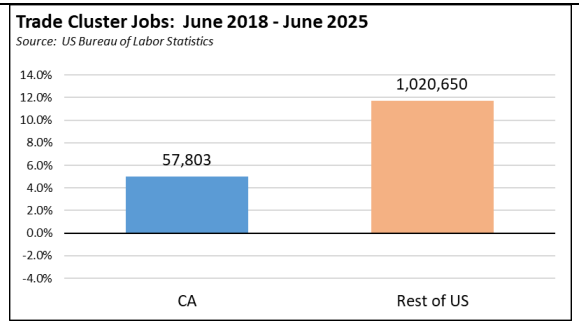
Tech Jobs by Industry showed a 15,215 (-1.5%) drop in the Knowledge component for the 12 months ending June 2025, while Manufacturing was little changed by notching up by 288. Over the longer period, the Knowledge component grew by a net 126,374 (14.2%) since June 2018, while the Manufacturing component dropped by 27,980 (-8.1%).

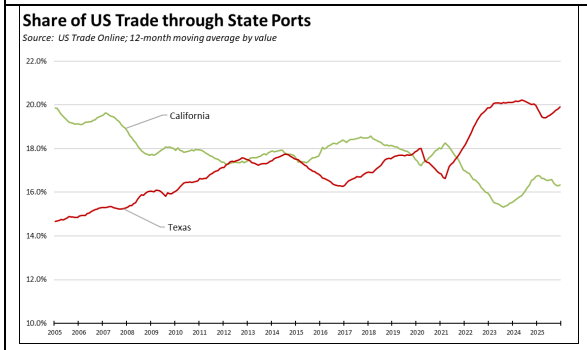
Overall, Tech jobs in California were down 134,476 (-9.2%) since their peak in August 2022.

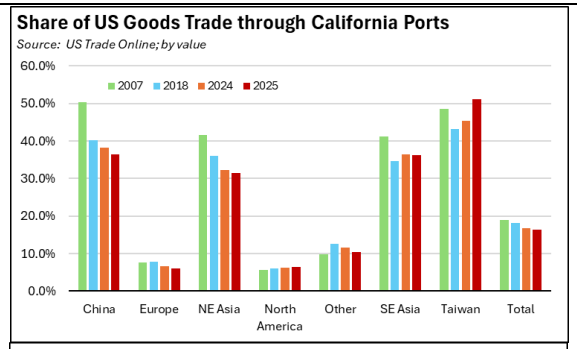


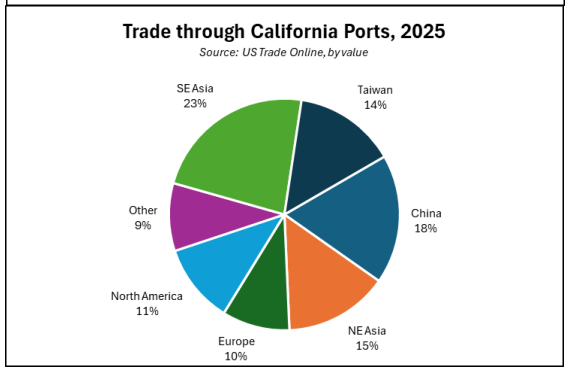


Manufacturing Jobs fell 2.6% between June 2024 and June 2025, while dropping 1.5% in the rest of the US. Compared to June 2018, manufacturing was off 7.8% in California while essentially unchanged in the rest of the country with a net gain of 0.2%. California—specifically the Los Angeles region—remains the largest manufacturing center in the US, but this lead continued to erode in 2025 as the state's share of manufacturing jobs continued falling from 10.4% in 2018 to 9.7%. At the current trendlines, Texas

		would overtake California as the leading manufacturing state within the next 3 years.
		**Trade Cluster Jobs** were off 1.3% in California for the 12 months ending June 2025, while showing a smaller dip of 0.7% in the rest of the US. Compared to June 2018, California saw these jobs expand by 5.0%, while growing more than twice as fast at 11.7% in the other states as ports along the Gulf and Atlantic coasts invested heavily in port and intermodal expansions. California contained 11.7 % of Trade Cluster jobs in 2018, but dropped to 11.1% in 2024 as trade flow competition increased from other states. Still, these California jobs provide a blue collar, middle class wage jobs base essentially equivalent to manufacturing in terms of both number of jobs and wages. However, they face a number of threats from state and local regulations undermining the state's competitiveness by raising the costs of trade flows through the state. The current uncertainty over tariffs has also led to greater variability in monthly trade flows. The Center's definition for Trade Cluster jobs is the same as developed by the Los Angeles Economic Development Corporation and as used in other Center reports. Data is from the Quarterly Census of Employment & Wages.



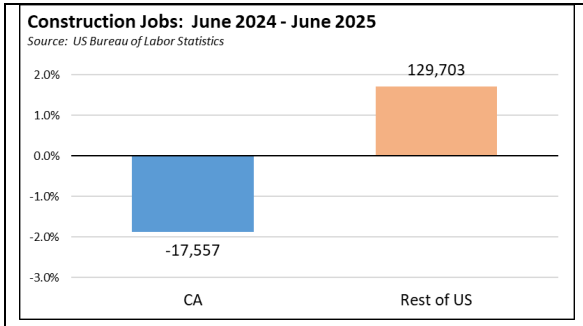


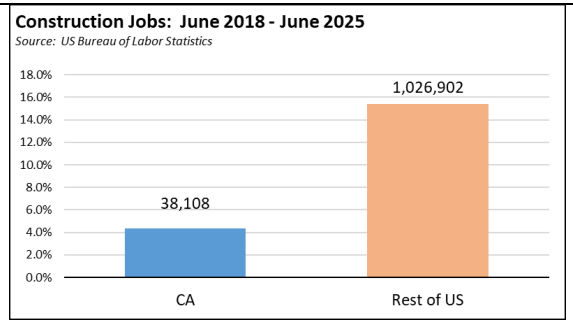


Trade Through the State's Ports

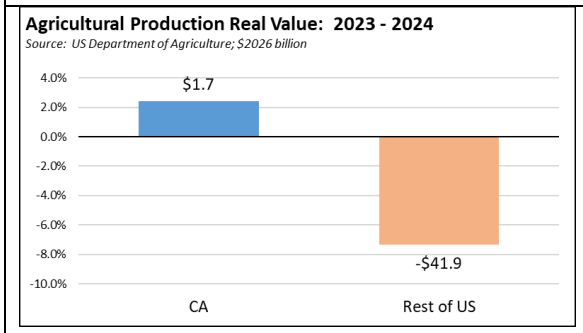
supporting the Trade Cluster jobs was at its all-time high in 2025 measured in both nominal and real values. But as competition has increased from investments by the Atlantic and Gulf coast ports, California has remained in second place by share of the nation's trade flows, a position it has held since being replaced as the leading state by Texas in 2021.

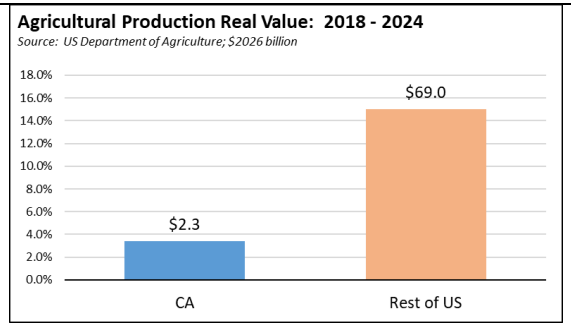
California's rapid development of Trade Cluster jobs as a middle-class wage replacement for declining manufacturing jobs stems from its early dominance of the China trade—especially by the Ports of Los Angeles and Long Beach—which reached peak shares in 2006 and 2007. A significant portion of that trade has since followed port and intermodal investments in other states. California's trade flows have shifted more to Southeast Asia as that region has risen as an import source and Taiwan due to its ties to the state's tech manufacturing industries.





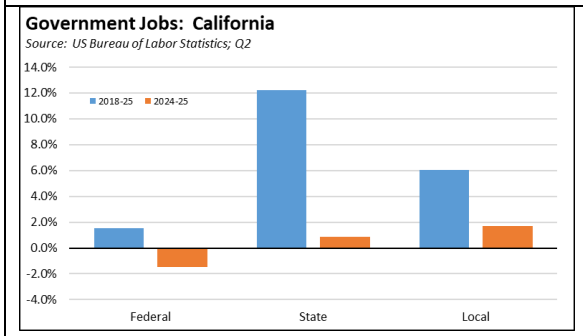
Construction Jobs in California dropped 1.9% for the 12 months ended June 2025, while rising 1.7% in the rest of the nation. Over the longer term, Construction was up 4.3% compared to 2018 in the state, less than one-third the 15.4% rate elsewhere. In June 2018, California had 11.6% of the nation's construction jobs. In June 2025, the state's share dropped to 10.6%.

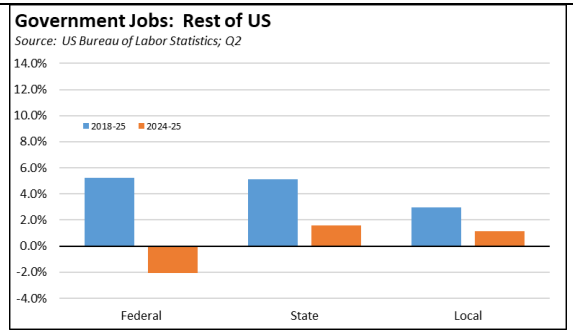




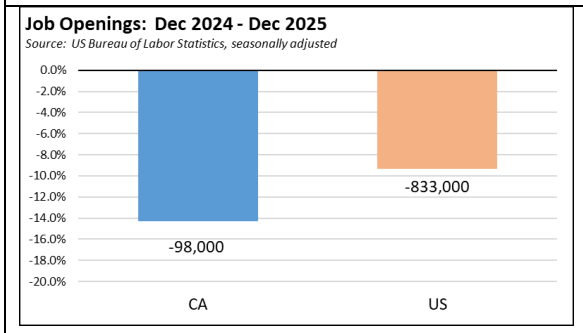
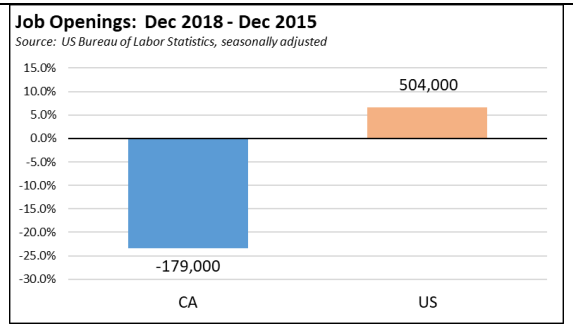
Agriculture Production in real terms ($2026) grew 2.4% in California in 2024, while dropping 7.3% in the rest of the country.

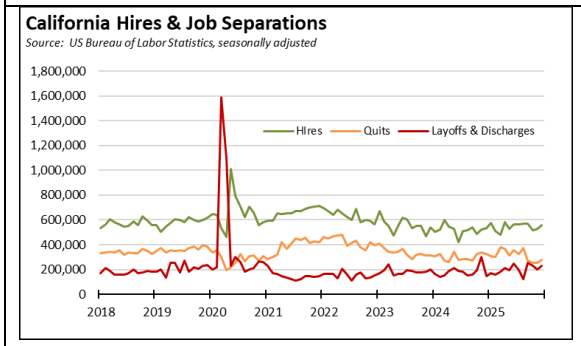
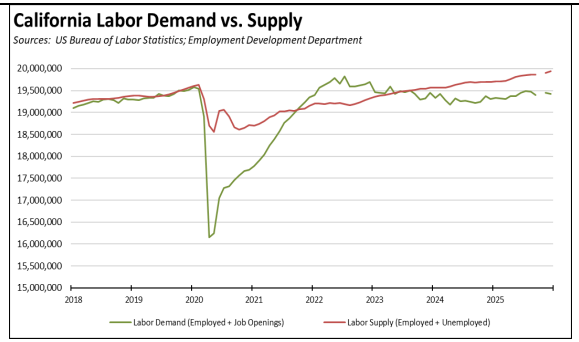
Since 2018, real production value grew 3.4% in California while expanding at a faster rate of 15.0% in the rest of the nation. While California remains the largest agricultural producer, the state continued to see its overall share drop, going from producing 12.9% of the nation's food and fiber in 2018, to 11.8% in 2024.

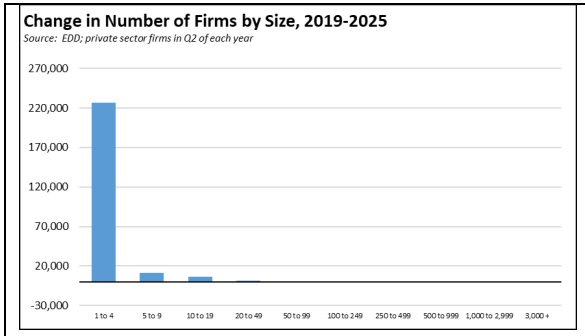


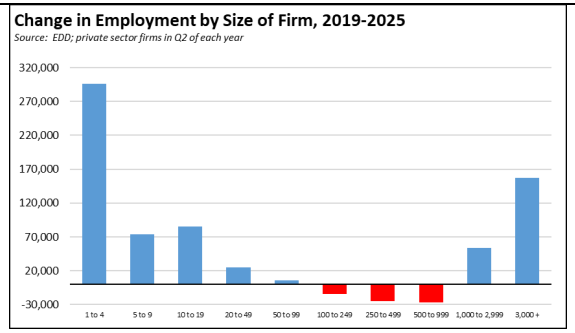


Government Jobs are one of the few sectors that have grown as state spending surged to historic levels. Between June 2018 and June 2025, state jobs grew more than twice as fast as the rest of the US at a 12.2% gain (57,588), but the growth rate slowed to 0.8% (4,448) for the year ended June 2025 compared to the rest of the US at 1.6%.

		Local government jobs grew at relatively comparable pace, growing twice as fast as the rest of the country at 6% (109,607) between June 2018 and June 2025, and remaining ahead at 1.7% (31,770) for the year ended June 2025 compared to the rest of the country at 1.1%.
		**Job Openings** fell 14.3% over the year ending December 2025, while dropping 9.3% in the US total. The number of unfilled job openings in California was at the lowest level since April 2020 during the pandemic, and since November 2015 in the pre-pandemic period. Since December 2018, California job openings have sunk 23.3%, while rising modestly by 6.6% in the US total Job openings at the end of each month represent the additional jobs potential within the state at least in the short to intermediate term. As employers have cut back on their hiring plans in California, the number of unemployed workers per job opening went from 1.1 in December 2018, to 1.9 in December 2023, substantially weaker than the next highest rate among the states and DC (New Jersey and Washington at 1.6) and the worst rate in California since March 2021 at a point businesses still remained closed under state orders. By

		comparison, the overall US average also slipped into labor surplus territory at 1.1 in November and December.
		**Hires & Separations** in the underlying job dynamics showed the number of layoffs and separations on a sustained increase, growing 57% over the year in 2025, while the number of voluntary quits reflected growing worker concern over job security by dropping 15%. New Hires were little changed, edging up only 4%. Combining the JOLTS and labor force estimates for the state gives a clear picture of why unemployment has remained so high in the state. As job creation has stalled out and as private job creation has gone in reverse, California has been in a persistent labor surplus since 2023. These conditions also are reflected in the state's population numbers, as both workers and immigrants look to other states for the job opportunities not being created here.



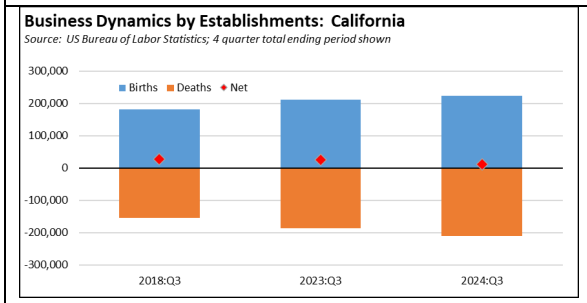
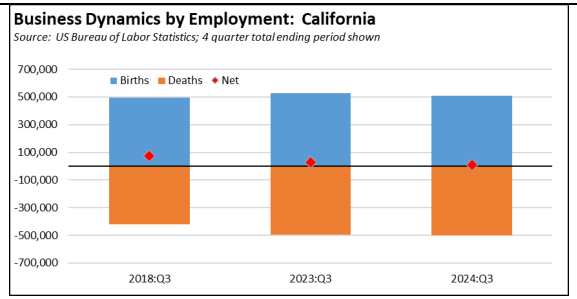


Number of Private Businesses grew by 52,349 in the year ended 2025:Q2, with a net employment gain of only 5,375. However, virtually all this growth came from self-employed. The number of businesses (firms) with 1-4 employees grew by 53,718 (employment gain of 61,488), while the number of businesses in all other size categories fell by 1,369 (net employment loss of 56,073).

This same pattern is shown in the longer term results. Compared to 2019:Q2, California gained 245,782 businesses, but 226,879 of this increase was in the 1-4 size category. Businesses with 100 or more employees instead fell by 139.

Still, the two largest size categories produced the most new employees in this period. While the 1-4 size category shows the largest overall employment gain, comparing the numbers in the two charts indicates 70 to 90% of the business gains of this size were single person companies with no employees.

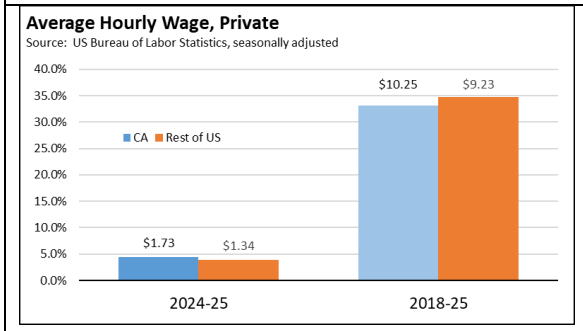
The relative employment performance in the mid-sized businesses reflects an often-overlooked outcome of the increasing regulatory state. In a notional gesture to reduce overall economic impact, an increasing number of major regulatory mandates are adjusted based on business size, for instance the

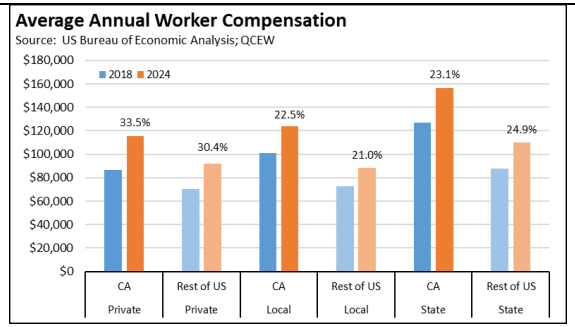
		phasing in of the state's higher minimum wage or the Obamacare requirement that firms with 50 or more employees provide a health care benefit. As a consequence, the 25th or the 50th employee, reflecting the most common regulation thresholds, becomes far most costly than adding a 24th or 49th. Companies, consequently, often forgo marginal expansions and instead add employees after these points only when a substantial expansion is possible to absorb the additional costs. The breakpoint at the 20-49 business size reflects this dynamic.
		**Private Establishment Births & Deaths** provides the next level of analysis on business dynamics. California tends to lead in establishments births, which it did again in the 4 quarters ending 2024:Q2. But the state also leads in establishment deaths. The net result in the latest period shown was a net gain of only 9,718 establishments (12,474 employment) down from the prior 4 quarters of 28,656 net establishments (24,745 employment) and a more robust 76,718 net establishments (27,398 employment) in the 4 quarters ending 2018:Q2. Measured by the net numbers, in the 4 quarters ending 2024:Q2, California still led when ranked by net establishments,

but was a distant 12th when ranked by net employment.

California has relied heavily on its entrepreneurial talent as the base of its jobs creating base, including the periodic reinvention of its economy. Yet these underlying dynamics again illustrate the increasing stagnation as business closures weigh down the potential gains from business creation.

In this data, establishments are defined as discrete operating units of a firm located at the same or different locations. A firm can have one or more establishments.

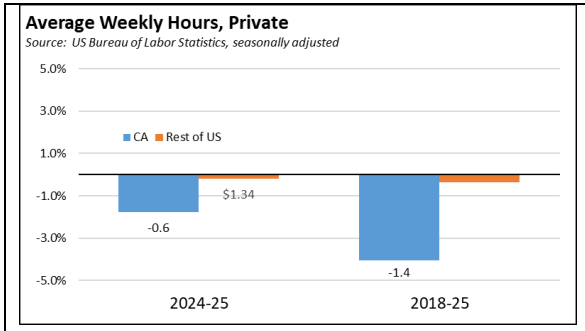




Average Hourly Wage for private workers rose 4.4% ($1.73) in nominal terms in California in 2025, somewhat higher than the 3.9% raise ($1.34) for private workers in the rest of the country. Since 2018, private California workers saw wages rise 33.1% ($10.25), only somewhat lower than the rest of the US at 34.7% ($9.23). These wage increases ran ahead of inflation which, measured by CPI-U, was 2.6% in 2025 and 28.2% between 2018-2019. The 2025 numbers for California include the preliminary estimates for December.

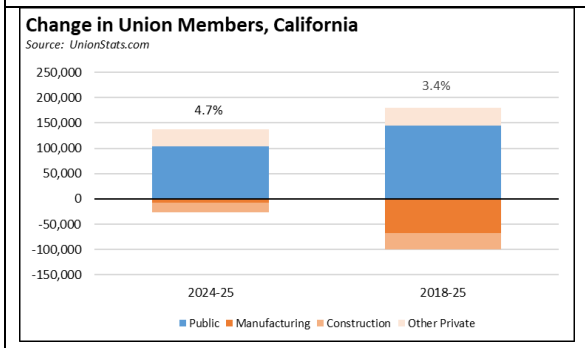
In 2018, the California average hourly wage was 16.6% higher than in the rest of the US. In 2025, it was 15.2% higher.

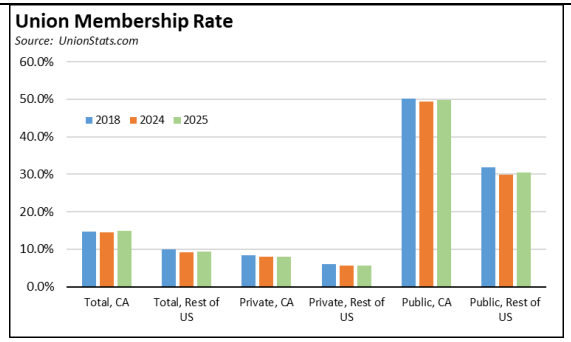
		Wages, however, only comprise a portion of worker remuneration with total compensation now being a more important consideration. Between 2018 and 2024, average compensation (combining hours, wages, and benefits) for California nonfarm private workers grew 33.5%, compared to state workers at 23.1% and local government at 22.5%. In 2024, state government compensation was 42% higher than the rest of the US, local government 40% higher, and private workers 26% higher. Compensation as shown in the chart covers wages and salaries, pensions, insurance, and employer contributions for government social insurance (e.g., Medicare). It does not include differences in other benefits such as paid time off and holidays. While these benefits vary by government agency, the higher amount of paid time off equates to state employees working at up to a 33 hour week, depending on seniority and leave program option. The Bureau of Economic Analysis discontinued one of the series previously used to calculate the average compensation by industry indicator. Data since 2020 instead is calculated using BEA data and the QCEW.



Average Weekly Hours for private workers offset a portion of the hourly wage gains, with California easing 1.8% (-0.6 hour) and the rest of the US little changed at -0.1% (-0.1 hour) between 2023 and 2024. Since 2018, California private workers saw their average weekly hours fall by 4.0%, while private workers elsewhere in the US little change at a -0.4% dip..

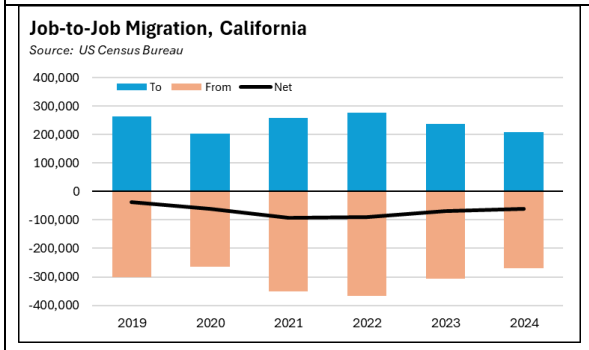
There was relatively little change in the overall ratios. The average weekly hours for private workers were little different in 2018. In 2025, California was 3.4% lower.

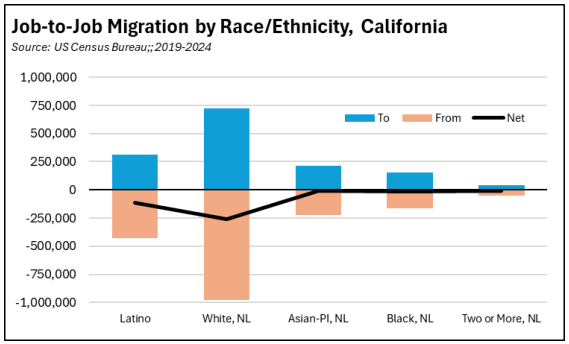


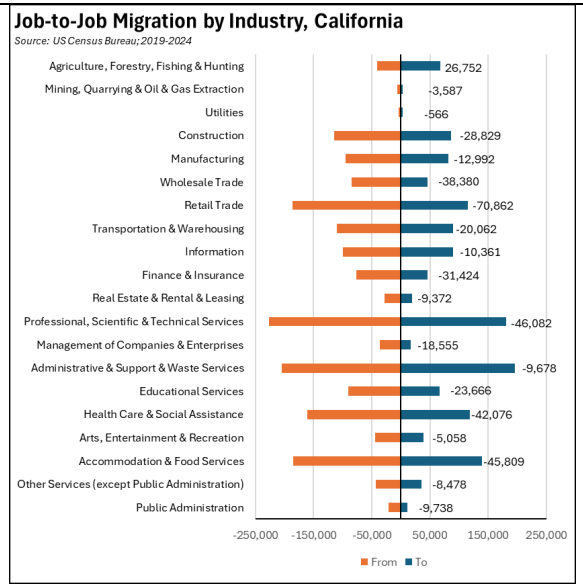


Union Members saw a 4.7% gain in California in 2025, and a net gain of 3.4% since 2018. Even with this growth, total membership remained 5.0% below the near term high in 2022 and 13.3% below the series high in 2008. Union membership overall has shown little change in its totals, but instead has seen shifts as private membership has been replaced by public employees and within private membership, as higher wage industries such as manufacturing and construction has been replaced by lower wage occupations.

As a result, California's unionization rate has continued to decline, reaching a series low of 14.5% in 2024 but ticking up to 14.9% in 2025.





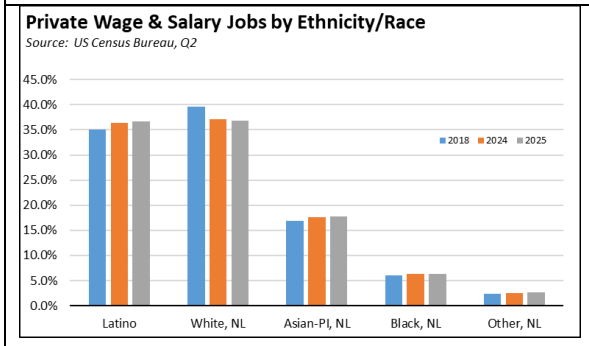


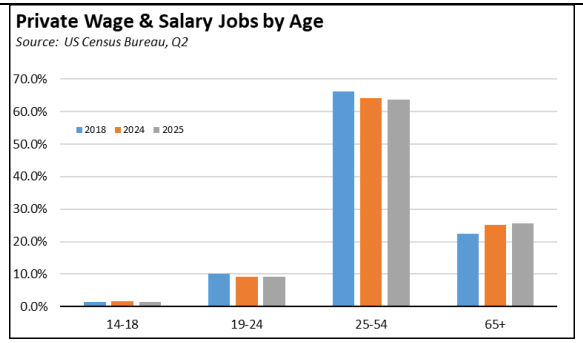
Worker Migration

reflected the growing lack of job opportunities, with a net loss of 409,000 workers moving to other states in 2019-2024. This total covers job-to-job migration with no or a small gap in employment between jobs. This total does not cover unemployed or new entrants seeking jobs in other states.

By race/ethnicity, the greatest net outflow was among non-Latino whites and Latinos, while the other three groups also were negative but in smaller numbers.

All industries except Agriculture saw worker loss to migration. The largest net loss (-70,862) was in Retail Trade, but sizeable migration also affected tech-containing Information and Professional, Scientific & Technical Services (-56,443 combined), Construction (-28,829), and the Trade Cluster (-58,442 combined).

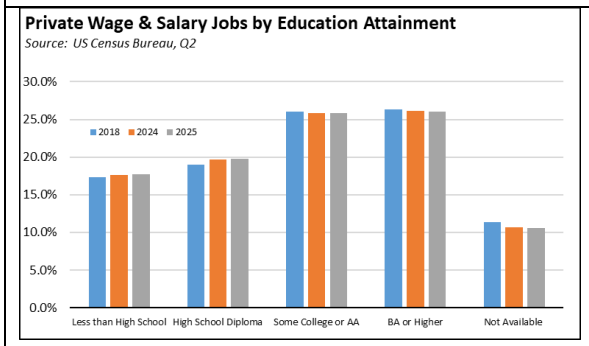




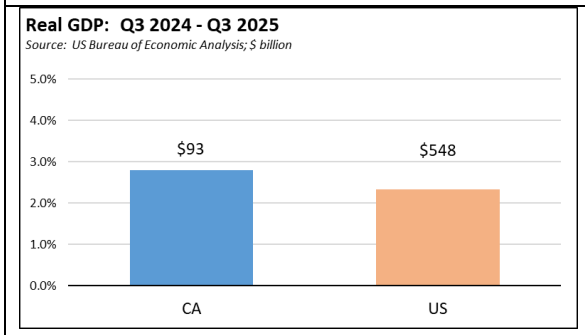
Private Jobs Demographics

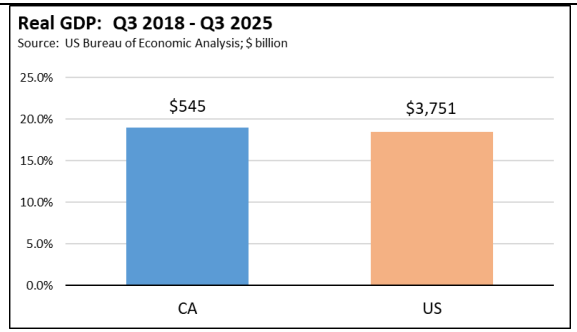
show Latinos and non-Latino Whites at essentially the same levels in 2025:Q2. Non-Latino Asian-PI have increased their share by nearly a percentage point, while Non-Latino Blacks have shown only a marginal increase.

The private workforce is aging. Rising minimum wages saw the Youth worker

		share down to 1.4% in 2025:Q2 from 1.6% in 2024:Q2, and Young Adult workers dropping from 10.1% in 2018:Q2 to 9.2% in 2025:Q2. Prime Working Age while still the core base is down 2.3 percentage points from 2018:Q2 and Seniors up by 3.1 points. With fewer young workers gaining necessary workplace skills, the replacement pool for the state's aging workforce is getting smaller.
		**Private Job Skills** are reflected in the educational attainment data for private industry workers. While California is known for its high tech and skilled industries, this data instead shows jobs are trending towards lower skill levels. The share of workers with a high school education or less increased 1.2 percentage points since 2018:Q2, while those with a BA or higher dipped by 0.2 point. The declining share for the Not Available category (age 24 or younger) again shows the effect of higher minimum wages on job opportunities.

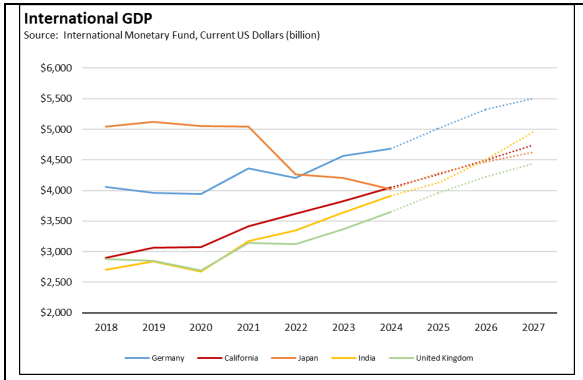
ECONOMY

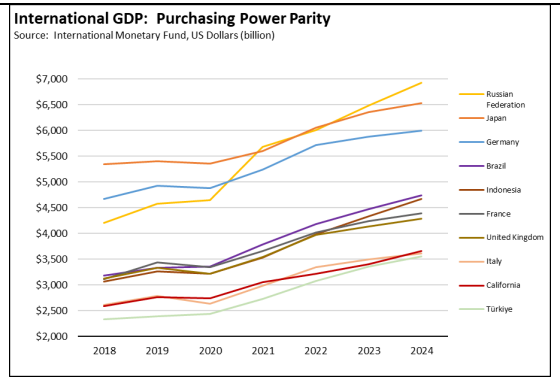




Real GDP grew somewhat faster, with California growing by 2.8% in the four quarters through 2025:Q3 and the US at 2.3%. Over the longer period since Q3 2018, there was little difference between California at 19.0% and the US at 18.5%. California showed no change in its relative size, remaining at 14.2% of US GDP in 2018 and 2025 although its share was somewhat larger in the intervening years.

California's near parity with the US average, however, relies solely on its High Tech sector. The two tech-containing industries—Information and Professional, Scientific & Technical Services—produced 37% of California's Real GDP in 2025:Q3—a share which has been growing as the remainder of the state's economy has stagnated—while providing only about 21% of state jobs. In comparison, the US contribution was only 21%. Removing these two industries, the remainder of California's economy grew only 7.5% since 2018:Q3 (an annual average of 1.0%) compared to the US overall at 12.6%, yet another indicator of the extent to which the state's high taxes and high regulations have affected the traditional economic core.

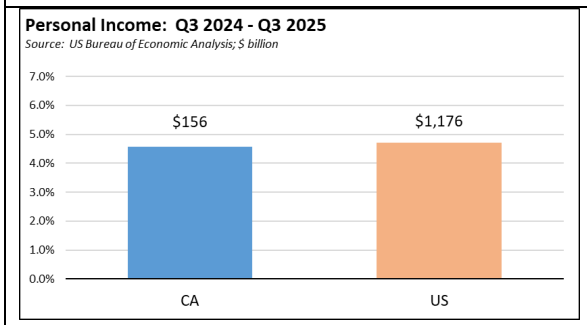


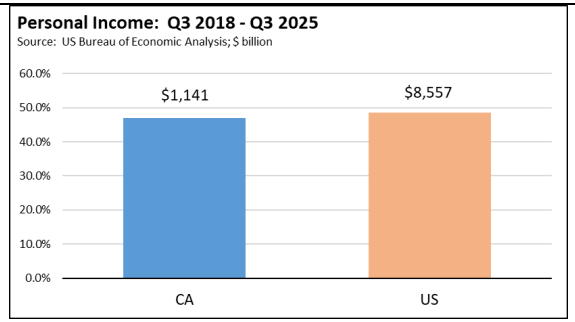


International GDP Rank saw

California as the 4th largest economy in 2024, marginally above Japan by 0.7%. However, as indicated in the chart, California did not grow into 4th place; the state moved up in ranking due to Japan's sustained drop from weak GDP performance and the appreciating dollar. If California continues to grow at its present rate in 2025, the IMF October projections show California back into 5th place marginally behind Japan and potentially into 6th place by 2026 as India continues to grow faster.

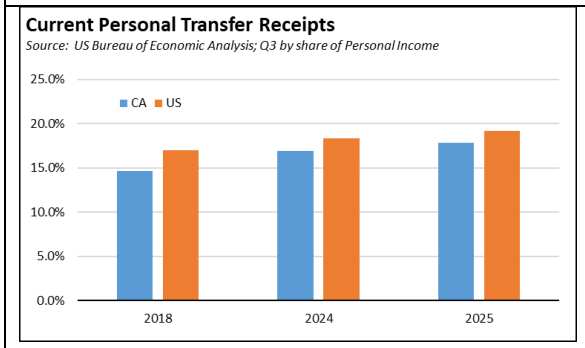
California, however, dissipates the effective value of its GDP through high and growing costs. Using the US Bureau of Economic Analysis Regional Price Parity to adjust the California numbers to the IMF Purchasing Power Parity valuations of GDP, California moved barely ahead of Italy in 2024 into 11th place.

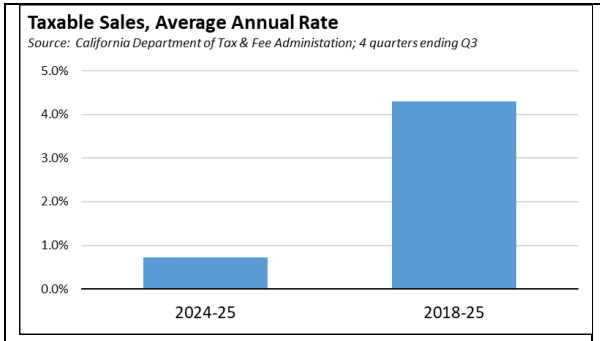


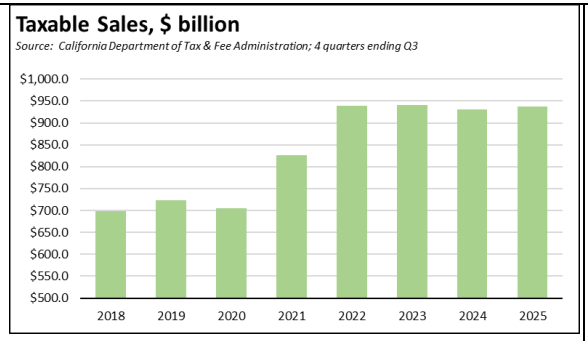


Personal Income was essentially

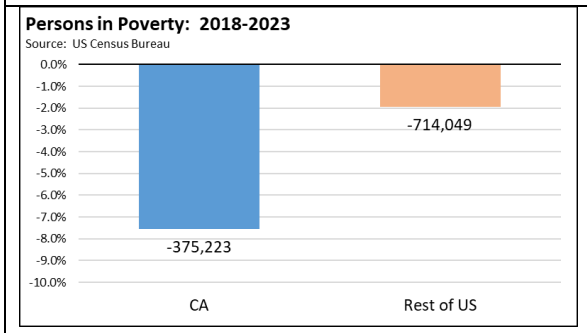
the same, with California marginally lower at a 4.6% gain between 2024:Q3 and 2025:Q3, and 4.7% for the US. Compared to 2018:Q3, California was again marginally lower at 46.9% vs. the US at 48.5%. California share of total Personal Income shows a dip in this period, going from 13.8% in 2018:Q3 to 13.6% in 2025:Q3.

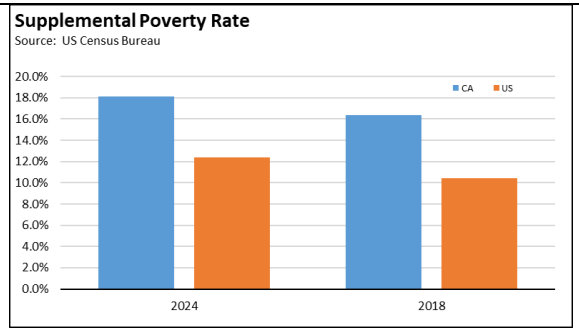
		The charts, however, show this indicator in nominal terms. Beginning in 2018:Q3, inflation as measured by the US CPI offset these gains by 28.4%.
		**Personal Income by source** shows a rising dependence on personal transfer payments, with California at 17.8% of Personal Income in 2025:Q3 compared to the US at 19.1%. The California rate shows a 3.1 percentage point rise from 2018:Q3, while the US shows a 2.1 point rise. While a portion of the increase is related to the aging population and increased Social Security and pension payments, another source comes from the increasing social benefits population. The California share remains somewhat moderated compared to the US by the high earned income component associated with the salary scale in the tech industry. Transfer payments by definition, however, have to come from somewhere. The rest of the country has the expanding jobs base to pay for it. California's in contrast does not.





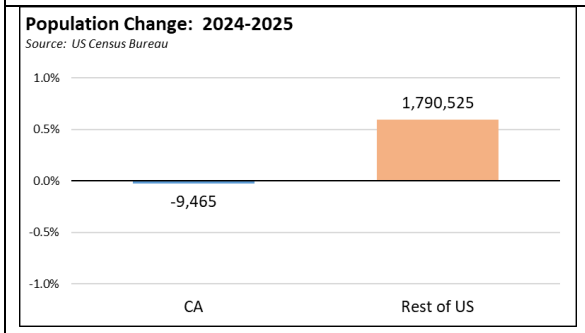
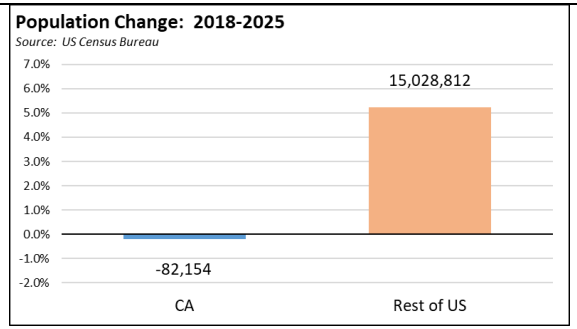
Taxable Sales as an indicator of the general level of economic activity again illustrate the stagnant conditions in the California economy. For the 4 quarters ending Q3 in all periods, taxable sales grew only 0.7% in 2025, essentially level in nominal terms and declining after factoring in inflation. This growth rate is also well below the average annual rate of 4.3% between 2018 and 2025, and 6.1% between 2018 and the peak in 2023.

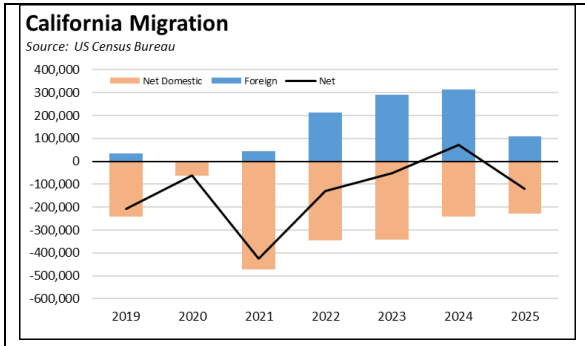




Persons Living in Poverty as defined by the official poverty measure dropped 7.9% in California between 2018 and 2024, and 3.0% in the rest of the US. Under this measure, California's official poverty rate ranks as a middling state, going from 25th highest at 12.8% in 2018 to the 23rd highest at 11.8% in 2024. By comparison, the average rate for the rest of the US was 12.2% in 2024.

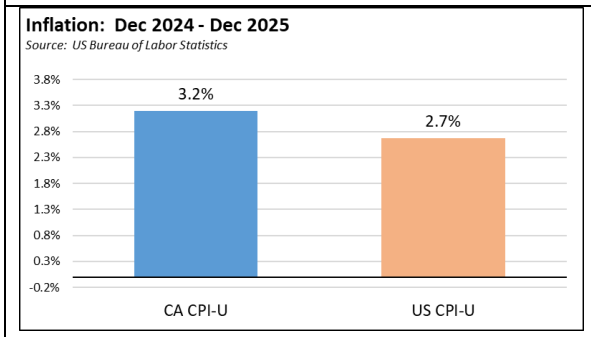
The Supplemental Poverty Measure, however, is a broader indicator of poverty taking into account income from government benefit programs, taxes, and costs of housing (including utilities and property taxes). By this measure, California had the highest poverty rate among the states at 18.1% in 2018 and the highest among the states and DC at 16.4% in 2024. The average for the rest of the US was 10.4% in 2024.

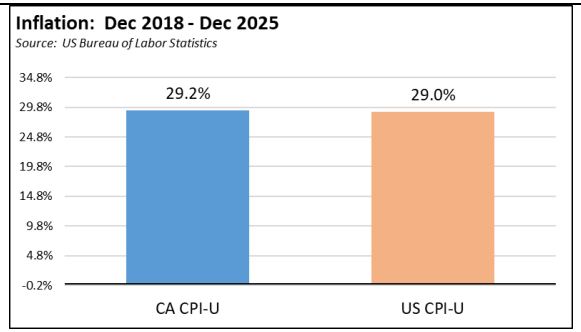
		Measured by the official poverty rate, California had 11.3% of the nation's population living in poverty in 2024. Measured by the Supplemental Poverty Measure, California's share was 16.4% due to the state's high costs.
		**Population** estimates show California was largely unchanged in 2025 with a marginal loss of 9,500, while the rest of the US grew 0.6%. Since 2018, the Census estimates indicate California shrank 0.2% while the rest of the country grew 5.2%. As a result, California had 11.5% of the population in 2025, down from 12.1% in 2018. The Department of Finance publishes its own population estimates, with the differences primarily due to assumptions about immigration. The Finance estimates show a nominal gain in 2025 and a longer term population loss about 30% lower than the Census estimates. The Census numbers, however, are used for various federal program purposes including serving as the benchmark base for the Current Population Survey used, among things, to estimate the monthly labor force numbers.



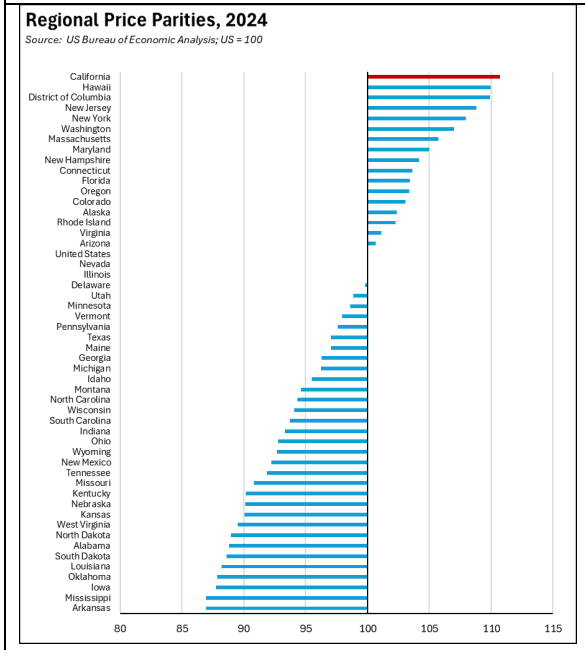
Migration has been the primary factor leading to population loss, as both residents and potential foreign immigrants look to other states with lower living costs and job opportunities. California lost a net 1.9 million people over the past 7 years through domestic migration, with foreign immigration failing to offset these losses in all but one year. This shift is particularly notable in the foreign immigration numbers reflecting the state's relative attractiveness for economic opportunity. California reached a near term peak as the destination of choice for 14.3% of the foreign immigrants identified in the 2015 Census estimates. California was at only 5.9% in 2019 and 8.7% in 2025.

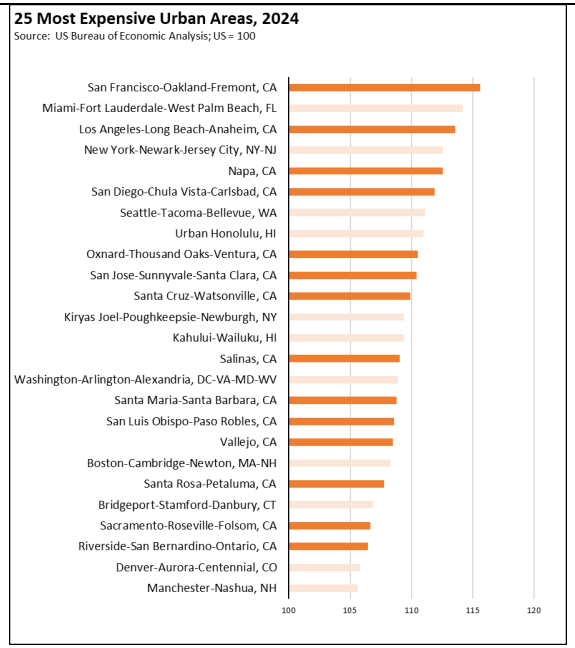
COSTS OF LIVING





Inflation grew somewhat faster in 2025 at 3.2% in California compared to 2.7% for the US Average. Since December 2018, inflation has eroded nearly a third of the buying power of household incomes.

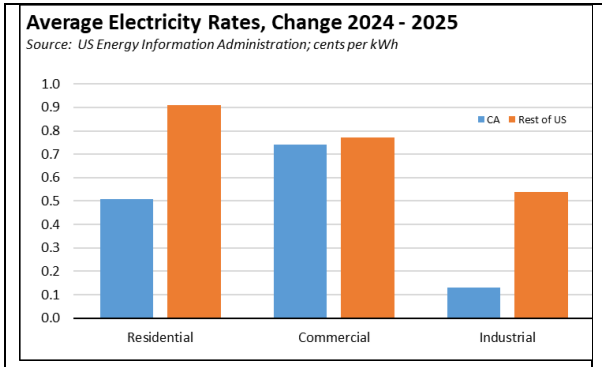


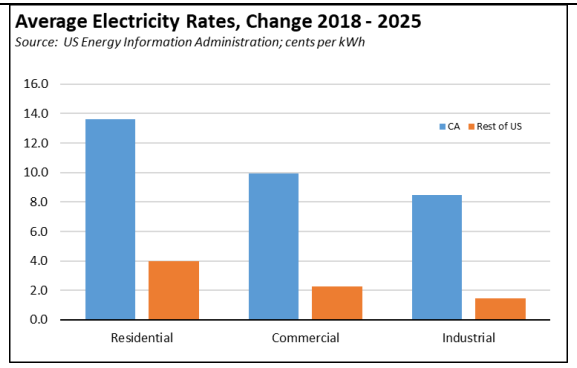


Regional Price Parities indicate that while the change in prices has been relatively the same as measured by the CPIs, California starts from a much higher price base. In 2024, California's overall prices were 10.7% higher than the US average and 27.4% higher than the most affordable state. California had the highest costs among the states and DC in 2024 as well as in 2023 and 2018

As measured by this metric in 2024, California had 6 of the 10 most expensive urban areas, and 14 of the 25 most expensive.

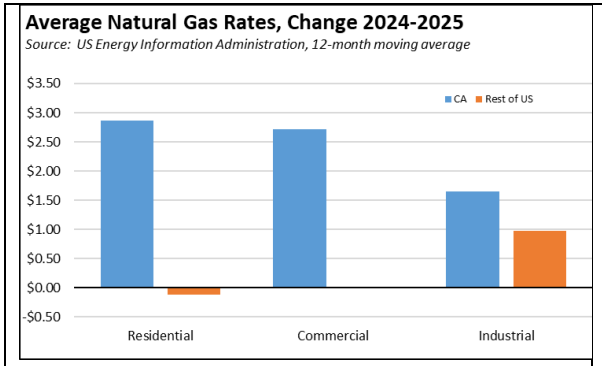
The Regional Price Parities measure prices relative to the US average, where US = 100 in each of the years.

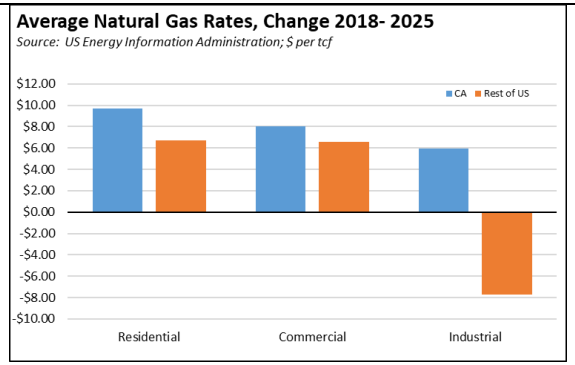




Electricity Rates slowed their acceleration in 2025 in the preliminary data, with California average residential rates growing by 0.5 cent per kWh compared to 0.9 cent in the average for the rest of the US. Between 2018 and 2025, California far surpassed the rest of the country, with average residential rates growing 72.4%, commercial 60.8%, and industrial 64.1%.

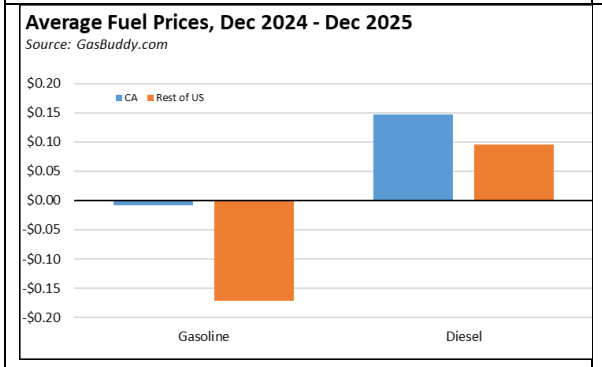
California continued to have the highest residential and commercial rates among the contiguous states in 2025, and second highest for industrial, only 0.7 cent per kWh behind Rhode Island. California's average residential rate was 97.6% higher than the rest of the US, commercial 111.6% higher, and industrial 168.4% higher. These wide discrepancies in the Commercial and Industrial rates feed directly into California's higher costs for goods and services, and undercut the state's competitiveness especially for its declining manufacturing base and the associated blue collar middle class wage jobs.

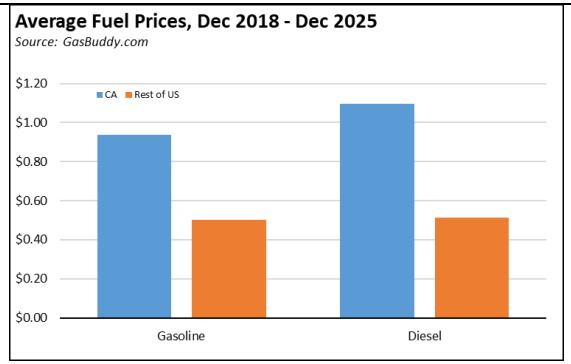




Natural Gas average residential rates rose 14.9% in California in 2025 in the preliminary data, while showing essentially no change in the rest of the US. Commercial rates rose 19.5%, and industrial rates 14.5%.

Compared to 2018, prices rose faster in California, with the most pronounced differences in the Industrial rates. Residential rates in California were 52.2% higher than the rest of the US in 2025, commercial 58.3% higher, and industrial 174.5% higher.

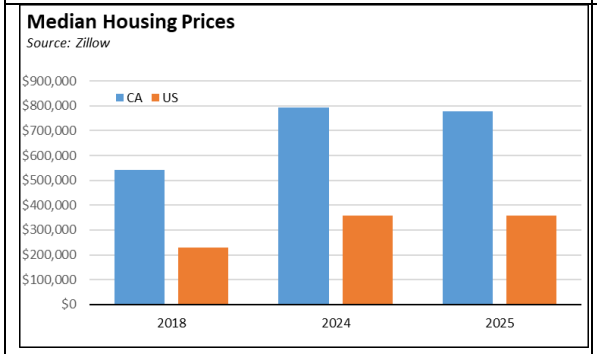
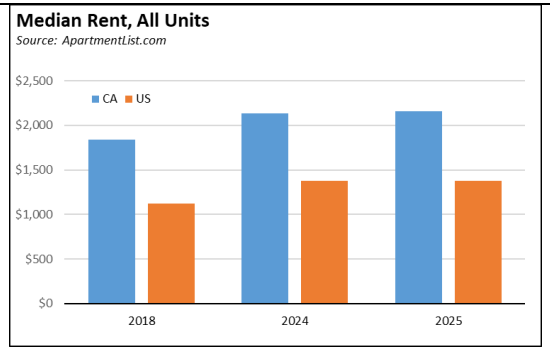


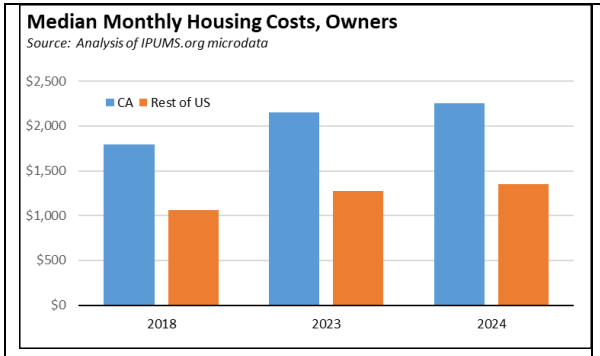


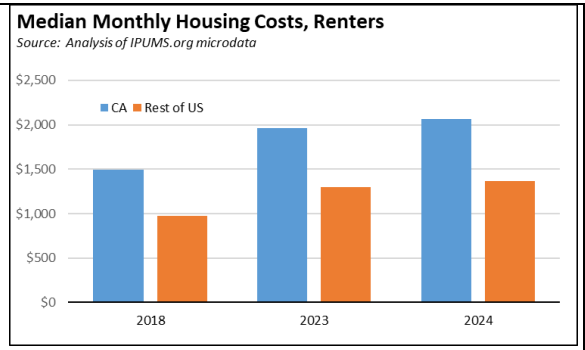
Fuel Prices again reflected California's regulatory isolation as a fuel island. Gasoline prices were little changed between December 2024 and December 2025, while dropping 5.9% in the average for the rest of the nation. The tighter diesel market showed rises in both regions, but with California at 4.9% and the rest of the US at 2.8%.

Compared to December 2018, the price increase for gasoline was steeper at 94 cents a gallon in the California average compared to 50 cents for the rest of the nation. The California jump, however, includes a 39 cent increase in taxes and fees, putting the price rise otherwise close to parity in both regions.

The cost gap with the rest of the nation remains substantial. Average gasoline

		prices in California in December 2025 were 57.1% higher than the rest of the nation. Diesel was 41.8% higher. Diesel as the predominant fuel used for goods movement feeds directly into household costs of living.
		**Housing Prices** eased in California and were essentially unchanged in the US as housing sales slowed substantially in 2025. As measured by the Zillow index for All Homes, median prices were off 1.9% in California in 2025, compared to a 0.3% rise for the US. Since 2018, housing costs rose somewhat slower than the US measured by percentage increase, but at a $251,800 bump were almost double the US in absolute terms. Median rents, all unit sizes, from ApartmentList.com showed similar but opposite trends in 2025, with California edging up 0.9% and the US dipping by 0.4%. Since 2018, California rose 17.0% ($295) and the US 22.2% ($256). As with many of the other indicators, these cost increases apply to a much higher price base in the state. Housing prices were 135% higher than the US median in 2018 and 117% higher in 2025. Median rent was 64% higher in 2018 and 57% higher in 2025.





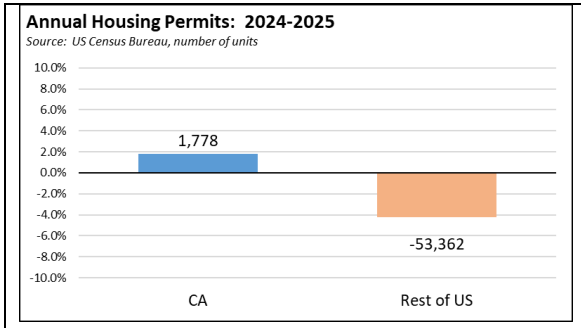
Housing Costs cover more than just the price of the housing itself, either as rent or the purchase price. Monthly housing costs include mortgage payments, rent, utilities (especially electricity and natural gas), property taxes, insurance, and other smaller items such as HOA dues. The utility portion is obviously driven by California's rising energy prices. Proposition 13 provides a rare element of moderation on the property tax component.

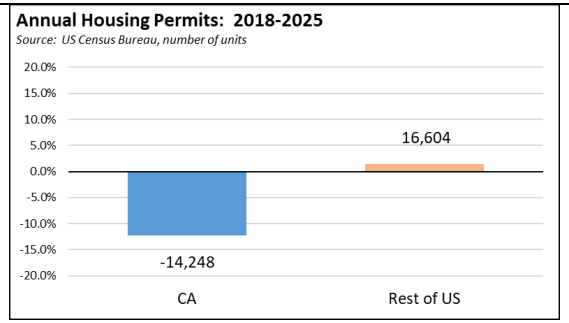
Median monthly housing costs in 2024 rose somewhat slower than the rest of the US, with California rising at 4.7% and 6.0% elsewhere. Renters saw about the same increase here (5.5%) and in the rest of the US(5.8%).

Costs between 2018 and 2024 for owners followed a similar geographic pattern but with renters subject to much larger increases. Owner costs in California rose 25.7%, while renter costs were up 38.8%.

In 2018, the average monthly renter's cost in California was 54% higher than for the rest of the US, and in 2024 was 51% higher. Homeowners' monthly costs were 69% higher in 2018, and 67% higher in 2024.

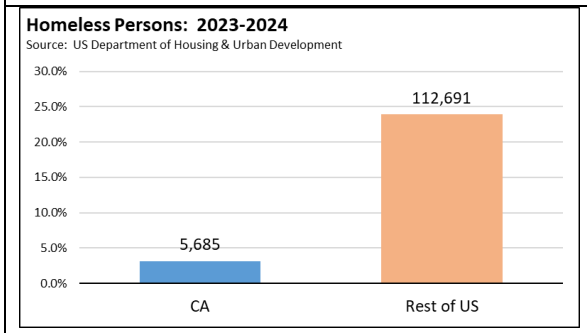
The data in the charts is from nominal values and is not adjusted for inflation.

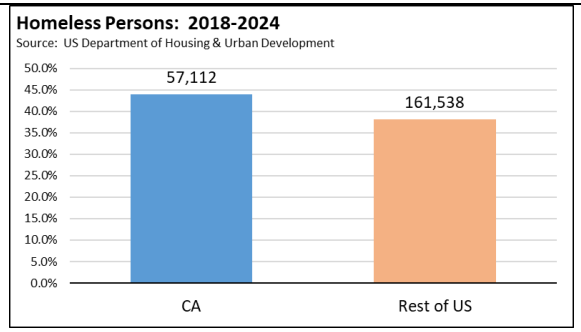




Housing Permits showed little change in 2025. Total permits (units) edged up 1.4% (1,778 units) in California in 2024, while easing 4.2% in the rest of the US. Compared to 2018, annual permits were off 12.2% in California but were essentially unchanged with a gain of 1.4% in the rest of the nation.

In the period 2019-2025, California issued 739,365 new housing permits, a number only 60% of its annual housing goals in this period. In contrast, Texas issued permits for a total equivalent to 126% of California's annual goals; Florida did 101%. California's output was only 7% of the US total.





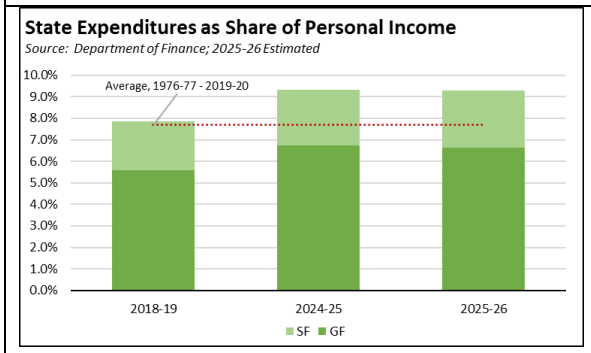
Homeless Population continues to increase but at a slower pace in California. The number of homeless was up 3.1% in 2024, compared to a much larger rise of 23.9% in the rest of the US. California's low count, however, may be partially due to a number of counties changing how they did surveys that year.

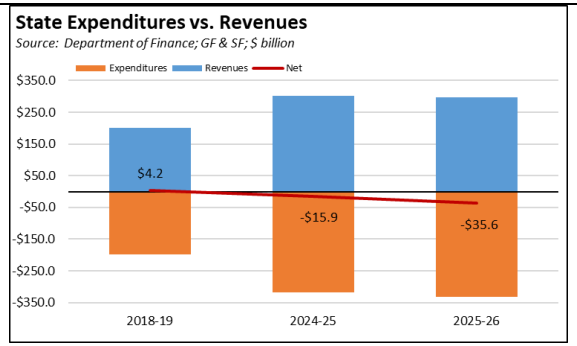
Since 2018, the number of homeless in California grew by 43.9%, faster than the 38.2% in the rest of country.

In 2018, California had 23.5% of the country's homeless population, double its overall population share. In 2024, the share ticked up to 24.3%.

		The 2025 data has not yet been released due to delays stemming from the federal shutdowns. Preliminary indications are that California saw a marginal improvement in the number of unsheltered homeless, but with no reports out yet on the total homeless population. The 2025 numbers in any case should be treated as preliminary as: (1) most jurisdictions count the number of homeless in shelters every year but do surveys of those on the streets every other year and (2) some of the larger jurisdictions are still in the process of changing the way they do their counts.

PUBLIC FINANCE





Total State Expenditures

(general and special funds) have grown an estimated 4.8% in the current fiscal year, while surging 68.2% (average annual rate of 7.7%) since 2018-19. In the same period, Personal Income grew only 42.4%, or an annual average rate of only 5.2%.

Total state fund expenditures are now estimated at 9.3% of Personal Income in 2024-25, the same level as in the prior fiscal year and only marginally lower than the 9.4% peak level in 2023-24. In contrast, state spending of state funds was only at 7.9% in 2018-19, near the long-term, highly stable average of 7.7%.

General and Special Fund revenues, however, have grown at a slower rate than spending, dipping 1.5% in the January numbers over the fiscal year in 2024-25, and by an average annual rate of only 5.7% since 2018-19. This growth is still substantial, but well behind the 7.7% growth in spending, resulting in the current year deficit spending that has marked state budgets in recent years.

Structural Deficit

Source: Department of Finance

	Revenues	Outlays		Net
		Expenditures	*BSA*	
2024-25	$228.1	$237.7		-$9.6
2025-26	$230.4	$248.3	3.0	-$20.9
2026-27	$235.5	$258.9	3.0	-$26.5
2027-28	$241.9	$261.4	2.9	-$22.4
2028-29	$251.9	$272.2	2.8	-$23.1

New Wall of Debt

Source: LAO; US Treasury

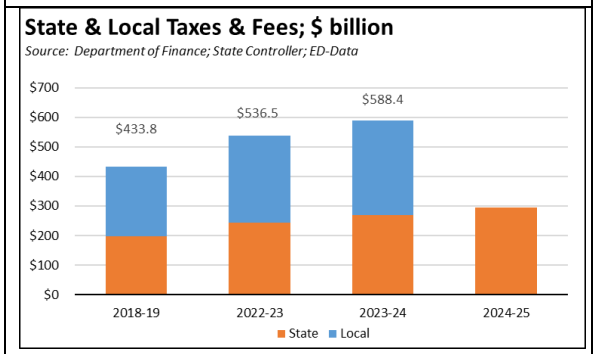
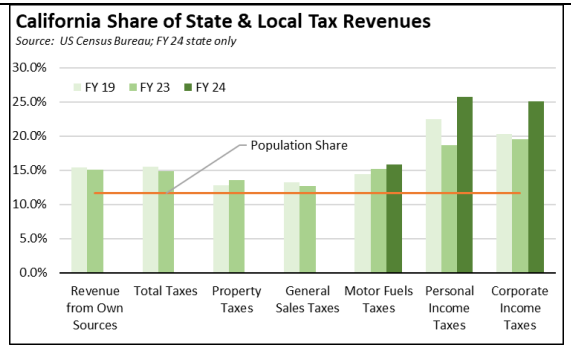
Existing	
Business tax credit limitation	$6.8
Proposition 98 maneuver (cash borrowing)	6.2
Special fund loansa	4.5
Medi-Cal maneuver (cash borrowing)	4.4
Proposition 98 settle up (2024-25)b	1.9
Payroll deferral	1.6
Special fund loans (Control Section 13.40)	1.5
Middle Class Scholarships arrears budgeting	1.1
University payment deferrals	0.3
Total	$28.3
Proposed in 2026-27 Governor's Budget	
Proposition 98 settle up (2025-26)	$5.6
LAO Total	$33.9
UI Fund (12/31/25)	$21.4
Grand Total	**$55.3**

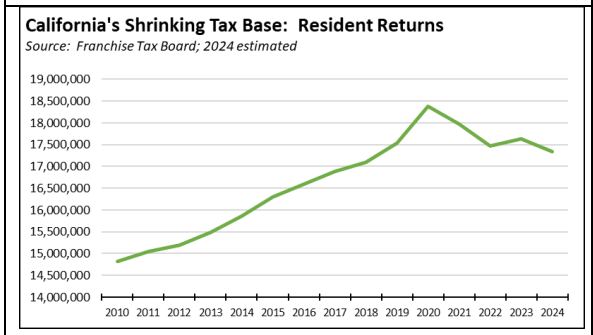
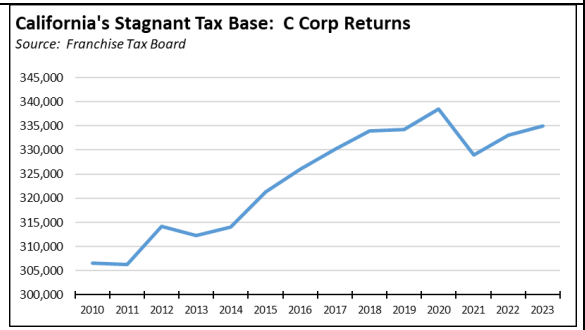
Debt Spending has been the preferred budget solution in recent years rather than adjustments to spending that has grown beyond the state resources. The state has relied primarily on budget and other reserves to support this imbalance. Even though current revenues are now indicating another temporary upswing that likely will make decisions easier this year, the state consequently is facing a sustained structural deficit.

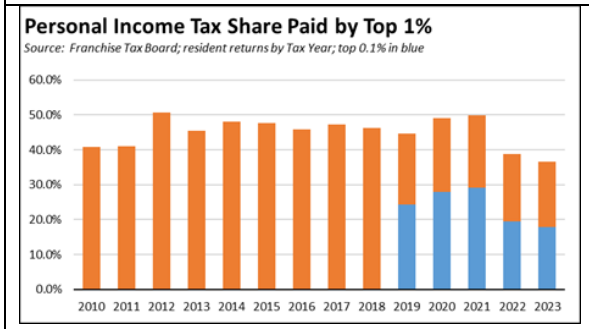
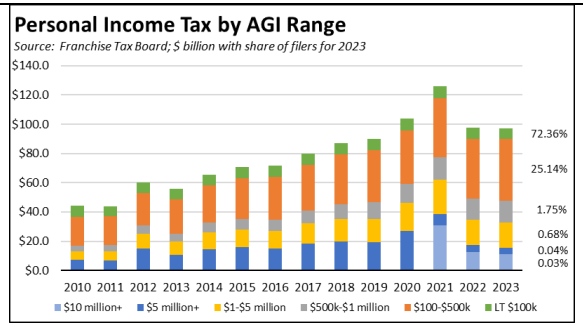
Using the Finance numbers from the January Proposed Budget, the structural deficit is headed towards an annual imbalance of $20 to $25 billion, while the LAO numbers instead place it higher at $30 to $35 billion. The recent surge in tech-related revenues is likely to change these numbers in the May Revise, but so too will current concerns over the core economic projections used to develop the January numbers.

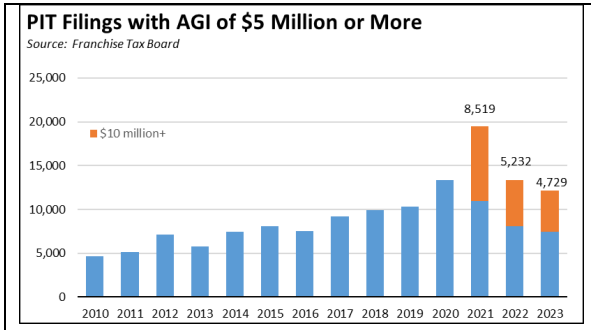
The other preferred option has been to increase budgetary debt, rebuilding Jerry Brown's "wall of debt" and further limiting options that will be available to the next governor and legislatures as these debts must be repaid.

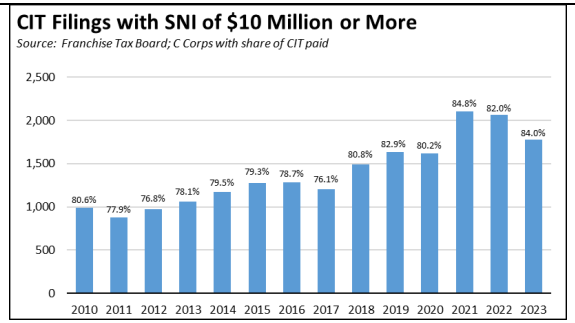
Also included in the table is the growing Unemployment Insurance debt. Unlike every state that has paid off their Covid-era debt including the use of federal

		funds provided specifically for this purpose, California's continues to rise. Between 7/1/21 and the end of 2025, the state's debt grew another $0.6 billion to $21.4 billion. Since then, the debt has grown another $0.5 billion in addition to annual interest payments now reaching $600 million. While employment taxes paid only by California employers are now increasing to pay off some of this debt, the likelihood of another economic downturn before this can happen likely means the state's fund will never become solvent.
		**Taxes & Fees** paid by households and employers are not limited to the state, but include a large range of local agencies as well. Total taxes and fees grew by 9.7% between 2022-23 and 2023-24, and 35.6% since 2018-19. State Controller has not yet updated the local government portion yet, but state taxes and fees grew by another 9.5% in 2024-25. California remains a high tax state. As one measure, Californians pay about 15% of all taxes paid to state and local governments in the US compared to its population share of 11.6%. This share varies by type of tax. The relative share of property tax is only somewhat higher at 13.5% in FY 23 due to the state's high property values. Income tax—both personal and corporate—generally come

		in at around a 20% share or nearly double its population share. Note that the personal income tax share in FY 23 is somewhat lower due to that being more of an outlier year. Markets were down compared to the prior year, and the state saw a higher level of tax migration in FY 22 as well. As a result, total state revenues in FY 23 were down 14%. The local portion is not yet available for FY 24, but the state data shows that California's share rebounded to 26% of all personal and 25% of all corporate income taxes. Adjusting for the few local governments that impose these taxes as well would lower the FY 24 results by only 1-2 percentage points. California's share of both income taxes is also likely to increase in subsequent years. To date, 21 states have been on a course to lower or eliminate income taxes since 2021.
		**Tax Base** for the state's primary revenue source has been dropping. In the estimate for Tax Year 2024, the total number of tax filers is down 5.7% from the peak in 2020, and is down 1.1% from 2019. The loss of just over 1 million tax filers reflects the state's overall trends in population and employment. While not dropping significantly, the number of C Corps returns essentially

		showed no growth since 2018. The number of total corporate filings has increased due to growth in the smaller S Corps following passage of the Pass-Through Entity Tax in 2021. But as discussed previously, the broader job base associated with the C Corps has shown little change.
		**Personal Income Tax** is expected to supply 62% of all general fund revenues in 2026-27, yet its potential to reach that level depends on an astonishingly small portion of the total tax base. The top 1% highest earners produce up to 50% all personal income tax payments, with the top 0.1% producing up to 30%. The amount of tax revenues the state receives each year relies on the financial outcome of only a few thousand taxpayers. As indicated in the second chart, the core base—filers with an AGI between $100,000 to $500,000—is relatively stable by paying 40% of the total. The revenue surge in Tax Year 2021 instead came from those with an AGI of $10 million or more. Revenues then fell in 2022 and 2023 when taxes from this small segment—only 0.03% of total taxpayers—fell.





High Earners, those with an AGI of $5 million or more, dropped following passage of the Proposition 30 higher tax rates in 2012. This group then began rising with the expansion in Tech after 2015, reaching its high point in 2021. This component of the tax base has since been dropping, with the total in 2023 only 1,348 higher than in 2019.

More critical is the number of taxpayers in the $10 million plus class, which Franchise Tax Board has been reporting since 2021. This group has fallen 45% since the peak in 2021. In 2021, these taxpayers paid 24.4% of all personal income tax; in 2022, 12.9%; and in 2023, 11.4%.

The fact that personal income tax is highly volatile and stratified is well known. Less discussed is the fact that corporation income tax is the same. In 2023, C Corps with net income of $10 million or more paid 84.0% of total CIT coming from this class, yet comprised only 0.5% (1,779) of the total tax filers. As with personal income tax, the number of high income filers has fallen since 2021, and was only 147 larger than the number in 2019.