

Report says California is the fourth-best state economy: Why isn't it first?

California has the fourth-best state economy in the nation, according to a new report.

Some might be wondering why the Golden State isn't at the top of Wallet Hub's annual ranking of state economies [walletHub.com/edu/states-with-the-best-economies/21697]. After all, last month California was declared the world's fifth-largest economy, boasting a gross domestic product larger than that of countries like the U.K., France and India, according to federal data.

Overall Rank (1 = Best)	State	Total Score	'Economic Activity' Rank	'Economic Health' Rank	'Innovation Potential' Rank
1	Washington	81.30	1	4	2
2	Utah	74.24	2	1	10
3	Massachusetts	73.02	4	23	1
4	California	70.75	3	32	3
5	Colorado	66.45	8	3	4
6	District of Columbia	58.81	7	7	17
7	Idaho	58.03	13	2	18
8	Oregon	57.37	12	21	7
9	Georgia	57.03	5	12	25
10	Texas	55.83	10	8	21

The reason is the personal finance website's ranking looks at more than GDP (California's is more than \$2.3 trillion) and is based on economic performance and strength in three key areas: economic activity, economic health and innovation potential. In each area, dozens of indicators were considered from GDP growth to startup and building permit activity to share of jobs in high-tech and at fast-growing firms to exports per capita (see the full list).

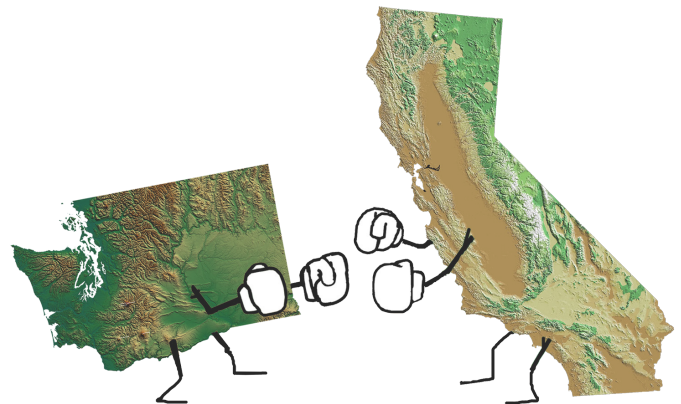
California was third in both innovation and economic activity.

"It's not that California isn't great," says Wallet Hub analyst Jill Gonzales on California's No. 3 spot for innovation. "But it's being outpaced by states such as Washington and Massachusetts."

The score that dragged California down to No. 4 overall was in economic health in which the state ranked 32nd.

"This looks at the unemployment rate, underemployment, change in payrolls, the uninsured population, population living in poverty and the foreclosure rate was also included," says Gonzales. "I think the problem for California when looking at its economy is you have a lot of areas where cities, especially throughout Southern California, are still recovering from bankruptcy and the great recession."

The top-ranking state economies were Washington (No. 1), Utah (No. 2), Massachusetts (No. 3), California (No. 4) and Colorado (No. 5).



State's with the worst economies were Arkansas (No. 47), West Virginia (No. 48), Alaska (No. 49), Mississippi (No. 50) and Louisiana (No. 51).

UNEMPLOYMENT

Region	May 2017	April 2018	May 2018	Percentage Point Change	
				1 month	12 months
San José–Sunnyvale MSA	3.1%	2.4%	2.3%	- 0.1	- 0.8
San Francisco MD	2.6%	2.1%	2.0%	- 0.1	- 0.6
California	4.4%	3.8%	3.7%	- 0.1	- 0.7
United States	4.1%	3.7%	3.6%	- 0.1	- 0.5

INDUSTRY EMPLOYMENT

Sector — May 2018	San Jose MSA	San Francisco MD	Combined Region	Percentage Change (Combined Region)	
				1 month	12 months
Total Nonfarm	1,127,800	1,134,100	2,261,900	+ 0.2%	+ 2.5%
Construction	51,400	39,000	90,400	- 0.1%	+ 2.6%
Manufacturing	171,800	39,300	211,100	+ 0.3%	+ 3.7%
Retail Trade	84,300	78,800	163,100	- 0.5%	- 1.2%
Information	90,300	79,000	169,300	- 0.5%	+ 8.1%
Professional & Business Services	232,600	284,700	517,300	+ 0.4%	+ 3.4%
Educational Services	50,100	29,000	79,100	+ 0.9%	+ 4.4%
Health Care & Social Assistance	126,100	111,800	237,900	+ 0.2%	+ 3.4%
Leisure & Hospitality	105,500	144,000	249,500	+ 1.1%	+ 2.0%
Government	99,000	131,700	230,700	+ 0.1%	+ 1.0%

NOTE: San José MSA (San José–Sunnyvale–Santa Clara Metropolitan Statistical Area) = Santa Clara and San Benito Counties
 San Francisco MD (San Francisco–Redwood City–South San Francisco Metropolitan Division) = San Mateo and San Francisco Counties

Source: California Employment Development Department, LMID

LABOR FORCE & ANNUAL CHANGE

Labor Force by Metropolitan Statistical Area (U.S. High-Tech Regions)

	LABOR FORCE			UNEMPLOYMENT			UNEMPLOYMENT RATE		
	May 2017	May 2018	Change	May 2017	May 2018	Change	May 2017	May 2018	Change
United States	159,729,000	161,539,000	+ 1.1%	6,837,000	6,065,000	- 11.3%	4.3%	3.8%	- 0.5
Austin, TX	1,149,397	1,188,870	+ 3.4%	34,409	32,871	- 4.5%	3.0%	2.8%	- 0.2
Boston, MA	2,688,443	2,795,358	+ 4.0%	91,510	85,741	- 6.3%	3.4%	3.1%	- 0.3
New York City, NY	4,229,700	4,225,200	- 0.1%	195,700	176,700	- 9.7%	4.6%	4.2%	- 0.4
Seattle, WA	1,643,700	1,686,300	+ 2.6%	62,200	63,000	+ 1.3%	3.8%	3.7%	- 0.1
California	19,213,300	19,266,000	+ 0.3%	846,600	711,500	- 16.0%	4.4%	3.7%	- 0.7
San Diego	1,573,900	1,578,200	+ 0.3%	58,200	45,200	- 22.3%	3.7%	2.9%	- 0.8
San Francisco	1,011,600	1,014,000	+ 0.2%	26,500	20,400	- 23.0%	2.6%	2.0%	- 0.6
San José	1,060,400	1,072,800	+ 1.2%	32,600	25,000	- 23.3%	3.1%	2.3%	- 0.8
<i>NOVA Region</i>	<i>775,300</i>	<i>780,600</i>	<i>+ 0.7%</i>	<i>20,000</i>	<i>15,400</i>	<i>- 23.0%</i>	<i>2.6%</i>	<i>2.0%</i>	<i>- 0.6</i>

NOTE: Totals may not add correctly due to rounding

Source: California Employment Development Department, LMID

REGIONAL LAYOFF ACTIVITY

May 2018 Events

Company	Location	# Affected
Aaron Brothers Art & Framing	Colma	11
Cheesecake Factory	Palo Alto	140
Pathways Continuous Care	Sunnyvale	116
Toys 'R' Us / Babies 'R' Us	Multiple cities	165
Veritas Technologies	Mountain View	4
Total		436

WARN SUMMARY

Events YTD [†] :	70
Individuals Affected YTD :	5,500
Individuals Previous YTD [‡] :	6,200

* **WARN: Worker Adjustment and Retraining Notification**
 (notice of mass layoff or closure)

† **YTD: Year to Date**
 (Program year: July 1–June 30)

‡ **Previous YTD:**
 (Same date range as YTD, one year prior)

NOTE: Layoff data are preliminary and should be considered an estimate of monthly regional activity

Source: NOVA's internal Rapid Response database