The Council of State Governments’ Midwestern Legislative Conference

The Council of State Governments (CSG) has served state government officials from all 50 states and the territories since 1933. As the only nonpartisan, nonprofit association representing all three branches of state government, CSG is committed to helping implement the best policy solutions and ideas. CSG advocates multi-state problem solving, highlights policy trends and innovations in state government, provides leadership training and support, and champions state sovereignty. CSG is supported by the states and governed by their officials. It has a national office in Lexington, Ky., and regional offices in Atlanta, Lombard (Ill.), New York, and Sacramento, Calif. The regional structure of CSG allows the organization to tailor services to the specific concerns of policymakers representing different parts of the United States.

CSG Midwest provides secretariat services for the Midwestern Legislative Conference (MLC). Established in 1945, the MLC promotes regional, interstate cooperation and facilitates the exchange of information and ideas among the legislatures of 11 Midwestern states: Illinois, Indiana, Iowa, Kansas, Michigan, Minnesota, Nebraska, North Dakota, Ohio, South Dakota and Wisconsin. The Canadian provinces of Manitoba, Ontario and Saskatchewan are affiliate members of the MLC. Through its meetings, publications and policy work, the MLC provides lawmakers and their staff with a variety of opportunities to learn from each other by sharing best practices and innovative solutions to common problems. Over the years, the MLC has addressed numerous issues ranging from agriculture, fiscal affairs and economic development to health care, education and the environment. The MLC has also played a key role in launching several regional cooperative efforts, including the Midwestern Higher Education Compact and the Midwestern Interstate Passenger Rail Compact.

GrowthEconomics Inc.

GrowthEconomics Inc. focuses its work on the growth dynamics of states and regions. Founder and president Dr. Graham S. Toft provides assistance to state leaders striving to grow their economies through entrepreneurship, innovation development and various pro-growth strategies. To that end, GrowthEconomics prepares annual state Competitiveness ScoreCards for chambers of commerce in several states. Also, the GrowthEconomics team prepares an Entrepreneurship ScoreCard in collaboration with the Small Business Foundation of Michigan. Other specialty benchmarking reports have included an Indiana Technology Index for TechPoint, Indiana’s technology industries alliance. The GrowthEconomics team works out of Florida, Indiana and Ireland. Dr. Toft has more than 20 years of experience in preparing state benchmarks and competitiveness assessments. He also has strong ties to the Midwest, including his 13-year tenure (1989-2002) as president of the Indiana Economic Development Council. Along with team member Dr. Nadine Jeserich, who resides in Ireland, Dr. Toft draws on state-of-the-art methods from both the U.S. and Europe.

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In Search of Growth: 
An Economic Checkup of the Midwestern States

A report of the Resurgent Midwest, Insurgent Growth Initiative

The Midwestern Legislative Conference
of
The Council of State Governments

and

GrowthEconomics Inc.

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A Letter from the Chair of the Midwestern Legislative Conference

The Midwest has been hit especially hard by the recent national economic downturn. Though signs of recovery are now apparent across the region, all indications are that the process will be a long one. The impact of recent job losses and manufacturing declines has been most acute in the region's more largely populated industrial states and provinces, but none of our constituencies are immune to the challenges of high unemployment and economic uncertainty.

These challenges are not just the result of the recent recession. The winds of economic change have been blowing for some time, and the forces at work across the Midwest suggest the need for long-term strategic thinking about the region's future, not just a short-term focus on immediate recovery.

What will the Midwestern economy look like in 10 or 20 years? What will the transition to a more knowledge-based economy mean for the region's workforce? How might the Midwestern states best position themselves to take full advantage of the region's unique assets and competitive advantages?

These are some of the key questions that legislators and other policymakers throughout the Midwest will need to grapple with as the transformation of our region's economy continues. They are also among the critical issues that the Midwestern Legislative Conference (MLC) of The Council of State Governments is exploring in 2010. This report, which is part of the MLC Economic Development Committee’s Resurgent Midwest, Insurgent Growth Initiative, represents an important step in the effort to foster a productive dialogue about the Midwest's economic future. The goal of this report is to shed new light on the economic performance of the Midwestern states in hopes of identifying those strengths, weaknesses, vulnerabilities and opportunities that need to be factored into future growth strategies.

Our hope also is that this report will serve as a useful tool in support of collaborative efforts by the MLC’s member states and provinces to secure a strong economic future for the North American heartland.

Steve Buehrer
Ohio Senate Majority Whip
2010 Chair of the Midwestern Legislative Conference
A Letter From the Co-Chairs of the Midwestern Legislative Conference Economic Development Committee

As policymakers, we constantly strive to better understand our state economies and how to ensure growth and prosperity for our communities and citizens. This task, however, is not an easy one. While we know that our bottom-line economic development goals are to grow jobs and businesses and increase income levels and worker productivity, finding the right mix of policy strategies to reach these objectives is a challenge. Part of that challenge is understanding how our states are performing on the factors that either contribute to or detract from long-term, sustained economic growth.

Gaining this understanding can be tricky, particularly during turbulent economic periods such as the one we’ve experienced the past couple of years. Yet it is crucial — and imperative — for us to seek out the answers and information that help us make decisions that put our states on a path toward economic growth and prosperity.

That is why we are proud to be serving as co-chairs of the Midwestern Legislative Conference Economic Development Committee, which is releasing this report as part of the first phase of the Resurgent Midwest, Insurgent Growth Initiative.

The information and assessments in this report will help policymakers gain a better understanding of the economic strengths and weaknesses of individual states and the region as a whole. It also will help us make better sense of the myriad economic benchmarking and ranking reports that come across our desks on a regular basis.

Parts of the Midwest have been hit particularly hard by the national recession. And fighting our way back to a position of economic strength will not be easy — there are no quick fixes. We hope this report sheds new light on the economic challenges that lie ahead for our region and that, with this new understanding, we can begin to take the policy steps necessary to position our states and the Midwest for future growth — and to reclaim our role as national economic leaders.

Ted Celeste
State Representative
Ohio

Mike Vehle
State Senator
South Dakota
Resurgent Midwest, Insurgent Growth Initiative

With abundant agricultural resources and a vibrant manufacturing sector, the Midwest served as the economic engine of the entire nation in the post-war era. But as technological advances and global factors transformed and diversified the national economy, the region's economic supremacy began to wane.

The Midwest in recent years has struggled to keep pace economically with other parts of the country, especially the West and South. Increased global competition is another economic challenge for the region. Some Midwestern communities and states that were once economic leaders of the United States now lead the nation on indicators of economic hardship. The region's challenges to compete with the rest of the nation, as well as globally, have only been exacerbated by the latest recession and automobile-industry downturn.

The Resurgent Midwest, Insurgent Growth Initiative was created to help the region's policymakers understand the factors that contribute to economic growth. The title itself speaks to the belief that there can be an economic resurgence in this region, akin to that experienced in the post-war era.

Since the first energy crisis of the early 1970s, only two Midwestern states have gained in per capita income relative to the United States — Minnesota and South Dakota. This region has the potential to do better. While the economic environment has changed, the Midwest still has valuable assets: remarkable industrial technology, rich farmland, plentiful water resources and abundant human talent. These assets can help the region emerge again as a global economic powerhouse.

The initiative's title reveals how a regional economic resurgence can occur — through growth from within the states themselves. It is true that external investment and federal aid will continue to be important. But a 1997 study by the Federal Reserve Bank of Chicago provides valuable insight into how the Midwest transforms under stress. That study examined how the region recovered from the back-to-back recessions of 1980 and 1982. According to the study, the Midwest's turnaround in the 1980s and 1990s was the result of increased innovation and improved productivity in its mainline industries, particularly agriculture and manufacturing. That is, firms found ways to do things better, faster and less expensively. The perspective of the Resurgent Midwest, Insurgent Growth Initiative is in line with these findings. The goal of this initiative is to help the region's state policymakers understand the role of productivity, innovation and entrepreneurship as key drivers of economic success.

Midwestern State Economic Checkups: The Dashboards and Report Cards

This report is the result of the first phase of the Resurgent Midwest, Insurgent Growth Initiative. It provides policymakers with a “checkup” on the economic performance of 12 Midwestern states. Our goal is to help leaders better understand what is helping or hindering economic growth and competitiveness in their states.

The concept for the initiative took shape just as U.S. economic conditions were worsening. Now more than ever before, policymakers need the complete story of their state's economy. As states continue to struggle to rebound from the worst economic downturn since the Great Depression, our hope is that state leaders can use the information in this report as they make critical policy decisions in their search for real, sustainable growth.

The report's assessment of recent state economic performance is presented in two parts. The first section provides a “dashboard” of long- and short-term economic trends for each state using recent monthly and quarterly data. The second section is a compilation and analysis of the various benchmarking reports and report cards that assess states based on a number of economic measures.
How the Midwest Is Doing

As the data for this report were being assembled in the early months of 2010, it was unclear how the nation and the Midwestern states would recover following the 2007-2009 recession. Growth has been about half that expected during the recovery phase of a business cycle, and high jobless rates have been particularly troubling. Just as unemployment numbers tend to remain stubbornly high after a recession, state fiscal stress tends to linger long after a national economic downturn formally ends. The economic and fiscal health of the Midwestern states is of particular concern because parts of this region have been disproportionately affected by a major restructuring in the industrial sector, most notably the automobile sector.

### Economic and Fiscal Conditions in the Midwestern States

<table>
<thead>
<tr>
<th>State</th>
<th>Economic Distress Ranking March 2010 (1)</th>
<th>Fiscal Stress Ranking July 2009 (2)</th>
<th>Stage in Business Cycle May 2010 (3)</th>
<th>Month of Recovery (3)</th>
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</thead>
<tbody>
<tr>
<td>Illinois</td>
<td>35</td>
<td>41</td>
<td>Recession</td>
<td></td>
</tr>
<tr>
<td>Indiana</td>
<td>10</td>
<td>18</td>
<td>Recovery August 2009</td>
<td></td>
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<tr>
<td>Iowa</td>
<td>14</td>
<td>2</td>
<td>Recovery August 2009</td>
<td></td>
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<tr>
<td>Kansas</td>
<td>24</td>
<td>15</td>
<td>Recovery May 2010</td>
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<tr>
<td>Michigan</td>
<td>42</td>
<td>47</td>
<td>Recession</td>
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<tr>
<td>Minnesota</td>
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<td>18</td>
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<td>22</td>
<td>Recovery August 2009</td>
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<tr>
<td>Nebraska</td>
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<td>North Dakota</td>
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<td>Recovery August 2009</td>
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<td>Recovery April 2010</td>
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<tr>
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<td>12</td>
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<td>Recovery August 2009</td>
<td></td>
</tr>
<tr>
<td>Wisconsin</td>
<td>27</td>
<td>41</td>
<td>Recovery April 2010</td>
<td></td>
</tr>
</tbody>
</table>

*Rank 1 = Lowest economic distress or fiscal stress*

Source:


2. Pew Center on the States, “Beyond California: States in Fiscal Peril”: The score indicates how similar or dissimilar a state’s fiscal condition is to that of California. Using indicators chosen to gauge California’s fiscal condition, Pew collected data for all 50 states and then ranked each state based on the results. Scores are based on the following: change in revenue; budget gap as a percentage of general funds; change in unemployment; foreclosure rate; whether a supermajority legislative vote is required to raise revenue or ratify budgets; and the “Money” grade from the Pew Center on the States’ Government Performance Project, which assesses how well states are managing their fiscal affairs. http://downloads.pewcenteronthestates.org/Beyond_California_Appendix.pdf


This table summarizes recent economic and fiscal conditions in the Midwest. According to the Moody’s Economy.com Adversity Index, as of May 2010, most states in the Midwest (with the exceptions of Illinois, Michigan and Minnesota) were no longer in a recession and were in an economic “recovery” phase. Not surprisingly, economic distress and fiscal stress go hand-in-hand in most states. The table’s rankings also underscore how much better the western part of the Midwest is faring economically and fiscally compared to the eastern half. (Indiana is an exception to this general trend.)
**Long-Term Trends in the Midwest: Jobs, Income and Prosperity in the Midwest**

The following economic measures, which are also included in each state's Dashboard Section, provide a snapshot of how the Midwest is performing relative to the rest of the nation.

**Long-Term Private Employment**

Private sector jobs are the building blocks of state economic prosperity. While total employment counts are helpful, trends in private sector employment better capture the strength of a state's economy. This graph of long-term private job growth shows the Midwest's trends relative to U.S. trends. The data are indexed to private sector employment in 1970.

![Trend in Total Private Jobs, 1970 - 2008 (1970=100)](chart)

Source: Bureau of Economic Analysis

For the past four decades, the Midwest has lagged behind the U.S. on this indicator of private job creation.
Long-Term Per Capita Income in Relation to U.S. Per Capita Income

Per capita income is the simplest, most widely understood measure of economic progress. It is a good proxy for wealth creation. Income includes earned, investment and pension income, as well as transfer payments such as Social Security. Per capita disposable income shows the amount of income available for spending or saving. It is gross income minus tax payments. This graph shows trends in the region’s per capita disposable income in relation to U.S. per capita disposable income. Therefore, it shows the level of wealth creation in the region relative to the nation as a whole.

![Graph showing Midwest Average Per Capita Disposable Income As Percent of U.S., 1958 – 2008](image)

Along with lagging in private job creation, the Midwest falls short on this economic indicator. Average per capita disposable income in this region has been below the U.S. average for much of the past four decades.

State Economic Prosperity Index

Income is only one measure of overall prosperity. The State Economic Prosperity Index provides a more comprehensive measurement. It is GrowthEconomics’ composite measure of prosperity. The region’s score is based on several measures of income and wealth: earnings per job, income from rents/investments, proprietor income, percent of the population with a sustainable income (defined as at least twice the federal poverty level), long-term unemployment, and state and local tax burden. The score of 100 represents the median U.S. state.

![Graph showing State Economic Prosperity Index - Score Performance, 2004 - 2008](image)

The Midwest’s score on this measurement is close to the U.S. median.
State Economic Growth Index

The State Economic Growth Index reflects recent changes in the State Economic Prosperity Index. By capturing these recent changes, the State Economic Growth Index shows whether a state has been gaining or losing in relation to other states on key measures of economic prosperity.

Changes in the State Economic Prosperity Index show that the region was losing ground economically between 2004 and 2006. Between 2006 and 2008, though, the score for the Midwest improved.

Summary of Report Cards: Message for the Midwest

What can be concluded about the region as a whole from the report cards compiled for each of the Midwestern states? Overall, the Midwest's economic performance and growth has been below average relative to the nation's. However, there are strengths for the region to build upon. For example, most states in the Midwest do well on measurements comparing the quality of state education systems and the workforce. Furthermore, while the business climate varies widely from state to state, much of the Midwest can count this as a competitive strength (particularly in areas such as “the cost of doing business” and “legal climate”).

The report cards, though, also highlight regional shortcomings. To achieve long-term economic growth and competitiveness, states in the Midwest would be well-served to focus on the following: improving access to capital, strengthening competitiveness in the technology sector, promoting and nurturing entrepreneurial activity, and increasing international business activity.

Next Steps for the Initiative

The Resurgent Midwest, Insurgent Growth Initiative was conceived as a three-phase project, the first of which is this report. The next two phases will further explore state economic competitiveness through: (1) the design and creation of entrepreneurial and business-dynamism scorecards, and (2) the examination of key economic drivers that contribute to growth. The second and third phases will include concrete policy strategies for legislators, governors and others to consider when crafting economic growth strategies for their states.

The entrepreneurial and business-dynamism scorecards will focus on how states can foster innovation, entrepreneurship, industry clusters and peer learning among businesses. These scorecards will provide leaders with a balanced assessment of their state. Is it a place where businesses want to locate or relocate? Does it have a business climate that promotes entrepreneurship and helps in-state companies grow? This phase of the project will include a checklist of policy issues for states to consider as they seek to upgrade their entrepreneurial economies.
The third phase of the initiative will be designed to help policymakers answer key questions about economic growth policy. Which of all the metrics that they see reported are the most important to watch? Which will tell leaders that they are on the right track? Which point to transformational activity that will lead to a stronger, healthier economy in the long term?

This part of the initiative will include a list of about a dozen key economic indicators for policymakers to watch. The analysis will include an assessment of how each state performs on these indicators, as well as a policy checklist to consider in designing a pro-growth legislative agenda.

Conclusions and Next Steps for Policymakers

The recent national recession has taken a significant toll on the economy of many Midwestern states and communities. Will the region bounce back much like it has after past recessions? This is far from a guarantee. In fact, concerns remain about the possibility of a “double dip” national recession, “rolling regional recessions” (a sequence of regional economic contractions) or an extended economic “drag” due to high unemployment numbers.

In short, this economic recovery could play out quite differently than recoveries of the past. As a result, state leaders may want to keep a closer eye on the trends that we highlight in the Dashboard section of the report. We hope these trends provide valuable information to leaders as they look to craft policy solutions that address their own states’ fiscal and economic challenges. State-level solutions become even more imperative when there is such uncertainty about the future of the national economy.

This first report of the Resurgent Midwest, Insurgent Growth Initiative is intended to help policymakers gain a better understanding of the economic performance and competitiveness of their states and the Midwest. We hope, too, that the region’s decision-makers are able to use this information in determining the impact of various state policies on economic growth.

This report does not answer all the questions as to why a state has trended in one particular direction or another. In fact, some of the data may result in more questions than answers. Some of the information that would reveal the reasons for the trends simply is not available through this kind of state-by-state examination. Policymakers are encouraged to have their state economists and fiscal analysts help uncover the story behind these trends. For example, during the 2007-2009 recession, why did the pool of available workers shrink noticeably in some Midwestern states, such as Indiana and Wisconsin, and not shrink in others, such as Kansas and Minnesota? What are the demographics of those who have left the labor force versus those who are unemployed and still looking for work?

This report includes extensive profiles of each of the 12 Midwestern states so that legislators and key decision-makers can gain a comprehensive understanding of their individual state’s economic conditions. But there are also some conclusions that can be reached about the Midwest as a whole.

Conclusion 1: This has been no ordinary recession for the Midwest. Transformational change is at work, so there will not be a return to “business as usual” even if there are some signs of economic recovery.

Conclusion 2: Recovery, then expansion, will likely be slow, necessitating long-term, persistent growth strategies for each state. At the same time, these strategies need to be flexible enough to adapt to unpredictable, fast-moving economic conditions.
Conclusion 3: State growth and fiscal policies are two sides of one coin.

Conclusion 4: The Midwestern states do not have a tradition of collaboration on economic growth policies. Now might be the time. Here are some areas in which the states might consider working together: creating a regional brand, promoting technological innovation, fostering entrepreneurship, increasing international business activity and coordinating workforce strategies.

The Dashboard and Report Card sections of this report show that each state has a unique set of economic strengths and vulnerabilities. Given this variation, each state must develop individual economic growth strategies. However, there are enough commonalities among states in the Midwest to suggest that interstate cooperation would be beneficial in some instances.
Section 1: State Economic Dashboards
The state-by-state dashboards examine long- and short-term trends related to state economic growth. This section demonstrates how each state has been performing on key economic growth measures: per capita income, earnings, labor force and employment trends, state tax revenue, and prosperity and growth indices.

The dashboard helps policymakers better understand their state’s economic performance relative to the region and the nation.

The dashboards use trends data that are generally no more than three quarters behind the time of data collection (in this case, early 2010). The availability of timely state-level data is sometimes limited. However, sufficient data are available to provide useful information on recent economic conditions. We rely on the graphs and tables to tell the economic stories of each state; only brief interpretations are provided.
Illinois Economic Dashboard

**Illinois at a Glance**

Population, 2009 est. (change from 2000) 12,910,409 (+4.0%)
Towns with populations of more than 10,000 217
Median age, 2008 36.0
Percent of people age 25+ with bachelor’s degree or higher (2007) 29.5%
Percent change in foreclosures, Jan. 2009-Jan. 2010 25.4%
Unemployment rate May 2010
  - May 2009 10.0%
  - 2009 10.1%
Per capita personal income, 2009 (change from 2008) $41,411 (-2.7%)
State GDP per job, 2008 $82,757
Top five largest industries (by percent GDP) in the state, 2008
  1. Real estate, rental and leasing
  2. Government
  3. Professional and technical services
  4. Finance and insurance
  5. Durable goods manufacturing
Largest contributor to real GDP growth, 2008 Professional and technical services

Sources: U.S. Census Bureau; U.S. Bureau of Economic Analysis; RealtyTrac

**Long-Term Trends: Jobs, Income and Prosperity**

**Long-Term Private Employment**

*Why Important*

Private sector jobs are the building blocks of state economic prosperity. While total employment counts are helpful, trends in private sector employment better capture the strength of a state’s economy. This graph of long-term private job growth shows the state’s trends relative to U.S. trends. The data are indexed to private sector employment in 1970.

*What It Means*

Illinois has not kept pace with the U.S. in private job creation over the last three decades. In short, Illinois has been experiencing a long-term economic malaise.
State Economic Prosperity Index

**Why Important**
Income is only one measure of overall prosperity. The State Economic Prosperity Index provides a more comprehensive measurement. It is GrowthEconomics’ composite measure of prosperity. The state’s score is based on several measures of income and wealth: earnings per job, income from rents/investments, proprietor income, percent of the population with a sustainable income (defined as at least twice the federal poverty level), long-term unemployment, and state and local tax burden. The score of 100 represents the median U.S. state.

**What It Means**
Overall, this measurement of wealth and prosperity shows that Illinois remains above the median for the U.S. and the Midwest.

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Long-Term Per Capita Income as a Percent of U.S. Per Capita Income

**Why Important**
Per capita income is the simplest, most widely understood measure of economic progress. It is a good proxy for wealth creation. Income includes earned, investment and pension income, as well as transfer payments such as Social Security. Per capita disposable income shows the amount of income available for spending or saving. It is gross income minus tax payments. This graph shows trends in the state’s per capita disposable income in relation to U.S. per capita disposable income. Therefore, it shows the level of wealth creation in the state relative to the nation as a whole.

**What It Means**
Illinois has steadily lost ground in per capita disposable income, with the lone exceptions being temporary gains in the mid-1970s and 1990s. However, per capita disposable income in Illinois remains above the U.S. average.
**Recent Income Trends**

### Recent Net Earnings Trends

#### Why Important

The graph shows net earnings (gains/losses) of those who live in Illinois and compares them to the nation as a whole. This measure of earnings is an indication of how well workers in the state are compensated for their labor and whether they are experiencing gains or losses in compensation. It is the best measure of worker earnings that does not include non-labor income, such as rents, interest and capital gains. Data in the graph are indexed to net earnings in the third quarter of 2007.

#### What It Means

**Recent Job Trends**

**Private Employment**

**Why Important**
As stated earlier in this section, private sector jobs are the building blocks of state economic prosperity. These two charts show recent trends on this critical economic indicator.

**What It Means**
The number of private employment jobs fell by 225,000 between 2008 and 2009. Also, the most recent data show that the rate of the year-over-year decline in private employment in Illinois is greater than the U.S. and Midwestern rates.

**Breadth of Job Creation**

**Why Important**
The percentage of businesses creating jobs is a good measure of the job-creating dynamism of a state’s economy. We refer to this as the “breadth of job creation.” In good economic times, between 30 percent and 32 percent of all businesses are creating jobs in any given quarter. This graph compares Illinois over time with the best-performing state (Wyoming) and the worst-performing state (Florida).

**What It Means**
Even in the 1990s, the breadth of Illinois job creation was not good. In early 2000, Illinois’ numbers began to worsen, reaching levels near those of the worst-performing state, Florida.
Recent Unemployment and Labor Force Participation Trends

Why Important
To get a handle on the employment picture for a state, we need to know more than just how many jobs there are. Changes in the size of the labor force (total number of people employed and unemployed), unemployment rates and under-employment rates are critical indicators as well.

The Labor Force

What It Means
Despite a tough period economically, the Illinois labor force has grown for most of the decade. And while the state had approximately 125,000 more workers in late 2009 than during the last peak in 2001, Illinois experienced heavy labor force losses in 2008.

Total Unemployment and Unemployment Rates

What It Means
There was a spike in the number of unemployed residents in Illinois during the last few years of the past decade: Approximately 230,000 more people reported being jobless in late 2009 than during the state’s last unemployment peak, in late 2003.

What It Means
Illinois’ unemployment rate rose to 11.9 percent in April 2010, well above the national average of 9.6 percent. The state’s unemployment rate in April 2009 was 9.6 percent. This increase, along with less of a decline in labor force participation, indicates that people have not given up on pursuing work, despite tough conditions in the labor market. (Labor force numbers include both the employed and unemployed; an individual who is no longer looking for work is not counted in the labor force.)
Under-Employment Differential
(The under-employment differential is the percentage of people who want to/are available to work full-time but have settled for part-time employment.)

**What It Means**
Between 2007 and late 2009, the under-employment differential nearly doubled in Illinois. Underemployment poses personal and family anguish as well as overall state economic stress. However, this level of under-employment also indicates that there will be a pool of labor talent available for immediate hire as the economy recovers.

**Recent Economic Activity vs. Tax Revenue**
**Tax Revenue Growth Compared to Economic Growth**

**Why Important**
One issue of central importance to businesses and state leaders in times of economic downturn is this: What taxing capacity does the state have to address budget shortfalls without jeopardizing economic recovery? This chart provides a combined picture of recent tax revenue and economic activity in the state. It is based on data from the Federal Reserve Bank of Philadelphia’s State Coincident Index and the U.S. Census Bureau.

**What It Means**
During the eight quarters examined in this graphic, the Illinois Coincident Index declined more dramatically than the 50-state composite, an indication of the state’s economic woes. Illinois’ tax revenue growth began to decline at the end of 2008, mirroring the 50-state trend until mid-2009. In mid-2009, the 50-state tax revenue composite began to rise while Illinois tax revenue growth rate continued to decline. In addition, the chart shows a widening gap between the state’s year-over-year decline in tax revenues and the year-over-year decline in economic activity.

Note: The State Coincident Index includes four indicators: nonfarm payroll employment, the unemployment rate, average hours worked in manufacturing, and wages and salaries. The trend for each state’s index is set to match the trend for gross state product. Quarterly numbers are the average of the underlying three-month indices. The 50-state trend is the average across all states.
Indiana Economic Dashboard

Long-Term Trends: Jobs, Income and Prosperity

Long-Term Private Employment

Why Important
Private sector jobs are the building blocks of state economic prosperity. While total employment counts are helpful, trends in private sector employment better capture the strength of a state’s economy. This graph of long-term private job growth shows the state’s trends relative to U.S. trends. The data are indexed to private sector employment in 1970.

What It Means
Indiana has not kept pace with the U.S. in private job creation for over three decades. In particular, its private job growth was considerably slower between 2004 and 2008.

Indiana at a Glance

Population, 2009 est. (change from 2000) 6,423,113 (+5.6%)
Towns with populations of more than 10,000 78
Median age, 2008 36.7
Percent of people age 25+ with bachelor’s degree or higher (2007) 22.1%
Percent change in foreclosures, Jan. 2009-Jan. 2010 1.45%
Unemployment rate May 2010
May 2009 10.0%
2009 10.1%
Per capita personal income, 2009 (change from 2008) $33,725 (-2.4%)
State GDP per job, 2008 $68,545
Top five largest industries (by percent GDP) in the state, 2008
1 Durable goods manufacturing
2 Government
3 Nondurable goods manufacturing
4 Real estate, rental and leasing
5 Health care and social assistance
Largest contributor to real GDP growth, 2008 Durable goods manufacturing

Sources: U.S. Census Bureau; U.S. Bureau of Economic Analysis; RealtyTrac

Trend in Total Private Jobs, 1970 - 2008 (Data Indexed to 1970)

Source: Bureau of Economic Analysis
**State Economic Prosperity Index**

**Why Important**

Income is only one measure of overall prosperity. The State Economic Prosperity Index provides a more comprehensive measurement. It is GrowthEconomics’ composite measure of prosperity. The state’s score is based on several measures of income and wealth: earnings per job, income from rents/investments, proprietor income, percent of the population with a sustainable income (defined as at least twice the federal poverty level), long-term unemployment, and state and local tax burden. The score of 100 represents the median U.S. state.

**What It Means**

Overall, Indiana’s score on this measurement of wealth/prosperity remains below the medians for both the U.S. and the Midwest.

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**Long-Term Per Capita Income as a Percent of U.S. Per Capita Income**

**Why Important**

Per capita income is the simplest, most widely understood measure of economic progress. It is a good proxy for wealth creation. Income includes earned, investment and pension income, as well as transfer payments such as Social Security. Per capita disposable income shows the amount of income available for spending or saving. It is gross income minus tax payments. This graph shows trends in the state’s per capita disposable income in relation to U.S. per capita disposable income. Therefore, it shows the level of wealth creation in the state relative to the nation as a whole.

**What It Means**

Indiana has lost ground in per capita disposable income since the 1950s, with only temporary improvements seen in the early 1990s. The drop below 90 percent since 2005 is particularly troubling.
### Recent Income Trends

#### Recent Net Earnings Trends

**Why Important**

The graph shows net earnings (gains/losses) of those who live in Indiana and compares them to the nation as a whole. This measure of earnings is an indication of how well workers in the state are compensated for their labor and whether they are experiencing gains or losses in compensation. It is the best measure of worker earnings that does not include non-labor income, such as rents, interest and capital gains. Data in the graph are indexed to net earnings in the third quarter of 2007.

**What It Means**

From mid-2008 to late 2009, Indiana’s net earnings have been declining faster than U.S. net earnings.
Recent Job Trends
Private Employment

What It Means
Compared with 2008, private employment in Indiana in 2009 was down approximately 125,000 jobs. Also, the year-over-year decline in the rate of private employment is currently greater than that of the U.S. and the Midwest.

Why Important
As stated earlier in this section, private sector jobs are the building blocks of state economic prosperity. These two charts show recent trends on this critical economic indicator.

Breadth of Job Creation

What It Means
In the 1990s, Indiana was doing well, keeping up with U.S. state leaders such as Wyoming. However, in terms of job creation, Indiana began to falter in early 2000. It experienced a significant drop-off in private jobs during the 2007-09 recession.

Why Important
The percentage of businesses creating jobs is a good measure of the job-creating dynamism of a state’s economy. We refer to this as the “breadth of job creation.” In good economic times, between 30 percent and 32 percent of all businesses are creating jobs in any given quarter. This graph compares Indiana over time with the best-performing state (Wyoming) and the worst-performing state (Florida).
Recent Unemployment and Labor Force Participation Trends

Why Important
To get a handle on the employment picture for a state, we need to know more than just how many jobs there are. Changes in the size of the labor force (total number of people employed and unemployed), unemployment rates and under-employment rates are critical indicators as well.

The Labor Force

Size of Indiana Labor Force 1999 - 2009

![Graph showing the size of the Indiana labor force from 1999 to 2009 with recession years highlighted.]

The pool of workers in Indiana shrank considerably during the recent national recession. Approximately 140,000 workers have left the labor force since it peaked in January 2009. In 2009, labor force numbers fell below what they were in the late 1990s.

Total Unemployment and Unemployment Rates

What It Means
The number of unemployed workers rose in 2008-09 and was nearly twice the number of unemployed workers that there were after the 2001 recession.

![Graph showing the total number of unemployed residents in Indiana from 1999 to 2009 with recession years highlighted.]

What It Means
Indiana’s unemployment rate was 10.0 percent in April 2010, just above the national average of 9.9 percent. In looking at trends in unemployment and labor force participation, there appears to be a high number of discouraged workers in Indiana. (Individuals who have given up on looking for a job are not counted as unemployed and are not counted in the labor force.)

![Graph showing the Indiana unemployment rate from 1999 to 2009 with recession years highlighted.]

Under-Employment Differential
(The under-employment differential is the percentage of people who want to/are available to work full-time but have settled for part-time employment.)

What It Means
Between 2007 and late 2009, the under-employment differential nearly tripled. Under-employment poses personal and family anguish as well as overall state economic stress. However, this level of under-employment also indicates that there will be a pool of labor talent available for immediate hire as the economy recovers.

Recent Economic Activity vs. Tax Revenue
Tax Revenue Growth Compared to Economic Growth

Why Important
One issue of central importance to businesses and state leaders in times of economic downturn is this: What taxing capacity does the state have to address budget shortfalls without jeopardizing economic recovery? This chart provides a combined picture of recent tax revenue and economic activity in the state. It is based on data from the Federal Reserve Bank of Philadelphia’s State Coincident Index and the U.S. Census Bureau.

What It Means
During the time period examined in this graphic, the annual change in the Indiana Coincident Index has declined gradually, in line with the 50-state composite of economic activity. In 2009, the decline appears to have accelerated, indicating the state’s economic malaise is likely to continue. During the period examined in the graph, declines in Indiana tax revenue have been steeper than the decline in the state’s economic activity.
Iowa Economic Dashboard

Iowa Economic Dashboard

Long-Term Trends: Jobs, Income and Prosperity

Long-Term Private Employment

Why Important

Private sector jobs are the building blocks of state economic prosperity. While total employment counts are helpful, trends in private sector employment better capture the strength of a state’s economy. This graph of long-term private job growth shows the state’s trends relative to U.S. trends. The data are indexed to private sector employment in 1970.

What It Means

Iowa has not kept pace with the U.S. in private job creation since the early 1980s.

Iowa at a Glance

Population, 2009 est. (change from 2000) 3,007,856 (+2.8%)
Towns with populations of more than 10,000 36
Median age, 2008 38.1
Percent of people age 25+ with bachelor’s degree or higher (2007) 24.3%
Percent change in foreclosures, Jan. 2009-Jan. 2010 -8.27%
Unemployment rate May 2010
May 2009 5.8%
2009 6.0%
Per capita personal income, 2009 (change from 2008) $36,751 (-2.0%)
State GDP per job, 2008 $67,002

Top five largest industries (by percent GDP) in the state, 2008
1 Government
2 Durable goods manufacturing
3 Finance and insurance
4 Nondurable goods manufacturing
5 Real estate, rental and leasing

Largest contributor to real GDP growth, 2008 Agriculture, forestry, fishing and hunting

Sources: U.S. Census Bureau; U.S. Bureau of Economic Analysis; RealtyTrac
State Economic Prosperity Index

**Why Important**
Income is only one measure of overall prosperity. The State Economic Prosperity Index provides a more comprehensive measurement. It is GrowthEconomics’ composite measure of prosperity. The state’s score is based on several measures of income and wealth: earnings per job, income from rents/investments, proprietor income, percent of the population with a sustainable income (defined as at least twice the federal poverty level), long-term unemployment, and state and local tax burden. The score of 100 represents the median U.S. state.

**What It Means**
Iowa’s score on this measurement of wealth/prosperity remains just above the median for the Midwest. There has been a slight uptick in the state’s score in recent years.

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Long-Term Per Capita Income as a Percent of U.S. Per Capita Income

**Why Important**
Per capita income is the simplest, most widely understood measure of economic progress. It is a good proxy for wealth creation. Income includes earned, investment and pension income, as well as transfer payments such as Social Security. Per capita disposable income shows the amount of income available for spending or saving. It is gross income minus tax payments. This graph shows trends in the state’s per capita disposable income in relation to U.S. per capita disposable income. Therefore, it shows the level of wealth creation in the state relative to the nation as a whole.

**What It Means**
Iowa’s per capita disposable income has mostly remained below the U.S. average for decades.

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![Graph showing Iowa Per Capita Disposable Income As Percent of U.S. Per Capita Disposable Income, 1958 - 2008](chart.png)

Source: Bureau of Economic Analysis

![Graph showing State Economic Prosperity Index - Score Performance, 2004 - 2008](chart.png)

Source: GrowthEconomics, Inc.
**State Economic Growth Index**

**Why Important**
The State Economic Growth Index reflects recent changes in the State Economic Prosperity Index. By capturing these recent changes, the State Economic Growth Index shows whether a state has been gaining or losing in relation to other states on key measures of economic prosperity. The score of 100 represents the median U.S. state.

**What It Means**
Iowa has shown some improvement in economic growth relative to the Midwest, and the state's more recent increases are just above the U.S. median.

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**Recent Income Trends**

**Recent Net Earnings Trends**

**Why Important**
The graph shows net earnings (gains/losses) of those who live in Iowa and compares them to the nation as a whole. This measure of earnings is an indication of how well workers in the state are compensated for their labor and whether they are experiencing gains or losses in compensation. It is the best measure of worker earnings that does not include non-labor income, such as rents, interest and capital gains. Data in the graph are indexed to net earnings in the third quarter of 2007.

**What It Means**
Iowa is only one of a handful of states where net earnings in 2009 were above net earnings as of the third quarter of 2007 — an encouraging sign. Iowa also outperformed the U.S. gains and losses in net earnings during this period.
Recent Job Trends
Private Employment

What It Means
Compared with 2008, private employment in 2009 was down nearly 40,000 jobs. However, the year-over-year decline in the private employment rate has not been as severe as that seen in the U.S. or the rest of the Midwest.

Why Important
As stated earlier in this section, private sector jobs are the building blocks of state economic prosperity. These two charts show recent trends on this critical economic indicator.

Breadth of Job Creation

What It Means
Despite Iowa’s relatively strong performance in jobs and earnings, the state’s “breadth of job creation” may be cause for concern. The percentage of private establishments creating jobs has fallen since 2000. Iowa’s trend line is not dissimilar to that of the worst-performing state, Florida.

Why Important
The percentage of businesses creating jobs is a good measure of the job-creating dynamism of a state’s economy. We refer to this as the “breadth of job creation.” In good economic times, between 30 percent and 32 percent of all businesses are creating jobs in any given quarter. This graph compares Iowa over time with the best-performing state (Wyoming) and the worst-performing state (Florida).
Recent Unemployment and Labor Force Participation Trends

Why Important
To get a handle on the employment picture for a state, we need to know more than just how many jobs there are. Changes in the size of the labor force (total number of people employed and unemployed), unemployment rates and under-employment rates are critical indicators as well.

The Labor Force

What It Means
Unlike most other states, Iowa’s pool of workers did not shrink during the national recession. Its labor force numbers peaked during the second half of 2009.

Total Unemployment and Unemployment Rates

What It Means
While its labor force pool has held steady, the number of people unemployed in Iowa grew dramatically in 2009. The total number of jobless Iowans was approximately 35,000 above the last peak, in late 2004.

What It Means
Iowa’s unemployment rate reached 6.9 percent in April 2010. Though a significant increase over previous years, the April 2010 unemployment rate for Iowa was still well below the national rate of 9.9 percent.
Under-Employment Differential
(The under-employment differential is the percentage of people who want to/are available to work full-time but have settled for part-time employment.)

What It Means
Between 2007 and late 2009, Iowa’s under-employment differential increased by approximately 40 percent. Under-employment poses personal and family anguish as well as overall state economic stress. However, this level of under-employment also indicates that there will be a pool of labor talent available for immediate hire as the economy recovers.

Recent Economic Activity vs. Tax Revenue
Tax Revenue Growth Compared to Economic Growth

Why Important
One issue of central importance to businesses and state leaders in times of economic downturn is this: What taxing capacity does the state have to address budget shortfalls without jeopardizing economic recovery? This chart provides a combined picture of recent tax revenue and economic activity in the state. It is based on data from the Federal Reserve Bank of Philadelphia’s State Coincident Index and the U.S. Census Bureau.

What It Means
During the period examined in this graphic, the Iowa Coincident Index has declined at a pace very close to the 50-state composite trend. In 2009, Iowa’s economic growth fell below the 50-state average, indicating that some challenges remain before the state’s recovery is certain. Changes in Iowa tax revenue are one cause of concern. For example, while the tax revenue curve for the 50 states turned up in 2009, it did not in Iowa during the first three quarters of the year.

Note: The State Coincident Index includes four indicators: nonfarm payroll employment, the unemployment rate, average hours worked in manufacturing, and wages and salaries. The trend for each state’s index is set to match the trend for gross state product. Quarterly numbers are the average of the underlying three-month indices. The 50-state trend is the average across all states.
Long-Term Trends: Jobs, Income and Prosperity

Long-Term Private Employment

Why Important

Private sector jobs are the building blocks of state economic prosperity. While total employment counts are helpful, trends in private sector employment better capture the strength of a state’s economy. This graph of long-term private job growth shows the state’s trends relative to U.S. trends. The data are indexed to private sector employment in 1970.

What It Means

Kansas is one of the few Midwestern states where job growth has exceeded U.S. growth over a decades-long period. The state’s job growth, however, did slow relative to the United States during the last business cycle.
State Economic Prosperity Index

**Why Important**
Income is only one measure of overall prosperity. The State Economic Prosperity Index provides a more comprehensive measurement. It is GrowthEconomics’ composite measure of prosperity. The state’s score is based on several measures of income and wealth: earnings per job, income from rents/investments, proprietor income, percent of the population with a sustainable income (defined as at least twice the federal poverty level), long-term unemployment, and state and local tax burden. The score of 100 represents the median U.S. state.

**What It Means**
Kansas’ score on this measurement of wealth/prosperity remains below the medians for the U.S. and the Midwest. However, the state’s score did rise between 2004 and 2008.

Long-Term Per Capita Income as a Percent of U.S. Per Capita Income

**Why Important**
Per capita income is the simplest, most widely understood measure of economic progress. It is a good proxy for wealth creation. Income includes earned, investment and pension income, as well as transfer payments such as Social Security. Per capita disposable income shows the amount of income available for spending or saving. It is gross income minus tax payments. This graph shows trends in the state’s per capita disposable income in relation to U.S. per capita disposable income. Therefore, it shows the level of wealth creation in the state relative to the nation as a whole.

**What It Means**
Exceeding the U.S. average in the early 1970s and performing on par in the early 1980s, Kansas per capita disposable income has remained below the national average since the mid-1980s.
Recent Income Trends

**Recent Net Earnings Trends**

**What It Means**

Net earnings growth has been positive for Kansas since mid-2007.

**Why Important**

The graph shows net earnings (gains/losses) of those who live in Kansas and compares them to the nation as a whole. This measure of earnings is an indication of how well workers in the state are compensated for their labor and whether they are experiencing gains or losses in compensation. It is the best measure of worker earnings that does not include non-labor income, such as rents, interest and capital gains. Data in the graph are indexed to net earnings in the third quarter of 2007.
Recent Job Trends
Private Employment

What It Means
Compared with 2008, private employment in Kansas was down nearly 60,000 jobs in 2009. Between the end of 2006 and most of 2009, Kansas’ year-over-year change in private employment fared favorably when compared to that of the Midwest and the U.S. However, this began to change in September 2009.

Why Important
As stated earlier in this section, private sector jobs are the building blocks of state economic prosperity. These two charts show recent trends on this critical economic indicator.

Breadth of Job Creation

What It Means
Kansas’ trend line on this economic indicator resembles that of the nation’s worst-performing state. During the 2007-2009 recession, there was a significant drop-off in the percentage of private employers creating jobs in Kansas.

Why Important
The percentage of businesses creating jobs is a good measure of the job-creating dynamism of a state’s economy. We refer to this as the “breadth of job creation.” In good economic times, between 30 percent and 32 percent of all businesses are creating jobs in any given quarter. This graph compares Kansas over time with the best-performing state (Wyoming) and the worst-performing state (Florida).
Recent Unemployment and Labor Force Participation Trends

Why Important
To get a handle on the employment picture for a state, we need to know more than just how many jobs there are. Changes in the size of the labor force (total number of people employed and unemployed), unemployment rates and under-employment rates are critical indicators as well.

The Labor Force

What It Means
In contrast to most other Midwestern states, the pool of workers in Kansas was hardly affected by this recession. The pool has grown steadily over the last decade.

Total Unemployment and Unemployment Rates

What It Means
The recession has led to a spike in unemployment in Kansas. In 2008-09, there were approximately 30,000 more jobless Kansans compared to the last unemployment peak, in 2003-2004.

What It Means
Kansas’ unemployment rate was at 6.5 percent in April 2010. This marks a significant increase over previous years, but it was still lower than the national average of 9.9 percent. It appears that Kansas’ employment problems have been caused less by a loss in the state’s labor pool and more by the direct unemployment rate.
Under-Employment Differential
(The under-employment differential is the percentage of people who want to/are available to work full-time but have settled for part-time employment.)

What It Means
Between 2007 and late 2009, Kansas’ under-employment differential increased by approximately 50 percent. Under-employment poses personal and family anguish as well as overall state economic stress. However, this level of under-employment also indicates that there will be a pool of labor talent available for immediate hire as the economy recovers.

Recent Economic Activity vs. Tax Revenue
Tax Revenue Growth Compared to Economic Growth

Why Important
One issue of central importance to businesses and state leaders in times of economic downturn is this: What taxing capacity does the state have to address budget shortfalls without jeopardizing economic recovery? This chart provides a combined picture of recent tax revenue and economic activity in the state. It is based on data from the Federal Reserve Bank of Philadelphia’s State Coincident Index and the U.S. Census Bureau.

What It Means
During the time period examined in this graphic, the Kansas Coincident Index has generally tracked the 50-state composite index. Kansas’ economic decline accelerated somewhat beginning in 2009. Through late 2008, Kansas’ tax revenue growth was exceeding state economic growth — a common trend during the first half of a recession. The state’s tax revenue growth declined noticeably in late 2008 and early 2009. It showed some signs of recovery in the second quarter of 2009. This follows the 50-state average and is a positive sign.

Note: The State Coincident Index includes four indicators: nonfarm payroll employment, the unemployment rate, average hours worked in manufacturing, and wages and salaries. The trend for each state’s index is set to match the trend for gross state product. Quarterly numbers are the average of the underlying three-month indices. The 50-state trend is the average across all states.
Michigan at a Glance

Population, 2009 est. (change from 2000) 9,969,727 (+0.3%)
Towns with populations of more than 10,000 90
Median age, 2008 38.0
Percent of people age 25+ with bachelor’s degree or higher (2007) 24.7%
Percent change in foreclosures, Jan. 2009-Jan. 2010 53.9%
Unemployment rate May 2010 13.6%
May 2009 13.6%
2009 13.6%
Per capita personal income, 2009 (change from 2008) $34,025 (-2.7%)
State GDP per job, 2008 $70,870
Top five largest industries (by percent GDP) in the state, 2008
1 Durable goods manufacturing
2 Government
3 Real estate, rental and leasing
4 Health care and social assistance
5 Professional and technical services
Largest contributor to real GDP growth, 2008 Durable goods manufacturing

Sources: U.S. Census Bureau; U.S. Bureau of Economic Analysis; RealtyTrac

Michigan Economic Dashboard

Long-Term Trends: Jobs, Income and Prosperity

Long-Term Private Employment

Why Important
Private sector jobs are the building blocks of state economic prosperity. While total employment counts are helpful, trends in private sector employment better capture the strength of a state’s economy. This graph of long-term private job growth shows the state’s trends relative to U.S. trends. The data are indexed to private sector employment in 1970.

What It Means
Michigan has not kept pace with the U.S. in private job creation for over three decades. During the 1970s and 1980s, Michigan kept pace with the nation once the expansion phase of a business cycle was established (note the similarly sloped lines during the 1976-79 and 1983-90 periods). However, during the last two business cycles, the state’s private job growth has been considerably slower than the U.S. average.
**State Economic Prosperity Index**

**Why Important**

Income is only one measure of overall prosperity. The State Economic Prosperity Index provides a more comprehensive measurement. It is GrowthEconomics’ composite measure of prosperity. The state’s score is based on several measures of income and wealth: earnings per job, income from rents/investments, proprietor income, percent of the population with a sustainable income (defined as at least twice the federal poverty level), long-term unemployment, and state and local tax burden. The score of 100 represents the median U.S. state.

**What It Means**

Michigan’s score on this measurement of wealth/prosperity has slipped below the median score for the Midwest and is no longer above the U.S. median.
**State Economic Growth Index**

**Why Important**
The State Economic Growth Index reflects recent changes in the State Economic Prosperity Index. By capturing these recent changes, the State Economic Growth Index shows whether a state has been gaining or losing in relation to other states on key measures of economic prosperity. The score of 100 represents the median U.S. state.

**What It Means**
Michigan showed some improvement in economic growth in 2007 and 2008 after being a bottom performer in 2006. The median score for the Midwestern states also improved over this time period.

**Recent Income Trends**

**Recent Net Earnings Trends**

**Why Important**
The graph shows net earnings (gains/losses) of those who live in Michigan and compares them to the nation as a whole. This measure of earnings is an indication of how well workers in the state are compensated for their labor and whether they are experiencing gains or losses in compensation. It is the best measure of worker earnings that does not include non-labor income, such as rents, interest and capital gains. Data in the graph are indexed to net earnings in the third quarter of 2007.

**What It Means**
Over the past three years, net earnings in Michigan have fallen considerably. The drop was much steeper than the U.S. decline in 2008.
Recent Job Trends

Private Employment

What It Means

Compared with 2008, private employment in 2009 in Michigan was down 200,000 jobs. Also, the year-over-year rate of decline in private employment has been substantially greater than that of the United States and the Midwest.

Why Important

As stated earlier in this section, private sector jobs are the building blocks of state economic prosperity. These two charts show recent trends on this critical economic indicator.

Breadth of Job Creation

What It Means

Through 1998, Michigan was doing well on the “breadth of job creation” indicator. However, in 2000, there began to be a steady decline in the percentage of private employers creating new jobs. A significant drop-off occurred between 2007 and 2009.

Why Important

The percentage of businesses creating jobs is a good measure of the job-creating dynamism of a state’s economy. We refer to this as the “breadth of job creation.” In good economic times, between 30 percent and 32 percent of all businesses are creating jobs in any given quarter. This graph compares Michigan over time with the best-performing state (Wyoming) and the worst-performing state (Florida).
Recent Unemployment and Labor Force Participation Trends

Why Important
To get a handle on the employment picture for a state, we need to know more than just how many jobs there are. Changes in the size of the labor force (total number of people employed and unemployed), unemployment rates and under-employment rates are critical indicators as well.

The Labor Force


What It Means
The pool of workers in Michigan has shrunk noticeably over the past decade. Approximately 175,000 workers left the labor force between December 2007 and late 2009.

Total Unemployment and Unemployment Rates

What It Means
The number of unemployed people in Michigan rose considerably between 2007 and late 2009. It was twice the number of unemployed than the total after the recession of the early 2000s.

Michigan Unemployment Rate 1999 - 2009

What It Means
Michigan’s unemployment rate reached 14.0 percent in April 2010, significantly above the national rate of 9.9 percent.
Under-Employment Differential
(The under-employment differential is the percentage of people who want to/are available to work full-time but have settled for part-time employment.)

What It Means
Through late 2009, Michigan’s under-employment differential was 50 percent higher than it was in 2007. It also exceeded the national rate of 5.5 percent. Under-employment poses personal and family anguish as well as overall state economic stress. However, this level of under-employment also indicates that there will be a pool of labor talent available for immediate hire as the economy recovers.

Recent Economic Activity vs. Tax Revenue
Tax Revenue Growth Compared to Economic Growth

Why Important
One issue of central importance to businesses and state leaders in times of economic downturn is this: What taxing capacity does the state have to address budget shortfalls without jeopardizing economic recovery? This chart provides a combined picture of recent tax revenue and economic activity in the state. It is based on data from the Federal Reserve Bank of Philadelphia’s State Coincident Index and the U.S. Census Bureau.

What It Means
During the time period examined in this graphic, the Michigan Coincident Index showed an economic decline more dramatic than the 50-state composite, indicating that the state’s economy was one of the hardest-hit by the national recession. Over this same period, the year-over-year decline in Michigan tax revenue exceeded the rate of the state’s economic decline until early 2009. At that time, the change in tax revenue stabilized somewhat and started to fare better than the equivalent 50-state average. It also outpaced economic activity in the state — a trend that is unsustainable over the long term.

Note: The State Coincident Index includes four indicators: nonfarm payroll employment, the unemployment rate, average hours worked in manufacturing, and wages and salaries. The trend for each state’s index is set to match the trend for gross state product. Quarterly numbers are the average of the underlying three-month indices. The 50-state trend is the average across all states.
Minnesota Economic Dashboard

Minnesota at a Glance

Population, 2009 est. (change from 2000) 5,266,214 (+7.0%)
Towns with populations of more than 10,000 92
Median age, 2008 37.3
Percent of people age 25+ with bachelor’s degree or higher (2007) 31.0%
Percent change in foreclosures, Jan. 2009-Jan. 2010 49.15%
Unemployment rate May 2010
   May 2009 8.4%
   2009 8.0%
Per capita personal income, 2009 (change from 2008) $41,552 (-3.3%)
State GDP per job, 2008 $73,682
Top five largest industries (by percent GDP) in the state, 2008
1. Real estate, rental and leasing
2. Government
3. Health care and social assistance
4. Finance and insurance
5. Durable goods manufacturing
Largest contributor to real GDP growth, 2008 Management of companies and enterprises

Sources: U.S. Census Bureau; U.S. Bureau of Economic Analysis; RealtyTrac

Long-Term Trends: Jobs, Income and Prosperity

Long-Term Private Employment

Trend in Total Private Jobs, 1970 - 2008 (Data Indexed to 1970)

Why Important
Private sector jobs are the building blocks of state economic prosperity. While total employment counts are helpful, trends in private sector employment better capture the strength of a state’s economy. This graph of long-term private job growth shows the state’s trends relative to U.S. trends. The data are indexed to private sector employment in 1970.

What It Means
Minnesota has exceeded the U.S. in private job creation for over three decades and widened the gap over the past two decades.
State Economic Prosperity Index

**Why Important**
Income is only one measure of overall prosperity. The State Economic Prosperity Index provides a more comprehensive measurement. It is GrowthEconomics’ composite measure of prosperity. The state’s score is based on several measures of income and wealth: earnings per job, income from rents/investments, proprietor income, percent of the population with a sustainable income (defined as at least twice the federal poverty level), long-term unemployment, and state and local tax burden. The score of 100 represents the median U.S. state.

**What It Means**
Between 2004 and 2008, Minnesota’s score on this measurement of wealth/prosperity remained above the median for the U.S. and the Midwest. The state, though, lost some ground when compared to the nation and the region.

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**Long-Term Per Capita Income as a Percent of U.S. Per Capita Income**

**Why Important**
Per capita income is the simplest, most widely understood measure of economic progress. It is a good proxy for wealth creation. Income includes earned, investment and pension income, as well as transfer payments such as Social Security. Per capita disposable income shows the amount of income available for spending or saving. It is gross income minus tax payments. This graph shows trends in the state’s per capita disposable income in relation to U.S. per capita disposable income. Therefore, it shows the level of wealth creation in the state relative to the nation as a whole.

**What It Means**
Until 2004-2005, Minnesota had been a long-term success story in the Midwest, gradually gaining ground in per capita disposable income when compared to U.S. disposable per capita income.
Recent Income Trends
Recent Net Earnings Trends

Why Important
The graph shows net earnings (gains/losses) of those who live in Minnesota and compares them to the nation as a whole. This measure of earnings is an indication of how well workers in the state are compensated for their labor and whether they are experiencing gains or losses in compensation. It is the best measure of worker earnings that does not include non-labor income, such as rents, interest and capital gains. Data in the graph are indexed to net earnings in the third quarter of 2007.

What It Means
Minnesota outperforms the nation on this measure of economic prosperity. However, as of late 2009, net earnings in Minnesota were below what they were in late 2007.
Recent Job Trends

Private Employment

What It Means
Compared with 2008, private employment in 2009 was down approximately 75,000 jobs. Minnesota’s year-over-year rate of decline in private employment is close to the U.S. average and less than that of the Midwest.

Why Important
As stated earlier in this section, private sector jobs are the building blocks of state economic prosperity. These two charts show recent trends on this critical economic indicator.

Breadth of Job Creation

What It Means
In the 1990s, Minnesota was doing well in this job creation category, at one point keeping up with national leaders such as Wyoming. Since the late 1990s, however, the state has experienced a gradual decline in the percentage of its businesses creating jobs. There was a significant drop-off during the 2007-09 recession.

Why Important
The percentage of businesses creating jobs is a good measure of the job-creating dynamism of a state’s economy. We refer to this as the “breadth of job creation.” In good economic times, between 30 percent and 32 percent of all businesses are creating jobs in any given quarter. This graph compares Minnesota over time with the best-performing state (Wyoming) and the worst-performing state (Florida).
Recent Unemployment and Labor Force Participation Trends

Why Important
To get a handle on the employment picture for a state, we need to know more than just how many jobs there are. Changes in the size of the labor force (total number of people employed and unemployed), unemployment rates and under-employment rates are critical indicators as well.

The Labor Force

Size of Minnesota Labor Force 1999 - 2009

What It Means
Minnesota’s labor force numbers have held up very well during this recession, probably a reflection of the work ethic of its people and of the state’s industrial diversity.

Total Unemployment and Unemployment Rates

What It Means
Unemployment hit the state hard in 2008-2009. There were approximately 100,000 more jobless Minnesotans than during the state’s previous unemployment peak, in 2004.

What It Means
Minnesota’s unemployment rate reached 7.2 percent in April 2010. Though a significant increase compared to previous years, the rate was still below the national average of 9.9 percent in April 2010.
Under-Employment Differential
(The under-employment differential is the percentage of people who want to/are available to work full-time but have settled for part-time employment.)

What It Means
Between 2007 and late 2009, the under-employment rate nearly doubled. Under-employment poses personal and family anguish as well as overall state economic stress. However, this level of under-employment also indicates that there will be a pool of labor talent available for immediate hire as the economy recovers.

Recent Economic Activity vs. Tax Revenue
Tax Revenue Growth Compared to Economic Growth

Why Important
One issue of central importance to businesses and state leaders in times of economic downturn is this: What taxing capacity does the state have to address budget shortfalls without jeopardizing economic recovery? This chart provides a combined picture of recent tax revenue and economic activity in the state. It is based on data from the Federal Reserve Bank of Philadelphia’s State Coincident Index and the U.S. Census Bureau.

What It Means
Through the end of 2008, the Minnesota Coincident Index showed a decline in economic activity similar to the decline for the 50 states. Starting in early 2009, though, the state’s decline became more precipitous. There was a leveling off of this trend later in the year. During this period, Minnesota tax revenue closely tracked the 50-state tax-revenue average. Minnesota’s tax revenue curve and economic growth curve were in congruence in late 2009. However, both economic growth and tax revenue rates remained negative.

Note: The State Coincident Index includes four indicators: nonfarm payroll employment, the unemployment rate, average hours worked in manufacturing, and wages and salaries. The trend for each state’s index is set to match the trend for gross state product. Quarterly numbers are the average of the underlying three-month indices. The 50-state trend is the average across all states.
Missouri at a Glance

- Population, 2009 est. (change from 2000): 5,987,580 (+7.0%)
- Towns with populations of more than 10,000: 72
- Median age, 2008: 37.5
- Percent of people age 25+ with bachelor’s degree or higher (2007): 24.5%
- Percent change in foreclosures, Jan. 2009-Jan. 2010: 19.28%
- Unemployment rate May 2010: 9.3%
- May 2009: 9.4%
- 2009: 9.3%
- Per capita personal income, 2009 (change from 2008): $35,676 (-1.9%)
- State GDP per job, 2008: $64,746
- Top five largest industries (by percent GDP) in the state, 2008:
  1. Government
  2. Real estate, rental and leasing
  3. Health care and social assistance
  4. Retail trade
  5. Real estate, rental and leasing
- Largest contributor to real GDP growth, 2008: Professional and technical services

Sources: U.S. Census Bureau; U.S. Bureau of Economic Analysis; RealtyTrac

Long-Term Trends: Jobs, Income and Prosperity

Long-Term Private Employment

Why Important

Private sector jobs are the building blocks of state economic prosperity. While total employment counts are helpful, trends in private sector employment better capture the strength of a state’s economy. This graph of long-term private job growth shows the state’s trends relative to U.S. trends. The data are indexed to private sector employment in 1970.

What It Means

Missouri has not kept pace with the U.S. in private job creation for over three decades.
State Economic Prosperity Index

Why Important
Income is only one measure of overall prosperity. The State Economic Prosperity Index provides a more comprehensive measurement. It is GrowthEconomics’ composite measure of prosperity. The state’s score is based on several measures of income and wealth: earnings per job, income from rents/investments, proprietor income, percent of the population with a sustainable income (defined as at least twice the federal poverty level), long-term unemployment, and state and local tax burden. The score of 100 represents the median U.S. state.

What It Means
Overall, this measurement of wealth and prosperity shows that Missouri remains close to the U.S. median and slightly below the median of the Midwestern states.

Long-Term Per Capita Income as a Percent of U.S. Per Capita Income

Why Important
Per capita income is the simplest, most widely understood measure of economic progress. It is a good proxy for wealth creation. Income includes earned, investment and pension income, as well as transfer payments such as Social Security. Per capita disposable income shows the amount of income available for spending or saving. It is gross income minus tax payments. This graph shows trends in the state’s per capita disposable income in relation to U.S. per capita disposable income. Therefore, it shows the level of wealth creation in the state relative to the nation as a whole.

What It Means
Missouri’s per capita disposable income has been losing ground relative to the U.S. average for most of the past 30 years. The state’s recent drop to almost 90 percent is particularly troubling.
Recent Income Trends

Recent Net Earnings Trends

**Why Important**
The graph shows net earnings (gains/losses) of those who live in Missouri and compares them to the nation as a whole. The state made significant advances in earnings in 2008; however, in 2009, earnings returned to 2007 levels.

**What It Means**
Missouri outperformed the U.S. average on this measurement, which tracks trends in economic prosperity and wealth. The state made significant advances in earnings in 2008; however, in 2009, earnings returned to 2007 levels.

State Economic Growth Index

**Why Important**
The State Economic Growth Index reflects recent changes in the State Economic Prosperity Index. By capturing these recent changes, the State Economic Growth Index shows whether a state has been gaining or losing in relation to other states on key measures of economic prosperity. The score of 100 represents the median U.S. state.

**What It Means**
This measure shows that Missouri has lost ground in relation to the other Midwestern states. However, Missouri has improved slightly since 2007.

Source: Bureau of Economic Analysis. Seasonally adjusted.
Recent Job Trends
Private Employment

What It Means
The number of private employment jobs in Missouri fell by 75,000 between 2008 and 2009. However, the most recent data show that the rate of year-over-year decline in private employment in Missouri is less than the U.S. and the Midwestern rates.

Why Important
As stated earlier in this section, private sector jobs are the building blocks of state economic prosperity. These two charts show recent trends on this critical economic indicator.

Breadth of Job Creation

What It Means
For a short time in the 1990s, Missouri was keeping up with top-performing states such as Wyoming on this “breadth of job creation” indicator. Since the late 1990s, though, the state has seen a gradual decline in the percentage of businesses creating jobs. There was a significant drop-off during the 2007-09 recession.

Why Important
The percentage of businesses creating jobs is a good measure of the job-creating dynamism of a state’s economy. We refer to this as the “breadth of job creation.” In good economic times, between 30 percent and 32 percent of all businesses are creating jobs in any given quarter. This graph compares Missouri over time with the best-performing state (Wyoming) and the worst-performing state (Florida).
Recent Unemployment and Labor Force Participation Trends

Why Important
To get a handle on the employment picture for a state, we need to know more than just how many jobs there are. Changes in the size of the labor force (total number of people employed and unemployed), unemployment rates and under-employment rates are critical indicators as well.

The Labor Force

Size of Missouri Labor Force 1999 - 2009

What It Means
The pool of workers in Missouri shrank noticeably during the national recession; there were fewer people in the labor force than during the recession of the early 2000s.

Total Unemployment and Unemployment Rates

Total Number of Unemployed Residents in Missouri 1999 - 2009

What It Means
There was a spike in the number of unemployed Missouri residents during the last few years of the past decade. The number of people who reported being jobless in late 2009 was almost double the state’s unemployment total in 2006-07.

Missouri Unemployment Rate 1999 - 2009

What It Means
Missouri’s unemployment rate rose to 9.4 percent in April 2010, which is close to the national rate of 9.9 percent.

Under-Employment Differential
(The under-employment differential is the percentage of people who want to/are available to work full-time but have settled for part-time employment.)

What It Means
Between 2007 and late 2009, the under-employment differential nearly doubled in Missouri. Under-employment poses personal and family anguish as well as overall state economic stress. However, this level of under-employment also indicates that there will be a pool of labor talent available for hire as the economy recovers.

Recent Economic Activity vs. Tax Revenue
Tax Revenue Growth Compared to Economic Growth

Why Important
One issue of central importance to businesses and state leaders in times of economic downturn is this: What taxing capacity does the state have to address budget shortfalls without jeopardizing economic recovery? This chart provides a combined picture of recent tax revenue and economic activity in the state. It is based on data from the Federal Reserve Bank of Philadelphia’s State Coincident Index and the U.S. Census Bureau.

What It Means
During the time period examined in this graphic, the Missouri Coincident Index has declined more dramatically than the 50-state composite on economic activity, an indication of the state’s economic woes. Missouri tax revenue grew less than the 50-state tax revenue trend until late in 2008. Missouri tax revenue declined dramatically in the first half of 2009 before picking up in the second half of the year. The chart shows a narrowing gap between the year-over-year decline in tax revenues and the year-over-year decline in economic activity in 2009.

Note: The State Coincident Index includes four indicators: nonfarm payroll employment, the unemployment rate, average hours worked in manufacturing, and wages and salaries. The trend for each state’s index is set to match the trend for gross state product. Quarterly numbers are the average of the underlying three-month indices. The 50-state trend is the average across all states.
Nebraska at a Glance

Population, 2009 est. (change from 2000) 1,796,619 (+5.0%)
Towns with populations of more than 10,000 16
Median age, 2008 38.0
Percent of people age 25+ with bachelor’s degree or higher (2007) 27.5%
Percent change in foreclosures, Jan. 2009-Jan. 2010 1,123%
Unemployment rate May 2010 4.9%
May 2009 4.7%
2009 4.6%
Per capita personal income, 2009 (change from 2008) $38,081 (-2.8%)
State GDP per job, 2008 $66,430
Top five largest industries (by percent GDP) in the state, 2008
1 Government
2 Real estate, rental and leasing
3 Transportation and warehousing
4 Finance and insurance
5 Health care and social assistance
Largest contributor to real GDP growth, 2008 Professional and technical services

Sources: U.S. Census Bureau; U.S. Bureau of Economic Analysis; RealtyTrac

Long-Term Trends: Jobs, Income and Prosperity

Long-Term Private Employment

Why Important
Private sector jobs are the building blocks of state economic prosperity. While total employment counts are helpful, trends in private sector employment better capture the strength of a state’s economy. This graph of long-term private job growth shows the state’s trends relative to U.S. trends. The data are indexed to private sector employment in 1970.

What It Means
Nebraska has not quite kept pace with the U.S. in private job creation since 1980. Most notably, the state did not recover at the U.S. pace after the 1980-82 and early-2000s recessions. However, Nebraska has performed better than most Midwestern states.
State Economic Prosperity Index

**Why Important**
Income is only one measure of overall prosperity. The State Economic Prosperity Index provides a more comprehensive measurement. It is GrowthEconomics’ composite measure of prosperity. The state’s score is based on several measures of income and wealth: earnings per job, income from rents/investments, proprietor income, percent of the population with a sustainable income (defined as at least twice the federal poverty level), long-term unemployment, and state and local tax burden. The score of 100 represents the median U.S. state.

**What It Means**
Nebraska’s score on this measurement of wealth/prosperity remains below the U.S. and Midwestern median scores. There have been signs of improvement since 2006.

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Long-Term Per Capita Income as a Percent of U.S. Per Capita Income

**Why Important**
Per capita income is the simplest, most widely understood measure of economic progress. It is a good proxy for wealth creation. Income includes earned, investment and pension income, as well as transfer payments such as Social Security. Per capita disposable income shows the amount of income available for spending or saving. It is gross income minus tax payments. This graph shows trends in the state’s per capita disposable income in relation to U.S. per capita disposable income. Therefore, it shows the level of wealth creation in the state relative to the nation as a whole.

**What It Means**
While remaining below the U.S. average for per capita disposable income for much of five decades, Nebraska has held onto its competitive position reasonably well. Gradual improvements — from about 90 percent in the early 1980s to almost 100 percent in 2008 — are an encouraging sign.
State Economic Growth Index

Why Important
The State Economic Growth Index reflects recent changes in the State Economic Prosperity Index. By capturing these recent changes, the State Economic Growth Index shows whether a state has been gaining or losing in relation to other states on key measures of economic prosperity. The score of 100 represents the median U.S. state.

What It Means
Nebraska has shown some improvement in economic growth since 2006, outpacing the growth rate in the Midwest.

Recent Income Trends
Recent Net Earnings Trends

Why Important
The graph shows net earnings (gains/losses) of those who live in Nebraska and compares them to the nation as a whole. This measure of earnings is an indication of how well workers in the state are compensated for their labor and whether they are experiencing gains or losses in compensation. It is the best measure of worker earnings that does not include non-labor income, such as rents, interest and capital gains. Data in the graph are indexed to net earnings in the third quarter of 2007.

What It Means
Nebraska outperformed the U.S. between 2007 and 2009 on this measurement of economic growth and prosperity.
Recent Job Trends
Private Employment

**What It Means**
Compared with 2008, Nebraska’s private employment in 2009 was down approximately 25,000 jobs. However, the state’s recent year-over-year rate of private employment losses has not been as severe as that of the United States and the Midwest.

**Why Important**
As stated earlier in this section, private sector jobs are the building blocks of state economic prosperity. These two charts show recent trends on this critical economic indicator.

**Breadth of Job Creation**

**What It Means**
Despite Nebraska’s strong overall economic performance, the state does not fare well on this “breadth of job creation” indicator. Nebraska’s trend line is similar to that of low-performing states such as Florida.

**Why Important**
The percentage of businesses creating jobs is a good measure of the job-creating dynamism of a state’s economy. We refer to this as the “breadth of job creation.” In good economic times, between 30 percent and 32 percent of all businesses are creating jobs in any given quarter. This graph compares Nebraska over time with the best-performing state (Wyoming) and the worst-performing state (Florida).
Recent Unemployment and Labor Force Participation Trends

Why Important
To get a handle on the employment picture for a state, we need to know more than just how many jobs there are. Changes in the size of the labor force (total number of people employed and unemployed), unemployment rates and under-employment rates are critical indicators as well.

The Labor Force

What It Means
The pool of workers in Nebraska shrank during the later part of the national recession, falling back to levels seen in 2006 and early 2007.

Total Unemployment and Unemployment Rates

What It Means
The number of unemployed Nebraskans rose by approximately 20,000 in 2008. Total unemployment numbers began to decline somewhat in mid-2009.

What It Means
Nebraska’s unemployment rate reached 5.0 percent in April 2010 — still well below the national rate of 9.9 percent.
Under-Employment Differential
(The under-employment differential is the percentage of people who want to/are available to work full-time but have settled for part-time employment.)

What It Means
Between 2007 and late 2009, the under-employment differential increased substantially. Under-employment poses personal and family anguish as well as overall state economic stress. However, this level of under-employment also indicates that there will be a pool of labor talent available for immediate hire as the economy recovers.

Recent Economic Activity vs. Tax Revenue
Tax Revenue Growth Compared to Economic Growth

Why Important
One issue of central importance to businesses and state leaders in times of economic downturn is this: What taxing capacity does the state have to address budget shortfalls without jeopardizing economic recovery? This chart provides a combined picture of recent tax revenue and economic activity in the state. It is based on data from the Federal Reserve Bank of Philadelphia’s State Coincident Index and the U.S. Census Bureau.

What It Means
During the time period examined in this graphic, the decline in the Nebraska Coincident Index has tracked just above the 50-state composite — an indication that the state’s economy has performed slightly above average. Over this same period, Nebraska's tax revenue followed the path of its economic slowdown, but with greater variance. Also, although state revenue collections dropped in Nebraska, they never dipped to the level reported for the 50-state composite. Both trends indicate fairly sound fiscal conditions for Nebraska given this period of national economic contraction.

Note: The State Coincident Index includes four indicators: nonfarm payroll employment, the unemployment rate, average hours worked in manufacturing, and wages and salaries. The trend for each state’s index is set to match the trend for gross state product. Quarterly numbers are the average of the underlying three-month indices. The 50-state trend is the average across all states.
North Dakota at a Glance

- Population, 2009 est. (change from 2000): 646,844 (+0.7%)
- Towns with populations of more than 10,000: 9
- Median age, 2008: 37.1
- Percent of people age 25+ with bachelor’s degree or higher (2007): 25.7%
- Percent change in foreclosures, Jan. 2009-Jan. 2010: -26.92%
- Unemployment rate May 2010: 3.6%
  May 2009: 4.4%
  2009: 4.3%
- Per capita personal income, 2009 (change from 2008): $39,530 (-0.9%)
- State GDP per job, 2008: $62,576
- Top five largest industries (by percent GDP) in the state, 2008:
  1. Government
  2. Agriculture, forestry, fishing and hunting
  3. Health care and social assistance
  4. Real estate, rental and leasing
  5. Wholesale trade
- Largest contributor to real GDP growth, 2008: Agriculture, forestry, fishing and hunting

Sources: U.S. Census Bureau; U.S. Bureau of Economic Analysis; RealtyTrac

Long-Term Trends: Jobs, Income and Prosperity

Long-Term Private Employment

Trend in Total Private Jobs, 1970 - 2008 (Data Indexed to 1970)

Why Important

Private sector jobs are the building blocks of state economic prosperity. While total employment counts are helpful, trends in private sector employment better capture the strength of a state’s economy. This graph of long-term private job growth shows the state’s trends relative to U.S. trends. The data are indexed to private sector employment in 1970.

What It Means

For more than three decades, North Dakota has more than kept pace with the U.S. in private job creation. Data for other states show that the region as a whole has been unduly impacted by national recessions. This has not been the case in North Dakota.
Long-Term Per Capita Income as a Percent of U.S. Per Capita Income

Why Important
Per capita income is the simplest, most widely understood measure of economic progress. It is a good proxy for wealth creation. Income includes earned, investment and pension income, as well as transfer payments such as Social Security. Per capita disposable income shows the amount of income available for spending or saving. It is gross income minus tax payments. This graph shows trends in the state's per capita disposable income in relation to U.S. per capita disposable income. Therefore, it shows the level of wealth creation in the state relative to the nation as a whole.

What It Means
Over the last five decades, North Dakota has gained ground in per capita disposable income, surpassing the 100 percent mark four times. A steady upward trend since the late 1980s is particularly encouraging.

State Economic Prosperity Index

Why Important
Income is only one measure of overall prosperity. The State Economic Prosperity Index provides a more comprehensive measurement. It is GrowthEconomics’ composite measure of prosperity. The state’s score is based on several measures of income and wealth: earnings per job, income from rents/investments, proprietor income, percent of the population with a sustainable income (defined as at least twice the federal poverty level), long-term unemployment, and state and local tax burden. The score of 100 represents the median U.S. state.

What It Means
North Dakota’s score on this measurement of wealth/prosperity remains below the medians for the U.S. and the Midwest.
State Economic Growth Index

Why Important
The State Economic Growth Index reflects recent changes in the State Economic Prosperity Index. By capturing these recent changes, the State Economic Growth Index shows whether a state has been gaining or losing in relation to other states on key measures of economic prosperity. The score of 100 represents the median U.S. state.

What It Means
Recent economic growth trends in North Dakota have been very encouraging.

Recent Income Trends

Recent Net Earnings Trends

Why Important
The graph shows net earnings (gains/losses) of those who live in North Dakota and compares them to the nation as a whole. This measure of earnings is an indication of how well workers in the state are compensated for their labor and whether they are experiencing gains or losses in compensation. It is the best measure of worker earnings that does not include non-labor income, such as rents, interest and capital gains. Data in the graph are indexed to net earnings in the third quarter of 2007.

What It Means
Between mid-2007 and late 2009, North Dakota outperformed the U.S. on this measurement of economic growth and prosperity.
Recent Job Trends

Private Employment

What It Means

The national recession had little effect on North Dakota’s monthly employment differences between 2008 and 2009. Compared to 2008, small monthly losses occurred in the second half of 2009. The state’s year-over-year rate of growth/decline in private employment during the recession compares favorably to that of the U.S. and other Midwestern states.

Why Important

As stated earlier in this section, private sector jobs are the building blocks of state economic prosperity. These two charts show recent trends on this critical economic indicator.

Breadth of Job Creation

Why Important

The percentage of businesses creating jobs is a good measure of the job-creating dynamism of a state’s economy. We refer to this as the “breadth of job creation.” In good economic times, between 30 percent and 32 percent of all businesses are creating jobs in any given quarter. This graph compares North Dakota over time with the best-performing state (Wyoming) and the worst-performing state (Florida).

What It Means

Over the past two decades, North Dakota’s performance on this “breadth of job creation” indicator has been steady, with 28 percent to 30 percent of businesses creating jobs. Only beginning in late 2008 did the state’s performance on this indicator begin to drop off slightly.
Recent Unemployment and Labor Force Participation Trends

Why Important
To get a handle on the employment picture for a state, we need to know more than just how many jobs there are. Changes in the size of the labor force (total number of people employed and unemployed), unemployment rates and under-employment rates are critical indicators as well.

The Labor Force

What It Means
The pool of workers in North Dakota shrank noticeably during the national recession, but it remained well above the state’s labor supply for much of the past decade.

Total Unemployment and Unemployment Rates

What It Means
The number of unemployed North Dakotans rose sharply in early 2009.

What It Means
For some time, North Dakota’s unemployment rate has been consistently below that of the U.S. The state’s rate was 3.8 percent as of April 2010 — well below the national rate of 9.9 percent. North Dakota’s April 2010 figure was lower than it was a year earlier (4.4 percent), a rarity in the Midwest.
Under-Employment Differential
(The under-employment differential is the percentage of people who want to/are available to work full-time but have settled for part-time employment.)

**What It Means**
Between 2007 and late 2009, the under-employment differential increased in North Dakota, but not nearly as dramatically as in most other Midwestern states. Under-employment poses personal and family anguish as well as overall state economic stress. However, on the positive side, the under-employed is a pool of labor talent available for immediate hire as the economy recovers.

Recent Economic Activity vs. Tax Revenue
Tax Revenue Growth Compared to Economic Growth

**Why Important**
One issue of central importance to businesses and state leaders in times of economic downturn is this: What taxing capacity does the state have to address budget shortfalls without jeopardizing economic recovery? This chart provides a combined picture of recent tax revenue and economic activity in the state. It is based on data from the Federal Reserve Bank of Philadelphia’s State Coincident Index and the U.S. Census Bureau.

**What It Means**
The North Dakota Coincident Index shows that the state’s economy has outperformed the 50-state average over the eight quarters examined in this graphic — an indication that the state’s economy has remained quite healthy. Over much of this period, North Dakota’s tax revenue grew at a faster rate than the state’s economic activity. It outpaced the tax revenue changes in other states as well, until 2009.

Note: The State Coincident Index includes four indicators: nonfarm payroll employment, the unemployment rate, average hours worked in manufacturing, and wages and salaries. The trend for each state’s index is set to match the trend for gross state product. Quarterly numbers are the average of the underlying three-month indices. The 50-state trend is the average across all states.
Ohio at a Glance

Population, 2009 est. (change from 2000) 11,542,645 (+1.7%)
Towns with populations of more than 10,000 173
Median age, 2008 38.1
Percent of people age 25+ with bachelor’s degree or higher (2007) 24.1%
Percent change in foreclosures, Jan. 2009-Jan. 2010 -0.84%
Unemployment rate May 2010 10.7%
May 2009 10.3%
2009 10.2%
Per capita personal income, 2009 (change from 2008) $35,381 (-1.4%)
State GDP per job, 2008 $69,146
Top five largest industries (by percent GDP) in the state, 2008
1. Durable goods manufacturing
2. Government
3. Real estate, rental and leasing
4. Health care and social assistance
5. Finance and insurance
Largest contributor to real GDP growth, 2008 Durable goods manufacturing

Sources: U.S. Census Bureau; U.S. Bureau of Economic Analysis; RealtyTrac

Long-Term Trends: Jobs, Income and Prosperity

Long-Term Private Employment

Why Important
Private sector jobs are the building blocks of state economic prosperity. While total employment counts are helpful, trends in private sector employment better capture the strength of a state’s economy. This graph of long-term private job growth shows the state’s trends relative to U.S. trends. The data are indexed to private sector employment in 1970.

What It Means
Ohio has not kept pace with the U.S. in private job creation for over three decades. Most notably, the state’s economy has been disproportionately affected by national recessions.
**State Economic Prosperity Index**

**Why Important**
Income is only one measure of overall prosperity. The State Economic Prosperity Index provides a more comprehensive measurement. It is GrowthEconomics’ composite measure of prosperity. The state’s score is based on several measures of income and wealth: earnings per job, income from rents/investments, proprietor income, percent of the population with a sustainable income (defined as at least twice the federal poverty level), long-term unemployment, and state and local tax burden. The score of 100 represents the median U.S. state.

**What It Means**
Between 2004 and 2008, Ohio’s score on this measurement of wealth/prosperity remained below the medians for the U.S. and the Midwest.

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**Long-Term Per Capita Income as a Percent of U.S. Per Capita Income**

**Why Important**
Per capita income is the simplest, most widely understood measure of economic progress. It is a good proxy for wealth creation. Income includes earned, investment and pension income, as well as transfer payments such as Social Security. Per capita disposable income shows the amount of income available for spending or saving. It is gross income minus tax payments. This graph shows trends in the state’s per capita disposable income in relation to U.S. per capita disposable income. Therefore, it shows the level of wealth creation in the state relative to the nation as a whole.

**What It Means**
Ohio has experienced a multi-decade decline; by 2008, its per capita disposable income in relation to the U.S. had fallen to 90 percent.
Recent Income Trends

Recent Net Earnings Trends

**Why Important**
The graph shows net earnings (gains/losses) of those who live in Ohio and compares them to the nation as a whole. This measure of earnings is an indication of how well workers in the state are compensated for their labor and whether they are experiencing gains or losses in compensation. It is the best measure of worker earnings that does not include non-labor income, such as rents, interest and capital gains. Data in the graph are indexed to net earnings in the third quarter of 2007.

**What It Means**
From mid-2007 to late 2009, net earnings in Ohio declined faster than U.S. net earnings.

State Economic Growth Index

**Why Important**
The State Economic Growth Index reflects recent changes in the State Economic Prosperity Index. By capturing these recent changes, the State Economic Growth Index shows whether a state has been gaining or losing in relation to other states on key measures of economic prosperity. The score of 100 represents the median U.S. state.

**What It Means**
Ohio’s economy has not kept pace with other Midwestern states in recent years.

State Economic Growth Index - Score Performance, 2004 - 2008

Recent Net Earnings by Place of Residence

Source: Bureau of Economic Analysis. Seasonally adjusted.
Recent Job Trends
Private Employment

What It Means
Compared with 2008, private employment in Ohio in 2009 was down approximately 175,000 jobs. Also, Ohio’s year-over-year rate of decline in private employment has been greater than the U.S. rate.

Why Important
As stated earlier in this section, private sector jobs are the building blocks of state economic prosperity. These two charts show recent trends on this critical economic indicator.

Breadth of Job Creation

What It Means
In the 1990s, Ohio was doing well on the “breadth of job creation” indicator. However, since early 2000, there has been a gradual decline in the percentage of businesses adding jobs. There was a significant drop-off during the 2007-2009 recession.

Why Important
The percentage of businesses creating jobs is a good measure of the job-creating dynamism of a state’s economy. We refer to this as the “breadth of job creation.” In good economic times, between 30 percent and 32 percent of all businesses are creating jobs in any given quarter. This graph compares Ohio over time with the best-performing state (Wyoming) and the worst-performing state (Florida).
Recent Unemployment and Labor Force Participation Trends

Why Important
To get a handle on the employment picture for a state, we need to know more than just how many jobs there are. Changes in the size of the labor force (total number of people employed and unemployed), unemployment rates and under-employment rates are critical indicators as well.

The Labor Force

What It Means
The pool of workers in Ohio shrunk noticeably during the national recession; the supply of workers fell close to the levels of mid-2003.

Total Unemployment and Unemployment Rates

What It Means
In 2009, the number of jobless Ohioans was approximately 200,000 higher than the number during the last unemployment peak, in mid-2003.

What It Means
There has been a major spike in Ohio’s unemployment rate, which reached 10.9 percent in April 2010. That rate is a percentage point higher than the national average. In April 2009, Ohio’s jobless rate was 10.0 percent.
Under-Employment Differential
(The under-employment differential is the percentage of people who want to/are available to work full-time but have settled for part-time employment.)

**What It Means**
Between 2007 and late 2009, the under-employment differential in Ohio increased by nearly 75 percent. Under-employment poses personal and family anguish as well as overall state economic stress. However, this level of under-employment also indicates that there will be a pool of labor talent available for immediate hire as the economy recovers.

Recent Economic Activity vs. Tax Revenue
Tax Revenue Growth Compared to Economic Growth

**Why Important**
One issue of central importance to businesses and state leaders in times of economic downturn is this: What taxing capacity does the state have to address budget shortfalls without jeopardizing economic recovery? This chart provides a combined picture of recent tax revenue and economic activity in the state. It is based on data from the Federal Reserve Bank of Philadelphia’s State Coincident Index and the U.S. Census Bureau.

**What It Means**
The Ohio Coincident Index shows that the state’s economy declined more dramatically than the national economy (as measured by the 50-state composite) between 2007 and early 2009. Over this same period, Ohio tax revenue outpaced state economic growth. Beginning in late 2008, tax revenue changes in Ohio began to generally mirror those seen in the 50-state composite. Between the second and third quarters of 2009, Ohio’s tax revenue curve was headed in a positive direction.

Note: The State Coincident Index includes four indicators: nonfarm payroll employment, the unemployment rate, average hours worked in manufacturing, and wages and salaries. The trend for each state’s index is set to match the trend for gross state product. Quarterly numbers are the average of the underlying three-month indices. The 50-state trend is the average across all states.
South Dakota Economic Dashboard

South Dakota at a Glance

- Population, 2009 est. (change from 2000): 812,383 (+7.6%)
- Towns with populations of more than 10,000: 11
- Median age, 2008: 37.3
- Percent of people age 25+ with bachelor’s degree or higher (2007): 25.0%
- Percent change in foreclosures, Jan. 2009-Jan. 2010: -64.1%
- Unemployment rate May 2010: 4.6%
- May 2009: 5.0%
- 2009: 4.8%
- Per capita personal income, 2009 (change from 2008): $36,935 (-4.4%)
- State GDP per job, 2008: $65,242
- Top five largest industries (by percent GDP) in the state, 2008:
  1. Finance and insurance
  2. Government
  3. Health care and social assistance
  4. Agriculture, forestry, fishing and hunting
  5. Durable goods manufacturing
- Largest contributor to real GDP growth, 2008: Agriculture, forestry, fishing and hunting

Sources: U.S. Census Bureau; U.S. Bureau of Economic Analysis; RealtyTrac

Long-Term Trends: Jobs, Income and Prosperity

Long-Term Private Employment

**Trend in Total Private Jobs, 1970 - 2008 (Data Indexed to 1970)**

**Why Important**

Private sector jobs are the building blocks of state economic prosperity. While total employment counts are helpful, trends in private sector employment better capture the strength of a state’s economy. This graph of long-term private job growth shows the state’s trends relative to U.S. trends. The data are indexed to private sector employment in 1970.

**What It Means**

In the 1970s and 1980s, South Dakota kept pace with the U.S. in private job creation. In the early 1990s, the state began to outperform the U.S. on this indicator. It sustained this edge into 2008.
**State Economic Prosperity Index**

**Why Important**
Income is only one measure of overall prosperity. The State Economic Prosperity Index provides a more comprehensive measurement. It is GrowthEconomics’ composite measure of prosperity. The state’s score is based on several measures of income and wealth: earnings per job, income from rents/investments, proprietor income, percent of the population with a sustainable income (defined as at least twice the federal poverty level), long-term unemployment, and state and local tax burden. The score of 100 represents the median U.S. state.

**What It Means**
During the first decade of this century, South Dakota’s score on this measure of wealth/prosperity has remained above the median for the U.S. and the Midwest.

**Long-Term Per Capita Income as a Percent of U.S. Per Capita Income**

**Why Important**
Per capita income is the simplest, most widely understood measure of economic progress. It is a good proxy for wealth creation. Income includes earned, investment and pension income, as well as transfer payments such as Social Security. Per capita disposable income shows the amount of income available for spending or saving. It is gross income minus tax payments. This graph shows trends in the state’s per capita disposable income in relation to U.S. per capita disposable income. Therefore, it shows the level of wealth creation in the state relative to the nation as a whole.

**What It Means**
South Dakota has gradually gained ground on the rest of the nation in per capita disposable income. The state’s per capita income was at the U.S. average in 2008.
State Economic Growth Index

Why Important
The State Economic Growth Index reflects recent changes in the State Economic Prosperity Index. By capturing these recent changes, the State Economic Growth Index shows whether a state has been gaining or losing in relation to other states on key measures of economic prosperity. The score of 100 represents the median U.S. state.

What It Means
South Dakota fares well on this indicator of relative gains/losses in economic prosperity. Its scores rose between 2006 and 2008 and were higher than the median for the Midwest and the U.S.

Recent Income Trends
Recent Net Earnings Trends

Why Important
The graph shows net earnings (gains/losses) of those who live in South Dakota and compares them to the nation as a whole. This measure of earnings is an indication of how well workers in the state are compensated for their labor and whether they are experiencing gains or losses in compensation. It is the best measure of worker earnings that does not include non-labor income, such as rents, interest and capital gains. Data in the graph are indexed to net earnings in the third quarter of 2007.

What It Means
Recent Job Trends
Private Employment

Compared with 2008, private employment in South Dakota was down approximately 12,000 jobs in late 2009. However, South Dakota’s year-over-year rate of decline in private employment has not been as steep as the rate of decline for the U.S. or the Midwest.

What It Means

Despite South Dakota’s strong jobs and income performance in recent years, its “breadth of job creation” has been sub-par. On this indicator, South Dakota has more closely mirrored poorly performing states.

Why Important

As stated earlier in this section, private sector jobs are the building blocks of state economic prosperity. These two charts show recent trends on this critical economic indicator.

Breadth of Job Creation

The percentage of businesses creating jobs is a good measure of the job-creating dynamism of a state’s economy. We refer to this as the “breadth of job creation.” In good economic times, between 30 percent and 32 percent of all businesses are creating jobs in any given quarter. This graph compares South Dakota over time with the best-performing state (Wyoming) and the worst-performing state (Florida).
Recent Unemployment and Labor Force Participation Trends

Why Important
To get a handle on the employment picture for a state, we need to know more than just how many jobs there are. Changes in the size of the labor force (total number of people employed and unemployed), unemployment rates and under-employment rates are critical indicators as well.

The Labor Force

Size of South Dakota Labor Force 1999 - 2009

What It Means
The pool of workers in South Dakota shrank somewhat during the latter part of the national recession. However, the size of the labor force is still much larger than it was a decade ago.

Total Unemployment and Unemployment Rates

What It Means
South Dakotans have found it much harder to get a job. The number of unemployed South Dakotans jumped dramatically in 2008; there were approximately 5,000 more jobless residents than during the last unemployment peak, in 2005.

What It Means
South Dakota’s unemployment rate reached 4.7 percent in April 2010 — well below the national rate of 9.9 percent.
Under-Employment Differential
(The under-employment differential is the percentage of people who want to/are available to work full-time but have settled for part-time employment.)

What It Means
Between 2007 and late 2009, the under-employment differential in South Dakota increased by more than 50 percent. Under-employment poses personal and family anguish as well as overall state economic stress. However, this level of under-employment also indicates that there will be a pool of labor talent available for immediate hire as the economy recovers.

Recent Economic Activity vs. Tax Revenue
Tax Revenue Growth Compared to Economic Growth

Why Important
One issue of central importance to businesses and state leaders in times of economic downturn is this: What taxing capacity does the state have to address budget shortfalls without jeopardizing economic recovery? This chart provides a combined picture of recent tax revenue and economic activity in the state. It is based on data from the Federal Reserve Bank of Philadelphia’s State Coincident Index and the U.S. Census Bureau.

What It Means
Over the time period examined in the graphic, the South Dakota Coincident Index shows that the state’s economy performed well when compared to the 50-state economic growth average. Over this same period, changes in South Dakota tax revenue have generally tracked economic growth trends. In recent quarters, the state’s tax revenue growth has exceeded the 50-state average. These are both healthy signs. However, it should be noted that state economic indicators were sloping downward in mid-2009.

Note: The State Coincident Index includes four indicators: nonfarm payroll employment, the unemployment rate, average hours worked in manufacturing, and wages and salaries. The trend for each state’s index is set to match the trend for gross state product. Quarterly numbers are the average of the underlying three-month indices. The 50-state trend is the average across all states.
Wisconsin Economic Dashboard

Wisconsin at a Glance

Population, 2009 est. (change from 2000) 5,654,774 (+5.4%)
Towns with populations of more than 10,000 83
Median age, 2008 38.2
Percent of people age 25+ with bachelor’s degree or higher (2007) 25.4%
Percent change in foreclosures, Jan. 2009-Jan. 2010 37.46%
Unemployment rate May 2010 8.2%
May 2009 8.9%
2009 8.5%
Per capita personal income, 2009 (change from 2008) $36,822 (-2.5%)
State GDP per job, 2008 $66,421
Top five largest industries (by percent GDP) in the state, 2008
1 Durable goods manufacturing
2 Real estate, rental and leasing
3 Government
4 Health care and social assistance
5 Nondurable goods manufacturing
Largest contributor to real GDP growth, 2008 Real estate, rental and leasing

Sources: U.S. Census Bureau; U.S. Bureau of Economic Analysis; RealtyTrac

Long-Term Trends: Jobs, Income and Prosperity
Long-Term Private Employment

Why Important
Private sector jobs are the building blocks of state economic prosperity. While total employment counts are helpful, trends in private sector employment better capture the strength of a state’s economy. This graph of long-term private job growth shows the state’s trends relative to U.S. trends. The data are indexed to private sector employment in 1970.

What It Means
For most of the past three decades, Wisconsin has kept pace with the U.S. in private job creation. However, the state has lost ground relative to the U.S. beginning in the mid-2000s.
Why Important

Income is only one measure of overall prosperity. The State Economic Prosperity Index provides a more comprehensive measurement. It is GrowthEconomics’ composite measure of prosperity. The state’s score is based on several measures of income and wealth: earnings per job, income from rents/investments, proprietor income, percent of the population with a sustainable income (defined as at least twice the federal poverty level), long-term unemployment, and state and local tax burden. The score of 100 represents the median U.S. state.

What It Means
Wisconsin’s score on this measurement of wealth/prosperity has remained close to the U.S. median. Since 2007, it has been higher than the median for the Midwest.

Why Important

Per capita income is the simplest, most widely understood measure of economic progress. It is a good proxy for wealth creation. Income includes earned, investment and pension income, as well as transfer payments such as Social Security. Per capita disposable income shows the amount of income available for spending or saving. It is gross income minus tax payments. This graph shows trends in the state’s per capita disposable income in relation to U.S. per capita disposable income. Therefore, it shows the level of wealth creation in the state relative to the nation as a whole.

What It Means
Wisconsin has lost ground in per capita disposable income since the 1950s. The state experienced temporary gains in the late 1970s and between 2002 and 2004.
Recent Income Trends

Why Important
The graph shows net earnings (gains/losses) of those who live in Wisconsin and compares them to the nation as a whole. This measure of earnings is an indication of how well workers in the state are compensated for their labor and whether they are experiencing gains or losses in compensation. It is the best measure of worker earnings that does not include non-labor income, such as rents, interest and capital gains. Data in the graph are indexed to net earnings in the third quarter of 2007.

What It Means
In early 2009, net earnings in Wisconsin began declining faster than U.S. net earnings.
Recent Job Trends

Private Employment

What It Means

Compared with 2008, private employment in Wisconsin was down approximately 125,000 jobs in late 2009. The state’s year-over-year rate of decline in private employment is similar to the rates for the U.S. and the Midwest.

Why Important

As stated earlier in this section, private sector jobs are the building blocks of state economic prosperity. These two charts show recent trends on this critical economic indicator.

Breadth of Job Creation

What It Means

In the 1990s, Wisconsin was doing well on this “breadth of job creation” indicator. Its percentage of job-creating businesses was close to levels seen in leading states such as Wyoming. Beginning in late 1999, however, the state experienced a gradual decline in the percentage of businesses creating jobs. There was then a significant drop-off in 2008-2009.

Why Important

The percentage of businesses creating jobs is a good measure of the job-creating dynamism of a state’s economy. We refer to this as the “breadth of job creation.” In good economic times, between 30 percent and 32 percent of all businesses are creating jobs in any given quarter. This graph compares Wisconsin over time with the best-performing state (Wyoming) and the worst-performing state (Florida).
Recent Unemployment and Labor Force Participation Trends

**Why Important**

To get a handle on the employment picture for a state, we need to know more than just how many jobs there are. Changes in the size of the labor force (total number of people employed and unemployed), unemployment rates and under-employment rates are critical indicators as well.

**The Labor Force**

![Size of Wisconsin Labor Force 1999 - 2009](chart)

*What It Means*

The pool of workers in Wisconsin shrank noticeably during the recession; the number of people in the state labor force fell to 2003-2004 levels.

**Total Unemployment and Unemployment Rates**

![Total Number of Unemployed Residents in Wisconsin 1999 - 2009](chart)

*What It Means*

In 2009, there were nearly 100,000 more unemployed residents in Wisconsin compared to the number of jobless residents after the 2001-2002 recession.

*What It Means*

Wisconsin’s unemployment rate was 8.5 percent in April 2010. The national rate was 9.9 percent. These jobless numbers for Wisconsin and the decline in the labor force suggest that there may be a high number of discouraged workers in the state. (Individuals who have given up on looking for a job are not counted as unemployed and are not counted in the labor force.)
Under-Employment Differential
(The under-employment differential is the percentage of people who want to/are available to work full-time but have settled for part-time employment.)

What It Means
Between 2007 and late 2009, the under-employment differential almost doubled. Under-employment poses personal and family anguish as well as overall state economic stress. However, this level of under-employment also indicates that there will be a pool of labor talent available for immediate hire as the economy recovers.

Recent Economic Activity vs. Tax Revenue
Tax Revenue Growth Compared to Economic Growth

Why Important
One issue of central importance to businesses and state leaders in times of economic downturn is this: What taxing capacity does the state have to address budget shortfalls without jeopardizing economic recovery? This chart provides a combined picture of recent tax revenue and economic activity in the state. It is based on data from the Federal Reserve Bank of Philadelphia’s State Coincident Index and the U.S. Census Bureau.

What It Means
Over the eight quarters examined in the graphic, the Wisconsin Coincident Index shows that the state’s economy closely tracked the 50-state composite. In early 2009, though, the dips in state economic activity were greater than those seen in the 50-state composite. Changes in Wisconsin tax revenue have also closely tracked trends in the 50 states. However, in the second quarter of 2009, Wisconsin tax revenues declined at a higher rate than that of the 50-state composite. That trend was reversed in the third quarter. Another point of interest in Wisconsin is that the rate of decline in tax revenues has exceeded the decline in economic growth.

Note: The State Coincident Index includes four indicators: nonfarm payroll employment, the unemployment rate, average hours worked in manufacturing, and wages and salaries. The trend for each state’s index is set to match the trend for gross state product. Quarterly numbers are the average of the underlying three-month indices. The 50-state trend is the average across all states.
Section 2: State Report Cards
Each year, legislators and decision-makers are inundated with reports and benchmarks prepared by a variety of organizations that show how their states stack up against others.

This section provides a compilation of 24 of the most widely cited reports. The purpose of compiling the findings of these reports in one place is to give policymakers a “big picture” look at how their states are performing on measures of economic growth and competitiveness.

These measures fall into 14 categories associated with business development and economic growth, such as overall economic performance, tax and fiscal climate, access to capital, business dynamism, and workforce and education.

In addition to compiling the ratings and scores, we offer a brief summary of what the results, when examined together, tell us about the economic performance of a state.

In most cases, the scores in the different reports offer a congruent picture of how a state is performing relative to other states on specific measures. In a few cases, however, the findings from the different reports that we use vary within a single category, resulting in different conclusions about a state’s performance. In many cases, these variations are a result of the reports’ methods, data sources and measurement tools. Whenever possible, in each state section, we attempt to give reasons for these variations.

At the end of this section, there is a brief explanation of select measures used by the 24 reports. In addition, a brief description of each of the 24 report cards — as well as a discussion of which, from a methodological perspective, are preferred — is presented at the end of this section.
Assessments of state economic growth indicated that Illinois’ has been slow relative to that of other states over the past decade. The state, though, does have the building blocks needed for a strong economic future: a skilled workforce, high educational attainment among its residents, a solid infrastructure and adequate financial resources. Illinois, too, ranks above most states on measures assessing the technology economy and entrepreneurial dynamism.

**The Bottom Line**

Overall, most measures of economic growth put Illinois in the bottom half of states. GrowthEconomics’ analysis shows some improvement in recent years; furthermore, Illinois receives a top-10 ranking on GrowthEconomics’ Prosperity Index. This is due to the state’s above-average performance on five income measures. In contrast, the lower rankings by the Corporation for Enterprise Development and ALEC-Laffer are based on Illinois’ low scores on measures of employment and equity.

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**Summary of Recent State Competitiveness and “Best States for Business” Reports** *(year shown is publication year)*

<table>
<thead>
<tr>
<th>OVERALL ECONOMIC PERFORMANCE</th>
<th>Rank (rank 1 is best)</th>
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<tbody>
<tr>
<td>Corporation for Enterprise Development (CFED): 2007 Development Report Card for the States</td>
<td></td>
</tr>
<tr>
<td>Employment</td>
<td>47 (50 in 2002)</td>
</tr>
<tr>
<td>Earnings &amp; Job Quality</td>
<td>13 (10 in 2002)</td>
</tr>
<tr>
<td>Equity</td>
<td>43 (14 in 2002)</td>
</tr>
<tr>
<td>GrowthEconomics: Competitiveness ScoreCard (2010)</td>
<td></td>
</tr>
<tr>
<td>State Economic Prosperity Index</td>
<td>10 (16 in 2002)</td>
</tr>
<tr>
<td>State Economic Growth Index (recent 3-year change)</td>
<td>14 (32 in 2002)</td>
</tr>
<tr>
<td>American Legislative Exchange Council: ALEC-Laffer State Economic Competitiveness Index (2009)</td>
<td>48</td>
</tr>
<tr>
<td>Economic Performance (10-year change)</td>
<td></td>
</tr>
<tr>
<td>Forbes: The Best States For Business (2009)</td>
<td>32</td>
</tr>
<tr>
<td>Economic Climate</td>
<td></td>
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</tbody>
</table>

* The reports in bold are those considered to be the most reliable or carefully constructed because they focus primarily on outcome measurements, strive to be comprehensive, and use transparent methods whereby their results can be replicated by others. See page 138 for more information.
Illinois ranks in the bottom half of states in assessments of the **cost of doing business**.

The state ranks relatively high on measures that assess **access to capital**. The Corporation for Enterprise Development places Illinois among the top 10 states, due in part to the CFED’s inclusion of income from dividends, rent, interest and small-business financing. In contrast, using other data on small-business and seed and venture financing, GrowthEconomics ranks Illinois 38th among states on the access-to-capital measure.
Illinois generally ranks in the bottom 10 states on assessments of legal climate. Results for the state on measures of regulatory climate are more mixed.

The state’s tax and fiscal climate is generally viewed as below average. However, the “Small Business Survival Index” gives Illinois high marks in some areas: a relatively low number of government employees and low top tax rates for personal income and individual capital gains. In contrast, the ALEC-Laffer report, which takes into account estate and inheritance taxes, ranks Illinois’ tax and fiscal climate among the bottom 10 states.

<table>
<thead>
<tr>
<th>BUSINESS DYNAMISM</th>
<th>Rank (rank 1 is best)</th>
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<tbody>
<tr>
<td><strong>Technology &amp; Innovation Indices</strong></td>
<td></td>
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<tr>
<td>Kauffman Foundation/Information Technology and Innovation Foundation: The 2008 New Economy Index</td>
<td>16 (19 in 2002)</td>
</tr>
<tr>
<td>Milken Institute: 2008 State Technology and Science Index</td>
<td>21 (21 in 2004)</td>
</tr>
<tr>
<td>Chief Executive: Best and Worst States for Business (2009) Technology &amp; Innovation</td>
<td>7</td>
</tr>
<tr>
<td>CNBC: Top States for Businesses 2009 Technology &amp; Innovation</td>
<td>4</td>
</tr>
<tr>
<td><strong>Entrepreneurial Economy</strong></td>
<td></td>
</tr>
<tr>
<td>Entrepreneurial Vitality</td>
<td>19 (31 in 2002)</td>
</tr>
<tr>
<td>Entrepreneurial Climate</td>
<td>21 (18 in 2002)</td>
</tr>
<tr>
<td><strong>International Business Activity</strong></td>
<td></td>
</tr>
<tr>
<td>Kauffman Foundation/Information Technology and Innovation Foundation: The 2008 New Economy Index Globalization</td>
<td>10</td>
</tr>
</tbody>
</table>

Illinois generally ranks among the top half of states in the technology and innovation indices. The CNBC and Chief Executive reports place the state in the top 10 in this category. The rank in the Kauffman Foundation study is a result of Illinois’ strong performance on measures of globalization. However, GrowthEconomics gives Illinois a below-average ranking. One reason for this is that the state scores in the low range for the number of individual patents held per innovation worker in the state.

The two reports assessing the entrepreneurial economy in the 50 states agree that Illinois has shown significant improvement in entrepreneurial and business vitality and change. However, this is not the case for the state’s entrepreneurial climate, which includes factors such as technology innovation, finance and general business growth. Illinois ranks among the top 10 states on GrowthEconomics’ measurement of entrepreneurial change — a reflection of the increase in the number of high-growth firms in the state. On measures of international business activity, Illinois ranks among the top 20 states and has shown improvement in recent years.
Assessments of Illinois’ workforce and education systems vary considerably. GrowthEconomics ranks the state above average on workforce measures. Two reasons why are the relatively high level of educational attainment among Illinois workers and the state’s share of innovation workers. CNBC ranks Illinois at No. 41. Contributing to this lower ranking is that CNBC counts high union membership as a workforce disadvantage and includes a measure of the efficacy of state training programs; these factors are not considered in the other reports examined here.

CNBC ranks Illinois among the top 20 states for general education performance. In most states, Illinois is rated just below average on measurements of state K-12 education systems. Illinois’ performance in this area has been slipping relative to other states in recent years. Top scores in SAT performance and strong AP exam scores bolstered Illinois’ ranking in the GrowthEconomics study. The U.S. Chamber of Commerce gives Illinois a grade of A, thanks in part to the state’s high rate of on-time high school completion and the strong performance of students on AP exams.

Illinois’ grade of C on government performance places it in the middle of states in the Pew Center on the States’ 2008 report. Weaknesses identified by Pew include human resources and financial management.
Assessments of state economic performance generally rank Indiana as a low performer, despite the state’s relatively good scores in areas such as the cost of doing business and tax and fiscal climate. Indiana also scores at or above average on measures assessing a state’s international business activity, legal climate and education system. However, Indiana lags behind other states on other key indicators: innovation workforce, technology competitiveness and entrepreneurial economy.

These rankings show signs of weakness in Indiana’s economy. On measures of overall economic performance, Indiana ranks among the bottom 12 states. The state does not perform any better on measures of economic growth.

* The reports in bold are those considered to be the most reliable or carefully constructed because they focus primarily on outcome measurements, strive to be comprehensive, and use transparent methods whereby their results can be replicated by others. See page 138 for more information.
Of all the categories examined in this report, Indiana scores best on measures of the **cost of doing business**. Indiana places among the top 10 states in GrowthEconomics’ rankings, in part because of the state’s strong performance on a measure of worker productivity.

Indiana generally ranks in the bottom half of states on **access-to-capital** measurements and has lost ground on this measure over the past decade.
Indiana, which is known as a state that limits lawsuit abuse, is a high performer on measures of legal climate. The state’s legal ranking was pulled down to No. 18 in GrowthEconomics’ report because of the inclusion of several regulatory measures under that report’s legal climate category. (For example, the state ranks among the bottom five states on a measure of local phone competition.)

Indiana’s rankings on regulatory climate vary quite a bit. While two studies place the state among the top 15 states, the Pacific Research Institute ranks the state at 39th. These three reports are seldom consistent in terms of state rankings due to very different designs and methodologies. Indiana is generally ranked high on measures of tax and fiscal climate.

### BUSINESS DYNAMISM

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<tr>
<th>Technology &amp; Innovation Indices</th>
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<tr>
<td>Technology</td>
<td><strong>36 (31 in 2002)</strong></td>
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<tr>
<td><strong>Corporation for Enterprise Development: 2007 Development Report Card for the States</strong></td>
<td></td>
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<tr>
<td>Innovation Assets</td>
<td><strong>31 (34 in 2002)</strong></td>
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<td><strong>GrowthEconomics: Competitiveness ScoreCard (2010)</strong></td>
<td></td>
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<tr>
<td>Technology &amp; Innovation</td>
<td><strong>37 (35 in 2002)</strong></td>
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<tr>
<td><strong>Kauffman Foundation/Information Technology and Innovation Foundation: The 2008 New Economy Index</strong></td>
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<td><strong>Milken Institute: 2008 State Technology and Science Index</strong></td>
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<tr>
<td>Technology &amp; Innovation</td>
<td><strong>33 (30 in 2002)</strong></td>
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<tr>
<td><strong>Chief Executive: Best and Worst States for Business (2009)</strong></td>
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<tr>
<td>Technology &amp; Innovation</td>
<td><strong>23</strong></td>
</tr>
<tr>
<td><strong>CNBC: Top States for Businesses 2009</strong></td>
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<tr>
<td>Entrepreneurial Energy</td>
<td><strong>31 (33 in 2002)</strong></td>
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<td><strong>GrowthEconomics: Entrepreneurship ScoreCard (2009)</strong></td>
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<tr>
<td>Entrepreneurial Change (recent 3-year change)</td>
<td><strong>46 (25 in 2002)</strong></td>
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<td>Entrepreneurial Vitality</td>
<td><strong>39 (44 in 2002)</strong></td>
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<tr>
<td>Entrepreneurial Climate</td>
<td><strong>45 (41 in 2002)</strong></td>
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<td><strong>International Business Activity</strong></td>
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<tr>
<td>Openness</td>
<td><strong>24 (13 in 2002)</strong></td>
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<tr>
<td><strong>GrowthEconomics: Competitiveness ScoreCard (2010)</strong></td>
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<tr>
<td>International Activity</td>
<td><strong>6 (8 in 2002)</strong></td>
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<tr>
<td><strong>Kauffman Foundation/Information Technology and Innovation Foundation: The 2008 New Economy Index</strong></td>
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<tr>
<td>Globalization</td>
<td><strong>25</strong></td>
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</tbody>
</table>

Indiana is a mid-to-low performer on measures that assess the state’s technology and innovation economies. Several studies report a recent loss in competitiveness in these areas, but two others show small improvements.

Indiana ranks low on measures of entrepreneurial infrastructure and business activity. On all three of GrowthEconomics’ entrepreneurial measures, Indiana ranks among the bottom 11 states. However, there have been signs of progress with regard to the state’s entrepreneurial vitality.

In contrast, Indiana ranks in the top half of states on measures of international business activity. The GrowthEconomics report gives the state a particularly high ranking due to Indiana’s strength on indicators such as the number of export-related jobs and the level of foreign direct investment.
Indiana’s rankings on education measures have improved over the past decade. However, when workforce scores are included with education scores, the state still finishes in the bottom half of states. Indiana ranks near the bottom of states on measures related to the innovation workforce.  

Indiana falls in the middle of states on measures assessing and comparing state K-12 education systems. The slightly lower rank in the GrowthEconomics report is due to the inclusion of a measure related to students’ SAT scores. In contrast, the same report ranks Indiana’s postsecondary education system among the top 10 states. Several factors contributed to this high ranking: the number of innovation-economy degrees, college in-migration and the reputation of undergraduate programs. The relatively low grades in the “Measuring Up” report are based on a few factors: the state’s low number of adults enrolled in college, the ratio of degree to non-degree holders in the population, and the lack of job opportunities for Indiana’s higher-education graduates.

### OVERALL GOVERNMENT PERFORMANCE

<table>
<thead>
<tr>
<th>Source</th>
<th>Grade</th>
</tr>
</thead>
<tbody>
<tr>
<td>The Pew Center on the States: Grading the States (2008)</td>
<td>B</td>
</tr>
</tbody>
</table>

Indiana was given a B in the Pew Center on the States report assessing government performance; only eight states received a higher grade. According to the Pew assessment, Indiana’s main weaknesses are in the areas of performance auditing and evaluation.
The Bottom Line

On various measures of overall state economic performance, Iowa is ranked as a mid- to low-range performer. On the positive side, Iowa has a well-regarded education system, and the state’s rankings in this area are an indicator of how strong the system is. It falls in the middle of states on measures that assess state workforces. Iowa performs well on measures related to the cost of doing business and state legal and regulatory climates. On the other hand, access to capital appears to be a problem for Iowa, and the various reports come to different conclusions about the state’s tax and fiscal climate. According to these assessments, the state, too, faces challenges in trying to build up its technology- and innovation-based economies.

Summary of Recent State Competitiveness and “Best States for Business” Reports *
(year shown is publication year)

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<tr>
<td>State Economic Prosperity Index</td>
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</tr>
<tr>
<td>State Economic Growth Index (recent 3-year change)</td>
<td>23 (19 in 2002)</td>
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<tr>
<td>American Legislative Exchange Council: ALEC-Laffer State Economic Competitiveness Index (2009)</td>
<td></td>
</tr>
<tr>
<td>Economic Performance (10-year change)</td>
<td>45</td>
</tr>
<tr>
<td>Forbes: The Best States For Business (2009)</td>
<td></td>
</tr>
<tr>
<td>Economic Climate</td>
<td>22</td>
</tr>
</tbody>
</table>

Iowa generally ranks in the middle of states on measures of overall economic performance. The state’s ranking on measures of economic growth points to some signs of sluggishness, which may indicate challenges going into the recovery phase of the next business cycle. The ALEC-Laffer report ranks Iowa 45th on measures of “change in economic performance” over the past decade; GrowthEconomics’ measure of growth for the past three years places Iowa at 23rd.

* The reports in bold are those considered to be the most reliable or carefully constructed because they focus primarily on outcome measurements, strive to be comprehensive, and use transparent methods whereby their results can be replicated by others. See page 138 for more information.
Iowa fares well on measurements of the cost of doing business. Most reports rank Iowa among the top five states in this area of economic competitiveness. However, Iowa generally ranks among the bottom 10 states on measures assessing access to capital.

Iowa’s legal climate is ranked in the top half of states. Relatively high rankings on measures related to malpractice costs and health mandates place it among the top 10 states in the GrowthEconomics report.
Findings on Iowa’s **tax and fiscal climate** are more varied. ALEC-Laffer, the Tax Foundation and the Small Business Survival Index place Iowa among the bottom 15 states on tax policy, but in the top half of states on measures related to fiscal policy and fiscal conditions.

Iowa falls in the bottom half of states on scores that measure states’ **technology and innovation** economies. Iowa’s ranking in the GrowthEconomics report is pulled up by the state’s relatively strong performance on one particular measure: university licenses to small businesses. The state’s traditionally low performance on **entrepreneurial economy** measures has seen further decline in all areas over the past decade. On the other hand, there are signs of improvement on measures of **international business activity**.
Iowa tends to rank in the top half of states in reports that evaluate state workforce and education systems.

Iowa’s K-12 education system ranks well above average in most reports. One exception is the grade of C given to Iowa by Education Week. This is due to low scores on measures such as standards, assessment and accountability. A measurement based on AP exams hurt Iowa’s standing in the U.S. Chamber of Commerce report.

Iowa was given a B in a Pew Center on the States report evaluating government performance. Only eight states had higher grades. Infrastructure management was one weakness identified by Pew in its review of Iowa.
Kansas receives high scores on several business-climate and workforce measures, but most assessments of economic performance place Kansas in the bottom half of states. The state’s rankings on measures related to technology competitiveness and the entrepreneurial economy point to possible challenges. However, there is some good news on this front. In particular, the state’s entrepreneurial climate appears to be improving.

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<td>28 (41 in 2002)</td>
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<td>Economic Performance (10-year change)</td>
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<tr>
<td>Economic Climate</td>
<td>30</td>
</tr>
</tbody>
</table>

Kansas ranks in the bottom half of states on reports measuring overall economic performance and long-term growth. The bottom-10 ranking in the ALEC-Laffer report is largely due to negative net domestic migration. However, Kansas ranks much higher in GrowthEconomics’ measurement of growth performance. Three factors contributed to the high ranking: job growth, net earnings and business profits.

* The reports in bold are those considered to be the most reliable or carefully constructed because they focus primarily on outcome measurements, strive to be comprehensive, and use transparent methods whereby their results can be replicated by others. See page 138 for more information.
Kansas generally ranks in the middle of states on measures that assess the cost of doing business. The Milken Institute ranks the state relatively high due to its very low electricity costs.

Kansas places in the bottom half of states in most measurements of access to capital. Kansas’ score in the Corporation for Enterprise Development report is hurt by the state’s relatively low level of Small Business Investment Company (SBIC) financing.

Kansas ranks relatively high on measures of the state’s legal and regulatory climate. For example, low malpractice costs...
and the reputation of the state’s liability system led to the high ranking in GrowthEconomics’ legal climate index.

Findings on the state’s **tax and fiscal climate** are more varied. The Pew Center on the States puts Kansas in the top half of states, in part because of how Pew measures the impact of fiscal stress on economic growth. Two factors contributed to Kansas’ lower ranking in the GrowthEconomics report: high interest payments being paid on general debt in the state and the relatively high share of government jobs.

**BUSINESS DYNAMISM**

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<td>CNBC: Top States for Businesses 2009</td>
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| Entrepreneurial Economy                                             |                        |
| GrowthEconomics: *Entrepreneurial Change* (recent 3-year change)   | 37 (37 in 2002)        |
| GrowthEconomics: *Entrepreneurial Vitality* (recent 3-year change) | 38 (50 in 2002)        |
| GrowthEconomics: *Entrepreneurial Climate* (recent 3-year change)  | 37 (50 in 2002)        |

| International Business Activity                                     |                        |
| Kauffman Foundation/Information Technology and Innovation Foundation: *The 2008 New Economy Index* | 36                     |
| International Activity                                              |                        |

Kansas ranks in the middle of states on measures that assess the relative strength of states’ **technology and innovation** economies. The Beacon Hill report includes workforce measures, which boost Kansas’ performance to above average. However, GrowthEconomics places Kansas among the bottom 10 states — partly due to its relatively low share of federal R&D investment.

Despite some signs of improvement, Kansas ranks in the bottom half of states in reports measuring states’ **entrepreneurial climate**. The GrowthEconomics index ranks the state among the bottom 15 states on its measure of entrepreneurial vitality. The Corporation for Enterprise Development ranks Kansas much higher because of two factors: the state’s relatively high employment in technology industries and its low number of business closings.
Kansas generally places in the top half of states on measures related to state workforce and education systems. The state ranks lower in GrowthEconomics’ report because of the relatively low number of graduates in fields associated with the innovation economy. Also in Kansas, the immigration of knowledge workers is modest and manufacturing productivity is low — two factors that brought down its rankings in the Kauffman Foundation index.

Most reports place Kansas among the top 20 states on measures related to K-12 education. Education Week gave Kansas a C based on concerns that the state is not doing enough to ensure that young people are prepared for success in college and the workforce.

Kansas generally ranks at or below average on postsecondary education measures.

The Pew Center on the States gave Kansas a B- in its report evaluating government performance. The state’s primary weakness is in its ability to retain employees and maintain its infrastructure, Pew found. The report indicates that Kansas government is strong in the areas of performance auditing and evaluation, as well as the availability of online services and information.
The Bottom Line

Michigan’s economic performance scores illustrate the problems that the state has been having in recent years. In particular, the state ranks low on measures of business climate and entrepreneurship. On the brighter side, some national assessments rate Michigan’s education system and workforce as “above average.” In particular, Michigan produces a relatively high level of science, engineering and graduate degrees, and the state’s technology competitiveness is an asset.

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Indices that focus primarily on economic growth (ALEC-Laffer and GrowthEconomics) agree on very low rankings for Michigan. State rankings based on economic prosperity and on economic equity place the state higher, but all reports show a significant drop in economic performance over the past decade.

* The reports in bold are those considered to be the most reliable or carefully constructed because they focus primarily on outcome measurements, strive to be comprehensive, and use transparent methods whereby their results can be replicated by others. See page 138 for more information.
Michigan ranks in the fourth quintile of states on the cost of doing business, while the state’s performance on assessments of access to capital depend on the variables used in the different reports. GrowthEconomics’ report ranks the state in the fourth quintile on most measures in this area, while CNBC, which focuses exclusively on venture capital, places Michigan among the top-ranked states.

The Directorship report ranks Michigan among the top 15 states on its measure of legal climate. GrowthEconomics’ lower ranking on this measure is due to the state’s weaker performance on a measure related to malpractice costs. In contrast, the Pacific Research Institute, which takes into account several policies it considers to be important, ranks Michigan’s legal climate at 30th.
Two of the three indices of regulatory climate rank Michigan among the top 10 states. In ranking Michigan No. 1, Mercatus cites the following: the ability of businesses to self-insure for workers compensation; certain exemptions for agricultural employees; a relatively low number of health insurance mandates; deregulation of the natural gas and telecommunications industries; a relatively low number of occupations requiring licenses; and extensive eminent-domain reforms.

Michigan’s tax and fiscal climate ranks consistently below average, and the rankings have shown signs of decline over the past decade.

The various technology and innovation indices rate Michigan as above average. The Chief Executive report and CNBC (which focuses on general support for innovation, patents, broadband services, and federal health and science grants) places Michigan among the top 10 states.

In contrast, the Corporation for Enterprise Development ranks Michigan in the middle of states on its entrepreneurial economy assessment. GrowthEconomics’ assessment of entrepreneurial change and climate places Michigan among the bottom 10 states.

Michigan ranks among the top half of states on measurements of international business activity.
CNBC and Beacon Hill rank Michigan’s general education system and workforce in the fourth quintile of states, while the other reports’ inclusion of and focus on the percentage of innovation-economy degrees and percentage of innovation workers raises the state’s rank into the third quintile. Assessments evaluating state innovation workforces place Michigan as an above-average performer.

GrowthEconomics ranks Michigan’s K-12 education system as above average due to its performance on SAT results. Education Week gives the state high scores for college and workforce transition and alignment. The ALEC report ranks Michigan very low on the measure of pupil-teacher ratio and on student performance on the ACT. The other two reports rank the state’s K-12 education system as average.

Due to Michigan’s strength in the percentage of innovation economy degrees and the reputation of the state’s graduate programs, the state ranks high in GrowthEconomics’ postsecondary education measure. On the other hand, the “Measuring Up” report places Michigan in the middle of states on measures of student participation and completion, with an above-average ranking in benefits of education to the state.

Michigan scores among the top 10 states in government performance; its primary strengths are in the areas of infrastructure and information management.
The Bottom Line

Minnesota no longer scores exceptionally well on indicators of economic prosperity or on “good place to do business” indicators. The state receives below-average scores on assessments of state business costs, tax and fiscal climate, and regulatory climate. Also, the state generally scores below average on measures of entrepreneurial activity. The state receives its strongest scores in key areas such as workforce skills, technology and education.

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</table>

Results for Minnesota are mixed on assessments of overall economic performance. The Corporation for Economic Development and Forbes reports rank Minnesota low among the 50 states. GrowthEconomics’ higher economic prosperity score is driven largely by the state’s relatively low percentage of people in poverty. Recent economic growth in Minnesota has been rated slow relative to that of other states. The state places among the bottom 15 states on this measure, according to ALEC-Laffer’s 10-year measure and GrowthEconomics’ three-year measurement of growth.

* The reports in bold are those considered to be the most reliable or carefully constructed because they focus primarily on outcome measurements, strive to be comprehensive, and use transparent methods whereby their results can be replicated by others. See page 138 for more information.
Minnesota ranks in the bottom half of states on measures of the cost of doing business. Areas of concern include unemployment insurance costs, state business tax structure, the cost of office and industrial rents, and tax burden.

Three out of four reports rank Minnesota among the top 20 states in the category of access to capital. The higher ranking given to Minnesota by the Corporation for Enterprise Development is the result of the state's high score on measures related to non-labor income, such as dividends, rents and interest. GrowthEconomics gives the state a lower ranking (35). Of the six measures included in the GrowthEconomics report, Minnesota ranks above average only on expansion/later-stage venture capital investment.
Minnesota ranked high on measures related to the state’s legal climate, with low malpractice costs being one reason why. However, Minnesota does not fare as well on measurements that compare states’ regulatory environments; it ranked in the bottom half of states in three reports assessing regulatory climate.

Most reports rank Minnesota among the bottom 20 states for tax and fiscal climate. However, the Pew Center on the States and GrowthEconomics rankings, which include a measure of fiscal constraints on growth, put Minnesota among the top 20 states.

### BUSINESS DYNAMISM

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<td>Technology &amp; Innovation Assets</td>
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<tr>
<td><strong>GrowthEconomics: Competitiveness ScoreCard (2010)</strong></td>
<td>7 (8 in 2002)</td>
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<td>Technology &amp; Innovation</td>
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<td>Technology &amp; Innovation</td>
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</table>

### Entrepreneurial Economy

| Entrepreneurial Energy                                                                          |       |
| Entrepreneurial Change (recent 3-year change)                                                  |       |
| **Entrepreneurial Vitality**                                                                    | 24 (14 in 2002) |
| **Entrepreneurial Change**                                                                     |       |
| **Entrepreneurial Climate**                                                                    | 21 (15 in 2002) |
| **Entrepreneurial Change**                                                                     |       |

### International Business Activity

| Openness                                                                                         |       |
| **GrowthEconomics: Competitiveness ScoreCard (2010)**                                            | 31 (34 in 2002) |
| International Activity                                                                          |       |
| **Kauffman Foundation/Information Technology and Innovation Foundation: The 2008 New Economy Index** | 31    |
| Globalization                                                                                   |       |

All seven reports rank Minnesota among the top 15 states on measures of technology and innovation. In contrast, the state ranks low on measures assessing the strength of states’ entrepreneurial economies. Minnesota’s ranking on entrepreneurial growth was adversely affected by a drop in the state’s score on small-business payroll and a relative decline in the number of high-growth firms. Minnesota ranks in the lower half of states on measures of international business activity.
Minnesota generally ranks in the top 10 or 15 of states on measures assessing the state's education system and workforce.

Minnesota’s K-12 education system ranked high in most of the 50-state assessments. The grade of C by Education Week is based on Minnesota’s below-average performance on measures related to the teaching profession (evaluations, monitoring, etc.).

The report “Measuring Up” gives Minnesota’s postsecondary education system good grades on measures such as participation and completion rates. The low rank given to Minnesota by GrowthEconomics due to a below-average share of innovation degrees being awarded by Minnesota’s universities and the net outflow of college students from the state.

Minnesota was given a B- by the Pew Center on the States on measures of government performance. According to Pew, the state’s primary weakness is in the area of infrastructure management.
The Bottom Line

Missouri’s rankings on measures of economic performance point to challenges for the state. However, rankings on several business-climate factors — tax and fiscal climate, regulatory climate and business costs — put the state in good stead. The assessments also point to some signs of improvement in the areas of technology and entrepreneurship in Missouri. Reports on the performance of Missouri’s education system suggest that the state needs to do a better job of preparing students for college and the workforce.

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Missouri ranks among the bottom 10 states on some measures of economic performance. The state ranks higher on GrowthEconomics’ Prosperity Index because of the state’s above-average performance in long-term unemployment and state and local tax burden measures.

* The reports in bold are those considered to be the most reliable or carefully constructed because they focus primarily on outcome measurements, strive to be comprehensive, and use transparent methods whereby their results can be replicated by others. See page 138 for more information.
Missouri fares well on measurements that evaluate the **cost of doing business** in the states. Low electricity costs contribute to Missouri’s top 10 ranking in the Milken Institute study. On the other hand, GrowthEconomics places Missouri in the middle of states on this measure. In the GrowthEconomics report, the rankings on the state’s relatively low tax burden and energy costs are counter-balanced by below-average scores on worker-productivity measures.

Two of the four reports rank Missouri in the middle of states on measures that assess **access to capital**. However, GrowthEconomics places Missouri in the bottom 10 due to the state’s low performance on measures related to seed/early-stage venture capital and capital investment in manufacturing.
A low score on health mandates contributed to GrowthEconomics’ placement of Missouri near the bottom on the legal climate measurement. The other two reports gave Missouri a higher ranking on legal climate. In the area of regulatory climate, Missouri ranks in the middle of states.

All but one report says Missouri’s tax and fiscal climate is above average. GrowthEconomics’ 31st-place ranking is based on three factors: 1) the state’s high interest payments on general debt, 2) a relatively low share of own-source state and local revenue, and 3), most important, tax revenue growth outpacing economic growth. The Beacon Hill Institute ranks Missouri as No. 1 on its measure of state bond ratings. This contributed to Missouri being included in Beacon’s top 10 states for tax and fiscal climate.

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<tr>
<td><strong>Entrepreneurial Climate</strong></td>
<td>49 (32 in 2002)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>International Business Activity</th>
<th>Rank</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Kauffman Foundation/Information Technology and Innovation Foundation: The 2008 New Economy Index</strong></td>
<td>40</td>
</tr>
</tbody>
</table>

Missouri generally ranks below average in the technology and innovation indices. GrowthEconomics ranks the state slightly lower than the other reports for two reasons: below-average performance in federal R&D and the number of technology license agreements between the state’s universities and small businesses. The higher ranking given to Missouri by the Beacon Hill Institute is in part the result of the relatively high level of support provided by the National Institutes of Health to institutions in the state.

Missouri ranks poorly on most scores measuring the entrepreneurial economy of states. The Corporation for Enterprise Development, which relies on slightly older data than the other reports, ranks Missouri at 26th. This higher ranking is due to the growth of new companies in Missouri. The state fares poorly on measures of international business activity.
Missouri falls in the middle of states on most measures related to workforce and education.

The state generally ranks below average in the area of K-12 education. The grade of D from the U.S. Chamber of Commerce is largely based on the state’s relatively low college-attendance rate, as well as students’ relatively poor results on AP exams. Education Week gives Missouri a low grade (the C- places Missouri among the bottom 10 states) due to a lack of state support and spending on college readiness programs.

According to GrowthEconomics, one strength of Missouri’s postsecondary education system is that it produces a large number of degree holders that support the innovation economy (such as in the fields of business and management).

Missouri scores high on the Pew Center on the States’ measurement of government performance; only eight other states received a higher grade. According to Pew, the state ranks particularly high in the following categories: management, transportation and information in support of performance.
Nebraska Report Card

The Bottom Line

Nebraska scores at or above average on most measures that assess states based on some key foundations of economic development: education, workforce, and tax and legal climate. These scores are somewhat incongruent with the state’s below-average scores on overall economic performance. One possible explanation is Nebraska’s relatively low scores in the areas of technology and entrepreneurial growth.

Summary of Recent State Competitiveness and “Best States for Business” Reports *
(year shown is publication year)

<table>
<thead>
<tr>
<th>OVERALL ECONOMIC PERFORMANCE</th>
<th>Rank (rank 1 is best)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Corporation for Enterprise Development (CFED): 2007 Development Report Card for the States</td>
<td></td>
</tr>
<tr>
<td>Employment</td>
<td>29 (3 in 2002)</td>
</tr>
<tr>
<td>Earnings &amp; Job Quality</td>
<td>26 (27 in 2002)</td>
</tr>
<tr>
<td>Equity</td>
<td>7 (10 in 2002)</td>
</tr>
<tr>
<td>GrowthEconomics: Competitiveness ScoreCard (2010)</td>
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<tr>
<td>State Economic Prosperity Index</td>
<td>34 (44 in 2002)</td>
</tr>
<tr>
<td>State Economic Growth Index (recent 3-year change)</td>
<td>21 (24 in 2002)</td>
</tr>
<tr>
<td>American Legislative Exchange Council: ALEC-Laffer State Economic Competitiveness Index (2009)</td>
<td></td>
</tr>
<tr>
<td>Economic Performance (10-year change)</td>
<td>33</td>
</tr>
<tr>
<td>Forbes: The Best States For Business (2009)</td>
<td></td>
</tr>
<tr>
<td>Economic Climate</td>
<td>23</td>
</tr>
</tbody>
</table>

Nebraska ranks in the bottom half of states on assessments of overall economic performance. GrowthEconomics’ scores suggest some recent improvement in the level of economic performance and economic growth. In contrast, Nebraska fell from third to 29th on the Corporation for Enterprise Development’s employment-based measure of economic performance. The decline was the result of short-term job growth plummeting in Nebraska.

* The reports in bold are those considered to be the most reliable or carefully constructed because they focus primarily on outcome measurements, strive to be comprehensive, and use transparent methods whereby their results can be replicated by others. See page 138 for more information.
Nebraska generally scores among the top 15 states in cost-of-doing-business rankings, and the GrowthEconomics report indicates some improvement in this area. Nebraska ranks in the bottom half of states on access-to-capital measurements.

The state places in the top 10 of states in two of the legal climate rankings and generally about average in the regulatory climate reports. However, Nebraska’s high top tax rates, the relatively large size of its government (in terms of jobs and spending), and its estate/inheritance taxes have pulled down the state’s rankings on tax and fiscal climate in some reports. At the same time, two reports on the fiscal health of states (one by the Pew Center on the States, the other by GrowthEconomics) place Nebraska among the top 10 states.
Nebraska falls in the bottom half of states on assessments of technology and innovation. The Kauffman Foundation analysis shows some improvement for Nebraska in these areas; Kauffman's higher rank for Nebraska is based on three factors: a No. 1 rank in jobs in high-growth gazelle companies; a large number of high-wage jobs in the financial and insurance sectors; and improvements in workforce education. Compared to other reports on technology and innovation, GrowthEconomics ranks Nebraska slightly lower. This is largely because of Nebraska's low level of industry R&D in general, as well as relative to the level of university R&D.

On entrepreneurial measures of economic competitiveness, the GrowthEconomics Entrepreneurship ScoreCard ranks Nebraska in the bottom 20 states. Nebraska's ranking on the Corporation for Enterprise Development's measurement of business vitality was the result of an above-average level of business closings in the state and manufacturing investment. Nebraska ranks among the bottom 10 states on measures of international business activity.
### WORKFORCE/EDUCATION

#### General Education

<table>
<thead>
<tr>
<th>Source/Report</th>
<th>Rank/Grade</th>
</tr>
</thead>
<tbody>
<tr>
<td>Workforce Preparedness</td>
<td>27 (23 in 2002)</td>
</tr>
<tr>
<td>CNBC: America’s Top States for Businesses 2009</td>
<td>19</td>
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<tr>
<td>Workforce</td>
<td>24</td>
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</tbody>
</table>

#### Innovation Workforce

<table>
<thead>
<tr>
<th>Source/Report</th>
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</tr>
</thead>
<tbody>
<tr>
<td>Workforce Preparedness</td>
<td>21</td>
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<tr>
<td>Knowledge Jobs</td>
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<tr>
<td>TechAmerica: CyberStates (2009)</td>
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<tr>
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</table>

#### K-12 Education

<table>
<thead>
<tr>
<th>Source/Report</th>
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</thead>
<tbody>
<tr>
<td>Education Week: Quality Counts 2009</td>
<td>C-</td>
</tr>
<tr>
<td>K-12 Education</td>
<td></td>
</tr>
<tr>
<td>National Center for Public Policy and Higher Education: Measuring Up (2008)</td>
<td></td>
</tr>
<tr>
<td>Preparation</td>
<td>B- (B in 2002)</td>
</tr>
<tr>
<td>U.S. Chamber of Commerce: Leaders and Laggards 2009</td>
<td></td>
</tr>
<tr>
<td>Postsecondary and Workforce Readiness</td>
<td>C</td>
</tr>
</tbody>
</table>

#### Postsecondary Education

<table>
<thead>
<tr>
<th>Source/Report</th>
<th>Rank/Grade</th>
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</thead>
<tbody>
<tr>
<td>Postsecondary Education</td>
<td></td>
</tr>
<tr>
<td>National Center for Public Policy and Higher Education: Measuring Up (2008)</td>
<td></td>
</tr>
<tr>
<td>Participation</td>
<td>B (A in 2002)</td>
</tr>
<tr>
<td>Completion</td>
<td>B+ (C+ in 2002)</td>
</tr>
<tr>
<td>Benefits</td>
<td>B (C in 2002)</td>
</tr>
</tbody>
</table>

Nebraska generally ranks among the top 20 states on assessments of state education systems. It does not score quite as well on measurements of a state’s workforce, including the innovation workforce. Beacon Hill ranks Nebraska in the top 10 states for human resources; its report focuses more on the availability of workers than on the quality of the labor force. Nebraska, for example, ranks No. 1 among states in a measurement of labor force participation.

Nebraska fares well on reports assessing states’ K-12 education systems. Education Week gave Nebraska a C-, with this relatively low grade based in part on the lack of state policies that link K-12 education to the economy and the workforce. For example, Education Week says Nebraska does not align course credits or high school assessments well with the state’s postsecondary system and has limited opportunities for a high school diploma with career specialization.

### OVERALL GOVERNMENT PERFORMANCE

<table>
<thead>
<tr>
<th>Source/Report</th>
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<tbody>
<tr>
<td>The Pew Center on the States: Grading the States (2008)</td>
<td>B</td>
</tr>
</tbody>
</table>

The Pew Center on the States rates Nebraska relatively high on government performance, with only eight states receiving a higher grade. The state’s strength, according to Pew, lies in its strong fiscal management.
**The Bottom Line**

Assessments of North Dakota’s overall economic performance generally scored the state at or above average. The state also receives relatively good scores on many measures related to economic foundations, such as overall business climate and its education system. North Dakota receives lower scores from several report cards on measures of workforce competitiveness and access to capital. The state also is scored poorly on most measures related to the innovation and entrepreneurial economy.

**Summary of Recent State Competitiveness and “Best States for Business” Reports * (year shown is publication year)**

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<tr>
<th>OVERALL ECONOMIC PERFORMANCE</th>
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</thead>
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<tr>
<td>Employment</td>
<td>15 (37 in 2002)</td>
</tr>
<tr>
<td>Earnings &amp; Job Quality</td>
<td>13 (40 in 2002)</td>
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<tr>
<td>Equity</td>
<td></td>
</tr>
<tr>
<td>GrowthEconomics: Competitiveness ScoreCard (2010)</td>
<td></td>
</tr>
<tr>
<td>State Economic Prosperity Index</td>
<td>32 (30 in 2002)</td>
</tr>
<tr>
<td>State Economic Growth Index (recent 3-year change)</td>
<td>2 (9 in 2002)</td>
</tr>
<tr>
<td>American Legislative Exchange Council: ALEC-Laffer State Economic Competitiveness Index (2009)</td>
<td></td>
</tr>
<tr>
<td>Economic Performance (10-year change)</td>
<td>14</td>
</tr>
<tr>
<td>Forbes: The Best States For Business (2009)</td>
<td>8</td>
</tr>
<tr>
<td>Economic Climate</td>
<td></td>
</tr>
</tbody>
</table>

North Dakota ranks among the top 15 states on indicators of recent economic growth, according to the ALEC-Laffer, Forbes and GrowthEconomics reports. The state falls in the middle of states in terms of overall economic prosperity. The low ranking given to North Dakota in the GrowthEconomics report is due to the state’s scores on measurements such as net earnings per job and non-labor income.

*The reports in bold are those considered to be the most reliable or carefully constructed because they focus primarily on outcome measurements, strive to be comprehensive, and use transparent methods whereby their results can be replicated by others. See page 138 for more information.*
North Dakota ranks among the top 10 states in measurements of the cost of doing business; three reports conclude that North Dakota has the most favorable legal climate in the country. However, on the access-to-capital measurement, the state places in the bottom half of states.

Two reports on regulatory climate rank North Dakota among the top 10 states. The Forbes report, which includes measures of transportation and bond ratings in its regulatory category, gives North Dakota a lower rating. Six of eight reports rank North Dakota’s tax and fiscal climate as well above average and its fiscal policy among the top 10 states. North Dakota places 36th in the Small Business Survival Index because of its relatively high unemployment insurance costs.
North Dakota lags on measures of competitiveness in the technology and innovation economy. Low scores on assessments related to the workforce, the digital economy and risk capital led to the low rankings in the Kauffman Foundation and Milken Institute reports (both reports, however, note improvement in recent years). GrowthEconomics places North Dakota in the top five states, due in large part to university research and development in the state, as well as the relatively high number of technology license agreements between its universities and small businesses.

On measures of entrepreneurial activity, North Dakota received a relatively low ranking in the Corporation for Enterprise Development report. This is because the state has fallen behind in job creation by startup businesses. High turnover in business creation and the low percentage of federal Small Business Innovation Research grants resulted in the low ranking given to North Dakota on GrowthEconomics’ entrepreneurial ranking. The same report, however, puts North Dakota in the top 20 states for entrepreneurial climate; the state rates high on measures of research and innovation. The entrepreneurial climate has been improving as well, as reflected by a net increase in the number of firms and growth in the income of owner-operated businesses. North Dakota placed among the top 15 states showing improvements in the entrepreneurial climate. North Dakota ranks below average on measures of international business activity, although there have been signs of progress in recent years.
Several reports place North Dakota in the middle of states on measures assessing education systems and the workforce. However, a low unemployment rate, high labor force participation rate and high college participation rate placed North Dakota in the top five states in the Beacon Hill report. The state has a low share of innovation workers and, as a result, placed in the bottom half of states on rankings of the innovation workforce.

North Dakota’s K-12 education system is ranked above average in most reports. Education Week gave North Dakota a C based on measures such as accountability, preparing students for college, and school financing. In contrast, the ALEC-Laffer study placed North Dakota among the top 10 states. That ranking is based in part on the SAT and National Assessment of Educational Progress scores of North Dakota students as well as a low pupil-teacher ratio.

The “Measuring Up” report places North Dakota among the top 20 states for postsecondary education. GrowthEconomics ranks North Dakota 30th for postsecondary education due to the relatively low national reputation of its undergraduate programs.

North Dakota received a B- from the Pew Center on the States in its grading of states on government performance. According to Pew, state strengths include its structural balance and level of intergovernmental coordination; its weaknesses are in strategic workforce planning, training and development, and infrastructure maintenance.
Ohio generally ranks among the bottom 10 states in overall economic performance and economic growth. However, there are some encouraging signs, among them a rise in self-employment. Ohio also fares more favorably on other measures of economic prosperity: level of earnings, low long-term unemployment, and the percentage of people employed in jobs that pay a family-supporting wage. Nevertheless, the state’s overall prosperity rankings remain below the midpoint nationally.
Ohio ranks in the middle of states on measures related to the cost of doing business, scoring well on industrial rents in the Milken Institute report, but low on productivity (an indicator that receives a high weight) in the GrowthEconomics report.

On measurements of access to capital, Ohio generally ranks in the top 20 states. On the three measures in the Corporation for Enterprise Development report, the state scores low. GrowthEconomics, however, ranks the state higher, primarily because of a top-10 performance on a measure assessing commercial and industrial lending by banks.
Ohio ranks among the top 10 states in **legal climate**. But its **regulatory climate** receives mixed reviews, which might be partially due to differences in the design and methodology of the three reports that use this indicator.

The state’s performance on measures related to **tax and fiscal climate** is less clear-cut. The “Small Business Survival Index” gives the state high marks for its low number of health mandates and its corporate tax structure. On the other hand, several other reports rank Ohio among the bottom 10 states. For example, the ALEC-Laffer report rates the state’s marginal corporate income taxes as a weakness because that report includes a wider definition, including local taxes and business franchise taxes. The GrowthEconomics and Pew Center on the States reports, which evaluate states’ fiscal stress and constraints on growth, place Ohio in the top half of states.

Several **technology and innovation** indices rank Ohio in the bottom half of states, and show that the state has become less competitive in these areas in recent years. The Corporation for Enterprise Development’s relatively high ranking for the state is bolstered by measures showing above-average activity in small-business grants and university spin-off businesses. Ohio fares best in the CNBC ranking. The CNBC report includes a measurement assessing broadband services, an area in which the state scores well, particularly in terms of the development of its digital infrastructure.

On most measures of **entrepreneurial activity**, Ohio ranks well below average. However, GrowthEconomics rates it above average in entrepreneurial climate, with Ohio showing significant improvement in this area over the past decade. Two of the three reports on **international business activity** rate Ohio in the bottom half of states. The high ranking in the GrowthEconomics report is driven by the state’s large share of export-related jobs and its percentage of export-oriented small businesses.

### BUSINESS DYNAMISM

<table>
<thead>
<tr>
<th><strong>Technology &amp; Innovation Indices</strong></th>
<th>Rank</th>
</tr>
</thead>
<tbody>
<tr>
<td>GrowthEconomics: <em>Competitiveness ScoreCard (2010)</em> Technology &amp; Innovation</td>
<td>29 (27 in 2002)</td>
</tr>
<tr>
<td>Milken Institute: <em>2008 State Technology and Science Index</em></td>
<td>36 (27 in 2002)</td>
</tr>
<tr>
<td>Chief Executive: <em>Best and Worst States for Business (2009)</em> Technology &amp; Innovation</td>
<td>17</td>
</tr>
<tr>
<td>CNBC: Top States for Businesses 2009 Technology &amp; Innovation</td>
<td>10</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Entrepreneurial Economy</strong></th>
<th>Rank</th>
</tr>
</thead>
<tbody>
<tr>
<td>GrowthEconomics: <em>Entrepreneurship ScoreCard (2009)</em> Entrepreneurial Change (recent 3-year change)</td>
<td>49 (46 in 2002)</td>
</tr>
<tr>
<td>Entrepreneurial Vitality</td>
<td>33 (29 in 2002)</td>
</tr>
<tr>
<td>Entrepreneurial Climate</td>
<td>16 (31 in 2002)</td>
</tr>
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</table>

<table>
<thead>
<tr>
<th><strong>International Business Activity</strong></th>
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</tr>
</thead>
<tbody>
<tr>
<td>GrowthEconomics: <em>Competitiveness ScoreCard (2010)</em> International Activity</td>
<td>10 (16 in 2002)</td>
</tr>
<tr>
<td>Kauffman Foundation/Information Technology and Innovation Foundation: <em>The 2008 New Economy Index</em> Globalization</td>
<td>26</td>
</tr>
<tr>
<td>Benchmarks on state education systems and workforces put Ohio in the bottom half of states. CNBC ranks the state higher on measures of education, which might be due to its inclusion of variables on higher-education spending and class size (these indicators are not considered in the other reports in this category). However, CNBC also ranks Ohio among the bottom 10 states on workforce-related measures. This could be due to the fact that CNBC counts high union memberships as a workforce disadvantage and includes a measure assessing the efficacy of state training programs. On innovation-workforce measures, Ohio places in the middle of states. The “New Economy Index” ranks Ohio higher based on its top performance in one particular category — the average years of education of recent immigrants. Ohio generally ranks in the top half of states on measures that assess state K-12 education systems. GrowthEconomics and ALEC-Laffer cite the relatively strong performance of Ohio students on National Assessment of Educational Progress exams. However, postsecondary education in the state is seen as considerably weaker. For example, Ohio is given a last-place ranking on GrowthEconomics’ assessment of college affordability.</td>
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</tbody>
</table>

The Pew Center on the States gives Ohio a grade of B- in government performance. According to the report, the state is strong in fiscal management, but has weaknesses in strategic workforce planning and workforce hiring and retention.

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<table>
<thead>
<tr>
<th>WORKFORCE/EDUCATION</th>
<th>Rank/Grade</th>
</tr>
</thead>
<tbody>
<tr>
<td>General Education</td>
<td></td>
</tr>
<tr>
<td>GrowthEconomics: Competitiveness ScoreCard (2010)</td>
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<tr>
<td>Education Human Resources</td>
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</tr>
<tr>
<td>Workforce Preparedness</td>
<td>35 (33 in 2002)</td>
</tr>
<tr>
<td>CNBC: America’s Top States for Businesses 2009</td>
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<td>Education Education</td>
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<td>Workforce Workforce</td>
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<td>Innovation Workforce</td>
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<td>Workforce Preparedness</td>
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<td>Knowledge Jobs</td>
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<td>Tech Industry Employment</td>
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<td>K-12 Education</td>
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<td>Education Week: Quality Counts 2009</td>
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<td>Preparation</td>
<td>B- (C+ in 2002)</td>
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<td>U.S. Chamber of Commerce: Leaders and Laggards 2009</td>
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<td>Postsecondary and Workforce Readiness</td>
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<td>Postsecondary Education</td>
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<td></td>
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<tr>
<td>National Center for Public Policy and Higher Education: Measuring Up (2008)</td>
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</tr>
<tr>
<td>Participation</td>
<td>C- (C+ in 2002)</td>
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<tr>
<td>Completion</td>
<td>B- (B- in 2002)</td>
</tr>
<tr>
<td>Benefits</td>
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</table>
South Dakota ranks high on measures that capture the foundations of economic development, such as tax and legal climate. Overall, the state’s economic performance has been relatively strong for a Midwestern state, and its education system is rated as above average. The state’s workforce performance, as it relates to the innovation economy, ranks in the bottom half of states nationally. The state, too, lags on measures of technology- and entrepreneurial-based economic growth.

Summary of Recent State Competitiveness and “Best States for Business” Reports *
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<tr>
<td>Equity</td>
<td>36 (5 in 2002)</td>
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<tr>
<td>GrowthEconomics: Competitiveness ScoreCard (2010)</td>
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<tr>
<td>State Economic Prosperity Index</td>
<td>5 (6 in 2002)</td>
</tr>
<tr>
<td>State Economic Growth Index (recent 3-year change)</td>
<td>11 (37 in 2002)</td>
</tr>
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<td>American Legislative Exchange Council: ALEC-Laffer State Economic Competitiveness Index (2009)</td>
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<tr>
<td>Economic Performance (10-year change)</td>
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</tr>
<tr>
<td>Forbes: The Best States For Business (2009)</td>
<td></td>
</tr>
<tr>
<td>Economic Climate</td>
<td>21</td>
</tr>
</tbody>
</table>

South Dakota scores above average in terms of overall economic performance. GrowthEconomics ranks South Dakota among the top 10 states; one reason is South Dakota’s low long-term unemployment. ALEC-Laffer’s measurement of 10-year changes in economic performance, as well as GrowthEconomics’ short-term measure of economic growth, places South Dakota in the top 10.

* The reports in bold are those considered to be the most reliable or carefully constructed because they focus primarily on outcome measurements, strive to be comprehensive, and use transparent methods whereby their results can be replicated by others. See page 138 for more information.
South Dakota consistently ranks first or second among states on measures that assess the **cost of doing business**. The state does not place as high on **access-to-capital** measurements. The CNBC and Chief Executive reports put South Dakota among the bottom 20 states in this area. However, good scores on commercial and industrial bank lending boosted South Dakota to a ninth-place ranking in the GrowthEconomics report. The Corporation for Enterprise Development ranks South Dakota in the top 20, citing the ability of small businesses to access adequate credit as a particular strength.

South Dakota also scores well on measures of **regulatory and legal climate**. The one exception is the Forbes ranking on regulatory climate, which might be influenced by its inclusion of transportation and bond rating measures in this category.
South Dakota generally ranks high on measures of **tax and fiscal climate** as well. GrowthEconomics ranks South Dakota lower on a measure called “fiscal constraint on growth.” The state’s ranking is negatively impacted because of a relatively high dependence on revenues coming from outside the state, such as federal sources.

### BUSINESS DYNAMISM

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</tr>
<tr>
<td>GrowthEconomics: <em>Competitiveness ScoreCard (2010)</em> Entrepreneurial Climate</td>
</tr>
</tbody>
</table>

#### International Business Activity

<table>
<thead>
<tr>
<th>Rank</th>
</tr>
</thead>
<tbody>
<tr>
<td>GrowthEconomics: <em>Competitiveness ScoreCard (2010)</em> International Activity</td>
</tr>
<tr>
<td>Kauffman Foundation/Information Technology and Innovation Foundation: <em>The 2008 New Economy Index</em> Globalization</td>
</tr>
</tbody>
</table>

South Dakota ranks in the bottom 15 states on measures of the **technology economy**. The Corporation for Enterprise Development and Chief Executive reports put the state in last place.

South Dakota also is one of the lowest-performing states on indicators of **entrepreneurial activity**, according to the Corporation for Enterprise Development and GrowthEconomics’ measure of entrepreneurial vitality. However, GrowthEconomics’ measure of entrepreneurial growth indicates that South Dakota is doing better in this area. In the same report, South Dakota received a top 10 rank for its entrepreneurial climate. On the other hand, the state ranks close to the bottom on measures of **international business activity**.
Results were mixed for South Dakota on assessments of state education systems and workforce performance. Relatively low unemployment rates and high labor force participation rates caused South Dakota to be a top-performing state in the Beacon Hill report. The state receives below-average rankings in the GrowthEconomics and New Economy Index reports due to relatively small innovation workforce.

Reports on K-12 performance generally rank South Dakota's K-12 system as above average. The state was given a top 10 ranking by the ALEC-Laffer report and a grade of A in the U.S. Chamber of Commerce report. The state's relatively low performance on SAT and AP exams were the reason for a lower ranking in GrowthEconomics' report. The Education Week grade of C- puts South Dakota among the bottom 10 states.

South Dakota was given a C+ in the Pew Center on the States report on government performance. According to the report, the state's primary weakness is in the area of information that tracks state government performance, as well as relatively weak strategic workforce planning and training development.
The Bottom Line

Wisconsin receives average scores in reports analyzing states’ overall economic performance. Wisconsin ranks below average on many business-climate measures, such as the cost of doing business, regulatory climate, and tax and fiscal policy. Assessments of the state’s education system indicate that this is a strength for Wisconsin. On measures related to key drivers of economic growth — including workforce preparedness, technology competitiveness, entrepreneurial dynamism and international business activity — Wisconsin is placed in the middle or in the bottom half of states.

Summary of Recent State Competitiveness and “Best States for Business” Reports *
(year shown is publication year)

<table>
<thead>
<tr>
<th>OVERALL ECONOMIC PERFORMANCE</th>
<th>Rank (rank 1 is best)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Corporation for Enterprise Development (CFED): 2007 Development Report Card for the States</td>
<td></td>
</tr>
<tr>
<td>Employment</td>
<td>44 (30 in 2002)</td>
</tr>
<tr>
<td>Earnings &amp; Job Quality</td>
<td>11 (11 in 2002)</td>
</tr>
<tr>
<td>Equity</td>
<td>3 (4 in 2002)</td>
</tr>
<tr>
<td>GrowthEconomics: Competitiveness ScoreCard (2010)</td>
<td></td>
</tr>
<tr>
<td>State Economic Prosperity Index</td>
<td>20 (25 in 2002)</td>
</tr>
<tr>
<td>State Economic Growth Index (recent 3-year change)</td>
<td>24 (25 in 2002)</td>
</tr>
<tr>
<td>American Legislative Exchange Council: ALEC-Laffer State Economic Competitiveness Index (2009)</td>
<td></td>
</tr>
<tr>
<td>Economic Performance (10-year change)</td>
<td>41</td>
</tr>
<tr>
<td>Forbes: The Best States For Business (2009)</td>
<td></td>
</tr>
<tr>
<td>Economic Climate</td>
<td>41</td>
</tr>
</tbody>
</table>

Wisconsin is placed in the middle or in the bottom half of states on most measures related to overall economic performance. According to GrowthEconomics, the state's overall score is hurt by a relatively high long-term unemployment rate and low levels of non-labor income (such as rent, dividends and interest). Wisconsin ranks in the top five of states on the Corporation for Enterprise Development’s measure of social equity.

*The reports in bold are those considered to be the most reliable or carefully constructed because they focus primarily on outcome measurements, strive to be comprehensive, and use transparent methods whereby their results can be replicated by others. See page 138 for more information.
Wisconsin ranks below average on measures related to the cost of doing business. Its primary weaknesses are in the following areas: industrial rental costs, labor productivity (which is weighted more heavily in the GrowthEconomics ranking) and unemployment insurance costs. The state also generally ranks below average on measures of access to capital; there are some signs, too, that Wisconsin has been losing ground in this area in recent years.

Wisconsin’s legal climate ranks above average. The GrowthEconomics ranking is lower because of the state’s relatively high business-liability costs. Rankings of state regulatory climate place Wisconsin in the middle or bottom half of states. Wisconsin generally ranks below average on measures related to the state’s tax and fiscal climate, which is hurt by relatively
Wisconsin ranks in the middle of states on measures related to technology and innovation. Strengths identified in the reports include university royalty income and university R&D and patents (relative to R&D investment); weaknesses include the state’s relatively low level of federal R&D and university spin-off businesses. Wisconsin’s scores on entrepreneurial indices generally are lower than the technology and innovation indices.

Wisconsin receives average scores on measures of states’ entrepreneurial climates, but ranks among the bottom 20 states on measures of entrepreneurial activity and change. Wisconsin ranks 40th in the area of entrepreneurial vitality, placing second to last among all states on a measurement of self-employment levels. Wisconsin also falls in the bottom half of states on measures of international business activity.
## WORKFORCE/EDUCATION

<table>
<thead>
<tr>
<th>Rank/Grade</th>
<th>(rank 1 is best)</th>
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</thead>
<tbody>
<tr>
<td><strong>General Education</strong></td>
<td></td>
</tr>
<tr>
<td>Human Resources</td>
<td></td>
</tr>
<tr>
<td>GrowthEconomics: <em>Competitiveness ScoreCard (2010)</em></td>
<td>3 (9 in 2002)</td>
</tr>
<tr>
<td>Education</td>
<td></td>
</tr>
<tr>
<td>Workforce Preparedness</td>
<td>34 (31 in 2002)</td>
</tr>
<tr>
<td>CNBC: America’s <em>Top States for Businesses 2009</em></td>
<td></td>
</tr>
<tr>
<td>Education</td>
<td>11</td>
</tr>
<tr>
<td>Workforce</td>
<td>44</td>
</tr>
<tr>
<td><strong>Innovation Workforce</strong></td>
<td></td>
</tr>
<tr>
<td>GrowthEconomics: <em>Competitiveness ScoreCard (2010)</em></td>
<td>34 (31 in 2002)</td>
</tr>
<tr>
<td>Workforce Preparedness</td>
<td></td>
</tr>
<tr>
<td>Kauffman Foundation/Information Technology and Innovation Foundation: <em>New Economy Index (2008)</em></td>
<td></td>
</tr>
<tr>
<td>Knowledge Jobs</td>
<td>25</td>
</tr>
<tr>
<td>TechAmerica: <em>CyberStates (2009)</em></td>
<td></td>
</tr>
<tr>
<td>Tech Industry Employment</td>
<td>35</td>
</tr>
<tr>
<td><strong>K-12 Education</strong></td>
<td></td>
</tr>
<tr>
<td>Education Week: <em>Quality Counts 2009</em></td>
<td>C+</td>
</tr>
<tr>
<td>GrowthEconomics: <em>Competitiveness ScoreCard (2010)</em></td>
<td>8 (17 in 2002)</td>
</tr>
<tr>
<td>K-12 Education</td>
<td></td>
</tr>
<tr>
<td>National Center for Public Policy and Higher Education: <em>Measuring Up (2008)</em></td>
<td></td>
</tr>
<tr>
<td>Preparation</td>
<td>B (A- in 2002)</td>
</tr>
<tr>
<td>U.S. Chamber of Commerce: <em>Leaders and Laggards 2009</em></td>
<td></td>
</tr>
<tr>
<td>Postsecondary and Workforce Readiness</td>
<td>B</td>
</tr>
<tr>
<td><strong>Postsecondary Education</strong></td>
<td></td>
</tr>
<tr>
<td>GrowthEconomics: <em>Competitiveness ScoreCard (2010)</em></td>
<td>7 (10 in 2002)</td>
</tr>
<tr>
<td>Postsecondary Education</td>
<td></td>
</tr>
<tr>
<td>National Center for Public Policy and Higher Education: <em>Measuring Up (2008)</em></td>
<td></td>
</tr>
<tr>
<td>Participation</td>
<td>C+ (B in 2002)</td>
</tr>
<tr>
<td>Completion</td>
<td>A- (B in 2002)</td>
</tr>
<tr>
<td>Benefits</td>
<td>C (C+ in 2002)</td>
</tr>
</tbody>
</table>

Wisconsin’s relatively low level of employment in technology industries affects the state’s ranking on workforce measures. Wisconsin receives at-or-below-average innovation workforce rankings in the Kauffman Foundation, TechAmerica and GrowthEconomics reports. Beacon Hill combines education and workforce measures, resulting in a top-10 ranking for Wisconsin. The reports from CNBC and GrowthEconomics underscore the strength of Wisconsin’s education system, but also show room for improvement in the area of workforce development.

Most reports analyzing state K-12 education systems place Wisconsin’s in the upper echelon. The C+ given to Wisconsin by Education Week is the result of a low score for policies related to college readiness.

Wisconsin shows signs of improvement in most measures analyzing states’ postsecondary education systems. The state receives a grade of only C+ for participation (due to low enrollment by adults) and an average score for “benefits from education” (due to a lack of income gains from education in the state).

## OVERALL GOVERNMENT PERFORMANCE

<table>
<thead>
<tr>
<th>Grade</th>
</tr>
</thead>
<tbody>
<tr>
<td>The Pew Center on the States: <em>Grading the States (2008)</em></td>
</tr>
</tbody>
</table>

Wisconsin receives a B- on the Pew Center on the States’ measurement of government performance. According to the report, strengths include intergovernmental collaboration and the state’s use of financial controls and reporting. Weaknesses cited by Pew include structural imbalances and a relative lack of capital planning and managing for performance.
EXPLANATIONS OF SELECT REPORT CARD MEASURES

The following provides an explanation of some of the measures included in the state report cards:

**Cost of Doing Business**  Some argue that business costs are no longer as important a factor in site location and expansion decisions as they have been in previous decades. To the contrary, intense competition forces businesses to routinely consider lower-cost areas in which to operate, including overseas locations. “Cost of doing business” scores include metrics such as taxes; labor, energy and occupancy costs; and unemployment insurance and health care costs.

**Legal Climate**  Other than tax policy, legal and regulatory policies are probably most important to a state’s overall business climate. “Legal climate” refers to a state’s containment of lawsuit abuse. The GrowthEconomics score strives to measure the consequences (for example, liability costs) of a state’s legal environment. The U.S. Chamber of Commerce and Pacific Research Institute focus on tort and liability policies.

**Entrepreneurial Change**  This is a measure of entrepreneurial growth or decline in a state over the past three years in which data are available. Indicators of a dynamic economy include: the ability to attract new companies, the number of business failures and startups, and the willingness of individuals to venture into new enterprises.

**Entrepreneurial Vitality**  While “entrepreneurial change” signals whether a state has been doing better or worse than other states in the areas of entrepreneurship and small-business growth, “entrepreneurial vitality” measures a state’s level of entrepreneurial activity relative to other states. For example, a state might have a high number of business startups relative to other states’ (its activity measure is high), but that might not have changed much over the last three years (its change measure is low). Broadly defined, “entrepreneurial vitality” is a composite measure of each state’s number of business startups and entrepreneurial firms relative to other states. The number of self-employed and the net business churn, or turnover, are included as measures of startup activity. In addition, fast-growing companies and investment awards are included as measures of the success of the innovations of incumbent and new firms.

**Entrepreneurial Climate**  This is the capability of the larger economy to foster entrepreneurship. Broader business conditions and the state’s institutional environment provide the foundation upon which entrepreneurial activity grows. Elements of “entrepreneurial climate” include the overall magnitude and effectiveness of investments in innovative activity, the availability of financial capital, a state’s research/technology base, and the general level of state economic growth.

**Innovation Workforce**  States can have excellent scores on measures of their education systems, yet still lack an “innovation workforce” that is in tune with the demands of a skill-demanding workplace. The innovation-workforce scores measure formal educational attainment and the skill levels of the incumbent workforce. They include such metrics as the proportion of scientists, engineers, and technical researchers and analysts in the general workforce. They might also include the percentage of the workforce that is employed in high-tech manufacturing and high-tech services.

**The “Measuring Up” Participation Grade**  This measures postsecondary access to education and training for young people and working-age adults. For example, what is the likelihood that students complete high school on time and continue on to college? And what is the state’s college enrollment by age group?

**The “Measuring Up” Completion Grade**  This measures the extent to which students persist in and complete certificate and degree programs. It measures the one-year continuation rate of students, as well as completion rates.

**The “Measuring Up” Benefits Grade**  This measures the contribution of workforce-trained and college-educated residents to the economic and civil well-being of a state. In return for its investment in higher education (share of population with a bachelor’s degree or higher), each state expects to have a more productive workforce (income premium from education), a more informed electorate (voting, volunteering and donations), and a more literate citizenry (adult literacy skill level). In addition to these public benefits, the state can expect residents who are more highly educated to reap private benefits such as higher lifetime earnings.
THE BENCHMARKING AND RANKING REPORTS

We have included descriptions of each of the 24 benchmarking reports and report cards that we use. These reports have been selected because they are produced annually or bi-annually and include all states. They are the ones most likely to be cited in state policy discussions or by the media when providing state-by-state commentaries.

Which benchmarking reports and report cards do we consider to be the most reliable or carefully constructed? We believe the 11 report cards listed here are the “most preferred” because they focus primarily on outcome measurements, strive to be comprehensive, and use transparent methods whereby their results can be replicated by others. These reports are highlighted in bold in the comparison tables.

- Beacon Hill Institute: “State Competitiveness Report 2009”
- Education Week: “Quality Counts 2009”
- GrowthEconomics: Competitiveness and Entrepreneurship ScoreCards
- Kauffman Foundation/Information Technology and Innovation Foundation: “The 2008 New Economy Index”
- Milken Institute: “2007 Cost of Doing Business Index”
- Milken Institute: “2008 State Technology and Science Index”
- Morgan Quitno: Education State Rankings — “Smartest State Award 2006-07”
- National Center for Public Policy and Higher Education: “Measuring Up 2008”
- Pew Center on the States: “Grading the States 2008”
- Pew Center on the States: “Beyond California: States in Fiscal Peril 2009”

THE BENCHMARKING AND RANKING REPORTS INCLUDED IN THIS STUDY

www.alec.org/AM/Template.cfm?Section=Report_Card_on_American_Education
The key policy claim of ALEC’s report card is the assertion that student achievement has not been improved by increased spending on education or improved teacher salaries. It includes more than 100 measures of educational resources and achievement. The report uses the national average as a benchmark for each measure.

ALEC-Laffer State Economic Competitiveness Index: “Rich States, Poor States (2009)”
www.alec.org/AM/Template.cfm?Section=Rich_States_Poor_States
The report evaluates a state’s fiscal and economic policies as well as the ramifications of these policies. The report creates “Economic Outlook Rankings” by combining, with equal weight, 15 policy variables that have been found to impact the migration of capital — both investment and human — into and out of states. The report also includes an “Economic Performance Rank.” This is a historical measure based on a state’s performance over 10 years on indicators such as per capita personal income, domestic migration and non-farm payroll employment. Reasons for the movement of human and financial capital into and out of a state are central to the findings in this report. This report, along with the “Small Business Survival Index,” is based on the assumption that business growth is predominantly influenced by incentives and disincentives created by taxation and regulation.

www.beaconhill.org/CompetitivenessHomePage.html
The Beacon Hill Institute at Suffolk University in Boston first published its “State Competitiveness Report” in 2001. In 2002, the report was expanded to include rankings of the 50 largest metropolitan areas. It provides an index of long-term competitiveness with more than 40 underlying variables that include both outcome measures (unemployment rate, for example) and correlates of income (bank deposits, for example). This has led to some criticism about the extent to which the overall index really predicts differences in state per capita income.

Chief Executive: “Best and Worst States for Business (2009)”
www.chiefexecutive.net/media/usbestandworststates/2009/
Chief Executive’s fifth annual survey asked 543 CEOs to evaluate states on a broad range of issues, including proximity to resources, regulation, tax policies, education, quality of living and infrastructure. Providing additional insight to the evaluations, CEOs were also asked to grade each state on: 1) taxation and regulation, 2) workforce quality and 3) living environment. This is one of the 24 reports that we use which relies on survey data.
CNBC: “Top States for Businesses 2009”
www.cnbc.com/id/31763805
CNBC compares the states on the following (in descending order of importance): cost of doing business; workforce; economy; education; quality of life; technology and innovation; transportation; cost of living; business friendliness; and access to capital.

www.cfed.org/focus/m?parentid=34&siteid=2346&id=2346
The CFED’s "Development Report Card" uses more than 60 metrics and organizes results under three categories: economic performance, business vitality and development capacity. The CFED introduced the notion that economic growth and competitiveness are not only a function of business costs and regulatory environment, but that other factors also affect state development capacity. Those factors include social equity, entrepreneurship, education and infrastructure.

https://www.directorship.com/magazine/current-issue/
The annual guide is a collaboration of Directorship and the Foundation for Fair Civil Justice, a national coalition of more than 70 organizations working together to achieve business liability reforms at the state level. The “2009 Boardroom Guide” provides a snapshot of legal environments for business in all 50 states. It also includes best-to-worst rankings.

Education Week: “Quality Counts 2009”
This annual report card tracks state education policies and outcomes. It draws heavily on data from the Editorial Projects in Education Research Center’s annual state policy surveys, which are sent to the chief state school officers in all 50 states and the District of Columbia. The report provides a comprehensive state-by-state analysis of key indicators of student success. States are evaluated on these measures: chance for student success; transitions and alignment; school finance; K-12 achievement; standards, assessments and accountability; and the teaching profession.

Forbes: “The Best States for Business (2009)”
The Forbes report ranks states on 32 measures grouped into one of six areas: business costs, labor supply, regulatory environment, current economic climate, growth prospects and quality of life.

GrowthEconomics: Competitiveness and Entrepreneurship ScoreCards (2010)
The GrowthEconomics ScoreCards use state-of-the-art benchmarking methodologies from the United States and abroad. More than 100 metrics are used.

Kauff man Foundation/Information Technology and Innovation Foundation: “The 2008 New Economy Index”
www.itif.org/index.php?id=200
The purpose of this annual index is to examine the degree to which the structure of state economies match the structure of the new economy and to promote policy initiatives that encourage innovation, technology and entrepreneurship. Twenty-nine indicators are used and fall into one of five areas: knowledge jobs; globalization; economic dynamism; digital economy; and innovation capacity. Knowledge jobs and innovation capacity are weighed more heavily than the other three areas.

Mercatus Center, George Mason University: “Freedom in the 50 States: Index of Personal and Economic Freedom”
www.statepolicyindex.com/?page_id=143
This index ranks the 50 states on public policies affecting individual freedoms in the economic, social and personal spheres. State fiscal and regulatory policies are among the measures considered by the Mercatus Center.

Milken Institute: “2007 Cost of Doing Business Index”
www.milkeninstitute.org/publications/publications.taf?function=indexes
The index measures fundamental business costs, including labor (wage per employee), overall tax burden (not just business), electricity and real estate rental. This is a very targeted index that mostly focuses on wage costs.

Milken Institute: “2008 State Technology and Science Index”
www.milkeninstitute.org/tech/
This index aids states in determining which technology and science assets can be leveraged to increase economic activity. It contains five sub-indices: research and development inputs; risk capital and entrepreneurial infrastructure; human capital investment; technology and science workforce; and technology concentration and dynamism. In all, the index uses 77 different indicators.
Morgan Quitno's Education State Rankings: "Smartest State Award 2006-07"
www.morganquitno.com/edrank06.htm
The "Smartest State Award" is based on 21 different factors related to state K-12 systems, including: expenditures for instruction; pupil-teacher ratios; high school graduation and dropout rates; and reading, writing and math proficiency.

National Center for Public Policy and Higher Education: “Measuring Up 2008”
This report focuses on the performance of state postsecondary systems in areas such as preparation (students' readiness for education and training opportunities beyond high school), participation (the opportunity of state residents to participate in education or training programs), affordability (cost of higher education), completion (students' progress toward completion of their certificates or degrees in a timely manner) and benefits (the benefits the state receives from having a highly educated workforce).

http://special.pacificresearch.org/pub/sab/entrep/2008/Economic_Freedom/
This report focuses on state and local government policies as they relate to economic freedom. It compiles 143 indicators and assembles them into five data sets. These data sets are converted into 35 unique indexes using different weighting techniques.

Pew Center on the States: “Grading the States 2008”
www.pewcenteronthestates.org/gpp_report_card.aspx
The report, developed in partnership with Governing magazine, is an assessment of government performance in the 50 states. It focuses on four key areas — fiscal management, management of state employees, infrastructure management, and use of information technology.

The Pew Center on the States compiled its list on fiscal distress by scoring all 50 states according to six factors that have contributed to California's fiscal woes: (1) high foreclosure rates; (2) increasing joblessness; (3) loss of state revenues; (4) the relative size of budget gaps; (5) legal obstacles to balancing budgets (specifically, a supermajority requirement to pass some or all tax increases or budget bills); and (6) poor money-management practices. Pew's list is based on the best available data as of July 31, 2009.

Small Business and Entrepreneurship Council: “Small Business Survival Index 2009”
www.sbecouncil.org/survivalindex2009/
The annual "Small Business Survival Index" ties together 34 government-imposed or government-related costs impacting small businesses and entrepreneurs across a broad spectrum of industries and types of businesses. The index focuses on taxes and regulations. It concentrates exclusively on government-imposed costs and does not consider other government initiatives (for example, small-business financing, technology transfer, or other drivers of small-business growth and innovation).

Tax Foundation: “State Business Tax Climate Index”
www.taxfoundation.org/taxdata/topic/90.html
The “State Business Tax Climate Index” is an indicator of which states' tax systems are most hospitable to business and economic growth. However, it does not measure business tax burdens, but rather the overall tax system. According to the index, “good” state tax systems levy low, flat rates and have the broadest tax bases possible. Overall, there are 10 sub-indices and 112 variables in the Tax Foundation report. The index covers only state taxes. Therefore, it tends to give poor ratings to states where the state government collects most of the taxes and provides most of the services, and it tends to give good ratings to states where the local governments carry more of these responsibilities.

TechAmerica: “Cyberstates 2009”
www.techamerica.org/Publications/cyberstates.cfm
Prepared by the industry-advocate association TechAmerica, the report provides detailed national and state data related to each state's high-tech economic sector.

www.uschamber.com/icw/reportcard/default
The report evaluates the performance of state K-12 education systems. For the purposes of comparisons in this report, only the U.S. Chamber's grading on postsecondary and workforce readiness (on-time high school completion and college-going rates) is included.
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Midwestern Legislative Conference
2009-2010 Economic Development Committee

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