

CNBC's America's Top States for Business

CNBC produces an annual ranking called *America's Top States for Business*, published on its web site and promoted as an assessment of state "competitiveness." The range of factors considered to be important contributors to economic competitiveness is much broader than that found in the Tax Foundation's index (which is focused exclusively on taxes) or the ALEC or SBEC measures. **The CNBC index includes a variety of measures that contribute to business profitability indirectly by affecting the quality of life, productivity, and the cost of living, making the state a more desirable place for workers and hence making it easier to attract and nurture a productive workforce.**

Each state is scored on ten measures:

- Workforce
- Cost of doing business
- Infrastructure
- Economy
- Quality of life
- Technology and innovation
- Education
- Business friendliness
- Cost of living
- Access to capital

The measures are listed in order from the most to the least important. A state can be given a score of up to 400 points, for example, for workforce, up to 50 points for access to capital. While the kinds of factors that go into each score are described in general terms, CNBC does not divulge the actual statistics that go into the scores (there are over 60) and how those measures are scaled and weighted to produce a category score. This lack of transparency makes it impossible to identify the measures that actually are most important in driving a state's score.

The CNBC ranking is based partly on underlying factors thought to contribute to growth (such as the education level of the workforce, or the quality of roads and bridges), and partly on measures of actual state performance (such as measures of economic growth or rates of new business formation). This makes it difficult to understand the meaning of the ranking. Does a higher ranking mean that the state has the kinds of labor force and public policy characteristics CNBC analysts think should contribute to growth and prosperity? Or does it mean that the state has in the recent past performed well on measures of economic outcomes? In other words, **it is not a useful predictive measure since the**

outcomes it would predict are, in circular fashion, part of the index.

Anatomy of Top States for Business

CNBC uses more than 60 measures to produce an annual ranking of state competitiveness. [Read more](#)