

Anatomy of Top States for Business

CNBC uses more than 60 measures to produce an annual ranking of state competitiveness. The measures are grouped in 10 categories, identified in the table below along with the weight given to each. The weights are purported to be based on how frequently states use that category in marketing the state. How this was done is not explained.

Weights Assigned to CNBC's 10 Categories



The exact measures used by CNBC are not identified. Here we rely on their own description of the methodology to identify the kinds of measures employed within each category. We also include their statement as to why that category is important.

Workforce

“Many states point with great pride to the quality and availability of their workers, as well as government-sponsored programs to train them.”

- Education level
- Available workers
- State's performance in retaining college-educated workers
- Labor productivity (output per job)
- Success of worker training programs
- Union membership
- Right-to-work status

Cost of Doing Business

“Cost is a major consideration when a company chooses where to do business.”

- Wages
- Occupancy rental costs
- Utility rates
- Tax climate
- Incentives

Infrastructure

“Access to transportation in all its modes is a key to getting your products to market and your people on the move.”

- Value of goods shipped by air, waterways, roads and rail
- Availability of air travel
- Quality of roads and bridges
- Commuting times
- Condition of state’s drinking water and wastewater systems

Economy

“A solid economy is good for business. So is a diverse economy, with access to the biggest players in a variety of industries.”

- Economic growth
- Job creation
- Consumer spending
- Residential real estate market
- State credit rating
- State “budget picture”
- Number of major corporate headquarters

Quality of Life

“The best places to do business are also the best places to live.”

- Crime rate
- Antidiscrimination protections
- Quality of health care
- Health insurance coverage
- Health of the population
- Parks and recreation
- Environmental quality

Technology and Innovation

“Succeeding in the new economy — or any economy — takes innovation.”

- State support for innovation
- Number of patents issued
- High-tech business formation rate
- Federal health, science and agricultural research grants

Education

“Not only do companies want to draw from an educated pool of workers, they also want to offer their employees a great place to raise a family.”

- Number of higher education institutions
- Long-term funding trends for higher education
- K-12 education: test scores, class size, spending
- Digital and lifelong learning opportunities

Business Friendliness

“Regulation and litigation are the bane of business.”

- Legal and regulatory freedom for business

Cost of Living

“The cost of living helps drive the cost of doing business.”

- Cost of housing food, energy, and other goods and services.

Access to Capital

“Companies go where the money is, and capital flows to some states more than others.”

- Venture capital investments
- Small business lending