

Anatomy of *Best States for Business*

The factors underlying the rankings on each of the six broad categories are identified below.

Business Costs

1. Moody's Analytics "Cost of Doing Business" index (labor, energy and tax costs)
2. An index from the Tax Foundation's [Location Matters](#).

Labor Supply

1. College attainment
2. High school attainment
3. Net migration over the past five years
4. Projected population growth over the next five years
5. Percentage of the workforce represented by a union
6. Percent of the population between 25 and 34 years of age

Regulatory Environment

1. Regulatory component of the Mercatus Center's "Freedom in the 50 States" (which includes labor regulations, health insurance mandates, occupational licensing, right-to-work laws, and other regulations), where less regulation is better
2. Index of tax incentives and economic development efforts from Pollina Corporate Real Estate
3. Moody's general obligation bond rating
4. Transportation infrastructure
5. Laws that protect people from employment discrimination based on gender identity (a positive factor)
6. U.S. Chamber of Commerce measure of legal climate for business
7. State fiscal health from the Mercatus Center

Economic Climate

1. Average annual growth in income over past five years
2. Average annual job growth over past five years
3. Average annual growth in GSP over the past five years
4. Average unemployment rate over the past five years

5. Average unemployment rate in 2016
6. Number of large firm headquarters in the state (from the 1,000 largest firms by revenue)

Growth Prospects

1. Forecast of job growth over the next five years from Moody's Analytics
2. Forecast of income growth
3. Forecast of Gross State Product growth
4. EMSI's job forecast
5. Venture capital investments from Pricewaterhousecoopers and Thomson Reuters
6. Startup activity as measured by Kauffman Foundation

Quality of Life

1. Cost of living from Moody's Analytics
2. School test performance
3. Crime rates
4. Mean temperature
5. Number of four year colleges ranked highly by Forbes' annual college rankings
6. Index of cultural and recreational opportunities from Sperling
7. Commute times
8. Air pollution
9. Primary care physicians from United Health Foundation