

Economic Vision 2010 **REPORT CARD**

7TH EDITION - RELEASED MAY 2007



IndianaChamber
The Voice of
Indiana Business.®

In cooperation with:



TECHPOINT
CONNECT. ADVANCE. SUCCEED.

Economic Vision 2010 Report Card

Through seven years, this Report Card has allowed the Indiana Chamber to produce an analysis of the state's economic development compared to the goals set forth in *Economic Vision 2010*.

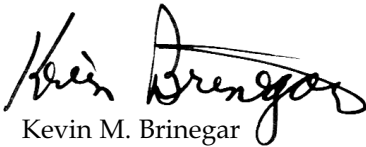
As always, improvements in Indiana's performance alone are not enough. Those improvements must be measured against the enhancements taking place in other states and nations. It often takes dramatic changes to realize a significant improvement in rankings, grades and, ultimately, economic performance.

It also remains true that statistical data of this magnitude does not – and cannot – reflect the most recent policies, laws and adjustments in economic conditions. It is fully anticipated that the many positive developments of the past few years will show up in these statistical measures in ensuing years. As an example, Indiana's major 2002 tax restructuring did not have an impact in this or other similar analyses until recently.

An addition to this year's Report Card is the Motion Detector section – highlighting key metrics and other measures that contribute the most to the all-important outcome of per capita income growth. The statistics and analysis provided by GrowthEconomics paint a picture of Indiana's current status and the road to improvement.

While progress has been made, the grades and rankings within reaffirm the widely held belief that Indiana has more work to do. It is important for business, community and political leaders to acknowledge areas of strength in this Report Card, but also focus on improvements to produce a climate that makes Indiana the ideal place to grow a business and raise a family.

Thank you for your interest in this report and the Indiana Chamber's ongoing efforts to improve the Indiana economy.



Kevin M. Brinegar

President

Indiana Chamber of Commerce



A Plan For Indiana's Future

"Indiana will be one of the best business start-up and growth economies in the world, focusing on the creation of high-skill, high-wage jobs and outstanding productivity."

In 2000, the Indiana Chamber of Commerce created *Economic Vision 2010* as a roadmap for future economic prosperity in Indiana. The vision, and this seventh Report Card, are the products of years of thoughtful research, exhaustive study and dedication from the best and brightest Indiana business leaders. It is the result of strong bipartisan input and support.

A number of Indiana Chamber studies formed the basis for the vision. They include:

- *Blueprint for Economic Growth in Indiana* (1996)
- *A State Tax Cost Comparative Analysis* (1996)
- *Blueprint for a Dynamic Small Business Community* (1998)
- Indiana's Human Capital Retention Project – *The Evolution of Indiana's Labor Force 1968-1997: A Comparative Analysis* (1998), *Graduation Migration from Indiana's Postsecondary Institutions* (1999), *The Indiana Workforce: An Employer's Perspective* (2000) and *Survey of Current Practices in Postsecondary Graduate Retention* (2000)
- *Indiana Venture Capital Study* (2000)

Indiana Chamber volunteers, board members, staff and outside experts examined the results of those studies, identified the areas in which the state can, and must, improve to be a leader in an increasingly global marketplace. The Chamber is implementing *Economic Vision 2010* with a detailed action plan. Its success to date is due to the dedicated and collaborative efforts of stakeholders, Chamber volunteers and staff. The key to realizing *Economic Vision 2010* is ensuring that Indiana is world-class in six key policy areas, or drivers:

- **Education/Workforce Development**
- **Business Costs/Productivity**
- **Government/Regulatory Environment**
- **Infrastructure/Connectivity**
- **Dynamism/Entrepreneurism**
- **Quality of Life**

We must succeed in these key areas to achieve a stronger and more diverse economy for future generations and a better workforce for the companies that hire them. Much has been accomplished, but there is more to do. The challenge is ours – to assess these benchmarks and use this *Economic Vision 2010 Report Card* to move forward.

For an updated version of the specific initiatives in *Economic Vision 2010*, visit www.indianachamber.com.

Indiana Chamber Foundation

Since 1981, the Indiana Chamber of Commerce Foundation, Inc. has provided timely and thought-provoking research to enhance Indiana's business climate, economic future and quality of life. The Foundation is dedicated to elevating the visibility and discussion of key issues that improve Indiana's economic opportunities.

The research funded by the Foundation impacts the public and private sectors. Its work is highlighted by a series of insightful studies that formed *Economic Vision 2010*, the Chamber's long-range economic development plan for the state. These studies have resulted in major public policy discussions and contributed to various education, tax restructuring and economic development reforms.

More information about the Foundation can be obtained from Mark Lawrance at (317) 264-6893.

The Economic Vision 2010 Report Card was made possible through the generous support of:



A unit of American Electric Power

Introduction

This Report Card marks the seventh in a series of annual check-ups on the state's economy as it relates to the vision, goals and drivers set out in the Indiana Chamber's *Economic Vision 2010*. While several improvements have been made, the current Report Card structure is similar to previous years. Back calculations are provided to ensure apples-to-apples comparisons with previous years. The report is being released in March to maximize the availability of previous year's data releases.

Improvements

- Several improvements have been made this year as a result of two considerations: Several additional data sources have become available, thus enabling addition of some metrics and enhancement of our driver and sub-driver scores.
- An improved method of scoring has been introduced, called the "modified median method," which minimizes the distortion to aggregate scores caused by a few extreme values.

This report is again produced in cooperation with TechPoint., which published the Indiana Technology Index in October 2006. That report includes 23 technology-focused metrics that are a subset of this Report Card's 97 metrics.

Report Card Structure

The basic structure of this year's report follows that of last year:

- Education/Workforce Development
- Business Costs/Productivity
- Government/Regulatory Environment
- Infrastructure/Connectivity
- Dynamism/Entrepreneurism
- Quality of Life

To make finer comparisons between states and to track changes over time, each driver is subdivided into two or three sub-drivers. For example, the Education and Workforce driver is broken into three sub-drivers: K-12 Education, Postsecondary Education and Workforce Development. In this way, readers and decision makers are able to discern key differences within drivers that can be critical to understanding the state's strengths, weaknesses, opportunities and competitive threats. For example, a state can have an above average educational system, while scoring below average in educational attainment and technical credentials of its actual labor force.

A few metrics have been dropped from the report to streamline the drivers/sub-drivers. Other metrics have been maintained but have undergone changes in methodology. Additional metrics have been added, especially to the Dynamism and Entrepreneurism area, in an ongoing effort to advance understanding of Indiana's persistently low ranks and scores in this driver.

7th edition – released March 2007

How Grades Were Determined

While no system of benchmarking is perfect, every effort has been made to determine grades in an objective and rigorous manner. Raw scores for each metric are normalized and rescored with the midpoint at 100. These are shown in the metric tables. Sub-driver grades are determined by adding the scores of each contributing metric, which are then averaged. Only in the case of Business Costs are different weights applied to the metrics. The averaged values are ranked highest to lowest, with letter grades obtained by “grading on the curve.” Driver and overall grades are likewise determined by adding and averaging all relevant metrics and “grading on the curve,” using a common grade point average approach.

In the overall grades, three states get A’s this year: Massachusetts, Utah and Maryland. Fourteen get B’s, 25 C’s, six D’s and two F’s. Grades are not given to individual metrics but rankings and scores for Indiana by metric are provided. A four-year graph for each metric raw score is added where available.

One way to validate our methodology is to compare results with similar national scorecards. A comparisons section of the Key Findings reports these in detail. Overall, Indiana receives a C this year. Two recently released, well-respected national benchmarking studies grade Indiana similarly in the mid-range.

(See the appendix for additional details).

Indiana’s Progress

Over the last seven years, Indiana’s grade, according to this Report Card, has held in the C range. It is important to interpret this in the context of the national business cycle, which impacts Indiana markedly. According to the Development Report Card of the States, in the early 1990s Indiana performed above average in economic performance and business vitality as the nation as a whole grew rapidly after the 1990-91 recession. During the later half of the 1990s, Indiana’s performance leveled off considerably. This fits with Indiana’s general pattern of outperforming the U.S. in the early stages of a business cycle, while underperforming in the later stages. A significant turning point came in 1995, when a number of Indiana’s economic performance indicators began to soften.

Indiana’s pattern in this business cycle has been quite different. Indiana has experienced one of the slowest recoveries on record from a recession bottom in November 2001. More fundamental economic changes are likely at work beyond the business cycle. Now, in 2007, with the national economy possibly undergoing a mild mid-cycle slowdown, Indiana leaders and decision-makers might reflect on why Indiana has been a slow grower this cycle. Clearly, industry mix is one factor – the whole of the industrial Midwest has been hurting. One plausible explanation is that structural adjustments (changes in industry structure and composition, worker attitude and lifelong learning) have been slower than in competitor states and countries. Indiana’s recovery still depends largely on the fortunes of the manufacturing sector. Restructuring in the auto industry, in particular, continues unabated as Big Three facilities and supply chains are impacted.

Recent regression modeling by the Federal Reserve Bank of Cleveland points to diversification as an explanatory variable for strong state/regional per capita income. Analysis of the Report Card data in the commentary

chapter of this report identifies the importance of service sector productivity in addition to manufacturing productivity. These findings again raise the issue of diversification in Indiana’s economic development efforts. In short, as the Report Card generates more sophisticated understanding of what is going on in the Indiana economy, solutions become less “quick fix” and more transformational – enhancing the critical role of a business organization, like the Chamber, to shape change for the long haul.

International Comparisons

In the past, the international comparisons called for in *Economic Vision 2010* were addressed in a separate chapter of the Report Card. This year international considerations are incorporated into the motion detector chapter.

Report Card Authors

GrowthEconomics was founded by Graham S. Toft, Ph.D., a strategic planner specializing in public and private strategies for growing in an open, global economy, in which innovation plays a critical role in wealth creation. The firm spends much of its time on innovation development, growth strategies and economic competitiveness issues facing localities, regions, states, nations, educational institutions, business civic organizations and industries.

Toft, in collaboration with colleague Nadine Jeserich, Ph.D. (of Copenhagen, Denmark), undertook several international competitiveness projects while a Senior Fellow at the Hudson Institute, including work for the Korean Ministry of Commerce, Industry and Energy and research for Compete America on U.S. challenges in science and technology talent: “Can Foreign Talent Fill Gaps in the U.S. Labor Force?”

Toft has guided the compilation of the Report Card for the fifth consecutive year, with Jeserich leading the research effort for the third year.

Table of Contents

Key Findings	8
Commentary	15
Motion Detectors	26
Benchmarks	43
Education/Workforce Development	45
Business Costs/Productivity	71
Government/Regulatory Environment	87
Infrastructure/Connectivity	97
Dynamism/Entrepreneurism	111
Quality of Life	141
Appendix	163

How to Use the Data

Business leaders understand the importance of benchmarking as a means to improve performance over time. The strength of benchmarking is found in its ability to help improve performance, to identify which factors contribute to future success or weakness. Further, benchmarking in the public arena is particularly useful in alerting leaders and decision-makers to areas of vulnerability that deserve special government attention and public-private collaboration.

We trust that at least parts of this work will lead to expressions such as: “We should be doing better than that,” or “I didn’t realize how good Indiana was at...” or “We should be doing more to make ourselves a leader in...” The annual Report Card is designed to look for major performance outcomes relative to competitors. It is not intended to measure the effectiveness or efficiency of specific programs or agencies. Other methodologies are available for that.

Given that seven years of good data are providing strong evidence that Indiana is not gaining on its competitor and comparator states, it’s time to take a closer look at those states that have been gaining on us, especially those states that have economic structures similar to Indiana. In particular, business leaders are encouraged to take a closer look at those states outperforming in Dynamism and Entrepreneurism, such as Utah, Maryland, Nevada, Idaho or Colorado. State policy shapers and policy makers would do well to commission “intelligence reports” on progress in select states and arrange selective site visits by small teams. These two to three-day field visits would be particularly useful in helping leaders think “outside the Indiana box.”

These latter steps, namely finding out why one’s competitors or comparators are outperforming and then taking appropriate action, are a final and most important step in the benchmarking process. To aid this process, in this year’s Report Card, a Motion Detectors chapter has been added to shed light on Indiana’s recent performance specific to areas statistically proven to be correlated with state economic progress.

Understanding the Report

As stated earlier, this study is a benchmarking report. The design of this methodology is guided by the following principles:

- Measure outcomes, not processes or inputs (for example, we measure the service qualities of highways, e.g. bridge condition, not capital investment).
- Similar methodology throughout (each driver/sub-driver measured in a similar fashion).
- Using the latest available data, available on an annual or biennial basis, and available for all 50 states. Delaying the release of the Report Card (it previously took place in November) until March allowed for more data available through the end of 2005 and 2006 to be included. Data delays are a part of any project of this magnitude. But in this Report Card, calculations include only data from the last three years (2004-2006), an improvement over previous Report Cards. Of the 97 metrics used in the calculations, 75% reflect 2005 and 2006 data.
- Comprehensive in the choice of metrics but guided by the strategic framework in *Economic Vision 2010*.
- Congruent with state-of-the-art methodologies in similar studies.
- Able to be used as a neutral, independent reference to facilitate informal discussion by leaders on priorities for current and future actions.

A more comprehensive scoring and grading method is in place with this Report Card. The more conventional z-score method (comparing Indiana to the average state) used in previous years has been replaced with a new method (see appendix) that is focused on comparing Indiana to the majority of states, called the modified median method. As in the previous edition, rather than assigning equal numbers of A's, B's, C's, etc. to sub-drivers and drivers, "grading on the curve" relative to raw metric scores allows for a more accurate reflection of a state's performance.

The information provided by the Report Card can be used to best advantage when:

- The reader focuses on longer-term trends (now over seven years) indicated by the driver and sub-driver scores. One should not get overly concerned with major annual variations here or there in an individual metric. Blips do occur in specific data.
- The reader looks for how well Indiana is doing relative to competitors and comparators. (i.e., Indiana might be doing better in aggregate score, but still losing ground relative to other states).
- The reader uses other sources of competitiveness research along with this information. (This Report Card does show Indiana's scores on two other recent national benchmark reports).
- The reader drives the findings of the report to the next step by asking why other states are doing better than Indiana on select drivers/sub-drivers.

Indiana's Performance on Drivers, Sub-Drivers and Metrics

Overall C

Education and Workforce Development C

K-12 Education	C+
AP Overall	35th
High School Graduation Rate	34th
SAT	37th
ACT	19th
NAEP Math*	25th
NAEP Reading*	32nd

Postsecondary Education	B-
Physical Science and Engineering Degrees	24th
Technology and Technician Degrees	6th
Other Innovation Degrees	7th
College Affordability	25th
U.S. News Undergraduate Reputation	16th
U.S. News Top-Ranked Graduate Programs	15th
College Migration*	7th
Entrepreneurial Programs	20th

Workforce Development	D+
High School Diploma Attainment	30th
Bachelor's Degree Attainment	44th
High-tech Manufacturing Employment	6th
High-tech Services Employment	44th
Physical Science and Engineering Workers	25th
Technology and Technician Workers	39th
Other Innovation Workers	44th
Adult Education	25th

Business Costs and Productivity C+

Business Costs	B
Unit Labor Costs	16th
Energy Costs	12th
Worker's Compensation Costs*	2nd
Unemployment Insurance Costs	19th
Business Taxes	19th
Business Tax Structure	22nd
Metro Office Rents	9th
Health Care Premiums	20th

Productivity and Labor Supply	D
Net Migration Rate	28th
Labor Force Participate Rate	21st
Gross State Product per Job	29th
Value Added in Manufacturing per Hour	24th
Service Industry Gross State Product per Job	34th

Government and Regulatory Environment B+

Government Efficiency	C+
Government Gross State Product	9th
State and Local Tax Burden	39th
Units of Government per Capita*	34th

Regulatory Environment	A-
Malpractice Costs*	4th
Health Mandates	19th
Business Liability	15th
Liability System*	6th

Infrastructure and Connectivity B-

Physical Infrastructure	C+
Highway Quality	23rd
Bridge Quality	16th
Railway Productivity	34th
Water Systems	6th

Major Market Access	36th
Traffic Congestion*	18th

Digital Connectivity	B-
Broadband Connection	38th
Broadband Coverage	32nd
Next Generation Internet	26th
Rural Online – Last Mile Internet*	27th
Technology in Schools	17th

Dynamism and Entrepreneurism D+

Dynamism	D+
Increase in High-performance Firms	36th
Fortune 500 Headquarters	23rd
IPO Awards	24th
University Spinout Businesses	22nd
Growth in Merchandise Exports	24th
Growth in Foreign Direct Investment	16th
Increase in New Business Churn	38th
Firm Start-up Activity Rate	29th
Establishment Failure Rate	22nd
Entrepreneurial Activity Index	27th
Small Business Growth	40th

Research and Creativity	D-
Patents per Worker	23rd
Patent per R&D Dollar	30th
University Royalty/License Income	16th
University R&D Expenditures	25th
NSF Funding Rate	25th
University Licenses/Options to Small Businesses	13th
Industry R&D Expenditures	17th
Federal R&D Expenditures	44th

Capital Formation	D
Venture Capital	27th
Bank Commercial and Industrial Lending	26th
Private Lending to Small Businesses	14th
IPO Financing	22nd
Capital Investment in Manufacturing Growth	22nd
SBIR/STTR Financing*	39th
SBIC Financing	32nd

Quality of Life C-

Economic Diversity and Civic Energy	B
Number of Nonprofits	22nd
Charitable Giving*	30th
Voter Turnout*	48th
Urban Cost of Living	14th
Urban Housing Costs	19th
Homeownership Rates	7th
Per Capita Disposable Income	34th
Gender Equity	39th
Racial/Ethnic Equity	35th

Culture and Recreation	D-
Leisure Employment	21st
Parkland	41st
Golf Courses	19th
Trails*	38th

Health and Safety of the Population	B
Lack of Health Insurance	24th
Toxic Release Inventory	44th
Clean Air	19th
Crime Index	26th
Per Capita Health Spending*	45th

* updated information from March 2006 Report Card release not available

Overall Grades

Midwest Performance

	2006	2004	2002	2000
Wisconsin	C+	C+	C+	C-
Michigan	C+	C	C+	D+
Ohio	C	C	C	C-
Indiana	C	C-	C	C-
Illinois	C	C-	C-	D+
Kentucky	D	D	D	D

Other Manufacturing Competitors

	2006	2004	2002	2000
North Carolina	B-	C+	B-	C+
New Hampshire	C+	C+	C+	B-
Oregon	C+	C	C+	C+
Iowa	C+	B-	B	C+
Indiana	C	C-	C	C-
South Carolina	D+	D-	D+	D

Rank/State	2006	2004	2002	2000
1 Massachusetts	A+	A+	A+	A+
2 Utah	A-	B	A-	A-
3 Maryland	A-	B	A	B+
4 Delaware	B+	B-	B	C+
5 Colorado	B+	B	B+	A+
6 Virginia	B+	B+	B+	B+
7 Idaho	B	B+	B-	C+
8 South Dakota	B	B	B-	C
9 Arizona	B	C+	B-	B-
10 Wyoming	B	B-	B-	B-
11 Minnesota	B	B	B	B
12 Washington	B-	B-	A-	B
13 Connecticut	B-	C+	C+	B-
14 North Dakota	B-	C-	B-	C+
15 North Carolina	B-	C+	B-	C+
16 California	B-	C+	B-	A-
17 Montana	B-	C	C	D
18 New York	C+	C	C	C
19 New Hampshire	C+	C+	C+	B-
20 Texas	C+	C	C	C+
21 Wisconsin	C+	C+	C+	C-
22 Pennsylvania	C+	C-	C	C+
23 Oregon	C+	C	C+	C+
24 Iowa	C+	B-	B	C+
25 Vermont	C+	C	C-	C-
26 Michigan	C+	C	C+	D+
27 New Jersey	C+	C-	D+	C-
28 Nebraska	C	C-	C	C
29 New Mexico	C	D+	D+	C-
30 Ohio	C	C	C	C-
31 Kansas	C	D+	C	C-
32 Georgia	C	C	C	C
33 Indiana	C	C-	C	C-
34 Florida	C	C-	C	C-
35 Illinois	C	C-	C-	D+
36 Nevada	C	D	D-	F
37 Rhode Island	C-	C	C+	C+
38 Alabama	C-	D+	C-	C-
39 Maine	C-	D+	D	D
40 Tennessee	C-	D+	C-	D+
41 Missouri	C-	C-	C	C
42 Alaska	C-	D	C-	D-
43 Oklahoma	D+	D	D+	C-
44 Hawaii	D+	D-	D-	D+
45 South Carolina	D+	D-	D+	D
46 Kentucky	D	D	D	D
47 Arkansas	D	D	D-	F
48 Louisiana	D-	D-	D-	F
49 West Virginia	F	F	F	F
50 Mississippi	F	F	F	F

Motion Detectors

Within the larger set of baseline metrics, the Chamber is anxious to track those metrics most likely to signal change that will make a real difference to Indiana’s economic advancement five, 10 and 20 years from now. Based on the practice of “dashboards” now gaining popularity with corporate management, business leaders are looking for something similar: Yes, all these metrics are helpful and insightful, but which ones really make the most difference?

Motion Detectors		
Report Card Driver Education & Workforce Development	Key Motion Detector Bachelor Degree Attainment	Secondary Motion Detectors <ul style="list-style-type: none"> • U.S. News Graduate Programs • Four-Year Tuition • NAEP Mathematics
Dynamism & Entrepreneurism	Venture Capital	<ul style="list-style-type: none"> • IPO Financing • SBIC Awards, SBIR Awards and Deals, ATP Deals • Business Gross Operating Surplus (profits and investments) • Fortune 500 Headquarters High-Performance Firms
Business Costs & Productivity	Health Care Premiums Productivity	<ul style="list-style-type: none"> • Energy Costs • Broadband Connections • Major Market Air Access • Services Industries Output per Job

This categorization of key motion detectors closely parallels the framework of the state’s 2006 strategic economic development plan – Accelerating Growth. Bachelor degree attainment is a key measurement of the pro-talent theme; venture capital a measure of pro-innovation; and health care premiums and productivity are measures of pro-investment.

Motion Detector Results					Big Movers, last 4 years	
	Indiana 2006 Value	2006 Peer States Average Value	Indiana 2006 Rank	Indiana Change in Value, last 4 years	State	Change in Value
Motion Detectors						
Bachelor Degree Attainment	21.3%	24.3%	44	3.4%	Georgia Nevada	11.1% 10.8%
Venture Capital (per \$1,000 of GDP)	\$4.4	\$3.5	27	108.4%	Arkansas	856%
Health Care Premiums	\$6,675	\$6,891	20	24.3%	Utah	6.4%
Productivity (sales per employee)	\$95,105	\$87,793	9	N/A	N/A	N/A

Briefly, Indiana has shown only very slow improvement in bachelor degree attainment and still ranks substantially below the majority of states and its Midwest competitors. In venture capital, it has fared better than its peer states, though its strong growth still has not elevated it into the top half of the states. Average health care premiums for mid-market and large companies in Indiana are below the Midwest average though continuing to rise, with family coverage premiums lying above the U.S. average and single coverage premiums below the U.S. average. The small and mid-market firm productivity measure, sales per employee, is Indiana's best performing motion detector, ranking ninth among the 50 states and substantially above the Midwest peers. At the same time, this Report Card points to the below average performance in more general productivity measures, especially in the service sector.

(Full motion detector reporting and analysis begins on Page 26).

Indiana Makes Slight Improvement

	2006	2004	2002	2000
Overall Grade	C	C-	C	C-
Education/Workforce	C	C	C	C-
Business Costs/Productivity	C+	B	A-	B+
Government/Regulation	B+	B+	B	A+
Infrastructure/Connectivity	B-	C	C+	C-
Dynamism/Entrepreneurism	D+	D+	D	D-
Quality of Life	C-	D+	C	B

Bottom Line:

Indiana is showing steady gains in jobs and income, but not at a pace that outperforms the majority of other states. Indiana scores mid-range grades across most drivers with Government and Regulation, and Infrastructure and Connectivity above average, with Dynamism and Entrepreneurism below average.

Measuring Performance and Progress on Economic Vision 2010's Sub-Drivers

	2006	2004	2002	2000
Education/Workforce	C	C	C	C-
K-12	C+	B-	B	C-
Postsecondary	B-	B	B	B+
Workforce Development	D+	D	D	D-

Above average in Postsecondary; Workforce still a vulnerability although there is some improvement; downtrend in K-12 since 2002.

Business Costs/Productivity	C+	B	A-	B+
Business Costs	B	B	C+	C
Productivity/Labor Supply	D	D+	C-	D+

Business Costs doing better, partly due to tax policy changes; low Productivity probably tied to structural factors (not enough high productivity, particularly in the services sector.)

Gov./Regulatory Environ.	B+	B+	B	A+
Government Efficiency	C+	C+	B-	A-
Regulatory Environment	A-	A-	A-	A-

Indiana's best driver; Regulation remains main strength; Government Efficiency still in mid-range, but suffers from an increase in local tax burdens.

Infrastructure/Connectivity	B-	C	C+	C-
Physical Infrastructure	C+	C	C+	C+
Digital Connectivity	B-	B-	C	D+

Digital sub-driver shows steady gain over seven years; Physical Infrastructure steady in the mid-range.

Dynamism/Entrepreneurism	D+	D+	D	D-
Dynamism	D+	C	B+	C
Research/Creativity	D-	D+	D-	D-
Capital Formation	D	D	D-	D-

Underperformance in all sub-drivers; small gains in Capital Formation, but not enough to outweigh positive activity in other states.

Quality of Life	C-	D+	C	B
Economic Diversity/Civic Energy	B	B+	B	B
Culture/Recreation	D-	D-	D-	F
Health/Safety of the Population	B	C+	B	B+

Above average in Economic Diversity and Civic Energy and Health and Safety; no improvement in Culture and Recreation.

Bottom Line:

Over the past seven years, Indiana has failed to make substantial gains in key drivers that shape the innovation economy. K-12, Postsecondary Education, Business Costs, Regulatory Environment, Government Efficiency, Infrastructure and Digital Connectivity have grades at or above average this year. Best multi-year improvements have been in Business Costs and Digital Connectivity. Despite some improvements, Productivity, Dynamism, Research & Creativity and Capital Formation, all critical attributes of today's innovation economy, are weaknesses. Quality of Life overall has held its ground. Note that quality of life varies significantly by region.

Surrounding States and Manufacturing Competitors Make No Substantial Gains

	2006	2004	2002	2000
North Carolina	B-	C+	B-	C+
Michigan	C+	C	C+	D+
Illinois	C	C-	C-	D+
Ohio	C	C	C	C-
Indiana	C	C-	C	C-
Alabama	C-	D+	C-	C-
Kentucky	D	D	D	D

Bottom Line:

The similar performance of surrounding states indicates a keen competitive environment. It also creates an opportunity to become the pre-eminent innovation economy in the Midwest, moving away from the middle of the pack. The same lessons apply to manufacturing competitors. Indiana could lead advanced manufacturing in the U.S., or it could just as easily be overtaken. To lead in advanced manufacturing, the state must also gain strength in advanced business services.

Traditional Manufacturing States Do Not Lead in the Innovation Economy

This Report Card's Top 10 States Compared With the Top 10 From Two Other Benchmark Reports

Economic Vision 2010

Report Card

Other Studies Combined

Massachusetts	Colorado
Utah	Massachusetts
Maryland	Utah
Delaware	Minnesota
Colorado	New Hampshire
Virginia	Virginia
Idaho	Idaho
Arizona	Delaware
South Dakota	Nebraska
Minnesota	Connecticut

Bottom Line:

The states that are currently the most competitive in the innovation economy may differ from those that led the old industrial economy.

The top 10 lists largely consist of states that lead in advanced services and “high-tech” industries. But, notably, they are states that have been able to adapt to economic change. As biotechnology, nanotechnology and advanced manufacturing grow in importance, new opportunities will arise for the Midwest. Taking advantage of these opportunities requires new approaches to economic development that call for a balanced strategy of growing by business attraction and organic growth from existing Indiana businesses, as well as a strong economic base in such sectors as materials, chemicals, automotive, biomedical and insurance.

Report Comparisons

Comparison with Reputable Nationwide State Scorecards

The purpose of this section is to provide a quick comparison with nationally recognized state scorecards – a validity check on the findings of the Report Card. While methodologies and release dates vary, conclusions regarding Indiana’s competitive position should be congruent, taken as whole.

Comparisons

Only in a few cases does a state organization track the progress of that state’s economy against a strategic plan on a regular basis. For many years, the Maine Development Foundation has set an example. Since state economic benchmarking is in its infancy, it is not yet particularly useful to directly compare the results of the Report Card against these individual state efforts. However, two scorecards with national reputation provide a useful and continuous crosscheck with the findings from this Report Card with equally timely data. The comparisons are summarized below.

The two comparison reports used in this summary are: the Development Report Card of the States, 2007, prepared by the Corporation for Enterprise Development on an annual basis for more than 10 years; the State Competitiveness Report prepared in 2006 by the Beacon Hill Institute of Suffolk University in Massachusetts. The table below shows the scores by economic driver or sub-driver according to the *Economic Vision 2010* Report Card. Those categories from the two studies that closely resemble the drivers and sub-drivers in this Report Card are compared with Indiana’s scores. The score is shown as a grade (converted from ranks if necessary).

In most cases, the Indiana score matches well with scores arrived at by the other reports. Overall Indiana ranks in the middle of the pack across the reports, with an underperformance in dynamism and entrepreneurship measures.

Comparing Similar Metrics

Development Report Card of the States,

Corporation for Enterprise Developmentⁱ	2007	<i>Economic Vision 2010</i> Report Card	
Human Resources:	C	K-12:	C+
Infrastructure Resources:	B	Physical Infrastructure:	C+
Quality of Life:	C	Economic Diversity & Civic Energy:	B
Entrepreneurial Energy:	C	Dynamism:	D+
Financial Resources:	D	Capital Formation:	D

State Competitiveness Report, Beacon Hill Instituteⁱⁱ	2006	<i>Economic Vision 2010</i> Report Card	
Infrastructure:	D+ (33rd of 50)	Physical Infrastructure:	C+
Human Resources:	D+ (32nd of 50)	Education & Workforce	C
Business Incubation:	D (35th of 50)	Dynamism and Entrepreneurism:	D+

ⁱ Corporation for Enterprise Development, 2007. *Development Report Card of the States; Indiana*; <http://drc.cfed.org/grades/indiana.html>

ⁱⁱ Beacon Hill Institute. *State Competitiveness Report 2006*. <http://www.beaconhill.org/>

Commentary: Key Indicators of Economic Success

Finding Out What Really Makes a Difference,
Moving the Needle, Then Measuring Progress

By **Graham S. Toft, Ph.D., GrowthEconomics Inc.**

In 2000, the Indiana Chamber took bold action in releasing its *Economic Vision 2010*, reflecting the business community's "best shot" at what needed to be done to move the state's economy forward. In keeping with standard business practice, the Chamber also set in place an annual Report Card procedure to ensure regular measurement of progress – a benchmarking process that compares Indiana against all states, particularly its neighbors. This Report Card is the seventh in a series of carefully compiled metrics that provide a solid assessment of how well and in what areas Indiana is doing well and not so well.

These Report Cards have been used to support the case for various improvements to state growth policy throughout this decade. Many recommendations from the original *Economic Vision 2010* mission can be checked off as accomplished. Key legislation, policy initiatives and partnerships initiated over the past six years include:

- Business tax reform
- Higher K-12 education performance standards
- Enhanced community college system
- Venture Capital Tax Credit
- Research and development tax credit increased and made permanent
- Enabling legislation to reorganize local government
- Major Moves transportation infrastructure
- Telecommunications reform
- Implementation of Daylight Saving Time

Despite these many efforts and others, the Report Card consistently grades Indiana in the C range overall. Commentary chapters in previous Report Cards have repeatedly noted that Indiana is bunched with a large group of similar-performing states and has been unable to "break out from the pack." This is partly because most other states have been improving equally, making selected incremental improvements to their policies and partnerships to foster state economic growth. Indiana has been doing its best to innovate new ideas or replicate "best practices," but Chamber leaders are anxious to see continued positive movement and an even stronger business climate.

What can the Chamber do to help Indiana "break away" from mediocre performing states over the next five years? This is the topic of this year's Report Card commentary. While the Report Card as a whole is primarily a "fact finder," this chapter is intended to provide fresh thinking and to stimulate discussion beyond conventional wisdom. Again, this year, the commentary chapter is offered in the spirit of "creative exploration."

A unique contribution in this year's commentary is a review of recent empirical studies that identify key factors contributing to a high standard of living and economic growth in U.S. regions and states. And, for the first

time, the Chamber's multi-year data is sufficient to begin statistical analyses to identify those Report Card metrics correlating most positively with economic progress. The results are summarized later in this chapter.

As noted in the Key Findings chapter, this Report Card now incorporates seven years of data on nearly 100 metrics. The back years on these data are routinely updated as new data releases and revisions become available. This data set now makes for one of the most consistent data sets on state economic performance in the country. The Key Findings chapter notes some discernable progress for Indiana in three areas between 2000 and 2006:

1. Improvement in Workforce Development, while still grading poorly
2. Improvement in Business Costs, now grading above the U.S. average
3. Improvement in Digital Connectivity, now grading above the U.S. average

However, Indiana is failing to make progress in Productivity, Dynamism, Capital Formation, and Research and Creativity. These are considered to be some of the most important requirements for a healthy innovation economy in today's fast-changing, open marketplace. They are surfacing in research repeatedly as being associated with strong state/regional economic performance.

This chapter provides guidance on key indicators for economic success and includes reasons for their inclusion in the "motion detectors" chapter, designed to provide the Chamber and business leaders with up-to-date intelligence. We begin by addressing three questions on the minds of many business leaders: Is it possible to steer a state economy? How are the rules of engagement in economic development changing? Which states are leading the way?

First, Can a State's Leaders and Decision-Makers Steer its Economy? Haven't Global Forces Taken Control?

In a cover story in *Business Week*, November 20, 2006, Michael Mandel asks the question "Can anyone steer this economy?" He asserts that "globalization has overwhelmed Washington's ability to control the economy" and that "traditional macro policies are less effective than they used to be." Further, it is not at all clear which of the "big ideas of economic policy" work best in today's open, competitive global economy – classic Keynesian economics, supply side economics, deficit cutting economics or innovation policy.

If this challenge is so real at the national level, what chance do state leaders and decision-makers have? Aren't states even more at the mercy of forces outside their control? Surprisingly the answer is both yes and no. Indeed, such factors as trade policy, interest rates and currency markets must be taken as a given. But, state public policies and partnerships can and do make a difference on key factors now considered crucial – entrepreneurship and innovation, lifelong learning opportunities and a pro-investment climate. They shape such economic foundations as education and workforce preparation, wise natural resource utilization, corridor and port development, tax and regulatory policy and the like.

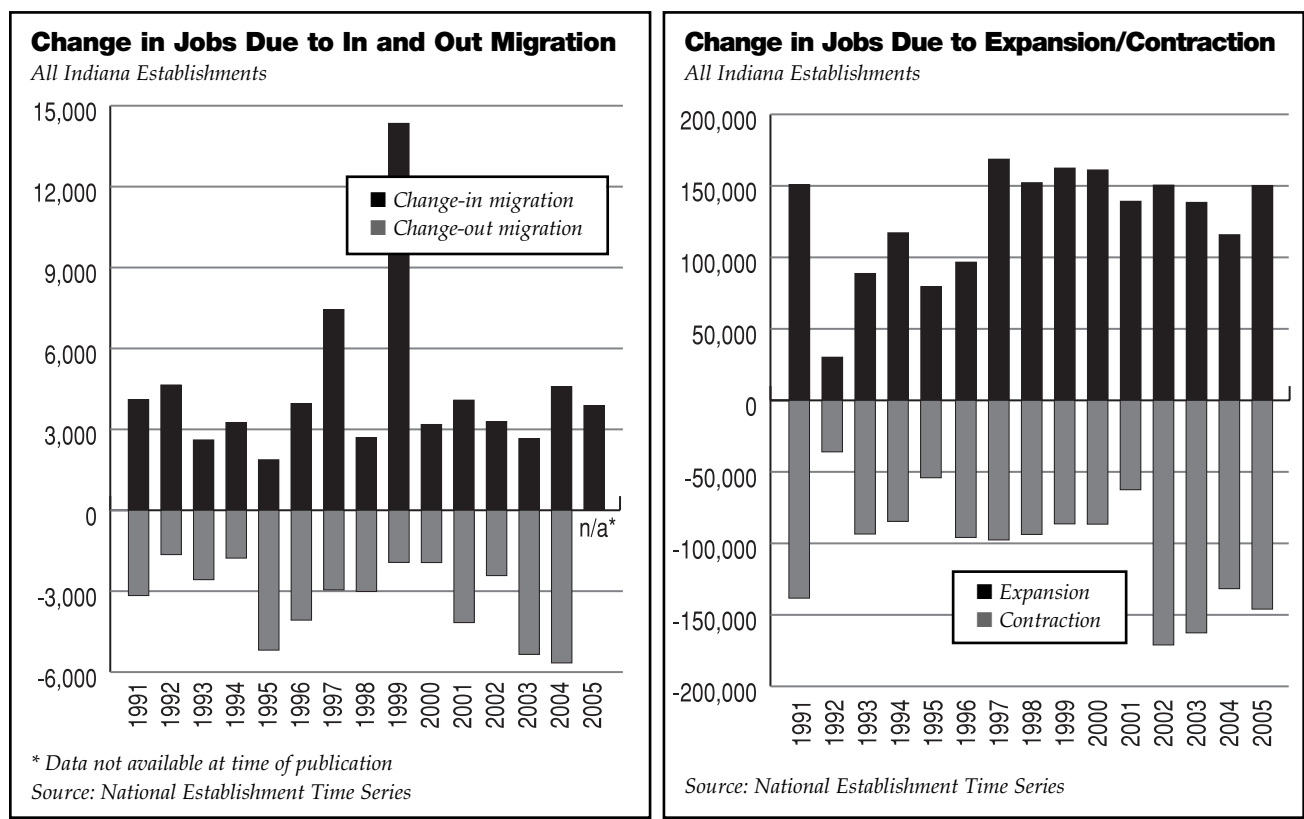
As Harvard scholar Michael Porter put it over a decade ago, "states and regions are the locus of competitive advantage." A proactive approach to Indiana economic growth is well argued in the introductory pages of Indiana's strategic economic development plan, *Accelerating Growth*, released by the governor in 2006.

Second, the Economic Development Rules of Engagement Are Changing. Will Indiana Leaders and Decision-Makers Adapt?

While state leaders and decision-makers who choose to be proactive have considerable opportunity to affect state competitiveness, many are held back by antiquated paradigms inherited from 20th century practices. To begin with, most sub-national economic development organizations see their primary role as attracting investment from the outside – the “outside-in” approach. Many favor use of such conventional tools as tax and financial incentives to lure business. They overlook the long-run benefit of an “inside-out” approach – one that seeks to provide the best investment climate for existing businesses, and fosters innovation and creativity leading to higher productivity and output of more advanced goods and services from those firms already doing business in the state.

Business attraction incentives can be used strategically to advantage, but the resources for such public assistance must come from somewhere. Either other businesses or individuals/households pay the freight. In either case, the tax burden shifts from one class of taxpayer to another. Yes, there may be net tax revenue and job gain in the long run, but the costs are borne by today’s taxpayers. A complementary approach is “organic growth,” in which balanced tax policy is crafted so that each business is taxed the approximate equivalent of benefits received. Also, a balanced “economic gardening” approach can be applied to government support for business in which infrastructure, efficient services and affordable connectivity are available to all businesses.

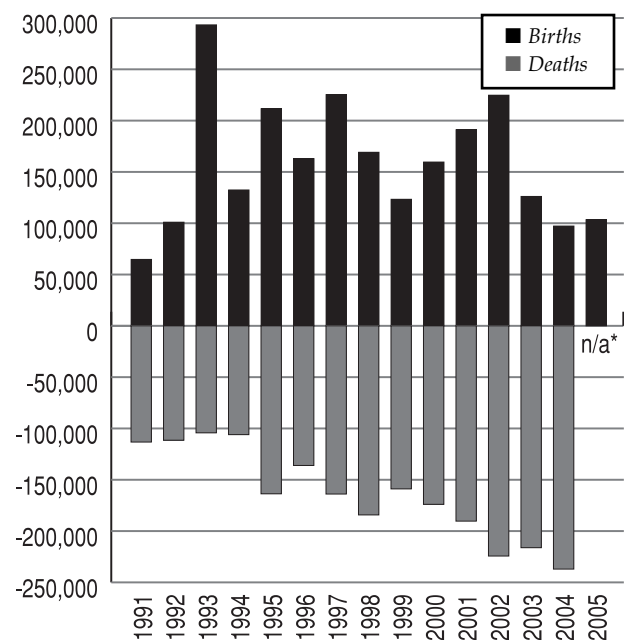
In terms of jobs created and lost, organic growth policies and practices affecting existing businesses are of much greater magnitude and consequence to Indiana than those affected by relocating businesses, as shown by the



charts below. The first chart shows that, on average, jobs created and lost due to employer relocations into/out of the state are less than 5,000 each way a year and that they are quite evenly balanced with the exception of 1997 and 1999. On the other hand, jobs created and lost due to resident employer expansion and contraction are between 100,000 and 150,000 per year. From 2002-2005, these have been evenly balanced. In jobs created and lost due to births and deaths of employers (right), again the total is usually 100,000 or more up or down each year. In this case, jobs lost due to establishment deaths have been increasing since the mid-1990s.

Of particular interest to the Chamber this year is the contribution made by Indiana's mid-market companies. A major research project, *Accelerating Growth of Indiana's Mid-Market Companies*, is underway in 2007 to better understand contributions made by and growth opportunities for companies currently in the annual revenue range of \$5-\$100 million per year. If the pattern of the 1990s can be re-established in which Indiana's expansions regularly exceed contractions, and if Indiana's mid-market company growth can exceed the U.S. average, the state will be in much better shape five years from now.

Change in Jobs Due to Births and Deaths
All Indiana Establishments



* Data not available at time of publication
Source: National Establishment Time Series

Third, the Economic History of the States Points to Markedly Different Economic Fortunes. Can Indiana Learn From Other States?

As pointed out in last year's commentary, the long-term prosperity of the nation has not been evenly shared across all states. A simple, reliable way to examine the economic health of states is to compare per capita income. The table on Page 19 highlights how Indiana's per capita income as a percent of the U.S. has dropped from a peak of 106% in 1953 to 90% in 2005. Over the same period, Virginia's fortunes were almost the reverse – from 83% in 1953 to 109% in 2005. Unique factors have come into play to explain the dramatic improvements in per capita income by such states as Virginia, New Hampshire, North Dakota and Tennessee. But common initiatives in pro-growth/pro-investment policies deserve closer examination.

Further, these trends in state economic fortunes present a pattern of convergence, then divergence. Since the 1930s through the mid-1970s, the spread between the wealthiest and poorest states decreased considerably – from over four times to about twice the difference. Interestingly, since the mid-'70s divergence has reappeared. While a majority of the states are still converging (growing closer), a few states are experiencing a separate higher growth path.

The annual report of the 2005 Federal Reserve Bank of Cleveland observed: "Connecticut was the highest-income state in both 1976 and 2004: In 1976, it was only 23% above the median, whereas it was 47% above in 2004." The

following states have experienced the strongest gains in their competitive position in per capita income since 1976: Massachusetts, Connecticut, New Hampshire, New Jersey, South Dakota, Virginia, Maryland, Vermont, Minnesota and North Carolina. Since 2000, the growth of states has been somewhat choppy; all Midwest states, however, except Wisconsin lost ground relative to the U.S.

The table on Page 20 uses a combination of measures of both economic performance and economic drivers to categorize “states on the move.” Nine states have been able to remain in the top one-third of all states for decades. Four states – Colorado, Minnesota, New Hampshire and Virginia – stand out as “break away states.” They are now counted among the top-performing or near top-performing states. Below them is a group of the “rising star states.” Indiana would do well to watch and learn from this list.

As discussed earlier, the Chamber wants to know the key indicators for the economic success of these states. The rest of this chapter seeks to find the answer from empirical research.

Guided by Empirical Studies

This chapter takes a next step in the quest to determine what really makes a difference in Indiana’s growth and what to do about it. What are the salient indicators – the ones pointing to economic betterment in a decentralized, open, global economy? In very recent years, academic and think tank studies have begun to empirically explore key factors for success that account for regional and state economic health and growth. And, now with seven years of data on all 50 states for nearly 100 metrics, it is possible to begin to test for causality between Report Card metrics, drivers and sub-drivers and desirable economic outcomes, such as wage and job growth, increased per capita income and business profits/productivity.

This section begins with reports on related studies before providing results from the first statistical analysis

**Table: Per Capita Income: 1953-2005:
Select States, as Percent of the U.S.**

(1953: Indiana’s peak in the post World War II era; 1976: some high performers began to diverge; 2000: start of EV2010)

State	Per Capita Income as % of U.S., 2005	% Points Difference 1953-2005	% Points Difference 1976-2005	% Points Difference 2000-2005
Broader/Midwest States				
IN	90.3%	-15.6%	-5.9%	-0.6%
IL	105.1%	-15.7%	-7.7%	-2.7%
MI	94.9%	-25.7%	-10.1%	-4.1%
OH	92.4%	-18.0%	-7.6%	-2.1%
WI	96.4%	-3.8%	-2.5%	0.7%
KY	82.1%	11.0%	1.4%	0.3%
Select Reinvention States				
CA	106.9%	-16.3%	-8.9%	0.3%
CT	137.8%	7.2%	21.0%	-1.3%
MA	126.7%	20.4%	23.1%	0.2%
MD	121.7%	11.5%	10.2%	7.0%
NY	116.2%	-0.6%	5.5%	-0.8%
WA	102.1%	-10.7%	-4.1%	-4.3%
Select Break Away States				
CO	108.6%	9.4%	6.6%	-3.2%
MN	108.2%	15.0%	8.7%	0.9%
NH	109.7%	19.6%	17.1%	-2.2%
VA	108.9%	25.4%	11.9%	4.7%
Select Rising Star States				
GA	90.4%	18.1%	6.2%	-3.4%
ID	82.3%	-2.0%	-7.8%	1.7%
ND	90.5%	16.2%	-1.0%	6.4%
NC	90.0%	20.5%	7.3%	-0.7%
UT	79.7%	-7.8%	-5.6%	-0.3%

of the Report Card data. The focus is on both indicators of economic prosperity (standard of living) and economic progress (growth).

A Snapshot from International Literature

A search for international economic literature over the past five years uncovers a number of studies in different countries, using different outcome measures and a variety of methodologies. The findings boil down to the following as key determinants of economic prosperity and progress:

- Physical and digital infrastructure
- Quality of life
- Human capital
- Innovation capacity and performance (including educational facilities, patents, research and development, technology transfer)
- Entrepreneurial environment (risk-taking culture, low barriers to entry)
- Internationalization (foreign direct investments, exports, etc.)
- Capital availability

Many studies also identify structural variables that have a bearing on economic outcome such as industry mix, business size mix (big versus small), nature of competition, etc.). The consensus one can draw from these studies is that there is no one “silver bullet” and it is unique combinations of several key determinants that really make a difference – in other words, look for “sets of key determinants.”

Three Pertinent Empirical Studies

Two recent Midwest and one national study on regional and state per capita income growth and other outcome measures have received worthy attention and provide further evidence regarding the factors listed above and evaluated in metrics in this Report Card.

The “Dashboard Indicators for the Northeast Ohio Economy” analyzed over 30 variables across 118 metro areas (of similar size to the Northeast Ohio region). The researchers employed a statistical technique to order those variables into groups that seem to share a common, coherent underlying factor. They identified eight such groups that accounted for 90% of the total variance in the economic outcome. Each group was driven by a few key variables that they were able to assign to each thematic area, similar to the drivers of the Report Card, e.g. the business dynamism group was mainly influenced by the number of very small (less than 20 employees) businesses, the gross employment change due to business churning and the concentration in

Table: The Economic State of States on the Move **Reinvention States (9):**

Proven to adjust to changing national and global economies over decades and stay in the top one-third of states (in both economic performance and economic drivers) – CA, CT, DE, MA, MD, NJ, NY, WA, WY

Break Away States (4):

Not in the big leagues 15 years ago, but now are – CO, MN, NH, VA

Rising Star States (9):

Moving up fast in economic health, economic drivers or both. AZ, GA, ID, NC, ND, NE, SD, TX, UT

Turnaround State (1):

Once a leader, lost position, now back in a growth mode – NV

manufacturing employment (these all relate to the Dynamism sub-driver of the Report Card).

The influence of these groups was then statistically tested on four outcome variables: per capita income, economic output, employment and productivity using 10-year growth rates. For employment growth, the business dynamics theme was the most influential factor. Skilled workforce (selected measures of postsecondary degrees, high-skill occupations, patents, research universities and skill content of workers) was best at explaining per capita income growth and productivity growth but also was significant for growth in output and employment. The *Economic Vision 2010* Report Card's Education and Workforce Development driver, as well as the Research and Creativity sub-driver cover these and many more similar metrics.

The second study, again by the Federal Reserve Bank of Cleveland, examined the very long-run driver of state growth in per capita income. The analysis included such variables as tax burden, public infrastructure, size of private financial markets, rates of business failure, industry structure, climate and knowledge stocks (stock of patents, high school attainment, bachelor's attainment) between 1939 and 2004. This research found three critical exploratory factors:

- **The knowledge talent pool of a state** (combined high school and college completion statistics) is the main driver explaining a state's relative per capita income position. This is congruent with much contemporary research and conventional wisdom – high-income states correlate with high educational attainment. This is why the Education and Workforce Development driver of the Report Card has always been a dominant theme of the benchmarking analysis for Indiana.
- **High levels of patent activity.** Because patent data is skewed by the reporting efficiencies of companies, it is difficult to interpret this metric too literally. It probably serves as a good proxy for corporate innovation. The Report Card has over the years increased its focus on the Dynamism and Entrepreneurism driver as a potential growth factor.
- **Degree of industry concentration.** This model demonstrates that those states concentrated in manufacturing/goods production are not income gainers over the long haul. This metric probably serves as a proxy for industry diversity. Though data is difficult to obtain for many industry-specific metrics, the distinction between performance in manufacturing and services has received increasing attention in the Report Card.

The third study, a recently published empirical analysis by the Small Business Administration, focused on the impact of the level of small business churn on income, employment and output growth differences in the 50 states between 1988 and 2002. Adjusting for structural factors such as industry mix, population, tax policy, age distribution, price indices and confirmed growth factors such as educational attainment, the study analyzes the impact of small business activity on growth. Relative to companies with 500 or more employees, the births and deaths of small businesses (or more accurately small- and medium-sized businesses) were found to have a statistically significant and larger impact on per capita income growth than any of the other business or control variables.

The absolute number of small businesses – whether counted by firms, branches, payroll or employment – was not found to be significant. However, the level of large firms appears to matter. The Report Card over

the years has reported business churn measures and small, as well as large, business payroll growth measures as important indicators. In a continuous effort to improve the quality of churn metrics, the Report Card this year has added two metrics from Biz Miner: firm start-up activity rate and establishment failure rate. The Chamber's forthcoming *Accelerating Growth of Indiana's Mid-Market Companies* study will be using a new data set called National Establishment Time Services (NETS), which will help pinpoint churn and growth rates more precisely.

What the Indiana Report Card Data Set Tells Us About Indicators for Success

Rather than subscribe to one particular growth theory or specific hypothesis about growth drivers, this first examination of Report Card data examines each metric independently using advanced statistical methods. This analysis was based on an extended set of 130 metrics, with several new metrics added for testing purposes (such as industrial diversity). Only one outcome measure was used: **per capita disposable income**.

This is the most widely used measure of prosperity and has been selected as a measure of overarching goal in the governor's plan, *Accelerating Growth*. Other income and wealth measures are reserved for future investigation, once longer time series data are available. Per capita income offers the benefit of a clear definition with no major changes in methodology of measurement over decades of federal reporting. It has proven to be a good proxy for the overall economic wealth of regions and states.

This first year's analysis has focused on validating existing metrics of the Report Card. It did not focus on the drivers or thematic structures, as did the Ohio dashboard report (though that will be part of future analysis) but the intent is to give a first cut of those metrics that are most likely to have a substantial and statistically significant impact on state per capita income differences. The short time horizon of the analysis (two years for the outcome measures against five preceding years of explanatory variables) implies that the results be interpreted primarily looking out three to five years, the primary focus of the Chamber.

Analysis of Chamber's Report Card Dataset

The analysis was run on the standardized values used in the *Economic Vision 2010* Report Card (see appendix of the Report Card for more detail) using the most advanced statistical methods. A more thorough explanation is provided in the box on the next page. In short, the method was as follows:

- A statistical technique similar to that used in the Ohio Dashboard report was employed to reconfigure the large set of metrics into a set of independent factors in which the problem of correlations between the metrics has been eliminated.
- Undertake a regression analysis of the new independent factors on the outcome measure to determine which of the factors are significant in explaining variations in per capital disposable income across the states.
- Determine the weights for each of the exploratory metrics after several "robustness" checks to sort them according to their relevance.

Statistical Methodology – For the Technically Inquisitive

The following technical steps were employed to find the key indicators of per capita income differences across states:

- Principal components analysis was used to combine the set of 130 potentially correlated metrics and their five years of preceding data into a set of independent components.
- A subset of components that explained the majority of total variance was chosen and correlated with 2005 per capita disposable income, and those components that were statistically significant were retained.
- The results from the principal components and regression analyses were then combined in order to sort the metrics in terms of their overall relevance for per capita income.
- Extensive robustness checks were made to validate the results, which narrowed the top 25 metrics in importance.

The Results: Key Indicators of State Per Capita Income

The following list has been determined as most likely to affect disposable per capita income based on 2005 data and five years of preceding data in the explanatory variables. The metrics below passed the most robustness checks; some are validated by other studies, some are less common. The list does not imply that other metrics were NOT important, just not as much (in isolation). Several metrics were omitted from the table below because they were not intuitive in their direction of influence or are not easy to influence.

Overall, these results overlap and complement those of the Chamber in putting together *Economic Vision 2010*. Without knowledge of such empirical findings, many of the themes in the 2000 plan are congruent with these findings. What is offered now is greater focus, more precise measurement and some adjustments.

Variables such as **bachelor degree attainment** have been repeatedly identified in other studies and widely accepted as a key indicator. The contribution of highly ranked university graduate programs is less touted but strong research universities have appeared positively correlated in several growth studies. NAEP results in mathematics (highly correlated with NAEP reading results) have become a more recent addition to the competitiveness debate. It is highly correlated with other K-12 measures such as performance on advanced placement exams and general high school diploma attainment.

Many federal small business and technology programs show tight relationships with per capita income.

The statistical significance is with the number of awards, not the amount of the awards, apparently indicating that states with businesses actively pursuing and obtaining such awards display economic dynamism. Related risk capital financing such as venture capital and initial public offerings also show significant contribution to per capita income. These results may not imply a direct causation.

Other channels of influence and interactions not yet investigated might influence how these metrics work to influence the ultimate outcome. Nevertheless, these would seem to be worthwhile metrics to track. Interestingly, the Cleveland Federal Reserve Bank study found patents a significant indicator. Several measures of high-performance firms such as Fortune 500 headquarters and gross operating surplus (which largely reflects business profits, proprietor income and fixed capital investments by firms) speak to the widely held proposition that profitable and prosperous businesses make for economically healthy states.

This analysis demonstrates that **business costs** and **productivity** remain important determinants of economic health. Critical cost factors are **energy prices** and **health care premiums**. And the importance of the productivity of the services sector explains why those states that are highly productive in manufacturing are only counted among the state leaders if their services sector is equally productive. This is not the case for Indiana, in which service sector productivity is low relative to manufacturing. This links to a strong case for diversification in Indiana's strategy.

Other more general quality of life and structural factors surfaced in the regression analysis indicating parallel economic and non-economic attributes of prosperous economies: especially gender equity (the share of females in high-skill occupations) and parkland. Confirming conventional wisdom, broadband connections and direct air flights to key markets enhance operating efficiency. And, congruent with the Cleveland Federal Reserve Bank research, industry concentration/economic diversity makes a difference. Industry concentration refers to an index that measures how diversified a state's economy is; the higher the index, the more a state is an economy of few industries. The analysis has indicated a strong negative influence of this variable on per capita income.

With more data available over the next few years, the analysis can be further refined and extended to include wealth and growth outcome measures. Studies on inter-industry dynamics and networking point to the need of investigating the interactions between variables (that might create an impact bigger than the metrics in isolation). Also, the direction of influence must be further examined (i.e. which of the metrics drive income or which are being driven by income), though the use of preceding years' data partially corrects for the situation of income driving the metric.

Key Indicators of Success in Economic Vision 2010 Drivers

	Direction of Influence
Education & Workforce Development:	
• Bachelor Degree Attainment	+
• U.S. News Graduate Programs	+
• Four-Year Tuition	-
• NAEP Mathematics (National Advanced Educational Progress)	+
Business Costs & Productivity:	
• Service Industry GDP per Job	+
• Energy Costs	-
• Health Care Premiums	-
Infrastructure & Connectivity:	
• Broadband Connections	+
• Major Market Air Access	+
Entrepreneurism & Dynamism:	
• Venture Capital	+
• IPO Financing (Initial Public Offerings)	+
• SBIC Awards, SBIR Awards and Deals, ATP Deals. (Small Business Investment Companies; Small Business Innovation Research; Advanced Technology Program)	+
• Gross Operating Surplus (business profitability, proprietor income and investment in fixed capital)	+
• Fortune 500 Headquarters, High-Performance Firms	+
Quality of Life:	
• Gender Equity	+
• Parkland	+
Additional Marker:	
• Industry Concentration	-

Which of These Indicators of Economic Success Make Good ‘Motion Detectors?’

This initial exploration provides a rich source of information for considering which metrics to include in the motion detector watch list.

Motion detectors are intended to:

- Provide intelligence that matters most to improving state economic prosperity and progress in today’s disruptive, open and global economy.
- Provide information that is as up-to date as possible for both Indiana and its competitor and comparator states, even if not available for all states.
- Stimulate action, resulting in potential impact within a five-year time horizon.

In arriving at the watch list in the next chapter, the preceding analysis enables greater precision than in the past, but other qualitative sources of information must also be taken into account. These other considerations are that the motion detectors:

- fit with the findings and judgment of the Chamber, as reflected in *Economic Vision 2010*;
- fit with the findings and judgment of the state’s recent strategic economic development plan, *Accelerating Growth*;
- fit with the insights from leaders at TechPoint who contributed to the identification of motion detectors in the Indiana Technology Index, a partnership product with this Report Card; and
- focus on those issues most able to be influenced by the Chamber and business community and that relate directly to business vitality. Consequently, while some quality of life factors are shown to be highly correlated with per capita income (e.g. gender equity and parkland) they are not included as motion detectors because they are outside the scope of direct Chamber action.

Motion Detectors: Watch List of Growth Indicators

Over the past seven years, the *Economic Vision 2010* Report Card has been making continuous improvements to its methods of comparing Indiana's performance against all other states. Each year's findings have been instructive and used to make a case for necessary changes to the business climate, particularly in attempting to move Indiana above the mid-range of states. But overall movement has been slow, and the Chamber wants the Report Card to highlight those metrics that are most important to watch – those indicators known to provide good intelligence on how well the state is growing economically and moving up competitively.

How should motion detectors be selected?

Motion detectors have been selected based on the following:

- they have been identified in our preliminary statistical analysis as proven to be significantly correlated with improvement in state per capita income. Per capita income is regarded as one of the best, easily measured, long-term measures of economic progress;
- they have been identified in scholarly literature and related empirical studies as being associated with economic progress;
- they are widely acknowledged among practitioners and business leaders as critical in tracking movements toward “next economy” growth; and
- they make good sense for Indiana.

The motion detectors featured in this report can be grouped under three of the Report Card's main drivers. For each driver, one or two key motion detectors are featured as well as several secondary motion detectors. Other motion detectors might surface as additional Report Card data is analyzed in future years. Also, in today's turbulent economy, other metrics could well show up as significant. For now, the table below provides Chamber leaders and state decision-makers with a sharper focus on the key metrics.

Report Card Driver	Key Motion Detector	Secondary Motion Detectors
Education & Workforce Development	Bachelor Degree Attainment	<ul style="list-style-type: none"> • U.S. News Graduate Programs • Four-Year Tuition • NAEP Mathematics
Dynamism & Entrepreneurism	Venture Capital	<ul style="list-style-type: none"> • IPO Financing • SBIC Awards, SBIR Awards and Deals, ATP Deals • Business Gross Operating Surplus (profits and investments) • Fortune 500 Headquarters; High-Performance Firms
Business Costs & Productivity	Health Care Premiums Productivity	<ul style="list-style-type: none"> • Energy Costs • Broadband Connections • Major Market Air Access • Services Industries Output per Job

The briefings that follow on key and secondary detectors will go beyond the reporting of ranks, scores and grades of the baseline metrics. More descriptive analysis and discussion is provided. For some motion detectors, full 50-state comparisons are not available. Further, in some cases, limitations in data availability, data costs and resources restrict full deliberation at this time. Each briefing indicates whether or not Indiana is gaining or losing ground over the past few years. If possible, an international perspective has been added to each motion detector to put Indiana's performance into a global context. Every effort is made to obtain the most recent data relating to motion detectors.

Motion Detector Results					Big Movers, last 4 years	
	Indiana 2006 Value	2006 Peer States Average Value	Indiana 2006 Rank	Indiana Change in Value, last 4 years	State	Change in Value
Motion Detectors						
Bachelor Degree Attainment	21.3%	24.3%	44	3.4%	Georgia	11.1%
					Nevada	10.8%
Venture Capital (per \$1,000 of GDP)	\$4.4	\$3.5	27	108.4%	Arkansas	856%
Health Care Premiums	\$6,675	\$6,891	20	24.3%	Utah	6.4%
Productivity (sales per employee)	\$95,105	\$87,793	9	N/A	N/A	N/A

Armed with motion detector intelligence, state leaders and decision-makers can review the direction of Indiana's movement on indicators known to matter the most and to compare with states making the most positive movement. Movement and recent change in competitive position are the central focus when reviewing motion detector results.

Briefly, Indiana has shown only very slow improvement in bachelor degree attainment and still ranks substantially below the majority of states and its Midwest competitors. In venture capital, it has fared better than its peer states, though its strong growth still has not elevated it into the top half of the states. Average health care premiums for mid-market and large companies in Indiana are below the Midwest average though continuing to rise, with family coverage premiums lying above the U.S. average and single coverage premiums below the U.S. average. The small and mid-market firm productivity measure, sales per employee, is Indiana's best performing motion detector, ranking ninth among the 50 states and substantially above the Midwest peers. At the same time, this Report Card points to the below average performance in more general productivity measures, especially in the service sector.

Nevertheless, the strong result for sales per employee over the past three years for small/mid-size companies is encouraging. Productivity is at the heart of Indiana's prospects for competitive improvement, as Michael Porter commented before the World Economic Forum in 2006:

“The world economy is not a zero-sum game. Many nations can improve their prosperity if they can improve productivity. The central challenge in economic development, then, is how to create the conditions for rapid and sustained productivity growth.”

Further discussion of the key and secondary motion detectors follows. It is important to stress that these indicators have been selected primarily on the basis of their correlation with improvement in per capita income. Many serve as proxies for more general qualities that cannot be measured directly. For example, bachelor degree attainment is a surrogate for the quality of human capital; venture capital for venture activity and entrepreneurial climate.

Education & Workforce Development

KEY MOTION DETECTOR: Bachelor Degree Attainment

Bottom Line:

Brain drain? Get over it! A talented Indiana workforce will increasingly stay or return for good pay and creative jobs in growing companies. It is the demand side that commands focus in future talent strategy deliberations: How can Indiana create a demand-driven marketplace, in which providers of learning get the right market signals from businesses that are flourishing because of a pro-growth, pro-market, pro-competitive business environment?

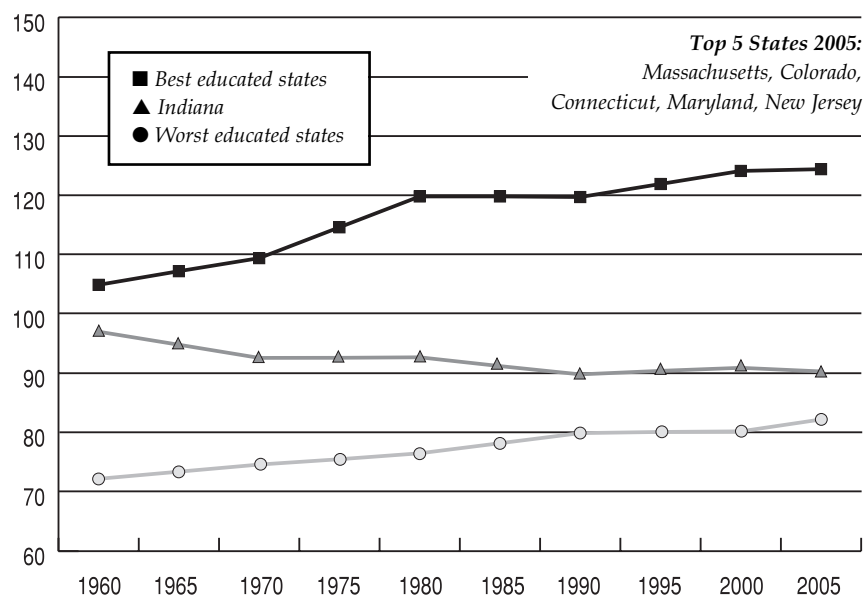
Background

It is widely understood that the greater the proportion of educated residents the higher the per capita income, and the higher the per capita income the higher a state's standard of living/quality of life. Educational attainment of the population has consistently appeared in empirical studies as a key factor in regional and state economic growth, usually measured as the share of the post-college-age population with at least a bachelor's degree or equivalent.

Indiana performance in this baseline metric under the Education and Workforce driver places it among the bottom 10 states. While improvement has occurred over recent years, it has not been sufficient to significantly improve Indiana's ranking. The importance of educational attainment on income growth is illustrated with the graph below. Over several decades, the top five most educated states have improved their relative income position. At a lesser rate, the least educated states have also improved. On the other hand, Indiana's per capita income as a share of the U.S. has slipped and remained below average. This observation challenges the widely held view that educational attainment alone leads to economic progress. A combination of other factors comes into play. Just having an educated workforce is not enough; there must be the higher paying jobs to absorb them, improving innovation and productivity.

Educational Attainment and Per Capita Income, 1960-2005

Average Per Capita Income (U.S. = 100)



Source: U.S. Census Bureau

For many years, "brain drain" has been of major concern to Indiana leaders and decision-makers. Likewise, brain drain remains a hot topic in almost every state. How can it be that most states are experiencing brain

drain? Where are all the graduates going? The problem is with the term – it focuses on only one side of the issue, namely the loss of talented workers. In fact, brain drain and brain gain occur concurrently, or as Dr. Ann Saxenian put it in a recent book: “brain circulation”¹ is a characteristic of the modern dynamic economy. A desirable attribute of the U.S. economy is its high degree of labor mobility and flexible workforce, made possible by open labor markets and diverse and competing education and training offerings. U.S. human capital tends to move quietly but profoundly in the direction of highest and best use (measured by each individual as wages, benefits, creativity and job satisfaction).

Metric Fine-Tuning

Because of this “flow nature” of U.S. talent, one practical way to explore brain circulation is the use of age cohorts, observing if the 10-year cohorts increase or decrease in educational attainment over 10-year intervals. This is the approach taken for this motion detector with data based on the U.S. Census Bureau Current Population Survey (using three-year averages). The most widespread metric for measuring state educational attainment is bachelor degrees and above as a percent of the total population age 25 and above. This report continues with this metric, but breaks it out by two additional age cohorts: 25-34 years and 35-44 years.

Indiana’s Competitive Position and Change

Indiana has a brain drain at the end of college. Indiana benefits from in-state college-age migration, generating more graduates than the Indiana economy can absorb. It does not hold on to this asset as reflected in the statistics of the 25-34-year-old cohort, in which it ranked 43rd in 1994-1996 and 45th in 2004-2006. However, while the share of the 25-34-year-old cohort with a bachelor’s degree or above ranked Indiana 43rd, that same group (now the 35-44 age cohort) ranked 38th 10 years later. This indicates that while better-educated younger workers are lost after graduation, some return later – an encouraging sign that Indiana does attract talent, just not immediately after college (brain circulation at work).

In the case of the 25-34-year-old age group, bachelor degree attainment increased from 19.4% in 1994-96 to 22.7% in 2004-2006. Comparisons with surrounding states are shown in the table at right. Indiana’s growth rate shows promise, improving more than twice as fast as the top performer (Illinois), and with growth rates nearly the same as Wisconsin and Kentucky. Consequently, Indiana appears to be holding its own against the nearby competition for higher-educated workers.

**Change in Population Share of
25-34-year-old cohort with BA
or above over 10 years**

	1994- 1996	2004- 2006	Rank 2004- 2006	Growth Rate
Illinois	30.4%	32.6%	16	7.3%
Wisconsin	23.8%	28.2%	27	18.5%
Michigan	25.3%	27.9%	30	10.3%
Ohio	24.8%	27.0%	34	8.8%
Kentucky	19.9%	24.5%	38	23.4%
Indiana	19.4%	22.7%	45	17.0%

Source: U.S. Census Bureau, Current Population Survey

A good way to measure progress in educational attainment is using change in a “concentration ratio” for age groups progressing over a 10-year period. This measure is the percentage of those with bachelor degrees or above in a particular state’s cohort divided by the same percentage for the identical U.S. cohort. That same cohort is measured 10 years later to give a comparative concentration ratio (i.e. the concentration of the

¹A. Saxenian (2006). *The New Argonauts: Regional Advantage in a Global Economy*. Harvard University Press.

25-34-year-old cohort in 1994-1996 compared to the concentration of the 35-44-year-old cohort in 2004-2006). For each of the younger cohorts (25-34 and 35-44), Indiana shows a gain in its concentration ratio from 80.0% to 83.2% and 70.8% to 85.8%, respectively, over the 10-year horizon (1994-96 to 2004-06) with significant improvements in its competitive position. This is illustrated in the arrows on the next page. The black arrow shows loss in rank over 10 years (in the 18-24 age group). The white arrows shows improvements in the other age cohorts. Indiana's strong percentage point gain for the 35-44 year-old cohort again confirms the view

that the state is doing much better at attracting educated workers when they are in their 30s.

Indiana Cohorts with BA or above		
Rank in Population		
Age Group	1994-1996	2004-2006
18-24	42	45
25-34	43	38
35-44	47	40
45-54	44	43
55-64	48	46
65-74		
Overall	45	42

Source: U.S. Census Bureau, Current Population Survey, Three-Year Averages

In short, educational attainment of the total population over 25 years of age is a fairly blunt and long-term indicator of a state's talent. Observing what happens to 10-year cohorts provides better insight as to how a state is performing in retaining or attracting better educated workers. While Indiana still ranks in the bottom 20% for the key age cohorts, it is showing healthy improvement.

The below average rankings in bachelor and associate degree attainment may not reflect that Hoosiers are any less qualified for current workplace demands, but that Indiana's industry structure and composition calls for higher percentages of workers in lower- and mid-level positions and for fewer workers in top-level positions such as executives, managers and professionals. The result is a labor force in which the share of those with associates and bachelors degrees approximates the share of jobs requiring

such qualifications. In essence, each state's labor talent tends to equilibrate with job requirements. To achieve economic progress, efforts would best be focused on creating/attracting higher pay occupations. Given the high mobility of the U.S. labor force, more qualified workers will stay in Indiana.

International Perspective

Educational attainment comparisons with other countries are not easy. The table at right uses Current Population Survey data for the United States and the 2004-2006 average for Indiana. (This slightly overestimates Indiana's position assuming other countries and the U.S. in general have improved the last two years). It compares Indiana with high-income smaller economies of Northern Europe, somewhat comparable in size to Indiana. Indiana ranks in the middle.

Educational Attainment: Adult Population (2004)

Distribution of the 25-to-64-year-old population with postsecondary education

United States	39%
Sweden	35%
Finland	34%
Indiana	34%
Denmark	32%
Norway	32%
Ireland	28%

Source: OECD; U.S. Census Bureau

SECONDARY MOTION DETECTORS:

U.S. News Graduate Programs & Four-Year College Fees

Background

The number of top graduate programs relative to all postsecondary educational institutions is strongly correlated with the key motion detector but also has its own unique contribution to per capita income.

IndianaChamber

*The Voice of
Indiana Business.®*

Indiana ranks in the top 25 of the 50 states, although it significantly trails the lead states – Massachusetts and Connecticut. Its relative number of top graduate programs has been continuously declining over the last five years.

This development can be paired with rising costs at four-year colleges in Indiana (tuition, board, fees, etc.) over the last few years. Although most states have seen rising tuition costs, Indiana's trend now puts it significantly above the median costs among all states. Tuition costs at two-year colleges put Indiana in a similar competitive disadvantage.

International Perspective

A recognized international ranking of universities² based on quality of education, quality of faculty, research output and size of the institution, placed 54 different U.S. institutions in the top 100 universities in the world. Twenty-four states were represented with Indiana having two institutions included – Purdue-West Lafayette at number 73 in the world and Indiana-Bloomington at number 97. Both rankings were improvements from two years earlier.

NAEP Mathematics

Background

Indiana ranks in the middle of all states for the percent of students scoring proficient or above in the National Advancement of Educational Progress Exams for mathematics (average for fourth and eighth graders). It performed slightly worse in the reading exam, which is highly correlated. The *Measuring Up 2006* report for Indiana indicates the biggest distance to the top states in the NAEP exam results are in writing and science, which are currently not part of this dataset. A related metric, although not part of top list of factors for per capita income, is the performance in advanced placement exams in which Indiana equally shows a subpar performance.

International Perspective

Internationally, the 2003 Trends in International Mathematics and Science Study (TIMSS) shows more optimistic signs for Indiana. Indiana's fourth-grade students earned an average score of 533, above the U.S. average of 518 and the international average of 495. At grade eight, Indiana students earned an average score of 508, above the U.S. average of 504 and the international average of 467. On the science assessment, Indiana's fourth-grade students earned an average score of 553, above the U.S. average of 536 and the international average of 489. At grade eight, Indiana students earned an average score of 531, above the U.S. average of 527 and the international average of 474. Countries that surpassed the U.S. and Indiana were typically located in Asia and Eastern Europe.

Dynamism & Entrepreneurism

KEY MOTION DETECTOR: Venture Capital

Bottom Line:

Data on capital formation in support of today's innovation economy and venture growth shows mixed signals – positive, but slow, movement. Looking back over 25 years, significant improvements have been made to the supply side of the equation. Initiatives such as investment credits to seed the Corporation for Innovation Development (now CID Equity Partners), angel seed capital incentives, public pension fund investment reform and BioCrossroads' Fund of Funds have helped. What still appears to be missing is demand – what will, for example, stimulate more private interest in SBIRs and related external funding?

Background

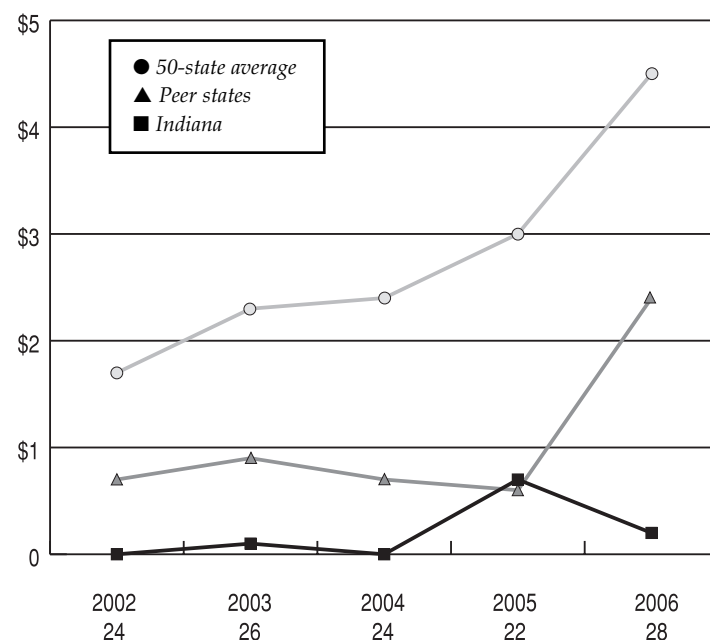
While venture capital (VC) has been touted as a key factor for success in today's "innovation economy," some have remained unconvinced. After all, much of venture capital is invested in the technology, energy and health care sectors. If a state is not strong in these industries, then they are not the beneficiaries of venture capital. But they might be benefiting from growth in other sectors in which other forms of risk capital are preferred. Nevertheless, venture capital, similar to initial public offerings and related small business financing, appears to serve as a good proxy for the innovation economy and entrepreneurial vitality (for which there is no accurate direct measure).

There are probably significant synergies between a number of Research and Creativity and Capital Formation metrics (patents, industry research and development, etc.) that will surface in further rounds of empirical analysis. For now, though, venture capital is most solid as a key motion detector.

Metric Fine-Tuning

It was not so long ago that VC activity was considered the most important indicator of a state's or region's technology financing situation. As a baseline metric, this report presents total venture capital dollars per \$1,000 gross state product up to and including 2005 (2006 was not available at the time of publication). However, VC activity slowed down considerably after the dot.com bust and the VC industry is now largely focused on second- and third-stage venture financing. As a motion detector for indicating how new discoveries quickly find their way into

Seed Venture Capital per \$1,000 Gross State Product



Source: PriceWaterhouseCooper MoneyTree Survey

IndianaChamber

The Voice of
Indiana Business®

innovations and prototypes, attention has turned to seed and start-up financing. Consequently, as a motion detector, the seed VC component for 2001-2005 is reported along with 2006 seed and start-up venture capital. Mezzanine financing has also been serving a key role, especially in traditional sectors such as manufacturing. However, at this stage, state-by-state mezzanine financing comparisons will require more data collection, along with state merger and acquisition data.

Indiana's Competitive Position and Change

With respect to seed VC, Indiana ranks among the mid-range of states. Seed venture capital per \$1,000 of gross state product has not shown a clear upward trend in Indiana; after a short improvement in 2005, it has fallen back behind peer states in 2006. Relative to the 50-state average, Indiana at \$0.20 per \$1,000 dollars of gross state product in 2006 still has a long way to go to reach, for example, the number 12 state (Utah) and its peer (Minnesota) at \$8.30. Its rank as shown on the previous page is deceiving since there are usually at least 20 states with zero capital flows; thus, the lowest ranked active venture capital state has never been more than 30.

The 2006 data on seed and start-up venture capital confirm Indiana's weak position relative to its Midwest competitors, including its 10-year total, which shows Indiana receiving only 0.1% of all seed and start-up VC in the nation. Three of the Midwestern states – Michigan, Ohio and Wisconsin – fared substantially better in 2006.

Seed and Start-up Venture Capital

	2006 Seed VC	Share in 2006 Total	Share in 10-Year Total, 1996-2006
Illinois	\$1,500,000	0.13%	2.1%
Michigan	\$6,000,000	0.52%	0.4%
Ohio	\$5,250,000	0.45%	0.4%
Indiana	\$534,900	0.05%	0.1%
Kentucky	\$500,000	0.04%	0.1%
Wisconsin	\$2,450,000	0.21%	0.1%

*Source: PricewaterhouseCoopers/NVCA MoneyTree Report, provided by
National Association of Seed & Venture Funds*

Indiana's performance in utility patents per innovation worker and utility patents per research and development dollar invested also rank around the middle of all states in 2005 – and the numbers have been declining over the last five years. (Utility patents refer to patents that protect any new invention or functional improvements on existing innovations, in contrast with design patents which pertain to the outward appearance of an innovation). The most recent count of new patents for fiscal year 2006 (Report Card data is based on the calendar year; full 2006 data is not published yet) puts Indiana again in the middle with only 1.5% of all patents issued (only Kentucky had a lower total count among the surrounding Midwest states).

Another related measure of innovative activity, total R&D performance, consistently evaluates Indiana at the middle of all states as well, with no notable recent-year improvement. Though its value relative to Indiana's gross state product has increased substantially over the years and its rank has increased, the distance to the lead states remains substantial.

International Perspective

The U.S. performance in seed/start-up and early stage venture capital as a percent of its gross domestic

product places it in the middle of the high-income, high-innovation economies of Northern Europe. High levels of seed and early stage venture capital in Europe may come as a surprise to some and serve as further reminder that Indiana, being only a small fraction of the 50-state average, remains uncompetitive in this regard.

SECONDARY MOTION DETECTORS: IPO Financing

The flow of initial public offering (IPO) funds to a state is a function of the expected growth of promising take-off businesses. Businesses usually go public after the early product and market development stages, when a significant infusion of capital is required for market launch and production ramp-up. It reflects the investor confidence that a company can generate increases in value, sustain growth and produce satisfactory returns on investment. Because IPOs signify to the global capital market the entry of young companies with proven business concepts and management, they are influential in creating jobs, promoting innovation and stimulating the rest of the economy.

With only 30 states with positive initial public offerings in 2005, Indiana's \$272 million in proceeds ranked it in the middle of the states when adjusted for gross state product. Top states such as Maine, Utah or Connecticut experienced multiple times the volume. Although overall IPO volume declined dramatically in the U.S. between 1999 and 2003, there was a rebound nationally in 2004 and 2005. Indiana has not participated yet. The 2006 annual numbers that became available shortly before the publication of this Report Card do show positive totals for Indiana, though at a lower level than in 2005.

Seed/Start-up and Early Stage Venture Capital as % of GSP

	2002	2003	2004	2005
Sweden	9.6%	6.4%	8.2%	5.2%
Denmark	7.5%	4.9%	8.4%	5.1%
Finland	7.0%	5.9%	2.7%	4.4%
United States	4.0%	3.5%	3.7%	3.5%
Norway	3.6%	2.8%	1.5%	2.8%
Ireland	2.1%	2.4%	1.9%	2.3%

Source: Eurostat, Structural Indicators

Small Business and Technology Grants

Small Business Investment Companies (SBIC) grants and Small Business Innovation Research (SBIR) grants often provide initial funding to help small companies turn ideas into commercially viable products. The SBIR program helps small companies in local markets to participate in federally funded research and development by providing competitive grants for entrepreneurs seeking to conduct proof-of-concept research for technical merit, feasibility and prototype development. Companies receiving SBIR grants have shown to outperform similar firms without such financial support.

SBICs are federally licensed investment companies that target financing to economically and socially disadvantaged entrepreneurs. In exchange for a pledge to invest exclusively in small business, SBICs qualify for federal Small Business Administration guarantees. Indiana has continued its below-average performance in SBIC grants and, in particular, in SBIR financing. The situation has changed little for 20 years. Despite marketing and grant writing assistance from universities, Indiana's SBIR application rate remains low relative to other states. Though funding relative to its gross state product increased over the years, it has not been significant enough to catch up with other states.

Advanced Technology Program (ATP) grants are another source of early stage federal financing geared

IndianaChamber

*The Voice of
Indiana Business.®*

toward longer-range, higher-yield research to advance innovative technologies. Although not part of the current Report Card framework, it has been shown to have a significant relationship to per capita income differences between states. The competition is not conducted every year; the most recent results are from 2004. Indiana received only one ATP grant in 2002, which ranked it 23rd out of 26 states. Neighbor states such as Michigan and Ohio have experienced much higher and more consistent performances over the years relative to the size of their state economies.

Growth and High-Performance Companies

Entrepreneurial firms that continuously innovate in their products and processes have a significant role in contributing to growth and prosperity. High-performance companies tend to be more impervious to fluctuations in the overall economy and have a strong multiplier effect on the rest of the economy. High-tech companies as measured by the Deloitte & Touche (D&T) Fast 500 have been associated with higher economic prosperity. The metric of high-performance firms (based on sales growth) in the *Economic Vision 2010* Report Card is the average number of companies listed on the D&T Fast 500 and Inc.com 500 lists relative to the total number of firms in the state.

After an exceptional year in 2004, Indiana maintained its rank at 19 (up from a rank of 32nd in 2002), though its average number of high-performance firms has decreased slightly in the most recent year. With an average of six high-performance firms per 100,000 resident firms, it is well below the performance of the top state, Virginia, with 22 high-performance firms.

A more general measure of high-performance firms in common use is the number of headquarters of Fortune 500 corporations. These headquarters typically employ large numbers of well-educated, well-compensated workers. They also tend to be philanthropic stewards for their local communities. Indiana was home to five Fortune 500 companies in 2005 (the 2006 listing was not yet released at the time of publication) and has over the years fluctuated between five and six firms. Indiana's current ranking is 23rd. All of its Midwest competitors have performed better over the last seven years, with Kentucky starting out below Indiana and surpassing it in the most recent year.

Gross Operating Surplus

Gross operating surplus is the surplus generated by operating activities after the labor has been recompensed. Gross operating surplus per employee is a good proxy of private sector profitability. It comprises business income of private domestic enterprises; net interest and miscellaneous payments; business net current transfer payments; capital consumption allowances; consumption of fixed capital of government, households, and institutions; and current surplus (or deficit) of government enterprises. In the most current year of available data, 2004, Indiana ranked 21st, up from 24th in 2001. Only Illinois has performed better among Indiana's peer states at a rank of 13th. The level and relative growth rates in private sector profitability in Indiana are still dominated by the manufacturing sector, though companies that provide management services have experienced the strongest absolute growth between 2001 and 2004.

3. Business Costs & Productivity

KEY MOTION DETECTOR ONE: Health Care Premiums

Bottom Line:

Business operating costs and productivity are interrelated. Indiana's gradual seven-year improvement in business costs is encouraging. Tax changes in 2002 made a significant difference. Indiana's next challenge is to move the needle on productivity. There are recent encouraging signs of positive change in this regard, even though the overall Productivity and Labor Supply grade remains below average. A breakthrough in health care costs would not only make a difference to business operating costs and locational advantage, but likely serve a boost to productivity. As with improving the workforce, remedies lie in finding more demand-driven, pro-market solutions.

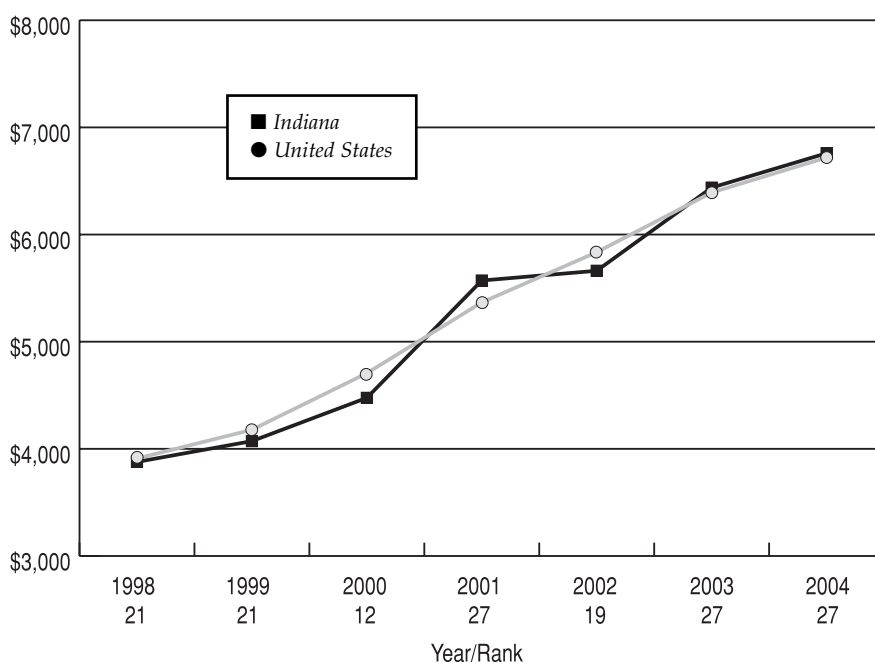
Background

Conventional wisdom in economic development says that basic business costs make a difference, especially when a location or relocation is under consideration. Commonly these costs include transportation, land, labor, capital and taxes. These remain important, but most states have made efforts to manage them as they see fit. It is difficult to get too far ahead on any of these since states are emulating one another. Interestingly, the regression analysis discussed in the preceding chapter finds two costs – health care and energy – particularly sensitive to change in state per capita income. In both cases, states present substantial differences in how they deal with these issues, if at all. Health care costs, in particular, are troubling all with few remedies in sight. In short, the state that gets its health care costs under control will have a distinct advantage.

Because health care surfaces in every sector of business, it is highlighted here. In a less comprehensive but recent 2006 Survey of Employer Health Benefits (Kaiser Family Foundation/Health Research and Educational Trust) U.S. employers have seen double-digit growth rates in employer-sponsored family health care premiums during most of the last five years, growth that surpassed increases in wages or inflation. In 2005, there was some slowdown to 9.2% and that trend has continued in 2006 as average premiums increased 7.7%. These trends have placed pressure on both

Health Care Premiums for Small Businesses

Average family and single premium



IndianaChamber

The Voice of
Indiana Business.®

the ability of employers to offer coverage (or reduce wages in order to compensate) and on employees to continue buying into the coverage. Health care insurance costs are becoming more significant as a business site location factor and as a residence location determinant for an increasing number of workers. On a more general economic health level, it also impacts the number of uninsured and unemployed.

Metric Fine-Tuning

Small businesses are more susceptible to premium increases. Surveys indicate fewer small businesses offering health care coverage. Premium differences between states will affect the competitiveness of these start-ups and potential growth companies and might hamper future economic growth. The 2004 data (most recent) from the Medical Expenditure Panel survey for health care premiums for small businesses (less than 100 employees) supplements the metric of this year's Report Card.

Indiana's Competitive Position and Change

Indiana average single and family premiums for mid-market and large companies have increased less rapidly than the U.S. average between 2001 and 2004. Indiana's private health care premiums for businesses with less than 100 employees stayed below the U.S. average for most of the last decade (except for a spike in 2001), but 2003 and 2004 has seen a worrying trend to slightly above the U.S. average with a current rank of 27th.

Looking at single and family premiums separately shows very different experiences for businesses depending on size. In 2004, health care premiums for family coverage positioned Indiana slightly above the U.S. average, while single coverage premiums showed Indiana below the U.S. average with a strong improvement from 2001. Companies that are particularly affected by cost increases are those with more than 1,000 employees and very small companies (less than 25 employees) with a high share of family coverage contributions. Since 2001, relative to trends in the rest of the country, the position has particularly worsened for large employers with a high share of single coverage contributions and for small businesses with 10 to 24 employees and a large share of family coverage contributions. This threatens both the emergence of new growth companies in Indiana and the economic robustness that large businesses can contribute.

International Perspective

Health care costs are no longer a domestic competitiveness factor. They feed into a set of production cost factors that can drive operations offshore. A 2006 study by the National Association of Manufacturers (NAM) detailed how the U.S. compares on major production costs to its largest trading partners and what trends have developed over the last few years. In the original 2003 study, it found that five major non-production cost variables (corporate tax rates, employee benefits, legal costs, natural gas prices and pollution abatement) put the U.S. at a 22.4% cost disadvantage relative to its nine largest trading partners (Canada, Japan, Germany, France, the United Kingdom, Taiwan, South Korea, Mexico and China). In the 2006 update of the study, the U.S. cost differential increased to 31.7%. This difference is mainly driven by other countries' lower (and decreasing) corporate tax burden, with the U.S. remaining at a federal level of 35% as well as the continued high levels in employer health and pension benefits. Adding Indiana's additional state corporate tax rate of 8.5% puts it among the higher tax destinations. Coupled with underperformance in health care costs, it is likely to exceed the U.S. cost differential calculated by the NAM study.

KEY MOTION DETECTOR TWO: Productivity

Background – Services GDP per Job

The current Report Card measures productivity for services in the form of services gross domestic product (GDP) per job and for manufacturing with value added per hour worked. The statistical analysis of this Report Card found services GDP per job to have a significant impact in per capita income differences between states. Indiana barely moved from its 35th position in 2002, currently ranking 34th. The state's low performance in service sector productivity might be linked to the fact the Indiana is under-represented in advanced business services (discussed below).

Another, newly added, metric from the statistical analysis that was significant for per capita income differences was industrial diversity. In the measure of how employment is spread across all industries in a state, Indiana ranked 38th (with 2004 the latest data available). Except for the most recent year, Indiana has become less economically diverse since 2000. Given its large manufacturing base moving toward more high-value added technology intensive production (often called advanced manufacturing), one would also expect advanced producer services³ to show strong growth over the last few years. An analysis of the concentration of those services in Indiana, however, reveals that they are under-represented relative to the rest of the U.S.

In 2005, Indiana's employment concentration in advanced producer services was less than half of the U.S. average. In 2004 and 2005, Indiana obtained, for the first time, a concentration average above 1 in one (other business support services⁴) of these producer services – that is a higher concentration than the U.S. average. In many other services, though, it has seen very weak relative growth or even decline (e.g. in legal services such as notary publics, paralegal services or patent agent services).

Indiana's Competitive Position and Change

A closer proxy for value added for all industries compared to gross domestic product is sales revenues generated by companies in the state. A very recent measure of productivity has been obtained for small to mid-market companies. Sales per employee for single establishment companies (those without any branches) ranked Indiana at the top of the Midwest states and above the 50-state average.

These latest numbers are very encouraging. More detailed insight will be gained once the Chamber's *Accelerating Growth of Indiana's Mid-Market Companies* study is completed using the newly available NETS database.

Preliminary results for Indiana reveal that about 82% of Indiana's businesses are single-establishment companies. This measure is therefore relevant for the vast majority of firms in the state.

Sales Per Employee (single establishment firms) (2004-2006 Average)

Indiana	\$95,105
Illinois	\$91,836
Ohio	\$90,397
Michigan	\$84,743
Wisconsin	\$84,174
50-State Average	\$88,786

Source: BizMiner

³ NAICS 518 ISPs, search portals, and data processing, NAICS 522293 International trade financing, NAICS 52311 Investment banking and securities dealing, NAICS 52391 Miscellaneous intermediation, NAICS 52399 All other financial investment activities, NAICS 531120 Lessors of nonresidential buildings, NAICS 5324 Machinery and equipment rental and leasing, NAICS 533110 Lessors of nonfinancial intangible assets, NAICS 541199 All other legal services, NAICS 54161 Management consulting services, NAICS 5417 Scientific research and development services, NAICS 541810 Advertising agencies, NAICS 541820 Public relations agencies, NAICS 541990 All other professional and technical services, NAICS 561439 Other business service centers, NAICS 561499 All other business support services, NAICS 811219 Other electronic equipment repair, NAICS 813910 Business associations, NAICS 813920 Professional organizations

⁴ Address bar coding services, Bar code imprinting services, Fundraising campaign organization services on a contract or fee basis, Mail presorting services, Teleconferencing services, Videoconferencing services.

International Perspective

Productivity performance across countries shows Indiana well above its Northern European comparators and seems to be catching up to the rest of the U.S. If Indiana can maintain its recent growth rate, it will be able to stay ahead of the international competition, for now.

Comparison of international productivity by industrial sector is still in its infancy, mainly due to problems in measuring output of the service sector. Output per hour in tradable services, in which countries face international competition, put the U.S. only slightly above the European Union (EU) in 2003 and notably behind a country such as Ireland.

Long-run productivity estimates of output per worker by industry show that between 1995 and 2003 the U.S. grew over 20% in general services productivity, with a focus on growth in activities auxiliary to financial intermediation whereas the EU (15 members) grew around 10% during the same period, focusing on growth in water transport and communications sector productivity. However, there were large differences within the EU with countries such as Ireland's services productivity growing just slightly above the EU average, mainly driven by high growth in the communications sector, whereas Denmark grew twice as fast, driven by growth in the shipping sector. Given Indiana's healthy growth in productivity it would appear to be on a promising path to improvement, but it could be disadvantaged by the low service sector productivity discussed above, especially in relation to strong performers like Ireland.

Real Output per Employed, US\$

	Productivity Index (U.S. =100)	Average Annual Growth, 1990s	Average Annual Growth, 2001-2005
U.S.	100	1.9%	1.9%
Indiana	93	2.3%	2.6%
Ireland	88	3.3%	2.2%
Norway	86	2.5%	1.9%
Finland	75	2.6%	2.0%
Sweden	75	2.7%	2.6%
Denmark	75	2.1%	1.6%

Source: GGDC, Total Economy Database, <http://www.ggdc.net>

SECONDARY MOTION DETECTORS

Energy Costs

Energy costs in the form of natural gas (according to the above mentioned NAM study) were still a competitive advantage in the U.S. in 2001, but became a cost burden by 2005. The energy cost metric in this Report Card measures the average industrial and commercial prices per kilowatt-hour. It indicates Indiana was slightly above average in 2005, although it has experienced a strong price increase since 2004, dropping its rank to 24 from positions between seven and 11 in previous years. Its price levels have risen close to 25% between 2002 and 2005 compared to a U.S. average increase of 18%.

Natural gas prices (though a small part of total electricity generation) for industrial and commercial consumers, on the other hand, have not increased as much in Indiana as the rest of the U.S. despite rising 57% between 2002 and 2005 (U.S. Energy Information Administration). For total electricity prices, the U.S. at \$0.0525 per kilowatt-hour still undercuts the average of 63 countries, and is only surpassed by a few Latin American and very oil-rich countries. Indiana was significantly below that U.S. level, at least for the industrial customer, at \$0.046 in October 2005.

Broadband Connections

Advanced telecommunications coupled with modern computing power are the "enabling technologies" of

IndianaChamber

*The Voice of
Indiana Business.®*

the innovation economy. The innovation economy is not only about “getting high-tech companies,” albeit important, but modernizing and repositioning businesses in such mainstream industries as manufacturing, agriculture, distribution, retail and real estate. Surprisingly, the U.S. does not lead in broadband coverage and daily use. According to a recent OECD report, the U.S. has 19.2 broadband subscriptions per 100 residents and growing at a relatively moderate rate. The leading country, Denmark, shows 29.3 subscriptions per 100 residents. This implies that individual states might do well to compare themselves not only with the U.S. average, but international leaders.

In the baseline metrics, high-speed Internet is reported as the number of broadband lines per 1,000 residents (see Page 106). It is a measure of average connectivity of a state – the extent to which it hooks into advanced communications technology. Indiana ranked 38th in 2005 in broadband lines per 1,000 residents. Although it has shown dramatic improvement over the last five years relative to its population growth, this growth has not been strong enough to overtake other states, only improving by two ranks since 2001. Indiana’s peer states ranked on average 10 positions higher, with most of them, except for Kentucky, ranking in the 20s.

Beyond the metric of broadband lines per 1,000 residents, a different story of market coverage is the number of high-speed service providers by zip code, available from the Federal Communications Commission. The presence of two or more providers demonstrates the geographic coverage of high-speed services in Indiana with some degree of competition. Indiana performs below the majority of states, ranking 32nd with 93% coverage. Three states (Connecticut, Florida, New Jersey) already have 100% coverage with two or more providers to all zip codes.

Major Market Access

Contrary to the predictions of some futurists, the rise of information technologies connecting people and businesses to each other virtually has stimulated business and personal travel and freight movement. The speed and convenience of flying to major business centers has a salutary effect on a state’s competitive position. Employers and venture capitalists prefer states and regions with relatively easy access to the nation’s largest commercial and technology centers. Direct flights for one- or two-day travel are preferred and non-stops are particularly prized. Also, research indicates that metro regions with direct flights to major centers are more attractive as regional and headquarter locations.

As a baseline metric, major market access measures each state by the number of passengers on direct air flights to two types of metro cities weighted by the state’s population:

- Major commercial centers (which are also “tech centers”): Boston, Chicago, Los Angeles, New York, San Francisco, Washington, D.C.
- Major tech centers: Atlanta, Austin, Portland, Raleigh/Durham, San Diego, Seattle.

Results indicate that Indiana has been able to increase its number of passengers on direct flights to major commercial and technology centers over the last five reporting years. Direct flights have increased 15.5% relative to population trends or 4.4% in passengers only. However, because other states have shown similar

or better performance, Indiana's competitive position, as indicated by rank, has dropped marginally from 34th to 36th.

Data on non-stop flights is more difficult to obtain and is only relevant and comparable between metropolitan areas, not states. For this year's Report Card, data have been extracted only between Central Indiana and 12 selected metro cities over five years. These non-stop flights increased 50% in terms of passengers and departures between 2001 and 2005, or an average of 11% to 12% annually – a substantial improvement relative to direct flights. Major commercial centers predominate: 83% of all non-stop flights in 2005 were to the six major commercial/administrative centers of Boston, Chicago, Los Angeles, New York, San Francisco and Washington D.C. However, the fastest growing non-stop flights have been to the six tech centers of Atlanta, Austin, Portland, Raleigh/Durham, San Diego and Seattle. Combined, the growth rate to these centers has been 13% to 14% per year on average over the past five years for passengers and flights, with a higher total growth in departures.

Education and Workforce Development

Information, knowledge and ideas are critical assets for success in the innovation economy. Having a strong human capital base is a necessary but not sufficient condition for success. States, or even countries, may be endowed with a well-educated population, but lack some other necessary condition, such as a free enterprise system that cultivates creativity and entrepreneurship. Nevertheless, those states and countries performing well in the innovation economy possess strong scores in human capital assets. Those falling short in economic progress but possessing abundant human capital can use this attribute to their advantage. For example, countries such as Ireland, Australia and India are capitalizing on respective strong human capital assets as a means to economic progress. Comprised of sub-drivers K-12 Education, Postsecondary Education and Workforce Development, the Education and Workforce driver seeks to measure the human capital base of a state.

Midwest Performance

	2006	2004	2002	2000
Michigan	B-	B-	B-	C
Wisconsin	B-	B-	B-	C
Illinois	C+	C+	C+	C-
Indiana	C	C	C	C-
Ohio	C	C-	C-	D+
Kentucky	D	D	D	D-

Other Manufacturing Competitors

	2006	2004	2002	2000
New Hampshire	B-	B-	C	C+
Iowa	C+	C+	B-	C+
North Carolina	C+	C+	C+	C+
Indiana	C	C	C	C-
Oregon	C	C	C	C-
South Carolina	D	D	D	D

State	2006	2004	2002	2000
Massachusetts	A+	A+	A+	A+
Maryland	B+	B+	B	B-
Colorado	B+	B+	B+	A-
Virginia	B	B+	B+	B
Connecticut	B	B+	B	B-
Minnesota	B	B-	B-	C+
New Hampshire	B-	B-	C	C+
Washington	B-	B	B	C+
Michigan	B-	B-	B-	C
Utah	B-	B-	B-	B
California	B-	B-	B	B-
Arizona	B-	B	B	B-
Rhode Island	B-	B-	C+	C
Wisconsin	B-	B-	B-	C
New York	B-	B-	C+	C
Wyoming	C+	C+	C+	C+
Pennsylvania	C+	C+	B-	B-
Illinois	C+	C+	C+	C-
Delaware	C+	C+	C+	C+
Iowa	C+	C+	B-	C+
Nebraska	C+	C+	C+	B-
Kansas	C+	C+	B-	B-
New Jersey	C+	C+	C	D+
North Carolina	C+	C+	C+	C+
Idaho	C	C	C-	C
Missouri	C	C+	C+	C
Indiana	C	C	C	C-
South Dakota	C	C	C-	C
Florida	C	C	C	C
Vermont	C	C-	C-	D+
Oregon	C	C	C	C-
Texas	C	C	C	C
Ohio	C	C-	C-	D+
North Dakota	C	C-	C	C
Georgia	C-	C-	C-	D
Alabama	C-	C-	C-	C
Alaska	C-	C-	C-	C-
Montana	C-	D+	C-	C
New Mexico	C-	D+	C-	C-
Oklahoma	D+	C-	C-	C-
Maine	D+	D+	D+	D+
Hawaii	D+	D+	C-	C-
Tennessee	D+	D	D	D
Kentucky	D	D	D	D-
South Carolina	D	D	D	D
Louisiana	D	D	D	D-
West Virginia	D-	D-	D	D-
Arkansas	D-	D-	F	F
Nevada	F	F	F	F
Mississippi	F	F	F	F

K-12 Education

Midwest Performance

	2006	2004	2002	2000
Wisconsin	A-	A	A+	B-
Ohio	B+	B+	B+	C
Illinois	B	B+	A-	C+
Michigan	B-	B	B+	C+
Indiana	C+	B-	B	C-
Kentucky	C+	C+	C+	C-

Other Manufacturing Competitors

	2006	2004	2002	2000
New Hampshire	A-	A	A	C+
Iowa	B+	A-	A	C+
Ohio	B+	B+	B+	C
Oregon	B	B+	B+	C-
Indiana	C+	B-	B	C-
South Carolina	C-	D+	D+	D

State	2006	2004	2002	2000
Massachusetts	A+	A+	A+	B+
Connecticut	A	A+	A+	A-
Minnesota	A	A+	A+	B
New Jersey	A	A	A+	A+
Vermont	A-	A	A	B-
New Hampshire	A-	A	A	C+
Virginia	A-	A-	A-	B
Wisconsin	A-	A	A+	B-
Washington	A-	B+	A-	C
Maryland	B+	A-	A-	B
Colorado	B+	A-	B+	C+
Iowa	B+	A-	A	C+
North Dakota	B+	B+	A-	C+
Montana	B+	B+	A-	B-
Maine	B+	B+	A-	B-
Ohio	B+	B+	B+	C
Kansas	B	B+	A-	C+
New York	B	B+	B+	C+
South Dakota	B	B+	B	C-
Pennsylvania	B	B+	B+	B-
Illinois	B	B+	A-	C+
Nebraska	B	B	B+	C+
Utah	B	B+	B+	B
Oregon	B	B+	B+	C-
Delaware	B	B	B+	C-
Missouri	B-	B	B+	C-
Idaho	B-	B-	B	C-
Michigan	B-	B	B+	C+
North Carolina	B-	B	B-	C
Wyoming	B-	B-	C+	C-
Indiana	C+	B-	B	C-
Texas	C+	C+	C+	C
California	C+	C+	B-	C
Rhode Island	C+	B-	B+	C
Tennessee	C+	C	C	D
Florida	C+	C+	C+	D+
Alaska	C+	C+	B-	D+
Kentucky	C+	C+	C+	C-
Oklahoma	C	C	C+	C-
Arkansas	C	C-	C-	D+
Arizona	C	C	C+	D
Hawaii	C-	C	B-	D+
Georgia	C-	C-	C-	D+
South Carolina	C-	D+	D+	D
West Virginia	D+	C-	C-	C-
Nevada	D+	D+	C	D+
Alabama	D+	D+	D+	D-
New Mexico	D+	D+	C-	D
Louisiana	D	D	D+	F
Mississippi	F	F	F	F

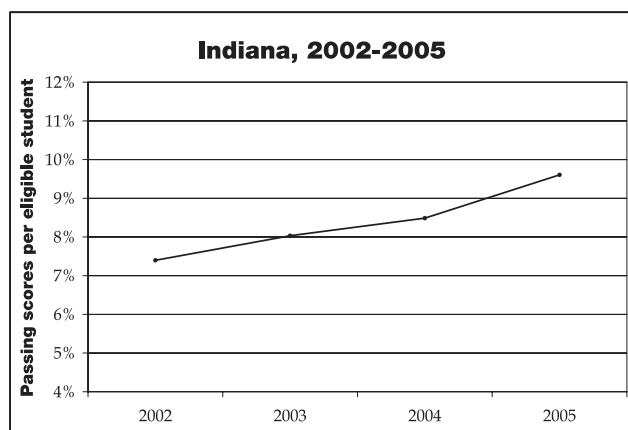
AP Overall

passing AP test scores
per eligible student, 2005

The Advanced Placement (AP) exams assess students' mastery over college-level subject matter. Given in a wide variety of subjects, a score of three or higher (out of five possible) typically allows a student to earn college credit in that subject. The AP program allows high school students to take and earn credit on multiple subject tests. The table shows the number of AP tests completed with "passing" scores per student that is eligible to take the exams (those in 11th and 12th grades). All AP subjects are included in this count. It should be noted, however, that a relatively small percentage of students take AP tests.

Midwest Performance, 2005

State	Metric	Score
Illinois	17.1%	112.9
Wisconsin	15.0%	107.6
Michigan	11.9%	99.8
Ohio	11.8%	99.6
Kentucky	10.9%	97.2
Indiana	9.6%	93.9



Source: The College Board, "AP National Summary Report"

State	Score	Eligible Students with Passing	Change, 2002 -
		Scores (3+)	2005 (%)
<i>United States</i>		12.7%	34.1%
Maryland	149.1	31.3%	24.3%
Virginia	142.0	28.5%	13.5%
New York	131.8	24.5%	1.1%
Connecticut	129.6	23.6%	7.9%
Massachusetts	127.1	22.7%	9.8%
California	126.1	22.3%	5.9%
North Carolina	125.1	21.9%	15.2%
Florida	124.8	21.7%	16.3%
Delaware	123.4	21.2%	9.6%
New Jersey	121.9	20.6%	-4.2%
Utah	121.5	20.4%	0.7%
Colorado	118.7	19.3%	26.5%
Texas	114.1	17.5%	14.0%
Illinois	112.9	17.1%	14.7%
Georgia	112.1	16.8%	18.3%
Vermont	109.8	15.8%	36.6%
South Carolina	109.3	15.7%	9.2%
Wisconsin	107.6	15.0%	20.9%
Maine	105.8	14.3%	21.7%
Washington	104.8	13.9%	33.7%
Minnesota	102.0	12.8%	21.0%
Pennsylvania	101.9	12.7%	4.9%
Nevada	100.8	12.3%	30.7%
Tennessee	100.4	12.1%	25.3%
Alaska	100.2	12.1%	7.9%
Michigan	99.8	11.9%	7.6%
Ohio	99.6	11.8%	25.6%
Rhode Island	99.1	11.6%	-5.7%
Hawaii	99.0	11.6%	-27.3%
Oklahoma	97.3	10.9%	21.4%
Kentucky	97.2	10.9%	36.0%
New Hampshire	96.0	10.4%	-5.0%
Arizona	94.7	9.9%	8.3%
Arkansas	94.4	9.8%	63.3%
Indiana	93.9	9.6%	29.8%
Oregon	93.6	9.5%	24.2%
Idaho	93.6	9.5%	36.3%
South Dakota	93.0	9.3%	30.7%
New Mexico	92.3	9.0%	23.7%
Montana	92.2	8.9%	10.4%
Missouri	91.7	8.7%	21.9%
Iowa	89.6	7.9%	37.3%
Alabama	87.9	7.2%	23.5%
Kansas	87.3	7.0%	26.2%
West Virginia	84.8	6.0%	19.8%
North Dakota	84.2	5.8%	18.3%
Nebraska	81.7	4.8%	25.4%
Wyoming	81.7	4.8%	6.5%
Mississippi	78.7	3.6%	8.7%
Louisiana	77.5	3.1%	-10.1%

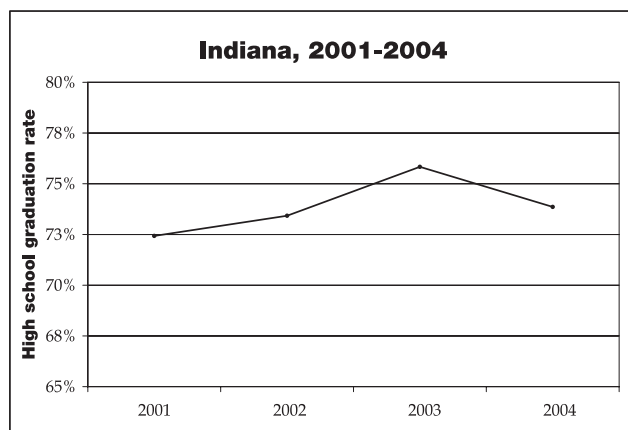
High School Graduation Rate

public high school graduation rates, 2004

The number of a state's students who stay in school and successfully receive their high school diploma within four years is an important indicator of performance for a state's K-12 education system. That high school completion is a vital credential for finding and retaining employment is nothing new. Today, however, just as importantly, it is a prerequisite for postsecondary schooling, which provides the additional education needed to thrive in today's innovation and technology-based economy. States differ in how they define "graduation rate," treating factors like movement into and out of school districts, enrollment at private schools and student holdbacks differently. The resulting government-compiled figures are impossible to accurately compare. A recent overview study by the National Center for Education Statistics has concluded that the average freshmen graduation rate with a smoothed ninth grade count is the best estimate of cohort survival (see appendix for further explanation). This year's report uses this new method with updates for all back years.

Midwest Performance, 2004

State	Metric	Score
Ohio	81.7%	108.8
Illinois	80.4%	106.4
Michigan	74.9%	96.0
Kentucky	73.9%	94.1
Indiana	73.9%	94.0
Wisconsin	(n/a)	(n/a)



Source: National Center of Education Statistics, Common Core of Data.

State	Score	Graduation Rate	Change, 2001 - 2004 (%)
<i>50-State Average</i>		76.2%	3.0%
New Jersey	129.3	92.6%	0.5%
Nebraska	120.0	87.6%	4.5%
Iowa	119.7	87.5%	3.0%
North Dakota	117.0	86.1%	0.8%
Vermont	115.9	85.5%	5.6%
Utah	114.9	85.0%	1.8%
Minnesota	114.5	84.7%	1.3%
South Dakota	112.7	83.8%	7.7%
Pennsylvania	111.0	82.9%	3.3%
Ohio	108.8	81.7%	6.4%
Idaho	108.5	81.5%	2.5%
Missouri	107.6	81.1%	6.3%
Connecticut	106.9	80.7%	3.9%
Montana	106.7	80.6%	0.5%
Illinois	106.4	80.4%	6.1%
Maryland	105.8	80.1%	0.4%
Kansas	105.7	80.0%	3.3%
Virginia	105.5	80.0%	0.3%
Massachusetts	104.4	79.4%	0.1%
New Hampshire	103.7	79.0%	1.2%
Colorado	103.1	78.7%	7.3%
Maine	102.6	78.4%	1.4%
Oklahoma	100.8	77.4%	1.7%
Rhode Island	100.0	77.1%	2.5%
West Virginia	100.0	77.0%	1.3%
Arkansas	99.9	77.0%	3.6%
Texas	99.4	76.7%	8.3%
Wyoming	98.1	76.0%	3.4%
Michigan	96.0	74.9%	-4.8%
California	95.8	74.8%	2.8%
Oregon	95.4	74.6%	8.7%
Washington	95.3	74.6%	7.8%
Kentucky	94.1	73.9%	4.3%
Indiana	94.0	73.9%	2.0%
Delaware	92.1	72.9%	2.6%
Hawaii	91.8	72.7%	6.3%
North Carolina	89.3	71.4%	7.2%
Louisiana	86.9	70.1%	7.4%
Alaska	81.4	67.2%	-1.2%
Tennessee	81.4	67.2%	12.1%
Arizona	81.4	67.2%	-10.3%
New Mexico	81.1	67.0%	0.8%
Florida	80.0	66.4%	8.6%
Alabama	77.4	65.0%	2.2%
Mississippi	76.7	64.7%	4.8%
Georgia	70.1	61.2%	4.3%
South Carolina	69.1	60.6%	7.3%
Nevada	63.2	57.5%	-18.0%
New York	(n/a)	(n/a)	(n/a)
Wisconsin	(n/a)	(n/a)	(n/a)

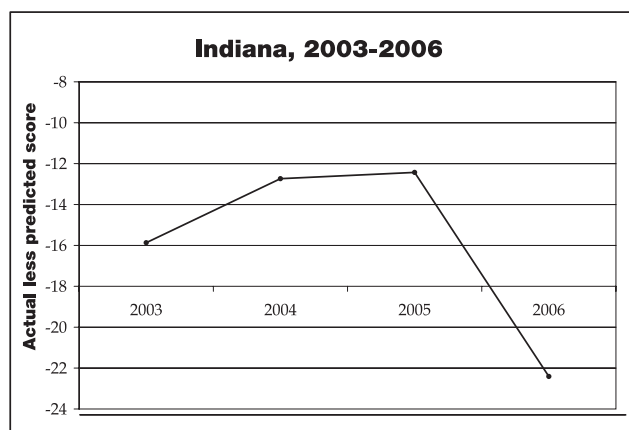
SAT

average SAT score relative
to predicted score, 2006

The Scholastic Assessment Test (SAT) is an exam taken by college-bound high school students to gauge their likely success in college. It is also the standardized test most frequently taken by Indiana's high school seniors. In states in which fewer students take the SAT, those who do choose to take it are more likely to be students who would score well. To correct for this bias, all 50 states' average SAT scores are compared to a score predicted by a participation-based formula. A positive score implies better-than-predicted performance.

Midwest Performance, 2006

State	Metric	Score
Illinois	90.8	134.3
Wisconsin	29.4	112.2
Michigan	21.1	109.2
Ohio	13.0	106.3
Kentucky	3.4	102.9
Indiana	-22.4	93.6



Source: The College Board, "College Bound Seniors, State and National Reports"

State	Score	Actual less Predicted Score	Change, 2003 - 2006 (Absolute)
<i>50-State Average</i>		0.6	0.3
Illinois	134.3	90.8	32.0
Minnesota	130.4	80.1	33.2
Colorado	129.0	76.1	39.5
Tennessee	126.2	68.4	46.2
New Hampshire	123.9	62.0	29.4
Massachusetts	122.9	59.1	26.6
Connecticut	119.6	50.1	28.3
Washington	116.9	42.4	6.7
Missouri	116.0	39.8	14.5
North Dakota	115.3	38.0	5.9
Kansas	112.8	31.1	3.6
Wisconsin	112.2	29.4	-1.8
Oregon	112.1	29.0	1.4
Iowa	112.1	29.0	14.8
Vermont	110.8	25.4	12.5
Virginia	110.2	23.9	13.2
Michigan	109.2	21.1	1.4
Montana	108.8	20.0	8.6
New Jersey	107.4	16.0	3.6
Ohio	106.3	13.0	1.3
Maryland	103.9	6.2	-2.1
Nebraska	103.4	4.8	-6.5
Kentucky	102.9	3.4	7.7
New York	102.1	1.1	0.6
Alabama	100.1	-4.2	10.8
South Dakota	99.9	-5.0	1.9
Alaska	99.6	-5.7	-14.4
Oklahoma	99.1	-7.2	1.5
Maine	98.7	-8.1	2.0
Idaho	98.0	-10.2	0.8
New Mexico	97.9	-10.4	7.4
North Carolina	97.9	-10.5	4.2
California	95.8	-16.3	-5.9
Arizona	94.9	-18.8	-19.8
Rhode Island	94.8	-19.0	-13.9
Delaware	93.7	-22.1	-12.3
Indiana	93.6	-22.4	-6.5
Louisiana	93.2	-23.6	-6.0
Pennsylvania	93.1	-23.9	-14.1
Georgia	91.7	-27.8	5.6
Florida	87.9	-38.3	-12.6
Wyoming	85.5	-44.9	-21.6
Arkansas	85.5	-45.1	-5.7
Texas	84.8	-47.0	-14.6
South Carolina	83.6	-50.4	-15.9
Utah	82.6	-53.2	-30.3
Hawaii	81.8	-55.3	-28.9
Nevada	77.4	-67.5	-43.5
West Virginia	75.0	-74.4	-21.6
Mississippi	59.3	-118.0	-51.1

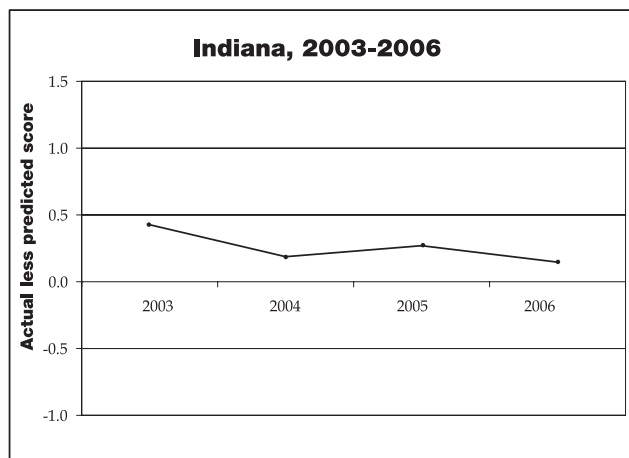
ACT

average ACT score relative
to predicted score, 2006

Like the SAT, the American College Test (ACT) is a widely accepted standardized college entrance exam. The ACT is common in many states in which SAT participation is low, so it is important to consider it in the same way that the SAT is considered. Like the SAT, mean state ACT scores show bias in favor of states with lower participation. In other words, in states where fewer students take the tests, those who do take them are likely to score more highly. This metric corrects for the bias by comparing the states' mean scores to a score predicted by a participation-based formula. A positive score implies performance above the predicted.

Midwest Performance, 2006

State	Metric	Score
Wisconsin	0.658	111.4
Indiana	0.147	103.2
Michigan	-0.058	100.0
Ohio	-0.058	100.0
Kentucky	-0.978	85.4
Illinois	-1.080	83.8



Source: ACT, Inc., "ACT National Scores" and "ACT Average Composite Scores by State"

State	Score	Actual less Predicted Score	Change, 2003 - 2006 (Absolute)
<i>50-State Average</i>		-0.201	-0.13
Connecticut	126.0	1.577	0.64
Massachusetts	124.3	1.475	0.33
Washington	122.7	1.372	0.03
New Hampshire	117.8	1.066	0.03
New York	117.8	1.066	-0.07
Vermont	116.2	0.964	-0.38
Oregon	114.6	0.862	-0.58
Maine	113.0	0.760	-0.58
Minnesota	113.0	0.760	-0.07
Wisconsin	111.4	0.658	-0.38
Iowa	109.7	0.555	-0.28
Hawaii	106.5	0.351	-0.28
Montana	106.5	0.351	-0.18
Nebraska	106.5	0.351	-0.18
Kansas	104.9	0.249	-0.08
New Jersey	104.9	0.249	0.23
Pennsylvania	104.9	0.249	-0.08
South Dakota	104.9	0.249	0.03
Indiana	103.2	0.147	-0.28
Utah	103.2	0.147	0.03
Arizona	101.6	0.045	-0.18
California	101.6	0.045	-0.28
Missouri	101.6	0.045	-0.18
Wyoming	101.6	0.045	-0.18
Michigan	100.0	-0.058	-0.18
Nevada	100.0	-0.058	-0.18
Ohio	100.0	-0.058	-0.28
Delaware	98.4	-0.160	0.23
Idaho	98.4	-0.160	-0.18
Maryland	98.4	-0.160	0.33
North Dakota	98.4	-0.160	-0.28
Rhode Island	95.1	-0.364	-0.89
Alaska	93.5	-0.467	-0.38
Virginia	93.5	-0.467	0.13
Tennessee	87.0	-0.876	-0.08
Arkansas	85.4	-0.978	-0.08
Kentucky	85.4	-0.978	0.02
West Virginia	85.4	-0.978	-0.08
Illinois	83.8	-1.080	-0.08
North Carolina	83.8	-1.080	0.23
Oklahoma	83.8	-1.080	-0.39
Colorado	80.5	-1.285	-0.18
Florida	80.5	-1.285	-0.59
Texas	80.5	-1.285	-0.18
Alabama	78.9	-1.387	-0.28
Georgia	78.9	-1.387	0.02
Louisiana	77.3	-1.490	0.12
New Mexico	77.3	-1.490	-0.18
South Carolina	67.5	-2.104	-0.08
Mississippi	56.1	-2.822	-0.29

NAEP Math

percent of 4th and 8th graders scored “proficient” and above in math, 2005

The National Assessment of Educational Progress, or NAEP, is an achievement testing program in a variety of subjects administered intermittently to the nation’s fourth, eighth and 12th graders by the U.S. Department of Education. One of the program’s greatest strengths is its all-inclusiveness; NAEP scores reflect the achievement of students of all social, economic and educational backgrounds. As mandated by the No Child Left Behind Act of 2001, mathematics and reading are tested every two years. Select other subjects are tested as well on a rotating cycle. The table at right shows fourth- and eight-graders’ average rates of proficiency on the 2005 NAEP Math Assessment.

Midwest Performance, 2005

State	Metric	Score
Ohio	38.0	110.1
Wisconsin	38.0	110.1
Indiana	34.0	100.0
Michigan	33.5	98.7
Illinois	30.5	91.2
Kentucky	24.5	76.1

Source: National Center for Education Statistics, “The Nation’s Report Card”

State	Score	% “Proficient” or Above	Change, 2002 - 2005 (Absolute)
<i>50-State Average</i>		32.3	8.8
Massachusetts	130.2	46.0	15.5
Minnesota	127.7	45.0	9.0
New Hampshire	117.6	41.0	(n/a)
Kansas	116.4	40.5	9.0
New Jersey	116.4	40.5	(n/a)
Vermont	116.4	40.5	10.5
Washington	112.6	39.0	(n/a)
Connecticut	111.3	38.5	6.5
South Dakota	111.3	38.5	(n/a)
Ohio	110.1	38.0	10.5
Wisconsin	110.1	38.0	(n/a)
North Dakota	108.8	37.5	10.0
Montana	107.5	37.0	7.0
North Carolina	105.0	36.0	10.0
Pennsylvania	105.0	36.0	(n/a)
Virginia	105.0	36.0	11.5
Wyoming	105.0	36.0	12.0
Colorado	103.8	35.5	(n/a)
Iowa	103.8	35.5	(n/a)
Nebraska	103.8	35.5	8.5
Oregon	103.8	35.5	8.5
Texas	103.8	35.5	11.0
Idaho	102.5	35.0	14.0
Maine	101.3	34.5	8.0
Indiana	100.0	34.0	4.5
Maryland	100.0	34.0	10.0
Michigan	98.7	33.5	5.5
New York	98.7	33.5	11.0
Utah	98.7	33.5	9.5
Delaware	97.5	33.0	(n/a)
South Carolina	97.5	33.0	15.5
Alaska	93.7	31.5	(n/a)
Florida	93.7	31.5	(n/a)
Illinois	91.2	30.5	7.5
Missouri	86.2	28.5	6.5
Arkansas	84.9	28.0	14.5
Rhode Island	83.6	27.5	5.5
Arizona	82.4	27.0	9.0
Georgia	81.1	26.5	8.5
California	77.4	25.0	10.0
Oklahoma	77.4	25.0	8.0
Kentucky	76.1	24.5	6.0
Tennessee	76.1	24.5	7.5
Nevada	73.6	23.5	6.5
Hawaii	71.1	22.5	7.5
West Virginia	68.6	21.5	4.5
Louisiana	64.8	20.0	7.5
Alabama	59.8	18.0	3.5
Mississippi	56.0	16.5	7.5
New Mexico	56.0	16.5	4.5

NAEP Reading

percent of 4th and 8th graders scored “proficient” and above in reading, 2005

The National Assessment of Educational Progress, or NAEP, is an achievement testing program in a variety of subjects administered intermittently to the nation’s fourth, eighth and 12th graders by the U.S. Department of Education. Its unselective nature makes it a highly desirable metric for comparing achievement and studying educational progress. The figures are averages of the percentages of eighth-grade students who scored at least “proficient” on the 2005 NAEP Reading Assessment.

Midwest Performance, 2005

State	Metric	Score
Ohio	35.0	108.6
Wisconsin	34.0	106.3
Kentucky	31.0	99.4
Illinois	30.0	97.1
Michigan	30.0	97.1
Indiana	29.0	94.9

Source: National Center for Education Statistics, “The Nation’s Report Card”

State	Score	% "Proficient" or Above	Change, 2002 - 2005 (Absolute)
<i>50-State Average</i>		30.5	-0.6
Massachusetts	129.2	44.0	1.0
New Hampshire	116.6	38.5	(n/a)
Vermont	115.4	38.0	-1.5
Minnesota	114.3	37.5	0.5
New Jersey	114.3	37.5	(n/a)
Maine	112.0	36.5	0.0
Montana	112.0	36.5	0.0
Virginia	112.0	36.5	-0.5
Connecticut	110.9	36.0	-4.0
North Dakota	110.9	36.0	1.5
Pennsylvania	110.9	36.0	1.5
Ohio	108.6	35.0	0.5
Washington	108.6	35.0	-1.0
Wyoming	108.6	35.0	4.0
Colorado	107.4	34.5	(n/a)
Nebraska	107.4	34.5	-0.5
South Dakota	106.3	34.0	(n/a)
Wisconsin	106.3	34.0	(n/a)
Iowa	105.1	33.5	(n/a)
Kansas	105.1	33.5	-2.5
New York	104.0	33.0	-0.5
Idaho	102.9	32.5	-0.5
Delaware	101.7	32.0	-2.0
Missouri	101.7	32.0	-0.5
Utah	100.6	31.5	-1.0
Kentucky	99.4	31.0	0.0
Maryland	99.4	31.0	0.0
Oregon	98.3	30.5	-3.5
Illinois	97.1	30.0	(n/a)
Michigan	97.1	30.0	-2.0
Rhode Island	96.0	29.5	-1.5
Indiana	94.9	29.0	-3.5
Arkansas	92.6	28.0	1.5
North Carolina	92.6	28.0	-4.0
Florida	91.4	27.5	-0.5
Texas	91.4	27.5	-2.0
Alaska	89.1	26.5	(n/a)
Tennessee	89.1	26.5	0.0
Georgia	86.9	25.5	-1.5
South Carolina	86.9	25.5	0.5
Oklahoma	85.7	25.0	-2.0
West Virginia	83.4	24.0	-4.5
Arizona	82.3	23.5	1.0
Alabama	78.8	22.0	0.5
Nevada	77.7	21.5	1.5
California	76.6	21.0	0.5
Hawaii	75.4	20.5	0.0
Louisiana	74.3	20.0	-1.0
New Mexico	73.1	19.5	-1.0
Mississippi	69.7	18.0	0.0

Postsecondary Education

Midwest Performance

	2005	2003	2001	2000	State	2006	2004	2002	2000
					Massachusetts	A+	A+	A+	A+
Michigan	B	B	B	B	Rhode Island	A	A+	A-	A
Indiana	B-	B	B	B+	Wyoming	A-	A-	A-	A
Wisconsin	B-	B-	B-	B-	Arizona	B+	B+	A-	A
Illinois	C	C	C-	C-	North Carolina	B	B	B	B+
Ohio	D+	D+	D+	C	Alabama	B	B	B	A+
Kentucky	D	D+	C-	C+	Iowa	B	B	B+	A-

Other Manufacturing Competitors

	2005	2003	2001	2000	State	2006	2004	2002	2000
Michigan	B	B	B	B	Indiana	B-	B	B	B+
Indiana	B-	B	B	B+	Pennsylvania	B-	B	B	A
Wisconsin	B-	B-	B-	B-	New York	B-	B-	B-	B
Illinois	C	C	C-	C-	Wisconsin	B-	B-	B-	B-
Ohio	D+	D+	D+	C	Utah	B-	B-	B-	B+
Kentucky	D	D+	C-	C+	Nebraska	B-	B-	B-	A-
					California	B-	B	B	B-
					Colorado	B-	C+	C+	B+
					Florida	C+	B-	B-	B+
					New Hampshire	C+	C	C-	B-
					Georgia	C+	B-	C	C+
					Delaware	C+	C+	C	B-
					Maryland	C+	C	C	C-
					South Dakota	C	C+	C	B+
					Idaho	C	C	C-	B
					Missouri	C	C+	B-	B+
					Virginia	C	C	C+	B
					Illinois	C	C	C-	C-
					Hawaii	C-	C	C+	B+
					Kansas	C-	C	C+	B+
					Connecticut	C-	C	C	C-
					Minnesota	C-	C-	C-	C+
					Washington	C-	C-	C	C+
					Louisiana	C-	C-	C	B
					Texas	C-	C-	C	C+
					North Dakota	D+	C-	C+	A-
					Oklahoma	D+	C-	C	B
					Mississippi	D+	D+	C	B
					New Mexico	D+	C-	C	B
					Oregon	D+	D+	C-	C+
					West Virginia	D+	D+	C-	B-
					South Carolina	D+	D+	C-	B-
					Ohio	D+	D+	D+	C
					Montana	D	D	C-	B
					Kentucky	D	D+	C-	C+
					Tennessee	D	D	C-	B-
					Alaska	D	D	D-	D+
					Arkansas	D-	D+	D+	C+
					Vermont	D-	F	D	C-
					Maine	F	F	D-	C-
					New Jersey	F	D-	F	F
					Nevada	F	F	F	D+

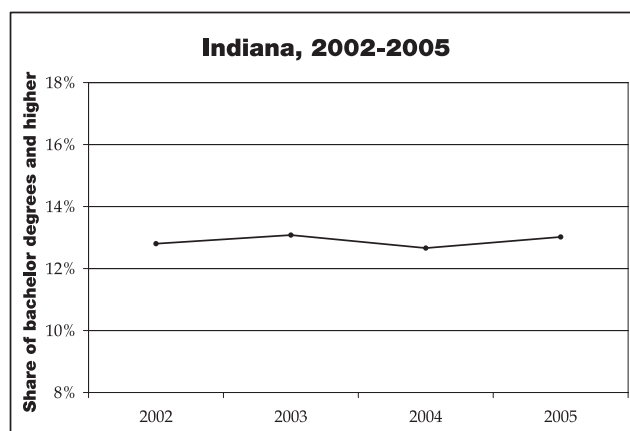
Physical Sciences and Engineering Degrees

percent of bachelor's and graduate degrees earned in physical sciences and engineering, 2005

A highly skilled workforce is only as useful as it is able to match the skills required by the innovation economy. Innovative capacity relies in large part on the people with the ability to create or invent new products and processes. The table provides the percent of students with a bachelor's degree or higher who graduated in physical science and engineering fields relevant to tech-based economic development. The appendix of this report provides a full list of the certified instructional programs included in this group.

Midwest Performance, 2005

State	Metric	Score
Michigan	15.1%	116.6
Wisconsin	13.7%	107.3
Indiana	13.0%	102.2
Ohio	11.7%	92.8
Illinois	11.3%	90.0
Kentucky	10.4%	83.8



Source: National Center for Education Statistics, Integrated Postsecondary Education Data System (IPEDS)

State	Score	Percent	Change, 2002 - 2005 (%)
<i>50-State Average</i>		13.4%	-0.2%
Maryland	152.4	20.2%	7.0%
Colorado	136.3	17.9%	0.0%
Wyoming	132.6	17.4%	3.2%
Alaska	131.9	17.3%	5.7%
South Dakota	127.4	16.6%	12.6%
Montana	123.6	16.1%	-5.3%
California	123.1	16.0%	-8.0%
New Mexico	122.4	15.9%	-3.7%
New Jersey	118.8	15.4%	5.9%
Pennsylvania	117.2	15.2%	3.2%
North Carolina	117.0	15.1%	1.1%
Virginia	116.6	15.1%	4.4%
Michigan	116.6	15.1%	-7.3%
Utah	114.2	14.7%	1.6%
Georgia	113.2	14.6%	20.6%
Louisiana	112.8	14.5%	-2.1%
Texas	109.9	14.1%	0.9%
Massachusetts	109.2	14.0%	4.5%
Oregon	108.5	13.9%	5.5%
South Carolina	108.3	13.9%	26.3%
Wisconsin	107.3	13.7%	1.3%
North Dakota	106.4	13.6%	-11.0%
Iowa	103.6	13.2%	-7.3%
Indiana	102.2	13.0%	-1.4%
Alabama	100.4	12.8%	0.9%
Washington	99.6	12.6%	-1.1%
Kansas	99.2	12.6%	-10.4%
Idaho	99.2	12.6%	-3.3%
Rhode Island	98.1	12.4%	-5.4%
New York	97.9	12.4%	-2.0%
Oklahoma	97.6	12.4%	1.4%
Nevada	97.1	12.3%	-5.5%
Maine	96.0	12.1%	-3.9%
West Virginia	95.2	12.0%	-0.7%
Minnesota	95.1	12.0%	-4.2%
Hawaii	93.9	11.8%	5.1%
Mississippi	93.4	11.8%	-4.6%
Ohio	92.8	11.7%	-2.5%
Connecticut	90.7	11.4%	-6.5%
Delaware	90.7	11.4%	-11.9%
Florida	90.2	11.3%	8.3%
Illinois	90.0	11.3%	-7.6%
New Hampshire	88.8	11.1%	1.2%
Arkansas	88.4	11.0%	-1.5%
Tennessee	87.6	10.9%	2.1%
Nebraska	86.9	10.8%	-3.5%
Arizona	85.4	10.6%	-5.8%
Missouri	84.9	10.5%	-1.7%
Kentucky	83.8	10.4%	-0.1%
Vermont	80.9	10.0%	-4.2%

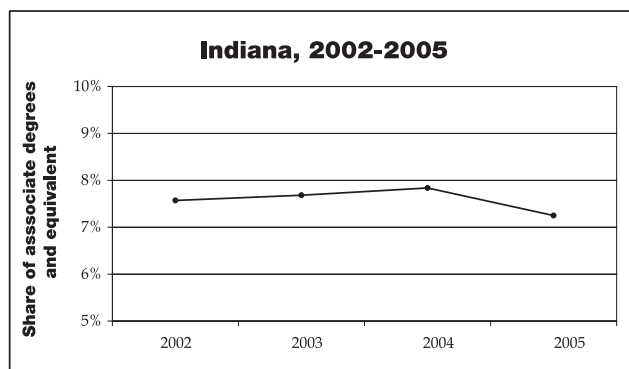
Technology and Technician Degrees

percent of associate's degrees and postsecondary vocational awards earned in technology and technician fields, 2005

Although most technology and technician programs only lead to an associate's degree, these support occupations are predicted to experience exceptional employment growth at relatively high wages all over the U.S. (Bureau of Labor Statistics Occupational Projections). They are a necessary element in alleviating the workload of the scientists and engineers of the more practical tasks and making the process of innovation and technological progress more efficient. The table shows the percent of associate degrees and postsecondary vocational awards that were obtained in technology and technician fields in 2005.

Midwest Performance, 2005

State	Metric	State
Indiana	7.2%	125.8
Wisconsin	5.9%	108.5
Ohio	5.9%	107.7
Michigan	5.4%	101.3
Kentucky	5.3%	100.6
Illinois	5.3%	100.4



Source: National Center for Education Statistics, Integrated Post-secondary Education Data System (IPEDS)

State	Score	Percent	Change, 2002 - 2005 (%)
50-State Average		5.6%	13.6%
Wyoming	250.0	19.9%	8.2%
Alabama	209.8	13.7%	(n/a)
Nebraska	153.2	9.4%	51.3%
South Dakota	150.8	9.2%	10.2%
Alaska	130.7	7.6%	14.0%
Indiana	125.8	7.2%	-4.2%
North Dakota	120.3	6.8%	17.7%
Maine	118.2	6.7%	27.3%
West Virginia	111.8	6.2%	16.7%
Hawaii	110.2	6.1%	-3.2%
Wisconsin	108.5	5.9%	12.6%
Ohio	107.7	5.9%	27.3%
Mississippi	106.8	5.8%	11.2%
Montana	105.2	5.7%	-8.6%
Arizona	105.1	5.7%	-33.2%
Pennsylvania	104.1	5.6%	10.1%
Idaho	102.8	5.5%	23.2%
Minnesota	102.8	5.5%	21.8%
Arkansas	102.1	5.4%	-1.0%
Washington	101.7	5.4%	2.4%
Rhode Island	101.6	5.4%	10.5%
Louisiana	101.5	5.4%	-2.2%
Michigan	101.3	5.4%	17.7%
Kentucky	100.6	5.3%	-7.6%
Illinois	100.4	5.3%	77.5%
Tennessee	99.6	5.2%	14.8%
North Carolina	99.2	5.2%	35.8%
Georgia	98.8	5.2%	60.4%
Iowa	98.4	5.1%	2.9%
Kansas	98.3	5.1%	51.6%
Texas	97.9	5.1%	5.5%
South Carolina	95.9	5.0%	-11.9%
Missouri	94.7	4.9%	21.3%
Colorado	93.9	4.8%	17.7%
Oklahoma	89.9	4.5%	13.9%
Oregon	89.2	4.4%	-11.2%
Florida	89.1	4.4%	32.3%
New Mexico	88.2	4.4%	-19.7%
Vermont	81.7	3.9%	19.0%
New Hampshire	81.4	3.8%	-4.6%
Nevada	80.6	3.8%	20.6%
Utah	79.6	3.7%	12.1%
Virginia	78.9	3.6%	14.2%
New York	77.2	3.5%	-10.5%
Maryland	74.5	3.3%	20.1%
California	71.2	3.1%	-19.4%
New Jersey	70.7	3.0%	66.3%
Delaware	68.8	2.9%	1.4%
Massachusetts	66.0	2.7%	18.8%
Connecticut	64.6	2.5%	16.7%

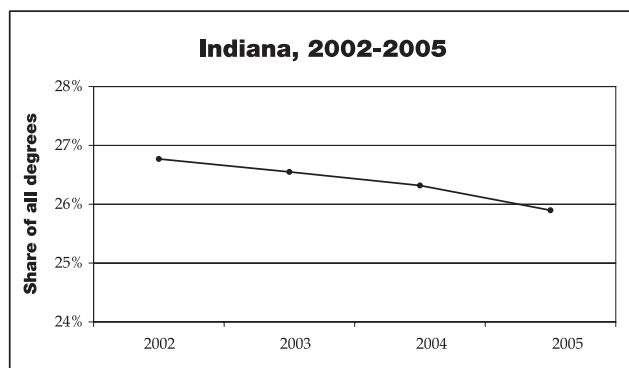
Other Innovation Economy Degrees

percent of degrees earned in other quasi-science and quasi-technical fields, 2005

There are many more general educational programs that directly or indirectly contribute to the innovation economy such as management, economics, science teachers, etc. This table shows these other innovation economy degrees as a percent of all degrees. A full description of fields chosen is given in the appendix.

Midwest Performance, 2005

State	Metric	Score
Illinois	26.0%	117.7
Indiana	25.9%	117.3
Michigan	25.5%	115.5
Wisconsin	25.1%	113.4
Ohio	24.1%	109.0
Kentucky	17.8%	79.7



Source: National Center for Education Statistics, Integrated Postsecondary Education Data System (IPEDS)

State	Score	Percent	Change, 2002 - 2005 (%)
<i>50-State Average</i>		22.0%	-1.0%
Arizona	144.1	31.6%	11.1%
New Hampshire	125.5	27.6%	-2.7%
Delaware	125.2	27.6%	9.1%
Missouri	124.3	27.4%	6.4%
Rhode Island	118.3	26.1%	1.3%
Illinois	117.7	26.0%	-0.8%
Indiana	117.3	25.9%	0.1%
Michigan	115.5	25.5%	2.8%
Georgia	113.5	25.1%	1.9%
Wisconsin	113.4	25.1%	4.3%
Oklahoma	113.3	25.0%	-5.8%
Nebraska	112.0	24.8%	-3.7%
South Dakota	109.7	24.3%	2.3%
Ohio	109.0	24.1%	2.5%
South Carolina	108.7	24.0%	7.8%
Louisiana	108.0	23.9%	-6.9%
New York	105.3	23.3%	-13.3%
North Dakota	104.6	23.2%	9.2%
Pennsylvania	104.4	23.1%	-7.3%
Mississippi	104.2	23.1%	-2.7%
Hawaii	103.2	22.9%	1.9%
Massachusetts	102.1	22.6%	3.1%
Connecticut	101.6	22.5%	7.1%
Texas	101.3	22.4%	-3.8%
Utah	100.6	22.3%	-1.3%
Nevada	99.4	22.0%	2.9%
Arkansas	99.4	22.0%	8.6%
Alabama	98.9	21.9%	-4.2%
Colorado	98.7	21.9%	-1.9%
Maryland	97.6	21.7%	-4.2%
North Carolina	97.3	21.6%	2.9%
Iowa	96.6	21.5%	-4.6%
New Mexico	96.4	21.4%	-12.4%
Virginia	95.8	21.3%	-3.1%
Kansas	93.7	20.8%	-0.4%
New Jersey	93.3	20.7%	-2.0%
West Virginia	92.9	20.6%	-5.9%
Florida	92.8	20.6%	0.2%
Tennessee	92.8	20.6%	7.4%
Idaho	86.4	19.3%	8.2%
Minnesota	84.3	18.8%	-6.7%
Alaska	80.1	17.9%	-7.8%
Kentucky	79.7	17.8%	-1.7%
California	77.4	17.3%	-13.1%
Montana	77.1	17.3%	-13.9%
Washington	73.9	16.6%	-14.8%
Oregon	70.1	15.8%	-3.3%
Maine	70.0	15.7%	-1.1%
Vermont	69.2	15.6%	7.8%
Wyoming	53.9	12.3%	-11.8%

College Affordability

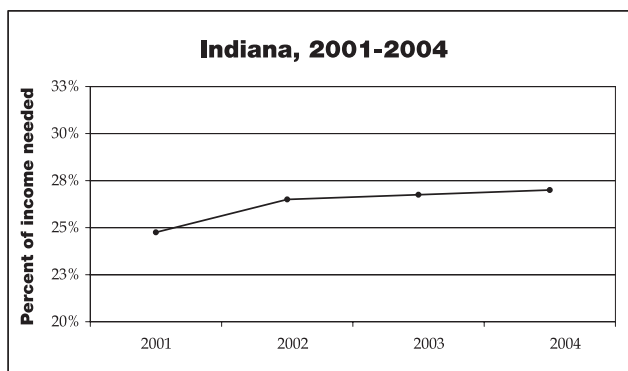
percent of income needed to pay for college expenses minus financial aid, 2004

Since higher education is key to higher pay and economic advancement in the innovation economy, access to education is crucial to a state's economic development.

As higher education costs continue to increase at rates two to three times that of inflation, cost remains an important determinant of access. This metric replaces last year's two-year tuition and four-year fee metrics. It shows the percent of income (average of all income groups) that is needed to pay for public four-year universities or two-year community colleges once financial aid is taken into account. Holding the line on tuition increases will be an important goal for Indiana's community college system as it takes root.

Midwest Performance, 2004

State	Metric	Score
Wisconsin	23.5%	111.0
Indiana	27.0%	100.0
Kentucky	28.0%	96.9
Illinois	29.5%	92.1
Michigan	30.0%	90.6
Ohio	36.0%	71.7



Source: The National Center for Public Policy and Higher Education, "Measuring Up"

State	Score	Percent	Change, 2002 - 2004 (%)
<i>50-State Average</i>		27.1%	23.5%
Utah	128.3	18.0%	12.5%
Hawaii	125.2	19.0%	-11.6%
Idaho	123.6	19.5%	5.4%
Louisiana	115.7	22.0%	15.8%
Arkansas	114.1	22.5%	21.6%
Georgia	114.1	22.5%	25.0%
Kansas	112.6	23.0%	27.8%
Oklahoma	112.6	23.0%	35.3%
Wyoming	112.6	23.0%	17.9%
Alaska	111.0	23.5%	14.6%
Wisconsin	111.0	23.5%	34.3%
Minnesota	109.4	24.0%	41.2%
Mississippi	109.4	24.0%	17.1%
Nebraska	109.4	24.0%	20.0%
Virginia	109.4	24.0%	29.7%
North Carolina	107.9	24.5%	28.9%
Tennessee	107.9	24.5%	8.9%
Alabama	106.3	25.0%	13.6%
Colorado	106.3	25.0%	28.2%
New Mexico	106.3	25.0%	16.3%
South Dakota	106.3	25.0%	25.0%
Florida	103.1	26.0%	13.0%
North Dakota	103.1	26.0%	33.3%
Texas	103.1	26.0%	18.2%
Indiana	100.0	27.0%	17.4%
Missouri	100.0	27.0%	38.5%
Nevada	98.4	27.5%	22.2%
Arizona	96.9	28.0%	16.7%
Iowa	96.9	28.0%	47.4%
Kentucky	96.9	28.0%	55.6%
Maryland	96.9	28.0%	24.4%
Delaware	95.3	28.5%	11.8%
Connecticut	93.7	29.0%	28.9%
Washington	93.7	29.0%	34.9%
California	92.1	29.5%	13.5%
Illinois	92.1	29.5%	40.5%
Massachusetts	92.1	29.5%	28.3%
Michigan	90.6	30.0%	30.4%
New Hampshire	90.6	30.0%	13.2%
West Virginia	89.0	30.5%	17.3%
Montana	87.4	31.0%	21.6%
New Jersey	85.9	31.5%	28.6%
South Carolina	85.9	31.5%	43.2%
Pennsylvania	82.7	32.5%	25.0%
Maine	81.1	33.0%	37.5%
New York	81.1	33.0%	10.0%
Oregon	81.1	33.0%	22.2%
Rhode Island	76.4	34.5%	9.5%
Ohio	71.7	36.0%	35.8%
Vermont	71.7	36.0%	9.1%

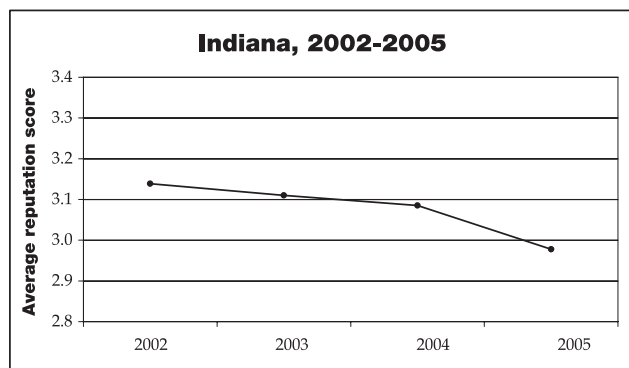
U.S. News Undergraduate Reputation

average university peer assessment scores, 2005

Assessing the quality of higher education institutions is a tricky business. No “exit exams” exist through which to compare students’ post-graduate knowledge. Nonetheless, some organizations do attempt to gauge quality by compiling various college indicators. *U.S. News and World Report* magazine publishes one of the more popular guides, and one component of its rankings is a “peer assessment” score derived from an annual survey of college personnel. The table gives the averages of peer assessment scores at all ranked schools in each state. The scores are weighted within the states by school enrollments.

Midwest Performance, 2005

State	Metric	Score
Wisconsin	3.07	116.5
Indiana	2.98	109.6
Kentucky	2.91	103.9
Michigan	2.85	99.4
Ohio	2.84	98.9
Illinois	2.81	96.6



Source: *U.S. News and World Report* magazine

State	Score	Average Reputation Score	Change, 2002 - 2005 (%)
<i>50-State Average</i>		2.86	-1.2%
Arizona	132.3	3.27	0.4%
California	128.0	3.21	-3.0%
Rhode Island	125.5	3.18	1.4%
Maryland	124.8	3.17	-0.3%
Washington	123.6	3.16	-6.1%
Iowa	119.3	3.10	-4.8%
Massachusetts	118.1	3.09	-0.2%
Wisconsin	116.5	3.07	-3.9%
Minnesota	114.7	3.04	-3.8%
Georgia	113.6	3.03	-0.4%
New York	112.6	3.02	-0.3%
North Carolina	111.8	3.01	-3.2%
Connecticut	111.3	3.00	1.4%
Vermont	111.2	3.00	2.2%
Virginia	109.8	2.98	-4.5%
Indiana	109.6	2.98	-5.1%
New Jersey	109.5	2.98	0.1%
Oregon	106.3	2.94	-2.5%
Utah	104.2	2.91	-1.0%
Kentucky	103.9	2.91	0.0%
New Hampshire	103.6	2.90	0.5%
Delaware	102.6	2.89	-1.7%
Maine	101.4	2.87	1.9%
Pennsylvania	101.0	2.87	-4.3%
Colorado	100.6	2.86	-1.1%
Michigan	99.4	2.85	-3.3%
Nebraska	99.2	2.85	-3.2%
Ohio	98.9	2.84	-0.9%
Texas	98.6	2.84	-1.8%
West Virginia	98.3	2.83	3.4%
Illinois	96.6	2.81	-6.0%
South Carolina	95.9	2.80	-3.8%
Idaho	95.6	2.80	2.6%
Hawaii	94.5	2.79	3.3%
Florida	93.8	2.78	-1.5%
Tennessee	92.2	2.76	0.4%
Kansas	91.5	2.75	-3.0%
Montana	91.5	2.75	2.7%
Alaska	91.2	2.74	0.4%
Alabama	90.1	2.73	1.7%
Missouri	88.1	2.70	-3.9%
Wyoming	87.8	2.70	n/a
Arkansas	87.2	2.69	3.1%
New Mexico	85.1	2.67	-0.9%
Oklahoma	79.2	2.59	-3.4%
Louisiana	78.9	2.59	-4.5%
Nevada	73.8	2.52	3.5%
Mississippi	68.0	2.45	0.3%
South Dakota	66.3	2.43	-3.0%
North Dakota	66.2	2.43	-1.5%

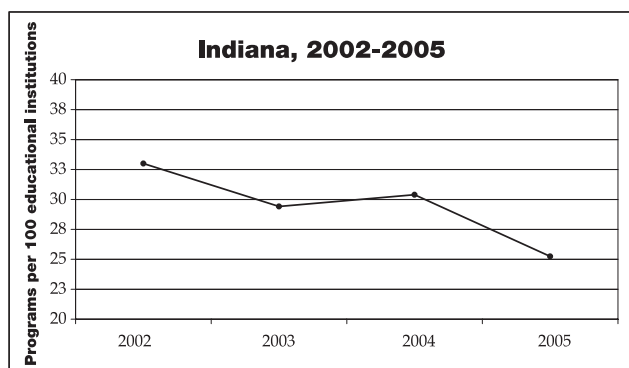
U.S. News Top-Ranked Graduate Programs

number of graduate programs ranked in top categories in *U.S. News* Graduate School Report, 2005

Judging the quality of graduate institutions and their programs is just as problematic as attempting to gauge the quality of undergraduate programs. Again, *U.S. News and World Report* magazine attempts to do so, publishing annual rankings for a variety of professional schools and specialties. This metric is a count of each state's graduate and first-professional schools that were ranked top-tier in *U.S. News's* graduate school review, as well as top five-ranking specialty graduate programs in-state.

Midwest Performance, 2005

State	Metric	Score
Michigan	65	150.2
Wisconsin	49	135.0
Illinois	43	129.1
Indiana	25	111.8
Ohio	12	98.8
Kentucky	1	88.6



Source: U.S. News and World Report magazine

State	Score	Ranked Graduate Programs	Change, 2002 - 2005 (%)
<i>50-State Average</i>		21	4.7%
Massachusetts	190.0	106	3.1%
Connecticut	166.2	82	-7.0%
Michigan	150.2	65	1.0%
New Jersey	145.9	61	2.2%
Maryland	145.6	60	-3.2%
Rhode Island	142.5	57	0.0%
California	139.8	54	-6.0%
Wisconsin	135.0	49	-6.7%
Illinois	129.1	43	-1.9%
Delaware	122.5	36	33.3%
North Carolina	120.6	34	-5.9%
Washington	119.2	33	-14.4%
New York	117.8	31	-4.1%
Pennsylvania	113.1	27	-6.1%
Indiana	111.8	25	-23.5%
Utah	109.2	23	-34.8%
Iowa	108.2	22	-28.6%
Georgia	106.4	20	-6.1%
Virginia	106.2	19	-13.8%
Minnesota	105.8	19	-12.4%
New Hampshire	104.6	18	-16.7%
Arizona	104.3	18	-32.8%
Texas	103.6	17	-1.8%
Oregon	101.2	14	-12.9%
Tennessee	101.1	14	-7.1%
Missouri	98.9	12	-12.2%
New Mexico	98.9	12	-18.7%
Ohio	98.8	12	-4.4%
Colorado	96.8	10	-16.5%
Florida	95.2	8	-18.0%
Vermont	94.8	8	100.0%
Alabama	94.4	7	61.8%
Kansas	93.6	6	-22.6%
Louisiana	92.5	5	-18.4%
Oklahoma	92.5	5	42.1%
Nebraska	92.1	5	100.0%
South Carolina	91.8	5	-1.5%
Hawaii	91.4	4	100.0%
West Virginia	89.7	2	100.0%
Arkansas	89.4	2	100.0%
Kentucky	88.6	1	-51.3%
Alaska	87.4	0	0.0%
Idaho	87.4	0	0.0%
Maine	87.4	0	0.0%
Mississippi	87.4	0	0.0%
Montana	87.4	0	0.0%
Nevada	87.4	0	0.0%
North Dakota	87.4	0	0.0%
South Dakota	87.4	0	0.0%
Wyoming	87.4	0	0.0%

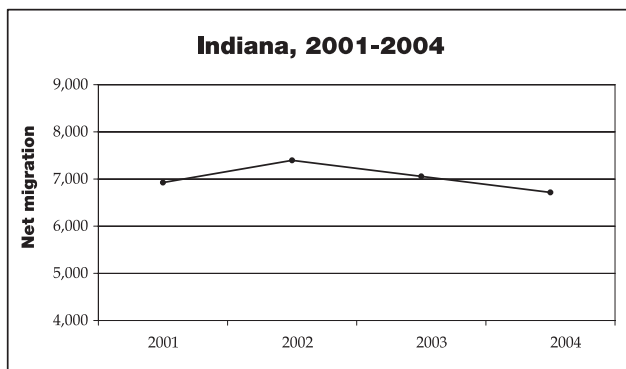
College Migration

net in-migration of first-time freshmen, 2004

As an education system of choice, the U.S. higher education system allows students great freedom: they can attend any college in any state to which they can be accepted and can afford. A positive net migration, meaning that more students come into a state to attend college than leave to attend elsewhere, is important in many ways. It signals a perception of quality of a state's higher education institutions. Just as importantly, because public institutions can charge a tuition premium to out-of-state students, in-migration helps reduce pressure on the tax rolls and keep in-state tuition increases in line. The table shows the difference between the number of students who migrated in to a state's schools and those who migrated out. States with positive figures were net receivers of students.

Midwest Performance, 2004

State	Metric	Score
Indiana	6,715	120.0
Kentucky	4,767	112.3
Michigan	-201	92.6
Wisconsin	-834	90.1
Ohio	-1,641	87.0
Illinois	-11,073	49.6



Source: National Center for Education Statistics, Digest for Education Statistics

State	Score	Students	Change, 2001 - 2004 (%)
<i>50-State Average</i>		1,646	0
Florida	163.3	17,662	75.9%
Pennsylvania	143.6	12,681	-0.3%
Arizona	134.9	10,485	38.6%
North Carolina	131.5	9,610	15.8%
Massachusetts	128.8	8,925	-5.0%
Iowa	125.9	8,200	98.1%
Indiana	120.0	6,715	4.0%
Utah	119.1	6,486	20.8%
California	118.8	6,395	496.5%
Rhode Island	117.9	6,179	13.2%
Alabama	113.1	4,968	40.5%
Kentucky	112.3	4,767	266.4%
Virginia	111.9	4,665	6.3%
New York	108.9	3,903	3.4%
South Carolina	107.4	3,528	30.4%
Oklahoma	105.4	3,011	54.9%
Mississippi	105.2	2,960	23.3%
Georgia	105.1	2,937	400.3%
Louisiana	104.0	2,662	120.2%
West Virginia	103.8	2,613	49.3%
Tennessee	103.5	2,543	-30.7%
Missouri	102.3	2,248	1.0%
Wyoming	101.0	1,913	-1428.5%
North Dakota	100.4	1,766	186.2%
Kansas	100.3	1,720	39.6%
Vermont	99.7	1,593	-9.7%
Delaware	99.1	1,426	-1.8%
Arkansas	99.0	1,395	166.2%
Oregon	98.7	1,326	219.5%
Colorado	96.3	725	-77.7%
New Hampshire	95.8	592	77.8%
Idaho	95.3	462	-607.7%
South Dakota	94.1	156	-175.0%
Nebraska	93.9	127	-27.8%
Montana	93.0	-109	-78.2%
New Mexico	93.0	-123	-93.5%
Michigan	92.6	-201	-47.7%
Nevada	92.1	-337	-35.6%
Hawaii	92.1	-340	-75.0%
Wisconsin	90.1	-834	-236.7%
Maine	89.1	-1100	-8.1%
Alaska	87.3	-1553	-7.6%
Ohio	87.0	-1641	212.0%
Minnesota	86.5	-1756	97.5%
Texas	82.0	-2885	28.2%
Washington	80.7	-3211	27.5%
Connecticut	72.3	-5354	41.6%
Maryland	63.7	-7521	32.8%
Illinois	49.6	-11073	8.3%
New Jersey	-13.4	-26992	27.4%

Entrepreneurial Programs

number of universities/colleges with entrepreneurial programs per 100 postsecondary educational institutions, 2005

A dynamic innovation economy does not only need workers with scientific and technical skills, but leaders and managers. Universities and colleges have seen the increasing need to provide these future entrepreneurs with the right kind of knowledge to survive in today's economy. The table shows the number of top-rated universities and colleges providing entrepreneurial programs and curricula by the EntrePoint Top Entrepreneurship Colleges per 100 postsecondary educational institutions in 2005.

Midwest Performance, 2005

State	Metric	Score
Wisconsin	12.7	112.2
Illinois	11.5	107.6
Indiana	10.7	104.5
Ohio	9.9	101.3
Michigan	8.5	96.0
Kentucky	7.5	92.1

Source: TechknowledgePoint, Entrepoin, Top Colleges – Entrepreneurship

State	Score	Programs per Institution	Change, 2002 - 2005 (%)
<i>50-State Average</i>		9.9	(n/a)
Idaho	192.5	33.3	(n/a)
New Hampshire	174.0	28.6	(n/a)
Delaware	133.6	18.2	(n/a)
Massachusetts	128.3	16.8	(n/a)
New Jersey	120.3	14.8	(n/a)
Colorado	119.8	14.6	(n/a)
Rhode Island	118.5	14.3	(n/a)
North Carolina	113.4	13.0	(n/a)
Utah	113.1	12.9	(n/a)
Wisconsin	112.2	12.7	(n/a)
Texas	111.1	12.4	(n/a)
Nevada	109.6	12.0	(n/a)
Minnesota	108.9	11.8	(n/a)
California	108.0	11.6	(n/a)
Illinois	107.6	11.5	(n/a)
Georgia	107.1	11.4	(n/a)
Alaska	106.2	11.1	(n/a)
Virginia	106.2	11.1	(n/a)
Iowa	104.8	10.8	(n/a)
Indiana	104.5	10.7	(n/a)
New York	103.3	10.4	(n/a)
Alabama	102.4	10.1	(n/a)
Wyoming	101.8	10.0	(n/a)
Ohio	101.3	9.9	(n/a)
Maryland	100.0	9.5	(n/a)
Oregon	100.0	9.5	(n/a)
Mississippi	99.1	9.3	(n/a)
Pennsylvania	99.0	9.3	(n/a)
South Carolina	98.3	9.1	(n/a)
Michigan	96.0	8.5	(n/a)
Louisiana	95.7	8.4	(n/a)
Hawaii	95.4	8.3	(n/a)
Connecticut	94.7	8.2	(n/a)
Montana	94.1	8.0	(n/a)
Kentucky	92.1	7.5	(n/a)
Florida	92.0	7.5	(n/a)
Nebraska	91.4	7.3	(n/a)
Tennessee	90.5	7.1	(n/a)
Kansas	88.1	6.5	(n/a)
Washington	86.7	6.1	(n/a)
Missouri	86.2	6.0	(n/a)
Oklahoma	83.5	5.3	(n/a)
Arizona	82.4	5.0	(n/a)
West Virginia	81.1	4.7	(n/a)
Arkansas	78.9	4.1	(n/a)
South Dakota	78.5	4.0	(n/a)
New Mexico	72.3	2.4	(n/a)
Maine	63.0	0.0	(n/a)
North Dakota	63.0	0.0	(n/a)
Vermont	63.0	0.0	(n/a)

Workforce Development

Midwest Performance

	2006	2004	2002	2000
Michigan	B	B	B-	C-
Illinois	B-	B-	B-	C+
Wisconsin	C	C-	C	C
Ohio	C	C	C	C-
Indiana	D+	D	D	D-
Kentucky	D	D	D	D-

Other Manufacturing Competitors

	2006	2004	2002	2000
New Hampshire	B-	B-	C+	B-
Oregon	C	C+	C+	C+
North Carolina	C-	C-	C	C-
Iowa	C-	D+	D+	C-
Indiana	D+	D	D	D-
South Carolina	D+	D+	C-	D+

State	2006	2004	2002	2000
Maryland	A+	A+	A	A
Massachusetts	A+	A+	A	A+
Colorado	A+	A+	A+	A+
Virginia	A	A+	A	B
Connecticut	B+	A-	A-	A-
Washington	B+	A	A	B+
California	B+	B+	A-	A-
Minnesota	B	B-	B-	C+
New Jersey	B	B+	B+	B
Michigan	B	B	B-	C-
Arizona	B	B+	B	B-
Illinois	B-	B-	B-	C+
Utah	B-	B	B-	B-
New Hampshire	B-	B-	C+	B-
New Mexico	B-	C+	B-	C
Delaware	B-	B-	B-	B
Kansas	B-	B-	B	B
Alaska	C+	B	B+	B+
Texas	C+	C+	B-	B-
New York	C+	C+	C+	C+
Oregon	C	C+	C+	C+
Idaho	C	C+	C	C+
Nebraska	C	C	C+	C+
Rhode Island	C	C-	D	D
Pennsylvania	C	C	C	C
Georgia	C	C-	C+	C-
Missouri	C	C	C+	C
Wisconsin	C	C-	C	C
Vermont	C	C	C-	C-
Ohio	C	C	C	C-
Wyoming	C-	C-	C-	D+
Oklahoma	C-	C	C-	C-
North Carolina	C-	C-	C	C-
Florida	C-	C	C	C
North Dakota	C-	D+	C-	D+
Iowa	C-	D+	D+	C-
Maine	C-	D+	D+	C-
Indiana	D+	D	D	D-
Alabama	D+	D+	D+	D
South Dakota	D+	D+	D+	D+
South Carolina	D+	D+	C-	D+
Montana	D+	D+	C-	C-
Tennessee	D+	D+	D	D
Hawaii	D	D+	D+	D
Kentucky	D	D	D	D-
Louisiana	D	D	D	D-
West Virginia	F	F	D-	F
Nevada	F	F	F	D-
Arkansas	F	F	F	F
Mississippi	F	F	F	F

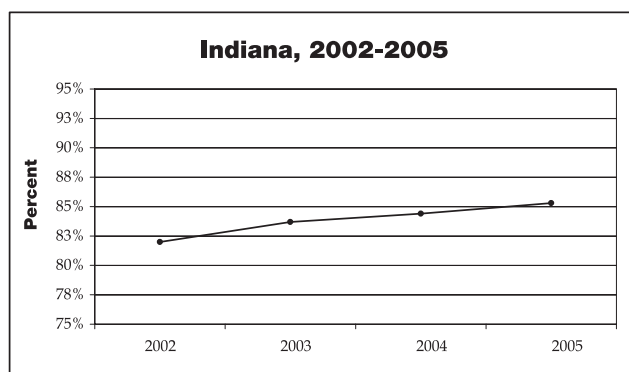
High School Diploma Attainment

percent of 25-and-older population holding a high school diploma, 2005

A high school diploma is the minimum required education for today's economy (and, increasingly, even a diploma is becoming insufficient). Real wages of those without a diploma have been declining precipitously for the last three decades. Even manufacturing jobs, long a safety net for those who had not graduated high school, now require at least high school completion. The table shows the percentage of each state's adult population that has earned at least a high school diploma or the equivalent in 2005.

Midwest Performance, 2005

State	Metric	Score
Wisconsin	88.8%	109.4
Michigan	87.0%	102.6
Ohio	86.3%	100.0
Illinois	85.7%	97.7
Indiana	85.3%	96.2
Kentucky	79.0%	72.6



Source: U.S. Census Bureau, American Community Survey

State	Score	Percent	Change, 2002 - 2005 (%)
<i>50-State Average</i>		85.7%	2.0%
Wyoming	118.8	91.3%	1.2%
Alaska	117.6	91.0%	1.4%
Minnesota	117.3	90.9%	1.2%
Montana	116.5	90.7%	2.7%
Utah	114.3	90.1%	0.0%
New Hampshire	113.5	89.9%	2.5%
Iowa	112.4	89.6%	1.7%
Nebraska	112.0	89.5%	0.2%
Vermont	112.0	89.5%	1.9%
Maine	110.1	89.0%	3.2%
Washington	109.4	88.8%	-0.3%
Wisconsin	109.4	88.8%	2.5%
Colorado	109.0	88.7%	2.4%
Kansas	109.0	88.7%	1.4%
South Dakota	108.6	88.6%	1.1%
North Dakota	107.1	88.2%	1.5%
Hawaii	106.8	88.1%	1.1%
Massachusetts	106.4	88.0%	0.8%
Connecticut	106.0	87.9%	2.8%
Oregon	104.5	87.5%	0.9%
Maryland	102.6	87.0%	2.1%
Michigan	102.6	87.0%	2.1%
Idaho	101.5	86.7%	1.4%
Pennsylvania	101.5	86.7%	2.4%
New Jersey	100.0	86.3%	1.1%
Ohio	100.0	86.3%	1.9%
Illinois	97.7	85.7%	2.0%
Delaware	97.4	85.6%	0.8%
Virginia	96.6	85.4%	1.8%
Indiana	96.2	85.3%	4.0%
Missouri	95.1	85.0%	1.0%
Florida	93.6	84.6%	1.8%
New York	92.5	84.3%	2.8%
Oklahoma	92.5	84.3%	5.9%
Arizona	90.6	83.8%	2.2%
Rhode Island	89.5	83.5%	2.8%
Georgia	86.9	82.8%	1.6%
Nevada	86.9	82.8%	-0.2%
North Carolina	85.0	82.3%	3.4%
New Mexico	83.9	82.0%	3.0%
South Carolina	82.7	81.7%	1.9%
Tennessee	80.9	81.2%	2.8%
West Virginia	80.9	81.2%	3.0%
Arkansas	80.1	81.0%	1.4%
Louisiana	78.2	80.5%	3.7%
Alabama	77.5	80.3%	1.8%
California	76.7	80.1%	1.4%
Kentucky	72.6	79.0%	3.4%
Texas	71.8	78.8%	1.4%
Mississippi	70.7	78.5%	4.7%

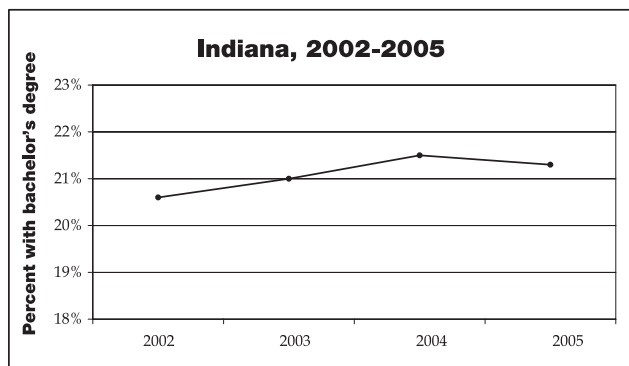
Bachelor's Degree Attainment

percent of 25-and-older population holding a bachelor's degree, 2005

No state can hope to transition into the innovation economy without a ready and plentiful stock of college graduates. A lack of them also suppresses overall state income and wages, as the average income for those without a college degree has been sluggish or worse in recent decades. The table shows the percentage of the adult population that holds at least a bachelor's degree or the equivalent in 2005.

Midwest Performance, 2005

State	Metric	Score
Illinois	29.2%	111.6
Wisconsin	25.0%	98.1
Michigan	24.7%	97.1
Ohio	23.3%	92.6
Indiana	21.3%	86.1
Kentucky	19.3%	79.7



Source: U.S. Census Bureau, American Community Survey

State	Score	Percent	Change, 2002 - 2005 (%)
<i>50-State Average</i>		26.4%	4.8%
Massachusetts	136.4	36.9%	3.9%
Colorado	131.9	35.5%	6.0%
Connecticut	130.0	34.9%	6.1%
Maryland	128.7	34.5%	4.2%
New Jersey	127.7	34.2%	8.2%
Virginia	124.5	33.2%	4.7%
Vermont	122.3	32.5%	5.5%
New Hampshire	120.0	31.8%	5.3%
New York	118.4	31.3%	6.8%
Minnesota	116.4	30.7%	3.0%
Washington	114.5	30.1%	1.3%
California	112.6	29.5%	3.5%
Rhode Island	111.9	29.3%	9.7%
Illinois	111.6	29.2%	3.9%
Kansas	108.4	28.2%	5.6%
Hawaii	107.4	27.9%	0.0%
Utah	107.4	27.9%	2.2%
Oregon	106.8	27.7%	6.9%
Delaware	106.5	27.6%	10.0%
Alaska	105.5	27.3%	-2.5%
Nebraska	105.5	27.3%	10.1%
Georgia	104.8	27.1%	11.1%
Montana	102.9	26.5%	6.9%
Pennsylvania	100.3	25.7%	8.9%
Arizona	100.0	25.6%	10.3%
Maine	100.0	25.6%	6.7%
North Dakota	99.7	25.5%	7.1%
Florida	98.4	25.1%	4.1%
New Mexico	98.4	25.1%	-3.1%
North Carolina	98.4	25.1%	7.3%
Texas	98.4	25.1%	2.4%
Wisconsin	98.1	25.0%	7.8%
Michigan	97.1	24.7%	4.7%
South Dakota	97.1	24.7%	4.7%
Missouri	94.8	24.0%	0.4%
Iowa	94.2	23.8%	7.2%
Idaho	92.6	23.3%	3.1%
Ohio	92.6	23.3%	6.4%
Wyoming	92.3	23.2%	-0.9%
South Carolina	91.6	23.0%	1.3%
Oklahoma	89.7	22.4%	8.2%
Tennessee	87.7	21.8%	3.8%
Alabama	86.5	21.4%	3.9%
Indiana	86.1	21.3%	3.4%
Louisiana	83.9	20.6%	1.0%
Nevada	83.9	20.6%	10.8%
Kentucky	79.7	19.3%	2.7%
Arkansas	78.4	18.9%	-4.1%
Mississippi	77.7	18.7%	5.6%
West Virginia	71.9	16.9%	5.0%

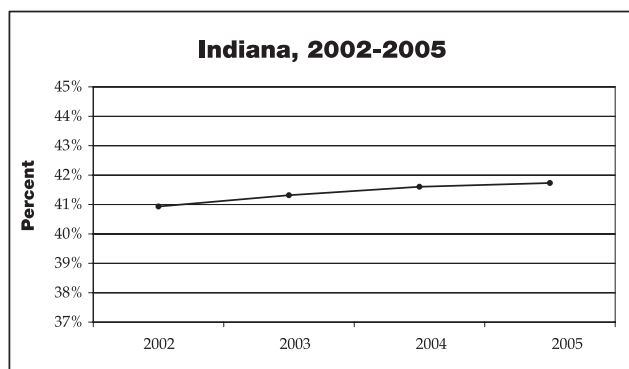
High-tech Manufacturing Employment

percent of total covered manufacturing employment in high-tech manufacturing industries, 2005

Advanced manufacturing describes a high value-added application of information to industrial production. The greater efficiency that results and higher skill levels required typically yield high wages. Additionally, a workforce skilled in advanced manufacturing techniques helps attract similar employers. This table gives the percentage of each state's manufacturing workers that are employed in high-technology manufacturing industries. See the appendix for more information on how the industries were chosen.

Midwest Performance, 2005

State	Metric	Score
Michigan	53.6%	132.5
Indiana	41.7%	112.1
Kentucky	38.0%	105.7
Ohio	37.6%	105.1
Illinois	33.4%	97.9
Wisconsin	28.5%	89.6



Source: U.S. Bureau of Labor Statistics, Quarterly Census of Employment and Wages

State	Score	Percent	Change, 2002 - 2005 (%)
<i>50-State Average</i>		33.3%	0.5%
Michigan	132.5	53.6%	-4.1%
Arizona	123.8	48.5%	-5.8%
Connecticut	122.8	48.0%	-1.0%
Washington	116.7	44.4%	-4.5%
Kansas	114.6	43.2%	-2.9%
Indiana	112.1	41.7%	2.0%
North Dakota	111.8	41.5%	4.8%
Massachusetts	110.8	40.9%	-0.7%
California	110.3	40.7%	-1.1%
Louisiana	109.5	40.2%	2.5%
Vermont	109.1	40.0%	-3.2%
New Mexico	109.0	39.9%	-1.4%
Texas	108.3	39.5%	1.4%
New Jersey	106.3	38.3%	0.5%
Kentucky	105.7	38.0%	3.6%
New Hampshire	105.7	38.0%	-0.7%
New York	105.1	37.6%	0.6%
Maryland	105.1	37.6%	-2.4%
Ohio	105.0	37.6%	0.5%
Colorado	104.6	37.3%	-8.2%
Idaho	104.6	37.3%	-2.5%
Oregon	103.3	36.6%	-0.9%
Missouri	102.1	35.9%	3.0%
Delaware	101.5	35.5%	-8.8%
Florida	100.6	35.0%	-2.7%
Oklahoma	99.4	34.3%	3.7%
Illinois	97.9	33.4%	0.3%
Utah	97.6	33.2%	-1.3%
Tennessee	97.4	33.1%	2.8%
Iowa	97.0	32.9%	6.0%
Minnesota	96.8	32.8%	-2.9%
Virginia	94.2	31.2%	1.4%
South Carolina	93.8	31.0%	7.6%
West Virginia	92.0	30.0%	-0.1%
South Dakota	90.7	29.2%	-3.7%
Mississippi	89.9	28.8%	17.3%
Wisconsin	89.6	28.5%	2.2%
Wyoming	89.1	28.3%	-6.9%
Pennsylvania	88.8	28.1%	-2.4%
Alabama	88.3	27.8%	11.9%
Nebraska	88.2	27.7%	2.6%
Rhode Island	87.9	27.6%	13.5%
Maine	86.7	26.9%	-2.7%
North Carolina	86.2	26.6%	6.1%
Georgia	80.2	23.0%	7.8%
Arkansas	76.1	20.7%	2.0%
Nevada	68.4	16.1%	-13.7%
Montana	68.1	16.0%	5.0%
Hawaii	52.5	6.8%	(n/a)
Alaska	49.0	4.8%	(n/a)

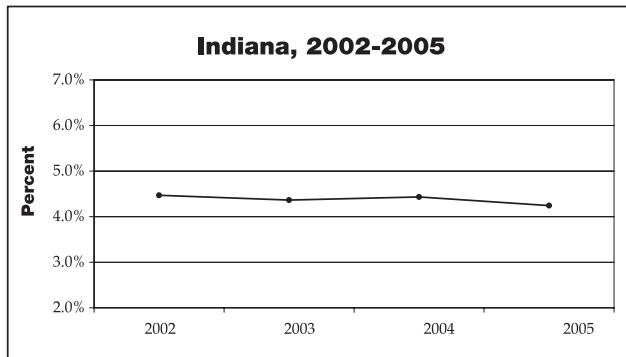
High-tech Services Employment

percent of total covered service-providing employment in high-tech service industries, 2005

Information technology has been important in creating new approaches to industrial production, but it spawned a revolution in many service industries even earlier. Banking and insurance throughout the world, for instance, are many times more efficient as a result of information technology. Moreover, most information technology firms are categorized as services. Thus, the percentage of services employment in high-tech areas is an important indicator of a strong or weak innovation economy base. This table gives the percentage of each state's service-providing workers that are employed in high-technology service industries. See the appendix for information on classification.

Midwest Performance, 2005

State	Metric	Score
Michigan	7.4%	110.5
Illinois	7.1%	108.2
Ohio	5.4%	95.9
Wisconsin	4.9%	91.9
Kentucky	4.4%	88.1
Indiana	4.2%	86.7



Source: U.S. Bureau of Labor Statistics, Quarterly Census of Employment and Wages

State	Score	Percent	Change, 2002 - 2005 (%)
50-State Average		6.4%	-10.3%
Virginia	159.4	13.7%	-12.9%
Maryland	142.1	11.5%	-4.6%
Colorado	139.3	11.1%	-10.8%
Massachusetts	130.8	10.0%	-8.5%
Washington	127.8	9.6%	-19.3%
New Jersey	120.5	8.7%	-11.7%
California	120.1	8.6%	-9.0%
New Mexico	118.5	8.4%	-10.8%
Georgia	117.5	8.3%	-13.8%
Texas	114.8	7.9%	-19.0%
Utah	113.0	7.7%	-11.8%
Kansas	110.9	7.4%	-14.4%
Michigan	110.5	7.4%	-11.7%
Illinois	108.2	7.1%	-10.7%
Delaware	107.2	6.9%	-15.8%
Idaho	105.9	6.8%	-2.2%
Alabama	105.6	6.7%	1.6%
North Carolina	104.7	6.6%	-7.1%
Alaska	104.1	6.5%	-4.7%
Connecticut	104.0	6.5%	-11.5%
Florida	103.0	6.4%	-2.4%
Pennsylvania	102.8	6.4%	-13.2%
Arizona	101.7	6.2%	-11.5%
Minnesota	100.1	6.0%	-11.0%
Missouri	99.9	6.0%	-5.2%
New Hampshire	99.5	5.9%	-3.6%
New York	98.5	5.8%	-12.5%
Nebraska	97.4	5.6%	-15.2%
Rhode Island	97.0	5.6%	-12.2%
Ohio	95.9	5.4%	-13.3%
Oregon	94.4	5.3%	-16.1%
Oklahoma	94.2	5.2%	-13.3%
Vermont	93.7	5.2%	-10.5%
Montana	92.8	5.0%	-6.7%
Wisconsin	91.9	4.9%	-16.5%
South Carolina	91.7	4.9%	-13.8%
Tennessee	91.5	4.9%	-17.3%
North Dakota	91.0	4.8%	-1.7%
Louisiana	90.6	4.8%	-1.2%
Wyoming	88.5	4.5%	-12.6%
Maine	88.2	4.4%	-7.3%
Kentucky	88.1	4.4%	-8.9%
Hawaii	87.8	4.4%	-10.8%
Indiana	86.7	4.2%	-5.0%
West Virginia	86.0	4.2%	-18.8%
Iowa	85.7	4.1%	-11.1%
Nevada	84.4	3.9%	-9.6%
Mississippi	81.1	3.5%	-5.2%
Arkansas	(n/a)	(n/a)	(n/a)
South Dakota	(n/a)	(n/a)	(n/a)

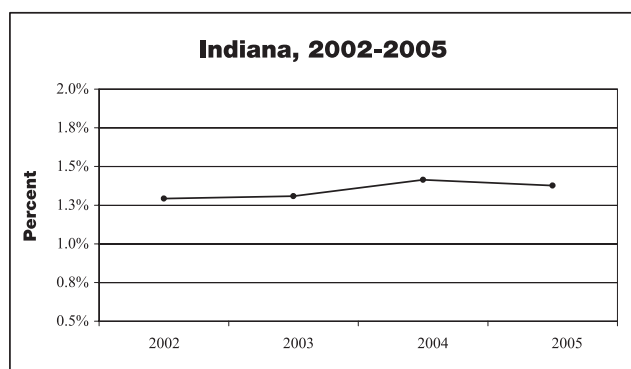
Physical Sciences and Engineering Workers

percent of physical sciences and engineering occupations, 2005

Researchers and skilled scientific workers are an integral part of the innovation economy. They are also a key asset in attracting high-value added industries to a state as technology companies are looking for a highly skilled workforce. Producing graduates in innovation fields is crucial, but retaining those new workers, avoiding a “brain drain” and being able to attract workers from other states when necessary is an equally essential indicator of economic progress. The table provides the percent of workers in physical sciences and engineering occupations that require at least a bachelor's degree. The appendix of this report provides a full list of the occupations included in this group.

Midwest Performance, 2005

State	Metric	Score
Michigan	1.91%	119.6
Illinois	1.62%	109.0
Ohio	1.58%	107.7
Wisconsin	1.56%	106.8
Indiana	1.38%	100.3
Kentucky	0.86%	81.6



Source: U.S. Bureau of Labor Statistics, Occupational Employment Survey

State	Score	Percent	Change, 2002 - 2005 (%)
<i>50-State Average</i>		1.48%	11.4%
Maryland	144.7	2.61%	18.0%
Massachusetts	141.7	2.52%	14.9%
Virginia	132.6	2.27%	5.7%
Washington	132.6	2.27%	20.5%
Colorado	132.5	2.27%	10.3%
Connecticut	132.5	2.27%	15.7%
California	128.4	2.15%	11.1%
Michigan	119.6	1.91%	18.3%
New Jersey	118.9	1.89%	-6.1%
Arizona	117.4	1.85%	10.4%
Texas	115.8	1.81%	3.1%
Utah	113.9	1.75%	43.3%
Delaware	113.1	1.73%	20.1%
Alaska	111.2	1.68%	26.3%
Alabama	110.7	1.66%	14.8%
Illinois	109.0	1.62%	27.7%
New Hampshire	108.7	1.61%	32.9%
Ohio	107.7	1.58%	12.9%
Pennsylvania	107.7	1.58%	8.7%
Wisconsin	106.8	1.56%	4.9%
South Carolina	106.8	1.56%	17.0%
New York	106.5	1.55%	5.5%
Minnesota	104.2	1.48%	9.5%
New Mexico	100.8	1.39%	-17.7%
Indiana	100.3	1.38%	6.5%
Idaho	99.7	1.36%	27.1%
Rhode Island	99.6	1.35%	-17.0%
Missouri	99.5	1.35%	12.4%
Florida	99.0	1.34%	15.6%
Oklahoma	98.1	1.31%	22.9%
Nebraska	97.5	1.30%	6.3%
North Carolina	96.5	1.27%	-2.0%
Kansas	96.0	1.26%	-3.6%
Oregon	95.9	1.25%	11.9%
Tennessee	95.5	1.24%	14.7%
Hawaii	93.6	1.19%	9.6%
Georgia	93.3	1.18%	-6.1%
Wyoming	92.9	1.17%	35.0%
Vermont	90.6	1.11%	8.2%
Montana	89.1	1.06%	5.4%
Louisiana	87.6	1.02%	11.6%
Iowa	87.2	1.01%	4.5%
North Dakota	87.2	1.01%	-0.2%
West Virginia	85.8	0.97%	4.2%
Mississippi	83.4	0.91%	19.0%
Maine	82.2	0.87%	27.5%
Arkansas	82.0	0.87%	9.7%
Kentucky	81.6	0.86%	4.1%
Nevada	81.4	0.85%	24.8%
South Dakota	79.1	0.79%	-7.9%

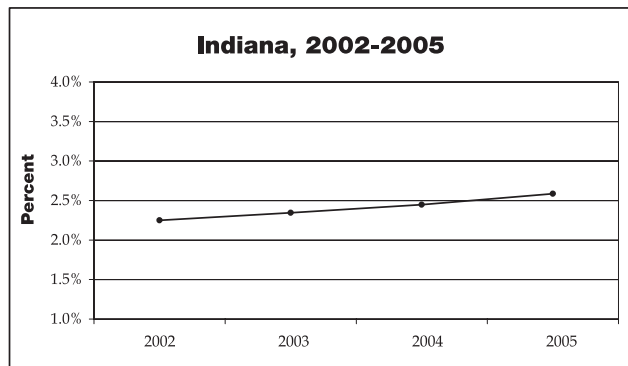
Technologist and Technician Workers

percent of workers in technology and technician occupations, 2005

The share of technologists and technicians is an indicator of a state's support network for the innovation economy and its ability to put ideas into practice. The table shows the percent of workers in 2005 in technology and technician occupations that require an associate degree or postsecondary vocational certification. The appendix of this report provides a full list of the occupations included in this group.

Midwest Performance, 2005

State	Metric	Score
Michigan	3.18%	105.1
Illinois	3.12%	103.6
Wisconsin	3.05%	101.7
Ohio	2.99%	100.2
Indiana	2.58%	89.4
Kentucky	2.34%	82.8



Source: U.S. Bureau of Labor Statistics, Occupational Employment Survey

State	Score	Percent	Change, 2002 - 2005 (%)
<i>50-State Average</i>		3.08%	13.8%
Virginia	159.7	5.24%	27.6%
Massachusetts	149.1	4.84%	16.9%
Maryland	148.9	4.83%	17.8%
Colorado	147.3	4.77%	16.9%
Minnesota	127.0	4.00%	29.7%
Washington	123.6	3.88%	-0.5%
New Jersey	119.7	3.73%	13.1%
Connecticut	116.9	3.62%	6.3%
Texas	116.7	3.62%	10.1%
New Hampshire	115.6	3.57%	29.3%
California	115.6	3.57%	10.9%
Utah	114.3	3.53%	19.8%
Georgia	110.1	3.37%	6.5%
Pennsylvania	109.0	3.33%	14.7%
Missouri	107.3	3.26%	15.1%
Delaware	105.3	3.19%	11.3%
North Carolina	105.2	3.18%	8.3%
Michigan	105.1	3.18%	27.7%
Oregon	104.8	3.17%	7.1%
Illinois	103.6	3.12%	15.0%
New Mexico	103.1	3.10%	10.2%
Arizona	103.0	3.10%	-4.7%
Wisconsin	101.7	3.05%	16.8%
Nebraska	100.5	3.00%	3.6%
Ohio	100.2	2.99%	16.9%
Alabama	99.8	2.98%	16.1%
Rhode Island	99.1	2.95%	63.6%
New York	98.9	2.95%	11.4%
Florida	98.4	2.92%	6.0%
Oklahoma	98.1	2.91%	9.6%
Kansas	94.4	2.77%	-3.7%
South Dakota	93.1	2.73%	6.0%
Idaho	92.7	2.71%	38.4%
Tennessee	92.4	2.70%	11.4%
Vermont	91.4	2.66%	2.8%
Alaska	91.1	2.65%	14.5%
South Carolina	89.7	2.59%	4.0%
Iowa	89.4	2.59%	28.8%
Indiana	89.4	2.58%	14.9%
Maine	88.1	2.54%	9.8%
West Virginia	87.5	2.52%	2.8%
North Dakota	87.1	2.50%	14.5%
Louisiana	85.0	2.42%	9.2%
Montana	83.4	2.36%	-0.2%
Kentucky	82.8	2.34%	-2.6%
Wyoming	78.5	2.17%	26.2%
Arkansas	77.8	2.15%	24.7%
Mississippi	77.7	2.15%	10.2%
Hawaii	77.4	2.13%	10.7%
Nevada	72.1	1.93%	12.0%

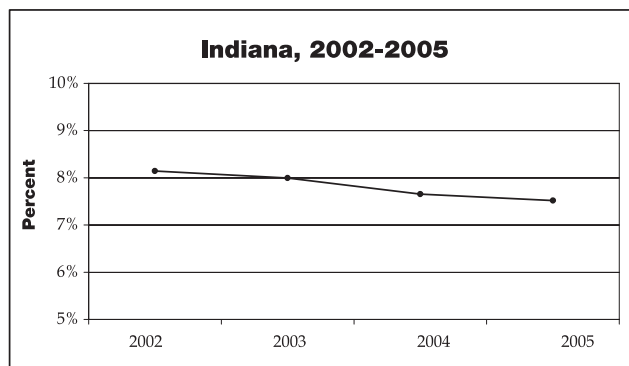
Other Innovation Economy Workers

percent of workers in other quasi-science and quasi-technical occupations, 2005

There are many support and quasi-technical occupations, such as managers and teachers, that are building blocks of an innovative state. They might be less tangible but are important elements of creating entrepreneurial talent. This table shows these other innovation economy workers as a percent of all workers. A full description of fields chosen is given in the appendix.

Midwest Performance, 2005

State	Metric	Score
Illinois	10.48%	118.2
Michigan	9.14%	101.9
Ohio	8.61%	95.4
Wisconsin	8.17%	90.1
Kentucky	8.04%	88.6
Indiana	7.52%	82.2



Source: U.S. Bureau of Labor Statistics, Occupational Employment Survey

State	Score	Percent	Change, 2002 - 2005 (%)
<i>50-State Average</i>		9.11%	-4.6%
Massachusetts	138.7	12.17%	-1.5%
Maryland	133.0	11.70%	-6.8%
Alaska	127.1	11.21%	4.9%
Minnesota	126.5	11.17%	5.7%
Connecticut	124.6	11.00%	0.1%
Colorado	120.5	10.67%	2.8%
California	118.2	10.48%	0.1%
Illinois	118.2	10.48%	-10.6%
Georgia	117.5	10.42%	1.4%
Idaho	116.8	10.37%	4.6%
Delaware	116.5	10.35%	-11.7%
New Jersey	115.2	10.23%	3.7%
New Hampshire	112.9	10.05%	-5.0%
Virginia	110.7	9.87%	-5.9%
New York	109.4	9.75%	6.0%
Oklahoma	109.0	9.73%	-1.8%
Rhode Island	107.0	9.56%	9.7%
Arizona	106.4	9.51%	-6.2%
Texas	104.6	9.36%	-6.5%
Utah	103.8	9.30%	-1.4%
Maine	103.5	9.27%	-2.9%
Michigan	101.9	9.14%	5.6%
Tennessee	101.5	9.10%	-6.2%
Oregon	101.4	9.10%	-0.9%
New Mexico	100.0	8.98%	-11.3%
Kansas	100.0	8.98%	-3.9%
Hawaii	99.8	8.97%	1.6%
Montana	99.7	8.96%	-9.9%
Pennsylvania	99.3	8.93%	-14.6%
North Carolina	98.4	8.85%	-4.4%
Ohio	95.4	8.61%	-7.3%
Nebraska	95.1	8.58%	-9.4%
Washington	94.7	8.55%	-4.8%
Louisiana	92.4	8.36%	-8.1%
Iowa	92.2	8.34%	-10.4%
South Carolina	91.9	8.32%	-13.1%
Wisconsin	90.1	8.17%	-2.3%
Wyoming	89.1	8.08%	-3.7%
Kentucky	88.6	8.04%	-6.0%
Alabama	87.4	7.95%	-11.4%
Florida	87.3	7.94%	-9.3%
Missouri	87.3	7.94%	-18.8%
North Dakota	85.7	7.80%	-13.1%
Indiana	82.2	7.52%	-7.7%
South Dakota	80.2	7.35%	-1.1%
Mississippi	79.8	7.32%	-4.0%
Arkansas	79.1	7.27%	-9.2%
Nevada	78.2	7.19%	-6.8%
West Virginia	77.9	7.16%	-16.9%
Vermont	77.1	7.10%	-2.2%

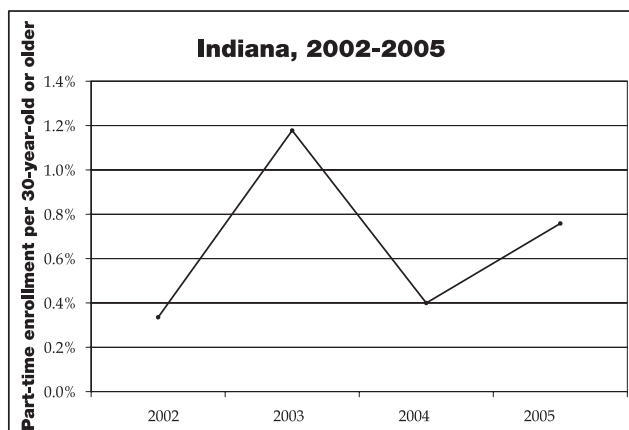
Adult Education

postsecondary enrollment per resident for age group 30 years and older, 2005

Continuous skill development and knowledge accrual – what many call “lifelong learning” – is an important component of innovation economies. The needs of employers are changing too quickly for workers to rely on past education. Part-time education, enrolling in a few courses at a time at postsecondary institutions while keeping balance with ongoing careers, will be an important source of lifelong learning. This table shows the ratio of postsecondary enrollment of 30-year-olds and above to a state’s above-30 population.

Midwest Performance, 2005

State	Metric	Score
Illinois	1.12%	128.8
Michigan	0.92%	113.1
Wisconsin	0.85%	107.7
Kentucky	0.80%	103.7
Indiana	0.76%	100.2
Ohio	0.68%	93.6



Source: National Center for Education Statistics, Integrated Postsecondary Education Data System (IPEDS)

State	Score	Percent	Change, 2002 - 2005 (%)
<i>50-State Average</i>		0.80%	-8.7%
New Mexico	147.8	1.36%	28.8%
Alaska	137.4	1.23%	-28.1%
Arizona	136.1	1.21%	-9.8%
California	135.1	1.20%	-35.9%
Wyoming	134.7	1.19%	-20.1%
Colorado	130.6	1.14%	-29.3%
Illinois	128.8	1.12%	-8.2%
Maryland	124.7	1.07%	30.5%
Minnesota	117.4	0.98%	2.5%
Kansas	115.5	0.95%	-25.9%
Michigan	113.1	0.92%	-25.3%
Missouri	111.3	0.90%	-18.3%
Nebraska	109.5	0.88%	-21.4%
Massachusetts	108.8	0.87%	32.2%
Utah	108.2	0.86%	-1.6%
Washington	107.8	0.85%	-39.4%
Wisconsin	107.7	0.85%	-16.4%
Nevada	107.7	0.85%	-4.3%
Rhode Island	107.2	0.85%	192.5%
Virginia	106.6	0.84%	-20.2%
Delaware	106.3	0.84%	16.7%
Iowa	104.0	0.81%	-7.1%
Kentucky	103.7	0.80%	-22.8%
North Carolina	101.0	0.77%	-32.0%
Indiana	100.2	0.76%	126.1%
Texas	99.8	0.75%	-12.8%
Maine	99.7	0.75%	7.3%
Oklahoma	99.2	0.75%	-31.9%
Connecticut	98.9	0.74%	-27.7%
New York	98.6	0.74%	-21.1%
Vermont	98.5	0.74%	75.8%
Oregon	98.2	0.73%	-28.2%
New Jersey	95.5	0.70%	-21.5%
Alabama	95.2	0.70%	-27.3%
South Dakota	94.6	0.69%	-22.2%
Idaho	93.9	0.68%	-33.5%
Ohio	93.6	0.68%	-25.2%
Florida	93.2	0.67%	-25.5%
North Dakota	92.7	0.66%	-20.1%
New Hampshire	91.2	0.65%	0.8%
Hawaii	90.4	0.64%	-41.5%
Pennsylvania	88.9	0.62%	-6.3%
Arkansas	88.2	0.61%	-20.6%
Georgia	87.2	0.59%	-37.0%
South Carolina	86.2	0.58%	-35.6%
West Virginia	83.0	0.54%	-32.2%
Tennessee	81.2	0.52%	18.1%
Mississippi	76.8	0.46%	-46.6%
Montana	75.9	0.45%	-43.7%
Louisiana	71.5	0.40%	-39.4%

Business Costs and Productivity

A primary reason for the disinflationary environment of today's national and global economy is overcapacity. Productive investments made during the boom times of the 1990s, along with a global shift to free enterprise economics, have combined to put downward pressure on prices for standardized products and services. The result is that many businesses have lost their pricing power. Their response is to improve productivity and to control costs. Doing both requires innovation and tight financial management.

Costs of doing business remain a critical factor in business location and growth. The Business Costs sub-driver is based on seven metrics, weighted according to their relative importance in the "typical business" cost equation. Productivity measures for state comparison are particularly difficult to come by. Three metrics are used, one for overall productivity, another for manufacturing and a third for services. They are supplemented by two general measures of labor supply.

Midwest Performance

	2006	2004	2002	2000
Indiana	C+	B	A-	B+
Kentucky	C	B-	B+	B
Ohio	C-	C+	B-	C+
Michigan	C-	C+	C+	C
Illinois	D+	C+	C+	C-
Wisconsin	D+	C	C+	B-

Other Manufacturing Competitors

	2006	2004	2002	2000
North Carolina	C+	B	A-	B
Indiana	C+	B	A-	B+
Iowa	C	B-	B+	B+
Oregon	C-	B-	B+	A-
South Carolina	C-	C+	B-	B
New Hampshire	D-	D	C	D+

State	2006	2004	2002	2000
Delaware	A+	A+	A+	B+
New Mexico	B	A	A	A+
Louisiana	B-	B	B+	B
Virginia	B-	B+	A	A-
Wyoming	C+	C+	B	B+
Washington	C+	B	B	B
North Carolina	C+	B	A-	B
South Dakota	C+	B	A-	B+
Indiana	C+	B	A-	B+
Arizona	C+	B	A-	B
North Dakota	C+	B	B	B-
Utah	C+	B	B+	B
Texas	C+	B-	B	B-
Idaho	C	B-	B-	A-
Georgia	C	B	A-	B-
Iowa	C	B-	B+	B+
Arkansas	C	B-	B-	B
Missouri	C	B-	B	B-
Colorado	C	B-	B+	B
Maryland	C	B-	B+	B
Connecticut	C	B-	B	C
Tennessee	C	B-	B+	B-
Kentucky	C	B-	B+	B
Nebraska	C-	C+	B-	B
Kansas	C-	C+	B	B
Oklahoma	C-	C+	B	B-
Nevada	C-	C	C	C
Oregon	C-	B-	B+	A-
West Virginia	C-	C+	C+	C+
Alabama	C-	C+	B	B-
Ohio	C-	C+	B-	C+
Michigan	C-	C+	C+	C
New Jersey	C-	C+	C+	C-
Montana	C-	C	C-	C+
Minnesota	C-	C+	B-	C+
South Carolina	C-	C+	B-	B
Pennsylvania	C-	C	C	C+
Illinois	D+	C+	C+	C-
Massachusetts	D+	C	C	C-
Wisconsin	D+	C	C+	B-
Mississippi	D+	C	C	C+
New York	D+	C-	C+	D+
Florida	D+	C-	C	C-
Rhode Island	D+	C-	D+	D+
Vermont	D+	C-	D+	C-
California	D	C-	D	C
Maine	D	D+	F	D+
Alaska	D-	D+	D-	C-
New Hampshire	D-	D	C	D+
Hawaii	F	F	F	F

Business Costs*

Midwest Performance

	2006	2004	2002	2000
Kentucky	A-	A-	B+	B-
Indiana	B	B	C+	C
Wisconsin	C+	C+	C	C
Ohio	C	C	C	C
Michigan	C-	C-	D	D-
Illinois	D+	C-	D+	D

Other Manufacturing Competitors

	2006	2004	2002	2000
North Carolina	A	A	B	C+
Iowa	B+	A-	B-	B
Indiana	B	B	C+	C
South Carolina	B-	B-	C+	C
Oregon	C	C	B	B-
New Hampshire	D-	D-	C+	C-

* Metrics are given unequal weights in the calculation of this sub-driver. Weighting is 58% unit labor costs; 6% business taxes; 6% business tax structure; 12% office rents; 7% energy costs; 5% workers compensation; 1% unemployment insurance; and 5% health care premiums. See appendix for more details.

State	2006	2004	2002	2000
South Dakota	A+	A+	A-	A+
Delaware	A	A	B-	C
North Dakota	A	A	B	B-
North Carolina	A	A	B	C+
Kentucky	A-	A-	B+	B-
Iowa	B+	A-	B-	B
Wyoming	B+	B+	B+	A-
Arkansas	B+	B+	B-	B
New Mexico	B+	B+	A+	A
Indiana	B	B	C+	C
Nebraska	B	B	C+	A-
Virginia	B	B	C	C
Idaho	B	B	B-	B-
Montana	B	B-	C+	B-
Oklahoma	B-	B-	B	B+
South Carolina	B-	B-	C+	C
Utah	B-	B-	C+	C
Vermont	B-	B-	C-	C-
Nevada	B-	B-	C-	C-
Mississippi	B-	B-	C	C+
Georgia	B-	B-	C+	C
Rhode Island	C+	C+	C+	C
Tennessee	C+	C+	C+	C
Missouri	C+	C+	C	C
Arizona	C+	C+	C	C-
Wisconsin	C+	C+	C	C
Alaska	C+	C+	D+	C
Texas	C	C	C	C
Oregon	C	C	B	B-
West Virginia	C	C	D+	C
Kansas	C	C	C+	B-
Ohio	C	C	C	C
Alabama	C	C	B-	C+
Colorado	C	C	C-	C-
Pennsylvania	C-	C-	C-	D+
Washington	C-	C-	D+	D+
Michigan	C-	C-	D	D-
Louisiana	C-	C-	B-	C+
Minnesota	C-	C-	C-	C-
Connecticut	C-	C-	D	D-
Illinois	D+	C-	D+	D
Florida	D+	D+	D+	D+
Maryland	D+	D+	C-	C-
Maine	D+	D	D	D+
California	D	D	D-	D+
New Jersey	D	D	D-	F
New Hampshire	D-	D-	C+	C-
Massachusetts	D-	D-	F	F
New York	D-	D-	D+	D-
Hawaii	F	F	D+	D-

Unit Labor Costs

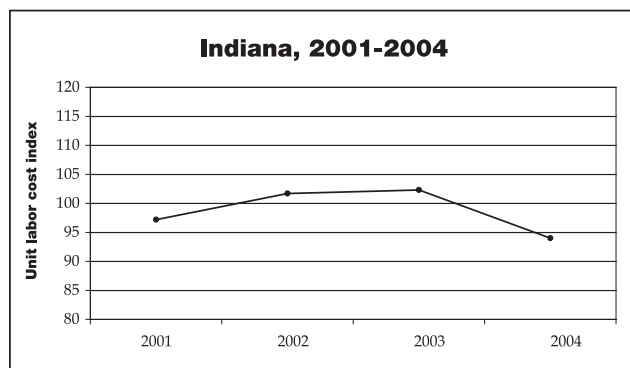
unit labor cost index, 2004

The single largest cost affecting most employers is labor. The real cost of labor, however, is not the simple hourly wage but the cost per unit of output – high wages for a productive labor force can be competitive ones. Unit labor costs are thus related to productivity as well as costs.

The measure of unit labor costs at right is derived both from the total value of output and the total cost of labor. Higher values mean more expensive labor per unit of output, and a value of 100 is equal to the U.S. average.

Midwest Performance, 2004

State	Metric	Score
Kentucky	86	119.8
Indiana	94	105.4
Wisconsin	98	98.2
Ohio	100	94.6
Illinois	102	91.0
Michigan	105	85.6



Source: Economy.com, North American Business Cost Review 2006

State	Score	Unit Labor Cost Index	Change, 2001 - 2004 (%)
<i>50-State Average</i>			<i>0.6%</i>
South Dakota	137.7	76	4.7%
Wyoming	132.3	79	-1.3%
Delaware	127.0	82	-14.9%
North Carolina	127.0	82	-10.5%
North Dakota	125.2	83	-9.6%
Kentucky	119.8	86	-6.7%
New Mexico	119.8	86	6.2%
Iowa	116.2	88	1.1%
Alaska	114.4	89	-1.8%
Nevada	114.4	89	-8.9%
Vermont	112.6	90	-6.3%
Nebraska	110.8	91	13.5%
Rhode Island	110.8	91	9.0%
Arkansas	109.0	92	1.3%
Montana	107.2	93	3.3%
Idaho	105.4	94	1.7%
Indiana	105.4	94	-3.3%
Mississippi	105.4	94	4.3%
Oklahoma	103.6	95	11.8%
South Carolina	103.6	95	-2.8%
Virginia	103.6	95	-8.8%
Georgia	101.8	96	0.5%
Arizona	100.0	97	-2.1%
Tennessee	100.0	97	-0.9%
Texas	100.0	97	-0.6%
Utah	100.0	97	0.2%
Wisconsin	98.2	98	-1.5%
Missouri	96.4	99	0.2%
Ohio	94.6	100	1.5%
West Virginia	94.6	100	5.8%
California	92.8	101	-2.5%
Pennsylvania	92.8	101	0.1%
Connecticut	91.0	102	-5.6%
Florida	91.0	102	0.1%
Illinois	91.0	102	-1.5%
Louisiana	91.0	102	8.6%
Minnesota	91.0	102	4.1%
New Hampshire	91.0	102	7.0%
Oregon	91.0	102	6.7%
Washington	91.0	102	-2.0%
Kansas	89.2	103	8.0%
New York	89.2	103	0.5%
Alabama	87.4	104	10.3%
Colorado	87.4	104	-2.2%
Hawaii	85.6	105	7.5%
Maine	85.6	105	6.5%
Michigan	85.6	105	-3.2%
New Jersey	82.0	107	-1.3%
Maryland	80.2	108	3.6%
Massachusetts	78.4	109	-1.8%

Energy Costs

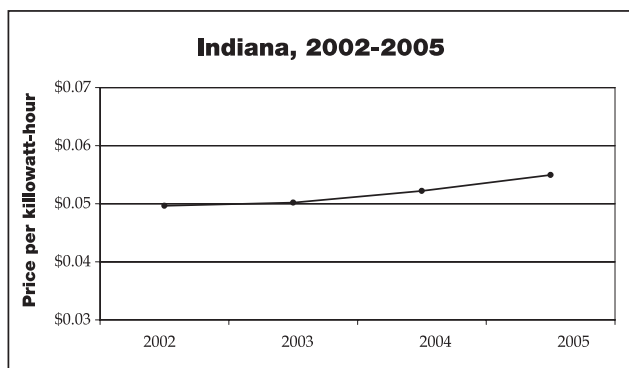
average industrial and commercial energy price per kilowatt-hour

Although of less importance than labor, health insurance and taxes, energy costs are nonetheless a core concern of employers. Like the other metrics in this section, energy prices are also highly variable across states.

The table shows the average of mean industrial and commercial energy prices per kilowatt-hour.

Midwest Performance, 2005

State	Metric	Score
Kentucky	\$0.048	116.6
Indiana	\$0.055	109.8
Illinois	\$0.062	103.1
Ohio	\$0.065	99.8
Wisconsin	\$0.065	99.7
Michigan	\$0.066	99.2



Source: Economy.com, North American Business Cost Review 2006

State	Score	Price per Killowatt-hour	Change, 2002 - 2005 (%)
<i>50-State Average</i>		<i>\$0.072</i>	<i>14.0%</i>
Idaho	118.0	\$0.047	-7.2%
West Virginia	117.7	\$0.047	1.7%
Kentucky	116.6	\$0.048	14.5%
Wyoming	113.9	\$0.051	9.7%
Utah	113.2	\$0.052	9.2%
Nebraska	112.7	\$0.052	9.5%
North Dakota	112.6	\$0.052	6.1%
Missouri	112.4	\$0.052	1.6%
Virginia	112.2	\$0.053	5.1%
Washington	111.7	\$0.053	-3.5%
Arkansas	110.2	\$0.055	12.7%
Indiana	109.8	\$0.055	10.7%
South Dakota	109.0	\$0.056	3.4%
Oregon	108.1	\$0.057	0.3%
Kansas	107.6	\$0.057	5.9%
Iowa	107.3	\$0.058	8.4%
Minnesota	106.8	\$0.058	16.7%
Tennessee	105.4	\$0.060	12.3%
North Carolina	105.4	\$0.060	6.2%
South Carolina	105.2	\$0.060	15.6%
Alabama	104.8	\$0.060	15.0%
Oklahoma	104.3	\$0.061	26.7%
Montana	103.6	\$0.061	22.7%
Illinois	103.1	\$0.062	-0.4%
Georgia	100.2	\$0.065	24.4%
Ohio	99.8	\$0.065	2.8%
Wisconsin	99.7	\$0.065	19.1%
Michigan	99.2	\$0.066	2.7%
Arizona	98.7	\$0.066	6.2%
Colorado	98.2	\$0.067	31.1%
New Mexico	97.9	\$0.067	14.7%
Delaware	96.0	\$0.069	15.1%
Mississippi	95.8	\$0.069	23.3%
Florida	92.0	\$0.073	23.2%
Pennsylvania	91.2	\$0.074	3.2%
Louisiana	88.8	\$0.076	38.1%
Maryland	85.3	\$0.080	54.8%
Texas	85.3	\$0.080	37.7%
Nevada	79.4	\$0.086	5.4%
Maine	75.9	\$0.090	1.0%
Vermont	70.0	\$0.096	0.5%
New Jersey	63.8	\$0.102	22.6%
Alaska	61.4	\$0.104	17.3%
Connecticut	61.0	\$0.105	23.1%
California	58.4	\$0.107	-10.4%
Massachusetts	57.5	\$0.108	17.9%
Rhode Island	57.2	\$0.109	30.8%
New York	52.9	\$0.113	29.0%
New Hampshire	48.2	\$0.118	22.9%
Hawaii	-7.2	\$0.174	38.6%

Worker's Compensation Costs

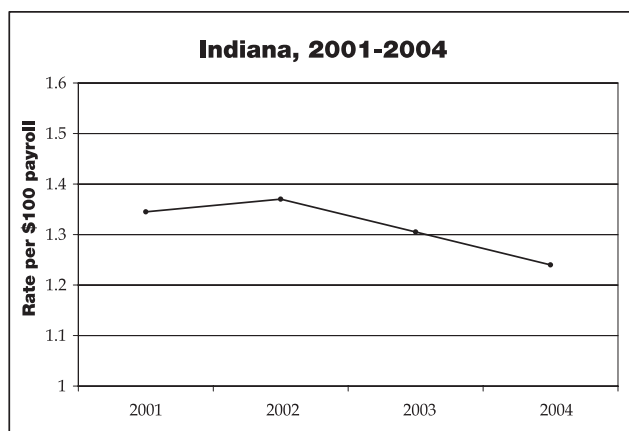
average worker's compensation rate paid per \$100 of payroll, 2004

To a large degree, worker's compensation (WC) costs and unemployment insurance (UI) costs are reflected in unit labor costs. However, businesses do take these into account separately when making relocation and expansion decisions. Also, when firms evaluate state and local taxes, they frequently lump in WC and UI costs.

The table shows the average worker's compensation rate in each state paid per \$100 of payroll.

Midwest Performance, 2004

State	Metric	Score
Indiana	\$1.24	125.9
Wisconsin	\$2.27	105.9
Michigan	\$2.34	104.5
Illinois	\$2.65	98.4
Kentucky	\$3.48	82.3
Ohio	\$3.59	80.1



Source: Oregon Department of Consumer and Business Service, "Oregon Workers' Compensation Premium Rate Ranking"

State	Score	Rate per \$100 of payroll	Change, 2001 - 2004 (%)
<i>50-State Average</i>		\$2.63	16.5%
North Dakota	129.4	\$1.06	-40.8%
Indiana	125.9	\$1.24	-6.1%
Arizona	121.1	\$1.49	-15.8%
Arkansas	119.5	\$1.57	-6.5%
Virginia	119.5	\$1.57	23.6%
Utah	118.3	\$1.63	3.2%
Massachusetts	117.0	\$1.70	-4.0%
Kansas	114.8	\$1.81	16.0%
Iowa	112.9	\$1.91	15.1%
Oregon	110.1	\$2.05	6.2%
South Dakota	110.1	\$2.05	25.8%
Maryland	109.9	\$2.06	30.4%
South Carolina	109.6	\$2.08	37.7%
Nebraska	109.2	\$2.10	29.6%
Georgia	108.4	\$2.14	-11.6%
Mississippi	107.4	\$2.19	4.3%
Washington	107.2	\$2.20	24.3%
Idaho	106.2	\$2.25	6.6%
Wisconsin	105.9	\$2.27	12.9%
North Carolina	104.9	\$2.32	41.5%
Colorado	104.7	\$2.33	-11.7%
Michigan	104.5	\$2.34	-2.5%
New Jersey	103.7	\$2.38	8.7%
Wyoming	102.7	\$2.43	38.9%
New Mexico	100.2	\$2.56	54.2%
Nevada	99.8	\$2.58	-16.8%
Tennessee	99.0	\$2.62	24.8%
West Virginia	98.6	\$2.64	-2.9%
Illinois	98.4	\$2.65	1.1%
Missouri	98.0	\$2.67	18.1%
Minnesota	96.7	\$2.74	14.2%
Pennsylvania	95.1	\$2.82	22.1%
Alabama	94.0	\$2.88	12.5%
New York	92.2	\$2.97	-2.6%
Vermont	91.8	\$2.99	51.0%
Rhode Island	91.4	\$3.01	-5.3%
Oklahoma	90.2	\$3.07	7.7%
Maine	90.1	\$3.08	22.2%
Texas	90.1	\$3.08	1.0%
New Hampshire	87.9	\$3.19	29.2%
Connecticut	87.1	\$3.23	25.2%
Louisiana	84.4	\$3.37	0.3%
Montana	83.6	\$3.41	24.0%
Delaware	83.0	\$3.44	33.3%
Kentucky	82.3	\$3.48	50.0%
Ohio	80.1	\$3.59	24.2%
Hawaii	77.4	\$3.73	24.7%
Florida	68.2	\$4.20	2.9%
Alaska	64.5	\$4.39	101.4%
California	31.6	\$6.08	82.0%

Unemployment Insurance Costs

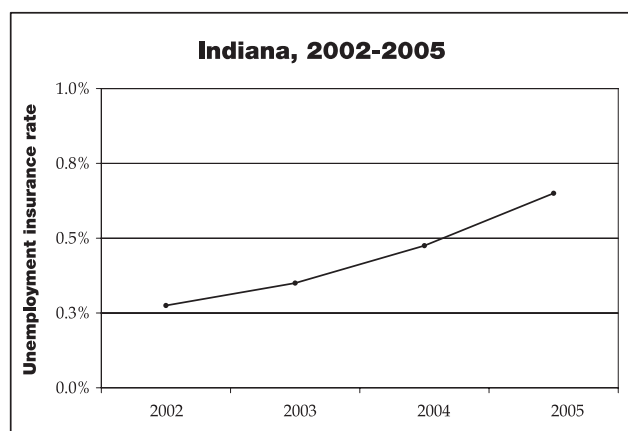
average unemployment insurance rate paid on all income, 2005

To a large degree worker's compensation costs and unemployment insurance costs are reflected in unit labor costs. However, businesses do take these into account separately when making relocation and expansion decisions. Also, when firms evaluate state and local taxes, they frequently lump in WC and UI costs.

The table shows the average unemployment insurance rate in each state paid on total (taxable and non-taxable) wages.

Midwest Performance, 2005

State	Metric	Score
Ohio	0.60%	109.0
Indiana	0.65%	106.5
Kentucky	0.75%	101.3
Michigan	1.03%	87.1
Illinois	1.13%	81.9
Wisconsin	1.70%	52.3



Source: U.S. Department of Labor. Employment and Training Administration, Unemployment Insurance Data Summary

State	Score	Rate	Change, 2002 - 2005 (%)
<i>50-State Average</i>		0.78%	64.3%
Washington	133.5	0.13%	-87.5%
Tennessee	129.7	0.20%	0.0%
Arizona	124.5	0.30%	50.0%
New Mexico	118.1	0.43%	-10.5%
West Virginia	116.8	0.45%	157.1%
Louisiana	116.8	0.45%	20.0%
New Hampshire	115.5	0.48%	137.5%
Florida	114.2	0.50%	66.7%
Delaware	114.2	0.50%	25.0%
Nebraska	111.6	0.55%	100.0%
Missouri	111.6	0.55%	57.1%
Alabama	111.6	0.55%	46.7%
South Dakota	109.0	0.60%	60.0%
Ohio	109.0	0.60%	41.2%
Georgia	109.0	0.60%	500.0%
Mississippi	107.7	0.63%	38.9%
Maine	107.7	0.63%	-37.5%
Colorado	107.7	0.63%	127.3%
Virginia	106.5	0.65%	13.0%
Vermont	106.5	0.65%	136.4%
Utah	106.5	0.65%	85.7%
Texas	106.5	0.65%	52.9%
Maryland	106.5	0.65%	73.3%
Indiana	106.5	0.65%	136.4%
Kentucky	101.3	0.75%	42.9%
Oklahoma	98.7	0.80%	300.0%
New York	98.7	0.80%	28.0%
Nevada	98.7	0.80%	3.2%
Montana	98.7	0.80%	18.5%
Minnesota	97.4	0.83%	106.3%
Iowa	97.4	0.83%	32.0%
North Dakota	96.1	0.85%	30.8%
North Carolina	96.1	0.85%	161.5%
New Jersey	96.1	0.85%	-2.9%
Kansas	96.1	0.85%	70.0%
Hawaii	96.1	0.85%	9.7%
California	94.8	0.88%	84.2%
Wyoming	93.5	0.90%	5.9%
Idaho	93.5	0.90%	16.1%
Connecticut	93.5	0.90%	71.4%
Arkansas	93.5	0.90%	38.5%
Michigan	87.1	1.03%	51.9%
Pennsylvania	84.5	1.08%	26.5%
Illinois	81.9	1.13%	114.3%
Rhode Island	78.1	1.20%	-5.9%
Massachusetts	75.5	1.25%	85.2%
South Carolina	74.2	1.28%	21.4%
Oregon	56.1	1.63%	51.2%
Wisconsin	52.3	1.70%	47.8%
Alaska	49.7	1.75%	14.8%

Business Taxes

state and local business taxes per dollar of private economic activity, 2005

Taxes, typically highly varied across states, are a key component of states' competitive positions. This is especially true for taxes levied on businesses. A business-friendly tax policy helps to attract firms; a tax structure that is relatively punitive to businesses can slowly drive firms away to competitor states.

The table shows the share of state and local business taxes in private sector gross domestic product.

Midwest Performance, 2005

State	Metric	Score
Michigan	4.3%	107.4
Kentucky	4.4%	105.9
Wisconsin	4.4%	105.9
Indiana	4.5%	104.4
Ohio	4.7%	101.5
Illinois	5.3%	92.6

Source: Cline, R., Neubig, T., Philips, A. and Fox, W., 2006. "Total State and Local Business Taxes: Nationally 1980-2005 and by State 2002-2005." Ernst & Young, prepared for the Council On State Taxation

State	Score	Percent	Change, 2000 - 2005 (%)
<i>50-State Average</i>		5.1%	10.1%
Delaware	116.3	3.7%	-13.5%
North Carolina	116.3	3.7%	15.8%
Virginia	116.3	3.7%	3.9%
Oregon	114.8	3.8%	19.9%
Connecticut	113.3	3.9%	-5.3%
Missouri	113.3	3.9%	8.4%
Utah	113.3	3.9%	16.2%
Georgia	111.8	4.0%	16.0%
Massachusetts	111.8	4.0%	14.3%
Colorado	110.4	4.1%	15.8%
Alabama	108.9	4.2%	5.3%
Arkansas	107.4	4.3%	1.1%
Idaho	107.4	4.3%	7.5%
Iowa	107.4	4.3%	-2.6%
Michigan	107.4	4.3%	-3.4%
Kentucky	105.9	4.4%	8.0%
South Carolina	105.9	4.4%	8.7%
Wisconsin	105.9	4.4%	4.4%
Indiana	104.4	4.5%	28.3%
New Jersey	104.4	4.5%	7.8%
Tennessee	104.4	4.5%	8.6%
Nevada	103.0	4.6%	11.2%
Maryland	101.5	4.7%	25.0%
Ohio	101.5	4.7%	14.5%
California	100.0	4.8%	23.2%
Pennsylvania	100.0	4.8%	9.2%
Arizona	98.5	4.9%	5.3%
Minnesota	98.5	4.9%	18.0%
New Hampshire	95.6	5.1%	7.3%
Rhode Island	94.1	5.2%	-1.2%
South Dakota	94.1	5.2%	5.8%
Illinois	92.6	5.3%	14.8%
Florida	91.1	5.4%	10.3%
Hawaii	91.1	5.4%	9.4%
Montana	91.1	5.4%	-19.0%
Nebraska	91.1	5.4%	18.3%
Kansas	89.6	5.5%	22.4%
Oklahoma	89.6	5.5%	14.1%
Vermont	89.6	5.5%	0.8%
Texas	88.2	5.6%	21.9%
New York	86.7	5.7%	13.9%
Mississippi	85.2	5.8%	12.8%
Washington	85.2	5.8%	2.0%
Maine	83.7	5.9%	-7.9%
Louisiana	79.3	6.2%	26.3%
New Mexico	77.8	6.3%	10.4%
North Dakota	73.4	6.6%	5.8%
West Virginia	73.4	6.6%	4.7%
Alaska	33.4	9.3%	6.2%
Wyoming	29.0	9.6%	55.2%

Business Tax Structure

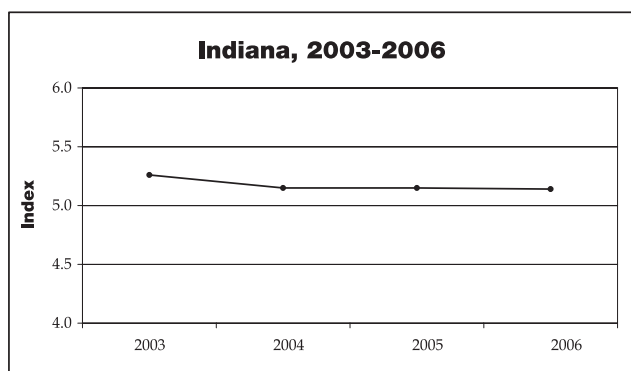
Tax Foundation Corporate Tax Index, 2006

This metric is published by the Tax Foundation in its annual State Business Tax Climate Index. The score maximum is 10. The fewer the distortions, the simpler the tax structure, the broader base and the lower the rates, the higher the score. The Tax Foundation believes the severity of a state's upper tax rate affects firms' willingness to invest.

The Corporate Tax Index is made up of two sub-indexes - the tax rate sub-index which is determined using the top business tax rate and the number and width of tax brackets, and the tax base sub-index, which is determined by the treatment of net operating losses and conformity to uniform standards.

Midwest Performance, 2006

State	Metric	Score
Indiana	5.14	103.0
Illinois	4.93	98.8
Wisconsin	4.88	97.8
Ohio	4.46	89.2
Kentucky	4.37	87.4
Michigan	3.45	68.8



Source: Tax Foundation, State Business Tax Climate Index 2006, Corporate Tax Index

State	Score	Index	Change, 2003 - 2006 (%)
<i>50-State Average</i>		5.30	-0.1%
Wyoming	201.6	10.00	0.0%
South Dakota	201.6	10.00	0.0%
Nevada	201.6	10.00	0.0%
Utah	124.7	6.21	2.7%
Virginia	123.7	6.16	2.7%
Georgia	119.7	5.96	3.6%
Maryland	118.7	5.91	2.2%
Mississippi	117.4	5.85	3.0%
Hawaii	117.2	5.84	3.0%
Missouri	116.6	5.81	3.0%
South Carolina	116.2	5.79	8.8%
Tennessee	114.8	5.72	3.4%
Oklahoma	114.4	5.70	3.1%
Florida	114.0	5.68	2.2%
Colorado	112.6	5.61	-6.5%
Montana	111.8	5.57	6.1%
Texas	106.9	5.33	0.7%
Louisiana	106.3	5.30	3.9%
Idaho	105.1	5.24	-1.9%
Oregon	104.3	5.20	0.0%
Alabama	104.1	5.19	1.9%
Indiana	103.0	5.14	1.6%
New York	101.6	5.07	1.6%
Arizona	101.4	5.06	0.8%
West Virginia	100.0	4.99	1.0%
North Carolina	100.0	4.99	-0.8%
Alaska	99.8	4.98	-1.2%
Connecticut	99.6	4.97	0.8%
North Dakota	99.4	4.96	0.0%
Vermont	98.8	4.93	1.8%
Illinois	98.8	4.93	-0.4%
Wisconsin	97.8	4.88	4.4%
Washington	96.6	4.82	2.9%
Nebraska	92.9	4.64	-7.7%
Rhode Island	91.7	4.58	5.7%
Arkansas	90.9	4.54	-1.9%
New Mexico	90.7	4.53	3.9%
Kansas	90.3	4.51	2.5%
Ohio	89.2	4.46	29.2%
New Jersey	88.6	4.43	-7.5%
California	88.6	4.43	-0.9%
Pennsylvania	87.6	4.38	-3.2%
Kentucky	87.4	4.37	-14.7%
Maine	87.0	4.35	-4.4%
Minnesota	85.8	4.29	-4.1%
Iowa	84.8	4.24	-11.8%
Massachusetts	82.6	4.13	-9.9%
Delaware	80.3	4.02	-4.4%
New Hampshire	77.1	3.86	1.8%
Michigan	68.8	3.45	-32.2%

Metro Office Rents Index

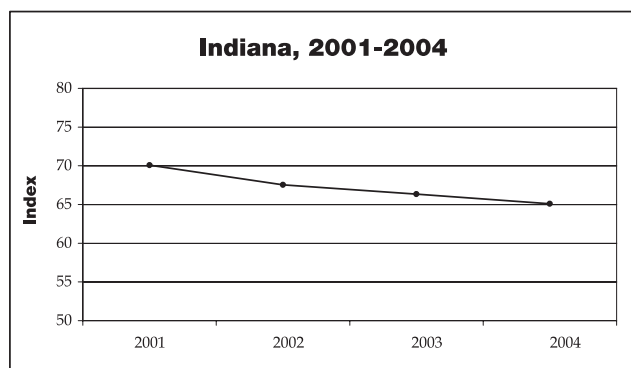
state population-weighted Metro Office Rents Index average, 2004

For firms considering relocation or expansion, occupancy costs invariably rank third or fourth as a site location factor, below transportation access and labor access, quality and cost. Rents for office and industrial space are difficult to average statewide and are unavailable for many parts of states. The best method of comparison is to use regularly reported rents for major metro areas in each state.

The table lists the average office rent index for rents in metropolitan areas in each state relative to the nation's average rate. The raw metro-area data, provided by economy.com, have been averaged with weighting based on the metro areas' population.

Midwest Performance, 2004

State	Metric	Score
Indiana	65.1	109.9
Kentucky	68.5	106.0
Wisconsin	70.6	103.6
Michigan	73.5	100.2
Ohio	74.9	98.6
Illinois	97.1	73.2



Source: Economy.com, North American Business Cost Review 2006

State	Score	Index	Change, 2001 - 2004 (%)
<i>50-State Average</i>			-3.9%
Delaware	131.8	46.0	-24.6%
Alaska	130.6	47.0	-0.6%
North Dakota	123.7	53.0	-6.2%
Oklahoma	121.2	55.2	-5.2%
Montana	120.8	55.6	-0.6%
Kansas	115.6	60.1	-5.6%
Iowa	113.9	61.6	-4.5%
Louisiana	113.2	62.2	-4.7%
Indiana	109.9	65.1	-7.1%
West Virginia	109.5	65.5	-14.7%
Alabama	108.8	66.0	-4.8%
South Dakota	107.5	67.2	-5.6%
Arkansas	106.9	67.7	-0.9%
Vermont	106.5	68.0	-7.3%
Kentucky	106.0	68.5	-3.9%
Wyoming	104.2	70.0	-0.4%
Colorado	104.0	70.3	-0.4%
Virginia	103.7	70.5	-1.1%
Wisconsin	103.6	70.6	-5.2%
Texas	103.5	70.6	-2.7%
South Carolina	103.3	70.8	9.1%
Tennessee	102.8	71.2	-5.5%
Maine	101.5	72.4	-14.4%
Idaho	101.3	72.6	-4.5%
Michigan	100.2	73.5	-7.3%
Nebraska	99.8	73.9	-5.5%
New Mexico	99.7	73.9	-0.1%
Oregon	99.3	74.3	17.8%
Ohio	98.6	74.9	-6.8%
Mississippi	96.9	76.4	-3.5%
Missouri	92.8	80.0	-7.3%
Maryland	92.0	80.7	0.4%
Rhode Island	91.6	81.0	-7.7%
North Carolina	91.4	81.2	-1.9%
Washington	90.5	82.0	4.3%
Connecticut	86.4	85.6	-6.6%
Arizona	85.9	86.0	-2.2%
Florida	84.6	87.1	0.6%
Georgia	84.4	87.3	-2.4%
Utah	84.4	87.3	-5.4%
Pennsylvania	81.7	89.7	-5.5%
Minnesota	76.3	94.4	-6.4%
New Jersey	74.5	95.9	-12.8%
Illinois	73.2	97.1	-6.6%
Nevada	63.8	105.3	-0.7%
California	63.7	105.3	0.0%
Massachusetts	52.8	114.8	-6.2%
New Hampshire	41.2	125.0	(n/a)
Hawaii	30.9	134.0	-0.6%
New York	29.3	135.40	4.9%

Health Care Premiums

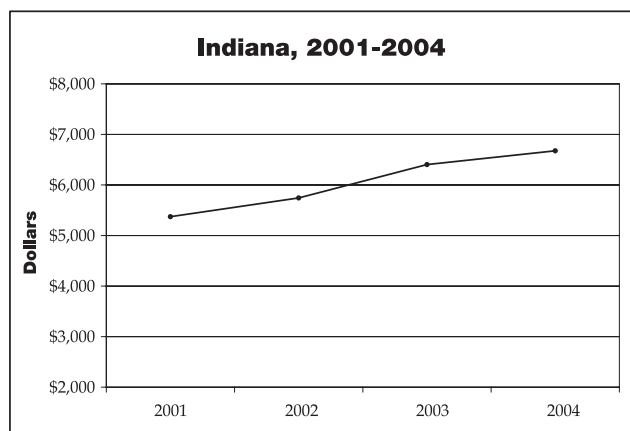
unweighted average of mean single and family premiums for medium and larger businesses, 2004

As health care costs continue to escalate, the cost of employer-provided health is increasingly becoming a concern for employers. The variation of these costs from state to state often receives scant attention. But health care insurance costs can be a significant determinant of firms' willingness to locate to or remain in a given state.

The table is an unweighted average of total single and family health insurance premiums across all plan types for businesses with 100 or more employees.

Midwest Performance, 2004

State	Metric	Score
Indiana	\$6,675	102.6
Ohio	\$6,706	101.7
Wisconsin	\$6,723	101.1
Kentucky	\$6,819	98.1
Michigan	\$6,859	96.9
Illinois	\$7,346	81.7



Source: U.S. Department of Health and Human Services, Agency for Healthcare Research and Quality, Medical Expenditure Panel Survey

State	Score	Average Premium	Change, 2001 - 2004 (%)
<i>50-State Average</i>		\$6,788	31%
North Dakota	133.9	\$5,676	(n/a)
Utah	131.4	\$5,756	6%
Hawaii	128.3	\$5,857	16%
Arkansas	124.9	\$5,964	18%
South Dakota	122.2	\$6,049	(n/a)
Mississippi	114.2	\$6,305	25%
Oklahoma	113.9	\$6,317	37%
Georgia	113.6	\$6,326	22%
Arizona	113.5	\$6,327	25%
Missouri	113.0	\$6,346	36%
Kansas	110.4	\$6,428	(n/a)
California	109.7	\$6,450	30%
Idaho	108.5	\$6,487	40%
New Mexico	107.8	\$6,510	(n/a)
Montana	107.5	\$6,521	(n/a)
Wyoming	104.8	\$6,605	(n/a)
Pennsylvania	104.1	\$6,629	30%
West Virginia	103.6	\$6,646	(n/a)
Texas	102.7	\$6,675	28%
Indiana	102.6	\$6,675	24%
North Carolina	101.9	\$6,697	37%
Ohio	101.7	\$6,706	34%
Alabama	101.2	\$6,723	33%
Wisconsin	101.1	\$6,723	26%
Maryland	100.8	\$6,733	26%
Nebraska	99.2	\$6,786	(n/a)
Louisiana	98.7	\$6,801	33%
Kentucky	98.1	\$6,819	38%
Michigan	96.9	\$6,859	31%
Iowa	96.6	\$6,868	39%
New York	96.1	\$6,885	22%
Virginia	95.5	\$6,905	37%
South Carolina	94.2	\$6,944	32%
Rhode Island	93.8	\$6,957	26%
Nevada	92.4	\$7,003	39%
Oregon	92.2	\$7,008	41%
Minnesota	90.4	\$7,066	34%
Florida	88.6	\$7,122	34%
Colorado	87.7	\$7,151	38%
Massachusetts	87.3	\$7,164	27%
Washington	86.9	\$7,178	44%
Alaska	84.8	\$7,244	15%
Illinois	81.7	\$7,346	39%
Connecticut	81.0	\$7,366	22%
Delaware	78.8	\$7,435	38%
Tennessee	75.9	\$7,530	54%
Vermont	73.8	\$7,597	36%
Maine	72.9	\$7,624	37%
New Hampshire	69.1	\$7,748	(n/a)
New Jersey	65.5	\$7,863	41%

Productivity and Labor Supply

Midwest Performance

	2006	2004	2002	2000
Illinois	D+	C	C+	C
Michigan	D	D+	C	C-
Ohio	D	D+	C-	C-
Indiana	D	D+	C-	D+
Wisconsin	D-	D	C-	D+
Kentucky	D-	D	D+	D

Other Manufacturing Competitors

	2006	2004	2002	2000
North Carolina	D+	C-	C	C-
Oregon	D+	C-	C	C
New Hampshire	D	D+	C-	D+
Ohio	D	D+	C-	C-
Indiana	D	D+	C-	D+
Iowa	D	D	D+	D+

State	2006	2004	2002	2000
Delaware	A+	A+	A+	A-
Louisiana	B	B	C+	B-
New Mexico	B-	A	C+	A+
Connecticut	C+	B+	A-	B
New York	C+	B	A-	B-
Wyoming	C+	C-	C	C
New Jersey	C	B	A-	B
Massachusetts	C	B-	B	B
Texas	C	C+	C+	C+
Washington	C	C+	B-	C+
California	C-	C+	B-	B-
Maryland	C-	C	B-	C
Virginia	C-	C	B-	C+
Nevada	C-	C-	C	D+
Illinois	D+	C	C+	C
Alaska	D+	C	C	C-
North Carolina	D+	C-	C	C-
Colorado	D+	C-	C+	C
Oregon	D+	C-	C	C
Arizona	D+	C-	B-	B
Rhode Island	D+	C-	C-	D+
Pennsylvania	D+	C-	C	C-
Minnesota	D	C-	C	C-
Georgia	D	D+	C	C-
Florida	D	D+	C-	D+
Michigan	D	D+	C	C-
New Hampshire	D	D+	C-	D+
Idaho	D	D+	D	C-
Ohio	D	D+	C-	C-
Hawaii	D	D-	D+	D+
Tennessee	D	D+	D+	D
Indiana	D	D+	C-	D+
Missouri	D	D	C-	D+
Iowa	D	D	D+	D+
Utah	D	D	D+	D+
Wisconsin	D-	D	C-	D+
Vermont	D-	D-	D+	D+
West Virginia	D-	D-	D	D
Kentucky	D-	D	D+	D
Kansas	D-	D-	D+	D
Oklahoma	D-	D-	D	D-
South Carolina	D-	D-	D+	D
Alabama	D-	D-	D	D-
South Dakota	D-	D-	D+	D
Nebraska	D-	D-	D	D-
Maine	D-	D-	D	D
North Dakota	D-	F	D-	D-
Arkansas	D-	F	D-	F
Montana	F	F	F	F
Mississippi	F	F	F	F

Net Migration Rate

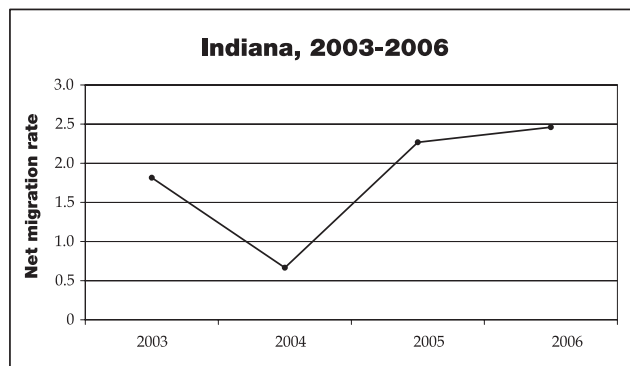
net migration per 1,000 residents, 2006

The net migration rate measures the difference between domestic and international in-migration to and out-migration from the same area during a time period. It is an overall indicator of the attractiveness of the state as individuals vote with their feet on what they consider a preferable living and working environment.

The table shows the net migration during a time period as a percentage of a state's population at the midpoint of the time period.

Midwest Performance, 2006

State	Metric	Score
Kentucky	3.7	101.3
Indiana	2.5	98.8
Wisconsin	1.0	95.8
Illinois	-0.6	92.8
Ohio	-3.0	87.9
Michigan	-4.2	85.5



State	Score	Net Migration	Change, 2003 - 2006 (Absolute)
<i>50-State Average</i>		4.0	-0.2
Arizona	148.6	27.2	9.8
Nevada	148.5	27.2	0.3
Idaho	129.5	17.7	7.9
Georgia	129.0	17.5	9.1
North Carolina	125.4	15.7	7.9
Texas	124.2	15.1	7.7
Florida	123.9	14.9	-1.7
Oregon	120.3	13.1	5.4
South Carolina	120.2	13.1	6.2
Washington	116.1	11.0	5.9
Colorado	116.1	11.0	8.6
Tennessee	114.2	10.1	4.8
Utah	113.6	9.8	10.9
Delaware	112.0	9.0	-0.9
Arkansas	111.0	8.5	4.5
Alabama	110.1	8.1	5.9
Montana	109.1	7.6	1.9
New Mexico	108.7	7.4	1.6
Wyoming	107.5	6.7	5.7
Oklahoma	105.0	5.5	4.4
Virginia	102.9	4.5	-2.4
Missouri	101.4	3.7	1.2
Kentucky	101.3	3.7	0.0
South Dakota	101.1	3.6	2.6
New Hampshire	100.5	3.3	-3.5
Hawaii	99.5	2.8	-1.3
West Virginia	99.1	2.6	-1.2
Indiana	98.8	2.5	0.6
Iowa	97.7	1.9	2.7
Minnesota	97.2	1.7	0.1
Pennsylvania	96.9	1.5	-0.8
Maine	96.9	1.5	-7.0
Wisconsin	95.8	1.0	-1.4
Vermont	94.2	0.2	-2.7
Kansas	94.0	0.0	1.2
Alaska	93.5	-0.2	-2.1
Illinois	92.8	-0.6	0.3
California	92.7	-0.6	-5.8
Nebraska	92.4	-0.8	-1.5
Connecticut	92.4	-0.8	-5.4
Maryland	92.3	-0.8	-5.9
North Dakota	89.9	-2.0	1.3
New Jersey	89.6	-2.1	-4.8
Ohio	87.9	-3.0	-1.9
Massachusetts	87.8	-3.0	-0.4
Michigan	85.5	-4.2	-4.1
Mississippi	85.3	-4.3	-4.7
New York	83.3	-5.3	-2.8
Rhode Island	77.1	-8.3	-12.8
Louisiana	-11.5	-52.4	-50.9

Labor Force Participation Rate

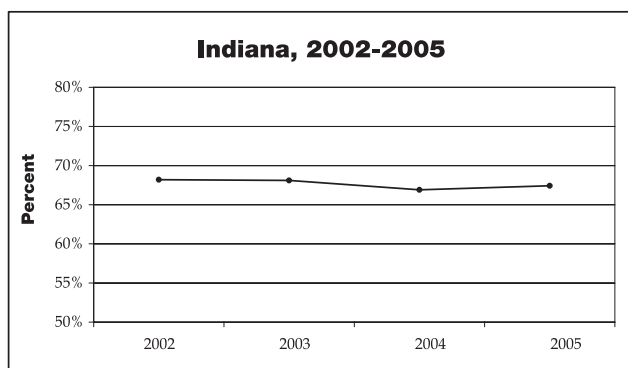
percent of non-institutionalized population in the labor force, 2005

The labor force participation rate is an indicator of the available workforce and the labor pool that is looking for work. A declining participation rate implies less potential income earners and therefore less spending in the state, slowing down economic growth.

The table shows the share of the non-institutionalized civilian population that is working or unemployed.

Midwest Performance, 2005

State	Metric	Score
Wisconsin	70.4%	114.8
Indiana	67.4%	102.2
Illinois	66.7%	99.1
Ohio	66.6%	98.8
Michigan	65.6%	94.5
Kentucky	62.1%	79.8



State	Score	Participation Rate	Change, 2002 - 2005 (%)
<i>50-State Average</i>		67.0%	-0.4%
Minnesota	129.5	74.0%	-2.3%
Nebraska	127.0	73.4%	0.2%
South Dakota	124.9	72.9%	-0.7%
Colorado	122.4	72.3%	0.6%
Alaska	120.0	71.7%	-0.3%
North Dakota	119.9	71.7%	1.8%
Utah	119.2	71.5%	0.2%
Iowa	118.3	71.3%	-2.6%
Wyoming	118.2	71.3%	1.1%
New Hampshire	117.4	71.1%	-0.5%
Vermont	116.2	70.8%	-0.7%
Kansas	115.7	70.7%	2.0%
Wisconsin	114.8	70.4%	-2.6%
Virginia	108.7	69.0%	0.7%
Maryland	108.3	68.9%	-1.9%
Idaho	108.3	68.9%	-0.5%
Georgia	103.7	67.8%	0.1%
Washington	103.4	67.7%	0.8%
Missouri	102.6	67.5%	-2.3%
Rhode Island	102.5	67.5%	1.8%
Indiana	102.2	67.4%	-1.1%
Texas	100.8	67.1%	-1.1%
Maine	100.4	67.0%	0.9%
Connecticut	100.2	66.9%	-1.0%
Massachusetts	100.1	66.9%	-3.2%
Delaware	99.9	66.9%	-1.7%
Illinois	99.1	66.7%	-0.5%
Ohio	98.8	66.6%	-0.6%
Nevada	98.7	66.6%	-4.0%
Montana	98.5	66.5%	1.3%
Hawaii	97.4	66.3%	1.2%
New Jersey	97.3	66.2%	-0.1%
North Carolina	96.2	66.0%	-0.9%
California	95.0	65.7%	-1.5%
Michigan	94.5	65.6%	0.3%
Oregon	93.4	65.3%	-3.2%
Pennsylvania	90.2	64.6%	-1.4%
Oklahoma	89.7	64.4%	-0.3%
Arizona	88.5	64.2%	-3.1%
South Carolina	87.9	64.0%	2.3%
New Mexico	87.8	64.0%	0.8%
Arkansas	87.4	63.9%	2.4%
New York	83.3	62.9%	-0.5%
Tennessee	83.0	62.8%	-4.5%
Florida	81.2	62.4%	-0.2%
Kentucky	79.8	62.1%	0.4%
Louisiana	79.3	61.9%	3.0%
Mississippi	77.3	61.5%	1.1%
Alabama	76.2	61.2%	-0.2%
West Virginia	50.0	54.9%	-1.9%

Gross State Product per Job

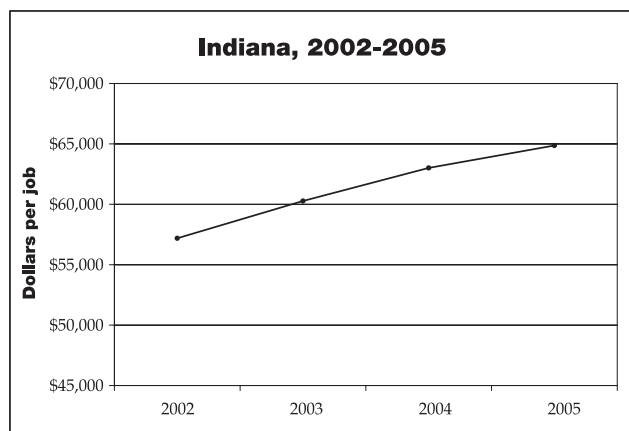
gross state product per job, 2005

Measuring productivity in exact fashion is, unfortunately, a very difficult task at the state level. No single measure is available for the total output per hour worked in all industries at the state level. However, one crude but telling way to estimate productivity is to divide a state's total economic output by its total number of jobs.

The table shows the nominal gross state product – the total value of goods and services produced in a state – per job held in 2005.

Midwest Performance, 2005

State	Metric	Score
Illinois	\$75,457	113.9
Michigan	\$68,519	103.8
Ohio	\$65,138	98.9
Indiana	\$64,868	98.5
Wisconsin	\$61,583	93.7
Kentucky	\$58,960	89.9



Source: U.S. Bureau of Economic Analysis, Regional Economic Accounts

State	Score	Dollars per Job	Change, 2002 - 2005 (%)
<i>50-State Average</i>		\$67,132	14.9%
Delaware	153.9	\$102,987	14.4%
Alaska	136.8	\$91,228	28.6%
New York	134.3	\$89,537	13.5%
Connecticut	134.2	\$89,482	14.1%
New Jersey	129.5	\$86,196	11.1%
Massachusetts	120.3	\$79,862	14.2%
California	118.9	\$78,891	15.7%
Wyoming	114.8	\$76,098	30.8%
Illinois	113.9	\$75,457	12.8%
Texas	113.3	\$75,045	18.5%
Virginia	112.6	\$74,602	15.9%
Maryland	111.1	\$73,573	14.0%
Nevada	109.4	\$72,387	16.1%
Rhode Island	108.8	\$71,977	14.9%
Washington	108.8	\$71,945	9.6%
Colorado	106.5	\$70,359	13.6%
Georgia	106.1	\$70,095	11.8%
Michigan	103.8	\$68,519	7.4%
Pennsylvania	103.5	\$68,316	12.3%
Louisiana	102.3	\$67,510	21.2%
North Carolina	102.2	\$67,407	10.9%
Minnesota	101.1	\$66,668	12.9%
Arizona	101.1	\$66,667	11.6%
New Hampshire	101.0	\$66,633	14.6%
Florida	100.9	\$66,510	17.1%
Oregon	99.1	\$65,331	16.7%
New Mexico	98.9	\$65,169	22.6%
Ohio	98.9	\$65,138	11.8%
Indiana	98.5	\$64,868	13.4%
Hawaii	97.7	\$64,324	14.0%
Tennessee	95.0	\$62,449	12.5%
Wisconsin	93.7	\$61,583	11.4%
Missouri	92.1	\$60,455	11.4%
Alabama	90.9	\$59,662	15.0%
Utah	90.7	\$59,511	14.2%
South Carolina	90.1	\$59,138	9.9%
West Virginia	90.1	\$59,105	16.0%
Kentucky	89.9	\$58,960	11.9%
Kansas	89.3	\$58,540	15.9%
Oklahoma	88.8	\$58,211	20.2%
Iowa	88.6	\$58,103	13.7%
South Dakota	88.1	\$57,722	13.5%
Nebraska	88.0	\$57,698	13.6%
Arkansas	85.2	\$55,732	15.5%
Maine	83.9	\$54,856	13.5%
Vermont	83.6	\$54,608	14.4%
Idaho	83.2	\$54,327	18.9%
Mississippi	81.6	\$53,277	15.2%
North Dakota	78.6	\$51,194	16.2%
Montana	75.0	\$48,687	18.3%

Value Added in Manufacturing per Hour

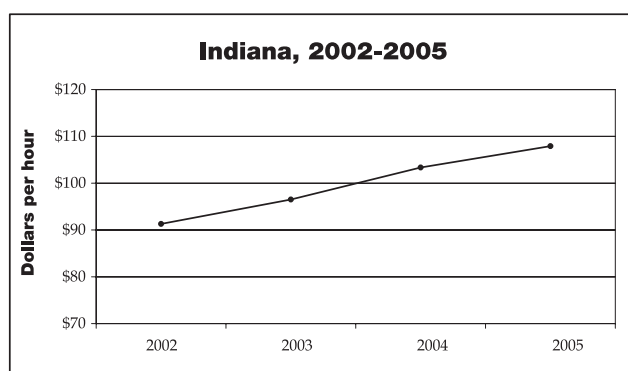
value added in manufacturing per production hour, 2005

The productivity of our workforce is key to our state's competitiveness. Because of the importance of manufacturing to Michigan and its Midwest competitors, manufacturing productivity plays a central role. One way to measure productivity is to calculate value added, which is the difference between the value of manufacturing inputs and the resultant outputs, per hour worked. This measure is less sensitive to business cycles and varying labor market structures than output per worker. Value added also tells something besides productivity: a low-value added manufacturing base cannot pay high wages for long and remain competitive.

The figures shown here are value added per production hour worked in manufacturing industries in 2005.

Midwest Performance, 2005

State	Metric	Score
Illinois	\$109.4	101.3
Indiana	\$107.9	100.0
Ohio	\$106.4	98.7
Kentucky	\$100.6	93.5
Michigan	\$97.9	91.0
Wisconsin	\$96.4	89.7



Source: U.S. Census Bureau, "Annual Survey of Manufacturers, Geographic Area Statistics"

State	Score	Dollars per Hour	Change, 2002 - 2005 (%)
<i>50-State Average</i>		\$125.0	35.8%
New Mexico	250.0	\$473.6	264.3%
Louisiana	250.0	\$323.4	151.1%
Delaware	238.4	\$262.8	166.0%
Wyoming	178.5	\$195.7	89.7%
Texas	141.5	\$154.4	46.2%
Washington	135.2	\$147.4	39.0%
Idaho	128.1	\$139.4	71.0%
Oregon	124.2	\$135.0	29.9%
Massachusetts	119.2	\$129.4	21.3%
Connecticut	119.0	\$129.2	17.2%
New Jersey	116.2	\$126.0	14.1%
North Carolina	113.9	\$123.5	31.1%
Maryland	112.7	\$122.1	16.7%
Nevada	112.6	\$122.0	46.7%
New York	111.4	\$120.7	20.1%
California	111.0	\$120.2	21.8%
Iowa	107.5	\$116.3	19.4%
Virginia	106.9	\$115.6	10.7%
Arizona	106.1	\$114.7	-9.0%
Vermont	104.2	\$112.6	24.0%
Pennsylvania	102.7	\$111.0	21.1%
Montana	101.4	\$109.4	73.7%
Illinois	101.3	\$109.4	22.3%
Indiana	100.0	\$107.9	18.2%
Tennessee	100.0	\$107.9	33.5%
Colorado	100.0	\$107.9	14.2%
Missouri	99.8	\$107.7	19.6%
Ohio	98.7	\$106.4	19.6%
Minnesota	98.1	\$105.8	22.7%
Utah	97.1	\$104.7	22.6%
Hawaii	95.8	\$103.2	42.8%
West Virginia	95.1	\$102.5	30.4%
North Dakota	95.1	\$102.4	25.4%
Oklahoma	94.4	\$101.6	28.3%
Kentucky	93.5	\$100.6	19.1%
Florida	93.3	\$100.4	15.5%
Michigan	91.0	\$97.9	9.0%
Wisconsin	89.7	\$96.4	11.3%
Maine	89.2	\$95.8	29.3%
New Hampshire	89.0	\$95.6	19.1%
Georgia	89.0	\$95.6	11.1%
Rhode Island	88.3	\$94.8	31.3%
South Carolina	87.7	\$94.1	7.5%
Kansas	86.4	\$92.7	12.1%
Alaska	84.7	\$90.7	28.2%
Alabama	84.4	\$90.4	38.4%
Nebraska	83.6	\$89.5	28.1%
Arkansas	82.9	\$88.7	35.1%
South Dakota	82.5	\$88.3	-3.6%
Mississippi	61.0	\$64.3	10.8%

Service Industry Gross State Product per Job

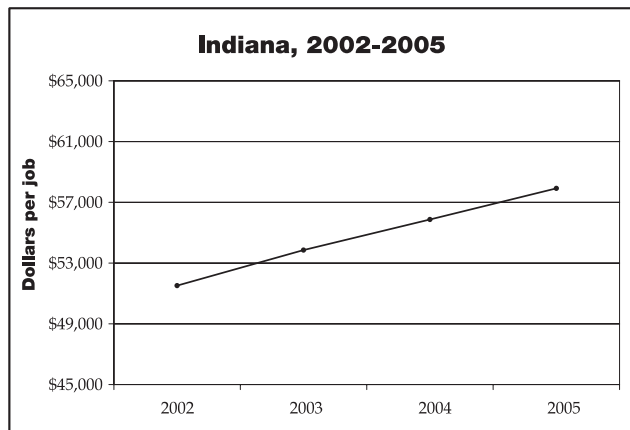
service-providing industries
GSP per job, 2005

The Annual Survey of Manufacturers, performed by the U.S. Census Bureau, provides annual data on states' manufacturing sectors, but no comparable data is collected for service-providing industries, including distribution, retail, transportation services, finance, health, education, business services and non-profit organizations. The best measure of service productivity that is annually available is the gross state product of service-producing industries per service job.

The table gives the gross state product of all private service-producing industries in 2005, divided by service-producing jobs.

Midwest Performance, 2005

State	Metric	Score
Illinois	\$76,013	120.4
Michigan	\$66,566	106.3
Ohio	\$62,001	99.4
Wisconsin	\$59,570	95.8
Indiana	\$57,919	93.3
Kentucky	\$55,494	89.7



Source: U.S. Bureau of Economic Analysis, Regional Economic Accounts

State	Score	Dollars per Job	Change, 2002 - 2005 (%)
<i>50-State Average</i>		\$65,883	12.7%
Delaware	183.2	\$117,917	16.2%
New York	149.6	\$95,466	12.8%
Connecticut	147.2	\$93,926	13.9%
New Jersey	138.7	\$88,192	11.0%
California	128.5	\$81,384	14.6%
Massachusetts	127.2	\$80,573	13.3%
Illinois	120.4	\$76,013	11.1%
Virginia	119.7	\$75,525	17.2%
Washington	119.1	\$75,127	8.0%
Maryland	117.6	\$74,128	15.0%
Nevada	117.0	\$73,710	17.7%
Rhode Island	116.1	\$73,170	14.5%
Colorado	112.2	\$70,521	10.1%
Georgia	112.2	\$70,513	11.6%
Texas	111.3	\$69,955	11.7%
Alaska	110.7	\$69,517	8.4%
New Hampshire	109.7	\$68,890	13.4%
Minnesota	108.9	\$68,325	12.7%
Florida	107.5	\$67,369	17.3%
Pennsylvania	107.0	\$67,080	12.8%
Arizona	106.3	\$66,568	13.7%
Michigan	106.3	\$66,566	8.5%
North Carolina	105.5	\$66,060	11.8%
Hawaii	103.4	\$64,694	13.3%
Tennessee	100.6	\$62,787	12.6%
Ohio	99.4	\$62,001	11.2%
South Dakota	97.5	\$60,741	13.0%
Missouri	96.9	\$60,320	10.6%
Wisconsin	95.8	\$59,570	11.2%
Wyoming	95.7	\$59,545	16.6%
Kansas	95.3	\$59,280	14.0%
Oregon	95.2	\$59,209	10.2%
Utah	95.1	\$59,094	13.6%
Indiana	93.3	\$57,919	12.4%
Nebraska	93.2	\$57,833	13.4%
Alabama	93.1	\$57,804	10.9%
Louisiana	91.4	\$56,684	9.6%
South Carolina	90.9	\$56,298	10.6%
Kentucky	89.7	\$55,494	9.8%
Maine	89.1	\$55,107	11.6%
West Virginia	88.8	\$54,915	12.2%
Vermont	88.3	\$54,615	13.7%
Arkansas	88.2	\$54,522	12.7%
New Mexico	87.8	\$54,270	9.7%
Iowa	87.8	\$54,260	11.7%
Mississippi	87.2	\$53,852	11.4%
Idaho	87.1	\$53,781	17.1%
Oklahoma	86.3	\$53,240	12.9%
North Dakota	84.3	\$51,893	14.6%
Montana	78.3	\$47,906	14.8%

Government and Regulation

A state must find the right mix of size, taxing power, program and expenditure to provide high return on investment in public assets and services, while at the same time interfering minimally in the day-to-day dealings of the marketplace. The chosen metrics attempt to measure the size of government as well as performance.

Next to tax policy, regulatory policy is probably the most important aspect of business climate. The metrics chosen attempt to measure outcomes from regulation, rather than regulatory practices per se. Specific areas of regulation, such as environmental regulation, deserve further research.

Midwest Performance

	2006	2004	2002	2000
Indiana	B+	B+	B	A+
Ohio	C+	C+	C	A+
Michigan	C	C	C-	B
Wisconsin	C	C	C-	C+
Kentucky	C	C	D+	B-
Illinois	F	D-	D	C

Other Manufacturing Competitors

	2006	2004	2002	2000
New Hampshire	A-	A-	B+	A+
Indiana	B+	B+	B	A+
Iowa	B	B	C+	B+
North Carolina	C+	C+	C+	A-
Oregon	C	C	C	B
South Carolina	C	C	C	A-

State	2006	2004	2002	2000
Delaware	A+	A+	A+	B+
South Dakota	A	A-	B	A
North Dakota	A-	B+	B-	A+
New Hampshire	A-	A-	B+	A+
Idaho	B+	B+	B-	B+
Wyoming	B+	B+	C+	A+
Tennessee	B+	B+	B	A-
Indiana	B+	B+	B	A+
Virginia	B+	B+	B	A
Colorado	B+	B+	C+	B
Alaska	B	B+	B-	B-
Iowa	B	B	C+	B+
Arizona	B-	B-	C+	A-
Utah	B-	B-	C+	A-
Washington	B-	C+	B-	A+
Nebraska	C+	B-	C	B+
Alabama	C+	C+	C	A-
Kansas	C+	C+	C+	B+
Massachusetts	C+	C+	C	B+
North Carolina	C+	C+	C+	A-
Nevada	C+	C	C-	B
Ohio	C+	C+	C	A+
Pennsylvania	C+	C+	C	A-
Oklahoma	C	C+	C	B
Georgia	C	C	C+	B+
Oregon	C	C	C	B
Arkansas	C	C+	C-	B+
Montana	C	C-	D+	D+
Michigan	C	C	C-	B
Minnesota	C	C+	C	B+
Wisconsin	C	C	C-	C+
South Carolina	C	C	C	A-
Texas	C	C-	D	C+
Kentucky	C	C	D+	B-
Vermont	C-	D+	D+	C+
Maryland	D+	C-	C-	C+
Missouri	D+	D+	C	B
New Jersey	D+	D+	D+	B
Maine	D+	D+	D	B-
Connecticut	D+	C-	C-	B
Hawaii	D+	D+	D	B-
New Mexico	D+	D+	D	B-
Rhode Island	D	D	D	C+
Louisiana	D	D+	D-	B-
California	D	D	F	C
New York	D	D	D-	C-
Mississippi	D-	F	D-	B-
Florida	F	F	F	F
Illinois	F	D-	D	C
West Virginia	F	F	D-	C+

Government Efficiency

Midwest Performance

	2006	2004	2002	2000
Illinois	C+	B-	B	A
Indiana	C+	C+	B-	A-
Michigan	C-	C	C+	B
Kentucky	C-	C	C	C+
Wisconsin	D+	D+	D+	B-
Ohio	D+	D+	C-	B

Other Manufacturing Competitors

	2006	2004	2002	2000
New Hampshire	A+	A+	A+	A+
Indiana	C+	C+	B-	A-
North Carolina	C+	C+	B-	B
Iowa	C	C	C-	C
Oregon	C-	C-	C	C+
South Carolina	D+	D+	C-	D

State	2006	2004	2002	2000
New Hampshire	A+	A+	A+	A+
Alaska	A+	A+	A	C
Delaware	A+	A+	A+	A+
Tennessee	A-	A-	A-	A-
Nevada	B+	B	B	A-
Virginia	B	B	B	B+
Texas	B	B	B	B+
Massachusetts	B	B	B+	A+
South Dakota	B	B	B-	B-
Colorado	B	B	B	A
Pennsylvania	B	B	B	A
Florida	B-	B-	B	B-
Missouri	B-	B-	B-	B+
Alabama	B-	B-	B-	C-
Illinois	C+	B-	B	A
Georgia	C+	C+	B-	A-
Maryland	C+	C+	C+	B
Arizona	C+	C+	C	B
Connecticut	C+	C+	C+	A+
Indiana	C+	C+	B-	A-
North Carolina	C+	C+	B-	B
New Jersey	C	C	C+	B+
California	C	C	C	B+
Arkansas	C	C	C	C+
Oklahoma	C	C	C	D+
Utah	C	C	C-	C+
Wyoming	C	C	D+	D+
Iowa	C	C	C-	C
Montana	C	C-	C	D
Michigan	C-	C	C+	B
Kentucky	C-	C	C	C+
North Dakota	C-	C-	C	C-
Idaho	C-	D+	C-	C
Rhode Island	C-	C-	C-	B
Louisiana	C-	C-	C-	B-
Washington	C-	C-	C	B-
Oregon	C-	C-	C	C+
Minnesota	C-	C-	C-	B
Kansas	C-	D+	C-	C
Hawaii	D+	D+	D	B-
Wisconsin	D+	D+	D+	B-
Vermont	D+	D+	D+	C+
Ohio	D+	D+	C-	B
South Carolina	D+	D+	C-	D
Mississippi	D	D	D+	D-
New York	D	D	D	B
Nebraska	D-	D-	D-	C-
West Virginia	D-	D-	D	F
New Mexico	D-	D-	D-	F
Maine	F	F	F	C+

Government Gross State Product

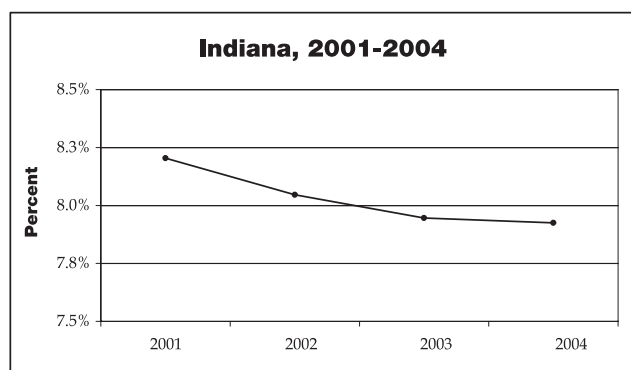
state and local government GSP as a percentage of total GSP, 2004

The size of state and local government relative to the economy as a whole is an important part of economic competitiveness. As all governments rely primarily on taxes for funding, overly large governments burden their states' economies by reducing levels of business and personal investment. Overly large governments are typically associated with burdens of other types as well: regulation and excessive influence in the workings of the private sector.

The table shows the percentage of each state's gross state product that is attributable to state and local government operations.

Midwest Performance, 2004

State	Metric	Score
Illinois	7.7%	115.7
Indiana	7.9%	112.7
Ohio	9.0%	100.4
Wisconsin	9.1%	98.3
Michigan	9.3%	96.2
Kentucky	9.5%	94.2



Source: U.S. Bureau of Economic Analysis, Regional Economic Accounts

State	Score	Percent	Change, 2001 - 2004 (%)
<i>50-State Average</i>		9.2%	-1.1%
Delaware	126.1	6.8%	4.4%
Massachusetts	121.9	7.1%	1.1%
Pennsylvania	120.2	7.3%	0.1%
Connecticut	118.8	7.4%	1.3%
New Hampshire	118.1	7.5%	2.3%
Nevada	118.0	7.5%	-5.3%
Illinois	115.7	7.7%	1.3%
Virginia	113.7	7.8%	-1.6%
Indiana	112.7	7.9%	-3.4%
Tennessee	111.5	8.0%	-3.0%
Maryland	110.5	8.1%	-4.8%
Colorado	109.5	8.2%	5.2%
Texas	108.6	8.3%	-0.4%
Minnesota	107.8	8.3%	-4.8%
Georgia	106.8	8.4%	4.4%
Missouri	105.9	8.5%	0.5%
New Jersey	105.2	8.6%	5.0%
New York	105.2	8.6%	-1.0%
Florida	104.2	8.6%	-3.5%
Rhode Island	104.1	8.7%	-1.3%
California	103.3	8.7%	-1.0%
North Carolina	102.8	8.8%	1.7%
Hawaii	101.9	8.8%	-0.1%
South Dakota	101.2	8.9%	-7.2%
Ohio	100.4	9.0%	1.1%
Arizona	99.6	9.0%	-0.5%
Alaska	99.6	9.0%	-14.7%
Wisconsin	98.3	9.1%	0.7%
Michigan	96.2	9.3%	2.0%
Louisiana	96.1	9.3%	-0.1%
Utah	95.2	9.4%	-4.6%
Kentucky	94.2	9.5%	-1.2%
Arkansas	93.8	9.5%	-2.0%
Washington	93.0	9.6%	0.4%
Maine	91.9	9.7%	-2.6%
Iowa	90.9	9.8%	-5.2%
Vermont	90.6	9.8%	2.5%
Wyoming	86.8	10.1%	-4.4%
Alabama	86.8	10.1%	-4.2%
Kansas	86.0	10.2%	1.0%
Idaho	84.3	10.3%	-3.5%
Oklahoma	81.6	10.6%	-5.0%
North Dakota	79.4	10.8%	-1.6%
Nebraska	78.1	10.9%	-1.1%
Montana	76.3	11.0%	-5.0%
Oregon	76.2	11.0%	2.9%
South Carolina	70.2	11.5%	1.4%
Mississippi	63.7	12.1%	1.0%
West Virginia	61.4	12.3%	0.3%
New Mexico	49.4	13.3%	-0.7%

State & Local Tax Burden

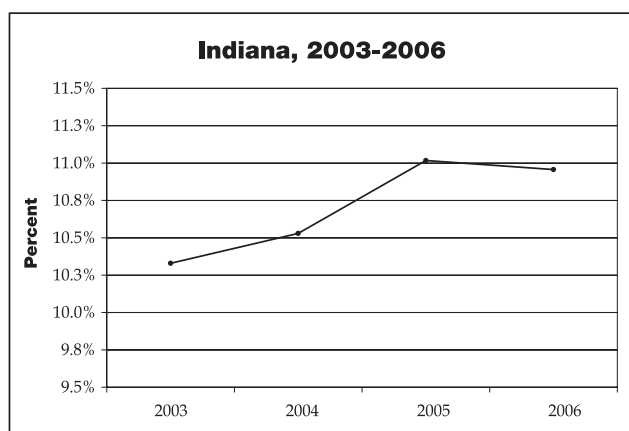
state and local taxes as a percent of income, 2006

The ultimate measure of a state or local government's influence on economic competitiveness is the amount of workers' and businesses' private income that is consumed by government in the form of taxes.

The table shows total state and local taxes as a percentage of income in 2006.

Midwest Performance, 2006

State	Metric	Score
Kentucky	10.7%	94.9
Michigan	10.8%	93.3
Illinois	10.9%	92.1
Indiana	11.0%	90.6
Wisconsin	11.6%	81.1
Ohio	12.0%	73.8



Source: Tax Foundation, Effective State and Local Tax Burdens by State and Rank

State	Score	Percent	Change, 2003 - 2006 (%)
<i>50-State Average</i>		10.3%	3.6%
Alaska	160.5	6.6%	1.9%
New Hampshire	148.3	7.3%	-4.0%
Delaware	132.0	8.4%	7.0%
Tennessee	127.9	8.6%	3.0%
Alabama	124.4	8.8%	4.6%
South Dakota	119.2	9.2%	4.3%
Texas	115.8	9.4%	1.4%
Nevada	114.3	9.5%	-1.0%
Montana	113.9	9.5%	3.5%
Virginia	113.7	9.5%	0.4%
Oklahoma	112.6	9.6%	4.3%
Florida	110.6	9.7%	1.1%
Colorado	109.7	9.8%	6.5%
North Dakota	108.6	9.8%	6.3%
New Mexico	107.6	9.9%	0.7%
Oregon	107.6	9.9%	4.1%
Missouri	107.3	9.9%	4.7%
Wyoming	104.8	10.1%	1.0%
Arizona	104.3	10.1%	-0.4%
Idaho	103.0	10.2%	-1.1%
South Carolina	102.6	10.2%	4.5%
Mississippi	102.3	10.2%	2.7%
Massachusetts	101.8	10.3%	4.8%
Arkansas	101.2	10.3%	3.3%
Iowa	100.2	10.4%	1.0%
Georgia	99.8	10.4%	3.5%
Pennsylvania	98.9	10.4%	4.6%
North Carolina	98.7	10.5%	6.0%
Utah	97.2	10.5%	1.6%
West Virginia	96.4	10.6%	4.2%
Kentucky	94.9	10.7%	4.8%
Maryland	94.3	10.7%	4.4%
Kansas	94.3	10.7%	3.6%
New Jersey	93.6	10.8%	3.6%
Michigan	93.3	10.8%	10.9%
California	92.3	10.9%	4.3%
Illinois	92.1	10.9%	8.3%
Washington	91.3	10.9%	4.2%
Indiana	90.6	11.0%	6.1%
Louisiana	89.2	11.0%	5.9%
Vermont	88.0	11.1%	1.7%
Connecticut	84.8	11.3%	4.6%
Rhode Island	82.3	11.5%	3.2%
Wisconsin	81.1	11.6%	1.8%
Nebraska	80.3	11.6%	5.0%
Hawaii	78.0	11.7%	1.0%
Minnesota	75.3	11.9%	7.7%
Ohio	73.8	12.0%	8.4%
New York	60.2	12.9%	3.0%
Maine	49.9	13.5%	5.3%

Units of Government

units of government per
10,000 residents, 2002

Another way of measuring government size is to measure the relative number of state and local government units. A high number of units may result in inefficiency or excessive bureaucracy if units are poorly managed. While the intention of having a more subdivided government may be to create a system that is more responsive to the citizenry, more units can be counterproductive if improperly implemented.

The table shows the number of state and local government units per 10,000 state residents.

Midwest Performance, 2002

State	Metric	Score
Michigan	2.79%	103.5
Ohio	3.18%	101.6
Kentucky	3.52%	99.9
Indiana	5.01%	92.5
Illinois	5.48%	90.1
Wisconsin	5.60%	89.5

Source: U.S. Census Bureau, Census of Governments 2002

State	Score	Units per 10,000 Residents	Change, 1997 - 2002 (%)
<i>50-State Average</i>		5.49	-6.5%
Hawaii	116.7	0.16	-4.5%
Maryland	115.0	0.49	-41.0%
Florida	113.9	0.71	-3.2%
Virginia	113.9	0.72	-0.4%
Nevada	112.6	0.97	-21.0%
Louisiana	112.2	1.06	-1.7%
Rhode Island	111.9	1.11	-8.5%
North Carolina	111.7	1.16	-10.0%
Arizona	111.6	1.17	-16.4%
California	111.2	1.26	-12.2%
Massachusetts	110.9	1.31	-7.1%
Tennessee	109.5	1.61	-8.2%
New Jersey	109.3	1.64	-6.8%
Connecticut	109.1	1.68	-6.0%
Georgia	109.0	1.69	-5.8%
South Carolina	108.9	1.71	-9.7%
New York	108.6	1.79	-5.1%
Texas	106.5	2.20	-9.5%
Alabama	104.4	2.61	-0.3%
Utah	104.4	2.62	-21.0%
Alaska	103.8	2.73	-5.4%
Michigan	103.5	2.79	-1.6%
Washington	102.8	2.95	-8.9%
Ohio	101.6	3.18	-0.8%
Mississippi	100.1	3.49	1.6%
Kentucky	99.9	3.52	0.6%
West Virginia	98.4	3.81	-1.8%
Pennsylvania	97.1	4.08	-3.3%
Oregon	97.1	4.09	-11.2%
Delaware	96.5	4.21	-8.2%
Colorado	96.1	4.28	-10.9%
New Hampshire	95.6	4.39	-10.5%
New Mexico	94.4	4.63	-9.5%
Indiana	92.5	5.01	-8.0%
Oklahoma	91.8	5.15	-5.2%
Illinois	90.1	5.48	-3.7%
Wisconsin	89.5	5.60	-4.8%
Arkansas	88.2	5.86	-2.4%
Missouri	87.4	6.03	-4.5%
Maine	85.6	6.39	-4.5%
Iowa	83.9	6.73	2.3%
Minnesota	82.9	6.94	-7.1%
Idaho	74.4	8.64	-8.9%
Vermont	58.1	11.90	1.3%
Montana	55.6	12.40	-4.8%
Kansas	46.0	14.32	-5.2%
Wyoming	45.1	14.50	6.2%
Nebraska	36.9	16.15	-7.6%
South Dakota	-4.9	24.53	-1.0%
North Dakota	-50.0	43.15	0.2%

Regulatory Environment

Midwest Performance

	2006	2004	2002	2000
Indiana	A-	A-	A-	A-
Ohio	B+	B+	B	A
Wisconsin	B	B	B	C
Michigan	B-	B-	C+	B-
Kentucky	B-	B-	C+	B-
Illinois	F	D-	D+	D+

Other Manufacturing Competitors

	2006	2004	2002	2000
Indiana	A-	A-	A-	A-
Iowa	A-	A	A-	B+
South Carolina	B	B	B	A
Oregon	B	B	B	B
North Carolina	B-	B	B	B
New Hampshire	B-	B-	B	B

State	2006	2004	2002	2000
North Dakota	A+	A+	A	A+
Idaho	A+	A+	A	B+
Wyoming	A+	A+	A-	A+
South Dakota	A	A	A	A-
Nebraska	A	A+	A	B+
Delaware	A	A	A+	C+
Indiana	A-	A-	A-	A-
Iowa	A-	A	A-	B+
Utah	B+	A-	A-	B+
Washington	B+	B+	A	A
Ohio	B+	B+	B	A
Colorado	B+	B+	B	C+
Kansas	B+	B+	A-	B+
Arizona	B+	B+	B+	B
Virginia	B+	B+	B+	B+
South Carolina	B	B	B	A
Maine	B	B	B-	C+
Tennessee	B	B	B	B
Oregon	B	B	B	B
Wisconsin	B	B	B	C
Minnesota	B	B	B	B
North Carolina	B-	B	B	B
Oklahoma	B-	B	B	B
Michigan	B-	B-	C+	B-
Montana	B-	C+	C	C
Alabama	B-	B-	B-	A-
Arkansas	B-	B	B-	B+
New Hampshire	B-	B-	B	B
New Mexico	B-	B-	B-	B+
Kentucky	B-	B-	C+	B-
Vermont	C+	B-	C+	C
Georgia	C+	C+	B	B-
Massachusetts	C+	C+	C	C+
Pennsylvania	C+	C+	C	B
Alaska	C+	B-	B-	B-
Nevada	C	C	C-	C+
Hawaii	C	C	C+	C+
New York	C	C+	C	D+
Mississippi	C	C-	C	B+
Louisiana	C-	C	D+	C+
Rhode Island	C-	C-	C	C
Maryland	C-	C	C+	C
Texas	C-	C-	D+	C
New Jersey	C-	C	C	C+
Connecticut	C-	C-	C	C
Missouri	C-	C-	C+	C+
West Virginia	D+	D+	C	B
California	D+	D+	D	C-
Illinois	F	D-	D+	D+
Florida	F	F	F	F

Malpractice Costs

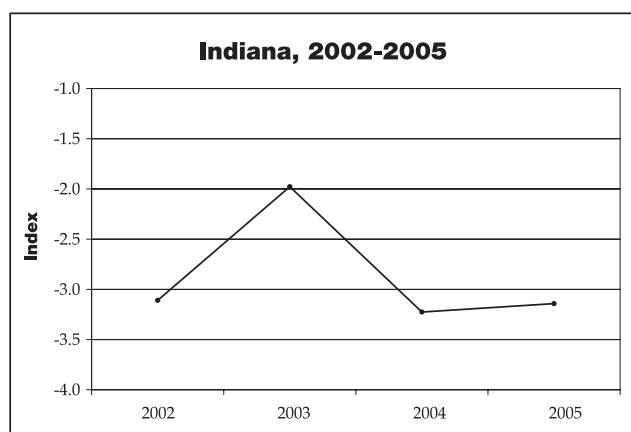
index of medical malpractice insurance rates across three disciplines, 2005

Malpractice insurance rates strongly affect the health care industry, both in quality and cost. Malpractice insurance itself is, in turn, strongly affected by the regulatory limits and civil suit policies set by states.

The table presents an index of the relative costs of medical malpractice insurance for three specialties. Higher values correspond to relatively more expensive coverage.

Midwest Performance, 2005

State	Metric	Score
Indiana	-3.14	116.3
Wisconsin	-3.00	115.4
Kentucky	-0.33	99.9
Ohio	2.90	81.1
Michigan	3.88	75.3
Illinois	5.81	64.1



Source: Medical Liability Monitor

State	Score	Index	Change, 2002 - 2005 (%)
<i>50-State Average</i>			<i>-0.4</i>
Nebraska	120.2	-3.83	0.0
Minnesota	118.6	-3.54	0.1
South Dakota	117.5	-3.35	0.0
Indiana	116.3	-3.14	0.0
Idaho	115.8	-3.06	0.1
Wisconsin	115.4	-3.00	0.1
Arkansas	114.2	-2.79	0.1
North Dakota	114.0	-2.76	0.1
Maine	113.9	-2.73	0.2
Vermont	112.9	-2.57	0.1
Kansas	112.7	-2.53	0.3
Alabama	112.5	-2.49	0.6
Iowa	112.4	-2.49	0.4
Hawaii	110.1	-2.09	0.9
Louisiana	108.5	-1.81	-3.3
South Carolina	106.7	-1.51	-0.3
Tennessee	106.5	-1.46	0.2
Oregon	105.7	-1.32	0.0
Oklahoma	104.0	-1.04	-0.7
Delaware	103.7	-0.99	0.2
New Hampshire	103.7	-0.98	-0.1
Virginia	102.3	-0.74	-0.6
California	101.6	-0.63	-12.2
New Mexico	100.7	-0.48	-0.3
Montana	100.1	-0.37	-0.7
Kentucky	99.9	-0.33	-1.3
Colorado	99.6	-0.29	-0.5
Washington	98.7	-0.12	-0.9
Utah	98.4	-0.08	-1.2
Georgia	97.8	0.03	-1.0
Mississippi	97.5	0.09	-1.1
Rhode Island	97.1	0.15	-2.2
Massachusetts	97.0	0.17	-0.9
North Carolina	96.8	0.19	-1.4
New York	92.4	0.95	-0.6
Pennsylvania	92.0	1.02	-0.7
Alaska	90.3	1.31	-4.2
Wyoming	89.8	1.40	-0.2
Nevada	85.3	2.18	-0.5
Missouri	85.0	2.23	3.1
Texas	85.0	2.23	-0.4
New Jersey	83.9	2.41	1.2
Arizona	83.8	2.43	1.9
Maryland	83.7	2.44	4.0
Ohio	81.1	2.90	-0.2
Michigan	75.3	3.88	-0.4
West Virginia	73.6	4.18	0.3
Connecticut	70.1	4.78	1.6
Illinois	64.1	5.81	0.5
Florida	29.7	11.71	0.0

Health Mandates

number of mandated health insurance benefits in each state, 2005

While health insurance is a significant cost to workers and their employers in all states, laws requiring specific coverage can strongly affect those costs. Legally mandated health insurance benefits have, for the most part, become more numerous as states wrestle with questions of cost versus access.

The table shows the numbers of legally mandated health insurance benefits in each state.

Midwest Performance, 2005

State	Metric	Score
Michigan	12	114.7
Ohio	12	114.7
Indiana	18	102.1
Wisconsin	18	102.1
Kentucky	21	95.8
Illinois	23	91.6

Source: Council for Affordable Health Insurance

State	Score	Number of Mandates	Change, 2001 - 2005 (%)
<i>50-State Average</i>		20	31.2%
Idaho	125.2	7	40.0%
Wyoming	123.1	8	0.0%
Alabama	121.0	9	28.6%
Alaska	118.9	10	11.1%
Iowa	116.8	11	37.5%
Mississippi	116.8	11	0.0%
Utah	116.8	11	10.0%
Michigan	114.7	12	33.3%
Ohio	114.7	12	9.1%
South Dakota	114.7	12	9.1%
Arizona	112.6	13	30.0%
Vermont	108.4	15	15.4%
Delaware	106.3	16	23.1%
Hawaii	106.3	16	6.7%
Nebraska	106.3	16	60.0%
North Dakota	106.3	16	45.5%
South Carolina	106.3	16	23.1%
Pennsylvania	104.2	17	41.7%
Colorado	102.1	18	5.9%
Indiana	102.1	18	50.0%
Kansas	102.1	18	20.0%
Montana	102.1	18	38.5%
New Hampshire	102.1	18	28.6%
Oregon	102.1	18	63.6%
Wisconsin	102.1	18	38.5%
Tennessee	97.9	20	33.3%
Kentucky	95.8	21	31.3%
Nevada	93.7	22	37.5%
West Virginia	93.7	22	57.1%
Arkansas	91.6	23	35.3%
Illinois	91.6	23	43.8%
Louisiana	91.6	23	21.1%
Washington	91.6	23	53.3%
Florida	89.5	24	14.3%
Maine	89.5	24	26.3%
Massachusetts	89.5	24	26.3%
North Carolina	89.5	24	26.3%
Oklahoma	89.5	24	50.0%
New Mexico	87.4	25	38.9%
Rhode Island	87.4	25	31.6%
New Jersey	85.3	26	36.8%
Texas	85.3	26	30.0%
California	81.1	28	16.7%
Georgia	81.1	28	33.3%
Missouri	81.1	28	33.3%
New York	79.0	29	52.6%
Virginia	79.0	29	38.1%
Connecticut	76.9	30	25.0%
Minnesota	70.7	33	65.0%
Maryland	60.2	38	35.7%

Business Liability

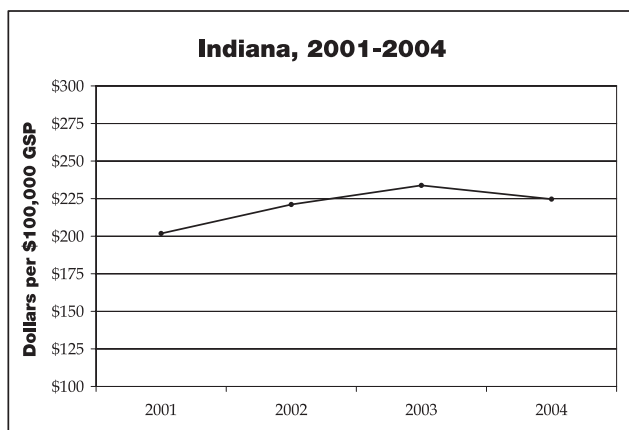
average business liability coverage paid per \$100,000 of gross state product, 2004

Like malpractice and the health care industry, business liability can strongly influence the competitiveness of the private market as a whole. It can also be indicative of the greater regulatory environment and attitudes of a state.

This table shows the total amount of liability coverage paid, including product liability, worker's compensation and other liability coverage, per \$100,000 of gross state product.

Midwest Performance, 2004

State	Metric	Score
Ohio	\$134	126.4
Indiana	\$225	107.4
Michigan	\$241	104.1
Kentucky	\$253	101.5
Wisconsin	\$367	77.7
Illinois	\$409	68.7



Source: Insurance Information Institute, The Insurance Information Institute Fact Book

State	Score	Dollars per 100,000 GSP	Change, 2001 - 2004 (%)
<i>50-State Average</i>		\$266	21.0%
Wyoming	131.5	\$110	31.4%
North Dakota	129.8	\$118	29.5%
West Virginia	128.1	\$126	-2.0%
Ohio	126.4	\$134	37.9%
Washington	124.4	\$144	52.7%
Virginia	115.3	\$187	24.5%
Arizona	115.0	\$188	1.0%
Idaho	111.9	\$203	-25.6%
New Mexico	111.6	\$205	27.6%
Colorado	110.3	\$211	-20.6%
North Carolina	109.7	\$214	27.4%
Oklahoma	108.6	\$219	-2.1%
Maryland	108.5	\$219	10.9%
Alabama	108.3	\$221	7.0%
Indiana	107.4	\$225	11.3%
Mississippi	105.9	\$232	14.1%
Arkansas	104.8	\$237	15.9%
Texas	104.7	\$238	17.1%
South Carolina	104.5	\$238	36.2%
South Dakota	104.1	\$240	15.3%
Michigan	104.1	\$241	18.0%
Georgia	103.8	\$242	21.3%
Montana	101.9	\$251	-23.0%
Kentucky	101.5	\$253	37.0%
Tennessee	100.1	\$260	23.6%
Utah	99.9	\$260	44.8%
Kansas	98.8	\$266	31.4%
Louisiana	98.3	\$268	14.6%
Minnesota	97.5	\$272	27.9%
Nebraska	96.3	\$278	21.3%
Delaware	96.0	\$279	4.9%
Oregon	94.5	\$286	3.8%
Iowa	94.5	\$287	21.4%
New York	93.6	\$290	38.4%
Massachusetts	93.2	\$293	32.0%
Missouri	92.8	\$295	41.5%
Maine	91.9	\$299	13.0%
Connecticut	90.5	\$305	20.6%
Nevada	90.0	\$308	54.6%
Pennsylvania	87.8	\$318	20.3%
New Jersey	85.4	\$330	36.3%
Florida	84.4	\$334	14.3%
California	81.2	\$350	6.0%
Rhode Island	78.0	\$365	9.0%
Wisconsin	77.7	\$367	11.3%
New Hampshire	74.3	\$383	50.1%
Alaska	70.6	\$400	48.0%
Illinois	68.7	\$409	28.5%
Hawaii	67.2	\$417	42.8%
Vermont	57.5	\$463	28.3%

Liability System

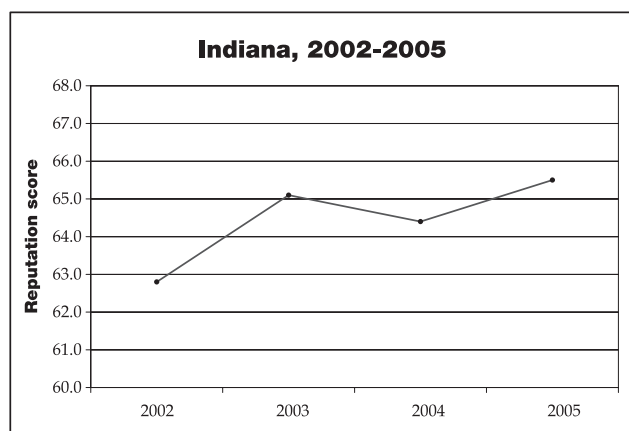
overall score of state tort liability system, 2005*

Harris Interactive conducts a yearly survey of corporate attorneys for the U.S. Chamber Institute of Legal Reform to assess how fair and reasonable a state's tort liability system is thought to be.

The table shows each state's final score in the 2005 State Liability Systems Ranking Study.

Midwest Performance, 2005

State	Metric	Score
Indiana	65.5	112.8
Wisconsin	62.5	106.4
Michigan	59.6	100.1
Ohio	59.5	99.9
Kentucky	54.9	90.0
Illinois	44.1	66.6



Source: U.S. Chamber of Commerce, Harris Interactive State Liability Systems Ranking Study

* This year's metric could not be updated since the most recent report contained a change in methodology with a new set of extended criteria on the reasonableness and fairness of a state's tort liability system. Indiana ranked 11th of the 50 states.

State	Score	Score	Change, 2002 - 2005 (%)
<i>50-State Average</i>		57.5	0.6%
Delaware	135.5	76.0	-3.3%
Nebraska	121.9	69.7	6.6%
North Dakota	119.3	68.5	15.3%
Virginia	116.3	67.1	-1.2%
Iowa	114.6	66.3	0.8%
Indiana	112.8	65.5	4.3%
Minnesota	112.2	65.2	6.9%
South Dakota	111.6	64.9	1.6%
Wyoming	111.1	64.7	6.6%
Idaho	110.0	64.2	2.9%
Maine	110.0	64.2	5.2%
New Hampshire	109.6	64.0	3.4%
Colorado	108.7	63.6	-2.6%
Utah	108.1	63.3	-1.4%
Washington	107.7	63.1	-5.3%
Kansas	106.6	62.6	-5.2%
Wisconsin	106.4	62.5	0.6%
Connecticut	105.3	62.0	-2.2%
Arizona	102.9	60.9	-3.6%
North Carolina	101.6	60.3	-2.6%
Vermont	101.6	60.3	-0.5%
Tennessee	100.8	59.9	0.0%
Maryland	100.5	59.8	-1.3%
Michigan	100.1	59.6	2.4%
Oregon	100.1	59.6	-4.6%
Ohio	99.9	59.5	0.2%
New York	98.4	58.8	-0.2%
Georgia	97.5	58.4	-2.5%
Nevada	97.5	58.4	3.0%
Massachusetts	96.2	57.8	7.0%
New Jersey	96.2	57.8	4.3%
Oklahoma	93.4	56.5	10.4%
Alaska	93.2	56.4	4.8%
Pennsylvania	91.3	55.5	-1.2%
Rhode Island	91.0	55.4	0.7%
Kentucky	90.0	54.9	2.6%
Montana	89.7	54.8	10.5%
New Mexico	89.1	54.5	3.2%
South Carolina	88.4	54.2	6.5%
Missouri	83.5	51.9	-8.6%
Hawaii	82.6	51.5	-1.0%
Florida	81.3	50.9	-7.8%
Arkansas	79.8	50.2	1.8%
Texas	77.7	49.2	8.8%
California	69.7	45.5	-6.4%
Illinois	66.6	44.1	-20.0%
Louisiana	55.8	39.1	-5.3%
Alabama	48.9	35.9	-5.0%
West Virginia	43.1	33.2	-6.7%
Mississippi	37.7	30.7	8.1%

Infrastructure and Connectivity

In the innovation economy, infrastructure can be broadly defined to include both traditional physical infrastructure (such as roads, water and sewer) and “virtual” infrastructure (the digital economy). The metrics chosen attempt to measure outcomes, productivity and level of service, rather than inputs such as capital expenditures per resident.

Midwest Performance

	2006	2004	2002	2000
Ohio	B	B	B	B
Michigan	B	C	C+	C
Wisconsin	B-	C+	C+	D+
Illinois	B-	B-	B-	C+
Indiana	B-	C	C+	C-
Kentucky	D	D-	D+	D-

Other Manufacturing Competitors

	2006	2004	2002	2000
Oregon	B+	A-	A-	A
Indiana	B-	C	C+	C-
South Carolina	B-	C-	C+	F
New Hampshire	B-	C	C-	C
South Carolina	B-	C-	C+	F
Iowa	C-	D+	C	C-

State	2006	2004	2002	2000
Nevada	A+	A+	A+	A+
Florida	A	A-	A-	B+
Virginia	A	B	B+	B+
Massachusetts	A-	A-	B	F
Washington	B+	B+	B+	B
Maryland	B+	A-	A-	A-
Oregon	B+	A-	A-	A
Delaware	B+	B-	A	A+
Georgia	B+	B	B	A-
Colorado	B+	C+	B+	B
Texas	B+	B	B	B+
Montana	B+	B-	B	A-
Maine	B	C+	C+	D
Utah	B	B-	B	B+
Ohio	B	B	B	B
California	B	C+	B	B
South Dakota	B	C+	B-	B-
Arizona	B	C+	B+	A
North Dakota	B	C	B-	B+
Wyoming	B	B-	B	A-
Kansas	B	C+	B	B-
Connecticut	B	C+	B-	C
Michigan	B	C	C+	C
Minnesota	B-	B-	C+	B+
Wisconsin	B-	C+	C+	D+
New Mexico	B-	C+	B-	C+
Illinois	B-	B-	B-	C+
Tennessee	B-	C	C+	C
Indiana	B-	C	C+	C-
Pennsylvania	B-	D	C+	D+
South Carolina	B-	C-	C+	F
New Hampshire	B-	C	C-	C
Idaho	B-	C+	B	B-
Nebraska	B-	D	C	C-
Vermont	C+	C	C+	D
Mississippi	C+	D+	C-	F
Alabama	C+	D+	C+	C-
Rhode Island	C+	C+	A-	B
North Carolina	C+	C	C+	D+
Arkansas	C+	C-	C-	D
Missouri	C+	D+	C	D
Alaska	C	C-	B-	D
New Jersey	C	C-	C	F
Iowa	C-	D+	C	C-
Louisiana	C-	D	C-	F
West Virginia	D+	D-	D+	F
New York	D+	C-	B-	C-
Kentucky	D	D-	D+	D-
Oklahoma	D	F	D+	D+
Hawaii	F	D-	F	D-

Physical Infrastructure

Midwest Performance

	2006	2004	2002	2000
Illinois	B-	B-	B-	B-
Ohio	B-	C+	B-	B-
Indiana	C+	C	C+	C+
Michigan	C+	C	C	C+
Wisconsin	C	C	C-	C
Kentucky	C-	C-	C	C+

Other Manufacturing Competitors

	2006	2004	2002	2000
Oregon	B	B	B	B
Indiana	C+	C	C+	C+
South Carolina	C+	C	C+	C-
New Hampshire	C	C-	D	C
North Carolina	C-	C-	C	C+
Iowa	C-	D+	C	C

State	2006	2004	2002	2000
Nevada	A+	A+	A+	A
Florida	A-	B+	A-	B+
Georgia	B+	B+	B+	B+
Washington	B+	B	B	C+
Delaware	B+	C	B	A+
Massachusetts	B+	B	C+	D
Virginia	B	B-	B	B
Oregon	B	B	B	B
California	B	C+	B	B
Utah	B	B-	B	B-
Arizona	B	C	B	B
Minnesota	B	B	C+	B
Colorado	B	C	B	B-
Texas	B	B	B	B
Illinois	B-	B-	B-	B-
Maryland	B-	B-	B	B
Montana	B-	B-	B-	B-
Ohio	B-	C+	B-	B-
Tennessee	B-	C+	B-	C+
Maine	B-	C	C+	C-
Idaho	B-	C	C+	C
Indiana	C+	C	C+	C+
New Mexico	C+	C+	C+	C+
South Carolina	C+	C	C+	C-
Michigan	C+	C	C	C+
Alabama	C+	C	C+	C+
Kansas	C+	C	C+	C+
Pennsylvania	C+	D	C	C
Wyoming	C+	C	B-	C+
Mississippi	C	C	C-	C
North Dakota	C	C-	C+	B-
New Hampshire	C	C-	D	C
Wisconsin	C	C	C-	C
Missouri	C	C-	C	C
Arkansas	C	C-	C-	C-
Connecticut	C	C-	C	C+
Vermont	C	C-	C-	C-
Nebraska	C	D	C-	C-
South Dakota	C-	D+	C-	C-
Kentucky	C-	C-	C	C+
North Carolina	C-	C-	C	C+
Iowa	C-	D+	C	C
West Virginia	D+	D+	C-	C-
Rhode Island	D+	C-	B-	C+
Louisiana	D+	D+	C-	C-
Alaska	D+	D-	C	D+
New Jersey	D	D+	C-	D
Hawaii	F	D	F	F
New York	F	D+	C	C
Oklahoma	F	F	D-	C-

Highway Quality

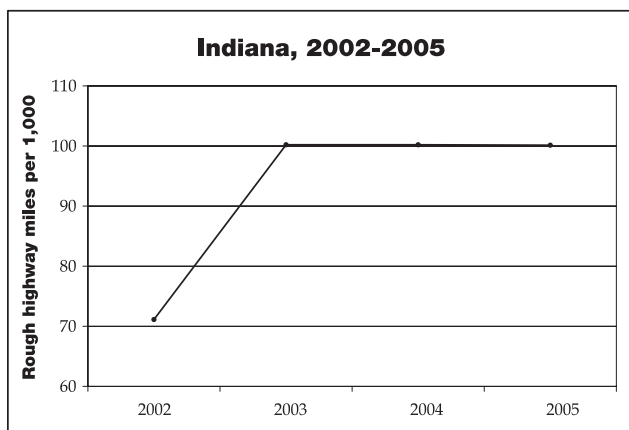
miles graded "rough" or worse per 1,000 miles of highway, 2005

Poor highway conditions reduce the convenience, speed and efficiency of a highway network. They also eventually require repair, which can become increasingly costly as conditions worsen.

The U.S. government measures highway quality by grading roadbed in terms of roughness. The table at right shows the number of miles in each state graded rough or worse per 1,000 total miles of state and interstate highway.

Midwest Performance, 2005

State	Metric	Score
Kentucky	25.6	113.3
Ohio	66.0	106.3
Indiana	100.1	100.5
Wisconsin	141.8	93.3
Michigan	217.4	80.3
Illinois	222.7	79.4



Source: Federal Highway Administration, Highway Statistics

State	Score	Rough Highway Miles/1,000	Change, 2002 - 2005 (%)
<i>50-State Average</i>		126.6	26.8%
Georgia	116.9	4.4	0.9%
Nevada	115.7	11.2	-4.2%
Florida	115.4	13.4	-18.5%
Kansas	115.4	13.5	-45.2%
Wyoming	114.2	20.0	3.5%
Montana	113.7	23.0	-39.9%
Kentucky	113.3	25.6	-58.2%
New Mexico	112.9	27.9	-41.9%
Arizona	112.4	30.9	-33.1%
Tennessee	111.5	36.2	4.2%
Idaho	110.3	42.8	-31.2%
Minnesota	109.9	45.1	55.5%
Delaware	108.5	53.3	-17.2%
Utah	107.3	60.2	-29.8%
South Carolina	107.1	61.6	-28.5%
Ohio	106.3	66.0	46.2%
Oregon	105.9	68.3	-13.3%
West Virginia	105.3	72.0	-16.3%
Washington	102.8	86.6	61.0%
New Hampshire	102.5	88.1	45.9%
Mississippi	100.8	98.1	2.7%
Alabama	100.8	98.5	466.1%
Indiana	100.5	100.1	40.8%
Colorado	100.3	101.1	-31.2%
Arkansas	100.3	101.4	-51.9%
Texas	99.7	104.4	-1.0%
Vermont	99.2	107.3	-32.3%
North Dakota	98.7	110.7	439.1%
Maine	98.5	111.5	476.0%
North Carolina	97.2	119.1	-6.1%
Virginia	96.7	122.2	-2.9%
California	95.8	127.7	-52.1%
Maryland	94.7	133.8	30.3%
Wisconsin	93.3	141.8	19.2%
Pennsylvania	92.4	147.3	-1.5%
Oklahoma	91.5	152.6	-0.3%
Missouri	91.3	153.6	-18.2%
South Dakota	89.9	162.0	-13.0%
Connecticut	89.5	164.1	-10.7%
Iowa	89.0	167.0	-8.1%
Nebraska	81.2	212.5	12.8%
Michigan	80.3	217.4	-28.3%
Illinois	79.4	222.7	20.9%
Louisiana	76.7	238.4	-18.3%
New York	70.3	275.8	30.0%
Rhode Island	67.4	292.6	69.8%
Alaska	62.9	319.3	142.8%
Massachusetts	57.1	352.6	-22.0%
New Jersey	53.1	376.3	51.7%
Hawaii	40.8	447.6	-2.3%

Bridge Quality

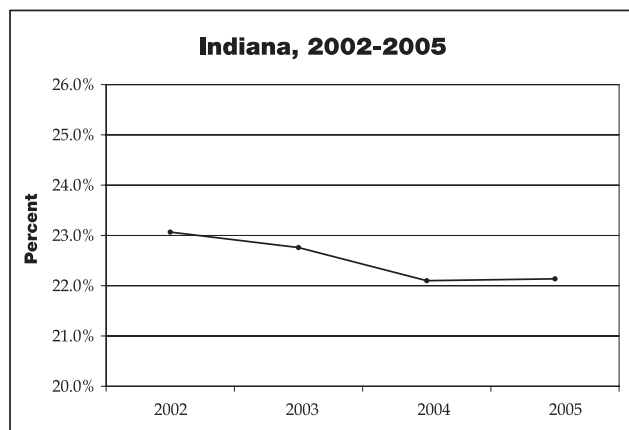
percent of bridges characterized as “obsolete” or “deficient,” 2005

Like road quality, bridge quality is an important indicator of the health of a state’s physical infrastructure. Out-of-shape bridges can cause reduced capacity. Furthermore, bridges requiring significant repair or replacement can pose an acute challenge to traffic flows.

The table presented here shows the percentage of each state’s bridges categorized as either “obsolete” or “deficient” by the U.S. government in 2005.

Midwest Performance, 2005

State	Metric	Score
Wisconsin	16.5%	117.4
Illinois	16.8%	116.9
Indiana	22.1%	107.3
Ohio	25.0%	102.1
Michigan	27.9%	96.9
Kentucky	30.4%	92.3



Source: Federal Highway Administration, Bridge Technology

State	Score	Percent	Change, 2002 - 2005 (%)
<i>50-State Average</i>		27.0%	-4.2%
Arizona	129.2	10.0%	-5.6%
Nevada	125.6	12.0%	-15.9%
Minnesota	125.3	12.2%	-12.0%
Delaware	119.6	15.3%	-5.3%
Wisconsin	117.4	16.5%	-13.8%
Illinois	116.9	16.8%	-7.2%
Colorado	116.5	17.0%	-4.9%
Utah	115.1	17.8%	-9.4%
Florida	114.7	18.0%	-4.0%
Idaho	113.8	18.5%	-0.1%
New Mexico	113.2	18.9%	-1.3%
Georgia	110.2	20.5%	-10.4%
Montana	109.9	20.7%	-5.6%
Wyoming	109.9	20.7%	-3.8%
Texas	109.6	20.9%	-4.3%
Indiana	107.3	22.1%	-4.0%
Kansas	107.1	22.2%	-10.8%
Tennessee	106.6	22.5%	-4.8%
South Carolina	106.0	22.8%	-0.2%
North Dakota	106.0	22.9%	-7.8%
Arkansas	103.5	24.2%	-11.0%
Ohio	102.1	25.0%	-1.2%
Nebraska	102.1	25.0%	-7.7%
Virginia	101.0	25.6%	-3.2%
Oregon	100.5	25.9%	9.9%
South Dakota	99.5	26.4%	-6.5%
Mississippi	99.0	26.7%	-10.1%
Washington	97.8	27.4%	2.9%
Iowa	97.5	27.5%	-2.2%
Michigan	96.9	27.9%	-9.3%
Maryland	96.7	27.9%	-3.5%
California	96.3	28.2%	-1.0%
Alabama	95.6	28.6%	-8.2%
North Carolina	94.3	29.3%	-4.6%
Kentucky	92.3	30.4%	2.4%
Alaska	92.0	30.5%	2.8%
Louisiana	90.3	31.5%	-6.0%
New Hampshire	90.3	31.5%	-6.3%
Connecticut	87.0	33.3%	5.6%
Missouri	86.9	33.4%	-8.7%
Vermont	85.0	34.4%	-2.6%
Maine	84.5	34.7%	-3.0%
Oklahoma	82.3	35.9%	-10.5%
New Jersey	81.5	36.3%	-0.9%
West Virginia	79.8	37.3%	-3.9%
New York	79.3	37.5%	0.4%
Pennsylvania	69.7	42.9%	1.0%
Hawaii	63.0	46.6%	-2.9%
Massachusetts	52.6	52.3%	2.8%
Rhode Island	47.4	55.1%	4.8%

Railway Productivity

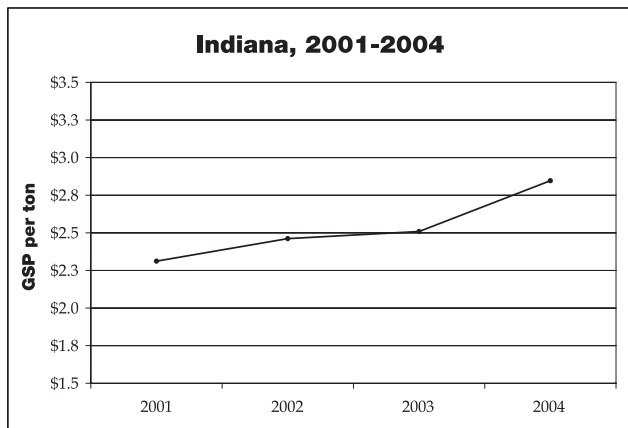
rail transportation GSP per
rail ton carried, 2004

Railroads remain a core element of our nation's transportation infrastructure. They continue to be a primary method of distribution for a range of goods, including many agricultural and industrial products. The use of piggyback containerization has increased the efficiency of the nation's railroads. Meanwhile, the productivity of rail traffic varies from state to state and is an important aspect of its economic importance.

The table gives the estimated gross state product of rail transportation industries in each state in 2004, divided by the number of tons of rail freight that originated, terminated or passed through the state.

Midwest Performance, 2004

State	Metric	Score
Michigan	4.7	113.9
Ohio	4.0	107.2
Illinois	3.8	104.6
Wisconsin	3.4	101.2
Indiana	2.8	95.0
Kentucky	1.9	85.7



Source: Association of American Railroads, State Information; U.S. Bureau of Economic Analysis, Regional Economic Accounts

State	Score	GSP per Ton	Change, 2001 - 2004 (%)
<i>50-State Average</i>		3.9	1.9%
Massachusetts	222.1	15.2	6.4%
Maine	162.9	9.4	6.9%
Florida	142.6	7.5	12.6%
Texas	133.6	6.6	2.6%
Washington	122.7	5.5	-8.4%
Pennsylvania	122.5	5.5	0.6%
Rhode Island	121.7	5.4	-63.2%
California	119.5	5.2	-19.5%
Montana	116.9	5.0	2.6%
Nebraska	116.6	4.9	5.1%
Virginia	115.6	4.9	33.9%
Georgia	114.9	4.8	23.6%
Oregon	114.5	4.7	-6.4%
Utah	113.9	4.7	8.7%
Michigan	113.9	4.7	9.7%
Ohio	107.2	4.0	20.7%
Arizona	106.5	4.0	3.0%
Delaware	105.5	3.9	-9.0%
Louisiana	105.5	3.9	3.0%
Illinois	104.6	3.8	3.4%
Nevada	103.0	3.6	4.0%
Minnesota	101.5	3.5	-4.6%
Wisconsin	101.2	3.4	-3.7%
Kansas	100.8	3.4	0.9%
New Jersey	99.2	3.3	-12.0%
Arkansas	98.7	3.2	-2.4%
Colorado	98.3	3.2	1.8%
South Carolina	96.6	3.0	24.7%
Alabama	96.4	3.0	11.4%
Maryland	96.3	3.0	-6.3%
Tennessee	96.0	2.9	28.1%
North Carolina	95.8	2.9	19.6%
Mississippi	95.4	2.9	20.6%
Indiana	95.0	2.8	23.1%
Missouri	94.7	2.8	1.7%
New Mexico	93.6	2.7	5.4%
North Dakota	93.2	2.7	-23.0%
Vermont	90.5	2.4	26.4%
Connecticut	89.8	2.3	-72.2%
Idaho	89.6	2.3	-8.8%
Iowa	88.4	2.2	2.2%
West Virginia	88.2	2.2	29.4%
Kentucky	85.7	1.9	14.3%
New Hampshire	83.3	1.7	21.6%
Wyoming	82.5	1.6	4.6%
Oklahoma	81.7	1.6	6.7%
New York	80.7	1.5	-57.4%
South Dakota	72.3	0.6	-1.8%
Alaska	(n/a)	(n/a)	(n/a)
Hawaii	(n/a)	(n/a)	(n/a)

Water Systems

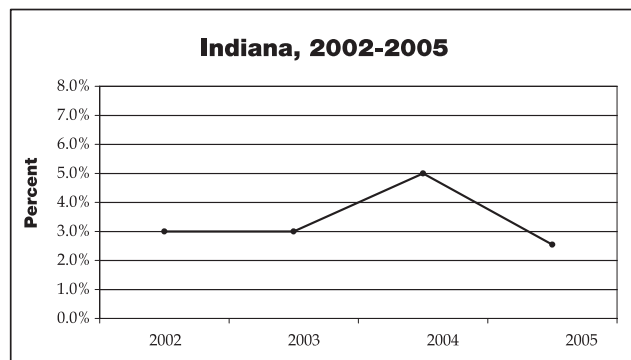
percent of population served
by water systems with reported
health violations, 2005

Water treatment and provision is a large cost for municipalities and states. Much of this cost is, rightly, to ensure that water quality meets health standards. Poor water quality can affect business and private citizens alike.

The table shows the percentage of each state's population that was served in 2005 by community water systems that had recorded health standards violations.

Midwest Performance, 2005

State	Metric	Score
Michigan	0.9%	118.6
Indiana	2.5%	112.8
Ohio	4.9%	104.6
Illinois	7.9%	94.4
Wisconsin	12.7%	77.9
Kentucky	13.9%	73.7



Source: U.S. Environmental Protection Agency, Office of Ground Water and Drinking Water

State	Score	Percent	Change, 2002 - 2005 (%)
<i>50-State Average</i>		8.6%	62%
Delaware	120.4	0.4%	-88%
Michigan	118.6	0.9%	-71%
Nevada	117.3	1.2%	-38%
Alabama	116.6	1.4%	-28%
Hawaii	115.2	1.9%	-54%
Indiana	112.8	2.5%	-15%
Pennsylvania	112.6	2.6%	-13%
Colorado	111.5	2.9%	192%
Connecticut	109.4	3.6%	-11%
South Dakota	108.5	3.8%	91%
Washington	108.3	3.9%	-61%
Minnesota	106.0	4.5%	-65%
California	105.4	4.7%	100%
Tennessee	105.3	4.7%	58%
Florida	104.9	4.8%	21%
Georgia	104.9	4.8%	142%
Ohio	104.6	4.9%	146%
Virginia	104.2	5.0%	68%
Utah	104.2	5.0%	1%
New Hampshire	104.1	5.1%	-79%
Oregon	103.2	5.3%	-33%
Maryland	102.9	5.4%	100%
Mississippi	102.9	5.4%	-46%
South Carolina	102.4	5.6%	39%
Missouri	101.2	5.9%	18%
Idaho	98.8	6.6%	-17%
North Dakota	97.7	6.9%	131%
Texas	96.0	7.4%	48%
Alaska	95.5	7.6%	26%
Massachusetts	94.5	7.9%	-48%
Illinois	94.4	7.9%	13%
Vermont	92.8	8.3%	67%
Wyoming	92.1	8.5%	100%
Iowa	89.1	9.4%	371%
New Mexico	85.9	10.3%	15%
Arizona	85.6	10.4%	74%
Kansas	84.1	10.9%	263%
New Jersey	80.3	12.0%	199%
West Virginia	80.1	12.0%	72%
Montana	78.9	12.4%	107%
Wisconsin	77.9	12.7%	-21%
Maine	76.6	13.1%	1%
Arkansas	76.6	13.1%	87%
Rhode Island	76.4	13.1%	100%
Kentucky	73.7	13.9%	178%
Nebraska	66.6	16.0%	0%
North Carolina	59.5	18.0%	260%
Louisiana	54.5	19.5%	225%
Oklahoma	-5.2	36.8%	104%
New York	-18.1	40.5%	350%

Major Market Access

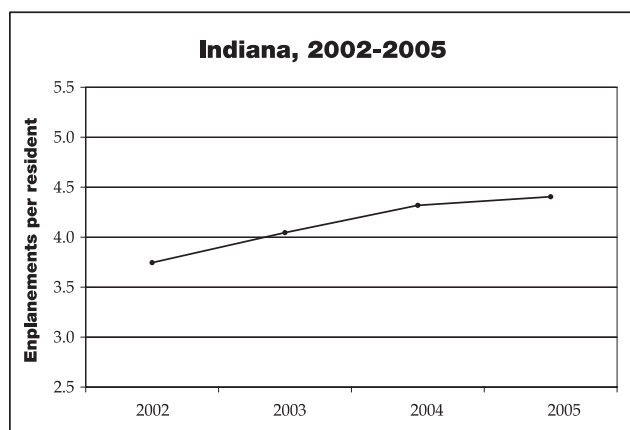
enplanements to largest markets per resident, 2005

Counterintuitively, and counter to the predictions of many, the rise of technologies that connected people and businesses to each other coincided with an increase in business and other travel. The speed and convenience of flying to major business centers has a large effect on states' competitive positions. Employers prefer states and regions with relatively easy access to the nation's largest financial, legal and government centers.

For this metric, airports within six major commercial areas – Boston, Chicago, Los Angeles, New York, San Francisco, Washington, D.C. – as well as six major “technology hubs” – Atlanta, Austin, Portland, Raleigh/Durham, San Diego, Seattle – were selected. Passenger counts on flights between medium-to-large airports in each state and these 12 areas were tallied, and the counts are shown here as a proportion of each state's population.

Midwest Performance, 2005

State	Metric	Score
Illinois	32.29	139.8
Ohio	7.66	98.1
Michigan	6.62	96.3
Wisconsin	4.51	92.8
Indiana	4.40	92.6
Kentucky	3.85	91.7



Source: U.S. Department of Transportation; Airport Competition Plans-Airfare Data

State	Score	Enplanements per Resident	Change, 2002 - 2005 (%)
<i>50-State Average</i>		13.93	16.7%
Nevada	199.4	67.46	6.7%
Virginia	145.0	35.31	48.8%
New York	142.5	33.88	24.2%
Washington	139.8	32.30	7.5%
Illinois	139.8	32.29	14.7%
Massachusetts	137.7	31.02	26.3%
California	137.4	30.87	11.0%
Georgia	137.3	30.77	7.6%
Oregon	135.9	29.95	7.2%
Maryland	132.3	27.84	-0.6%
Florida	127.0	24.73	23.7%
Arizona	119.6	20.34	12.5%
Colorado	118.7	19.81	12.4%
Rhode Island	114.9	17.60	-6.8%
Utah	113.3	16.65	4.8%
North Carolina	108.5	13.81	14.4%
Missouri	106.4	12.53	5.8%
Minnesota	104.5	11.43	16.1%
New Hampshire	104.4	11.36	8.4%
Texas	103.8	11.05	11.4%
Idaho	102.5	10.28	3.4%
New Mexico	101.8	9.85	5.3%
Nebraska	100.1	8.84	15.0%
Vermont	100.0	8.78	49.4%
Montana	99.8	8.67	5.7%
Tennessee	98.6	7.96	16.1%
Ohio	98.1	7.66	14.1%
Louisiana	97.2	7.12	-5.6%
Pennsylvania	96.4	6.65	27.0%
Michigan	96.3	6.62	15.4%
Connecticut	95.1	5.91	14.6%
South Carolina	95.0	5.85	45.8%
Maine	93.7	5.09	50.9%
Oklahoma	93.3	4.80	12.8%
Wisconsin	92.8	4.51	11.2%
Indiana	92.6	4.40	17.6%
Arkansas	92.0	4.04	23.9%
Kentucky	91.7	3.85	12.4%
South Dakota	91.4	3.70	9.2%
Alabama	91.3	3.62	13.4%
North Dakota	91.2	3.57	35.0%
Wyoming	91.0	3.48	57.6%
Iowa	90.5	3.18	3.3%
Mississippi	89.5	2.60	13.7%
Kansas	87.9	1.62	7.1%
West Virginia	86.8	0.98	84.8%
New Jersey	85.1	0.5%	-30.1%
Alaska	(n/a)	(n/a)	(n/a)
Delaware	(n/a)	(n/a)	(n/a)
Hawaii	(n/a)	(n/a)	(n/a)

Traffic Congestion

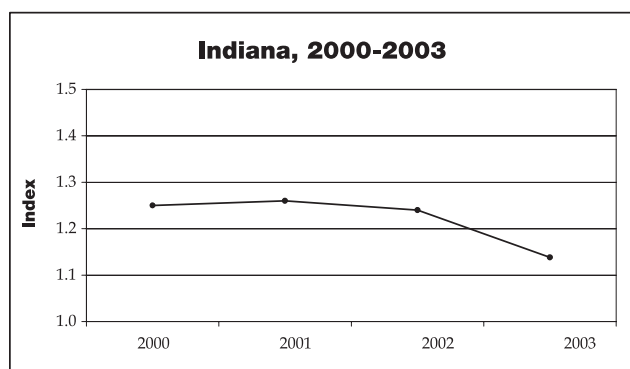
Texas Transportation Institute Travel Rate Index, 2003

Traffic congestion, exacerbated by the growth of suburbs and continued migration to metropolitan areas without adequate public transportation, is an increasing problem. The economic costs of lost time and fuel spent are substantial.

Since 1999, the Texas Transportation Institute has produced a Travel Rate Index for now 85 urban areas, which compares peak travel time to travel time in free flow conditions. The table at right lists the population-weighted average of each state's reported metropolitan travel rate index, which provides a general measure of vehicle travel relative to roadway capacity on major highways. A lower score indicates less congestion.

Midwest Performance, 2003

State	Metric	Score
Ohio	1.09	108.1
Indiana	1.14	100.2
Kentucky	1.15	98.4
Wisconsin	1.15	98.4
Michigan	1.18	93.3
Illinois	1.36	63.5



Source: Texas Transportation Institute, Urban Mobility Study

State	Score	Index	Change, 2000 - 2003 (%)
<i>50-State Average</i>		1.15	-6.9%
Arkansas	117.1	1.03	(n/a)
Alaska	115.9	1.04	0.2%
Oklahoma	113.4	1.06	-4.3%
Ohio	108.1	1.09	-8.7%
South Carolina	108.0	1.09	-8.4%
Alabama	107.0	1.10	-6.3%
New York	106.1	1.10	-4.4%
Connecticut	105.5	1.11	-1.3%
Virginia	105.4	1.11	-2.5%
Rhode Island	105.2	1.11	-8.5%
Nebraska	105.0	1.11	-3.6%
Oregon	104.7	1.11	-7.9%
Missouri	104.1	1.11	-5.2%
Texas	103.2	1.12	-5.1%
Tennessee	102.9	1.12	-6.1%
Utah	102.4	1.13	-5.5%
Colorado	101.4	1.13	-8.5%
Indiana	100.2	1.14	-8.9%
New Mexico	99.8	1.14	-8.0%
Pennsylvania	98.8	1.15	-3.6%
Massachusetts	98.8	1.15	-20.9%
North Carolina	98.6	1.15	-9.6%
Kentucky	98.4	1.15	(n/a)
Wisconsin	98.4	1.15	-9.5%
Louisiana	95.8	1.17	-1.2%
Washington	95.2	1.17	-5.7%
Florida	95.1	1.17	-7.2%
Michigan	93.3	1.18	-11.9%
Hawaii	92.8	1.18	0.3%
Minnesota	92.6	1.19	-14.1%
Arizona	90.0	1.20	-7.9%
Maryland	89.6	1.20	-6.7%
Georgia	86.3	1.22	-10.7%
Nevada	84.6	1.23	-8.6%
California	79.9	1.26	-9.1%
Illinois	63.5	1.36	-6.6%
Delaware	(n/a)	(n/a)	(n/a)
Idaho	(n/a)	(n/a)	(n/a)
Iowa	(n/a)	(n/a)	(n/a)
Kansas	(n/a)	(n/a)	(n/a)
Maine	(n/a)	(n/a)	(n/a)
Mississippi	(n/a)	(n/a)	(n/a)
Montana	(n/a)	(n/a)	(n/a)
New Hampshire	(n/a)	(n/a)	(n/a)
New Jersey	(n/a)	(n/a)	(n/a)
North Dakota	(n/a)	(n/a)	(n/a)
South Dakota	(n/a)	(n/a)	(n/a)
Vermont	(n/a)	(n/a)	(n/a)
West Virginia	(n/a)	(n/a)	(n/a)
Wyoming	(n/a)	(n/a)	(n/a)

Digital Connectivity

Midwest Performance

	2006	2004	2002	2000
Ohio	B+	B+	B+	C
Wisconsin	B+	B	B	D+
Michigan	B+	B-	B-	C-
Indiana	B-	B-	C	D+
Illinois	C	C+	C+	D+
Kentucky	F	F	F	F

Other Manufacturing Competitors

	2006	2004	2002	2000
Oregon	B+	A-	A-	C+
North Carolina	B+	B-	C+	D-
New Hampshire	B	B+	B	C-
Indiana	B-	B-	C	D+
South Carolina	B-	D+	C	D-
Iowa	C-	C	C	C-

State	2006	2004	2002	2000
South Dakota	A+	A+	A	B+
Maryland	A+	A+	A	C
Virginia	A+	A-	B+	C
Massachusetts	A	A-	A+	C
Connecticut	A	A	B+	C-
Rhode Island	A	A+	A+	C+
North Dakota	A-	B-	B-	B-
Montana	A-	B	B-	B-
Wyoming	A-	A-	B	A-
New Jersey	A-	B	B	C
Maine	A-	B+	C+	C-
Kansas	A-	B	B	C
Florida	A-	B	B	D+
Ohio	B+	B+	B+	C
Nevada	B+	B-	B	D
Wisconsin	B+	B	B	D+
Nebraska	B+	C+	C+	C+
Colorado	B+	B-	B	C+
Texas	B+	B	B	C
Oregon	B+	A-	A-	C+
Delaware	B+	A-	A+	D-
North Carolina	B+	B-	C+	D-
Michigan	B+	B-	B-	C-
Washington	B	B	B	C+
Alaska	B	A-	A-	C
Vermont	B	B+	B	D+
New Hampshire	B	B+	B	C-
New York	B	B	B+	D+
Pennsylvania	B	C+	C+	D
New Mexico	B-	B-	B-	C-
Indiana	B-	B-	C	D+
Utah	B-	C+	B	C
South Carolina	B-	D+	C	D-
Mississippi	B-	D+	C	F
Oklahoma	B-	C+	C+	C
Tennessee	B-	C-	C	D
Arkansas	B-	C	C-	D
California	B-	C+	B-	C-
Georgia	C+	D+	C-	D+
Louisiana	C+	C-	D+	F
Alabama	C+	D+	C-	D
Arizona	C+	B	B	B-
Idaho	C+	B+	B+	B-
Missouri	C+	C+	C+	D+
Illinois	C	C+	C+	D+
Minnesota	C	C+	C	C-
Iowa	C-	C	C	C-
West Virginia	D	D	D+	D
Hawaii	F	C-	D	A+
Kentucky	F	F	F	F

Broadband Connection

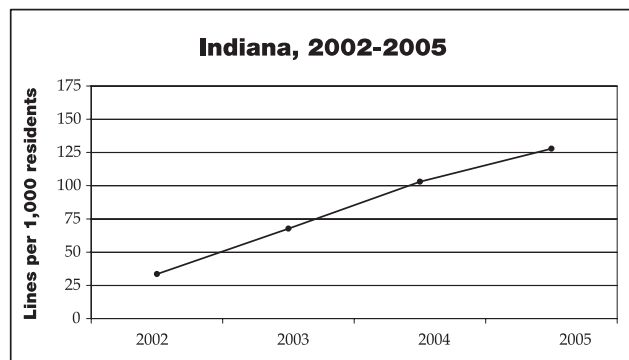
number of available broadband Internet lines per 1,000 residents, 2005

The term “broadband” is a catch-all phrase that encompasses cable and wireless Internet access, DSL, ISDN, T-1 and T-3. Broadband Internet access is replacing the dial-up modem. Once the province only of larger businesses and early adopter individuals, broadband’s high download speeds are increasingly available to the everyday user and small business. Available and inexpensive broadband is becoming vital to economic competitiveness.

The table shows the number of broadband lines per 1,000 people in each state.

Midwest Performance, 2005

State	Metric	Score
Ohio	164.9	103.4
Wisconsin	155.0	100.0
Michigan	153.9	99.6
Illinois	151.7	98.9
Indiana	127.8	90.5
Kentucky	76.5	72.5



Source: Federal Communications Commission, Local Telephone Competition and Broadband Deployment

State	Score	Lines/1,000 Residents	Change, 2002 - 2005 (%)
<i>50-State Average</i>		156.5	179%
Connecticut	126.3	230.1	159%
New Jersey	125.7	228.2	245%
Massachusetts	124.1	223.8	111%
Rhode Island	117.9	206.2	145%
New Hampshire	117.4	204.7	154%
California	116.7	202.7	134%
Maryland	115.6	199.6	177%
Florida	114.9	197.6	134%
Nevada	114.5	196.3	167%
Washington	113.7	194.0	143%
New York	112.3	190.1	82%
Colorado	112.0	189.2	185%
Oregon	111.7	188.3	141%
Virginia	109.0	180.7	184%
Arizona	106.6	173.9	155%
Georgia	106.6	173.8	128%
Nebraska	106.5	173.5	156%
Kansas	105.4	170.6	139%
North Carolina	104.9	169.1	137%
Alaska	103.5	165.0	89%
Ohio	103.4	164.9	165%
Maine	102.6	162.4	188%
Pennsylvania	102.0	160.8	214%
Minnesota	101.6	159.6	139%
Wisconsin	100.0	155.0	151%
Michigan	99.6	153.9	141%
Vermont	99.6	153.9	189%
Illinois	98.9	151.7	160%
Texas	98.8	151.6	144%
North Dakota	98.2	149.9	374%
South Dakota	98.2	149.9	531%
Delaware	97.3	147.2	132%
Tennessee	95.4	141.9	122%
Oklahoma	95.4	141.8	152%
Wyoming	93.7	137.1	365%
Missouri	91.9	131.8	187%
South Carolina	90.9	129.0	137%
Indiana	90.5	127.8	282%
Utah	90.2	127.1	144%
Montana	87.9	120.4	446%
Idaho	86.9	117.5	187%
West Virginia	85.4	113.4	159%
Louisiana	84.9	112.0	91%
Alabama	84.9	112.0	120%
Arkansas	83.9	109.0	194%
New Mexico	82.8	105.8	239%
Kentucky	72.5	76.5	215%
Mississippi	71.6	74.0	162%
Iowa	71.4	73.5	78%
Hawaii	(n/a)	(n/a)	(n/a)

Broadband Coverage

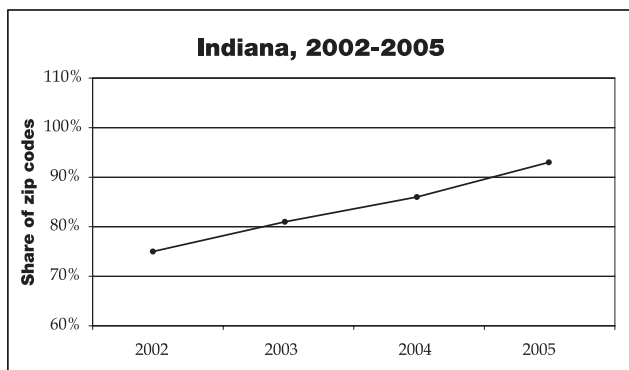
percent of zip codes covered by two or more broadband providers, 2005

A good geographic coverage of broadband lines makes sure that all parts of the state have the opportunity to be part of the economic system and contribute to entrepreneurship and productivity growth. At the same time, the access has to be at a reasonable cost and service; some extent of competition is more likely to assure such an outcome.

The table shows the percent of zip codes that have two or more broadband providers in each state.

Midwest Performance, 2005

State	Metric	Score
Michigan	99.0%	109.4
Ohio	99.0%	109.4
Wisconsin	98.0%	106.3
Indiana	93.0%	90.6
Illinois	86.0%	68.6
Kentucky	78.0%	43.4



Source: Federal Communications Commission, Local Telephone Competition and Broadband Deployment

State	Score	Percent Coverage	Change, 2002 - 2005 (%)
<i>50-State Average</i>		93.4%	39%
Connecticut	112.6	100.0%	3%
Florida	112.6	100.0%	3%
New Jersey	112.6	100.0%	3%
Arizona	109.4	99.0%	8%
Georgia	109.4	99.0%	14%
Massachusetts	109.4	99.0%	2%
Michigan	109.4	99.0%	15%
New Hampshire	109.4	99.0%	10%
North Carolina	109.4	99.0%	11%
Ohio	109.4	99.0%	10%
Rhode Island	109.4	99.0%	9%
South Carolina	109.4	99.0%	25%
Alabama	106.3	98.0%	32%
Delaware	106.3	98.0%	-2%
Maryland	106.3	98.0%	8%
Mississippi	106.3	98.0%	32%
Wisconsin	106.3	98.0%	26%
California	103.1	97.0%	7%
Nevada	103.1	97.0%	52%
Tennessee	103.1	97.0%	15%
Colorado	100.0	96.0%	19%
Kansas	100.0	96.0%	75%
Louisiana	100.0	96.0%	30%
Nebraska	100.0	96.0%	109%
Texas	100.0	96.0%	20%
Vermont	100.0	96.0%	26%
New York	96.9	95.0%	10%
Montana	93.7	94.0%	104%
New Mexico	93.7	94.0%	74%
Virginia	93.7	94.0%	31%
Washington	93.7	94.0%	11%
Arkansas	90.6	93.0%	90%
Indiana	90.6	93.0%	24%
Pennsylvania	90.6	93.0%	27%
Utah	87.4	92.0%	51%
Oregon	84.3	91.0%	11%
Maine	78.0	89.0%	39%
Oklahoma	78.0	89.0%	41%
Wyoming	78.0	89.0%	51%
Alaska	74.8	88.0%	96%
Missouri	74.8	88.0%	52%
North Dakota	74.8	88.0%	100%
Illinois	68.6	86.0%	16%
Iowa	62.3	84.0%	91%
Minnesota	62.3	84.0%	47%
South Dakota	62.3	84.0%	147%
Hawaii	59.1	83.0%	89%
Idaho	56.0	82.0%	41%
Kentucky	43.4	78.0%	53%
West Virginia	34.0	75.0%	82.9%

Next Generation Internet

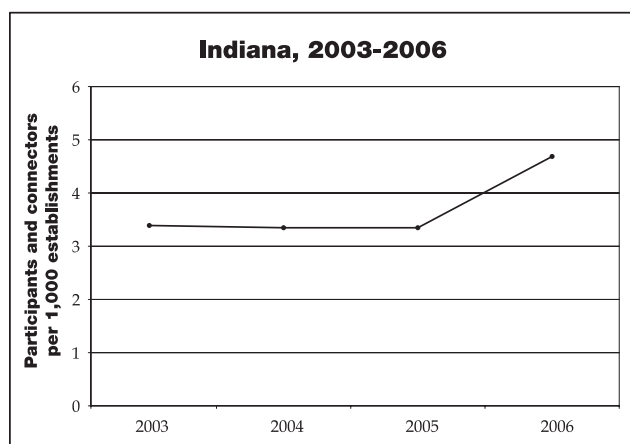
number of Abilene network participants/connectors per 1,000 establishments, 2006

What broadband is to the dial-up modem, the Abilene network, or "Internet2," is to broadband. With a transmission speed that is magnitudes beyond any link available to the average consumer or firm, universities and private research labs use the Internet2 to conduct joint research projects of such complexity that they would have taxed the supercomputer of not long ago. Despite the exclusionary nature of Abilene participation, the number of participants in a state hints at future competitiveness in the information technology arena.

The table lists the total number of Abilene network participants and connectors in each state per 1,000 establishments. Readers may be interested to know that Indiana University-Purdue University Indianapolis is the home of the Internet2 project.

Midwest Performance, 2006

State	Metric	Score
Ohio	4.8	100.5
Indiana	4.7	99.8
Michigan	3.4	90.4
Kentucky	3.3	89.7
Illinois	3.2	89.0
Wisconsin	2.8	86.3



Source: Abilene Network, Abilene Participant and Connector List

State	Score	Number per 1,000 Establishments	Change, 2003 - 2006 (%)
<i>50-State Average</i>		4.9	15.2%
South Dakota	152.2	12.1	-1.3%
Mississippi	136.7	9.9	18.6%
North Dakota	134.6	9.6	-1.7%
New Mexico	130.6	9.0	31.4%
Maryland	129.0	8.8	17.6%
Utah	122.9	8.0	20.0%
Delaware	122.3	7.9	-2.3%
Alabama	115.7	6.9	38.7%
Rhode Island	113.8	6.7	-2.3%
Massachusetts	110.8	6.3	11.7%
Arkansas	110.0	6.1	-1.5%
Louisiana	107.8	5.8	48.8%
Virginia	107.8	5.8	52.6%
Montana	107.4	5.8	-2.5%
Oklahoma	107.1	5.7	23.0%
Oregon	106.9	5.7	17.3%
Nevada	104.6	5.4	-4.5%
Texas	104.1	5.3	28.1%
Missouri	103.4	5.2	11.6%
Wyoming	103.2	5.2	-2.1%
Alaska	103.1	5.2	-1.1%
New Hampshire	103.0	5.1	-1.4%
Idaho	100.8	4.8	-3.6%
Ohio	100.5	4.8	29.3%
Colorado	100.2	4.8	36.8%
Indiana	99.8	4.7	38.3%
Pennsylvania	99.5	4.6	25.8%
Tennessee	98.8	4.6	18.5%
Vermont	98.6	4.5	-1.4%
North Carolina	96.5	4.2	25.8%
Kansas	94.6	4.0	-1.1%
New York	92.9	3.7	33.5%
Iowa	92.6	3.7	-0.6%
Minnesota	90.4	3.4	145.4%
Michigan	90.4	3.4	-0.4%
Kentucky	89.7	3.3	-1.2%
Arizona	89.1	3.2	-3.3%
Illinois	89.0	3.2	23.4%
Hawaii	89.0	3.2	-1.7%
California	87.6	3.0	11.7%
South Carolina	87.6	3.0	-2.0%
Washington	87.2	2.9	-2.5%
Wisconsin	86.3	2.8	31.6%
Florida	84.1	2.5	3.6%
West Virginia	83.9	2.4	-1.1%
Maine	83.8	2.4	-1.4%
Connecticut	81.8	2.2	-1.5%
New Jersey	81.3	2.1	64.8%
Nebraska	80.5	2.0	-1.0%
Georgia	79.8	1.9	-2.6%

Rural Online – Last Mile Internet

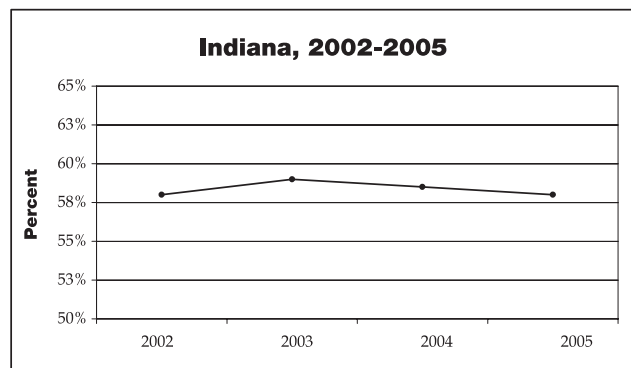
percentage of farms with
Internet access, 2005

The percentage of farms with Internet access expresses a number of important factors about a state's digital infrastructure. In a parallel to rural electrification in the 1930s, chief among these factors are questions about the "last mile" – the extent to which reliable, cheap or convenient Internet access has reached rural areas – and the development of community access portals in more rural areas.

The table shows the percentage of farms with Internet access.

Midwest Performance, 2005

State	Metric	Score
Wisconsin	69%	110.3
Illinois	64%	104.6
Michigan	62%	102.3
Indiana	58%	97.7
Ohio	56%	95.4
Kentucky	36%	72.6



Source: U.S. Department of Agriculture, Farm Computer Usage

State	Score	Percent	Change, 2002 - 2005 (%)
<i>50-State Average</i>		61%	4%
Oregon	122.9	80%	7%
Wyoming	121.7	79%	18%
Connecticut	120.6	78%	8%
Maine	120.6	78%	8%
Maryland	120.6	78%	8%
Nevada	120.6	78%	8%
Rhode Island	120.6	78%	8%
Virginia	120.6	78%	8%
Idaho	119.4	77%	-4%
Montana	117.2	75%	6%
Utah	113.7	72%	7%
Washington	111.4	70%	19%
Wisconsin	110.3	69%	13%
Colorado	109.1	68%	1%
South Dakota	106.9	66%	18%
Nebraska	105.7	65%	12%
North Dakota	105.7	65%	10%
Illinois	104.6	64%	5%
Iowa	104.6	64%	8%
New Jersey	103.4	63%	-6%
New York	103.4	63%	-3%
Michigan	102.3	62%	3%
Florida	101.1	61%	22%
Minnesota	101.1	61%	11%
North Carolina	98.9	59%	16%
Oklahoma	98.9	59%	23%
California	97.7	58%	-8%
Delaware	97.7	58%	0%
Indiana	97.7	58%	2%
Massachusetts	97.7	58%	0%
Texas	97.7	58%	2%
Kansas	96.6	57%	-2%
Ohio	95.4	56%	-11%
Pennsylvania	94.3	55%	2%
Vermont	93.1	54%	-7%
West Virginia	92.0	53%	-9%
South Carolina	90.9	52%	8%
Louisiana	89.7	51%	-4%
New Hampshire	89.7	51%	-6%
Arkansas	88.6	50%	2%
Mississippi	82.8	45%	22%
Missouri	82.8	45%	-18%
Tennessee	81.7	44%	5%
Alabama	80.6	43%	-10%
Georgia	79.4	42%	17%
Arizona	77.1	40%	-40%
New Mexico	77.1	40%	-40%
Kentucky	72.6	36%	29%
Alaska	(n/a)	(n/a)	(n/a)
Hawaii	(n/a)	(n/a)	(n/a)

Technology in Schools

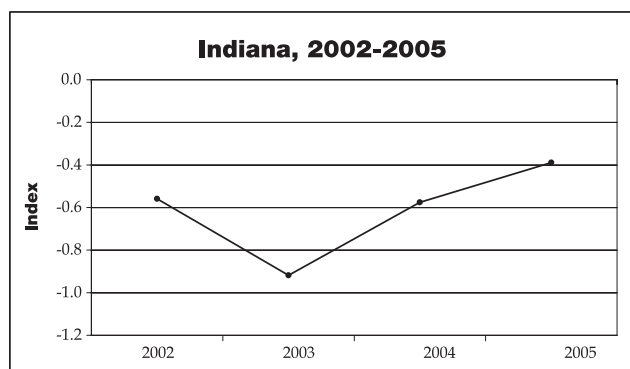
index of school technology
use statistics, 2005

Rapid adoption of telecommunications and computer technologies in schools can improve learning effectiveness and efficiency. It is also a way to help prepare students for lifelong and workplace learning, which is becoming increasingly technology-based.

This metric is an equally-weighted average of the rank in two statistics from *Education Week* magazine's "Technology Counts" annual report – students per instructional computer and students per Internet connected computer. The values of the statistics are normalized and then averaged to create the index given here; the higher the index the more students have to share resources. For more detail, see the appendix.

Midwest Performance, 2005

State	Metric	Score
Wisconsin	-0.64	110.7
Indiana	-0.39	106.3
Ohio	-0.37	106.0
Michigan	-0.12	101.6
Illinois	0.06	98.6
Kentucky	0.21	96.1



Source: *Education Weekly* magazine, Technology Counts

State	Score	Index	Change, 2002 - 2005 (Absolute)
<i>50-State Average</i>			
South Dakota	141.1	-2.41	0.00
Maine	138.7	-2.27	-2.43
Wyoming	129.9	-1.76	-0.33
Kansas	122.7	-1.34	0.06
Montana	120.5	-1.21	-0.33
Alaska	119.6	-1.16	-0.02
North Dakota	117.4	-1.03	0.41
Nebraska	117.0	-1.01	0.52
West Virginia	116.2	-0.96	-0.69
Virginia	115.1	-0.90	-0.52
Wisconsin	110.7	-0.64	0.57
Iowa	110.4	-0.63	0.45
Vermont	108.6	-0.52	-0.07
Texas	108.3	-0.51	-0.02
Missouri	107.5	-0.46	0.08
Pennsylvania	107.2	-0.44	-0.26
Indiana	106.3	-0.39	0.17
Ohio	106.0	-0.37	0.28
Florida	105.5	-0.34	-0.34
New Mexico	104.2	-0.27	0.09
New Jersey	102.4	-0.16	-0.11
Arkansas	102.0	-0.13	-0.08
Idaho	101.7	-0.12	0.79
Michigan	101.6	-0.12	-0.56
South Carolina	101.1	-0.09	0.09
Connecticut	98.9	0.05	-1.22
Massachusetts	98.8	0.05	-0.33
Illinois	98.6	0.06	-0.22
Georgia	98.4	0.07	-0.33
Minnesota	98.0	0.09	0.57
Oklahoma	96.9	0.16	0.37
Tennessee	96.4	0.19	-0.34
Washington	96.2	0.20	0.18
Kentucky	96.1	0.21	0.11
North Carolina	94.1	0.32	-0.33
New York	89.9	0.57	-0.12
Colorado	87.7	0.69	0.43
Louisiana	85.9	0.80	-1.63
Arizona	83.2	0.96	0.54
Mississippi	82.2	1.02	0.25
Oregon	81.8	1.04	0.74
Delaware	80.5	1.11	1.96
Alabama	78.9	1.21	-0.43
Maryland	78.5	1.23	-0.37
New Hampshire	78.5	1.23	0.02
Hawaii	77.4	1.29	0.43
Rhode Island	77.2	1.31	0.50
Nevada	71.3	1.65	0.34
California	69.7	1.74	-0.05
Utah	65.72	1.97	1.21

Dynamism and Entrepreneurism

A dynamic economy is one that not only creates jobs, but destroys others. Through continuous innovation and productivity improvement, better, more stimulating work and a more rewarding work life is created. To cope with the inevitable hardships of dislocation, workers become more agile and lifelong learners. The signs of a healthy dynamic economy include jobs created more than jobs lost and business starts exceeding business failures. In fact, one characteristic of today's innovation economy is the degree to which it is "churning" – residents coming and going; new occupations forming while others decline; businesses locating, then relocating. To capture this, the Dynamism sub-driver comprises a number of growth or change metrics. The Research and Creativity sub-driver seeks to measure the strength of the discovery process behind this churning, including funding activities in support of R&D and innovation. The Capital Formation sub-driver seeks to measure funding for business growth, the degree of capital access and investment among both small businesses and start-ups, as well as more established firms.

Midwest Performance

	2006	2004	2002	2000
Wisconsin	C	C-	C	D
Ohio	C	C	C-	D
Illinois	C-	C-	D+	D+
Michigan	D+	D+	C-	D-
Kentucky	D+	D	D-	D-
Indiana	D+	D+	D	D-

Other Manufacturing Competitors

	2006	2004	2002	2000
North Carolina	B	C	C+	C-
New Hampshire	C	C	C	C+
Oregon	C	D+	D+	D+
Iowa	D+	C+	C	D+
South Carolina	D+	D	D	F
Indiana	D+	D+	D	D-

State	2006	2004	2002	2000
Massachusetts	A+	A+	A+	A+
Utah	A+	B-	B+	B
New York	A-	B-	B-	B
Maryland	A-	B-	A-	B-
California	B+	B	B+	A-
Nevada	B	C	D	D-
Idaho	B	A-	C	D+
North Carolina	B	C	C+	C-
Texas	B	B-	C-	C
Colorado	B-	B-	C	B
Arizona	B-	C-	C-	C
New Jersey	C+	C-	D-	C-
Montana	C+	C-	D	D-
Vermont	C+	C	C-	C-
Connecticut	C+	D+	D+	C+
Delaware	C+	C-	D	D
Hawaii	C+	D	D-	D+
Virginia	C	B-	C	C
Pennsylvania	C	D+	C-	C-
Georgia	C	C+	D+	D+
North Dakota	C	F	D+	D
New Mexico	C	D	F	D
Minnesota	C	C+	C+	C+
New Hampshire	C	C	C	C+
Wisconsin	C	C-	C	D
Oklahoma	C	D	D	D+
Ohio	C	C	C-	D
Oregon	C	D+	D+	D+
South Dakota	C-	C-	C-	D-
Illinois	C-	C-	D+	D+
Alabama	C-	C-	C-	D
Maine	C-	D+	D	D
Tennessee	D+	D+	D+	D-
Iowa	D+	C+	C	D+
Alaska	D+	F	D+	D-
Florida	D+	D	C-	D+
Wyoming	D+	C-	D+	D+
Michigan	D+	D+	C-	D-
Kentucky	D+	D	D-	D-
Washington	D+	C-	B-	C
South Carolina	D+	D	D	F
Indiana	D+	D+	D	D-
Rhode Island	D	C	C	C
Arkansas	D	D+	D-	F
Kansas	D	F	D-	F
Nebraska	D	D-	D	D-
Missouri	D	D+	D+	C-
Mississippi	D-	D	D-	F
Louisiana	D-	D	D	D-
West Virginia	F	F	F	F

Dynamism

Midwest Performance

	2006	2004	2002	2000
Kentucky	C+	C+	B-	C
Illinois	C	C+	A-	B+
Wisconsin	C-	C	A+	C-
Ohio	C-	C+	A+	C
Indiana	D+	C	B+	C

Other Manufacturing Competitors

	2006	2004	2002	2000
North Carolina	C	C	B-	C
South Carolina	D+	D+	B-	C-
Oregon	D+	C	B-	B
Indiana	D+	C	B+	C
New Hampshire	D+	C	C+	B+
Iowa	D	B	A	C-

State	2006	2004	2002	2000
Nevada	A+	C+	B	C+
Arizona	A-	C	C+	B+
Texas	A-	B	A	A+
Hawaii	A-	C-	B+	C
Maryland	A-	C	A-	B-
New Mexico	B+	C	F	D-
New York	B+	B	A-	A
Montana	B+	C+	C-	F
California	B+	B+	A+	A+
New Jersey	B	C	B-	B+
North Dakota	B	F	B+	C-
Idaho	B-	A+	B	B-
Colorado	B-	C+	C	A+
Pennsylvania	C+	C+	A-	B
Alaska	C+	D+	B+	C+
Florida	C+	C	A-	B-
Oklahoma	C+	C+	C-	C+
Kentucky	C+	C+	B-	C
Wyoming	C	B+	A-	C+
Minnesota	C	B-	A	A-
Delaware	C	C-	B	B-
North Carolina	C	C	B-	C
Utah	C	C-	A	C+
Virginia	C	C+	B	C+
Massachusetts	C	C+	C+	A
Illinois	C	C+	A-	B+
Vermont	C	C+	B-	C
Connecticut	C	C	B	B
Alabama	C	C-	A	C+
Tennessee	C-	C	A-	D+
Wisconsin	C-	C	A+	C-
Georgia	C-	C	B-	C
Kansas	C-	D+	B-	C-
Ohio	C-	C+	A+	C
Nebraska	D+	D+	A-	D+
South Carolina	D+	D+	B-	C-
Oregon	D+	C	B-	B
Arkansas	D+	B-	B-	D-
Indiana	D+	C	B+	C
New Hampshire	D+	C	C+	B+
Missouri	D+	C+	B	C+
South Dakota	D	C-	B+	C
Iowa	D	B	A	C-
Michigan	D	C	A	D
Rhode Island	D	C	B-	C+
Mississippi	D	C+	C+	D
Washington	D-	C-	B-	C+
Maine	D-	C	B	C+
Louisiana	F	C+	B-	D
West Virginia	F	C-	B-	D+

Increase In High-Performance Firms

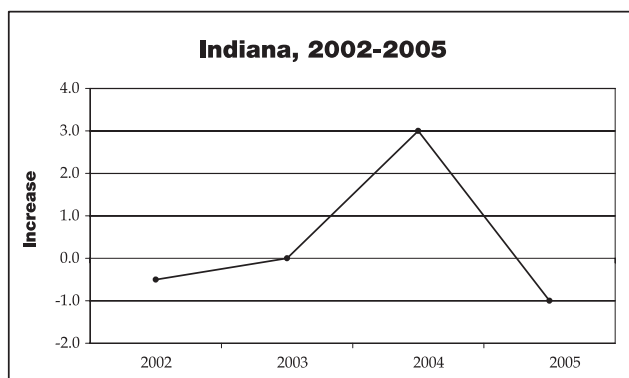
change in number of firms with significant revenue/sales growth, 2004/2005

High-performance firms tend to be more impervious to fluctuations in the overall economy and have a strong multiplier effect on the rest of the economy. High-tech firms in specific have been associated with higher economic prosperity.

The table shows the average of two rates of change (absolute increase or decrease) for the number of privately held companies: a state's absolute change in fastest-growing firms from Inc.com, and its absolute change in fastest-growing high-technology firms from Deloitte & Touche's Fast 500, both based on revenue/sales performance.

Midwest Performance, 2004/2005

State	Metric	Score
Illinois	1.0	112.6
Kentucky	0.0	100.0
Wisconsin	0.0	100.0
Indiana	-1.0	87.4
Michigan	-1.0	87.4
Ohio	-2.5	68.6



Source: Deloitte & Touche, Inc.com

State	Score	Increase	Change, 2002 - 2005 (Absolute)
<i>50-State Average</i>		0.0	0.0
New York	219.5	9.5	10.5
New Jersey	156.6	4.5	12.5
Maryland	150.3	4.0	-1.0
Pennsylvania	137.7	3.0	1.0
Texas	131.4	2.5	4.5
Connecticut	118.9	1.5	1.5
Kansas	118.9	1.5	2.0
Oklahoma	118.9	1.5	1.0
South Carolina	118.9	1.5	1.5
Alaska	112.6	1.0	1.0
Arizona	112.6	1.0	-1.0
Arkansas	112.6	1.0	1.5
Illinois	112.6	1.0	6.0
Oregon	112.6	1.0	1.0
Massachusetts	106.3	0.5	-3.5
New Mexico	106.3	0.5	0.5
California	100.0	0.0	5.5
Delaware	100.0	0.0	0.5
Hawaii	100.0	0.0	0.0
Kentucky	100.0	0.0	0.5
Montana	100.0	0.0	-0.5
Nebraska	100.0	0.0	-1.0
Nevada	100.0	0.0	-1.0
North Dakota	100.0	0.0	0.0
Rhode Island	100.0	0.0	0.0
South Dakota	100.0	0.0	0.0
Utah	100.0	0.0	-5.0
West Virginia	100.0	0.0	0.0
Wisconsin	100.0	0.0	1.5
Wyoming	100.0	0.0	0.0
Louisiana	93.7	-0.5	-0.5
Maine	93.7	-0.5	0.5
Mississippi	93.7	-0.5	-0.5
North Carolina	93.7	-0.5	-2.5
Vermont	93.7	-0.5	-0.5
Idaho	87.4	-1.0	-1.5
Indiana	87.4	-1.0	-0.5
Iowa	87.4	-1.0	-0.5
Michigan	87.4	-1.0	-5.5
New Hampshire	87.4	-1.0	-1.0
Tennessee	87.4	-1.0	-1.0
Alabama	81.1	-1.5	1.0
Georgia	74.8	-2.0	5.0
Washington	74.8	-2.0	-9.0
Missouri	68.6	-2.5	-3.5
Ohio	68.6	-2.5	-2.0
Virginia	68.6	-2.5	-7.5
Colorado	56.0	-3.5	0.0
Minnesota	24.5	-6.0	-5.5
Florida	18.2	-6.5	-5.5

Fortune 500 Headquarters

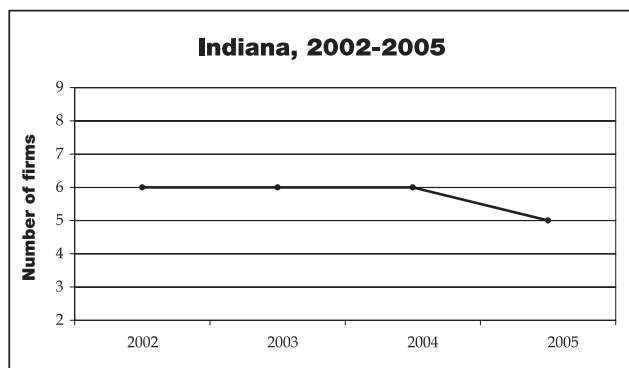
total number of Fortune 500
company headquarters, 2005

At the top of the large firm pyramid are the Fortune 500 corporations. Their headquarters typically employ large numbers of well-educated and well-compensated workers. They also tend to be philanthropic stewards for their local communities.

The table shows the total number of Fortune 500 companies that were headquartered in each state in 2005.

Midwest Performance, 2005

State	Metric	Score
Illinois	32	167.9
Ohio	28	157.9
Michigan	21	140.2
Wisconsin	10	112.6
Kentucky	6	102.5
Indiana	5	100.0



Source: Fortune magazine

State	Score	Number of firms	Change, 2002 - 2005 (%)
<i>50-State Average</i>		500	3.2%
Texas	228.3	56	24.4%
New York	225.8	55	5.8%
California	218.2	52	-1.9%
Illinois	167.9	32	-8.6%
Ohio	157.9	28	0.0%
Pennsylvania	152.8	26	-3.7%
New Jersey	142.8	22	0.0%
Michigan	140.2	21	-16.0%
Minnesota	135.2	19	5.6%
Georgia	130.2	17	21.4%
Virginia	130.2	17	-5.6%
Florida	122.6	14	27.3%
North Carolina	122.6	14	0.0%
Connecticut	120.1	13	-7.1%
Colorado	112.6	10	66.7%
Missouri	112.6	10	-16.7%
Wisconsin	112.6	10	-9.1%
Massachusetts	110.1	9	-30.8%
Washington	110.1	9	-18.2%
Tennessee	105.0	7	16.7%
Kentucky	102.5	6	20.0%
Oklahoma	102.5	6	50.0%
Arkansas	100.0	5	0.0%
Indiana	100.0	5	-16.7%
Maryland	100.0	5	-28.6%
Nebraska	100.0	5	0.0%
Arizona	97.5	4	33.3%
Alabama	92.5	2	-66.7%
Idaho	92.5	2	-33.3%
Iowa	92.5	2	0.0%
Louisiana	92.5	2	0.0%
Nevada	92.5	2	-50.0%
Rhode Island	92.5	2	0.0%
Utah	92.5	2	100.0%
Delaware	89.9	1	-50.0%
Kansas	89.9	1	-50.0%
Maine	89.9	1	100.0%
New Hampshire	89.9	1	100.0%
Oregon	89.9	1	0.0%
South Carolina	89.9	1	0.0%
Alaska	87.4	0	0.0%
Hawaii	87.4	0	0.0%
Mississippi	87.4	0	0.0%
Montana	87.4	0	0.0%
New Mexico	87.4	0	0.0%
North Dakota	87.4	0	0.0%
South Dakota	87.4	0	0.0%
Vermont	87.4	0	0.0%
West Virginia	87.4	0	0.0%
Wyoming	87.4	0	0.0%

Initial Public Offerings Awards

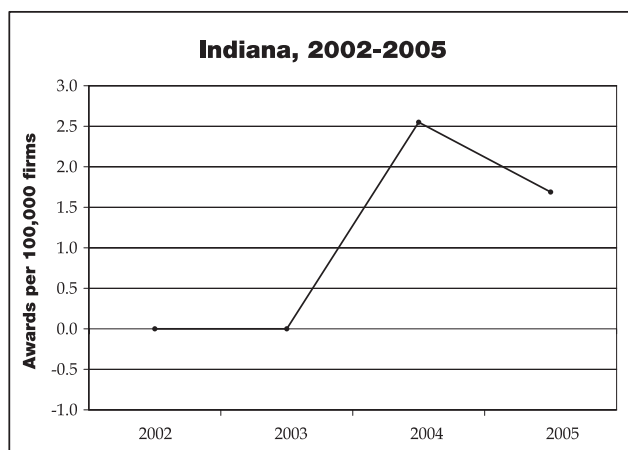
initial public offerings awards
per 100,000 firms, 2005

The flow of initial public offering (IPO) funds to a state is a function of the growth of promising take-off businesses. Businesses usually go public after the early product and market development stages, when a significant infusion of capital is required for market launch and production ramp-up.

The table shows the number of initial public offerings in each state proportional to the number of firms in the state.

Midwest Performance, 2005

State	Metric	Score
Illinois	4.2	119.1
Michigan	2.6	106.8
Indiana	1.7	100.2
Ohio	1.4	98.1
Kentucky	0.0	87.4
Wisconsin	0.0	87.4



Source: Hale & Dorr LLP, National IPO Database

State	Score	Awards per 100,000 Firms	Change, 2002 - 2005 (Absolute)
<i>50-State Average</i>		1.9	1.1
Massachusetts	152.5	8.6	7.9
Nevada	134.6	6.3	3.9
Alabama	125.2	5.0	2.5
Colorado	123.0	4.7	2.2
Maryland	120.7	4.4	4.4
Illinois	119.1	4.2	3.0
Oklahoma	118.8	4.2	4.2
North Carolina	118.0	4.1	3.4
Minnesota	117.6	4.0	3.1
Connecticut	116.7	3.9	0.0
Hawaii	116.6	3.9	3.9
California	115.4	3.7	1.5
Texas	114.8	3.6	2.6
New York	111.5	3.2	1.3
New Jersey	109.1	2.9	2.4
Maine	108.6	2.8	2.8
Idaho	108.1	2.7	2.7
Virginia	107.2	2.6	-1.6
Michigan	106.8	2.6	2.6
Louisiana	105.5	2.4	2.4
Georgia	104.5	2.3	2.3
Tennessee	102.1	1.9	0.0
Utah	101.2	1.8	-2.2
Indiana	100.2	1.7	1.7
Pennsylvania	100.0	1.7	0.0
Florida	100.0	1.7	0.9
Missouri	99.4	1.6	0.7
Ohio	98.1	1.4	0.9
Washington	97.8	1.4	-0.1
Arizona	94.7	1.0	-0.1
Alaska	87.4	0.0	0.0
Arkansas	87.4	0.0	0.0
Delaware	87.4	0.0	0.0
Iowa	87.4	0.0	0.0
Kansas	87.4	0.0	0.0
Kentucky	87.4	0.0	0.0
Mississippi	87.4	0.0	0.0
Montana	87.4	0.0	0.0
Nebraska	87.4	0.0	0.0
New Hampshire	87.4	0.0	0.0
New Mexico	87.4	0.0	0.0
North Dakota	87.4	0.0	0.0
Oregon	87.4	0.0	0.0
Rhode Island	87.4	0.0	-3.9
South Carolina	87.4	0.0	0.0
South Dakota	87.4	0.0	0.0
Vermont	87.4	0.0	0.0
West Virginia	87.4	0.0	0.0
Wisconsin	87.4	0.0	0.0
Wyoming	87.4	0.0	0.0

University Spinout Businesses

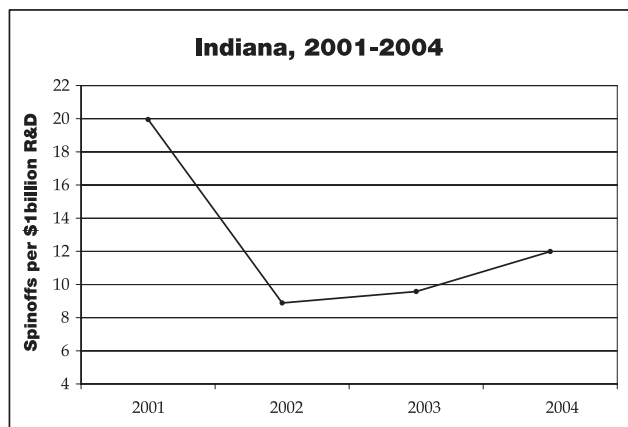
university spinout businesses
per \$1 billion R&D funding, 2004

Academic institutions vary in the degree to which they encourage and support faculty and graduate student spinout discoveries into new nearby business ventures. State and local economies can benefit significantly from their proactive business growth policies and practices – witness the impact universities had on the emergence of Silicon Valley from rural landscape to high-tech cluster.

The table shows the number of start-ups initiated by universities per \$1 billion university R&D expenditures.

Midwest Performance, 2004

State	Metric	Score
Kentucky	20.6	111.3
Ohio	17.9	107.7
Michigan	17.2	106.8
Indiana	12.0	100.0
Illinois	10.9	98.6
Wisconsin	3.4	88.7



Source: Association of University Technology Managers, AUTM Licensing Survey

State	Score	Spinouts per \$1 Billion R&D	Change, 2001 - 2004 (%)
<i>50-State Average</i>		13.4	7.0%
Delaware	124.8	30.8	-24.8%
Arkansas	124.7	30.7	133.7%
Vermont	123.0	29.5	(n/a)
Alabama	122.4	29.0	229.2%
Montana	120.9	27.8	-11.8%
Utah	115.0	23.4	159.7%
Rhode Island	112.6	21.5	(n/a)
Mississippi	112.0	21.1	3.4%
Kentucky	111.3	20.6	-31.9%
Virginia	109.7	19.3	-34.6%
Ohio	107.7	17.9	1.9%
Georgia	106.9	17.2	-15.1%
Michigan	106.8	17.2	21.7%
North Carolina	105.1	15.9	-41.0%
Colorado	102.9	14.2	108.5%
Arizona	102.5	13.9	-38.8%
Oregon	101.8	13.4	88.1%
New York	101.6	13.2	45.5%
Connecticut	100.3	12.2	-19.3%
Maryland	100.0	12.0	66.4%
New Mexico	100.0	12.0	-32.4%
Indiana	100.0	12.0	-39.9%
Pennsylvania	99.4	11.5	12.8%
Florida	98.9	11.2	-1.0%
Illinois	98.6	10.9	-14.9%
Idaho	98.3	10.7	-40.4%
Texas	97.0	9.7	-46.0%
California	94.7	8.0	-45.5%
Nevada	94.2	7.6	(n/a)
South Carolina	93.9	7.3	-14.0%
Tennessee	93.5	7.1	241.2%
Minnesota	93.1	6.8	-57.3%
Nebraska	92.3	6.2	-52.3%
Washington	92.0	5.9	4.7%
Iowa	91.3	5.4	24.3%
Maine	91.1	5.3	(n/a)
Louisiana	89.6	4.1	-83.2%
New Hampshire	89.2	3.8	-64.4%
Oklahoma	89.1	3.7	-79.8%
Missouri	89.1	3.7	27.1%
Kansas	89.0	3.7	-82.4%
Wisconsin	88.7	3.4	-30.9%
Alaska	(n/a)	(n/a)	(n/a)
Hawaii	(n/a)	(n/a)	(n/a)
Massachusetts	(n/a)	(n/a)	(n/a)
New Jersey	(n/a)	(n/a)	(n/a)
North Dakota	(n/a)	(n/a)	(n/a)
South Dakota	(n/a)	(n/a)	(n/a)
West Virginia	(n/a)	(n/a)	(n/a)
Wyoming	(n/a)	(n/a)	(n/a)

Export Growth

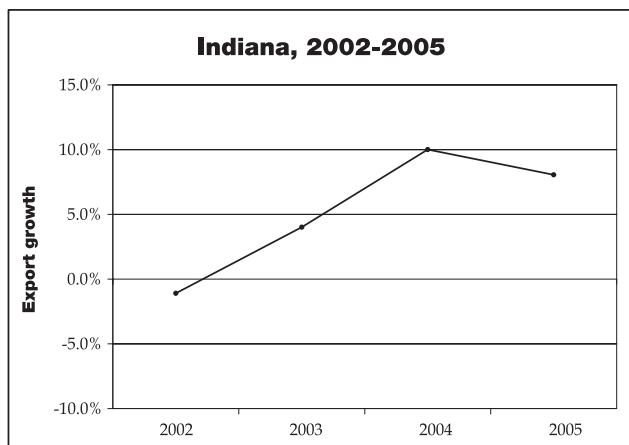
change in merchandise export value as a percentage of gross domestic product, 2004/2005

Healthy trade is a hallmark of the global economy. States with a manufacturing base that can produce for global demand are well positioned for sustained growth.

The chart shows the one-year change in the percentage of each state's gross state product that is accounted for by nominal merchandise export income.

Midwest Performance, 2004/2005

State	Metric	Score
Illinois	13.1%	108.7
Wisconsin	12.2%	107.3
Kentucky	8.7%	102.3
Indiana	8.1%	101.4
Ohio	7.2%	100.1
Michigan	2.3%	93.1



Source: U.S. Census Bureau, Foreign Trade Statistics

State	Score	Growth Rate	Change, 2002 - 2005 (Absolute)
<i>50-State Average</i>		9.9%	15.6%
Hawaii	250.0	137.6%	104.0%
Kansas	130.0	27.9%	31.7%
Oklahoma	127.2	25.9%	36.8%
Nebraska	126.6	25.5%	35.8%
Vermont	122.6	22.8%	37.0%
Nevada	120.8	21.5%	42.8%
Mississippi	120.4	21.2%	38.0%
Delaware	116.2	18.3%	19.8%
Utah	115.7	17.9%	-7.1%
Maryland	113.9	16.7%	31.8%
Montana	113.3	16.3%	41.0%
Pennsylvania	110.9	14.7%	27.7%
New Mexico	110.0	14.0%	30.7%
Tennessee	108.8	13.2%	16.4%
Illinois	108.7	13.1%	30.5%
Alabama	108.2	12.7%	8.1%
Wisconsin	107.3	12.2%	13.9%
Minnesota	106.6	11.7%	17.0%
Iowa	105.4	10.8%	14.5%
Missouri	105.3	10.8%	4.3%
North Dakota	104.7	10.4%	11.0%
South Dakota	102.8	9.0%	18.2%
Kentucky	102.3	8.7%	-3.1%
Indiana	101.4	8.1%	9.1%
Ohio	100.1	7.2%	8.8%
New York	99.9	7.0%	20.7%
Connecticut	98.7	6.2%	10.3%
Washington	98.2	5.9%	9.2%
Arkansas	97.5	5.4%	13.4%
New Jersey	96.4	4.6%	17.2%
New Hampshire	95.9	4.3%	29.9%
Florida	95.7	4.1%	18.2%
Idaho	94.3	3.2%	13.0%
Alaska	93.6	2.7%	7.8%
Oregon	93.6	2.6%	-4.7%
Michigan	93.1	2.3%	2.6%
North Carolina	91.2	1.0%	16.6%
Texas	91.2	1.0%	3.3%
Arizona	90.1	0.3%	9.0%
California	89.0	-0.5%	15.7%
South Carolina	87.0	-1.9%	4.5%
Georgia	86.5	-2.3%	1.6%
Virginia	86.0	-2.6%	7.5%
Massachusetts	84.1	-3.9%	1.9%
Colorado	82.6	-4.9%	6.9%
Rhode Island	81.4	-5.8%	10.1%
Louisiana	79.6	-7.0%	-12.4%
Maine	77.0	-8.9%	-13.5%
West Virginia	74.6	-10.5%	-6.6%
Wyoming	70.1	-13.6%	-19.7%

Foreign Direct Investment Growth

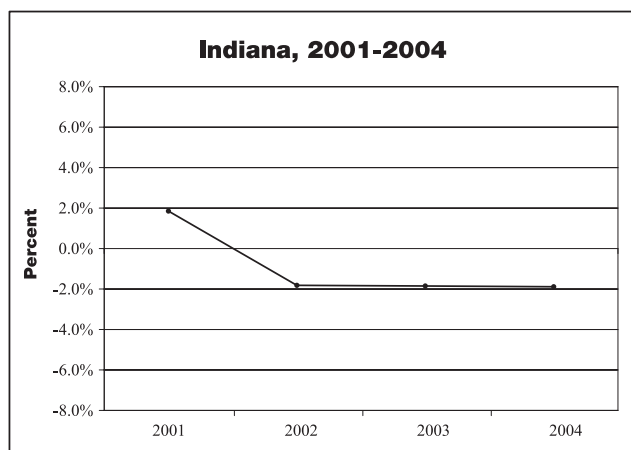
change in employment in foreign-owned, non-bank firms as a percentage of total employment, 2003/2004

As the world's economy becomes increasingly interdependent, the impact is on more than just trade. Large multi-national firms locate production across the globe. Foreign investment can be an important source of well-paying jobs.

The table gives a measurement of the growth, from year to year, in the percentage of workers in each state who work for non-bank, foreign-owned firms.

Midwest Performance, 2003/2004

State	Metric	Score
Michigan	-1.9%	108.5
Indiana	-1.9%	108.3
Ohio	-2.3%	106.8
Kentucky	-3.4%	102.2
Illinois	-8.0%	84.2
Wisconsin	-10.0%	76.3



Source: U.S. Bureau of Economic Analysis, Survey of Current Business

State	Score	Growth Rate	Change, 2001 - 2004 (Absolute)
<i>50-State Average</i>		-3.7%	-5.1%
Idaho	167.2	13.0%	13.0%
Mississippi	163.1	12.0%	2.5%
Nebraska	131.6	4.0%	0.0%
Arizona	128.9	3.3%	9.8%
Louisiana	128.9	3.3%	3.3%
Minnesota	115.8	0.0%	2.6%
New Mexico	115.8	0.0%	-9.5%
Pennsylvania	115.8	0.0%	6.0%
Rhode Island	115.8	0.0%	-7.7%
Vermont	115.8	0.0%	-7.9%
Washington	115.8	0.0%	-2.7%
New Jersey	109.7	-1.5%	-3.0%
Tennessee	108.6	-1.8%	-1.8%
Michigan	108.5	-1.9%	5.3%
New York	108.5	-1.9%	-3.6%
Indiana	108.3	-1.9%	-3.7%
Ohio	106.8	-2.3%	-0.1%
Texas	106.6	-2.3%	-0.2%
Connecticut	105.0	-2.7%	-17.2%
Oregon	104.8	-2.8%	2.2%
Massachusetts	103.6	-3.1%	-4.5%
Kentucky	102.2	-3.4%	-3.4%
Oklahoma	101.7	-3.6%	-21.4%
New Hampshire	100.4	-3.9%	2.4%
Maryland	100.0	-4.0%	-4.0%
Delaware	99.6	-4.1%	6.7%
Alabama	98.6	-4.3%	-21.8%
California	98.2	-4.4%	-0.4%
North Carolina	97.0	-4.8%	-0.5%
Colorado	96.1	-5.0%	1.7%
Montana	96.1	-5.0%	-17.5%
Maine	95.7	-5.1%	-6.7%
Missouri	95.0	-5.3%	-24.2%
Georgia	94.3	-5.5%	-3.7%
Utah	93.2	-5.7%	0.0%
Alaska	93.0	-5.8%	-5.8%
Arkansas	92.6	-5.9%	-8.7%
South Carolina	92.3	-6.0%	-8.4%
Virginia	91.1	-6.3%	-4.4%
Iowa	90.3	-6.5%	-13.3%
Wyoming	90.1	-6.5%	-9.1%
Nevada	87.6	-7.1%	1.9%
Florida	85.4	-7.7%	-13.0%
Illinois	84.2	-8.0%	-8.0%
Kansas	78.8	-9.4%	-6.3%
Wisconsin	76.3	-10.0%	-10.0%
Hawaii	55.1	-15.4%	-10.9%
West Virginia	55.1	-15.4%	-17.7%
South Dakota	26.1	-22.7%	-27.7%
North Dakota	(n/a)	(n/a)	(n/a)

New Business Churn Increase

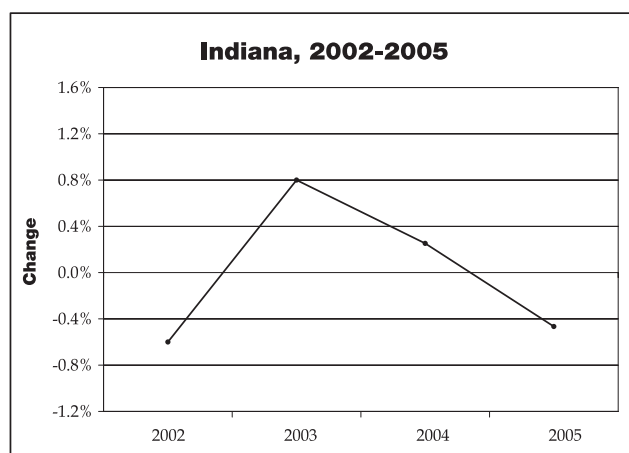
increase in rate of new businesses minus failed businesses as a percentage of total businesses, 2004/2005

Economic Vision 2010 speaks directly to business start-up activity. High growth areas in the knowledge economy are coincident with high rates of new business growth.

One of the best ways to measure a business start-up climate is by looking at net new businesses, or the number of new businesses less the number of businesses that have closed in a given year and how this rate has changed. The table shows the increase in the rate of net new businesses as a percentage of all businesses minus closed businesses as a percentage of all businesses.

Midwest Performance, 2004/2005

State	Metric	Score
Kentucky	1.0%	108.9
Illinois	0.9%	107.5
Wisconsin	-0.1%	93.8
Indiana	-0.5%	89.0
Ohio	-1.0%	82.1
Michigan	-1.1%	80.5



Source: U.S. Small Business Administration, Small Business Economic Indicators

State	Score	Increase	Change, 2002 - 2005 (Absolute)
<i>50-State Average</i>		0.9%	1.6%
New Mexico	244.3	11.3%	18.4%
Nevada	221.9	9.6%	10.7%
Arizona	191.1	7.3%	8.6%
New Jersey	169.1	5.6%	9.5%
Alaska	133.1	2.9%	3.8%
Washington	124.3	2.2%	3.0%
Montana	120.7	1.9%	12.0%
Idaho	116.5	1.6%	5.5%
North Dakota	113.6	1.4%	0.6%
South Dakota	112.6	1.3%	3.5%
Massachusetts	111.9	1.3%	0.5%
Alabama	111.7	1.3%	-1.2%
Kentucky	108.9	1.0%	3.1%
Iowa	107.6	0.9%	0.5%
Illinois	107.5	0.9%	1.3%
Mississippi	107.2	0.9%	0.0%
South Carolina	107.1	0.9%	0.6%
North Carolina	107.0	0.9%	0.0%
Wyoming	105.8	0.8%	1.8%
Nebraska	105.0	0.7%	0.4%
Texas	103.3	0.6%	0.1%
Maine	102.8	0.6%	0.3%
Pennsylvania	102.6	0.6%	2.1%
Oregon	102.4	0.6%	-0.1%
Kansas	100.4	0.4%	-0.9%
Florida	99.6	0.3%	-3.4%
Oklahoma	97.2	0.2%	1.1%
Delaware	97.0	0.1%	3.6%
New York	96.6	0.1%	0.3%
Hawaii	96.3	0.1%	0.8%
Louisiana	96.0	0.1%	1.3%
Connecticut	95.9	0.1%	0.4%
Wisconsin	93.8	-0.1%	-0.6%
Utah	93.3	-0.1%	-4.0%
New Hampshire	91.7	-0.3%	-0.3%
Virginia	90.5	-0.4%	-1.1%
California	89.7	-0.4%	0.0%
Indiana	89.0	-0.5%	0.1%
Rhode Island	88.7	-0.5%	1.9%
West Virginia	88.6	-0.5%	-1.4%
Tennessee	88.5	-0.5%	-1.1%
Maryland	87.4	-0.6%	-0.8%
Georgia	87.1	-0.6%	0.2%
Missouri	84.8	-0.8%	0.5%
Vermont	84.2	-0.8%	3.0%
Ohio	82.1	-1.0%	-1.2%
Michigan	80.5	-1.1%	-0.7%
Colorado	78.2	-1.3%	1.1%
Arkansas	77.9	-1.3%	-4.1%
Minnesota	68.4	-2.0%	1.9%

Firm Start-up Activity Rate

new firms as a percent of all firms, 2005

New businesses are key to sustained growth, even though many will fail. Being able to track changes in the makeup of a state's business profile with the most recent data is crucial to economic growth efforts. This metric, new to the Report Card, provides a new and more updated source of data on firm formations from BizMiner, which bases its data largely on Dun & Bradstreet registrations.

The table shows the number of new firms that came into existence between January 2005 and January 2006 as a percent of all firms.

Midwest Performance, 2005

State	Metric	Score
Wisconsin	9.1%	103.4
Illinois	8.6%	99.5
Indiana	8.3%	97.7
Ohio	8.0%	95.3
Michigan	7.6%	92.5
Kentucky	7.2%	90.1

Source: BizMiner, Entrepreneurial Activity Rates

State	Score	Percent	Change, 2002 - 2005 (%)
<i>50-State Average</i>		9.0%	(n/a)
Nevada	154.8	16.7%	(n/a)
Florida	144.5	15.2%	(n/a)
Georgia	125.8	12.4%	(n/a)
Utah	125.6	12.4%	(n/a)
Texas	125.1	12.3%	(n/a)
South Carolina	118.7	11.4%	(n/a)
Colorado	118.2	11.3%	(n/a)
Washington	118.0	11.3%	(n/a)
California	116.2	11.0%	(n/a)
Idaho	114.3	10.7%	(n/a)
Tennessee	113.8	10.7%	(n/a)
North Carolina	113.0	10.6%	(n/a)
Arizona	112.3	10.5%	(n/a)
New Jersey	112.3	10.5%	(n/a)
Arkansas	110.2	10.1%	(n/a)
Delaware	110.0	10.1%	(n/a)
Virginia	109.2	10.0%	(n/a)
Alabama	109.1	10.0%	(n/a)
Maryland	108.7	9.9%	(n/a)
Louisiana	107.9	9.8%	(n/a)
Connecticut	103.5	9.2%	(n/a)
Wisconsin	103.4	9.1%	(n/a)
Mississippi	103.0	9.1%	(n/a)
Oregon	102.1	9.0%	(n/a)
Missouri	100.5	8.7%	(n/a)
Illinois	99.5	8.6%	(n/a)
Rhode Island	98.5	8.4%	(n/a)
New York	98.1	8.4%	(n/a)
Indiana	97.7	8.3%	(n/a)
Alaska	97.4	8.3%	(n/a)
New Hampshire	96.4	8.1%	(n/a)
Ohio	95.3	8.0%	(n/a)
West Virginia	93.8	7.7%	(n/a)
Oklahoma	93.7	7.7%	(n/a)
Hawaii	92.7	7.6%	(n/a)
Massachusetts	92.5	7.6%	(n/a)
Michigan	92.5	7.6%	(n/a)
Minnesota	91.7	7.4%	(n/a)
New Mexico	90.3	7.2%	(n/a)
Kentucky	90.1	7.2%	(n/a)
Vermont	89.5	7.1%	(n/a)
Pennsylvania	88.7	7.0%	(n/a)
Kansas	88.2	6.9%	(n/a)
Wyoming	87.8	6.9%	(n/a)
Maine	85.7	6.6%	(n/a)
Iowa	79.7	5.7%	(n/a)
Nebraska	79.2	5.6%	(n/a)
Montana	77.9	5.4%	(n/a)
South Dakota	77.6	5.4%	(n/a)
North Dakota	67.4	3.9%	(n/a)

Establishment Failure Rate

establishment failures as a percent of all firms, 2004/2005

Viewed on its own, a high failure rate of establishments can reflect a lack of dynamism and the pull of relocations to outside a state. Coupled with the firm start-up activity rate, it can tell a story of healthy growth. This metric is based on recent data from BizMiner, which bases its data largely on Dun & Bradstreet registrations. Since the reporting of establishment closures are less reliable than firm formations, the rates are provided for a two-year period.

The table shows the average number of establishments that failed between January 2004 and January 2006 as a percent of all firms.

Midwest Performance, 2004/2005

State	Metric	Score
Kentucky	16.5%	147.9
Wisconsin	20.3%	121.3
Indiana	23.0%	102.2
Illinois	23.3%	99.7
Ohio	24.0%	95.4
Michigan	25.0%	88.2

Source: BizMiner, Entrepreneurial Activity Rates

State	Score	Percent	Change, 2002 - 2005 (%)
<i>50-State Average</i>		23.1%	(n/a)
Kentucky	147.9	16.5%	(n/a)
South Dakota	134.5	18.4%	(n/a)
North Dakota	130.8	18.9%	(n/a)
Iowa	127.2	19.5%	(n/a)
Nebraska	126.0	19.6%	(n/a)
Vermont	123.4	20.0%	(n/a)
Wisconsin	121.3	20.3%	(n/a)
Wyoming	119.9	20.5%	(n/a)
Montana	116.0	21.0%	(n/a)
Pennsylvania	115.7	21.1%	(n/a)
Maine	114.4	21.3%	(n/a)
Minnesota	112.8	21.5%	(n/a)
West Virginia	111.2	21.7%	(n/a)
Delaware	110.1	21.9%	(n/a)
Kansas	110.1	21.9%	(n/a)
New Mexico	106.1	22.4%	(n/a)
Oklahoma	105.6	22.5%	(n/a)
Rhode Island	103.4	22.8%	(n/a)
Alaska	102.4	23.0%	(n/a)
Massachusetts	102.4	23.0%	(n/a)
Alabama	102.3	23.0%	(n/a)
Indiana	102.2	23.0%	(n/a)
Connecticut	101.9	23.0%	(n/a)
South Carolina	100.7	23.2%	(n/a)
Oregon	100.3	23.3%	(n/a)
Illinois	99.7	23.3%	(n/a)
New Jersey	98.6	23.5%	(n/a)
Hawaii	97.8	23.6%	(n/a)
Missouri	97.6	23.6%	(n/a)
New Hampshire	97.6	23.6%	(n/a)
North Carolina	97.4	23.7%	(n/a)
Idaho	97.1	23.7%	(n/a)
Tennessee	96.4	23.8%	(n/a)
Ohio	95.4	24.0%	(n/a)
Arkansas	94.1	24.1%	(n/a)
Mississippi	93.2	24.3%	(n/a)
Virginia	92.1	24.4%	(n/a)
Arizona	90.4	24.7%	(n/a)
Colorado	89.9	24.7%	(n/a)
Maryland	89.8	24.7%	(n/a)
New York	89.5	24.8%	(n/a)
Washington	88.9	24.9%	(n/a)
Michigan	88.2	25.0%	(n/a)
Utah	84.1	25.6%	(n/a)
California	80.9	26.0%	(n/a)
Louisiana	77.6	26.5%	(n/a)
Georgia	75.0	26.8%	(n/a)
Nevada	74.5	26.9%	(n/a)
Florida	63.4	28.5%	(n/a)
Texas	61.4	28.8%	(n/a)

Entrepreneurial Activity Index

entrepreneurial activity index, 2005

The Kauffman Foundation provides a new and current measure of start-up activity based on the Current Population Survey of the U.S. Census Bureau. It measures the rate of business creation at the individual owner level – a measure of grassroots entrepreneurial activity by adult non-business owners.

The table shows the percent of individuals (ages 20–64) who do not own a business in the first survey month that start a business in the following month with 15 or more hours worked per week.

Midwest Performance, 2005

State	Metric	Score
Indiana	0.29%	97.5
Ohio	0.27%	94.1
Wisconsin	0.27%	94.1
Illinois	0.26%	92.5
Michigan	0.23%	87.4
Kentucky	0.18%	79.0

Source: Kauffman Foundation, Entrepreneurial Activity Index

State	Score	Percent	Change, 2002 - 2005 (%)
50-State Average		0.31%	(n/a)
Vermont	141.1	0.55%	(n/a)
Colorado	137.7	0.53%	(n/a)
Montana	131.0	0.49%	(n/a)
Wyoming	129.3	0.48%	(n/a)
Arkansas	127.7	0.47%	(n/a)
Idaho	127.7	0.47%	(n/a)
New Mexico	124.3	0.45%	(n/a)
Maryland	119.3	0.42%	(n/a)
Oklahoma	117.6	0.41%	(n/a)
Alaska	115.9	0.40%	(n/a)
Mississippi	114.3	0.39%	(n/a)
Utah	112.6	0.38%	(n/a)
Maine	109.2	0.36%	(n/a)
Nevada	107.5	0.35%	(n/a)
Texas	107.5	0.35%	(n/a)
Hawaii	105.9	0.34%	(n/a)
Iowa	105.9	0.34%	(n/a)
Georgia	104.2	0.33%	(n/a)
Oregon	104.2	0.33%	(n/a)
Arizona	102.5	0.32%	(n/a)
California	102.5	0.32%	(n/a)
Louisiana	102.5	0.32%	(n/a)
North Dakota	102.5	0.32%	(n/a)
Minnesota	100.8	0.31%	(n/a)
South Dakota	100.8	0.31%	(n/a)
New Jersey	99.2	0.30%	(n/a)
Indiana	97.5	0.29%	(n/a)
Florida	95.8	0.28%	(n/a)
New Hampshire	95.8	0.28%	(n/a)
New York	95.8	0.28%	(n/a)
Connecticut	94.1	0.27%	(n/a)
Ohio	94.1	0.27%	(n/a)
Wisconsin	94.1	0.27%	(n/a)
Illinois	92.5	0.26%	(n/a)
Kansas	90.8	0.25%	(n/a)
South Carolina	90.8	0.25%	(n/a)
Rhode Island	89.1	0.24%	(n/a)
Massachusetts	87.4	0.23%	(n/a)
Michigan	87.4	0.23%	(n/a)
Nebraska	87.4	0.23%	(n/a)
North Carolina	87.4	0.23%	(n/a)
Tennessee	87.4	0.23%	(n/a)
Washington	87.4	0.23%	(n/a)
Virginia	85.7	0.22%	(n/a)
Missouri	80.7	0.19%	(n/a)
Kentucky	79.0	0.18%	(n/a)
Pennsylvania	79.0	0.18%	(n/a)
Alabama	77.4	0.17%	(n/a)
West Virginia	77.4	0.17%	(n/a)
Delaware	75.7	0.16%	(n/a)

Small Business Growth

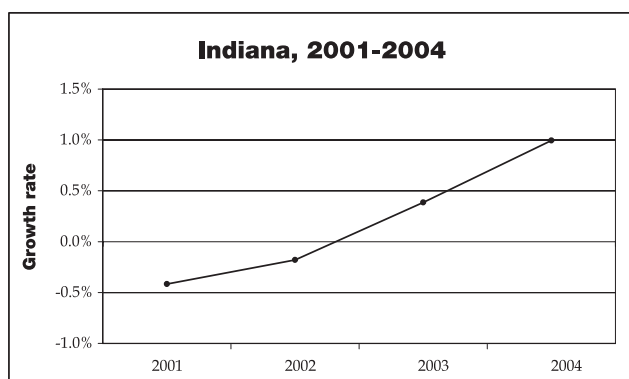
growth in number of businesses with 99 or fewer employees, 2003/2004

Small firms have shown to be important contributors to job and economic growth as well as innovative activity. A growing presence of small businesses is therefore imperative for strong economic dynamism.

The table measures the growth in the number of businesses with 99 or fewer employees.

Midwest Performance, 2003/2004

State	Metric	Score
Illinois	1.2%	93.1
Indiana	1.0%	90.1
Kentucky	0.9%	89.3
Wisconsin	0.9%	89.1
Michigan	0.4%	80.9
Ohio	0.2%	77.0



Source: U.S. Census Bureau, Statistics of U.S. Businesses

State	Score	Growth Rate	Change, 2001 - 2004 (Absolute)
<i>50-State Average</i>		1.8%	1.4%
Florida	158.3	5.3%	3.8%
Nevada	145.2	4.5%	2.5%
Utah	139.4	4.1%	1.2%
Idaho	133.1	3.7%	2.4%
Montana	127.9	3.4%	1.7%
Virginia	125.3	3.2%	2.2%
Georgia	120.8	2.9%	1.8%
Arizona	120.3	2.9%	1.3%
Missouri	117.5	2.7%	3.6%
Rhode Island	114.1	2.5%	2.6%
Delaware	112.4	2.4%	0.1%
Alaska	112.3	2.4%	2.6%
Maryland	109.6	2.2%	1.1%
Washington	108.6	2.2%	1.8%
Hawaii	106.3	2.0%	0.4%
Wyoming	106.2	2.0%	0.9%
Oregon	105.7	2.0%	1.4%
North Carolina	105.2	1.9%	1.0%
Minnesota	104.8	1.9%	0.9%
South Carolina	104.5	1.9%	1.9%
Colorado	104.2	1.9%	-0.3%
South Dakota	102.9	1.8%	1.0%
New Hampshire	102.8	1.8%	1.4%
New Mexico	102.5	1.8%	1.5%
North Dakota	100.9	1.7%	2.0%
Vermont	99.1	1.6%	1.5%
Tennessee	98.7	1.5%	2.3%
Texas	96.2	1.4%	0.6%
New York	95.8	1.4%	0.3%
Arkansas	95.5	1.3%	2.2%
California	95.3	1.3%	0.2%
Maine	94.9	1.3%	0.6%
Oklahoma	93.9	1.2%	1.2%
Kansas	93.6	1.2%	1.5%
New Jersey	93.2	1.2%	0.5%
Illinois	93.1	1.2%	1.3%
Louisiana	92.5	1.1%	1.1%
Alabama	90.9	1.0%	2.3%
Pennsylvania	90.7	1.0%	0.9%
Indiana	90.1	1.0%	1.4%
Nebraska	89.9	1.0%	0.4%
Mississippi	89.9	1.0%	2.3%
Connecticut	89.5	1.0%	1.4%
Kentucky	89.3	0.9%	0.9%
Wisconsin	89.1	0.9%	0.9%
West Virginia	88.7	0.9%	2.7%
Iowa	83.2	0.6%	1.6%
Michigan	80.9	0.4%	0.7%
Ohio	77.0	0.2%	0.7%
Massachusetts	56.5	-1.1%	-2.1%

Research and Creativity

Midwest Performance

	2006	2004	2002	2000
Ohio	C-	B-	D	D-
Illinois	C-	C-	D	D+
Michigan	D	C-	D+	D-
Wisconsin	D-	D+	D-	F
Kentucky	D-	D-	D-	D-
Indiana	D-	D+	D-	D-

Other Manufacturing Competitors

	2006	2004	2002	2000
North Carolina	B	B+	B+	C
South Carolina	D	C-	D	F
Oregon	D	D	D	D
New Hampshire	D	C	C-	C
Indiana	D-	D+	D-	D-
Iowa	F	D	F	F

State	2006	2004	2002	2000
Utah	A+	B+	B-	A
Massachusetts	B	A+	A+	A+
New York	B	C-	C	B+
North Carolina	B	B+	B+	C
California	B-	B-	B	A+
Maryland	C+	B-	A-	B
Maine	C+	D+	D	D
Texas	C	B	D+	D+
Nevada	C	B-	D	F
Delaware	C	B-	D-	D-
New Jersey	C	B-	F	D+
Virginia	C	A+	B-	B-
Connecticut	C	D+	D+	B-
Georgia	C	A-	C-	C-
South Dakota	C	C+	D+	D-
Colorado	C	B	C	A-
Ohio	C-	B-	D	D-
Illinois	C-	C-	D	D+
Oklahoma	C-	D	D+	D+
Alabama	D+	C+	D+	D
Pennsylvania	D+	D	D+	D
Washington	D+	B-	A-	B+
Idaho	D+	C-	D-	F
Arizona	D+	D+	D+	D
Tennessee	D+	D+	D+	D
South Carolina	D	C-	D	F
Alaska	D	D	C	D-
Oregon	D	D	D	D
Michigan	D	C-	D+	D-
New Hampshire	D	C	C-	C
Montana	D	D	D	D-
Vermont	D	D	D-	D
Hawaii	D	D	D-	C+
Arkansas	D	D	D-	F
North Dakota	D	D	D-	D-
Wisconsin	D-	D+	D-	F
Kentucky	D-	D-	D-	D-
Indiana	D-	D+	D-	D-
Louisiana	D-	D-	D	F
New Mexico	D-	D-	F	D+
Kansas	D-	F	F	F
Mississippi	D-	D-	D	F
Nebraska	D-	D	D	D-
Rhode Island	D-	C+	C+	C+
Minnesota	D-	C	C-	C-
Missouri	F	D	C-	C
Wyoming	F	D-	D-	F
Florida	F	D+	D+	D+
Iowa	F	D	F	F
West Virginia	F	F	F	D-

Patents per Worker

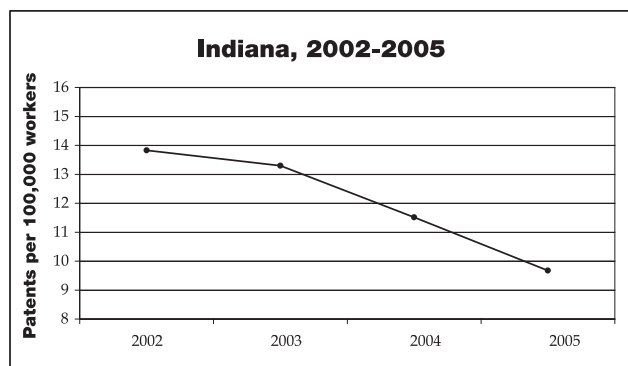
utility patents per 100,000
innovation workers, 2005

Patent activity signals an inventive economic base. In the innovation economy, a high rate of inventiveness is key to wealth and value creation. Patent activity is regarded as one of the preferred indicators.

The table shows the number of utility patents awarded to individuals or companies in each state per 100,000 innovation workers (see appendix).

Midwest Performance, 2005

State	Metric	Score
Michigan	15.3	117.7
Wisconsin	11.8	108.1
Illinois	10.1	103.1
Indiana	9.7	102.0
Ohio	9.5	101.5
Kentucky	6.2	92.2



Source: U.S. Patent and Trademark Office, Office of Electronic Information Products; U.S. Bureau of Economic Analysis, Regional Economic Accounts

State	Score	Per 100,000 Innovation Workers	Change, 2002 - 2005 (%)
<i>50-State Average</i>		10.8	-26.9%
Idaho	250.0	62.9	-41.1%
Vermont	166.6	32.7	-28.7%
Oregon	139.0	22.9	-0.1%
California	134.6	21.3	-15.5%
Minnesota	122.0	16.8	-29.4%
Connecticut	118.8	15.7	-23.6%
Delaware	118.3	15.5	-26.3%
New Hampshire	118.2	15.5	-38.9%
Michigan	117.7	15.3	-29.3%
Washington	114.3	14.0	-0.7%
Massachusetts	112.6	13.4	-24.4%
Rhode Island	110.6	12.7	-20.6%
New York	110.1	12.6	-32.7%
Colorado	109.2	12.2	-17.5%
Arizona	108.8	12.1	-15.9%
Wisconsin	108.1	11.8	-29.9%
New Jersey	107.4	11.6	-36.7%
Nevada	107.3	11.6	-4.6%
Iowa	105.1	10.8	-28.2%
Texas	103.8	10.3	-21.0%
Illinois	103.1	10.1	-33.1%
Indiana	102.0	9.7	-30.0%
Utah	101.7	9.5	-38.5%
Ohio	101.5	9.5	-39.5%
North Carolina	101.5	9.5	-18.1%
Pennsylvania	98.5	8.4	-39.6%
New Mexico	96.6	7.7	-31.5%
Maine	95.7	7.4	-13.8%
Kansas	95.0	7.2	-7.4%
Montana	94.9	7.1	-31.9%
Florida	94.7	7.1	-17.9%
Georgia	94.1	6.8	-11.7%
Oklahoma	93.3	6.5	-25.3%
North Dakota	92.9	6.4	-12.1%
Maryland	92.9	6.4	-32.6%
Wyoming	92.6	6.3	-18.3%
Kentucky	92.2	6.2	-24.0%
South Carolina	92.2	6.1	-31.0%
Tennessee	90.4	5.5	-39.1%
Missouri	89.3	5.1	-35.0%
South Dakota	89.0	5.0	-17.5%
Nebraska	88.2	4.7	-19.8%
Louisiana	86.7	4.2	-45.9%
West Virginia	85.4	3.7	-42.9%
Arkansas	85.2	3.7	-44.0%
Alabama	85.2	3.7	-32.9%
Virginia	84.9	3.6	-34.9%
Mississippi	84.4	3.4	-36.4%
Alaska	82.5	2.7	-34.6%
Hawaii	82.2	2.6	-41.4%

Patents per R&D Dollar

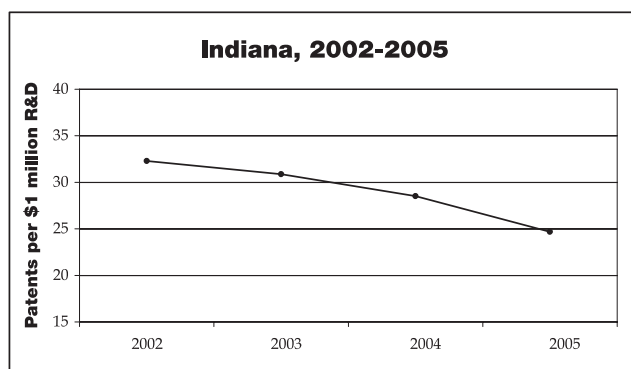
number of utility patents per
\$1 million R&D investment, 2005

Although patents issued relate to the level of research and innovation in a region, it is important that the success is in relation to the investment made in developing these innovations – the productivity of obtaining these patents.

The table shows the number of utility patents issued in 2005 per \$1 million of 2003 total research and development investment in each state.

Midwest Performance, 2005

State	Metric	Score
Wisconsin	40.9	116.6
Kentucky	34.1	108.1
Ohio	27.0	100.8
Illinois	24.9	98.4
Indiana	24.7	98.1
Michigan	19.9	92.7



Source: U.S. Patent and Trademark Office, Office of Electronic Information Products; National Science Foundation, National Pattern of R&D Resources

State	Score	Per \$1 Million R&D	Change, 2002 - 2005 (%)
50-State Average		30.9	-22.2%
Idaho	214.0	126.5	-5.1%
Vermont	154.9	74.6	-39.0%
Nevada	145.3	66.1	12.6%
Wyoming	123.4	46.9	-21.8%
Oregon	121.6	45.3	-9.7%
Florida	120.4	44.3	1.6%
South Dakota	120.4	44.3	-35.6%
Oklahoma	117.4	41.6	-29.1%
Minnesota	117.4	41.6	-20.6%
Wisconsin	116.6	40.9	-21.4%
Montana	116.5	40.8	-30.1%
Arizona	116.4	40.7	5.0%
Maine	116.3	40.6	13.9%
Iowa	114.0	38.6	-17.5%
Colorado	112.1	37.0	-19.5%
Utah	111.9	36.8	-14.3%
New York	111.1	36.1	-24.2%
Texas	110.5	35.6	-16.1%
Kentucky	108.9	34.1	-14.5%
Georgia	105.3	30.9	-6.0%
California	104.3	30.2	-17.7%
New Hampshire	104.1	29.9	-29.5%
South Carolina	102.4	28.5	-20.7%
Louisiana	102.3	28.4	-45.3%
Ohio	100.8	27.0	-32.6%
Nebraska	99.2	25.6	-19.8%
North Carolina	98.9	25.4	-28.5%
Illinois	98.4	24.9	-26.8%
Arkansas	98.2	24.7	-42.5%
Indiana	98.1	24.7	-23.5%
Connecticut	96.5	23.2	-12.9%
Pennsylvania	96.3	23.1	-32.5%
Missouri	96.2	23.0	-31.9%
Delaware	95.6	22.5	-16.2%
New Jersey	92.8	20.0	-30.8%
Washington	92.8	20.0	0.1%
Michigan	92.7	19.9	-22.1%
Massachusetts	92.7	19.9	-21.0%
Tennessee	92.2	19.5	-39.8%
North Dakota	92.1	19.4	-21.8%
Kansas	91.4	18.8	-16.8%
West Virginia	89.3	16.9	-39.2%
Rhode Island	87.1	15.0	-5.7%
Alabama	84.3	12.5	-27.0%
Virginia	84.2	12.5	-36.6%
Maryland	83.4	11.7	-27.5%
Hawaii	83.0	11.4	-28.7%
Alaska	82.5	10.9	-21.9%
Mississippi	78.6	7.5	-66.7%
New Mexico	76.1	5.3	-32.7%

University Royalty/ License Income

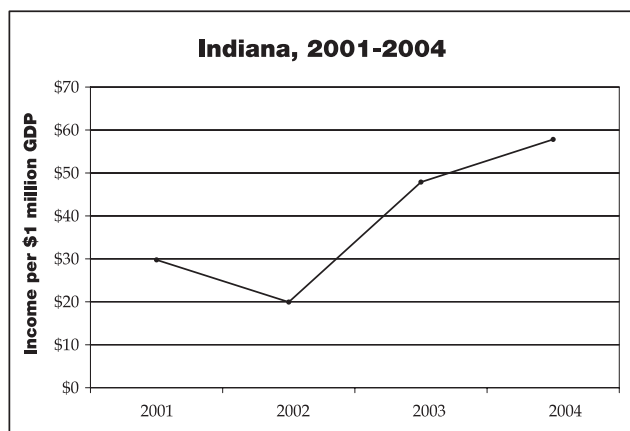
gross license income per \$1 million
gross domestic product, 2004

Research universities can be entrepreneurial within the institution by capturing the value added from proprietary discoveries. Revenues can be shared with faculty/staff and with mission-driven research institutes and technology parks, providing much needed revenue for future growth. Royalty and licensing income also measures the extent of successful technology transfer of university research in the local economy that benefits smaller companies and start-ups.

The table shows the gross license and royalty income per \$1 million gross domestic product.

Midwest Performance, 2004

State	Metric	Score
Wisconsin	\$234.0	150.0
Michigan	\$140.3	125.7
Indiana	\$57.8	104.4
Ohio	\$50.6	102.6
Illinois	\$31.8	97.7
Kentucky	\$6.5	91.2



Source: Association of University Technology Managers, AUTM Licensing Survey

State	Score	Royalties per \$1 mill. GDP	Change, 2001 - 2004 (%)
<i>50-State Average</i>		\$89.4	78.6%
Massachusetts	250.0	\$778.2	25.2%
New York	176.7	\$337.3	-6.6%
Minnesota	167.9	\$303.6	87.3%
Utah	153.1	\$246.2	129.3%
Wisconsin	150.0	\$234.0	76.1%
Arizona	145.5	\$216.8	-52.5%
North Carolina	127.3	\$146.4	109.5%
Michigan	125.7	\$140.3	16.7%
California	122.9	\$129.2	5.0%
Iowa	119.6	\$116.6	54.5%
Washington	118.2	\$111.3	-10.8%
Georgia	115.1	\$99.3	145.5%
Florida	112.3	\$88.3	-52.4%
North Dakota	111.5	\$85.1	55.0%
Missouri	107.2	\$68.7	-1.1%
Indiana	104.4	\$57.8	94.2%
Ohio	102.6	\$50.6	30.3%
Rhode Island	102.4	\$50.1	-40.5%
Louisiana	102.2	\$49.2	-24.9%
Pennsylvania	102.2	\$49.1	140.3%
Oklahoma	100.5	\$42.8	282.3%
Texas	99.5	\$38.7	-0.7%
South Carolina	97.8	\$32.2	-25.5%
Illinois	97.7	\$31.8	0.3%
Oregon	97.6	\$31.6	79.4%
Tennessee	97.4	\$30.9	31.8%
Virginia	96.7	\$27.8	-26.4%
Alabama	95.6	\$23.8	78.7%
Nebraska	94.2	\$18.3	412.7%
New Hampshire	93.9	\$17.1	-23.6%
Kansas	93.9	\$17.0	16.1%
Hawaii	93.6	\$16.1	130.4%
New Jersey	92.2	\$10.6	-41.6%
Vermont	92.0	\$9.9	(n/a)
Connecticut	92.0	\$9.8	247.5%
Idaho	91.4	\$7.6	39.7%
Delaware	91.2	\$6.8	-62.9%
Arkansas	91.2	\$6.6	-33.2%
Kentucky	91.2	\$6.5	-67.3%
New Mexico	91.1	\$6.3	101.2%
Montana	90.2	\$2.8	1224.5%
Nevada	89.6	\$0.6	(n/a)
Alaska	(n/a)	(n/a)	(n/a)
Colorado	(n/a)	(n/a)	(n/a)
Maine	(n/a)	(n/a)	(n/a)
Maryland	(n/a)	(n/a)	(n/a)
Mississippi	(n/a)	(n/a)	(n/a)
South Dakota	(n/a)	(n/a)	(n/a)
West Virginia	(n/a)	(n/a)	(n/a)
Wyoming	(n/a)	(n/a)	(n/a)

University R&D

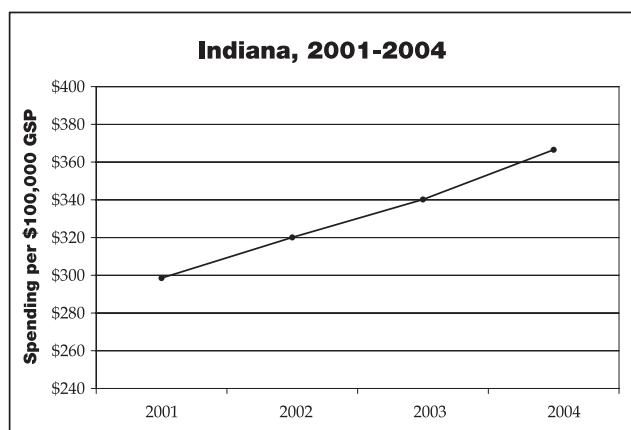
research & development expenditures by universities per \$100,000 GSP, 2004

Research efforts at universities can have a significant effect on their surrounding economies. University or government-based research and development initiatives do more than just employ academics and research scientists. They can provide spin-off companies and give local businesses access to top talent and new knowledge.

The table shows the amount of public sector and industry funded research and development expenditures at universities per \$100,000 of gross state product.

Midwest Performance, 2004

State	Metric	Score
Wisconsin	\$460	111.9
Michigan	\$381	102.2
Indiana	\$367	100.4
Illinois	\$320	94.7
Kentucky	\$319	94.6
Ohio	\$310	93.5



Source: National Science Foundation, Academic Research and Development Expenditures

State	Score	Dollars per \$100,000 GSP	Change, 2001 - 2004 (%)
<i>50-State Average</i>		\$381	14.8%
Maryland	175.8	\$984	15.1%
North Dakota	137.3	\$669	48.6%
Massachusetts	133.8	\$640	14.8%
Montana	124.2	\$561	17.9%
New Hampshire	120.7	\$532	20.0%
Vermont	120.0	\$526	27.7%
Utah	117.0	\$502	4.6%
Iowa	114.6	\$483	1.9%
Hawaii	114.3	\$480	27.7%
New Mexico	114.0	\$478	-11.3%
Nebraska	114.0	\$477	14.1%
Pennsylvania	113.8	\$476	14.6%
Wisconsin	111.9	\$460	15.2%
Rhode Island	111.8	\$460	14.4%
Mississippi	110.8	\$451	13.6%
North Carolina	110.1	\$445	12.2%
Missouri	105.6	\$409	9.7%
Alaska	105.4	\$407	-6.6%
Alabama	105.0	\$404	6.6%
Colorado	102.5	\$383	18.7%
Michigan	102.2	\$381	15.5%
California	101.6	\$376	11.1%
Oregon	101.5	\$375	14.1%
New York	101.0	\$371	19.5%
Indiana	100.4	\$367	22.8%
Georgia	99.6	\$359	8.9%
Connecticut	99.2	\$356	18.1%
Washington	98.9	\$354	13.2%
Louisiana	98.9	\$354	11.1%
South Carolina	98.0	\$347	13.0%
Kansas	96.7	\$336	9.1%
Arizona	96.6	\$335	10.0%
Illinois	94.7	\$320	19.1%
Texas	94.6	\$319	6.4%
Kentucky	94.6	\$319	24.6%
Ohio	93.5	\$310	16.7%
Tennessee	92.7	\$304	27.8%
Idaho	88.4	\$268	19.0%
West Virginia	87.5	\$261	43.4%
Virginia	87.4	\$259	18.4%
Oklahoma	86.6	\$253	-8.0%
Wyoming	86.1	\$249	14.6%
Minnesota	84.2	\$233	-5.2%
Arkansas	82.7	\$221	6.9%
Delaware	82.4	\$219	23.2%
Florida	81.9	\$214	8.1%
Maine	80.3	\$202	10.1%
New Jersey	79.6	\$196	13.3%
South Dakota	79.2	\$193	42.8%
Nevada	75.8	\$165	11.3%

NSF Proposal Funding Rate

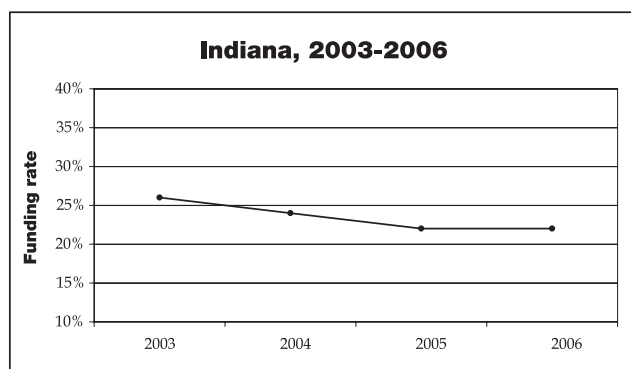
share of National Science Foundation proposals funded, 2006

Funding by the National Science Foundation for research and development in science and engineering indicates strong colleges, universities, and other research and/or education institutions and a state's capacity to support technology-related business development.

The adjacent table shows the rate of proposals funded by the NSF in each state in fiscal year 2006.

Midwest Performance, 2006

State	Metric	Score
Wisconsin	27.0%	115.7
Illinois	25.0%	109.4
Michigan	24.0%	106.3
Indiana	22.0%	100.0
Ohio	20.0%	93.7
Kentucky	18.0%	87.4



Source: National Science Foundation

State	Score	Funding Rate	Change, 2003 - 2006 (%)
<i>50-State Average</i>		22.9%	-11.4%
Rhode Island	156.6	40.0%	11.1%
Hawaii	131.4	32.0%	10.3%
Alaska	125.2	30.0%	-18.9%
Massachusetts	125.2	30.0%	-3.2%
Minnesota	125.2	30.0%	-3.2%
Washington	125.2	30.0%	0.0%
California	118.9	28.0%	-9.7%
New Jersey	115.7	27.0%	-6.9%
Oregon	115.7	27.0%	-3.6%
Wisconsin	115.7	27.0%	-10.0%
Colorado	112.6	26.0%	-3.7%
Maryland	112.6	26.0%	-18.8%
New Mexico	112.6	26.0%	-10.3%
New York	112.6	26.0%	-10.3%
Pennsylvania	112.6	26.0%	-3.7%
Illinois	109.4	25.0%	-10.7%
Nebraska	109.4	25.0%	31.6%
North Carolina	109.4	25.0%	0.0%
Connecticut	106.3	24.0%	-14.3%
Michigan	106.3	24.0%	-7.7%
Virginia	106.3	24.0%	0.0%
Arizona	103.1	23.0%	-14.8%
Georgia	103.1	23.0%	-8.0%
Wyoming	103.1	23.0%	-23.3%
Arkansas	100.0	22.0%	0.0%
Indiana	100.0	22.0%	-15.4%
Missouri	100.0	22.0%	-4.3%
New Hampshire	100.0	22.0%	-18.5%
Oklahoma	100.0	22.0%	10.0%
Iowa	96.9	21.0%	-8.7%
Louisiana	96.9	21.0%	-4.5%
Montana	96.9	21.0%	-40.0%
Nevada	96.9	21.0%	-25.0%
Texas	96.9	21.0%	-8.7%
Delaware	93.7	20.0%	-25.9%
Idaho	93.7	20.0%	-9.1%
Maine	93.7	20.0%	-28.6%
Ohio	93.7	20.0%	-13.0%
Utah	93.7	20.0%	-13.0%
Florida	90.6	19.0%	-13.6%
Kansas	90.6	19.0%	-20.8%
South Carolina	90.6	19.0%	-17.4%
Kentucky	87.4	18.0%	-18.2%
Tennessee	87.4	18.0%	-14.3%
Alabama	81.1	16.0%	-11.1%
Mississippi	81.1	16.0%	-11.1%
West Virginia	81.1	16.0%	0.0%
South Dakota	74.8	14.0%	-48.1%
North Dakota	71.7	13.0%	-43.5%
Vermont	71.7	13.0%	-38.1%

University Licenses/Options to Small Businesses

number of licenses and options executed to small businesses per 100,000 firms, 2004

The number of university licenses and options to small businesses captures the value of the research conducted in the university environment for the small business community. Universities can be an invaluable support system for these companies that are still struggling to grow and survive.

The table gives the number of licenses and options executed to businesses of less than 500 employees per 100,000 firms.

Midwest Performance, 2004

State	Metric	Score
Wisconsin	119	138.5
Indiana	44	105.0
Michigan	36	101.5
Illinois	33	100.0
Ohio	27	97.4
Kentucky	7	88.3

Source: Association of University Technology Managers, AUTM Licensing Survey; U.S. Census Bureau, Statistics of U.S. Businesses

State	Score	Licenses per 100,000 Firms	Change, 2001 - 2004 (%)
50-State Average		45	61.4%
Iowa	220.4	301	-10.5%
Massachusetts	148.6	141	12.5%
Wisconsin	138.5	119	136.1%
Maryland	129.3	98	1.6%
Minnesota	128.2	96	20.4%
Utah	124.6	88	-37.6%
Oregon	123.5	85	133.8%
New Hampshire	109.7	55	8.9%
Hawaii	108.7	52	222.1%
Georgia	108.4	52	77.5%
North Dakota	106.0	46	-38.9%
Idaho	105.8	46	(n/a)
Indiana	105.0	44	1.7%
Pennsylvania	104.8	44	87.8%
Tennessee	104.5	43	49.5%
North Carolina	103.9	42	17.2%
Virginia	103.6	41	51.6%
Nebraska	103.3	40	(n/a)
Montana	103.2	40	42.0%
Texas	101.6	37	84.9%
Michigan	101.5	36	84.0%
Illinois	100.0	33	77.2%
California	100.0	33	89.4%
Colorado	98.7	30	135.9%
New York	98.5	29	3.9%
Missouri	98.2	29	40.5%
New Mexico	97.5	27	384.7%
Washington	97.5	27	-21.6%
Ohio	97.4	27	79.5%
Arizona	97.2	27	-28.6%
Mississippi	95.4	23	437.5%
Kansas	93.9	19	47.7%
Oklahoma	92.7	17	-2.2%
New Jersey	92.4	16	34.2%
Florida	91.0	13	18.0%
Alabama	90.8	12	145.7%
South Carolina	89.6	10	92.4%
Arkansas	89.4	9	-3.0%
Connecticut	89.3	9	17.2%
Rhode Island	88.7	8	98.1%
Kentucky	88.3	7	-17.9%
Delaware	87.3	5	-3.2%
Louisiana	86.8	4	-51.2%
Nevada	86.2	2	(n/a)
Alaska	(n/a)	(n/a)	(n/a)
Maine	(n/a)	(n/a)	(n/a)
South Dakota	(n/a)	(n/a)	(n/a)
Vermont	(n/a)	(n/a)	(n/a)
West Virginia	(n/a)	(n/a)	(n/a)
Wyoming	(n/a)	(n/a)	(n/a)

Industry R&D

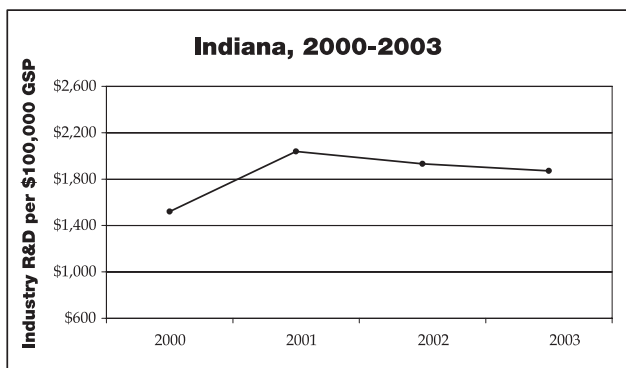
industry research and development expenditures per \$100,000 GSP, 2003

The inventiveness and innovation that create value in today's economies derives, in part, from local industry research and discovery. The fruits of such investments often become evident only after many years, but they are essential to the long-term competitiveness of companies and provide spillover effects to smaller companies that might not have enough resources to conduct their own research. Industry R&D is also an indicator of the prevalence of scientists and researchers in the state.

The table shows total industry research and development expenditures per \$100,000 of gross state product.

Midwest Performance, 2003

State	Metric	Score
Michigan	\$4,694	138.0
Indiana	\$1,871	104.2
Illinois	\$1,843	103.8
Ohio	\$1,752	102.8
Wisconsin	\$1,507	99.8
Kentucky	\$558	88.5



Source: National Science Foundation, National Pattern of R&D Resources

State	Score	Dollars per \$100,000 GSP	Change, 2000 - 2003 (%)
<i>50-State Average</i>		\$1,661	46.6%
Michigan	138.0	\$4,694	-19.2%
Washington	135.5	\$4,489	-6.6%
Massachusetts	131.1	\$4,120	5.1%
California	127.0	\$3,782	-4.9%
Connecticut	126.9	\$3,773	26.7%
Rhode Island	123.7	\$3,499	-5.4%
New Jersey	120.9	\$3,268	-15.7%
New Hampshire	118.6	\$3,077	108.7%
Delaware	117.2	\$2,963	-22.2%
Oregon	116.3	\$2,884	72.5%
Minnesota	113.7	\$2,669	18.9%
Idaho	109.0	\$2,275	-48.7%
Maryland	108.7	\$2,251	65.3%
Colorado	107.4	\$2,136	4.1%
Kansas	106.8	\$2,093	31.4%
Vermont	106.0	\$2,021	-20.6%
Indiana	104.2	\$1,871	23.0%
Illinois	103.8	\$1,843	-27.4%
Pennsylvania	103.2	\$1,793	-20.0%
Ohio	102.8	\$1,752	-2.2%
Mississippi	102.2	\$1,709	804.3%
Virginia	101.7	\$1,667	32.5%
North Carolina	101.5	\$1,646	7.7%
Arizona	101.3	\$1,632	-6.9%
Utah	100.1	\$1,532	-9.3%
Texas	99.9	\$1,512	9.1%
Wisconsin	99.8	\$1,507	19.1%
North Dakota	96.0	\$1,186	247.5%
New York	95.3	\$1,127	-25.3%
Missouri	93.9	\$1,010	-16.5%
Iowa	92.8	\$924	36.5%
Alabama	92.7	\$910	45.1%
South Carolina	92.7	\$908	10.5%
Tennessee	91.9	\$844	7.9%
Georgia	90.9	\$765	24.2%
New Mexico	90.9	\$759	-72.8%
Oklahoma	89.8	\$667	49.9%
Nebraska	89.7	\$657	57.1%
Florida	89.6	\$650	-16.3%
Maine	88.7	\$582	-11.4%
West Virginia	88.6	\$569	-16.3%
Kentucky	88.5	\$558	-7.6%
Nevada	87.5	\$479	27.9%
Arkansas	86.7	\$411	-12.0%
Hawaii	86.2	\$371	165.4%
South Dakota	85.6	\$315	43.1%
Montana	85.5	\$308	94.9%
Louisiana	84.6	\$232	113.1%
Wyoming	84.2	\$199	318.9%
Alaska	83.5	\$142	245.4%

Federal R&D

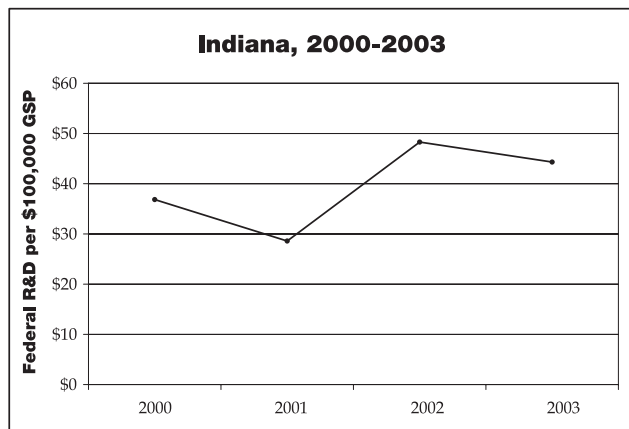
federal research and development
expenditures per \$100,000 GSP, 2003

Investment of public funds in research and development can be an important contributor to innovation and economic progress. The ability of a state to attract federal dollars for scientific progress can be a very competitive undertaking and is reflective of the state's relative research attractiveness and assets.

The table shows total federal research and development expenditures per \$100,000 of gross state product, excluding expenditures at federally funded research and development centers.

Midwest Performance, 2003

State	Metric	Score
Ohio	\$199	119.5
Michigan	\$67	92.6
Wisconsin	\$64	92.1
Indiana	\$44	88.0
Illinois	\$44	87.9
Kentucky	\$26	84.3



Source: National Science Foundation, National Pattern of R&D Resources

State	Score	Dollars per \$100,000 GSP	Change, 2000 - 2003 (%)
<i>50-State Average</i>		<i>\$197</i>	<i>79.8%</i>
Maryland	250.0	\$1,650	-38.9%
New Mexico	240.6	\$792	25.2%
Rhode Island	235.5	\$767	7.0%
Alabama	225.5	\$718	23.7%
Virginia	225.4	\$718	29.1%
Alaska	163.9	\$416	49.1%
Massachusetts	141.0	\$304	222.3%
West Virginia	133.7	\$268	8.0%
Mississippi	124.8	\$225	-22.7%
California	120.0	\$201	56.2%
Ohio	119.5	\$199	20.1%
Georgia	118.4	\$193	105.5%
Hawaii	117.3	\$188	28.5%
Colorado	116.8	\$185	31.7%
Washington	114.0	\$172	47.3%
Arizona	111.5	\$160	73.7%
Utah	110.1	\$152	47.3%
New Jersey	108.3	\$144	18.7%
North Dakota	107.2	\$138	-5.0%
North Carolina	106.4	\$134	40.1%
Florida	105.4	\$130	6.5%
Vermont	102.8	\$117	476.2%
Montana	102.2	\$114	-31.2%
New Hampshire	102.2	\$114	38.5%
Pennsylvania	100.0	\$103	164.4%
Oregon	100.0	\$103	30.6%
Texas	99.4	\$100	56.8%
Louisiana	96.9	\$88	16.2%
Iowa	96.3	\$85	121.6%
Missouri	95.5	\$81	225.5%
South Dakota	93.9	\$73	27.4%
Idaho	93.3	\$70	13.1%
Arkansas	93.3	\$70	3.0%
Tennessee	93.1	\$69	36.6%
New York	92.8	\$68	198.1%
Minnesota	92.7	\$67	289.4%
Michigan	92.6	\$67	-5.7%
Oklahoma	92.3	\$65	0.3%
Wisconsin	92.1	\$64	198.3%
Nebraska	91.9	\$63	40.0%
South Carolina	91.6	\$62	52.4%
Maine	91.2	\$60	346.3%
Connecticut	90.5	\$56	367.0%
Indiana	88.0	\$44	20.3%
Illinois	87.9	\$44	138.2%
Nevada	87.5	\$42	48.0%
Wyoming	87.4	\$41	-2.0%
Kansas	86.6	\$38	54.5%
Kentucky	84.3	\$26	291.3%
Delaware	82.8	\$19	2.1%

Capital Formation

Midwest Performance

	2006	2004	2002	2000
Wisconsin	C	C	C	C-
Michigan	D+	D+	D+	D
Ohio	D+	D	D+	D
Indiana	D	D	D-	D-
Illinois	D	D	D	D-
Kentucky	D-	D	D-	D-

Other Manufacturing Competitors

	2006	2004	2002	2000
Iowa	C+	C+	B	B-
New Hampshire	C+	C	C+	C+
Oregon	C	C	D+	D
North Carolina	D+	D+	D+	D
Indiana	D	D	D-	D-
South Carolina	D	D-	D-	D-

State	2006	2004	2002	2000
Massachusetts	A+	A+	A+	A+
Idaho	B	B	B	C
Maryland	C+	C+	C+	C+
Vermont	C+	C+	B-	C+
Utah	C+	B-	B	B-
Iowa	C+	C+	B	B-
New Hampshire	C+	C	C+	C+
New York	C+	C+	C+	C
Minnesota	C	C	C	C
Colorado	C	C	C	C-
Oregon	C	C	D+	D
Wisconsin	C	C	C	C-
California	C	C	C+	C+
Arizona	C-	C-	C+	C+
Montana	C-	C-	C-	C-
North Carolina	D+	D+	D+	D
Rhode Island	D+	D+	D+	C
Michigan	D+	D+	D+	D
Washington	D+	D+	D+	D
Connecticut	D+	D	D+	D+
North Dakota	D+	D+	D+	D+
Pennsylvania	D+	D+	D+	C-
South Dakota	D+	D+	D+	F
New Mexico	D+	D+	D+	D+
Georgia	D+	D+	D+	D
Wyoming	D+	D	D+	C-
Ohio	D+	D	D+	D
Maine	D	D+	D-	F
Texas	D	D+	D+	D+
Delaware	D	D+	D+	D-
Hawaii	D	D	F	D-
Florida	D	D	D	D
Indiana	D	D	D-	D-
Virginia	D	D	D+	D
Nevada	D	D	D-	D-
Alabama	D	D+	D	D
Missouri	D	D	D	D+
Illinois	D	D	D	D-
South Carolina	D	D-	D-	D-
Nebraska	D	D-	D-	D-
Arkansas	D-	D-	D	D-
Oklahoma	D-	D-	D	D
Tennessee	D-	D-	D-	D-
Kentucky	D-	D	D-	D-
New Jersey	D-	D-	D	D
Kansas	D-	D-	D-	F
Mississippi	D-	D-	D-	F
West Virginia	D-	D-	D-	F
Louisiana	D-	D-	D+	D
Alaska	F	F	F	F

Venture Capital

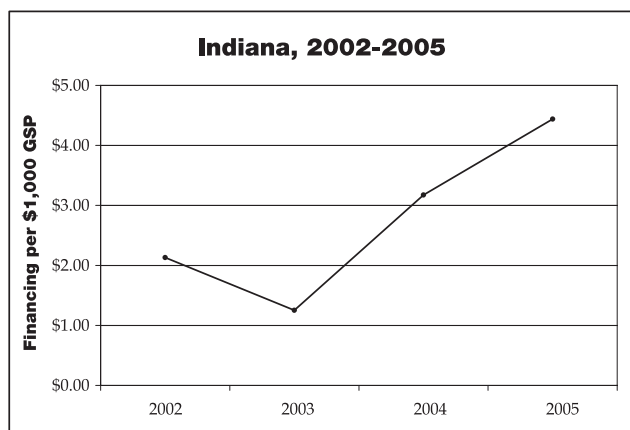
venture capital financing per \$1,000 of gross state product, 2005

Venture capital is a specialty area of new business financing, focused on high-risk, high-return investments. Only about 5% of start-up businesses use venture capital and funding focuses largely on two sectors: information technology and health care. States with small business growth other than in these sectors tend to score relatively low.

The table shows the total value of venture capital funding for projects per \$1,000 of gross state product.

Midwest Performance, 2005

State	Metric	Score
Illinois	\$5.8	99.6
Indiana	\$4.4	96.7
Wisconsin	\$3.5	94.8
Ohio	\$3.0	93.8
Kentucky	\$2.7	93.0
Michigan	\$2.6	92.8



Source: PriceWaterhouseCoopers, MoneyTree Survey

State	Score	Financing per \$1,000 GSP	Change, 2002 - 2005 (%)
<i>50-State Average</i>		<i>\$11.5</i>	<i>20.6%</i>
Massachusetts	250.0	\$82.7	-13.5%
California	241.9	\$73.7	-8.0%
Washington	159.5	\$34.4	27.9%
Colorado	155.9	\$32.7	-7.4%
Utah	154.2	\$31.9	131.9%
Maryland	142.2	\$26.1	-29.3%
New Jersey	138.7	\$24.5	9.8%
New Hampshire	132.7	\$21.6	-56.4%
Vermont	124.4	\$17.6	706.1%
Rhode Island	121.1	\$16.1	-11.1%
North Carolina	120.2	\$15.6	-32.7%
New Mexico	119.4	\$15.2	22.5%
Virginia	117.1	\$14.2	-20.5%
New York	113.5	\$12.5	21.4%
Texas	113.1	\$12.2	-35.4%
Minnesota	110.4	\$11.0	-42.8%
Montana	110.4	\$10.9	100.0%
Oregon	110.0	\$10.8	-28.6%
Pennsylvania	109.7	\$10.6	-6.5%
Connecticut	109.5	\$10.5	-33.3%
Nevada	109.2	\$10.4	189.9%
Arizona	105.6	\$8.7	-36.7%
Georgia	104.9	\$8.3	-60.8%
Florida	100.6	\$6.3	-28.9%
Missouri	100.4	\$6.2	24.6%
Illinois	99.6	\$5.8	-9.6%
Indiana	96.7	\$4.4	108.4%
Oklahoma	95.8	\$4.0	-2.1%
Hawaii	95.2	\$3.7	332.7%
Wisconsin	94.8	\$3.5	16.6%
Ohio	93.8	\$3.0	-55.9%
Tennessee	93.6	\$3.0	-55.8%
Kentucky	93.0	\$2.7	103.3%
Michigan	92.8	\$2.6	-28.2%
Delaware	92.5	\$2.4	-50.0%
West Virginia	92.4	\$2.4	-50.9%
Idaho	91.5	\$2.0	-42.4%
Wyoming	91.0	\$1.7	100.0%
Arkansas	90.9	\$1.7	8.6%
Alabama	90.7	\$1.6	-64.2%
Mississippi	90.1	\$1.3	42.4%
Iowa	90.0	\$1.2	417.9%
Nebraska	89.5	\$1.0	-56.9%
Maine	89.5	\$1.0	-79.5%
South Carolina	88.0	\$0.3	-96.5%
Louisiana	87.8	\$0.2	-89.5%
Alaska	87.4	\$0.0	0.0%
Kansas	87.4	\$0.0	-100.0%
North Dakota	87.4	\$0.0	0.0%
South Dakota	87.4	\$0.0	-100.0%

Bank Commercial and Industrial Lending

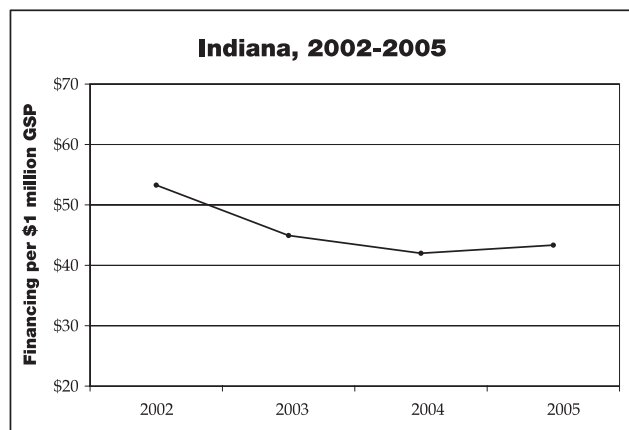
total bank lending to commercial and industrial customers per \$1 million GSP, 2005

Commercial and industrial lending by banks forms the backbone of debt financing to businesses of various size and need. The data used for this measure are reported by bank headquarters. Therefore, states with fewer bank head offices will not perform as well. That in itself, however, is a factor worth taking into account – firms in branch bank states complain they cannot get the attention of higher level loan officers for complex or out-of-the-ordinary projects.

The figures are the total commercial and industrial lending as of December 31, 2005, shown per million dollars of 2005 GSP.

Midwest Performance, 2005

State	Metric	Score
Ohio	\$398.3	250.0
Michigan	\$116.4	131.3
Illinois	\$87.1	118.5
Wisconsin	\$76.4	113.9
Indiana	\$43.3	99.5
Kentucky	\$33.8	95.3



Source: Federal Deposit Insurance Corporation, Statistics on Depository Institutions

State	Score	Lending per \$1 million GSP	Change, 2002 - 2005 (%)
<i>50-State Average</i>		<i>\$114.0</i>	<i>22.6%</i>
South Dakota	250.0	\$1,485.3	707.9%
Utah	250.0	\$580.9	134.9%
North Carolina	250.0	\$522.3	13.5%
Delaware	250.0	\$452.6	264.7%
Ohio	250.0	\$398.3	97.2%
Alabama	146.3	\$150.9	-27.6%
New York	145.9	\$150.1	-36.9%
North Dakota	140.0	\$136.4	-16.5%
Michigan	131.3	\$116.4	32.5%
Maine	122.5	\$96.2	19.6%
Illinois	118.5	\$87.1	-45.4%
Pennsylvania	117.8	\$85.5	8.4%
Georgia	116.9	\$83.5	-5.1%
Wisconsin	113.9	\$76.4	12.7%
Oklahoma	111.6	\$71.3	-3.7%
Nebraska	108.4	\$63.8	-2.1%
Montana	107.3	\$61.4	-14.9%
Kansas	107.0	\$60.7	7.2%
Nevada	106.3	\$59.1	335.3%
Hawaii	106.2	\$58.8	-14.3%
Iowa	105.3	\$56.7	3.7%
Missouri	104.3	\$54.4	14.7%
Mississippi	102.5	\$50.3	5.2%
Louisiana	101.5	\$48.1	3.3%
Arkansas	100.5	\$45.7	-3.3%
Indiana	99.5	\$43.3	-18.7%
Tennessee	98.8	\$41.8	-32.6%
Minnesota	96.2	\$35.7	-41.4%
South Carolina	95.9	\$35.2	11.4%
West Virginia	95.5	\$34.3	-8.0%
Kentucky	95.3	\$33.8	-39.0%
Connecticut	95.0	\$33.1	30.5%
Vermont	94.9	\$32.9	5.4%
Massachusetts	93.2	\$28.9	-7.3%
Virginia	92.8	\$27.9	-5.8%
New Hampshire	92.5	\$27.2	24.9%
Texas	92.1	\$26.3	-15.9%
California	92.1	\$26.3	-46.8%
Wyoming	91.2	\$24.3	-26.7%
New Mexico	90.5	\$22.8	-24.1%
Arizona	90.4	\$22.4	46.1%
Rhode Island	89.6	\$20.7	-98.2%
Washington	89.5	\$20.5	-14.4%
Maryland	88.7	\$18.6	-45.3%
Idaho	88.2	\$17.4	4.6%
New Jersey	87.7	\$16.3	-3.8%
Oregon	87.3	\$15.3	25.6%
Colorado	86.9	\$14.4	-9.1%
Alaska	86.5	\$13.5	-53.5%
Florida	86.4	\$13.3	-19.5%

Private Lending to Small Businesses

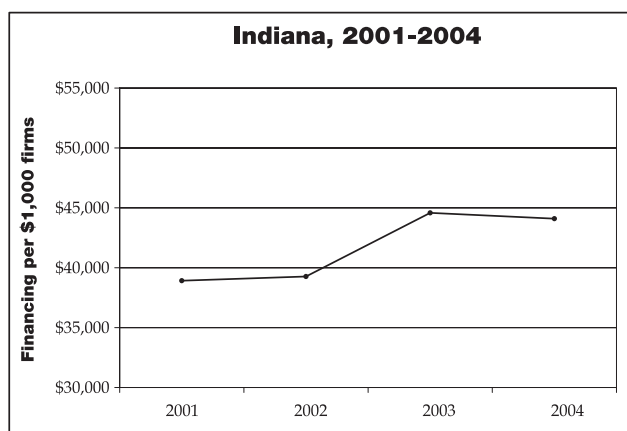
private loans to small businesses
per 1,000 firms, 2004

While public programs are helpful, the bulk of small business lending for start-up and operations comes from private capital markets. Banks and private credit institutions play a particularly important role.

This table shows the total value of private loans to small businesses in each state per 1,000 firms.

Midwest Performance, 2004

State	Metric	Score
Wisconsin	\$58,546	130.6
Michigan	\$57,257	128.6
Indiana	\$44,097	108.8
Illinois	\$43,528	107.9
Ohio	\$42,970	107.1
Kentucky	\$42,203	105.9



Source: U.S. Small Business Administration, Banking Studies

State	Score	Lending per 1,000 firms	Change, 2001 - 2004 (%)
<i>50-State Average</i>		\$39,477	20.1%
Alabama	146.6	\$69,160	8.9%
Wisconsin	130.6	\$58,546	17.8%
Michigan	128.6	\$57,257	9.4%
North Carolina	128.3	\$57,037	23.2%
Mississippi	127.6	\$56,552	12.5%
Georgia	125.0	\$54,844	20.7%
Tennessee	121.0	\$52,193	6.0%
Idaho	119.8	\$51,378	-29.5%
Louisiana	116.2	\$48,995	-2.1%
South Carolina	115.8	\$48,783	14.1%
Alaska	114.7	\$48,003	26.8%
Arkansas	112.0	\$46,240	41.4%
Texas	109.0	\$44,242	-104.1%
Indiana	108.8	\$44,097	-2.6%
California	108.2	\$43,737	22.2%
Illinois	107.9	\$43,528	33.0%
Pennsylvania	107.4	\$43,222	31.4%
Ohio	107.1	\$42,970	21.6%
Kentucky	105.9	\$42,203	-103.7%
South Dakota	104.3	\$41,149	-103.6%
Missouri	102.3	\$39,789	28.8%
North Dakota	101.9	\$39,571	78.9%
Maine	101.4	\$39,239	24.1%
Minnesota	101.2	\$39,066	3.4%
Nebraska	100.0	\$38,296	20.0%
Oregon	100.0	\$38,285	33.3%
Colorado	98.2	\$37,094	74.2%
Arizona	97.0	\$36,301	42.1%
Virginia	96.8	\$36,200	16.3%
Washington	96.7	\$36,118	19.4%
Utah	95.8	\$35,536	26.2%
Iowa	95.4	\$35,212	82.0%
Florida	94.6	\$34,719	5.2%
Maryland	93.5	\$34,003	61.5%
New York	93.1	\$33,723	60.3%
New Jersey	91.9	\$32,924	-32.7%
Massachusetts	91.2	\$32,454	6.2%
Hawaii	90.6	\$32,039	12.2%
Nevada	90.4	\$31,930	11.6%
Oklahoma	90.2	\$31,777	97.8%
Connecticut	89.4	\$31,239	25.0%
New Mexico	88.1	\$30,411	42.1%
New Hampshire	84.0	\$27,692	-13.2%
Kansas	82.1	\$26,421	83.7%
West Virginia	81.9	\$26,323	64.6%
Montana	81.8	\$26,264	37.3%
Vermont	81.2	\$25,822	40.6%
Wyoming	78.7	\$24,154	23.2%
Rhode Island	77.9	\$23,684	53.9%
Delaware	77.5	\$23,406	34.2%

Initial Public Offerings Financing

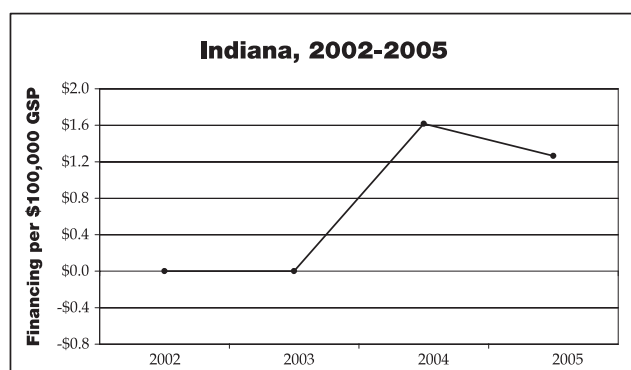
amount of initial public offerings per \$100,000 GSP, 2005

The flow of initial public offering (IPO) funds to a state is a function of the growth of promising take-off businesses. Businesses usually go public after the early product and market development stages, when a significant infusion of capital is required for market launch and production ramp-up.

The table shows the funds raised through IPOs of companies in each state proportional to the total gross state product.

Midwest Performance, 2005

State	Metric	Score
Illinois	\$4.9	153.0
Michigan	\$1.4	106.2
Indiana	\$1.3	104.3
Ohio	\$0.9	100.0
Kentucky	\$0.0	87.4
Wisconsin	\$0.0	87.4



Source: Hale & Dorr LLP, National IPO Database

State	Score	IPOs per \$100,000 GSP	Change, 2002 - 2005 (%)
<i>50-State Average</i>		\$2.1	88.8%
Maine	250.0	\$18.7	22.2%
Utah	250.0	\$17.7	952.4%
Connecticut	174.8	\$6.5	893.9%
Virginia	153.2	\$4.9	-75.9%
Illinois	153.0	\$4.9	167.0%
Texas	147.1	\$4.5	93.5%
New York	146.2	\$4.4	29.2%
Oklahoma	145.0	\$4.3	-82.2%
Massachusetts	138.3	\$3.8	322.2%
Colorado	138.1	\$3.8	306.6%
Maryland	136.3	\$3.7	304.4%
North Carolina	132.5	\$3.4	-67.9%
Nevada	130.5	\$3.2	237.5%
New Jersey	123.4	\$2.7	122.5%
California	121.5	\$2.6	180.1%
Georgia	112.9	\$1.9	172.9%
Minnesota	112.4	\$1.9	-85.1%
Idaho	111.7	\$1.8	176.0%
Alabama	111.0	\$1.8	-83.4%
Tennessee	110.2	\$1.7	246.1%
Michigan	106.2	\$1.4	361.6%
Indiana	104.3	\$1.3	123.6%
Florida	103.4	\$1.2	121.5%
Missouri	101.5	\$1.0	-78.8%
Louisiana	100.0	\$0.9	99.6%
Ohio	100.0	\$0.9	79.8%
Pennsylvania	98.8	\$0.9	71.8%
Hawaii	94.1	\$0.5	75.0%
Washington	92.9	\$0.4	-7.6%
Arizona	89.4	\$0.1	53.0%
Alaska	87.4	\$0.0	-92.8%
Arkansas	87.4	\$0.0	0.0%
Delaware	87.4	\$0.0	0.0%
Iowa	87.4	\$0.0	0.0%
Kansas	87.4	\$0.0	0.0%
Kentucky	87.4	\$0.0	0.0%
Mississippi	87.4	\$0.0	0.0%
Montana	87.4	\$0.0	0.0%
Nebraska	87.4	\$0.0	0.0%
New Hampshire	87.4	\$0.0	0.0%
New Mexico	87.4	\$0.0	0.0%
North Dakota	87.4	\$0.0	-100.0%
Oregon	87.4	\$0.0	0.0%
Rhode Island	87.4	\$0.0	-100.0%
South Carolina	87.4	\$0.0	0.0%
South Dakota	87.4	\$0.0	0.0%
Vermont	87.4	\$0.0	0.0%
West Virginia	87.4	\$0.0	0.0%
Wisconsin	87.4	\$0.0	0.0%
Wyoming	87.4	\$0.0	0.0%

Capital Investment in Manufacturing Growth

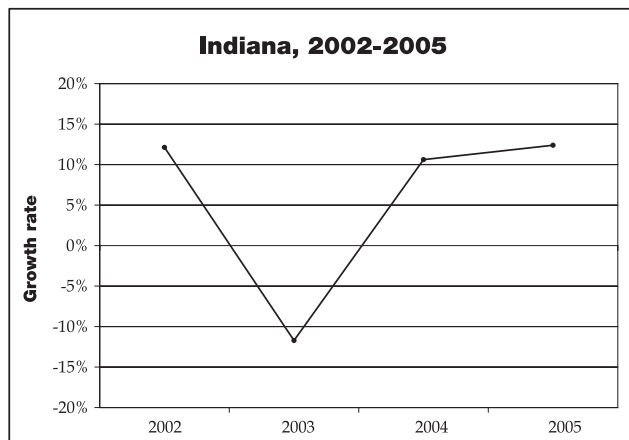
change in nominal capital expenditures per production employee, 2004/2005

Manufacturing firms' investment in new capital equipment is the source of new innovations and increased efficiency and productivity. In the 1950s, Indiana manufacturers were investing in equipment at rates well above the U.S. average. That has slowed, however, to about the U.S. average in recent years.

The table shows the nominal growth of capital expenditures in manufacturing per production employee.

Midwest Performance, 2004/2005

State	Metric	Score
Kentucky	12.7%	101.8
Indiana	12.4%	101.4
Wisconsin	11.9%	100.9
Illinois	3.2%	89.9
Michigan	1.2%	87.4
Ohio	0.9%	87.0



Source: U.S. Census Bureau, Annual Survey of Manufacturers, Geographic Area Statistics

State	Score	Growth Rate	Change, 2002 - 2005 (Absolute)
<i>50-State Average</i>		15.4%	19.6%
Maryland	197.7	89.4%	28.9%
Montana	191.2	84.2%	-4.1%
Louisiana	162.6	61.3%	-21.1%
Hawaii	154.2	54.6%	17.7%
Arizona	141.9	44.8%	-6.2%
Colorado	134.3	38.7%	-19.8%
Nevada	133.9	38.4%	-16.3%
South Dakota	124.4	30.8%	11.9%
Delaware	122.4	29.2%	-19.4%
North Dakota	121.1	28.1%	-6.7%
Texas	115.6	23.7%	17.4%
West Virginia	112.1	20.9%	33.9%
Arkansas	107.1	16.9%	0.6%
Virginia	106.6	16.5%	26.2%
Iowa	106.3	16.3%	38.5%
Georgia	105.8	15.9%	0.3%
California	105.8	15.9%	60.3%
Washington	104.4	14.8%	-14.2%
North Carolina	103.7	14.2%	11.6%
Pennsylvania	103.1	13.7%	15.9%
Kentucky	101.8	12.7%	20.4%
Indiana	101.4	12.4%	24.6%
Wisconsin	100.9	11.9%	42.4%
Minnesota	100.5	11.7%	4.9%
Massachusetts	100.5	11.6%	-4.0%
South Carolina	99.5	10.9%	41.7%
Tennessee	99.0	10.5%	-4.9%
Alaska	97.9	9.6%	16.0%
Missouri	97.6	9.3%	0.3%
New Jersey	97.6	9.3%	34.9%
New York	96.4	8.4%	26.0%
Rhode Island	95.9	8.0%	18.5%
Alabama	95.9	8.0%	20.2%
Oregon	95.8	7.9%	23.5%
Florida	95.7	7.8%	14.6%
Vermont	92.3	5.1%	13.9%
New Hampshire	91.8	4.7%	22.0%
Illinois	89.9	3.2%	23.6%
Utah	88.6	2.1%	2.6%
Michigan	87.4	1.2%	26.6%
Ohio	87.0	0.9%	43.2%
Kansas	86.7	0.6%	-18.9%
Connecticut	86.4	0.4%	28.2%
Wyoming	85.6	-0.3%	5.5%
Nebraska	85.5	-0.3%	30.7%
Mississippi	82.0	-3.1%	103.6%
Oklahoma	77.3	-6.9%	100.7%
Idaho	70.1	-12.6%	47.7%
Maine	60.5	-20.3%	58.9%
New Mexico	57.0	-23.1%	58.9%

SBIR and STTR Financing

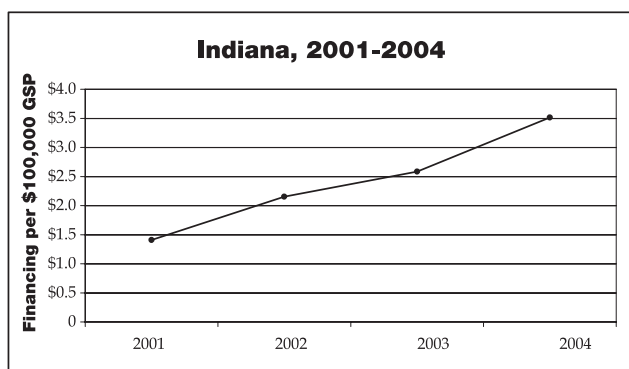
SBIR and STTR dollars per \$100,000 GSP, 2004

Through the Small Business Innovation Research (SBIR) and Small Business Technology Transfer (STTR) programs, the federal government provides opportunities for well-qualified small businesses to participate in federal research and development initiatives. The process involves well-prepared proposals followed by phases of funding – proof of concept, prototype development, etc. What is key is a state's success rate: some states have fewer applications, but a higher hit rate, while others have many applicants but fewer awards.

The table gives the average amount of awards relative to a state's gross state product, for both SBIR and STTR funding.

Midwest Performance, 2004

State	Metric	Score
Ohio	\$9.0	109.1
Michigan	\$5.7	99.0
Wisconsin	\$5.6	98.9
Indiana	\$3.5	92.5
Kentucky	\$3.1	91.1
Illinois	\$2.9	90.6



Source: U.S. Small Business Administration, SBIR and STTR Program Statistics

State	Score	Per \$100,000 GSP	Change, 2001 - 2004 (%)
<i>50-State Average</i>		\$9.3	84.8%
Massachusetts	229.2	\$48.9	56.8%
New Hampshire	161.4	\$26.4	70.2%
Maryland	160.4	\$26.0	80.1%
Colorado	155.5	\$24.4	49.7%
New Mexico	147.2	\$21.7	-4.8%
Virginia	138.5	\$18.8	34.7%
Montana	134.4	\$17.4	-1.4%
Hawaii	129.6	\$15.8	298.2%
California	126.9	\$14.9	45.8%
Alabama	125.2	\$14.4	107.8%
Vermont	123.4	\$13.8	87.9%
Rhode Island	121.7	\$13.2	99.8%
Washington	118.8	\$12.2	84.1%
Delaware	116.6	\$11.5	80.4%
Maine	115.4	\$11.1	145.7%
Connecticut	114.5	\$10.8	104.0%
Oregon	110.6	\$9.5	47.3%
Ohio	109.1	\$9.0	27.2%
Pennsylvania	108.0	\$8.6	59.5%
Arizona	107.2	\$8.4	19.0%
West Virginia	107.0	\$8.3	92.2%
New Jersey	105.0	\$7.7	63.5%
Utah	103.2	\$7.1	-10.9%
North Dakota	102.6	\$6.9	72.7%
Wyoming	100.2	\$6.1	-6.9%
Nevada	99.8	\$5.9	103.1%
New York	99.5	\$5.8	126.2%
Michigan	99.0	\$5.7	63.4%
Wisconsin	98.9	\$5.6	59.7%
Texas	98.7	\$5.6	91.6%
Minnesota	98.5	\$5.5	37.1%
Oklahoma	97.8	\$5.3	153.8%
Idaho	97.5	\$5.2	96.0%
North Carolina	96.6	\$4.9	95.2%
Nebraska	95.4	\$4.5	99.5%
Florida	94.3	\$4.1	44.3%
Arkansas	93.6	\$3.9	409.8%
Georgia	93.0	\$3.7	75.7%
Indiana	92.5	\$3.5	149.5%
South Carolina	91.5	\$3.2	30.4%
Missouri	91.5	\$3.2	252.4%
Mississippi	91.2	\$3.1	514.8%
Kentucky	91.1	\$3.1	146.4%
Tennessee	90.7	\$2.9	-11.7%
Illinois	90.6	\$2.9	23.2%
Kansas	90.4	\$2.8	40.0%
Iowa	87.1	\$1.7	45.0%
Louisiana	85.6	\$1.2	6.9%
South Dakota	85.5	\$1.2	-20.6%
Alaska	82.2	\$0.1	-92.9%

SBIC Financing

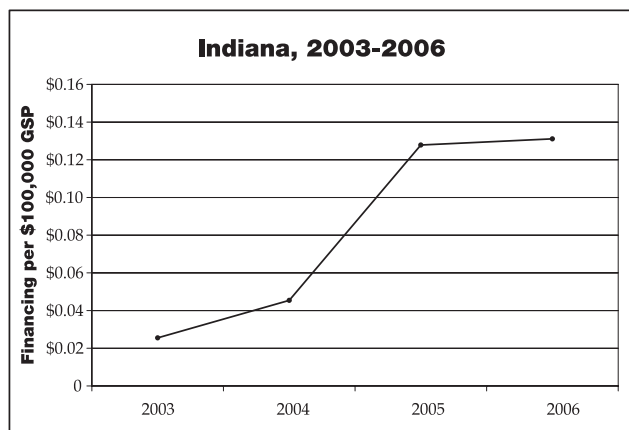
SBIC awards per \$100,000 GSP, 2006

Small Business Investment Companies (SBICs) are formed under the United States Small Business Administration. Their aim is to create investment pools of risk capital in local markets. One sign of entrepreneurial capital dynamics is SBICs' level of financing.

The table shows the dollars awarded relative to a state's gross state product.

Midwest Performance, 2006

State	Metric	Score
Illinois	\$0.18	100.8
Ohio	\$0.17	100.0
Michigan	\$0.13	96.2
Indiana	\$0.13	95.9
Wisconsin	\$0.08	91.1
Kentucky	\$0.01	83.7



Source: U.S. Small Business Administration, Financing Statistics, Program Statistical Package

State	Score	Per \$100,000 GSP	Change, 2003 - 2006 (%)
<i>50-State Average</i>		<i>\$0.19</i>	<i>143.1%</i>
New Hampshire	141.5	\$0.58	54.8%
Colorado	135.8	\$0.52	117.1%
New York	130.2	\$0.46	6.6%
Maine	129.3	\$0.46	234.8%
Utah	126.5	\$0.43	-11.6%
Massachusetts	126.1	\$0.43	-10.5%
Connecticut	125.6	\$0.42	-3.9%
Maryland	120.0	\$0.37	40.4%
South Carolina	117.4	\$0.34	89.2%
Missouri	115.0	\$0.32	276.8%
South Dakota	113.3	\$0.30	31.9%
California	111.4	\$0.28	-3.3%
Minnesota	109.9	\$0.27	-16.5%
Rhode Island	108.8	\$0.26	8.8%
Oregon	108.5	\$0.25	47.0%
Florida	107.8	\$0.25	114.3%
Pennsylvania	106.3	\$0.23	-21.1%
Washington	105.1	\$0.22	-24.2%
New Jersey	104.8	\$0.22	-22.7%
Kansas	102.9	\$0.20	463.8%
North Carolina	102.7	\$0.20	27.9%
Arizona	102.3	\$0.19	115.7%
Illinois	100.8	\$0.18	-41.8%
Tennessee	100.3	\$0.17	-14.6%
Ohio	100.0	\$0.17	60.6%
Texas	100.0	\$0.17	7.9%
New Mexico	99.4	\$0.17	28.0%
Arkansas	98.2	\$0.15	67.7%
Georgia	97.7	\$0.15	-51.0%
Nevada	96.3	\$0.13	861.3%
Michigan	96.2	\$0.13	81.7%
Indiana	95.9	\$0.13	414.0%
Louisiana	94.1	\$0.11	130.3%
Virginia	92.4	\$0.10	-62.2%
Hawaii	91.3	\$0.09	100.0%
Wisconsin	91.1	\$0.08	-36.5%
Iowa	90.8	\$0.08	75.7%
North Dakota	89.5	\$0.07	100.0%
Wyoming	89.3	\$0.07	100.0%
Mississippi	88.2	\$0.06	35.3%
Delaware	87.8	\$0.05	-95.0%
West Virginia	87.5	\$0.05	-22.5%
Vermont	87.3	\$0.05	-30.2%
Nebraska	86.3	\$0.04	3934.2%
Oklahoma	85.4	\$0.03	-73.0%
Alabama	85.3	\$0.03	100.0%
Kentucky	83.7	\$0.01	-43.7%
Idaho	83.7	\$0.01	199.0%
Montana	82.9	\$0.00	-86.8%
Alaska	82.5	\$0.00	-100.0%

Quality of Life

Quality of life has become in increasing focus of economic development, particularly since Richard Florida's book "The Rise of the Creative Class." States, regions and cities have to be increasingly concerned about how to attract not just businesses but individual entrepreneurs and young skilled workers in general who increasingly put an emphasis on quality of life in their location decisions. Although a goal in itself, quality of life is also a key determinant of economic performance in a globalized economy in which attracting and retaining the "right" kind of workers and companies is an important factor in competitiveness.

Comprised of sub-drivers in Economic Diversity and Civic Energy, Culture and Recreation, as well as Health and Public Safety, this comprehensive driver seeks to measure the overall quality of life in each state.

Midwest Performance

	2006	2004	2002	2000
Wisconsin	C+	C+	B	A-
Michigan	C+	C	C+	A-
Kentucky	C	C	C+	B
Ohio	C-	C-	C	B
Indiana	C-	D+	C	B
Illinois	D+	D+	D+	C+

Other Manufacturing Competitors

	2006	2004	2002	2000
Iowa	B	B	B+	A+
New Hampshire	B-	B-	B	B+
Oregon	B-	B-	B-	B-
Indiana	C-	D+	C	B
North Carolina	C-	C-	C-	B
South Carolina	D+	C-	C	B

State	2006	2004	2002	2000
South Dakota	A+	A+	A+	A
Wyoming	A	A	A+	A+
Montana	A	A-	A+	C-
Minnesota	A-	B+	A	A+
Vermont	A-	B+	B+	A
North Dakota	B+	A-	A	A-
Iowa	B	B	B+	A+
Washington	B	B	B+	A-
Hawaii	B	B	B+	A-
Idaho	B-	B-	B+	B-
Florida	B-	B-	B	B+
New Hampshire	B-	B-	B	B+
Maine	B-	B-	B-	A-
Oregon	B-	B-	B-	B-
Nebraska	B-	B-	B+	A
Alaska	C+	C+	B	C
Wisconsin	C+	C+	B	A-
Michigan	C+	C	C+	A-
Kansas	C	C+	C+	B+
New Jersey	C	C-	C-	A
Connecticut	C	C	C+	B+
Colorado	C	C	B	B+
Missouri	C	C	C+	B+
West Virginia	C	C-	C-	C
Pennsylvania	C	C	C	B-
Kentucky	C	C	C+	B
Utah	C	C+	B-	C+
Rhode Island	C-	C-	C+	B+
Maryland	C-	C	C+	A-
Virginia	C-	C	C+	B+
Delaware	C-	C-	C+	B
Ohio	C-	C-	C	B
Indiana	C-	D+	C	B
North Carolina	C-	C-	C-	B
Massachusetts	C-	C-	C	C+
Tennessee	C-	C-	C-	B
Oklahoma	D+	D+	C-	B-
Arizona	D+	C-	D+	D
Illinois	D+	D+	D+	C+
South Carolina	D+	C-	C	B
Alabama	D+	D+	C-	B
New Mexico	D	D+	C-	D
Arkansas	D	D+	C-	B-
New York	D	D-	D	F
California	D	D	C-	C
Mississippi	D	D	D+	B-
Louisiana	D-	D+	D+	D+
Georgia	D-	D	D+	B-
Texas	F	D-	D-	C-
Nevada	F	F	F	F

Economic Diversity & Civic Energy

Midwest Performance

	2006	2004	2002	2000
Michigan	B+	A-	B	B+
Wisconsin	B+	A-	B+	B+
Indiana	B	B+	B	B
Ohio	B	B	B-	B-
Kentucky	B	B+	B-	B
Illinois	B-	B-	C	B-

Other Manufacturing Competitors

	2006	2004	2002	2000
Iowa	A+	A+	A	A
South Carolina	B+	A	B+	B+
North Carolina	B+	B+	B-	B
Indiana	B	B+	B	B
Oregon	B	B+	B-	B-
New Hampshire	B	B+	C+	B-

State	2006	2004	2002	2000
Wyoming	A+	A+	A+	A+
Minnesota	A+	A+	A	A
Iowa	A+	A+	A	A
Utah	A+	A+	A	A
South Dakota	A+	A+	B+	A-
Montana	A	A+	A-	B+
North Dakota	A	A	A-	A-
Alabama	A-	A	B+	B+
Oklahoma	A-	A-	B	B+
Nebraska	A-	A	A-	A-
Missouri	A-	A-	B	B+
Maine	A-	A-	B	B+
Kansas	A-	A-	B	B
South Carolina	B+	A	B+	B+
Vermont	B+	A-	B+	B
Michigan	B+	A-	B	B+
Maryland	B+	A-	A-	A-
Idaho	B+	A-	B+	B+
Mississippi	B+	B+	B-	B
Tennessee	B+	A-	B-	B
Delaware	B+	A-	B	B-
Wisconsin	B+	A-	B+	B+
North Carolina	B+	B+	B-	B
Indiana	B	B+	B	B
Oregon	B	B+	B-	B-
New Hampshire	B	B+	C+	B-
Ohio	B	B	B-	B-
Connecticut	B	B+	B	B-
Arkansas	B	B+	B-	B
West Virginia	B	B	B-	B-
Florida	B	B	B-	B-
Kentucky	B	B+	B-	B
Georgia	B	B	B-	B-
Virginia	B-	B	B-	B
Alaska	B-	B	B-	C+
Washington	B-	B-	B-	B-
Illinois	B-	B-	C	B-
New Mexico	B-	B-	C+	B-
Pennsylvania	B-	B	C+	C+
Colorado	B-	B-	B	B+
Louisiana	C+	B	C	C+
Arizona	C+	C+	C	C
Texas	C+	B-	C	C+
New Jersey	C+	C+	D+	C+
Massachusetts	C	C+	C-	C-
Rhode Island	C	C+	B-	C+
Nevada	C-	C	C-	C-
California	D-	D	D+	D
Hawaii	D-	D	D	C-
New York	F	F	F	F

Nonprofits

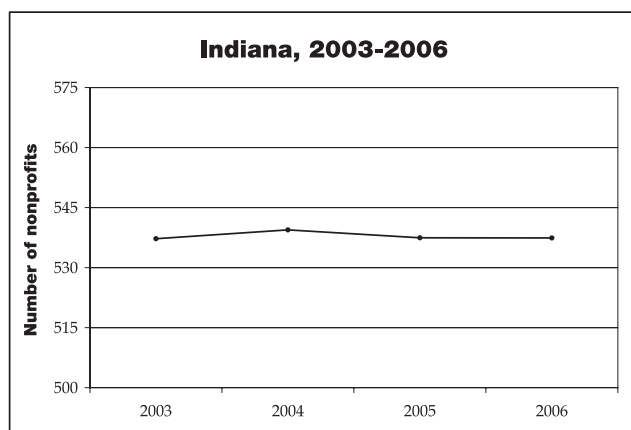
number of nonprofit organizations
per 100,000 residents, 2006

Nonprofit organizations such as charities are a mobilizer of public participation in the development of the community and reflect the strength of the social network that supports the economy.

The table gives the number of all nonprofit organizations in a state per 100,000 residents based on 2005 population estimates.

Midwest Performance, 2006

State	Metric	Score
Wisconsin	576.6	106.9
Indiana	537.4	102.2
Ohio	522.3	100.4
Illinois	490.2	96.6
Michigan	451.2	91.9
Kentucky	422.0	88.4



Source: National Center for Charitable Statistics

State	Score	Nonprofits per 100,000 Residents	Change, 2003 - 2006 (%)
<i>50-State Average</i>		544.5	2.2%
Montana	154.0	971.1	2.0%
Iowa	149.5	933.7	-0.5%
Vermont	144.8	894.6	2.9%
North Dakota	143.6	884.1	-3.6%
Wyoming	138.0	837.0	2.0%
South Dakota	135.9	819.8	-2.3%
Nebraska	125.5	732.8	-1.6%
Alaska	123.2	713.5	0.3%
Maine	117.1	662.0	2.2%
Kansas	112.1	620.6	0.5%
Rhode Island	111.1	611.7	0.5%
Missouri	110.7	608.6	6.3%
Minnesota	110.4	606.2	-1.0%
Delaware	107.3	579.7	8.4%
Wisconsin	106.9	576.6	0.3%
Oregon	105.5	564.6	1.1%
West Virginia	105.3	563.1	1.6%
New Hampshire	104.4	555.7	1.2%
Massachusetts	103.5	548.1	4.1%
Colorado	103.3	546.8	2.4%
Connecticut	103.1	545.1	1.9%
Indiana	102.2	537.4	0.0%
Hawaii	101.9	534.5	0.6%
Ohio	100.4	522.3	2.3%
Washington	100.4	522.1	1.0%
Maryland	99.6	515.7	4.6%
Oklahoma	98.8	509.2	1.3%
Pennsylvania	97.9	501.6	2.6%
New Mexico	97.6	498.6	0.6%
Idaho	97.0	493.9	-1.3%
Illinois	96.6	490.2	3.6%
New York	95.9	484.3	3.9%
Virginia	95.0	476.8	2.9%
Tennessee	93.3	462.9	2.6%
South Carolina	92.4	455.5	7.7%
Michigan	91.9	451.2	4.3%
Arkansas	91.7	449.2	3.5%
New Jersey	91.6	448.2	4.2%
North Carolina	91.3	445.7	6.5%
Kentucky	88.4	422.0	2.5%
Louisiana	87.2	411.5	2.9%
Alabama	86.3	403.9	3.9%
Texas	85.6	398.1	3.0%
California	85.5	397.1	2.8%
Mississippi	83.1	377.1	5.1%
Florida	80.9	358.8	5.1%
Georgia	80.7	357.5	6.6%
Utah	76.4	321.0	0.4%
Arizona	75.7	315.0	0.3%
Nevada	72.6	289.1	-0.1%

Charitable Giving

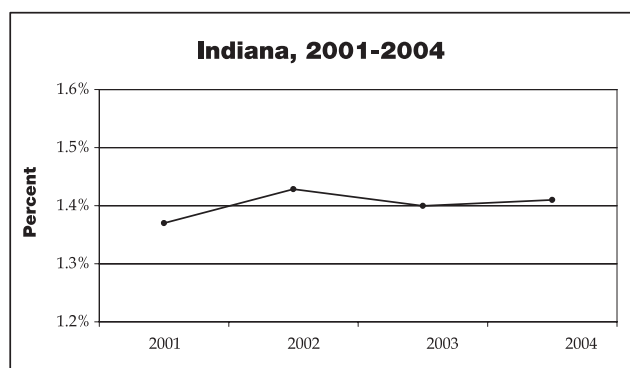
itemized contributions as percent of personal income, 2004

The contributions of each resident to charitable causes are a sign of community involvement and the tie of the residents to their home state. Although charitable deductions on federal income tax returns do not indicate the location of the use of those funds, it provides a general sense of a state's civic participation.

The table, as an approximation, shows the amount of itemized charitable deductions as a percent of the state's personal income.

Midwest Performance, 2004

State	Metric	Score
Michigan	1.54%	102.1
Illinois	1.52%	100.9
Indiana	1.41%	95.4
Kentucky	1.39%	94.6
Ohio	1.36%	93.0
Wisconsin	1.33%	91.3



Source: Internal Revenue Service, Individual Tax Statistics

State	Score	Percent	Change, 2001 - 2004 (%)
<i>50-State Average</i>		1.49%	-1.4%
Utah	202.6	3.49%	-6.9%
Maryland	129.4	2.07%	5.2%
Georgia	128.5	2.05%	6.3%
South Carolina	123.8	1.96%	5.1%
Alabama	121.2	1.91%	4.1%
North Carolina	119.5	1.88%	4.4%
New York	117.5	1.84%	-1.7%
Oklahoma	114.5	1.78%	8.2%
Idaho	112.3	1.74%	-3.8%
Virginia	110.8	1.71%	0.8%
Mississippi	109.0	1.67%	7.8%
Wyoming	107.9	1.65%	-20.2%
Arkansas	106.5	1.63%	2.4%
Minnesota	106.1	1.62%	-2.1%
Tennessee	105.5	1.60%	2.4%
California	105.1	1.60%	-3.2%
Delaware	104.9	1.59%	-3.5%
Oregon	104.8	1.59%	0.3%
Arizona	102.8	1.55%	0.4%
Michigan	102.1	1.54%	-1.6%
Nebraska	101.8	1.53%	-5.7%
Kansas	101.4	1.53%	0.8%
New Jersey	101.1	1.52%	3.1%
Illinois	100.9	1.52%	5.6%
Florida	100.8	1.51%	-0.4%
Nevada	99.2	1.48%	-1.9%
Connecticut	99.0	1.48%	-4.8%
Montana	97.8	1.46%	9.7%
Missouri	96.2	1.43%	2.2%
Indiana	95.4	1.41%	2.9%
Kentucky	94.6	1.39%	3.3%
Washington	94.4	1.39%	-12.1%
Ohio	93.0	1.36%	6.3%
Hawaii	92.1	1.35%	6.3%
Massachusetts	91.7	1.34%	-8.7%
Texas	91.6	1.34%	1.1%
Wisconsin	91.3	1.33%	-1.2%
Pennsylvania	91.0	1.33%	0.2%
Iowa	89.8	1.30%	-1.8%
Louisiana	86.7	1.24%	7.6%
New Mexico	84.1	1.19%	-2.1%
Rhode Island	83.7	1.18%	2.2%
Alaska	82.2	1.16%	2.4%
New Hampshire	76.8	1.05%	-4.3%
Maine	76.4	1.04%	-5.3%
Vermont	75.4	1.02%	-11.3%
South Dakota	73.8	0.99%	2.0%
North Dakota	71.7	0.95%	-1.0%
West Virginia	65.0	0.82%	1.0%
Colorado	47.9	0.49%	-72.7%

Voter Turnout

Percent of citizen voters' turnout at elections, 2004

High voter turnout indicates that the residents take an interest in the development of the state and is the key to a responsive government.

The table shows the average percent of the citizen voting-age population that voted in the congressional and presidential elections in 2002 and 2004.

Midwest Performance, 2004

State	Metric	Score
Michigan	50.3%	108.3
Wisconsin	50.3%	108.3
Illinois	46.8%	98.9
Kentucky	45.8%	96.3
Ohio	43.6%	90.4
Indiana	40.4%	81.8

Source: U.S. Census Bureau, Current Population Survey

State	Score	Turnout Rate	Change, 2000 - 2004 (%)
<i>50-State Average</i>		48.3%	5.2%
Minnesota	154.1	67.4%	2.3%
South Dakota	150.6	66.1%	30.0%
Maine	128.4	57.8%	19.7%
North Dakota	127.6	57.5%	0.1%
Oregon	122.2	55.5%	10.0%
Alaska	120.9	55.0%	-0.4%
Montana	117.9	53.9%	-0.1%
Wyoming	117.9	53.9%	-2.2%
Vermont	115.5	53.0%	0.4%
Missouri	114.5	52.6%	12.4%
Massachusetts	114.2	52.5%	4.7%
Maryland	110.2	51.0%	-0.7%
New Hampshire	110.2	51.0%	21.9%
Iowa	109.9	50.9%	-3.1%
Washington	109.4	50.7%	3.7%
Rhode Island	109.1	50.6%	-4.0%
Louisiana	108.3	50.3%	29.6%
Michigan	108.3	50.3%	-1.5%
Wisconsin	108.3	50.3%	-1.3%
Colorado	107.8	50.1%	-9.9%
Alabama	105.6	49.3%	-4.9%
Oklahoma	104.8	49.0%	20.4%
Kansas	104.0	48.7%	17.0%
Florida	102.9	48.3%	10.1%
Connecticut	101.1	47.6%	1.0%
Illinois	98.9	46.8%	-2.8%
South Carolina	98.4	46.6%	-2.0%
Tennessee	98.1	46.5%	27.4%
Idaho	97.9	46.4%	-2.4%
Arkansas	97.3	46.2%	7.9%
Nebraska	97.1	46.1%	-1.6%
Kentucky	96.3	45.8%	1.5%
Hawaii	95.2	45.4%	-15.4%
Delaware	94.9	45.3%	20.1%
North Carolina	93.3	44.7%	10.6%
New Mexico	92.5	44.4%	-13.8%
Utah	90.9	43.8%	4.0%
New York	90.4	43.6%	-9.6%
Ohio	90.4	43.6%	-3.9%
Pennsylvania	89.3	43.2%	7.2%
Mississippi	89.0	43.1%	7.3%
New Jersey	88.2	42.8%	20.5%
Nevada	88.0	42.7%	15.5%
California	87.4	42.5%	-15.8%
Arizona	87.2	42.4%	11.0%
Georgia	86.9	42.3%	9.6%
Texas	82.6	40.7%	10.0%
Indiana	81.8	40.4%	-0.4%
Virginia	73.2	37.2%	19.0%
West Virginia	72.4	36.9%	2.6%

Urban Cost of Living

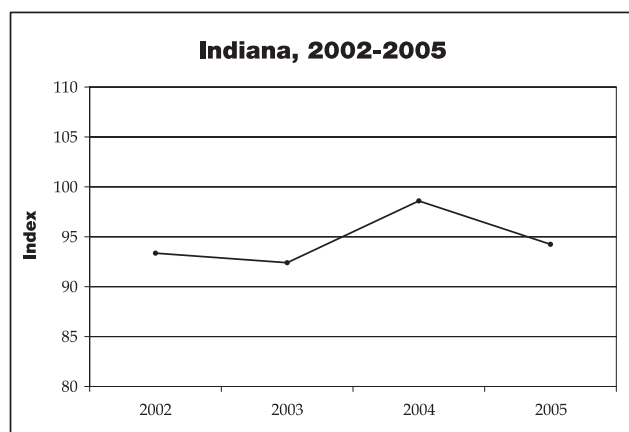
ACCRA Cost of Living Index, 2005

As with housing, a low cost of living contributes strongly to quality of life. ACCRA, a national economic development research organization, maintains an extensive set of quarterly cost-of-living data.

The table is an index of the cost of living in each state. A lower index score corresponds to a lower cost of living; a value of 100 is equal to the United States level of cost.

Midwest Performance, 2005

State	Metric	Score
Indiana	94.2	106.2
Kentucky	94.7	105.7
Wisconsin	101.1	98.1
Ohio	101.2	97.9
Michigan	103.2	95.6
Illinois	123.0	72.0



Source: ACCRA, Cost of Living Index

State	Score	Index	Change, 2002 - 2005 (%)
<i>50-State Average</i>			1.1%
Mississippi	114.6	87.3	-3.4%
Oklahoma	113.0	88.5	-2.6%
Texas	113.0	88.6	-3.5%
Nebraska	112.2	89.2	-1.7%
North Dakota	110.9	90.3	-1.3%
Arkansas	109.4	91.6	-2.2%
Tennessee	108.7	92.2	2.6%
North Carolina	108.0	92.8	-2.4%
South Dakota	107.4	93.3	-0.5%
Iowa	106.7	93.8	1.0%
West Virginia	106.7	93.8	2.8%
South Carolina	106.7	93.8	-0.9%
Kansas	106.6	94.0	-3.4%
Indiana	106.2	94.2	1.0%
Utah	106.1	94.4	-2.5%
Kentucky	105.7	94.7	2.9%
Missouri	105.3	95.0	-6.8%
Alabama	104.8	95.4	-1.3%
Idaho	104.3	95.8	-0.8%
Georgia	102.9	97.1	-1.8%
Florida	102.4	97.4	5.7%
Montana	101.9	97.9	2.7%
Arizona	101.5	98.2	1.9%
New Mexico	98.5	100.7	-0.9%
Wisconsin	98.1	101.1	1.8%
Virginia	98.0	101.1	4.8%
Louisiana	98.0	101.2	-0.8%
Colorado	97.9	101.2	-3.9%
Ohio	97.9	101.2	-3.4%
Michigan	95.6	103.2	-3.8%
Wyoming	93.7	104.8	3.6%
Nevada	84.7	112.3	7.8%
Delaware	83.4	113.4	8.8%
Oregon	82.9	113.8	4.0%
Washington	80.3	116.0	(n/a)
Maryland	79.5	116.6	24.0%
Vermont	79.3	116.8	20.2%
Alaska	78.0	117.9	-2.1%
Connecticut	76.9	118.9	-1.9%
Illinois	72.0	123.0	-14.4%
Pennsylvania	70.1	124.5	3.5%
Rhode Island	69.0	125.5	(n/a)
Massachusetts	55.0	137.2	-0.1%
California	31.8	156.7	14.5%
Hawaii	28.8	159.1	9.1%
New York	-23.3	202.9	-7.5%
Maine	(n/a)	(n/a)	(n/a)
Minnesota	(n/a)	(n/a)	(n/a)
New Hampshire	(n/a)	(n/a)	(n/a)
New Jersey	(n/a)	(n/a)	(n/a)

Urban Housing Costs

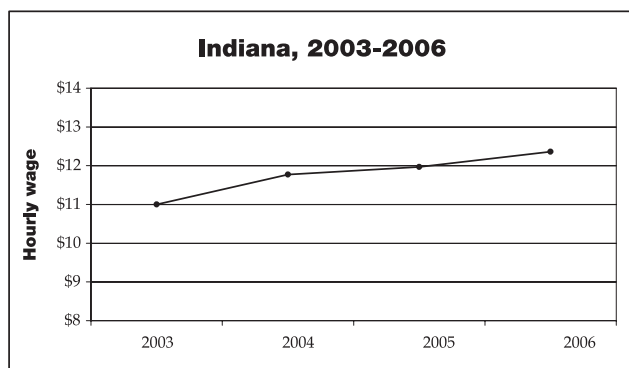
hourly wage needed to afford two-bedroom housing at fair market rent, 2006

Last year's Report Card reported the Urban Housing Cost Index from the Corporation for Economic Development. Since the underlying data was outdated and did not provide good trend data, it was replaced with a more appropriate affordability measure from the National Low Income Housing Commission.

This table shows the hourly wage needed to afford two-bedroom housing at fair market rent in 2006.

Midwest Performance, 2006

State	Metric	Score
Kentucky	10.7	112.5
Ohio	12.3	105.5
Indiana	12.4	105.3
Wisconsin	12.8	103.4
Michigan	13.8	99.0
Illinois	16.0	89.5



Source: National Low Income Housing Commission

State	Score	Hourly Wage Needed	Change, 2003 - 2006 (%)
<i>50-State Average</i>		14.5	9.7%
West Virginia	115.3	10.1	15.0%
North Dakota	114.3	10.3	3.5%
Arkansas	113.9	10.4	15.0%
Alabama	113.3	10.6	13.1%
Mississippi	112.9	10.6	17.2%
Oklahoma	112.6	10.7	9.1%
Kentucky	112.5	10.7	11.7%
South Dakota	111.6	10.9	3.4%
Wyoming	111.1	11.1	7.0%
Montana	109.7	11.4	10.2%
Iowa	109.4	11.4	14.1%
Tennessee	108.6	11.6	11.4%
Kansas	108.2	11.7	8.9%
Nebraska	108.2	11.7	13.9%
Missouri	108.0	11.8	5.8%
South Carolina	107.7	11.8	12.3%
Idaho	106.9	12.0	18.5%
Ohio	105.5	12.3	3.7%
Indiana	105.3	12.4	12.4%
New Mexico	104.9	12.5	11.8%
North Carolina	104.2	12.6	8.7%
Wisconsin	103.4	12.8	10.1%
Utah	102.3	13.0	-2.2%
Georgia	102.3	13.1	-6.8%
Oregon	100.5	13.5	-1.0%
Texas	99.5	13.7	2.3%
Michigan	99.0	13.8	3.7%
Louisiana	98.9	13.8	33.7%
Maine	97.9	14.0	11.6%
Minnesota	96.0	14.5	-4.6%
Pennsylvania	95.6	14.6	11.3%
Arizona	94.8	14.7	-1.7%
Washington	94.1	14.9	-1.6%
Vermont	92.2	15.3	11.3%
Illinois	89.5	16.0	0.8%
Delaware	87.9	16.3	16.0%
Florida	87.7	16.4	14.7%
Colorado	87.4	16.4	0.9%
Nevada	85.1	17.0	5.4%
Virginia	84.3	17.1	8.5%
Alaska	80.9	17.9	6.9%
New Hampshire	80.0	18.1	9.8%
Rhode Island	74.5	19.4	44.3%
Maryland	71.3	20.1	6.5%
Connecticut	69.8	20.4	13.4%
New York	68.6	20.7	9.7%
New Jersey	66.3	21.2	7.4%
Massachusetts	60.0	22.7	1.1%
California	59.1	22.9	7.9%
Hawaii	56.1	23.5	38.2%

Homeownership

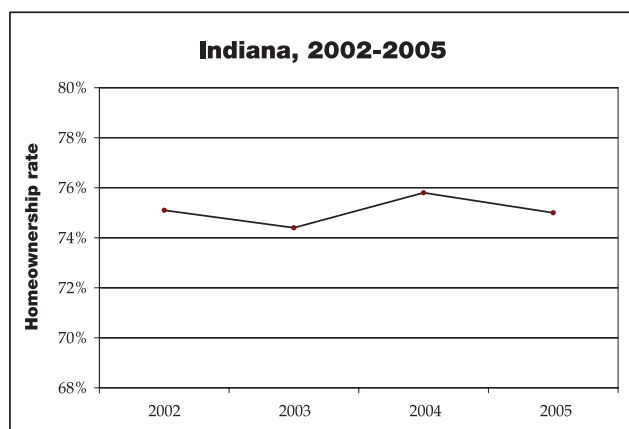
homeownership rates, 2005

A variety of studies point to the benefits of homeownership: increased economic stability, community vitality and even improved child learning. Homeownership is also important for many start-up businesses, allowing entrepreneurs to use home equity as a source of early-stage funding.

The table shows the percentage of households in each state that own their homes.

Midwest Performance, 2005

State	Metric	Score
Michigan	76.4%	122.9
Indiana	75.0%	116.8
Ohio	73.3%	109.3
Kentucky	71.6%	101.8
Wisconsin	71.1%	99.6
Illinois	70.9%	98.7



Source: U.S. Census Bureau, Housing Vacancies and Homeownership Annual Statistics

State	Score	Rate	Change, 2002 - 2005 (%)
<i>50-State Average</i>		70.8%	1.2%
West Virginia	144.6	81.3%	5.3%
Mississippi	133.5	78.8%	5.2%
Alabama	123.8	76.6%	3.9%
Minnesota	123.4	76.5%	-1.0%
Michigan	122.9	76.4%	0.5%
Delaware	120.3	75.8%	0.3%
Indiana	116.8	75.0%	-0.1%
Idaho	113.2	74.2%	1.6%
Vermont	113.2	74.2%	5.5%
New Hampshire	112.4	74.0%	6.5%
Iowa	111.9	73.9%	0.0%
Maine	111.9	73.9%	-0.1%
South Carolina	111.9	73.9%	-4.6%
Utah	111.9	73.9%	1.5%
Ohio	109.3	73.3%	1.7%
Pennsylvania	109.3	73.3%	-0.9%
Oklahoma	107.5	72.9%	4.7%
Wyoming	107.1	72.8%	-0.3%
Louisiana	105.7	72.5%	7.6%
Florida	105.3	72.4%	5.4%
Tennessee	105.3	72.4%	3.0%
Missouri	104.9	72.3%	-3.3%
Kentucky	101.8	71.6%	-2.8%
New Mexico	100.9	71.4%	2.0%
Maryland	100.0	71.2%	-1.1%
Virginia	100.0	71.2%	-4.3%
Arizona	99.6	71.1%	8.4%
Wisconsin	99.6	71.1%	-1.5%
Colorado	99.1	71.0%	3.0%
Illinois	98.7	70.9%	1.1%
North Carolina	98.7	70.9%	1.3%
Connecticut	96.9	70.5%	-1.4%
Montana	96.5	70.4%	1.4%
Nebraska	95.6	70.2%	2.5%
New Jersey	95.1	70.1%	4.8%
Kansas	92.5	69.5%	-1.1%
Arkansas	91.2	69.2%	-1.6%
North Dakota	88.1	68.5%	-1.3%
South Dakota	87.6	68.4%	-4.3%
Oregon	86.8	68.2%	3.0%
Georgia	85.4	67.9%	-5.4%
Washington	84.1	67.6%	1.0%
Alaska	77.1	66.0%	-1.6%
Texas	76.6	65.9%	3.9%
Massachusetts	65.6	63.4%	1.3%
Nevada	65.6	63.4%	-2.9%
Rhode Island	64.3	63.1%	6.2%
Hawaii	49.7	59.8%	3.3%
California	49.2	59.7%	3.5%
New York	32.5	55.9%	2.0%

Disposable Income

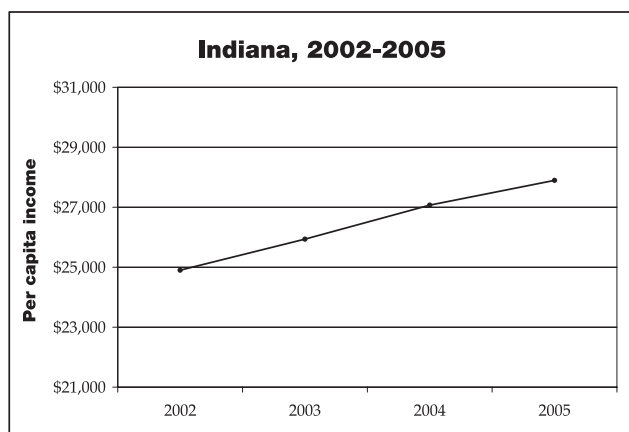
per capita disposable income, 2005

The average disposable income of a resident in a state reflects economic opportunities, as well as the successful participation of individuals in the economy. It is also a factor of attractiveness of a region that takes not just wages but the states' tax structure into account.

The table shows per capita personal income minus personal taxes.

Midwest Performance, 2005

State	Metric	Score
Illinois	\$31,973	110.8
Wisconsin	\$29,375	100.2
Michigan	\$29,275	99.8
Ohio	\$28,057	94.8
Indiana	\$27,896	94.2
Kentucky	\$25,303	83.6



Source: Bureau of Economic Analysis, State and Local Personal Income

State	Score	Per Capita Disposable Income	Change, 2002 - 2005 (%)
<i>50-State Average</i>		<i>\$29,581</i>	<i>12.7%</i>
Connecticut	142.5	\$39,727	10.8%
New Jersey	135.5	\$38,019	11.6%
Massachusetts	133.0	\$37,395	11.9%
Maryland	128.0	\$36,179	14.8%
New Hampshire	118.8	\$33,928	11.7%
New York	118.6	\$33,876	12.7%
Wyoming	117.0	\$33,495	20.6%
Colorado	115.5	\$33,124	10.6%
Minnesota	113.5	\$32,637	12.9%
Virginia	113.3	\$32,578	13.5%
Delaware	112.4	\$32,356	12.6%
Alaska	111.6	\$32,151	10.4%
California	111.0	\$32,010	11.8%
Illinois	110.8	\$31,973	10.8%
Washington	109.5	\$31,637	8.4%
Nevada	108.8	\$31,468	15.2%
Rhode Island	107.0	\$31,040	11.9%
Pennsylvania	106.2	\$30,851	12.6%
Hawaii	104.7	\$30,487	16.5%
Florida	104.5	\$30,416	14.5%
South Dakota	103.4	\$30,148	22.5%
Texas	101.7	\$29,738	13.7%
Nebraska	101.3	\$29,635	13.5%
Kansas	101.0	\$29,560	14.6%
Wisconsin	100.2	\$29,375	11.2%
Michigan	99.8	\$29,275	9.2%
Vermont	99.5	\$29,206	12.4%
Iowa	97.5	\$28,722	13.5%
North Dakota	96.8	\$28,542	18.3%
Tennessee	96.3	\$28,409	13.1%
Oregon	95.6	\$28,256	10.8%
Ohio	94.8	\$28,057	9.4%
Missouri	94.6	\$28,001	11.0%
Indiana	94.2	\$27,896	12.0%
Georgia	93.4	\$27,704	9.3%
North Carolina	92.7	\$27,548	13.3%
Maine	92.4	\$27,468	11.6%
Oklahoma	90.4	\$26,978	16.1%
Arizona	90.1	\$26,899	13.2%
Alabama	89.9	\$26,851	17.2%
Montana	86.3	\$25,985	14.9%
Idaho	84.7	\$25,586	12.7%
South Carolina	84.0	\$25,413	11.6%
New Mexico	83.9	\$25,380	15.9%
Kentucky	83.6	\$25,303	12.4%
Utah	80.6	\$24,571	9.4%
Arkansas	78.5	\$24,072	14.3%
West Virginia	76.7	\$23,620	8.8%
Mississippi	74.1	\$22,985	12.7%
Louisiana	72.2	\$22,529	-1.2%

Gender Equity

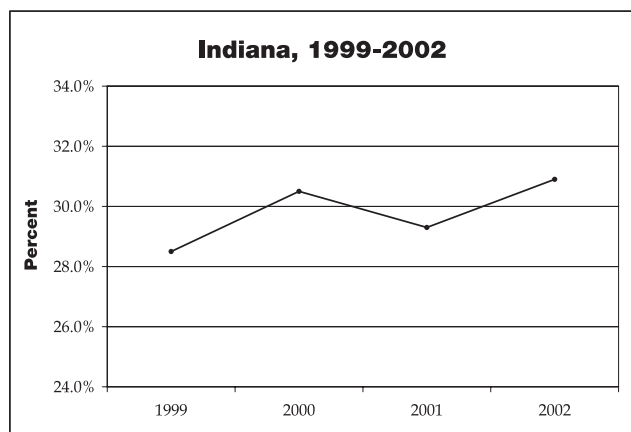
percent of female labor
force in "top jobs," 2002

Increasingly, and especially among the highly educated, young workers exhibit a preference for diverse business environments. There is also a great deal of diversity within the young knowledge worker cohort. As well as being right for its own sake, workplaces that demonstrate a commitment to and opportunities for career advancement of women and minorities (measured on the next page) are essential to economic competitiveness.

The table shows the percentage of the female labor force in managerial, executive and professional specialty occupations.

Midwest Performance, 2002

State	Metric	Score
Illinois	33.0%	100.2
Michigan	32.5%	97.8
Kentucky	32.3%	96.8
Ohio	31.8%	94.3
Indiana	30.9%	89.8
Wisconsin	29.8%	84.3



Source: U.S. Bureau of Labor Statistics, Geographic Profile of Employment and Unemployment

State	Score	Percent	Change, 1999 - 2002 (%)
<i>50-State Average</i>		33.2%	5.4%
Maryland	150.6	43.1%	5.1%
Virginia	136.6	40.3%	12.9%
Massachusetts	133.6	39.7%	10.6%
New Jersey	123.2	37.6%	9.3%
Connecticut	121.2	37.2%	-1.6%
Colorado	120.7	37.1%	-4.6%
Vermont	118.7	36.7%	3.7%
New York	112.2	35.4%	2.3%
Washington	111.7	35.3%	0.9%
Oregon	111.2	35.2%	8.6%
California	110.7	35.1%	1.7%
Georgia	110.7	35.1%	11.1%
Maine	110.7	35.1%	8.7%
New Hampshire	109.7	34.9%	6.1%
Missouri	108.7	34.7%	8.8%
Alaska	107.2	34.4%	-3.6%
South Carolina	106.2	34.2%	4.3%
Minnesota	104.7	33.9%	-3.7%
Delaware	104.2	33.8%	8.7%
Kansas	104.2	33.8%	13.4%
Rhode Island	103.2	33.6%	5.7%
Hawaii	102.2	33.4%	12.1%
Oklahoma	101.7	33.3%	14.0%
Alabama	100.7	33.1%	9.2%
Illinois	100.2	33.0%	4.8%
Arizona	99.8	32.9%	5.8%
Michigan	97.8	32.5%	10.5%
Kentucky	96.8	32.3%	8.8%
Texas	96.8	32.3%	-0.3%
Wyoming	96.8	32.3%	20.1%
North Dakota	95.8	32.1%	7.7%
New Mexico	94.8	31.9%	-4.5%
Ohio	94.3	31.8%	2.3%
Pennsylvania	92.8	31.5%	2.9%
Florida	91.8	31.3%	6.5%
North Carolina	91.8	31.3%	4.0%
Louisiana	90.8	31.1%	8.4%
West Virginia	90.3	31.0%	11.5%
Indiana	89.8	30.9%	8.4%
Mississippi	86.8	30.3%	8.2%
Montana	86.8	30.3%	-3.5%
Iowa	85.8	30.1%	0.3%
South Dakota	85.3	30.0%	4.9%
Nebraska	84.8	29.9%	13.7%
Wisconsin	84.3	29.8%	0.7%
Nevada	83.3	29.6%	8.4%
Arkansas	82.8	29.5%	1.0%
Utah	79.3	28.8%	-9.7%
Tennessee	78.8	28.7%	1.4%
Idaho	70.9	27.1%	3.8%

Racial/Ethnic Equity

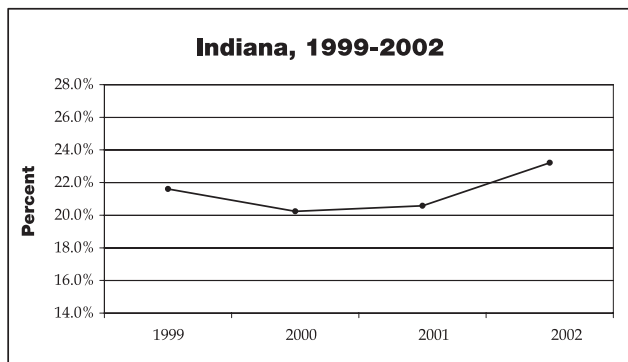
percent of non-white labor
force in "top jobs," 2002

This metric captures the same information as women in top jobs on the preceding page, except it measures the foothold of racial and ethnic minorities at the top of the career ladder.

The table shows the percentage of Hispanics and racial minorities who are in managerial, executive and professional specialty occupations.

Midwest Performance, 2002

State	Metric	Score
Illinois	30.1%	111.4
Michigan	27.4%	103.8
Ohio	25.3%	97.7
Kentucky	24.8%	96.2
Wisconsin	23.7%	93.0
Indiana	23.2%	91.8



Source: U.S. Bureau of Labor Statistics, Geographic Profile of Employment and Unemployment

State	Score	Percent	Change, 1999 - 2002 (%)
<i>50-State Average</i>		26.1%	9.8%
Iowa	153.9	45.0%	58.4%
Maryland	132.8	37.6%	10.9%
California	124.9	34.8%	-0.1%
New Jersey	120.8	33.4%	21.0%
Vermont	119.4	32.9%	-18.5%
West Virginia	115.7	31.6%	28.0%
Massachusetts	114.4	31.2%	5.8%
Utah	113.8	30.9%	7.4%
Arizona	113.5	30.8%	35.3%
Washington	113.0	30.7%	10.7%
Minnesota	112.4	30.5%	38.0%
Oregon	111.8	30.2%	7.1%
Illinois	111.4	30.1%	9.7%
Idaho	110.8	29.9%	45.3%
Colorado	110.2	29.7%	14.8%
Kansas	105.5	28.0%	21.6%
Delaware	105.1	27.9%	8.2%
New Hampshire	104.9	27.8%	19.1%
Virginia	104.1	27.5%	8.9%
Michigan	103.8	27.4%	8.4%
Hawaii	103.1	27.2%	2.0%
New York	102.3	26.9%	0.4%
Montana	100.8	26.4%	-20.2%
North Dakota	100.3	26.2%	16.0%
South Dakota	100.3	26.2%	19.0%
Connecticut	99.7	26.0%	7.3%
Texas	99.7	26.0%	1.1%
Pennsylvania	99.6	26.0%	-5.6%
Ohio	97.7	25.3%	6.4%
Maine	97.5	25.2%	-9.2%
Kentucky	96.2	24.8%	28.6%
Oklahoma	96.2	24.8%	26.1%
Missouri	94.4	24.1%	-20.3%
Wisconsin	93.0	23.7%	-15.8%
Indiana	91.8	23.2%	7.4%
Georgia	91.7	23.2%	36.7%
Nebraska	89.4	22.4%	23.7%
Wyoming	88.8	22.2%	58.1%
Florida	88.6	22.1%	31.4%
Louisiana	87.9	21.8%	31.2%
New Mexico	85.1	20.9%	-17.1%
Nevada	84.0	20.5%	5.6%
South Carolina	82.6	20.0%	9.4%
Alabama	82.2	19.8%	-8.0%
Alaska	81.6	19.6%	-18.6%
Tennessee	80.6	19.3%	6.2%
North Carolina	77.4	18.2%	-6.5%
Arkansas	75.7	17.6%	-1.1%
Rhode Island	74.9	17.3%	-31.9%
Mississippi	62.2	12.9%	-10.7%

Culture & Recreation

Midwest Performance

	2006	2004	2002	2000
Kentucky	D	D	D	F
Michigan	D-	D-	D-	D
Wisconsin	D-	D-	D-	F
Indiana	D-	D-	D-	F
Illinois	D-	D-	F	F
Ohio	F	D-	D-	F

Other Manufacturing Competitors

	2006	2004	2002	2000
Oregon	D	D	D	F
New Hampshire	D	D	D	D-
Iowa	D-	D-	D	F
South Carolina	D-	D-	D-	F
North Carolina	D-	D-	D-	D-
Indiana	D-	D-	D-	F

State	2006	2004	2002	2000
Alaska	A+	A+	A+	A+
Hawaii	B-	B-	C+	C+
Montana	C+	C+	C+	D
South Dakota	C	C	C-	F
Florida	C-	C-	C-	B
Wyoming	C-	C-	C-	D
Vermont	C-	C-	D	D-
West Virginia	C-	D+	D	D-
Idaho	C-	D+	C-	D-
Washington	D+	D+	D+	C-
California	D+	D+	D+	B
North Dakota	D+	D+	D+	F
Nevada	D+	D	D	D+
New York	D+	D+	D	D-
New Jersey	D	D	D	B-
Oregon	D	D	D	F
Minnesota	D	D	D	D-
Arizona	D	D	D	C-
Colorado	D	D	D	D-
Pennsylvania	D	D	D	D-
New Hampshire	D	D	D	D-
Rhode Island	D	D-	D-	D-
Nebraska	D	D	D	F
Massachusetts	D	D	D-	D
Delaware	D	D	D	D-
Kentucky	D	D	D	F
New Mexico	D-	D-	D-	F
Iowa	D-	D-	D	F
Tennessee	D-	D-	D-	D-
Utah	D-	D	D	D+
Michigan	D-	D-	D-	D
Wisconsin	D-	D-	D-	F
Maryland	D-	D-	D-	D
South Carolina	D-	D-	D-	F
Maine	D-	D-	D-	F
Missouri	D-	D-	D-	F
Connecticut	D-	D-	D-	F
North Carolina	D-	D-	D-	D-
Indiana	D-	D-	D-	F
Illinois	D-	D-	F	F
Virginia	D-	D-	D-	D-
Ohio	F	D-	D-	F
Louisiana	F	D-	D-	F
Arkansas	F	D-	F	F
Kansas	F	F	F	F
Oklahoma	F	F	F	F
Texas	F	F	F	F
Mississippi	F	F	F	F
Alabama	F	F	F	F
Georgia	F	F	F	F

Leisure Employment

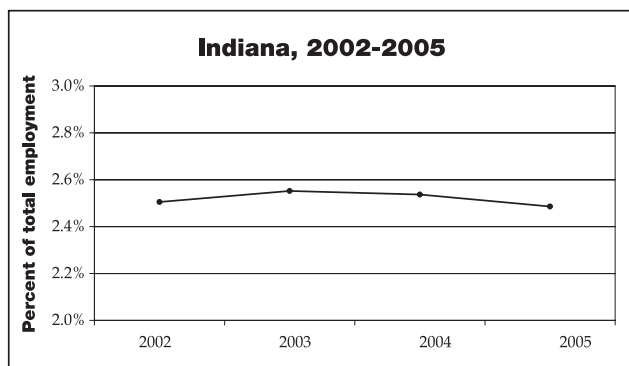
employment in arts, culture, recreation and sports-related industries per 1,000 jobs, 2005

There is a growing body of literature on the lifestyle preferences of the young knowledge workers that drive economic growth in places like Silicon Valley, Route 128 in Boston and the Research Triangle in North Carolina. The research concludes that these workers are attracted to arts and cultural, as well as recreational and sports, offerings to a greater extent than the generations that preceded them.

The table is an attempt to estimate the share in total employment of arts, cultural, recreational and sports industries.

Midwest Performance, 2005

State	Metric	Score
Indiana	2.49%	104.1
Michigan	2.34%	98.9
Illinois	2.30%	97.7
Ohio	2.16%	92.8
Kentucky	2.07%	89.5
Wisconsin	2.06%	89.0



Source: U.S. Bureau of Labor Statistics, Quarterly Census of Employment and Wages

State	Score	Share of Total Employment	Change, 2002 - 2005 (%)
<i>50-State Average</i>		<i>2.51%</i>	<i>0.9%</i>
Hawaii	160.0	4.07%	-2.8%
Montana	155.3	3.94%	8.6%
Nevada	138.8	3.47%	-6.2%
Alaska	138.6	3.46%	1.3%
Florida	135.1	3.36%	-3.2%
Delaware	133.7	3.32%	0.8%
Colorado	132.7	3.30%	0.5%
Louisiana	129.3	3.20%	-4.4%
New Hampshire	122.4	3.00%	-0.6%
Washington	115.5	2.81%	1.5%
West Virginia	114.9	2.79%	22.8%
South Dakota	114.2	2.77%	5.5%
New York	111.6	2.70%	3.7%
California	110.6	2.67%	0.6%
Utah	110.4	2.66%	-4.4%
Vermont	110.1	2.66%	5.0%
Missouri	110.1	2.66%	-0.2%
Maryland	108.2	2.60%	-1.3%
Rhode Island	104.5	2.50%	4.5%
Maine	104.3	2.49%	2.1%
Indiana	104.1	2.49%	-0.8%
Massachusetts	102.9	2.45%	4.6%
Connecticut	101.4	2.41%	2.8%
Pennsylvania	100.4	2.38%	4.2%
Arizona	100.0	2.37%	-3.1%
South Carolina	100.0	2.37%	0.0%
New Mexico	99.6	2.36%	0.8%
Wyoming	99.4	2.35%	1.5%
Minnesota	99.4	2.35%	-0.9%
Michigan	98.9	2.34%	2.9%
Illinois	97.7	2.30%	0.7%
Idaho	97.3	2.29%	-0.3%
Oregon	96.8	2.28%	2.1%
Virginia	96.6	2.27%	-0.6%
New Jersey	96.1	2.26%	7.5%
Iowa	93.4	2.18%	-5.6%
Ohio	92.8	2.16%	-2.2%
North Carolina	91.5	2.13%	-3.8%
Mississippi	89.5	2.07%	-7.8%
Kentucky	89.5	2.07%	1.1%
Wisconsin	89.0	2.06%	-1.1%
Nebraska	88.0	2.03%	1.5%
Texas	86.8	2.00%	-1.0%
Tennessee	86.4	1.98%	5.2%
Oklahoma	84.9	1.94%	1.1%
North Dakota	82.7	1.88%	0.1%
Kansas	80.5	1.82%	-6.9%
Georgia	80.4	1.81%	3.5%
Alabama	79.3	1.78%	7.8%
Arkansas	76.1	1.69%	-0.3%

Parkland

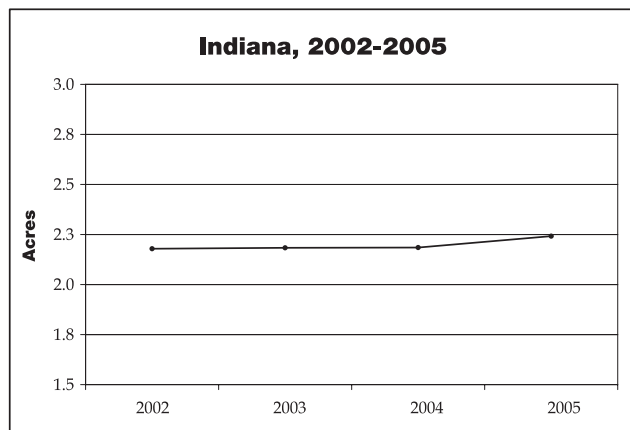
acres of state and national parkland per 10 square miles of land, 2005

Access to the natural environment is a key component of quality of life. Young knowledge workers also report a strong attraction to natural amenities.

The table measures the acreage of national and state parkland in each state per 10 total square miles of land. This data includes only national land under the management of the National Park Service and thus excludes national forests.

Midwest Performance, 2005

State	Metric	Score
Michigan	15.7	116.9
Ohio	4.9	94.9
Kentucky	4.1	93.3
Wisconsin	3.4	91.8
Indiana	2.2	89.5
Illinois	1.4	87.8



Source: National Association of State Park Directors

State	Score	Acres per 10 sq. Miles	Change, 2002 - 2005 (%)
<i>50-State Average</i>		13.7	2.4%
Alaska	250.0	101.0	0.0%
Hawaii	206.3	59.6	38.7%
New Jersey	202.7	57.8	2.8%
Florida	193.7	53.4	0.4%
California	184.8	49.0	-1.8%
Washington	147.4	30.7	0.3%
Arizona	146.0	30.0	3.9%
Nevada	132.8	23.5	0.6%
Utah	127.9	21.1	2.0%
Idaho	122.0	18.2	0.0%
Michigan	116.9	15.7	-1.6%
Maryland	114.7	14.6	0.3%
Massachusetts	111.4	13.0	1.2%
Wyoming	111.4	13.0	0.0%
Tennessee	111.2	12.9	5.4%
Montana	110.9	12.7	0.0%
Virginia	107.3	11.0	2.2%
New Hampshire	107.0	10.8	1.8%
North Carolina	106.3	10.5	2.3%
Delaware	106.1	10.4	-3.7%
Vermont	103.3	9.0	0.8%
Pennsylvania	103.2	8.9	2.6%
New York	101.9	8.3	7.2%
Colorado	101.1	7.9	-0.7%
Rhode Island	100.7	7.7	0.0%
West Virginia	99.3	7.0	1.3%
Minnesota	98.7	6.8	-4.3%
Texas	98.6	6.7	-3.6%
South Dakota	94.9	4.9	-1.5%
Ohio	94.9	4.9	-16.8%
Connecticut	94.6	4.7	-1.9%
Kentucky	93.3	4.1	6.1%
New Mexico	93.1	4.0	0.2%
Maine	92.1	3.5	-0.7%
Wisconsin	91.8	3.4	0.0%
Missouri	91.5	3.2	1.1%
Mississippi	90.4	2.7	0.0%
Oregon	90.3	2.6	1.2%
Arkansas	90.0	2.5	0.2%
Georgia	89.9	2.4	1.9%
Indiana	89.5	2.2	2.9%
South Carolina	89.2	2.1	8.6%
Illinois	87.8	1.4	19.7%
Alabama	87.6	1.3	-2.4%
Louisiana	87.5	1.2	5.9%
North Dakota	87.4	1.2	0.0%
Oklahoma	87.3	1.2	0.1%
Nebraska	87.0	1.0	18.2%
Iowa	86.5	0.8	15.3%
Kansas	86.1	0.5	1.4%

Golf Courses

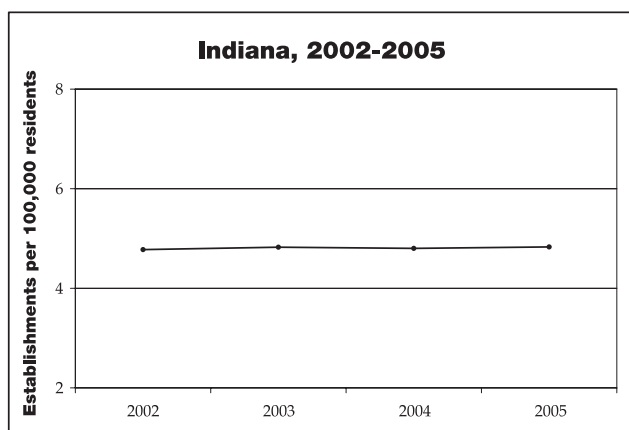
number of golf courses and country clubs per 100,000 residents, 2005

Recreational resources are increasingly important to workers in the innovation economy. Golf courses and country clubs are an attractive leisure asset to all age groups.

The table shows the number of golf courses and country club establishments as a share of all private establishments in the state.

Midwest Performance, 2005

State	Metric	Score
Wisconsin	7.0	121.2
Michigan	6.5	117.1
Ohio	5.2	108.2
Indiana	4.8	105.7
Kentucky	4.2	101.1
Illinois	3.3	94.7



Source: U.S. Bureau of Labor Statistics, Quarterly Census of Employment and Wages

State	Score	Establishments per 100,000 Residents	Change, 2002 - 2005 (%)
<i>50-State Average</i>		4.7	2.8%
North Dakota	147.8	10.8	1.0%
South Dakota	147.7	10.8	2.9%
Iowa	142.5	10.1	2.3%
Nebraska	128.4	8.1	9.8%
Maine	127.5	7.9	0.0%
Montana	122.0	7.2	-2.7%
Wisconsin	121.2	7.0	4.7%
Vermont	120.2	6.9	6.3%
New Hampshire	118.4	6.6	-1.6%
Minnesota	118.1	6.6	-0.7%
Michigan	117.1	6.5	-3.5%
South Carolina	117.0	6.4	-10.1%
Wyoming	114.5	6.1	16.8%
Kansas	109.9	5.4	9.1%
Idaho	108.6	5.2	-3.4%
Ohio	108.2	5.2	1.4%
Rhode Island	107.7	5.1	6.0%
Arkansas	107.7	5.1	21.3%
Indiana	105.7	4.8	1.1%
Pennsylvania	105.3	4.8	16.0%
Massachusetts	104.5	4.7	5.5%
North Carolina	104.0	4.6	-4.5%
Kentucky	101.1	4.2	-5.3%
Oregon	100.7	4.1	-2.6%
West Virginia	100.0	4.0	-10.5%
Hawaii	99.9	4.0	-6.9%
Mississippi	99.0	3.9	4.6%
Florida	98.9	3.9	7.0%
Missouri	98.7	3.8	-3.8%
Alabama	97.8	3.7	1.3%
Connecticut	96.8	3.6	13.0%
Washington	96.0	3.5	-0.8%
Illinois	94.7	3.3	-0.7%
Georgia	94.6	3.3	1.5%
Nevada	94.5	3.2	0.0%
New York	94.4	3.2	7.0%
Arizona	94.3	3.2	8.7%
Oklahoma	93.2	3.0	10.6%
Tennessee	93.0	3.0	9.9%
Colorado	92.9	3.0	4.6%
Delaware	92.6	3.0	8.5%
Virginia	90.4	2.6	-3.7%
Louisiana	87.8	2.3	19.9%
New Jersey	87.6	2.2	4.2%
Texas	87.5	2.2	4.4%
Utah	84.9	1.9	-3.3%
California	84.2	1.8	4.2%
Maryland	84.1	1.7	-1.8%
New Mexico	83.8	1.7	-9.3%
Alaska	(n/a)	(n/a)	(n/a)

Trails

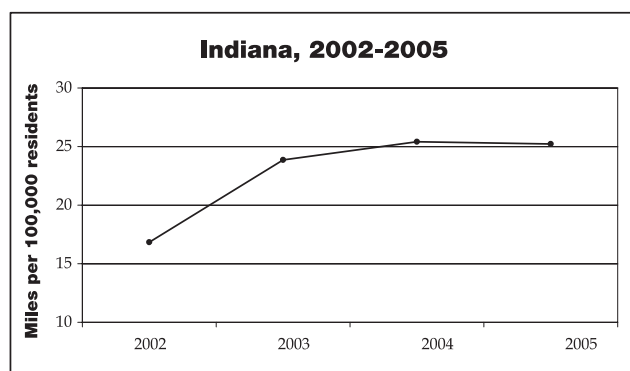
number of national recreational trail miles per 100,000 residents, 2005

A state's natural resources are important for recreation and enjoyment and provide additional financial resources from tourism.

The table shows the number of trails designated as national trails per 100,000 residents in the state.

Midwest Performance, 2005

State	Metric	Score
Kentucky	143.1	134.6
Wisconsin	43.6	99.5
Illinois	33.0	95.8
Indiana	25.2	93.1
Michigan	20.2	91.3
Ohio	8.2	87.1



Source: National Recreation Trails Program

State	Score	Miles per 100,000 Residents	Change, 2002 - 2005 (%)
<i>50-State Average</i>		97.6	33.9%
Montana	250.0	659.7	9.1%
South Dakota	218.9	382.0	60.6%
Alaska	200.3	329.2	-2.1%
Idaho	196.3	317.9	-5.7%
West Virginia	195.6	315.9	670.4%
Wyoming	179.9	271.6	-2.0%
North Dakota	171.0	246.1	10.6%
Oregon	169.9	243.2	-1.3%
Vermont	160.9	217.5	121.5%
Kentucky	134.6	143.1	-2.0%
Washington	126.4	119.7	12.9%
New Mexico	124.8	115.1	-3.8%
Arkansas	124.2	113.4	-2.5%
Minnesota	123.4	111.4	-0.8%
Pennsylvania	123.1	110.3	21.9%
Nebraska	116.4	91.5	2.0%
Arizona	109.1	70.8	-3.5%
Colorado	106.9	64.6	2.2%
Mississippi	104.1	56.5	33.8%
Nevada	103.2	54.1	-10.2%
Oklahoma	103.1	53.7	-1.7%
Virginia	103.0	53.3	-2.0%
North Carolina	102.8	52.9	77.1%
South Carolina	101.3	48.5	11.2%
Kansas	100.5	46.3	-1.2%
Wisconsin	99.5	43.6	-0.9%
New York	99.0	42.1	-0.5%
Utah	98.8	41.6	-5.4%
Iowa	98.6	40.9	-0.3%
Tennessee	98.0	39.2	-2.9%
Florida	97.1	36.7	77.9%
Illinois	95.8	33.0	302.9%
Hawaii	94.1	28.2	-3.2%
Georgia	94.0	27.9	-5.4%
Maryland	93.5	26.5	27.1%
California	93.4	26.3	-3.2%
Alabama	93.3	25.8	-1.7%
Indiana	93.1	25.2	49.8%
Massachusetts	93.0	25.1	0.2%
Michigan	91.3	20.2	-0.8%
Connecticut	91.2	20.0	-1.5%
New Jersey	89.6	15.5	-1.6%
Louisiana	89.2	14.3	-1.1%
Missouri	89.1	13.9	10.5%
Texas	88.3	11.8	-1.9%
Rhode Island	88.3	11.6	254.6%
Ohio	87.1	8.2	16.5%
Maine	86.3	6.1	-1.9%
New Hampshire	85.8	4.7	-2.7%
Delaware	85.0	2.4	-4.5%

Health and Safety of Population

Midwest Performance

	2006	2004	2002	2000
Wisconsin	A	A	A+	A+
Michigan	B+	B	B+	A-
Ohio	B+	B+	B+	A-
Kentucky	B+	B+	B+	B+
Illinois	B+	B+	B	B+
Indiana	B	C+	B	B+

Other Manufacturing Competitors

	2006	2004	2002	2000
New Hampshire	A+	A+	A+	A+
Iowa	A	A-	A	A
Oregon	A-	A-	A-	B+
Indiana	B	C+	B	B+
North Carolina	B-	B-	B-	B+
South Carolina	C	C+	B-	B

State	2006	2004	2002	2000
Hawaii	A+	A+	A+	A+
New Hampshire	A+	A+	A+	A+
Maine	A+	A+	A+	A
Minnesota	A+	A+	A+	A+
Vermont	A	A	A+	A+
South Dakota	A	A	A	A
Rhode Island	A	A	A	A+
Wisconsin	A	A	A+	A+
Washington	A	A	A-	A-
Iowa	A	A-	A	A
Connecticut	A	B+	A-	A+
New York	A-	B+	B+	B+
North Dakota	A-	A	A	A-
Kansas	A-	A	A-	A-
Oregon	A-	A-	A-	B+
Massachusetts	A-	A-	A-	A
New Jersey	A-	B+	B+	A-
Virginia	A-	A-	A-	A-
Nebraska	B+	A-	A	A
Michigan	B+	B	B+	A-
Colorado	B+	A-	A-	A-
Wyoming	B+	B+	B+	B+
Pennsylvania	B+	B	B+	A
Ohio	B+	B+	B+	A-
Kentucky	B+	B+	B+	B+
Illinois	B+	B+	B	B+
Missouri	B	B-	B	B+
Indiana	B	C+	B	B+
California	B-	B-	B-	B
Maryland	B-	B-	B-	B+
Idaho	B-	B-	B-	C+
Oklahoma	B-	B-	B+	B
North Carolina	B-	B-	B-	B+
Florida	B-	B-	B	B-
Alabama	B-	B-	B	B
Delaware	B-	C	B	B+
Arizona	C+	B	C	D
Arkansas	C+	B-	B	B+
Georgia	C+	C+	B	B+
New Mexico	C+	B-	B-	D+
Mississippi	C+	C+	B	B
Texas	C+	C+	C+	B-
Tennessee	C	C+	B	B
Louisiana	C	C+	B-	C+
South Carolina	C	C+	B-	B
Montana	C	C-	B	D-
Utah	C-	C	C+	D
West Virginia	C-	C-	C+	B-
Nevada	D-	D-	F	D-
Alaska	F	F	D-	F

Lack of Health Insurance

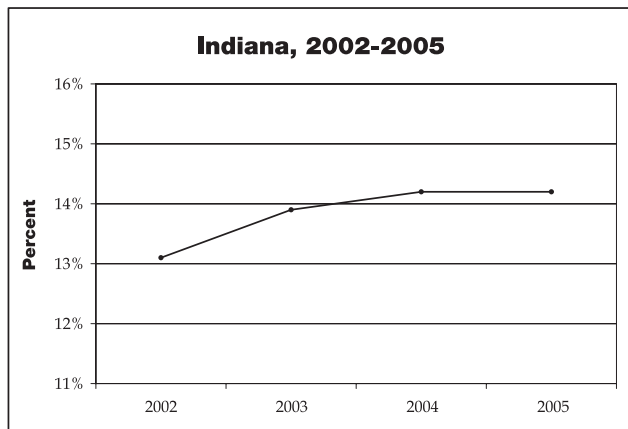
percent of residents without health insurance coverage, 2005

The lack of health insurance has important health, as well as financial, consequences for individuals and their resident state. The inability to access care and partake in preventive care measures has long-term impacts on the financial well-being of the health care system.

The table measures the percentage of population not covered by private or public health insurance.

Midwest Performance, 2005

State	Metric	Score
Wisconsin	9.8%	117.6
Michigan	11.4%	111.2
Ohio	12.3%	107.6
Kentucky	12.7%	106.0
Indiana	14.2%	100.0
Illinois	14.3%	99.6



Source: U.S. Census Bureau; Current Population Survey

State	Score	Percent	Change, 2002 - 2005 (%)
<i>50-State Average</i>		<i>14.6%</i>	<i>5.9%</i>
Minnesota	123.2	8.4%	6.3%
Iowa	122.4	8.6%	-9.5%
Hawaii	120.4	9.1%	-9.0%
Massachusetts	117.6	9.8%	-1.0%
Wisconsin	117.6	9.8%	0.0%
New Hampshire	115.6	10.3%	4.0%
Pennsylvania	114.8	10.5%	-7.1%
Kansas	113.6	10.8%	3.8%
Maine	113.6	10.8%	-4.4%
Connecticut	111.6	11.3%	7.6%
Michigan	111.2	11.4%	-2.6%
Vermont	110.0	11.7%	9.3%
Nebraska	109.6	11.8%	15.7%
Rhode Island	109.6	11.8%	20.4%
Missouri	108.4	12.1%	4.3%
North Dakota	108.0	12.2%	11.9%
Ohio	107.6	12.3%	3.4%
South Dakota	107.2	12.4%	7.8%
Kentucky	106.0	12.7%	-6.6%
Delaware	104.8	13.0%	31.3%
New York	102.8	13.5%	-14.6%
Virginia	102.4	13.6%	0.7%
Washington	101.6	13.8%	-2.8%
Indiana	100.0	14.2%	8.4%
Maryland	100.0	14.2%	6.0%
Tennessee	100.0	14.2%	31.5%
Illinois	99.6	14.3%	1.4%
New Jersey	96.0	15.2%	9.4%
Alabama	95.2	15.4%	21.3%
Idaho	95.2	15.4%	-14.0%
North Carolina	92.8	16.0%	-4.8%
Oregon	92.8	16.0%	9.6%
Wyoming	92.4	16.1%	-9.0%
Utah	90.4	16.6%	23.9%
Colorado	88.8	17.0%	5.6%
Mississippi	87.2	17.4%	4.2%
Montana	87.2	17.4%	13.7%
Nevada	87.2	17.4%	-11.7%
Alaska	86.0	17.7%	-5.3%
South Carolina	86.0	17.7%	41.6%
Arkansas	85.2	17.9%	9.8%
West Virginia	85.2	17.9%	22.6%
Oklahoma	83.2	18.4%	6.4%
Louisiana	81.6	18.8%	2.2%
Georgia	81.2	18.9%	17.4%
California	79.2	19.4%	6.6%
Arizona	76.0	20.2%	20.2%
New Mexico	75.2	20.4%	-3.3%
Florida	74.0	20.7%	19.7%
Texas	60.1	24.2%	-6.2%

Toxic Release Inventory

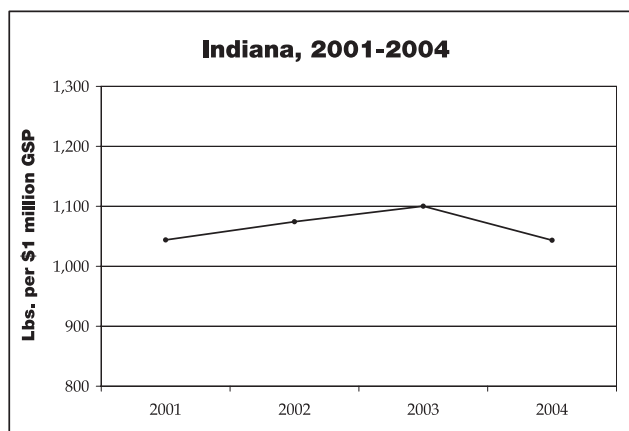
pounds of toxic releases per \$1 million gross state product, 2004

The most common source of industry-caused environment degradation is toxic release. The Toxic Release Inventory is an annual survey of pollutant emissions from industrial operations in the United States.

The table shows the total weight of toxic releases per \$1 million of gross state product.

Midwest Performance, 2004

State	Metric	Score
Wisconsin	221	103.4
Illinois	253	101.9
Michigan	268	101.2
Ohio	576	86.5
Kentucky	721	79.6
Indiana	1,043	64.3



Source: United States Environmental Protection Agency, Toxic Release Inventory: Geography Report

State	Score	Lbs. per \$1 mill. GSP	Change, 2001 - 2004 (%)
<i>50-State Average</i>		806	-22.0%
Rhode Island	113.3	14	-53.4%
Vermont	113.2	17	3.3%
Connecticut	112.7	28	-50.7%
Massachusetts	112.6	28	-21.5%
California	112.5	31	-31.1%
New York	111.7	47	-23.8%
New Jersey	111.5	52	-42.4%
Hawaii	111.0	63	-14.2%
New Hampshire	109.2	101	-5.6%
Minnesota	108.4	116	-33.1%
Colorado	108.2	121	-44.7%
Washington	107.8	130	20.2%
New Mexico	106.0	168	-91.9%
Maryland	105.0	189	-19.8%
Florida	104.3	202	-18.3%
Virginia	103.5	220	-25.0%
Wisconsin	103.4	221	-13.2%
Maine	102.4	244	-12.4%
Illinois	101.9	253	-8.5%
Kansas	101.6	261	-29.1%
Oklahoma	101.4	264	-13.5%
Michigan	101.2	268	-31.5%
Delaware	101.1	271	0.2%
South Dakota	100.3	288	-48.9%
Arizona	100.1	291	-92.1%
Oregon	99.9	295	-12.0%
Texas	99.3	307	-11.6%
Pennsylvania	97.5	346	-23.6%
Georgia	97.3	349	-10.2%
Iowa	95.4	391	-4.8%
North Carolina	94.4	412	-19.8%
Nebraska	86.8	571	24.0%
Ohio	86.5	576	-14.7%
Arkansas	85.5	598	-7.7%
South Carolina	84.7	615	-10.7%
Missouri	84.4	622	-3.9%
Wyoming	82.1	670	-28.1%
Kentucky	79.6	721	-17.3%
Tennessee	79.3	728	-10.5%
Louisiana	74.4	830	-10.7%
Alabama	72.6	869	-24.1%
Mississippi	68.4	956	-11.3%
North Dakota	65.8	1,010	-7.8%
Indiana	64.3	1,043	-0.1%
Idaho	43.8	1,473	-28.4%
West Virginia	26.5	1,836	-1.3%
Utah	17.1	2,033	-43.3%
Montana	8.5	2,215	-21.2%
Nevada	-15.4	2,716	-72.9%
Alaska	-50.0	14,235	-25.4%

Clean Air

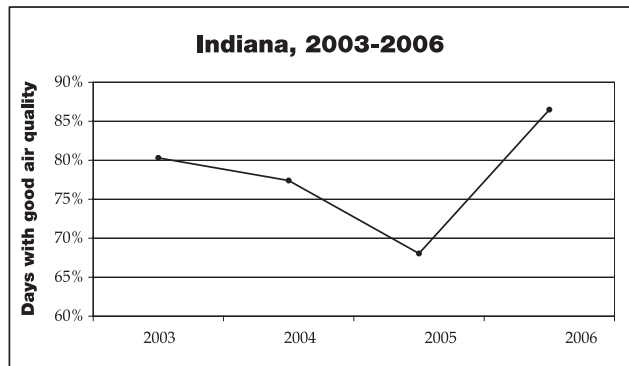
share of days reported with good air quality, 2006

The environment is becoming an increasing concern for all. States with poor environmental records or conditions face an extra challenge in attracting the best, most skilled workers. Workers and businesses also face the threat of punitive action from the federal government for failing to meet environmental requirements such as air quality standards.

The table shows the percentage of reported days with good air quality.

Midwest Performance, 2006

State	Metric	Score
Michigan	88%	104.9
Indiana	86%	102.3
Ohio	86%	102.0
Wisconsin	86%	102.0
Illinois	85%	99.4
Kentucky	84%	96.6



Source: U.S. Environmental Protection Agency, AirData by Geography

State	Score	Share of Days	Change, 2003 - 2006 (%)
<i>50-State Average</i>		84%	0.5%
North Dakota	124.8	98%	0.6%
Washington	121.3	96%	8.0%
Hawaii	118.4	95%	2.5%
Oregon	116.3	94%	2.0%
Idaho	115.3	93%	2.3%
Maine	115.0	93%	1.1%
Montana	114.1	93%	-1.1%
South Dakota	114.0	93%	7.1%
New York	113.6	92%	11.8%
Wyoming	112.7	92%	3.7%
Minnesota	111.6	91%	8.3%
Alaska	109.5	90%	-0.4%
New Hampshire	108.2	90%	-1.1%
Iowa	108.0	89%	10.9%
Colorado	107.2	89%	-2.2%
Kansas	105.5	88%	2.9%
Michigan	104.9	88%	11.2%
New Jersey	104.2	88%	12.8%
Indiana	102.3	86%	7.7%
Ohio	102.0	86%	7.1%
Wisconsin	102.0	86%	-0.7%
Nevada	101.7	86%	0.4%
Rhode Island	101.5	86%	4.3%
Nebraska	101.2	86%	-2.0%
Florida	100.6	86%	-6.6%
Illinois	99.4	85%	2.0%
Virginia	98.0	84%	-1.2%
Kentucky	96.6	84%	-1.9%
Vermont	95.1	83%	-5.7%
Utah	93.6	82%	-3.3%
Connecticut	92.9	82%	9.3%
Missouri	92.9	82%	6.6%
Massachusetts	90.8	80%	-0.7%
Pennsylvania	89.6	80%	4.5%
Alabama	89.5	80%	0.2%
Oklahoma	89.1	80%	-7.2%
Texas	86.2	78%	-3.8%
Maryland	85.3	78%	-1.2%
California	85.0	77%	8.1%
Louisiana	84.8	77%	-7.9%
Arkansas	84.7	77%	-3.7%
Arizona	84.1	77%	-5.6%
North Carolina	82.1	76%	-1.8%
West Virginia	82.0	76%	-3.8%
South Carolina	79.8	75%	-7.0%
New Mexico	79.2	74%	-13.1%
Tennessee	77.3	73%	-7.3%
Mississippi	70.8	70%	-8.2%
Delaware	65.7	67%	6.2%
Georgia	62.2	65%	-16.6%

Crime Index

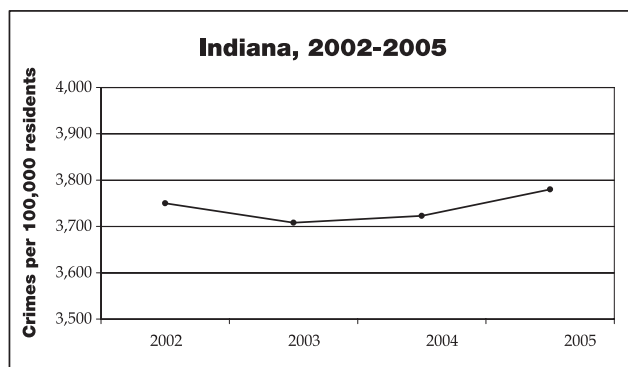
crimes committed per
100,000 residents, 2005

Relative freedom from the threat of crime is a minimum requirement of a good quality of life. High levels of crime are also often damaging to the business environment, particularly the commercial sector.

The table reports crime rates in the standard manner reported by the FBI: crimes committed per 100,000 people covered under the reporting agencies (not all agencies submit reports).

Midwest Performance, 2005

State	Metric	Score
Kentucky	2,797	113.1
Wisconsin	2,902	111.7
Illinois	3,632	101.8
Michigan	3,643	101.6
Indiana	3,780	99.8
Ohio	4,014	96.6



Source: Federal Bureau of Investigation, Uniform Crime Reports

State	Score	Crimes per 100,000 Residents	Change, 2002 - 2005 (%)
<i>50-State Average</i>		3,751	-5.5%
New Hampshire	124.9	1,928	-13.1%
South Dakota	124.5	1,952	-14.3%
North Dakota	122.9	2,076	-13.7%
Vermont	118.5	2,400	-5.1%
Maine	116.8	2,525	-4.9%
New York	116.4	2,554	-8.9%
New Jersey	114.6	2,688	-11.1%
Kentucky	113.1	2,797	-3.6%
Massachusetts	112.8	2,821	-8.8%
Connecticut	112.6	2,833	-5.5%
Pennsylvania	112.5	2,842	0.0%
West Virginia	111.7	2,898	15.2%
Wisconsin	111.7	2,902	-10.8%
Virginia	111.4	2,921	-7.0%
Idaho	110.9	2,955	-6.9%
Rhode Island	110.7	2,970	-17.2%
Iowa	108.6	3,125	-9.4%
Minnesota	105.2	3,381	-4.4%
Wyoming	105.1	3,385	-5.5%
Montana	104.6	3,424	-2.5%
Mississippi	103.0	3,539	-14.9%
Illinois	101.8	3,632	-9.6%
Michigan	101.6	3,643	-6.0%
Nebraska	100.7	3,710	-12.8%
Delaware	100.2	3,744	-5.0%
Indiana	99.8	3,780	0.8%
California	98.8	3,849	-2.4%
Ohio	96.6	4,014	-2.3%
Utah	95.5	4,096	-8.0%
Kansas	94.4	4,174	2.1%
Alaska	93.5	4,244	-1.5%
Maryland	93.4	4,247	-10.5%
Louisiana	93.0	4,278	-16.1%
Alabama	92.4	4,324	-3.2%
Colorado	90.9	4,436	2.0%
Missouri	90.6	4,453	-3.2%
North Carolina	89.4	4,543	-3.8%
Oklahoma	89.3	4,551	-4.1%
Arkansas	88.8	4,585	10.3%
Georgia	88.3	4,621	2.5%
Oregon	87.5	4,687	-3.7%
Florida	87.1	4,716	-13.0%
Nevada	85.3	4,848	7.8%
New Mexico	85.2	4,851	-4.5%
Texas	85.1	4,862	-6.3%
Tennessee	82.8	5,028	0.2%
Hawaii	82.6	5,048	-16.5%
South Carolina	81.8	5,101	-3.7%
Washington	80.0	5,239	2.6%
Arizona	78.4	5,351	-16.2%

Public Health Spending

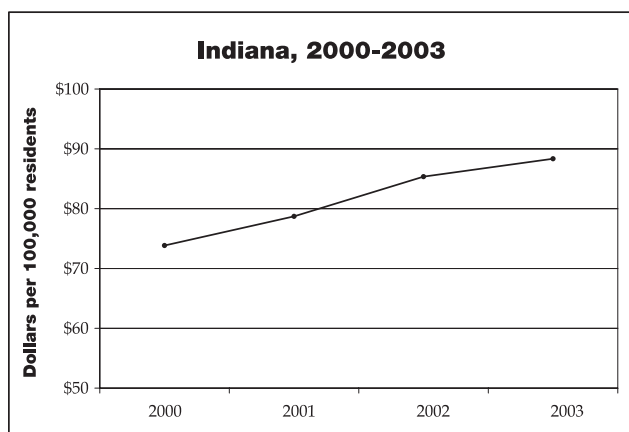
state health expenditures
per 100,000 residents, 2003

The actual financial commitment a state has made to public health can go a long way in implementing preventive and education programs targeted at improving the health of the overall population within a state.

The table shows the dollars per 100,000 residents spent on public or population health during fiscal year 2003.

Midwest Performance, 2003

State	Metric	Score
Kentucky	\$126.0	101.9
Ohio	\$116.6	97.1
Michigan	\$114.7	96.0
Illinois	\$105.1	91.1
Wisconsin	\$98.6	87.7
Indiana	\$88.3	82.4



Source: National Association of State Budget Offices, State Health Care Expenditure Report

State	Score	Dollars per 100,000 Residents	Change, 2000 - 2003 (%)
<i>50-State Average</i>		\$122.8	28.8%
New York	156.8	\$232.1	32.4%
Alaska	134.6	\$189.2	-5.5%
Rhode Island	127.8	\$176.1	23.8%
Delaware	125.1	\$170.8	44.5%
Maine	121.3	\$163.4	33.2%
Hawaii	120.4	\$161.7	29.2%
Pennsylvania	115.9	\$153.0	28.0%
Connecticut	114.8	\$150.8	31.5%
Mississippi	113.2	\$147.7	42.6%
New Jersey	113.0	\$147.5	36.3%
Wyoming	109.9	\$141.4	132.0%
Louisiana	109.7	\$141.0	31.2%
Tennessee	108.2	\$138.1	40.1%
Minnesota	108.2	\$138.1	51.3%
Missouri	106.6	\$135.1	41.5%
Vermont	106.3	\$134.4	20.3%
South Carolina	105.7	\$133.2	27.2%
New Mexico	104.8	\$131.6	36.3%
Washington	102.5	\$127.2	20.4%
Kentucky	101.9	\$126.0	24.8%
West Virginia	101.7	\$125.6	12.0%
North Carolina	101.5	\$125.1	16.1%
Maryland	101.3	\$124.8	32.2%
Nebraska	100.8	\$123.9	26.2%
Georgia	100.7	\$123.6	36.4%
North Dakota	99.3	\$121.0	25.5%
Massachusetts	99.0	\$120.4	4.0%
Ohio	97.1	\$116.6	42.3%
Michigan	96.0	\$114.7	14.6%
Texas	95.9	\$114.5	22.5%
Arkansas	95.3	\$113.2	-2.3%
Alabama	94.4	\$111.4	27.8%
Oregon	93.5	\$109.8	38.6%
California	92.3	\$107.5	29.4%
New Hampshire	91.8	\$106.5	14.4%
Illinois	91.1	\$105.1	20.8%
Montana	89.8	\$102.5	23.4%
Kansas	89.3	\$101.7	30.9%
South Dakota	89.0	\$101.0	34.5%
Oklahoma	87.7	\$98.6	35.2%
Wisconsin	87.7	\$98.6	22.3%
Arizona	87.6	\$98.3	24.7%
Iowa	84.7	\$92.8	35.6%
Florida	83.4	\$90.3	(n/a)
Indiana	82.4	\$88.3	19.6%
Idaho	80.2	\$84.1	19.1%
Virginia	74.7	\$73.4	21.9%
Colorado	74.5	\$73.0	2.0%
Nevada	73.9	\$71.8	42.4%
Utah	69.7	\$63.7	19.4%

Appendix

General

The foundation of good benchmarking is the selection and qualification of sound metrics, indicators that provide comparable measures for all states on an annual or biennial basis. This approach requires valid, reliable data sources that are available publicly and creative exploration of other data not previously used for this kind of application. The Report Card makes use of these multiple sources to obtain specific measures for 97 metrics. Where practicable the data is obtained for the past seven years. Only data available for 2006, 2005 or 2004 is used in the aggregate results. Any metric that had 2003 or earlier data available is reported but not included in the sub-driver and driver calculations. As new data becomes available, the measures for previous years are revised. In this way the Report Card annually provides the most up-to-date data set for both current and previous years. If a new metric is added, measures are obtained for all back years available to 2000. The sections that follow explain in greater detail how metrics are obtained and aggregated and how grades are arrived at.

Metric Calculation

The metrics in this report are compiled into sub-drivers such as postsecondary education, and then into drivers such as Education and Workforce Development. In order to compare metrics with different units of measurement such as dollars or number of residents, the data for this Report Card has to be normalized. Many benchmarking reports, including previous versions of this Report Card, use a z-score or standardized score, which is the raw value of the metric minus the mean of all the raw values, divided by the standard deviation of the values. The resulting z-scores have a mean of zero and a standard deviation of one, or what is called a normal distribution, and allow an easy comparison across metrics. A major drawback of this method is that it imposes a normal distribution on all metrics, many of which might actually be skewed to the left or the right (e.g. a few states might score very well), followed by a cluster near the midpoint, with the rest gradually declining in a long tail. Forcing scores into a normal distribution can introduce substantial biases. The z-score method also gives significant weight to outliers (one state with an outlier will affect the scores of all other states in that year). Such a situation could merely represent an exceptional year for a state rather than the general trend, which the Report Card is trying to uncover. Even with these shortcomings, the z-score method is the most widely used today, partly because nothing better has come along – until recently.

This year's Report Card uses a sophisticated method that is robust to outlier scores so that one extreme value is not going to change the scores of the other states, and it does not impose an artificial structure on the distribution of state values and therefore does not bias data that is not normally distributed. The modified median score takes the differences between the raw value and the median rather than the mean, comparing it less to the top performance but rather to the performance of the majority of states. It then is normalized with the following method: for each state, take the difference between its raw score and the raw score of every other state; from these 49 numbers, get the median and repeat for the next state, resulting in 50 medians; then take the median of these medians as the measure of central tendency.

Each metric is reported with its normalized score, raw score and recent change. The normalized score enables multiple metrics to be added together to give sub-driver and driver composite scores. The normalized score also serves as a means to convey a state's performance relative to the "middle state(s)." For easier readability

the normalized score is scaled such that the median is 100 for each metric. Consequently, the reader can get a quick sense of how far a particular state is from the midpoint by observing how far it is above or below 100. While a state might change somewhat in ranking, if it keeps a similar score, one can conclude little progress relative to competitors and comparators. Alternatively, if a state ranking stays fairly stable over several years but it moves up in its score, one can conclude improvement. For this reason the reader is encouraged not to rely singularly on the 1-50 position of a state to judge its competitive position.

Sub-driver and Driver Calculation

Once the scores have been calculated for those metrics making up a sub-driver, the modified median scores are averaged to produce a sub-driver score. The averaged score is then converted to letter grades not according to the rank in the state list, but according to the relative position from the leader with an outcome similar to a curved grading method. The average sub-driver scores are converted to a range between 0 and 4.33 according to a typical grade point scale, maintaining their relative position in the distribution, and then assigned a letter grade according to their value. The range of values associated with a half letter grade is always equivalent to 0.33 points, for example, a B+ is any value between 3 and 3.33 and an A- is any value between 3.33 and 3.66, etc. Anything below 0.33 is assigned an F. Driver grades are calculated from the original metric scores (just like the sub-driver scores) instead of using a grade point average method in an effort to preserve as much information as possible about the relative position among states. The overall grade similarly is calculated from the average of all metric scores in the report.

Updating, Weighting and Missing Data

This year's Report Card also uses an innovative method of updating data. Typically, benchmarking studies use the most recent data available when a report is released. Often these data are one to three years behind the actual release date. Report-issuing organizations/authors seldom go back to adjust the scores/grades of previous years when data finally becomes available for the particular release year. Results might then erroneously show facts/trends that have already passed. This Report Card method actually recalculates previous years' results based on new data available for earlier years.

In order to make past aggregate results as representative as possible of the actual data years whenever possible, this year's Report Card method uses the actual data year for the corresponding Report Card year when aggregating (i.e. if there is 2006 data, it will be used for the current Report Card aggregate results). However, if there is no new data available, last year's data will be reused when the metrics are aggregated. Hence, in some cases in which sub-drivers have not had much new data in recent years, there could be hardly any change between previous and current Report Card raw scores. Each new Report Card can therefore be viewed as an "update," incorporating new scores as underlying data becomes available.

Another related innovation is the treatment of missing data points. Whenever a single state has a missing value for a year, the previous year's raw value is used as a best estimate, making an effort to always compare all states over the same number of metrics (except when a particular state's metric information is missing for all years).

For each sub-driver score, the component metrics are weighted equally, with one exception. The Business Costs sub-driver is weighted in approximation of the effect that each cost metric has on a typical business' total cost. The actual weighting is: Unit Labor Costs, 58%; Business Taxes, 6%; Business Tax Structure, 6%; Office

Rents, 12%; Energy Costs, 7%; Worker's Compensation, 5%; Health Care Premiums, 5%; and Unemployment Insurance, 1%. When a metric has to be excluded due to changes in methodology, the percentage for that metric used for the weighting in a sub-driver is set to zero, and the remaining metrics' percentages are adjusted equally to sum to one again.

Technical Documentation and Works Cited

Education and Workforce Development Driver

K-12 Education Sub-driver

AP Overall

Source: The College Board. "AP Exam Grades: Summary Report 2005." Retrieved from <http://www.collegeboard.com/student/testing/ap/exgrd.html>.

High School Graduation Rate

Source: National Center for Education Statistics, Common Core of Data. Retrieved from <http://nces.ed.gov/ccd/bat/>.

SAT

Source: The College Board. "College Bound Seniors 2006." State and National Reports. Retrieved from http://www.collegeboard.com/about/news_info/cbsenior/yr2006/reports.html.

Methodology: Participation rates are plotted on a graph against average scores for all 50 states. A best-fit power regression is found for the data points, and the equation for the regression function is applied to each state's participation rate to "predict" a score based on participation. These predicted scores are subtracted from the actual average scores received by each state to produce the metric value.

ACT

Source: ACT, Inc. "ACT National and State Scores." Retrieved from <http://www.act.org/news/data.html>.

Methodology: Identical to SAT metric methodology.

NAEP Math

Sources: National Center for Education Statistics. "The Nation's Report Card: Mathematics." State Results for the NAEP 2005 Mathematics Assessment. <http://nces.ed.gov/nationsreportcard/mathematics>.

NAEP Reading

National Center for Education Statistics. (2005). "The Nation's Report Card: Reading." State Results for the NAEP 2005 Reading Assessment. Retrieved from <http://nces.ed.gov/nationsreportcard/reading>.

Postsecondary Education Sub-driver

Physical Science and Engineering Degrees

Sources: National Center for Education Statistics. Integrated Postsecondary Education Data System.

Completions Survey Fall 2005. Retrieved from IPEDS Peer Analysis System <http://nces.ed.gov/ipeds/pas/>.

Methodology: The following certified instructional programs (CIP) were included for each group that were judged to be clear representations of physical sciences and engineering degrees and lead to a bachelor's degree or higher:

- Architecture and related programs, other
- Architecture
- Behavioral sciences
- Biological and physical sciences
- Biopsychology
- Cognitive science
- Computer and information sciences, general
- Computer programming
- Computer science
- Environmental design/architecture
- Environmental science
- Food science and technology
- Information science/studies
- Mathematics and computer science
- Natural sciences
- Neuroscience
- Nutrition sciences
- Plant sciences
- Science, technology and society
- Soil sciences
- Systems science and theory

Technology and Technician Degrees

Sources: National Center for Education Statistics. Integrated Postsecondary Education Data System.

Completions Survey Fall 2005. Retrieved from IPEDS Peer Analysis System <http://nces.ed.gov/ipeds/pas/>.

Methodology: The following certified instructional programs (CIP) were included for each group that were judged to be clear representations of technology and technician degrees and lead to an associate's degree or higher:

- Agricultural business technology
- Allied health diagnostic, intervention and treatment professions
- Architectural technology/technician
- Clinical/medical laboratory science and allied professions.
- Clinical/medical laboratory technician/assistant (certificate)
- Communications technologies/technicians and support services

- Computer and information sciences and support services, other
- Computer software and media applications
- Computer systems analysis
- Computer systems networking and telecommunications
- Computer/information technology administration and management
- Data entry/microcomputer applications
- Data processing
- Engineering technologies/technicians
- Forest technology/technician
- Mechanic and repair technologies/technicians
- Military technologies
- Precision production
- Science technologies/technicians

Other Innovation Degrees

Sources: National Center for Education Statistics. Integrated Postsecondary Education Data System. Completions Survey Fall 2005. Retrieved from IPEDS Peer Analysis System <http://nces.ed.gov/ipeds/pas/>.

Methodology: The following certified instructional programs (CIP) were included for each group that were judged to be representations of fields relevant to the innovation economy not covered by the purely scientific and technical areas:

- Public relations, advertising and applied communication
- Teacher education and professional development, specific subject areas
- Technical and business writing
- Economics
- Business, management, marketing and related support services

College Affordability

Sources: The National Center for Public Policy and Higher Education, Measuring Up Report. Retrieved from http://measuringup.highereducation.org/compare/state_comparison.cfm.

U.S. News Undergraduate Reputation

Source: U.S. News and World Report Magazine. "America's Best Colleges 2007." Premium Online Edition. Retrieved from <http://www.usnews.com/usnews/rankguide/rghome.htm>.

U.S. News Top-Ranked Graduate Programs

Source: U.S. News and World Report Magazine. "America's Best Graduate Schools 2007." Premium Online Edition. Retrieved from <http://www.usnews.com/usnews/rankguide/rghome.htm>.

College Migration

Sources: National Center for Education Statistics. Digest of Education Statistics. Retrieved from <http://nces.ed.gov/programs/digest/>.

Entrepreneurial Programs

Source: Entrepreneur Magazine. Top 100 Entrepreneurial Colleges 2006. Retrieved from <http://www.entrepreneur.com/topcolleges/index.html>.

National Science Foundation. NCES Academic Institutions. WebCASPAR Database. Retrieved from <http://caspar.nsf.gov/cgi-bin/WebIC.exe>.

Workforce Development Sub-driver

High School Diploma Attainment

Sources: U.S. Census Bureau. 2005 American Community Survey Summary Tables. Sex by Educational Attainment for the Population 25 Years and Over. Retrieved from American FactFinder database, <http://factfinder.census.gov>.

Bachelor's Degree Attainment

Sources: U.S. Census Bureau. 2005 American Community Survey Summary Tables. Sex by Educational Attainment for the Population 25 Years and Over. Retrieved from American FactFinder database, <http://factfinder.census.gov>.

High-tech Manufacturing Employment

Source: U.S. Bureau of Labor Statistics. Quarterly Census of Employment and Wages. Retrieved from <ftp://ftp.bls.gov/pub/special.requests/cew/2005/>

Chapple, K., Markusen, A., Schrock, G., Yamamoto, D., & Yu, P. (2004). Gauging metropolitan "high-tech" and "I-tech" activity. *Economic Development Quarterly*, 18(1), 10-29.

Center for Economic Development and STTI. (2004). "Technology Industries and Occupations for NAICS Industry Data."

Methodology: The following manufacturing industries were defined as high-tech manufacturing based on a combined industry list based on Chapple et.al. (2004) and CED/STTI (2004) but aggregated to the three-digit level due to data suppression:

- Chemical manufacturing
- Machinery manufacturing
- Computer and electronic product manufacturing
- Transportation equipment manufacturing

High-tech Services Employment

Sources: See "High-tech Manufacturing Employment."

Methodology: The following manufacturing industries were defined as high-tech manufacturing based on a combined industry list based on Chapple et.al. (2004) and CED/STTI (2004) but aggregated to the three-digit level due to data suppression:

- Professional and commercial equipment and supplies merchant wholesalers
- Software publishers
- Internet publishing and broadcasting

- Telecommunications
- Internet service providers and web search portals
- Data processing, hosting and related services
- Architectural, engineering and related services
- Computer systems design and related services
- Management, scientific and technical consulting services
- Scientific research and development services

Physical Science and Engineering Workers

Sources: U.S. Bureau of Labor Statistics. Occupational Employment Survey. Retrieved from <https://www.bls.gov/oes>

Methodology: The following Standard Occupational Classifications were identified as physical science and engineering jobs:

- Actuaries
- Aerospace engineers
- Agricultural and food scientists
- Agricultural engineers
- All other architects, surveyors and cartographers
- All other engineers
- All other life scientists
- All other physical scientists
- Architects, except landscape and naval
- Astronomers
- Atmospheric and space scientists
- Biochemists and biophysicists
- Biological scientists, all other
- Biomedical engineers
- Chemical engineers
- Chemists
- Civil engineers
- Computer and information scientists, research
- Computer hardware engineers
- Computer programmers
- Electrical engineers
- Electronics engineers, except computer
- Environmental engineers
- Health and safety engineers, except mining safety engineers and inspectors
- Industrial engineers
- Marine engineers and naval architects
- Materials engineers
- Materials scientists
- Mathematicians
- Mechanical engineers

- Medical scientists, except epidemiologists
- Microbiologists
- Mining and geological engineers, including mining safety engineers
- Miscellaneous mathematical science occupations
- Nuclear engineers
- Operations research analysts
- Petroleum engineers
- Physicists
- Statisticians

Technology and Technician Workers

Sources: U.S. Bureau of Labor Statistics. Occupational Employment Survey. Retrieved from <https://www.bls.gov/oes>

Methodology: The following Standard Occupational Classifications were identified as technology and technician jobs:

- Aerospace engineering and operations technicians
- All other computer specialists
- All other drafters, engineering and mapping technicians
- All other life, physical and social science technicians
- Architectural and civil drafters
- Biological technicians
- Cardiovascular technologists and technicians
- Cartographers and photogrammetrists
- Chemical technicians
- Civil engineering technicians
- Computer software engineers, applications
- Computer software engineers, systems software
- Computer support specialists
- Computer systems analysts
- Database administrators
- Diagnostic medical sonographers
- Electrical and electronic engineering technicians
- Electrical and electronics drafters
- Electro-mechanical technicians
- Emergency medical technicians and paramedics
- Environmental engineering technicians
- Environmental science and protection technicians, including health
- Forensic science technicians
- Geological and petroleum technicians
- Industrial engineering technicians
- Mechanical drafters
- Mechanical engineering technicians
- Medical and clinical laboratory technicians
- Medical and clinical laboratory technologists

- Network and computer systems administrators
- Network systems and data communications analysts
- Nuclear medicine technologists
- Nuclear technicians
- Occupational health and safety specialists and technicians
- Radiologic technologists and technicians
- Respiratory therapy technicians
- Semiconductor processors
- Surgical technologists
- Surveyors

Other Innovation Workers

Sources: U.S. Bureau of Labor Statistics. Occupational Employment Survey. Retrieved from <https://www.bls.gov/oes>

Methodology: The following Standard Occupational Classifications were identified as other key innovation jobs:

- Architecture teachers, postsecondary
- Atmospheric, earth, marine and space sciences teachers, postsecondary
- Biological science teachers, postsecondary
- Business and teachers operations
- Business teachers, postsecondary
- Chemistry teachers, postsecondary
- Communications teachers, postsecondary
- Computer science teachers, postsecondary
- Economics teachers, postsecondary
- Economists
- Engineering teachers, postsecondary
- Health specialties teachers, postsecondary
- Management
- Market research analysts
- Mathematical science teachers, postsecondary
- Physics teachers, postsecondary
- Public relations specialists
- Survey researchers
- Technical writers
- Vocational education teachers, postsecondary

Adult Education

Sources: National Center for Education Statistics. Integrated Postsecondary Education Data System. Enrollment Survey Fall 2005. Retrieved from IPEDS Peer Analysis System <http://nces.ed.gov/ipeds/pas>.

U.S. Census Bureau. 2005 American Community Survey. Sex by Age. Retrieved from American FactFinder database, <http://factfinder.census.gov/>.

Business Costs and Productivity Driver

Business Costs Sub-driver

Unit Labor Costs

Source: Economy.com, Inc. "North American Business Costs Review, 12th Edition."

Energy Costs

Source: Economy.com, Inc. "North American Business Costs Review 2006."

Worker's Compensation Costs

Source: Oregon Department of Consumer and Business Services. "Oregon Workers' Compensation Premium Rate Ranking, Calendar Year 2005." Table 2: Worker's compensation premium rate ranking. Retrieved from http://www.cbs.state.or.us/external/imd/wc_ins.html

Unemployment Insurance Costs

Source: U.S. Department of Labor. Employment and Training Administration, Unemployment Insurance Data Summary. U.S. Summary Tables, Wage and Tax Rate Data. Retrieved from http://atlas.doleta.gov/unemploy/content/data_stats/datasum05/4thqtr/home.asp.

Business Taxes

Sources: Cline, R., Fox, W. and Philips, A. "Total State and Local Business Taxes: Nationally 1980-2005 and by State 2002-2005." Ernst & Young, prepared for The Council On State Taxation. Retrieved from http://www.ey.com/global/content.nsf/US/Tax_-_State_&_Local_Tax_Services_-_Overview.

Bureau of Economic Analysis. Regional Accounts, Gross State Product 2005. Retrieved from <http://www.bea.gov/bea/regional/gsp>.

Business Tax Structure

Source: Tax Foundation. State Business Tax Climate Index 2006, Corporate Tax Index. <http://www.taxfoundation.org/files/bp51.pdf>.

Metro Office Rents

Source: Economy.com, Inc. "North American Business Costs Review 2006."

U.S. Census Bureau. Annual Estimates of the Population of Metropolitan and Micropolitan Statistical Areas. Retrieved from http://www.census.gov/population/www/estimates/Estimates%20pages_final.html

Health Care Premiums

Source: U.S. Department of Health and Human Services, Agency for Healthcare Research and Quality. Medical Expenditure Panel Survey: Insurance Component. Retrieved from http://www.meps.ahrq.gov/Data_Pub/IC_Tables.htm.

Methodology: The metric reports the average single and family premiums for firms with 100 or more employees.

Productivity and Labor Supply Sub-driver

Net Migration Rate

Source: U.S. Census Bureau. Population Estimates. State population datasets. Retrieved from: <http://www.census.gov/popest/datasets.html>

Labor Force Participation Rate

Source: Bureau of Labor Statistics, Local Area Unemployment Statistics, Geographic Profile of Employment and Unemployment. Retrieved from <http://www.bls.gov/lau/>.

Gross State Product per Job

Sources: U.S. Bureau of Economic Analysis. Regional Economic Accounts, Gross State Product. Retrieved from: <http://www.bea.gov/region/gsp>.

U.S. Bureau of Economic Analysis. Regional Economic Accounts, State and Local Personal Income. Retrieved from: <http://www.bea.gov/region/spi>.

Value Added in Manufacturing per Hour

Source: U.S. Census Bureau. "Annual Survey of Manufacturers, Geographic Area Statistics: 2005." 1: Statistics for All Manufacturing Establishments by State. Retrieved from <http://www.census.gov/mcd/asm-as3.html>.

Service Industry Gross State Product per Job

Sources: U.S. Bureau of Economic Analysis. Regional Economic Accounts, Gross State Product. Retrieved from: <http://www.bea.gov/region/gsp>.

U.S. Bureau of Economic Analysis. Regional Economic Accounts, State and Local Personal Income. Retrieved from: <http://www.bea.gov/region/spi>.

Government and Regulatory Environment Driver

Government Sub-driver

Government Gross State Product

Sources: U.S. Bureau of Economic Analysis. Regional Economic Accounts, Gross State Product. Retrieved from: <http://www.bea.gov/region/gsp>.

U.S. Department of Commerce, Census Bureau. State Population Estimates. Retrieved from http://eire.census.gov/popest/estimates_dataset.php.

State & Local Tax Burden

Sources: Tax Foundation. Effective State and Local Tax Burdens by State and Rank, 2006. Retrieved from <http://www.taxfoundation.org/statelocal.html>.

Units of Government per Capita

Sources: U.S. Census Bureau. Census of Governments 2002, Volume 1, Number 1: Government Organization. 1. Retrieved from <http://www.census.gov/prod/2003pubs/gc021x1.pdf>.

Regulatory Environment Sub-driver

Malpractice Costs

Source: "2005 Rate Survey of Three Medical Specialties." Medical Liability Monitor. Trends in 2005 Rates for Physicians' Medical Professional Liability Insurance.

Methodology: Malpractice rates depend highly on the medical specialty that the insured practices. To accurately compare rates within three different specialties (internal medicine, general surgery, OB/Gyn), the average rates for each specialty are normalized across all the states. The normalized scores for each profession in a state are then totaled to produce the index score.

Health Mandates

Source: Council for Affordable Health Insurance. "Health Insurance Mandates in the States."

Methodology: Number of mandated benefits.

Business Liability

Sources: Insurance Information Institute. The Insurance Information Institute Fact Book 2006. Direct Premiums Written, Property/Casualty Insurance, By State By Line.

U.S. Bureau of Economic Analysis. Regional Economic Accounts, Gross State Product. Retrieved from <http://www.bea.gov/region/gsp>.

Methodology: Premium totals for worker's compensation, product liability and other liability insurance are averaged, and the average is divided by the gross state product.

Liability System

Source: Harris Interactive. "2005 State Liability Systems Ranking Study. Conducted for U.S. Chamber of Commerce, Institute for Legal Reform. Retrieved from www.instituteforlegalreform.com/harris/pdf/HarrisPoll2005-Summary.pdf.

Infrastructure and Connectivity Driver

Physical Infrastructure Sub-driver

Highway Quality

Source: Federal Highway Administration. Highway Statistics. Measured Pavement Roughness, by functional system. Retrieved from <http://www.fhwa.dot.gov/policy/ohpi/hss/hsspubs.htm>

Bridge Quality

Source: Federal Highway Administration. Bridge Technology: Deficient Bridges by State and Highway System. Retrieved from www.fhwa.dot.gov/bridge/deficient.htm.

Railway Productivity

Sources: Association of American Railroads. "Railroads and States." State Rankings. Retrieved from http://www.aar.org/PubCommon/Documents/AboutTheIndustry/RRState_Rankings.pdf.

U.S. Bureau of Economic Analysis. Regional Economic Accounts, Gross State Product. Retrieved from <http://www.bea.gov/bea/regional/gsp/>

Major Market Access

Sources: U.S. Department of Transportation. Consumer Air Fare Report. Retrieved from http://ostpxweb.dot.gov/aviation/X-50%20Role_files/consumerairfarereport.htm

U.S. Department of Commerce, Census Bureau. Population Estimates. State Population Datasets. Retrieved from http://eire.census.gov/popest/estimates_dataset.php

Methodology: To develop this metric, 12 cities were chosen as “major markets” in terms of commercial or new technology centers: Boston, Chicago, Los Angeles, New York, San Francisco, Washington, D.C., Atlanta, Austin, Portland, Raleigh/Durham, San Diego and Seattle. Total passenger enplanements to and from the 1,000 largest city pairs were summed by state (flights within the same metro area were excluded). Then the state total enplanement figures were divided by state populations. The BWI Baltimore airport was allocated to Maryland, and IAD Dulles Airport outside Washington, D.C. and D.C. Reagan National Airport were allocated to Virginia.

Water Systems

Source: U.S. Environmental Protection Agency. Office of Ground Water and Drinking Water. “FY 2005 Factoids. Retrieved from <http://www.epa.gov/safewater/data/getdata.html>

Traffic Congestion

Source: Texas Transportation Institute. “Urban Mobility Study.” Travel Rate Index

U.S. Census Bureau. Annual Estimates of the Population of Metropolitan and Micropolitan Statistical Areas. Retrieved from http://www.census.gov/population/www/estimates/Estimates%20pages_final.html

Methodology: The source data is metropolitan-area based, and some states have multiple metro areas in the study. In these cases the index scores within the state are averaged based on the metro area populations.

Digital Connectivity Sub-driver

Broadband Connection

Sources: Federal Communications Commission. “High-Speed Services for Internet Access: Status as of December, 2005.” High-Speed Lines by Technology. Retrieved from <http://www.fcc.gov/wcb/iatd/comp.html>.

U.S. Department of Commerce, Census Bureau. State Population Estimates. Retrieved from http://eire.census.gov/popest/estimates_dataset.php.

Broadband Coverage

Sources: Federal Communications Commission. “Zip Codes by Number of High-Speed Service Providers. Retrieved from <http://www.fcc.gov/wcb/iatd/comp.html>.

Next Generation Internet

Sources: Abilene Network. Abilene Connector List, Abilene Participant List Retrieved from <http://abilene.internet2.edu/community/connectors/list.html> and <http://abilene.internet2.edu/community/participants/list.html>

Rural Online – Last Mile Internet

Source: U.S. Department of Agriculture. (2005). "Farm Computer Usage and Ownership Report." Retrieved from <http://usda.mannlib.cornell.edu/reports/nassr/other/computer/>.

Technology in Schools

Source: Education Weekly magazine. (2005). "Technology Counts 2005." Table: Access to Technology. Retrieved from <http://www.edweek.org/rc/articles/2004/10/15/tc-archive.html>.

Methodology: Variables used were students per instructional computer and students per Internet-connected computer. Each of the variables was standardized and that score averaged to obtain the metric.

Dynamism and Entrepreneurism Driver

Dynamism Sub-driver

Increase in High-Performance Firms

Sources: Inc.com. "Number of Firms in the Top 500, 1982-2005." Retrieved from: <http://www.inc.com/resources/inc500/index.html>

Deloitte & Touche. "Fast 500". 1997-2005." Retrieved from: http://www.public.deloitte.com/fast500/fast_500/search/company_search.asp

Fortune 500 Headquarters

Source: Fortune magazine.

IPO Awards

Sources: Hale & Dorr LLP. National IPO Database, Longitudinal file. Provided by Hale & Dorr; IPO Home.

U.S. Census Bureau. Statistics of U.S. Businesses. Number of Firms, Number of Establishments, Employment and Annual Payroll by Employment Size of the Enterprise for the United States and States, 2002. Retrieved from <http://www.census.gov/csd/susb/>.

University Spinout Businesses

Source: Association of University Technology Managers. "AUTM Licensing Survey: FY 2003." Start-up Companies.

Exports Growth

Sources: U.S. Census Bureau, Foreign Trade Statistics. State Exports by Country. Retrieved from <http://www.census.gov/foreign-trade/statistics/state/country/index.html>.

U.S. Bureau of Economic Analysis. Regional Economic Accounts, Gross State Product 2005. Retrieved from <http://www.bea.gov/bea/regional/gsp>.

Foreign Direct Investment Growth

Source: U.S. Bureau of Economic Analysis. Survey of Current Business. "U.S. Affiliates of Foreign Companies, Operations in 2004." Retrieved from: <http://www.bea.gov/bea/pubs.htm>.

New Business Churn Increase

Source: U.S. Small Business Administration. "Small Business Economic Indicators for 2005." Table 6: Employer Firm Formation and Termination Rates by State, 2004. Retrieved from <http://www.sba.gov/advo/research/sbei.html>.

Firm Start-up Activity Rate

Source: BizMiner, Area Demographics Reports.

Establishment Failure Rate

Source: BizMiner, Area Demographics Reports.

Entrepreneurial Activity Index

Source: Kauffman Foundation. Kauffman Index of Entrepreneurial Activity State Report 2005. Retrieved from <http://www.kauffman.org/items.cfm?itemID=704>.

Small Business Growth

Source: U.S. Census Bureau. "Statistics of U.S. Businesses." Retrieved from <http://www.census.gov/csd/susb/susb.htm>

Research and Creativity Sub-driver**Patents per Worker**

Sources: U.S. Patent and Trademark Office, Office of Electronic Information Products. (2005). 2005 Performance and Accountability Report. Retrieved from http://www.uspto.gov/web/offices/ac/ido/oeip/taf/reports.htm#by_geog.

Patents per R&D Dollar

Sources: U.S. Patent and Trademark Office, Office of Electronic Information Products. 2005 Performance and Accountability Report. Retrieved from http://www.uspto.gov/web/offices/ac/ido/oeip/taf/reports.htm#by_geog

National Science Foundation. National Pattern of R&D Resources. Retrieved from Indiana Business Research Center, <http://www.stats.indiana.edu/sip>

University Royalty/License Income

Source: Association of University Technology Managers. "AUTM Licensing Survey: FY 2004."

University R&D

Sources: National Science Foundation. Science and Engineering Indicators 2006. Retrieved from <http://www.nsf.gov/statistics/seind06/>

U.S. Bureau of Economic Analysis. Regional Economic Accounts, Gross State Product. Retrieved from <http://www.bea.gov/bea/regional/gsp>.

NSF Proposal Funding Rate

Source: National Science Foundation. Funding rate by state and organization. Retrieved from <http://dellweb.bfa.nsf.gov/awdfr3/default.asp>.

University Licenses to Small Businesses

Source: Association of University Technology Managers. AUTM Licensing Survey: FY 2004."

Industry R&D

Sources: National Science Foundation. Science and Engineering Indicators 2006. Retrieved from <http://www.nsf.gov/statistics/seind06/>

U.S. Bureau of Economic Analysis. Regional Economic Accounts, Gross State Product. Retrieved from <http://www.bea.gov/bea/regional/gsp>.

Federal R&D

Sources: National Science Foundation. Science and Engineering Indicators 2006. Retrieved from <http://www.nsf.gov/statistics/seind06/>

U.S. Bureau of Economic Analysis. Regional Economic Accounts, Gross State Product. Retrieved from <http://www.bea.gov/bea/regional/gsp>.

Capital Formation Sub-driver

Venture Capital Financing

Sources: PriceWaterhouseCoopers. MoneyTree Survey: Historical Trend Data. Retrieved from <http://www.pwcmoneytree.com/moneytree/nav.jsp?page=historical>.

U.S. Bureau of Economic Analysis. Regional Economic Accounts: State and Local Personal Income. Retrieved from <http://www.bea.gov/bea/regional/data.htm>.

Bank Commercial and Industrial Lending

Sources: Federal Deposit Insurance Corporation. Statistics on Depository Institutions. Retrieved from <http://www2.fdic.gov/sdi/main.asp>.

U.S. Bureau of Economic Analysis. Regional Economic Accounts: State and Local Personal Income. Retrieved from <http://www.bea.gov/bea/regional/data.htm>.

Private Lending to Small Businesses

Source: U.S. Small Business Administration. "Micro-Business-Friendly Banks in the United States, 2005 Edition." Top Micro-Business Lenders by State Using CRA Data. Retrieved from <http://www.sba.gov/advo/research/lending.html>

U.S. Bureau of Labor Statistics. Covered Employment and Wages Program, 2005. Retrieved from <ftp://ftp.bls.gov/pub/special.requests/cew/2005/>.

IPO Financing

Sources: Hale & Dorr LLP. National IPO Database, Longitudinal file. Provided by Hale & Dorr; IPO Home.

U.S. Bureau of Economic Analysis. Regional Economic Accounts: State and Local Personal Income. Retrieved from <http://www.bea.gov/bea/regional/data.htm>.

Capital Investment in Manufacturing Growth

Source: U.S. Census Bureau. "Annual Survey of Manufactures, Geographic Area Statistics: 2005." Statistics for All Manufacturing Establishments by State. Retrieved from <http://www.census.gov/mcd/asm-as3.html>.

SBIR & STTR Financing

Sources: U.S. Small Business Administration. "Total SBIR Awards for FY 2004." Retrieved from <http://www.sba.gov/SBIR/indexsbir-sttr.html>

U.S. Small Business Administration. "Total STTR Awards for FY 2004." Retrieved from <http://www.sba.gov/SBIR/indexsbir-sttr.html>

U.S. Bureau of Economic Analysis. Regional Economic Accounts, Gross State Product. Retrieved from <http://www.bea.gov/bea/regional/gsp>.

SBIC Financing

Sources: U.S. Small Business Administration. SBIC Program Financing Fiscal Year 2006. Retrieved from: <http://www.sba.gov/INV/stat/index.html>

U.S. Bureau of Economic Analysis. Regional Economic Accounts, Gross State Product. Retrieved from <http://www.bea.gov/bea/regional/gsp>.

Quality of Life Driver

Economic Diversity and Civic Energy Sub-Driver

Number of Nonprofits

Sources: National Center for Charitable Statistics. All Registered Nonprofits Table Wizard. Retrieved from http://nccsdataweb.urban.org/tablewiz/tw_bmf.php.

U.S. Department of Commerce, Census Bureau. Population Estimates. State Population Datasets. Retrieved from http://eire.census.gov/popest/estimates_dataset.php.

Charitable Giving

Sources: Internal Revenue Service. Individual Tax Statistics. Individual Income and Tax Data by state and size of adjusted gross income. Retrieved from <http://www.irs.gov/taxstats/article/0,,id=103106,00.html>

Bureau of Economic Analysis. State and Local Personal Income." Retrieved from <http://www.bea.gov/bean/regional/spi/>

Voter Turnout

Source: U.S. Census Bureau. "Current Population Survey." Table on Reported Voting and Registration for Total and Citizen Voting-Age Population by State, 1974-2004. Retrieved from: <http://www.census.gov/population/www/socdemo/voting.html>

Urban Cost of Living

Source: ACCRA. Cost of Living Index.

Methodology: The ACCRA survey is metropolitan area-based, and does not include data for some cities. For this metric, the largest city in each state for which cost of living data is available was chosen as the metric value.

Urban Housing Costs

Source: National Low Income Housing Coalition. "Out of Reach." Retrieved from <http://www.nlihc.org/research/index.htm>.

Homeownership Rates

Source: U.S. Census Bureau. "Housing Vacancies and Homeownership Annual Statistics." Homeownership Rates by State. Retrieved from <http://www.census.gov/hhes/www/housing/hvs/hvs.html>

Per Capita Disposable Income

Source: Bureau of Economic Analysis. State and Local Personal Income." Retrieved from <http://www.bea.gov/bean/regional/spi/>

Gender Equity

Source: U.S. Bureau of Labor Statistics. "Geographic Profile of Employment and Unemployment, 2002." Percent distribution of employed persons by sex, race, Hispanic origin, and occupation. Retrieved from http://www.bls.gov/opus/gp/pdf/gp02_15.pdf.

Racial/Ethnic Equity

Source: U.S. Bureau of Labor Statistics. "Geographic Profile of Employment and Unemployment, 2002." Percent distribution of employed persons by sex, race, Hispanic origin, and occupation. Retrieved from http://www.bls.gov/opus/gp/pdf/gp02_15.pdf.

Culture and Recreation Sub-Driver

Leisure Employment

Source: U.S. Bureau of Labor Statistics. Covered Employment and Wages Program. Retrieved from <ftp://ftp.bls.gov/pub/special.requests/cew/>.

Parkland

Sources: National Association of State Park Directors. "The 2005 Annual Information Exchange."

National Park Service. "Listing of Acreages by Park." Retrieved from <http://www2.nature.nps.gov/stats/acrebypark02cy.pdf>.

Golf Courses

Source: U.S. Bureau of Labor Statistics. Covered Employment and Wages Program. Retrieved from <ftp://ftp.bls.gov/pub/special.requests/cew/>.

Trails

Sources: National Recreational Trails Program. Retrieved from <http://www.americantrails.org>.

U.S. Department of Commerce, Census Bureau. Population Estimates. State Population Datasets. Retrieved from http://eire.census.gov/popest/estimates_dataset.php.

Health of the Population and Safety Sub-driver**Lack of Health Insurance**

Source: U.S. Census Bureau. "Current Population Survey, Annual Social and Economic Supplement." Percent of people without health insurance coverage. Retrieved from <http://www.census.gov/hhes/www/hlthins/reports.html>

Toxic Release Inventory

Sources: United States Environmental Protection Agency. Toxic Release Inventory: Geography Report. Retrieved from <http://www.epa.gov/triexplorer/geography.htm?year=2004>.

U.S. Bureau of Economic Analysis. Regional Economic Accounts, Gross State Product. Retrieved from <http://www.bea.gov/bea/regional/gsp>.

Clean Air

Sources: U.S. Environmental Protection Agency. AirData by Geography. Retrieved from <http://www.epa.gov/air/data/geosel.html>

Crime Index

Source: Federal Bureau of Investigation. Uniform Crime Reports. Retrieved from <http://www.fbi.gov/ucr>.

Per Capita Health Spending

Source: National Association of State Budget Offices. State Health Care Expenditure Report. Retrieved from <http://www.milbank.org/reports/reportstest.html>.



115 WEST WASHINGTON STREET, SUITE 850S
P.O. BOX 44926
INDIANAPOLIS, INDIANA 46244-0926