Taking the Mystery out of Best Places Rankings

International Economic Development Council Annual Conference
October 7, 2013
Today’s Panel

Kurt Badenhausen, Senior Editor
Forbes

Scott Cohn, Senior Correspondent
CNBC

Dariel Curren, Senior Vice President
Development Counsellors International
A Sampling of Top Rankings
Rankings Matter

“What are the three leading sources of information influencing your perceptions of an area’s business climate?”

Dialogue with Industry Peers 50%

Articles in Newspapers and Magazines 46%

Rankings 42%
Glee
Despair
The Wizards Behind the Rankings
Scott Cohn
Senior Correspondent, CNBC

At Work
• Joined CNBC before its launch in 1989
• Appears on NBC Nightly News with Brian Williams, The Today Show and on MSNBC
• Developed “America’s Top States for Business”

Fun Facts
• Leads CNBC’s coverage on white collar crime and won Loeb Award for Bernie Madoff coverage
• Nominated three times for Emmy’s
• Graduated from University of Wisconsin
• ALL STATES RANKED IN 50 PUBLICLY AVAILABLE METRICS
• TEN CATEGORIES WEIGHTED TO REFLECT ECONOMIC DEVELOPMENT MARKETING
• WE RANK THE STATES BASED ON THEIR OWN CRITERIA
<table>
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<th>Category</th>
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<td>Technology &amp; Innovation</td>
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<td>Education</td>
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<td>Access to Capital</td>
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Total Points: 2,500
AMERICA’S TOP STATES FOR BUSINESS 2013

THE WEIGHTING IS THE HARDEST PART
CHOOSING OUR METRICS

• National Association of Manufacturers
• Council on Competitiveness
• CNBC Global CFO Council
• You (within reason)
CHOOSING OUR METRICS

• National Association of Manufacturers
• Council on Competitiveness
• CNBC Global CFO Council
  • You (within reason)

We deal in hard data rather than perceptions, so for the most part we do not use opinion surveys to formulate our rankings.
OUR SECRET SAUCE

- U.S. DEPARTMENT OF COMMERCE
- U.S. DEPARTMENT OF ENERGY
- U.S. DEPARTMENT OF LABOR
- U.S. BUREAU OF ECONOMIC ANALYSIS
- U.S. DEPARTMENT OF EDUCATION
- U.S. DEPARTMENT OF HOUSING & URBAN DEVELOPMENT
- U.S. DEPARTMENT OF TRANSPORTATION
- U.S. DEPARTMENT OF JUSTICE
- U.S. ENVIRONMENTAL PROTECTION AGENCY
- NATIONAL INSTITUTES OF HEALTH
- NATIONAL SCIENCE FOUNDATION
- GENERAL OBLIGATION DEBT RATINGS
- U.S. CHAMBER OF COMMERCE
  - COSTAR GROUP
- A BALANCE OF PRIVATE RANKINGS
AMERICA’S TOP STATES FOR BUSINESS 2013

SET IT IN STONE!
TOP STATE 2013: SOUTH DAKOTA

COST OF BUSINESS: 394 POINTS (#1)
WORKFORCE: 195 POINTS (#11)
QUALITY OF LIFE: 224 POINTS (#7)
INFRASTRUCTURE: 203 POINTS (#19)
ECONOMY: 273 POINTS (#6)
EDUCATION: 73 POINTS (#30)
TECHNOLOGY & INNOVATION: 70 POINTS (#48)
BUSINESS FRIENDLINESS: 176 POINTS (#2)
COST OF LIVING: 25 POINTS (#26)
ACCESS TO CAPITAL: 6 POINTS (#39)
#1 SOUTH DAKOTA  
#2 TEXAS  
#3 NORTH DAKOTA  
#4 NEBRASKA  
#5 (TIE) UTAH  
#5 (TIE) VIRGINIA
#46 NEVADA
#47 CALIFORNIA
#48 WEST VIRGINIA
#49 RHODE ISLAND
#50 HAWAII
Top States 2013: Overall Rankings

We scored all 50 states on 51 measures of competitiveness developed with input from business groups including the National Association of Manufacturers and the Council on Competitiveness. States received points based on their rankings in each metric. Then, we combined those metrics into ten broad categories, weighting the categories based on how frequently they are cited in state economic development marketing materials. That way, our study ranks the states based on the criteria they use to sell themselves.

### Overall Ranking

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<thead>
<tr>
<th>Rank</th>
<th>State</th>
<th>Economy</th>
<th>Competitiveness</th>
<th>Workforce</th>
<th>Quality of Life</th>
<th>Technology &amp; Innovation</th>
<th>Standards &amp; Regulations</th>
<th>Education</th>
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AMERICA’S TOP STATES FOR BUSINESS 2013

TopStates.CNBC.COM

FEATURED

Not a bad land for business: South Dakota
By: Scott Cohn
Tuesday, 9 Jul 2013 | 4:42 PM CT

South Dakota soars to the top spot in CNBC’s annual survey of the Top States for Business. What other surprises are in store? » Read More

Top States: Did yours make the cut?
Behind CNBC’s Top States 2013
Worst states for business
Kurt Badenhausen
Senior Editor, Forbes

At Work
• Joined Forbes in 1998 after working for Financial World for 3+ years
• Focuses mainly on business of sports
• Heads up Best Places for Business, America’s Best Small Companies and biennial business school rankings

Fun Facts
• Profiled Andre Agassi, LeBron, Shaq and many other top athletes
• Graduated from Colgate University
Best Places for Business & Careers

• Started 1999 in conjunction with the Milken Institute
• New methodology introduced in 2003
• Rank 200 largest MSAs and divisions by population
• Methodology looks at job/income/economic growth, costs, colleges, educational attainment, migration and culture/recreation
• Sources: Moody’s Analytics, U.S. Census, Sperling’s Best Places
Forbes Best Places Methodology

• Moody’s Business and Living Cost Indexes
• 1-year, 5-year, 3-year projected job growth
• 5-year income growth
• 3-year projected economic growth
• 5-year net migration per capita
• Crime & culture/recreation from Sperling’s
• College and high school attainment
• Highly ranked 4-year colleges in area based on Forbes college rankings
## Forbes Best Metro Areas for Business

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<th>Proj. gross metro prod. rank</th>
<th>Net migration rank</th>
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**Sources:** Moody's Analytics; U.S. Census.
Top Ranked Places

- 2006: Albuquerque, Raleigh, Houston
- 2007: Raleigh, Provo, Boise
- 2008: Raleigh, Boise, Fort Collins
- 2009: Raleigh, Fort Collins, Durham
- 2010: Des Moines, Provo, Raleigh
- 2011: Raleigh, Des Moines, Provo
- 2012: Provo, Raleigh, Fort Collins
- 2013: Des Moines, Provo, Raleigh
Best States for Business

• Started 2006
• Rank 50 states across 35 metrics
• 6 main categories: business costs, labor supply, regulatory environment, economic climate, growth prospects, quality of life
• Sources: Moody’s, Census, Bert Sperling, FBI, Tax Foundation, Mercatus Center, SBA, BEA, BLS, United Health Foundation, Pollina Corporate Real Estate, Dept. of Ed., PricewaterhouseCoopers
Best States Methodology

• Business Costs: Moody’s Cost Index on labor, taxes, energy, plus Tax Foundation index
• Labor Supply: college/HS attainment, 5-year net migration, 5-year projected pop. growth
• Regulatory: Mercatus *Freedom in the 50 States*, Pollina tax incentive study, right-to-work, Moody’s bond rating, transportation
• Economic Climate: 5-year growth for incomes, jobs, GSP; avg. 5-year unemployment, current unemployment, # of big company headquarters
• Growth Prospects: 5-year projected growth for incomes, jobs, GSP; VC investments; business openings and closings
• Quality of Life: Poverty & crime rates, cost of living, school test performance, health of the populous, colleges, culture/leisure opportunities, temperature.
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<th>Overall rank</th>
<th>2012 rank</th>
<th>State</th>
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<th>Labor supply rank</th>
<th>Regulatory environment rank</th>
<th>Economic climate rank</th>
<th>Growth prospects rank</th>
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Sources: Moody’s Analytics; Pollina Corporate Real Estate; Tax Foundation; Sperling’s Best Places; Mercatus Center; Census Bureau; SBA; FBI; Dept. of Education; Forbes.
Top Ranked States

- 2006: Virginia, Texas, NC, Utah
- 2007: Virginia, Utah, NC, Texas
- 2008: Virginia, Utah, Washington, Texas
- 2009: Virginia, Washington, Utah, Colorado
- 2010: Utah, Virginia, NC, Colorado
- 2011: Utah, Virginia, NC, North Dakota
- 2012: Utah, Virginia, North Dakota, NC
- 2013: Virginia, North Dakota, Utah
How Communities Can Get Involved

• Places profiles in magazine: Houston (2012); Detroit (2011); college towns (2009); Chattanooga, Des Moines (2008), Spokane, Rome (2007); Albuquerque, Grand Forks (2008)

• Reinventing America series in magazine and online launched in 2012. March conference in Chicago.

• Best States-typically online only

• Other content: videos with mayors or governors; op-ed from Michigan Gov. Rick Snyder
Questions & Answers
Thank You!

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dariel.curren@aboutdci.com