



*The Beacon Hill Institute
for
Public Policy Research*

News Release

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Crowded at the top, Massachusetts ranks third in BHI measure of competitiveness, dropping two places

BOSTON - (October 25, 2010) After two straight years at the top, Massachusetts slipped to third place in the latest edition of the Beacon Hill Institute's annual State Competitiveness Report. Lower scores in two measures — budget deficit and air quality — accounted for part of the drop. However, the Index showed that improvements in competitor states such as North Dakota and Colorado slightly outpaced Massachusetts strong showing.

The BHI competitiveness index is based on a set of 43 indicators divided into eight subindexes – government and fiscal policy, security, infrastructure, human resources, technology, business incubation, openness, and environmental policy. The breadth of the BHI index distinguishes it from more narrowly focused measures of competitiveness that target only taxes, high tech, or economic freedom.

Massachusetts continues to show real strengths in its human resources (particularly with its top-scoring student achievement), technology (with its large base of scientists and engineers and high-tech employment) and business incubation, where Massachusetts draws the top ranking in terms of venture capital per capita.

“There are 47 other states that would love to be in the position that Massachusetts occupies on our index,” said Jonathan Haughton, Professor of Economics at Suffolk University and one of the principal authors of the report. “The Bay State still benefits from a diverse economy demonstrating success in human resources, technology and openness to trade and its ability to attract foreign investment. However, the persistent problems of high electricity and housing costs, coupled with infrastructure issues put the state at risk, particularly when some other states are improving.”

North Dakota finished first this year followed by Colorado just ahead of Massachusetts. Following Massachusetts were Wyoming, Minnesota, Nebraska, Utah, South Dakota and Iowa. New Hampshire, a perennial competitor from New England, held third place only three years ago, slipped to 17th last year and is back in the top ten. Vermont slipped one place to 19th this year while other New England states finished in the middle of the pack: Maine (32), Rhode Island (20) and Connecticut (28). The lowest-ranked states were Alabama (48) West Virginia (49) and Mississippi (50) three states which essentially traded places with each over the past year.

Policymakers often compare Massachusetts's performance with that of “leading technology states.” However, these high technology states do not always prove to be competitive by the Institute's measure. Colorado (2), Massachusetts (3), Minnesota (5), Virginia (11) and Washington (14) are the only leading technology states to finish in the top 20 in the latest BHI index. Other LTS states - California (28), Connecticut (28), New Jersey (36), New York (31), North Carolina (21) Pennsylvania (35) and Texas (25) did not dramatically improve their standings. Most changed only slightly.



	Subindexes, Rank in 2010																	
	Overall		Govt & Fiscal Policy		Security		InfrStrc		Human Resources		Tech		Biz Incub.		Openness		Enviro Plcy	
	Index	Rank	I	R	I	R	I	R	I	R	I	R	I	R	I	R	I	R
North Dakota	7.39	1	5.61	4	5.43	12	5.80	1	6.09	4	5.40	13	5.14	16	4.65	36	6.17	1
Colorado	6.79	2	5.10	22	5.47	11	5.47	5	5.39	16	5.90	3	5.62	4	4.73	31	5.54	16
Massachusetts	6.76	3	4.80	34	5.30	15	4.72	40	6.44	1	7.77	1	5.31	11	5.44	9	4.41	40
Wyoming	6.54	4	4.85	32	4.86	35	5.61	2	5.39	15	4.25	43	6.32	1	5.22	14	5.76	10
Minnesota	6.42	5	4.73	39	5.79	3	5.24	10	6.18	2	5.80	5	4.88	29	4.84	25	5.68	11
Nebraska	6.36	6	5.23	18	5.58	5	5.56	3	5.88	7	4.97	26	4.92	28	4.65	37	5.58	13
Utah	6.22	7	5.39	8	5.07	24	5.04	25	5.60	8	5.41	12	5.97	2	5.03	18	4.39	41
South Dakota	6.01	8	5.44	7	4.93	32	5.38	8	5.55	11	4.47	36	5.61	5	4.16	50	6.03	3
Iowa	5.95	9	5.30	13	5.60	4	5.12	18	6.01	5	5.02	24	4.80	35	4.68	35	5.37	18
New Hampshire	5.91	10	5.25	16	5.14	22	4.61	44	5.95	6	5.44	11	5.54	6	4.65	38	5.62	12
Virginia	5.81	11	5.55	5	4.99	28	5.02	26	5.18	24	5.52	10	5.34	9	4.74	30	5.09	26
Florida	5.79	12	6.08	1	4.91	34	5.06	24	4.35	40	4.28	40	5.48	7	5.36	12	5.29	21
Kansas	5.68	13	4.76	38	5.12	23	5.41	7	5.33	20	5.03	23	4.98	24	4.84	27	5.88	7
Washington	5.62	14	4.78	36	4.62	40	5.17	12	5.29	21	5.71	6	4.21	50	6.22	3	5.83	9
Oregon	5.60	15	5.36	12	5.51	9	5.12	17	4.81	31	5.20	18	4.31	49	5.18	15	5.87	8
Nevada	5.47	16	5.76	2	4.93	33	5.49	4	4.11	45	3.76	50	5.19	13	5.38	11	5.29	20
Montana	5.47	17	4.77	37	5.26	17	5.44	6	5.25	22	4.84	31	5.06	21	4.17	49	6.08	2
Idaho	5.37	18	4.92	26	5.30	14	5.08	22	4.83	30	4.96	27	5.17	15	4.63	40	5.89	6
Vermont	5.36	19	4.89	29	5.14	21	4.32	50	6.11	3	5.88	4	4.58	40	5.10	16	5.95	5
Rhode Island	5.31	20	4.67	42	5.81	2	4.88	34	5.35	18	5.68	8	4.85	32	4.93	21	4.66	35
North Carolina	5.21	21	5.15	21	5.06	25	5.35	9	4.43	39	5.11	21	5.35	8	4.72	32	4.62	37
Delaware	5.19	22	5.48	6	4.66	38	4.89	32	4.89	27	5.19	19	5.93	3	5.44	10	3.06	49
Wisconsin	5.18	23	4.88	31	5.54	7	4.90	30	5.56	9	5.12	20	4.55	43	4.69	34	5.58	14
Arizona	5.04	24	5.20	19	5.47	10	4.79	39	4.86	29	4.78	33	5.18	14	5.01	19	4.61	38
Texas	4.99	25	4.90	28	4.52	42	4.96	27	4.24	43	4.86	30	5.08	20	6.24	2	5.13	25
Maryland	4.81	26	4.78	35	4.93	31	4.61	45	5.52	12	6.78	2	5.05	23	4.85	24	3.53	47
Alaska	4.79	27	5.19	20	4.56	41	4.46	49	4.79	32	4.29	38	4.49	45	6.97	1	5.27	23
Connecticut	4.73	28	4.21	48	5.58	6	4.62	42	5.56	10	5.66	9	4.54	44	5.45	8	4.57	39
California	4.71	29	4.23	47	5.22	19	4.53	46	4.44	38	5.69	7	5.11	17	6.02	4	4.70	32
Missouri	4.71	30	5.38	11	4.75	37	5.12	16	4.94	25	5.00	25	4.83	34	4.30	48	4.97	30
New York	4.66	31	4.28	46	5.06	26	4.46	48	5.36	17	5.27	16	4.83	33	5.72	6	5.18	24
Maine	4.65	32	4.68	41	5.21	20	4.80	38	5.49	13	4.15	47	4.95	25	4.45	43	6.02	4
Michigan	4.59	33	4.88	30	5.53	8	4.88	33	4.53	35	5.30	15	4.47	46	4.84	26	4.98	28
Illinois	4.49	34	4.68	40	5.22	18	4.95	29	4.90	26	5.03	22	4.34	48	5.31	13	4.82	31
Pennsylvania	4.47	35	4.56	44	5.31	13	4.96	28	5.33	19	5.35	14	4.87	30	4.61	41	4.01	45
New Jersey	4.45	36	3.89	50	6.02	1	4.68	41	5.24	23	4.90	28	5.33	10	5.69	7	3.01	50
Indiana	4.35	37	5.72	3	4.98	29	4.84	37	4.69	33	4.67	34	4.86	31	4.92	22	3.45	48
Arkansas	4.16	38	5.30	14	4.49	43	5.14	14	4.26	42	3.97	49	5.05	22	4.38	46	5.39	17
Louisiana	4.14	39	5.04	24	4.01	48	5.14	13	4.12	44	4.23	44	4.92	27	5.78	5	4.67	34
Hawaii	4.13	40	4.17	49	4.98	30	5.13	15	5.45	14	4.45	37	4.45	47	4.95	20	5.01	27
Kentucky	4.08	41	4.65	43	5.28	16	5.08	21	4.33	41	4.21	45	4.71	38	5.05	17	4.63	36
South Carolina	3.98	42	5.39	10	4.65	39	4.85	36	3.97	48	4.27	42	4.94	26	4.91	23	4.68	33
Ohio	3.91	43	4.84	33	4.81	36	5.17	11	4.87	28	4.90	29	4.58	41	4.71	33	3.66	46
Tennessee	3.84	44	5.39	9	4.07	47	5.09	20	4.09	46	4.29	39	5.09	18	4.79	29	4.35	42
Oklahoma	3.82	45	4.54	45	4.32	45	5.07	23	4.56	34	4.27	41	5.08	19	4.34	47	5.57	15
Georgia	3.78	46	5.27	15	3.74	50	5.09	19	4.05	47	4.63	35	5.20	12	4.81	28	4.34	43
New Mexico	3.74	47	4.90	27	3.84	49	4.90	31	4.51	36	5.25	17	4.78	37	4.45	44	5.29	22
Alabama	3.42	48	4.92	25	4.08	46	4.86	35	3.97	49	4.79	32	4.59	39	4.64	39	5.30	19
West Virginia	3.27	49	5.05	23	5.00	27	4.61	43	4.46	37	4.16	46	4.57	42	4.49	42	4.24	44
Mississippi	2.88	50	5.23	17	4.33	44	4.52	47	3.47	50	4.12	48	4.80	36	4.43	45	4.98	29