



The Beacon Hill Institute  
for  
Public Policy Research

# News Release

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For Immediate Release  
Thursday, April 4, 2013  
9:00 a.m.

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## *Still on top, Massachusetts again ranks first in BHI measure of economic growth and income*

BOSTON - (April 4, 2013) Massachusetts once again secured the top spot on the 12<sup>th</sup> Annual Beacon Hill Institute's State Competitiveness Index. Traditional strengths in human resources, technology and openness buoyed Massachusetts for the second straight year.

The BHI competitiveness index is based on a set of 43 indicators divided into eight sub-indexes – 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. The index, which measures the ability of a state to promote economic growth in the form of higher personal income, was first published in 2001.

North Dakota finished second, followed by Minnesota, South Dakota, Utah, Colorado, Texas, Washington, Virginia and Kansas. While the rankings in sub-index measures were far from uniform, states that paid attention to fostering a well-educated and healthy workforce scored well. It also helps for a state to be business-friendly with reasonable labor costs and an environment with consistent firm births as well as sizeable bank deposits which signal local investment.

“While there are several factors that make states competitive, measures around education technology and infrastructure are the common threads that support a strong showing,” notes Frank Conte, project manager for the BHI report.

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

“In terms of generating high income for its residents, Massachusetts continues an impressive run as a competitive state,” Conte. But top performing states should take note of the slow near-decade improvement of states like Texas and Louisiana. Texas ranked 7<sup>th</sup> this year. And in 2005 Louisiana ranked 50<sup>th</sup>; this year it ranks 37<sup>th</sup>. These swings over the long term are significant since the index does not change wildly year to year.

The lowest-ranked states were West Virginia (48), Alabama (49), and Mississippi (50). These states have shared the lowest ranks for a number of years. New Jersey is one of the biggest industrial states which continues to fare poorly on the index 47 behind its bigger neighbor to the north, New York (34)

Policymakers often compare a state's performance with that of “leading technology states (LTS).” However, these states do not always prove to be competitive. Massachusetts (1) Colorado (6), Minnesota (3), Texas (7) Virginia (9), and Washington (8) are the only LTSs to finish in the top 10. Other LTS states ranked as follows: California (24), Connecticut (33), New Jersey (47), New York (34), North Carolina (26) Pennsylvania (39). (over)



	Subindexes, Rank in 2012																	
	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
Massachusetts	7.77	1	4.91	33	5.72	3	4.85	33	6.51	1	7.91	1	5.31	12	5.83	8	4.81	28
North Dakota	6.99	2	4.99	28	4.73	36	5.84	1	5.97	6	5.33	14	5.57	3	4.58	36	6.10	2
Minnesota	6.81	3	4.79	39	5.74	2	5.27	9	6.16	3	5.81	3	5.16	13	4.75	35	5.79	7
South Dakota	6.48	4	5.31	14	5.17	24	5.41	6	5.54	10	4.51	37	5.97	1	3.76	49	6.14	1
Utah	6.42	5	5.36	11	5.56	6	5.02	25	5.56	8	5.41	12	5.56	4	5.00	22	4.73	34
Colorado	6.36	6	5.08	22	5.61	4	5.50	4	5.36	15	5.62	7	5.11	18	4.55	39	5.33	19
Texas	6.18	7	5.26	16	5.49	10	5.20	17	4.31	43	4.79	31	5.36	10	6.36	1	4.89	26
Washington	6.05	8	4.80	38	5.50	8	5.24	11	5.20	22	5.53	9	4.40	48	5.92	6	5.87	5
Virginia	6.03	9	5.49	7	5.39	13	4.97	28	5.25	18	5.26	16	5.16	14	4.86	29	5.35	18
Kansas	5.77	10	4.85	35	5.17	23	5.37	7	5.33	16	4.97	26	5.05	20	4.97	27	5.59	12
Nebraska	5.75	11	5.07	23	5.29	18	5.21	16	5.64	7	5.00	25	4.94	28	4.52	40	5.68	11
New Hampshire	5.67	12	5.13	19	5.09	27	4.45	49	6.02	5	5.52	10	4.92	29	5.39	14	5.48	15
Iowa	5.55	13	5.03	27	5.37	15	4.94	29	6.10	4	5.17	19	4.91	30	4.57	38	5.14	24
Alaska	5.41	14	5.52	6	5.25	21	5.20	18	4.91	29	4.13	47	4.56	45	5.50	11	5.53	14
Wyoming	5.40	15	4.46	45	5.38	14	5.49	5	5.22	20	4.29	44	5.41	8	4.05	47	5.95	4
Idaho	5.38	16	5.24	17	5.03	29	5.02	26	4.62	34	4.81	30	5.42	7	4.37	42	5.84	6
Delaware	5.32	17	5.35	12	4.52	42	4.90	30	5.07	25	4.91	28	5.51	5	5.90	7	4.06	46
Wisconsin	5.26	18	4.72	41	5.75	1	4.76	38	5.54	9	5.11	22	4.95	27	4.46	41	5.53	13
Vermont	5.25	19	4.81	37	5.02	31	4.34	50	6.19	2	5.76	4	4.68	41	5.10	21	5.72	9
Maryland	5.21	20	5.04	25	5.15	25	4.58	45	5.53	11	6.86	2	4.71	40	4.97	25	4.31	43
Montana	5.19	21	4.98	30	5.49	9	5.28	8	5.17	23	4.65	34	5.04	23	3.69	50	5.72	10
Oregon	5.15	22	5.12	20	4.91	32	5.13	20	5.00	26	5.18	18	4.59	44	4.82	32	5.76	8
Rhode Island	5.11	23	4.55	44	5.55	7	4.81	36	5.13	24	5.75	5	4.73	37	5.47	13	4.78	31
California	5.09	24	3.99	49	5.26	20	4.54	46	4.35	41	5.70	6	5.89	2	6.08	3	4.61	37
Florida	5.04	25	5.60	1	4.81	33	5.03	24	4.37	40	4.36	39	5.05	22	5.28	15	5.17	22
North Carolina	4.93	26	5.05	24	4.50	43	5.09	22	4.41	39	5.17	20	5.39	9	5.00	23	4.95	25
Georgia	4.92	27	5.42	9	4.57	40	5.23	12	4.14	45	4.63	35	5.50	6	5.22	17	4.29	44
Michigan	4.87	28	4.98	29	5.09	26	5.11	21	4.69	33	5.29	15	4.53	46	4.97	26	5.31	20
Nevada	4.84	29	5.54	3	5.35	16	5.55	2	3.84	49	3.78	50	4.88	32	5.27	16	4.41	42
Maine	4.69	30	4.65	42	5.20	22	4.45	48	5.52	12	4.09	48	5.13	16	4.82	31	6.06	3
Arizona	4.67	31	5.39	10	4.61	38	4.81	35	4.91	30	5.23	17	5.09	19	4.84	30	4.42	41
Missouri	4.64	32	5.53	4	4.64	37	5.23	13	4.98	28	4.92	27	4.72	39	4.25	43	4.75	33
Connecticut	4.62	33	4.08	47	5.60	5	4.62	43	5.46	14	5.55	8	4.30	50	5.99	4	4.85	27
New York	4.59	34	4.02	48	5.27	19	4.63	42	5.21	21	5.45	11	4.44	47	5.97	5	5.45	16
Hawaii	4.44	35	4.60	43	5.43	12	4.71	39	5.46	13	4.52	36	4.72	38	5.15	19	4.75	32
Tennessee	4.27	36	5.58	2	4.04	47	5.21	15	4.29	44	4.40	38	5.05	21	5.00	24	4.48	40
Louisiana	4.24	37	5.17	18	3.96	48	5.52	3	3.94	48	4.31	42	5.12	17	5.63	9	4.19	45
Illinois	4.23	38	4.36	46	5.03	30	5.13	19	4.87	32	5.09	23	4.37	49	5.58	10	4.58	38
Pennsylvania	4.16	39	4.74	40	5.03	28	4.89	31	5.28	17	5.39	13	4.62	43	4.88	28	3.90	47
Ohio	4.14	40	5.04	26	4.59	39	5.22	14	4.99	27	5.00	24	4.75	36	4.80	33	3.79	48
Arkansas	4.11	41	4.96	31	4.37	44	5.25	10	4.31	42	3.98	49	5.35	11	4.20	44	5.31	21
South Carolina	4.10	42	5.49	8	4.17	46	4.70	40	4.01	46	4.35	40	5.14	15	5.48	12	4.81	29
Indiana	4.06	43	5.52	5	4.52	41	4.82	34	4.90	31	4.75	32	4.99	25	5.17	18	3.26	50
Kentucky	3.91	44	4.82	36	4.80	34	5.01	27	4.50	36	4.30	43	4.79	34	5.11	20	4.57	39
Oklahoma	3.68	45	4.86	34	4.77	35	5.08	23	4.50	37	4.31	41	4.95	26	4.05	48	4.73	35
New Mexico	3.67	46	5.12	21	3.86	49	4.78	37	4.47	38	5.15	21	4.90	31	4.07	46	5.41	17
New Jersey	3.60	47	3.85	50	5.48	11	4.60	44	5.23	19	4.74	33	4.63	42	6.27	2	3.26	49
West Virginia	3.52	48	4.96	32	5.30	17	4.46	47	4.56	35	4.16	46	4.78	35	4.57	37	4.65	36
Alabama	3.36	49	5.26	15	3.68	50	4.86	32	3.97	47	4.82	29	4.82	33	4.79	34	4.79	30
Mississippi	3.11	50	5.32	13	4.22	45	4.67	41	3.49	50	4.25	45	5.01	24	4.18	45	5.15	23