

CALIFORNIA'S BUSINESS CLIMATE DOWNFALL

WHAT'S HAPPENED TO THE GOLDEN STATE?

**HOW DO WE COMPARE WITH OUR COMPETITOR
STATES?**

**HOW DOES A DECLINING BUSINESS CLIMATE IMPACT
STATE FINANCES?**

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EXECUTIVE SUMMARY

The purpose of this report is to outline the causes of the degradation in California's business environment, compare California's business environment with the states with which we compete for the location of business facilities and examine the impact the worsening business climate may have on the State's finances. During the course of our study we made the following findings:

What's Happened to Our Business Climate?

- Workers' compensation costs—now the nation's highest—have more than quadrupled since 1999, and in some industries approach 100 percent of wages. The Department of Insurance believes that, were it a private firm, the State Fund would be declared insolvent—remaining afloat only because of its implied call on the state's taxpayers. These high premiums are a direct tax on jobs, discouraging hiring and encouraging layoffs.
- Electricity prices have jumped nearly 40 percent since the start of the energy crisis and California now rivals Hawaii for the nation's highest power prices. Even more troubling, three years after the electricity crisis first emerged, the state still has not formulated a workable market, with the result that many badly needed new generating plants have been canceled or put on hold in the continuing uncertainty. This raises the specter of a new "crisis" as early as 2006.
- In terms of jobs, the high costs of essential living—food, energy and housing—feed back in the form of higher wage requirements, add to business costs in the increasingly competitive world marketplace.
- The state's budget crisis also has negative implications for future job creation. The state's overall tax burden (as measured by share of personal income) is fourth highest in the nation, and state and local taxes rank eighth highest among the 50 states. The state has diverted funds from badly needed infrastructure projects to plug the general fund gap. California is also borrowing heavily to cover current operations with the result that escalating debt service costs—and the near-junk credit rating—will cripple the state's ability to finance future infrastructure needs.
- If anything, the state's complex and often contradictory regulatory structure has become even more complicated, expensive and time consuming. With the demise of the Trade and Commerce Agency and the closure of the foreign trade offices we are sending the business world the wrong message at exactly the wrong time.

How Do We Compare With Our Competitor States Over the Past Decade? A 1990 to 2000 Scorecard

- For conditions that existed in 2000, California received a grade of "F" because it ranked 15th out of 16 states when graded with the business climates of 15 other competitor states. Although the State received average grades for a growing population, available workforce and personal quality of life features, California received very poor grades for the critical business cost factors such as wages, workers' compensation, utility costs and overall tax burden.
- These grades, however, don't tell the whole story and they don't tell the current story since they are based, for the most part, on 1990 and 2000 data. In fact, a number of critical factors for consideration by business have worsened considerably in the last three years alone.

Updating the Scorecard What's Happened Since 2000?

- Workers' compensation costs have increased from less than \$9 billion to over \$25 billion in only two years – a threefold cost increase borne entirely by California businesses.
- A recent study ranked California the 49th worst business tax climate in the entire nation, nestled between Arkansas (48th) and Mississippi (50th). We have the highest corporate income tax rate in the West. Our personal income tax rates are so steeply graduated we have the highest rate in the nation for people earning \$40,000. Sales tax rates are among the highest in the nation and business investment in machinery and equipment are fully taxed.
- The State's enormous ongoing financial crisis leaves open the possibility for even more anti-business legislation designed to balance the budget – this uncertainty clearly has the attention of the business community. Specifically, proposals now being considered include 1) an increase in the corporate tax rate; 2) an increase in personal income tax rates; 3) more increases in the sales tax; and 4) a split roll property tax. If all measures were adopted, this would result in a \$7.7 billion tax increase – mostly paid by the business community. This uncertainty is a dark cloud to any business contemplating new or expanded operations here.
- The State's Unemployment Insurance Fund (Fund), 100 percent funded with employer contributions, essentially is bankrupt. Additional employer taxes of at least \$3 billion to \$5 billion *annually* will be needed to keep the Fund afloat. In addition to a 15 percent "Emergency Solvency Surcharge," employers will be required to pay a \$2 billion Unemployment Insurance tax increase in 2004 alone. The cost per employee over the next five years will soar from \$175 to \$415 by end of 2007.
- Legislation just enacted will require almost every business in California to provide health insurance to all employees; a statewide cost of \$5.7 billion -- mostly paid for by small businesses.
- Senior corporate legal executives ranked California 44th in their perception of our legal system. Those conducting the study placed California in the pool of states with a "Poor" perception

Clearly, we have seen a dramatic decline and perhaps the elimination altogether of a "business friendly" environment in the last five years. Indeed, many would grade the State's attitude toward business as downright hostile.

How Does This Impact State Finances?

- An uncompetitive business environment will have a direct impact on business investment in the future and will negatively affect the creation of jobs in the State.
- Although the impact cannot be predicted with absolute certainty, an improved business climate with more business investment would result in more jobs and more personal income for Californians. With increased personal income would come additional state revenues in the form of personal income taxes, sales taxes, etc.

- For example, if the State recovered only one-half the jobs lost in the last two years (approximately 150,000 jobs) through an improved business climate, the additional personal income would yield almost \$1 billion in the next two state fiscal years alone.
- Given the State's current general fund expenditure commitments, the following programs would benefit from the additional revenue:
 - K-12 Education \$390 million
 - Higher Education \$120 million
 - Health & Human Services \$280 million
 - Prisons \$ 76 million
 - Resources & Environment \$ 14 million

These are estimates of the way in which the additional revenues would be spent in a balanced budget environment. Of course, in the current budget crisis, the additional \$1 billion could be an additional resource badly needed to reduce the ongoing budget deficit.

INTRODUCTION

Just five years ago in 1998, the business climate in California shone like a star. In that year the magazine *Site Selection* ranked California's business environment Number Two "for its total of 1,673 new corporate facilities and expansions; and it was 1998's No. 1 state for new manufacturing facilities."¹ Of business executives responding to the annual California Business Climate Survey conducted by the California Chamber of Commerce and the California Business Roundtable, 71 percent believed the state was going in the right direction and only 15 percent thought business conditions were worse than two years prior.² Almost 40 percent thought they would be expanding their workforce in the coming year.³

What a difference five years makes. A recent article in the *San Francisco Chronicle* sums it up ... "California is gaining the unfortunate reputation of exporting...jobs [and] has become inhospitable."⁴ Businesses, small and big alike, are tired of complicated regulations, high energy costs, extremely high worker's comp insurance premiums and unemployment insurance contributions. But the ongoing uncertainty of the State's fiscal crisis is also a major factor. Will the State exercise fiscal discipline and cut costs as businesses have over the last two years or will the Legislature and Governor resort to new fees and higher taxes to balance the books? Indeed, with the impending recall election, no one is sure who will be leading the State through this crisis.

These disappointments and uncertainties are reflected in the latest Business Climate Survey released by the California Chamber of Commerce and the California Business Roundtable in April of 2003. In this latest survey, 78 percent of the responding business executives indicated California is on the wrong track. Business leaders who believe we are on the right track declined from 71 percent in 1998 to only 14 percent in 2003. An incredible 81 percent believe business conditions are worse than they were two years ago. Some of these factors are not completely within the State's control such as the U.S. economic downturn, softening Asian markets, the SARS outbreak and conflict in the Middle East. Nevertheless, a recent report identified three factors certainly within the control of state and local policymakers:

- Business costs associated with energy and worker's compensation insurance;
- "Slippage" in the State's business environment; and
- Apparent disinterest by some government leaders.⁵

The worsening business climate has had a direct impact on job losses in California – we have lost 300,000 jobs since 2001. We have had both job losses and lower than expected job growth in a variety of sectors.

The loss of manufacturing jobs is perhaps the most glaring and detrimental to the State's economy. Over the last year alone the State has lost over 60,000 manufacturing jobs.⁶ Generally, these are high paying jobs with good benefits and advancement possibility and available to a larger portion of California's workforce.⁷

¹ Lyne, Jack, "The Glow is Back on 'the Golden State's' Business Climate," *Site Selection* (November 1999), p. 1.

² California Chamber of Commerce/California Business Roundtable, "Thirteenth Annual California Business Climate Survey" (April 2003).

³ *Ibid.*

⁴ Said, Carolyn, "Exodus Worries: High Taxes and Lots of Rules Prompt Some Firms to Leave State" *San Francisco Chronicle* (July 27, 2003)

⁵ See Kyser, Jack, "Manufacturing in the Los Angeles Five -County Area" Los Angeles Economic Development Corporation (July 2002), p. 2. Discussing the disappointing lack of growth in manufacturing jobs in the Los Angeles area.

⁶ Department of Finance, "Finance Bulletin" (August 2003), p.1.

⁷ Kyser, p. 4

The bottom line is that the State must turn around the reputation of being “inhospitable” to business. We run the risk of losing more businesses and jobs to competing states. Over half of the businesses responding to the Business Climate Survey indicated they had been offered incentives to relocate to a competing state. Other states engage in this proselytizing because it brings jobs and prosperity to their citizens and that translates into state revenues. By the same token, every time a business leaves this state expands in another state, it has a fiscal impact to both state and local governments. Raising taxes, creating new fees, sunseting business tax credits and exemptions sends a very clear signal... “take your jobs elsewhere.”

CALIFORNIA'S GROWING COMPETITIVE DISADVANTAGE

The most striking feature of the nation's current economic recovery, which will begin its third year in December, is the continuing decline in number of payroll jobs. By definition, this job-losing recovery reflects strong gains in productivity—the nation has managed to produce more and more goods and services with fewer and fewer workers.

Strong productivity growth is generally considered a positive development. Productivity leads to higher living standards, and throughout the industrialized world, it will provide the means to support the rapidly increasing ranks of retired citizens. But in the short run, rising productivity can also be associated with significant dislocations in the labor force, as high-cost producers are forced to compete with lower-cost rivals.

One of the most commonly heard refrains in quarterly earnings announcements is that the company or industry has lost “pricing power” and can only maintain and improve profitability, or even remain solvent, through continued cost cutting measures. This can take the form of cutting back or even closing higher cost operations, shifting more and more output to lower cost facilities to remain competitive.

This increased economy-wide emphasis on controlling costs could not have come at a worse time for California job prospects. To a considerable and troubling degree, California is becoming an increasingly high cost area both to live and to do business. Consider these developments over the last three to four years:

- Workers' compensation costs—now the nation's highest—have more than quadrupled since 1999, and in some industries approach 100 percent of wages. As private insurers have abandoned the market, the State Compensation Fund has assumed up to 60 percent of the risk. The Department of Insurance believes that, were it a private firm, the State Fund would be declared insolvent—remaining in tact only because of its implied call on the state's taxpayers. These high premiums are a direct tax on jobs, discouraging hiring and encouraging layoffs. (See additional discussion below.)
- Partly in response to a recent doubling of benefits, the state's unemployment insurance payroll tax is set to rise by up to 50 percent in 2004, to among the highest in the nation. Moreover, even with the increase, the UI fund will be forced to borrow \$1.7 billion from the federal government, suggesting further rate increases will be required to pay off the loan.
- The State Disability Insurance payroll tax is also set to rise substantially, as the new paid family leave program begins in 2004. Enacted partly on the promise of relatively modest costs—the initial “official” estimate was a little over \$100 million per year or \$27 per worker—the state now estimates costs nearly three times higher. However, academic experts believe the true costs will range up to \$1.2 billion, implying a staggering \$300 a year payroll tax increase for each employee if the state disability fund is to remain solvent.
- Electricity prices have jumped nearly 40 percent since the start of the energy crisis, and California now rivals Hawaii for the nation's highest power prices. Even more troubling, three years after the electricity crisis first emerged, the state still has not formulated a workable market, with the result that many badly needed new generating plants have been canceled or put on hold in the continuing uncertainty. This raises the specter of a new “crisis” as early as 2006.

- California also competes with the Hawaiian Islands for the nation's highest motor fuel prices, now commonly running 20 percent or more above the U.S. average.
- California housing costs are the highest in the nation, and the state includes 10 of the nation's 12 costliest housing markets. This reflects a decade of undersupply, largely a result of myopic government zoning and land use policies.
- In the midst of the world's richest agricultural region, Californians pay the highest food prices in the "lower 48" states—mainly reflecting high payroll, energy and liability insurance costs.
- In terms of jobs, the high costs of essential living—food, energy and housing—feed back in the form of higher wage requirements, adding to costs in the increasingly competitive world marketplace. These high living costs no doubt partly explain the ongoing loss of domestic population to other states, even during the boom years of the late 1990s.
- The state's budget crisis also has negative implications for future job creation. The state's overall tax burden (as a share of personal income) is fourth highest in the nation, and state and local taxes rank eighth highest among the 50 states. The state has diverted funds from badly needed infrastructure projects to plug the general fund gap. California is also borrowing heavily to cover current operations with the result that escalating debt service costs—and the near-junk credit rating—will cripple the state's ability to finance future infrastructure needs.
- If anything, the state's complex and often contradictory regulatory structure has become even more complicated, expensive and time consuming. With the demise of the Trade and Commerce Agency, there is no longer a facilitator—the Red Teams—to assist business in navigating the regulatory maze. And the closure of the foreign trade offices sends the world the wrong message at exactly the wrong time.

Since the beginning of the recession in March 2001, both the state and the nation have lost about 2 percent of payroll jobs. For California, this means 300,000 people without work.

However, during that period, California factory payrolls have fallen by 18 percent, considerably more than the nation's 15 percent decline. Since manufacturing includes a disproportionate share of export or basic industries—activities that bring money and jobs from outside the state—the relatively large loss of factory jobs does not bode well for the state's recovery prospects.

The need to contain costs has significant implications for other basic industries, notably the computer services and software sectors that powered much of the late 1990s boom. During the boom, the state and the nation imported many skilled engineers and technical workers to staff the high technology industries. As the recession took hold, much of this activity moved overseas. Instead of providing skilled workers, India, Korea, Taiwan and other Asian nations have developed major technology service industries of their own, successfully competing on both quality and cost with domestic, often California, firms.

In the early 1990s, the massive downsizing of California's aerospace industry was widely attributed to the end of the cold war and accompanying sharp decline in defense spending. However, this was only part of the story. The drop in defense spending also resulted in a widespread consolidation in aerospace, and California was almost always the loser when merged companies focused their activities in lower cost facilities outside the state.

That pattern may well be repeating in the high tech industries that also face a consolidation process as their markets mature. When companies merge, there is significant pressure to produce promised cost savings and increased profitability. This pressure inevitably favors the concentration of activity outside California, where costs are almost always lower.

This has even been true in banking and financial services: California now boasts only one “top 10” bank—20 years ago five of the nation’s ten largest banks and the majority of large savings and loans were headquartered in the state. Even that remaining institution concentrates most of its administrative and “back office” staff outside California.

Although the business decision to actually move out of the state is an extremely difficult and costly one, there is evidence that this is happening. Some firms have given in to the tax incentives and the obvious benefits of lower operating costs—marketed to California firms by many nearby states and localities. Nevertheless, moving a business entails costly write-offs of plant and equipment, employee relocation costs, and the very real risk that key staff will choose not to move.

However, when contemplating expansion, the decision to seek lower cost alternatives is far easier to make. Mergers and consolidations present a far different set of circumstances, with workers and facilities already in place in lower cost locations.

Most importantly, California finds itself at a huge cost disadvantage when it attempts to attract new business to the state. Indeed, at this point, most local economic development efforts are of necessity focused on job retention rather than luring new firms to the area.

The key issue is not so much losing what is already here—although that is a real risk—but rather the extent to which the state will participate in the national job recovery, which will likely be underway within the next few months.

California retains many competitive advantages—a skilled workforce, its great universities, a prime location on the Pacific Rim and adjacent to Latin America, the nation’s largest port complex, and an unmatched climate and quality of life.

But against these, the rising cost of living and doing business in the state has already eroded middle income job opportunities to an alarming degree and each year over 100,000 more Americans “vote with their feet” and leave than choose to settle here.

Many of California’s economic wounds are self-inflicted. The hard truth is that 49 states do a better job on workers’ compensation, energy policy, housing and even balancing the budget than California. The state’s highway system was once the envy of the nation, but for two decades California has been dead last in per capita spending on transportation infrastructure, with results that are obvious to all. All of this is a sad commentary for a state that was once looked upon as an example of good government that works.

California can do better than this. And for own sake, we must.

A SCORECARD FOR CALIFORNIA'S BUSINESS ENVIRONMENT

With the dramatic decline in California's business climate it makes sense to stop and compare our State with those states that compete with us for business facilities. For this portion of the study, we enlisted the help of the Sacramento Regional Research Institute (SRRI) which, among other services offered, analyzes and regularly advises a variety of businesses on location decisions for facilities.

SRRI has developed a model designed to make relative comparisons among jurisdictions of a number of factors important to businesses in their evaluation of the best business environment. The SAER Group reviewed the model and worked with SRRI to identify the states with which we compete and the factors considered most important to businesses locating facilities.

The objective of the study was to identify comparative business conditions over a period of time to identify longer-term trends. It was not intended to show the most current conditions, as these are influenced by the current economic environment and do not necessarily reflect long-term structural conditions.

The measures used in the comparison were chosen to allow objective and consistent comparisons between states of different sizes and compositions over a ten year time period. Wherever available, data for the years 1990 and 2000 were used, and comparative changes over this time interval were computed. This is consistent with the accepted business practice of looking not only at current business conditions but also at longer term trends in making business location decisions.

Competitor States

In selecting competing states, we first started with neighboring Western states. Although many businesses may not choose to locate a facility in California, they would like to have access to markets in the state for products and services. Arizona, Nevada, Oregon, and Washington are our closest (geographically speaking) competitors. We then selected other states that have historically actively recruited California businesses and have been at the top of the list of potential localities for businesses searching for sites for facilities. The states included:

- Colorado
- Florida
- Georgia
- Illinois
- Massachusetts
- Michigan
- New York
- North Carolina
- Ohio
- Texas
- Utah

Together these states represent almost 60 percent of nonfarm employment in the United States. The selection of these states for comparison is neither typical nor random, but represents primarily urban, industrialized states viewed as comparisons or competitors with California. The comparison study, therefore, within this subset and may not be representative of all 50 states.

Factors for Consideration

SRRI utilized the following factors to compile the scorecard. Based on their experience in helping companies make location decisions, these factors play the most important role in the minds of business executives. Other factors unique to a particular company or industry may enter into the decision, but these four categories are at the core of the analysis.

- Demographic Characteristics
- Workforce
- Business Costs
- Personal Quality of Life

Each major category (e.g., “Demographic Characteristics”) contained several sub-categories (e.g., “Population,” “Household Income,” and “Educational Attainment”). Most sub-categories contained at least two individual performance measures (e.g., “Total Population,” and “Population Growth 1990-2000”). One performance measure was used in some cases depending on data availability.

As mentioned above, the Demographic category included sub-categories for 1) Population – with individual measures for total population and growth in population – a measure of the available markets for good and services; 2) Household Income with individual measures for total household income and growth in household income – measuring the ability of consumers to purchase goods and services; and 3) Educational Attainment – with individual measures of the number of individuals with college degrees and high school diplomas and a measure of the growth of individuals in those categories – providing a view of the level of sophistication of the buyers in these markets.

The Workforce category included sub-categories for 1) Labor Force with individual measures for the total size and the growth of the total labor force; 2) the size and growth of employment in a number of key industries – manufacturing, construction, information, financial activities, and professional and business services; and 3) the portion of the workforce made up of highly skilled occupations.

The Business Cost category did not include all cost factors, but did include the major cost categories that comprise the “lion’s share” of total business costs. Sub-categories included 1) Wages – with individual measures for the level of wages and growth in wage costs; 2) State and Local Tax Burden – with individual performance measures for “State and Local Tax Burden as Percent of Income” and “Tax Burden Change” between 1990 and 2000; 3) Natural Gas Costs with individual measures for “Natural Gas Prices,” “Price Change,” and “Price Growth Rate”; 4) Electricity Costs with individual measures for “Electricity Prices (per BTU),” “Price Change,” and “Price Growth Rate”; and 5) Workers’ Compensation Costs with individual measures for “Workers’ Compensation Rate Ranking,” “Rate Change,” and “Rate Growth Rate.”

Finally, the Personal Quality of Life issues that businesses consider included sub-categories for 1) Residential Construction with individual measures the availability of housing as measured by the number of housing starts per 1000 residents and the growth in housing starts – i.e., is the State building enough homes for its residents?; 2) Home Ownership with individual measures for the number of individuals who own their home and the growth of home ownership; 3) Housing Affordability - a measure of housing affordability, as modeled by the National Association of Realtors Housing Affordability Index (HAI) and a measure of the growth in the index; 4) Educational Quality with individual measures for students per school, ACT scores and SAT scores and the growth in those measures; 5) Health Services Availability with individual measures for the number of residents per acute care hospital and the growth in that rate; 6) Personal Safety with individual measures for the FBI’s Crime Index Offense Rating (crime per 100,000 population) and the growth in that index; and 7) Commutes with individual measures for average drive time to work and the growth in total drive time.

Data Points and Caveats

As discussed above, generally, 1990 and 2000 datapoints were used for each of the individual measures. Growth measures were calculated on the basis of year 2000 data compared with 1990 data. The 1990 to 2000 time frame provided two datapoints with the greatest quantity and most credible information provided mainly through data collected in the official U.S. census conducted in those two years.

The scorecard then is a general measure, as of the end of the year 2000, of how California compared to the other fifteen states in the study group. States we believe compete with our State for the location of businesses that provide good paying jobs for Californians. The scorecard does not take into account every single factor considered by businesses in their location decisions. But, we believe the scorecard takes into account the important factors that usually tip the scale one way or the other on the preliminary piece of a location decision.

We also believe the business climate in a number of the categories and subcategories discussed above have worsened considerably since 2000. We believe this deterioration is so substantial that we discuss those issues below in the section entitled “High Profile Business Climate Factors.”

Grading Methodology

Each state’s performance was measured relative to the entire group of states and was judged based on an adjusted normal probability curve. Performance measures within one-half standard deviation of the mean performance for all states were given a grade of C. Performance measures above and below one-half standard deviation of the mean were given B and D grades, respectively. And performance measures above and below one full standard deviation of the mean were given A and F, respectively.

First, individual performance measures within each sub-category (e.g., Population Growth within the Population Sub-Category) were given letter grades based on the methodology discussed above. Second, a letter grade was assigned to each sub-category (e.g., Population) based on a grade point average calculated using an equal weighting of the letter grades for each of the individual measures within the subcategory. Finally, each major category (e.g., Demographic Characteristics) was assigned a letter grade based on a grade point average calculated using an equal weighting of the letter grades in each of the sub-categories.

To arrive at the overall grade for all the major categories taken together, the categories were weighted as follows: 1) 15% weight to “Demographic Characteristics”; 2) 30 percent weight to “Workforce”; 3) 40 percent weight to “Business Costs”; and 4) 15 percent to “Personal Quality of Life.” An overall weighted grade point average was calculated based on the letter grades in each major category using the grading methodology described above. States were then ranked by overall grade point average.

Results

For conditions that existed as of 2000, California’s overall grade was an “F” -- a failing grade -- because it ranked 15th out of the 16 states. Only one other state (New York) in the group had an overall grade point average lower than California.

As might be expected, California has some factors attractive to business and received favorable grades in some sub-categories. In the major categories, however, the State did no better than a C grade. In the all important “Business Cost” category, the State ranked next to last in the category due to the high cost of workers’ compensation, a heavy state and local tax burden, high wage costs and high costs for natural gas and

electricity. The cost of doing business is a major factor in the location decision and significantly affected the State's overall ranking.

UPDATING THE SCORECARD WHAT'S HAPPENED SINCE 2000

The Scorecard's rankings as of the year 2000 do not tell the entire story as of today. The State's current worker's compensation crisis, unemployment insurance crisis, mandatory health insurance legislation, the ongoing State budget debacle a still smoldering energy crisis, and an ever increasing litigious environment places the spotlight on a number of very important business climate factors: workers' compensation insurance premiums, state and local tax burden, statewide energy policy and costs. These factors play a very large role in the economic analysis of whether to locate or expand facilities in the Golden State. All these factors have worsened the business climate and/or have the potential for worsening in the very near future. These gathering dark clouds are not reflected in year 2000 data used in the California Scorecard study discussed above.

Workers' Compensation Insurance

All agree the workers' compensation insurance system in California is a shambles. The Scorecard, based of 2000 data, gave a grade of "F" as compared to our competitor -- California ranked 13th out of the 16th states. Since then, however, costs have skyrocketed from \$9 billion to over \$25 billion – all paid for by businesses. In fact, over the last two years businesses have held back on hiring workers and have let workers go as a direct result of this crisis.⁸

Worse still, little has been done so far to correct a system that is hemorrhaging costs so badly that even astronomical premium increases have not been able to keep up with the rising cost of claims. According to the Los Angeles Economic Development Corporation, this crisis will continue to act as an additional tax on business in California until reforms are enacted. In the meantime, this factor likely is driving employees into the "informal" underground economy.⁹ The Business Climate Survey identified the workers' compensation crisis as one of the top issues for business executives, receiving the highest number of first mentions and total mentions of the biggest problems facing California businesses today.¹⁰

A recently released report by the Bureau of State Audits outlines a picture of a system on the verge of collapse. In fact, 27 percent of workers' compensation insurers have declared bankruptcy and the State Compensation Insurance fund which carries 50 percent of the market is in serious financial condition. According to the report, the system "is unnecessarily complex, costly and difficult to manage." Medical fee schedules, despite statutory requirements to the contrary, have not been updated since 1999. Overall utilization of the system is 71 percent higher in California than in other states and "injured workers in California have 49 percent more visits with physicians and 105 percent more chiropractor visits."¹¹

The Auditor General makes specific recommendations regarding improvements to the system that must be made to make the system less complex, monitor and control costs, bring premium back in line with the rest of the country, and to improve the medical payment system. Many of these recommendations can be implemented by the administrative director of the Department of Industrial Relations, Division of Workers' Compensation, but other recommendations may require changes in state law. These changes must be

⁸ Kyser, Jack, et al, "The 2003-2004 Economic Forecast and Industry Outlook – Mid-Year Update, Los Angeles Economic Development Corporation (July 2003), p.14.

⁹ Ibid.

¹⁰ Business Climate Survey, (April 2003)

¹¹ Bureau of State Audits, "California's Worker's Compensation Program: The Medical Payment System Does Not Adequately Control the Costs to Employers to Treat Injured Workers or Allow for Adequate Monitoring of System Costs and Patient Care" (August 2003), Report No. 2003-108.1.

implemented as soon as possible to avoid the collapse of the system. The Legislature did approve some changes at the end of its session with savings estimated at \$2.6 billion.¹² More will need to be done before these costs are brought under control.

The lack of action by policymakers to resolve this grave problem directly reflects on the State's business climate reputation. Attention to the problem and action to correct the situation can send the message to the business community that the State is interested in their businesses and the jobs they bring.

State and Local Tax Burden

The State's ongoing budget crisis creates enormous uncertainty for businesses. Local businesses utilize the services of and contract with local government which may be impacted by budget cuts. More importantly, they also read and hear about proposals put out by the Legislature and the Governor to fill the budget gap with increased taxes and fees (e.g., "Sinclair" fees) primarily aimed at businesses and aimed at those individual who invest capital in businesses.¹³

The Washington, D.C. based Tax Foundation recently published its first annual "State Business Tax Climate Index," a comprehensive measure taking into account the state's corporate tax, individual income tax, sales/use tax, the size of the state and local tax burden, the likelihood of future tax increases, and the degree of conformity with the tax laws of the federal government and other states.

The index is based on two concepts. First, the study began with the premise that tax systems should be fair and "neutral." That is, a tax system should maintain a "level playing field" across all types of businesses and business transactions.¹⁴ Second, the index is based on how each state compared to other state's around the country. High ranking states on the index generally maintain tax systems that have a relatively low tax burden and do not favor some economic activities or business transactions while penalizing others. Low ranking states had complex, multiple rate corporate and/or personal income tax codes with high compliance costs, above average tax rates, taxed business inputs and had high overall tax burdens that grew faster than personal income

California did not fair well; ranking 49th. Only Mississippi had a lower index measure.

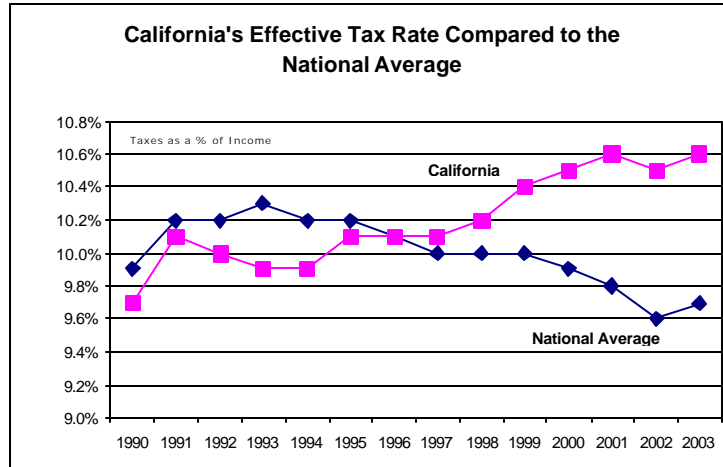
First, California has the highest corporate tax rate in the West. Second, both the corporate tax and the personal income tax are subject alternative minimum tax, maximizing the potential for double taxation of corporate income. The personal income tax has the highest tax rate in the country for someone earning \$40,000 and, at the higher income brackets has only two states with higher tax rates. California also has one of the highest sales tax rates in the country and exempt very few business to business transactions such as manufacturing machinery, agricultural equipment and high technology items. This study, of course, did not take into account the recently enacted special ½ cent sales tax that will be used to retire an almost \$11 billion accumulated State deficit.

With regard to the overall tax burden, the ratio of California taxes to statewide personal income, California again ranked 49th. This is a measure not only of the ratio, but how much the ratio has grown over the years. The effective tax rate (i.e., California tax burden divided by statewide personal income) for the State is 10.6%, far above the national average of 9.7%. But, the effective tax rate has grown substantially over the years increasing from 10.0% in 1992 to 10.6% in 2003.

¹² Source: Workers' Compensation Insurance Rating Bureau (September 2003).

¹³ LAEDC, "2003-2004 Economic Forecast and Industry Outlook," p. 14.

¹⁴ Tax Foundation, "State Business Climate Index," Background Paper (May 2003), Number 41, p. 2



This Tax Foundation score does not accurately reflect the threat of future tax increases, potentially substantial tax increases, to solve the State’s severe fiscal crisis. Estimates of the ongoing structural imbalance range from \$7.9 billion (Legislative Analyst’s Office) to \$10 billion (Senate Republican Caucus) or more. Among the proposals are 1) increasing the corporate tax rate; 2) increasing the top personal income tax brackets on the wealthiest Californians; 3) further increases in the sales tax rate; and, perhaps most alarming 4) a split property tax roll that would tax business property at a higher rate than individuals’ property.

The uncertainty surrounding these proposals and their resulting increased tax burden for businesses has a direct impact on business investment decisions in the State. If all of these proposals were to be adopted in the coming fiscal year as a means of balancing the State’s budget, the additional tax burden would be significant. The estimated total additional taxes would be:

Increase in Corporate Tax Rate	\$ 365 million
Add Tax Brackets for High Income Individuals	\$2,000 million
Additional One-Half Cent Sales Tax	\$2,400 million
Split Roll Property Tax	<u>\$2,900 million</u>
Total Estimated Additional Tax Burden	\$7,665 million

Most of this tax burden will fall on businesses directly or on business owners (e.g., through higher personal income taxes). All of the increase in corporate tax and the split roll would be paid by business. In addition, most of the higher personal income taxes will be paid by business owners since such a large number of California businesses are owned by individuals who pay personal income tax on their business income. Finally, because so many business-to-business transactions are subject to sales tax in California, the majority of the sales tax increase would be paid by businesses.

Energy Costs

As discussed above, California’s energy crisis is far from over. Uncertainty with regard to potential future power costs continues to be one the mind of business leaders.¹⁵ First, state energy policy decisions have discouraged investment in generation facilities leaving peak capacity in jeopardy in the future - perhaps as early as 2006. Second, one of the three major investor-owned utilities remains in bankruptcy and its ratepayers still do not know how their rates will be affected by a bankruptcy settlement – this utility serves an enormous area in Northern California including Silicon Valley which is home to chip manufacturers and other concerns that are major users of electricity and profit sensitive to power prices.

¹⁵ See Business Climate Survey (April 2003).

The State remains bound by high-cost Department of Water Resources (DWR) power contracts negotiated and signed during the peak of the energy crisis two years ago. The cost of these contracts is calculated into the electricity rates of residential and business customers of Southern California Edison, San Diego Gas & Electric and Pacific Gas & Electric, the three investor owned utilities (IOUs) in California and cannot be avoided. A recent decision by the California Public Utilities Commission (CPUC) requires IOU customers to pay their fair share of the cost of these expensive contracts even if they choose to leave the IOU's system and join a municipal electric utility system or provide power through self-generation.

Unemployment Insurance Costs

The State's Unemployment Insurance Fund (Fund), 100 percent funded with employer contributions, is bankrupt. A revised forecast recently released by the Employment Development Department (EDD) reveals the Fund will be \$1.4 billion in the red by the end of 2004. As recently as the end of 2002, the Fund had reserves of over \$3.5 billion.

What happened? Fraudulent claims, estimated at \$280 million or more annually, and recent legislation which increased weekly benefits and required the start of family paid leave on January 1, 2004 all contribute to the growing problem. And the problem will grow by leaps and bounds without substantial increases in employer taxes. Employers were told at a recent stakeholder workshop conducted by EDD an additional \$3 billion to \$5 billion *annually* will be needed to keep the Fund afloat.

Under all proposals being considered by the EDD, businesses will be required to bail out the Fund completely. In addition to a 15 percent "Emergency Solvency Surcharge," employers will be required to make a \$2 billion Unemployment Insurance tax increase in 2004 alone. The cost per employee over the next five years will soar from \$175 to \$415 by end of 2007.

Mandatory Health Insurance for Employees

Legislation enacted at the end of the current session of the California Legislature requires each employer with over 20 employees to provide basic health insurance. According to legislative committee analysis, this requirement will cost businesses, mostly small businesses, approximately \$5.7 billion per year.¹⁶

State Liability System

In a recent study conducted by the *The Harris Poll*, 82 percent of those interviewed reported that the litigation environment affect business decisions including decisions about where to locate or expand business facilities.¹⁷ The study, conducted annually for the U.S. Chamber Institute for Legal Reform, measured the perceptions of 928 senior corporate legal executives nationwide with actual litigation experience in the state systems. The following features of legal systems in all 50 states were examined:

¹⁶ Los Angeles Economic Development Corporation, "Analysis of the Economic Impacts of Mandatory Health Coverage in California" (Prepared for the California Chamber of Commerce, September 8, 2003.), p.2.

¹⁷ Taylor, Humphrey, et al, "2003 U.S. Chamber of Commerce State Liability Systems Ranking Study," (April 4, 2003) p. 8.

- Overall treatment of tort and contract litigation
- Treatment of class actions
- Punitive damage awards
- Summary judgment/dismissal
- Discovery
- Scientific and technical evidence
- Judges' impartiality
- Judges' competence
- Juries' predictability
- Juries' fairness

Most states, 33 in all, were perceived by these executives to be doing an “average” or “fair” job of managing business litigation and 6 states were perceived as doing at least a “good” job.

Overall, California ranked 44th in the perception of its legal system. Not surprisingly, the executives' perception of the availability and quality of scientific and technical evidence in the State received the highest ranking (30th). The perception of judges was a little better than the rest of the categories (37th for Judges' Impartiality and 32nd for Judges' Competence). In the other categories, however, the State ranked from 41st (Punitive Damages) to 48th (Juries' Predictability). Those conducting the study placed California in the pool of states with a “Poor” perception.¹⁸

¹⁸ Ibid., p.16.

THE IMPACT ON STATE FINANCES

An uncompetitive business environment will have a direct impact on business investment and the creation of jobs in the State. Businesses will simply locate elsewhere and hire employees in another state. With higher costs, higher taxes, more litigation and more regulations, the decision is simple to make. The question is what impact will the location of jobs and businesses in other states have on California's own finances? With the State's budget imbalance, this should be a matter for consideration by policymakers.

Although the impact on state finances cannot be predicted with absolute certainty, an improved business climate with more business investment would result in more jobs and more personal income for Californians. With increased personal income would come additional state revenues particularly in the form of personal income taxes on wages and sales taxes paid on taxable items purchased.

Although there has been some variation over the years, the average state taxes paid per \$1,000 of personal income in California has averaged just over \$75. The State Department of Finance projects 2003 total personal income for the State of around \$1.174 trillion dollars, an increase of 3.1 percent over 2002. For 2004, growth of 4.9 percent or \$1.232 trillion dollars is forecast.¹⁹ Higher growth in more personal income, however, will translate into more general fund revenue. For example, if, with an improved business climate, the State experienced only one-half percent greater annual growth in personal income in 2003 (i.e., 3.6% rather than 3.1%) and 2004 (i.e., 5.4% rather than 4.9%), the State would realize almost \$1 billion in additional revenue over those fiscal years. That sort of growth potentially could be realized if the State simply restored half of the 300,000 jobs lost over the last two years.²⁰

Given the State's current general fund expenditure commitments, the following programs would benefit from the additional \$ 1 billion in revenue:

- K-12 Education \$390 million
- Higher Education \$120 million
- Health & Human Services \$280 million
- Prisons \$ 76 million
- Resources & Environment \$ 14 million

These are estimates of the way in which the additional revenues would be spent in a balanced budget environment. Of course, in the current budget crisis, the additional \$1 billion could be an additional resource badly needed to reduce the ongoing budget deficit.

¹⁹ Since 1970, the State has, through ups and downs in economic cycles, averaged 8.3 percent annual growth in total personal income. Source: U.S. Bureau of Economic Analysis.

²⁰ If all those jobs were restored, it is estimated the State would realize over \$1.5 billion in additional revenue over two fiscal years.

BOTTOM LINE

Although the national economy officially has begun its recovery, California does not stand poised to actively participate. Based on 2000 data, compared with 15 competitor states, California's business climate ranked next to last. Things have gotten worse, however, and we now are one of the most business unfriendly states in the country. We are losing business investment and opportunities to create jobs because of **enormous increases in the cost of doing business** and because of **significant uncertainties** with regard to several critical business cost factors.

- First, workers' compensation costs have increased dramatically since 2000 and it is uncertain whether the Legislature will make cost saving changes to the system or simply continue to have businesses pay for these costs;
- Second, California's continuing budget crisis raises the likelihood of significant tax increases in the next few years. Most of these tax increases, almost \$7.7 billion it is estimated, would be paid for by businesses;
- Third, since 2000 the unemployment insurance fund has become, effectively, bankrupt. It is estimated that \$3 to \$5 billion in new UI premiums – all paid by businesses – will be needed to keep the system afloat;
- Fourth, energy costs – a critical factor for many businesses in the State – still have not stabilized since the energy crisis two years ago. Unless these markets are stabilized and more generation facilities are built in the State, this uncertainty will continue to plague these businesses; and
- Fifth, new mandatory health insurance coverage for employees will add an estimated \$5 billion statewide in new business costs.

These costs represent an enormous additional burden for California employers and will no doubt result in the location of business facilities elsewhere and will significantly discourage job creation in our State.

APPENDIX A

CALIFORNIA BUSINESS SCORECARD

CALIFORNIA BUSINESS SCORECARD

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Introduction

California boasts one of the largest economies in the world; however, global economic competition as well as state competition has been steadily increasing over recent decades. In this sense, it is important to have a clear understanding of California’s economic development factors compared to some of its main competitors within the United States.

The SAER Group engaged the Sacramento Regional Research Institute to analyze various economic development factors and evaluate the business competitiveness of California and its major competitors. Comparisons were completed for states widely regarded as competitors to California including:

<ul style="list-style-type: none"> • Arizona • Colorado • Florida • Georgia • Illinois • Massachusetts • Michigan • Nevada 	<ul style="list-style-type: none"> • New York • North Carolina • Ohio • Oregon • Texas • Utah • Washington
--	---

The data analysis was conducted in order to build a business scorecard to readily identify areas where California is superior or inferior to other states. The scorecard was developed using norm-referenced assessment, which measured individual state performance relative to the group of comparison states (listed above) and based on an adjusted normal probability curve. Grades for each state and each factor were distributed at different levels, including A, B, C, D, or F. Since grades were distributed over a curve that did not necessarily fit into a normal curve standard, SRRRI made modifications to the norm-referenced system, and a true curve was not strictly observed. At the end, an overall average grade was assigned to each state based on the average overall grade. The overall grade calculation was weighted assigning 15 percent of the weight to “Demographic Characteristics,” 30 percent to “Workforce,” 40 percent to “Business Costs,” and 15 percent to “Personal Quality of Life.” The overall score was calculated based on a grade point average methodology assigning a standard number to each letter grade, conducting a norm-referenced assessment, and converting the average back into a final letter grade. Additionally, each state was given an overall rank based upon their overall score.

This document presents the overall economic development scorecard as well as a summary of the data used to develop the scorecard for each individual economic development factor. Data was collected and analyzed for a large number of variables and included in the summary; however, some variables were not used as part of the grading for the final scorecard.

SCORECARD

California Business Scorecard

<i>Economic Development Factor</i>	CA	CO	UT	AZ	TX	GA	IL	WA	MI	OR	MA	NC	FL	NV	OH	NY
Demographic Characteristics	C	B	B	C	C	C	C	C	C	C	C	C	C	D	D	C
Population	B	C	C	B	B	C	C	C	C	C	C	C	B	C	D	C
Household Income	C	A	A	C	D	C	B	B	C	C	C	D	D	C	C	D
Educational Attainment	D	A	C	D	D	B	B	B	C	C	A	C	C	F	C	C
Workforce	C	B	B	B	C	C	C	C	C	C	C	C	C	C	C	D
Labor Force	C	C	B	C	B	C	C	D	C	D	C	C	C	C	C	C
Manufacturing Employment	C	C	B	C	C	C	C	B	C	D	B	C	C	B	D	
Construction Employment	D	A	B	A	C	C	D	C	C	C	D	B	D	A	C	D
Information Employment	B	A	B	C	C	B	C	A	F	C	C	C	C	C	F	C
Financial Activities Employment	D	B	B	A	C	C	C	C	D	C	C	D	B	B	C	C
Professional & Business Services Employment	B	B	B	A	C	B	C	D	C	C	C	C	C	C	D	D
Highly Skilled Occupations	C	B	C	C	C	C	C	B	C	C	B	C	C	D	C	C
Business Costs	D	B	B	B	C	C	C	C	B	C	C	C	C	C	C	D
Wages	F	C	B	B	C	B	C	D	C	C	D	B	B	C	B	D
State and Local Taxes	D	B	F	B	A	C	C	B	C	B	C	B	B	B	D	C
Natural Gas Costs	D	B	A	C	C	C	D	C	A	B	D	F	C	C	C	D
Electricity Costs	D	C	A	B	D	B	B	C	C	C	D	C	B	D	C	F
Workers' Compensation Costs	F	C	B	A	C	C	B	C	C	C	A	B	F	F	F	C
Personal Quality of Life	C	C	C	C	C	C	C	C	C	C	C	C	D	C	C	C
Residential Construction	D	A	B	A	B	B	C	D	C	C	D	B	C	B	C	D
Home Ownership	D	B	B	B	C	C	C	C	C	C	D	C	C	B	C	F
Housing Affordability	C	D	F	C	A	C	C	D	D	F	B	C	B	C	B	B
Education Quality	D	C	C	C	D	F	B	B	B	B	C	C	D	D	C	C
Health Services Availability	A	D	D	D	B	A	C	B	D	C	B	A	D	C	C	D
Personal Safety	A	B	C	D	C	C	C	D	C	D	A	D	C	C	C	A
Commutes	C	C	A	C	C	F	C	C	C	A	D	D	F	C	A	C
Overall Grade*	F	A	A	B	B	B	C	C	C	C	C	C	D	D	D	F
Overall Rank*	15	1	2	3	4	5	6	7	8	9	10	11	12	13	14	16

Sacramento Regional Research Institute, September 2003

Data Sources: See specific summary data sheets

*Note: The overall grade and rank calculations were weighted assigning 15 percent of the weight to "Demographic Characteristics," 30 percent to "Workforce," 40 percent to "Business Costs," and 15 percent to "Personal Quality of Life."

DEMOGRAPHIC CHARACTERISTICS

Population

State	Population 2000	Population growth rate 1990-2000
CA		
Data	33,871,648	13.8%
Grade	A	C
AZ		
Data	5,130,632	40.0%
Grade	D	A
CO		
Data	4,301,261	30.8%
Grade	D	B
FL		
Data	15,962,378	23.5%
Grade	B	C
GA		
Data	8,186,453	26.4%
Grade	C	C
IL		
Data	12,419,293	8.6%
Grade	C	D
MA		
Data	6,349,097	5.5%
Grade	C	D
MI		
Data	9,936,444	6.9%
Grade	C	D
NV		
Data	1,996,257	66.3%
Grade	F	A
NY		
Data	18,976,457	5.5%
Grade	B	D
NC		
Data	8,049,313	21.4%
Grade	C	C
OH		
Data	11,353,140	4.7%
Grade	C	F
OR		
Data	3,421,399	20.4%
Grade	D	C
TX		
Data	20,851,820	22.8%
Grade	A	C
UT		
Data	2,233,169	29.6%
Grade	D	B
WA		
Data	5,894,121	21.1%
Grade	D	C

Sacramento Regional Research Institute, August 2003
 Data Source: US Census Bureau, Census 1990 and 2000

MEAN	10,559,805	21.7%
SD	8,437,038	15.8%
CUT-OFF POINTS		
A	18,996,843	37.5%
B	14,778,324	29.6%
C	6,341,266	13.8%
D	2,122,767	5.9%

DEMOGRAPHIC CHARACTERISTICS

Household Income

State	Median Household income 2000	Household income growth rate 1990-2000
CA		
Data	\$47,493	32.7%
Grade	A	F
AZ		
Data	\$40,558	47.3%
Grade	D	C
CO		
Data	\$47,203	56.6%
Grade	A	A
FL		
Data	\$38,819	41.2%
Grade	F	C
GA		
Data	\$42,433	46.2%
Grade	C	C
IL		
Data	\$46,590	44.5%
Grade	B	C
MA		
Data	\$50,502	38.7%
Grade	A	F
MI		
Data	\$44,687	44.0%
Grade	C	C
NV		
Data	\$44,581	43.7%
Grade	C	C
NY		
Data	\$43,393	31.6%
Grade		F
NC		
Data	\$39,184	47.0%
Grade	F	C
OH		
Data	\$40,956	42.7%
Grade	D	C
OR		
Data	\$40,916	50.2%
Grade	D	B
TX		
Data	\$39,927	47.6%
Grade	F	C
UT		
Data	\$45,726	55.2%
Grade	B	A
WA		
Data	\$45,776	46.8%
Grade	B	C

Sacramento Regional Research Institute, August 2003
 Data Source: US Census Bureau, Census 1990 and 2000

MEAN	\$43,670	44.6%
SD	\$3,432	6.9%
CUT-OFF POINTS		
A	\$47,102	51.5%
B	\$45,368	48.1%
C	\$41,854	41.2%
D	\$40,238	37.8%

DEMOGRAPHIC CHARACTERISTICS

Educational Attainment

State	Percent of population over age 25 with bachelor's degrees or higher	Percent change of bachelor's or higher degrees in total composition 1990-2000	Percent of population over age 25 with high school or lower level education	Percent change of high school or lower level education in total composition 1990-2000
CA				
Data	26.6%	3.3%	43.3%	-2.8%
Grade	C	F	C	F
AZ				
Data	23.5%	3.2%	43.3%	-4.1%
Grade	C	F	C	F
CO				
Data	32.7%	5.7%	36.3%	-5.6%
Grade	A	A	A	C
FL				
Data	22.3%	4.1%	46.9%	-6.9%
Grade	D	C	D	C
GA				
Data	24.3%	5.0%	50.1%	-8.6%
Grade	C	B	D	A
IL				
Data	26.1%	5.0%	46.3%	-7.5%
Grade	C	B	C	B
MA				
Data	33.2%	6.0%	42.5%	-7.2%
Grade	A	A	B	B
MI				
Data	21.8%	4.4%	47.9%	-7.6%
Grade	D	C	C	B
NV				
Data	18.2%	2.9%	46.7%	-4.1%
Grade	F	F	D	F
NY				
Data	27.4%	4.2%	48.7%	-6.0%
Grade	B	C	D	C
NC				
Data	22.5%	5.1%	50.3%	-8.7%
Grade	D	B	D	A
OH				
Data	21.1%	4.1%	53.1%	-7.6%
Grade	D	C	F	B
OR				
Data	25.1%	4.5%	41.1%	-6.3%
Grade	C	C	B	C
TX				
Data	23.2%	2.9%	49.2%	-4.3%
Grade	C	F	D	F
UT				
Data	26.1%	3.9%	36.9%	-5.2%
Grade	C	C	A	D
WA				
Data	27.7%	4.8%	37.8%	-6.3%
Grade	B	B	A	C

Sacramento Regional Research Institute, August 2003
Data Source: US Census Bureau, Census 1990 and 2000

MEAN	25.1%	4.3%	45.3%	-6.2%
SD	4.0%	0.9%	5.2%	1.7%
CUT-OFF POINTS				
A	29.1%	5.2%	40.1%	-7.9%
B	27.1%	4.8%	42.7%	-7.0%
C	23.1%	3.8%	47.6%	-5.3%
D	21.1%	3.4%	50.5%	-4.5%

WORKFORCE

Labor Force

State	Labor force 2000	Labor force growth rate 1990-2000	Unemployment rate 2000	Number employed 2000	Employed growth rate 1990-2000
CA					
Data	15,829,202	5.58%	7.01%	14,718,928	5.2%
Grade	A	D	F	A	F
AZ					
Data	2,387,139	38.16%	5.59%	2,233,004	39.2%
Grade	D	C	C	D	A
CO					
Data	2,304,454	33.00%	4.31%	2,205,194	35.0%
Grade	D	C	A	D	B
FL					
Data	7,407,458	20.11%	5.57%	6,995,047	20.4%
Grade	B	C	C	B	C
GA					
Data	4,082,808	23.93%	5.49%	3,839,756	24.3%
Grade	C	C	C	C	C
IL					
Data	6,208,597	6.99%	6.05%	5,833,185	7.7%
Grade	C	D	C	C	D
MA					
Data	3,312,039	2.04%	4.56%	3,161,087	4.4%
Grade	C	D	B	C	F
MI					
Data	4,922,453	8.41%	5.79%	4,637,461	11.3%
Grade	C	D	C	C	D
NV					
Data	995,200	53.69%	6.22%	933,280	53.6%
Grade	F	B	D	F	A
NY					
Data	9,023,098	0.37%	7.09%	8,382,988	0.1%
Grade	A	D	F	B	F
NC					
Data	4,039,732	18.76%	5.32%	3,824,741	16.1%
Grade	C	C	C	C	C
OH					
Data	5,684,790	7.67%	4.97%	5,402,175	9.5%
Grade	C	D	B	C	D
OR					
Data	1,740,298	23.68%	6.47%	1,627,769	23.3%
Grade	D	C	D	D	C
TX					
Data	9,830,559	19.61%	6.06%	9,234,372	21.0%
Grade	A	C	C	A	C
UT					
Data	2,030,709	161.20%	2.69%	1,044,362	41.9%
Grade	D	A	A	F	A
WA					
Data	2,979,824	22.47%	6.25%	2,793,722	21.8%
Grade	D	C	D	D	C

Sacramento Regional Research Institute, August 2003
Data Source: US Census Bureau, Census 1990 and 2000

MEAN	4,453,236	27.9%	5.29%	4,020,480	23.5%
SD	3,384,965	38.3%	1.56%	3,360,842	11.6%
CUT-OFF POINTS					
A	7,838,201	66.1%	3.72%	7,381,322	35.1%
B	6,145,718	47.0%	4.51%	5,700,901	29.3%
C	2,760,754	8.7%	6.07%	2,340,059	17.7%
D	1,068,271	-10.4%	6.85%	659,838	11.9%

WORKFORCE

Manufacturing and Construction Employment

State	Manufacturing as a percent of non-farm employment 2000	Percent change 1990-2000	Construction as a percent of non-farm employment 2000	Percent change 1990-2000
CA				
Data	13.3%	-5.2%	5.2%	13.4%
Grade	C	D	C	F
AZ				
Data	9.7%	18.9%	7.6%	99.7%
Grade	D	C	A	B
CO				
Data	9.0%	12.6%	7.7%	158.0%
Grade	D	C	A	A
FL				
Data	6.7%	40.6%	6.0%	20.3%
Grade	F	A	C	F
GA				
Data	14.1%	4.9%	5.4%	82.1%
Grade	C	C	C	C
IL				
Data	15.0%	-4.8%	4.7%	45.9%
Grade	B	D	D	D
MA				
Data	12.7%	-18.0%	4.0%	43.9%
Grade	C	F	F	D
MI				
Data	19.9%	7.1%	4.7%	56.5%
Grade	A	C	D	C
NV				
Data	4.3%	76.4%	8.9%	87.2%
Grade	F	A	A	B
NY				
Data	9.1%	-23.6%	3.9%	30.6%
Grade	D	F	F	D
NC				
Data	20.1%	-8.0%	6.1%	88.9%
Grade	A	D	C	B
OH				
Data	18.9%	-4.1%	4.6%	47.1%
Grade	A	D	D	C
OR				
Data	14.5%	10.0%	5.4%	78.0%
Grade	C	C	C	C
TX				
Data	11.6%	12.7%	6.2%	74.4%
Grade	C	C	C	C
UT				
Data	12.0%	21.2%	6.9%	84.7%
Grade	C	B	B	B
WA				
Data	12.7%	-1.2%	6.2%	53.6%
Grade	C	C	C	C

Sacramento Regional Research Institute, August 2003
 Data Source: Bureau of Labor Statistics

MEAN	12.7%	6.8%	5.9%	66.5%
SD	4.5%	23.8%	1.4%	35.8%
CUT-OFF POINTS				
A	17.2%	32.6%	7.3%	102.1%
B	15.0%	20.7%	6.6%	84.3%
C	10.5%	-3.1%	5.1%	46.7%
D	6.3%	-15.0%	4.4%	31.0%

WORKFORCE

Information and Financial Activities Employment

State	Information as a percent of non-farm employment 2000	Percent change 1990-2000	Financial Activities as a percent of non-farm employment 2000	Percent change 1990-2000
CA				
Data	4.1%	47.3%	5.7%	-3.3%
Grade	A	C	C	F
AZ				
Data	2.5%	65.3%	7.0%	53.2%
Grade	D	C	B	A
CO				
Data	5.1%	108.2%	6.9%	40.8%
Grade	A	A	B	B
FL				
Data	2.8%	23.2%	6.8%	23.1%
Grade	C	D	B	C
GA				
Data	3.8%	65.8%	5.5%	33.0%
Grade	B	C	D	C
IL				
Data	2.8%	16.2%	7.0%	8.0%
Grade	C	D	B	D
MA				
Data	3.5%	26.9%	7.1%	13.4%
Grade	B	D	B	D
MI				
Data	1.7%	8.2%	4.8%	7.2%
Grade	F	F	F	D
NV				
Data	1.9%	75.2%	5.3%	65.5%
Grade	F	B	D	A
NY				
Data	3.8%	11.5%	9.0%	-4.2%
Grade	B	D	A	F
NC				
Data	2.2%	42.0%	4.7%	30.6%
Grade	D	C	F	C
OH				
Data	2.0%	5.4%	5.7%	20.8%
Grade	F	F	C	C
OR				
Data	2.8%	47.2%	5.5%	35.2%
Grade	C	C	D	C
TX				
Data	3.0%	53.8%	6.3%	23.7%
Grade	C	C	C	C
UT				
Data	3.4%	164.5%	5.8%	69.7%
Grade	C	A	C	A
WA				
Data	3.7%	97.1%	5.5%	25.8%
Grade	B	A	D	C

Sacramento Regional Research Institute, August 2003
 Data Source: Bureau of Labor Statistics

MEAN	3.0%	53.8%	6.1%	27.7%
SD	0.9%	42.7%	1.1%	21.9%
CUT-OFF POINTS				
A	4.0%	96.3%	7.2%	49.5%
B	3.5%	74.9%	6.7%	38.6%
C	2.6%	32.3%	5.6%	16.7%
D	2.1%	10.9%	5.0%	5.8%

WORKFORCE

Professional & Business and Education & Health Services Employment

State	Prof. & Bus. Services as a percent of non-farm employment 2000	Percent change 1990-2000	Edu. & Health Services as a percent of non-farm employment 2000	Percent change 1990-2000
CA				
Data	16.0%	48.2%	10.0%	25.2%
Grade	A	D	C	D
AZ				
Data	15.1%	126.7%	9.8%	56.9%
Grade	B	A	D	B
CO				
Data	14.8%	76.6%	9.0%	46.9%
Grade	B	C	D	C
FL				
Data	17.4%	20.3%	11.9%	18.3%
Grade	A	F	C	F
GA				
Data	14.2%	62.1%	9.2%	50.7%
Grade	C	B	D	B
IL				
Data	14.4%	45.9%	11.7%	26.7%
Grade	C	D	C	D
MA				
Data	15.3%	43.9%	17.0%	18.8%
Grade	B	D	A	F
MI				
Data	14.2%	56.5%	11.1%	21.9%
Grade	C	C	C	D
NV				
Data	11.0%	67.2%	6.3%	80.6%
Grade	F	B	F	A
NY				
Data	13.5%	30.6%	16.6%	28.2%
Grade	C	F	A	D
NC				
Data	11.7%	66.9%	10.0%	67.3%
Grade	F	B	C	A
OH				
Data	11.9%	47.1%	12.6%	25.3%
Grade	D	D	B	D
OR				
Data	11.8%	78.0%	11.2%	32.8%
Grade	D	C	C	C
TX				
Data	12.1%	74.4%	11.0%	46.3%
Grade	D	C	C	C
UT				
Data	13.2%	64.7%	9.8%	53.6%
Grade	C	B	C	B
WA				
Data	11.7%	53.8%	11.2%	41.5%
Grade	F	C	C	C

Sacramento Regional Research Institute, August 2003

Data Source: Bureau of Labor Statistics

Note: Data for Health Services Employment was collected but not used in the final grading process

MEAN	13.7%	65.4%	11.2%	40.2%
SD	1.8%	27.1%	2.6%	16.5%
CUT-OFF POINTS				
A	15.5%	92.5%	13.8%	58.7%
B	14.6%	79.0%	12.5%	49.4%
C	12.7%	51.8%	9.9%	30.8%
D	11.8%	36.4%	8.5%	21.7%

WORKFORCE

Trade, Transportation, & Utilities and Government Employment

State	Trade, Transportation & Utilities as a percent of non-farm employment 2000	Percent change 1990-2000	Government as a percent of non-farm employment 2000	Percent change 1990-2000	
CA					
	Data	19.4%	12.5%	16.6%	11.7%
	Grade	D	D	C	C
AZ					
	Data	20.2%	38.7%	16.9%	41.6%
	Grade	C	B	B	A
CO					
	Data	19.6%	37.5%	15.8%	21.7%
	Grade	C	B	C	C
FL					
	Data	22.1%	24.7%	14.8%	-25.8%
	Grade	A	C	D	F
GA					
	Data	22.7%	28.0%	15.8%	12.3%
	Grade	A	C	C	C
IL					
	Data	21.5%	8.8%	14.5%	9.6%
	Grade	B	D	D	C
MA					
	Data	18.6%	4.4%	13.2%	5.6%
	Grade	F	F	F	D
MI					
	Data	19.6%	12.6%	15.1%	7.5%
	Grade	C	D	C	C
NV					
	Data	18.5%	66.2%	12.2%	61.0%
	Grade	F	A	F	A
NY					
	Data	18.6%	-2.0%	17.7%	-0.4%
	Grade	F	F	A	D
NC					
	Data	19.9%	19.1%	16.5%	26.5%
	Grade	C	C	C	B
OH					
	Data	20.6%	15.2%	14.5%	8.7%
	Grade	C	D	D	C
OR					
	Data	21.1%	23.2%	17.2%	19.6%
	Grade	B	C	B	C
TX					
	Data	21.8%	26.0%	17.2%	23.6%
	Grade	A	C	B	C
UT					
	Data	21.1%	43.3%	17.7%	23.1%
	Grade	B	A	A	C
WA					
	Data	20.4%	22.8%	16.8%	21.6%
	Grade	C	C	A	C

Sacramento Regional Research Institute, August 2003

Data Source: Bureau of Labor Statistics

Note: Data for Trade, Transportation & Utilities and Government Employment was collected but not used in the final grading process

MEAN	20.4%	23.8%	15.9%	16.7%
SD	1.3%	16.8%	1.7%	18.8%
CUT-OFF POINTS				
A	21.7%	40.6%	17.6%	35.5%
B	21.0%	32.2%	16.8%	28.1%
C	19.7%	15.4%	15.0%	7.4%
D	19.1%	7.0%	14.1%	-2.0%

WORKFORCE

Natural Resources & Mining and Leisure & Hospitality Employment

State	Natural Resources & Mining as a percent of non-farm employment 2000	Percent change 1990-2000	Leisure & Hospitality as a percent of non-farm employment 2000	Percent change 1990-2000
CA				
Data	0.2%	-27.0%	9.5%	20.7%
Grade	C	D	C	D
AZ				
Data	0.5%	-22.5%	10.6%	43.6%
Grade	C	C	C	B
CO				
Data	0.6%	-28.6%	11.5%	47.3%
Grade	B	D	C	A
FL				
Data	0.1%	31.4%	11.5%	-6.4%
Grade	D	A	C	F
GA				
Data	0.4%	-13.1%	8.8%	35.8%
Grade	C	C	C	C
IL				
Data	0.2%	-46.6%	8.4%	23.5%
Grade	C	F	C	C
MA				
Data	0.0%	-10.9%	8.5%	15.9%
Grade	D	C	C	D
MI				
Data	0.2%	-17.5%	8.9%	20.8%
Grade	C	C	C	D
NV				
Data	1.1%	-22.0%	30.5%	58.1%
Grade	A	C	A	A
NY				
Data	0.1%	-18.4%	7.7%	11.0%
Grade	D	C	D	F
NC				
Data	0.2%	6.9%	8.5%	37.2%
Grade	C	A	C	C
OH				
Data	0.2%	-27.9%	8.9%	20.4%
Grade	C	D	C	D
OR				
Data	0.6%	-24.0%	10.0%	35.1%
Grade	B	C	C	C
TX				
Data	1.6%	-12.2%	9.0%	37.8%
Grade	A	C	C	C
UT				
Data	0.7%	-5.6%	9.3%	53.6%
Grade	B	B	C	A
WA				
Data	0.4%	-20.2%	9.7%	32.0%
Grade	C	C	C	C

Sacramento Regional Research Institute, August 2003

Data Source: Bureau of Labor Statistics

Note: Data for Natural Resources & Mining and Hospitality Employment was collected but not used in the final grading process

MEAN	0.4%	-16.1%	10.7%	30.4%
SD	0.4%	17.2%	5.4%	16.7%
CUT-OFF POINTS				
A	0.8%	1.1%	16.1%	47.1%
B	0.6%	-7.5%	13.4%	38.8%
C	0.2%	-24.7%	8.0%	22.0%
D	0.0%	-33.4%	5.3%	13.7%

WORKFORCE

Highly Skilled Occupations

State	General and Operations Managers Percent of total employment	Accountants and Auditors Percent of total employment	Secondary School Teachers Percent of total employment	Compter Software Engineers Percent of total employment
CA				
Data	1.6%	0.67%	0.6%	0.5%
Grade	C	C	C	A
AZ				
Data	1.3%	0.69%	0.6%	0.2%
Grade	C	C	C	C
CO				
Data	1.6%	0.80%	0.7%	0.6%
Grade	C	B	C	A
FL				
Data	1.3%	0.70%	0.5%	0.2%
Grade	C	C	F	C
GA				
Data	2.0%	0.60%	0.7%	0.3%
Grade	A	D	C	C
IL				
Data	1.9%	0.73%	1.2%	0.3%
Grade	A	C	A	C
MA				
Data	1.9%	0.81%	0.8%	0.7%
Grade	A	B	B	A
MI				
Data	0.9%	0.74%	0.6%	0.2%
Grade	F	C	C	C
NV				
Data	1.5%	0.54%	NA	0.1%
Grade	C	F		D
NY				
Data	0.8%	0.95%	1.0%	0.2%
Grade	F	A	A	C
NC				
Data	1.9%	0.47%	NA	0.2%
Grade	A	F		C
OH				
Data	1.6%	0.67%	0.7%	0.2%
Grade	C	C	C	C
OR				
Data	1.2%	0.58%	0.8%	0.3%
Grade	D	D	B	C
TX				
Data	2.0%	0.67%	0.9%	0.3%
Grade	A	C	A	C
UT				
Data	1.6%	0.63%	0.7%	0.3%
Grade	C	C	C	C
WA				
Data	0.9%	0.87%	0.6%	0.5%
Grade	F	A	C	A

Sacramento Regional Research Institute, August 2003
Data Source: Bureau of Labor Statistics

MEAN	1.5%	0.69%	0.7%	0.3%
SD	0.4%	0.12%	0.2%	0.2%
CUT-OFF POINTS				
A	1.9%	0.82%	0.9%	0.5%
B	1.7%	0.76%	0.8%	0.4%
C	1.3%	0.63%	0.6%	0.2%
D	1.1%	0.57%	0.56%	0.1%

WORKFORCE

Highly Skilled Occupations Continued

State	Financial Managers	Lawyers	Computer Systems Analysts	Sales Managers
	Percent of total employment	Percent of total employment	Percent of total employment	Percent of total employment
CA				
Data	0.5%	0.4%	0.3%	0.27%
Grade	B	B	C	C
AZ				
Data	0.5%	0.3%	0.4%	0.31%
Grade	B	C	B	B
CO				
Data	0.5%	0.3%	0.6%	0.24%
Grade	B	C	A	C
FL				
Data	0.3%	0.4%	0.3%	0.23%
Grade	D	B	C	C
GA				
Data	0.4%	0.3%	0.4%	0.36%
Grade	C	C	B	A
IL				
Data	0.5%	0.4%	0.6%	0.35%
Grade	B	B	A	A
MA				
Data	0.8%	0.5%	0.5%	0.36%
Grade	A	A	A	A
MI				
Data	0.3%	0.3%	0.4%	0.17%
Grade	D	C	B	F
NV				
Data	0.4%	0.3%	0.1%	0.21%
Grade	C	C	F	C
NY				
Data	0.6%	0.7%	0.3%	0.17%
Grade	A	A	C	F
NC				
Data	0.4%	0.2%	0.3%	0.25%
Grade	C	F	C	C
OH				
Data	0.4%	0.3%	0.2%	0.23%
Grade	C	C	D	C
OR				
Data	0.3%	0.3%	0.3%	0.22%
Grade	D	C	C	C
TX				
Data	0.4%	0.3%	0.3%	0.32%
Grade	C	C	C	B
UT				
Data	0.5%	0.3%	0.3%	0.32%
Grade	B	C	C	B
WA				
Data	0.4%	0.4%	0.4%	0.16%
Grade	C	B	B	F

Sacramento Regional Research Institute, August 2003
Data Source: Bureau of Labor Statistics

MEAN	0.4%	0.4%	0.4%	0.26%
SD	0.1%	0.1%	0.1%	0.07%
CUT-OFF POINTS				
A	0.6%	0.5%	0.5%	0.33%
B	0.5%	0.4%	0.4%	0.29%
C	0.4%	0.3%	0.3%	0.2%
D	0.3%	0.26%	0.2%	0.19%

WORKFORCE

Highly Skilled Occupations Continued

State	Computer/Info. Sys. Managers Percent of total employment	Engineering Managers Percent of total employment	Civil Engineers Percent of total employment	Sec., Comm., and Fin. Agents Percent of total employment
CA				
Data	0.24%	0.23%	0.21%	0.20%
Grade	B	A	C	C
AZ				
Data	0.19%	0.21%	0.22%	0.18%
Grade	C	B	B	C
CO				
Data	0.30%	0.24%	0.28%	0.26%
Grade	A	A	A	C
FL				
Data	0.15%	0.10%	0.16%	0.28%
Grade	D	F	C	B
GA				
Data	0.26%	0.17%	0.13%	0.11%
Grade	B	C	D	D
IL				
Data	0.21%	0.17%	0.12%	0.28%
Grade	C	C	D	B
MA				
Data	0.37%	0.25%	0.17%	0.34%
Grade	A	A	C	A
MI				
Data	0.16%	0.21%	0.17%	0.11%
Grade	D	B	C	D
NV				
Data	0.10%	0.07%	0.18%	0.10%
Grade	F	F	C	F
NY				
Data	0.21%	0.10%	0.14%	0.56%
Grade	C	F	C	A
NC				
Data	0.20%	0.13%	0.10%	0.14%
Grade	C	D	D	D
OH				
Data	0.17%	0.17%	0.10%	0.16%
Grade	D	C	D	D
OR				
Data	0.17%	0.16%	0.19%	0.17%
Grade	D	C	C	C
TX				
Data	0.21%	0.21%	0.17%	0.15%
Grade	C	B	C	D
UT				
Data	0.17%	0.20%	0.12%	0.28%
Grade	D	C	D	B
WA				
Data	0.21%	0.22%	0.39%	0.24%
Grade	C	B	A	C

Sacramento Regional Research Institute, August 2003
Data Source: Bureau of Labor Statistics

MEAN	0.21%	0.18%	0.18%	0.22%
SD	0.06%	0.05%	0.08%	0.12%
CUT-OFF POINTS				
A	0.27%	0.23%	0.25%	0.34%
B	0.24%	0.21%	0.22%	0.28%
C	0.18%	0.15%	0.14%	0.17%
D	0.15%	0.12%	0.10%	0.11%

WORKFORCE

Highly Skilled Occupations Continued

State	Electrical Engineers	Mechanical Engineers	Pharmacists	Budget Analysis
	Percent of total employment	Percent of total employment	Percent of total employment	Percent of total employment
CA				
Data	0.17%	0.15%	0.15%	0.0435%
Grade	B	C	D	C
AZ				
Data	0.19%	0.14%	0.13%	0.1054%
Grade	A	C	F	A
CO				
Data	0.22%	0.14%	0.14%	0.0505%
Grade	A	C	F	C
FL				
Data	0.07%	0.07%	0.19%	0.0415%
Grade	D	F	A	C
GA				
Data	0.08%	0.10%	0.17%	0.0459%
Grade	D	D	C	C
IL				
Data	0.06%	0.18%	0.19%	0.0496%
Grade	D	C	A	C
MA				
Data	0.22%	0.21%	0.15%	0.0548%
Grade	A	B	D	C
MI				
Data	0.13%	0.32%	0.16%	0.0317%
Grade	C	A	C	D
NV				
Data	0.04%	0.06%	0.14%	0.0232%
Grade	F	F	F	F
NY				
Data	0.11%	0.11%	0.17%	0.0429%
Grade	C	D	C	C
NC				
Data	0.11%	0.12%	0.16%	0.0301%
Grade	C	C	C	D
OH				
Data	0.10%	0.20%	0.19%	0.0392%
Grade	C	B	A	C
OR				
Data	0.07%	0.15%	0.20%	0.0372%
Grade	D	C	A	D
TX				
Data	0.13%	0.20%	0.18%	0.0477%
Grade	C	B	B	C
UT				
Data	0.06%	0.14%	0.16%	0.0478%
Grade	D	C	C	C
WA				
Data	0.12%	0.17%	0.17%	0.0577%
Grade	C	C	C	B

Sacramento Regional Research Institute, August 2003
Data Source: Bureau of Labor Statistics

MEAN	0.12%	0.2%	0.17%	0.0468%
SD	0.06%	0.1%	0.02%	0.0181%
CUT-OFF POINTS				
A	0.18%	0.22%	0.19%	0.0649%
B	0.15%	0.19%	0.18%	0.0558%
C	0.09%	0.12%	0.16%	0.0377%
D	0.08%	0.09%	0.15%	0.0287%

WORKFORCE

Highly Skilled Occupations Continued

State	Financial Analysts		Retail Salespersons		Registered Nurses		Dental Hygienists	
	Data	Grade	Data	Grade	Data	Grade	Data	Grade
CA	0.12%	C	3.02%	C	1.39%	D	0.13%	C
AZ	0.15%	B	2.83%	D	1.35%	D	0.13%	C
CO	0.14%	C	3.83%	A	1.37%	D	0.13%	C
FL	0.08%	D	3.80%	A	2.05%	A	0.10%	D
GA	0.09%	C	2.93%	C	1.44%	D	0.11%	C
IL	0.17%	B	2.83%	F	1.76%	C	0.05%	F
MA	0.22%	A	3.13%	C	2.30%	A	0.19%	A
MI	0.09%	C	3.45%	A	1.73%	C	0.16%	B
NV	0.05%	F	3.11%	C	1.23%	F	0.09%	D
NY	0.25%	A	2.77%	D	1.92%	B	0.15%	B
NC	0.16%	B	2.85%	D	1.77%	C	0.12%	C
OH	0.07%	D	2.74%	F	1.97%	A	0.13%	C
OR	0.08%	D	3.24%	C	1.85%	C	0.10%	D
TX	0.13%	C	3.10%	C	1.43%	D	0.09%	D
UT	0.07%	D	3.29%	B	1.28%	F	NA	
WA	0.09%	C	2.81%	D	1.64%	C	0.21%	A

Sacramento Regional Research Institute, August 2003

Data Source: Bureau of Labor Statistics

Note: Data for Retail Salespersons was collected but not used in the final grading process

MEAN	0.12%	3.1%	1.64%	0.13%
SD	0.06%	0.3%	0.31%	0.04%
CUT-OFF POINTS				
A	0.16%	3.42%	1.95%	0.17%
B	0.15%	3.25%	1.79%	0.15%
C	0.09%	2.92%	1.49%	0.11%
D	0.07%	2.75%	1.33%	0.09%

WORKFORCE

Highly Skilled Occupations Continued

State	Medical Assistants Percent of total employment	Paralegals and Legal Assistants Percent of total employment	Automotive Service Tech. and Mechanics Percent of total employment	Office Clerks, General Percent of total employment
CA				
Data	0.35%	0.14%	0.57%	2.47%
Grade	B	C	B	B
AZ				
Data	0.45%	0.15%	0.67%	1.97%
Grade	A	C	A	D
CO				
Data	0.23%	0.15%	0.53%	2.62%
Grade	D	C	C	A
FL				
Data	0.40%	0.28%	0.60%	2.58%
Grade	A	A	A	A
GA				
Data	0.29%	0.18%	0.57%	1.81%
Grade	C	B	B	D
IL				
Data	0.13%	0.09%	0.57%	2.00%
Grade	F	D	B	C
MA				
Data	0.18%	0.18%	0.55%	1.80%
Grade	F	B	C	D
MI				
Data	0.33%	0.06%	0.49%	1.68%
Grade	B	F	D	F
NV				
Data	0.20%	0.14%	0.49%	1.62%
Grade	D	C	D	F
NY				
Data	0.28%	0.19%	0.47%	2.88%
Grade	C	A	F	A
NC				
Data	0.19%	0.14%	0.56%	1.82%
Grade	F	C	C	D
OH				
Data	0.28%	0.08%	0.50%	1.90%
Grade	C	D	D	D
OR				
Data	0.28%	0.10%	0.50%	2.48%
Grade	C	D	D	B
TX				
Data	0.27%	0.12%	0.55%	2.29%
Grade	C	C	C	C
UT				
Data	0.27%	0.08%	0.54%	2.19%
Grade	C	F	C	C
WA				
Data	0.34%	0.15%	0.50%	2.28%
Grade	B	C	D	C

Sacramento Regional Research Institute, August 2003

Data Source: Bureau of Labor Statistics

Note: Data for Automotive Service Technicians & Mechanics and General Office Clerks was collected but not used in the final grading process

MEAN	0.28%	0.14%	0.54%	2.2%
SD	0.08%	0.05%	0.05%	0.4%
CUT-OFF POINTS				
A	0.36%	0.19%	0.59%	2.5%
B	0.32%	0.16%	0.57%	2.3%
C	0.24%	0.11%	0.52%	2.0%
D	0.20%	0.09%	0.49%	1.8%

WORKFORCE

Highly Skilled Occupations Continued

State	Bookkeeping, Accounting, and Auditing Clerks		Tellers	
		Percent of total employment		Percent of total employment
CA				
Data		1.33%		0.40%
Grade		C		C
AZ				
Data		1.30%		0.34%
Grade		C		D
CO				
Data		1.55%		0.35%
Grade		A		D
FL				
Data		1.55%		0.37%
Grade		A		C
GA				
Data		1.42%		0.37%
Grade		B		C
IL				
Data		1.14%		0.42%
Grade		F		B
MA				
Data		1.42%		0.42%
Grade		B		B
MI				
Data		1.28%		0.42%
Grade		C		B
NV				
Data		1.27%		0.33%
Grade		D		F
NY				
Data		1.42%		0.30%
Grade		C		F
NC				
Data		1.30%		0.42%
Grade		C		B
OH				
Data		1.17%		0.42%
Grade		F		B
OR				
Data		1.69%		0.44%
Grade		A		B
TX				
Data		1.19%		0.36%
Grade		F		D
UT				
Data		1.17%		0.41%
Grade		F		C
WA				
Data		1.48%		0.51%
Grade		B		A

Sacramento Regional Research Institute, August 2003

Data Source: Bureau of Labor Statistics

Note: Data for Tellers was collected but not used in the final grading process

MEAN	1.35%	0.39%
SD	0.16%	0.05%
CUT-OFF POINTS		
A	1.51%	0.45%
B	1.43%	0.42%
C	1.28%	0.37%
D	1.20%	0.34%

BUSINESS COSTS

Wages

State	General and Operations Managers Annual wages	Accountants and Auditors Annual wages	Secondary School Teachers Annual wages	Compter Software Engineers Annual wages
CA				
Data	\$82,790	\$60,720	\$52,010	\$80,480
Grade	F	F	F	F
AZ				
Data	\$67,450	\$41,870	\$37,820	\$73,760
Grade	C	A	A	D
CO				
Data	\$73,390	\$46,410	\$39,860	\$72,670
Grade	C	C	B	D
FL				
Data	\$58,520	\$43,040	\$40,830	\$63,260
Grade	B	B	B	B
GA				
Data	\$61,630	\$43,460	\$44,030	\$67,430
Grade	B	B	C	C
IL				
Data	\$59,160	\$43,970	\$50,270	\$65,370
Grade	B	C	F	C
MA				
Data	\$77,690	\$47,200	\$48,550	\$81,150
Grade	D	D	D	F
MI				
Data	\$80,110	\$48,170	\$48,010	\$66,880
Grade	D	D	D	C
NV				
Data	\$70,060	\$44,510	NA	\$59,360
Grade	C	C		A
NY				
Data	\$97,670	\$62,150	\$55,710	\$47,410
Grade	F	F	F	A
NC				
Data	\$57,900	\$42,970	\$38,690	\$68,760
Grade	B	B	A	C
OH				
Data	\$61,310	\$43,440	\$42,800	\$64,150
Grade	B	B	C	B
OR				
Data	\$71,350	\$44,000	\$42,740	\$73,020
Grade	C	C	C	D
TX				
Data	\$58,720	\$45,170	\$40,960	\$66,860
Grade	B	C	B	C
UT				
Data	\$54,840	\$39,800	\$43,260	\$70,510
Grade	A	A	C	C
WA				
Data	\$88,280	\$48,500	\$44,780	\$73,720
Grade	F	D	C	D

Sacramento Regional Research Institute, August 2003
Data Source: Bureau of Labor Statistics

MEAN	\$70,054	\$45,336	\$44,688	\$68,424
SD	\$12,496	\$3,297	\$5,191	\$8,129
CUT-OFF POINTS				
A	\$57,557	\$42,039	\$39,497	\$60,295
B	\$63,806	\$43,688	\$42,092	\$64,360
C	\$76,303	\$48,985	\$47,284	\$72,489
D	\$82,552	\$48,634	\$48,879	\$76,554

BUSINESS COSTS

Wages Continued

State	Financial Managers Annual wages	Lawyers Annual wages	Computer Systems Analysts Annual wages	Sales Managers Annual wages
CA				
Data	\$81,890	\$106,850	\$84,630	\$82,100
Grade	D	F	C	D
AZ				
Data	\$63,280	\$86,220	\$71,510	\$62,280
Grade	B	C	F	A
CO				
Data	\$71,850	\$83,530	\$72,640	\$75,010
Grade	C	C	F	C
FL				
Data	\$64,890	\$86,940	\$56,140	\$66,390
Grade	B	D	A	B
GA				
Data	\$66,450	\$79,780	\$84,130	\$75,710
Grade	C	B	C	C
IL				
Data	\$71,190	\$101,300	\$85,810	\$68,710
Grade	C	F	D	C
MA				
Data	\$77,590	\$93,450	\$85,280	\$87,340
Grade	D	C	D	F
MI				
Data	\$75,970	\$72,880	\$57,580	\$83,830
Grade	C	A	B	D
NV				
Data	\$64,510	\$77,980	\$59,290	\$61,880
Grade	B	B	B	A
NY				
Data	\$103,430	\$89,450	\$87,100	\$97,710
Grade	F	D	D	F
NC				
Data	\$65,240	\$79,520	\$58,540	\$70,250
Grade	B	B	B	C
OH				
Data	\$65,530	\$80,580	\$58,940	\$67,620
Grade	B	B	B	B
OR				
Data	\$66,320	\$74,870	\$59,340	\$77,870
Grade	C	A	B	C
TX				
Data	\$68,850	\$101,760	\$57,410	\$69,250
Grade	C	F	B	C
UT				
Data	\$56,830	\$104,520	\$53,580	\$55,380
Grade	A	F	A	A
WA				
Data	\$75,170	\$72,680	\$64,810	\$80,750
Grade	C	A	C	D

Sacramento Regional Research Institute, August 2003
Data Source: Bureau of Labor Statistics

MEAN	\$71,162	\$88,393	\$82,294	\$73,886
SD	\$10,680	\$12,185	\$5,504	\$10,837
CUT-OFF POINTS				
A	\$80,502	\$76,208	\$56,791	\$83,049
B	\$65,832	\$82,300	\$59,543	\$68,488
C	\$76,492	\$84,485	\$85,046	\$79,305
D	\$81,822	\$100,577	\$87,786	\$84,723

BUSINESS COSTS

Wages Continued

State	Computer/Info. Sys. Managers Annual wages	Engineering Managers Annual wages	Civil Engineers Annual wages	Sec., Comm., and Fin. Agents Annual wages
CA				
Data	\$94,800	\$101,930	\$84,280	\$63,210
Grade	F	F	F	D
AZ				
Data	\$78,720	\$80,830	\$48,180	\$41,570
Grade	B	A	A	B
CO				
Data	\$88,640	\$89,480	\$55,210	\$43,420
Grade	D	C	B	B
FL				
Data	\$78,050	\$87,420	\$59,540	\$52,740
Grade	B	C	C	C
GA				
Data	\$84,470	\$85,880	\$53,800	\$45,510
Grade	C	C	B	B
IL				
Data	\$79,430	\$79,920	\$61,380	\$59,520
Grade	C	A	D	C
MA				
Data	\$86,150	\$97,580	\$57,530	\$54,270
Grade	C	F	B	C
MI				
Data	\$80,510	\$89,500	\$54,330	\$43,940
Grade	C	C	F	B
NV				
Data	\$72,330	\$85,880	\$64,570	\$53,840
Grade	A	C	C	C
NY				
Data	\$101,070	\$94,180	\$59,020	\$114,490
Grade	F	D	B	F
NC				
Data	\$82,570	\$85,160	\$53,880	\$58,330
Grade	C	C	B	C
OH				
Data	\$74,400	\$82,000	\$54,370	\$50,310
Grade	B	B	B	C
OR				
Data	\$80,880	\$91,430	\$56,640	\$46,870
Grade	C	D	C	C
TX				
Data	\$80,030	\$88,230	\$62,070	\$42,680
Grade	C	C	D	B
UT				
Data	\$69,810	\$75,400	\$53,070	\$43,980
Grade	A	A	B	B
WA				
Data	\$82,340	\$93,420	\$63,710	\$55,310
Grade	F	D	F	C

Sacramento Regional Research Institute, August 2003
Data Source: Bureau of Labor Statistics

MEAN	\$82,738	\$87,899	\$57,586	\$54,374
SD	\$8,301	\$6,828	\$4,732	\$17,372
CUT-OFF POINTS				
A	\$74,437	\$81,173	\$52,866	\$37,002
B	\$78,587	\$84,588	\$55,232	\$45,688
C	\$86,888	\$91,413	\$59,964	\$63,061
D	\$91,038	\$94,828	\$62,330	\$71,747

BUSINESS COSTS

Wages Continued

State	Electrical Engineers Annual wages	Mechanical Engineers Annual wages	Pharmacists Annual wages	Budget Analysts Annual wages
CA				
Data	\$72,740	\$68,420	\$85,420	\$55,050
Grade	F	F	F	F
AZ				
Data	\$70,350	\$63,570	\$77,530	\$45,780
Grade	D	C	C	B
CO				
Data	\$64,620	\$65,370	\$72,220	\$49,780
Grade	C	D	B	C
FL				
Data	\$62,560	\$61,680	\$80,200	\$46,780
Grade	B	C	F	B
GA				
Data	\$62,680	\$57,150	\$73,510	\$47,010
Grade	B	A	B	B
IL				
Data	\$59,960	\$59,250	\$75,690	\$41,910
Grade	A	B	C	A
MA				
Data	\$75,540	\$67,240	\$71,380	\$57,100
Grade	F	D	A	F
MI				
Data	\$64,220	\$61,810	\$73,890	\$50,000
Grade	B	C	B	C
NV				
Data	\$63,130	\$61,770	\$81,490	\$46,480
Grade	B	C	F	B
NY				
Data	\$67,690	\$58,790	\$72,020	\$55,190
Grade	C	B	A	F
NC				
Data	\$66,390	\$59,630	\$75,740	\$47,680
Grade	C	C	C	C
OH				
Data	\$62,330	\$55,060	\$72,690	\$51,160
Grade	B	A	B	C
OR				
Data	\$68,690	\$58,180	\$77,290	\$47,670
Grade	C	B	C	C
TX				
Data	\$73,650	\$75,670	\$74,820	\$45,770
Grade	F	F	C	B
UT				
Data	\$64,660	\$59,550	\$77,270	\$47,680
Grade	C	B	C	C
WA				
Data	\$70,650	\$62,510	\$74,020	\$52,680
Grade	D	C	B	D

Sacramento Regional Research Institute, August 2003

Data Source: Bureau of Labor Statistics

MEAN	\$66,891	\$62,226	\$75,955	\$49,243
SD	\$4,639	\$5,065	\$3,632	\$4,088
CUT-OFF POINTS				
A	\$62,253	\$57,161	\$72,123	\$45,154
B	\$64,572	\$59,694	\$74,039	\$47,198
C	\$69,211	\$64,759	\$77,671	\$51,287
D	\$71,530	\$67,291	\$79,787	\$53,331

BUSINESS COSTS

Wages Continued

State	Financial Analysts Annual wages	Retail Salespersons Annual wages	Registered Nurses Annual wages	Dental Hygienists Annual wages
CA				
Data	\$61,300	\$17,820	\$56,900	\$79,520
Grade	F	C	F	F
AZ				
Data	\$49,080	\$17,540	\$46,240	\$68,860
Grade	B	C	C	D
CO				
Data	\$54,700	\$16,320	\$46,930	\$66,960
Grade	C	D	C	D
FL				
Data	\$46,750	\$16,870	\$43,660	\$50,010
Grade	A	B	A	A
GA				
Data	\$53,440	\$17,100	\$44,240	\$50,560
Grade	C	B	B	A
IL				
Data	\$51,430	\$17,670	\$46,250	\$52,510
Grade	C	C	C	B
MA				
Data	\$57,780	\$18,190	\$51,410	\$61,060
Grade	D	D	D	C
MI				
Data	\$56,570	\$17,190	\$48,020	\$50,530
Grade	C	C	C	A
NV				
Data	\$42,480	\$18,150	\$52,170	\$77,120
Grade	A	D	F	F
NY				
Data	\$69,960	\$16,560	\$52,430	\$53,850
Grade	F	A	F	B
NC				
Data	\$53,100	\$16,960	\$43,850	\$49,850
Grade	C	B	A	A
OH				
Data	\$46,400	\$16,570	\$44,280	\$52,340
Grade	B	A	B	B
OR				
Data	\$56,730	\$18,570	\$50,680	\$61,700
Grade	C	D	D	C
TX				
Data	\$55,210	\$16,490	\$44,700	\$62,070
Grade	C	A	B	C
UT				
Data	\$53,850	\$17,260	\$44,940	\$60,440
Grade	C	C	B	C
WA				
Data	\$60,650	\$20,500	\$51,670	\$69,310
Grade	D	F	D	D

Sacramento Regional Research Institute, August 2003

Data Source: Bureau of Labor Statistics

Note: Data for Retail Salespersons was collected but not used in the final grading process

MEAN	\$54,476	\$17,811	\$48,022	\$60,364
SD	\$6,480	\$1,013	\$4,002	\$9,767
CUT-OFF POINTS				
A	\$47,997	\$16,599	\$44,020	\$50,617
B	\$51,237	\$17,105	\$46,021	\$55,500
C	\$57,718	\$18,118	\$50,023	\$65,267
D	\$60,956	\$18,624	\$52,024	\$70,151

BUSINESS COSTS

Wages Continued

State	Medical Assistants Annual wages	Paralegals and Legal Assistants Annual wages	Auto Service Tech. and Mechanics Annual wages	Office Clerks, General Annual wages
CA				
Data	\$25,670	\$46,670	\$30,660	\$24,250
Grade	D	F	C	F
AZ				
Data	\$21,900	\$36,480	\$29,010	\$19,720
Grade	A	C	B	A
CO				
Data	\$26,410	\$36,950	\$33,630	\$24,190
Grade	D	C	D	D
FL				
Data	\$22,720	\$35,270	\$29,700	\$20,270
Grade	B	B	B	A
GA				
Data	\$24,590	\$34,140	\$30,500	\$21,120
Grade	C	B	C	B
IL				
Data	\$25,410	\$39,190	\$29,790	\$22,280
Grade	C	C	B	C
MA				
Data	\$26,990	\$36,040	\$34,550	\$25,530
Grade	F	C	F	F
MI				
Data	\$24,130	\$34,500	\$34,670	\$23,290
Grade	C	B	F	C
NV				
Data	\$25,950	\$35,760	\$35,360	\$21,150
Grade	D	C	F	B
NY				
Data	\$26,160	\$41,330	\$26,980	\$23,670
Grade	D	D	A	D
NC				
Data	\$23,440	\$31,310	\$29,450	\$22,030
Grade	C	A	B	C
OH				
Data	\$21,980	\$35,030	\$28,580	\$21,360
Grade	A	B	B	B
OR				
Data	\$26,430	\$40,770	\$32,530	\$24,080
Grade	D	D	D	D
TX				
Data	\$21,450	\$37,760	\$27,630	\$20,210
Grade	A	C	A	A
UT				
Data	\$20,560	\$36,960	\$30,900	\$20,600
Grade	A	C	C	B
WA				
Data	\$26,520	\$36,620	\$33,610	\$24,580
Grade	D	C	D	F

Sacramento Regional Research Institute, August 2003

Data Source: Bureau of Labor Statistics

Note: Data for Automotive Service Technicians & Mechanics and General Office Clerks was collected but not used in the final grading process

MEAN	\$24,382	\$37,675	\$31,134	\$22,406
SD	\$2,099	\$3,950	\$2,636	\$1,824
CUT-OFF POINTS				
A	\$22,263	\$33,725	\$26,496	\$20,564
B	\$23,332	\$35,700	\$29,816	\$21,496
C	\$25,431	\$39,850	\$32,452	\$23,320
D	\$26,481	\$41,625	\$33,770	\$24,232

BUSINESS COSTS

Wages Continued

State	Bookkeeping, Accounting, and Auditing Clerks		Tellers	
		Annual wages		Annual wages
CA				
Data		\$30,970		\$20,880
Grade		F		D
AZ				
Data		\$25,980		\$21,160
Grade		B		D
CO				
Data		\$28,500		\$21,160
Grade		D		D
FL				
Data		\$24,740		\$20,070
Grade		A		C
GA				
Data		\$25,170		\$19,750
Grade		B		B
IL				
Data		\$26,910		\$19,810
Grade		C		B
MA				
Data		\$30,490		\$21,350
Grade		F		F
MI				
Data		\$27,470		\$19,970
Grade		C		C
NV				
Data		\$26,600		\$21,580
Grade		C		F
NY				
Data		\$28,560		\$20,570
Grade		D		C
NC				
Data		\$25,620		\$20,350
Grade		B		C
OH				
Data		\$25,730		\$18,630
Grade		B		A
OR				
Data		\$26,740		\$20,040
Grade		C		C
TX				
Data		\$26,340		\$19,580
Grade		C		B
UT				
Data		\$24,400		\$19,200
Grade		A		A
WA				
Data		\$28,770		\$21,240
Grade		D		F

Sacramento Regional Research Institute, August 2003

Data Source: Bureau of Labor Statistics

Note: Data for Tellers was collected but not used in the final grading process

MEAN	\$27,087	\$20,335
SD	\$1,927	\$648
CUT-OFF POINTS		
A	\$25,180	\$19,487
B	\$26,124	\$19,911
C	\$28,050	\$20,759
D	\$29,013	\$21,183

BUSINESS COSTS

State and Local Taxes

State	State and local tax burden as percent of income		Tax burden change
	2000		1990-2000
CA			
Data	10.50%		0.80%
Grade	D		F
AZ			
Data	9.80%		-1.40%
Grade	C		A
CO			
Data	9.10%		-0.70%
Grade	B		B
FL			
Data	8.90%		0.00%
Grade	A		C
GA			
Data	9.90%		0.00%
Grade	C		C
IL			
Data	9.50%		-0.40%
Grade	C		C
MA			
Data	9.60%		-0.20%
Grade	C		C
MI			
Data	9.70%		-0.30%
Grade	C		C
NV			
Data	9.00%		0.00%
Grade	B		C
NY			
Data	12.10%		-1.00%
Grade	F		A
NC			
Data	9.40%		0.20%
Grade	C		D
OH			
Data	10.30%		0.80%
Grade	D		F
OR			
Data	9.40%		-1.20%
Grade	C		A
TX			
Data	8.50%		-0.90%
Grade	A		B
UT			
Data	10.80%		0.50%
Grade	F		F
WA			
Data	9.90%		-1.00%
Grade	C		A

Sacramento Regional Research Institute, August 2003
 Data Source: The Tax Foundation, Overall Tax Burdens by State

MEAN	9.8%	-0.3%
SD	0.9%	0.7%
CUT-OFF POINTS		
A	8.9%	-1.0%
B	9.3%	-0.8%
C	10.2%	0.0%
D	10.6%	0.4%

BUSINESS COSTS

Natural Gas Costs

State	Natural gas prices (per BTU)		Price change 1990-2000	Price growth rate 1990-2000
	2000			
CA				
Data	\$6.42		\$2.11	48.96%
Grade	D		D	D
AZ				
Data	\$5.90		\$1.38	30.53%
Grade	C		C	B
CO				
Data	\$4.97		\$1.05	26.79%
Grade	B		B	B
FL				
Data	\$5.10		\$1.89	58.88%
Grade	B		C	F
GA				
Data	\$6.32		\$1.52	31.67%
Grade	C		C	C
IL				
Data	\$6.80		\$2.03	44.42%
Grade	D		D	C
MA				
Data	\$8.15		\$2.60	46.85%
Grade	F		F	C
MI				
Data	\$4.43		\$0.10	2.31%
Grade	A		A	A
NV				
Data	\$5.18		\$1.50	40.76%
Grade	B		C	C
NY				
Data	\$7.55		\$2.30	43.81%
Grade	F		F	C
NC				
Data	\$6.73		\$2.54	60.62%
Grade	D		F	F
OH				
Data	\$6.30		\$1.77	39.07%
Grade	C		C	C
OR				
Data	\$5.19		\$0.91	21.26%
Grade	B		A	B
TX				
Data	\$4.30		\$1.83	74.09%
Grade	A		C	F
UT				
Data	\$4.88		\$0.71	17.03%
Grade	B		A	A
WA				
Data	\$5.23		\$1.63	45.28%
Grade	B		C	C

Sacramento Regional Research Institute, August 2003

Data Source: Energy Information Administration

British Thermal Unit (Btu): The quantity of heat needed to raise the temperature of 1 pound of water by 1° F at or near 39.2° F.

MEAN	\$5.83	1.62	39.52%
SD	\$1.10	0.68	17.82%
CUT-OFF POINTS			
A	\$4.73	0.94	21.70%
B	\$5.28	1.28	30.61%
C	\$6.38	1.96	48.43%
D	\$6.93	2.29	57.34%

BUSINESS COSTS

Electricity Costs

State	Electricity prices (per BTU) 2000	Price change 1990-2000	Price growth rate 1990-2000
CA			
Data	\$27.82	\$1.84	7.06%
Grade	F	C	C
AZ			
Data	\$21.25	-\$1.58	-6.84%
Grade	C	A	A
CO			
Data	\$17.27	-\$0.04	-0.23%
Grade	B	C	C
FL			
Data	\$20.24	-\$0.38	-1.84%
Grade	C	B	B
GA			
Data	\$18.25	-\$1.00	-5.19%
Grade	C	B	B
IL			
Data	\$20.38	-\$1.64	-7.45%
Grade	C	A	A
MA			
Data	\$27.82	\$1.89	7.29%
Grade	F	C	C
MI			
Data	\$20.89	\$0.04	0.19%
Grade	C	C	C
NV			
Data	\$18.14	\$2.37	15.03%
Grade	C	D	D
NY			
Data	\$33.36	\$5.67	21.35%
Grade	F	F	F
NC			
Data	\$18.99	\$0.26	1.39%
Grade	C	C	C
OH			
Data	\$18.84	\$1.50	8.85%
Grade	C	C	C
OR			
Data	\$14.33	\$2.08	16.98%
Grade	A	D	F
TX			
Data	\$19.15	\$2.08	12.05%
Grade	C	D	D
UT			
Data	\$14.27	-\$1.82	-11.31%
Grade	A	A	A
WA			
Data	\$12.74	\$2.71	27.02%
Grade	A	D	F

Sacramento Regional Research Institute, August 2003

Data Source: Energy Information Administration

British Thermal Unit (Btu): The quantity of heat needed to raise the temperature of 1 pound of water by 1o F at or near 39.2° F.

MEAN	20.23	0.89	5.26%
SD	5.40	2.04	11.09%
CUT-OFF POINTS			
A	14.83	-1.15	-5.83%
B	17.53	-0.13	-0.28%
C	22.93	1.81	10.80%
D	25.83	2.92	16.35%

BUSINESS COSTS

Workers' Compensation Costs

State	Workers Compensation Rate Ranking 2000	Rate change 1990-2000	Rate growth rate 1990-2000
CA			
Data	3.34	-1.70	-33.73%
Grade	F	D	F
AZ			
Data	1.77	-2.41	-57.66%
Grade	A	B	A
CO			
Data	2.64	-2.64	-50.00%
Grade	C	B	C
FL			
Data	4.08	-1.64	-28.67%
Grade	F	D	F
GA			
Data	2.42	-2.10	-46.46%
Grade	C	C	C
IL			
Data	2.62	-2.86	-52.19%
Grade	C	A	B
MA			
Data	1.77	-3.21	-64.46%
Grade	A	A	A
MI			
Data	2.40	-2.14	-47.14%
Grade	C	C	C
NV			
Data	3.10	-1.45	-31.87%
Grade	D	F	F
NY			
Data	3.05	-2.33	-43.31%
Grade	D	C	C
NC			
Data	1.64	-1.77	-51.91%
Grade	A	D	B
OH			
Data	2.89	-1.53	-34.62%
Grade	D	F	F
OR			
Data	1.93	-1.77	-47.84%
Grade	B	D	C
TX			
Data	3.05	-2.86	-48.39%
Grade	D	A	C
UT			
Data	1.58	-2.04	-56.35%
Grade	A	C	A
WA			
Data	1.77	-1.56	-46.85%
Grade	A	F	C

Sacramento Regional Research Institute, August 2003
 Data Source: Oregon Workers' Compensation, Premium Rate Ranking Calendar 1994 and 2000

MEAN	2.50	-2.13	-46.34%
SD	0.72	0.54	9.90%
CUT-OFF POINTS			
A	1.78	-2.67	-56.24%
B	2.14	-2.40	-51.29%
C	2.87	-1.85	-41.39%
D	3.23	-1.58	-36.44%

PERSONAL QUALITY OF LIFE

Residential Construction

State	New housing units constructed per 1000 residents in 2000	Percent change 1990-2000
CA		
Data	3.1	-12%
Grade	D	D
AZ		
Data	9.5	88%
Grade	A	B
CO		
Data	9.0	193%
Grade	A	A
FL		
Data	6.7	4%
Grade	C	D
GA		
Data	8.4	65%
Grade	B	C
IL		
Data	3.0	27%
Grade	D	C
MA		
Data	2.2	25%
Grade	F	C
MI		
Data	4.3	42%
Grade	C	C
NV		
Data	12.9	6%
Grade	A	D
NY		
Data	1.3	-7%
Grade	F	D
NC		
Data	7.3	49%
Grade	B	C
OH		
Data	3.3	38%
Grade	D	C
OR		
Data	4.6	-2%
Grade	C	D
TX		
Data	5.2	132%
Grade	C	A
UT		
Data	6.6	78%
Grade	C	B
WA		
Data	4.3	-27%
Grade	C	F

Sacramento Regional Research Institute, August 2003
 Data Source: Data Source: US Census Bureau, Census 1990 and 2000
 Note: Based on single family units data only

MEAN	5.7	43.5%
SD	3.1	57.6%
CUT-OFF POINTS		
A	8.8	101%
B	7.3	72%
C	4.2	15%
D	2.6	-14%

PERSONAL QUALITY OF LIFE

Home Ownership

State	Home ownership rate	Growth rate	Rate increase
	2000	1990-2000	1990-2000
CA			
Data	56.91%	13.4%	1.4%
Grade	F	D	D
AZ			
Data	68.04%	47.2%	4.0%
Grade	C	A	B
CO			
Data	67.32%	39.8%	5.2%
Grade	C	B	A
FL			
Data	70.08%	28.6%	2.9%
Grade	B	C	C
GA			
Data	67.50%	32.0%	2.6%
Grade	C	C	C
IL			
Data	67.28%	14.4%	3.0%
Grade	C	D	C
MA			
Data	61.72%	13.3%	2.4%
Grade	D	D	C
MI			
Data	73.79%	15.1%	2.9%
Grade	A	D	C
NV			
Data	60.87%	79.0%	6.2%
Grade	D	A	A
NY			
Data	52.99%	7.9%	0.7%
Grade	F	F	F
NC			
Data	69.36%	26.9%	1.3%
Grade	B	C	D
OH			
Data	69.11%	11.4%	1.7%
Grade	B	D	D
OR			
Data	64.25%	23.1%	1.3%
Grade	C	C	D
TX			
Data	63.80%	27.7%	3.0%
Grade	C	C	C
UT			
Data	71.53%	37.1%	3.4%
Grade	A	B	C
WA			
Data	64.59%	25.2%	2.1%
Grade	C	C	C

Sacramento Regional Research Institute, August 2003
 Data Source: US Census Bureau, Census 1990 and 2000

MEAN	65.6%	27.6%	2.8%
SD	5.4%	17.7%	1.5%
CUT-OFF POINTS			
A	71.0%	45.3%	4.2%
B	68.3%	36.5%	3.5%
C	62.9%	18.8%	2.0%
D	60.1%	9.9%	1.3%

PERSONAL QUALITY OF LIFE

Housing Affordability*

State	Housing affordability index* 2000	HAI rate increase 1990-2000	HAI growth rate 1990-2000
CA			
Data	88.6	27.3	44.5%
Grade	F	B	A
AZ			
Data	136.1	17.5	14.8%
Grade	C	C	C
CO			
Data	118.5	-9.5	-7.4%
Grade	D	D	D
FL			
Data	152.8	29.2	23.8%
Grade	B	B	B
GA			
Data	156.5	17.3	12.5%
Grade	B	C	C
IL			
Data	150.0	8.3	5.9%
Grade	C	C	C
MA			
Data	117.3	37.0	46.1%
Grade	D	A	A
MI			
Data	163.3	-15.7	-8.8%
Grade	B	F	F
NV			
Data	126.5	16.1	14.6%
Grade	C	C	C
NY			
Data	122.8	33.3	37.3%
Grade	D	A	A
NC			
Data	151.1	9.3	6.8%
Grade	C	C	C
OH			
Data	170.4	10.1	6.3%
Grade	A	C	C
OR			
Data	113.1	-29.0	-20.4%
Grade	D	F	F
TX			
Data	196.4	38.1	24.9%
Grade	A	A	B
UT			
Data	123.4	-18.7	-13.2%
Grade	D	F	F
WA			
Data	112.8	-3.1	-2.8%
Grade	D	D	D

*Calculations based on National Association of Realtors HAI (Housing Affordability Index) methodology. Primary data used for calculations includes Census 1990 and 2000 data for median value of owner-occupied housing and median family income and Freddie Mac 30 year average mortgage rates for 1990 and 2000. An affordability index measures whether a typical family can qualify for a standard mortgage to purchase typical housing. The index is the ratio of median family income to qualifying income with values over 100 indicating that a typical (median) family has more than sufficient income to purchase median-priced housing. California's 2000 index of 88.6 shows that typical families fall short of having the median income level necessary, on average, to purchase housing in the state. In 2000 California was the only state with an index below 100, despite a large percentage increase since 1990 when California's index was 61.3 (Massachusetts had the next lowest index of 80.3). A typical California family (index 88.6) with a median income of \$53,025 in 2000 could not qualify for median valued housing (\$211,500). A typical California family could qualify for housing priced at \$187,389 (11.4 percent below the median) with the average 30 year mortgage rate (8.05 percent) in 2000. In another example, a typical family in Ohio (index 170.4) with a median income of \$50,037 could afford to purchase a home costing \$176,705, which is 70.4 percent more than the price of a median-valued home.

Sacramento Regional Research Institute, August 2003
Data Source: US Census Bureau, Census 1990 and 2000. Freddie Mac, 30 yr. Mortgage rates

MEAN	137.5	10.5	11.5%
SD	27.2	20.8	20.0%
CUT-OFF POINTS			
A	164.6	31.3	31.5%
B	151.0	20.9	21.5%
C	123.9	0.1	1.6%
D	110.3	-10.3	-8.4%

PERSONAL QUALITY OF LIFE

Education Quality

State	Persons per school 2000	ACT scores 2000	ACT score growth rate 1994-2000	SAT scores 2000	SAT score growth rate 1991-2000
CA					
Data	3,866	21.4	1.42%	1015	1.7%
Grade	D	C	C	D	D
AZ					
Data	3,142	21.5	1.90%	21.5	1.90%
Grade	C	C	B	C	B
CO					
Data	2,705	21.5	0.47%	21.5	0.47%
Grade	B	C	C	C	C
FL					
Data	4,947	20.6	-0.96%	20.6	-0.96%
Grade	F	D	F	D	F
GA					
Data	4,207	19.9	-1.97%	19.9	-1.97%
Grade	F	F	F	F	F
IL					
Data	2,900	21.5	1.90%	21.5	1.90%
Grade	B	C	B	C	B
MA					
Data	3,345	21.9	1.86%	21.9	1.86%
Grade	C	B	B	B	B
MI					
Data	2,655	21.3	1.43%	21.3	1.43%
Grade	B	C	C	C	C
NV					
Data	3,997	21.5	1.42%	21.5	1.42%
Grade	D	C	C	C	C
NY					
Data	4,421	22.2	2.78%	22.2	2.78%
Grade	F	B	A	B	A
NC					
Data	3,672	19.5	0.52%	19.5	0.52%
Grade	C	F	C	F	C
OH					
Data	2,967	21.4	0.94%	21.4	0.94%
Grade	B	C	C	C	C
OR					
Data	2,709	22.7	0.89%	22.7	0.89%
Grade	B	A	C	A	C
TX					
Data	2,773	20.3	0.50%	20.3	0.50%
Grade	B	F	C	F	C
UT					
Data	2,816	21.5	0.94%	21.5	0.94%
Grade	B	C	C	C	C
WA					
Data	2,753	22.4	0.45%	22.4	0.45%
Grade	B	A	C	A	C

Sacramento Regional Research Institute, August 2003

Data Source: Data Source: U.S. Department of Education, National Center for Education Statistics, Common Core of Data, 2000-01

Data Source: ACT (American College Testing) Program

Data Source: The College Board, 1991 and 2000 SAT scores

MEAN	3,367	21.7	0.90%	1,048	2.4%
SD	725	1.1	1.14%	55	1.3%
CUT-OFF POINTS					
A	2,642	22.8	2.05%	1,101	3.8%
B	3,005	22.3	1.48%	1,073	3.1%
C	3,730	21.2	0.33%	1,018	1.8%
D	4,093	20.6	-0.24%	991	1.1%

PERSONAL QUALITY OF LIFE

Health Services Availability

State	Persons per hospital 2000	Change in percent 1997-2000
CA		
Data	19,322	-33.7%
Grade	A	A
AZ		
Data	48,402	6.2%
Grade	F	C
CO		
Data	37,080	33.8%
Grade	C	F
FL		
Data	40,868	31.2%
Grade	D	F
GA		
Data	21,206	-12.8%
Grade	A	B
IL		
Data	37,073	10.1%
Grade	C	C
MA		
Data	28,800	-10.4%
Grade	B	B
MI		
Data	39,754	16.5%
Grade	D	D
NV		
Data	31,718	-6.5%
Grade	C	C
NY		
Data	51,149	2.3%
Grade	F	C
NC		
Data	21,522	-23.5%
Grade	A	A
OH		
Data	38,748	1.4%
Grade	C	C
OR		
Data	41,222	8.5%
Grade	D	C
TX		
Data	27,437	-14.4%
Grade	B	B
UT		
Data	37,219	44.0%
Grade	C	F
WA		
Data	33,489	-12.7%
Grade	C	B

Sacramento Regional Research Institute, August 2003

Data Source: Bureau of Labor Statistics, Covered Employment and Wages-Number of Establishments

MEAN	34,863	2.4%
SD	9,268	21.3%
CUT-OFF POINTS		
A	25,385	-18.9%
B	30,029	-8.3%
C	39,297	13.0%
D	43,931	23.6%

PERSONAL QUALITY OF LIFE

Personal Safety

State	F.B.I. Crime Index Offense Rating*	
	2000	Change in percent 1990-2000
CA		
Data	3739.70	-43.4%
Grade	B	A
AZ		
Data	5829.50	-26.1%
Grade	F	C
CO		
Data	3862.60	-34.2%
Grade	B	C
FL		
Data	5694.70	-35.4%
Grade	F	B
GA		
Data	4751.10	-29.8%
Grade	C	C
IL		
Data	4266.20	-27.8%
Grade	C	C
MA		
Data	3026.10	-42.9%
Grade	A	A
MI		
Data	4109.90	-31.4%
Grade	C	C
NV		
Data	4266.60	-29.6%
Grade	C	C
NY		
Data	3099.60	-51.3%
Grade	A	A
NC		
Data	4919.30	-10.3%
Grade	D	F
OH		
Data	4041.80	-16.6%
Grade	B	F
OR		
Data	4845.40	-14.2%
Grade	D	F
TX		
Data	4955.50	-39.7%
Grade	D	B
UT		
Data	4476.10	-20.9%
Grade	C	D
WA		
Data	5105.60	-18.0%
Grade	D	D

Sacramento Regional Research Institute, August 2003
 Data Source: Bureau of Justice Statistics, FBI Uniform Crime Reports
 *Measures crime rate per 100,000 inhabitants

MEAN	4445.73	-29.3%
SD	798.72	11.4%
CUT-OFF POINTS		
A	3649.01	-40.7%
B	4047.37	-35.0%
C	4844.09	-23.6%
D	5242.45	-17.9%

PERSONAL QUALITY OF LIFE

Commutes

State	Worker travel time 2000	Travel time increase (minutes) 1990-2000	Time growth rate 1990-2000
CA			
Data	27.74	3.17	12.9%
Grade	D	C	B
AZ			
Data	24.85	3.25	15.0%
Grade	C	C	C
CO			
Data	24.32	3.64	17.8%
Grade	C	C	D
FL			
Data	26.20	4.35	19.9%
Grade	D	F	F
GA			
Data	27.69	4.97	21.9%
Grade	D	F	F
IL			
Data	28.04	2.91	11.6%
Grade	F	B	A
MA			
Data	26.96	4.22	16.5%
Grade	D	F	D
MI			
Data	24.11	2.92	13.8%
Grade	C	B	C
NV			
Data	23.26	3.46	17.5%
Grade	B	C	D
NY			
Data	31.73	3.14	11.0%
Grade	F	C	A
NC			
Data	23.96	4.20	21.3%
Grade	B	F	F
OH			
Data	22.90	2.22	10.7%
Grade	B	A	A
OR			
Data	22.24	2.62	13.4%
Grade	A	A	B
TX			
Data	25.38	3.21	14.5%
Grade	C	C	C
UT			
Data	21.32	2.43	12.8%
Grade	A	A	B
WA			
Data	25.53	3.49	15.8%
Grade	C	C	C

Sacramento Regional Research Institute, August 2003
 Data Source: U.S. Census Bureau, Census 1990 and 2000

MEAN	25.39	3.39	15.5%
SD	2.63	0.75	3.6%
CUT-OFF POINTS			
A	22.76	2.64	11.9%
B	24.07	3.02	13.7%
C	26.70	3.78	17.3%
D	28.02	4.13	19.1%