

**THE
OKLAHOMA
SCORECARD
— 2022 —**



An annual index of Oklahoma's economic competitiveness.

FROM THE EXECUTIVE DIRECTOR

In its second year, this report has a new name and additional data analysis, but its purpose remains the same—to evaluate Oklahoma’s competitive position compared to the nation, region, and a set of peer states sharing various characteristics. It does so across metrics that, together, are highly impactful on prosperity and growth.

Our new name for this report, *The Oklahoma Scorecard*, is more descriptive of what we are trying to accomplish with this analysis, keeping track of how Oklahoma stacks up and pointing to places where we can improve as a state.

The Scorecard is intended as a tool for policymakers. The report measures Oklahoma’s economic competitiveness based on key metrics that are indicative of *public policy choices*, minimizing characteristics of the economy that are baked-in. Some states have coastlines and ports, some have large populations densely packed into small geography, others have tiny populations spread across massive territory. These characteristics certainly matter to economic growth and business climate, but no change in state law can fundamentally alter them. As such, comparing the incredibly diverse United States on such measures is of limited value to policymakers. Worse, it lets policymakers off the hook. It is far too easy for state policymakers to explain away uncompetitive economic policy as an unfair comparison of apples to oranges.

The Scorecard facilitates no such defeatist thinking. Instead, it is squarely aimed at economic variables that can be improved through sound policy choices. In short, *we can improve our scores if we make concerted effort to do so.*

As uncomfortable as it may be, The Scorecard doesn’t pull punches. The unpleasant truth is that Oklahoma does not rank very well in far too many categories. But how can problems be addressed unless they are clearly identified?

Once identified, *these things can be fixed.* The Oklahoma Scorecard allows us to train our enthusiasm for improvement on the things that really matter and to track our progress over time. There is no reason Oklahoma cannot work its way to the top of the rankings contained in this report, and that is what we should strive for. I look forward to celebrating our state’s success in future editions of this publication.



BEN LEPAK

Executive Director
State Chamber Research Foundation

OKLAHOMA'S ECONOMIC VITAL SIGNS

	Measurement	National Rank
CUMULATIVE GDP GROWTH (10 years)	14.74%	23rd of 50
PER CAPITA PERSONAL INCOME	\$53,156	42nd of 50
CUMULATIVE DOMESTIC MIGRATION (10 years)	27,964	17th of 50
UNEMPLOYMENT RATE (July 2022)	3.0%	20th of 50
LABOR PARTICIPATION RATE (June 2021)	60.80%	35th of 50
NON-FARM EMPLOYMENT GROWTH (1 year)	2.70%	26th of 50

WHAT OTHERS ARE SAYING...

USA Today / Wall Street
24/7

39TH

Chief Executive Magazine
Best & Worst States for
Business

22ND

CNBC - America's Top
States for Business

38TH

Forbes Best States
for Business

24TH

US News
Best States for Business

43RD

ECONOMIC COMPETITIVENESS INDEX

OKLAHOMA

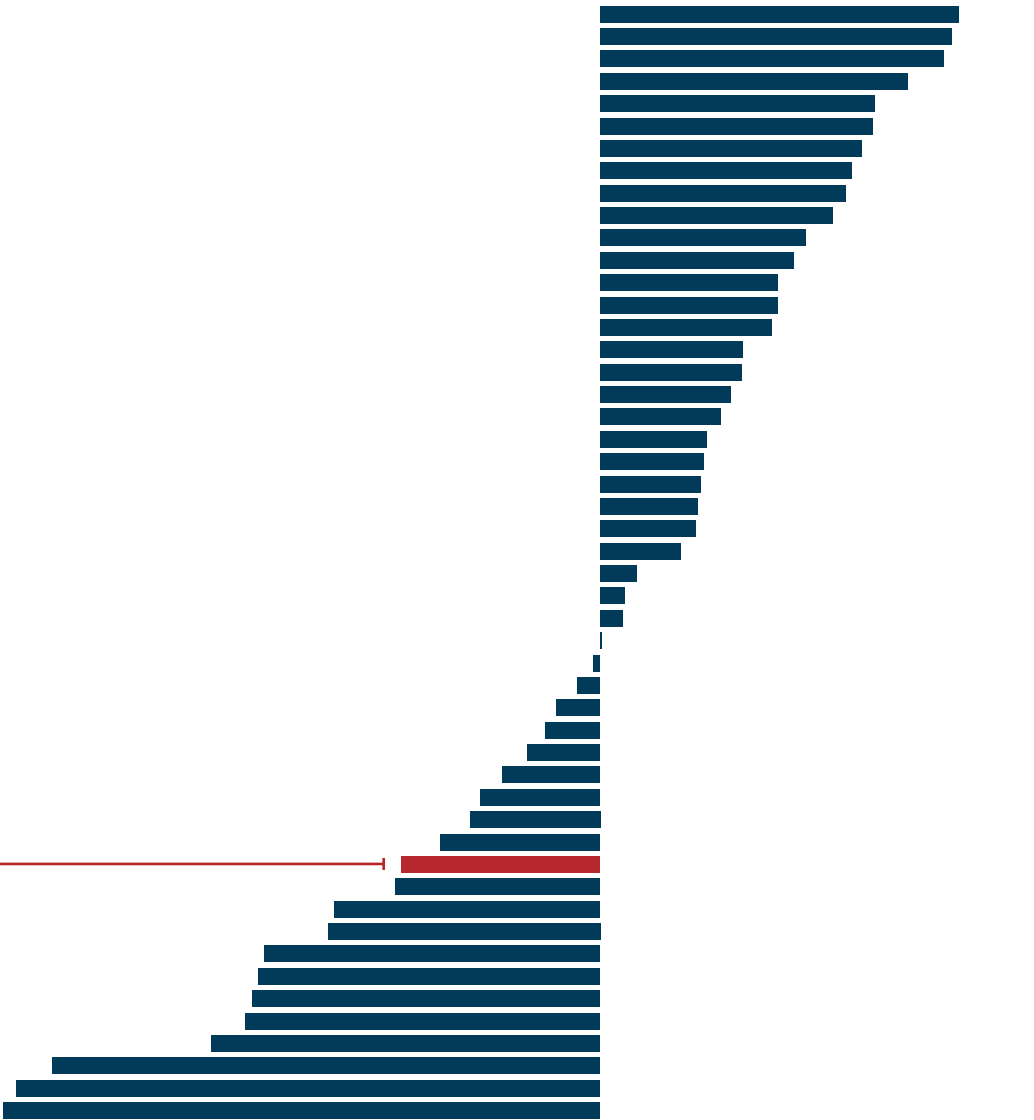
NATIONAL RANK
39TH
(-3)

REGIONAL RANK
5TH
OF 7
NO CHANGE

PEER STATES RANK
11TH
OF 14
(-1)

NATION AT-A-GLANCE HIGHLY COMPETITIVE →

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



NATIONAL RANKINGS OVERVIEW

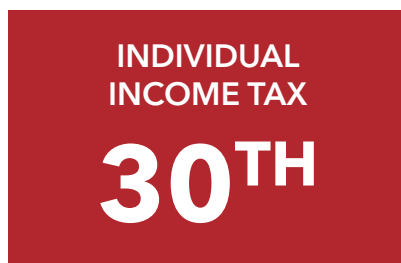
Overall Competitiveness		Tax Competitiveness	Workforce	Infrastructure	Legal Climate	Government Burden	Health Care System
Rank	State	2022 Rank	2022 Rank	2022 Rank	2022 Rank	2022 Rank	2022 Rank
1	Utah (-)	10(-2)	11(-6)	11(-9)	18(-)	15(+6)	22(-)
2	Colorado (+1)	20(+1)	3(-1)	14(+15)	16(+1)	16(+2)	12(-)
3	South Dakota (-1)	2(-)	19(-6)	33(+2)	8(+1)	10(+5)	14(-)
4	Massachusetts (+1)	34(-)	1(-)	38(-4)	27(-1)	7(-4)	1(-)
5	New Hampshire (+2)	6(-)	6(-)	40(-14)	22(-)	5(+2)	20(-)
6	Florida (-)	4(-)	32(-4)	7(-3)	48(+1)	9(+1)	29(-)
7	North Dakota (-3)	19(-2)	16(-7)	19(-14)	6(+1)	24(+5)	2(-)
8	Washington (-)	15(+1)	9(-1)	25(-6)	29(-)	38(-8)	24(-)
9	North Carolina (-)	11(-1)	26(+4)	23(-8)	7(+1)	23(+4)	36(-)
10	Virginia (+3)	25(+1)	4(+3)	3(+15)	23(-)	31(-12)	13(-)
11	Texas (-1)	14(-3)	36(-4)	8(+9)	38(-)	32(-7)	38(-)
12	Delaware (-)	16(-3)	34(+2)	2(-1)	1(-)	20(-3)	28(-)
13	Minnesota (+7)	45(+1)	7(-3)	15(+7)	26(-2)	4(+4)	6(-)
14	Idaho (-3)	17(+3)	24(-6)	18(+2)	17(-13)	22(-2)	32(-)
15	Nebraska (+6)	35(-7)	18(-3)	10(+3)	14(+1)	30(+6)	7(-)
16	Nevada (-2)	7(-)	43(-2)	1(+5)	30(-)	8(-7)	39(-)
17	Wyoming (-)	1(-)	12(-)	27(+16)	5(+1)	48(+2)	31(-)
18	Indiana (-)	9(-)	27(-2)	17(+8)	31(-)	3(+6)	41(-)
19	Arizona (-4)	23(+1)	38(-3)	6(+4)	15(+1)	17(-4)	34(-)
20	Tennessee (-1)	8(+10)	39(-)	20(-11)	36(-1)	11(+1)	42(-)
21	Wisconsin (+5)	27(-2)	15(+1)	26(+4)	13(+1)	26(-)	15(-)
22	Georgia (-6)	32(-1)	35(-1)	5(-2)	39(-)	12(-7)	40(-)
23	Oregon (-1)	22(-7)	17(+2)	12(-5)	21(-1)	44(-)	8(-)
24	Maryland (-1)	46(-2)	8(+2)	4(+4)	24(+4)	18(-7)	4(-)
25	Montana (-1)	5(-)	14(+3)	41(+6)	12(+1)	33(-2)	27(-)
26	Michigan (+1)	12(+2)	33(+5)	28(+11)	32(-)	2(+4)	30(-)
27	Pennsylvania (+1)	29(-2)	13(+7)	24(-3)	35(+1)	1(+1)	25(-)
28	Kansas (+2)	24(+11)	28(-7)	9(+7)	28(-1)	29(+6)	21(-)
29	Connecticut (-4)	47(-)	5(+6)	48(-10)	4(+1)	13(-9)	11(-)
30	Iowa (+1)	38(+2)	31(-7)	37(-23)	19(-)	35(+6)	19(-)
31	Maine (+6)	33(-4)	23(+8)	47(+2)	3(-)	21(+3)	18(-)
32	Vermont (+1)	43(-)	10(+4)	30(-2)	9(+1)	34(-1)	17(-)
33	Ohio (-1)	37(+2)	29(-)	21(-9)	34(-)	28(+4)	33(-)
34	Missouri (+1)	13(-1)	37(-)	31(+11)	44(-)	6(+10)	35(-)
35	Alaska (-6)	3(-)	40(-)	42(+3)	2(-)	50(-1)	26(-)
36	Rhode Island (+2)	40(-3)	25(+8)	46(+2)	20(+1)	14(-)	5(-)
37	South Carolina (-3)	31(+2)	42(+1)	16(+17)	37(-)	39(-2)	48(-)
38	New Jersey (+2)	50(-)	2(+1)	39(-3)	41(-)	27(-4)	9(-)
39	Oklahoma (-3)	26(+4)	44(-2)	13(+11)	25(-)	41(-1)	46(-)
40	Kentucky (-1)	18(+1)	41(+3)	22(-11)	42(-)	25(+3)	49(-)
41	New York (+1)	49(-1)	20(+6)	36(-5)	40(-)	40(-1)	16(-)
42	Hawaii (-1)	41(-3)	30(-3)	50(-4)	10(+1)	46(-4)	3(-)
43	California (+1)	48(+1)	22(+1)	44(-4)	47(-)	42(+1)	23(-)
44	Arkansas (+1)	44(+1)	45(+2)	34(-2)	33(-)	43(+3)	44(-)
45	New Mexico (-2)	28(-5)	47(-2)	32(+5)	11(+1)	49(-2)	37(-)
46	Illinois (+1)	36(-)	21(+1)	29(-2)	50(-)	19(+3)	10(-)
47	Alabama (-1)	39(+2)	50(-)	35(-12)	43(-)	36(+2)	47(-)
48	Mississippi (-)	30(+2)	46(-)	43(+1)	45(-)	47(+1)	45(-)
49	Louisiana (-)	42(-)	48(-)	45(-4)	49(-1)	37(-3)	43(-)
50	West Virginia (-)	21(+1)	49(-)	49(+1)	46(-)	45(-)	50(-)

TAX COMPETITIVENESS



KEY FINDINGS:

- Oklahoma gained four (4) spots in **overall tax competitiveness** in 2022, moving from 30th in 2021 to **26th in 2022**.
- This improvement in ranking was largely due to previous corporate and individual income rate cuts coming online, with Oklahoma's flat **corporate income tax** rate of 4% edging the state into the **Top Ten** in that category.
- Despite improvement from **33rd to 30th in individual income tax**, Oklahoma has significant room for improvement by **simplifying the structure** of that tax. With six income tax brackets, lack of inflation indexing, and a marriage penalty, the structure of the individual income tax weighs down the state's ranking as much as the top marginal rate of 4.75%. **Simplification would greatly improve Oklahoma's ranking and competitiveness.**
- Oklahoma's **combined state and local sales tax** ranking remains near the **bottom of the rankings (37th)**. Oklahoma sales taxes are fairly high and are assessed on a narrow tax base.
- **At 28th, Oklahoma's property tax** continues to rank below what might be expected in a state with some of the lowest property tax *rates* in the nation. Like the individual income tax, this is due largely to **how property taxes are structured, rather than the net amount taxed**. Oklahoma levies several economically damaging taxes that do not exist in many other states, such as taxes on tangible personal property and the business franchise tax, both direct taxes on capital investment. These taxes discourage business growth and relocation to Oklahoma.



REGION

State	Regional Rank	National Rank
Missouri	1	13
Texas	2	14
Colorado	3	20
Kansas	4	24
Oklahoma	5	26
New Mexico	6	28
Arkansas	7	44

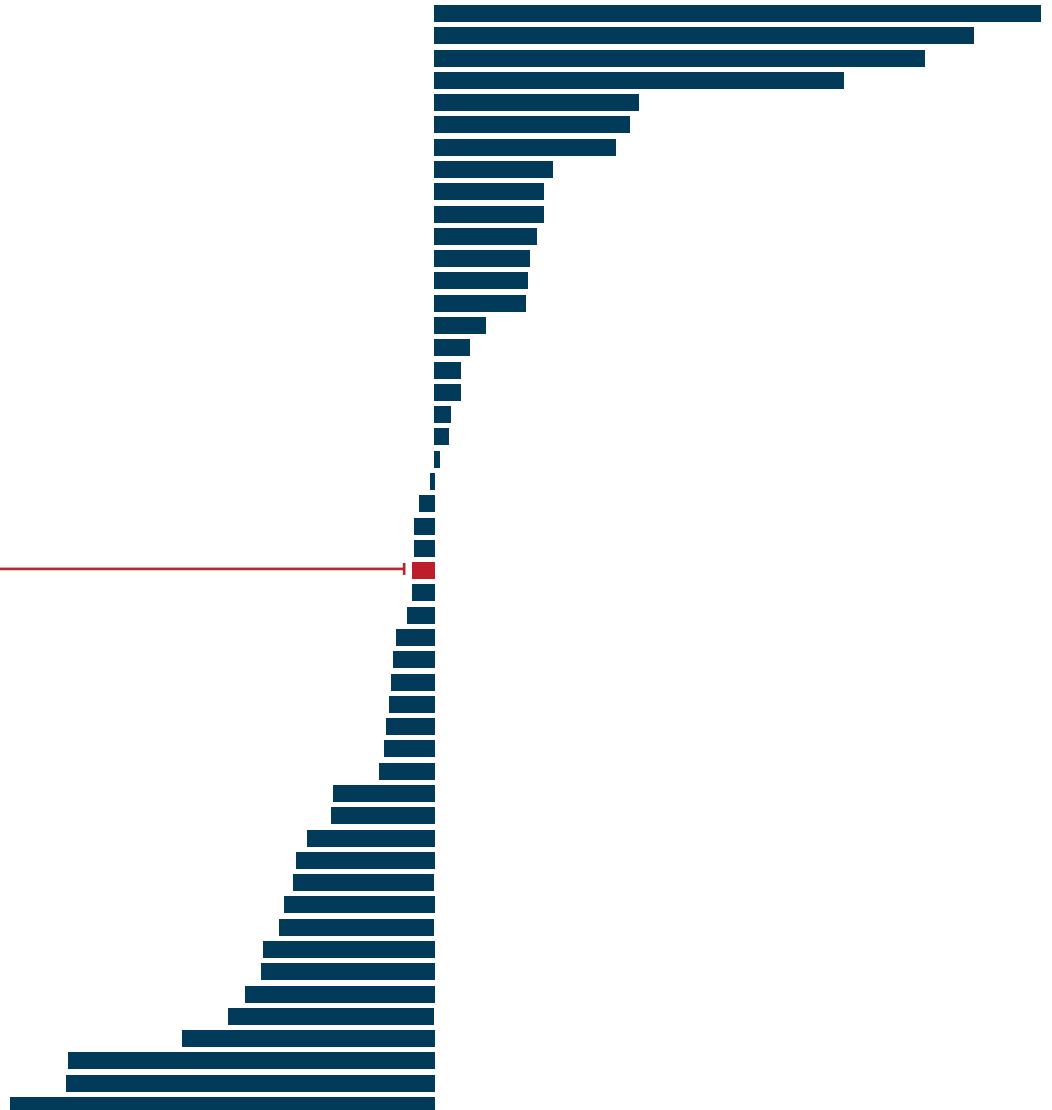
PEER STATES

State	Peer Rank	National Rank
Nevada	1	7
Tennessee	2	8
Indiana	3	9
Utah	4	10
Missouri	5	13
Kentucky	6	18
Colorado	7	20
Kansas	8	24
Oklahoma	9	26
Wisconsin	10	27
Mississippi	11	30
Iowa	12	38
Alabama	13	39
Arkansas	14	44

NATION

HIGHLY COMPETITIVE →

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

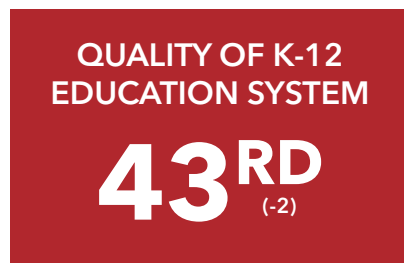


WORKFORCE



KEY FINDINGS:

- Oklahoma's **workforce rankings** are moving in the wrong direction, falling from an already poor **42nd in 2021 to 44th in 2022's index**, despite being a recognized priority for the state.
- The poor performance of Oklahoma's K-12 school system continues to hold back economic growth. **Oklahoma's K-12 ranking declined from 41st in the nation in 2021 to 43rd in 2022.**
- Oklahoma ranks **50th in STEM and STEM-related degrees or credentials** held by working age adults. The state also scores poorly in other educational attainment metrics, at **45th in bachelor's degree attainment and 41st in attainment of high school diploma or equivalent.**
- Oklahoma's college and career readiness continues to severely lag the nation, ranking **46th in ACT takers meeting math benchmarks, 40th in ACT reading benchmarks, 42nd in SAT math benchmarks, and 36th in SAT ERW benchmarks.**



REGION

State	Regional Rank	National Rank
Colorado	1	3
Kansas	2	28
Texas	3	36
Missouri	4	37
Oklahoma	5	44
Arkansas	6	45
New Mexico	7	47

PEER STATES

State	Peer Rank	National Rank
Colorado	1	3
Utah	2	11
Wisconsin	3	15
Indiana	4	27
Kansas	5	28
Iowa	6	31
Missouri	7	37
Tennessee	8	39
Kentucky	9	41
Nevada	10	43
Oklahoma	11	44
Arkansas	12	45
Mississippi	13	46
Alabama	14	50

NATION

HIGHLY COMPETITIVE →

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

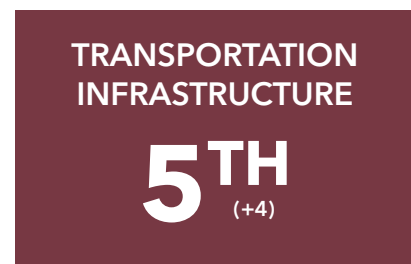
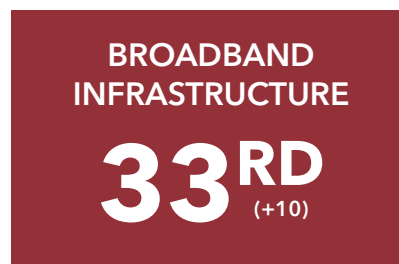
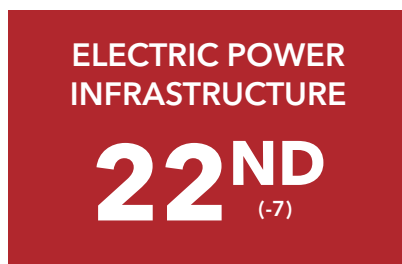


INFRASTRUCTURE



KEY FINDINGS:

- Oklahoma leapt **+11 spots in its overall infrastructure ranking**, from 24th in 2021 to **13th in 2022**, driven by an improvement in broadband infrastructure rankings and continued success in transportation infrastructure improvements.
- Oklahoma has seen **significant progress in broadband infrastructure, jumping 10 spots** between 2021 and 2022 (43rd to 33rd) in that category.
- Oklahoma held onto and improved its **Top Ten designation in transportation infrastructure**, moving from **9th to 5th nationally in roads and bridge ratings**.
- Oklahoma faces **stiff competition regionally**, as neighboring states also gained significantly in national rankings in 2022. Kansas and Texas advanced their existing lead in the region, moving their national rankings from 16th to 9th and from 17th to 8th, respectively.



REGION

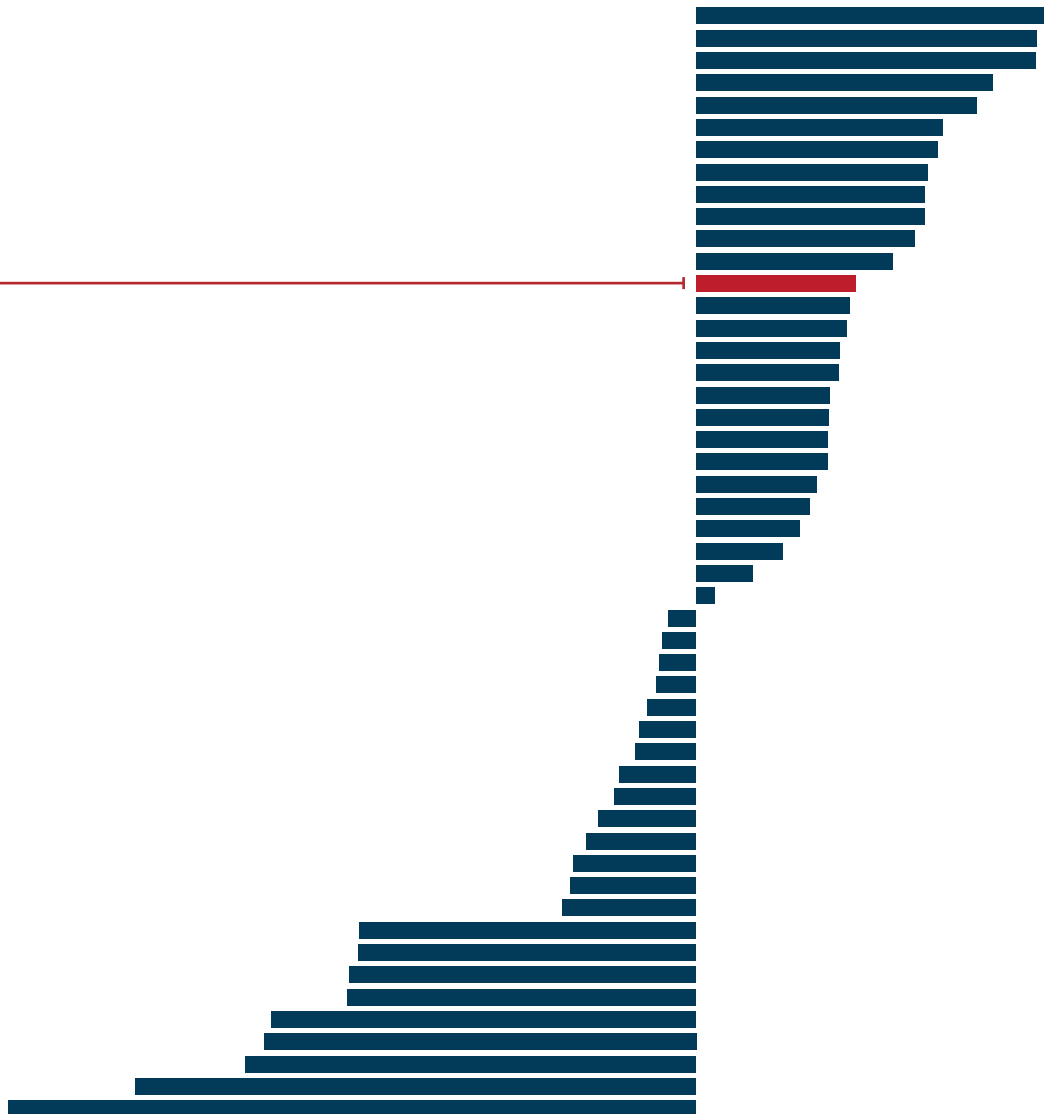
State	Regional Rank	National Rank
Texas	1	8
Kansas	2	9
Oklahoma	3	13
Colorado	4	14
New Mexico	5	32
Arkansas	6	34
Missouri	7	36

PEER STATES

State	Peer Rank	National Rank
Nevada	1	1
Kansas	2	9
Utah	3	11
Oklahoma	4	13
Colorado	5	14
Indiana	6	17
Tennessee	7	20
Kentucky	8	22
Wisconsin	9	26
Arkansas	10	34
Alabama	11	35
Missouri	12	36
Iowa	13	37
Mississippi	14	50

NATION HIGHLY COMPETITIVE

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

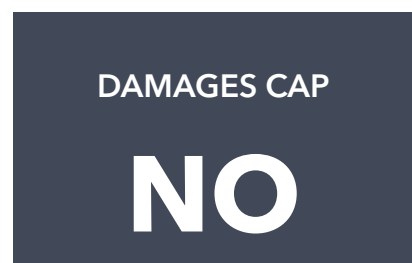


LEGAL CLIMATE



KEY FINDINGS:

- **At 25th nationally, Oklahoma's Legal Climate** ranks well in areas where policymakers have focused in recent years, but continues to post mediocre scores on the quality of its trial and appellate judges.
- Oklahoma's overall ranking is held back by its scores on the quality of its trial and appellate judges. **Oklahoma ranks 25th in Quality of Appellate Courts, 30th in Trial Judge Impartiality, and 31st in Trial Judge Competence.**
- A collection of legislative measures aimed at lawsuit reform in recent years have earned the state a **Top Ten ranking in overall treatment of tort and contract litigation**, though several of these measures have been overturned or scaled back by the courts.
- Oklahoma scores a **1st place ranking in Jury Fairness**, reflecting a culture in the state that no doubt has been influenced by the business community's push for tort reform.



REGION

State	Regional Rank	National Rank
New Mexico	1	11
Colorado	2	16
Oklahoma	3	25
Kansas	4	28
Arkansas	5	33
Texas	6	38
Missouri	7	44

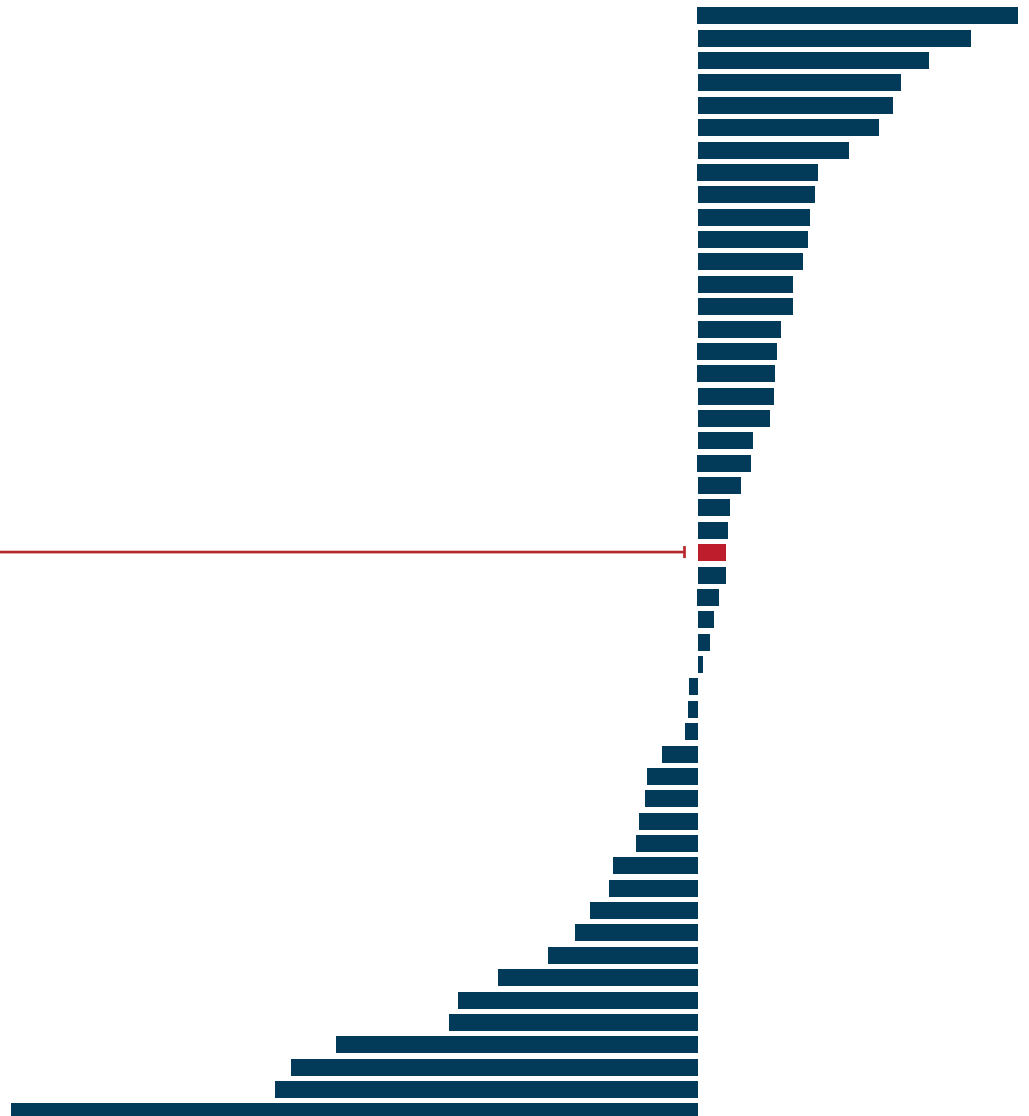
PEER STATES

State	Peer Rank	National Rank
Wisconsin	1	13
Colorado	2	16
Utah	3	18
Iowa	4	19
Oklahoma	5	25
Kansas	6	28
Nevada	7	30
Indiana	8	31
Arkansas	9	33
Tennessee	10	36
Kentucky	11	42
Alabama	12	43
Missouri	13	44
Mississippi	14	45

NATION

HIGHLY COMPETITIVE →

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

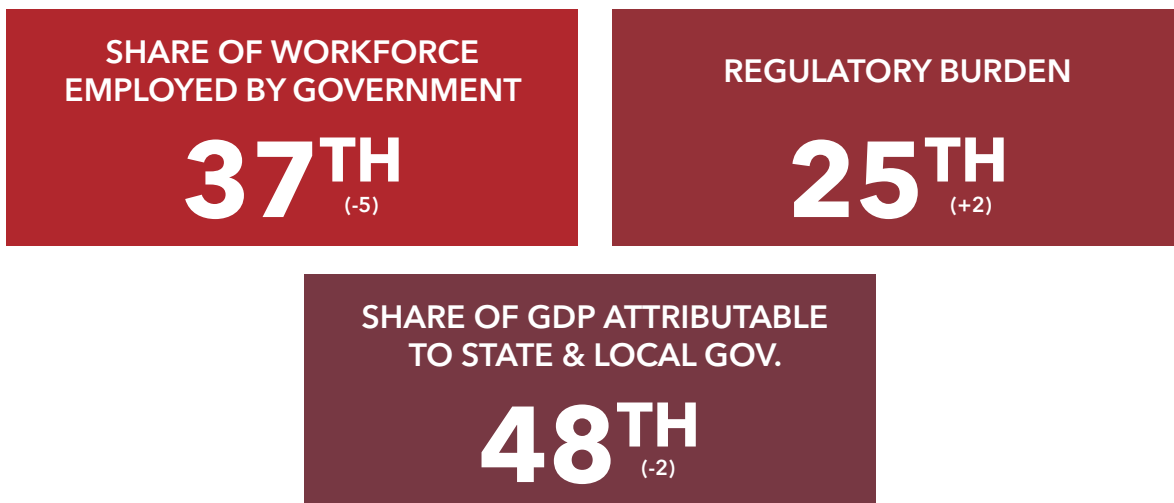


GOVERNMENT BURDEN



KEY FINDINGS:

- Ranking 41st overall, Oklahoma's private sector is significantly burdened by state and local government.
- At 25th, Oklahoma's regulatory burden is middle-of-the-pack, leaving room for improvement.
- Oklahoma's overall ranking is dragged down due to a large share of its population being employed by state and local government (12.8%; 37th of 50 states), and a high proportion of its GDP attributable to state and local government spending (12.2%; 48th of 50).
- Even when adjusted for its low population density and/or large land area—which might indicate a need for relatively larger state and local government—Oklahoma still ranks uncompetitively in the Government Burden component.



REGION

State	Regional Rank	National Rank
Missouri	1	6
Colorado	2	27
Kansas	3	29
Texas	4	32
Oklahoma	5	41
Arkansas	6	43
New Mexico	7	49

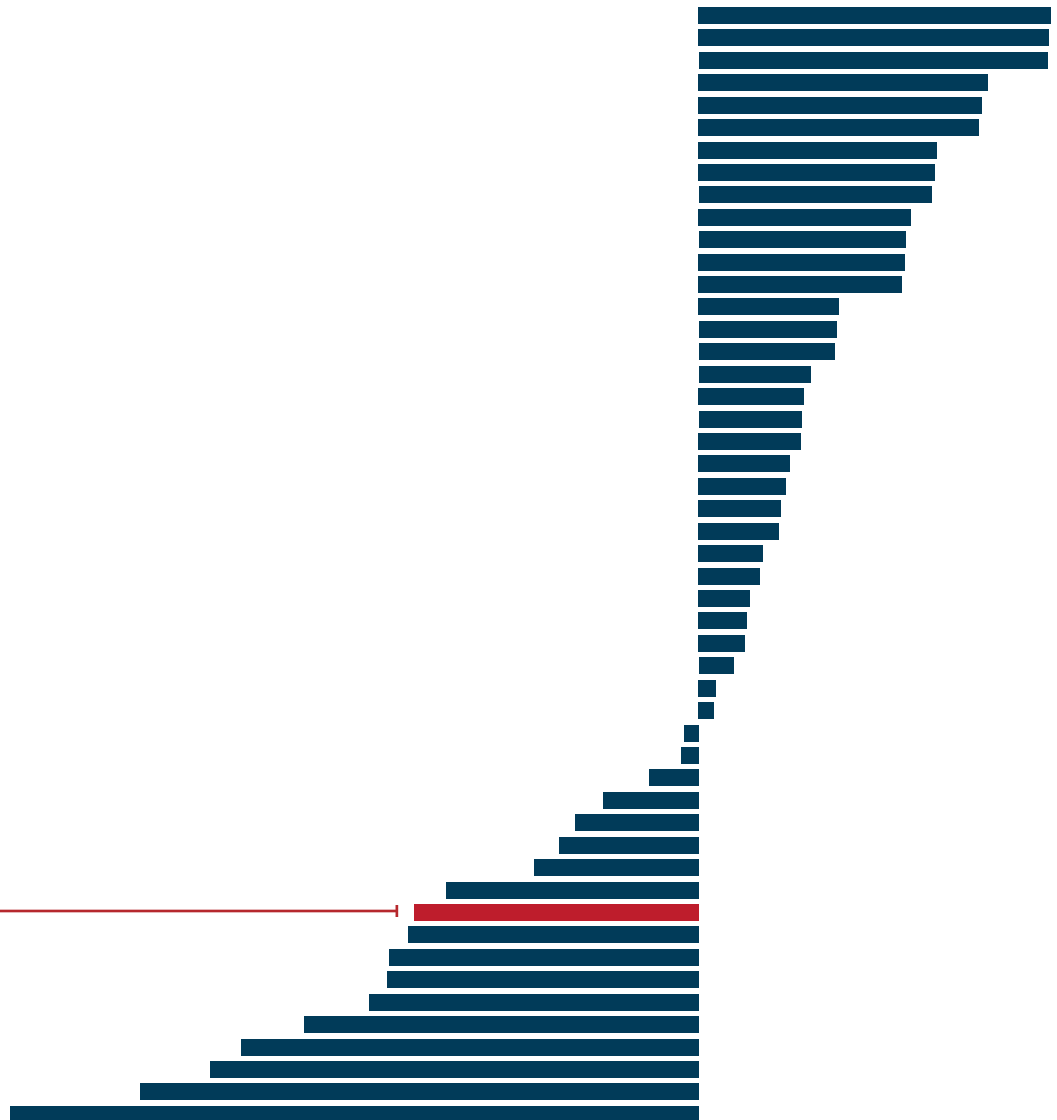
PEER STATES

State	Peer Rank	National Rank
Indiana	1	3
Missouri	2	6
Nevada	3	8
Tennessee	4	11
Utah	5	15
Kentucky	6	25
Wisconsin	7	26
Colorado	8	27
Kansas	9	29
Iowa	10	35
Alabama	11	36
Oklahoma	12	41
Arkansas	13	43
Mississippi	14	47

NATION

HIGHLY COMPETITIVE →

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



HEALTH CARE SYSTEM



KEY FINDINGS:

- Oklahoma struggles largely across the board in health care system metrics, **ranking 47th** in the index's **health insurance coverage** subcomponent and **43rd in the population health outcomes** subcomponent.
- The state's **health care supply ranks better at 31st nationally**, though there is significant room for improvement.
- Oklahoma's health insurance coverage rankings are expected to improve in coming years as new data is produced, reflecting recent gains not reflected in current publicly available data.



REGION

State	Regional Rank	National Rank
Colorado	1	12
Kansas	2	21
Missouri	3	35
New Mexico	4	37
Texas	5	38
Arkansas	6	44
Oklahoma	7	46

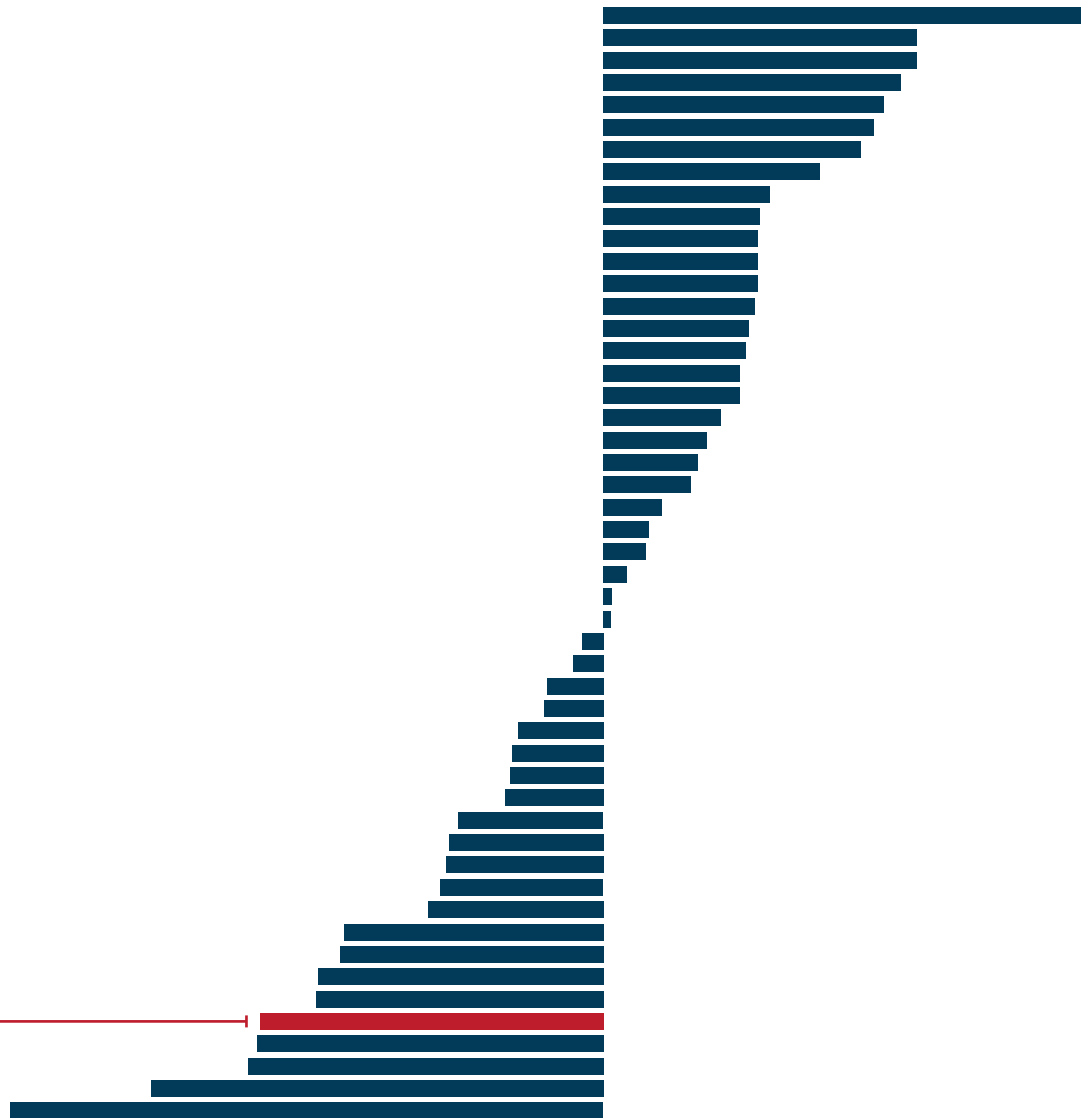
PEER STATES

State	Peer Rank	National Rank
Colorado	1	12
Wisconsin	2	15
Iowa	3	19
Kansas	4	21
Utah	5	22
Missouri	6	35
Nevada	7	39
Indiana	8	41
Tennessee	9	42
Arkansas	10	44
Mississippi	11	45
Oklahoma	12	46
Alabama	13	47
Kentucky	14	49

NATION

HIGHLY COMPETITIVE →

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



NOTES ON METHODOLOGY

Ranking the competitiveness of 50 very different states presents many challenges, and no index is without flaws. Recognizing this reality, The Scorecard was developed with several key features in mind.

First, The Scorecard is focused on Oklahoma, and meant as a tool to aid Oklahoma policymakers and business leaders. This Oklahoma-centric approach modestly influenced both the selection and weighting of the variables (though variables were largely chosen and weighted according to their correlation with economic growth metrics).

Second, the touchstone of The Scorecard is competitiveness. Wherever possible, the states are measured *against each other*, not in a vacuum. Therefore, a state receiving the lowest score in a given category does not indicate the state is the worst it is possible to be on that measure, but rather that it rates behind every other state. Likewise, states receiving first place rankings in a given category still have room for improvement, but, for now, outpace the other forty-nine. This relative scoring approach improves The Scorecard's explanatory power for policymakers because it points to areas where there is great divergence among states. Categories that feature little significant difference between the states may not have as much impact on business decisions as categories in which states vary greatly.

Lastly, The Scorecard attempts to only include variables that can be accurately measured, and only those that touch some important aspect of state public policy. Wherever possible, data was controlled for factors more influenced by federal policy than state policy (for example, state and local employees, not all government employees, are measured to determine rankings as to share of workforce in the public sector). It also seeks to avoid the double counting of particularly pronounced aspects of a state's economy.

With these principles in mind, The Scorecard has a hierarchical structure that results in an overall economic competitiveness score and ranking of all 50 states. The Scorecard is composed of six major Components (Tax Competitiveness, Workforce, Infrastructure, Legal Climate, Government Burden, and Health Care System). Each component consists of several subcomponents, calculated across more than 40 variables. Scores and rankings for the subcomponents are combined to produce an overall component score and ranking, which are then combined to yield an overall economic competitiveness score and ranking for each state. Throughout the calculation of scores and rankings, data is normalized to the mean to facilitate comparison of different types of data and to gauge the extent of divergence of states in a given category. Weights for subcomponents and variables are generally determined based on the standard deviations of the data, emphasizing factors where there is wider divergence among states, i.e., facilitating analysis of competitiveness in areas that matter to economic decisions.

HOW IT'S MEASURED & WHY IT MATTERS

TAX COMPETITIVENESS

- The Scorecard measures states' tax competitiveness across five components: (1) Individual Income Tax, (2) Corporate Tax, (3) Sales Tax, (4) Property Tax, and (5) Unemployment Insurance Tax.
- Each tax category is scored according to both the rates charged and the composition of applicable tax base. In general, states that tax broad bases at low rates score better in the tax component of the Scorecard, and states that forego assessing a given tax altogether score favorably in that subcategory.
- The Tax Competitiveness component of The Scorecard borrows heavily from the Tax Foundation's State Business Tax Climate Index, and typically does not account for recent tax changes enacted but not yet in effect.

WORKFORCE

- The Scorecard measures states' Workforce Competitiveness across three components: (1) Quality of K-12 Education System, (2) Educational Attainment, and (3) Quality of Labor Supply. Within each are a number of variables, weighted according to importance.
- The quality of a state's K-12 education system is based on National Assessment of Educational Process (NAEP) scores for 4th and 8th grade reading and math, as well as ACT and SAT benchmarks.
- Educational attainment scores states' on the share of their working age populations achieving a high school diploma, a bachelor's degree, and a STEM-related degree (including non-college, STEM-related credentials).
- The quality of a state's labor supply, strongly correlated to economic growth, is calculated based on participation in the labor force (and contributors to non-participation), worker productivity, and the existence of a right to work law.

INFRASTRUCTURE

- The Scorecard measures states' infrastructure across three components: (1) Electric Power Infrastructure, (2) Broadband Infrastructure, and (3) Transportation Infrastructure.
- The ranking of states' electric power infrastructure is based on industry-standard measures of both cost and reliability.
- Similarly, broadband infrastructure is ranked according to both speed and accessibility of broadband.
- Lastly, the transportation infrastructure subcomponent utilizes data from the National Highway Safety Administration to rate the condition of roads and bridges in each of the states, another widely-accepted measure of quality.

LEGAL CLIMATE

- The Scorecard measures states' Legal Climate across six components: (1) Quality of Appellate Review, (2) Quality of Trial Judges (both fairness and competence), (3) Jury Friendliness, (4) Overall Treatment of Tort and Contract Litigation, (5) Size of Legal Services Industry (as a share of private economy), and (6) liability predictability, i.e. whether noneconomic or punitive damages are capped by law.
- Quality of appellate and trial courts are a measure of the quality of judges on the bench, which flows directly from the method of judicial selection the state employs. This likely makes this variable highly responsive to policy change over time.

- Jury friendliness is largely cultural and thus not as responsive to policy determinations. However, jury friendliness does, in part, reflect statutory and other litigation rules that influences how cases wind up being presented to juries, so it is included in the index at a lower weight.
- Size of legal services industry is a proxy variable for how litigious a state is and how costly legal compliance with state law is. Stated simply, legal services eats up an ever larger share of the private economy in states where it is highly profitable to be engaged in the practice of law, i.e., states where legal costs to businesses are high.
- Liability predictability is measured by whether a state caps noneconomic damages in state law. No weight is given to how high or low the cap is, ensuring that the variable measures certainty and is not distorted. Per capita tort costs are not included for a similar reason: they may be skewed by a variety of factors (such as the existence of a relatively dangerous industry) that results in misleading results.

GOVERNMENT BURDEN

- As the size of government grows it begins to crowd out private investment, slowing overall economic growth. Moreover, certain types of encroachment—such as heavy regulation or government competition within industries—impose substantial costs on business that slow economic growth.
- The Scorecard measures states' Government Burden across three subcomponents: (1) share of the labor force employed by state and local government, (2) the state's regulatory burden, and (3) the share of GDP attributable to state and local government, as opposed to private industry.
- The Government Burden component of the Scorecard controls for activity of the federal government so states are not rewarded or penalized for factors (such as the presence of a large number of military bases and personnel) that are outside the control of state policymakers. This ensures a truer picture of the policy factors that can be adjusted to reduce government encroachment on the private sector.
- Perhaps surprisingly, controlling for population density and/or geographic size of a state does not significantly alter overall rankings.

HEALTH CARE SYSTEM

- The Scorecard measures states' health care systems across three subcomponents: (1) health care supply, (2) insurance coverage, and (3) population health.
- Health care supply is a measurement of a state's health care infrastructure, impacting both access and affordability. The Scorecard ranks states on variables like availability of acute care beds, physicians, primary care providers, and mental health facilities.
- For the insurance coverage subcomponent, The Scorecard factors in both private health insurance coverage and Medicaid populations. In general, states score better if their uninsured population is low due to expanded Medicaid, but states with both a low uninsured population and a relatively low Medicaid population score the best. That is, The Scorecard preferences any insurance coverage over none, but also preferences private health insurance over Medicaid.
- Population health metrics include common chronic conditions in the state's population. At the margins, high levels of these conditions increase costs and weigh on the labor market.

For more detailed information on the methodology used or data supporting the findings in this report, please contact SCRF or visit our website, www.okstatechamber.com/foundation.



ABOUT THE STATE CHAMBER RESEARCH FOUNDATION

The State Chamber Research Foundation (SCRF) is the business community's think tank. Through high quality research and analysis, SCRF educates policymakers and the public about the virtues of the free enterprise system, the public policy ideas that enable free enterprise to thrive, and the positive contributions of the business community to the prosperity and welfare of the people of Oklahoma. As a non-profit, non-partisan research and education organization, SCRF is dedicated to advancing free markets, increasing opportunity, and growing prosperity.

Visit us at www.okstatechamber.com/foundation.