Who Runs the States?

An in-depth look at historical state partisan control and quality of life indices
Part 2: State Quality of Life Index (SQLI) of the 50 states between 1992-2012

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Executive Summary

When it comes to quality of life, what's the best state?

A number of organizations have tackled that question, often focusing on just one way to think about which states are better and which states are worse: level of employment, health status, educational attainment, business climate, poverty rates and so on.

This study aggregates 19 different indices into one overall State Quality of Life Index. (SQLI). Our goal was to get a big picture "quality of life" rating of each state relative to all 50 states. In our study, we used 236 individual datasets from 19 different indices covering the years 1992 to 2012.

The state with the highest aggregate ranking during the 21-year period was New Hampshire. The worst performing state in our study was Mississippi. Minnesota finished 2nd overall and placed in the top five in every year of the study. Conversely, only Mississippi and West Virginia finished in the bottom five every year from 1992-2012. One state -- Nevada -- placed one year in the top five (2005) as well as one year in the bottom five (2012).

Our index produced year-by-year average rankings, as well as an overall SQLI ranking for each state relative to the other 49 states over the entire course of the study. These rankings allowed us to look at which states were trending better and which were displaying poorer performances during the study period.

The three states that experienced the greatest improvement from 1992 to 2012 were Texas, North Carolina and North Dakota. The three states that saw the biggest decline in its rankings from start to finish were Nevada, Connecticut and Illinois.

In Part One of our "Who Runs the States" report, we analyzed which party (Republican or Democratic) controlled the levers of state government in each state over the years 1992-2013. Matching our SQLI with the partisanship data in Part Three of our report series will allow us to identify trends relating to state government control and outcomes for residents. Is there any correlation between states trending better in SQLI and states trending toward one party? These results will be examined in Part Three of our study.

State Quality of Life Index (SQLI)

About the Index

How do you define "quality of life"? It's a subjective concept. You may have a very different idea about the best kind of life than your neighbor across the street. That said, many people agree on some fundamental characteristics that go into defining or capturing what it would mean for most people to enjoy a high quality of life.

For this study, we selected 19 state comparison indexes[1] to combine into our aggregate index. Each of the 19 state comparison indexes we chose tries to capture a part of what it would mean for one state to have a relatively higher performance than other states.

Each index we selected includes annual state-level data from respected sources. Many of our data sets reflect economic considerations because economic data is more readily available and because economics are an important part of quality of life. We also included social, health-related, and governmental indices and indicators.[2]

A major challenge was finding indices that stretched back for any significant amount of time. Most of the more popular indices that we used have been in existence only since 2004. These include *Forbes* Best States for Business (2006) and Gallup-Healthways Well-Being Index® (2008). We calculated our quality-of-life index by equally weighting all of our indicators for which we had data for a given year and then giving each state an annual rank from 1 to 50. We then totaled all the annual rankings to give each state an overall SQLI ranking. This allows us to assess how a state's performance changes from year-to-year relative to the other 49 states -- rather than just the individual raw score variations.

Because much of our data and most of our indices cover only the later years in the 1992-2012 period, our more recent years tend to include more data sets than the earlier years. For 2010, the year with the greatest amount of data, we used data from 18 indicators and indices. For our rankings from 1992 through 2000, the years with the least amount of data, we used only 10 data sets.[3] For more details about the index and the 19 indicators used, see the Methodology section.

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[1] More information about the individual indices can be found in the Methodology. The 19 indices are: Best and Worst Governed States (24/7 Wall St.); America's Health Rankings® (United Health Foundation); Comprehensive Annual Financial Report (CAFR) debt-to-GDP ratio (Institute for Truth in Accounting); Best and Worst States for Business (Chief Executive magazine); Top States for Business (CNBC); Best States for Business (Forbes); Government employment's share of the population (Bureau of Labor Statistics via State Data Lab); High school graduation rate (National Center for Education Statistics via United Health Foundation); Personal income per capita (Bureau of Labor Statistics); Poverty rate (Census Bureau via State Data Lab); Real GDP per capita (Bureau of Economic Analysis); State general obligation bond credit rating (Standard and Poor's via Pew Center on the States); State government spending-to-GDP ratio (Census Bureau via State Data Lab); State and local tax burden per capita (Tax Foundation); Tax Freedom Day® (Tax Foundation); Unemployment rate (Bureau of Labor Statistics); Unfunded pension liabilities due per capita (Institute for Truth in Accounting/Census Bureau); Voter turnout (United States Elections Project); The Well-Being Index® (Gallup-Healthways).

[2] We recognize that there is a degree of subjectivity to selecting indexes. Results will vary for state rankings depending on which indexes are picked and emphasized. For more details, see the Methodology.

[3] We considered choosing only indices that were available for the full 21-year period. However, this would have discounted many of the more recent advancements in ways to measure quality of life. There are

Overall Rankings

As stated above, we wanted to quantify all of the indices we included and identify the state that performed best across the entire 21-year period. We took each state's average ranking for each year and then created one aggregate rank for the whole study. New Hampshire ranked 1st overall in our quality-of-life index. The Granite State took the top spot for 14 of the 21 years in our study, coming in 1st from 1994 through 1996, from 1998 to 2005, and again in 2008. The state never ranked lower than 7th in any individual year. Ranking 1st in only 2010 and 2011, Minnesota took runner-up honors and was never ranked lower than 5th. The remainder of the top 10: Colorado, 3rd; Nebraska, 4th; Iowa, 5th; Connecticut, 6th; Virginia, 7th; South Dakota, 8th; Massachusetts, 9th; and Delaware, 10th.

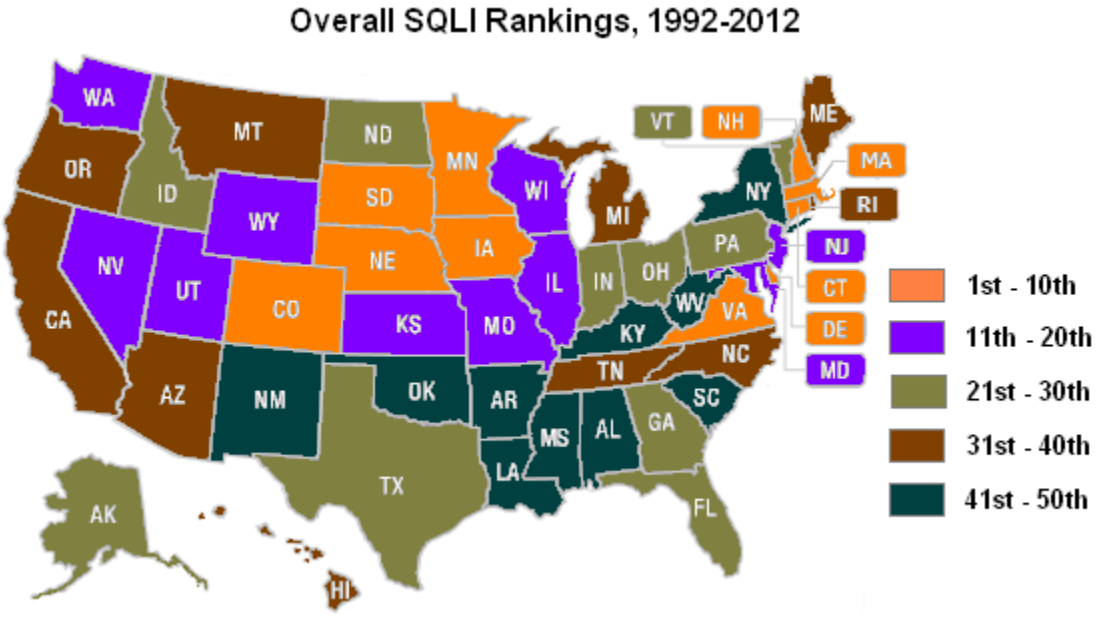

Figure 1: Map depicting the overall SQLI ranking for all 50 states.

At the other end of the spectrum, Mississippi ranked last in our quality-of-life index, finishing 50th from 1993 to 1998, from 2001 to 2005, and again from 2009 to 2012. The Magnolia State was ranked 49th, its best position, for the remaining six years. West Virginia was the second-to-last state overall and actually finished last from 2006 to 2008. West Virginia's 48th position in 1992 and again from 1995 to 2000 marked its highest annual finishes. The other members of the bottom 10 were New Mexico, 48th; Kentucky 47th; Louisiana, 46th; South Carolina, 45th; Arkansas, 44th; Alabama, 43rd; New York, 42nd; and Oklahoma, 41st.

On average, each state shifted 2.6 positions (up or down) annually from its ranking the previous year. States shifted the most from 2004 to 2005 with each state shifting up or down an average of 3.7 positions. North Dakota's ranking fluctuated the most in our quality-of-life index, shifting an average of 4.7 positions annually. Mississippi and West Virginia were the most consistent states. These two states' rankings each moved only five total positions, an average of 0.25 each year.

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some tradeoffs associated with having new studies added in recent years, but we believe this provides a more comprehensive picture in how to evaluate a state.

As portrayed in the figure above, the southeast had a high concentration of states that finished in the bottom portion of the rankings. On the other hand, a grouping of states in the northern Midwest finished in the top tier of states.

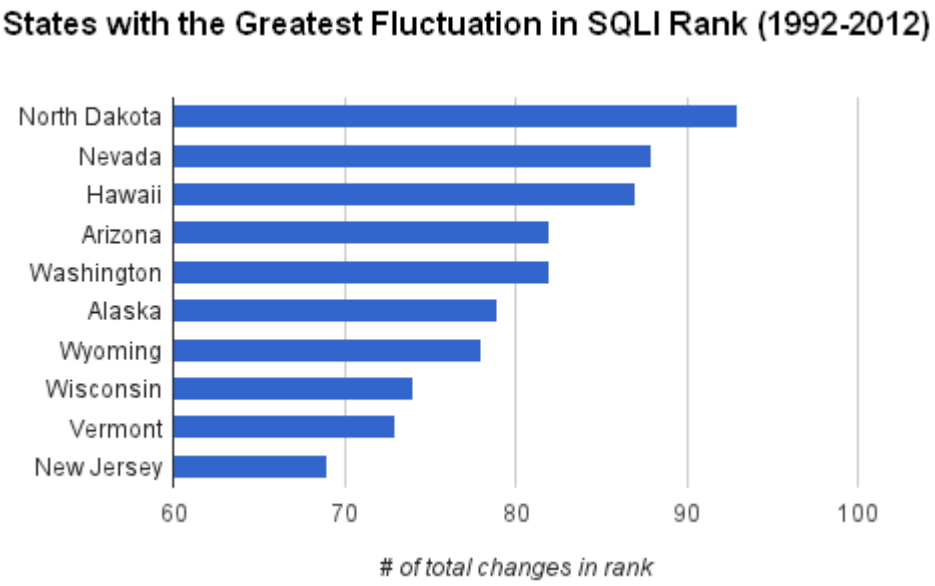

Figure 2: States with the greatest total changes in SQLI rank from 1992-2013

Texas's SQLI ranking experienced the most net improvement from 1992 to 2012, moving up 1.25 spots each year on average. Buoyed by the inclusion of business ranking such as *Forbes* Best States for Business in the SQLI for the recent years, Texas jumped from 36th place in 1992 to 11th in 2012, tied with 2007 for its top annual ranking. Nevada saw the largest drop in ranking, plummeting 34 spots (1.7 annually) from 12th in 1992 to 46th in 2012. Nevada had been as high as 7th in 2006 before the U.S. housing market collapsed. Most of Nevada's fall took place in the final five years of the study as the recession hit the state's economy especially hard and other indicators, such as its graduation rate, also worsened. Among states which saw the smallest net change in their rankings, Kentucky and Missouri improved by only one position, while Arkansas, Massachusetts, Mississippi, and West Virginia each moved back one spot. Connecticut had the greatest one-year drop, falling 14 spots from 19th in 2011 to 33rd in 2012. Connecticut's scores in Wall Street's Best/ Worst States and its Graduation Rate were the areas where it experienced the most significant drops in rankings, dropping more than 10 places in each index going from 2011 to 2012. Arizona, Texas, Washington, and Wyoming tied for the greatest one-year improvement, all jumping up 13 spots. Arizona moved from 30th in 2004 to 17th in 2005, Texas advanced from 33rd in 2004 to 20th in 2005, Washington improved from 29th in 2005 to 16th in 2006, and Wyoming leapt from 24th in 2007 to 11th in 2008.

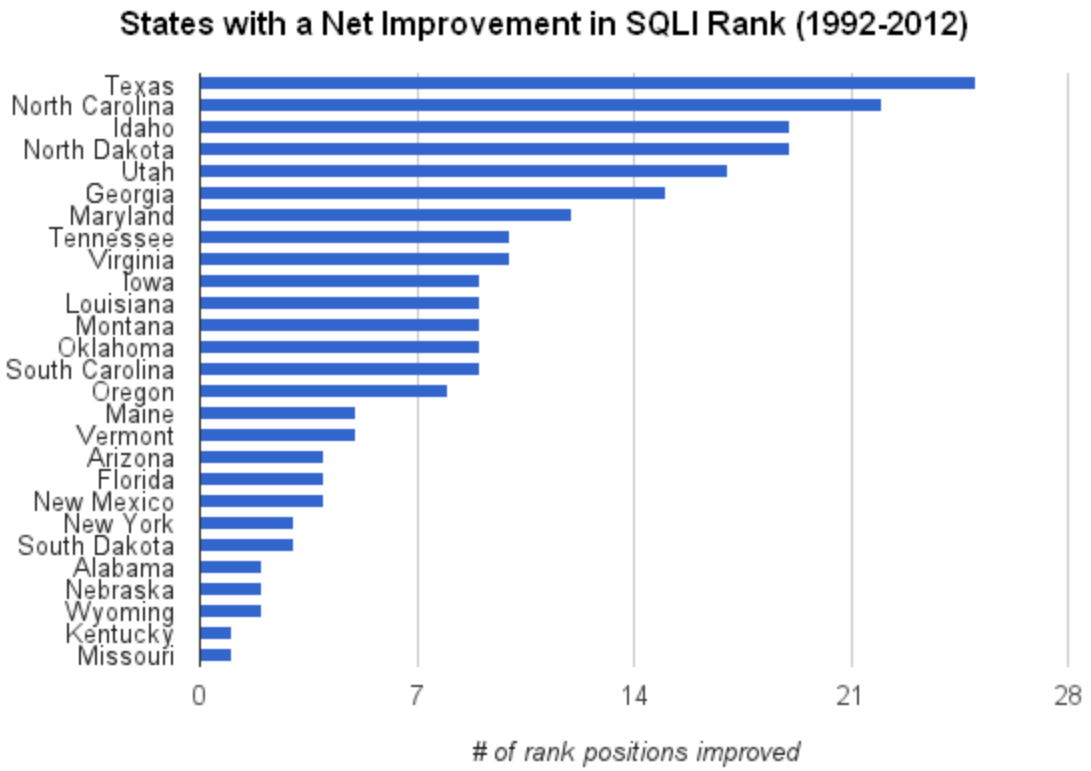

Figure 3: States with the greatest net improvement in SQLI from 1992-2013

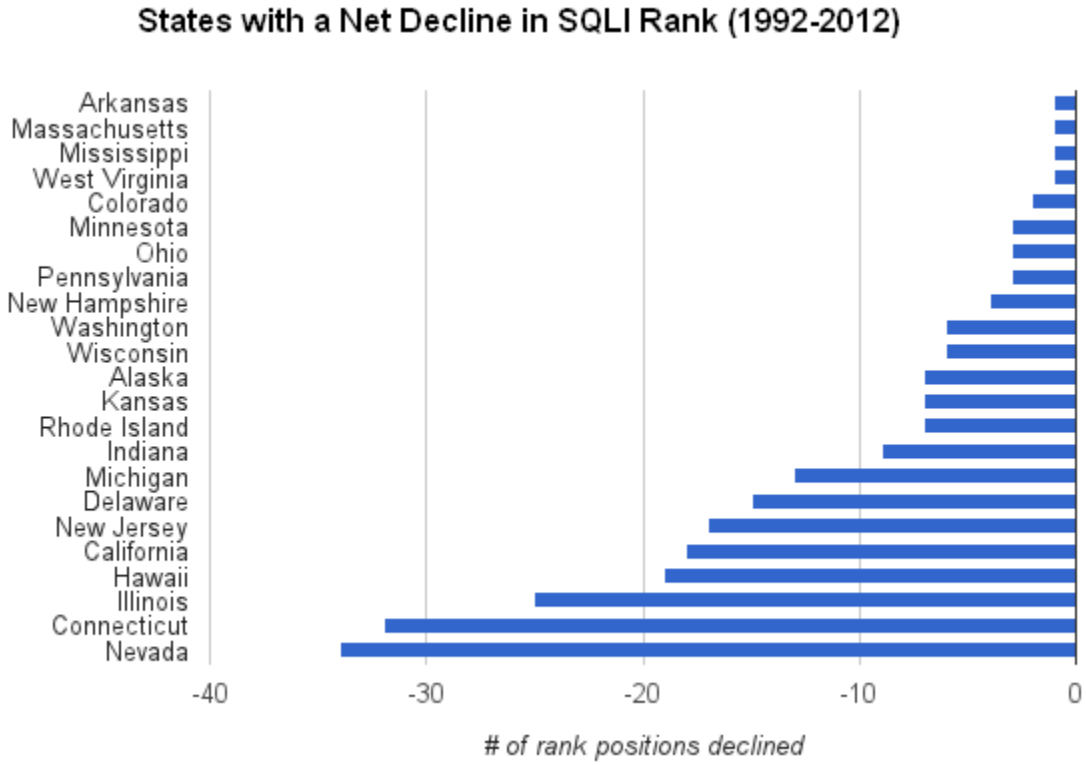

Figure 4: States with the greatest net decline in SQLI from 1992-2013

Dramatic Changes from 1st Half to 2nd Half

Another way that we can analyze the data is to study which states trended better over the second half of the study. We divided the 21 years of results into two datasets -- 1992-2001 and 2002-2012. By taking the average ranking of each state during the two distinct halves, we can identify states that are displaying improving or declining quality of life trends.

We looked at these changes in two ways. First, we calculated the raw ranking change. For example, if Maine's average ranking in the first half of the study was 33.70 and the average ranking was 36.09 in the second half, then Maine saw a raw change of 2.39 from the first half to the second. In this case, the 2.39 reflects a negative result as Maine's average ranking decreased by that amount. The second way we analyze the data is using the percentage change relative to the initial ranking. In the case above, the average ranking for Maine between the first and second half of the study decreased by 7.09 percent. The percentage change figures not only reaffirm the states with dramatic improvement or decline in rank, but also help capture the trends in the higher ranking states where movements are more pronounced as a percentage.

Changes based on raw ranking change

The five states that showed the greatest quality of life improvement between the two periods were:

- Texas
- Idaho
- Utah
- Georgia
- Arizona

Texas increased 15.43 spots in average rank, improving from an average ranking of 34.7 in the first half of the study to 19.27 in the second half. Idaho increased 11.35, improving from 34.8 to 23.45. Utah increased 10.49, from 24.4 to 13.91. Georgia increased 9.99, from 33.9 to 23.91. Arizona increased 9.87, from 37.6 to 27.73.

The five states with the biggest declines from 1992-2012 were:

- Michigan
- Illinois
- Indiana
- Connecticut
- Wisconsin

Michigan decreased 15.95 spots in average rank, declining from an average ranking of 22.5 in the first half of the study to 38.45 in the second half. Illinois decreased 15.17, declining from

11.1 to 26.27. Indiana decreased 12.85, from 15.7 to 28.55. Connecticut decreased 10.65, from 2.9 to 13.55. Wisconsin decreased 10.19, from 10.9 to 21.09.

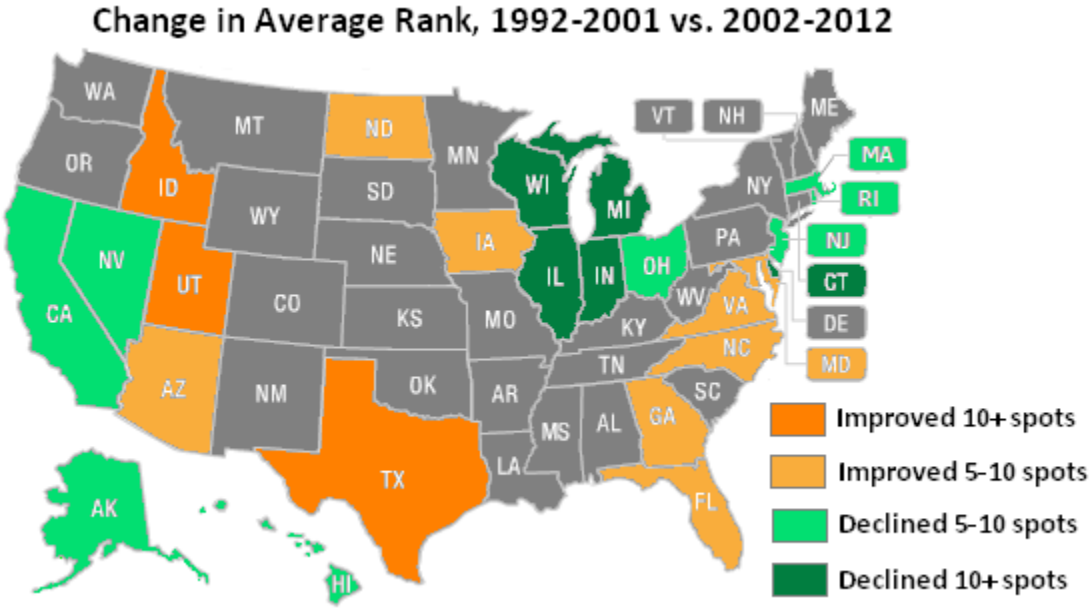

Figure 5: Map depicting the states grouped by most extreme raw ranking change between the two halves of the study.

Changes of 40 percent or more

A total of five states saw their rankings increase by more than 40 percent from the first to the second half of the study. Those five states were Virginia, Iowa, Texas, Maryland and Utah. Virginia's average ranking increased 67.3 percent, improving from 13.9 in the first half of the study to 4.55 in the second half. Iowa increased 46.97 percent, from 10.8 to 5.73. Texas increased 44.46 percent, from 34.7 to 19.27. Maryland increased 43.53 percent, from 19.8 to 11.18. Utah increased 43 percent, from 24.4 to 13.91.

Additionally, 11 states experienced a dropoff of 40 percent or more in ranking between the two periods of time (1992-2001; 2002-2012). Those states were Connecticut, Massachusetts, Illinois, Wisconsin, Indiana, New Jersey, Colorado, Michigan, Nevada, Alaska and New Hampshire. Connecticut's average ranking decreased 367.08 percent, declining from 2.9 in the first half of the study to 13.55 in the second half.[4] Massachusetts decreased 140.14 percent, from 5.3 to 12.73. Illinois decreased 136.69 percent, from 11.1 to 26.27. Wisconsin decreased 93.49 percent, from 10.9 to 21.09. Indiana decreased 81.82 percent, from 15.7 to 28.55. New Jersey decreased 80.24 percent, from 11.5 to 20.73. Colorado decreased 73.55 percent, from 3.30 to 5.73. Michigan decreased 70.91 percent, from 22.50 to 38.45. Nevada decreased

[4] Note: States that start with a high ranking -- such as Connecticut -- are at a disadvantage with respect to our percentage change calculation. Specifically, a small raw decline change may lead to a large overall percentage change. We displayed the results with respect to raw decline as well as percentage decline to account for this characteristic.

69.15 percent, from 12.2 to 20.64. Alaska decreased 47.84 percent, from 20.6 to 30.45. New Hampshire decreased 47.73 percent, from 1.6 to 2.36.

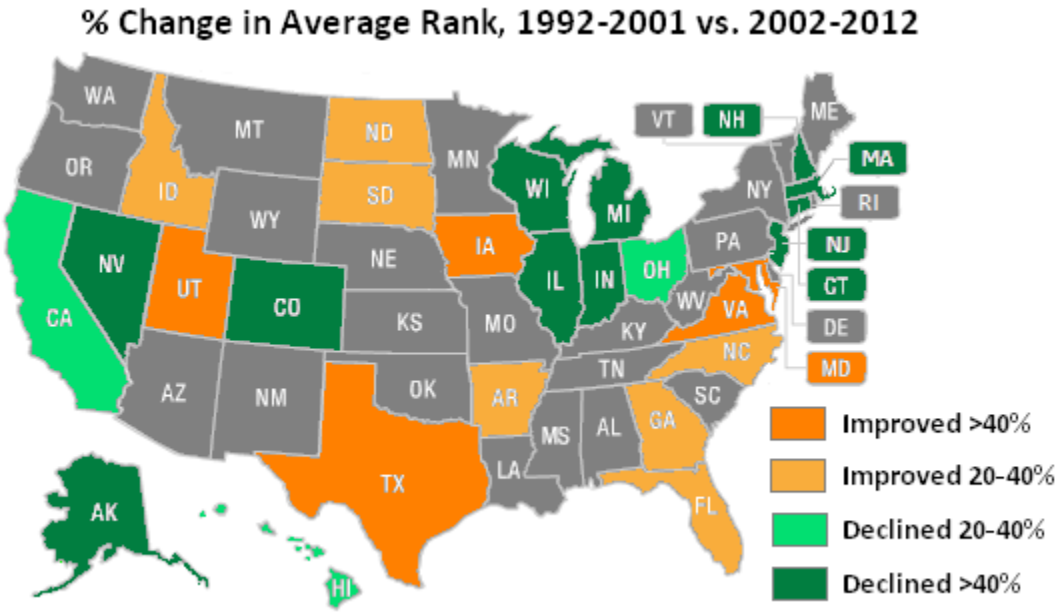

Figure 6: Map depicting the states grouped by most extreme percentage ranking change between the two halves of the study.

Individual Indicators

Overview

Nineteen states finished as the top overall state, or tied for 1st, for at least one of the 19 individual indicators included within the SQLI. Texas led the way with the lowest level of state spending as percentage of Gross Domestic Product (GDP), the top ranking on CNBC's Top States for Business, and the top spot on *Chief Executive*'s Best/Worst Governed States. Delaware, Minnesota, Nebraska, and Virginia followed with two top finishes each. Delaware had the highest GDP per capita and was one of seven states with the highest S&P bond rating, and Nebraska had the lowest debt-to-GDP ratio and the lowest unemployment rate. Minnesota had the highest voter turnout and was the top state on America's Health Rankings, while Virginia took 1st place on the *Forbes* Best States for Business list and also tied for top bond rating. Fourteen other states finished 1st for only one indicator. All but 13 states finished in the top 5 overall for at least one indicator. Leading all states, Utah had seven finishes in the top five. Colorado, Minnesota, Nebraska, North Carolina, and Virginia each made the top-five for five indicators.

The last-place rankings were concentrated among fewer states than the first place rankings. Only 10 states finished last or tied for last for one or more indicators. Mississippi had the lowest levels of real GDP per capita and personal income per capita, the worst ranking for America's Health Rankings, and the highest poverty rate. Alaska also had four last-place rankings with the highest debt-to-GDP ratio, the last spot for the CNBC Best States for Business, the highest level of state government spending as a percentage of GDP, and a tie for the highest level of unfunded pension liabilities per capita. West Virginia had three 50th-place

rankings, while California had two. Six other states placed last for one indicator each. Thirty-three states ranked in the bottom five for at least one indicator. West Virginia had a bottom-five ranking for 12 of the 19 indicators, followed by Mississippi with 9 and Alaska with 6. Thirty other states had between one and five bottom-five rankings.

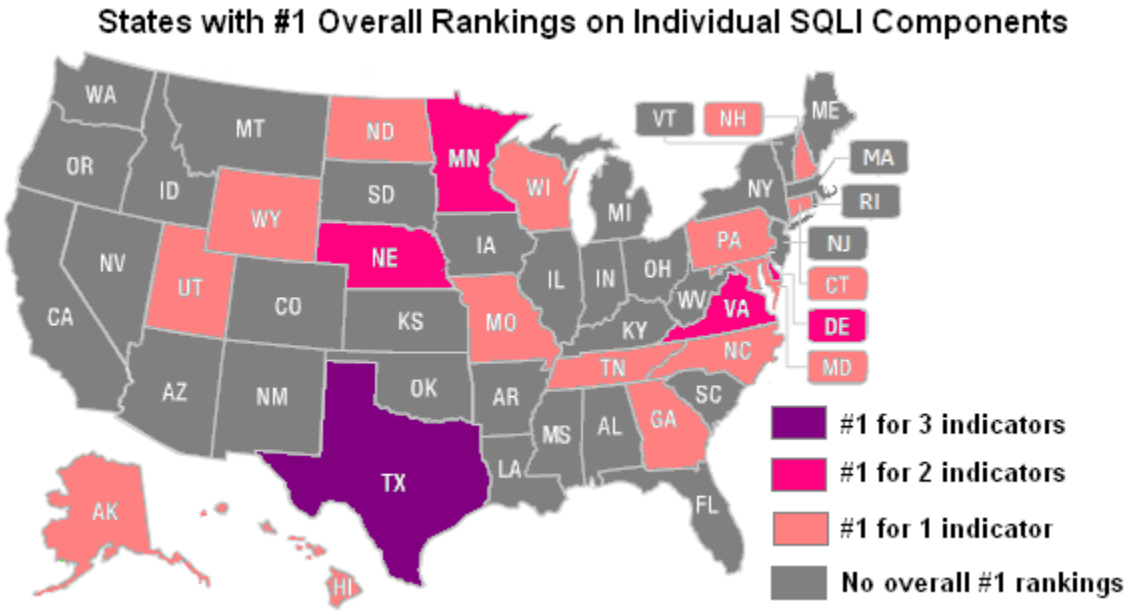

Figure 7: States that finished with a number one overall ranking for at least one specific index.

Three states had both first- and last-place rankings for different indicators. Alaska had the lowest state and local tax burden but the highest level of government spending as percentage of GDP and the worst score for CNBC's Best States for Business. Connecticut had the highest personal income per capita and the latest Tax Freedom Day in 2012. Wyoming was 24-7 Wall St.'s Best Governed State and had the highest level of government employment as a percentage of its population. See Appendix A for a full chart showing the top and bottom state for each indicator. For the complete rankings, see our full data set.

The following 19 sections provide brief individualized results from each specific indicator. A full explanation of each indicator can be found in the Methodology section.

24-7 Wall St.'s Best and Worst Governed States (2010-2012)

Wyoming took the top spot overall in the 24-7 Wall St.'s Best and Worst Governed States indicator, ranking 1st two years and 2nd one year during the three years of data. California was 50th overall, ranking last two years and 49th one year. Tennessee and Texas improved the most, each rising 23 spots. Tennessee moved from 35th in 2010 to 12th in 2012. Texas moved from 36th to 13th. Hawaii's ranking declined the most, falling from 10th in 2010 to 38th in 2012. On average, each state moved a total of 10.58 spots (up or down), an average of 5.29 annually. Hawaii's ranking had the most year-to-year changes, moving a total of 28 spots for an annual average of 14 spots. Arizona, California and Wyoming had the least volatile rankings, moving only one spot total for an average of 0.5 moves each year.

America's Health Rankings® (1992-2012)

Minnesota took the top spot overall for America's Health Rankings, including 1st place finishes for seven years. Mississippi was 50th overall, finishing last for 11 years and never better than 48th. New York improved the most, moving from 39th in 1992 to 18th in 2012. South Dakota's ranking declined the most, falling from 12th in 1992 to 27th in 2012. On average, each state moved a total of 38.94 spots (up or down), an average of 1.95 spots annually. Idaho's ranking had the most year-to-year changes, moving a total of 79 spots for an annual average change of 3.95 spots. Mississippi had the least volatile ranking, moving only eight spots total for an average of just 0.4 moves each year.

Comprehensive Annual Financial Report Debt-to-GDP (2005-2011)

Nebraska took the top spot overall for the CAFR[5] Debt-to-GDP indicator, ranking 1st for all seven years of the data. Alaska was 50th overall, ranking last for six years and 49th once. North Dakota improved the most, moving from 45th in 2005 to 31st in 2011. Delaware's ranking declined the most, falling from 10th in 2005 to 29th in 2011. On average, each state moved a total of 14.44 spots (up or down), an average of 2.41 spots annually. Wyoming's ranking had the most year-to-year changes, moving a total of 88 spots for an annual average change of 14.67 spots. Nebraska had the least volatile ranking, as its ranking did not change during the study period.

Chief Executive's Best and Worst States for Business (2005-2012)

Texas took the top spot overall in the *Chief Executive's* Best and Worst States for Business indicator, ranking 1st for all eight years of the data. California was 50th overall, ranking last for all eight years. North Dakota improved the most, moving from 41st in 2005 to 15th in 2012. Illinois' ranking declined the most, falling from 17th in 2005 to 48th in 2012. On average, each state moved a total of 27.08 spots (up or down), an average of 3.87 spots annually. Minnesota had the most year-to-year changes, moving a total of 72 spots for an annual average change of 10.29 spots. Texas, New York and California had the least volatile ranking, not moving any spots.

CNBC's Top States for Business (2007-2012)

Texas took the top spot overall in *CNBC's* Top States for Business indicator, ranking 1st three years and 2nd, behind Virginia, three years. Alaska was 50th overall, finishing last four years and never better than 47th. Arkansas and Wisconsin improved the most, each rising 16 spots. Arkansas moved from 36th in 2007 to 20th in 2012. Wisconsin moved from 33rd in 2007 to 17th in 2012. New Jersey's ranking declined the most, falling from 15th in 2007 to 41st in 2012. On average, each state moved a total of 18.98 spots (up or down), an average of 3.8 spots annually. Pennsylvania had the most year-to-year changes, moving a total of 53 spots for an annual average change of 10.6 spots. Hawaii and Rhode Island had the least volatile ranking, moving only two spots total for an average of just 0.4 moves each year.

Forbes' Best States for Business (2006-2012)

Virginia took the top spot overall in *Forbes'* Best States for Business indicator, ranking 1st four years and 2nd three years during the seven years of data. Rhode Island was 50th

[5] A CAFR is a thorough and detailed presentation of a state's financial condition. It reports on the state's activities and balances for each fiscal year.

overall, lowered by the last four years in which it did not rank better than 48th. Massachusetts improved the most, moving from 37th in 2006 to 17th in 2012. New Jersey's ranking declined the most, falling from 16th in 2006 to 36th in 2012. On average, each state moved a total of 26.72 spots (up or down), an average of 4.45 spots annually. Maryland had the most year-to-year changes, moving a total of 77 spots for an annual average change of 12.83 spots. Virginia had the least volatile ranking, moving only one spot total for an average of just 0.17 moves each year.

Government employment as percentage of population (1992-2012)

Pennsylvania took the top spot overall in the government employment as percentage of population indicator, meaning it had the lowest percentage. Pennsylvania had 12 1st place finishes, and never fell below 4th. Wyoming was 50th overall, ranking last 18 years and 49th three years. Arizona and Idaho improved the most, each rising 15 spots. Arizona moved from 22nd in 1992 to 7th in 2012. Idaho moved from 36th in 1992 to 21st in 2012. West Virginia's ranking declined the most, falling from 20th in 1992 to 37th in 2012. On average, each state moved a total of 18.08 spots (up or down), an average of 0.9 spots annually. New Hampshire had the most year-to-year changes, moving a total of 34 spots for an annual average change of 1.7 spots. Wyoming had the least volatile ranking, moving only one spot total for an average of just 0.05 moves each year.

High school graduation rate (1992-2012)

North Dakota took the top spot overall in the high school graduation rate indicator, ranking 1st seven years. South Carolina was 50th overall, ranking last 10 years and never finishing better than 47th. Missouri improved the most, moving from 32nd in 1992 to 9th in 2012. Nevada's ranking declined the most, falling from 19th in 1992 to 50th in 2012. On average, each state moved a total of 54.46 spots (up or down), an average of 2.72 spots annually. Arizona had the most year-to-year changes, moving a total of 120 spots for an annual average change of six spots. South Carolina had the least volatile ranking, moving 10 spots total for an average of just 0.5 moves each year.

Personal income per capita (1992-2012)

Connecticut took the top spot overall in the personal income per capita indicator, ranking 1st for all 21 years. Mississippi was 50th overall, ranking last 19 years and 49th two years. North Dakota improved the most, moving from 38th in 1992 to 6th in 2012. Nevada's ranking declined the most, falling from 11th in 1992 to 37th in 2012. On average, each state moved a total of 25.44 spots (up or down), an average of 1.27 spots annually. North Dakota had the most year-to-year changes, moving a total of 78 spots for an annual average change of 3.9 spots. Connecticut had the least volatile ranking, as its ranking did not change during the study period.

Poverty rate (1992-2011)

New Hampshire took the top spot overall in the poverty rate indicator, ranking 1st 14 times, including the last 12 years. Mississippi was 50th overall, ranking last eight times and never better than 43rd. Minnesota and Oklahoma improved the most, each rising 21 spots. Minnesota moved from 25th in 1992 to 4th in 2011. Oklahoma moved from 44th in 1992 to 23rd in 2011. Delaware's ranking declined the most, falling from 1st in 1992 to 22nd in 2011. On

average, each state moved a total of 103.34 spots (up or down), an average of 5.44 spots annually. South Dakota had the most year-to-year changes, moving a total of 189 spots for an annual average change of 9.95 spots. Mississippi and New Hampshire had the least volatile ranking, each moving 37 spots total for an average of 1.95 moves each year.

Real GDP per capita (1992-2011)

Delaware took the top spot overall in the real GDP per capita indicator, ranking 1st 12 years and second the other eight years. Mississippi was 50th overall, ranking last 11 times and never better than 48th. North Dakota improved the most, moving from 38th in 1992 to 7th in 2011. Hawaii's ranking declined the most, falling from 4th in 1992 to 21st in 2011. On average, each state moved a total of 26.44 spots (up or down), an average of 1.39 spots annually. Oregon had the most year-to-year changes, moving a total of 77 spots for an annual average change of 4.05 spots. Connecticut had the least volatile ranking, moving only two spots total for an average of just 0.11 moves each year.

State credit rating (2001-2012)

Delaware, Georgia, Maryland, Missouri, North Carolina, Utah and Virginia tied for the top spot overall in the State credit rating indicator by maintaining the highest credit rating for each of the 12 years. California was 50th overall, ranking last for the last four years of the data and never better than 46th. North Dakota improved the most, moving from 38th in 2001 to 14th in 2012. Michigan's ranking declined the most, falling from 1st in 2001 to 45th in 2012. On average, each state moved a total of 22.36 spots (up or down), an average of 2.03 spots annually. New Jersey had the most year-to-year changes, moving a total of 74 spots for an annual average change of 6.73 spots. Delaware, Georgia, Maryland, Missouri, North Carolina, Utah and Virginia had the least volatile ranking, not moving any spots.

State government spending-to-GDP (1992-2011)

Texas took the top spot overall in the state government spending-to-GDP indicator, ranking 1st 10 years and never lower than 3rd. Alaska was 50th overall, ranking last 15 years and never better than 48th. North Dakota improved the most, moving from 45th in 1992 to 26th in 2011. Arkansas' ranking declined the most, falling from 28th in 1992 to 43rd in 2011. On average, each state moved a total of 35.62 spots (up or down), an average of 1.87 spots annually. Louisiana had the most year-to-year changes, moving a total of 85 spots for an annual average change of 4.47 spots. West Virginia had the least volatile ranking, moving only four spots total for an average of just 0.21 moves each year.

State and local tax burden (1992-2010)

Alaska took the top spot overall in the state and local tax burden indicator, ranking 1st all 19 years of the data. New York was 50th overall, ranking last all 19 years of the data. Arizona improved the most, moving from 28th in 1992 to 11th in 2010. Arkansas' ranking declined the most, falling from 15th in 1992 to 36th in 2010. On average, each state moved a total of 33.08 spots (up or down), an average of 1.84 spots annually. North Dakota had the most year-to-year changes, moving a total of 72 spots for an annual average change of four spots. Alaska and New York had the least volatile rankings, as their rankings did not change throughout the study period.

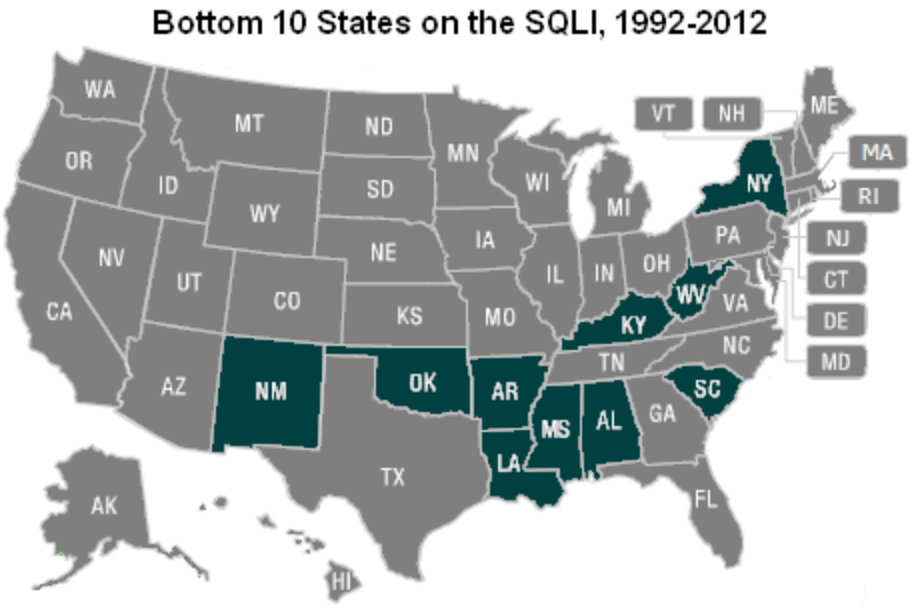

Figure 8: The 10 worst performing states in the State Quality of Life Index (SQLI)

Tax Freedom Day® (2012)

Tennessee took the top spot overall in the Tax Freedom Day indicator. It ranked 1st in 2012, the one year of data used for this indicator. Connecticut was 50th overall. Only one year of data was available for this dataset.

Unemployment rate (1992-2012)

South Dakota took the top spot overall in the unemployment rate indicator, ranking in the top three 18 of the 21 years. California was 50th overall. Although California never ranked last for a single year, it placed between 46th and 49th for 14 of the 21 years. Massachusetts improved the most, moving from 45th in 1992 to 16th in 2012. North Carolina's ranking declined the most, falling from 15th in 1992 to 46th in 2012. On average, each state moved a total of 78.76 spots (up or down), an average of 3.94 spots annually. Massachusetts had the most year-to-year changes, moving a total of 125 spots for an annual average change of 6.25 spots. South Dakota had the least volatile ranking, moving 27 spots total for an average of just 1.35 moves each year.

Unfunded pension liabilities due per capita (2009-2011)

Wisconsin took the top spot overall in the unfunded pension liabilities due per capita indicator, ranking 1st one year and 2nd the other two years of data. It was 2nd in 2009 and 2010, followed by 1st overall in 2011 -- meaning it had the lowest unfunded pension liabilities per capita of any state. Alaska and Illinois tied for last overall in the indicator by tying for last in each of the three years. Georgia improved the most, moving from 34th in 2009 to 12th in 2011. Michigan's ranking declined the most, falling from 23rd in 2009 to 37th in 2011. On average, each state moved a total of 6.32 spots (up or down), an average of 3.16 spots annually. Wyoming had the most year-to-year changes, moving a total of 41 spots for an annual average change of 20.5 spots. Alaska, Connecticut, Illinois and Kansas had the least volatile ranking, not moving any spots.

Voter turnout (1992-2012)

Minnesota took the top spot overall in the voter turnout indicator, ranking 1st in each of the last 18 years of the data. West Virginia was 50th overall. Although West Virginia never ranked last for a single year, it did not place better than 44th during the 21 years of data. North Carolina improved the most, moving from 46th in 1992 to 11th in 2012. Utah's ranking declined the most, falling from 15th in 1992 to 38th in 2012. On average, each state moved a total of 79.4 spots (up or down), an average of 3.97 spots annually. Hawaii had the most year-to-year changes, moving a total of 253 spots for an annual average change of 12.65 spots. Minnesota had the least volatile ranking, moving only 9 spots total for an average of just 0.45 spots each year.

Gallup-Healthways Well-Being Index® (2008-2012)

Hawaii took the top spot overall in the Gallup-Healthways Well Being Index, ranking 1st four years and 2nd one year during the five years of data. West Virginia was 50th overall, ranking last four years and 48th one year. Vermont improved the most, moving from 27th in 2008 to 5th in 2012. Alaska and New Mexico's ranking declined the most, each falling 20 spots. Alaska fell from 11th in 2008 to 31st in 2012. New Mexico fell from 5th in 2008 to 25th in 2012. On average, each state moved a total of 17.46 spots (up or down), an average of 4.37 spots annually. Wyoming had the most year-to-year changes, moving a total of 45 spots for an annual average change of 11.25 spots. Hawaii and Kentucky had the least volatile ranking, each moving only one spot total for an average of just 0.25 spots each year.

Methodology

State Quality of Life Index

The following 19 indicators and indices were included in our study:

- Best and Worst Governed States (24/7 Wall St.)
- America's Health Rankings® (United Health Foundation)
- Comprehensive Annual Financial Report (CAFR) debt-to-GDP ratio (Institute for Truth in Accounting)
- Best and Worst States for Business (*Chief Executive* magazine)
- Top States for Business (CNBC)
- Best States for Business (*Forbes*)
- Government employment's share of the population (Bureau of Labor Statistics via State Data Lab)
- High school graduation rate (National Center for Education Statistics via United Health Foundation)
- Personal income per capita (Bureau of Labor Statistics)
- Poverty rate (Census Bureau via State Data Lab)
- Real GDP per capita (Bureau of Economic Analysis)
- State general obligation bond credit rating (Standard and Poor's via Pew Center on the States)
- State government spending-to-GDP ratio (Census Bureau via State Data Lab)
- State and local tax burden per capita (Tax Foundation)
- Tax Freedom Day® (Tax Foundation)
- Unemployment rate (Bureau of Labor Statistics)
- Unfunded pension liabilities due per capita (Institute for Truth in Accounting/Census Bureau)
- Voter turnout (United States Elections Project)
- The Well-Being Index® (Gallup-Healthways).

More details on each are available below.

Figure 9: The top 10 states in the State Quality of Life Index (SQLI)

We selected these 19 annual indicators and indices and used them to build the State Quality of Life Index (SQLI) for the 50 states covering the years from 1992 to 2012. We did not include the District of Columbia, other U.S. dependencies, or national averages in these data sets. For each indicator or index, we determined whether the high or the low end of the recorded data represented the more socially desirable outcome and then accordingly ranked the states from 1st to 50th for each year for which we had data. A state ranked first was considered to have achieved the most desirable outcome among the states such as the lowest unemployment rate or the highest graduation rate. Although it was easy to select the most socially desirable outcome for most of our indicators, a few of the indicators required us to make judgment calls. For the purposes of the SQLI, we considered less government spending, a lower percentage of the population in government employment, lower taxes, and higher voter turnout to be more socially desirable than their opposites.[6]

Because these rankings measure the states' positions relative to one another, rather than the actual quantities being measured, our index over time only shows how each state's quality-of-life compares to that of other states rather than tracking measurable increases or decreases in the levels of the underlying indicators. For example, a state's graduation rate could show strong improvement over the previous year, but the state's graduation rate ranking could remain the same or even worsen if the other states generally also had similar or even great improvement. The unemployment rate in a state could improve from one year to the next -- but if it improves at a slower rate relative to the rest of the country, then the state ranking will decline. For each indicator or index, we also calculated the states' overall positions by totaling all of their annual rankings.

[6] As mentioned earlier, choice of indexes and ranking order of indexes can vary. Readers who disagree with these ways of assessing quality of life can re-calculate a different aggregate index using our dataset, available here. Contact report lead author Geoff Pallay with any comments or questions.

We then assembled all 19 data sets into a single index measuring quality of life in the 50 states, the State Quality of Life Index (SQLI). We totaled each state's rankings from all data sets available for each year and then gave the state's overall annual rankings from 1st to 50th for each year. For each year, all indicators were equally weighted. Because we only had data for six of our data sets for every year, the "basket" of indicators was not constant but rather changed for each year based on the data available for that year. We totaled the states' annual quality-of-life rankings and then calculated the states' overall rankings across the 21 years on our quality-of-life index. All years, regardless of how many data sets were included in that year's rankings, were weighted equally in calculating the overall rankings.

In general, we included more indicators in the SQLI for more recent years. Because our more recent rankings take more indicators into account, a given indicator has less weight in calculating our more recent annual rankings than any given indicator had in the earlier rankings. For example, the six indicators[7] for which we had data for all 21 years each accounted for 8.53 percent of the data used in building our index for a cumulative weight of 51.17 percent. However, those are the overall weights reflecting the various weights these indicators were given in different years. When our quality-of-life rankings from 1992 to 2000 used a constant basket of 10 indicators, the six permanent indicators accounted for 60 percent of the data used in the index. Their collective weight was reduced in rankings for subsequent years which included more rankings until the six permanent indicators accounted only for a third of the data used to calculate the 2010 rankings.

In addition to the six permanent indicators, we used an additional four indicators with data available for all years except the most recent one or two because the necessary data had not yet been released. Our data sets for the poverty rate, real GDP per capita, and state government spending per capita as a percentage of GDP include all years except 2012, while the state and local tax burden data set lacks only 2011 and 2012. These 10 indicators together account for 83.55 percent of the data used in calculating our quality-of-life rankings over the entire period and 100 percent from 1992 to 2000. With the inclusion of additional indicators beginning with the 2001 rankings and the lack of the most recent data for four of the ten long-term indicators, the collective weight of these 10 declined, reaching 55.55 percent in 2010 (the last year with data for all 10), and 46.15 percent in 2012.

Four of the remaining nine data sets cover significantly fewer years because the data was not readily available, at least in a state-by-state, year-by-year format, for some years. The Standard and Poor's credit ratings for state-issued general obligation bonds were only readily obtainable for the years from 2001 on. State Data Lab, whose information about state finances was very helpful to us, had only three and seven years of data available for states' unfunded pension liabilities and debt as a percentage of GDP, respectively. Although the Tax Foundation has calculated state Tax Freedom Day®s since 1990, it only publishes the most recent year's state results because it does not backcast using current government data to accurately recalculate past state Tax Freedom Days. We included the 2012 state Tax Freedom Days. Although included for only one year's rankings, the Tax Freedom Days help provide data similar to that provided by the Tax Foundation's state and local tax burden calculations, which is not yet available for 2011 or 2012. These four, shorter-term data sets contributed 7.58 percent to the

[7] America's Health Rankings®, high school graduation rate, government employment as a share of the total population, personal income per capita, unemployment rate, and voter turnout.

overall rankings over the entire period and were a significant factor in the last eight years. They were 17.65 percent in 2009 and 2011, the years in which they had the most weight.

In recent years, media organizations have launched numerous indices, including our last five data sets, to rank the 50 states. *Chief Executive* magazine launched its Best/Worst States rankings in 2005. *Forbes* began its Best States for Business index in 2006, followed by CNBC with America's Top States for Business in 2007 and 24/7 Wall St. with the Best and Worst Run States index in 2010. Beyond these economic and business-oriented indices, Gallup, Inc., and Healthways launched the Gallup-Healthways Well-Being Index® in 2008. The four economic indices accounted for only 7.38 percent in the overall index across the study period but 30.8 percent in 2012. The Gallup-Healthways Well-Being Index accounted for just 1.49 percent across the entire study period but 7.69 percent in 2012. For an example of our weighting methodology, please see Appendix D.

Although we used a broad range of indicators and indices to make our index, our index places the most weight on economic and state financial data. We encourage everyone interested in doing so to use our partisanship data and create new indices to compare with it. Our results do not analyze the factors or variables contributing to fluctuations in state rankings. We simply provide the data and aggregate results, without passing judgment as to causes of variations.

Each indicator or index is briefly explained below. The years in parentheses reflect the years for which a given indicator or index has been used in our study.

A Note on State Data Lab

We obtained much of our data from the State Data Lab, a website operated by the Institute for Truth in Accounting (IFTA). IFTA is a non-profit organization whose stated mission is "in a non-partisan manner, to compel governments to produce financial reports that are understandable, reliable, transparent and correct."[8] The State Data Lab includes information about each state's demographics, economic environment, truth in accounting, and official financial data. Aside from those data sets of State Data Lab that we directly used in assembling the rankings used in this study, the website was also helpful in introducing us to other data sets which we then accessed from the original source. We are grateful to them for compiling datasets in such an easy-to-digest format.

24-7 Wall St.'s Best and Worst Governed States (2010-2012): 0.91 percent weight

24/7 Wall St. describes itself as "a Delaware corporation set up to run a financial news and opinion operation with content delivered over the Internet."[9] Since 2010, 24/7 Wall St. has annually compiled its "Best and Worst Governed States" list, using a methodology similar to that used by *Financial World* magazine in 1990s before its 1998 bankruptcy:

[8] State Data Lab, "About," accessed March 20, 2013, available at http://www.statedatalab.org/about/
[9] 24/7 Wall St., "About Us," accessed March 19, 2013, available at http://247wallst.com/about/#ixzz2O1EYahzu

> "To determine how well the states are run, 24/7 Wall St. reviewed hundreds of data sets from dozens of sources. We looked at each state's debt, revenue, expenditure and deficit to determine how well it is managed fiscally. We reviewed taxes, exports, and GDP growth, including a breakdown by sector, to identify how each state is managing its resources. We looked at poverty, income, unemployment, high school graduation, violent crime and foreclosure rates to measure if residents are prospering."[10]

In our rankings, we coded 24/7 Wall St.'s best run state as first place.

America's Health Rankings® (1992-2012): 8.53 percent weight

America's Health Rankings® is a report published annually by the United Health Foundation, a nonprofit solely funded by the private UnitedHealth Group; the American Public Health Association, an organization of public health professionals; and Partnership for Prevention, a nonprofit organization of business, nonprofit, and government leaders. The rankings, calculated since 1990, track 24 indicators, including 16 determinants of health in 4 categories and 8 health outcomes:

- Behaviors: smoking, binge drinking, obesity, sedentary lifestyle, and high school graduation[11]
- Community and Environment: violent crime, occupational fatalities, children in poverty, infectious disease, and air pollution
- Policy: Lack of health insurance, public health funding, and immunization coverage
- Clinical Care: Low birthweight, primary care physicians, and preventable hospitalizations
- Outcomes: diabetes, poor mental health days, poor physical health days, geographic diversity, infant mortality, cardiovascular deaths, cancer deaths, and premature death

Each indicator is assigned a weight within the index, with a 75-25 split between the determinants and the outcomes.[12] In our rankings, we coded America's Health Rankings®'s healthiest state as first place.

Comprehensive Annual Financial Report Debt-to-GDP (2005-2011): 2.15 percent weight

State Data Lab has calculated each state's government debt as a percentage of the state's gross domestic product. In our rankings, we coded the state with the lowest debt-to-GDP ratio as first place.

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[10] 24/7 Wall St., "The Best and Worst Run States in America: A Survey of All 50," November 27, 2012, available at http://247wallst.com/2012/11/27/the-best-and-worst-run-states-in-america-a-survey-of-all-50/#ixzz2O1Hv8uiC

[11] Note: High School Graduation Rate is weighted more heavily than other metrics because there is an individual metric for it but it is also included within other indices. However, we view it as a vital statistic that merits additional weighting.

[12] America's Health Rankings®, "About the Report," accessed March 19, 2013, available at http://www.americashealthrankings.org/reports

Chief Executive's Best and Worst States for Business (2005-2012): 2.51 percent weight

State Data Lab has compiled the annual rankings of *Chief Executive* magazine's Best and Worst States survey. This survey asks CEOs and other business leaders to "grade states in which they do business among a variety of areas, including tax and regulation, quality of workforce and living environment."[13] Although State Data Lab only compiled these rankings beginning in 2006, we have also included the rankings from the inaugural survey in 2005.[14] In our rankings, we coded *Chief Executive*'s best state for business as first place.

CNBC's Top States for Business (2007-2012): 1.81 percent weight

Television network CNBC has annually ranked the 50 states since 2007. These rankings take into account 51 measures of competitiveness in the following 10 categories: cost of doing business, workforce, quality of life, infrastructure and transportation, economy, education, technology and innovation, business friendliness, access to capital, and cost of living.[15] In our rankings, we coded CNBC's top state for business as first place.

Forbes' Best States for Business (2006-2012): 2.15percent weight

Forbes has ranked the 50 states annually since 2006. The magazine uses 35 indicators in the following six areas: business costs, labor supply, regulatory environment, economic environment, growth prospects, and quality of life.[16] In our rankings, we coded *Forbes*' best state for business as first place.

Government employment as percentage of population (1992-2012): 8.53 percent weight

State Data Lab has compiled data from the Bureau of Labor Statistics and Census Bureau to calculate the number of each state's residents in government employment as a percentage of its total population. The Bureau of Labor Statistics annually calculates the number of people employed by all levels of government within each state using information collected in the Current Employment Statistics (CES) survey. As defined by BLS, "Government employment covers only civilian employees; military personnel are excluded. Employees of the Central Intelligence Agency, the National Security Agency, the National Imagery and Mapping

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[13] JP Donlon, Chief Executive.net, "Another Triumph for Texas: Best/Worst States for Business 2012," May 2, 2012, available at http://chiefexecutive.net/best-worst-states-for-business-2012

[14] Economic Development Authority of Western Nevada, "Best and Worst States States for Business, *Chief Executive Magazine*," available at http://web.archive.org/web/20120329100914/http://www.edawn.org/docs/rankings/2006-01-01.pdf, accessed via the Internet Archive on March 20, 2013.

[15] Scott Cohn, CNBC, "Categories & Criteria for CNBC's Top States for Business 2012," July 11, 2012, available at http://www.cnbc.com/id/47818843

[16] Kurt Badenhausen, *Forbes*, "Best States for Business: Behind the Number," December 12, 2012 http://www.forbes.com/sites/kurtbadenhausen/2012/12/12/best-states-for-business-behind-the-numbers/

Agency, and the Defense Intelligence Agency also are excluded."[17] We divided the BLS's government employment figures by the Census Bureau's mid-year population estimates to calculate what percentage of the population was employed by the government for each year. We calculated our government employment rankings for 2012 using the direct BLS data but were unable to modify our data to reflect the BLS's March 29 correction of Delaware's 2011 and 2012 data.[18] The correction meant that Delaware actually had the 17th lowest percentage of government employees, instead of the 16th as initially calculated, and that Delaware switched positions with New Hampshire. However, this minor change would not have affected our overall 2012 rankings. In our rankings, we coded the state with the lowest percentage of its population in government employment as first place.

High school graduation rate (1992-2012): 8.53 percent weight

Using data from the U.S. Department of Education's National Center for Education Statistics, the United Health Foundation has compiled state high school graduation rates back to 1990 for its America's Health Rankings®. The graduation rate is defined as the "percentage of incoming ninth graders who graduate in four years from a high school with a regular degree."[19] For 2004, 2005, and 2006, when two sets of graduation rates were calculated by the NCES, we used the graduation rates calculated in line with the modified criteria set forth by the No Child Left Behind Act, the criteria used for all years since 2006 as well. In our rankings, we coded the state with the highest graduation rate as first place.

Personal income per capita (1992-2012): 8.53 percent weight

The Bureau of Economic Analysis annually calculates the personal income per capita for each state's residents. According to the BEA, "Per capita personal income is calculated as the total personal income of the residents of a state divided by the population of the state. In computing per capita personal income, BEA uses the Census Bureau's annual midyear population estimates."[20] In our rankings, we coded the state with the highest personal income per capita as first place.

Poverty rate (1992-2011): 8.16 percent weight

State Data Lab has compiled data from the Annual Social and Economic Supplement to the Current Population Survey (CPS), which was started by the U.S. Census Bureau in 1959 and first included state-level data in 1980. This data set tracks "the percent of people whose

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[17] Bureau of Labor Statistics, "Employment, Hours, and Earnings from the Establishment Survey," p. 1, accessed on April 5, 2013, available at http://www.bls.gov/opub/hom/pdf/homch2.pdf.
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[18] Bureau of Labor Statistics, "Corrections to State and Metropolitan Area Employment, Hours & Earnings Data," accessed on April 5, 2013, available at http://www.bls.gov/bls/errata/sae_errata.htm.

[18]available at http://www.bls.gov/bls/errata/sae_errata.htm.

[19] America's Health Rankings®, United Health Foundation, "High School Graduation Rate (1990-2012)," accessed March 20, 2013, available at http://www.americashealthrankings.org/ALL/Graduation/2012

[20] Bureau of Economic Analysis, "Local Area Personal Income and Employment Methodology," November 2012, p. I-9, available at http://www.bea.gov/regional/pdf/lapi2011.pdf

income falls below the poverty level according to the CPS." The Census Bureau recommends using the alternative American Community Survey (ACS) for state-level data, but we selected the CPS data because the ACS only started in 2000.[21] In our rankings, we coded the state with the lowest poverty rate as first place.

Real GDP per capita (1992-2011): 8.16 percent weight

The Bureau of Economic Analysis calculates annual, state-by-state real GDP per capita figures. The 1992 to 1996 statistics followed the Standard Industrial Classification (SIC) system and were calculated in chained 1997 dollars. All real GDP figures from 1997 on have been calculated in accordance with the North American Industry Classification System (NAICS) using chained 2005 dollars. According to the BEA, "real GDP by state is an inflation-adjusted measure of each state's gross product that is based on national prices for the goods and services produced within the state," and "per capita real GDP by state is calculated by dividing the real GDP for a state by the resident population of the state."[22] In our rankings, we coded the state with the highest GDP per capita as first place.

State credit rating (2001-2012): 4.24 percent weight

The Stateline news service of the Pew Center on the States has compiled a list of the credit ratings for general obligation bonds issued by state governments. Stateline used the ratings of Standard and Poor's, a private credit rating agency.[23] In our rankings, we coded the states with highest credit rating (AAA) as first place. Alaska, Arizona, and South Dakota did not have credit ratings for 2001-02, 2001, and 2001-05, respectively. We did not rank these three states for the years they did not have credit ratings, meaning that 47 states were ranked for 2001, 48 for 2002, and 49 for 2003, 2004, and 2005. Although these three states were not ranked for the years they did not have credit ratings, they received zeroes, meaning that, for the purposes of our index, we treated them as if they had better credit ratings than the other states.

State government spending-to-GDP (1998-2011): 8.16 percent weight

State Data Lab has compiled this data set from U.S. Census Bureau figures, using the total state government spending reported in the Annual Study of State Government Finances and the nominal Gross Domestic Product (GDP). The Bureau of Economic Analysis defines

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[21] State Data Lab, "Glossary: Poverty Rate (CPS)," cited from the U.S. Census Bureau, accessed March 21, 2013, available at http://www.statedatalab.org/glossary/detail/poverty-rate-cps.

[22] Bureau of Economic Analysis, "Regional Definitions: Per capita real GDP by state," May 3, 2011, available at http://www.bea.gov/regional/definitions/nextpage.cfm?key=Per%20capita%20real%20GDP%20by%20state.

[23] Stephen C. Fehr, Pew Charitable Trust, "Infographic: S&P State Credit Ratings, 2001–2012," July 13, 2012, available at http://www.pewstates.org/projects/stateline/headlines/infographic-sp-state-credit-ratings-20012012-85899404785

state GDP as the share of national GDP "originating in all the industries in a state."[24] State Data Lab's data shows each state government's spending as a percentage of its GDP.[25] In our rankings, we coded the state with the lowest percentage as first place.

State and local tax burden (1992-2010): 7.88 percent weight

The Tax Foundation website describes the organization as "a non-partisan tax research group in Washington, D.C.," which works "for simple, sensible tax policy at the federal, state, and local levels."[26] For each state, the Tax Foundation calcu-lated the total amount paid by the residents in taxes, then they divided those taxes by the state's total income to compute a "tax burden."[27] In our rankings, we coded the states with highest credit rating (AAA) as first place.

Tax Freedom Day® (2012): 0.37 percent weight

The Tax Foundation also annually calculates each state's Tax Freedom Day®, the day that a state's residents have theoretically worked long enough to pay off all federal, state, and local tax obligations for the year.[28] For calculation purposes, the Tax Foundation assumes that state residents "[start] working on January 1, earning the same amount each day and spending nothing" until after paying off all taxes.[29] In our rankings, we coded the state with the earliest Tax Freedom Day as first place.

Unemployment rate (1992-2012): 8.53 percent weight

State Data Lab has compiled the annual state unemployment rates until 2010 from the Bureau of Labor Statistics' Local Area Unemployment Statistics program, a state-federal collaboration. The unemployment rate is defined as "persons who actively looked for work in a four-week period ending with the reference week, but who were not employed during the reference week, divided by the total of employed and unemployed persons in the reference week."[30] We used statistics directly from the Bureau of Labor Statistics for 2011 and 2012.[31] In our rankings, we coded the state with the lowest unemployment rate as first place.

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[24] State Data Lab, "Glossary: Nominal GDP," accessed March 21, 2013, available at http://www.statedatalab.org/glossary/detail/nominal-gdp-2

[25] State Data Lab, "Glossary: State Government Spending / GDP," accessed March 21, 2013, available at http://www.statedatalab.org/glossary/detail/state-government-spending-gdp

[26] Tax Foundation, "About Us," accessed March 21, 2013, available at http://taxfoundation.org/about-us

[27] Tax Foundation, "State and Local Tax Burdens: All States, One Year, 1977 - 2010," October 23, 2012, available at www.google.com/url?q=http://taxfoundation.org/article/state-and-local-tax-burdens-all-states-one-year-1977-2010&sa=D&sntz=1&usg=AFQjCNH7jpCb5DQ9phexmUNJtwPQvz9S3g

[28] Tax Foundation, "Tax Freedom Day® by State: 2012," April 2, 2012, available at http://taxfoundation.org/sites/taxfoundation.org/files/UserFiles/Image/Tax-Freedom-Day/tfd_map_2012_large.png

[29] Tax Foundation, "Tax Freedom Day®," accessed March 21, 2013, available at http://taxfoundation.org/tax-topics/tax-freedom-day

[30] State Data Lab, "Glossary: Unemployment Rate," accessed March 21, 2013, available at http://www.statedatalab.org/glossary/detail/unemployment-rate

[31] Bureau of Labor Statistics, "Employment status of the civilian noninstitutional population 16 years of age and over by region, division, and state, 2011-12 annual averages," March 1, 2013, available at http://www.bls.gov/news.release/srgune.t01.htm

Unfunded pension liabilities due per capita (2009-2011): 0.82 percent weight

State Data Lab has compiled all the states' unfunded pension liabilities due. We then divided each state's unfunded pension liabilities by its population, as calculated for the Census Bureau's annual estimates. In our rankings, we coded the state with the lowest per capita quantity of unfunded pension liabilities due as first place.

Voter turnout (1992-2012): 8.53 percent weight

Dr. Michael McDonald of George Mason University runs the United States Elections Project. He has calculated even-year state-level voter turnout by dividing the votes cast for the highest office by the voting-eligible population (VEP). McDonald explains that "the voting-eligible population is constructed by adjusting the voting-age population for non-citizens and ineligible felons, depending on state law." The "Vote for Highest Office" is the total number of votes cast for president in a presidential election year or the highest total cast for a statewide office (i.e., governor) in a non-presidential election year. In states without a statewide office up for election in a given year, McDonald sums up the vote totals from the state's U.S. House elections, something he has also done since 2006 in cases when the congressional vote total exceeds that of statewide elections.[32] Reasoning that people's experiences in the year before an election often contribute to the voter turnout in an election year, we used each even year's set of voter turnout figures twice, for that year itself and for the preceding odd year. For example, we used the 2006 voter turnout data for both 2006 and 2005. In our rankings, we coded the state with the highest voter turnout as first place.

Gallup-Healthways Well-Being Index® (2008-2012): 1.49 percent weight

Research and polling firm Gallup, Inc., and health-improvement company Healthways have worked together since 2008 to produce the Gallup-Healthways Well-Being Index® using data gathered from at least 500 Americans per day for 350 days each year. The Index scores are calculated by using respondents' evaluations of themselves with regards to 42 items. These items are organized into 6 "domains of well-being": life evaluation, emotional health, physical health, health behavior, work environment, and basic access (to medicine, clean water, etc.).[33] In our rankings, we coded the state with highest level of well-being as first place.

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[32] Michael P. McDonald, *United States Election Project*, "Voter Turnout," accessed March 21, 2013, available at http://elections.gmu.edu/voter_turnout.htm; see also McDonald, "Voter Turnout Frequently Asked Questions," accessed March 21, 2013, available at http://elections.gmu.edu/FAQ.html#Turnout

[33] Gallup-Healthways Well-Being Index®, "Methodology," accessed March 21, 2013, available at http://www.well-beingindex.com/methodology.asp

Appendices

Appendix A: Top & Bottom Performing State for Each SQLI Indicator

Indicator	Years	Best Ranking	Worst Ranking
24/7 Wall St Best/Worst Governed States	2010-2012	Wyoming	California
America's Health Rankings	1992-2012	Minnesota	Mississippi
CAFR Debt/GDP	2005-2011	Nebraska	Alaska
Chief Executive Magazine Best and Worst States for Business Survey	2005-2012	Texas	California
CNBC Top States for Business	2007-2012	Texas	Alaska
Forbes Best States for Business	2006-2012	Virginia	Rhode Island
Govt. Employment Share Population	1992-2012	Pennsylvania (lowest share)	Wyoming
Graduation rate	1992-2012	Ohio	South Carolina
Personal Income Per Capita	1992-2012	Connecticut	Mississippi
Poverty Rate	1992-2011	New Hampshire (lowest poverty rate)	Mississippi
Real GDP per capita	1992-2011	Delaware	Mississippi
S&P Credit Rating	2001-2012	Delaware, Georgia, Maryland, Missouri, North Carolina, Utah, and Virginia (tied)	California
State Govt. Spending/GDP	1992-2011	Texas (least spending per capita)	Alaska
State/Local Tax Burden	1992-2010	Alaska (lowest burden)	New York
Tax Freedom Day	2012	Tennessee (earliest day)	Connecticut

Unemployment Rate	1992-2012	Hawaii (lowest rate)	Michigan
Unfunded pension liabilities due per capita	2009-2011	Wisconsin (least amount)	Alaska and Illinois (tied)
Voter Turnout	1992-2012	Minnesota	West Virginia
Well-Being Index	2008-2012	Hawaii	West Virginia

Appendix B: Ballotpedia's State Quality of Life Index (SQLI) Overall State Ranking, 1992-2012

State	Rank	State	Rank
New Hampshire	1	Alaska	26
Minnesota	2	Texas	27
Colorado	3	Georgia	28
Nebraska	4	Idaho	29
Iowa	5	Ohio	30
Connecticut	6	North Carolina	31
Virginia	7	Michigan	32
South Dakota	8	Hawaii	33
Massachusetts	9	Tennessee	34
Delaware	10	Rhode Island	35
Wyoming	11	Oregon	36
Maryland	12	Arizona	37
Wisconsin	13	Maine	38
New Jersey	14	Montana	39
Nevada	15	California	40
Washington	16	Oklahoma	41
Missouri	17	New York	42
Utah	18	Alabama	43
Illinois	19	Arkansas	44
Kansas	20	South Carolina	45

North Dakota	21	Louisiana	46
Indiana	22	Kentucky	47
Vermont	22	New Mexico	48
Florida	24	West Virginia	49
Pennsylvania	25	Mississippi	50

Appendix C: Changes in Rankings from the First to the Second Half

State	Average ranking 1st 11 years	Average ranking 2nd 11 years	Total change from 1st to 2nd	% change from 1st to 2nd
Alabama	44.2	42.55	-1.65	3.74%
Alaska	20.6	30.45	9.85	-47.84%
Arizona	37.6	27.73	-9.87	26.26%
Arkansas	43.8	44.55	0.75	-1.70%
California	32.3	39	6.7	-20.74%
Colorado	3.3	5.73	2.43	-73.55%
Connecticut	2.9	13.55	10.65	-367.08%
Delaware	9.1	10.09	0.99	-10.89%
Florida	28.2	18.36	-9.84	34.88%
Georgia	33.9	23.91	-9.99	29.47%
Hawaii	28	34	6	-21.43%
Idaho	34.8	23.45	-11.35	32.60%
Illinois	11.1	26.27	15.17	-136.69%
Indiana	15.7	28.55	12.85	-81.82%
Iowa	10.8	5.73	-5.07	46.97%
Kansas	20.1	19.82	-0.28	1.40%
Kentucky	45	47.73	2.73	-6.06%

Louisiana	46	44.45	-1.55	3.36%
Maine	33.7	36.09	2.39	-7.09%
Maryland	19.8	11.18	-8.62	43.53%
Massachusetts	5.3	12.73	7.43	-140.14%
Michigan	22.5	38.45	15.95	-70.91%
Minnesota	3.4	2.91	-0.49	14.44%
Mississippi	49.7	49.73	0.03	-0.05%
Missouri	18.6	19	0.4	-2.15%
Montana	37.4	33.45	-3.95	10.55%
Nebraska	7.3	7.09	-0.21	2.86%
Nevada	12.2	20.64	8.44	-69.15%
New Hampshire	1.6	2.36	0.76	-47.73%
New Jersey	11.5	20.73	9.23	-80.24%
New Mexico	48.7	45.18	-3.52	7.22%
New York	40.9	39.55	-1.35	3.31%
North Carolina	35.1	26.18	-8.92	25.41%
North Dakota	25.2	15.55	-9.65	38.31%
Ohio	25	33	8	-32.00%
Oklahoma	42.4	37.91	-4.49	10.59%
Oregon	34.6	30.36	-4.24	12.24%
Pennsylvania	24.6	24.36	-0.24	0.96%
Rhode Island	29.3	34.64	5.34	-18.21%
South Carolina	45	44.36	-0.64	1.41%
South Dakota	10.8	7.45	-3.35	30.98%
Tennessee	33.9	29.18	-4.72	13.92%

Texas	34.7	19.27	-15.43	44.46%
Utah	24.4	13.91	-10.49	43.00%
Vermont	21.3	23.45	2.15	-10.12%
Virginia	13.9	4.55	-9.35	67.30%
Washington	17.1	18.45	1.35	-7.92%
West Virginia	48.3	49.27	0.97	-2.01%
Wisconsin	10.9	21.09	10.19	-93.49%
Wyoming	14.7	13.18	-1.52	10.33%

Appendix D: Example of Weighting Calculations

To show the method we used to perform our weighting calculations in our annual and aggregate rankings, we created an example dataset to show the weights applied to each year and in aggregate across the years. This dataset includes four indicators. Indicator 1 has values for 1998 through 2003, while Indicator 2 only has data from 1999 to 2003. Indicator 3 includes data for 2000 to 2003, and Indicator 4 only provides a value for 2003.

In this situation, Indicator 1 has 100 percent of the weight for the 1998 ranking, as Indicator 1 provides the only data available for this year and thus determines the ranking. The year 1999 includes data from two indicators, so each is given equal (50 percent) weighting. As indicators are added, equal weight is applied to each one for each year.

The aggregate weights are calculated by adding up the indicator weightings for each year and dividing by the number of years, or the highest possible weighting score across all of the years. So, for example, Indicator 1's weighting is 45.82 percent, which results from:
(100% + 50% + 33.3% + 33.3% + 33.3% + 25%)/600% = 45.82%

EXAMPLE OF WEIGHTING CALCULATIONS

	1998	**1999**	**2000**	**2001**	**2002**	**2003**	**Aggregate, 1998 - 2003**
Indicator 1	100%	50%	33.3%	33.3%	33.3%	25%	45.82%
Indicator 2	-	50%	33.3%	33.3%	33.3%	25%	29.15%
Indicator 3	-	-	33.3%	33.3%	33.3%	25%	20.82%
Indicator 4	-	-	-	-	-	25%	4.17%

Total	100%	100%	100%	100%	100%	100%	100%