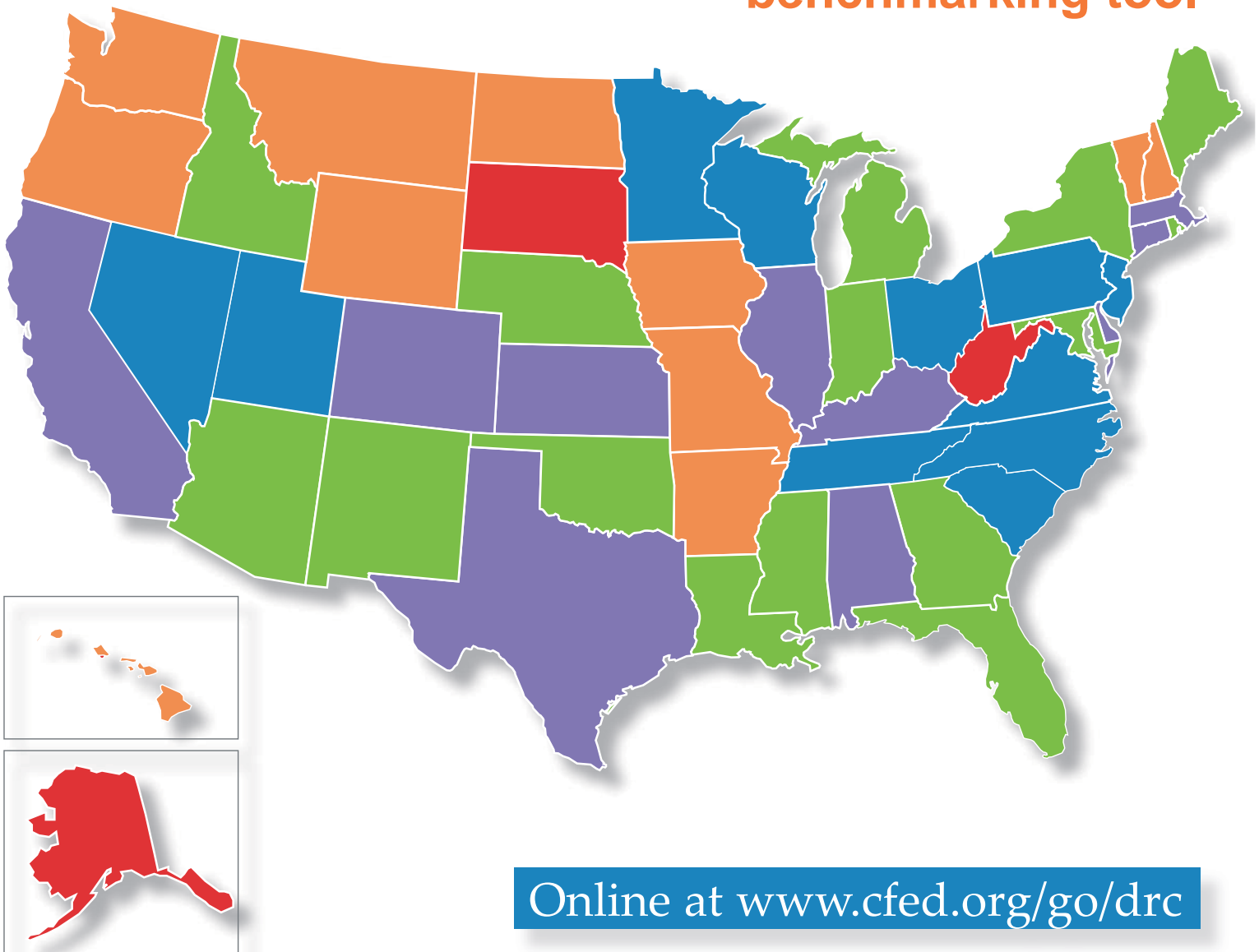




# 2007 Overview

## Development Report Card for the States

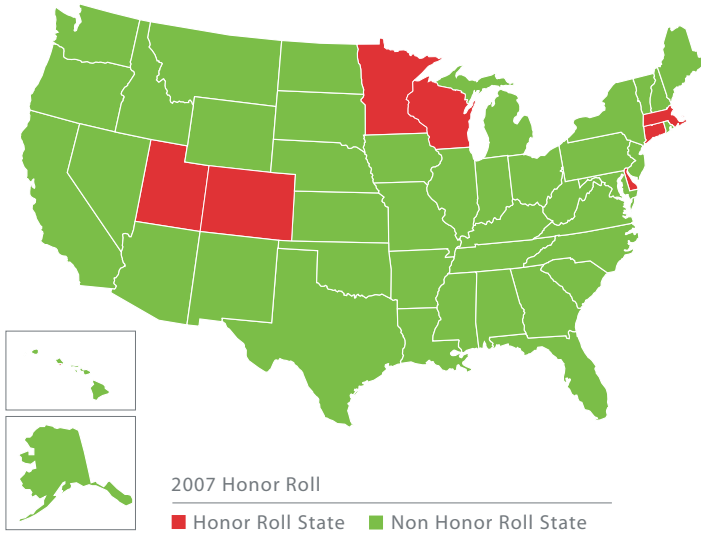
**An annual economic development  
benchmarking tool**



Online at [www.cfed.org/go/drc](http://www.cfed.org/go/drc)

# THIS YEAR'S FINDINGS

The 20th *Development Report Card for the States*—online at [www.cfed.org/go/drc](http://www.cfed.org/go/drc)—uses 67 measures to provide a relative, state-by-state assessment of economic development, assigning grades in three main areas: Performance (economic climate for a wage-earner), Business Vitality (economic climate for a business), and Development Capacity (how a state is positioned for the future).



The top performers in 2007 are Connecticut and Delaware—the only states to earn straight As. Five other states—Colorado, Massachusetts, Minnesota, Utah, and Wisconsin—joined them on the "honor roll" by earning all As and Bs.

## ECONOMIC DEVELOPMENT INVESTMENTS

The United States' ability to compete in the global economy depends on the talents of our workers, the innovation of our entrepreneurs, and the investments we make to build a high-skill economy of the future. The same holds true for competition among the states. Success depends upon wise

investments that not only attract new business, but support our current businesses, create more and better jobs for our citizens, and foster the innovation, infrastructure, and resources that enable continuing prosperity.

Toward these objectives, CFED recommends the following actions. At the federal level, Congress should

- appropriate funds for proven economic development and small business investment programs in a number of federal agencies that provide training, technical assistance and capital to entrepreneurs and support economic development;
- authorize new economic development investment activities for the Federal Home Loan Banks, including setting goals for business lending, community facilities financing and other economic development activities, as well as retargeting Savings and Loan repayment to a new economic development program; and
- enact The Savings for Working Families Act to provide matched savings accounts to up to 900,000 low-income entrepreneurs to enable them to save, build wealth, start a business, and enter the financial mainstream through the use of a financial product tailored to their needs: Individual Development Accounts (IDAs).

At the state level, economic development efforts should

- make use of a range of strategies to increase competitiveness, including investing in good schools, physical and human capital, and home-grown businesses, and making sure that economic benefits are shared widely across communities; and
- avoid over-reliance on tax incentives to influence the site selections and investments of private companies—if this strategy is used, incentives should be more transparent and accountable.

THE UNITED STATES' ABILITY TO COMPETE IN THE GLOBAL ECONOMY DEPENDS ON THE TALENTS OF OUR WORKERS, THE INNOVATION OF OUR ENTREPRENEURS, AND THE INVESTMENTS WE MAKE TO BUILD A HIGH-SKILL ECONOMY OF THE FUTURE.

# REPORT CARD PHILOSOPHY

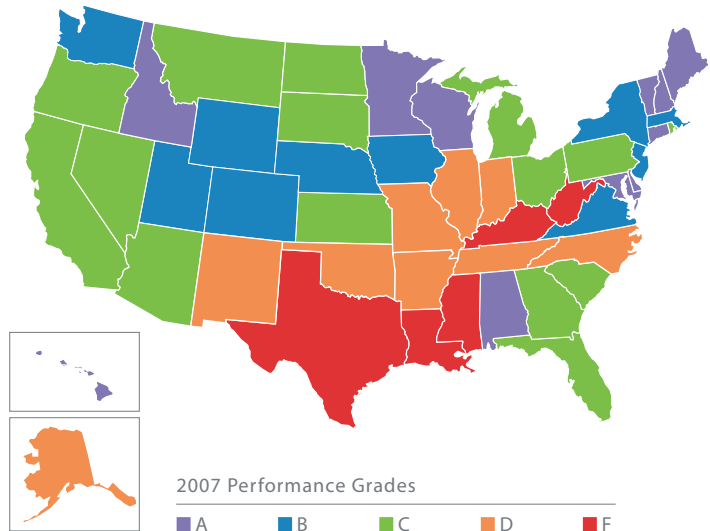
The philosophy behind the *Development Report Card for the States* is that people drive economies—they are both the catalyst for innovation as well as the reason we seek economic growth. States should promote profitable commerce by putting their people first. The report card asserts that states should move beyond traditional economic development activities that seek to attract footloose facilities with tax breaks. Rather, states should invest in their real economic strengths: skilled workforces, entrepreneurs, high standards of living, technology development, existing businesses, world class infrastructure, and excellent public services. Coupled with stable, adequate—but not excessive—taxes and predictable regulations, these are the components of dynamic, globally competitive economies.

# REPORT CARD STRUCTURE

The report card tries to assess whether the opportunities to obtain a better life are expanding and how those opportunities are distributed across and within states. It does so by presenting a portrait of each state, its structure, operation, and potential. The report card is divided into three indexes: Performance, Business Vitality, and Development Capacity.

## PERFORMANCE

This category assesses how well the economy is performing for its citizens. These measures capture the “return” on public and private investment: employment, income, the distribution of each within the population, stewardship of finite natural resources, and social conditions. They reflect past decisions and describe where the economy has been and where it is currently.



## BUSINESS VITALITY

Business Vitality assesses the robustness of businesses. Individual companies and entire industries operate within the global economy and must be able to meet changing market conditions. They do so by adjusting their product lines and methods of production, and within the context of communities that supply workers, finances, infrastructure, and ideas. The speed and ease with which businesses anticipate and react to changes depends on the vision and acumen of their leaders and the agility of the labor force and other inputs.

