



Virginia named America's Top State for Business in 2011

Updated 1d 23h ago |

By Scott Cohn, Senior Correspondent, CNBC

The Old Dominion State returns as America's Top State for Business in 2011, and we're starting to detect a pattern here.



P. Kevin Morley, Richmond Times-Dispatch, via AP
Lesley Bulluck, a VCU biologist, holds a prothonotary warbler for students from Robious Middle School who were on a James River canoe trip May 23, 2011. Virginia class

size has improved. [Enlarge](#)

P. Kevin Morley, Richmond Times-Dispatch, via AP

Lesley Bulluck, a VCU biologist, holds a prothonotary warbler for students from Robious Middle School who were on a James River canoe trip May 23, 2011. Virginia class size has improved.

Virginia topped our inaugural study in 2007 with Texas at number two. In 2008, they switched positions and Texas took the title. In 2009, it was Virginia/Texas. In 2010,

Texas/Virginia.

This year, Virginia powers back to the top spot with the best overall score in the history of our study — 1,660 out of 2,500 points. Texas slips back to number two with a respectable 1,578 points.

Trust us. We couldn't have planned it this way, and if we could have, we might have mixed things up a bit.

MORE: [States with best quality of life](#)

PHOTOS: [Homes of governors](#)

PHOTOS: [Most expensive states to live in](#)

Our fifth annual study once again puts all 50 states to the test, measuring them on 43 metrics in 10 key categories of competitiveness. We weight those categories based on how frequently the states use them as selling points to attract business. That way, we hold the states to their own standards, and tell you how they measure up.

This year's categories and weightings, for a total of 2,500 points, are:

Advertisement

USA TODAY
AutoPilot

The new travel app for iPhone® and iPod touch®

Presented by:

SEE HOW IT WORKS »

Print Powered By FormatDynamics™



- Cost of Doing Business (350 points)
- Workforce (350 points)
- Quality of Life (350 points)
- Infrastructure & Transportation (325 points)
- Economy (300 points)
- Education (225 points)
- Technology & Innovation (225 points)
- Business Friendliness (200 points)
- Access to Capital (100 points)
- Cost of Living (50 points)

Virginia is a perennial favorite with its strategic location, friendly business climate and diverse economy. It moved back on top this year thanks to marked improvements in a couple of key areas.

We found Virginia's tax burden improved considerably, helping the state move up five places to number 21 in our all-important Cost of Doing Business Category.

In Education, Virginia jumps seven points to rank sixth, reflecting an effort begun in 2009 to reduce class sizes.

But not all is rosy in Virginia. The state fell eight spots to number 26 in Quality of Life, which, among other things, measures health care. The number of uninsured residents in Virginia has risen steadily in recent years.

Virginia lost some ground in the Workforce category as well, dropping three places to

number 12. But that was mainly because an improving unemployment rate is shrinking the pool of available workers.

Still, Virginia did what it does best — and has done in each year of our study: It turned in a solid all-around performance, with top 10 finishes in five categories (Infrastructure & Transportation at number 10, Economy at number 8, the aforementioned 6th place in Education, 2nd in Business Friendliness and 10th in Access to Capital).

Texas Two-Step

So what happened to Texas, which was gunning for a repeat as America's Top State for Business?

While the state improved or stayed the same in seven out of 10 categories, it stumbled in three important ones: Cost of Doing Business (33rd this year vs. 30th in 2010), Quality of Life (32nd, down from 29th), and most notably Economy, where the top-ranked economy four years in a row plunged to 14th this year on the weight of a nagging budget crisis.

Advertisement

USA TODAY
AutoPilot 

The new travel app for iPhone® and iPod touch®

Presented by: 

SEE HOW IT WORKS >>

Print Powered By  FormatDynamics™



The state has been struggling to close a \$13.4 billion budget gap for the 2012 fiscal year—one of the worst in the nation as measured by the non-partisan Center on Budget and Policy Priorities.

Texas adopts its budgets two years at a time, and the 2011 legislative session has been a gut-wrenching affair. While Gov. [Rick Perry](#) and the state legislature have so far managed to avoid raising taxes or dipping into the state's rainy day fund for 2012-13, the crisis is forcing severe cuts in state services, including education. But that's not the only area where the Texas economy has suffered.

Texas no longer leads the nation in Fortune 500 companies headquartered there. In fact, the state comes in third, with 51 major companies headquartered in Texas compared with 57 last year. Some of that is the result of mergers, like Fort Worth-based Burlington Northern Santa Fe being acquired by Nebraska-based Berkshire Hathaway, and Houston-based Continental Airlines merging with Illinois-based United.

But other Texas companies simply saw their fortunes decline, like Dallas-based Blockbuster and Irving-based industrial equipment-maker Flowserve.

Nonetheless, Texas remains a business powerhouse. It remains tops in Infrastructure & Transportation, and ranks 4th in Technology & Innovation. And a surge in investment helped Texas jump to 4th place in Access to Capital from 7th place in 2010.

If Virginia and Texas seem to have the top two spots locked up year after year, the rest of our rankings are a lot less predictable.

Top Five And Honorable Mention

Take Georgia, which joins our Top Five for the first time in four years. Adding to its typically strong finishes in Workforce (4th place), Infrastructure & Transportation (second place) and Cost of Living (9th place), Georgia moved into the top half of the states in Education (22nd place, vs. 28th last year).

Massachusetts drops out of the Top Five this year, finishing at number six overall. The [Bay State](#) lost ground in our Workforce category because of a shrinking pool of available workers. And the state's vaunted Education system slipped a bit — to 4th place from first — because school class sizes increased relative to other states.

Ohio is this year's most improved state, jumping 11 places to 23rd overall thanks to a huge improvement in Cost of Doing Business. Ohio improved to 5th place in our most important category, from 29th place last year. A multi-year effort to reform the tax code in the [Buckeye State](#) is paying off with a tax structure that welcomes new

Advertisement

USA TODAY
AutoPilot 

The new travel app for iPhone® and iPod touch®

Presented by: 

SEE HOW IT WORKS >>

Print Powered By  FormatDynamics™



investment. At the same time, wages have fallen in Ohio relative to other states. That helps businesses on the cost side, but workers suffer.

The biggest overall decline came in New Jersey, which fell eight spots this year to 30th place overall largely because of the state's budget situation—one of the worst in the nation, according to the Center on Budget and Policy Priorities. New Jersey is no garden spot when it comes to the Economy, which ranked 42nd in our study this year.

Our decision to consider each state's fiscal situation in our rankings this year also led to a change at the bottom for 2011.

For the first time, Alaska — which ends fiscal 2011 with nearly \$12 billion to spare in the state's coffers — does not come in last. Instead, Alaska finishes 49th this year, and Rhode Island drops to number 50.

© 2011 CNBC.com

*For more information about [reprints & permissions](#), visit our [FAQ's](#). To report corrections and clarifications, contact Standards Editor **Brent Jones**. For publication consideration in the newspaper, send comments to letters@usatoday.com. Include name, phone number, city and state for verification. To view our corrections, go to corrections.usatoday.com.*

Advertisement

USA TODAY
AutoPilot 
 The new travel app for iPhone® and iPod touch®
 Presented by: 
SEE HOW IT WORKS »

Print Powered By  FormatDynamics™