



2024

OKLAHOMA

SCORECARD



An annual index of Oklahoma's economic competitiveness.

FROM THE EXECUTIVE DIRECTOR

The third edition of *The Oklahoma Scorecard* offers a bit of “proof of concept” on the goal we set out with when we created this annual economic competitiveness index a few years ago—to **identify opportunities for policy reforms specifically targeted to the metrics that drive economic growth and prosperity**. After focusing on policy areas identified as in need of improvement in this publication, Oklahoma has begun to climb the rankings.

Oklahoma’s marked improvement in Tax Competitiveness illustrates what is possible with the type of methodical, data-informed policy reform *The Scorecard* is designed to catalyze. Just a few years ago, in the first edition of this report, Oklahoma ranked 30th in the country for tax environment. *The Scorecard* crystalized the ways in which Oklahoma was uncompetitive with regard to taxes, which enabled the business community to prioritize reforms targeted to those facets of our tax system. The legislature responded, enacting several of the reforms developed in response to *The Scorecard* rankings. In the 2024 edition of *The Scorecard*, **Oklahoma now ranks 19th, outperforming all but one state in improving its tax ranking**. This remarkable climb is cause for celebration... and also motivation to keep our foot on the gas as we seek to move into the Top Ten.

This story is repeatable across policy issue areas if we continue to keep our focus on the right data. To facilitate that process, *The Scorecard* continues 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 economic prosperity and growth**.

The Scorecard remains an invaluable tool for policymakers and the business community as we prioritize our efforts to grow Oklahoma. Importantly, as we have added new variables to our computation of the rankings, the report continues to measure economic competitiveness based on metrics that are indicative of *public policy choices*. We are interested in things Oklahoma can *do something about* through policy changes, not built-in advantages or disadvantages unique to each state.

The fact is, Oklahoma’s main competitive disadvantages are more the result of past policy choices than any natural disadvantage. Though it may not sound like it, *this is good news*—it means that these things *can be fixed*. *The Scorecard* shows us the things that really matter, providing a roadmap of the places we need to improve to be the type of state businesses and individuals flock to.

Oklahoma is well on its way. 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.



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	\$54,998	41st of 50
CUMULATIVE DOMESTIC MIGRATION (10 years)	27,964	17th of 50
UNEMPLOYMENT RATE	3.2%	21st of 50
LABOR PARTICIPATION RATE	61.42%	33rd of 50
NON-FARM EMPLOYMENT GROWTH (12 months)	1.3%	

WHAT OTHERS ARE SAYING...

Chief Executive Magazine
Best & Worst States for
Business

22ND

CNBC - America's Top
States for Business

41ST

Rich States
Poor States

32ND

US News
Best States for Business

43RD

ECONOMIC COMPETITIVENESS INDEX

OKLAHOMA

NATIONAL RANK
30TH
(+9)

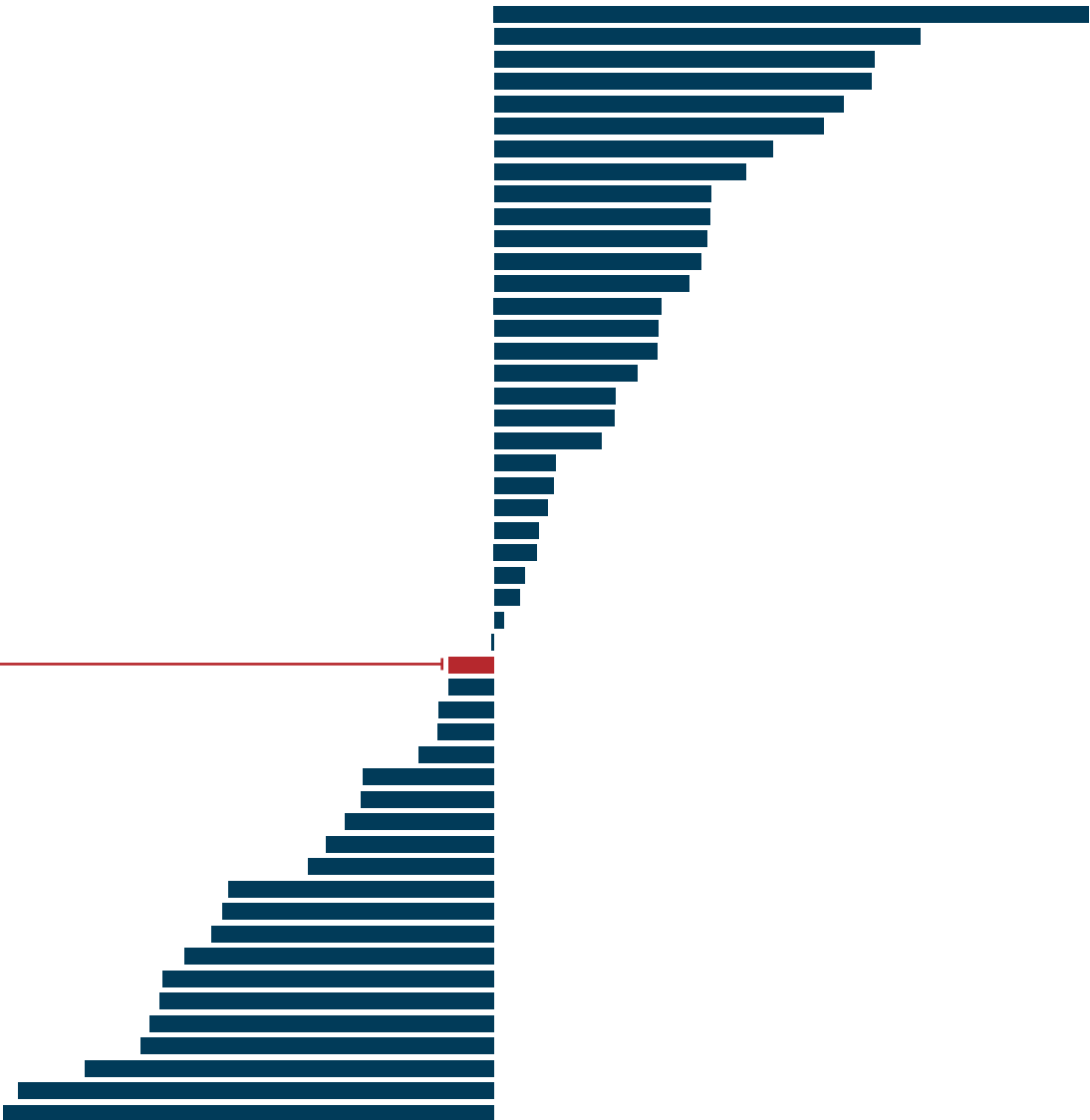
REGIONAL RANK
4TH
OF 7
(+1)

PEER STATES RANK
9TH
OF 14
(+2)

NATION AT-A-GLANCE

HIGHLY COMPETITIVE →

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



NATIONAL RANKINGS OVERVIEW

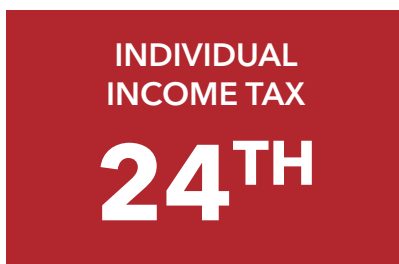
Overall Competitiveness		Tax Competitiveness		Workforce		Infrastructure		Legal Climate		Government Burden		Health Care System	
Rank	State	2024	Change	2024	Change	2024	Change	2024	Change	2024	Change	2024	Change
1	Florida (+5)	4	0	11	21	6	1	48	0	2	7	6	23
2	South Dakota (+1)	2	0	15	4	35	-2	12	-4	17	-7	19	-5
3	Colorado (-1)	27	-7	1	2	22	-8	5	11	7	9	7	5
4	Utah (-3)	8	2	2	9	16	-5	15	3	25	-10	10	12
5	Wyoming (+12)	1	0	9	3	24	3	4	1	47	1	37	-6
6	Texas (+5)	13	1	26	10	5	3	36	2	31	1	40	-2
7	New Hampshire (-2)	6	0	4	2	36	4	26	-4	11	-6	23	-3
8	Arizona (+11)	14	9	18	20	18	-12	13	2	12	5	30	4
9	Nevada (+7)	7	0	38	5	8	-7	22	8	3	5	33	6
10	Washington (-2)	35	-20	8	1	30	-5	37	-8	40	-2	27	-3
11	North Dakota (-4)	17	2	24	-8	15	4	2	4	38	-14	3	-1
12	Indiana (+6)	10	-1	3	24	19	-2	28	3	1	2	43	-2
13	Tennessee (+7)	15	-7	27	12	10	10	27	9	14	-3	47	-5
14	Georgia (+8)	32	0	22	13	3	2	39	0	10	2	39	1
15	Idaho (-1)	16	1	23	1	25	-7	30	-13	23	-1	31	1
16	Virginia (-6)	25	0	14	-10	1	2	29	-6	30	1	21	-8
17	Montana (+8)	5	0	17	-3	39	2	10	2	28	5	14	13
18	Nebraska (-3)	30	5	21	-3	11	-1	11	3	24	6	5	2
19	Delaware (-7)	21	-5	25	9	2	0	3	-2	29	-9	18	10
20	North Carolina (-11)	9	2	39	-13	14	9	14	-7	50	-27	38	-2
21	Alaska (+14)	3	0	35	5	44	-2	1	1	49	1	34	-8
22	Oregon (+1)	28	-6	40	-23	23	-11	9	12	37	7	20	-12
23	Iowa (+7)	33	5	5	26	32	5	17	2	26	9	11	8
24	Kansas (+4)	26	-2	28	0	7	2	18	10	22	7	17	4
25	Wisconsin (-4)	24	3	16	-1	28	-2	19	-6	21	5	16	-1
26	South Carolina (+11)	29	2	41	1	9	7	31	6	32	7	42	6
27	Massachusetts (-23)	46	-12	6	-5	41	-3	33	-6	18	-11	1	0
28	Michigan (-2)	11	1	36	-3	37	-9	24	8	6	-4	29	1
29	Minnesota (-16)	44	1	13	-6	13	2	35	-9	27	-23	9	-3
30	Oklahoma (+9)	19	7	42	2	12	1	34	-9	44	-3	44	2
31	Maryland (-7)	45	1	20	-12	4	0	25	-1	13	5	8	-4
32	Missouri (+2)	12	1	37	0	31	0	44	0	4	2	36	-1
33	Ohio (-)	36	1	29	0	20	1	32	2	9	19	32	1
34	Pennsylvania (-7)	31	-2	33	-20	29	-5	42	-7	5	-4	15	10
35	Kentucky (+5)	18	0	44	-3	17	5	41	1	34	-9	49	0
36	Connecticut (-7)	47	0	10	-5	45	3	7	-3	15	-2	13	-2
37	Vermont (-5)	43	0	30	-20	26	4	21	-12	20	14	24	-7
38	Maine (-7)	34	-1	45	-22	46	1	6	-3	19	2	26	-8
39	Arkansas (+5)	38	6	34	11	27	7	20	13	45	-2	48	-4
40	New Jersey (-2)	50	0	7	-5	40	-1	38	3	36	-9	22	-13
41	New Mexico (+4)	23	5	50	-3	34	-2	16	-5	48	1	35	2
42	Rhode Island (-6)	41	-1	46	-21	47	-1	23	-3	16	-2	4	1
43	Alabama (+4)	39	0	47	3	21	14	46	-3	43	-7	46	1
44	Illinois (+2)	37	-1	19	2	33	-4	50	0	8	11	12	-2
45	Mississippi (+3)	20	10	49	-3	42	1	40	5	42	5	41	4
46	Hawaii (-4)	42	-1	31	-1	50	0	8	2	39	7	2	1
47	California (-4)	48	0	12	10	48	-4	47	0	35	7	25	-2
48	New York (-7)	49	0	32	-12	38	-2	43	-3	41	-1	28	-12
49	Louisiana (-)	40	2	43	5	43	2	49	0	33	4	45	-2
50	West Virginia (-)	22	-1	48	1	49	0	45	1	46	-1	50	0

TAX COMPETITIVENESS



KEY FINDINGS:

- Oklahoma gained seven (7) spots in **overall tax competitiveness**, moving from 26th in the 2023 Scorecard to **19th in the 2024 Scorecard**.
- This significant improvement continues the state's steady march through the tax competitiveness rankings in recent years as legislators have enacted pro-growth tax reforms targeted at the areas of taxation where Oklahoma has been uncompetitive.
- Remarkably, Oklahoma's tax competitiveness ranking has climbed from 30th in the first edition of *The Scorecard* to 19th today, showing **more significant improvement of state tax environment than all other states, except Mississippi**.
- The state's rise through the tax rankings comes on the heels of targeted reforms enacted in recent legislative sessions, including:
 - Repeal of the franchise tax, taking the **property tax ranking from 29th to 15th**,
 - Elimination of the marriage penalty and reducing the income tax rate, boosting the individual income tax ranking from **33rd to 24th**, and
 - Becoming the first state to make full expensing of capital investments permanent and reducing the corporate tax rate, taking the **corporate tax ranking from 11th to 4th**.
- Oklahoma is now within striking distance of the Top Ten, which it can achieve by **simplifying the structure** of its individual income tax. By moving from the current six income tax brackets to a single bracket flat tax and marginally reducing the overall rate, Oklahoma would likely see enough improvement in its individual income tax competitiveness to boost its overall tax competitiveness securely into the Top Ten.



REGION

State	Regional Rank	National Rank
Missouri	1	12
Texas	2	13
Oklahoma	3	19
New Mexico	4	23
Kansas	5	26
Colorado	6	27
Arkansas	7	38

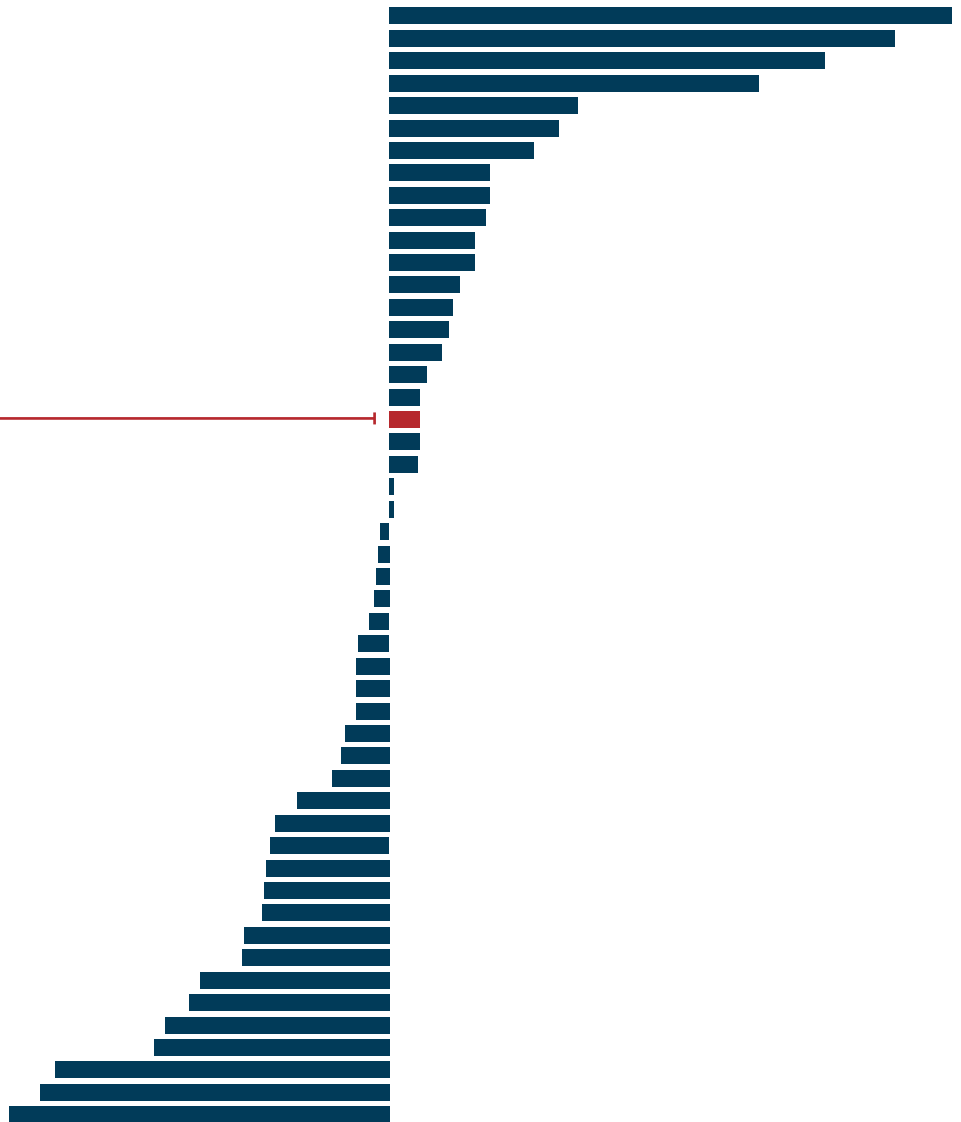
PEER STATES

State	Peer Rank	National Rank
Nevada	1	7
Utah	2	8
Indiana	3	10
Missouri	4	12
Tennessee	5	15
Kentucky	6	18
Oklahoma	7	19
Mississippi	8	20
Wisconsin	9	24
Kansas	10	26
Colorado	11	27
Iowa	12	33
Arkansas	13	38
Alabama	14	39

NATION

HIGHLY COMPETITIVE →

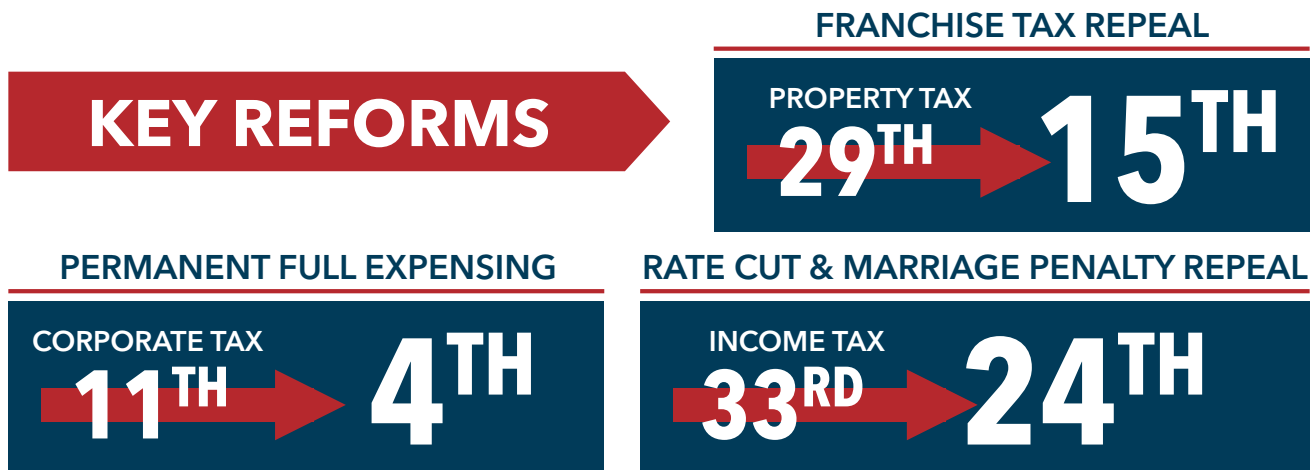
1. Wyoming
2. South Dakota
3. Alaska
4. Florida
5. Montana
6. New Hampshire
7. Nevada
8. Utah
9. North Carolina
10. Indiana
11. Michigan
12. Missouri
13. Texas
14. Arizona
15. Tennessee
16. Idaho
17. North Dakota
18. Kentucky
- 19. Oklahoma**
20. Mississippi
21. Delaware
22. West Virginia
23. New Mexico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



OKLAHOMA'S CLIMB TO TAX COMPETITIVENESS

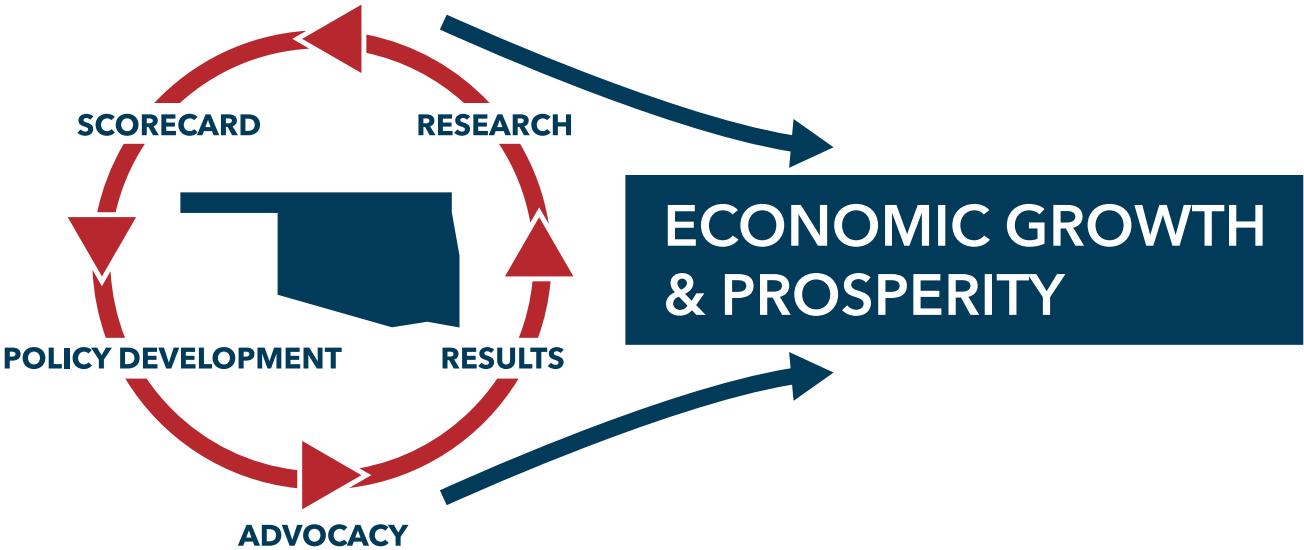


Perhaps no public policy story better illustrates the utility of *The Scorecard* than Oklahoma's steady climb through the Tax Competitiveness rankings in recent years. Just two years ago, Oklahoma ranked 30th in the nation in overall Tax Competitiveness. To improve the state's standing on taxes, SCRF partnered with The Tax Foundation to comprehensively study Oklahoma's tax system and identify opportunities for pro-growth reform. In *Pro-Growth Tax Reform for Oklahoma* (October 2021) we identified numerous reform opportunities that were championed by the business community and enacted by the Oklahoma Legislature. Reforms included making permanent the full expensing of capital investments (the first state in the country to do so), repeal of the franchise tax, and elimination of the marriage penalty. The result has been a drastically improved Tax Competitiveness ranking for the state.



Oklahoma’s progress in the tax rankings has been remarkable, but it has not been a surprise. This is precisely the purpose of *The Scorecard*. *The Scorecard* measures the key economic and public policy factors that drive economic growth and competitiveness. SCRF then uses Oklahoma’s standing in the areas ranked in *The Scorecard* to prioritize policy issue selection, researching and developing policy reforms specifically targeted to the improvement of those factors measured in *The Scorecard*. As a result, reforms proposed by SCRF are as targeted as possible to the public policy factors that lead to improved economic performance for the state. We then track progress against the same key metrics to ensure the chosen policy interventions are working as designed.

But Oklahoma should not rest on its laurels. While moving from 30th to 19th in the nation is a laudable achievement, there is still more work to do. Enacting the remaining reforms identified in SCRF’s tax study would take Oklahoma the rest of the way to the top. Specifically, if Oklahoma moves to a single bracket flat income tax, as proposed by SCRF, the state will land in the Top Ten in Tax Competitiveness, an important turning point for the state and a signal to the business community that Oklahoma is serious about long-term economic growth.

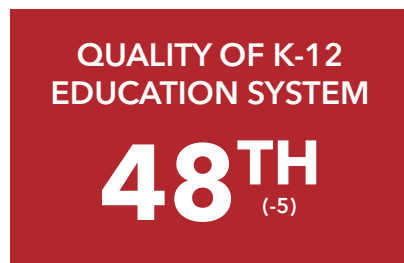


WORKFORCE



KEY FINDINGS:

- Oklahoma saw a modest improvement on its **workforce rankings**, returning to the 42nd ranking it held in the first edition of *The Scorecard*, up from 44th a year ago.
- The lagging performance of Oklahoma’s public K-12 school system continues to hold back its workforce ranking. **Oklahoma’s K-12 ranking declined again this year, from 43rd in last year’s ranking to 48th in the 2024 ranking**, due to a continued fall in achievement levels measured in the National Assessment of Educational Progress (NAEP) and poor marks in post-secondary readiness benchmarks.
- Oklahoma ranks **49th in STEM and STEM-related degrees or credentials** held by working age adults. The state also scores poorly in other educational attainment metrics, at **43rd in bachelor’s degree attainment and 37th in attainment of high school diploma** or equivalent.
- The state’s labor force participation rate continues to lag the nation, ranking in the bottom half of states despite ranking in the top half of states in prime working age population.
- The state’s overall workforce ranking was modestly improved this year due to inclusion of a new variable that measures the degree of educational choice available to students. With the passage of landmark universal school choice legislation, creation of a statewide charter school authorizer, and the introduction of open transfer in public school districts, **Oklahoma now ranks in the Top Ten in educational choice nationwide.**



REGION

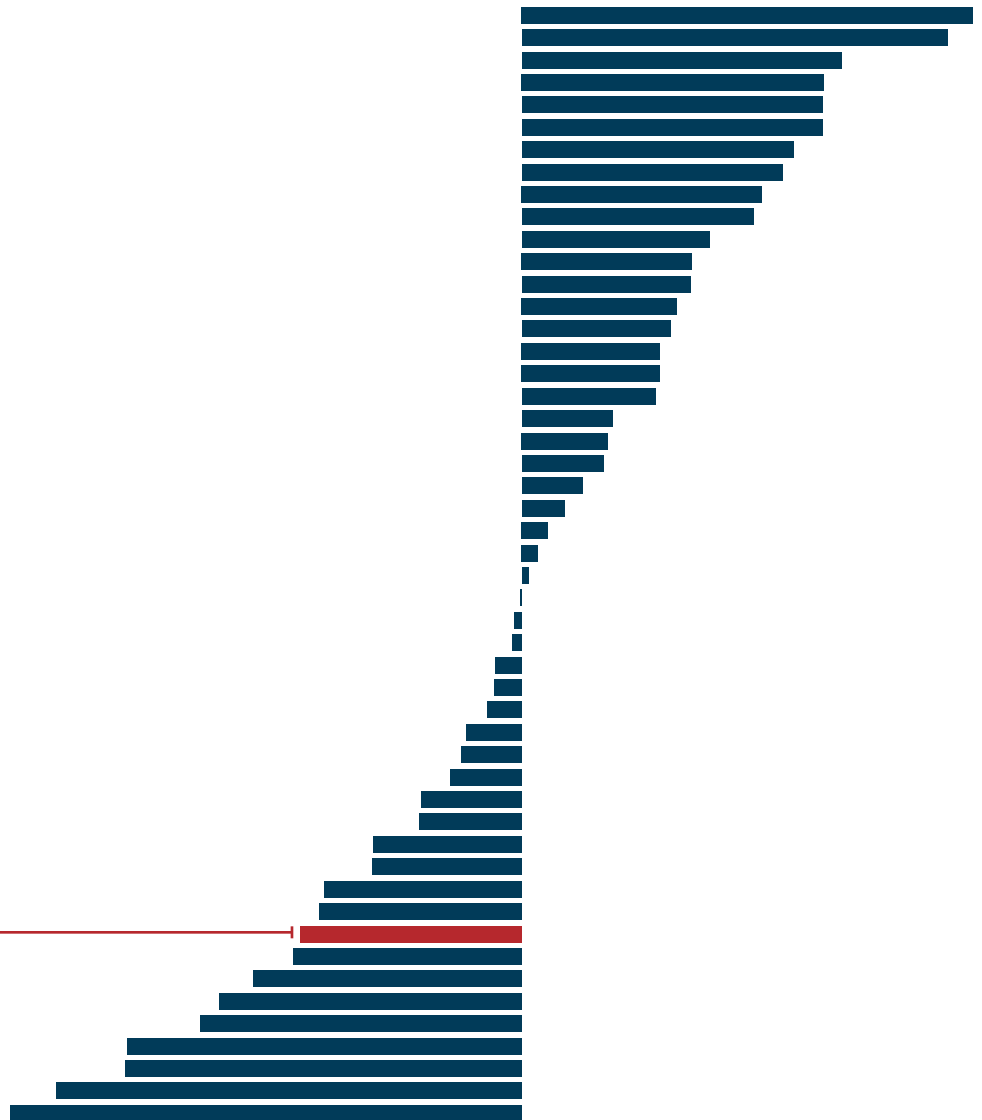
State	Regional Rank	National Rank
Colorado	1	2
Kansas	2	24
Texas	3	27
Missouri	4	41
Arkansas	5	45
Oklahoma	6	46
New Mexico	7	49

PEER STATES

State	Peer Rank	National Rank
Colorado	1	1
Utah	2	2
Indiana	3	3
Iowa	4	5
Wisconsin	5	16
Tennessee	6	27
Kansas	7	28
Arkansas	8	34
Missouri	9	37
Nevada	10	38
Oklahoma	11	42
Kentucky	12	44
Alabama	13	47
Mississippi	14	49

NATION HIGHLY COMPETITIVE

1. Colorado
2. Utah
3. Indiana
4. New Hampshire
5. Iowa
6. Massachusetts
7. New Jersey
8. Washington
9. Wyoming
10. Connecticut
11. Florida
12. California
13. Minnesota
14. Virginia
15. South Dakota
16. Wisconsin
17. Montana
18. Arizona
19. Illinois
20. Maryland
21. Nebraska
22. Georgia
23. Idaho
24. North Dakota
25. Delaware
26. Texas
27. Tennessee
28. Kansas
29. Ohio
30. Vermont
31. Hawaii
32. New York
33. Pennsylvania
34. Arkansas
35. Alaska
36. Michigan
37. Missouri
38. Nevada
39. North Carolina
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43. Louisiana
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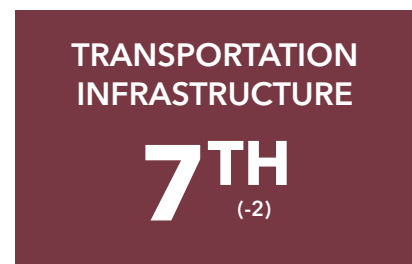
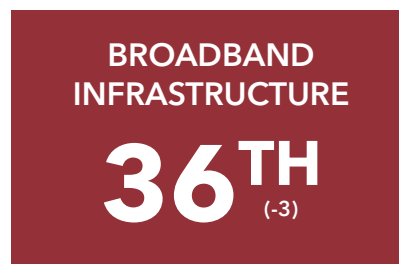


INFRASTRUCTURE



KEY FINDINGS:

- Oklahoma continues to compete well in the **infrastructure rankings**, improving from 13th nationally last year to **12th in the 2024 rankings**.
- Oklahoma leads the nation in the **energy infrastructure** subcomponent, **ranking 1st** in this category in the 2024 Scorecard.
- Oklahoma held onto **Top Ten** designation in **transportation infrastructure**, coming in at **7th nationally in overall roads and bridge ratings**.
- The state dropped slightly in its broadband infrastructure rating this year as states take advantage of recent federal funding of broadband expansion, with other states expanding broadband speed and access at a faster pace than Oklahoma.



REGION

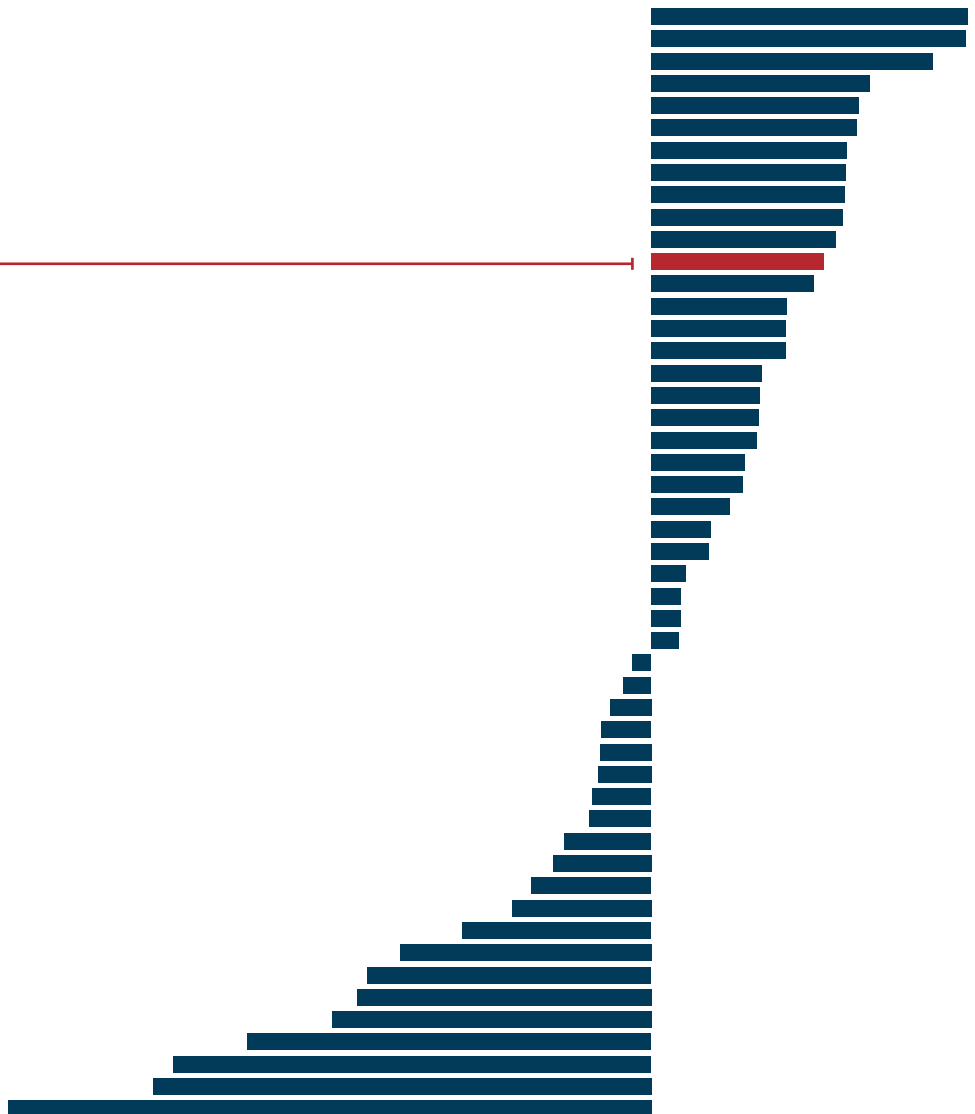
State	Regional Rank	National Rank
Texas	1	5
Kansas	2	7
Oklahoma	3	12
Colorado	4	22
Arkansas	5	27
Missouri	6	31
New Mexico	7	34

PEER STATES

State	Peer Rank	National Rank
Iowa	1	5
Kansas	2	7
Nevada	3	8
Tennessee	4	10
Oklahoma	5	12
Utah	6	16
Kentucky	7	17
Indiana	8	19
Alabama	9	21
Colorado	10	22
Arkansas	11	27
Wisconsin	12	28
Missouri	13	31
Mississippi	14	42

NATION HIGHLY COMPETITIVE

1. Virginia
2. Delaware
3. Georgia
4. Maryland
5. Texas
6. Florida
7. Kansas
8. Nevada
9. South Carolina
10. Tennessee
11. Nebraska
12. Oklahoma
13. Minnesota
14. North Carolina
15. North Dakota
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44. Alaska
45. Connecticut
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49. West Virginia
50. Hawaii



LEGAL CLIMATE



KEY FINDINGS:

- *The 2024 Scorecard's* Legal Climate includes new variables this year that better reflect the economic costs of each state's tort system and the "plaintiff friendliness" of state court systems.
- At **34th nationally**, Oklahoma's Legal Climate ranks in the bottom half of states.
- Oklahoma's 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.**
- Oklahoma experiences a "tort tax" of approximately **\$1,034.13** per person, below the national average, but a higher share of state GDP than most states.
- Oklahoma's appellate courts have consistently struck down or undermined legislatively enacted tort reform, including a cap on noneconomic damages nearly a decade after it was enacted, which has fueled the state's slide in national legal climate rankings.
- Oklahoma ranks as the **22nd most plaintiff friendly state** in the country in the Cato Institute's *States Lawsuit Abuse Index*.



REGION

State	Regional Rank	National Rank
Colorado	1	5
New Mexico	2	16
Kansas	3	18
Arkansas	4	20
Oklahoma	5	34
Texas	6	36
Missouri	7	44

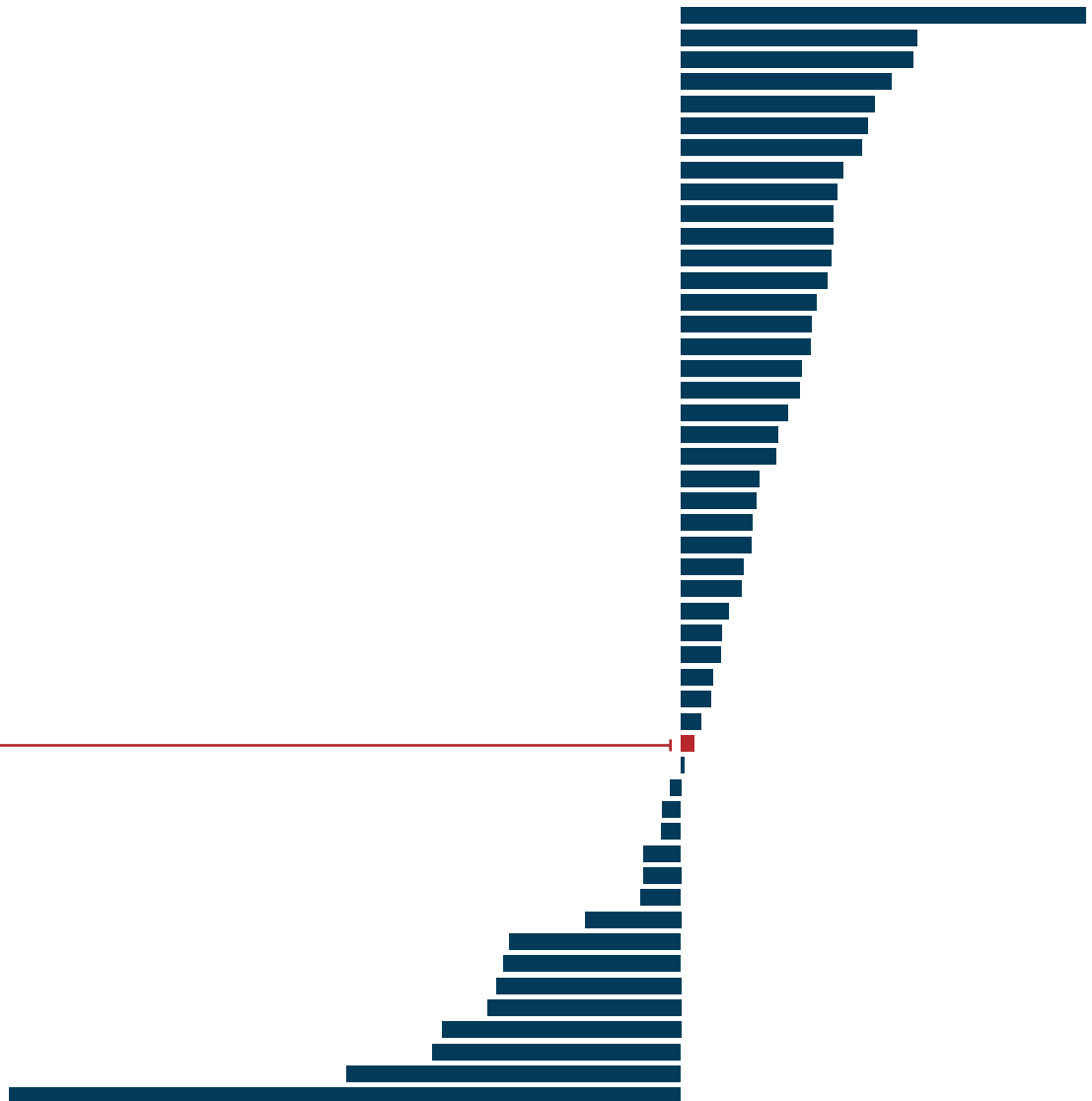
PEER STATES

State	Peer Rank	National Rank
Colorado	1	5
Utah	2	15
Iowa	3	17
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Tennessee	8	27
Indiana	9	28
Oklahoma	10	34
Mississippi	11	40
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NATION

HIGHLY COMPETITIVE →

1. Alaska
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3. Delaware
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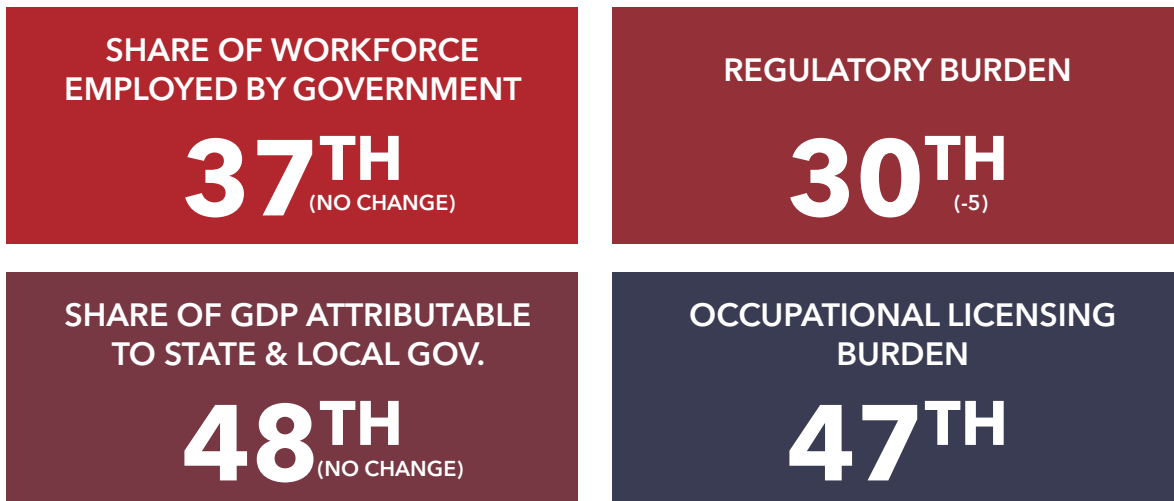


GOVERNMENT BURDEN



KEY FINDINGS:

- Oklahoma's government burden ranking declined from an already poor 41st in last year's Scorecard to 44th in the 2024 edition.
- Oklahoma's state government significantly burdens the private sector due to its relatively large size and the regulatory burden it imposes on individuals and businesses.
 - A large share of Oklahoma's population is **employed by state and local government compared to private sector employment**, ranking the state **37th in the nation** in this category.
 - A relatively high proportion of Oklahoma's **GDP is attributable to state and local government spending**, making the state **43rd of 50 states** in this category.
 - Oklahoma ranks 30th in regulatory burden, and **47th in occupational licensing burden**, making the state one of the worst states in the country when it comes to placing barriers to workforce expansion.
- 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	4
Colorado	2	7
Kansas	3	22
Texas	4	31
Oklahoma	5	44
Arkansas	6	45
New Mexico	7	48

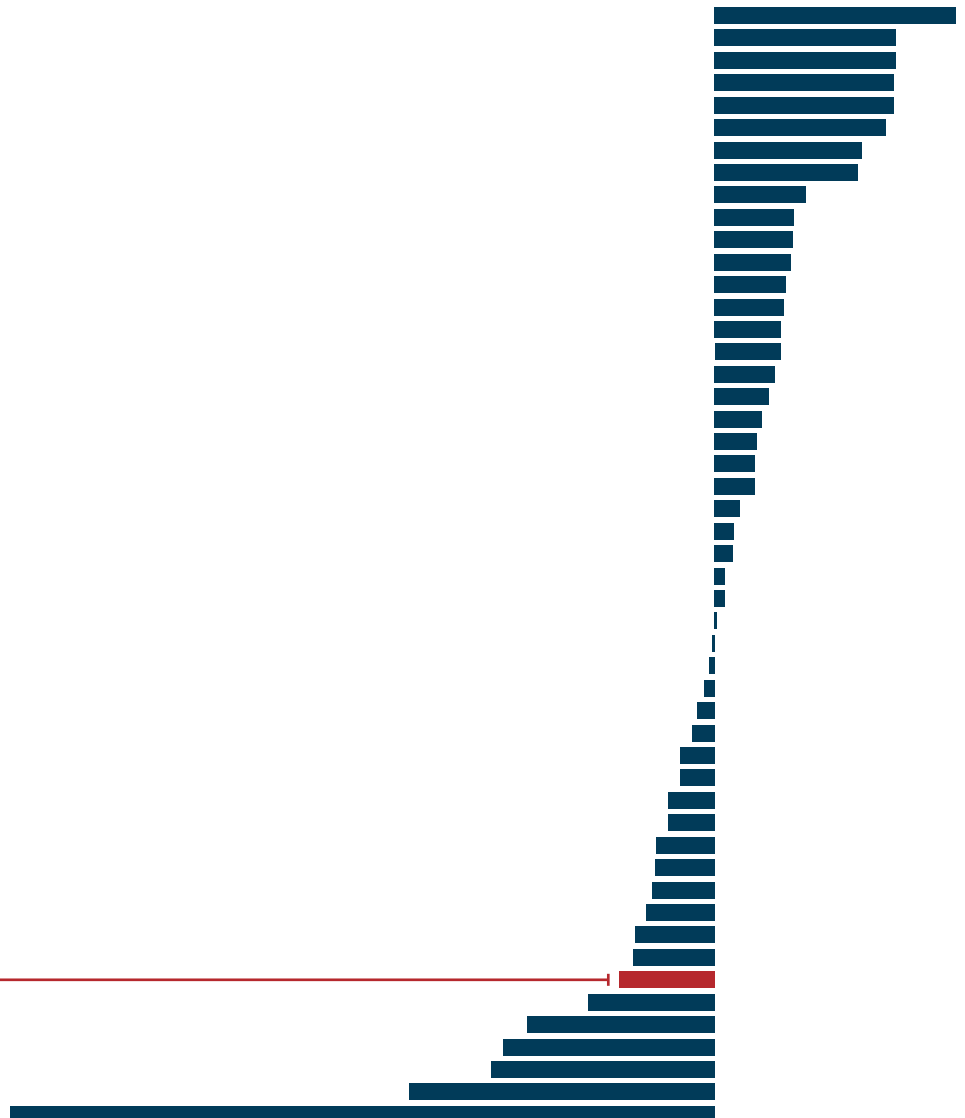
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Indiana	1	1
Nevada	2	3
Missouri	3	4
Colorado	4	7
Tennessee	5	14
Wisconsin	6	21
Kansas	7	22
Utah	8	25
Iowa	9	26
Kentucky	10	34
Mississippi	11	42
Alabama	12	43
Oklahoma	13	44
Arkansas	14	45

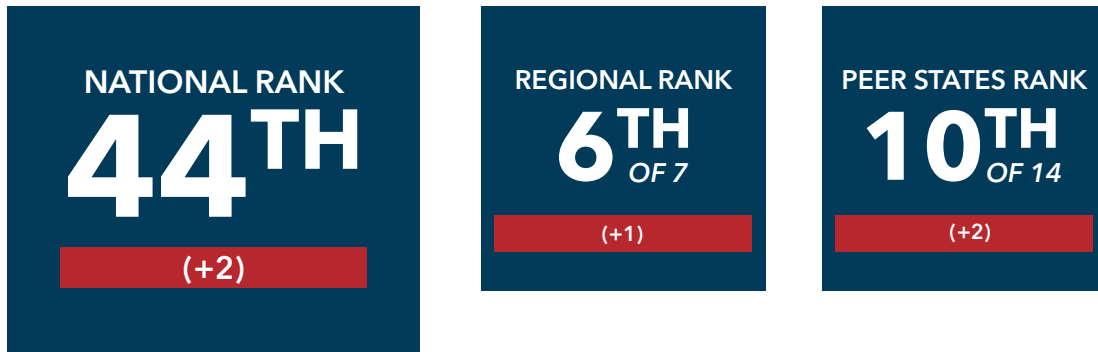
NATION

HIGHLY COMPETITIVE →

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



HEALTH CARE



KEY FINDINGS:

- Oklahoma has seen modest improvements in health care metrics from last year, but still needs to make up significant ground to become competitive nationally.
- The state improved its health insurance coverage **ranking from 47th to 37th** in this year's index, though that may be due more to declines seen in other states than improvements in Oklahoma.
- Oklahoma's population health outcomes also improved modestly, from 43rd to 41st.
- Though the state's **health care supply** rank fares comparatively better **at 31st nationally**, it is unchanged from last year and still leaves significant room for improvement.



REGION

State	Regional Rank	National Rank
Colorado	1	7
Kansas	2	17
New Mexico	3	35
Missouri	4	36
Texas	5	40
Oklahoma	6	44
Arkansas	7	48

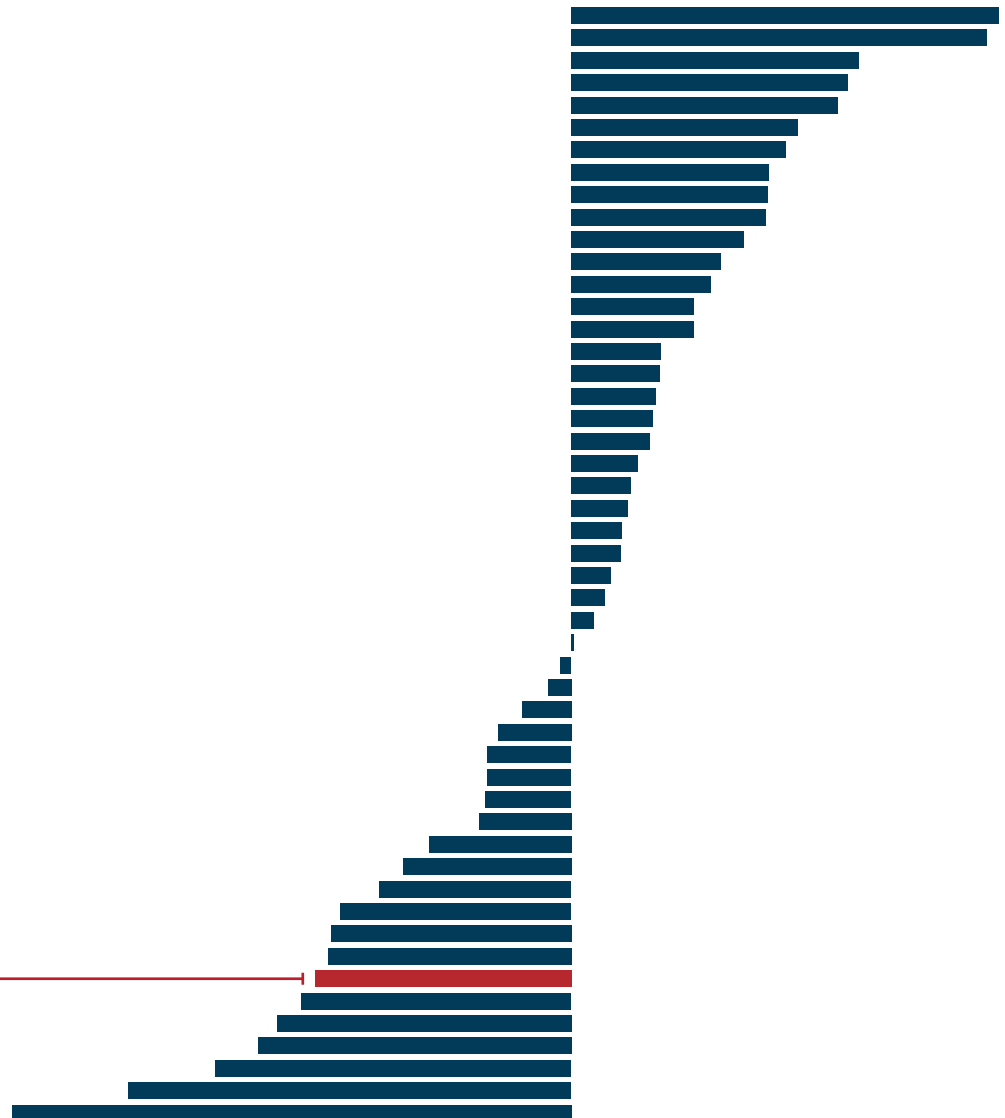
PEER STATES

State	Peer Rank	National Rank
Colorado	1	7
Utah	2	10
Iowa	3	11
Wisconsin	4	16
Kansas	5	17
Nevada	6	33
Missouri	7	36
Mississippi	8	41
Indiana	9	43
Oklahoma	10	44
Alabama	11	46
Tennessee	12	47
Arkansas	13	48
Kentucky	14	49

NATION

HIGHLY COMPETITIVE →

1. Massachusetts
2. Hawaii
3. North Dakota
4. Rhode Island
5. Nebraska
6. Florida
7. Colorado
8. Maryland
9. Minnesota
10. Utah
11. Iowa
12. Illinois
13. Connecticut
14. Montana
15. Pennsylvania
16. Wisconsin
17. Kansas
18. Delaware
19. South Dakota
20. Oregon
21. Virginia
22. New Jersey
23. New Hampshire
24. Vermont
25. California
26. Maine
27. Washington
28. New York
29. Michigan
30. Arizona
31. Idaho
32. Ohio
33. Nevada
34. Alaska
35. New Mexico
36. Missouri
37. Wyoming
38. North Carolina
39. Georgia
40. Texas
41. Mississippi
42. South Carolina
43. Indiana
44. Oklahoma
45. Louisiana
46. Alabama
47. Tennessee
48. Arkansas
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). 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, SAT and post-secondary reading benchmarks. For the first time, the 2024 edition includes a measure of educational choice in the calculation of K-12 education scores.
- Educational attainment scores states' on the share of their working age populations achieving a high school diploma, a bachelor's degree, a STEM-related degree (including non-college, STEM-related credentials), and the share of the population earning a recognized post-secondary credential (both college and non-college).
- 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) Energy Infrastructure, (2) Broadband Infrastructure, and (3) Transportation Infrastructure.
- The ranking of states' energy infrastructure is based on industry-standard measures of both cost and reliability of electricity, as well as gas and diesel prices.
- Similarly, broadband infrastructure is ranked according to industry standards of both speed of and accessibility to 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's* Legal Climate evaluation underwent a fairly significant remodel for the 2024 edition of the index, owing partly to the unavailability of data utilized in prior editions. To account for this change, 2024 scores were compared to prior years and a weighted average was incorporated as a transitional approach to avoid wide swings in rankings. This change will be phased out over time so that Legal Climate scores will be more comparable year to year in the future.

- *The Scorecard* measures states' Legal Climate across the following components: (1) Quality of Appellate Courts, (2) Quality of Trial Judges (both fairness and competence), (3) Size of Legal Services Industry (as a share of private economy), (4) Tort system, and (5) Liability Predictability, i.e. whether noneconomic or punitive damages are capped.
- 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 and justifies this more subjective measurement's inclusion in the index.
- 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.
- State tort systems are ranked according to various measures of tort costs per household, including expressed as a share of GDP to account for differences across states.
- 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 only, not scope of liability.

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 four subcomponents: (1) share of the labor force employed by state and local government, (2) the state's regulatory burden, (3) the share of GDP attributable to state and local government, as opposed to private industry, and (4) occupational licensing burden.
- 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, and specifically does not improve Oklahoma's ranking, as might be expected due to its rural makeup.

HEALTH CARE

- *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.

More detailed information on methodology and full datasets used to create *The Scorecard* is available on our website, www.statechamberresearch.org.



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.

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