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SEPTEMBER 30, 2014

Can states be pro-business while taking care of their most vulnerable?



In May, *CEO Magazine* came out with its 2014 list of best and worst states to do business. There were few surprises. Of the states in the top 10, 9 also had made the top 10 in 2013, with Texas, Florida, and Tennessee ranked best this year. And all 10 of those considered worst had also been at the bottom in 2013—Illinois, New York, and California ranked 48th, 49th, and 50th for the second year running.

The magazine puts the list together based on surveys of about 500 CEOs across the country. CEO attitudes matter because they affect where companies locate. Not surprisingly, the biggest driver of those leaders' views is taxes—states on the list that rank best are those with lower corporate and income tax rates.

So it might seem self-evident that being a business-friendly and low-tax state is an absolute good. Actually it appears to be a tradeoff. That's because most highly rated states on the CEO list rank low on indices of how well they take care of their weakest

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citizens.

Take the KidsCount report issued every year by the Annie E. Casey Foundation. Casey ranks states based on how children fare in the areas of economic well-being, education, health, and family and community support.

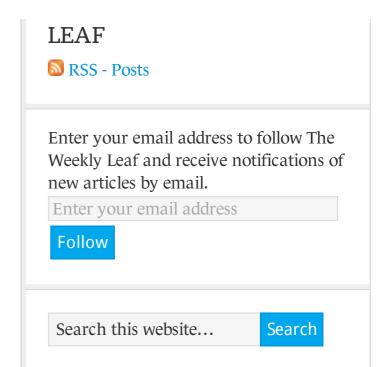
A comparison of the two lists is instructive. Texas, ranked number 1 by CEO Magazine, comes in 43rd in KidsCount. The CEO's number 2, Florida, ranks 38th in KidsCount, and number 3 Tennessee ranks 36th. The other top seven states on the CEO's list on average ranked 41st in KidsCount.

That's no aberration. Each year, Gallup polls people in all 50 states to develop a wellbeing index, including ranking states on the degree to which they provide their citizens with basic access to necessities. In the latest poll that Gallup ran in 2013, the top 10 states in CEO Magazine's list were ranked an average of 39th in access by Gallup.

A few states indicate that it might be possible to do well in both arenas. North Dakota, for example, ranks sixth on the Kids Count list and 12th on the CEO's list. One reason is probably economic growth and the associated jobs—North Dakota has the lowest percentage of any state of children from families in which the parents don't have secure jobs. Not surprisingly, it also has the lowest child poverty rate of any state, at 13 percent.

Utah comes in at number 11 in KidsCount and 13 on the CEO list. The state's big Mormon population may have some effect—it's the second-most religious state in the country, according to Gallup. Helping Utah's KidsCount score was that it has the lowest drug abuse rates among teens of any state, at 5 percent, and came in second on the KidsCount survey for strength of family and community ties, which measures things like the percentage of kids living in single-parent families and teen birth rates.

A third state, Wisconsin, is ranked 13th on KidsCount and 14th by the CEOs. Like North



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Dakota, economic growth likely counts for some of its success—it ranked 9th on KidsCount's economic well-being measure. But KidsCount reported that it also is among the top 10 states in keeping kids from dropping out of school.

One lesson from those states may be that both support and opportunity matter. In their book on how to move young people out of poverty into the middle class, Ron Haskins and Isabell Sawhill of the Brookings Institution, identify what works, based on their analysis of years of Census data. Three factors rose to the top-graduating from high school, getting a full-time job, and waiting until age 21 to get married and have children. People who did all three had only a 2-percent chance of being in poverty and a 72-percent chance of joining the middle class.

But a look at their list shows that getting kids in large numbers to attain those requires more than personal virtue. The U.S. ranks only 10th of 33 countries in the proportion of young people who get a high school diploma, according to a report last year from the Council on Foreign Relations. One of the major problems that the report focuses on is inequality in funding across school districts, which leads to a sharp division in graduation rates for poor versus wealthier students.

And with the federal minimum wage near poverty level, many experts say that keeping a full-time job at the lower end of the wage scale means providing income supports like the Earned Income Tax Credit and child care subsidies—that encourage or allow people to stay in those jobs.

And the well-respected National Campaign to Prevent Teen and Unplanned Pregnancy argues for investing in programs with proven track records, like those that rely on some combination of both providing access to birth control and delivering messages about



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Romain

The execution of U.S. foreign policy that has relied on the use of force and support provided to selected factions, whether in the volatile Middle East or in other hot spots, has been an abject failure. An astronomical cost has been paid with American and foreign lives and currency. The war against the Islamic State [...]

COMPRIATION OF DOME PROVIDING ACCESS TO DIFFUR CONTROL AND ACTIVE MICESPACES ADOME postponing sexual initiation.

Reformers in all three areas imply that more money is only part of the solution. Using resources wisely means focusing increased funding on programs that are proven to work and fixing systems to distribute resources to those who most need them. That likely requires that voters choose the most elusive of leaders—those who care more about policy results than keeping their political bases happy and getting their jobs back at election time.





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Internet forum in Turkey this week

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michiec for and me rankey and week, despite the country's displays of spiraling contempt toward web and social media freedoms, seems to be rewarding Turkish government for its draconian censorship laws, rather than denouncing them. The Internet Governance Forum (IGF), being held between 2-5 Sept. in Istanbul, is a gathering [...]



Commentary: Polarization the single biggest threat to the **United States**

September 1, 2014 By Patrick R.

Romain

The standing of the United States will likely weaken over the next several years, setting the country on a path to become an also-ran middle tier power by 2035. By most measures and indicators that bear on future performance and strength, America's advantage over other countries is disappearing – fast. Meanwhile, the

country's political leadership [...]

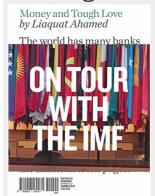
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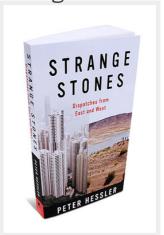
Book recommendation: Money and Tough Love



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Book recommendation: Strange Stones

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