

## What are the Best States for Manufacturing and Logistics?

### Annual Ball State Study Finds Missouri, Utah and Florida on Top; Rhode Island, Maine, and West Virginia on the Bottom; Author says US Manufacturing Still in Growth Mode

SCDigest Editorial Staff

Each year, the Bureau of Business Research at Ball State University in Indiana does a study to identify the states that are most friendly to manufacturing and logistics.

The 2008 report has just been released, and gives just six states a grade of "A." Those states in order are:

1. Missouri
2. Utah
3. Florida
4. Alabama
5. South Dakota
6. Indiana

The survey analyzes each state along 20 different dimensions, from the level of education to manufacturing costs to the level of crime. Each state is ranked from 1 to 50 on each dimension, which are then averaged to produce the overall ranked list.

Meanwhile, seven states received an overall grade of "F." Those were:

44. New York
45. Kentucky
46. New Jersey
47. Vermont
48. Rhode Island
49. Maine
50. West Virginia

The top 10 states are listed in the illustration below. For a complete listing go to: [2008 National Manufacturing and Logistics Report Card](#).

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**Mike Hicks**, director of the Bureau of Business Research, notes that manufacturing and logistics industries in most of the nation are actually expanding, despite a general belief these sectors are declining.

"The condition of manufacturing and logistics remains remarkably misunderstood," he said. "Despite record production levels, expanded investment and growth in both wages and productivity, the shrinking or static demand for workers results in a mistaken caricature of these industries as dying. Nothing could be further from the truth."

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**What are the Best States for Manufacturing and Logistics? (Con't)**

	Grade	Overall Rank	Percent with High School Degree or Greater	Percent with BA Degree	Crime	First Year Retention Rate CTC Colleges	Enrollment in Adult Basic Education	Health Care Premiums	Long Term Health Care Costs	Worker's Compensation Rates	Fringe Benefit Share of Wages	R&D	Reach of Foreign Direct Investment	Manufacturing Share of Economy	Growth in Manufacturing Value Added	Overall Tax Burden	Corporate Tax Index	Individual Income Tax Index	Sales Tax Index	Unemployment Insurance Tax Index	Property Tax Index
Missouri	A	1	21	15	19	24	22	9	5	34	35	2	15	20	27	17	10	23	22	4	9
Utah	A	2	5	11	38	2	2	15	7	3	11	36	38	28	15	24	5	30	27	28	3
Florida	A	3	33	22	8	7	1	31	23	34	5	35	20	44	26	13	14	1	19	2	18
Alabama	A	4	42	45	17	18	49	5	3	26	21	1	19	7	12	5	21	19	25	12	12
South Dakota	A	5	23	27	45	1	24	17	15	8	3	16	45	30	37	7	1	1	38	33	11
Indiana	A	6	26	46	25	35	20	28	33	2	39	15	5	1	21	26	22	10	12	10	17
Georgia	B	7	35	17	20	23	14	13	20	20	15	37	11	32	38	19	6	24	16	22	33
South Carolina	B	8	38	31	6	26	4	20	6	18	42	13	10	12	41	25	11	27	18	43	29
Wyoming	B	9	3	43	46	5	19	45	18	N/A	32	6	48	48	4	9	1	1	9	34	30
Kansas	B	10	11	13	27	27	42	7	2	15	37	10	32	8	40	36	38	25	24	9	38

rate of 2.8 percent.

The report also found that workers have enjoyed wage growth over the past decade. In inflation-adjusted dollars, wages rose 26 percent over the decade ending in the fourth quarter of 2007.

Manufacturing employment in the U.S. peaked in the late 1970s with more than 19.5 million

manufacturing workers. That figure has declined to roughly 13.8 million as of early 2008.

Hicks points out that these job losses are overwhelmingly due to increasing productivity in manufacturing operations and the continuing trend of larger firms to outsource for non-core operations. Together, these two factors have led to a smaller, more productive and better paid labor force, which is more concentrated on the production aspects within manufacturing firms.