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Accelerating the Economic Recovery

Discussion document

July 17, 2020

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Context and priorities

Context at hand

COVID-19 is a humanitarian challenge that has affected communities across multiple continents, with significant loss of life around the world. Solving the humanitarian challenge is the top priority, and much remains to be done globally to prepare, respond, and recover, from protecting populations at risk, to supporting affected communities, to developing a vaccine

In addition to the humanitarian and public health crisis, the COVID-19 pandemic is devastating to economic activity nationally and in individual states. While the U.S. entered 2020 with key economic strengths, it has been deeply impacted by the crisis.

- Our initial estimates[1] of the potential economic impact of COVID-19 project a material decline in economic growth (GDP declines of up to 8.8% in 2020)
- The U.S. is experiencing ~11x the weekly unemployment claims as its average since 2000
- The intensity and coverage of impacts on sectors, regions, occupations and vulnerable populations is emerging and should inform the focus and magnitude of response

1. Range is driven by scenarios of disease spread and effectiveness of public health interventions; estimated by MGI in partnership with Oxford Economics

Questions to address

1 **What is the recovery path to pre-crisis levels of economic activity?**

2 **What is the long-term plan for economic reimagination?**

Content

After the 2008 financial crisis, the United States consistently surpassed peer countries in GDP and unemployment recovery

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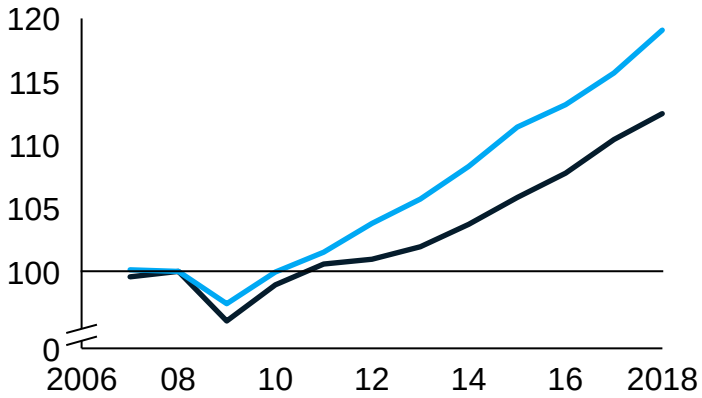
Peer countries | United States

GDP, PPP, constant 2017 int'l $, indexed to 2008

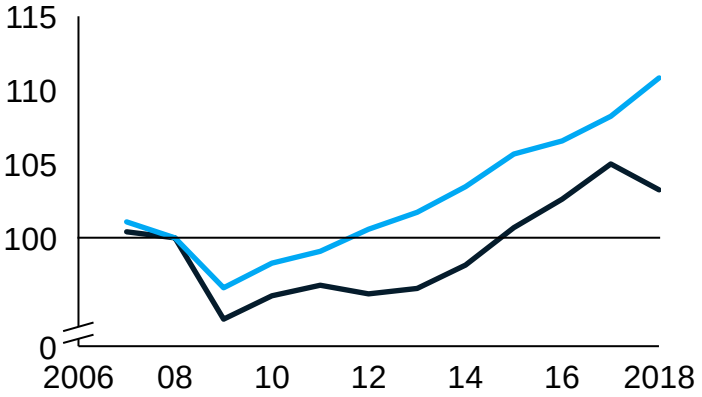


CAGR, 08-18, %

1.76

1.18

GDP per capita, PPP, constant 2017 int'l $, indexed to 2008

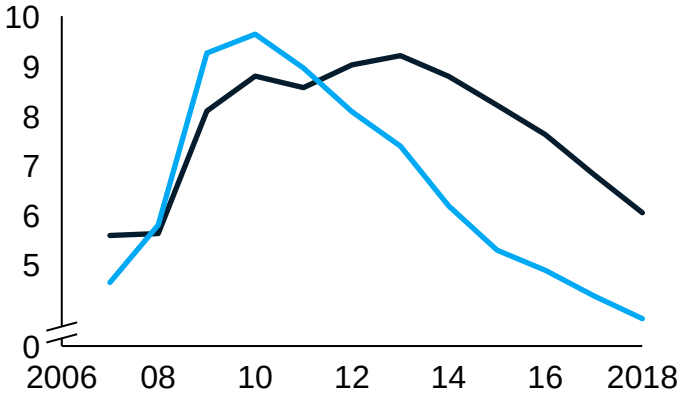


CAGR, 08-18, %

1.03

0.32

Unemployment rate, %

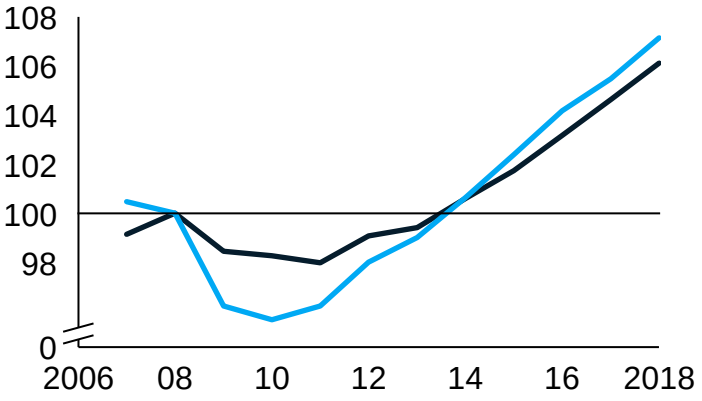


CAGR, 08-18, %

-3.87

0.72

Employment, Indexed to 2008



CAGR, 08-18, %

0.69

0.60

Note: The United States is here compared against 35 IMF "advanced economies." A full breakdown can be found in the appendix.
Source: World Bank, Moody's Analytics, ILO

U.S. economic trajectory is based on competitiveness across five main drivers of the economy

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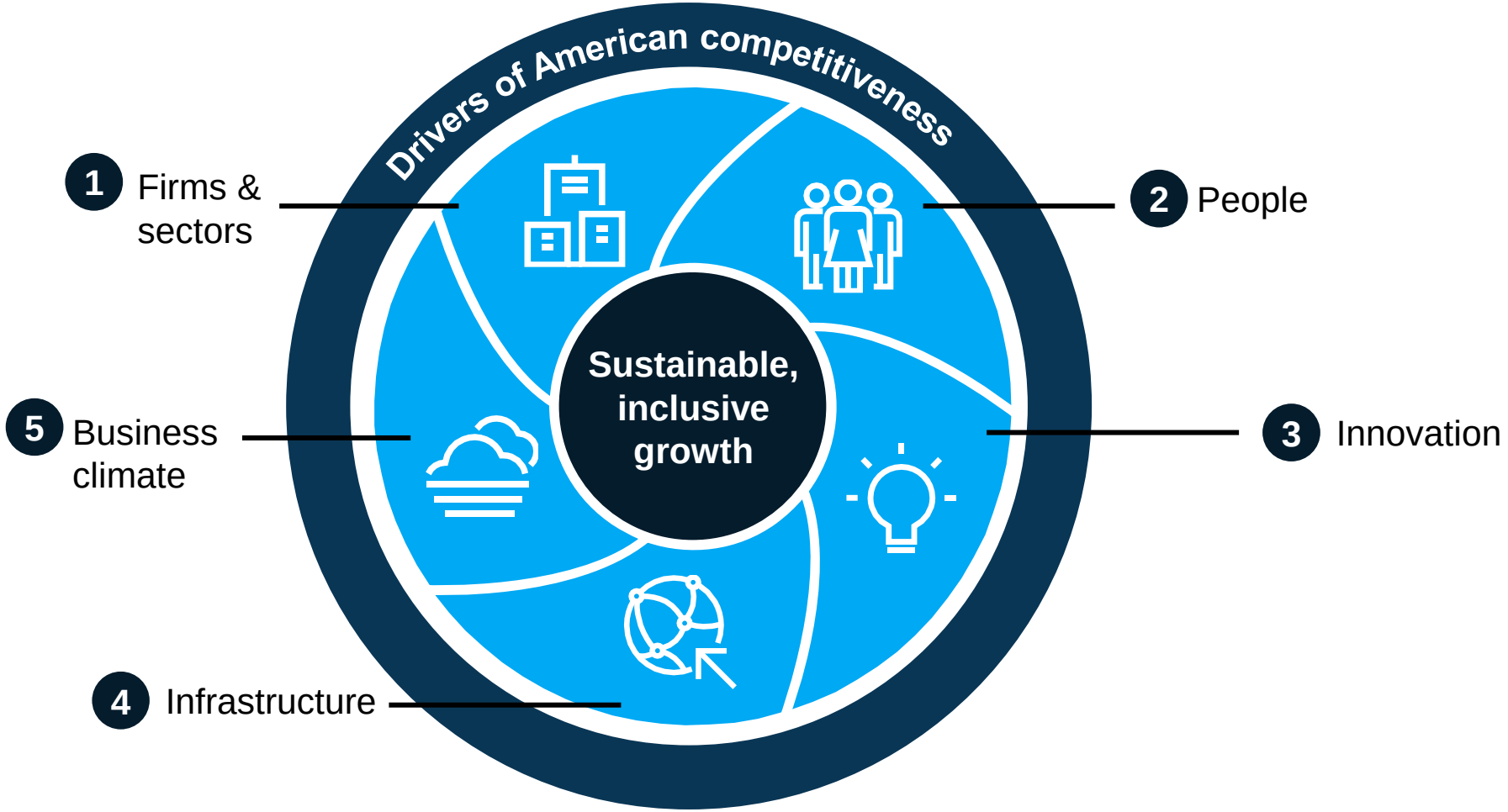

The U.S. entered 2020 with clear strengths across its economy

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1 Firms & sectors

Largest sectors leading national economic growth

- Major sectors driving GDP include tradable industries such as manufacturing, finance, professional services, all of which had been expected to experience positive growth over the next decade
- Biggest employers, e.g., healthcare & retail, had also forecasted GDP growth. Healthcare is key sector that will grow post-COVID-19

2 People

Low unemployment, and high rates of education attainment with particular strength in reading

- Pre-COVID-19 unemployment in the U.S. was better than many peer countries and had recovered faster from the 2008 financial crisis
- U.S. adult educational attainment is one of the highest in its peer group, and gender parity in educational access is ranked highest
- American students rank in the top 15 of countries in reading, their strongest subject

3 Innovation

Innovation ecosystem built by best-in-class commercialization and start-up environment

- One of the best environments for commercialization of innovation in the world, with the 2nd highest patent filing rate of peer countries
- Global leader in start-up creation and success, with high rates of entrepreneurs supported by the highest VC funding among peers

4 Infrastructure

Strong digital infrastructure and solid infrastructure for transit and logistics

- U.S. digital infrastructure is in-line with peers, and the nation leads in hosting internet servers
- Relatively high quality of trade- and transport-related infrastructure such as ports and roads

5 Business climate

Relatively few barriers to doing business supports an already-strong business climate

- The U.S. ranks the highest of peer countries for the ease of doing business
- Strong business climate driven by low costs and high accessibility of credit, paying taxes, and resolving insolvency, particularly for small and medium businesses

Source: McKinsey Economic Competitive Intelligence Tool

The U.S. also had opportunities for improvement

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1 Firms & sectors

Low asset tradability and largest sectors have been most negatively impacted by COVID-19

- Many of the United States' leading industry sectors are non- or semi-tradable, e.g., real estate and local government, leading to higher susceptibility to domestic economic shocks
- Some of the largest employers, such as retail, accommodation, and food services, have been most impacted in the current crisis

2 People

Population growth slowing, smaller labor force than peers, and obstacles in the education pipeline

- U.S. population growth has slowed every year since 2015, driven by both drops in net births and net international immigration
- Overall labor force participation is in the lower half of peer countries
- Serious obstacles in the education pipeline include bottom-five pre-K enrollment and the highest university tuition of all peer countries

3 Innovation

Opportunity to improve R&D

- The U.S. ranks near the bottom of all peer nations on researchers per capita in R&D and has average research and development expenditure as a percentage of total GDP, indicating room to improve

4 Infrastructure

Poor energy infrastructure reliability and dangerous traffic patterns

- Americans have some of the highest rates of electricity outages and most expensive electricity prices of all peer countries
- Traffic fatalities are the highest of all peer countries, killing 12 people of every 100,000
- The United States could substantially increase its renewable energy usage compared to peer countries

5 Business climate

Relatively little room for improvement

- While the United States' ease of doing business is better than peer countries, the country still has room to improve against the rest of the world, including on metrics such as ease in cross-border trade and contract enforcement

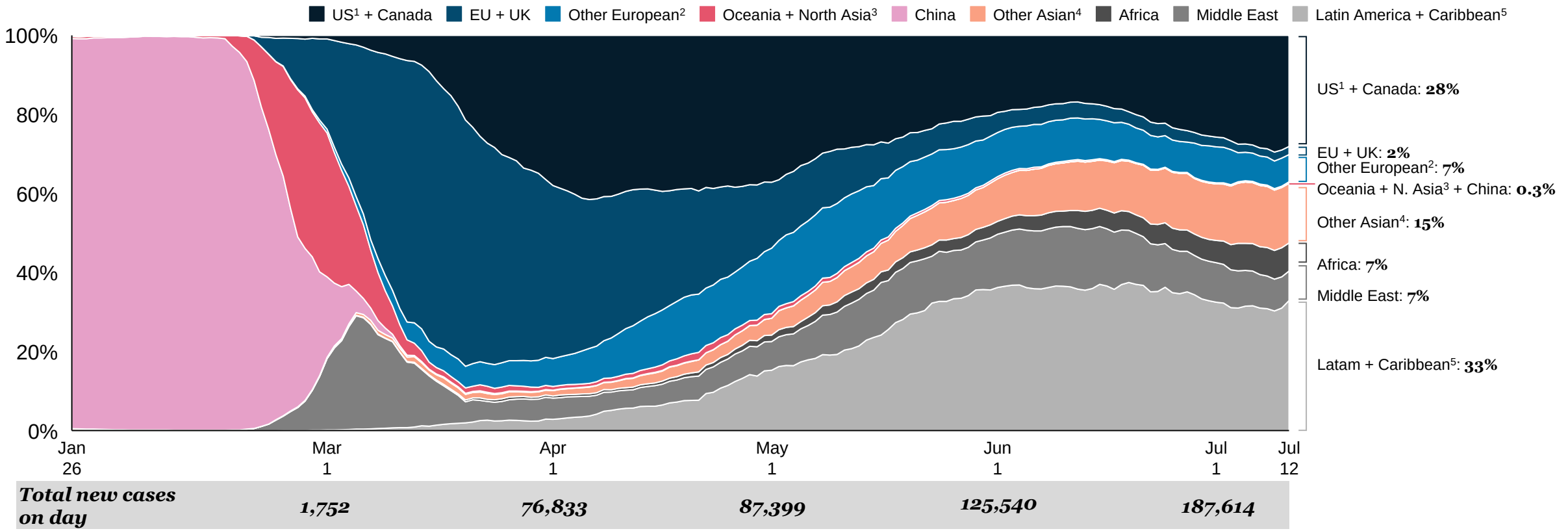
Source: McKinsey Economic Competitive Intelligence Tool

Content

The global distribution of new COVID-19 cases has shifted dramatically over the last 3 months

The proportion of new cases is shifting from countries in Europe, to North America, Latin America, and Asian countries

Fraction of daily new cases[6] as a % of global daily new cases, by country/region



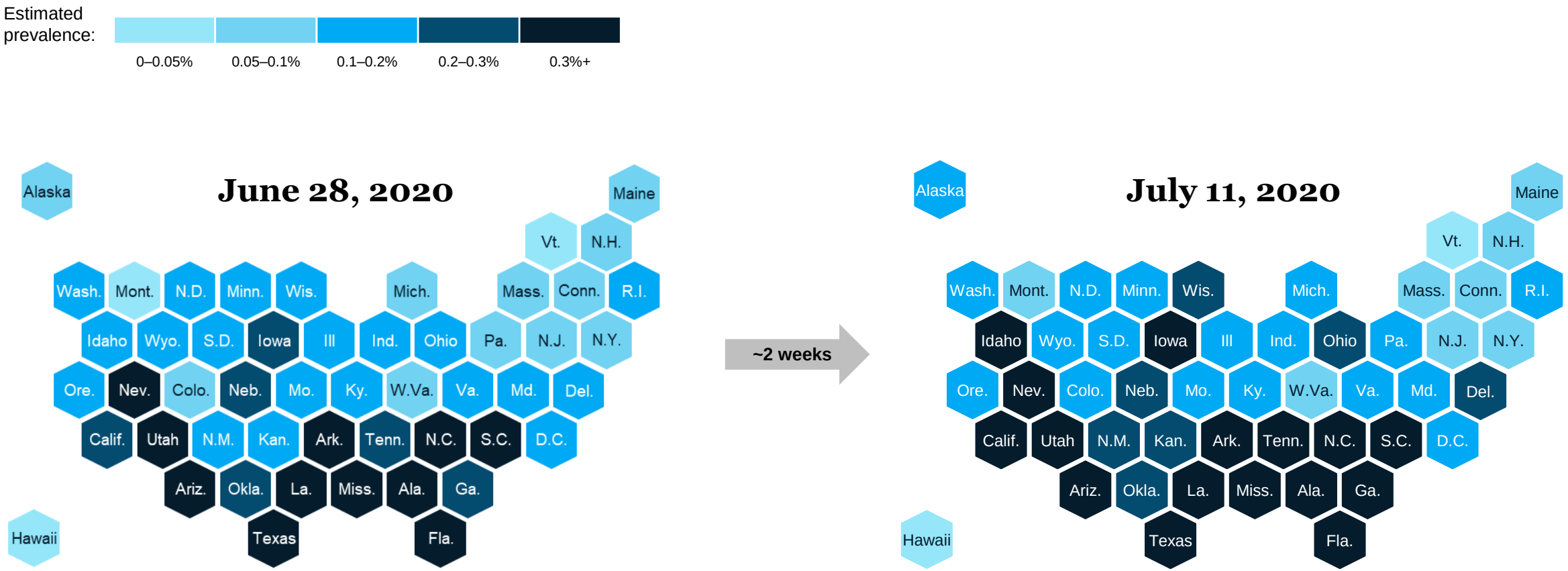
Total new cases on day	1,752	76,833	87,399	125,540	187,614

1. Includes Puerto Rico and US Virgin Islands; 2. All remaining European countries, including Russia; 3. Includes Japan, Singapore, and South Korea; 4. All remaining Asian countries, not including Russia; 5. Includes European territories in the Caribbean; 6. Data points shown as 7 days moving average to account for reporting differences (e.g., reporting only once per week), July 3 data not shown since UK adjusted case numbers.

Source: WHO, JHU

COVID-19 prevalence keeps experiencing significant increases in many US states in the past two weeks

Data shows prevalence of COVID-19 cases from June 28th to July 11th



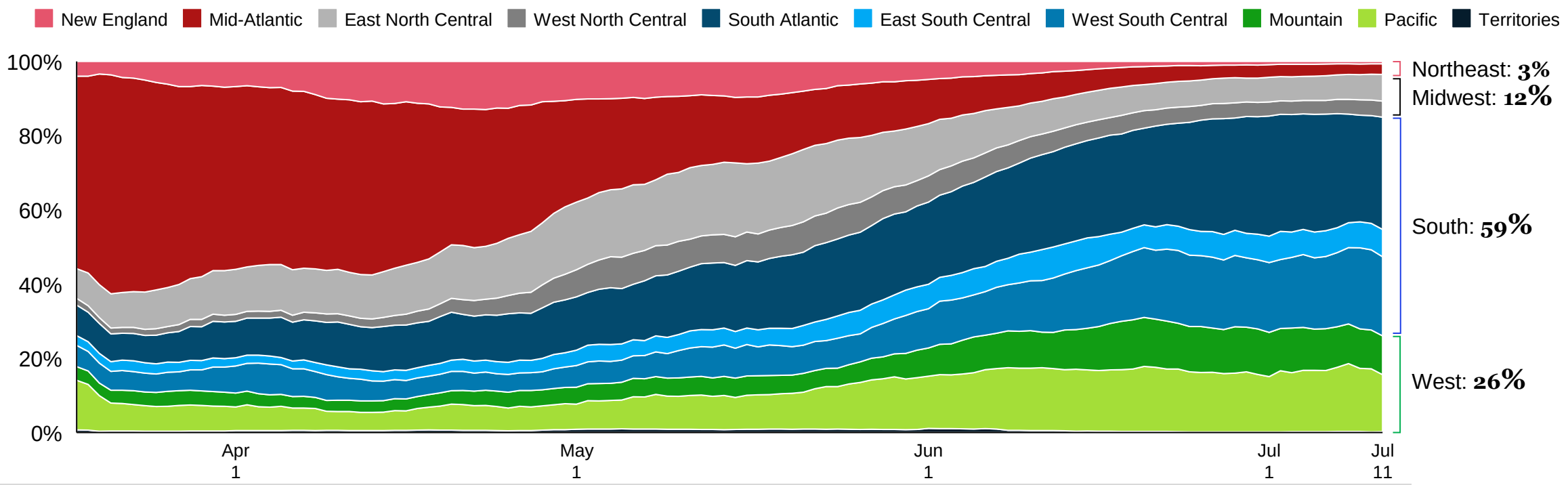
1. Defined as number of new cases over past 14 days / total population
2. Defined as difference between latest estimated prevalence and estimated prevalence as of 1 week prior: < -0.01% marked as decreasing, between – 0.01% and 0.01% marked as flat, > 0.01% marked as increasing

Source: Johns Hopkins University data through July 11, 2020

As of July 13, 2020

The distribution of new cases in the US has shifted from the Northeast to the Southern and Western states

Daily new cases as a % of total[1] US daily new cases, by US regional divisions



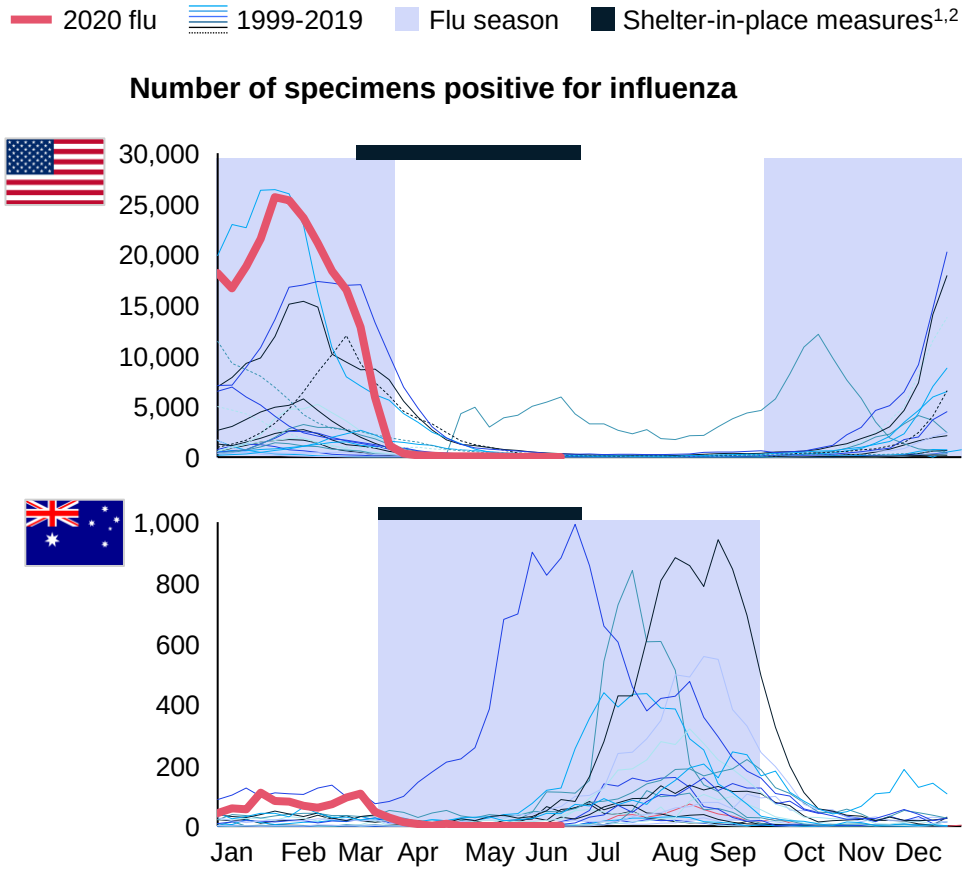
	Apr 1	May 1	Jun 1	Jul 1
Total new cases on day	***74,442***	***101,845***	***51,467***	***152,604***

The Northeast includes New England (MA, CT, RI, VT, NH, ME) and the Mid-Atlantic states (NY, NJ, PA)
The Midwest includes the East North Central states (MI, OH, IN, IL, WI) and the West North Central states (MN, IA, MO, ND, SD, NE, KS)
The South includes the South Atlantic states (WV, MD, DE, VA, NC, SC, GA, FL), the East South Central states (KY, TN, MS, AL) and the West South Central states (TX, OK, AR, LA)
The West includes the Mountain states (MT, ID, WY, NV, UT, CO, NM, AZ) and the Pacific states (CA, OR, WA)

1. Data points shown as 7 days moving average to account for reporting differences (e.g., reporting only once per week).
Source: US Census, Johns Hopkins University

COVID-19 control measures may provide collateral benefits in reducing influenza cases

The 2020-2021 flu season shows decreased severity compared to other years



In the US, the 2019-2020 flu season seems to have **ended more abruptly than past years**

In Australia, the initial 2020 flu season numbers are **lower than previous years**

Implications

The **mitigation strategies for COVID-19 transmission** (e.g., shelter-in-pace, canceling mass gatherings) and increased awareness of individuals about public health measures to decrease transmission rates (e.g., hand washing protocols, isolating when sick) **may have an impact on the 2020-2021 flu season**

1. The US had a varying number of shelter-in-place orders across states, with peak numbers observed during the first two weeks of April, 2. Australia approached the pandemic by limiting travel and issuing shelter-in-place recommendations for high-risk individuals.

Source: WHO; CDC; Safegraph

SARS-CoV-2 transmission is not significantly impacted by climate, but changes in human behavior may lead to a "Fall wave"

As of July 9, 2020

Locations that are currently…	Could experience a Fall wave if	May not see a Fall wave if
Low prevalence 	• Compliance with **physical distancing/ face covering falls** over time • Patterns of interaction remain the same but shift **indoors**	• **Compliance is maintained** and indoor exposure is avoided • **Test, track and isolate** capabilities continues to **improve**
High prevalence 	• Case loads are controlled over the next few months but compliance with **physical distancing/ face covering requirements decline** • **Indoor interactions** worsen the situation by increasing the case load still further	• Any effect of indoor interactions is **overcome by improvements** in programs and compliance • Cooler weather leads to more **outdoor** rather than indoor socialization (for example in US Southern states)

The current crisis has been an immediate shock to system

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COVID-19 has already resulted in the **steepest decline of U.S. economic activity** since World War II

United States GDP could **decline by up to 8.8% in 2020**, and could take **two years to fully recover** to pre-COVID-19 levels

56 million jobs in the U.S. are vulnerable to job loss, reduced hours, or furlough – and these jobs are concentrated in sectors with the lowest wages

40% **of jobs-at-risk affect SMBs** with fewer than 100 full-time employees

Unemployment claims have reached historic levels, consistently recorded at a sustained weekly average of ~6x the claims filed at the peak of the Great Recession

Scenarios for the economic impact of the COVID-19 crisis

GDP Impact of COVID-19 Spread, Public Health Response, and Economic Policies

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Virus Spread & Public Health Response

Effectiveness of the public health response in controlling the spread and human impact of COVID-19

Rapid and effective control of virus spread

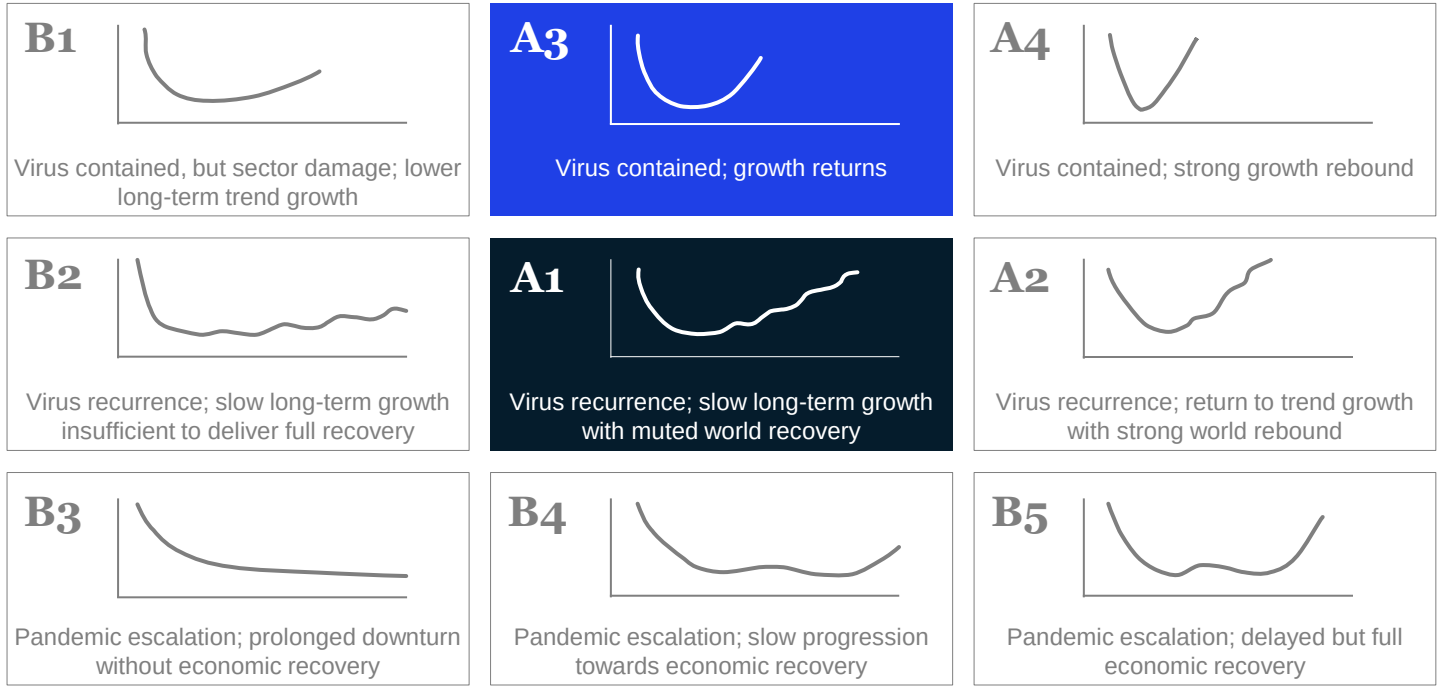
Strong public health response succeeds in controlling spread in each country within 2-3 months

Effective response, but (regional) virus recurrence

Initial response succeeds but is insufficient to prevent localized recurrences; local social distancing restrictions are periodically reintroduced

Broad failure of public health interventions

Public health response fails to control the spread of the virus for an extended period of time (e.g., until vaccines are available)



Ineffective interventions

Self-reinforcing recession dynamics kick-in; widespread bankruptcies and credit defaults; potential banking crisis

Partially effective interventions

Policy responses partially offset economic damage; banking crisis is avoided; recovery levels muted

Highly effective interventions

Strong policy responses prevent structural damage; recovery to pre-crisis fundamentals and momentum

Knock-on Effects & Economic Policy Response

Speed and strength of recovery depends on whether policy moves can mitigate self-reinforcing recessionary dynamics (e.g., corporate defaults, credit crunch)

Source: McKinsey Global Institute analysis based on scenarios generated by McKinsey in partnership with Oxford Economics, input from Moody's Analytics data

Shape of the COVID-19 impact: view from global and U.S. executives

"Thinking globally, please rank the following scenarios in order of how likely you think they are to occur over the course of the next year"; % of total respondents ranking each as the "most likely"

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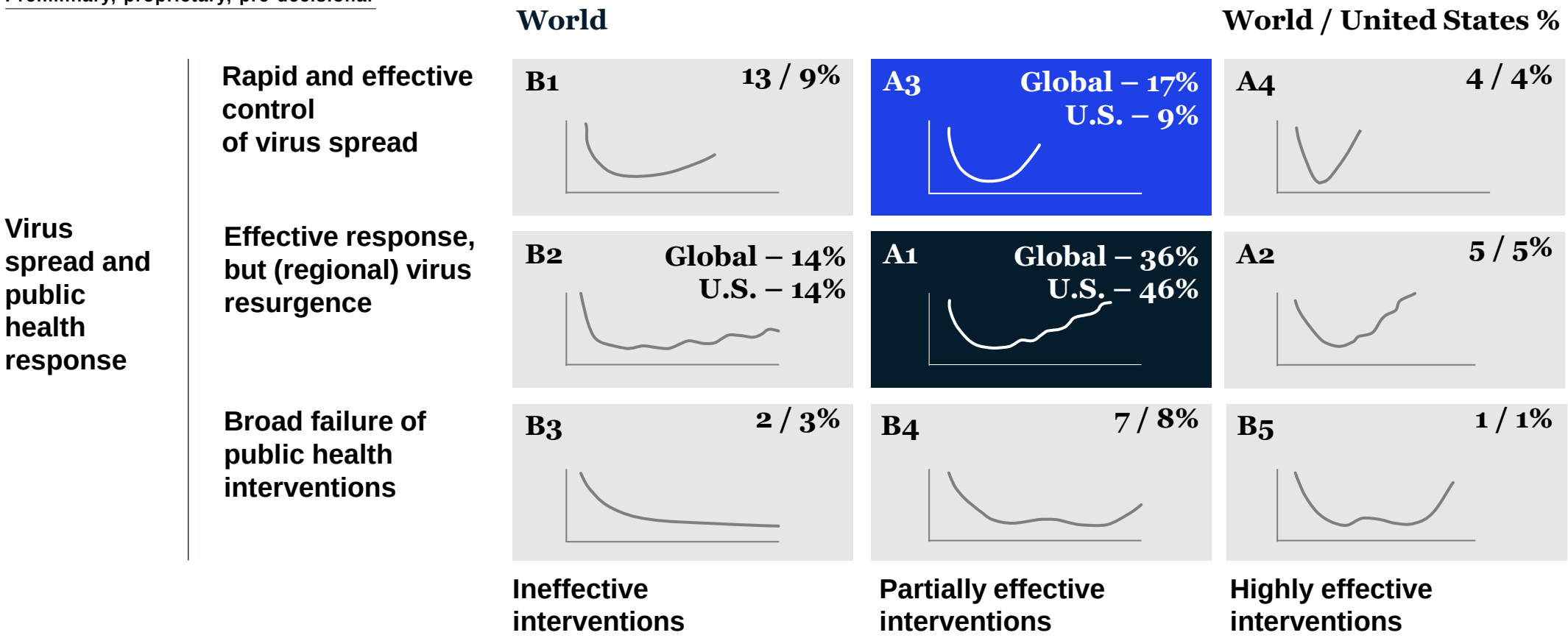

Source: McKinsey survey of global executives, May 4 – May 8, 2020, N = 2,452

The drop in U.S. economic activity in Q2 2020 is likely to be the steepest since World War II

High frequency indicators show the drop had started in Q1

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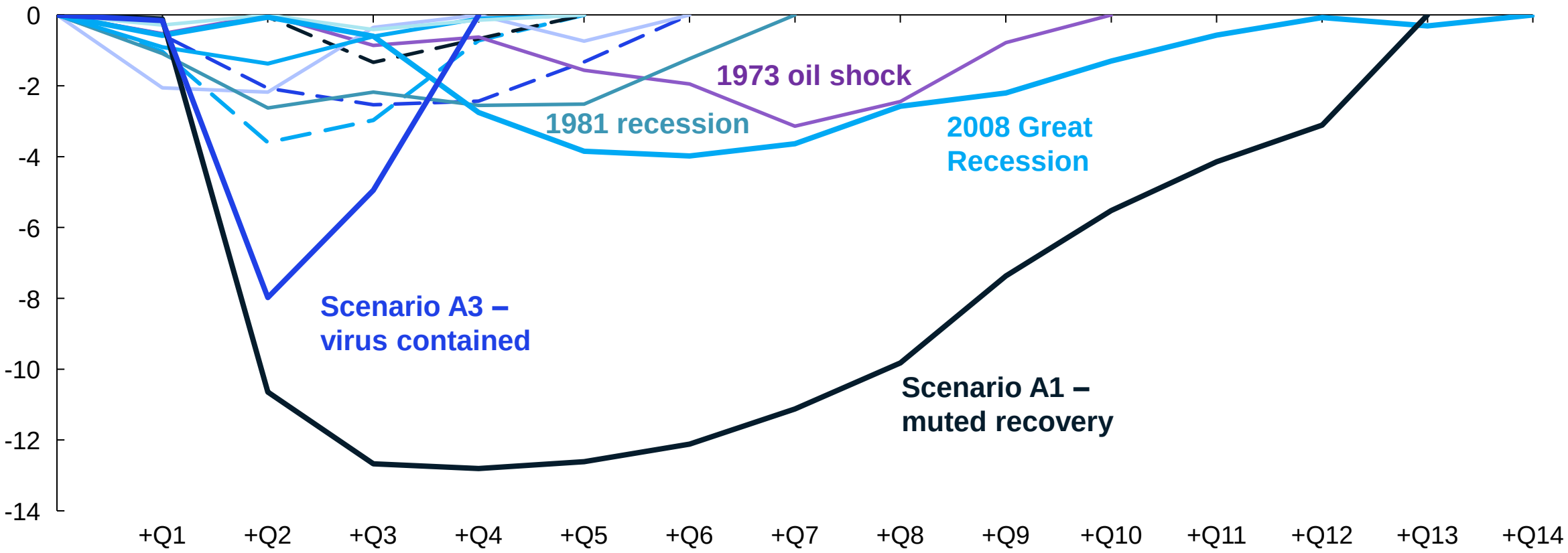
Comparison of U.S. COVID-19 economic impact with post-World War II recessions, % real GDP change indexed to 2019



Source: Historical Statistics of the United States Vol 3, Bureau of Economic Analysis, McKinsey Global Institute analysis, in partnership with Oxford Economics

United States GDP can be expected to decline by 3.3% to 8.8% in 2020

Real GDP, indexed to 2019 Q4

Current as of June 26, 2020

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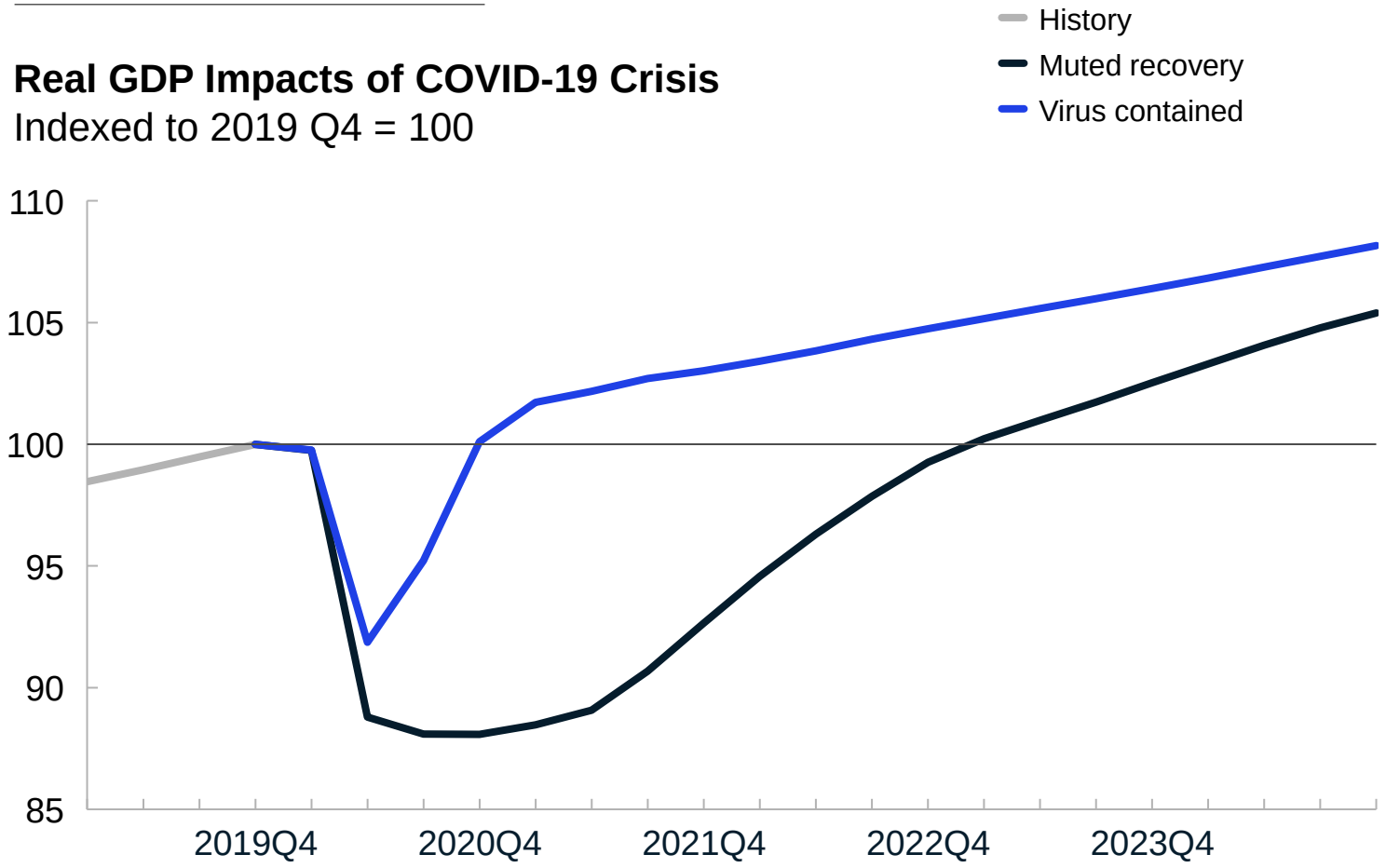
Real GDP Impacts of COVID-19 Crisis

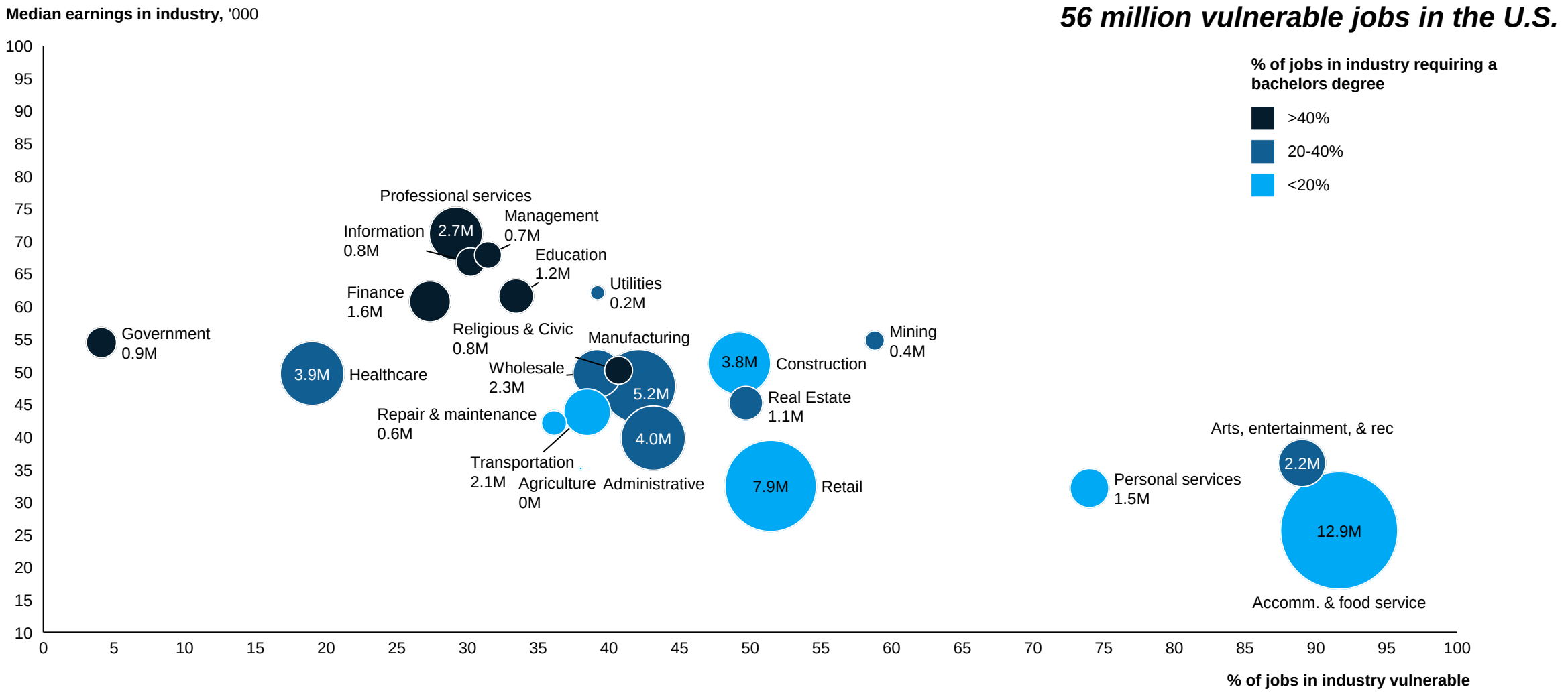
Indexed to 2019 Q4 = 100



2020 GDP change[2] % Change	**GDP return to pre-crisis** Quarter
-3.3%	**2020 Q4**
-8.8%	**2022 Q2**

1.The optimistic scenario (A3) assumes a rapid and effective control of the virus globally. The pessimistic scenario (A1) assumes there is a virus resurgence and a muted recovery through 2022 globally
2.Average annual percent change

The most vulnerable jobs in the U.S. are concentrated in industries with the lowest wages and the lowest educational attainment



Note: Vulnerable jobs are those predicted to be furloughed, laid-off, or otherwise unproductive (e.g., kept on payroll but not working) during periods of high social distancing

Source: MGI Economics analysis based on scenarios generated by McKinsey in partnership with Oxford Economics, input from Moody's Analytics data

Current as of June 26, 2020

National initial jobless claims have been 11x the weekly average since 2000

Weekly unemployment claims in the United States, thousands

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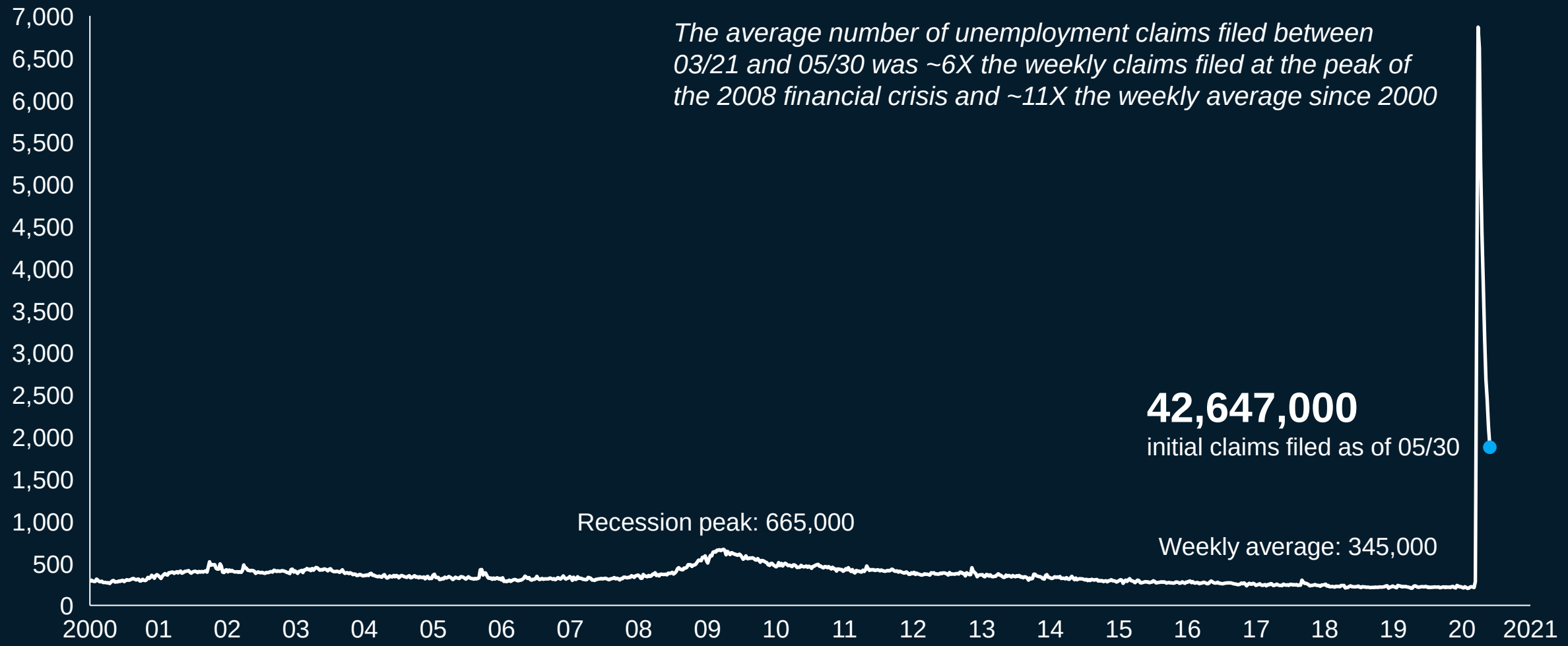
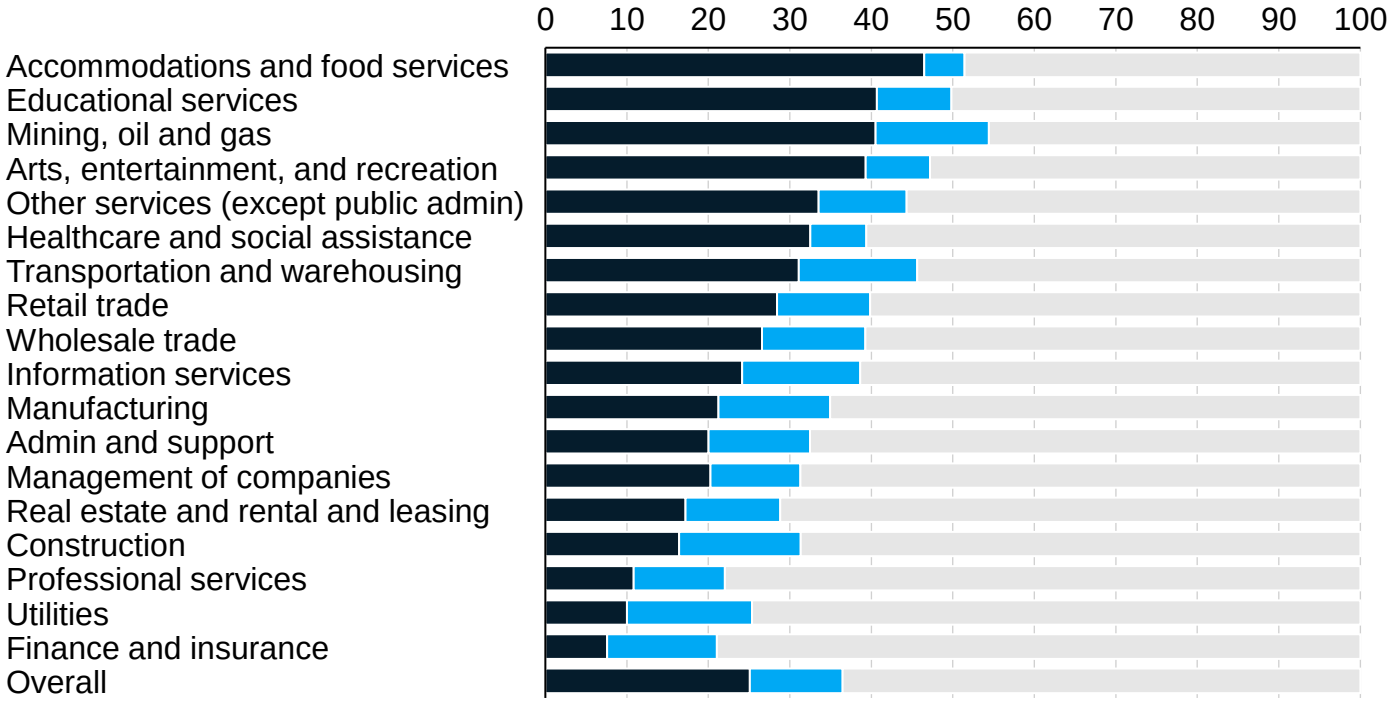


Source: Department of Labor seasonally adjusted initial claims

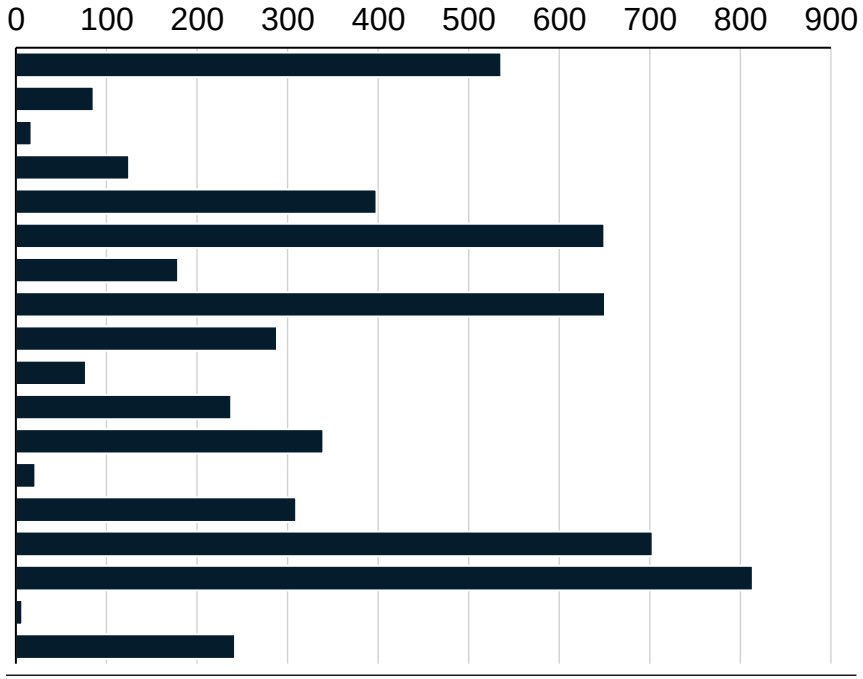
In some sectors, more than a quarter of small businesses may close permanently

Small businesses vulnerable to permanent closure

Small businesses reporting negative, effect from crisis, % of firms in sector



Small businesses in sector, thousands



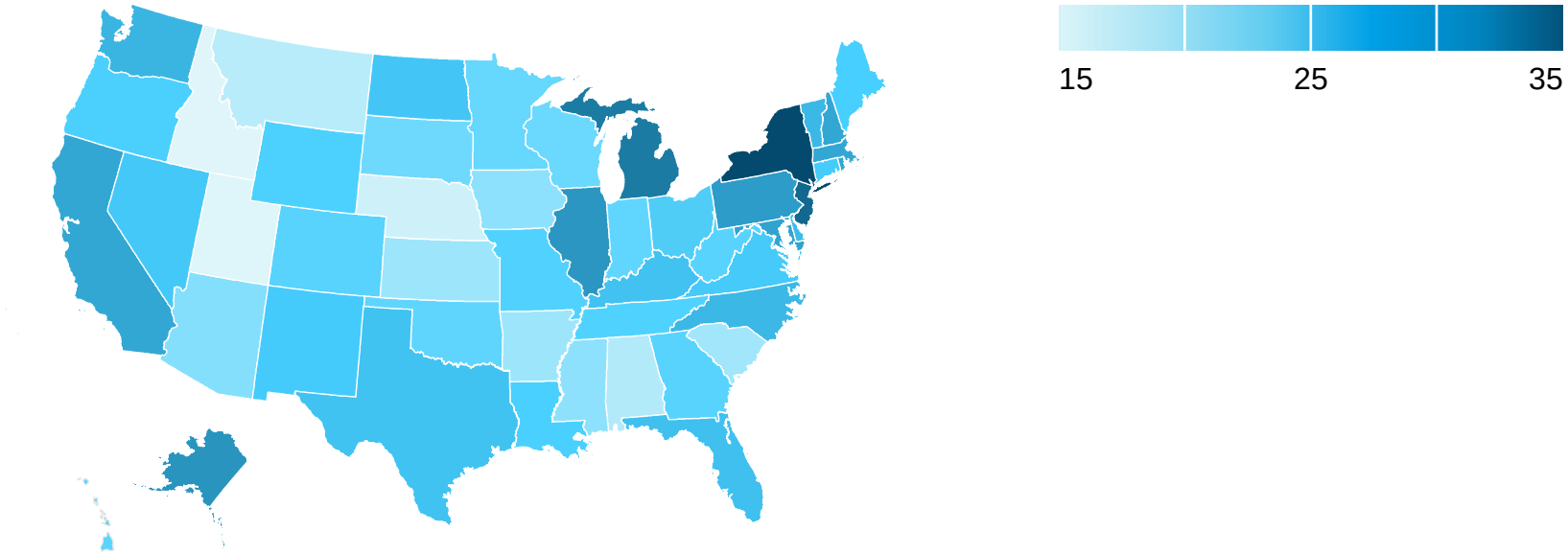
5.7 million small businesses

Note: Small and medium-sized businesses in the agriculture, forestry, fishery, and hunting sector were excluded because of inconsistent data reporting. Small and medium-sized businesses in the religious, grant-making, civic, professional, and similar organizations (NAICS 813), funds, trusts, and other financial vehicles (NAICS 525), and rail-transportation (NAICS 482) subsectors also excluded because of inconsistent data reporting.
Statistics of US Businesses, 2017

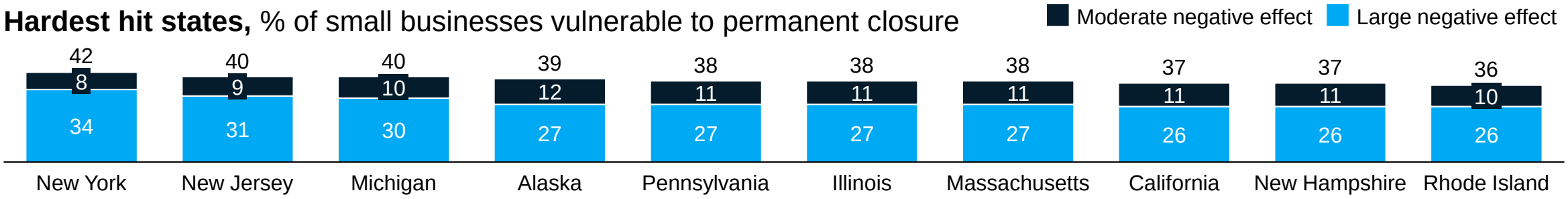
Source: Statistics of US Businesses, 2017, Federal Reserve Banks' Small Business Credit Survey, 2019, Annual Business Survey, 2018, Census Bureau Small Business Pulse Survey Week 4, 2020; "How are small businesses adjusting to COVID-19? Early evidence from a Survey," 2020; Labor CUBE

The closure risk for small businesses varies by state

Small and medium-size businesses vulnerable to permanent closure, % of small businesses



Hardest hit states, % of small businesses vulnerable to permanent closure

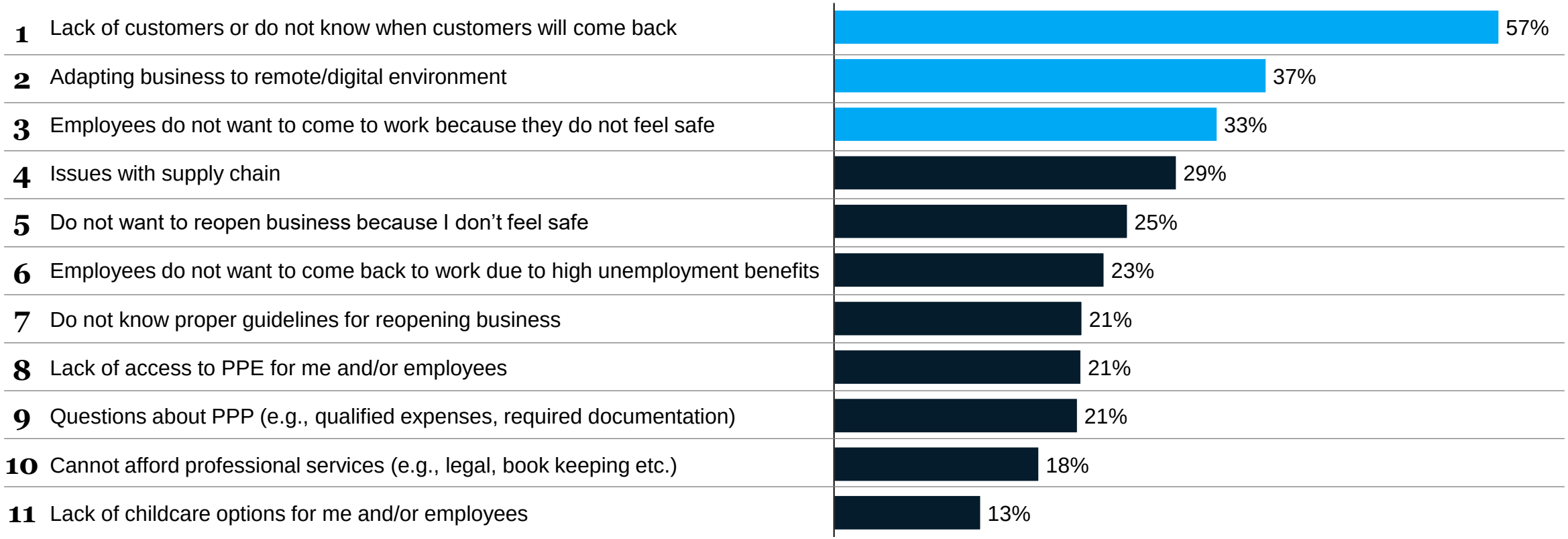


Source: Statistics of US Businesses, 2017; Federal Reserve Banks' Small Business Credit Survey, 2019; Annual Business Survey, 2018; Census Bureau Small Business Pulse Survey Week 4, 2020, "How are small businesses adjusting to COVID-19? Early evidence from a survey," 2020; Labor CUBE

Uncertainty around when customers will return and adapting to digital environments are primary challenges SMBs are facing

Challenge SMBs are currently facing

Percent of times response was in top 3



1. Q: Which of the following challenges do you currently face?

Source: McKinsey & Company COVID-19 US SMB Financial Pulse Survey, n=1,004, date collected: May 8-13, includes SMBs < $500M in in annual revenue

Implications for business and government leaders

- The ultimate path of the crisis will depend on public-health and economic-policy responses, but ongoing interventions may be needed not just to give small businesses immediate relief but also to sustain recovery by building longer-term resilience

- **For business leaders, actions can include:**
  - Prioritizing small businesses in procurement, particularly by locking in demand for several years
  - Paying receivables to small businesses ahead of schedule
  - Crafting special kinds of support for small businesses particularly those that have lower resilience e.g., platform aggregators can offer additional digitization support, large manufacturing firms may assist in technology and productivity diffusion and financial institutions may provide additional capital financing
  - Offering lower cost or subsidized services e.g., large tech companies can offer free online-advertising credit or aggregator

- **Everyone can take action, including:**
  - Shopping at small businesses whenever possible
  - When buying from larger companies, choosing those that are supporting small businesses

Content

After 2008, top quintile states saw 8x GDP, 14x employment growth compared to lowest quintile

State quintiles of recovery after the 2008 financial crisis

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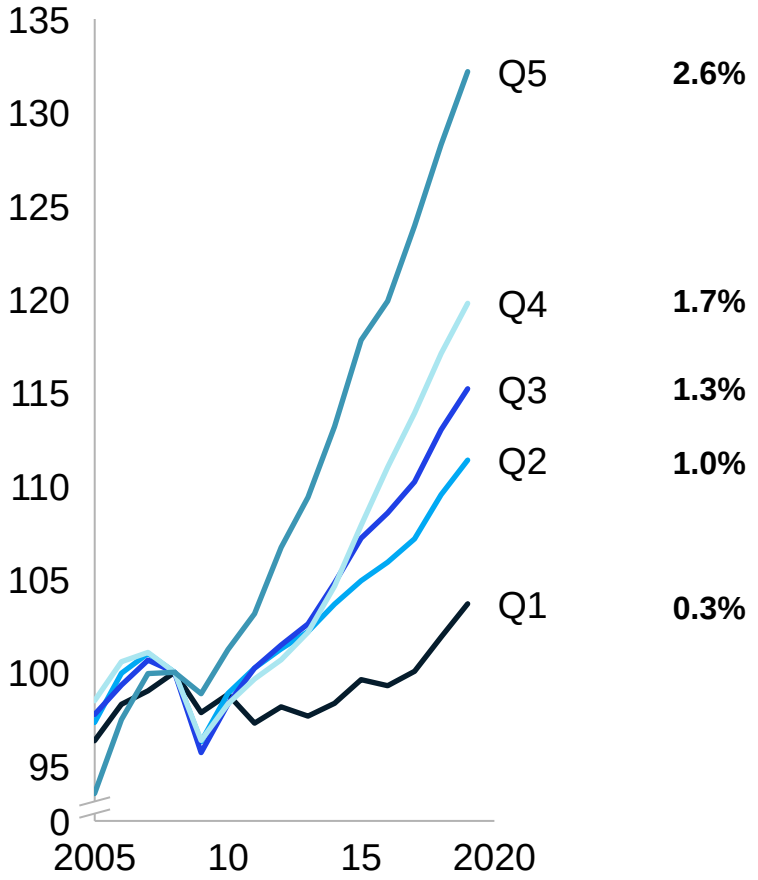
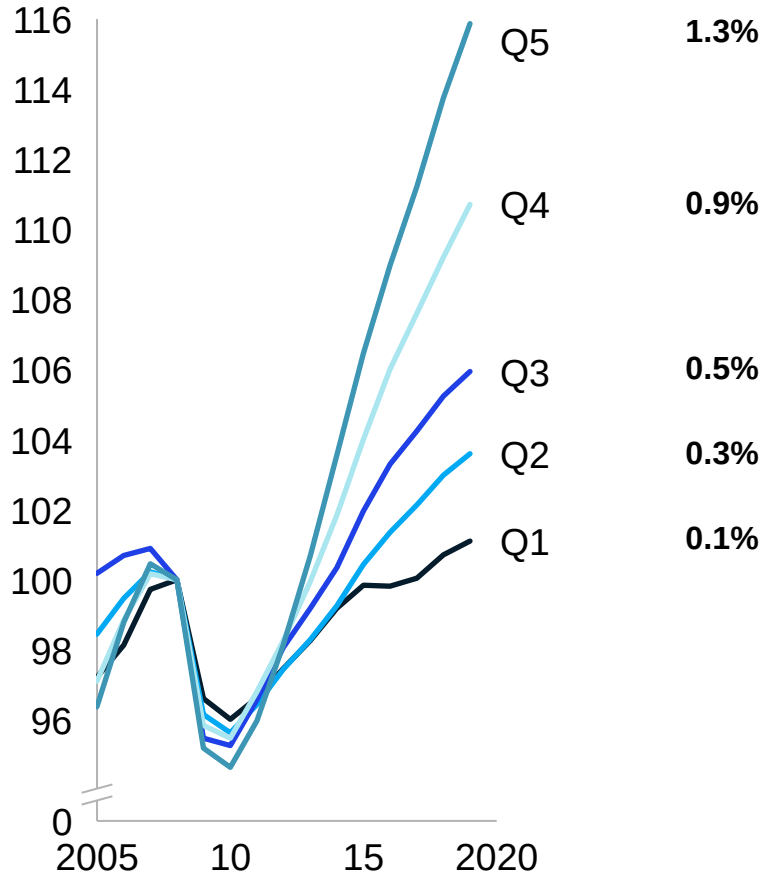
Real GDP, Indexed to 2008



CAGR 08'-19'

- Q5: **2.6%**
- Q4: **1.7%**
- Q3: **1.3%**
- Q2: **1.0%**
- Q1: **0.3%**

Employment, Indexed to 2008



CAGR 08'-19'

- Q5: **1.3%**
- Q4: **0.9%**
- Q3: **0.5%**
- Q2: **0.3%**
- Q1: **0.1%**

1. Quintiles defined by 2008-2019 real GDP CAGR of 2008-2019

Developing and executing a transformative plan can lead to better outcomes for your state and its people

- ***Reimagine*:** Take advantage of new opportunities in the post-pandemic economy

Current as of June 5, 2020

Long-term crisis trends will impact sectors differently, and policymakers need to tailor questions and approaches accordingly

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Non-exhaustive

	Retail	Healthcare	Manufacturing	Real estate	Travel	Energy
Select industry-wide trends	Consistent customer habits such as online shopping Bankruptcies of store-based brands and market consolidation	Innovation such as telemedicine, online pharmacies, etc. will intensify competition in healthcare sectors	Shift to prioritizing resilience and flexibility in order to de-risk supply chains Increased adoption of automation and robotics	Short-term cost-cutting and consolidation as would-be buyers delay or pause searches; long-term struggles in retail and office	Customer preferences for comfort and health safeguards (i.e., empty middle seats) Potential widespread consolidations	Sustainability push as government and private investment is more dedicated to innovative, “next-gen” infrastructure
Key questions	How will specific retail categories (i.e., big box, department, discount) adapt differently? How will customers interact with both familiar and new brands?	Will there be permanent shifts to higher spending on healthcare R&D from the private and public sectors? How will nature of work change in healthcare due to digital adoption?	How will companies reassess supply chains (e.g., re-shore operations to the US or diversify within offshored locations)? What technologies will be accelerated (e.g., 3D printing)	How will real estate in dense, urban spaces recover compared to suburban areas? Will the nature of commercial office real estate be permanently changed?	How will business and leisure travel change and return at different rates? What will be the balance between price-sensitivity and the pre-COVID-19 trend of travel premiumization?	How will the oil market collapse influence energy decisions? Will energy habits change long-term (i.e., decrease in driving and oil demand)?

Reimagining the future economy will require a plan for the "next normal," managing the unique uncertainty of the COVID-19 crisis

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1 Trajectory	**Action now** will help situate regions for the challenges and opportunities the economy will face in the years post COVID-19
2 Trends	**Perspective on global, national, and regional trends** (e.g., automation), and how the regional economy may be impacted and be made future-ready
3 Aspiration	Ambitious **targets can be set for key economic indicators most relevant** to each region – e.g., GDP growth, industry diversification, productivity, wage growth
4 Strategies	**Identify key sectors and enablers** to invest so that the region can become a stronger, more resilient economy
5 Stakeholders	**Local stakeholders from all sectors can be key partners in co-developing the answers** to ensure buy-in and commitment to the plan

An economic recovery and reimagination plan can draw insight from lessons learned from past recessions and crises

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Prioritize lives and livelihoods	**Human capital is a key lever**	Governments can help individuals by ensuring they are quickly reskilled to fill jobs that remain open
	Vulnerable populations are often most negatively impacted	Lower-paid, less-educated workers were hardest hit in the 2008 crisis
Accelerate business recovery	**Companies that make aggressive strategic moves tend to be most resilient in downturns**	Companies that did better through the 2008 financial crisis moved faster and made bigger changes to preserve productivity and capacity for growth
	SMBs need special focus	SMBs collectively employ 85M in the US. One-third of jobs at risk from COVID-19 are in SMBs
Allocate resources well	**Prioritize scarce resources for investment**	As sectors face different levels of challenges (e.g., tourism, travel), prioritizing investment from a sector, company, and regional need lens is critical
	Shovel-ready projects are precious … but few and far between	Rapid mobilization of short term projects (e.g., roadworks) can help recover demand
Understand impacts on existing and emerging trends	**Crises tend to accelerate longer term trends and disruptions**	Digitization and automation will likely accelerate with COVID-19, especially in the workplace and manufacturing settings
	Long-term and nuanced economic response is critical	As the global pandemic is both a humanitarian and economic challenge, there is a risk that governments may stop relief early or do not provide enough for long-term recovery
	Process is equal to the answer	Leaders should engage with the private sector while crafting economic response for greater buy-in
	Dare to reimagine	Consider what current crisis measures may mean in long-term and how best to prepare for the future

Sources: Marketplace by American Public Media; National Conference of State Legislatures; Federal Reserve Bank of Minneapolis; Kaiser Family Foundation; UK Department for Work and Pensions; US Bureau of Labor Statistics; CPAnalytics; Capital IQ; McKinsey analysis; Institutional Investor; "Cash is King: Flows, Balances, and Buffer Days. Evidence from 600,000 Small Businesses." JP Morgan Chase & Co Institute. September 2016; FEMA

Preliminary post-COVID-19 trends will inform opportunities for economic reimagination

Preliminary, proprietary, pre-decisional

Table stakes

Minimum requirements to be competitive in a post-pandemic economy

- **Fiscal flexibility**: Greater needs for residents will put pressure on state budgets
- **Stronger public health infrastructure**: Consumers and workers need confidence they will be safe
- **Widespread, dependable broadband**: Businesses are pursuing greater digitization and households need to enable remote work and education
- **Opportunity for all**: Broad-based opportunity creation will accelerate the recovery

Likely differentiators

Areas to distinguish yourself

- **High productivity**: Businesses are likely to look to improve productivity given the recession
- **Effective workforce development**: Labor market disruption will likely put a premium on pipeline and reskilling
- **Greater premium on innovation**: Winning companies will likely be able to adapt to an ever-shifting landscape

Known unknowns

Areas of uncertainty where optionality and contingencies will help build resilience

- **The future of cities**: What kind of live/work/play environments will businesses and residents preference?
- **Reshoring**: Will companies bring back supply chains given the economics and risks?
- **Sector disruption**: How will consumption habits change, and what will that mean for hardest-hit sectors?

Backup

Data: People

Ranking: % of students meeting college readiness standards

Source: College Board and ACT, Inc., via US News

Metric: A measure of the approximate percentage of high school graduates from the class of 2018 who have passed the SAT, the ACT, or both

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

Ranking: Educational attainment

Source: U.S. Census Bureau's 2017 American Community Survey

Metric: A measure of the share of people 25 and older in a state who have an associate degree or higher

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

Data: Innovation

Ranking: Small Business Innovation Research/Technology Transfer, per $1m GDP

Source: SBIR NSF for R&D, Moody's Analytics for GDP

Metric: Total amount of money received in NIH small business innovation research (SBIR) grants in 2016, 2017, and 2018, divided by total 2018 GDP

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

Ranking: Rate of new entrepreneurs

Source: 2019 Kauffman Index

Metric: Percent of population that starts a new business

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

Data: Infrastructure (1/2)

Ranking: Power grid reliability (SAIDI)

Source: US Energy Information Administration (EIA)

Metric: SAIDI is the average outage duration in a state (sum of all customer interruptions divided by total number of customers served), in this case including major event days (MEDs) such as severe weather

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

Ranking: Ultra-fast internet access

Source: FCC

Metric: Percentage of households in a state that have at least one internet provider that offers some form of broadband internet with speeds of up to 1000 megabits per second, the fastest connection recorded by the FCC

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

Data: Infrastructure (2/2)

Ranking: Bridge quality (% “good”)

Source: US Department of Transportation Federal Highway Administration

Metric: Bridges and roads are given a ranking of “good,” “fair,” or “poor” – this measurement finds the percentage of total bridge square footage that is rated “good”

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