

Where is the good life?



Area Development Site and Facility Planning

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Companies searching for a location that can provide a "good" quality of life for their employees will be glad to know that some measurable statistics can help to quantify this sometimes indefinable site selection factor.

MANY CORPORATE types believe moving a business to a new location is as much fun as listening to fingernails slowly scratching a blackboard. Fortunately, if the move was well thoughtout, there's often a long-term antidote: the pleasure of experiencing the area's quality-of life factors matching employee needs and wants.

While the reason for the move is typically a financial, pro-growth decision, more and more companies are paying increased attention to the cost of living, housing prices, taxes, and cultural amenities that a location provides. Frankly, today's economy supports this scrutiny, especially if the firm expects to woo in-demand employees who need attractive "after work" reasons to relocate.

One business with its finger directly on the pulse on the quality-of life issue is Morgan Quitno Press, an independent private research and publishing firm located in Lawrence, Kansas. The company specializes in reference books and monthly reports that compare states and cities in several different subject areas. Morgan Quitno currently publishes four primary rankings reference books: State Rankings, Health Care State Rankings, Crime State Rankings, and City Crime Rankings. It also annually publishes 153 other state-specific publications plus a new monthly journal, State Statistical Trends.

Earlier this year the company conducted extensive statistical research on the 50 states. From that data it put together the "Most Livable," "Healthiest," and "Safest (Most Dangerous) State" awards for 2000. "We issue them every year because they tell an interesting story about life and government in the United States," says Kathleen Morgan, company coowner. "Our intent isn't to upset governors or cause

controversy, but we do hope that the awards trigger some constructive dialogue between state leaders and citizens."

For complete results, visit Morgan Quitno's website at www.statestats.com or contact the firm at 800-457-0742.

"Most Livable State" Award

The year 2000 marks the fourth consecutive year that Minnesota has won the "Most Livable State" award. "The state has been hard to dethrone because it simply does well across the board," says Morgan. "Minnesota has particularly high marks in education, healthcare, employment, and funding for the arts."

Here are some of the main reasons why the North Star State deserves accolades:

Minnesota has one of the lowest unemployment rates in the country. In 1999 the state had a 2.8 percent unemployment rate; the U.S. rate was 4.2 percent.

Minnesota has one of the lowest percentages of uninsured population. In 1998, 9.3 percent of Minnesota's citizens did not have health insurance, as compared to 16.3 percent for the nation's population as a whole.

Minnesota has a very high public high-school graduation rate. In 1999, the state's rate was 84.7 percent, while the national rate measured 67.5 percent.

Minnesota has the nation's highest voter participation level. In 1998, 60 percent of the state's eligible voters cast their ballots (probably because of the governor's race). Nationally in 1998, 36.4 percent of eligible voters went to the polls.

Minnesotans kicked in \$2.76 per capita for funding for the arts in 1999. The national average was \$1.30.

Highway infrastructure is well maintained in Minnesota. In 1998, only 17.9 percent of bridges in Minnesota were considered "deficient" (defined as functionally obsolete or structurally deficient, but not necessarily unsafe). Nationally, 29.5 percent of highway bridges were considered deficient.

Moreover, Minnesota has the nation's lowest incarceration rate (proportion of population behind bars). The state's rate is 117 prisoners per 100,000 population, while the national incarceration rate is 423 per 100,000 population.

What methodology is used to determine a state's livability rating? Basically each state's rankings for 43 categories - both negative and positive are averaged. "The scale

is 1 to 50; the higher the number, the better," Morgan explains. "Data used are for the most recent year in which comparable numbers are available from most states, and all factors are given equal weight. Those states with no data available for a given category are ranked only on the remaining factors."

For the purposes of this award, "We inverted rankings for those factors we determined to be `positive,'" she continues. "Thus, the state with the highest median income - ranking first would be given a number 50 ranking for the award." Minnesota's livability rating was 35.02. Other states in the winner's circle are listed in the accompanying chart.

"Healthiest State" Award

New Hampshire comes out on top in the nation in health, winning this year's "Healthiest State" award.

"New Hampshire last won in 1995 and has scored in the top ten for the annual honor for all but one year," says Morgan. "It came in fourth in 1999. The "Healthiest State" award is based on 21 factors that reflect access to healthcare providers, affordability of healthcare, and a generally healthy population; it is calculated a little differently than the "Most Livable State" award..

Twenty-one factors are included in a formula that reveals how a state measures up to the national average for the particular factors, she continues.

"Thus, the farther below the national average a state's health ranking is, the lower (and less healthy) it is. The farther above the national average, the higher (and healthier) a state ranks."

The Granite State did well in a number of reproductive-health factors, access to primary care, and healthcare insurance coverage. Specifically:

New Hampshire has a low percentage of low-birthweight babies. In 1998, 5.7 percent of live births in New Hampshire were low birthweight (less than 5 lbs., 8 oz.); the national average was 7.6 percent. Low-birthweight babies have a higher probability of experiencing developmental problems. The incidence of low-birthweight babies is often linked to poverty, a lack of health insurance, and inadequate prenatal care.

New Hampshire has a low percentage of births to teenage mothers just 7.8 percent in 1997; nationally, the percentage was 12.5.

New Hampshire scores well in the percentage of mothers receiving prenatal care. In

1997, only 1.8 percent of New Hampshire mothers received late or no prenatal care; the national average was 3.9 percent.

New Hampshire's infant mortality rate is very low: 4.1 infant deaths per 1,000 live births (1999); the national rate was 6.9 deaths per 1,000 births.

New Hampshire citizens have good access to primary healthcare physicians. In 1999, only 5.3 percent of the state's population lacked access to primary-care practitioners (family/general practice doctors, internists, obstetricians/gynecologists, and pediatricians). Nationally, 9.4 percent of the population did not have access to primary care.

The childhood immunization rate is high in New Hampshire. In 1997, 82 percent of children age 19 to 35 months were fully immunized, as compared to 76 percent on a national basis.

Healthcare insurance coverage is higher in New Hampshire than in most states. In 1998, 11.3 percent of New Hampshire citizens did not have health insurance; 16.3 percent of the nation's population lacked health insurance coverage.

The state's health index number was 18.66. The other top-ten "healthiest" states are listed in the accompanying chart.

"Safest State" Award

North Dakota seems to have a lock on the "Safest State" award, winning it for the fourth consecutive year in 2000. This award examines six crime factors for each state, and measures how high above or below the national average the state performs in a given category. Source information comes from the FBI.

Morgan asserts that the Peace Garden State takes top honors for these reasons:

North Dakota has the lowest murder rate (1.1 murders per 100,000 population) and the lowest aggravated assault rate (44.8 assaults per 100,000 population) in the country. These rates are based on 1998 data, the most recent final state statistics available from the FBI. For comparison, the national rates were 6.3 murders per 100,000 population and 360.5 aggravated assaults per 100,000 population. North Dakota also ranks low, in the robbery rate (10.2 robberies per 100,000 population, as compared to a national rate of 165.2), burglary rate (356.4 burglaries per 100,000 population, as compared to 862 nationally), and motor vehicle theft rate (176.6 thefts per 100,000 population; national rate of 459). North Dakota has the lowest violent crime rate in the nation (murder, rape, robbery, aggravated assault considered

together). The state's violent crime rate in 1998 was 89.3 violent crimes per 100,000 population; the national violent crime rate was 566.4 per 100,000 population.

North Dakota also has a very low overall crime rate (violent crimes plus property crimes considered together.) In 1998, North Dakota's overall crime rate was 2,681 crimes per 100,000 population; the national overall crime rate was 4,615.5 per 100,000 population.

North Dakota's safety index number is negative 64.61, says Morgan. "We use a negative number to show that the state has a below average crime rate. In this case, the more negative, the better." The accompanying chart lists the 10 "safest" states.

Using the Award Information in the Site Selection Process

How much weight should companies give these three quality-of-life awards when making location decisions?

"I think that our findings serve as a good, basic starting point," contends Morgan. "It's important, though, to research further, to look behind the statistics and see exactly what's being measured and how it coincides with personal or company requirements. While state-level statistics are key indicators, local-level data are just as important. For example, a state's high school graduation rate may be very high, but it's a composite of all school districts in that state. That's why it's essential to examine statistics of individual school districts to make sure that they, too, measure up well. The same goes for taxes, cost of living, crime rates, etc."

Stephen Stoner, partner in the Chicago office of Arthur Andersen, says if a client is expanding - not relocating - "then quality of life is not a major deciding factor for hiring from the existing labor pool. But if the client is moving, quality of life becomes critical. It's important to differentiate between the two situations."

Stoner maintains the issue gets further broken down by the type of facility involved - for example, a headquarters versus a distribution plant. "For a headquarters, very often quality of life is important when moving highlevel people with spouses who are employed or involved with the community. Many corporations will choose larger cities because they want their customers, bankers, and other important visitors to look forward to coming to their location."

With today's low unemployment rate the presence of colleges and universities is also very important to many companies, he adds, as they are typically excellent generators of new employees. What about the publicschools factor? "That's so important," says Stoner. "A good school system means you have a great place to put

your kids, plus it indicates how a community feels about its children."

As for climate, "It's never been a priority. However it does factor in, for example, for companies with data-center operations that are trying to get away from snow or other conditions which could shut them down for a day. But natural disasters can strike anywhere," Stoner maintains. When it comes to the health factor, "Look at how things change over time," he adds. And the recreation factor? "Almost no one cares about that," he concludes.

Betty McIntosh is the southeast partner in charge of the strategic relocation and expansion services for KPMG. What are her opinions on some quality-of-life factors?

"I think the crime rate is a very serious consideration these days," McIntosh says. As to health, "Look at the population you're bringing in; find out their needs. Health facilities become important for employees with smaller children and those bringing older parents with them," she says.

"Housing availability and costs are important to everyone in all spectrums. There needs to be a good selection across the board, from apartments to executive homes," McIntosh says. When it comes to recreation/cultural activities, according to McIntosh, "People can always find things to do, but cultural opportunities are becoming more important from a recruiting point of view. Only 14 percent of Americans have attended a symphony, but everyone asks if a place has one. It says a lot about the community." Additionally, she notes, "If you have a university system, there are many wonderful cultural things that come with it, plus a diversity of people and a variety of research tools which can support a company's efforts."

When looking at a potential location, it's "the hodgepodge energy of a community that's important," says McIntosh. "Look at how well they treat each other. Ask how well your employees could integrate into this community. In reality, there's 'quality of life' wherever you go; it's all relative."

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