# Supplemental Survey Report

Benefit Costs Again Top the List of Problems; Finding Qualified Workers a Rising Concern

Supplementary questions in the October 2014 *Empire State Manufacturing Survey* and *Business Leaders Survey* focused on the extent to which certain business issues posed problems for firms. In addition, respondents were asked if each issue was expected to become more or less of a problem over the next year. Similar questions had been posed in December 2013 and in earlier surveys.

As in previous surveys, the cost of employee benefits was cited most frequently, by far, as a major problem. Among service firms, finding qualified workers was viewed as considerably more of a problem in the current survey than in previous surveys, evidently reflecting the stronger labor market. Among manufacturers, this issue was not seen as quite as problematic as it was in 2013, but it was still regarded as considerably more of a problem than it was in 2011 or 2010. Government regulation remained near the top of the list in both surveys, but it was viewed as less of a problem than in the earlier surveys. Moreover, respondents in both surveys expect all three of these business issues to be more of a problem, on balance, a year from now. Taxes and resource costs were more widely considered to be problematic by

manufacturers than by service firms. At the other end of the spectrum, availability and access to credit, as well as cost and terms of credit, were not considered to be a major problem by either manufacturers or service firms.

Businesses were also asked about the extent to which these issues are expected to become more or less of a problem in the year ahead. In general, the issues seen as major problems now are most widely expected to be even more of a problem in the future.

#### **QUESTION 1**

Thinking about ongoing problems facing your business, to what extent does each of the following issues pose a problem for your firm?

	Empire State Manufacturing Survey						
	Percentage of Respondents Reporting						
	Relatively Minor Problem	•		}	Relatively Major Problem	Index*	
	1	2	3	4	5		
Employee benefit costs	2.3	1.2	15.1	39.5	41.9	79.4	
Finding qualified workers	5.8	8.1	19.8	34.9	31.4	69.5	
Government regulation	4.7	9.3	29.1	38.4	18.6	64.2	
Taxes	5.8	15.1	29.1	32.6	17.4	60.2	
Cost of resources	2.3	9.3	48.8	34.9	4.7	57.6	
Weak sales	19.8	17.4	25.6	19.8	17.4	49.4	
Employee wage costs	9.3	17.4	37.2	27.9	8.1	52.0	
Quality of government services	11.6	19.8	47.7	14.0	7.0	46.2	
Availability and access to credit	41.9	29.1	14.0	10.5	4.7	26.7	
Cost and terms of credit	41.2	30.6	18.8	5.9	3.5	25.0	

	Business Leaders Survey					
	Percentage of Respondents Reporting					
	Relatively Minor Problem			}	Relatively Major Problem	Index*
	1	2	3	4	5	
Employee benefit costs	4.9	4.1	18.9	42.6	29.5	71.9
Government regulation	11.2	13.6	16.8	28.0	30.4	63.2
Finding qualified workers	8.9	19.4	17.7	33.1	21.0	59.5
Weak sales	16.0	17.6	30.4	21.6	14.4	50.2
Taxes	21.0	14.5	29.0	25.0	10.5	47.4
Employee wage costs	12.8	15.2	36.8	28.8	6.4	50.2
Quality of government services	24.4	18.7	31.7	16.3	8.9	41.7
Cost of resources	14.5	13.7	46.8	22.6	2.4	46.2
Availability and access to credit	45.6	28.8	13.6	8.0	4.0	24.0
Cost and terms of credit	48.4	26.6	18.5	4.0	2.4	21.4

\* The index represents a weighted average of responses, where column 1=0; column 2=25; column 3=50; column 4=75; column 5=100. This measure can range from 0-100, with 50 representing a symmetric response pattern.

#### **QUESTION 2**

Now thinking about the next twelve months ... to what extent do you expect each of the following issues to be more or less of a problem a year from now?

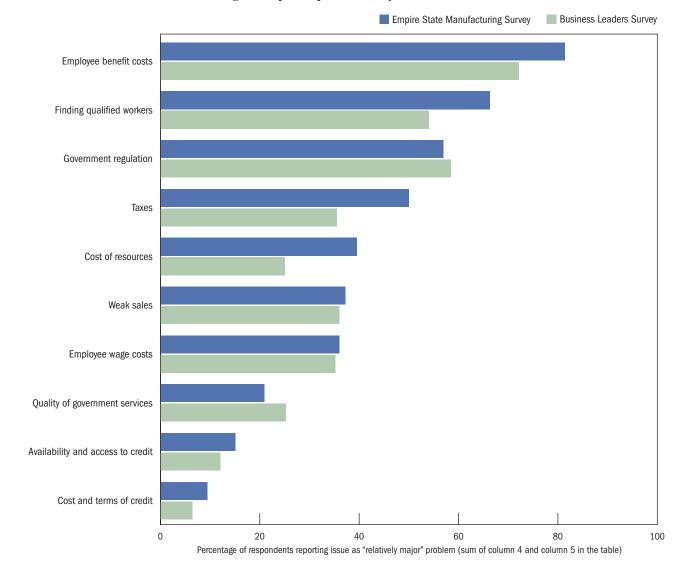
	Relatively Minor Problem				Relatively Major Problem	Index*
	1	2	3	4	5	
Employee benefit costs	1.2	0.0	16.5	43.5	38.8	79.7
Finding qualified workers	5.9	4.7	37.6	30.6	21.2	64.1
Employee wage costs	2.4	7.1	48.2	30.6	11.8	60.6
Government regulation	1.2	10.6	48.2	27.1	12.9	60.0
Taxes	1.2	11.8	49.4	25.9	11.8	58.8
Weak sales	4.7	16.5	43.5	27.1	8.2	54.4
Cost of resources	1.2	9.4	60.0	23.5	5.9	55.9
Quality of government services	2.4	13.1	65.5	14.3	4.8	51.5
Cost and terms of credit	18.8	18.8	49.4	9.4	3.5	40.0
Availability and access to credit	20.0	16.5	54.1	5.9	3.5	39.1

	Business Leaders Survey						
	Relatively Minor Problem				<ul> <li>Relatively</li> <li>Major Problem</li> </ul>	Index*	
	1	2	3	4	5		
Employee benefit costs	0.8	4.8	18.4	46.4	29.6	74.8	
Government regulation	5.6	9.6	29.6	29.6	25.6	65.0	
Finding qualified workers	3.2	13.7	29.8	37.1	16.1	62.3	
Employee wage costs	2.4	4.0	51.6	33.1	8.9	60.5	
Taxes	14.8	8.2	42.6	24.6	9.8	51.6	
Weak sales	8.8	18.4	40.0	23.2	9.6	51.6	
Cost of resources	7.5	9.2	56.7	24.2	2.5	51.3	
Quality of government services	13.6	8.8	51.2	16.0	10.4	50.2	
Cost and terms of credit	25.0	23.4	40.3	9.7	1.6	34.9	
Availability and access to credit	25.6	24.0	40.0	8.0	2.4	34.4	

\* The index represents a weighted average of responses, where column 1=0; column 2=25; column 3=50; column 4=75; column 5=100. This measure can range from 0-100, with 50 representing a symmetric response pattern.

#### **HISTORICAL OVERVIEW FOR QUESTION 1**

To what extent does each of the following issues pose a problem for your firm?



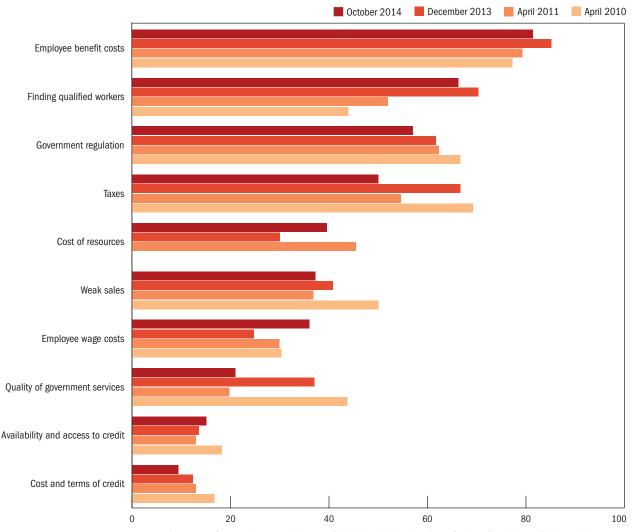
Note: Categories are ranked from most problematic to least problematic, based on the current Empire State Manufacturing Survey.

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To what extent does each of the following issues pose a problem for your firm?

Problem Ratings: October 2014, December 2013, and Earlier Surveys

### **Empire State Manufacturing Survey**



Percentage of respondents reporting issue as "relatively major" problem (sum of column 4 and column 5 in the table)

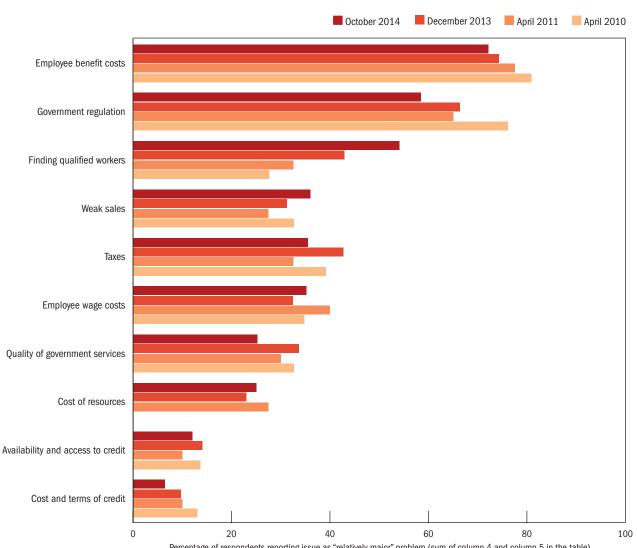
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