

# Supplemental Survey Report

## Benefit Costs Again Top the List of Problems; Wage Costs a Growing Concern

Supplementary questions in the April 2016 *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 surveys conducted in October 2014 and earlier.

As in previous surveys, the cost of employee benefits was cited most frequently, by far, as a major problem for both manufacturers and service firms. The second most widespread


problem among manufacturers was finding qualified workers, followed by government regulation; among service sector respondents, the order of those two issues was reversed. While most of this month's results closely paralleled those from October 2014, one issue that seems to have grown increasingly problematic—among both manufacturing and service firms—is employee wage costs. Among manufacturers, weak sales were also more widely cited as a problem than last time.


Businesses were also asked about the extent to which these issues were expected to become more or less of a problem in

the year ahead. In general, the issues seen as major problems now were those most widely expected to be even more of a problem in the future. Of particular note, nearly two-thirds of businesses in both the service and manufacturing sectors expected employee wage costs to grow increasingly problematic. This was a much higher proportion than in any of the earlier surveys (not shown in tables). This view likely reflects a combination of tighter labor market conditions and the phase-in of higher minimum wages. ■

Supplemental Survey Report, *continued***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	2.9	5.9	12.7	38.2	40.2	76.7	
Finding qualified workers	7.0	3.0	25.0	30.0	35.0	70.8	
Government regulation	4.9	9.8	25.5	31.4	28.4	67.2	
Taxes	6.0	7.0	31.0	30.0	26.0	65.8	
Employee wage costs	10.8	11.8	24.5	33.3	19.6	59.8	
Weak sales	15.8	15.8	20.8	24.8	22.8	55.7	
Cost of resources	5.1	12.1	48.5	24.2	10.1	55.6	
Quality of government services	16.8	14.9	28.7	23.8	15.8	51.7	
Cost and terms of credit	44.1	31.4	12.7	6.9	4.9	24.3	
Availability and access to credit	53.5	22.8	14.9	4.0	5.0	21.0	

Business Leaders Survey							
Percentage of Respondents Reporting ...							
	Relatively Minor Problem					Relatively Major Problem	Index*
	1	2	3	4	5		
Employee benefit costs	3.1	9.4	11.7	43.0	32.8	73.2	
Government regulation	11.8	11.0	18.1	28.3	30.7	63.8	
Finding qualified workers	7.1	15.0	24.4	33.1	20.5	61.2	
Employee wage costs	10.2	11.8	34.6	32.3	11.0	55.5	
Taxes	16.5	11.0	29.1	26.0	17.3	54.1	
Weak sales	16.4	18.0	28.9	24.2	12.5	49.6	
Cost of resources	7.1	26.0	41.7	18.9	6.3	47.8	
Quality of government services	18.8	14.8	36.7	19.5	10.2	46.9	
Availability and access to credit	37.3	26.2	24.6	7.1	4.8	29.0	
Cost and terms of credit	41.4	25.8	21.9	7.8	3.1	26.4	

\* 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.

## Supplemental Survey Report, continued

**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?

Empire State Manufacturing Survey						
Percentage of Respondents Reporting ...						
	Much Less of a Problem in a Year	←————→			Much More of a Problem in a Year	Index*
	1	2	3	4	5	
Employee benefit costs	3.0	1.0	18.8	24.8	52.5	80.7
Employee wage costs	3.0	1.0	30.7	26.7	38.6	74.3
Finding qualified workers	4.0	2.0	29.7	31.7	32.7	71.8
Government regulation	3.0	9.9	29.7	27.7	29.7	67.8
Taxes	4.0	5.0	44.0	21.0	26.0	65.0
Cost of resources	3.0	5.0	54.0	29.0	9.0	59.0
Quality of government services	7.9	10.9	44.6	22.8	13.9	55.9
Weak sales	8.1	18.2	37.4	25.3	11.1	53.3
Cost and terms of credit	23.8	17.8	34.7	17.8	5.9	41.1
Availability and access to credit	28.0	19.0	37.0	10.0	6.0	36.8

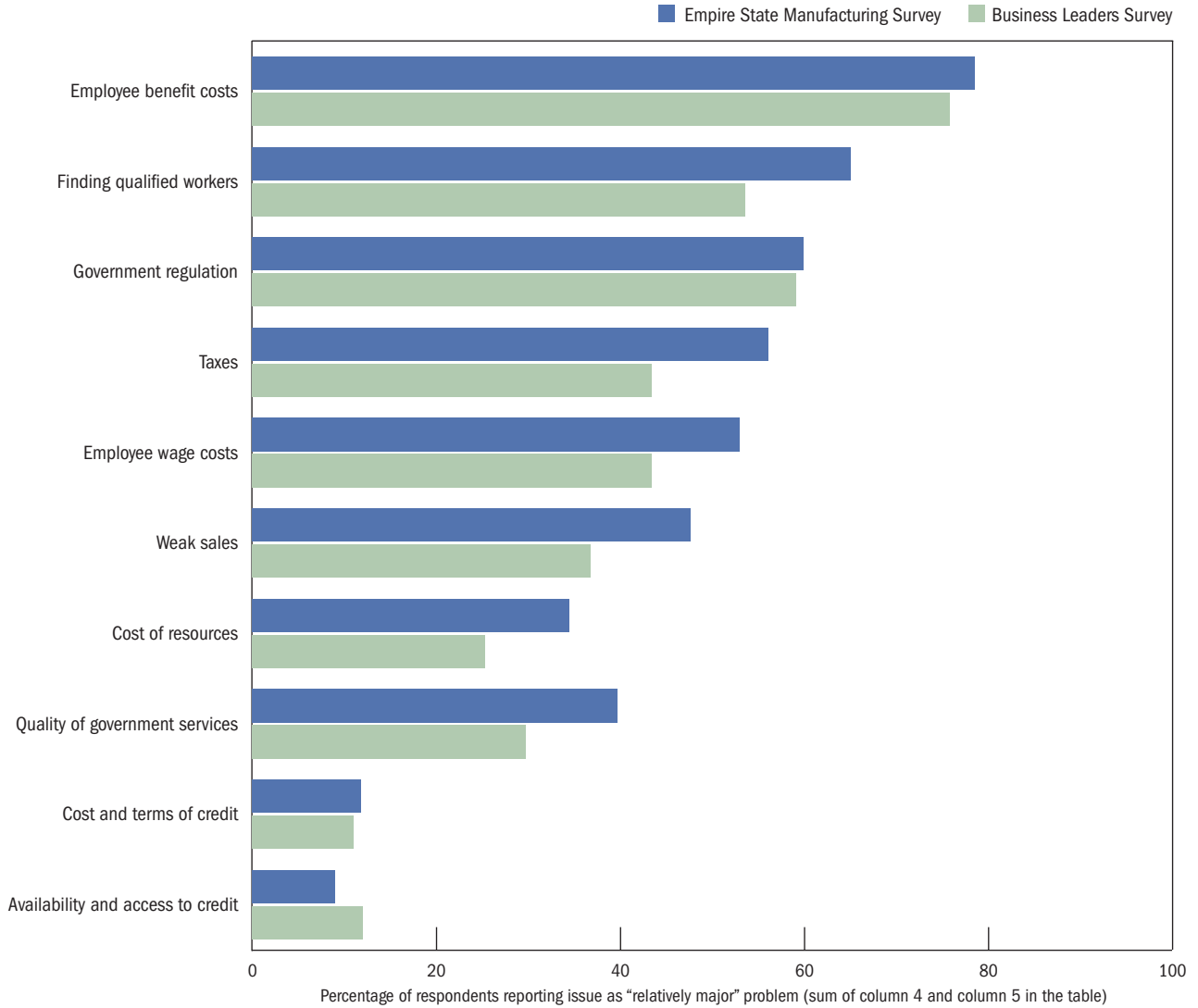
Business Leaders Survey						
Percentage of Respondents Reporting ...						
	Much Less of a Problem in a Year	←————→			Much More of a Problem in a Year	Index*
	1	2	3	4	5	
Employee benefit costs	0.8	2.3	16.4	35.9	44.5	80.3
Employee wage costs	1.6	3.9	28.9	40.6	25.0	70.9
Government regulation	6.3	7.9	29.1	29.1	27.6	65.9
Finding qualified workers	3.2	7.1	38.9	27.8	23.0	65.1
Taxes	13.4	4.7	44.1	26.0	11.8	54.5
Weak sales	9.4	14.8	44.5	22.7	8.6	51.6
Cost of resources	5.5	14.8	53.1	21.9	4.7	51.4
Quality of government services	9.4	14.8	48.4	16.4	10.9	51.2
Availability and access to credit	26.2	18.3	41.3	9.5	4.8	37.1
Cost and terms of credit	28.1	15.6	40.6	12.5	3.1	36.7

\* 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.

# Supplemental Survey Report, *continued*

**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.

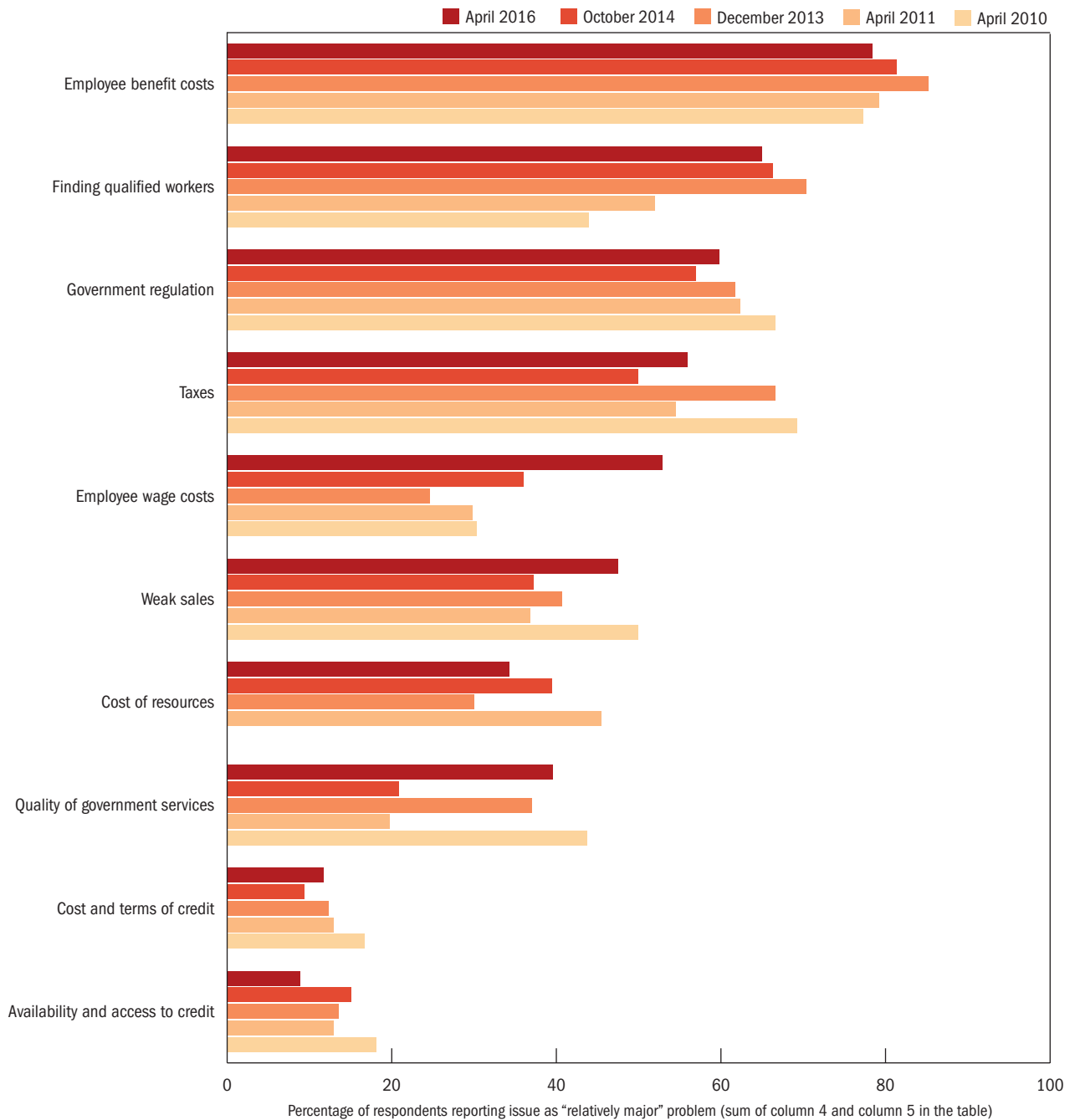
# Supplemental Survey Report, *continued*

## HISTORICAL OVERVIEW FOR QUESTION 1

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

Problem Ratings: April 2016, October 2014, and Earlier Surveys

### Empire State Manufacturing Survey



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

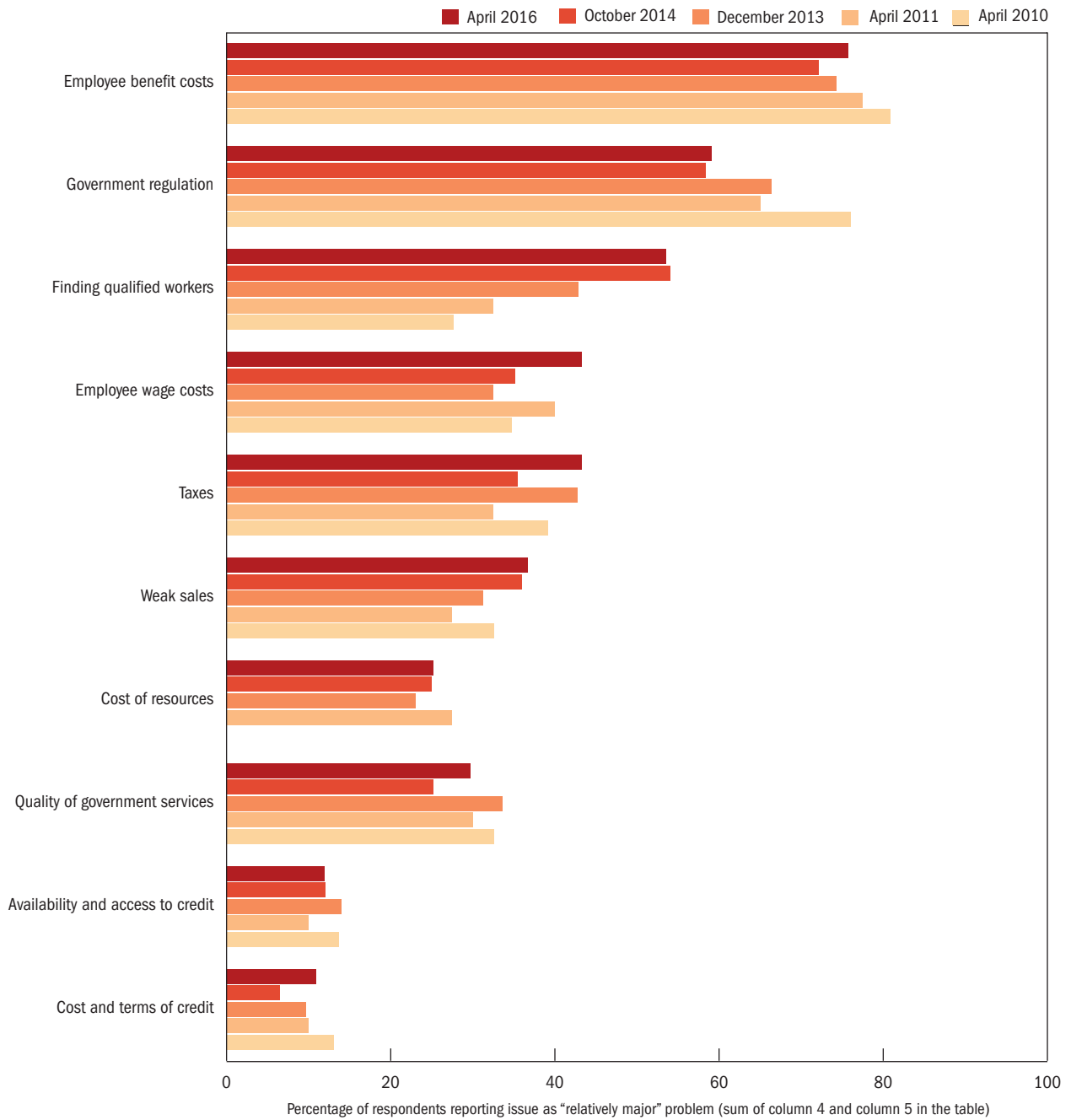
# Supplemental Survey Report, *continued*

**HISTORICAL OVERVIEW FOR QUESTION 1**

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

Problem Ratings: April 2016, October 2014, and Earlier Surveys

## Business Leaders Survey



Note: Categories are ranked from most problematic to least problematic, based on the current Business Leaders Survey.