

Empire State Manufacturing Survey: Supplemental Report

August 2009

For release August 17, 2009

Cost of Employee Benefits Tops the List of Manufacturers' Biggest Problems

In a series of supplementary questions, manufacturers were asked to assess the degree to which certain business issues posed problems for their firms; the same questions had been asked in August 2008 and in earlier surveys. In the current survey, the cost of employee benefits was the issue most frequently identified as a major problem. A distant second was workers' compensation, which was cited as a major problem somewhat more often than in last year's survey, but less often than in 2007. Last year's most widely cited concern, the cost of resources, emerged as much less of a problem in this year's survey, ranking third. Finding qualified workers, the issue that had headed the list of problems in 2007, dropped markedly in the 2008 survey and still further in this year's survey.

In the current survey, 79 percent of respondents characterized the cost of employee benefits as a relatively major problem, up from 65 percent in last year's survey. Fifty-five percent of respondents cited workers' compensation as a major problem—up slightly from the percentage in last August's survey. The cost of resources (such as energy and other commodities) was viewed as a major problem by just 42 percent of those surveyed most recently, down sharply from 69 percent in the 2008 survey. Similarly, finding qualified workers was viewed as problematic by just 35 percent of manufacturers in the current survey—down from 56 percent in 2008 and 75 percent in 2007. The cost and availability of credit were more widely regarded as problematic than they were a year ago (just before the financial crisis); still, just one in five respondents judged these issues to be major problems.

In a separate but related question, respondents were asked to identify the issue that they regarded as their single most significant problem. The cost of employee benefits was by far the most widely cited issue, selected by 51 percent of manufacturers—up from 17 percent in last August's survey. Finding qualified workers was viewed as the most significant problem by 14 percent of manufacturers, down from 27 percent a year ago. Workers' compensation was named by 11 percent of those surveyed, up from 7 percent in 2008; the corresponding figure for employee wages was 9 percent, up from 1 percent last year. Just 5 percent of manufacturers—down dramatically from 42 percent in the 2008 survey—identified the cost of resources as their most serious problem.

1) To what degree does each of the following pose a problem for your firm?

	Percentage of Respondents Identifying the Item as a Major Problem*		
	August 2009	August 2008	August 2007
Cost of employee benefits	78.7	65.2	73.1
Workers' compensation	55.3	51.1	66.7
Cost of resources	41.5	68.5	54.8
Unemployment insurance	37.2	32.2	32.6
Finding qualified workers	35.1	56.2	75.3
Cost of employee wages	24.5	23.6	37.6
Cost of credit	20.4	11.2	11.8
Availability of credit	19.1	14.6	2.2
Availability of resources	4.3	14.8	15.2

*Responses are on a scale of 1 (relatively minor problem) to 5 (relatively major problem); these percentages capture responses of either 4 or 5.

(Continued)

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2) Which of the items mentioned above would you say is *the* most significant problem?

	Percentage of Respondents Identifying the Item as the Most Significant Problem*		
	August 2009	August 2008	August 2007
Cost of employee benefits	51.1	16.5	25.3
Finding qualified workers	13.6	27.1	46.2
Workers' compensation	11.4	7.1	7.7
Cost of employee wages	9.1	1.2	4.4
Availability of credit	5.7	1.2	0.0
Cost of resources	4.5	42.4	11.0
Cost of credit	3.4	1.2	1.1
Availability of resources	1.1	3.5	0.0
Unemployment insurance	0.0	0.0	4.4