

Supplemental Survey Report

Businesses Report Marked Deceleration in Wages and Benefit Costs

Supplementary questions to the December *Empire State Manufacturing Survey* and *Business Leaders Survey* focused on recent and expected changes in the prices paid by firms for several major budget categories, including wages, employee benefits, insurance, energy, and other commodities. Similar questions had been asked in surveys conducted in December 2019 and earlier. Businesses were also queried on the current status of their pre-pandemic workforce—questions that were previously asked in the spring. The latest survey was in the field from December 2 through December 9.

In the current survey, service firms reported that prices paid overall rose by just under 2 percent, on average, in 2020, while manufacturers reported an average increase of 3 percent. Looking ahead, service-sector respondents anticipate a fairly pronounced pickup in input prices, to 3.8 percent on average. Manufacturers said that they expected the prices they paid to rise by 3.3 percent in 2021. In last December's survey, both groups had anticipated increases of more than 4 percent in 2020.

Businesses were also asked about input prices in particular categories, for which

both current and historical data are shown in the charts below. For wages, service firms reported an average decrease of 1.2 percent—the first reported decline in the twelve years that we've been asking this question—while manufacturers indicated an average increase of 2.1 percent. Looking ahead to 2021, both groups projected an average rise of roughly 3 percent. In last December's survey, increases had been expected to average around 4 percent overall in 2020—a bit higher among service firms, a bit lower among manufacturers. For employee benefits, reported increases in the price of these benefits were much more subdued in the current survey than in earlier years. Service firms, on average, indicated that such prices had risen 3.2 percent in 2020 but expected them to increase 4.6 percent in 2021; manufacturers reported an average increase of 3.6 percent in 2020, rising to 4.0 percent next year. In last December's surveys, the average expected increases for this past year were 6.1 percent among service firms and 5.4 percent among manufacturers. For insurance other than employee health benefits, increases of 3.6 percent and 3.1 percent were reported for service firms and manufacturers, respectively, rising to 4.5 percent and 4.0 percent in 2021.

Businesses were also asked about the current status of their pre-pandemic workforce. On average, service firms indicated that 48 percent were currently working onsite at the usual location, with another 39 percent working from home. In contrast, the average manufacturer reported that 83 percent were working onsite, with just 11 percent working from home. Most of the remainder of pre-pandemic workers were said to have been laid off, with slightly less than half of those expected to be hired back.

Finally, 60 percent of service firms and 70 percent of manufacturers said they had hired at least some new workers since the start of the pandemic. These businesses were also asked how the total number of new workers hired compared with the number that had left or were let go. Only about one in ten service firms and one in five manufacturers said they had hired more new workers than had left or were let go; just under 30 percent of respondents in both surveys said they had hired fewer new workers, while somewhat more than 20 percent said they had brought on about the same number as had been separated. ■

Supplemental Survey Report, *continued*

QUESTION 1

For each of the following budget categories, please indicate the approximate percentage change in the price you paid in 2020 and the expected percentage change in the price in 2021:

	Business Leaders Survey		Empire State Manufacturing Survey	
	Average Percentage Change Reported for 2020	Average Percentage Change Expected for 2021	Average Percentage Change Reported for 2020	Average Percentage Change Expected for 2021
Wages	-1.2	2.9	2.1	3.2
Employee benefits	3.2	4.6	3.6	4.0
Rent	-0.6	-0.4	0.1	0.7
Insurance (liability, fire, etc.)	3.6	4.5	3.1	4.0
Outside services	1.4	2.1	1.2	1.8
Other operating costs	2.4	2.7	2.6	2.6
Energy	0.3	1.4	1.1	2.2
Other commodities	1.9	2.0	3.1	3.1
Overall	1.8	3.8	3.0	3.3

These numbers represent the average reported and expected percent changes in prices paid for the specified category.

QUESTION 2

Using as a baseline your firm's workforce prior to the pandemic (i.e., in the first two months of this year), approximately what percentage of your pre-pandemic workforce is currently...

	Business Leaders Survey	Empire State Manufacturing Survey
	Percentage of Respondents	
Working onsite at usual location	48	83
Working from home	39	11
On sick or paid leave	1	1
On furlough or unpaid leave	2	0
Laid off with intent to hire back	5	2
Permanently laid off	6	3
Other	1	0

Supplemental Survey Report, *continued*

QUESTION 3

Which of the following best captures any new hiring your business has done since the onset of the pandemic:

	Business Leaders Survey	Empire State Manufacturing Survey
	Percentage of Respondents	
We have not hired new workers	39	29
We have hired some new workers, but fewer than the number that left or were let go	28	29
We have hired about as many new workers as have left or were let go	22	23
We have hired more new workers than have left or were let go	11	19

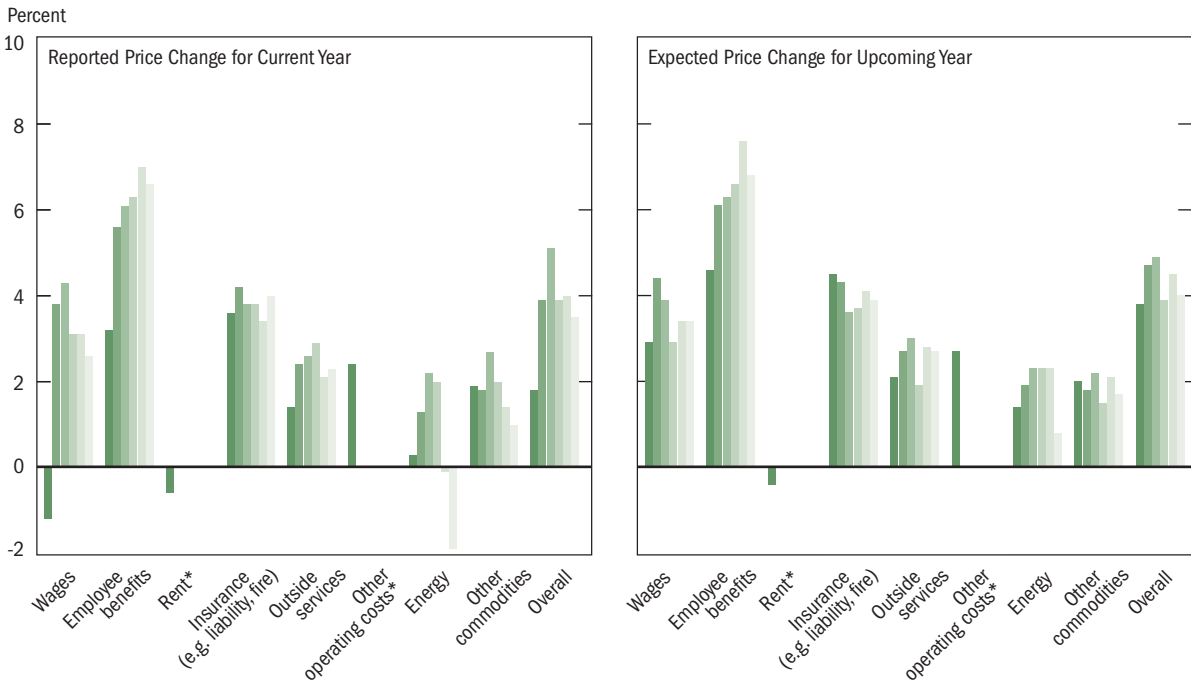
Supplemental Survey Report, *continued*

HISTORICAL OVERVIEW FOR QUESTION 1

For each of the following budget categories, please indicate the approximate percentage change in the price you paid over the past year and the expected percentage change in the price next year:

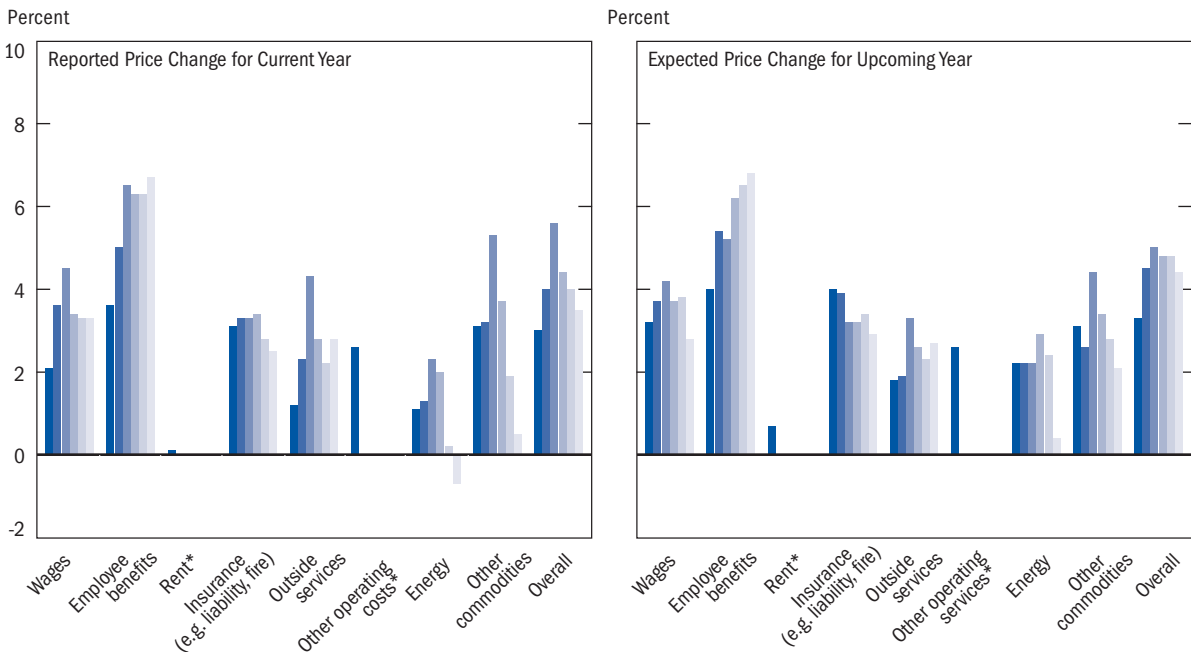
Business Leaders Survey

December 2020 December 2019 December 2018 December 2017 December 2016 December 2015



Empire State Manufacturing Survey

December 2020 December 2019 December 2018 December 2017 December 2016 December 2015



*These categories were not included in earlier surveys.