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REPORT TO MEMBERS by Philip Kirschner, President

Business Outlook Survey Gives Insight to NJ's Economy

What does New Jersey's business community think about the state's economy? According to the NJBIA Business Outlook Survey, NJBIA members believe that the economy is slowly getting better. And members also like the direction state policies toward business are heading. This tells us that once the broader economy recovers, New Jersey will be in a good position to support private-sector growth over the long term.

NJBIA has conducted the survey every year for the past 53 years, and this time, nearly 1,600 employers participated in it.

New Jersey businesses reported a second straight year of improved sales, profits, spending and employment in 2011, moving the state one more step away from the recession bottom of 2009. Likewise, employers anticipate continued moderate improvement for sales, profits and business spending in 2012. They also believe there will be modest improvement in employment.

Business activity, however, remains at very low levels when compared to prerecession levels of four years ago. More companies reported declines in their

sales, profits, spending and employment in 2011 than reported increases, but the gap has narrowed each year for the last three years. In short, while New Jersey is making progress towards a full recovery, we aren't there yet. Many businesses

continue to struggle, and they are understandably reluctant to hire.

When it comes to state policies towards businesses, however, employers feel a lot more positive.

When comparing New Jersey to other states in promoting economic development, 67 percent said New Jersey was as good or better. Similar questions on controlling government spending, its attitude towards business and attracting business, employers rated New Jersey as good or better than other states by 49 percent, 55 percent and 46 percent respectively. These results represent an improvement of 25 percentage points or more over the results from just two years ago. Even ratings on such thorny issues as controlling healthcare costs, energy costs and labor costs saw double-digit increases over 2010.

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National surveys by outside groups are now showing that New Jersey's business climate beats New York's. Two recent national surveys from the Tax Foundation and the Small Business and Entrepreneurship Council show New Jersey overtaking New York in their rankings.

In the NJBIA survey, political leaders also received high marks, as 74 percent said Governor Chris Christie is doing a good-to-excellent job. It's the second year in a row that Christie obtained that level of support, a feat no other Governor in the past 20 years has been able to accomplish. Approval ratings for the State Legislature also improved substantially for a second consecutive year.

Clearly, employers like what they are seeing from the Government and the Legislature. They had a very productive year in 2011, enacting tax reforms that will save businesses \$180 million, imposing a 2 percent property tax cap, reducing government red tape, reining in government spending and reforming the public employee pension and health benefits programs to make them look more like those in the private sector.

All in all, things got better in 2011. Let's hope we continue to make progress this year. **NJB**

