



Helping California Business Do Business®

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2008:

**CalChamber Releases 2008 Business Climate Study; Issues California Economic Performance Scorecard**

(June 6, 2008) CalChamber President and CEO Allan Zaremborg yesterday unveiled the findings of a recent survey of business executives detailing their attitudes about the state's economy, business climate, and budget. In addition, CalChamber issued a first-of-its-kind "California Economic Performance Scorecard" ranking the state 38th of fifty, based on measurements of economic health and future competitiveness.

"This assessment of California's business climate shows what we all know – the economy, the state budget crisis, and quality of life issues are all weighing heavily on the minds of business owners," said Zaremborg. "What is particularly interesting in this survey is that California companies remain optimistic about their ability to weather these challenging economic times and remain competitive in the future. In addition, both the business climate survey results and the economic performance scorecard indicate that there is no higher priority than to reform our educational system."

## **Business Climate Study**

The California Business Executives Attitudes survey was conducted between May 12 – 21, 2008. There were 1,113 California business executives polled. The sample is reflective of size, location, and industry mix of California businesses. The margin of error at the 95% confidence level is three percent.

### **Attitudes on the Economy**

Overall, the survey revealed that there is widespread pessimism about the state of the state. Of those polled, 23% said that the state was headed in the right direction while 77% said the state is on the wrong track. In addition, the current economy was viewed as negative with only 18% saying the economy was good and 82% responding that it was fair or poor. Further, business leaders are pessimistic about economic recovery, with only 10% believing that the economy will be better in one year, 46% believing it will be the same and 44% saying it will be worse. When asked about the state of their own businesses, respondents were more optimistic: 29% of executives indicated that they believe their situation will be better in one year, 57% said their situation will likely be the same and 14% said things will likely be worse.

### **Biggest Disadvantages to Doing Business in California**

The survey asked employers to assess the disadvantages of doing business in California. 42% of respondents believed too much government regulation was a primary factor in creating a disadvantage for California companies, 28% believe the ability to hire and maintain a qualified work force is an issue, 28% think the high cost of health care is problematic and 26% said high labor costs are causing difficulties. In addition, according to 21% and 20% of respondents respectively, the high cost of housing and high state and local taxes are creating competitive disadvantages for California's companies.



CalChamber President and CEO Allan Zaremborg

### **Advantages to Doing Business in California**

Business leaders believe the strongest advantages provided to California businesses are the climate (52%), quality of life (38%), access to large and lucrative markets (37%), and culture of innovation/research and development (25%).

### **Top Issues Leaders Should Address**

California's employers believe the state budget deficit is most important issue to be addressed by state leaders (33%), followed by the quality of public schools and higher education (24%), economy and job creation (24%), energy and gas prices (23%) and increasing health care costs (19%). (Note: Currently, 93% of CalChamber members are providing healthcare to their employees.)

### **Attitudes on the State Budget**

A huge majority (90%) of business leaders believe that the state budget situation is an extremely or very serious issue. Overall, employers see spending as the primary culprit in creating the budget deficit, and spending cuts as the solution, with 73% indicating opposition to any tax increases and 27% indicating that taxes should be part of the mix.

### **Budget Reforms**

For business leaders surveyed, the priorities in budget reform include education reform (45%), a balanced budget (40%), elimination of automatic COLAs and salary increases (33%), and assurance that any tax increases would be temporary and broad based (31%).

## **The California Economic Performance Scorecard**

In addition to releasing survey results on California's business climate, CalChamber also today issued a first-of-its-kind Economic Performance Scorecard for the state. The 2008 scorecard indicates that California's economic performance ranks 38th among the fifty states. Prepared by the [California Foundation for Commerce and Education](#) (CFCE), the scorecard is designed to measure which public policies most influence the economic well being of the state. In determining the ranking, CFCE used econometric methods to develop key variables that were proved to have a statistically strong impact on improving a



state's overall economic performance. The top five public policy issues showing the strongest impact on economic performance were educational achievement, size of the residential housing stock, crime rate, number of high quality jobs, and burden of state and local government.

Specifically, the scorecard shows that California is consistently one of the lowest performing states in educational achievement, has consistently maintained one of the lowest per capita housing ratios in the country, has a crime rate above the national average, and has a tax burden slightly greater than the national average. Helping California's economic performance is the above average number of workers in high-tech and financial service occupations.



California Foundation for Commerce and Education  
President Loren Kaye

"California's economy is underperforming its potential," said CFCE President Loren Kaye. "The message of the Economic Performance Scorecard is that our elected officials can make a material improvement to the wealth and quality of life of our citizens by focusing on improvements to our educational system and a handful of other key public policy areas so California can continue to thrive."

#### **Additional Materials**

[Executive Summary](#)

[Survey Charts](#)

[PowerPoint Presentation](#)

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