

RESEARCH
& POLLING
INC



BUSINESS CLIMATE SURVEY
FEBRUARY 2014

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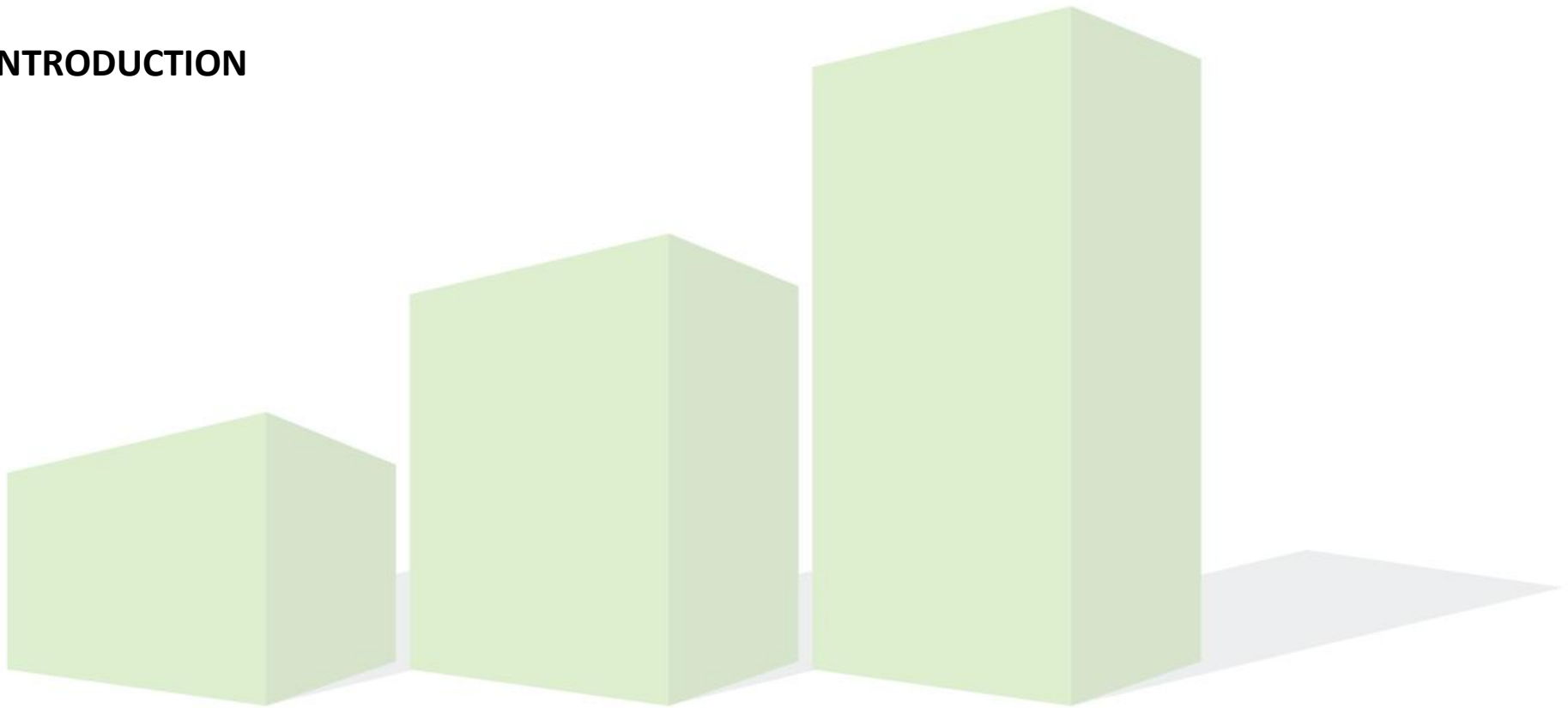
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I. INTRODUCTION



METHODOLOGY

This research study was commissioned by the Greater Albuquerque Chamber of Commerce in order to collect information concerning the current business climate in the state of New Mexico.

THE INTERVIEW

In order to assure a representative sample of employers, a stratified random sample, based upon company size, of 252 businesses were interviewed. Business owners in the state or the individuals most knowledgeable about hiring and business planning within each organization were interviewed by telephone. Telephone interviews were conducted during both day and evening hours.

Within the 252 businesses surveyed, there were 5125 full-time employees and 2077 part-time employees for a total of 7022 employees.

Additionally, to qualify for the study, business owners must have at least four employees (full-time or part-time). All interviews were conducted between January 22nd, 2014 and January 24th 2014.

MARGIN OF ERROR

A sample size of 252 at a 95% confidence level provides a maximum margin of error of approximately 6.2%. In theory, in 95 out of 100 cases, the results based on a sample of 252 will differ by no more than 6.2 percentage points in either direction from what would have been obtained by interviewing all businesses with four employees or more in New Mexico.

SAMPLE BIAS

In any survey, there are some respondents who will refuse to speak to the professional interviewer. A lower response rate among certain types of individuals can result in a sample wherein certain types of individuals are over-represented or under-represented. The potential for sampling bias increases as the response rate decreases. Research & Polling, Inc. often sets quotas for various segments of the population who are historically undercounted. This has the effect of minimizing, but not necessarily eliminating, sampling bias.

THE REPORT

This report summarizes the results from each question in the survey and reports on any variances in attitude or perception, where significant, among demographic subgroups.

EXECUTIVE SUMMARY

Federal budget cuts have negatively impacted a high proportion of New Mexico's businesses. In fact, approximately 6-in-10 businesses have been economically hurt either a lot (23%) or a little (36%) by federal cutbacks in New Mexico. Only about one-third (36%) of employers say that the federal budget cuts have had no impact on their business in New Mexico.

According to a random sample of business owners with four or more employees surveyed in the state, the biggest challenge or obstacle facing New Mexico's businesses continues to be the weak economy/slow economic growth. In fact, one-quarter (26%) of New Mexico's business owners say (unaided/open-ended) this is the biggest challenge they face. When related responses such as lack of consumer spending and not enough customers/business are combined with the responses regarding the weak economy, we find that over 4-in-10 business owners express concern about the sluggish economy or decline in consumer spending brought about by the lingering effects of the economic recession that hit the state and nation.

The second most frequently mentioned challenge that New Mexico's businesses face is a lack of skilled/available labor to accommodate the employment needs of the state's businesses (15%). When combined with a related response, the lack of committed labor, we find that one-in-five employers are concerned about the skill sets or soft skills that are required to meet the needs of New Mexico's businesses. These responses drive home the importance of New Mexico creating an excellent public education system and a responsive community college/university system that offers the types of training and education required by New Mexico's employers.

A significant number of employers (15%) volunteer that either too much state (11%) or local government regulations (4%) are the biggest challenges or obstacles their business faces in New Mexico. When combined with a related response, pertaining to federal government regulations (10%), we find that one-quarter of New Mexico's business owners are concerned about government regulations at various levels of bureaucracy.

The fourth most frequently mentioned obstacle facing New Mexico's businesses is the rising cost of healthcare. Other challenges volunteered by New Mexico's employers include: high taxes, federal budget cuts, domestic/local competition, and availability of financing/capital.

Employers were asked to rate the strength of New Mexico's current economy, using a scale of excellent, good, fair, poor or very poor. Less than one-quarter of New Mexico's businesses rate the strength of the current economy as either excellent (4%) or good (19%). Approximately one-in-three rate the current strength of the economy as poor (21%) or very poor (8%). Nearly half of employers rate the economy as fair (47%). These results indicate that New Mexico's employers assess the strength of the state's economy as sluggish at best.

Employers were also asked to rate the economic strength of their own businesses. Approximately one-in-ten rate the strength of their business as excellent (12%), while nearly half (48%) rate their business as good. Nearly one-in-ten rate the strength of their business as poor or very poor, while 30% assess it as fair.

2013 was not a year for expansion among most of New Mexico's businesses. Approximately one-quarter of New Mexico's businesses (23%) actually cut their workforce, while only about one-fifth (19%) increased their workforce. The majority of businesses kept the same number of employees (58%). These survey results are consistent with employment data from the state and federal government that show stagnant job growth in New Mexico over the past 12 months. Also, data from the University of New Mexico's Bureau of Business and Economic Research show that while Albuquerque's job growth has been somewhat flat over the past two years, our neighboring major cities in Texas, Arizona, and Colorado have begun to break out of the recession and are experiencing significant job creation. It is important to note, however, that these cities are less dependent on federal government spending than is New Mexico.

Employers are only slightly more optimistic about 2014 compared to their experiences with last year's workforce activity, although only about one-quarter (27%) of employers anticipate increasing their employment base this year. Few business (3%) project laying off workers in 2014, while most feel they will maintain the same number of employees (66%).

In 2013, 72% of businesses gave pay raises to at least some of their employees. The average employee pay raise among all employees was 2.5%. All told, 53% of all employees received a pay raise in 2013.

70% of business owners anticipate that they will give pay raises to at least some of their employees in 2014. The average pay raise they anticipate giving, among all employees is 2.2%.

Half (52%) of New Mexico's businesses with four or more employees offer some form of health insurance to their staff. Nearly all (93%) of the largest businesses offer health insurance compared to almost two-fifths (38%) of businesses with four to ten employees.

Over 7-in-10 businesses that offer health insurance say their costs have increased either a lot (34%) or increased a little (38%) over the past year. Further, one-third of businesses that offer health insurance have increased the amount that employees have to pay for their health plan.

New Mexico's businesses continue to rely on part-time workers as a sizeable component of their workforce. Among the 252 business surveyed, who employ 7,022 employees, 29.6% of the employees are part-time.

BIGGEST OBSTACLES OR CHALLENGES FACING BUSINESSES IN NEW MEXICO

TOP 12 UNAIDED RESPONSES

	TOTAL SAMPLE (N=252)
WEAK ECONOMY/SLOW ECONOMIC GROWTH	26%
LACK OF SKILLED, AVAILABLE LOCAL LABOR	15%
STATE GOVERNMENT REGULATIONS	11%
NOT ENOUGH CUSTOMERS/BUSINESS	11%
FEDERAL GOVERNMENT REGULATIONS	10%
HEALTH CARE COSTS	9%
LACK OF COMMITTED LABOR	6%
LACK OF CONSUMER SPENDING	6%
TAXES TOO HIGH	5%
LACK OF FEDERAL FUNDING/FEDERAL BUDGET CUTS	5%
LOCAL GOVERNMENT REGULATIONS	4%
DON'T KNOW/WON'T SAY	10%

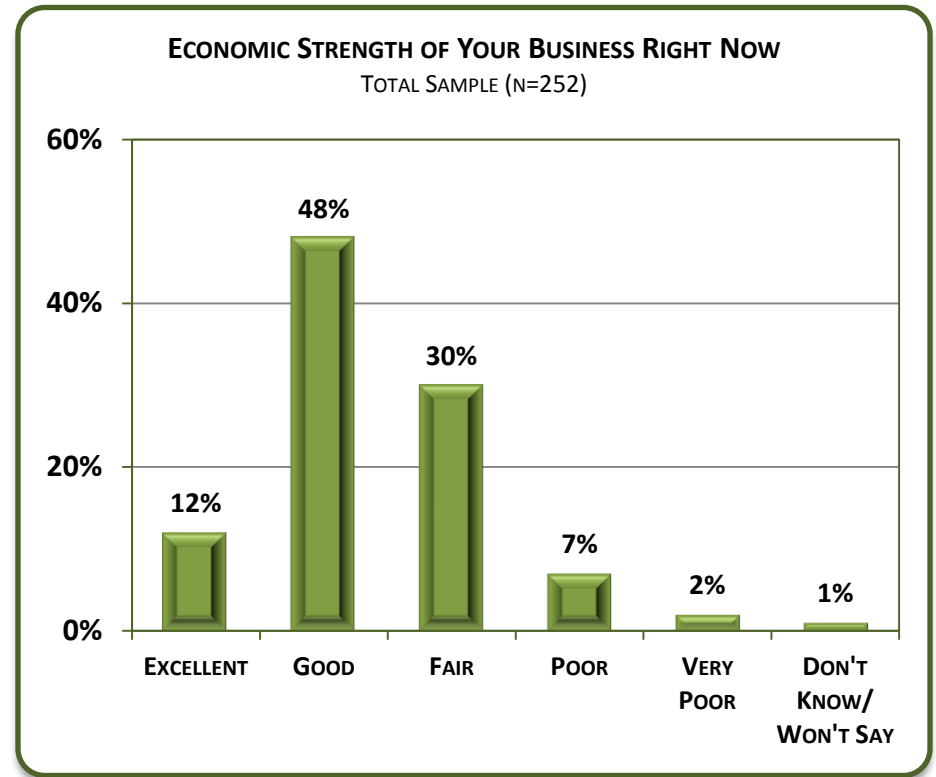
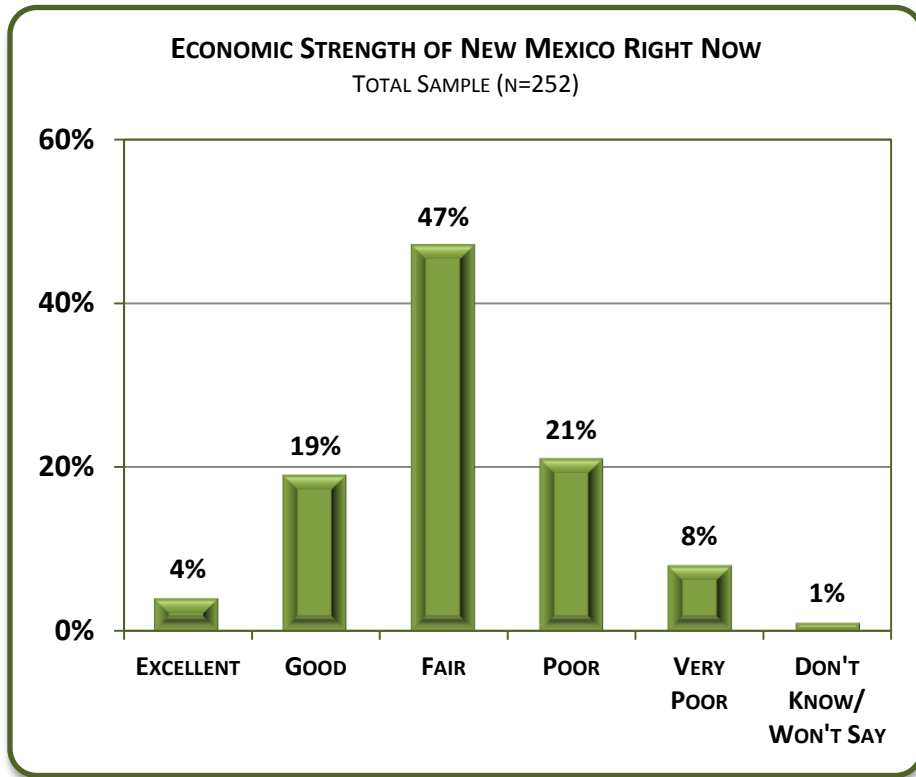
When asked in an unaided, open-ended manner what the biggest obstacles or challenges facing businesses are in New Mexico, business owners were most apt to say a **weak economy/slow economic growth** (26%). It should be noted that the natural resource, oil/gas/utilities/mining, and healthcare industries are the *least* likely (2%) to mention a **weak economy/slow economic growth** as the biggest obstacle or challenge facing their businesses.

A **lack of skilled, available local labor** was cited by 15% of business owners. It should be noted that 35% of owners whose businesses employ fifty or more employees mentioned a **lack of skilled, available local labor** while those employing less than fifty employees (14%) were much less likely to report this as a challenge or obstacle.

Additionally, 25% of business owners mention **Federal, State, and Local government regulations (in general)** as the biggest obstacles or challenges facing their business. The healthcare industry is the most likely to report **State government regulations (in general)** (21%) and **lack of Federal funding/Federal budget cuts** (15%).

Other volunteered responses included **health care costs** (9%), the **lack of committed labor** (6%), the **lack of consumer spending** (6%), **taxes too high (in general)** (5%), and **lack of federal funding/federal budget cuts** (5%).

Additionally, business owners from the hospitality/entertainment/restaurants/media industries report that a **lack of tourism** (8%) and **seasonal work** (8%) are the biggest obstacles or challenges facing their businesses (not shown in the above table).



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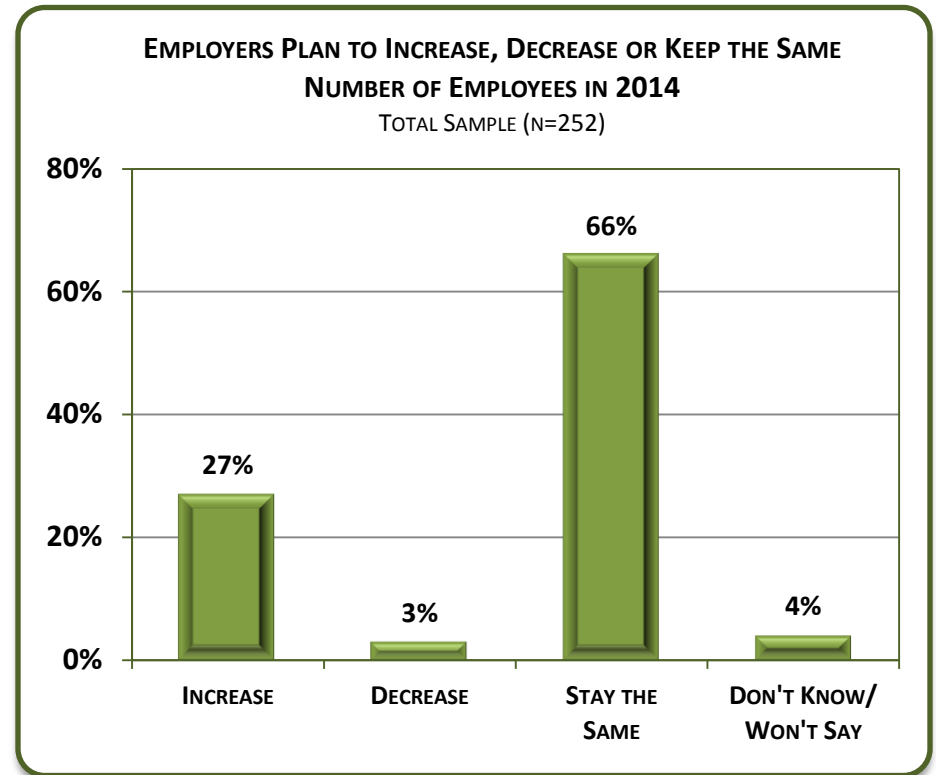
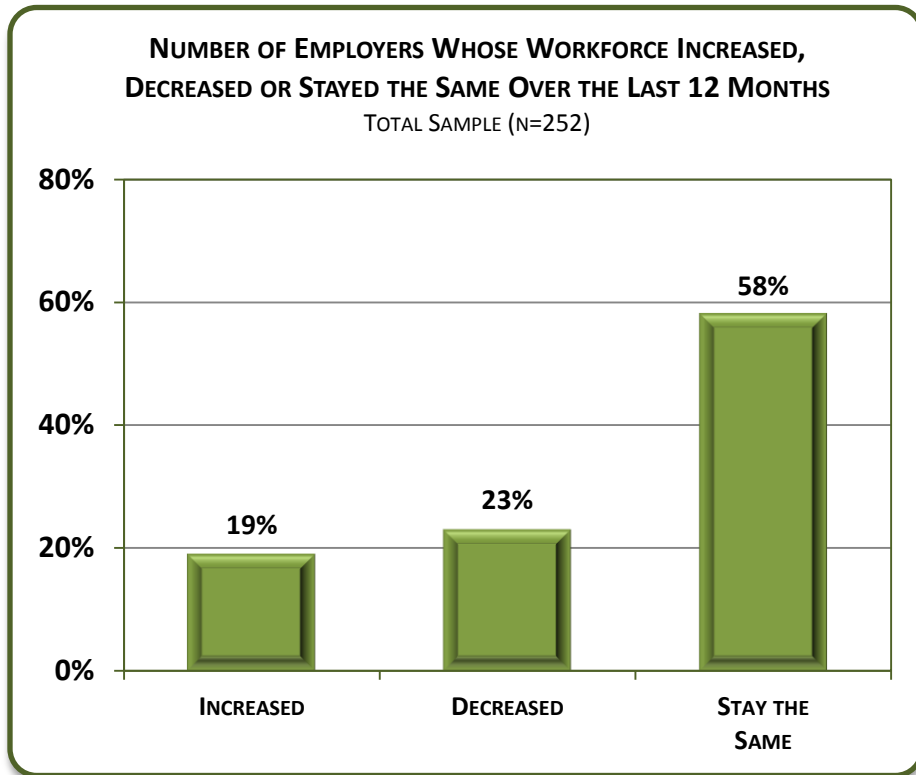
Business owners were asked to rate **the strength of New Mexico’s economy right now from excellent to very poor**. Approximately one-third (29%) of business owners say the economy is doing poorly while almost one-quarter (23%) say the economy in New Mexico is doing well. Only 4% of owners rate New Mexico’s economy as *excellent*.

It should be noted that approximately twice as many businesses with less than fifty employees rate the economy as doing poorly than those with fifty or more employees (31% and 18% respectively). Additionally, the oil/gas/utilities/mining, and healthcare industries are more likely than the manufacturing, real estate/finance/insurance/management services, and construction/environmental industries to rate the New Mexico economy as *good* or *excellent* (44% and 12% respectively).

Right Table

Business owners were asked to rate, from *excellent* to *very poor*, **the economic strength of their business**. Three out of five (60%) respondents say the economic strength of their business is *good* or *excellent* while one in ten (9%) rate it poorly.

Consistent with the previous survey questions, those in the oil/gas/utilities/mining and healthcare industries are most likely to rate the economic strength of their business as *good* or *excellent* (77%) while those in retail and wholesale trade (19%) and those with fewer than ten employees (15%) are more likely to say the economic strength of their business is poor.



Left Table

Business owners were asked **whether their company *increased, decreased, or kept the same number of employees in New Mexico throughout the past twelve months***. The vast majority of business owners report they have *kept the same number* of employees (58%). Approximately one-quarter (23%) report they have *decreased* staff size while one-fifth (19%) say they have *increased* the number of employees in the past twelve months.

Right Table

Business owners were asked **whether their company plans to *increase, decrease, or keep the same number of employees in New Mexico when thinking of 2014***. Consistent with the previous question, the vast majority (66%) of business owners plan to *keep the same number* of employees while about one-quarter (27%) say they plan to *increase* staff size.

It should be noted that only 3% of respondents say they plan to *decrease* the number of employees. Furthermore, two out of three businesses (67%) in the oil/gas/utilities/and mining industries say they plan to *increase* the number of employees in New Mexico during 2014.

**PERCENTAGE OF EMPLOYEES WITHIN A COMPANY THAT RECEIVED
 A PAY RAISE IN 2013**

	TOTAL SAMPLE (N=247)
NONE (NO EMPLOYEES RECEIVED A PAY RAISE WITHIN 28% OF THE BUSINESSES)	28%
1-19%	10%
20-39%	17%
40-59% (10% OF BUSINESSES GAVE 40%-59% OF THEIR EMPLOYEES A RAISE)	10%
60-79%	5%
80-100% (31% OF BUSINESSES GAVE 80%-100% OF THEIR EMPLOYEES A RAISE)	31%

AVERAGE RAISE FOR EMPLOYEES WITHIN A COMPANY IN 2013

AMONG THOSE WHO COULD/WOULD ANSWER THE QUESTION

	TOTAL RESPONSES (N=223)
NONE	30%
LESS THAN 1% (13% OF EMPLOYERS GAVE AVERAGE PAY RAISES OF LESS THAN 1%)	13%
1-1.99%	13%
2-2.99%	13%
3-3.99%	11%
4-4.99% (6% OF EMPLOYERS GAVE AVERAGE PAY RAISES OF BETWEEN 4%-4.99%)	6%
5-5.99%	4%
6-7.99%	3%
8-9.99%	2%
10% AND OVER (5% OF EMPLOYERS GAVE AVERAGE PAY RAISES OF 10% OR MORE)	5%

Left Table

Business owners were asked **how many of their New Mexico employees received a pay raise in 2013**. Nearly one-third (31%) of business owners surveyed say they gave 80% to 100% of their New Mexico employees a raise during 2013 and another third (28%) say they *did not give* a raise to employees.

Although 72% of business owners gave pay raises to at least some employees, the total number of employees who received raises in 2013 was 53%.

Five employers could not or would not answer this question.

Right Table

During 2013, 56% of business owners in New Mexico say their average pay raises were *less than 2.00%* (as a percentage of income per employee). In fact, 86% of business owners say employees received a raise of 4.99% *or less* while 14% of employers say their employees received raises of 5% *or more*.

The average employee pay raise, among all employees in 2013 was 2.5%.

Twenty-nine employers could not or would not answer this question.

**PERCENTAGE OF EMPLOYEES WITHIN A COMPANY ANTICIPATED TO
 RECEIVE A PAY RAISE IN 2014**

	TOTAL SAMPLE (N=236)
NONE (30% OF EMPLOYERS ANTICIPATE GIVING NO PAY RAISES IN 2014)	30%
1-19%	8%
20-39%	16%
40-59%	12%
60-79%	3%
80-100% (31% OF EMPLOYERS ANTICIPATE GIVING PAY RAISES TO 80%-100% OF THEIR EMPLOYEES)	31%

AVERAGE ANTICIPATED PAY RAISE FOR 2014

AMONG THOSE WHO COULD/WOULD ANSWER THE QUESTION

	TOTAL RESPONSES (N=203)
NONE	34%
LESS THAN 1% (10% OF EMPLOYERS ANTICIPATE GIVING AVERAGE PAY RAISES OF LESS THAN 1%)	10%
1-1.99%	16%
2-2.99%	14%
3-3.99%	9%
4-4.99%	3%
5-5.99%	6%
6-7.99%	2%
8-9.99%	0%
10% AND OVER (3% OF EMPLOYERS ANTICIPATE GIVING AVERAGE PAY RAISES OF 10% OR MORE)	3%

Left Table

Business owners were asked **how many of their New Mexico employees were anticipated to receive a pay raise during 2014**. Consistent with the previous question, one-third (31%) of business owners say 80% to 100% of their employees are *likely to receive* a raise during 2014 while another third (30%) of employees are likely to *receive no raise*. Finally, 28% of business owners say 20% to 59% of their employees are *likely to receive* a raise in 2014.

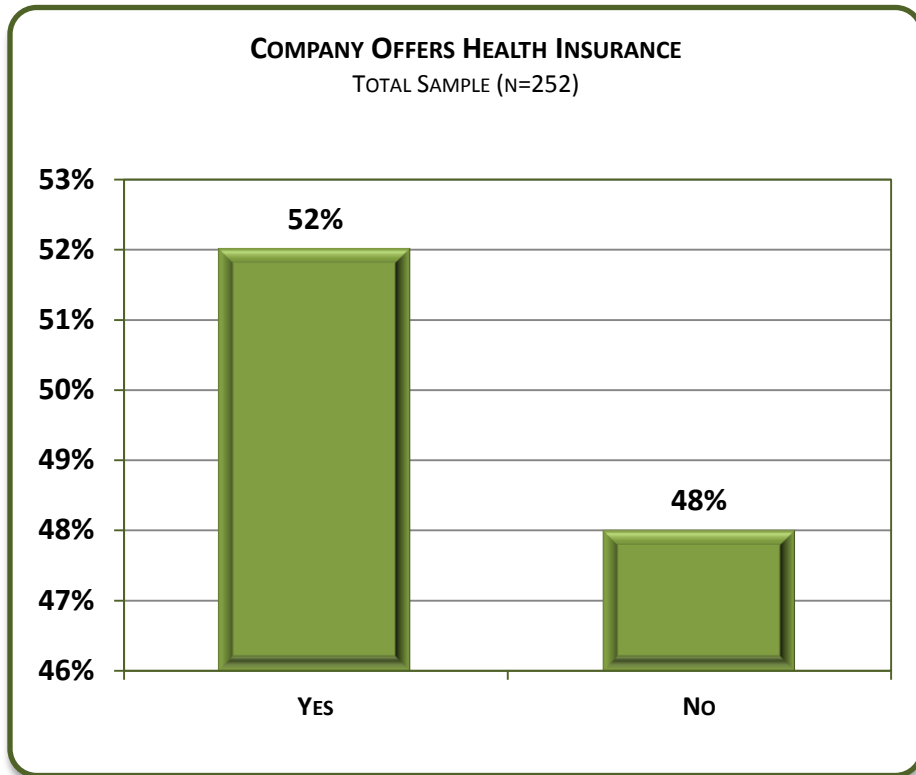
Sixteen employers could not or would not respond to this question.

Right Table

When business owners were asked the **average anticipated raise (as a percent of income per employee) for 2014**, 60% say raises will be *less than 2.00%*. Similar to the 2013 raise structure, 86% of employees are *likely to receive* a raise of 4.99% *or less* while 11% of employees may see raises of 5% *or more*.

The average anticipated pay raise among all employees for 2014 is 2.2%.

Forty-nine employers could not or would not respond to this question.

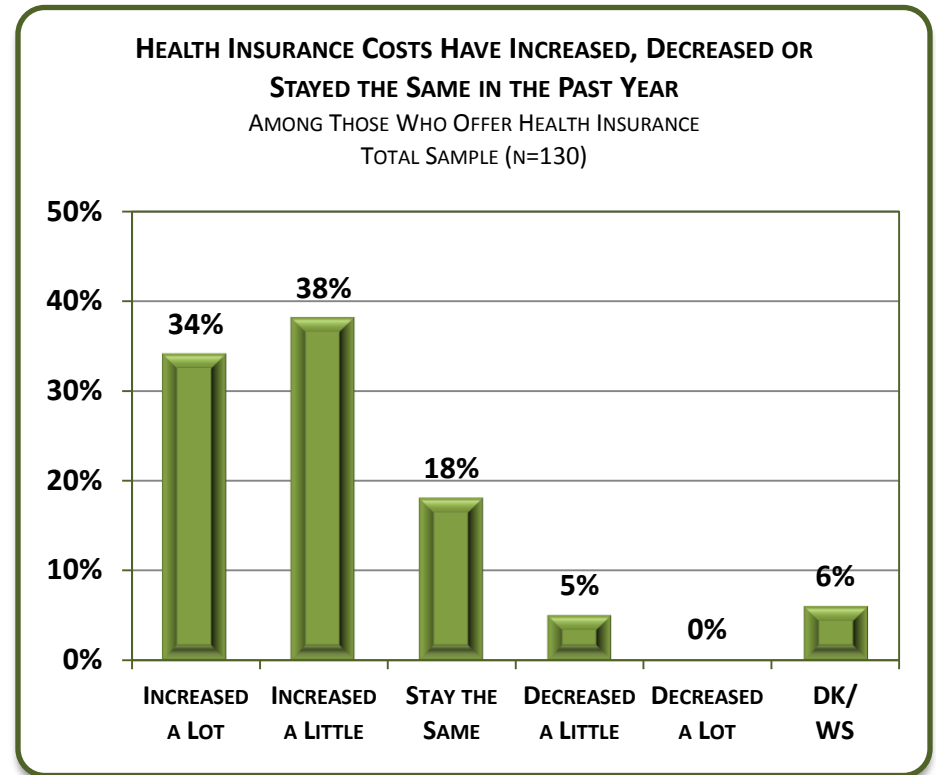


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Business owners who employ at least four employees were asked **whether or not their company offers healthcare to its employees**. Respondents were nearly split with the slight majority (52%) offering healthcare to employees. Companies with fifty or more employees were nearly twice as likely as companies with fewer than fifty employees to offer health insurance to staff (85% and 45% respectively).

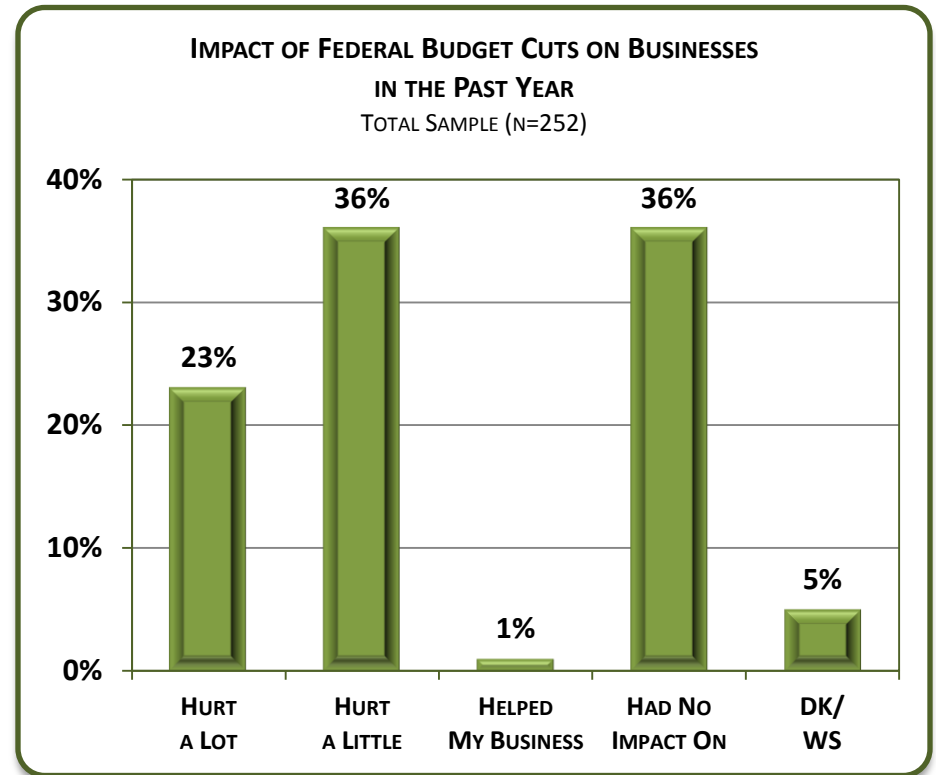
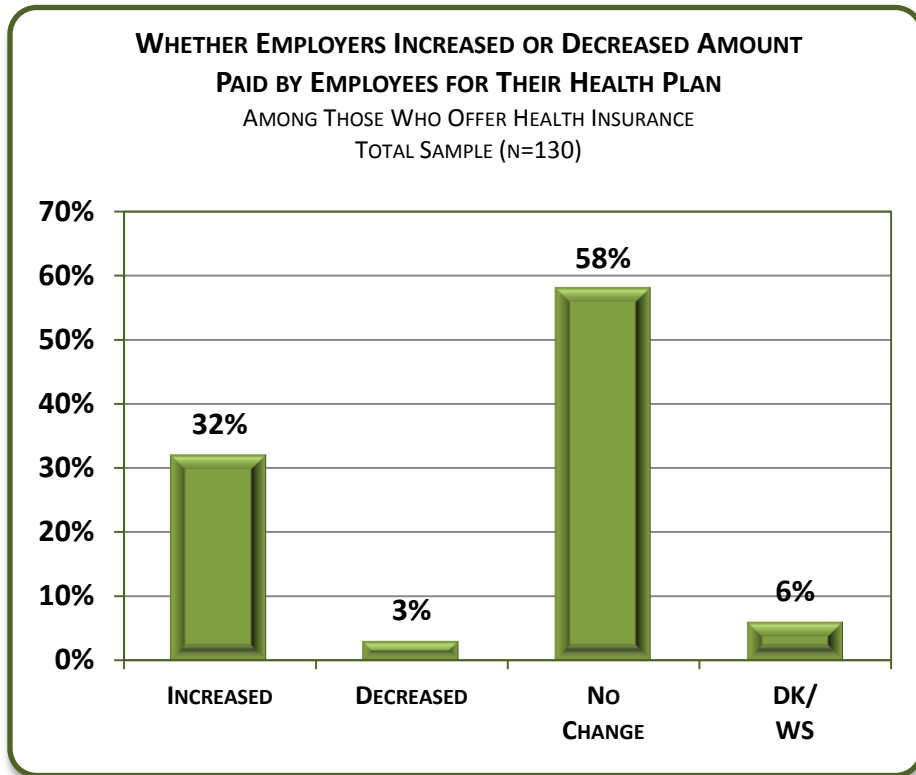
Furthermore, employees in the healthcare industry (67%) are nearly three times more likely than hospitality/entertainment/restaurants/media employees (24%) to receive health insurance.

Right Table



Business owners that offer employees health insurance were asked whether **their company's health care costs have increased a lot, increased a little, stayed about the same, decreased a little, or decreased a lot**.

Among business owners who offer health insurance, 34% say healthcare costs have *increased a lot*, approximately two-fifths (38%) say costs have increased a little, and another fifth (18%) say costs have *stayed about the same*. It should be noted that no (0%) business owners who offer health insurance say costs have *decreased a lot*.



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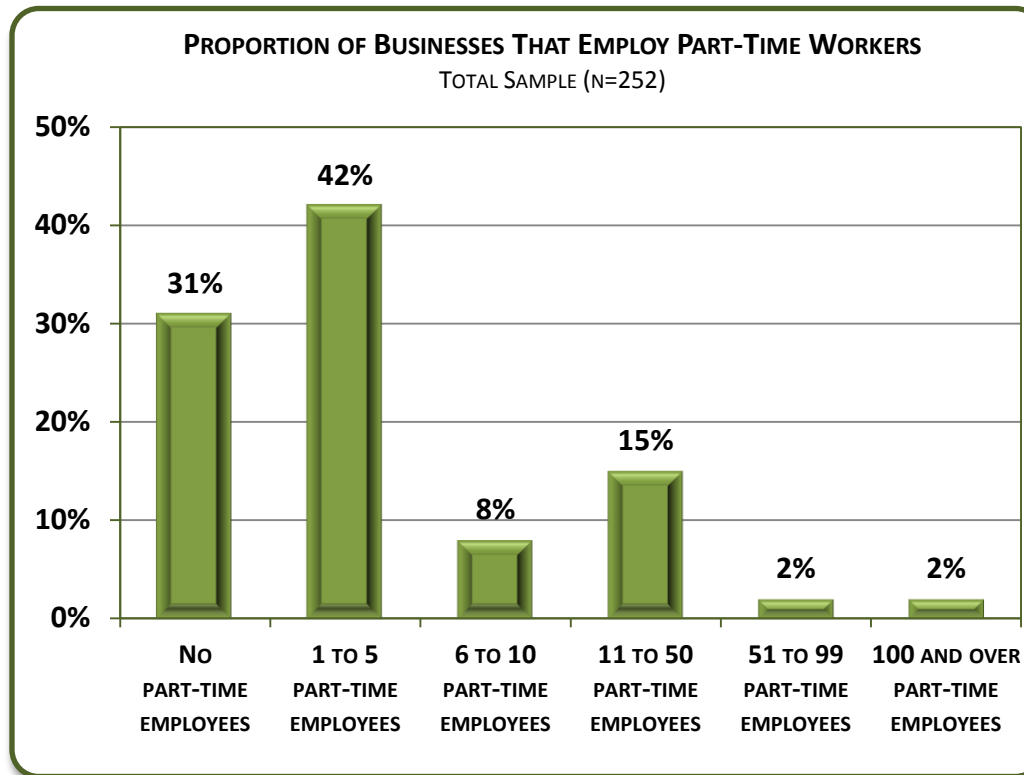
Business owners that offer health insurance were asked whether **they have increased, decreased, or made no changes to the amount that employees have to pay for their health plan.**

Among business owners who offer health insurance, the majority (58%) said they have made no changes to the amount that employees have to pay for their health plan. Only 3% of employers say they have decreased healthcare costs employees must pay.

Right Table

Business owners were asked if **federal budget cuts have hurt their business a lot, hurt their business a little, helped their business, or had no impact on their business.**

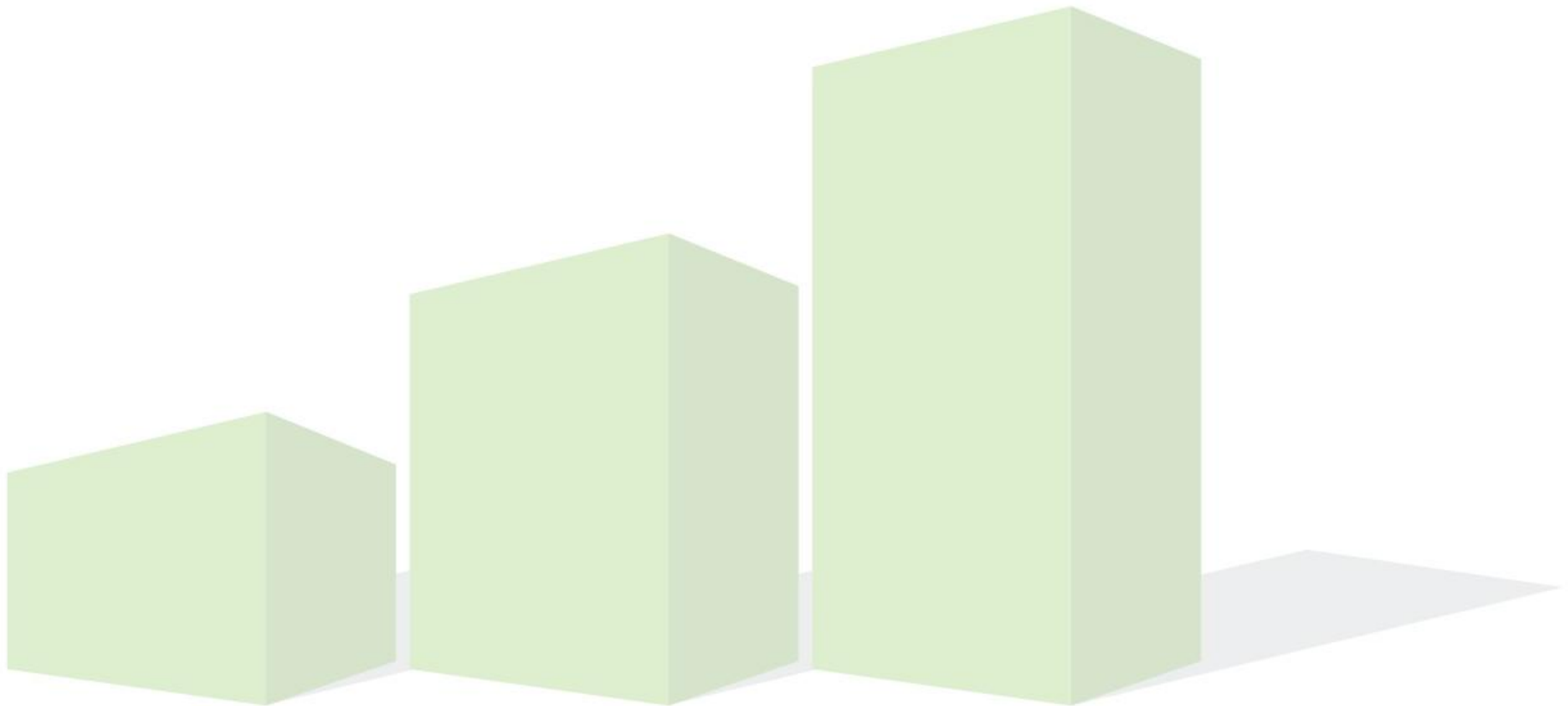
Three-fifths (59%) of business owners say that their business was hurt by budget cuts. In fact, 23% say budget cuts *hurt a lot* and approximately one-third (36%) of business owners say budget cuts have *hurt a little*.



Business owners were asked **how many of their employees work only part-time**. Approximately one-third (31%) of New Mexico businesses utilize full-time employment *only*. It should be noted that there is a *positive* correlation between the number of employees within an organization and the number of part-time employees. For example, among employers with less than 10 employees, 56% employ part-time workers, while employers with 100 employees or more, 93% employ part-time workers.

Further, within the hospitality/entertainment/restaurants/media (84%), agriculture/natural resources (93%), healthcare (82%), and retail/wholesale (79%) industries, business owners are more apt to hire part-time employees.

II. SUMMARY OF RESULTS



PROPORTION OF BUSINESSES THAT EMPLOY PART-TIME WORKERS

Question 2: How many of these employees work only part-time?

	Total Sample (n=252)	Number of Employees				
		Less than 10	10 to 19	20 to 49	50 to 99	100 and over
None	31%	43%	26%	30%	16%	7%
1 to 5	42%	50%	48%	26%	36%	27%
6 to 10	8%	6%	11%	13%	4%	0%
11 to 50	15%	0%	15%	30%	36%	27%
51 to 99	2%	0%	0%	0%	8%	13%
100 and over	2%	0%	0%	0%	0%	27%

BIGGEST OBSTACLES OR CHALLENGES FACING BUSINESSES IN NEW MEXICO
TOTAL SAMPLE (N=252)

Question 3: What do you feel are the biggest obstacles or challenges facing your business in New Mexico?

		Number of Employees				
		Less than 10	10 to 19	20 to 49	50 to 99	100 and over
Weak economy/slow economic growth	26%	32%	18%	26%	36%	7%
Lack of skilled, available local labor	15%	11%	11%	11%	40%	27%
State government regulations (in general)	11%	13%	6%	13%	8%	20%
Not enough customers/business	11%	12%	15%	11%	0%	0%
Federal government regulations (in general)	10%	12%	11%	9%	4%	7%
Health care costs	9%	6%	8%	13%	16%	7%
Lack of committed labor	6%	6%	5%	7%	4%	20%
Lack of consumer spending	6%	8%	5%	4%	4%	0%
Taxes too high (in general)	5%	6%	6%	2%	8%	0%
Lack of Federal funding/Federal budget cuts	5%	4%	3%	11%	0%	13%
Local government regulations (in general)	4%	7%	3%	4%	0%	0%
Domestic/local competition	4%	6%	3%	4%	0%	0%
Availability of financing/access to capital/loans	4%	4%	3%	7%	0%	0%
Gross receipts tax	2%	3%	2%	2%	0%	7%
Changes in wage rates/raise in minimum wage	2%	2%	5%	0%	0%	7%
State tax structures	2%	1%	3%	2%	0%	0%
Energy costs	2%	1%	5%	0%	0%	0%
City/State has poor image	2%	2%	2%	2%	0%	0%
Labor Department/unemployment	2%	1%	2%	0%	4%	7%
Lack of tourism	2%	1%	2%	2%	4%	0%
Seasonal work	2%	1%	0%	4%	4%	0%
Outstanding accounts payable	2%	0%	3%	0%	0%	13%
Lack of basic education skills	1%	2%	0%	2%	0%	0%
None/business is good	1%	2%	0%	0%	0%	7%
Building/rent/lease cost	1%	0%	0%	4%	0%	0%
Materials costs	1%	2%	0%	0%	0%	0%
Utility costs	1%	1%	2%	0%	0%	0%
Drug use/employees can't pass drug tests	1%	0%	0%	0%	4%	7%
Crime/vandalism	1%	1%	2%	0%	0%	0%
Too many people leaving state	1%	1%	0%	0%	0%	7%
Insurance costs/business related (fleet ins/malpractice/etc.)	1%	1%	2%	0%	0%	0%
Town too small to support business	1%	0%	2%	2%	0%	0%
Location	1%	1%	0%	2%	0%	0%
Affordable marketing/advertising	1%	2%	0%	0%	0%	0%
Not enough housing for employees	1%	1%	0%	0%	4%	0%

BIGGEST OBSTACLES OR CHALLENGES FACING BUSINESSES IN NEW MEXICO (CONTINUED)

TOTAL SAMPLE (N=252)

Question 3 (continued): What do you feel are the biggest obstacles or challenges facing your business in New Mexico?

		Number of Employees				
		Less than 10	10 to 19	20 to 49	50 to 99	100 and over
Local tax structures	0%	0%	0%	2%	0%	0%
State tax rates	0%	0%	2%	0%	0%	0%
Construction costs	0%	0%	2%	0%	0%	0%
Transportation costs	0%	0%	2%	0%	0%	0%
Foreign competition/Internet sales	0%	0%	2%	0%	0%	0%
Lack of adequate, available training for employees	0%	0%	0%	2%	0%	0%
Workers compensation	0%	0%	2%	0%	0%	0%
Corporate policies and/or decisions	0%	0%	0%	0%	0%	7%
Poor education system	0%	1%	0%	0%	0%	0%
Construction/road work impedes business	0%	0%	0%	2%	0%	0%
Environmental issues	0%	0%	2%	0%	0%	0%
Payroll taxes	0%	0%	2%	0%	0%	0%
Don't know/won't say	10%	9%	14%	9%	12%	7%

ECONOMIC STRENGTH OF NEW MEXICO RIGHT NOW

Question 4: How would you rate the strength of New Mexico's economy right now? Would you say the economy is excellent, good, fair, poor, or very poor?

	Total Sample (n=252)	Number of Employees				
		Less than 10	10 to 19	20 to 49	50 to 99	100 and over
Excellent	4%	7%	3%	2%	0%	7%
Good	19%	15%	22%	20%	24%	20%
Fair	47%	44%	49%	46%	56%	47%
Poor	21%	27%	22%	15%	12%	20%
Very poor	8%	8%	3%	17%	4%	0%
Don't know/won't say	1%	0%	2%	0%	4%	7%

ECONOMIC STRENGTH OF YOUR BUSINESS RIGHT NOW

Question 5: How would you rate the economic strength of your business right now? Would you say your business is doing excellent, good, fair, poor or very poor?

	Total Sample (n=252)	Number of Employees				
		Less than 10	10 to 19	20 to 49	50 to 99	100 and over
Excellent	12%	10%	12%	11%	12%	20%
Good	48%	44%	55%	43%	60%	47%
Fair	30%	32%	25%	41%	20%	20%
Poor	7%	9%	8%	4%	4%	7%
Very poor	2%	6%	0%	0%	0%	0%
Don't know/won't say	1%	0%	0%	0%	4%	7%

NUMBER OF EMPLOYERS WHOSE WORKFORCE INCREASED, DECREASED OR STAYED THE SAME OVER THE LAST 12 MONTHS

Question 6: Over the past 12 months, did your company increase, decrease, or did you keep the same number of employees in New Mexico? (Includes full and part-time)

	Total Sample (n=252)	Number of Employees				
		Less than 10	10 to 19	20 to 49	50 to 99	100 and over
Increased	19%	22%	15%	22%	16%	20%
Decreased	23%	28%	18%	22%	12%	33%
Kept the same number of employees	58%	50%	66%	57%	72%	47%

EMPLOYERS' PLANS TO INCREASE, DECREASE OR KEEP THE SAME NUMBER OF EMPLOYEES IN 2014

Question 7: Thinking of 2014, do you plan to increase, decrease or will you keep the same number of employees in New Mexico?

	Total Sample (n=252)	Number of Employees				
		Less than 10	10 to 19	20 to 49	50 to 99	100 and over
Increase	27%	24%	28%	30%	28%	33%
Decrease	3%	1%	3%	7%	8%	0%
Keep the same number of employees	66%	67%	68%	63%	64%	67%
Don't know/won't say	4%	8%	2%	0%	0%	0%

PERCENTAGE OF EMPLOYEES (WITHIN A COMPANY) THAT RECEIVED A PAY RAISE IN 2013

Question 8: Percent of Employees within a Company Who Received a Raise in 2013

	Total Sample (n=247)	Number of Employees				
		Less than 10	10 to 19	20 to 49	50 to 99	100 and over
None	28%	38%	21%	32%	12%	0%
1-19%	10%	4%	10%	16%	12%	29%
20-39%	17%	15%	24%	14%	20%	14%
40-59%	10%	12%	13%	2%	8%	7%
60-79%	5%	6%	5%	2%	8%	0%
80-100%	31%	26%	29%	34%	40%	50%

AVERAGE RAISE OF EMPLOYEES (WITHIN A COMPANY) IN 2013

AMONG THOSE WHO COULD/WOULD ANSWER THE QUESTION

Question 9: Average Raise in 2013 for Employees within a Company, as a Percent of Income

	Total Responses (n=223)	Number of Employees				
		Less than 10	10 to 19	20 to 49	50 to 99	100 and over
None	30%	39%	24%	36%	13%	0%
Less than 1%	13%	8%	16%	15%	9%	33%
1-1.99%	13%	9%	15%	8%	35%	22%
2-2.99%	13%	11%	7%	13%	26%	22%
3-3.99%	11%	9%	15%	10%	13%	11%
4-4.99%	6%	2%	15%	8%	0%	0%
5-5.99%	4%	5%	4%	3%	0%	0%
6-7.99%	3%	5%	2%	0%	0%	0%
8-9.99%	2%	3%	0%	3%	4%	0%
10% and over	5%	7%	4%	5%	0%	11%

PERCENTAGE OF EMPLOYEES (WITHIN A COMPANY) ANTICIPATED TO RECEIVE A PAY RAISE IN 2014
 AMONG THOSE WHO REPORTED THAT EMPLOYEES RECEIVED A RAISE AND A PERCENT INCREASE

Question 10: Percent of Employees within a Company Anticipated to Receive a Raise in 2014

	Total Responses (n=236)	Number of Employees				
		Less than 10	10 to 19	20 to 49	50 to 99	100 and over
None	30%	41%	24%	30%	14%	7%
1-19%	8%	4%	3%	16%	5%	27%
20-39%	16%	13%	19%	16%	24%	7%
40-59%	12%	11%	19%	5%	10%	13%
60-79%	3%	3%	5%	2%	0%	7%
80-100%	31%	28%	29%	32%	48%	40%

AVERAGE ANTICIPATED PAY RAISE IN 2014
 AMONG THOSE WHO COULD/WOULD ANSWER THE QUESTION

Question 11: Average Anticipated Raise in 2014 for Employees within a Company, as a Percent of Income

	Total Responses (n=203)	Number of Employees				
		Less than 10	10 to 19	20 to 49	50 to 99	100 and over
None	34%	44%	30%	34%	17%	9%
Less than 1%	10%	4%	11%	13%	17%	27%
1-1.99%	16%	13%	17%	11%	28%	27%
2-2.99%	14%	10%	21%	11%	22%	18%
3-3.99%	9%	9%	9%	13%	11%	0%
4-4.99%	3%	1%	4%	8%	0%	9%
5-5.99%	6%	10%	4%	5%	0%	0%
6-7.99%	2%	4%	0%	3%	0%	0%
8-9.99%	0%	0%	0%	0%	6%	0%
10% and over	3%	3%	4%	3%	0%	9%

COMPANY OFFERS HEALTH INSURANCE

Question 12: Does your company offer health insurance to its employees?

	Total Sample (n=252)	Number of Employees				
		Less than 10	10 to 19	20 to 49	50 to 99	100 and over
Yes (all or some)	52%	38%	51%	54%	80%	93%
No	48%	62%	49%	43%	20%	7%
Don't know/won't say	0%	0%	0%	2%	0%	0%

HEALTH INSURANCE COSTS HAVE INCREASED, DECREASED OR STAYED THE SAME IN THE PAST YEAR

AMONG THOSE WHO OFFER HEALTH INSURANCE

Question 13: Over the past year, have your company's health insurance costs increased a lot, increased a little, stayed about the same, decreased a little, or decreased a lot?

	Total Responses (n=130)	Number of Employees				
		Less than 10	10 to 19	20 to 49	50 to 99	100 and over
Increased a lot	34%	34%	48%	28%	10%	43%
Increased a little	38%	26%	33%	32%	70%	43%
Stayed about the same	18%	26%	15%	24%	5%	7%
Decreased a little	5%	5%	0%	8%	5%	7%
Don't know/won't say	6%	8%	3%	8%	10%	0%

WHETHER EMPLOYERS INCREASED OR DECREASED AMOUNT PAID BY EMPLOYEES FOR THEIR HEALTH PLAN
 AMONG THOSE WHO OFFER HEALTH INSURANCE

Question 14: In the past year, have you increased, decreased or made no changes to the amount that employees have to pay for their health plan?

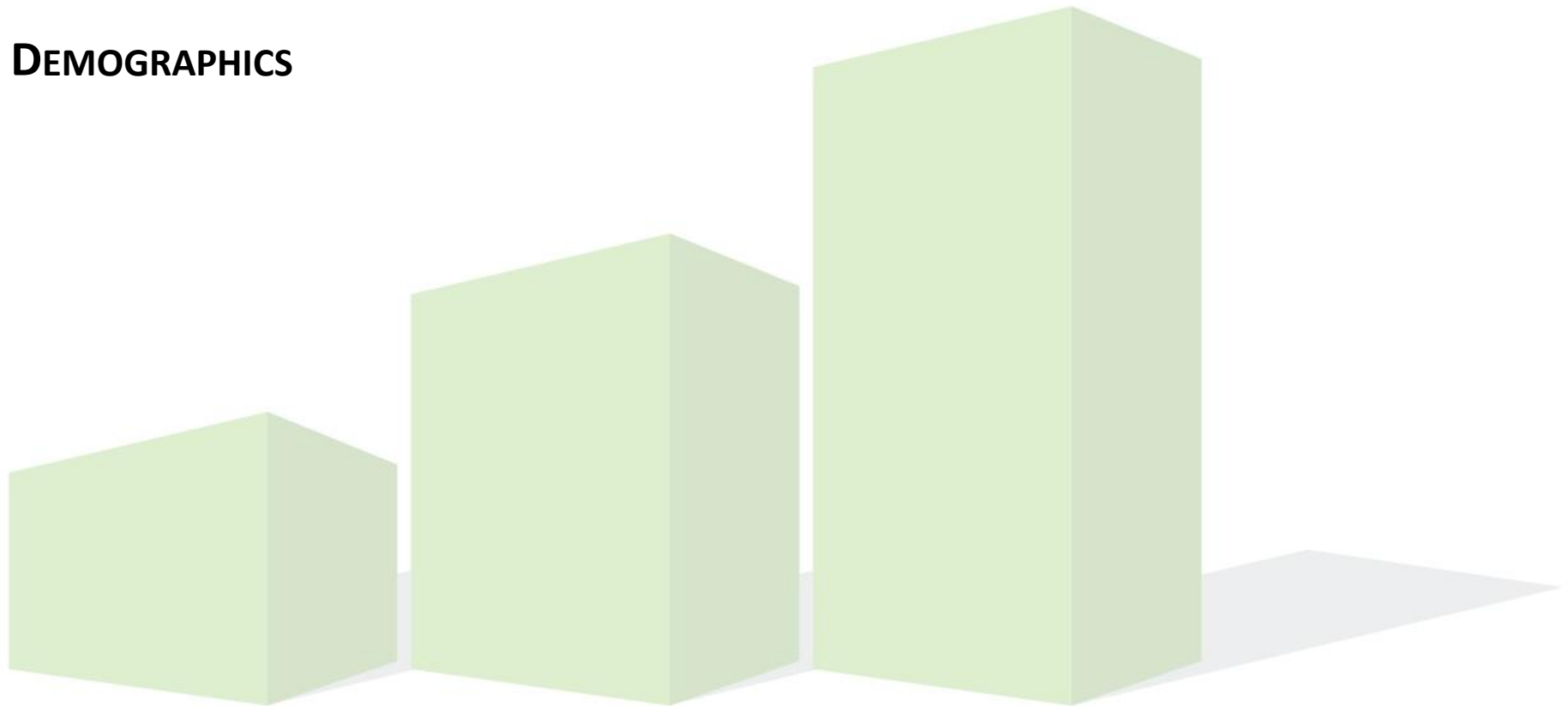
	Total Responses (n=130)	Number of Employees				
		Less than 10	10 to 19	20 to 49	50 to 99	100 and over
Increased	32%	18%	30%	44%	35%	50%
Decreased	3%	5%	0%	8%	0%	0%
Made no changes	58%	68%	70%	44%	55%	36%
Don't know/won't say	6%	8%	0%	4%	10%	14%

IMPACT OF FEDERAL BUDGET CUTS ON BUSINESSES IN THE PAST YEAR

Question 15: How have federal budget cuts impacted your business in New Mexico in the past year? Would you say the cuts have hurt your business a lot, hurt your business a little, helped your business, or had no impact on your business?

	Total Sample (n=252)	Number of Employees				
		Less than 10	10 to 19	20 to 49	50 to 99	100 and over
Hurt a lot	23%	24%	22%	24%	16%	27%
Hurt a little	36%	33%	32%	48%	28%	47%
Helped my business	1%	1%	2%	0%	0%	0%
Had no impact on	36%	37%	37%	28%	48%	27%
Don't know/won't say	5%	6%	8%	0%	8%	0%

III. DEMOGRAPHICS



DEMOGRAPHICS

TOTAL SAMPLE (N=252)

STRATIFIED RANDOM SAMPLE BASED ON EMPLOYEE SIZE

NUMBER OF EMPLOYEES

4 to 9 employees	40%
10 to 19 employees	26%
20 to 49 employees	18%
50 to 99 employees	10%
100 employees and over	6%

COUNTY BUSINESS IS LOCATED IN

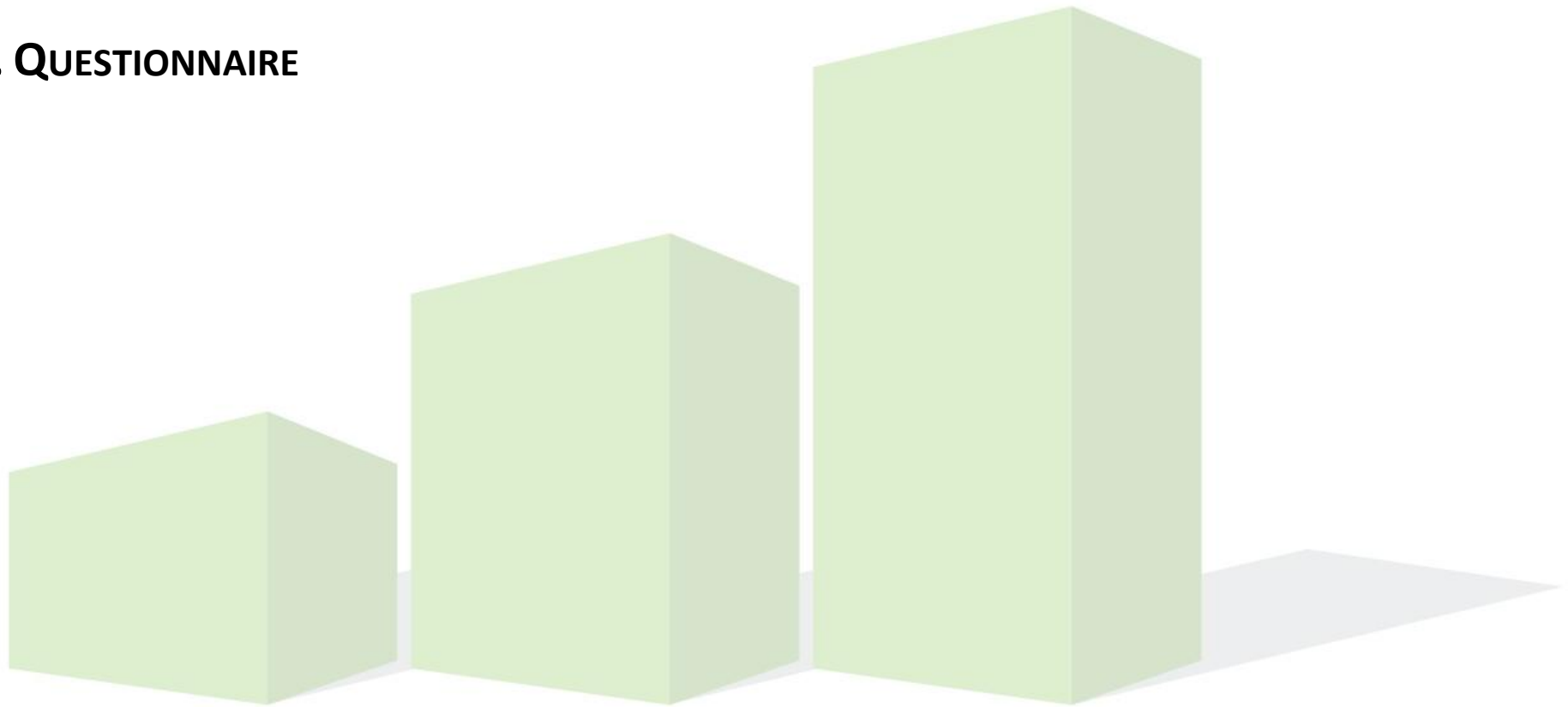
Bernalillo	31%
San Juan	10%
Dona Ana	8%
Lea	6%
Santa Fe	5%
Eddy	5%
Taos	5%
Curry	4%
McKinley	4%
Otero	4%
Chaves	3%
Sandoval	3%
Colfax	2%
Grant	2%
Valencia	2%
Lincoln	1%
Quay	1%
Rio Arriba	1%
Roosevelt	1%
San Miguel	1%
Sierra	1%
Hidalgo	*
Los Alamos	*
Luna	*

TYPE OF INDUSTRY

Retail & wholesale trade	23%
Professional services	21%
Hospitality/entertainment/restaurants/media	15%
Health care	13%
Real estate, finance, insurance or management services	8%
Construction and environmental	8%
Professional scientific and technical services	6%
Oil, gas, utilities, mining	6%
Manufacturing	3%
Agriculture & natural resources	2%
Food service industry/food processing	2%
Non-profit/community service	2%
School services/education services	1%

Note: To qualify for survey, business must employ at least 4 employees (Full or Part-time)

IV. QUESTIONNAIRE



BUSINESS CLIMATE SURVEY
JANUARY 2014
FINAL
N=250 BUSINESSES STATEWIDE NEW MEXICO

HELLO, MY NAME IS (YOUR NAME) FROM RESEARCH & POLLING, INC. WE ARE CALLING ON BEHALF OF MEMBERS OF THE NEW MEXICO BUSINESS COMMUNITY TO CONDUCT AN IMPORTANT SURVEY CONCERNING THE BUSINESS CLIMATE IN THE STATE. THE RESULTS WILL BE SHARED WITH THE NM LEGISLATURE. I ASSURE YOU I AM NOT SELLING ANYTHING. YOUR COMPANY/ORGANIZATION WAS SELECTED AT RANDOM, AND WE WOULD GREATLY APPRECIATE A FEW MINUTES OF YOUR TIME. YOUR INDIVIDUAL RESPONSES WILL REMAIN CONFIDENTIAL AND YOU WILL REMAIN ANONYMOUS. (POLLER CLARIFY ONLY IF NECESSARY: THIS STUDY IS BEING HEADED UP BY THE GREATER ALBUQUERQUE CHAMBER OF COMMERCE)

A. MAY I SPEAK TO/ARE YOU THE INDIVIDUAL WITHIN YOUR COMPANY/ORGANIZATION WHO IS THE MOST KNOWLEDGEABLE ABOUT HIRING AND BUSINESS PLANNING?

(POLLER NOTE: MAKE SURE YOU ARE TALKING TO THE PERSON RESPONSIBLE FOR HIRING.

IF THIS IS A FRANCHISE AND THE PERSON RESPONSIBLE FOR HIRING IS AT A REGIONAL OR CORPORATE OFFICE ASK FOR THEIR NAME AND NUMBER, THIS PERSON SHOULD BE RESPONSIBLE FOR HIRING IN NEW MEXICO.)

1. YES (CONTINUE)
2. NO (ASK TO SPEAK TO ONE OF THE INDIVIDUALS RESPONSIBLE FOR MAKING DECISIONS – REPEAT INTRO OR ASK FOR A BETTER TIME TO CALL BACK)

1. INCLUDING YOURSELF, HOW MANY EMPLOYEES IN TOTAL DO YOU CURRENTLY EMPLOY IN NEW MEXICO?

(POLLER NOTE: THIS IS ALL EMPLOYEES, FULL AND PART-TIME, AND SHOULD INCLUDE THE OWNER WHEN APPROPRIATE)

0001, 0002 OR 0003 EMPLOYEES (THANK AND TERMINATE)

____ NUMBER OF EMPLOYEES (EXACT RESPONSE, PLEASE USE 4 DIGITS)

9998. 9998 OR MORE

9999. DON'T KNOW/WON'T SAY (THANK AND TERMINATE)

2. HOW MANY OF THESE EMPLOYEES WORK ONLY PART-TIME?

(POLLER NOTE: THIS IS ALL EMPLOYEES AND SHOULD INCLUDE THE OWNER WHEN APPROPRIATE)

0000. NONE, ALL WORK FULL-TIME

____ NUMBER OF PART-TIME EMPLOYEES (EXACT RESPONSE, PLEASE USE 4 DIGITS)

9998. 9998 OR MORE

9999. DON'T KNOW/WON'T SAY (MAKE SURE YOU ARE TALKING TO THE RIGHT PERSON)

3. WHAT DO YOU FEEL ARE THE BIGGEST OBSTACLES OR CHALLENGES FACING YOUR BUSINESS IN NEW MEXICO? (DO NOT READ) (TAKE UP TO THREE RESPONSES)

ECONOMY

- 001. POOR/WEAK ECONOMY
- 002. SLOW ECONOMIC GROWTH
- 003. NOT ENOUGH CUSTOMERS/BUSINESS
- 004. LACK OF CONSUMER SPENDING

TAXES

- 005. STATE TAX STRUCTURES
- 006. LOCAL TAX STRUCTURES
- 007. GROSS RECEIPTS TAX
- 008. STATE TAX RATES
- 009. LOCAL TAX RATES
- 010. TAXES TOO HIGH (IN GENERAL)

COSTS

- 011. BUILDING/RENT/LEASE COST
- 012. HEALTH CARE COSTS
- 013. CONSTRUCTION COSTS
- 014. MATERIALS COST
- 015. TRANSPORTATION COSTS
- 016. UTILITY COSTS
- 017. ENERGY COSTS

REGULATIONS

- 018. FEDERAL GOVERNMENT REGULATIONS (IN GENERAL)
- 019. LOCAL GOVERNMENT REGULATIONS/OBSTACLES
- 020. STATE GOVERNMENT REGULATIONS/OBSTACLES

FINANCING/FUNDING

- 021. AVAILABILITY OF FINANCING/ACCESS TO CAPITAL/LOANS
- 022. LACK OF FEDERAL FUNDING/FEDERAL BUDGET CUTS

COMPETITION

- 023. DOMESTIC/LOCAL COMPETITION
- 024. FOREIGN COMPETITION

LABOR MARKET

- 025. LACK OF SKILLED, AVAILABLE LOCAL LABOR
- 026. LACK OF COMMITTED LABOR
- 027. LACK OF BASIC EDUCATION SKILLS
- 028. LACK OF ADEQUATE, AVAILABLE TRAINING FOR EMPLOYEES
- 029. CHANGES IN WAGE RATES/RAISE IN MINIMUM WAGE
- 030. WORKERS COMPENSATION
- 031. DRUG USE/EMPLOYEES CAN'T PASS DRUG TESTS

RESOURCES

- 032. POTENTIAL RESTRICTIONS ON WATER USAGE
- 033. RAW MATERIAL SHORTAGE

MISCELLANEOUS

- 034. TECHNOLOGICAL CHANGES ADVERSELY AFFECTING INDUSTRY
- 035. RENOVATIONS OR EXPANSION RELATED ISSUES
- 036. CORPORATE POLICIES AND/OR DECISIONS
- 037. CRIME/VANDALISM
- 038. TELECOMMUNICATIONS INFRASTRUCTURE
- 039. POOR EDUCATION SYSTEM
- 040. TOO MANY PEOPLE LEAVING STATE
- 041. STATE BUDGET CUTS
- 042. CITY/STATE HAS POOR IMAGE
- 500. DON'T KNOW/WON'T SAY

OTHER (SPECIFY) _____

4. HOW WOULD YOU RATE THE STRENGTH OF NEW MEXICO'S ECONOMY RIGHT NOW? WOULD YOU SAY THE ECONOMY IS EXCELLENT, GOOD, FAIR, POOR, OR VERY POOR?

- | | |
|--------------|-------------------------|
| 5. EXCELLENT | 2. POOR |
| 4. GOOD | 1. VERY POOR |
| 3. FAIR | 6. DON'T KNOW/WON'T SAY |

5. HOW WOULD YOU RATE THE ECONOMIC STRENGTH OF YOUR BUSINESS RIGHT NOW? WOULD YOU SAY YOUR BUSINESS IS DOING EXCELLENT, GOOD, FAIR, POOR, OR VERY POOR?

- | | |
|--------------|-------------------------|
| 5. EXCELLENT | 2. POOR |
| 4. GOOD | 1. VERY POOR |
| 3. FAIR | 6. DON'T KNOW/WON'T SAY |

6. OVER THE PAST 12 MONTHS DID YOUR COMPANY INCREASE, DECREASE, OR DID YOU KEEP THE SAME NUMBER OF EMPLOYEES IN NEW MEXICO? (INCLUDES FULL AND PART-TIME)

- | | |
|--------------|--------------------------------------|
| 1. INCREASED | 3. KEPT THE SAME NUMBER OF EMPLOYEES |
| 2. DECREASED | 4. DON'T KNOW/WON'T SAY |

7. THINKING OF 2014, DO YOU PLAN TO INCREASE, DECREASE, OR WILL YOU KEEP THE SAME NUMBER OF EMPLOYEES IN NEW MEXICO?

- 1. INCREASE
- 2. DECREASE
- 3. KEEP THE SAME NUMBER OF EMPLOYEES
- 4. DON'T KNOW/WON'T SAY

8. HOW MANY OF YOUR NEW MEXICO EMPLOYEES (TOTAL EMPLOYEES) RECEIVED A PAY RAISE IN 2013, IF ANY?

0000. NONE (SKIP TO Q.10)

____ ____ ____ ____ NUMBER OF EMPLOYEES (EXACT RESPONSE, PLEASE USE 4 DIGITS)

9998. 9998 OR MORE

9999. DON'T KNOW/WON'T SAY (IF UNSURE OF EXACT NUMBER, ASK WHAT PERCENTAGE OF THEIR NEW MEXICO EMPLOYEES RECEIVED A RAISE AND ENTER BELOW)

____ ____ ____ % (ENTER PERCENTAGE HERE, IF UNSURE OF EXACT NUMBER, USE 3 DIGITS)

9. AS A PERCENTAGE, WHAT WAS THE AVERAGE SALARY INCREASE FOR THE EMPLOYEES WHO RECEIVED A RAISE?

____ ____ ____ % (ENTER PERCENTAGE HERE, USE 3 DIGITS)

999. DON'T KNOW/WON'T SAY

10. HOW MANY OF YOUR NEW MEXICO EMPLOYEES (TOTAL EMPLOYEES) DO YOU ANTICIPATE WILL RECEIVE A PAY RAISE IN 2014, IF ANY?

0000. NONE (SKIP TO Q.12)

____ ____ ____ ____ NUMBER OF EMPLOYEES (EXACT RESPONSE, PLEASE USE 4 DIGITS)

9998. 9998 OR MORE

9999. DON'T KNOW/WON'T SAY (IF UNSURE OF EXACT NUMBER, ASK WHAT PERCENTAGE OF NEW MEXICO EMPLOYEES WILL RECEIVE A RAISE AND ENTER BELOW)

____ ____ ____ % (ENTER PERCENTAGE HERE, IF UNSURE OF EXACT NUMBER, USE 3 DIGITS)

11. AS A PERCENTAGE, WHAT DO YOU ANTICIPATE WILL BE THE AVERAGE SALARY INCREASE FOR EMPLOYEES WHO WILL RECEIVE A RAISE?

____ ____ ____ % (ENTER PERCENTAGE HERE, USE 3 DIGITS)

999. DON'T KNOW/WON'T SAY

12. DOES YOUR COMPANY OFFER HEALTH INSURANCE TO ITS EMPLOYEES?

1. YES (ALL OR SOME)

2. NO (SKIP TO Q.15)

3. DON'T KNOW/WON'T SAY (SKIP TO Q.15)

13. OVER THE PAST YEAR, HAVE YOUR COMPANY'S HEALTH INSURANCE COSTS INCREASED A LOT, INCREASED A LITTLE, STAYED ABOUT THE SAME, DECREASED A LITTLE, OR DECREASED A LOT?

1. INCREASED A LOT

2. INCREASED A LITTLE

3. STAYED ABOUT THE SAME

4. DECREASED A LITTLE

5. DECREASED A LOT

6. DON'T KNOW/WON'T SAY

14. IN THE PAST YEAR HAVE YOU INCREASED, DECREASED, OR MADE NO CHANGES TO THE AMOUNT THAT EMPLOYEES HAVE TO PAY FOR THEIR HEALTH PLAN?

1. INCREASED
2. DECREASED
3. MADE NO CHANGES
4. DON'T KNOW/WON'T SAY

15. HOW HAVE FEDERAL BUDGET CUTS IMPACTED YOUR BUSINESS IN NEW MEXICO IN THE PAST YEAR? WOULD YOU SAY THE CUTS HAVE HURT YOUR BUSINESS A LOT, HURT YOUR BUSINESS A LITTLE, HELPED YOUR BUSINESS, OR HAD NO IMPACT ON YOUR BUSINESS?

1. HURT A LOT
2. HURT A LITTLE
3. HELPED MY BUSINESS
4. HAD NO IMPACT ON
5. DON'T KNOW/WON'T SAY

16. IN WHAT COUNTY IS THIS BUSINESS (BRANCH) LOCATED? (DO NOT READ CATEGORIES) (TAKE ONE RESPONSE ONLY)

- | | | |
|----------------|----------------|----------------|
| 01. BERNALILLO | 12. HARDING | 23. ROOSEVELT |
| 02. CATRON | 13. HIDALGO | 24. SAN JUAN |
| 03. CHAVES | 14. LEA | 25. SAN MIGUEL |
| 04. CIBOLA | 15. LINCOLN | 26. SANDOVAL |
| 05. COLFAX | 16. LOS ALAMOS | 27. SANTA FE |
| 06. CURRY | 17. LUNA | 28. SIERRA |
| 07. DE BACA | 18. MCKINLEY | 29. SOCORRO |
| 08. DONA ANA | 19. MORA | 30. TAOS |
| 09. EDDY | 20. OTERO | 31. TORRANCE |
| 10. GRANT | 21. QUAY | 32. UNION |
| 11. GUADALUPE | 22. RIO ARRIBA | 33. VALENCIA |

99. DON'T KNOW/WON'T SAY (ENTER COUNTY ON LIST)

17. WHAT TYPE OF INDUSTRY IS YOUR ORGANIZATION INVOLVED IN? (DO NOT READ CATEGORIES) (TAKE UP TO TWO RESPONSES)

- | | |
|--|---|
| 001. HOSPITALITY/ENTERTAINMENT/RESTAURANTS | 006. PROFESSIONAL SCIENTIFIC AND TECHNICAL SERVICES |
| 002. AGRICULTURE & NATURAL RESOURCES | 007. REAL ESTATE, FINANCE, INSURANCE, MANAGEMENT SERVICES |
| 003. OIL, GAS, UTILITIES, MINING | 008. RETAIL & WHOLESALE TRADE |
| 004. HEALTH CARE | 009. PROFESSIONAL SERVICES |
| 005. MANUFACTURING | 500. DON'T KNOW/WON'T SAY |

OTHER (SPECIFY) _____

THIS CONCLUDES OUR SURVEY. THANK YOU FOR YOUR TIME. HAVE A GOOD DAY.

SURVEY CODE _____

CONTACT NAME _____

COMPANY NAME _____

PHONE NUMBER _____

INTERVIEWER NAME: _____

INTERVIEWER CODE: _____