2015 Economic Climate Study

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Sponsors:

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CROWN AMERICAN HOTELS

Background

- 22nd year
- Objectives:
  - *To fill a major gap in economic data*
    - Some of this data is not available for our region…
    - …or is available *after* the fact
  - *To measure **your** attitudes about the **future***
    - Based on *your* responses--not an economist's
  - *To track and compare data over time*

New This Year

- Quality of Life
  - *Comparisons to Pittsburgh*
  - *Important factors*
- Capital Spending
  - *Sources of capital funds*
- Health Care
  - *Employee cost sharing*
  - *Deductible amounts*

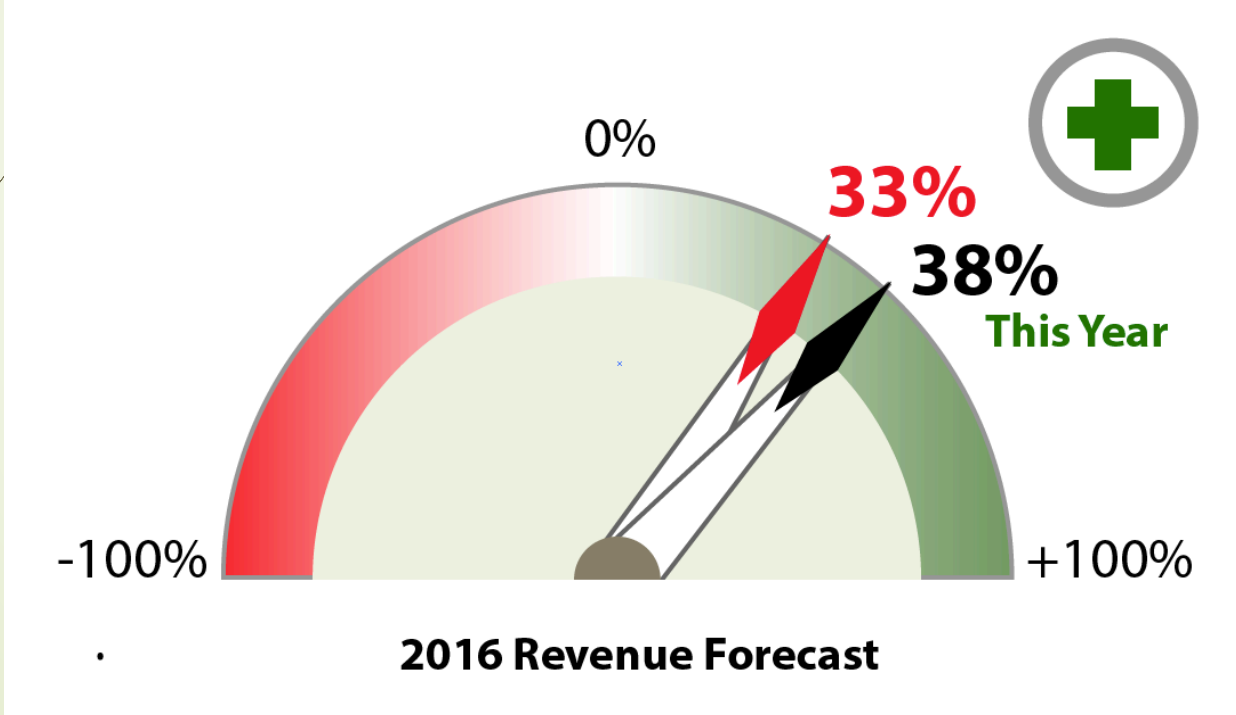
Method

- Mail and Online Questionnaire
  - *42% completed questionnaire online (vs. 22% last year)*
- Population: 637 Chamber members
  - *Greater Johnstown/Cambria County*
- Response Rate: 21%
  - *Up from 16% last year*
- Sample = 134
  - *3.9% of all businesses in Cambria County (3,434)*
    - *Sampling error estimate: +/- 8.3% for all businesses sample*
    - *Sampling error estimate: +/- 7.5% for Chamber member sample*

Sources: US Census Bureau, 2012 total firms with employees; DSS Research Error Estimate Calculator, 2015

2016 Revenue Forecast

- 38% project real growth *(3%+)*
  - *Up slightly from last year (33%)*

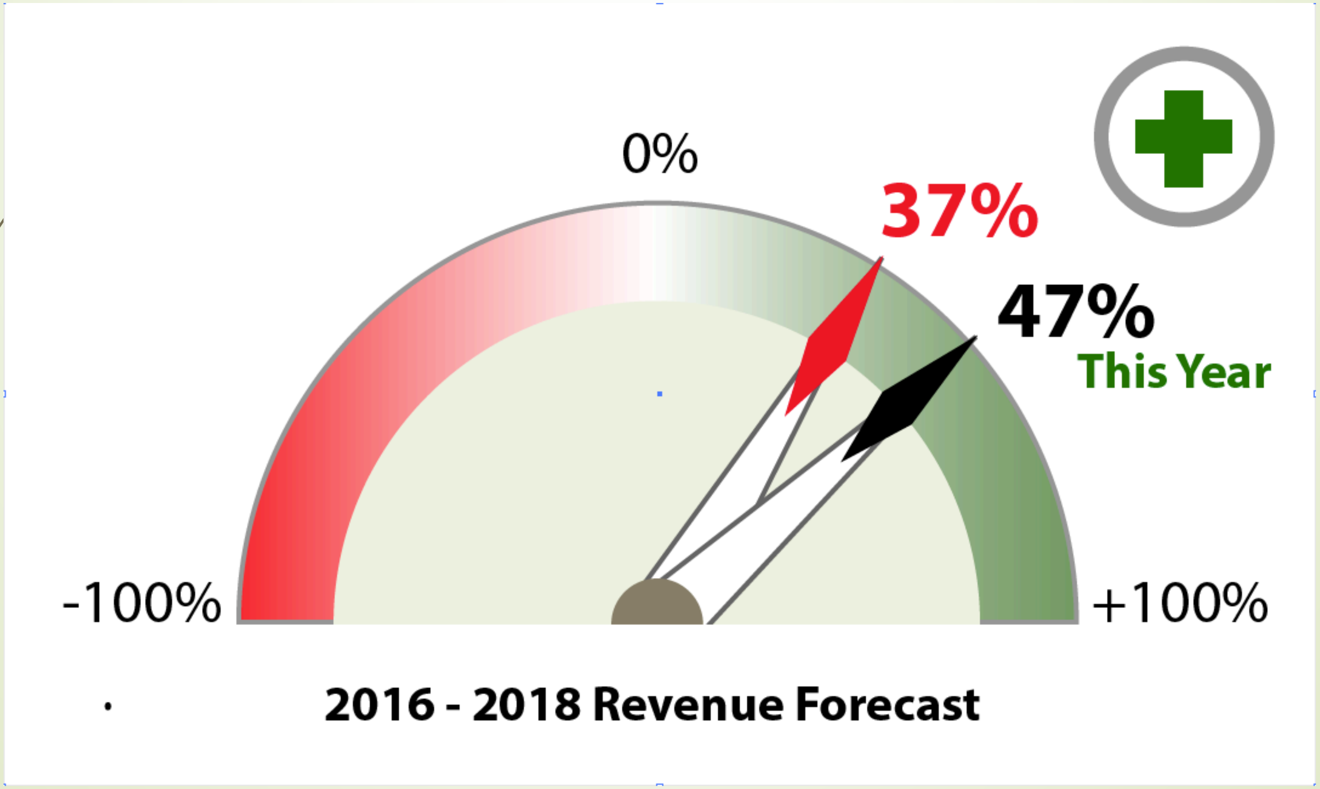


Reality Check:
PA study: 39% project some increase in 2016

Source: Pennsylvania Chamber of Business and Industry, 2015

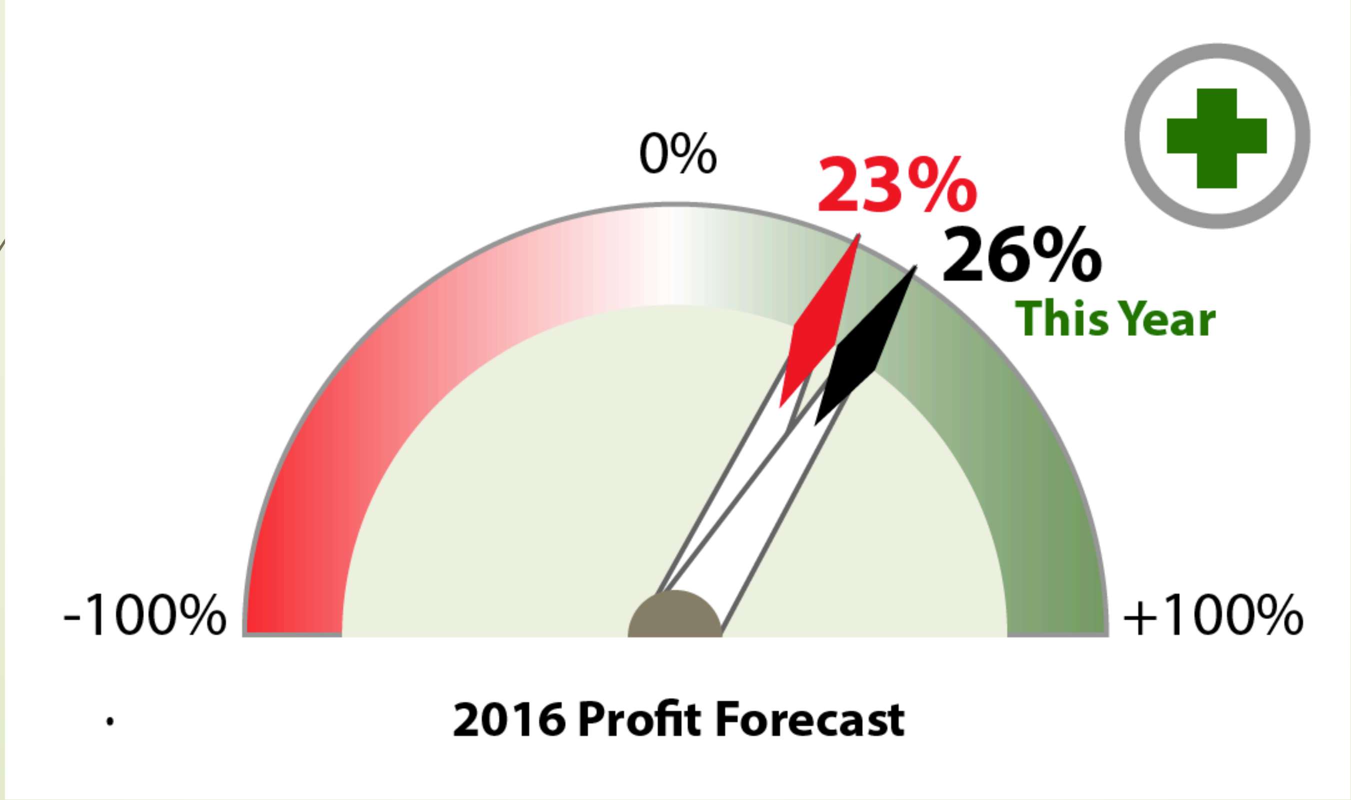
2016-18 Revenue Forecast

- Big increase in 3-year outlook
  - *47% project real growth (3%+) vs. 37% last year*



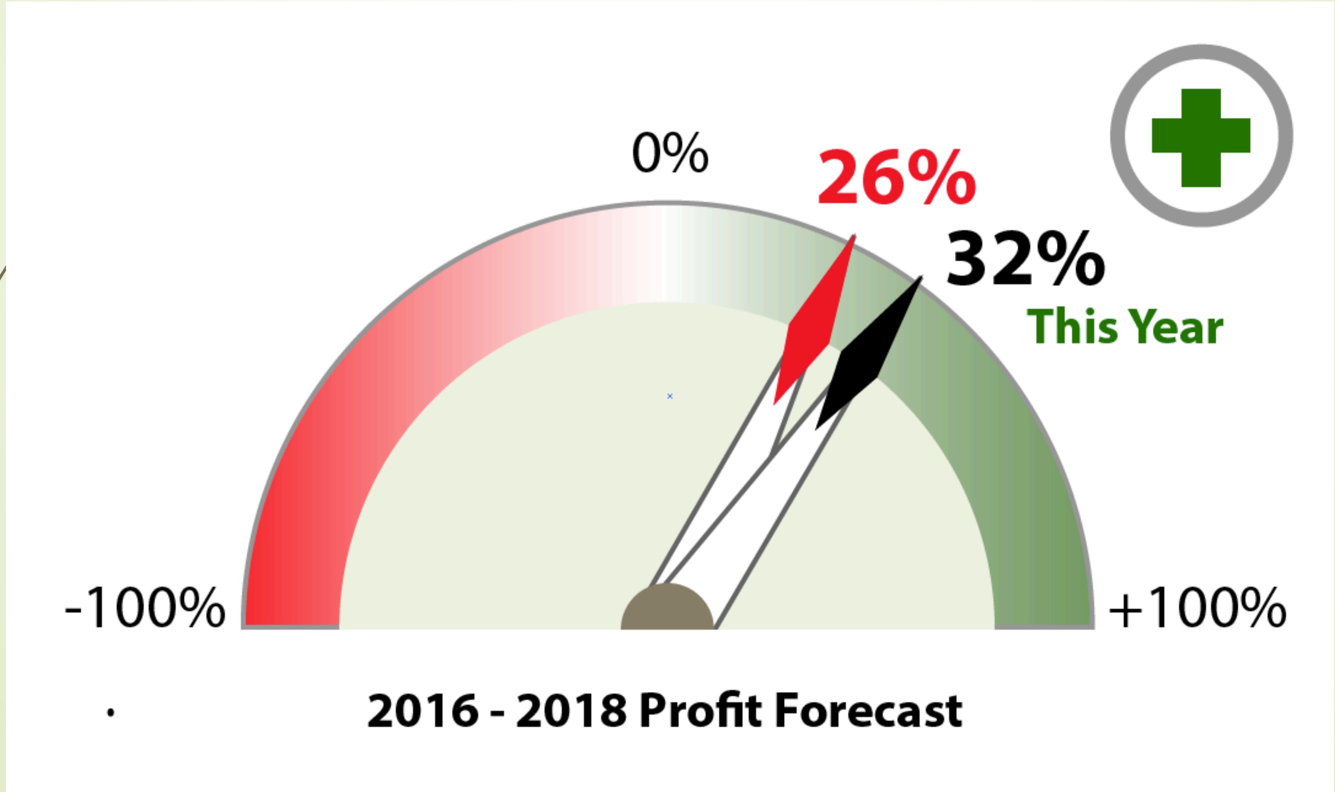
2016 Profit Forecast

- 26% project real growth (3%+)
  - *Up slightly from last year (23%)*



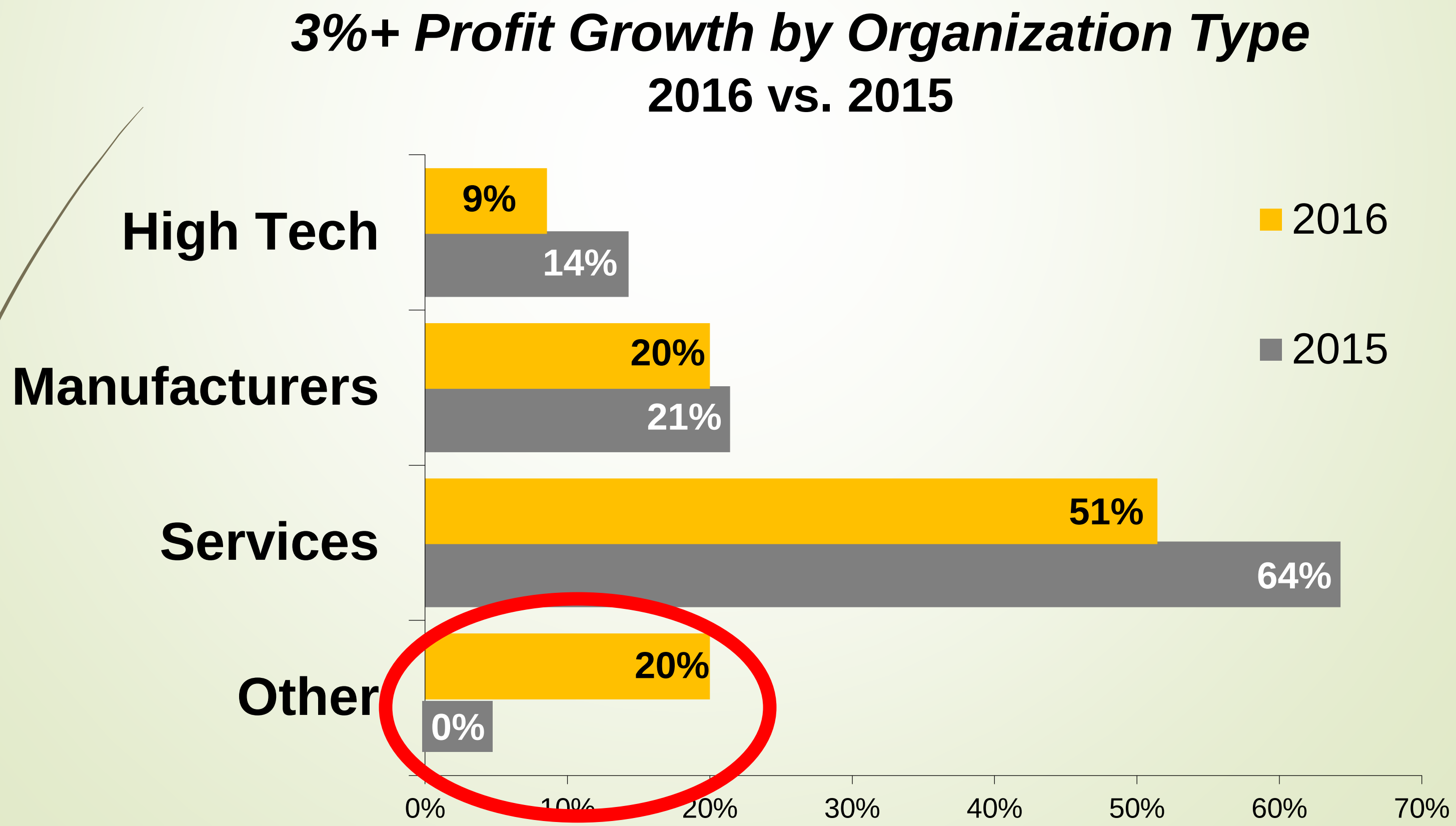
2016-18 Profit Forecast

- 3-year outlook is bit stronger than last year
  - *32% project real growth (3%+) vs. 26%*



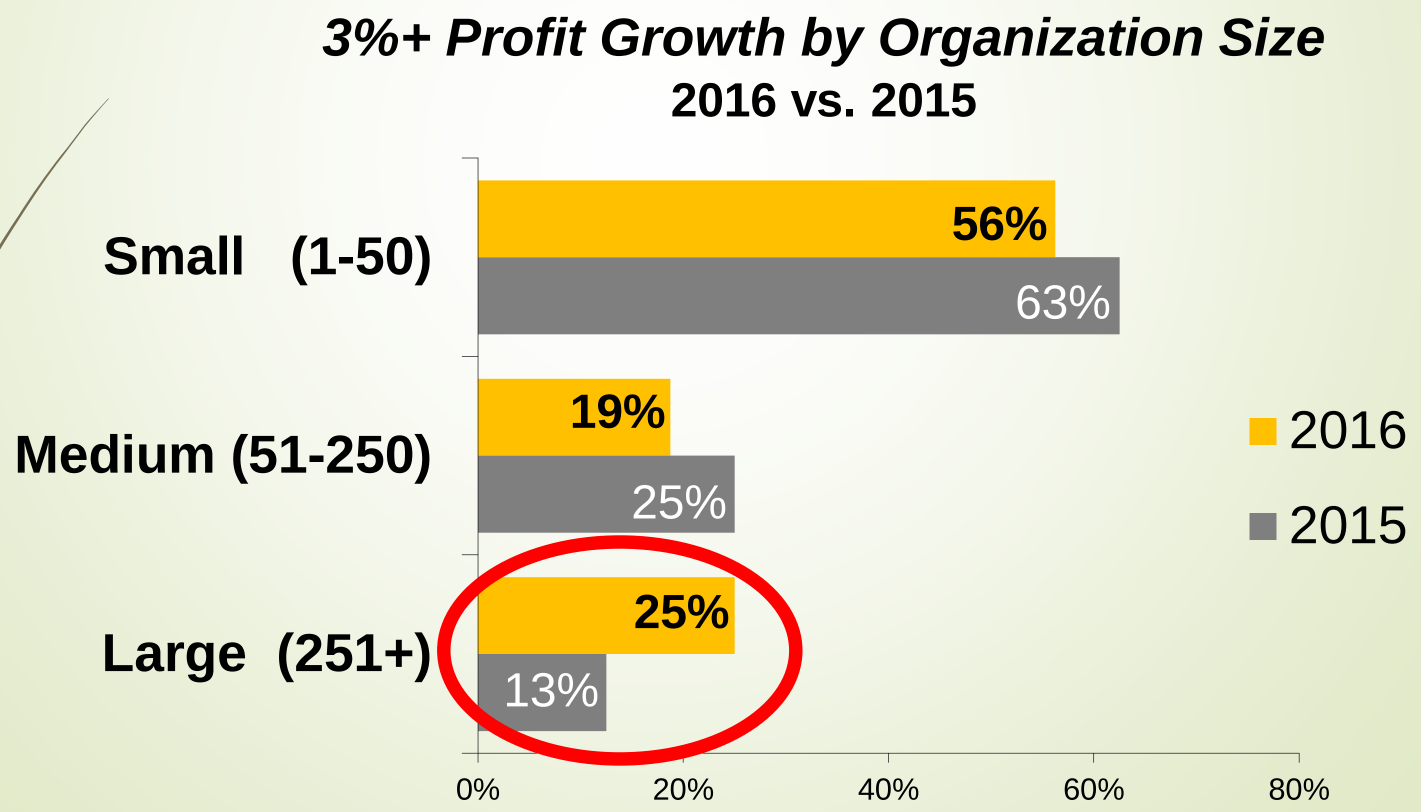
Profit Forecast by Organization Type

- Most sectors project weaker "real" profits
  - *"Other" is only group projecting stronger profits vs. last year*



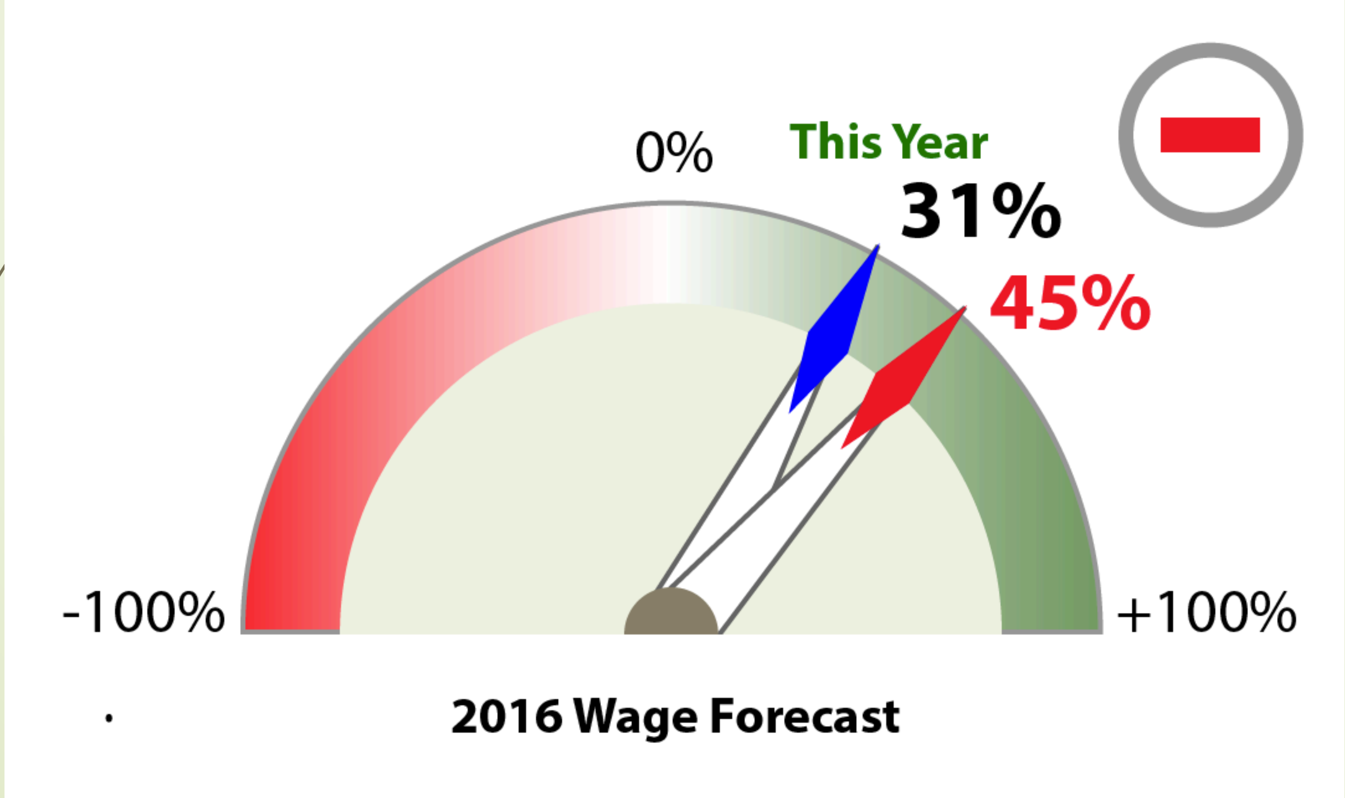
Profit Forecast by Organization Size

- Small and medium sectors project weaker profits
  - *Only large employers more optimistic than last year*



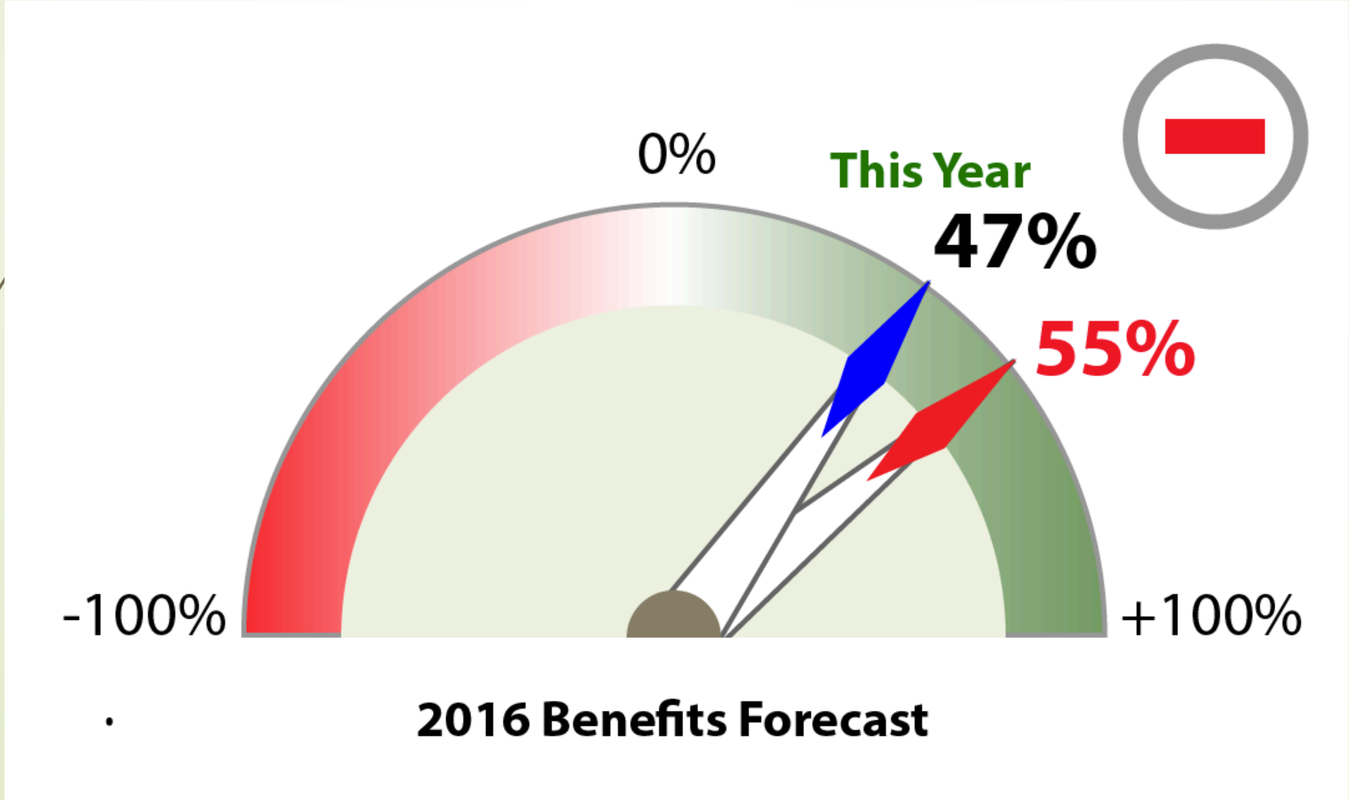
2016 Wage Forecast

- 31% project increases greater than 3%
  - *Down significantly from last year (45%)*



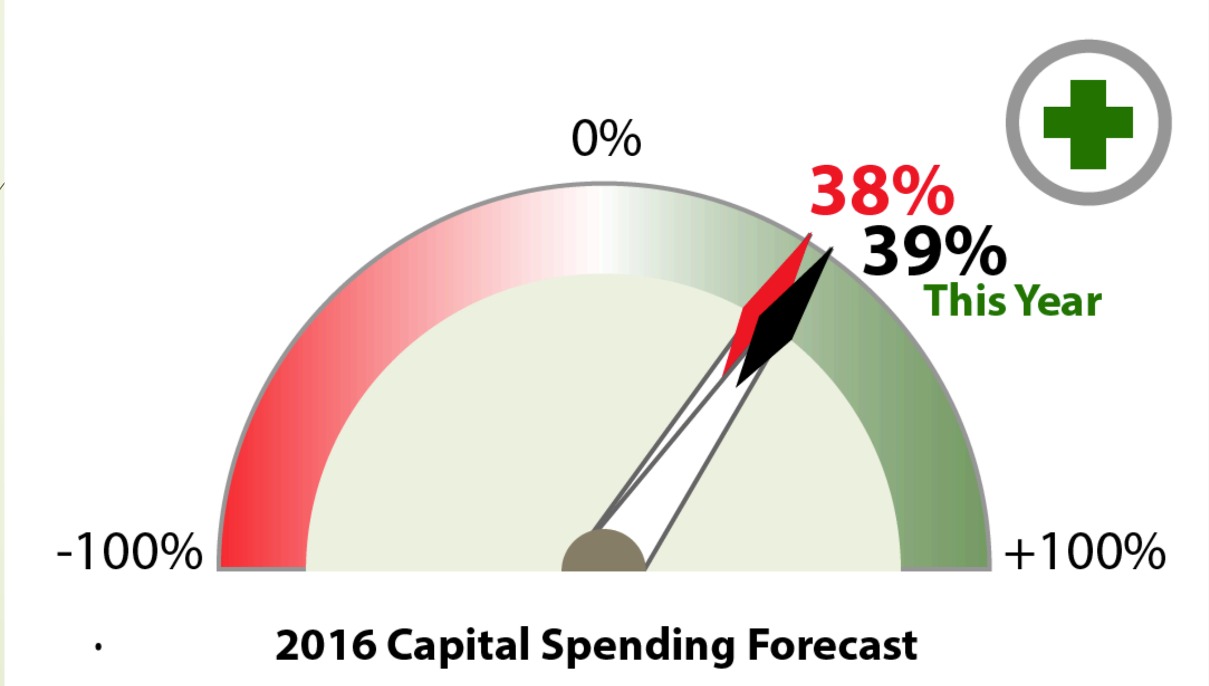
2016 Benefits Forecast

- 47% expect increases greater than 3%
  - *Down from last year (55%)*



2016 Capital Spending Forecast

- 39% plan more spending
  - *Slightly higher than last year (38%)*

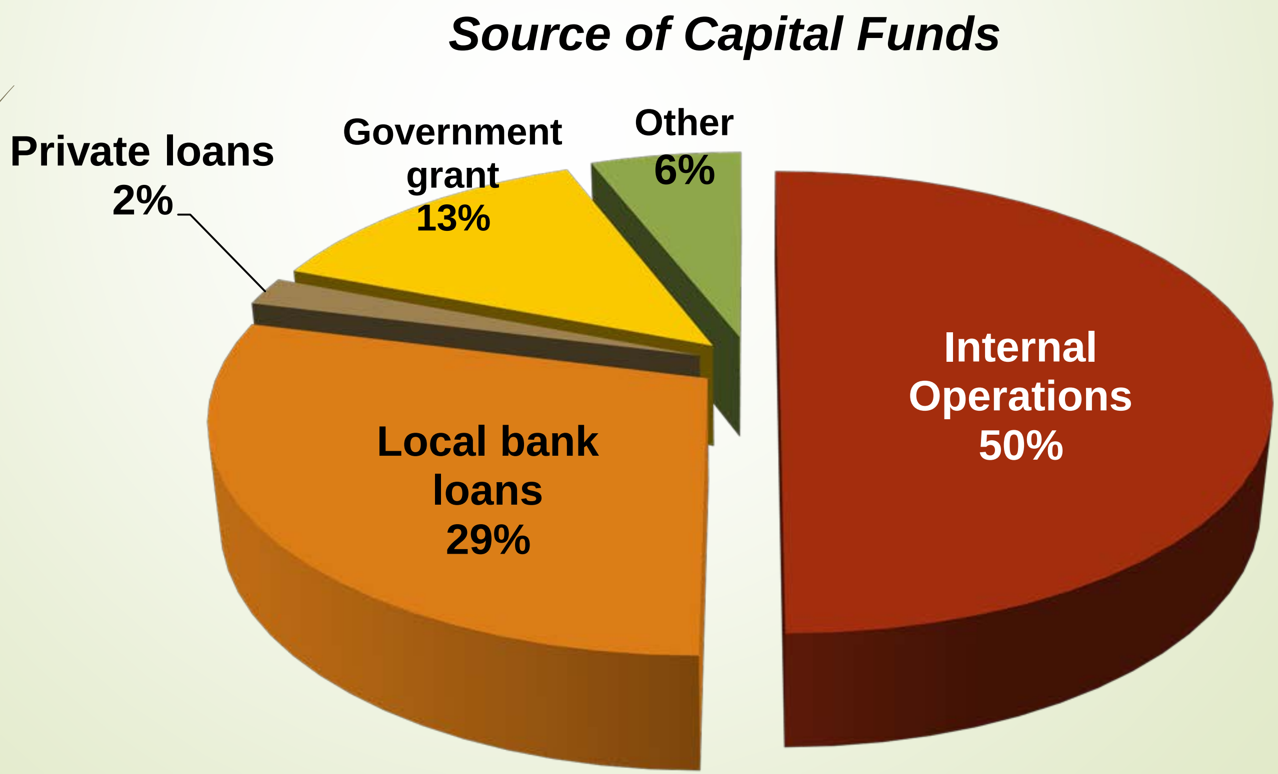


Reality Check
- PA study: 47% plan to increase spending in 2016

Source: Pennsylvania Chamber of Business and Industry, 2015

New This Year: Sources of Capital

- 50% of capital funds come from internal operations
  - *Local bank loans second at 29%*

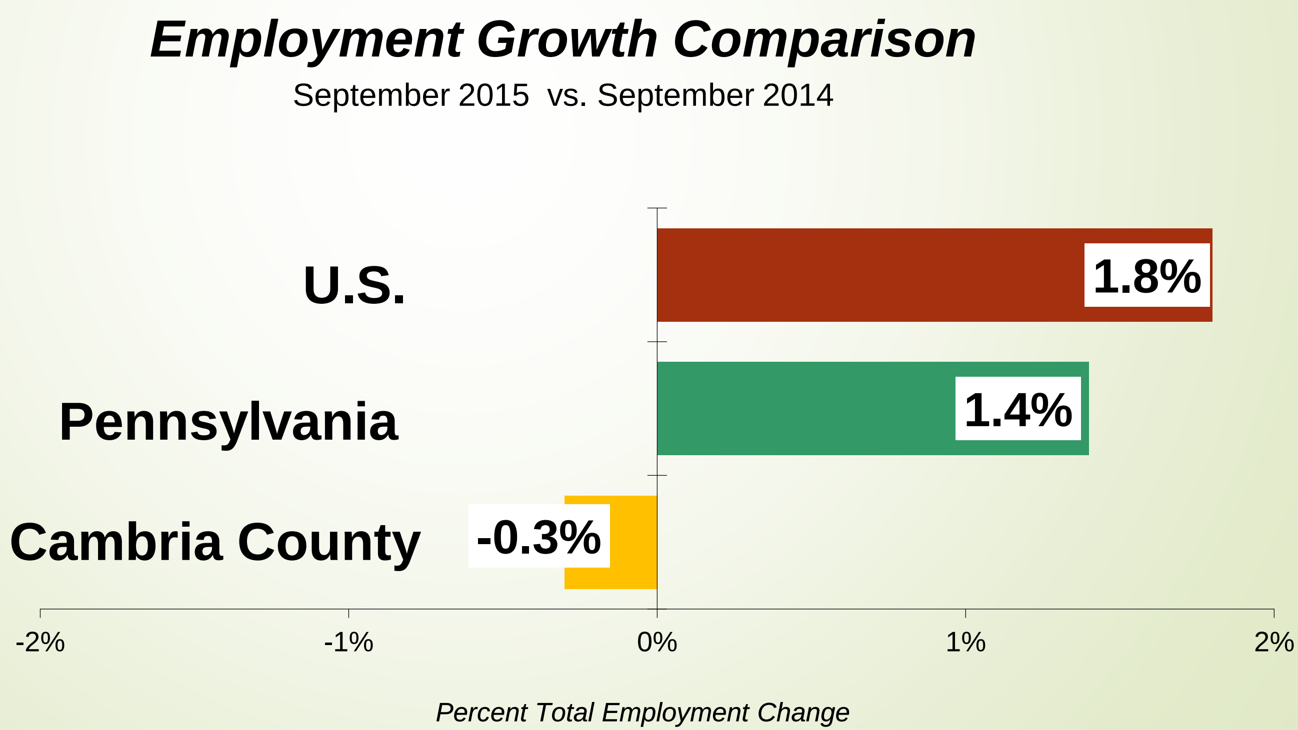


Jobs Forecast

- We'll look at job growth several ways
  - *In perspective based on 2015 actuals*
  - *2016 Projections*
    - *Overall*
    - *By type of position*
    - *By industry*
    - *By type of firm*
    - *By size of firm*

Jobs in Perspective

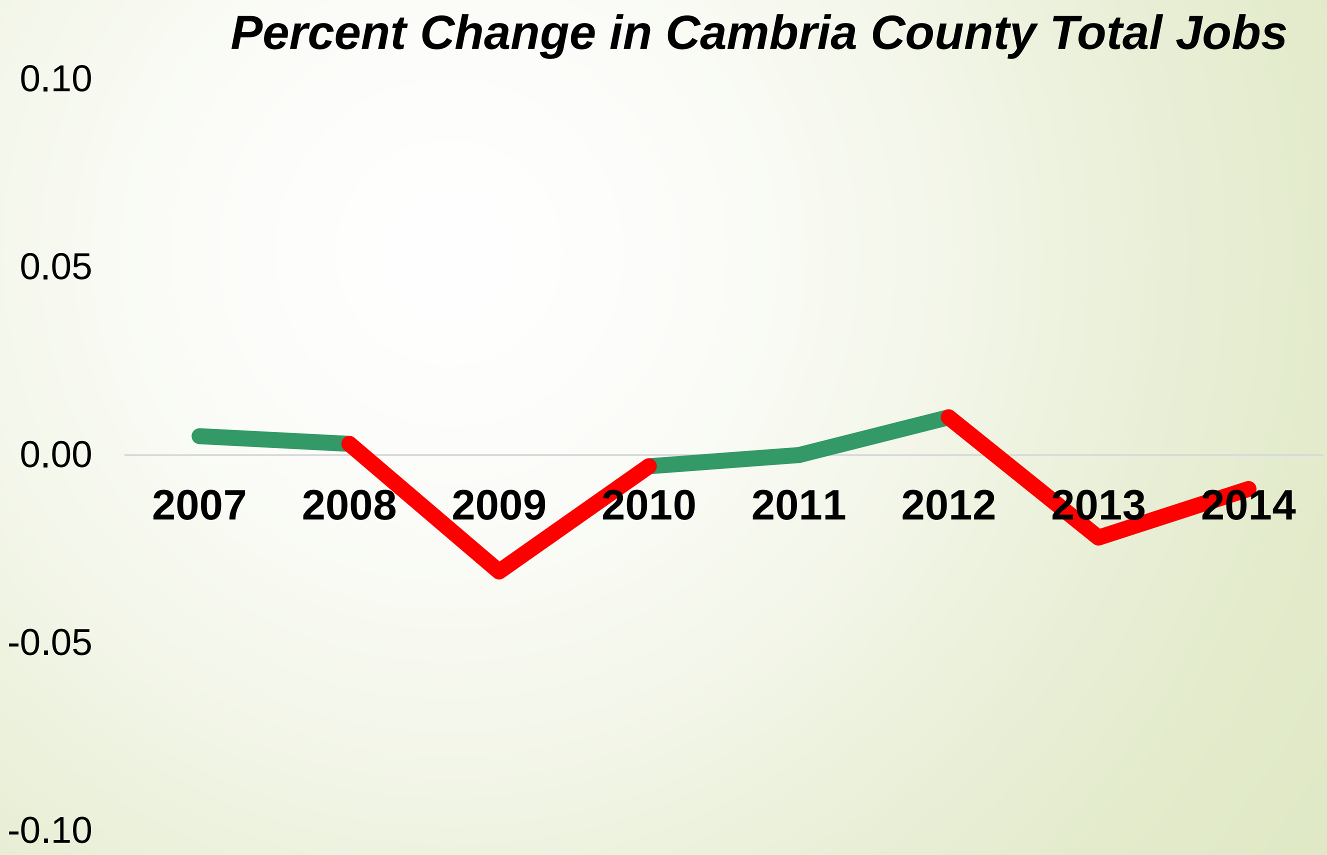
- Our region still trails the U.S. and PA
  - *Cambria growth was weaker than last September (0%)*



Source: paworkstats.state.pa.us, November 2015

Jobs in Perspective

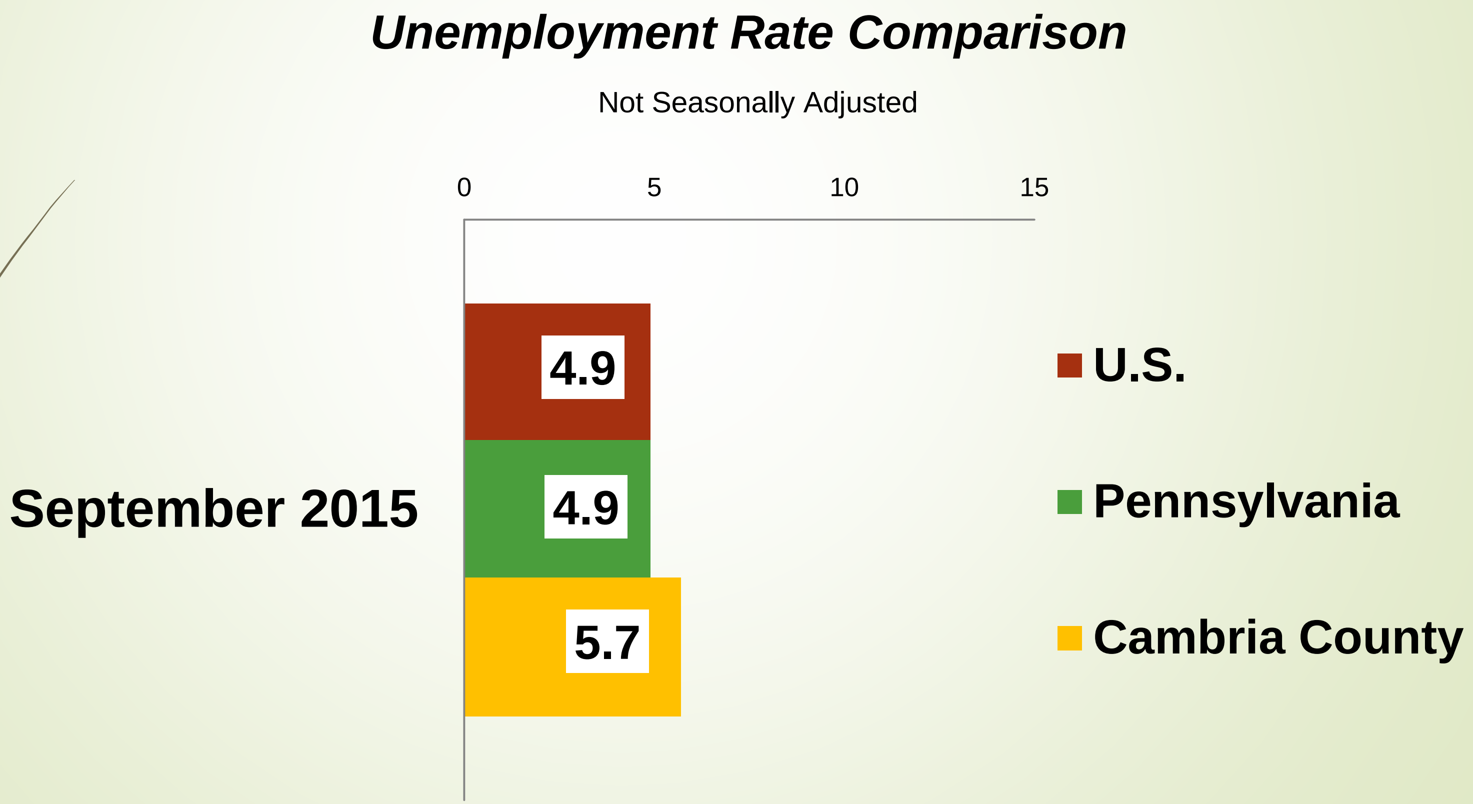
- Total job growth continues to be anemic



Source: Bill Findlay, Center for Workforce Information and Analysis, Pa. Dept. of Labor and industry, November 2015

Jobs in Perspective

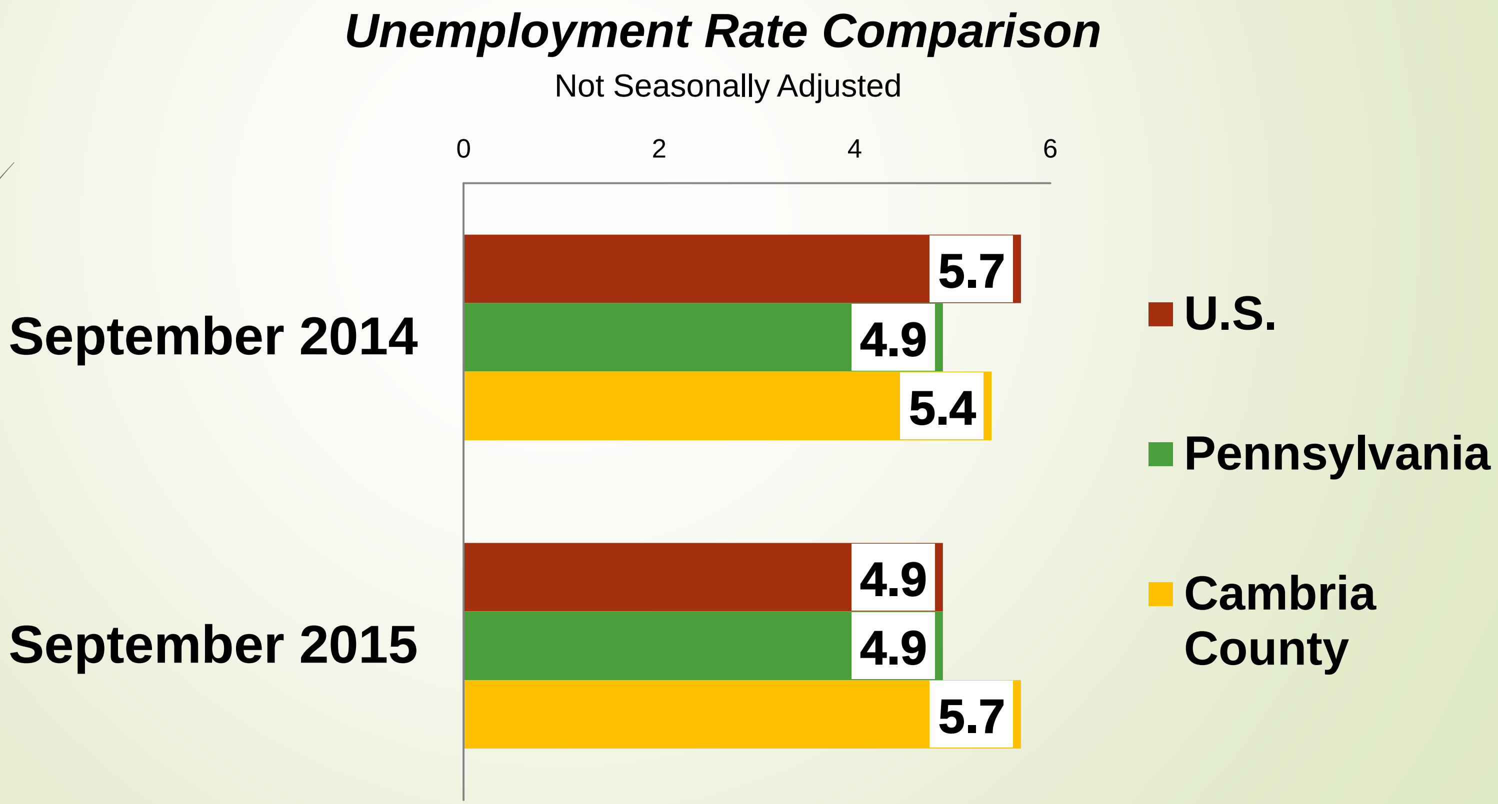
- Our unemployment rate is higher than U.S. and PA



Source: paworkstats.state.pa.us, November 2015

Jobs in Perspective

- …and is *<u>higher</u>* than last year



Source: paworkstats.state.pa.us, November 2015

2016 Jobs Forecast

- Overall projection is up vs. last year (45%)

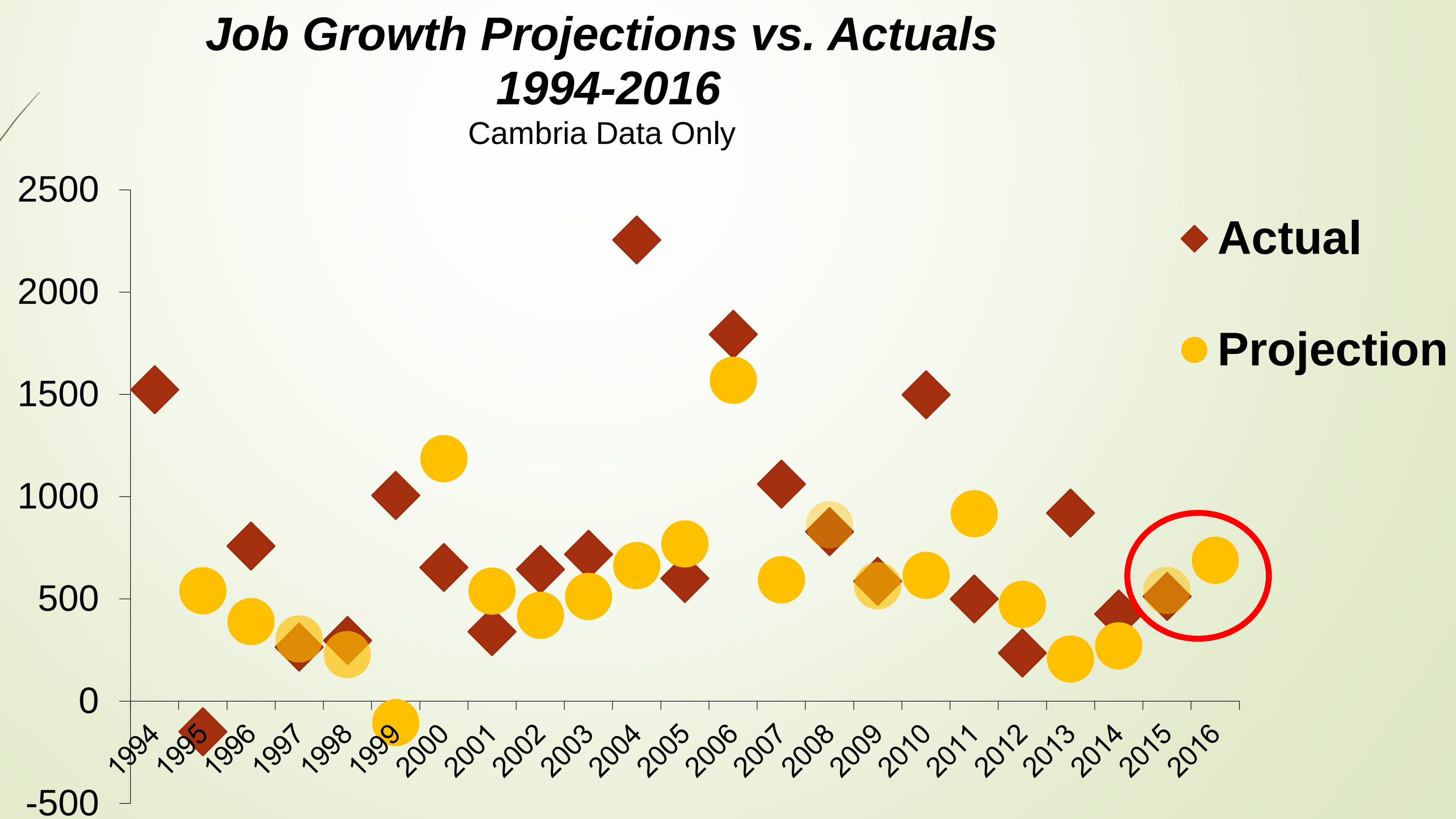
49% plan to hire in 2016

Reality Check
- PA study: 19% plan to add jobs in 2016

Source: Pennsylvania Chamber of Business and Industry, 2015

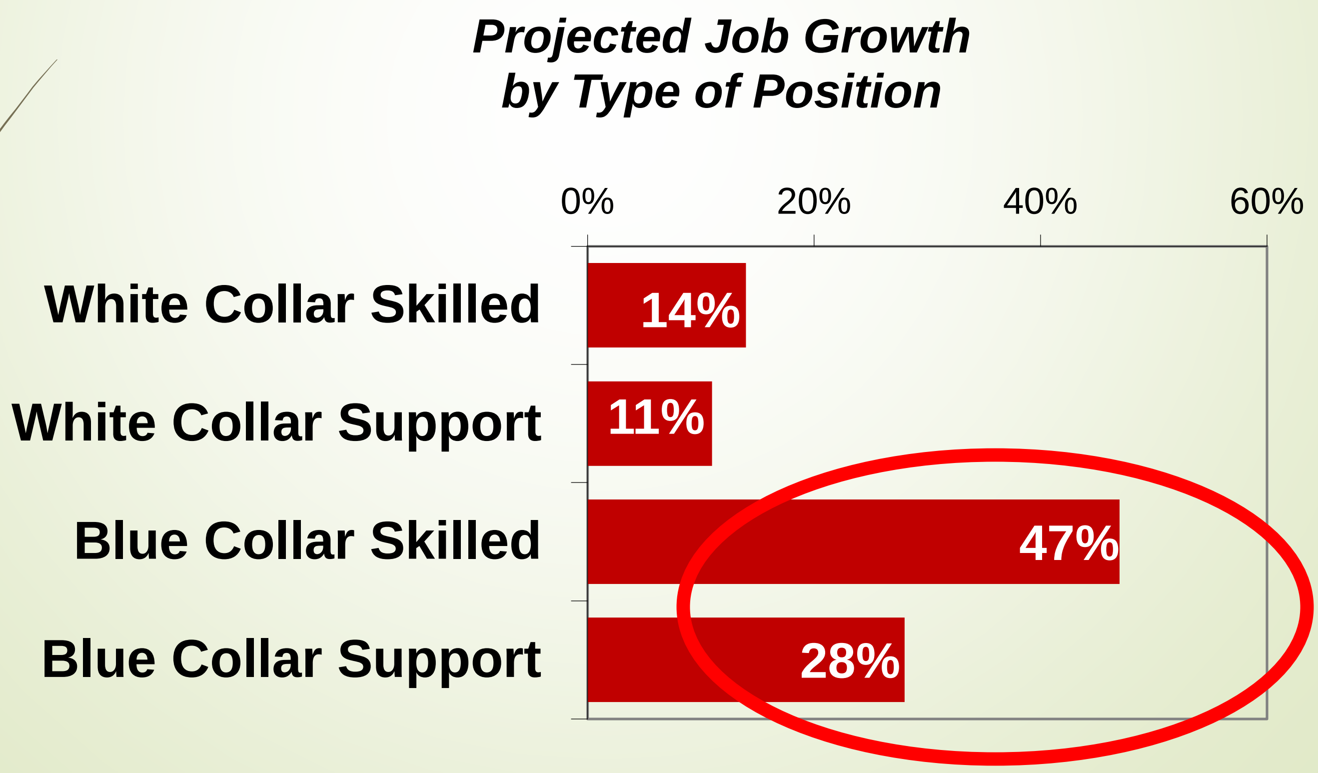
1994-2016 Jobs Trend

- 2016 projection (689) is up vs. last year (541)
  - *This year's actual (513) was close to your projection (541)*



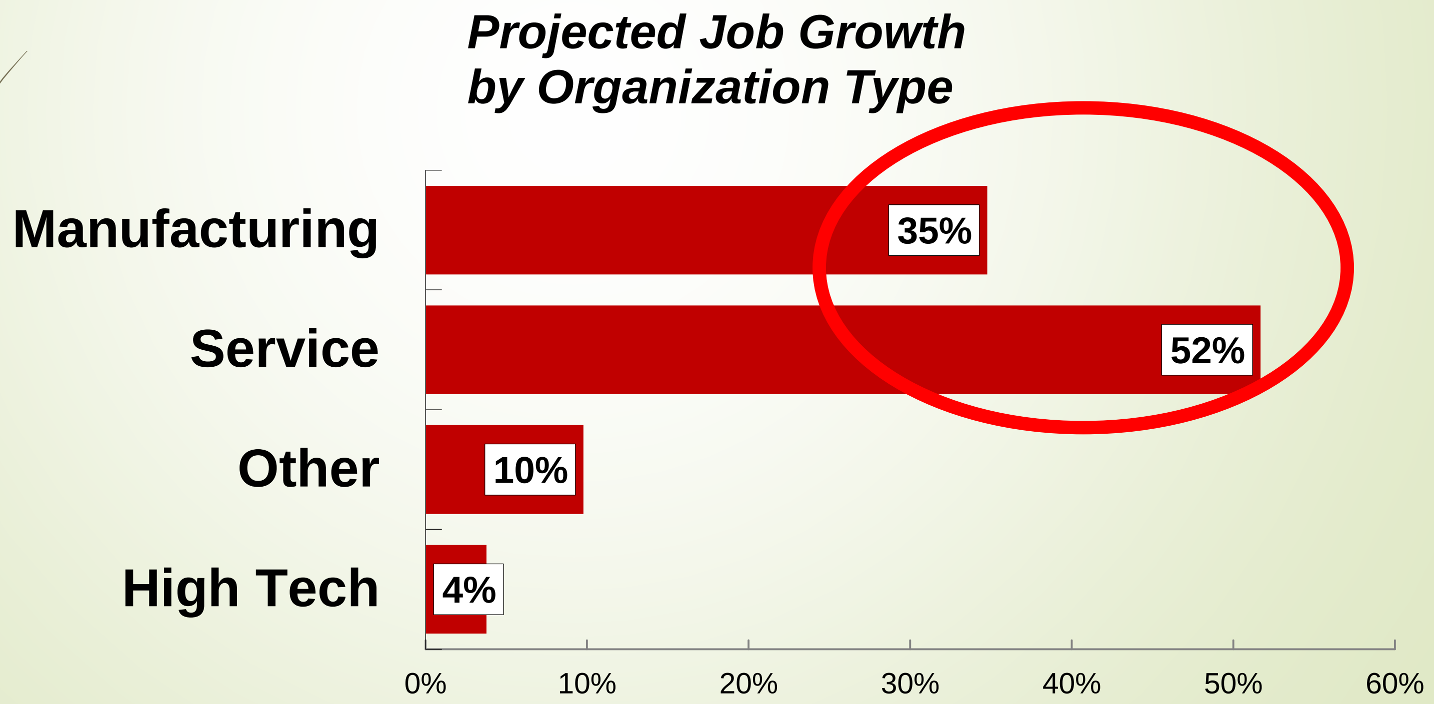
2016 Jobs by Position

- Blue Collar driving 75% of job growth
  - *Similar to last year*



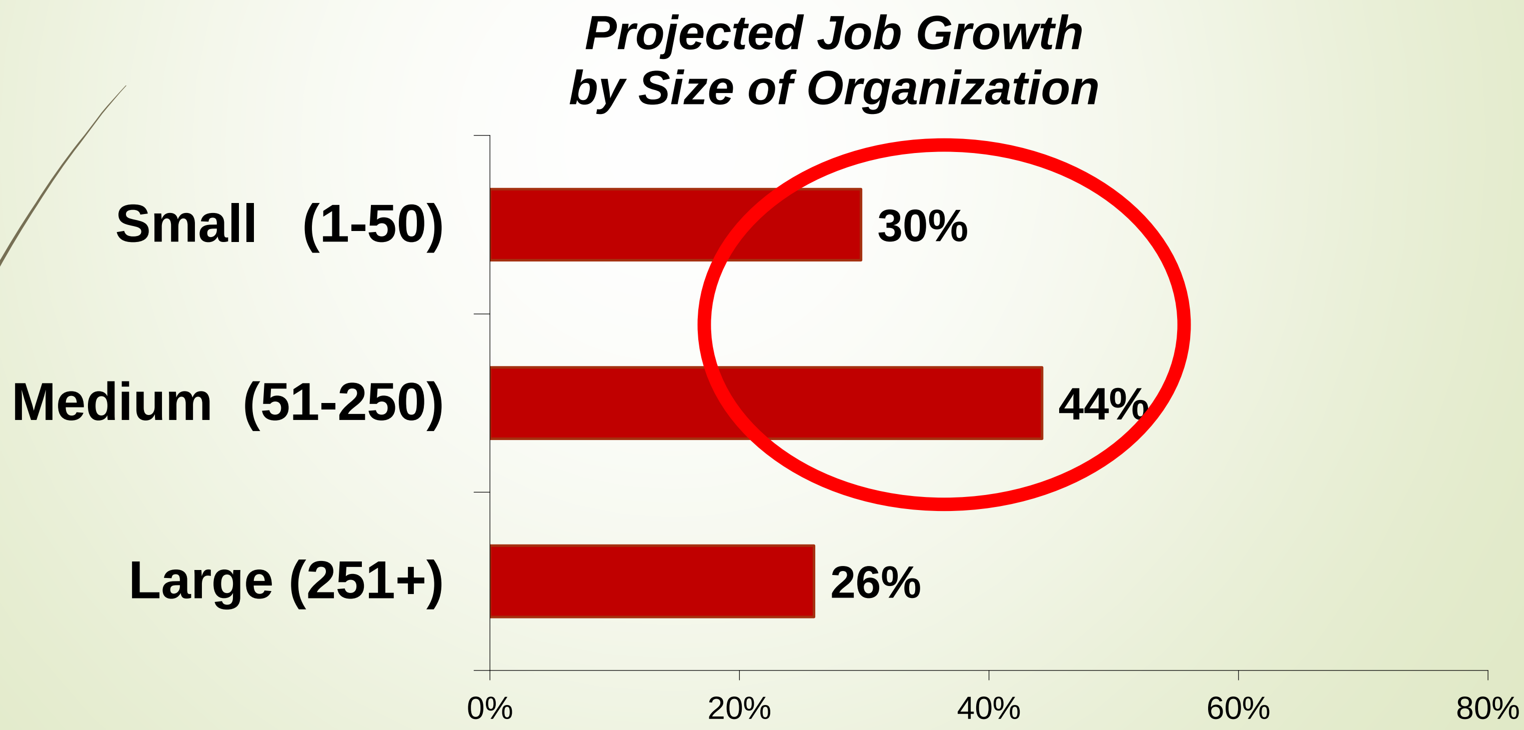
2016 Jobs by Organization Type

- Manufacturing, Services driving 87% of growth
  - *"Other" sector may grow this year*



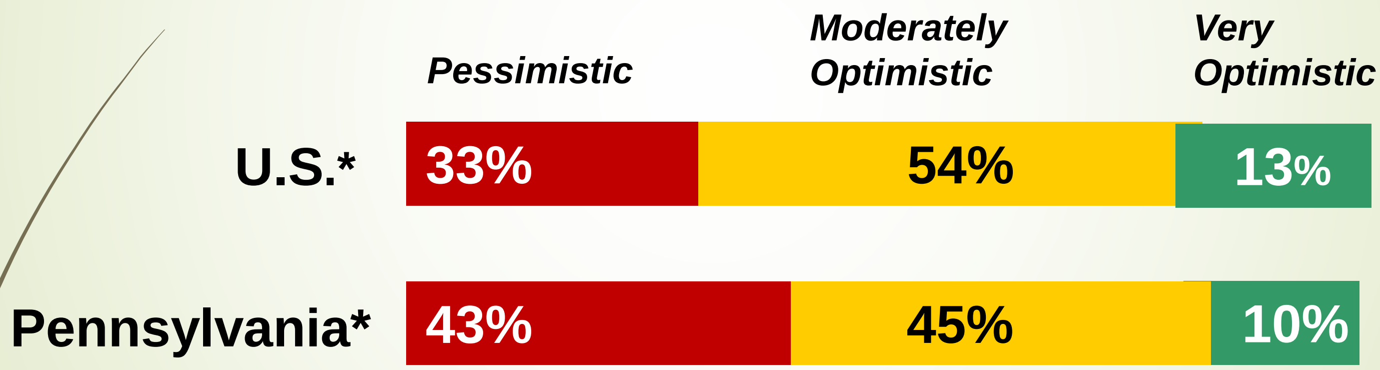
2016 Jobs by Organization Size

- Small, Medium organizations driving 74% of growth



2016 Optimism Scale

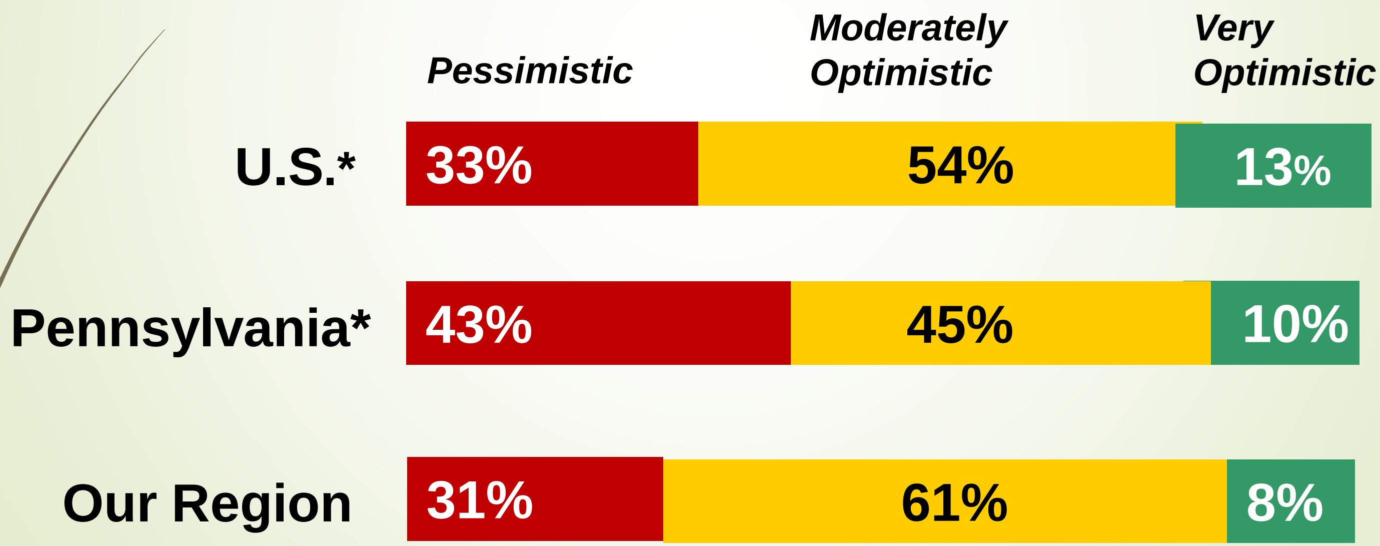
- The U.S. "optimist" group is *__up__* from 6%
  - *PA is __down__ from 13%*



**Source: PNC Bank, October, 2015*

2016 Optimism Scale

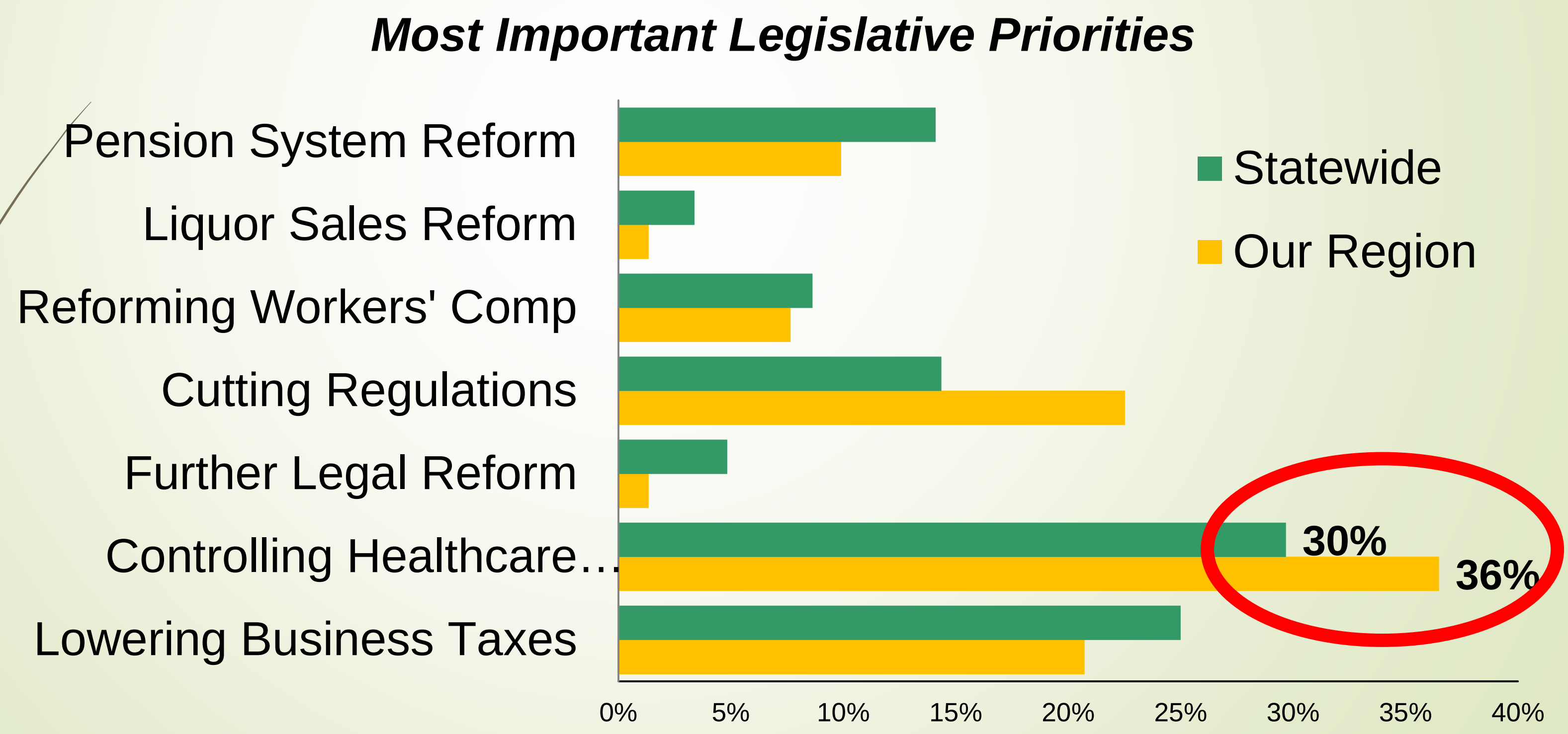
- Our region is less pessimistic than the U.S. *and* PA
  - *69% of our respondents are "moderately/very optimistic"*



**Source: PNC Bank, October, 2015*

Most Important Legislative Issues

- Health care is the #1 issue
  - *Even more important locally than in the PA survey*



Source: PA Chamber of Business and Industry, 2015

Health Care

- Health Care: Do you provide coverage?
  - *76% provide health care benefits for employees*

76%
Yes

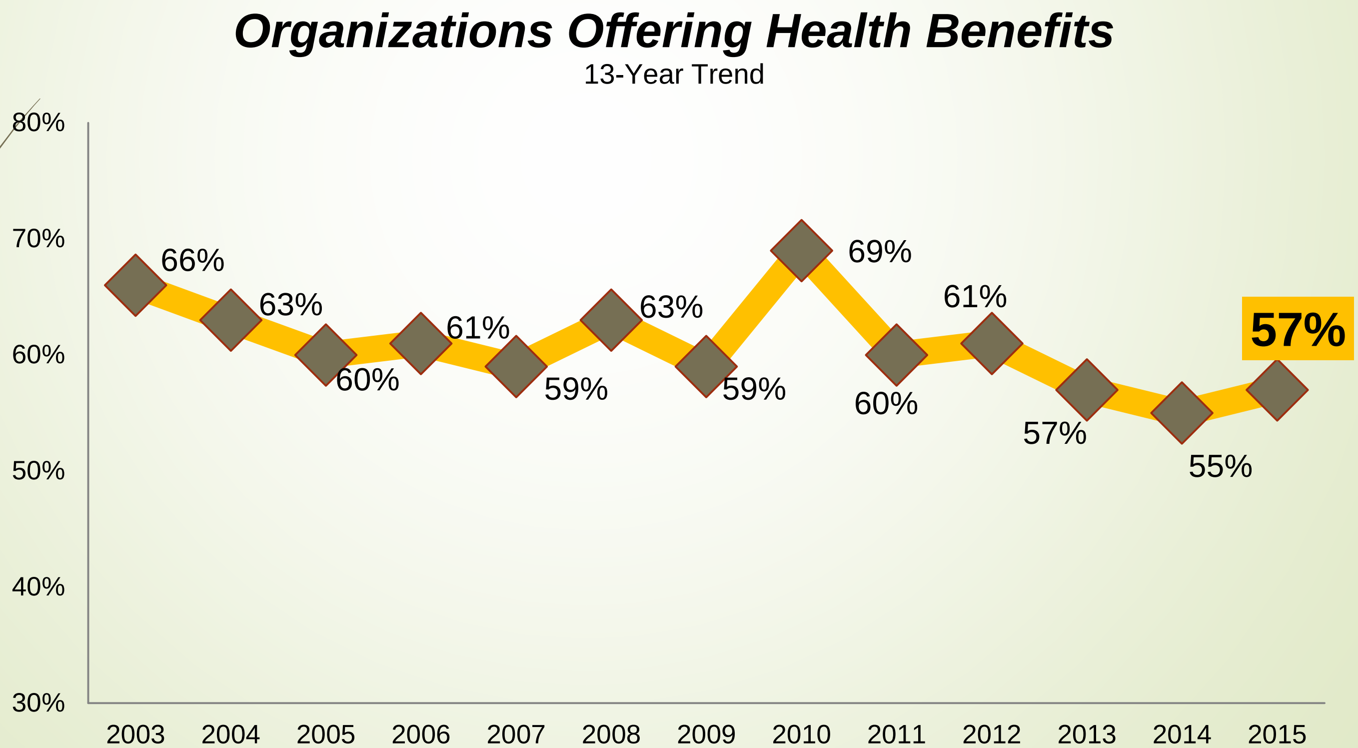
78% last year

Reality Check
- PA study: 59% provide coverage

Sources: PA Chamber of Business and Industry, 2015

Health Care

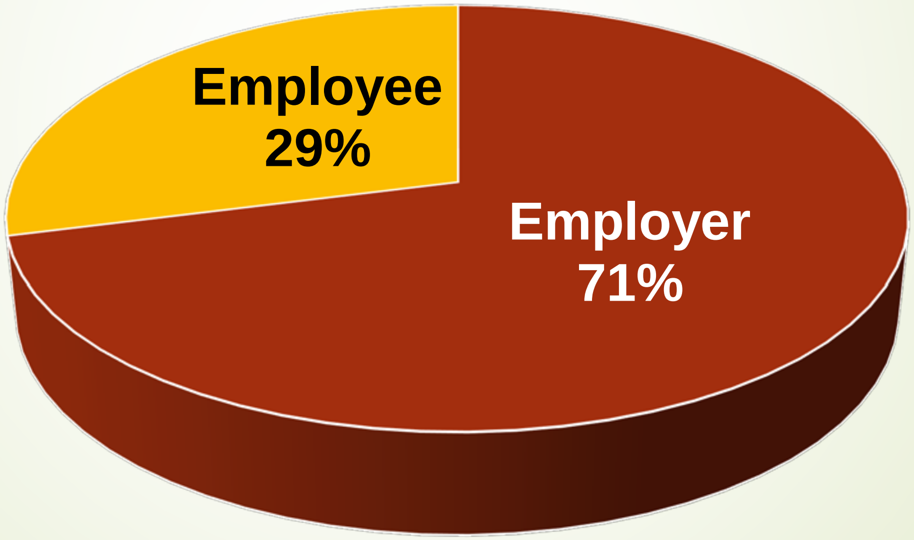
- Health Care Coverage Trend
  - *Small uptick in health benefits—to 57% of organizations*



Source: Employee Health Benefits Survey, Kaiser Family Foundation, 2015

New This Year: Health Cost Sharing

- What percent of premium costs do you cover?
  - *Heavily weighted (71%) toward employers*



Reality Check
- US study: 71% employers/29% employees

Source: Employee Health Benefits Survey, Kaiser Family Foundation, 2015

New This Year: Health Deductibles

- What deductible do you require employees to pay?
  - *Average deductible was $851*

Highest reported: $5,000

Average: $851

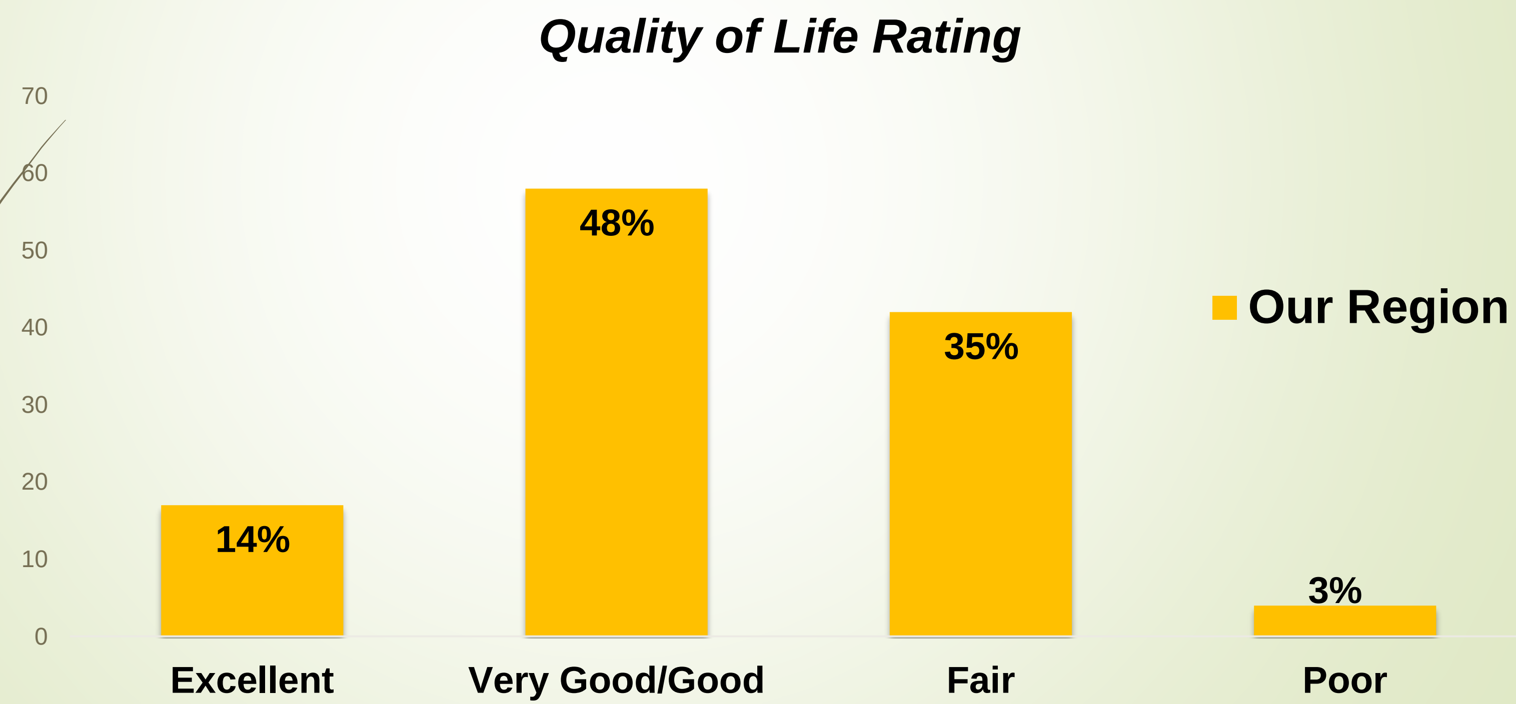
Lowest reported: $0

Reality Check
- US study: $1,318 average deductible (single)

Source: Employee Health Benefits Survey, Kaiser Family Foundation, 2015

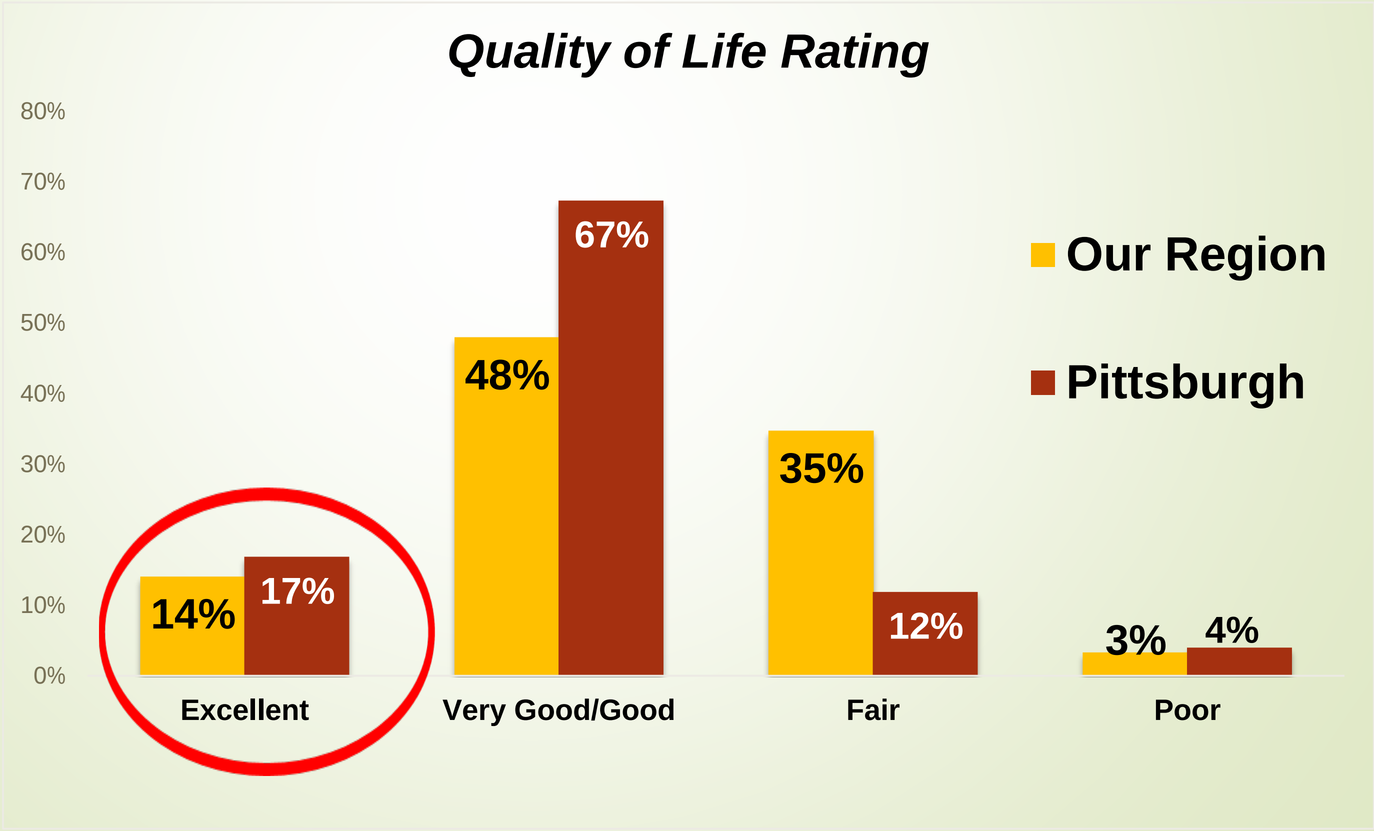
New This Year: Quality of Life

- "How would you rate this area as a place to live?"
  - *Only 14% rate our area as "Excellent"*



New This Year: Quality of Life

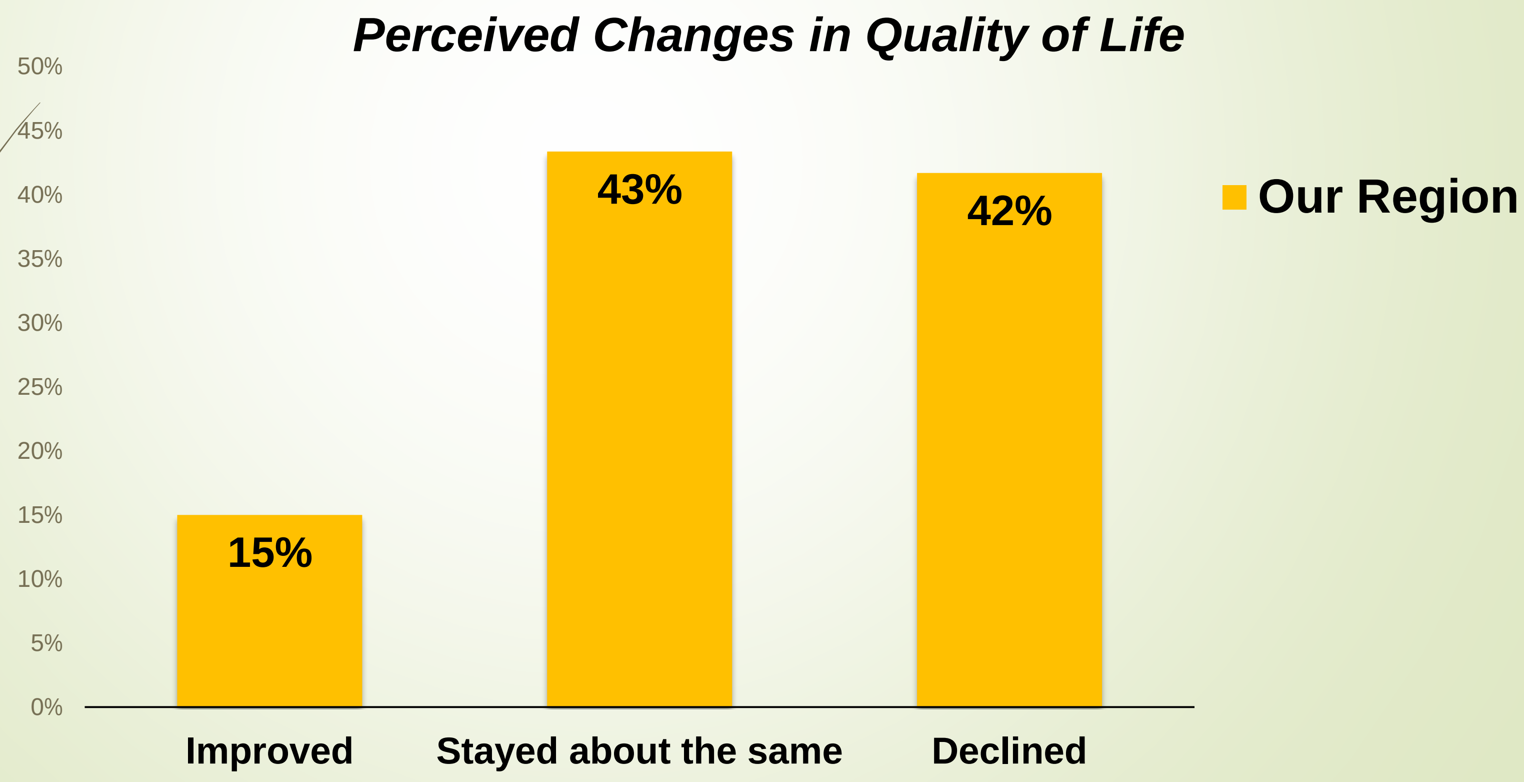
- "How would you rate this area as a place to live?"
  - *Surprise: Johnstown is competitive with Pittsburgh*



Source: pittsburghtoday.org, 2015

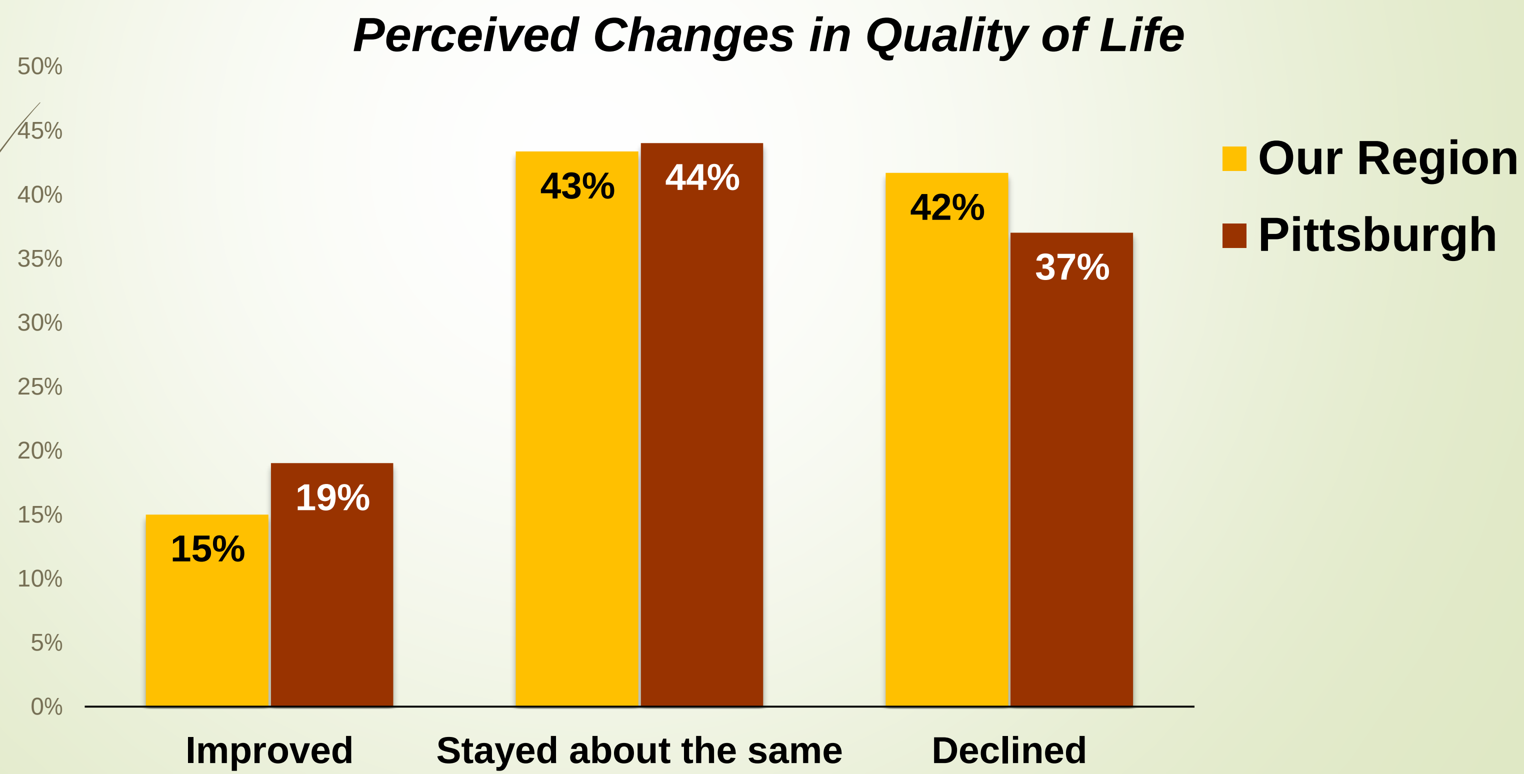
New This Year: Quality of Life

- "Has the overall quality of life changed?"
  - *Most think it has "stayed the same" or "declined"*



New This Year: Quality of Life

- "Has the overall quality of life changed?"
  - *Surprise: we are very similar to Pittsburgh on all measures*



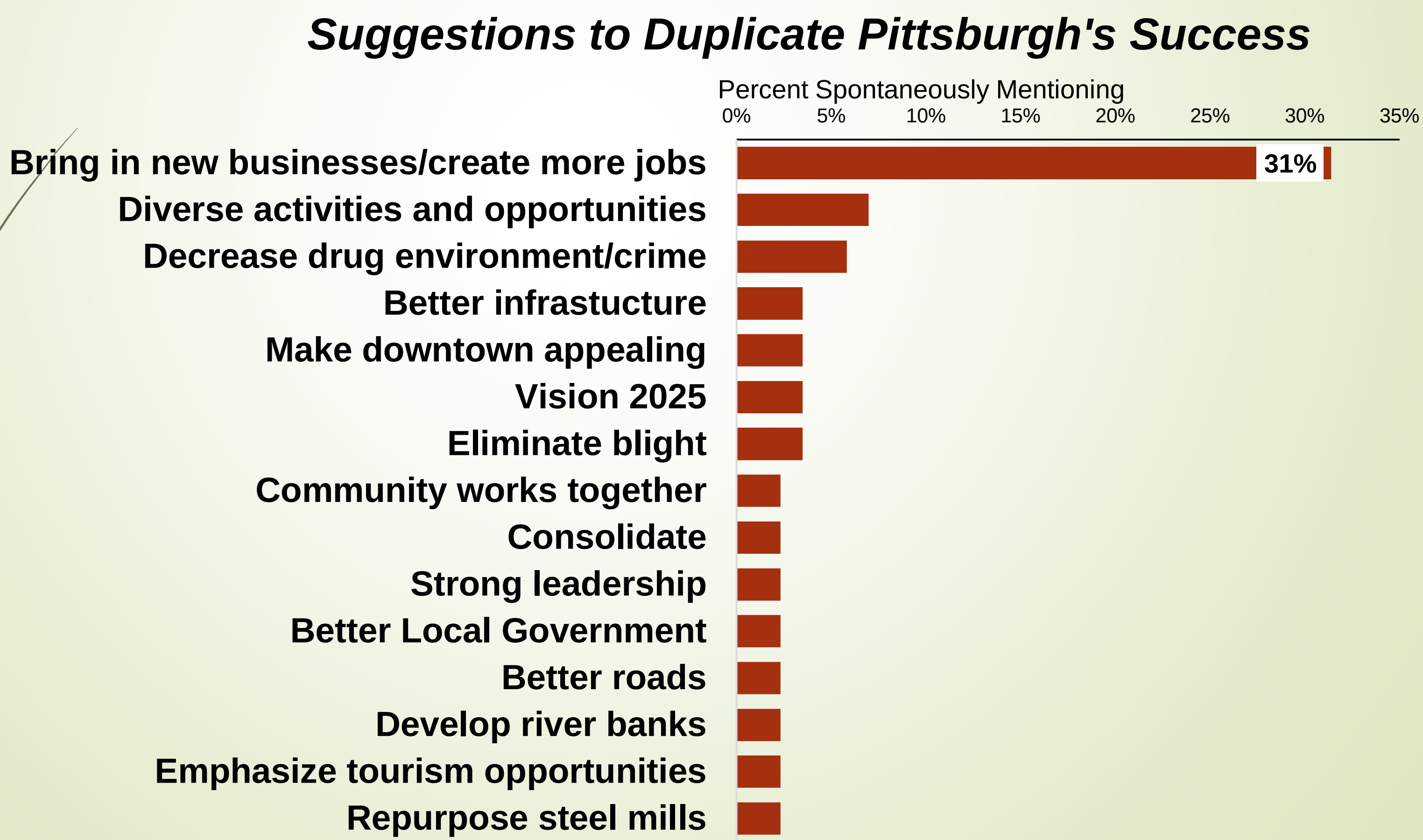
Source: pittsburghtoday.org, 2015

New This Year: Quality of Life

- “What are the most important Quality of Life factors?”
  - *Public safety is the #1 factor*

New This Year: Quality of Life

- “What can we do to duplicate Pittsburgh’s success?”
  - *Economic development tops the list*

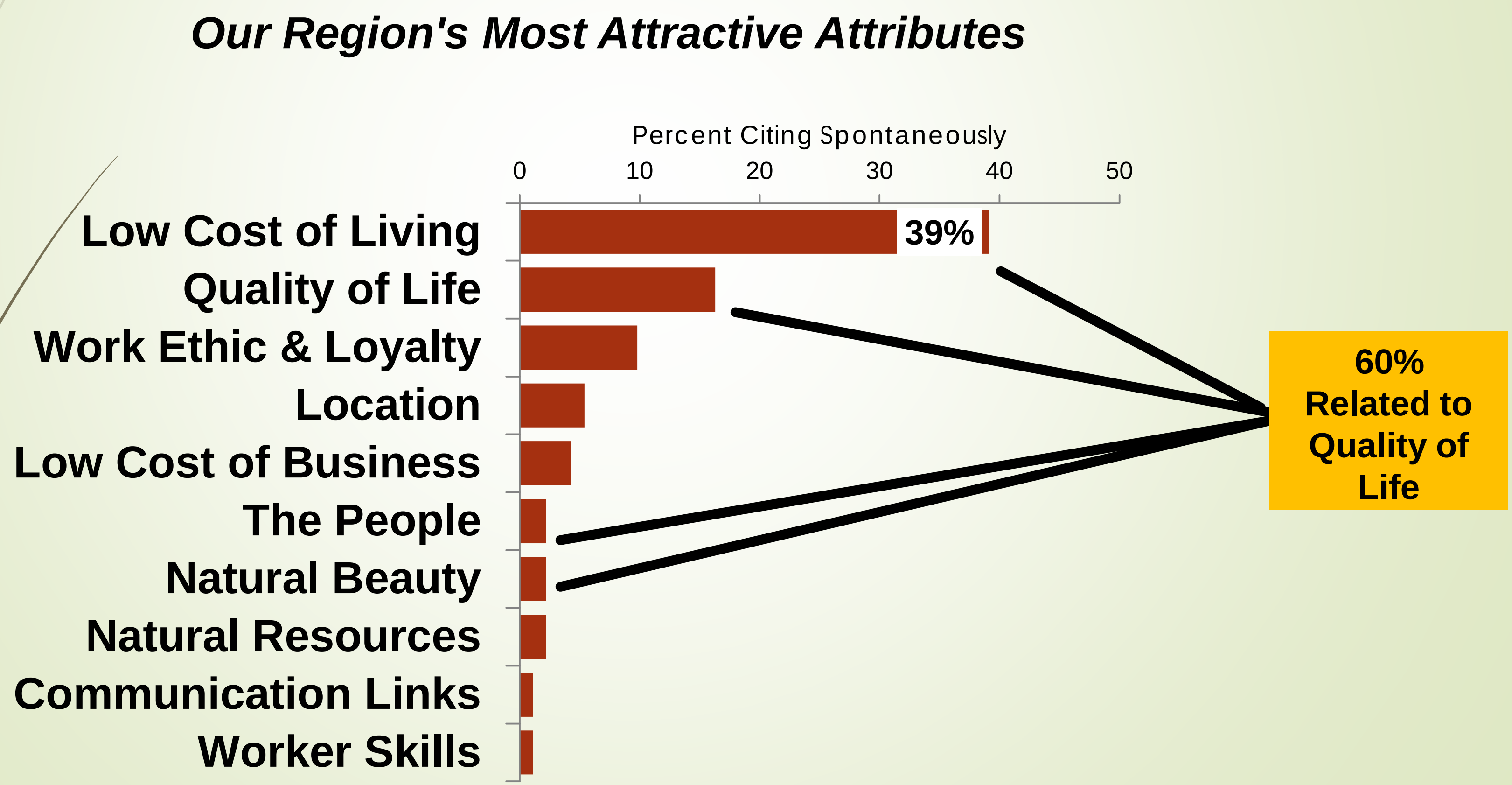


New This Year: Keys to Your Success

- "What is the secret to your organization's success?"
  - *Employees and Quality service top the list*

Region's Strengths

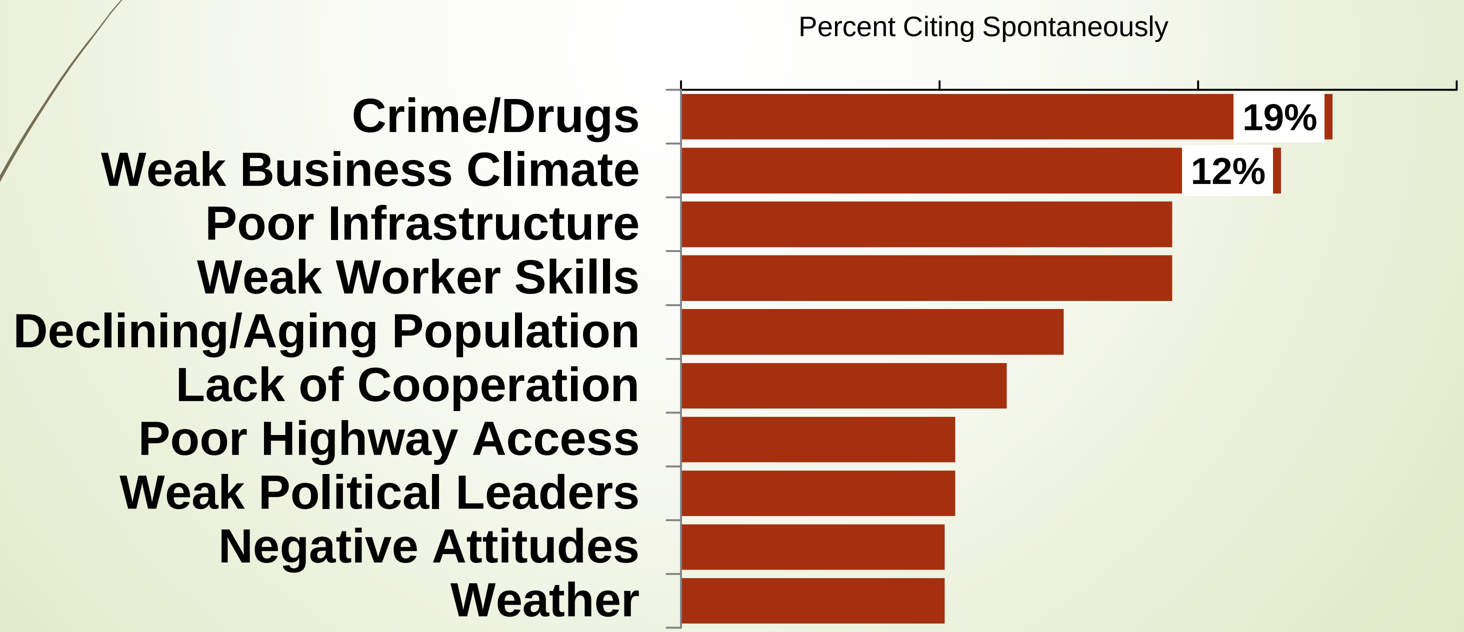
- Quality of Life issues dominate



Region's Weaknesses

- "Crime/Drugs" has emerged as the new #1
  - *Followed closely by "Weak Business Climate"*

Our Region's Most Unattractive Attributes



Summary 2016 Outlook

- **Profit Projection**
  - *Stronger overall than this year*
    - "Other" sector is most optimistic
    - Large employers are most optimistic
- **Employment**
  - *Almost half of organizations plan to hire…*
  - *Areas of strongest projected growth:*
    - Blue Collar
    - Manufacturing and Services
    - Mid-Size and Small organizations
- **Wages/Benefits**
  - *Wage projection is down significantly from this year*
  - *Benefits projection is down from this year*
- **Capital Spending**
  - *Up slightly next year*

Your Input

- Questions about this study?
- Suggestions for next year's study?

Appendix 1: Respondents by Number of Employees

Respondents by Number of Employees

	Frequency	Percent
Small	91	67.9
Medium	26	19.4
Large	17	12.7
Total	134	100.0

Appendix 2: Respondents by Type of Business

Respondents by Business Type

	Frequency	Percent
Manufacturing	18	13.6
Services	83	62.9
Other	31	23.5
Total	132	100.0
No Response	2	
Total	134	

Appendix 3: Respondents by Revenue

Respondents by 2015 Revenue

	Frequency	Percent
$30K or Less	6	4.7
$31-50K	2	1.6
$51-100K	4	3.1
$101-500K	20	15.6
$500K-1MM	19	14.8
$1-5MM	27	21.1
$6-20MM	22	17.2
$21MM+	28	21.9
Total	128	100.0
No Response	6	
Total	134	

Appendix 4: Historical Response Rate