

# NJBIA 2008 Business Outlook

After Two Difficult Years, New Jersey Employers Remain Concerned about NJ's Economy and Its Business Climate

## Summary

For a third consecutive year, more New Jersey employers are pessimistic than optimistic in their outlook for the state and national economies, and they remain troubled by the high costs of doing business in New Jersey as well as by state government's perceived role in perpetuating these high costs.

These are among the findings of the New Jersey Business & Industry Association's 2008 Business Outlook Survey, the largest and longest running statewide survey of its kind. Nearly 1,300 employers from all 21 New Jersey counties and every industry sector participated in the survey, which was conducted in September 2007. The vast majority of companies were small, with 2-49 employees.

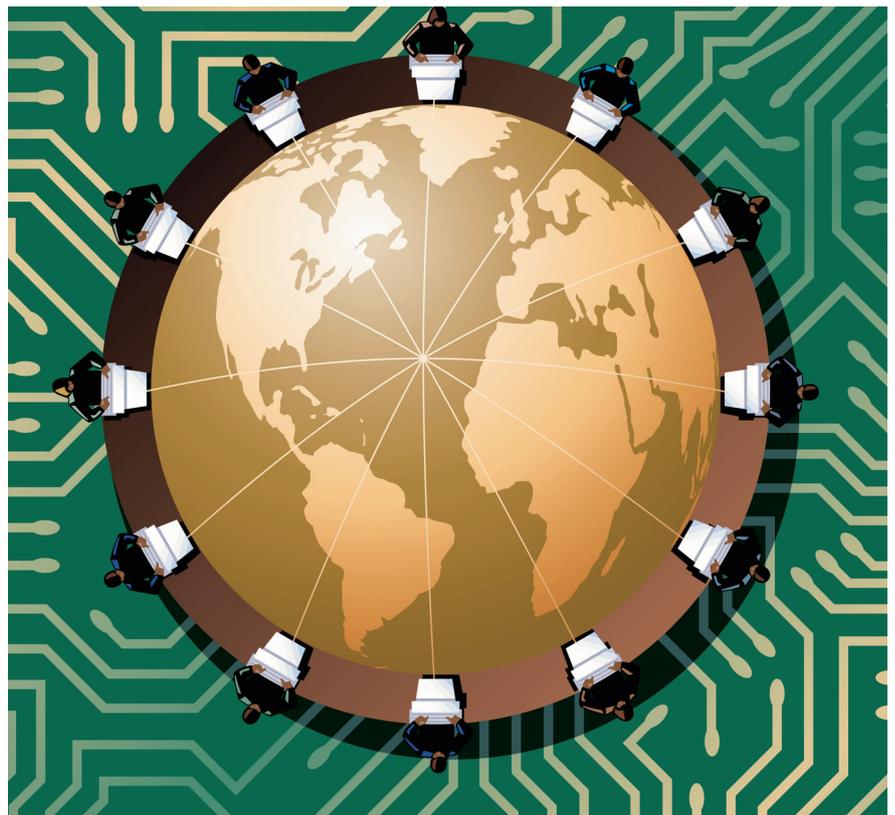
The last six years of survey data show that favorable business conditions in the current economic expansion peaked in 2005. Looking back, it is now clear that a distinct slowdown in business activity was the catalyst behind the loss of business confidence found in the 2006 and 2007 outlook surveys.

Looking ahead to 2008, 49 percent of businesses expect overall business conditions in New Jersey to weaken in the first six months of the year, while only 13 percent expect conditions to improve. This is only marginally better than last year's outlook, which was among the weakest since the 1989-92 recession. However, as was also true last year, most respondents who expect a worsening of conditions anticipate that it will be only moderate.

The business outlook for the US economy, while better than for New Jersey, still remains more negative than positive.

The 2008 survey also finds that businesses' collective hiring plans remain close to last year's restrained levels. Twenty-five percent anticipate hiring more workers, 14 percent anticipate a reduction in employment, and the rest (61 percent) expect to keep employment stable. This outlook is consistent with the pattern of modest employment expectations and weak job growth seen over the past several years, and it signals the likelihood that private-sector employment will continue to grow slowly in New Jersey in 2008.

A hopeful survey finding is businesses' outlook for their own



sales and profits, which has improved from last year's low levels. Fifty-seven percent expect sales to rise in the year ahead, up from 43 percent having this expectation a year ago. And 51 percent expect profits to increase, up from 37 percent last year.

However, the improved outlook for these core indicators

is more a cause for relief than celebration. A continued falloff from last year's low levels would almost assuredly have signaled the onset of an economic downturn. The two previous surveys saw a pronounced decline in expectations for sales and profits, taking them close to levels seen in the 2001 recession.

Employers responding to the NJBIA survey also remain concerned about New Jersey as a place for business expansion and, in particular, by the high costs of operating a business here.

Only 19 percent of respondents (up from a record low of 17 percent last year) said New Jersey is a good place for expansion of their business facilities. They identified the high overall cost of doing business as one of the three biggest problems they face in New Jersey, along with the cost of health insurance and property taxes.

Large majorities of survey respondents also said New Jersey does a worse job than other states in controlling government spending, taxes, healthcare costs and regulatory compliance costs, all of which figure significantly in the high overall cost of doing business here. A majority also said New Jersey has a worse attitude toward business than other states.

### Near-term Economic Outlook

**NJ Economy.** The outlook for the NJ economy has improved only marginally from the exceptionally low level seen in last year's survey.

Just 13 percent of respondents expect overall business conditions to improve in the Garden State in the first six months of 2008, while 49 percent expect conditions to deteriorate. Thus, the net percentage of businesses expecting conditions to improve is minus 36 percent. This outlook for the state economy has improved only marginally from last year and remains among the weakest since the 1989-92 recession, as shown in **Chart 1**.

**US Economy.** Businesses are more positive in their outlook for the national economy than they

**TABLE 1**

**Summary of the Business Outlook  
2002-2008 Surveys**

<b>US Economy</b>	2002	2003	2004	2005	2006	2007	2008
Better	25%	38%	47%	42%	21%	18%	20%
Same	33%	39%	38%	43%	40%	48%	43%
Worse	42%	23%	16%	16%	39%	34%	37%
Net Better*	-17%	15%	32%	26%	-18%	-15%	-17%
<b>NJ Economy</b>	2002	2003	2004	2005	2006	2007	2008
Better	22%	28%	34%	31%	18%	12%	13%
Same	36%	40%	41%	45%	42%	37%	38%
Worse	42%	31%	26%	24%	39%	51%	49%
Net Better*	-21%	-3%	8%	7%	-21%	-39%	-36%
<b>"Your Industry"</b>	2002	2003	2004	2005	2006	2007	2008
Better	28%	36%	40%	41%	27%	24%	25%
Same	39%	41%	41%	41%	41%	42%	42%
Worse	33%	23%	19%	19%	32%	34%	33%
Net Better*	-6%	13%	21%	22%	-5%	-10%	-7%
<b>Sales</b>	2002	2003	2004	2005	2006	2007	2008
Increase	42%	50%	50%	56%	49%	43%	57%
Same	27%	25%	27%	26%	26%	28%	22%
Decrease	31%	26%	23%	18%	25%	29%	21%
Net Increase*	12%	24%	26%	38%	23%	15%	36%
<b>Profits</b>	2002	2003	2004	2005	2006	2007	2008
More	37%	42%	44%	49%	43%	37%	51%
Same	27%	25%	28%	26%	25%	28%	25%
Less	36%	33%	28%	26%	32%	36%	23%
Net More*	0%	10%	16%	23%	10%	2%	26%
<b>Purchases</b>	2002	2003	2004	2005	2006	2007	2008
More	35%	39%	40%	46%	42%	36%	42%
Same	39%	37%	37%	36%	35%	37%	34%
Less	26%	24%	24%	18%	23%	27%	23%
Net More*	8%	16%	16%	28%	19%	8%	19%
<b>Employment</b>	2002	2003	2004	2005	2006	2007	2008
More	21%	24%	23%	27%	24%	21%	25%
Same	66%	66%	66%	66%	66%	67%	61%
Less	13%	10%	11%	7%	10%	12%	14%
Net More*	8%	14%	12%	19%	14%	10%	12%

\* "Net better" (or "net increase" or "net more") represents the net percentage ("more" minus "less") anticipating improved conditions.  
Notes: Changes calculated before rounding. Totals may not equal 100 percent.

are in their outlook for the state economy; nonetheless, the pessimists still outnumber the optimists.

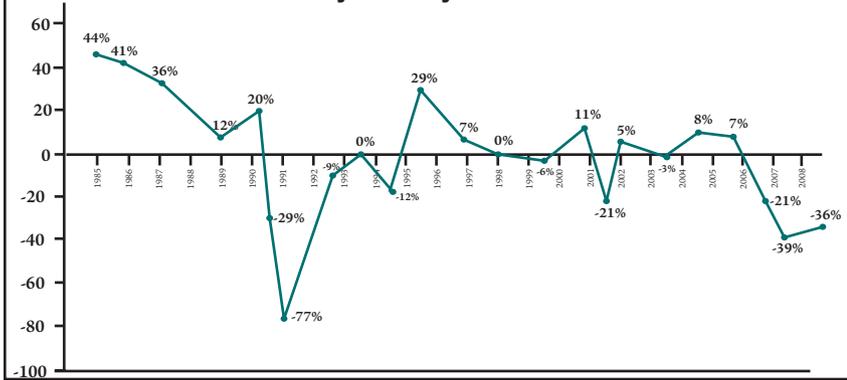
Twenty percent expect the US economy to show improvement in the first six months of the year, while 37 percent expect conditions to deteriorate. This outlook is somewhat less positive than last year's, as shown in **Table 1**.

**Own Industry.** Businesses are more positive in their outlook for their own industries than they are for the US or NJ economies. Nonetheless, they remain concerned about the near-term future.

Overall, 25 percent expect conditions in their industries to improve in the first half of 2008, compared with 33 percent who

CHART 1

Net Percentage Expecting Conditions to Improve for The New Jersey Economy in the First Half of the Year



expect conditions to worsen. Another 42 percent expect conditions to remain about the same. This represents a marginal improvement over the 2007 outlook, as shown in **Table 1**.

If this outlook is broken down by major industry sectors, one finds a mixed picture.

Respondents in the manufacturing and diverse service industries are more or less evenly divided in the outlook for their sectors. About three in 10 expect conditions to get better, another three in 10 expect conditions to get worse, and the rest expect conditions to remain about the same.

The least optimistic sectors are construction (44 percent, worse; 20 percent, better), retail trade (43 percent, worse; 20 percent, better), wholesale trade (38 percent, worse; 16 percent, better), and transportation (37 percent, worse; 12 percent, better). In the finance/insurance/real estate sector, 29 percent expect to see an improvement, while 36 percent foresee a decline. (See **Table 2**)

**Business Cycle.** When asked where their industries are in the

business cycle, respondents were evenly split between those who believe their industries are expanding or recovering and those who believe their industries are in a recession or moving towards a recession.

Twenty-seven percent of companies said their industries were in a recession (as of September 2007), and another 24 percent said they were moving into one. This accounted for approximately half of all respondents.

The other half of respondents said their industries were either expanding (36 percent) or recovering from recession (13 percent).

This is a marginal improvement over last year's survey when a larger proportion of companies (56 percent) said their industries were in a recession or recession-bound and a smaller proportion (44 percent) said they were expanding or recovering.

Positive sentiment about the business cycle peaked in 2004 for the current economic expansion. At that time, 69 percent of companies said their industries were either expanding (32 percent) or

recovering (38 percent).

## Employment

In projecting their hiring plans for 2008, survey participants expect more of the same — continued moderate job growth.

Expectations for 2008 are little changed from the low levels seen since the current employment expansion got underway in 2003. (New Jersey has created an average of about 23,000 private-sector jobs per year since 2003, well below the average of 70,000 created annually in the expansions of the 1980s and 1990s. Over the last six years, private-sector employment in New Jersey has been growing more slowly than in most other states.)

Sixty-one percent expect employment to remain the same, 25 percent expect to hire more employees, and 14 percent expect to reduce employment. Thus, a net 12 percent of businesses plan to expand employment in the year ahead, up marginally from a net 10 percent of businesses last year. This is on the low end of hiring expectations for employment expansions, as shown in **Chart 2**.

But actual employment growth over the last several years has not met even these moderate expectations. As shown in **Chart 3**, the net percentage of businesses actually expanding employment over the last four years (2004-2007) has been less than anticipated. It has also been very low when compared with the employment expansions of the 1980s and 1990s.

## Sales, Profits and

**“As a NJ-based contractor for over 20 years, we are unhappy. We plan on making a move out of the state as soon as we can. NJ is one the most difficult states to own and operate a business. It is the most controlled and levied, yet still provides very little comfort for its small-business owners!”**

*Mercer County builder with 10 employees*

## Purchases

**Expectations.** The outlook for sales, profits and purchases in the year ahead has improved from last year's levels, approximately matching the positive outlook seen three years ago, as shown in **Table 1**.

Fifty-seven percent of survey participants expect their companies' sales to increase in 2008, 22 percent expect them to remain the same, and 21 percent expect them to decline. In last year's survey, 43 percent anticipated improvement, while 29 percent foresaw a decline.

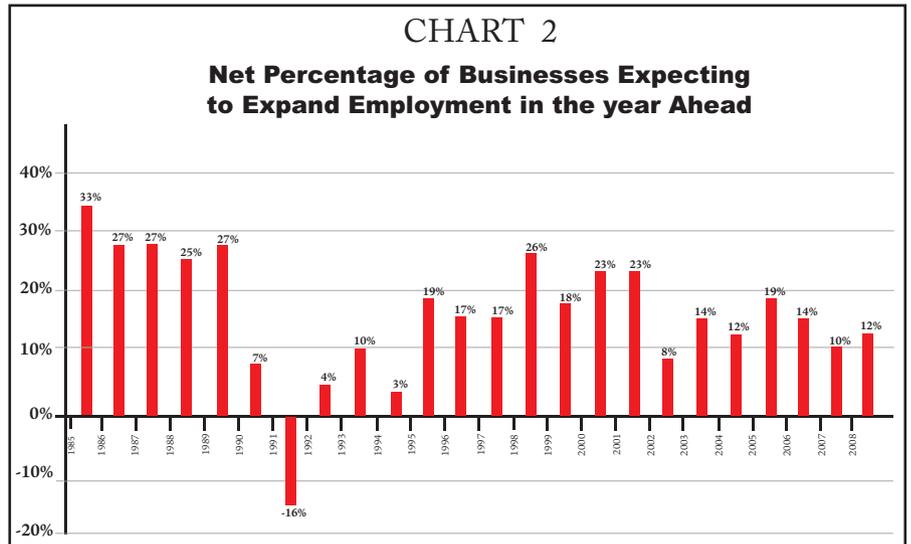
The outlook for profits, which was essentially flat last year, has improved as well. Fifty-one percent expect profits to rise for their companies in 2008, while 25 percent expect them to remain about the same, and 24 percent expect them to fall. Last year, there was more of an even match between companies expecting profits to rise (37 percent) and those expecting profits to fall (36 percent).

The outlook for purchases has made a comparable improvement, as shown in **Table 1**.

Expectations for improved sales are significantly higher in the services, transportation and manufacturing industries than they are in the troubled construction industry. Nonetheless, the outlook for sales in 2008 is more positive than negative across all industry sectors.

**2006-2007 Slowdown.** Recent survey data has captured the slowdown in business activity reported anecdotally by many New Jersey businesses. The data reveals a distinct slowing of sales and profits in 2006 that continued into 2007.

In each of the last 10 years, survey participants have been asked to report actual changes in their own sales, profits and employment as compared with the year before. This provides,



in effect, a rear view mirror with which to assess actual business performance in New Jersey.

As shown in **Chart 4**, the net percentage of businesses reporting an increase in sales and profits fell significantly in 2006 and then remained essentially flat in 2007.

For example, a net 15 percent of companies reported an increase in sales in 2006, down from the net 21 percent reporting an increase the year before. And a net 3 percent of companies reported higher profits in 2006, compared with a net 10 percent of companies the year before.

In interpreting this data, it is important to bear in mind that even in the peak years of the current expansion (2004-2005), sales and profits were growing more slowly than in the last three years of the previous expansion (1998-2000). Thus, the recent decline in sales and profits growth comes against a backdrop of already restrained economic activity, at least when compared with the 1990s.

With the benefit of hindsight, it is now evident that an impending economic slowdown was behind the loss of business confidence

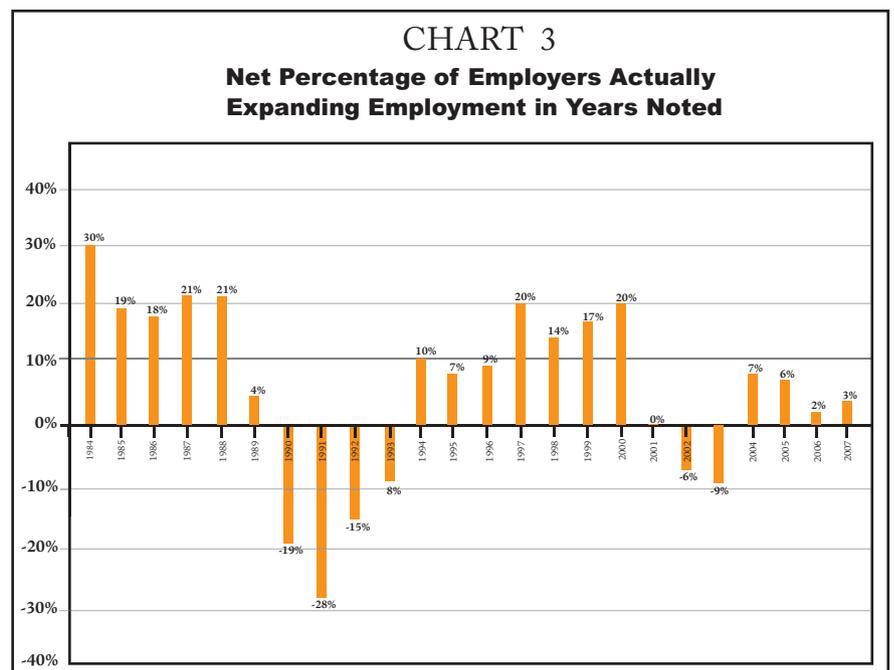


TABLE 2

**2008 Outlook for Major Industry Sectors**

MAJOR SECTOR	Better	Worse	Net Expecting Improvement
Communications & Utilities	48%	22%	26%
Construction	20%	44%	-24%
Finance, Insurance & Real Estate	29%	36%	-7%
Manufacturing	31%	30%	1%
Services	26%	27%	-1%
Retail Trade	20%	43%	-23%
Transportation	12%	37%	-25%
Wholesale Trade	16%	38%	-22%
All Sectors Combined	25%	33%	-7%

Those not saying the outlook will get better or worse believe conditions will remain the same

uncovered in the 2006 outlook survey (conducted in September 2005). No doubt this slowdown was already being felt by many businesses at the customer level.

Looking at actual sales and profits activity by industry sector over the past year, it is evident that the construction and retail sectors were hit hardest by the 2006-2007 slowdown. More than half of retailers reported that their sales and profits fell in 2007. Conditions weren't much better in the construction industry, where four out of 10 reported a decline in their sales and profits.

**NJ Business Climate**

**Expansion Site.** Survey respondents' assessment of New Jersey as a place for business expansion remains close to last year's record low.

When asked how they view New Jersey as a place to expand their business facilities, 19 percent rated the state to be good. This is up from 17 percent in the preceding survey, which was the lowest rating since 1985, the earliest year for which this survey data is available.

Thirty-six percent said New Jer-

sey is a poor place for expansion, a marginal improvement from 39 percent giving the state a poor rating last year, while 25 percent gave it a fair rating and 20 percent an average rating.

**Worst Problems.** When asked to identify their worst problems from a list of common business concerns, the cost of health insurance was identified as the top problem by 23 percent of respondents, followed by property taxes (18 percent) and the overall cost of doing business (15 percent).

The next major concerns were state taxes (8 percent), state regulations (8 percent), and frivolous lawsuits (6 percent).

Wage and labor costs, workers' compensation costs, and availability of skilled labor were next (5 percent each), followed by energy costs (4 percent) and environmental compliance and unemployment insurance costs (2 percent each).

**NJ Compared to Other States.** When asked how New Jersey compares to other states, significant majorities said New Jersey is "worse" than other states in key areas of government performance. These include taxes and fees, healthcare costs, controlling government spending, attracting new business, cost of regulatory compliance and attitude toward business.

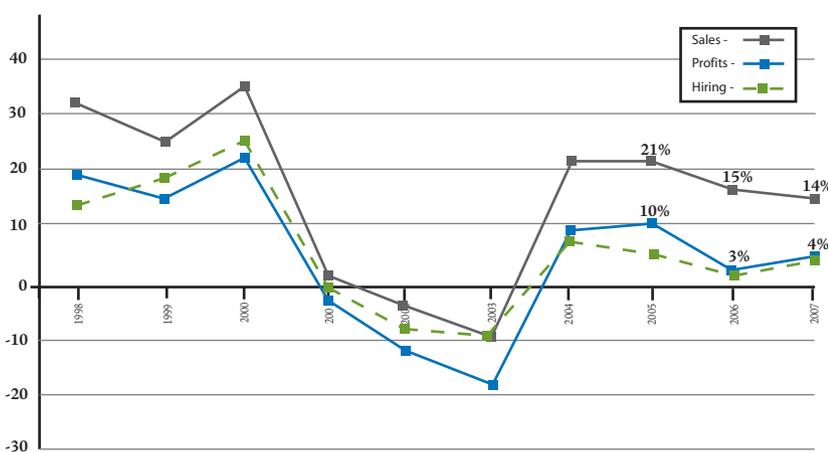
Although New Jersey was perceived as "better than" or "about the same" as other states in other categories—such as the quality of its public schools and the quality of its workforce—New Jersey was not seen as particularly outstanding in any one category.<sup>1</sup> (See Table 3 for details.)

**Labor Availability.** Because the current period of employment growth (2003-2007) has been relatively weak, a larger pool of qualified workers is available to

<sup>1</sup> In past years, survey participants were only asked if New Jersey is better or worse than other states in the stated categories. This was the first year in which survey participants were asked if New Jersey is better, worse, or about the same.

CHART 4

**Net Percentage of Businesses Reporting An Improvement in Sales, Profits and Employment over the Previous Year**



New Jersey employers now than in past expansions.

Nonetheless, the most sought-after workers, particularly those with specialized skills, can be difficult for employers to find and hire. In the current survey: 64 percent reported difficulty finding “skilled workers,” below a high of 80 percent in 2000; 56 percent reported difficulty in finding “professional/technical workers;” 44 percent reported difficulty in finding “managers;” 19 percent of survey respondents reported difficulty in finding “clerical” workers; and 15 percent, “unskilled” workers.

When asked if a labor shortage had hampered business expansion plans, 27 percent said it had, and 73 percent said it had not, virtually unchanged from last year.

Thirty-six percent said a labor shortage had driven up their labor costs, the smallest percentage in eight years and down from 75 percent in the 2001 outlook survey.

### Costs of Doing Business

**Wages.** Employers anticipate giving pay increases in 2008 that, for the most part, are well within the range of US consumer inflation, which was 3.6 percent for the first nine months of 2007.

As shown in **Table 4**, planned wage and salary increases are also not too different from the actual increases employers reported giving in 2007. Seventy-two percent said they will boost pay levels in 2008, while 26 percent said they will keep pay at current levels and only 2 percent said they will reduce employees’ pay.

Half of all survey respondents said they plan to give pay raises ranging from 2-5 percent, while 10 percent said their raises will be less than 2 percent, and another 12 percent said their raises will exceed 5 percent.

Pay raises are most likely to be

**TABLE 3**  
**How New Jersey Compares to Other States**

Taxes and Fees	1%	10%	90%
Controlling Government Spending	1%	17%	82%
Controlling Healthcare Costs	1%	18%	82%
Attracting New Business	5%	29%	66%
Cost of Regulatory Compliance	2%	38%	62%
Attitude Toward Business	5%	35%	60%
Controlling Energy Costs	3%	41%	55%
Timely Issuance of Permits	3%	50%	47%
Promoting Economic Development	9%	45%	46%
NJ as a Place to Live	26%	41%	33%
Protecting the Environment	25%	52%	23%
Quality of Workforce	25%	56%	19%
Quality of Public Schools	38%	47%	15%

given by manufacturers, as shown in **Chart 5**, while they are least likely to be given by employers in the housing construction industry.

**Fringe Benefits.** Rapidly rising employee benefit costs, particularly for health insurance, remain a major concern among employers. The 2008 survey indicates that companies over the last two years have begun to exert more control over the rate at which those costs are rising.

Twenty-five percent of survey respondents expect their fringe-benefit costs to remain about

the same and another 4 percent expect them to drop in 2008, but 71 percent expect their fringe-benefit costs to rise in 2008, little changed from an average of about 73 percent over the previous five years.

However, the proportion of employers expecting their fringe-benefit costs to grow by 6 percent or more has fallen over the last two years. Thirty-five percent anticipate that their costs will rise by 6 percent or more in 2008, down from a high of 42 percent of companies two years ago.

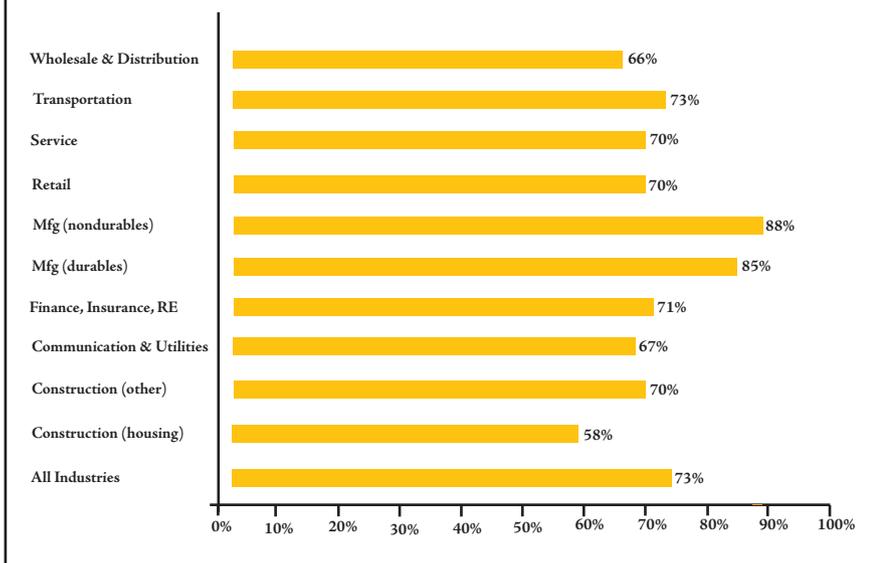
Another 36 percent said they

**TABLE 4**  
**Average Wage & Salary Increases in 2007**  
**And Projections for 2008**

	% of Respondents	
	2007 Actual	2008 Projected
<b>PAY-RATE CHANGE</b>		
Decrease	2%	2%
No Change	27%	26%
Increase	71%	72%
<b>PERCENT DISTRIBUTION OF INCREASES</b>		
1% - 1.9% Increase	8%	10%
2% - 2.9% Increase	12%	17%
3% - 3.9% Increase	24%	24%
4% - 4.9% Increase	13%	10%
5% - 5.9% Increase	7%	8%
6% - 6.9% Increase or more	7%	4%

CHART 5

**Percentage of Businesses in Different Industry Sectors Planning Pay Increases in 2008**



expect their fringe-benefit costs to climb by 1-5 percent in the year ahead, little changed from 37 percent of companies last year.

**Property Taxes.** For the first time in six years, survey respondents as a group believe their property taxes will rise more slowly in the year ahead than they did in the year before.

Twenty-eight percent of businesses said they do not expect their property tax bills to rise in 2008. This is up from 19 percent who held this view in the previous survey, a 10-year low.

On the other hand, 53 percent expect local taxes to rise by 1-5 percent. And 19 percent expect them to rise by 6 percent or more, compared with 27 percent of companies last year.

**Capital Spending**

Aggregate capital spending plans have changed little over the years, and the outlook for capital spending in 2008 is very close to what it was in the previous survey.

Thirty-six percent of companies plan to increase capital spending, 49 percent plan to keep spending

plans level, and 14 percent plan to cut spending.

Of the survey respondents that made capital and related investments in their businesses in 2007, 64 percent invested in information technology, 42 percent in workforce training and development, 31 percent in new production equipment and/or facilities, and 28 percent in production-process improvements.

**Pricing**

It appears that the current economic slowdown has begun to hamper the ability of businesses to raise prices for their products and services.

When asked what price changes they made in 2007, 45 percent said they raised prices, down from 55 percent the year before. This is the lowest percentage of businesses reporting price increases in four years.

Another 45 percent said they kept prices about the same in 2007, up from 37 percent the year before. Finally, 10 percent said they lowered prices, versus 7 percent in 2006.

Economic downturns generally make it harder for businesses to raise their prices. In the 2001 recession year, for example, only 30 percent of companies raised prices, while 16 percent lowered them and the remaining 54 percent kept prices level.

**Government Leaders**

A majority of companies continue to give government leaders in Trenton and Washington mostly “fair” to “poor” ratings, with only a small percentage conferring ratings of “good” to “excellent.”

Governor Jon Corzine received a good-to-excellent rating from 22 percent of survey respondents, down slightly from 23 percent last year. Forty-one percent gave the Governor a fair rating and 37 percent a poor rating, little changed from last year.

In his first two years in office, Corzine has received higher ratings than his two Democratic predecessors, Jim Florio and James E. McGreevey, but lower ratings than Governor Christine Todd Whitman.

The NJ Legislature fared somewhat better this year, receiving a good-to-excellent rating from 12 percent of survey participants, up from 9 percent last year. Thirty-nine percent said the Legislature is doing a fair job, and 49 percent, a poor job.

President Bush’s approval ratings have continued to plummet. Eighteen percent said the President is doing a good-to-excellent job, down from 31 percent last year and 65 percent at the height of the President’s popularity six years ago.

Congress is seen as doing the worst job of all. Only 6 percent said Congress is doing a good job (none said it was doing an excellent job), down from 11 percent last year and a high of 37 percent seven years ago.

Thirty-seven percent said Congress is doing a fair job, and 57 percent, a poor job.

## Conclusion

NJBIA's 2008 Business Outlook Survey finds that more New Jersey employers are skeptical than hopeful in their near-term outlook for the state and national economies and, to a lesser extent, their own industries. But those who expect a worsening of business conditions believe it will be only moderate.

Although businesses are feeling better about the prospects for their own sales and profits in the year ahead, this improved outlook comes against the backdrop of a marked two-year slowdown in business activity as measured by this survey. In last year's survey, fading business confidence had dragged the outlook for sales and profits to near recession levels.

Had the outlook fallen further in the current survey, this almost assuredly would have signaled the onset of an economic downturn.

To put the findings of NJBIA's 2008 survey in a broader context, the current US expansion is well past its youth and is approaching an age more suited to retirement. The expansion was a full six years old in November 2007. This made it quite a bit older than most US expansions, which rarely survive their 5th year.

As of this writing (in late November), the expansion has grown tired. The spectacular collapse of the housing boom is still in motion. Job growth is slowing, consumer confidence is waning, corporate profits are slipping, industrial production is declining, and the ever resilient American consumer, buffeted by the twin headwinds of rising energy prices and falling home values, is making

fewer trips to the shopping mall.

As measured by this survey, New Jersey's slowdown in business activity began in earnest in 2006, when actual sales, profits and employment growth fell markedly, reversing an upward trend seen in the previous two years.

State employment data tells a related story.<sup>2</sup> It shows that the current expansion has been a 90-pound weakling when compared with its predecessors, the boisterous 1980s and the booming 1990s. These two expansions together created an average of more than 70,000 private-sector jobs annually. The current employment expansion, which got underway in mid-2003, has barely created 23,000 private-sector jobs a year.

While NJBIA is concerned about the near-term economic out-

<sup>2</sup> Source: NJ Department of Labor and Workforce Development, monthly nonfarm payroll data.

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## ABOUT THIS SURVEY

NJBIA's 49<sup>th</sup> annual Business Outlook Survey questionnaire was sent to approximately half of the Association's 23,000 member companies in September 2007. The responses are based on the first 1,300 responses that arrived before the cutoff date.

The profile of this year's respondents (geographical location, industry type and company size) is generally consistent with respondents from past survey years. Most of the respondents were small companies, with 73 percent reporting 1-24 employees; 11 percent, 25-49 employees; 8 per-

cent, 50-99 employees; and 9 percent, 100 employees or more.

Responses came from businesses in all 21 New Jersey counties, with the greatest number of responses coming from Monmouth, Middlesex, Bergen and Morris counties, followed closely by Union, Mercer, Essex and Ocean.

Every major industry sector was represented, with 42 percent of respondents in diverse service industries, 18 percent in manufacturing, 15 percent in construction, and 7 percent each in retail, finance/insurance/real estate and the wholesale trades. Transportation companies and regulated communications and utilities accounted for about 2 percent each.

look, we are even more concerned about the condition of the state's business climate, which continues to receive poor grades from its most important constituency—the businesses that create the jobs and, ultimately, the tax revenues that support state government.

Today, only 19 percent of companies consider New Jersey to be a "good" place for expansion of their business facilities, a near record low, and large majorities believe New Jersey does a worse job than other states in controlling taxes, regulatory compliance costs and government spending.

In denying two state referendums in the November elections — one of which would have let the state borrow \$450 million for stem-cell research and the other of which would have dedicated another half penny of the 7-cent sales tax to property tax relief — New Jersey voters have echoed the business community's concern

about the state's management of its fiscal affairs.

With more than \$30 billion in state debt, New Jersey taxpayers are carrying the nation's fourth largest debt burden, averaging more than \$3,300 per resident. Yet, the state must come up with billions more to build schools, repair highways and bridges, and finance government-employee pensions.

We hope New Jersey's state-government leaders will heed the concerns of business captured in this survey — and the related chorus of citizen discontent.

### Editor's Note:

*The report was prepared by NJBIA Vice President Christopher Biddle. The complete results for any single survey question may equal slightly more or less than 100 percent due to rounding. Any reference to "companies" or "businesses" or "employers" in this text refers to respondents to this survey.*

## PORT AUTHORITY PROPOSES TOLL HIKES TO MEET LONG-TERM CAPITAL NEEDS

The Port Authority of New York and New Jersey proposes a toll and fare hike for its tunnels, bridges and PATH system to fund \$650 million in annual security costs and a nearly \$30-billion, long-term capital investment program that makes strategic investments in rehabilitating and modernizing agency facilities and easing road congestion and overcrowding. The proposed 2008 Port Authority budget of \$5.9 billion holds operating expenses flat for the second consecutive year, while allocating more money towards security.

The adjusted \$29.5-billion, 2007-2016 Capital Plan includes new total investments of \$3 billion for a new Hudson River passenger rail tunnel, \$3.3 billion for the overhaul of the PATH system and \$500 million for Stewart Airport expansion.

To fund increasing security costs and various construction projects, the Port Authority also outlines a proposal to adjust tolls and fares. These changes include an increase in tolls for E-ZPass drivers on the Port Authority's two tunnels and four bi-state bridges, from \$4 to \$6 for off-peak travel and from \$5 to \$8 in peak hours. Cash tolls would increase from \$6 to \$8. Daily PATH commuters will see base fares jump from \$1.50 to \$2 per trip. PATH riders who purchase 20- or 40-ride fare cards will see an increase from \$1.20 to \$1.50. Information was unavailable about toll increases for trucks and buses.

The increases, which are subject to the consent of the governors of both states, were the first on the agency's crossings and rail line since 2001. The agency will hold its first ever online public forum during the open discussion process.

The Port Authority also announces a new inflation fee concept, based on a system tied to a cost-of-living index that will prompt smaller — but more regular — toll increases and fares. The increases wouldn't necessarily kick in annually, but would be rounded off to simplify collection.

## NEW RECORD IN COMMUNITY COLLEGE ENROLLMENT

Statewide full-time student enrollment at New Jersey's 19 community colleges has reached a new record high, according to the New Jersey Council of County Colleges (NJCCC), Trenton.

The total full-time credit enrollment is up 4.6 percent from fall 2006 and part-time credit enrollment is up slightly by .7 percent. In total, 158,152 students were taking college-credit courses at New Jersey community colleges this past fall — the largest credit enrollment ever at community colleges.

NJCCC President Dr. Lawrence A. Nespoli says, "In addition to credit enrollments, community colleges enroll over 125,000 students in noncredit courses in professional and personal skills development each year."