

# Supplemental Survey Report

## Manufacturers Report More Unfilled Jobs, Note Fairly Widespread Supply Disruptions

Supplemental questions in the February 2021 *Empire State Manufacturing Survey* and *Business Leaders Survey* focused on staffing and compensation issues, including the effects of the recent minimum wage hike; firms were also queried about supply disruptions and delays, as well as their perceived causes and effects. The first five questions had been asked in surveys conducted in February 2020 and earlier, as shown in the tables below, while the remaining questions, on supply disruptions, were asked for the first time this month.

Businesses were asked how many employees they had and how many job openings they had at the time of the survey: the median figure for job openings as a share of the workforce was 2.9 percent among manufacturers—almost double the proportion from last February’s survey. Among service-sector respondents, in contrast, the median figure was 1.3 percent, almost a full point lower than in last year’s survey. This divergence jibes with our regular survey results, which show service firms to have been much more adversely affected by the pandemic than manufacturers.

On January 1, there was a scheduled hike in the minimum wage for businesses in New York State and New Jersey, except in New York City, where the minimum wage was unchanged at \$15. Respondents in those parts of our region seeing a hike were asked how much of an effect, if any, the recent increase in the state’s minimum wage had on their decisions about compensation

and employment. (A parallel question was asked in our February surveys in both 2020 and 2019, following earlier phases of the minimum wage hike.) In the current survey, 61 percent of service-sector respondents indicated no effect—about the same as in last February’s survey—while 11 percent reported a significant effect, down from 16 percent. Among manufacturers, 44 percent indicated no effect (up from 41 percent), while 10 percent noted a significant effect (down from 18 percent).

Businesses were asked what percentage of their workers had been earning less than the current (2020) minimum wage, prior to this latest hike. The average share was 5 percent among service firms and 4 percent among manufacturers—both proportions down moderately from last February’s survey. Businesses were also queried on what share of their workforce saw a larger wage raise than they otherwise would have, as a result of the latest minimum wage hike. The average reported share was 11 percent among service firms (up slightly from 10 percent in last February’s survey), and 16 percent among manufacturers (down from 20 percent). Among firms in the diverse service sector, the shares of workers affected by the minimum wage hikes tended to be highest among businesses in the leisure & hospitality, transportation & warehousing, and education & health sectors (not shown in table).

Survey participants were also asked a series of questions about supply disruptions and delays and how these might be affecting

their business. Roughly half of the service firms and three-quarters of manufacturers indicated that they have encountered at least some disruptions so far this year. A little less than a third of those businesses with supply issues, in turn, characterized them as substantial. Among service firms, reports of supply disruptions and delays were concentrated among those in the retail and distribution sectors (not shown in tables).

Of those businesses experiencing supply disruptions, the most commonly cited source was domestic suppliers either having limited supplies or being shut down, followed by trucking delays. Issues with foreign suppliers and shipping delays at the ports were also fairly widely cited by manufacturing firms. When asked about the extent to which recent supply disruptions were affecting their bottom line, 27 percent of service firms and 40 percent of manufacturers indicated moderate to substantial effects. Here too, retail and distribution firms reported considerably more widespread effects than other service firms (not shown in table).

Finally, respondents were asked what they had done and/or plan to do to mitigate the effects of supply disruptions. Building extra inventories and finding new suppliers were the most widely cited actions among both manufacturers and service firms. A sizable share of manufacturers also checked off switching to backup suppliers, while more than a third of service firms said they would make do without some inputs. ■

## Supplemental Survey Report, *continued*

### QUESTIONS 1-2

|   | Business Leaders Survey            |               |               |               | Empire State Manufacturing Survey  |               |               |               |
|---|------------------------------------|---------------|---------------|---------------|------------------------------------|---------------|---------------|---------------|
|   | Median<br>(Except Where Indicated) |               |               |               | Median<br>(Except Where Indicated) |               |               |               |
|   | February 2021                      | February 2020 | February 2019 | February 2018 | February 2021                      | February 2020 | February 2019 | February 2018 |
| <b>QUESTION 1</b><br>Roughly how many workers are currently employed at your establishment?             | 40                                 | 55            | 52            | 50            | 50                                 | 55            | 55            | 50            |
| <b>QUESTION 2</b><br>Roughly how many job openings are there at your establishment at the present time? | 1                                  | 2             | 2             | 2             | 2                                  | 1             | 2             | 2             |
| Job openings as a share of workforce*   | 1.3%                               | 2.2%          | 1.7%          | 2.0%          | 2.9%                               | 1.6%          | 2.7%          | 2.6%          |

\* This represents the median proportion across all respondents.

## Supplemental Survey Report, *continued*

### QUESTION 3

Has the increase in the minimum wage, effective January 1, had any effect on your business's decisions about compensation and/or employment?

|                    | Business Leaders Survey              |               |               | Empire State Manufacturing Survey    |               |               |
|--------------------|--------------------------------------|---------------|---------------|--------------------------------------|---------------|---------------|
|                    | Percentage of Respondents Indicating |               |               | Percentage of Respondents Indicating |               |               |
|                    | February 2021                        | February 2020 | February 2019 | February 2021                        | February 2020 | February 2019 |
| No effect          | 60.7                                 | 60.7          | 59.5          | 44.4                                 | 40.6          | 35.8          |
| Small effect       | 15.7                                 | 12.9          | 13.5          | 29.3                                 | 17.2          | 27.0          |
| Moderate effect    | 12.9                                 | 10.4          | 13.5          | 16.5                                 | 24.2          | 15.3          |
| Significant effect | 10.7                                 | 16.0          | 13.5          | 9.8                                  | 18.0          | 21.9          |

*Notes: In the latest survey, businesses in New York City and Fairfield County were excluded from these results, because the minimum wage did not change. Prior to 2021, only businesses in New York State were asked to respond to this question.*

### QUESTION 4

Approximately what percentage of your workforce, *prior* to this latest minimum wage hike, was earning less than the current (2021) minimum wage?

|                    | Business Leaders Survey |               |               | Empire State Manufacturing Survey |               |               |
|--------------------|-------------------------|---------------|---------------|-----------------------------------|---------------|---------------|
|                    | February 2021           | February 2020 | February 2019 | February 2021                     | February 2020 | February 2019 |
| Average percentage | 4.9                     | 6.5           | 5.1           | 3.9                               | 4.9           | 4.0           |
| Median percentage  | 0.0                     | 0.0           | 0.0           | 0.0                               | 0.0           | 0.0           |

*Notes: In the latest survey, businesses in New York City and Fairfield County were excluded from these results, because the minimum wage did not change. Prior to 2021, only businesses in New York State were asked to respond to this question.*

### QUESTION 5

For approximately what percentage of your workforce did the latest minimum wage hike cause you to raise wages more than you otherwise would have?

|                    | Business Leaders Survey |               |               | Empire State Manufacturing Survey |               |               |
|--------------------|-------------------------|---------------|---------------|-----------------------------------|---------------|---------------|
|                    | February 2021           | February 2020 | February 2019 | February 2021                     | February 2020 | February 2019 |
| Average percentage | 11.0                    | 9.9           | 11.0          | 15.6                              | 20.2          | 17.6          |
| Median percentage  | 0.0                     | 0.0           | 0.0           | 0.0                               | 2.5           | 2.0           |

*Notes: In the latest survey, businesses in New York City and Fairfield County were excluded from these results, because the minimum wage did not change. Prior to 2021, only businesses in New York State were asked to respond to this question.*

## Supplemental Survey Report, *continued*

### QUESTION 6

**Have you experienced supply disruptions/delays over the past year?**

*Please indicate for each of these time intervals*

|             | Business Leaders Survey |                        |                      | Empire State Manufacturing Survey |                        |                      |
|-------------|-------------------------|------------------------|----------------------|-----------------------------------|------------------------|----------------------|
|             | January-February 2021   | November-December 2020 | January-October 2020 | January-February 2021             | November-December 2020 | January-October 2020 |
| None        | 49.3                    | 41.8                   | 37.2                 | 25.2                              | 24.8                   | 27.5                 |
| Some        | 35.6                    | 42.8                   | 41.1                 | 51.7                              | 56.2                   | 53.6                 |
| Substantial | 15.1                    | 15.4                   | 21.7                 | 23.2                              | 19.0                   | 19.0                 |

### QUESTION 7

**Which of these, if any, have contributed to the disruptions in 2020 and thus far in 2021?**

*Please check all that apply*

|   | Business Leaders Survey        |         | Empire State Manufacturing Survey |         |
|---|--------------------------------|---------|-----------------------------------|---------|
|   | Thus Far in 2021               | In 2020 | Thus Far in 2021                  | In 2020 |
|   | Shipping delays (at the ports) | 29.1    | 36.4                              | 34.6    |
| Trucking delays                                       | 39.1                           | 43.1    | 41.2                              | 47.8    |
| Rail delays   | 7.3                            | 8.6     | 2.9                               | 2.9     |
| Air delays  | 11.3                           | 11.9    | 10.3                              | 17.7    |
| Domestic suppliers shut down or have limited supplies | 50.3                           | 66.2    | 60.3                              | 76.5    |
| Foreign suppliers shut down or have limited supplies  | 30.5                           | 46.4    | 30.9                              | 44.9    |
| Other   | 7.3                            | 8.6     | 8.1                               | 6.6     |

### QUESTION 8

**To what extent have supply disruptions adversely affected your business activity and/or bottom line?**

|               | Business Leaders Survey   |         | Empire State Manufacturing Survey |         |
|---------------|---------------------------|---------|-----------------------------------|---------|
|               | Percentage of Respondents |         | Percentage of Respondents         |         |
|               | Thus Far in 2021          | In 2020 | Thus Far in 2021                  | In 2020 |
| Not at all    | 28.8                      | 13.6    | 23.7                              | 11.4    |
| Slightly      | 43.9                      | 47.9    | 35.9                              | 46.2    |
| Moderately    | 18.0                      | 24.3    | 30.5                              | 31.1    |
| Substantially | 9.4                       | 14.3    | 9.9                               | 11.4    |

## Supplemental Survey Report, *continued*

### QUESTION 9

**What have you done and/or planned to do to mitigate the effects of supply disruptions?**

*Please check all that apply*

|  | Business Leaders<br>Survey | Empire State<br>Manufacturing Survey |
|--|----------------------------|--------------------------------------|
|  | Percentage of Respondents  | Percentage of Respondents            |
| Build extra inventories  | 43.1                       | 58.1                                 |
| Make do without some inputs                                    | 35.8                       | 11.0                                 |
| Switch to existing backup supplier(s)                          | 25.8                       | 41.2                                 |
| Find new suppliers   | 42.4                       | 58.8                                 |
| Source more goods from U.S. as opposed to<br>foreign suppliers | 7.3                        | 11.8                                 |
| Acquire upstream suppliers                                     | 0.7                        | 2.2                                  |
| Other  | 12.6                       | 10.3                                 |