

77%_{of}

Ohio business leaders
believe the current
economic climate is
Good to Excellent



PROSPERITY PULSE

INSIGHT FROM OHIO BUSINESS LEADERS



Research
Foundation



The mission of the Ohio Chamber of Commerce Research Foundation is to provide non-partisan, educational resources on public policy issues that impact Ohio's economy, job creation and long-term competitiveness.

Thank you for participating in our quarterly survey. The Ohio Chamber Research Foundation is committed to uncovering issues, finding solutions and delivering results. We could not do this without participation in this survey from our business leaders.

When we add the wisdom of past generations to the understanding of current day we are given the keys to success and economic freedom. However, without solid data and information from the warriors on the ground (Ohio business leaders), we are left with confusion. We want to inform our policy makers on the health of Ohio's economy from your perspective. The Prosperity Pulse survey, report and findings are one of the tools that we use to do just that.

As we look at Quarter 3 results, the short-term movement of the Prosperity Pulse continues to be slight – moving from 5.1 down to 5.0. Since the index contains only three quarters of data – that is to be expected. However, some interesting concern levels have shifted since the second quarter.

For the first time this year, we see a heightened level of concern over data security. Not surprising since 2017 has already surpassed 2016 in the number of cyber hacks, leaks and data breaches. Attacks on large companies like Verizon, Equifax, and Deloitte proves that companies of all sizes are at risk, not to mention the dozens of colleges, universities and federal agencies that were attacked by malware.

We also saw the cost of healthcare rise again as the top issue of concern to business leaders. This increase was expected after the federal government stalled to make any changes to the Affordable Care Act.

The continued good news for Ohio: 77% of our business leaders believe the economic climate in Ohio is good to excellent and 71% are still optimistic about the fourth quarter. Winston Churchill once said, "A pessimist sees the difficulty in every opportunity; an optimist sees the opportunity in every difficulty."

We are fortunate that the majority of our business leaders are optimists! Again, thank you for participating!

Sincerely,

Katie M. Kogman
Executive Director

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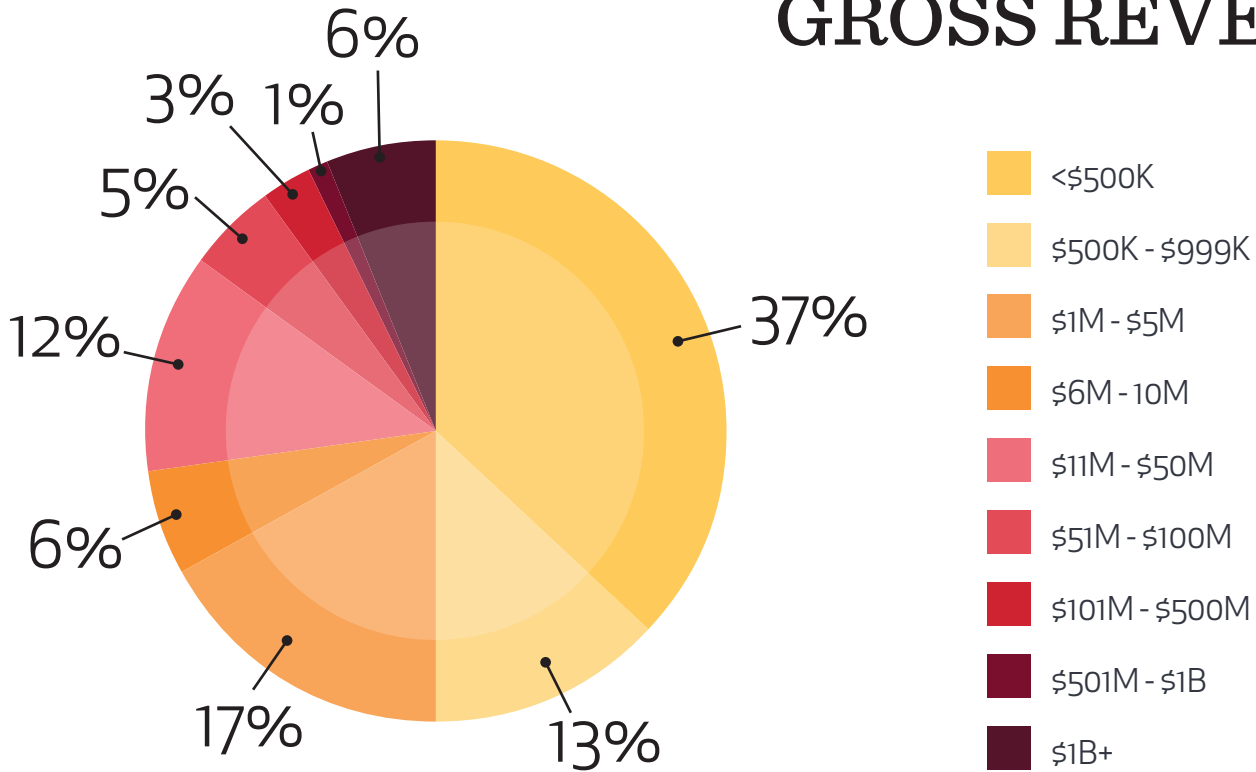


The Ohio Chamber Research Foundation partnered with Clout Research. The firm led by Fritz Wenzel conducted the survey of business leaders across the state of Ohio to determine the economic pulse of their companies and the Ohio economy as a whole. Along with Ohio Chamber Research Foundation staff, Clout assisted in the question creation, beta testing and analysis. We surveyed 404 business leaders via an online survey tool, social media outlets and by telephone. The survey carries a confidence interval of 95% and a margin of error of +/-4.85 percentage points. Full survey results, questions and cross tabs can be downloaded at

www.ohiochamberfoundation.com/projects/



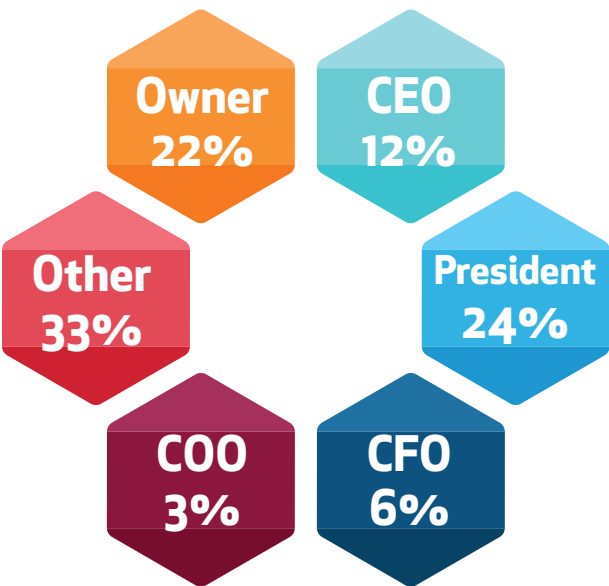
BY COMPANY GROSS REVENUE



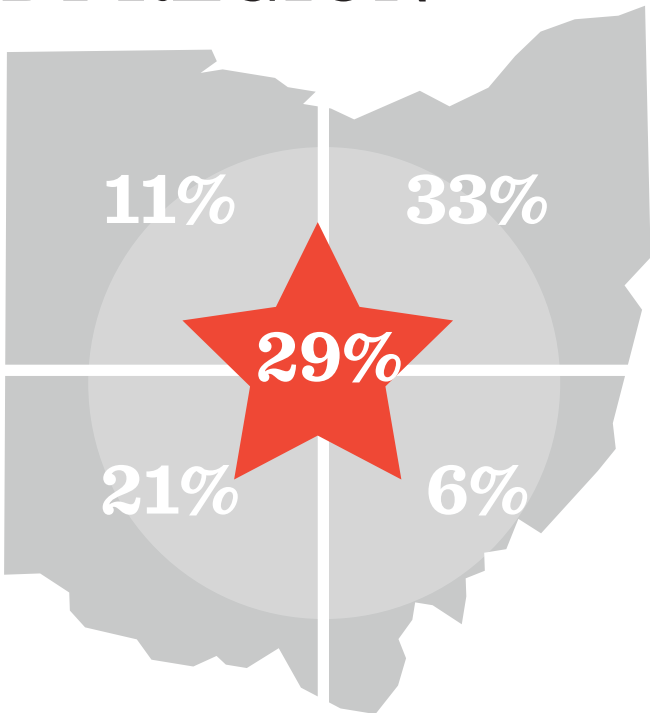
BY NUMBER of EMPLOYEES



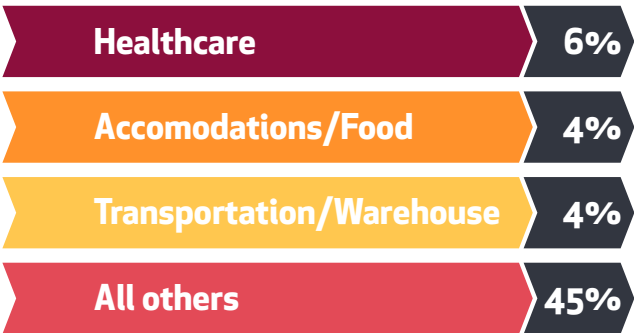
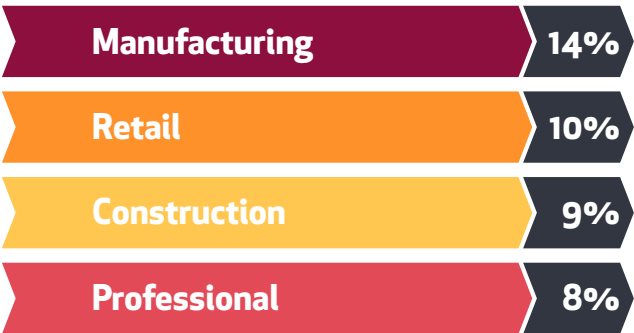
BY TITLE



BY REGION



BY INDUSTRY



PROSPERITY PULSE

The Prosperity Pulse is an index measurement of the economic health of Ohio companies according to their leaders. The index takes into account **PROFITS**, **WORKFORCE**, **CAPITAL INVESTMENTS** and **EXPENSES**.



BASED ON A 10 POINT SCALE

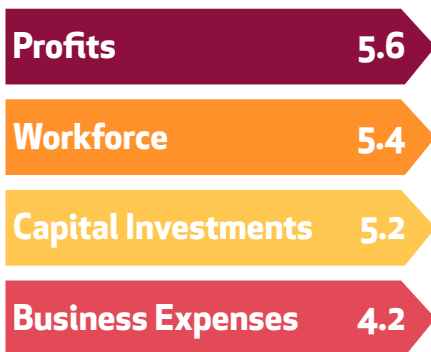
1
WEAK
ECONOMY

5
STEADY
ECONOMY

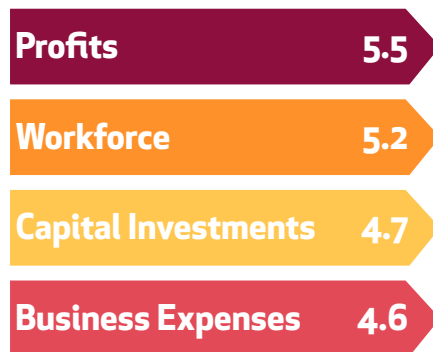
10
ROBUST
ECONOMY

STATE-WIDE PROSPERITY PULSE PAST - PRESENT - FUTURE

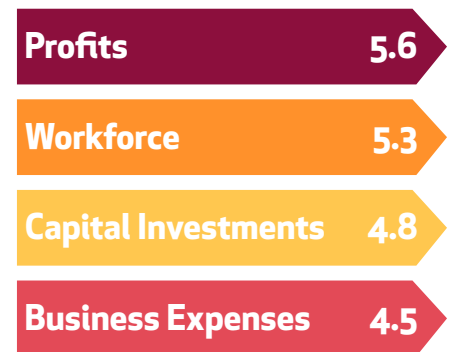
PROJECTED Quarter 3



ACTUAL Quarter 3



PROJECTED Quarter 4



KEY FINDINGS

The Prosperity Pulse slipped a bit this quarter. Even though it reads steady at a 5.0 it is biased to the negative. The real mover this quarter was a decline in capital expenditures with a projected continued decline for the 4th Quarter. This could signal a longer-term slow down.

However, the opinions about current economic climate and optimism about the future are high, with 70% of the respondents feeling good about both.

The most alarming changes happened regarding issues of concern.

On the bright side, business leader's concern levels with Ohio's political environment, state issues and regulations, and state and local taxes all experienced a significant drop.

On the alarming side, the survey shows a dramatic increase in concern levels over attracting quality talent, productivity, the cost of all employee benefits and rising salaries and wages.

Overall the cost of employees is an elevated concern. The worries about the future workforce not only spilled over from the second quarter, but grew.

TOP 5 ISSUES *of* CONCERN BY OHIO BUSINESS LEADERS

1. Cost of Healthcare
2. Attracting Quality Talent
3. Cost of all Benefits
4. Data Security
5. Federal Regulations

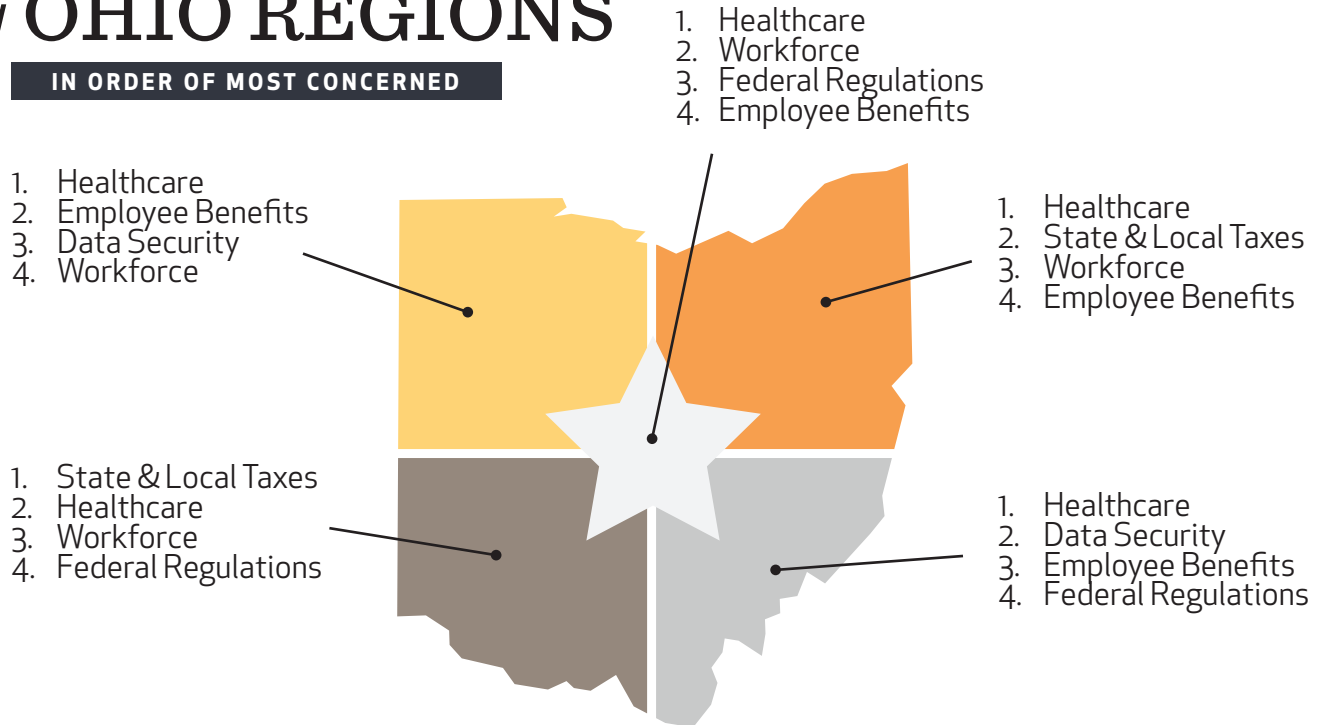
Changes in Issue Concern Levels
BASED ON SCALE 1-10



Issue	Concern Level 1Q	Concern Level 2Q	Concern Level 3Q
1. Federal Regulations	6.1	5.8	5.9
2. State Regulations	5.9	5.9	5.7
3. Economic Uncertainty	5.7	5.5	5.6
4. Attracting Quality Talent	5.9	5.4	6.3
5. Cost of Energy	4.9	5.2	5.5
6. Competition	4.9	4.9	5.3
7. Cost of Healthcare	7.0	6.7	6.8
8. Cost of Employee Benefits	6.3	5.5	6.2
9. Productivity	5.2	4.8	5.4
10. Data Security	5.6	5.7	6.0
11. Global Trade/Markets	4.0	3.7	3.7
12. Rising Salaries & Wages	5.1	4.9	5.5
13. Ohio's Political Environment	5.9	5.6	5.4
14. Technology Changes	5.5	5.1	5.1
15. State & Local Taxes	5.9	6.4	6.2

TOP CONCERNS by OHIO REGIONS

IN ORDER OF MOST CONCERNED



*Workforce = Attracting Quality Talent

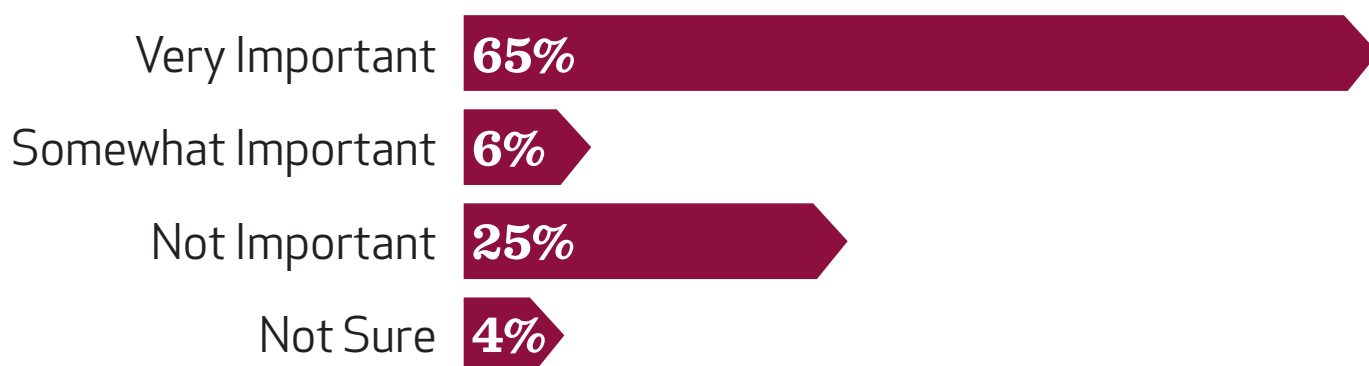
ISSUES *by* INDUSTRY



We asked... **Business leaders**

"How important is federal tax reform to your business?"

"What type of tax reform would be most advantageous or most harmful for your company?"



Top 2

federal tax reform thoughts:



Some specific helpful federal tax reform suggestions included:

- Lowering the pass-through entity tax rate
- Allowing investment and/or re-investment credits
- Maintaining the charitable contribution tax credit
- Decreasing personal income tax

in your WORDS

We asked, and
you responded:

“Corporate tax;
lowering it would
promote
investment.”

“Would like
to see tax
simplification.”

“Tax reform would
be huge. Increased
margins would
allow for potential
investments back into
the business.”

“Tax reform is
vital. Reducing
the overall
corporate
tax burden is
important!”

“My concern
is in the long-term
viability of the National
Debt. The goals of
tax reform should be
simplification, positive
revenue to lower the
debt.”

“I have so little
faith in the feds,
it’s not worth my
time discussing.”

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