New York State Business Climate Study

Introduction

Small and family-owned businesses are a powerful and integral part of New York’s – and the nation’s – economy. According to the 1999 Small Business Profile, between 1994 and 1998, they added nearly 420,000 new jobs statewide. In 1998 alone, they generated $49.2 billion in income. Ninety-seven percent of all New York firms have fewer than 100 employees, and 99 percent have fewer than 500 employees. In terms of employment, firms with fewer than 100 workers employed 37 percent of all people working in the state. Firms with 500 or fewer employees accounted for 52.5 percent of the state’s employment, or 3,674,733 people.

Small firms are clearly critical to the development of new businesses and processes, yet there is little attention paid to their perceptions of the economy and how those perceptions might affect their decisions. For this reason, Alfred University’s College of Business, with funding from the Raymond Family Business Institute, commissioned Harris Interactive1 of Rochester, NY, to undertake a survey in May 2001 of approximately 1,400 businesses across New York. The survey was designed to provide a snapshot of New York’s economic “growth driver” at the end of the year’s second quarter – a quarter in which traditional economic indicators were declining. This survey gives us a baseline that will be used to discern trends as subsequent surveys are conducted periodically.

Of the 1,400 businesses surveyed, 435 replied for a 31-percent response rate. In our survey we attempted to distinguish between the firms’ perceptions of the business climate, and their behavior within the context of those perceptions. Hence, these responses represent something more important than common economic indicators – the thoughts, feelings and behavior of businesspersons as influenced by how they assess New York State’s current business climate. Too often, we believe, small businesses are underrated and their voices not heard.

Description of Sample

The sample profile fits the basic business demographics in New York State. Of the 435 respondents, 30 percent are located in the downstate area, defined as New York City, and Nassau, Suffolk, Westchester and Rockland counties. The remaining counties across the state comprise the upstate area; 68 percent of the respondents are located upstate. Ninety-four percent of the respondents are privately held companies. Over 71 percent are defined as small businesses, meaning they have 100 or fewer employees. Another 5 percent of the respondents define themselves as “self-employed.” The remaining 24 percent employ 100 or more workers. Overall, this sample of businesses generates an average of $23 million in annual revenue. Twelve percent of the respondents had annual

1 Harris Interactive (Nasdaq: HPOL) is a worldwide market research, polling and consulting firm. It is best known for The Harris Poll and its pioneering use of the Internet to conduct scientifically accurate market research.
revenues of less than $1 million; 18 percent had revenues of $1 to $5 million. Another 25 percent generate $6 to $10 million in revenues; 23 percent report revenues of between $11 and $20 million; and 22 percent have revenues of $21 million and over.

Twenty-five percent of the downstate businesses reported their annual revenues were $1 to $5 million, while 15 percent of the upstate businesses said they fell within that range. Twenty percent of the downstate businesses reported annual revenues of $11 to $20 million, compared to 24 percent of the upstate businesses.

Size and annual revenues are, predictably, related. Fifty-one percent of the businesses with 100 or more employees had annual revenues in excess of $21 million, compared to 11 percent of those with fewer than 100 employees. Of those reporting revenues of less than $1 million, 14 percent are small businesses, versus 6 percent of those with 100 or more employees. Mean revenues for small businesses were $11.6 million, compared to $50.5 million for those with 100 or more employees. The median revenues for small businesses are $7.2 million, compared to $20.8 million for those with more than 100 employees.

**Findings**

We hypothesized that our data might indicate differing perceptions between small and medium/large businesses. We found, however, their responses mirrored each other closely. There were no significant differences between their responses to a wide range of economic perceptions covered in this survey. The same held true for firms located upstate, versus those located downstate. In only a few instances did we see a difference between their upstate and downstate opinions.

**Their Voice: Bush’s Tax Plan**

As this survey was under way, President Bush’s tax plan was being considered, and eventually passed, by Congress. Respondents were asked what effect Bush’s tax cut plan would have on their businesses. The 389 who responded to that question were nearly equally divided in their assessment: 49 percent said that the plan would have little or no effect on their business, and 46 percent said it would have a positive effect, free up spending money, stimulate the economy or help their businesses. The remainder of the respondents said they did not know what effect the tax cut plan would have.

This pattern did not vary among small and large businesses. Among those with fewer than 100 employees, 45 percent predicted a positive effect, and 50 percent said it would have little or no effect. Among those with 100 or more employees, 49.5 percent said the effect would be positive, while 46 percent said it would have little or no effect.

There was a difference, however, between opinions in the state’s two regions. Upstate businesses were much more hopeful concerning the relief the tax plan might provide. Fifty-three percent of upstate businesses believed that this tax plan would have a positive
effect while only 36 percent of those businesses within the downstate area believed there would be such a positive effect.

**Their National Perspective**

**Economic Climate**

The respondents were asked for their perceptions of the nation’s business environment. Sixty-eight percent believed that business times are worse today than they were one year ago and only 3 percent say they are better. Twenty-nine percent said business conditions are the same as they were a year ago. Among the large businesses, only 1 percent said conditions are better than a year ago, while 33 percent see them as the same and 66 say they are worse. Four percent of the small businesses said the climate is better than it was a year ago, and 68 percent say it’s worse. Twenty-eight percent say conditions are the same. Downstate businesses were more pessimistic, with 71 percent saying things are worse, compared to 66 percent of the upstate businesses. Thirty-one percent of the upstate businesses said conditions are the same as a year ago, versus 26 percent of the downstate businesses.

The majority (61%) believed more unfavorable changes are coming. Only 10 percent reported they expect a favorable future. When asked about business conditions in the nation as a whole, about half of those responding believe that the next 12 months hold a mixed bag of good and bad business conditions. Sixty-two percent believed interest rates will go down, thereby lessening their cost to borrow money.

**Their New York State Perspective**

**Economic Climate**

Respondents were asked to offer their perceptions on the business environment of New York specifically. Sixty-five percent believed state policies do a good or fair job creating a positive environment in which to do business. While size had no effect on perceptions of business climate, assessments did vary with geographic location. Among downstate businesses, 83 percent said the state government does a fair or good job creating a positive environment, compared to 56 percent of upstate businesses. Almost 60 percent of the total sample believe unemployment will go up in New York State in the next 12 months, with more than a third (37%) believing that unemployment rates will remain the same.

**Future Plans: Capital Expenditure**

While these perceptions of the national and state business climate are important for understanding the pulse of the New York business community, respondents were also asked to tell us what they actually plan to do over the next 12 months. Forty-three percent have definite plans to make capital investments. The majority (58%) of businesses employing more than 100 plan capital expenditures, compared to 37 percent of small
business owners. These are surprising figures given their overall pessimistic view of the national business climate. Among small business owners, 52 percent said they had no plans to make capital investments during the coming year, while 34 percent of the larger business owners ruled out capital investments.

Predictably, size of the capital investment is relative to the size of the business. So while small businesses plan to make smaller investments than their larger counterparts, investments are still being made. Thirty-nine percent of small businesses plan to make an investment of under $100,000, but nearly 23 percent say they will make investments of $500,000 or more. Fifty-eight percent of large businesses anticipate making an investment of over $500,000. The total sample plans to make an average capital investment of $1.6 million in the next 12 months. Among small businesses, the anticipated mean investment is $550,000, while among the larger businesses, the anticipated mean investment is in excess of $3.2 million.

Among those who said the state is doing a good job with its policies, 48 percent anticipate making investments, 44 percent do not and 9 percent are not sure. As might be anticipated, there appears to be a relationship between positive feelings about the state’s policies and plans to invest. Among those who plan to make investments, 72 percent say the state is doing a good job. Within that group, 25 percent said the investment would be $100,000 or less; 27 percent plan on investing $100,001 to $500,000, and 38 percent said their investment would be in excess of $500,000.

Even among those who were less positive about the state’s policies, 34 percent said they will spend $100,000 or less; 32 percent, $100,001 to $500,000; and 30 percent, in excess of $500,000.

**Future Plans: Employment**

Plans for human resource investment present a similar picture. Fifty-two percent of those sampled either have definite (20%) or tentative (32%) plans to hire additional employees in the next 12 months. Forty-eight percent of small businesses indicated a definite or strong probable intention to hire additional employees, compared to 60 percent of those larger companies. On average, approximately seven employees will be hired by small businesses, compared to 27 hired by their larger counterparts.

Among those who say the state is doing a good job, 56 percent have plans, firm (21%) or tentative (35%), to add employment; 28 percent said they do not plan to increase their workforce and 15 percent are not sure. Sixty-eight percent with definite plans to add employees said the state is doing a good job. In that group, 53 percent will add one to 10 employees; 25 percent will add 11-20; and 22 percent, 21 or more employees.

Alternatively, when asked if they plan to reduce their workforce, the majority (58%) of business owners did not, while only 5 percent do have definite plans for reductions in workforce. This finding does not vary significantly by location or size. The average reduction in the work force for the large firms is approximately 25 employees, a result
that is skewed by two businesses that say they are planning reductions of more than 51 employees each. Small firms’ average anticipated layoff in the next 12 months is approximately five employees per firm. Comparing these reduction rates to new employment indicates that small business across the state will increase employment.

Of those who said the state is doing a good job, 65 percent do not plan cuts, 14 percent are not sure and only 2 percent have definite plans to reduce their workforce.

**Conclusion**

New York State businesses generally perceive the economic climate nationally and in New York to be bleak, but not specifically for them. As pessimistic as they seem – they said business conditions are worse than a year ago, more bad economic news is on the way, and President Bush’s tax cut plan will have little or no effect on their businesses, nonetheless, they are planning to invest in their businesses and in their workforce.

There does not seem to be a relationship between the businesses’ assessment of the national business climate and their plans to invest in their businesses and/or to add employees, but there does seem to be a positive correlation between how they rate the state’s policies, and whether they will make a capital investment and/or add to their workforce.

**Responses to specific questions**

**Question 1: Regarding business conditions as a whole, do you think that during the next 12 months the United States will have…?**

- good times financially
- good times financially, but with some qualifications
- a little bit of both good times and bad times
- bad times financially, but with some qualifications
- bad times financially

Business owners were asked to predict what business conditions would be like during the next year for the country as a whole. Half (51%) of the respondents believe that there will be both good and bad times financially. Of the remaining respondents, 35 percent believe that business will be having good times financially, though 33 percent reported that there would be some qualifications to the overall positive conditions. The remaining 14 percent had a fairly negative prediction, saying that business conditions will be financially bad. Only two percent, however, thought that conditions would be completely bad – the rest believe that there will be some qualifications.

When the respondents are divided by region into downstate (New York City, and Nassau, Suffolk, Westchester, and Rockland counties) and upstate (all other counties), their responses follow the same pattern. Again, 51 percent of both upstate and downstate business owners thought that, financially, there would be a little bit of both good and bad times during the coming year. A slightly smaller percentage of downstate respondents
(33%) predicted favorable business conditions, 29 percent with qualifications and 4 percent without. The remaining 16 percent predicted unfavorable financial conditions, 15 percent with qualifications. Upstate responses matched the overall sample almost exactly; 35 percent predicting favorable financial times, with 1 percent qualifying their response; and 14 percent predicting unfavorable financial times, with 3 percent offering a qualified response.

Respondents were also separated based on the size of their business. Both small and medium/large business followed the overall pattern. Of the small business respondents, 52 percent thought that the coming year would bring both good and bad financial times. Only 33 percent thought that business conditions would be financially good, 31 percent with qualifications, while 14 percent thought that they would be financially bad, 12 percent with qualifications. Medium/large-business owners were slightly more positive, with 38 percent predicting favorable conditions, 36 percent with qualifications. There was, however, a smaller percentage of medium/large businesses saying the next 12 months would bring both good and bad financial conditions (48%).

**Question 2: Would you say that at the present time, business conditions in the country are…. ?**

- better now than they were a year ago
- about the same as they were a year ago
- worse now than they were a year ago

The majority of all respondents (68%) believed that business conditions in the country are worse than they were one year ago. Only 3 percent believed that conditions are better than they were one year ago. The remaining 29 percent believed that business conditions are about the same as they were last year.

Again, this overall trend is apparent in both the upstate and downstate populations. A slightly greater percentage of downstate business owners (71%) believed that current business conditions are worse than those one year ago. There is a corresponding small drop in the percentage of downstate respondents who believe that business conditions have remained about the same (26%). The remaining three percent believe that business conditions have improved in the past year. The majority of upstate business owners (66%) also believe that business conditions in the country have gotten worse during the past year. Again, only three percent believe that business conditions have improved. The remaining 31 percent of upstate respondents believed that business conditions have not changed over the past year.

The same trend exists among small-business owners and medium/large-business owners. Most small business-owners (68%) believed business conditions have gotten worse during the course of the past 12 months, while only 4 percent believe that conditions have improved. The remaining 28 percent believed that business conditions have remained the same. The majority of medium/large-business owners (66%) also believed business conditions are now worse than they were a year ago, while only 1 percent believed
conditions have gotten better. The remaining 33 percent believed that business conditions have remained about the same over the past year.

**Question 3:** During the past few months, have you heard about any favorable or unfavorable changes in business conditions?

- yes, more favorable changes than unfavorable
- yes, more unfavorable changes than favorable
- yes, equally favorable and unfavorable
- no, neither

All but 5 percent of respondents reported hearing about changes in business conditions during the last few months. However, 61 percent stated that they had heard of more unfavorable changes than favorable changes, while only 10 percent reported hearing about more favorable changes. The remaining 24 percent had heard of about the same amount of favorable and unfavorable changes.

This was largely true of both regions as well. The majority of both downstate (65%) and upstate (60%) business owners reported having heard of more unfavorable changes than favorable. However, 12 percent of downstate respondents and 8 percent of upstate respondents reported hearing about a larger amount of favorable changes, and five percent of both groups said that they hadn’t heard of any changes at all. The remaining 18 percent of downstate and 26 percent of upstate respondents said that they had heard of about the same number of favorable and unfavorable changes.

The same trend was also apparent in both small and medium/large-businesses. Only 10 percent of both groups had heard of more favorable changes than unfavorable changes, while the majority of both small (59%) and medium/large (66%) business owners reported hearing of more unfavorable changes. Twenty-five percent of small-business owners and 20 percent of medium/large-business owners said that they had heard about fairly equal numbers of favorable and unfavorable changes. Only six percent of small-business owners and three percent of medium/large-business owners hadn’t heard of any upcoming changes in business conditions.

**Question 4:** What do you predict will happen to interest rates for borrowing money during the next 12 months? Will they.... ?

- go up
- stay the same
- go down
- no answer

The majority of respondents (62%) believe that interest rates will go down during the next 12 months. Only four percent believe that interest rates will go up and 32 percent believe that they will stay the same.

Most downstate respondents (57%) believe that interest rates will do down during the next year, as do most upstate respondents (65%). Very few downstate (5%) and upstate
(3%) respondents believe that interest rates will increase. Thirty-seven percent of downstate and 29 percent of upstate business owners believe that interest rates will remain the same.

Small business-owners and medium/large-business owners also follow the overall trend in predicting interest rates. Sixty-two percent of both size-class categories believe that interest rates will decrease over the next year. Only four percent of small-business respondents and three percent of medium/large-business respondents believe that interest rates will increase. However, 32 percent of small-business owners and 31 percent of medium/large-business owners believe that interest rates will not change at all in the coming year.

**Question 5: In terms of creating a positive business climate, do you feel that the economic policies of the New York State government are...?**

- doing a good job
- doing a fair job
- doing a poor job
- no answer

Sixty-five percent of the respondents believe that the economic policies of the New York State government are doing a good or fair job of creating a positive business environment.

An overwhelming majority of downstate respondents (83%) feel that the government is doing a good or fair job at creating a positive business environment. Among upstate respondents, 56 percent said the business environment is positive.

Sixty-three percent of the small business owners and 68 percent of the medium and large business owners said the state creates a positive business environment.

**Question 6: During the coming 12 months in New York State, do you think there will be...?**

- more unemployment than there is now
- about the same level of unemployment as there is now
- less unemployment than there is now
- no answer

More than half (59%) of all respondents think that unemployment in New York State will increase during the coming year. Very few (4%) believe that unemployment will decrease, while 37 percent believe that it will remain about the same.

The majority of both downstate (63%) and upstate (57%) respondents believe that unemployment will increase during the next 12 months. Many believe that unemployment across the state will not change throughout the year (32% and 38% respectively). Only five percent of downstate respondents and four percent of upstate respondents believe that unemployment will decrease.
Again, 59 percent of both small-business and medium/large-business respondents believe that unemployment will rise during the coming year. Just four percent of both groups believe that unemployment will decrease, while 37 percent believe that the level of unemployment in New York State will remain unchanged.

**Question 7: Do you plan on making capital investments in the next 12 months? (Beyond what you might classify as routine maintenance.)**

- yes
- no
- not sure

Nearly half (47%) of the respondents report that they do not plan to make capital investments, beyond routine maintenance, within the next 12 months. However, 43 percent are planning to make such investments. The remaining 10 percent are unsure about whether they will invest.

Fewer downstate respondents are planning to invest (40%) than are planning not to invest (50%). A full 10 percent of downstate business owners are unsure about whether or not they will make capital investments within the next 12 months. Only 44 percent of upstate respondents report that they are planning to invest, while 45 percent are not planning to invest. The remaining 11 percent of upstate business owners are not sure whether they will invest.

Similarly, half (50%) of the small-business owners are not planning to invest, with only 37 percent planning to invest. Eleven percent of small-business owners are undecided about investing during the coming year. However, the reverse is true of medium/large-business owners, as 58 percent are planning to invest and 34 percent are planning not to invest. Only eight percent are unsure whether they will invest during the next 12 months.

**Question 8: If yes (to making capital investments), what is the approximate value of these capital investments?**

- $100,000 or less
- $100,001-$500,000
- $500,001- or more
- no answer

Of those business planning to make capital investments, 27 percent plan to invest $100,000 or less, 28 percent plan to invest between $100,000 and $500,000, while 37 percent plan to invest more than $500,000. The average planned investment is $1,602,400 ± $4,766,200. The median investment is $375,000.

Of the downstate businesses planning to invest, 25 percent are going to invest $100,000 or less, 33 percent plan to invest between $100,000 and $500,000, and 33 percent plan to invest more than $500,000. Similarly, 28 percent of upstate investors plan to invest $100,000 or less, 26 percent plan to invest between $100,000 and $500,000, and 39
percent plan to invest more than $500,000. The average planned downstate investment is $2,024,300 ± $7,422,100 while the average upstate investment is $1,461,300 ± $3,294,700. The median downstate investment was $327,100 and the median upstate investment was $412,500.

Small-business owners reported that they were planning to invest less than medium/large-businesses. About one third (39%) of small-business owners reported plans to invest $100,000 or less, while 29 percent plan to invest between $100,000 and $500,000 and only 23 percent plan to invest more than $500,000. However, over half (58%) of investing medium/large-business owners plan to invest over $500,000, 26 percent plan to invest between $100,000 and $500,000 and only eight percent are planning to invest less than $100,000. The average planned small-business investment is $550,700 ± $861,100 and the average planned investment for medium/large-businesses is $3,234,900 ± $7,273,700. The median small-business investment is $192,200 while the median medium/large-business investment is $887,500.

**Question 9: What is the likelihood that you will add new employees in the next 12 months?**

- I have definite plans
- there is a possibility I’ll add employees
- do not plan to add employees
- not sure
- no answer

One-fifth (20%) of all respondents reported having plans to hire new employees during the next 12 months. Another 32 percent said that there was the possibility that they would be adding employees to their business. However, 32 percent also reported not having any plans to hire, and 15 percent were unsure whether they would be hiring more employees.

Only 18 percent of downstate businesses plan to hire new employees during the coming year. Just over a third of downstate business owners (36%) say that there is the possibility that they will add new employees. However, 28 percent say that they have no plans to do any hiring. Another 16 percent are unsure whether they will be adding employees during the next 12 months. One third of upstate business owners (34%) report that they have no plans to hire. Only 21 percent have definite plans to hire, and another 29 percent say that there is the possibility that they will hire more employees. Fifteen percent are unsure about whether they will be adding new employees.

Similarly, only 15 percent of small businesses have plans to increase the number of employees in the next 12 months. One third (33%) say that there is the possibility that they will be hiring, while another third (34%) say that they have no plans to increase their number of employees. However, 32 percent of medium/large-businesses have definite plans to hire new employees, with another 28 percent reporting that there is a possibility that they will be hiring. Twenty-six percent do not plan to hire new employees, while 14 percent are unsure whether they will hiring.
Question 10: If you have definite plans to hire new employees in the next 12 months, approximately how many do you intend to hire?

- 1-10
- 11-20
- 21 or more

Of the respondents who plan to hire new employees, 61 percent report that they intend to hire between one and 10 people. Nineteen percent say that they plan to hire 11-20 new employees, while the remaining 19 percent intend to hire over 20 people. On average, each business will be hiring 16 people (± 20). The median number of employees business owners are planning to hire is nine.

Similarly, 58 percent of downstate business owners say that they plan to hire between one and 10 new employees. One quarter (25%) of the downstate respondents who plan to hire say that they will be adding between 11 and 20 positions. The remaining 17 percent plan to hire 21 or more people. The majority of hiring upstate businesses (61%) also plan to hire 1–10 people. Just 18 percent plan to hire 11-20 people, while 21 percent plan to hire over 20 new employees. Downstate business owners plan, on average, to add an average of 15± 21 employees, while upstate business owners plan to add 17± 20 employees. The median number of employees downstate employers plan to hire is seven, while the median for upstate businesses is 10 employees.

Again, the majority of hiring small-business owners (85%) plan to add 1-10 new employees. Only 10 percent plan to hire 11-20 people, while four percent plan to hire over 20 people. Medium/large-business owners are more evenly split as to how many employees they plan to add in the next 12 months; 33 percent plan to hire 1-10 people; 30 percent intend to hire 11-20 people; and 38 percent plan to add over 20 new employees. Small-business owners, on average, plan to hire 7±7 new employees. The median number of people by which small businesses plan to increase their workforces is five. Medium/large-businesses, however, plan to increase by an average of 27±25 people. The median number of employees medium/large businesses plan to hire is 17.

Question 11: What is the likelihood that you will reduce the size of your workforce in the next 12 months?

- I have definite plans
- there is a possibility I’ll reduce the size of the workforce
- do not plan to reduce the size of the workforce
- not sure
- no answer

The majority of respondents (58%) say that they do not plan to reduce the size of their workforce during the next 12 months. Only five percent have definite plans to decrease their workforce, yet another 20 percent say that it is a possibility. The remaining 16 percent are not sure.
Over half of both downstate (57%) and upstate (58%) respondents are not planning to reduce the size of their workforce. Only 6 percent of downstate respondents report that they are planning to reduce the size of their workforce, though another 18 percent say that there is the possibility that they will do so. Similarly, 4 percent of upstate respondents are planning to reduce the size of their workforce, and another 22 percent say that reduction is a possibility. Eighteen percent of downstate business owners and 15 percent of upstate business owners are not sure whether they will be reducing the size of their workforce.

Again, 58 percent of both small-business and medium/large-business owners are not planning to reduce the size of their workforce. Just 4 percent of small businesses and 7 percent of medium/large businesses are planning to reduce the size of their workforces. However, 19 percent of small businesses and 24 percent of medium/large businesses report that a reduction in workforce size is possible. Another 18 percent of small businesses and 10 percent of medium/large businesses are not sure.

Question 12: If you have plans to reduce the size of your workforce in the next 12 months, by how many employees do you expect to reduce?

- 1-5
- 6-10
- 11-50
- 51 or more
- no answer

Of those business planning to reduce their workforce, 52 percent are planning a one-to-five- person reduction; 10 percent a six-10 person reduction; 24 percent a reduction of 11-50; and another 10 percent, 50 or more. On average, businesses are planning to reduce their number of employees by 25±48. The median reduction is six employees.

Half of both downstate (50%) and upstate (50%) businesses that are planning a reduction are only going to reduce their workforce by one to five people. In addition, 13 percent of downstate and 8 percent of upstate businesses are planning to reduce by six to 10 people. One quarter of both downstate (25%) and upstate (25%) business are planning to reduce their workforces by 11-50 people. Another 13 percent of downstate and 8 percent of upstate businesses plan a reduction of over 50 people. Downstate businesses are planning reductions of 25±35 people, while upstate business are expect to reduce an average of 27±58 employees. The median downstate reduction is six, with upstate businesses having a median reduction of seven employees.

The majority (75%) of small-businesses planning to reduce their workforces are planning to make a reduction of only one to five people. Eight percent are going to make a reduction of six to 10 people, and another 8 percent are planning to make reductions of 11 to 50 people. However, 44 percent of medium/large-businesses planning reductions are going to reduce their workforces by 11 to 50 people, with 22 percent making reductions greater than 50 people. Another 22 percent of medium/large businesses are planning reductions of one to five people, and the remaining 11 percent plan to reduce
their workforces by six-10 people. Small-business owners, on average, plan to eliminate 5±4 employees. The median number of people by which small-businesses plan to reduce their workforces is three. Medium/large businesses plan to decrease in size an average of 49±64 people. The median reduction for medium/large businesses is 26 employees.

**Question 13: In your opinion, what effect will President Bush’s tax cut plan have on your business?**

Just over one-fifth (22%) of all respondents believe that President Bush’s tax cut plan will have no effect on their businesses. Another quarter (21%) believe that it will have a favorable effect, while 12 percent think that it will have very little effect on their businesses. Other respondents predict other positive effects, such as freeing up pending money (9%), stimulating business (7%), or unspecified benefits (5%). Four percent say that they do not know what kind of an effect the tax cut plan will have on their business.

One-third of downstate respondents (32%) believe Bush’s tax cut will have no effect on their business. Only 16 percent expect it will have a positive effect, and 10 percent think that it will have very little effect on their businesses. Six percent believe that the plan will free up some of their spending money, and another 6 percent say that it will stimulate the economy. Finally, 3 percent say that the tax cut plan will help, and another 3 percent say that they don’t know what effect it will have on business.

One quarter (24%) of upstate respondents believe Bush’s tax cut plan will have a favorable effect on their businesses. Another 18 percent think that it will have no effect, and 13 percent think it will have very little effect on them. Only 8 percent think that the tax cut plan will stimulate business, while another 10 percent say it will free up spending money. Five percent of upstate business owners think that the plan will help in some way, while 4 percent don’t know how it will affect their businesses.

Again, one fifth (22%) of small-business owners believe that Bush’s tax cut plan will have no effect, while an additional 12 percent say that it will have very little effect. Only 19 percent think that the plan will affect their businesses favorably. Nine percent believe that the tax cut plan will free up spending money. Another 9 percent believe that it will stimulate the economy and 4 percent think that it will help in some way. Four percent of small-business owners say that they don’t know what kind of effect the plan will have on their businesses.

Similarly, 23 percent of medium/large-business owners report that Bush’s tax cut plan will have no effect on their businesses. Again, another 12 percent believe it will have very little effect on them. Among medium/large-business owners, however, 28 percent believe that the tax cut plan will have a positive affect on their businesses. Another 8 percent say that it will free up spending money, 4 percent think that the plan will stimulate business, and 6 percent believe that it will help the economy in some way. Finally, 3 percent of medium/large-business owners don’t know how what kind of effect Bush’s tax cut plan will have.