



MAINE
ECONOMIC
RESEARCH
INSTITUTE

What's Important to Maine Employers

**A Research-Based Compilation
Of Three Statistically Significant Studies
BASED ON THE
MAINE ECONOMIC RESEARCH INSTITUTE'S
SENIOR MANAGEMENT SURVEYS**

Prepared By:
Ed McLaughlin & Glen Foss
Maine Economic Research Institute
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THE REPORT:

This report represents the results of three comprehensive surveys completed by Market Research Insight of Maine Senior Management officials between 1999 and 2005. These surveys provide insight into the opinions of key business decision-makers in Maine. Each study represents the views of more than 500 business leaders and each study provides a statistical error factor of less than 4.5% at the .95 level of confidence. The full reports are available at www.fixmaine.com



THE BOTTOM-LINE:

Establishing Priorities for Strengthening Maine’s Economy

The following questions examined how Maine can deal with retaining Maine businesses and the jobs they represent, and attracting new business and industry to the state. The question read: “How can State policies change to help create an environment that enhances the competitive position of Maine companies while maintaining Maine’s quality of life? Please indicate your top 3 recommendations for how State policies can help attract new business and industry and help strengthen current businesses.” **NOTE:** Table displays total results for question combining up to three recommendations received by each respondent.

HOW STATE POLICIES CAN HELP ATTRACT NEW BUSINESS			
	1999	2002	2005
Tax Relief	57%	43%	44%
Less Government	11	6	22
Ease Regulations	26	8	15
Control Healthcare Costs	NA	15	10
Improve Infrastructure/Transportation	21	10	9
Increase Incentives	13	10	9
Control Insurance Costs	NA	5	9
Stable/Consistent Policies	10	4	9
Fix Workman’s Compensation	8	19	8
Be Pro-Business	13	5	8
Expand Economic Development	10	2	7
Improve Education	28	11	6
Diversify/Bring in New Industries	3	3	4
Less Environmental Control	NA	3	4
Lower Business Expenses	12	1	4
Help Small Business	NA	3	4
Promote the State	12	4	3
Put Existing Business First	3	1	3
More/Promote Environmentally Friendly Industry	NA	3	1
Other	13%	1%	1%
Uncertain/Don’t Know	NA	29	28

Question read: "What do you consider the top 3 roadblocks to improving Maine's business environment?"

ROADBLOCKS TO IMPROVING MAINE'S BUSINESS ENVIRONMENT		
	2005	2002
Taxation	37%	24%
Lack of Political Leadership	16	3
Anti-Business Legislature/Government	15	13
Government Regulations/Mandates	11	5
Worker Comp Costs	9	10
Insurance Costs	8	5
Local Governments	8	1
Healthcare Costs	7	9
Lack of Qualified Labor	7	5
Special Interests/Unions	7	5
Lack of Foresight/Planning	7	3
Inexperienced Legislators	6	8
Environmental Regulations	6	3
Cost of Business	6	2
Politics	5	5
High Utility Costs	5	4
Cost of Living/Quality of Life	5	3
Infrastructure/East-West Highway	4	6
Transportation Costs	4	4
Size of Government	4	3
Schools/Education	3	5
Location	3	4
Population Resistance to Change	3	3
Competitors/Canada	2	3
Lack of Capital/Banks	2	1
Retaining Employees	2	1
Perception of Maine	2	1
Population Distribution	1	2
Unemployment Compensation Too High	1	2
Other	1%	3%
Uncertain/Don't Know	23	24



Executive Summary

Market Research Insight assisted Maine Economic Research Institute with three separate surveys of Maine’s senior business officials. Each of the Senior Management Surveys had more than 500 business leader participants providing a sampling error factor of below 4.5% at a .95 level of confidence for each study. While each study provided unique insights, the comparisons between the surveys are made only for key issues in this report. The full reports are available at www.fixmaine.com. Dr. Verne Kennedy, MRI President and Senior Analyst, served as Project Director for all studies.

Survey participants had considerable diversity in business industry classification and size base on number of employees. The studies are representative of Maine business as a whole and reflect what is important to small, often family-owned, Maine businesses.

NUMBER OF MAINE EMPLOYEES			
	1999	2002	2005
5 Employees or Less	21%	15%	14%
6 - 20 Employees	23	28	28
21 - 50 Employees	18	23	25
51 - 99 Employees	10	11	13
100 - 1,000 Employees	24	21	19
Over 1,000 Employees	3	3	1

The organization of participating businesses was primarily corporate, 83%, with 6% sole proprietor, 6% not for profit, 4% partnership, and 2% other structures. Among participating companies, between 24% (2005) - 34% (2002) also have operations in other states. Cumberland, Penobscot, and York Counties were most represented and together made up over 50% of all respondents. Actual survey participants were 60% owners, 26% CEOs, 10% senior management officials, and 4% other categories.



In 2005, fifty-nine percent of respondents said based on their experience, the average Maine-based business makes under 10% after tax profit. In comparison, the average individual holds the opinion that businesses in Maine make closer to 27-33% profit. A reality gap exists between actual and perceived profits by most Maine citizens.

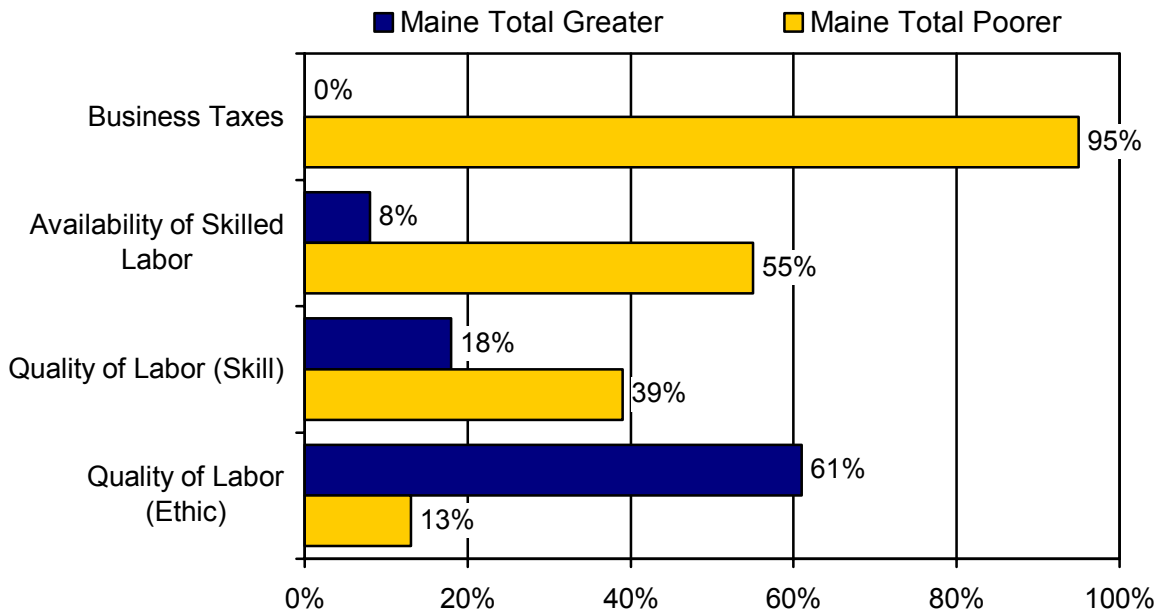
Senior management officials are extremely pessimistic about the business climate in Maine with 94% saying they consider the overall business climate in Maine poorer than in other states and Canada in 2005, compared to 88% in the 2002 survey. Business leaders in Maine are more pessimistic than business leaders in any other state in which MRI has conducted similar surveys. In addition, 90% of Maine business leaders hold the opinion that the perception of Maine's business climate as held by business executives in other states is negative, up from 85% in 2002. Pessimism about Maine's economy is greater today than when surveyed in 2002.

The perception of Maine business taxes changed between 2002 and 2005 with business executives responding 90% too high in 2002 and 95% too high in 2005. Respondents also said that personal taxes have gone up as well. Senior management officials consider Maine's tax burden much higher for both corporate and personal taxes than in other states. In fact, 95% said that personal taxes were too high and 95% said corporate taxes were too high. Among respondents, 82% said their companies would be more likely to expand or invest new capital in Maine if the overall tax burden for businesses and individuals were lowered.

Several questions asked Maine business leaders to compare taxes, availability of skilled labor, and quality of that labor with other states and Canada. The following graph summarizes results depicting the percent of business leaders saying that Maine is better or poorer.

(See graph on following page)

**BUSINESS CLIMATE IN MAINE COMPARED
TO OTHER STATES
(2005)**



Maine business leaders comparing essential business characteristics in their state with other states say that business taxes are much higher in Maine, the availability of quality skilled labor much lower, but that the labor ethic of Maine workers is better. Maine's business leaders point to a business climate which is no longer competitive with other states and Canada.

The quality of life, Maine work ethic, and access to raw materials were key factors attracting businesses to Maine. Senior management officials were asked if factors attracting their company to Maine have changed. They say the Maine quality of life is now slightly worse, access to raw materials slightly worse, the Maine work ethic and skill level somewhat worse, but general access to labor is much worse.

The survey also examined Maine's regulatory environment. The administration of state and local regulations in Maine was considered 74% too strict and 2% too lenient. Although business people generally complain about regulations, no state surveyed by MRI has responded with



74% of business leaders saying too strict.

The survey tested support for four new issues in 2005. Strongest support existed for greater competition among healthcare insurance providers, with 89% support. Seventy-two percent of senior management officials support locating a liquid natural gas (LNG) on Maine's coast. Much lower support existed for the other two healthcare issues. Forty-nine percent were against the Maine Dirigo Healthcare Program, and respondents were nearly evenly split in their support of the state policies creating a healthcare risk pool, with 28% supporting and 29% against.

When it comes to encouraging business expansion in Maine, 89% of respondents say that Maine should offer incentives to encourage existing business and industry to expand and incentives for new companies to locate in the state. In addition, 91% say Maine should make its business tax incentive programs competitive with other states. Seventy-six percent of respondents prefer a broad-based approach to state economic development that helps all businesses.

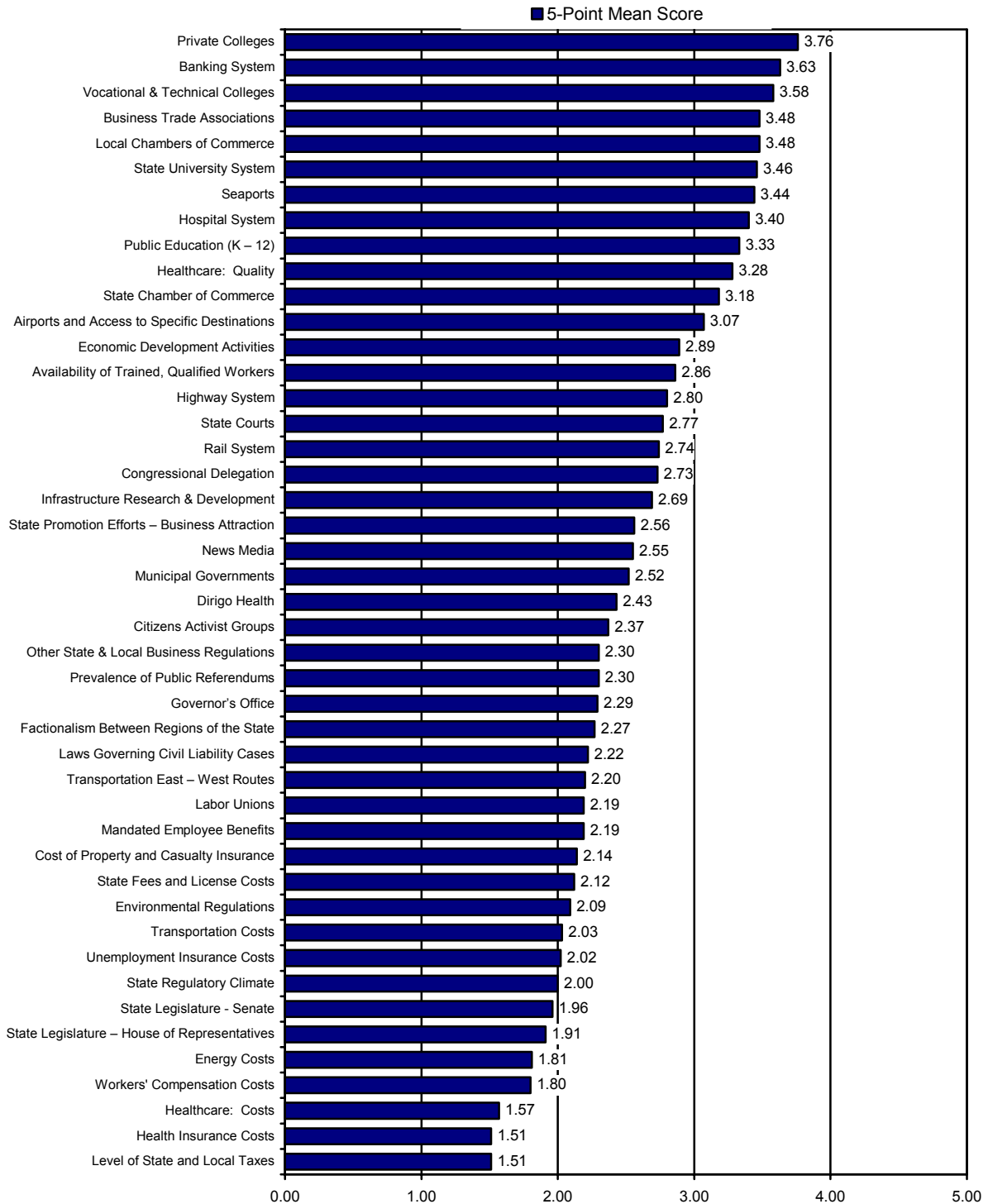
Among respondents, 82% said their companies would be more likely to expand or invest new capital in Maine if the overall tax burden for businesses and individuals were lowered. Eighty-five percent of Senior Management officials disagree that Maine's economic policies provide competitive advantages to Maine businesses relative to other states. In addition, 93% of senior management officials said the overall cost of doing business in Maine is higher than in other states, and 60% said much more expensive.

The survey examined influences on Maine's economy. Senior management officials were asked if each of the following was a positive or a negative factor on Maine's economic and business growth. The survey used a five-point scale ranging from five for very positive to one for very negative. The following graph depicts results. The higher the score, the more positive the factor.

(See graphs on following pages)

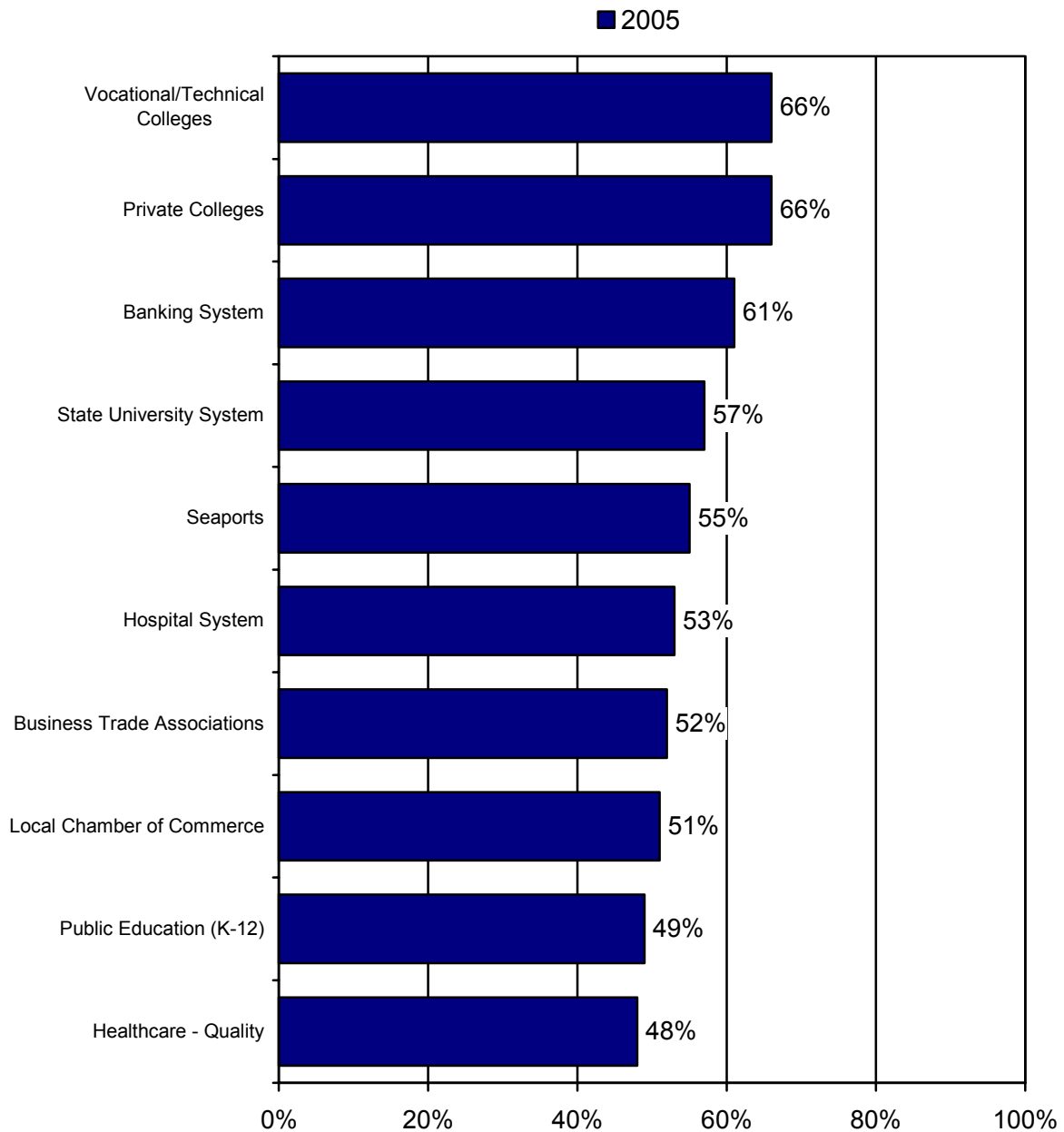


OVERALL INFLUENCES ON MAINE'S ECONOMY
2005



The following graph depicts the top factors receiving most positive influence responses for helping Maine's economy.

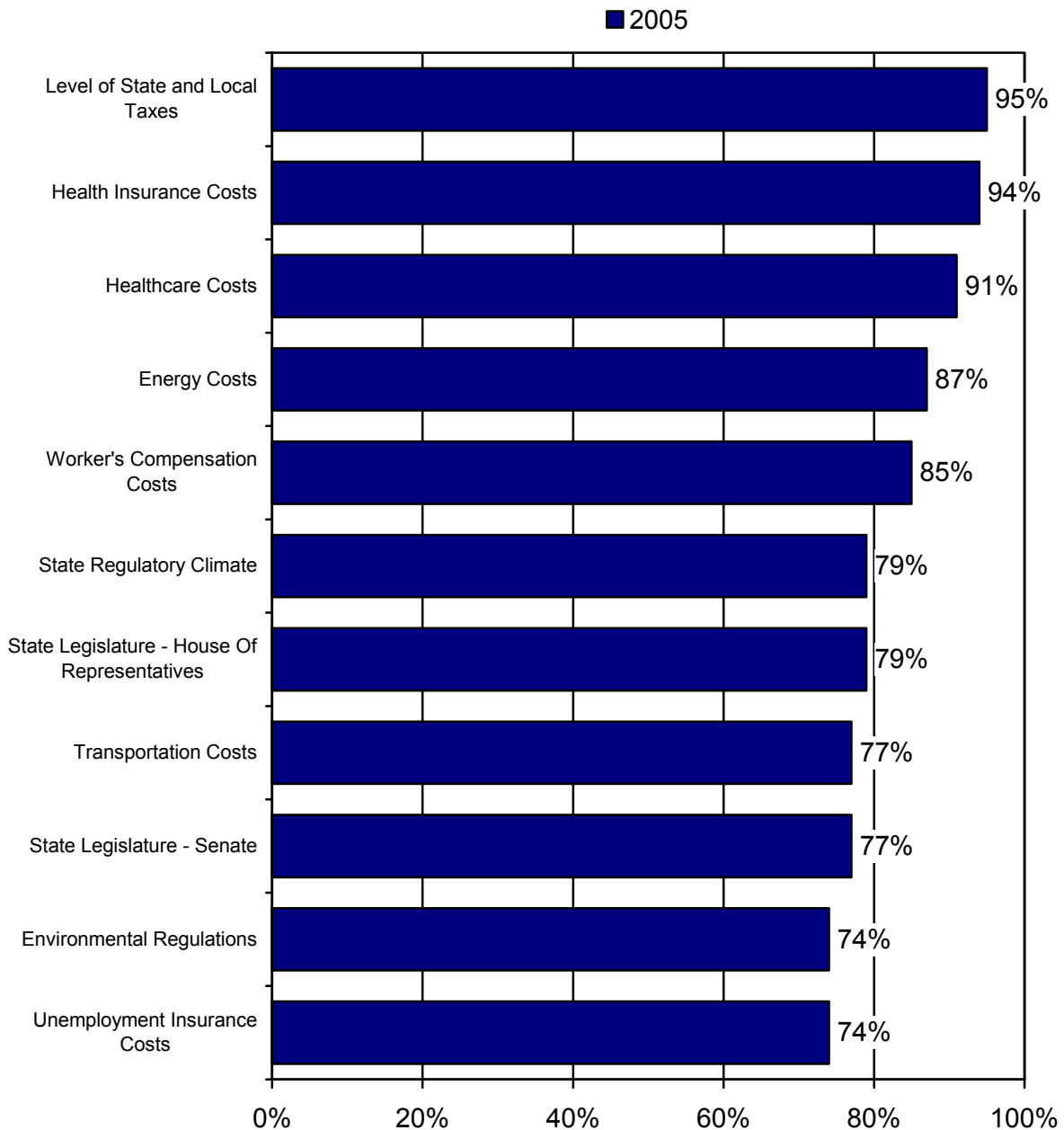
TOP POSITIVE ECONOMIC INFLUENCES



Top positive influences were vocational, technical, and private colleges, the banking system, and the State University system.

The next graph depicts the top negative response factors influencing Maine's economy.

TOP NEGATIVE ECONOMIC INFLUENCES



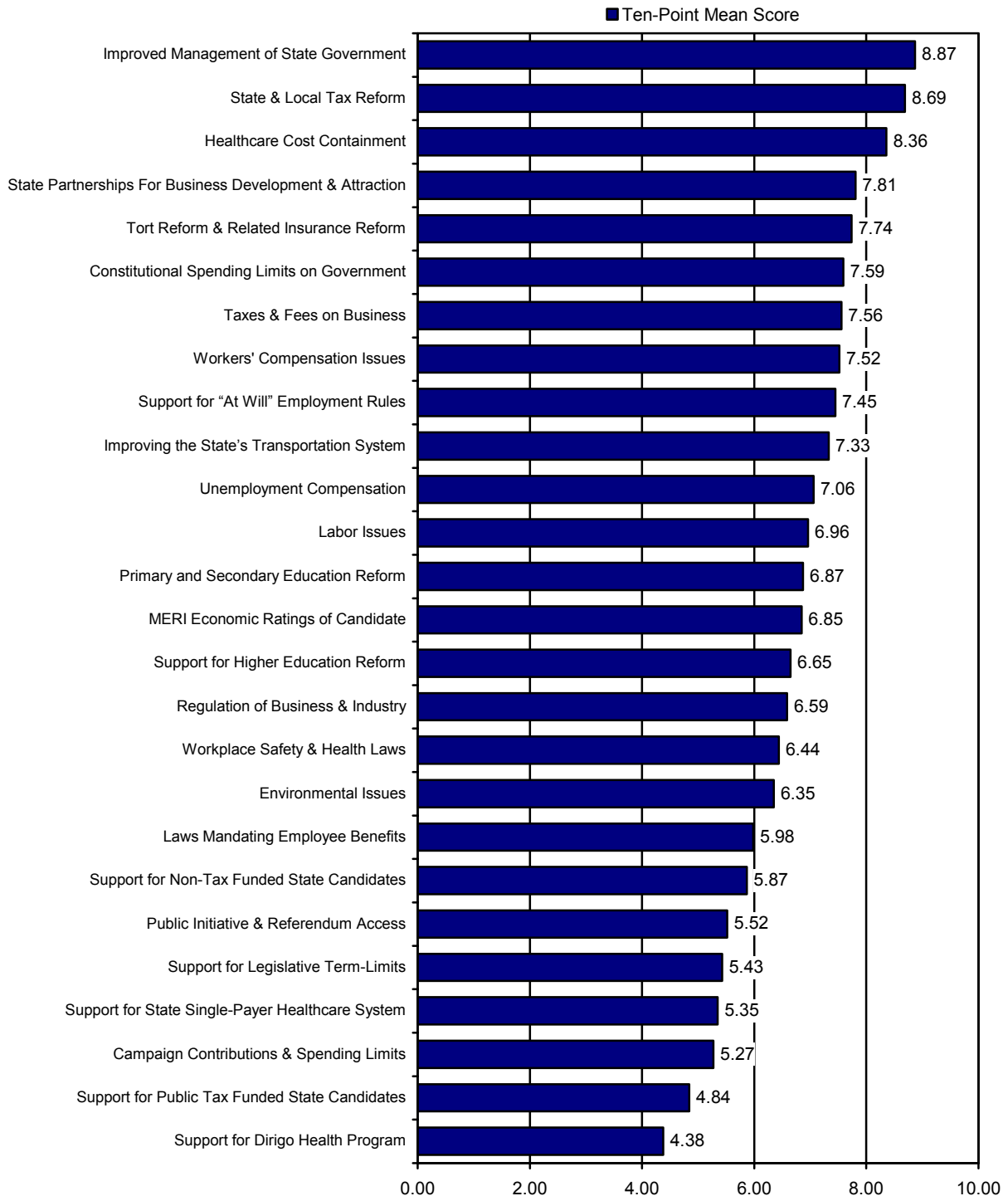


Top negative influences continue to be state and local taxes, health insurance and healthcare costs, and energy costs.

How do business leaders determine which legislative candidates to support based upon specific issues? Using a ten-point scale, business leaders rated the following issues. The higher the rating, the more important the issue when it comes to identifying pro-business candidates for the State Legislature.

(See graphs on following pages)

**IMPORTANT ISSUES DETERMINING BUSINESS CANDIDATE SUPPORT
2005**





Maine business leaders are very aware of negative influences on their economy. When it comes to support for legislative candidates, business leaders want candidates who will work to reverse the negative consequences of these factors.

The most important issues determining business candidate support were state and local tax reform, healthcare cost containment, improved management of state government, state partnerships for business development and attraction, and tort reform and related insurance reform.

When asked about government responsiveness to their needs, Maine businesses leaders responded: 75% say that Maine legislators are unresponsive and only 17% responsive to the needs of business people. Sixty-seven percent of business leaders think the current administration is unresponsive and 18% said responsive. Laws and programs affecting businesses were labeled 83% inconsistent and only 18% consistent. State agencies were considered 58% unresponsive and 20% responsive. Key business leaders believe that Maine state legislators are not at all knowledgeable of business needs when it comes to state policies.

When compared to 2002 survey results, Maine business leaders believe that legislators are less responsive to business needs, say that laws and programs effecting businesses are more inconsistent today than before, and say that state agencies are less responsive in 2005.

Business leaders say that the top remedial actions for improving public education in Maine are improved basic skills, improved funding, less administration, increased teacher skills, accountability, merit pay, teacher quality, teacher testing, maintaining standards; and improved vocational and technical schools.

When it comes to priorities for strengthening Maine's economy, tax relief, less government, easing regulations and controlling healthcare costs were most frequently mentioned. The state's tax system, lack of political leadership, and government regulations and mandates were considered the main roadblocks to improving Maine's business environment.



Overall, Maine business leaders participating in the 2005 Senior Management Survey were very pessimistic about the state's economy and potential for future growth. When compared to 2002 survey results, business leaders are more pessimistic today on almost every issue tested. More importantly, Maine business leader responses paint a more negative picture of the business economy in Maine than MRI has seen in any state in which the research firm has worked. Business executives say that Maine is at a strong disadvantage compared to other states and Canada on almost all issues important for a strong economy. High taxes, healthcare costs, rapidly increasing worker's compensation costs, high cost of insurance, energy costs, state regulatory policies and agencies, transportation costs, and a legislature that lacks understanding of critical business needs and is unresponsive when business leaders ask for help were seen as key factors hurting the state's economy and preventing economic growth.



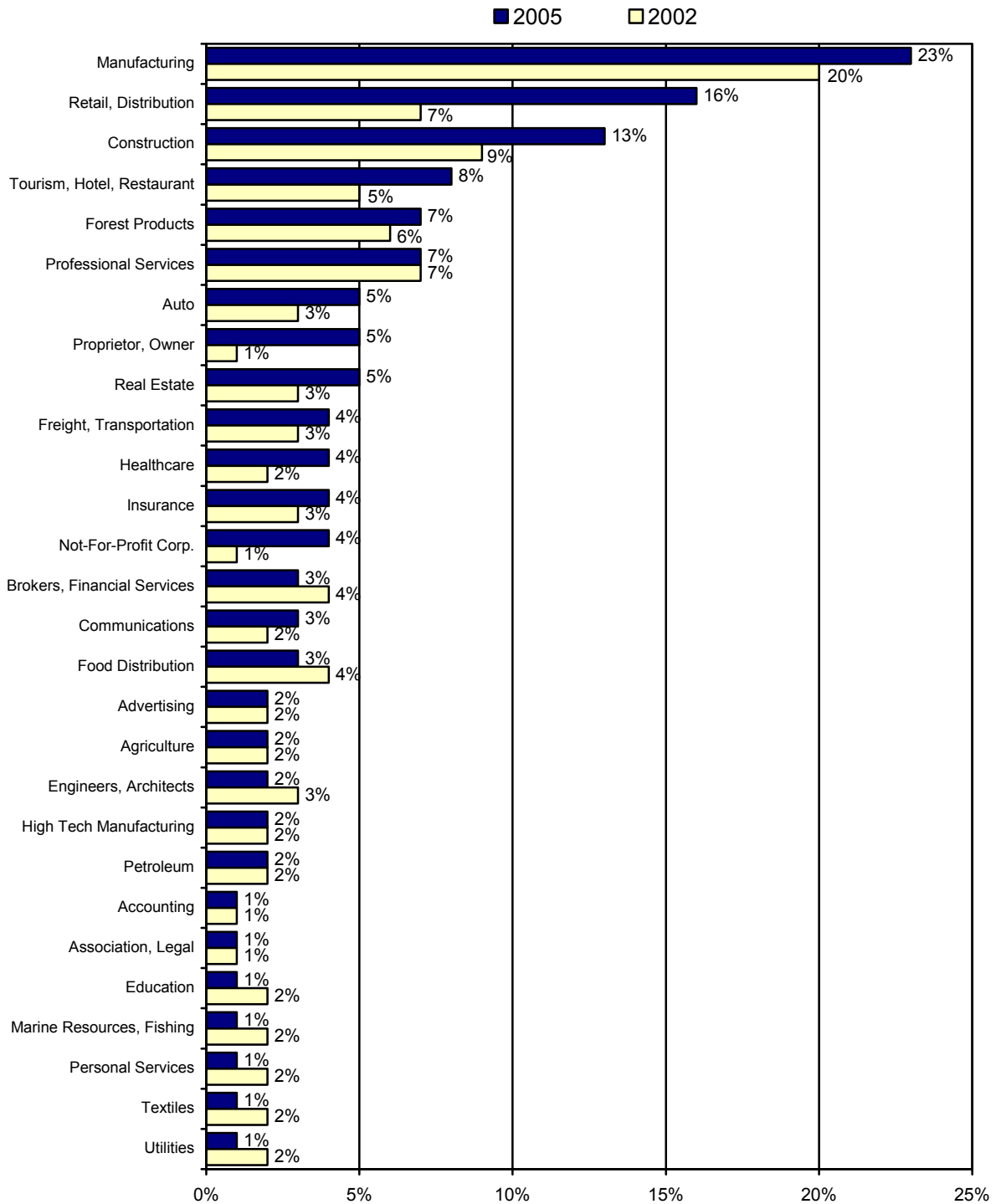
Maine Business Characteristics

Industry Background Material

This section examines background descriptions of individual business leaders participating in the study. The question identified industry groups taking part in the Senior Management Survey. That question asked: "Which of the following industries most nearly identifies your particular business?"

(See graph on following page)

BUSINESS INDUSTRY CLASSIFICATION





As indicated, Senior Management respondents represented a broad diversity of industries in Maine.

Question asked: “Voter surveys indicate that the average Maine voter believes that the average Maine company makes over 30% after tax profit. Based on your experience, what is the average Maine-based after tax profit of companies comparable to your business?”

AFTER TAX PROFIT	
	2005
Under 5%	30%
5% - 9%	29
10% - 14%	22
15% And Over	18
Mean	8.32%
Median	6

Fifty-nine percent of respondents said based on their experience, the average Maine-based business makes under 10% after tax profit.

Question asked: “Does your company have operations in states other than Maine?”

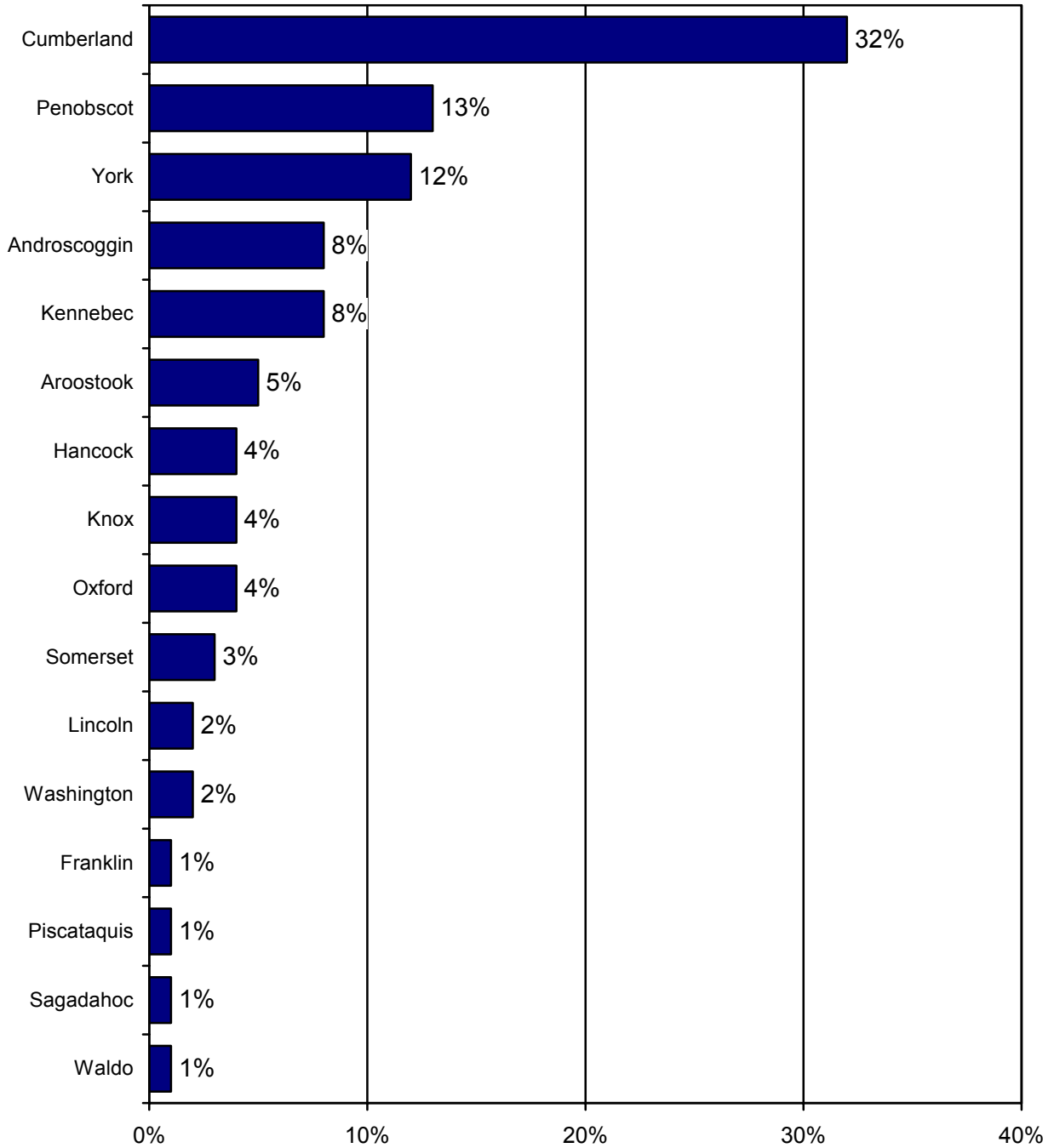
OPERATIONS IN OTHER STATES		
	2005	2002
Yes	24%	34%
No	76	66

Question on business location. The question asked: “In which Maine County is your office located?”

(See graphs on following pages)

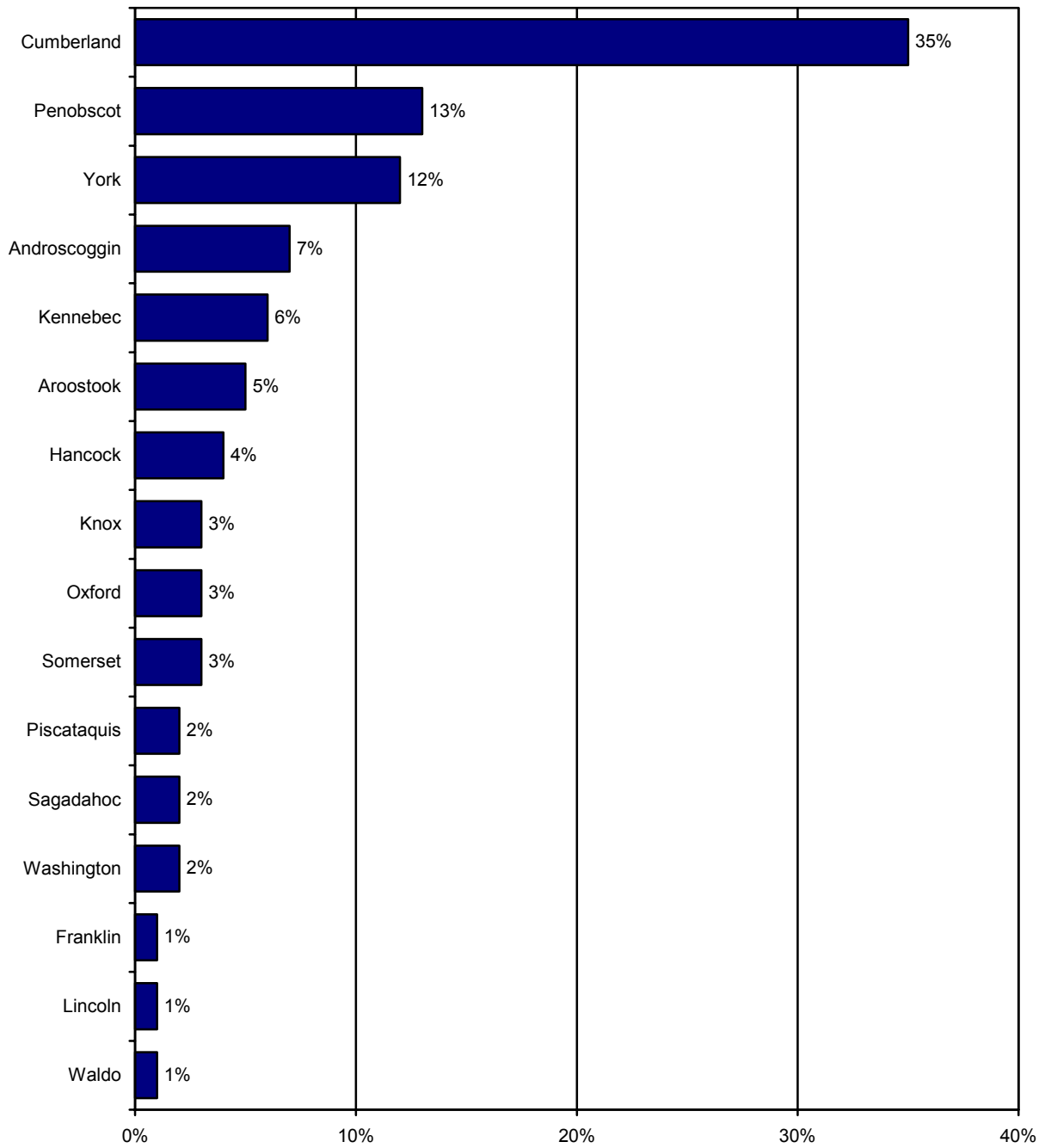


**COMPANY/HEADQUARTER COUNTY LOCATION
2005**





**COMPANY/HEADQUARTER COUNTY LOCATION
2002**





The following question determined position of respondents. Question asked: "Which of the following descriptions best describes your position with the company?"

POSITION OF RESPONDENT IN COMPANY			
	1999	2002	2005
Owner	NA	55%	60%
Chief Executive Officer	59%	23	26
Senior Management Official	25	14	10
Branch Manager	7	3	3
Middle Management	7	3	1
Government Affairs Representative	2	1	0

Business Climate and Issues in Maine

Three questions examined overall respondent optimism and pessimism concerning Maine's business climate. Question asked: "How does the overall business climate in Maine compare to other states and Canada?"

BUSINESS CLIMATE IN MAINE COMPARED TO OTHER STATES AND CANADA			
	2005	2002	1999
5 Much Better	0%	0%	1%
4 Somewhat Better	2	2	6
3 About The Same/Uncertain	3	9	15
2 Somewhat Poorer	31	39	54
1 Much Poorer	63	49	24
Total Better	2%	2%	7%
Total Poorer	94	88	78
Ratio Better/Poorer	0.02:1	0.02:1	0.9:1
Mean Score	1.45	1.59	2.06

Question asked: "How would you describe the perception of Maine's business climate as held by business executives in other states?"

PERCEPTION OF MAINE'S BUSINESS CLIMATE HELD ELSEWHERE			
	2005	2002	1999
5 Very Positive	0%	0%	1%
4 Somewhat Positive	1	2	8
3 Neutral/Uncertain	9	13	18
2 Somewhat Negative	52	55	61
1 Very Negative	38	30	13
Total Positive	1%	2%	9%
Total Negative	90	85	74
Ratio Positive/Negative	0.01:1	0.02:1	0.1:1
Mean Score	1.74	1.82	2.24

The final question in this series looked at state and local taxes in Maine compared to other areas. Question asked: “How would you describe the current level of state and local taxes paid by business and industry in Maine compared to business taxes in other States?”

MAINE BUSINESS TAXES VERSUS OTHER STATES			
	2005	2002	1999
5 Much Too Low	0%	0%	1%
4 Too Low	0	0	0
3 About Right/Uncertain	5	9	11
2 Too High	37	41	60
1 Much Too High	58	49	29
<hr/>			
Total Low	0%	0%	1%
Total High	95	90	89
Ratio Low/High	NA	NA	0.01:1
Mean Score	1.48	1.54	1.84

Question asked: “How would you describe the current level of state and local taxes paid by individuals in Maine compared to taxes in other States?”

MAINE INDIVIDUAL TAXES VERSUS OTHER STATES		
	2005	2002
6 Uncertain	1%	1%
5 Much Too Low	0	0
4 Too Low	0	0
3 About Right	4	5
2 Too High	38	38
1 Much Too High	57	54
<hr/>		
Total Low	0%	0%
Total High	95	92
Ratio Low/High	NA	NA
Mean Score	1.48	1.52

Question asked: "How would you compare the availability of skilled labor in Maine with that of other states?"

MAINE'S AVAILABILITY OF SKILLED LABOR VERSUS OTHER STATES			
	2005	2002	1999
6 Uncertain	6%	5%	---
5 Much Greater	0	0	2
4 Greater	8	7	18
3 About The Same	30	24	25
2 Poorer	44	50	48
1 Much Poorer	11	14	8
Total Greater			
	8%	7%	20%
Total Poorer			
	55	64	56
Ratio Greater/Poorer			
	0.1:1	0.1:1	0.4:1
Mean Score			
	2.39	2.26	2.58

Question asked: "How would you compare the quality (*skill level*) of labor in Maine with that of other states?"

QUALITY OF LABOR (SKILL LEVEL) IN MAINE	
	2005
6 Uncertain	5%
5 Much Greater	1
4 Greater	17
3 About The Same	37
2 Poorer	34
1 Much Poorer	5
Total Greater	
	18%
Total Poorer	
	39
Ratio Greater/Poorer	
	0.5:1
Mean Score	
	2.72

Question asked: “How would you compare the quality (*work ethic*) of labor in Maine with that of other states?”

QUALITY OF LABOR (WORK ETHIC) IN MAINE	
	2005
6 Uncertain	3%
5 Much Greater	11
4 Greater	50
3 About The Same	24
2 Poorer	9
1 Much Poorer	4
Total Greater	61%
Total Poorer	13
Ratio Greater/Poorer	4.7:1
Mean Score	3.55

In the 2002 survey, these questions were combined; the following table depicts those results. The question read: “How would you compare the quality (*including skill level & work ethic*) of labor in Maine with that of other states?”

QUALITY OF LABOR IN MAINE	
	2002
6 Uncertain	3%
5 Much Greater	5
4 Greater	36
3 About The Same	31
2 Poorer	20
1 Much Poorer	6
Total Greater	41%
Total Poorer	26
Ratio Greater/Poorer	1.6:1
Mean Score	3.15

Question asked: "What strengths does Maine have that attracted your company to Maine and keeps it here?"

MAINE STRENGTHS THAT ATTRACTED YOUR COMPANY		
	2005 Survey	2002 Survey
Maine Quality Of Life	79%	69%
Maine Work Ethic	19	35
Access To Raw Materials	8	10
Founded In Maine/Native	5	10
Access To Labor	3	6
Market For Product	2	1
Worker Skill Level	2	---
Location	1	1
Nothing	1	1

Question read: "Have any of the reasons in Question 54 above changed in the past five years and if so are they:"

STRENGTHS CHANGED						
	2005 Survey			2002 Survey		
	Better	Same	Worse	Better	Same	Worse
Maine Work Ethic	4%	55%	41%	5%	57%	38%
Maine Quality Of Life	7	71	23	13	73	14
Access To Raw Materials	1	75	24	4	74	22
Access To Labor	6	44	50	5	44	51
Maine Worker Skill Level	6	55	39	---	---	---
Other	---	---	---	6%	44%	50%

Maine's Regulatory Environment

Several questions examined regulatory issues in Maine. Question asked: "How would you describe the administration of state and local regulations in Maine applicable to business and industry?"

ADMINISTRATION OF REGULATIONS IN MAINE			
	2005	2002	1999
5 Much Too Lenient	0%	0%	1%
4 Too Lenient	2	2	6
3 About Right	24	39	38
2 Too Strict	53	45	47
1 Much Too Strict	21	13	9
Total Lenient	2%	2%	7%
Total Strict	74	58	56
Mean Score	2.08	2.32	2.43

Question asked: "If your company does business in other states besides Maine, how does your workers' compensation expense in those states compare to Maine?"

WORKERS' COMPENSATION COSTS IN OTHER STATES COMPARED TO MAINE		
	2005	2002
5 Much Less Expensive Than Other States	1%	16%
4 Somewhat Less Expensive Than Other States	3	24
3 The Same As Other States	5	8
2 Somewhat More Expensive Than Other States	16	13
1 Much More Expensive Than Other States	17	10
Uncertain/Cannot Compare	57	29
Total Less Expensive Than Other States	4%	40%
Total More Expensive Than Other States	33	23
Ratio Less/More	0.1:1	1.7:1
Mean Score	1.96	3.35

Question asked: "If your experience shows that Maine's Workers' Compensation costs are higher than other states, why do you believe they are higher?"

REASON MAINE WORKERS' COMPENSATION COSTS HIGHER		
	2005	2002
Maine's Workers' Comp System Overall	57%	52%
Medical Costs	35	27
Benefit Levels	27	24
Workforce Behavior/Characteristics	27	22
Administrative Costs (Of System)	26	14
Pharmaceutical Costs	21	12
Politics/Government	1	2
Fraud	1	2
Lawyers/Courts	1	2
All Of The Above	24%	30%

Question asked: "Are your company's costs for workers' compensation:"

YOUR COMPANY'S COSTS FOR WORKERS' COMPENSATION		
	2005	2002
5 Rapidly Increasing	11%	24%
4 Somewhat Increasing	47	51
3 Stable	39	23
2 Somewhat Decreasing	3	2
1 Rapidly Decreasing	0	0
Total Increasing	58%	75%
Total Decreasing	3	2
Ratio Increasing/Decreasing	19.3:1	37.5:1
Mean Score	3.65	3.97



Question asked: "Do you support the Maine Dirigo Healthcare Program?"

SUPPORT MAINE DIRIGO HEALTHCARE PROGRAM	
	2005 Survey
5 Strongly Support	2%
4 Somewhat Support	11
3 Neutral	38
2 Somewhat Against	19
1 Strongly Against	30
Total Support	13%
Total Against	49
Ratio Support/Against	0.3:1
Mean Score	2.36

Question asked: "Do you support the state policies creating a healthcare risk pool?"

SUPPORT HEALTHCARE RISK POOL	
	2005
5 Strongly Support	7%
4 Somewhat Support	21
3 Neutral	44
2 Somewhat Against	18
1 Strongly Against	11
Total Support	28%
Total Against	29
Ratio Support/Against	1.0:1
Mean Score	2.96

Question asked: “Do you support creating state policies that encourage competition among healthcare insurance providers?”

SUPPORT COMPETITION AMONG HEALTHCARE INSURANCE PROVIDERS	
	2005
5 Strongly Support	51%
4 Somewhat Support	38
3 Neutral	8
2 Somewhat Against	1
1 Strongly Against	2
Total Support	89%
Total Against	3
Ratio Support/Against	29.7:1
Mean Score	4.35

Question asked: “Do you support the locating a Liquid Natural Gas (LNG) on Maine’s coast?”

SUPPORT LOCATING LIQUID NATURAL GAS ON MAINE’S COAST	
	2005
5 Strongly Support	38%
4 Somewhat Support	34
3 Neutral	17
2 Somewhat Against	6
1 Strongly Against	5
Total Support	72%
Total Against	11
Ratio Support/Against	6.5:1
Mean Score	3.95



The survey tested support for four new issues in 2005. Strongest support existed for competition among healthcare insurance providers, with 89% support. Seventy-two percent of senior management officials support locating a liquid natural gas (LNG) on Maine's coast. Much lower support existed for the other two healthcare issues. Forty-nine percent were against the Maine Dirigo Healthcare Program, and respondents were nearly evenly split in their support of the state policies creating a healthcare risk pool, with 28% supporting and 29% against.

Business Taxation Incentives

Two Questions asked respondents to agree or disagree with specific statements regarding taxation. The introductory comments to this section of the survey read: “The next few questions concern opinions on issues relating to effectiveness and taxation in State Government. Please indicate whether you agree or disagree with each of the following statements.” Actual areas tested were:

- “Maine should offer incentives to encourage existing business and industry to expand in the state and for new companies to come to Maine.”
- “Maine should make its business tax incentive programs competitive with other states.”

MAINE SHOULD OFFER INCENTIVES TO EXISTING BUSINESSES		
	2005	2002
5 Strongly Agree	46%	48%
4 Agree	43	41
3 Uncertain	7	5
2 Disagree	3	5
1 Strongly Disagree	2	1
<hr/>		
Total Agree	89%	89%
Total Disagree	5	6
Ratio Agree/Disagree	17.8:1	14.8:1
Mean Score	4.27	4.29



MAINE SHOULD MAKE ITS TAX INCENTIVES COMPETITIVE WITH OTHER STATES		
	2005	2002
5 Strongly Agree	48%	50%
4 Agree	43	40
3 Uncertain	4	6
2 Disagree	3	3
1 Strongly Disagree	1	1
Total Agree	91%	90%
Total Disagree	4	4
Ratio Agree/Disagree	22.8:1	22.5:1
Mean Score	4.35	4.37

Question asked: “Do you prefer a targeted state economic development program which focuses on developing specific industries to help them become world leaders (*e.g., composite materials*) or a more broad-based strategy that helps all businesses?”

STATE ECONOMIC DEVELOPMENT PROGRAM	
	2005
Targeted Approach	24%
Broad-Based Approach	76

Question asked: "If the overall tax burden for businesses and individuals were lowered, my company would be more likely to expand and/or invest new capital in Maine?"

EXPAND MY BUSINESS IF TAXES ARE LOWERED		
	2005	2002
5 Strongly Agree	36%	23%
4 Agree	46	53
3 Uncertain	15	21
2 Disagree	2	3
1 Strongly Disagree	1	0
<hr/>		
Total Agree	82%	76%
Total Disagree	3	3
Ratio Agree/Disagree	27.3:1	25.3:1
Mean Score	4.13	3.96

Question read: "Do you believe that Maine's economic policies provide competitive advantages to Maine businesses relative to other states?"

MAINE ECONOMIC POLICIES PROVIDE COMPETITIVE ADVANTAGE	
	2005
5 Strongly Agree	1%
4 Agree	2
3 Uncertain	11
2 Disagree	47
1 Strongly Disagree	38
<hr/>	
Total Agree	3%
Total Disagree	85
Ratio Agree/Disagree	0.04:1
Mean Score	1.81



Question read: "How would you rate the overall cost of doing business in Maine relative to other states?"

OVERALL COST OF DOING BUSINESS IN MAINE		
	2005	2002
6 Uncertain	2%	4%
5 Much Less Expensive	1	0
4 Somewhat Less Expensive	1	3
3 The Same	3	3
2 Somewhat More Expensive	33	42
1 Much More Expensive	60	47
Total Less Expensive	2%	3%
Total More Expensive	93	89
Ratio Less/More	0.02:1	0.03:1
Mean Score	1.45	1.63

Question read: "In some states, business and industry is well-organized and speaks with a strong, unified voice. In other states, business and industry is poorly organized and lacks cohesiveness in pursuing business interests. On a statewide basis, how unified is business and industry in Maine?"

BUSINESS AND INDUSTRY IN MAINE			
	2005	2002	1999
Very Fragmented	30%	24%	21%
Moderately Fragmented	44	48	44
Moderately Unified	24	27	32
Very Unified	1	1	2
Total Fragmented	74%	72%	65%
Total Unified	25	28	34

Question asked: "In your experience, how responsive are Maine state legislators to the needs of business people like yourself?"

MAINE LEGISLATORS RESPONSIVENESS TO NEEDS OF BUSINESS PEOPLE			
	2005	2002	1999
Very Responsive	1%	3%	6%
Somewhat Responsive	16	21	33
Uncertain	9	16	19
Somewhat Unresponsive	38	39	31
Very Unresponsive	37	21	11
Total Responsive	17%	24%	39%
Total Unresponsive	75	60	42

Question asked: "In your experience, how responsive is the current Administration (*Governor and Governor's Staff*)?"

RESPONSIVENESS OF CURRENT ADMINISTRATION	
	2005
Very Responsive	1%
Somewhat Responsive	17
Uncertain	15
Somewhat Unresponsive	36
Very Unresponsive	31
Total Responsive	18%
Total Unresponsive	67



Question asked: “When it comes to state laws and programs affecting business, would you describe these laws and programs as: very consistent & fair, somewhat consistent & fair, somewhat inconsistent & unfair, very inconsistent & unfair?”

LAWS AND PROGRAMS AFFECTING BUSINESS			
	2005	2002	1999
Very Consistent & Fair	0%	1%	1%
Somewhat Consistent & Fair	18	23	36
Somewhat Inconsistent & Unfair	61	60	55
Very Inconsistent & Unfair	22	16	8
Total Consistent	18%	24%	37%
Total Inconsistent	83	76	63

Question asked: “How responsive have state agencies been to the needs of your business?”

STATE AGENCIES RESPONSIVENESS TO NEEDS OF YOUR BUSINESS		
	2005	2002
Very Responsive	1%	2%
Somewhat Responsive	19	24
Uncertain	21	27
Somewhat Unresponsive	39	36
Very Unresponsive	19	10
Total Responsive	20%	26%
Total Unresponsive	58	46

Question asked: "How well do you believe Maine's state legislators understand your company's needs when it comes to state policies?"

STATE LEGISLATORS UNDERSTANDING YOUR COMPANY'S NEEDS		
	2005	2002
Very Knowledgeable	0%	1%
Somewhat Knowledgeable	17	21
Barely Knowledgeable	51	57
No Idea	32	22

Question asked: "How often do you communicate with your state legislators?"

HOW OFTEN COMMUNICATE WITH STATE LEGISLATORS		
	2005	2002
Frequently	14%	11%
Occasionally	43	44
Infrequently	36	35
Never	8	10

Question asked: "How familiar are you with the methods of communicating with your state legislators?"

COMMUNICATING WITH YOUR STATE LEGISLATORS	
	2005
Very Knowledgeable	31%
Somewhat Knowledgeable	53
Barely Knowledgeable	14
No Idea	3

Question asked: "Do you agree or disagree: 'Maine's state legislature understands the role of business in Maine's economy?' "

MAINE'S STATE LEGISLATURE UNDERSTANDS ROLE OF BUSINESS		
	2005	2002
5 Strongly Agree	1%	1%
4 Agree	7	10
3 Uncertain	13	17
2 Disagree	39	45
1 Strongly Disagree	40	27
Total Agree	8%	11%
Total Disagree	79	72
Ratio Agree/Disagree	0.1:1	0.2:1
Mean Score	1.90	2.14

Education in Maine

Questions examined Senior Management opinion concerning Maine's education. The question asked: "From a business needs point of view, what are the top three remedial actions that must be taken to improve public education in Maine?"

TOP REMEDIAL ACTIONS TO IMPROVE PUBLIC EDUCATION		
	2005	2002
Improve Basic Skills	19%	15%
Improve Funding	18	12
Less Administration	16	6
Increase Teacher Skills/Accountability/Merit Pay	14	16
Teacher Quality/Testing/Maintain Standards	14	12
Improve Vocational/Technical Schools	11	8
Improve Universities/Higher Education	9	8
Closer Cooperation With Business	7	7
Eliminate Mandates	7	3
Discipline	6	5
Reduce Union Influence	5	3
Increase Teachers' Pay	4	7
Increase Computer Skills	4	6
Improve Business Skills	4	5
Emphasize Technology	3	6
Parent Involvement	2	4
Vouchers	2	3
Smaller Class Size	1	3
Other	3%	4%
Uncertain/Don't Know	33	30



WHERE TO FROM HERE:

MERI is preparing to conduct its 2007 Senior Management Survey to update and compare results from the previous three studies. MERI will be reporting the results as soon as the study is completed. We are encouraging input as to the 2007 questions that may provide answers to the most critical issues currently facing Maine. We will try to accommodate as many germane suggestions as the study will allow. Please direct your thoughts to the MERI office at 207.622.9075; or fax them to 207.622.0371; or email to info@me-ri.org

In 2005, MRI strongly recommended that business and political leaders convene a Maine Economic and Business Summit to address the increasing concerns among business leaders in the state that Maine businesses can no longer be competitive with the business economies in other states. Although Maine, like most states, always faces difficulties with state and local government finances, things will only worsen if the business economy does not grow and business revenues are not available to assist in meeting the state's economic needs. There is no question that results of this survey should serve as an alarm bell that the state's employers and the economy they drive need thoughtful attention. The economy is key to all the issues surrounding opportunity for Maine citizens and for achieving the vision most Mainers have for our state.