Maryland Business Climate Survey 2018

Annual Report

A Project By

The Maryland Public Policy Institute

The Jacob france Institute

UNIVERSITY OF BALTIMORE

Media Partner

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Contents

Introduction and Executive Summary

The Maryland Public Policy Institute and the University of Baltimore's Jacob France Institute have partnered to restart the Maryland Business Climate Survey, which collects information from businesses in leading sectors of the state's economy on the overall direction of Maryland's economy and business perceptions of the state's business climate.[1] The survey was started by the Jacob France Institute in 1995 and ran through 2006, and was also conducted in 2011 and 2012.

This survey uses the same questions, survey population, and methodology and is comparable to past versions of the survey, providing a rich source of historical data on the performance of the state's economy and business perceptions of Maryland as a place to do business. A pilot survey was conducted at the end of 2017 and into the first quarter of 2018, with quarterly surveys prepared in the second, third, and fourth quarters of 2018. The goal of the survey is to provide timely data on the performance and direction of the state's economy. Key findings include:

Business Performance and Expectations

- Maryland businesses reported strong revenue and employment growth over the past year. Fifty-one percent of the responding firms reported revenue growth over the past year and 37 percent reported adding jobs, while 13 percent reported declines in revenue and 10 percent reported declines in employment over the past year.
- Maryland businesses are optimistic about the future and reported that they expect their market, revenues, and employment to grow in the coming year. Two-thirds (67 percent) of the responding firms expect the market they serve to expand in the coming year, 69 percent expect their revenues to grow, and 52 percent expect to add jobs.

Maryland's Overall Business Climate

- Overall firms had a positive view of Maryland's business climate with 51 percent reporting that Maryland's business environment is pro-business or business-friendly and only 16 percent seeing Maryland as being either unfriendly to business or anti-business.
- Perceptions of Maryland's business climate have improved markedly since 2011, the last year of the survey, when a greater percentage of firms rated Maryland as anti-business or business-unfriendly (35 percent) than firms rating Maryland as pro-business or business-friendly (30 percent).
- Fifty-six percent of firms reported Maryland's location as its most important advantage, with 9 percent citing Maryland's labor market and 7 percent of firms citing Maryland's business environment or strong local market as its greatest advantage.
- Thirty nine percent of responding firms reported taxes to be the greatest disadvantage to doing business in Maryland, with 17 percent of businesses citing Maryland's business environment and 13 percent citing regulations are the most important disadvantage to doing business in Maryland.
- When asked what steps can be taken to improve Maryland's business climate, 40 percent of firms cited reducing or reforming lowering taxes as the single most important step; 16 percent stated improving or lessening regulations; and 14 percent of firms reported expanding economic development policy as the most important step.

Maryland's Business Environment

- Sixty-four percent of Maryland businesses reported being negatively impacted by Maryland's taxes and 24 percent reported being negatively impacted by state regulations. The share of firms reporting being negatively impacted by both taxes and regulations has fallen since 2011, with taxes falling from 67 percent to 64 percent and regulations from 36 percent to 24 percent.
- Overall, Maryland businesses have a less favorable view of Maryland's tax and regulatory climate than its infrastructure and labor market assets. Firms were first asked to rate Maryland's competitiveness in taxes, regulations, infrastructure, and labor markets in comparison with neighboring states. The results are as follows:
  - More Maryland businesses have a negative view of Maryland's tax climate with 40 percent of responding firms viewing Maryland's tax climate as somewhat or very uncompetitive and only 35 percent viewing it as competitive.
  - Maryland businesses are split on their view of Maryland's regulatory climate, with 33 percent viewing it as competitive and 30 percent viewing it as uncompetitive.
  - Firms have a more strongly positive view of Maryland's infrastructure assets (49 percent viewing it as competitive and only 18 percent as uncompetitive) and labor market assets (48 percent viewing it as competitive and only 17 percent as uncompetitive).

Labor Markets

- Maryland businesses are reporting difficulties in finding the workers needed to support operations. Fifty-six percent of businesses reported experiencing difficulties in obtaining workers with the skills necessary to fill specific job requirements, with almost three-quarters of these firms experiencing either long-term shortages or both long- and short-term shortages.
- Maryland businesses are experiencing workforce shortages across all skills and education levels,
  - At the lower-skill level, 21 percent reported difficulties in finding unskilled workers or laborers.
  - At the middle-skill level, 30 percent of firms reported difficulties in finding manufacturing or skilled workers.
  - At the higher-skill level, 18 percent reported difficulties in finding engineers or scientists and 10 percent reported difficulties in finding computer programmers or analysts.
- Maryland businesses have a positive view of Maryland's educational institutions, ranking four-year colleges and universities and graduate and professional schools as good or excellent by 87 percent and 85 percent respectively.

Overall, Maryland firms are optimistic about the direction of the state's economy and have a positive and improved view of the state's competitiveness. Taxes stand out as a competitive disadvantage and worker shortages are a critical barrier to continued economic growth.

Business Performance and Expectations

To assess the current and expected near-term performance of the Maryland economy, businesses were surveyed on their performance over the past year and expected performance over the coming year in terms of revenues, employment, and the markets they serve. Businesses were asked whether their market, revenues, and employment had expanded or contracted over the past year and whether they expect each to grow or contract in the coming year. Because of the time sensitivity of the survey findings, data are presented on a quarterly basis.

Current Performance

Maryland businesses reported strong revenue and employment growth over the past year. Fifty-one percent of the responding firms reported revenue growth over the past year and 37 percent reported adding jobs while 13 percent reported declines in revenue and 10 percent reported declines in employment over the past year.

- Firms in the Baltimore metropolitan area counties reported the strongest growth in revenues and employment, with 56 percent reporting revenue growth and 42 percent reporting employment growth. Firms in Baltimore City reported the weakest growth, with 45 percent reporting revenue growth and 31 percent reporting employment growth.
- Firms in the fourth quarter reported the strongest revenue growth with 56 percent of firms reporting revenue growth. After an initial decline from 55 percent of firms reporting revenue growth in the pilot period (2017: Q4 and 2018: Q1), the percentage of firms reporting revenue growth increased over the year. Similarly, after starting in the pilot period at 39 percent, 44 percent of firms in the fourth quarter reported employment growth.

Future Performance

The Maryland firms surveyed are optimistic about the future and reported that they expect their market, revenues, and employment to grow in the coming year. The responding firms reported stronger expectations for revenue and employment growth in the coming year than their experience over the past year. Two-thirds (67 percent) of responding firms expect the market they serve to expand in the coming year, 69 percent expect their revenues to grow, and 52 percent expect to add jobs.

- Overall, firms in the Baltimore metropolitan area and Washington suburbs are the most optimistic, with 68 percent of Baltimore metro area firms reporting that they expected the market they serve to expand in the coming year, 72 percent expect their revenues to grow, and 54 percent expect to add jobs; 67 percent of suburban Washington area firms reported that they expect the market they serve to expand in the coming year, 69 percent expect their revenues to grow, and 54 percent expect to add jobs.

Expectations for the coming year generally improved over the year, with expectations for market growth generally strengthening over the year and expectations for employment growth remaining strong throughout the year. The percentage of firms reporting that they expected the market they serve to expand in the coming year grew from 66 percent in the pilot period (2017: Q4 and 2018: Q1) to 72 percent in the fourth quarter. The percentage of firms reporting that they expect their revenues to grow increased from 68 percent to 74 percent respectively, with about half or more of firms reporting that they expect add jobs in the coming year throughout the year.

Table 1 Compared to last year, how have your company's sales expanded or contracted? (Q10)

2018	Maryland Total	% of Total	Baltimore City	% of Total	Baltimore Metro	% of Total	Washington Suburbs	% of Total	Other Maryland	% of Total
Total Responses	**1,031**		**133**		**419**		**353**		**126**	
Don't know - No answer	37	4%	5	4%	17	4%	12	3%	3	2%
Total Classifiable Responses	**994**		**128**		**402**		**341**		**123**	
Greatly expanded	153	15%	14	11%	79	20%	47	14%	13	11%
Slightly expanded	355	36%	44	34%	145	36%	115	34%	51	41%
Stayed about the same	359	36%	52	41%	134	33%	134	39%	39	32%
Slightly contracted, or	102	10%	14	11%	36	9%	35	10%	17	14%
Greatly contracted	25	3%	4	3%	8	2%	10	3%	3	2%
4th Quarter, 2018										
Total Responses	**257**		**40**		**108**		**74**		**35**	
Don't know - No answer	9	4%	5	13%	2	2%	1	1%	1	3%
Total Classifiable Responses	**248**		**35**		**106**		**73**		**34**	
Greatly expanded	42	17%	4	11%	22	21%	12	16%	4	12%
Slightly expanded	98	40%	10	29%	39	37%	32	44%	17	50%
Stayed about the same	80	32%	14	40%	34	32%	22	30%	10	29%
Slightly contracted, or	24	10%	6	17%	9	8%	7	10%	2	6%
Greatly contracted	4	2%	1	3%	2	2%			1	3%
3rd Quarter, 2018										
Total Responses	**251**		**33**		**102**		**85**		**31**	
Don't know - No answer	6	2%			3	3%	2	2%	1	3%
Total Classifiable Responses	**245**		**33**		**99**		**83**		**30**	
Greatly expanded	29	12%	2	6%	15	15%	10	12%	2	7%
Slightly expanded	94	38%	12	36%	36	36%	31	37%	15	50%
Stayed about the same	91	37%	15	45%	36	36%	31	37%	9	30%
Slightly contracted, or	27	11%	3	9%	10	10%	10	12%	4	13%
Greatly contracted	4	2%	1	3%	2	2%	1	1%		0%
2nd Quarter, 2018										
Total Responses	**254**		**30**		**99**		**91**		**34**	
Don't know - No answer	11	4%			6	6%	4	4%	1	3%
Total Classifiable Responses	**243**		**30**		**93**		**87**		**33**	
Greatly expanded	34	14%	2	7%	17	18%	11	13%	4	12%
Slightly expanded	70	29%	9	30%	33	35%	19	22%	9	27%
Stayed about the same	106	44%	16	53%	33	35%	46	53%	11	33%
Slightly contracted, or	23	9%	1	3%	7	8%	8	9%	7	21%
Greatly contracted	10	4%	2	7%	3	3%	3	3%	2	6%
Pilot										
Total Responses	**269**		**30**		**110**		**103**		**26**	
Don't know - No answer	11	4%			6	5%	5	5%		
Total Classifiable Responses	**258**		**30**		**104**		**98**		**26**	
Greatly expanded	48	19%	6	20%	25	24%	14	14%	3	12%
Slightly expanded	93	36%	13	43%	37	36%	33	34%	10	38%
Stayed about the same	82	32%	7	23%	31	30%	35	36%	9	35%
Slightly contracted, or	28	11%	4	13%	10	10%	10	10%	4	15%
Greatly contracted	7	3%			1	1%	6	6%		

Source: The Jacob France Institute

Table 2 Compared to last year, how has your company's employment expanded or contracted? (Q11)

2018	Maryland Total	% of Total	Baltimore City	% of Total	Baltimore Metro	% of Total	Washington Suburbs	% of Total	Other Maryland	% of Total
Total Responses	**1,031**		**133**		**419**		**353**		**126**	
Don't know - No answer	26	3%	6	5%	9	2%	7	2%	4	3%
Total Classifiable Responses	**1,005**		**127**		**410**		**346**		**122**	
Greatly expanded	77	8%	6	5%	37	9%	27	8%	7	6%
Slightly expanded	297	30%	33	26%	137	33%	90	26%	37	30%
Stayed about the same	528	53%	68	54%	194	47%	198	57%	68	56%
Slightly contracted, or	79	8%	17	13%	31	8%	22	6%	9	7%
Greatly contracted	24	2%	3	2%	11	3%	9	3%	1	1%
4th Quarter, 2018										
Total Responses	**257**		**40**		**108**		**74**		**35**	
Don't know - No answer	7	3%	5	13%		0%	1	1%	1	3%
Total Classifiable Responses	**250**		**35**		**108**		**73**		**34**	
Greatly expanded	21	8%	2	6%	8	7%	8	11%	3	9%
Slightly expanded	88	35%	6	17%	45	42%	26	36%	11	32%
Stayed about the same	118	47%	19	54%	47	44%	34	47%	18	53%
Slightly contracted, or	20	8%	7	20%	6	6%	5	7%	2	6%
Greatly contracted	3	1%	1	3%	2	2%				
3rd Quarter, 2018										
Total Responses	**251**		**33**		**102**		**85**		**31**	
Don't know - No answer	5	2%	1	3%	1	1%	2	2%	1	3%
Total Classifiable Responses	**246**		**32**		**101**		**83**		**30**	
Greatly expanded	15	6%	1	3%	7	7%	6	7%	1	3%
Slightly expanded	75	30%	10	31%	32	32%	21	25%	12	40%
Stayed about the same	136	55%	18	56%	50	50%	51	61%	17	57%
Slightly contracted, or	18	7%	3	9%	11	11%	4	5%		
Greatly contracted	2	1%			1	1%	1	1%		
2nd Quarter, 2018										
Total Responses	**254**		**30**		**99**		**91**		**34**	
Don't know - No answer	6	2%			3	3%	1	1%	2	6%
Total Classifiable Responses	**248**		**30**		**96**		**90**		**32**	
Greatly expanded	19	8%			9	9%	8	9%	2	6%
Slightly expanded	55	22%	8	27%	25	26%	13	14%	9	28%
Stayed about the same	142	57%	17	57%	48	50%	60	67%	17	53%
Slightly contracted, or	21	8%	3	10%	8	8%	7	8%	3	9%
Greatly contracted	11	4%	2	7%	6	6%	2	2%	1	3%
Pilot										
Total Responses	**269**		**30**		**110**		**103**		**26**	
Don't know - No answer	8	3%			5	5%	3	3%		
Total Classifiable Responses	**261**		**30**		**105**		**100**		**26**	
Greatly expanded	22	8%	3	10%	13	12%	5	5%	1	4%
Slightly expanded	79	30%	9	30%	35	33%	30	30%	5	19%
Stayed about the same	132	51%	14	47%	49	47%	53	53%	16	62%
Slightly contracted, or	20	8%	4	13%	6	6%	6	6%	4	15%
Greatly contracted	8	3%			2	2%	6	6%		

Source: The Jacob France Institute

Table 3 Do you expect the market for your product or service to expand or contract next year? (Q12)

2018	Maryland Total	% of Total	Baltimore City	% of Total	Baltimore Metro	% of Total	Washington Suburbs	% of Total	Other Maryland	% of Total
Total Responses	**1,031**		**133**		**419**		**353**		**126**	
Don't know - No answer	52	5%	4	3%	19	5%	25	7%	4	3%
Total Classifiable Responses	**979**		**129**		**400**		**328**		**122**	
Greatly expand	189	19%	22	17%	89	22%	65	20%	13	11%
Slightly expand	463	47%	59	46%	181	45%	155	47%	68	56%
Stay about the same	282	29%	42	33%	114	29%	88	27%	38	31%
Slightly contract, or	35	4%	4	3%	13	3%	15	5%	3	2%
Greatly contract	10	1%	2	2%	3	1%	5	2%		
4th Quarter, 2018										
Total Responses	**257**		**40**		**108**		**74**		**35**	
Don't know - No answer	12	5%	1	3%	6	6%	5	7%		0%
Total Classifiable Responses	**245**		**39**		**102**		**69**		**35**	
Greatly expand	53	22%	10	26%	23	23%	16	23%	4	11%
Slightly expand	123	50%	17	44%	47	46%	37	54%	22	63%
Stay about the same	64	26%	11	28%	31	30%	13	19%	9	26%
Slightly contract, or	3	1%	1	3%	1	1%	1	1%		
Greatly contract	2	1%					2	3%		
3rd Quarter, 2018										
Total Responses	**251**		**33**		**102**		**85**		**31**	
Don't know - No answer	7	3%			1	1%	5	6%	1	3%
Total Classifiable Responses	**244**		**33**		**101**		**80**		**30**	
Greatly expand	35	14%	2	6%	19	19%	12	15%	2	7%
Slightly expand	126	52%	15	45%	50	50%	45	56%	16	53%
Stay about the same	76	31%	15	45%	30	30%	19	24%	12	40%
Slightly contract, or	6	2%	1	3%	2	2%	3	4%		0%
Greatly contract	1	0%					1	1%		
2nd Quarter, 2018										
Total Responses	**254**		**30**		**99**		**91**		**34**	
Don't know - No answer	21	8%	3	10%	9	9%	6	7%	3	9%
Total Classifiable Responses		**233**		**27**		**90**		**85**		**31**
Greatly expand	45	19%	2	7%	21	23%	19	22%	3	10%
Slightly expand	100	43%	13	48%	40	44%	29	34%	18	58%
Stay about the same	71	30%	10	37%	22	24%	30	35%	9	29%
Slightly contract, or	13	6%		0%	5	6%	7	8%	1	3%
Greatly contract	4	2%	2	7%	2	2%		0%		0%
Pilot										
Total Responses	**269**		**30**		**110**		**103**		**26**	
Don't know - No answer	12	4%			3	3%	9	9%		
Total Classifiable Responses	**257**		**30**		**107**		**94**		**26**	
Greatly expand	56	22%	8	27%	26	24%	18	19%	4	15%
Slightly expand	114	44%	14	47%	44	41%	44	47%	12	46%
Stay about the same	71	28%	6	20%	31	29%	26	28%	8	31%
Slightly contract, or	13	5%	2	7%	5	5%	4	4%	2	8%
Greatly contract	3	1%			1	1%	2	2%		

Source: The Jacob France Institute

Table 4 How do you see your company's revenues changing in the next year? (Q13)

2018	Maryland Total	% of Total	Baltimore City	% of Total	Baltimore Metro	% of Total	Washington Suburbs	% of Total	Other Maryland	% of Total
Total Responses	**1,031**		**133**		**419**		**353**		**126**	
Don't know - No answer	51	5%	2	2%	16	4%	29	8%	4	3%
Total Classifiable Responses	**980**		**131**		**403**		**324**		**122**	
Greatly expand	168	17%	17	13%	79	20%	58	18%	14	11%
Slightly expand	510	52%	66	50%	210	52%	167	52%	67	55%
Stay about the same	263	27%	43	33%	98	24%	85	26%	37	30%
Slightly contract, or	29	3%	4	3%	12	3%	9	3%	4	3%
Greatly contract	10	1%	1	1%	4	1%	5	2%		
4th Quarter, 2018										
Total Responses	**257**		**40**		**108**		**74**		**35**	
Don't know - No answer	11	4%	1	3%	5	5%	5	7%		0%
Total Classifiable Responses	**246**		**39**		**103**		**69**		**35**	
Greatly expand	44	18%	7	18%	19	18%	14	20%	4	11%
Slightly expand	139	57%	19	49%	60	58%	39	57%	21	60%
Stay about the same	57	23%	12	31%	23	22%	13	19%	9	26%
Slightly contract, or	3	1%	1	3%		0%	1	1%	1	3%
Greatly contract	3	1%			1	1%	2	3%		
3rd Quarter, 2018										
Total Responses	**251**		**33**		**102**		**85**		**31**	
Don't know - No answer	7	3%					6	7%	1	3%
Total Classifiable Responses	**244**		**33**		**102**		**79**		**30**	
Greatly expand	30	12%	3	9%	16	16%	8	10%	3	10%
Slightly expand	139	57%	15	45%	59	58%	50	63%	15	50%
Stay about the same	70	29%	14	42%	26	25%	18	23%	12	40%
Slightly contract, or	4	2%	1	3%	1	1%	2	3%		0%
Greatly contract	1	0%		0%		0%	1	1%		0%
2nd Quarter, 2018										
Total Responses	**254**		**30**		**99**		**91**		**34**	
Don't know - No answer	19	7%	1	3%	8	8%	8	9%	2	6%
Total Classifiable Responses	**235**		**29**		**91**		**83**		**32**	
Greatly expand	40	17%	1	3%	18	20%	18	22%	3	9%
Slightly expand	112	48%	14	48%	45	49%	32	39%	21	66%
Stay about the same	69	29%	12	41%	21	23%	29	35%	7	22%
Slightly contract, or	11	5%	1	3%	6	7%	3	4%	1	3%
Greatly contract	3	1%	1	3%	1	1%	1	1%		
Pilot										
Total Responses	**269**		**30**		**110**		**103**		**26**	
Don't know - No answer	14	5%			3	3%	10	10%	1	4%
Total Classifiable Responses	**255**		**30**		**107**		**93**		**25**	
Greatly expand	54	21%	6	20%	26	24%	18	19%	4	16%
Slightly expand	120	47%	18	60%	46	43%	46	49%	10	40%
Stay about the same	67	26%	5	17%	28	26%	25	27%	9	36%
Slightly contract, or	11	4%	1	3%	5	5%	3	3%	2	8%
Greatly contract	3	1%			2	2%	1	1%		

Source: The Jacob France Institute

Table 5 How do You See your Company's Employment Changing in the Next Year? (Q14)

2018	Maryland Total	% of Total	Baltimore City	% of Total	Baltimore Metro	% of Total	Washington Suburbs	% of Total	Other Maryland	% of Total
Total Responses	**1,031**		**133**		**419**		**353**		**126**	
Don't know - No answer	29	3%	3	2%	8	2%	12	3%	6	5%
Total Classifiable Responses	**1,002**		**130**		**411**		**341**		**120**	
Greatly expand	92	9%	8	6%	43	10%	34	10%	7	6%
Slightly expand	433	43%	56	43%	177	43%	149	44%	51	43%
Stay about the same	450	45%	61	47%	181	44%	150	44%	58	48%
Slightly contract, or	23	2%	5	4%	9	2%	6	2%	3	3%
Greatly contract	4	0%			1	0%	2	1%	1	1%
4th Quarter, 2018										
Total Responses	**257**		**40**		**108**		**74**		**35**	
Don't know - No answer	6	2%	2	5%	1	1%	3	4%		0%
Total Classifiable Responses	**251**		**38**		**107**		**71**		**35**	
Greatly expand	19	8%	3	8%	8	7%	6	8%	2	6%
Slightly expand	114	45%	16	42%	54	50%	31	44%	13	37%
Stay about the same	114	45%	17	45%	44	41%	34	48%	19	54%
Slightly contract, or	4	2%	2	5%	1	1%			1	3%
Greatly contract										
3rd Quarter, 2018										
Total Responses	**251**		**33**		**102**		**85**		**31**	
Don't know - No answer	7	3%					4	5%	3	10%
Total Classifiable Responses	**244**		**33**		**102**		**81**		**28**	
Greatly expand	20	8%	2	6%	12	12%	4	5%	2	7%
Slightly expand	113	46%	12	36%	43	42%	44	54%	14	50%
Stay about the same	106	43%	18	55%	44	43%	32	40%	12	43%
Slightly contract, or	5	2%	1	3%	3	3%	1	1%		0%
Greatly contract										
2nd Quarter, 2018										
Total Responses	**254**		**30**		**99**		**91**		**34**	
Don't know - No answer	7	3%			4	4%	1	1%	2	6%
Total Classifiable Responses	**247**		**30**		**95**		**90**		**32**	
Greatly expand	20	8%		0%	6	6%	12	13%	2	6%
Slightly expand	96	39%	11	37%	39	41%	32	36%	14	44%
Stay about the same	122	49%	18	60%	46	48%	43	48%	15	47%
Slightly contract, or	7	3%	1	3%	3	3%	2	2%	1	3%
Greatly contract	2	1%			1	1%	1	1%		
Pilot										
Total Responses	**269**		**30**		**110**		**103**		**26**	
Don't know - No answer	9	3%	1	3%	3	3%	4	4%	1	4%
Total Classifiable Responses	**260**		**29**		**107**		**99**		**25**	
Greatly expand	33	13%	3	10%	17	16%	12	12%	1	4%
Slightly expand	110	42%	17	59%	41	38%	42	42%	10	40%
Stay about the same	108	42%	8	28%	47	44%	41	41%	12	48%
Slightly contract, or	7	3%	1	3%	2	2%	3	3%	1	4%
Greatly contract	2	1%					1	1%	1	4%

Source: The Jacob France Institute

Maryland's Overall Business Climate

Companies were surveyed on their perception of the overall business climate in Maryland, the advantages and disadvantages associated with doing business in Maryland, the steps that they believe are necessary to improve the State's business climate, and their likelihood of remaining in Maryland.

Maryland's Business Climate

Companies were asked to rate Maryland's business climate as pro-business, business friendly, neutral, unfriendly, or anti-business.

- Overall firms had a positive view of Maryland's business climate with 51 percent reporting that Maryland's business environment is pro-business or business friendly and only 16 percent Maryland as being either unfriendly to business or anti-business;
- This is a significant improvement over 2011, when only 30 percent reported Maryland as being either pro-business or business friendly and 35 percent reported Maryland as being either unfriendly to business or anti-business; and
- Firms in Baltimore City have the least positive view of Maryland's business climate (42 percent pro-business or business friendly and 20 percent unfriendly to business or anti-business) and firms in the Washington Suburbs have the most positive view (59 percent and 12 percent respectively).

Advantages to Doing Business in Maryland

Companies were asked to name the most important advantage of doing business in Maryland.

- Fifty-six percent of firms reported Maryland's location as its most important advantage. In particular, Maryland's proximity to the federal government and overall customer base is the greatest advantage to doing business in the state;
- Nine percent of firms cited Maryland's labor market as its greatest advantage;
- Seven percent of firms cited Maryland's business environment as its greatest advantage; and
- Seven percent of firms cited Maryland's strong local market as its greatest advantage.

Disadvantages to Doing Business in Maryland

Companies were also asked to identify the most important disadvantage to doing business in the State.

- Thirty nine percent of responding firms reported taxes to be the greatest disadvantage to doing business in Maryland. This is down slightly from 42% in 2011;
- Seventeen percent of businesses cited Maryland's business environment, which included costs associated with doing business, the business climate, government attitudes towards business, and government agency inefficiency, as being the most important disadvantage to doing business in Maryland; and
- Thirteen percent of firms stated that regulations are the most important disadvantage to doing business in Maryland.

Steps to Improve Maryland's Business Climate

Companies were asked to provide the single most important step that can be taken to improve Maryland's business climate going forward.

- Forty percent of firms cited reducing or reforming lowering taxes as the single most important step that can be taken to improve the State's business climate;
- Sixteen percent of firms stated that improving or lessening regulations is the most important step to improve the business climate; and
- Fourteen percent of firms reported that expanding or investing in economic development efforts, such as assisting/promoting small business and expanding business incentives, as the most important step to improve Maryland's business climate.

Business Retention

In an effort to assess the threats of firm's risk of relocating out of state, firms were asked if they planned on remaining in Maryland or if they were planning on leaving, where they would relocate to and why.

- Ninety-eight percent of firms responded that they would be remaining in Maryland (Very Likely of Just Likely) – 2 percent of firms (24 businesses) reported that it is unlikely or very unlikely they will remain in Maryland;
- Of the 24 of firms that responded that they may be relocating, sixteen firms identified the state they are considering moving to, with four each responding Virginia and Florida, three to Pennsylvania, two to Tennessee, and one each to Delaware, North Carolina and Texas; and
- When asked why these firms would be relocating, four firms cited tax reasons and two each responded business climate, cost of living or business opportunities as the reason.

Table 6 How would you rate Maryland's overall business climate? (Q17)

2018	Maryland Total	% of Total	Baltimore City	% of Total	Baltimore Metro	% of Total	Washington Suburbs	% of Total	Other Maryland	% of Total
Total Responses	**1,031**		**133**		**419**		**353**		**126**	
Don't know - No answer	37	4%	5	4%	19	5%	13	4%	0	0%
Total Classifiable Responses	**994**		**128**		**400**		**340**		**126**	
Pro-business	147	15%	10	8%	68	17%	51	15%	18	14%
Business-friendly	355	36%	44	34%	119	30%	148	44%	44	35%
Neutral	330	33%	48	38%	141	35%	99	29%	42	33%
Unfriendly to business	133	13%	21	16%	55	14%	36	11%	21	17%
Anti-business	29	3%	5	4%	17	4%	6	2%	1	1%
4th Quarter, 2018										
Total Responses	**257**		**40**		**108**		**74**		**35**	
Don't know - No answer	10	4%	1	3%	5	5%	4	5%	0	0%
Total Classifiable Responses	**247**		**39**		**103**		**70**		**35**	
Pro-business	50	20%	6	15%	25	24%	13	19%	6	17%
Business-friendly	79	32%	14	36%	25	24%	28	40%	12	34%
Neutral	83	34%	11	28%	37	36%	22	31%	13	37%
Unfriendly to business	30	12%	8	21%	13	13%	5	7%	4	11%
Anti-business	5	2%		0%	3	3%	2	3%		0%
3rd Quarter, 2018										
Total Responses	**251**		**33**		**102**		**85**		**31**	
Don't know - No answer	5	2%			4	4%	1	1%		
Total Classifiable Responses	**246**		**33**		**98**		**84**		**31**	
Pro-business	32	13%	3	9%	11	11%	15	18%	3	10%
Business-friendly	98	40%	11	33%	34	35%	37	44%	16	52%
Neutral	74	30%	14	42%	30	31%	23	27%	7	23%
Unfriendly to business	35	14%	4	12%	17	17%	9	11%	5	16%
Anti-business	7	3%	1	3%	6	6%		0%		0%
2nd Quarter, 2018										
Total Responses	**254**		**30**		**99**		**91**		**34**	
Don't know - No answer	8	3%	3	10%	1	1%	4	4%		0%
Total Classifiable Responses	**246**		**27**		**98**		**87**		**34**	
Pro-business	34	14%	1	4%	16	16%	11	13%	6	18%
Business-friendly	84	34%	8	30%	34	35%	34	39%	8	24%
Neutral	86	35%	10	37%	32	33%	31	36%	13	38%
Unfriendly to business	33	13%	6	22%	12	12%	9	10%	6	18%
Anti-business	9	4%	2	7%	4	4%	2	2%	1	3%
Pilot										
Total Responses	**269**		**30**		**110**		**103**		**26**	
Don't know - No answer	14	5%	1	3%	9	8%	4	4%		
Total Classifiable Responses	**255**		**29**		**101**		**99**		**26**	
Pro-business	31	12%		0%	16	16%	12	12%	3	12%
Business-friendly	94	37%	11	38%	26	26%	49	49%	8	31%
Neutral	87	34%	13	45%	42	42%	23	23%	9	35%
Unfriendly to business	35	14%	3	10%	13	13%	13	13%	6	23%
Anti-business	8	3%	2	7%	4	4%	2	2%		

Source: The Jacob France Institute

Table 7 What would you say is the single most important advantage of doing business in Maryland? (Q15)

2018	Maryland Total	% of Total	Baltimore City	% of Total	Baltimore Metro	% of Total	Washington Suburbs	% of Total	Other Maryland	% of Total
Total Responses	**1,031**		**133**		**419**		**353**		**126**	
Don't know - No answer	170	16%	19	14%	67	16%	58	16%	26	21%
No advantage	60	6%	9	7%	24	6%	19	5%	8	6%
Total Classifiable Responses	**801**		**105**		**328**		**276**		**92**	
Location	452	56%	51	49%	181	55%	161	58%	59	64%
Near federal government	52	6%	3	3%	23	7%	23	8%	3	3%
Transportation/infrastructure	33	4%	6	6%	12	4%	9	3%	6	7%
Near markets/clients/ suppliers/raw materials	60	7%	7	7%	24	7%	22	8%	7	8%
General/other location	307	38%	35	33%	122	37%	107	39%	43	47%
Business environment	60	7%	11	10%	21	6%	19	7%	9	10%
Labor market	75	9%	16	15%	35	11%	18	7%	6	7%
Quality of life	17	2%	1	1%	2	1%	11	4%	3	3%
Strong local market	53	7%	6	6%	24	7%	18	7%	5	5%
Always been here/ live here	95	12%	14	13%	40	12%	34	12%	7	8%
General/other	49	6%	6	6%	25	8%	15	5%	3	3%

Source: The Jacob France Institute

Table 8 What would you say is the single most important disadvantage of doing business in Maryland? (Q16)

2018	Maryland Total	% of Total	Baltimore City	% of Total	Baltimore Metro	% of Total	Washington Suburbs	% of Total	Other Maryland	% of Total
Total Responses	**1,031**		**133**		**419**		**353**		**126**	
Don't know - No answer	164	16%	15	11%	61	15%	63	18%	25	20%
No disadvantage	151	15%	17	13%	55	13%	61	17%	18	14%
Total Classifiable Responses	**716**		**101**		**303**		**229**		**83**	
Taxes and regulations	24	3%	2	2%	12	4%	6	3%	4	5%
Regulations	96	13%	9	9%	37	12%	35	15%	15	18%
Taxes	277	39%	40	40%	127	42%	81	35%	29	35%
Labor market	39	5%	7	7%	21	7%	6	3%	5	6%
Labor costs	10	1%	2	2%	3	1%	3	1%	2	2%
Labor quality and availability	25	3%	5	5%	14	5%	3	1%	3	4%
General/other labor	4	1%			4	1%				
Quality of Life	43	6%	6	6%	18	6%	16	7%	3	4%
Cost of living	13	2%	1	1%	4	1%	7	3%	1	1%
Traffic/parking	19	3%	3	3%	7	2%	8	3%	1	1%
Crime/violence	3	0%	2	2%	1	0%				
General/ other QOL	8	1%			6	2%	1	0%	1	1%
Business Environment	122	17%	18	18%	48	16%	45	20%	11	13%
Gov't attitude towards business	39	5%	7	7%	12	4%	18	8%	2	2%
Gov't agency inefficiency/ red tape	8	1%	1	1%	3	1%	3	1%	1	1%
Business climate	12	2%	1	1%	5	2%	5	2%	1	1%
Infrastructure	6	1%			2	1%	3	1%	1	1%
Cost of doing business/ business costs	34	5%	3	3%	16	5%	11	5%	4	5%
General/other business environment	23	3%	6	6%	10	3%	5	2%	2	2%
Economy/local market (competition)	74	10%	12	12%	27	9%	25	11%	10	12%
General/other	41	6%	7	7%	13	4%	15	7%	6	7%

Source: The Jacob France Institute

Table 9 What would you say is the single most important step that could be taken to improve Maryland's business climate? (Q18)

2018	Maryland Total	% of Total	Baltimore City	% of Total	Baltimore Metro	% of Total	Washington Suburbs	% of Total	Other Maryland	% of Total
Total Responses	**1,031**		**133**		**419**		**353**		**126**	
Don't know - No answer	193	19%	17	13%	78	19%	74	21%	24	19%
None	28	3%	2	2%	12	3%	10	3%	4	3%
Total Classifiable Responses	**810**		**114**		**329**		**269**		**98**	
Reduce/reform regulations	132	16%	13	11%	58	18%	38	14%	23	23%
Reduce/reform taxes	323	40%	41	36%	128	39%	114	42%	40	41%
Invest in infrastructure	34	4%	7	6%	10	3%	14	5%	3	3%
Decrease crime	9	1%	6	5%	2	1%	1	0%		
Better gov't./state attitude toward business	61	8%	8	7%	29	9%	22	8%	2	2%
Invest in/expand economic development	112	14%	16	14%	44	13%	46	17%	6	6%
Invest in/expand workforce development	35	4%	6	5%	14	4%	8	3%	7	7%
Reduce business costs	21	3%	1	1%	9	3%	6	2%	5	5%
Address labor issues - availability/cost	13	2%	2	2%	6	2%	5	2%		
General/other	70	9%	14	12%	29	9%	15	6%	12	12%

Source: The Jacob France Institute

Table 10a Looking ahead, how likely do you think it is that your business will remain in Maryland? (Q39)

2018	Maryland Total	% of Total	Baltimore City	% of Total	Baltimore Metro	% of Total	Washington Suburbs	% of Total	Other Maryland	% of Total
Total Responses	**1,031**		**133**		**419**		**353**		**126**	
Don't Know - No answer	46	4%	2	2%	20	5%	21	6%	3	2%
Total Classifiable Responses	**985**		**131**		**399**		**332**		**123**	
Very likely	868	88%	112	85%	350	88%	295	89%	111	90%
Just likely	93	9%	15	11%	36	9%	31	9%	11	9%
Unlikely	11	1%	2	2%	5	1%	3	1%	1	1%
Very unlikely	13	1%	2	2%	8	2%	3	1%	0	0%

Source: The Jacob France Institute

Table 10b Location/Reasons for Relocation

Where would your firm be most likely to relocate?				**Why would you be likely to relocate there?**	
State Indicated	# of Responses	State Indicated	# of Responses	Reason Indicated	# of Responses
Virginia	4	Delaware	1	Taxes	4
Florida	4	North Carolina	1	Business Climate	2
Pennsylvania	3	Texas	1	Cost of Living	2
Tennessee	2			Business Opportunities	2

Source: The Jacob France Institute

Maryland's Business Environment

A state's business environment is made up of the policy and locational attributes that impact business operations. There is no uniform list of factors that make up or influence a state's business climate, but there is broad agreement that key policy (state tax and regulatory issues) and locational (market size, location, infrastructure, and quality of life) issues are the key factors considered by businesses in making a business location choice.[2] While firms' overall perception of Maryland's business climate is described above, the JFI asked firms to rate Maryland's competitiveness in five key areas that impact a state's business climate: taxes, regulations, infrastructure, labor markets, and quality of life.

Overall, Maryland businesses have a less favorable view of Maryland's tax and regulatory climate than its infrastructure and labor market assets. Firms were first asked to rate Maryland's competitiveness in taxes, regulations, infrastructure, and labor markets to neighboring states. The results are as follows:

- More Maryland businesses have a negative view of Maryland's tax climate than a positive view, with 40 percent of responding firms viewing Maryland's tax climate as somewhat or very uncompetitive and only 35 percent viewing it as somewhat or very competitive.
- Maryland businesses are split on their view of Maryland's regulatory climate, with 33 percent viewing it as competitive and 30 percent viewing it as uncompetitive compared to neighboring states.
- Firms have a more strongly positive view of Maryland's infrastructure assets (49 percent viewing it as competitive and only 18 percent as uncompetitive) and labor market assets (48 percent viewing it as competitive and only 17 percent as uncompetitive).
- Perceptions of Maryland's tax and regulatory climate have improved since 2011, with:
  - Perceptions of Maryland's tax climate improving from 28 percent competitive and 50 percent noncompetitive in 2011 to 35 percent competitive and 40 percent uncompetitive in 2018.
  - Perceptions of Maryland's regulatory climate improving from 28 percent competitive and 38 percent noncompetitive in 2011 to 33 percent competitive and 30 percent uncompetitive in 2018.
  - Perceptions of Maryland's infrastructure and labor market competitiveness worsened slightly since 2011.

Firms were asked more detailed questions on taxes, regulations, labor force, infrastructure, and quality of life issues and their impact on Maryland's business environment.

Table 11 How would you compare Maryland business taxes to neighboring states? (Q33-1)

2018	Maryland Total	% of Total	Baltimore City	% of Total	Baltimore Metro	% of Total	Washington Suburbs	% of Total	Other Maryland	% of Total
Total Responses	**1,031**		**133**		**419**		**353**		**126**	
Don't Know - No answer	416	40%	61	46%	171	41%	143	41%	41	33%
Total Classifiable Responses	**615**		**72**		**248**		**210**		**85**	
Very competitive	62	10%	8	11%	17	7%	30	14%	7	8%
Somewhat competitive	153	25%	19	26%	59	24%	53	25%	22	26%
About the same	157	26%	16	22%	71	29%	53	25%	17	20%
Un-competitive	203	33%	24	33%	85	34%	62	30%	32	38%
Very Un-competitive	40	7%	5	7%	16	6%	12	6%	7	8%

Source: The Jacob France Institute

Table 12 How would you compare Maryland's overall regulations to neighboring states? (Q33-2)

2018	Maryland Total	% of Total	Baltimore City	% of Total	Baltimore Metro	% of Total	Washington Suburbs	% of Total	Other Maryland	% of Total
Total Responses	**1,031**		**133**		**419**		**353**		**126**	
Don't Know - No answer	379	37%	51	38%	160	38%	134	38%	34	27%
Total Classifiable Responses	**652**		**82**		**259**		**219**		**92**	
Very competitive	61	9%	7	9%	22	8%	26	12%	6	7%
Somewhat competitive	152	23%	15	18%	70	27%	48	22%	19	21%
About the same	243	37%	37	45%	88	34%	83	38%	35	38%
Un-competitive	164	25%	19	23%	67	26%	51	23%	27	29%
Very Un-competitive	32	5%	4	5%	12	5%	11	5%	5	5%

Source: The Jacob France Institute

Table 13 How would you compare Maryland Infrastructure to neighboring states? (Q33-3)

2018	Maryland Total	% of Total	Baltimore City	% of Total	Baltimore Metro	% of Total	Washington Suburbs	% of Total	Other Maryland	% of Total
Total Responses	**1,031**		**133**		**419**		**353**		**126**	
Don't Know - No answer	329	32%	54	41%	138	33%	107	30%	30	24%
Total Classifiable Responses	**702**		**79**		**281**		**246**		**96**	
Very competitive	113	16%	11	14%	42	15%	46	19%	14	15%
Somewhat competitive	230	33%	28	35%	91	32%	75	30%	36	38%
About the same	236	34%	25	32%	96	34%	85	35%	30	31%
Un-competitive	97	14%	10	13%	41	15%	32	13%	14	15%
Very Un-competitive	26	4%	5	6%	11	4%	8	3%	2	2%

Source: The Jacob France Institute

Table 14 How would you compare Maryland Labor Markets to neighboring states? (Q33-4)

2018	Maryland Total	% of Total	Baltimore City	% of Total	Baltimore Metro	% of Total	Washington Suburbs	% of Total	Other Maryland	% of Total
Total Responses	**1,031**		**133**		**419**		**353**		**126**	
Don't Know - No answer	326	32%	45	34%	140	33%	108	31%	33	26%
Total Classifiable Responses	**705**		**88**		**279**		**245**		**93**	
Very competitive	146	21%	17	19%	47	17%	71	29%	11	12%
Somewhat competitive	195	28%	20	23%	82	29%	60	24%	33	35%
About the same	243	34%	32	36%	101	36%	75	31%	35	38%
Un-competitive	110	16%	18	20%	42	15%	38	16%	12	13%
Very Un-competitive	11	2%	1	1%	7	3%	1	0%	2	2%

Source: The Jacob France Institute

Taxes

Firms were asked to rate the extent to which state or local taxes hindered their ability to meet their strategic goals. Overall, 64 percent of businesses reported being negatively impacted by Maryland state or local taxes, down slightly from 67 percent of responding firms in 2011. When asked which taxes were most burdensome, nearly half (48 percent) reported taxes in general, 18 percent reported income taxes, 16 percent payroll taxes, and 13 percent reported property taxes.

Table 15 To what extent have state or local taxes hindered the ability of your business to meet its strategic goals? (Q30)

2018	Maryland Total	% of Total	Baltimore City	% of Total	Baltimore Metro	% of Total	Washington Suburbs	% of Total	Other Maryland	% of Total
Total Responses	**1,031**		**133**		**419**		**353**		**126**	
Don't Know - No answer	98	10%	14	11%	41	10%	37	10%	6	5%
Total Classifiable Responses	**933**		**119**		**378**		**316**		**120**	
Not at all	334	36%	50	42%	120	32%	122	39%	42	35%
Just a little	241	26%	26	22%	96	25%	84	27%	35	29%
Moderately, or	262	28%	30	25%	119	31%	78	25%	35	29%
A great deal	96	10%	13	11%	43	11%	32	10%	8	7%
Which tax do you find most burdensome to your company?	834		109		342		281		102	
Income taxes	151	18%	15	14%	73	21%	48	17%	15	15%
Payroll taxes	134	16%	16	15%	68	20%	38	14%	12	12%
Sales or use taxes	42	5%	5	5%	11	3%	17	6%	9	9%
Property taxes	107	13%	21	19%	28	8%	47	17%	11	11%
Taxes in general	400	48%	52	48%	162	47%	131	47%	55	54%

Source: The Jacob France Institute

Table 16 Have regulations enacted by Maryland state government hindered the ability of your business to meet its strategic goals? (Q28)

2018	Maryland Total	% of Total	Baltimore City	% of Total	Baltimore Metro	% of Total	Washington Suburbs	% of Total	Other Maryland	% of Total
Total Responses	**1,031**		**133**		**419**		**353**		**126**	
Don't Know - No answer	100	10%	14	11%	41	10%	38	11%	7	6%
Total Classifiable Responses	**931**		**119**		**378**		**315**		**119**	
Yes	221	24%	22	18%	104	28%	60	19%	35	29%
No	710	76%	97	82%	274	72%	255	81%	84	71%
Total Citing Regulations	**212**		**22**		**100**		**56**		**34**	
Environmental regulations	17	8%	1	5%	4	4%	4	7%	8	24%
Labor regulations	33	16%	4	18%	17	17%	8	14%	4	12%
Health care regulations or medical coverage	22	10%	1	5%	13	13%	7	13%	1	3%
Problems with dealing with regulatory agencies	8	4%	1	5%	2	2%	4	7%	1	3%
Tax regulations	33	16%	4	18%	18	18%	9	16%	2	6%
Occupational safety (MOSH, OSHA)	4	2%	0	0%	2	2%	1	2%	1	3%
Building permits	2	1%	0	0%	2	2%	0	0%	0	0%
General or other regulations	31	15%	6	27%	16	16%	5	9%	4	12%
All regulations	62	29%	5	23%	26	26%	18	32%	13	38%

Source: The Jacob France Institute

Regulations

Firms were asked to rate the extent to which state regulations hindered their ability to meet their strategic goals. Overall, only 24 percent of businesses reported being negatively impacted by Maryland state regulations, down from 36 percent of responding firms in 2011. When asked which state regulations were most burdensome, most responded regulations in general or all regulations (44 percent combined), with 16 percent reporting labor regulations, and 16 percent tax regulations.

Labor Market

Firms were asked to characterize overall labor market conditions in Maryland and identify the state's labor market advantages and disadvantages. Overall, more firms viewed local labor markets as a competitive asset for the state (37 percent) than as a weakness (29 percent). When asked to identify the core labor market advantages and disadvantages in Maryland:

- The availability of skilled workers was cited as an advantage by 36 percent of firms and as a disadvantage by 42 percent of responding firms.
- The education level of workers was cited as an advantage by 32 percent of firms and as a disadvantage by 14 percent of responding firms.
- Wage costs were cited as an advantage by 12 percent of firms and as a disadvantage by 25 percent of responding firms.

These overall results are worse than in 2011 (39 percent viewed labor market conditions as an asset compared to 21 percent as a weakness). This is possibly due to the difficulty firms are experiencing in finding skilled workers in today's tight labor market (see below) with more firms in 2018 viewing the availability of skilled workers as a disadvantage than an advantage.

Table 17 How would you characterize overall labor market conditions in Maryland?
Maryland Labor Market Advantages and Disadvantages (Q34-35-36)

2018	Maryland Total	% of Total	Baltimore City	% of Total	Baltimore Metro	% of Total	Washington Suburbs	% of Total	Other Maryland	% of Total
Total Responses	**1,031**		**133**		**419**		**353**		**126**	
Don't Know - No answer	93	9%	6	5%	36	9%	43	12%	8	6%
Total Classifiable Responses	**938**		**127**		**383**		**310**		**118**	
A competitive asset for the State:	345	37%	41	32%	135	35%	132	43%	37	31%
A competitive weakness for the State: or	270	29%	36	28%	128	33%	69	22%	37	31%
Neither an asset or weakness.	323	34%	50	39%	120	31%	109	35%	44	37%
What is the most important labor market advantage in Maryland? (Q35)										
Total Classifiable Advantages	**828**		**106**		**330**		**299**		**93**	
Availability of skilled workers	296	36%	32	30%	128	39%	105	35%	31	33%
Education level of workers	267	32%	28	26%	100	30%	115	38%	24	26%
Wage costs	96	12%	22	21%	35	11%	31	10%	8	9%
Labor and workplace regulations	26	3%	4	4%	9	3%	11	4%	2	2%
Productivity	68	8%	13	12%	22	7%	18	6%	15	16%
Access to workforce training	59	7%	7	7%	28	8%	16	5%	8	9%
Unions or labor management relations	16	2%	0	0%	8	2%	3	1%	5	5%
What is the most important labor market disadvantage in Maryland? (Q36)										
Total Classifiable Disadvantages	**873**		**117**		**359**		**293**		**104**	
Availability of skilled workers	368	42%	56	48%	150	42%	108	37%	54	52%
Education level of workers	122	14%	13	11%	42	12%	47	16%	20	19%
Wage costs	214	25%	23	20%	97	27%	79	27%	15	14%
Labor and workplace regulations	47	5%	5	4%	23	6%	15	5%	4	4%
Productivity	51	6%	8	7%	19	5%	21	7%	3	3%
Access to workforce training	45	5%	9	8%	14	4%	16	5%	6	6%
Unions or labor management relations	26	3%	3	3%	14	4%	7	2%	2	2%

Source: The Jacob France Institute

Infrastructure

Firms were asked to describe the impact of Maryland's transportation infrastructure on their business. Thirty percent of Maryland businesses viewed Maryland's transportation infrastructure as a competitive asset for the state and 21 percent viewed it as a competitive disadvantage. Maryland's highway infrastructure and mass transit system were considered the most import transportation assets by firms with a positive view of Maryland's transportation infrastructure. For businesses with a negative view of Maryland's transportation infrastructure, mass transit access issues and congestion were the chief complaints.

Table 18 How would you rank Maryland's transportation infrastructure in terms of its impact on your business? (Q25)

2018	Maryland Total	% of Total	Baltimore City	% of Total	Baltimore Metro	% of Total	Washington Suburbs	% of Total	Other Maryland	% of Total
Total Responses	**1,031**		**133**		**419**		**353**		**126**	
Don't Know - No answer	58	6%	6	5%	21	5%	27	8%	4	3%
Total Classifiable Responses	**973**	**100%**	**127**	**100%**	**398**	**100%**	**326**	**100%**	**122**	**100%**
A Strong competitive asset	92	9%	8	6%	41	10%	32	10%	11	9%
A competitive asset	203	21%	26	20%	72	18%	77	24%	28	23%
Neither an asset nor a disadvantage	475	49%	63	50%	204	51%	143	44%	65	53%
A Competitive Disadvantage	151	16%	18	14%	54	14%	65	20%	14	11%
A Strong competitive disadvantage	52	5%	12	9%	27	7%	9	3%	4	3%
What is Maryland's most important Transportation Infrastructure Asset? (Q25a)										
Total Classifiable Issues	**259**	**100%**	**31**	**100%**	**95**	**100%**	**102**	**100%**	**31**	**100%**
Highways	118	46%	12	39%	41	43%	40	39%	25	81%
Airports	14	5%	3	10%	8	8%	3	3%		0%
Ports	9	3%	2	6%	4	4%	3	3%		0%
Mass transit	88	34%	12	39%	28	29%	45	44%	3	10%
Rail	5	2%			2	2%	3	3%		0%
Other	25	10%	2	6%	12	13%	8	8%	3	10%
What would you say is Maryland's most important Transportation Infrastructure Disadvantage? (Q25b)										
Total Classifiable Issues	**195**	**100%**	**29**	**100%**	**77**	**100%**	**72**	**100%**	**17**	**100%**
Highways	27	14%	5	17%	7	9%	12	17%	3	18%
Airports	1	1%							1	6%
Ports	1	1%			1	1%				0%
Mass transit	63	32%	10	34%	26	34%	22	31%	5	29%
Congestion	50	26%	2	7%	22	29%	23	32%	3	18%
Conditions/construction	24	12%	6	21%	7	9%	9	13%	2	12%
Other	29	15%	6	21%	14	18%	6	8%	3	18%

Source: The Jacob France Institute

Quality of Life

Firms were asked to rank the state's quality of life as being either an asset or a disadvantage and to identify the greatest quality of life asset and the greatest quality of life disadvantage in Maryland.

- Fifty-four percent of responding businesses rated Maryland's quality of life as either a strong competitive asset or a competitive asset.
- For firms with a positive view of Maryland's quality of life, the most frequently cited quality of life asset in Maryland was Maryland's location (28 percent) followed by the vibrant business community/strong economy in the state.
- For firms with a negative view of Maryland's quality of life, the most frequently cited quality of life disadvantage in Maryland was the cost of living (31 percent), followed by taxes and crime (13 percent each).

Table 19 How would you rank Maryland's quality of life in terms of its impact on your business? (Q24)

2018	Maryland Total	% of Total	Baltimore City	% of Total	Baltimore Metro	% of Total	Washington Suburbs	% of Total	Other Maryland	% of Total
Total Responses	**1,031**		**133**		**419**		**353**		**126**	
Don't Know - No answer	76	7%	8	6%	28	7%	32	9%	8	6%
Total Classifiable Responses	**955**		**125**		**391**		**321**		**118**	
A Strong competitive asset	181	19%	18	14%	72	18%	75	23%	16	14%
A competitive asset	336	35%	42	34%	128	33%	126	39%	40	34%
Neither an asset nor a disadvantage	354	37%	55	44%	151	39%	95	30%	53	45%
A competitive disadvantage	67	7%	7	6%	33	8%	19	6%	8	7%
A strong competitive disadvantage	17	2%	3	2%	7	2%	6	2%	1	1%
What is Maryland's most important Quality of Life Asset? (Q24a)										
Total Classifiable Issues	**422**	**100%**	**49**	**100%**	**168**	**100%**	**159**	**100%**	**46**	**100%**
Chesapeake Bay	26	6%	2	4%	21	13%	3	2%		0%
Demographics/population	37	9%	6	12%	14	8%	16	10%	1	2%
Education	29	7%	5	10%	8	5%	14	9%	2	4%
Location	117	28%	11	22%	49	29%	45	28%	12	26%
Culture	11	3%	2	4%	1	1%	7	4%	1	2%
Business community/economy	54	13%	4	8%	24	14%	23	14%	3	7%
Things to do	10	2%			2	1%	6	4%	2	4%
Environment/weather	37	9%	3	6%	16	10%	10	6%	8	17%
Other	101	24%	16	33%	33	20%	35	22%	17	37%
What would you say is is Maryland's most important Quality of Life Disadvantage? (Q24b)										
Total Classifiable Issues	**68**	**100%**	**7**	**100%**	**36**	**100%**	**21**	**100%**	**4**	**100%**
Cost of Living	21	31%			12	33%	8	38%	1	25%
Taxes	9	13%	1	14%	5	14%	3	14%		0%
Crime	9	13%	2	29%	7	19%				
Congestion	6	9%	3	43%	1	3%	2	10%		0%
Other disadvantage	23	34%	1	14%	11	31%	8	38%	3	75%

Source: The Jacob France Institute

Maryland's Labor Market and Labor Force

With the national economic recovery poised to become the longest on record, and Maryland's unemployment rate at 4 percent, finding the workers needed to support and grow operations has become increasingly difficult for businesses. In the Maryland Business Climate Survey, the JFI included more focused questions on how the local labor market is impacting business operations. It asked questions on how labor market conditions are impacting business operations, worker shortages, recruitment, and satisfaction with Maryland's education system.

Labor Market Conditions

The labor market is a primary concern for business. According to Area Development magazine's *32nd Annual Corporate Survey*, labor costs and labor availability were two of the top five factors used by businesses to rate a location's business climate.[3] If the local talent pipeline is unable to supply the number of workers needed by firms, then firms suffer by either having to hire and train less qualified persons, settle for under-qualified persons, or recruit their employees from outside. In the long run, if the local market is unable to supply the required talent, a company may choose to relocate to a location with a stronger labor market. According to Area Development magazine,

> The fact that about 90 percent of the Corporate Survey respondents indicate labor costs and skilled labor availability as "very important" or "important" to a location decision must not be understated and offers lessons to both companies wanting to select the optimal site and to communities seeking to grow their economic base and win projects. While incentives, tax structure, high quality of life, and access to customers/markets are always key project drivers, a community that does not have the adequate labor profile is devastating to a project's success in that location, and also limits the economic developer's ability to successfully compete for a project.[4]

Thus, assessing the impact of local labor market conditions on business operations is critical to understanding Maryland's basic competitiveness. Firms were asked to characterize the overall labor market in Maryland and the greatest labor market advantage and disadvantage in Maryland.

Overall, firms in Maryland are split on the impact of labor market conditions on their business operations, with 23 percent reporting that labor market conditions helped their operations and 24 percent reporting they hurt their operations with 53 percent reporting no impact. When asked to identify the most important labor market issue impacting their business, the key issues included:

- Labor market availability (the availability of qualified candidates) was identified as the top issue by 29 percent of firms.
- Benefit costs (health, workers' compensation, etc.) was identified as the top issue by 26 percent of firms.
- Wage costs (13 percent), worker productivity and education levels (10 percent each) were identified as the third, fourth, and fifth most important issues.

Worker Shortages

The key issue in assessing a state or region's labor market competitiveness is whether it can supply the workers with the education and skills needed by the local employer community. To assess this, firms were surveyed on whether they had experienced difficulty in obtaining workers, if these were short-term or long-term worker shortages, the positions for which they experienced difficulty in filling, and if workers had to be recruited from out-of-state. The key findings are as follows:

- Overall, in 2018, 56 percent of businesses reporting difficulties in obtaining workers with the skills necessary to fill specific job requirements and 44 percent did not.
- On a quarterly basis, these results held fairly stable over the survey period.
- The percentage of firms reporting difficulties in finding workers has increased from the 2011 survey (the last year of the survey before this restart) with the economic recovery, increasing from 38 percent of firms in 2011 to 56 percent in 2018.
- Maryland firms appear to be experiencing long-term difficulties in finding the workers needed, with 38 percent of the firms reporting difficulties in obtaining workers experiencing long term shortages and 34

Table 20 Have labor market conditions in Maryland hindered the ability of your business to meet its goals? (Q19 -20)

2018	Maryland Total	% of Total	Baltimore City	% of Total	Baltimore Metro	% of Total	Washington Suburbs	% of Total	Other Maryland	% of Total
Total Responses	**1,031**		**133**		**419**		**353**		**126**	
Don't Know - No answer	71	7%	7	5%	31	7%	27	8%	6	5%
Total Classifiable Responses	**960**		**126**		**388**		**326**		**120**	
Helped your business a great deal	36	4%	5	4%	17	4%	13	4%	1	1%
Helped your business somewhat	186	19%	23	18%	76	20%	67	21%	20	17%
Had no impact on your business	506	53%	65	52%	191	49%	181	56%	69	58%
Hurt your business somewhat	185	19%	28	22%	82	21%	50	15%	25	21%
Hurt your business a great deal	47	5%	5	4%	22	6%	15	5%	5	4%
What do you consider to be the most important work-force issue in your business? (Q20)										
Total Classifiable Issues	**976**		**129**		**398**		**330**		**119**	
Wage costs	121	12%	17	13%	41	10%	50	15%	13	11%
Benefit costs (health, workers' compensation, etc.)	251	26%	26	20%	114	29%	73	22%	38	32%
Productivity (effort/motivation)	99	10%	19	15%	38	10%	37	11%	5	4%
Availability (availability of qualified candidates)	277	28%	33	26%	117	29%	92	28%	35	29%
Labor/management relations, or (unions, col. bargaining, right to work)	51	5%	8	6%	23	6%	16	5%	4	3%
Education levels	92	9%	13	10%	29	7%	33	10%	17	14%
Other	32	3%	5	4%	15	4%	10	3%	2	2%
All of the above	53	5%	8	6%	21	5%	19	6%	5	4%

Source: The Jacob France Institute

percent reporting both long- and short-term shortages. Thus, 72 percent of firms reporting difficulties in finding workers, or 38 percent of the 1,031 firms surveyed are experiencing either long term worker or both long- and short-term shortages.

- When asked about what types of workers firms were experiencing difficulties in hiring, Maryland businesses are experiencing workforce shortages across all skills and education levels.
  - At the lower-skill level, 21 percent of responding firms reported difficulties in finding unskilled workers or laborers.
  - At the middle-skill level, 30 percent of responding firms reported difficulties in finding manufacturing or skilled workers. One middle-skill area that stood out in the survey was transportation/warehousing and commercial drivers, with 6 percent of responding firms reporting difficulty in finding these workers when asked to identify other occupations where they are experiencing difficulties in finding workers.[5]
  - At the higher-skill level, 18 percent of responding firms reported difficulties in finding engineers or scientists and 10 percent reported difficulties in finding computer programmers or analysts.
- When asked about steps required to address workforce shortages, 44 percent of responding firms reported that forced to recruit workers from out of state and 8 percent reported that they were forced to recruit workers internationally using an H1B visa or

other method. The number of firms recruiting from out of state and internationally is actually down from the 2011 survey, despite a larger number of firms reporting facing workforce shortages.

- Sixteen percent of firms reported that they experienced difficulty in hiring workers with a security clearance, up from 11 percent in 2011, indicating the growth of Maryland's cyber- and national security business base.

Table 21 In the past year, has your company experienced difficulties in obtaining workers with the skills necessary to fill specific job requirements? (Q37)

2018	Maryland Total	% of Total	Baltimore City	% of Total	Baltimore Metro	% of Total	Washington Suburbs	% of Total	Other Maryland	% of Total
Total Responses	**1,031**		**133**		**419**		**353**		**126**	
Don't Know - No answer	43	4%	2	2%	20	5%	20	6%	1	1%
Total Classifiable Responses	**988**		**131**		**399**		**333**		**125**	
Yes	551	56%	68	52%	237	59%	171	51%	75	60%
No	437	44%	63	48%	162	41%	162	49%	50	40%
4th Quarter, 2018										
Total Responses	**257**		**40**		**108**		**74**		**35**	
Don't Know - No answer	8	3%	1	3%	4	4%	3	4%		0%
Total Classifiable Responses	**249**		**39**		**104**		**71**		**35**	
Yes	143	57%	19	49%	68	65%	34	48%	22	63%
No	106	43%	20	51%	36	35%	37	52%	13	37%
3rd Quarter, 2018										
Total Responses	**251**		**33**		**102**		**85**		**31**	
Don't Know - No answer	6	2%	1	3%	3	3%	2	2%		0%
Total Classifiable Responses	**245**		**32**		**99**		**83**		**31**	
Yes	128	52%	17	53%	53	54%	38	46%	20	65%
No	117	48%	15	47%	46	46%	45	54%	11	35%
2nd Quarter, 2018										
Total Responses	**254**		**30**		**99**		**91**		**34**	
Don't Know - No answer	3	1%		0%	1	1%	2	2%		0%
Total Classifiable Responses	**251**		**30**		**98**		**89**		**34**	
Yes	142	57%	18	60%	57	58%	50	56%	17	50%
No	109	43%	12	40%	41	42%	39	44%	17	50%
Pilot										
Total Responses	**269**		**30**		**110**		**103**		**26**	
Don't Know - No answer	26	10%	0	0%	12	11%	13	13%	1	4%
Total Classifiable Responses	**243**		**30**		**98**		**90**		**25**	
Yes	138	57%	14	47%	59	60%	49	54%	16	64%
No	105	43%	16	53%	39	40%	41	46%	9	36%

Source: The Jacob France Institute

Table 22 Were these short-term shortages that you were able to fill eventually, or long-term shortages of workers in specific categories, or both? (Q37b)

2018	Maryland Total	% of Total	Baltimore City	% of Total	Baltimore Metro	% of Total	Washington Suburbs	% of Total	Other Maryland	% of Total
Total Responses	**1,031**		**133**		**419**		**353**		**126**	
Don't Know - No answer	483	47%	65	49%	183	44%	183	52%	52	41%
Total Classifiable Responses	**548**		**68**		**236**		**170**		**74**	
Short term that we were able to fill	153	28%	25	37%	61	26%	48	28%	19	26%
Long term shortages	209	38%	26	38%	97	41%	59	35%	27	36%
Both	186	34%	17	25%	78	33%	63	37%	28	38%
4th Quarter, 2018										
Total Responses	**257**		**40**		**108**		**74**		**35**	
Don't Know - No answer	114	44%	21	53%	40	37%	40	54%	13	37%
Total Classifiable Responses	**143**		**19**		**68**		**34**		**22**	
Short term that we were able to fill	38	27%	6	32%	18	26%	10	29%	4	18%
Long term shortages	60	42%	9	47%	27	40%	12	35%	12	55%
Both	45	31%	4	21%	23	34%	12	35%	6	27%
3rd Quarter, 2018										
Total Responses	**251**		**33**		**102**		**85**		**31**	
Don't Know - No answer	125	50%	16	48%	49	48%	48	56%	12	39%
Total Classifiable Responses	**126**		**17**		**53**		**37**		**19**	
Short term that we were able to fill	34	27%	6	35%	12	23%	10	27%	6	32%
Long term shortages	37	29%	5	29%	16	30%	13	35%	3	16%
Both	55	44%	6	35%	25	47%	14	38%	10	53%
2nd Quarter, 2018										
Total Responses	**254**		**30**		**99**		**91**		**34**	
Don't Know - No answer	113	44%	12	40%	43	43%	41	45%	17	50%
Total Classifiable Responses	**141**		**18**		**56**		**50**		**17**	
Short term that we were able to fill	40	28%	6	33%	16	29%	13	26%	5	29%
Long term shortages	57	40%	8	44%	26	46%	19	38%	4	24%
Both	44	31%	4	22%	14	25%	18	36%	8	47%
Pilot										
Total Responses	**269**		**30**		**110**		**103**		**26**	
Don't Know - No answer	131	49%	16	53%	51	46%	54	52%	10	38%
Total Classifiable Responses	**138**		**14**		**59**		**49**		**16**	
Short term that we were able to fill	41	30%	7	50%	15	25%	15	31%	4	25%
Long term shortages	55	40%	4	29%	28	47%	15	31%	8	50%
Both	42	30%	3	21%	16	27%	19	39%	4	25%

Source: The Jacob France Institute

Table 23 For what types of positions did your company experience difficulties in recruiting? (Q37c)

2018	Maryland Total	% of Firms
Firm Experiencing Shortages	551	
Don't Know - No answer	83	
Firms Reporting Occupations[1]	468	n.m.
Manufacturing or skilled workers	139	30%
Computer Programmers or Analysts	47	10%
Engineers or Scientists	85	18%
Laboratory or Technical Personnel	29	6%
Computer Technicians or Operators	39	8%
Sales or Marketing Personnel	69	15%
Supervisory or Managerial Personnel	44	9%
Clerical, Administrative or Secretarial	46	10%
Unskilled Workers or Laborers	98	21%

(1) Firms allowed to identify multiple occupations.
Source: The Jacob France Institute

Table 24 To recruit experienced workers, were you forced to recruit workers from out of state? (Q37d)

2018	Maryland Total	% of Total	Baltimore City	% of Total	Baltimore Metro	% of Total	Washington Suburbs	% of Total	Other Maryland	% of Total
Total Responses	**1,031**		**133**		**419**		**353**		**126**	
Don't Know - No answer	484	47%	65	49%	183	44%	184	52%	52	41%
Total Classifiable Responses	**547**		**68**		**236**		**169**		**74**	
Yes	243	44%	25	37%	90	38%	87	51%	41	55%
No	304	56%	43	63%	146	62%	82	49%	33	45%

Source: The Jacob France Institute

Table 25 To recruit experienced workers, were you forced to recruit workers internationally using a H1B visa or other method? (Q37e)

2018	Maryland Total	% of Total	Baltimore City	% of Total	Baltimore Metro	% of Total	Washington Suburbs	% of Total	Other Maryland	% of Total
Total Responses	**1,031**		**133**		**419**		**353**		**126**	
Don't Know - No answer	486	47%	65	49%	183	44%	186	53%	52	41%
Total Classifiable Responses	**545**		**68**		**236**		**167**		**74**	
Yes	42	8%	9	13%	13	6%	16	10%	4	5%
No	503	92%	59	87%	223	94%	151	90%	70	95%

Source: The Jacob France Institute

Table 26 Have you experienced difficulty in recruiting workers with a security clearance? (Q37f)

2018	Maryland Total	% of Total	Baltimore City	% of Total	Baltimore Metro	% of Total	Washington Suburbs	% of Total	Other Maryland	% of Total
Total Responses	**1,031**		**133**		**419**		**353**		**126**	
Don't Know - No answer	493	48%	68	51%	186	44%	186	53%	53	42%
Total Classifiable Responses	**538**		**65**		**233**		**167**		**73**	
Yes	87	16%	5	8%	45	19%	33	20%	4	5%
No	451	84%	60	92%	188	81%	134	80%	69	95%

Source: The Jacob France Institute

Maryland Educational Institutions

Maryland businesses have a positive view of Maryland's educational institutions. The local workforce development system is made up of K-12 educational systems, community colleges, private training institutions, and four-year colleges and universities. These educational and training institutions provide a pipeline of new workers required by the employer community.

Firms were asked to rate the effectiveness of Maryland's educational institutions in providing a skilled and educated workforce. Maryland's educational institutions were grouped into five categories: primary and secondary schools, private career schools, community colleges, four-year colleges and universities, and graduate and professional schools. Responses were categorized as being excellent, good, fair, or poor. Overall, firms rated Maryland's colleges and universities and its graduate and professional schools as the best, with the overall responses being:

- Primary and secondary schools: 46% of firms rated these schools as being good and 13% rated them as excellent.
- Private career schools: 52% of firms rated these schools as being good and 15% rated them as excellent.
- Community colleges: 55% of firms rated community colleges as being good and 21% rated them as excellent.
- Four-year colleges and universities: 53% of firms rated these schools as good and 33% rated them as excellent.
- Graduate and professional schools: 52% of firms rated these schools as good and 33% rated them as excellent.
- These results are consistent with the results of the 2011 and prior surveys, with firms maintaining a consistently positive perception of Maryland educational institutions over time.

Table 27 How would you rate the effectiveness of the state's educational institutions in providing a skilled and educated workforce that meets the needs of your company? (Q38 a-e)

2018	Maryland Total	% of Total	Baltimore City	% of Total	Baltimore Metro	% of Total	Washington Suburbs	% of Total	Other Maryland	% of Total
PRIMARY AND SECONDARY SCHOOLS										
Total Responses	**1,031**		**133**		**419**		**353**		**126**	
Don't Know - No answer	191	19%	21	16%	77	18%	74	21%	19	15%
Total Classifiable Responses	**840**		**112**		**342**		**279**		**107**	
Excellent	110	13%	12	11%	45	13%	44	16%	9	8%
Good	389	46%	48	43%	148	43%	147	53%	46	43%
Only fair	242	29%	33	29%	101	30%	65	23%	43	40%
Poor	99	12%	19	17%	48	14%	23	8%	9	8%
PRIVATE CAREER SCHOOLS										
Total Responses	**1,031**		**133**		**419**		**353**		**126**	
Don't Know - No answer	505	49%	61	46%	198	47%	186	53%	60	48%
Total Classifiable Responses	**526**		**72**		**221**		**167**		**66**	
Excellent	78	15%	7	10%	41	19%	23	14%	7	11%
Good	275	52%	40	56%	110	50%	90	54%	35	53%
Only fair	126	24%	19	26%	48	22%	39	23%	20	30%
Poor	47	9%	6	8%	22	10%	15	9%	4	6%
COMMUNITY COLLEGES										
Total Responses	**1,031**		**133**		**419**		**353**		**126**	
Don't Know - No answer	181	18%	19	14%	76	18%	68	19%	18	14%
Total Classifiable Responses	**850**		**114**		**343**		**285**		**108**	
Excellent	180	21%	17	15%	77	22%	60	21%	26	24%
Good	471	55%	72	63%	176	51%	168	59%	55	51%
Only fair	165	19%	20	18%	73	21%	49	17%	23	21%
Poor	34	4%	5	4%	17	5%	8	3%	4	4%
FOUR YEAR COLLEGES & UNIVERSITIES										
Total Responses	**1,031**		**133**		**419**		**353**		**126**	
Don't Know - No answer	157	15%	19	14%	60	14%	57	16%	21	17%
Total Classifiable Responses	**874**		**114**		**359**		**296**		**105**	
Excellent	291	33%	47	41%	124	35%	94	32%	26	25%
Good	466	53%	50	44%	186	52%	165	56%	65	62%
Only fair	96	11%	15	13%	36	10%	33	11%	12	11%
Poor	21	2%	2	2%	13	4%	4	1%	2	2%
GRADUATE & PROFESSIONAL SCHOOLS										
Total Responses	**1,031**		**133**		**419**		**353**		**126**	
Don't Know - No answer	222	22%	23	17%	91	22%	76	22%	32	25%
Total Classifiable Responses	**809**		**110**		**328**		**277**		**94**	
Excellent	268	33%	42	38%	120	37%	86	31%	20	21%
Good	423	52%	52	47%	163	50%	151	55%	57	61%
Only fair	100	12%	14	13%	37	11%	34	12%	15	16%
Poor	18	2%	2	2%	8	2%	6	2%	2	2%

Source: The Jacob France Institute

Firm Demographics

The Maryland Business Climate Survey focuses on firms in the "export base" of the state's economy that sell or compete for the sale of their products/services regionally, nationally, or internationally. These firms are concentrated in the manufacturing, wholesale/distribution, finance, and business/professional services sectors of the economy, in contrast to construction, utilities, retail, health-care, and personal services companies that primarily serve the local population. Because they serve regional, national, or international markets, these export base companies are the most impacted by Maryland's business climate.

Ownership, Industry, and Firm Size

The firms participating in the 2018 are primarily locally owned, with more than 80 percent of firms surveyed being headquartered in Maryland. Of the 179 out-of-state firms participating in the survey, 151 identified the location of their headquarters, with 13 firms being international and 138 having headquarters in other states, primarily neighboring Virginia (21), Pennsylvania (10) and Delaware (7), but also New York (12), Texas (11), California (9), and New Jersey (9).

In terms of industry of operation, 40 percent of firms surveyed are in the professional services sector followed by the wholesale sector 16 percent and manufacturing at 15 percent. More than 70 percent of firms are single location operations, with most firms with multiple locations operating less than five additional locations in Maryland.

Markets Served

In terms of the markets served by the companies participating in the Maryland Business Climate Survey, 58 percent of businesses surveyed rely on Maryland for more than half of sales and about a quarter of firms sell more than three-quarters of their goods and services outside of the state. Firms in the Washington suburbs and Baltimore City report the highest share of firms deriving more than half of their revenues from out of state.

In terms of federal and export markets served:

- 35% of participating firms sell goods or services to the federal government, with the Washington suburbs having the highest share of federal contractors.
- 18% of participating firms export goods or services, with Baltimore City having the highest share of exporters.

Table 28a Is your company owned in Maryland or are you part of an out-of-state or international organization? (Q2)

2018	Maryland Total	% of Total	Baltimore City	% of Total	Baltimore Metro	% of Total	Washington Suburbs	% of Total	Other Maryland	% of Total
Total Responses	**1,031**		**133**		**419**		**353**		**126**	
Don't Know - No answer	7	1%	1	1%	3	1%	3	1%	0	0%
Total Classifiable Responses	**1,024**		**132**		**416**		**350**		**126**	
Owned locally	845	83%	112	85%	341	82%	293	84%	99	79%
Part of an out of state / international organization	179	17%	20	15%	75	18%	57	16%	27	21%

Source: The Jacob France Institute

Table 28a Location of out-of-state owndership

Total Responses	151	North Carolina	6
Virginia	21	Ohio	5
New York	12	Missouri	4
Texas	11	Massachusetts	3
Pennsylvania	10	Tennessee	3
California	9	Wisconsin	3
New Jersey	9	Washington DC	2
Georgia	8	Other States	17
Illinois	8	Foreign	13
Delaware	7		

(1) Firms allowed to identify multiple occupations.
Source: The Jacob France Institute

Table 29 Industry of Responding Firm? (NAICS)

2018	Maryland Total	% of Total	Baltimore City	% of Total	Baltimore Metro	% of Total	Washington Suburbs	% of Total	Other Maryland	% of Total
Total Companies	**1,031**		**133**		**419**		**353**		**126**	
Manufacturing	156	15%	25	19%	73	17%	36	10%	22	17%
Wholesale	164	16%	22	17%	57	14%	53	15%	32	25%
TCPU	76	7%	12	9%	27	6%	25	7%	12	10%
FIRE	88	9%	12	9%	31	7%	35	10%	10	8%
Services	411	40%	50	38%	179	43%	151	43%	31	25%
Other	136	13%	12	9%	52	12%	53	15%	19	15%

Source: The Jacob France Institute

Table 30 Is the place where you work the only business location your company has in Maryland? (Q4)

2018	Maryland Total	% of Total	Baltimore City	% of Total	Baltimore Metro	% of Total	Washington Suburbs	% of Total	Other Maryland	% of Total
Total Responses	**1,031**		**133**		**419**		**353**		**126**	
Don't Know - No answer	2	0%	0	0%	1	0%	1	0%	0	0%
Total Classifiable Responses	**1,029**		**133**		**418**		**352**		**126**	
Yes	752	73%	101	76%	306	73%	264	75%	81	64%
No	277	27%	32	24%	112	27%	88	25%	45	36%
How many other locations does your company operate in Maryland? (Q5)										
Total Classifiable Responses	**267**		**32**		**107**		**84**		**44**	
1 to 5	163	61%	19	59%	64	60%	54	64%	26	59%
6 to 10	34	13%	3	9%	16	15%	9	11%	6	14%
11 to 50	50	19%	6	19%	21	20%	13	15%	10	23%
51+	20	7%	4	13%	6	6%	8	10%	2	5%

Source: The Jacob France Institute

Table 31 What percentage of your revenues would you estimate comes from inside of Maryland? (Q6)

2018	Maryland Total	% of Total	Baltimore City	% of Total	Baltimore Metro	% of Total	Washington Suburbs	% of Total	Other Maryland	% of Total
Total Companies	**1,031**		**133**		**419**		**353**		**126**	
Don't Know - No answer	148	14%	22	17%	46	11%	61	17%	19	15%
Total Classifiable Responses	**883**		**111**		**373**		**292**		**107**	
0% - 25%	231	26%	34	31%	87	23%	82	28%	28	26%
26% - 50%	138	16%	16	14%	56	15%	55	19%	11	10%
51% - 75%	152	17%	20	18%	57	15%	52	18%	23	21%
76% - 100%	362	41%	41	37%	173	46%	103	35%	45	42%

Source: The Jacob France Institute

Table 32 Do you directly sell goods or services to the federal government (i.e., are you a federal contractor)? (Q7)

2018	Maryland Total	% of Total	Baltimore City	% of Total	Baltimore Metro	% of Total	Washington Suburbs	% of Total	Other Maryland	% of Total
Total Responses	**1,031**		**133**		**419**		**353**		**126**	
Don't Know - No answer	27	3%	4	3%	7	2%	14	4%	2	2%
Total Classifiable Responses	**1,004**		**129**		**412**		**339**		**124**	
Yes	348	35%	41	32%	135	33%	138	41%	34	27%
No	656	65%	88	68%	277	67%	201	59%	90	73%

Source: The Jacob France Institute

Table 33 Does your company export goods or services out of the United States? (Q9)

2018	Maryland Total	% of Total	Baltimore City	% of Total	Baltimore Metro	% of Total	Washington Suburbs	% of Total	Other Maryland	% of Total
Total Responses	**1,031**		**133**		**419**		**353**		**126**	
Don't Know - No answer	24	2%	2	2%	10	2%	9	3%	3	2%
Total Classifiable Responses	**1,007**		**131**		**409**		**344**		**123**	
Yes	183	18%	34	26%	74	18%	51	15%	24	20%
No	824	82%	97	74%	335	82%	293	85%	99	80%

Source: The Jacob France Institute

Appendix A

Description of Businesses Surveyed

The 2018 Maryland Business Climate Survey used firm information purchased from Dun and Bradstreet. This database included business name, employment size, industry, and contact information for selected businesses.

- The sample of businesses that was used for the survey included firms:
- That are located in Maryland
- That were private businesses
- That had over 10 employees
- That were in selected "mobile" industries that include:
  - Manufacturing (NAICS 31-33)
  - Wholesale trade (NAICS 42)
  - Transportation and warehousing (NAICS 48)
  - Information (NAICS 51)
  - Finance and insurance (NAICS 52)
  - Professional, scientific, and technical Services (NAICS 54)
  - Management of companies and enterprises (NAICS 55)
  - Telephone call centers (NAICS 5614).

Appendix B

Maryland Business Climate Survey Methodology

The Maryland Business Climate Survey offers an unparalleled resource for analyzing both the direction and perception of the state's economy. The Jacob France Institute of the University of Baltimore began the survey in the second quarter of 1995, inspired by work it was doing for the Maryland Chamber of Commerce and some of the state's leading corporations in developing a business-oriented strategic plan for Maryland.

For more than a decade, the survey took the pulse of the business community and contributed to a better understanding of the issues facing businesses in all parts of the state. The survey was ended in 2006, but re-started in the second quarter of 2010 through 2011 with the support of the Merrick School of Business of the University of Baltimore.

In 2017, the Maryland Public Policy Institute teamed with the Jacob France Institute with the Baltimore Business Journal as media partner to restart the survey. Each quarter, the Schafer Center at the University of Baltimore conducted telephone interviews with senior executives in 250 or more businesses with 10 or more employees from across Maryland. This survey had a total of 1,031 completed interviews by the end of the pilot and three-quarters of the 2018 survey period—a standard sample size for many types of surveys seeking a margin of error of 3 percent for the overall state-level results.

Notes

1 See Appendix A and B for a discussion of the survey population and methodology.
2 For instance, see the Area Development magazine's *32nd Annual Corporate Survey & the 14th Annual Consultants Survey*, Q1 2018, http://www.areadevelopment.com/Corporate-Consultants-Survey-Results/Q1-2018/32nd-annual-corporate-survey-14th-annual-consultants-survey.shtml for a description of business issues considered by companies in general.
3 Area Development, *32nd Annual Corporate Survey*, http://www.areadevelopment.com/Corporate-Consultants-Survey-Results/Q1-2018/32nd-annual-corporate-survey-14th-annual-consultants-survey.shtml
4 Area Development, *32nd Annual Survey of Corporate Executives Commentary: Labor Is Paramount*, http://www.areadevelopment.com/Corporate-Consultants-Survey-Results/Q1-2018/labor-is-paramount-Doug-Rasmussen-Duff-Phelps-LLC.shtml
5 In addition to the core occupational categories identified in Table 23, firms were asked to identify other occupations where they are facing workforce shortages. Where possible these were counted in the occupational groupings used. Warehousing, commercial drivers, and related transportation/distribution workers were the largest response grouping to this open-ended question.

Center for Business & Economic Competitiveness
The Maryland Public Policy Institute

The Jacob France Institute
University of Baltimore Merrick School of Business

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