NAM MANUFACTURERS' OUTLOOK SURVEY
FIRST QUARTER 2016

March 9, 2016

Percentage of Respondents Positive in Their Own Company's Outlook	NAM Manufacturing Outlook Index
56.6% *(Down from 59.6% in December)* Small Manufacturers: **60.3%** *(Down from 74.3%)* Medium-Sized Manufacturers: **57.9%** *(Up from 54.7%)* Large Manufacturers: **51.1%** *(Down from 56.5%)*	**38.6** *(Down from **40.7** in December)* **Expected Growth Rate for SALES Over the Next 12 Months** **↑ 0.4%** *(Down from 1.4% in December)*
Expected Growth Rate for PRODUCTION Over the Next 12 Months **↑ 0.5%** *(Down from 1.4% in December)*	**Expected Growth Rate for EXPORTS Over the Next 12 Months** **↓ 0.6%** *(Down from an increase of 0.02% in December)*
Expected Growth Rate for CAPITAL INVESTMENT Over the Next 12 Months **↓ 0.3%** *(Down from 0.1% in December)*	**Expected Growth Rate for PRICES Over the Next 12 Months** **↑ 0.02%** *(Down from 0.3% in December)*
Expected Growth Rate for FULL-TIME EMPLOYMENT Over the Next 12 Months **↓ 0.4%** *(Down from an increase of 0.3% in December)*	**Expected Growth Rate for INVENTORIES Over the Next 12 Months** **↓ 1.1%** *(Down from a decline of 0.7% in September)*
Expected Growth Rate for EMPLOYEE WAGES Over the Next 12 Months **↑ 1.1%** *(Down from 1.5% in December)*	**Expected Growth Rate for HEALTH INSURANCE COSTS Over the Next 12 Months** **↑ 7.6%** *(Down from 8.0% in September)*

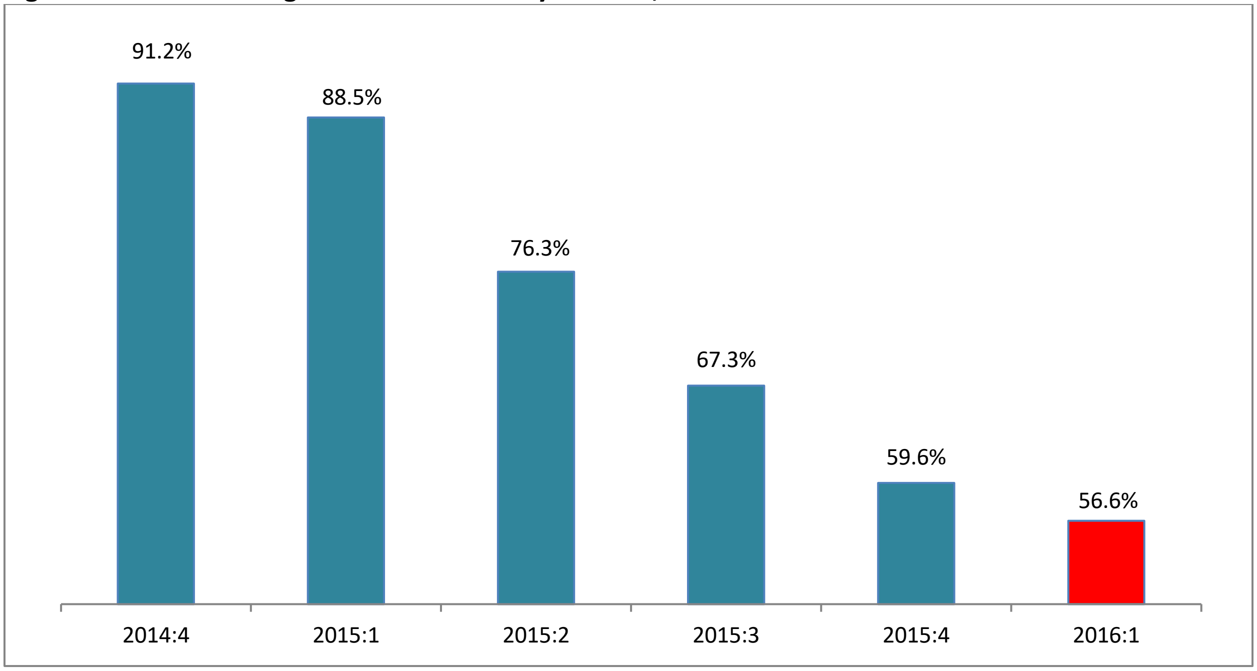
Summary

Even with somewhat better data recently, manufacturing activity remains quite challenged, with a strong U.S. dollar, reduced commodity prices and global economic volatility continuing to provide significant headwinds to the sector as a whole. Indeed, manufacturing production has decelerated sharply over the course of the past year, declining from 4.3 percent to 1.2 percent on a year-over-year basis between January 2015 and January 2016. The Institute for Supply Management's Purchasing Managers' Index has also downshifted over that time frame, contracting over the past five months, and several of the regional Federal Reserve Banks have also indicated declining demand and shipments recently. With such data in hand, it is no wonder that business leaders remain anxious right now.

The latest National Association of Manufacturers (NAM) quarterly survey echoes these concerns. In this survey, 56.6 percent of manufacturers were either somewhat or very positive about their own company's outlook, representing the fifth consecutive easing in sentiment, down from 91.2 percent in the fourth quarter of 2014 (Figure 1). The current figure was the lowest since the fourth quarter of 2012, when manufacturers were worried about the fiscal cliff. Moreover, it was the third

straight survey where the headline outlook figure was below the historical average of 73.3 percent. As a result, the NAM Manufacturing Outlook Index dropped from 40.7 in December to 38.6 in this report (Figure 2).

Figure 1: Manufacturing Business Outlook by Quarter, Fourth Quarter 2014 – First Quarter 2016



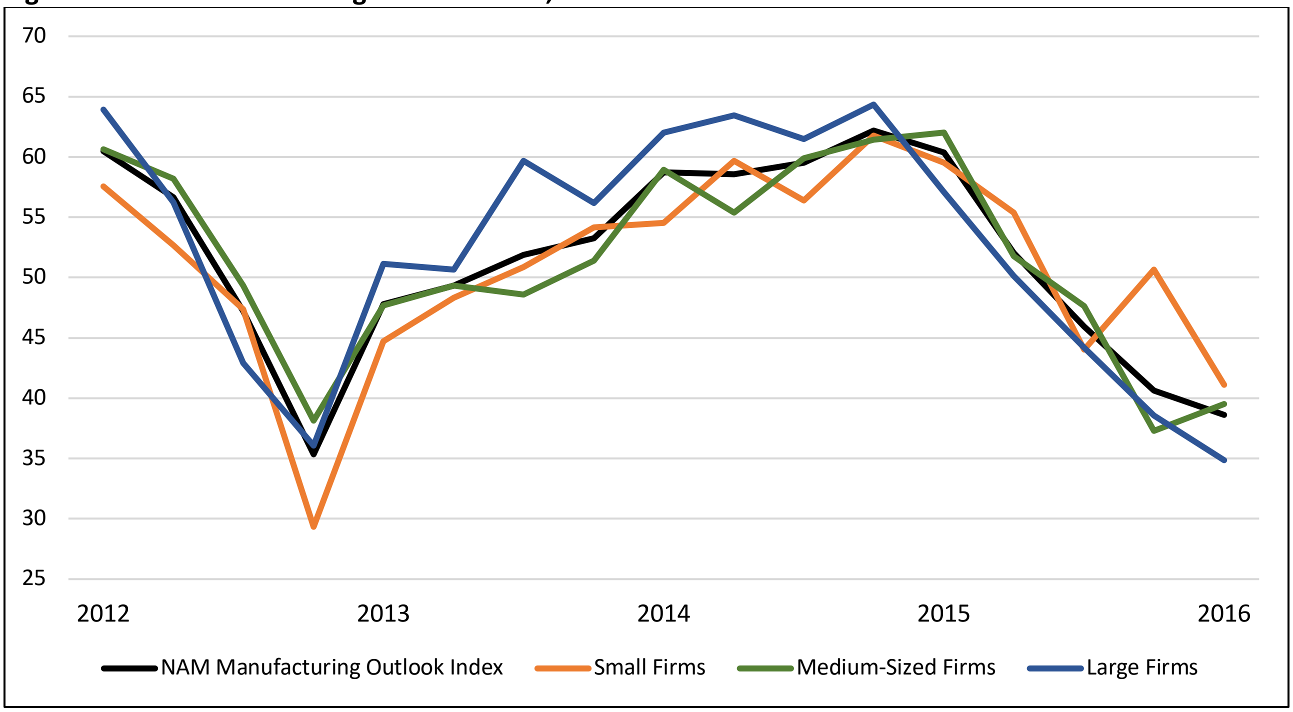
Note: *Percentage of respondents who characterized the current business outlook as somewhat or very positive.*

Much like the previous report, larger manufacturers (those with more than 500 employees) were the least upbeat in this survey. The percentage of respondents from large firms that were positive in their outlook in this release was 51.1 percent, down from 94.4 percent and 56.6 percent in December 2014 and December 2015, respectively. In contrast, small manufacturers (those with fewer than 50 employees) and medium-sized manufacturers (those with between 50 and 499 employees) had 60.3 percent and 57.9 percent who were positive in their outlook, respectively, in this survey.

This is an interesting finding, but it mostly indicates the extent to which larger operations are more likely to be engaged in trade. Of those companies that anticipated increased exports over the next 12 months, 75.9 percent were positive in their outlook in this survey. In contrast, the percentage of respondents who were positive fell to 64.9 percent for those expecting their exports to remain the same and to 31.4 percent for those predicting decreased exports over the next year. Overall, respondents expect exports to fall by 0.6 percent over the next 12 months, declining from a prediction of essentially no growth in the prior survey. Just over half of those competing the survey expect no change in exports in the next year, with 31.1 percent seeing decreases. Along those lines, 61.5 percent said that the recent slowdown in global growth had negatively impacted their international sales (Figure 7), up from 57.9 percent in the previous survey.

Sales expectations have decelerated significantly over the past year. Manufacturers anticipate sales to grow just 0.4 percent over the next 12 months, down sharply from 4.5 percent in December 2014 and 1.4 percent in the past report (Figure 3). In this latest survey, 30.4 percent of respondents said that they expect sales to shrink over the next year, up from 20.3 percent who said the same thing three months ago. Small and medium-sized firms were more optimistic about demand over the coming year than their larger counterparts, anticipating 0.7 percent growth in sales versus an expected decline of 0.6 percent, respectively. As stated earlier, exports were likely a factor in this result. Production numbers were comparable, with business leaders seeing 0.5 percent growth over the next 12 months, down from 1.4 percent in December's survey.

Figure 2: NAM Manufacturing Outlook Index, 2012–2016

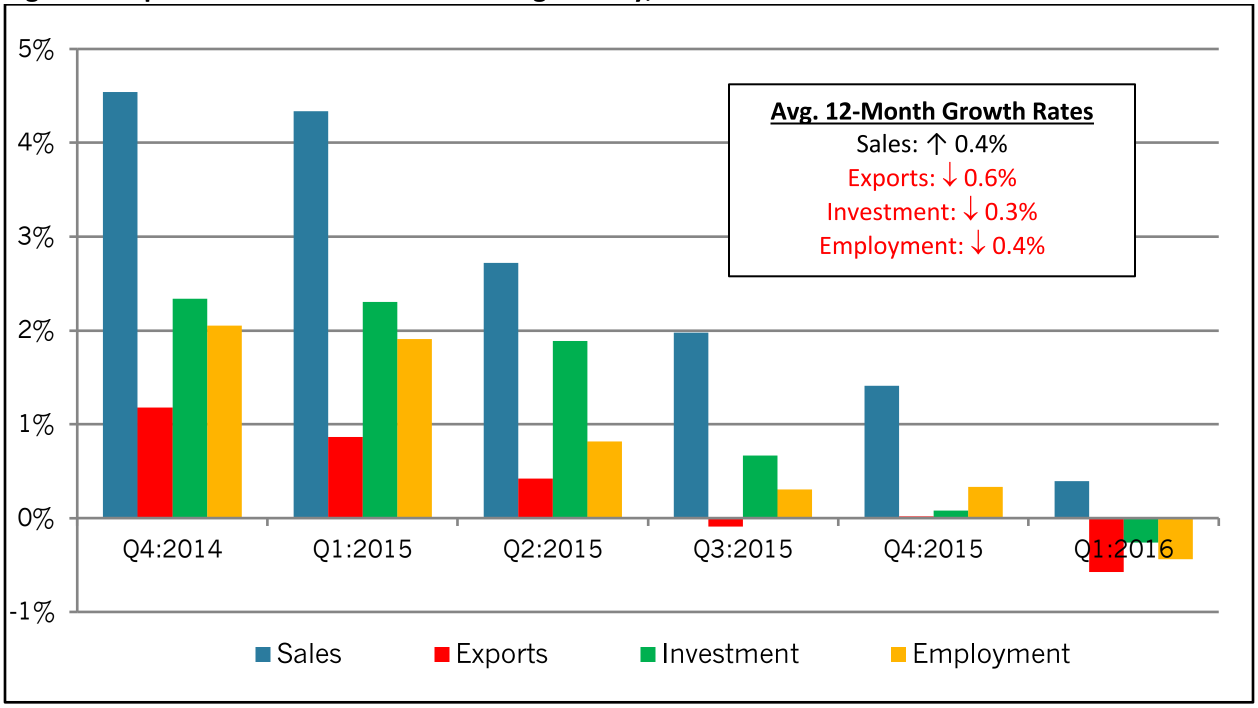


Source: *NAM.*

With much slower demand growth, the data also indicate that manufacturers anticipate hiring and capital spending pulling back, down 0.4 percent and 0.3 percent, respectively, over the next 12 months. In each case, this was the first negative reading for this measure since December 2012, when firms were anxious about the fiscal cliff. In this report, more than 29 percent of those completing the survey said that full-time employment should fall over the next year, with 46.0 percent expecting no change and one-quarter predicting an increase. Comparing this with the last survey, the main shift was in the percentage forecasting declines, which was 20.3 percent in December. As with exports, employment plans were more negative as firm size increased. Small manufacturers plan to add 0.2 percent to their workforce over the next 12 months, with medium-sized and large firms predicting a decline of 0.6 percent.

Interestingly, capital investment plans were the opposite, with smaller entities shrinking their capital spending plans by more than their larger counterparts. Large manufacturers foresee capital spending growth of 0.3 percent over the next 12 months, with small and medium-sized firms predicting a decrease of 0.4 percent. For all firms, almost 30 percent expect capital expenditures to decline over the next year, with 14.1 percent predicting a decrease of more than 10 percent. Hopefully, this trend turns around when respondents begin to see traction in the orders and production.

Figure 3: Expected Growth of Manufacturing Activity, Fourth Quarter 2014 – First Quarter 2016



Note: *Expected growth rates are annual averages.*

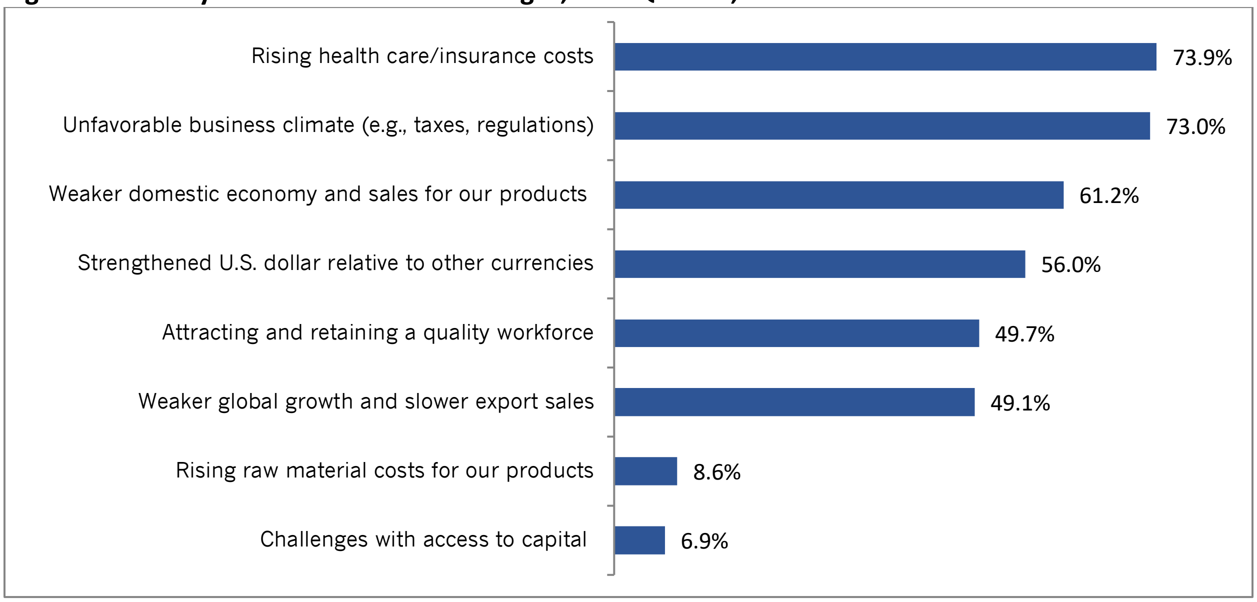
Meanwhile, manufacturers expect their inventories to decrease by 1.5 percent over the next 12 months, declining for the fourth straight quarter and its sharpest decline since December 2012. In this survey, 42.5 percent anticipate declining inventory stocks, with 16.2 percent predicting increases. There is a silver lining from declining inventory stocks. If demand pick up significantly, manufacturing output would have to accelerate substantially to match the increased sales.

The top business challenge was rising health insurance costs, cited by 73.9 percent of respondents (Figure 4). Manufacturers see health insurance costs increasing 7.6 percent over the next 12 months. More specifically, nearly 70 percent expect their premiums to increase by at least 5 percent on average in the next year, with roughly one-third percent predicting costs to rise by at least 10 percent. Small and medium-sized firms anticipate premiums to jump faster in the next year than large manufacturers do, at 8.6 percent and 5.5 percent, respectively.

The business climate closely following health care costs as a primary challenge, with 73.0 percent noting tax and regulatory concerns as being first-and-foremost on their minds. Indeed, manufacturers continue to be frustrated with the lack of comprehensive tax reform and with a perceived regulatory assault on their businesses. Many respondents noted their concerns on these issues. Along those lines, 85.6 percent said the United States was on the wrong track, up from 81.2 percent in the past survey, with just 3.7 percent feeling that we are headed in the right direction. The remainder were unsure.

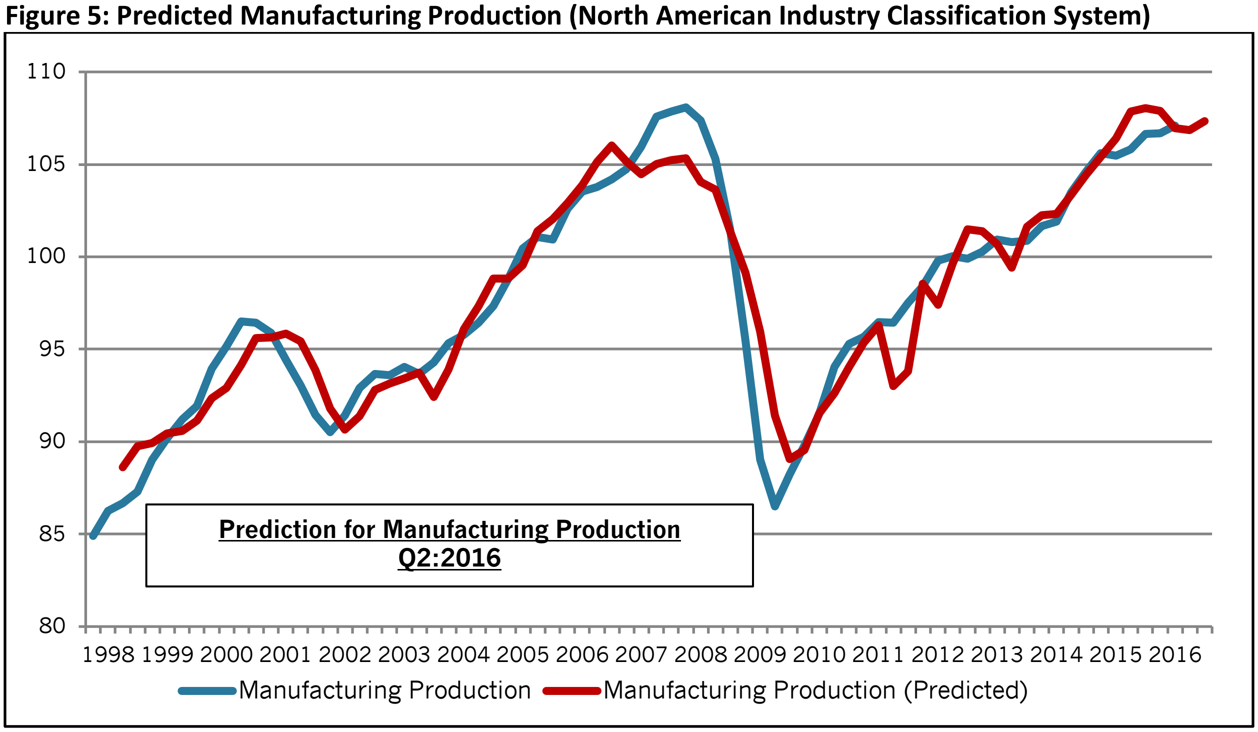
To end this section on a more-positive note, the current data suggest that manufacturing production should grow 0.9 percent at the annual rate over the next two quarters (Figure 5). As such, it would indicate that activity should pick up in the coming months, improving upon current outlook expectations. This finding comes from a regression model that explains 90 percent of the variation in manufacturing production since the NAM Manufacturers' Outlook Survey began in the fourth quarter of 1997. In addition to the business outlook figure from this survey, the model includes current values for housing permits, the interest rate spread, personal consumption and the S&P 500.

Figure 4: Primary Current Business Challenges, First Quarter, 2016



Note: *Respondents were able to check more than one response. Therefore, responses exceed 100 percent.*

Figure 5: Predicted Manufacturing Production (North American Industry Classification System)



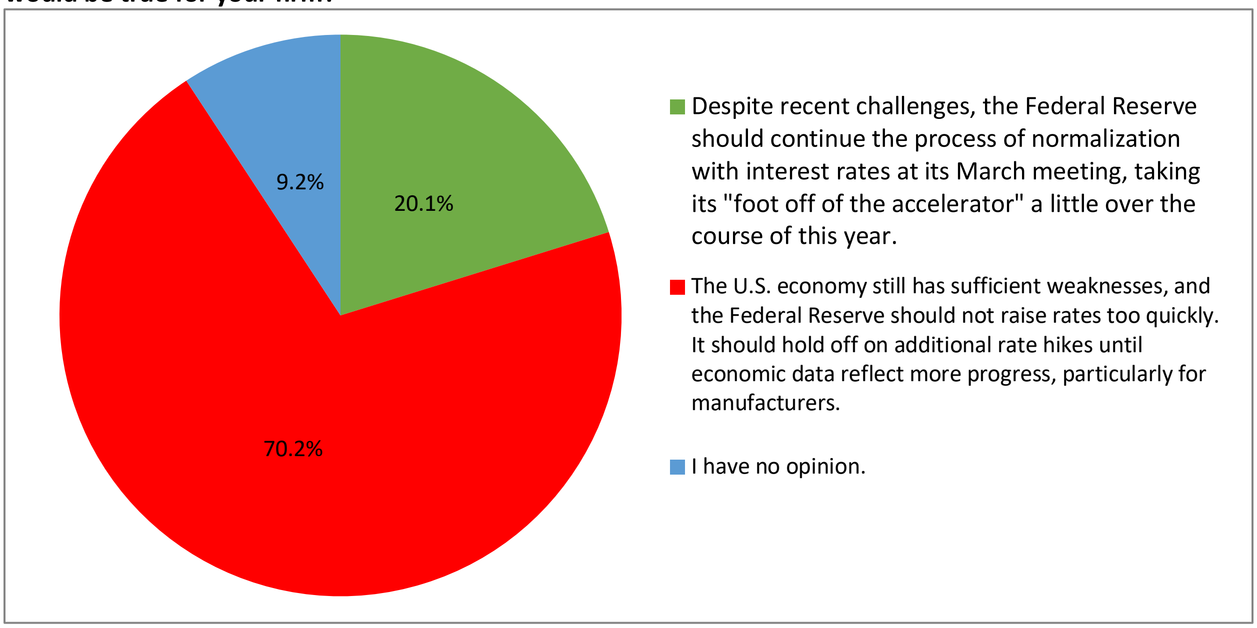
Note: *Industrial production is predicted two quarters in advance by regressing NAM Manufacturers' Outlook Survey data as one of the independent variables, with data stretching back to Q4:1997. Other explanatory variables include current values for housing permits, the interest rate spread, personal consumption and the S&P 500.*

Special Questions

Monetary Policy

The Federal Reserve raised short-term interest rates for the first time since the financial crisis at its December 15–16 Federal Open Market Committee (FOMC) meeting. This was the beginning of a process toward normalization in monetary policy, continuing an effort that began when the FOMC ended its quantitative easing program in October 2014. Coming into this year, there was an expectation that the FOMC would raise rates three or four times in 2016, perhaps as soon as its March 15–16 meeting. Yet, financial market volatility and global economic weaknesses in the early weeks of this year have cast some doubt on this plan, with many analysts calling for the Federal Reserve to slow down its push toward normalization.

Figure 6: Which of the following statements regarding the Federal Reserve's possible March rate increase would be true for your firm?"

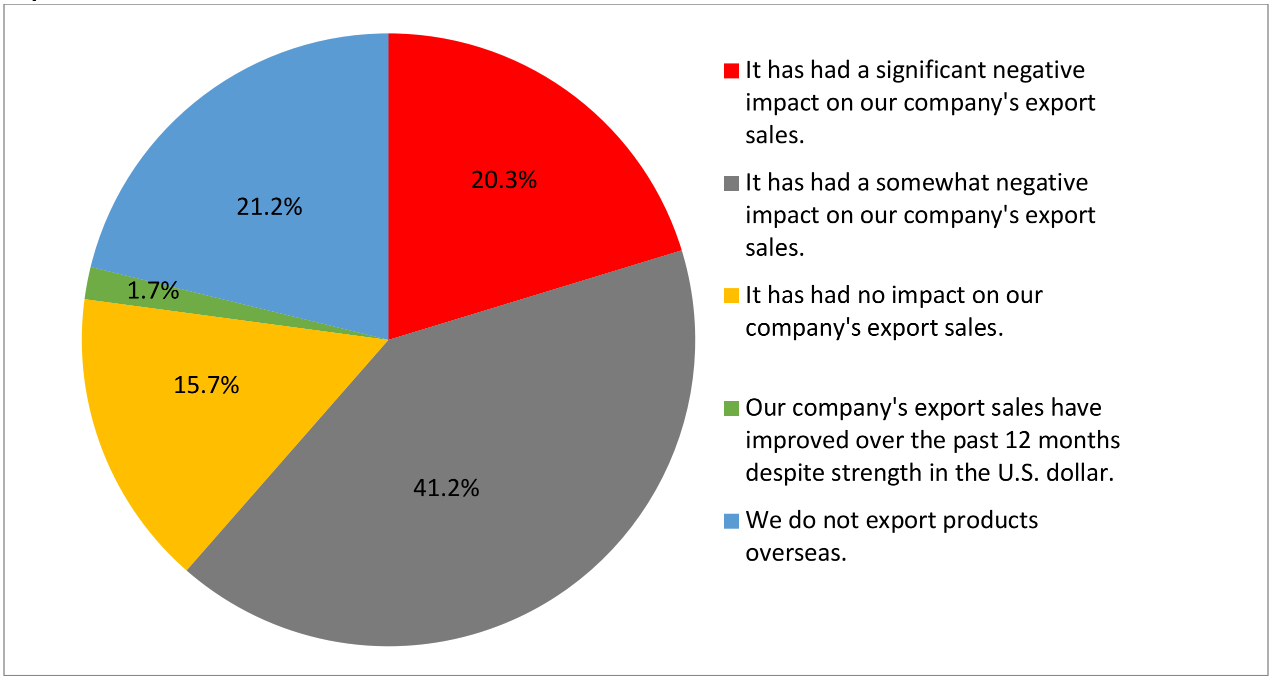


We have asked manufacturers about what the Federal Reserve should do from their perspective in the last three surveys. Given the current headwinds in the economy, more than 70 percent felt that the FOMC should be patient when it comes to short-term rate increases. This was up from 55.2 percent in the last survey. In this thinking, the Federal Reserve should wait until incoming data show sufficient progress before considering additional hikes. In contrast, 20.1 percent said that the process of normalization should continue, with the Federal Reserve continuing its rate hikes at the March meeting.

International Issues

Two of the larger drags on the overall economy this year have been the strength of the U.S. dollar and sluggish growth abroad. Looking just at foreign exchange rates, for instance, the dollar has appreciated more than 23 percent against major currencies since June 2014, making it more difficult for companies to compete in exporting their products overseas. With that in mind, manufacturers were asked about the impact of such headwinds on their international demand, and 61.5 percent of respondents said the global slowdown had significantly or somewhat negatively impacted their exports, up from 57.9 percent in the last survey (Figure 7). Just more than 21 percent of respondents said they do not export products, with the remainder experiencing no impact (15.7 percent) or improvements in sales despite recent strength in the dollar (1.7 percent).

Figure 7: How Has the Recent Slowdown in Global Growth Affected Your Company's International Sales or Exports?



We also wanted to drill down a little further on this issue, asking what the percentage of total sales were from exports. Similar to the previous question, roughly one-fifth said that that they did not export. Yet, more than 60 percent reported exports comprised as much as one-quarter of their total sales, with 39.9 percent saying that exports were up to 10 percent of their sales and 21.4 percent suggesting that exports were 10 to 25 percent of their sales. In addition, 11.7 percent cited export sales of between 25 and 50 percent of total sales, with another 3.5 percent suggesting that exports were at least one half of their total revenues. If we look just at those who reported export sales, the average would be 15.2 percent of total sales.

Fiscal Budget Deficit

According to recent data released by the Congressional Budget Office, "in 2016, the federal budget deficit will increase in relation to the size of the economy, for the first time since 2009," coming in at more than $500 billion. Without changes to current law, the deficit will grow over the next 10 years, and by 2026 will be considerably larger than its average amount over the past 50 years. As a percentage of GDP, the deficit remains at roughly 2.9 percent through 2018, starts to rise, and reaches 4.9 percent by the end of the 10-year projection period.

We asked manufacturers if the deficit has had an impact on their business outlook for the next 10 years, and 61.2 percent said that it does. Moreover, the vast majority of respondents (almost 85 percent) said that the budget deficit was something that needed to be addressed within the next three years. Another 10.5 percent, said that dealing with the budget deficit should wait until the economy is more stable. Looking specifically at possible policies to address our fiscal challenges, three-quarters of respondents said that entitlement spending should be curtailed and one-half of respondents supported cuts in domestic spending. In terms of tax revenue, 16.5 percent supported higher taxes on individuals, and 10.0 percent supported higher taxes on businesses.

Toxic Substances Reform

Congress is considering overhauling the Toxic Substances Control Act (TSCA), which governs chemical use. We asked manufacturers about problems that they hope the TSCA regulatory reform addresses.

To start with, it is clear that many business leaders are unclear about the implications of toxic substances reform legislation, with 39.0 percent marking uncertain. Beyond that finding, the top concerns that manufacturers hope to address with TSCA reform includes reporting and paperwork burdens (46.2 percent), ineffective or duplicative regulations (46.2 percent), conflicting state regulations (38.1 percent), misinformation and consumer confusion about chemical products (30.2 percent and potential supply chain disruptions (17.2 percent).

Intellectual Property

Across the United States, state legislatures have introduced measures to require manufacturers from a specific industry sector to turn over and reveal highly sensitive operational information—such as production, marketing and research costs that support new and innovative product development. More than 83 percent of respondents to this survey said that they would consider these actions a threat to their competitiveness if they happened to them. More importantly, 46.7 percent felt that these measures would force them to curtail investments in research and development of now-proprietary technologies and products. In addition, 30.5 percent were uncertain, and 22.7 percent felt that these state actions would not curtail their investments.

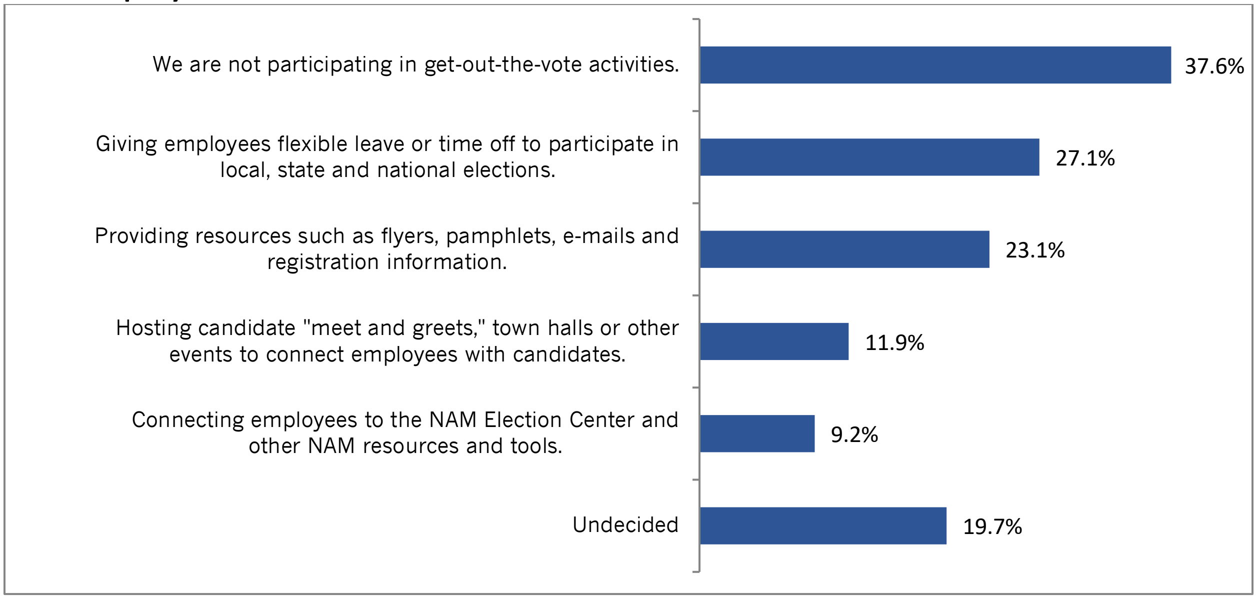
Get-Out-the-Vote Efforts

With the 2016 election season already in full swing, manufacturers are looking at the various legislative positions of prospective candidates, hoping they will embrace pro-growth policies. The NAM plans to work with our members to get them fully engaged in the process of promoting pro-manufacturing candidates, and to accomplish this, we have set up our Election Center. The Election Center was designed with input from our members and offers resources designed to make it easy to participate in get-out-the-vote (GOTV) activities, with the intent of educating their workforce on the policy issues that matter to their company's success.

As the NAM's political programs have grown, we are constantly looking for feedback from our members on how they utilize our GOTV programs so that we can continue to make our resources as useful as possible. To that end, we asked our members about these initiatives, and it is clear there is a lot of work to do to get manufacturers to be more fully engaged in the election process with their employees. Of those answering the survey, 37.6 percent did not participate in GOTV activities with their workforce, and 19.7 percent were undecided (Figure 8). Of those companies that did engage, 27.1 percent provided flexible leave or time off to participate in elections, with a similar percentage distributing resources such as flyers, pamphlets, e-mails and registration information. In addition, nearly

12 percent hosted “meet and greets” with candidates, while 9.2 percent utilized the NAM Election Center and other NAM resources and tools.

Figure 8: What Are You Doing to Promote GOTV Efforts, Education and Participation for Employees at Your Company?



Note: *Respondents were able to check more than one response. Therefore, responses exceed 100 percent.*

<u>Note</u>

This survey has been conducted quarterly since 1997, with the NAM membership submitting this quarter’s responses from February 12 to February 26. In total, 348 manufacturers from all parts of the country, in a wide variety of manufacturing sectors and in varying size classifications responded this quarter. Aggregated survey responses appear below. The next survey is expected to be released on Wednesday, June 8, 2016.

<u>Sample Comments on Primary Challenges Facing Manufacturers</u>

- “Depressed energy prices.” *(Chemicals)*
- “Developing and launching new products to grow our brands' market shares; maintaining a positive culture among employees; maintaining our historic level of charitable donations; and out-thinking, planning and executing strategy vs. the competition.” *(Food manufacturing)*
- “Excess supply of steel in the marketplace.” *(Primary metals)*
- “EPA regulations killing my markets.” *(Fabricated metal products)*
- “General lack of confidence and anxiety stemming from current presidential campaigns and threat of terrorism.” *(Chemicals)*
- “Growing governmental agency intrusion into our businesses.” *(Transportation equipment)*
- “Increasing national debt, an infrastructure in dire need of rebuilding and improving, and [creating a new] energy policy.” *(Fabricated metal products)*
- “Low oil prices are hurting our business.” *(Petroleum and coal products)*

- “Nearly all of my planned capital expenditures are being required by various government regulators. All of them are nonproductive, add considerable cost with no return on the investment.” (Food manufacturing)
- “NLRB labor changes are potentially the most damaging challenges that we face.” *(Transportation equipment)*
- “The stronger U.S. dollar is making offshore sourcing more attractive to our customers.” *(Machinery)*
- “Uncertainty of our economy, regulations and the overall business climate.” *(Fabricated metal products)*
- “Weak manufacturing growth and global slowdown effects on U.S. economy.” *(Primary metals)*
- “World dynamics.” *(Plastics and rubber products)*

Survey Responses

1. How would you characterize the business outlook for your firm right now?
    a. Very positive – 8.0%
    b. Somewhat positive – 48.6%
    c. Somewhat negative – 35.6%
    d. Very negative – 7.8%

    Percentage that is either somewhat or very positive in their outlook = 56.6%

2. Over the next year, what do you expect to happen with your company's overall sales?
    a. Increase more than 10 percent – 5.7%
    b. Increase 5 to 10 percent – 18.4%
    c. Increase up to 5 percent – 17.8%
    d. Stay about the same – 27.6%
    e. Decrease up to 5 percent – 10.3%
    f. Decrease 5 to 10 percent – 10.6%
    g. Decrease more than 10 percent – 9.5%

    *Average expected increase in **sales** consistent with these responses = 0.4%*

3. Over the next year, what do you expect to happen with your company's overall production levels?
    a. Increase more than 10 percent – 6.6%
    b. Increase 5 to 10 percent – 15.9%
    c. Increase up to 5 percent – 19.7%
    d. Stay about the same – 28.6%
    e. Decrease up to 5 percent – 11.8%
    f. Decrease 5 to 10 percent – 8.4%
    g. Decrease more than 10 percent – 9.0%

    *Average expected increase in **production** consistent with these responses = 0.5%*

4. Over the next year, what do you expect to happen with the level of exports from your company?
    a. Increase more than 5 percent – 5.6%
    b. Increase 3 to 5 percent – 3.9%
    c. Increase up to 3 percent – 7.7%
    d. Stay about the same – 51.6%
    e. Decrease up to 3 percent – 10.4%
    f. Decrease 3 to 5 percent – 6.2%
    g. Decrease more than 5 percent – 14.5%

    *Average expected increase in **exports** consistent with these responses = -0.6%*

5. Over the next year, what do you expect to happen with prices on your company's overall product line?
    a. Increase more than 10 percent – 0.9%
    b. Increase 5 to 10 percent – 2.3%
    c. Increase up to 5 percent – 18.6%
    d. Stay about the same – 60.3%
    e. Decrease up to 5 percent – 13.3%
    f. Decrease 5 to 10 percent – 3.2%
    g. Decrease more than 10 percent – 1.4%

*Average expected increase in **prices** consistent with these responses = 0.02%*

6. Over the next year, what are your company's capital investment plans?
   a. Increase more than 10 percent – 8.0%
   b. Increase 5 to 10 percent – 10.3%
   c. Increase up to 5 percent – 12.9%
   d. Stay about the same – 39.1%
   e. Decrease up to 5 percent – 8.3%
   f. Decrease 5 to 10 percent – 7.2%
   g. Decrease more than 10 percent – 14.1%

   *Average expected increase in **capital investments** consistent with these responses = -0.3%*

7. Over the next year, what are your inventory plans?
   a. Increase more than 10 percent – 1.4%
   b. Increase 5 to 10 percent – 3.5%
   c. Increase up to 5 percent – 11.3%
   d. Stay about the same – 41.3%
   e. Decrease up to 5 percent – 24.0%
   f. Decrease 5 to 10 percent – 10.4%
   g. Decrease more than 10 percent – 8.1%

   *Average expected increase in **inventories** consistent with these responses = -1.5%*

8. Over the next year, what do you expect in terms of full-time employment in your company?
   a. Increase more than 10 percent – 1.4%
   b. Increase 5 to 10 percent – 4.6%
   c. Increase up to 5 percent – 19.0%
   d. Stay about the same – 46.0%
   e. Decrease up to 5 percent – 18.4%
   f. Decrease 5 to 10 percent – 5.2%
   g. Decrease more than 10 percent – 5.5%

   *Average expected increase in **full-time employment** consistent with these responses = -0.4%*

9. Over the next year, what do you expect to happen to employee wages (excluding nonwage compensation, such as benefits) in your company?
   a. Increase more than 5 percent – 2.0%
   b. Increase 3 to 5 percent – 8.9%
   c. Increase up to 3 percent – 52.3%
   d. Stay about the same – 33.0%
   e. Decrease up to 3 percent – 1.4%
   f. Decrease 3 to 5 percent – 1.1%
   g. Decrease more than 5 percent – 1.1%

   *Average expected increase in **employee wages** consistent with these responses = 1.1%*

10. Over the next year, what do you expect to happen to health insurance costs for your company?
   a. Increase 15.0 percent or more – 13.0%
   b. Increase 10.0 to 14.9 percent – 19.6%
   c. Increase 5.0 to 9.9 percent – 36.9%
   d. Increase less than 5.0 percent – 19.6%

e. No change – 8.1%
f. Decrease less than 5.0 percent – 0.6%
g. Decrease 5.0 percent or more – *none*
h. Uncertain – 2.3%

*Average expected increase in **health insurance costs** consistent with these responses = 7.6%*

11. Do you think the United States is headed in the right direction, or is our country on the wrong track?
    a. Right direction – 3.7%
    b. Wrong track – 85.6%
    c. Unsure – 10.7%

12. What are the biggest challenges you are facing right now? *(Check all that apply.)*
    a. Weaker domestic economy and sales for our products to U.S. customers – 61.2%
    b. Weaker global growth and slower export sales – 49.1%
    c. Strengthened U.S. dollar relative to other currencies – 56.0%
    d. Challenges with access to capital or other forms of financing – 6.9%
    e. Unfavorable business climate (e.g., taxes, regulations) – 73.0%
    f. Increased raw material costs – 8.6%
    g. Rising health care/insurance costs – 73.9%
    h. Attracting and retaining a quality workforce – 49.7%

13. What is your company's primary industrial classification?
    a. Chemicals – 4.9%
    b. Computer and electronic products – 2.3%
    c. Electrical equipment and appliances – 5.5%
    d. Fabricated metal products – 29.3%
    e. Food manufacturing – 1.4%
    f. Furniture and related products – 1.1%
    g. Machinery – 12.9%
    h. Nonmetallic mineral products – 1.7%
    i. Paper and paper products – 2.9%
    j. Petroleum and coal products – 1.1%
    k. Plastics and rubber products – 8.0%
    l. Primary metals – 5.2%
    m. Transportation equipment – 4.6%
    n. Wood products – 2.9%
    o. Other – 16.1%

14. What is your firm size (e.g., the parent company, not your establishment)?
    a. Fewer than 50 employees – 20.1%
    b. 50 to 499 employees – 53.2%
    c. 500 or more employees – 26.7%

SPECIAL QUESTIONS:

Monetary Policy

15. The Federal Open Market Committee (FOMC) of the Federal Reserve increased short-term interest rates at its December meeting, and there is an expectation that the FOMC will raise rates three or four times in 2016, perhaps as soon as its March 15 – 16 meeting. Which of the following statements would be true for your firm regarding this action?
    a. Even with recent challenges, the FOMC's actions stem from improvements in the overall U.S. economy. It is time for the Federal Reserve to "take its foot off of the accelerator" a little to reflect that progress and to bring interest rates back to more normal levels – 20.1%
    b. The U.S. economy still has sufficient weaknesses, even with recent progress. As such, the Federal Reserve should not raise rates too quickly. It should hold off on additional rate hikes until economic data reflect broader strengths in economic activity, particularly for manufacturers – 70.7%
    c. I have no opinion – 9.2%

International Issues

16. How has the recent slowdown in global growth affected your company's international sales/exports?
    a. It has had a significant negative impact on our company's export sales – 20.3%
    b. It has had a somewhat negative impact on our company's export sales – 41.2%
    c. It has had no impact on our company's export sales – 15.7%
    d. Our company's export sales have improved over the past 12 months despite strength in the U.S. dollar – 1.7%
    e. We do not export products overseas – 21.2%

17. What percentage of your total sales come from exports?
    a. Our firm does not export products – 20.2%
    b. Up to 10 percent – 39.9%
    c. 10 to 25 percent – 21.4%
    d. 25 to 40 percent – 9.1%
    e. 40 to 50 percent – 2.6%
    f. More than half of our total sales come from exports – 3.5%
    g. Unknown – 3.2%

Toxic Substances Reform

Congress is considering overhauling the Toxic Substances Control Act (TSCA), which governs chemical use. For more information, see http://www.nam.org/Issues/Chemical-Regulations/.

18. What problems do you hope TSCA regulatory reform will begin to address? *(Check all that apply.)*
    a. Consumer confusion about chemicals – 30.8%
    b. Conflicting state regulations – 38.1%
    c. Potential supply chain disruptions – 17.2%
    d. Reporting and paperwork burdens – 46.2%
    e. Misinformation about products – 32.0%
    f. Ineffective or duplicative regulations – 46.2%
    g. Unknown – 39.0%

Federal Budget Deficit

According to recent data released by the Congressional Budget Office, "in 2016, the federal budget deficit will increase in relation to the size of the economy, for the first time since 2009," coming in at more than $500 billion.

Without changes to the law, the deficit would grow over the next 10 years, and by 2026 would be considerably larger than its average amount over the past 50 years. As a percentage of GDP, the deficit remains at roughly 2.9 percent through 2018, starts to rise, and reaches 4.9 percent by the end of the 10-year projection period.

19. Does the deficit have an impact on your business outlook for the next 10 years?

h. Yes – 61.2%
i. No – 12.6%
j. Uncertain – 26.2%

20. Do you think that policymakers should act to reduce the deficit? If yes, how soon?

k. Yes, they should act as soon as possible – 60.6%
l. Yes, they should act in the next 1 – 3 years – 23.7%
m. Yes, but they should wait until the economy is more stable – 10.5%
n. No, the deficit is not that concerning – 2.2%
o. Uncertain – 3.1%

21. From the following list, please select all of the actions that you would support to address the long-term federal budget deficit. *(Select all that apply.)*

p. Cut entitlement spending (Medicare, Medicaid, Social Security, etc.) – 75.1%
q. Cut domestic spending (education, defense, research, etc.) – 50.2%
r. Raise more revenue via the tax code on individuals – 16.5%
s. Raise more revenue via the tax code on businesses – 10.0%
t. None of the above – 8.4%
u. Uncertain – 7.4%

Intellectual Property

Across the United States, state legislatures have introduced measures to require manufacturers from a specific industry sector to turn over and reveal highly sensitive operational information—such as production, marketing and research costs that support new and innovative product development.

22. Would you consider these actions, if they happened to you, a threat to the competitiveness of your company?

a. Yes – 83.2%
b. No – 9.0%
c. Unsure – 7.8%

23. Would such actions curtail your investments in research and development of now proprietary technologies and products?

a. Yes – 46.7%
b. No – 22.7%
c. Unsure – 30.5%

Get-Out-the-Vote Efforts

24. What are you doing to promote get-out-the-vote efforts, education and participation for employees at your company? *(Check all that apply.)*

a. Providing resources such as fliers, pamphlets, e-mails and registration information – 23.1%
b. Connecting employees to the NAM Election Center and other NAM resources and tools – 9.2%
c. Hosting candidate “meet and greets,” town halls or other events to connect employees with candidates – 11.9%
d. Giving employees flexible leave or time off to participate in local, state and national elections – 27.1%

e. We are not participating in get-out-the-vote activities – 37.6%
f. Undecided – 19.7%