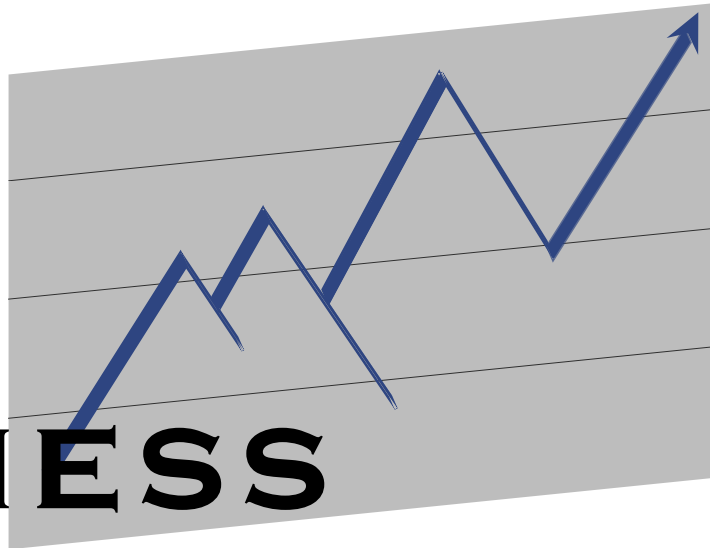




# 3RD ANNUAL CEO BUSINESS CLIMATE SUMMIT



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# CEO Business Climate Survey

Conducted by the Silicon Valley Leadership Group

Analyzed by

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## Preface

*“When you do something well don’t gloat about it. Go out and find something harder and better to do.”*

*David Packard, Founder  
Silicon Valley Leadership Group*

Silicon Valley’s economy — and historic can-do spirit — is on the rise. Job growth is improving. Sales are up. Venture Capital investment is robust.

Yet, there is still much work to be done. Too many workers cannot afford homes. As the economy rises, so does traffic congestion. Health care is still out of reach for too many families, especially children; at the same time, health care costs are escalating for employers and employees.

The purpose of this survey of Silicon Valley CEOs is to ensure that those who drive the region’s economic engine continue to provide their input and insights into local, state, and federal policy makers who are committed to our economic competitiveness and quality of life.

On a final note, an effort of this magnitude is only possible because of the selfless efforts of many leaders. First, SVLG thanks the 110 CEOs and Senior Executives for caring enough to contribute their insights. Second, to pollster and analysts Larry Gerston and Adam Gerston of San Jose State University, for providing an objective analysis of the data. Third, to the companies who commissioned this effort including Adobe Systems, Applied Materials, Cisco Systems, Protiviti, Robert Half International, Seagate Technology, and our host Synopsys. Finally to the outstanding staff at SVLG who committed hundreds of hours to this report, especially Economic Vitality Director Kara LaPierre and Communications Associate Nick Ortiz. We are indebted to their professionalism.

Carl Guardino, President and CEO  
Silicon Valley Leadership Group

## Executive Summary

The 2006 annual survey on business and living conditions in Silicon Valley represents the contributions of more than 100 members of the 202-member organization. This report contains answers to 20 key questions which, in their totality, give extraordinary insight into current perceptions of member companies about the Valley's conditions past, present and future. Along with the most recent data, the report contains valuable comparison with the previous year, where identical question and answer sets permit. Key findings of the 2006 annual survey include the following observations:

- There are some signs of economic improvement in the Valley in terms of added jobs, giving reason for cautious optimism for the coming year.
- Among the challenges to Valley companies, housing costs stand well above all others, according to nearly 9 of every 10 employers; concerns about traffic congestion have increased markedly as well.
- Equally significant, nearly all respondents cite housing costs as the most significant challenge for working families.
- When asked about the most important action steps for state government to improve the business climate, two-thirds of all respondents look for more affordable housing; nearly half cite the need to improve K-12 education.
- For the first time in memory, workers' compensation costs have leveled off for many employers. Moreover, more employers have seen cost decreases than increases in this costly area.
- Job growth has taken place at a higher rate among SVLG companies than the Valley as a whole.
- Compared to 2005, fewer members believe that statewide legislation is on the right track toward creating a healthy business economy.
- Compared to 2005, fewer members believe that statewide regulations are on the right track toward creating a healthy business economy.
- A majority of respondents believe that the Governor is on the right track toward creating a healthy business economy.

## Overview

Few business-related organizations carry the prominence or the sway of the Silicon Valley Leadership Group (SVLG). Founded in 1977 by David Packard, SVLG has grown to become the largest organization of its kind in Silicon Valley. Today the SVLG has more than 200 member companies. Economically, the SVLG has become a cornerstone of the Valley; collectively, its members contribute more than \$1 trillion to the global economy, an amount equal to the gross national product of Italy.

In December 2005, the Silicon Valley Leadership Group conducted its annual survey on business and living conditions in Silicon Valley. Distributed to 202 member company CEOs and high ranking executives, the SVLG sought information on the economic environment as well as recommendations for action by public policy making authorities. At the end of the six week polling period, 107 members replied, reflecting a participation rate of 53%. Given that reply rates of similar on-line surveys rarely exceed 10%, the SVLG member participation in the 2006 survey reflects unusually high levels of interest and commitment to the economic and social conditions of the region and state by local business leaders.

Members of the SVLG constitute a substantial portion of the area's economic engine. Combined, SVLG member companies:

- **Employ more than 250,000 people in the Valley**, who constitute one-fourth of the entire private sector workforce in the region.
- **Generate more than \$1 trillion worth of business**, which is approximately eight times as large as California's entire state budget, and represents a significant contribution to the state and the national government treasuries, along with hefty property taxes for local governments.
- **Span several state and federal legislative districts**, including those of 14 assembly districts, 8 state senate districts, and 6 congressional districts.

## About the Survey

The 2006 report reflects the responses of 107 member companies to the annual Silicon Valley Leadership Group Economic Competitiveness Survey. Compared with 2005, the report suggests modest increases in employment and a slight slowdown of lost jobs. Still, the twin banes of the region—housing and traffic—are actually more problematic today than even one year ago. This uneven assessment suggests that we still have a long way to go before Silicon Valley returns to its glory years as an envied place to live, work and prosper.

On December 10, 2005, SVLG staff distributed the Economic Competitiveness Survey to CEOs and senior officers of all 202 member companies (See Appendix A). The organization collected responses through January 11, 2006. As with previous instruments, the survey addressed issues such as current economic strengths and challenges, business areas of growth and decline, major concerns of businesses and their employees, the general business environment, costs of living and working in the Valley, recent statewide legislation and regulation patterns, and recommendations for action in specific areas of public policy.

Members of the SVLG were organized into 12 business sectors. This process was employed in order to ascertain trends or opinions that might be sector-specific. Upon receiving the responses, the 12 sectors were collapsed into seven categories to allow ample representation of each major grouping. These categories and their respondents are displayed in Table 1.

**Table 1 Q1.**  
**Industry Sectors<sup>1</sup>**

<b>Industry Sector</b>	<b>2006</b>	<b>2005</b>
High-Tech Manufacturing	39	45
Internet/Communications/ Utilities	21	20
Financial/Professional Services	15	17
General Manufacturing	10	9
Health Care	8	5
Education	5	6
Bio-Tech	3	12
Other/Don't Know	6	0
<b>Total</b>	<b>107</b>	<b>114</b>

Compared with 2005, some company sectors are more or less represented in the 2006 survey. In 2006, high-tech manufacturing and bio-tech are less represented than in 2005. Conversely, health care is more represented in 2006 than in 2005. Virtually all of the other business areas remain unchanged in strength of representation.

<sup>1</sup> The 12 sectors were merged as follows: high-tech manufacturing (R&D, computer/component manufacturing, software, semiconductor/microprocessor); financial/professional services (accounting, venture capital, waste management and recycling); Internet/communications/utilities (utilities/energy, media/news services, transportation); bio tech (medical instrumentation); general manufacturing (aerospace/defense, auto manufacturing, food and beverage manufacturing); education (universities); and health care.

## Key Findings

### Improving the Quality of Life

Like an erratic stock market subject to the ebb and flow of unpredictable economic conditions, the economy of Silicon Valley has a history of experiencing dramatic highs and lows. The most recent cycle occurred over the past decade when, after soaring to new heights during the late 1990's, the Valley plunged into a downward economic spiral during the first years of the next decade. Over the past year, the Valley has seen signs of renewal, although not all companies and workers have benefited equally from the long climb back.<sup>2</sup>

Given the vagaries of the Valley and its economy, what are the major concerns today? Presented with eight traditionally problematic policy issues, SVLG member company executives were asked to list the top three cost of living challenges facing families in Silicon Valley. Table 2 contains the replies to the quality of life question.

**Table 2**

**Q11. What are the top 3 cost of living challenges for families living in Silicon Valley?**

	2006
Housing Costs	97%
K-12 Education	46%
Health Care	39%
High Taxes	35%
Traffic Congestion	33%
Child Care Costs	31%
Energy Costs	11%
Higher Education	4%
Other/Don't Know	3%

As with the 2005 survey, the housing and K-12 education categories still rank 1 and 2 among Valley business leaders. Housing remains far and away the most dramatic issue, drawing near unanimous concern, as it did in 2005. Also similar to 2005, healthcare, high taxes, and traffic congestion capture responses from about one-third of the respondents.

<sup>2</sup> "Working Their Way back Up," *San Jose Mercury News*, December 19, 2005, pp. 1A, 13A.

## Improving the Quality of Life (continued)

When viewed by sector, housing is ranked first in five of the seven sectors. Of significance here is that these five sectors represented 93% of the survey participants, demonstrating the broad-based concern among various business leaders. K-12 education is also compelling, attracting the unease of four sectors for the number two-ranking concern, and two sectors for the number one-ranking concern. Health care also ranks among the top three for 5 of the 7 sectors. The sector data breakdowns are presented in Table 3.

**Table 3**

**Q11. What are the top 3 cost of living challenges for families living in Silicon Valley? (by sector)**

	High-Tech/ Manufacturing	Internet/ Com/ Utilities	Financial/ Professional	Gen. Manufacturing	Health Care	Education	Bio- Tech
Housing Costs	1	1	1	1	1	6	5
K-12 Education	2	3	2	2	2	1	1
Health Care	4	2	2	3	3	3	
High Taxes	3	4	4	5	5		
Traffic Congestion	5	5	5	4	7	1	3
Child Care Costs	7	6	7	6	4	4	3
Energy Costs	6	7	6	7	8	4	
Higher Education	8	9	9	8	6		1
Other/Don't Know	9	8	8	9	9		

These problems are impediments for businesses and their employees. In addition, they have the effect of placing Silicon Valley at a competitive disadvantage with other regions containing similar work environments.<sup>3</sup>

## Improving the Business Climate

A healthy business climate in Silicon Valley is a barometer for the overall economic vitality of the region. Favorable operating conditions are the precondition for Valley businesses to compete in the market place. More than ever, businesses here must contend not only with regions within the United States but numerous centers of production around the globe.

Bearing in mind the need to compete, the survey asked participants to identify the top 5 business challenges in Silicon Valley. Again, housing costs attract the concerns of nearly 9 of every 10 participants, up sharply from 2005. After housing, traffic congestion and business regulations were listed by more than half of the participants. Traffic is particularly worrisome, given that the percentage listing this issue shot up from 24% in 2005 to 52% in 2006.

<sup>3</sup> "Silicon Valley's Reality Check," *San Jose Mercury News*, September 16, 2005, pp. 1A, 17A.



## Improving the Business Climate (continued)

Two areas showed marked decreases— frivolous law suits (down 17%) and workers' compensation costs (down 12%). Relief in the first category may stem from aggressive national legislation such as the Class Action Fairness Act of 2005.<sup>4</sup> However, the respite from workers' comp reform may be short lived, given the intentions of key state legislators to revisit the issue in 2006.<sup>5</sup> The data on business challenges for 2005 and 2006 are presented in Table 4.

Table 4

Q9. What are the top 5 Business challenges in Silicon Valley?

	2006	2005
<b>High Housing Costs for Employees</b>	<b>88%</b>	68%
<b>Traffic Congestion</b>	<b>52%</b>	24%
<b>Business Regulations</b>	<b>51%</b>	65%
<b>Health Care Costs</b>	<b>46%</b>	47%
<b>High Taxes</b>	<b>43%</b>	40%
Workers' Compensation Costs	41%	53%
Worker Skill Level/Appropriate Workforce	37%	NA
Immigration: H1-B Visas and/or Green Cards	25%	NA
Energy Costs	22%	24%
Frivolous Lawsuits	20%	37%
State Budget Structure	15%	18%
Business Personal Property Taxes	11%	5%
Overtime/8-hour work day requirement	7%	23%
Unemployment Insurance Costs	7%	9%
Intellectual Property Protection Costs	7%	4%
Air Transportation Cargo	2%	4%
Family Paid Leave	2%	5%
Other/Don't Know/No Answer	23%	4%

Among the many who cited "business regulations" as one of their major concerns, respondents were much more concerned with the requirements of Sarbanes-Oxley than import-export controls by more than a 3-to-1 margin, as displayed in Table 5.

Table 5

Q10. Which of the following challenges applied: *(Asked to those respondents who cited business r regulations as one of their challenges)*

Sarbanes-Oxley	73%
Import-Export Controls	20%
Other	7%
TOTAL	100%

<sup>4</sup>"How to Fix the Tort System," *BusinessWeek*, March 14, 2005, pp. 70-78.

<sup>5</sup>"Workers' Comp to be Revisited," *Los Angeles Times*, January 3, 2006, pp. C1, Cr.

## Improving the Business Climate (continued)

When viewed in terms of the sector responses, the data show remarkable consistency. All seven sectors cited high housing costs as the most significant challenge to doing business. Moreover, the issue appears to attract more attention this year than last, when high housing was mentioned by 5 of the seven sectors. Traffic congestion is mentioned as the first or second most important concern in four of the seven sectors. The full data set is arrayed in Table 6.

	High-Tech/ Manufacturing	Internet/ Com/ Utilities	Financial/ Professional	Gen. Manufacturing	Health Care	Education	Bio- Tech
High Housing Costs for Employees	1	1	1	1	1	1	1
Traffic Congestion	3	3	1	2	2	2	4
Business Regulations	4	2	3	4	3	3	4
Health Care Costs	5	4	4	3	5	3	4
High Taxes	2	5	5	5	7	5	1
Workers Comp Costs	6	6	7	6	4	5	3
Worker Skill Level	7	7	6	7	8	7	4
Immigration	8	9	8	8	6	8	4
Energy Costs	9	8	9	9	9	7	4

At a time when the U.S. government is suffering from an annual balance of trade deficit in excess of \$600 billion, Silicon Valley Leadership Group member companies are producing goods and services to counter the drain. Over the past year, in fact, member companies contributed more than \$1 trillion to the global economy, with much of it going as sales to companies and governments of other nations. The contributions of SVLG companies show the extent to which they are meaningful players in the economy at home and abroad, in terms as taxpayers, job creators and goods/services providers. With this in mind, the survey asked the respondents to select up to five answers from a list of proposed public policy changes by the state government that would improve the business environment in the Valley and allow companies to remain competitive. The answers are displayed in Table 7 along with the answers to the same question in 2005.

Table 7

**Q12. What top 5 actions could the state government take to improve the business climate in your company?**

	2006	2005
<b>Help Create More Affordable Housing</b>	<b>67%</b>	55%
<b>Improve K-12 Education</b>	<b>65%</b>	37%
<b>Continue Research and Development Tax Credit</b>	<b>46%</b>	43%
<b>Invest in Traffic Relief/Traffic Transportation Improvements</b>	<b>45%</b>	43%
<b>Limit Frivolous Lawsuits</b>	<b>33%</b>	40%
More Rate Reductions for Workers' Compensation	30%	54%
Improve Higher Education	27%	37%
Streamline Regulatory and Permit Approvals	25%	35%
Offer Full Sales Tax Exemption for Purchases of Manufacturing Equipment	20%	30%
Adopt Single Sales Apportionment Factor/Eliminate Double Corp. Taxation	17%	No data
Reduce Unemployment Insurance Cost Increase	16%	19%
Lower Energy Costs	16%	20%
Repeal Paid Family Leave Benefits	11%	5%
Invest in Broadband Development	11%	18%
Avoid Split Roll Tax	8%	41%
Roll back WARN Act Costs to National Average	2%	4%

Once again we see the imperatives of affordable housing and K-12 education, with approximately two-thirds of the respondents calling for action in each category. As with 2005, nearly half of the respondents again point to the need for continued research and development tax credits and state investments in traffic relief. Among the top five responses, frivolous law suit concerns declined. Another dramatic decline was observed with concern about a split roll property tax.

### **New Attitudes Toward Workers' Compensation**

Further down the list, respondents were much less concerned about rate reductions for workers' compensation, reacting perhaps to the changes enacted over the past two years. Expressions of relief from the workers' compensation issue notwithstanding, survey respondents collectively suggest only mild changes over the past year, albeit toward lower rates. When asked about workers' compensation costs over the previous year, 38% say that their costs decreased, compared with 32% who replied that their costs increased. These data are revealed in Table 8.

Table 8

**Q13. What has happened to your Workers' Compensation costs during the past year?**

	2006
Increased more than more than 25%	1%
Increased between 11-25%	11%
Increased 1-10%	20%
Stayed the Same	16%
Decreased 1-10%	20%
Decreased 11-25%	15%
Decreased by more than 25%	3%
Don't Know/No Answer	15%
TOTAL (* does not equal 100 due to rounding)	101%*

## Job Generation During the Past Year

Despite signs of economic growth and renewed vitality in the nation and state, studies show that Silicon Valley has lagged in increasing employment.<sup>6</sup> Against that unfortunate backdrop, however, for the second successive year SVLG member companies have excelled in job growth. During 2005, 55% of the respondent companies added jobs, compared with 41% that added jobs in 2004. By way of further comparison, only 36% of SVLG member companies added jobs in 2003. Viewed in their entirety, these data suggest the Valley is moving again on the jobs front.

Nevertheless, although most companies have added jobs, a few have suffered substantial losses. Tables 9, 10 and 11 show the direction of job growth and the extent to which it has taken place among member companies:

**Table 9**

**Q3. Since January 1, 2005, have you added, stayed the same, or subtracted jobs in Silicon Valley?**

	2006	2005
Added jobs	55%	41%
Stayed the same	28%	33%
Subtracted jobs	13%	24%
Don't know/no answer	4%	2%
TOTAL	100%	100%

**Table 10**

**Q4. If added (reference to Question 3 above), how many?**

	Percent
Added 1-20 jobs	40%
Added 21-100 jobs	34%
Added 101-250	19%
Added 251-500	4%
Added 501-1,000	4%
Added more than 1,000	None
TOTAL (* does not equal 100 due to rounding)	101%*

**Table 11**

**Q5. If subtracted (reference to Question 3 above), how many?**

	Percent
Subtracted 1-20 jobs	33%
Subtracted 21-100 jobs	33%
Subtracted 101-500	8%
Subtracted 501 – 1,000	25%
Subtracted more than 1,000	None
TOTAL (* does not equal 100 due to rounding)	99%*

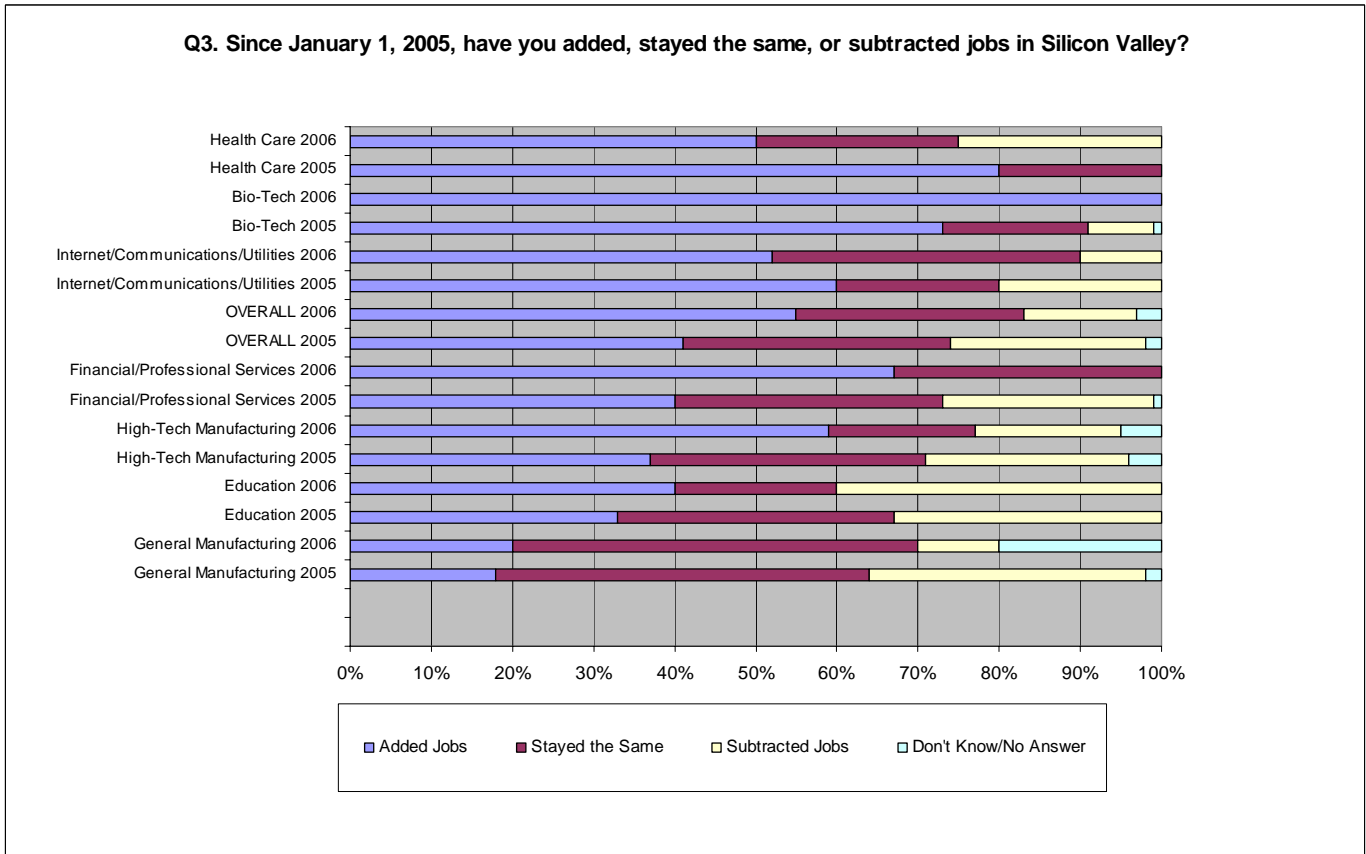
<sup>6</sup> "Valley's job growth lags," *San Jose Mercury News*, November 23, 2005, pp, 1C, 4C.

**Job Generation During the Past Year (continued)**

A sector by sector analysis underscores the uneven job growth pattern of SVLG companies. Bio-tech, for example, has enjoyed a surge beyond the sector’s phenomenal growth a year ago. At the same time, general manufacturing continues to languish well behind all other sectors, echoing the losses of manufacturing jobs throughout the United States. Chart 1 displays growth and losses of each sector in a comparative context with the others.

**Chart 1**

**Q3. Since January 1, 2005, have you added, stayed the same, or subtracted jobs in Silicon Valley? (by sector)**



In the midst of the job losses is the question of whether those losses are temporary or permanent. Of those companies that subtracted jobs in 2005, 92% consider the positions permanently eliminated, compared with 74% that responded similarly in 2004. To this extent, some of the job repositioning in Silicon Valley may be structural and long-term.

## Focusing on the Reasons Behind Job Losses

The survey was unable to ascertain many of the reasons for jobs that have been moved to other states or other nations. Reduced labor costs loomed as the most important for one-fourth of the companies that moved jobs out of the United States. Beyond that explanation, most companies apparently had indeterminate reasons for subtracting jobs that went beyond traditional issues as supply chain linkages, regulation, or infrastructure costs. Tables 12 and 13 show the member responses to queries about job movements out of the Valley. The fact that nearly two-thirds of the respondents did not identify with any of the categories in Questions 7 and 8 suggests that further research needs to be done in this area. Without knowing why companies leave, associations such as SVLG will be unable to propose the appropriate remedies.

**Table 12**

**Q7. If your company moved jobs out of state, what was the most significant reason?**

	2006	2005
Reduced labor costs	13%	13%
More available workforce	9%	8%
Proximity to customers	4%	10%
More convenient supply chain	3%	3%
Less Regulation	1%	none
Lower land/infrastructure costs	none	18%
Other	7%	3%
Don't know/no answer	63%	46%
TOTAL (*does not equal 100 due to rounding)	100%	101%*

**Table 13**

**Q8. If your company moved jobs out of the United States, what was the most significant reason?**

	2006	2005
Reduced labor costs	27%	34%
Proximity to customers	6%	9%
More available workforce	1%	3%
More convenient supply chain	none	14%
Lower land/infrastructure costs	none	3%
Other	3%	6%
Don't Know/No Answer	63%	31%
TOTAL	100%	100%

## Concern About Healthcare

Companies have more opportunities to prosper in an economic environment that encourages success and productivity, while limiting mandatory expenditures. Healthcare has emerged as a costly expenditure area for member companies in the Valley and throughout the nation. In recent years, employers have pushed insurance companies to reduce costs, while reluctantly shifting some medical costs to workers.<sup>7</sup> Meanwhile, with healthcare costs soaring, larger numbers of middle-class Americans have been forced to go without health insurance. This situation does not bode well for the company or the employee.<sup>8</sup>

The SVLG Economic Competitiveness survey asked members about the extent to which healthcare costs fit into overall business overhead. Nearly one-fourth of the respondents indicated that healthcare now amounts to more than 10% of their overall business costs, with seven percent offering that healthcare counted for more than 20% of their overall costs. These answers are displayed in Table 14.

**Table 14**

**Q14. What percent of your total business costs are attributable to healthcare?**

	Percent
1-5%	30%
6-10%	24%
11-15%	8%
16-20%	8%
Over 20%	7%
Don't Know/No Answer	22%
TOTAL (* does not equal 100 due to rounding)	99%*

Dealing with healthcare costs is tricky, to be certain. Most company leaders appreciate that a healthy workforce is key to a productive workforce; therefore, it is in the interests of companies and workers alike that the system address this issue. Accordingly, the survey asked member respondents to identify the top 3 action steps by state and/or local governments that could be taken to improve healthcare. The answers are displayed in Table 15.

**Table 15**

**Q15. Specifically, what top 3 actions could state and/or local governments take in the healthcare arena?**

Provide tax incentives for employer-provided benefits	76%
Enable pooled health insurance purchasing by companies	64%
Provide tax incentives for employee-paid benefits	57%
Offer low-cost health insurance for all children	27%
Offer low-cost health insurance for uninsured individuals	21%
Mandate health insurance coverage for individuals	14%

<sup>7</sup> "Employers Push Health Insurers for Breaks on Rates," The Wall Street Journal, September 23, 2003, pp. B1, B4

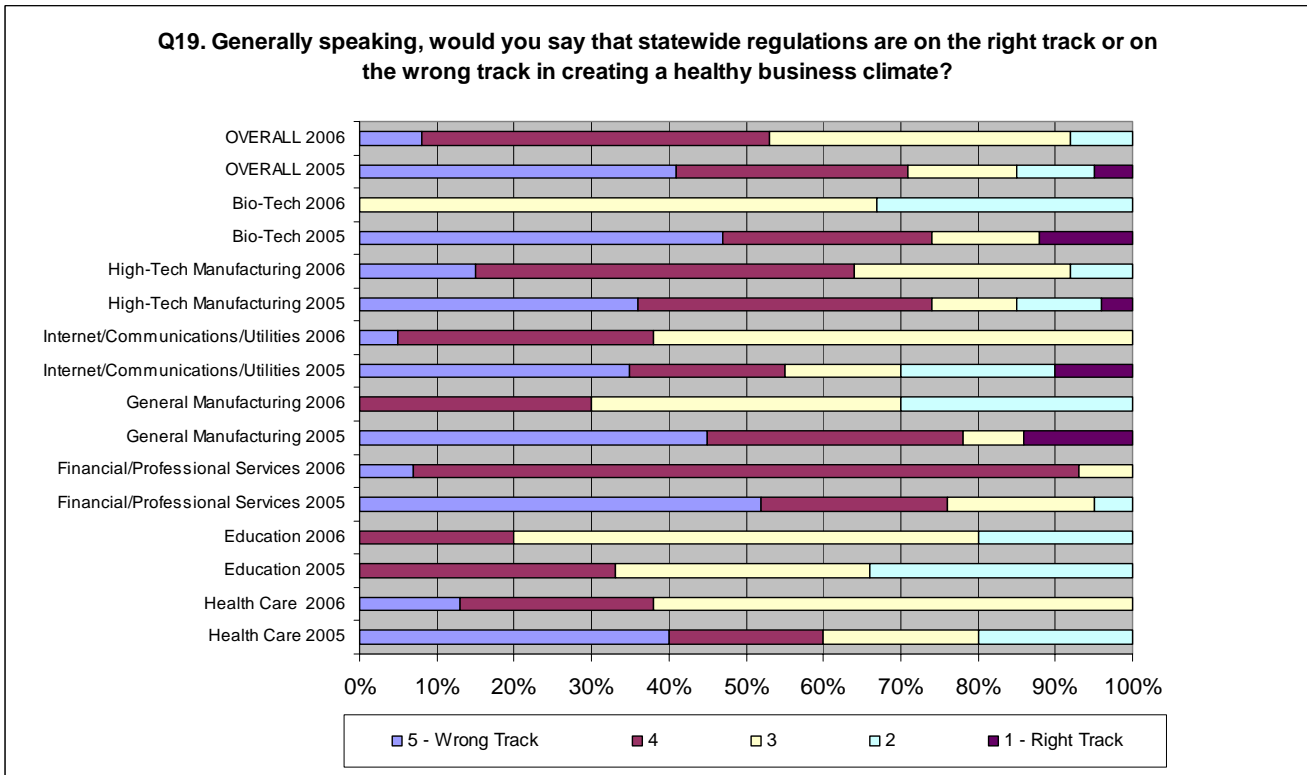
<sup>8</sup> "Not covered," San Francisco Chronicle, December 31, 2004, pp. C1, C2

**The State’s Direction (continued)**

When examined by sector, the data show that financial/professional services are particularly displeased by statewide regulations. High-tech manufacturing and general manufacturing also have seen an upswing in dissatisfaction. Sector-by-sector data are arrayed in Chart 4.

**Chart 4**

**Q19. Generally speaking, would you say that statewide regulations are on the right track or wrong track in creating a healthy business climate? (asked on a 1-5 scale, by sector.)**



If there is a bright spot for members on the question of governance, it lies with the attitudes toward the performance of the Governor. When asked about the direction of the current Governor, half of the participants believe that he is on the “right track.” Perhaps even more significantly, only 1 out of 10 views the Governor as being on the “wrong track” with respect to facilitating a healthy business climate. Clearly, this would seem to be an area where the SVLG feels considerable comfort with political leadership. These data are displayed in Table 19.

**Table 19**

**Q20. Generally speaking, would you say that the Governor is on the right track or the wrong track in creating a healthy business climate?**

Right	1	2	3	4	5	Wrong
2006	7%	44%	37%	8%	3%	2006



## The State's Direction

Member companies of the SVLG straddle several state legislative districts. As such, the organization is able to advocate on a regional basis for its companies, employees and the Valley. Legislators meet with the organization year-round because they realize that these companies are a cornerstone of the state's economy. By being aware of SVLG concerns, legislators are better able to consider policies beneficial to the region and state. But consideration of policies and adoption of policies can be worlds apart, especially in California where so many groups besiege legislators with their own agendas.

According to the findings from the 2006 survey, respondents are less enthralled with the legislature's business policies now than a year ago. When asked whether state legislation is on the right track or wrong track in creating a healthy business environment, survey participants express much more concern now than in 2005. In fact, only 5% of the respondents believe the legislature is moving in the right direction today, versus 26% in 2005. These data are displayed in Table 17.

**Table 17**

**Q18. Generally speaking, would you say that statewide legislation is on the right track or wrong track in creating a healthy business environment? (asked on a 1 to 5 scale)**

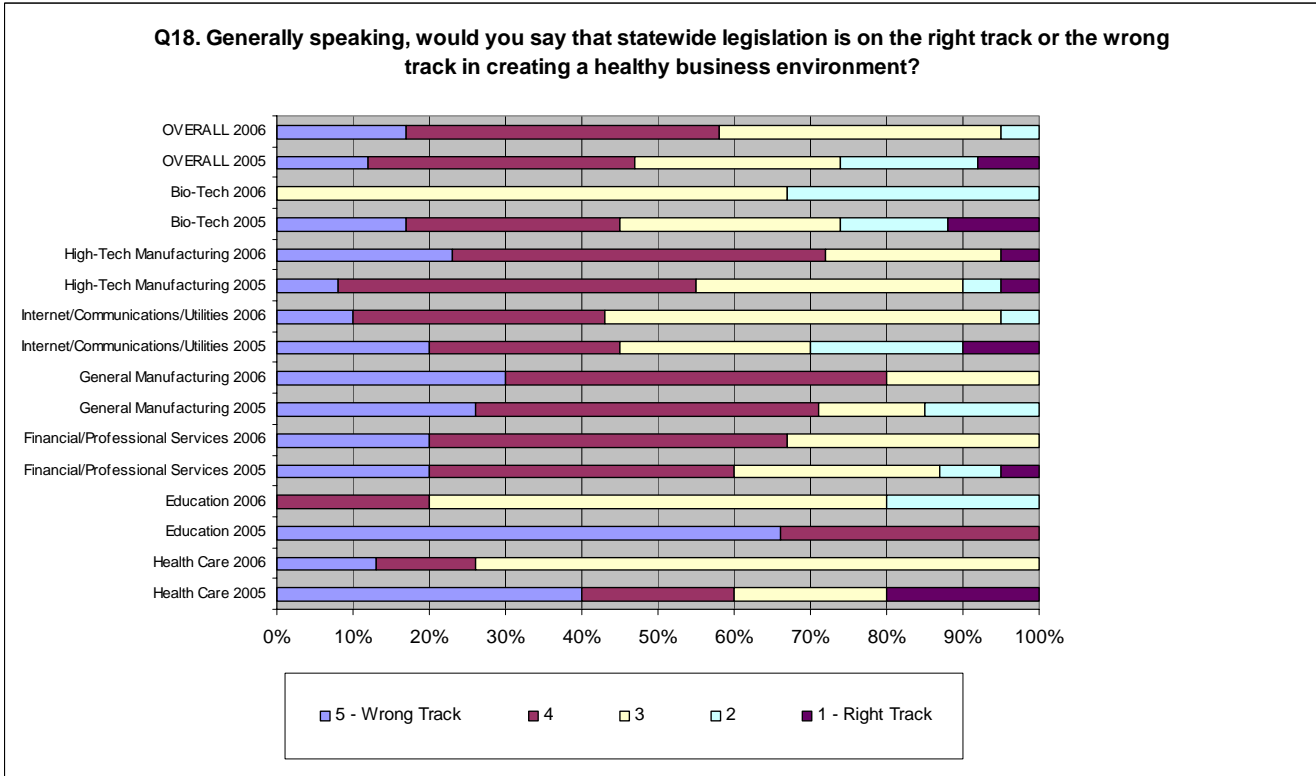
<b>Right</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>Wrong</b>
2006	0%	5%	37%	41%	17%	2006
2005	8%	18%	27%	35%	12%	2005

**The State’s Direction (continued)**

A sector-by-sector break down of the legislature’s behavior shows widespread disapproval, with considerable disaffection growing over the past year. Among the seven categories, general manufacturing and high-tech manufacturing are particularly displeased with the legislature’s performance. Chart 3 reveals the differences by sector.

**Chart 3**

**Q18. Generally speaking, would you say that statewide legislation is on the right track or wrong track in creating a healthy business environment? (asked on a 1 to 5 scale, by sector)**



With respect to statewide regulatory activities, survey participants remain unenthused about the responsiveness of state regulations, although they are less disappointed than in 2005. Table 18 shows that slightly more than half of the participants believe that statewide regulations are on the “wrong track” in 2006, compared with more than 70% in 2005. At the same time, only 7 percent believe statewide regulations are on the “right track,” compared with 15% a year ago.

**Table 18**

**Q19. Generally speaking, would you say that statewide regulations are on the right track or wrong track in creating a healthy business climate? (asked on a 1-5 scale.)**

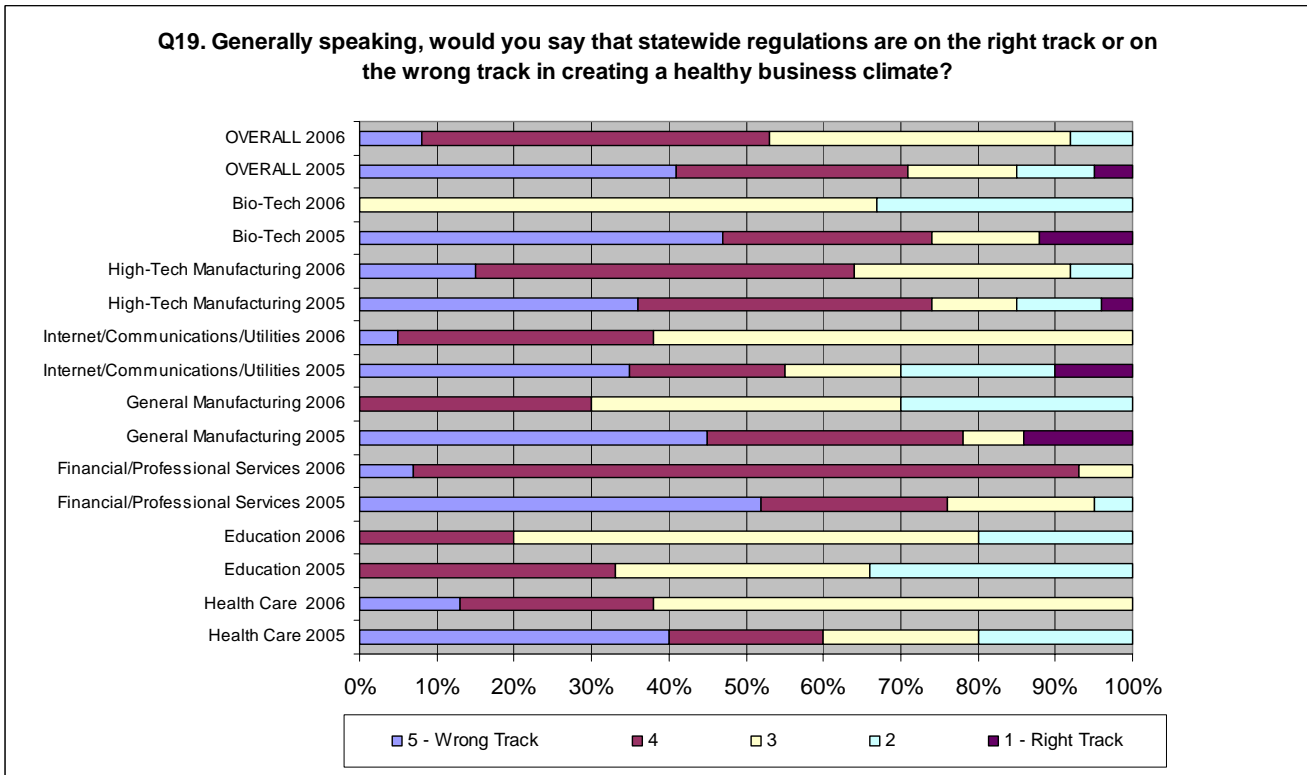
Right	1	2	3	4	5	Wrong
2006	0%	7%	39%	45%	8%	2006
2005	5%	10%	14%	30%	41%	2005

**The State’s Direction (continued)**

When examined by sector, the data show that financial/professional services are particularly displeased by statewide regulations. High-tech manufacturing and general manufacturing also have seen an upswing in dissatisfaction. Sector-by-sector data are arrayed in Chart 4.

**Chart 4**

**Q19. Generally speaking, would you say that statewide regulations are on the right track or wrong track in creating a healthy business climate? (asked on a 1-5 scale, by sector.)**



If there is a bright spot for members on the question of governance, it lies with the attitudes toward the performance of the Governor. When asked about the direction of the current Governor, half of the participants believe that he is on the “right track.” Perhaps even more significantly, only 1 out of 10 views the Governor as being on the “wrong track” with respect to facilitating a healthy business climate. Clearly, this would seem to be an area where the SVLG feels considerable comfort with political leadership. These data are displayed in Table 19.

**Table 19**

**Q20. Generally speaking, would you say that the Governor is on the right track or the wrong track in creating a healthy business climate?**

Right	1	2	3	4	5	Wrong
2006	7%	44%	37%	8%	3%	2006

## Conclusions and Recommendations

“Cautious optimism” may well be the hallmark description of the general attitude of SVLG member companies in the 2006 survey. Most companies are faring better now than a year ago; still, there are some sectors that clearly lag beyond others. Many companies have added jobs over the past year, yet a few large members have eliminated substantial numbers of permanent jobs, reflecting, perhaps, the difficulty of competing in this region.

There have been success stories over the past year, notably reduced costs in workers’ compensation. At the same time, health care costs appear to be a challenge whose time has come for resolution. In addition, high labor costs, unaffordable housing, and dissatisfaction with public education loom both as concerns and reasons for many companies relocating jobs elsewhere.

Still, the survey was unable to tap into all of the reasons for moving jobs out of the region to other states or nations. In the 2006 survey, 63% cited reasons other than those listed on the survey instrument. These percentages were considerably higher than the “don’t know/no answer” answers provided in 2005. Clearly, there are motivations or concerns not captured in the survey. Asking responses to provide open-ended answers may help to solve this mystery in 2007.

In terms of effectiveness, the SVLG must consider new approaches to persuading legislators and regulators of the wisdom of its issue positions. As with the previous year, members feel that the legislative and regulatory arenas of power are not particularly responsive to their needs.

That said, it is clear that the SVLG members feel comfortable in their relationship with the governor, the state’s chief executive. Given that the governor sets the tone for state public policy, the SVLG connection with the executive branch is extraordinarily valuable and well worth noting. The leadership would be well advised to seize upon this linkage as a model for other relationships in the years to come.

## Appendix A: SVLG Economic Vitality Survey—Participating Companies

ACS	Dell Computers
Adaptec, Inc.	Deloitte & Touche
Adobe Systems Incorporated	DeVry University
Affymetrix	Earth Tech
Agile Software	eBay, Inc.
Agilent Technologies	Echelon
Akeena Solar	EDS
Alien Technology Corporation	EMC Corporation
Altera Corporation	eMeter
Alza	Empire Broadcasting Company
AMD, Inc.*	EPRI
American Airlines	Ernst & Young LLP
Analog Devices, Inc.	ETM-Electromatic Inc.
ANDA Networks	Everdream
Antidote	Flextronics International
Apple Computer, Inc.	Foothill-DeAnza Community College District
Applied Materials, Inc.	Garland Actuarial Consulting
APS Energy Services	Gavilan Joint Community College District
AT&T	General Dynamics Advanced Information Systems
BAE Systems	Gilead Sciences
Bank of America	Global Netoptex, Inc.
Bank of Santa Clara	Golden Gate University
Bayer Corporation	Good Samaritan Hospital
BEA Systems, Inc.	Goodwill Industries of Silicon Valley
Beam Express Inc.	Google
Becton-Dickinson Biosciences	Gordon Biersch
Bell Microproducts	Greater Bay Bancorp
BJS Group, Inc.	Hanson Permanente Cement
Borel Private Bank & Trust Company	Heritage Bank of Commerce
Boulevards New Media, Inc.	Hewlett-Packard Company
Bridge Bank	Hitachi Global Storage Technologies
Byron Group	Hyperion Solutions
Cadence Design Systems, Inc.	IBM Corporation
California Micro Devices Corporation	iControl, Inc.
California Water Service Company	Infotility, Inc.
Camino Medical Group	Intel Corporation
Cargill Salt	Interwoven, Inc.
CASPR	Intuit, Inc.
Cassatt Corporation	IOS
Celerity Group, Inc.	Ireland San Filippo
Cisco Systems, Inc.*	Juniper Networks
Citibank	Kaiser Permanente
City National Bank	Kellogg - San Jose
CNF, Inc.	Kelly Services, Inc.
Coherent Inc.	KICU-TV, Channel 36
Comcast	KLA-Tencor Corporation
Comerica Bank-California	Knight Ridder
Community Hospital of Los Gatos	KPMG LLP
Construction Navigator	Lam Research Corporation
Daimler Chrysler Research & Technology, North America	LifeScan
Declaration Services, Inc.	

Lockheed Martin Space Systems  
Company  
LSI Logic Corp.  
Lucile Salter Packard Children's Hospital  
Lumileds  
M3iworks  
MACH Energy  
Miasole, Inc.  
Microsoft Corporation  
Mid-Peninsula Bank  
NASA-Ames Research Center  
National Semiconductor  
NBC 11 KNTV  
Netflix  
Network Appliance  
New United Motor Manufacturing  
Noranda Recycling  
Nortel Networks  
Northrop Grumman  
Northrop Grumman Marine Systems  
Numenta  
Optimal Corporation  
Oracle Corporation  
Outreach  
P2PCredit  
Pacific Gas & Electric Company  
Palm, Inc.  
PalmSource, Inc.  
Paramit Corporation  
Philips Electronics  
Plantronics  
Portal Software, Inc.  
PricewaterhouseCoopers  
Propel Corporation  
Protiviti  
Pycon, Inc.  
Qualcomm Incorporated  
Rambus  
RCN Telecom Services  
Renesas  
Robert Half International  
Roche Palo Alto  
Rockwell Collins  
Romic Environmental Technologies Corp.  
Safe View  
Samsung Electronics  
Samsung Semiconductor, Inc.  
San Jose Business Journal  
San Jose Jet Center  
San Jose Mercury News  
San Jose State University  
San Jose Water Company  
San Jose-Evergreen Community College  
District  
Santa Clara University  
SAP  
Satyam  
Scios, Inc.  
Seagate Technology  
SearchRev  
Sequoia Hospital  
SGI  
Shaw Group  
Silicon Valley Bank  
Solectron Corporation  
SonicWALL, Inc.  
Sony Electronics, Inc.  
SpikeSource, Inc.  
SRI International  
Stanford Hospital & Clinics  
Stanford University  
Stellar Solutions  
Stratex Networks, Inc.  
Symantec Corporation  
Synaptics  
Synopsys, Inc.  
Tecan Systems, Inc.  
Telcontar  
Tessera  
The Nasdaq Stock Market, Inc.  
The National Hispanic University  
The Watt Stopper, Inc.  
Therma-Wave  
Trimble Navigation  
Ultratech, Inc.  
Union Bank of California  
University of California  
University of California at Berkeley  
University of California, Santa Cruz\*  
UNK - From Annual Meeting  
Varian Medical Systems  
ViOptix, Inc.  
Waste Management  
Wells Fargo Bank  
West Valley Mission Community College  
District  
Wipro Technologies  
Xilinx, Inc.  
Yahoo!

## **Appendix B:** **Silicon Valley Leadership Group Economic Vitality Survey Document**

### **Make YOUR Voice Heard in SVLG's 3rd Annual Survey of Member Company CEOs**

As our valley continues to struggle back from this decade's economic downturn, SVLG is again looking to our executive leaders to help set the course for the year ahead. This survey forms the foundation of our efforts to enhance Silicon Valley's economic vitality, particularly as we focus on our competitiveness with other hi-tech regions.

The results will be presented on February 17th at the 3rd Annual CEO Summit. The Summit will highlight our challenges and provide an opportunity for dialogue about how the public and private sectors might address those issues together.

We urge you to take a few moments to respond to the questions below. Your input is invaluable in setting our priorities and identifying emerging issues. If you are unable to respond yourself, we ask that you assign the survey response to a senior executive who is familiar with your company's concerns and challenges.

#### **1. Industry Sector**

Bio-Tech

- a. High-Tech/Manufacturing
- b. Internet/Communications
- c. General Manufacturing
- d. Education
- e. Health Care
- f. Utilities/Energy
- g. Software
- h. Media/news services
- i. Transportation
- j. Aerospace/Defense
- k. Accounting/Financial/Professional/Venture Capital
- l. Other/Don't Know/No Answer

#### **2. Number of employees in Silicon Valley:**

- a) 1-20 b) 21-100 c) 101-500 d) 501-1,000 e) 1,001-5,000 f) 5,001-10,000 g) 10,001 or higher
- h) Don't Know/No Answer

#### **3. Since January 1, 2005, have you added, stayed the same, or subtracted jobs in Silicon Valley?**

- a) Added Jobs b) Stayed the Same c) Subtracted Jobs d) Don't Know/No Answer f) more than 1,000

#### **4. If added, how many?**

- a) 1-20 b) 21-100 c) 101-250 d) 251-500 e) 501-1,000
- f) more than 1,000 g) subtracted or stayed the same h) Don't Know/No Answer

#### **5. If subtracted, how many?**

- a) 1-20 b) 21-100 c) 101-250 d) 251-500 e) 501-1,000
- f) more than 1,000 g) added or stayed the same h) Don't Know/No Answer

#### **6. If subtracted, were most of the jobs:**

- a) Permanently eliminated b) Temporarily eliminated c) Added or stayed the same d) Don't Know/NA

**7. If your company moved jobs out of state, what was the MOST important reason?**

- a) Lower Land/Lower Infrastructure Costs
- b) Reduced Labor Costs
- c) More Available Workforce
- d) Less Regulation
- e) Proximity to Customers
- f) Government Incentives in New Location
- g) More Convenient Supply Chain
- h) Jobs were not moved out of state
- i) Other \_\_\_\_\_
- j) Don't Know/No Answer

**8. If your company moved jobs out of the U.S., what was the MOST important reason?**

- a) Lower Land/Lower Infrastructure Costs
- b) Reduced Labor Costs
- c) More Available Workforce
- d) Less Regulation
- e) Proximity to Customers
- f) Government Incentives in New Location
- g) More Convenient Supply chain
- h) Jobs were not moved out of the country
- i) Other \_\_\_\_\_
- j) Don't Know/No Answer

**9. What are the Top 5 Business challenges in Silicon Valley?**

- |   |   |
|---|---|
| a) Business Personal Property Taxes           | k) Workers' Compensation Costs              |
| b) Business Regulations                       | l) Worker Skill Level/Appropriate Workforce |
| c) State Budget Structure                     | m) Intellectual Property Protection Costs   |
| d) Energy Costs                               | n) Air Transportation/Cargo                 |
| e) Paid Family Leave                          | o) High Housing Costs for Employees         |
| f) Frivolous Lawsuits                         | p) High Taxes                               |
| g) Health Care Costs                          | q) Traffic Congestion                       |
| h) Immigration: H1-B Visas and/or Green Cards | r) Water                                    |
| i) Overtime/8-hour work day requirement       | s) Other/Don't Know/No Answer               |
| j) Unemployment Insurance Costs               |   |

**10. If you answered "b" (Business Regulations), which of the following challenges applied:**

- a) Sarbanes-Oxley
- b) Import-Export Controls
- c) Did not answer "b"
- d) Other \_\_\_\_\_
- e) Don't Know/No Answer

**11. What are the Top 3 Cost of Living challenges in Silicon Valley for working families?**

- a) Housing costs
- b) Traffic Congestion
- c) K-12 Education
- d) Higher Education
- e) Health Care
- f) Energy Costs
- g) Child Care
- h) High Taxes
- i) Other/Don't Know/No Answer: \_\_\_\_\_



**12. Specifically, what Top 5 actions could the state government take to improve the business climate for your company?**

- a) Reduce Unemployment Insurance Cost Increase
- b) Avoid Split Roll Tax
- c) Offer Full Sales Tax Exemption for Purchases of Manufacturing Equipment
- d) Lower Energy Costs
- e) Reinstate Overtime after a 40-hour work-week rather than an 8-hour work day
- f) Repeal Paid Family Leave Benefits
- g) Help Create More Affordable Housing
- h) Roll back WARN Act Costs to National Average
- i) Streamline Regulatory and Permit Approvals
- j) More Rate Reductions for Workers' Compensation
- k) Limit Frivolous Lawsuits
- l) Continue Research and Development Tax Credit
- m) Lower California's Minimum Wage to the National Minimum Wage
- n) Improve K-12 Education
- o) Improve Higher Education
- p) Invest in Broadband Deployment
- q) Invest in Traffic Relief/Traffic Transportation Improvements
- r) Adopt Single Sales Apportionment Factor/Eliminate Double Corporate Income Taxation
- s) Other/ Don't Know/No Answer: \_\_\_\_\_

**13. What has happened to your Workers' Compensation costs during the past year?**

- Stayed the same
- b) Increased between 0-10%
- c) Increased by 11-25%
- d) Increased more than 25%
- e) Decreased between 0-10%
- f) Decreased by 11-25%
- g) Decreased more than 25%
- h) Other/Don't Know/No Answer

**14. What percent of your total business costs are attributable to healthcare?**

- a) 1-5%
- b) 6-10%
- c) 11-15%
- d) 16-20%
- e) over 20%
- f) Don't Know/No Answer

**15. Specifically, what Top 3 actions could state and/or local governments take in the healthcare arena?**

- a) Offer low-cost health insurance for all children
- b) Offer low-cost health insurance for uninsured individuals
- c) Enable pooled health insurance purchasing by companies
- d) Provide tax incentives for employer-provided benefits
- e) Provide tax incentives for employee-paid benefits
- f) Mandate health insurance coverage for individuals
- g) Other – please specify:

**16. How do you see job growth in Silicon Valley in your industry sector in 2006?**

- a) Better   b) Worse   c) No Change   d) Other/Don't Know/No Answer

**17. How do you see job growth in Silicon Valley for your company in 2006?**

- a) Better   b) Worse   c) No Change   d) Other/Don't Know/No Answer

**18. Generally speaking, would you say that statewide legislation is on the right track or the wrong track in creating a healthy business climate?**

- (right) 1                      2                      3                      4                      5 (wrong)

Indicate specific examples here:

**19. Generally speaking, would you say that statewide regulations are on the right track or wrong track in creating a healthy business climate?**

- (right) 1                      2                      3                      4                      5 (wrong)

Indicate specific examples here:

**20. Generally speaking, would you say that the Governor is on the right track or the wrong track in creating a healthy business climate?**

- (right) 1                      2                      3                      4                      5 (wrong)

Indicate specific examples here:

**21. Please share any anecdotes about Silicon Valley's business climate. Include, if possible, magnitude of impact of various. (Brief statement)**

1.

2.

3.

**22. What are the benefits/strengths of doing business in Silicon Valley?**

1.

2.

3.

**23. Would you, or a designated representative on your team, be interested in serving on SVLG's Economic Vitality Committee?**

Yes \_\_\_\_\_ No \_\_\_\_\_

If yes, please identify who the appropriate contact should be:

Name

Title

Organization

## Appendix C: Economic Vitality Survey - Aggregate Data

### Q.1 Industry Sectors

	2006	2005
High-Tech Manufacturing	39	45
Internet/Communications/ Utilities	21	20
Financial/Professional Services	15	17
General Manufacturing	10	9
Health Care	8	5
Education	5	6
Bio-Tech	3	12
Other/Don't Know	6	0
<b>Total</b>	<b>107</b>	<b>114</b>

### Q.2 Number of Employees in Silicon Valley

	Per- cent
1-20 employees	11%
21-100 employees	19%
101-500 employees	23%
501 – 1,000 employees	17%
1,001 – 5,000	24%
5,001 – 10,000	5%
10,001 or higher	1%
TOTAL	100%

### Q.3 Since January 1, 2005, have you added, stayed the same, or subtracted jobs in Silicon Valley?

	2006	2005
Added jobs	55%	41%
Stayed the same	28%	33%
Subtracted jobs	13%	24%
Don't know/no answer	4%	2%
TOTAL	100%	100%

### Q.4 If added, how many?

	Per- cent
Added 1-20 jobs	40%
Added 21-100 jobs	34%
Added 101-250	19%
Added 251-500	4%
Added 501-1,000	4%
Added more than 1,000	None
TOTAL (* does not equal 100 due to rounding)	101%*

**Q.5 If subtracted, how many?**

	Per- cent
Subtracted 1-20 jobs	33%
Subtracted 21-100 jobs	33%
Subtracted 101-500	8%
Subtracted 501 – 1,000	25%
Subtracted more than 1,000	None
TOTAL (* does not equal 100 due to rounding)	99%*

**Q.6 If subtracted, most of the jobs were:**

	2006	2005
Permanently eliminated	92%	74%
Temporarily eliminated	8%	26%
TOTAL	100%	100%

**Q.7 If your company moved jobs out of state, what was the MOST significant reason?**

	2006	2005
Reduced labor costs	13%	13%
More available workforce	9%	8%
Proximity to customers	4%	10%
More convenient supply chain	3%	3%
Less Regulation	1%	none
Lower land/infrastructure costs	none	18%
Other	7%	3%
Don't know/no answer	63%	46%
TOTAL (*does not equal 100 due to rounding)	100%	101%*

**Q.8 If your company moved jobs out of the U.S., what as the MOST significant reason?**

	2006	2005
Reduced labor costs	27%	34%
Proximity to customers	6%	9%
More available workforce	1%	3%
More convenient supply chain	none	14%
Lower land/infrastructure costs	none	3%
Other	3%	6%
Don't Know/No Answer	63%	31%
TOTAL	100%	100%

### Q.9 What are the Top 5 Business challenges in Silicon Valley?

	2006	2005
<b>High Housing Costs for Employees</b>	<b>88%</b>	68%
<b>Traffic Congestion</b>	<b>52%</b>	24%
<b>Business Regulations</b>	<b>51%</b>	65%
<b>Health Care Costs</b>	<b>46%</b>	47%
<b>High Taxes</b>	<b>43%</b>	40%
Workers' Compensation Costs	41%	53%
Worker Skill Level/Appropriate Workforce	37%	NA
Immigration: H1-B Visas and/or Green Cards	25%	NA
Energy Costs	22%	24%
Frivolous Lawsuits	20%	37%
State Budget Structure	15%	18%
Business Personal Property Taxes	11%	5%
Overtime/8-hour work day requirement	7%	23%
Unemployment Insurance Costs	7%	9%
Intellectual Property Protection Costs	7%	4%
Air Transportation Cargo	2%	4%
Family Paid Leave	2%	5%
Other/Don't Know/No Answer	23%	4%

### ...by sector

	High-Tech/ Manufacturing	Internet/ Com/ Utilities	Financial/ Professional	Gen. Manufacturing	Health Care	Education	Bio- Tech
<b>High Housing Costs for Employees</b>	1	1	1	1	1	1	1
<b>Traffic Congestion</b>	3	3	1	2	2	2	4
<b>Business Regulations</b>	4	2	3	4	3	3	4
<b>Health Care Costs</b>	5	4	4	3	5	3	4
<b>High Taxes</b>	2	5	5	5	7	5	1
Workers Comp Costs	6	6	7	6	4	5	3
Worker Skill Level	7	7	6	7	8	7	4
Immigration	8	9	8	8	6	8	4
Energy Costs	9	8	9	9	9	7	4

**Q. 10 If you answered “b” (Business Regulations), which of the following changes applied:**

Sarbanes-Oxley	73%
Import-Export Controls	20%
Other	7%
TOTAL	100%

**Q. 11 What are the Top 3 Cost of Living Challenges for working families?**

	2006
Housing Costs	97%
K-12 Education	46%
Health Care	39%
High Taxes	35%
Traffic Congestion	33%
Child Care Costs	31%
Energy Costs	11%
Higher Education	4%
Other/Don't Know	3%

**...by sector...**

	High-Tech/ Manufacturing	Internet/ Com/ Utilities	Financial/ Professional	Gen. Manufacturing	Health Care	Education	Bio- Tech
Housing Costs	1	1	1	1	1	6	5
K-12 Education	2	3	2	2	2	1	1
Health Care	4	2	2	3	3	3	
High Taxes	3	4	4	5	5		
Traffic Congestion	5	5	5	4	7	1	3
Child Care Costs	7	6	7	6	4	4	3
Energy Costs	6	7	6	7	8	4	
Higher Education	8	9	9	8	6		1
Other/Don't Know	9	8	8	9	9		

**Q.12 What Top 5 actions could the state government take to improve the business climate for your company?**

	2006	2005
<b>Help Create More Affordable Housing</b>	<b>67%</b>	55%
<b>Improve K-12 Education</b>	<b>65%</b>	37%
<b>Continue Research and Development Tax Credit</b>	<b>46%</b>	43%
<b>Invest in Traffic Relief/Traffic Transportation Improvements</b>	<b>45%</b>	43%
<b>Limit Frivolous Lawsuits</b>	<b>33%</b>	40%
More Rate Reductions for Workers' Compensation	30%	54%
Improve Higher Education	27%	37%
Streamline Regulatory and Permit Approvals	25%	35%
Offer Full Sales Tax Exemption for Purchases of Manufacturing Equipment	20%	30%
Adopt Single Sales Apportionment Factor/Eliminate Double Corp. Taxation	17%	No data
Reduce Unemployment Insurance Cost Increase	16%	19%
Lower Energy Costs	16%	20%
Repeal Paid Family Leave Benefits	11%	5%
Invest in Broadband Development	11%	18%
Avoid Split Roll Tax	8%	41%
Roll back WARN Act Costs to National Average	2%	4%

**Q.13 What has happened to your Workers' Compensation costs during the past year?**

	2006
Increased more than more than 25%	1%
Increased between 11-25%	11%
Increased 1-10%	20%
Stayed the Same	16%
Decreased 1-10%	20%
Decreased 11-25%	15%
Decreased by more than 25%	3%
Don't Know/No Answer	15%
TOTAL (* does not equal 100 due to rounding)	101%*

**Q. 14 What percent of your total business costs are attributable to healthcare?**

	Percent
1-5%	30%
6-10%	24%
11-15%	8%
16-20%	8%
Over 20%	7%
Don't Know/No Answer	22%
TOTAL (* does not equal 100 due to rounding)	99%*

**Q. 15 Specifically, what Top 3 actions could state and/or local governments take in the healthcare arena?**

Provide tax incentives for employer-provided benefits	76%
Enable pooled health insurance purchasing by companies	64%
Provide tax incentives for employee-paid benefits	57%
Offer low-cost health insurance for all children	27%
Offer low-cost health insurance for uninsured individuals	21%
Mandate health insurance coverage for individuals	14%

**Q. 16 How do you see job growth in Silicon Valley in your industry sector in 2006**

	OVERALL	High Tech/ Manufacturing	Internet/ Com/ Utilities	Financial/ Profes- sional	Gen Manufactur- ing	Health Care	Educa- tion	Bio- Tech	Other
<b>Better</b>	55%	56%	62%	53%	50%	25%	40%	100%	67%
<b>Worse</b>	12%	10%	5%	13%	20%	38%			17%
<b>No Change</b>	30%	34%	24%	33%	30%	25%	60%		17%
<b>Other/ Don't Know</b>	3%		9%			12%			

**Q. 17 How do you see job growth for your company in 2006**

	OVERALL	High Tech/ Manufacturing	Internet/ Com/ Utilities	Financial/ Profes- sional	Gen Manufactur- ing	Health Care	Educa- tion	Bio- Tech	Other
<b>Better</b>	56%	56%	67%	53%	50%	50%	40%	33%	67%
<b>Worse</b>	8%	10%	10%	13%					17%
<b>No Change</b>	33%	34%	19%	33%	50%	38%	40%	67%	17%
<b>Other/ Don't Know</b>	3%		4%			12%	20%		

**Q. 17 Comparison to 2005 Survey**

	2006	2005
<b>Better</b>	56%	37%
<b>Worse</b>	8%	12%
<b>No Change</b>	33%	49%
<b>Other/Don't Know</b>	3%	2%
<b>TOTAL</b>	100%	100%



**Q. 18 Generally speaking, would you say that statewide legislation is on the right track or the wrong track in creating a healthy business environment?**

<b>Right</b>	1	2	3	4	5	<b>Wrong</b>
2006	0%	5%	37%	41%	17%	2006
2005	8%	18%	27%	35%	12%	2005

**Q. 19 Generally speaking, would you say that statewide regulations are on the right track or wrong track in creating a healthy business climate?**

<b>Right</b>	1	2	3	4	5	<b>Wrong</b>
2006	0%	7%	39%	45%	8%	2006
2005	5%	10%	14%	30%	41%	2005

**Q. 20 Generally speaking, would you say that the Governor is on the right track or wrong track in creating a healthy business climate?**

<b>Right</b>	1	2	3	4	5	<b>Wrong</b>
2006	7%	44%	37%	8%	3%	2006



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