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## What Executives in High-Demand Industries are Saying About Moving to California

BY KERRY JACKSON

California has a deserved reputation for losing businesses to states where companies believe their commercial prospects are more promising. At the same time, businesses that stay are too often reluctant to expand in-state while many outside are unwilling to relocate or extend their operations into California.

Executives know a hostile business climate when they see one. The Pacific Research Institute recently released a survey of 200 corporate executives whose businesses were considering, or in the past had considered, establishing, or expanding operations in the state. Their responses won't surprise anyone who's been paying attention.

Nearly nine of 10 (88 percent) said the that steep cost of housing and, commercial and industrial real estate, was a significant barrier. One executive suggested policymakers "make the housing affordable" while another was concerned that "construction workers cannot afford housing" because there's "no low-cost housing" available. A third cited the "cost of housing" as "a big factor in California."

"The housing cost is so ridiculous out here," said yet another, "that manufacturers cannot afford to pay employees what it'd take for them to be able to live out here."

The housing crisis is just one of many problems California policymakers are refusing to address in any serious way. Another institutional defect they have neglected to correct is the heavy bur-

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den that's been piled up on the backs of businesses. It's a failure noticed across the country. More than seven in 10 executives said that California's briar patch of steep corporate taxes (which will more than double if a proposed amendment is added to the California Constitution), hyper regulation, and antibusiness labor law is too costly.

When asked why California is an unattractive option for relocation and expansion, responses ranged from "regulations are the No. 1 concern" to "we are a highly regulated company when we do business there" to a complaint about the state's "repressive tax system and excessive regulations." One executive even suggested that policymakers "dump about half" of the regulations on the books and cut tax rates by 50 percent to make the state a more appealing destination. The executives don't want to be bullied by lawmakers and bureaucrats who try "to run our businesses for us," and rather they "be more understanding of the business and commerce side of things."

The quality of California schools were still another matter. Almost 63 percent said improvements in education and workers' skills would affect their decisions regarding California.

"Public education as a whole needs a complete overhaul," according to one executive, while another believes "California's educational system is awful."

"You can find Ph.D. scientists and engineers," he continued. "However, if you are looking for an individual with a two-year/four-year degree," the pool of available candidates shrinks.

Some executives were alarmed about the quality of education their children would receive if they relocated their families in California.

"I don't want my kids to be stupid," said one.

The uneasiness, though crudely expressed, is legitimate. While not all California schools are underperforming, multiple reports from independent organizations show that too many of the state's public schools are, at best, providing mediocre educations, and, at worst, failing students. The poor state of education would be greatly improved by increasing school choice, an option that even a large majority of parents in deep-blue California want.

Bear in mind that these executives represent the class of businesses that policymakers say they want to attract. They're not from smokestack industries, chemical companies or other "old economy" sectors. These executives work for research-and-development enterprises, technology firms, clean-tech interests, and green-energy companies.

Their perception of California, though, is a state that's closed for business, that's put out the "Unwelcome" mat for companies that have thought about relocating or expanding here. And they are far from being alone. Chief Executive magazine, which surveys "hundreds of CEOs," ranked California the worst state in which to do business in 2017, exactly where the state has been placed every year of the 13 that the magazine has published the list.

By the time the eighth Chief Executive survey was compiled in 2012, the magazine said that California had fallen "deeper into the ninth circle of business hell." Dante listed only nine circles in "Inferno," so where is California today? Has it found a level of misery so deep that it's occupied only by Third World nations? We're not there yet. But we can see it from where we are.

*Kerry Jackson is a fellow with the Center for California Reform at the Pacific Research Institute.*