

RESEARCH BRIEF Q2 2014

Joseph Cera, PhD
Director, CUIR Survey Center

Atiera Coleman, MA
CUIR Survey Center

Kris French, BA
CUIR Survey Center

University of
Wisconsin-Milwaukee

The Wisconsin Economic Scorecard is a quarterly poll of Wisconsin residents conducted by the UWM Center for Urban Initiatives and Research, in cooperation with WUWM and WisBusiness.com.

WISCONSIN ECONOMIC SCORECARD

The *Wisconsin Economic Scorecard* is a quarterly poll of Wisconsin residents conducted by the **UWM Center for Urban Initiatives and Research (CUIR)**, in cooperation with **WisBusiness.com** and **Milwaukee Public Radio (WUWM 89.7)**.

This tracking poll measures perceptions of the health of Wisconsin's economy, personal economic circumstances of Wisconsin residents, and public opinion regarding important state economic issues.

The Q2 2014 *Wisconsin Economic Scorecard* was a random digit dial (RDD) landline/mobile telephone survey of 569 Wisconsin residents, conducted by the CUIR Survey Center at the University of Wisconsin—Milwaukee from June 2-5. The sampling margin of error was $\pm 4.0\%$ at the 95% confidence level.

MAJOR FINDINGS:

- When asked to specify an ideal minimum wage, the most common answer among Wisconsin voters¹ is \$10.00/hour. The median response is \$9.00/hour. A state minimum wage hike continues to enjoy support from bipartisan majorities as well as from a majority of voters from business-owning households.
- About 70% of Wisconsin voters support tying future increases in the state minimum wage to the rate of inflation.
- When it comes to covering a large projected shortfall in the state transportation fund, state voters prefer delaying construction projects and dislike borrowing money. Introduction of toll roads is a popular but polarizing alternative.
- Spending state funds on a new arena for the Milwaukee Bucks is supported by just 24% of statewide voters and 34% of Milwaukee-area voters². Spending on associated infrastructure is only slightly more popular.
- While evaluations of personal financial situations are unchanged, evaluations of the broader economy, the pace of job creation, and the overall direction of the state all moved in a positive direction during the second quarter of 2014.
- Improved net opinion regarding the economic performance and overall direction of the state are driven by changing attitudes among political independents and are visible across all income categories.

¹ N=526, margin of error = $\pm 4.3\%$

² N=162, margin of error = $\pm 7.7\%$



Center for
**Urban Initiatives
& Research**

Applied Research
Technical Assistance
Community Initiatives

Contact us:

Phone (414) 229-5916

Fax (414) 229-3884

Web <http://cuir.uwm.edu/>

TABLE OF CONTENTS

The Direction of the State	Page 2
The Current Wisconsin Economy	Page 4
Personal Financial Circumstances	Page 8

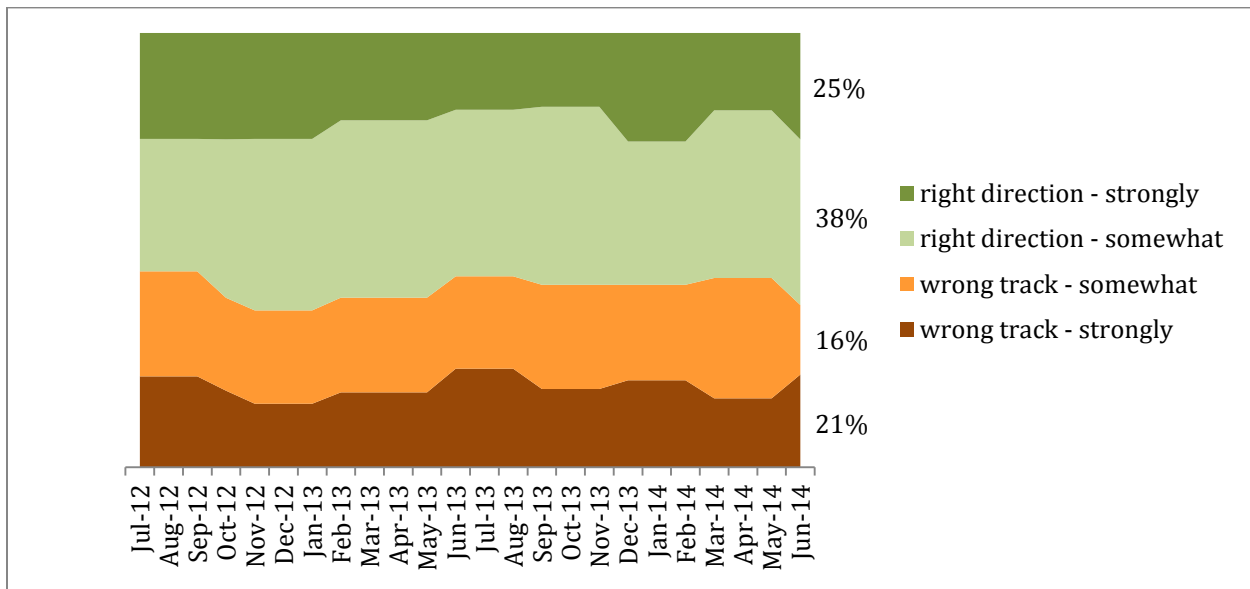
FEATURES

Support for an Increase in the Minimum Wage in Wisconsin	Page 11
Preferences Regarding the Projected Transportation Fund Shortfall	Page 15
Support for Spending on Tourism Advertising	Page 17
Views on Development of Renewable Energy Sources	Page 18
Support for Spending State Funds on Milwaukee Bucks Arena Development	Page 18

THE DIRECTION OF THE STATE

After four quarters of relative stability, aggregate opinion regarding the overall direction of the state underwent a significant positive shift during the second quarter of 2014. Figure 1 shows that the proportion of residents expressing the view that the state is “headed in the right direction” increased to 63% in Q2, up from 57% in Q1. The intensity of both positive and negative sentiment regarding Wisconsin’s direction also increased during the second quarter; the proportion of residents saying the state is headed “*strongly* headed in the right direction” increased to 25%, while the proportion of residents who feel the state is *strongly* on the wrong track” has increased to 21%.

Figure 1: Perceived Direction of the State of Wisconsin



Opinion about the direction of the state remains strongly linked to personal economic circumstances. Those who describe their personal financial situation as “poor” are overwhelmingly likely to express pessimism about Wisconsin’s overall direction, while those who say their personal financial situations are “good” or “excellent” are much more likely to express a positive view about the direction of the state. That being said, Figure 2 shows net increases in optimism about the state’s direction across all categories of personal financial circumstances.

The increase in *intensity* of aggregate opinion regarding Wisconsin’s overall direction is largely attributable to changing views among partisans. Figure 3 shows that the proportion of Democrats expressing the view that the state is “*strongly* on the wrong track” increased from 25% to 41% over the last quarter, while the proportion of Republicans who say the state is “*strongly* headed in the right direction” increased from 38% to 49% over the same span. Increases in intensity of opinion about the state’s direction among political independents were much smaller by comparison.

Partisanship and personal economic factors continue to exercise strong yet partially independent influences on opinion about Wisconsin’s overall direction. Republicans remain more likely than Democrats to express optimism regarding where the state is headed even when they share similar personal economic situations. At the same time, those who are struggling economically are more likely to express pessimism than are those who report doing well even when they share party labels.

Figure 2: Perceived Direction of the State of Wisconsin, by Personal Financial Situation

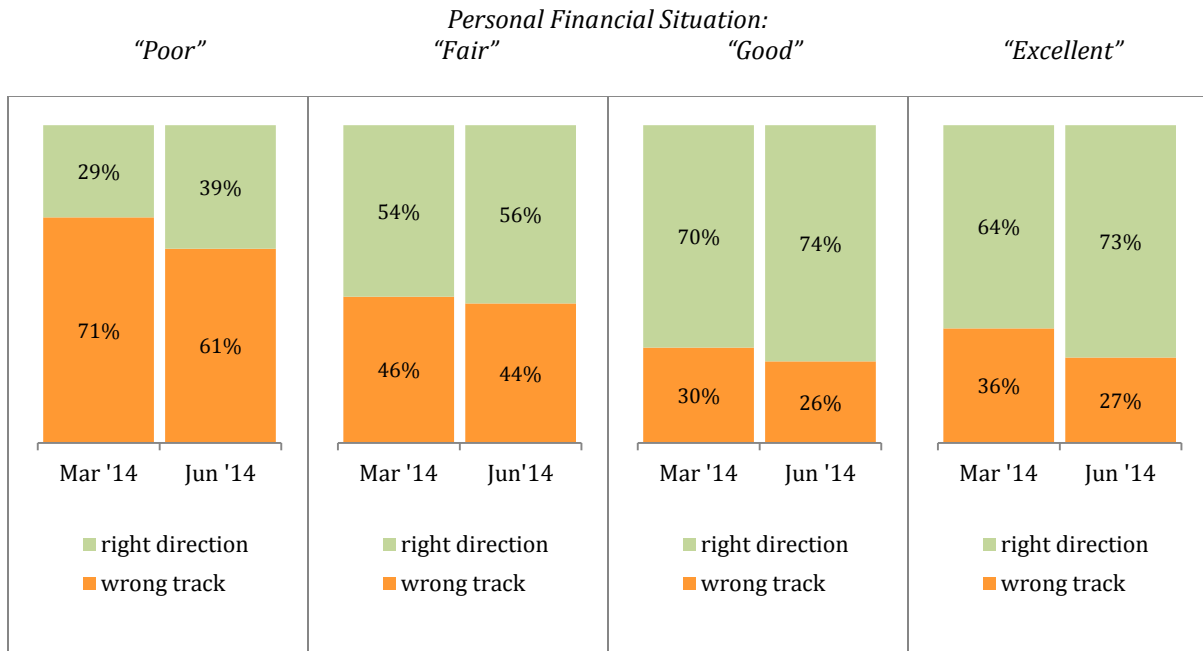
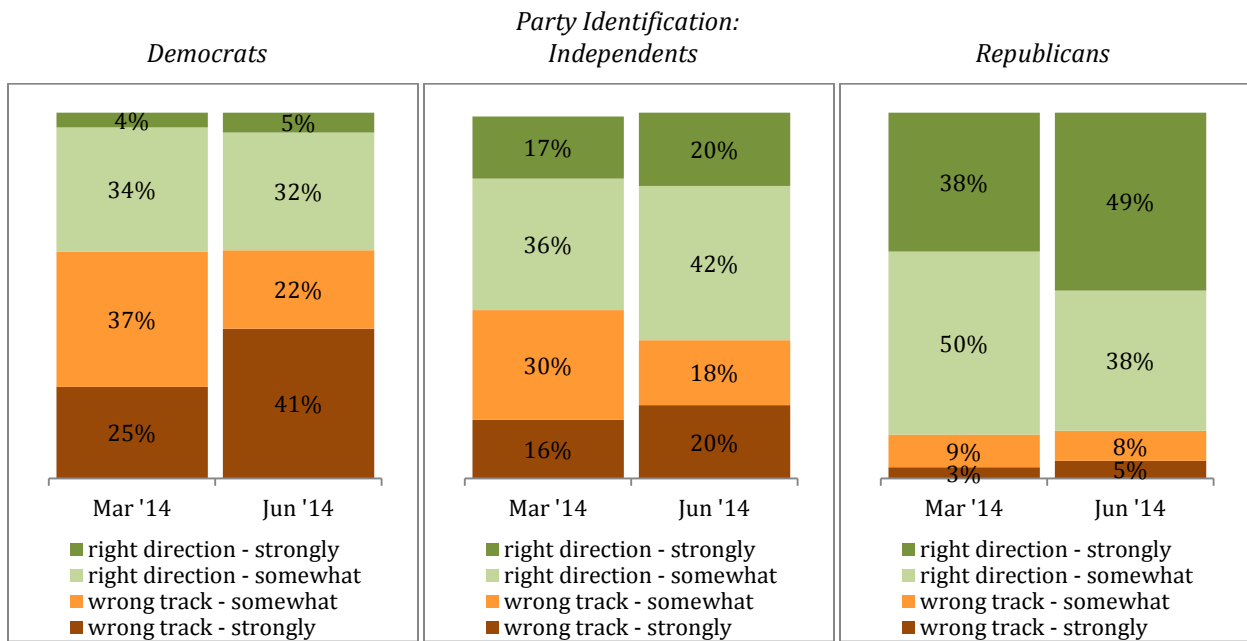


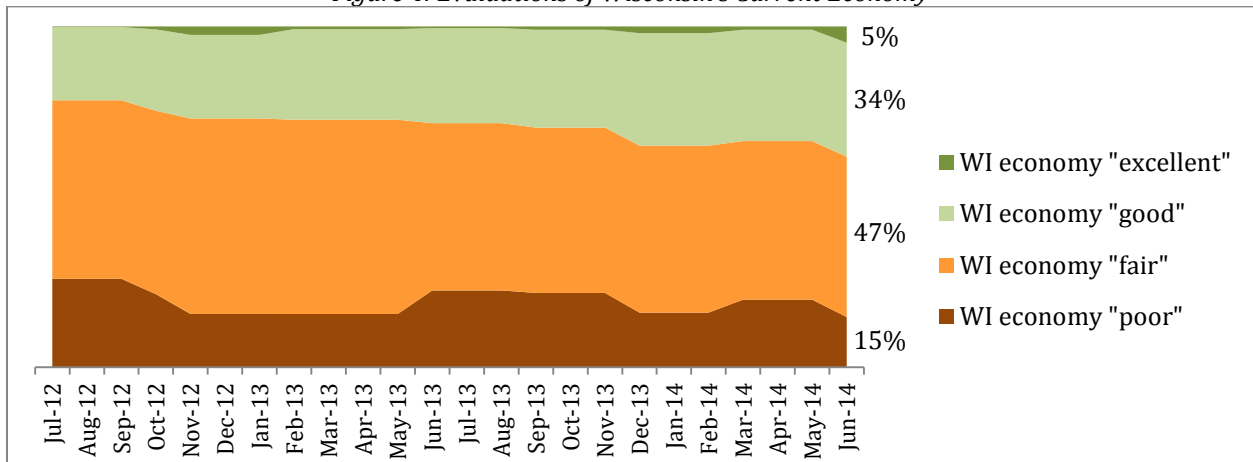
Figure 3: Perceived Direction of the State of Wisconsin, by Party Identification



THE CURRENT WISCONSIN ECONOMY

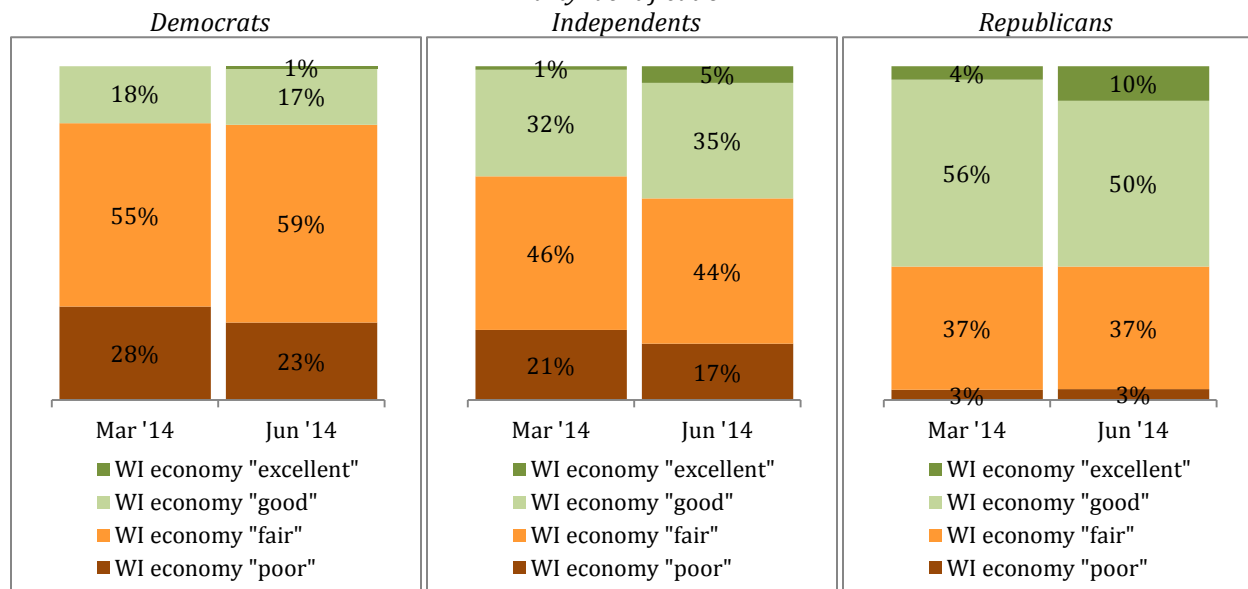
While Wisconsinites continue to express a net negative view of the state’s recent economic performance, this quarter sees the resumption of a two-year-long trend of incrementally increasing optimism. After a slight decrease in economic optimism in Q1, this quarter saw the proportion of residents expressing a positive view of the state economy rise to the highest level we have measured since the inception of this poll in early 2012. Figure 4 shows that 39% of residents currently describe Wisconsin’s recent economic performance as “excellent” or “good,” while about 62% characterize the current state economy as “fair” or “poor.”

Figure 4: Evaluations of Wisconsin’s Current Economy



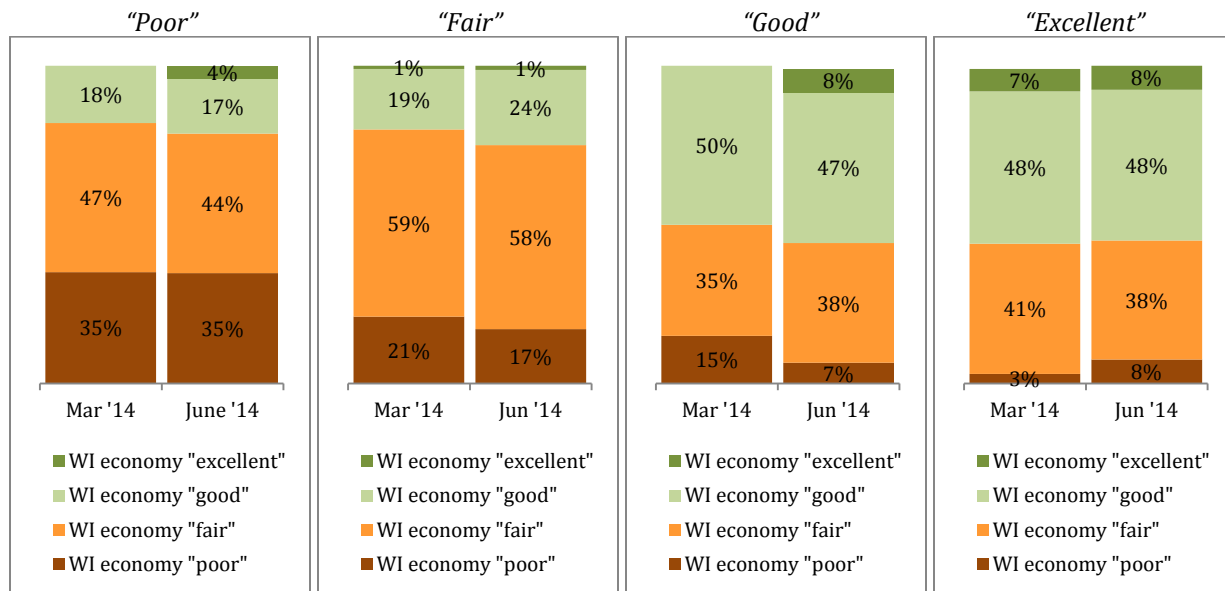
Partisanship continues to be a driving force behind economic evaluations. Figure 5 shows that Democrats continue to overwhelmingly describe the state economy in negative terms; this quarter, 77% characterize recent state economic performance as “fair” or “poor.” Meanwhile, 60% of Republican residents say the state economy is “good” or “excellent.” This relationship has not changed substantially since last quarter. Notably, the proportion of independents expressing a positive evaluation increased to 40%, up from 33% in Q1.

Figure 5: Evaluations of Wisconsin’s Current Economy, by Party Identification



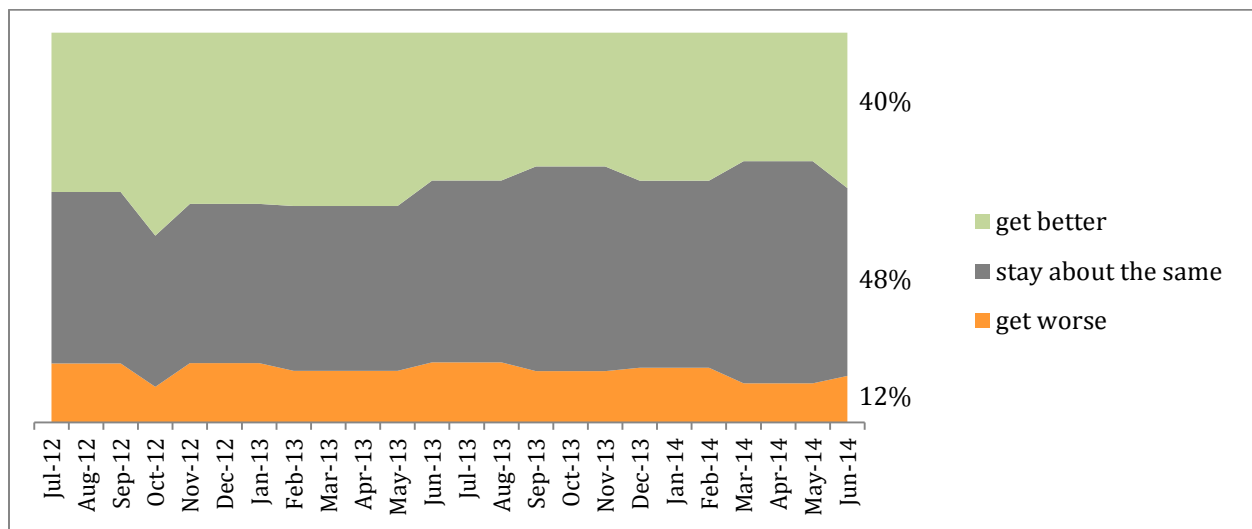
Personal economic situations also continue to exercise a strong pull on the views of the overall state economy. Figure 6 shows that about half of those who say their personal financial situations are “good” or “excellent” are also likely to describe the state economy in favorable terms, while just one in five of those with “poor” or “fair” personal finances express positive views about the state economy.

Figure 6: Evaluations of Wisconsin’s Current Economy, by Personal Financial Situation
Personal Financial Situation:



When it comes to Wisconsin’s future economic performance, those who expect the economy to “get better” over the next year (40%) continue to outnumber those who feel the economy will “get worse” over the same timeframe (12%). The largest proportion of residents (48%) thinks the state economy will “stay about the same.” Figure 7 shows a notable increase in optimism about the state’s future economic performance this quarter.

Figure 7: Expectations Regarding Wisconsin’s Economy over the Next Year



The strong association between what Wisconsin residents think about the future economic performance of the state and the economy they are currently experiencing continues this quarter. Figures 8 and 9 show that those who have strong personal financial situations and those who feel the current state economy is strong are most likely to think things will continue to improve, while those who are struggling and those who feel that Wisconsin's economy is in trouble are most likely to feel that the economy will stagnate or worsen.

Figure 8: Expectations for WI Economy over Next Year, by Personal Financial Situation

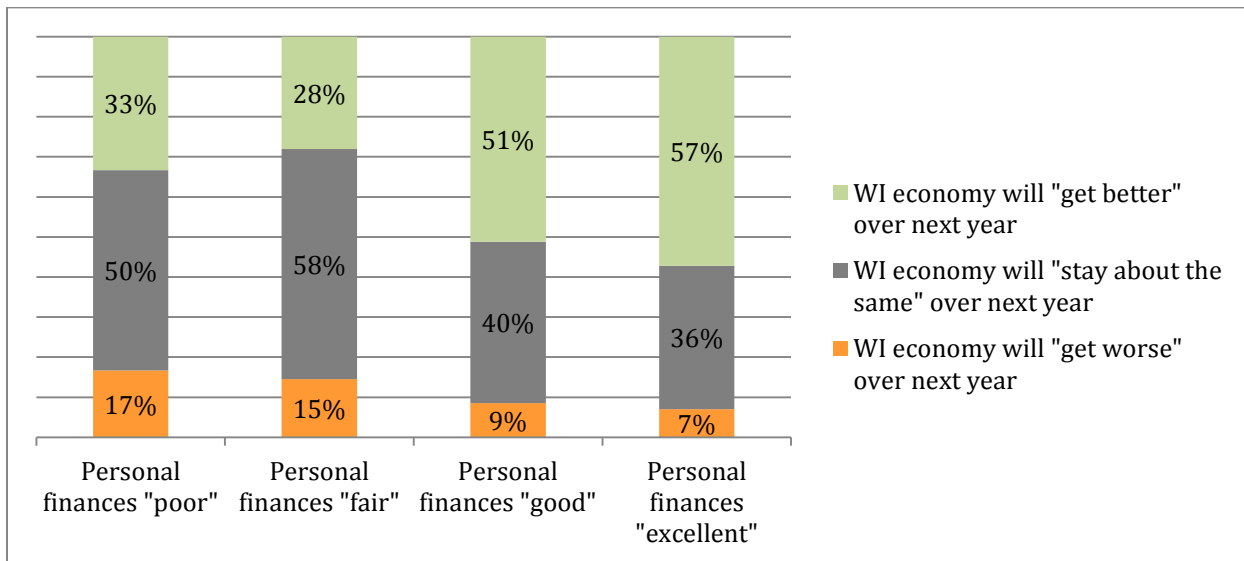
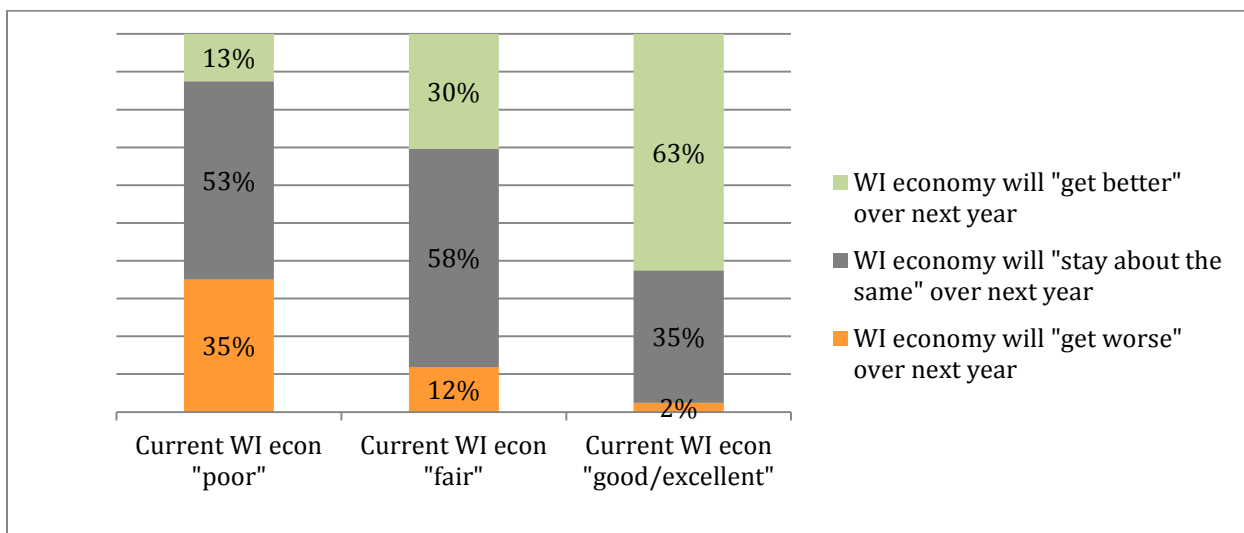


Figure 9: Expectations for WI Economy over Next Year, by Perceptions of Current WI Economy



For the fourth consecutive quarter, residents were asked about their level of satisfaction with the pace of job creation in Wisconsin. After three quarters of relative stability, net opinion regarding job creation has shifted somewhat this quarter. Whereas opinion was closely split for much of the last year, a slight majority (54%) is now satisfied with the pace of job creation in the state. It is notable that intensely dissatisfied residents continue to outnumber intensely satisfied residents by a fairly wide margin (20% to 9%), although this gap has narrowed over the last quarter.

Figure 10: Satisfaction with the Pace of Job Creation in Wisconsin

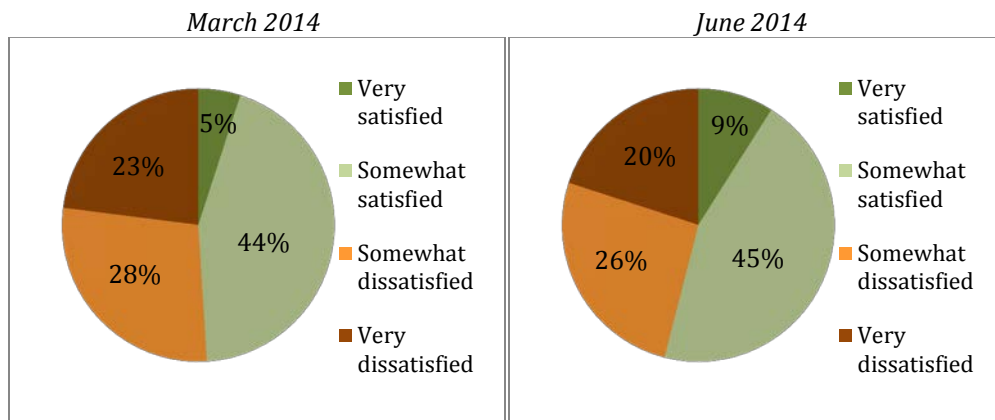
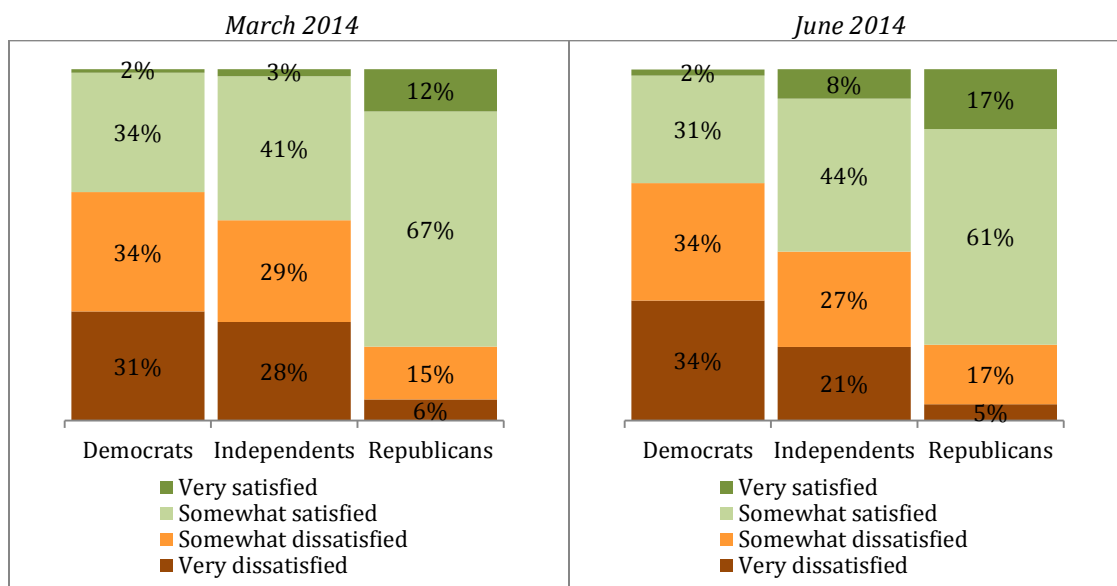


Figure 11 shows that party affiliation strongly influences views on the pace of job creation in the state. Just 33% of Democrats express satisfaction with the pace of job creation in Wisconsin, compared with 68% of Republicans. Meanwhile, opinion among political independents is significantly different than either group of partisans; 54% are satisfied. This is a notable change from Q1, when opinion among Democrats and independents was not significantly different. This shift in opinion among independents is the main driver of change in the aggregate level of satisfaction with the pace of job creation in Wisconsin.

Figure 11: Satisfaction with the Pace of Job Creation in Wisconsin, by Party Identification



PERSONAL FINANCIAL CIRCUMSTANCES

A slim majority of residents continue to describe their financial situations in negative terms; either “fair” (41%) or “poor” (13%). Another 39% call their finances “good,” while just 7% refer to their finances as “excellent.” Figure 12 shows that net evaluations of personal finances have remained relatively stable over the last two years, despite incremental improvements in evaluations of the broader economy over the same time span.

Figure 12: Evaluation of Current Personal Financial Situation

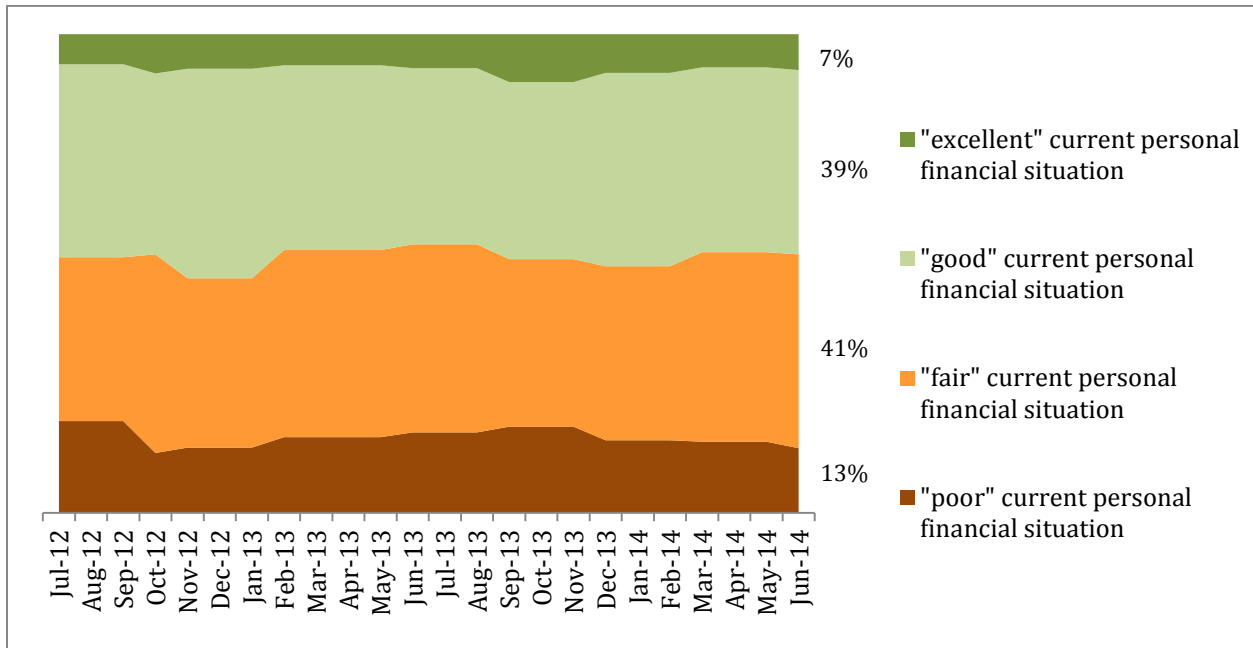
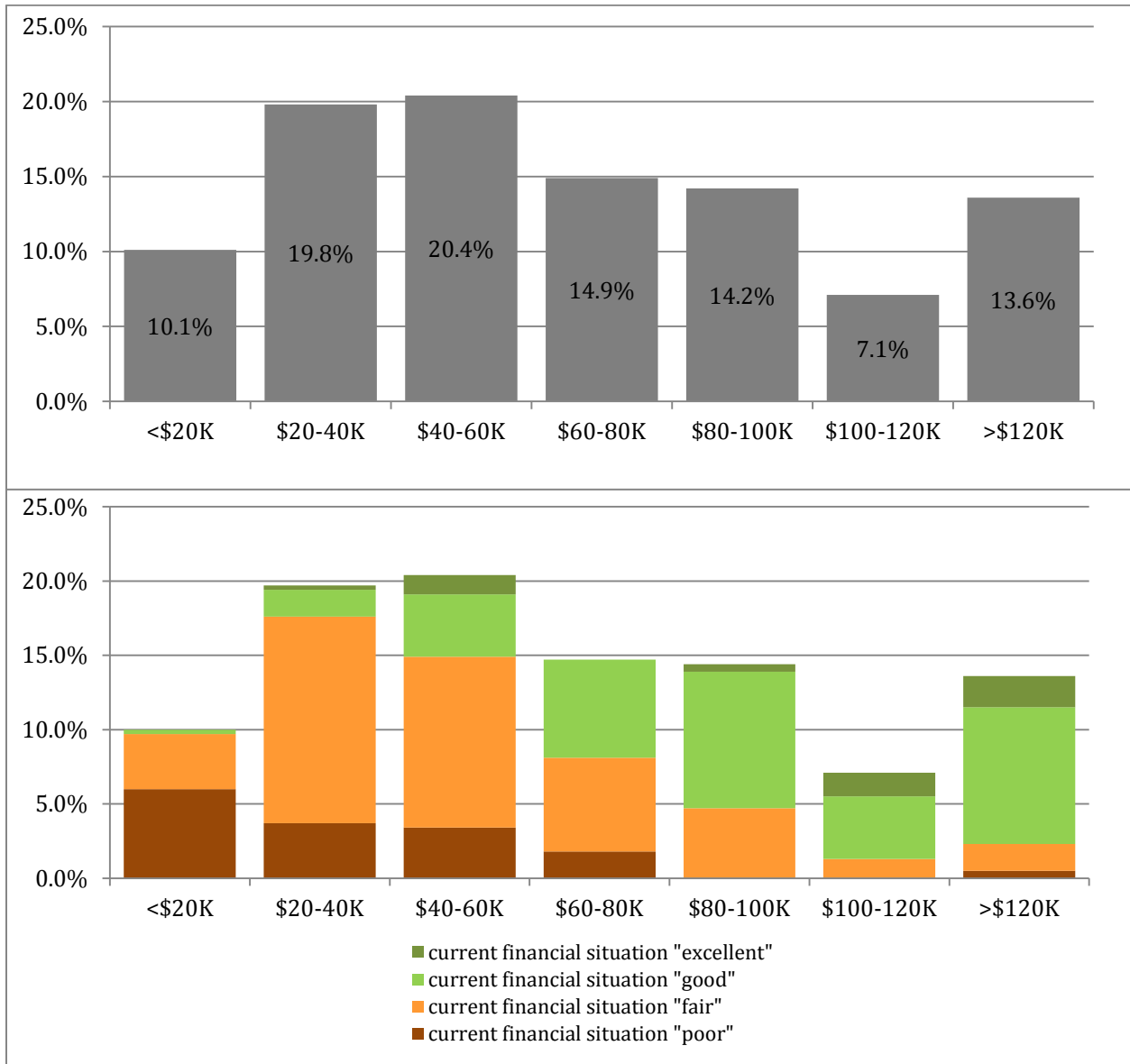


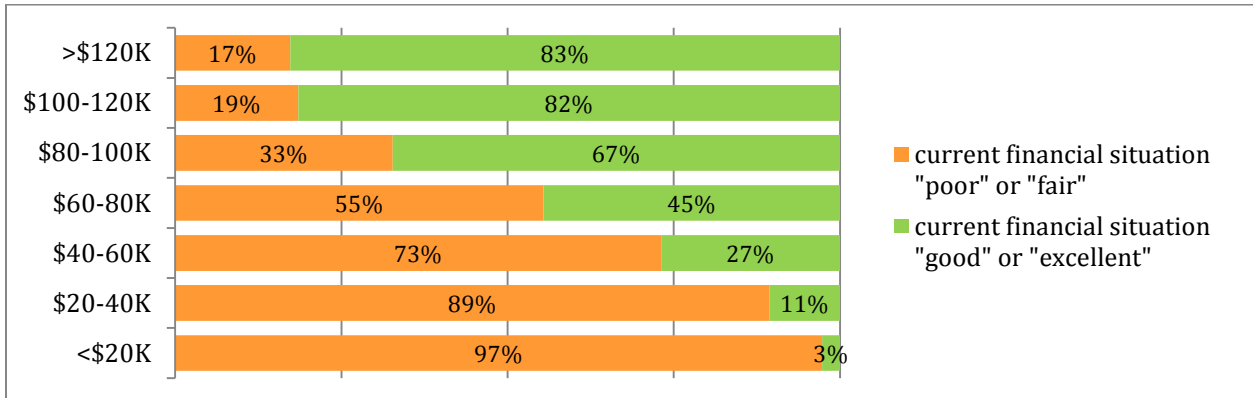
Figure 13 shows the distribution of household income among non-retired Wisconsin residents, as well as how residents in each income category are likely to feel about their respective financial situations. The median working-age Wisconsin resident is likely to live in a household with an annual income between \$40,000 and \$60,000, and is most likely to report that their current financial situation is “fair.”

Figure 13: Self-reported Pre-tax 2013 Household Income (Non-retired persons)



While there is an unsurprisingly strong relationship between financial self-evaluations and household income, notable proportions of residents in relatively high-income households describe their situations in negative terms. While greater household incomes generally yield higher levels of satisfaction, this rule is not absolute and no group is immune from dissatisfaction. Very few Wisconsin residents choose to describe their financial situations as “excellent.” Despite the wide distribution of evaluations within each income category, there are still clear divides in overall levels of satisfaction that correspond with income levels. Figure 14 shows that among non-retired Wisconsin residents, those that live in households making less than \$80,000 in 2013 are very likely to describe their personal financial situations in negative terms. Only those making over \$80,000 have a better-than-even chance of reporting “good” or “excellent” personal financial situations.

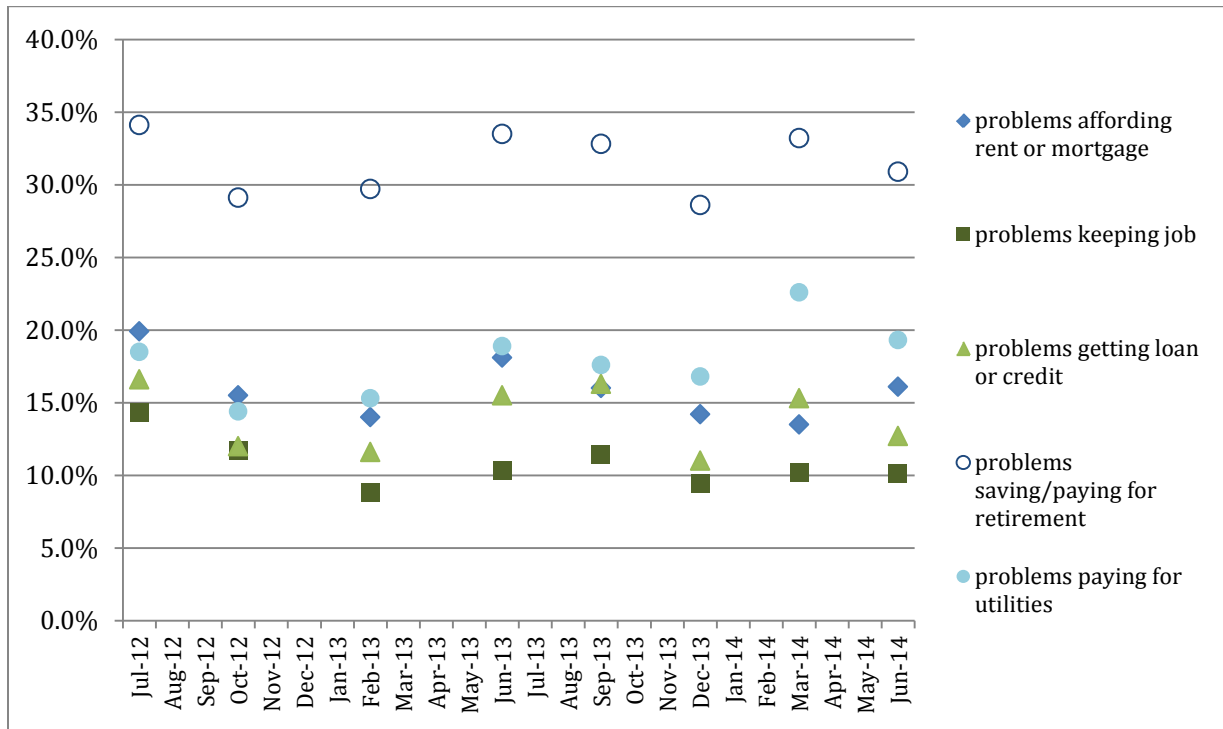
Figure 14: Evaluation of Current Personal Financial Situation, by Household Income (Non-Retired Persons)



Poor evaluations of personal financial situations are most strongly related to unemployed status. A large majority of unemployed residents (69%) report “fair” or “poor” situations. While employed residents fare better, just 44% describe their situations in positive terms. Only retirees are more likely than not to describe their financial situations as “good” or “excellent” (60%).

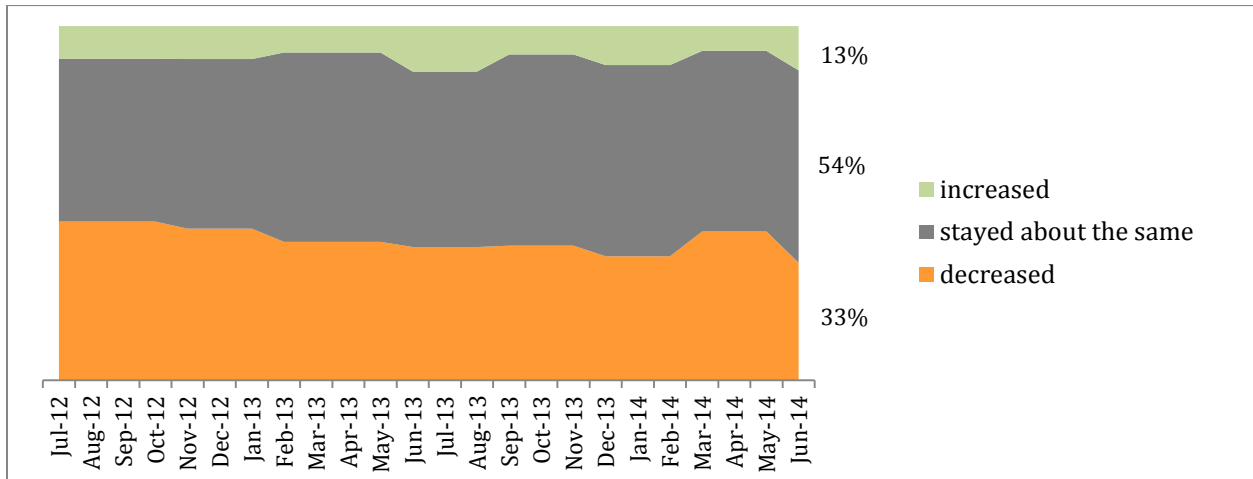
After a winter that saw unusually high reports of recent significant personal financial problems when compared to previous years, the incidence of such problems reported during Q2 of this year has returned to “normal” levels. Figure 15 shows that the proportion of residents reporting recent problems with affording housing and/or utilities, employment, loans or credit, or saving or paying for retirement is comparable to the second quarters of the past two years.

Figure 15: Incidence of Recent Significant Personal Financial Problems



In terms of spending on non-necessities like entertainment, restaurants, and vacations, Wisconsin residents continue to be most likely to report static levels of recent spending; about 54% of residents say spending on non-necessities has stayed about the same over the last six months. While 13% say they have recently increased spending on non-necessities, 33% of residents say they have recently decreased their spending on recreation and entertainment. Figure 16 shows that the proportion of those who report decreased levels of recreational spending has been shrinking incrementally over the much of the last two years.

Figure 16: Spending on Non-Necessities (Entertainment, Restaurants, Vacations) Over the Past Six Months

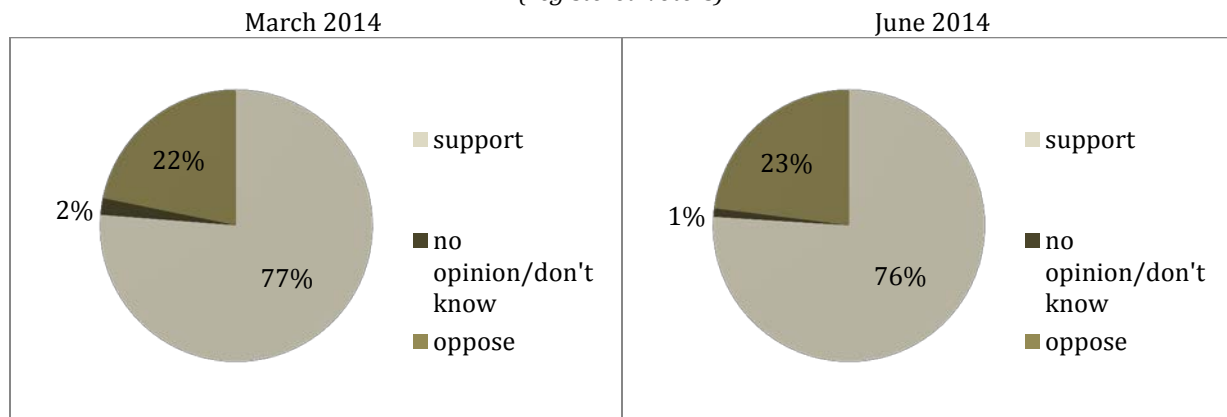


This quarter, respondents were also asked about their planned spending on recreation and entertainment this Summer compared to last Summer. About 51% said they plan on spending about the same amount, while 16% said they plan on spending more and 33% said they plan on spending less.

FEATURE: SUPPORT FOR AN INCREASE IN THE MINIMUM WAGE IN WISCONSIN

Wisconsin is one of 29 states where the minimum wage is set at or below the lowest level allowed by federal law, \$7.25 per hour. Registered voters¹ were asked whether they would support or oppose an increase in the minimum wage in Wisconsin. Figure 18 shows that 76% of registered voters in the state would support a minimum wage hike, while just 23% would oppose such a change. The balance of opinion on this issue has not changed significantly since last quarter.

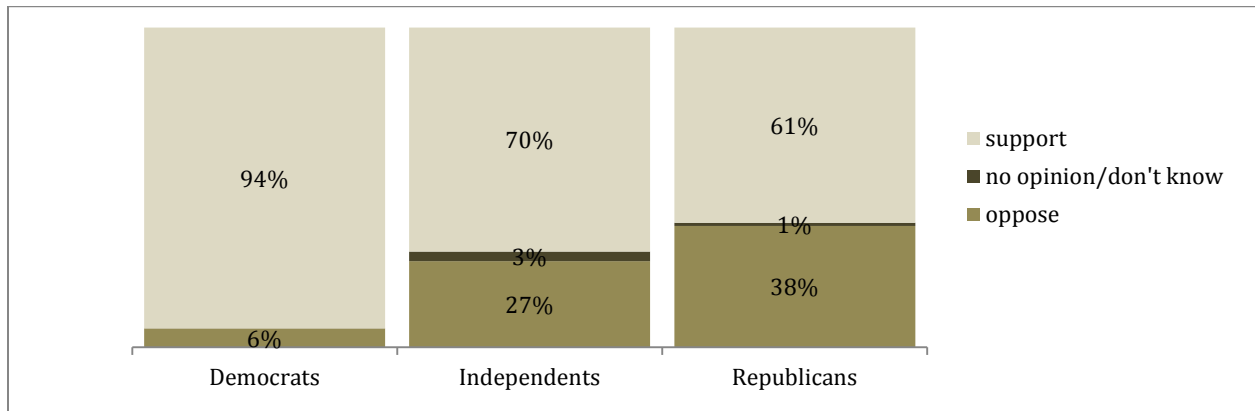
Figure 17: Support for an Increase in the Minimum Wage in Wisconsin (registered voters)



¹ 526 registered voters were interviewed, yielding a margin of error of ±4.3% at the 95% confidence level.

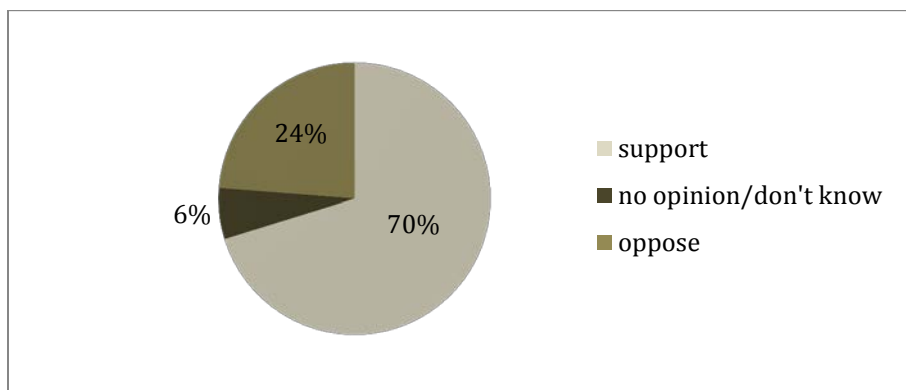
While support for an increase in the minimum wage is slightly lower across selected demographic groups, it never drops below majority support for any given category. Support is highest among women (85%), those in the lowest category of reported household income (84%) and retirees (78%). However, a minimum wage hike still enjoys majority support among men (65%), those in the highest reported income category (67%), and perhaps most notably, those from business-owning households (61%). Figure 18 shows that the prospect of raising the minimum wage in Wisconsin continues to enjoy bipartisan support, with majorities of Democrats, Republicans, and independents all in favor.

Figure 18: Support for an Increase in the Minimum Wage in Wisconsin, by Party Identification (registered voters)



Registered voters were also asked whether they would support or oppose trying future increases in the minimum wage to the rate of inflation. Figure 19 shows that a large majority of Wisconsin voters would back such a proposal; 70% indicated support, while just 24% said they would oppose a minimum wage/inflation rate link.

Figure 19: Support for tying future increases in the state minimum wage to the rate of inflation (registered voters)



Although several state-wide polls have indicated wide support for an increase in Wisconsin's minimum wage, there is still wide disagreement among policymakers as to what an appropriate increase might be. This quarter, we asked Wisconsin voters an open-ended question about the minimum wage. Respondents were informed that the current state minimum wage in Wisconsin is \$7.25 per hour, and then asked the following question:

"In your opinion, what should the minimum wage be in Wisconsin?"

Answers were recorded verbatim. The results are presented visually in Figure 20 in histogram form:

Figure 20: Wisconsin Voter Opinions Regarding the Ideal State Minimum Wage (registered voters)

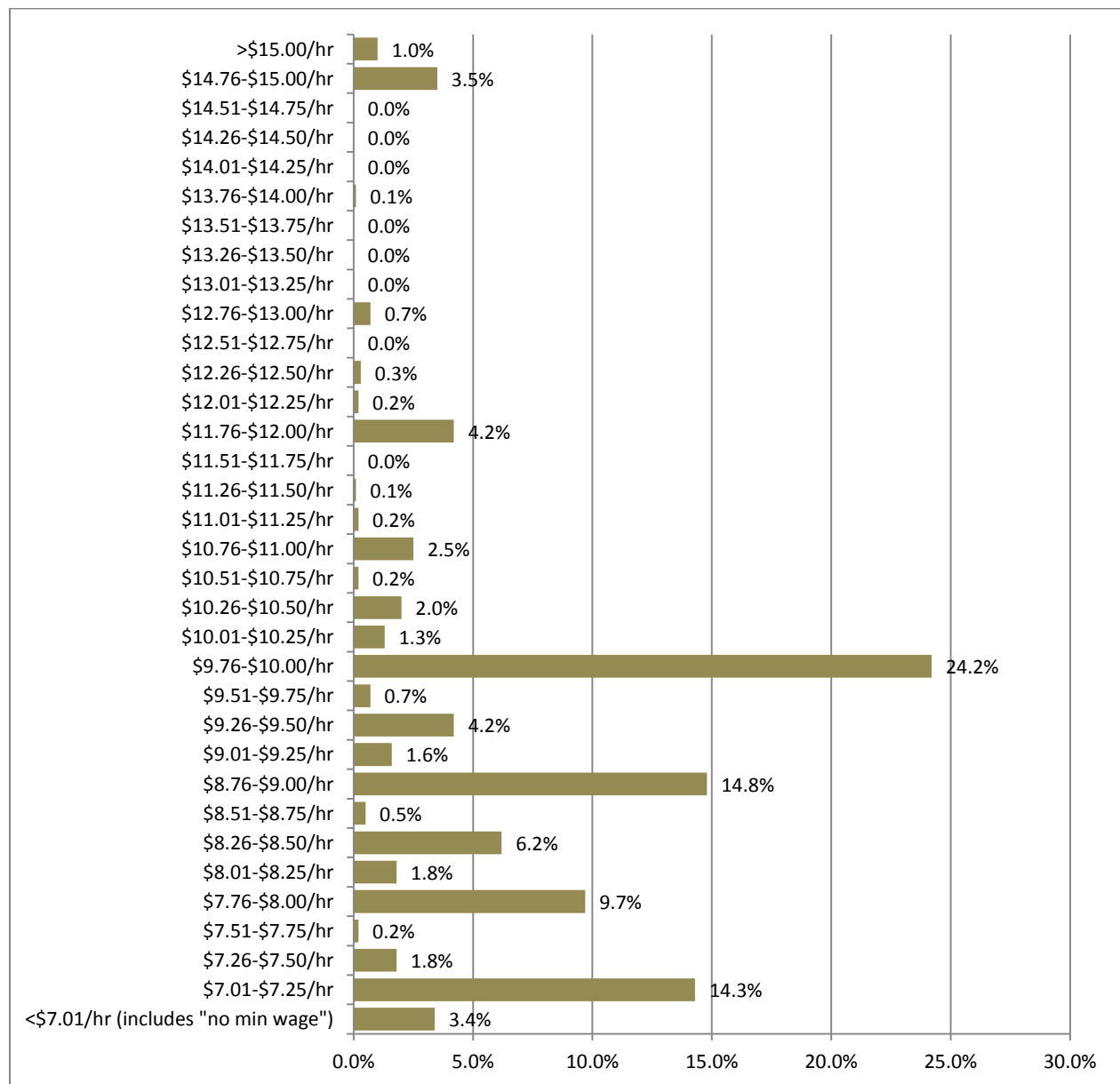


Figure 20 shows that the modal (or most common) category was "\$9.76-\$10.00/hour"; 24.2% of Wisconsin voters gave responses which fell into this category. The median response was \$9.00/hour, while the average

of all responses (including those who said they oppose a minimum wage, which we counted as \$0.00) was \$9.33/hour. Relatively large proportions of respondents chose \$8.00/hour (about 9%) or suggested the minimum wage should stay where it is currently set (about 14%). Only 3% gave a response indicating opposition to a government-set minimum wage, and just 1% of voters said they wanted a minimum wage higher than \$15.00/hour.

Interestingly, the proportion of voters who indicated a preference for keeping the minimum wage at its current level or lower (about 18%) is substantially smaller than the proportion of voters who voiced opposition to raising the minimum wage in response to the prior closed-ended question (23%). This discrepancy suggests that some who oppose raising the minimum wage do so because they believe it is likely that any likely minimum wage increase will exceed their ideal minimum wage level, but actually do feel it should be slightly higher than \$7.25/hour.

There are striking differences in the pattern of responses to this open-ended question on the minimum wage across political and demographic subgroups of Wisconsin voters. Figure 21 shows the different distributions of responses across political groups. (The popularity of each individual response is represented by the area of the circle centered on its respective dollar amount.)

Figure 20: Wisconsin Voter Opinions Regarding the Ideal State Minimum Wage, by Party Identification (registered voters)

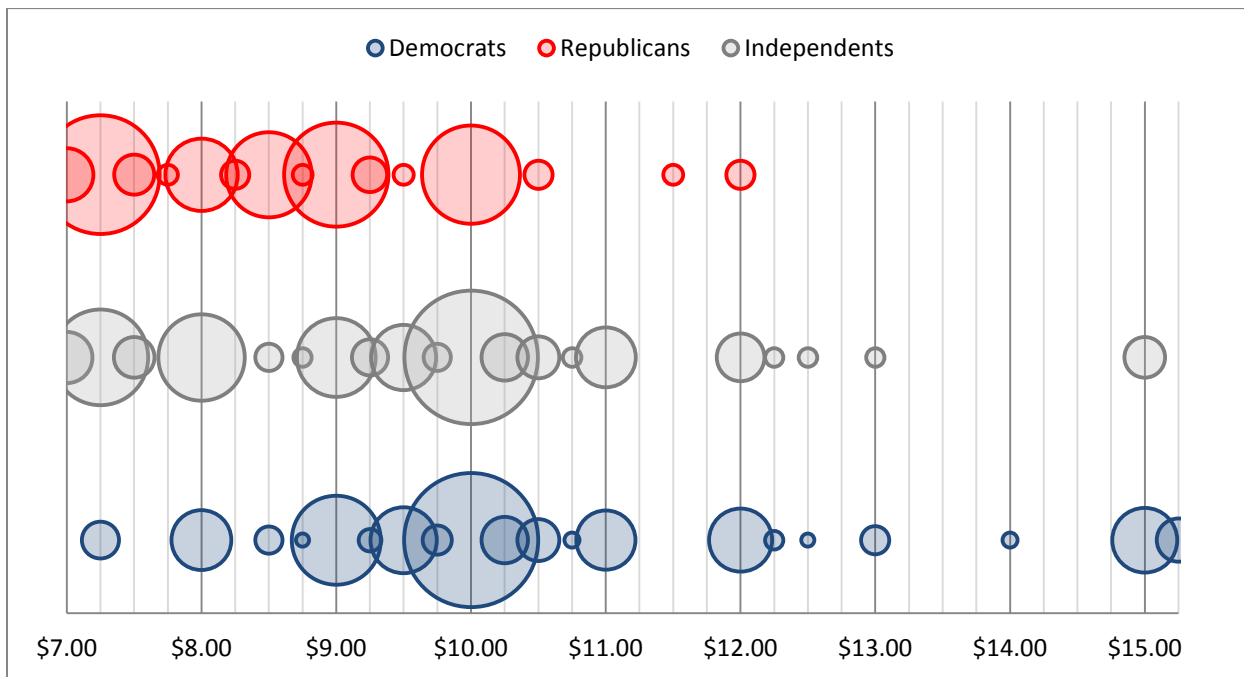


Figure 20 shows that the most common ideal minimum wage among Democrats and independents alike is \$10.00/hour, while the most common ideal minimum wage among Republicans is the current rate of \$7.25/hour. However, the vast majority of each group prefers an increase in the minimum wage; the median response for all three groups is \$9.00/hour, and even among Republicans a substantial proportion prefer a minimum wage of \$10.00/hour. While maintaining the current rate has some support among political independents, the overall distribution of their preferences is much more closely aligned to that of Democrats than to that of Republicans on this issue.

Other notable differences in how preferences regarding the minimum wage are distributed are centered on demographic factors like sex, income, and business ownership. While the most common response for both

men and women was \$10.00/hour and the median response for both groups was \$9.00/hour, over 20% of men indicated a preference for keeping the minimum wage at \$7.25, compared to just 9% of women. Non-retired respondents from households making under \$40,000/year most commonly preferred a rate of \$10.00/hour, while those in the \$40-\$80,000/year range were most likely to say \$9.00/hour and those with household incomes over \$80,000/year were most likely to prefer the current minimum wage of \$7.25/hour. The most common response by those from business-owning households was a preference for no increase in the minimum wage (although most favored a higher rate), while the most common response from non-business-owning households was \$10.00/hour.

FEATURE: PREFERENCES REGARDING THE PROJECTED TRANSPORTATION FUND SHORTFALL

Registered voters were asked about their preferences regarding several possible solutions that could be used to address a large projected shortfall in the state transportation fund. While a series of questions aimed at measuring support for specific proposals last year revealed wide opposition to every proposal, follow-up questions aimed at uncovering most- and least-preferred options produced results that may provide guidance to policymakers. This quarter, we repeat those questions in order to examine possible shifts in opinion.

First, respondents were asked to state their preference from among four options; tax and user fee increases, delaying major road construction projects, introducing toll roads, and borrowing money. Figure 21 shows that since this time last year, aggregate preference for delaying major road construction projects has decreased to the point where it is no longer clearly the top choice; although introduction of toll roads has pulled ahead, there is not a statistically significant difference between their current popularity as preferred solutions. Tax and user fee increases remain in third-most-preferred option, followed by borrowing money (which has become even less popular over the last year).

Figure 21: Most-Preferred Options for Addressing the Projected Transportation Fund Shortfall (2013 vs. 2014 comparison, registered voters)

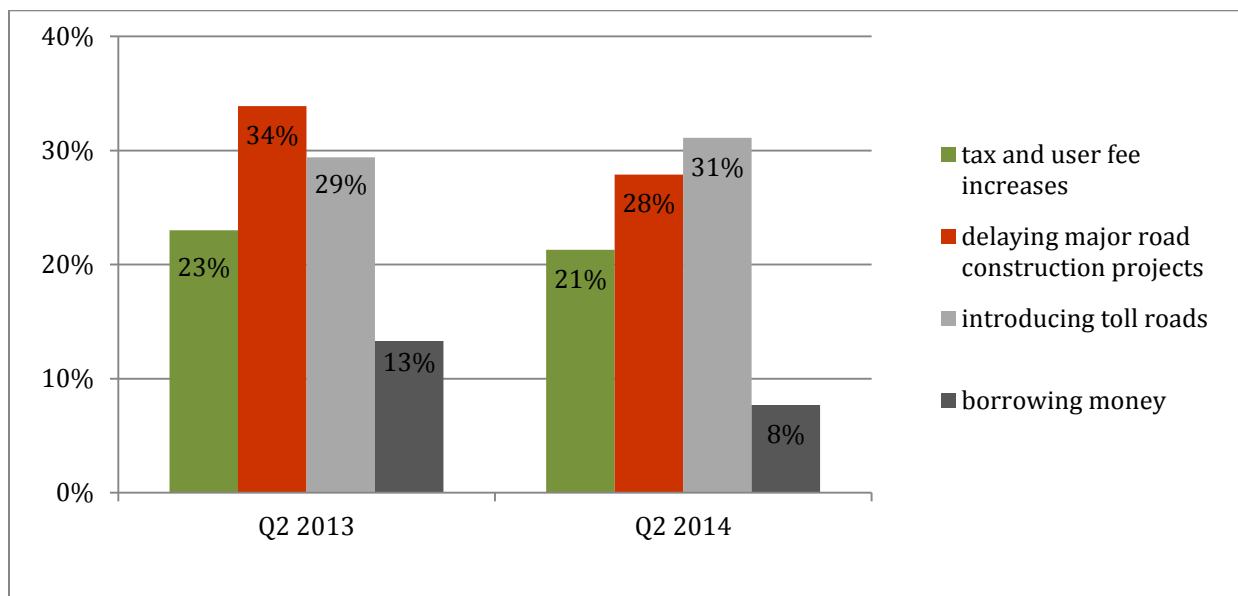
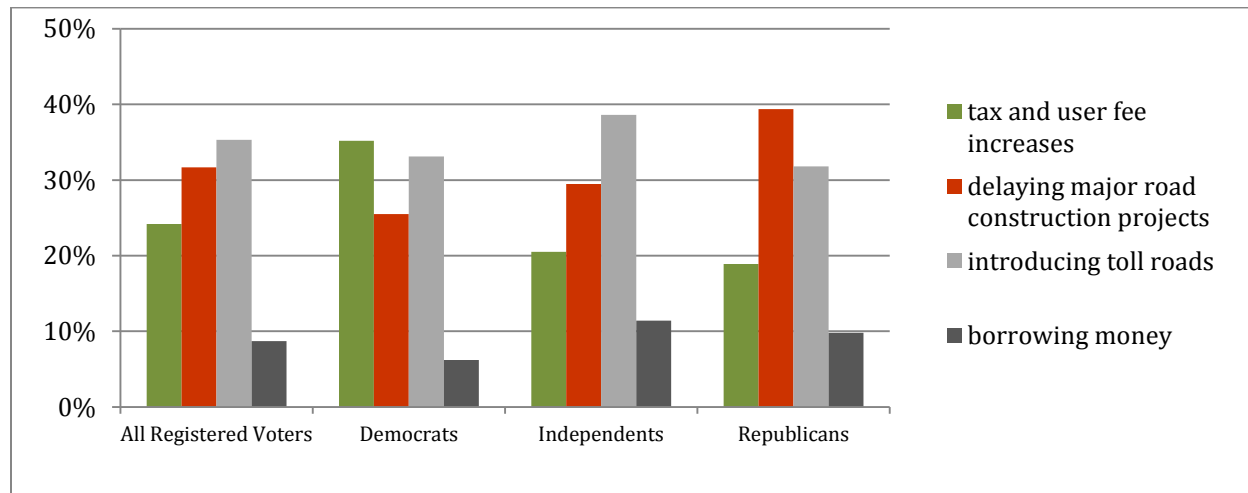


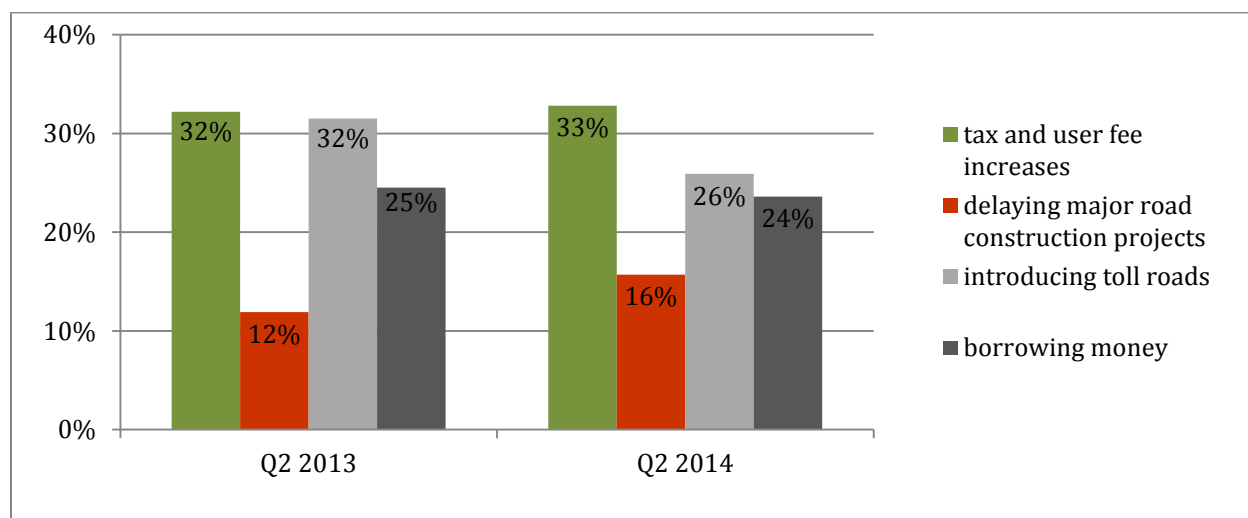
Figure 22 shows the breakdown of preferences across political groups. Among Democrats, tax and user fee increases and toll roads are about equally preferred, while political independents express a clear preference for the introduction of toll roads over other choices and Republicans prefer delaying major road construction projects as a solution to the projected transportation fund shortfall. Borrowing money is preferred only by small minorities of each group.

Figure 22: Most-Preferred Options for Addressing the Projected Transportation Fund Shortfall, by Party (2013 vs. 2014 comparison, registered voters)



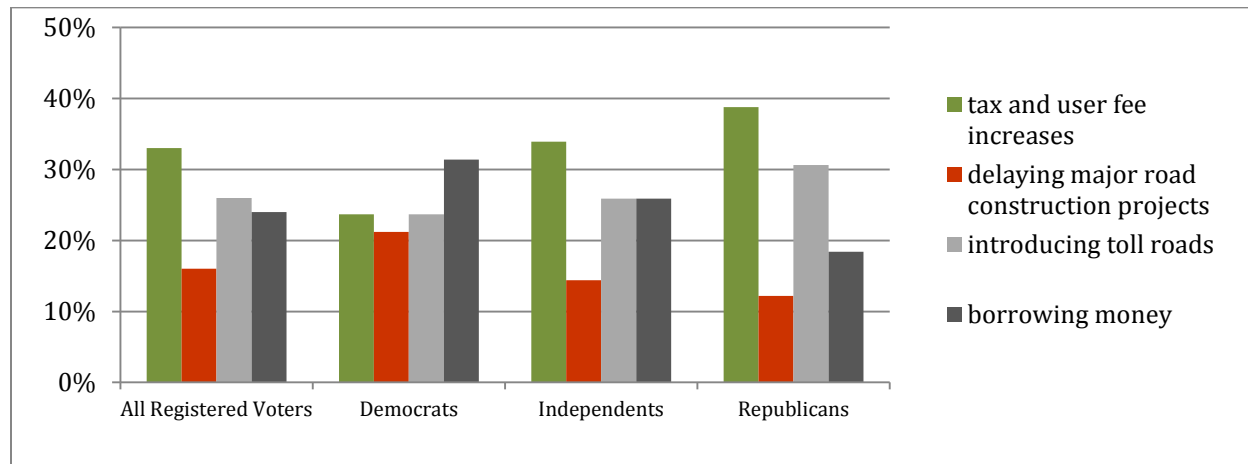
Next voters were asked to identify their least-preferred option for dealing with the projected transportation fund shortfall. While tax/user fee increases and toll roads were tied for most-disliked option in 2013, Figure 23 shows that toll roads have become more palatable over the last year; now, tax/user fee increases stand alone as the most-disliked option. Delaying major road construction projects remains the least-offensive of the proposed options.

Figure 23: Most-Preferred Options for Addressing the Projected Transportation Fund Shortfall (2013 vs. 2014 comparison, registered voters)



Opinions differ widely across partisan groups when it comes to the least-preferred option for dealing with the projected transportation fund shortfall. Figure 24 shows that Democrats find borrowing money to be the least palatable option, while independents and Republicans dislike tax/user fee hikes most intensely. Interestingly, toll road introduction is either second-most-toxic or tied for second-most-toxic across all groups. It appears that toll roads are the option most likely to create polarized opinions.

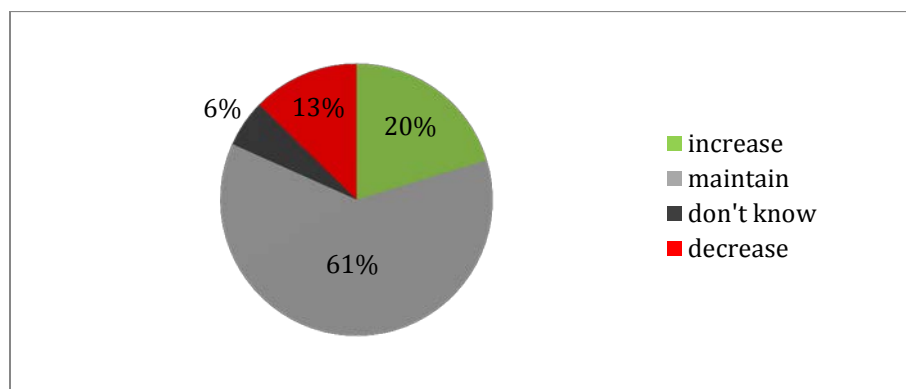
Figure 24: Most-Preferred Options for Addressing the Projected Transportation Fund Shortfall, by Party (2013 vs. 2014 comparison, registered voters)



FEATURE: SUPPORT FOR INCREASED SPENDING ON TOURISM ADVERTISING

In 2013, Wisconsin spent about \$15 million dollars on advertising intended to increase tourism, similar to what was spent by Michigan and Minnesota but less than half of what was spent by Illinois. Following a critically-acclaimed television advertising campaign featuring actors from the movie *Airplane* touting Wisconsin as a tourist destination, state voters were asked about their preferences when it comes to spending on advertising intended to bring tourism dollars into the state. Figure 25 shows that the majority of Wisconsin voters (61%) prefer that the state maintain its current levels of spending on tourism advertising. Just 20% support increased spending in this area, while 13% feel spending on tourism advertising should be reduced.

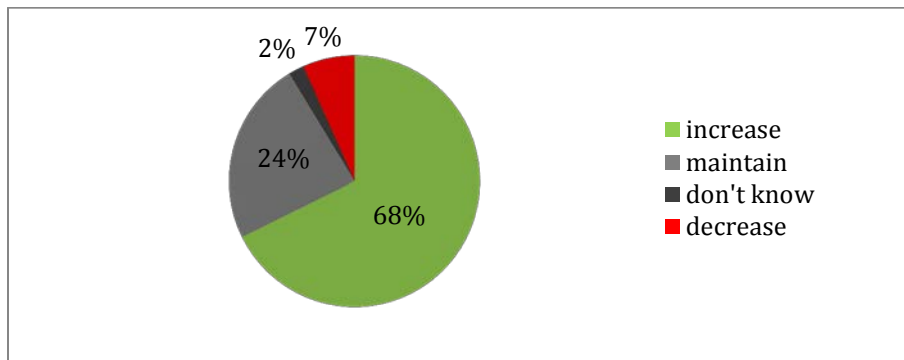
Figure 25: Preferences Regarding Spending on Tourism Advertising (registered voters)



FEATURE: VIEWS ON DEVELOPMENT OF RENEWABLE ENERGY SOURCES

Currently, about 9% of electrical energy sold in Wisconsin comes from renewable sources. A recent Public Service Commission report concluded the state will meet its goal of having 10% of its energy come from renewable sources by next year. Registered voters were asked whether they think the state should increase, decrease, or maintain its efforts to incorporate more renewable energy. Figure 26 shows that there is broad support for increasing development of renewable energy sources in Wisconsin; 68% feel more effort should be aimed at renewable energy incorporation, while 24% are satisfied with current efforts. Just 7% feel current efforts to incorporate more renewable energy are too much.

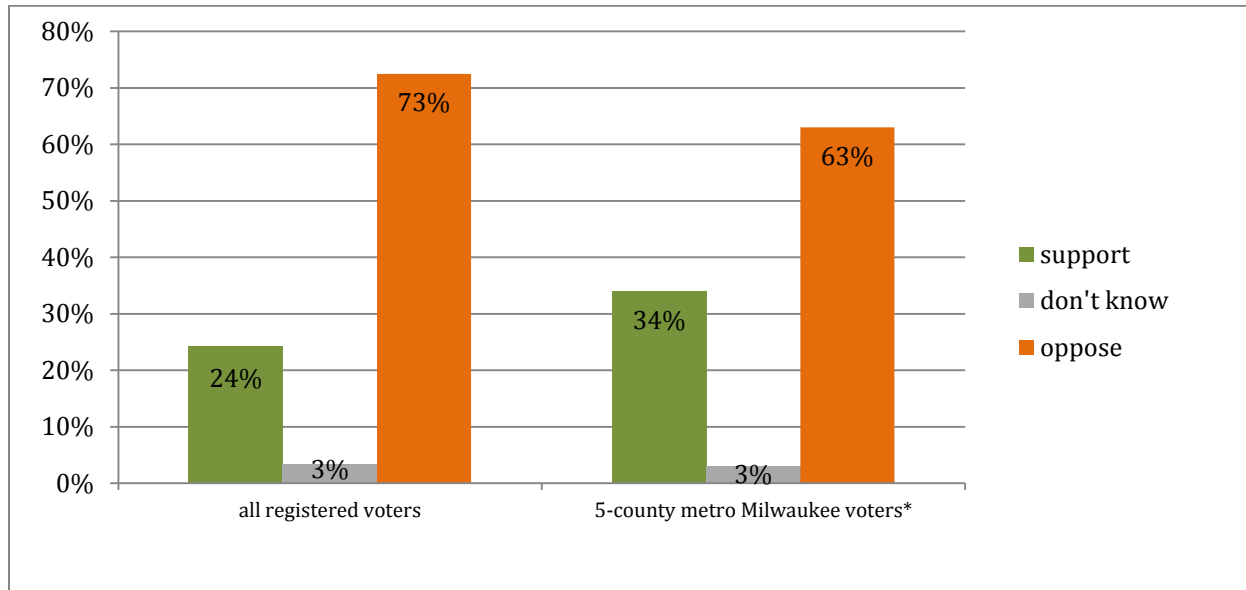
Figure 26: Should the State Increase, Decrease, or Maintain Current Efforts to Incorporate More Renewable Energy? (registered voters)



FEATURE: SUPPORT FOR DEVELOPMENT RELATED TO A NEW MILWAUKEE BUCKS ARENA

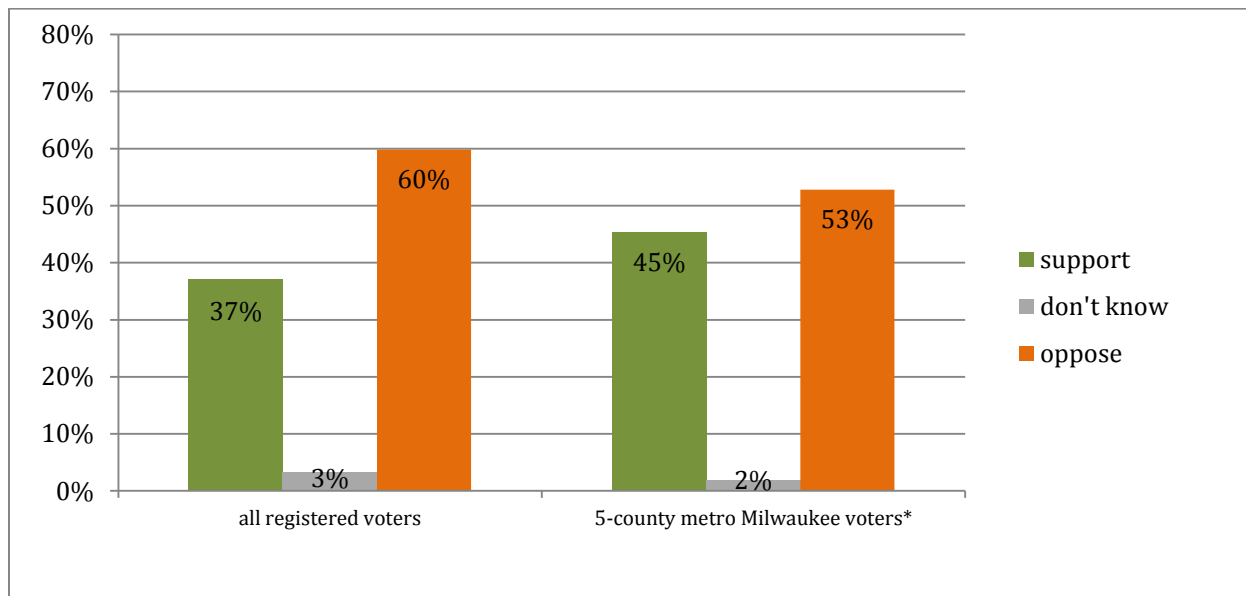
Recently, ownership of the Milwaukee Bucks NBA franchise changed hands in a deal that should generate at least some private funding for a new arena. However, past polling indicates low levels of support for contributing public funding for such a project. Wisconsin voters were asked about how they feel regarding contribution of any public funds towards development of both a new arena for the Bucks, as well as development of associated infrastructure such as roads or parking structures. Figure 27 shows that Wisconsin voters broadly and Milwaukee-area voters specifically oppose spending of public money on a Bucks arena. Figure 28 shows that voters statewide also oppose spending public funds on infrastructure projects related to a new stadium, but that Milwaukee-area voters are nearly split on such spending (although opponents outnumber supporters in our sample, the difference is within the margin of error).

Figure 27: Support for Spending State Funds on Development of a New Arena for the Milwaukee Bucks (registered voters)



*Milwaukee, Ozaukee, Racine, Washington, Waukesha Counties. N = 162, margin of error = ±7.7%

Figure 28: Support for Spending State Funds on Development of Infrastructure Associated with a New Arena for the Milwaukee Bucks (registered voters)



*Milwaukee, Ozaukee, Racine, Washington, Waukesha Counties. N = 162, margin of error = ±7.7%