

RESEARCH BRIEF Q1 2014

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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.



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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 Q1 2014 *Wisconsin Economic Scorecard* was a random digit dial (RDD) landline/mobile telephone survey of 453 Wisconsin residents, conducted by the CUIR Survey Center at the University of Wisconsin—Milwaukee from March 3-7. The sampling margin of error was $\pm 4.6\%$ at the 95% confidence level.

MAJOR FINDINGS:

- Over three-quarters (77%) of Wisconsin registered voters¹ support an increase in Wisconsin's minimum wage. A state minimum wage hike continues to enjoy support from bipartisan majorities as well as from a majority of voters from business-owning households.
- The proposed Menominee tribal casino in Kenosha continues to enjoy the support of a majority of registered voters; 52% say the governor should approve the casino, while 34% feel he should block it. Support is highest among relatively younger residents.
- When it comes to legalizing and taxing the sale of marijuana in the state, Wisconsin voters are split (50% in favor/47% opposed).
- A majority of voters (60%) would oppose expanding and increasing state sales taxes in order to eliminate the need for a state income tax, while 33% would favor such changes.
- While 57% of Wisconsin residents say the state is "headed in the right direction," just 34% describe Wisconsin's recent economic performance in positive terms.
- After eight consecutive quarters of incremental improvements, indicators measuring satisfaction with the state economy and consumer spending on recreation and entertainment worsened this quarter.
- Regarding the pace of job creation in the state, 49% of residents express satisfaction, while 51% say they are dissatisfied. About 23% say they are "very dissatisfied," compared to 5% who say they are "very satisfied."

¹ N=407, margin of error = $\pm 4.9\%$

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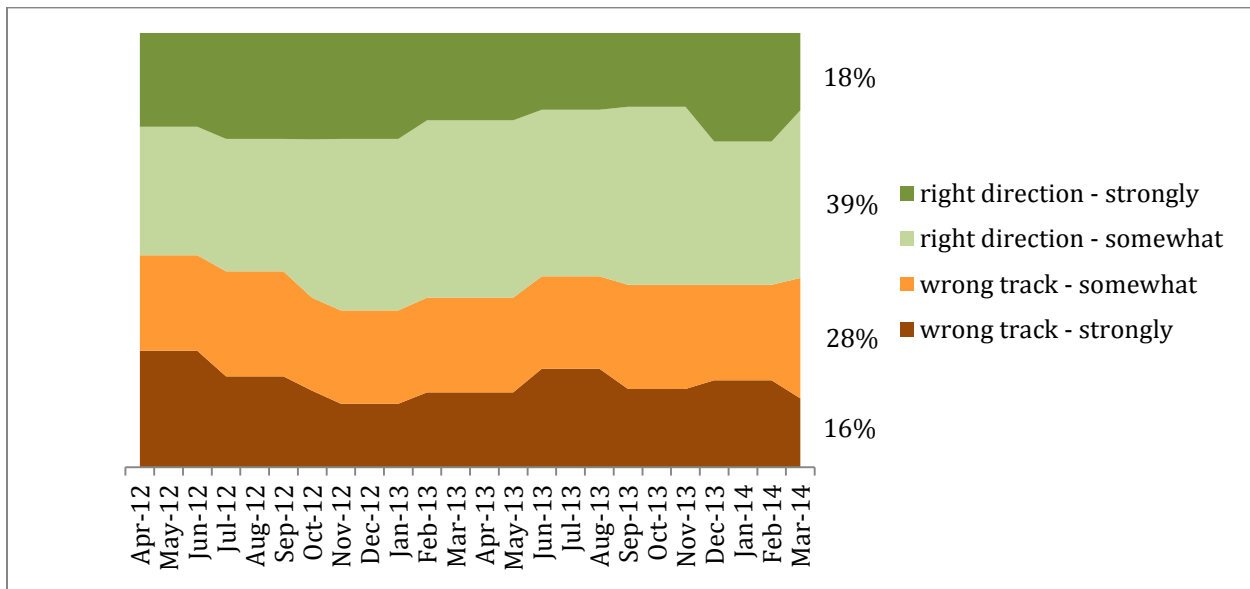
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THE DIRECTION OF THE STATE

Aggregate opinion regarding the overall direction of the state remained relatively constant throughout 2013, and this stability continues through the first quarter of 2014. Figure 1 shows that the proportion of residents expressing the view that the state is “headed in the right direction” (about 57%) has not changed significantly over the last four quarters. However, the intensity of opinion on the matter has faded somewhat since last quarter; while 25% said the state was headed “*strongly* in the right direction” in December, just 18% express that feeling now, and the proportion of residents saying the state is “*strongly* on the wrong track” dropped from 20% to 16% over the same time period.

Figure 1: Perceived Direction of the State of Wisconsin



The decrease in intensity of opinion regarding the direction of the state over the last quarter is attributable to small but significant shifts among partisans. Figure 2 shows that the proportion of Democrats expressing the view that the state is “*strongly* on the wrong track” has decreased from 35% to 25% since December, while the proportion of Republicans willing to describe Wisconsin as headed “*strongly* in the right direction” has dropped from 52% to 38% over the same span. However, even after taking this depolarization into account, party affiliation remains the strongest predictor of opinion about the overall direction of the state. While political independents remain split on the issue, 88% of Republicans express optimism about the direction of the state, while just 38% of Democrats express a positive view.

Opinions about the direction of the state are also strongly linked with personal economic circumstances. About 71% of those who describe their personal financial situation as “poor” also say the state is “on the wrong track,” but that proportion decreases to 46% among those with “fair” finances and 30% among those with “good” finances. Figure 3 shows that this relationship is largely unchanged since last quarter.

Partisanship and personal economic factors continue to exercise strong yet *independent* influences on opinion about Wisconsin’s overall direction. Republicans are 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 are doing well, even when they share party labels.

Figure 2: Perceived Direction of the State of Wisconsin, by Party Identification

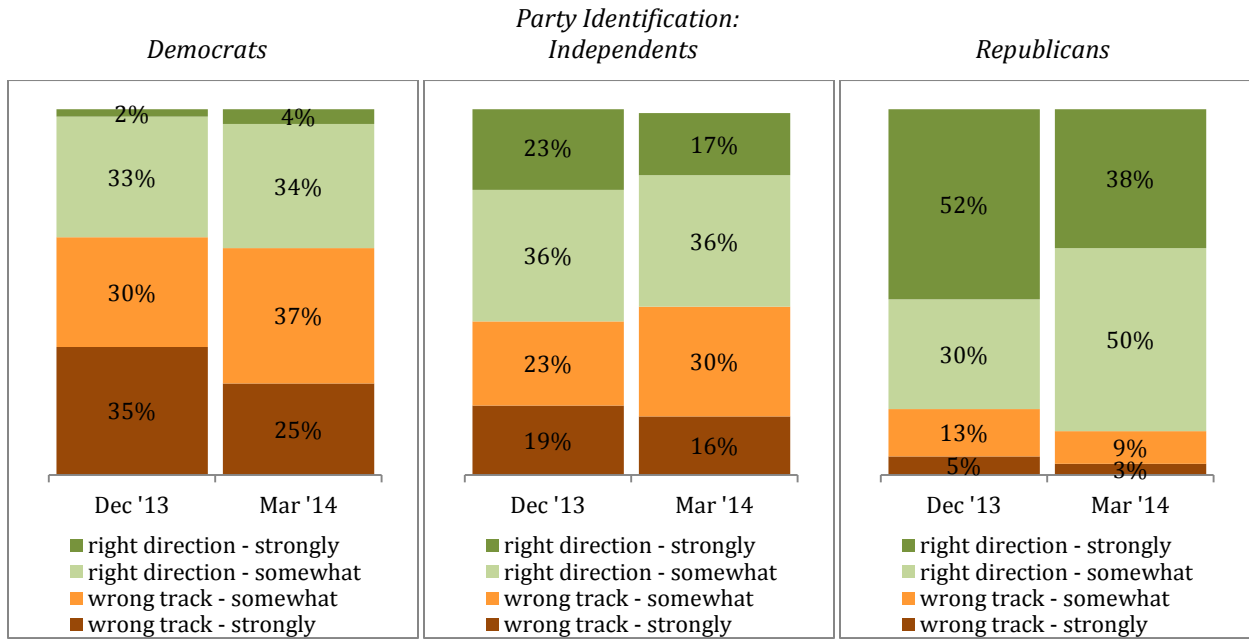
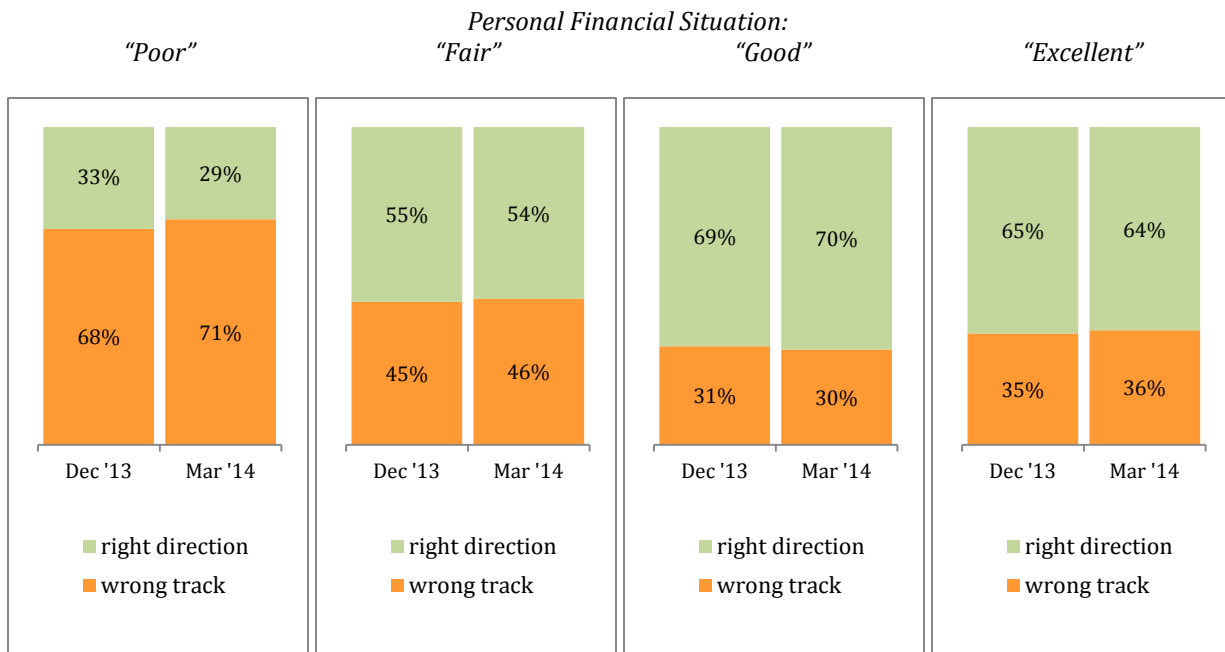


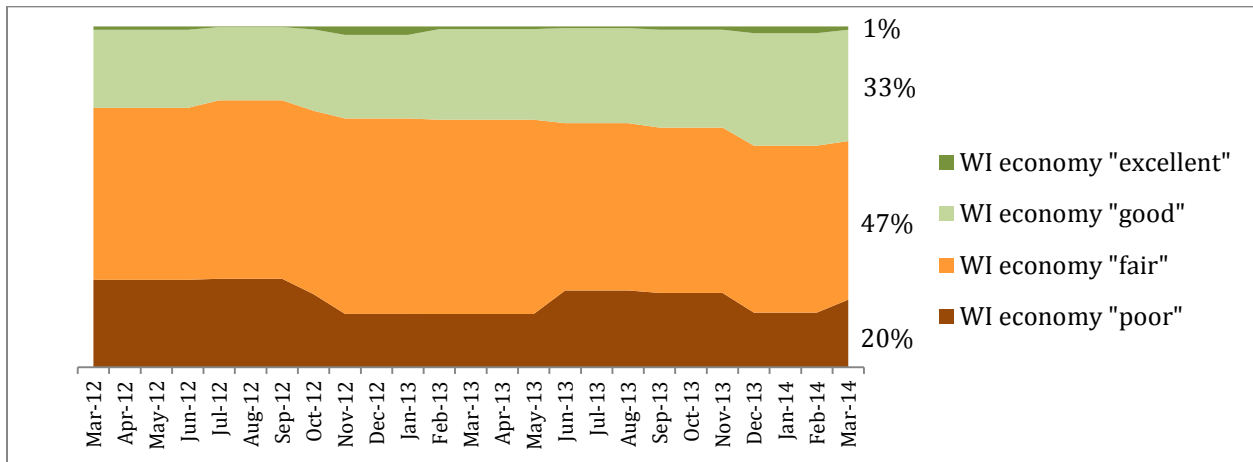
Figure 3: Perceived Direction of the State of Wisconsin, by Personal Financial Situation



THE CURRENT WISCONSIN ECONOMY

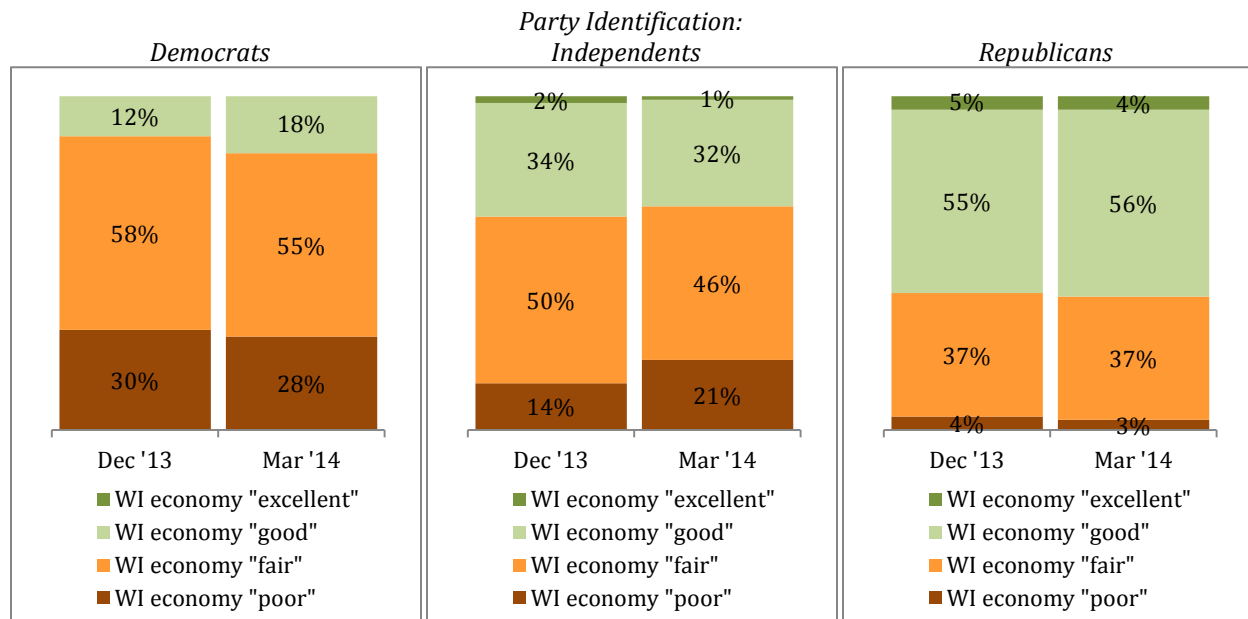
While Wisconsinites remain likely to express optimism about the overall direction of the state, residents continue to express a net negative view of the state's recent economic performance. This quarter shows a slight increase in economic pessimism, reversing a nearly two-year trend of incrementally increasing optimism. Figure 4 shows that the proportion of residents who say the state economy is "poor" increased from 16% to 20% over the last quarter.

Figure 4: Evaluations of Wisconsin's Current Economy



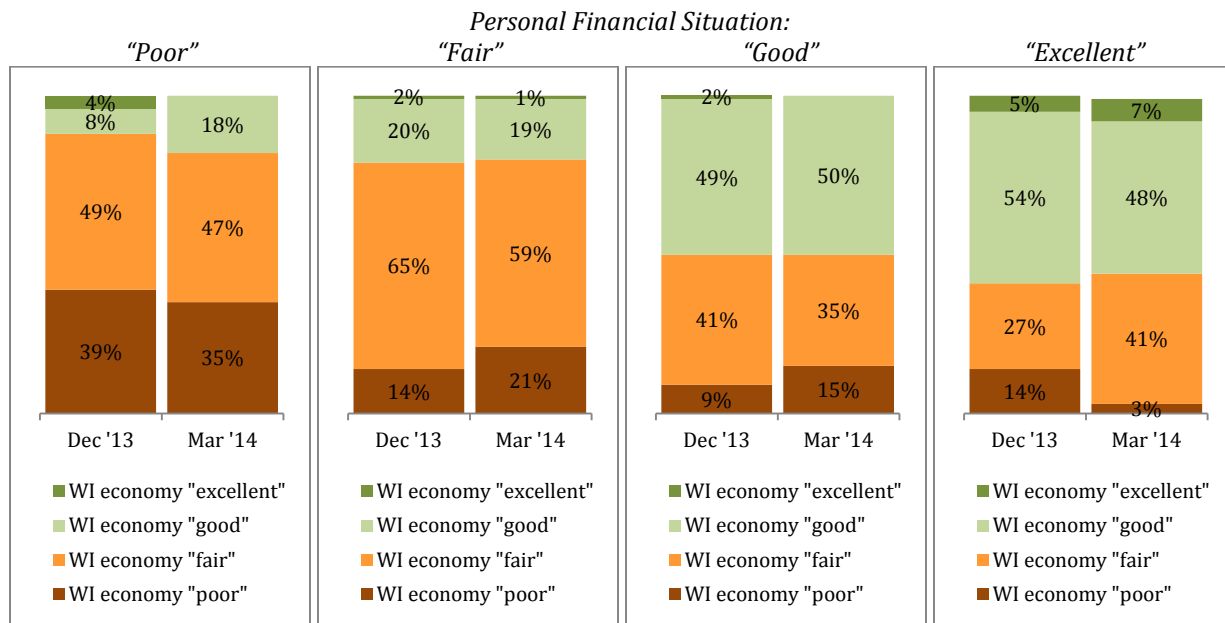
Partisanship continues to be a driving force behind economic evaluations. Figure 5 shows that Democrats continue to overwhelmingly describe the state economy in negative terms; this quarter, 82% characterize recent state economic performance as "fair" or "poor." Meanwhile, 60% of Republican residents say the state economy is "good" or "excellent." This relationship has not changed substantially since last quarter.

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



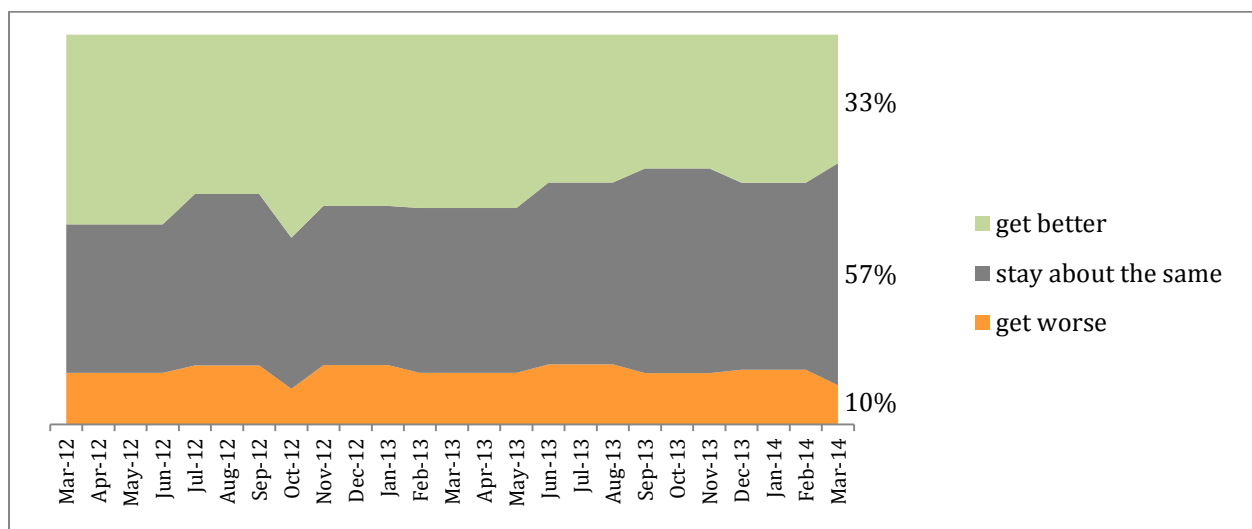
Personal economic situations also continue to exercise a strong pull on the views of the overall state economy. Figure 6 shows that about half of those who say their personal financial situations are “good” or “excellent” are also likely to describe the state economy in favorable terms, while just one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



When it comes to Wisconsin’s future economic performance, those who expect the economy to “get better” over the next year (33%) continue to outnumber those who feel the economy will “get worse” over the same timeframe (10%). Most residents (57%) think the state economy will “stay about the same.” Figure 7 shows that the proportion of residents expressing this view has increased steadily since late 2012.

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

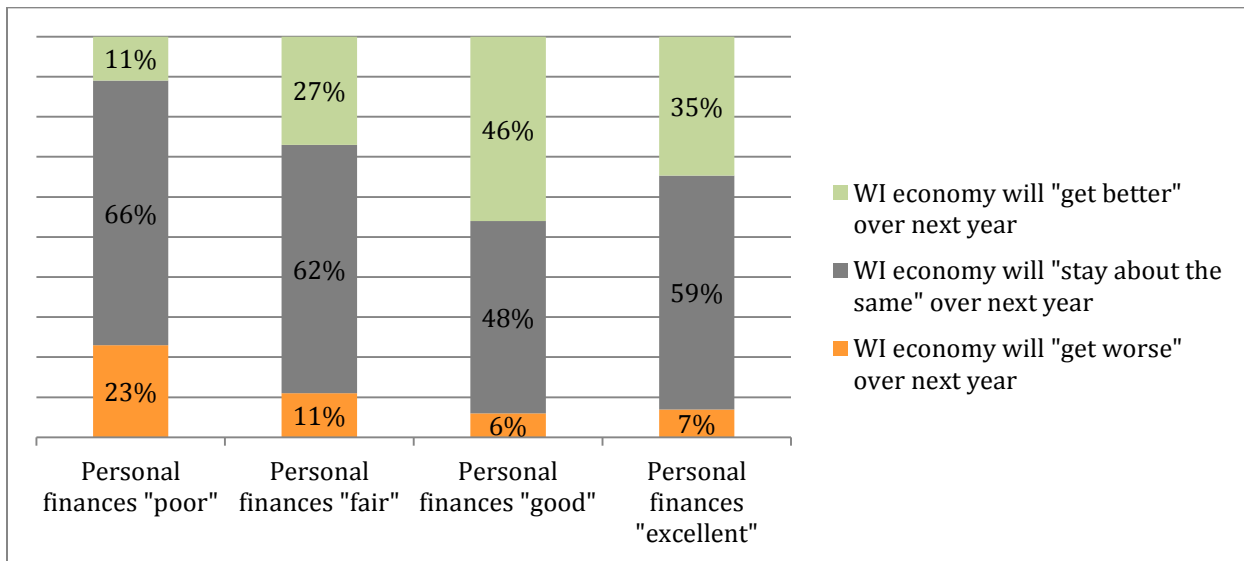
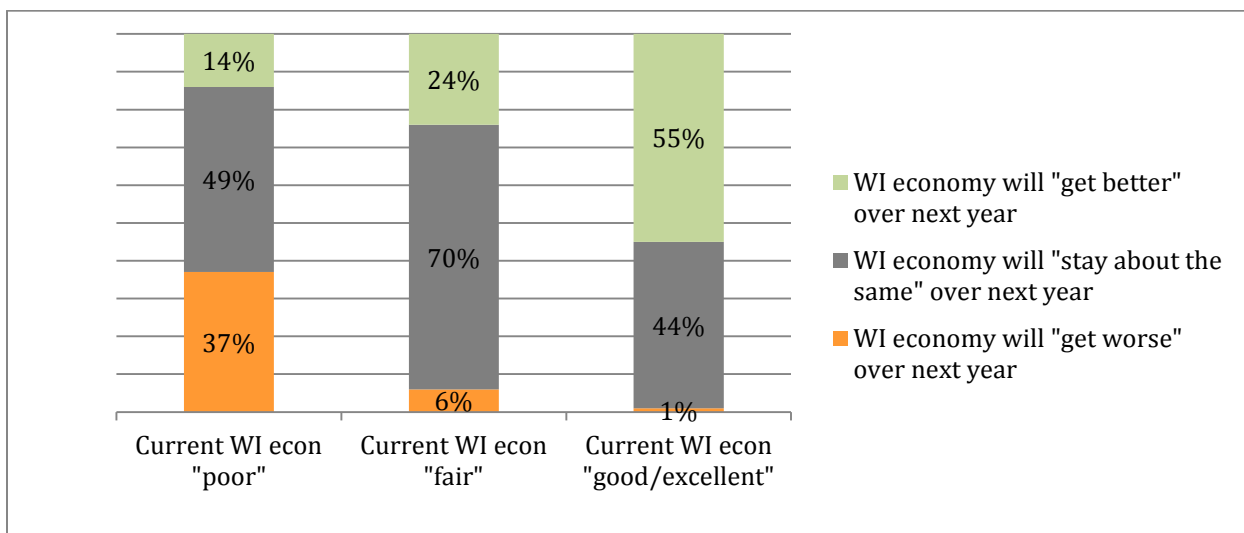


Figure 9: Expectations for WI Economy over Next Year, by Perceptions of Current WI Economy



For the third consecutive quarter, residents were asked about their level of satisfaction with the pace of job creation in Wisconsin. Figure 10 shows that opinion remains closely divided (49% satisfied/51% unsatisfied) and that this pattern has not changed substantially. It is notable that intensely dissatisfied residents continue to outnumber intensely satisfied residents by a fairly wide margin (23% to 5%).

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

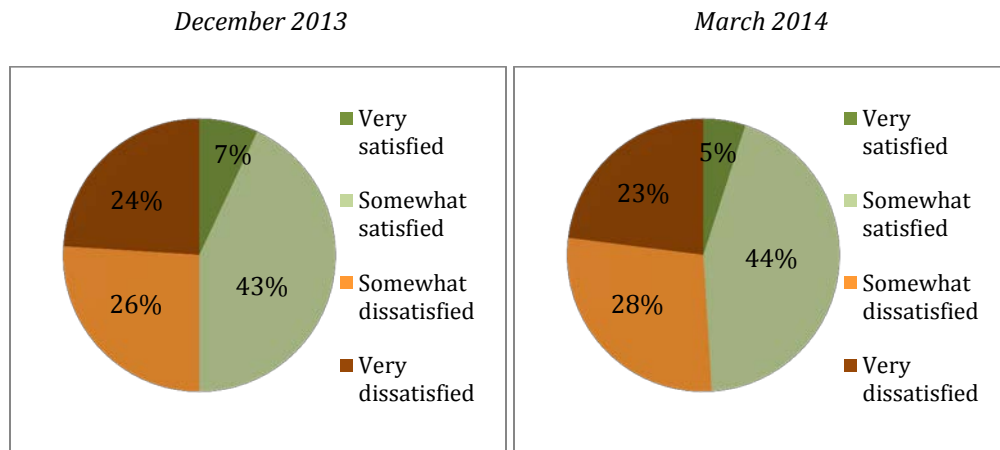
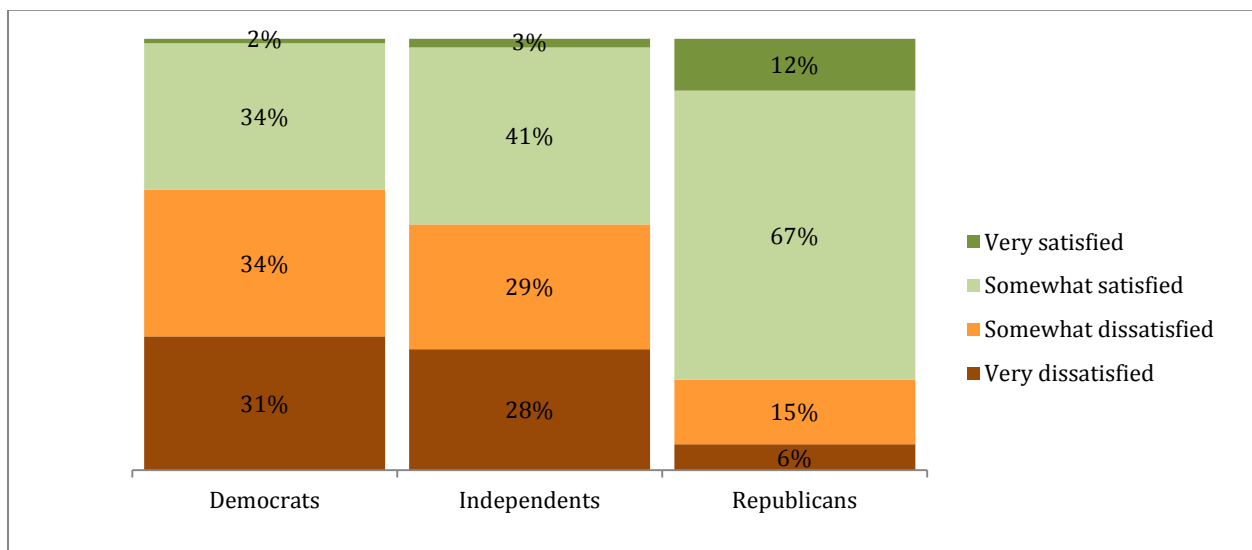


Figure 11 shows that membership in the Republican Party strongly influences views on the pace of job creation in the state. Opinion among independents and Democrats are not significantly different; slight majorities of both groups express dissatisfaction. However, the vast majority of Republicans (79%) express a positive view. This group of partisans seems to be engaged in a degree of “cheerleading” for economic improvement in the state. A slight correlation between party identification and personal experience with the state’s labor market is not sufficient to explain the wide discrepancy between Republicans and other groups.

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” (40%) or “poor” (15%). 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 worsened slightly during the first quarter of 2014, reversing a minor positive trend that had persisted over the preceding three quarters.

Figure 12: Evaluation of Current Personal Financial Situation

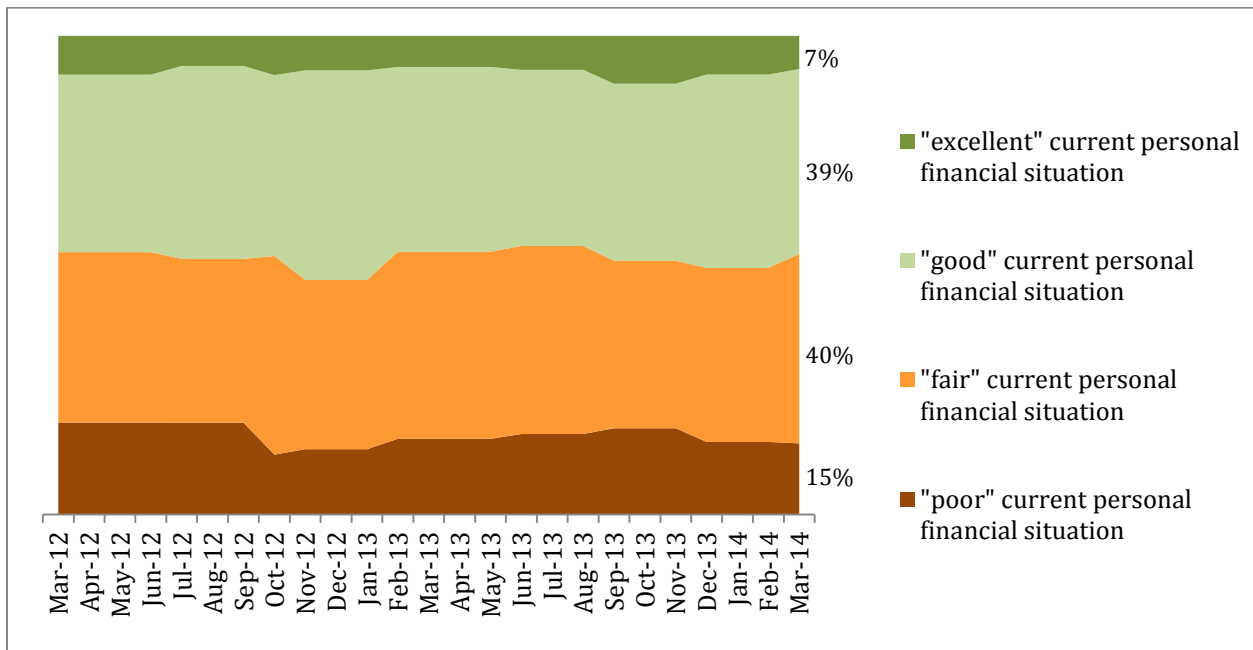
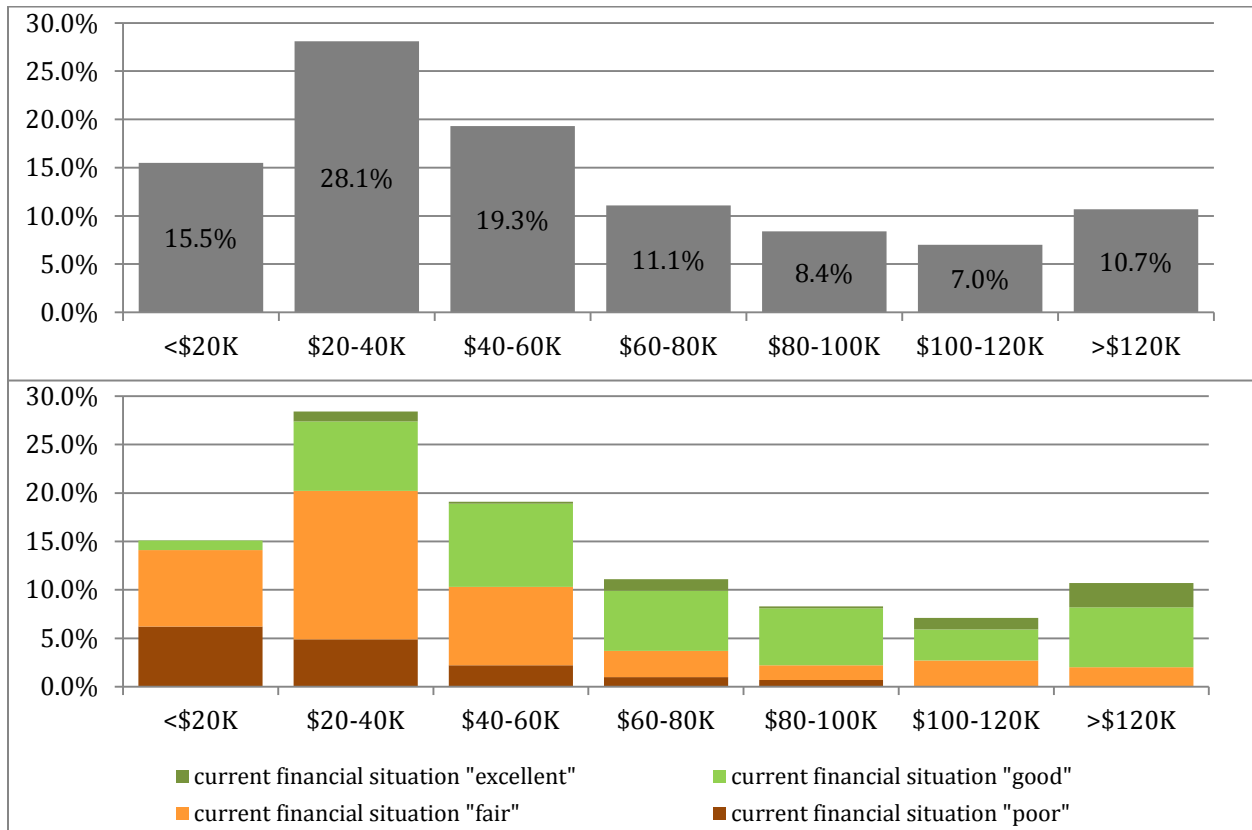


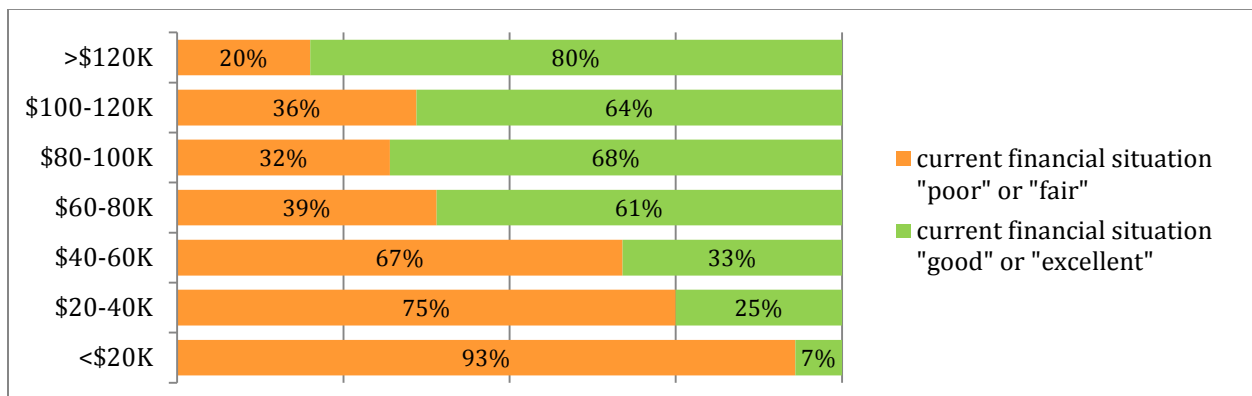
Figure 13 shows the distribution of household income across Wisconsin residents, as well as how residents in each income category are likely to feel about their respective financial situations. The median Wisconsin resident is likely to live in a household with an annual income between \$40,000 and \$60,000, and is most likely to self-place on the bottom half of the satisfaction scale (personal financial situation is “fair”).

Figure 13: Self-reported Pre-tax Annual Household Income (2013)



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. Despite the wide distribution of opinion within each category, there are still clear divides in overall levels of satisfaction that correspond with income categories. Figure 14 shows that among non-retired Wisconsin residents, those that live in households making less than \$60,000 in 2013 are very likely to describe their personal financial situations in negative terms. Only those making over \$60,000 have a better-than-even chance of reporting "good" or "excellent" personal financial situations.

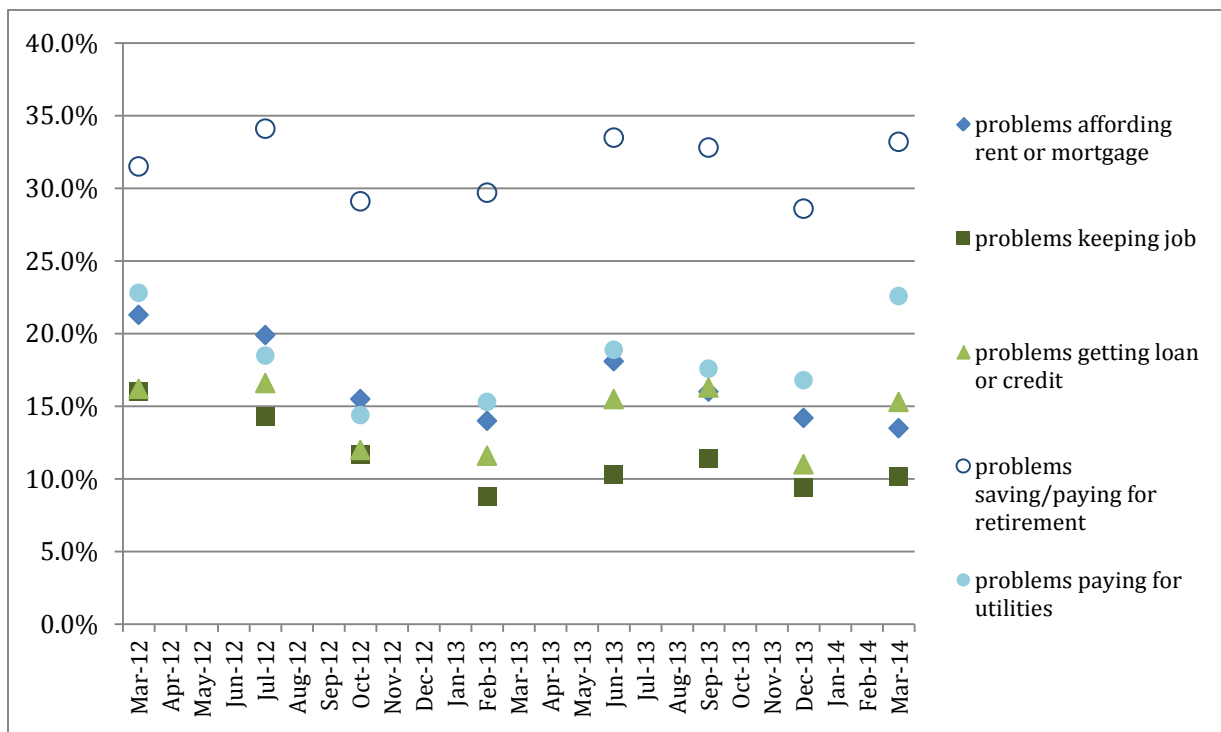
Figure 14: Evaluation of Current Personal Financial Situation, by Household Income (Non-Retired Persons)



Poor evaluations of personal financial situations are most strongly related to unemployed status. A large majority of unemployed residents (77%) report “fair” or “poor” situations. While employed residents fare better, just 45% describe their situations in positive terms. Only retirees are more likely than not to describe their financial situations as “good” or “excellent” (54%).

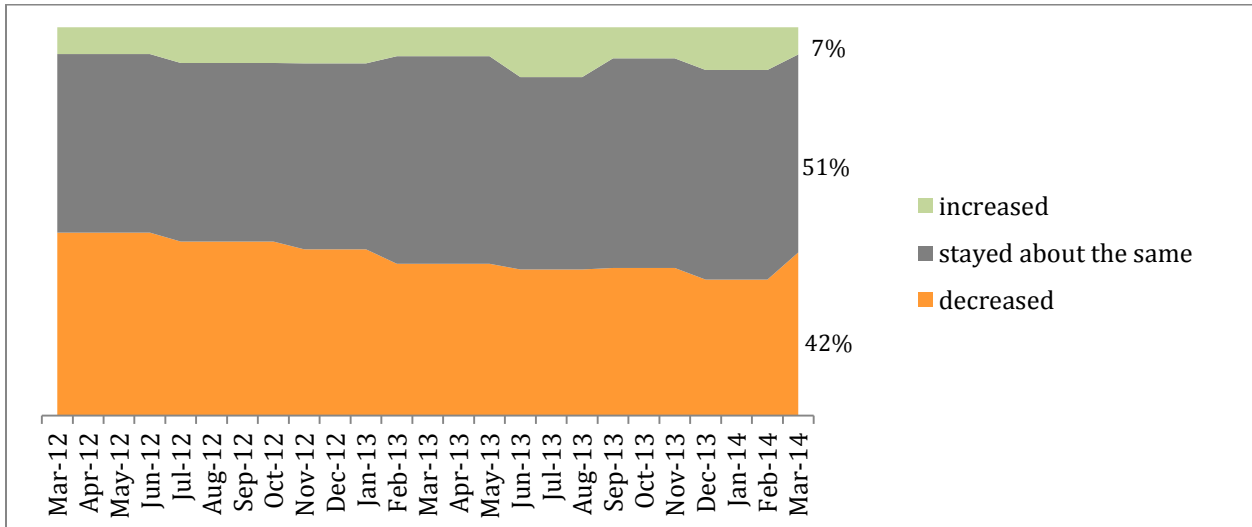
While residents reported only slight changes in overall personal economic evaluations, there were significant increases in the reported incidence rates of some serious personal financial problems since last quarter. Figure 15 shows the relative frequencies of common significant financial problems over time. This quarter, residents were more likely to report problems securing loans or credit, saving or paying for retirement, and paying for utilities. The increase in the rate of problems paying for utilities is not surprising given the extremely cold temperatures in the state during the last quarter.

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 51% of residents say spending on non-necessities has stayed about the same over the last six months. While 7% say they have recently increased spending on non-necessities, 42% of residents say they have recently decreased their spending on recreation and entertainment. Figure 16 shows a sizable increase in the proportion of those who say they have recently spent less on recreation since last quarter, reversing a positive two-year economic trend.

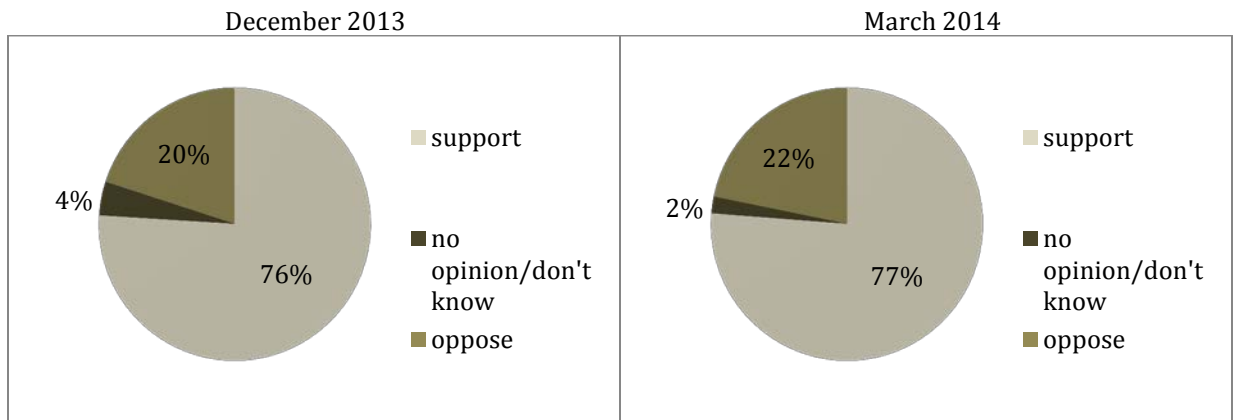
Figure 16: Spending on Non-Necessities (Entertainment, Restaurants, Vacations) Over the Past Six Months



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

Wisconsin is one of 31 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 over three-fourths of registered voters in the state would support a minimum wage hike, while just one in five would oppose such a change. The balance of opinion on this issue has not changed significantly since last quarter.

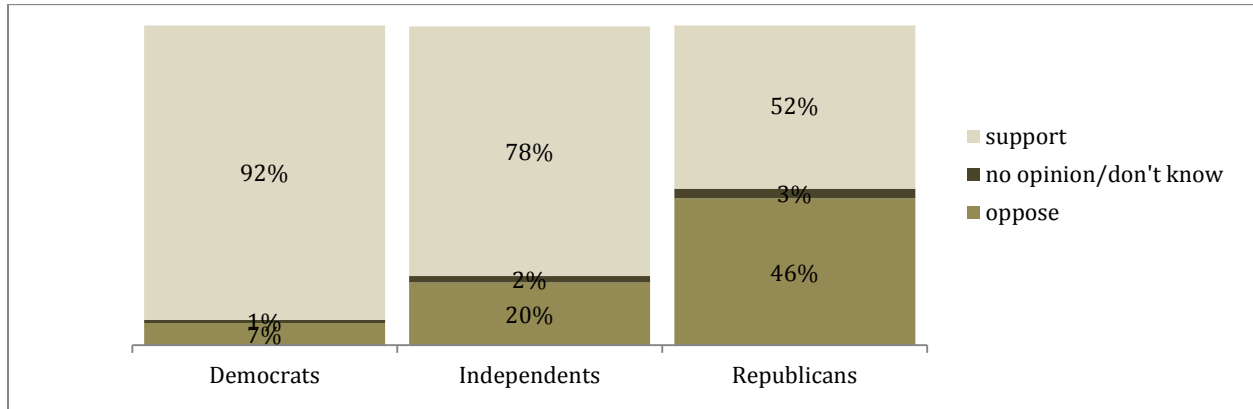
Figure 17: Support for an Increase in the Minimum Wage in Wisconsin (registered voters)



¹ 407 registered voters were interviewed, yielding a margin of error of ±4.9% 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 (83%), those in the lowest category of reported household income (84%) and retirees (81%). However, a minimum wage hike still enjoys majority support among men (70%), those in the highest reported income category (77%), and perhaps most notably, those from business-owning households (70%). 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)



Respondents who failed to indicate opposition to a proposed general increase in the minimum wage were asked a follow-up question about support for a specific proposal to increase the state minimum wage to \$10.10 per hour. Figure 18 shows that 57% of registered voters support the \$10.10 per hour proposal. Figure 19 shows that support for the \$10.10/hour proposal is significantly less popular among Republican voters than an undefined increase, with just 25% expressing support.

Figure 18: Support for Increasing the Wisconsin Minimum Wage to \$10.10 per Hour (registered voters)

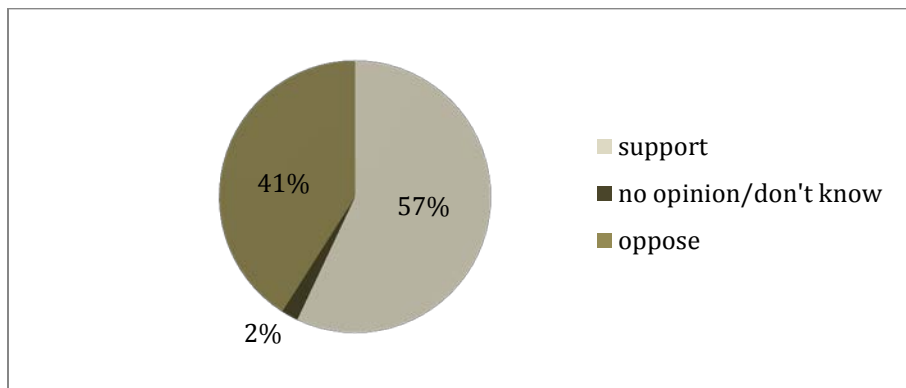
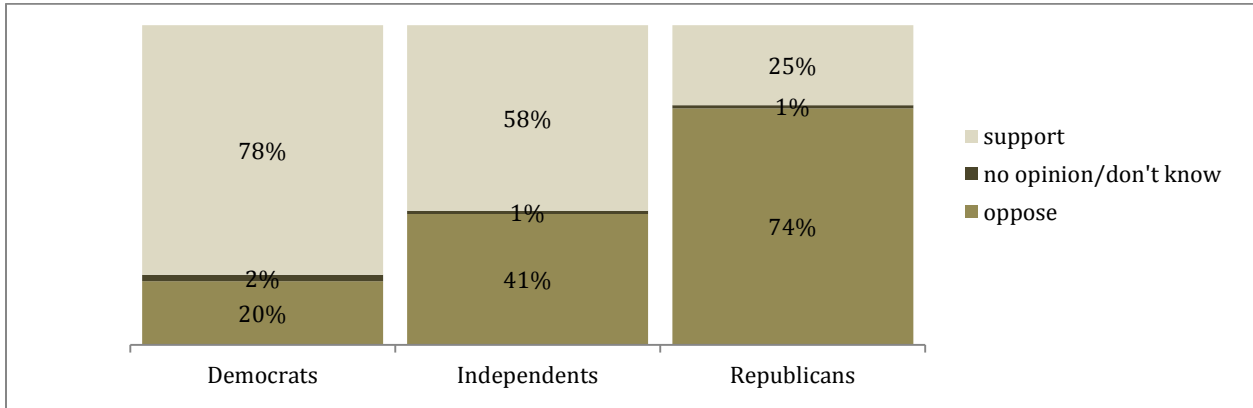


Figure 19: Support for Increasing the Wisconsin Minimum Wage to \$10.10 per Hour, by Party Identification (registered voters)

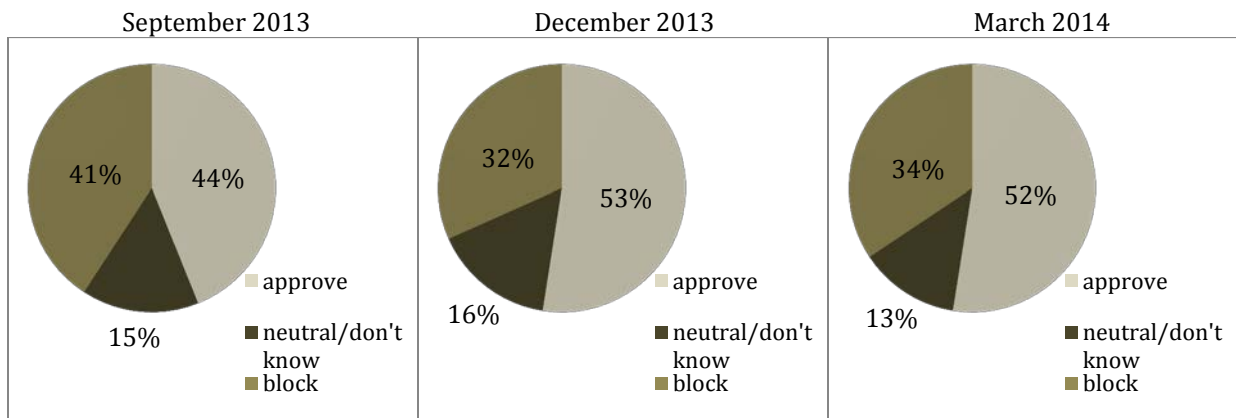


FEATURE: SUPPORT FOR NEW MENOMINEE TRIBAL CASINO IN KENOSHA

The Federal government has approved a new Menominee tribal casino in Kenosha. The Menominee tribe says the project would bring jobs and economic development to southeastern Wisconsin. The Potawatomi tribe, which currently operates a casino in Milwaukee, opposes the project and says it would merely shift jobs and economic development from one place to another. It is now up to the governor to decide if the project goes forward.

For the third consecutive quarter, registered voters were asked if the governor should approve or block the casino project. Figure 20 shows that those who think the governor should approve the new casino (52%) continue to significantly outnumber those who think the project should be blocked (34%). The proportion of residents who are neutral or do not have a strong opinion on the issue stands at 13%.

Figure 20: Should the Governor Approve or Block the Menominee Tribal Casino in Kenosha? (registered voters)



Figures 23 and 24 show that opposition to the proposed casino is not driven by political or ideological factors; there are not large or significant differences between Democrats or Republicans, or between conservatives and liberals on this issue. Instead, differences of opinion regarding the proposed casino seem to be generational; Figure 25 shows that the Kenosha casino proposal is much more popular among younger voters.

Figure 23: Support for the Menominee Tribal Casino in Kenosha, by Party Identification (registered voters)

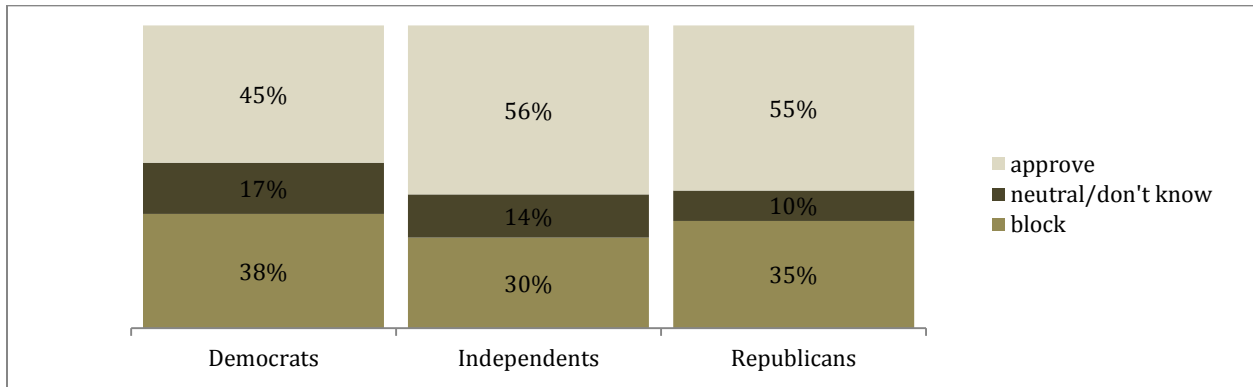


Figure 24: Support for the Menominee Tribal Casino in Kenosha, by Political Ideology (registered voters)

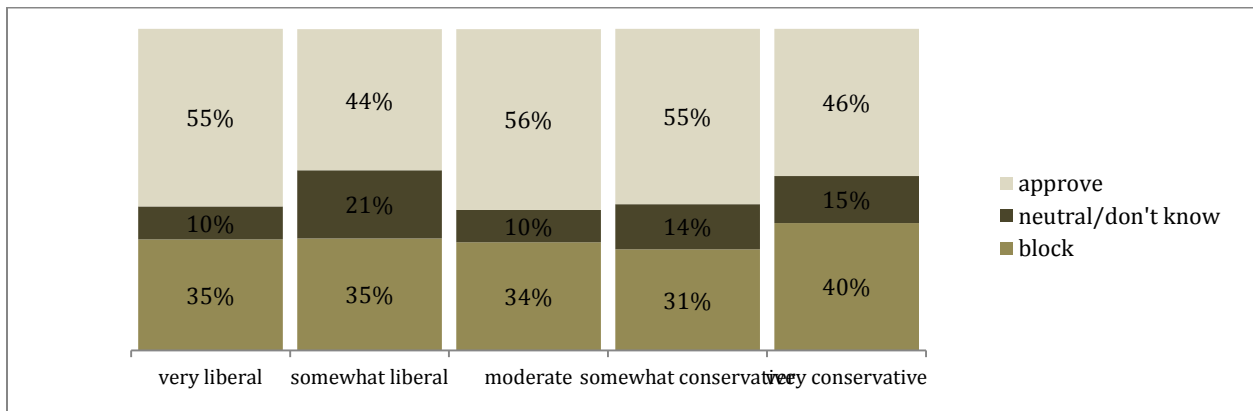
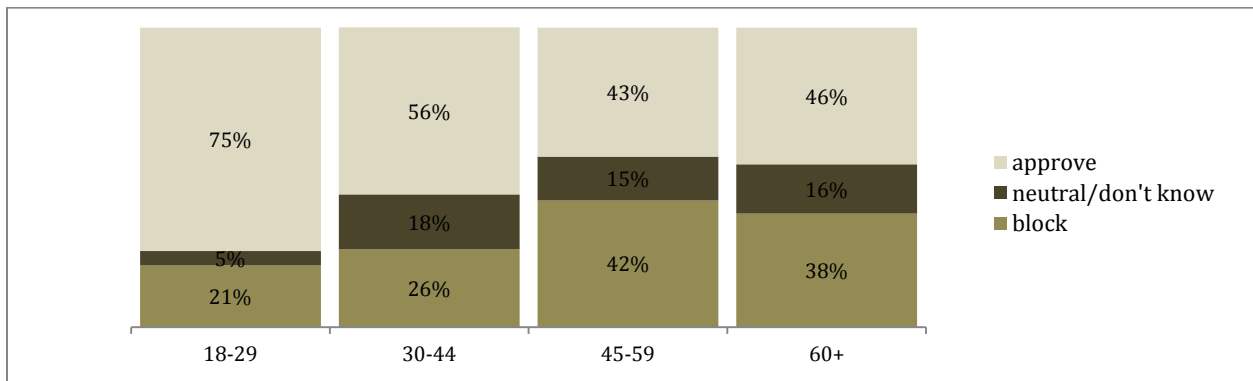


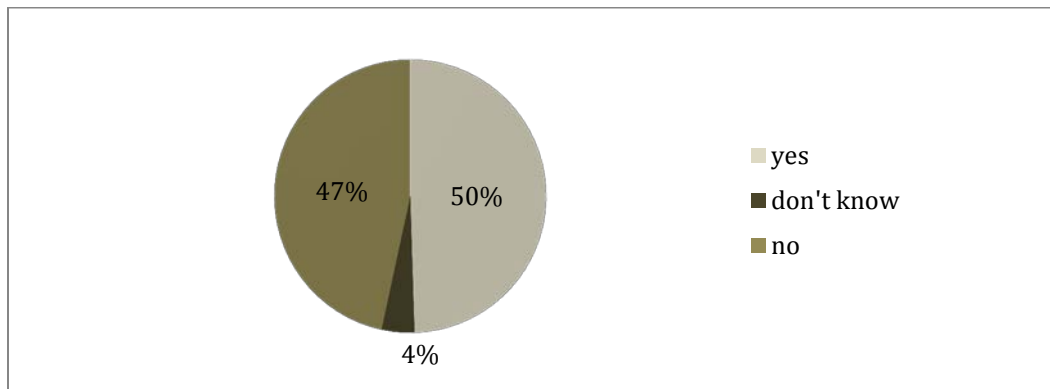
Figure 25: Support for the Menominee Tribal Casino in Kenosha, by Age (registered voters)



FEATURE: VIEWS REGARDING MARIJUANA LEGALIZATION AND TAXATION

With majorities in recent national surveys² now in favor of the legalization of marijuana for recreational purposes, some states have begun experimenting with raising revenue by legalizing the drug and then taxing businesses specializing in its sale. Registered voters were asked whether or not they would support such a move in Wisconsin. Figure 26 shows that state voters are split between support for and opposition to legalization and taxation, with about 50% in favor of such a move, and 47% opposed (4% remain undecided).

*Figure 26: Should Wisconsin legalize the use of marijuana and raise tax revenue from businesses specializing in its sale?
(registered voters)*



Opinion regarding legalization and taxation of marijuana is tightly wound with political views. While 54% of Democrats and 57% of independents favor legalization and taxation of the drug, just 31% of Republicans agree. The ideological gap is even wider; while 79% of those describing themselves as “very liberal” support pot legalization/taxation, just 19% of those who are “very conservative” agree.

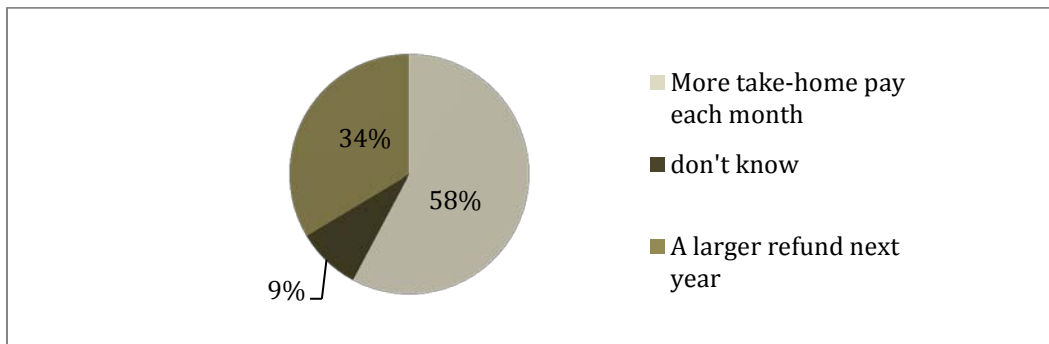
However, divisions on this issue do not fall cleanly along some of the most common political-demographic divides. While the Republican Party in Wisconsin is predominantly male, 51% of men support pot legalization/taxation in the state, compared to 48% of women. While Wisconsin Democrats tend to have lower annual household incomes than do state Republicans, those in the highest income category support legalization and taxation (62%) at a similar level as do those in the lowest income category (63%). One demographic area where views on marijuana and political affiliation dovetail closely is age. Voters aged 18 to 29 trend Democratic and overwhelmingly support pot legalization/taxation (64% in favor), while voters 60 and up are strongly against such a move (60% opposed).

² As of October 2013, Gallup reports 58% of Americans are in favor of legalizing recreational marijuana.

FEATURE: TAX CHANGES

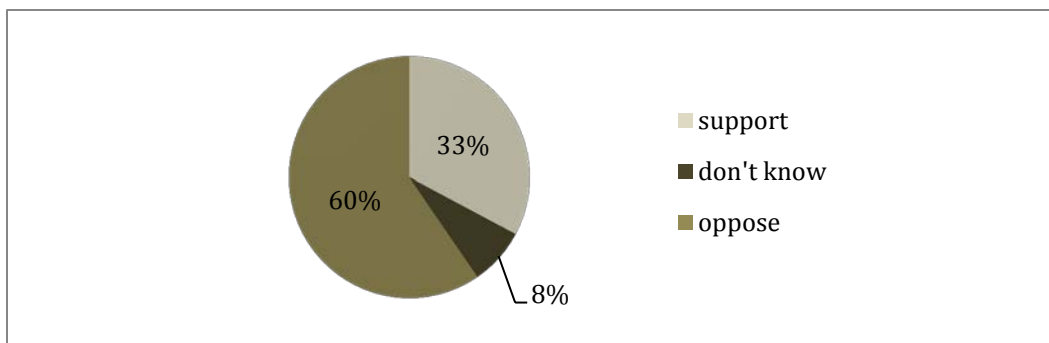
This year, the state will be adjusting income tax withholding tables to allow taxpayers more take-home pay. However, for many taxpayers, this change will result in lower refunds next year. Registered voters in the state were asked which they would prefer; more take-home pay each month, or a larger refund next year. Figure 27 shows that more monthly take-home pay is the preferred option for a substantial majority of Wisconsin voters (58%), while just 34% would prefer a larger refund in 2015. This pattern of opinion does not vary significantly by income; those with relatively lower as well as relatively higher household incomes preferred more monthly take-home pay over a larger 2015 refund by similar margins.

Figure 27: Would you prefer more take-home pay each month, or a larger refund next year? (registered voters)



State officials have recently discussed eliminating the need for a state income tax by expanding the sales tax to cover things not currently taxed, and by doubling the sales tax rate, which currently exceeds 5% in many parts of the state. Registered voters were asked whether or not they would support such a proposal. Figure 28 shows the proposal to be quite unpopular; 60% of Wisconsin voters would oppose such a move, while just 33% would be in favor. Unsurprisingly, support for the proposal is highest among those most likely to have a high level of taxable income; those aged 30 to 44 (43% in support/46% opposed). Support for eliminating the state income tax and expanding the sales tax is much lower among younger voters aged 18 to 29 (36% in support/64% opposed) and those at or approaching retirement age (25% in support/67% opposed). Opinion on this proposal also corresponds closely to ideological views; anti-income-tax measures tend to draw support from the right nationally, and those Wisconsin voters who label themselves “very conservative” are no exception, with 54% supporting income tax abolition/sales tax expansion and just 38% in opposition.

Figure 28: Support for eliminating need for WI income tax by expanding/doubling sales tax (registered voters)



FEATURE: VIEWS ON HOME OWNERSHIP AS AN INVESTMENT

All respondents were asked a series of questions regarding their beliefs and experiences in regards to home ownership as an investment strategy. First, we asked respondents whether or not they owned their home. About 66% of respondents reported owning their homes, while the remaining 34% indicated they rented their places of residence (Figure 29). Those who indicated they own their home were asked if they felt that buying their home was a good investment. Those who rent were asked whether or not they feel that buying a home in a good investment, generally speaking. Figure 30 shows that most homeowners feel secure in their choices; just 12% said their homes were not good investments. Renters expressed much less certainty about the prospect of home ownership as an investment strategy; 28% expressed the belief that home ownership would not be a good investment, while an additional 6% was not sure.

Figure 29: Do you rent or own your home?

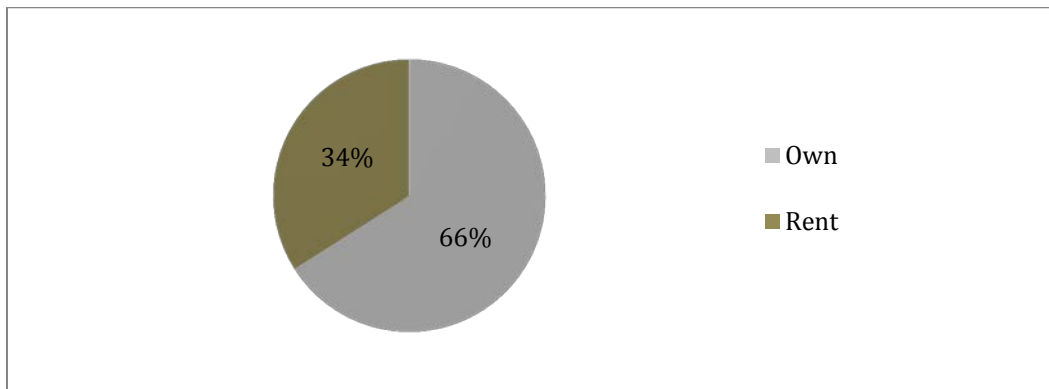
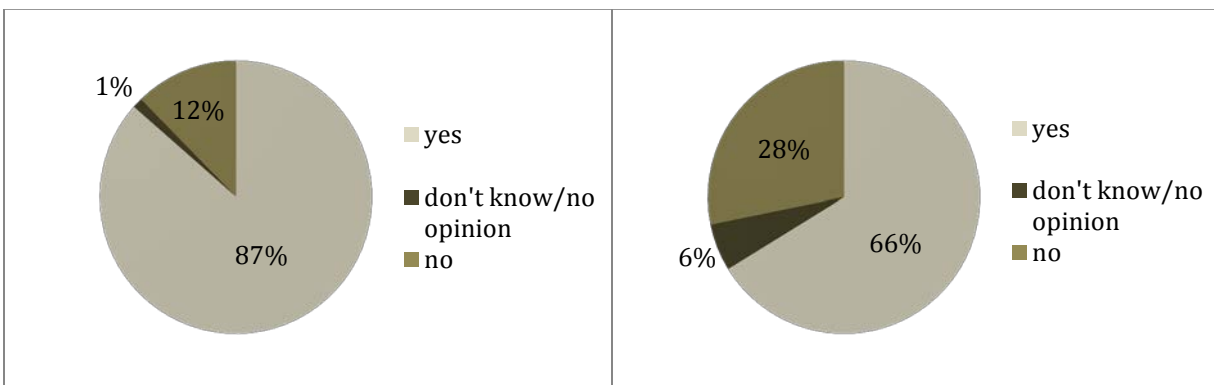


Figure 30: Views on Home Ownership as Investment

*Do you feel that buying your home was a good investment?
(homeowners)*

*Generally speaking, do you feel that buying a home is a good investment?
(renters)*



Renters were asked an additional follow-up question about how much property taxes would play a role in their decision were they to buy a home. Figure 31 shows that for most renters (58%), property tax would play a large role in the decision of whether or not to become a homeowner. About 31% said property taxes would factor into their decision “a little,” while 8% said “not at all.”

*Figure 31: If you were going to buy a home, how much would the level of property taxes factor into your decision?
(renters)*

