

RESEARCH BRIEF Q3 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 Q3 2014 *Wisconsin Economic Scorecard* was a random digit dial (RDD) landline/mobile telephone survey of 427 Wisconsin residents, conducted by the CUIR Survey Center at the University of Wisconsin—Milwaukee from September 22-27. The sampling margin of error was $\pm 4.7\%$ at the 95% confidence level.

MAJOR FINDINGS:

- About 73% of registered voters* in Wisconsin support an increase in the minimum wage. When asked to specify an ideal minimum wage rate, Wisconsin voters are most likely to say \$10.00/hour.
- When it comes to covering a large projected shortfall in the state transportation fund, there is no clearly-preferred option; tax/user fee increases (preferred by 31%), introduction of toll roads (30%), and delaying major construction projects (31%) all enjoy similar levels of support. However, delaying major construction projects provokes the least intense opposition.
- 71% of registered voters would oppose a specific proposal to increase the state gasoline tax by five cents per gallon.
- Just 39% of state voters support expanding the state's taxpayer-supported private school voucher program; most would prefer the program either be eliminated or stay as-is.
- About 53% of Wisconsin voters would prefer that the state prioritize assistance to established manufacturing, while 34% would like to see incentives go to new start-up technology firms.
- While evaluations of personal financial situations have improved, views of the wider state economy and the overall direction of the state have worsened slightly. 53% of Wisconsin residents now say the state is "on the wrong track," while 63% describe the state economy in negative terms.

*N=393, margin of error = $\pm 4.9\%$

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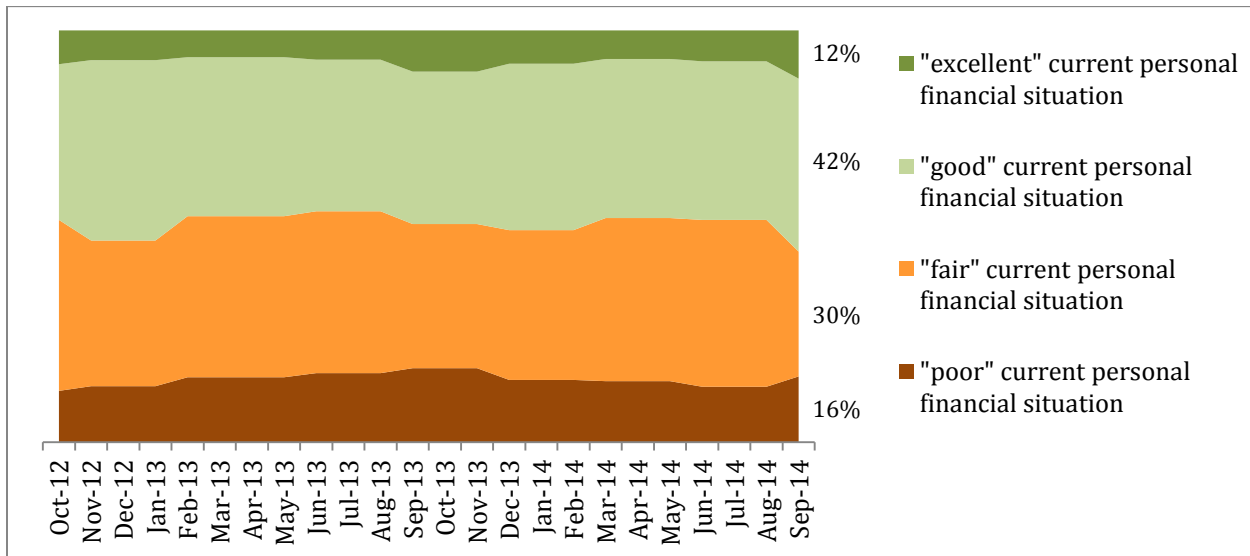
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PERSONAL FINANCIAL CIRCUMSTANCES

The economic perceptions of Wisconsin residents are grounded in their personal experiences and circumstances. Residents were asked to evaluate their current personal financial situations; Figure 1 shows that a slim majority of residents describe their financial situations in positive terms; either “good” (42%) or “excellent” (12%). Another 30% refer to their finances as “fair,” while 16% call their financial situations “poor.” This quarter marks the first time since late 2012 that residents have expressed a net positive opinion of their personal financial circumstances.

Figure 1: Evaluation of Current Personal Financial Situations



Among working-age Wisconsin residents, there is an unsurprisingly strong relationship between evaluations of personal financial situations and household income. Figure 2 shows that a large majority of residents who come from households bringing in less than \$40,000 per year describe their finances in negative terms (“fair” or “poor”), while most residents from households bringing in over \$60,000 per year evaluate their financial circumstances positively (“good” or “excellent”). Those from households earning between \$40,000 and \$60,000 annually are evenly split when it comes to positive or negative evaluations of their economic situations.

Figure 2: Evaluation of Current Personal Financial Situation, by Household Income (Non-Retired Persons)

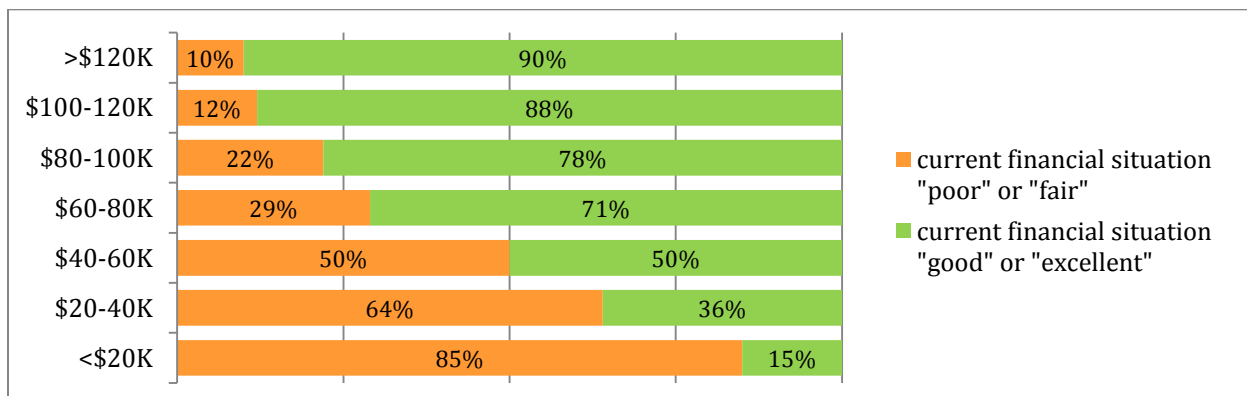
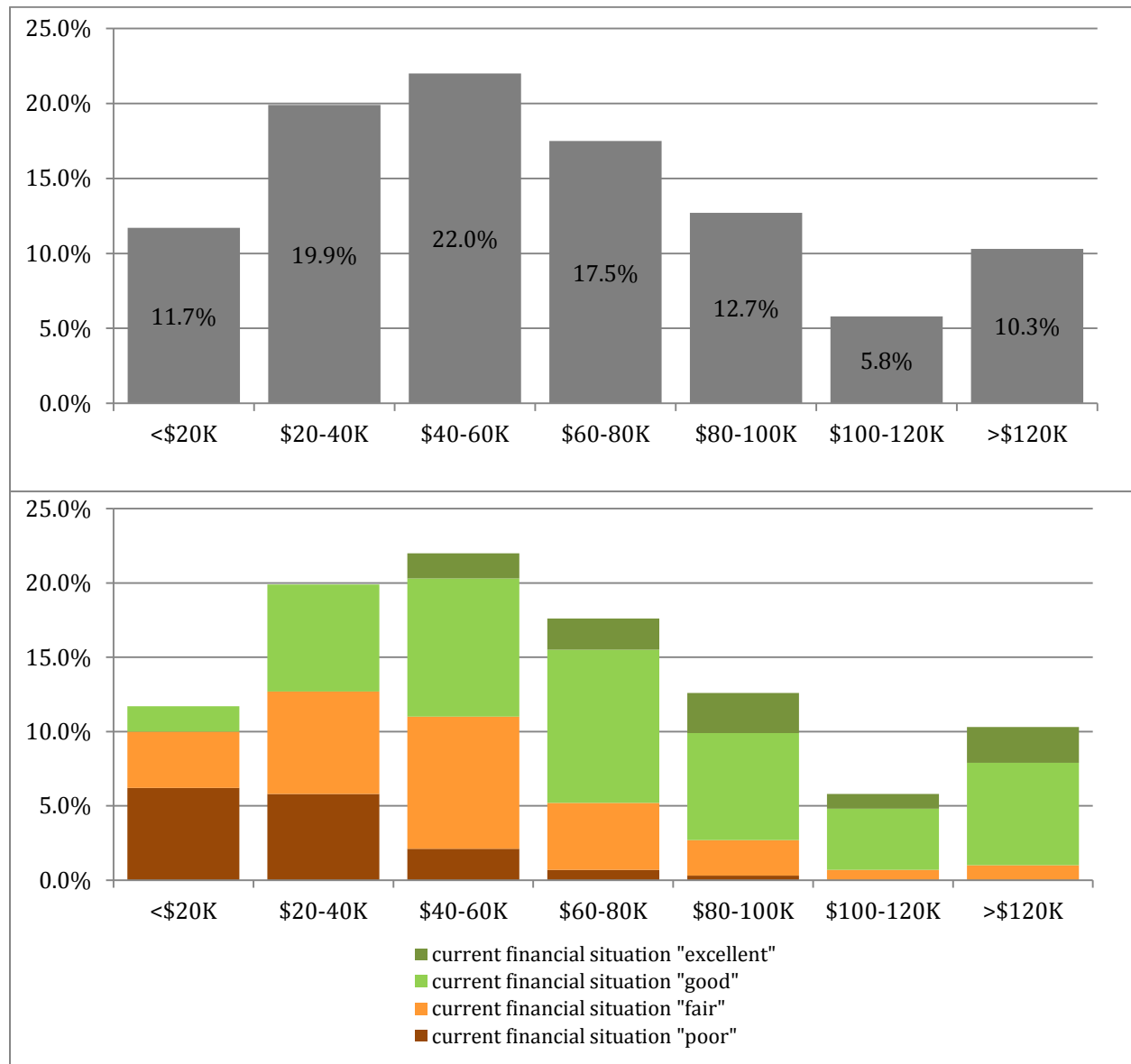


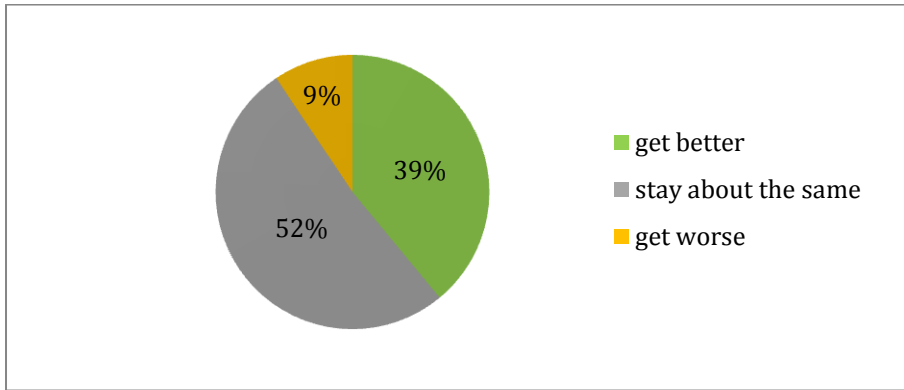
Figure 3 shows the distribution of household income among non-retired Wisconsin residents, as well as how residents in each income category are likely to feel about their respective financial situations. The median working-age Wisconsin resident is likely to live in a household with an annual income between \$40,000 and \$60,000, and is most likely to report that their current financial situation is either “fair” or “good.”

Figure 3: Self-reported Pre-tax 2013 Household Income (Non-retired persons)



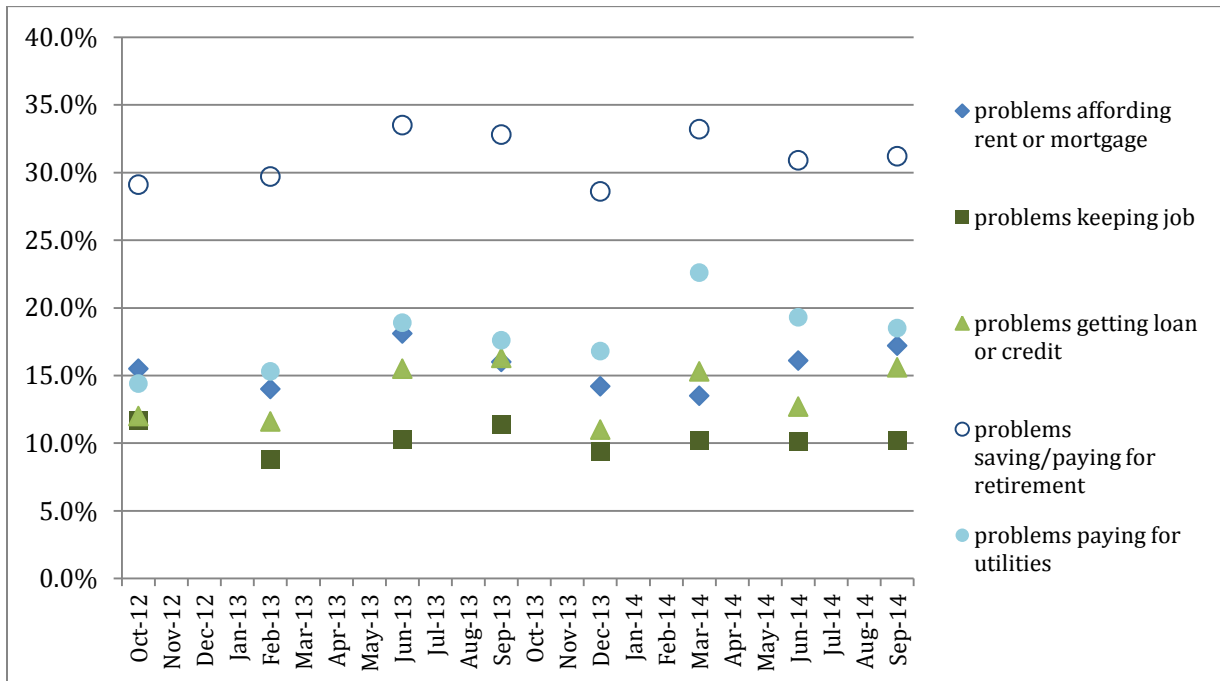
Residents were also asked about their expectations regarding their personal finances over the coming year. Figure 4 shows that a slight majority of residents (52%) expect their personal economic circumstances to “stay about the same”. About 39% expect their personal finances to “get better,” while just 9% think their circumstances will “get worse.”

Figure 4: Over the next year, do you expect your personal finances to...



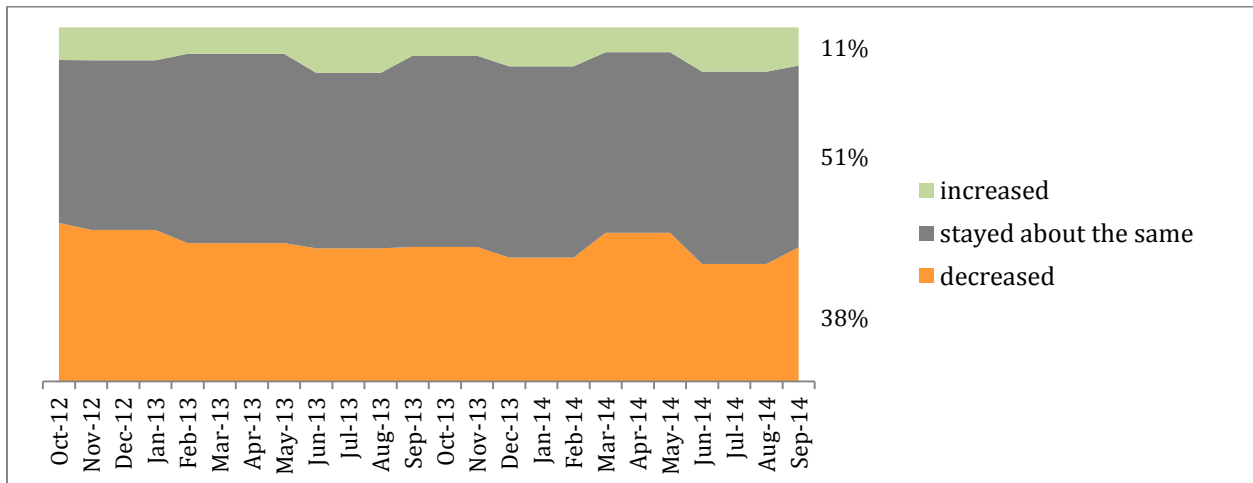
Another battery of questions asked residents about their recent experiences with a variety of common significant personal financial problems. Figure 5 shows that the proportions of residents reporting significant financial problems (maintaining employment, getting loan or credit, affording housing and/or utilities, saving for retirement) are comparable to measurements from last quarter, and are not significantly different from measurements taken at this time last year.

Figure 5: 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 11% say they have recently increased spending on non-necessities, 38% of residents say they have recently decreased their spending on recreation and entertainment. Figure 6 shows that the proportion of those who report decreased levels of recreational spending continues to fluctuate slightly after steadily declining throughout 2013.

Figure 6: Spending on Non-Necessities (Entertainment, Restaurants, Vacations) Over the Past Six Months

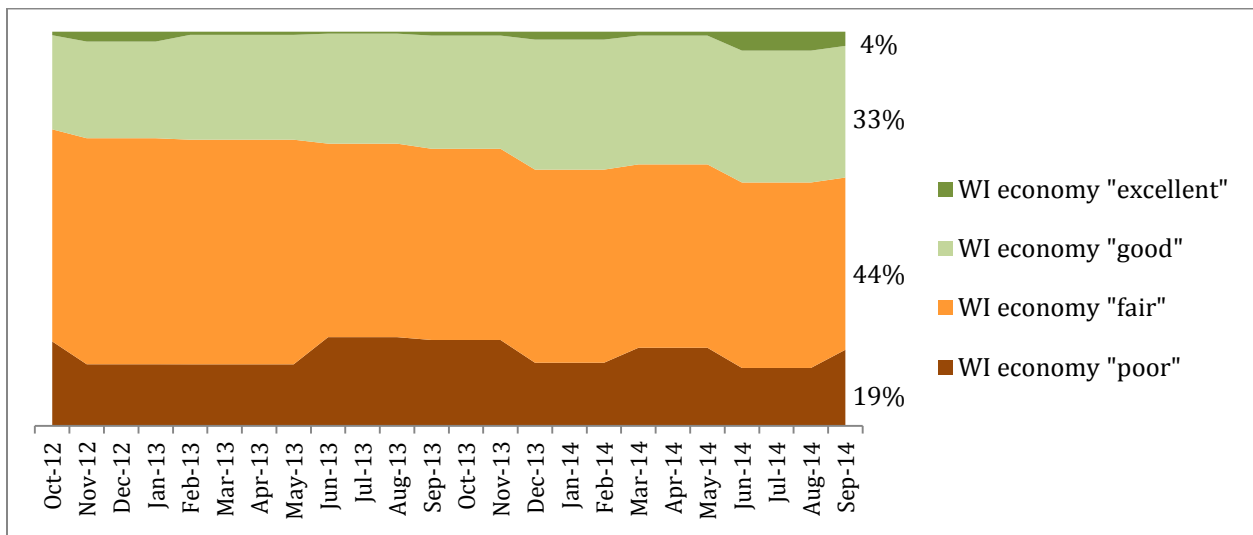


PERCEPTIONS OF WISCONSIN'S ECONOMY

While Wisconsin residents are, on balance, slightly more positive than negative about their personal financial situations, aggregate perceptions of the wider state economy continue to be negative. This quarter, about 63% of Wisconsin residents describe the performance of the state economy in negative terms, while just 37% report positive evaluations of Wisconsin's economic performance (Figure 7). While the trend over the last two years has been one of incrementally increasing optimism, this quarter sees a slight increase in the proportion of Wisconsin residents that say the state economy is "poor."

Despite a net negative balance of opinion regarding Wisconsin's economy, current aggregate judgment of the state's economic performance is not likely to translate into serious electoral trouble for the incumbent administration heading into the November elections. In states where opinion polls show incumbent governors consistently trailing, economic sentiment tends to be much more negative than it is in Wisconsin currently.¹

Figure 7: Evaluations of Wisconsin's Current Economy



¹ Source: Gallup 2014 U.S. Midterm Elections State Scorecards

Figure 8 shows that personal financial situations remain a core driver of state economic evaluations. Those who are struggling are overwhelmingly likely to say the state economy is “poor” or “fair”, while those who evaluate their personal economic circumstances positively are just as likely to say the state economy is “good” or “excellent” as they are to describe it in negative terms. This quarter sees a significant increase in the proportion of negative economic evaluations among those with “poor” personal finances, as well as a significant increase in positive evaluations of the state economy among those who with “excellent” financial situations.

Figure 8: Evaluations of Wisconsin’s Current Economy, by Personal Financial Situation

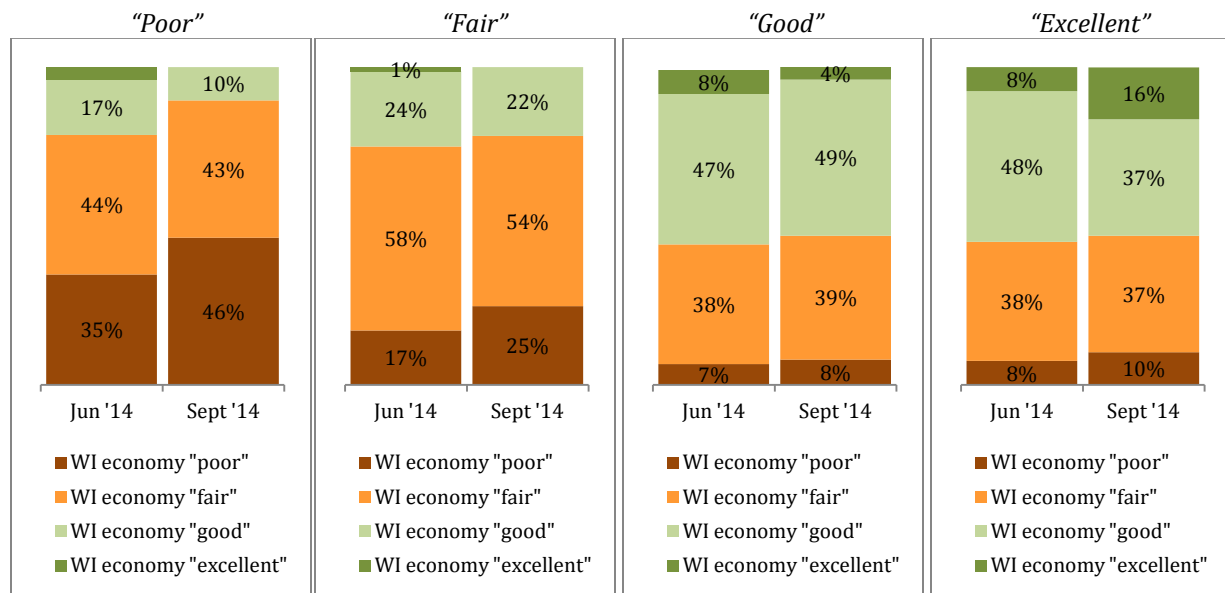


Figure 9: Evaluations of Wisconsin’s Current Economy, by Party Identification

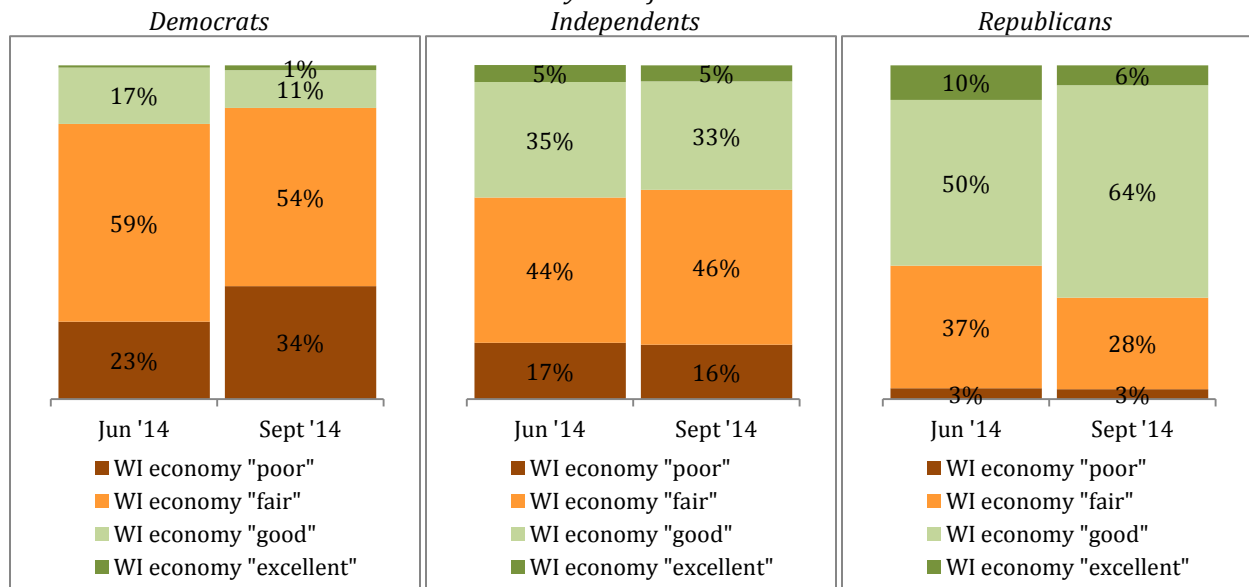
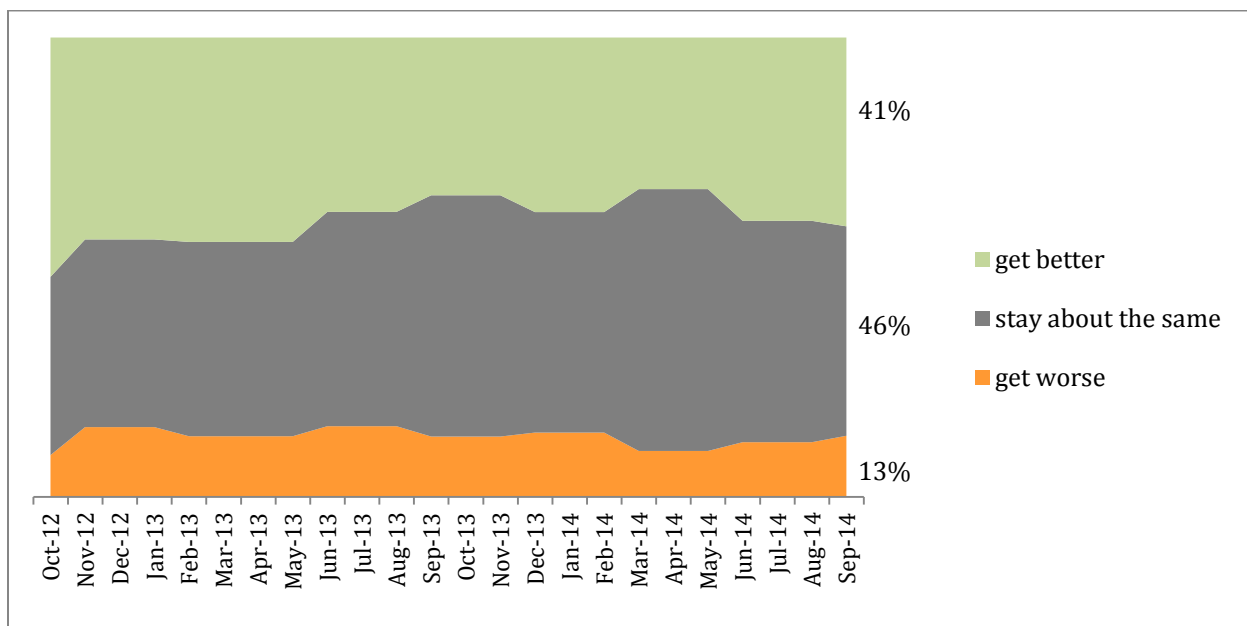


Figure 9 shows a concurrent increase in political polarization regarding evaluations of the state economy as we approach the November gubernatorial elections. Since last quarter, Democrats have become significantly more likely to describe the recent performance of the state economy as “poor”, while Republicans have become much more likely to describe it as “good” over the same period. Meanwhile, economic evaluations have remained steady among political independents, suggesting that recent changes in economic evaluations of the state economy are at least partially attributable to partisan “cheerleading.”

In terms of expectations regarding the future performance of the state economy, the two-year trend has featured incremental increases in the proportion of residents expecting stability rather than positive or negative change; it seems as though Wisconsin residents are more and more likely to see the current state of the state economy as “normal.” However, the last two quarters has seen a break in that trend; Figure 10 shows a slight but sustained increase in the proportion of residents expecting things to improve since Q1.

Figure 10: Expectations Regarding Wisconsin’s Economy over the Next Year



Figures 11 and 12 show that there is a continued strong association between what residents are currently experiencing or feeling and what they think will happen in the near future. Financially “poor” resident and those who think the current economy is performing poorly are much more likely to express pessimism about future economic performance in the state, while residents with “excellent” personal financial situations and those who think Wisconsin’s economy is strong are considerably more optimistic.

Figure 11: Expectations for WI Economy over Next Year, by Personal Financial Situation

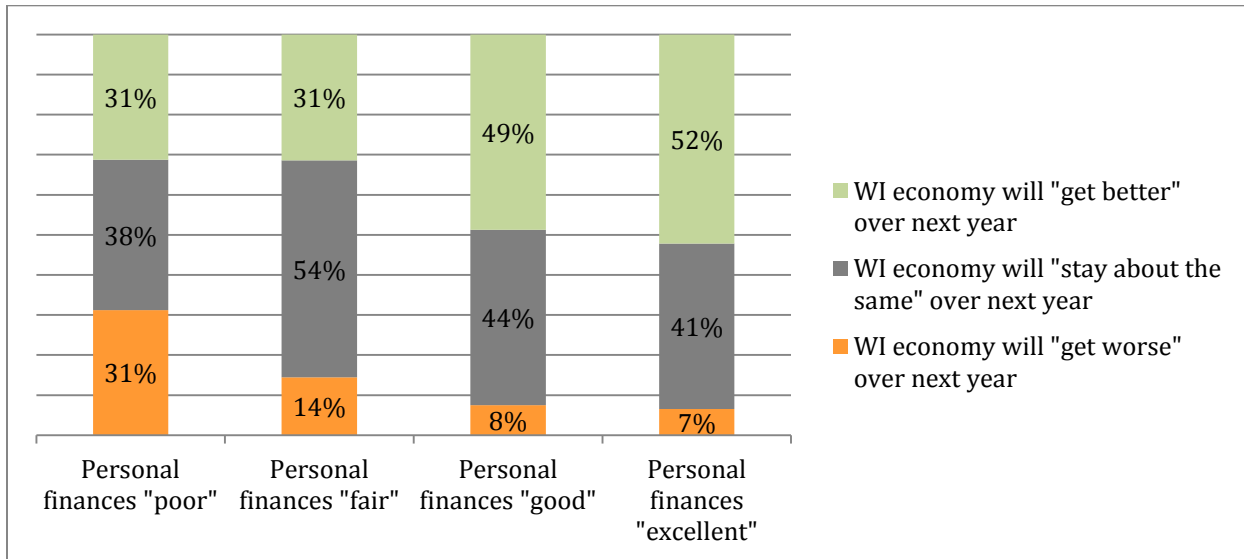
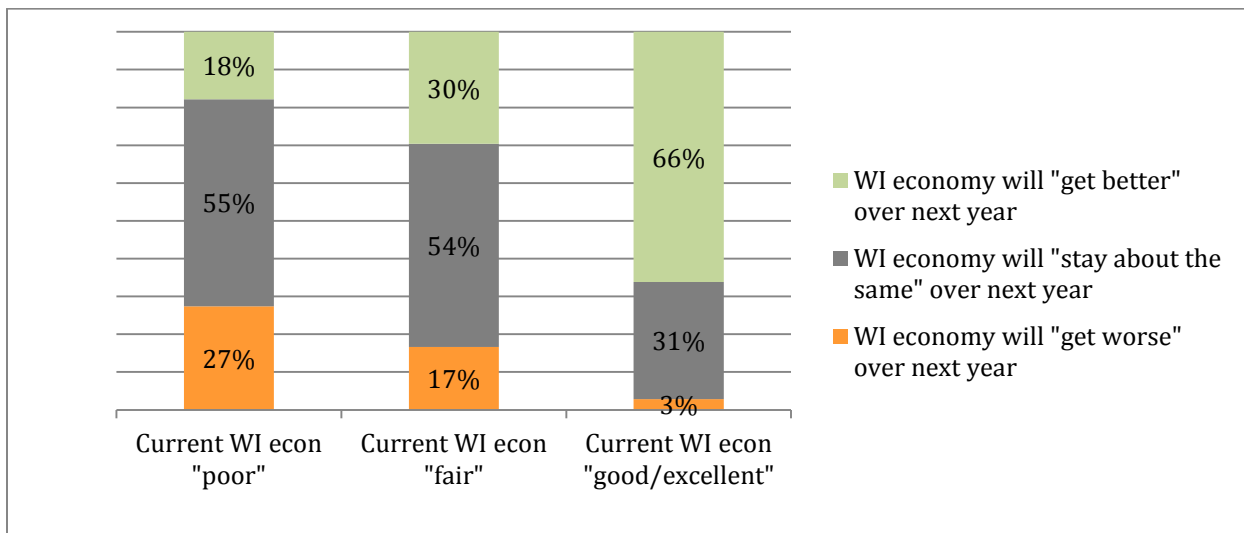


Figure 12: Expectations for WI Economy over Next Year, by Perceptions of Current WI Economy



Residents were also asked about their level of satisfaction with the pace of job creation in the state. Figure 13 shows that residents are split on the issue; 53% express satisfaction, while 47% are dissatisfied. However, those who are “very dissatisfied” outnumber those who are “very satisfied” 22% to 10%. This pattern of opinion has not changed substantially since last quarter.

Figure 13: Satisfaction with the Pace of Job Creation in Wisconsin

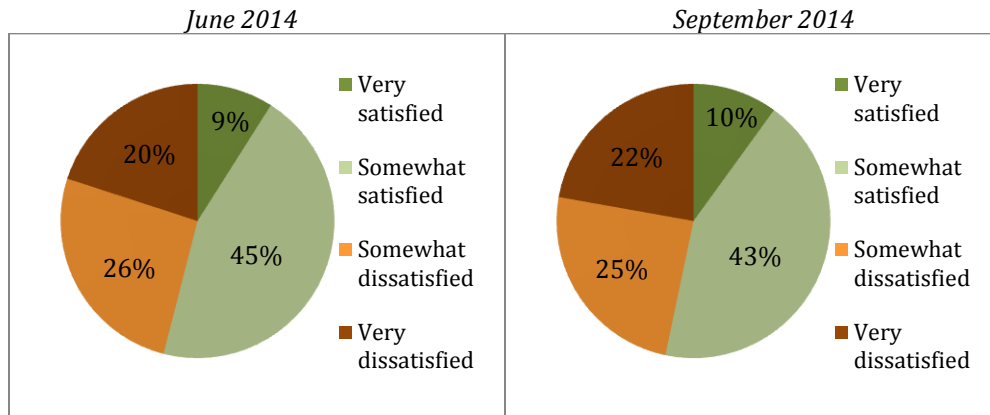
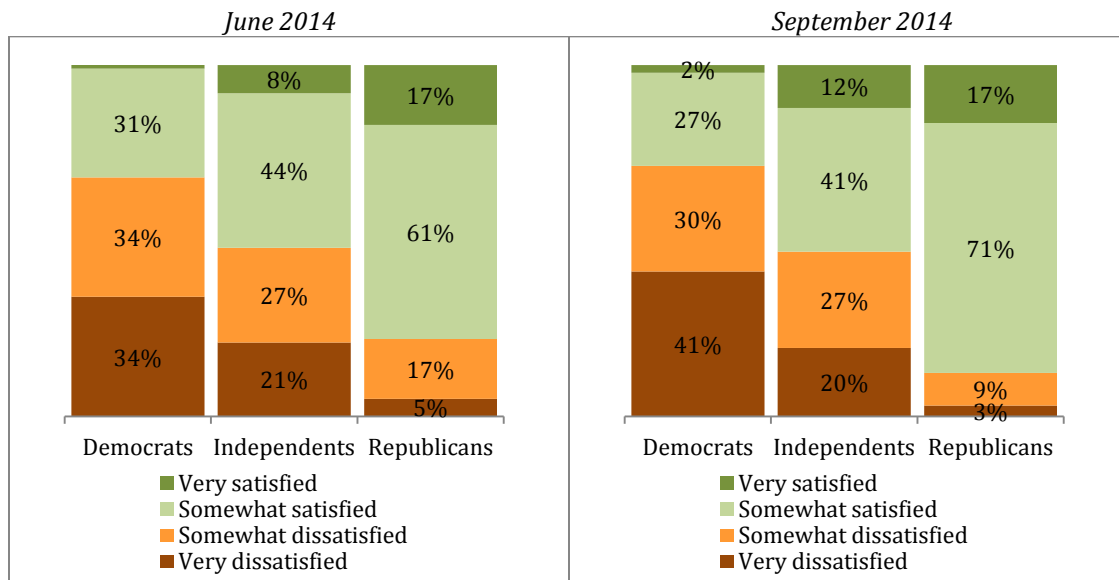


Figure 14 shows that opinion regarding the pace of job creation is strongly linked to party identification. Republicans are likely to approve, while democrats are likely to disapprove; political independents are split on the issue. Republicans have become slightly more likely to express satisfaction with the pace of job creation in the state since last quarter.

Figure 14: Satisfaction with the Pace of Job Creation in Wisconsin, by Party Identification



THE DIRECTION OF THE STATE

When asked about the direction in which Wisconsin is headed, a slight majority (53%) now says the state is “on the wrong track,” while about 48% say the state is headed “in the right direction.” Figure 15 shows that this is a significant shift from last quarter, when residents were more likely than not to express optimism about the direction of the state.

Figure 16 shows that evaluations of the recent performance of the state economy are a core driver of opinions regarding the overall direction of the state. Virtually every resident who describes the state economy as “poor” thinks Wisconsin is “on the wrong track,” while all residents responding to this wave of the survey who said the state economy is “excellent” also said Wisconsin is “headed in the right direction.” Partisanship, however, biases both economic evaluations and general impressions about the state’s overall direction; Figure 17 shows that this quarter’s negative shift in opinion is almost exclusively driven by increasing negativity among Democrats, likely prompted by the approaching election. It is important to note, though, that Democrats who express more positive views about the state economy are also relatively more positive about the direction of the state, and Republicans that are not satisfied with the current state economy are also relatively less optimistic about where the state is headed overall. Partisanship colors, but does not override, the economic experiences which inform public opinion about the wider state of the state.

Figure 15: Perceived Direction of the State of Wisconsin

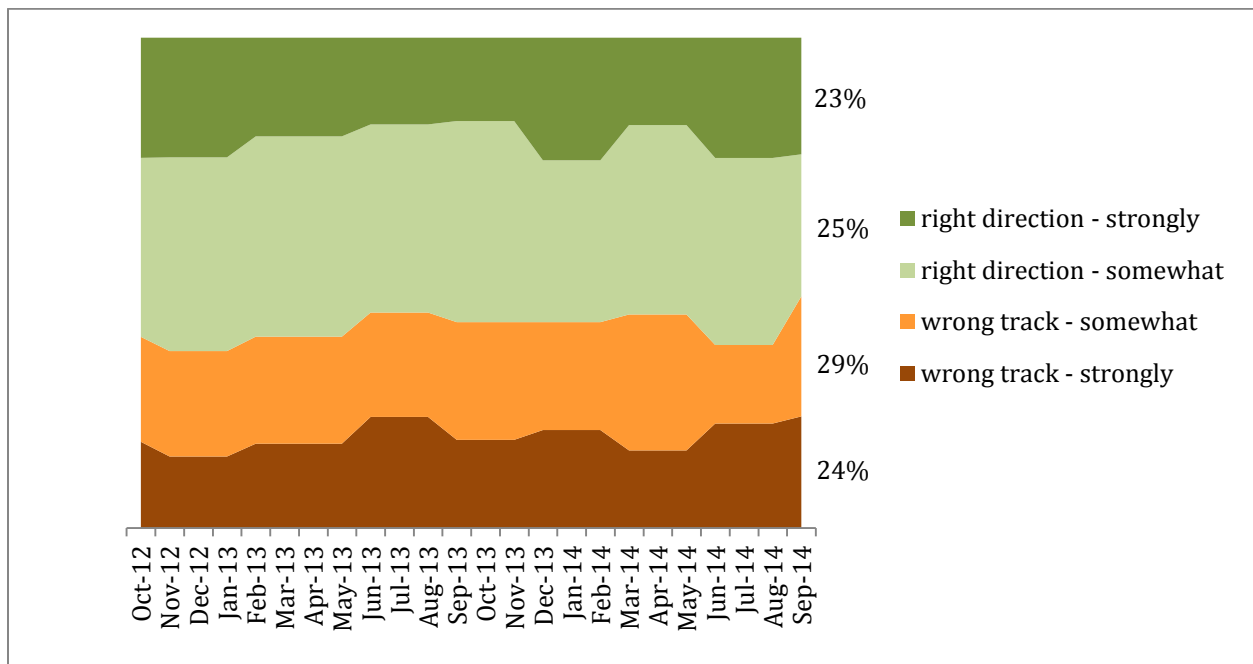


Figure 16: Wisconsin Right Direction/Wrong Track, by Evaluations of Current State Economy

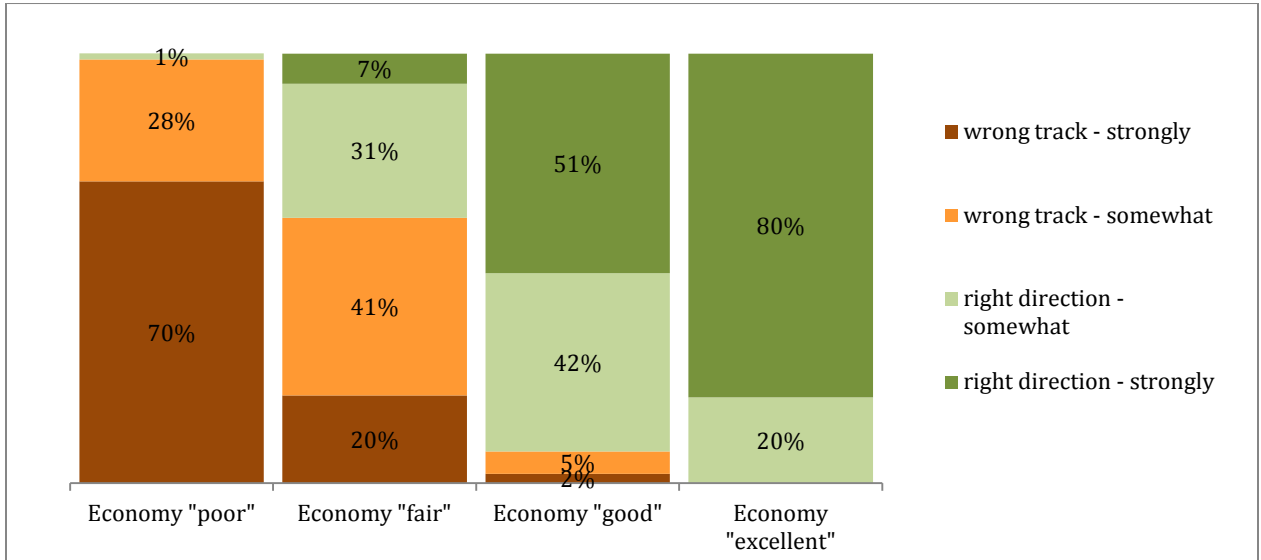
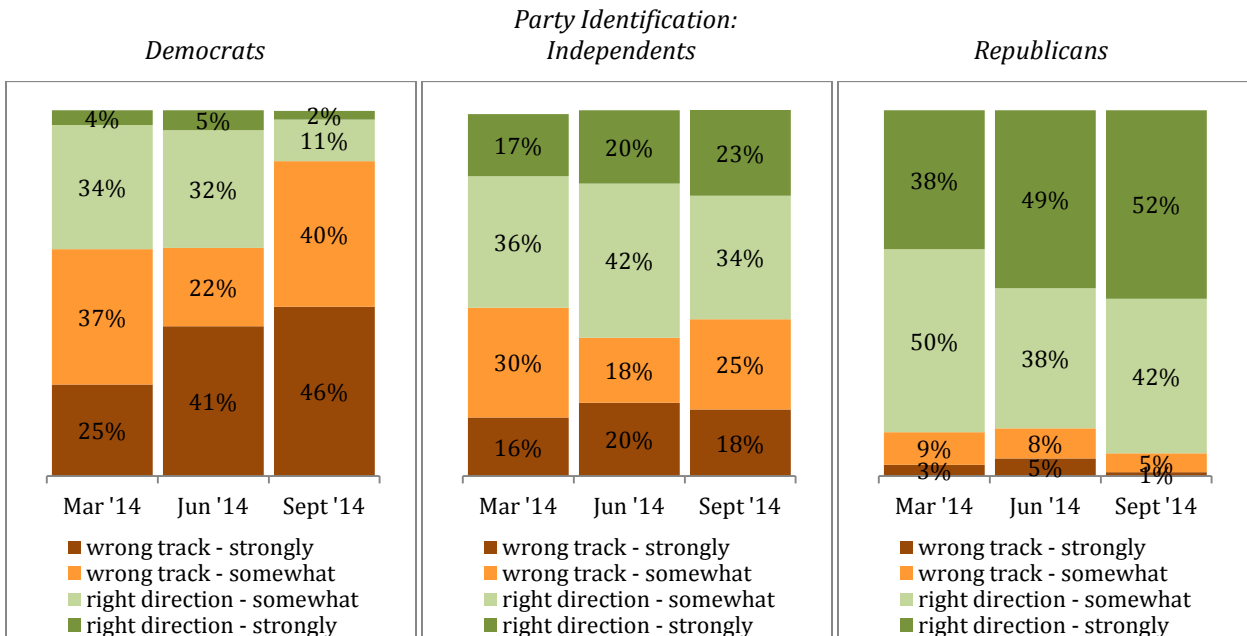


Figure 17: Perceived Direction of the State of Wisconsin, by Party Identification



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. Residents that indicated they are registered to vote² were asked whether they would support or oppose an increase in the minimum wage in Wisconsin. Figure 18 shows that 73% of registered voters in the state would support a minimum wage hike, while just 26% would oppose such a change.

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

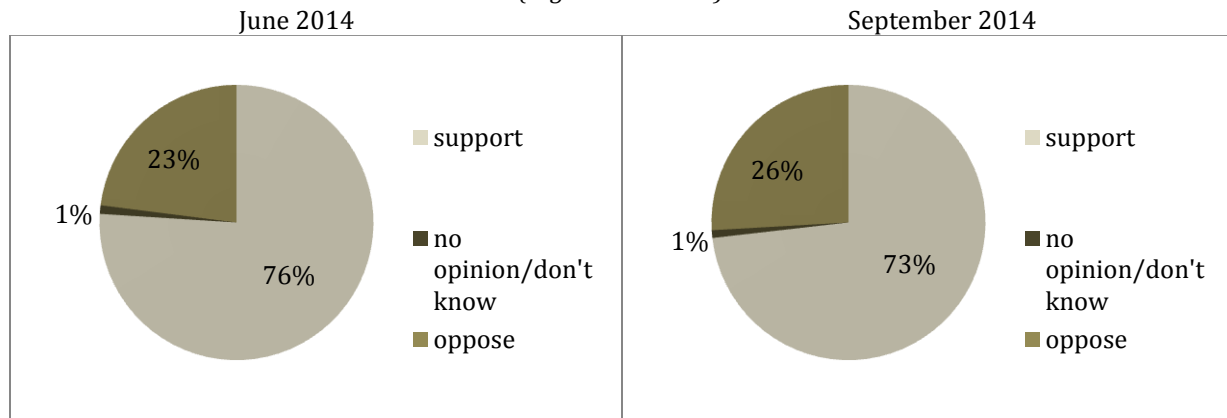
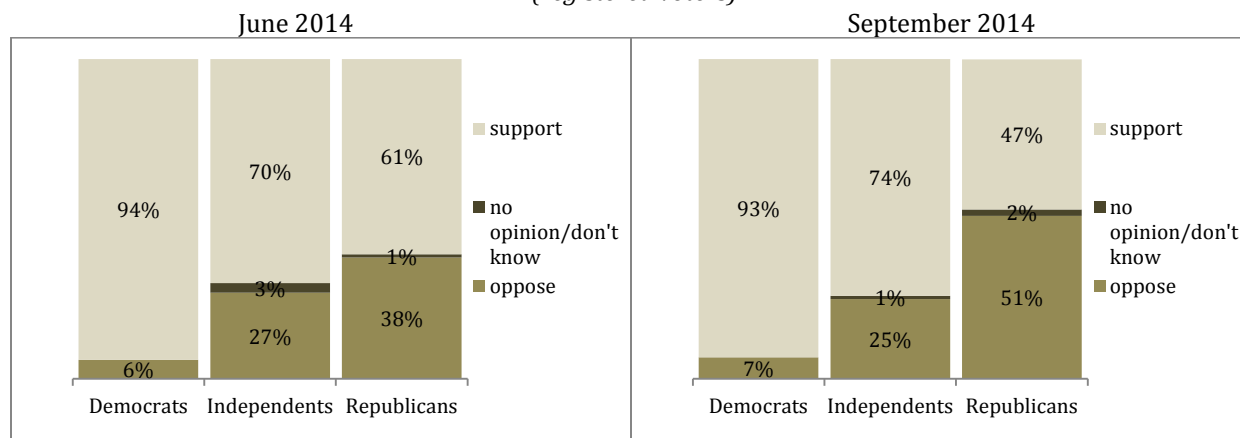


Figure 19 shows a significant decrease in support for a minimum wage hike among Republican voters since last quarter; while 61% formerly expressed support, Republicans are now split on the issue. Their rising opposition is balanced by a slight increase in support among independents, yielding a slight aggregate decrease in support for a higher minimum wage in the state.

Figure 19: Support for an Increase in the Minimum Wage in Wisconsin, by Party Identification (registered voters)



Registered voters were also asked about support for tying future increases in the state minimum wage to the rate of inflation; 69% said they would support such a policy, while 25% expressed opposition and 7% were undecided.

² 393 respondents reported being registered to vote, yielding a margin of error of ±4.9% at the 95% confidence level.

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)

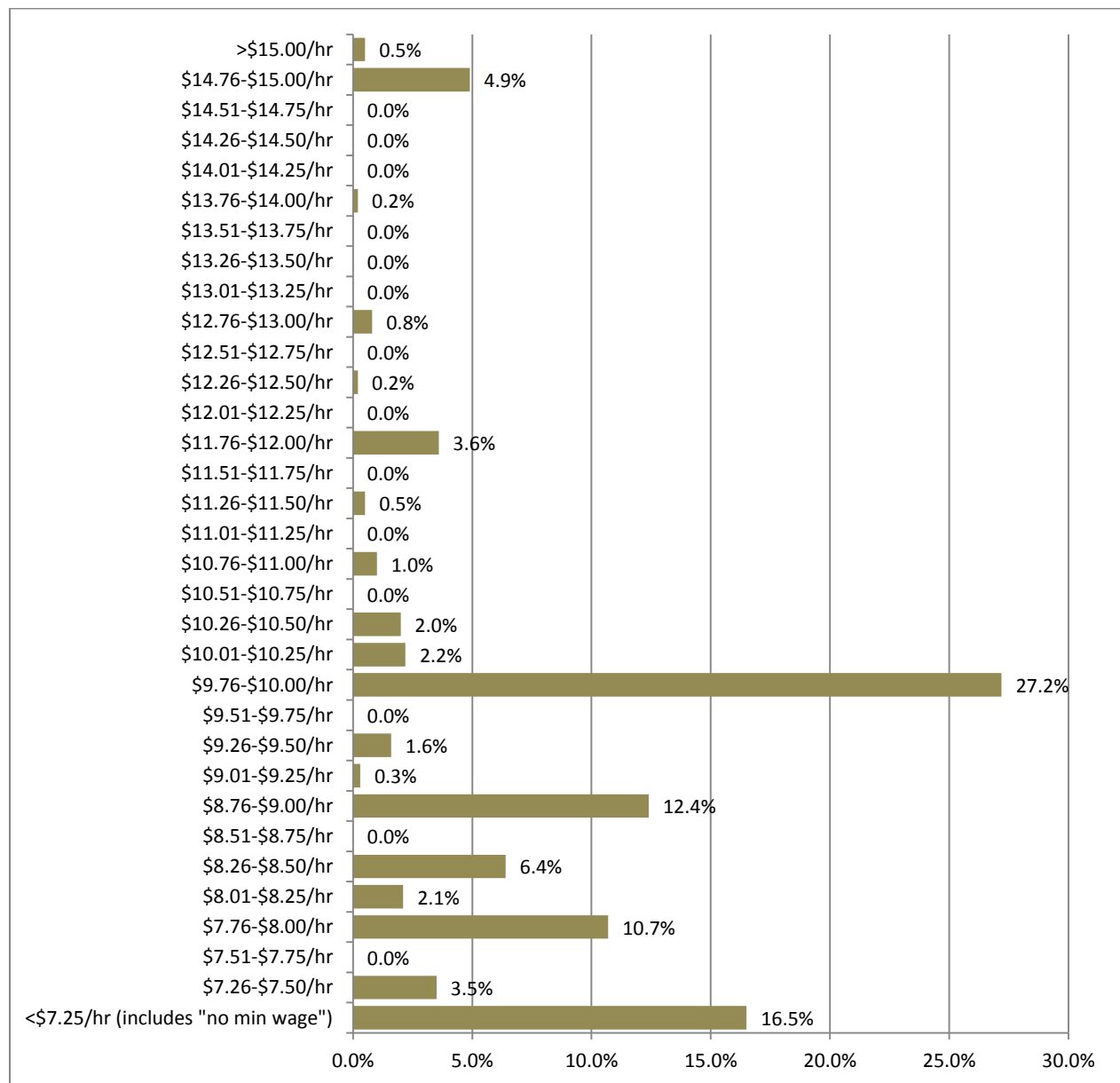
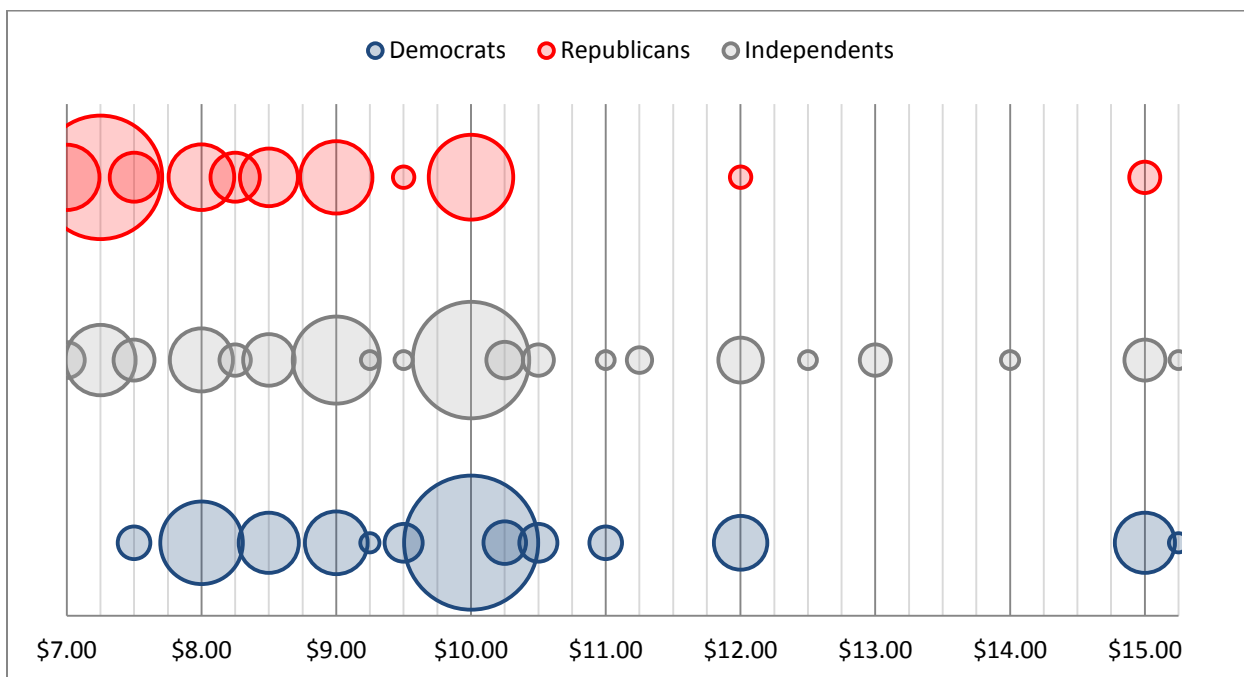


Figure 20 shows that the modal (or most common) category was “\$9.76-\$10.00/hour”; 27.2% of Wisconsin voters (up from 24.2% last quarter) gave responses which fell into this category. The median response was \$9.00/hour. Relatively large proportions of respondents chose \$8.00/hour (about 11%) or suggested that the minimum wage should remain at its current level (about 14%). Just 2.5% indicated opposition to a government-set minimum wage, while 5.4% indicated support for a minimum wage of \$15.00/hour or higher.

Interestingly, 41.9% of those who indicated opposition to a general minimum wage increase on the closed-ended question chose ideal minimum wage levels higher than \$7.25/hour on the open ended question; among these “minimum wage increase opponents,” \$8.00/hour was the most common response to “what do you think the minimum wage should be in Wisconsin?” It is possible that many “opponents” actually have a preferred rate that is higher than the current one, but register opposition to an unspecified increase when asked because they see the most common proposals (such as \$10.10/hour floated by Democratic groups) as too high.

Figure 21 shows the different distributions of responses to the open-ended question about the minimum wage across political groups. The popularity of each individual response is represented by the area of the circle centered on its respective dollar amount.

Figure 21: Wisconsin Voter Opinions Regarding the Ideal State Minimum Wage, by Party Identification (registered voters)



The most common ideal minimum wage among Democrats and political independents is \$10.00/hour, while the modal response among Republicans is the current rate of \$7.25/hour. However, the vast majority of each group prefers a minimum wage rate higher than the current rate. The median response among Democrats was \$10.00/hour; among independents, \$9.25/hour, and \$8.00/hour among Republicans. It is notable that the distribution of preferences among independents is much closer to that of Democrats than it is to that of Republicans.

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. A series of questions aimed at measuring support for specific proposals that was put to respondents last year indicated wide opposition to every proposal. In order to provide guidance to policymakers, for the last two quarters we have asked respondents to specify their most- and least-preferred options.

Registered voters 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 22 shows that since last quarter, there has been a notable decrease in support for introducing toll roads, which had been the most-preferred option for a plurality of Wisconsin voters. Now, tax/user fee increases, delaying major road construction projects, and toll roads are all about equally preferred. Figure 23 shows that tax/user fee hikes are most popular among Democrats, while delays are the preferred option among Republicans and independents.

Figure 22: Most-Preferred Options for Addressing the Projected Transportation Fund Shortfall (Q2 2014 vs. Q3 2014 comparison, registered voters)

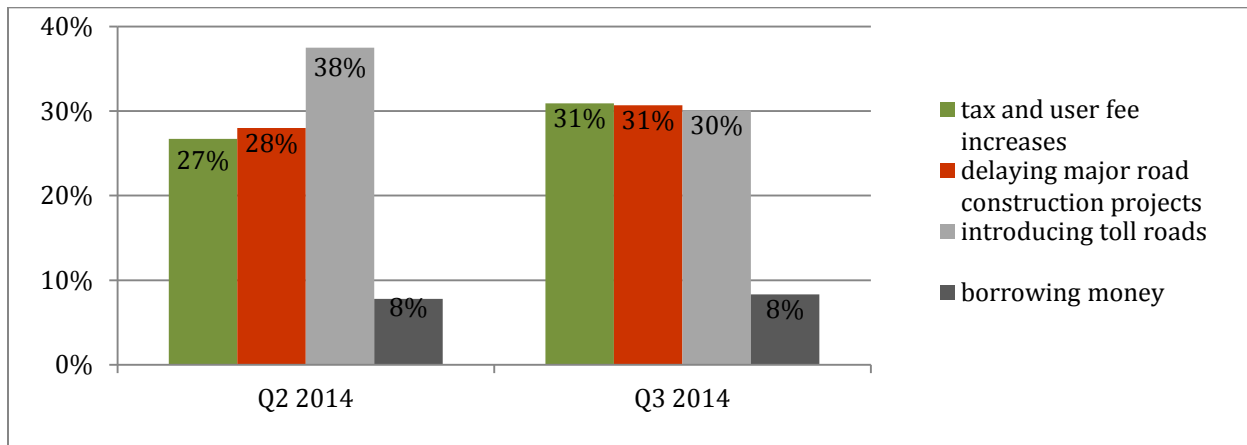


Figure 23: Most-Preferred Options for Addressing the Projected Transportation Fund Shortfall, by Party (registered voters)

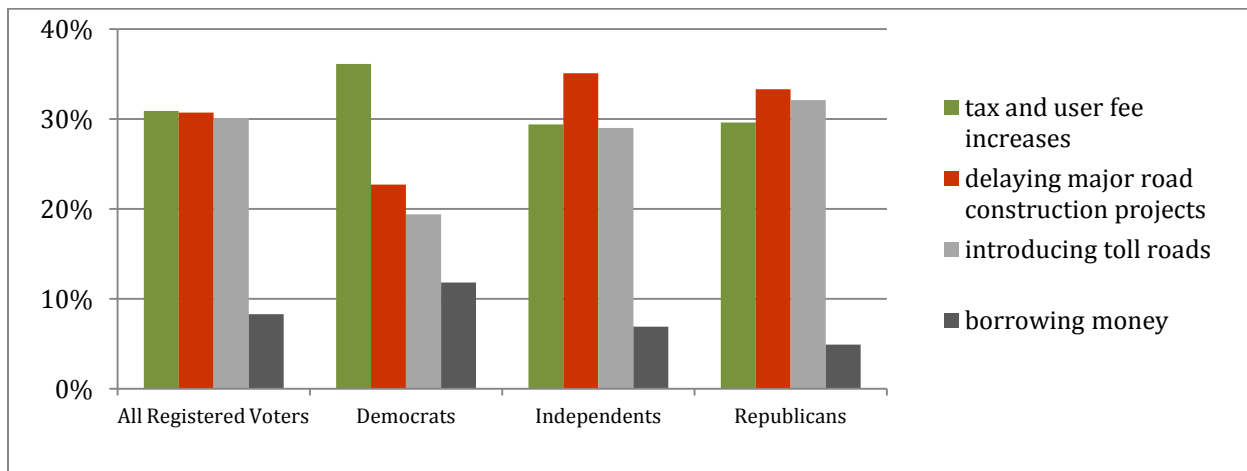


Figure 24 shows that toll roads and borrowing money are now tied for least-preferred option. Meanwhile, opposition to tax and user fee increases has softened since last quarter; just 26% say it is their least-preferred option, compared to 33% a few months ago. Figure 25 suggests that borrowing money is the least-preferred option among Democrats, while toll roads are the least desirable option for independents and Republicans.

Figure 24: Least-Preferred Options for Addressing the Projected Transportation Fund Shortfall (Q2 2014 vs.Q3 2014 comparison, registered voters)

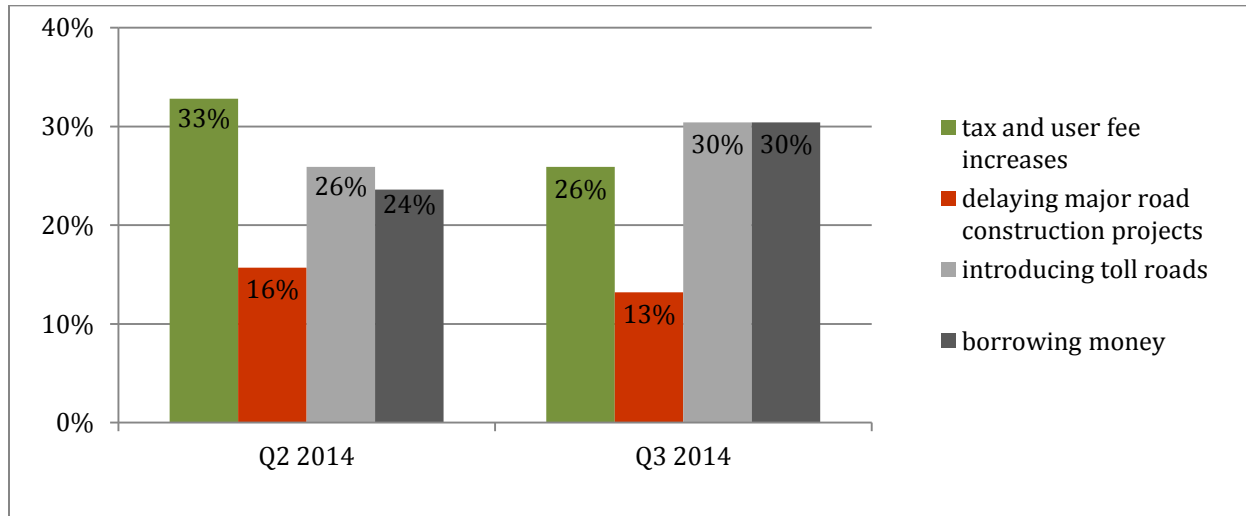
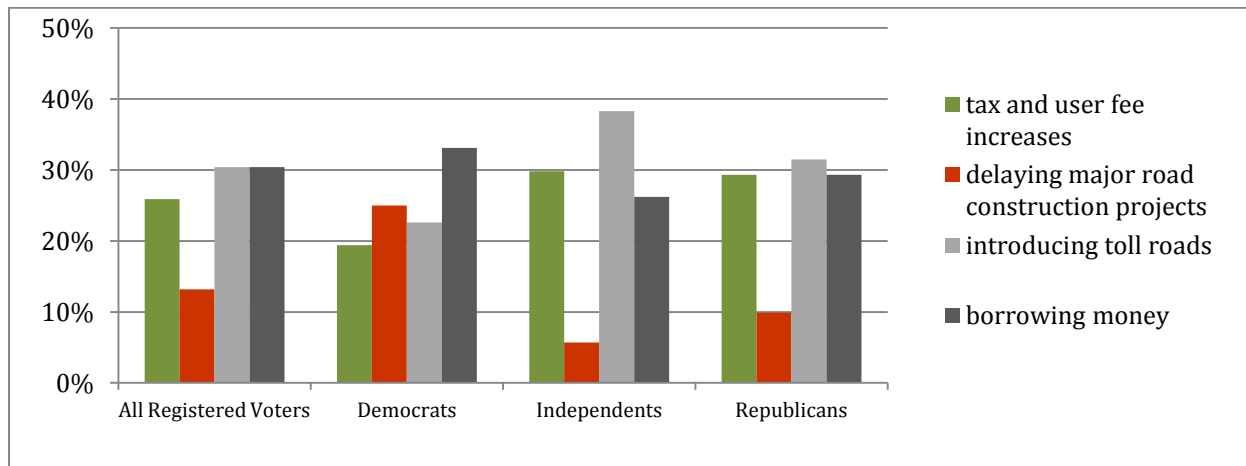
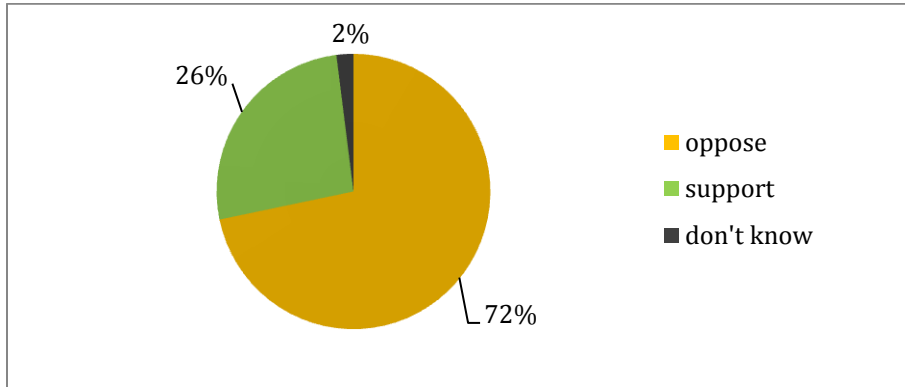


Figure 25: Least-Preferred Options for Addressing the Projected Transportation Fund Shortfall, by Party (registered voters)



In addition to the questions that asked voters to rank their preferences, voters were asked specifically about a proposal to increase the gasoline tax by 5 cents per gallon. Figure 26 shows that such an option would only be supported by about 26% of Wisconsin voters.

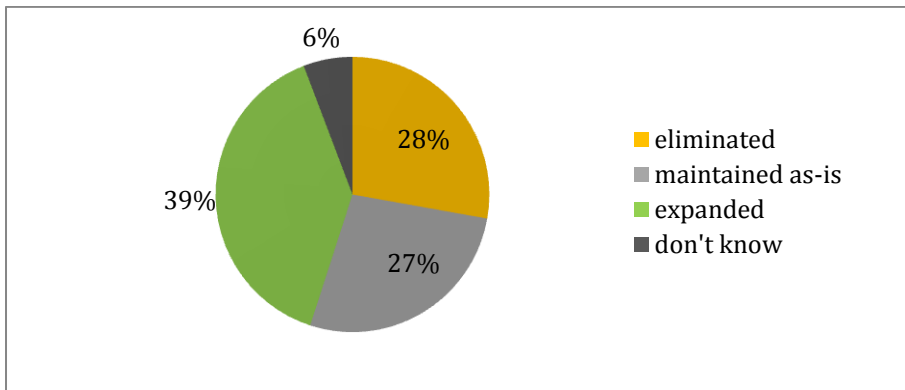
Figure 26: Support for Raising the Gasoline Tax by Five Cents per Gallon
(registered voters)



FEATURE: OPINIONS REGARDING CHANGES TO THE STATEWIDE SCHOOL VOUCHER PROGRAM

Wisconsin lawmakers are considering expanding the state's parental school choice program, which uses tax dollars to subsidize private school tuition for some students from low-income households. (The statewide program does not impact students in Milwaukee or Racine, which have separate school choice programs.) Currently, participation in the statewide program is capped at 1000 students. Registered voters were asked if the statewide program should be expanded, maintained as-is, or eliminated. Figure 27 shows that just 39% support expanding the program; most Wisconsin voters would prefer that the statewide voucher program be either maintained as-is (27%) or eliminated outright (28%).

Figure 27: Should the Statewide School Choice Program be...
(registered voters)

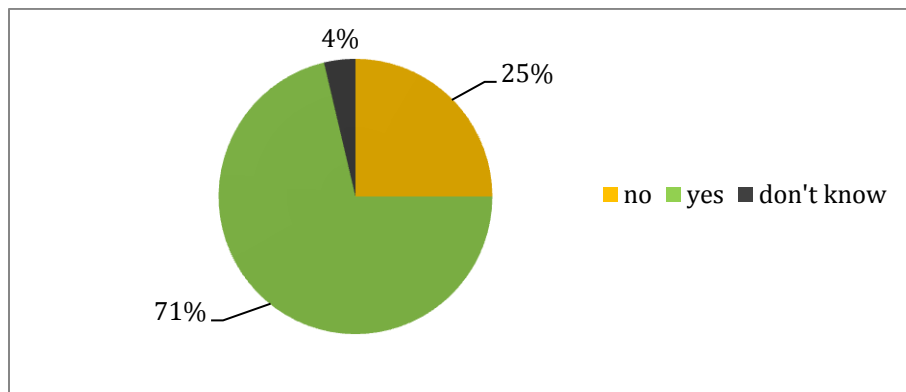


FEATURE: CONSTRAINTS ON WEDC EFFORTS TO ATTRACT BUSINESS

Over the past year, actions taken by the Wisconsin Economic Development Corporation (WEDC), a public-private partnership helmed by the Governor and tasked with augmenting economic growth, have come under scrutiny as some firms receiving state incentives have not implemented promised development or job creation. State voters were asked two questions intended to provide policymakers some guidance when it comes to public preferences regarding disbursement of state incentives aimed at businesses.

First, respondents were asked whether or not firms that receive state funds should be allowed to use those funds to create jobs out-of-state. Figure 28 shows a great deal of support for placing that constraint upon firms that receive state incentive money; 71% said firms should be barred from applying those funds to development out-of-state. About 25% said such practices should not be blocked, and 4% were unsure.

Figure 28: Should Firms that Receive State Funds be Barred from Using Those Funds to Create Jobs Out-of-State? (registered voters)



Next, respondents were asked to state their preference when it comes to the type of firms eligible for state incentive assistance. When asked to prioritize incentives for new technology start-up firms versus incentives for established manufacturing, 53% chose the latter, while 34% favored new tech firms (Figure 29).

Figure 29: Should the state focus its efforts on encouraging new start-up tech firms, or supporting established manufacturing? (registered voters)

