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Executive Summary of Statewide Poll Results

To: California Tribal Business Alliance
California Business Properties Association
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Introduction

In a cooperative effort between the California Business Properties Association (CBPA) and the California Tribal Business Alliance (CTBA), Greenberg Quinlan Rosner Research conducted a statewide survey in California assessing the public's attitudes towards the state's economy and business environment. The survey found many interesting findings regarding the mindset of the California electorate in terms of their current views of the economy and what can be done to make it stronger.

Overall, the survey found that attitudes about the state's economy are decidedly mixed. California voters have an evenly split assessment of the current condition of the economy and they express outright negative sentiments regarding the state's general business climate. Nevertheless, voters point to specific problems facing the state's economy, they offer solutions as to how to improve it, and they are cautiously optimistic about the future. In sum, while there is a lot of negative sentiment regarding the current condition of the state's economy, there is cause for hope.

We present below an analysis of the poll findings that includes breakdowns of key demographic data on the most poignant data points.

Issues

California voters are concerned about many issues affecting the state, but they also express clear priorities. Overall, they are worried most about the cost of health care and education. When it comes to problems facing the economy, voters rank jobs as their top concern.

The survey initially asked respondents how concerned they were about a wide range of specific issues. From this list emerged the tiers of issue priorities.

- **Top Tier:** "The cost of health care and health insurance" ranked first, with more than three out of four voters (77 percent) either extremely or very concerned about this issue and four out of ten (39 percent) extremely concerned. "The quality of public schools" came in second (70 percent extremely or very concerned, 32 percent extremely).

- **Middle Tier:** Voters express a great deal of concern about several other issues, though they do not quite garner as strong a response as the top two issues. This group includes many quality of life issues such as the cost of energy including the price of gas (67 percent extremely or very concerned); protecting the air, land, and water (64 percent); traffic and congestion (63 percent); the cost of housing and the economy (both at 58 percent); and a sufficient water supply (56 percent).
- **Bottom Tier:** There were several issues that did not attract a great deal of intense concern or were not seen as a major concern by a significant majority of voters. Such issues were illegal immigration (54 percent extremely or very concerned, 23 percent extremely); the condition of the state's infrastructure (55 percent, 18 percent) as well as roads and freeways (51 percent, 18 percent); a lack of good-paying jobs (43 percent, 17 percent); and only a minority expressed concern about the quality of the state's workforce (34 percent, 11 percent).

Voters have somewhat different perceptions when asked specifically about problems facing the state's economy. In an open-ended question on this subject (that is, voters were asked in their own words what they thought to be the biggest problem facing the state's economy), jobs and wages rises to the fore as one in four voters (24 percent) names a jobs-related subject, with "outsourcing of jobs" (13 percent) as the top ranked jobs-specific response. Illegal immigration ranked second (18 percent), followed by the cost of living (17 percent, mostly driven by the cost of housing), education (13 percent), politics (13 percent), government spending (8 percent), energy costs (8 percent, which includes the price of gas), health care (7 percent), the business climate (7 percent, which covers business leaving the state and regulation), taxes (6 percent), and infrastructure (5 percent, which counts all infrastructure-related items).

■ **Figure 1: Jobs/Wages and Illegal Immigration Rank as Biggest Concerns Facing California's Economy**

In your own words, what is the biggest problem facing California's economy?

	Percent Total
Jobs/Wages	24%
Illegal Immigration	18%
Housing/Cost of Living	17%
Education	13%
Politics	13%
Government Spending	8%
Gas/Fuel/Energy Costs	8%
Health Care/Health Insurance	7%
Business in California	7%
Taxes	6%
Infrastructure	5%
Environment/Pollution	2%
Crime	1%
Terrorism/War in Iraq	1%

There are notable differences by ethnic and racial group in assessing the most serious problems facing the state's economy.

- Among Caucasians, jobs (21 percent) and illegal immigration (21 percent) are tied for the top issues.
- Among African American voters, jobs is the dominant concern (36 percent) and education comes in second (23 percent).
- Latinos put jobs at the top of their list (30 percent), followed by the cost of living (23 percent) and education (19 percent).
- Asian voters have two major concerns – jobs (34 percent) and the cost of living (33 percent).

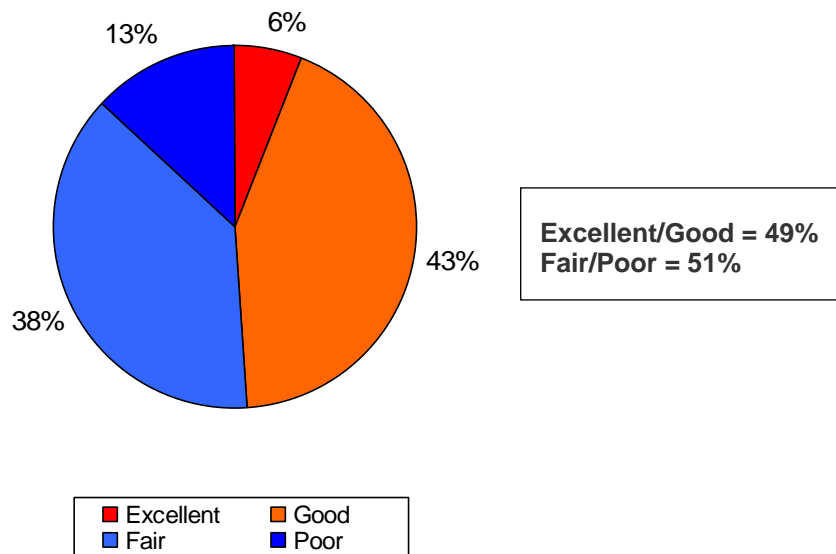
Opinions About the State's Economy

The public does not have a great deal of pride or confidence in California's economy right now. Voters' attitudes about the current condition of the economy are decidedly mixed. They perceive that California is a tough place to do business and that jobs are leaving the state. However, voters are cautiously optimistic about the future.

Opinions regarding the state's economy in its present form are nearly perfectly split. Essentially half of voters (49 percent) describe the economy as "excellent" or "good" to half who say it is "just fair" or "poor" (51 percent). Opinion tilts slightly in favor of the bears as twice as many people say "poor" (13 percent) as say "excellent" (6 percent).

■ Figure 2: State of the Economy – Voters Split on Strength of the Economy

How would you rate California's economy – excellent, good, only fair, or poor?



Voters' views towards the economy are not uniform as voters of different party affiliation, gender, and ethnicity have varying perspectives on the state's economy.

- Democrats are bearish (36 percent excellent/good compared to 64 percent just fair/poor), Republicans are bullish (61 percent positive, 38 percent negative), and independents are more mixed but have bullish proclivities (55 percent positive, 43 percent negative).
 - Democratic women harbor the most negative views of the economy of any subgroup (68 percent fair/poor with 20 percent poor);
 - Conversely, younger Republicans offer the most positive assessment of the state's economy (68 percent), though only seven percent describe it as being in "excellent" condition;
- Men (54 percent excellent/good, 45 percent fair/poor) are bullish while women are bearish (43 percent, 56 percent). Mothers offer a starkly negative view of the economy (35 percent, 65 percent), whereas fathers have a fairly positive outlook (54 percent, 46 percent).
- A majority of Caucasian voters are bullish (55 percent to 45 percent), but people of color are bearish by a two-to-one margin (33 percent to 66 percent).

The poll provided some helpful insight into why voters are not upbeat about the state's economy.

- Voters overwhelmingly believe that it is harder to do business in California than in other states (64 percent say harder, only 12 percent say easier and 3 percent feel it is about the same).
- Even after hearing arguments from both sides of the debate over whether or not California is a good place to do business, a solid majority (57 percent) still feels that it is a tough place than believes it is a good place to do business (36 percent).
- Most voters perceive that more jobs are leaving the state (68 percent) than are coming into the state (16 percent), and few feel that the job flow is balanced (3 percent say the same number of jobs are coming into the state as leaving).

Voters do not even have a great opinion of themselves. When asked how the state's workforce compared to other states, most (57 percent) responded that it is about the same. A quarter (25 percent) did indicate California's workforce is better than in other states, which is five times as many as said worse (5 percent).

There is an interest in making investments to improve the workforce. Specifically, many voters (57 percent) want to see the state invest more into community colleges and vocational schools that provide job training and continuing education for workers. Only a third (35 percent) feels that the state invests sufficiently in these areas.

In spite of the negative assessments of several specific areas relating to California's economy, voters express cautious optimism. In fact, a majority of voters (53 percent) believe the economy will improve over the next few years compared to only a third (34 percent) who feel it will get worse. The remaining 13 percent are unsure. We should point out that equal numbers of voters are intensely optimistic as intensely pessimistic (14 percent).

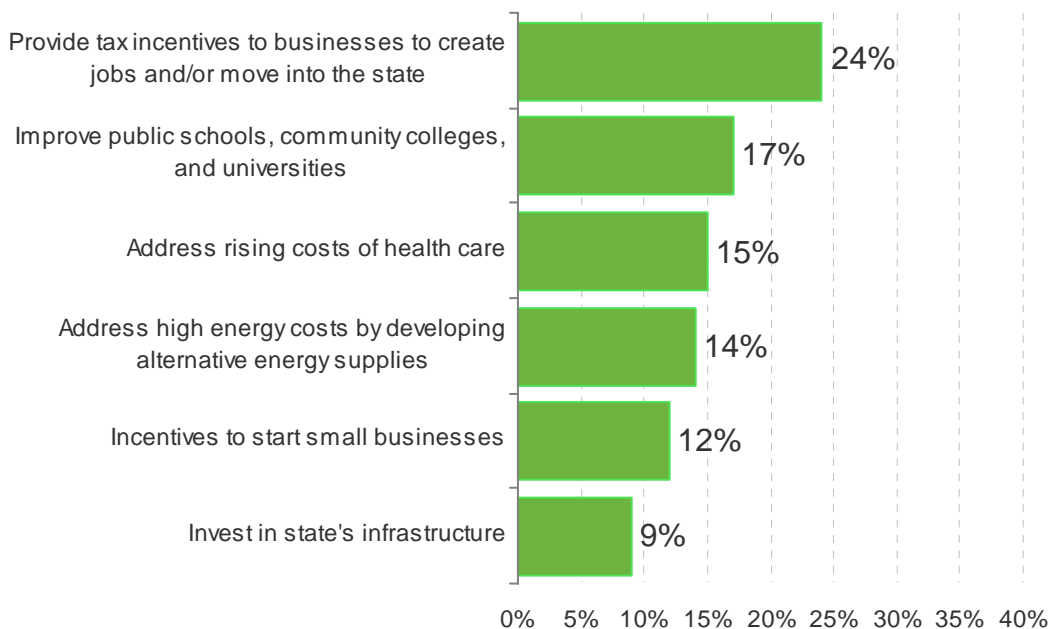
At least a plurality of every demographic group offers hope for the future. The most optimistic groups are moderates (66 percent better, 24 percent worse) and independents (63 percent to 27 percent). The most pessimistic on a relative basis include liberals (44 percent to 41 percent) and residents of Los Angeles County (45 percent to 42 percent).

The poll offered several suggested solutions for the state's economy and voters responded enthusiastically to many of them, although they did not coalesce around a single solution. When read a list of potential policy proposals that could improve the economy, nearly

one in four voters (24 percent) chose “providing tax incentives to businesses to create jobs and move into the state.” “Improving schools” came in second (17 percent), followed by health care (15 percent), addressing high energy costs by developing alternative energy supplies (14 percent), incentives to start up business (12 percent), and, in last place, “invest in the state’s infrastructure, including roads, bridges, schools, and levees” (9 percent).

■ **Figure 3: Ways to Improve the Economy – Providing Tax Incentives to Businesses Most Popular Solution**

Of the following, which do you think is the best way to improve the economy?



There were interesting differences based on ideology and ethnicity.

- Liberals believe that we can best strengthen our economy by improving education (23 percent) and addressing the rising cost of health care (20 percent); conservatives strongly favor providing tax incentives to businesses (35 percent) over all of the other options; and moderates have more disparate responses as they lean slightly towards preferring tax incentives (22 percent), followed by schools (16 percent) and health care (15 percent).
- White voters name tax incentives as their top choice (25 percent), with health care (16 percent), education (14 percent), and energy costs (14 percent) clumped together in a second tier of solutions; Asians cite tax incentives (26 percent) as their most preferred solution with health care in second (21 percent); African Americans and Latinos both choose education (28 percent and 27 percent, respectively), though blacks name tax incentives (19 percent) and health care (17 percent) as their next order of priority whereas Latinos name tax incentives (20 percent) and energy costs (18 percent).

Small Businesses – a Path to a Better Economy

California voters are interested in encouraging the growth of small businesses to strengthen the economy and believe they can and should be an important engine in growing the economy for the future. Voters have a sense that small businesses face a challenging environment and that more should be done to make it easier to launch a new small business.

- Two-thirds of voters (68 percent) believe it is difficult to start a small business in California. Only a quarter (26 percent) hold the opposite opinion and think it is easy.
- Many more voters think there is *too much* regulation on small businesses (43 percent) than think there is too little (8 percent). That is not to say that voters want to give small businesses carte blanche as there is a sizable proportion of voters (42 percent) who say there is the right amount of regulation. These attitudes contrast sharply with opinions regarding large businesses where the electorate is evenly divided into three camps -- too much regulation of large businesses (29 percent), too little (30 percent), and the right amount (33 percent).

In one of the major substantive policy findings in the survey, the poll found that voters prefer that the state place more of an emphasis on small business development than trying to bring in large businesses. The survey offered respondents an argument on behalf of each side of this debate – encourage people to start small businesses *or* attract large businesses. Voters' preferences were clear as many more people chose small businesses (55 percent) over large businesses (36 percent).

■ Figure 4: Focus on Small or Large Businesses – Majority of Voters Think State Should Focus on Small Businesses

Which statement do you agree with more?

	Percent Agree
Some people say small businesses are the leading source of new jobs in California. They are the fastest growing part of the economy and often represent the fastest growing companies. California should do more to encourage people to start small businesses in order to strengthen our economy.	55%
Other people say California should focus on attracting large businesses to the state. They will create lots of good paying jobs with benefits, as opposed to small businesses that will only provide a few jobs, often do not provide benefits and do not have as big an impact.	36%

Californians seem to have an entrepreneurial spirit. More than half (55 percent) report having considered starting a small business (45 percent said they had not considered it). It is these entrepreneurial Californians who are fueling the demand for the state to do more to encourage small businesses. An overwhelming number of these entrepreneurs want the state to place more of an emphasis on small businesses than large businesses (63 percent for small businesses to 29 percent for large businesses). Conversely, voters who have not contemplated starting a business have more divided opinions about whether the state should focus on small or large businesses (46 percent for small businesses, 45 percent for large businesses).

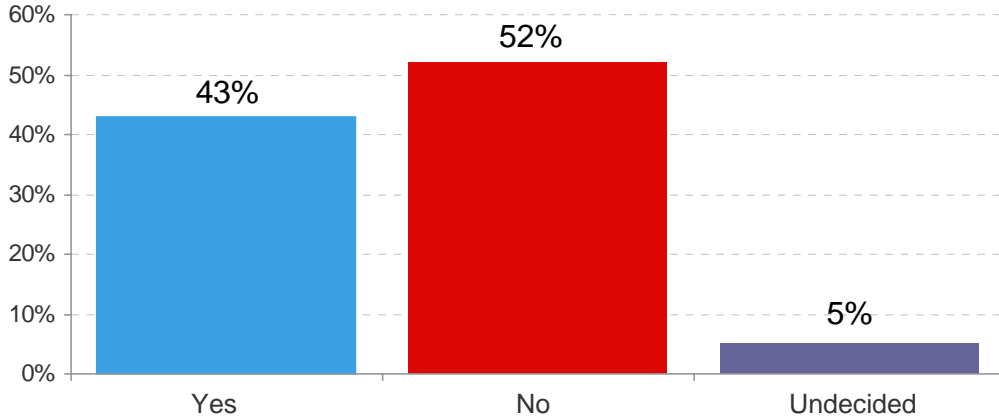
Infrastructure and the Infrastructure Bond

Though voters believe the state's infrastructure is not in good condition, they are not clamoring for an investment in infrastructure. Overall, "infrastructure" as an issue ranks low as a priority for voters. Barely half (55 percent) indicate they are either extremely or very concerned about the state's infrastructure. Only five percent name some aspect of infrastructure (infrastructure, roads, levees, or other public structures) as the biggest problem facing California's economy, placing it 11th as a concern.

The survey tested a potential \$32 billion infrastructure bond and asked respondents how they would vote on the bond if the election were held today. The bond initially attracts a majority of opposition as 52 percent say they would vote no, edging out the yes vote by nine points (43 percent yes). Few voters are undecided (5 percent). Even more troubling for proponents of the infrastructure bond is that there are many more intense opponents (27 percent indicate they would *definitely* vote no) than strong supporters (16 percent). Such low intensity in support suggests the bond faces an uphill battle.

■ Figure 5: Infrastructure Bond – A Majority of Voters Currently Opposes the Bond

If the election were held today, would you vote yes in favor of the initiative or no to oppose it?



Ideology is the most significant factor in determining opposition and support for the bond. Self-identified liberal voters are the strongest supporters of the bond with 54 percent currently voting yes, 38 percent voting no, and seven percent undecided. Moderates are evenly divided on the bond (48 percent yes to 47 percent no). Conservatives oppose the bond by a two-to-one margin (31 percent yes to 66 percent no with only 4 percent undecided).

■ **Figure 6: Bond Initiative Vote by Political Ideology – Liberals Are Most in Favor of Infrastructure Bond**

	Total Yes	Total No	Undecided
Liberals	54%	38%	7%
Moderates	48%	47%	5%
Conservatives	31%	66%	4%

There is no base of geographic support for the infrastructure bond. The highest level of support is in the Bay Area, but voters in that region are divided (47 percent yes to 45 percent no with 8 percent undecided). Los Angeles County has the next closest margin (45 percent yes to 50 percent no with 5 percent undecided). The more conservative areas of the state oppose the bond by double-digits – Southern California outside of LA County (39 percent yes to 56 percent no), Sacramento/North (42 percent yes to 54 percent no with only 3 percent undecided), and the Central Valley (43 percent yes to 55 percent no with only 2 percent undecided).

■ **Figure 7: Bond Initiative Vote by Region – No Base of Geographic Support for Infrastructure Bond**

	Total Yes	Total No	Undecided
Bay Area	47%	45%	8%
Los Angeles County	45%	50%	5%
Los Angeles Area	39%	56%	5%
San Diego	39%	54%	7%
Sacramento/North	42%	54%	3%
Central Valley	43%	55%	2%

The poll found evidence that California voters have at least some interest in the state's infrastructure. By a three-to-one margin, voters believe the state's infrastructure is either "just fair" (50 percent) or "poor" (24 percent – for a combined total of 74 percent for these two categories) while only one quarter (25 percent) say the state's infrastructure is in "excellent" (only 1 percent) or "good" (24 percent) shape.

Furthermore, opinions are not yet set on the infrastructure bond. A sizable portion of no voters (39 percent) respond that they would *consider* supporting the bond if it were for less money. In addition, when presented with arguments for and against the bond, a majority end up supporting the bond (53 percent to 38 percent) with the remaining nine percent undecided. Still, only one in five voters (21 percent) indicate they would *strongly* support the bond, so proponents of the bond have their work cut out for them.

Attitudes Regarding Taxes

Attitudes regarding taxes in California are not as negative as one might expect. Most voters perceive that this state has higher taxes than other states, but a majority feels they pay a “reasonable and fair” amount in state and local taxes and a plurality has that sentiment regarding corporations.

- Most Californians believe state and local taxes are higher than in other states (70 percent say higher), only three percent say lower, and 15 percent feel the state’s taxes are about the same as in other states.
- A majority of voters (52 percent) indicate they “pay a reasonable and fair amount in state and local taxes.” That finding is 10 points higher than the number of voters who feel they pay “too much” (42 percent). Only a nominal amount of voters (4 percent) responded that they pay “too little.”
 - Interestingly, senior citizens are most likely to agree that they pay a fair and reasonable amount in taxes (62 percent), which is nearly twice as many seniors who feel they pay too much (33 percent).
 - Republicans split on this issue, with an equal amount (48 percent) believing they pay a fair and reasonable amount in taxes as believes they pay too much. Democrats and independents are inclined to feel their taxes are reasonable (56 percent and 51 percent, respectively).
- Attitudes regarding corporate taxes differ significantly from taxes on individuals. While a plurality of voters feels corporate taxes are reasonable (42 percent), more voters believe corporations in California pay *too little* in taxes (25 percent) than too much (20 percent). Overall, pluralities of all demographic groups believe corporations are taxed fairly. However, unlike with personal taxes, sentiment regarding corporate taxes is much more correlated to ideology.
 - Liberals are most likely to agree that corporate taxes are too low (35 percent too low, 8 percent too much, 47 percent reasonable);
 - Moderates are more mixed (26 percent too low, 16 percent too much, 44 percent reasonable); and
 - Twice as many conservatives indicate corporate taxes are *too high* than too low (15 percent too low, 32 percent too high, 38 percent reasonable).

Tourism

Voters believe that tourism is an important part of the state’s economy, and given their self-reported travel habits, Californians themselves are a major component of the state’s tourist economy.

- More than three quarters (77 percent) of the public indicates that the tourist industry is either an *extremely* or *very* important part of the California’s economy.
- Seven out of ten voters (70 percent) report that they travel within California for a long weekend or a short vacation. Less than a quarter (23 percent) tends to travel out of state.
 - When traveling within California for a trip, nearly all respondents (88 percent) drive to their location.
 - Three out of four vacationers who drive describe their trip as being at least three hours in length. One out of four drivers (26 percent) get in their car for shorter trips.

Appendix A: Survey Methodology

From February 19-23, 2006, Greenberg Quinlan Rosner Research conducted a statewide survey in California by telephone among 800 likely voters. The survey's margin of error is plus or minus 3.5 percent.
