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2nd Annual Special State of Pennsylvania Survey: The Economy and Personal Finances

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Majority Believe Economy and Personal Finances to Improve in Coming Year
Gas, Food and Heating Costs Remain Immediate Worry
25% Get Second Job; One in Five Lost Job, Hours Cut, Have Seen Foreclosure
Support Balanced Fed Budget; Divided on Retaining Tax Cuts, Health Care Reform

Loudonville, NY – Fifty-three percent of Pennsylvania residents believe the economy in general is going to improve and 54 percent think their own personal financial situation will get better over the next year according to a new survey released today from the Siena (College) Research Institute (SRI) and sponsored by First Niagara Bank. The cost of food is now a financial hardship for 70 percent (71 percent a year ago) and gas prices seriously impact 65 percent up from 59 percent a year ago. Eighty percent (77 percent a year ago) worry about the coming winter heating costs. Similar to last year at this time one in four Pennsylvania households report a member getting a second job over the last six months to make ends meet while 19 percent (20 percent a year ago) have had a job loss but only 23 percent, down from 31 percent have suffered a cut back in work hours. Seventeen percent personally know someone that has lost their home in foreclosure over the last twelve months.

Of seven potential federal initiatives, Pennsylvania residents most strongly support, 68 to 11 percent, eliminating the federal budget deficit. A majority of Democrats, Republicans and independents all support addressing the deficit. Residents are more evenly divided on repealing the recently passed health care reform legislation with 41 percent opposing it and 37 percent supporting repeal. A small plurality, 46 percent to 39 percent, oppose retaining the Bush-era tax cuts currently in place for individuals earning more than \$200,000 and couples earning more than \$250,000. A majority 52 percent to 37 percent would like to see the federal government spend additional money to stimulate the economy in areas like roads and bridges while similar majorities support extending unemployment benefits and eliminating the payroll tax deduction on the first \$20,000 of earnings. Opposition is overwhelming, 80 to 12 percent for an increase in gasoline taxes.

The 2nd Annual Pennsylvania Survey of the Economy and Personal Finances is part of a larger study of economic confidence in Pennsylvania. In January, the Second Annual First Niagara Survey of Pennsylvania Business Leaders, an investigation of confidence, concentrations, plans and attitudes towards government of CEO's from Pennsylvania's private for profit companies will be released.

“Times remain tough in the Quaker State, but today optimism trumps pessimism,” said Dr. Don Levy, SRI’s Director. “While more hopeful than last year, residents are now evenly divided on whether our current economic problems are temporary or that our country’s best days are behind us. They may not all agree on tax cuts or health care reform, but one thing is clear, they want Washington to live within its means.”

“On many kitchen table issues including job security or the ability to get a new job, saving money, or having enough cash to enjoy life or just make ends meet, most state residents think they will at least breakeven and about one in five see improvement over the coming year. Still, some residents, most notably about 30 percent of those earning less than \$50,000 continue to predict worsening job and economic prospects,” Levy said.

“The biggest worries are long-term. Twice as many residents think their ability to afford to educate their kids, secure a comfortable retirement and have affordable quality health care will decline this year as opposed to improve,” Levy added.

In response to current economic conditions, residents say they are changing many every day behaviors. Seventy-two percent now plan expenses, and they have either completely or partially eliminated impulse purchases. Seventy percent of state residents have cut back on the amount or quality of entertainment, and 76 percent now carefully monitor and manage energy use at home. Sixty-nine percent (up from 61 percent last year) of residents now use coupons or special offers to purchase necessities like food or clothing, and 59 percent are substituting goods and services of lower quality in those areas or in health and hygiene in order to save money. Fifty-two percent have delayed major purchases like a car, appliance or home.

The percentage of households with a member losing a job this year is virtually unchanged from last year. Once again, those earning under \$50,000 at 26 percent are far more adversely impacted than those earning over \$100,000 (6 percent). Fewer residents (23 percent) this year compared with last (31 percent) have had their hours cut back at work. Knowing someone that has had their home foreclosed across the state measured 17 percent with a higher rate in the northeast, average rates in western and southeastern Pennsylvania and the lowest rate, 8 percent in the central portion of the state.

“Despite economic challenges, half of all residents, up from only forty-three percent a year ago, now say they are less in debt today than they were a year ago. Thirty-seven percent have a saving account with at least enough money to carry them for six months and although worrying about money has only slightly declined, thirty-nine percent were able to put away at least some money for retirement over the last six months,” Levy said.

“Up slightly from 47 percent last year, half of all residents now say they have a written monthly budget that they use to track income and expenses. Apparently, the hope is that the federal government will do the same.”

The 2nd Annual Economy and Personal Finances Survey was conducted November 3 – 5, 2010 by random telephone calls to 625 Pennsylvania State residents over the age of 18. Data was weighted to enhance representativeness. Results are reported with a margin of error of \pm 3.9 points. For more information or comments, please call Dr. Don Levy, Director, Siena College Research Institute, at 518-783-2901 or dlevy@siena.edu. Survey cross-tabulations can be found at www.siena.edu/sri/research