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

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For PDF of release and data summary, visit www.siena.edu/sri/research

Majority See Economy Improving Nationally and in Massachusetts

Better Off Than 4 Years Ago? In MASS, 47% “YES”, 42% “NO”

64% or More Worried about Gas, Food & Heating Costs

Most Support Tax Increase on High Earners, More Domestic Energy; Evenly Divided on Repealing Health Care Legislation

Fifty-six percent of Massachusetts residents (up from 46% a year ago) say they believe the country’s economy is strong and that we will return to financial health compared with 40 percent (down from 49% a year ago) who say our best economic days are behind us according to a new survey released today from the Siena (College) Research Institute (SRI) and underwritten by First Niagara Bank. Forty-seven percent of state residents say they are better off today than they were at this time four years ago while 42 percent say that they are not. Looking to the future 53 percent predict business conditions will improve over the next twelve months, a twenty-point plurality anticipate a positive five-year outlook and by over four to one, residents expect to be personally better off financially a year from today.

Gasoline prices continue to pose a somewhat or very serious financial hardship to 66 percent (up from 60% a year ago) of residents while 65 percent (down from 71%) are somewhat or very concerned about the impact of heating costs and 64 percent (65% last year) say grocery costs are having a serious impact on their finances.

Large majorities support increasing federal income taxes on those Americans making more than \$250,000 and increasing the exploration and development of domestic energy including oil and natural gas. Residents are split with 40 percent supporting and 41 percent opposing efforts to repeal the recently enacted federal health care reform legislation. A majority of Democrats oppose repeal while Republicans support it.

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

“Despite continuing concern over the price of many staples as well as with jobs, and the market, state residents are far more optimistic today than they were a year ago and led by the upbeat Boston area, more positive than residents of the states of New York, Connecticut and Pennsylvania ,” said Dr. Don Levy, SRI’s Director.

Twenty-two percent of residents, when thinking about their financial life today as compared to four years ago, say their job security is better, 29 percent say their monthly income versus their expenses is better and 27 percent say the value of their savings and investments are improved.

| | Better | Worse | Same |
|---|------------|------------|------------|
| You and your household, financially compared to 2008 | 47% | 42% | 10% |
| Personal | | | |
| Job security | 22% | 22% | 50% |
| Monthly cash flow | 29% | 38% | 32% |
| Savings & Investments | 27% | 36% | 35% |
| Others | | | |
| Local businesses | 18% | 46% | 33% |
| Major corporations | 38% | 26% | 28% |
| Low income people | 15% | 49% | 32% |
| Middle class people | 7% | 53% | 34% |
| Wealthy people | 35% | 13% | 46% |

Asked to consider the financial well-being of others, Massachusetts residents believe the middle-class, low income people in their area and businesses in their community have been hard hit by the last four years with at least a plurality indicating that all three groups are not better off than they were four years ago.

The percentage of households with a member losing a job this year is down slightly from last year moving from 18 percent last year to 17 percent today. Twenty percent of residents (23% last year) have had their hours cut back at work. Knowing someone that has had their home foreclosed across the state measured 35 percent this year up from 28 percent a year ago.

“Massachusetts residents continue to face a tough economy but despite all the difficulties they are working and planning for the future. A majority is confident that they will maintain their current standard of living in retirement and over half, up substantially from a year ago, have been able to put some money aside for retirement above and beyond any employer contribution,” Levy said.

Over two-thirds (69%) of residents have a savings account with at least \$1,000 in it and 44 percent have enough in savings to take care of six months of household expenses. Sixty-six percent have a retirement fund like a 401k and two-thirds have life insurance. A growing majority, 55 percent up from 52 percent last year, have a written monthly budget that they use to keep track of their income and expenses.

Sixty-eight percent support increasing income taxes on higher earners, and 77 percent are in favor of increased development of domestic energy. Large majorities are in favor of carefully monitoring the financial industry (81%), expanding federal support for education (80%), and an aggressive federal infrastructure development program (76%). A majority supports a balanced budget amendment (58%) while a larger majority (65%) opposes lessening funding for entitlement programs like Social Security, Medicare and Medicaid.

The 2nd Annual Economy and Personal Finances Survey was conducted October 15-25, 2012 by random telephone calls to 626 Massachusetts residents over the age of 18 via both landline and cellphones. Data was weighted by age and gender to enhance representativeness. Results are reported with a margin of error of ± 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