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1st 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

49% Say ‘Country’s Best Economic Days Behind Us’
Gas, Food, Heating Costs Hardship for Most; Still, 41% Add to Savings
Since Fall of ’07: Cutting Back and Layoffs Norm for Many
68% See Government as More Problem Than Solution on Economic Issues

Forty-nine percent of Massachusetts residents now believe our country’s best economic days are behind us and that the next generation will have to accept a lower standard of living while 46 percent feel the current economic problems are temporary and we will return to financial health according to a new survey released today from the Siena (College) Research Institute (SRI) and underwritten by First Niagara Bank. The cost of food is a financial hardship for 65 percent, gas prices seriously impact 60 percent and home heating is a concern for 71 percent. Still, 41 percent added to their retirement savings this year beyond any contribution their employer may have made (11% a great deal) while a third added no money and 13 percent had to withdraw from their savings to meet expenses. Forty-two percent of state residents are less in debt today than a year ago while 40 percent are deeper in debt and while 46 percent say it is at least somewhat true that they have six months of expenses in a savings account, a majority, 51 percent do not.

Asked whether, since the recession of the fall of 2007, they or any of their family had experienced 10 different financial events:

- 53% had taken money out of their savings or retirement in order to meet expenses
- 41% have given up a pastime due to cost
- 26% have borrowed money for necessities from family or friends
- 14% have moved in with friends or family to make ends meet
- 32% have fallen behind in their bills
- 34% have experienced a job loss or layoff
- 45% of those with jobs have not had a raise in four years
- 56% have taken a vacation of at least a week
- 35% have gotten a new job
- 30% have purchased a new car

Eighty-one percent of state residents pay either some (38%) or a great deal (43%) of attention to news about the economy. Sixty-eight percent say that overall, government is more of the problem when it comes to economic issues while 23 percent feel that government is more of the solution.

The 1st Annual Massachusetts Survey of the Economy and Personal Finances is part of a larger study of economic confidence in Massachusetts and Connecticut. In February, the First Niagara Survey of Southwestern New England Business Leaders, an investigation of confidence, concentrations, plans and attitudes towards the government, among CEO’s from private for profit companies, will be released.

“Four years of tough times is taking a toll. Today, nearly a majority believe the American Century may have ended and only 45 percent expect the economy to improve over the next year,” said Dr. Don Levy, SRI’s Director. “Hope is not completely lost. Fifty-two percent believe that their personal finances will improve in 2012 and looking to the distant future, 63 percent think the national economy will be at least somewhat better ten years from today.”

“While most think government is more the problem than the solution, they have a long list of items they’d like to see Washington put under Massachusetts’s tree this season. Overwhelming majorities support increasing income taxes on those making over \$250K, ending the U.S’s involvement in the war in Afghanistan, an aggressive infrastructure development program, job training rather than expanding unemployment benefits, increasing exploration and development of domestic energy, monitoring the workings of the financial industry, and expanding federal support for education including Head Start programs and financial aid for higher education. Sixty percent support retaining funding for entitlement programs like social security,” Levy said.

“A plurality of 45 percent calls for repealing the recently enacted health care reform legislation, while 34 percent oppose repeal and 21 percent need more information in order to say,” Levy added.

In response to current economic conditions, residents say they are changing many every day behaviors. Seventy-three percent now plan expenses, and they have either completely or partially eliminated impulse purchases. Seventy-one percent of state residents have cut back on the amount or quality of entertainment, and 75 percent now carefully monitor and manage energy use at home. Sixty-seven percent of residents now use coupons or special offers to purchase necessities like food or clothing, and 52 percent are substituting goods and services of lower quality in those areas or in health or hygiene to save money. Forty-nine percent have delayed major purchases like a car, appliance or home.

The percentage of households with a member losing a job this year is 18 percent. Twenty-three percent of residents have had a household member’s hours cut back at work. Knowing someone that has had their home foreclosed across the state measured 28 percent.

“Nearly twice as many residents say that they are worse off financially today than they were a year ago compared to those that say their lot has improved. A majority of state residents are concerned about their ability to continue to live at their current standard of living and nearly two thirds admit that they spend more time than before worrying about money,” Levy said.

“While 33 percent of residents expect strong business conditions over the next year, a similar percentage, 38 percent, anticipate a tough year. In surveys like this in other states, residents were slower to see the downturn coming and less likely to predict a recovery than business leaders. We look forward to the financial predictions of Massachusetts’s CEO’s with great anticipation coming this winter.”

The 1st Annual Economy and Personal Finances Survey was conducted October 31, November 3, 6-9, 11, 13-15, 17-18, 21-22, 28-December 1, 4, 2011 by random telephone calls to 634 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