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

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Majority Believe Personal Finances to Improve in Coming Year

49% Expect General Economy to Rebound

Gas, Food and Heating Costs Remain Immediate Worry

32% Get Second Job; Nearly One in Four Lost Job, Hours Cut, Have Seen Foreclosure

Support Balanced Fed Budget & Ending Tax Cuts for Wealthy; Divided on Health Care

Loudonville, NY – Fifty-three percent of New York residents think their own personal financial situation will get better over the next year while a plurality, 49 percent to 38 percent, down from 55 to 33 percent last year believe the economy in general is going to improve 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 (67 percent a year ago) and rising gas prices seriously impact 61 percent up from 53 percent a year ago. Unchanged from last year, 73 percent worry about the coming winter heating costs. Similar to last year at this time 32 percent of New York households report a member getting a second job over the last six months to make ends meet while 23 percent continue to experience a job loss, and 23 percent, down from 26 percent have suffered a cut back in work hours. Twenty-four percent personally know someone that has lost their home in foreclosure over the last twelve months.

Of seven potential federal initiatives, New York residents most strongly support, 65 to 11 percent, eliminating the federal budget deficit. A large majority of Democrats, Republicans and independents all support addressing the deficit. Residents are evenly divided on repealing the recently passed health care reform legislation with 39 percent opposing it and 39 percent supporting repeal. A plurality, 47 percent to 36 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 56 percent to 32 percent would like to see the federal government spend additional money to stimulate the economy in areas like roads and bridges while larger majorities support extending unemployment benefits (60% to 25%) and eliminating the payroll tax deduction on the first \$20,000 of earnings (54% to 22%). Opposition is overwhelming, 83 to 12 percent for an increase in gasoline taxes.

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

“Times remain tough in the Empire State, but today New Yorkers insist on personal optimism even as fewer than fifty percent believe the overall economy will rebound,” said Dr. Don Levy, SRI’s Director. “While slightly less personally hopeful than last year, residents remain split 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. While between 18 percent and 30 percent of residents fear worsening conditions this year on making ends meet or being able to save money, the good news is hopes for improvement are creeping upwards as residents no longer believe things are getting worse,” Levy said.

“The biggest worries are long-term. More 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. Unchanged are those nagging late night worries, 59 percent continue to be concerned about their ability to maintain their life style and 65 percent spend more time than before worrying about money,” Levy added.

In response to current economic conditions, residents say they are changing many every day behaviors. Seventy-six percent now plan expenses, and they have either completely or partially eliminated impulse purchases. Seventy-eight percent (up from 73 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-five percent (up from 61 percent last year) of residents now use coupons or special offers to purchase necessities like food or clothing, and 55 percent are substituting goods and services of lower quality in those areas or in health or hygiene in order to save. Fifty-seven 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 34 percent are far more adversely impacted than those earning over \$100,000 (10 percent). Knowing someone that has had their home foreclosed across the state measured 24 percent with a higher rate in New York City (28 percent) and the suburbs (26 percent).

“Despite the current economic challenges, more New Yorkers say they are less in debt today than those that say their debt has increased over the last year. Forty-five percent have a saving account with at least enough money to carry them for six months and, 42 percent, up from 37 percent last year, were able to put away at least some money for retirement over the last six months,” Levy said.

“Up from 43 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 and 7 - 8, 2010 by random telephone calls to 631 New York State residents over the age of 18. Data was weighted 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