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Special State of Pennsylvania Survey: The Economy and Personal Finances

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53% Say “Country’s Best Economic Days behind Us”

Energy, Gas and Food Drain Wallets; Majority Still Hopeful of Better Tomorrow

Layoffs, Cut Hours Strap Worried and Cash Tight Consumers

Most Cut Impulse Buys, Fun, Big Purchases, and Monitor Energy to Get by

Loudonville, NY –A majority of Pennsylvania residents think our country’s best economic days are behind us according to a new survey released today from the Siena (College) Research Institute (SRI). The cost of food is now a financial hardship for 71 percent and gas prices seriously impact 59 percent. Nearly 80 percent worry about the coming winter heating costs. More than one in four Pennsylvania households report a member getting a second job over the last six months to make ends meet while 20 percent have had a job loss and 31 percent have suffered a cut back in work hours. As a result of the economy, Pennsylvanians are eliminating impulse buying, managing energy usage, cutting back on entertainment and vacations, delaying major purchases and using coupons, as well as buying store brands. Still, by 52 to 32 percent, residents say that their finances will improve over the next year.

“No question about it, the recession has taken its toll. Right now more Pennsylvanians think the country’s best economic days are over and that the next generation will have to accept a lower standard of living than those that believe these troubles are only temporary,” said Dr. Don Levy, SRI’s Director.

“With nearly two-thirds of residents saying they worry about money today more than ever before, it is no surprise that a small majority, 52 percent, say they are concerned about their ability to continue to live at their current standard of living. But, despite the growing weight of economic concern and the ever present burden of gas, food and home heating costs, Pennsylvanians are not giving up. Fifty-two percent still insist that their personal financial situation will improve over the next twelve months and by 49 to 40 percent they believe the overall economy will improve in the year to come,” said Levy.

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-one 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. Over six in ten

residents now use coupons or special offers to purchase necessities like food or clothing, and 56 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.

Just forty percent of state residents have over the last six months been able to save any money for retirement, and only 38 percent have a savings account with enough money in it to pay all household expenses for six months. Approximately equal numbers of Pennsylvania households report being less in debt (43 percent) today as compared with those that are more in debt today (41 percent).

Despite all the changes Pennsylvanians have made to respond to the economic downturn including couponing, planning purchases and monitoring energy usage, only 47 percent of Pennsylvania households maintain a monthly budget to track income and expenses. Of those, 7 percent have started the budget within the last year. Still, 72 percent of those that do not have a budget, or 38 percent of all Pennsylvanians have never tried to keep a monthly budget.

“Despite the dogged optimism of a majority of state residents, that somehow, somehow, against all odds, they will be better off next year, when asked about being able to save money, get or keep a job, plan for retirement, afford health care or educate their kids, more say they will go backwards next year as opposed to forwards. While in every one of those cases, more say they expect to tread economic water over the next year, by about 2 to 1, Pennsylvanians expect their financial ship to take on more water before things improve,” Levy notes.

“Residents do appear to be saying that the worse may well be over. Belts have had to be tightened, but right now more than half expect to be able to make ends meet next year as they did this year while only twenty-two percent of all Pennsylvanians and 30 percent of those earning less than \$50,000 a year expect to have a harder time paying their bills over the coming year. For a growing number of state residents, there is light at the end of this long tunnel” according to Levy.

The Pennsylvania State Survey of the Economy and Personal Finances is as part of a larger study of economic confidence in Pennsylvania. In the coming months, SRI will release additional studies that measure confidence, concerns and economic concentrations among various Pennsylvania stakeholders.

The Special Economy and Personal Finances Survey was conducted October 21 - 25, 2009 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