

NEWS RELEASE

EMBARGOED: Do not publish or broadcast until 9:00 p.m. PST on Wednesday, January 26, 2011.

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PPIC STATEWIDE SURVEY: CALIFORNIANS AND THEIR GOVERNMENT

Strong Support for Special Election, Shift to Local Governments

BROWN'S IDEAS FARE BETTER THAN HIS APPROVAL RATING IN EARLY WEEKS OF HIS TERM

SAN FRANCISCO, January 26, 2011—Two-thirds of Californians say a special election on Governor Jerry Brown's tax and fee proposal is a good idea, and a majority are generally satisfied with his budget plan. These are among the key findings in a statewide survey released today by the Public Policy Institute of California (PPIC) with support from The James Irvine Foundation.

In the first weeks of the new governor's term, the state's fiscal crisis and worries about the economy weigh heavily on Californians' mood. But they are decidedly more optimistic than they were last fall about the direction of the state.

"Californians are beginning to feel more hopeful—that the economy is improving, that the governor and legislature can get something done," says Mark Baldassare, PPIC CEO and survey director. "But that hope is fragile and could dissolve quickly. The challenge for Brown is to convince Californians that his complex budget plan is a real solution to the state's fiscal troubles."

IN EARLY REACTION TO BUDGET, 58 PERCENT SATISFIED

When read a description of the governor's proposed budget, 58 percent of Californians are generally satisfied (29% dissatisfied). Across party lines, there is more satisfaction (64% Democrats, 57% independents, 49% Republicans) than dissatisfaction (26% Democrats, 31% independents, 37% Republicans) among residents. Still, overwhelming majorities (75% adults, 73% likely voters) are at least somewhat concerned about the spending reductions in the governor's plan. Brown's proposed special election on a tax and fee package to prevent further budget cuts is a good idea, according to 67 percent of adults. Majorities agree, regardless of party affiliation (73% Democrats, 64% independents, 55% Republicans). Among likely voters, 66 percent say a special election is a good idea. By comparison, just 40 percent of likely voters said in September 2005 that the special election called by Governor Arnold Schwarzenegger was a good idea, and 50 percent felt that way in the weeks before a 2009 special election called by the governor and legislature.

A smaller majority—53 percent of adults and 54 percent of likely voters—favor the general plan they would be voting on, which would extend tax and fee increases and divert some revenues from state to local governments.

Strong majorities (71% adults, 73% likely voters) favor the general concept of shifting tax dollars and fees to local governments to take on the responsibility of running certain programs. Californians favor the idea across party lines (73% Democrats, 72% Republicans, 68% independents) and demographic groups. Most residents are also confident (14% very confident, 49% somewhat confident) that local

governments would be able to operate programs currently run by the state, and so are likely voters (18% very confident, 51% somewhat confident). Adults in the San Francisco Bay Area (69%) are the most likely and Los Angeles residents (59%) the least likely to express at least some confidence that their local governments would be able to take on these new responsibilities.

Most Californians (66% adults, 63% likely voters) favor Brown's proposal to phase out funding for local redevelopment agencies and eliminate enterprise zones, redirecting tax revenue to local governments for schools and other services. His proposal to cut state worker pay by about 10 percent for those not currently covered under collective bargaining agreements has the support of 49 percent of adults and 55 percent of likely voters.

BROWN APPROVAL RATING FALLS SHORT OF 50 PERCENT

So far, Californians approve of the ideas the new governor has advanced more than they approve of the new governor. Less than half of adults approve of the overall job he is doing so far (41% approve, 19% disapprove, 39% don't know) or of his handling of the state budget and taxes (41% approve, 27% disapprove, 32% don't know). His approval ratings among likely voters are higher but still don't reach 50 percent: his overall job approval is 47 percent (20% disapprove, 33% don't know) and 47 percent approve of his handling of the budget and taxes (24% disapprove, 29% don't know).

Most adults (55%) disapprove of the new legislature—largely composed of incumbents. Likely voters are still more negative: 68 percent disapprove. The legislature fares even more poorly on its handling of the budget and taxes: 65 percent of adults and 74 percent of likely voters disapprove.

Even though Californians give approval ratings of less than 50 percent to both the new legislature and governor, a majority of adults—58 percent—say the two will be able to work together and accomplish a lot in the next year. Among likely voters, 52 percent hold this view. By comparison, just 28 percent of all adults and 20 percent of likely voters felt this way in January 2010.

MOST WOULD PAY HIGHER TAXES TO SPARE SCHOOLS

Most Californians regard the state budget as a big problem (68% adults, 83% likely voters). Solid majorities of adults oppose spending cuts in K–12 education (75%), higher education (63%), and health and human services (60%) to help reduce the state budget deficit. But 70 percent support cuts in prisons and corrections. Californians say they are willing to increase taxes to spare K–12 education (71%), higher education (59%), and health and human services (57%) from budget cuts. Just 17 percent are willing to pay higher taxes to maintain current funding for prisons and corrections.

Likely voters are less willing than Californians overall to pay higher taxes to maintain funding for K–12 education (62%), higher education (51%), and health and human services (46%). Only 14 percent would pay higher taxes to spare prisons and corrections.

How do Californians want to fill the state's \$25 billion budget gap? They are slightly more likely to prefer a mix of spending cuts and tax increases (42%) than to prefer filling the gap mainly through cuts (36%). Just 9 percent favor mainly tax increases; 7 percent say it would be okay to borrow money and run a deficit.

Residents are divided over who should make the tough choices involved in the state budget: 26 percent prefer Brown's approach, 28 percent prefer that of the Democrats in the legislature, and 26 percent prefer that of the Republicans in the legislature. Among likely voters, 27 percent prefer Brown, 21 percent prefer legislative Democrats, and 34 percent prefer legislative Republicans.

HOW TO RAISE REVENUE? MOST WOULD RAISE TAXES FOR CORPORATIONS

Majorities (60% adults, 55% likely voters) favor raising the state taxes paid by California's corporations to address the budget deficit, up 13 points among likely voters since last September. Other revenue-raising ideas received far less support: 27 percent of likely voters favor raising state personal income taxes, 34 percent favor raising the state sales tax on all purchases, and 36 percent favor increasing the vehicle license fee.

CALIFORNIANS' KNOWLEDGE GAP

Most Californians' views about the budget are not based on an understanding of where the money comes from and where it goes. A majority of adults say they have some knowledge (39%) or a lot of knowledge (15%) about how state and local governments spend and raise money. But given a list of the four top state spending categories—K–12 public education, health and human services, higher education, and prisons and corrections—just 16 percent (22% likely voters) correctly name K–12 education as the area where the most money is spent. A plurality of adults (45%) and likely voters (41%) name prisons and corrections, which is actually fourth largest. On the revenue side, just 29 percent of adults (33% likely voters) correctly name the personal income tax as the top source. Only 6 percent of adults and 9 percent of likely voters are able to identify both the state's top area of spending and its top revenue source.

THE TAX SYSTEM: IT NEEDS CHANGES BUT IT'S MODERATELY FAIR

As Californians face the prospect of a special election to determine whether to extend temporary tax increases, most (58%) say the state and local tax system is in need of major changes. And 53 percent say they pay more in taxes to state and local governments than they should. Despite these attitudes about their own tax burden, most say the present state and local tax system is at least moderately fair (4% very fair, 53% moderately fair).

MORE HOPEFUL, STILL WORRIED ABOUT YEAR AHEAD

Californians are feeling better about the direction of the state and their own financial futures, but most are still not feeling good. A majority (54%) continue to say that things in California are going in the wrong direction. However, the share of those who see things going in the right direction—38 percent—is up 22 points since October and the highest percentage since September 2007. Most independents (58%) and a large majority of Republicans (81%) remain pessimistic about the direction of the state. But for the first time since September 2007, Democrats are more likely to say the state is going in the right direction (51%) than in the wrong one (39%).

Turning to economic conditions in California, a majority of adults (56%) expect bad times financially in the next 12 months. But the percentage expecting good times—36 percent—is up 11 points since October. Despite their sunnier view of the economic outlook, most (86%) still believe the state is in a recession, with 48 percent viewing it as a serious recession.

MORE KEY FINDINGS

■ **Jobs, economy, state budget top list of important issues**—page 7

More adults (34%) name jobs and the economy than any other issue as the one state leaders should focus on. Among likely voters, a record-high 35 percent choose the state budget as the top issue.

■ **How big should government be? Californians split**—page 15

About half (49%) of adults prefer to pay higher taxes for a government providing more services, while 46 percent prefer lower taxes and fewer services. Likely voters prefer lower taxes and fewer services (54% to 41%).

■ **Slim majority favors lowering the vote threshold for local special taxes**—page 22

Fifty-three percent of adults (50% likely voters) say it would be a good idea to lower the two-thirds vote requirement to 55 percent for local special taxes. Strong majorities support strictly limiting the amount of state spending increases each year and increasing the size of the state's rainy day fund.

ABOUT THE SURVEY

The PPIC Statewide Survey has provided policymakers, the media, and the general public with objective, advocacy-free information on the perceptions, opinions, and public policy preferences of California residents since 1998. This survey is part of a series that examines the social, economic, and political trends that influence public policy preferences and ballot choices. It is supported with funding from The James Irvine Foundation. Findings are based on a telephone survey of 2,004 California adult residents interviewed on landlines and cell phones from January 11–18, 2011. Interviews were conducted in English or Spanish according to respondents' preferences. The sampling error, taking design effects from weighting into consideration, is ± 3.5 percent for all adults, ± 3.7 percent for the 1,365 registered voters, and ± 4.2 percent for the 987 likely voters. For more information on methodology, see page 25.

Mark Baldassare is president and CEO of PPIC, where he holds the Arjay and Frances Fearing Miller Chair in Public Policy. He is founder of the PPIC Statewide Survey, which he has directed since 1998.

PPIC is dedicated to informing and improving public policy in California through independent, objective, nonpartisan research on major economic, social, and political issues. The institute was established in 1994 with an endowment from William R. Hewlett. As a private operating foundation, PPIC does not take or support positions on any ballot measure or on any local, state, or federal legislation, nor does it endorse, support, or oppose any political parties or candidates for public office.

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