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PPIC STATEWIDE SURVEY

CALIFORNIA

Californians & their government

in collaboration with
The James Irvine Foundation

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PPIC

PUBLIC POLICY
INSTITUTE OF CALIFORNIA

The Public Policy Institute of California is dedicated to informing and improving public policy in California through independent, objective, nonpartisan research on major economic, social, and political issues. The institute's goal is to raise public awareness and to give elected representatives and other decisionmakers a more informed basis for developing policies and programs.

The institute's research focuses on the underlying forces shaping California's future, cutting across a wide range of public policy concerns, including economic development, education, environment and resources, governance, population, public finance, and social and health policy.

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Mark Baldassare is President and Chief Executive Officer of PPIC.
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ABOUT THE SURVEY

The PPIC Statewide Survey provides policymakers, the media, and the general public with objective, advocacy-free information on the perceptions, opinions, and public policy preferences of California residents. Inaugurated in April 1998, this is the 94th PPIC Statewide Survey in a series that has generated a database that includes the responses of more than 200,000 Californians. This survey is the 34th in the *Californians and Their Government* series, which is conducted periodically to examine the social, economic, and political trends that influence public policy preferences and ballot choices. It is supported with funding from The James Irvine Foundation.

In this survey, we interview California residents as the governor and the state legislature work to close a record budget deficit of approximately \$40 billion; as the nation and the state deal with an economic recession; as leaders change in the White House; and as President Barack Obama and Congress develop a federal economic stimulus plan. The survey seeks to raise public awareness, inform decisionmakers, and stimulate public discussion.

This report presents the responses of 2,001 California adult residents on these specific topics:

- National issues, including overall perceptions of the direction of the country, its economic outlook, and President Obama's proposed economic stimulus plan. We also examine residents' attitudes and expectations of the new president and his economic policies, of how united the country will be under his leadership, and their views on whether he and Congress will be able to collaborate and be productive in the coming year. We also examine how Californians rate Congress, overall and in its specific economic plans and policies.
- State fiscal issues, including perceptions of the seriousness of the state's budget situation, preferred methods for dealing with the budget gap, satisfaction with the governor's budget proposal, and overall support for the spending cuts and tax increases included in his budget plan. We also report findings on Californians' support for specific tax proposals designed to raise state revenues, their support for structural budget reforms, and their attitudes toward obtaining aid from the federal government. We examine perceptions of the most important issue for the governor and legislature to work on in 2009; opinions about the general direction of the state and its economic outlook; concern about housing; approval ratings for Governor Schwarzenegger and the legislature, including their job performances, handling of the state budget, taxes, jobs and the economy; and views of whether the governor and legislature will be able to collaborate and be productive in the coming year.
- The extent to which Californians—based on their political party affiliation, region of residence, race/ethnicity, and other demographics—may differ with regard to perceptions, attitudes, and preferences involving state and national issues.

Copies of this report may be ordered online (www.ppic.org) or by phone (415-291-4400). For questions about the survey, please contact survey@ppic.org. View our searchable PPIC Statewide Survey database online at <http://www.ppic.org/main/survAdvancedSearch.asp>.

PRESS RELEASE

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<http://www.ppic.org/main/pressreleaseindex.asp>

PPIC STATEWIDE SURVEY: CALIFORNIANS AND THEIR GOVERNMENT Californians Back President Obama's Recovery Plan, Have High Hopes for Him Despite Worries About U.S. Economy

**BUT THEY TAKE DIM VIEW OF STATE LEADERS,
FAVOR LOWERING TWO-THIRDS REQUIREMENT TO PASS BUDGET**

SAN FRANCISCO, California, January 28, 2009 — A majority of Californians support President Barack Obama's economic recovery plan and see it as important in meeting the state's infrastructure needs, according to a survey released today by the Public Policy Institute of California (PPIC) with funding from The James Irvine Foundation.

As Obama begins his presidency, Californians express both high hopes for what he can accomplish and deep worries about the national economy. An overwhelming majority (79%) agree that he will be a strong and capable president—a much bigger vote of confidence than George W. Bush enjoyed among the state's residents at the outset of his two terms in office (54% in January 2001, 51% in January 2005). With a Democrat in the White House and larger Democratic majorities in Congress, most Californians (81%) also say the president and Congress will be able to work together and accomplish a lot this year. This is an opinion held across party lines (90% Democrats, 79% independents, 66% Republicans) and despite Californians' low approval ratings of Congress (37% approve, 56% disapprove). Asked about the new president's multibillion-dollar economic recovery plan of tax cuts and investments in infrastructure projects, 57 percent of Californians say they are satisfied, and 82 percent say it is important (49% very important, 33% somewhat important) in addressing California's infrastructure needs.

Despite their enthusiasm for the new president, Californians don't see a quick fix for the troubled economy. A solid majority (71%) believe bad economic times lie ahead in the next year, and many residents believe they will suffer personally: 58 percent say they are concerned (37% very concerned, 21% somewhat concerned) that they or someone in their family will lose a job in the next year, and 5 percent volunteer that they or a family member has already lost a job.

Their pessimism grows when Californians are asked about their state. With a record-high budget deficit and state coffers nearly empty, the state's residents give record-low ratings to their elected officials in their handling of the budget and economy. Just 30 percent approve of Governor Arnold Schwarzenegger's performance on these issues. The legislature fares worse: 14 percent of Californians approve of its handling of the budget and taxes, and 15 percent approve of its handling of jobs and the economy. Just 39 percent of Californians say the governor and legislature will be able to work together and accomplish a lot in the next year, with 53 percent saying the two branches will be unable to do so.

"We've seen a sharp turnaround in the last two years," says Mark Baldassare, PPIC president, CEO, and survey director. "After the November 2006 election, Californians felt their governor and legislature would be able to work together, but that their president and Congress would not. Today, Californians' hopes lie in Washington."

With most state residents (75%) saying the budget situation is a big problem, support for fiscal reforms has grown. For the first time since this survey began asking the question in 2003, a majority of Californians (54%) say it would be a good idea to replace the two-thirds requirement for legislative passage of the budget with a 55 percent majority.

NEW ADMINISTRATION IN WASHINGTON, NEW HOPES IN CALIFORNIA

Despite an ailing national economy, the state's residents are optimistic about the change in national leadership:

- **Californians like what they see on the economy:** 72 percent approve of Obama's handling of economic plans and policies. Democrats (89% approve, 3% disapprove) and independents (70% approve, 13% disapprove) are strongly favorable, while Republicans are divided (40% approve, 39% disapprove).
- **They see the nation uniting behind Obama:** 73 percent say the nation will be able to unite behind Obama to accomplish a lot in the next four years. In 2001, just 44 percent said the nation would be able to unite behind Bush; and in 2005, only 35 percent felt that way.
- **Fewer see the nation headed in the wrong direction:** Although just 32 percent say the nation is headed in the right direction and 62 percent see it going in the wrong direction, this is a marked improvement from last August (21% right direction, 74% wrong direction). Californians are also much more optimistic than adults nationwide, according to a *Washington Post/ABC News* poll conducted in mid-January (19% right direction, 78% wrong direction).

CLOSER TO HOME: A GROWING APPETITE FOR REFORM AS STATE FISCAL WOES INCREASE

A record-high percentage (75%) of Californians say the state is heading in the wrong direction—a marked increase from January 2008 (54%) and dramatically higher than in January 2007 (37%). Across political parties, regions, and demographic groups, majorities of Californians hold this view. Their pessimism about the state's economy has also increased greatly: 77 percent expect bad economic times in the year ahead, compared to 39 percent in January 2007.

Residents recognize that the budget situation is grim. Although they most frequently (42%) name jobs and the economy as the most important issue for the governor and legislature to work on, 25 percent of residents say the state budget is most important—the highest percentage since January 2004 (31%). As they have said since January 2008, when the deficit was much smaller, Californians today (44%) favor closing the budget gap with a mix of spending cuts and tax increases rather than primarily through cuts (33%), primarily through tax hikes (8%), or by borrowing money and running a deficit (7%).

Californians are generally dissatisfied with the governor's recently released budget for the current and next fiscal years (59% dissatisfied, 34% satisfied). On the specifics of his proposal:

- **Alcohol excise tax:** Residents overwhelmingly support raising it by 5 cents per drink (85% favor, 13% oppose).
- **Vehicle license fee:** A majority favor raising it by \$12 (58% favor, 41% oppose).
- **Sales tax:** A slim majority favor temporarily increasing the state sales tax by 1.5 cents (52% favor, 46% oppose); 47 percent favor and 50 percent oppose extending the state sales tax to include services such as vehicle repair, veterinary services, and tickets to sporting events.
- **Cutting state employee compensation:** Residents are divided (49% oppose, 45% favor). The governor has proposed requiring employees to take two unpaid days off a month, eliminating two holidays, and changing overtime rules.
- **Shortening school year:** A majority oppose it (63% oppose, 35% favor).

While they appear willing to help reduce the budget deficit by increasing their own taxes, Californians are more eager to increase the taxes of others. Majorities favor raising the state income tax rate paid by the wealthiest residents (72%) and raising the state taxes paid by corporations (60%). But they remain opposed (55%) to borrowing money from future state lottery income to fill the budget gap, regardless of their political party (64% of Republicans, 55% of Democrats, 53% of independents are opposed).

A protracted impasse over the state budget appears to have made Californians more supportive of reforms in the budget process, as evidenced by their increased support for changing the two-thirds threshold for budget passage to 55 percent (54% in favor today, 46% in June 2003). And a strong majority (70%) support a strict limit on annual state spending increases. Support for a spending cap has not been this high since June 2003 (70%) when the PPIC survey first asked the question.

More Californians also favor lowering the two-thirds vote requirement on local special taxes to 55 percent. Half (50%) say this is a good idea—the highest level of support since the survey first asked this question in June 2003—while 44 percent are opposed.

MORE KEY FINDINGS

- **Congress gets poor ratings**—page 12

Just 37 percent of Californians approve of the way Congress is handling its job, and an even smaller percentage—29 percent—approve of the way the nation’s legislative branch is handling economic plans and policies. However, this is an improvement over October, when 23 percent approved of Congress’ overall job performance.

- **Housing slump hits home**—page 15

Half of Californians (52%) say the housing downturn will hurt their personal financial situation a great deal (30%) or somewhat (22%). Latinos (67%), renters (59%), independents (55%), and Democrats (53%) are more likely to hold this view than whites (45%), homeowners (48%), and Republicans (43%).

- **Governor’s overall approval rating at 40%**—page 16

Governor Schwarzenegger’s approval rating has changed little in recent months but is down 18 points since January 2007 and 10 points since January 2008. It now stands at the same level as in January 2006, just after the 2005 special election.

- **Californians want to protect schools from budget cuts**—page 19

Most Californians (60%) say K–12 education is the area they would most like to protect from budget cuts, followed by health and human services (18%), higher education (12%), and prisons and corrections (6%).

ABOUT THE SURVEY

This survey is the 34th in the *Californians and Their Government* series and is supported with funding from The James Irvine Foundation. It seeks to examine the social, economic, and political trends that influence public policy preferences and ballot choices. This is the 94th PPIC Statewide Survey in a series that has generated a database that includes the responses of more than 200,000 Californians. Findings are based on a telephone survey of 2,001 California adult residents interviewed from January 13–20, 2009. Interviews were conducted in English or Spanish. The sampling error for the total sample is $\pm 2\%$. For the 1,621 registered voters it is $\pm 2.5\%$ and for the 1,277 likely voters, $\pm 3\%$. 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.

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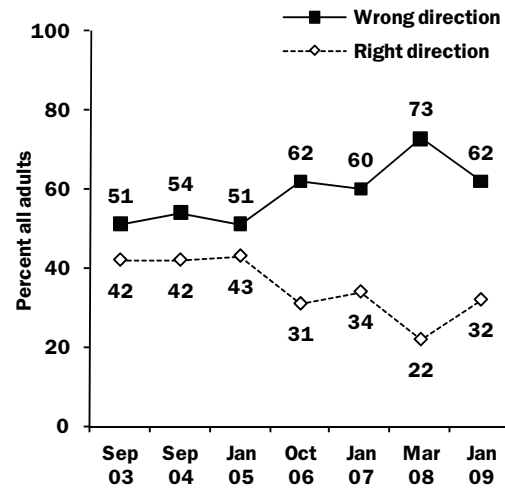
NATIONAL ISSUES

KEY FINDINGS

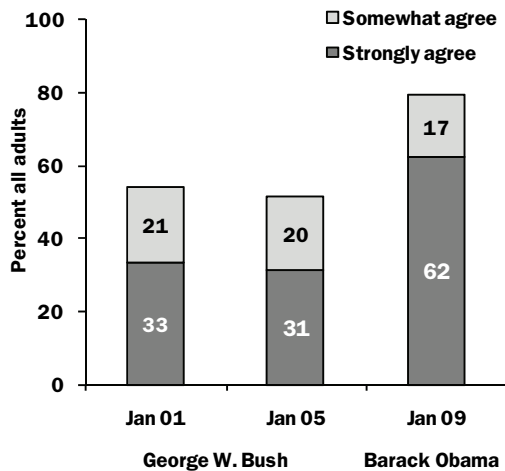
- Most Californians across regional, demographic, and political groups expect the United States will experience bad economic times over the next year and think the nation is headed in the wrong direction. Still, they are much more positive about the direction of the nation than they have been over the past year. (page 8)
- Most Californians are satisfied with incoming President Barack Obama's economic stimulus plan and believe it will help address the state's infrastructure needs. Yet opinions remain mixed about whether or not federal actions will help the state's economy. (page 9)
- Californians are giving a warm reception to President Obama, with overwhelming majorities agreeing that he will be a strong and capable president, approving of his handling of economic plans and policies, and believing the country will unite behind him. (pages 10, 11)
- In sharp contrast to opinions after the 2006 national election, an overwhelming majority of Californians think the new president and Congress will be able to work together and accomplish a lot in the next year, with majorities across political groups agreeing. Still, most Californians disapprove of the way that Congress is handling its job and, more specifically, its economic plans and policies. (pages 11, 12)

[Note: This survey was conducted from January 13 through inauguration day, January 20. Wording of survey questions was adjusted accordingly to read "President-elect Obama" or "President Obama," depending upon whether the question was asked before or after the inauguration.]

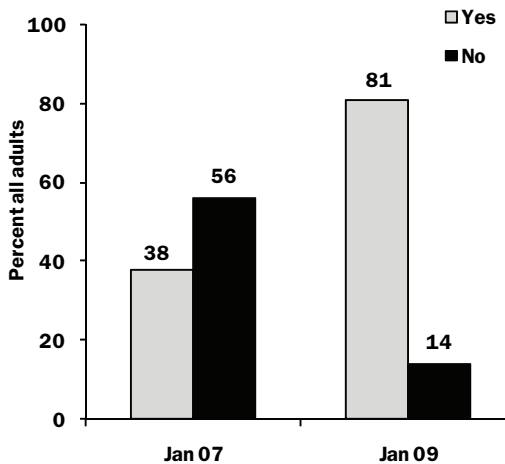
Direction of the United States



Will _____ Be a Strong and Capable President?



Will the President and Congress be Able to Work Together in the Next Year?



STATE OF THE NATION

Concern about the economy is clearly taking a toll on Californians’ overall outlook on the direction of the United States, even as many residents express optimism about the change in national political leadership. Today, 62 percent of Californians say the country is heading in the wrong direction, while 32 percent say it is heading in the right direction. Although dismal, the current outlook is still a marked improvement from last August, when 74 percent said the country was going in the wrong direction and only 21 percent thought it was headed in the right direction. Californians are much more optimistic than adults nationwide, according to a *Washington Post*/ABC News poll conducted during the second week of January (78% wrong direction, 19% right direction).

Across political groups, Republicans (72%) are the most pessimistic about the nation’s direction, followed by independents (68%) and Democrats (55%). Opinions within political groups about the direction of the country have shifted since August. Among Democrats, we see a 27-point increase in the percentage saying right direction (12% in August, 39% today), and among independents a 5-point increase (22% in August, 27% today), while Republicans are less likely to say right direction today (31% in August, 24% today). However, majorities across all regional and demographic groups believe that the country is headed in the wrong direction.

“Do you think things in the United States are generally going in the right direction or the wrong direction?”

	All Adults	Party			Likely Voters
		Dem	Rep	Ind	
Right direction	32%	39%	24%	27%	31%
Wrong direction	62	55	72	68	64
Don't know	6	6	4	5	5

Opinions of the national economy are even more pessimistic: 71 percent of Californians believe that the U.S. economy will fare badly over the next 12 months; only 24 percent think good times lie ahead. These views have not improved since last August (70% bad times, 23% good times). Across regions, residents in the San Francisco Bay Area (16%) are less likely than residents in the Other Southern California region (23%), the Central Valley (24%), and Los Angeles (29%) to say good times lie ahead. Deep pessimism about the national economy can be found among all political and demographic groups.

“Turning to economic conditions, do you think that during the next 12 months the United States will have good times financially or bad times?”

	All Adults	Region				Likely Voters
		Central Valley	San Francisco Bay Area	Los Angeles	Other Southern California	
Good times	24%	24%	16%	29%	23%	17%
Bad times	71	72	78	64	73	78
Don't know	5	4	6	7	4	5

In response to a question about employment, many Californians say that the current economy could have implications for their own lives: 58 percent say they are concerned that they or someone in their family will lose their job in the next year (37% are very concerned, 21% are somewhat concerned); 5 percent volunteer that they or a family member have already lost a job. Those most likely to say they are very concerned about a job loss include Central Valley residents (41%), Latinos (51%), and those with a high school education or less (48%) or with household incomes below \$40,000 (49%).

PRESIDENT OBAMA'S STIMULUS PLAN

Over the past few months the federal government has taken many steps to address the financial crisis in this country. However, Californians are divided on whether these efforts will benefit the state's economy: 44 percent think that these efforts will help the state's economy, 43 percent think not. Residents are divided along partisan lines, with 50 percent of Democrats saying federal actions will help the California economy and 55 percent of Republicans saying they will not. Last October, residents were somewhat less likely to say federal actions would help the California economy (39% yes, 47% no).

In response to the economic crisis in the United States, President Obama has announced an economic recovery plan that includes tax cuts for individuals and businesses and investments in government infrastructure projects. Estimates of the total cost of the two-year plan range from \$775 billion to \$825 billion. Californians are generally satisfied (57%) with the new president's economic stimulus plan, but 26 percent are dissatisfied, and 17 percent are unsure or haven't heard about it. A majority of likely voters (53%) are satisfied with the plan, while 30 percent are dissatisfied. Democrats (73%) are overwhelmingly satisfied, half of independents (50%) are satisfied, while half of Republicans (51%) are dissatisfied. Across racial/ethnic groups, nearly three in four Latinos (73%) are satisfied with the stimulus plan, compared to only half of whites (49%). Satisfaction declines as age and income rise.

“Recently, President Barack Obama announced his “American Recovery and Reinvestment Plan,” an economic stimulus package, which would include tax cuts for individuals and businesses and investments in government programs for infrastructure projects. This two-year plan could cost upwards of \$775 billion. In general, are you satisfied or dissatisfied with the president's economic stimulus plan?”

	All Adults	Party			Likely Voters
		Dem	Rep	Ind	
Satisfied	57%	73%	30%	50%	53%
Dissatisfied	26	14	51	29	30
Have not heard anything about the plan (volunteered)	6	4	7	7	6
Don't know	11	9	12	14	11

When it comes to addressing California's infrastructure needs, eight in 10 residents (82%) believe that President Obama's stimulus plan will be either very (49%) or somewhat (33%) important. Findings are similar among likely voters. Across regions, residents in Los Angeles (55%) and the Central Valley (50%) are the most likely to say that President Obama's plans will be very important and nearly eight in 10 across all regions say his plan will be at least somewhat important in addressing the state's infrastructure needs. Democrats (60%) are much more likely than independents (46%) and Republicans (29%) to say the president's stimulus plan will be very important for California's infrastructure.

“How important do you think President Obama's economic stimulus plan would be in addressing California's infrastructure needs?”

	All Adults	Region				Likely Voters
		Central Valley	San Francisco Bay Area	Los Angeles	Other Southern California	
Very important	49%	50%	46%	55%	46%	46%
Somewhat important	33	28	41	28	34	34
Not too important	7	10	5	6	8	9
Not at all important	5	4	2	5	6	5
Don't know	6	8	6	6	6	6

NEW PRESIDENT

As Barack Obama takes office, Californians express optimism about his presidency: 79 percent agree (62% strongly, 17% somewhat) that he will be a strong and capable president and only 12 percent disagree. By comparison, 54 percent of Californians agreed (33% strongly, 21% somewhat) and 36 percent disagreed that George W. Bush would be a strong and capable president as he entered office in 2001. Californians were nearly divided on this question when Bush began his second term in 2005: 51 percent agreed (31% strongly, 20% somewhat) and 45 percent disagreed.

Among likely voters, three in four agree (59% strongly, 17% somewhat) that President Obama will be a strong and capable leader. Majorities of voters across party lines express optimism about the new president but Democrats (83%) are far more likely than independents (57%) or Republicans (25%) to strongly agree that he will be a dynamic leader. Across regional and demographic groups, majorities agree strongly on President Obama’s leadership potential, but residents in Los Angeles (70%) and the San Francisco Bay Area (64%) are more likely than those in the Central Valley (60%) and Other Southern California region (54%) to express this belief, as are Latinos (79%) far more likely than whites (52%). Those most likely to agree strongly that he will be a strong and capable president include Californians under age 55 (65%), those with a high school education or less (71%), those with household incomes under \$40,000 a year (71%), and renters (71%).

“On another topic, Barack Obama was inaugurated as U.S. President on January 20th. Do you agree or disagree that Barack Obama will be a strong and capable president?”

	All Adults	Region				Likely Voters
		Central Valley	San Francisco Bay Area	Los Angeles	Other Southern California	
Strongly agree	62%	60%	64%	70%	54%	59%
Somewhat agree	17	14	17	15	22	17
Somewhat disagree	5	8	6	3	4	6
Strongly disagree	7	8	4	4	9	8
Don't know	9	10	9	8	11	10

During the transition period between the election and inauguration, President-elect Obama began focusing his attention on the flagging U.S. economy, proposing plans for job creation, investments in infrastructure projects, tax relief for qualifying households and businesses, and assistance for struggling homeowners. More than seven in 10 Californians (72%) approve of the way President Obama is handling economic plans and policies, including 67 percent of likely voters. Across parties, solid majorities of Democrats (89%) and independents (70%) approve of his economic plans and policies, while Republicans are divided (40% approve, 39% disapprove). Majorities across regions and demographic groups approve of the new president’s handling of economic policy, although approval is higher among Latinos than whites (89% to 64%) and declines as income rises and age rises.

“Overall, from what you know so far, do you approve or disapprove of President Obama’s handling of economic plans and policies?”

	All Adults	Party			Likely Voters
		Dem	Rep	Ind	
Approve	72%	89%	40%	70%	67%
Disapprove	15	3	39	13	17
Don't know	13	8	21	17	16

NEW PRESIDENT (CONTINUED)

In another sign of Californians' optimism about their new president, 73 percent say the country will be able to unite behind Barack Obama and that he will be able to accomplish a lot in the next four years. One in five (22%) are less optimistic, believing the country will be divided and that it will be difficult for him to accomplish a lot over the next four years.

In January 2001, 44 percent of California residents said the country would be able to unite under George W. Bush, while 50 percent thought the country would be divided. In even starker contrast to the current prevailing attitude, only 35 percent of Californians in January 2005 said the country would be able to unite under Bush and that he would be able to accomplish a lot in four years, while 60 percent foresaw a divided nation, believing it would be difficult for President Bush to accomplish a lot in his second term.

Among likely voters today, seven in 10 believe the country will unite behind Obama and that he will be able to accomplish a lot. Among registered voters, majorities hold this view, although Democrats (83%) are much more likely to say so than independents (68%) and Republicans (56%). In a rare display of agreement about national leadership, at least two in three Californians across regions and demographic groups say they expect unity and productivity under President Obama.

“Which of these two statements comes closer to your point of view: The country will be ...”

	All Adults	Region				Likely Voters
		Central Valley	San Francisco Bay Area	Los Angeles	Other Southern California	
... able to unite behind Barack Obama, who will be able to accomplish a lot in the next four years	73%	67%	79%	75%	69%	71%
... divided, and it will be hard for Barack Obama to accomplish a lot over the next four years	22	28	17	18	26	24
Don't know	5	5	4	7	5	5

Eight in 10 Californians (81%) and likely voters (79%) also believe that the new president and Congress will be able to work together and accomplish a lot in the next year. This attitude crosses party lines, with 90 percent of Democrats, 79 percent of independents, and 66 percent of Republicans expressing optimism about the future accomplishments of President Obama and Congress. Two years ago, after Democrats gained control of Congress from Republicans in the November 2006 election, only 38 percent of Californians thought President Bush and Congress would be able to work together and accomplish a lot. With Democrats strengthening their majorities in both the Senate and House in last November's election, and with a Democratic president taking office, most Californians anticipate productive collaboration between the executive and legislative branches: More than three in four residents across regions and demographic groups believe their collaboration will be able to accomplish a lot in the next year.

“Do you think that President Obama and the U.S. Congress will be able to work together and accomplish a lot in the next year, or not?”

	All Adults	Party			Likely Voters
		Dem	Rep	Ind	
Yes, will be able to work together	81%	90%	66%	79%	79%
No, will not be able to work together	14	7	27	16	15
Don't know	5	3	7	5	6

111TH CONGRESS

Despite their expectations about the future cooperation and productivity of the president and Congress, Californians' approval ratings of Congress are low. Still, they have improved since last year.

As the 111th Congress begins work on the economic crisis and other important policy issues, only 37 percent of Californians and 30 percent of likely voters approve of the way it is handling its job. However, Californians' approval ratings are much higher today (37%) than they were last October (23%). In fact, residents have not expressed anything close to this level of approval of Congress since January 2007 (42%). And Californians are much more approving of Congress than Americans nationwide: According to an NBC/*Wall Street Journal* poll released in early January, 68 percent of Americans disapprove of the way Congress is handling its job (23% approve).

Sharp partisan differences are apparent in California, with Democrats (43%) and independents (34%) much more approving than Republicans (17% approve, 79% disapprove). Regional differences are also apparent, with residents in Los Angeles (40%) and the San Francisco Bay Area (40%) more likely than those in the Other Southern California region (36%) and the Central Valley (32%) to express approval of Congress. Latinos are more than twice as likely as whites (59% to 26%), and women are more likely than men (40% to 34%) to approve of the way that Congress is handling its job. Overall, approval declines with rising age, education, and income.

“Overall, do you approve or disapprove of the way the U.S. Congress is handling its job?”

	All Adults	Party			Likely Voters
		Dem	Rep	Ind	
Approve	37%	43%	17%	34%	30%
Disapprove	56	49	79	60	64
Don't know	7	8	4	6	6

Congress receives even poorer ratings when it comes to its specific handling of economic plans and policies. Fewer than three in 10 Californians (29%) and likely voters (23%) approve of the way Congress is handling the economy. Although majorities across party lines disapprove of congressional performance in this area, Republicans (84%) are far more likely than independents (66%) and Democrats (58%) to disapprove of the way Congress is handling the economy. Majorities across regions also express disapproval. There are no time trends since we did not ask this question in past surveys.

Latinos are more than twice as likely as whites to approve of the way Congress is handling the economy (50% to 21%); Californians with annual household incomes under \$40,000 (42%) and those with a high school diploma or less (46%) are far more likely than those with higher education and income levels to approve of the way Congress is handling economic plans and policies.

“Overall, do you approve or disapprove of the way the U.S. Congress is handling economic plans and policies?”

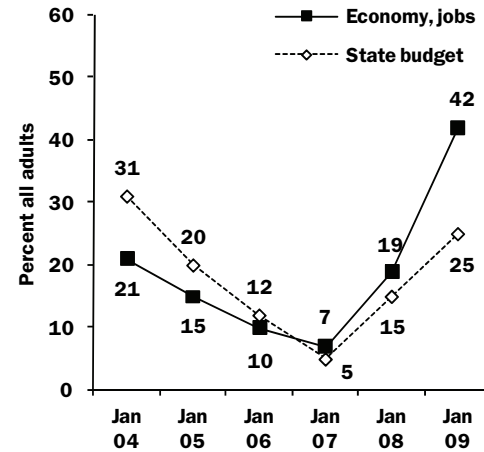
	All Adults	Region				Likely Voters
		Central Valley	San Francisco Bay Area	Los Angeles	Other Southern California	
Approve	29%	25%	31%	34%	29%	23%
Disapprove	63	67	62	59	65	70
Don't know	8	8	7	7	6	7

STATE ISSUES

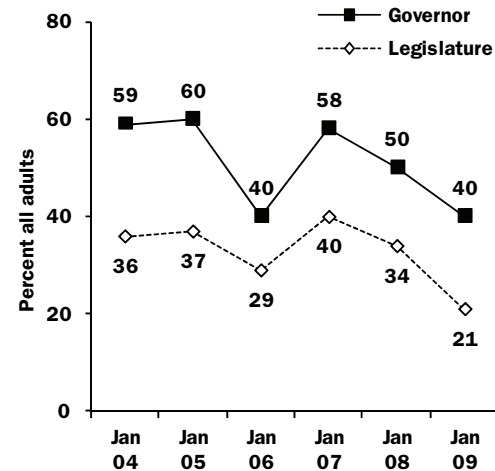
KEY FINDINGS

- Californians cite the economy and the state budget as the top two issues for the governor and legislature to work on this year. Large majorities think the state is headed in the wrong direction and expect bad economic times in the coming year. (pages 14, 15)
- The governor's and legislature's overall approval ratings are significantly below last year's. Majorities of Californians disapprove of their handling of the state budget and economy, and doubt they can work together to accomplish a lot in the coming year. (pages 16, 17)
- Most Californians want the state's budget gap solved through a mix of spending cuts and tax increases. While a solid majority say they are dissatisfied with the governor's budget plan overall, they are divided on the specific proposals in the plan, and support tax increases on alcoholic drinks and higher vehicle license fees. (pages 18-21)
- Majorities favor raising taxes on the wealthiest Californians and on California corporations, with strong partisan differences apparent. Majorities oppose borrowing against future lottery income. (page 22)
- Majorities also favor budget reforms, including spending limits and lowering the two-thirds legislative requirement to pass a state budget. They are more divided on lowering the two-thirds requirement to pass local special taxes. (page 23)

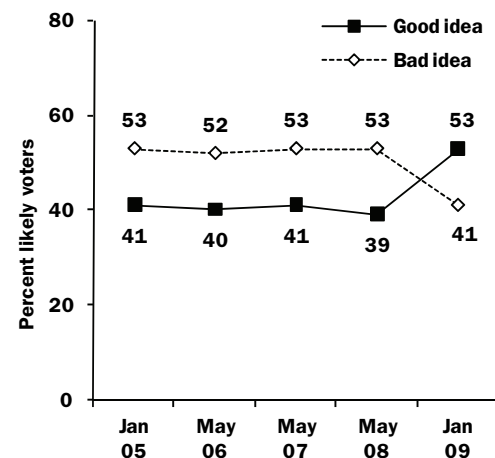
Most Important Issue for Governor and Legislature to Work on in the Next Year



Approval Ratings of State Elected Officials



Replacing Two-thirds Vote With a 55 Percent Majority to Pass a State Budget



OVERALL MOOD

The economy is the most prominent issue on Californians’ minds today, as it was throughout all of 2008. Forty-two percent of Californians today name jobs and the economy as the most important issue for the governor and legislature to work on this year—similar to the record high citing the economy as the most important issue in September (44%). One in four today name the state budget as the most important issue (25%), the highest percentage since January 2004 (31%). Fewer mention schools (12%) or immigration (4%).

The percentage expressing negative perceptions of the state’s condition has reached record levels in PPIC Statewide Surveys. Three in four (75%) Californians think the state is headed in the wrong direction, with fewer than one in five (18%) saying the state is going in the right direction. Perceptions have changed markedly since January 2008 (36% right, 54% wrong) and January 2007 (55% right, 37% wrong).

Today, the view that the state is going in the wrong direction is widely held and includes at least seven in 10 across parties, regions, and demographic groups. Republicans (77%), independents (76%), and Democrats (75%) all hold similarly negative perceptions. Younger, less educated, and less affluent Californians are slightly less likely to think that the state is heading in the wrong direction.

“Do you think things in California are generally going in the right direction or the wrong direction?”

	All Adults	Party			Likely Voters
		Dem	Rep	Ind	
Right direction	18%	18%	17%	16%	16%
Wrong direction	75	75	77	76	78
Don't know	7	7	6	8	6

Californians’ perceptions of future economic conditions in the state are also overwhelmingly negative. Eighteen percent think the state will have good times in the next year, while 77 percent think bad times are on the way. This negative perception has been prevalent throughout the past year. Californians are much more pessimistic than they were in January 2007 (50% good, 39% bad).

Today, negative perceptions of the state’s economy extend across parties, regions, and demographic groups. Republicans (81%), independents (81%), and Democrats (77%) all expect bad times. While more than seven in 10 across regions expect bad times, residents of the San Francisco Bay Area (82%) are the most pessimistic, followed by those in the Other Southern California region (78%), the Central Valley (76%), and Los Angeles (72%). Latinos (61%) are far less pessimistic than whites (84%) when it comes to the economy; pessimism increases as education and income increase.

“Turning to economic conditions in California, do you think that during the next 12 months we will have good times financially or bad times?”

	All Adults	Region				Likely Voters
		Central Valley	San Francisco Bay Area	Los Angeles	Other Southern California	
Good times	18%	18%	12%	23%	18%	13%
Bad times	77	76	82	72	78	82
Don't know	5	6	6	5	4	5

ECONOMIC SITUATION

As Californians continue to hear news of rising unemployment, declining house values, and weak consumer spending, nine in 10 Californians say the state is in a serious (59%), moderate (26%), or mild (5%) recession. The perceptions of likely voters are similar (62% serious, 25% moderate, 4% mild). Since this question was first asked in March 2008, the perception among Californians that the state is in a serious recession has reached a historic high, and has increased by 20 points just since October 2008 (39%). The belief that California is in a serious recession has more than doubled since this question was asked last March (26%).

The perception that the state is in a serious recession is held by more than half of Californians across parties, regions, and demographic groups. Still, Republicans (53%) are much less likely than Democrats (63%) or independents (65%) to think that California is in a serious recession. Across regions, residents of the Other Southern California region (57%) are least likely to think the state is in a serious recession. The perception that the state is in a serious recession is high among Latinos (57%) and whites (60%), and among men (56%) and women (62%), and rises with higher age and education.

“Would you say that California is in an economic recession, or not?”

	All Adults	Region				Latinos
		Central Valley	San Francisco Bay Area	Los Angeles	Other Southern California	
Yes, serious recession	59%	61%	60%	63%	57%	57%
Yes, moderate recession	26	20	26	25	28	24
Yes, mild recession	5	9	2	5	4	9
No	7	7	7	5	9	8
Don't know	3	3	5	2	2	2

With this degree of pessimism about the economy, do Californians think the current housing downturn will hurt their personal financial situation in the next year or so? Half of Californians say that it will, a great deal (30%) or somewhat (22%), while 44 percent say it will not. These perceptions are similar to those of December 2007 (28% great deal, 24% somewhat) and September 2008 (31% great deal, 21% somewhat).

Independents (55%) and Democrats (53%) are much more likely than Republicans (43%) to say that the housing situation will hurt their financial situation. Latinos (67%) and renters (59%) are much more likely than whites (45%) and homeowners (48%) to say the same.

“Do you think the current housing situation in California will hurt your financial situation in the next year or so, or not?”

	All Adults	Household Income			Home Ownership	
		Under \$40,000	\$40,000 to under \$80,000	\$80,000 or more	Own	Rent
Yes, a great deal	30%	40%	25%	24%	27%	35%
Yes, only somewhat	22	25	20	22	21	24
No	44	32	53	52	48	37
Don't know	4	3	2	2	4	4

STATE ELECTED OFFICIALS

Negative perceptions of the state’s economic condition and budget situation are reflected in the overall approval ratings of the governor (40%), especially in his handling of the state budget and taxes (30%), and on the issue of jobs and the economy (30%). The governor’s overall approval rating is similar to that of recent months, but has declined by 10 points since January 2008 and 18 points since January 2007.

Republicans (55%) are the most likely to approve of Governor Schwarzenegger, followed by independents (41%), and Democrats (34%). Across regions, about four in 10 residents in the San Francisco Bay Area (42%), the Central Valley (41%), and the Other Southern California region (41%) approve, compared to one in three in Los Angeles (33%). Whites (50%) are twice as likely as Latinos (26%), and men (44%) are more likely than women (36%) to approve. Overall approval of the governor increases with rising income.

The impact of a ballooning state budget deficit can be seen in the governor’s approval rating on the issue of the state budget and taxes. Only three in 10 Californians approve of the governor’s handling of this issue—a new low for Governor Schwarzenegger. Approval of his handling of this issue is down 6 points since January 2008 and 17 points from January 2007. Today, Democrats (23%) and independents (30%) are much less likely than Republicans (47%) to approve. Residents in Los Angeles (22%) are least approving, followed by those in the Central Valley (31%), the Other Southern California region (32%), and the San Francisco Bay Area (34%). Latinos (17%) are half as likely as whites (37%), and women (25%) are less likely than men (34%) to approve of the governor on this issue. Approval increases with increasing age, education, and income.

With rising unemployment and an uncertain economy, only 30 percent of Californians approve of the governor’s handling of the issue of jobs and the economy. This also marks a new low for the governor; his approval on economic issues has dropped each time we have asked this question (56% January 2005, 39% January 2006, 30% today). Across parties, Republicans (48%) are twice as likely as Democrats (24%) to approve of the governor’s handling of jobs and the economy, and three in 10 independents (29%) approve. Whites (38%) are twice as likely as Latinos (18%) to approve. Approval of the governor on this dimension increases with increasing age and income.

“Overall, do you approve or disapprove of the way that Arnold Schwarzenegger is handling...”

		All Adults	Party			Likely Voters
			Dem	Rep	Ind	
... his job as governor of California?	Approve	40%	34%	55%	41%	44%
	Disapprove	51	57	37	47	46
	Don't know	9	9	8	12	10
... the issue of the state budget and taxes?	Approve	30	23	47	30	33
	Disapprove	61	69	46	59	57
	Don't know	9	8	7	11	10
...the issue of jobs and the economy?	Approve	30	24	48	29	34
	Disapprove	57	64	40	57	51
	Don't know	13	12	12	14	15

STATE ELECTED OFFICIALS (CONTINUED)

The economic downturn and uncertainty surrounding the state budget seem to have impacted the approval ratings of the legislature as well as the governor. Approval of the legislature has reached the record low first seen in September 2008 (21%), and is down 13 points since last January and 19 points since January 2007. Today, only 21 percent of Democrats approve and even fewer independents (15%) and Republicans (11%) approve. Approval ratings are low across geographic regions, with fewer than one in four residents anywhere approving of the legislature's performance (22% Los Angeles, 22% Other Southern California region, 19% San Francisco Bay Area, 16% Central Valley). Latinos (33%) are twice as likely as whites (14%) to approve, and approval decreases with increasing age, education, and income.

Approval of the state legislature on the issue of the state budget and taxes reaches a new low this month, 14 percent, and is low across political, regional, and demographic groups.

Regarding jobs and the economy, only 15 percent of Californians approve of the legislature's handling of this issue. Fewer than one in four across parties, regions, and demographic groups approve.

"Overall, do you approve or disapprove of the way that the California Legislature is handling..."

		All Adults	Party			Likely Voters
			Dem	Rep	Ind	
<i>... its job?</i>	Approve	21%	21%	11%	15%	15%
	Disapprove	67	68	83	70	76
	Don't know	12	11	6	15	9
<i>... the issue of the state budget and taxes?</i>	Approve	14	13	7	10	9
	Disapprove	77	79	89	81	84
	Don't know	9	8	4	9	7
<i>...the issue of jobs and the economy?</i>	Approve	15	14	9	13	12
	Disapprove	74	76	79	76	77
	Don't know	11	10	12	11	11

With major work to be done on the state budget and economic issues, do Californians think that the governor and the state legislature will be able to work together and accomplish a lot in the next year? Thirty-nine percent of Californians think they will, but more than half (53%) think they won't. Similar percentages of Democrats (36%), Republicans (35%), and independents (35%) think the two sides will be able to work together. Two years ago, 62 percent said the governor and legislature would be able to work together, with 29 percent saying they would not. Californians today are much more optimistic about the ability of President Barack Obama and Congress to work together (81% will be able to, 14% will not) than they are about their state elected officials' ability to do so.

"Do you think that Governor Schwarzenegger and the state legislature will be able to work together and accomplish a lot in the next year, or not?"

	All Adults	Party			Likely Voters
		Dem	Rep	Ind	
Yes, will be able to work together	39%	36%	35%	35%	35%
No, will not be able to work together	53	57	53	56	56
Don't know	8	7	12	9	9

STATE BUDGET SITUATION

With a record high budget deficit, state coffers nearly empty, and the state controller about to suspend tax refunds and other payments, most Californians recognize that the state’s budget situation is grim. Nearly all Californians call the budget situation a problem, with 75 percent calling it a big problem. Since August 2008, more than seven in 10 have called it a big problem (73% August, 78% September, 74% October, 75% today). These percentages are similar to those recorded during the last economic downturn (74% February 2003, 73% June 2003), when the state was facing a deficit in excess of \$30 billion and voter anger with state leadership on fiscal issues contributed to the recall of Governor Gray Davis. Today, more than seven in 10 Californians across regions, and at least six in 10 across demographic groups call the budget situation a big problem.

“Do you think the state budget situation in California—that is, the balance between government spending and revenues—is a big problem, somewhat of a problem, or not a problem for the people of California today?”

	All Adults	Party			Likely Voters
		Dem	Rep	Ind	
Big problem	75%	75%	85%	80%	82%
Somewhat of a problem	20	21	13	16	16
Not a problem	2	1	1	2	1
Don't know	3	3	1	2	1

With media outlets in the state increasing coverage, 75 percent of Californians say they are closely following news about the budget, the highest percentage saying so since we first asked the question in May 2001. Twenty-five percent say they are following news very closely and 50 percent say fairly closely. By comparison, before the Davis recall election, about six in 10 residents said they were closely following news in February 2003 (20% very, 42% fairly closely) and June 2003 (18% very, 43% fairly closely).

How to deal with the current budget deficit? A plurality of Californians (44%) think a mix of spending cuts and tax increases is needed; 8 percent think tax increases alone should be used and 33 percent think spending cuts alone could close the gap. Only 7 percent say it is okay for the state to borrow money and run a budget deficit. Since last January when the budget deficit was markedly smaller (about \$14 billion), pluralities have said they prefer a mix of cuts and taxes to deal with the gap. Likely voters today also prefer a combination approach (48%), as do Democrats (54%) and independents (45%). A majority of Republicans (52%) prefer to close the gap with mostly cuts; 37 percent favor a mix of cuts and taxes.

“As you may know, the state government currently has an annual budget of around \$100 billion and faces a multibillion-dollar gap between spending and revenues. How would you prefer to deal with the state’s budget gap?”

	All Adults	Party			Likely Voters
		Dem	Rep	Ind	
Through a mix of spending cuts and tax increases	44%	54%	37%	45%	48%
Mostly through tax increases	8	12	2	6	8
Mostly through spending cuts	33	19	52	30	32
Okay to borrow money and run a budget deficit	7	7	3	7	4
Other	4	3	2	7	4
Don't know	4	5	4	5	4

STATE BUDGET SITUATION (CONTINUED)

Most Californians (60%) say that of the four major areas of state spending, they would most like to protect K–12 public education from cuts. Eighteen percent would protect health and human services, and 12 percent higher education; only 6 percent would protect prisons and corrections from spending cuts. In the past, majorities of Californians have always chosen K–12 education as the budget area they most want to protect from cuts.

“Some of the largest areas for state spending are....Thinking about these four areas of state spending, I'd like you to name the one you most want to protect from spending cuts.”

	All Adults	Party			Likely Voters
		Dem	Rep	Ind	
K–12 public education	60%	59%	63%	64%	61%
Health and human services	18	20	13	16	18
Higher education	12	13	11	11	11
Prisons and corrections	6	5	9	6	6
Don't know	4	3	4	3	4

With new leadership in Washington D.C. discussing ways to aid the nation's ailing economy, six in 10 Californians (62%) and likely voters (60%) think the state should seek federal financial assistance to help reduce its budget deficit. Large majorities of Democrats (68%) and independents (62%) say the state should seek federal aid, while Republicans are divided (47% should, 51% should not) on this issue.

“Do you think the state government should or should not ask the federal government for financial assistance to reduce the state's budget deficit?”

	All Adults	Party			Likely Voters
		Dem	Rep	Ind	
Should	62%	68%	47%	62%	60%
Should not	34	28	51	34	36
Don't know	4	4	2	4	4

When it comes to making tough choices about the state budget, 39 percent of Californians say they prefer the approach of the Democrats in the state legislature, 19 percent prefer the approach of legislative Republicans, and 18 percent prefer Governor Schwarzenegger's approach. Similar percentages have named legislative Democrats and Republicans in the past, while the governor's approach has lost some popularity (22% January 2007, 24% January 2008, 18% today).

But when it comes to making long-term budgetary reforms, 63 percent say California voters should decide at the ballot box, while only 29 percent say the governor and legislator should pass new laws. Since this question was first asked in January 2004, more than six in 10 have chosen voters over elected officials. Although the preference for voters to decide budgetary reforms crosses party and demographic lines, upper-income and highly educated residents are less likely than others to say the voters should decide.

In general, more Californians (51%) say they would rather pay higher taxes and have a state government that provides more services than pay lower taxes and have a state government that provides fewer services (42%). They remain divided along party lines on this issue: 65 percent of Democrats prefer higher taxes with more services, while 72 percent of Republicans prefer lower taxes with fewer services. Independents remain divided: 47 percent prefer higher taxes, 44 percent lower taxes.

GOVERNOR’S BUDGET PROPOSAL

With California officially in a fiscal emergency, Governor Schwarzenegger recently released a budget proposal for the current and next fiscal years that calls for spending cuts and revenue increases. When read a brief, general summary, majorities of Californians (59%) and likely voters (59%) say they are dissatisfied with the governor’s budget plan. Discontent crosses party lines (55% Republicans, 61% independents, 62% Democrats) and majorities across regional and demographic groups are dissatisfied.

“Recently, Governor Schwarzenegger proposed a budget plan for the current and next fiscal year to close the state’s \$40 billion budget deficit by 2010. It includes spending reductions in K–12 and higher education, health and human services, and prisons and corrections. The plan will temporarily increase the state’s sales tax, extend the sales tax to include services, increase taxes on alcohol, impose a new tax on oil production, and increase vehicle registration fees. It also calls for spending reductions in state employee compensation, allows for the shortening the school year by five days, and for the borrowing of funds. In general, are you satisfied or dissatisfied with the governor’s budget plan?”

	All Adults	Party			Likely Voters
		Dem	Rep	Ind	
Satisfied	34%	31%	37%	33%	35%
Dissatisfied	59	62	55	61	59
Haven't heard anything about the budget (volunteered)	2	2	2	1	1
Don't know	5	5	6	5	5

In general, both the governor’s proposed spending reductions and the proposed revenue increases are generating opposition from many. Fifty-three percent oppose the overall tax and fee increases and 57 percent oppose the overall proposed spending reductions and program cuts. But when asked about several specific proposals for cutting spending and raising revenue, responses are more varied.

Californians are divided about reducing spending in state employee wages and compensation (45% favor, 49% oppose). The current proposal calls for employees to take off two unpaid days per month, the elimination of two holidays per year, and for changes to overtime rules. Half of likely voters (50%) favor the overall idea. Across parties, most Democrats (54%) oppose cutting state employee compensation, while Republicans (63%) favor the idea and independents are divided (48% favor, 44% oppose). By comparison, 63 percent of Californians, 59 percent of likely voters, and voters across parties (53% Republicans, 61% independents, 64% Democrats) oppose the current proposal to shorten the K–12 school year as a way to save money. Majorities across regions and demographic groups also oppose this idea, but parents of children 18 or under (71%) are more likely than non-parents (57%) to hold this view.

“The governor’s budget plan includes several proposals for cutting state spending and raising state revenues. For each of the following, please say whether you favor or oppose the proposal.”

		All Adults	Party			Likely Voters
			Dem	Rep	Ind	
Do you favor or oppose reducing spending in state employee wages and compensation?	Favor	45%	40%	63%	48%	50%
	Oppose	49	54	32	44	44
	Don't know	6	6	5	8	6
Do you favor or oppose allowing the shortening of the school year?	Favor	35	34	45	37	39
	Oppose	63	64	53	61	59
	Don't know	2	2	2	2	2

GOVERNOR'S BUDGET PROPOSAL (CONTINUED)

To raise state revenues, the governor has proposed temporarily raising the state sales tax by 1.5 cents and extending the sales tax to some services. Californians are fairly divided on each, but are more likely to favor the temporary state sales tax increase (52% favor, 46% oppose) than extending it to services (47% favor, 50% oppose). Likely voters favor the sales tax increase (55%), but are divided on extending it (47% favor, 49% oppose). Attitudes about sales taxes appear to be shifting: When presented with the idea of raising or extending the state sales tax in the past, solid majorities of Californians opposed it.

“The governor’s budget plan includes several proposals for cutting state spending and raising state revenues. For each of the following, please say whether you favor or oppose the proposal.”

		All Adults	Party			Likely Voters
			Dem	Rep	Ind	
<i>Do you favor or oppose temporarily increasing the state sales tax by 1.5 cents?</i>	Favor	52%	60%	44%	54%	55%
	Oppose	46	38	55	44	43
	Don't know	2	2	1	2	2
<i>Do you favor or oppose extending the state sales tax to include some services such as vehicle repair, veterinary services, and tickets to sporting events?</i>	Favor	47	48	37	53	47
	Oppose	50	49	59	43	49
	Don't know	3	3	4	4	4

Another proposal for raising revenues, increasing the vehicle license fee (VLF) by \$12 per year, is favored by 58 percent of Californians, 61 percent of likely voters, and majorities across parties (53% Republicans, 59% independents, 63% Democrats). One of Governor Schwarzenegger’s first acts in 2003 was to substantially reduce the VLF, and while residents have remained supportive of this action, they now seem to be receptive to a \$12 increase. By far the most popular idea proposed by the governor in the current budget plan is an increase in the alcohol excise tax of 5 cents per drink. At least 80 percent of residents (85%), likely voters (86%), Democrats (89%), independents (85%), and Republicans (80%) favor this proposal.

“The governor’s budget plan includes several proposals for cutting state spending and raising state revenues. For each of the following, please say whether you favor or oppose the proposal.”

		All Adults	Party			Likely Voters
			Dem	Rep	Ind	
<i>Do you favor or oppose increasing the annual vehicle license fee by \$12?</i>	Favor	58%	63%	53%	59%	61%
	Oppose	41	36	46	38	37
	Don't know	1	1	1	3	2
<i>Do you favor or oppose increasing the alcohol excise tax by 5 cents per drink?</i>	Favor	85	89	80	85	86
	Oppose	13	10	18	14	13
	Don't know	2	1	2	1	1

RAISING REVENUES

In a difficult budget year, Californians seem willing to help reduce the deficit by increasing their own taxes, but they are even more willing to increase taxes on others. Seventy-two percent of residents and 69 percent of likely voters favor raising the top state income tax rate, paid by the wealthiest Californians; fewer than three in 10 oppose this proposal. Partisan differences are evident, with Democrats (84%) and independents (76%) overwhelmingly in favor of increasing taxes on the wealthiest residents, while more Republicans (52%) oppose the idea. Across regional and demographic groups, at least six in 10 favor raising taxes on the rich; support declines as age, education, and income levels rise. Support for raising taxes on the wealthy is similar to last January's (73% favor, 25% oppose).

Most Californians are willing to see corporations in the state pay more in taxes. Sixty percent of residents and 58 percent of likely voters favor raising taxes paid by California corporations; fewer than four in 10 in each group oppose this proposal (36% adults, 38% likely voters). Partisan differences are apparent: Strong majorities of Democrats (72%) and independents (63%) favor raising corporate taxes, while a solid majority of Republicans (59%) are opposed. Latinos (71%) are much more likely than whites (57%) to favor this proposal, as are women (65%) more than men (56%). Support for increasing taxes on California corporations declines as age, education, and income levels rise. Support for raising taxes on corporations in the state has remained steady since we began asking the question in 2005 (60% May 2005; 59% May 2007; 63% May 2008; 60% today).

A plan that would require voter approval to borrow money from future state lottery income, however, meets with opposition. A majority of Californians (55%) and likely voters (61%) oppose the idea of borrowing several billion dollars against future state lottery income; only 39 percent of Californians and 34 percent of likely voters favor this idea. Partisan differences dissolve on this question: Registered independents (53%), Democrats (55%), and Republicans (64%) all oppose borrowing against future lottery income. Across regional and demographic groups the plan receives mixed support. Latinos (55%) are more likely to favor this proposal, while whites (62%) are more likely to oppose it. Men (56%) and women (53%) are similar in their opposition to this proposal, but opposition increases with rising age, education, and income levels. Findings today are similar to those of last May, when we asked a different question about the governor's plan to borrow \$15 billion from future lottery income (33% favor, 58% oppose).

“Tax and fee increases could be used to help reduce the state’s large gap between spending and revenues. For each of the following, please say if you favor or oppose the proposal.”

		All Adults	Party			Likely Voters
			Dem	Rep	Ind	
How about raising the top rate of the state income tax paid by the wealthiest Californians?	Favor	72%	84%	45%	76%	69%
	Oppose	26	15	52	23	28
	Don't know	2	1	3	1	3
How about raising the state taxes paid by California corporations?	Favor	60	72	37	63	58
	Oppose	36	25	59	35	38
	Don't know	4	3	4	2	4
How about borrowing several billions of dollars against future state lottery income?	Favor	39	39	31	43	34
	Oppose	55	55	64	53	61
	Don't know	6	6	5	4	5

FISCAL REFORMS

With three in four saying the state's budget situation is a big problem and with the state facing a potential \$40 billion budget gap, are Californians willing to support proposals to reform the state budget process?

Residents are very supportive of a plan to strictly limit the amount that state spending could increase each year, with 70 percent calling it a good idea, and only 24 percent calling it a bad idea. Likely voter findings are similar to those of all adults. Across parties, Republicans (80%) are the most likely to approve, followed by independents (71%), then Democrats (67%). At least two in three residents across all regional and demographic groups say it is a good idea. Support for a state spending limit has not been this high since June 2003 when we first asked this question (70% good idea, 24% bad idea).

As lawmakers continue to struggle with the state budget deficit, and after a record late passage of a budget last fall, Californians are now willing to see changes in the way budgets are approved. A majority of Californians (54%) and likely voters (53%) think it would be a good idea to replace the two-thirds vote requirement for budget passage in the legislature with a 55-percent majority threshold. This is the highest approval for this proposal we have seen in our surveys, and the first time a majority has said it was a good idea since we began asking this question in June 2003 (46% good idea, 43% bad idea). Support for the 55-percent threshold is higher among Democrats (61%) and independents (54%), while more Republicans (54%) say it is a bad idea. A strong majority of Latinos (62%) say changing the budget vote to a 55-percent majority is a good idea while half of whites agree (52%). Support for making this change is similar among age groups, but declines slightly as income rises.

Replacing the two-thirds voter approval requirement for special local taxes with a 55-percent majority draws support from half of residents (50%), with 44 percent saying it is a bad idea. Likely voters are divided (47% good idea, 48% bad idea). However, support for this idea is at a new high since we began asking this question in June 2003. Democrats (56%) and independents (50%) are more likely to say it is a good idea and Republicans (60%) more likely to say it is a bad one. Support declines as education and income rise.

“Spending and tax reforms have been proposed to address the structural issues in the state budget. For each of the following, please say whether you think the proposal is a good idea or a bad idea.”

		All Adults	Party			Likely Voters
			Dem	Rep	Ind	
<i>How about strictly limiting the amount of money that state spending could increase each year?</i>	Good idea	70%	67%	80%	71%	71%
	Bad idea	24	28	17	23	24
	Don't know	6	5	3	6	5
<i>How about replacing the two-thirds vote requirement with a 55-percent majority vote for the state legislature to pass a budget?</i>	Good idea	54	61	41	54	53
	Bad idea	39	32	54	41	41
	Don't know	7	7	5	5	6
<i>How about replacing the two-thirds vote requirement with a 55-percent majority vote for voters to pass local special taxes?</i>	Good idea	50	56	35	50	47
	Bad idea	44	38	60	45	48
	Don't know	6	6	5	5	5

REGIONAL MAP



METHODOLOGY

The PPIC Statewide Survey is directed by Mark Baldassare, president and CEO and survey director at the Public Policy Institute of California, with research support from Jennifer Paluch, project manager for this survey, and survey research associates Dean Bonner and Sonja Petek. The *Californians and Their Government* survey series is supported with funding from The James Irvine Foundation. We benefit from discussions with PPIC staff, foundation staff, and other policy experts; however, the methods, questions, and content of this report were solely determined by Mark Baldassare and the survey staff.

The findings in this report are based on a telephone survey of 2,001 California adult residents interviewed from January 13 to 20, 2009. Interviewing took place on weekday nights and weekend days, using a computer-generated random sample of telephone numbers that ensured that both listed and unlisted numbers were called. All landline telephone exchanges in California were eligible. Telephone numbers in the survey sample were called up to six times to increase the likelihood of reaching eligible households. Once a household was reached, an adult respondent (age 18 or older) was randomly chosen for interviewing using the “last birthday method” to avoid biases in age and gender. Each interview took an average of 19 minutes to complete. Interviewing was conducted in English or Spanish. Accent on Languages, Inc. translated the survey into Spanish with assistance from Renatta DeFever. Abt SRBI Inc. conducted the telephone interviewing.

We used recent U.S. Census and state data to compare the demographic characteristics of the survey sample with characteristics of California’s adult population. The survey sample was closely comparable to the census and state figures. The survey data in this report were statistically weighted to account for any demographic differences.

The sampling error for the total sample of 2,001 adults is ± 2 percent at the 95 percent confidence level. This means that 95 times out of 100, the results will be within 2 percentage points of what they would be if all adults in California were interviewed. The sampling error for subgroups is larger: For the 1,621 registered voters, it is ± 2.5 percent; for the 1,277 likely voters, it is ± 3 percent. Sampling error is only one type of error to which surveys are subject. Results may also be affected by factors such as question wording, question order, and survey timing.

We present results for four geographic regions, accounting for approximately 90 percent of the state population. “Central Valley” includes Butte, Colusa, El Dorado, Fresno, Glenn, Kern, Kings, Madera, Merced, Placer, Sacramento, San Joaquin, Shasta, Stanislaus, Sutter, Tehama, Tulare, Yolo, and Yuba Counties. “San Francisco Bay Area” includes Alameda, Contra Costa, Marin, Napa, San Francisco, San Mateo, Santa Clara, Solano, and Sonoma Counties. “Los Angeles” refers to Los Angeles County, and “Other Southern California” includes Orange, Riverside, San Bernardino, and San Diego Counties. Residents from other geographic areas are included in the results reported for all adults, registered voters, and likely voters. Sample sizes for these less populated areas are not large enough to report separately. We present specific results for Latinos because they account for about 30 percent of the state’s adult population and constitute one of the fastest growing voter groups. Sample sizes for African Americans and Asian Americans are not large enough for separate analysis. We compare the opinions of registered Democrats, Republicans, and independents (those who are registered as “decline to state”). We also include the responses of “likely voters”—those who are most likely to vote in the state’s elections based on past voting, current interest, and voting intentions. We compare current PPIC Statewide Survey results to those in our earlier surveys and to those in national surveys by *NBC/Wall Street Journal* and *Washington Post/ABC News*.

QUESTIONNAIRE AND RESULTS

CALIFORNIANS AND THEIR GOVERNMENT

January 13–20, 2009

2,001 California Adult Residents:
English, Spanish

MARGIN OF ERROR $\pm 2\%$ AT 95% CONFIDENCE LEVEL FOR TOTAL SAMPLE

1. First, which one issue facing California today do you think is the most important for the governor and state legislature to work on in 2009? *[code, don't read]*
 - 42% jobs, economy
 - 25 state budget, deficit, taxes
 - 12 education, schools
 - 4 immigration, illegal immigration
 - 2 health care, health costs
 - 11 other
 - 4 don't know
2. Overall, do you approve or disapprove of the way that Arnold Schwarzenegger is handling his job as governor of California?
 - 40% approve
 - 51 disapprove
 - 9 don't know

[rotate questions 3 and 4]
3. Overall, do you approve or disapprove of the way that Governor Schwarzenegger is handling the issue of the state budget and taxes?
 - 30% approve
 - 61 disapprove
 - 9 don't know
4. Overall, do you approve or disapprove of the way that Governor Schwarzenegger is handling the issue of jobs and the economy?
 - 30% approve
 - 57 disapprove
 - 13 don't know
5. Overall, do you approve or disapprove of the way that the California Legislature is handling its job?
 - 21% approve
 - 67 disapprove
 - 12 don't know

[rotate questions 6 and 7]
6. Overall, do you approve or disapprove of the way that the California Legislature is handling the issue of the state budget and taxes?
 - 14% approve
 - 77 disapprove
 - 9 don't know
7. Overall, do you approve or disapprove of the way that the California Legislature is handling the issue of jobs and the economy?
 - 15% approve
 - 74 disapprove
 - 11 don't know
8. Do you think that Governor Schwarzenegger and the state legislature will be able to work together and accomplish a lot in the next year, or not?
 - 39% yes, will be able to work together
 - 53 no, will not be able to work together
 - 8 don't know

9. Do you think things in California are generally going in the right direction or the wrong direction?
- 18% right direction
 - 75 wrong direction
 - 7 don't know
10. Turning to economic conditions in California, do you think that during the next 12 months we will have good times financially or bad times?
- 18% good times
 - 77 bad times
 - 5 don't know
11. Do you think the current housing situation in California will hurt your financial situation in the next year or so, or not? (*if yes: do you think it will hurt your financial situation a great deal or only somewhat?*)
- 30% yes, a great deal
 - 22 yes, only somewhat
 - 44 no
 - 4 don't know
12. Would you say that California is in an economic recession, or not? (*if yes: Do you think it is in a serious, a moderate, or a mild recession?*)
- 59% yes, serious recession
 - 26 yes, moderate recession
 - 5 yes, mild recession
 - 7 no
 - 3 don't know
13. Do you think the federal government's actions in dealing with the current financial crisis will help the California economy, or not?
- 44% yes, will help
 - 43 no, will not help
 - 13 don't know
14. Recently, President [*prior to January 20, "President-elect"*] Barack Obama announced his "American Recovery and Reinvestment Plan," an economic stimulus package which would include tax cuts for individuals and businesses and investments in government programs for infrastructure projects. This two-year plan could cost upwards of \$775 billion. In general, are you satisfied or dissatisfied with the President's economic stimulus plan?
- 57% satisfied
 - 26 dissatisfied
 - 6 haven't heard anything about the plan (*volunteered*)
 - 11 don't know
15. How important do you think President [*prior to January 20, "President-elect"*] Obama's economic stimulus plan would be in addressing California's infrastructure needs?
- 49% very important
 - 33 somewhat important
 - 7 not too important
 - 5 not at all important
 - 6 don't know
16. Changing topics, how closely are you following news about the California state budget?
- 25% very closely
 - 50 fairly closely
 - 21 not too closely
 - 4 not at all closely
17. Do you think the state budget situation in California—that is, the balance between government spending and revenues—is a big problem, somewhat of a problem, or not a problem for the people of California today?
- 75% big problem
 - 20 somewhat of a problem
 - 2 not a problem
 - 3 don't know

18. As you may know, the state government currently has an annual budget of around \$100 billion and faces a multibillion-dollar gap between spending and revenues. How would you prefer to deal with the state's budget gap—mostly through spending cuts, mostly through tax increases, through a mix of spending cuts and tax increases, or do you think that it is okay for the state to borrow money and run a budget deficit?
- 33% mostly through spending cuts
8 mostly through tax increases
44 through a mix of spending cuts and tax increases
7 okay to borrow money and run a budget deficit
4 other (*specify*)
4 don't know
19. When it comes to the tough choices involved in the state budget, both in deciding how much Californians should pay in taxes and how to fund state programs, whose approach do you most prefer—**[rotate]** [1] Governor Schwarzenegger's, [2] the Democrats' in the legislature, **[or]** [3] the Republicans' in the legislature?
- 18 Governor Schwarzenegger's approach
39 Democrats' approach
19 Republicans' approach
2 other (*specify*)
9 none (*volunteered*)
13 don't know
20. And when it comes to long-term issues of reforming the state budget process, both in terms of changing the way the state taxes and spends money, which approach do you most prefer—**[rotate]** [1] the Governor and legislature should pass new laws; **[or]** [2] the California voters should decide at the ballot box?
- 29% Governor and legislature should pass new laws
63 California voters should decide at the ballot box
2 other (*specify*)
6 don't know
21. And, in general, which of the following statements do you agree with more—I'd rather pay higher taxes and have a state government that provides more services, or, I'd rather pay lower taxes and have a state government that provides fewer services?
- 51% higher taxes and more services
42 lower taxes and fewer services
7 don't know
22. Some of the largest areas for state spending are: **[rotate]** [1] K–12 public education, [2] higher education, [3] health and human services, **[and]** [4] prisons and corrections. Thinking about these four areas of state spending, I'd like you to name the one you most want to protect from spending cuts.
- 60% K–12 public education
12 higher education
18 health and human services
6 prisons and corrections
4 don't know
23. Recently, Governor Schwarzenegger proposed a budget plan for the current and next fiscal year to close the state's \$40 billion budget deficit by 2010. It includes spending reductions in K–12 and higher education, health and human services, and prisons and corrections. The plan will temporarily increase the state's sales tax, extend the sales tax to include services, increase taxes on alcohol, impose a new tax on oil production, and increase vehicle registration fees. It also calls for spending reductions in state employee compensation, allows for the shortening of the school year by five days, and for the borrowing of funds. In general, are you satisfied or dissatisfied with the governor's budget plan?
- 34% satisfied
59 dissatisfied
2 haven't heard anything about the budget (*volunteered*)
5 don't know

[rotate questions 24 and 25]

24. Overall, do you favor or oppose the tax and fee increases proposed in the governor's budget plan?

39% favor
53 oppose
8 don't know

25. Overall, do you favor or oppose the program cuts and spending reductions proposed in the governor's budget plan?

35% favor
57 oppose
8 don't know

The governor's budget plan includes several proposals for cutting state spending and raising state revenues. For each of the following, please say whether you favor or oppose the proposal.

[rotate blocks: questions 26, 27 and questions 28 to 30]

[rotate questions 26 and 27]

26. Do you favor or oppose reducing spending in state employee wages and compensation?

45% favor
49 oppose
6 don't know

27. Do you favor or oppose allowing the shortening of the school year?

35% favor
63 oppose
2 don't know

[rotate questions 28 to 30]

28. Do you favor or oppose temporarily increasing the state sales tax by 1.5 cents?

52% favor
46 oppose
2 don't know

29. Do you favor or oppose extending the state sales tax to include some services such as vehicle repair, veterinary services, and tickets to sporting events?

47% favor
50 oppose
3 don't know

29a. Do you favor or oppose increasing the annual vehicle license fee by \$12?

58% favor
41 oppose
1 don't know

30. Do you favor or oppose increasing the alcohol excise tax by 5 cents per drink?

85% favor
13 oppose
2 don't know

31. And, do you think the state government should or should not ask the federal government for financial assistance to reduce the state's budget deficit?

62% should
34 should not
4 don't know

Tax and fee increases could be used to help reduce the state's large gap between spending and revenues. For each of the following, please say if you favor or oppose the proposal.

[rotate questions 32 to 34]

32. How about raising the top rate of the state income tax paid by the wealthiest Californians?

72% favor
26 oppose
2 don't know

33. How about raising the state taxes paid by California corporations?

60% favor
36 oppose
4 don't know

34. How about borrowing several billions of dollars against future state lottery income?

- 39% favor
- 55 oppose
- 6 don't know

Spending and tax reforms have been proposed to address the structural issues in the state budget. For each of the following, please say whether you think the proposal is a good idea or a bad idea.

[rotate questions 35 to 37]

35. How about strictly limiting the amount of money that state spending could increase each year?

- 70% good idea
- 24 bad idea
- 6 don't know

36. How about replacing the two-thirds vote requirement with a 55-percent majority vote for voters to pass local special taxes?

- 50% good idea
- 44 bad idea
- 6 don't know

37. How about replacing the two-thirds vote requirement with a 55-percent majority vote for the state legislature to pass a budget?

- 54% good idea
- 39 bad idea
- 7 don't know

38. On another topic, Barack Obama was **[prior to January 20: "will be"]** inaugurated as U.S. President on January 20th. Do you agree or disagree that Barack Obama will be a strong and capable president? (**if agree or disagree:** Is that strongly or somewhat?)

- 62% strongly agree
- 17 somewhat agree
- 5 somewhat disagree
- 7 strongly disagree
- 9 don't know

39. Overall, from what you know so far, do you approve or disapprove of President **[prior to January 20, "President-elect"]** Obama's handling of economic plans and policies?

- 72% approve
- 15 disapprove
- 13 don't know

40. Which of these two statements comes closer to your point of view—**[rotate]** [1] the country will be able to unite behind Barack Obama, who will be able to accomplish a lot in the next four years, **[or]** [2] the country will be divided, and it will be hard for Barack Obama to accomplish a lot over the next four years?

- 73% country will be able to unite
- 22 country will be divided
- 5 don't know

41. Do you think that President **[prior to January 20, "President-elect"]** Obama and the U.S. Congress will be able to work together and accomplish a lot in the next year, or not?

- 81% yes, will be able to work together
- 14 no, will not be able to work together
- 5 don't know

42. Overall, do you approve or disapprove of the way the U.S. Congress is handling its job?

- 37% approve
- 56 disapprove
- 7 don't know

43. Overall, do you approve or disapprove of the way the U.S. Congress is handling economic plans and policies?

- 29% approve
- 63 disapprove
- 8 don't know

44. Do you think things in the United States are generally going in the right direction or the wrong direction?

- 32% right direction
- 62 wrong direction
- 6 don't know

45. Turning to economic conditions, do you think that during the next 12 months the United States will have good times financially or bad times?

- 24% good times
- 71 bad times
- 5 don't know

46. And, are you concerned that you or someone in your family will lose their job in the next year, or not? (**if yes:** Are you very concerned or somewhat concerned?)

- 37% yes, very concerned
- 21 yes, somewhat concerned
- 36 no
- 5 have lost job already (*volunteered*)
- 1 don't know

47. Next, some people are registered to vote and others are not. Are you absolutely certain that you are registered to vote in California?

- 81% yes [*ask q47a*]
- 19 no [*skip to q48b*]

47a. Are you registered as a Democrat, a Republican, another party, or as an independent?

- 44% Democrat [*ask q48*]
- 29 Republican [*skip to q48a*]
- 5 another party (*specify*) [*skip to q49*]
- 22 independent [*skip to q48b*]

48. Would you call yourself a strong Democrat or not a very strong Democrat?

- 64% strong
- 33 not very strong
- 3 don't know

[skip to question 49]

48a. Would you call yourself a strong Republican or not a very strong Republican?

- 51% strong
- 46 not very strong
- 3 don't know

[skip to question 49]

48b. Do you think of yourself as closer to the Republican Party or Democratic Party?

- 20% Republican Party
- 52 Democratic Party
- 22 neither (*volunteered*)
- 6 don't know

49. Next, would you consider yourself to be politically: **[read list, rotate order top to bottom]**

- 13% very liberal
- 19 somewhat liberal
- 32 middle-of-the-road
- 22 somewhat conservative
- 12 very conservative
- 2 don't know

50. Generally speaking, how much interest would you say you have in politics?

- 30% great deal
- 44 fair amount
- 22 only a little
- 4 none

[d2a asked of homeowners only]

d2a. In the past few years, do you think the value of the home you live in has increased, stayed about the same, or declined? (**if increased or declined:** Is that a lot or some?)

- 8% increased a lot
- 11 increased some
- 11 stayed about the same
- 32 declined some
- 38 declined a lot

[d1-d2 and d3-d13: demographic questions]

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