

Economic Well-Being

September 2002

Findings in Brief

- There has been a big change in how Californians view the state's economy over the past year. Last year in January three times as many described the state as being in economic good times (69%) as felt it was in bad times (22%). Now, just twenty months later, things have almost completely turned around, with a majority (56%) saying the state's economy is in bad times and just 20% believing we are in good times.
- While pluralities of voters in all sections of the state believe the state is in economic bad times, this view is most pronounced in the nine-county San Francisco Bay Area, where 73% think California is in economic bad times and just 6% feel it is in good times.
- While voters are generally gloomy about the current state of the economy, they are more hopeful about next year. More voters (36%) expect the state's economy to get better next year as think things will get worse (18%). Another 42% feel things will remain about the same next year.
- Californians divide into three approximately equal sized groups when asked about their own personal finances compared to last year. One in three (35%) reports being better off now, another 35% say they are worse off, while 30% report no change. This mixed assessment represents a change from recent years when large pluralities reported an improving financial situation.
- More than twice as many San Francisco Bay Area residents (55%) say things worsened for them financially as say thing improved (25%) over the past year. This is the only region in the state where more voters reported a worsening rather than an improved financial situation.
- About half of California voters (46%) says that recent decline in the stock market have had a very or somewhat serious impact on their own or their family's financial situation. This compares to 51% reporting no serious effect. Bay Area residents are more likely to report being negatively effected by the decline in the stock market than others.
- Statewide, more Californians are optimistic than pessimistic about their own financial outlook for the coming year. Four in ten voters (41%) expect to be better off financially in the coming year, while just 8% anticipate a worsening situation. Another 45% do not foresee any change.
- About one in three non-retirees (32%) says they are not confident about having enough income and assets in retirement to last for the rest of their lives. This compares to 25% who are very confident and 41% who are somewhat confident. More women than men are not confident about having enough money in their retirement years.
- More Californians now oppose than support the idea of giving workers the option of investing some of their Social Security contributions in the stock market. Currently, 49% oppose this idea, while 41% favor it. This represents a slight decline in the proportion favoring this idea since earlier this year.

Majority now thinks California's economy is in bad times

There has been a big change in how Californians view the state's economy over the past year and a half. Last year in January, nearly three times as many felt the state was in economic good times (69%) as bad times (22%). Now, things have almost completely turned around, with a majority 56% describing the state's economy as being in bad times and just 20% saying we are in good times. Another 21% feel the state's economy is somewhere in-between.

The last time a majority of voters felt that the state was going through economic bad times was in the early and mid 1990s when California experienced a prolonged economic recession.

Table 1
Perceived state of California's economy
(among registered voters)

	Bad times	In-between	Good times
2002 (Sept.)	56%	21	20
2001 (Jan.)	22%	7	69
2000	13%	10	71
1999	11%	14	72
1998	15%	16	65
1997	42%	23	33
1996	57%	20	19
1995	72%	16	11
1994	81%	14	5
1993	91%	6	3
1992	93%	4	2
1991	85%	8	5
1990	47%	20	30
1989	24%	18	55
1988	21%	19	59
1987	22%	24	51
1986	15%	22	59
1985	19%	16	62
1984	22%	25	50
1983	77%	11	10
1982	60%	23	16
1981	54%	19	24
1980	56%	21	21
1979	41%	17	40
1978	26%	26	42

(In this and in other succeeding tables, trend data prior to 1993 are based on all adults. Differences between 100% and the sum of each year's percentages equal the proportion with no opinion.)

Bay Area residents more gloomy than others

While voters in all sections of the state are more likely to believe California is in economic bad times than good times, this view is most pronounced in the nine-county San Francisco Bay Area. In the Bay Area nearly three in four (73%) feel the state is in economic bad times, while only 6% think it is in good times. This compares to about half of voters in Los Angeles County and in other areas of Southern California who says the state is going through economic bad times, while about one-quarter feels that the state's economy is in good times.

Table 2
Perceived state of California's economy
– by registered voter subgroups

	Bad times	In-between	Good times
Total statewide	56%	21	20
<u>Region</u>			
Los Angeles County	49%	26	23
Other Southern California	50%	19	28
San Francisco Bay Area	73%	19	6
Other Northern California	58%	18	18

More are optimistic than pessimistic about state's economic outlook

While voters are gloomy about the current state of the California economy, they are more hopeful about the state's prospects for next year. More voters (36%) expect the California economy to get better next year as think it will get worse (18%). Another 42% feel things will pretty much stay the same.

This is quite different that the view Californians had the last time they turned sour about the state's economy. In the early 1990s at the beginning of the last recession, not only did large majorities believe the state was in economic bad times, more felt that things would worsen in the coming year than felt things would improve.

Table 3
Expectations for the California economy
over the next 12 months
(among registered voters)

	Will get better	Stay the same	Will get worse
2002 (Sept.)	36%	42	18
2001 (Jan.)	14%	43	40
2000	21%	53	16
1999	24%	58	14
1998	29%	53	10
1997	37%	44	14
1996	38%	46	12
1995	32%	44	21
1994	38%	39	20
1993	38%	38	22
1992	22%	38	36
1991	22%	37	35
1990	10%	32	48
1989	15%	49	30
1988	18%	53	24
1987	24%	54	19
1986	36%	47	12
1985	42%	40	12
1984	50%	40	6
1983	58%	30	10
1982	35%	39	22
1981	32%	36	29

Californians' personal financial well-being down from previous years

Californians are divided into three approximately equal sized groups when asked about their own personal financial well-being compared to one year ago. One in three (35%) report being better off now than last year, another 35% feel they are worse off, while 30% say there has been no change.

This mixed assessment represents a change from previous years when large pluralities reported continuing improvement in their financial situation. For example, last year nearly twice as many said they were financially better off (47%) than said they were worse off than the previous year (27%), and two years ago three times as many felt better off (54%) than worse off (18%) than the preceding year.

Table 4
Californians' personal financial well-being
compared to one year ago
(among registered voters)

	Better off	No change	Worse off
2002 (Sept.)	35%	30	35
2001 (Jan.)	47%	26	27
2000	54%	28	18
1999	49%	35	16
1998	54%	30	16
1997	42%	31	27
1996	38%	35	27
1995	34%	32	34
1994	37%	32	31
1993	29%	26	45
1992	26%	24	50
1991	25%	28	47
1990	42%	28	30
1989	46%	27	27
1988	50%	23	27
1987	49%	26	25
1986	52%	28	20
1985	54%	27	19
1984	55%	24	21
1981	33%	25	42
1979	30%	28	41
1978	41%	35	24
1977	34%	36	30
1976	28%	33	39
1974	28%	29	43
1973	39%	33	28
1971	29%	36	35
1970	34%	33	33
1966	37%	45	18
1961	40%	41	19

San Francisco Bay Area residents and older voters hit harder than others last year

More than twice as many San Francisco Bay Area residents say things have worsened for them financially (55%) as say things have improved (25%) over the past year. This was the only region in the state in which more voters reported their own financial situation to be worse last year than said it had improved.

More voters age 50-59 as well as those age 60 or older say their financial situation worsened in the past year as say things improved. This contrasts with the views of younger Californians age 18-39, who were more apt to say things improved last year as got worse by a 45% to 29% margin. Middle-age voters age 40-49 give a more divided assessment, with about as many saying things improved as felt things had worsened for them in the past year.

Table 5
Californians' current financial well-being
- by registered voter subgroup

	Better off	No change	Worse off
Total statewide	35%	30	35
<u>Region</u>			
Los Angeles County	36%	33	31
Other Southern California	34%	33	33
San Francisco Bay Area	25%	20	55
Other Northern California	44%	32	24
<u>Age</u>			
18-39	45%	26	29
40-49	42%	18	40
50-59	29%	30	41
60 or older	20%	44	36

About half say recent stock market declines have had a serious affect on their finances

About half of California voters (46%) say that recent declines in the stock market have had a very or somewhat serious impact on their own or their family's financial situation. This compares to 51% who report no serious effect.

The same subgroups of the population who reported a worsening financial situation over the past year are ones more likely to report that the recent stock market declines have had a very or somewhat serious problem for them. For example, nearly six in ten San Francisco Bay Area voters (58%) report this, a larger proportion than says this than any other region of the state. Similarly, nearly two in three voters age 50-59 (65%) report the recent stock market declines was a problem for them, a larger proportion than was reported than any other subgroup of the population.

Table 6
How serious of a problem has the recent declines in the
overall stock market had on you and your family?
(among registered voters)

	Not serious	Very/somewhat serious
Total statewide	51%	46
<u>Region</u>		
Los Angeles County	56%	41
Other Southern California	50%	48
San Francisco Bay Area	42%	58
Other Northern California	56%	40
<u>Age</u>		
18-39	66%	33
40-49	50%	49
50-59	34%	65
60 or older	46%	49

More upbeat financial outlook for the next year

More Californians are optimistic than pessimistic about their own financial outlook for the coming year. Statewide, 41% of voters think they will be better off financially one year from now, while just 8% expect to be worse off. Another 45% do not foresee any change in their financial situation over the coming year.

This view is somewhat more upbeat than was found last year, when 32% expected to be better off, 13% thought they'd be worse off and 55% foresaw no change.

Table 7			
Personal financial expectations for next year			
(among registered voters)			
	Will be better off	No change	Will be worse off
2002 (Sept.)	41%	45	8
2001 (Jan.)	32%	55	13
2000	44%	53	3
1999	41%	54	5
1998	46%	49	5
1997	40%	50	10
1996	35%	57	8
1995	34%	56	10
1994	40%	48	12
1993	37%	49	14
1992	29%	53	18
1991	30%	53	17
1990	38%	47	15
1989	38%	47	15
1988	40%	51	9
1987	47%	45	8
1986	52%	42	6
1985	50%	42	8
1984	51%	42	7
1981	35%	46	19
1979	25%	40	31
1978	37%	46	17
1977	35%	47	18
1976	37%	45	18
1974	33%	39	28
1973	41%	46	13
1971	37%	44	19
1970	34%	44	22
1966	43%	49	8
1961	48%	46	6

One in three not confident that they will have enough money for retirement

When non-retirees are asked how confident they are about having enough income and assets in retirement to last for the rest of their lives, 32% say they are not confident they will have enough. This compares to one in four (25%) who are very confident about having enough retirement finances and 41% who are somewhat confident.

More women (38%) than men (26%) are not confident about having enough money in their retirement years. In addition, those with annual household incomes of less than \$20,000 report greater concern about their retirement finances than those with higher incomes.

Table 8
How confident are you that you will have enough income and assets to last for the rest of your life?
(among non-retirees registered to vote)

	Not confident	Somewhat confident	Very confident
Total statewide	32%	41	25
<u>Gender</u>			
Male	26%	41	33
Female	38%	42	19
<u>Age</u>			
18 - 39	32%	38	29
40 - 49	38%	43	17
50 - 59	30%	49	20
<u>Household income</u>			
Less than \$20,000	46%	28	21
\$20,000 - \$39,999	46%	26	27
\$40,000 - \$59,999	31%	43	26
\$60,000 - \$79,999	29%	63	9
\$80,000 or more	16%	52	31

Plurality opposes investing Social Security contributions in the stock market

More Californians now say they oppose than support the idea of giving workers the option of investing some of their Social Security contributions in the stock market. In the current survey 49% of voters said they opposed this idea, while 41% favored it. This represents a slight decline in the proportion favoring the idea since February.

There are significant partisan differences in views about allowing workers to invest Social Security contributions in the stock market. Republicans favor the idea by a five to three margin (55% to 35%). Conversely, Democrats and non-partisans oppose the idea by five to three.

Table 9
Do you favor or oppose giving workers the option of investing some of their Social Security contributions in the stock market?
(among registered voters)

	Favor	Oppose	No opinion
Total - Sept. 2002	41%	49	10
Feb. 2002	46%	47	7
<u>Party</u>			
Democrats	33%	56	11
Republicans	55%	35	10
Non-partisan/other	34%	60	6
<u>Household income</u>			
Less than \$20,000	37%	51	12
\$20,000 - \$39,999	35%	50	15
\$40,000 - \$59,999	37%	53	10
\$60,000 - \$79,999	48%	49	3
\$80,000 or more	52%	44	4
<u>Age</u>			
18-39	49%	40	11
40-49	41%	49	10
50-59	40%	55	5
60 or older	33%	56	11

Unemployment not seen as a very serious problem in California

When voters are asked to assess the seriousness of unemployment situation in California at the present time, less than one in three (30%) describes it as a very serious problem. About half of voters (48%) feels unemployment is a somewhat serious problem, while 18% say it is not a serious problem.

This is down from 48% who felt this way in 1995, the last time this question was posed, and from an 80% level found in 1992 in the middle of the last recession.

Table 10
Seriousness of unemployment in California
(among registered voters)

	Very serious	Somewhat serious	Not serious
2002	30%	48	18
1995	48%	44	7
1992	80%	18	2
1991	68%	27	4
1990	29%	40	28
1989	23%	35	39
1985	30%	43	24
1984	40%	45	14
1983	71%	24	5
1982	54%	36	9
1981	34%	45	18

High levels of confidence among workers about being employed six months from now

Greater than three in four employed voters (77%) say they are very confident about being employed six months from now. This compares to 19% who are somewhat confident and just 4% who are not confident.

This represents only a slight decline in employment confidence from statewide measures taken since 1997, when between 81% and 82% of workers were very confident about their employment outlook.

Table 11
Confidence of being employed six months from now
(among registered voters employed by someone else)

	Very confident	Somewhat confident	Not confident
2002 (Sept.)	77%	19	4
2001 (Jan.)	82%	14	4
1998	81%	14	5
1997	82%	12	5
1996	71%	23	6
1995	71%	24	4
1994	71%	19	9
1993	66%	23	11
1992	62%	25	13
1991	69%	20	10
1990	78%	17	5
1985	80%	14	4
1984	82%	13	4
1983	78%	16	5
1982	68%	19	12
1981	81%	14	5
1978	83%	10	5

Self-employed workers express greater concerns about doing enough business in the next six months

A majority of voters who are self-employed (54%) reports that they are very or somewhat concerned about doing enough business in the next six months, while 46% are not concerned. This is a reversal of what was reported in each of three previous surveys conducted since 1997, when majorities of between 57% and 60% of self employed workers reported not being concerned about doing enough business in the coming months.

Table 12
Concern about doing enough business in the next six months
(among self-employed registered voters)

	Very/somewhat concerned	Not concerned
2002 (Sept.)	54%	46
2001 (Jan.)	41%	59
1998	42%	60
1997	43%	57
1996	55%	45
1995	61%	39
1994	66%	34
1993	67%	32
1992	77%	22
1991	68%	31
1990	47%	53

Some softening in views about making major household purchases

There has been a slight decline in the proportion of Californians who feel that now is a good time to make a major household purchase from previous years. At present, 50% think it is a good time to make such a purchase, while 25% feel it is a bad time, and another 25% aren't sure or give a qualified response. This assessment is a little less positive than what was reported by Californians in each of the past two years. Last year, 56% felt it was a good time to make major purchases and 64% who felt this way in the year 2000.

	Good time to buy	Bad time to buy	Not sure/depends
2002 (Sept.)	50%	25	25
2001 (Jan.)	56%	28	15
1998	64%	14	22
1997	55%	19	26
1996	52%	22	26
1991	34%	49	17
1990	40%	34	26
1988	57%	23	20
1987	56%	26	18
1986	68%	11	21
1985	64%	14	22
1984	64%	16	20
1983	47%	35	18
1982	35%	42	23

Continuing confidence that inflation will remain in check

Two in three California voters (67%) believe that inflation can be kept within reasonable bounds within the future, while 30% are not confident. Although this is down slightly from 72% who reported being confident that inflation could be kept under control last year, it is similar to the levels reported by Californians in recent years.

	Confident	Not confident
2002 (Sept.)	67%	30
2001 (Jan.)	72%	27
2000	67%	30
1998	69%	28
1997	61%	34
1996	71%	26
1995	58%	40
1994	59%	47
1993	61%	37
1992	49%	48
1989	49%	49
1987	50%	46
1986	60%	37
1984	66%	30
1982	57%	42
1981	50%	48
1979	33%	65
1977	32%	66
1974	35%	63

About the Survey

The findings in this report are based on a statewide random sampling of 527 registered voters in California by The Field Institute. The survey was administered by telephone in English and Spanish during the period August 23 – September 3, 2002. According to statistical theory, 95% of the time results from the overall sample would have a sampling error of +/- 4.5 percentage points. Findings based on subgroups of the state would have somewhat larger sampling tolerances. There are many possible sources of error in any survey other than sampling variability. Different results could occur because of differences in question wording, sampling or sequencing or through undetected errors or omissions in interviewing or data processing. Extensive efforts were made to minimize such potential errors. Results from previous years' surveys were conducted in a comparable manner.

About The Field Institute

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