Wisconsin Economic Scorecard: Post-Election Survey

The Wisconsin Economic Scorecard is a quarterly poll of Wisconsin residents conducted by the UWM Center for Urban Initiatives and Research (CUIR), in cooperation with Milwaukee public radio station WUWM and WisBusiness.com. This tracking poll measures perceptions of the health of Wisconsin’s economy as well as personal economic circumstances of Wisconsin residents.

In order to capture the impact of the November 6th national elections on economic sentiment among Wisconsin residents, CUIR and its partners fielded a special wave of the Scorecard from November 7-9. This random digit dial (RDD) landline/mobile telephone survey of 426 Wisconsin residents was conducted by the CUIR Survey Center at UWM. The sampling margin of error is ±4.75% at the 95% confidence level.

Major findings:

- After the November 6th election, Wisconsin residents remain optimistic about the overall direction of the state, with 64% saying the state is "headed in the right direction."

- Post-election, evaluations of Wisconsin’s recent economic performance have improved dramatically among those who describe their personal financial situations as “fair” or “poor.”

- Post-election opinion about Wisconsin’s economic outlook is mixed, with Republican-aligned residents expressing pessimism after GOP defeats at the federal level and union members expressing pessimism after Republicans expanded control over the state government.

- About 46% of Wisconsin residents feel that Republican control of the state legislature will yield benefits for the state economy, while 38% feel it will make the economy worse. Political independents are more likely to see Republican control of the state legislature as beneficial.

- Despite its recent struggles, a small majority of Wisconsin residents (52%) remain confident that the Wisconsin Economic Development Corporation will succeed in bringing jobs to the state.

- Just 45% of Wisconsin residents would support a federal budget agreement involving congressional Republicans abandoning opposition to upper-class tax increases in exchange for Democrats allowing reductions in entitlement spending.
The Direction of the State

Over the past three quarters, opinion among Wisconsin residents regarding the overall direction of the state has become increasingly positive. While residents were split on the question in March, by October a clear majority said the state was headed "in the right direction." Figure 1 shows that aggregate optimism about the direction of the state experienced another incremental increase after the November elections; 64% of those willing to express an opinion now say the state is headed "in the right direction," while just 36% say the state is "on the wrong track."

![Figure 1: Perceived Direction of the State of Wisconsin](image)

Over each of the last three quarters, the strongest predictor of responses to this question has been political affiliation. Leading up to the recall elections in June, Wisconsin Democrats and independents were likely to say the state was on the wrong track, while Republicans were likely to feel that the state was headed in the right direction. After Governor Walker survived the recall, shifting opinions among political independents helped push the prevailing mood towards optimism. However, Figure 2 illustrates that after the November elections, a 20-point increase in optimism among Wisconsin Democrats is responsible for the continued positive trend in aggregate opinion. While the Republican Party extended its control over the state government, Democrats were encouraged by Tammy Baldwin (D) winning Wisconsin's senate race and President Barack Obama (D) winning re-election.

Over the past year, personal economic experiences have also played a strong role in shaping opinion about the overall direction of the state. Figure 3 shows that prior to the November election, just 37% of those reporting "poor" personal financial situations said the state was heading "in the right direction." In contrast, 75% of those reporting "good" or "excellent" financial situations said the state was heading "in the right direction." However, the election outcome has changed this relationship. Those with "poor" finances are now about equally as likely to say the state is headed "in the right direction" as are those with "fair," "good," or "excellent" finances (60%, 63%, 65%, and 64%, respectively).

While feelings about the direction of the state are currently similar across different economic categories, the economic dimension of opinion about Wisconsin's direction has not completely collapsed. Instead, increased optimism among those with "poor" or "fair" finances and decreased optimism among those with "good" or "excellent" finances is attributable to the way party identification is distributed across these subgroups. For example, those likely to express newfound enthusiasm about Wisconsin's direction as a result of satisfaction with the election outcome are also more likely to report unfavorable personal financial situations.
Figure 2: Perceived Direction of the State of Wisconsin, by Party Identification

Figure 3: Perceived Direction of the State of Wisconsin, by Personal Financial Situation
Other notable influences on post-election opinion regarding the direction of the state include union membership and retirement status. Those belonging to labor unions are less likely than non-members to express satisfaction with Wisconsin's direction, even after taking partisanship and economic situations into account. Pessimism among union members about Wisconsin's direction has been a constant feature over the past year, and reflects continuing hostility between organized labor and the current state administration. Retirees are also less likely to be satisfied with Wisconsin's current direction than other groups; this is a notable shift, considering as recently as July, retirees were more likely than other groups to express optimism.

Another notable post-election shift in opinion regarding Wisconsin's overall direction occurred among women. For much of the past year, women were much less likely to report optimism about the direction of the state than were men. After the election, opinion among women and men is now indistinguishable. This development likely reflects satisfaction with the election outcome; overwhelming majorities of Wisconsin women voted for the victors in both statewide races.

The Current Wisconsin Economy

Post-election, Wisconsin residents also express increased confidence in the performance of the current state economy. Figure 4 illustrates a sharp decrease in the proportion of respondents rating Wisconsin's current economic performance as “poor” since the October survey just a few weeks ago. In the post-election environment, the most common assessment of the Wisconsin economy is that it remains “fair” (57.3%); however, the proportion of respondents rating the economy as “good” (24.5%) or “excellent” (2.5%) are at their highest levels this year.

![Figure 4: Evaluations of the Wisconsin Economy Right Now](image)

Interestingly, the predictive power of partisanship on evaluations of Wisconsin’s current economy has diminished substantially in the post-election environment. While Democrats were significantly more negative about recent economic performance than Republicans in October, in the post-election environment there is little difference in opinion between partisan subgroups. Figure 5 shows that Republicans are now only slightly more likely to say the state economy is “excellent” or “good” than Democrats or political independents.
By comparison, personal financial situations continue to exercise a much stronger influence than political views on judgments of the current Wisconsin economy post-election (although the relationship is slightly weaker than it was pre-election). Figure 6 illustrates how those with “poor” personal finances continue to be more likely than others to rate Wisconsin’s economy negatively, while those with “good” or “excellent” finances are much more positive about the recent economic performance of the state.
Respondents were also asked about their expectations for the Wisconsin economy over the next year. Figure 7 shows that economic expectations have worsened slightly post-election, even while evaluations of current economic performance have improved. While respondents remain most likely to say the economy will “get better” over the next year (44% feel this way now, compared to 52% in October), the proportion of respondents who feel the economy will “get worse” has increased significantly (9% in October to 15% in November).

Current impressions of the state economy remain the most potent drivers of economic expectations for the next year. Figure 8 displays the distribution of responses about the future of the state economy, categorized by views of the current economy. Among those respondents who say the current state economy is “poor,” 21% feel the economy will “get worse,” 52% say the economy will “stay about the same,” and 27% feel the economy will “get better.” In contrast, among those who characterized the current state economy as “good” or “excellent,” just 5% expect the state economy will “get worse,” while the majority (62%) expect that the economy will “get better.”

The relationship between political variables and economic expectations is less clear-cut. After controlling for other factors, Republicans are less likely than political independents or Democrats to express confidence in
future economic performance. While Republicans re-captured unified control of the state legislature on November 6th, it is likely the case that Democratic victories at the federal level have clouded the outlook of Republican-aligned Wisconsin residents. At the same time, union members are less likely than non-members to express confidence in the economic future of the state. Despite victories by union-aligned candidates at the national level, pessimism among Wisconsin union members may have to do with Republican officials responsible for recent anti-union legislation regaining unified control of the state government.

**Feature: Support for a “Grand Bargain” among WI residents**

With the election over, the most pressing economic issue facing the federal government is the looming expiration of the Bush tax cuts and the automatic budgetary reductions resulting from last year’s Budget Control Act, which are both scheduled to take place in 2013. Collectively, these events have been referred to as the “fiscal cliff,” and there is agreement among experts that the combination of tax increases on middle-class families and large reductions in discretionary spending programs would hurt economic growth and increase the risk of a recession. Although there is the possibility of negotiating a new tax reduction program and/or new spending programs after the “fiscal cliff” deadlines pass, there have been several proposals for a “Grand Bargain” between Republicans in Congress and the President and his Democratic allies which would address tax cuts and spending plans sooner rather than later.

Wisconsin residents were asked about a proposed agreement involving Republicans in Congress abandoning support for upper-class tax cuts in exchange for Democrats agreeing to reductions on Medicare and Medicaid spending. Figure 9 shows that a “Grand Bargain” of this type only garners support from about 45% of Wisconsin residents.

![Figure 9: Support among Wisconsin residents for a “Grand Bargain”](image)

While a breakdown of support by party affiliation reveals that proposals like these are relatively politically balanced (Republicans oppose 51%/49%, independents oppose 53%/47%, Democrats oppose 60%/40%), residents from different age groups are divided on the issue. Figure 10 shows that opposition is concentrated among those at or near retirement age, while support is concentrated among the youngest bracket of Wisconsin residents.

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Residents approaching retirement age are more likely to have higher taxable incomes, while retirees benefit more directly from programs like Medicare than other groups. Meanwhile, younger voters are less likely to have access to savings and are consequently more vulnerable to economic disruptions. Therefore, it is not surprising that support for a “Grand Bargain” designed to shore up the economy by cutting entitlements and raising taxes on the wealthy varies by age range. To gain majority support, it is clear that a new budget proposal will have to appeal more strongly to older residents.

Wisconsin residents were also asked if the results of the November election would make a budget deal more or less likely. Figure 11 shows that respondents felt that the election results make a new budget deal more likely to occur. Although Wisconsinites contributed to the re-election of a divided federal government, it appears as though most residents expect the election result to make a bipartisan deal easier to accomplish.
**Feature: Perceived economic effect of Republican control of the state legislature**

While Wisconsinites voted to elect Democratic candidates in statewide federal races, the November elections saw Republicans maintain control of the state Assembly and retake the majority in the state Senate. Respondents were asked to judge what kind of economic impact full Republican control of the state legislature is likely to have. Figure 12 illustrates that residents are most likely to say that Republican control of the legislature will yield economic benefits.

Unsurprisingly, feelings on this question break down predictably based on respondent partisanship. Figure 12 shows that 86% of Republicans are bullish about the economic impact of their party having control over the state legislative process, while 64% of democrats think Republican control of the legislature will have a negative economic impact. However, it is worth noting that political independents are more likely to feel that Republican control of the state legislature is a good, rather than bad, for the Wisconsin economy.

Figure 12: Perceived economic impact of Republican control of the state legislature

Figure 13: Perceived economic impact of Republican control of the state legislature, by party affiliation
FEATURE: CONFIDENCE IN THE WISCONSIN ECONOMIC DEVELOPMENT CORPORATION

In 2011, the Governor’s office transferred responsibility for economic development in Wisconsin from the state’s Department of Commerce to a new public/private partnership, the Wisconsin Economic Development Corporation (WEDC). Recently, the WEDC has made headlines after it lost track of almost $9 million in loans. Respondents were asked about their level of confidence in the ability of WEDC to bring jobs to the state. Figure 14 shows that the majority of Wisconsin residents remain positive about the WEDC’s ability to carry out its mission, with 52% saying they have “a lot” or “some” confidence that WEDC will bring jobs to the state.

Figure 14: Confidence in WEDC to bring jobs to Wisconsin

- No confidence 14.6%
- A little confidence 20.0%
- Some confidence 37.2%
- A lot of confidence 28.2%