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 WisBusiness.com and Milwaukee Public Radio (WUWM 89.7).

This tracking poll measures perceptions of the health of Wisconsin's economy, personal economic circumstances of Wisconsin residents, and public opinion regarding important state economic issues.

The Q1 2013 Wisconsin Economic Scorecard was a random digit dial (RDD) landline/mobile telephone survey of 622 Wisconsin residents, conducted by the CUIR Survey Center at the University of Wisconsin—Milwaukee from February 4-7. The sampling margin of error was ±3.9% at the 95% confidence level.

MAJOR FINDINGS:

- When it comes to allocating the state budget surplus projected over the next two years, 40% of Wisconsin residents would prioritize education funding, 33% would prioritize funding for Medicaid, 16% would prioritize income tax cuts, and 10% would prioritize covering shortfalls in the transportation fund.

- A slight majority of Wisconsin residents (51%) oppose tying increased funding for education to how well school districts perform.

- Wisconsin residents are closely divided over Governor Walker’s plan to divert much of the current budget cycle’s surplus towards income tax cuts; 45% support the income tax cuts, while 45% oppose the plan.

- A slight majority of Wisconsin residents (51%) feel the possible environmental costs of the proposed iron ore mine near Ashland are a more important consideration than the possible economic benefits, while 41% feel the opposite.

- Most residents (61%) feel Wisconsin is “headed in the right direction,” but just 27% rate the current state economy as “good” and only 1% of residents rate the state economy as “excellent.”

- Fewer Wisconsin residents had problems keeping their jobs or affording their rent or mortgage payments compared with last quarter, and rates of most types of serious personal financial problems are significantly lower than they were at this time last year.
THE DIRECTION OF THE STATE

This time last year, Wisconsin residents were evenly split on the overall direction of the state. Over the course of 2012, opinion underwent a consistent and gradual positive shift; just after the November elections, a clear majority of Wisconsin residents (64%) said that Wisconsin was headed “in the right direction,” while just 36% said the state was “on the wrong track.”

In the first quarter of 2013, a majority (61%) still say Wisconsin is headed “in the right direction.” Figure 1 shows that while the positive trend in opinion has ended, feelings about the overall direction of the state remain significantly more positive than they were at this time last year.

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

Over the course of 2012, political affiliation was the strongest predictor of individual perceptions regarding the overall direction of the state. Leading up to the June recall election, strong negative sentiment among Democrats and political independents balanced out optimism about the state’s direction among Republican residents. After the recall election, an improving mood among independents drove aggregate opinion in a positive direction. Figure 2 shows how political affiliation continued to exercise a strong influence on perceptions of the state’s direction through the November elections and into early 2013. During this period, optimism about Wisconsin’s direction has remained high among Republicans and independents, while Democrats have been relatively pessimistic. A 20-point surge in optimism among Democrats just after the November elections drove aggregate opinion to its most positive level for 2012, but since then, excitement over the election of Tammy Baldwin (D) to the Senate and the re-election of President Obama (D) seems to have dissipated in the face of continuing Republican control of state government. Democrats’ return to pessimism in Q1 2013 has restored aggregate opinion to its pre-election levels. Currently, 82% of Republicans say Wisconsin is “headed in the right direction,” while 65% of independents and just 35% of Democrats share that view.

This quarter, feelings about the overall direction of the state are also strongly associated with personal economic situations. Figure 3 shows a strong positive relationship between feelings these variables; large majorities of those who see their personal financial situations as “excellent” or “good” also say Wisconsin is “headed in the right direction,” while the bulk of those who say their financial situations are “poor” also say
the state is “on the wrong track.” However, changes in the patterns of opinion before and after the November election suggest that this association is largely an artifact of partisan affiliation. Those with “poor” or “fair” personal financial situations tend to lean Democratic, while more of those with “good” or “excellent” finances are Republicans. The fact that the association disappeared just as Democrats celebrated a series of important national election wins and then quickly returned suggests that if control of the state government changed hands, the presently observed association would likely disappear.

**Figure 2: Perceived Direction of the State of Wisconsin, by Party Identification**

<table>
<thead>
<tr>
<th>Party Identification:</th>
<th>Democrats</th>
<th>Independents</th>
<th>Republicans</th>
</tr>
</thead>
<tbody>
<tr>
<td>Oct ’12</td>
<td>33%</td>
<td>63%</td>
<td>91%</td>
</tr>
<tr>
<td>Nov ’12</td>
<td>53%</td>
<td>59%</td>
<td>83%</td>
</tr>
<tr>
<td>Feb ’13</td>
<td>35%</td>
<td>65%</td>
<td>84%</td>
</tr>
</tbody>
</table>

**Figure 3: Direction of the State of Wisconsin, by Personal Financial Situation**

<table>
<thead>
<tr>
<th>Personal Financial Situation:</th>
<th>“Poor”</th>
<th>“Fair”</th>
<th>“Good”</th>
<th>“Excellent”</th>
</tr>
</thead>
<tbody>
<tr>
<td>Oct ’12</td>
<td>37%</td>
<td>52%</td>
<td>75%</td>
<td>75%</td>
</tr>
<tr>
<td>Nov ’12</td>
<td>60%</td>
<td>63%</td>
<td>64%</td>
<td>64%</td>
</tr>
<tr>
<td>Feb ’13</td>
<td>32%</td>
<td>58%</td>
<td>70%</td>
<td>82%</td>
</tr>
</tbody>
</table>
THE CURRENT WISCONSIN ECONOMY

Evaluations of Wisconsin's economic performance also improved markedly after the third quarter of 2012, but unlike evaluations of the overall direction of the state, economic evaluations have not decayed to pre-election levels. Figure 4 shows that evaluations of Wisconsin’s economy remain largely unchanged since Q4 2012. The majority of residents (57%) rate the current economy as just “fair”; however, more residents rate the economy as “good” (27%) than “poor” (16%). The proportion of those rating the economy as “poor” is significantly lower than it was at this time last year. Once again only a tiny slice of residents (1%) is willing to rate the state economy as “excellent.”

Figure 4: Evaluations of Wisconsin’s Current Economy

While party affiliation is strongly associated with perceptions of Wisconsin’s overall direction, it plays a much smaller role in explaining evaluations of the state’s economic performance. Figure 5 shows that economic evaluations among Republicans are only slightly more favorable than economic evaluations among Democrats and political independents.

Figure 5: Evaluations of Wisconsin’s Current Economy, by Party Identification
By comparison, personal financial situations continue to be strongly related to evaluations of Wisconsin’s economic performance, and Figure 6 indicates that this relationship has strengthened since last quarter. Economic evaluations improve dramatically with improved personal finances; while 91% of those who describe their personal financial situations as “poor” also rate the state’s economy as “fair” or “poor,” 54% of those with “excellent” personal finances rate the state economy as “good” or “excellent.” Economic sentiment among the most well-off has seen the most dramatic improvement since last quarter; among those with “excellent” personal financial situations, “poor” ratings for the state economy dropped from 11% in October to 3% in February, while positive ratings (“good” and “excellent”) increased from 47% to 54% over the same time period.

Figure 6: Evaluations of Wisconsin’s Current Economy, by Personal Financial Situation

![Graph showing evaluations of Wisconsin's economy by personal financial situation]

When it comes to expectations regarding Wisconsin’s future economic performance, the opinions of Wisconsin residents have not changed substantially since last quarter. Figure 7 shows that the vast majority of residents (87%) continue to be about evenly split between feeling that the state economy will get better and feeling that it will stay about the same over the next year. Just 13% think the economy will get worse.

Figure 7: Expectations Regarding Wisconsin’s Economy over the Next Year

![Graph showing expectations regarding Wisconsin's economy over the next year]
This quarter, there are strong associations between what Wisconsin residents think about the future economic performance of the state and the economy they are currently experiencing. Figures 8 and 9 show that those who have strong personal financial situations and those who feel the current state economy is strong are most likely to think things will continue to improve, while those who are struggling and those who feel that Wisconsin’s economy is in trouble are most likely to feel that the economy will stagnate or worsen.

Figure 8: Expectations for WI Economy over Next Year, by Perceptions of Current WI Economy

Figure 9: Expectations for WI Economy Over Next Year, by Personal Financial Situation
PERSONAL FINANCIAL CIRCUMSTANCES

Evaluations of personal financial situations improved incrementally over the second half of 2012, but Figure 10 shows that this trend has reversed during the first quarter of 2013; evaluations of personal finances have basically returned to Q1 2012 levels. Most residents describe their financial situations in negative terms; either “fair” (39%) or “poor” (16%). Another 39% call their finances “good,” but just 7% say their finances are “excellent.”

Figure 10: Evaluations of Current Personal Financial Situation

While there is an unsurprisingly strong relationship between financial self-evaluations and household income, notable proportions of residents in relatively low-income households describe their situations in positive terms, and equally large proportions of residents in relatively high-income households describe their situations in negative terms. While greater household incomes generally yield higher levels of satisfaction, this rule is not absolute and no group is immune from dissatisfaction. Despite the wide distribution of opinion within each category, there is still a clearly visible income level that divides the satisfied from the unsatisfied. Table 1 shows that only those Wisconsin residents living in households that earned over $80,000 in 2012 are more likely than not to describe their personal financial situations in positive terms.

Table 1: Evaluation of Current Personal Financial Situation, by 2012 Household Income

<table>
<thead>
<tr>
<th>Household income in 2012</th>
<th>Evaluation of current personal financial situation</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>“Poor”</td>
</tr>
<tr>
<td>&lt;$20K</td>
<td>42.9%</td>
</tr>
<tr>
<td>$20-40K</td>
<td>22.3%</td>
</tr>
<tr>
<td>$40-60K</td>
<td>8.0%</td>
</tr>
<tr>
<td>$60-80K</td>
<td>12.6%</td>
</tr>
<tr>
<td>$80-100K</td>
<td>13.0%</td>
</tr>
<tr>
<td>$100-120K</td>
<td>3.6%</td>
</tr>
<tr>
<td>&gt;$120K</td>
<td>0.0%</td>
</tr>
</tbody>
</table>
The factor most closely associated with poor evaluations of personal financial situations is employment status. The vast majority of unemployed residents report “fair” (36%) or “poor” (40%) situations. While employed residents fare better, just over half (52%) still describe their situations in negative terms. Only retirees are more likely than not to describe their financial situations as “good” (42%) or “excellent” (10%). Another factor associated with financial satisfaction is education. Only those with two- or four-year degrees are more likely than not to express satisfaction with their financial situations.

Despite slightly higher rates of dissatisfaction with personal financial situations this quarter, rates of some specific serious financial problems are down slightly. Figure 11 shows relative frequencies of the incidence of some of the most common significant financial problems over time. This quarter, fewer respondents reported problems affording rent or mortgage payments, and fewer respondents reported problems keeping their jobs. Both of these decreases continue year-long trends of improvement; the incidence of problems paying for rent/mortgages has decreased from 21% to 14%, while the incidence of problems keeping jobs has decreased from 16% to 9%.

Figure 11: Incidence of Recent Significant Personal Financial Problems

When it comes to non-necessities like entertainment, restaurants, and vacations, Wisconsin residents are most likely to report static levels of spending (53%). While 39% of residents say they have recently decreased their recreational spending, Figure 12 shows that the proportion of those reporting reduced patterns of spending continues to drop incrementally.

Figure 12: Spending on Non-Necessities (Entertainment, Restaurants, Vacations) Over the Past Six Months
Respondents were presented with a series of questions regarding possible uses for projected state budget surpluses over the next two years. First, they were asked the following question about support for using surplus funds from the current cycle for a middle-class income tax cut:

“State officials are looking at how to spend a surplus of about $484 million dollars left over from the current budget cycle. The governor has suggested that most of the money go towards income tax cuts for those who make between $20 thousand and $200 thousand a year. Supporters say these cuts would help offset an increase in the federal payroll tax. Critics say the cuts would disproportionately benefit those making over $150 thousand a year. Would you favor or oppose such a proposal?”

Responses to this question are summarized in Figure 13. Wisconsin residents are about evenly split; 45.4% favor using most of the budget surplus from the current cycle for income tax cuts, while 45.3% are in opposition to the idea. The remaining 9.3% were neutral or unsure.

Bivariate analysis shows a strong association between views on income tax cuts and political/ideological factors. Figure 14 shows that conservatives express strong support for income tax cuts, while moderates and liberals are generally opposed to using the surplus funds from the current budget cycle in this way.

A variety of demographic variables exhibit significant associations with support for income tax cuts; support is highest among the college educated, business owners, homeowners, those with children, those who are employed full time, those who live in households with annual incomes over $80K, suburban residents, those...
aged 30-44, and men. Opposition is highest among those with a technical degree or less, renters, those with no children, labor union members, the unemployed, retirees, those with annual household incomes under $60K, urban residents, those aged 18-29, those aged 60+, and women. However, these associations are almost all explained by the distribution of political ideology across the various demographic categories. The only demographic variable that exercises an effect on support for tax cuts that is independent of ideology is suburban residence. Although conservatives are most highly concentrated in rural areas of Wisconsin, support for tax cuts is significantly higher among suburbanites. Figure 15 summarizes support for tax cuts by area of residence; 55% of suburban residents favor tax cuts, compared to 47% of rural residents and 35% of urban residents.

![Figure 15: Support for Using Surplus Funds for Income Tax Cuts, by Place of Residence](image)

Next, respondents were asked to identify the highest priority for spending surplus funds over the next two years:

"Over the next two years, state officials are also considering allocating surplus funds towards education, the transportation fund, or the Medicaid program.
In your opinion, which of the following should have the highest priority?"

Responses to the prioritization question are summarized in Figure 16. Education funding is the highest priority for 39.9% of Wisconsin residents, while 33% said Medicaid funding should have the highest priority. Income tax cuts are the highest priority for 16% of Wisconsin residents, while 10% would like to see surplus dollars go to the transportation fund before anything else. Just 1% of residents could not name a preference.

![Figure 16: Preferences for Allocation of Surplus Budget Funds Over the Next Two Years](image)

Regarding the determinants of spending preferences among Wisconsin residents, political ideology again trumps demographic considerations. While there is minor variation across demographic groups, increased
funding for education and spending on the Medicaid program are the top two priorities across every meaningful demographic category (education, employment, household size, place of residence, sex, age). There is one exception; household income. Those with household incomes over $120K prefer increased funding for education, income tax cuts, and funding for Medicaid in that order. It is only when Wisconsin residents are divided by political ideology that meaningful variation in spending priorities become apparent. Figure 17 summarizes spending priorities by ideological label. “Very liberal” Wisconsin residents are split between a preference for spending on education and funding for the Medicaid program; they do not see income tax cuts or transportation spending as important. “Somewhat liberal” and “moderate” residents express similar preferences; education followed by Medicaid, with small minorities within this group preferring tax cuts or transportation spending. “Somewhat conservative” residents also prioritize education spending and Medicaid funding, but the proportion of those prioritizing income tax cuts within this group is substantially larger. “Very conservative” residents prefer income tax cuts far above any other possible spending target; Medicaid funding is a distant second priority, followed by education and transportation spending.

Figure 17: Priorities for Spending Surplus Budget Funds over Next Two Years, by Political Ideology

Respondents were asked a follow-up question about the Governor Walker’s stated preference for linking increased funding for education to school district performance:

“The governor has suggested tying increased funding for education to how well school districts perform. Supporters say this will incentivize good performance, while critics say this will punish districts that need funding the most. Do you think increased funding for education should be tied to how well school districts perform?”

Responses to this question are displayed in Figure 18. A slight majority of Wisconsin residents (51%) opposes tying increased funding for education to school district performance, while 45% express support. The remainder (4%) were unsure.

Figure 18: Should Increased Funding for Education Be Tied To School District Performance?
Responses to this question are strongly influenced by political ideology; a majority of conservatives favor tying education funding to district performance, while majorities of moderates and liberals are opposed. Income level appears to be independently associated with support for a link between education funding and district performance; higher household incomes yield higher support, regardless of ideology. Education has the opposite effect; those with postgraduate educations are unlikely to support a link between education funding and district performance, regardless of income level or ideology. Women are also less likely to support such a link than men, even after taking these other factors into account. Notably, there is not a significant difference of opinion among residents from households with children and residents from households without them once other factors are taken into account. There was also no significant difference between the opinions of those who live in urban areas and those who live in rural or suburban areas.

FEATURE: MINING POLICIES

Respondents were asked two policy questions related to efforts aimed at re-opening the state to iron ore mining. First, respondents were asked about their level of support for the bill designed to facilitate the proposal by Gogebic Taconite (GTAC) to develop an open-pit iron-ore mine along the Penokee Range in Ashland and Iron Counties:

“A mining company wants state lawmakers to pass a bill that would change how iron ore mining is regulated, opening the door for extensive mining operations in northern Wisconsin. Supporters and critics of the bill disagree on its potential economic and environmental impact. Do you favor or oppose the bill?”

Responses to this question are summarized in Figure 19. Wisconsin residents are nearly evenly split on the issue; 43% favor the mining bill, while 41% oppose (16% are neutral or don’t know). A comparison with responses from last quarter show that support for a pro-mining bill has eroded somewhat; while 48% supported a pro-mining bill in October, 43% support such a bill now.

Figure 19: Support for a Bill Aimed at Facilitating Mining Operations in Northern Wisconsin

<table>
<thead>
<tr>
<th>Q4 2012</th>
<th>Q1 2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Favor</td>
<td>48%</td>
</tr>
<tr>
<td>Neutral/Don’t know</td>
<td>12%</td>
</tr>
<tr>
<td>Oppose</td>
<td>40%</td>
</tr>
</tbody>
</table>

Current opinion on this question is shaped by a mix of political, economic, and demographic factors. Republican residents favor the bill (71% in favor/19% oppose), while Democrats are generally opposed (23% in favor/62% oppose). Independents are evenly split (47% in favor/45% opposed). Residents who see Wisconsin’s recent economic performance in a positive light are more likely to favor the mining bill than those who think the economy has performed poorly, regardless of party affiliation. Rural and suburban residents are more likely to support the mining bill than their urban counterparts, although increased support among suburban Wisconsin residents appears to be an artifact of political and economic factors. Rural residents are slightly (but significantly) more likely to support the bill regardless of party affiliation or views of recent economic performance. Age and gender also influence opinion on the mining bill, but the
relationship is complicated. While older residents of both genders express similar levels of support, the opinions of younger people are polarized by gender. Young men (aged 18-29) strongly support the bill (68% support/32% oppose) while young women express a very low level of support (19% support/50% oppose).

Next, respondents were asked a follow-up question about their views regarding specific costs and benefits associated with the iron ore mining operation proposed by Gogebic Taconite:

“When it comes to the proposed iron ore mine, in your opinion, which is the more important consideration? The potential economic impact of the mine, specifically the creation of up to 3000 jobs in northern Wisconsin, or the potential environmental costs, specifically air pollution and contamination of ground and surface water?”

Responses to this question are summarized in Figure 20. While residents are about equally split over the passage of the bill that would facilitate construction of the GTAC mine, the possible environmental costs associated with the mining project are the prime consideration for a small majority of Wisconsin residents (52%). Just 40% say that the possible economic benefits are the more important concern. The remainder say the competing concerns are equally important (4%) or that they don’t know (3%).

![Figure 20: More Important Consideration Re: GTAC Mine—Economic Impact or Environmental Costs?](image)

Although 16% of residents are neutral when it comes to support or opposition of the mining bill, just 3% of residents hesitate to express an opinion regarding which consideration is more important when it comes to the actual GTAC mining project. This discrepancy suggests that many people are unsure of the what the actual costs and benefits of the mining project will be. Figure 21 shows that among people who are neutral when it comes to the mining bill, opinion about which is the more important consideration—economic benefits or environmental costs—is anything but balanced. A large majority of “neutral” residents (62%) are more concerned with the potential environmental costs of the GTAC mining project, while just 17% of “neutral” residents say the potential economic impact is the more important consideration.

![Figure 21: Concern about Costs/Benefits of the GTAC Mine, by Support for Mining Bill](image)