

THE FIELD POLL

THE INDEPENDENT AND NON-PARTISAN SURVEY
OF PUBLIC OPINION ESTABLISHED IN 1947 AS
THE CALIFORNIA POLL BY MERVIN FIELD

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Release #2101

Release Date: **Thursday, January 15, 2004**

**SCHWARZENEGGER VIEWED POSITIVELY,
BUT VOTERS EXPECT A TAX INCREASE.
THEY SUPPORT EITHER HIKING SALES
TAXES ½ CENT OR INCREASING INCOME
TAXES OF TOP EARNERS, BUT OPPOSE THE
GOVERNOR'S \$15 BILLION BOND.**

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by Mark DiCamillo and Mervin Field

A new statewide *Field Poll* conducted January 9-13 relating to Governor Arnold Schwarzenegger, the state legislature and the state budget situation reveals these salient findings:

- Schwarzenegger begins his tenure with a very favorable job performance appraisal among this state's voters, on par with what previous California governors have received in their first few months in office.
- Voters say they have more confidence in Governor Schwarzenegger than they have in leaders of the state legislature to do what is right to resolve the state budget deficit, and if their positions differed, more would tend to support the Governor's position than the state legislature's.
- However, Schwarzenegger's intention to resolve the state budget deficit without a tax increase runs counter to voter expectations that taxes will have to be raised. Voters felt the same way last year when then-Governor Gray Davis was attempting to deal with the state budget deficit.
- A majority of voters favors two tax increase proposals – temporarily increasing the top state income tax from 9.3% to 11% on high income earners, and temporarily raising the state sales tax by 1/2 of 1%.
- Voters oppose the Governor's proposal to transfer about \$1 billion in property tax revenues from local governments to the state as a way to offset some of the state's obligations to the local public schools.
- Initial voter sentiment is running against Proposition 57, the \$15 billion Economic Recovery Bond Act, proposed by the Governor and placed on the March 2 election ballot by the state legislature. By contrast, voters are initially supportive of Proposition 55, the \$12 billion Public Education Facilities Bond Act, and Proposition 58, the California Balanced Budget Act. Opinions are divided with regard to Proposition 56, the State Budget Voting Requirement initiative.

Schwarzenegger’s job performance

In the early stages of his tenure Republican Arnold Schwarzenegger gets a very favorable performance appraisal from California voters. While 21% of voters are not able to rate the job Schwarzenegger has done so far, those who do divide very much in his favor – 52% approving and 27% disapproving.

While it would be expected that Schwarzenegger would get very positive marks from Republicans, conservatives, and those that voted for him in last year’s recall election, he is still viewed in a favorable light by those who are moderate politically and those who did not vote in the recall election. Democrats are currently evenly divided in their view of the new Governor, with 39% disapproving of the job he is doing and almost as many (36%) approving.

While voters in Los Angeles County and the San Francisco Bay Area are more approving than disapproving, Schwarzenegger gets his best marks from voters living in the other Southern and Northern California counties.

Table 1
Voter appraisals of the job Governor Arnold Schwarzenegger
is doing as Governor
(among registered voters)

| | <u>Approve</u> | <u>Disapprove</u> | <u>No opinion</u> |
|--------------------------------|----------------|-------------------|-------------------|
| Total – January 2004 | 52% | 27 | 21 |
| <u>Party</u> | | | |
| Democrats | 36% | 39 | 25 |
| Republicans | 74% | 10 | 16 |
| Non-partisans/others | 46% | 29 | 25 |
| <u>Region</u> | | | |
| Los Angeles County | 45% | 37 | 18 |
| Other Southern California | 60% | 21 | 19 |
| San Francisco Bay Area | 43% | 28 | 29 |
| Other Northern California | 58% | 21 | 21 |
| <u>Gender</u> | | | |
| Male | 54% | 22 | 24 |
| Female | 50% | 30 | 20 |
| <u>Political Ideology</u> | | | |
| Conservative | 72% | 11 | 17 |
| Middle-of-the-road | 48% | 26 | 26 |
| Liberal | 34% | 50 | 16 |
| <u>Vote in recall election</u> | | | |
| Schwarzenegger voter | 78% | 4 | 18 |
| Bustamante voter | 22% | 55 | 23 |
| McClintock voter | 59% | 24 | 17 |
| Did not vote in recall | 47% | 22 | 31 |

Comparison with previous Governors

Historically, Californians tend to offer very positive appraisals of newly elected Governors in the early stages of their terms in office. In March 1999, two months after he became Governor, 58% approved of the job that Democrat Gray Davis was doing and a similar proportion said this of Republican Ronald Reagan in 1967. Democrat Jerry Brown's initial standing with the public was even more positive, with 67% holding a favorable view. Republican Pete Wilson's early performance was viewed favorably by 52% in February 1991. Democrat Pat Brown received a 51% approval rating in 1959, while Republican George Deukmejian was rated favorably by 42%.

Table 2
Comparisons of the initial job performance ratings of
California Governors, as measured by *The Field Poll*

| | <u>Approve</u> | <u>Disapprove</u> | <u>No opinion</u> |
|-------------------------------|----------------|-------------------|-------------------|
| Schwarzenegger (January 2004) | 52% | 27 | 21 |
| Davis (March 1999) | 58% | 12 | 30 |
| Wilson (February 1991) | 52% | 27 | 21 |
| Deukmejian (March 1983) | 42% | 28 | 30 |
| J. Brown (November 1975) | 67% | 24 | 9 |
| Reagan (June 1967) | 58% | 33 | 9 |
| P. Brown (June 1959) | 51% | 22 | 27 |

Note: Ratings of Reagan, J. Brown, Deukmejian and Wilson were converted to a two-point from a five-point scale for comparison purposes.

Poll measures of previous governors conducted among all adults.

Confidence in Governor

Voters have a balanced degree of confidence in Schwarzenegger to do what is right to resolve the state's budget deficit. About one-fifth (22%) say they have a great deal of confidence in the Governor, but another 27% say don't have much confidence. The largest single group (49%) takes a middle position expressing some confidence in his resolving the state's budget problems.

This confidence in Schwarzenegger is much higher than what voters expressed about two recent governors when they were facing similar budget problems. Last year only 9% said they have a great deal of confidence and 64% not much confidence in Democrat Governor Gray Davis to do what was right in resolving the budget deficit.

Back in 1993, voters expressed a similar dismal view of Republican Pete Wilson to do the right thing in resolving the budget deficit at that time. Just 9% expressed a great deal of confidence in Wilson, while 59% had not much confidence.

Table 3
Degree of confidence in the Governor to do what is right
to resolve the state's budget deficit
(among registered voters)

| | <u>Great deal</u> | <u>Some</u> | <u>Not much</u> | <u>No opinion</u> |
|------------------------------------|--------------------------|--------------------|------------------------|--------------------------|
| January 2004 (Gov. Schwarzenegger) | 22% | 49 | 27 | 2 |
| April 2003 (Gov. Davis) | 9% | 26 | 64 | 1 |
| February 1993 (Gov. Wilson) | 9% | 31 | 59 | 1 |
| <u>Party (January 2004)</u> | | | | |
| Democrats | 12% | 44 | 41 | 3 |
| Republicans | 34% | 56 | 8 | 2 |
| Non-partisans/others | 23% | 48 | 28 | 1 |

Note: February 1993 measure conducted among all adults.

Governor vs. Legislature

If there was disagreement on how to handle the state budget, voters, if they knew nothing about the specifics of the matter, would tend to favor the Governor's position rather than the legislature's by a 48% to 30% margin.

Last July, when Davis was in office, voters were evenly divided on whose side they would take if there was a disagreement between him and the legislature.

By contrast, early in Wilson's first term, voters favored the legislature's position over the Governor's 51% to 27%

Table 4
If the Governor and leaders in the state legislature disagreed
on how to handle the state budget, whose position would
you be more inclined to support?
(among registered voters)

| | <u>The Governor</u> | <u>Leaders in the state legislature</u> | <u>Neither/ no opinion</u> |
|---|----------------------------|--|-----------------------------------|
| January 2004 (Governor Schwarzenegger) | 48% | 30 | 22 |
| July 2003 (Governor Davis) | 31% | 34 | 35 |
| April 1993 (Governor Wilson) | 37% | 51 | 12 |

Note: February 1993 measure conducted among all adults.

Budget and taxes

Last Friday Schwarzenegger outlined his budget recommendations for the coming year. It called for drastic cuts in spending to deal with a massive state deficit. Consistent with his campaign pledge, in offering his budget, the Governor did not ask for tax increases.

On this point, Schwarzenegger appears to be at odds with the voters. Almost six in ten voters (59%) think taxes will have to be raised before the budget deficit can be resolved, while 39% take the opposite view.

When Governor Gray Davis was dealing with the state budget deficit last year, *The Field Poll* found that similar majorities believed that a tax increase was necessary to deal with existing budget deficit. However, by the time of the recall election, voters were not so sure, with about as many (47%) believing taxes would have to be raised as thought they were not necessary (45%).

Table 5
Can the state's budget deficit be resolved without a tax increase or will taxes have to be raised?
(among registered voters)

| | <u>Taxes will have to be raised</u> | <u>Can be resolved without raising taxes</u> | <u>No opinion</u> |
|---------------------------------|--|---|--------------------------|
| January 2004 | 59% | 35 | 6 |
| October 2003* | 47% | 45 | 8 |
| July 2003 | 53% | 37 | 10 |
| April 2003 | 62% | 31 | 7 |
| <u>Party (Jan. 2004)</u> | | | |
| Democrats | 73% | 20 | 7 |
| Republicans | 41% | 52 | 7 |
| Non-partisans/others | 60% | 35 | 5 |

* Exit poll of voters in the October 7, 2003 recall election conducted by Edison Media Research/Mitofsky International.

Balanced view about level of taxes

Currently, 28% of voters believe state and local taxes are “much too high” and another 31% think they are “somewhat high.” About four in ten (40%) say they are “about right” or “low.” This division of voter sentiment is not much different than what it has been in this state for the last twenty-seven years.

A 1977 *Field Poll* found 39% believing taxes were much too high. The view that taxes were “much too high” spiked in 1982, when it reached 42%, and again in 1991 when it reached 38%. However, voter opinions settled back to lower levels in the mid-1990s.

Table 6
Perceived level of state and local taxes
(among registered voters)

| | <u>Much too</u> <u>high</u> | <u>Somewhat</u> <u>high</u> | <u>About</u> <u>right/low</u> | <u>No</u> <u>opinion</u> |
|---------------------------------|--|--|--|---|
| 2004 (January) | 28% | 31 | 40 | 1 |
| 2001 (December) | 31% | 31 | 36 | 2 |
| 1995 | 20% | 36 | 42 | 2 |
| 1993 | 31% | 33 | 34 | 2 |
| 1991 | 38% | 38 | 22 | 2 |
| 1990 | 31% | 30 | 36 | 3 |
| 1986 | 20% | 35 | 42 | 3 |
| 1983 | 28% | 31 | 38 | 3 |
| 1982 | 42% | 36 | 20 | 2 |
| 1977 | 39% | 31 | 27 | 3 |
| <u>Party (Jan. 2004)</u> | | | | |
| Democrats | 20% | 28 | 49 | 3 |
| Republicans | 33% | 37 | 28 | 2 |
| Non-partisans/others | 35% | 25 | 39 | 1 |

Note: 1977-1995 measures conducted among all adults.

Temporary tax increases favored

Six in ten voters (61%) favor temporarily raising the state income tax from 9.3% to 11% for high income taxpayers as a way to reduce the state's budget deficit, while 36% oppose. Voter support for this specific tax increase is now higher than what it was in July 2003 and January 2002.

A similar proportion (60% to 34%) favors a temporary ½ cent increase in the state sales tax to improve the state's budget situation. However, by a 50% to 46% margin, voters reject a 1 cent boost in the state sales tax.

Table 7
Voter reaction to possible tax increase proposals aimed
at helping to reduce the state budget deficit
(among registered voters)

| | <u>Favor</u> | <u>Oppose</u> | <u>No opinion</u> |
|---|--------------|---------------|-------------------|
| <u>Temporarily raise the state income tax from 9.3% to 11% for high income taxpayers*</u> | | | |
| January 2004 | 61% | 36 | 3 |
| July 2003 | 52% | 45 | 3 |
| January 2002 | 50% | 45 | 5 |
| <u>Temporarily increase the state sales tax by ½ percent</u> | | | |
| January 2004 | 60% | 34 | 6 |
| <u>Temporarily increase the state sales tax by 1 percent</u> | | | |
| January 2004 | 46% | 50 | 4 |
| January 2002 | 33% | 60 | 7 |

* High income taxpayers defined as individuals earning more than \$100,000 and joint filers earning more than \$200,000.

Opposition to shifting \$1 billion in property tax revenue away from local governments

Schwarzenegger has proposed transferring about \$1 billion of property tax revenue now provided to local governments back to the state government as a way to offset some of the state's obligations to local public schools. Voters are strongly against this proposal – 60% to 29%. Majorities of Republicans and Democrats oppose this move.

Table 8
Opinion of proposal to shift about \$1 billion of property tax revenue
now provided to local government back to the state government
as a way to offset some of the state's obligations to local public schools
(among registered voters)

| | <u>Oppose</u> | <u>Favor</u> | <u>No opinion</u> |
|-------------------------------------|---------------|--------------|-------------------|
| Total registered voters (Jan. 2004) | 60% | 29 | 11 |
| <u>Party</u> | | | |
| Democrats | 57% | 32 | 11 |
| Republicans | 62% | 27 | 11 |
| Non-partisans/others | 62% | 26 | 12 |

Prop. 57, the Economic Recovery Bond Act

Appearing on the March 2 ballot will be Proposition 57, termed the Economic Recovery Bond Act. It was proposed by the Governor and put on the ballot by the action of the state legislature and calls for a one time bond of about \$15 billion dollars to retire the state deficit.

Voters' initial reaction to this bond measure is more negative than positive – 40% saying they would vote No and 33% intending to vote Yes. Democrats and non-partisans are initially lining up against the measure, while a small plurality of Republicans favors it.

When told that Schwarzenegger is backing Prop 57, two thirds (68%) say this would have no effect on their vote decision. Among those who say the Governor's position would affect their vote, 22% say they would be more inclined to vote Yes, while 10% are less inclined.

Table 9
Voting preferences on Prop. 57, Economic Recovery Bonds
– by subgroup
(among likely voters in the March primary election)

| | <u>Would vote.....</u> | | |
|---------------------------|------------------------|-----------|------------------|
| | <u>Yes</u> | <u>No</u> | <u>Undecided</u> |
| Statewide | 33% | 40 | 27 |
| <u>Party</u> | | | |
| Democrats | 28% | 44 | 28 |
| Republicans | 39% | 35 | 26 |
| Non-partisans/others | 35% | 43 | 22 |
| <u>Political Ideology</u> | | | |
| Conservative | 39% | 33 | 28 |
| Middle-of-the-road | 34% | 43 | 23 |
| Liberal | 25% | 44 | 31 |
| <u>Gender</u> | | | |
| Male | 40% | 39 | 21 |
| Female | 27% | 42 | 31 |
| <u>Household Income</u> | | | |
| Less than \$40,000 | 25% | 41 | 34 |
| \$40,000 - \$80,000 | 35% | 44 | 21 |
| More than \$80,000 | 40% | 38 | 22 |

Other March ballot propositions

Prop. 58, a measure that would require the enactment of a balanced budget, addresses fiscal emergencies and establishes a budget reserve, is initially supported by voters. By a greater than two to one margin (49% to 22%), voters are currently disposed to vote Yes on this measure. However, as the measure has been drafted, the provisions of Prop. 58 cannot come into being unless Prop 57 is also approved by the voters.

There is majority support (52% to 36%) for Prop. 55, a \$12 billion school bond measure that will also be decided by voters in the March 2 election.

Voters are about evenly divided on one other initiative, Prop. 56, that would lower the threshold needed in the legislature to pass a budget from a two-thirds majority to a 55% majority. Currently, 37% of voters would vote Yes, while 36% intend to vote No.

Table 10
Initial voter preferences regarding the propositions on
the March 2 California primary election ballot
(among likely voters in the March primary election)

| | <u>Would vote...</u> | | |
|---|-----------------------------|------------------|-------------------------|
| | <u>Yes</u> | <u>No</u> | <u>Undecided</u> |
| Prop. 55 (School Bonds) | 52% | 36 | 12 |
| Prop. 56 (State Budget Voting Requirements) | 37% | 36 | 27 |
| Prop. 58 (Balanced Budget Act) | 49% | 22 | 29 |

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Information About the Survey

Sample Details

The findings in this report are based on a telephone survey of registered voters in California conducted in English and Spanish. The overall sample included 929 registered voters. Interviewing on all questions relating to Governor Schwarzenegger, the state legislature and reactions to proposals about the state budget deficit were conducted between the period January 9–13, 2004 among a random subsample of 500 voters. Each of the questions relating to the statewide ballot propositions were asked of 648 voters considered likely to vote in the March 2 election, with interviewing spanning the period January 5-13, 2004.

Sampling was completed by means of random digit dialing, which selects telephone exchanges within all area codes serving California in proportion to population. Within each exchange a random sample of telephone numbers was created by adding random digits to the telephone exchange selected, permitting access to both listed and unlisted telephones. Up to five attempts was made to reach a randomly selected voter at each number dialed. After the completion of interviewing, the sample was adjusted slightly to Field Poll estimates of the state's total registered voter population.

According to statistical theory, results from the sample of 500 registered voters have a sampling error of +/- 4.5 percentage points at the 95% confidence level. Voter preferences from the sample of 648 likely voters have a sampling error of +/- 3.5 percentage points.

There are other possible sources of error in any survey in addition to sampling variability. Different results could occur because of differences in question wording, sequencing or through omissions or errors in sampling, interviewing or data processing. Extensive efforts were made to minimize such potential errors.

Questions Asked

Do you approve or disapprove of the way Arnold Schwarzenegger is handling his job as Governor of California?

As you know, the state of California is facing a very large budget deficit. Overall, how much confidence do you have in Governor Schwarzenegger to do what is right to resolve the state's budget deficit – a great deal of confidence, some confidence, or not much confidence?

If Governor Schwarzenegger's position on an important issue differed from that of the leaders in the state legislature, whose position would you be more inclined to support – Governor Schwarzenegger's or the leaders in the state legislature?

On the whole, do you feel that the level of state and local taxes that the average citizen like yourself pays is much too high, somewhat high, about right or low?

Do you think the state's budget deficit can be resolved this year without having to raise taxes or do you think that taxes will have to be raised?

One proposal being considered is to temporarily raise the top state income tax rate from 9.3% to 11% for individuals who earn more than 100,000 dollars per year and for couples who earn more than 200,000 dollars. Do you favor or oppose this proposal as a way to help reduce the state budget deficit?

Another proposal is to temporarily increase the state sales tax by 1%. Do you favor or oppose this idea as a way to help reduce the state budget deficit? IF OPPOSE, ASK: Do you favor or oppose temporarily increasing the state sales tax by ½ of 1% as a way to help reduce the state budget deficit?

Another proposal is to shift about 1 billion dollars of property tax revenues now provided to local governments back to the state government as a way to offset some of the state's obligations to the local public schools. Do you favor or oppose this proposal as a way to help reduce the state budget deficit?

I am going to read the names and titles of some of the statewide ballot propositions on California's March primary election ballot. As I read each one, please tell me whether you have seen, read or heard anything about it.

(PROPOSITIONS READ IN RANDOM ORDER, ASKING:) Have you seen, read or heard anything about Proposition 55, the 12 billion dollar kindergarten through university public education facilities bond act; Proposition 56, the state budget voting requirements initiative; Proposition 57, the 15 billion dollar economic recovery bond act; or, Proposition 58, the California balanced budget act?

(ORDER OF PROPOSITIONS ROTATED TO AVOID POSSIBLE SEQUENCE BIAS)

(As you know) Prop. 55, the Kindergarten through University Public Education Facilities Bond Act, is a 12.3 billion dollar bond issue to provide funding for necessary education facilities to relieve overcrowding and to repair older schools. Funds will also be used to upgrade and build new classrooms at the California Community Colleges, the California State University and the University of California to accommodate the growing student enrollment. Fiscal impact: State costs of about 25 billion dollars over 30 years to pay off the principal and interest cost on the bonds. Payments of about 823 million dollars per year. If the election were being held today and you were voting on Proposition 55, would you vote YES or NO?

(As you know) Prop. 56 is the State Budget Voting Requirements initiative. It permits enactment of budget and budget-related tax and appropriation bills with a 55 percent vote. It would require the legislature and Governor to forfeit compensation each day a budget is late. Fiscal impact: Varying impact from lowering the vote requirement for budget-related measures, including changes in spending and potentially significant increases in state tax revenues in some years. If the election were being held today and you were voting on Prop. 56, would you vote YES or NO?

(As you know) Prop. 57 is the Economic Recovery Bond Act. It is a one time bond of up to fifteen billion dollars to retire the state deficit. Fiscal impact: A one-time increase, compared to the previously authorized bond, of up to 4 billion dollars to reduce the state's budget shortfall and annual debt-service savings over the next few years. These effects would be offset by higher annual debt-service costs in subsequent years due to this bond's longer term and larger size. If the election were being held today and you were voting on Proposition 57, would you vote YES or NO?

Does the fact that Governor Arnold Schwarzenegger is backing Prop. 57 make you more inclined or less inclined to vote yes on Prop. 57, or does this have no effect on how you will vote?

(As you know) Prop. 58 is the California Balanced Budget Act. It requires the enactment of a balanced budget, addresses fiscal emergencies, and establishes a budget reserve. Fiscal Impact: Net state fiscal effects unknown and will vary by year, depending in part on actions of future legislatures. Reserve provisions may smooth state spending, with reductions during economic expansions and increases during downturns. Provision requiring balanced budgets and limiting deficit borrowing could result in more immediate actions to correct budgetary shortfalls. If the election were being held today and you were voting on Proposition 58, would you vote YES or NO?