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3rd Annual State of Pennsylvania Survey: The Economy and Personal Finances

For Immediate Release: Tuesday, December 6, 2011

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For PDF of release and data summary, visit www.siena.edu/sri/research

**Faith in the Economy Drops in PA; 60% Say ‘Best Days Behind Us’
Gas, Food Costs, Increasing Concern; Savings Rate Down, Debt Up
Since Fall of ’07: Cutting Back and Layoffs Norm for Many
*78% See Government as More Problem Than Solution on Economic Issues***

Sixty percent of Pennsylvania residents now believe our country’s best economic days are behind us and that the next generation will have to accept a lower standard of living while only 36 percent feel the current economic problems are temporary according to a new survey released today from the Siena (College) Research Institute (SRI) and underwritten by First Niagara Bank. The cost of food is now a financial hardship for 78 percent (70% a year ago) and gas prices seriously impact 73 percent up from 65 percent a year ago. Fifty-five percent either put no money aside (40%) for retirement this year beyond any contribution their employer may have made or withdrew (15%) from their savings to meet expenses and only 37 percent say it is at least somewhat true that they have a savings account with at least six months of expenses in it. Forty-three percent, down from 50 percent a year ago are in less debt while 39 percent, up from 33 percent are in more debt.

Asked whether since the recession of the fall of 2007 they or any of their family had experienced 10 different financial events:

- 53 % had taken money out of their savings or retirement in order to meet expenses
- 48% have given up a pastime due to cost
- 28% have borrowed money for necessities from family or friends
- 15% have moved in with friends or family to make ends meet
- 31% have fallen behind in their bills
- 32% have experienced a job loss or layoff
- 46% of those with jobs have not had a raise in four years
- 45% have taken a vacation of at least a week
- 32% have gotten a new job
- 27% have purchased a new car

Eighty-one percent of state residents pay either some (41%) or a great deal (40%) of attention to news about the economy. Seventy-eight percent say that overall, government is more of the problem when it comes to economic issues while 11 percent feel that government is more of the solution.

The 3rd Annual Pennsylvania Survey of the Economy and Personal Finances is part of a larger study of economic confidence in Pennsylvania. In February, the Third Annual First Niagara Survey of Pennsylvania Business Leaders, an investigation of confidence, concentrations, plans and attitudes towards government of CEO’s from Pennsylvania’s private for profit companies, will be released.

“Four years of tough times is taking a toll. Last year residents were evenly divided half insisting the downturn was temporary and with adjustments, we would return to financial health. Today six in ten disagree and only 36 percent expect the economy to improve over the next year,” said Dr. Don Levy, SRI’s Director. “Hope is not completely lost. Forty-nine percent believe that their personal finances will improve in 2012 and looking to the distant future, 59 percent think the national economy will be at least somewhat better ten years from today.”

“While most think government is more the problem than the solution, they have a long list of items they’d like to see Washington put under Pennsylvania’s tree this season. Overwhelming majorities support increasing income taxes on those making over \$250K, ending the U.S’s involvement in the war in Afghanistan, a balanced budget amendment, an aggressive infrastructure development program, job training rather than expanding unemployment benefits, increasing exploration and development of domestic energy, monitoring the workings of the financial industry and retaining funding for entitlement programs like social security,” Levy said.

“A plurality of 43 percent call for repealing the recently enacted health care reform legislation, while 30 percent oppose repeal and 27 percent need more information in order to say,” Levy added.

In response to current economic conditions, residents say they are continuing to change many every day behaviors. Seventy-two percent now plan expenses, and they have either completely or partially eliminated impulse purchases. Seventy-three percent of state residents have cut back on the amount or quality of entertainment, and 79 percent now carefully monitor and manage energy use at home. Seventy-one percent (up for the second year in a row) of residents now use coupons or special offers to purchase necessities like food or clothing, and 58 percent are substituting goods and services of lower quality in those areas or in health or hygiene to save money. Fifty-three percent have delayed major purchases like a car, appliance or home.

The percentage of households with a member losing a job this year is down slightly from last year moving from 19 percent last year, 20 percent in 2009 to 16 percent today. Twenty-two percent of residents (23% last year and 31% in 2009) have had their hours cut back at work. Knowing someone that has had their home foreclosed across the state measured 23 percent up from 17 percent a year ago.

“Unfortunately nearly every indicator has had the wind taken from its sail this year. A majority of state residents are concerned about their ability to continue to live at their current standard of living and two thirds, up from 60 percent last year, admit that they spend more time than before worrying about money,” Levy said.

“Only a quarter of residents expect strong business conditions over the next year. In the past, residents were slower to see the downturn coming and less likely to predict a recovery than business leaders. We look forward to the financial predictions of Pennsylvania’s CEO’s with great anticipation coming this winter.”

The 3rd Annual Economy and Personal Finances Survey was conducted October 18-20, 23-27, 30, 2011 by random telephone calls to 648 Pennsylvania State residents over the age of 18 via both landline and cellphones. Data was weighted by age and gender to enhance representativeness. Results are reported with a margin of error of ± 3.8 points. For more information or comments, please call Dr. Don Levy, Director, Siena College Research Institute, at 518-783-2901 or dlevy@siena.edu. Survey cross-tabulations can be found at www.siena.edu/sri/research