

MEMORANDUM

TO: Allstate
FROM: FTI Consulting
DATE: 02 / 27 / 15
RE: Allstate/National Journal Heartland Monitor XXII Key Findings

This memorandum outlines key findings from the nationally representative survey conducted February 18-22, 2015 among N=1,000 American adults age 18+ reached via landline and cell phone. The poll's margin of error is +/- 3.1%. This research investigates Americans' views on their own local area, including the economy, quality of life, and the type of ideas and solutions being implemented by institutions like government, businesses, and non-profit organizations.

Summary of Survey Findings

Over the past five years, the Allstate/*National Journal* Heartland Monitor polling series has focused on important national issues related to the economy, personal finances, volunteerism, and opportunity. These polls have uncovered significant frustration with national institutions during an uneven economic recovery. But, they have also revealed Americans' steadfast self-reliance and strong desire to improve their own communities.

This twenty-second installment of the Heartland Monitor Poll takes a close look at Americans' experiences in their own local area, including their views on the local economy and their perceptions of local institutions like government, business, and non-profit organizations. What we find here is a clear preference for institutions to take chances with new ideas and solutions rather than relying on tried and tested, but unremarkable approaches. We also see a strong belief that local businesses are the best vehicle to provide job opportunities.

Americans are proud of their local area and they rate it considerably higher than the country in terms of the overall direction and their approval of political leadership. They also rate their local area highly in terms of overall quality of life, a place to start a business, and a place to raise a family. This positive community spirit extends throughout America's big cities, suburbs, small cities, and rural areas, and also across demographic and socioeconomic subgroups.

Their local pride is challenged when asked to assess local economic conditions and the quality of local services and infrastructure. Americans see their local area economy as stronger than an improving national economy overall. But, they still give low ratings to local job opportunities, wages, and the cost of living. Significant differences exist between those living in cities versus suburbs and rural areas. And, we see a wide deficit between the experiences of whites living in big cities compared to their non-white neighbors.

At home in their local areas, Americans are optimistic about their communities and their quality of life which provides a positive contrast to the negativity we've seen about the country. However, there is room for improvement on several local economic and social factors. And, Americans are asking for local institutions to provide new and innovative solutions and ideas.

A Note on Terms

For the purpose of sorting respondents by geography, we used the Urban Rural Classification Scheme as developed by the Centers for Disease Control and Prevention's National Center for Health Statistics. This scheme classifies U.S. counties into six groups. Large Central Metro ("Big City") counties like Denver, Los Angeles, Cook County in Illinois, Philadelphia, Miami-Dade, and others make up 23% of our sample. Large Fringe Metro ("Suburban") counties like San Bernardino (CA), Arapahoe (CO), DuPage (IL), Bucks (PA), and Broward (FL) account for 24% of respondents. Medium/Small Metro ("Small City") counties like Peoria and Champaign in Illinois and Larimer and Pueblo in Colorado make up 27%. Non-metro ("Rural") counties make up 20% of the sample and include micropolitan and noncore counties.

Regarding age groups and generations, we refer to "Millennials" as those age 18-33 (30%), "Gen X'ers" as those age 34-49 (27%), "Baby Boomers" as those age 50-68 (29%), and "Seniors" for anyone age 69 and older (13%).

KEY FINDINGS

This poll finds a significant improvement in Americans' perception of the nation's economy and political leadership though these numbers are still "under water."

- One-in-three (33%) Americans believes the country is headed in the right direction, the highest we've measured since immediately following the 2012 election and nine points higher than our October 2014 poll (24%). This improvement is seen among nearly every demographic group, but most notably among Democrats who increased from 44% in October to 58% now. Republicans' optimism about the country nearly doubled from 9% to 14%, but it is still quite low.
- President Obama's job approval jumped from 41% in October to 46%, the highest we've seen for him since June 2013. He now enjoys an 82% rating from Democrats, a seven-point increase. His standing also increased by seven points among Independents (from 37% to 44%), but his approval among Republicans still sits at just 10%.
- Compared to previous polls, the President's economic policies get more credit for "fueling economic recovery" (42%), the highest we've measured since June 2013. But, a plurality (45%) still believe that his policies are more likely to have run up a record federal deficit while failing to significantly improve the economy.
- Approval of Congress remains low at just 18%, though it has doubled from the 9% we measured on our last poll in October. This improvement comes from across the political spectrum, with the biggest jump coming from Republicans, whose approval of Congress increased from 8% to 21%.



In our first time asking the question, we find that just 36% approve of the job being done by their own (un-named) Member of Congress. A plurality (42%) disapprove, while one-in-five (21%) aren't able to give a rating. By party, only a plurality of Republicans (43%) approve of their Congressman. Democrats and Independents have a net negative view. This tests the old adage that Americans "hate Congress but love their Congressman" and is reflective of the poor perception of elected officials in Washington among average Americans.

- Since we last tested perceptions of the national economy in November 2013, the percent rating for Excellent or Good has increased from 11% to 25%, with improved perceptions among all demographic groups. Americans are now more likely to say that the economy will improve over the next twelve months (32%) than they are to say it will get worse (25%), an optimism we haven't seen since Heartland XVII in June 2013.
- Americans also give low ratings to specific aspects of the economy, particularly the cost of living for necessities like housing, food, and energy (19% Excellent or Good), wages and incomes (20%), and the job situation (28%). Ratings are higher for America's global competitiveness (31%).

Americans give the highest rating to the performance of the stock market (38%), though notable demographic differences emerge. Among \$100k+ households, 60% rate the market's performance as Excellent or Good, a percentage that falls to less than 50% among \$50k to \$100k households and less than 30% among households making less than \$50k per year. In the lowest-income households, just 23% rate the market's performance as Excellent or Good, nearly half (47%) say it has been Fair or Poor, and 30% cannot give a rating potentially due to a lack of investments.

- While the data shows no increase in the percentage of Americans rating their personal financial situation as Excellent or Good (this measure has remained at 44% for four straight polls), there is now more hope for the future. In this poll, 44% believe that their situation will improve by this time next year, a significant jump from 38% in October. As we've seen throughout the Heartland series, Millennials and African-Americans remain the most optimistic about their future finances.
- Lower gas prices have certainly registered as a positive for many Americans, with more than half (55%) saying it has made at least a Modest Difference in their personal financial situation. Another 24% say it has made a Slight Difference, and 19% say it has made really No Difference at all. Notably, Americans who say that lower gas prices have made at least a Modest Difference in their personal finances are more likely to believe that their personal finances will improve by this time next year.



Americans believe that more progress is being made at the state and local level rather than at the national level, and they are more confident in state and local institutions, particularly local businesses, to develop new ideas and solutions to the country's challenges.

- Regarding the major challenges facing the country, nearly two-in-three (64%) respondents say that more progress is being made at the state and local level rather than at the national level (26%). Attitudes differ by political affiliation, with just 14% of Republicans seeing more progress at the national level compared to 44% of Democrats.
- Comparing national institutions like government, businesses, and non-profit organizations to their counterpart institutions at the state and local level, Americans are much more likely to think that solutions to the country's biggest economic and social challenges will most likely come from the state or local level. By a wide margin, 69% of Americans say state and local institutions compared to just 22% who think new innovation will come from national institutions. Majorities of all political affiliation and of all demographic groups hold this same opinion.
- State and Local institutions are seen as more effective on “making neighborhoods more attractive places to live (89%),” “improving the way we educate young people (66%),” “finding new ways to provide more opportunity to poor people (63%),” “developing new products and services that create new jobs (63%),” and “improving wages and living standards for average families (57%).”
- National institutions only compare on two issues:
 - They are still at a disadvantage on “ensuring that businesses are regulated fairly and consistently” (43%), though 58% of Democrats prefer national institutions in this regard (compared to just 33% of Republicans).
 - National institutions have a slight advantage over state and local (51%-43%) on “finding new ways to save energy and improve the environment.”



- To the extent that respondents have seen improvements in their local area over the past 10 years or so, Americans give most of the credit to business performance (32%) and contributions by community organizations (30%), followed by government policies (15%) and larger global/national trends (11%).
- Local businesses are seen by a wide majority (62%) of Americans as most likely to provide the best job opportunities in local areas over national/global businesses (19%), government agencies (8%), or non-profit organizations (7%).
- When asked to assess how much different actions would help in addressing problems facing their local area, Americans believe that investments and programs by local institutions would be most beneficial.

Investments by local business are seen as most helpful (89%), followed by programs by volunteer and non-profit organizations (84%), and programs from local and state government (83%). Partnerships between business and government (71%), and programs from the federal government (67%) are both seen as helpful, though less so than the specifically localized efforts.

- Given two choices about how local institutions could best approach challenges and opportunities, Americans want to see attempts at innovation, even if comes in the form of an “experiment.” They strongly prefer “trying new ideas and solutions even if the outcomes may be uncertain (71%) over “relying on tried and tested ideas and solutions, even if it means a lack of new thinking” (20%).

On a number of factors, Americans are considerably more positive about their own local area than they are about the country. However, many still give low marks to their local economy and there are huge differences in experience by socioeconomic group and type of area.

- Two-in-three (66%) Americans think that their local area (meaning the area in which they live, work, and spend most of their time) is headed in the right direction, compared to just one-in-four (25%) who say it is headed off on the wrong track. This positive perception is double that of the country as a whole (33%).

One-in-three (32%) Americans think on two tracks: they believe that their local area is headed in the right direction, but they also believe the country is headed off on the wrong track. Of this mindset are 49% of Republicans, but just 18% of Democrats.



Local positivity is high across most of the country, including 69% of those in Big Cities, Suburbs, and Small Cities, but it is lower in Rural areas (55%). By region of the country, positivity about the local area is highest in Mountain, West, and Midwest and lowest in the Deep South, but still above 60% regardless in all corners of America.

- Three-in-five (60%) approve of the job their local political leaders are doing, including majorities in all areas of the country and among Republicans, Independents, and Democrats.
- More than two-in-three (68%) rate the overall quality of life in their local area as Excellent or Good, including – again – majorities across geographies, demographics, and political beliefs.
- Solid majorities of Americans are positive about a number of different aspects of their local area, rating as Excellent or Good the availability of technology like high speed internet (70%), clean air, water and open-space (67%), the quality of colleges and universities (67%), the activity level of volunteer and community organizations (58%), and the availability of quality healthcare (57%).
- Americans also agree with a number of positive descriptions of their local area. A huge majority (86%) believes that their area is a good place to raise a family, 74% think their area is a place where all types of people have equal opportunities to get ahead, 71% think their area is a good place to retire, and 70% think it is a good place to start a business.
- However, the bloom begins to come off the rose at the local level when Americans assess different areas related to public services, infrastructure, and specific aspects of quality of life. Ratings on these aspects vary considerably by type of locality, with higher ratings generally seen in the suburban counties around big cities and lower ratings generally seen in rural areas.

Big City residents lag behind their Suburban neighbors, especially on public K-12 education but with the exception of cultural and entertainment options.

		Big	Sub-	Small	
% Excellent or Good	Total	City	urbs	City	Rural
Cultural and entertainment options	53%	68%	58%	56%	25%
The crime rate and public safety	52%	48%	66%	45%	49%
Services for those in need	50%	46%	52%	54%	47%
The quality of K-12 education	49%	38%	57%	53%	44%
Property values	48%	46%	51%	49%	41%
The quality of roads and transportation options	44%	44%	49%	39%	39%



- Despite overall positivity about their area’s direction, political leadership, and quality of life, Americans are still negative about local economic conditions. Just 42% think their local economy is Excellent or Good, which is higher than their rating for the national economy (25%), but still underwhelming. These low ratings extend to the job situation (38% vs. 28% for the country), the cost of living (38% vs. 19%), and wages and incomes (35% vs. 20%). Americans also give a low rating (28%) to the amount they pay in local and property taxes.

By locality, we see that besides Big Cities and their surrounding Suburbs, most Americans are negative about the economy. And, individual economic ratings are all below 50%, but vary greatly. Big City residents are most optimistic about jobs but have to weigh that against the higher cost of living. Those in the Suburbs are displeased with property taxes, and Rural residents have less stress on property taxes but give very low ratings to jobs and wages.

	Total	Big City	Sub-urbs	Small City	Rural
% Excellent or Good					
Rating of local area economy	42%	50%	54%	38%	28%
The job situation	38%	48%	37%	35%	30%
Cost of living	38%	33%	37%	38%	40%
Wages and incomes	35%	38%	41%	38%	26%
Amount paid in local and property taxes	28%	29%	25%	30%	31%

- Looking within the Big City data, we see stark differences between the experiences of Whites and Non-Whites on a variety of factors, with minorities facing a deficit compared to Whites on every item.

	Big City Whites	Big City Non-White	Deficit
% Excellent or Good			
Perception of economy	58%	42%	-16
Quality of Life	74%	59%	-15
Availability of technology	91%	61%	-30
Clean air, water, open-space	64%	36%	-28
Wages and incomes	49%	25%	-24
Activity level of volunteer & community orgs	68%	45%	-23
Property values	57%	34%	-23
The crime rate and public safety	58%	36%	-22
Availability of quality healthcare	72%	53%	-19
The job situation	57%	41%	-16
Services for those in need	52%	37%	-15
The quality of K-12 education	41%	37%	-4



- Given these economic challenges, half (50%) of Americans would advise young people in their local area to settle down elsewhere for the best future opportunities while just 42% would advise them to stay local.

In Rural areas, 58% would advise young people to move elsewhere and just 34% would tell them to stay. In small cities, just over half (52%) would say to go elsewhere. Opinions are more evenly split in the Suburbs (48% go elsewhere vs. 44% stay local) and Big Cities (46% vs. 50%). The deficit between Big City Non-Whites and Whites emerges on this question as well, with 56% of Whites advising young people to stay compared to 41% of Non-Whites.

Even more than half (51%) of parents with school-aged children would advise young people to go elsewhere.

- A substantial portion (37%) of Americans say it is likely that they could move to a different area within a few years. This includes 53% of Millennials and half (50%) of Non-Whites. Just 27% of those in Rural areas say it is likely they will move soon compared to 42% in Big Cities. It is even higher for Non-Whites in Big Cities with 57% saying it is likely they will move.

Economic and financial reasons top the list of reasons to potentially move to a different area, followed by family reasons and a search for a better community.

The data shows that local institutional leaders are rewarded for a strong local economy, and also for offering forward-thinking ideas and solutions.

- Those who think their local economy is Excellent or Good have a 76% approval rating of their local political leaders, while those who think it is Fair or Poor rate their leaders at just 48%.
- Just 28% of Americans think that institutions like government, businesses, and community organizations in their local area respond to challenges and opportunities with ideas and solutions that are “new and forward-thinking.” A plurality (42%) think that the solutions offered are “adequate but unremarkable” and one-in-five (21%) think they are “old and outdated.”

Big City residents are most likely (35%) to see local institutions as offering new solutions, more than in Small Cities (30%), Suburbs (28%), and Rural areas (20%).

The advantage gained by areas with “new and forward-thinking” compared to those with just “adequate but unremarkable” ideas is a 10-point advantage on local area right direction, a 15-point bonus for approval of local political leaders, and a 24-point advantage on perception of the local economy.



Americans acknowledge more personal capacity for making an impact on their local area, but they think that average people now have less influence.

- More than half (53%) say that, compared to 10 years ago, their personal resources like time and money give them more ability to make an impact on their local area. This ability is predictably highest among upper income households, but also emerges among Millennials (64%) and parents with school-aged children (57%).
- However, more Americans say that average people now have less influence (44%) on challenges facing their area. Fewer (41%) say that average people actually have more influence. Millennials are the exception here, with fully half (50%) thinking that average people have more influence in their local area.
- When asked the best way to have the biggest impact to improve life in their local area, nearly half (47%) of Americans say “buying from local and small businesses,” preferring that action over “voting in local elections” (29%) and “volunteering for community organizations” (20%).

Additional data from the survey reveals compelling information about Americans’ current financial and living situation.

- Among Americans who say that lower gas prices have had at least some impact on their personal financial situation, 58% say they’re using that savings to cover necessities (31%) or pay off/avoid debt (27%). Another 19% say they’re saving or investing it, and just 15% are driving more (8%) or spending it on luxuries (7%).
- More than half (55%) expect a tax refund this year, with the highest expectations in households between \$30k and \$75k per year and among younger age groups.

The number one priority for the expected tax refund is to pay off debt (37%), followed by saving or investing (29%), and spending it on necessities (20%). Just 8% say they will spend it on something nice or fun and only 2% say they will donate it. Four-in-ten (40%) Millennials and 45% of Gen X’ers plan on paying off debt.

- Survey respondents fall into three categories based on their residence history. One-in-three (34%) are “Homesteaders,” and have lived in the same area for their entire life. One-in-five (19%) are “Boomerangers,” who have moved away for a meaningful length of time only to return home. Nearly half (46%) are “Carpetbaggers,” who live in a different area than where they grew up.