

MEMORANDUM

TO: Allstate
FROM: FTI Consulting
DATE: 01/11/2016
RE: Allstate/National Journal Heartland Monitor XXV Key Findings

This memorandum outlines key findings from a national survey of American adults conducted January 2-6, 2016. This 25th installment of the Allstate/National Journal Heartland Monitor Poll reprised questions asked during the heart of the economic recession to measure changes in Americans opinions and attitudes on important issues: How do the opportunities and challenges facing my generation compare to my parent's generation or my children's generation? Is it still possible to live the American Dream? What impact did the economic recession have on Americans' finances? Did the government's response help or hinder the economic recovery and what kind of government agenda is most likely to help Americans get ahead?

The survey was conducted among a national sample of 1,000 adults age 18+, with 500 reached via cell phone and 500 reached via landline. The margin of error for a sample of 1,000 is +/- 3.1 in 95 out of 100 cases.

SUMMARY OF SURVEY FINDINGS

During the inception of the Heartland Monitor Poll in 2009, the country was in the midst of an economic recession, the middle class was struggling, and the American Dream was growing increasingly more challenging to achieve. For the 25th edition of the Heartland Monitor, the poll returns to its roots by examining the economic state of the middle class and their drive for achieving the American Dream. This installment rekindles questions asked during the heart of the recession to assess how the recovery is progressing from the viewpoint of everyday Americans.

Today, despite continuing to monitor their spending habits and struggling to save for retirement, the majority of Americans still believe they are living the American Dream. When it comes to getting ahead in this country, Americans view their own skills and hard work as the most significant contributing factors, saying they play a much larger role than external factors such as the state of the economy and government policies. They view long-term financial goals such as owning a home and graduating from college as achievable. Most believe that the American Dream is possible for their generation, but they worry about it holding true for children growing up today. And, when it comes to providing equal opportunities for all income groups and all races, Americans feel that the country is not performing at a high standard.

There is very little trust in the government among Americans, leaving most with a lack of confidence in the government's ability to take an active role in continuing the economy's recovery. Americans view policies through a political lens which results in mixed responses. As the government tries to tackle new issues, Americans look for outside perspectives, ideas, and solutions from other state and local sources.



KEY FINDINGS

1. Several years after the recession, Americans remain cautious about their personal finances but there are some signs of an improving economy.

- During the recession in April 2009, nearly seven-in-ten Americans (69%) thought the U.S. economy would look and work very differently after recovery. While the majority of Americans (53%) still agree with that viewpoint, more than four-in-ten Americans (43%) say the current economy looks and works more or less the same as before the recession. That compares to just 27% of adults who predicted in 2009 that the economy would look and work the same post-recession.
- Despite more Americans believing the economy has returned to its pre-recession look and feel, 86% of Americans believe that the recession and its aftermath made “average families suffer economic reversals, like losing a job or facing foreclosure on their home, more often than they have in the past.” This is up slightly from the 79% who predicted this was likely to occur back in September 2009.
- In 2009, Americans were also concerned that “young people starting out in their careers won’t achieve as high a standard of living as my generation did” with 69% saying it was likely to happen. Today, only 61% agree that young people “didn’t get ahead as fast as my generation did.”
 - Fortunately, Millennials, the generation in question, are least likely to agree that their generation didn’t get ahead as fast as previous generations did (56% Millennials, 66% Generation X, 64% Baby Boomers, and 59% Silent/Greatest Generations).
- Among a list of financial constraints and hardships, respondents report experiencing these hardships in the past 12 months at about the same level as they did when the economic recession was nearing its finish in January 2010.
 - The top three hardships received the exact same response in January 2010 as in January 2016:
 - 48% of adults have “made significant reductions in spending, including putting off major purchases;”
 - 32% of adults have “withdrawn money from savings or pension funds to make ends meet;” and
 - 31% of adults have “lost a job or been unemployed for a sustained period.”



- During the recession, almost six-in-ten Americans (59%) were confident they had “enough financial assets, such as saving accounts, stocks, and the values of their home to provide a reasonable cushion of security” in case of job loss or significant decrease of income. Barely more than half (51%) express the same confidence in 2016.
 - Non-whites (42%, particularly African-Americans at 38%), the non-college educated (40%), and those with \$30K or less of household income (26%) are least likely to claim they are financially confident.
 - Married and cohabitating adults (60%) are more financially confident than non-married adults (40%).
- Yet, seven-in-ten adults (71%) are confident that over the next five years their “income will remain steady and they will not lose their job or suffer a significant decline in income.” That is only one percentage-point less than those who made that claim in April 2009 (72%).
- A plurality of adults (46%) still states “I can get by every month, but I find it difficult to save and invest, whether for retirement or other purposes.” Yet, there is an encouraging ten percentage-point increase since July 2009 in adults who claim “I can live comfortably and save an adequate amount for retirement or other needs” (27% in 2009, 37% in 2016). Only 15% of today’s public says “I find it hard to make ends meet every month.”

2. The majority of Americans still believe they are living the American Dream, yet homeownership and personal debt are viewed as challenges to achieving the dream.

- Nearly two-thirds of Americans (63%) believe they are living the American Dream, compared with 59% in March 2011.
- While Americans feel that owning a home and graduating from college are just as achievable in January 2016 as they were in March 2011, they say that “raising a family and making sure they have more opportunity than you did” (65% in 2011 to 55% in 2016) and “being able to pursue a rewarding career wherever it takes you” (61% in 2011 to 51% in 2016) are less achievable today.
 - “Retiring comfortably in the way and at the time you expect” and “becoming wealthy” saw only a marginal decrease and remained low on the list of achievable long-term financial goals.
 - The decrease in pursuing a rewarding career may be accounted for by the four-in-ten adults (41%) who say they or someone in their family has “stayed in a job



longer, even if they didn't like it because they were worried about being able to find another one."

- Views on community stability due to homeownership remain consistent with March 2011. Four-in-ten adults (42%) feel that homeownership has resulted in communities that are more stable because it encourages people to put down roots and be active in their communities. Five-in-ten (53%) are concerned that communities are less stable because homeownership can encourage people to take on too much debt which can lead to foreclosures.
- Only 36% think that personal debt for college, homeownership, or to start a business is necessary as it helps people achieve the American Dream. Nearly six-in-ten (57%) believe personal debt creates obstacles. These views have stayed relatively consistent since October 2011.

3. While today's economy presents more risks that may hurt your standard of living, adults still feel that they have more opportunities than their parents did. However, adults are unsure about what the future will hold for today's children.

- Over half of Americans (57%) feel that there are greater risks from today's economy that endanger their standard of living than the generation before had to overcome.
 - This feeling decreased only slightly from April 2009 when 64% of Americans felt there were more risks that endanger their standard of living.
 - Baby Boomers express greater concerns than other generations in this new survey (61% of Baby Boomers compared to 45% of the Silent/Greatest generation, 58% of Generation X, and 57% of Millennials).
 - Only 11% of adults feel there are fewer risks from today's economy and 27% of adults believe there is the same amount of risks today as their parents experienced.
- However, the plurality of Americans feels they have more opportunities to get ahead than their parents did when they were their age (44%). A quarter (25%) say they have about the same amount of opportunities and 29% believe there are fewer opportunities.
 - While Americans are still more likely to say they have more opportunities to get ahead than their parents, the percentage of Americans with this belief actually decreased from 54% in July 2009.



- Currently, more than half of Millennials (55%) believe their generation has more opportunities than their parents. Only 38% of Generation X and Baby Boomers share the same viewpoint.
 - While looking towards the future, Americans are split on the opportunities that today's children will have: 32% believe today's children will have more opportunities to get ahead, 28% say the same amount of opportunities, and 33% believe there will be fewer opportunities.
 - This uncertainty has prevailed since July 2009 when the country was in the midst of the economic recession: 31% believed children would have more opportunities to get ahead, 29% said the same amount, and 36% thought there would be fewer opportunities.
 - Among today's parents with a school-age child, the view is only slightly more optimistic with 37% believing today's children will have more opportunities to get ahead.
 - The opposite is true for today's parents who have adult children. Forty-one percent (41%) say today's children will have fewer opportunities, while only 27% think there will be more opportunities.
 - When asked about the country's performance at providing equal opportunities for all generations during the last ten years, 27% feel the U.S. is doing better, 36% say about the same, and 33% believe the country is doing worse.
 - Millennials are the most optimistic generation with 36% saying the country is doing better at providing equal opportunities to all generations.
- 4. Americans feel that the country is performing poorly at providing equal opportunity for people of all income groups and only slightly better at helping people of all races be successful.**
- When asked how the country has done at providing equal opportunity for all income groups, four-in-ten Americans (40%) say we are doing worse than we did ten years ago. Just two-in-ten (21%) believe the U.S. is doing better and more than a third (36%) say it is about the same.
 - The picture doesn't get much better as respondents think about the opportunities for children growing up today. Only four-in-ten (40%) say they believe "children of all income groups growing up today have adequate opportunities to be successful." This is a decrease from 48% of Americans in July 2009.



- Interestingly, adults with \$50K+ household incomes were less likely to agree that children of all income groups have adequate opportunities (35%) compared to adults with less than \$50K household incomes (45%).
- Despite an increasing spotlight on law enforcement’s treatment of minorities and the growth of the Black Lives Matter movement, Americans are still more likely to say the U.S. is doing better at providing equal opportunities for all races (33%) than doing worse (29%) in the last ten years. A plurality of Americans thinks the U.S. is performing at the same level as it was ten years ago (36%).
- Looking towards the future, half (51%) of adults agree that children of all races growing up today have adequate opportunities to be successful.
 - Surprisingly, half of Whites and Non-Whites (52% each) share the same view that children of all races have adequate opportunities. But when separating out African-Americans, only 45% share the same positive viewpoint.

5. Americans still believe that determination and hard work are the most important success factors – more important than any external factor such as the economy.

- When it comes to their own financial well-being, more and more Americans continue to say “your own actions, like working hard, doing a good job, leading a healthy life and saving and investing carefully” (57% in 2009 to 64% in 2016) outweighs “events mostly out of your control, like what happens in the economy, decisions by your employer, an unexpected illness, and what happens in the stock market” (37% in 2009 to 32% in 2016).
- In May 2011, nearly a quarter of Americans (23%) felt that “the state of the economy” played the biggest role in determining whether or not they had more opportunity to get ahead. In 2016, just 10% still view “the state of the economy” as the biggest determining factor.
- Both in 2011 and 2016, “your own skills and hard work” and “your educational background” appear at the top of the list in determining the opportunities one would have in life (Skills: 22% in 2011 and 35% in 2016; Education: 39% in 2011 and 27% in 2016).
 - Also on the list of factors that play the biggest role in determining opportunities to get ahead are “your income level” (13%), “government policies” (6%), and “your racial or ethnic background” (5%).



- While education is still important, the majority of Americans (52%) now say young people today do not need a 4-year college education in order to be successful.
 - This belief is held by both Americans without a college degree (53%) and those who do have a college degree (52%).
 - The largest differences are among genders (57% of males vs. 48% of females), racial groups (55% of Whites vs. 46% of Non-Whites), and political parties (58% of Republicans and 57% of Independents vs. 41% of Democrats).
- In July 2009, the majority of Americans (53%) believed “anyone who works hard still has a fair chance to succeed and live a comfortable life in today’s America.” Today, that conviction has decreased by a small amount to 49%. Another 48% believe “today’s economy mostly rewards the rich and it’s difficult for average people to get ahead.”

6. Most Americans have little trust in the government to improve the economy. The results of past government policies, such as the economic stimulus and the Affordable Care Act, are viewed through a biased political lens resulting in a mixed view on the policies.

- While only 6% of Americans think government policies have the largest role in determining individual opportunities to get ahead, three times as many Americans (18%) trust elected officials in Washington, D.C. to make decisions that would “improve economic opportunity and security for people” like themselves.
 - While this is the most selected option of the various organizations in our list, it decreased from 31% in September 2009.
 - In 2016, more than a third (35%) did not trust elected officials, labor unions, investment banks, major corporations, or national banks to improve economic opportunities or security.
- When asked about the proper role of government in the economy, a plurality of Americans (39%) would like to see the government take an active role, but they are unsure if they can trust the government to do it effectively. This view has increased from January 2010’s level of 33%.
 - Just slightly fewer Americans (36%) feel that “government is not the solution to economic problems.” Only 22% think “the government must play an active role in regulating the marketplace.”
- The majority of Americans (56%) still believe that “the free market economy creates more opportunities than problems” when left to itself. In May 2011, this conviction was a bit stronger with 62% of Americans believing the free market should be left alone.



- Today, four-in-ten (39%) say “the free market economy creates more problems than opportunities” when left to itself because “it creates too much inequality and leaves too many people in poverty.”
- Overall, Americans continue to have a mixed opinion on the economic policies put in place by President Obama during the recession. The plurality of Americans (48%) feels the policies “ran up a record federal deficit while failing to end the recession or slow the record pace of job losses.” About the same percentage (46%) believes the policies “helped avoid an even worse economic crisis, and are laying the foundation for our eventual economic recovery.”
 - Unsurprisingly, this is a partisan issue with 83% of Republicans saying Obama’s policies ran up a record federal deficit and 77% of Democrats saying it helped avoid a greater crisis. Independents have mixed views (50% deficit vs. 44% helped).
 - In September 2009, the country had an even split between these two viewpoints (43% each).
- Right after the Affordable Care Act was passed in 2010, Americans were unsure if this would be a good thing for the country (44%) or a bad thing (45%). Now a few years after implementation, a majority of Americans (51%) believe this policy is bad for the county, while 43% feel that it is a good thing.
 - Again, this is another partisan issue with 86% of Republicans saying it is negative and 73% of Democrats saying it is positive. In this case, Independents lean more definitively towards it being bad for the county (54% bad vs. 39% good).

7. As the American economy returns to a new normal, Americans weigh in on the government's role across a number of topics, including income rates, immigration, national security, international trade, and entitlement programs.

- Americans’ incomes have not grown as quickly as they had in the first decades after World War II. In December 2010, the majority of Americans (58%) felt that it was inevitable that incomes would grow more slowly because of lower paid workers around the world in countries such as China and Mexico. Today that belief is not as strong, with Americans coming in at 47%. Another 46% believe that “if U.S. government and business leaders pursue the right policies, it is possible that Americans’ income could grow much faster than they have in recent years.”



- Yet while government policies may be a possible culprit for slow growing incomes, the plurality of Americans (47%) believes that the large scale immigration in our country is also having a negative effect on the economy.
- Growing racial and ethnic diversity is believed to have a positive effect on American culture (50%) and the local community (47%).
- Americans are split on the impact of immigration on the country overall (43% positive vs. 44% negative).
- However, the majority of Americans (55%) believes the increase in racial and ethnic minorities in the United States is having a negative effect on national security.

- In the interest of national security, 48% of Americans would be most supportive of the “increased use of camera surveillance in public places.” A quarter (24%) would be most willing to support an “increased censorship of websites and less freedom to access sources on the internet.” Sixteen percent (16%) would be most willing to support “expanded government monitoring of cell phone and email activities.”
 - As expected in light of recent terrorist attacks in Paris and San Bernardino, the percentage of Americans who would not support any of those added security measures decreased from 42% in June 2013 to 24% in January 2016.

- With nearly identical results as June 2013, more than half of Americans (53%) find the increased collection and use of personal information by businesses, law enforcement, government, individuals, and other groups as “mostly negative because the information can be collected and used in a way that can risk personal privacy, peoples’ safety, financial security, and individual liberties.”
 - Thirty-eight percent (38%) felt the collection and use of information is “mostly positive because more information can result in better decisions about how to improve the economy, grow businesses, and provide better service, and increase public safety.”

- Another pressing issue for America is international trade. Half of Americans (53%) believe “international trade has been bad for the U.S. economy, because imports from abroad have reduced demand for American-made goods, cost jobs here at home, and produced potentially unsafe products.” Just 39% say it “has been good for the U.S. economy, because demand for U.S. products abroad have resulted in economic growth and jobs for Americans here at home and provided more choices for consumers.”

- The recurrent conversation regarding Social Security and Medicare’s financial strain continues to find America fragmented over a solution. Thirty-eight percent of adults (38%) believe the government should try to make the programs financially viable



through some reductions in benefits and increased taxes. Nearly an identical amount (37%) wants government to deliver the promised benefits even if that means increasing taxes. Another 16% say the government should restrain the cost of the programs and avoid raising taxes, even if it means reducing the benefits paid to future retirees.

8. While the United States faces complex problems at home and abroad in the coming years, Americans are looking outside of the nation's Capital for innovative and creative answers.

- Americans believe that new ideas and solutions for the country's biggest economic and social challenges are more likely to come from state and local institutions (67%) rather than national institutions (24%).
- And, Americans believe that most of the progress being made is coming from the state and local level (61%) instead of the national level (26%).
- Furthermore, half of Americans (50%) prefer their next president to be an "outsider who will shake up the way things are usually done in Washington" rather than "someone with a lot of experience in the political system and elected office" (42%).