

MEMORANDUM

TO: All Interested Parties
FROM: Hart Research Associates
DATE: May 6, 2011
RE: Findings From Budget Survey of D.C. Voters

From April 20 to 22, 2011, Hart Research Associates conducted a telephone survey of 504 likely voters in the District of Columbia on behalf of the D.C. Fiscal Policy Institute. The margin of error for this survey is ± 4.4 percentage points, and is higher among certain subgroups. This memo reviews the survey's key findings.

Findings

1 D.C. voters strongly prefer maintaining public services over holding down taxes as a budget priority today. Large majorities find cuts to police and public safety, education, and specific social services to be unacceptable.

- Nearly two in three (65%) voters say that the District is facing either a large (38%) or small (27%) budget shortfall over the next year.
- By an overwhelming 70% to 23%, District voters say that maintaining public services should be a higher priority than holding down taxes.
- Clear majorities of voters say that cuts to police and public safety, education, and specific social service programs are *unacceptable*, including cuts to affordable housing, homeless services, and income assistance. Cuts in only two program areas are deemed acceptable: economic development (63% acceptable) and road and transportation projects, including the streetcar (61%).

Proposals To Address The Budget Shortfall

	<u>Acceptable</u> %	<u>Unacceptable</u> %
Economic development	63	32
Road and transportation projects, including the streetcar	61	36
Affordable housing	40	58
Homeless services	30	68
Income assistance for needy families with children	29	70
Police and public safety	29	70
Services for residents with disabilities	26	72
Education	23	75

Hart Research Associates

- A plurality (42%) of voters would prefer to see an even balance of spending cuts and tax increases to deal with the budget shortfall, with 37% having a preference to rely entirely or mainly on spending cuts and 15% who prefer to rely entirely or mainly on tax increases.

2 After voters hear a description of Mayor Gray’s budget proposal, reactions are mixed. Significantly, though, opposition to the plan stems mainly from concerns that it is too focused on reducing services, not that it is too focused on raising taxes.

- Only 37% of voters say they know a great deal (8%) or some (29%) about the mayor’s budget proposal, with 62% indicating that they do not know very much (31%) or nothing at all (31%) about his plan.
- Once voters are read the following description of the mayor’s budget proposal, 46% favor his plan and 47% oppose it (7% have no opinion). A majority of white voters favor the proposal (56% favor, 43% oppose) while a majority of African-American voters oppose the mayor’s plan (36% favor, 54% oppose). Majorities of voters in Wards 1 and 6 (55% favor, 40% oppose) and Wards 2 and 3 (52% favor, 46% oppose) favor the proposal, while a majority of voters in Wards 7 and 8 oppose the plan (30% favor, 58% oppose). Reaction to the mayor’s proposal is mixed in Wards 4 and 5 (47% favor, 45% oppose).

As you know, Mayor Gray recently announced a budget proposal to deal with the \$322-million-dollar budget shortfall. This proposal would increase taxes and fees by approximately \$127 million dollars and reduce spending by approximately \$187 million dollars. Tax increases would include an increase of about one-half of one percent in the income tax rate for taxpayers earning more than \$200,000 a year and higher taxes on those who use parking garages. Spending cuts include reducing spending by \$130 million dollars for social programs, including homeless services, health care, and housing.

- A plurality (35%) of voters believe that the Gray budget proposal is too focused on reducing services, and another 31% say the plan strikes the right balance. **Just 20% say the mayor’s budget plan is too focused on raising taxes.** Among those with incomes of more than \$100,000 (many of whom would be taxed at a higher rate), just 12% say the plan is too focused on raising taxes while 35% say it is too focused on reducing services.
- Among voters who oppose the overall budget proposal, 52% say the plan is too focused on reducing services and 26% say it is too focused on raising taxes. This means that **only 12% of all D.C. voters oppose the mayor’s budget proposal because it goes too far in raising taxes.**
- Only 30% of all voters say that the phrase “goes too far in raising taxes” describes the mayor’s budget proposal well.

3 When voters consider specific elements in the mayor’s budget, they find the tax increases to be acceptable, but consider the funding reductions to be unacceptable.

- Large majorities of voters find the proposed tax and fare increases in Gray’s plan to be acceptable (as listed in the following table). And there is majority support for each tax increase across all geographic regions of the District. Fully 87% support requiring corporations to fully report their D.C. income, 85% approve of raising income tax rates on residents with incomes above \$200,000, and 70% favor increasing the parking garage tax from 12% to 18%.
- Support for tax and fare increases proposed by the mayor is widespread across the District. For example, overall support for raising income tax rates on higher-income residents is 85% district-wide, 87% in Wards 1 and 6, 85% in Wards 2 and 3, 85% in Wards 4 and 5, and 82% in Wards 7 and 8.
- And an overwhelming majority of those who are most likely to be impacted by the tax increases also voice support. Among voters with incomes of more than \$100,000, 90% of District residents say that they find the tax increase on voters earning more than \$200,000 to be acceptable.
- Majorities of voters find specific reductions in funding to be unacceptable, and in several instances, majorities of voters find these reductions to be **totally** unacceptable. Voters object most strongly to reductions in programs for the disabled, mental health services, and education.

Reactions To Specific Aspects Of Mayor Gray’s Budget Proposal

	<u>Acceptable</u> %	<u>Unacceptable</u> %	<u>Totally Unacceptable</u> %
Require corporations that do business in the District as well as in other states to fully report income earned in the District when they file taxes	87	8	5
Increase the income tax rate on residents earning more than \$200,000 so that a person with an income of \$300,000 would pay an additional \$400 per year	85	14	9
Increase the tax paid by those who use parking garages from 12% to 18%	70	25	15
Increase the fare for the Circulator bus from \$1 to \$2	60	36	22
Reduce funding that helps build affordable housing	38	59	36
Reduce funding for public safety by \$18 million dollars	24	70	48
Reduce funding for education by \$18 million dollars	17	79	64
Reduce funding for mental health services, including services for children, by \$3.1 million dollars	15	81	57
Eliminate financial assistance for residents with disabilities who cannot work and are waiting to be covered by Social Security	13	84	59

Other Survey Findings

- A plurality (41%) of voters say that things in the District of Columbia have gotten pretty seriously off on the wrong track while 35% believe that things are going in the right direction.
- A majority (51%) of voters cite education as one of the issues that most concerns them, and no other issue comes close. Other important issues for voters include crime and public safety (32%), jobs and the economy (27%), social services (20%), and affordable housing (19%). Significantly, government spending and the budget (14%) and taxes (11%) rank at the bottom of the list of concerns for District voters.
- Initial reaction to the mayor's budget proposal, without any explanation of the plan, is mixed. Twenty-five percent (25%) favor the plan, 24% oppose it, and a majority (51%) is not able to offer an opinion either way.