

VIEWS OF THE NATIONAL ECONOMY ARE CLOUDED BY PERSONAL FINANCE AND EMPLOYMENT CONCERNS

Few Americans think the economy has bounced back substantially from the financial crisis of 2008 and the recession that immediately followed. In a recent poll conducted by The Associated Press-NORC Center for Public Affairs Research, 6 in 10 regard the condition of the national economy as poor, and less than a quarter expect to see improvement over the next year.

According to a report released by the White House in February, unemployment is falling, wages are growing, and consumer confidence is on the rise.¹ So why does the public have such a gloomy view of the economy?

While Americans are more upbeat about their own finances than the national economy, most workers, particularly those with lower incomes, report stagnant wages in recent years. Few are confident they could find new employment if necessary. And Americans have little confidence in their ability to retire on their own schedule.

The White House's economic report acknowledges some forces are causing disaffection among American workers, particularly those on the lower end of the income scale. Lower-income Americans are the least likely to say the economy has recovered, according to the AP-NORC poll. They are also more inclined to express concern about unemployment and reduced wages, and they feel very little security about their ability to retire.

¹ The Economic Report of the President, https://www.whitehouse.gov/sites/default/files/docs/ERP_2016_Book_Complete%20JA.pdf



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Three Things You Should Know about The AP NORC Poll on the economy and personal finances:

- 1) While 66 percent of Americans describe their own finances as good, 57 percent give negative marks to the national economy.
- 2) Only 22 percent say the economy has recovered from the recession, and 77 percent do not expect the economy to improve in the next year.
- 3) Most American workers have not seen a salary increase in recent years. Forty-six percent say their pay has stayed the same and 16 percent have experienced pay cuts.

The nationwide poll of 1,008 adults used the AmeriSpeak® Omnibus, a monthly multi-client survey using NORC at the University of Chicago's probability-based panel. Interviews were conducted between April 14 and 18, 2016, online and using landlines and cellphones.

Some of the poll's key findings are:

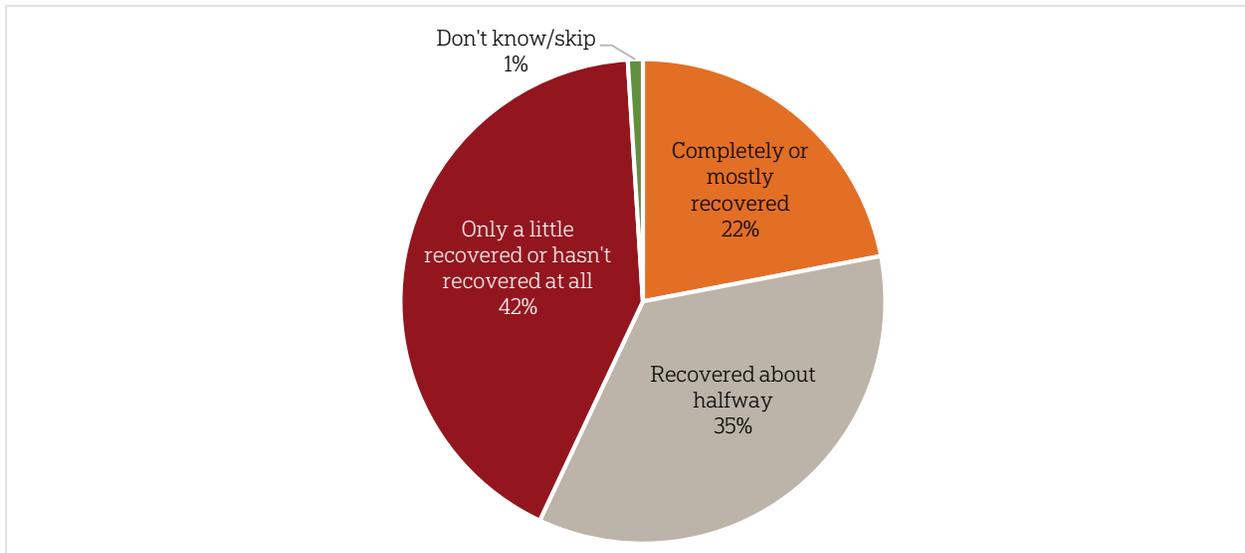
- Most Americans, 57 percent, describe the national economy as poor and only 23 percent think it will improve over the next year.
- The public does not believe the economy has been restored since the financial crisis of 2008. Only 22 percent of people say the economy has mostly or completely recovered from the recession.
- More affluent Americans are inclined to have a rosier view of the economy, while those with lower incomes tend to be more doubtful. Two-thirds of people with annual household incomes over \$100,000 say the economy is at least halfway back from the recession, while half of those with incomes under \$30,000 say there has been little or no recovery.
- In general, Americans are more positive about their own finances with 66 percent describing them as good.
- However, most employed Americans have not seen a salary increase in recent years. Forty-six percent say their pay has stayed the same and 16 percent have experienced pay cuts.
- Only 28 percent of adults have confidence they would be able to find equal or better employment if they left their current position.
- Few workers expect to have enough savings to retire on their own timetable. About half, 54 percent, have little or no confidence that investments will enable them to retire when they want to leave the workplace.
- Two-thirds of Americans would have trouble immediately paying an unanticipated bill of \$1,000. Eleven percent say they would not be able to pay an unexpected bill of \$1,000 at all and another 45 percent report they would need to borrow money.

MOST AMERICANS REGARD THE ECONOMY AS POOR AND MANY FEEL THAT THE ECONOMY IS STILL RECOVERING FROM RECESSION.

Overall, 42 percent say the national economy is good and 57 percent say it is poor. Twenty-three percent say they anticipate that the economy will improve over the coming year, 28 percent say it will decline, and 49 percent say it will stay the same.

Of those who expect the country's economic condition to stay the same, just 13 percent say it is already in good shape, and 86 percent say it is in poor condition.

Few Americans say the national economy has recovered from the 2008 financial crisis and the Great Recession. Four in 10 say the economy has recovered only a little or not at all, and another third say it is about halfway there. And just under a quarter of people regard the economy as mostly or completely recovered from the recession.

Few Americans say the economy has recovered from the 2008 financial crisis.

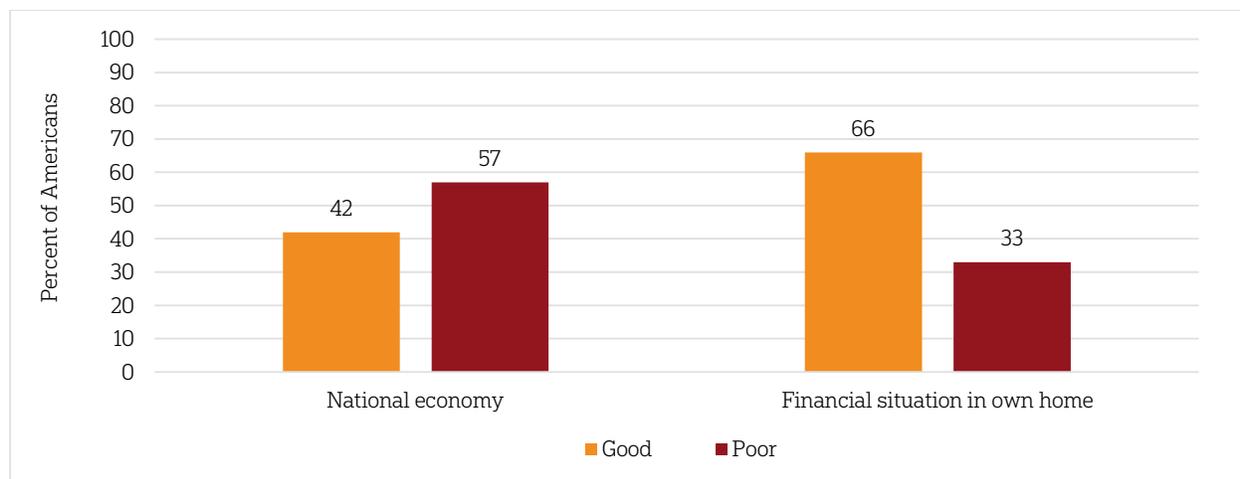
Question: How much do you think the national economy has recovered from the 2008 financial crisis and Great Recession?

Fifty-nine percent of those who say the economy is currently in bad shape say there has been little or no recovery from the recession, about three times as many who say the economy is in good shape (20 percent).

Further, lower-income Americans are the most likely to perceive the slow recovery. Almost half of those with household incomes under \$30,000 a year report that the national economy has not recovered much at all from the recession, compared to just over a third of those with incomes over \$100,000 a year (49 percent vs. 35 percent).

AMERICANS ARE MORE POSITIVE ABOUT THEIR OWN FINANCES, THOUGH MANY HAVE NOT EXPERIENCED A SALARY BUMP RECENTLY.

Two-thirds of Americans say their family's economic position is good, while one-third say they are not doing so well. Forty-three percent anticipate that their financial situation will improve over the next year, 50 percent say their situation will remain the same, and 6 percent expect to see decline in their household's fortunes.

Most Americans describe the financial situation at home as good and the national economy as poor.

Questions: How would you describe the nation's economy these days? And how would you describe the financial situation in your own household these days?

Though a majority of Americans say their personal financial situation is good, those with annual household incomes under \$50,000 are less positive about their finances than those with higher incomes (59 percent vs. 74 percent).

Of those who expect no change in their personal finances over the next year, 1 in 3 say their current financial situation is good. And most Americans who have a negative view of their current personal financial situation do not expect things to get worse. Forty-four percent say they anticipate an improvement in their personal finances, 43 percent do not foresee any change, and 13 percent expect further deterioration.

Despite many people's optimism about their future finances, the income of most working Americans has not improved over the past five years. Of those who are currently employed, 46 percent say their salary has remained about the same and another 16 percent say their salary has actually lost ground. Thirty-two percent report their wages have made steady advances and 5 percent say their pay has increased rapidly.

At the same time, about a third of Americans are worried about the prospect of even lower wages, caused by a pay cut or a decrease in hours. And about as many are concerned about the possibility of someone in their household losing his or her job.

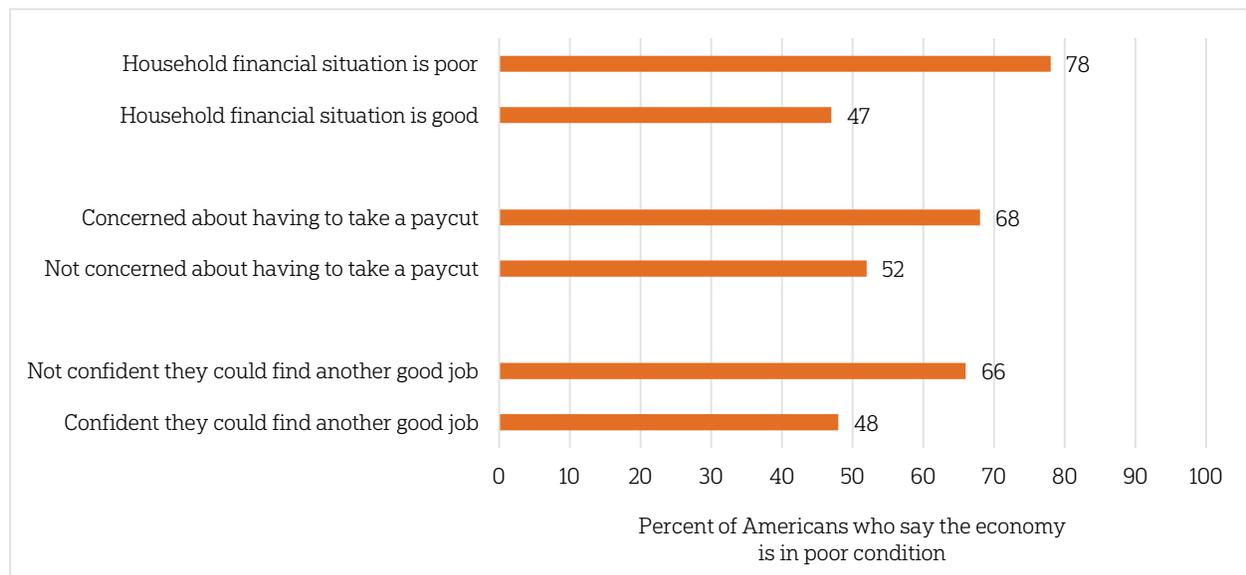
Along with worries about job security, many Americans have little faith in their ability to secure another position. Of those who are concerned about layoffs, half say they are not confident that they could obtain another job.

Overall, just 28 percent of employed Americans say they are very or extremely confident that they could find employment as good or better if they left their current job for any reason, while 36 percent are somewhat confident, and 35 percent are not very or not at all confident.

PERSONAL FINANCIAL SITUATION HAS SOME IMPACT ON HOW AMERICANS VIEW THE STATE OF THE NATIONAL ECONOMY.

Those with a negative view of their current household finances are more likely than those with a positive view to also have a negative assessment of the national economy (78 percent vs. 47 percent). Likewise, 68 percent of those who are concerned about being forced to take a reduction in hours or pay give the economy low marks, compared with 52 percent of those who are not concerned. And those who are not confident that they could find another equally good job if they left their current job are more likely to say the economy is doing poorly than those who are confident they could find another job (66 percent vs. 48 percent).

Americans with concerns about their own finances tend to regard the national economy negatively.



Question: How would you describe the nation's economy these days?

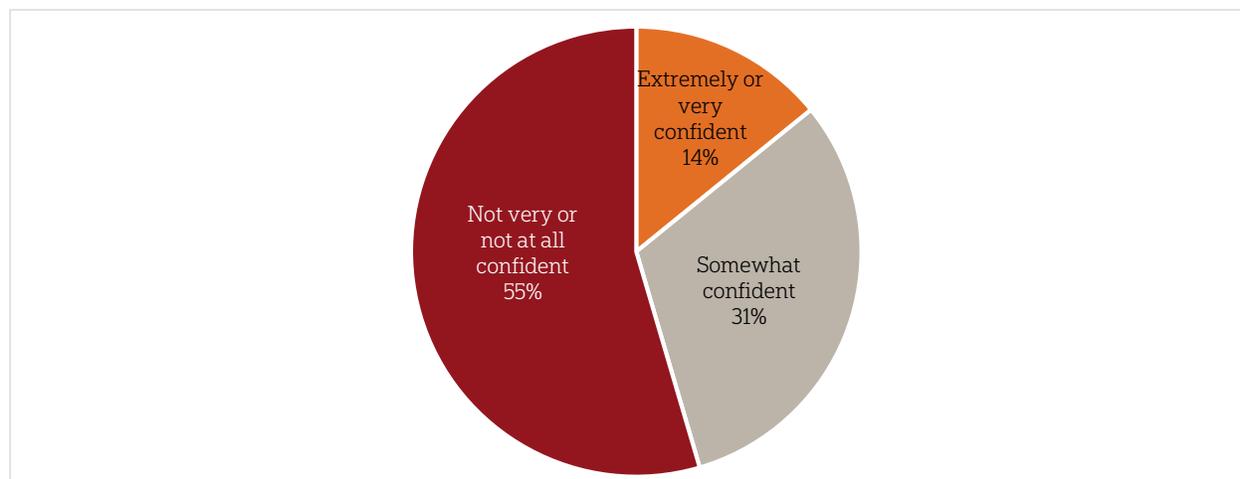
Americans' national economic assessment does not differ by level of concern about being laid off or by whether they have personally experienced an increase or decrease in wages.

FEW WORKERS HAVE FAITH THAT THEY'LL HAVE ENOUGH SAVINGS TO RETIRE ON THEIR OWN SCHEDULE.

Just 14 percent of working Americans say they are extremely or very confident that they will have enough retirement savings to be able to retire when they want to, 31 percent are somewhat confident, and 54 percent are not very or not at all confident.

Assets in the stock market is no protection against this fear. Those with money in the stock market also have little faith that their investments will allow them to leave the workforce on their own timetable.

Most workers are not confident their retirement savings will allow them to retire when they choose.



Question: How confident are you that you will have enough retirement savings to be able to retire when you want to?

Confidence that their retirement savings will enable them to retire at the timing of their choosing isn't very high even among Americans with household incomes of \$100,000 or more, although those with lower incomes are even less secure about their ability to retire (26 percent vs. 10 percent).

MOST AMERICANS WOULD HAVE DIFFICULTY COVERING AN UNEXPECTED BILL OF \$1,000.

An unexpected bill of \$1,000 would cause most Americans at least some stress on their pocketbook. Forty percent say they would have a lot of financial difficulty coming up with the money to pay the bill, and another 25 percent say they would have a little difficulty. Just 34 percent say they would be able to pay the bill with little to no difficulty at all. Polls conducted by CBS News and The New York Times in 1995², 2006³, and 2007⁴ reported similar overall findings. Americans with household incomes of \$100,000 or more are much less likely than less affluent households to say they would have difficulty paying the bill (38 percent vs. 73 percent).

How would Americans handle such an unanticipated bill? One in 3 say it is extremely or very likely that they would be able pay the bill immediately in cash or check, and 1 in 5 would expect to put the debt on a credit card that would be paid off in full at the end of the statement period. Nearly 4 in 10 would try to arrange a payment plan to handle the debt.

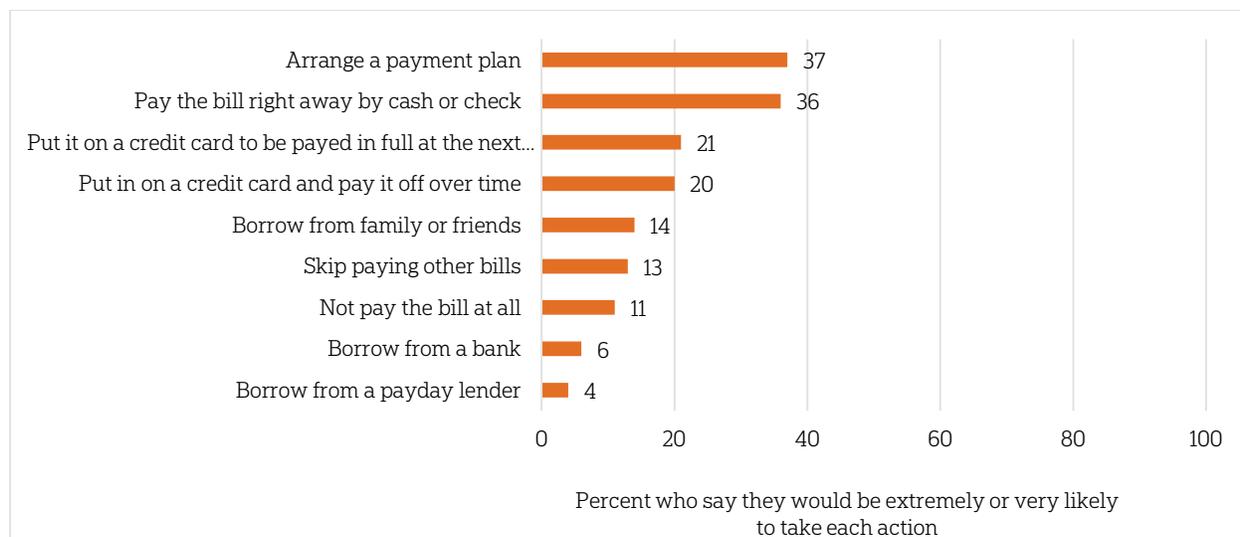
Nearly half of Americans say they would do at least some form of “robbing Peter to pay Paul”, that is pay off the bill by borrowing. Twenty percent would put it on their credit card and pay it off over time, 14 percent would ask their friends or family for a loan, 13 percent would skip paying one or more other bills, 6 percent would visit a loan officer at the bank, and 4 percent would get the money from a payday lender. And 11 percent say it is likely that they would simply not pay the bill.

² CBS News/New York Times. CBS News/New York Times Poll, Mar, 1995

³ CBS News. CBS News Poll, Dec, 2006

⁴ CBS News. CBS News Poll, Apr, 2007

Nearly half of Americans would be likely to borrow to deal with an unexpected \$1,000 bill.



Question: Suppose you had an unexpected bill of \$1,000. Based on your current financial situation, how likely is it that you do any of the following?

ABOUT THE STUDY

Survey Methodology

This survey was conducted by The Associated Press-NORC Center for Public Affairs Research and with funding from NORC at the University of Chicago. Data were collected using AmeriSpeak Omnibus®, a monthly multi-client survey using NORC at the University of Chicago’s probability-based panel designed to be representative of the U.S. household population. The survey was part of a larger study that included questions about other topics not included in this report. During the initial recruitment phase of the panel, randomly selected U.S. households were sampled with a known, non-zero probability of selection from the NORC National Sample Frame and then contacted by U.S. mail, email, telephone, and field interviewers (face-to-face).

Interviews for this survey were conducted between April 14 and 18, 2016, with adults age 18 and over representing the 50 states and the District of Columbia. Panel members were randomly drawn from AmeriSpeak, and 1,008 completed the survey—761 via the web and 247 via telephone. The final stage completion rate is 29.3 percent, the weighted household panel response rate is 36.9 percent, and the weighted household panel retention rate is 94.3 percent, for a cumulative response rate of 10.2 percent. The overall margin of sampling error is +/- 3.7 percentage points at the 95 percent confidence level, including the design effect. The margin of sampling error may be higher for subgroups.

Once the sample has been selected and fielded, and all the study data have been collected and made final, a poststratification process is used to adjust for any survey nonresponse as well as any non-coverage or under- and oversampling resulting from the study-specific sample design. Poststratification variables included age, gender, census division, race/ethnicity, and household phone status. The weighted data, which reflect the U.S. population of adults age 18 and over, were used for all analyses.

All differences reported between subgroups of the U.S. population are at the 95 percent level of statistical significance, meaning that there is only a 5 percent (or lower) probability that the observed differences could be attributed to chance variation in sampling.

A comprehensive listing of the questions, complete with tabulations of top-level results for each question, is available on The AP-NORC Center website: www.apnorc.org.

CONTRIBUTING RESEARCHERS

From NORC at the University of Chicago

Marjorie Connelly

Emily Alvarez

Jennifer Benz

Trevor Tompson

David Sterrett

Nada Ganesh

Liz Kantor

From The Associated Press

Emily Swanson

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