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Beacon Hill Institute Survey 2005: Half of all respondents expect Massachusetts economy to improve in 2005; Fiscal conservatives divided on health care mandates, tax breaks for biotech industry and tobacco taxes; Respondents continue to support right to buy Canadian prescription drugs.

Respondents to the Beacon Hill Institute's 2005 State of the Household Survey are more optimistic about the national economy than about the state economy and more optimistic about the state economy than about their personal finances. While 64% believe that the national economy will improve this year, only 50% are similarly hopeful about the Massachusetts economy. Fifty percent (50%) see their household finances as neither improving nor worsening with only 34% seeing improvement. Only 21% believe that their own economic standing and that of the state is improving as they enter the new year -- a decrease of 13 percentage points from last year.

The survey, sponsored by BHI, has been conducted each January since 1998. More than 425 individuals responded to this year's mail-in survey, which has a margin of error of +/- 5 percentage points.

The BHI survey represents a sample of fiscal conservatives in Massachusetts who support free-market policies and the candidates who espouse them. This sample overwhelmingly believes that Governor Mitt Romney (82%) is performing well in his job -- a seven point increase from last year.

Respondents to the survey also:

- oppose tax increases (84% want the personal income tax rate cut to 5%);
- want to abolish the state excise tax on cars (62% would favor this measure);
- would accept a plan that allows landlords to charge tenants for water use (75%);
- support reforming Social Security by establishing private savings accounts (69%); 54% favor reforming Social Security by means other than private accounts. Only 4% believe that Social Security should be left alone;
- oppose any proposal that would cap the number of charter schools (59%); and,
- support a proposal to create an independent commission to redraw legislative and congressional districts (70%).

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However, the survey identified several splits among this sample that highlight differences of opinion on current issues:

- Forty-four percent (44%) favor a proposal that would require employers to provide health insurance or pay into a funding pool while 43% opposed. Thirteen percent (13%) were undecided. Last year 51% opposed any law mandating universal health care in the Bay State (down from 56% in 2003).
- Thirty-six percent (36%) favor limitations on the ability of the Commonwealth to contract with firms that outsource jobs overseas, while 50% oppose such measures with 14% undecided.
- Fifty percent (50%) oppose the establishment of casino gambling, while 38% favor it. Twelve percent (12%) were undecided.

Respondents went against mainstream free market thinking on two key issues. Fifty-two percent (52%) favor raising tobacco taxes to expand health care coverage. Sixty-two percent (62%) believe that states, cities and towns should be free to purchase drugs from Canada, a ten-point drop from last year. Only 24% agree with the state's biotech industry that the public sector should not be allowed to buy drugs north of the border.

Respondents sent mixed signals on how best to use tax policy to help businesses thrive in the Commonwealth. An equal amount opposed targeted tax cuts for the biotech industry (35%) as supported them (35%). However, 30% expressed no opinion on the question; the largest undecided bloc of any policy question in the survey.

Tax incentives for manufacturing continue to tell another story. Seventy-six percent (76%) believe the state should be actively involved in preserving manufacturing jobs with tax incentives if necessary. Only 17% opposed the idea. Only 32% support tax breaks for both biotech and manufacturing.

Fifty-one percent (51%) would favor a requirement that Medicaid recipients absorb a larger portion of their health care costs while 30% did not favor the requirement. Eighty-seven percent (87%) of respondents overwhelming support measure to cap medical malpractice jury awards, one of the largest majorities received for any of the policy questions.

As with previous findings, respondents continued to demonstrate support for local government even though they favor abolishing a source of revenue to localities, the excise tax. Sixty-six percent (66%) opposed cutting local aid to cities and towns and only 17% favored cutting local aid with 17% holding no opinion. Fifty-three percent (53%) of respondents who expressed confidence in Governor Romney's performance also opposed cutting state aid to local cities and towns.

Those who bemoan the decline of printed newspapers as a source of information may take some solace in the findings on the BHI survey. Picking up the newspaper appears to be the preferred method of obtaining information among Massachusetts fiscal conservatives. Sixty-five (65%) disagreed when asked whether they agreed or disagreed with the following statement: "I get more of my news from the Internet than from newspapers." Only 23% agreed with the statement.

Beacon Hill Institute State of the Household Survey 2005	Improve	Neither or no opinion	Worsen
During 2005 do you expect the global economy to...	46%	41%	13%
During 2005 do you expect the national economy to...	64	22	14
During 2005 do you expect the Massachusetts economy to...	50	35	15
Do you support or oppose each of the following proposals that are likely to be raised in Massachusetts in the coming year? A proposal	Support	Neither support nor oppose	Oppose
Requiring employers to provide health insurance or pay into a funding pool.	44	13	43
Raising tobacco taxes to provide funding for expanded health care coverage.	52	12	36
Preventing or limiting State from contracting with firms that outsource overseas.	36	14	50
Capping the number of charter schools in the Commonwealth.	20	21	59
Creating an independent commission to draw legislative and congressional districts.	70	21	9
Abolishing the excise tax on motor vehicles.	62	16	22
Cutting local aid to cities and towns.	17	17	66
Capping damages in medical malpractice jury awards.	87	5	8
Eliminating nursing home tax on non-Medicaid residents.	70	25	5
Allowing landlords to charge tenants for water use.	75	13	12
Do you favor or oppose each of the following?	Favor	Neither favor nor oppose	Oppose
The redirection of funds to assist the poor from government to nonprofit organizations.	61	21	18
A continuation of education reform at its current level	63	25	12
The establishment of casino gambling.	38	12	50
Reforming Social Security by establishing private savings accounts.	69	9	22
Reforming Social Security by means other than private savings accounts.	54	31	15

(Cont) Do you favor or oppose each of the following?	Favor	Neither favor nor oppose	Oppose
A targeted tax cut for the biotechnology industry.	35	30	35
Requiring Medicaid recipients to absorb a larger share of their health care costs.	51	19	30
Do you agree or disagree with each of the following?	Agree	Neither agree nor disagree	Disagree
Governor Mitt Romney has done well in his first year.	82	8	10
Cut state personal income tax to 5% by the end of Romney's first term.	84	7	9
States, cities and towns free to buy drugs from Canada .	62	14	24
State tax incentives for manufacturing .	76	7	17
	Improving	Neither improving nor worsening	Worsening
How do you rate your own household finances this year?	34	50	16
	Agree	Neither agree nor disagree	Disagree
Agree or disagree "I get more of my daily news from the Internet rather than reading a newspaper."	23	12	65

The Beacon Hill Institute for Public Policy Research focuses on federal, state and local economic policies as they affect citizens and businesses, particularly in Massachusetts. The Institute, which is part of Suffolk University, uses state-of-the-art statistical, mathematical and econometric methods to provide timely and readable analyses that help voters, policymakers and opinion leaders understand today's leading public policy issues.