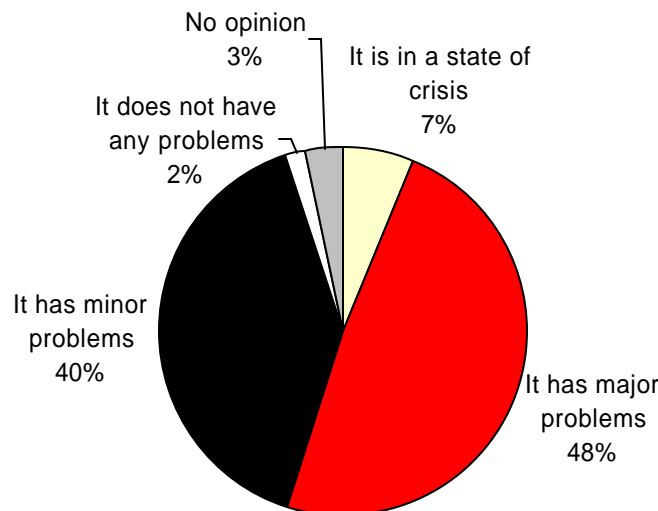


Georgians' Attitudes and Opinion Regarding the State's Current Budgetary Situation

Throughout the United States, state governments are making difficult budget decisions—having to cut programs, raise taxes, or both. Comparatively, the budget situation in Georgia is not as dire as in many other states. Nevertheless, Georgia's elected officials have a substantial revenue shortfall with which to contend. The Peach State Poll finds that the public also sees these issues facing the legislature as being quite serious. While only 7 percent of Georgians characterize the current budget situation as a crisis, a plurality (48 percent) says that the budget is a major problem. There is a substantial minority of Georgians (40 percent), however, who would describe the current budgetary situation as a minor problem.

Which of the following statements do you think best describes the State of Georgia's financial situation at the present time?



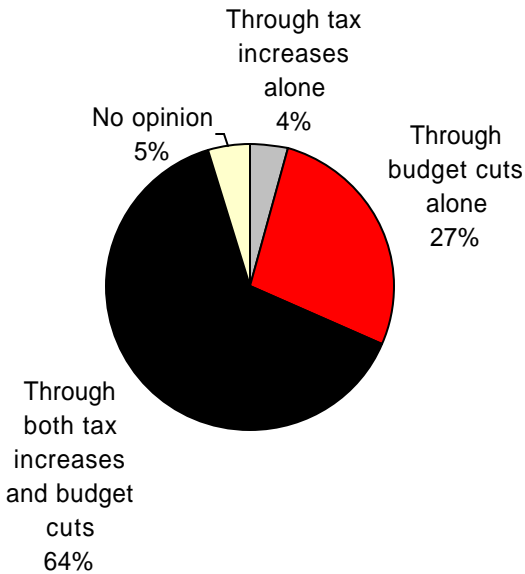
When asked what they thought was the best way to address the expected budget shortfall, a majority of the public (64 percent) said that they favor using a combination of budget cuts and tax increases. Only 27 percent of respondents preferred to address the shortfall through budget cuts alone, and less than 5 percent preferred to address the shortfall by tax increases alone.

Overall, those who support using a combination of tax increases and budget cuts think that budget cuts should be used to address about half of the shortfall.¹ Of the 27 percent of

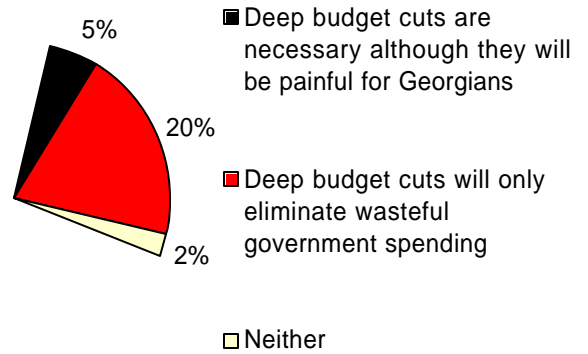
¹ The average of all responses to the question, "About what percentage of the revenue shortfall do you think should be covered by budget cuts?" is 42 percent, but the median and modal response—which seem more relevant in this case—is 50 percent.

respondents who believe that the shortfall should be met by budget cuts alone, a strong majority (72 percent) believes that budget cuts will eliminate wasteful government spending rather than be painful for Georgians.

What is the best way to handle the state's budget shortfall?



Which statement comes closer to your point of view:*



* Asked only of those who prefer that the revenue shortfall be addressed by budget cuts alone. The percentages above represent the percentage of the total sample.

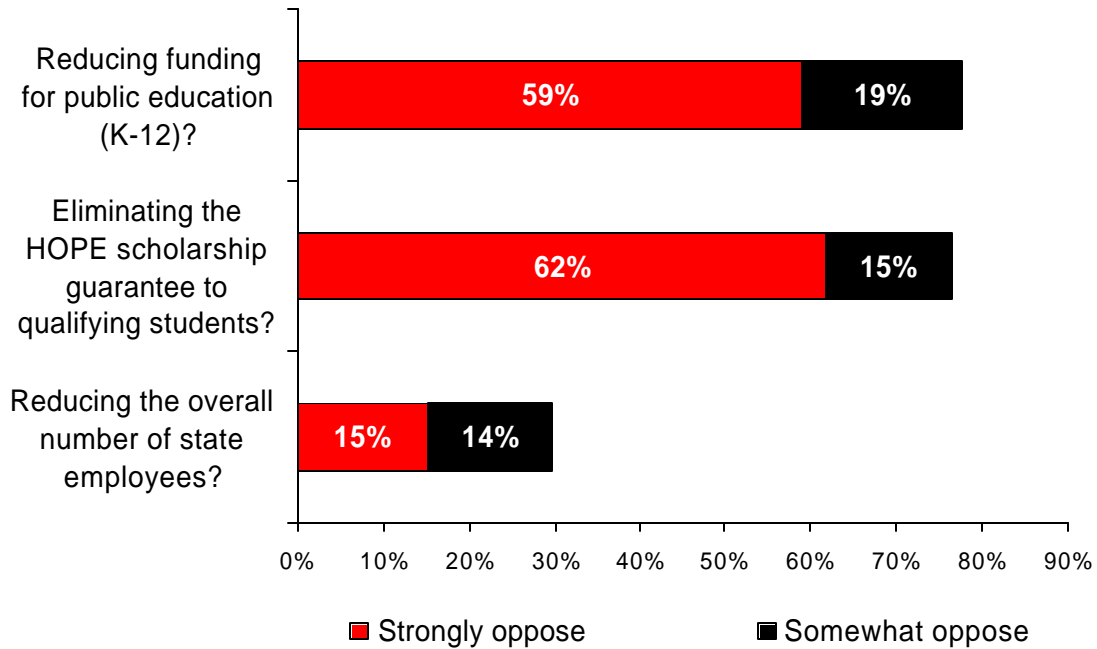
The spring Peach State Poll, which was in the field while the budget debates were taking place, asked the public how they felt about specific potential budget cuts and potential tax increases. In the area of budget cuts, 78 percent of Georgians either strongly opposed (59 percent) or somewhat opposed (19 percent) reducing state funding for K-12 education. Just over half of those who opposed reducing funding to K-12 education (40 percent of the total sample) continue to oppose reducing such funding even if it can be shown that the reduction would not damage the quality of education.

When we asked if, in light of the current budget problems, Georgians favored or opposed eliminating the current HOPE scholarship guarantee, 77 percent of Georgians opposed eliminating the HOPE scholarship program. Of that 77 percent, 82 percent (or 62 percent of the total sample) opposed even reducing the level of funding for HOPE.

A majority of respondents (61 percent) do, however, favor reducing the overall number of state employees to help address the budget shortfall. Seventy-one percent of those who favor reducing the number of state employees (44 percent of the total sample) would still favor such a reduction even if it meant layoffs, and 83 percent of them (36 percent of the total sample) would still favor layoffs even if it meant a reduction in state services.

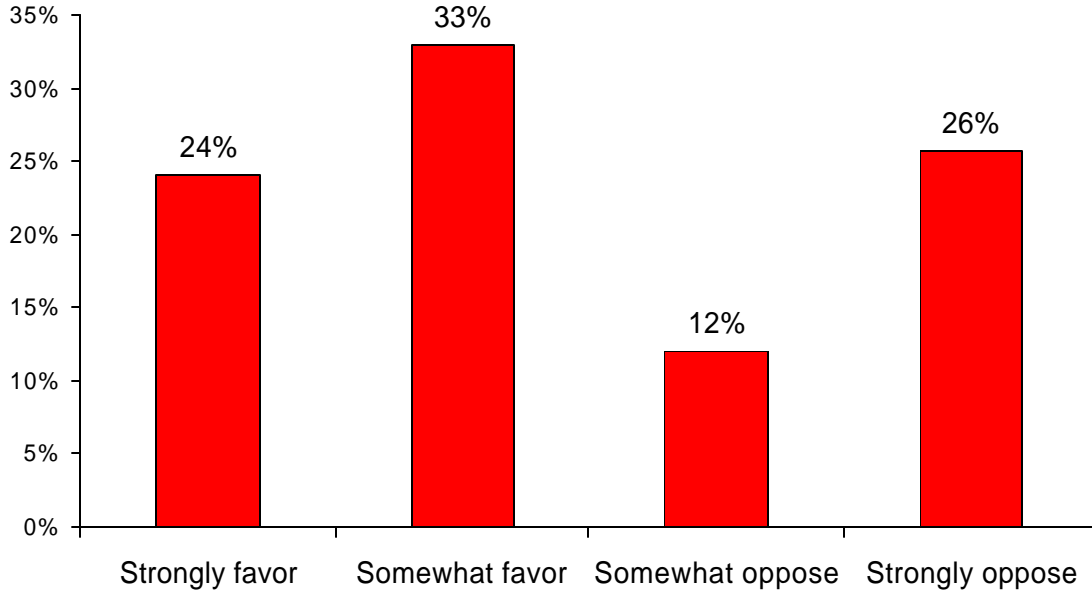
Of the 30 percent who oppose a reduction in the number of state employees, more than half (17 percent of the total sample) would still oppose such a reduction even if it could be done solely through retirements and attrition, but less than half would oppose reducing the number of state employees if the only alternative were to raise taxes.

Given the predicted revenue shortfall, would you favor or oppose ...



As far as sources of revenue are concerned, 57 percent of respondents either strongly favored (24 percent) or somewhat favored (33 percent) increasing the fees that Georgians pay for state licenses. This poll did not probe to see which type of licenses respondents had in mind when they stated either their support or opposition to raising fees, but it is clear from the distribution of responses that those who opposed an increase in fees tend to hold their opinions more strongly than do those who favored such an increase.

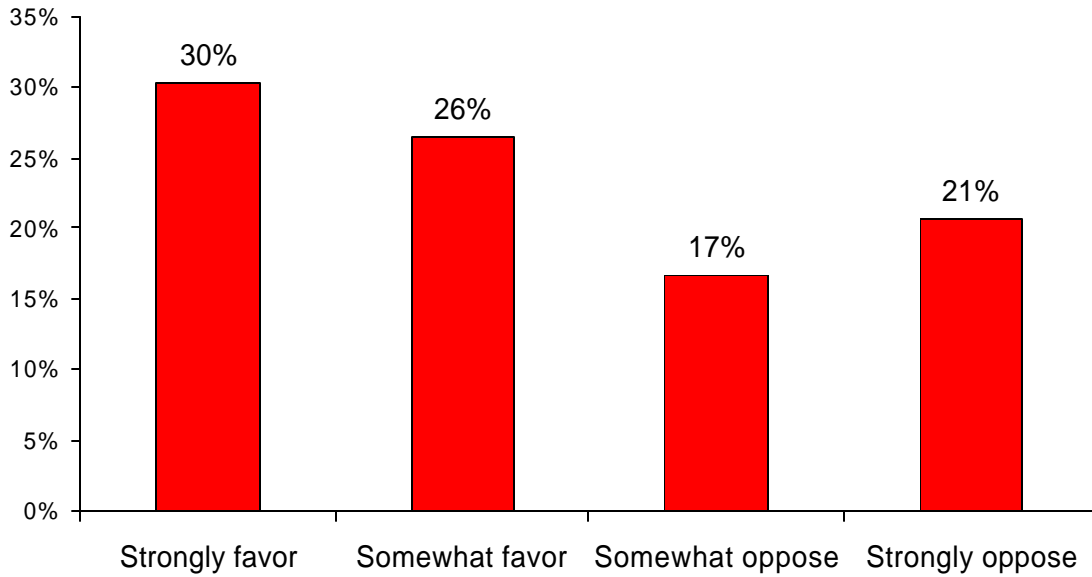
Given the predicted revenue shortfall, would you favor or oppose an increase in fees for state licenses?



We also described briefly the state’s rainy day fund and asked respondents whether or not they thought that the fund should be used “to the fullest extent” to help address the predicted revenue shortfall. Fifty-seven percent of Peach State Poll respondents favored using the rainy day fund. Of those who favored using the rainy day fund to the fullest extent, 44 percent (25 percent of the total sample) said that they will still favor using the fund even if it hurt the state’s bond rating, while an equal number of respondents said they would not favor using the fund with that condition.

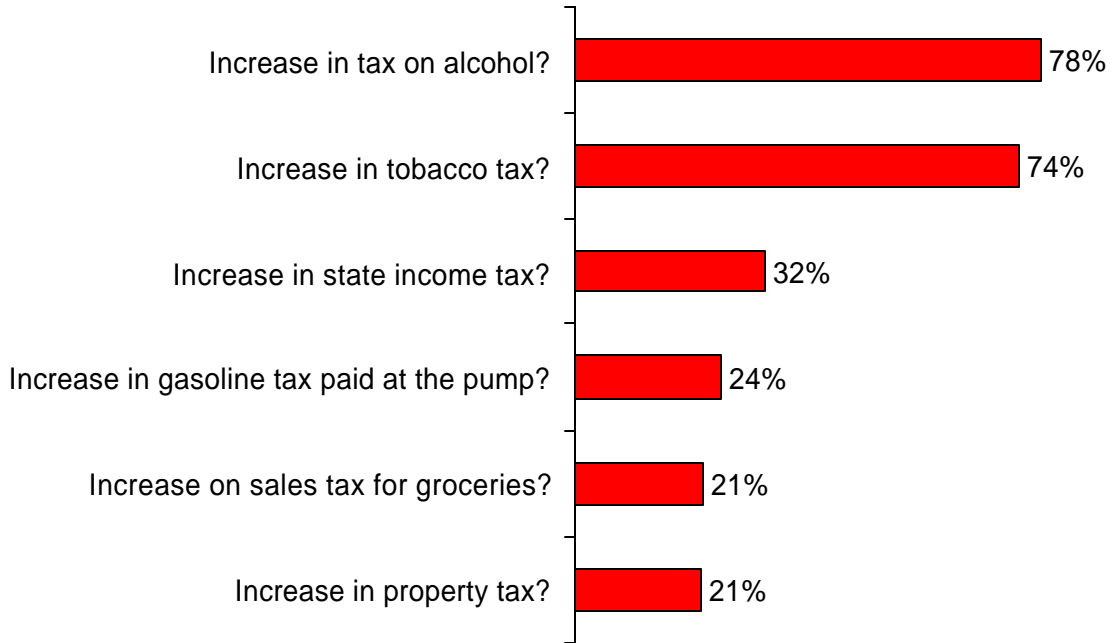
Of the 38 percent who opposed using the rainy day fund to its fullest extent, slightly more than half (20 percent of the total sample) would not oppose using *some* of the fund despite their opposition to using it to the fullest extent. On average, respondents said it would be reasonable to spend up to 32 percent of the fund; the median response was 30 percent of the fund, and the modal response was 25 percent.

Given the predicted revenue shortfall, would you favor or oppose using the state's rainy day fund to the fullest extent?



While increasing taxes is never a popular issue, 78 percent of Georgia’s adults either strongly support (62 percent) or somewhat support (16 percent) an increase in the tax on alcohol, and 74 percent support an increase in the tax on tobacco—with 62 percent indicating strong support. The question of whether or not they would support or oppose an increase in specific taxes was prefaced with the condition, “If tax increases are necessary.” Only 32 percent of the public support increasing the state’s income tax, and less than 25 percent support increasing the tax on gas, groceries, or property.

If tax increases are necessary, would you support or oppose the following types of increases?



The data presented in this report are taken from a Peach State Poll conducted by the Carl Vinson Institute of Government between March 31 and April 6, 2003. The poll included 800 telephone interviews of randomly selected adults in Georgia. For a sample of this size, the margin of error at the 95 percent confidence level is +/- 3.5 percent. Although sampling error is only one source of potential survey error, all precautions have been taken to minimize other sources of error for this survey.

The Carl Vinson Institute of Government, a public service and outreach unit of the University of Georgia, has as part of its mission to provide policymakers with systematic, objective research to inform policy decisions. In accordance with that mission, the Peach State Poll aims to give voice to the public on important policy matters and issues pertaining to political, social, and economic life in Georgia.

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