

MEMORANDUM

TO: Building a Better Arizona 2012

FR: HighGround, Inc.

RE: Survey Results Executive Summary

DT: March 23, 2009

Understanding the Current Environment

Nearly all the respondent likely voters chose an economic matter when asked an open-ended question about the top issue facing Arizona. Nearly 22.4% cited the State Budget Deficit, and 20.4% mentioned Cuts in Education, K-12 & Universities. More people feel that Arizona is headed in the wrong direction (42% wrong vs. 36% right), and when asked, 33.1% blame Republicans for the State's woes, while only 18.1% blame former Governor Napolitano. The coalition focused on blaming the Republicans centers around a group of Pima and Central Maricopa voters, Democrats, Moderates and Liberals.

Most important to understanding the current environment, an overwhelming majority of voters 94.2% are aware of the current deficit, and an impressive 75.2% believe it's a major policy issue. However, when asked what they knew about the budget deficit, there was little depth to understanding with 41.2% noting just that AZ "has a large one" and 28.5% citing the cuts in education.

"Reform" - Potential Spending Cuts

Next, we covered some of the cuts in State spending that may be considered to reduce the deficit for 2010. Of the cuts tested, cuts to Kindergarten through 12th grade education were the LEAST acceptable with 75.3% deeming this an unacceptable option including Republicans at 63.7% unacceptable. Of the options, only cuts for prisons, state law enforcement, and the courts came even close, but they were still found at 45.5% unacceptable.

Key Reform Talking Points:

- Arizona has grown government by 45% over the past three years to unsustainable levels. There are still many opportunities to cut the budget back to reasonable levels to get spending back in line. We just need to cut spending and balance the budget. (Agree: 64.1%)
- In times of economic slowdown, tax increases actually depress the economy further and it takes even longer to recover. Private investment stimulates the economy, NOT government spending and higher taxes. (Agree: 53.9%)

Changes to Voter Protection Act

Changes to the Voter Protection Act start at 44.5% support for “modifying the Voter Protection Act to permit the Legislature and the Governor to re-direct these funds to attempt to maintain funding levels for public education, universities and community colleges, and health care for the poor.” As you place additional limitations to the Act such as making the redirect temporary, support grows to 55.8% and taking money from only very specific funds takes support to 64.7%.

However, the only two realistic programs to make cuts based on voters’ preferences are smoking cessation (70.4% acceptable) and state programs funded by Indian Gaming (37.9% acceptable). Any efforts to amend Prop 105 must have significant input from the coalition groups protected by 105. The public view of a negotiated Prop 105 fix could prove popular to minimize opposition and show a desire to build supportive coalitions.

“Reinvestment” – Potential Tax Sources

After assuming that the Legislature and the Governor have already cut nearly \$1 billion dollars in State spending by 2010, used all of the federal stimulus funds to balance the budget and still have a billion dollar per year budget deficit, raising a 1% sales tax dedicated towards maintaining 2010 spending levels for K-12 education, universities, community colleges, and health care for the poor was the only credible option - gathering 66.6% support. Raising the gasoline tax and the state income tax were among the worst options.

Key Reinvestment Talking Points:

- We cannot afford to make cuts to education and other programs because they are providing the educated workforce we need to secure our long-term economy and compete in the global marketplace. (73.3% agree)
- Until the economy recovers, we need to find temporary ways to bridge the gap so that Arizona can continue to offer the essential public services that it provides to its citizens. (73.3% agree)

Conclusions - Reduce, Reform, Re-invest

The overall conclusion we draw from these data is that Arizona likely voters are very conflicted over the budget deficit and how it can best be resolved. In the second ballot test, 37.4% support spending cuts, 29.8% support taxes, 27.5% favor mix of both. Given that conflict, the most acceptable solution may be one that satisfies no one, i.e., that balances spending cuts with tax increases.

Reduce the Size of Government - Over 30% of the electorate understands the need to make government smaller. Republicans make up a significant portion of this base group. Any solution must involve making government smaller

Reform Government Spending - Reductions to K-12 and Higher Education spending must be presented as reforms that are being done in partnership with core interest groups.

Prop 105 reforms should be done in partnership with advocacy groups. Rainy Day Fund must be strengthened and used as a braking mechanism on future government spending.

Reinvesting in Arizona - 66.6% of likely voters would support a constitutionally time limited 1% increase in the State sales tax. Funds from this tax must be dedicated towards preserving 2010 funding levels for K-12, Universities, community colleges and health care for the poor.