PPIC STATEWIDE SURVEY

Californians 8 their government

in collaboration with
The James Irvine Foundation

Mark Baldassare Dean Bonner Jennifer Paluch Sonja Petek The Public Policy Institute of California is dedicated to informing and improving public policy in California through independent, objective, nonpartisan research on major economic, social, and political issues. The institute's goal is to raise public awareness and to give elected representatives and other decisionmakers a more informed basis for developing policies and programs.

The institute's research focuses on the underlying forces shaping California's future, cutting across a wide range of public policy concerns, including economic development, education, environment and resources, governance, population, public finance, and social and health policy.

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ABOUT THE SURVEY

The PPIC Statewide Survey provides policymakers, the media, and the general public with objective, advocacy-free information on the perceptions, opinions, and public policy preferences of California residents. Inaugurated in April 1998, this is the 86th PPIC Statewide Survey in a series that has generated a database that includes the responses of more than 182,000 Californians. This survey is the 29th in the *Californians and Their Government* series, which is conducted periodically to examine the social, economic, and political trends that influence public policy preferences and ballot choices. It is supported with funding from The James Irvine Foundation.

The current survey seeks to raise public awareness, inform decisionmakers, and stimulate public discussion on the current state budget and other important state issues. In the context of a multi-billion dollar gap between state spending and state revenues, as well as the recent release of the governor's revised FY09 budget plan, this survey examines Californians' fiscal perceptions, satisfaction with the governor's budget plan, priorities for state spending, attitudes toward spending and revenue proposals, and preferences on fiscal reforms. We examine perceptions and attitudes toward Proposition 13 at the 30th anniversary of the passage of this property tax limits initiative. We also look at Californians' attitudes and preferences in the 2008 presidential election and their support for two eminent domain initiatives, Propositions 98 and 99, on the June ballot. In addition, we analyze their opinions on the current overall direction of the state and its economy and their perceptions of the state's elected officials.

This report presents the responses of 2,003 California adult residents on these specific topics:

- State fiscal issues, including perceptions of the seriousness of the state's budget situation, preferred methods for dealing with the state's multi-billion dollar budget gap, attitudes toward the governor's budget plan, and concern about spending cuts to health and human services. We also ask about priorities for spending on major categories of the state budget, fiscal policy preferences, and perceptions of potential reforms regarding state spending and revenues.
- State context, including approval ratings for Governor Schwarzenegger and the state legislature, perceptions of the most important issues facing California today, opinions about the general direction of the state and outlook for the state's economy, general attitudes toward the Proposition 13 property tax limits initiative, as well as its specific implications for local services and its two-thirds voting requirement, support for Propositions 98 and 99 on the June ballot, the perceived need for change in eminent domain laws, and perceptions of rent control. We also examine presidential candidate favorability ratings and voter preferences in the 2008 presidential election.
- The extent to which Californians—based on their political party affiliation, region of residence, race/ethnicity, and other demographics—may differ with regard to perceptions, attitudes, and preferences involving state and national issues.

Copies of this report may be ordered online (www.ppic.org) or by phone (415-291-4400). For questions about the survey, please contact survey@ppic.org. View our searchable PPIC Statewide Survey database online at http://www.ppic.org/main/survAdvancedSearch.asp.

PRESS RELEASE

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PPIC STATEWIDE SURVEY: CALIFORNIANS AND THEIR GOVERNMENT

Californians Call Governor's Lottery Proposal a Bad Bet

BUT THEY BACK HIS PLAN FOR TEMPORARY SALES TAX HIKE IF LOTTERY MEASURE LOSES

SAN FRANCISCO, California, May 21, 2008 — Most Californians dislike Governor Arnold Schwarzenegger's latest budget plan and oppose his proposal to borrow from the state lottery. But they are willing to accept a temporary increase in the sales tax if the governor's lottery proposal fails, according to a statewide survey released today by the Public Policy Institute of California (PPIC) with funding from The James Irvine Foundation.

The survey finds Californians in a gloomy mood about the state's fiscal prospects and their own. Vast majorities say the current budget situation is a big problem, the governor can't be trusted to make the tough choices needed, and the state is headed in the wrong direction.

But as a polarized legislature heads into a summer of difficult budget negotiations, the survey reveals the same deep partisan divisions among residents over how to deal with a multibillion-dollar budget gap.

"Californians are divided about whether they'd rather pay higher taxes and get more services or pay lower taxes and get less in the way of services," says PPIC president and CEO Mark Baldassare. "Even independents are divided.

"But overall, Californians don't like what they've heard so far from their leaders. They haven't heard a compelling argument about why they should agree to a permanent tax increase, particularly in this economy. They're reluctant to make an investment themselves when they feel that the legislature and governor haven't been good money managers."

SATISFACTION WITH SCHWARZENEGGER BUDGET PLAN HITS NEW LOW

In his revised 2008-2009 budget, announced on May 14, the governor scaled back his proposal to make deep cuts in K-12 public education and dropped plans to close many state parks and release nonviolent prisoners early. His new plan would maintain K-12 funding but exclude any cost-of-living increases. It calls for deep cuts in health and human services to seniors, the poor, the disabled, and recent immigrants. To raise revenue, the governor proposes borrowing about \$15 billion against future proceeds from the state lottery. The lottery plan involves adding new games and promotions to boost sales, which would require voter approval in November. If it fails, a temporary one-cent sales tax increase would go into effect.

When they are read a brief summary of the governor's revised plan, just 35 percent of residents and likely voters say they are satisfied with it, the lowest level of satisfaction since Schwarzenegger took office in 2003. Majorities of residents (56%) and likely voters (57%) are dissatisfied.

Solid majorities of residents (58%) and likely voters (62%) oppose the governor's plan to borrow money from future lottery earnings, and they do so across party lines (62% Democrats, 60% independents, 53% Republicans). Majorities of residents (54%) and likely voters (57%) favor a temporary increase in the sales tax if the lottery plan fails. A majority of Democrats (62%) and independents (56%) back the plan, with about half of Republicans (51%) favoring it.

The potential temporary sales tax increase is the only tax increase included in the governor's revised budget. Asked whether they believe tax increases should be part of his plan, residents are split (48% yes, 46% no), although the percentage favoring tax increases has risen sharply since December (30%). Residents are deeply split along party lines on the question, with 62 percent of Democrats saying tax increases should be in the governor's budget while 62 percent of Republicans oppose.

CONCERN OVER HEALTH CUTS, BUT DESIRE TO SPARE SCHOOLS IS STRONGER

Nearly eight in 10 residents are very concerned (42%) or somewhat concerned (36%) about the impact of proposed spending cuts on health and human services. Levels of concern vary widely across party lines and among demographic groups. A majority of Democrats (55%) are very concerned compared to about one in five Republicans (22%) and one in three independents (34%). Latinos (53%) are far more likely than whites (36%) to be very concerned, and women more likely (46%) than men (37%).

When asked which area of the budget they most wanted to see spared from cuts, six in 10 residents (61%) choose K-12 public education – the top choice in previous surveys, as well – with health and human services (17%) a distant second, followed by higher education (12%), and prisons and corrections (7%).

CALIFORNIANS UNITED IN PERCEIVING A PROBLEM

Two in three Californians consider the current budget situation a big problem (67%) and believe that major changes are needed in the state's budget process (65%).

As residents' perception of the problem has grown, their faith in the governor to make tough budget choices has declined from 24 percent in January to 17 percent today. Californians put more trust in legislators to make these choices, with 37 percent preferring the Democrats' approach and 20 percent preferring the Republicans' approach. But it's clear that Californians' trust is in the legislators of their own parties, rather than in the legislature as a whole. A strong majority of Democrats (63%) want Democratic lawmakers to handle the budget, while nearly half of Republicans (46%) prefer GOP lawmakers' approach, and one in four (25%) favor the governor's approach.

BUT THEY'RE DIVIDED OVER HOW TO SOLVE IT

A plurality of residents (43%) say the budget gap should be closed through a mix of spending cuts and tax increases, while a third (33%) would close it mostly through cuts. Fewer than one in 10 residents (8%) prefer tax increases alone. Opinion is divided along party lines, with half of Republicans (51%) favoring spending cuts and a majority of Democrats (54%) favoring a mix of cuts and taxes. Among independents, more favor a combined approach (44%) over spending cuts alone (36%).

TAX HIKES BACKED, BUT ONLY FOR CORPORATIONS, THE RICH

While strong majorities favor raising state taxes paid by California corporations (63%) or state income taxes paid by the wealthiest Californians (69%), there is considerably less willingness to increase taxes on all residents. Only 35 percent favor a permanent increase in the state portion of the sales tax. The results are similar on the question of whether to increase the annual vehicle license fee, which the governor reduced after he took office. Today, only 37 percent of Californians favor increasing the fee.

BUDGET REFORMS A HARD SELL WITH ONE EXCEPTION

While Californians believe that the budget process needs fixing, they are less enthusiastic about some specific structural reforms proposed in recent years. Currently, a two-thirds vote of the legislature is required to pass a budget, and only four in 10 residents (42%) favor lowering the threshold to a 55-percent majority vote. A proposal to extend the state sales tax to services that are not currently taxed – such as accounting services, haircuts and auto repairs – fares even less well, with just 37 percent saying this is a good idea.

Californians confirm their distaste for changing the state lottery when asked if it should be leased to a private company as a way to make more money, as some state leaders have suggested. Just one in four (26%) say this is a good idea.

But two in three residents (66%) say it is a good idea to limit increases in state spending each year. A constitutional amendment proposed by the governor that would limit state spending increases, as well as establish a reserve fund and allow for midyear spending cuts, gets strong support, with 59 percent of residents and 61 percent of likely voters in favor.

BLEAK VIEW OF ECONOMY, STATE'S DIRECTION

With just one in four (24%) saying the state is heading in the right direction and 65 percent saying it's heading in the wrong direction, Californians' views of the state of the state have hit lows not seen since months leading up to the 2003 governor's recall election (22% in August 2003, 24% in September 2003). Residents in Los Angeles (69%), the Central Valley (69%), and the Other Southern California region (64%) are more likely to say things are going in the wrong direction than those in the San Francisco Bay Area (58%).

As they have since the beginning of the year, Californians place jobs and the economy (36%) at the top of their list of worries, followed in this month's survey by gasoline prices (15%), education (8%), immigration (7%), and the state budget (6%).

MORE KEY FINDINGS

- Double-digit drop in approval ratings for governor, legislature Page 17
 - The governor's overall approval rating (41%) has seen a double-digit decline, sliding 16 points since December and 12 points from a year ago. After his budget revision, his approval rating on handling the budget (32%) has dipped to its lowest level since 2004. The legislature lags even further behind, with its overall approval rating (26%) dropping 15 points since December and 11 points from a year ago.
- Thirty years later, support strong for Proposition 13 Pages 18, 19
 - As the 30th anniversary of the passage of Proposition 13 approaches next month, a solid majority (59%) of residents feel positive about the measure that limits property tax rates to 1 percent of assessed value at the time of purchase, restricts property tax increases to 2 percent a year, and requires a two-thirds majority vote to pass local special taxes. Californians are more divided in their views of the measure's effect on local government services (27% good effect, 28% bad effect, 29% no effect) and the fairness of the provision that requires homeowners who recently purchased a home to pay higher property taxes than longtime owners (41% favor this provision, 51% are opposed).
- June eminent domain measures trailing Page 20

Propositions 98 and 99 are aimed at changing the government's power to take private property. While seven in 10 likely voters say the government's power of eminent domain needs major changes (39%) or minor ones (32%), support for these two propositions is falling short of approval.

Proposition 98, which would bar state and local governments from seizing private property to give it to another private party, would also ban rent control. When they are read the ballot measure, 30 percent of likely voters say they would vote yes, 48 percent would vote no, and 22 percent are not sure. This is a drop in support for the measure since March (37% yes, 41% no, 22% unsure). When asked their views about rent control, 54 percent of likely voters say it is a good thing and 38 percent say it is a bad thing. Attitudes toward rent control are favorable among both homeowners (51%) and renters (63%). A majority of Democrats (66%) and half of independents (51%) favor rent control, while a majority of Republicans (53%) say it is a bad thing.

Proposition 99, which would block the government from taking a single family home or condominium to transfer to another private party, would allow eminent domain for public uses and would not ban rent control. Among likely voters, 44 percent say they would vote yes, 36 percent say no, and 20 percent are unsure.

■ Presidential preview: See how they run — Page 22

As the presidential primary season winds down, Barack Obama has the highest favorability rating of the candidates (59% among likely voters). Hillary Clinton has an unfavorable rating (51% vs. 46% favorable) in the state where she won the primary nearly four months ago. While Obama's and Clinton's ratings have remained about the same since March, John McCain's ratings have declined somewhat (49% favorable in March vs. 42% favorable, 53% unfavorable today). Among independent voters, Obama has the highest favorability rating (60%). Independent voters are divided in their ratings of Clinton (46% favorable, 50% unfavorable), and give McCain an unfavorable rating (53% vs. 41% favorable). Latinos give Clinton the highest favorability ratings among the candidates (72% Clinton, 68% Obama, 38% McCain).

If the general election were held today, likely voters would favor Obama over McCain by 17 points (54% to 37%), an improvement for Obama since March (49% to 40%). Likely voters favor Clinton over McCain by 12 points (51% to 39%), an improvement for her also since March (46% to 43%).

■ Californians fail budget math quiz — Page 12

When asked which area gets the biggest share of state spending, only 20 percent of residents correctly identified K-12 education. Asked where the biggest chunk of revenue comes from, only 32 percent give the correct answer: personal income tax.

ABOUT THE SURVEY

This survey is the 29th in the *Californians and Their Government* series, conducted periodically to examine the social, economic, and political trends that influence public policy preferences and ballot choices. It is supported with funding from The James Irvine Foundation. Findings are based on a telephone survey of 2,003 California adult residents interviewed from May 12 to 18, 2008. Beginning on May 14, when the governor released his revised budget, 1,503 adults also answered six questions on this topic. Interviews were conducted in English or Spanish. The sampling error for the total sample is +/- 2%. For the six questions asked of the 1,503 adults beginning May 14, it is +/-2.5%, and for the 1,086 likely voters, it is +/- 3%. For more information on methodology, see page 25.

Mark Baldassare is president and CEO of PPIC, where he holds the Arjay and Frances Fearing Miller Chair in Public Policy. He is founder of the PPIC Statewide Survey, which he has directed since 1998. This is the 86th PPIC Statewide Survey in a series that has generated a database that includes the responses of more than 182,000 Californians.

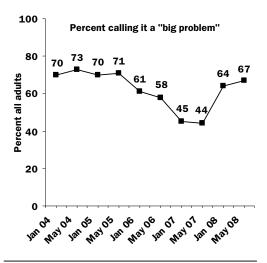
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STATE BUDGET

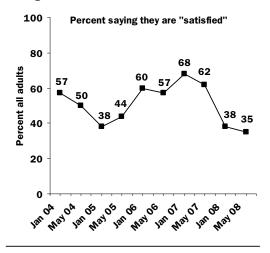
KEY FINDINGS

- About two in three Californians describe the current budget situation as a big problem and believe that major changes are needed in the state's budget process. (page 8)
- Voters are divided along party lines over how to deal with the state's budget gap and whether they favor the fiscal approach of Democratic or Republican legislators. (page 9)
- Most Californians are dissatisfied with the governor's budget plan, express concern about spending reductions in health and human services, and oppose the proposal to borrow from the lottery. But they would be willing to temporarily raise the sales tax by one cent if the lottery proposal fails, and they strongly favor the governor's idea for spending limits. (pages 10, 11)
- Californians want to protect K-12 education from spending cuts more than other major state program areas. They are deeply divided along party lines in their preferences for the size of state government. (page 12)
- In terms of general reform, voters are in favor of raising taxes on corporations and the wealthy, but they oppose raising either the state sales tax or vehicle license fees. They favor spending limits, but oppose both a lowering of the two-thirds budget vote threshold and extending the sales tax to services. Few favor leasing the lottery to reduce the budget gap. (pages 13, 14)

Budget Situation in California

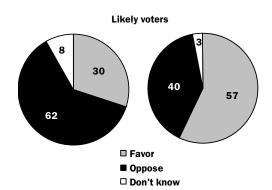


Satisfaction with the Governor's Budget Plan



Governor's Budget Plans

Borrowing About \$15 Billion Against Lottery Over 3 Years Increasing State Sales Tax by One Cent if Voters Reject Lottery Plan



STATE BUDGET SITUATION

The state of California currently faces a projected multi-billion dollar budget deficit for the 2008-09 fiscal year. How do residents perceive the current state budget situation—that is, the balance between government spending and revenues?

Vast majorities of all adults (67%), likely voters (76%), and voters across political parties (75% Republicans, 72% Democrats, 70% independents) perceive the budget situation in California as a big problem. About two in three residents have called the budget situation a big problem since January (64% January, 68% March, 67% today). Today, few residents say the budget situation in California is not a problem.

Majorities across all demographic groups call the state budget situation a big problem, but some groups are more likely to hold this view than others. About seven in 10 residents in the San Francisco Bay Area (70%), Central Valley (69%), and Other Southern California region (69%) call it a big problem, as compared to 59 percent of Los Angeles residents. Across racial/ethnic groups, whites are much more likely than Latinos (73% to 55%) to perceive the budget situation as a serious problem, and the percentage expressing this view increases with age, education, and income levels.

"Do you think the state budget situation in California—that is, the balance between government spending and revenues—is a big problem, somewhat of a problem, or not a problem for the people of California today?"

	All Adults -	Party			Likely Voters
		Dem	Rep	Ind	Likely voters
Big problem	67%	72%	75%	70%	76%
Somewhat of a problem	27	24	22	25	22
Not a problem	4	1	2	4	1
Don't know	2	3	1	1	1

On top of these negative perceptions of the current budget picture, a substantial majority of residents believe the state budget process—in terms of both revenues and spending—is in need of major changes (65%). Likely voters are somewhat more likely than residents to say major change is needed (70%). Findings among all residents and likely voters are identical to March.

Majorities across the state's political and demographic groups think the budget process is in need of major changes; however, Central Valley (70%) residents are somewhat more likely than residents in other regions to say major changes are needed. The belief that major changes are needed increases with age and income levels.

Of the 67 percent who believe the budget situation is a big problem, 76 percent also believe the process is in need of major changes.

"Overall, do you think the state budget process in California, in terms of both revenues and spending, is in need of major changes, minor changes, or do you think it is fine the way it is?"

	All Adults	Party			Likely Voters
	All Adults -	Dem	Rep	Ind	Likely voters
Major changes	65%	66%	69%	64%	70%
Minor changes	24	26	25	26	24
Fine the way it is	7	5	2	9	3
Don't know	4	3	4	1	3

DEALING WITH THE BUDGET GAP

A plurality of residents (43%) prefer to deal with the state's budget gap through a mix of spending cuts and tax increases, while 33 percent prefer using spending cuts. Just 8 percent prefer using tax increases to close the gap and just 6 percent say it is okay for the state to borrow money and run a budget deficit. Likely voters express similar preferences. The percentage favoring a combination of spending cuts and tax increases was similar in March (42%) and January (41%), but lower in December 2007 (36%) when most preferred spending cuts alone (42%).

Opinion is divided along partisan lines, with half of Republicans (51%) favoring spending cuts and a majority of Democrats (54%) favoring a mix of both cuts and taxes. More independents favor a combined approach (44%) over spending cuts alone (36%). Across regions, San Francisco Bay Area (52%) residents are the most likely to say a combined approach should be considered, while Central Valley and Other Southern California residents are divided between spending cuts alone and a combined approach.

"How would you prefer to deal with the state's budget gap?"

	All Adults		Party		
	All Adults	Dem	Rep	Ind	Likely Voters
Mostly through spending cuts	33%	23%	51%	36%	36%
Mostly through tax increases	8	10	3	7	9
Through a mix of spending cuts and tax increases	43	54	34	44	47
Okay for the state to borrow money and run a budget deficit	6	5	4	6	3
Other	3	3	3	2	3
Don't know	7	5	5	5	2

When asked who they trust most to make the tough choices involved in the state budget, residents prefer legislators—37 percent legislative Democrats, 20 percent legislative Republicans—over the governor (17%). Likely voters also prefer the approach of Democrats (36%) or Republicans (22%) in the legislature over that of Governor Schwarzenegger (19%). In January, residents were more likely to prefer the governor's approach (24%) to that of Republicans in the legislature (18%), but were just as likely (37%) as they are today to prefer the Democrats' approach. Currently, a sizeable majority of Democrats (63%) prefer legislative Democrats to handle the budget, while nearly half of Republicans prefer legislative Republicans (46%) and one in four prefer the governor (25%).

"When it comes to the tough choices involved in the state budget, both in deciding how much Californians should pay in taxes and how to fund state programs, whose approach do you most prefer—Governor Schwarzenegger's, the Democrats' in the legislature, or the Republicans' in the legislature?"

	All Adults	Party			Likah, Vatara
	All Adults	Dem	Rep	Ind	Likely Voters
Democrats' in the legislature	37%	63%	6%	29%	36%
Republicans' in the legislature	20	4	46	20	22
Governor Schwarzenegger's	17	13	25	24	19
Other	1	1	1	1	1
None (volunteered)	7	5	6	8	7
Don't know	18	14	16	18	15

GOVERNOR'S BUDGET PROPOSAL

Governor Schwarzenegger released the May revision of his 2008-09 budget proposal on May 14. This two-page section shows results recorded *after* the release. The May budget revision retains some of the spending cuts the governor proposed in January, but it removes proposals for the early release of non-violent prisoners and the closure of state parks. It also revises the plan to suspend minimum spending levels for K-12 public schools (as required by Proposition 98), and instead proposes maintaining K-12 funding without cost of living increases. The budget plan includes spending reductions in health and human services. To raise revenue, the governor proposes borrowing about \$15 billion against state lottery income over three years. This idea would need to be approved by voters in November and if they reject the plan, a temporary one-cent sales tax would be triggered.

After being read a brief summary of the governor's revised budget plan, majorities of residents (56%) and likely voters (57%) express dissatisfaction. Thirty-five percent of residents and likely voters express satisfaction. This is the lowest level of satisfaction recorded since Governor Schwarzenegger took office. Across parties today, majorities of Democrats (66%) and independents (52%) are dissatisfied, while 51 percent of Republicans are satisfied. At least half of residents across all demographic groups express dissatisfaction, but Latinos are much more likely than whites (63% to 52%) to do so.

"Governor Schwarzenegger proposed a budget plan for the general fund in the next fiscal year that attempts to close the budget gap by borrowing against future state lottery income, maintaining K-12 education funding but not providing cost of living increases, and reducing spending for health and human services. The plan includes no new taxes unless voters reject the lottery plan. In general, are you satisfied or dissatisfied with the governor's budget plan?"

	All Adults		Likahi Vatara		
	All Adults	Dem	Rep	Ind	Likely Voters
Satisfied	35%	26%	51%	41%	35%
Dissatisfied	56	66	39	52	57
Don't know/Haven't heard about the budget (volunteered)	9	8	10	7	8

Governor Schwarzenegger's budget proposal does not contain any tax increases, unless voters reject the plan to borrow against state lottery income. In general, residents and likely voters are divided over tax increases. Since last December, the percentage of residents saying tax increases should be included in the budget has risen sharply, and today it is similar to early 2008, when the governor released his initial budget plan (30% December, 46% January, 48% today). Currently, voters are deeply divided along partisan lines over tax increases, with 62 percent of Democrats saying they should be part of the budget and 62 percent of Republicans saying they should not.

Most San Francisco Bay Area residents (58%) favor including tax increases, while half of Other Southern California (50%) residents are opposed, and Los Angeles and Central Valley residents are divided. Support for taxes declines with increases in age, and rises with increases in income. A majority of college graduates also supports tax increases.

"Do you think that tax increases should be included in the governor's budget plan?"

	All Adults		Party		
	All Adults	Dem	Rep	Ind	Likely Voters
Yes	48%	62%	33%	49%	50%
No	46	33	62	45	46
Don't know	6	5	5	6	4

GOVERNOR'S BUDGET PROPOSAL (CONTINUED)

After learning of the governor's May revisions, nearly eight in 10 residents are very (42%) or somewhat concerned (36%) about the effects of spending reductions in the area of health and human services, and three in four likely voters are also very (42%) or somewhat concerned (34%). Levels of concern vary widely across parties, with a majority of Democrats (55%) saying they are very concerned, compared to 22 percent of Republicans and 34 percent of independents. Across racial/ethnic groups, Latinos (53%) are far more likely than whites (36%) to be very concerned about the effects of spending reductions in health and human services. Women (46%) are more likely than men (37%) to be very concerned, and older and lower-income residents are much more likely than others to be very concerned.

"Overall, how concerned are you about the effects of the spending reductions in health and human services in the governor's budget plan?"

	All Adults	Party			Lileaho Matawa
	All Adults	Dem	Rep	Ind	Likely Voters
Very concerned	42%	55%	22%	34%	42%
Somewhat concerned	36	34	36	42	34
Not too concerned	13	5	24	16	13
Not at all concerned	7	3	14	7	8
Don't know	2	3	4	1	3

Solid majorities of residents (58%), likely voters (62%), and registered voters across parties (62% Democrats, 60% independents, 53% Republicans) oppose the governor's plan to borrow money from future state lottery earnings. This proposal would be put before voters next November and if it does not pass, the temporary one-cent sales tax would go into effect. Majorities of residents (54%), likely voters (57%), Democrats (62%), and independents (56%) would favor temporarily increasing the sales tax if the lottery plan fails, and half of Republicans (51%) agree.

"Do you favor or oppose the governor's plan to..."

		All Adults	Party			Likely Vetero
		All Adults	Dem	Rep	Ind	Likely Voters
haveaux about \$15 billion against	Favor	33%	30%	38%	31%	30%
borrow about \$15 billion against future state lottery income over the	Oppose	58	62	53	60	62
next three years?	Don't know	9	8	9	9	8
temporarily increase the state	Favor	54	62	51	56	57
sales tax by one cent if California voters reject borrowing money against state lottery income?	Oppose	41	35	45	39	40
	Don't know	5	3	4	5	3

The governor has also proposed a constitutional amendment—the Budget Stabilization Act—which would limit the amount of money that state spending could increase each year, establish a rainy day fund, and allow for mid-year spending cuts. This proposal would also require voter approval. Residents are favorable about the constitutional amendment to limit spending and establish a reserve fund. Strong majorities of residents (59%) and likely voters (61%), say this is a good idea, which is slightly lower than in January, when the governor first proposed it (64% residents, 65% likely voters). Across parties today, solid majorities say this is a good idea (69% Republicans, 57% independents, 57% Democrats).

STATE SPENDING AND TAXES

In recent years, K-12 education has been the largest area of state spending, followed by health and human services, higher education, and youth and adult corrections. When asked what the top area of spending is, only 20 percent of residents say K-12 education, while 37 percent say youth and adult corrections, 27 percent say health and human services, and 7 percent say higher education. When asked what provides the most revenue for the state budget, only 32 percent give the correct answer—personal income tax—while 28 percent say the sales tax (the second largest area of state revenue), 23 percent say corporate taxes (the third largest), and 8 percent name motor vehicle fees (fourth largest). In all, 7 percent of adults can correctly name both the top spending (K-12 education) and the top revenue (personal income tax) sources for the state.

When asked about the area of state spending they most want to protect from budget cuts, six in 10 residents (61%) and likely voters (62%) say K-12 education. K-12 education has been the top choice in previous surveys as well (62% June 2003, 59% January 2004, 54% April 2005, 57% January 2008, 61% today). Over half across parties, regions, and demographic groups today name K-12 education as the area they most want to protect.

"Some of the largest areas for state spending are: K-12 public education, higher education, health and human services, and prisons and corrections. Thinking about these four areas of state spending, I'd like you to name the one you most want to protect from spending cuts."

	All Adults	Party			Liliah Watana
	All Adults	Dem	Rep	Ind	Likely Voters
K-12 public education	61%	60%	63%	55%	62%
Health and human services	17	21	12	18	16
Higher education	12	12	10	16	12
Prisons and corrections	7	4	11	8	7
Don't know	3	3	4	3	3

In terms of their general spending and tax preference, about half of residents (49%) and 45 percent of likely voters say they would rather pay higher taxes and have more services, while 43 percent of residents and half of likely voters (47%) would rather pay lower taxes and have fewer services. Support today for higher taxes and more services is similar to last May (52%). Opinion today continues to be deeply divided along party lines, with 64 percent of Democrats favoring higher taxes and more services and 69 percent of Republicans favoring lower taxes and fewer services. Independents are divided (45% higher taxes/more services, 49% lower taxes/fewer services). Latinos are far more likely than whites (64% to 44%) to favor higher taxes and more services.

"In general, which of the following statements do you agree with more—I'd rather pay higher taxes and have a state government that provides more services, or I'd rather pay lower taxes and have a state government that provides fewer services?"

	All Adults		Likoly Votoro		
	All Adults —	Dem	Rep	Ind	Likely Voters
Higher taxes and more services	49%	64%	24%	45%	45%
Lower taxes and fewer services	43	29	69	49	47
Don't know	8	7	7	6	8

RAISING REVENUES

Many Californians are willing to raise taxes to reduce the budget gap—if those taxes are imposed on corporations and the wealthiest Californians. But far fewer support raising the state portion of the sales tax or raising the annual vehicle license fee.

Six in 10 Californians (63%) and likely voters (62%) favor raising the state taxes paid by California corporations. Democrats and independents favor this tax increase, while Republicans are divided. Across the state's regions, over six in 10 residents support this proposal. This proposal received strong majority support among adults in 2005 (60%) and 2007 (59%), but today's level of support is even higher.

Residents (69%) and likely voters (64%) are both in favor of raising the top rate of the state income tax paid by the wealthiest Californians. Democrats are much more likely to favor this proposal than independents and Republicans. Over six in 10 residents across regions favor this proposal. Strong majorities have expressed support each time we have asked this question since 2004.

"Tax and fee increases could be used to help reduce the state's large gap between spending and revenues. For each of the following, please say if you favor or oppose the proposal."

		All Adults		Party		Likely Voters
		All Adults	Dem	Rep	Ind	Likely voters
Have about validate the atota	Favor	63%	75%	47%	61%	62%
How about raising the state taxes paid by California	Oppose	32	21	48	34	34
corporations?	Don't know	5	4	5	5	4
How about raising the top rate of	Favor	69	82	46	64	64
the state income tax paid by the wealthiest Californians?	Oppose	28	16	49	34	33
	Don't know	3	2	5	2	3

Only 35 percent of residents and 39 percent of likely voters favor raising the state portion of the sales tax. Support for a sales tax increase was similar in January (33% adults, 34% likely voters), and support among adults has not eclipsed 40 percent any of the times that we have asked this question since 2004. Democrats are more likely than Republicans and independents to favor increasing the sales tax. San Francisco Bay Area (45%) residents are the most likely to be in favor of this proposal.

Governor Schwarzenegger reduced the annual vehicle license fee when he took office in November 2003. Today, only 37 percent of California residents and 42 percent of likely voters favor increasing the vehicle license fee. In January, a similar 41 percent of adults held this view. Democrats are more likely than independents or Republicans to favor increasing the fee, and San Francisco Bay Area (50%) residents are the most likely, while Central Valley (26%) residents are the least likely to favor increasing this fee.

"Tax and fee increases could be used to help reduce the state's large gap between spending and revenues. For each of the following, please say if you favor or oppose the proposal."

		All Adults			- Likely Voters	
		All Adults	Dem	Rep	Ind	Likely voters
	Favor	35%	43%	32%	31%	39%
How about raising the state portion of the sales tax?	Oppose	61	53	65	65	57
	Don't know	4	4	3	4	4
How about increasing the annual	Favor	37	47	30	36	42
vehicle license fee that was reduced a few years ago?	Oppose	61	50	68	63	56
	Don't know	2	3	2	1	2

STRUCTURAL REFORMS

A variety of fiscal proposals aimed at making long-term structural reforms to the state budget have been discussed in recent years. About four in 10 California adults (42%) and likely voters (39%) think it is a good idea to replace the two-thirds vote requirement with a 55 percent majority vote for the legislature to pass a budget. Democrats and independents are more likely than Republicans to favor this proposal. Support for this proposal has been below a majority each time we have asked this question since 2003.

Another proposal is to strictly limit the amount of money by which state spending could increase each year. Two in three residents and likely voters think this proposal is a good idea. While majorities across parties favor strictly limiting annual state spending increases, Republicans are far more likely than Democrats or independents to say it is a good idea. Support for this proposal has been over 50 percent each time we have asked this question since 2003 and was similar in January (67%). However, last May far fewer said this was a good idea (53%).

"Spending and tax reforms have been proposed to address structural issues in the state budget. For each of the following, please say whether you think the proposal is a good idea or a bad idea."

		All Adults			Likely Voters	
		All Addits	Dem	Rep	Ind	Likely voters
How about replacing the two- thirds vote requirement with	Good idea	42%	48%	32%	48%	39%
a 55 percent majority vote for the state legislature to pass	Bad idea	48	43	59	47	53
a budget?	Don't know	10	9	9	5	8
How about strictly limiting the	Good idea	66	61	81	60	68
amount of money that state spending could increase each year?	Bad idea	28	34	15	34	26
	Don't know	6	5	4	6	6

Another proposal to increase state revenue would extend the current state sales tax to services that are not currently taxed. Thirty-seven percent of adult residents and 35 percent of likely voters support this proposal. Across parties, fewer than four in 10 support it. Each time we asked this question since 2005, less than a majority of residents has said it is a good idea.

Recently, state elected officials have suggested leasing the California State Lottery to a private company as a way to raise revenue. How do Californians view this proposal? Only one in four adults and likely voters say leasing the lottery is a good idea. Less than one in three across parties favors this proposal. A similar percentage of Californians and likely voters held this view in January (28% each).

"Spending and tax reforms have been proposed to address structural issues in the state budget. For each of the following, please say whether you think the proposal is a good idea or a bad idea."

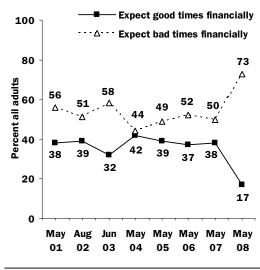
		All Adults			- Likely Voters	
		All Addits	Dem	Rep	Ind	Likely voters
How about extending the state sales tax to services that are not	Good idea	37%	39%	32%	39%	35%
currently taxed, such as legal and accounting services, auto repairs,	Bad idea	59	58	66	58	63
and haircuts?	Don't know	4	3	2	3	2
How about leasing the California	Good idea	26	20	30	25	25
State Lottery to a private company?	Bad idea	59	64	54	63	59
Company:	Don't know	15	16	16	12	16

STATE CONTEXT

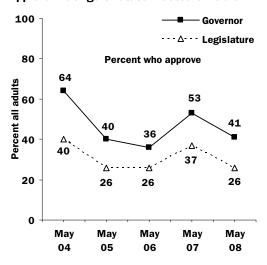
KEY FINDINGS

- Californians continue to say the economy is the most important issue facing the state today. Nearly three in four expect bad economic times in the next year and two in three believe the state is headed in the wrong direction. (page 16)
- Approval ratings of the state's elected officials have fallen sharply since last year. Majorities of Californians today disapprove of the way that Governor Schwarzenegger is handling the state budget and his job overall. Even larger majorities express disapproval of the legislature. (page 17)
- Six in 10 Californians say the Proposition 13 tax limit initiative that passed 30 years ago has been a good thing. Few see bad effects of Proposition 13, and most oppose changing its requirement for a two-thirds majority to approve local special taxes. (pages 18, 19)
- Support for both of the eminent domain initiatives on the June ballot—Propositions 98 and 99—falls short of a majority. Most Californians say that eminent domain laws are in need of changes, and most say that rent control is a good thing. (pages 20, 21)
- Nearly half of likely voters are very closely following news about the presidential election. Barack Obama has the most favorable image among the three remaining presidential candidates. If the presidential election were held today, John McCain trails Barack Obama and Hillary Clinton by double-digit margins in the state. (pages 22, 23)

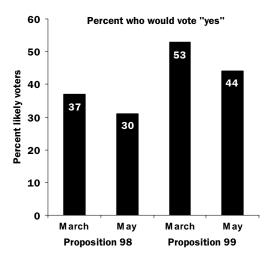
Economic Outlook for California



Approval Ratings of State Elected Officials



Eminent Domain Ballot Initiatives



OVERALL MOOD

Californians continue to name jobs and the economy (36%) as the most important issue facing the state today. Fifteen percent name gasoline prices, while fewer mention education and schools (8%), immigration (7%), or the state budget (6%). The mention of jobs and the economy has topped the list of most important issues facing the state since the beginning of the year. Today, residents across all regions of the state name jobs and the economy as the top issue, with Los Angeles residents (39%) the most likely and Central Valley residents (30%) the least likely.

"Thinking about the state as a whole, what do you think is the most important issue facing people in California today?"

			Likely			
Top five issues mentioned	All Adults	Central Valley	San Francisco Bay Area	Los Angeles	Other Southern California	Voters
Jobs, economy	36%	30%	35%	39%	37%	33%
Gasoline prices	15	19	9	14	17	12
Education, schools	8	4	14	7	7	10
Immigration, illegal immigration	7	7	3	9	9	8
State budget, deficit, taxes	6	7	8	4	7	10

Echoing their general concerns about the economy, nearly three in four residents think the state will have bad economic times during the next 12 months; just 17 percent say we will have good times. Findings today are similar to March, when a record 76 percent said they expected bad times. More than two in three across all regional and demographic groups share this negative outlook. Democrats (78%) are more likely than independents (73%) and Republicans (66%) to say they expect bad times.

Californians express negative views about the overall direction the state is heading. Just one in four (24%) think the state is heading in the right direction and 65 percent say it is heading in the wrong direction. Findings today again mirror the negative views held by residents in March (26% right direction, 63% wrong direction). About two in three across parties say things are going in the wrong direction. Across regions, residents in Los Angeles (69%), the Central Valley (69%), and the Other Southern California region (64%) are more likely to say things in California are going in the wrong direction than residents in the San Francisco Bay Area (58%). Majorities across other demographic groups say the state is going in the wrong direction.

With only 24 percent of adults today saying the state is headed in the right direction, negative views about the state of the state have dropped to lows for the decade, matching the lows leading up to the 2003 gubernatorial recall election (22% August 2003, 24% September 2003, 22% in October 2003).

"Do you think things in California are generally going in the right direction or the wrong direction?"

	All Adults		Likely Vetere		
	All Adults	Dem	Rep	Ind	Likely Voters
Right direction	24%	24%	26%	23%	24%
Wrong direction	65	66	64	67	67
Don't know	11	10	10	10	9

STATE ELECTED OFFICIALS' APPROVAL RATINGS

Governor Schwarzenegger's approval rating of 41 percent today is 9 points lower than in January, 16 points lower than last December, and 12 points lower than a year ago. Today, four in 10 adults (41%) and likely voters (45%) approve of the governor's job performance. Republicans (53%) are more likely than independents (44%) and Democrats (37%) to say they approve. Fewer than half of adults across regions approve of the governor, with those in the Central Valley (48%) the most likely to approve. Whites (52%) are far more likely than Latinos (23%) and men (47%) are more likely than women (35%) to say they approve of his job performance.

The governor's approval ratings drop further on the issue of the budget and taxes. In the wake of the governor's budget revision, about one in three adults (32%) and likely voters (35%) approve of the governor's handling of the state budget and taxes. The governor's approval on this issue has dropped slightly since January (36%) and is at its lowest point since we began asking this question in 2004. About half of Republicans (47%) say they approve, while fewer independents (34%) and Democrats (25%) hold this view. Across regions, residents in the Central Valley (44%) are most approving, while fewer than one in three in other regions approve. Whites (40%) are far more likely than Latinos (18%) to approve of his handling of budget and taxes.

"Overall, do you approve or disapprove of the way that Arnold Schwarzenegger is handling his job as governor of California?"

	All Adulto		Likely Veters		
	All Adults —	Dem	Rep	Ind	Likely Voters
Approve	41%	37%	53%	44%	45%
Disapprove	51	56	41	48	49
Don't know	8	7	6	8	6

Approval of the California Legislature continues to lag well behind the governor's approval ratings, with 26 percent of adults and 23 percent of likely voters approving of the legislature's job performance. Similar to the governor's, the legislature's ratings have dropped 8 points since January, 15 points since last December, and 11 points from a year ago. Today, Democrats (29%) and independents (25%) are more likely than Republicans (19%) to approve of the legislature and fewer than three in 10 across regions approve. Latinos (32%) are more likely than whites (23%) to say they approve.

As for the legislature's handling of the state budget and taxes, Californians are even more negative in their assessments, with less than one in five residents (19%) and likely voters (16%) approving. The legislature's ratings along this dimension have dropped 5 points since January (24%) and are at the lowest point since 2003. Fewer than one in five Californians across regions approve. Latinos (25%) are more likely than whites (17%) to approve and approval declines with age and income.

"Overall, do you approve or disapprove of the way that the California legislature is handling its job?"

	All Adulto		Likely Veters		
	All Adults —	Dem	Rep	Ind	Likely Voters
Approve	26%	29%	19%	25%	23%
Disapprove	57	53	71	63	65
Don't know	17	18	10	12	12

PROPOSITION 13: THIRTY YEARS LATER

This year marks the 30th anniversary of Proposition 13, the June 1978 citizen's initiative that passed and led to a constitutional amendment that limits the property tax rate to 1 percent of assessed value at the time of purchase and restricts annual property tax increases to no more than 2 percent, and requires a two-thirds majority vote to pass local special taxes.

Support for Proposition 13 remains high today. A solid majority of adult residents (59%) and likely voters (67%) say that passing Proposition 13 has been mostly a good thing for California. In 2003, at the 25th anniversary of Proposition 13, 57 percent of Californians and 65 percent of likely voters held this view.

Today, Republicans (80%) are much more likely than independents (57%) and Democrats (56%) to say it is mostly a good thing. Across regions, residents in the Other Southern California region (64%) are more likely than others to hold this view. Whites (67%) are far more likely than Latinos (47%) and homeowners (67%) are far more likely than renters (47%) to say Proposition 13 is mostly a good thing.

"Overall, do you feel passing Proposition 13 turned out to be mostly a good thing for California or mostly a bad thing?"

	All Adults		Likely Voters		
	All Addits	Dem	Rep	Ind	- Likely voters
Mostly a good thing	59%	56%	80%	57%	67%
Mostly a bad thing	27	31	11	29	24
Mixed (volunteered)	2	3	2	2	2
Don't know	12	10	7	12	7

Californians are divided regarding the effect that property tax limitations imposed by Proposition 13 have had on local government services provided to residents (27% good effect, 28% bad effect, 29% no effect). In 1998, at its 20th anniversary, 38 percent of Californians said that Proposition 13 had a good effect and 23 percent said a bad effect on local government services. Today, Republicans are the most likely to say that Proposition 13 has had a good effect, while Democrats are the most likely to say bad effect. Los Angeles (30%) and Other Southern California region (30%) residents are the most likely to say it has had a good effect, and San Francisco Bay Area (36%) residents are the most likely to say it has had a bad effect. Homeowners are more likely than renters to say that Proposition 13 has had a good effect (32% to 22%).

"Overall, do you think the property tax limitations imposed by Proposition 13 have had a good effect or a bad effect or no effect on local government services provided to residents in the state of California?"

	All Adults		Likely Voters		
	All Addits —	Dem	Rep	Ind	Likely voters
Good effect	27%	25%	36%	27%	31%
Bad effect	28	35	14	30	30
No effect	29	26	36	29	28
Don't know	16	14	14	14	11

As a result of Proposition 13 and increases in home prices in California, a recent homebuyer will pay much higher property taxes than a homeowner who bought a similar home several years ago in the same area. How do Californians feel about this consequence? Forty-one percent of Californians are in favor and 51 percent are opposed, with Republicans (59%), residents in the Other Southern California region (46%), and homeowners (52%) being the most likely to favor this feature. In 1998, at the time of the 20th anniversary, 35 percent were in favor and 59 percent were opposed.

PROPOSITION 13: THIRTY YEARS LATER (CONTINUED)

Another feature of Proposition 13 is its requirement that any new local special taxes need a two-thirds majority vote to pass. How do Californians view the effects of this on local government services? They are divided. About three in 10 Californians say the supermajority vote requirement has had a good effect (32%), while 28 percent say a bad effect, and 25 percent say it has had no effect on local government services. In 1998, at its 20th anniversary, 38 percent said the supermajority vote had had a good effect, 22 percent said a bad effect, and 28 percent said no effect on local government services.

There are partisan differences evident today. Most Republicans (48%) and independents (41%) say the supermajority requirement has had a good effect, but only 26 percent of Democrats agree. Whites (37%) are much more likely than Latinos (24%) and homeowners (38%) are more likely than renters (23%) to say the supermajority vote imposed by Proposition 13 has had a good effect.

"Under Proposition 13, a two-thirds vote at the ballot box is required to pass any new local special taxes. Overall, do you think the supermajority vote requirement imposed by Proposition 13 has had a good effect or a bad effect or no effect on local government services provided to residents in the state of California?"

	All Adults		Likalu Vatara		
	All Adults —	Dem	Rep	Ind	Likely Voters
Good effect	32%	26%	48%	41%	39%
Bad effect	28	32	14	22	25
No effect	25	26	25	23	23
Don't know	15	16	13	14	13

How would Californians feel about replacing the two-thirds vote requirement for local special taxes with a 55 percent majority vote? One in three adults (34%) and likely voters (33%) favor reducing the supermajority vote, while six in 10 are opposed, which is similar to the results in 2003 at the 25th anniversary (adults 32% favor, 60% oppose; likely voters 30% favor, 67% oppose).

Today, Democrats (41%) and independents (35%) are more likely than Republicans (24%) to favor a lowering of the supermajority threshold. Residents in the San Francisco Bay Area (41%) are more likely than those in Los Angeles (36%), the Central Valley (31%), and the Other Southern California region (30%) to favor this proposal. Latinos (37%) are somewhat more likely than whites (32%) to favor allowing local special taxes to pass with a 55 percent majority.

"Do you favor or oppose allowing local special taxes to pass with a 55 percent majority vote instead of a two-thirds vote?"

	All Adulto		Likely Veters		
	All Adults	Dem	Rep	Ind	Likely Voters
Favor	34%	41%	24%	35%	33%
Oppose	59	51	70	61	61
Don't know	7	8	6	4	6

JUNE STATE PRIMARY—PROPOSITION 98

The June 3rd primary ballot includes Propositions 98 and 99—two citizens' initiatives aimed at changing the government's power of eminent domain. Proposition 98 would bar state and local governments from taking private property to transfer to another private party. It prohibits rent control and similar measures, and would make other changes to property rights and condemnation rules.

When read the full ballot title and label for Proposition 98, 30 percent of likely voters say they would vote yes, 48 percent say they would vote no and 22 percent are unsure. Support for this measure among likely voters has dropped since March (37% yes, 41% no, 22% unsure).

More Democrats (58%) and independents (48%) would vote no than yes, while more Republicans would vote yes than no (41% yes, 36% no). Across regions, likely voters are more likely to vote no than yes, and both homeowners and renters are also more likely to vote no than yes.

"Proposition 98 is called 'Eminent Domain Limits on Government Authority Initiative Constitutional Amendment.' It bars state and local governments from taking or damaging private property for private uses. It prohibits rent control and similar measures, eliminates deference to government in property rights cases, and changes condemnation rules. Fiscal impact includes increased costs to many governments due to the measure's restrictions. The net statewide fiscal effect, however, probably would not be significant. If the June primary election were held today, would you vote yes or no on Proposition 98?"

Likely voters only		Yes	No	Don't know
All Likely Voters		30%	48%	22%
	Democrat	20	58	22
Party	Republican	41	36	23
	Independent	32	48	20
	Central Valley	36	44	20
Region	San Francisco Bay Area	29	49	22
Kegiuli	Los Angeles	26	53	21
	Other Southern California	32	46	22
Homeownership status	Own	32	45	23
	Rent	27	56	17

When asked about their opinions of rent control, 54 percent of likely voters say it is a good thing and 38 percent say it is a bad thing. Attitudes towards rent control today are similar to March (53% good thing, 39% bad thing). Strong majorities of Democrats (66%) and half of independents (51%) say it is a good thing, while 53 percent of Republicans say it is a bad thing. Renters (63%) are more likely than homeowners (51%) to say rent control is a good thing, although majorities of both groups say that rent control is a good thing. Of those who would vote yes on Proposition 98, 44 percent call rent control a good thing, while 64 percent of those who would vote no call it a good thing.

"Do you think rent control—that is, the ability of local governments to set limits on how much rents can be increased each year—is a good thing or a bad thing?"

Likely voters only	All Likely	Party			Homeownership Status	
Likely voters only	Voters	Dem	Rep	Ind	Own	Rent
Good thing	54%	66%	39%	51%	51%	63%
Bad thing	38	26	53	42	41	29
Don't know	8	8	8	7	8	8

JUNE STATE PRIMARY—PROPOSITION 99

Proposition 99, the other eminent domain initiative on the June ballot, would block the government from taking a single family home (or condominium) and transferring the property to another private party. It would, however, allow the use of eminent domain for public uses and it would not prohibit rent control.

When read the ballot title and label for Proposition 99, 44 percent of likely voters say they would vote yes, 36 percent say they would vote no, and 20 percent are unsure. Support for this measure among likely voters is lower today than in March (53% yes, 27% no, 20% unsure).

Independents (53%) are far more likely than Democrats (45%) and Republicans (42%) to say they would vote yes. This measure has more support than opposition among likely voters across regions. Homeowners (45%) and renters (42%) express somewhat similar support for Proposition 99.

"Proposition 99 is called 'Eminent Domain Limits on Government Acquisition of Owner-Occupied Residence Initiative Constitutional Amendment.' It bars the use of eminent domain to acquire an owner-occupied residence for conveyance to a private person or business entity. It creates exceptions for public works, public health and safety, and crime prevention. There would be no significant fiscal impact on state or local governments. If the June primary election were held today, would you vote yes or no on Proposition 99?"

Likely voters only		Yes	No	Don't know
All Likely Voters		44%	36%	20%
	Democrat	45	34	21
Party	Republican	42	37	21
	Independent	53	28	19
	Central Valley	41	39	20
Region	San Francisco Bay Area	43	32	25
Region	Los Angeles	46	34	20
	Other Southern California	46	37	17
Homeownership status	Own	45	35	20
	Rent	42	38	20

Seven in 10 likely voters say that the government's power of eminent domain is in need of major changes (39%) or minor changes (32%). Findings today are similar to March (38% major, 33% minor, 15% fine the way it is). Large majorities across parties, regions, and demographic groups say at least minor changes are needed. Of those who would vote yes on Proposition 99, 39 percent say major changes are needed, while 49 percent of those who would vote yes on Proposition 98 say major changes are needed.

"Do you think the government's power of eminent domain—that is, the ability of government to take private property for government use—is in need of major changes, minor changes, or is it fine the way it is?"

Likely veters only	All Likely		Party		Homeowner	ship Status
Likely voters only	Voters	Dem	Rep	Ind	Own	Rent
Major changes	39%	39%	40%	35%	41%	34%
Minor changes	32	28	34	37	32	33
Fine the way it is	17	20	15	18	15	23
Don't know	12	13	11	10	12	10

PERCEPTIONS OF PRESIDENTIAL CANDIDATES

With the presidential primary elections winding down, we asked likely California voters about their opinions of the three major presidential candidates. Overall, a majority of likely voters have a favorable opinion of Barack Obama (59%), and half of likely voters say they have an unfavorable opinion of Hillary Clinton (51%) and John McCain (53%). Since March, likely voters' opinions of Barack Obama (61% favorable, 34% unfavorable) and Hillary Clinton (45% favorable, 52% unfavorable) are largely unchanged, while favorable opinions of John McCain have declined somewhat (49% to 42%).

Strong majorities of Democratic likely voters have a favorable opinion of the Democratic candidates (78% Obama, 69% Clinton), while a strong majority of Republican likely voters have a favorable opinion of McCain (70%). Among independent likely voters, Obama (60%) receives the highest favorability rating, while McCain (53%) receives unfavorable ratings and independent likely voters are divided in their opinion of Clinton (46% favorable, 50% unfavorable). Among Latinos, Clinton enjoys the highest favorability ratings among the candidates (72% Clinton, 68% Obama, 38% McCain).

"Please say if you have a favorable or unfavorable opinion of the following presidential candidates..."

Likely voters only		All Likely	Party			Latinas
		Voters	Dem	Rep	Ind	Latinos
	Favorable	59%	78%	34%	60%	68%
How about Barack Obama?	Unfavorable	36	18	59	33	25
	Don't know	5	4	7	7	7
	Favorable	46	69	17	46	72
How about Hillary Clinton?	Unfavorable	51	28	81	50	24
	Don't know	3	3	2	4	4
How about John McCain?	Favorable	42	22	70	41	38
	Unfavorable	53	72	24	53	53
	Don't know	5	6	6	6	9

Californians continue to pay close attention to the 2008 presidential election well after the February 5th state primary. Nearly half of likely voters say they are very closely following news about candidates for the presidential election, and another 43 percent say they are fairly closely following news. Attention to news about candidates is high across all political groups. Attention to news has been high since our January survey, prior to the February 5th presidential primary (44% very, 44% fairly closely in January; 50% very, 42% fairly in March; 47% very, 43% fairly today).

"How closely are you following news about candidates for the 2008 presidential election?"

Likely voters only	All Likely Vetero		Latinos		
	All Likely Voters	Dem	Rep	Ind	Latinos
Very closely	47%	49%	46%	43%	38%
Fairly closely	43	43	43	49	50
Not too closely	7	6	9	7	8
Not at all closely	2	2	1	1	3
Don't know	1	-	1	-	1

2008 PRESIDENTIAL ELECTION

Nearly four months after the California primary and with just a few state primaries remaining, how are California voters viewing the potential matchups between McCain and either Clinton or Obama?

If the general election were held today, likely voters in California would favor Obama over McCain by 17 points (54% to 37%). Since March (49% to 40%), Obama's lead over McCain has increased 8 points. Obama has strong support among Democrats (81%) and majority support among independents (55%), while McCain enjoys strong support among Republicans (73%). Obama leads McCain among both men and women. Half of whites and 69 percent of Latinos say they would vote for Obama over McCain. Obama leads McCain by a double-digit margin among likely voters with annual household incomes less than \$40,000 (55% to 35%), \$40,000 to \$80,000 (55% to 36%), and \$80,000 or more (53% to 37%).

"If the November 4th presidential election were being held today and these were the candidates, who would you vote for?"

	Barack Obama, the Democrat	John McCain, the Republican	Someone else (volunteered)	Don't know
	54%	37%	2%	7%
Democrat	81	10	2	7
Republican	19	73	2	6
Independent	55	35	2	8
Men	52	39	2	7
Women	57	35	2	6
Latinos	69	20	3	8
Whites	49	43	1	7
	Republican Independent Men Women Latinos	the Democrat Democrat 81 Republican 19 Independent 55 Men 52 Women 57 Latinos 69	the Democrat the Republican 54% 37% Democrat 81 10 Republican 19 73 Independent 55 35 Men 52 39 Women 57 35 Latinos 69 20	the Democrat the Republican (volunteered) 54% 37% 2% Democrat 81 10 2 Republican 19 73 2 Independent 55 35 2 Men 52 39 2 Women 57 35 2 Latinos 69 20 3

If the general election were held today, likely voters in California would favor Clinton over McCain by 12 points (51% to 39%). Since March (46% to 43%), Clinton's lead over McCain has increased 9 points. Clinton enjoys solid support among Democrats (80%), and majority support among independents (54%), while McCain has solid support among Republicans (79%). Clinton outpolls McCain among women (56% to 34%), while men are divided (46% Clinton 43%, McCain). Latinos overwhelmingly favor Clinton over McCain (74% to 16%), while whites are divided (46% Clinton, 45% McCain). Clinton leads by a wider margin among voters with less than \$40,000 annual household income (58% to 35%) than among households with \$80,000 or more (49% to 40%).

"If the November 4th presidential election were being held today and these were the candidates, who would you vote for?"

Likely voters only		Hillary Clinton, the Democrat	John McCain, the Republican	Someone else (volunteered)	Don't know
All Likely Voters		51%	39%	3%	7%
	Democrat	80	9	4	7
Party	Republican	12	79	2	7
	Independent	54	32	3	11
	Men	46	43	4	7
Gender	Women	56	34	3	7
Race/Ethnicity	Latinos	74	16	2	8
	Whites	46	45	3	6
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REGIONAL MAP



METHODOLOGY

The PPIC Statewide Survey is directed by Mark Baldassare, president and CEO and survey director at the Public Policy Institute of California, with assistance in research and writing from Jennifer Paluch, project manager for this survey, and survey research associates Dean Bonner and Sonja Petek. This survey was conducted with funding from The James Irvine Foundation. We benefited from discussions about the current issues with PPIC staff, foundation staff and grantees, and other policy experts. The methods, questions, and content of this report were solely determined by Mark Baldassare and the survey staff.

The findings in this report are based on a telephone survey of 2,003 California adult residents interviewed from May 12 to 18, 2008 (beginning on May 14, after the release of the governor's revised budget, 1,503 adults also answered six questions on this topic). Interviewing took place on weekday nights and weekend days, using a computer-generated random sample of telephone numbers that ensured that both listed and unlisted numbers were called. All landline telephone exchanges in California were eligible. Telephone numbers in the survey sample were called up to six times to increase the likelihood of reaching eligible households. Once a household was reached, an adult respondent (age 18 or older) was randomly chosen for interviewing using the "last birthday method" to avoid biases in age and gender. Each interview took an average of 18 minutes to complete. Interviewing was conducted in English or Spanish. Accent on Languages translated the survey into Spanish with assistance from Renatta DeFever. Abt SRBI Inc. conducted the telephone interviewing.

We used recent U.S. Census and state data to compare the demographic characteristics of the survey sample with characteristics of California's adult population. The survey sample was closely comparable to the census and state figures. The survey data in this report were statistically weighted to account for any demographic differences.

The sampling error for the total sample of 2,003 adults is +/-2 percent at the 95 percent confidence level. This means that 95 times out of 100, the results will be within 2 percentage points of what they would be if all adults in California were interviewed. The sampling error for subgroups is larger: For the six questions asked of 1,503 adults interviewed after the May 14 release of the governor's revised budget, it is +/-2.5 percent; for the 1,448 registered voters, it is +/-2.5 percent; for the 1,086 likely voters, it is +/-3 percent. Sampling error is only one type of error to which surveys are subject. Results may also be affected by factors such as question wording, question order, and survey timing.

We present results for four geographic regions, accounting for approximately 90 percent of the state population. "Central Valley" includes Butte, Colusa, El Dorado, Fresno, Glenn, Kern, Kings, Madera, Merced, Placer, Sacramento, San Joaquin, Shasta, Stanislaus, Sutter, Tehama, Tulare, Yolo, and Yuba counties. "San Francisco Bay Area" includes Alameda, Contra Costa, Marin, Napa, San Francisco, San Mateo, Santa Clara, Solano, and Sonoma counties. "Los Angeles" refers to Los Angeles County, and "Other Southern California" includes Orange, Riverside, San Bernardino, and San Diego counties. Residents from other geographic areas are included in the results reported for all adults, registered voters, and likely voters. However, sample sizes for these less populated areas are not large enough to report separately. We present specific results for Latinos because they account for about 30 percent of the state's adult population and constitute one of the fastest growing voter groups. Sample sizes for African Americans and Asian Americans are not large enough for separate analysis. We compare the opinions of registered Democrats, Republicans, and independents (those who are registered as "decline to state"). We also include the responses of "likely voters"— those who are most likely to vote in the state's elections based on past voting, current interest, and voting intentions. We compare current PPIC Statewide Survey results to those in our earlier PPIC Statewide Surveys.

QUESTIONNAIRE AND RESULTS

CALIFORNIANS AND THEIR GOVERNMENT

May 12-18, 2008 2,003 California Adult Residents: English, Spanish

MARGIN OF ERROR +/-2% AT 95% CONFIDENCE LEVEL FOR TOTAL SAMPLE

 First, thinking about the state as a whole, what do you think is the most important issue facing people in California today?

[code, don't read]

- 36% jobs, economy
- 15 gasoline prices
- 8 education, schools
- 7 immigration, illegal immigration
- 6 state budget, deficit, taxes
- 3 crime, gangs, drugs
- 3 environment, pollution
- 3 health care, health costs
- 3 housing costs, housing availability, subprime housing crisis
- 14 other
- 2 don't know
- 2. Do you think things in California are generally going in the right direction or the wrong direction?
 - 24% right direction
 - 65 wrong direction
 - 11 don't know
- 3. Turning to economic conditions in California, do you think that during the next 12 months we will have good times financially or bad times?
 - 17% good times
 - 73 bad times
 - 10 don't know

- 4. Next, some people are registered to vote and others are not. Are you absolutely certain that you are registered to vote in California?
 - 73% yes [ask q4a]
 - 27 no [skip to q5b]
- 4a. Are you registered as a Democrat, a Republican, another party, or as an independent?
 - 42% Democrat [ask q5]
 - 33 Republican [skip to q5a]
 - 4 another party (specify) [skip to q6]
 - 21 independent [skip to q5b]
- 5. Would you call yourself a strong Democrat or not a very strong Democrat?
 - 62% strong
 - 36 not very strong
 - 2 don't know

[skip to q6]

- 5a. Would you call yourself a strong Republican or not a very strong Republican?
 - 51% strong
 - 43 not very strong
 - 6 don't know

[skip to q6]

- 5b. Do you think of yourself as closer to the Republican Party or Democratic Party?
 - 21% Republican Party
 - 45 Democratic Party
 - 26 neither (volunteered)
 - 8 don't know

[delayed skip: if q4=no, skip to q16]

[responses recorded for questions 6 to 15 are for likely voters only]

[rotate questions 6 and 7]

6. If the November 4th presidential election were being held today, and these were the candidates, who would you vote for?

[rotate names]

- 51% Hillary Clinton, the Democrat
- 39 John McCain, the Republican
- 3 someone else (specify)
- 7 don't know
- 7. If the November 4th presidential election were being held today, and these were the candidates, who would you vote for?

[rotate names]

- 54% Barack Obama, the Democrat
- 37 John McCain, the Republican
- 2 someone else (specify)
- 7 don't know

Next, please say if you have a favorable or unfavorable opinion of the following presidential candidates.

[rotate questions 8 to 10]

- 8. How about Hillary Clinton?
 - 46% favorable
 - 51 unfavorable
 - 3 don't know/never heard of her (volunteered)

- 9. How about Barack Obama?
 - 59% favorable
 - 36 unfavorable
 - 5 don't know/never heard of them (volunteered)
- 10. How about John McCain?
 - 42% favorable
 - 53 unfavorable
 - 5 don't know/never heard of them (volunteered)
- 11. How closely are you following news about candidates for the 2008 presidential election?
 - 47% very closely
 - 43 fairly closely
 - 7 not too closely
 - 2 not at all closely
 - 1 don't know

Next, the June 3rd statewide primary election includes two statewide ballot initiatives.

[rotate questions 12 and 13]

12. Proposition 98 is called "Eminent Domain Limits on Government Authority Initiative Constitutional Amendment." It bars state and local governments from taking or damaging private property for private uses. It prohibits rent control and similar measures, eliminates deference to government in property rights cases, and changes condemnation rules. Fiscal impact includes increased costs to many governments due to the measure's restrictions. The net statewide fiscal effect, however, probably would not be significant. If the June primary election were held today, would you vote yes or no on Proposition 98?

30% yes

48 no

22 don't know

13. Proposition 99 is called "Eminent Domain Limits on Government Acquisition of Owner-Occupied Residence Initiative Constitutional Amendment." It bars the use of eminent domain to acquire an owner-occupied residence for conveyance to a private person or business entity. It creates exceptions for public works, public health and safety, and crime prevention. There would be no significant fiscal impact on state or local governments. If the June primary election were held today, would you vote yes or no on Proposition 99?

44% yes

36 no

20 don't know

[rotate questions 14 and 15]

14. Do you think rent control—that is, the ability of local governments to set limits on how much rents can be increased each year—is a good thing or a bad thing?

54% good thing

38 bad thing

8 don't know

15. Do you think the government's power of eminent domain—that is, the ability of government to take private property for government use—is in need of major changes, minor changes, or is it fine the way it is?

39% major changes

32 minor changes

17 fine the way it is

12 don't know

16. On another topic, overall, do you approve or disapprove of the way that Arnold Schwarzenegger is handling his job as governor of California?

41% approve

51 disapprove

8 don't know

17. Overall, do you approve or disapprove of the way that Governor Schwarzenegger is handling the issue of the state budget and taxes?

32% approve

58 disapprove

10 don't know

18.Next, overall, do you approve or disapprove of the way that the California Legislature is handling its job?

26% approve

57 disapprove

17 don't know

19. Overall, do you approve or disapprove of the way that the California Legislature is handling the issue of the state budget and taxes?

19% approve

67 disapprove

14 don't know

20. On another topic, do you think the state budget situation in California—that is, the balance between government spending and revenues—is a big problem, somewhat of a problem, or not a problem for the people of California today?

67% big problem

27 somewhat of a problem

4 not a problem

2 don't know

- 21. As you may know, the state government has an annual budget of around \$100 billion dollars and currently faces a multibillion dollar gap between spending and revenues. How would you prefer to deal with the state's budget gap—mostly through spending cuts, mostly through tax increases, through a mix of spending cuts and tax increases, or do you think that it is okay for the state to borrow money and run a budget deficit?
 - 33% mostly through spending cuts
 - 8 mostly through tax increases
 - through a mix of spending cuts and tax increases
 - 6 okay to borrow money and run a budget deficit
 - 3 other (specify)
 - 7 don't know
- 22. And, in general, which of the following statements do you agree with more—I'd rather pay higher taxes and have a state government that provides more services, or I'd rather pay lower taxes and have a state government that provides fewer services?
 - 49% higher taxes and more services
 - 43 lower taxes and fewer services
 - 8 don't know
- 23. When it comes to the tough choices involved in the state budget, both in deciding how much Californians should pay in taxes and how to fund state programs, whose approach do you most prefer—[rotate] [1] Governor Schwarzenegger's, [2] the Democrats' in the legislature, [or] [3] the Republicans' in the legislature?
 - 37% Democrats' in the legislature
 - 20 Republicans' in the legislature
 - 17 Governor Schwarzenegger's
 - 1 other (specify)
 - 7 none (volunteered)
 - 18 don't know

[questions 24 to 28a asked beginning May 14 after the release of the governor's revised budget]

24. Governor Schwarzenegger proposed a budget plan for the general fund in the next fiscal year that attempts to close the budget gap by borrowing against future state lottery income, maintaining K-12 education funding but not providing cost of living increases, and reducing spending for health and human services. The plan includes no new taxes unless voters reject the lottery plan. In general, are you satisfied or dissatisfied with the governor's budget plan?

35% satisfied

- 56 dissatisfied
 - 2 haven't heard anything about the budget (volunteered)
 - 7 don't know
- 25. Overall, how concerned are you about the effects of the spending reductions in health and human services in the governor's budget plan?
 - 42% very concerned
 - 36 somewhat concerned
 - 13 not too concerned
 - 7 not at all concerned
 - 2 don't know
- 26. Do you think that tax increases should be included in the governor's budget plan?

48% yes

46 no

6 don't know

- 27. Do you favor or oppose the governor's plan to borrow about \$15 billion against future state lottery income over the next three years?
 - 33% favor
 - 58 oppose
 - 9 don't know
- 28. Do you favor or oppose the governor's plan to temporarily increase the state sales tax by one cent if California voters reject borrowing money against state lottery income?

54% favor

- 41 oppose
- 5 don't know

28a.The governor proposed a constitutional amendment that would limit the amount of money that state spending could increase each year, would require the state to place money into reserve in years of budget surplus, and would give the state the authority to make budget adjustments throughout the year. Do you think this constitutional amendment is a good idea or a bad idea?

59% good idea

29 bad idea

12 don't know

29. Some of the largest areas for state spending are: [rotate] [1] K-12 public education, [2] higher education, [3] health and human services, [and] [4] prisons and corrections. Thinking about these four areas of state spending, I'd like you to name the one you most want to protect from spending cuts.

61% K-12 public education

17 health and human services

12 higher education

7 prisons and corrections

3 don't know

30. Overall, do you think the state budget process in California, in terms of both revenues and spending, is in need of major changes, minor changes, or do you think it is fine the way it is?

65% major changes

24 minor changes

7 fine the way it is

4 don't know

Tax and fee increases could be used to help reduce the state's large gap between spending and revenues. For each of the following, please say if you favor or oppose the proposal.

[rotate questions 31 to 34]

31. How about raising the state taxes paid by California corporations?

63% favor

32 oppose

5 don't know

32. How about raising the top rate of the state income tax paid by the wealthiest Californians?

69% favor

28 oppose

3 don't know

33. How about raising the state portion of the sales tax?

35% favor

61 oppose

4 don't know

34. How about increasing the annual vehicle license fee that was reduced a few years ago?

37% favor

61 oppose

2 don't know

Spending and tax reforms have been proposed to address structural issues in the state budget. For each of the following, please say whether you think the proposal is a good idea or a bad idea.

[rotate questions 35 to 38]

35. How about replacing the two-thirds vote requirement with a 55 percent majority vote for the state legislature to pass a budget?

42% good idea

48 bad idea

10 don't know

36. How about strictly limiting the amount of money that state spending could increase each year?

66% good idea

28 bad idea

6 don't know

37. How about extending the state sales tax to services that are not currently taxed, such as legal and accounting services, auto repairs, and haircuts?

37% good idea

59 bad idea

4 don't know

38. How about leasing the California State Lottery to a private company?

26% good idea

59 bad idea

15 don't know

[rotate questions 39 and 40]

39. I'm going to name some of the largest areas for state spending. Please tell me the one that represents the most spending in the state budget.

[read rotated list]

37% youth and adult corrections

27 health and human services

20 K-12 public education

7 higher education

9 don't know

40. I'm going to name some of the largest areas for state revenues. Please tell me the one that represents the most revenue in the state budget.

[read rotated list]

32% personal income tax

28 sales tax

23 corporate tax

8 motor vehicle fees

9 don't know

Changing topics, this year marks the 30th anniversary of Proposition 13, the 1978 ballot measure that limits the property tax rate to 1 percent of assessed value at time of purchase and annual tax increases to no more than 2 percent until the property is sold.

41. Overall, do you feel passing Proposition 13 turned out to be mostly a good thing for California or mostly a bad thing?

59% mostly a good thing

27 mostly a bad thing

2 mixed (volunteered)

12 don't know

42. And, overall, do you think the property tax limitations imposed by Proposition 13 have had a good effect or a bad effect or no effect on local government services provided to residents in the state of California?

27% good effect

28 bad effect

29 no effect

16 don't know

43. As a result of Proposition 13 and increases in home prices in California, a homeowner who recently purchased a home will pay much higher property taxes than a homeowner who purchased a similar home several years ago in the same neighborhood. Do you favor or oppose this feature of Proposition 13?

41% favor

51 oppose

7 don't know

44. Under Proposition 13, a two-thirds vote at the ballot box is required to pass any new local special taxes. Overall, do you think the supermajority vote requirement imposed by Proposition 13 has had a good effect or a bad effect or no effect on local government services provided to residents in the state of California?

32% good effect

28 bad effect

25 no effect

15 don't know

45. Do you favor or oppose allowing local special taxes to pass with a 55 percent majority vote instead of a two-thirds vote?

34% favor

59 oppose

7 don't know

46. Next, would you consider yourself to be politically:

[read list, rotate order top to bottom]

- 10% very liberal
- 20 somewhat liberal
- 31 middle-of-the-road
- 22 somewhat conservative
- 13 very conservative
- 4 don't know

- 47. Generally speaking, how much interest would you say you have in politics?
 - 25% great deal
 - 40 fair amount
 - 28 only a little
 - 7 none

[d1-d13: demographic questions]

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