

2011 Hamilton College Youth Poll on Poverty and Policy

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Executive Summary:

Young adults in America view poverty as serious problem that the government and high income households are morally obligated to help. Two-thirds see the rising incomes of the wealthy as detrimental to lower income households. Young adults view the lack of jobs and poor access to health care among the primary causes of poverty but overwhelmingly acknowledge that people are more likely to be poor due to bad choices than bad luck. They recognize that current government policies are not effective, but more favor an increase in government spending than favor spending less. In particular, increases in in-kind aid, earned income tax credits and increasing the minimum wage are favored over cash transfers to the poor.

Paul Hagstrom, Professor Economics at Hamilton College, led the sixteen students in his Economics of Poverty class through the design and analysis of a national poll to ascertain the views of young adults on poverty, inequality, and the government's responsibility to the poor. To ensure the highest quality data, the class partnered with Knowledge Networks who collected a nationally representative sample of 1,652 young adults of 18-29 years of age Knowledge Networks maintains a non-volunteer database whose members are chosen through a statistically valid sampling frame. The 18-29 age group constitutes approximation one-fifth of all eligible voters, many of whom will soon vote for the first time. Among respondents, 65 percent are nonwhite-nonhispanic, 23 percent are poor, and 73 percent intend to vote in the 2012 presidential election. The Arthur Levitt Public Affairs Center at Hamilton College provided funding for the survey.

Highlights:

- 58 percent feel the wealthy have a responsibility to help the poor, and 62.6 percent feel those earning \$200,00 and above should pay more taxes
- 67.7 percent feel the government is morally obligated to help the poor but 58.5 percent are not willing to pay more in taxes to help the poor
- 77 percent feel that government anti-poverty programs were not effective and 60.7 percent believe that anti-poverty programs discourage people from working
- Overall, when asked if people were more likely to be poor because of bad luck or because of bad choices, 82.7 percent answered bad choices. Yet 51.8 percent feel that poor households manage their money wisely.
- Similarly when asked if an average poor person was to receive \$5,000, would he or she use the money responsibly, 49.6 percent said yes. Yet, almost 6 percent fewer answered affirmatively when asked if a person who was not poor and received \$5,000 would handle the money in a similar manner.
- When asked how many of the poor have the ability to raise themselves out of poverty, 86 percent answer that most or some do.
- Despite the fact that the majority of respondents felt that the poor manage their money wisely, 86.9 percent do not favor changing our government food assistance programs to cash transfer programs.
- 75.3 percent support increasing the minimum wage
- When asked what would help the poor the most - reducing unemployment, raising the minimum wage, increasing cash transfers or earned income credits – the majority chose reducing unemployment.
- If the government was to reduce its overall spending, 53.4 percent point to national defense as the first area from which cuts should be made when the selection includes infrastructure spending, programs for low income families and social security.
- When asked how they would rank these issues – unemployment, health care, the national debt, national security – if they were president, 80 percent choose unemployment as their first or second most important issue.

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- Nearly all of the above questions can be broken down by race, gender, poverty status, and intention to vote.

Introduction and Data Description:

The recession that began in the late 2000s was, to date, the worst economic downturn the United States experienced since the Great Depression. Although the recession officially ended in June 2009, lingering effects of the recession continue to plague the United States.

Poverty is one such effect that has become increasingly unavoidable for policymakers. According to the U.S. Census Bureau, the official poverty rate in 2010 was 15.1 percent, which is about 46.2 million people.¹ This was the third consecutive annual increase in the poverty rate, which has been steadily increasing since 2007. The poverty rate in 2010 was also the highest poverty rate since 1993. Furthermore, the number of people in poverty in 2010, 46.2 million, is the largest number in the 52 years in which poverty estimates have been published. In 2010, the poverty rate among non-Hispanic Whites was 9.9 percent, for Blacks it was 27.4 percent, and for Hispanics it was 26.6 percent. Looking at the ethnic breakdown of the poverty rate, it is clear that poverty is more prevalent among non-Whites. These statistics also highlight the issue of inequality between various racial groups.

This survey conducted in November 2011 looks at poverty through the eyes of the youth of the United States. As such, the survey was specifically targeted towards respondents between the ages of 18 and 29. This is because while in the past, several similar surveys have focused on the general population, the youth have, for the most part, been an ignored demographic. However, the opinions of the youth regarding issues such as poverty and inequality are of importance as they continue to increase participation in voting. With the 2012 presidential elections in sight, candidates might want to focus on the youth and their opinions in order to win their support.

Our survey comes at an important time in today's political climate, as poverty-related issues are at the forefront. The recent Occupy Wall Street movement and similar protests occurring throughout the country have shown that Americans are more aware than ever that poverty and income inequality are significant problems. Empirical statistics on both youth and first-time voters also suggest that young adults are becoming more politically charged. An estimated 23 million young Americans between the ages of 18 and 29 voted in the 2008 presidential election - an increase of 3.4 million compared to the previous election. In addition, approximately 15 million votes were cast by first time voters. According to Rock the Vote, an estimated 44 million individuals between the ages of 18 and 29 were eligible to vote in 2008, which constituted one-fifth or around 21 percent of the voting eligible population.² Candidates of the upcoming 2013 presidential election may find our results especially interesting because our survey polls this youth demographic and attempts to gauge their opinions on poverty and related policies.

According to the Bureau of Labor Statistics of the U.S. Department of Labor, the unemployment rate was 8.6 percent in November 2011, when this survey was released to the public.³ Unemployment among the youth however is significantly higher than the general population. The youth unemployment rate (those between the ages of 16 and 24) remained at 18.1 percent as of July 2011.⁴ Since the youth are susceptible to suffer more than the general population in terms of unemployment and poverty, it is not surprising if their opinions regarding such issues were to differ from those of the general population. Therefore, this survey is both relevant and timely in terms of looking at the opinions of the youth regarding issues such as inequality, unemployment and poverty.

¹<http://www.census.gov/prod/2011pubs/p60-239.pdf>

²http://www.rockthevote.com/assets/publications/research/young_voter_registration_and_turnout_trends-2008.pdf

³<http://www.bls.gov/news.release/pdf/empsit.pdf>

⁴http://www.bls.gov/opub/ted/2011/ted_20110826.htm

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The 2011 Hamilton College Youth Poll on Poverty and Policy consists of thirty-eight questions on young people's views towards poverty along with several supplemental demographic questions. The survey goal was to collect 1,500 completed surveys from respondents ages 18 to 29. To perform this data collection, our class collaborated with Knowledge Networks (KN), a well-respected national research company. Knowledge Networks uses a proprietary online research panel, KnowledgePanel®, that is representative of the U.S. population. Panelists cannot volunteer for any particular survey. Panelists periodically receive unique log-in information to access a survey online and then are sent emails throughout each month inviting them to participate in research. Of the 3,329 sampled participants, 1,652 completed the survey.⁵ The Arthur Levitt Public Affairs Center has successfully used Knowledge Networks to conduct previous Hamilton College Youth Polls. The sample size of 1,652 corresponds to a margin of error of 2.5 percent for binary response questions.

Our survey consists of questions contributed by all members of our Economics of Poverty course taught by Professor Hagstrom. Our class wrote or compiled survey questions on: young American's sense of the poverty issue, their attitudes towards the poor, their beliefs on the government's role with regards to helping the poor, who should fund poverty initiatives, and other background questions that could affect peoples' views on poverty or that could help with survey interpretation (for example, whether or not a respondent intends to vote in the upcoming presidential election).

Primary Findings:

A. Sense of the problem

Young adults overwhelmingly report that poverty is a serious problem in the United States, and income inequality is viewed equally as problematic as poverty. 83 percent believe poverty is a serious problem and 69 percent answer yes to the question "*Do the growing incomes of the wealthiest people in the country negatively affect the quality of life of those with lower incomes?*" Females were more likely to answer yes than males (73.8 to 64.7 percent), nonwhites were more likely to say yes than white respondents (76.1 to 65.6 percent). There was no statistical difference in the response of voters versus nonvoters.

The respondents found that poverty was of a larger problem for the United States than racism and the threat of terrorism. However, access to healthcare and the size of the budget deficit both were selected as larger issues (questions 6). 58 percent responded that access to health care was a bigger problem than poverty with nonwhites responding higher than white (62.6 to 55.8 percent). Nearly half of all respondents (48.8 percent) reported inequality to be a bigger problem than poverty. Interestingly a majority of the poor (55.1 percent) and of nonwhites (56.9 percent) consider inequality to be the larger problem.

Most respondents (83.7 percent) identify a lack of jobs is a major cause of poverty. The lack of health insurance and medical bills received the second most votes (64.3%) for being a cause of poverty. The results point to the immediate needs of the poor for healthcare access and jobs. Nonvoters are more concerned about jobs than voters (86.8 to 82.7), the poor more than the nonpoor (93.8 to 80.7), females more than males (86.9.4 to 80.6), and nonwhites more than whites (88.9 to 80.9). The same pattern holds for access to health care.

⁵ More technical information is available at <http://www.knowledgenetworks.com/ganp/reviewer-info.html>. Knowledge Networks delivers quality and service to guide leaders in business, government, and academia – uniquely bringing scientifically valid research to the online space through its probability-based, online KnowledgePanel®. The company delivers unique study design, science, analysis, and panel maintenance, along with a commitment to close collaboration at every stage of the research process. Knowledge Networks leverages its expertise in brands, media, advertising, and public policy issues to provide insights that speak directly to clients' most important concerns. For more information about Knowledge Networks, visit www.knowledgenetworks.com.

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B. Attitudes toward the poor

Next we explored young adult attitudes toward the poor. When asked, “*In your opinion, are people more likely to be poor because of bad luck or because of bad choices?*,” 82.7%, responded that people were likely to be poor due to bad choices, while only 15.9% attributed most poverty to bad luck. When breaking this down by by-variable group, those who had lost a job in the last two years had a statistically significant tendency to select “Bad Luck” as a cause of poverty. One interesting non-result of this question: poor respondents were no more likely to select “Bad Luck” than non-poor respondents. Similarly, there was no statistical difference by gender, race, or voter status on this question.

Despite the cause of poverty 59.7% believed that the wealthy should help the poor, while 40.3% felt the wealthy did not have any responsibility for the poor. Voters, females, and those with high levels of education were statistically more inclined to answer that the wealthy have a responsibility to help the poor. Another interesting non-result of this question comes in that the poor were not different from the nonpoor in their response to this question.

Concerning financial responsibility, when asked “If the average person you know was to receive \$5,000 do you think he or she would use the money responsibly,” a slight majority of 54.9% of respondents answered “no.” The phrasing of this question prompts those surveyed to reflect on the monetary responsibility of their peer or social group, and it generated some surprising results. First, 41% of voters indicated that those they know would spend responsibly, in comparison to 47% of non-voters. This result may indicate that the voting youth of America may be lacking in financial responsibility. Nearly 51% of nonwhites (and 51% of Hispanics) trusted the responsibility of their social circles, while only 39% of whites (and 41% of non-Hispanics) felt the same. In comparison, the poor believe their social circles spend wisely (52% vs. 40%), as well as those who recently lost a job (48% vs. 39%). These differences in means are statistically significant at the 5% level. These responses seem to directly challenge the assumption that the poor act irresponsibly with their finances; based on this assumption, one would expect the poor, less educated, and minority respondents to report lower confidence in their social circles’ monetary responsibility.

The next question rephrased the context to ask respondents about the monetary responsibility of the average poor person. Again, nonwhites and Hispanics seemed to believe that the poor would manage \$5,000 responsibly, with 58% of nonwhites and 59% of Hispanics responding in the affirmative (significant at the 5% level). Again, 64% of the poor indicated that they would spend money responsibly. Females also indicated a significant difference (52% vs. 44%). Interestingly enough, the overall percentage of respondents who indicated that poor households would not spend their money responsibly (48%) is significantly lower than the number of respondents who answered that the average person in their social circle would not spend their money responsibly (54%). *These results would indicate that the public perception of the fiscal responsibility of the poor may actually be better than that of their own friends and acquaintances.* The patterns visible in the responses to the next question, how wisely the poor manage their finances, echo those just described. Sixty-nine percent of the poor themselves indicated that poor households manage finances wisely. However, the educated, married, voters, and those who believe poverty is caused by bad choices instead of bad luck disagree.

Another interesting pattern revealed by the poll involves the public’s perceptions of the work effort of the poor. The respondents tended to answer that the poor put “the same amount of effort” into their work (46.4%) or even more effort (31.6%), yet only 22% of respondents who answered that the poor exert more effort in their work also indicated in the following question that most poor have the ability to raise themselves out of poverty. Poor were equally likely as non-poor to indicate that most poor can raise themselves out of poverty with enough effort (27% vs. 28%, statistically significant at the 5% level). Perhaps these responses indicate that even with significant effort, barriers exist to upward mobility that prevent those below the poverty line from “working their way up. The only group that seemed to believe more than other groups that the poor could raise themselves out of poverty by working their way up was the group of respondents intending to vote; of voters, 29% believed that most poor could work their way

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out of poverty, as opposed to 25% of nonvoters; this result was significant at the 5% level. This response has policy implications because voters may prove less likely to pass anti-poverty legislation if they believe the poor can remedy their own situations.

C. The Role of government

When asked, "*Do you believe that the government is morally obligated to help the poor?*," 70.5 percent of the sample answered "yes." At the same time only 19.9 percent believe that our current antipoverty programs are effective and only 36.5 percent believe that our current programs reduce poverty. While males and females did not differ on the effectiveness response (18.8 versus 19.8), females at 44% were more likely to say that our current policies reduce poverty than males (32.3%). Whether the programs work or not, 60.2 percent respond that the poor actually need government help. Voters are more likely to believe that the poor need the assistance (62.0% versus 55.6%) as are nonwhites and the poor.

With regards to spending, 33.5 percent favor spending more (the other choices being the same as or less than). Nonwhites, females, the poor, and nonvoters all favor spending more than their counterparts. Concerning how to spend the money, cash assistance to the poor garnered very little support. Given the options of increasing cash, unemployment benefits, tax benefits, or food stamps, food stamps at 44.6 percent was the overwhelming favorite.

Generally, nonvoter, the poor, and nonwhites showed the most support for increasing cash assistance. However, only 35.2% overall favored increasing cash assistance while 71.6% favored increasing in-kind programs, 77.8% favored increasing the minimum wage, and 70% favored increasing assistance through the earned income tax credit. Although less than nonvoters, voters strongly supported increasing in-kind assistance, the minimum wage, and the earned income credit to help the poor. Females were generally more sympathetic toward poverty programs than males

D. Who should pay?

To fund poverty policy, 34.5% believe the top 4% of earners should pay more in taxes to aid the poor and another 19.6% believe the top 25 percent of the income distribution should pay more. America's young adults clearly believe the wealthy should pay more and help more. Even a majority of the nonpoor (53.6%) believed the wealthy should pay more. There was no statistical difference between the response of voters versus nonvoters.

The young respondents were asked, "*Would you be willing to pay more in federal income tax if the purpose was to help the poor?*." Overall, only 38% answered yes. Voters didn't differ from nonvoters and males and females were similar. However, nonwhites (46.1% versus 34.1%) and the poor (48.8% versus 35.1%) were far more willing to pay higher taxes than their counterparts.

Peoples' willing to pay, willingness to increase antipoverty programs, and view on the effectiveness of antipoverty policy is strongly related to their views on causes of poverty. Those answering that poverty is more likely to bad luck as opposed to bad choices are more likely to support public assistance and are more willing to pay to help the poor. For example, with regards to being willing to pay higher taxes to help the poor, 55.5% of those who see poverty as mostly due to bad luck were willing to pay higher taxes versus 35.1% for those believing poverty is mostly due to bad choices.

Finally, when asked "*If the government decides to reduce its overall spending, what area should be reduced most?*," defense spending was the clear favorite among America's young adults. 55.2 percent favored cutting defense spending as opposed to 19.7 % who favored reducing infrastructure, 17.6% who favored decreasing programs for low income families, and 7.5% who favored reducing social security and programs for the elderly.

Conclusion:

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Young adults in America are clearly aware and concerned about both poverty and inequality in our country. Equal numbers choose inequality and poverty as the larger of the two problems. Even though most associate poverty with bad choices, the willingness to help the poor is strong, particularly through non-cash programs such as the food stamp program, an increase in the minimum wage, or an increase in the earned income credit.

Given the political season we close with a summary of responses in which voter and nonvoters seem to differ. Voters are less likely than nonvoters to be worse off today than they were two years ago. Voters are more likely to say that the wealthy have a responsibility to help the poor even though they are less trusting than nonvoters that the poor manage their finances wisely. Voters are less likely to believe that antipoverty programs are effective and more likely to believe that our current programs provide a disincentive to work, yet they are more likely to believe that the poor truly need the help. Finally, young adults who plan to vote are more likely than nonvoters to believe that the top 4% and the top 25% should pay higher taxes to assist the poor.