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To: Interested Parties

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From: Celinda Lake, David Mermin, and Dan Spicer

MICHAEL J. PERRY
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Date: August 28, 2006

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Re: America Dream Survey: Hope and Fear in Working America

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THE AMERICAN DREAM SURVEY 2006

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The American Dream Survey of non-supervisory workers conducted by Lake Research Partners¹ shows that the **American Dream** is as powerful a concept today as it has ever been. America's workers say the American Dream is not about getting rich or hitting the lottery -- it is about achieving the basics of middle-class comfort and security: **a good job, owning a home, a secure retirement, quality and affordable health care, and a better life for their children.** However, on Labor Day 2006, in the midst of record corporate profits and a purported economic recovery, **America's workers feel the American Dream slipping away.** In an America politically polarized into red and blue states, the American working middle class is remarkably united in its view of the American Dream.

A majority of these working- and middle-class Americans do not feel they have obtained the American Dream, though most still believe it is obtainable. In this survey, they tell us that stagnant wages, skyrocketing health care, a rising cost of living and rising debt are putting the American Dream at risk. In a stunning change from past generations, and perhaps for the first time in our nation's history, **a majority do not believe the next generation of Americans will be better off than the current generation.**

Whatever the business pages say, workers tell us they are facing tough times in America. Working Americans, though resilient, feel pessimistic about the direction of the country and the economy. They worry that not only their own opportunities, but those of their children, are stagnating or declining. Driving their bleak view of the future are workers' **experience of wages not keeping up with the cost of living**, the fact that **many must incur debt to pay for basic necessities like food and utilities**, and that **most are feeling forced to postpone retirement to an older age than they had expected.**

¹ This nationwide telephone survey of 800 non-supervisory workers was conducted August 14-20, 2006, by Lake Research Partners. The margin of sampling error is +/-3.5%. This survey was conducted for Change to Win.

These survey results are not only a portrait of stagnation, frustration, and worry, they also represent a call to action. **Working Americans believe the American Dream is still attainable and that our country can and should do better.** Across partisan and demographic lines, workers believe they can make things better if they become more politically active. Workers believe overwhelmingly in the right to unionize without fear of reprisal, and **over two thirds believe joining a union would make things better for working people.** In 2006, America's workers are ready for change and are ready to participate in making that change happen.

LAY OF THE LAND: WORKERS TAKE A DIM VIEW OF THE ECONOMY, AND FACE SIGNIFICANT FINANCIAL CHALLENGES

- **A majority of American workers feel both the country (63%) and the national economy (63%) have gotten off on the wrong track. Just 26% of workers say the country is headed in the right direction, while 28% say the national economy is headed in the right direction.**

A majority of every single demographic group feels negative both on the direction of the country and on the national economy. Four years into a purported economic recovery, this is not just a lagging indicator among workers who don't appreciate the good economic news yet. America's working middle class is experiencing a different kind of economy from the readers of the *Wall Street Journal*, and their responses throughout the survey confirm that their concerns are deep and fundamental. In their view, the American Dream is in danger of slipping away for themselves and for generations to come.

- **The majority of workers also feel the opportunities in the economy are either declining (43%) or stagnating (22%) while only 21% feel that economic opportunities are increasing.**
- **The more you worry about a job, the more you feel in decline.**
- **A plurality of workers (19%) name jobs and the economy as their top concern today, followed by energy and gas prices (11%). Other significant concerns include education (9%), Social Security and retirement security (8%), and health care (7%). Notably, immigration (5%) and homeland security & defense (3%) are not as top-of-mind.**

Jobs and pocketbook issues dominate the concerns of American workers as they struggle to maintain and improve their standard of living. Emotional wedge issues and foreign threats are less immediate and less personal than the daily effort to hold a job, provide a decent education for the kids, save for retirement and put gas in the car.

- **When asked specifically about their own pocketbooks, workers' top concerns are wages not keeping up with the cost of living (34%), rising gas prices (29%), and rising health care costs (27%).**
- **A majority of workers (51%) say that wages are not keeping up with the cost of living, with 47% saying wages are keeping up with the cost of living.**

Independent voters are especially concerned (61%) that wages are not keeping up with the cost of living – an important finding for the 2006 elections as independents will be the decisive voters in close races for Congress. Similarly, the answer to President Reagan’s famous campaign question is an ominous one for incumbents running in 2006: just 38% of all workers feel they are better off than they were four years ago. Twenty-nine percent feel worse off, and 33% are the same or don’t know.

- **More than eight in ten (81%) agree that no matter what you hear about the economy, working families are falling behind.**

Working Americans don’t believe the hype: they know their families are falling behind, not getting ahead, in today’s economy. Without real solutions to stagnant wages, fraying retirement security and skyrocketing costs for necessities like gas and health care, these attitudes are unlikely to improve soon.

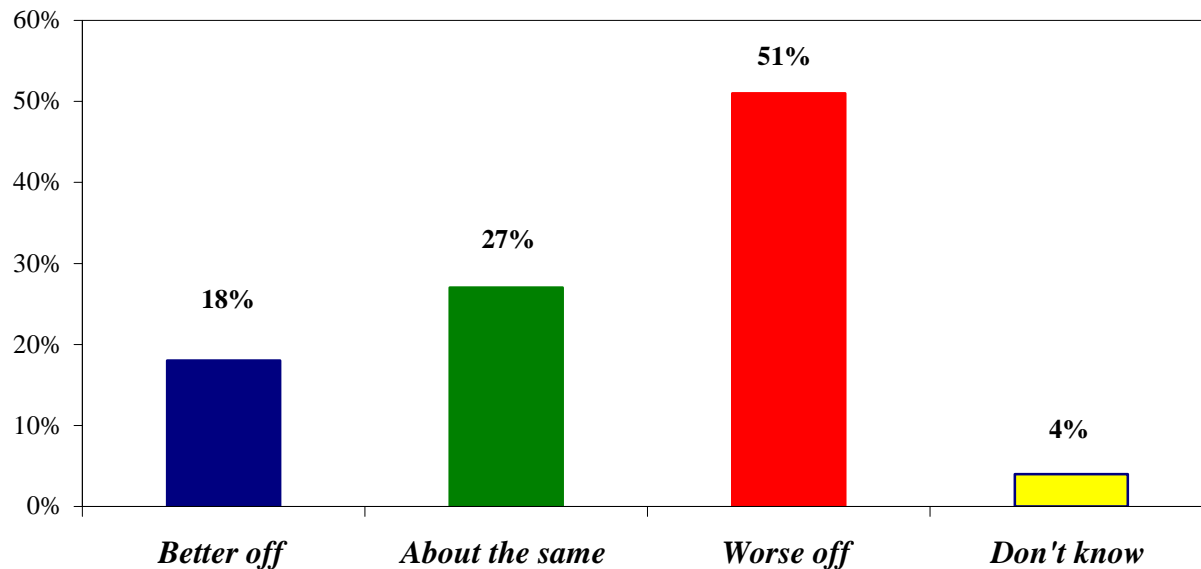
- **A majority of workers feel cautious (31%) or are worried (20%) about their own financial futures, with another 9% saying they are disappointed or angry.**

Those least likely to feel confident or hopeful about their financial futures are those in the prime working and pre-retirement years – ages 40-59. While those under 40 and over 60 are slightly more confident, every age group expresses more negative or cautious feelings than positive ones about their own financial future.

THE AMERICAN DREAM AT RISK

- **Perhaps for the first time in our nation’s history, only 18% believe the next generation of Americans will be better off economically than the current generation, while 51% feel they will be worse off.**

Economic Future of the Next Generation



The traditional optimism of Americans about the future of the country and their children has been badly shaken by the experiences of American workers in recent years. Stuningly, a majority now believe their children will be worse off economically than the current generation of working adults. That is true for the first time among both non-college workers (48%) and college workers (58%).

- **While a slim majority of workers (51%) feel the American Dream is still attainable, more than a third (36%) either are not sure they can attain it or feel they cannot attain it. Only 14% feel they have already achieved the American Dream.**

An even higher percentage (42%) of African-American workers are not sure they can attain the American Dream or feel they cannot attain it, and a similar 40% of Hispanic workers are uncertain about the attainability of the American Dream. Non-college educated workers and those with household incomes under \$50,000 are also less likely to think the American Dream is still attainable. The Dream is still there, but it is fading for many workers today.

PERSONAL EXPERIENCES OF WORKING FAMILIES: STRUGGLING TO MAINTAIN NECESSITIES

- **The most widespread serious worries of American workers today include the prospect of not being able to afford health care when they need it (a serious concern for 77%), not having enough money for retirement (77%), losing their health care benefits (72%), not being able to keep up with bills (69%), and having their standard of living slip further and further (68%).**

| <i>Seriousness of Concerns Working People Have Today</i> | <i>Total Serious²</i> |
|---|----------------------------------|
| Not being able to afford health care when you or your family need it | 77% |
| Not having enough money for retirement | 77% |
| Losing your health care benefits | 72% |
| Not being able to keep up with bills | 69% |
| Having your standard of living slip further and further | 68% |
| Losing my job and not being able to find one with the same pay and benefits | 65% |
| Not having time to spend with family | 62% |
| Losing your pension benefits | 59% |
| Losing your home or never owning a home | 59% |

When asked about specific personal worries, workers paint a vivid and multi-faceted picture of what it means to be working and falling behind in America today. Over three quarters are seriously concerned about not being able to afford health care when they need it, and an equal percentage worry they will not have enough money for retirement. Over two thirds feel at risk for losing their health care benefits, not keeping up with their bills, and having their standard of living slip further and further. Large majorities are seriously worried about losing the basic building blocks of economic security – their job, their pension, or their home. These are not economic “jitters” – workers are feeling real anxiety about their ability to stay afloat and keep what they have, much less get ahead.

- **Nearly one third of workers (31%) say they have had to incur debt to pay for necessities like food, utilities and gasoline in the past year.**

Workers who must dig themselves into a deeper financial hole just to pay the bills are truly on a slippery slope economically, and they know it. The numbers are even more alarming in key demographics: 38% of African-American workers and 46% of Hispanic workers say they have incurred debt to pay for basic necessities.

- **One in six workers (17%) have no health insurance today, and one in two (51%) have themselves or a family member been without coverage at some time in the last 3 years. Thirty-one percent of Hispanic workers say they lack insurance today.**

Despite the lack of attention to the health care crisis in Washington D.C., the threat of losing coverage looms large for America’s workers. Static measures of health insurance coverage, while alarming enough in themselves, fail to capture the instability many families experience in their health care. In the American Dream Survey, we find that in addition to the one in six workers currently going without insurance themselves, another 19% lack insurance for someone else in their family today, and 21% more have had a family member without insurance in the past 3 years – adding up to a majority (51%) of working families who have faced the risk of financial ruin due to a sudden illness without insurance coverage.

- **More than a third of workers (34%) have no retirement vehicle—neither a pension nor a 401(k) retirement program at work.**

² ‘Total Serious’ includes ‘Very Serious’ and ‘Serious’ responses combined.

The American Dream includes a chance to live comfortably after a lifetime of hard work, yet over one in three workers lack the basic tools to provide for themselves in retirement – a pension or a 401(k) program. Fully half (50%) of Hispanic workers have no retirement program at their jobs.

- **Recognizing their lack of retirement security, a majority (55%) of workers have pushed back their anticipated retirement to an older age than they had estimated just 5 years ago.**

THE MEANING OF THE AMERICAN DREAM: DEBT-FREE LIVING, PROVIDING FOR CHILDREN, QUALITY, AFFORDABLE HEALTH CARE, AND A DIGNIFIED RETIREMENT

- **Despite their pessimism about the economy and their personal worries, an overwhelming number (91%) offer a response to the question, “What does the American Dream mean to you,” demonstrating that the American Dream still resonates with American workers, who can identify it and have strong feelings about it.**

Every demographic group has a firm view of the American Dream.

- **When asked the open ended question of what the American Dream means to the them, respondents say it means having a good job and being able to make a comfortable living (37%) while notably, almost no one mentions being wealthy or affluent (1%).**

| <i>What does the American Dream mean to you? (Coded and collapsed³)</i> | |
|---|-----|
| Having a good job/make a comfortable living/financial security/debt free | 37% |

³ Multiple responses were allowed.

| | |
|--|-----|
| Own a home/have a good place to live | 15% |
| Personal freedom | 15% |
| Raising a family/caring for children | 14% |
| Opportunity/promise | 9% |
| Don't know/not sure | 9% |
| Live in peace without terrorism/safety | 6% |
| Access to health care/Be healthy | 6% |
| Success/Goal Achievement | 5% |
| Happiness | 5% |
| Access to good education/college | 4% |
| A worry-free life | 3% |
| A return to traditional moral values/religion | 3% |
| There's no longer any American Dream | 3% |
| Good Country/U.S. Improving/Patriotic Mentions | 3% |
| Equality / Equal Treatment/Rights | 3% |
| Freedom of speech and expression | 2% |
| Respect for others/tolerance of diversity | 2% |
| Life/Living Each Day | 2% |
| Affluence/being wealthy | 1% |

The most widely shared definition of the American Dream is living comfortably – a good job, financial security, being free of debt. Owning a home and raising a family complete the picture for many workers. Others mention personal freedom and opportunity as important aspects of the American Dream. American workers are not reaching for pie in the sky, they just want to live comfortably -- a modest yet profound goal that most feel is getting harder and harder to reach.

| <i>What does the American Dream mean to you? (Example verbatim quotes)</i> |
|---|
| “Keeping your head above water, not worry about going into debt and trying to survive.” |
| “To have a stable home, career, wages that match the cost of living, be able to afford gas for the automobile, and being able to provide for your family's welfare and well-being.” |
| “Equal opportunity for public education, higher education, employment and economic growth, enabling one to become a home owner.” |
| “Freedom - right to an education, right to excel; the sky is the limit, opportunity to better yourself.” |
| “Taking care our children and our children's children.” |
| “Being able to watch my children do better than me.” |
| “Work hard, get a decent job, have secure health care and benefits.” |
| “It means for every person to have a home, health care, & food.” |
| “To be able to survive after retirement, to be able to hold on to what I have after I retire.” |

- **Six goals under the American Dream: Workers rate as most important being proud of the work you do (8.9 on a ten point scale/65% rate it a ‘10’), followed by being able to ensure your children have a good future (8.8/66%), owning your own home (8.7/65%), having**

affordable quality health care you can depend on (8.7/61%), having a secure and dignified retirement (8.6/59%) and feeling secure in your job (8.6/57%).

| <i>Importance of Various Achievements for Reaching the American Dream⁴</i> | <i>Mean Score (0-10 scale)</i> | <i>% Rating it a 10</i> |
|---|--------------------------------|-------------------------|
| Being proud of the work you do | 8.9 | 65% |
| Being able to ensure your children have a good future | 8.8 | 66% |
| Owning your own home | 8.7 | 65% |
| Having affordable quality health care that you can depend on | 8.7 | 61% |
| Having a secure and dignified retirement | 8.6 | 59% |
| Feeling secure in your job | 8.6 | 57% |
| * Sending your children to post high school education such as college or technical school | 8.5 | 60% |
| Being free of credit card debt | 8.5 | 60% |
| Having your voice heard in the political process even if you are not wealthy or powerful | 8.4 | 58% |
| Being able to afford and to have the time to take care of aging parents or relatives | 8.4 | 51% |
| *Helping pay for your children’s post high school education such as college or technical school | 8.3 | 54% |
| Being able to work less and spend more time with your family and friends | 8.2 | 50% |
| That all working people are treated with respect and dignity | 7.9 | 51% |
| If you work hard and play by the rules you will get ahead | 7.6 | 39% |
| One parent being able to afford to stay at home to raise their young children if they want to | 7.5 | 41% |

The top six items on this list provide a well-rounded picture of the American Dream according to working Americans. Most deeply, they want to be proud of their work and to ensure a good future for their children – yet other survey findings show they believe the next generation will be worse off, not better. Working people want to own a home and have affordable health care and a secure retirement they can count on – yet many are working without health coverage or pensions and even those who have them are worried about losing them. Finally, working people want to feel secure in and proud of their jobs – yet they see the economy and jobs as increasingly unstable.

In the eyes and experiences of working people, the American Dream and American reality are increasingly disconnected and appear to be growing further and further apart.

| <i>Importance of Various Achievements for Reaching the American Dream by Age Group⁵</i> | <i>% Rating it a 10 (Age under 40)</i> | <i>% Rating it a 10 (Age 40-49)</i> | <i>% Rating it a 10 (Age over 50)</i> |
|--|--|-------------------------------------|---------------------------------------|
|--|--|-------------------------------------|---------------------------------------|

⁴ Items with an ‘*’ were asked of half the sample.

⁵ Message number preceded by an ‘A’ or ‘B’ were asked of half the sample.

| | | | |
|--|-----|-----|-----|
| Being able to ensure your children have a good future | 66% | 70% | 60% |
| Being proud of the work you do | 65% | 68% | 65% |
| Owning your own home | 66% | 62% | 66% |
| Having affordable quality health care that you can depend on | 61% | 60% | 62% |
| Having a secure and dignified retirement | 59% | 60% | 61% |

The table above shows that for the youngest workers—those most likely to have younger children, being able to ensure the future of their children is especially important (66% of workers under 40 rate it a ‘10’, 70% of workers 40-49 rate it a 10%). Being proud of the work you do and home ownership are very highly valued across the generational divide.

THERE IS HOPE FOR REVIVING THE AMERICAN DREAM

- **Despite the pessimistic news, the American working middle class believes there are solutions. Again, we found Americans remarkably united about the solutions. They believe that government, political action, and joining a union can help revive the American Dream.**
- **Workers feel that if they became more politically active, regardless of political party, things would change for the better (85% agree, 54% strongly).**

This view is shared by workers across the political spectrum, with 84% of Democrats and independents, and 87% of Republican workers agreeing that becoming more politically active would improve things for workers. Despite their frustration with the situation in the country today, most working people recognize that they have a stake in the political process and have to get involved if they want things to get better.

- **More than two-thirds of American workers (68%) believe that if more working people joined together in unions, things could be better for working people.**

The labor movement, far from being viewed as a dinosaur or irrelevant to the new economy, is a beacon of hope to America’s workers today. Contrary to conventional wisdom, younger workers are even more interested than older ones in joining a union. Fully 79% of voters under 30 believe that union membership would improve things for workers.

- **Workers overwhelmingly believe the right to join a union without fear, retribution or intimidation from their employer is a fundamental American right (86% agree, 62% strongly).**

Workers believe it is simply un-American for corporations to intimidate or retaliate against workers who attempt to organize. Fully 89% of Democratic workers, 88% of independent workers, and 84% of Republican workers agree that workers should have the right to join a union without fear of reprisal.

- **Fully 82% agree that we cannot just depend on the marketplace, but that government has a responsibility to make sure Americans have health insurance.**

While this view is most strongly held by Democratic workers (86%) and independents (79%) Republicans (75%) also agree. Despite the lack of attention to this issue in Washington, D.C., American workers are eager for government action to make sure everyone has access to affordable health coverage, and do not believe the market or the private sector will solve this problem.

APPENDIX: WHO ARE NON-SUPERVISORY WORKERS IN AMERICA?

For the purposes of this survey, ‘non-supervisory workers’ are working people who are not full-time students, retirees or homemakers; nor business owners or CEO’s, company executives, managers, or professionals such as doctors or lawyers; but who are either employed or looking for work, work at least 20 hours per week if employed, and earn \$100,000 per year or less.

| <i>PROFILE OF NON-SUPERVISORY WORKERS IN AMERICA</i> | | |
|--|---|---|
| DEMOGRAPHICS <ul style="list-style-type: none"> • Women – 46% • Under 45 – 52% • College graduates – 32% • Married – 60% • Have children under 18 – 40% | REGION <ul style="list-style-type: none"> • Northeast– 19% • Midwest– 23% • South – 36% • West – 23% | PARTY IDENTIFICATION <ul style="list-style-type: none"> • Democrat – 42% • Republican – 23% • Independent – 23% • Other/nothing – 13% |
| RACE <ul style="list-style-type: none"> • White – 67% • Latino – 13% • African-American – 12% • Asian/Pacific – 3% | TOP CONCERNS <ul style="list-style-type: none"> • Jobs/economy – 19% • Energy/gas prices – 11% • Iraq war – 10% • Moral values – 10% • Education – 9% | INCOME <ul style="list-style-type: none"> • Under \$30K – 44% • \$30K-\$50K – 32% • \$50-\$100K – 22% |
| HEALTH CARE <ul style="list-style-type: none"> • Currently have health insurance – 82% • Everyone in family currently has health insurance – 70% • Someone in family has been without coverage in last 3 years – 51% | RETIREMENT <ul style="list-style-type: none"> • Pension and 401(k) – 19% • Pension only – 15% • 401(k) only – 29% • None – 34% | JOBS <ul style="list-style-type: none"> • One job – 83% • More than one job – 13% • Unemployed and looking – 10% • Union members – 13% |