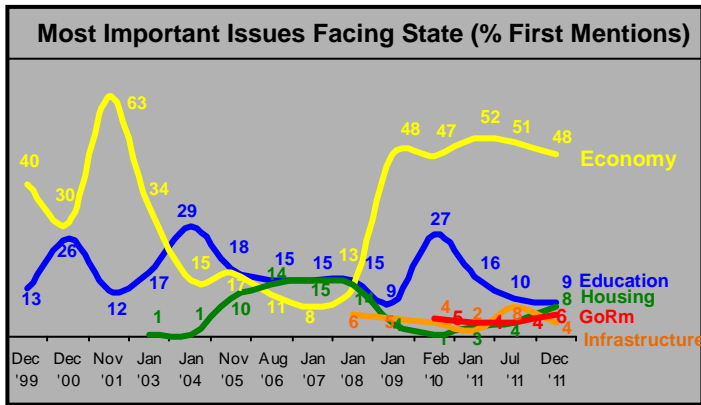


Winter 2012

Sponsored by the Hawaii Business Roundtable and Pacific Resource Partnership
Research Conducted by OmniTrak Group Inc.

ECONOMY STILL NUMBER ONE CONCERN

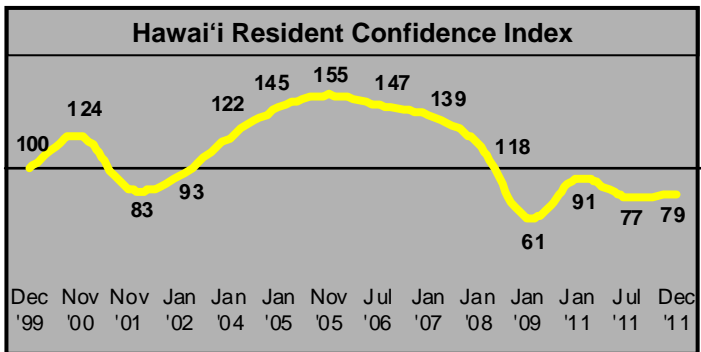
As 2011 winds down, the economy remains the top statewide issue, mentioned by 48% of residents and nearly unchanged from the Summer 2011 level. Among economic issues, the state deficit, specifically (14%), and economic performance (20%) continue to be most cited by residents.



Business conditions, particularly as they affect employment, are a top of mind issue with those concerned about the economy. Pessimism about job availability has remained above 50% over the past two years and this winter came in at 51%, a level well above pre-downturn levels. Education as a major concern continues to recede to the background in the current uncertain economic climate.

HAWAII RESIDENT CONFIDENCE UP SLIGHTLY

Hawaii Resident Confidence – a key barometer of residents’ overall outlook – ticked up slightly during the holiday period but remained below year-ago levels when hopes for a strong economic recovery prevailed.

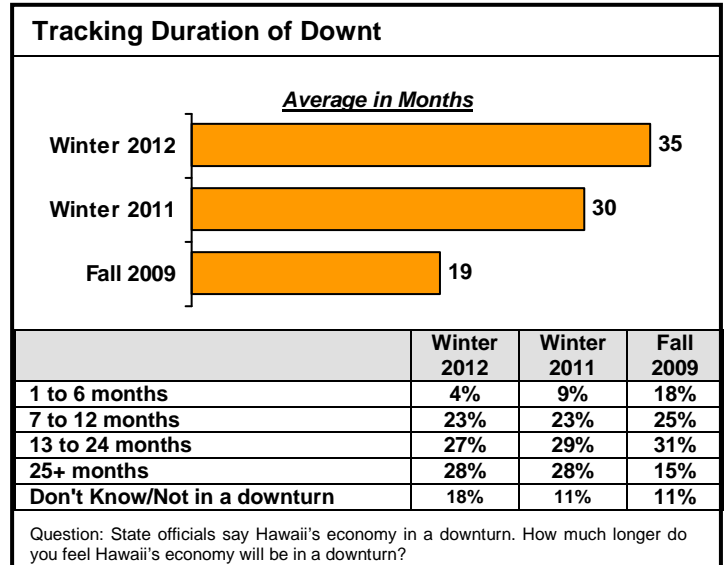


While fears of a US default had faded, at the time the survey was conducted in early December, worries about a financial crisis in Europe as well as the failure of Congress to reach agreement on the US debt undoubtedly weighed on nationwide sentiment and on optimism for a rapid recovery.

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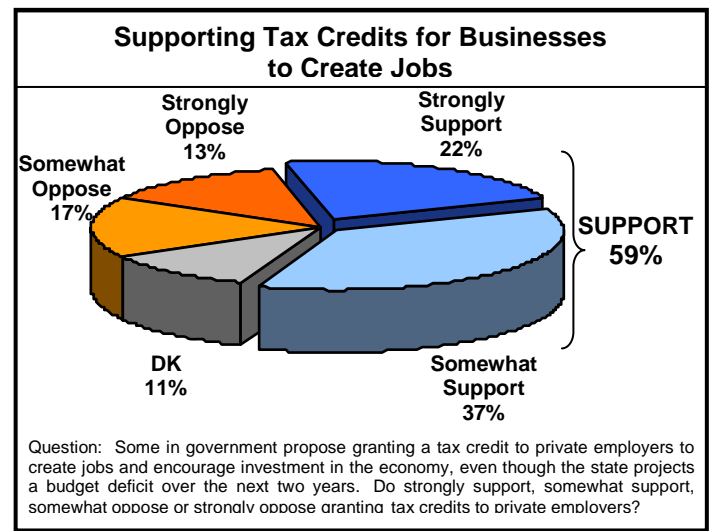
HOPES FOR RECOVERY DWINDLING

What’s more, residents generally do not think that the current downturn will end anytime soon. The Winter Pulse has tracked consumers’ estimates of the length of the downturn since 2009. December results show that hopes for a relatively quick recovery are diminishing and that residents on average foresee almost a three-year downturn from this point forward. By comparison, in 2009 residents at the time thought the downturn would last less than two years, on average.



MAJORITY SUPPORTS TAX CREDITS FOR BUSINESS

Amidst economic uncertainty, a majority of residents support the concept of using tax credits for business as a way to create more jobs and spur economic growth. In December, 59% of residents statewide indicated support for tax credits to employers “to create jobs and encourage investment in the economy, even though the state projects a budget deficit over the next two years.” Less than 1 in 3 are opposed to the concept – resulting in nearly a 2-to-1 margin of support over opposition.

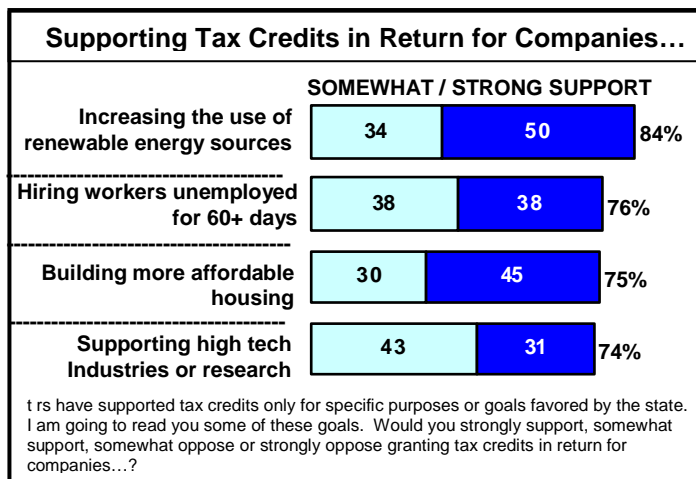


RENEWABLES ENHANCE TAX CREDIT POLICIES

To further gauge public support, The People's Pulse tested four approaches for using tax policy to achieve specific goals. Of the four goals, the one receiving the most support is granting tax credits in return for "companies that increase their use of renewable energy sources." More than 4 in 5 residents, or 84%, support using tax credits for this purpose - consistent with last summer's finding that nearly all residents statewide believe in the importance of increasing the use of renewable energy.

The other proposals also have broad statewide support. Three-quarters of residents each back granting tax credits (a) in return for hiring workers unemployed for at least 60 days, (b) in return for developers building more affordable housing; and (c) to support the high tech industry in Hawaii.

Notably, the goals to increase renewable energy usage and to build more affordable housing have significantly more residents who are strongly supportive than do the goals of hiring unemployed workers or helping the high tech industry. Fifty percent of residents strongly support the use of tax credits to further renewable energy usage.



The People's Pulse also analyzed differences in attitudes toward the various initiatives across groups in the population.

- **Strong** support for the concept of tax credits is higher on Oahu than on the Neighbor islands, 24% to 17%.
- Support for using tax credits specifically to increase renewable energy usage is consistently strong across the state, with over 80% on every island in support.
- The energy-related tax credits have more support among homeowners than among renters, 87% to 76%.
- Opposition is higher on Oahu than on the Neighbor Islands to granting tax credits for hiring unemployed workers, 21% to 13%.
- More union members are strongly supportive of using tax credits to hire unemployed workers than are non-union residents (47% to 35%).
- In the counties, Kauai residents are most supportive (85%), and Maui residents most opposed (33%), to granting tax credits in return for building affordable housing.
- Females are more supportive of using tax credits to build more affordable housing than are males, 79% to 69%.
- Relative to supporting high tech companies or research, greatest support is on Oahu (77%) and greatest opposition is on Maui (35%).

- Those earning \$75k+ are more supportive of granting tax credits to high tech companies than are those earning less than \$75k, 83% to 70%.
- Likely voters – those very likely to vote in the 2012 elections – are more supportive than are other residents of granting tax credits to companies that increase the use of renewable energy (86% to 73%) and of using tax credits to support high-tech industries (76% to 63%).

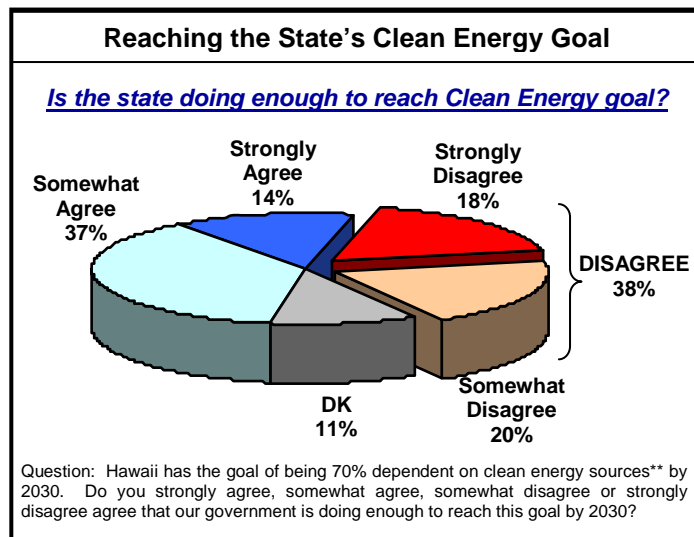
Support for Tax Credits to Companies that...

	Create jobs and encourage investment	Increase use of renewable energy sources	Hire workers unemployed for at least 60 days	Build more affordable housing	Support high tech industries or research
TOTAL	59%	84%	76%	75%	74%
Oahu	60%	83%	74%	76%	77%
Hawaii	60%	85%	78%	77%	68%
Maui	50%	84%	80%	63%	57%
Kauai	58%	89%	83%	85%	76%
Caucasian	61%	83%	78%	73%	73%
Japanese	62%	83%	70%	75%	76%
Hawaiian	55%	82%	81%	79%	69%
Filipino	52%	82%	78%	68%	69%
Other	67%	85%	76%	79%	83%
Likely voters	61%	86%	77%	76%	76%
Not likely	50%	73%	69%	69%	63%
Owners	63%	87%	75%	74%	73%
Renters	51%	76%	79%	74%	76%
Male	59%	82%	73%	69%	68%
Female	59%	85%	78%	79%	78%

IMPROVING REGULATORY EFFICIENCY

Currently, the Hawaii State Energy Office estimates that obtaining approval for new energy projects can take as long as 6-10 years. Some in the business community believe that this process takes far too long, especially as it impacts Hawaii's stated goal of becoming 70% dependent on clean energy sources by 2030. The People's Pulse described the goal of 70% clean energy-dependence, then asked residents if they agreed that "our government is doing enough to reach this goal by 2030?"

Results show that the public is divided on this question, with 51% agreeing that "our government is doing enough," 38% disagreeing and 11% not able to answer.

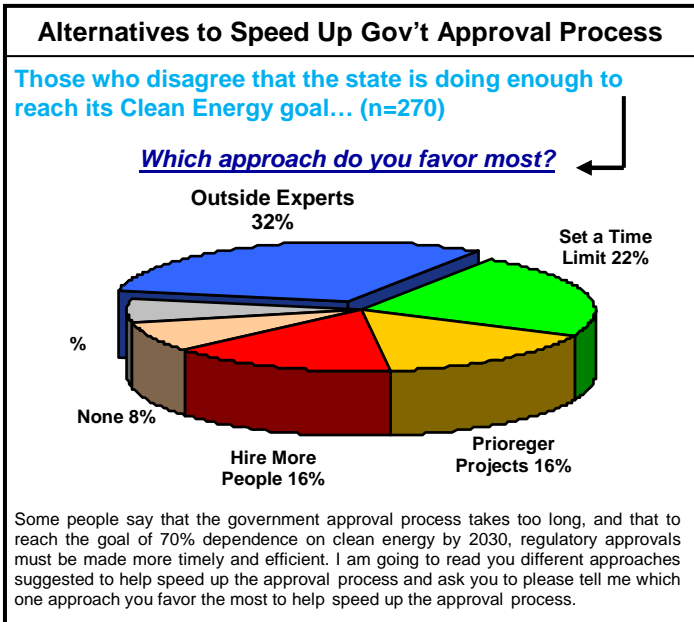


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IMPROVING REGULATORY (From page 2)

Those who **disagree** that the state is moving fast enough to meet its Clean Energy goal – 38% - were given a choice of four alternatives to speed up the process and asked to select one alternative among the four provided.

In a forced choice scenario, the suggestion to *allow private experts from outside government to review projects* ranked highest (32%), followed by the suggestion to *set a time limit on how long opponents have to appeal projects* (22%). Together, the top two alternatives accounted for over 50% of responses by those dissatisfied with the government approval process.



The other strategies, to “*prioritize larger projects over smaller projects*” and to “*hire more people with technical expertise within government,*” were each chosen by just 16% of residents. About 1 in 7 of this group did not choose any of the four alternatives (8%) or said they didn’t know (6%).

Not surprisingly, responses vary considerably across the counties and across demographic segments.

- Residents of Japanese ancestry (60%) are more likely than are other residents (48%) to agree that the state is doing enough to reach its Clean Energy goal.
- More males than females *disagree* that the state is doing enough, 45% to 33%.

Among residents who disagreed that the state is doing enough...

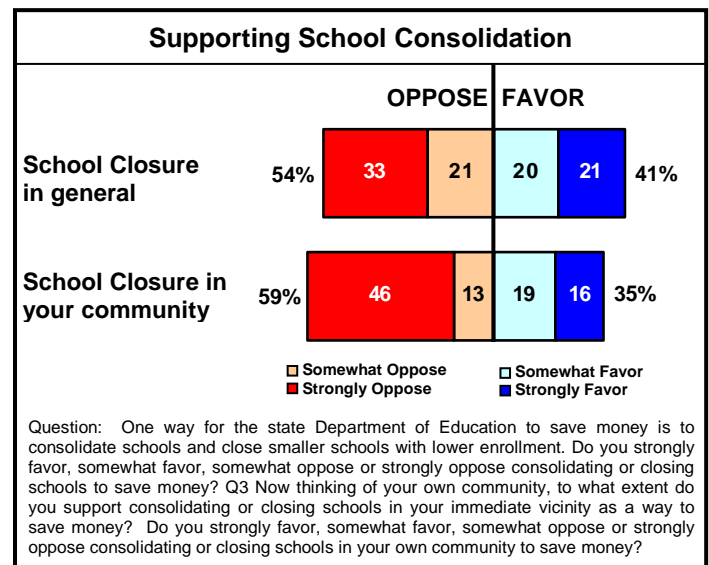
- Oahu residents more than Neighbor Islanders prefer to “*allow private experts to review projects,*” 39% to 17%.
- Kauai residents show a much greater preference for “*prioritizing larger projects over smaller projects*” (44%) than do those on Oahu, Hawaii and Maui (13%, 17% and 25%, respectively).
- Those earning \$75k or more show more preference for “*allowing private experts to review projects*” than do those earning less than \$75k annually, 45% to 29%.
- A high proportion of likely voters prefer to “*allow private experts to review projects*” compared to those not strongly likely to vote in 2012, 36% to 13%.

Continued on page 4

PUBLIC INITIALLY OPPOSED TO SCHOOL CLOSURE

The state Department of Education has for some time proposed closing schools with lower enrollment and consolidating smaller schools on fewer campuses as a cost-saving measure. Most of the proposed closures are located in East Oahu, where the DOE has met strong and vocal opposition from the community and has managed to close just one school – Wailupe Valley School in 2009. The People’s Pulse explored this issue in a series of questions designed to gauge public opinion on school closures, including what conditions, if any, would alter prevailing views on school closures.

On the general issue of consolidating and closing schools, the public is divided, with 41% in favor versus 54% opposed. When specifically asked about closing schools *in their immediate vicinity or community*, this generated far more opposition (59%) than support (35%) for closures.



Opponents of school closure do not actually oppose cost-saving measures by the DOE; they just do not perceive public schools *in their areas* to be under-enrolled or in need of consolidation. Most opponents see their neighborhood schools as overcrowded (33%), as not needing consolidation (29%), prefer other means to save money (28%) or feel that it would be a hardship on parents (19%).

- Opposition to closures is higher on the Neighbor Islands than on Oahu (63% to 50%). On the Neighbor Islands, opponents outnumber supporters 2-to-1 (63% to 33%).
- Residents of Japanese ancestry are generally supportive (54% support) while Caucasian residents are mostly opposed (64% opposed).
- No statistical differences are seen between DOE parents and non-DOE parents on any school-related question.

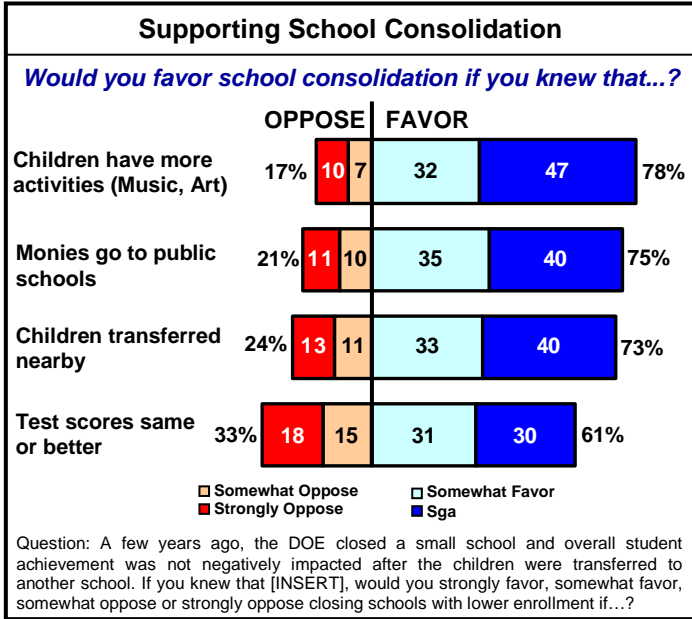
BENEFITS OF CONSOLIDATION SWAY RESIDENTS

The People’s Pulse found, however, that public opinion swings from opposition to support of school consolidation when certain benefits are known – namely, when children are kept within the community and when more resources and activities are made available to them as a result of consolidation.

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BENEFITS OF CONSOLIDATION (From page 3)

Four benefits of school consolidation were read to residents, with the result that most would support consolidation on condition that (a) *children have a wider range of activities such as music, art and technology from being in a larger school*, (b) *the monies saved or income gained went to support the school system*, and (c) *children are transferred to a nearby school*. Three-quarters or more of residents would favor school closures if these advantages were known to them.



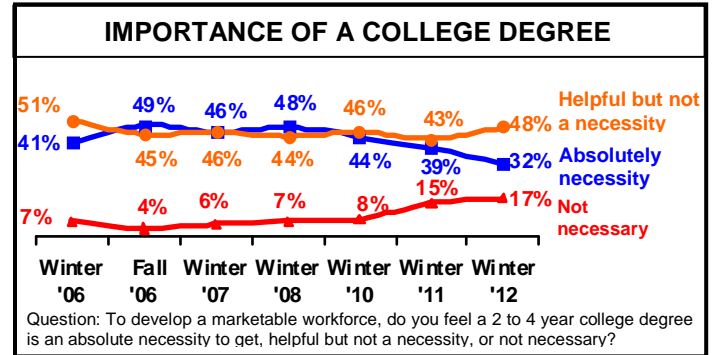
Having *student achievement and test scores stay the same or even improve* is relatively less influential in generating support for consolidation and, moreover, is where significant differences in the population tend to emerge, as follows.

- Across the board, Oahu residents are more favorable to school consolidation than are Neighbor Island residents, with the gap widest relative to *children being transferred to nearby schools* (79% to 60% support).
- Japanese residents are more favorable than are Caucasian residents, specifically *if student test scores improve or stay the same*, 74% to 53%.
- Among likely voters, more are strongly favorable of school consolidation than are those not likely to vote *if student test scores improve or stay the same*, 32% to 18%.

Favor closing schools if...	Children have wider range of activities	Monies to support the schools	Children transferred to nearby school	Test scores same or better
TOTAL	78%	75%	73%	61%
Oahu	81%	80%	79%	66%
Neighbor Isles	72%	63%	60%	49%
Hawaii	68%	58%	54%	49%
Maui	71%	65%	61%	51%
Kauai	83%	73%	73%	46%
DOE Parent	75%	75%	66%	55%
Non-DOE Parent	83%	84%	75%	69%
Caucasian	77%	72%	67%	53%
Japanese	85%	83%	78%	74%
Hawaiian	75%	73%	75%	54%
Filipino	82%	80%	81%	63%
Other	78%	73%	73%	69%
Likely voters	79%	76%	73%	62%
Not Likely	76%	67%	72%	58%

MARKETABLE WORKFORCE CONCERN: FEWER NOW VALUE A COLLEGE EDUCATION

In an era when many recent college graduates remain unemployed or underemployed, attitudes toward a college education have softened considerably. Since 2008, prior to the downturn, the proportion of residents who believe that a college degree is “*an absolute necessity*” has dropped to one-third, from 48% to 32% currently. Those who view a college degree as *nice-to-have but not necessary* has risen from 44% to 48% in the same period. The proportion of residents who do not value a college education – saying it is “*not necessary*” – has more than doubled, from 7% to 17%. This is a concern given the need to have a highly educated workforce in Hawaii.



Demographically, those who feel that a college degree is “*an absolute necessity*” tend to be:

- Oahu (35%) and Maui residents (39%)
- Females (36%)
- Older (55+) residents (36%)
- Those earning \$75k+ annually (47%)

IMPROVING THE REGULATORY PROCESS (From page 3)

Which on approach do you favor?	Allow private experts to review projects	Set time limit on appeals	Prioritize larger over smaller projects	Hire more with technical expertise in gov't
TOTAL	32%	22%	16%	16%
Oahu	39%	21%	13%	16%
Neighbor Isles	17%	24%	23%	14%
Hawaii	20%	23%	17%	10%
Maui	16%	29%	25%	17%
Kauai	9%	14%	44%	21%
Caucasian	29%	24%	10%	20%
Japanese	44%	20%	14%	12%
Hawaiian	19%	33%	21%	13%
Filipino	34%	6%	30%	16%
Other	46%	15%	10%	20%
< \$35K income	23%	31%	13%	18%
\$35K-\$75K	37%	18%	24%	12%
\$75K+	45%	23%	9%	14%
Likely Voters	36%	21%	17%	15%
Not Likely Voters	13%	26%	15%	19%

THE PEOPLE'S PULSE

The Winter 2012 issue of The People's Pulse is based on statewide telephone interviews among a random sample of 700 adult citizens (400 Oahu, 100 each on Hawaii, Maui, and Kauai), December 1 to 19, 2011. Results are weighted by island. At a 95% confidence level the sampling error overall is +/3.7%. Call OmniTrak Group Inc. at 528-4050 for information on specifics. For more copies of this issue, please go to the following websites:

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