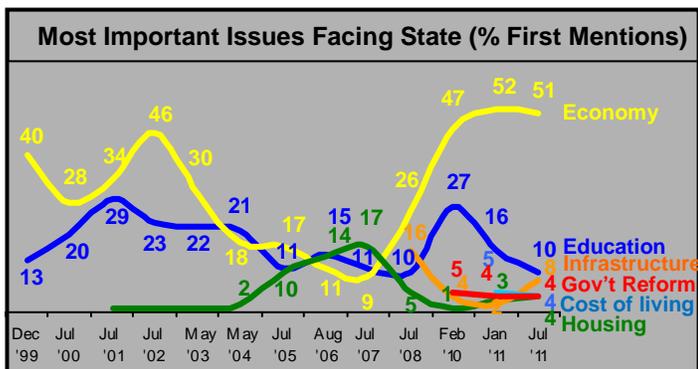


Summer 2011

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

RESIDENTS FOCUS ON THE ECONOMY

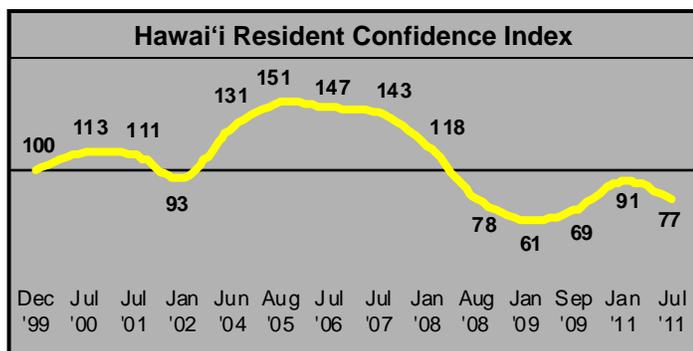
The economy remains by far the #1 concern in the State, showing no change from Winter levels at 51%. The twin worries of the budget deficit (20%) and economic performance (19%) continue to be the specifics most cited by residents.



The statewide jobs picture remains cloudy. Since 2009, pessimism about job availability has trended over 50%, a level well above pre-recessions levels. Throughout 2011, pessimism about jobs has stayed at 52%-53%, signaling little improvement in job seekers' outlook during most of the global recovery.

Education as a major concern has also receded to the background as the economy, government deficits and the cost of living remain front and center as the state's key issues.

HAWAI'I RESIDENT CONFIDENCE DOWN

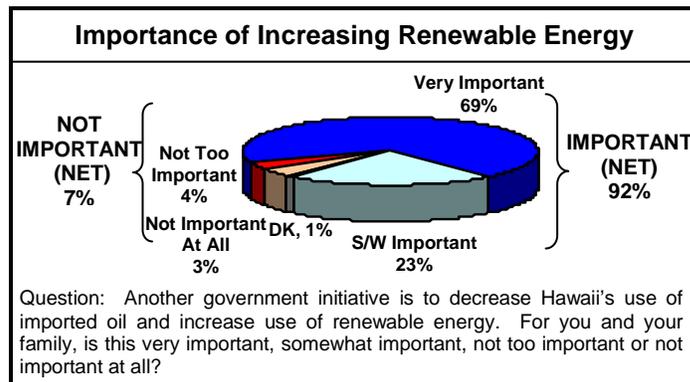


The persistent concern with issues of financial security is also reflected in the recent drop of 14 points in the People's Pulse Hawai'i Resident Confidence Index since the beginning of 2011. At the time the survey was conducted in late July, the highly visible possibility of a US default caused by a political impasse in Washington may have dampened residents' level of optimism. As a result perhaps, residents indicated that they have less faith that business conditions will improve in the future or that more jobs will be available.

Yet, two years into a recovery from a global recession, signs remain relatively positive that residents are more confident over time and in the long run may spend more. Hawai'i Resident confidence is still 16 points above the January 2009 level when the economy bottomed.

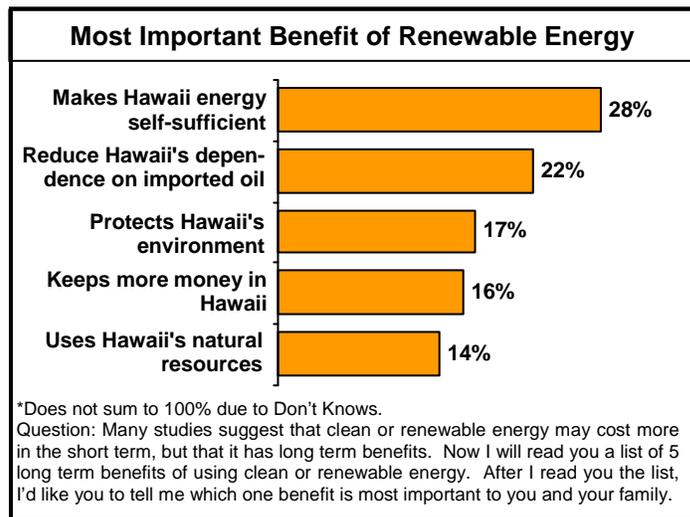
RENEWABLE ENERGY AS A MEANS TOWARD ENERGY SELF-SUFFICIENCY

Earlier this year, Governor Abercrombie signed legislation intended to help residents purchase renewable energy systems, such as solar paneling and photo-voltaic (PV) systems. These and other renewable energy initiatives are in keeping with continued strong support from the public. Over nine in ten residents (92%) believe that increasing the use of renewable energy is important, and a large majority of 69% believes it to be very important. Fewer than 1 in 10 is opposed.



The most important benefits of using more renewable energy, according to July data, are to make the state more energy self-sufficient (28%) and to reduce our dependence on imported oil (22%). Protecting the environment (17%) and using Hawaii's natural resources (13%) are considered important though secondary benefits of renewable energy.

To gauge public support of various proposals to increase renewable energy, The People's Pulse tested five specific government initiatives (see next page).

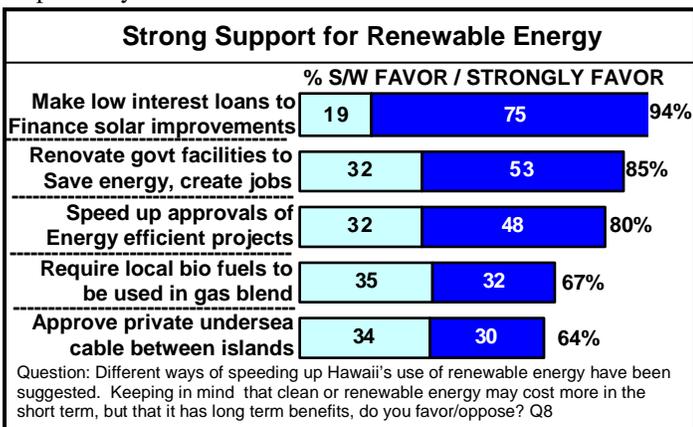


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RENEWABLE ENERGY (From Page 1)

Of the five, the most favored way to accelerate the use of renewable energy is to allow government to offer low interest loans to homeowners to finance improvements like solar and PV systems. Over 90% favor this option and three fourths (75%) strongly favor it, with almost no one opposed (5%).

No other proposal won comparable support, though about 4 in 5 each favor requiring the renovation of government facilities to make them more energy efficient (85%) and speeding up the building approval process for energy efficient projects (80%), with half of residents strongly in favor of both initiatives. Opposition to either initiative is low at 10% and 16%, respectively.



Smaller majorities favor a requirement to use locally grown bio fuels in Hawaii's gas blend (67%) and favor obtaining approval for a private underwater cable to transmit energy between islands (64%). About 1 in 3 strongly favors each measure and about 1 in 5 opposes each.

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

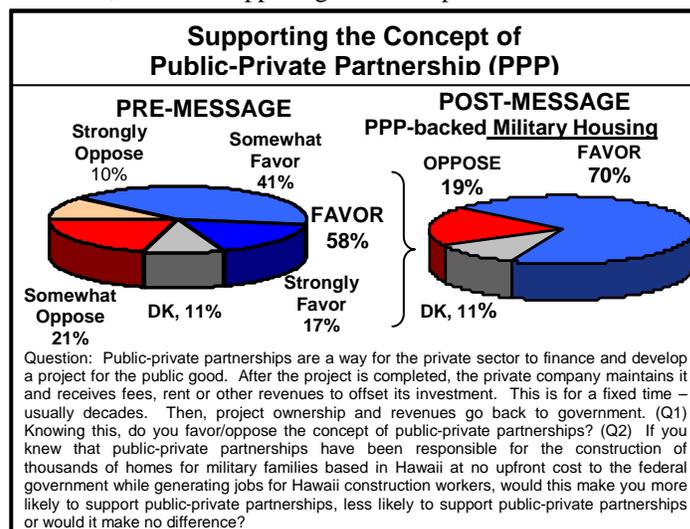
- Enthusiasm for the renewable energy concept is highest on the Big Island, where 79% say it is very important compared to 69% statewide.
- Oahu residents are more favorable to requiring local biofuels in Hawaii's gas blend than are Neighbor Isle residents, 69% to 63%.
- With respect to offering low interest loans to homeowners for efficiency improvements, highest favorability is found among adults 35-54 (96%).
- There is more support for required renovation of government facilities among families with no children in DOE schools than among those with children in the public schools (83% to 80%).

Strong Support for Renewable Energy					
	Low interest loans to finance solar	Renovate govt facilities to save energy	Speed up approvals of energy efficient projects	Require local bios fuels to be used in gas blend	Approve private undersea cable
TOTAL	94%	85%	80%	67%	64%
Oahu	94%	85%	80%	69%	67%
Hawaii	91%	83%	81%	68%	62%
Maui	96%	83%	79%	61%	57%
Kauai	91%	86%	72%	55%	55%
Cauca.	92%	85%	80%	59%	66%
Jap	95%	88%	84%	70%	71%
Haw'n	97%	86%	72%	75%	63%
Filipino	91%	71%	89%	79%	61%
Other	97%	90%	85%	64%	68%
18-34	97%	87%	88%	74%	69%
35-54	96%	85%	73%	70%	63%
55+	91%	83%	81%	62%	64%

PUBLIC SUPPORTS PUBLIC-PRIVATE PARTNERSHIPS

Hawaii is one of a number of states currently exploring new legislation to facilitate and enable formation of public-private partnerships or PPPs. In the US, 25 states already have PPP-enabling legislation in place. The People's Pulse described the PPP concept to residents as "a way for the private sector to finance and develop a project for the public good... after which the private company maintains it and receives revenues to offset its investment for a fixed time, usually decades..."

The public is generally favorable to the PPP concept. Fifty-eight percent of Hawai'i residents are in favor of PPP as described, with 31% opposing this concept.



For those opposed to public-private partnerships, information that PPPs help to generate military housing construction has a net positive effect on attitudes (above graph). When told that public-private partnerships "have been responsible for the construction of thousands of homes for military families... at no upfront cost to the government," 40% of those previously opposed become more likely to support PPPs versus only 7% less likely. Post-message, a 70% majority favors the PPP concept and only 19% opposes it.

The People's Pulse tested five proposals to use PPPs to finance and develop public facilities, and residents statewide are generally supportive of all five proposals. (Continued on Page 4)

		OPPOSE		FAVOR			
Public School Facilities	Total	25%	12	13	34	36	70%
	Economy*	28%	16	12	28	39	67%
University of Hawaii	Total	25%	10	15	37	33	69%
	Economy*	23%	12	11	34	35	69%
Public housing projects	Total	25%	13	12	39	30	69%
	Economy*	30%	19	11	31	34	65%
Prisons	Total	36%	20	16	36	21	57%
	Economy*	39%	26	13	30	24	54%
A new stadium	Total	39%	21	18	29	26	55%
	Economy*	41%	24	17	29	23	52%

*Say Economy # 1 issue

Legend: Somewhat Oppose (light blue), Strongly Oppose (dark blue), Somewhat Favor (light green), Strongly Favor (dark green)

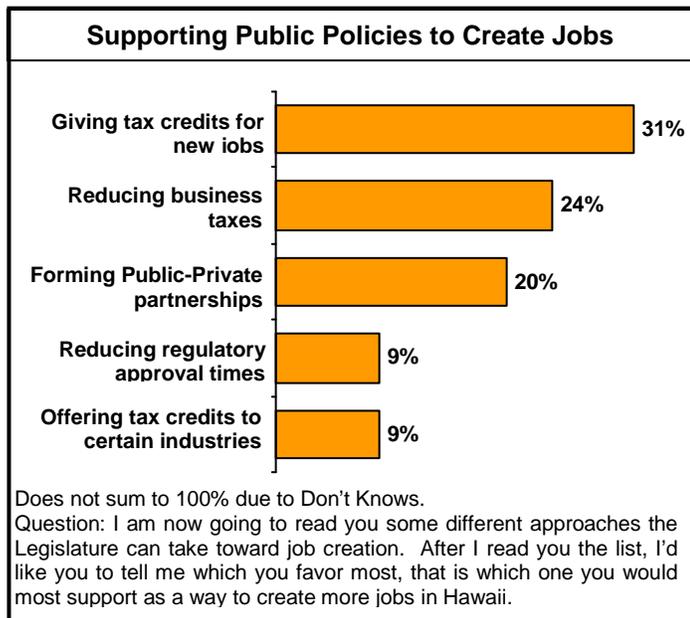
*Does not sum to 100% due to Don't Knows.

Question: Suppose public-private partnerships were used to build Hawaii's infrastructure. The private sector would be responsible for financing, developing and maintaining the project and in turn would get all rent and other revenues for decades. After that, ownership would be turned back to the government. Knowing this, would you favor/oppose using this concept to finance and develop in Hawaii...?

PUBLIC PREFERS USING TAX CREDITS TO ENCOURAGE JOB CREATION

With statewide unemployment at historically high levels, and with the Governor and the Legislature exploring options to lower unemployment, The People's Pulse public opinion research tested five ideas to create more jobs in Hawaii by using public policies that specifically impact economic activity.

Residents show strongest support for using business tax policy to create incentives for businesses to hire. When residents are asked in a forced choice to select one main strategy among five to stimulate hiring, almost a third of residents choose to *give tax credits for new jobs*, and another 1 in 4 choose *reducing business taxes* with no conditions. As a jobs measure, *forming public-private partnerships* (PPP) ranks third, chosen by 1 in 5 residents.

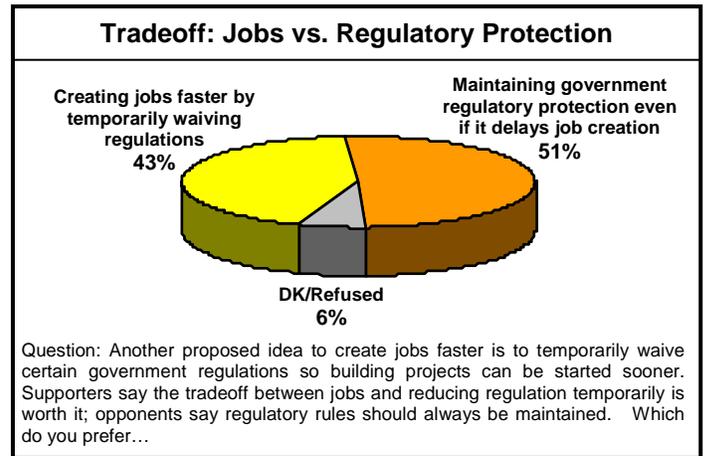


Combined, these three proposals – tax credits, tax reduction and public-private partnerships -- are seen as the most direct and efficient ways to generate job growth and are supported by majorities in every county in the state.

- In Maui County, *business tax reduction* (with no conditions) ranks first over tax credits for new jobs and public-private partnerships.
- Big Islanders rank the three strategies about equally, with about 1 in 4 choosing each as a job creation measure.
- By ethnicity, the strategy of *granting tax credits in return for new jobs* finds strongest support among Hawaiian (40%) and Caucasian residents (36%), groups who are most concerned with new job creation in the state.

There is no majority support, however, for bypassing the regulatory process in order to jump start new building projects and create construction jobs -- unless it is for approval of an energy efficient development (see page 2 under "*Renewable Energy*").

By a 51% to 43% margin, more residents prefer to maintain regulatory protection even if it entails delays in building permitting, than temporarily waiving regulations in the hopes of creating jobs faster.



In the population, the key difference is by gender: females support maintaining regulatory protection more than males do, 56% to 43%.

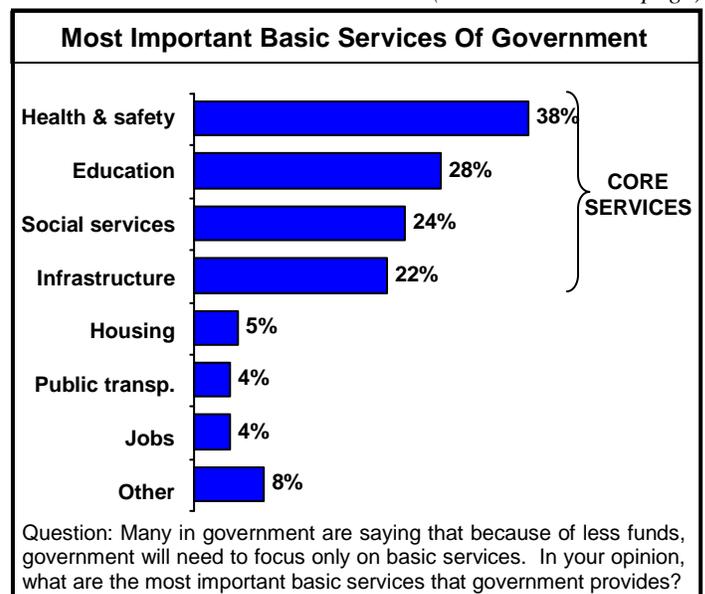
DEFINING BASIC GOVERNMENT SERVICES

Across the US, the debate over what constitutes the "core functions" of government continues to rage against the backdrop of a near-default of the Federal government as well as an actual government shutdown in Minnesota this summer. In Minnesota, the lack of funds meant that public services were temporarily reduced to "core" activities like medical care, law enforcement, transportation services, disaster relief and financial functions.

In Hawaii, which faces a projected \$1.2 billion deficit through 2013, the state's core functions were determined in 2002 by a special commission as follows: protecting public health, protecting public safety, providing education, improving the economy, protecting natural resources and perpetuating Hawaiian culture. The People's Pulse explored public views on this issue by asking residents "*what are the most important basic service that government provides?*"

The public generally agrees with the core functions defined by the commission, mentioning **health and safety services** most often (38%), including police, fire and health care services, followed by **education** (28%), **social services** (24%) and **public infrastructure** (22%).

(Continued on next page)

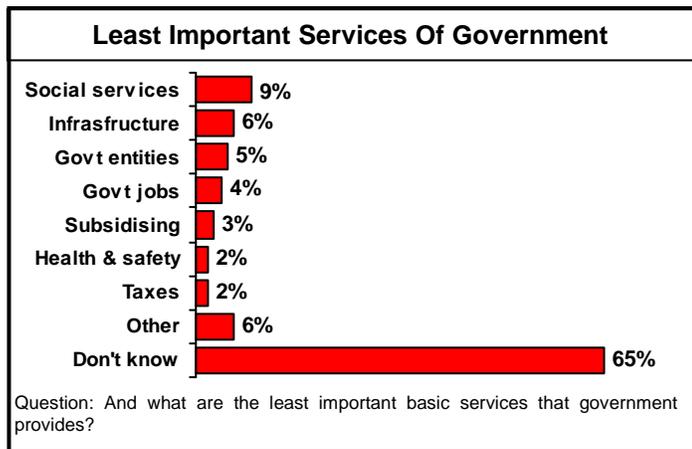


Education as a basic government service was mentioned more often on the Neighbor Islands, and particularly in Maui (37%), than on Oahu (27%). Infrastructure, including roads and sewers, is relatively more important to Oahu residents than those on the Neighbor Islands, 21% to 14%.

- By ethnicity, more Caucasians (54%) emphasized health and safety as a core public service than did Japanese (39%), Hawaiian (34%) and Filipino residents (28%).
- Other differences: health and safety was stressed by more homeowners than renters, (44% to 29%), and by more government employees than non-government employees (52% to 37%).

DEFINING NON-CORE GOVERNMENT SERVICES

By contrast, there is no consensus of what constitutes “the least important basic services that government provides.” Two thirds of residents (65%) did not name any service as least important, saying “don’t know” in response. These results reinforce the difficulty in balancing the budget by downsizing public services. Despite past public support for reducing the cost of government, it is difficult for residents to single out categories of services that are not considered important or that can be reduced or eliminated due to less funds being available.



No category of service was mentioned by more than 1 in 10 residents. Social services, including welfare and assistance programs, topped all categories at 9%, followed by public infrastructure (6%), government agencies and committees (5%) and government jobs (4%).

High proportions of young adults (74%), lower-income residents (72%) and Japanese residents (72%) did not name any service as least important, saying “don’t know.”

PUBLIC-PRIVATE PARTNERSHIPS (From Page 2)

Opinion is most favorable for using the PPP concept to develop public school facilities (70%), university facilities (69%) and public housing projects (69%). Education ranks highly as a core service of government in Hawaii (see page 3) and residents evidently see the value of using a cost-effective means to reinforce Hawaii’s educational infrastructure.

Except for public housing, the public is somewhat less supportive of using PPPs for non-educational projects. Statewide, lesser majorities favor using the PPP framework to construct prisons (57%) or a new stadium (55%). Statewide, over one third of residents oppose these two proposals, with more opposition seen on the Neighbor Islands than on Oahu.

- Oahu residents are more favorable to the PPP concept than are Neighbor Islanders, 61% to 52%
- More men are strongly in favor of the PPP concept than are women, 25% to 11%
- Support for using PPPs to develop university facilities is strongest among Big Island residents (41% strongly favor), lower-income residents earning \$35,000 or less (45%) and Filipino residents (41%).
- With respect to public school construction, strongest support comes from adults 18-34 (50% strongly favor), lower-income residents (50%) and Hawaiian residents (46%).
- Using PPP to develop public housing is supported strongly by lower-income residents (46%), renters (41%) and Hawaiian residents (40%).
- Significantly more support exists on Oahu than on the Neighbor Islands for using PPP to finance construction of prisons (59% to 50%) and of a new stadium (59% to 46%).
- In Hawaii County, just over half of residents opposes using PPP to build prisons (53% oppose), while on Maui, over half opposes using PPP to develop a new stadium (56%).

% Favorable To Using PPP To Develop:					
	Public School Facilities	University Facilities	Public Housing Projects	Prisons	A New Stadium
TOTAL	70%	69%	69%	57%	55%
Oahu	70%	70%	70%	59%	59%
Neighbor Isles	70%	67%	69%	50%	46%
Hawai'i	68%	71%	72%	41%	51%
Maui	72%	65%	64%	54%	36%
Kauai	71%	64%	72%	65%	58%
Male	71%	73%	70%	59%	57%
Female	69%	67%	69%	55%	53%
Caucasian	69%	67%	71%	58%	55%
Japanese	66%	71%	70%	67%	61%
Hawaiian	72%	72%	69%	55%	57%
Filipino	61%	65%	56%	36%	38%
Other	84%	74%	81%	65%	61%
<\$35K	74%	72%	74%	55%	43%
\$35-\$75K	72%	69%	72%	55%	58%
\$75K+	71%	71%	67%	65%	67%
18-34	81%	77%	73%	55%	55%
35-54	66%	69%	68%	57%	59%
55+	66%	68%	71%	60%	54%

Note: A shaded area signifies a statistically significant difference across segments at the 95% level of confidence.
 Question: Suppose public-private partnerships were used to build Hawaii's infrastructure. The private sector would be responsible for financing, developing and maintaining the project and in turn would get all rent and other revenues for decades. After that, ownership would be turned back to the government. Knowing this, would you favor/oppose using this concept to finance and develop in Hawaii (1) public school facilities, (2) university facilities, (3) public housing projects, (4) prisons, (5) a new stadium?

THE PEOPLE'S PULSE

This Summer 2011 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 Hawai’i, Maui, and Kauai), July 15 to July 28, 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: www.prp-hawaii.com.