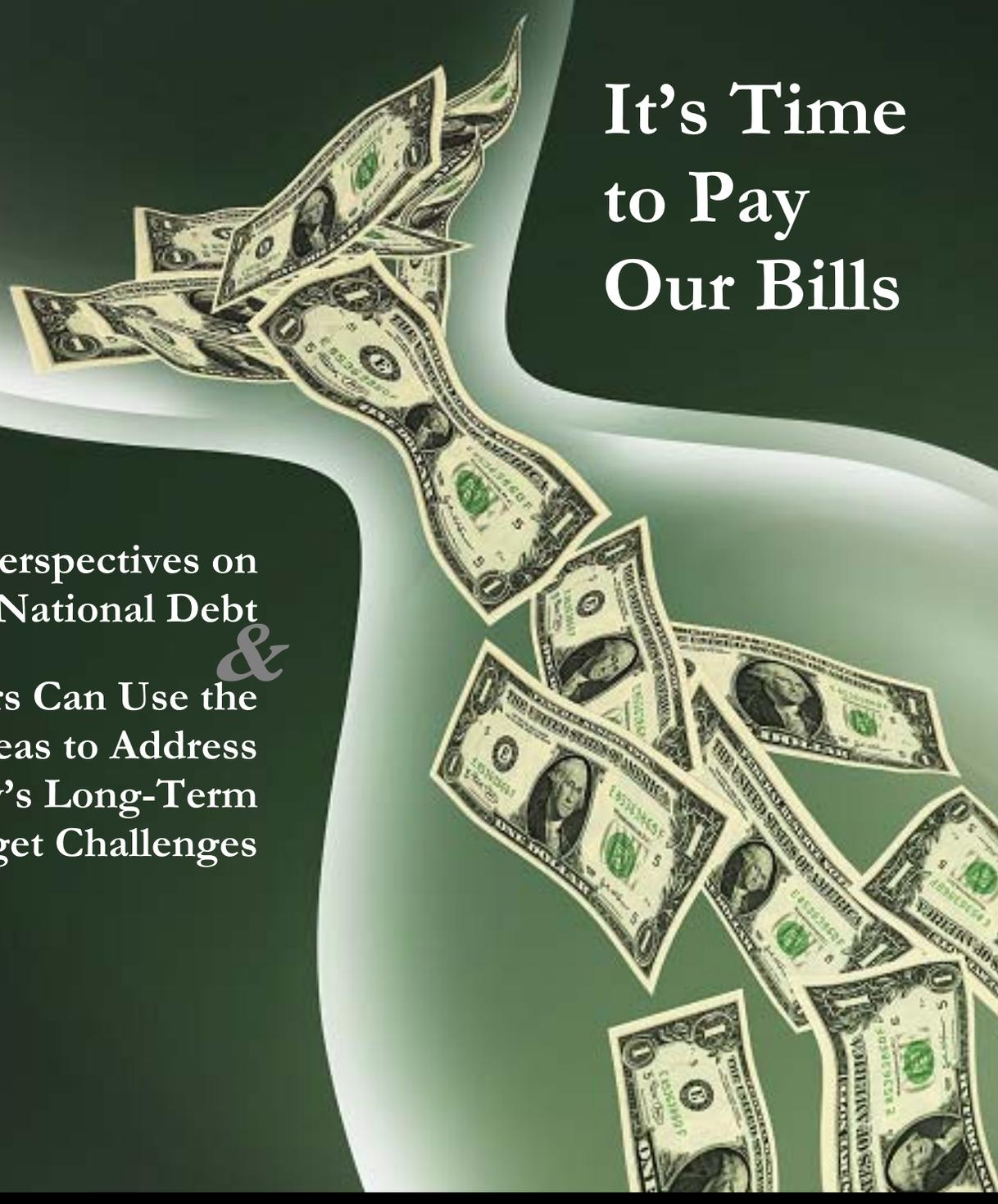


A Report from **PUBLIC AGENDA**, a partner in

FACING UP TO THE NATION'S FINANCES

A nonpartisan project with partners from

The Brookings Institution
The Concord Coalition
The Heritage Foundation
Public Agenda
Viewpoint Learning



It's Time to Pay Our Bills

Americans' Perspectives on
the National Debt
&
How Leaders Can Use the
Public's Ideas to Address
the Country's Long-Term
Budget Challenges

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Executive Summary

While many politicians believe that the American people simply don't understand or care about the nation's nearly \$9 trillion federal debt, the public is surprisingly concerned with the country's fiscal problems and how they could be fixed. That is just one of several important findings from the first phase of research by Public Agenda and four partner organizations. When the magnitude and implications of growing public debt are presented to them, Americans quickly grasp the severity of the problem and that something – or indeed many things – needs to be done.

Americans are concerned about government mismanagement of their taxpayer dollars. They are profoundly worried about their children's, their grandchildren's, and their nation's future. And, they are deeply cynical about Washington leaders doing anything to resolve the problems of Social Security, Medicare, other federal spending and taxes.

When the magnitude and implications of growing public debt are presented to them, Americans quickly grasp the severity of the problem and that something – or indeed many things – needs to be done.

Once they begin to focus on the problem, however, the American people are strikingly ready and willing to compromise – even if it might mean personal sacrifice in the form of higher taxes or reduced government benefits. In more substantive discussions, in which people are given a range of options to consider, Americans are refreshingly and pragmatically open to making changes in entitlement programs such as Medicare and Social Security, as well as in other spending and taxation. In short, Capitol Hill and White House perceptions are wrong about Americans being unwilling to face up to the fiscal problems relating to national debt. The people of the United States generally want their government to live responsibly and within its means. When they are asked what should be done to address the country's budgetary challenges, most are willing to make sacrifices for future generations and for their nation. And, they want their leaders to take constructive action to stop the nation's fiscal hemorrhaging.

The Time Is Right for Public Dialogue

Even though politicians of both parties increasingly talk of the need for entitlement, health-care and tax reform – as the 110th Congress serves as a prelude to setting the policy agenda for the pivotal 2008 elections – some national political leaders still take the easy route of supporting programs that their constituents want, without bothering to find a way to pay for them. Yet, even conscientious leaders who aim to be fiscally responsible are hard-pressed to effectively balance the federal budget. Deficit spending has become standard operating procedure. The country's debt is nearing \$9 trillion. The government faces a tidal wave of retirement and health care costs when the oldest baby boomers begin leaving the workforce between 2008 and 2011. This will push Medicare, Social Security and Medicaid (which covers most nursing-home care) expenses – and America's national debt – into the stratosphere, at the same time that retired baby boomers stop paying Social Security taxes to fund these massively expensive programs. Unless those over 65 suddenly disappear and a new baby boom creates a huge pool of new workers to pay into the system, there is simply no escape from dealing with this historically unprecedented set of circumstances. Most leaders understand that the country must address this problem soon. Some hope for a bipartisan approach that includes spending, entitlement, tax and political reforms.

The government faces a tidal wave of retirement and health care costs when the oldest baby boomers begin leaving the workforce between 2008 and 2011.

Many feel, however, that talking frankly with voters about the country's mounting budgetary difficulties is politically hazardous at best. Surveys show that most Americans want low taxes and increased government spending on nearly every good cause. Polls find that Americans do not like deficits, but there has not been a strong call for ending them. As M. Kathryn Eickhoff, a former chief economist for the Office of Management and Budget, put it: "You just don't see people running through the streets to have the deficit cut."

Is the issue too "far off"?

The conventional wisdom in Washington is that most voters don't care about an issue that is so "far off," compared to problems such as the war in Iraq, terrorism, education and health care coverage for families. Political leaders generally assume that voters will cling to policies that benefit themselves and their families regardless of the cost to the nation or the problems bequeathed to the next generation. Many fear that the issue is so complicated, and public knowledge so limited, that it would be nearly impossible to explain the country's challenge. Ask Washington leaders and insiders what is the biggest obstacle to tackling the country's fiscal problems, and many say it is the American public's lack of knowledge and complacency.

Just-beneath-the-surface concerns

Preliminary opinion research conducted by “Facing Up to the Nation’s Finances” – a non-partisan initiative of The Brookings Institution, The Heritage Foundation, The Concord Coalition, Public Agenda and Viewpoint Learning – suggests that there may be much more room to maneuver. Our initial look at public thinking included focus groups and an innovative new methodology called ChoiceDialogues, in which we identified the obstacles to seriously engaging the public, described how fiscal policy affects every family’s future, and asked participants how they might fix the myriad problems related to deficits and debt.

The first phase of the project included six focus groups and three day-long ChoiceDialogues.¹ The focus groups explored the public’s readiness to grapple with the issue. The ChoiceDialogues were eight-hour sessions in which representative samples of citizens wrestled with some of the hard choices and trade-offs including raising taxes, delaying retirement, adjusting Social Security and Medicare benefits, rationing some expensive kinds of health care, and cutting discretionary spending. In short, our research suggests that the public wants to learn, take thoughtful and constructive action and leave a fiscally healthier nation to their children and grandchildren.

Our research also tells us that there is a broad swath of the American public ready to follow thoughtful leaders if asked. Our purpose is challenge the conventional wisdom that Americans are apathetic and unrealistic, and to help leaders rebuild public confidence and move forward.

This report begins a multi-year effort to document, describe and close the gap between leaders and the public on fiscal issues. There are responsible lawmakers looking for ways to reform federal finances. Our research also tells us that there is a broad swath of the American public ready to follow thoughtful leaders if asked. Our purpose is to challenge the conventional wisdom that Americans are apathetic and unrealistic, and to help leaders rebuild public confidence and move forward. This is initial research, and the next phase of “Facing Up to the Nation’s Finances,” will probe more deeply into how the public understands federal finances and what policy options and trade-offs related to entitlements, other spending, and tax reform citizens are willing to consider.

Open to options

How does one make the dangers of deficits real? Most Americans do not immediately connect the abstract notion of an out-of-balance federal budget and the potential ramifications on their lives or on their children’s and grandchildren’s future. But this first obstacle is relatively easy to overcome. As soon as people learn a few key points – for example, the huge cost to fund the baby boomers’ retirement and the impact that would have on other federal programs or on our national and individual economic well-being – the issue moves to the forefront of citizens’ concerns. In other words, the budget and debt are broad, “just beneath the surface” worries.

The second and more difficult obstacle is public mistrust of politicians and the political system. On

¹ See “How the research was done” on page 17 of this report for details on focus group and ChoiceDialogues research.

the budget issue, this mistrust forms a major barrier between citizens and potential solutions suggested by political leaders. Americans often complain that even if citizens supported measures to return the country to a more prudent financial path, neither the Executive Branch nor the Congress would act in the public interest. Seeing government generally as wasteful and unaccountable, most doubt whether their sacrifices to reduce the deficit or guarantee essential programs would ever result in money actually going to that purpose. Most Americans believe that leaders across the political spectrum care little about the public's concerns and have lost the capacity to act for the national good. The irony about public mistrust is that, while leaders concerned about the country's finances despair over whether the public is willing to listen, Americans despair over whether leaders are willing to act responsibly. Mistrust may be a formidable obstacle, but preliminary research suggests several ways to address it, and ongoing research may provide clearer paths to publicly acceptable courses of action.

Despite these obstacles, initial research suggests that Americans are eager to talk about deficits, and people quickly assume that compromises will be necessary. Many show a surprising willingness to consider taking a personal hit – a tax hike or certain benefit cuts, for example – provided that sacrifice is broadly and fairly shared.

Offering Americans the chance to engage in fair-minded dialogue with leaders, and with each other, may be essential for leaders to act before a financial crisis forces our hand.

Once citizens make connections between their own lives and the federal budget – which people in focus groups typically do very quickly – they are willing to consider making significant changes in a number of areas, including major federal entitlement programs such as Medicare and Social Security, as well as tax policy.

No simple fix

Getting leaders and the public moving in the same direction will not be simple. The country's budget problems are complex, Americans are not well-informed and the plethora of information and misinformation would confuse even the most conscientious citizen. Yet, our research suggests that including

Americans in this discussion in constructive ways is easier than many suppose. We have seen that bringing typical Americans to the table to discuss budget issues realistically is achievable. Even more important, we are convinced that offering Americans the chance to engage in fair-minded dialogue with leaders, and with each other, may be essential to enable leaders to act before a financial crisis forces our hand. Given that Americans will have to live with the results of national action or inaction, they deserve the opportunity to help determine their fate.

How Concerned Are Americans About the Country's Budget Problems?

On the surface, most Americans do not see budget deficits, federal debt or an aging population as top issues. Virtually all polls find that Americans name problems such as the war in Iraq, terrorism, immigration, jobs, health care and education as much more urgent.² In our focus groups and ChoiceDialogues – which provided more detailed insights into Americans' opinions – only a few hardy souls initially named this issue as a serious challenge of the United States. As a Kansas City man said: “When I walk out the door, I'm not thinking about federal debt. I'm thinking about how much tax I got to pay, if my kid can go to school, if I can pay for my milk, my mortgage.”³

Eye-opening facts

But the transformation from “this doesn't matter” to “I see what you mean” often occurred surprisingly quickly. In some cases, focus groups included a

member who followed and worried about budgetary issues. With just a few comments and discussion, one citizen could often convince fellow participants that the issue matters a great deal. When the moderator introduced a few facts – the size of deficits and the debt, the effects of baby boomers retiring, causing entitlement spending to soar – there was typically a dramatic rise in the level of concern. In fact, many respondents who initially had considered deficits and debt as low-priority issues moved it up to number one in little more than an hour. Rather than backing away from the issue, most considered it much more important. After the day-long ChoiceDialogues, nearly all were ready to consider concrete steps, in the form of program changes and sacrifices to improve the nation's long-term outlook. And nearly all agreed that reducing the debt and reforming entitlements are this generation's responsibility so that next generations will not suffer the burdens of our debt.⁴

² For example, a January 25-28, 2007 Gallup poll asked “what one or two issues should be the top priorities for the president and Congress to deal with at this time?” The war in Iraq outdistanced all other issues, followed by health care, the economy in general, and immigration. On a long list of issues, the federal budget deficit/federal debt ranked in the middle of the pack.

³ A fuller discussion and additional quotes from the focus groups can be found in “Understanding Public Attitudes about the Federal Budget: A Report on Focus Groups” available from Public Agenda at www.publicagenda.org.

⁴ Steven A. Rosell, Isabella Furth, Heidi Gantwerk, Principal Authors, “*Americans Deliberate Our Nation's Finances and Future: It's not about taxes — It's about trust*,” Viewpoint Learning, Inc. Fall 2006, p. 44.

How Well Do People Understand the Dimensions of the Problem?

Even at the beginning of focus groups and ChoiceDialogues, most participants seemed aware that the government operates in the red. Nearly all began to think of the problem as important, yet most did not grasp the details and consequences of debt. Most, for example, used the terms “deficit” and “debt” almost interchangeably.⁵ Participants were often overwhelmed by the size of the numbers, and many felt that millions, billions and trillions of dollars are all just very big numbers. Few focused on why deficits and debt are problematic, and few seemed aware of the growing amount of U.S. debt held by foreign entities. Many conflate the problems of government debt and household debt. Rather than in-depth knowledge of the likely ramifications of a large federal debt and poor fiscal planning, participants’ concerns grew out of an immediate, common-sense conviction that this is no way to run a country and it “just can’t be good.”

No impulse to flee difficult issue

Professionals who understand fiscal issues may well be concerned by people’s ignorance and confusion about details. But they should be reassured on a far more fundamental point. Most

“Of [all] the problem scenarios, the most serious is the baby boomer issue, because that’s real – that’s going to happen. . . This is definite.”

Americans readily grasp that the situation cannot be sustained indefinitely, and, once they focused on it – even when presented with some painful choices – very few back away.

Hardly anyone in the focus groups volunteered the aging of the baby boom generation as a national problem, but, once again, people immediately recognized the consequences after the moderator introduced it. A woman in New Jersey, for example, said: “Of [all] the problem scenarios, the most serious is the baby boomer issue, because that’s real—that’s going to happen. . . This is definite.” Another man in the same group commented: “In the old days, you worked and you died. People collected for a year or two. Now, people are collecting for 30, 40 years.”

Despite sketchy comprehension of fiscal details, citizens are quite capable of getting it. “Basically, we’ve got Social Security and Medicare taking up all the money,” as a Kansas City man said. “There’s nothing left. At the same time, we’ve got [the interest on] the national debt... somewhere it’s got to stop.”

Less understanding on health care

This research, and other work conducted by Public Agenda over the years, suggests that health care is especially difficult to understand. Some problems are easy for people to grasp and others – although they may be equally or more important – are abstract and difficult. Some issues engage people’s

⁵ChoiceDialogues helped participants understand that a budget **deficit** occurs when the government spends more money than it takes in within a given year. An accumulated deficit is referred to as the **national debt**. As of mid-March 2007, the total U.S. public debt was \$5 trillion; including \$3.8 trillion in intragovernmental debt (largely owed to other government trust funds such as Social Security), the total national debt was more than \$8.8 trillion.

attention even though they do not have a full understanding of their impact. Others fail to capture the public's interest, even when clearly compelling facts about their urgency and importance have been placed on the table.

Americans certainly know that health-care costs are high. In fact, many initially named it as a top issue. They understand that having more people live longer and survive into their frail later years, is enormously costly. But people talked about this issue less often and less cogently than about retirement. It may be that Americans have a better understanding of Social Security because it has received extensive news coverage.

Despite the public's vague understanding of the huge role that health care plays in U.S. fiscal problems – and the desire most have for more government protection, not less – people were able to begin to talk about possible reforms. In the ChoiceDialogues, where people received more information, and talked about specific ideas for holding down costs, most participants were open to a range of proposals.

A public eager to talk

Many leaders assume that the country's budget problems fall into this latter, "there's just no way to get them interested" category. But our initial research suggests that people are eager to talk and think about this issue. As long as the focus is on the broad budgetary challenges and the pros and cons of potential solutions – and not on the arcane language and details of fiscal policy – people are ready to pay attention to, and grapple with, this issue.

People clearly do not need to be budget experts to make important contributions to the discussion of this problem and provide input on priority-setting based on their values and concerns. The public brings a very pragmatic approach and puts great emphasis on the concept of not spending more than you're making. Americans' basic values of living within one's means

and planning for a secure future guide their thinking about the federal budget.

People clearly do not need to be budget experts to make important contributions to discussion of this problem and provide input on priority-setting based on their values and concerns.

Are People Realistic About What It Will Take to Solve the Problem?

Based on the focus groups and ChoiceDialogues, people are often naïve, uninformed and wrong about what it will take to get the country's finances in order. In this respect, they are less realistic than most politicians and opinion leaders. But, in contrast to much of the national political debate, respondents typically approached the issue with a pragmatism and political realism that sometimes seems hard to find inside the Beltway.

The lure of easy answers

The chief problem is Americans' faulty grasp of what the big-ticket, budget-busting items are. This research and public opinion polls have shown that, when people are asked to name government programs that they would cut to address fiscal challenges, they typically name ones that would hardly put a dent in the deficit. A San Diego participant, for example, made the common assumption that U.S. foreign aid is a major contributor to the country's budgetary woes: "We stretch ourselves out too far helping other countries. I'm all for helping people, but you can't spend money you don't have to help them."

Many respondents – especially those opposed to the Iraq War – believe that ending the war will take care of the problem. "I really feel once we get out of Iraq and Afghanistan, we will have a balanced budget again," said a San Antonio man. He was hardly

The chief problem is Americans' faulty grasp of what the big-ticket, budget-busting items are.

alone. As other research has shown,⁶ people often latch onto the vague but appealing notion of eliminating waste, fraud and abuse to solve budget problems. "I think a lot of our debt could be wiped out if we could just take care of, to some degree, the waste and the corruption," a San Antonio woman said.

The public's frustration with wasteful spending and political pet projects, or earmarks, is intense and deeply-rooted, and it's not likely to be easily assuaged without concrete and specific corrective actions by national leaders. Even after day-long discussions that included explanations of entitlement spending and the costs associated with an aging population, most ChoiceDialogue participants still believed that "Congress' spending money on unnecessary or wasteful projects" is a major source of the country's long-term budget problems.

"We might not like it but..."

Despite their anger over waste and corruption, respondents accepted that compromise and personal sacrifice would be needed. Even with the relatively meager information presented – pie charts of the nation's revenues and expenses – most quickly concluded that both spending cuts and tax hikes

⁶ For example, a January 2002 ABC News/Washington Post poll found 61% saying there is "a great deal" of waste in domestic spending (with another 32% saying there is "some" waste and only 6% saying "not very much" or "none at all"), and 43% saying there is "a great deal" of waste in military spending (with another 41% saying there is "some" waste and only 13% saying "not very much" or "none at all").

probably would be necessary, and that political compromise would be essential. A New Jersey woman said: “We might not like how they might try [to fix it] – raise taxes. . . , but it might be something we’re going to have to deal with.” A San Antonio man acknowledged: “You take one thing at a time. . . . Everyone has to make sacrifices when you are deep in debt.” In Kansas City, a woman added: “They obviously have to do both [cut spending and raise taxes].”

Our findings underscore the public’s willingness to compromise and consider practical reforms often assumed by politicians to be off the table. Respondents talked about raising taxes and cutting benefits in very specific and concrete ways. They heard pros and cons for different ideas, and listened to different points of view. At the end of the day, most said they wanted to hear and think more about options such as:

- Raising or eliminating the wage cap on FICA taxes;
- Rolling back some of the 2001 tax cuts;
- Providing more incentives for postponing retirement; and
- Limiting heroic measures for patients near the end of life and emphasizing disease management and hospice options.⁷

An opening, not a formula

Although many participants wanted more information before giving their approval, the groups also voiced an interest and openness to ideas such as a national sales tax (perhaps exempting food and medicine), as well as Social Security reform. Most agreed that raising taxes must be part of any workable plan. Respondents’ willingness to consider increased taxes was striking. This was not the kind of conversation they were used to hearing.⁸ Citizens do take this issue seriously and few expect a pain-free, “let someone else pay” solution.

⁷ For more details, see Steven A. Rosell, Isabella Furth, Heidi Gantwerk, Principal Authors, *Americans Deliberate Our Nation’s Finances and Future: It’s not about taxes — It’s about trust*, Viewpoint Learning, Inc. Fall 2006. These are topics that are being explored in more depth in phase two of the initiative.

⁸ *Americans Deliberate Our Nation’s Finances and Future: It’s not about taxes — It’s about trust*, Viewpoint Learning, Inc. Fall 2006, p. 28.

What Is the Key Hurdle to Building Public Support for Action?

The major difficulty in building public support to address long-term U.S. fiscal problems is not popular unwillingness to accept compromise or bear part of the cost personally. It is the public's fear that, even if they sacrifice, leaders will continue to mismanage the public's money.

"They're for getting reelected"

"As much as you give them, as much as they can get, they're going to take," a San Antonio woman said. "As much as they take, they will spend. . .

They're for getting reelected." A man in the same focus group echoed this theme: "I feel there's no accountability for what's happening in the government. It's like everything that's going on, they just want to do what they want to do, and everybody else be damned."

People wonder why they should sacrifice when whatever they do will just disappear into the maw of an unaccountable Congress and Administration. In New Jersey, one woman expressed this sentiment well: "I think what we're all saying is, there's a way to fix [the debt], but we don't

trust [leaders] to do it." Even with added time, information, and a focus on "the future we want," respondents were constrained by their frustration,

doubts and anger about Washington.

They were willing to play their part, but they wanted guarantees from leaders before doing so.

As ChoiceDialogue participants exchanged views, most began to center their conversations on several concrete ideas to improve the country's fiscal prospects. Participants realized that these measures would have a significant effect on every person in the room. Their ideas

included reforming cherished programs such as Medicare and Social Security, cutting government services and raising taxes. Yet, they would accept no reforms, program cuts or tax increases unless they could trust that their money was being spent responsibly and in accord with their priorities.

One participant summed up a common concern and shared hope: "I'm proud to be an American, but I think I've lost something over the years, and that is trust in and belief in our political system and our elected leaders. I'd like to have that back."⁹

"I'm proud to be an American, but I think I've lost something over the years, and that is trust in and belief in our political system and our elected leaders. I'd like to have that back"

⁹ "Americans Deliberate Our Nation's Finances and Future: It's not about taxes — It's about trust," Viewpoint Learning, Inc. Fall 2006 p. 29.

What Steps Are Needed to Build Public Support for Action?

As noted, this is a preliminary research report from a multi-year project that is working to raise the prominence of federal deficit and debt issues with the public, media and national leaders. We are continuing ChoiceDialogues research throughout 2007 to verify our results, flesh out the kinds of solutions that could attract broad public support and identify those potential areas that truly are public opinion landmines. With our partners and others, we plan to work to stimulate broader discussion of the issue in several regional sites and build a public constituency that pushes for action.

Waiting for signs from leadership

Even at this stage, we are confident of a few salient points. Despite the limited nature of the research (the relatively small number of focus groups and ChoiceDialogues), we saw similar patterns of thinking among respondents from all walks of life and in very different settings. People grasped the issue quickly and considered it important. They wanted action but despaired over whether those who represent them could be trusted to act on their behalf. They agreed that compromise and personal sacrifice would be necessary, but their willingness to take the next steps depended on concrete signs that leaders, too, are ready to act in the nation's long-term interest.

Because the findings are so consistent and powerful, we believe that the public is waiting for leaders to step forward to push for observable discussion and action. They yearn for evidence that an era of poor fiscal management, ignoring the

problem, special-interest politics and gridlock is nearing an end. Given our powerful and surprising findings, we offer a few modest proposals for elected officials, the media and other opinion leaders committed to finding workable solutions:

1. START SPEAKING MORE FRANKLY

It is time to start telling it like it is about the country's long-term fiscal problems. It is also time to counter those who say we have nothing to worry about. Most Americans know that the country has been living beyond its means and is not planning for its future. Nearly every respondent considered a broad range of proposals and approaches. People are relieved to hear frank discussion of the problem, its causes, potential consequences and solutions.

2. STOP COMPARTMENTALIZING THE DISCUSSION

With the barest facts on the table – what the country spends and what it takes in – citizens make dramatic strides in realistically focusing on this issue. But the presentations in the focus groups and ChoiceDialogues did something that is often missing in political and media discussions: Spending was tied to revenues, and tax cuts were tied to spending. And they were both linked to the fact that the country already has an enormous and rapidly growing federal debt. Journalists and national leaders have a responsibility not to compartmentalize these issues but to squarely focus on fiscal reform.

3. PROVE YOU'RE SERIOUS ABOUT MAKING FAIR DECISIONS FOR THE NATIONAL GOOD

It is unmistakably clear from our research that the public wants its leaders to take concrete steps to work in the public's interest – not the interest of those with money, access and connections. Many ideas are being proposed to shore up people's confidence in Congress and rebuild trust in the way decisions are made. Now is the time to move forward on them.

4. PROVE TO THE PUBLIC THAT YOU UNDERSTAND HOW HARD PEOPLE WORK FOR THEIR MONEY AND THAT THEIR TAXES ARE WELL SPENT

Most budget experts believe that the public will have to make real sacrifices to bring the country's finances into better order. But when you ask Americans to sacrifice – to pay more out of pocket, to save more for their own retirement and take it later than they might want – that willingness will dissolve if people continue to hear about government fiscal profligacy. Earmarks and pork-barrel projects may be small potatoes in the context of a \$9 trillion debt, but Americans want these cleaned up before they begin reaching into their own pockets.

5. DON'T EXPECT PEOPLE TO BECOME BUDGET EXPERTS

On this issue, like most others, the public and leaders play different roles. The vast majority of Americans can grasp our long-term budgetary challenges when presented with a few key facts. As a

nation, we must help people better understand the broad outlines of where revenue comes from and where it's spent, and the impact that an aging population will have on entitlements and overall federal spending. We need to give people the chance to talk about what solutions are most acceptable to them, and what criteria are most important in making choices. The next phase of our research will focus on identifying solutions that could attract broad support and define the public's "yes, you can go here, but please don't go there" guidelines. Leaders need to hear people's concerns and try to understand and absorb Americans' values and shape solutions around them. But, most Americans will never become budget experts. Waiting to act because people don't know all the details of fiscal policy is just an excuse for inaction.

6. BIPARTISAN AND FAIR-MINDED LEADERS, STEP FORWARD.

In a world of partisanship, spin and widespread cynicism, giving people the chance to form their own opinions and come to their own conclusions may change the nature of public discourse and policy-making. This project asked citizens to consider a range of choices to address deficits and debt – choices specifically devised to include liberal, conservative and middle-of-the-road approaches. We believe that the public yearns for political leadership and journalism that help them better understand our national challenges. And the public wants to have a constructive dialogue with their leaders about a range of solutions to address America's fiscal problems.

You'll Be Hearing a Lot More from the Public

This report is a preliminary look at public attitudes toward budgetary challenges and possible solutions to them. It is aimed at political leaders and journalists and is based on what we learned in the first phase of “Facing Up to the Nation’s Finances.” The next phase will bring Americans’ voices to the forefront of the national discussion of these issues. Because visible and active leadership is essential, this initiative’s objective is to give leaders information and an understanding of public sentiments necessary to take action. We also intend to convince Americans that there are leaders who can be trusted to act for the country’s long-term good.

Our goals during the next two years are to arm leaders with information about how to talk about the issue more effectively, what strategies are most likely to draw broad public support and how to empower leaders to be more active and constructive in addressing fiscal problems. The project will conduct targeted research, consciousness-raising communications and public-engagement work across America. We will work intensively in five regions – in Tennessee, New Hampshire/Maine and Washington/Oregon in 2007, and two additional areas in 2008.

ChoiceDialogues will provide deeper insights into public views and values. The project will work with The Concord Coalition’s nationwide “Fiscal Wake-Up Tour.” And it will conduct a Stakeholder Dialogue, in which citizens who participated in ChoiceDialogues work with representatives from the Wake-Up Tour and other national leaders to find common ground and identify steps that bring fiscal responsibility and a better future for the United States. It will also work aggressively to build a citizens’ movement and provide it with tools to advance a constructive deficit-reduction agenda, including a variety of in-person and online engagement activities, networking and communications outreach. The project web site – www.facingup.org – will help citizens learn more about the country’s fiscal challenges. In the coming year, the site will offer a variety of discussion materials for use in online and face-to-face citizen conversations.

The project will publicize events locally in each of the five regions and direct national media attention to the project’s growing array of activities. It is designed specifically to motivate leaders to engage the public and take action. In each location, we will work closely with both local and national leaders and media to foster increased understanding and develop national momentum to build a better and stronger future for America.



FACING UP TO THE Nation's Finances

A nonpartisan project on
the long-term challenges
of the federal budget

The Brookings Institution
The Concord Coalition
The Heritage Foundation
Public Agenda
Viewpoint Learning

Facing Up to the Nation's Finances is a multi-year research and public-engagement project focusing on public awareness of, and engagement with, the country's long-term budgetary problems. It is working to increase the prominence of this issue with the public, the media and decision-makers, and to strengthen the ability of leaders to move this issue to the center of the national agenda. The project began its work in late 2005 and will continue through the 2008 general election.

The project has completed an initial phase of research – a two-tiered examination of Americans' understanding of long-term budget-related issues, including government spending and taxation, federal deficits, the national debt, entitlements and the rising costs posed by an aging population. This research was designed to:

- Identify attitudes and assumptions that Americans bring to this issue;
- Uncover beliefs or attitudes that undermine the public's ability to think about it realistically;
- Learn what kinds of information further public understanding, and what might help Americans engage in more purposeful, constructive discussion of alternatives;
- Discover whether and how Americans' views on fiscal challenges change once they begin to address this issue more seriously; and
- Begin to identify the kinds of policy approaches and solutions that might be capable of winning broad-based public support.

The project has been made possible with support from the Ford Foundation, the W.K. Kellogg Foundation and The William and Flora Hewlett Foundation.

How the research was done

The research began with a series of six focus groups conducted by Public Agenda to explore Americans' beliefs about budgetary issues and the national debt, and how the associated problems could be solved. Focus groups were conducted in Englewood, NJ, Kansas City, MO, San Antonio, TX (two sessions) and San Diego, CA (two sessions) in March and April 2006.

Building on insights culled from the focus groups, Viewpoint Learning conducted three day-long ChoiceDialogues in San Diego, Kansas City and Philadelphia. ChoiceDialogues are a research methodology developed to engage representative samples of citizens in working through their views on complex, difficult issues. In day-long sessions, participants weigh the pros and cons of various choices, struggle with possible trade-offs and come to considered judgments.

On this issue, participants in the ChoiceDialogues talked about “the kind of America [they] want to see for themselves and their children, the role that they want the federal government to play in realizing that future, and the reform choices, trade-offs and costs that they are prepared to support to achieve those ends” in several specific areas: Social Security and Medicare; defense spending; other federal spending; taxes; and debt-reduction.¹⁰ *New York Times* reporter Edmund L. Andrews described the Philadelphia session as “a whirlwind tour of the nation’s fiscal woes [where participants were] prodded to find out what solutions they could – and could not – agree on.”¹¹ ChoiceDialogues can help promote public understanding, and help leaders understand what policy options the American public would support once they have a basic understanding of the problems and potential solutions.

***New York Times* reporter Edmund L. Andrews described the Philadelphia Choice Dialogue session as “a whirlwind tour of the nation’s fiscal woes [where participants were] prodded to find out what solutions they could — and could not — agree on.”**

¹⁰ Steven A. Rosell, Isabella Furth, Heidi Gantwerk, Principal Authors, “Americans Deliberate Our Nation’s Finances and Future: It’s not about taxes — It’s about trust,” Viewpoint Learning, Inc. Fall 2006, Executive Summary.

¹¹ Edmund L. Andrews, “Public’s Deficit Fix May Stun Politicians,” *The New York Times*, July 30, 2006.

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