

Finding Common Ground on **Our Fiscal Future**

Diverse Group of 3,500 Americans Across 57 Sites Weigh In on Nation's Fiscal Challenges

> **Interim Report to Congress** July 27, 2010

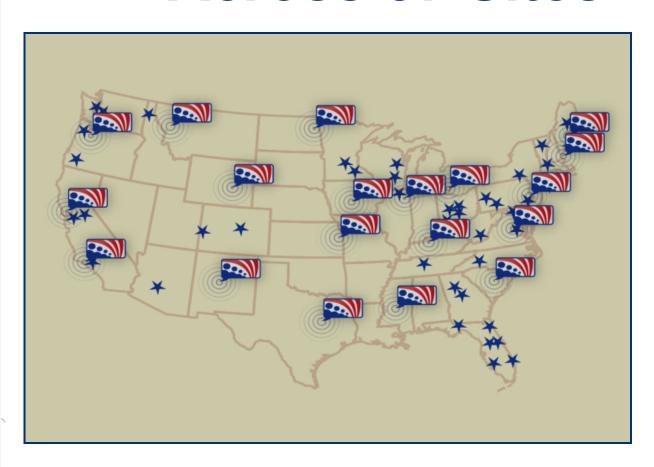




19 Town Meeting Sites

Albuquerque Augusta Casper Chicago Columbia Dallas Des Moines Detroit **Grand Forks** Jackson Los Angeles County Louisville Missoula **Overland Park** Philadelphia Portland Portsmouth Richmond Silicon Valley

3,500 People Across 57 Sites



38 Additional Community Conversations Across the Country including Three Online Conversations in Second Life









Participants spent the day working in randomly assigned small groups with volunteer table facilitators.

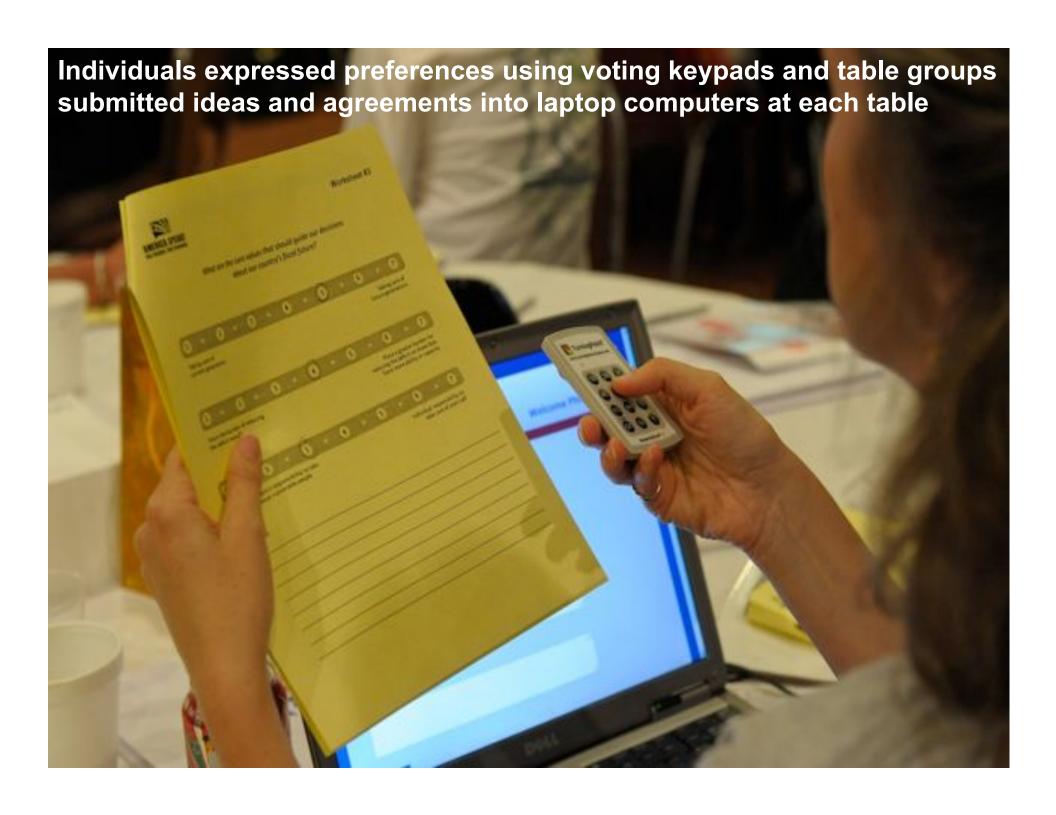








Sites were linked by video, allowing participants to share ideas with others across the nation during periodic national reports.





Who Participated Across the Nation?*

Race	6/26	Census
African American	16%	12%
Asian	3%	4%
Caucasian	68%	65%
Latino	5%	15%
Native American	1%	1%
More than One	5%	1%
Other	3%	1%

Age	6/26	Census
17 - 24	10%	18%
25 - 34	9%	17%
35 - 44	9%	18%
45 - 54	18%	18%
55 - 64	29%	14
65 or Older	25%	16%

Household Income	6/26	Census
Less than \$25,000	17%	23%
\$25k - \$50k	21%	25%
\$50k - \$75k	20%	19%
\$75k - \$100k	16%	12%
More than \$100k	26%	21%

Views on Economic/Fiscal Issues	6/26
Liberal	26%
Somewhat Liberal	18%
Moderate	23%
Somewhat Conservative	13%
Conservative	20%

^{*} Demographics represent participants across 19 town meeting sites

National Advisory Committee

John Rother, AARP

Joe Antos, American Enterprise Institute

Norm Ornstein, American Enterprise Institute

Henry Aaron, Brookings Institution

Thomas Mann, Brookings Institution

John Castellani, Business Roundtable

Neera Tanden, Center for American Progress

Robert Greenstein, Center on Budget and Policy Priorities

Deborah Weinstein, Coalition on Human Needs

Maya MacGuineas, Committee for a Responsible Federal Budget

Jonathan Gruskin. Concerned Youth of America

Larry Mishel, Economic Policy Institute

Mark Zandi, Economy.com

Donna Butts, Generations United

Stuart Butler, Heritage Foundation

Diana Furchtgott-Roth, Hudson Institute

George Muñoz, Muñoz Group

Janice Gregory, National Academy of Socia Insurance

Barbara Kennelly, National Committee to Preserve Social Security and Medicare

Sarah Hicks, National Congress of American Indians

Linda Rosenberg, National Council of Community Behavioral Health Association

Leticia Miranda, National Council of La Raza

Duane Parde, National Tax Payers Union

Marc Morial, National Urban League

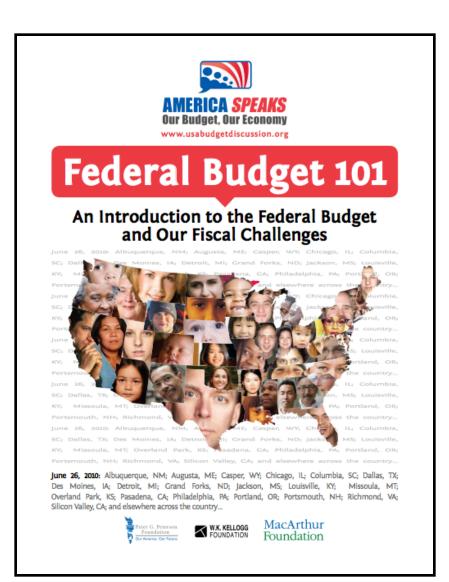
Mark Paul, New America Foundation

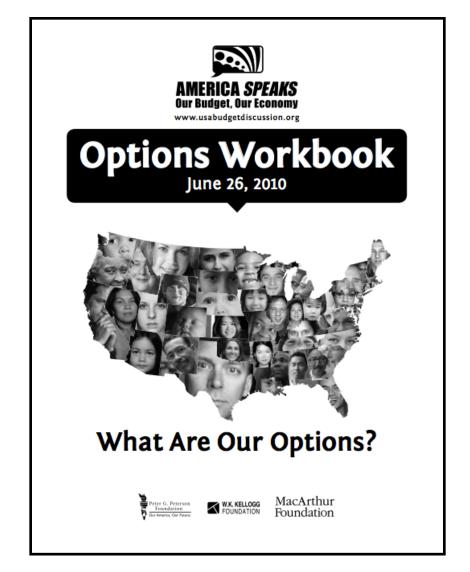
Scott Hodge, Tax Foundation

Rudolph Penner, Urban Institute

Margaret Simms, Urban Institute

R. Bruce Josten, US Chamber of Commerce





Participants received two guides that provided an overview of the issues and reviewed the pros and cons of 42 spending and revenue options. Experts were also available on site to answer questions that came up during the discussions.

7 Hour Agenda

- Hopes and Ground Rules for Civil Discussion
- Economic Recovery
- Shared Values
- Making Tough Choices: Parts 1, 2 and 3
- Individual Voting on Tough Choices
- Messages to Our Leaders
- Taking Action



Making Tough Choices

- 42 spending and revenue options were presented. Participants could submit new options and ideas at any time.
- Challenged table groups to reduce deficit in 2025 by \$1.2 trillion
- Tables spent a half hour learning about options and two hours working in diverse table groups with facilitators to weigh trade offs and find agreement about reaching target.
- Options supported by at least half of each table group were submitted as a table vote towards their deficit reduction goal.
- Following table deliberations, participants used keypads to express their individual preferences for reaching target







Participating in person or via video:

Senator Kent Conrad (D-ND)

Senator John Cornyn (R-TX)

Senator Jim DeMint (R-SC)

Former Senator Pete Domenici (R-NM)

Senator Lindsey Graham (R-SC)

Senator Judd Gregg (R-NH)

Rep. Leonard Boswell (D-IA)

Rep. Chaka Fattah (D-PA)

Rep. Eddie Bernice Johnson (D-TX)

Rep. Bobby Scott (D-VA)

Rep. John Spratt (D-SC)

Dr. Alice Rivlin (Member of the National Fiscal

Commission & Co-Chair of the Debt

Reduction Task Force)

"This was the best experience in participatory democracy I have ever been involved with. Unlike political events for a single party or candidate. The respectfully shared diversity of views expressed at our table, I believe led to increased understanding by everyone at the table of everyone else's perspective. This seemed true even when there were fairly strong disagreements. I found it heartening that people at our table were able to compromise. We were civil even when we disagreed."

- Robert F., Dallas TX

"It was a life changing event. I would do it again tomorrow."

- Ray M., Overland Park, KS

"We had a very diverse group that ranged from recent high school grads to retired and from inner city Chicago to high end suburbs. I learned that while our perspectives may be different our problems are the same ... I also learned that we are all in this together." "It was an inspiring and landmark moment in which I was honored to share and be a part of. I learned from everyone at my table. In hearing their concerns, I was willing to give up something to get something else."

- Thomas K., Dallas TX

"Outstanding experience ... I learned from the people at my table, incorporated their experiences and lessons into my thoughts and modified my opinions as appropriate. It was a great experience and I sincerely hope the information is used by those in authority."

- William H., Jackson, MS

"It was so refreshing to have civil discourse among people of different ages, persuasions, and backgrounds. Congress could learn a lot from our experience. The tone of our discussions was polite, respectful, and everyone contributed."

- MaryEllen S., Albuquerque, NM

"I learned a great deal from my table mates; the greatest of which was that regardless of our political perspectives, which varied widely, there is deep concern regarding the deficit, the ways in which our overspending will handicap the next generation and the fiscal stability of our way of life. Everyone at the table was willing to sacrifice to set things right. This central tendency of the group, replicated in the data we saw from the national participants, was inspiring."

- Marion K., Richmond, VA

"The most important thing I learned from this process is that ordinary citizens could tackle a complex issue, filter it civilly through their own perspective, and come up with consensus. I literally did not think this was possible."

- Fran G., Portland, OR

"I was pleased to find a good spread of race, age and gender at my table ... It was great to hear from the table that we shared many of the same views but at different levels."

- James M., Columbia, SC

A Few Notes about Data & Analysis

- Participants were not recruited through a randomized sample and went through a daylong deliberation. As such, their preferences should not be characterized as representing the views of the general public. Rather, the National Town Meeting results reflect the views of a diverse group of Americans who spent a day weighing trade-offs about the nation's fiscal challenges.
- Results were generated through a few types of data.
 - Quantitative data was collected through a keypad voting system. Votes were collected anonymously but individual keypad data was tracked which allows for the cross-tabulation by data and the break down of preferences by demographics. An analysis is still being conducted of correlations between votes.
 - Qualitative data was submitted by table groups into laptop computers. An initial
 analysis of these ideas was conducted on site during the event and a more thorough
 post-analysis has been conducted following the event to identify nation-wide themes.
 - Tables submitted "packages" of options that together reflected their attempt to reach a deficit reduction target of \$1.2 trillion in 2025. An analysis of correlations between votes is still being conducted.
 - Volunteers who organized Community Conversations collected preferences from participants on paper and are still submitting their input

A Few Notes about Data & Analysis (Continued)

- A technical error was found in the keypad voting results that was caused by a flaw in Turning Point Technology's voting software. For the four voting questions in this report that enabled participants to select more than one option at a time, the percentages that were reported in the preliminary results reflected some "double voting" (e.g. multiple votes were sometimes recorded when an individual pressed a button more than once.) By going through the individual votes of each keypad, Turning Point Technologies has been able to correct this error on the questions in which it occurred by eliminating duplicate votes. The corrected data does not reflect a significant shift in overall priorities the relative order of top preferences within each section has essentially remained the same.
- Data from Community Conversation participants will be reported separately because these sites did not reflect the same level of diversity as participants at the 19 town meeting site and many Conversations used an abbreviated program agenda.
- America Speaks will make available online all data including all ideas submitted into computers and all keypad polling data.



Quality and Tone of Politics

How satisfied are you with the tone and quality of political discussion in our country today?	6/26
Very Satisfied	1%
Satisfied	3%
Neutral	8%
Dissatisfied	31%
Very Dissatisfied	58%

How satisfied are you with the tone and quality of of our discussions here today (at Town Meeting)?	6/26
Very Satisfied	62%
Satisfied	29%
Neutral	6%
Dissatisfied	2%
Very Dissatisfied	1%



Learning & Influencing Each Other

To what extent did the people at your table influence your views about the options?	6/26
A Great Deal	11%
Somewhat	39%
A Little Bit	34%
Not At All	15%

To what extent did you learn something today about the budget challenges our country faces?	6/26
I learned a great deal	51%
I learned a few things	39%
I learned very little	8%
I didn't learn anything at all	3%



Economic Recovery

So far this year, do you think economic conditions are getting better, worse or about the same?	6/26
Better	4%
Somewhat Better	30%
About the Same	25%
Somewhat Worse	19%
Worse	23%

Do you think the government should be doing more or less to strengthen the economy?	6/26
More	61%
About the Same	14%
Less	25%

How supportive or unsupportive are you of Congress spending more on programs like this if spending increases budget deficit?*	6/26
Supportive	32%
Somewhat Supportive	19%
Neutral	11%
Somewhat Unsupportive	12%
Unsupportive	26%

^{*} Reference to recent legislation that passed House and did not pass Senate to extend unemployment and provide aid to state and local governments

Economic Recovery Voting by Political Ideology

- Liberal and moderate participants tended to believe that the economy is doing somewhat better this year while conservative participants tended to believe the economy is doing worse
- Liberal and moderate participants tended to be somewhat supportive or supportive of the recent legislation to extend unemployment insurance and provide aid to states, while conservative participants tended to be against it
- While conservative and somewhat conservative participants opposed more government action to strengthen the economy, more than a quarter joined liberal and moderate participants in supporting government doing more



Three Value Scales

Taking Care of Current
Generations

Taking Care of Future
Generations

1 4 2 4 3 4 4 b 5 b 6 b 7

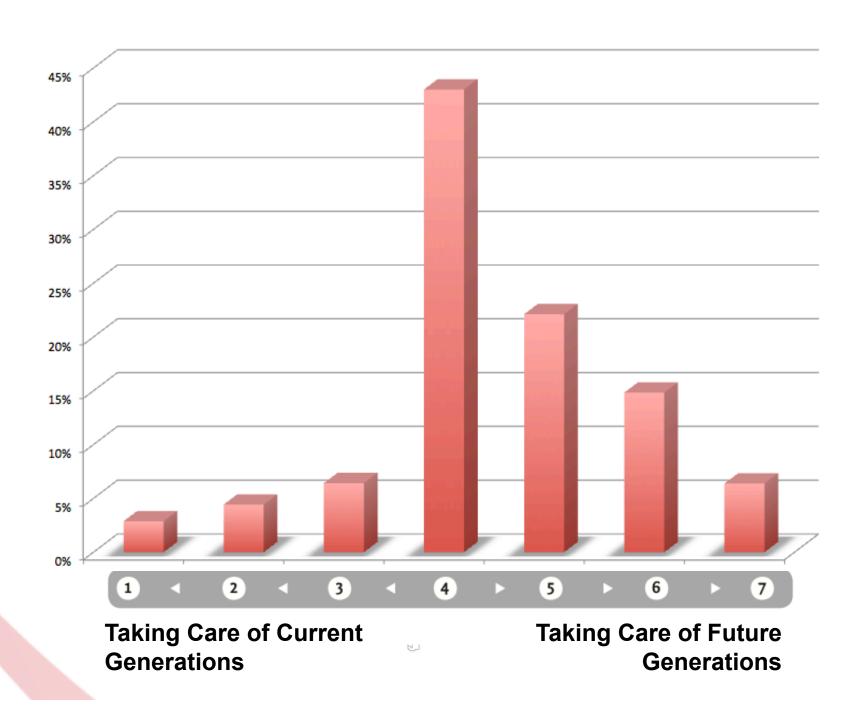
Share the burden of reducing
the deficit equally
the deficit on those that have more
ability or capacity

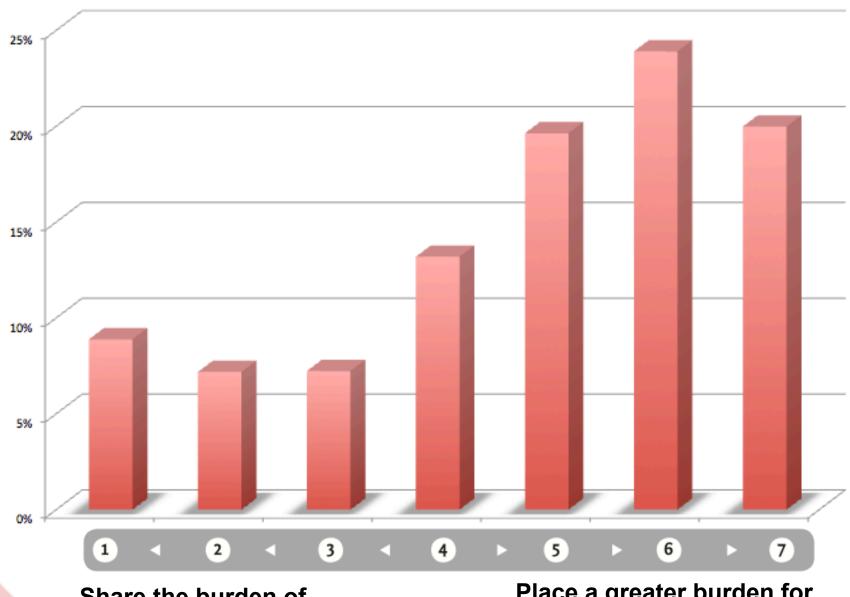
1 4 2 4 3 4 4 > 5 > 6 > 7

The government's responsibility to take care of the most vulnerable people

Individual responsibility to take care of one's self

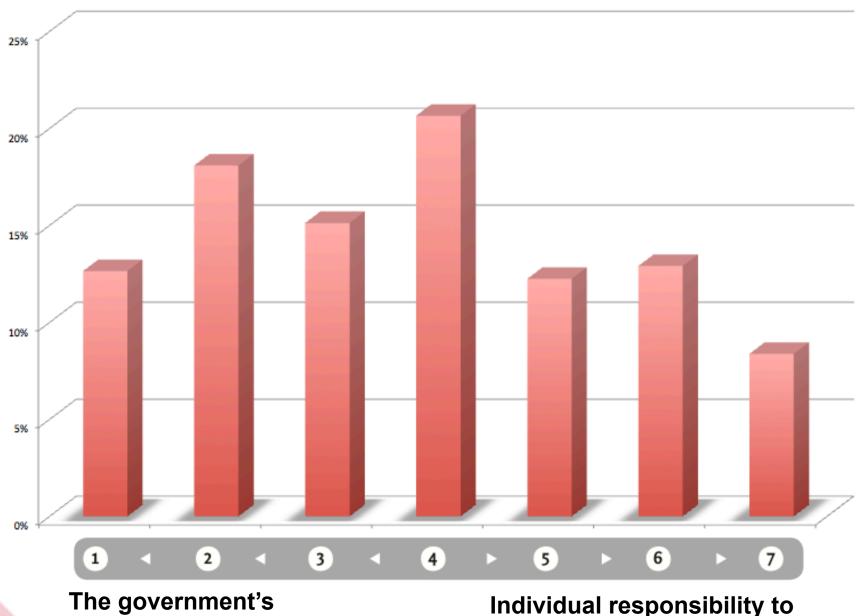






Share the burden of reducing the deficit equally

Place a greater burden for reducing the deficit on those that have more ability or capacity



The government's responsibility to take care of the most vulnerable people

Individual responsibility to take care of one's self

Ideology across Value Scales

- Across ideological lines, most participants tended to support an equal emphasis on taking care of today's generation and taking care of future generations
- While more participants tended to believe that a greater burden for reducing the deficit should be placed on those who are more capable, responses diverged somewhat by ideology.
 - Conservative participants tended to believe that the burden of deficit reduction should be born equally. However, those who are "somewhat conservative" tended to be more likely to join moderates and liberal participants in placing a greater burden on those who are more capable.
- Responses divided along ideological lines about the relative importance of government's responsibility to take care of the most vulnerable vs. an individual's responsibility to take care one's self

Reductions Made by Tables

Reductions Reached by Tables	# of Tables	% of Tables
More than \$1.2 trillion	163	47%
More than \$1.1 trillion	202	58%
More than \$1 trillion	226	65%
More than \$900 billion	249	71%
More than \$800 billion	265	76%
More than \$700 billion	292	83%
More than \$600 billion	314	90%
Total Tables	350	100%



Individual Voting on Spending Options

Health Care	6/26
Reduce Spending by 5%	27%
Reduce Spending by 10%	16%
Reduce Spending by 15%	19%
No Change	38%

All Other Non-Defense	6/26
Reduce Spending by 5%	26%
Reduce Spending by 10%	16%
Reduce Spending by 15%	27%
No Change	32%

Social Security	6/26**
Raise Age Limit to 69	39%
Limit Increase in Starting Benefits	24%
Lower Measurement of Inflation	24%
Raise Payroll Tax to 13.4%	20%
Raise Payroll Tax to 14.4%	30%
Raise Cap to Cover 90% of earnings	60%
Create Personal Savings Account	17%
No Change	13%

Defense	6/26
Reduce Spending by 5%	16%
Reduce Spending by 10%	18%
Reduce Spending by 15%	51%
No Change	15%

^{**} Percentages on this starred question have been corrected due to a "double voting" error on multi-vote options that was caused by the voting system. See earlier slide on notes about data.

Health Care Preferences

Health Care	6/26
Reduce Spending by 5%	27%
Reduce Spending by 10%	16%
Reduce Spending by 15%	19%
No Change	38%

- 61% of participants supported at least a 5% reduction in health care spending (the sum of supporters of 5%, 10% and 15% cuts) while 39% of participants preferred no reductions in health care spending
- While cuts in health care spending tended to be supported more by conservative participants, a cut of 5% or more was supported by 36% of liberal participants, 58% of somewhat liberal participants, and 65% of moderate participants
- 57% of the table groups included a reduction in health care spending by at least 5% in the final packages that they submitted
- Many table groups commented that they were not satisfied with the health care options provided. Many expressed support for reforms of the health care delivery system, especially a Single Payer system.
- Some tables also expressed interest in reducing waste, fraud and abuse, and promoting wellness

Social Security Preferences, page 1

Social Security	6/26**
Raise Age Limit to 69	39%
Limit Increase in Starting Benefits	24%
Lower Measurement of Inflation	24%
Raise Payroll Tax to 13.4%	20%
Raise Payroll Tax to 14.4%	30%
Raise Cap to Cover 90% of earnings	60%
Create Personal Savings Account	17%
No Change	13%

- Raising the earnings cap received support from 60% of participants and raising payroll taxes by at least 1 percentage point was supported by about half of participants (combining those who supported an increase of payroll tax to 13.4% or 14.4%)
- No option to reduce benefits received support from a majority of participants. Among options that reduced benefits, the most popular was raising the age of receiving full benefits to 69 by 2028, which received 39% support
- Raising the earnings cap on SS payroll taxes was supported by strong majorities of between 62% and 73% among those who are liberal to somewhat conservative. 36% of conservative participants supported raising the cap
- Raising payroll taxes by at least 1 percentage point was most popular among those in the middle: moderate, somewhat liberal, and somewhat conservative participants (53-67%). It was supported by 47% of liberal participants and 37% of conservative participants

Social Security Preferences, page 2

Social Security	6/26**
Raise Age Limit to 69	39%
Limit Increase in Starting Benefits	24%
Lower Measurement of Inflation	24%
Raise Payroll Tax to 13.4%	20%
Raise Payroll Tax to 14.4%	30%
Raise Cap to Cover 90% of earnings	60%
Create Personal Savings Account	17%
No Change	13%

- Raising the payroll tax cap was supported by majorities in every age group with the highest support among those 25 – 35 (67%) and the lowest among those 35-44 (52%)
- Raising the age for receiving full benefits received the greatest support from those 25-34 (48%) and the lowest support from those 35-44 (33%) with 40% of those over 65 supporting it and 37% of those under 25 supporting it
- Among the packages submitted by tables, 81% included raising the cap by 90%, 48% included an increase in payroll taxes, and 37% raised the age for receiving full benefits.
- Some tables expressed an interest in eliminating the cap on payroll taxes all together and some tables expressed support for some form of means testing for benefits.

All Other Non-Defense Preferences

All Other Non-Defense	6/26
Reduce Spending by 5%	26%
Reduce Spending by 10%	16%
Reduce Spending by 15%	27%
No Change	32%

- 68% of participants supported at least a 5% reduction in spending on all other nondefense programs (the sum of supporters of 5, 10 and 15% cuts), and 32% of participants preferred no reductions in spending
- A majority of conservative participants supported large cuts and a majority of liberal participants opposed any cuts:
 - 59% of conservative participants supported cutting spending by 15%
 - 56% of liberal participants opposed cuts in this category of spending (and 44% supported at least a 5% cut)
- 66% of table groups included a reduction in spending of at least 5% in their final packages
- Some tables expressed an interest in ensuring that cuts were not made across the board. The area of the budget that the most tables expressed an interest in protecting was education. Agriculture subsidies were most commonly cited as an area that should receive cuts.

Defense Preferences

Defense	6/26
Reduce Spending by 5%	16%
Reduce Spending by 10%	18%
Reduce Spending by 15%	51%
No Change	15%

- Reductions in defense spending by at least 5% received more support than any other reform (85%, the sum of supporters of 5, 10 and 15% cuts). More than half of participants supported a 15% cut and an additional 18% supported a 10% cut
- 60% of conservatives supported at least a 5% cut in defense spending and 83% of those who are somewhat conservative supported at least a 5% cut.
- A 15% cut in defense spending was supported by 28% of conservatives and 31% of those who are somewhat conservatives
- A 15% cut in defense spending was supported by 78% of liberals and 54% of those who are somewhat liberal
- 84% of table groups included a reduction in spending by at least five percent in their final packages. 48% included a reduction of 15%
- Some tables expressed an interest in reducing defense spending by more than 15%.
 Some tables expressed concern that cuts in defense should not compromise support for American troops. Suggestions for making defense cuts included reducing military bases overseas and cutting spending on outdated weaponry.

Individual Voting on Revenues

Raising Tax Rates	6/26**
Raise Income Tax by 10% - Everyone	14%
Raise Income Tax by 20% - Everyone	5%
Raise Income Tax by 10% - Top Brackets	14%
Raise Income Tax by 20% - Top Brackets	38%
Extra 5% tax for earners of +\$1 million	54%
Raise rate on Cap Gains/Dividends	37%
Raise Corporate Income Rate to 40%	44%
No Change	27%

Reduce Deductions and Credits	6/26**
Limit Itemized Deductions to 28%	37%
Convert to Mortgage Credit	34%
Limit Deductions: State/Local Taxes, etc	22%
Limit Corporate Depreciation	40%
End Domestic Production Deduction	12%
No Change	32%

Reform Tax Code	6/26
Use 10% to Reduce Deficit	5%
Use 20% to Reduce Deficit	9%
Use 30% to Reduce Deficit	36%
No Change	50%

Create New Taxes	6/26**
5% Value Added Tax	24%
Carbon Tax	54%
Securities Transaction Tax	50%
No Change	25%

^{**} Percentages on starred questions were corrected due to a "double voting" error on multi-vote options that was caused by the voting system. See earlier slide on notes about data.

Raising Taxes Preferences

Raising Tax Rates	6/26**
Raise Income Tax by 10% - Everyone	14%
Raise Income Tax by 20% - Everyone	5%
Raise Income Tax by 10% - Top Brackets	14%
Raise Income Tax by 20% - Top Brackets	38%
Extra 5% tax for earners of +\$1 million	54%
Raise rate on Cap Gains/Dividends	37%
Raise Corporate Income Rate to 40%	44%
No Change	27%

- Raising tax rates among those in the top income brackets either those earning more than \$1M or those in the top two brackets received support from participants.
 54% supported a 5% tax on earners of more than \$1M and 52% support raising taxes by at least 10% for those in the top two brackets
- A 5% tax on those earning more than \$1M was supported by 74% of liberals, 66% of those somewhat liberal, 54% of moderates, 43% of those who are somewhat conservative, and 20% of conservatives. Raising income tax rates by at least 10% on top brackets were supported by 77% of liberals, 65% of those somewhat liberal, 49% of moderates, 31% of those somewhat conservative, 15% of conservatives
- Note: About 200 fewer people voted on this set of options, probably because these
 options were mutually exclusive with the reform the tax code options. Instead of
 selecting "no change", some may have chosen not to vote.
- 52% of table groups supported a 5% tax increase for those earning more than \$1M and 41% supported raising income tax rates by at least 10% on top brackets

Deductions & Credits Individual Preferences

Reduce Deductions and Credits	6/26**
Limit Itemized Deductions to 28%	37%
Convert to Mortgage Credit	34%
Limit Deductions: State/Local Taxes, etc	22%
Limit Corporate Depreciation	40%
End Domestic Production Deduction	12%
No Change	32%

- No options in this category received a majority of support
- No reduction in deductions and credits was supported by 61% of conservatives and 37% of those who are somewhat conservative who voted on this option (potentially because these options were mutually exclusive with options in the reform the tax code section, which was more popular with conservatives)
- Liberal participants tended to be more supportive of limiting corporate depreciation (54%) and converting mortgage interest deduction to a credit (45%)
- Note: About 250 fewer people voted on this set of options, probably because these
 options were mutually exclusive of the reform the tax code options. Instead of
 selecting "no change", some may have chosen not to vote.
- No reductions in credits received support of more than 1/3 of table final packages



Tax Code Reform Preferences

Reform Tax Code	6/26
Use 10% to Reduce Deficit	5%
Use 20% to Reduce Deficit	9%
Use 30% to Reduce Deficit	36%
No Change	50%

- Half of those who voted on this option chose to reform the tax code and half chose no change. However, about 500 fewer people voted on this set of options, probably because these options were mutually exclusive of the raising rates and reducing deductions options. Instead of selecting "no change", some may have chosen not to vote.
- Of those who did support one of these options, participants preferred to provide more of the savings to deficit reductions (e.g. 30% instead of 10% or 20%)
- No options in this category were supported by a significant number of table groups
- Many table groups expressed interest in some form of flat tax, fair tax or other simplification of the tax code through their laptop computers

New Taxes Preferences

Create New Taxes	6/26**
5% Value Added Tax	24%
Carbon Tax	54%
Securities Transaction Tax	50%
No Change	25%

- Majorities supported the establishment of a carbon tax and a securities transaction tax
- While new taxes were opposed by most conservatives, one third of those who are somewhat conservative expressed support for the carbon and securities transaction tax.
- A 5% VAT tax received low support across all ideological groups
- 53% of table groups supported a carbon tax in their final packages, and 48% supported a securities transactions tax



Additional Options Submitted by Table Groups

- Two kinds of reforms were mentioned most often by table groups when submitting support for additional options
 - Single payer health care system
 - Fair tax/flat tax/tax code reform



Other Options Submitted by Table Groups

- Eliminate waste, fraud and abuse
- Promote wellness to reduce health costs
- Limit Social Security benefits for higher income seniors
- Don't include Social Security in the discussion about deficit reduction
- Reduce defense spending by more than 15%
- Make sure that cuts to defense spending do not threaten safety or support of troops
- Don't cut All Other Non-Defense Spending across the board.
 Preserve things like education and veterans' benefits. Cut agriculture subsidies.

Top Messages to Leaders

• Given three votes, 50% of participants expressed support for the following message:

"Please find the political will to use this input as if it were coming from a powerful lobbying group — because we are!"

 Given three votes, 44% of participants expressed support for the following message:

"Abandon the failed politics of partisanship." "You can't demonize each other and expect us to trust you."

Other Messages to Leaders

- "Can you be elected officials first and politicians second?
 Our table balanced the budget in less than an hour."
- "Listen to the people and not special interests."
- "We need to deal with these issues now!"
- Balance the federal budget, but not at the expense of the poor and most vulnerable
- Find ways to reduce spending, especially defense spending



Community Conversations

- Data is still being collected from Community Conversation hosts
- Community Conversations were not as diverse as participants at the 19 town meeting sites
- Many Conversation hosts organized an abbreviated program that lasted only 3.5 hours
- Conversation hosts have been asked to submit their results online or mail results in



Looking Ahead

Would you like to see leaders convene the public in this kind of forum on other issues that are important to our country?	6/26
Yes	91%
Maybe	7%
No	2%

How likely is it that you will contact the media, public officials or other community leaders to tell them about your views on these issues?	
Very Likely	50%
Likely	23%
Somewhat Likely	18%
Not Likely at All	9%

