

PUBLIC AGENDA

Students Face up to the Nation's Finances Dialogues American University, April 8 and 11, 2008 Summary Report

Forty American University undergraduates spent two class periods learning about and discussing U.S. budget issues; the nature, causes, and potential consequences of America's \$9.4 trillion federal debt; and ways of dealing with issues such as Medicare and Social Security reform, government accountability, and the need to bring revenues and spending into balance.

After reading background materials and hearing a brief classroom presentation, including a short film and PowerPoint, students broke into four groups to discuss choices for addressing Medicare and health care, Social Security and an aging population, the mismatch between revenues and spending, and government accountability and the budget process. After a class devoted to small-group discussions, leaders from the four groups presented oral and written reports, stimulating discussion among the entire class during the second session. Before and after questionnaires were administered to test knowledge and feelings about debt-related issues. Students also wrote thoughtful essays on debt-related issues, with some submitting them as blogs to Public Agenda's Facing Up to the Nation's Finances Web site. Staff of the Senate and House Budget Committees and the Concord Coalition attended, and the sessions were filmed.



Students generally began with relatively little knowledge and only modest concern about federal debt, but – after enthusiastically engaging with the issues -- ended the sessions saying that they had learned much about the nuances and severity of the issues; that concerted, urgent action was needed not only by leaders but by citizens such as themselves; and that educating more students and the public was a critical need. Students also constructively grappled with, and suggested, specific potential policies to redress the nation's growing fiscal imbalances.

As one student said: “Prior to this discussion in class, I was extremely uneducated about the national debt. . . I do not understand how this huge problem which is going to face future generations continues to be pushed under the carpet. . . Through this exercise, I have learned a lot about the budget of our country and a problem with a big name--debt. Education started here, so we should now move to the next step of active involvement and change.”

Many expressed a mixture of outrage and fears about the nation’s fiscal condition, particularly as it related to their generation.

“As a 20-year-old citizen, it troubles me that I may be faced with the burden of paying for my government's mistakes,” another student said. “It's a terrible thought knowing that my government isn't planning ahead for my future and because of that, my generation will have to pay for mistakes made before we were even able to vote.”



This idea of intergenerational inequity was widespread. “If we do not stop reducing our national debt immediately, the social programs that our parents and grandparents took advantage of may not be there for younger generations,” a student said of Social Security and Medicare.

“If this is an uncomfortable issue for most Americans, it is doubly the case for soon-to-be graduates who know the basics of the situation,” one young man said.

A woman added: “If the government does nothing, our generation and the ones following will definitely feel extreme consequences from their inaction.”

Despite rising worries engendered by greater knowledge – for example, the percentage saying they were “very worried” about the size of federal debt jumped from 20 percent before the sessions to 65 percent after (with those “somewhat worried” going from 77 percent to 32 percent) – students actively took up the challenge to suggest policy solutions and call for greater engagement and education.

For example, the Medicare group favored reforms such as greater means-testing of benefits. They also discussed limiting “heroic” care, cutting pharmaceutical prices either through increased market competition or greater regulation, limiting malpractice

suits, giving citizens and providers greater information on the best and most cost-effective practices, making health-care costs more transparent, and instituting health savings accounts funded by government, employers, and individuals.

The Social Security group also favored greater means-testing of benefits. Several group members called for more personal responsibility for retirement savings, creating carve-out personal retirement accounts, gradually changing the benefits structure, and promoting more education about savings and retirement. One young man called for “establishing a maximum income level so that upper-income retirees are no longer eligible for benefits,” while another said “we should incrementally raise the retirement age” as life expectancy increases.

The group focusing on government accountability strongly called for budget rules that would “give politicians (less) leeway” and for longer-term budgeting. Others talked about the need for campaign and lobbying reforms. Many agreed with the idea that leaders needed to be more honest and “make citizens more aware of the impending problems we face,” as one student said. Another, who emphasized budgetary transparency, said: “When a spending bill is passed, it needs to clearly state where the money will come from to fund the projects.”

The “deficits” group echoed the accountability group in calling for stricter PAYGO rules, limiting deficit spending to emergencies, repealing tax cuts for the wealthy, cutting spending on policies proven not to work, and developing ways to better prioritize the allocation of public resources. There should be “a regular analysis of programs to determine their value,” one student said. Many recognized the “necessary purpose” of taxes, even if they are “not liked,” as a young man said, while another said “we cannot afford any more tax cuts.” One student called for more stringent IRS enforcement.

Students came to realize that there are no simple budgetary fixes such as cutting waste, pork, or even spending on the Iraq War. As one student said: “The next president will inherit these grim economic circumstances and will have to make some brave, difficult, and perhaps unpopular decisions to try to eliminate deficit spending and reduce the national debt in order to help future generations of Americans.”

Recognizing the importance of the issues for themselves and their country, and stimulated by the process of learning and dialogue, students felt that efforts to better inform and engage their generation were essential. “Our generation needs to be educated so that others who come after us will know how to try and get us out of this mess,” as one student said.

Many emphasized that greater public awareness would put pressure on leaders to make tough choices. “The country is in this position because the public is not fully aware of the extent of the federal debt,” a young woman said. “If the general population does not learn about and realize how serious this issue is then there will be little pressure on the government to change.”

Another agreed: “The most important thing that we can do is educate the people in this country of the problem. . . The mindset of citizens needs to change, to look for long-term solutions, or else the politicians won’t act.”

And a woman said: “The American public must be informed of the coming crisis and must demand their politicians to bring about change.”