



***Americans Deliberate Our Nation's Finances and Future:
It's not about taxes — It's about trust***

Regional Report: Tennessee

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Nearly every credible budget expert – left, right and center – agrees the United States faces some fundamental choices in the coming years, about the future of the country and the role the federal government should play in realizing that future. As our population ages, baby boomers near retirement, and the national debt continues to rise, it is increasingly vital for Americans to have a serious conversation about national priorities, entitlements, what we expect from the Federal government and what we are willing to pay to get it. If we as a nation face up to these challenges now, we can solve them. But the longer we wait, the fewer options we will have, and the greater the risk to our fiscal stability, our way of life and our children's future.

But engaging the public and building public support for and understanding of difficult choices is a challenge. Conventional wisdom tends to dismiss the public as polarized and apathetic, wanting it all but not willing to pay for it. Leaders are not sure whether or how they can reach the public on these issues, let alone what sorts of solutions the public would find acceptable if they did.

To help provide this insight, and begin a broader process of public engagement, Viewpoint Learning and the Public Agenda joined with three organizations – the Brookings Institution, the Heritage Foundation, and the Concord Coalition – to create *Facing Up to the Nation's Finances*. This initiative, conducted with funding from the Ford Foundation, the William and Flora Hewlett Foundation and the Kellogg Foundation, has three goals:

1. *Research*: Developing deeper insight into how Americans resolve difficult choices about national priorities and finances when given the chance to confront those choices.
2. *Engagement*: Building on that research to create a more informed and engaged public.
3. *Leadership*: Supporting – and even emboldening – a bipartisan group of leaders who will step forward to speak about this issue and call for broad based solutions.

As part of the first phase of this project, Viewpoint Learning has (to date) conducted nine day-long *ChoiceDialogues*[™] with average Americans across the country, including three sessions in Tennessee. These intense 8-hour sessions focus on the kind of America participants want to see for themselves and their children, the role they want the Federal government to play in realizing that future, and the choices, tradeoffs and costs they are prepared to support to achieve those ends in four specific areas: Social Security and Medicare; defense; other Federal activities; taxes and debt. ChoiceDialogues provide insight that polls and focus groups cannot.¹



¹ A description of the ChoiceDialogue methodology and the scenario framework used in this project can be found in the Appendix.

The three Tennessee ChoiceDialogues were followed by a “Stakeholder Dialogue” that brought together citizens who had participated in the ChoiceDialogues with political leaders, civic leaders and experts. Together these participants built on the citizen conclusions from the ChoiceDialogues and discussed potential next steps.

This report summarizes the findings so far of the nationwide series of ChoiceDialogues, as well as specific findings from the Tennessee ChoiceDialogues and the Tennessee Stakeholder Dialogue.

ChoiceDialogue Findings

Over the course of each 8 hour dialogue, 35-40 randomly selected Tennessee residents worked together to come to grips with the difficult challenges facing the nation and its finances, construct a vision of the future they wanted to see and consider the tradeoffs they were willing to make to achieve that vision. As a starting point for their discussion, participants were given a series of four distinct values-based scenarios:²

- 1) *Stay on our present course*
- 2) *Keep our promises to the elderly*
- 3) *Increase personal responsibility and choice*
- 4) *Invest in the future*

To make these scenarios as concrete as possible, each was described in terms of how it would affect four distinct areas of concern: Medicare and Social Security; Defense; Other federal activities; and taxes and debt. The scenarios were used as a starting point only for the dialogues – participants were able to adapt, combine or change them and to add their own ideas.

Findings from the ChoiceDialogues in Tennessee strongly paralleled those of ChoiceDialogues nationwide. In particular:

The main obstacle to building public support for difficult choices on our nation's finances and future is not public opposition to tax increases or to program cuts, nor is it public lack of interest; the main obstacle is a deeply felt and pervasive mistrust of government.

On issue after issue – from taxes and debt, to entitlements, to defense and other Federal programs – participants in Tennessee and nationwide concluded that there is a need for action and that they were willing to support changes requiring sacrifice, including benefit cuts and tax increases. At the same time, on issue after issue, they concluded that they would only support such action **if** they could be assured that their money was being well spent and for the purposes intended – an assurance they do not feel today. The theme of greater accountability, transparency and oversight recurred throughout the day on many different issues.

² Complete scenario descriptions can be found in the Appendix.

- **The national debt:** Participants agreed from the outset that the national debt should be stabilized, and reduced if possible. 89% of all participants agreed that we must reduce the deficit to avoid burdening future generations, and half (49%) agreed strongly.⁴ This became the bottom line against which all other choices and issues were judged.
- **Social Security and Medicare:** Participants quickly grasped that Medicare and Social Security are key to the nation's future fiscal health. Most participants were willing to consider reforming these programs or scaling back benefits. However, they were also committed to preserving Medicare and Social Security and felt strongly that they *must* remain universal. In order to preserve these programs without increasing the debt, participants agreed that they would have to make some significant changes:

We have to keep the budget balanced... You couldn't run a household this way (though a lot of people do). We're basically making minimum payments on our credit card as a country – and we all know that never gets you out of debt.³

Medicare:

- Scale back heroic intervention at end of life and focus more on prevention, disease management, wellness, and palliative care.
- Limit experimental treatments and cover only services and treatments that have been scientifically proven most effective (63% support).
- More broadly, many participants concluded that many of the problems facing Medicare are in fact challenges facing the U.S. health care system as a whole, and fixing Medicare would necessarily involve considering these wider systemic issues. In particular, participants noted the need to improve quality and access for everyone.

If I'm just going to be dead in a matter of months or days, I don't want you doing open heart surgery or a whole bunch of other invasive things that are running up the medical bill, no matter who's paying for it.



³ Participant comments illustrating key points are taken from all three Tennessee dialogues.

⁴ Except where otherwise noted, figures represent aggregate results from all nine ChoiceDialogues. Participant responses in Tennessee were strikingly similar to the national aggregate on almost every quantitative measure. Differences between Tennesseans' conclusions and those we found in other parts of the nation are discussed in the following section.

Social Security:

- Raise or eliminate caps on FICA taxes (81% support).
- Interest in individual accounts to replace a portion of traditional Social Security benefits, but **only if** the change is phased in over a long transition period and investments are limited to low-risk.

We felt that if we eliminate the cap on Social Security contributions we're going to be [taking] from the richest people. They probably would not feel a significant burden, and it would put a lot of money into the system.

Increase accountability:

- Ensure FICA taxes are used **only** to fund Medicare and Social Security.
 - Enhance transparency and reporting so taxpayers can “follow the money.”
 - Strengthen oversight through watchdog groups.
- **Defense:** In all nine dialogues participants supported a strong defense; however, this did not mean strong support for everything we are now doing. Participants expressed concern about how defense dollars are being spent and emphasized the need to “spend smarter” in three basic ways:

- *Pick our battles:* Stay engaged in the world but be more selective about when and where.
- *Fight the next war, not the last:* Move away from Cold War military models and weapons systems and toward those more relevant to the challenges we face today (e.g., special operations, intelligence, etc.).
- *Cut waste and increase accountability:* Participants saw enormous waste in defense spending (e.g. sweetheart deals and no-bid contracts). They called repeatedly for much stronger oversight and accountability.

We have to spend smarter. That means improving communication and building alliances with other countries and also building communication within our intelligence community. Then we could rely on the information that comes in so that we can make better decisions on how to spend [defense] money.

- **Other Federal Activities:** As they worked through a list of other federal activities, participants agreed on a number of basic points:

- Participants placed a high priority on education and were willing to spend more for it.
- They were open to cuts in other programs (in particular subsidies to business and agriculture). However, most felt they would need more information before they could suggest further which specific programs should be cut.
- Participants strongly supported Congressional reforms to strengthen accountability (in particular by ending last minute appropriations and limiting earmarks).

I don't think politicians should be able to slip earmarks in anonymously... They should be held responsible for them. A lot of politicians put special interest [riders] in with a major bill that cannot be voted down. I don't think they should be able to do that.

- **Taxes:** In all the ChoiceDialogues participants concluded that they were prepared to pay increased taxes for the future they wanted, on two conditions:
 - 1) Stronger measures must be implemented to curb waste, increase accountability and make better use of existing funds.
 - 2) They must see that these measures, combined with the reforms they supported in areas like Medicare and Social Security, are not enough to close the budget gap and pay for the future they want.

Participants spent some time working through what sorts of tax increases they would be prepared to support under those conditions. Most agreed that:

- Any new taxes should be earmarked for particular purposes to make it easier to “follow the money.”
- The tax system must be simplified. Many participants expressed interest in flat taxes – either a flat income tax or some sort of consumption tax. Participants saw such taxes as simpler, more transparent, and more equitable (in that everyone, rich and poor, pays into the system). However, any consumption tax must protect lower income people by exempting basic necessities.

Participant A: When you have a tax on goods and services, the higher income people spend more. So it's really falling on those that can buy more and spend more and that seems more fair.

Participant B: And for instance in Canada there's no tax on food or clothes for children under 16. You can find ways of minimizing the impact on lower income people.

- **Trust and Accountability:** In all the dialogues participants established a single essential precondition for any change: **they would accept no reform or tax unless they could trust that their money was being spent responsibly and in accordance with their priorities.** They did not feel this is happening today: 64% of participants nationwide - and 73% of those in Tennessee - felt that “elected officials do not care what people think.” Participants across the board suggested some of the mechanisms they thought would increase trust and accountability between citizens and government:

- *More attention to outcomes and results-based budgeting.*
- *More frequent, clear reporting on goals and benchmarks.*
- *Stronger oversight mechanisms.*

Participants' repeated calls for watchdogs and accountability mechanisms should be seen less as an attempt to provide a technical solution to the problem, and more as a symptom of how serious public mistrust of government has become.

We're not opposed to increasing the taxes we're already paying... We want to pay and be responsible for our country and the things we receive as benefits. But we DON'T want any more new taxes until things have been reviewed. We need to make sure the taxes we're paying now are used exactly for what they're supposed to be, and in the best manner before you add another tax to take up the slack that wasn't explained in the first tax.

Differences Seen in Tennessee

Participants in Tennessee were strikingly in tune with participants nationwide – we noted very few significant regional variations in priorities and responses.

Some that did surface:

- **Stronger commitment to keeping promises to the elderly.** Tennessee participants repeatedly emphasized the importance of protecting the elderly. They strongly rejected increasing the retirement age (63% opposed in TN vs. 48% in New Hampshire and Maine) and they were somewhat less open to reducing benefits or increasing premiums for higher income seniors.

I just don't think that a person that's 68 or 69 should be working. They've paid their dues, they worked since they're 16, 19, whatever. I think that 50 or 55 years is plenty of time to be working. I think that we should let people be able to sit back and enjoy some of their life.

- **Somewhat greater interest in individual Social Security accounts.** Tennessee participants were more likely to emphasize the importance of personal responsibility. Many (71%, vs 57% in other regions) expressed some interest in the idea of private accounts. However, like participants in other regions, they were clear that Medicare and Social Security must be maintained in a recognizable form. Their conditions for any change in the system were the same as those established in other regions: private accounts should be available for only a portion of SS benefits, accounts should be limited to low risk investments, and any change must be implemented over a long transition time.

There has to be a second opinion. My dad had cancer. They told him he had inoperable malignant tumors and no chance of survival; he had six months. We got a second opinion; they did surgery and he lived eight years, quality years. We put my mother in the hospital at 94 preparing for her to die because the doctor said she's fixing to die. She fooled us all; she lived two more years.

- **Greater concern about shifting from heroic to palliative care at end of life.** Tennessee participants emphasized the need for strong protections to make sure that we don't "give up" on the old and ill. While they recognized that some limits on heroic care would be necessary they insisted that any system-wide decisions about what care to provide be made by doctors, not bureaucrats.

- **Stronger emphasis that spending smarter on defense does NOT mean overall reduction in defense spending.** Tennessee participants were less supportive of making cuts in defense and military spending to reduce the deficit (48% supported, vs. 59% in other regions). However they strongly shared the nationwide agreement that support for the military does not equal support for all current policies.
- **Less support for increased taxes, but still willing to pay for future they want.** Slightly less than half of Tennessee participants supported raising taxes as a way of reducing the deficit (47%, compared with 58% of participants in other regions). However, a majority (56%) still preferred raising taxes to pay for important programs over keeping taxes low and cutting programs (compared to 62% of participants in other regions).



Stakeholder Dialogues: A Two-way Learning Process

In July 2007, several weeks after the completion of the Tennessee ChoiceDialogues, Viewpoint Learning conducted a day-long “Stakeholder Dialogue” that brought together some of the citizen participants from the previous Tennessee ChoiceDialogues, along with political and civic leaders. The Stakeholder sessions were similar to the ChoiceDialogues, but differed in two key respects: 1) The starting point for the discussion was the scenario defined by citizens in the Tennessee ChoiceDialogues⁵ and 2) participants went further in defining a set of practical steps that, based on their experience and expertise, would be essential to making progress on the agreed-upon vision.

Participants first brainstormed to identify key factors that have contributed to the current situation. Among the points they emphasized were rising health care costs, an education system that is failing to prepare young people for the current economy or to participate in their government and communities, and deepening political and socio-economic polarization. More broadly, they felt that the U.S. has become a consumption-based culture that encourages short-term gratification at the expense of long term stability – they saw both individuals and governments increasingly willing to borrow rather than make painful but necessary sacrifices.

If nothing changes, participants foresaw a grim economic future, with a wider gap between rich and poor, and increasing budget shortfalls making it more difficult for government to meet even basic needs. Taken together, these pressures could threaten the stability of our democracy and our standing in the world.

In 20 years, if we have not done anything, we are going to be faced with some really tough choices. Today we [can] talk about what we need to do so we do not have to face those tough choices. Twenty years from now, this would be a very different conversation.⁶

Stakeholder Dialogue participants next turned to the citizens’ conclusion from the ChoiceDialogue as a starting point for further discussion. They strongly supported the citizen conclusions, with the following additions and adjustments:

- **Medicare/SS:** Stakeholder Dialogue participants strongly agreed with ChoiceDialogue participants that we must keep promises to Americans who are now retired or soon will be. However, they agreed that people who are still decades away from retirement would have a greater opportunity to adjust to any reforms, and they felt it was important to explore the possibility of making some changes in the way benefits work.
 - Stakeholder participants were more open to reducing Social Security benefits or increasing Medicare premiums for wealthier recipients.

Those who are more wealthy and able to pay for their own retirement and health care may not need as much as those at the lower end of the spectrum.

⁵ The “citizens’ scenario” from the Tennessee ChoiceDialogues can be found in the Appendix.

⁶ Participant quotes in this section are taken from the Tennessee Stakeholder Dialogue.

- Like ChoiceDialogue participants, Stakeholder Dialogue participants saw a strong role for personal savings and responsibility. However, they placed greater emphasis on the need for financial education so that people can make wise investments, and they expressed greater confidence that such education would be effective.
- **Defense:**
 - While agreeing with the “spend smarter” conclusions of ChoiceDialogue participants, Stakeholder Dialogue participants also voiced stronger support for a focus on diplomacy and international cooperation.
- **Taxes/Debt:**
 - Stakeholder participants agreed with ChoiceDialogue participants that the debt must be stabilized or reduced; however, most also noted that eliminating the debt altogether is neither realistic nor desirable.
 - Stakeholder Dialogue participants placed a greater emphasis on accountability and reducing mistrust as a precondition for any tax increase or other changes in programs or spending. Much of the ensuing conversation focused on how to accomplish this.

From this discussion emerged two key priorities that the groups felt would move the nation towards their common-ground vision of the future.

1. Address mistrust. Participants strongly agreed that addressing mistrust is a precondition to any action: without greater accountability and higher levels of trust it is not possible even to begin a conversation about significant reforms, like altering benefits or raising taxes. They outlined several specific steps for addressing the current crisis of trust:

- Improve reporting mechanisms that would make the budget process more transparent.
- Create a high profile bi-partisan group (the Iraq study group and the 9/11 commission were mentioned as models) to report on the current fiscal situation and what must be done to address it.
- Implement campaign finance reform to reduce the distortions created by lobbying and improve public confidence and participation in the system.
- Develop a system of performance and accountability reports allowing citizens to better understand evaluate elected officials' performance.
- Improve civics education, to foster public understanding and encourage greater civic participation.

What we are trying to do here is achieve an educated electorate.... We think the electorate really does not understand these problems, but beyond that we do not believe the electorate will agree to higher taxes and reduced benefits unless they see some bipartisan approach to explaining why. Otherwise they are going to say no. Democrats are going to say no to decreasing benefits and Republicans are going to say no to the increase in taxes. That is what we have been doing for 20 or 30 years. We need high quality people working on a bipartisan basis to convince the electorate that we ought to do these things they are instinctively going to be opposed to, like increasing taxes and reducing benefits.

- 2. Initiate a discussion of linking benefits to income.** The idea of instituting an income test for Medicare and Social Security benefits was not widely supported in the ChoiceDialogues, but Stakeholder Dialogue participants (including citizens who had participated in the earlier ChoiceDialogues) concluded that it would be necessary to explore the idea. They had several conditions:
- The public must be actively engaged in defining specific ways benefits might be adjusted.
 - Americans must be given the education and tools they need to invest in their own financial security and protect themselves against any reduction in benefit value.
 - Any changes must be phased in over a long transition period.

Implications for Action

The ChoiceDialogues and Stakeholder Dialogue identified a number of consistent principles on which leaders can build:

- Frame the issue as “the future we want.” Instead of focusing the issue too narrowly as a discussion of the debt and deficit, framing the issue and the background materials in terms of “the future we want” focuses attention on the balance between what people want and what they are willing to pay for. Such an approach sets the stage for a values-based conversation – something where the public has a great deal to contribute. It also made people more willing to face up to difficult choices.
- This is not a battle between young and old. Across the nation ChoiceDialogue and Stakeholder Dialogue participants have consistently rejected the notion that the nation’s current challenges should be seen as an inter-generational struggle that pits young against old. Engagement efforts will be more reflective of public values, and more likely to lead to effective action, if the issue is presented as a shared effort that requires all Americans - young, old, rich and poor – to work together.
- Make rebuilding public trust a primary objective. Both the ChoiceDialogues and the Stakeholder Dialogue clearly demonstrated that rebuilding public trust is a fundamental precondition for public support on a wide range of issues. As such, it must be treated as an objective in its own right. One important part of rebuilding public trust is increasing accountability and transparency for how tax dollars are spent, and dialogue participants repeatedly advocated this. Existing institutions that operate at arms-length from government – in particular the GAO and the Comptroller General – can play a critical role in this regard.
- Engage the public to overcome mistrust. Increasing accountability and transparency and providing better information to the public is a necessary part of rebuilding public trust, but it is unlikely to be sufficient. To resolve issues of trust you need to engage the public in a different way. One critical cause of mistrust between citizens and government is that government is often not fully attuned to the voice of ordinary citizens. Most participants in the ChoiceDialogues (64%, and 73% in Tennessee) said that leaders and governments did not really care what they thought. As long as citizens continue to believe that their voice is not being heard, mistrust will grow. Government must develop more effective ways of hearing and responding to the voice of the unorganized public.

- Build on common ground. Far from seeing the issue in terms of “red vs. blue,” dialogue participants of all political stripes found a surprising amount of common ground in all of the policy areas tested – Social Security and Medicare, defense, other federal activities, taxes and debt. It is on such areas of common ground that effective leaders can build broad-based public support for action. Building on common ground leads toward sustainable solutions, while building on wedge issues tends to reinforce gridlock.
- Focus on problem-solving; not ideology, spin or scare stories. The public are pragmatists, not ideologues. They readily mixed and matched elements from differing political approaches as long as the result was a solution they believed would work for them, their families and communities. They want to grapple with real choices, presented in a balanced fashion, that enable them to engage in practical problem solving to create the future they want. To build public support we need to focus more on creating a shared vision and on practical problem solving to achieve it, and less on scare stories that can quickly become counter-productive – discouraging action, increasing denial, and creating a sense of hopelessness. As one participant put it: “I have a nightmare” may get your attention, but “I have a dream” motivates action.
- The public is ready for this conversation. Most important, the public is ready to have this conversation. Far from being apathetic or unwilling to consider difficult decisions, the random sample of Americans involved in this study were thoughtful and serious, and it was clear that beneath their mistrust and dissatisfaction was a deep desire to address the problem. As Edmund Andrews of the *New York Times* said in an article about one of the ChoiceDialogue sessions, “if there was a message, it was not that people wanted to dodge tough choices. It was that they wanted good ideas from their leaders.”

APPENDIX

ChoiceDialogue™: The Methodology

ChoiceDialogue methodology differs from polls and focus groups in its ***purpose, advance preparation, and depth of inquiry.***

- **Purpose.** ChoiceDialogues are designed to do what polls and focus groups cannot do and were never developed to do. While polls and focus groups provide an accurate snapshot of people's current thinking, ChoiceDialogues are designed to predict the future direction of people's views on important issues where they have not completely up their minds, or where changed circumstances create new challenges that need to be recognized and addressed. Under these conditions (which apply to most major issues), people's top-of-mind opinions are highly unstable, and polls and focus groups can be very misleading. ChoiceDialogues enable people to develop their own fully worked-through views on such issues (in dialogue with their peers) even if they previously have not given it much thought. By engaging representative samples of the population in this way, ChoiceDialogues provide unique insight into how people's views change as they learn, and can be used to identify areas of potential public support where leaders can successfully implement policies consonant with people's core values.
- **Advance Preparation.** ChoiceDialogues require highly trained facilitators and (above all) the preparation of special workbooks that brief people on the issues. These workbooks formulate a manageable number of research-based scenarios, which are presented as a series of values-based choices, and they lay out the pros and cons of each scenario in a manner that allows participants to work through how they really think and feel about each one. This tested workbook format enables people to absorb and apply complex information quickly.
- **Depth of Inquiry.** Polls and focus groups avoid changing people's minds, while ChoiceDialogues are designed to explore how and why people's minds change as they learn. While little or no learning on the part of the participants occurs in the course of conducting a poll or focus group, ChoiceDialogues are characterized by a huge amount of learning. ChoiceDialogues are day-long, highly structured dialogues – 24 times as long as the average poll and 4 times as long as the average focus group. Typically, participants spend the morning familiarizing themselves with the scenarios and their pros and cons and developing (in dialogue with each other) their vision of what they would like to have happen in the future. They spend the afternoons testing their preferences against the hard and often painful tradeoffs they would need to make to realize their values. To encourage learning, the ChoiceDialogue methodology is based on dialogue rather than debate – this is how public opinion really forms, by people talking with friends, neighbors and co-workers. These 8-hour sessions allow intense social learning, and both quantitative and qualitative measures are used to determine how and why people's views change as they learn.

Steps in a ChoiceDialogue Project

- 1) Archival analysis of polls (or conducting a special one) and other research to provide a baseline reading on what stage of development public opinion has reached;
- 2) The identification of critical choices and choice scenarios on the issue and their most important pros and cons, and the preparation of a workbook built around those scenarios in a tested format for use in the dialogues;
- 3) A series of one-day dialogue sessions with representative cross-sections of the population. Each dialogue involves about 40 participants, lasts one full day and is videotaped. A typical one-day session includes the following:
 - Initial orientation (including the purpose of the dialogue and the use to be made of the results, the nature of dialogue and ground-rules for the session, introduction of the issue and some basic facts about it);
 - Introduction of the choice scenarios on the issue, and a questionnaire to measure participants' initial views;
 - Dialogue among participants (in smaller groups and in plenary) on the likely good and bad results that would occur as a consequence of each choice if it were adopted, and constructing a vision of the future they would prefer to see;
 - A second, more intensive round of dialogue among the participants (again both in smaller groups and in plenary) working through the concrete choices and tradeoffs they would make or support to realize their vision;
 - Concluding comments from each participant on how their views have changed in the course of the day (and why), and a questionnaire designed to measure those changes.
- 4) An analysis of how people's positions evolve during the dialogues. We take before and after readings on how and to what extent people's positions have shifted on each choice as a result of the dialogue. This analysis is both quantitative and qualitative.
- 5) A briefing to leaders to make sense of the results. The briefing summarizes what matters most to people on the issue, how positions are likely to evolve as surface opinion matures into more considered judgment, the underlying assumptions and values that shape that evolution, and the opportunities for leadership this creates.

Four Scenarios

In a ChoiceDialogue participants use a specially designed workbook, in a tested format, constructed around a number of values-based scenarios or choices developed through extensive consultation with experts representing a wide range of viewpoints. In this project, the four scenarios were:

1. Stay on our present course

In the first scenario we will continue on our present course and make no major changes that would require us to pay higher taxes or transform our habits and lifestyles.

We will deal with problems pragmatically as they arise and not rush to action.

In this scenario federal taxes will remain relatively low, combined with relatively high spending, large deficits and a rising national debt owed mostly to foreign countries.

2. Keep our promises to the elderly

In the second scenario we will give priority to keeping our promises to the elderly in return for their lifetime of contribution.

In this scenario we will spend more for Medicare and Social Security, and we will strengthen accountability for how these federal programs are conducted.

We will do this in ways that do not increase the national debt. To pay for this, federal taxes will increase and spending in other areas will be cut.

3. Increase personal responsibility and choice

In the third scenario we will give priority to strengthening personal responsibility and choice. We will enable individuals to take greater responsibility for their own retirement and other important aspects of their lives.

In this scenario Medicare and Social Security will be transformed over time to give people more control over their own retirement savings and reduce federal spending in these areas, while preserving a safety net for those in need. Most other federal programs will also be cut.

The national debt will spike upward as we pay to transform Social Security and Medicare but then will fall.

4. Invest in the future

In the fourth scenario we will give priority to investing in our future. We will spend more on federal programs that will build long-term economic opportunity and a better world for all Americans.

This will include programs that improve education, transportation, health care for children, and the environment; and we will strengthen accountability for how these programs are conducted.

To pay for this without increasing the national debt, federal taxes will rise and projected spending on Medicare and Social Security will be cut through significant reforms.

To make these scenarios as concrete as possible, each was described in terms of how it would affect four distinct areas of concern:

- Medicare and Social Security
- Defense
- Other federal activities
- Taxes and debt

The scenarios were used as a starting point only for the dialogues – participants were able to adapt, combine or change them and to add their own ideas.

Citizens' Scenario - Tennessee

As they worked through the four citizen scenarios, citizens in the Tennessee ChoiceDialogues (held in Nashville, Memphis and Chattanooga) reached a notably consistent set of conclusions. For the Stakeholder Dialogue, these conclusions were summarized in a "citizens' scenario", which Stakeholder Dialogue participants used as their starting point:

We found a surprising amount of common ground on the future we want to see for our children and ourselves, and on the role we want the Federal government to play in that future. We are willing to support changes that require sacrifice, including benefit cuts and tax increases, if they are needed to realize the future we want. But we will only support such action if we can be satisfied that our tax money is being well spent and for the purposes intended.

We believe it is essential that we stabilize and reduce the national debt, the future we want is not one characterized by a massive and rapidly increasing national debt. To create the future we want we are prepared to support tradeoffs in some key areas:

Medicare and Social Security:

We place a high value on honoring our promises to the elderly. Medicare and Social Security honor the contributions of all Americans and should remain universal: they should not be turned into welfare-type programs. At the same time we are open to significant reforms in both programs:

Medicare should give higher priority to wellness and prevention, and we are willing to accept some system-wide limits on experimental treatments and heroic end-of-life care. We believe reforms to Medicare also need to be considered in the context of larger-scale reform to America's health care system.

Social Security funds should be protected and used only for those purposes. We are willing to eliminate the FICA cap, and see value in incorporating individual accounts ***IF*** they are phased in over time, do not entirely replace traditional social security and are limited to low-risk investments.

Defense and Other Federal Spending:

We believe that America must maintain a strong defense; we cannot balance the budget at the expense of keeping America safe. At the same time we need to spend smarter on defense, cutting waste and spending on outdated technologies while investing to address the new threats we face. In addition to a strong defense, other priorities for government spending should be education and to a lesser extent environment. We are open to cuts in other areas of federal spending, but do not have enough information on how those programs work and the results achieved to recommend specific cuts.

Taxes, Trust and Accountability:

We are prepared to pay more in taxes if that is necessary to realize the future we want, but ***only if*** steps are taken to increase accountability and trust. We want to know more about how the money is spent and what sort of outcomes result. We want to see an end to earmarks for pet projects. We want a more simplified and transparent tax system and are attracted by the idea of a flat tax or national sales tax; one in which there are fewer loopholes for the wealthy and corporate America. Most of all we want to be able to trust that everyone is paying their fair share and that tax monies are being spent wisely.