



America's Fiscal Future

Professor's Guide

OBJECTIVE: *This guide and the accompanying learning and discussion materials are designed to increase college students' knowledge of the challenges and complexities involving our nation's public finances and to engage them in structured dialogues about these vital national issues. The aim is to cultivate younger Americans as informed, active citizens who can help effect substantive policy reforms to insure the nation's long-term financial and economic well-being.*

Through outside readings; lecture, video, and PowerPoint presentations; small group and classroom discussions; and individual written assignments (optional), students will learn about and discuss:

- *America's national debt;*
- *Aspects of public finances and the causes of increasing debt (tax policy, mandatory and discretionary spending, borrowing, the budget process, demographic and macroeconomic factors);*
- *Current and potential implications of large and growing debt; and*
- *Policy options to address America's fiscal challenges.*

As participants in this nationwide initiative, professors are asked to administer a pre- and post-class questionnaire to students, which will be used to gauge learning and changes in beliefs; to respond to an electronic evaluation survey about the materials and design of this classroom exercise; and to get their students to express their beliefs and ideas so that they can be brought to the attention of national political and opinion leaders.

These materials have been developed in consultation with a wide range of experts for use over two 50-75-minute class periods. If your available time is longer or shorter, you may wish to adjust the time allotted for teaching, discussions, and report-outs. Professors may use these and other materials at their discretion to best enhance students' learning and engagement in addressing this critical set of contemporary public-policy issues. In addition to initial consultation with Public Agenda and NAPA to explain and answer questions about these materials, we encourage ongoing contact to address questions that may arise and to discuss ways to improve this learning and engagement process.

Pre and Post Student Questionnaire

- Please give students the pre-exercise questionnaire about 5 minutes before the end of the class **prior to the first classroom session** on this topic and **before readings are assigned**.

- Please ask students to complete and hand in the post-exercise questionnaire after the second classroom session.
- Please collect all pre and post surveys when they are given, and return both sets of completed surveys to: Public Agenda, attn: Andrew Yarrow, 601 13th Street, NW, Ste. 701, Washington, DC 20005, ayarrow@publicagenda.org.

Suggested Student Readings (please see website for electronic access to these materials)

Overview of Issues and Budget Reform Proposals

- National Academy of Public Administration, “Ensuring the Future Prosperity of America: Addressing the Fiscal Future,” (Washington, DC, National Academy of Public Administration, 2005)

The Nature of the Problem

- Andrew L. Yarrow, *Forgive Us Our Debts: The Intergenerational Dangers of Fiscal Irresponsibility* (New Haven: Yale University Press, 2008)
- Scott Bittle and Jean Johnson, *Where Does the Money Go? Your Guided Tour to the Federal Budget Crisis* (New York: HarperCollins, 2008)
- Alice Rivlin and Isabel Sawhill, eds., *Restoring Fiscal Sanity 2005* (Washington, DC: Brookings Institution, 2005), chapter 1

A Liberal Approach to Solving the Fiscal Problem

- Korgan, Richard, et al. “The Long Term Fiscal Outlook” (Washington, DC: Center on Budget and Policy Priorities, 2007)

A Conservative Approach to Solving the Fiscal Problem

- Stuart Butler, “Solutions to Our Long-Term Fiscal Challenges” (Washington, DC: Heritage Foundation, 2007)

Review of Long-Term Projections

- Government Accountability Office, “Long-Term Budget Outlook” (Washington, DC: GAO, 2007)

Budget Projections and Alternative Methodologies

- Peter R. Orszag, “The Long-Term Budget Outlook,” Congressional Budget Office testimony before the U.S. House of Representatives, December 13, 2007

Handouts/Resources for Small Group Discussions

- “Social Security and America’s Aging Population” (Discussion Paper)
- “Medicare, Medicaid and Controlling Health-Care Costs” (Discussion Paper)

- “Fixing the Tax System,” http://www.taxpolicycenter.org/UploadedPDF/1001128_fixing_tax_system.pdf, and
- “Where Does Federal Revenue Come From?” <http://www.taxpolicycenter.org/publications/url.cfm?ID=1001082>
- Government Accountability and the Budget Process” (Discussion Paper)
- Additional Discussion Guides In Development

Additional On-Line Resources

- www.facingup.org (Facing Up to the Nation’s Finances; Public Agenda, the Concord Coalition, the Brookings Institution, the Heritage Foundation, Comptroller-General David Walker, and Viewpoint Learning)
<http://www.treasurydirect.gov/NP/BPDLogin?application=np> (U.S. Treasury, “The Debt to the Penny and Who Holds It”)
- Concord Coalition online “Penny Game,” <http://www.concordcoalition.org/education/penny-game/online/index.html>
- [The “Budget Hero” game \(American Public Media\)](http://marketplace.publicradio.org/features/budget_hero/)
http://marketplace.publicradio.org/features/budget_hero/
- The Kentucky State Budget Game (Kentucky Long-Term Policy Research Center)
<http://www.kltprc.net/budgetgame/BUDGAME.HTM>
- The NYC Budget Game (The *Gotham Gazette*)
<http://www.gothamgazette.com/budgetgame/budgetgame.html>

Discussion Approach and Desired Outcomes

- Determine whether and how many small groups will be formed for discussions.
- Assign each group one of five topics and provide copies or a link to the related materials (see “Handouts for Small Group Discussions” above)
 - The Federal Budget and Dealing with Deficits
 - Social Security and America’s Aging Population
 - Medicare, Medicaid and Health Care
 - Revenues and Tax Policy
 - Government Accountability
- Each student should be asked to carefully review the related Handout and do additional research/reading on the assigned topic in preparation for the discussion.
- In small groups, students will be asked to:
 - Describe the problem.
 - Identify a range of solutions to solve the problem
 - Discuss the pros and cons of the solutions identified.
 - Identify areas of common ground. What do we agree on?
 - Identify areas of discord. What do we disagree on?
 - Identify one or two priorities for action.
- Each group will report out to the class a summary of its discussion and results

Additional Assignment / Student Opportunity

- Students are invited by the National Academy of Public Administration and Public Agenda to submit a 1 to 2 page essay for potential web and/or document publication (see Student Flyer). This may be turned in to the professor and sent electronically to NAPA and Public Agenda.
- Professors may make this assignment optional or mandatory

Class Session 1: Disentangling the Fiscal Crisis

25 minutes: Presentation of Information

- Introduce issues relating to national debt and the structure of the exercise, emphasizing that students will engage in small-group and classroom-wide dialogue about these issues.
 - Show 7 ½ minute film, “Facing Up to the Nation’s Finances.”
 - Use PowerPoint presentation to provide an introduction to the issues.

20 minutes: Class Discussion

- Potential questions to ask students to generate discussion:
 - What is debt?
 - Difference between debt and deficits
 - Similarities/differences between federal debt and personal debt
 - “Good” debt and “bad” debt
 - Why is debt projected to grow to unmanageable proportions if major reforms are not put into place?
 - Mandatory spending, particularly the three large entitlement programs and interest on the debt, are consuming an ever-larger share of the federal budget.
 - Social Security, Medicare, Medicaid, and interest payments (debt service)
 - Rapidly rising health-care spending, and its impact on Medicare and Medicaid, in driving up long-term national debt.
 - The role of demography, as the population ages and the ratio of workers to retirees decreases.
 - Tax revenues are not sufficient to meet projected needs.
 - Is it fiscally sound or morally right to pass debt on to future generations?
 - What do you think some of the potential effects of rising debt on America and Americans in the coming decades?
 - Economic crisis
 - Higher interest rates
 - Slower economic growth
 - Declining U.S. economic and geopolitical power in the world
 - Falling living standards for many Americans
 - What are some of the policy reforms that could reduce debt?
 - Health-care cost containment
 - Medicare/Medicaid reforms
 - Social Security reforms
 - Tax reform
 - Budget process reforms
 - Other spending reforms

5-20 minutes: Prepare for Next Class and Form Several Small Groups

- Assign student readings.
- Form groups for discussion, and assign each group one of several topic areas:
 - Social Security and the Aging Population
 - Medicare, Medicaid, and Controlling Health-Care Costs
 - Revenues and Tax Policy
 - Government Accountability
- Hand out small group discussion guides or direct students to links for discussion guides.

- Ask each student to be prepared to:
 - Identify the issues in his/her assigned area
Discuss the solutions he/she believes are most appropriate and why
- Each group will quickly identify a “discussion leader” and “recorder”
- Students begin small-group discussion if time permits

Class Session II: Finding Solutions

25-30 minutes: Small Group Discussions

- Each group will spend 20 minutes (or more, if class time allows) continuing to discuss their assigned topic
- Structure of Discussion
 - What is the problem? Briefly describe the problem as you see it.
 - What is the range of solutions available to solve the problem?
 - Discuss the pros and cons of the solutions identified.
 - Identify areas of common ground. What do we agree on?
 - Identify areas of discord. What do we disagree on?
 - What do we agree are priorities for action?

Small Group Summary Work

- In small groups, summarize the group discussion [preferably on flip charts, if available]
 - What are the most important things to know about this problem?
 - What were our most important areas of common ground?
 - What disagreements do we have?
 - What are the questions or concerns or areas we identified that require more study?
 - What things did we identify as top policy priorities to help solve these problems?

20-30 minutes: Small Group Reports (allot time according to number of groups reporting) and Class Discussion

- Each group discussion leader will present the issues, areas of common ground, disagreements, questions, and policy priorities to the entire class:
 1. Describe the topic tackled in the small-group discussion
 2. Post flip-chart page on common ground and areas of disagreement, and explain the group’s ideas
 3. Post flip-chart on questions, concerns and policy priorities
 4. Answer any questions about anything that is unclear
 5. Entire class discusses ideas presented by each group
 6. If possible, a class consensus is reached, with areas of common ground identified on flip charts and summarized by a designated student

End of Class:

- Hand out **Student Essay Flyer** (as either mandatory or optional)
- Distribute and collect (at this class or next) **“Post” Student Survey**