Promoting Budget Debate and Compromise with 
An Exercise in Hard Choices℠

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Overview of Presentation

• The Committee for a Responsible Federal Budget (CRFB): An Exercise in Hard Choices℠.
• Format of Exercise 2004.
• Traditional Delivery.
• The need for electronic enhancement.
  – CRFB partnership with The University of Akron.
Overview of Presentation cont.

• Electronic Methods
  – Electronic Scorecard.
  – Asynchronous delivery through WebCT.
  – Synchronous computer-to-computer delivery through Flash Communications server.
  – Synchronous site-to-site delivery through Polycom.

• Hands-on participation.
• Results.
• Summary.
An Exercise in Hard Choices

Background

• Since 1983, the non-profit Committee for a Responsible Federal Budget (CRFB) has administered An Exercise in Hard Choices℠ to citizens as a public education program. Participants meet face-to-face to role-play members of Congress as they debate current year budget issues and compromise on a federal budget.

Carol Cox Wait, Former President and Founder
Leon Panetta, Bill Frenzel, Co-chairs
The Committee for a Responsible Federal Budget

- **www.crfb.org; crfb@newamerica.net**
- President:
  - Maya MacGuineas, Director, Fiscal Policy Program of the New American Foundation
  - [www.newamerica.net/](http://www.newamerica.net/)
- Co-chairs: Leon Panetta (D) and Bill Frenzel (R)
- The CRFB administers the Exercise, issues policy recommendations, and hosts budget roundtables for legislators and others.
Aims of the **Exercise**

1. To educate citizens about the budget and the decision making-process of Congress.
   - “You will feel frustrated. You will say there is not enough time; you will complain you need more information; and in these respects you will be just like Congress.”

2. To inform legislators about the thinking of American citizens on budget issues, including retirement and health care funding.

An Exercise in Hard Choices

2004 Budget Options

• Goals
  – Size of government in 2040.
  – Budget discipline.

• Outlays
  – Eleven separate decisions.
  – Options include those actually debated by Congress (though “dummied down” a bit).

• Revenues
  – Some decisions are contingent.
Exercise 2004: Goals

1. Size of Government in 2040 as % of GDP

1. Baseline CBO* policies—24.3%.
2. Population growth—23%.
3. Half the growth in 65+ population—21.5%.
4. Size of government in 2003—20.2%.
5. Average revenue level since 1962—18.2%.

*Throughout the Exercise, the baseline figures are from the budget established by the Congressional Budget Office.
Exercise 2004: Goals

2. Budget Discipline

1. Balance the non-social security budget.
2. Balance the unified budget and save all surpluses.
3. Balance the unified budget and save half of surpluses.
4. Balance the unified budget.
5. Balance the unified budget over the business cycle.
6. No fiscal discipline rule.
Exercise 2004: Outlays

Effect on projected 2004 deficit & 2040 GDP

1. National Defense and International Affairs.
3. Agriculture.
5. Commerce, Housing, and Community & Regional Dev.
6. Transportation.
10. Social Security.
## Exercise 2004: Outlays
### Sample Choices

<table>
<thead>
<tr>
<th>Natl Defense &amp; Intl. Affairs</th>
<th>Dollars in billions</th>
<th>% GDP</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>CBO Baseline Levels</strong></td>
<td>429.1</td>
<td>481.6</td>
</tr>
<tr>
<td>1. CBO Baseline</td>
<td>0.0</td>
<td>0.0</td>
</tr>
<tr>
<td>2. Pres. Budget</td>
<td>0.0</td>
<td>-0.4</td>
</tr>
<tr>
<td>3. Remove War Supp.</td>
<td>-0.0</td>
<td>-37.0</td>
</tr>
<tr>
<td>4. House-passed Budget</td>
<td>0.0</td>
<td>-0.9</td>
</tr>
<tr>
<td>5. Senate-passed Budget</td>
<td>3.0</td>
<td>-0.2</td>
</tr>
<tr>
<td>6. House Dem. Budget</td>
<td>0.0</td>
<td>-0.8</td>
</tr>
<tr>
<td>7. Senate Dem. Alternative</td>
<td>0.0</td>
<td>9.4</td>
</tr>
<tr>
<td>8. Blue-dog Budget</td>
<td>0.0</td>
<td>-0.4</td>
</tr>
<tr>
<td>9. Congr. Black Caucus</td>
<td>--</td>
<td>-0.1</td>
</tr>
</tbody>
</table>
Exercise 2004: Revenues
(effect on proj. rev.; some dependencies)

1. CBO Baseline.
2. Tax Cuts.
   b. Make 2003 JGTRRA permanent.
   c. President’s budget: other tax cuts.
   d. President’s budget: other extenders.
   e. AMT relief for individuals.
3. Tax Increases
   a. Repeal 2003 JGTRRA only.
   b. Repeals 2001 EGTRRA and 2003 JGTRRA.
   c. Keep 10% bracket and $1000 child tax credit.
   d. Increase alcohol taxes
   e. Increase cigarette taxes.
   f. Increase motor fuel taxes.
   g. Tax all corporations at 35%
   h. Use private debt collectors.
Traditional Face-to-face Delivery

- Participants meet at a common location and time for 3-4 hours.
- An onsite moderator assists.
- A demographic questionnaire is used to optimize group diversity.
- Each group elects a chair and optionally a separate recorder to keep track of decisions.
- Groups negotiate to consensus.
- The written scorecard can be a challenge!
The Need for Electronic Enhancement

• Since 1983, more than 15,000 individuals have participated in the traditional Exercise.

• Electronic delivery could extend the Exercise to diverse populations and educational settings.

• In 2002, the United States Dept. of Education awarded a congressional-directed grant to UA to design, develop, and pilot electronic versions of An Exercise in Hard ChoicesSM.
  – Year 1 was dedicated to development and initial pilots.
  – Year 2 was dedicated to controlled pilots.
  – Year 3 is dedicated to outreach over Internet2.
Electronic Methods
Developed by The University of Akron

• Electronic scorecard.
• Electronic delivery methods including:
  – Asynchronous using WebCT.
  – Synchronous computer-to-computer using a Macromedia Flash Communications server.
  – Synchronous site-to-site using Polycom video-teleconferencing.
Electronic Scorecard

- Can facilitate Exercise in any delivery method.
- Built with ColdFusion, HTML, and SQL server.
- Performs all calculations electronically.
- Participants can view the total effect of their decisions at any point in the process.
### Sample Completed Scorecard

#### Scorecard for Group 150

<table>
<thead>
<tr>
<th>Category</th>
<th>Choices</th>
<th>$ in Billions 2004</th>
<th>$ in Billions 2004-2013</th>
<th>% of GDP 2040</th>
</tr>
</thead>
<tbody>
<tr>
<td>Defense and International</td>
<td>Remove the war supplemental</td>
<td>-37</td>
<td>-818</td>
<td>-0.66</td>
</tr>
<tr>
<td>Homeland Security</td>
<td>House-passed Budget</td>
<td>2.1</td>
<td>21</td>
<td>0.003</td>
</tr>
<tr>
<td>Agriculture</td>
<td>House-passed Budget</td>
<td>-0.5</td>
<td>-13.3</td>
<td>-0.01</td>
</tr>
<tr>
<td>Science and Technology, Energy and Natural Resources, Environment</td>
<td>Senate-passed Budget</td>
<td>0</td>
<td>-2.2</td>
<td>-0.004</td>
</tr>
<tr>
<td>Commerce, Housing Credit and Community &amp; Regional Development</td>
<td>Senate Democratic Budget</td>
<td>1.1</td>
<td>3.8</td>
<td>0.01</td>
</tr>
<tr>
<td>Transportation</td>
<td>Senate-passed Budget</td>
<td>0</td>
<td>-105.5</td>
<td>-0.044</td>
</tr>
<tr>
<td>Education, Training &amp; Employment, and Social Services</td>
<td>House Democratic Budget</td>
<td>1.9</td>
<td>-64.6</td>
<td>0.007</td>
</tr>
<tr>
<td>Health Care</td>
<td>President’s Budget - tax incentives</td>
<td>0</td>
<td>84</td>
<td>-0.321</td>
</tr>
<tr>
<td>Income Security and Veterans</td>
<td>House-passed Budget</td>
<td>-2</td>
<td>-150.7</td>
<td>-0.114</td>
</tr>
<tr>
<td>Social Security</td>
<td>Reduce initial benefits</td>
<td>-5</td>
<td>-340</td>
<td>-5.43</td>
</tr>
<tr>
<td></td>
<td>Raise retirement age</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Make Social Security more affordable</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Administration of Justice and General Government</td>
<td>President’s Budget</td>
<td>0.9</td>
<td>-28.6</td>
<td>-0.028</td>
</tr>
<tr>
<td><strong>Total Outlays</strong></td>
<td></td>
<td>-38.5</td>
<td>-1114.1</td>
<td>-4.551</td>
</tr>
<tr>
<td><strong>Revenue Decisions</strong></td>
<td>Increase cigarette taxes</td>
<td>7</td>
<td>66</td>
<td>0.038</td>
</tr>
<tr>
<td><strong>Total Policy Changes</strong> (Outlays &amp; Revenues)</td>
<td></td>
<td>45.5</td>
<td>-1180.1</td>
<td>4.589</td>
</tr>
<tr>
<td><strong>CBO Baseline Levels</strong></td>
<td>Deficit: $410.0</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Ending Cumulative Deficit/Deficit and Size of Government</strong> (CBO Baseline minus Policy Changes)</td>
<td>Deficit: $434.5</td>
<td>0</td>
<td>$33.1</td>
<td>19.711</td>
</tr>
<tr>
<td><strong>Interest</strong></td>
<td>-0.838</td>
<td>-424.693</td>
<td></td>
<td>-1.177</td>
</tr>
<tr>
<td><strong>Final Deficit/Deficit &amp; Size of Government in 2040</strong></td>
<td></td>
<td>Deficit: $433.662</td>
<td>$507.793</td>
<td>18.534</td>
</tr>
</tbody>
</table>
Asynchronous Delivery via WebCT

• Ideal for use in an educational environment where progress can be easily monitored and participants have high incentive (e.g., grades) to complete the Exercise.
• Participants have more time to read, reflect, and research issues involved in each of their decisions.
• Groups negotiate decisions by posting to threaded discussion.
• Rotating chairs record each decision.
Objectives of Threaded Discussion

• To develop “social presence” among participants separated in space.
• To create forum for continued reflective discussion of issues raised in class or by readings.
• To provide bridge between informality of real-time discussion and formality of academic writing.
• To encourage students to internalize their distant audiences and develop strong personal voices.
• To motivate students to integrate personal experience, anecdotes, and knowledge of the world in supporting their views.
• To encourage students to examine their values and beliefs in the context of differing viewpoints.
Summary of WebCT Delivery

• In general, participants posted their views but did not change their minds based on other views.
• Chairs cast group votes based on the majority view.
• If a productive online dialogue is desired, encourage consensus instead of a majority vote.
• Establishing deadlines is effective in asynchronous decision-making.
WebCT Student Responses

• “I did not know what the material meant, so I would ask a group member by posting to threaded discussion and they would respond to help me out…I can now say I know the difference one vote can make.” --K.C.

• “With postings instead of live discussion, everyone can think out exactly what they want to post and articulate it accordingly…Hard Choices was a way not only of learning about politics, but also living them.” --L.H.

• “Hard Choices was…beneficial because it brought together people from different backgrounds, both politically and socially, for a common cause.” –B.I.
Computer-to-computer Delivery

- Ideal for individuals that can meet at a common time but not in a common location.
- Enabled by Macromedia Flash Communications server.
- Synchronous video, audio, and written communication are possible.
- Participants can access hard or electronic copies of materials as they proceed through each question.
Summary of FlashCom Delivery

• In real-time Flashcom pilot, students discussed and debated their views and changed their minds.
• Consensus could be achieved in real time.
• Establishing deadlines is effective in synchronous decision-making.
• An effective chair is crucial since the technology provides an additional layer.
FlashCom Student Responses

- I thought the decision to officially vote on the text screen was crucial. Sometimes visualizing something, even if it merely reads what would have been said, makes for better organization. --Subj 1
- [We reached successful decisions by] talking it out, expressing why we made the choices we made, trying to show others that a certain way was really more beneficial then another.—Subj 2
- The chat area and voice/video made it very easy to become accustomed to the other group members and to communicate clearly. –Subj 3
Site-to-site Delivery

- Ideal for individuals that can meet at a common place and time but do not have the availability of an onsite moderator.
- Enabled by Polycom video-teleconferencing.
- The group or groups have video and audio contact with the moderator and with each other.
Summary of PolyCom Delivery

• In real-time PolyCom pilot, students discussed and debated their views just as in a traditional roundtable.
• The moderator was within view and could be approached with or even overhear questions and offer explanations.
Does the Exercise Make a Difference?

• In 2003, participants completing the Exercise through WebCT, FlashCom, and Polycom took pre-tests and post-tests. Most of the results were significant.

• In 2004, an independent group (n=50) took a pre-test of questions about the budget, the budget process, and interest and attitudes. Participants completing the traditional version (n=31) scored significantly higher on:
  – 15 of 20 knowledge questions (p<.001);
  – 13 of 22 interest and attitude questions.
Are the Synchronous Methods Effective?

• FlashCom (n=32) and Polycom (n=29) participants were combined for analysis since means were not significantly different (p=.940).

• Online participants scored higher on knowledge questions and had more favorable attitudes towards the budget and politics than the control group.
# Interest and Intentions

Percent agreeing or strongly agreeing

<table>
<thead>
<tr>
<th>Question</th>
<th>Baseline</th>
<th>Traditional</th>
<th>Online</th>
</tr>
</thead>
<tbody>
<tr>
<td>I would like to discuss political issue with friends.</td>
<td>38%</td>
<td>58%</td>
<td>57%</td>
</tr>
<tr>
<td>I am interested in how the federal budgeting process works.</td>
<td>34%</td>
<td>81%</td>
<td>64%</td>
</tr>
<tr>
<td>I would like to learn more about the federal budget.</td>
<td>36%</td>
<td>64%</td>
<td>61%</td>
</tr>
</tbody>
</table>
Is the asynchronous method effective?

• In 2004, the pilot was more of a hybrid, used at the convenience of a State and Local Government instructor. Some groups completed their work face-to-face and recorded their decisions online.

• Students could complete the Exercise for extra credit. Fifteen final surveys were analyzed.

• The results were not significantly different from those of online students.
Does the Exercise work with high school students?

- High school postsecondary students were included in each of the pilot conditions.
- The Exercise was also used traditionally with 153 high school students at the Ralph Regula Student Congressional Council.
- A short, anonymous, final survey of interest and intentions was administered.
- “I was already interested in politics and economics but the exercise made me realize more firmly my opinions on them. Very enjoyable!”
High School Interest and Intentions
Percent agreeing or strongly agreeing

• 85% This exercise has helped me realize the importance of compromise in the federal budget.
• 75% I enjoyed this exercise.
• 75% I found this exercise beneficial.
• 59% I am now more interested in economic issues than before.
• 56% I am now more interested in political news than before.
• 50% I am now more likely to read news about the economy than before.
The Past: 2003 CRFB Roundtable

Leon Panetta, Austin Smythe, Barry Anderson (above) and Rep. Regula, Speaker Hastert (below) with UA students and instructor.

Carol Cox Wait (above), Rep. Ralph Regula (OH) (below) with UA students.
The Future: The EIHC Challenge

• The CRFB is introducing a nation-wide contest for teams of 5-10 high school students to try their hand at developing a responsible federal budget.

Maya MacGuineas, President, CRFB

• Each team participates in the *Exercise in Hard Choices*<sup>SM</sup> – which requires them to balance both tax and spending priorities – and submits an essay explaining their choices.

• The students will be judged on their understanding of the choices they made and the support they give for those choices.

• The winning team’s plan will be sent to Congress and the budget decisions highlighted at a national level.
Summary

• Exercise participants demonstrate an increase in:
  – Knowledge of the budget and budget processes; and
  – Interest and intentions toward the budget and politics.

• Participants report satisfaction with each method of delivery.

• We are seeking groups here and at other educational institutions who wish to participate.

• For more information, contact us at
  – hard-choices@lists.uakron.edu
  – varonis@uakron.edu 330.972.2541
  – kelley5@uakron.edu 330.972.7775
Acknowledgements

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• At UA, the team that worked on the pilot electronic versions of An Exercise in Hard ChoicesSM also includes Steve Allen, Chris Collins, Mike Giannone, John Hirschbuhl, Patrick Kenimond, Sayee Rajamany, Mano Ramakrishnan, Andrea Snell, and Patrick Tabatcher.

• We are very grateful for the cooperation and helpful feedback from the students who were pilot participants in the electronic versions of the Exercise.