

# Individual Report Highlights

## **Atlanta Fiscal Advisory Council**

The Atlanta advisory council calls on elected officials to move beyond short-term political calculations, exercise greater fiscal responsibility, avoid accounting gimmicks, make government more transparent, and build “the public trust and credibility that will be necessary for change that is truly transformational.”

On Medicare, the advisory council recommends limiting coverage of treatments that lack scientific evidence of their effectiveness, requiring wealthier recipients to pay more of their own expenses, and strengthening oversight. The advisory council's other health care suggestions range from improving patient-doctor communication to reducing financial incentives for overtreatment.

The Atlanta council suggests a big change in the Social Security system as well: A gradual increase in the age at which people can start receiving benefits. This would reflect the fact that Americans today live longer and more productive lives than in the past.

The council devoted considerable attention to the responsibilities of individuals and business organizations to put the nation on a better path. “Too many,” the Atlanta report warns, “have over-borrowed, overspent, taken excessive risks and generally looked upon the government as an unlimited source of bounty and easy profit.”

The advisory council concludes that reducing federal deficits will require not just spending cuts but at least some tax increases, and it suggests that a combination of income tax increases and a federal consumption tax would spread the burden.

Among the council's other recommendations:

- Fiscal literacy programs starting from grade one and continuing through adulthood that would help people prepare for the coming challenges.
- Dramatic simplification of the tax code, which would reduce taxpayer aggravation, increase voluntary compliance and reduce enforcement costs.
- Creation of citizen groups to aid government in making non-partisan decisions on needed reform.
- Expansion of low-cost public service programs for young adults.

## **Iowa Committee for Value in Health Care**

The Iowa committee provides an authoritative overview of the challenges and opportunities in the health care system, based on the experience and expertise of its members: “While the American system can produce individual outcomes that are among the best in the world, there are too many examples where the health of the U.S. population lags behind other countries.”

Among the problems: the fee-for-service payment structure creates incentives “to provide high-intensity care regardless of the severity of a person’s condition.” The committee also discusses some of the

difficulties in reforming the American system. It cautions, for example, that simply finding more money for the system or expanding coverage “will do nothing to control spiraling costs or improve the value of services.” The Iowa experience, the committee notes, underscores research showing that lower spending on health care does not necessarily yield lower quality.

The committee’s five “Principles for Value-Based Health Reform” outline a comprehensive approach to improving the system:

- Achieve fiscal sustainability through high-value care.
- Innovate through collaboration.
- Expand the role of primary care.
- Increase wellness and prevention.
- Promote individual involvement in obtaining high-value care.

The committee offers many examples from Iowa that show how these principles can guide reform efforts. In discussing fiscal sustainability, for instance, the committee points to the public reporting of data about provider performance, continuous evaluation based on that data, and the promotion of “lean” techniques that have traditionally been used outside of health care to improve efficiency.

Efforts to promote individual involvement in health care, meanwhile, can include educational programs for Medicaid and Medicare beneficiaries to help them remain healthy and better manage medical conditions to avoid costly hospitalizations.

### **Milwaukee-Area Fiscal Advisory Council**

With the help of results from Viewpoint’s facilitated dialogues as well as other research, members of the Milwaukee advisory council concentrated their efforts on several critical areas. These included the management and structural flaws of the federal government that led to the fiscal crisis, concerns about a severe lack of public engagement, and development of an education and outreach campaign to increase that engagement.

Reviewing statistics on the federal debt and trillions of dollars in additional unfunded liabilities, the council argued that the nation’s crisis could have been avoided through better leadership, more competent management and greater public demand for fiscal responsibility.

The advisory council's report puts particular emphasis on four recommendations:

- The American public must be informed “in an understandable, timely and accurate manner” about the fiscal health of the federal government. This would include sending every taxpayer an annual “shareholder’s statement” summarizing information on federal revenue, spending, debt and liabilities.
- Elected officials must act when the Social Security and Medicare trustees warn of unsustainable trends.
- There should be a “date-certain” for putting a plan in place to ensure that projected revenue in the Social Security system will cover projected expenses. The funding of entitlement programs should reflect “greater sensitivity to the need for generational fairness.”
- Congress should limit deficit spending except in “extraordinary circumstances,” with heavy use of a “pay-as-you-go” rule.

The advisory council is working on a public education campaign called the “Truth in Spending” initiative to raise awareness of the seriousness of the problems associated with the national debt, including their effect on the Wisconsin economy and the state government's finances. The group also wants to encourage congressional candidates to support policies and legislative reforms that would provide taxpayers with detailed fiscal information.

### **Northern California Fiscal Advisory Council**

While in agreement with other advisory councils on many points, the Northern California group places particular emphasis on the far-reaching consequences of poor fiscal policy:

“The United States has enjoyed great economic strength for a long time. But our current policies are pointing us in the wrong direction, one that could seriously weaken our standard of living. That, in turn, could loosen our social fabric, undermine our military strength and create widespread doubts – both at home and abroad – about America’s future.”

The Northern California council developed five key resolutions:

- Alignment of interests in health care. Every American should receive appropriate health care, but the country should shift away from the fee-for-service model that creates financial incentives for unnecessary treatments. Efficient and effective medical care should be rewarded. The government, medical providers, insurance companies, the legal community and consumers should all work to curb the growth of health care spending.
- Additional revenue. Increase gasoline taxes by at least a dollar a gallon, consider other energy taxes, and close tax loopholes. The additional tax burden should be spread in a way that ensures everyone will contribute at least something in return for the government services they receive.
- Defense spending reductions. Eliminate duplication and marginal programs without jeopardizing national security requirements.
- Repairs to Social Security. Include means testing for benefits as part of the overall solution. While any benefit reductions will be difficult, “they would be less harmful to people who can rely on relatively high incomes from other sources during their retirement years.”
- A bipartisan fiscal commission. It would examine all aspects of fiscal policy and make recommendations that would receive up-or-down votes in Congress with only limited opportunities for amendment.

### **Northern Virginia Fiscal Advisory Council**

Emphasizing the severe current and projected difficulties of state and local governments, the Northern Virginia council focused on the benefits of greater cooperation in intergovernmental relationships: “We find an urgent need for dialogue and partnership among federal, state and local governments to resolve the growing gaps between spending commitments and tax resources at all levels of government.”

The council cautions the different levels of government against “going it alone” or attempting to off-load their problems onto other governmental levels. Fiscal collaboration, the council said, could produce solutions in areas like health care and tax policy that would benefit everyone.

It recommended four basic principles for all governments in our federal system:

- A “whole of government” approach. Proposed policies at one level of government should be evaluated in terms of how they could affect all levels of government.
- Foresight. Public officials must adopt longer time horizons. They should resist the temptation to rely on rosy scenarios.
- Fiscal precaution. “When alternative cost estimates for a program are given, the less optimistic estimate should be used.”
- Reexamination. “A general reexamination of major policies and programs is urgently needed.” Many policies have evolved slowly and “reflect yesterday’s resources and priorities, not tomorrow’s.”

The advisory council also calls for the establishment of an institution “to serve as the champion for intergovernmental collaboration.” This institution could serve as a “neutral convener” of discussions among officials in different levels of government and could also provide helpful studies and analysis.

In Virginia, the council said, there should be periodic opportunities for more discussion between the congressional delegation and state and local officials. These meetings should focus on “specific policy and budget issues vital to solving the fiscal challenges affecting us all.”

### **Philadelphia Fiscal Stewardship Committee**

This committee was marked by a particular focus on younger Americans. Community leaders joined with a University of Pennsylvania class to weigh questions of generational fairness:

“The federal government cannot afford to continue living beyond its means, and the projected increase in the nation's debt is worrisome from both an economic standpoint and from a moral one . . .” the committee said. “It is important for the generation now in power to leave future generations a strong and growing economy along with a budget environment that provides the flexibility to respond to future military or economic crises.”

The committee offered recommendations in three major areas:

- Information and education. “Information needs to be developed and disseminated in order for the public to be better able to understand the present situation and evaluate options for addressing it,” the committee said. While a great deal of information is available from a variety of sources, Congress and the president should help raise awareness by presenting the information to the public “in a nonpartisan manner and in a very clear and accessible way.”
- A fiscal stewardship commission. This would be one way to meet the need for “a broad discussion about America's priorities removed from the day-to-day nature of congressional policymaking and from the constant concern about the electoral cycle.”
- Budget process reform. Congress should consider a variety of changes, including a capital budget for “investments that can pave the way for future economic growth” and rules to force lawmakers to look beyond the traditional 10-year period in considering projections for new policies.

Parallel to the work of the Philadelphia committee, members of a class at the University of Pennsylvania produced their own outreach campaign, called “Pound-It.” This non-partisan student coalition (pound-it.org) encourages discussion about “balancing the needs of the elderly and the futures of the young.”

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The Concord Coalition would like to thank all of the individuals across the country who have been involved in the Fiscal Stewardship Project this year for their interest, enthusiasm and hard work. Through their efforts many students, public officials, civic and business leaders as well as others in their communities have a better understanding of the fiscal and economic challenges ahead. In many cases, people also have a better understanding of the differences of opinion that exist in their own communities -- and with that understanding, a willingness to seek consensus solutions.

We particularly appreciate the care and dedication that have gone into the reports that follow. They demonstrate the willingness of Americans across the country to become deeply engaged in the complex issues and choices that confront the nation. We believe their recommendations can provide elected officials and other policymakers with useful insights and ideas that deserve prompt consideration.

