

# Program for Public Consultation

## Consulting the People on Public Policy

### **How the American Public Would Deal with the Budget Deficit**

**February 3<sup>rd</sup>, 2011**

#### Discretionary Budget and General Revenues Survey

Dates of Survey: December 18-29, 2010      Margin of Error: +/- 3.5%

Sample Size: 793

#### Social Security, Medicare, and Tax Expenditures

Dates of Survey: October 8-22, 2010      Margin of Error: +/- 3.9% (separate sample)

Sample Size: A-612; B-638

### **Discretionary Budget and General Revenues Survey**

In this survey, we'd like your opinions about some current issues. There is no right or wrong answer, so please answer the questions based on your knowledge or impressions.

You will now participate in an exercise in which you will have the opportunity to express your preferences for how the US federal budget should be designed. The exercise has two parts:

First, you will work with the main budget. Most items in this budget are set by the Congress, year by year.

Second, you will work with the various revenues that the government takes in.

Q1-Q18. As you may know, every year the White House proposes a budget to Congress and projects future budgets as well.

Presented below is the proposed main budget for the year 2015 for 31 major areas of the budget.

You can express your preferences about the budget by filling in each blank with your chosen spending level, adjusting it up or down or leaving it the same.

Tax revenues will be addressed later.

For each area of government spending, please enter your preferred amounts for the year 2015.

At the bottom you will see the estimated deficits for 2015, and also your own deficit or surplus which will change as you enter amounts. (A positive number is a deficit; a negative number is a surplus.)

Currently, the deficit for the main budget shown below for 2015 is estimated to be \$625 billion

	Amount Budgeted	Mean preference	\$ change	% change
<b>Q1. Transportation:</b>				
Q1a. Highways: building and maintaining interstate highways; implementing safety standards	54	49.4	-4.6	-8.5%
Q1b. Air travel and railroads: maintaining and administering airports and railways; air traffic control; implementing safety standards	27	25.0	-2	-7.4%
Q1c. Mass transit: maintaining Amtrak, developing and maintaining intercity high-speed rail, implementing safety standards	14	13.9	-0.1	-0.7%
<b>Q2. Federal Administration of Justice</b>				
Q2a. Enforcement of federal laws (FBI, ATF); federal court system for crimes under federal law, primarily drug trafficking, plus fraud, and certain violent crimes	21	20.8	-0.2	-1.0%
Q2b. Federal prison system: building and running prisons, managing parole and re-entry supervision	9	9.1	0.1	1.1%
<b>Q3. Space Program (NASA):</b> Space probes; the space shuttle, international space station; study of Earth from space	19	15.8	-3.2	-16.8%
<b>Q4. Science:</b> Support for basic and applied research in biology, computers, engineering, earth sciences, economics, energy, etc.	17	17.9	0.9	5.3%
<b>Q5. Medical research:</b> Research on: various physical and mental diseases, child health, aging, mapping of human DNA	36	33.4	-2.6	-7.2%
<b>Q6. International Aid Programs</b>				
Q6a. Humanitarian assistance: Food aid to malnourished people, assistance in the event of disasters, aid to refugees from political conflict	6	7.1	1.1	18.3%
Q6b. Development assistance: Aid to people in poverty to help them develop economically; providing loans, training, technology; the Peace Corps	13	11.2	-1.8	-13.8%
Q6c. Global Health: Medical aid to people in poor countries, AIDS prevention, child survival, international efforts to prevent pandemics.	12	11.8	-0.2	-1.7%
Q6d. Economic Support Fund: Economic development aid to countries of strategic concern to the U.S. such as Afghanistan, Pakistan, and Egypt.	10	7.7	-2.3	-23.0%
Q6e. Military Aid: For countries of strategic interest to the U.S, primarily military equipment and weapons, approximately one-third to Israel.	12	10.2	-1.8	-15.0%

	Amount Budgeted	Mean preference	\$ change	% change
<b>Q7. State Department:</b> To manage US diplomatic and economic relations with other countries, deal with international conflicts, maintain embassies.	13	11.4	-1.6	-12.3%
<b>Q8. International Organizations:</b> United Nations, UN peacekeeping and other international organizations to deal with health, nuclear proliferation etc.	4	3.9	-0.1	-2.5%
<b>Q9. Environment and natural resources</b>				
Q9a. Land management: oversight of livestock grazing, mining, drilling and solar energy on public lands; wildlife protection; firefighting; protection of wetlands, water conservation	16	15.0	-1	-6.3%
Q9b. Pollution control: monitoring pollution of air, water, and soil; enforcing regulations; cleaning up pollution and hazardous waste sites.	9	10.5	1.5	16.7%
<b>Q10. Housing Programs:</b> for the elderly and people with low incomes	45	45.2	0.2	0.4%
<b>Q11. Homeland Security:</b> Border protection, TSA, immigration, and responding to disasters	47	44.5	-2.5	-5.3%
<b>Q12. Veterans' Benefits:</b> medical care, home loans, and education for veterans	149	142.3	-6.7	-4.5%
<b>Q13. Job training:</b> retraining workers, helping them find jobs	4	9.2	5.2	130.0%
<b>Q14. Energy Conservation/Renewable Energy:</b> Research and development of solar, wind, geothermal etc; improving energy efficiency; weatherproofing	3	6.3	3.3	110.0%
<b>Q15. Education</b>				
Q15a. Elementary and secondary education: aiding rural and urban school districts in poor areas, national testing, teacher training	30	32.7	2.7	9.0%
Q15b. Special education for students with disabilities	14	15.4	1.4	10.0%
Q15c. Higher education, primarily financial aid for college students	5	9.6	4.6	92.0%
<b>Q16. Agriculture Subsidies</b>				
Q16a. Subsidies to small farmers (farms below 500 acres), provided on a regular annual basis	3	5	2	66.7%
Q16b. Subsidies to agricultural corporations with large farms, and manufacturers of farming equipment and fertilizers	11	8.7	-2.3	-20.9%

	Amount Budgeted	Mean preference	\$ change	% change
<b>Q17. Defense</b>				
Q17a. Regular operations of military forces: purchasing weapons and equipment, developing new weapon systems, support for personnel, maintaining overseas bases	601	491.6	-109.4	-18.2%
Q17b. Military operations in Afghanistan and Iraq	50	37.2	-12.8	-25.6%
Q17c. Intelligence agencies: Gathering and analyzing information collected by spies and satellite systems; includes CIA, NSA	90	76.9	-13.1	-14.6%
Q17d. Nuclear weapons development, maintenance, and safety by the Energy Department	11	10.6	-0.4	-3.6%

	Total Amount Budgeted	Net preference	\$ change	% change
<b>TOTAL</b>	1355	1209.3	-145.7	-10.8%

STATEMENT: Now let us turn to taxes starting with personal income tax rates.

The next screen shows the average *effective income tax rates* for people with different levels of income. These are lower than a person's marginal tax bracket, which you may have heard about. The effective tax rate is the percentage of income people actually pay after exemptions, credits and deductions.

This only deals with income tax, not payroll taxes for Social Security and Medicare.

The lowest income level shown is \$30,000. While those with less income pay payroll taxes, they typically pay little or no income tax.

As you may know, there is much discussion about whether the temporary income tax cuts that were put in place in 2001 and 2003 should be made permanent. The table will give you the opportunity to extend all these tax cuts in 2015 and keep the rates currently in place, or to increase the effective rates for one or more income category. Each selection shows how much revenue it would generate, if any.

For example, if you want to increase the 2015 effective tax rate for people with incomes from \$100,000 to \$200,000 income by 5%, you would select the option indicated in the example below, increasing government revenues by \$20.6 billion.

## Fiscal Year 2015

Individual Earnings	Rate if tax cuts are extended	New Tax Rate			
		5%	10%	20%	30%
		-----increase-----			
<b>\$100,000 - \$200,000</b>	<b>11.5%</b>	<b>12.1%</b>	<b>12.7%</b>	<b>13.8%</b>	<b>15%</b>
Deficit reduction	--	<b>\$20.6 B</b>	<b>\$41.3 B</b>	<b>\$82.6 B</b>	<b>\$123.8 B</b>

**OR**

If you chose not to increase taxes on this income group, you would need to select “rate if tax cuts are extended” (11.5%), generating no increase in revenues.

Individual Earnings	Rate if tax cuts are extended	New Rate			
		5%	10%	20%	30%
		-----increase-----			
<b>\$100,000 - \$200,000</b>	<b>11.5%</b>	<b>12.1%</b>	<b>12.7%</b>	<b>13.8%</b>	<b>15%</b>
Deficit reduction	--	<b>\$20.6 B</b>	<b>\$41.3 B</b>	<b>\$82.6 B</b>	<b>\$123.8 B</b>

Q18. Please click on a box with a tax rate for each level of earnings.

## Fiscal Year 2015

Individual Earnings	Rate if tax cuts are extended	New Rate			
		5%	10%	20%	30%
		-----increase-----			
<b>Q18a. \$30,000 - \$40,000</b>	<b>1.6%</b>	<b>1.7%</b>	<b>1.8%</b>	<b>1.9%</b>	<b>2.1%</b>
Deficit reduction	--	<b>\$0.6 B</b>	<b>\$1.1 B</b>	<b>\$2.3 B</b>	<b>\$3.4 B</b>
Percentage selecting:	58%	16%	7%	2%	3%
Don't know/refused:	15%				
<b>Q18b. \$40,000 - \$50,000</b>	<b>4.3%</b>	<b>4.5%</b>	<b>4.7%</b>	<b>5.2%</b>	<b>5.6%</b>
Deficit reduction	--	<b>\$1.5 B</b>	<b>\$2.9 B</b>	<b>\$5.9 B</b>	<b>\$8.8 B</b>
Percentage selecting:	50%	19%	9%	2%	2%
Don't know/refused:	17%				
<b>Q18c. \$50,000 - \$75,000</b>	<b>6.5%</b>	<b>6.8%</b>	<b>7.2%</b>	<b>7.8%</b>	<b>8.5%</b>
Deficit reduction	--	<b>\$5.5 B</b>	<b>\$11.1 B</b>	<b>\$22.1 B</b>	<b>\$33.2 B</b>
Percentage selecting:	42%	23%	11%	3%	3%
Don't know/refused:	18%				
<b>Q18d. \$75,000 - \$100,000</b>	<b>8.3%</b>	<b>8.7%</b>	<b>9.1%</b>	<b>10%</b>	<b>10.8%</b>
Deficit reduction	--	<b>\$6.6 B</b>	<b>\$13.2 B</b>	<b>\$26.3 B</b>	<b>\$39.5 B</b>
Percentage selecting:	35%	26%	12%	7%	4%
Don't know/refused:	17%				

<b>Q18e. \$100,000 - \$200,000</b>	<b>11.5%</b>	<b>12.1%</b>	<b>12.7%</b>	<b>13.8%</b>	<b>15%</b>
<b>Deficit reduction</b>	--	<b>\$20.6 B</b>	<b>\$41.3 B</b>	<b>\$82.6 B</b>	<b>\$123.8 B</b>
<i>Percentage selecting:</i>	24%	24%	18%	10%	8%
<i>Don't know/refused:</i>	17%				
<b>Q18f. \$200,000 - \$500,000</b>	<b>16.6%</b>	<b>17.4%</b>	<b>18.3%</b>	<b>19.9%</b>	<b>21.6%</b>
<b>Deficit reduction</b>	--	<b>\$18.1 B</b>	<b>\$36.2 B</b>	<b>\$72.5 B</b>	<b>\$108.7 B</b>
<i>Percentage selecting:</i>	18%	20%	18%	16%	11%
<i>Don't know/refused:</i>	17%				
<b>Q18g. \$500,000 - \$1,000,000</b>	<b>17.8%</b>	<b>18.7%</b>	<b>19.6%</b>	<b>21.4%</b>	<b>23.1%</b>
<b>Deficit reduction</b>	--	<b>\$8 B</b>	<b>\$16.1 B</b>	<b>\$32.2 B</b>	<b>\$48.2 B</b>
<i>Percentage selecting:</i>	15%	14%	16%	18%	21%
<i>Don't know/refused:</i>	17%				
<b>Q18h. Over 1 Million</b>	<b>18.4%</b>	<b>19.3%</b>	<b>20.2%</b>	<b>22.1%</b>	<b>23.9%</b>
<b>Deficit reduction</b>	--	<b>\$20.2 B</b>	<b>\$40.5 B</b>	<b>\$80.9 B</b>	<b>\$121.4 B</b>
<i>Percentage selecting:</i>	15%	11%	11%	11%	36%
<i>Don't know/refused:</i>	16%				

	<b>Average Rate Increase</b>	<b>Average Revenue Generated (in Billions)</b>
<b>\$30,000-40,000</b>	2.7%	\$0.3
<b>\$40,000-50,000</b>	2.9	\$0.9
<b>\$50,000-75,000</b>	3.8	\$4.2
<b>\$75,000-100,000</b>	4.8	\$6.4
<b>\$100,000-20,0000</b>	7.2	\$29.9
<b>\$200,000-500,000</b>	9.4	\$34.0
<b>\$500,000-1,000,000</b>	12.1	\$19.5
<b>\$1,000,000+</b>	14.7	\$59.7
<b>TOTAL</b>		\$154.8

Q21. As you may know, managers of private investment funds, such as hedge funds, are paid in part by giving them a percentage of the profits of the firm though they have not invested money that is at risk. Currently this income is taxed at the same level as dividends or capital gains—that is, with a top rate of 15%. One proposal is to tax this compensation (called “carried interest”) like ordinary income, such as wages. To do this would raise \$1.5 billion in extra revenue in 2015. What is your position?

	<b>Extra Revenue</b>	<b>Percent Who Favor</b>
Keep the tax rate for “carried interest” income at a top rate of 15%	\$0	25%
Tax “carried interest” income like ordinary income, such as wage	\$1.5 B	60
Don't Know/Not sure	--	15

Q22. As you may know, corporations or businesses, also pay a tax on their profits. This screen shows the *average tax rate* for corporations. Just like individuals, corporations have exemptions, credits and other deductions that are applied to their profits before calculating their income tax. The percentage of their profits that they actually pay is on average 14.7%. You will now have an opportunity to adjust this rate.

### Fiscal Year 2015

Income from Corporate Earnings	Current average corporate tax rate	New Rate			
		5%	10%	20%	30%
-----increase-----					
<b>Average tax rate on corporate profits</b>	<b>14.7%</b>	<b>15.4%</b>	<b>16.2%</b>	<b>17.6%</b>	<b>19.1%</b>
<b>Deficit reduction</b>	<b>--</b>	<b>\$16.5 B</b>	<b>\$33 B</b>	<b>\$66 B</b>	<b>\$99 B</b>
<i>Percentage selecting:</i>	22%	26%	20%	9%	9%
<i>Don't know/refused:</i>	13%				

<b>Average Rate Increase</b>	<b>Average Revenue Generated (in Billions)</b>
8.0%	\$26.3

Q23. A possible source of revenue is to impose what is called a “financial crisis responsibility fee” on large banks and financial institutions (with assets over \$50 billion) to help compensate for the costs generated by the recent banking crisis. The way this would work is that, for every million dollars that a large bank loans, it would pay \$150 to the US Treasury. What is your position?

	<b>Extra Revenue</b>	<b>Percent Who Favor</b>
Do not charge a crisis fee to large banks	\$0	26%
Charge a crisis fee to large banks	\$9 B	63
Don't Know/Not sure	--	11

Q24. Another possibility is to impose a tax on carbon dioxide content of fuels. This would also have the benefit of prompting people and corporations to make changes, such as using alternative forms of energy, which would lower carbon dioxide emissions, and counter climate change.

Both plans shown assume that half the cost would be borne by corporations and half by consumers.

What is your position?

	<b>Extra Revenue</b>	<b>Percent Who Favor</b>
Do not have a carbon tax	\$0	42%
Have a carbon tax that will increase energy costs about \$6 per month per person and also lower carbon dioxide emissions by about 12.5%	\$57 B	36
Have a carbon tax that will increase energy costs about \$12 per month per person and also lower carbon dioxide emissions by about 25%	\$114 B	13
Don't Know/Not sure	--	9

Q25. Currently alcoholic drinks carry a federal tax of 8 cents per ounce of alcohol in wine, 10 cents per ounce in beer, and 21 cents per ounce in spirits, such as whisky or vodka. Here are some options for raising this tax, with the extra revenue they would raise.

What is your position?

	<b>Extra Revenue</b>	<b>Percent Who Favor</b>
Do not raise taxes on alcohol	\$0	29%
Tax all alcoholic drinks at 25 cents per ounce of alcohol	\$6 B	33
Tax all alcoholic drinks at 50 cents per ounce of alcohol	\$12 B	30
Don't Know/Not sure	--	8

Q26. Another idea is to tax sugary drinks, such as some soft drinks. This would also have the benefit of discouraging excessive consumption of such drinks, which have been linked to obesity. Here are some options, with the extra revenue they would raise.

	<b>Extra Revenue</b>	<b>Percent Who Favor</b>
Do not tax sugary drinks	\$0	39
Tax sugary drinks at: ½ cent per ounce (6 cents for a typical 12 oz. can)	\$9 B	25
Tax sugary drinks at: 1 cent per ounce (12 cents for a typical 12 oz. can)	\$18 B	13
Tax sugary drinks at: 2 cents per ounce (24 cents for a typical 12 oz. can)	\$36 B	15
Don't Know/Not sure	--	8

Q27. Another idea is to raise revenue with a national sales tax or Value-Added Tax [VAT] on many purchases. Food, housing, health care and education would not be subject to the tax. Here are some options, with the extra revenue they would raise.

What is your position?

	<b>Extra Revenue</b>	<b>Percent Who Favor</b>
Do not have a national sales tax	\$0	58%
Have a national sales tax or VAT of 2.5%	\$89 B	23
Have a national sales tax or VAT of 5%	\$175 B	7
Have a national sales tax or VAT of 10%	\$332 B	4
Don't Know/Not sure	--	8

Q28. As you may know, the estate tax is paid by heirs when they inherit an estate valued above a certain amount. In 2001 this tax was temporarily reduced. There is now a discussion about what the estate tax should be. Three key options are shown below, with the revenue effect on the projected deficit.

What is your position?

	<b>Extra Revenue</b>	<b>Percent Who Favor</b>
A return to the tax that was in place in 2001: A tax only on estates valued over \$1 million, ranging from 18% to 55%	\$21 B	43%
A continuation of the tax that was in place in 2009: A tax only on estates valued over \$3.5 million, ranging from 18% to 45%	\$0 B	34
A reduction of the estate tax: A tax only on estates valued over \$5 million, ranging from 18% to 35%	-\$9 B	15
Don't Know/Not sure	--	8

Just a few last questions:

Q30. Just based on what you know, please tell me your hunch about what percentage of the federal budget goes to foreign aid. You can answer in fractions of percentage points as well as whole percentage points.

Mean ..... 21%  
 Median .....15

Q31. What do you think would be an appropriate percentage of the federal budget to go to foreign aid, if any?

Mean ..... 11%  
 Median .....5

Q32. As you may know, when the government cuts taxes, at first it loses the revenue it would have gotten. However, when taxpayers have more money, economic activity increases, and this generates government revenue. Do you think that the amount of revenue generated by tax cuts is:

Less than a quarter of the revenue that was lost at first .....	31%
About half of the revenue that was lost at first .....	37
The full amount that was lost at first .....	11
More than the amount that was lost at first.....	20
Don't know/Refused .....	1

**DEMOGRAPHICS**

Gender

Male .....	48%
Female.....	52

Age

18-29 .....	22%
30-44 .....	26
45-59 .....	28
60+ .....	24

Education

Less than high school.....	13%
High school .....	31
Some college .....	28
BA+.....	28

Race/Ethnicity

White, Non-Hispanic .....	68%
Black, Non-Hispanic.....	11
Other, Non-Hispanic .....	5
Hispanic .....	14
2+ Races, Non-Hispanic .....	1

Region (based on state of residence)

Northeast.....	18%
Midwest.....	22
South.....	37
West.....	23

D1. Did you vote for a candidate for President in the last election in 2008?

Yes.....	74%
No.....	26
Don't know/Refused.....	*

[ASK IF "YES" ON D1]

D1a. Who did you vote for President in the last election in 2008?

Barack Obama.....	51%*
John McCain.....	40
Someone else.....	5
Did not vote.....	1
Don't know/Refused.....	2

D2. Generally speaking, do you think of yourself as a:

Republican.....	25%
Independent.....	22
Democrat.....	32
Other.....	4
No preference.....	17
Don't know/Refused.....	*

[ASK IF "INDEPENDENT", "OTHER", "NO PREFERENCE" OR REFUSED IN D2]

D2a. Do you think of yourself as closer to the:

Republican Party.....	10% <sup>†</sup>
Democratic Party.....	10
Neither.....	23
Don't know/Refused.....	*

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\* Percent of total

<sup>†</sup> Percent of total

D2-D2a. Overall party identification combined

Republican Party/Lean Republican.....	35%
Democratic Party/Lean Democrat.....	42
Independent.....	23

D3. How sympathetic are you to the Tea Party movement?

Very sympathetic .....	14%
Somewhat sympathetic .....	33
Somewhat unsympathetic .....	21
Very unsympathetic .....	29
Don't know/Refused .....	3

D4. Please select how often you get news and opinion from the following sources.

D4a. Newspapers and news magazines (in print or online)

Almost every day .....	32%
About 2-3 times a week .....	15
About once a week.....	18
Rarely .....	18
Never.....	16
Don't know/Refused .....	1

D4b. Public broadcasting (NPR or PBS)

Almost every day .....	12%
About 2-3 times a week .....	12
About once a week.....	12
Rarely .....	34
Never.....	27
Don't know/Refused .....	1

D4c. Network TV news broadcasts (For example: ABC, NBC, or CBS)

Almost every day .....	41%
About 2-3 times a week .....	19
About once a week.....	15
Rarely .....	16
Never.....	9
Don't know/Refused .....	1

D4d. CNN

Almost every day .....	11%
About 2-3 times a week .....	16
About once a week.....	16
Rarely .....	31
Never.....	26
Don't know/Refused .....	1

D4e. Fox News

Almost every day .....	20%
About 2-3 times a week .....	14
About once a week.....	14
Rarely .....	25
Never.....	26
Don't know/Refused .....	1

D4f. MSNBC

Almost every day .....	7%
About 2-3 times a week .....	11
About once a week.....	11
Rarely .....	33
Never.....	35
Don't know/Refused .....	3

## Social Security, Medicare, and Tax Expenditures

[SAMPLE A]

**Note: This sample first undertook a pre-test version of the discretionary budget exercise shown above.**

### CAPITAL GAINS AND DIVIDENDS

Q1. As you may know, income from stocks—capital gains and dividends—is taxed separately from other kinds of income and at a maximum rate that can be substantially lower than the tax on ordinary income.

The 2001 and 2003 temporary tax cuts lowered this rate from 20% to 15%. The temporary tax cuts on these kinds of income will expire in 2011.

Here are options for taxing *capital gains* with the new revenues they would raise. These rates would apply to profits from selling stock held for a least one year. What is your position for each year?

	<u>2015</u>
Extend the tax cuts, thus keeping the current maximum rate of 15%	\$0
Raise the maximum rate back to 20%	\$10 B
Treat dividends the same as income from wages	\$15.8 B

	<b>2015</b>
Extend the tax cuts, thus keeping the current maximum rate of 15% .....	37%
Raise the maximum rate back to 20%.....	30
Treat dividends the same as income from wages.....	28
Don't know/Refused .....	5

Q2. Here are options for taxing *dividends*, with the new revenues they would raise. What is your position for each year?

	<u>2015</u>
Extend the tax cuts thus keeping the current maximum rate of 15%	\$0
Raise the maximum rate back to 20%	\$22 B
Treat dividends the same as income from wages	\$32 B

	<b>2015</b>
Extend the tax cuts, thus keeping the current maximum rate of 15% .....	41%
Raise the maximum rate back to 20%.....	30
Treat dividends the same as income from wages.....	26
Don't know/Refused .....	3

Q3.

### **SOCIAL SECURITY**

We are now going to address the issue of Social Security—the program that provides benefits primarily to seniors and disabled people. As you may know there is a long-term problem with Social Security. Based on current projections, in about 25 years, Social Security will not have enough revenues to pay the benefits that it is currently scheduled to pay. This is mostly because an exceptionally large number of Americans, often known as “the baby boom generation,” will have reached the retirement age and revenues from workers will be inadequate to cover the costs of providing benefits. It is projected that eventually this situation will improve.

To cover this period of shortfall, the government has to start taking steps to either reduce the costs of the Social Security program, increase its revenues, or both. The amount of the shortfall that is not covered would have to be borrowed and then repaid by future generations.

In the following exercise you will be presented a series of possible steps for either reducing the cost of Social Security or increasing its revenues. You will see that in most cases these changes are very gradual so that their effect would mostly be felt in the future when the current downturn has passed.

As you go along, you will see how what percentage of the shortfall is covered by each step that you may choose. To fully cover the Social Security shortfall it is only necessary to choose a few options, but enough to total 100%. So you may want to review all the options and then choose which ones you prefer.

So now please select the options you favor for addressing the Social Security shortfall.

**[ROTATE ORDER OF SECTIONS – SHOW ON ONE SCREEN]**

**[ALWAYS SHOW Raising Benefits for Low Income Beneficiaries SECTION LAST]**

**[IF RESPONDENT CHOOSE TO REVIEW PERCENTAGES IN Q20 SHOW CHOICES IN SAME ORDER THEY WERE SHOWN THE FIRST TIME]**

Q3.

Reduces  
Social Security  
Shortfall by

Changes in Social Security Payroll Tax

Increase the payroll tax paid to Social Security 0.1% each year for the next 20 years, thus gradually raising the employees share from the current 6.2% to 7.2% of the employees income.

The employers' share would go up the same amount.

75%

*Percentage who selected:*

38%

Currently the Social Security payroll tax is limited to wages below \$106, 000 per year. This could be changed to:

EITHER

Raise the limit to \$156,000 per year

25%

*Percentage who selected:*

31%

OR

Eliminate the limit so that all wages are included

75%

*Percentage who selected:*

38%

### Changes in Social Security Benefits

Currently the benefits for people STARTING TO RECEIVE Social Security are recalculated each year based on the inflation rate of wages. Instead this could be based on the inflation rate of prices which tends to be a bit lower. 25%

*Percentage who selected:* 49%

Reduce the STARTING LEVEL OF BENEFITS for newly retiring people 0.5% each year until that level is 25% lower than the current starting level of benefits. 50%

*Percentage who selected:* 19%

Currently the ANNUAL COST OF LIVING INCREASES for all benefits (COLAs) is based on the inflation rate for a fixed set of goods. If instead this calculation also reflected changes in what people buy, the COLA increase would be a bit lower. 25%

*Percentage who selected:* 42%

### Changing the Full Retirement Age

Currently, the full retirement age is rising 2 months per year so that it will be 67 by the year 2027. This has no effect on those already retired. Here are two options for continuing to raise the retirement age.

EITHER

Continue to gradually raise the full retirement age only for people who turn 68 in 2034 12.5%

*Percentage who selected:* 44%

OR

Continue to gradually raise the full retirement age until it reaches 70 in 2048 37.5%

*Percentage who selected:* 22%

Raising Benefits for Low Income Beneficiaries

Another proposal is to raise benefits for low income beneficiaries, which would increase the Social Security shortfall. Currently, the minimum Social Security benefit is approximately \$760 a month.

There is a proposal to increase this amount for people, who have worked for more than 10 years during their lifetime, depending on how many years they have worked. For example, someone who has worked more than 30 years would have a minimum benefit of \$1,170 a month. -25%

*Percentage who selected:* 52%

**[ADD UP PERCENTAGES FROM Q3 – IF RESPONSES ADD UP TO LESS THAN 100% ASK Q4]**

Q4. You have not chosen a way to cover the Social Security shortfall. Would you like to choose to:

- Have the government borrow the money to cover the shortfall ..... 22% \*
- Go back to the list of options for covering the shortfall [take them back to list] .....32
- Don't know/Refused .....1

Thank you for providing us your preferred approach for dealing with the Social Security shortfall. We would now like to know how you feel about each option. For each option, please select if it would be acceptable, just tolerable, or not tolerable as one possible measure that might be included in a solution.

Q5. Increase the payroll tax paid to Social Security 0.1% each year for the next 20 years, thus gradually raising the employees share from the current 6.2% to 7.2% of the employees income. The employers' share would go up the same amount.

- Acceptable..... 45%
- Just tolerable .....40
- Not tolerable.....15
- Don't know/Refused .....1

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\* Percent of total

Q6. Currently the Social Security payroll tax is limited to wages below \$106, 000 per year. Is raising the limit to \$156,000:

Acceptable.....	50%
Just tolerable .....	33
Not tolerable.....	17
Don't know/Refused .....	*

Q7. What about eliminating the Social Security income tax limit, so that all wages are included?

Acceptable.....	49%
Just tolerable .....	29
Not tolerable.....	21
Don't know/Refused .....	1

Q8. Currently the benefits for people starting to receive Social Security are recalculated each year based on the inflation rate of wages. Instead this could be based on the inflation rate of prices which tends to be a bit lower.

Acceptable.....	36%
Just tolerable .....	43
Not tolerable.....	20
Don't know/Refused .....	1

Q9. Reduce the starting level of benefits for newly retiring people 0.5% each year until that level is 25% lower than the current starting level of benefits.

Acceptable.....	13%
Just tolerable .....	35
Not tolerable.....	50
Don't know/Refused .....	1

Q10. Currently the annual cost of living increases for all benefits (COLAs) is based on the inflation rate for a fixed set of goods. If instead this calculation also reflected changes in what people buy, the COLA increase would be a bit lower.

Acceptable.....	25%
Just tolerable .....	50
Not tolerable.....	23
Don't know/Refused .....	2

Q11. Continue to gradually raise the full retirement age only for people who turn 68 in 2034

Acceptable.....	29%
Just tolerable .....	36
Not tolerable.....	33
Don't know/Refused .....	1

Q12. Continue to gradually raise the full retirement age until it reaches 70 in 2048

Acceptable.....	19%
Just tolerable .....	22
Not tolerable.....	57
Don't know/Refused .....	1

## **MEDICARE**

You are almost done. There are just a few more questions before the end of this survey.

Another source of deficit spending is Medicare, which is the program that provides healthcare for senior citizens. Medicare is primarily supported by a special payroll tax. In the year 2011 there will be a deficit for the program of \$300 billion and it is expected that this will grow to \$450 billion in 2015, though it is possible that some measures of the new healthcare law will make it somewhat less than that.

There are a number of steps that could be taken to reduce the Medicare deficit. For each one please select whether you find the idea acceptable, just tolerable or not tolerable.

Q13. One approach is to increase the premiums that Medicare recipients pay. For the part of Medicare that covers the costs of outpatient healthcare (known as Part B), most Medicare recipients pay a monthly premium of \$96. This covers 25% of this program's costs with the government paying the other 75%. One possibility is to raise this monthly premium so that it covers 35% of the program costs. This would raise the monthly premium to \$135. This would generate revenue of an extra \$24 billion a year. What is your position on this?

Raise premium to \$135 month in 2015

Acceptable.....	26%
Just tolerable .....	35
Not tolerable.....	36
Don't know/Refused .....	3

**[ASK IF “ACCEPTABLE” OR “JUST TOLERABLE” IN EITHER Q13]**

Q14. Another possibility is to raise premiums further so that they cover 50% of the program. This would raise the monthly premium to \$193. This would generate revenue of an additional \$36 billion a year for a total increase of \$60 billion.

Raise premium to \$193 month in 2015

Acceptable.....	11%*
Just tolerable .....	23
Not tolerable.....	29
Don't know/Refused .....	1

Q15. Currently all wage-earners pay a payroll tax of 1.45% on all their wages with the employer paying 1.45% as well. Starting in 2013 wages over \$200,000 will be taxed at 2.35%

One idea is to increase the payroll tax by 1 percentage point on all wages in 2013. Most people would then pay 2.45%, while those earning over \$200,000 would pay 3.35%. This would generate \$68 billion in revenue.

Increase payroll tax by 1 percentage point in 2013

Acceptable.....	33%
Just tolerable .....	46
Not tolerable.....	20
Don't know/Refused .....	1

**[ASK IF “ACCEPTABLE” OR “JUST TOLERABLE” IN Q15]**

Q16. Another idea is to increase the payroll tax a second percentage point. Most people would then pay 3.45%, while those earning over \$200,000 would pay 4.35%. This would generate another \$68 billion in revenue for a total increase of \$136 billion.

Increase payroll tax by a second percentage point in 2013

Acceptable.....	18%†
Just tolerable .....	31
Not tolerable.....	29
Don't know/Refused .....	1

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\* Percent of total

† Percent of total

Q17. As you may know, current law mandates that if Medicare spending ever exceeds revenues, there should be a decrease in Medicare payments to doctors. However, though Medicare spending has exceeded revenues for some years now, Congress has prevented this law from taking effect by extending the current payment system. Some say such a decline in doctor payments would lead to lower quality of care and that some doctors would refuse to take Medicare patients. Others say reducing these payments is the only way to reduce the sky rocketing costs of Medicare and would extend the life of Medicare into the future. What is your view of reducing payments to doctors?

Acceptable.....	22%
Just tolerable .....	34
Not tolerable.....	43
Don't know/Refused .....	1

**[ASK IF “ACCEPTABLE” OR “JUST TOLERABLE” IN Q17]**

Q18. How much do you think payment to doctors should be reduced?

5% .....	18% <sup>*</sup>
10% .....	17
15% .....	8
20% .....	4
25% .....	8
Don't know/Refused .....	1

**[ASK IF Q17 “NOT TOLERABLE” IN Q17]**

Q19. Another idea is to freeze payments to doctors at current rates which would save money in the future if healthcare costs continue to rise. What is your view of this idea?

Acceptable.....	7% <sup>†</sup>
Just tolerable .....	16
Not tolerable.....	20
Don't know/Refused .....	*

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\* Percent of total

† Percent of total

Q20. Another idea to address the long term problem of Medicare is to raise the age at which people would be eligible for it. The current age people are eligible for Medicare is 65. One proposal would increase the age of eligibility by 2 months every year until it reaches age 68 in 2034. What is your view of this idea?

Acceptable.....	23%
Just tolerable .....	36
Not tolerable.....	40
Don't know/Refused .....	1

**[ASK IF “ACCEPTABLE” OR “JUST TOLERABLE” IN Q20]**

Q21. Another proposal would be to take this further and increase the age of eligibility by 2 months every year until it reaches age 70 in 2048. What is your view of this idea?

Acceptable.....	14%*
Just tolerable .....	18
Not tolerable.....	27
Don't know/Refused .....	0

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\* Percent of total

**[SAMPLE B]**

**Tax Expenditures**

The following questions ask about changes in federal taxes that would help to lower the federal budget deficit by raising revenue.

Q22. As you may know, people who are paying off a home mortgage are able to deduct the interest payments on the loan from their total income when they prepare their income taxes. This deduction affects about 30% of Americans--those who itemize their deductions. In most cases, these are persons with incomes higher than the average.

One proposal is to limit the amount of mortgage interest that can be deducted to \$25,000 a year. This means that those whose deductions would be affected would be people with mortgages of \$500,000 or more. If enacted, this would raise \$4 billion in extra revenue in 2011 and \$8 billion in 2015.

Do you think this change would be:

Acceptable.....	42%
Just tolerable .....	25
Tolerable only if delayed until 2015.....	8
Not tolerable.....	19
Don't know/Refused .....	5

Q23. Another proposal is to reduce the amount of interest that can be deducted from 100% to 90% in 2011, and down to 50% by 2015. If enacted, this would raise \$8 billion in extra revenue in 2011 and \$48 billion in 2015.

Do you think this change would be:

Acceptable.....	26%
Just tolerable .....	27
Tolerable only if delayed until 2015.....	13
Not tolerable.....	27
Don't know/Refused .....	7

Q24. Another proposal is to change tax benefits that are based on having children. Currently taxpayers can claim a credit of \$1,000 for each child under 17. If the child tax credit was repealed, this would raise \$33 billion in extra revenue in 2011 and \$45 billion in 2015.

Do you think this change would be:

Acceptable.....	20%
Just tolerable .....	19
Tolerable only if delayed until 2015.....	10
Not tolerable.....	45
Don't know/Refused .....	6

[ASKED IF "NOT TOLERABLE" ON Q24]

Q24a. What if the proposal limited the child tax credit to children age 13 and younger? If enacted, this would raise \$8 billion in extra revenue in 2011 and \$11 billion in 2015.

Do you think this change would be:

Acceptable.....	1%*
Just tolerable .....	7
Tolerable only if delayed until 2015.....	2
Not tolerable.....	35
Don't know/Refused .....	0

Q25. As you may know, when American citizens work in another country for a year or more, the first \$91,400 that they earn is not taxable. One idea is to remove that exclusion and tax such income. Enacting this would raise \$1 billion in extra revenue in 2011 and \$7 billion in 2015.

Do you think this change would be:

Acceptable.....	45%
Just tolerable .....	22
Tolerable only if delayed until 2015.....	8
Not tolerable.....	20
Don't know/Refused .....	5

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\* Percent of total

Q26. As you may know, currently employers can set up a plan so that employees do not pay tax on income that they spend on medical expenses not covered by health insurance, such as co-pays, eyeglasses, hearing aids, or alternative healing methods. Care for children and dependents can also be included in such plans. (These are sometimes called “cafeteria plans.”) One idea is to make part of such income taxable.

In one proposal, any plan that an employer provided a single worker that was worth more than \$7,423 a year would be taxed above that level—so if the plan was worth \$8,423, \$1,000 of it would be taxable. For a family’s plan, any amount above \$17,824 would be taxable. Enacting this would raise \$30 billion in extra revenue in 2011 and \$39 billion in 2015.

Do you think this change would be:

Acceptable.....	17%
Just tolerable .....	29
Tolerable only if delayed until 2015.....	9
Not tolerable.....	39
Don’t know/Refused .....	6

Q27. Currently there are certain tax deductions that only oil and gas companies receive when they prepare their corporate income taxes. One proposal is to repeal these targeted tax deductions. Enacting this would raise \$2 billion in extra revenue in 2011 and \$2 billion in 2015.

Do you think this change would be:

Acceptable.....	54%
Just tolerable .....	19
Tolerable only if delayed until 2015.....	8
Not tolerable.....	13
Don’t know/Refused .....	6

Q28. As you may know, if a corporation can establish that 20% of a product was made in the United States, it can deduct 9% of the sale of the product when it prepares its income taxes. This deduction benefits many kinds of industries—both those that are completely based in the United States, and those with some of their manufacturing operations abroad. It also benefits extractive industries in the US, such as oil, gas, coal and other mining. One proposal is to repeal this deduction.

Enacting this change would raise \$11 billion in extra revenue in 2011 and \$15 billion in 2015.

Do you think this change would be:

Acceptable.....	33%
Just tolerable .....	26
Tolerable only if delayed until 2015.....	8
Not tolerable.....	27
Don't know/Refused .....	5

Q29. As you may know, when a corporation sells a US product in another country, half of the income from that sale can be deducted from the corporation's taxable income and thus reduces its taxes. One proposal is to repeal this deduction.

Enacting this change would raise \$4 billion in 2011 and \$6 billion in 2015.

Do you think this change would be:

Acceptable.....	36%
Just tolerable .....	27
Tolerable only if delayed until 2015.....	8
Not tolerable.....	22
Don't know/Refused .....	6

**DEMOGRAPHICS**

Gender

Male .....	49%
Female.....	51

Age

18-29 .....	22%
30-44 .....	26
45-59 .....	28
60+ .....	24

Education

Less than high school.....	12%
High school .....	32
Some college.....	28
BA+.....	28

Race/Ethnicity

White, Non-Hispanic .....	69%
Black, Non-Hispanic.....	12
Other, Non-Hispanic .....	6
Hispanic .....	13
2+ Races, Non-Hispanic .....	1

Region (based on state of residence)

Northeast.....	19%
Midwest.....	21
South .....	37
West .....	23

D1. Did you vote for a candidate for President in the last election in 2008?

Yes .....	74%
No.....	24
Don't know/Refused .....	2

[ASK IF “YES” IN D1]

D1a. Who did you vote for President in the last election in 2008?

Barack Obama.....	53%*
John McCain.....	40
Someone else.....	4
Did not vote.....	*
Don't know/Refused.....	2

D2. Generally speaking, do you think of yourself as a:

Republican.....	25%
Independent.....	19
Democrat.....	34
Other.....	3
No preference.....	16
Don't know/Refused.....	2

[ASK IF “INDEPENDENT”, “OTHER”, “NO PREFERENCE” OR REFUSED IN D2]

D2a. Do you think of yourself as closer to the:

Republican Party.....	9%†
Democratic Party.....	9
Neither.....	21
Don't know/Refused.....	2

D2-D2a. Overall party identification combined

Republican Party/Lean Republican.....	34%
Democratic Party/Lean Democrat.....	43
Independent.....	22

D3. How sympathetic are you to the Tea Party movement?

Very sympathetic.....	14%
Somewhat sympathetic.....	35
Somewhat unsympathetic.....	20
Very unsympathetic.....	25
Don't know/Refused.....	6

---

\* Percent of total

† Percent of total

D4. Please select how often you get news and opinion from the following sources.

D4a. Newspapers and news magazines (in print or online)

Almost every day .....	31%
About 2-3 times a week .....	15
About once a week.....	15
Rarely .....	22
Never.....	15
Don't know/Refused .....	2

D4b. Public broadcasting (NPR or PBS)

Almost every day .....	11%
About 2-3 times a week .....	8
About once a week.....	13
Rarely .....	35
Never.....	30
Don't know/Refused .....	3

D4c. TV news broadcasts

Almost every day .....	44%
About 2-3 times a week .....	16
About once a week.....	15
Rarely .....	14
Never.....	8
Don't know/Refused .....	2

D4d. Cable political opinion shows

Almost every day .....	12%
About 2-3 times a week .....	11
About once a week.....	11
Rarely .....	27
Never.....	35
Don't know/Refused .....	3

D4e. Blogs

Almost every day .....	2%
About 2-3 times a week .....	3
About once a week.....	6
Rarely .....	20
Never.....	67
Don't know/Refused .....	3