Budgets and Taxes: Using Data Effectively

It is critical that fiscal data be *interpreted* rather than *presented*. At the most basic level, if data are not explained and interpreted, it is difficult for ordinary people to judge the size or scope of the problem or solution being communicated. It is also important that data be used to support a message frame, rather than data itself becoming the frame.

When data are left unframed, three things are likely to happen. First of all, the public tends to simply reject those facts that don't conform to their pre-existing cultural models about the issue. Secondly, unframed data can invoke a crisis frame, where fiscal problems seems unsolvable or overwhelming. Finally, data that are not framed can give the appearance of "naturalism," where nature rules and human action is irrelevant. This is most likely to occur if there is no context surrounding the numbers that points to causality and solutions, and when the data make a situation seem inevitable and unchangeable.

It is also important to understand the frame elements that should be promoted by data as well as considering whether a particular piece of data is going to reinforce problematic ways of thinking. Decisions about which pieces of data to highlight should be made with this in mind.

Using a technique called *social math* is a way to make data more understandable and to place it in the context of the frames one intends to advance.[i] Social math can be used to compare the size of two things, to make an abstract issue more concrete, and/or to create relationships between familiar and unfamiliar objects or issues. Social math is more than a clever way to express numbers; it is a way to use numbers to support effective values and simplifying models and to support other frame elements, such as solutions and tone. Social math can be best applied to a few key, important facts that should be made memorable and salient to the reader.

Here are some examples of data about budgets and taxes rewritten to support a better message frame using social math.[ii]

Original:

> *Another worrying aspect of tax expenditures is that they increase over time, if left unchecked. In other words, a tax credit projected to cost the state a certain amount can cost many times that much as more corporations take advantage of it. Credits against the corporation business tax alone will cost the state $176 million in 2008 – up from $2.7 million in 1989.*

With better use of data and social math:

> *Our state could do more to prevent fiscal problems before they occur by taking not just a short-term, but a long-term view of the impact of our state budget decisions. For example, a corporate tax credit projected to cost the state a certain amount can, in fact, cost many times that much as more corporations take advantage of it. It's like losing water from a hole in the bottom of a bucket, even as you're pouring more into the top. What started as a relatively small leak – $2.7 million in 1989 – grew 64 times bigger over the next 20 years – to $176 million – because we didn't work together to plug the hole.*

What It Does:

The rewritten example uses a metaphor of a leaking bucket and strengthens the explanation of the trend ("grew 64 times bigger") to suggest that 1) there is a solution (i.e., the hole can be plugged) and 2) prevention is important (We've allowed the problem to grow over time instead of taking care of a smaller leak.).

Original:

> *88.2% of the state's families will receive an average net tax savings of $152.30 in 2011. This is direct assistance for families struggling to survive in this hard economic climate, and it is money that will remain in our local economies and buoy small businesses in the state.*

With better use of data:

> *Tax savings to families under the new proposal will total $42 million added to the local economy in the form of increased spending, as this money will remain in our local economies and buoy small businesses in the state.*

What It Does:

The rewritten example avoids the consumerist thinking of taxes as a transaction between individuals and government and instead highlights the larger economic consequences of tax reform.

Original:

> *$285 million in cuts to health care and education as proposed in the last state budget would cause as many as 10,000 jobs to be lost.*

With better use of data and social math:

> *$285 million in cuts to health care and education as proposed in the last state budget would cause as many as 10,000 jobs to be lost, or the equivalent of our state's largest private employer, "X" Industries, laying off a full half of its workers.*

What It Does:

The rewritten example places the job losses in context by comparing them to an economic loss that makes sense to the audience.

Original:

> *Another way to show the increasing regressivity of our tax system is to look at the widening gap between what wealthy citizens pay and what average citizens pay in taxes. In 2005, the wealthiest 1% of taxpayers (those with household incomes over $350,742) paid 9.6% of their incomes in total state and local taxes, compared to the average of 11.6%. In 2010, the share of income paid in taxes is expected to increase to 12.5% for most state residents, while for the wealthiest 1% it will fall to 9.3%.*

With better use of data:

> *In order to meet the goals of the state budget for things like school funding, public health and safety, transportation, and the like, the state needs adequate revenue from its tax system. But this system is increasingly regressive, meaning that wealthier people pay a lesser share of their*

income in taxes than average citizens. And that inequality gap is growing – meaning each year, the wealthy pay proportionally less while average citizens pay proportionally more.

What It Does:

The rewritten example first reminds readers that budgets reflect shared priorities and links those priorities to adequate revenue. It then defines the regressivity of the state income tax and notes that it is a growing problem. It bypasses entirely the need for readers to sort through a confusing mass of statistics.

Original:

As the economy deteriorated, the state budget fell back into deficit in 2008, with an $800 million shortfall for FY 2008-09.The legislature avoided some of the worst proposed service cuts, but still made $320 million in spending reductions. Policymakers left a large future deficit for FY 2010–11. And since so much of their budget-balancing solution was made up of one-time fixes, policymakers will have fewer tools available as they wrestle with a large deficit in the 2009 Legislative Session.

With better use of data:

As the economy deteriorated in 2008 and the budget shortfall increased, the state legislature and the governor were unable to reach agreement on how to address this problem. The quality of life in our state that we enjoy now was built through the wise budget and spending decisions of those who went before. Unless we take care of the upcoming $800 million shortfall during the 2009 Legislative Session, the problem will grow even larger, with the shortfall expected to double by 2010-11.

What It Does:

Incorporating the simplifying model of Forward Exchange contextualizes the data and strengthens the understanding of the need to act now.

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[i] More information and examples of the application of social math are available in two publications: E-Zine #30, *When the Facts Don't Fit the Frame* and E-Zine #39, *Doing Social Math*.
[ii] All data used in these examples are created for illustration purposes only.