



**INDEPENDENT SECTOR**  
A vital voice for us all

## IS Guiding Principles on Deficit Reduction and Tax Reform January 2012

### Preamble

Recognizing current economic conditions and the fiscal challenges facing every level of government, Independent Sector acknowledges the need and supports the effort to put America's governments (federal, state, and local) on a sustainable fiscal path. National expert commissions and committees agree that it is more prudent to address the nation's fiscal challenges now than to suffer the consequences of failing to do so.

Consistent with its values and beliefs, Independent Sector supports the following key principles for public policy on deficit reduction and tax reform, which build upon the *Guiding Principles for Public Policy on Charitable Giving*, originally adopted by the Independent Sector board of directors in March 2001.

### Principles

**As a matter of justice, fairness and effectiveness, Independent Sector believes that steps taken to address the nation's fiscal challenges should favor policies that will not exacerbate income inequality or increase poverty.**

**Deficit reduction solutions should include additional revenue and reduced spending, in both discretionary and mandatory programs.** Nonpartisan and bipartisan deficit reduction commissions and efforts of 2010 and 2011 have agreed that, in light of the magnitude of the deficit reduction needed, reforms must include significant contributions from both the spending and revenue sides of the budget. They have concluded that securing all deficit reduction entirely through budget cuts would require cuts in programs and services that the poorest and most vulnerable Americans need, while securing all deficit reduction only through increases in taxes would dampen economic recovery.

**Spending reductions should be undertaken prudently, so as to not increase poverty or widen inequality.**

Programs that provide critical support to the nation's most vulnerable populations – including indigent people who are elderly or living with disabilities, and families with children living in poverty – should be safeguarded. Charitable organizations that enjoy tax exemption help the neediest members of our society, and government programs, including those delivered through charitable organizations, remain an essential component of an adequate safety net and must be adequately funded.

**Revenue increases should maintain or increase the progressivity of the tax code, and neither entitlement nor revenue changes should increase burdens on those at the bottom of the income scale or least able to care for themselves.** Tax changes that increase revenues and program changes that reduce expenditures should be structured to promote equity, opportunity, efficiency and economic growth, and those who can most afford to contribute more should be asked to do so.

**Tax policy should advance America's strong tradition of giving and volunteering.** Consistent with Independent Sector's *Guiding Principles for Public Policy on Charitable Giving*, the current tax deduction for charitable giving should either be preserved or modified only in ways that will: strengthen incentives to give; respect the freedom of individuals to determine the causes and organizations they participate in and support, and treat those choices equitably; and encourage all individuals to give more to communities and causes through charitable organizations.