GENERATIONAL DIFFERENCES IN ATTITUDES TOWARD DEFICIT REDUCTION POLICY

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ABSTRACT

In an effort to understand the "generation gap" as it is manifested in attitudes toward current tax policy, this study compares survey responses from experienced tax professionals and inexperienced undergraduate tax students applied to the most effective tax and budgetary changes to reduce the federal deficit. The authors created the survey from tax students' suggestions after a semester (Spring 2011) of reading tax-related articles in an international business journal. At the end of that semester, the authors requested suggestions from students for changes to the federal tax code (revenue) and budget (spending) and incorporated them into a survey to which students during that semester and the next two semesters responded. In July 2012, the authors asked a group of experienced tax professionals to respond to the survey. The authors found significant variation in a few predictable areas. Results include findings that the Millennial generation is less conservative on social issues, and favors Social Security reform and reduced defense spending.

JEL: H60; H62

KEYWORDS: Federal Tax Policy, Age Gap, Generation Gap, Millennials, Tax Code, Federal Budget

INTRODUCTION

For many years, the term "generation gap" has referred to the difference in values and attitudes of younger individuals and those of their elders. First used in popular culture during the 1960s, the term came to recognize the differences between Baby Boomers who came of age in the 1960s and 1970s, and their parents, who were either members of the "Silent" generation (those currently 65 – 83 years of age) or members of "The Greatest Generation" (those currently over 83 years of age) who came of age during the Depression and the Second World War. The generation gap is attributable to rapid cultural change in the postmodern world, and continues to be responsible for generational differences in matters of musical tastes, fashion, culture and politics in profound ways (Fullerton & Dixon, 2010).

According to a recent Pew Research study (2011), the "generation gap," or "age gap," revealed little difference in terms of voting preferences of younger and older Americans for most of the past four decades. As recently as the 2000 election, presidential voting preferences were indistinguishable. As recently as the 1992 election, younger voters were less likely to vote Democratic than their seniors. The 1972 matchup between George McGovern and Richard Nixon was the last time that age correlated as strongly with Democratic voting by younger voters as it has recently. In the 1972 election, 18-to-29 year old voters were 16 points more likely to back the Democratic candidate than older voters (Pew, 2011).
This "age gap," represented by differences in political attitudes and driven by broad social and political trends, began to open in the 2004 election and became a major factor in the 2008 election with Barack Obama's victory over John McCain; and although Obama's support has slipped across all generations since that election, the age gap has not narrowed. Obama continues to hold a substantial edge among 18-to-29 year olds, while voters over 65 years of age favor Romney by a slightly larger margin than they supported McCain (Pew, 2011).

To understand the "age gap" as manifested in attitudes toward federal tax policy and perceptions regarding reduction of the federal deficit, this study compares survey responses from experienced tax professionals and inexperienced undergraduate tax students at a northeastern U.S. state university. The authors created the survey from tax students' suggestions after a semester (Spring 2011) of reading tax-related articles in an international business journal and blogging their critical opinions. Suggestions from the students for changes to the federal tax code (revenue) and budget (spending) at the end of that semester were incorporated into a survey to which students responded during the three semesters from Spring 2011 through Spring 2012. Then, in July 2012, the authors asked a group of experienced tax professionals made up of primarily CPAs and enrolled agents to respond to the survey. The results of the study indicate that the students, primarily the Millennial generation, and tax practitioners, who are mostly Boomers, have differing attitudes regarding the best measures to reduce the federal deficit particularly in the areas of social issues, Social Security reform, tax increases, and defense spending. The study's findings contribute to the literature on generational political attitudes and provide further support to Fisher's (2008[1]) findings.

The remainder of the paper is as follows: The Literature Review provides background on the generation gaps' attitudes, the changing political environment, and motivation for the study. Data and Methodology presents the Research Method and Participants, followed by Results and Discussion, and Concluding Comments.

LITERATURE REVIEW

Cohorts and Attitudes

The values and priorities of individuals are shaped by the socio-economic conditions in place during our formative years of adolescence and early adulthood known as the "critical period" (Fisher, 2008[1]; Schuman & Corning, 2006). Mannheim (1952 [1923], p. 290) addressed the importance of generations, referred to as cohorts today, as positions in the social structure: "Individuals who belong to the same generation who share the same year of birth are endowed, to that extent, with a common location in the historical dimension of the social process." These cohort members frequently share policy attitudes attributable to shared social bonds, historical experiences or values (Fullerton & Dixon, 2010). Mannheim concluded, as have later writers, "late adolescence and early adulthood are the formative years during which a distinctive personal outlook on politics emerges" (Rintala, 1968, p. 93).

Further, discrete generations not only have distinct political leanings; they tend to maintain those leanings for the remainder of their lives (Fisher, 2008[1]). Since socio-economic conditions change over time, discrete generations are shaped by dissimilar societal experiences, thus they develop dissimilar political values. Whereas some generations will tend to lean Republican, others will lean Democratic based upon the political climate in place during the formative years of that generation (Fisher, 2008[1]), resulting in what is referred to as a 'generation gap'.

Although those who focus on generational change generally portray the youngest cohorts as the most liberal, this is not necessarily the case. At times younger voters tend to be even more likely to support conservative candidates than older voters. If we look at voters in cohorts by age group, younger voters in some elections voted differently from the rest of the population. Of the elections from 1976 – 2004, the under-30 cohort voted the most democratic in four elections (Carter – 1976, Reagan – 1980, Clinton - 1996 and Bush "43" - 2004), but in the other four elections (Reagan – 1984, Bush "41" – 1988, Clinton – 1992, and Bush "43"- 2000), 18 – 29 year olds voted very similarly to other age cohorts (Fisher, 2010). The result is that despite the stereotype that younger voters tend to be more liberal than older voters, in some years younger voters have been more conservative than older voters (Fisher, 2008[1]).

Data shows that the age gap in 2008 grew considerably larger than in previous elections. Obama won the under-30 vote by a surprising 66 – 32% margin, whereas the over-30 vote was basically even (50 – 49% for Obama). The age gap in 2008 was evident prior to the election. During the 2008 presidential nomination process, the age gap between Barack Obama and Hillary Clinton was one of the largest age gaps in U.S. electoral history, suggesting that Obama's success in the general election was due in part to his appeal with younger voters. However, part of the age gap was also due to the unpopularity of the G. W. Bush ("Bush 43") administration, whose second term in office was the most unpopular presidential term since Richard Nixon. Bush's unpopularity, with approval ratings in the low 20s as he left office, undoubtedly influenced younger Americans who were just becoming politically aware and entering the electorate (Fisher, 2010).

According to Pew (2011, p. 1), "[o]ne of the largest factors driving the current generation gap is the arrival of diverse and Democratic-oriented "Millennials," individuals born from 1981 to 1993 who are now under 30. Shaped by the politics and conditions of the Bill Clinton and George W. Bush presidencies, this group holds liberal attitudes on most social and governmental issues." Millennial attitudes and voting choices are driven by "three broad social and political trends" according to Pew (2011, p. 13). First is the racial and ethnic diversity of the country, which reflects a rising percentage of non-whites among younger cohorts. Second is the political environment experienced by successive generations as they come of age politically. The relative popularity of the president, as well as each of the two major political parties at the time an individual reaches voting age, has an impact on future voting preferences. Third, the broader societal changes occurring within a generation's life cycle will have a larger impact on the political views of younger people who are still forming opinions (Pew, 2011).

The Changing Political Environment

After enactment of the Budget and Accounting Act of 1921, Congress delegated much of its budgetary powers to the president. Since then the president, elected from a national constituency, has been the dominant force in determining federal tax policy. The result has been that national public opinion has a significant role in determining budget priorities, including federal income tax rates (Wlezien, 2004; Gilens, 2001; Fisher, 2008[1]) and there is a significant connection between taxpayer sentiment and the nature of periodic adjustments to the tax code. In this way, government revenues and expenditures are responsive to the wishes of taxpayers (Fisher, 2008[1]).

Historically, the public has held each president responsible for the economic performance of the nation and for the size of the deficit while absolving Congress, regardless of economic conditions. As a result, the size of the deficit will have an important impact on which measures the president proposes, especially regarding tax policy. In other words, "not only does presidential tax policy affect the size of the deficit, but the size of the deficit also affects presidential tax policy" (Fisher, 2008[1], p. 215). Prior to Reagan's election, Republicans historically pushed for tax cuts, but not in the face of large budget deficits. Balanced budgets generally had primacy over tax cuts. From 1977 – 1981 the Republican Party advocated large across-the-board tax cuts. Analysis seems to indicate that this was at the behest of party elites, but nonetheless "the Reagan tax cuts were in tune with public opinion of the time" (Fisher, 2008[1], p. 216). The resulting budget deficits, which were the highest in American history as of that time, were politically problematic. However, since polling data during this time indicated strong support for tax cuts, regardless of deficit levels, it seems that the Reagan policy was reasonably in agreement with the preferences of the public (White & Wildavsky, 1989; Fisher, 2008[1]).

President Reagan's popularity seems not to have suffered for large federal deficits, and Reagan continues to enjoy public popularity. According to a Pew Research Poll, more respondents in the Silent (born 1928 – 1945) and Boomer (born 1946 – 1964) generation named Ronald Reagan as the best president of their lifetime, and he loses by only a small margin to Bill Clinton (34% to 38%) among the Gen X (born 1965 -

1980) group. Although deficits multiplied during his presidency, Reagan was able to win reelection in a landslide. "While a large majority of citizens may have favored a balanced budget in the abstract, they did not want higher taxes and they did not want to cut spending for most programs" (Fisher, 2008[1], p. 217; Wildavsky & Caiden, 2001).

The early 1980s taught Republicans "opposing taxes was good politics, but assailing popular domestic programs was not" (Jacobson, 1993; Fisher, 2008[1], p. 217). Deficit levels became too large for many Republicans, however, and George H.W. Bush ("Bush 41") had to deal with the issue. Although he had campaigned on a pledge of "no new taxes", he reluctantly agreed to the Budget Enforcement Act of 1990, a deficit reduction package that would raise taxes and impose user fees in return for entitlement cuts. After compromising on policy he lost ground in public opinion polls and ultimately lost re-election (Pious, 1999; Fisher, 2008[1]). "The budgetary lesson of 1990, therefore, was that raising taxes, even with record deficit levels, was a hard sell politically" (Fisher, 2008[1], p. 218).

Shortly after his inauguration in 1992, Bill Clinton proposed a deficit-reduction package, half of which came from spending reductions with the other half from tax increases. Most new revenues would be raised with higher taxes on upper-income individuals and corporations, with more than half of new taxes falling on families with annual income above $200,000 per year. The plan, titled The Omnibus Budget Reconciliation Act, passed with no votes to spare. (Vice-President Al Gore cast the tie-breaking vote.) After the Act became law, the deficit went down every year until 1998 and in 2000; the federal government experienced a surplus of $236 billion. The economy flourished each year and the federal budget picture improved; however, Clinton received no credit for this even though the tax measures he proposed went a long way to help reduce the deficit (Fisher, 2008[1]).

It is important to note that, for the most part, increases in revenues were due to increases in 1993 of the top income tax rates and the fact that the public sentiment did not support reduction of taxes for those in the top income brackets. As a result, public opinion with regard to taxing the wealthy during the later years of the Clinton presidency may have helped to facilitate the production of balanced budgets (Fisher, 2008[1]).

Due to the budgetary surpluses that existed when Bush came into office, he was able to reduce income taxes significantly and he consistently made tax cuts a major priority of his presidency. The largest portion of the tax cuts came from changes in the federal income tax rates. The rates in place since 1993, which topped out at 39.6 percent, were replaced by rates that topped out at 35 percent. Although Republicans advocated tax cuts since the election of Bush "43", it did not seem that grass roots support existed for the concept at the time. For instance, only 36 percent of Americans polled said they preferred cutting taxes rather than funding new retirement savings accounts and increased spending on education, defense, Medicare and other programs (Fisher, 2008[1]). Once large deficits returned during the second Bush "43" term, Americans were asked which should have priority – tax cuts or reducing the deficit. Respondents, by a 67 to 28 percent margin, stated that reducing the deficit should be the priority, which indicates that the Bush tax initiatives were not responsive to public demand (Fisher, 2008[1]).

A number of perceived policy failures marked the Bush "43" administration. In his Presidential memoir "Decision Points," George W. Bush talks about what he considers the two largest failures of his presidency and two issues that continue in our public discourse: Social Security reform and immigration reform. "The collapse of Social Security reform is one of the greatest disappointments of my presidency. Despite our efforts, the government ended up doing exactly what I had warned against: we kicked the problem down the road to the next generation" (Bush, 2010, p. 300). The impact of this political failure was significant: "When Social Security failed, it widened the partisan divide and made immigration reform tougher" (Bush, 2010, p. 306).

In addition to the political failings of the Bush presidency, annual Gross Domestic Production (GDP) during that time was one of the slowest since the Hoover administration and new college graduates saw real wages (adjusted for inflation) drop. The unilateral nature of the Iraq War and foreign policy during the Bush administration was generally unpopular among younger Americans (Fisher, 2010). Adding to this, the Republican Party was increasingly identified with conservative Christian ideals during this period, while younger Americans were becoming more secular and socially liberal. Younger Americans are more culturally tolerant and put less emphasis on "traditional values" and as a result, they have moved toward the Democrats as part of a larger cultural divide. In fact, a "2007 *New York Times* poll found that by a 52 – 36% margin young Americans say that Democrats rather than Republicans come closer to sharing their moral values" (Fisher, 2010, p. 299). Resulting from the unpopularity of the Bush "43" administration and Obama's appeal with younger voters, there seems to be an overwhelmingly Democratic age cohort that is as strong as any since the Johnson administration. As this under-30 cohort matures, it has the potential of dominating the next era of U.S. politics (Fisher, 2010).

Based on analysis by Schuman and Corning, the national and world events with greatest impact to university students today, most of whom are 25 or younger (born in 1987 or later), are (i) the September 11, 2001 terrorist attacks, (ii) the Iraq War which started in 2003, (iii) the Financial Crisis of 2007, and (iv) the election of President Obama (Schuman & Corning, 2006).

<u>Generational Differences on Certain Policy Issues</u>

The relationship between attitudes and common, age-based, interests is an important consideration, since people over the age of 65 are a growing number (Fullerton & Dixon, 2010). Those over the age of 65 comprised 13 percent of the American population in 2007 but are estimated to comprise over 20 percent of the population by 2030 (U.S. Census Bureau, 2008, Fullerton & Dixon 2010). Furthermore, people over the age of 65 are more likely to vote (Fullerton & Dixon, 2010). For that reason, scholars have renewed attention in this subject by conducting empirical analyses on the effect of age especially on age-related issues, such as education, health care, and Social Security (Day, 1990; MacManus 1995, 1996; Hamil-Luker 2001; Plutzer & Berkman, 2005; Rhodebeck, 1993; Street & Cossman, 2006; Fullerton & Dixon, 2010).

The three most often studied generational differences focusing on the impact of age and cohort on policy attitudes are education, health, and Social Security funding. Concerning the issue of education spending, the difference in policy views has been labeled the "gray peril hypothesis," which suggests that elderly individuals are less likely to support education spending because they and their children are already educated (Rosenbaum & Button, 1989). Further, this theory supposes that the elderly are more likely to support spending on health care and Social Security, which benefits their current and future circumstances (Campbell, 1971; Campbell & Strate, 1981).

Voters over 65 and childless voters have been found to be less likely to support public school spending. This is buttressed by data showing that education spending on a per-child basis is significantly lower in states with a greater proportion of over-65 voters. This is especially true in states with a significant population of older individuals who are a different ethnic or racial group than the school-aged population, whereas younger voters tend to be more supportive of spending for public schools (Poterba, 1997; Fisher, 2008[2]). Importantly, the elderly are as equally likely to support education as younger generations when the elderly feel attached to their community, particularly through homeownership (Berkman & Plutzer, 2004; Plutzer & Berkman, 2005; Fullerton & Dixon, 2010).

It is commonly believed that support for Social Security and Medicare lead the elderly to support Democratic candidates, but this is not necessarily the case. As the Greatest generation (which was overwhelmingly Democratic) dies off, the over-65 cohort has become more Republican. The declining loyalty of older voters to Democrats may be attributed, ironically, to the success of New Deal safety-net programs. Whereas in the 1930s seniors were the most likely group to live in poverty, today they are the age group *least* likely to live in poverty and overall are the wealthiest age group. With their relative affluence, their concerns have more to do with taxes and inheritance rules; issues that may encourage the over-65 cohort to support Republicans (Binstock, 2006; Fisher, 2008[2]).

Data supports that younger Americans have historically expressed support for Social Security spending and that their support has been as strong as that by elderly citizens (Street & Cossman 2006; Fisher, 2008[2]). The American National Elections Studies (ANES) found in 2004 that 64% of those younger than 65 years favored increasing spending for Social Security compared to only 47% of those over 65 years. However, while younger Americans support increased spending for Social Security, they also tend to be more supportive of Social Security reform. Americans under 30 were substantially more likely than other age groups to favor President Bush's proposal to create private accounts in the Social Security system. Seniors, on the other hand, tend to be much more skeptical than younger generations of attempts to reform Social Security and the elderly are overwhelmingly hostile to plans to privatize Social Security (Fisher, 2008[2]).

"Contrary to conventional wisdom, younger Americans have historically been more likely to be supportive of what the president is doing in a time of war, as they were in Korea and Vietnam" (Fisher, 2008[2], p. 507). This has proven to be the case with Iraq as well: a *New York Times* poll conducted in 2007 found that young Americans (by a 51% to 45% margin) were more likely to believe the war in Iraq was heading to a successful conclusion than other age cohorts. Similarly, a Gallup 2007 poll found that older Americans were more likely than younger Americans to believe that the war in Iraq was a mistake. As a result, on the Iraq war, young Americans tended to be ideologically to the right of the country as a whole (Fisher, 2008[2]). Young Americans tend to be more supportive of reducing defense spending and of increasing foreign aid. Whereas 22% of those aged 18 – 34 favored decreasing defense spending, the figure was 16% for those aged 35 – 64 and 11% for those 65 and older. In regards to foreign aid, younger Americans were at least twice as likely to favor increasing foreign aid compared to other age cohorts (Fisher, 2008[2]). Fisher (2008[2], p. 508) concludes that "[t]his indicates that Americans under 35 are possibly more sensitive to criticism of US foreign policy that has often been levied against it by the rest of the world."

On the basis of cited research, it seems appropriate to believe that university students today, as part of the Millennial (under-30) generation, and tax professionals, who are Boomers for the most part, will have differing attitudes regarding the best measures to reduce the federal deficit. These differences may be significant, due to a "generation gap," driven by rapid cultural change, and are expected to impact the upcoming 2012 elections. However, there is a lack of empirical evidence comparing the tax attitudes of accounting students and tax professionals. In this study, we test for differences among accounting students' and tax professionals' perceptions of the best tax and budgetary initiatives to reduce the federal deficit and offer some insight into the possible causes of these differences.

DATA AND METHODOLOGY

<u>Research Method</u>

The survey instrument was developed from a student blogging assignment. The survey was originally created from tax students' suggestions after a semester (Spring 2011) of reading tax-related articles in an international business journal and blogging their critical opinions. Suggestions from the students for changes to the federal tax code (revenue) and budget (spending) at the end of that semester were incorporated into a survey to which students responded during the three semesters from Spring 2011 through Spring 2012. Additionally, students read an official summary of the President's proposed budget and make recommendations for two changes to the tax code (revenue) and two changes to budget (spending), that in their opinion would help to reduce the Federal deficit.

The authors created a survey based upon the students' fifteen most frequently suggested revenue and expenditure changes (see Figure 1). For each revenue or spending suggestion in the survey, the authors asked participants to assess the degree to which each suggestion would help to decrease the federal deficit. Responses were on a five-point Likert scale, ranging from one to five, with one labeled "Very Harmful" and five labeled "Very Helpful." The "Very Harmful" scale refers to a materially counter-productive measure, in the participant's opinion. The "Very Helpful" scale indicates a measure that, in the participant's opinion, would materially contribute to reduction of the federal deficit.

Figure 1: Students' 15 Most Frequently Suggested Revenue and Expense Changes

Panel A: Tax Code (Revenue) Recommendations	
Q1A	Lower corporate income tax rates from the present 35% to a lower level comparable to the rates in other countries (e.g., 25 - 30%) and eliminate special tax benefits (loopholes) and credits to corporations.
Q1B	Reduce corporate tax rates to no more than 25% for small businesses with 500 employees or less.
Q1C	Legalize and tax the cultivation and sale of marijuana.
Q1D	Broaden the tax base by changing the tax rate tables to include more people in lower income levels.
Q1E	Raise tax rates on capital gains and dividends.
Q1F	Raise all tax rates, especially to the wealthiest 2% of Americans.
Q1G	Reduce subsidies and tax breaks to oil companies
Q1H	Raise the ceiling on social security wages to $250,000 or remove the ceiling entirely; raise the retirement age for social security.
Q1I	Require all employers to use E-Verify, whereby employee's identity is verified to work legally in the U.S., thereby eliminating illegal aliens from being paid under the table (and therefore not paying U.S. taxes).
Q1J	Raise tariffs on imports
Q1K	Reduce the cap on home mortgage interest deduction) home mortgage interest is presently deductible on the first $1.1M).
Q1L	Enact a Federal sales tax.
Q1M	Enact a federal sales tax on all internet sales of about 3% on all sales of $100 or more; allow an itemized deduction for online sales tax paid.
Q1N	Allow employees who do not have medical coverage through their employers to use their medical expenses as a deduction for AGI as opposed to a deduction from AGI, much in the way that self-employed taxpayers are allowed to do.
Q1O	Privatize social security (allow a fixed percentage of about 3%) to be set up on private investment accounts in lieu of collecting social security tax.
Panel B: Budgetary (Expense) Recommendations	
Q2A	Reduce our defense budget, as it currently occupies approximately 19% of the budget and represents approximately 50% of our discretionary spending.
Q2B	Increase focus on developing clean sustainable sources of energy.
Q2C	Allocate a larger share of the budget to innovation (e.g., research and experimentation).
Q2D	Cut back on funding overseas (foreign) aid, especially to countries with corrupt governments.
Q2E	Allocate a larger share of the budget to education and job training.
Q2F	Reduce waste and abuse on Medicare expenditures.
Q2G	Have employers shoulder a larger share of unemployment costs.
Q2H	Invest more in public transportation and infrastructure.
Q2I	Invest more to reduce illegal immigration.
Q2J	Revamp rules for unemployment compensation, welfare and food stamps to reduce the amount collected and length of time that individuals are on these programs.
Q2K	Allow younger people to opt out of social security.
Q2L	Phase out social security benefits above a certain income level, since social security is meant to ensure against poverty in old age.
Q2M	Reduce subsidies to special groups and industries.
Q2N	Reduce or eliminate Economic Recovery Payments and Making Work Pay Tax Credit.
Q2O	Eliminate the exemption of home mortgage debt forgiveness.

Figure 1 Panel A shows the students' fifteen most frequently suggested tax code (revenue) recommendations. Panel B show the students' fifteen most frequently suggested budgetary (expense) recommendations.

Participants

The survey was exempted from review by the university's Human Studies Council and was administered online through SelectSurvey.net over a period of three semesters to students enrolled in an introductory tax course and a partnership tax course. All of the students were from a northeast state university. In total, 144 participants participated in the survey. Table 1 presents the demographic data for the students. Ninety-nine percent of the students had junior class standing or above. Eighty percent of the students were under 35 years old while fourteen percent were over 35 years. Six percent of the students did not disclose their age group.

Table 1: Demographics for Students

Gender	Males	73
	Females	66
	Not disclosed	5
Class	Junior	35%
	Senior	60%
	Graduate	4%
	Not disclosed	1%
Age Group	18 - 25 years	61%
	26 - 30 years	13%
	31 - 35 years	6%
	Over 35	14%
	Not disclosed	6%

Table 1 shows the demographics for the 144 students in the survey sample. Ninety-nine percent of the students had junior class standing or above. Eighty-percent of the students were under 35 years old while fourteen percent were over 35 years. Six percent of the students did not disclose their age group.

The authors administered the same survey in paper form to tax professionals during a tax seminar sponsored by the Connecticut Society of Certified Public Accountants (CTCPA), Connecticut Society of Enrolled Agents, and Connecticut Department of Revenue Services. A total of eighty-four professionals participated in the survey. Seventeen of the 84 professionals did not completely respond to the tax code and budgetary suggestions and therefore were excluded from the sample. The final tax professional sample was 66. Table 2 presents the demographic data related to the tax professional. The average years of experience were just over 27 years. Seventy-six percent of the sample were CPAs, with a wide range of job responsibilities (based on titles). Due to the disparity in the initial sample sizes (students, n=144 and tax professionals, n=66), a random sample of 66 was selected from the initial sample of 144 (using SPSS). T-tests were performed on the 30 recommendations comparing the tax professionals' means to the students' means.

Table 2: Demographics of Tax Professionals

Gender	**Males**	**33**
	Females	29
	Not disclosed	4
CPA		76%
Highest degree level		
	Bachelors	65%
	Masters	33%
	Business School	2%
Job Title	Tax Accountant	32%
	Accountant	29%
	Manager/Director/Controller	10%
	Vice President/Corporate Officer/ Executive Officer/ Partner	17%
	Owner/Self-employed/Consultant	7%
	Credit Underwriter/Enrolled Agent	5%

Table 2 presents the demographic data related to the tax professionals. The average years of experience were just over 27 years. Seventy six percent of the sample were CPAs, with a wide range of job responsibilities.

RESULTS AND DISCUSSION

Table 3 presents the descriptive statistics and t-test results for comparison of the means between students and tax professionals' opinions on the tax code (revenue) recommendations to reduce the budget deficit.

Table 3: Descriptive Statistics and T-tests for Tax Code Recommendations

(n = 66)		Mean	Std. Dev.	Sig.	
Q1A	Tax Professional	4.14	0.762	0.3654	
	Student	4.26	0.771		
Q1B	Tax Professional	4.03	0.911	0.4789	
	Student	4.14	0.802		
Q1C	Tax Professional	2.95	1.270	0.0003	**
	Student	3.79	1.283		
Q1D	Tax Professional	3.24	1.096	0.1861	
	Student	3.52	1.256		
Q1E	Tax Professional	3.24	1.348	0.0867	
	Student	3.64	1.273		
Q1F	Tax Professional	3.29	1.310	0.0435	**
	Student	3.76	1.337		
Q1G	Tax Professional	4.24	1.009	0.0720	
	Student	3.89	1.191		
Q1H	Tax Professional	3.52	1.361	0.0624	
	Student	3.92	1.127		
Q1I	Tax Professional	4.20	0.769	0.1663	
	Student	3.97	1.081		
Q1J	Tax Professional	3.44	1.040	0.7555	
	Student	3.38	1.187		
Q1K	Tax Professional	3.15	1.099	0.0029	**
	Student	3.70	0.960		
Q1L	Tax Professional	2.59	1.312	0.0120	**
	Student	3.17	1.284		
Q1M	Tax Professional	3.12	1.387	0.0715	
	Student	3.53	1.193		
Q1N	Tax Professional	3.94	0.926	0.3209	
	Student	4.09	0.818		
Q1O	Tax Professional	2.79	1.342	0.0000	**
	Student	3.80	1.126		

** Significant at .05

Table 3 presents the descriptive statistics and t-test results for comparison of the means between students and tax professionals' opinions on the tax code (revenue) recommendations to reduce the budget deficit. Five of 15 recommendations were statistically significant at a 95% confidence interval level. The recommendations that were significant include: Legalize and taxation of the cultivation and sale of marijuana, raise all tax rates, reduce the cap on home mortgage interest deduction, enact a federal sales tax, and privatize social security.

Five of the 15 recommendations were statistically significant at a 95% confidence interval level. The five recommendations that were significant and reflected a difference in the attitudes of the two groups were:

1. Q1C Legalize and tax the cultivation and sale of marijuana.
2. Q1F Raise all tax rates, especially to the wealthiest 2% of Americans.
3. Q1K Reduce the cap on home mortgage interest deduction (home mortgage interest is presently deductible on the first $1.1M).
4. Q1L Enact a Federal sales tax.
5. Q1O Privatize social security (allow a fixed percentage of about 3%) to be set up on private investment accounts in lieu of collecting social security tax.

Students tended to support the legalization and taxation of the cultivation and sale of marijuana (3.79 Student mean compared to 2.95 Tax Professional). Younger Americans are more tolerant and less conservative on social issues (Fisher, 2008[1]). Given that 80% of the Student sample was under the age of 35 and the Tax Professional sample had on average 27 years of experience, the results tend to support Fisher's (2008[1]) findings that young Americans split clearly against social conservatism relative to other generations.

Q1F, Q1K, and Q1L relate to raising tax rates or reducing tax deductions. The Student sample supported increasing tax rates to the wealthy, reducing home mortgage interest deduction, and enacting a federal sales tax. The Student sample means compared to the Tax Professional sample means were 3.76 vs. 3.29, 3.79 vs. 3.15, and 3.17 vs. 2.59, respectively. Based on the 27 average years of experience for the Tax Professionals, it is likely they have mortgages and pay taxes in a higher tax bracket. They may also have clients who are benefitting from the current tax policy. Based on the 27 years of average experience for the Tax Professional sample most of the sample were influenced and developed their political leanings during the Reagan and Bush 41 years. Public opinion during these presidencies favored tax cuts. Students supported privatizing Social Security, 3.80 Student sample mean compared to 2.79 for the Tax Professional sample. This result is consistent with young Americans preference for President Bush's proposal to create private accounts in the Social Security program (Fisher, 2008 [1]).Tables 4 presents the descriptive statistics and t-test results for comparison of the means between students and tax professionals' opinions on the budget (expense) recommendations to reduce the budget deficit.

The Student sample strongly favored reducing the defense budget compared to the Tax Professional sample, 4.26 Student sample mean vs. 3.20 Tax Professional sample mean. This supports Fisher's (2008 [1]) finding that young Americans are more inclined to support the reduction of defense spending. Students also favored allocating a larger share of the budget to education and job training, 4.27 Student sample mean compared to 3.94 Tax Professional sample mean. This result is not surprising given most students in the sample come from middle class families; and, the students are likely bearing the brunt of their own educational expenses. Fisher's findings (2008[1]) also show that overall younger Americans tend to be more supportive of education spending.

Students preferred strongly to have employers shoulder a larger share of unemployment costs, 3.52 Student sample mean compared to 2.80 Tax Professional sample mean. Given that this measure would place a larger burden on businesses, particularly small businesses, it is understandable that Tax Professionals would not be as supportive of this recommendation.

Investing more to reduce illegal immigration was one of two recommendations that the Tax Professionals (4.08 mean) supported more than the Students (3.62). This is not surprising. As noted above, younger Americans are more tolerant and less conservative on social issues including immigration (Fisher, 2008[1]).

Q2K and Q2L both address Social Security and both were more favored by the Students than the Tax Professionals. Students strongly supported allowing younger people to opt out of Social Security with a 3.47 Student sample mean compared to 2.53 Tax Professional sample mean. The Students also supported phasing out Social Security benefits above a certain income level. As mentioned above, younger Americans favor Social Security reform (Fisher, 2008[1]).

Table 4: Descriptive Statistics and T-tests for Tax Code Recommendations

(n = 66)		Mean	Std. Dev.	Sig.	
Q2A	Tax Professional	3.20	1.205	0.0000	**
	Student	4.26	0.982		
Q2B	Tax Professional	4.11	0.879	0.4913	
	Student	4.21	0.886		
Q2C	Tax Professional	3.77	0.740	0.5252	
	Student	3.86	0.892		
Q2D	Tax Professional	4.42	0.878	0.4716	
	Student	4.53	0.808		
Q2E	Tax Professional	3.94	0.721	0.0153	**
	Student	4.27	0.833		
Q2F	Tax Professional	4.53	0.533	0.1248	
	Student	4.35	0.794		
Q2G	Tax Professional	2.80	1.084	0.0005	**
	Student	3.52	1.206		
Q2H	Tax Professional	4.03	0.656	0.3204	
	Student	3.88	1.045		
Q2I	Tax Professional	4.08	0.730	0.0046	**
	Student	3.62	1.049		
Q2J	Tax Professional	4.15	0.932	0.5220	
	Student	4.26	0.966		
Q2K	Tax Professional	2.53	1.459	0.0001	**
	Student	3.47	1.280		
Q2L	Tax Professional	3.65	1.283	0.0246	**
	Student	4.11	0.994		
Q2M	Tax Professional	4.26	0.917	0.0081	**
	Student	3.82	0.959		
Q2N	Tax Professional	3.88	0.937	0.2398	
	Student	3.68	0.979		
Q2O	Tax Professional	2.94	1.226	0.0104	**
	Student	3.47	1.112		

** Significant at .05

Table 4 presents the descriptive statistics and t-test results for comparison of the means between students and tax professionals' opinions on the budget (expense) recommendations to reduce the budget deficit. Eight of the 15 recommendations were statistically significant at a 95% confidence interval. Eight of the 15 recommendations that were significant and indicate a difference in attitudes between the two groups were: Reduce the defense budget, allocate a larger share of the budget to education and job training, employers shoulder a larger share of unemployment costs, invest more to reduce illegal immigration, allow younger people to opt out of social security, phase out social security benefits above a certain income level, reduce subsidies to special groups and industries, eliminate the exemption of home mortgage debt forgiveness.

Eight of the 15 recommendations were statistically significant at a 95% confidence interval. The eight recommendations that were significant and indicate a difference in attitudes between the two groups were:

1. Q2A Reduce our defense budget, as it currently occupies approximately 19% of the budget and represents approximately 50% of our discretionary spending.
2. Q2E Allocate a larger share of the budget to education and job training
3. Q2G Have employers shoulder a larger share of unemployment costs.
4. Q2I Invest more to reduce illegal immigration.
5. Q2K Allow younger people to opt out of social security.
6. Q2L Phase out social security benefits above a certain income level, since social security is meant to ensure against poverty in old age.
7. Q2M Reduce subsidies to special groups and industries
8. Q2O Eliminate the exemption of home mortgage debt forgiveness.

Tax Professionals strongly preferred reducing subsidies to special groups and industries Tax Professionals' mean compared to Students' mean were 4.26 and 3.82, respectively. The Tax Professionals, given their years of experience most likely are more conservative while the Students tend not to be socially conservative.

Students approved eliminating the tax exemption of home mortgage debt forgiveness compared to the Tax Professionals, means were 3.47 and 2.94, respectively. Tax Professionals are more likely to have experience with individuals who are in need of mortgage debt forgiveness and see it as a greater social cause.

CONCLUDING COMMENTS

The purpose of this study was to compare opinions on student recommended deficit reduction changes to the federal tax code (revenue) and budget (spending) from experienced tax professionals to inexperienced undergraduate tax students. Of the 15 student recommended changes to the federal tax code (revenue) differences in five recommendations were statistically significant. Of the 15 student recommended changes to the budget (expense), differences in eight of the recommendations were statistically significant. These findings indicate that the students, primarily the Millennial generation, and tax practitioners, who are Boomers for the most part, will have differing attitudes regarding the best measures to reduce the federal deficit. These differences may be significant, due to a "generation gap" or "age gap," driven by rapid cultural change, and are expected to impact the upcoming 2012 and subsequent elections.

The study's findings contribute to the literature on generational political attitudes and provide further support to Fisher's (2008[1]) findings. Overall, the results support that the Millennial generation is more tolerant and less conservative on social issues, support raising taxes, are in favor of Social Security reform, and reducing defense spending. It will be interesting to watch if this generation impacts the upcoming presidential election and if public opinion, driven by the Millennial generation continues play a significantly role in setting tax policies and Social Security reforms. Political attitudes may also influence healthcare reform.

One of the important limitations was that the survey questions were developed by the students and attitudes on healthcare spending were not included. Another limitation was that the student sample was generated from students attending a state university. Future research could extend the study to private universities and compare gender and ethnic differences.

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ACKNOWLEDGEMENTS

We wish to thank Ms. Julie Carroza, Membership Director and Mr. Art Renner, CPA, Executive Director at the Connecticut Society of Certified Public Accountants, for accommodating the authors by supporting the administration of the practitioner survey at a recent tax practitioner conference. Their assistance is gratefully acknowledged and appreciated.

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