April 29, 2010

Mark J. Mazur  
Deputy Assistant Secretary for Tax Analysis  
Department of the Treasury  
1500 Pennsylvania Avenue, NW, Room 4036A  
Washington, DC 20220  

Re: Volunteer Requirement Comments - FR Doc. 2010–7021  

Dear Mr. Mazur:

On behalf of the American Council on Education and the undersigned higher education associations, I respectfully submit the following comments in response to the above referenced Notice and Request for Comments ("Notice"). The Notice seeks public comment on the feasibility of instituting a community service requirement as a condition for receiving a tax credit for tuition and related expenses. See 75 Fed. Reg. 15,772 (March 30, 2010). The undersigned associations represent a broad spectrum of the nation’s higher education community.

The culture of community service that thrives on campuses across the country is something about which the higher education community is deeply proud and strongly committed to enhancing. However, we have a number of serious reservations about mandating community service as a condition for receipt of federal higher education tax credits. For the reasons set forth below, we hope you will concur with our view that, despite the many benefits of community service, modifying the higher education tax credits in this fashion would not yield desirable outcomes and could actually harm the very students the tax credits were designed to assist.

I. Community Service and Higher Education:

Community service and civic engagement has long been a distinctive and important component of U.S. higher education. With a history dating back to the 19th century, campus engagement in community service has accelerated in recent years. Many colleges and universities have active programs intended to encourage and facilitate community service by students through volunteer activities near and far from campus as well as in the classroom in service-learning courses. The trend is evident on public and private campuses across the spectrum of nonprofit higher education from community colleges to major research universities. In the 2006 report titled, “College Students
Helping America,” the Corporation for National and Community Service (“CNCS”) recognized this trend, and “applauded the growing number of higher education institutions that are embracing their civic mission and building strong community connections in new and creative ways.”1 In 2008, according to the Department of Education, there were 6.7 million college students participating in community service through volunteer activities. This represents a 60 percent increase from the 4.2 million who volunteered in 2000.2

In addition to volunteer activities, students are increasingly engaged in community service in the classroom through a plethora of service-learning courses offered at all types of institutions. According to Campus Compact, a coalition of 1,100 college and university presidents dedicated to promoting community service, “[a]cross all reporting member institutions, 24,271 service-learning courses were offered during the 2007-2008 academic year with an average of 43 service-learning courses per campus.”3 While public and private research universities on average had the highest numbers of service-learning courses, Historically Black Colleges and Universities, Tribal Colleges, and community colleges had the highest percentages of faculty teaching service-learning courses.4

The growth in volunteering and service-learning on college campuses is no accident. It reflects a deliberate and sustained effort by higher education because we believe in its merits for students, our institutions, and the world in which we live. To help nurture and enhance our community service efforts, the higher education community has developed a vibrant partnership with the federal government primarily through CNCS. As a result, we do not want to see steps undertaken which would inadvertently harm these efforts. Attaching a community service requirement to receipt of a federal tax credit may be just such a step.

II. Detrimental Impact on Students of Requiring Community Service to Receive Higher Education Tax Credits:

Imposing a community service requirement for receipt of higher education tax credits will impact students differentially, having the most detrimental impact on those who face the greatest financial and logistical obstacles to completing their studies. Low-income, working-class, and nontraditional students already face an array of enormous challenges—academic, financial, work-study balance, and a family-study balance—that impact their ability to stay in school and complete their academic programs.

Contrary to popular images of undergraduates, part-time, older and lower-income students make up a large proportion of today’s college students. For example, 70 percent of undergraduates are considered nontraditional, meaning that they may be enrolling part

1 Corporation for National and Community Service, College Students Helping America 3 (October 2006).
2 Department of Education, National Center for Educational Statistics, National Postsecondary Student Aid Study (2008)[hereinafter “NPSAS”].
time, have dependents, are financially independent, and/or work full time. See NPSAS. These students would face a disproportionately greater challenge in meeting a community service requirement.

According to data from the Department of Education, among the 75 percent of low-income and 80 percent of independent students who worked, the average number of hours worked per week was 30 and 35, respectively. In addition to low-income and independent students, other groups of students such as parents (25 percent of the student population) and single parents (13 percent) are additional populations who, due to work-family-school balances, would find it arduous to commit to a requisite number of volunteer hours. See NPSAS.

Low-income and nontraditional students are found on all types of campuses. For students at four-year schools, 64 percent work more than 20 hours a week. Students attending community colleges spend even more of their time working during school, with 84 percent working more than 20 hours a week, and more than 51 percent working more than 35 hours a week. See NPSAS.

Many of these working nontraditional students have families who are dependent upon them for financial support. Eighty-nine percent of independent students with families work to cover living expenses, averaging 31 hours per week. See NPSAS. They may be attending college for the first time or may be returning students, intent on quickly retraining or acquiring new skills to help land a new job after a layoff or to advance in their current profession. In effect, they are in a “race against the clock,” balancing work family obligations against their academic work with little or no surplus time.

For most low-income and nontraditional students, even a modest community service requirement could prove onerous. Working students, particularly those with families, have very little free time. Requiring community service to access federal student benefits would therefore force some to choose between work and volunteer activities. Given that nearly one out of four colleges students who drop out do so due to financial reasons, it is unlikely that students will sacrifice work hours in exchange for community service hours.4

Moreover, a community service requirement would be unfair and discriminatory to low- and middle-income students and families — those who are eligible to receive tax credits. More affluent students, while ineligible for tax credits, would not be subject to a community service requirement. A community service requirement may also impose a greater burden on upperclassmen as they tend to reduce their community service participation in response to a greater academic workload and an increased focus on their post-college career. On average, first-year students spend 22 hours per month volunteering, compared to third-year students who spend 13 hours per month. See BPS.

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4 Department of Education, National Center for Educational Statistics, Beginning Postsecondary Students survey (2003)[hereinafter “BPS”].
Finally, we believe that the burden of such a requirement, particularly on low-income and nontraditional students, is at odds with the President’s ambitious goal for the U.S. to have the world’s highest percentage of college graduates by 2020. In order to attain that goal, many more low-income and nontraditional students will have to enroll and graduate from college, requiring that meaningful steps be taken to remove rather than create barriers that stand in their way. A community service requirement would only erect an additional obstacle for these students.

III. Undermines Efforts at Education Tax Benefits Simplification:

The increased complexity inevitably resulting from the imposition of such a requirement may also undercut efforts to simplify the higher education tax credits which the enactment of the American Opportunity Tax Credit (“AOTC”) helped advance. Complexity has long been a serious problem with the Hope Scholarship Credit, the Lifetime Learning Tax Credit, and the above-the-line deduction for qualified tuition and related expenses, resulting in high rates of error in taxpayer usage of these important tax incentives. In testimony before the House Ways and Means Select Revenue Measures Subcommittee, the Government Accountability Office stated that:

postsecondary tax preferences are difficult for families to understand and use correctly. Perhaps due to the complexity of the tax provisions, hundreds of thousands of taxpayers fail to claim tax preferences to which they are entitled or do not claim the tax preference that would be most advantageous to them.5

We have long supported simplification of these higher education tax provisions because we believe it would make the credits more understandable for students and their families, resulting in higher, more effective utilization, advancing their intended purpose as access tools, and increasing tax compliance by reducing errors and opportunities for abuse. We believe the AOTC took helpful steps toward simplification that a community service requirement would undermine.

IV. Implementation and Administrative Challenges:

In addition to the burdens on certain students, there would be significant challenges for colleges and universities to implement and administer such a requirement.

First, identifying and placing the vast increase of eligible students in qualified community service opportunities would be an enormous undertaking for schools, let alone for students if they are left to fend for themselves. The problem will be particularly acute at large universities and other institutions located in rural areas or where the schools make up the majority of a community’s population because of the potentially thousands of eligible students and the limited number of suitable service opportunities available.

5 GAO, Postsecondary Tax Preferences Are Difficult For Families To Understand And Use Correctly, GAO-08-717T, p. 2 (Washington, D.C.: May 1, 2008).
This is a very real possibility since currently most community service occurs in partnership with local institutions.

Some of these similar placement challenges can be seen in the Federal Work-Study (“FWS”) program. Currently, the FWS program requires schools to use at least 7 percent of their annual FWS allocations to compensate students for employment in community service activities. These activities are identified by schools, through formal or informal consultation with local nonprofit, governmental, and community-based organizations, and include services addressing community needs across a range of areas such as child care, literacy, social services, neighborhood improvement, emergency preparedness, crime prevention, and community development.

While many institutions far exceed the 7 percent community service requirement, there are other institutions, particularly those located in rural or small communities, which continually struggle to meet this minimal requirement largely due to insufficient community service opportunities. During the 2007-2008 academic year, this program supported community service work of approximately 120,000 college students, an order of magnitude smaller than the 8 million students expected to qualify for the AOTC in 2010.

Expanding a community service requirement to a broader range of students could put institutions in an untenable position as they try to decide which students to place in limited positions. This could create a potential for backlash among students who need the resources provided by tax credits but are unable to locate sufficient opportunities to satisfy a community service requirement. Moreover, in areas where opportunities for community service are limited, schools would have to decide whether to place FWS students or potentially tax credit eligible students (who might be from different populations) in service positions. Currently, schools have no way of identifying whether a student or family is eligible for the tax credits.

Second, it will be extremely difficult to ensure accurate reporting and verification of student participation in community service. If students are required to self-report, there is the potential for reporting to contain everything from simple inaccuracy to outright fraud. In addition, there are many critical logistical uncertainties involving student self-reporting that would need to be resolved such as: what mechanism would students use to report their work; to whom would they submit reports; what systems would be put in place to verify student reporting; who would create and administer such systems; and what entity would serve as the repository of student reported information.

If schools are delegated this role, it would create immense organizational challenges, requiring the creation and administration of complex, payroll-like systems to, among other things, identify and track students, community service placements, and the hours students engage in service. This will be especially difficult to administer because this work typically takes place off campus, sometimes at great geographic distance in the case of vacation or summer service trips. Colleges and universities are already constrained in their ability to provide meaningful data on the IRS Form 1098T which students and families use in connection with the current higher education tax credits. This
challenge would only be exacerbated by the imposition of a community service requirement.

Also, we can only imagine the difficulties community service providers would encounter if they were charged with reporting and verifying student service activities. Given the foreseeable complexity of this administrative challenge, we wonder whether they would even be willing to participate in community service activities involving college students wishing to claim a higher education tax credit.

Underlying the entire issue of reporting and verification—whether by students, schools, or community organizations—is who will ultimately bear legal responsibility and liability for the accuracy of the information about student community service activity. Since our institutions do not currently have legal responsibility to ensure the legal use of higher education tax credits by a student or family, we believe the imposition of a community service requirement would not warrant a shift of legal responsibility or liability to colleges and universities.

Third, colleges and universities simply do not currently have in place infrastructure sufficient to implement and administer a community service requirement to cover all eligible students. A Campus Compact and CNCS study found that the biggest challenge in implementing the 7 percent community service requirement for FWS was the “campus administrative resources . . . required to meet federal expectations and coordinate an effective program.”6 While many institutions have thriving community service programs and a growing array of service-learning courses, the current staffing levels and financial resources devoted to these efforts would be wholly inadequate to manage the massive increase in student participation that would result from the imposition of such a requirement. In 2008, according to Campus Compact,

[s]ixty-six percent (66%) of member campuses have at least one full time staff member dedicated to directing community service, service-learning, and civic engagement activities and programs. . . . The annual budget of these offices and centers has changed little since 2006. Those offices/centers with an annual budget of less than $20,000 have remained constant at 42%, while the other budget categories have shifted only a little ([14 to 16]% with $20,000 to $49,000; 11 to 15% with $50,000 to $99,999; [16 to 20]% with $100,000 to $249,999 and 11 to 13% with $250,000 or more).7

To build the infrastructure necessary to effectively manage such a requirement, institutions would need to hire a number of new staff to handle a range of responsibilities including, locating and developing appropriate community service placements, providing orientation and appropriate training for students, ensuring good on site supervision and support for students, cultivating and sustaining solid, reciprocal partnerships with

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6 Campus Compact and Corporation for National and Community Service, Community Service Work-Study Report, p. 2 (September 16, 2002).
7 Campus Compact 2008 Service Statistics, supra pp. 5-6.
community organizations, managing transportation systems to facilitate student participation at off campus service sites, and marketing opportunities to students and community partners. In addition, leadership and management of volunteer community service programs and service learning, now often divided and allocated among different campus offices or academic departments, would need to be reorganized and clarified.

Building this infrastructure and meeting the needs of what at many schools will be thousands of students would be very costly. Unless the federal government provides funding for institutions to administer such a program, the cost would likely have to be passed onto students through increased tuition. Alternatively, institutions that cannot afford to administer such a program may simply leave all of the responsibilities in the hands of students, making it very difficult for those students to access the higher education credits.

Finally, there are a host of other issues that would add to the implementation challenges outlined above. There needs to be a clearer definition of community service than the one used in the FWS program to provide better guidance about appropriate opportunities. The growing number of online students, who may have little or no contact with a campus, will present other administrative challenges that add to the implementation complexity. And, the massive increase of student volunteers resulting from such a requirement may also create unintended burdens and costs for community service partners, complicating their ability to manage the work of these students.

V. Conclusion:

In conclusion, the higher education community strongly recommends against the imposition of a community service requirement as a condition for receipt of federal higher education tax credits. We believe that combining these two individually worthy policy objectives would yield a result that is decidedly less than the sum of its parts. We believe that such a requirement will detrimentally impact a number of students, particularly low-income and nontraditional students; it will be extremely difficult and costly to implement and administer; and, it may inadvertently harm the thriving community service and service-learning efforts already occurring on campuses across the higher education community. A better approach would be to promote community service through more adequate funding of postsecondary opportunity programs at the Corporation for National and Community Service, while ensuring tax simplification through the permanent extension of the American Opportunity Tax Credit.
Sincerely,

Molly Corbett Broad  
President

MCB/ldw

On behalf of:

American Association of Colleges for Teacher Education  
American Association of Collegiate Registrars and Admissions Officers  
American Association of Community Colleges  
American Association of State Colleges and Universities  
American Council on Education  
American Dental Education Association  
American Indian Higher Education Consortium  
APPA  
Association of American Universities  
Association of Community College Trustees  
Association of Jesuit Colleges and Universities  
Association of Public and Land-grant Universities  
Council for Opportunity in Education  
Council of Independent Colleges  
Hispanic Association of Colleges and Universities  
NASPA - Student Affairs Administrators in Higher Education  
National Association for College Admission Counseling  
National Association of College and University Business Officers  
National Association of Independent Colleges and Universities  
National Association of Student Financial Aid Administrators (NASFAA)  
The Women’s College Coalition