

**American Taxation Association (ATA)
Pro-Bono Tax Services Taskforce – March 5, 2005
Executive Summary of Survey Results**

In March 2004, the ATA Pro-Bono Taskforce distributed a survey to the ATA membership to assess the extent that pro-bono tax services (VITA and low-income taxpayer clinics) are being offered by accounting and tax faculty across the country. Our goal is to illuminate the magnitude of pro-bono tax services being done in order to promote educators' role in tax compliance, to enhance the image of the accounting profession through the service-minded nature of our tax work, and to identify funding opportunities for these activities. Another goal of our committee is to share "best practices" which we are currently evaluating.

As you will learn in the following pages, ATA faculty have been very busy making valuable contributions to their students and communities by assisting tens of thousands of taxpayers in completing their annual federal and state tax filings.

The ATA Pro-Bono Tax Services Taskforce thanks each of you who participated in the survey. We appreciate your efforts and continued dialogue in promoting pro-bono tax work.

Best regards,

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RESULTS

The results are summarized into seven broad categories: types of pro-bono activities, volunteers, training, faculty, funding, demographics, and general comments. Please note that not all faculty answered every question and some questions have multiple answers.

Types of Pro-Bono Activities

106 ATA members responded to the survey with 79 members (75%) actively engaged in pro-bono activities and 27 members (25%) not engaged in pro-bono activities. Over 90% of the ATA respondents participating in pro-bono activities are involved in VITA (volunteer income tax assistance program). The other faculty are engaged in Low Income Taxpayer Clinics under IRC Section 7526 or ad hoc tax services.

Volunteers

Many VITA programs offer both for credit class work and volunteer opportunities for accounting students as follows:

For Credit Training	Responses
4-credit course	1
3-credit course	19
2-credit course	2
1-credit course	8
No Credit Training	
Beta Alpha Psi students only	18
Accounting students only	34
University students only	15
Alumni, CPAs, community	22

Faculty use class announcements, on-campus presentations, student groups, extra credit, and resume value to recruit volunteers. Only 10% of the respondents indicate difficulty recruiting enough volunteers to run their programs. Many of the VITA programs use faculty, CPAs and IRS staff to supervise their programs. Several comments about VITA volunteers were received as detailed below.

1. Volunteers must travel about 30 miles to attend 16 hours of IRS provided training, and students will not go.
2. Tax professors teaching undergraduates discuss VITA several times during the semester, touting its benefits. Then, as VITA approaches, a mass email is sent to former students still attending the university.
3. We hire one professional to organize the sessions, grade the VITA exams, and review the work. He reports to the tax professor for assignment of a P/F grade.
4. CPA firms will assign professionals to specific VITA locations. Other CPAs will agree to provide help at other locations. The typical time commitment is between 3 and 4 hours. Most CPAs will volunteer for one 3-4 hour "shift."

Reasons for No or Discontinuing Pro-bono Tax Services

The primary reasons offered by 27 respondents for not offering or discontinuing to offer pro-bono tax services are no funding support, lack of faculty support for pro-bono work, and lack of faculty rewards at the faculty's institution commensurate to the time commitment required.

Other reasons listed for not offering pro-bono tax services include negative experiences with VITA, lack of student volunteers, lack of IRS support, and low-income tax issues are not emphasized in introductory tax classes.

Training

The following describes the types and methods of training offered in the VITA programs of the respondents.

<i>Type of formal coursework for pro-bono participation (n=79)</i>	<i>Responses</i>
None	26
Accounting classes, but no tax classes	15
One tax class	34
More than one tax class	4
 <i>Classification of students participating in pro-bono work (n=79)</i>	
Undergraduate students only	29
Graduate students only	2
Both Undergraduate and Graduate students	48
 <i>Training required beyond coursework (n=79)</i>	
None	7
1-10 hours	48
11-20 hours	11
>20 hours	2
No answer	11
 <i>Types of trainers used prior to participation (note multiple answers)</i>	
IRS employees	16
Volunteers provide training	6
Faculty provide training	56
No training – students learn “on the job”	6
Other (accounting club, county social workers, self-study)	5
 <i>Types of training materials (note multiple answers)</i>	
VITA training materials	57
Faculty training materials	32
Other (IRS publications, state tax information)	6
 <i>Training is offered (n=79):</i>	
During class time	18
Outside of class time	61

One faculty commented that “the IRS has been very helpful in providing forms, instructions, and publications. I stopped using the IRS VITA training materials, however, because they were full of errors.”

Faculty

From the survey, it is clear that many ATA faculty are involved in pro-bono tax work. In addition, few faculty are compensated for their pro-bono work, or recognized for this work in merit reviews and promotion.

<i>How many faculty participate in pro-bono tax work at your university? (n=79)</i>	<i>Responses</i>
No faculty	8
1 faculty	38
2 faculty	24
More than 2 faculty	9

<i>Are faculty compensated for participation in pro-bono tax work? (n=79)</i>	
Yes	14
No	65

Forms of compensation include course load reductions, grant money, and cash compensation.

<i>Is faculty participation in pro-bono tax work valued in merit reviews and promotion? (n=79)</i>	
Yes, definitely valued by department and administration	28
No, not valued by department and administration	20
Slightly valued by department and administration	29
No answer	2

Funding

Most respondents indicated that no funding is received for pro-bono tax work at their institution. However, several faculty noted funding sources including regular university budget (19 faculty), department's discretionary funds (17 faculty), internal and external grants (12 faculty), and external donors (3 faculty).

If an external funding program is legislated for VITA similar to the IRS Low Income Taxpayer Clinic program, we asked faculty the following question.

If you had funding or additional funding for pro-bono tax work, list 5 sources (in rank order) for which you would use funding. The results are below.

1. Computers/printers
2. Faculty salary/release time
3. Other (volunteer awards)
4. Promotion/advertising
5. Staff support

One faculty responded that “The IRS has discussed grant money for VITA in the past but has only allowed grants for tax clinics. Grants would greatly ease the burden on universities and give those who teach/supervise the programs more legitimacy within the academic community.”

Demographics

In order to better understand the nature of pro-bono tax work done by ATA colleagues, we collected the following demographic information. It is clear that ATA members have been significantly involved in pro-bono tax work in terms of the numbers of taxpayers helped and returns prepared. **Just considering the 79 faculty who responded to the survey, collectively they completed more than 30,000 federal and state tax returns assisting nearly 30,000 taxpayers.** Six faculty each completed over a 1,000 tax returns at their VITA sites. Nearly all respondents (except six) conduct their pro-bono tax services during tax season. About half the faculty responding conduct their pro-bono work on campus while the other half goes off-campus. Off campus venues include not-for-profit agencies, churches, libraries, prisons, malls, tribal office buildings, senior centers, and community centers. Faculty employ a variety of methods to promote their pro-bono tax services. The main methods are posters, school website, school newspaper, radio, and television.

The following questions and responses offer additional background about the VITA programs in the survey.

<i>How long has your pro-bono tax program existed? (n=79)</i>	<i>Responses</i>
1-5 years	26
6-10 years	19
11-20 years	23
More than 20 years	4
No answer	7
 <i>Is your pro-bono program aimed at: (multiple answers received)</i>	
Low-income taxpayers	64
International students	34
All university students	42
All taxpayers in the community	25
Other (Latino community, elderly)	7
 <i>How do you prepare tax returns? (n=79)</i>	
Electronic only	25
Manual only	22
Combination of electronic and manual	32

<i>Are the tax returns primarily e-filed? (n=79)</i>	<i>Responses</i>
Yes	35
No	38
No answer	6
<i>What type of tax filing software is used?</i>	
IRS provided (Taxwise)	37
TurboTax	4
Free file software	2
Proseries	1

For those e-filing tax returns, most computer hardware was from the school's computer lab or IRS computer loans. Several comments regarding e-filing were received including the following.

- Too much paperwork and dealing with taxpayers months after return was e-filed.
- Great! Very successful. Generally, it has gone well.
- Taxwise has lots of problems (acknowledgements).
- Takes more time than it is worth.

Some faculty offered the following suggestions to improve e-filing.

- Remove the requirements for storing paper/electronic files.
- Offer more resources for customer service after initial e-file.
- Provide a knowledgeable IRS computer person to handle questions.
- Allow state returns to be filed separately from federal returns.
- Force Taxwise to do a better job of acknowledging tax returns.
- Provide more training from experienced volunteers.
- Eliminate Form 8453.
- Use TurboTax with unlimited e-filing.
- Allow non-resident returns to be e-filed.
- Improve software to detect rejects.

General Comments

We received many thoughtful and challenging comments from the ATA members who responded. We list these comments below hoping they will spark continued dialogue with the IRS, academic administrators, students, and tax colleagues regarding pro-bono tax issues.

General Comments

1. This is one of the best opportunities available to students. I have been involved for over 23 year through 2 institutions. I truly believe in the VITA program.
2. I would be interested in hearing about others who are using VITA as service learning – it seems like such a natural. If you need more, I would be interested in sharing or working with you on this, to the extent my time allows.
3. We use ProSeries software (provided free by Intuit), which supports 1040NR returns and multiple state returns but not e-filing. The IRS approved software, TaxWise, supports e-filing but not 1040NR returns and multiple state returns. It would be nice if the IRS or a software company provided free software to VITA programs that supports 1040NR returns, multiple states, and e-filing.
4. The way our VITA program is operationalized (i.e. carefully managed by the county DSS, with whom we already had a relationship) is working very well for my students. The students also chose this project and seem to be pleased with the way things are going. I do not like the way the IRS operates VITA, i.e., with walk-ins.
5. This is a great program and the IRS provides significant support! They do the Taxwise training for us, while I do the technical training. The students love the experience.
6. This is a critical win-win-win situation. The students gain immensely and the community greatly appreciates the assistance as the low-income taxpayers are desperate for help.
7. I would like some guidance on how to set up a VITA clinic on my campus. Any helpful hints, contact names, etc. from the faculty would be great.
8. Getting the entire community involved, and the law school, has taken a huge burden off of our faculty (primarily the faculty adviser to BAP) and has resulted in a significant increase in the number of taxpayers who are assisted.
9. This program provides so little reward of any kind. There is no defined need at our school or area. It is hard to get students. It takes a lot of time. There is no return to faculty, either financial or non-financial. I am the only one who is at all interested or qualified. I did it for a few years and will never do it again, for any reason. I much prefer a fee based system for all taxpayers.
10. I think pro bono tax work is a wonderful learning experience for the students and a good service for the university. However, at my university, there is zero recognition or reward for faculty involvement in this type of service.

General Comments

11. An excellent concept and might be beneficial for student organizations, such as Beta Alpha Psi.
12. The faculty member must have release time or have it built into the teaching load. Closely supervise the students otherwise too many mistakes get made. Funding and issues surrounding whether departments recognize this type of service are both issues.
13. A credit course in preparation of individual tax returns would be more effective.
14. We work with a local agency, AccountAbility Minnesota. The collaboration is great. They do most of the organizing. We provide training and volunteers.
15. I would love some guidelines/suggestions/anecdotes from schools who have a VITA program to help in setting one in place. It would also help to have a list of IRS contacts.
16. Publicize to accounting department chairs that this is a great experience for students and a vital public service that should be recognized, encouraged, and rewarded.
17. We need to get more taxpayers to show up. We have a hard time competing with places that offer overnight refunds.
18. Fantastic experience for students – they have their own real-life clients.
19. Students write a paper and they find this to be a very beneficial service-learning experience.
20. I am the faculty advisor for BAP. Members of the fraternity participate in VITA as an official BAP activity. I provide training and grade tests. The students feed into local community programs to volunteer. Due to reduced interest by the IRS in VITA type projects (outsourcing is now the game there too) BAP has recently taken on the job of assisting our international students with their returns. I would not consider either of these activities as being sponsored by the school and it is not supported in any way by school assets. My service as BAP advisor is rewarded because BAP is valued. I do not think that actually running a VITA site would give back any reward commensurate to the time commitment. I use IRS materials for all training.

General Comments

21. This is a service – I can't see any additional need for funding once the site is organized. If we had needs such as for new computer sources then I would find the question relevant. I would feel very uncomfortable taking compensation as the faculty coordinator. The "V" in VITA stands for volunteer. I can't see asking students and in our case CPAs to give up their time and then carve out a stipend for myself. It just doesn't seem right. This is the first year that I have required the service learning component in the UG tax class. It would be helpful to have an update right at the beginning of the filing season that takes the manual current. There are inconsistencies (perhaps it is just local discretion) between how we in fact are doing some things and how it seems to be called for in the manual. We also border Iowa, but our E-file software only prepares Nebraska (our home state) returns. We have had to turn away several people who wanted help with their Iowa returns.
22. As department chair and the only tax guy on the faculty, I make it my mission to provide free tax services, particularly for our foreign students, doing hundreds of non-resident returns during the year. Most of these students are grad students in the college of engineering and are mostly Indian. There is a small IRS office in town, but none of those people have any expertise. In fact, they refer the students back to me. Some years, this has been a VITA effort. Some years, they want me to take a test to enjoy the privilege of doing all this free work. That, I decline. A couple of years ago, they decided they did not think I was reporting my efforts frequently enough, and declined to certify me as a VITA site. So, a few students and I do free work and the IRS gets no goodwill out of it. Go figure.
23. Pro bono work requires training in low-income taxpayer issues that is not emphasized in our introductory tax class. Additionally, negative experiences with VITA in the past convinced me not to offer any assistance again.
24. I find the VITA materials to be good, but I supplement with some other materials I develop. The IRS provided power point slides this year, and that helped. They are also trying to integrate the Tax-Wise software training (for e-file) with the regular VITA training, and that has been a great help.
25. I have found this to be an extremely rewarding experience. After several years of doing this, I realized that this activity was helping me build political capital across campus. Given an institution that considers tenure and promotion by committee at university level (as well as departmental and college), getting a reputation of performing highly relevant university service that is discipline specific can only help when trying to advance. Being connected outside your department and college really increases your influence across campus. My institution is mainly a teaching one, and has had COB AACSB accreditation for some time.

General Comments

- 25 – continued: It has been interesting to compare and contrast how different nationalities respond to this service. One Chinese student seemed to think it was relevant to try to negotiate her tax liability with me, providing me with comic relief. She had convinced an employer that she was exempt from income tax, and was upset when I explained the limited tax treaty exemptions available to her. A Nigerian student seemed to have the impression that I was some kind of lowly clerk, and copped a superior attitude. I quickly disabused her of that notion. Indian students are very polite, but I suspect that is context driven. Anyway, it is great to know lots of kids across campus, who have nothing to do with accounting. When there aren't too many people waiting for my help, I try to draw some personal details out of them.
26. This has been a wonderful experience for the students—a slice of “real life” and has kindled their interest in taxes in general. It has also been good for the school's reputation in the community.
27. I think our program works well. We focus it on a group with very similar returns and a high need for tax help. This focus allows our students to know the bounds of the project and gives us flexibility in timing and oversight. The taxpayer information is assembled for us by caseworkers. We then have group preparation sessions where we can answer questions and facilitate review.
28. I have found this to be a wonderful program for both the students and the university. The students get to apply what they are learning in class and take part in service-learning, while the university gets an incredible amount of free advertising and recognition for this.
29. It would be nice to have a one-credit training course on issues relating to foreign students' tax returns. Beta Alpha Psi involvement has helped in volunteer recruitment. We're trying to turn more of the administrative duties over to BAP.
30. I find it sad that the University does not appreciate the work of faculty in this area. Of the three major areas, research, teaching, and service, service gets the least weight when it comes to promotion, tenure, and salary increase. However, for many of us, it takes the most time.
31. What I hoped would be a very positive experience turned out to be a very negative one although some students did benefit from their interactions. In order to get volunteers, I finally gave my class the choice of working a few hours one Saturday morning for VITA or doing a paper. I actually ended up in physical therapy because of stress and a frozen shoulder that semester. Looking back, I was stupid; looking forward, never again. I hope you appreciate honesty!

General Comments

32. VITA is a wonderful service. Both the students and taxpayers benefit greatly from the experience. It is a lot of work, but very rewarding. It would be less stressful, if there were more faculty to staff our clinics. I worry that if I am ill, there will be no one to help the students.
33. About 75% of the students that we help are international students. We have about 350 international students on our campus. Filling out 1040-NRs and 1040-NR-EZs are not always easy.
34. I think this is valuable experience for the students, but a tremendous time burden for the faculty members (especially the one that is the main sponsor). I routinely put in 8-10 hours a week for the 6 weeks - we conduct the sessions, plus another couple of weeks for the training (mine) and the close down.
35. It is a service that is needed and should be provided. In order to do it right there should be co-operation between professional associations and student groups with incentives given to faculty. It is a matter of organization!
36. A great program for my students who get real life experience. Great for the community that receives a valuable outreach service. Too much of a burden on the one faculty member who coordinates the program, training, electronic filing, follow-up on problem returns.
37. We are encouraged to e-file by the IRS, but IRS resources are thin and not as well organized as we desire.
38. I would be interested in knowing the approach and materials used by other faculty to train volunteers to assist international students. This is my second year as faculty coordinator and prior coordinators decided to have our VITA students not prepare international student returns. I feel we need to move in this direction, but I am not sure how to train our volunteers. Thanks.
39. We will be starting our Beta Alpha Psi chapter next academic year and I do plan to get this group involved with VITA. It is very difficult to do VITA in Connecticut as the AARP groups have a strangle-hold on it and are not into sharing sites or locations or working with other groups and, from my past experience, it is very difficult to get low-income taxpayers onto university campuses. The other problem is you really have to have the site manned and ready to go in January and our students don't get back onto campus and the semester beginning until the third week of January.

General Comments

40. We offer our facilities to the IRS to conduct VITA training for all sites in the area. The training is geared to returning volunteers, and focuses primarily on using the IRS provided tax preparation software (Taxwise). The training is a little unorganized and not appropriate for students that have never prepared tax returns before. Therefore, we have to supplement the training provided by the IRS.
41. Once at a different university, I assisted in running one of the largest VITA programs in the country, assisting over 15,000 low-income taxpayers in the Detroit area in 1993 when I left the university. There was no university support, not even acknowledgement of the many awards received by the university because of my contributions. There was also no university recognition for this service in my efforts to gain tenure. After that experience, it would be difficult for me to make a decision to get actively involved in the recruitment and training of VITA volunteers from universities in this area and other interested persons in the community. It is also doubtful that I would commit every Saturday from beginning of February to April 15th to the supervision of one of the largest VITA return preparation centers (preparing 150-20 returns per Saturday).
42. Until the AACSB recognizes such work as contributing towards a university's mission, tax faculty will have little or no incentive to engage in these important endeavors. I was considering applying for LTIC grant but have decided against it in favor of increased publications (and I am a tenured full professor). The whole AACSB process works against pro bono services.