

## Service Pays: Creating Opportunities by Linking College with Public Service

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*Elizabeth Warren\**  
*Sandy Baum\*\**  
*Ganesh Sitaraman\*\*\**

Americans are a contentious lot. We express an astonishing variety of opinions about politics and religion, sports teams and movies, vitamin supplements and workplace dress codes. Differences on questions of social class, the acceptable level of economic inequality, and the importance of economic mobility are particularly sharp. But on one idea we are united: 97% of American parents agree that a college degree is “absolutely necessary” or “helpful” to secure their children’s future.<sup>1</sup> In fact, Americans see a college degree as the single most important determinant of young people’s chances of future success—their ticket to the future.<sup>2</sup>

But it is becoming harder than ever for families to pay for that ticket. And as students increasingly try to shoulder the burden, many are leaving college deep in debt, tempering the good news of higher earning potential with the higher risks associated with debt. Many others, including almost 20% of low-income high school graduates with high test scores, do not manage to enroll in college at all within two years of graduating high school.<sup>3</sup>

If college is to be the ticket to security and success, then a new financing mechanism is essential, one that lets students take responsibility for the cost of their own educations without burdening their families unduly, forcing them to make career choices that push them out of public service, or mortgaging their futures. Our *Service Pays* proposal is designed to give every student who wants to work hard a means of paying for college.

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\* Leo Gottlieb Professor of Law, Harvard Law School.

\*\* Professor of Economics, Skidmore College, and senior policy analyst for the College Board.

\*\*\* J.D. Candidate, Harvard Law School, Class of 2008.

<sup>1</sup> JOHN IMMERWAHR & TONY FOLENO, GREAT EXPECTATIONS: HOW THE PUBLIC AND PARENTS—WHITE, AFRICAN AMERICAN, AND HISPANIC—VIEW HIGHER EDUCATION 3, 3 tbl.1 (2000).

<sup>2</sup> *Id.* at 3.

<sup>3</sup> David Ellwood & Thomas Kane, *Who Is Getting a College Education? Family Background and the Growing Gaps in Enrollment*, in SECURING THE FUTURE 294 (S. Danziger & J. Waldfogel eds., 2000); see also SANDY BAUM & KATHLEEN PAYEA, COLLEGE BD., EDUCATION PAYS 2004: THE BENEFITS OF HIGHER EDUCATION FOR INDIVIDUALS AND SOCIETY (2004), available at [http://www.collegeboard.com/prod\\_downloads/press/cost04/EducationPays2004.pdf](http://www.collegeboard.com/prod_downloads/press/cost04/EducationPays2004.pdf).

## I. AID RISES A LITTLE; COSTS RISE A LOT

Tuition, fees, and room and board now total almost \$13,000 a year at the average public university.<sup>4</sup> Including the cost of books and other essentials, the bill rises to over \$16,000.<sup>5</sup> To pay that, the average U.S. family of four not receiving grant aid would have to commit 25% of its total pretax income.<sup>6</sup>

A private education is even more expensive, averaging over \$30,000 a year for tuition, fees, and room and board.<sup>7</sup> Even though grant aid is available to the majority of students in private colleges, many still pay a high price for the opportunity to study in these institutions, often more than \$100,000 by graduation.<sup>8</sup> Despite the cost, some students need the options private colleges offer in terms of size, admissions standards, fields of study, religious affiliations, or geography.

The situation is bad, and getting worse. After adjusting for inflation, in-state tuition and fees at the average state university have increased 35% over the past five years.<sup>9</sup> In fact, even as the cost of health care skyrockets, it is sobering to note that the price of college has grown twice as fast.<sup>10</sup>

The failure of grant aid to keep pace with the price of college is a particular problem for students from low- and moderate-income families. Over the past decade, the federal government, state governments, and colleges and universities have all directed increasing portions of their funds toward high-achieving middle- and upper-income students in order to influence their choices about where to go to college.<sup>11</sup> For students with

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<sup>4</sup> COLLEGE BD., TRENDS IN COLLEGE PRICING 2006, at 6 tbl.2 (2006), available at [http://www.collegeboard.com/prod\\_downloads/press/cost06/trends\\_college\\_pricing\\_06.pdf](http://www.collegeboard.com/prod_downloads/press/cost06/trends_college_pricing_06.pdf).

<sup>5</sup> *Id.*

<sup>6</sup> Bureau of the Census, Median Income for 4-Person Families by State, <http://www.census.gov/hhes/income/4person.html> (last modified Feb. 17, 2005). To put these costs in perspective, Fannie Mae, the quasi-governmental agency that underwrites a huge fraction of home mortgage lending in the United States, advises families that in order to be financially secure and have enough money for other expenses, "a household should spend no more than 28% of its income on housing expenses and no more than 36% of its income on total debt obligations (including the monthly mortgage payment)." Fannie Mae, Becoming A Homeowner: How Much House Can You Afford?, [http://www.fanniemae.com/homebuyers/finda\\_mortgage/becoming/started/houseafford.jhtml?p=Find+a+Mortgage&s=Becoming+a+Homeowner&t=Getting+Started&q=How+Much+House+Can+You+Afford?](http://www.fanniemae.com/homebuyers/finda_mortgage/becoming/started/houseafford.jhtml?p=Find+a+Mortgage&s=Becoming+a+Homeowner&t=Getting+Started&q=How+Much+House+Can+You+Afford?) (last modified May 23, 2005).

<sup>7</sup> COLLEGE BD., *supra* note 4, at 5.

<sup>8</sup> *See id.* at tbl.1.

<sup>9</sup> NAT'L CTR. FOR EDUC. STATISTICS, U.S. DEP'T. OF EDUC., DIGEST OF EDUCATION STATISTICS 2005, at 510 tbl.312, available at [http://nces.ed.gov/programs/digest/d05/tables/dt05\\_312.asp](http://nces.ed.gov/programs/digest/d05/tables/dt05_312.asp).

<sup>10</sup> These rates are measured over the five-year period from 2002 to 2006. *Id.* Bureau of Labor Statistics, U.S. Dep't of Labor, Consumer Price Index—All Urban Consumers, <http://data.bls.gov/cgi-bin/surveymost?cu> (select "U.S. Medical Care, 1982-84=100—CUUR000 SAM") (last visited Oct. 9, 2006).

<sup>11</sup> *See* COLLEGE BD., TRENDS IN STUDENT AID 2006, at 20 (2006), available at [http://www.collegeboard.com/prod\\_downloads/press/cost06/trends\\_aid\\_06.pdf](http://www.collegeboard.com/prod_downloads/press/cost06/trends_aid_06.pdf).

the most limited resources, the only alternative to working long hours while they try to juggle college classes is to accumulate daunting amounts of debt.

For years, policymakers have worried publicly about how to make college accessible to the poor. Today, the middle class is also worried about accessing higher education. Denise Robinson, a Texas schoolteacher, describes the cost of putting her daughter through college: “You don’t make enough that you’re [rich], but you don’t qualify for financial aid. We were probably out at least \$100,000.”<sup>12</sup>

## II. THE RISKS OF STUDENT DEBT

Grants and scholarships were once reserved for the poorest students, but today almost two-thirds of all full-time undergraduates receive them. Even so, this aid is insufficient to close the growing gap between price and most families’ ability to pay. While charges at the average public four-year college grew by over \$5,000 over the decade from 1995 to 2005, grant aid per student grew by less than half that amount.<sup>13</sup> To cope, students and families have increasingly turned to loans. More than 60% of public college graduates and nearly 75% of private college graduates have taken on debt to pay for college.<sup>14</sup> The median debt load for public college graduates who borrow is \$15,500; for students from private colleges it is \$19,500.<sup>15</sup> Although federal education loans total almost \$70 billion, they cannot meet demand.<sup>16</sup> Students are taking private loans with less favorable terms. Currently, private loans account for about 20% of total education debt.<sup>17</sup>

A college diploma is a good investment for most students, but with it comes the risk that for some, the cost of financing will offset the financial value of the degree. Default rates on student loans are rising, and the Department of Education estimates that about one in eight students will fail to make payments due on a student loan.<sup>18</sup> Some former students will

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<sup>12</sup> ELIZABETH WARREN & AMELIA TYAGI, *THE TWO-INCOME TRAP: WHY MIDDLE CLASS MOTHERS AND FATHERS ARE GOING BROKE* 42 (2003).

<sup>13</sup> COLLEGE BD., *TRENDS IN COLLEGE PRICING 2005*, at 11 tbl.4 (2005), available at [http://www.collegeboard.com/prod\\_downloads/press/cost05/trends\\_college\\_pricing\\_05.pdf](http://www.collegeboard.com/prod_downloads/press/cost05/trends_college_pricing_05.pdf). See also COLLEGE BD., *supra* note 11, at 16 tbl.7b.

<sup>14</sup> COLLEGE BD., *TRENDS IN STUDENT AID 2005*, at 12 (2005), available at [http://www.collegeboard.com/prod\\_downloads/press/cost05/trends\\_aid\\_05.pdf](http://www.collegeboard.com/prod_downloads/press/cost05/trends_aid_05.pdf); LUTZ BERKNER ET AL., NAT’L CTR. FOR EDUC. STATISTICS, U.S. DEP’T. OF EDUC., *2003–04 NATIONAL POSTSECONDARY STUDENT AID STUDY: UNDERGRADUATE FINANCIAL AID ESTIMATES FOR 2003–04 BY TYPE OF INSTITUTION* (2005), available at <http://nces.ed.gov/pubs2005/2005163.pdf>.

<sup>15</sup> See COLLEGE BD., *supra* note 11, at 12 fig.4a.

<sup>16</sup> *Id.* at 9 fig.3b.

<sup>17</sup> *Id.*

<sup>18</sup> U.S. DEP’T. OF EDUC., *BUDGET FOR FISCAL YEAR 2007*, at 366 (2006), available at <http://www.whitehouse.gov/omb/budget/fy2007/pdf/appendix/edu.pdf>.

keep paying their student loans, but only by accruing more debt. An estimated 20 to 30% of college students now have debt burdens so large that they are difficult to manage.<sup>19</sup> Increasingly, students must begin their adult lives with debts that outstrip their earning potential, creating a financial vortex from which they may never escape.

Those who do not have family resources to rely upon after they graduate have a more difficult time repaying their loans. Because low-income students tend to enroll in less-expensive institutions, the average debt levels of students from low-income families are similar to those of students from more affluent families. But students from low-income families are more likely than others to say that the benefits of their loans are not worth the costs; that repayment is causing them more burden than they had anticipated; and that their life choices are significantly constrained by their education debt obligations.<sup>20</sup>

In addition to those from low-income families, some other groups of students are particularly vulnerable to debt repayment problems. Students who are in fields characterized by relatively low earnings are likely to struggle with debt, as are students in rural areas with limited employment opportunities, and those with family obligations. A student's ability to repay loans also depends upon the amount of non-education debt she incurs. Nearly a quarter of graduating students carry at least \$3,000 in credit card debt.<sup>21</sup> That debt grows as they borrow to buy cars and establish households.

Debt burdens have grown at the same time that recent college graduates face other economic pressures. College graduates are no longer as insulated from weaknesses in the labor market as they once were. They were more vulnerable to unemployment during the most recent economic downturn than they had been in previous downturns.<sup>22</sup> College graduates are also increasingly likely to be unemployed for long periods.<sup>23</sup> Income volatility, once the bane of those with only high school diplomas, has increased fastest among the college educated.<sup>24</sup>

Although college enrollment and the relative earning potential of college graduates have grown significantly over time, young people's wages remain low relative to those of older workers, regardless of educational attainment. Over the past twenty-five years, as workers between the ages

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<sup>19</sup> *Id.* See SANDY BAUM & SAUL SCHWARTZ, COLLEGE BD., HOW MUCH DEBT IS TOO MUCH? DEFINING BENCHMARKS FOR MANAGEABLE STUDENT DEBT (2005), available at <http://www.collegeboard.com/research/pdf/06-0869.DebtPpr060420.pdf>.

<sup>20</sup> SANDY BAUM & MARIE O'MALLEY, COLLEGE ON CREDIT 23–24 (2003).

<sup>21</sup> NELLIE MAE, UNDERGRADUATE STUDENTS AND CREDIT CARDS IN 2004, at 7–8 (2005), available at [http://www.nelliemae.org/library/ccstudy\\_2005.pdf](http://www.nelliemae.org/library/ccstudy_2005.pdf).

<sup>22</sup> Sylvia Allegretto, Econ. Policy Inst., *Current Recovery Blind to Education Attainment*, ECON. SNAPSHOTS, Aug. 11 2004, [http://www.epinet.org/content.cfm/webfeatures\\_snapshots\\_08112004](http://www.epinet.org/content.cfm/webfeatures_snapshots_08112004).

<sup>23</sup> *Id.*

<sup>24</sup> See JACOB HACKER, THE GREAT RISK SHIFT 27–28 (2006).

of forty-five and fifty-four have enjoyed an earnings increase of 16% after adjusting for inflation, those between the ages of twenty-five and thirty-four have seen their purchasing power rise by only 1%. Neither group kept pace with the cost of living between 2000 and 2004, but younger workers fell behind more than older workers.<sup>25</sup>

In addition to facing stagnating wages, recent college graduates are much more likely to have to pay for their own health insurance than was the case just a few years ago. The percentage of entry-level college graduates whose employers contributed to their health insurance premiums fell from 71% in 2000 to 64% just five years later.<sup>26</sup>

These factors mean that while a college degree is necessary for most people to enjoy a middle-class lifestyle, it is far from sufficient to assure immediate financial security. To encourage more young people to participate in higher education, it will be necessary to assure them that they will not face high levels of debt with no promising avenues for repaying that debt.

### III. MAKING COLLEGE AFFORDABLE FOR ALL

College students can shoulder educational costs if they know they will have opportunities to repay loans. A program that features four years of loans, followed by four years of public service to forgive those loans, would be such an opportunity. It would significantly diminish the burden of educational debt and keep open the option of public service and other lower-paying, but potentially more rewarding, jobs for graduates.

*Service Pays* is one such program. The federal government would increase the amount students can borrow in the unsubsidized Stafford loan program, offering money for four years of college tuition, fees, and room and board to any student on the same terms as current student loans.<sup>27</sup> The dollar amounts of the available loans would be pegged to average prices at public four-year colleges and universities, and students would have four years to work off those loans. The government would forgive students one year of college expenses for each year the student worked in public service after college.<sup>28</sup> College loan forgiveness would be available to

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<sup>25</sup> LAWRENCE MISHEL, JARED BERNSTEIN & SYLVIA ALLEGRETTO, ECON. POLICY INST., *THE STATE OF WORKING AMERICA*, 2006/2007, at 51 (2006), available at [http://www.stateofworkingamerica.org/swa06-01-family\\_income.pdf](http://www.stateofworkingamerica.org/swa06-01-family_income.pdf).

<sup>26</sup> Steven Greenhouse, *Many Entry-Level Workers Find a Rough Market*, N.Y. TIMES, Sept. 4, 2006, at A10 (citing data provided by the Economic Policy Institute).

<sup>27</sup> Qualifying students would remain eligible for subsidized loans, which they could repay through the program. Parents could repay loans under the PLUS program in the same way.

<sup>28</sup> Students could opt for two years in public service, for example, and pay off the remainder of their loans in cash. This would give more flexibility to the students, and it would preserve resources for the program.

students from two-year or four-year accredited schools, public or private,<sup>29</sup> and any student, regardless of income, could participate in the program, as long as she agreed to repay the debt either through the public service option or regular repayment.<sup>30</sup>

With *Service Pays*, typical students could begin adult life debt-free at twenty-six with a college diploma and four years of work experience. Those who go to college later in life would also have the opportunity to participate in the loan forgiveness program.

*Service Pays* emphasizes the importance of higher education, sending the message to America's youth that the nation values higher education enough to help any student get a college degree. The program makes a clear statement that education is worth the investment, both nationally and individually.

#### A. *Serving the Country*

Giving every young person the tools for financing her own college education would be transformative. Making public service an integrated part of the coming-of-age experience in America would expand the transformation. A broad-based program of public service would create new opportunities and generate increased interest in serving the nation and its communities. The greater the number of young people who engage in public service, the greater our capacity for addressing important national challenges.

Maintaining a strong military and secure homeland are among the nation's greatest priorities, and both face substantial personnel challenges. Increasing the number of qualified recruits is a necessity. *Service Pays* could help develop the officer corps by making military careers a financially viable option for a broad cross-section of America's college graduates. Moreover, students who engage in military service will be prepared for future leadership in civil society.

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<sup>29</sup> Although the program is aimed toward increasing college graduation rates, it is important to recognize that not every student who enters college is able to graduate on a four-year schedule. Some will take time off and return years later, and others will never return. Those students also need a way to cope with their educational loans, so the public service option is open to them as well. Similarly, loan money would be available to students in both public and private schools.

Increasing the availability of federal student loans is critical. Under existing loan limits, students are increasingly turning to banks and other private lenders for supplementary funds. These loans generally carry higher interest rates and less favorable terms than Stafford loans. The difficulty of including them in a publicly funded loan forgiveness program makes it imperative that their growth be stemmed if *Service Pays* is to accomplish its goals.

<sup>30</sup> Students would not be required to commit to public service as part of the terms of their loans. Instead, at graduation, they could satisfy their loans either with regular loan payments at standard educational loan rates or participate in public service work.

In an age when terrorism and national emergencies seem imminent, America must maintain a high level of national preparedness. The next hurricane, terrorist attack, or infectious disease outbreak could devastate large portions of our population. Yet America remains unprepared. Most hospitals would be unable to deal with an emergency surge in patients. Even without a crisis, we face tremendous challenges. In state public health agencies, an average of 24% of the workforce was eligible for retirement as of 2004, and in some agencies, that number is as high as 45%.<sup>31</sup> Although California's population has grown, its health department operates at 60% to 70% of its capacity of ten years ago.<sup>32</sup> A recent report by the Department of Homeland Security found that evacuation preparedness is inadequate, even after Katrina.<sup>33</sup> Only 10% of states and 12% of urban areas have adequate plans to assist those who cannot evacuate on their own, reflecting a dire need for strategic planning.<sup>34</sup> This means that 90% of states and 88% of municipalities presently lack plans to assist the elderly, young, or economically disadvantaged persons.<sup>35</sup> While recent college graduates cannot shoulder these burdens alone, the infusion of young workers, trained and working toward national preparedness in times of crises, could provide critical help in meeting these challenges.

A cadre of dedicated young people could also have a great impact on America's international position. While it is commonplace to note the decline in America's image throughout the world, the country's image actually improved substantially in predominantly Muslim Indonesia between 2003 and 2005. In that two-year span, positive opinions of the United States rebounded from 15% to 38%, with 79% of Indonesians saying they have a more favorable view of the United States because of U.S. tsunami relief aid.<sup>36</sup> The lesson of the tsunami relief effort is clear: When Americans help people of other nations through crises, we engender substantial goodwill.

*Service Pays* envisions a reformed Peace Corps that would place young people with aid and development organizations around the world. Young graduates would assist with rebuilding after natural disasters, and they would assist in local community development programs doing work such as teaching English and improving water usage. While young people would take their skills and training to foreign countries, they would then learn new skills to bring back to the United States. Volunteers would re-

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<sup>31</sup> Aaron Katz et al., *Preparing for the Unknown, Responding to the Known: Communities and Public Health Preparedness*, 25 HEALTH AFF. 946, 954 (2006).

<sup>32</sup> *Id.*

<sup>33</sup> U.S. DEP'T. OF HOMELAND SEC., NATIONWIDE PLAN REVIEW: PHASE 2 REPORT 51 fig.27 (2006), available at [http://www.dhs.gov/xlibrary/assets/Prep\\_NationwidePlanReview.pdf](http://www.dhs.gov/xlibrary/assets/Prep_NationwidePlanReview.pdf).

<sup>34</sup> *Id.*

<sup>35</sup> *Id.*

<sup>36</sup> PEW GLOBAL ATTITUDES PROJECT, US IMAGE UP SLIGHTLY, BUT STILL NEGATIVE 1 (2005), available at <http://pewglobal.org/reports/pdf/247.pdf>.

turn with cultural expertise and language ability from many regions in the world, creating a pool of talented workers for every aspect of American life, both public and private. Other students could meet their service obligations by following more traditional paths to international work, including the Foreign Service or intelligence agencies. Those branches of government would benefit from a broader and deeper pool from which to choose America's front line ambassadors and intelligence officers, while the competitiveness of American industry would be strengthened by a pool of young workers with more international experience.

The challenges America faces at home are as great as those it faces abroad. In education, for example, high-need schools—generally urban and rural schools with a substantial minority or lower-income student body—have difficulty recruiting teachers, especially in certain subject areas.<sup>37</sup> *Service Pays* could place teachers, particularly in math and science, in these schools, addressing supply and distribution problems.

Throughout America, *Service Pays* would place young people in positions from which they can make meaningful changes. *Service Pays* graduates would be eligible to work for the federal and state government. Much as the Reserve Officers' Training Corps (ROTC) gives scholarships to students who commit themselves to work for the military, *Service Pays* would provide loan forgiveness for students who agree to work for various civil agencies. From the federal Department of Agriculture to state fisheries and wildlife agencies, a new generation of workers would help address the retirement of the baby boomer generation from civil service, and would also provide an educated and talented pool of workers to serve in important government positions.<sup>38</sup>

Workers would also be assigned to states or non-profit organizations to run after-school tutoring programs, to clean up public buildings and parks, to rebuild roads and bridges, to improve the environment, to computerize state administrative systems, to assist municipal police and firefighters in administrative functions, and to organize communities to reduce crime and develop the local economy.<sup>39</sup> Organizations from Habitat for Humanity to the Red Cross would be encouraged to work with the

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<sup>37</sup> NAT'L P'SHIP FOR TEACHING IN AT-RISK SCHS., QUALIFIED TEACHERS FOR AT-RISK SCHOOLS: A NATIONAL IMPERATIVE 6-7 (2005), available at <http://www.ncrel.org/quality/partnership.pdf>; see also THE URBAN TEACHER COLLABORATIVE, THE URBAN TEACHER CHALLENGE: TEACHER DEMAND AND SUPPLY IN THE GREAT CITY SCHOOLS 8-16 (2000), available at <http://www.cgcs.org/pdfs/utc.pdf>.

<sup>38</sup> According to the Partnership for Public Service, of the 1.9 million people currently serving in the federal government, 44% will be eligible to retire by 2010. P'SHIP FOR PUB. SERV., BACK TO SCHOOL: RETHINKING FEDERAL RECRUITING ON COLLEGE CAMPUSES 6 (2006), available at [http://www.ourpublicservice.org/usr\\_doc/57009R1-report.pdf](http://www.ourpublicservice.org/usr_doc/57009R1-report.pdf); Press Release, P'Ship for Pub. Serv., New Survey About Student Attitudes Toward Government Service (May 2, 2006), [http://www.ourpublicservice.org/pressroom/pressroom\\_show.htm?doc\\_id=371282](http://www.ourpublicservice.org/pressroom/pressroom_show.htm?doc_id=371282).

<sup>39</sup> Notable examples include the Direct Action and Research Training Center (DART) and the Association of Community Organizations for Reform Now (ACORN).



*Service Pays* program to provide opportunities for young people to give back to local communities.<sup>40</sup> In addition, this newly educated workforce would be available to commence work on innovative national goals, such as energy independence.

Through a combination of public and private offerings, every student who wanted to participate in *Service Pays* would be offered a placement in public service work. Not everyone would be guaranteed a public service job in a particular area, and competition for some assignments could be keen. Students with training in areas of particular need—such as the sciences, education, or foreign languages—would be first in line for jobs that called on their special skills. But the opportunity to work in some public service capacity would be guaranteed to all students. If student demand exceeded the supply of opportunities, then the federal government would commit to expanding its service opportunities so that those who want to serve would have that chance.

Even with merit-based competition for positions, in some areas—intelligence, for example—additional training and personnel planning may be necessary. Most training would be handled by the organizations for which the graduates will work,<sup>41</sup> although, in areas without preexisting training, *Service Pays* would develop programs to prepare graduates for their positions. In fields such as homeland security and international development, continuity will be vital to create institutional memory and avoid retracing familiar ground. Permanent managers for these projects and careful personnel planning would help assure effective use of young workers. Depending on need, public service employers might encourage graduates to remain as full-time employees, particularly in demanding areas such as energy research and teaching.

An influx of young workers into public service would undoubtedly change some of the institutions for which they work. Some public sector employees, for example, might see the young people as a threat to their own jobs—as cheap replacements for the work they do. Others might see the young people in the opposite light—as an opportunity to educate a substantial number of young citizens about the work of government and to give them a lasting sense of the importance of public sector work. Federal and state employees might count these young people as potential new recruits, a group of talented and well-trained people who might not otherwise have thought of public sector work, but some of whom might be interested in the opportunity to make it a lasting career. Private charities

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<sup>40</sup> Non-profit organizations that want to participate in *Service Pays* could apply to the program and be considered on the same basis that AmeriCorps currently uses: “Direct service activities must address local environmental, educational, public safety (including disaster preparedness and response), or other human needs.” 45 C.F.R. § 2520.25 (2005).

<sup>41</sup> Recent graduates who work with partner organizations like Teach for America would be trained by those organizations. For government positions like intelligence, the relevant agency would provide training, just as it currently does for recent hires.

and the military might undergo similar change. In any case, the evolution of public institutions that comes from new blood could strengthen those institutions and, at the same time, expand the base of support for those institutions.

### B. *The Benefits of Service*

In addition to confronting the many challenges facing American communities, the *Service Pays* program has important indirect benefits. *Service Pays* engages the “September 11 Generation,” offering a stake in government to a generation that has expressed growing interest in community service. In 2002, 61% of college students were involved in community service, and 89% of that group had volunteered in high school as well.<sup>42</sup> From 2002 to 2005, the number of volunteers aged sixteen to twenty-four increased by 2.25 million, with over two million young people working one hundred or more hours in 2005 alone.<sup>43</sup> But despite their extraordinary involvement as volunteers, young people have been less engaged in politics and government. A modest 42% voted in the 2004 election,<sup>44</sup> and only 35% believed that voting in a presidential election was a way to bring about significant change in society.<sup>45</sup> These negative perceptions of the public sphere are manifest in the almost 60% of young people who consider government “the” government rather than “our” government.<sup>46</sup> By giving young people a stake in public sector work, *Service Pays* has the potential to convince young people that government is an important vehicle for change in society and that their participation in the political process is an important contribution in improving their communities and the nation.

*Service Pays* is innovative, but it has powerful precedents that engaged an earlier generation of young people. The GI Bill of Rights in large part motivated the Greatest Generation to remain so active in public life. According to a study by Professor Suzanne Mettler, the GI Bill “pro-

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<sup>42</sup> INST. OF POLITICS, JOHN F. KENNEDY SCHOOL OF GOV'T, HARVARD UNIV., THE INSTITUTE OF POLITICS SURVEY OF STUDENT ATTITUDES 8 (2002), available at <http://www.iop.harvard.edu/pdfs/survey/2002.pdf>.

<sup>43</sup> In 2002, volunteers aged sixteen to twenty-four numbered 7.7 million, about 22% of the sixteen to twenty-four population. In 2005, the number had increased to 8.95 million, 24% of the sixteen to twenty-four population. Press Release, Bureau of Labor Statistics, Volunteering in the United States, 2005, at 2 tbl.A (Dec. 19, 2005), <http://www.bls.gov/news.release/volun.nr0.htm>; see also Sue Shellenbarger, *Doing Well vs. Doing Good: Parents Struggle with their New Grads' Idealism*, WALL ST. J., June 29, 2006, at D1.

<sup>44</sup> Fact Sheet, Ctr. for Info. & Research on Civic Learning & Engagement, Youth Voting in the 2004 Election 1 (Jan. 25, 2005), <http://www.civicyouth.org/PopUps/FactSheets/FS-PresElection04.pdf>.

<sup>45</sup> LEON AND SYLVIA PANETTA INST. FOR PUB. POLICY, ATTITUDES, POLITICS, AND PUBLIC SERVICE 12 (2004), available at <http://www.panettainstitute.org/lib/04/survey.pdf>.

<sup>46</sup> Leon and Sylvia Panetta Inst. for Public Policy, Volunteerism, Education, and the Shadow of September Eleventh: A Survey of American College Students (May 2002), [http://www.panettainstitute.org/lib/02/hart\\_05.html](http://www.panettainstitute.org/lib/02/hart_05.html) (last visited Nov. 12, 2006).

duced increased levels of participation [in civic organizations and politics]—by more fully incorporating citizens, especially those from less privileged backgrounds, through enhancement of their civic capacity and predisposition for involvement.”<sup>47</sup> Veterans saw their time in college as an “opportunity” and a “privilege,” not an entitlement, and even after finishing school, they still felt they owed something back to America for the opportunity provided by the program.<sup>48</sup> These effects were not just the result of their new higher socioeconomic status and their new higher education level; they were the direct results of the civic nature of the program itself.<sup>49</sup> Like the GI Bill, *Service Pays* has the potential to help the “September 11 Generation” become a generation deeply committed to social responsibility.

*Service Pays* will foster understanding among people of different backgrounds while simultaneously creating conditions that encourage the growth of the middle class. According to a recent Brookings study, the number of economically diverse neighborhoods in metropolitan areas is declining.<sup>50</sup> Instead, families are increasingly more likely to live in neighborhoods with people of a similar income range—whether high or low.<sup>51</sup> The result is that more Americans interact only with people like themselves.<sup>52</sup>

The service component of *Service Pays* would offer a counterweight to this increasing social isolation. *Service Pays* would bring together young people from different backgrounds. Participants from rural, suburban, and urban areas, different regions of the country, and diverse ethnic, religious, and socioeconomic backgrounds would become colleagues, serving and learning together. Many participants would also work away from their home city or state—in regions of the country or parts of the world with different values and cultural backgrounds. These young people would be exposed to new ideas, places, opinions, backgrounds, and beliefs, and as a result might build greater understanding of, tolerance for, and goodwill toward those who differ from them.

There would be many students who would forgo a public service experience. Some graduates will want to head directly into graduate training, other work experiences, family obligations, travel, or other experiences. But creating public service possibilities for a wide swath of students—and making them affordable for the large numbers of young people who have to borrow money to pay for their educations—could provide powerful formative experiences.

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<sup>47</sup> Suzanne Mettler, *Bringing the State Back in to Civic Engagement: Policy Feedback Effects of the GI Bill for World War II Veterans*, 96 AM. POL. SCI. REV. 351, 351 (2002).

<sup>48</sup> *Id.* at 358–59.

<sup>49</sup> *Id.* at 357.

<sup>50</sup> JASON C. BOOZA ET AL., BROOKINGS INST., WHERE DID THEY GO? THE DECLINE OF MIDDLE-INCOME NEIGHBORHOODS IN METROPOLITAN AMERICA 1 (2006), available at [http://www.brookings.edu/metro/pubs/20060622\\_middleclass.pdf](http://www.brookings.edu/metro/pubs/20060622_middleclass.pdf).

<sup>51</sup> *Id.*

<sup>52</sup> *Id.* at 2.

Many of the young people serving at home would be directly engaged in needy communities. They would experience a different type of neighborhood first-hand and work to improve it through their daily efforts. Safe neighborhoods, efficient emergency preparation, sound education, and a strong local infrastructure—both physical and social—create an environment in which hard work leads directly to success. These students would help create the conditions to enable future generations to go to college and get good jobs. The increased understanding and cohesion among the next generation of Americans may be a first step toward ending America's divisive political culture.

Working in the private and public programs that would qualify for loan forgiveness through *Service Pays* should hasten the professional maturation of many *Service Pays* participants. Public interest work often requires quickly developing judgment, as it permits people to take on great responsibilities early in their work years. Limited budgets teach workers to do more with less, fostering an ethos of creativity and innovation. Unlike those graduates who will enter the job market directly from college with no substantial experience, the *Service Pays* participants will be able to demonstrate the skills to take on new challenges.

Do we really need another service program? While it is true that some debt forgiveness programs tied to service already exist, their benefits are inadequate for most students to pay for college and may deter many students from serving their country. Table 1 provides a summary of the participation rates and benefits for some of the most prominent service programs. Except for the Peace Corps, all of these programs provide participants funding for education, but only the ROTC scholarship provides enough to cover the full cost of tuition, room, board, and books at a public university. The benefits of AmeriCorps, for example, fall far short of what a student needs to ensure meaningful access to a college education, especially given the modest wages paid to participants. Even the GI Bill of Rights, which had such great success in educating a generation, can barely pay the costs of attending a public university. *Service Pays* is designed to build on the success of these earlier programs by expanding the educational benefits provided, and by assuring that these benefits are provided in addition to a living wage. At the same time, it will help channel more energy toward serving the country.

TABLE 1: CURRENT SERVICE PROGRAMS

	Partici- pants/ year	Loan or Funding/ year	Other Benefits
Mont- gomery GI Bill <sup>53</sup>	339,742 <sup>54</sup>	\$12,900 <sup>55</sup>	
ROTC <sup>56</sup>	26,566 <sup>57</sup>	Up to \$20,000	Monthly stipend; salary of \$28,000 to \$36,000 <sup>58</sup>
Peace Corps	4,800 <sup>59</sup>	None	\$2,700 <sup>60</sup> per year upon comple- tion; language training; living accommodation and allowance at local standard of living <sup>61</sup>
Ameri- Corps	50,000 (est.)	\$4,725 <sup>62</sup>	Health insurance; student loan deferments; <sup>63</sup> living allowance of \$9,300 <sup>64</sup>

<sup>53</sup> These figures assume active-duty service for at least three years.

<sup>54</sup> 2002 figure. In perspective, 215,000 veterans are discharged per year, and each can use thirty-six months of support any time within ten years of discharge. SEAN M. GREEN, *MARCHING TO COLLEGE 4* (2002).

<sup>55</sup> U.S. Dep't. of Veterans Affairs, Chapter 30 Rates—October 1, 2006 (2006), [http://www.gibill.va.gov/GI\\_Bill\\_Info/rates/CH30/ch30rates100106.htm](http://www.gibill.va.gov/GI_Bill_Info/rates/CH30/ch30rates100106.htm) (last modified May 10, 2006) (based on a monthly rate of \$1075).

<sup>56</sup> All data for ROTC from <http://www.goarmy.com/rotc>, unless otherwise noted. We consider only Army ROTC here, though the other branches have similar programs. See Naval ROTC, <http://www.nrotc.navy.mil> (last visited Oct. 13, 2006); U.S. Air Force ROTC, <http://www.afrotc.com> (last visited Oct. 13, 2006).

<sup>57</sup> Josh White, *Enrollment in Army ROTC Down in Past 2 School Years*, WASH. POST, Apr. 24, 2005, at A03.

<sup>58</sup> By comparison, an Army private makes about \$15,000 per year. See LEX RIEFFEL, BROOKINGS INST., POLICY BRIEF 127, *RECONSIDERING THE PEACE CORPS 3* (2003), available at <http://www.brookings.org/comm/policybriefs/pb127.pdf>.

<sup>59</sup> Lex Rieffel, *The Peace Corps in a Turbulent World 8* (Brookings Inst., Working Paper, 2003), available at <http://www.brookings.org/views/papers/rieffel20031015.pdf>.

<sup>60</sup> Rieffel, *supra* note 58, at 3.

<sup>61</sup> Rieffel, *supra* note 59, at 4.

<sup>62</sup> Students can choose either an educational award of \$4,725 to pay for school or repay student loans, or a one-time stipend of \$1,200 and possible eligibility for a fifteen percent cancellation of student loans. Part-time volunteers receive compensation in proportion to the number of hours worked. AmeriCorps, Amount, Eligibility, and Limitations, [http://www.americorps.org/for\\_individuals/benefits/benefits\\_ed\\_award\\_details.asp](http://www.americorps.org/for_individuals/benefits/benefits_ed_award_details.asp) (last visited July 24, 2006).

<sup>63</sup> Fact Sheet, AmeriCorps (Jan. 2003), [http://www.americorps.org/pdf/factsheet\\_ac.pdf](http://www.americorps.org/pdf/factsheet_ac.pdf).

<sup>64</sup> Only about half of AmeriCorps volunteers receive the living allowance. *Id.*

National Security Education Program (NSEP)	130	\$10,000 <sup>65</sup>	Salary based on employment
Teach for America	3,500	\$4,725 <sup>66</sup>	Salary of \$25,000 to \$44,000; teacher training; alumni network; moving allowance of \$1,000 to \$5,000

### C. Costs

What are the costs? We begin with one central idea: educating our young people will pay off. The GI Bill helped 2.2 million returning World War II soldiers become engineers, scientists, entrepreneurs, and business leaders, fueling the economy and raising the standard of living.<sup>67</sup> It cost \$7 billion (about \$240 billion in today's dollars).<sup>68</sup> For every dollar invested, however, about five dollars were returned over thirty-five years in higher productivity and tax revenues.<sup>69</sup>

The country would derive similar returns from *Service Pays*—the services themselves plus increased tax revenue. The average college graduate pays over \$5,000 more each year in total taxes than a high school graduate.<sup>70</sup> It is short-sighted to lose long-term benefits by failing to make higher education financially accessible.

<sup>65</sup> Students receive support for only one year. See Nat'l Sec. Educ. Program, Nat'l Def. Univ., Students Awards, <http://www.ndu.edu/nsep/#AWARDS> (last visited Nov. 9, 2006) (noting that undergraduates can receive support for a summer, academic term, or year).

<sup>66</sup> Teach for America is partnered with AmeriCorps, and its teachers thus receive the AmeriCorps loan option. See Teach for America, Financial Arrangements, [http://www.teachforamerica.org/corps/financial\\_arrangements.htm](http://www.teachforamerica.org/corps/financial_arrangements.htm) (last visited Nov. 9, 2006).

<sup>67</sup> Suzanne Mettler, *The Creation of the GI Bill of Rights of 1944: Melding Social and Participatory Citizenship Ideals*, 17 J. POL'Y HISTORY 345, 345 (2005); see also MICHAEL J. BENNETT, WHEN DREAMS CAME TRUE: THE GI BILL AND THE MAKING OF MODERN AMERICA 7–8, 198–99 (1996); Theda Skocpol, *The G.I. Bill and U.S. Social Policy, Past and Future*, 14 Soc. PHIL. & POL. 95, 98–99 (1997).

<sup>68</sup> Samuel H. Williamson, Economic History Services, What Is Its Relative Value? Five Ways to Compare the Worth of a United States Dollar, 1790–2005, <http://www.measuringworth.com/calculators/compare> (last visited Oct. 13, 2006) (calculating value as a relative share of GDP).

<sup>69</sup> STAFF OF SUBCOMM. ON EDUC. AND HEALTH, J. ECON. COMM., 100th CONG., A COST-BENEFIT ANALYSIS OF GOVERNMENT INVESTMENT IN POST-SECONDARY EDUCATION UNDER THE WORLD WAR II GI BILL 10 (Comm. Print 1988), reprinted in *The Future of Head Start: Hearing Before the Subcomm. on Educ. and Health, J. Econ. Comm.*, 101st Cong. 92–113 (1990).

<sup>70</sup> COLLEGE BD., EDUCATION PAYS 2005, at 2 fig.1 (2005), available at [http://www.collegeboard.com/prod\\_downloads/press/cost05/education\\_pays\\_05.pdf](http://www.collegeboard.com/prod_downloads/press/cost05/education_pays_05.pdf).

In the current school year, students will receive 1.5 million bachelor's degrees and 680,000 associate's degrees. Roughly two-thirds of the former group and half of the latter will graduate with debt. If 10% participated in the *Service Pays* program and paid off their entire student debt, the cost of forgiving their loans would be about \$3 billion. This cost would be borne by taxpayers as an investment in our future.<sup>71</sup>

Some jobs created for the students would be compensated by the federal government; others would be paid with state or local government funds or by the nonprofit organizations that employ the students. Jobs would be entry-level, with corresponding wages and benefits. Some of the federal positions would be in the military, but those costs would not be attributable to the *Service Pays* program. Funding for the Foreign Service and the Peace Corps would be driven by policy decisions. The possible combinations of opportunities make cost estimates difficult, but an annual federal investment of \$500 million could support 25,000 graduates at \$20,000 each.

State and local governments would shoulder the cost of moving an influx of college graduates into public service jobs. Although some federal support might help create the new jobs, the principal burden should be borne by the organizations—whether states or nonprofits—that benefit from the workers. The states could consider in-kind payment as well, such as housing in unused college dormitory space, surplus housing at closed military bases, or, for environmental projects, on-site housing.

At a time when some state budgets are under sharp fiscal constraints, absorbing new, short-term workers could be difficult. But states recognize the long-term benefits to the local economy of a talented workforce. In effect, *Service Pays* would ask the states to decide if they wanted to recruit college graduates to put down roots in state, and if some states did not participate, others might expand their job offerings.

Ultimately, the costs of *Service Pays* will depend on the number of young people that choose public service jobs. If the costs are high, it would be because young people want to work for their college educations and give back to this country through service. If that is the case, this will be some of the best money American taxpayers have spent.

#### IV. CONCLUSION

It is time for a new vision, time to focus on expanding opportunities for America's young people. Fully supporting college educations and

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<sup>71</sup> *Service Pays* would change the incentive structure in the student loan program in a variety of ways that would require careful analysis. Some observers suggest that the increased availability of student loans fuels increases in college prices. However, most empirical analyses fail to find such an effect. See, e.g., CUNNINGHAM ET AL., NAT'L CTR. FOR EDUC. STATISTICS, U.S. DEP'T. OF EDUC., STUDY OF COLLEGE COSTS AND PRICES 1988-89 TO 1997-98, 157 (2002).

promoting loan repayment through public service would reset national priorities. Even if only a modest number of young people moved to public service, value lies in the commitment itself. Making the commitment that any student who is willing to work can get a college diploma without incurring burdensome levels of debt would transform the idea of helping young people complete their educations from an empty promise into a real national priority.

The idea behind *Service Pays* is powerful in another way: to say to young people that YOU can pay for your college education in four years and be student-debt-free would change the thinking of a lot of young people and their families. Many young people will get better job offers after college or decide to start directly in their chosen fields rather than participate in loan forgiveness, but initial resistance to take on educational debts would be significantly reduced. More importantly, *Service Pays* structures opportunities so that one of the first adult decisions young people make is how to take care of themselves and to pay for their own educations through service. Whether or not they find other ways to finance college, the value to young people of the option to work for themselves is immense.

By tying debt forgiveness to public service, Americans would have the chance to say that everyone who does this kind of work deserves a substantial reward from the rest of us. No longer would public service opportunities be limited to a few poorly funded programs. No longer would less-affluent students be effectively precluded from public interest work because their debt loads require that they find immediate employment at the highest possible salary. No longer would public interest work be an afterthought, an option available to only a few students. Instead, the possibility of public interest would be a realistic option for all young people, regardless of background or financial circumstances.

We cannot predict the effect of *Service Pays* on college enrollments or on participation in public service programs. But the idea alone—the fact that we embrace a new way to make it possible to pay for college and to participate in building this country—is enough. The program is about opportunity.

Building a better-educated workforce is our best hope to grow the economy, to remain competitive internationally, and to fund our health care and retirement needs. We are living in a time of great challenges. And great challenges demand great solutions. We propose *Service Pays*.