



MICHAEL BENNET
U.S. SENATOR *for* COLORADO

Segal AmeriCorps Education Award Tax Relief Act

U.S. Senators Michael Bennet (D-Colo.) and Bill Cassidy (R-La.)
U.S. Representatives John Larson (D-Conn.) and Don Bacon (R-Neb.)

AmeriCorps was designed to provide a pathway to economic and educational opportunities for those who serve our communities. Every AmeriCorps member who completes a term of service earns a Segal AmeriCorps Education Award that may be used to pursue a future credential or pay off existing, qualified student loans. The value of the award is linked to the maximum amount of a federal Pell Grant for the year the AmeriCorps member served. Since the program's launch three decades ago, more than 1.2 million Americans have earned AmeriCorps Education Awards totaling \$4 billion in higher education credit, including many first-generation college graduates.

However, the AmeriCorps Education Award is treated differently than similarly designed fellowships, scholarships and educational award programs – including Pell Grants, GI Bill Benefits, and the National Health Service Corps – because it is subject to federal taxation, adding to an AmeriCorps alumni's tax obligations. Because AmeriCorps alumni are not permitted to use or withhold a portion of the AmeriCorps Education Award to cover any resulting taxes, some young people are forced to take out loans or new credit cards to pay this tax bill, which can cost hundreds of dollars. The considerable tax burden makes community service more financially challenging and has forced some alumni to delay or abandon their education plans.

The Segal AmeriCorps Education Award Tax Relief Act would exclude AmeriCorps Education Awards from income tax, to reflect the intent of federal education awards, help those serving pay for college, and remove a barrier that may discourage young people from taking advantage of the financial assistance they've earned. This ensures that the AmeriCorps Education Award continues to be a valuable and compelling incentive for young people to serve their country and a tool for making higher education more affordable.

This legislation is supported by 100 organizations, including City Year, Downtown Colorado, Habitat for Humanity, National Alliance for Public Charter Schools, National Council of Nonprofits, Service Year Alliance, Teach for America, Voices for National Service, and the YMCA of USA.