



A Better You.
A Greater Us.

Segal AmeriCorps Education Award Taxability

The Segal AmeriCorps Education Award is aid granted to a young person who completes a full term of national service to use toward college costs or paying down student loan debt.



The class of 2015 will graduate with an average of **\$35,000** in student loan debt.



The average cost of annual in-state tuition at a four-year public university in 2015-2016 is **\$9,410**

An AmeriCorps alum who completes a full term of service earns an Education Award equal to the amount of the maximum Pell Grant (\$5,775 in FY16), and those who completed less than a full-term receive a prorated amount also tied to the Pell Grant. Over 900,000 individuals have earned AmeriCorps Education Awards since they were created.

Because current law is markedly outdated, the Education Award is currently counted as annual gross income when filing federal taxes. This can leave young people burdened with a large, unanticipated amount of money owed at tax time when they use their Education Award toward college or to help pay down their student debt, sometimes deterring them from ever using their hard-earned Education Award.

Service Year Alliance, along with our partner Voices for National Service and other members of the Service Year Policy Council, calls on Congress to update current law to align with the true intent of offering Education Awards and remove barriers that discourage young people from taking advantage of a hard-earned way to help pay for college or contribute to student loan debt repayment. Specifically, AmeriCorps Education Awards should be excluded from annual gross income in order to encourage young people who want to serve to be able to continue their education and their career advancement.

“When I decided to spend two years working with children in impossible situations, I knew the pay would be low but the reward would be high. On top of the personal reward I felt from helping those in need, I had also earned an Education Award given to AmeriCorps alums and I was going to use it to pay down my student loans. I was awarded around \$11,000 for my two terms that I immediately put toward a college loan payment. Many months later, I was taxed \$3,000 for using my AmeriCorps Education Award. Blown away and without means to pay this massive tax burden, I started to regret my participation in service. After dedicating two years of hard work with the promise of an AmeriCorps Education Award, I ended up being personally set back for using what I had earned without any positive solutions.”

**Kemper, AmeriCorps alum,
Oklahoma & Maine**

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