



October 7, 2009

Chairman Charles Rangel
Ways and Means Democratic Office
U.S. House of Representatives
1102 Longworth House Office Building
Washington, D.C. 20515

Ranking Member Dave Camp
Ways and Means Republican Office
U.S. House of Representatives
1139 Longworth House Office Building
Washington, D.C. 20515

Dear Chairman Rangel and Ranking Member Camp:

We are writing to seek your support for H.R. 1596, the Segal AmeriCorps Education Award Tax Relief Act, sponsored by Congressmen John Lewis (D-GA) and Charles Boustany (R-LA). With more than 50 cosponsors, we urge you to add H.R. 1596 to the Committee's calendar and bring this important piece of legislation to the House floor for consideration.

College affordability was one of the tenets of the National Service Trust Act of 1993. The Act ensured that Americans who give a year or more of their lives in service to our nation are rewarded with an Education Award that can be used to pay for college, graduate, or vocational school, or to repay student loans. In FY10, AmeriCorps members who successfully complete a full term of service (1,700 hours over 1 year) will receive Segal AmeriCorps Education Awards worth a maximum of \$5,350 (pre-tax) to help defray the costs of tuition and student loans. Participants can receive no more than two full-time Segal AmeriCorps Education Awards, and they have up to 7 years after their term of service to claim the award.

H.R. 1596 addresses an inequity in how the AmeriCorps Education Award is treated compared to similar forms of scholarships and fellowships. Unlike Pell Grants and the G.I. Education Benefit, the AmeriCorps Education Award is subject to federal taxation after it is used. According to the Congressional Research Service, it can be taxed at a rate of 15 percent or more, and as a result, AmeriCorps members are hit with an unanticipated tax obligation that on average runs in the hundreds of dollars and can exceed \$1,200. **H.R. 1596 would exclude the education award from gross income so that those who serve can apply the full value of the award towards their higher education.**

Since its inception, AmeriCorps has activated more than 574,000 citizens to volunteer over 718 million hours of service to address the unmet needs of our nation. These individuals have in turn mobilized 2.2 million Americans to volunteer and support thousands of community organizations in order to strengthen our education system, respond to disasters, protect the environment, and support public health and safety. The Segal AmeriCorps Education Award should continue to be a valuable and compelling incentive for young people to serve, and we urge you to support H.R. 1596 and make this earned award tax-free.

Sincerely,