

TESTIMONY OF

Katie Ralston Howe, Director, Workforce Development Division

Chair Headland and members of the Finance and Taxation Committee, my name is Katie Ralston Howe, and I serve as the director of the workforce development division within the Department of Commerce. Today, I'll be sharing information about AmeriCorps Segal Education Award.

AmeriCorps State is a program that provides grants to nonprofit organizations, public agencies, and tribal communities to recruit, supervise, and train AmeriCorps members to help meet a community need.

The Segal AmeriCorps Education Award is granted to every AmeriCorps member who completes their term of service, which can range from 300 hours to 1700 hours (see chart below). The award can be used to pay for college costs or repay qualified student loans. Currently, the award is taxed as annual gross income, regardless of how it's used. This can create an unfair financial burden for AmeriCorps members, forcing some to delay or abandon their education.

Each year, approximately 150 North Dakotans receive an education award in the value of \$1,565-\$7,395. The value of the education award increases in accordance with the Pell Grant.

AmeriCorps Members across the state are making an impact in the communities through reading and math tutoring, mentoring, capacity building with rural non-profit organizations, and education. Eliminating this tax will allow AmeriCorps members to fully benefit from the award they've earned by serving their communities. Eliminating the tax will also help to supplement efforts to make college more affordable for AmeriCorps alumni. If HB 1107 passes, North Dakota will be the 7th state to eliminate the tax.

Thank You.

Participation Types	# of Hours	Education Award
Full-time (FT)	1,700	\$7,395.00
Three-Quarters (TQT)	1,200	\$5,176.50
Half Time (HT)	900	\$3,697.50
Reduced half-time (RHT)	675	\$2,817.14
Quarter Time (QT)	450	\$1,956.35
Minimum Time (MT)	300	\$1,565.08