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HB 2427, Committee on Taxation

Chairman Johnson and members of the Committee:

Hello, my name is Amy Pinger and I am here in support of HB 2427—providing for a Kansas income tax subtraction modification for National Service Education Awards. I support this bill as both Vice Chair of the Kansas Volunteer Commission (KVC) and the AmeriCorps Program Director at Harvesters – The Community Food Network, the food bank serving northeast Kansas.

The Kansas Volunteer Commission is a program of the Kansas State Department of Education and its work is directed by 14 Commissioners appointed by the Governor. It is the responsibility of KVC to develop and communicate a statewide vision and ethic of service in Kansas.

The Kansas Volunteer Commission creates and expands opportunities and initiates collaborations to strengthen service and volunteerism in the state. KVC receives the majority of its funding from the Corporation for National and Community Service, a federal agency. Since 1994, more than 8,600 Kansas AmeriCorps Members have served approximately 11 million hours and earned education awards totaling more than \$25.1 million.

In 2019 alone, the KVC awarded \$1.4 million to support 195 AmeriCorps members serving with six AmeriCorps programs and two AmeriCorps planning grants across Kansas.

Six AmeriCorps members are currently serving at Harvesters. They are engaging volunteers, conducting outreach and providing referrals throughout the sixteen Kansas counties in Harvesters service region. AmeriCorps members have served at Harvesters for 14 years. Currently, Harvesters has 12 employees who are AmeriCorps Alumni, many of who served in Harvesters' AmeriCorps Program. Throughout the years, ACM have contributed to increasing organizational capacity and have allowed Harvesters to be more responsive to community and agency partner needs.

Harvesters' mission is to feed hungry people today and work to end hunger tomorrow.



AmeriCorps members in this national service program are paid a modest living allowance/stipend. After completing their service year, they receive a small education award that can be used for tuition or to pay back student loan debt. In Kansas, this award is treated as taxable income—creating a burden for those who have served our communities and a disincentive to those who are considering the program in Kansas.

There are strict federal regulations that dictate how the Segal Education Award can be used. Because of these requirements, AmeriCorps members never receive the funds directly. Instead, the award is transferred to institutes of higher education or to federal student loan servicers. Even though members never deposit these education awards in their bank accounts, the funds are still taxed as regular income when they are redeemed.

Upon completing their year of service, many AmeriCorps members do not have the disposable income to pay taxes for the education award because they are not paid wages during their service term. The tax revenue represents a small fraction of total tax receipts; however, the impact of this tax burden on an individual with limited resources is significant.

The education award is one of the greatest incentives for individuals to commit to a year of service with AmeriCorps; however, some members refrain from redeeming their award because of the tax burden.

Removing the tax on the Segal Education Award in Kansas will strengthen the AmeriCorps program, remove financial burdens of those who have served, and ensure access to educational advancement opportunities, as was intended by the creation of the award. It would make Kansas an attractive place for AmeriCorps members to serve and to stay to use their education award. This policy change would also bolster AmeriCorps member recruitment and, in turn, increase the impact of the program in the state of Kansas.

Respectfully submitted,
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