

Trust Rulemaking FAQs
December 17, 2010

Term Limitations

1. How many terms of service may a member serve?

A member may serve up to four terms of service in AmeriCorps State and National regardless of type of term. However, a member may only receive the value of two full-time education awards.

2. Do terms served prior to the effective date of the rule count towards the four-term limit for AmeriCorps State and National?

Yes. Any term an individual has served in AmeriCorps State and National in the past will count towards the four-term limit.

3. Have the term limits for VISTA and NCCC changed as well?

No, the Final Rule only increased the term limit for AmeriCorps State and National. The term limits are as follows:

AmeriCorps State and National – 4 terms
VISTA – 3 terms
NCCC – 2 terms

4. What is the effective date of the new four-term limit?

The effective date of the four-term limit is August 20, 2010.

Education Award Amount

1. What is the maximum amount of an education award that can be earned?

Terms of service that were approved using 2009 funds (or earlier funds) will receive an award based on a full-time award amount of \$4,725.

Beginning with terms of service that are supported with 2010 funds, the maximum education award value will be equivalent to the maximum value of the Pell Grant for the award year for which the national service position was approved. For terms of service supported with 2010 funds, this amount will be \$5,350. For terms of service supported with 2011 funds, this amount will be \$5,550. Because approval of national service positions is managed differently for VISTA and NCCC members than for AmeriCorps State and National members, VISTA and NCCC members will be eligible for the new amount sooner than AmeriCorps State and National members. To confirm the award amount for which you are eligible, call your program or project sponsor.

2. Will the amount of the award change?

The amount of the full-time Segal AmeriCorps Education Award is based on the maximum amount of the Pell grant for the award year in which the Corporation approved the national service position. The amount of the award a member may receive by

completing a term in an approved national service position will change to correspond to the value of the Pell Grant, and may change every year. However, once an award is earned the value does not change to reflect changes in the value of the Pell Grant, and awards earned in prior years will not increase in value.

3. For AmeriCorps State and National members, does the amount of the Education Award depend on the date the member's position was approved by the Corporation or the date the member was enrolled by the program?

The amount of the Education Award depends on the date in which the member's position was approved by the Corporation.

Education Award Value

1. Do education awards received prior to the effective date of the rule count toward the maximum value of education awards an individual may receive?

Yes. The national service laws, as amended by the Serve America Act, do not differentiate between awards received prior to the effective date and those received subsequent to the effective date. All awards earned in the past will have a value attributed to them for the purposes of this section. Thus, under the proposed rule, if an individual has received two full-time education awards in the past, that individual is not eligible to receive another education award.

2. May a program use funds from the Corporation for member support costs (living allowance, health care) for a member who has already received the value of two full-time education awards?

Yes. A program may use funds from the Corporation for member support costs for a member who has already received the value of two full-time education awards if the member has not yet served four terms total. A program may not use funds from the Corporation for member support costs for a member who has already served the maximum number of terms for that stream of service.

3. Does the new rule on calculating the value of an education award apply to VISTA and NCCC as well as AmeriCorps State and National?

Yes. No individual can receive more than the value of two full-time education awards regardless of the stream of service. Note: Learn and Serve America Summer of Service education awards are not included when calculating the aggregate value of education awards received.

4. May an individual who has already received the aggregate value of two education awards receive a stipend for service in VISTA?

Yes. The individual may serve a third term in VISTA and accept the cash stipend upon successful completion.

5. What happens if a member is not eligible to receive the entire award offered for a term of service, based on the value of awards previously awarded?

To ensure that no individual receives more than the value of 2 full-time education awards, an individual who, based upon the aggregate value of education awards previously received, is not eligible to receive the entire award amount offered for a term of service, will instead receive the portion of the education award that he or she is eligible to receive. The award will be reduced to correspond to the remaining value of the education award for which the individual is eligible. The amount of the award in this case is determined using this formula:

$$\frac{(2 \text{ minus the aggregate value of education awards previously received})}{X}$$

(the amount of a full-time education award in the year the position is approved)

For example, a member has received a half-time education award and a full-time education award. The aggregate value of these awards is 1.5. The member may receive an education award of .5 X the amount of a full-time education award in the year the member's position is approved.

6. What happens if an individual who isn't eligible to receive the full value of an education award (based on the aggregate value of awards received for prior terms) leaves for compelling personal circumstances?

An individual must successfully complete his or her term of service in order to receive the education award the individual is eligible to receive. An individual who is only approved to receive a reduced education award based on the value of education awards previously awarded, and who leaves early for compelling personal circumstances, will receive a corresponding portion of the reduced amount.

For example, a member enrolls in a term of service offering an award amount of \$5,350, but is only eligible to receive an award of \$3,000 based on the aggregate value of education awards the member previously received. If this member exits the term for compelling personal circumstances after serving 50% of the term, the member will receive \$1,500, or 50% of \$3,000 (the value of the education award amount for which the individual was approved).

7. If an individual is only eligible to receive a reduced education award based on the value of education awards previously awarded, may that individual enroll in VISTA and receive the value of the education award remaining and also receive a partial post-service stipend corresponding to the remainder of the term?

No. An individual may not receive both an education award and a post-service stipend for the same term of service.

Transfer of Education Award

1. When will eligible individuals be able to transfer the education award via the My AmeriCorps portal?

Eligible members may transfer the education award using the portal as of December 16, 2010.

2. Will programs be responsible for informing members when and how they will be allowed to transfer the education award?

The Corporation will inform individuals who became eligible from October 2009-December 16, 2010 when the My AmeriCorps portal can accept transfer requests. After this one-time notification, it will be the program's responsibility to inform members.

Rulemaking and the My AmeriCorps Portal

1. When will members be able to enroll for a third or fourth term without award, or for a an education award that is reduced based on aggregate value of education awards received in the portal?

Members can now enroll for a third or fourth terms without award or for a discounted education award.

2. May an individual transfer an education award by creating a payment request through the My AmeriCorps portal and submitting the request to the recipient's institution for certification?

No. A transfer cannot be made using the payment request process. The transfer offer is made by creating a Request for Transfer to an eligible recipient. The recipient must accept the transfer offer for the transfer to be completed. Once the transfer is successfully completed, the recipient is able to use the transferred award balance to make a payment to a qualified institution.

3. Will the portal show programs the value of education awards that a member has already earned when a program enrolls the member for a subsequent term?

No, the portal will not show the value of awards an individual has already received. Individuals are able to see the value of the education awards that they have earned and the value that is remaining to them. Additionally, if the value of the award offered for a term of service exceeds the value for which an individual is eligible (based upon the value of awards previously received), the portal will not allow the enrollment to occur. Instead, the individual will receive an e-mail requesting acknowledgement that they will receive a reduced amount based on aggregate value earned for their service. Once confirmation is received from the individual, the program will be able to proceed with enrollment.

4. Is forbearance available for members serving in a term without an education award?

Yes. Members who have received the value of two full-time education awards are eligible for forbearance during their service terms and to have their accrued interest paid after successfully completing their service.

Use of Education Award

1. For what purposes can the education award be used?

The education award can be used in the following ways, or in a combination of the following ways:

- To repay qualified student loans.

- To pay all or part of the current education expenses to attend a qualified institution of higher education (including certain vocational programs).

Beginning with terms of service that start on or after Oct. 1, 2009, the education award may be used to pay expenses incurred in enrolling in an educational institution or training establishment that is approved under the GI Bill.

4. Which institutions are considered qualified institutions?

Qualified institutions are ***Title IV*** institutions of higher education (including graduate and professional programs), as well as qualified vocational schools. An institution is considered a Title IV school, if it has an agreement with the U.S. Department of Education making its students eligible for at least one of the federally backed forms of financial assistance (such as Pell Grants, Perkins Loans, Stafford Loans, National Direct Loans, and Federal Consolidated Loans).

Education awards may also be used at a program of education approved by the Secretary of Veterans Affairs. Beginning with terms of service that started on or after October 1, 2009, the education award may be used to pay expenses incurred in enrolling in an educational institution or training establishment that is approved under the GI Bill.

To make sure that an institution is qualified, check with the financial aid office of the institution before making specific plans.

2. What types of loans can the education award repay?

Most postsecondary loans that are backed by the federal government are qualified for repayment with a Segal AmeriCorps Education Award. Also, loans that are made by state agencies, including state colleges and universities are now qualified. Qualified loans include:

- Stafford Loans
- Perkins Loans
- William D. Ford Direct Loans
- Federal Consolidated Loans
- Supplemental Loans for Students
- Primary Care Loans
- Nursing Student Loans
- Health Education Assistance Loans
- Loans issued to AmeriCorps members by state agencies, including state institutions of higher education

3. Will the criteria for using an education award to repay student loans change?

No, the criteria will remain the same.

4. What are “current educational expenses?”

Current educational expenses are expenses that were incurred after enrolling as an AmeriCorps member. Current educational expenses are based on:

- The cost of attendance for a degree or certificate-granting program at a qualified school.
- Educational expenses for non-degree courses, such as continuing education courses offered by qualified schools.

For credit or degree courses, the cost of attendance may include tuition, books and supplies, transportation, room and board, and other expenses. Each school's financial aid office determines a student's cost of attendance based upon standard U.S. Department of Education guidance.

5. *What is the period of time in which the education award can be used?*

A member may use the education award up to seven years after his or her last day of service. A member may apply for an extension if:

- he or she is unable to use the award for some reason during that time that is outside of his or her control such as a serious illness; or
- he or she enrolls in another term of service in an approved program.

To be considered for an extension, a member **must** apply for an extension before the end of the seven year period.

9. *Is the education award taxable?*

Yes. The education award is taxed in the year it is used. For example, if a member uses all or part of the education award for college in the fall of 2010, that member must pay taxes on the portion of the award used when he or she files 2010 taxes.

The Corporation for National and Community Service (CNCS) does not withhold taxes from the award. By the end of January each year, the Corporation sends a 1099 Form to all AmeriCorps members who have made payments from their education awards and for whom interest payments have been made during the previous year totaling more than \$600.00. The 1099 Form does not need to be submitted to the IRS with a member's tax return, but it reflects the amount that CNCS reports to the IRS as taxable miscellaneous income.

10. *What about paying student loans during your term of service?*

A member may be eligible for forbearance from the loan holder for a qualified student loan(s). During a period of forbearance, the member will not have to make payments, although interest continues to accumulate on the loan(s). If loan(s) are in forbearance, CNCS will pay all or a portion of the interest that accrues on qualified student loan(s) during the term of service. This amount is in addition to the Segal Education Award.

11. *Where can a member find their W-2 form or 1099 form for tax purposes?*

W-2s are used to report to the IRS that portion of the living allowance or stipend that is taxable. It is not used for reporting on the amount of the education award used.

AmeriCorps State and National members receive their W-2 from the program where they served. AmeriCorps VISTA and AmeriCorps NCCC members receive their W-2 from the Corporation for National and Community Service.

Form 1099 MISC is used to report to the IRS any education award payment made in excess of \$600.00 on behalf of an individual during the year.

Duplicate W-2 and 1099 forms are available within My AmeriCorps. For corrected forms, members should contact the National Service Hotline at 1-800-942-2677.

12. What is the contact for questions about the Segal Education Award?

Please contact the National Service Hotline at 1-800-942-2677. The Hotline is staffed by customer service representatives from 8:00-8:00 EST. Changes of address may be reported in the My AmeriCorps portal, or by e-mailing epayments@americorps.gov.