



# Feed Families, Not Debt Collectors: Protect New Stimulus Payments and Child Tax Credits from Garnishment

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## **Congress has enacted extraordinary relief for families hard hit by the COVID-19 pandemic.**

That relief includes two rounds of Economic Impact Payments (EIPs) and – in the new package about to be passed – a third round of EIP payments and enhanced Child Tax Credits (CTC) for low-income families, with half of the CTC payments to be paid in advance in periodic payments beginning in July.

## **Congress, on a bipartisan basis, also took steps to ensure that funds actually make their way to families.**

In the December package, copying an earlier bill sponsored by Senator Grassley that passed the Senate [by unanimous consent](#), Congress corrected an oversight by prohibiting debt collectors from garnishing the second EIP.

## **But the new stimulus payments will lack garnishment protection:**

Due to the constraints of the reconciliation process that the Senate used to approve the new package, if Congress does not act, debt collectors will once again be seize the new round of stimulus payments to pay ancient debts – [as they did last year](#). Taxpayer funds intended to feed families will instead feed debt collectors.

## **EASY SOLUTION, BUT CONGRESS MUST ACT IMMEDIATELY**

As it did in the December package, Congress can easily prevent garnishment of EIPs by instructing the Treasury Department to insert a [tiny “XX” code](#) in the payment line for direct deposits. An unusually broad group of [all major national bank, credit union and consumer organizations](#) is urging Congress to immediately pass a standalone bill, patterned after the December bill, to do just that.

## **Congress can also protect advance payments of the Child Tax Credits.**

Adding the “XX” code to the advance CTC payments expected to be made from July to December would also protect them from garnishment.

## **Time is of the essence.**

Once the American Rescue Plan of 2021 is signed by President Biden, EIP payments will start going out. Treasury needs to be instructed to insert the XX code before those payments are made.

Congress should immediately pass garnishment protection for the new stimulus payments and Child Tax Credits by unanimous consent to ensure that the relief goes to the people who need that money to feed their families.

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