



National
Consumer Law
Center

*Fighting Together
for Economic Justice*

Voices of Despair

HOW SEIZING THE EITC IS
LEAVING STUDENT LOAN
BORROWERS HOMELESS
AND HOPELESS DURING
A PANDEMIC

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ABOUT THE NATIONAL CONSUMER LAW CENTER

Since 1969, the nonprofit National Consumer Law Center® (NCLC®) has used its expertise in consumer law and energy policy to work for consumer justice and economic security for low-income and other disadvantaged people, in the United States. NCLC's expertise includes policy analysis and advocacy; consumer law and energy publications; litigation; expert witness services; and training and advice for advocates. NCLC works with nonprofit and legal services organizations, private attorneys, policymakers, and federal and state governments and courts across the nation to stop exploitive practices, help financially stressed families build and retain wealth, and advance economic fairness.

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EXECUTIVE SUMMARY

Year after year, the federal government seizes Earned Income Tax Credit (EITC) refund checks from the working poor to repay federal student loans that are in default, and the consequences for working families are devastating. Even this year, during a global pandemic and in the midst of record unemployment, the U.S. Department of Education has continued to seize borrowers' EITCs.

Even after the passage of the Coronavirus Aid, Relief, and Economic Security Act (CARES Act), which suspended all student loan collection activity until September 30, 2020, some borrowers are still losing the EITC that they and their families rely on, and they continue to write to NCLC about the impact of this loss on themselves and their families.

The EITC is an anti-poverty government program, with bipartisan support, that provides crucial support to low-income working families. It is calculated based on the worker's earnings, up to a cap. The credit is fully refundable, meaning that if a family's EITC is greater than its income tax liability, the excess is paid as a tax refund.

Low-income working families rely on the EITC to help them stay employed, keep their families housed and fed, and weather financial crises. The pandemic demonstrates just how important a program like the EITC is. But for many low-income and vulnerable student loan borrowers, financial crises are not limited to global pandemics. This report highlights some of the common themes from borrowers and shows the devastating impact of confiscating these funds from low-income working families. Specifically the stories in this report highlights how:

- The seizure of the EITC impairs workers' ability to get and keep jobs;
- The loss of the EITC causes or exacerbates housing and other financial instability;
- The EITC is critical for families caring for children or other family members;
- Many borrowers need the EITC to pay for basic necessities;
- Many borrowers did not receive notice that their refund would be taken; and
- The COVID-19 pandemic has devastated many borrowers and highlights why borrowers especially need their EITCs during this precarious time.

The National Consumer Law Center has long [advocated for an end to the policy of seizing EITC](#) refunds from distressed borrowers. This report calls for:

- A ban on the seizure of the EITC;
- The immediate reimbursement of the seized payments of all borrowers who had tax refunds taken for tax year 2019; and

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- An overhaul of the country’s draconian student loan debt collection and default policies, which threaten borrowers’ financial security.

NCLC has shared borrowers’ stories, unedited and in full, in the final section, “In Their Own Words: Borrower Stories.”

It’s past time for Congress to end this punitive and counter-productive practice. The time for action is now.

INTRODUCTION

“During themis very hard time my tax refund was fully taken by the department of education. I know owe and I’m trying my hardest to get on my feet and be able to pay back my loans. But as this pandemic has hit us i now have no clue on how i am going to survive with a 1 yr old. My refund was going to help with housing and staying safe during this tragic time.”

—Mother whose Earned Income Tax Credit was seized in 2020 for defaulted federal student loans

Year after year, the federal government seizes Earned Income Tax Credit (EITC) refund checks from the working poor to repay federal student loans that are in default, and the consequences for working families are devastating. Even this year, during a global pandemic and in the midst of record unemployment, the U.S. Department of Education (the Department) has continued to seize borrowers’ EITCs. It has spared only EITCs that are based on tax returns processed after March 12, 2020, and then only some of them, even though it is required by law to protect all of them.

The partial protection of EITCs began with a press conference on March 25, 2020, at which Secretary of Education Betsy DeVos announced that the Department would be suspending collection activity on all defaulted student loans.¹ Additionally, the Department would be providing refunds of any amounts taken, but only for borrowers who had money seized on or after March 13, 2020—the date on which the President declared a national state of emergency. Soon thereafter, Congress passed and the President signed into law, the Coronavirus Aid, Relief, and Economic Security Act (CARES Act), which was intended to address the economic fallout of the COVID-19 pandemic.² As a part of the broad emergency relief, the CARES Act codified and extended the Department’s suspension of student loan collection activity until September 30, 2020.³

Between January 1 and March 12 of 2020, the U.S. Treasury Department, which seizes tax refunds for the Education Department, took nearly half a billion dollars from roughly one million federal student loan borrowers.

For many student loan borrowers in default this meant that, for this limited time period, they would not be subject to the government’s harsh collection practices, which include seizing borrowers’ tax refunds. Implicit in the Department’s policy is the recognition that taking tax refunds (including vital refundable tax credits, such as the Earned Income Tax Credit) during a crisis causes additional financial hardship and should be avoided. However, it is not just borrowers whose tax returns were processed after March 12, 2020, who are struggling financially. Indeed, many of the borrowers who filed their tax returns earlier probably did so because they were

in urgent need of their refunds. Yet the Education Department has announced no plans to return any of the tax refunds that were seized before March 13. Between January 1 and March 12 of 2020, the U.S. Treasury Department, which seizes tax refunds for the Department, took nearly half a billion dollars from roughly one million federal student loan borrowers.⁴ And, as discussed later in this report, it continued seizing EITCs even from some borrowers whose tax returns were processed after that date.

The Earned Income Tax Credit (EITC) is an anti-poverty government program that provides crucial support to low-income working families. It is calculated based on the worker's earnings, up to a cap. The credit is fully refundable, meaning that if a family's EITC is greater than its income tax liability, the excess is paid as a tax refund.

Low-income working families rely on the EITC to help them stay employed, keep their families housed and fed, and weather financial crises. The pandemic demonstrates just how important a program like the EITC is. But for many low-income and vulnerable student loan borrowers, financial crises are not limited to global pandemics.

The government's policy of seizing federal student loan borrowers' EITC runs counter to almost every [goal Congress set for the EITC](#)⁵ and its student loan programs. These programs were designed to support economic mobility and financial stability for low-income Americans working towards a better future, and to help lift future generations out of poverty.

When the federal government seizes EITC refund checks from student loan borrowers in distress, it does the opposite—too often trapping low-income families in poverty by making it harder to access work, stable and safe housing, and to pay for basic necessities and medical care. Worse, the main victims of EITC seizures are children, since by far the largest EITC payments go to families with children, and the confiscation of these vital funds can have a dramatic impact on children's well-being.

Seizing EITCs also compounds the harms borne by low-income borrowers, who in many cases were denied the promised benefits of education: they were lured in to attend a fraudulent school or a school that closed in mid-course, or life circumstances forced them to leave the school before completing the course of study.

What is the EITC?

The Earned Income Tax Credit (EITC) is an anti-poverty government program with bipartisan support that provides crucial support to low-income working families. A taxpayer's EITC is calculated as a fixed percentage of earnings until the credit reaches a maximum amount. The credit is fully refundable, meaning that if a family's EITC is greater than its income tax liability, the excess is paid as a tax refund. The amount of the EITC varies based on a recipient's income, marital status, and number of children. By design, the EITC provides substantially more support for families with children.

Systemic obstacles, a lack of effective support, and abusive practices often precede a borrower's default. Research has long documented that students of color disproportionately suffer as a result of the student debt crisis. Students of color are not only more likely to borrow from the federal government to pay for their postsecondary education than their white peers, but they also take longer to pay back their loans and are significantly more likely to face default.⁶ While white undergraduate students who took out loans to fund their education owe less than 50% of their original student loan balances 12 years after starting their studies, African American borrowers owe more than they originally took out, and Latino students owe over 50% more than their white counterparts.⁷

In 2018, NCLC published *Voices of Despair: Student Borrowers Trapped in Poverty When the Government Seizes Their Earned Income Tax Credit*. That report was drawn from responses to a blog post in which we [asked student loan borrowers](#)⁸ who had their EITC seized to share their stories.

Now, well into 2020 and a global health and economic pandemic, borrowers are still losing the EITC that they and their families rely on, and they continue to write to NCLC about the impact of this loss on themselves and their families. This report highlights some of the common themes from borrowers and shows the devastating impact of confiscating these funds from low-income working families.⁹

We have shared borrowers' stories, unedited and in full (except for personal identifying information), in the final section, "In Their Own Words: Borrower Stories."

SEIZURE OF THE EITC IMPAIRS WORKERS' ABILITY TO GET AND KEEP JOBS

The EITC has been lauded by Republicans and Democrats alike as one of the federal government's most successful job-creation and anti-poverty programs.¹⁰ In particular, research has shown that the EITC encourages work, particularly among single parents and especially in a strong economy.¹¹ One study identified the EITC as "a particularly important contributor to both the recent decrease in welfare use and the recent increase in employment, labor supply, and earnings."¹² Specifically, EITC expansion was responsible for 34 percent of the increase in employment among single mothers between 1993 and 1999.¹³

Researchers have found the Earned Income Tax Credit, which enjoys bipartisan support, has been highly successful at boosting employment among single parents.

Seizure of the EITC prevents families from achieving this goal. One borrower ([see story #38](#)) wrote us this year:

I expected to improve my situation with my tax refund...but now it's gone and I'm unemployed because I was depending on my refund to get the tools I needed.

Major set back for my family. Student loans should be a priority over food and shelter is basically what I was told.

Borrowers in NCLC's 2018 report reported similar consequences of seizure of their EITCs. A struggling single father of seven-year-old twins ([see story #27](#)) described how the seizure of his EITC meant that he could not repair his car and so could not get to work:

I am a struggling single father of twin 7 year olds I work hard for my money and I only make \$11.50 an hour I handle all the bills and all of my children's needs the best that I can but I fell behind on my rent and my car broke down which is my only transportation to work. I was desperately waiting for my taxes and my earned income credit so I could pay my rent and fix my car. All of that was offset due to old student loans now I can't pay my rent or fix my car so I can't go to work. Now me and my kids are probably going to have to move into a homeless shelter due to the fact that I can't pay my back rent. And now I can't even go to work because I can't fix my car. All of this could have been avoided and I probably still could have paid some money on my loans if all of my money was not seized. I don't understand how it is ethical or Fair to make a family become homeless all because the Department of Education needs my \$7,000 more than my children

Ironically, many borrowers experiencing a tax offset took on student loan debt to improve their employment prospects. Defaulted borrowers disproportionately attended for-profit institutions,¹⁴ which are too often known to use aggressive and deceptive recruiting practices that make big promises of employment but leave borrowers in the lurch.¹⁵ African-American and Latino students are over-represented at for-profit colleges.¹⁶ Due in part to regulatory actions by state and federal agencies, in the past several years, a number of schools and campuses have closed suddenly, displacing hundreds of thousands of students.¹⁷ Yet many of them still face seizure of their EITCs. One such borrower wrote ([see story #5](#)):

Yes, my refund has been taken for last 4 years. The school I went to has shut-down due to accreditation issues. My son and I have been homeless for some-time now and Im a single mother.

“ I expected to improve my situation with my tax refund . . . but now it's gone and I'm unemployed because I was depending on my refund to get the tools I needed. ”

LOSS OF THE EITC CAUSES OR EXACERBATES HOUSING AND OTHER FINANCIAL INSTABILITY

One of the most common complaints from borrowers is that losing their tax refund will impact their ability to stay in their home or to move their family into a safe home. Many borrowers reported that they were behind on rent or utilities and had been

relying on their expected refund to get caught up and ensure that they could stay in their homes. Some reported feeling unsafe in their current situation and had hopes that their refund would give them the means to move to a safer location. Others reported being homeless or living with relatives and hoping to use the money to obtain stable housing. For many borrowers seeking access to safe housing, having to pay the first and last month's rent, in addition to a deposit, is a key barrier. The EITC, which for tax year 2019 can be as much as \$6,557, can help families overcome that barrier.

One parent reported ([see story #8](#)) this year that she and her three children were evicted as a result of losing their EITC and are now homeless:

I was using my taxes to pay my rent and bills. I was evicted with my three kids because I told my landlord I'd pay when I got money and it never came, me and my three kids are still homeless. I'm a widow who has struggled financially since my husband died. I really thought I was getting a break finally but they took all our refund and me and kids are homeless.

A struggling single mother wrote us ([see story #7](#)) wrote us:

This year they took my taxes. I know I owe the money. I make \$10 an hour. Pay all of my own bills. Rent electric all that. Full price. I get no help from my kids father. He is an addict. I was planning on buying us a trailer house. So I could afford to start our lives again. Now I can't. I guess the Federal government needed it more than my family. Maybe Drury university did. Who knows all I know is that soon we will be homeless. I thought for sure our country cared. Really feels like nobody does.

And another parent described her despair ([see story #10](#)) for herself and her 11-year old daughter after they fled an abusive situation:

The place we are staying has become toxic and I was told we have 3 days to leave. With nowhere to go and no money. For no reason. The ONLY hope I have had has been my tax return. That is the ONLY money I had to move into a safe and secure place with my daughter, to not have to put ourselves in danger, to have the basic needs of heat and shelter met. Instead I received a letter. We have no hope.

These stories echo those that borrowers told us in 2018. One borrower, a U.S. Army veteran and father of four, similarly described how the seizure of the EITC ([see story #1](#)) refund affected his family's housing and financial stability:

I am a 2 time US Army veteran and a father to 4 children and a husband to my stay at home wife *****. We are in a section 8 house and on food stamps and Wic. I am applying for my service connection and out of work, our refund for 8,880 Was going to keep us in our home and keep our only car from repossession. We transport our kids to and from school. We might lose everything now. ... God help us

SEIZURE OF THE EITC DEPRIVES FAMILIES OF SUPPORT THEY NEED FOR CHILDREN OR OTHER FAMILY MEMBERS

The EITC has had tremendous success in improving outcomes for children, pulling about 3 million children out of poverty in 2018 alone and reducing the severity of poverty for another 6.1 million children that year.¹⁸ But seizures of EITC refunds hit low-income children the hardest. This impact on children was painfully apparent in the stories borrowers shared with us.

By design, the EITC provides substantially more support for families with children. The amount of the EITC varies based on a recipient's income, marital status, and number of children.¹⁹ In 2019, families with one child could receive a credit of up to \$3,526 and families with three or more children could receive up to \$6,557. In contrast, workers without children could only receive up to \$529.²⁰ Because the EITC is designed to provide significantly more support to families with children, seizing it from student loan borrowers disproportionately takes money away from those with children.

In nearly every single one of the stories, the borrowers echoed how they needed the EITC to provide for their children. One borrower this year ([see story #17](#)) described her struggle to care for her severely injured son and how she relies on the EITC:

I have been paying on my student loans my whole life. My son was beaten with a bat 1999, suffered a brain injury, and was in a coma. Since then he has seizures. I struggle to care for him, work, and pay my student loans. It's hard enough keeping the electric on. Now they are taking my EIC. I borrowed 9,000, paid back 14,000, and my balance is 22,000. I will die before this debt is paid off.

Another told of similar challenges:

I struggle being a single mom, and paying bills, then they take all my income taxes and im left suffering praying for the extra needs of me and my child to be met. I had meant for them to pay rent up in advance so I wouldn't struggle to at least keep a roof over her head. now I fear being with out a home and a bed for her to lay her head.

In 2018 borrowers ([see story #2](#)) such as this mother told of the same fears:

I am a single mother struggling to make ends meet. For the past 2 years I've had my taxes taken due to an offset with the Department of Education. ... I have a

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—Center on Budget and Policy
Priorities, Policy Basics: *The Earned Income Tax Credit*

“I struggle being a single mom, and paying bills, then they take all my income taxes and im left suffering praying for the extra needs of me and my child to be met . . . now I fear being with out a home and a bed for her to lay her head.”

5-year-old and it is heartbreaking I look forward to getting things he needs and extra things only to learn I am not getting anything back. ... Taking my taxes defeats the purpose. I am a single mother barely surviving. I wanted to speak up for my son. This money is for him to provide for him and get him things for his education that he's getting today.. ... Please someone help.

MANY BORROWERS NEED THE EITC TO PAY FOR BASIC NECESSITIES

As one borrower pointedly told NCLC in 2018 ([see story #7](#)), “I have needed my EITC every single year, not for new things or vacations but for necessities.” According to the Center for Budget and Policy Priorities, families use the EITC mostly to pay for necessities, repair homes, and maintain vehicles that are needed to commute to work.²¹ Many borrowers shared that they were counting on the money to buy clothes and shoes for their growing children. Many people mentioned using the refund to get caught up or ahead on utilities.

Some rely on their refund in order to get medical treatment. A mother of two wrote of her desperation when her EITC was seized ([see story #16](#)) earlier this year:

This year I planned to use my income tax on buying my daughter equipment and medication she needs for a rare diseaseshe has. I also transport her back and forth in my own car which needs new brakes and a transmission. I was not able to get anything fixed since I was off work for 3 months due to giving birth to my now 5 month old son... i raise all of my children on my own and planned to take care of them with my income tax money. I was very surprised after finding out I would not be able to do any of the things I planned to do.

“I planned to use my income tax on buying my daughter equipment and medication she needs for a rare disease.”

Another single mother of two ([see story #32](#)) wrote in 2018: “I can barely afford food for us.”

BORROWERS DID NOT RECEIVE NOTICE THAT THEIR REFUND WOULD BE TAKEN

Many borrowers do not know that their tax refund will be taken until it is too late. Although the Department is required to mail each borrower a written notice that it intends to seek the tax offset,²² the addresses it uses are not always current, especially for low-income borrowers who may move frequently, are homeless, or

otherwise have unstable housing situations. As one borrower ([see story #38](#)) wrote to us this year:

I had no idea my student loans were in default. I've been homeless 2 years so it was difficult to get any notices. I expected to improve my situation with my tax refund...but now it's gone and I'm unemployed because I was depending on my refund to get the tools I needed. Major set back for my family. Student loans should be a priority over food and shelter is basically what I was told.

“I had no idea my student loans were in default. I've been homeless 2 years so it was difficult to get any notices.”

Additionally, if the Department previously sent notice of its intent to offset the borrower's tax refund, the offset may occur again without a new notice.²³ As a result, many borrowers do not get notice and opportunity to remedy their student loans and prevent the offset before it is too late.

Moreover, as reflected in some of the stories we received, even when the borrowers do try to remedy their loans, the offset may still occur. For example, the government has a counterproductive policy of continuing to seize the EITC of borrowers who are actively in the process of restoring their student loans to current repayment status through loan rehabilitation. Through “rehabilitation,” a borrower may get a loan out of default by making nine on-time payments over a period of ten months. The payment amount is determined based on the borrower's income. Although loan rehabilitation will stop wage garnishments after five payment have been made, many borrowers are surprised to learn that tax offsets will not be stopped until the rehabilitation program is complete. One such borrower ([see story #9](#)) wrote:

I am confused because i was already enrolled in a program to make payments to remove the default and garnishment. I have been making my payments on time and have not missed any payments.

Another borrower ([see story #37](#)) explained how she was led to believe that she would be receiving her tax refund:

Was in a rehab program made my 5th payment this month. Talked to representatives on the 6th and 21st was told I was fine. Found out on Saturday that they are taking my refund and they supposedly sent me a letter in August stating so but they can't provide the letter or explain why I was never told. So I never had a chance to fight the offset. Was told there is a slime to zero chance of me getting my refund back.

Because low-income workers rely on the EITC to make work possible and to meet their financial obligations, the government's practice of seizing borrowers' EITC payments while borrowers are in the process of trying to rehabilitate their loans diminishes the likelihood that these borrowers, who are making a good-faith effort to repay their loans, will have the resources to be able to do so.

THE COVID-19 PANDEMIC HIGHLIGHTS WHY BORROWERS NEED THEIR EITCS

In response to the COVID-19 pandemic, businesses across the country shuttered and schools and daycare programs closed, resulting in unemployment nearing rates last seen in the Great Depression. By April 2020, the unemployment rate was 14.7%, with 23.1 million Americans were out of work.²⁴ Many workers were left without jobs or forced to choose between their family's health and financial security. Families were put in the precarious position of needing to work and care for children without any childcare available. As a result of this sudden economic downturn, reliance on food banks increased dramatically.²⁵

The devastating impact of the pandemic has hit communities of color and low-income families the hardest. Low-wage workers are not only the most likely to work jobs that increase their risk of contracting COVID-19,²⁶ but [reports](#) of widespread layoffs and furloughs are concentrated in retail, food service, and accommodations jobs.²⁷ As of July 2, 2020, the unemployment rate was 15.4% for Blacks and 14.5% for Hispanics, almost 50% higher than the rate for whites (10.1%).²⁸ In the aftermath of the pandemic, as families struggle to recover, the racial wealth gap is likely to grow wider and deeper.

Many borrowers reported how the seizure of their EITC added to a cascade of disasters they were experiencing in the pandemic. One parent wrote ([see story #26](#)):

I am a single mother with four children. Every dollar of our 2019 federal tax refund was offset. The total amount was over \$10,000... Now with the stay at home order it is three times harder to take care of them and keep up on the bills. I called to see if I could file financial hardship and got hung up on. Does it ever get better?

“Every dollar of our 2019 federal tax refund was offset. The total amount was over \$10,000... Now with the stay at home order it is three times harder to take care of them and keep up on the bills.”

Unfortunately, since the Department's decision to cease tax offsets during the pandemic and return any refunds taken was only retroactive to March 13, many borrowers who were hit hard by the pandemic were left out. One such borrower ([see story #14](#)) wrote:

My taxes where offset on March 11th also my birthday. All 6151.00. Two days later Trump announced the help. I don't qualify. I am self employed. The same day schools decided to home school, the my boss , the mother, of the child i babysit was laid off. Rent is 3 days away i have nothing.

The policy decision to limit refunds to tax returns processed after March 12 ignores the very important reality that for many lower-income taxpayers, filing early “is

critical because the sooner they submit their return, the sooner they can use any refund money on necessities.”²⁹

Most importantly, the Department’s and Congress’ decision to halt tax offsets underscores an often-overlooked reality for many Americans: tax refunds – especially the EITC and other refundable tax credits – provide a critical buffer during times of economic hardship. While the nation is collectively experiencing an economic crisis because of the pandemic, many low-income and vulnerable student loan borrowers experience catastrophic financial crisis (i.e., sudden job loss, unexpected health issues, unstable childcare, etc.) in non-pandemic times too.

DEPARTMENT OF EDUCATION’S EITC SEIZURES CONTINUE AFTER CONGRESS REQUIRES THEM TO HALT

To add insult to injury, the Department has not even stopped seizure of the EITC for all borrowers to whom the CARES Act applies. The CARES Act temporarily suspends involuntary collection of covered loans—it bans wage garnishments, tax intercepts, offset of federal benefits, and any other collection activity from March 13 through September 30, 2020.³⁰

The CARES Act falls short because it does not prevent seizure of the EITC from borrowers whose tax returns were processed before March 13, 2020. But in addition, the Department has failed to implement it even for many borrowers to whom it applies. Despite the fact that the CARES Act went into effect immediately, the Department continued to seize the tax refunds of many borrowers who filed their tax returns after that date.³¹ According to the U.S. Government Accountability Office, the Department has erroneously collected \$2.3 billion in federal benefit and tax offsets from over 1 million defaulted borrowers after CARES Act mandated that these collections stop.³²

According to the U.S. Government Accountability Office, the Department has erroneously collected \$2.3 billion in federal benefit and tax offsets from over 1 million defaulted borrowers after CARES Act mandated that these collections stop.

Nonprofit organizations National Student Legal Defense Network and Democracy Forward have filed a class-action lawsuit against Treasury Secretary Steven Mnuchin and Education Secretary Betsy DeVos for their Departments’ illegal seizures of thousands of student borrowers’ tax refunds. According to those organizations:

Lead plaintiff Kori Cole, a mother of two, trained to be an x-ray technician and is currently staying home to take care of her children. Her husband owns a custom woodworking business that provides the sole income for their family of four. But that business was hit hard by the pandemic. Sales halted for several weeks, and many jobs were put on hold. Ms. Cole and her family had counted on using their

federal tax refund to pay for living expenses — but found themselves unable to pay their bills in full after the Department of Education and the Treasury Department seized their entire refund to pay down Ms. Cole’s student loan debt.³³

IT IS PAST TIME TO END EITC SEIZURES FROM DISTRESSED BORROWERS

The National Consumer Law Center has long [advocated for an end to the policy of seizing EITC](#) refunds from distressed borrowers. The borrowers who have shared their stories here cannot afford to wait. It should not take a pandemic to realize that borrowers need their tax refunds. The time for action is now.

First, Congress should ban seizure of the EITC. Seizing the EITC not only harms families, but it impairs their ability to become self-sufficient and pay their debts—including the student loan debts for which it is seized.³⁴ If Congress does not act, the U.S. Department of Education should—it should cease all involuntary collection of student loans, including seizure of the EITC.

Second, to address the harms caused by the government’s current EITC seizure policies, the U.S. Department of Education should work with the U.S. Department of the Treasury to immediately reimburse the seized payments of all borrowers who had tax refunds taken for tax year 2019.

Finally, the pandemic has forced policymakers to acknowledge that involuntary collection threatens the financial security of borrowers in distress, and that is true whether or not there is a pandemic. The government routinely seizes not just student loan borrowers’ EITC and tax refunds, but also wages, salaries, and even Social Security benefits. Congress needs to overhaul the country’s draconian student loan debt collection and default policies, trap low-income student loan borrowers in perpetual poverty and inflict enormous costs on financially struggling families.³⁵

We have shared a sampling of the dozens of borrowers’ stories that NCLC received, in full, in the final section of this report, “In Their Own Words: Borrower Stories,” starting with the stories borrowers sent us in 2020 and then those we received in 2018.

IN THEIR OWN WORDS: BORROWER STORIES

Stories from 2020

1. **Subject: Tax refund taken.**

Recently my Tax refund was taken , because my Debt Consolidation Holder didn't let the IRS know that I was not in default !!! I'm a single Mother of a 16yr old Daughter (who's mentally ill) It started last year when my car was hit (parked) by a drunk driver on Halloween of 2017 , and because it was an older car 1997 (but paid off) I only received \$1400 and it took them til after Christmas to give me that. So there went my transportation & because of NO TRANSPORTATION there went my JOB & INCOME !! Which in turn found us Homeless !!! No Job means no money , No money means No HOME and No HOME means MAJOR PROBLEMS !! So needless to say , the DEPT of EDUCATION is just now going to release my funds to me but they say it could take up to ANOTHER 45 days , and then 14 more days to send it !!!!! So now because of all this my daughter has tried to commit suicide , and is in a Mental Hospital , and I'm struggling with everyday issues that WOULD NOT BE OCCURRING if I had gotten my REFUND !! On time.

2. **Subject: EARNED INCOME TAX OFFSET.**

I was planning to use my return to get a place to live. I work but i am homeless and have a 2 yr old child. My student loans are 13+yrs old and i have never been able to pay them. Now i have to remain homeless because of an offset on my taxes. I feel for everyone that has gone through this and its far from fair.

3. **Subject: A shock that almost killed me.**

Last yr this happened to me. In 2018 my step loaned me \$2000 so I could get my kids and myself into a place after been homeless for 2 years with the promise by me that as soon as I got my tax refund he would be paid back. When I found out ED had taken my refund without any kind of notice I almost had another stroke, which is why I didnt finish in the 1st place n why I could no longer go into that line of work. ECE. The stress was no longer something my doctors said I could handle, it had almost killed me in july 2017. So the stroke had messed up my short term memory and I also lost a lot of other stuff I used to know how to do, the hospital said it should get better, but it hasnt its gotten worse. Then became homeless. Everything very hard to do at times. So find and keeping work gets really hard. The new job I got in july I love, but winter has made the hrs at work disappears last 2 checks 1.5hrs n 2.5hrs.Last week my electric was turned off, also own rent. Afraid of being evicted.

“ When I found out ED had taken my refund without any kind of notice I almost had another stroke.”

4. Subject: Child tax credit(earned income) was taken.

Despite my plea and filing of hardship and injured spouse claim, my eitc was collected by default resolution group doing business as the “Department of education” I attempted to workout an alternative to avoid this devastating collection but they mocked me and ignored my pleas. I have four children under 10 yrs old whom were severely injured by this as well. We were also made homeless.

5. Subject: Student loan tax offset.

My name is ***** and my 6 yr old son name is *****. Yes, my refund has been taken for last 4 years. The school I went to has shutdown due to accreditation issues. My son and I have been homeless for sometime now and Im a single mother. I have no family, My son has a disability and im doing everything I can. I was in a program however couldnt continue to make the payments. I recently got an apt however I only have two weeks to come up with 1000.00 security deposit or we will be homeless again. My car is Brea k ing down and I have been praying everyday that I would get my refund this year. Not only for car and apt but I so badly want to take my son somewhere thus summer like Disneyland. I feel like such a horrible mother because we can’t even go out to eat or to the movies. I spend all my money on my son. I can’t even remember last time I bought myself clothes. My son deserves the best cause he shines all the time even when times are rough he still smiles.

“ My car is breaking down and I have been praying everyday that I would get my refund this year.”

6. Subject: Total devastation.

Being a single mother of three small kids and a full-time job and being homeless was my breaking point but now to find out that my tax return and I have worked so hard to build up is going to be taken away because of student loans but I couldn’t afford to pay in the first place is so sad. However I did answer the rehabilitation program so hopefully it will remove me out of the fault so I can hopefully get my finances in order but I do need information about filing for hardship.

7. Subject: Struggling single mom.

So this year is the first year I have been head of house hold. Going through a divorce. I had cancer and completed a couple years of school. But when I was at chemo 6 daus a week and very sick. School was the last thing on my mind. I have 3 children who were and still are at home. Long story short. My gpa fell so low that I could not go back. This year they took my taxes. I know I owe the money. I make \$10 an hour. Pay all of my own bills. Rent electric all that. Full price. I get no help from my kids father. He is an addict. I was planning on biyng us a trailer house. So I could afford to start our lives again. Now I can’t. I guess the Federal government needed it more then my family. Maybe ***** university did. Who knows all I know is that soon we will be homeless. I thought for sure our country cared. Really feels like nobody does.

8. Subject Earned Income Credit.

I was using my taxes to pay my rent and bills. I was evicted with my three kids because I told my landlord I'd pay when I got money and it never came, me and my three kids are still homeless. I'm a widow who has struggled financially since my husband died. I really thought I was getting a break finally but they took all our refund and me and kids are homeless.

“ I was evicted with my three kids because I told my landlord I'd pay when I got money and it never came, me and my three kids are still homeless.”

9. Subject: OffSet issues.

I recently got a letter from the treasury saying that they offset my tax refund. I am confused because i was already enrolled in a program to make payments to remove the default and garnishment. I have been making my payments on time and have not missed any payments. I started this program over 8months ago. I am already facing eviction and asked for an extension from my landlord until the end of May 2018 since that's when the refund was going to be deposited into my account. I have not been working since April and am on disability. Now me and my 14month old son will be homeless soon. Am I able to get the offset money back? And if so please inform me of what exactly to do and I will do it. I have never been homeless and I definitely am scared to be homeless with a toddler son. Thank you,

10. Subject: Homeless Now.

I recently found myself with nowhere to live. I left my giant 3 bedroom home with my 11 yr old daughter voluntarily in order to remove myself from an extremely abusive situation. The person I was to be staying with changed their mind and we found ourselves staying with people we didn't know well. I have struggled for 6 months to maintain our basic needs, to keep her in school, to find treatment for my severe ptsd, to keep our belongings safe, to show her that I did the right thing by leaving. I have been let down by every agency I turned to. Fell through all cracks. The place we are staying has become toxic and I was told we have 3 days to leave. With nowhere to go and no money. For no reason. The ONLY hope I have had has been my tax return. That is the ONLY money I had to move into a safe and secure place with my daughter, to not have to put ourselves in danger, to have the basic needs of heat and shelter met. Instead I received a letter. We have no hope

“ The ONLY hope I have had has been my tax return.”

11. Subject: I'm a mom with no money in the bank.

I'm a single mom praying that my tax return is spared in the midst of this crisis. Both Dad and I are out of work, ineligible for UI, already 2 mo behind in rent, overdue bills are piling up. I hadn't yet filed my taxes, as they were going to take my whole refund anyway I was in no hurry.. but with covid 19 making it so we are now in a shelter in place order In my city, there are virtually no jobs available whatsoever... it's looking less and less likely any

“ That money could literally save our lives right now. Without it, we will almost certainly lose our home.”

kind of aid package will be rolled out to cover us my the government, so in desperation I e filed last night. If they do not offset it by some miracle, it would be for \$5000. That money could literally save our lives right now. Without it, we will almost certainly lose our home the first chance the landlord can kick us out, won't have food or phones, etc. Sadly, despite the desperate situation, I'm confident that I won't receive that money, and they will take my whole return to cover what started as a paltry \$4000 loan originally.

12. Subject: Student loan defaults.

During themis very hard time my tax refund was fully taken by the department of education. I know owe and I'm trying my hardest to get on my feet and be able to pay back my loans. But as this pandemic has hit us i now have no clue on how i am going to survive with a 1 yr old. My refund was going to help with housing and staying safe during this tragic time.

“ My refund was going to help with housing and staying safe during this tragic time.”

13. Subject: Taxes taken because of offset.

I have 2 daughters and we have been living in hotels for a while now. I make \$8 an hour on my job and I was counting on my taxes to get us a place to live. I have had to borrow money from family,friends, coworkers and payday loans I couldn't afford to try and keep a roof over our heads. And now with the covid-19 virus, my job has closed until further notice and have no idea what I'm about to do. I think it is so unfare the government takes your entire refund with NO regard to how the working poor really need this money to survive.

“ And now with the Covid-19 virus, my job has closed until further notice and have no idea what I'm about to do. I think it is so unfair the government takes your entire refund with NO regard to how the working poor really need this money to survive.”

14. Subject: Offset taxes 03/11.

My taxes where offset on March 11th also my birthday. All 6151.00. Two days later Trump announced the help. I don't qualify. I am self employed. The same day schools decided to home school, the my boss , the mother, of the child i babysit was laid off. Rent is 3 days away i have nothing.

“ My taxes where offset on March 11th also my birthday. All 6151.00. Two days later Trump announced the help. I don't qualify.”

15. Subject: My ticket to freedom.

Okay, so yeah.. I messed up. I've messed up a lot in my life; but I've managed to escape disaster until February 16th 2020. Long story short, me and my husband just can't get along. On Jan 5, 2020 we had a fight .. a huge fight. I had to escape the house, baby in tow and felt so scared I called the police. I met them at a local store, at 3 am with no shoes on my feet. My eyes were soaked with tears begging them to help me. I ended up pressing charges, taking out a restraining order. I tried to manage going to work, full time mommy, paying my bills and not crying every single day. Alone and desperately needing a break. Finally I caved, I needed his help with baby. If I were to continue to work, I needed him to be able to watch her for me to work and id wait for my taxes to

help me to move to Virginia where my sister lives. Today, I'm still in NC and my baby was taken by DSS. I had no money and my ticket to freedom stolen from me by an entity I'm sure isn't hurting for cash.

16. Subject: Income Tax Seized.

This year I planned to use my income tax on buying my daughter equipment and medication she needs for a rare disease she has. I also transport her back and forth in my own car which needs new brakes and a transmission. I was not able to get anything fixed since I was off work for 3 months due to giving birth to my now 5 month old son. I also suffered from an illness during the time I was off work. I also have a 14 year old so I raise all of my children on my own and planned to take care of them with my income tax money. I was very surprised after finding out I would not be able to do any of the things I planned to do.

17. Subject:

I have been paying on my student loans my whole life. My son was beaten with a bat 1999, suffered a brain injury, and was in a coma. Since then he has seizures. I struggle to care for him, work, and pay my student loans. It's hard enough keeping the electric on. Now they are taking my EIC. I borrowed 9,000, paid back 14,000, and my balance is 22,000. I will die before this debt is paid off. A Life Sentence 😞

“It's hard enough keeping the electric on. Now they are taking my EIC. I borrowed 9,000, paid back 14,000, and my balance is 22,000.”

18. Subject: Offset.

Is there anyway I can stop this I was suppose to be in a low income bracket with 0 dollars payments. I have 4 kids and dropped nursing school to take care of my mother who had a stroke. Now all of my taxes are gonna be taken due to student loans I depend on this to get me ahead every year. This is truly heart breaking.

19. Subject: Taxes taken when i was being evicted.

2 years ago I was waiting for my tax return to come so I could pay up my rent to prevent eviction and get me a cheaper place I could afford for my grandson (whom I had temporary custody of) my daughter and my self. All of the \$8,000 return that I was expecting and honestly depending on was taken. I thought all my loans were with one company, and in good standing, turns out they were not. The collection agency for Dept. Of Education took every penny even after multiple calls and conversations trying to fix the default. I know I told them I was being evicted and needed that money. Until recently I didn't know that they shouldn't have taken it. I have been floating just barely able to stay alive, had to give my grandson back to his parents, sent my other daughter to stay with family and until 4 months ago have been homeless. Is there anything I can do about it now. Or do i just let it go as a huge lesson learned.. Thank you for any advise.

20. Subject: They took it all.

My student loan mistakes are from before I grew up and became a mother. I struggle being a single mom, and paying bills, then they take all my income taxes and I'm left suffering praying for the extra needs of me and my child to be met. I had meant for them to pay rent up in advance so I wouldn't struggle to at least keep a roof over her head. Now I fear being without a home and a bed for her to lay her head.

“ I had meant for them to pay rent up in advance so I wouldn't struggle to at least keep a roof over her head. now I fear being without a home and a bed for her to lay her head.”

21. Subject: My child tax credit was seized by ED.

I just gave birth to a baby who around this time is 10 months old. I have so much student loan debt that I had to consolidate from school years ago in which one of my loans wasn't entered into the consolidation. It defaulted and I never knew because I thought I applied for hardship. I'm a struggling single mother who barely makes 37,000 a year and I don't qualify for any assistance programs. I was hoping to use that credit to set aside for my child and also pay the IRS for the previous year in which I owed taxes, but too late it looks like my whole check goes to ED not even to the IRS who can levy my checks but to the damn school bill which I'm going to still have to pay off for years even after my check was seized.

22. Subject: Tax refund taken from single mother.

U.S. Dept. of Education took my entire tax refund. I'm a single mother, the refund was going to put my family into a car and pay off bills to fix my credit. Now unfortunately the department said there's nothing I can do but apply for a hardship.

23. Subject: Student loan to my aid for my kids.

Took over 9,000 from my family. I am a single mother of 2 boys. We were hoping to move out of the slum park. I fell and broke my shoulder in May. So with no work and surgery in September I haven't even made 10,000 this year. We now have horrible poor conditions. And can be kicked out at any time because of the house being condemned. Not only did they do that but charged me more than what my credit report was showing due. And told me I never paid interest last year when obviously that's why my charges were so high. I have been screwed and I don't even know who to call to get answers or help.

24. Subject: Friendly Family Education Loan Program.

I am a caregiver for my 88-year-old mother who has Alzheimer's. I am struggling to meet my household expenses and assist her daily. I had to retire from my job and now my income is low. I need a heating/cooling system and new roofing in my home cannot afford it because I have to pay my student loan. I have to pay Peter to pay Paul on my light, gas, cellphone, credit cards. I have stopped shopping for everything except for food to keep up. I had a spring job coming up (Masters Golf Tournament) and now it is canceled. On top of that a deer ran out in the daylight and hit and damaged my car. Deductible is \$500. So we're I need

to get the money. The student loan payment has the most money. I am now depressed.

25. Subject: Refund taken for student loans.

I have payments taken out of my biweekly paychecks for student loans owed to the US Department Of Education. I am a single mother with four children. Every dollar of our 2019 federal tax refund was offset. The total amount was over \$10,000. I claim zero on my checks so we will get a bigger check at the beginning of the year so we can do something special together since they miss out on most childhood activities due to me working as much as I do. Now with the stay at home order it is three times harder to take care of them and keep up on the bills. I called to see if I could file financial hardship and got hung up on. Does it ever get better?

26. Subject: Tax refund offset.

My tax refund has been offset to pay for student loans. I am a single mother of 6. 3 of my children are minors and still live in my home. 1 is an adult but still lives in my home. He is also mental health. I only made \$15,000 in 2019. And my family was counting on my tax refund to be able to live. And especially now since covid 19 has created the issues in the economy that it has I need my tax refund now more than ever. I would like to know if there is anything i can do to reverse this offset and be able to claim the money i was had hoped to receive.

“ And my family was counting on my tax refund to be able to live. And especially now since Covid-19 has created the issues in the economy that it has I need my tax refund now more than ever.”

27. Subject: Regarding my Income tax.

I have requested a hearing from the department of education and because them taking my income tax from student loans I was never able to use because of my health conditions is putting my family in poverty. The department of education dismissed my loans the picked them up again, I'm only able to work part time due to health and my husband is fully disabled. The have sent my stuff to a collection agency called Coast, I need help, how can they take my income tax while under hearing review? Please help

28. Subject: Offset of refund.

In 2015 I was receiving Ssi and I contacted the student loan collection agency because I seen the student loans on my credit report which they was suppose to have been discharged prior to this. I'm june of 2015 the creditor told me the loan was disability discharged. Last year in June of 2018 I went back to work because \$750 a month with 4 kids alone just wasn't going to make it. I worked for 6 months last year and filed my taxes in February 3rd. On February 13th I got a letter telling me this new agency had my loans and my taxes will be offset. They never contacted me when they got my loan which they said was July of 2018. They haven't tried garnishing my wages or contacting me in any form. They have

my number it hasn't changed in 4 years. They ended up taking my entire refund. I've been borrowing money to keep myself afloat waiting on the refund to catch up and get my kids a bed and things they need. Now I have no way to even pay rent. We will be homeless March 1st.

29. Subject: They took all my tax money.

Im a single mother of three kids on low income. I am on housing now and work a job that i only get 16.50 hrs a week at \$9.00 hr come on that is nothing i been looking for another job. I was going to use my tax refund on my kids and for our truck it needs new tires my kids need new clothes. Was going to pay my rent at least 5-6months ahead. They did not even try to contact me at anytime before they took all my income but as soon as they received the money they tried to contacted my mother like really come on. I know there is nothing i can do but this is wrong.

30. Subject: My refund offset.

My refund was sent to the Department of Education. I am a single mom of 3. My kids dad owes me tens of thousands of dollars in back child support, his refund has never been confiscated and I have no help financially supporting my children. Our only transportation, my car, is on its last leg. I planned on using my return on a reliable vehicle for my family. I honestly don't know what to do. I've applied for two car loans that were denied, I've been working hard on building my credit over that passed year and everytime I apply for a loan, my score drops. What an I supposed to do? The IRS kept the earned income credit and child tax credit. It seems completely unfair.

31. Subject: Struggling single mom student loan borrower.

I have my rent, pg&n and smud bill to pay but my child tax credit and income credit is taken by Department of Education please help.

32. Subject: Tax returns.

Lost my whole tax return and I had no idea it was even going to the USDE. I have two kids that needed clothes and we were suppose to be moving into a bigger better apartment so my kids could have their own room but now I'm stuck in my small apartment and get ZERO dollars back. They took EVERYTHING from us.

33. Subject: RE: 2018 tax return offset/Reform needed!!!!!!

I was a single mother of two boys and my 2018 tax return of over 9,000 was taken by the government. I work hard every day. For years I haven't been able to keep up with my student loan payments because of other bills, and the needs of my family. I feel like the loan purposely do not go out of their way to withhold information that would help lower and middle class families. It is a USA tragedy that there are millions of people that have millions of dollars in debt and large amounts of interest to pay back. We need this entire system reformed. I suggest that people be allowed to do volunteer and community service projects to repay

loans. That type of program could keep the consumers tax return from being offset. My 2018 offset was devastating to me. Not receiving it caused me to have evictions threats, shut off notices for utilities bills. Small personal debts I wasn't able to pay because I didn't receive my return. It was devastating and humiliating.

34. Subject: \$2,000 defaulted student loan—Taxes taken for YEARS.

US Dept of Education has been taking my tax returns since I defaulted on my student loan in 2010 after failing out of college due to mental health issues that were ignored by college. The debt I owed was only \$2,000. I have had every tax return I've filed taken since then yet according to collection agency I still owe \$1,400. They took my tax return this year even though the debt isn't listed on my tax return and I'm able to file a FASFA. With the debt mysteriously removed from my credit reports, I figured that they finally accounted for all my tax returns over the years and the debt was paid. My tax refund was seized. I really needed it. I am a domestic violence victim who is struggling after leaving my abusive husband. Financial abuse has caused significant barriers for me since I left him with no money, bad credit and no support system and little to no resources. This is my money the government stole from me. This is not fair.

35. Subject: My refund was offset.

I haven't received any notice that my refund was to be offset. but I haven't made any payments in awhile, so I was worried. I knew that if my refund was due to be offset I could get on a loan rehabilitation program to keep them from taking it. So before I filed, I called the tax offset number. The automated system told me there were no claims on my social security number. Relieved, I filed my taxes, grateful I would have the money to catch up on my bills, my car payments, get my car registered, and finally pay my children's school fees. I checked my status a week later and it said that my refund would be distributed the first week of March, due to my child tax credit situation. I decided to check my status today to see if they had an exact date, but I had a new message: my entire refund is being offset by the department of education. It was \$4133. I'm absolutely crushed, this is devastating. I would have done a loan rehabilitation program had I known--I feel like I was tricked.

36. Subject: Tax Offset.

Single mom with 2 kids had taxes offset without warning. Was in a rehab program made my 5th payment this month. Talked to representatives on the 6th and 21st was told I was fine. Found out on Saturday that they are taking my refund and they supposedly sent me a letter in August stating so but they can't provide the letter or explain why I was never told. So I never had a chance to fight the offset. Was told there is a slim to zero chance of me getting my refund back.

37. Subject: Tax offset caused situation to get worse.

Tax offset leaves me in worse situation than before. I had no idea my student loans were in default. I've been homeless 2 years so it was difficult to get any notices. I expected to improve my situation with my tax refund...but now it's gone and I'm unemployed because I was depending on my refund to get the tools I needed. Major set back for my family. Student loans should be a priority over food and shelter is basically what I was told.

38. Subject: Refund offset.

Hello! I am a single mom who has an 8 year old son. I recently got on a repayment program going off my income. Which I only work 16 hours a week at 10.20 an hour. I then filed my taxes 2 weeks ago and just found out they offset my taxes because of my student loans. I have been without a car for a year now because of a horrible person who sold me a car off Craigslist that won't pass emissions. I needed my refund to get my son and I a car so I could get around to work and find a better job. Even though I entered into a payment arrangement they still are taking it. My son's dad passed away 5 years ago. So it's been a struggle ever since. They shouldn't be able to take from struggling families with financial hardships. Wish we could fight this!!

39. Subject: Not now in these times!

It's been a long time since we made very little and we really needed our refund to catch up on light bills and car insurance etc.. We only made 12,000 last year. I decided to stay at home and help care for my mother. They took the whole thing. I think it should only be a percentage. We depend and work for that \$\$ and now with the Corona Virus, this is a horrible time to take it.

“ We only made 12,000 last year. I decided to stay at home and help care for my mother. They took the whole thing. With the Corona Virus, this is a horrible time to take it.”

Stories from 2018

1. Subject: ED took our EITC refund

I am a 2 time US Army veteran and a father to 4 children and a husband to my stay at home wife *****. We are in a section 8 house and on food stamps and Wic. I am applying for my service connection and out of work, our refund for 8,880 Was going to keep us in our home and keep our only car from reposession. We transport our kids to and from school. We might loose everything now. We even signed up for loan repayment (rehab) program 09Feb18. We even have a letter from American student assistance saying they suspended their offset attempt on 22Feb18, but our entire refund was offset [PY38]Anyway on the same day we got the letter stating they wouldn't do that, 22Feb18. There is no justice in this situation so far... God help us.

“ We even have a letter from American Student Assistance saying they suspended their offset attempt on 22Feb18, but our entire refund was offset.”

2. Subject: offset dept of education

I am a single mother struggling to make ends meet. For the past 2 years I've had my taxes taken due to an offset with the Department of Education. I never received a notice stating that my taxes would be offset, or that I could make payment arrangements before the offset years ago. I have a 5-year-old and it is heartbreaking I look forward to getting things he needs and extra things only to learn I am not getting anything back. My oldest son died in a fire when he was 6-years-old, I thought I could continue my classes and it would be best to continue my schooling, rather than take time off. I failed two classes which made me get behind. I then applied for forbearance and thought I was staying on top of the time I had before it expired. I wanted to write a letter to the Department of Education asking for grievance or forgiveness and a chance to continue my education. The purpose of me working towards my Bachelor's in health care admin was so I could make a decent income and be self-sufficient. Taking my taxes defeats the purpose. I am a single mother barely surviving. I wanted to speak up for my son. This money is for him to provide for him and get him things for his education that he's getting today. I will try to call the collection agency in the morning to see what can be done. I have a limited time before I have to find a place to stay. Please someone help.

“ Taking my taxes defeats the purpose. I am a single mother barely surviving. I wanted to speak up for my son. This money is for him to provide for him and get him things for his education that he's getting today.”

3. Subject: They took my income tax with no warning

They took my income tax return without any notice that it was going to happen. I had no idea it was going to happen and as a single mother of three it cost us our place to live. We are now staying in my car for the next few weeks until I figure something out and they didn't care that I was. I was unable to pay 300 a month on my loans for a college the govt shut

“ So here I am no degree no credits and working for nothing and unable to pay the loans and now they took my income tax.”

down and my credits don't transfer or count towards any degree because they shut it down for fraud. I do however still owe my loans regardless. I can't afford to pay them because the college credits didn't count towards any degree to get a job to pay them back. So here I am no degree no credits and working for nothing and unable to pay the loans and now they took my income tax.

4. Subject: How the offset affects me

I have a student loan on default and my wages were getting garnished so i was already expecting to not get any tax return which me being a single parent of 5 kids and one on it's way depend on to catch up on past due bills and buy my kids what i can't buy during the year. Aside from that i lost my job and being 8 months pregnant i can't seem to get another so i have nothing to depend on..my landord is being patient but he won't wait forever..i need my taxes they should not be allowed to take 100% of them it's unfair to struggling families like myself.

5. Subject: Tax offset with no notice

My taxes were seized, my company that I work for let us go due to down sizing and not enough work. I made really good money. I have been finding low paying jobs that barely pays \$200 every two weeks. I am a divorce mother of two and was expecting to pay rent, utilities, feed my children. Trying to get a head, so this offset is causing a great loss. I had contacted student loan department and they allowed me to apply for hardship and was approved so, it shows on my credit as well. So I was unaware my money would have been taken. I have been trying to make it, I have no government assistance, I need help asap.

“ I am a divorced mother of two and was expecting to pay rent, utilities, feed my children. Trying to get ahead, so this offset is causing a great loss.”

6. Subject: Tax Offset

My fiancé, our 2 year old son and I have been struggling to get on our feet for about 2 years now. This year was the biggest return I've had yet and we were going to use it to finally get a jump start and get our own place. This year has been rough already. Currently staying with my parents, our car slid off the road last month so we were without a car for about 3 weeks. Had to get a another beater with a heater and hope it lasts longer than the last one. But we both were finally able to get full time jobs of course as soon as we are without a car and relying on other ppl to take us to and from work. So the beginning of January I called the department of education and set up payment arrangements to assure that they weren't going to take my refund to which I was told they were not going to take it because I had set them up. Never missed a payment and they took 2 payments from my 1 check to jump start the payments. Called that number today and was told they took it. All 5000 if it.

7. Subject: EITC seized due to Student Loan Debt

I currently owe approximately \$100,000 in federal student loans. I am a divorced mother of 5 children who quit school when my marriage failed in 2011. Since, I have been struggling to support my family. I work every day and file my taxes for them to take my return every year. I receive no child support and receive no financial assistance from the government because I supposedly make too much. But I make so little and support so many that I can't afford a repayment option even if they gave it to me. I have needed my EITC every single year, not for new things or vacations but for necessities. I have no credit card debt, I have a 2003 vehicle that is currently in the shop with a \$500 bill waiting for me next week, propane to heat my extremely modest home in the country. Every single year my money is stolen from me, for debts dating back 13 years, and evidently will be until I can't claim my children as dependents anymore. It's a sad and disgusting way to force someone into poverty.

“ It's a sad and disgusting way to force someone into poverty.”

8. Subject: Refund intercepted

Mother of 3. Was planning on using my refund to repair my vehicle and move into home with enough bedrooms. In December I arranged and began payment plan to get out of default and now I won't see any of my refund.

9. Subject: Tax garnished for default on student loans

2015 I had went through a divorce stated using drugs lost my job and owe alot of driving with suspended lisenche tickets. I have a child and I wanted to pay my fines and get my lisenche possibly a cheap car. I needed my tax return to get me on my feet.

10. Subject: REFUND OFFSET

I got a student loan for ltt and it was closed. I thought that it would be fixed because i never could finish my degree nor would anyone else accept my credits. I filed my income tax this year with 2 kids im out of work. Im 49 and hard to find work and now my money is gone

11. Subject: Taxes taken and getting evicted

I had set up payment plans with the state of Ky for my student loan payments. They quit pulling the payments out of my checking account in July 2017. They are taking my federal taxes with the offset. I have 3 days to be out of my apartment. I called them and they told me that I have to appeal the decision to see if I can get my refund back. I have once again set up payment plans to pay my student loans. I do not make enough money for the federal government to require me to make a monthly payment but the state of Ky says I will never go below a \$5 monthly payment.

12. Subject: Offset

I was gonna use my eitc to but my kids clothes and shoes because I haven't been working but the department of education took it

13. **Subject: Refund was taken due to offset of student loans**

My name is ***** and I am a single mother of 6 kids and 4mos pregnant with number 7. I was expecting my tax refund when I found out at the last minute that the full amount was taken. Due to a student loan dept. I never got notice or a warning. I am facing eviction and me and my kids will be homeless due to this offset. I have contact numerous agency's and also the department of education. I was told that I have to fill a hardship and wait 7-10 days for my paper work to come in the mail. I don't have 7-10 days I have an eviction notice 5days and we have to move out. I was planning on paying my rent up for a few months as well as get a car so I can continue to get back inforth to work. As well as get my son who is 4 with autism to the doctors office due to he a juvenile arthritis. Now I am unable to do anything because I have no money.i was counting on that money so we can get back on track with bills and rent .. please someone help us before it's to late..

“ I never got notice or a warning.”

14. **Subject: Student Loan Tax Offset**

I just found out that my taxes (with EITC) were offset. I didn't know that it was going to happen. I filed my taxes on 02/08. I received a letter from collection agency (dated 02/09) advising that they “may evaluate whether I qualify for involuntary collection”. I called them & opted for loan consolidation. I received a 2nd letter from the agency (dated 02/14) with the standard “unless you notify us within 30 days”. I sent my consolidation forms back via FedEx on 02/21. On 02/22, my IRS status updated with a link to article “Tax Topic 203, Refund Offsets “. That is when I found they had taken \$6695.27 of my \$7037 refund. I made \$10,000 last year. I'm a single mother of 3 children, 1 of them in college. My refund was going to help us get a vehicle, catch up on rent & utilities, & literally put shoes on my kid's feet. I have no expendable income. I am devastated. It just doesn't seem fair that someone living paycheck to paycheck can have their single line of hope jerked away like that.

“ My refund was going to help us get a vehicle, catch up on rent & utilities, & literally put shoes on my kid's feet. I have no expendable income. I am devastated. It just doesn't seem fair that someone living paycheck to paycheck can have their single line of hope jerked away like that.”

15. **Subject: Refund offset**

My taxes were taken due to delinquent student loans. My husband is unemployed and we are a family of 5, living with his mother. We receive government assistance to help us. We live off of unemployment, which you know is not very much money and we have 3 children. We rely on our income tax money to buy our children the things that they need, i.e. clothes, shoes, etc. I have tried to find a job but am unsuccessful. This has hurt us a great deal because we only have one vehicle and were going to use our tax money to purchase a used car so we

“ We rely on our income tax money to buy our children the things that they need, i.e., clothes, shoes, etc.”

could both have a vehicle. I don't believe that we should have to suffer, they could have at least taken half of the refund as to the whole amount.

16. Subject: This is happening to me now!! I had no notice whatsoever, this money was to help a struggling single mom keep a roof over her daughter's head and the heat on...

I can't believe that the way this is happening is legal!!!! My loans have been passed around from agency to agency and I have received no notice getting different answers from everyone I finally set up a payment plan with the right collections agency for my loans to find out the dept. Of education is offsetting my taxes, they are taking the entire thing!!! When I call to get answers on why the dept of education and the collection agency are both trying to collect on the same loan I get hung up on by the dept of education!!!

17. Subject: EIC Taken to Pay Student Debt

I became a single mom last year after getting out of a domestically violent relationship. I receive no support from my daughter's father, finical or other. I cannot afford childcare, as it is so expensive it does not make sense to work my \$11 an hour job to pay someone to watch my daughter. I'm unable to work full time because my availability is limited to when i can have a family member babysit for free. My daughter and I share a bedroom in a town home with two other roommates. I have defaulted on my student loans, and have about \$900 in other debts. I have not been able to contribute to my portion of utilities in couple months, and have to borrow from my mother to help with my part of rent and diapers.

“ I have not been able to contribute to my portion of utilities in couple months, and have to borrow from my mother to help with my part of rent and diapers.”

My tax return was \$4978 which was offset to pay student loans. I was hoping I'd be able to buy my daughter new shoes and clothes for the upcoming summer season.

Hopefully things will get better.

18. Subject: Why did they take all my money?

The student loan place took all my money!! It's all I had. My car broke down. I'm a single mom. I live from pay check to pay check. I have tons of bills that I was going to get caught up on. And buy a car. I don't know what I'm going to do now. I have talked to the student loan place like 15 times before now and told them I live paycheck to paycheck. And they put my loan on hold. And now they do this.

19. Subject: The edu took all of my return today

I didnt even know my load was in default. I never recieved any letter that said my taxes will be garnished either. I just recently moved to a new place with my disabled 15 yr old daughter and my soon to be 4 month old son. Due to our old landlord selling the place we were living at & lead in the water due to pipes. I am back out of work due to no babysitter because of my daughters condition. I was

planning on using my tax return to help with the transition to the new place to keep us from being homeless until i can find a job that can work with my daughters school hours. I called to see what i can do i enrolled in a rehabilitaion program with the creditor and made my first \$5 payment. This is all part of the process to apply for the tax hardship that they make almost impossible to do and now potentially risking my children being homeless because they didnt want to do anything the right way. I filed my taxed on the 29th of january 2018 & used my new address they had time to contact me

20. Subject: EITC All gone

It's been a struggle as a single mom to get ahead with a new baby and no help from his father I was really counting on my EITC to get ahead on some bills like rent and utilities, get all of my car maintenance because it's a vital source in our family and my car was given to me by my mom who passed away last Christmas. I wanted to get out of some debt with a credit card, and then use it to buy a crib, some toys and new bed set for my 7 month old son and a new bed for my 8 yr daughter who they are sharing a room. Clothes for our family for the summer and new school year come August. Now with it all gone it's a very stressful and disappointing g time for me.

“ I was really counting on my EITC to get ahead on some bills like rent and utilities, get all of my car maintenance because it's a vital source in our family.”

21. Subject: Tax offset

They took my while offset from me and I'm a very low income person and struggling to take care of my son. I hope they go to hell for this

22. Subject: EITC/Refund Snatched

I was expecting a refund of \$542 in Federal and \$46 in State Taxes, but they both were garnished. Employment comes and go, I do not make any money, and really have not because the jobs requires a bachelors or masters and it is difficult to get that because I cannot pay for college, I only have an associates degree and it is still not enough. I was planning on paying rent with my income taxes and stocking up on food, cleaning supplies, and hygiene products, but now I have to find another way because I am hungry, I am OCD, I have mental health issues I'm getting help with and other medical issues. I guess there is nothing I can do about it, the government always want money and do not care about people at all, so while I thought a few hundred dollars would make my economic struggles a little easier for a second, well, that thought is definitely dead. There is no way of winning or getting ahead. It's sad because there is no help, no assistance, nothing. I tried all payment plans.

“ There is no way of winning or getting ahead.”

23. Subject: Tax offset hardship

I am 3 mnths be hind on my rent i have 3 kids and a BWL to pay for my light and heat my rent is 680mnthly. I have been in a domestic relatinship and had to leave my home town in chicago and moved to Lansing michigan in 2017 i had not recieved an offset letter can someone pls help me and my kids....

24. Subject: Offset

I am a struggling hard working adult who make less than 25000 per year and take of two adult sibilings. I qualified for earn income credit and due to student loans my taxes were taking and now I'm unable to catch up on past due bills and has put me in a real financial bind and I understand I owe for student loans but when you're barely surviving it's hard to think of repaying student loans.

25. Subject: Student loan offset

I'm a single father of 3 children and am a full time student in college I'm currently on leave from work to insure my study's come first! Me and my kids will be effected by this tax refund offset tremendously and we will be in Financial hardship because of it. I've not received any help from the IRS, Department of Education, nor the immediate credit recovery debt collector! I don't know what else to do.

26. Subject: school loan offset

I was unaware that my refund of over 10,000 was going to be taken for repayment of student loans. I am homeless, living from hotel to park bench with two children and my tax money was all I had to look forward to, to get my family out of this horrible situation. I am a single parent and both of my parents are deceased thus leaving me with no additional financial help. Now that my refund is gone, I don't know what to do. They took every penny I worked for last year.

27. Subject: My taxes got siezed along with E.I.C

I am a struggling single father of twin 7 year olds I work hard for my money and I only make \$11.50 an hour I handle all the bills and all of my children's needs the best that I can but I fell behind on my rent and my car broke down which is my only transportation to work. I was desperately waiting for my taxes and my earned income credit so I could pay my rent and fix my car. All of that was offset due to old student loans now I can't pay my rent or fix my car so I can't go to work. Now me and my kids are probably going to have to move into a homeless shelter due to the fact that I can't pay my back rent. And now I can't even go to work because I can't fix my car. All of this could have been avoided and I probably still could have paid some money on my loans if all of my money was not seized. I don't understand how it is ethical or Fair to make a family become homeless all because the Department of Education needs my \$7,000 more than my children

“ I don't understand how it is ethical or fair to make a family become homeless all because the Department of Education needs my \$7,000 more than my children.”

28. Subject: Yes, my refund was taken away, all 8,,000 worth. I was planning on using that to purchase my daughters graduation gown, pay off bills and to move into a home of our own. We are living with family at the moment.

I went to an Everest College from 2009/2010 to 2014 when this school was being sued for giving false information to students. I never knew any of this and was never given any information of this and am now STUCK with STUDENT LOANS that I can not pay.

29. Subject: Tax offset

I was going to use my tax refund to move into a home big enough for me and my children. Pay my car off so that's one less thing that I had to pay every month. I was going to buy my children new clothes and shoes that actually fit them. I have about 2,000 dollars worth of bills behind. I just needed my money to get ahead now they took the money I earned and just took it from me. I understand I have student loans but I was not aware of the offset. They sent it to a address that I haven't lived at for over 2 years. I have changed my address multiple times. I had no idea I had to call them and tell them my new address. I just feel like that's wrong.

30. Subject: They took my refund

I owe student loan, never received a letter about an offset and next thing I know my kids and I are almost homeless with all the plans and hopes being flushed down the drain by the IRS doing this. I understand this is my debt, but I was only getting 7,300 and they kept the majority I received 1,800 and no one can help me try to get this reduced. My kids and I were counting the days to get a home with my taxes I work so hard for..I only made 23,00 last year single parent working alone...providing for her family by herself. If it's possible to have this offset reduced I would give anything for some info from anyone to help.

31. Subject: EITC/refund taken 2 years in a row

I am a 39 yo single mother of 2. I went back to college later in life (graduated '14) for a business degree in hopes of a better future for my children. I've been employed w/the same medical group for 12 years, not making much money & unfortunately, have not been able to find better employment due to the area and the economy. We are living paycheck to paycheck. We lost our apartment last year, August 2017, due to the tax refund being taken, something I usually rely on for the year. (I "make too much" money to get assistance, except my children do get a medical card; my insurance premium at work has went up also). My children & I were fortunately able to move in with my mother, which we need to leave. I want to be able to get a place, but am unable to save any money for a down payment. As of Jan. 2017, now my wages are also being garnished and I am going to be unable to put my children in their sports (track/softball). I can barely afford food for us.

“ We lost our apartment last year, August 2017, due to the tax refund being taken, something I usually rely on for the year.”

32. Subject: Tax offset on earned income credit

I am a single mother of 2 children and struggling to not be homeless. I fell behind on student loans after the death of my husband due to the fact that now my household had become a single income. I was counting on my return this year to get back on track and save some money to help with those unforeseen bumps in life. Now I'm left in the middle of an ocean with no life support, the U.S department of education has taken all of my federal and state income tax. My loans are in a rehabilitation program, but not knowing about this program before filling taxes this year, it was too late to stop the offset. I don't believe it is right for them to take everything, a percentage should be implemented and that is all they should take. Had I known this was going to happen I would have waited until I knew how to keep it from happening. Shame on the U.S department of education and the government.

“ I was counting on my return this year to get back on track and save some money to help with those unforeseen bumps in life.”

33. Subject: Tax offset and Eic, while in poverty

I just had a baby in October 2017, the whole year of 2017 I've been fighting in court with ACS about my oldest daughter of 7 yrs old. I haven't not for one day got a chance to set up a payment plan under the stress being pregnant , fighting in family court to keep my daughter and being homeless residing in shelter. In 2018 I beat the case ,I was able to keep my daughter now have two children in shelter still in poverty, but I'm happy to have my children . I file my taxes hoping to have money to provide for my children and just getting over stress all year 2016-2017 student loans take my refund . My children and I are now broke struggling , in a shelter, no money Just unhappy . I still have no way of paying loans and things were just looking good for us barely . Please help us .

34. Subject: Offset

This is happening to me as we speak. They will take my eic March 2, 2018. I do not believe it is fair for them to take money that was given by the government which deemed that i do not make enough to survive. Eic was to help get to a place where I would be able to get out of poverty so that I could re tabling my self, and pay creditors to help ultimately get me out of poverty and therefore boosting my credit as well as fostering economic growth.this money was not made by my physical work, but was given to help people in situations like this. They also took the money that was given by the government to help my children. on top of it they preaded the payments to multiple debts ultimately increasing my debt instead of paying off one entirely. I was going to use the eic to pay off other debts and pay a portion to student loans. also I was going to use it for rent as im behind, and by the necessities for my children which their basic of survival granted by the government is now taken away

35. Subject: Tax offset is taking the EITC that was to be used for relocation of children for safety reasons

I Absolutely feel violated and helpless.

“Tax offset is taking the EITC that was to be used for relocation of children for safety reasons.”

36. Subject: Refund offset by student loan while they garnish wages

They garnish around \$46 a week from my wages to repay my loan and they still took every single bit of my refund. that refund would have paid my bills that I got behind on because of the wage deduction.

37. Subject: Surprise!!!! Took State and Federal!!

We can relate! I found out that ALL of our returns went to pay Student Loans for my husband It would have been \$7500?????? Both of our teenagers can't be claimed after this year leaving only 1 of 3 we can receive the child tax credit for next year.

My husband has a 2.5 hour train/bus ride to work and back daily. That's 13 hours 5 times a week!! 65 hours!

The returns were supposed to get a vehicle, first one in over a decade. Then we planned to pay off the electric, phones, internet, cable, outstanding debts, etc. We thought that all the stress over lack of money would be lessened. I had to cancel surgery because we aren't able to pay \$1500 . That was totally reliant on the refunds as well.

Topping it off is the money we now owe to H&R Block for the filing fees and the refund advance of \$500, both to be taken out of the returns! Another \$1000 owed!

How can we pay the Student Loans or anything else when they took our monetary way up and out away from us?!?!?

Thanks, *****

38. Subject: Single mother of 3

I been homeless pass year off so and was depending on refund to move in own house so me and kids have own space to call home I'm a part time worker struggle everyday to make a leaving off check to check...never got no notice or garnished so never expected offset taking money..now I don't know what gone do or what to tell kids..

“I been homeless pass year off so and was depending on refund to move into own house so me and kids have own space to call home I'm a part time worker struggle everyday to make a living off check to check.”

ENDNOTES

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