

# **VOICES OF DESPAIR**

## **Student Borrowers Trapped in Poverty When the Government Seizes Their Earned Income Tax Credit**

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By

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National Consumer Law Center<sup>®</sup>

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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, including older adults, 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 government and courts across the nation to stop exploitive practices, to help financially stressed families build and retain wealth, and advance economic fairness.

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# VOICES OF DESPAIR: STUDENT BORROWERS TRAPPED IN POVERTY WHEN THE GOVERNMENT SEIZES THEIR EARNED INCOME TAX CREDIT

The U.S. Treasury is seizing Earned Income Tax Credit (EITC) refund checks from the working poor to repay student loans that are in default, and the consequences on working families are devastating.

The government's policy of seizing federal student loan borrowers' EITC runs counter to almost every [goal Congress set for the EITC](#)<sup>1</sup> and its student loan programs. These programs were designed to support economic mobility and achievement of 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.

This policy 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

## What is the EITC?

The Earned Income Tax Credit (EITC) is an anti-poverty government program 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.

school before completing the course of study. Systemic obstacles, a lack of effective support, and abusive practices often precede a borrower's default.

In January 2018, the National Consumer Law Center [asked student loan borrowers](#)<sup>2</sup> who had their EITC seized to share their stories and to tell us what they planned to do with their tax credit. This report highlights some of the common themes from borrowers and shows the devastating impact of confiscating these funds from low-income working families.<sup>3</sup>

Researchers have found the Earned Income Tax Credit, which enjoys bipartisan support, has boosted employment among single mothers and reduced reliance on welfare.

We have shared borrowers' stories, unedited and in full, in the final section, "In Their Own Words: Borrower Stories."

## THE EITC MAKES WORKING POSSIBLE

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.<sup>4</sup> In particular, the EITC has had a positive effect on the workforce participation of single mothers.<sup>5</sup> One study found that EITC expansions were responsible for 34 percent of the increase in employment among single mothers between 1993 and 1999.<sup>6</sup> In addition to encouraging employment, the EITC has led to a decline in welfare use.<sup>7</sup>

[One borrower](#), a struggling single father of twin seven-year olds, described how the seizure of his EITC refund 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

"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."

- Single father of twins

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”

[Another borrower wrote:](#)

“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 in forth 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..”

[Other borrowers](#) reported needing the refund in order to secure childcare or to acquire a vehicle in order to avoid a 2 and 1/2 hour daily commute to work.

## LOSS OF 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 being behind on rent or utilities and had been relying on their expected refund to get caught up, and to 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 2017 can be as much as \$6,318, can help families overcome that barrier.

[One student loan borrower](#), a U.S. Army veteran and father of four, described how the seizure of the EITC refund affected his family's housing and financial stability:

**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 reposotion. We transport our kids to and from school. We might loose everything now. ... God help us."

"Our refund for 8,880 Was going to keep us in our home and keep our only car from reposotion. ... We might loose everything now."

- U.S. Army veteran, father of four

[A homeless parent with two children](#) had counted on the EITC refund as a way to find stable housing:

"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."

[A mother who feared for her and her childrens' safety](#) wrote:

"Tax offset is taking the EITC that was to be used for relocatiin of children for safety reasons. I absolutely feel violated and helpless."

Almost every borrower who wrote us described similar desperation.

# THE EITC IS CRITICAL FOR FAMILIES CARING FOR CHILDREN OR OTHER FAMILY MEMBERS

The EITC has had tremendous success in improving outcomes for children, pulling about 3.3 million children out of poverty in 2015 alone and reducing the severity of poverty for another 7.7 million children that year. But seizures of EITC refunds hit low-income children the hardest, and 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.<sup>8</sup> In 2017, families with one child could receive a credit of up to \$3,400 and families with three or more children could receive up to \$6,318. In contrast workers without children could only receive up to \$510.<sup>9</sup> 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.

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- Center on Budget and Policy Priorities,  
*Policy Basics: [The Earned Income Tax Credit](#)*

In nearly every single one of the stories, the borrowers echoed how they needed the EITC to provide for their children. [One single mother](#) stated:

“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 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.”

[Another parent shared:](#)

“My children and I are now broke struggling , in a shelter, no money”



# MANY BORROWERS NEED THE EITC TO PAY FOR BASIC NECESSITIES

As [one borrower pointedly stated](#): “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.<sup>10</sup>

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.

[One borrower stated](#), “I had to cancel surgery because we aren't able to pay \$1500.”

[A mother of two wrote](#) of her desperation when her EITC was seized:

“My taxes were seized, my company that I work for let us go due to down sizing and not enough work. ... 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. ... I have been trying to make it, I have no government assistance, I need help asap.”

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

My taxes were seized, my company that I work for let us go due to down sizing and not enough work. ... 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. ... I have been trying to make it, I have no government assistance, I need help asap  
- Single mother of two

## 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 of Education is required to mail the borrower a written notice that it intends to seek the tax offset,<sup>11</sup> the addresses it uses are not always current, especially for low-income borrowers who must move frequently, are homeless, or otherwise have unstable housing situations.

Because low-income workers rely on the EITC to make work possible and to meet their financial obligations, when the government seizes borrowers' Earned Income Tax Credits, it makes it harder for those borrowers to pay back their loans.

[As one borrower wrote:](#)

“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.”

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.<sup>12</sup> 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 consecutive on-time payments over a period of ten months. The payment amount is determined based on the borrower's income.

[One borrower with a young child](#) explained how shortly after she was able to get a full-time job and begin a repayment plan with the Department, she found out that her tax refund was being seized anyway:

“My fiancé, our 2 year old son and I have been struggling to get on our feet for about 2 years now. ... we both were finally able to get full time jobs .... [T]he 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."

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.

## IT IS 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, and the borrowers who have shared their stories here cannot afford to wait. The time for action is now.

To address the harms caused by the government's current EITC seizure policies, Congress should pursue a statutory solution for exempting student borrowers' EITC<sup>13</sup> payments from seizure. In the interim, the U.S. Department of Education should work with the U.S. Treasury to reimburse the seized EITC payments of low-income borrowers

We have shared a sampling of the dozens of borrowers' stories that NCLC received, in full, in the next section, "In Their Own Words: Borrower Stories."

## IN THEIR OWN WORDS: BORROWER STORIES

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 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.

- US Army veteran

2. 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 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.

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.

- A borrower

3. 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.

4. 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 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.

- A borrower

5. 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.

6. 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.

- A borrower

7. 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.

8. 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 lisencc tickets. I have a child and I wanted to pay my fines and get my lisencc possibly a cheap car. I needed my tax return to get me on my feet.

9. 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

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.

- Single mother

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.

10. Subject: **REFUND OFFSET**

I got a student loan for Itt 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

I never got notice or a warning.

- Single mother of six



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..

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. .... It just doesn't seem fair that someone living paycheck to paycheck can have their single line of hope jerked away like that.

- A borrower

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 could both have a vehicle. I don't believe that we should have to suffer, they could have

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

- A borrower



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*.

- Single mother

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

- Single mother

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.

- A borrower

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 siblings. 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.

- Single father of two

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.

- Single mother of two

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.

- Single mother of two

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 relocatiin of children for safety reasons**

I Absolutely feel violated amd helpless.

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

-A borrower

36. Subject: **Refund offet 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.

I had to cancel surgery because we aren't able to pay \$1500.

- A borrower

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 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..

- A homeless borrower



## ENDNOTES

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<sup>1</sup> Thomas L. Hungerford and Rebecca Thies, Economic Policy Institute, The Earned Income Tax Credit and the Child Tax Credit History, Purpose, Goals, and Effectiveness (September 25, 2013) *available at* <http://www.epi.org/publication/ib370-earned-income-tax-credit-and-the-child-tax-credit-history-purpose-goals-and-effectiveness/>.

<sup>2</sup> Persis Yu, National Consumer Law Center, Blog Post: Earned Income Tax Credits Seized from Struggling Student Loan Borrowers (reposted Jan. 22, 2018) *available at* <http://www.studentloanborrowerassistance.org/earned-income-tax-credits-seized-struggling-student-loan-borrowers-2/>.

<sup>3</sup> The stories are anonymous and unverified.

<sup>4</sup> Laura Kliewer, Counsel of State Governments, The Tax Credit Enjoys Bipartisan Support, and May Soon Get a Boost in Some Midwest States (April, 2017) *available at* <http://www.csgmidwest.org/policyresearch/0417-EITC.aspx>.

<sup>5</sup> Center on Budget and Policy Priorities, Policy Basics: The Earned Income Tax Credit at 2 (updated Oct. 21, 2016), *available at* <http://www.cbpp.org/research/federal-tax/policy-basics-the-earned-income-tax-credit>.

<sup>6</sup> Jeffrey Grogger, “The Effects of Time Limits, the EITC, and Other Policy Changes on Welfare Use, Work and Income among Female-Head Families,” *Review of Economics and Statistics* 405, May 2003.

<sup>7</sup> *Id.* at 400.

<sup>8</sup> Tax Policy Center, Taxation and the Family: What is the Earned Income Tax Credit?, *available at* <http://www.taxpolicycenter.org/briefing-book/key-elements/family/eitc.cfm>.

<sup>9</sup> *Id.*

<sup>10</sup> Center on Budget and Policy Priorities, Policy Basics: The Earned Income Tax Credit at 1 (updated Oct. 21, 2016), *available at* <http://www.cbpp.org/research/federal-tax/policy-basics-the-earned-income-tax-credit>.

<sup>11</sup> See National Consumer Law Center, *Student Loan Law*, § 9.2.2 (5th ed. 2015) *available at* <http://library.nclc.org/sl>.

<sup>12</sup> *Id.*

<sup>13</sup> NCLC, Stop Taking the Earned Income Tax Credit from Struggling Student Loan Borrowers October 2016 2 (Oct. 2016) *available at* <http://bit.ly/1R61mjg>.

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