

# Advocates Applaud Department of Education Decision to Protect CTC Payments in Tax Refunds from Seizure

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WASHINGTON - In response to yesterday's announcement via social media that the U.S. Department of Education will make sure families who have student loans in default do not have their Child Tax Credit (CTC) benefits seized by offset - even for refunds issued after the payment pause ends on May 1, 2022 - Abby Shafroth, Director of the National Consumer Law Center's Student Loan Borrower Assistance Project, issued the following statement:

"We applaud Secretary Cardona for committing to make sure that families struggling with federal student loan debt do not have their CTC payments in tax refunds seized as a result. This commitment means that millions of student loan borrowers with children will receive the financial support they need to make ends meet this year.

"Withholding CTC payments from families that are unable to afford student loan payments and other government debts hurts families that are already in financial distress and deprives children of critical funds meant to go toward safe housing, food, and other basic necessities. We completely agree with Secretary Cardona that a parent's student loan status shouldn't stand in the way of receiving these critical funds.

"But the work to protect student loan borrowers isn't done: We urge Secretary Cardona to commit to making this protection permanent. And we urge the Biden Administration to ensure that no families lose out on the CTC as a result of struggles to afford other types of government debt."

Background:

The expanded Child Tax Credit has been helping millions of families across the country meet children's basic needs and has slashed child poverty by nearly 40%. While Congress protected CTC payments made in advance as monthly payments last year from being taken by the government to collect student loans and other government debts, families awaiting the larger CTC payments that will be made through tax refunds this year were at risk of having those payments seized to pay past-due federal student loan debt. Following Secretary Cardona's announcement, families with federal student loan debt should be protected from seizure of their CTC payments this year, though families with other types of government debts are still at risk of CTC seizure.