



Keep Americans Working



What is FGA's Keep Americans Working reform?

FGA's Keep Americans Working reform ensures that struggling workers can continue to renew their occupational license so they don't lose their jobs even if they run into tough financial times.



How does this reform work?

This reform removes current state statutes that remove occupational licenses solely because of student loan default or delinquency and prohibits legislation from being created to do so in the future.¹



Does this reform remove student loan debt?

No, nothing in this legislation removes student loan debt to the state or federal government. It also does not change the government's other existing methods of student loan collection nor does it apply to any private educational loans in which the debt lies between the individual borrower and a private bank or institution.



What licenses are being revoked because of student loan default?

Currently, within states that still remove licenses for student loan default, all professional and occupational licenses can be revoked.^{2,4} Hardworking Americans, including public safety officers, nurses, and teachers, can lose the ability to practice their trades because of student loan default.



Does this reform affect scholarships too?

Yes, work-conditional scholarships specifically. Sometimes state scholarship programs offer to pay for an individual's schooling if they commit to work in a specific field or subject area for a definite amount of time post-graduation.⁵ However, if the terms of the scholarship are broken, perhaps by an individual choosing to leave that field, the scholarship must be paid back in full and becomes student debt. Under this reform, the state is not authorized to suspend or remove occupational licenses from those who default or are delinquent in the repayment of their work-conditional scholarships.⁶



What happens when a license is removed or suspended?

Once an individual defaults on his or her student loan, the state loan enforcement agency alerts the occupational licensing boards of the delinquent borrower. States will then suspend their work license and give notice to the worker of their suspension. The worker is then alerted to the possibility of losing their license altogether. However, after a license is initially suspended, it can take weeks for a license to be reinstated, even if the person makes an immediate payment.⁷

This process leaves people without a source of income or a way to resolve the unpaid debt. During the suspension period, people can get fired from their jobs because they can't work until the enforcement agency alerts the board to reinstate the license. These workers will already have to pay high licensing renewal fees, lender collection fees, and the accrued interest that builds up while waiting to get back to work. This creates yet another barrier for these licensed individuals who are simply trying to do their jobs.

1. "Keep Americans Working Model Legislation," Foundation for Government Accountability (2018), <https://thefga.org/research/keep-americans-working-model-legislation/>.
2. Shoshana Weissmann, C. Jarret Dieterle, & Garret Watson, "How States Use Occupational Licensing to Punish Student Loan Default," R Street (2018), <https://www.rstreet.org/2018/06/27/how-states-uses-occupational-licensing-to-punish-student-loan-defaults/>.
3. Andrew Wagner, "License Suspension for Student Loan Defaulters," National Conference for State Legislatures (2018), <http://www.ncsl.org/research/labor-and-employment/license-suspension-for-student-loan-defaulters.aspx>.
4. As of November 2018 7 states remove all occupational or professional licenses solely on the basis of default. Both Iowa and South Dakota additionally revoke all state issued licenses including driver's licenses and recreational hunting licenses.
5. "Professions that pay for college tuition," Affordable Colleges Online (2018), <https://www.affordablecollegesonline.org/college-resource-center/professions-that-pay-tuition/>.
6. "Keep Americans Working Model Legislation," Foundation for Government Accountability (2018), <https://thefga.org/research/keep-americans-working-model-legislation/>.
7. Jessica Silver-Greenberg, Stacy Cowley, & Natalie Kitroeff, "When Unpaid Student Loan Bills Mean You Can No Longer Work," The New York Times (2017), <https://www.nytimes.com/2017/11/18/business/student-loans-licenses.html>.