



Keep Americans Working

M Myth: Stopping the removal of occupational licenses for those in student loan default removes personal responsibility.

R **Reality: Nothing in this reform erases student loan debt.**

This reform does not change federal or state governments' existing methods of student loan collection or remove any student debt. Instead, this reform protects workers by allowing them to stay in their current jobs and continue earning a living so they can pay back their debts.

M Myth: People are not actually losing their jobs under existing law.

R **Reality: When a worker loses their license, they lose their livelihood.**

When someone's license is suspended or revoked, they can no longer work in that profession, leading to the loss of their job.¹ This harms hardworking and well-meaning Americans who have hit hard financial times and have fallen behind on their student loan payments.² Nurses, teachers, police officers, and firefighters are just a few of the many licensed professionals who have lost their jobs due to unfair targeting by licensing boards.³⁻⁶

M Myth: Lenders need more ways to pursue delinquent student loan borrowers.

R **Reality: Lenders use a variety of tactics to make sure borrowers pay down their debts.**

Lenders already have a variety of methods to pursue borrowers who are in default on their student loans. Seizing tax refunds, turning an individual down for new loans, garnishing wages, and adding collection fees are just a few of the many ways creditors can pursue those who are not compliant.⁷ Furthermore, student loan debt cannot be discharged during normal bankruptcy proceedings in the same manner as other types of debt.⁸ Seizing an individual's occupational license, and in turn their job, unfairly punishes hardworking Americans.

M Myth: It is easy to get a license reinstated and get back to work.

R **Reality: Getting licenses back can be very difficult.**

After a license is suspended, it can take weeks for it to be reinstated. This process leaves Americans without an income or a way to resolve the unpaid debt.⁹ They are also susceptible to high licensing renewal fees and collection fees that are added to the loan balance after a default.¹⁰ This creates yet another barrier to work for these licensed individuals who are already struggling to make ends meet.

1. 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>.
2. C. Jarrett Dieterle, Shoshana Weissmann, & Garrett Watson, "How States Use Occupational Licensing to Punish Student Loan Defaults," *R Street Policy Studio* (2018), <https://2o9ub0417chl2lg6m43em6psi2i-wpengine.netdna-ssl.com/wp-content/uploads/2018/06/Final-148-for-posting.pdf>.
3. Ibid.
4. Anastasia Boden, "States are using absurd licensing requirements to license people right out of work - it has to stop," *Fox News* (2018), <https://www.foxnews.com/opinion/states-are-using-absurd-licensing-requirements-to-license-people-right-out-of-work-it-has-to-stop>.
5. Shannon Najmabadi, "In Texas, falling behind on your student loan payments can cost you your license to work," *The Texas Tribune* (2018), https://www.texastribune.org/2018/03/20/texas-defaulting-student-loans-can-lo/?utm_.
6. 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>.
7. Federal Student Aid, "Understanding Delinquency and Default," U.S. Department of Education (2018), <https://studentaid.ed.gov/sa/repay-loans/default>.
8. "Request for Information on Evaluating Undue Hardship Claims in Adversary Actions Seeking Student Loan Discharge in Bankruptcy Proceedings," Department of Education, *Federal Register* (2018), <https://www.federalregister.gov/documents/2018/02/21/2018-03537/request-for-information-on-evaluating-undue-hardship-claims-in-adversary-actions-seeking-student>.
9. Ibid.
10. Shawn M. Carter, "What Happens and What to Do If you Default on A Student Loan," *CNBC* (2017), <https://www.cnbc.com/2017/10/09/what-happens-and-what-to-do-if-you-default-on-a-student-loan.html>.