1212 New York Ave. NW
Floor 9
Washington, DC 20005
202.525.5717

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Testimony from:
Marc Hyden, Director of State Government Affairs, R Street Institute

In SUPPORT of HB 42, "AN ACT To amend various titles of the Official Code of Georgia Annotated so as to prohibit professional licensing boards from refusing to issue a license or suspending or revoking the license of a person who is a borrower in default under an educational loan issued through the Georgia Higher Education Assistance Corporation or through a federal agency; to provide for related matters; to repeal conflicting laws; and for other purposes."

February 6, 2019

Chairman and members of the committee:

My name is Marc Hyden. I am a Georgia resident and the Director of State Government Affairs for the R Street Institute, a nonprofit, nonpartisan public policy research organization. Our mission is to engage in policy research and outreach to promote free markets and limited, effective government in many areas, including occupational licensing reform, which is why HB 42 is of special interest to us.

To date, Georgia is one of only 15 states that is empowered to suspend occupational licenses of those who fall behind on their student loans. But states have been increasingly abandoning this model, and for good reason. When occupational license suspensions are initiated, licensees are prohibited from working in their profession, which merely makes it harder to repay their debts. After all, it is difficult for individuals to re-enter satisfactory repayment status if they do not have a job. This policy essentially creates joblessness and subsequently pushes the newly unemployed into poverty, making it more likely that they will apply for taxpayer-funded assistance. Therefore, this government-created poverty harms more than just those in default. It can increase the tax burden on working Georgians.

While originally designed to hold borrowers accountable and prevent defaults, this policy has failed. As of 2015, the average federal student loan default rate was higher in Georgia than it was in states without revocation authority. Thus, the threat of suspension does not appear to be effective at discouraging defaults. While it is certainly important to encourage debt repayment, this must be done responsibly. Fortunately, we already have time-tested tools at our disposal. Currently, the federal government can garnish wages, seize tax returns and social security payments or assess liens against the property of delinquent borrowers.

The bottom line is that Georgia should not be in the business of creating poverty or needlessly increasing the burden on taxpayers by forcing defaulters into unemployment. Instead, we should use the smarter mechanisms already in place, and that is why it is critical that the Legislature pass HB 42.

Thank you for your time,

Marc Hyden
Director of State Government Affairs
The R Street Institute
mhyden@rstreet.org