



Legislation allowing professional licensing institutions to revoke the licenses of individuals who have failed to repay their student loans has been passed in several states and introduced in several others. The professional licensing institutions to which the bills apply differs from state to state, but the general procedural structure of the bills are quite similar across states. The bills give power to the licensing boards to revoke or deny renewal of professional or occupational licenses upon receipt of information from an education loan administer that the individual has defaulted on their loan or has somehow failed to fulfill the loans obligations. The states require the licensing boards provide a due process hearing to the licensee. The constitutionality of these laws has not been questioned specifically. Nevertheless, the constitutionality of similar laws which deny or suspend professional licenses for those who have defaulted on child support payments stood up in an Arizona Supreme Court Case.

The states that have passed such laws include New Jersey, Texas, Missouri, Georgia, Colorado and Iowa, and similar bills have been introduced in Pennsylvania, Nebraska, Hawaii and South Dakota.

A Texas bill, HB 1755, was passed in June of 2001 that provides Texas licensing authorities the right to suspend a professional license, deny application for a license, deny license renewal or take other disciplinary action against a person who has defaulted on a student loan or has breached a student loan repayment contract or scholarship contract. The bill is limited in its applicability, and only pertains to four licensing authorities. These are the Texas Board of Chiropractic Examiners, State Board of Dental Examiners, Texas State Board of Podiatric Medical Examiners and the Texas State Board of Medical Examiners.

The bill states that these licensing boards may take action against a person upon receipt of information from a governmental entity that administers student loans, student loan repayments or scholarship progralarshig to the licenseB205 Tc03 Twntrodu he b-1.15or6erlah -0.0baa

requirement for a hearing each licensing agency adopts its own rules necessary to carry out the license agency duties.

The licensing authority may rescind any disciplinary or non-renewal action upon receiving information that the person has entered an agreement with the loan administration to repay the student loan, perform the service obligation, or pay any damages required by the student loan repayment or scholarship contract, or has taken any other action resulting in the person's no longer being in default or in breach of their loan or contract. In this case the loan corporation will provide the person with a certificate declaring the person has entered into a repayment agreement on the defaulted loan. Likewise, the licensing authority may reinstate the disciplinary action if the person once again fails to fulfill their agreement with the loan association to repay.

Senate bill number 57 was signed into law on April 9, 1999. This bill allows the director or board of a professional licensing institution to suspend certain licenses, registrations and certifications for failure to repay student loans. A hearing, which allows the debtor due process, is held by the director or board before the licenses is suspended. A license may be reinstated once the debtor provides the professional licensing institutions with a written statement from the lender or guarantor saying that the debtor has paid off the loan or has a repayment plan. A separate part of the bill allows the Supreme Court of New Jersey to establish a process for the suspension of the license of any practicing

The borrower in default has 20 days from the date of mailing to enter into a satisfactory repayment status. The satisfactory repayment status is that the borrower has agreed to repay the defaulted loan to the agency and a payment has been made within the preceding 60 days. If the borrower in default fails to enter into a satisfactory repayment status or does not respond within 20 days, the agency will send notice to the licensing entity and request that the licenses be suspended or the licensure applications be denied.

All borrowers in default have the right to request an administrative hearing before an administrative law judge of the Office of State Administrative Hearings and judicial review of that hearing. The request for a hearing must be made in writi

the law was reasonably designed to close a loophole in child support enforcement laws” (<http://www.cga.state.ct.us/search/>).

The *Flores* decision has been backed by other state supreme court decisions which has

New Jersey Legislature Online, Bill Information.
<http://www.njleg.state.nj.us/bills/BillView.asp>

Professional License Revocation and Suspension Disciplinary Proceedings
<http://www.lawmall.com/licenses/>.

Texas Education Code, Loan Default Ground for Non-renewal of Professional or Occupational License, 57.491.
<http://www.capitol.state.tx.us/statutes/ed/ed005700.html#ed033.57.491>.

Texas Legislature Online, Bill Information. <http://tlo2.tlc.state.tx.us/tlo/billnbr.htm>.

Georgia Secretary of State Press Release, “Secretary Cox and GSFC’s Glenn Newsome: Student Loan Defaulters May Now Lose Their License.” January 20, 1999.
<http://www.sos.state.ga.us/pressrel/pr990120.htm>.

Georgia Secretary of State Press Release, “Cox Applauds Passage of HB 532: Will Authorize Collection of Defaulted Federal Student Loans From Georgia Licensed Professionals.” March 23, 2001. <http://www.sos.state.ga.us/pressrel/pr032301.htm>.

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