

The Student Loan racket: Defaulting on Student Loans Can Mean Loss of Jobs

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The following states have laws permitting suspension of professional or driver's licenses of individuals defaulting on student loans – compounding a deplorable racket:

Alaska, Arkansas, California, Florida, Georgia, Hawaii, Illinois, Iowa, Kentucky, Louisiana, Massachusetts, Minnesota, Mississippi, New Mexico, North Dakota, Tennessee, Texas, Virginia and Washington.

Maybe others will join them, part of a great wealth transfer swindle, shifting it inexorably from most Americans to its privileged class, ongoing for years.

The student loan racket is a disturbing government/corporate partnership. Students are exploited for profit. Providers are enriched.

For many, rising tuition and fees make higher education unaffordable. Others need large loans to attend, forced into burdensome debt bondage. For many, it's crushing.

For too many, it's permanent, amounts owed unforgiven. Declaring bankruptcy doesn't end the obligation.

Lenders thrive on defaults. Wages can be garnished. So can Social Security and disability income, along with other retirement benefits. Liens can be placed on property owned. Tax refunds can be seized.

A conspiratorial alliance of lenders, guarantors, servicers, and collection companies profit from debt service and inflated collection fees – a deplorable predatory system.

Principal, accrued interest, late payment and collection agency penalties create enormous burdens to repay.

Once entrapped, escape is impossible. Unless repaid, future lives and careers are impaired.

Outstanding student loan debt exceeds \$1.5 trillion, second only to household mortgages –

nearly equal to credit card and auto loan debt combined, the amount increasing by an astonishing \$3,000 per second, \$180,000 per minute, \$10,800,000 per hour, over 259,000,000 daily, around \$100 billion annually – why it's so lucrative for lenders and collection companies.

The [New York Times](#) addressed the issue, saying

“(f)all behind on your student loan payments, lose your job.”

“Firefighters, nurses, teachers, lawyers, massage therapists, barbers, psychologists...real estate brokers (and others) have all had their credentials suspended or revoked.”

Numbers of individuals affected aren't known because states don't keep records. Loss of jobs means lost income, for many desperation, many others unable to work in their chosen field, disrupting their lives and welfare.

Failure to make payments on time affects credit ratings, harming the ability to get future loans.

In 1990, the Department of Education urged states to deny professional licenses to student loan defaulters, or revoke them from individuals having them.

American Federation of Teachers president Randi Weingarten called suspending or revoking licenses “tantamount to modern-day debtors' prison.”

Alaska, Hawaii, Iowa, Massachusetts and Washington aren't using their laws. Oklahoma and New Jersey eliminated earlier ones enacted into law.

Where enforced, the livelihood of anyone failing to maintain repayments as required is jeopardized.

If out of work because of failure to keep up and having licenses suspended, how is future debt service possible without employment providing income?

Congress bears full responsibility for increasing debt bondage. It ended bankruptcy protections, refinancing rights, statutes of limitations, truth in lending requirements, fair debt collection ones, and state usury laws when applied to federally guaranteed student loans.

Millions of graduates and families are harmed, many relegated to years of debt bondage, for some a lifetime – through legalized wealth extraction, a congressionally sanctioned extortion racket.

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My newest book as editor and contributor is titled “Flashpoint in Ukraine: How the US Drive for Hegemony Risks WW III.”

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