



Student Loans and Postgraduate Educational Debt

H.R. 1202/S. 704 | H.R. 7814/S. 2172

The American Dental Association (ADA) supports H.R. 1202/S. 704, the Resident Education Deferred Interest Act (or REDI Act), and H.R. 7814/S. 2172, the Dental Loan Repayment Assistance Act. These bills will provide fair and reasonable ways to help offset the unprecedented levels of educational debt for dental and medical residents and dental school faculty.

Today nearly two-thirds (65 percent) of dental school graduates with educational debt are starting their careers owing over \$300,000 in student loans.ⁱ Over 85 percent of them use federal Direct Unsubsidized Stafford Loans, and 76 percent use federal Grad PLUS Loans—either as a stand-alone financing mechanism or to supplement what the Direct Loan did not cover.ⁱⁱ

The interest on these loans can be as high as 9.5 or 10.5 percent, depending on the type of loan and market conditions.^{iii,iv} And the payments can last 10-30 years, depending on the borrower's repayment plan.

Staying ahead of student loan interest can be a particular challenge for the 38 percent of new dentists pursuing several years of a low- or non-paying dental or medical residency program,¹ and established dentists hoping to educate students, conduct research, and deliver oral health services through dental school practices and clinics.

Borrowers who are unable to begin paying immediately *may* qualify to have their payments temporarily halted or reduced, but the deferment is not automatic. And the interest accrues regardless, adding tens of thousands of dollars to their debt. In effect, it is an interest penalty just for pursuing a low- or non-paying medical or dental residency or pursuing an academic career.

The ADA urges you to cosponsor the following bills:

H.R. 1202/S. 704, the Resident Education Deferred Interest Act (or REDI Act)

Rep. Brian Babin (R-TX) and Rep. Chrissy Houlahan (D-PA);
Sen. Jacky Rosen (D-NV) and Sen. John Boozman (R-AR)

- Allows medical and dental residents to automatically defer payments on their federal student loans until after their medical or dental residency is completed.
- Suspends the accrual of interest on federal student loans during the residency period.

H.R. 7814/S. 2172, the Dental Loan Repayment Assistance Act of 2023

Rep. Jeff Van Drew (R-NJ) and Rep. Yvette Clarke (D-NY);
Sen. Ben Cardin (D-MD) and Sen. Roger Wicker (R-MS)

- Allows full-time faculty members participating in the Dental Faculty Loan Repayment Program to exclude federal loan repayment assistance from their taxable income.

These bills will help offset the unprecedented financial challenges that these essential health care providers face at graduation. Combined with enhanced public service loan forgiveness programs, they may also encourage highly indebted dentists to practice in underserved areas and pursue academic careers.



ADA Dentist and Student Lobby Day



As dentists and dental students, we urge you to cosponsor H.R. 1202 and S. 704, together known as the REDI Act, and H.R. 7814 and S. 2172, both known as the Dental Loan Repayment Assistance Act.

Information:

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ⁱ Istrate EC, Cooper BC, West KP. Dentists of Tomorrow 2022: An Analysis of the Results from the ADEA 2022 Survey of U.S. Dental School Seniors. American Dental Education Association (ADEA) Education Research Series. Issue 4, September 2022.

ⁱⁱ Ibid.

ⁱⁱⁱ 20 U.S.C. § 1087e

^{iv} The interest rate on Direct Loans taken out between July 1, 2006 and June 30, 2013, is fixed by law at 6.8 percent.