

March 9, 2023

The Honorable Jacky Rosen
713 Hart Senate Office Building
Washington, DC 20510

The Honorable John Boozman
141 Hart Senate Office Building
Washington, DC 20510

Dear Senators Rosen and Boozman:

On behalf of our 159,000 members, we would like to thank you for sponsoring S. 704, the Resident Education Deferred Interest Act (or REDI Act). This bill would allow medical and dental residents to defer payments on their federal student loans—and delay the point at which interest begins to accrue—until after completing their medical or dental residency.

In 2022, over two-thirds of new dentists (65 percent) began their careers owing \$293,900 in loans for their dental education.¹ Over 85 percent used federal Direct Unsubsidized Stafford Loans, and 76 percent used federal Grad PLUS Loans—either as a stand-alone financing mechanism or to supplement what the Direct Stafford Loan did not cover.² The interest on these loans can reach as high as 9.5 or 10.5 percent, depending on the type of loan and market conditions.^{3,4}

Staying ahead of student loan interest can be a challenge for the 38 percent of new dentists pursuing—or who are required to complete—several years of a low- or non-paying dental or medical residency program.⁵ Those 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.

If enacted, S. 704 would allow medical and dental residents to automatically defer payments on their federal student loans until after their medical or dental residency is completed. It would also suspend the accrual of federal student loan interest during the residency period. It would end what amounts to an interest penalty just for pursuing a medical or dental residency.

This bill will not eliminate the debt hardship for early career dentists, but it will help offset the unprecedented financial challenges these essential health care providers face at graduation.

We applaud you for sponsoring this meaningful legislation and are pleased to offer our enthusiastic support. If you have any questions, please contact Ms. Megan Mortimer at 202-898-2402 or mortimerm@ada.org.

Sincerely,

/s/

George R. Shepley, D.D.S.
President

/s/

Raymond A. Cohlmya, D.D.S.
Executive Director

GRS:RAC:rjb

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Page 2

¹ 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.

² Ibid.

³ 20 U.S.C. § 1087e

⁴ The interest rate on Direct Loans taken out between July 1, 2006 and June 30, 2013, is fixed by law at 6.8 percent.

⁵ 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.