

April 11, 2016

Honorable John Kline
Chairman, House Committee on
Education and Workforce
2181 Rayburn House Office Building
Washington, DC 20515

Honorable Robert C. Scott
Ranking Member, House Committee on
Education and Workforce
2101 Rayburn House Office Building
Washington, DC 20515

Dear Chairman Kline and Ranking Member Scott:

The American Dental Association (ADA) and the American Student Dental Association (ASDA) are pleased to register our strong support for H.R. 4223, the Protecting Our Students by Terminating Graduate Rates that Add to Debt Act (or “POST GRAD Act”). This bill would allow eligible dental student loan borrowers to take advantage of the favorable borrowing terms and conditions of federal Direct *Subsidized* Loans offered to undergraduate students with a financial need.

Today’s graduating dental students face astronomical levels of educational debt, and many are reconsidering their postgraduate career plans because of it. Almost two thirds (61 percent) of dental students who graduated in 2014 reported that the perceived impact of educational debt influenced their decision to go into private practice immediately after graduation rather than public service, teaching, research, and/or administration.¹ The dilemma is understandable considering the severity of the problem.

In 2014, the average educational debt per graduating dental school senior was \$220,892.² Factoring out the 10.7 percent of dental school seniors who graduated with no debt, the average debt per graduating dental school senior was \$247,227 (\$216,437 for graduates from public dental schools and \$289,897 for graduates from private and private state-related dental schools).^{3,4}

One way to help mitigate the alarming levels of dental student debt is to improve the borrowing terms on federal student loans. In 2014, over 71 percent of graduating dental students reported having used Direct Unsubsidized Stafford Loans to pay for dental school.⁵ Unfortunately, the borrowing terms for those loans are not as favorable as for Direct *Subsidized* Loans, which are only offered to undergraduate students with a financial need.

If enacted, H.R. 4223 would make graduate and professional degree students eligible to use Direct *Subsidized* Loans to finance a portion of their graduate education. In any given year, eligible dental students could obtain a Direct *Subsidized* Loan with a borrowing rate that is 1.55 percent lower than the prevailing interest rate for Direct Unsubsidized Loans.* Moreover, any interest that accrues while in dental school and six months after graduation would be forgiven.

* The interest rates for Direct Subsidized Loans and Direct Unsubsidized Loans are adjusted every June 1, based on the prevailing high yield of the 10-year treasury note—plus a fixed rate of 2.05 percent for Direct Subsidized Loans and 3.6 percent for Direct Unsubsidized Loans. The difference between the two rates is 1.55 percent. See 20 U.S.C. 1087e(b)(8)(A) and 20 U.S.C. 1087e(b)(8)(B).

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For dental students facing \$220,000 or more in educational debt, the interest savings would be significant.

Additionally, the annual interest cap for Direct *Subsidized* Loans is lower than for Direct Unsubsidized Loans—8.25 percent versus 9.5 percent, respectively. The lower cap on Direct *Subsidized* Loans would better protect dental student borrowers from interest rate hikes when economic conditions are less favorable.

H.R. 4223 will not eliminate the significant burden of dental student debt, but it is an important step in that direction. **We strongly urge the committee to report H.R. 4223 favorably so it may be considered for a vote by the full House of Representatives.**

We applaud Rep. Judy Chu for introducing this important legislation. If you have any questions, please contact Ms. Mindi Walker at the American Dental Association. Mindi can be reached at 202-898-2404 or walkerm@ada.org.

Sincerely,

/s/

Carol Gomez Summerhays, D.D.S.
President
American Dental Association

/s/

Kathleen T. O'Loughlin, D.M.D., M.P.H.
Executive Director
American Dental Association

/s/

Sohaib Soliman
President
American Student Dental Association

/s/

Nancy R. Honeycutt
Executive Director
American Student Dental Association

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¹ Annual ADEA Survey of Dental School Seniors, 2014 Graduating Class: Table 25. Seniors' immediate plans after graduation by extent of perceived impact of educational debt on career plans, by percentage of total 2014 respondents.

² Annual American Dental Education Association Survey of Dental School Seniors, 2014 Graduating Class: Table 8. Average amount of educational indebtedness* of graduating dental students by all schools combined and by type of school, 1990 and 1996-2014.

³ Annual American Dental Education Association Survey of Dental School Seniors, 2014 Graduating Class: Table 11. Level of seniors' educational debt* by type of school, 2014.

⁴ Annual American Dental Education Association Survey of Dental School Seniors, 2014 Graduating Class: Table 12. Average graduating educational debt* of 1996–2014 graduates with debt, by type of school.

⁵ Annual ADEA Survey of Dental School Seniors, 2014 Graduating Class: Table 14. Type of loans reported by seniors, by percentage of total 2014 respondents.