

February 19, 2015

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), the American Student Dental Association (ASDA), and the American Dental Education Association (ADEA) are pleased to share our principles for reauthorizing Title IV of the Higher Education Act of 1965 (HEA), which provides the statutory authority for most federal student loan programs to operate.

We are extremely concerned about the alarming levels of educational debt that dental students face at graduation. In 2014, the average educational debt per graduating dental school senior was \$220,892.¹ 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).^{2,3}

Most dental students rely on federal student loans to finance their dental education. In 2013, over 73 percent of graduating dental students reported having used Direct Unsubsidized Stafford Loans (Direct Loans) to pay for dental school and, to a lesser extent, Federal Grad PLUS Loans (54.2 percent) and Federal Perkins Loans (15.7 percent).⁴

While the interest rates and repayment terms for federal student loans are generally more favorable than private sector loans, the borrowing terms are still daunting. For example, the interest rate on Direct Loans taken out on or after July 1, 2013, could reach as high as 9.5 percent, depending on the prevailing interest on 10-year Treasury notes plus 3.6 percent.⁵

The cost of dental education should not be a prohibitive factor for those wanting to enter the profession. For that reason, we urge you to prioritize the following when reauthorizing the HEA and considering other student loan legislation.

- Lower federal graduate student loan interest rate(s) and the total amount of interest that can accrue on federal graduate student loans.
- Enable federal graduate student loans to be refinanced more than once to take advantage of lower interest rates and better economic conditions.
- Extend the period of deferment for repaying federal graduate student loans to the maximum extent practicable.
- Simplify and add more transparency to the federal graduate student loan application process.

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- Remove the barriers that prohibit those with private graduate student loans from taking advantage of federal student loan forgiveness/service payback programs.

Though not part of the HEA, we will also be calling on lawmakers to expand and enhance the federal income tax deduction for student loan interest.

We welcome the opportunity to work with you on these and other ways to help mitigate the alarming levels of educational debt that dental students face at graduation. 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/

Maxine Feinberg, D.D.S.
President
American Dental Association

/s/

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

/s/

Kristopher Mendoza
President
American Student Dental Association

/s/

Nancy R. Honeycutt
Executive Director
American Student Dental Association

/s/

Richard W. Valachovic, D.M.D., M.P.H.
President and Chief Executive Officer
American Dental Education Association

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¹ 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.

² 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.

³ 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.

⁴ Annual ADEA Survey of Dental School Seniors, 2014 Graduating Class: Table 14. Type of loans reported by seniors, by percentage of total 2014 respondents.

⁵ The interest rate on Direct Loans taken out between July 1, 2006 and June 30, 2013, is fixed by law at 6.8 percent.