

August 26, 2022

U.S. Department of Education
Office of Postsecondary Education
400 Maryland Avenue SW, 2nd Floor
Washington, DC 20202

Re: Docket No. 2022-OPE-0062—Notice of Proposed Rulemaking: Student Assistance
General Provisions

To Whom It May Concern:

On behalf of our 162,000 members, we would like to comment on the Department of Education proposed amendments to the regulations governing the federal Direct Loan and Public Service Loan Forgiveness programs. We offer these comments in response to your federal register notice of July 28, 2022 (87 FR 45432).

Today, new dentists are starting their careers owing nearly \$305,000 in educational debt (\$270,125 for graduates from public dental schools and \$349,730 for graduates from private dental schools).¹ Over 70 percent finance their dental education using federal Direct Loans, and another 72 percent use federal Grad PLUS Loans—either as a stand-alone financing mechanism or to make up the difference between what the Direct Stafford Loan did not cover.

Adding insult to injury are federal student loan interest rates that can reach as high as 9.5 or 10.5 percent, depending on the type of loan and market conditions.² And the interest begins accruing immediately.

Educational debt is a particular challenge for the 37 percent³ of new dentists with debt who pursue (or are *required* to complete) several years of a low- or non-paying dental or medical residency program. Residents who are unable to begin repaying their student loans immediately *may* qualify to have their payments temporarily halted or reduced through a deferment or forbearance process, but the interest accrues regardless.

By law, federal student loans are sometimes subject to interest capitalization, which can add tens of thousands of dollar to a new dentist's educational debt. It occurs when a borrower's accrued, unpaid interest becomes part of the principal balance of the borrower's loan, often without their knowledge. It increases the overall balance of the loan and typically the amount the borrower must repay. It is triggered by designated "capitalizing events" that are unique to federal student loan programs.

We applaud the Department's proposal to reduce the number of events that would trigger interest capitalization, including exiting forbearance. Eliminating this and other capitalizing events could be a tremendous benefit to dental and medical residents during a period of serious financial hardship.

We urge the Department to clarify that its proposal would not eliminate interest capitalization for those exiting deferment, but forbearance only.⁴ We appreciate the Department's view that it lacks the statutory authority to eliminate interest capitalization on deferred loans. However, dental school graduates may be eligible for both, depending on their circumstances. Knowing the risk of experiencing interest capitalization ahead of time may influence their decision to enter *deferment* or *forbearance*.

We also strongly support the Department's proposals to improve the Public Service Loan Forgiveness program. Simplifying the application process—and clarifying and expanding the definitions for full-time employment, qualifying employers, and qualifying monthly payments—will make the program far more accessible to those willing to pursue ten years of public service in exchange for having their outstanding federal student loans forgiven.

We urge you to improve the Department's data collection by tracking the number of health professionals (by degree) that are participating in the PSLF program. Based on our queries, the National Student Loan Data System does not track this information—or even the degrees for which the Department's educational loans are issued (e.g., D.D.S., D.M.D., etc.).

We applaud the Department for pursuing reforms. They will not eliminate the financial hardship for early career dentists, but they will help offset the unprecedented financial challenges these essential health care providers face at graduation.

Thank you for your leadership on this issue. If you have any questions, please contact Mr. Robert J. Burns at 202-789-5176 or burnsr@ada.org.

Sincerely,

/s/

Cesar R. Sabates, D.D.S.
President

/s/

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

CRS:RAC:rjb

¹ Istrate EC, Slapar FJ, et al., Dentists of tomorrow 2020: An analysis of the results of the 2020 ADEA Survey of U.S. Dental School Seniors, *J Dent Educ*, February 2021; 85: 427-440.

² 20 USC 1087e.

³ American Dental Education Association. (March 2020). ADEA Survey of Dental School Seniors, 2019 Graduating Class Tables Report Washington, DC. (Table 29. Respondents' Immediate Plans After Graduation by Level of Educational Debt).

⁴ U.S. Department of Education, Office of Postsecondary Education, *Issue Paper #3: Interest Capitalization* (September 29, 2021).