



Student Loans and Postgraduate Educational Debt

H.R. 2160 | H.R. 4122/S.3658

The American Dental Association (ADA) and the American Student Dental Association (ASDA) urge you to cosponsor H.R. 2160, the Student Loan Refinancing Act, and H.R. 4122/S. 3658, the Resident Education Deferred Interest Act (REDI Act). These bills will provide fair and reasonable ways to help offset the unprecedented levels of educational debt that new dentists face at graduation.

Graduate student debt has been rising for decades, even after adjusting for inflation. It has risen to the point that today new dentists with debt are starting their careers owing nearly \$305,000 in educational debt.

In 2020, over three quarters (77 percent) of graduating dental school seniors reported using federal Direct Loans to pay for dental school and, to a lesser extent, Grad PLUS loans (73 percent).^{*} The interest rates and repayment terms for these loans are generally more favorable than private sector loans, but the borrowing terms are still daunting.

The interest rates on Direct Loans can reach as high as 9.5 percent depending on the prevailing interest on the 10-year Treasury note, plus 3.6 percent. The interest rates on Grad PLUS loans can reach as high as 10.5 percent, depending on market conditions. And the interest begins to accrue at graduation, which effectively penalizes those enrolled in a postgraduate medical or dental residency program.

One way to mitigate the unprecedented financial challenges that new dentists face at graduation is to lower the interest rates and improve the borrowing terms on federal student loans. The ADA and ASDA urge you to cosponsor the following bills:

H.R. 2160, the Student Loan Refinancing Act

(Rep. Mark Pocan, D-WI)

- Provides multiple opportunities for borrowers to refinance their federal Direct Loans, Direct PLUS Loans and Direct Consolidation Loans when interest rates are lower.
- Ensures the refinanced rates are fixed to protect borrowers from interest rate hikes when economic conditions are less favorable.

H.R. 4122/S. 3658, the Resident Education Deferred Interest Act (REDI Act)

(Rep. Brian Babin, R-TX/Sen. Jacky Rosen, D-NV)

- 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.

These bills will not solve the student debt crisis, but they 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 lead more highly indebted young dentists to practice in underserved areas.

The ADA and ASDA urge you cosponsor H.R. 2160, the Student Loan Refinancing Act, and H.R. 4122/S. 3658, the Resident Education Deferred Interest Act (REDI Act).

^{*}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.