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American Association of Oral and Maxillofacial Surgeons

## STUDENT LOAN REFORM



**Please support the Resident Education Deferred Interest (REDI) Act (HR 5734) in the House.**

**Please introduce companion legislation in the Senate.**

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**Key details:** HR 5734 was introduced by Rep. Brian Babin (R-Texas) on May 9, 2018.

### A few statistics about OMS student loan debt

Oral and maxillofacial surgery residents must complete a minimum four-year, hospital-based residency in addition to their undergraduate and dental degrees. Nearly 40 percent also earn a medical degree or complete a fellowship training program. A recent survey of OMS residents revealed the following:

- More than half of those surveyed expect to have \$300,000 or more in student loan debt by the time they complete residency. A quarter of those anticipate \$500,000 or more in debt.
- 74 percent have student loans with an interest rate of 6 percent or more, which continues to compound even if loans are in deferment or forbearance.
- More than 50 percent indicated their debt is a determining factor for where and how they practice, potentially deterring decisions to practice in rural or underserved areas or join the academic or research communities instead of private practice.
- The debilitating cost of repayment undoubtedly influences financial decisions and choices of young OMSs and impacts the broader economy. Nearly 40 percent stated their debt has influenced their decision to start a family, and 50 percent delayed buying a home.

### What can be done to ease the burden?

- **Support HR 5734 introduced by Rep. Babin to allow interest-free deferment on student loans for borrowers serving in a medical or dental residency program.**
- This legislation is needed because due to passage of the Balanced Budget Act of 2011, graduate students are no longer eligible for federal subsidized Stafford loans. Therefore, medical and dental residents accrue interest on their graduate loans while they are in school and residency – even if they qualify for deferment or forbearance due to their inability to make payments.
- An OMS going through a four-year residency program who averages \$350,000 in unsubsidized student loans after completing dental school at the current average graduate loan interest rate of 6 percent will pay more than \$90,000 of additional interest over those four years. This figure will climb for the nearly 40 percent of OMSs enrolled in programs that allow them to obtain both a dental and a medical degree.
- Physicians and dentists accumulate such large student debt and undertake several years of residency with very low pay, making it challenging to begin repaying student debt right away. Providing interest accrual relief during residency is appropriate and will make the concepts of opening practices in underserved areas or entering faculty or research more attractive and affordable to them.



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