



Making Graduate Loans Affordable for Medical Students

As Congress works to reauthorize the Higher Education Act, AACOM urges lowering interest rate caps for graduate and professional students established by the Bipartisan Student Loan Certainty Act of 2013. AACOM also advocates for Congress to explore fiscally-responsible solutions to lower medical student debt.

The passage of the *Bipartisan Student Loan Certainty Act* tied federal student loan interest rates to the fluctuating market and capped interest rates for graduate and professional students at 9.5 percent for Federal Stafford Loans and 10.5 percent for GradPLUS Loans. Those interest rates are projected to rise to their caps in less than 10 years. This will result in a tremendous spike in interest accrued, nearly doubling the cost of interest that a graduate or professional student must repay on his or her loan.

The higher graduate interest rate caps in this student loan law are disproportionate to the undergraduate interest rate caps (8.5 percent). These differences could make graduate education even less attainable, particularly as interest rates continue to climb with the economic recovery and approach the cap. Given that graduate students already have more than double the average debt of undergraduate students, these policies may deter individuals from seeking advanced degrees in the future. Congress must consider these disparities and support the undergraduate to graduate pipeline to help ensure medical students graduate with less debt.

Furthermore, students are entering medical school with more educational debt from their undergraduate education and have been negatively affected by the elimination of the in-school interest subsidy on Federal Stafford Loans for graduate and professional students in the *Budget Control Act of 2011*. The Congressional Budget Office estimates that the elimination of the in-school interest subsidy will increase graduate and professional students' aggregate debt burden by \$18.1 billion in approaching years.

More than 26,000 students are enrolled at osteopathic medical schools, and more than 25 percent of new U.S. medical students are training to be osteopathic physicians. Recent graduates of the nation's osteopathic medical schools reported mean debt levels of \$229,934 for their medical education. Given the growing and projected physician workforce shortage, we urge Congress to lower graduate interest rate caps and support other federal policies that help alleviate the significant loan debt future physicians amass after graduating medical school.

For further information, please contact info@edtomed.com.