



## **Medical Students and Federal Financial Aid**

As Congress works to reauthorize the *Higher Education Act* (HEA), AACOM strongly urges a strong investment in federal financial aid that supports medical and other graduate and professional students.

### **Interest Rate Caps**

*AACOM urges lowering interest rate caps for medical and other graduate and professional students established by the Bipartisan Student Loan Certainty Act of 2013.*

This law tied federal student loan interest rates to the fluctuating market and capped interest rates for medical and other graduate 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 7-8 years, which will result in a tremendous spike in interest accrued, nearly doubling the cost of repayment on the interest for medical students' loans.

The higher graduate interest rate caps established by this law are disproportionate to the undergraduate interest rate caps, which have been set at 8.5 percent. These differences could make medical and other graduate and professional education even less attainable, particularly as interest rates continue to climb with the economic recovery.

In addition, medical students have been negatively affected by the elimination of the in-school interest subsidy on Federal Stafford Loans for graduate students in the *Budget Control Act of 2011*, which the Congressional Budget Office estimates will effectively increase graduate and professional students' aggregate debt burden by \$18.1 billion in approaching years.

*AACOM urges Congress to support the Protecting Our Students by Terminating Graduate Rates that Add to Debt Act (POST GRAD Act) (H.R. 4223).*

A few years ago, Congress cut a major means of support for graduate students by eliminating their eligibility for in-school interest subsidies for Federal Stafford Loans. This costs graduate students thousands of additional dollars in interest payments on their loans for interest that accrues while they are in school. Representative Chu's (D-CA) bill would reinstate graduate and professional student eligibility for the in-school interest subsidy.

### **Federal Direct Graduate PLUS (GradPLUS) Loan**

*AACOM supports the preservation of the current structure and eligibility of the GradPLUS Loan Program.*

GradPLUS loans are comparably low-interest federal loans available for medical and other graduate and professional students for up to the total cost of their education. Currently, medical



students who need more than \$20,500 in any one academic year may borrow GradPLUS loans to help cover any remaining educational expenses. As this program is critical to financing students' medical education, limiting any borrowing of these loans would create a hardship for medical students and potentially limit access to education, furthering the projected physician workforce shortage.

Nearly 70 percent of graduating osteopathic medical students in the 2014-2015 academic year reported having a GradPLUS loan with a mean loan debt of \$89,136, according to the [AACOM 2014-2015 Academic Year Survey of Graduating Seniors Summary](#).

### **Federal Perkins Loan Program**

*AACOM strongly supports the continuation of the Federal Perkins Loan Program for graduate and professional students.*

Many medical and other graduate and professional students with demonstrated financial need have historically depended on the Federal Perkins Loan Program to complete their education. Perkins loans are available at a comparably lower interest rate for students, providing them with a viable borrowing option to help finance their education. However, the recent two-year extension of this program includes major changes that negatively impact medical students. This extension only allows current medical and graduate students to participate for a year, making them ineligible for Perkins loans beginning in the 2016 academic year. As the nation faces a physician workforce shortage, particularly in rural and/or underserved areas, it is more essential than ever that federal policies support the educational pathway of future physicians.

### **Foreign Medical School Accountability Fairness Act of 2015**

*As Congress works to reauthorize the HEA, AACOM urges support of the Foreign Medical School Accountability Fairness Act of 2015.* This bipartisan bill would hold all foreign medical schools accountable to the same standards.

The *Foreign Medical School Accountability Fairness Act of 2015* (H.R. 2417 and S. 1374) introduced by Senators Durbin (D-IL) and Cassidy (R-LA), and Representatives Burgess (R-TX) and Cummings (D-MD), would require that all foreign medical schools be held to the same minimum requirements in order to receive U.S. Department of Education Title IV federal financial aid. The legislation would also require that the schools either have 60 percent non-U.S. citizen enrollment or have at least 75 percent of their students pass the U.S. Medical Licensing Exam. Under current law, certain medical schools located in the Caribbean are exempt from meeting requirements that other foreign medical schools must meet to receive federal student financial aid.

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