

March 24, 2017

Honorable Virginia Fox, Ed.D.  
Chair, House Committee on  
Education and the Workforce  
2176 Rayburn House Office Building  
Washington, DC 20515

Honorable Robert C. "Bobby" Scott  
Ranking Member, House Committee on  
Education and the Workforce  
2101 Rayburn House Office Building  
Washington, DC 20515

Dear Chairwoman Fox and Ranking Member Scott:

We are writing to respectfully ask your committee to favorably report H.R. 1614, the Student Loan Refinancing Act. This bill would allow new dentists to refinance their federal student loans more than once to take advantage of lower interest rates and better economic conditions.

We are extremely concerned about the alarming levels of educational debt that dental students face at graduation. In 2016, the average educational debt per graduating dental school senior was \$219,463.<sup>1</sup> Factoring out the 16.3 percent of dental school seniors who graduated with no debt, the average debt per graduating dental school senior was \$262,119 (\$238,582 for graduates from public dental schools and \$291,668 for graduates from private and private state-related dental schools).<sup>2,3</sup>

Educational indebtedness plays a role in postgraduate career decisions. Building a dental practice is an expensive endeavor, and banks are less likely to loan start-up funds to a new dentist who is already \$200,000 in debt. The amount of indebtedness can also create a financial barrier for those wanting to pursue careers in public service, teaching, research and administration.

One way to help mitigate the extraordinary levels of educational debt is to lower the interest rates and repayment terms for federal student loans. Most dental students rely on federal student loans to finance their dental education. In 2016, nearly 70 percent (68.2) of graduating dental students reported using Direct Unsubsidized Stafford Loans (Direct Loans) to pay for dental school and, to a lesser extent, Federal Grad PLUS Loans (61.8 percent).<sup>4</sup>

While the interest rates and repayment terms for federal student loans are generally more favorable than private sector loans, the borrowing terms are still daunting. For example, the interest rate on Direct Loans taken out on or after July 1, 2013, could reach as high as 9.5 percent annually, depending on the prevailing interest on 10-year Treasury notes plus 3.6 percent.<sup>5,6</sup>

Reducing the excessive burden of educational debt will make banks more open to loaning start-up funds for new dentists to open a dental practice. It will also remove barriers for those wanting to pursue careers in public service, teaching, research and administration.

If enacted, H.R. 1614 would allow new dentists to refinance their federal Direct Loans, Direct PLUS Loans and Direct Consolidation Loans more than once during the life of the loan(s), enabling them to take advantage of lower interest rates during more favorable economic conditions. Moreover, the refinanced rate(s) would be fixed, protecting them from interest rate hikes when economic conditions are less favorable.

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H.R. 1614 will not eliminate the significant burden of dental student debt, but it is an important step in that direction. **We strongly urge the committee to favorably report H.R. 1614 so it may be considered for a vote by the full House of Representatives.**

We applaud Rep. Mark Pocan for introducing this important legislation and are pleased to offer our enthusiastic support. If you have any questions, please contact Mr. Chris Tampo at the ADA. Chris can be reached at 202-789-5178 or tampioc@ada.org.

Sincerely,

American Dental Association  
American Association of Oral and Maxillofacial Surgeons  
American Student Dental Association

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<sup>1</sup> Annual American Dental Education Association Survey of Dental School Seniors, 2016 Graduating Class: Table 14. Average amount of educational indebtedness\* of graduating dental students by all schools combined and by type of school, 1990 and 1996-2016.

<sup>2</sup> Annual American Dental Education Association Survey of Dental School Seniors, 2016 Graduating Class: Table 17. Level of seniors' educational debt\* by type of school, 2016.

<sup>3</sup> Annual American Dental Education Association Survey of Dental School Seniors, 2016 Graduating Class: Table 18. Average graduating educational debt\* of 1996–2016 graduates with debt, by type of school.

<sup>4</sup> Annual ADEA Survey of Dental School Seniors, 2016 Graduating Class: Table 14. Type of loans reported by seniors, by percentage of total 2016 respondents.

<sup>5</sup> 20 U.S.C. § 1087e.

<sup>6</sup> The interest rate on Direct Loans taken out between July 1, 2006 and June 30, 2013, is fixed by law at 6.8 percent.