

July 31, 2013

The Honorable John Kline  
Chair  
Committee on Education and the Workforce

The Honorable George Miller  
Senior Democratic Member  
Committee on Education the Workforce

The Honorable Virginia Foxx  
Chair  
Subcommittee on Higher Education  
and Workforce Training

The Honorable Ruben Hinojosa  
Ranking Member  
Subcommittee on Higher Education  
and Workforce Training

Dear Representatives:

On behalf of the undersigned organizations of the Federation of Associations of Schools of the Health Professions (FASHP), thank you for the opportunity to provide input on policy changes and amendments to strengthen the Higher Education Act (HEA). FASHP was created in 1968 and is comprised of 14 associations representing a wide variety of health professions schools.

Health professions students graduate with relatively high debt compared to other programs. Unlike other career paths, the high debt burden of health professions education is frequently compounded by years of residency training required for certain disciplines to practice. As a result, students often expect total repayment to exceed 2-3 times the amount borrowed.

<b>Discipline</b>	<b>Avg. Graduating Debt</b>
Dentistry	\$220,000
Osteopathic Medicine (DO)	\$205,000
Podiatry	\$195,000
Allopathic Medicine (MD)	\$170,000
Veterinary	\$152,000
Chiropractic	\$142,000
Pharmacy	\$123,000
Optometry	\$109,767 - \$192,752
Physician Assistants	\$100,000 - \$124,999
Social Workers	\$26,939 - \$42,159

FASHP supports lowering interest rates on federal graduate and professional student loans to ensure that health professions education remains affordable and accessible to students from all backgrounds. While a health professions education remains a good investment, there is growing concern that minority and socio-economically disadvantaged applicants may be lost due to the daunting financial commitment, including higher interest rates on graduate/professional Stafford loans.

As associations of schools of health professions, we are concerned about the impact of HEA reauthorization on the student loan, scholarship, and repayment programs administered by the Health Resources and Services Administration (HRSA) under Titles VII and VIII of the Public Health Service Act. We are also sensitive to the fiscal climate of our nation and its many competing higher education priorities. As such, please find attached the *budget-neutral* Debt in Health Education Loan Programs (DebtHELP) legislative proposal. The measure is intended to improve the effectiveness of the student aid programs at the Department of Education and HRSA, increase parity between the two agencies, and reduce unnecessary redundancies and administrative inefficiencies at zero cost to the taxpayer.

Thank you for your consideration. For additional information on FASHP, DebtHELP, or our recommendations, please contact Matthew Shick <mshick@aamc.org>, AAMC Government Relations.

Sincerely,  
The undersigned members of FASHP

American Association of Colleges of Nursing  
American Association of Colleges of Osteopathic Medicine  
American Association of Colleges of Pharmacy  
American Association of Colleges of Podiatric Medicine  
American Dental Education Association  
Association of American Medical Colleges  
Association of American Veterinary Medical Colleges  
Association of Chiropractic Colleges  
Association of Schools and Colleges of Optometry  
Council on Social Work Education  
Physician Assistant Education Association

Enclosures:  
FASHP background / mission statement  
Debt in Health Education Loan Programs (DebtHELP) legislative proposal

Cc: Senate Health, Education, Labor, and Pensions Committee

# **The Debt in Health Education Loan Programs (DebtHELP) Act: A Zero-Cost Proposal**

by the Federation of Associations of Schools of Health Professions Education Association (FASHP)  
June 30, 2013

## **HEALTH PROFESSIONS STUDENT LOAN INTEREST RATES**

### **Set HRSA Title VII and Title VIII student loan interest rates to automatically adjust with ED's Stafford Loan rates**

- Currently, the HRSA student loan programs offer a fixed 5 percent interest rate
- This rate was a disincentive when ED variable interest rates reached historic lows (2.48 percent)
- An interest formula that automatically reflects changes to Stafford loans would ensure there is always an incentive
- Similarly, set the non-compliance penalty interest rate at the GradPLUS rate
- The HRSA student loan program is a self-sustaining revolving fund and does not require federal funding

*42 U.S.C. 292r(e) is amended by striking "of 5 percent per year" and inserting "equal to seven tenths of the rate provided under 20 U.S.C. 1087e(b)(7)(A), but not greater than 5 percent per year"*

*42 U.S.C. 297b(b)(5) is amended by striking "5 percent per annum" and inserting "equal to seven tenths of the rate provided under 20 U.S.C. 1087e(b)(7)(A), but not greater than 5 percent per year"*

*42 U.S.C. 292s(a)(3) is amended by striking "of 2 percent per year greater than the rate at which the student would pay if compliant in such year." and inserting "equal the rate provided under 20 U.S.C. 1087e(b)(7)(B)."*

## **CONSOLIDATING FEDERAL STUDENT LOAN DATA**

### **Include HRSA student loans in the National Student Loan Data System (NSLDS)**

- Currently, FAOs and health professions students must contact multiple federal agencies to ascertain the borrower's full loan portfolio, causing service misinformation and unnecessary administrative burdens

*20 U.S.C. 1092b is amended by striking subsection (h) and inserting the following:*

*"(h) Integration of databases. The Secretary shall integrate the National Student Loan Data System with any other databases containing information on participation in programs authorized by title VII and title VIII of the Public Health Service Act [42 U.S.C. 292 et seq.]"*

## **GRADUATE AND PROFESSIONAL STUDENT PLUS (GradPLUS) RETURNS**

### **Revise the Stafford loan return order such that higher interest loans are the first to be returned (as intended)**

- Currently, the GradPLUS loan is the last loan returned for students who leave an education program early, saddling them with the highest interest rate available at ED (7.9 percent)
- When GradPLUS loans were created, they were not separated from PLUS loans in the order of return for students that are required to return a portion of the amount borrowed (e.g., when only completing half a year).

*20 U.S.C. 1091b(b)(3)(A) is amended by redesignating clauses (i), (ii), (iii), (iv), (v), (vi), and (vii) as clauses (iii), (iv), (v), (vi), (vii), (viii), and (ix), respectively; and inserting before clause (iii) (as redesignated), the following:*

*"(i) To outstanding balances on GradPLUS loans made to a graduate or professional student under section 1078–2 of this title for the payment period or period of enrollment for which a return of funds is required.*

*(ii) To outstanding balances on GradPLUS loans made to a graduate or professional student under part C of this subchapter for the payment period or period of enrollment for which a return of funds is required."*

## **ACCOMMODATING INCREASED HEALTH PROFESSIONS STUDENT LOAN LIMITS**

### **Ensure health professions students with increased loan limits do not incorrectly trigger ED "over aggregate limit" flags**

- By statute, certain health professions have higher aggregate loan limits, but ED often incorrectly identifies these loans as over the standard limit, resulting in another administrative burden for FAOs and confusion for students

*Sense of Congress – It is the Sense of Congress that students with increased annual and aggregate loan limits as determined by the Secretary under 20 U.S.C.1075(a) should not trigger over aggregate limit flags until they have reached their increased limit.*

## **TREATMENT OF HRSA STUDENT LOANS AS FEDERAL LOANS**

### **Exempt HRSA federal student loan programs from the Truth In Lending Act (TILA) requirements**

- Currently under TILA, FAOs are required to recommend higher interest rate loans at ED when a student is applying for lower interest rate HRSA Title VII and Title VIII health professions student loans
- The TILA requirements were designed for private student loans
- TILA defines federal loans as all “Loans made, insured, or guaranteed pursuant to a program authorized by title IV of the HEA,” thus defining all other federal loans as private
- This recommendation is supported by the Consumer Financial Protection Bureau (CFPB)

*15 U.S.C. 1603 is amended by inserting after paragraph (7) the following:*

*“(8) Loans made, insured, or guaranteed pursuant to a program authorized by title VII and title VIII of the Public Health Service Act [42 U.S.C. 292 et seq.]”*

## **DEFINITION OF INDEPENDENT HEALTH PROFESSIONS STUDENTS**

### **Revise HRSA student loan guidelines to allow for a waiver of parent contribution information requirements for “dependent” students in extraordinary situations**

- All HRSA student loan applicants under 24 years old are required to submit parental financial information, and applicants for Loans for Disadvantage Students (LDS) are considered dependents at any age
- Professional discretion would allow FAOs to waive this part of the application for students that are unable to submit the necessary information (e.g., estranged or incarcerated parents)
- This amendment is intended to create parity between HRSA and ED student loan guidelines in this area

*42 U.S.C. 292r, 42 U.S.C. 292s, 42 U.S.C. 292t notes.*

*Student Loan Guidelines.--The Secretary of Health and Human Services shall not require parental financial information for students to determine financial need under section 721, section 722, and section 723 of the Public Health Service Act (42 U.S.C. 292r, 42 U.S.C. 292s, 42 U.S.C. 292t) and the determination of need for such information shall be at the discretion of applicable school loan officer. The Secretary shall amend guidelines issued by the Health Resources and Services Administration in accordance with the preceding sentence.*

## **NHSC STATE LOAN REPAYMENT PROGRAM DEFINITIONS**

### **Expand authorization of the National Health Service Corps (NHSC) State Loan Repayment Program (SLRP) to allow states to determine their unique primary care service needs**

- The NHSC SLRP is a dollar for dollar federal match of state health professions repayment programs
- Currently, the NHSC SLRP is limited to matching the funding of only redundant state programs that address the same workforce shortages as the federal program
- The proposed state flexibility would allow states to identify unique workforce shortages that fall within the Institutes of Medicine (IOM) definition of primary care

*42 U.S.C. 254q–1(a)(2) is amended by striking “health professions shortage areas.” and inserting at the end “public and nonprofit entities located in and providing health services in underserved locations as defined by the State, including but not limited to federally designated Health Professions Shortage Areas (HPSAs), Medically Underserved Areas (MUAs), and Medically Underserved Populations (MUPs). The term “primary health services” means integrated, accessible health care services by clinicians who are accountable for addressing a large majority of personal health care needs, developing a sustained partnership with patients, and practicing in the context of family and community, as determined by the State, including but not limited to services defined by the Secretary.”*

*42 U.S.C. 254q–1(c) is amended by striking paragraph (1) and redesignating paragraphs (2) and (3) as paragraphs (1) and (2), respectively.*

*42 U.S.C. 254q–1 is amended by striking, wherever it appears, “health professions shortage area” and inserting “underserved location”.*

## **The Federation of Associations of Schools of the Health Professions**

Dramatic changes in the organization, financing, delivery and evaluation of health care have emphasized the societal need for collaboration among health professions as well as interprofessional and public health approaches to improve cost effectiveness, quality of care and patient outcomes. Interaction between and among health professions students, faculty and schools over the continuum of education and practice is essential to the development and deployment of effective team care techniques.

The Federation of Associations of Schools of the Health Professions (FASHP) was created in 1968 as a forum for representatives of health professions education institutions to address education's role in organizational patterns of health care; to encourage effective collaboration among the professions in education and practice; to prepare health professions education for the future; and to serve as liaison with other organizations sharing an interest in health professions education. FASHP is comprised of 14 associations representing a wide variety of health professions schools.

In particular, FASHP advocates appropriate support for Federal programs under the Public Health Service Act's Titles VII (health professions) and VIII (nursing workforce) and loan and scholarship programs for health professions programs in that Act that educate health professionals, and motivate service in underserved communities. These programs are not a major Federal expenditure, but they provide critical support for improvements in health professions training for a more patient-centered, team-based health care system and increased access to primary care. The member organizations of FASHP stand ready to be a resource and to work individually and collectively with Federal and State leaders, policymakers and others on health professions education policy.

### **FASHP Member Organizations**

American Association of Colleges of Nursing  
American Association of Colleges of Osteopathic Medicine  
American Association of Colleges of Pharmacy  
American Association of Colleges of Podiatric Medicine  
American Dental Education Association  
Association of American Medical Colleges  
Association of American Veterinary Medical Colleges  
Association of Chiropractic Colleges  
Association of Schools and Colleges of Optometry  
Association of Schools of the Allied Health Professions  
Association of Schools of Public Health  
Association of University Programs in Health Administration  
Physician Assistant Education Association  
Council on Social Work Education