



The Medical Education Debt Act: A Zero-Cost Proposal

*Improve the Health Resources and Services Administration (HRSA) Loan Programs
Enhance the Quality of Department of Education (ED) Student Loan Servicing and Advising
Reduce Administrative Burdens on Health Professions Schools' Financial Aid Officers (FAOs)*

Expand authorization of the National Health Service Corps (NHSC) State Loan Repayment Program (SLRP) to allow states to define service needs

- Currently, the NHSC SLRP is limited to matching the funding of state programs that address the same workforce shortages as the federal program

Set the HRSA Title VII health professions student loan interest rate at half the interest rate of ED's Stafford Loan

- The HRSA student loan programs offer a fixed 5 percent interest rate that rendered the program less attractive when ED variable interest rates reached historic lows (2.48 percent)
- Retain the non-compliance penalty interest rate at standard Stafford rate (between 6.8-7.9 percent)
- The HRSA program is a self-sustaining revolving fund and does not require additional federal funding

Exempt all federal student loan programs from the Truth In Lending Act (TILA) requirements

- The TILA requirements were designed for private student loans, but only ED Title IV loans are exempt
- The HRSA Title VII health professions student loans carry a 5 percent interest rate (compared to 6.8 percent Stafford Loan at ED) and can be more beneficial for the borrower

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

- Currently, FAOs and students must contact multiple federal agencies to ascertain a borrower's full loan portfolio, causing confusion and unnecessary administrative burdens

Revise HRSA student loan guidelines to allow for a waiver of parental contribution 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 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)

Direct ED to revise the student loan return order such that higher interest loans are the first to be returned

- Currently, the GradPLUS loan is the last loan for students who are forced to return loans, saddling them with the highest interest rate offered at ED (7.9 percent)

Ensure health professions with increased loan limits do not incorrectly trigger Department of Education "over aggregate limit" flags

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

Direct ED to include Public Service Loan Forgiveness (PSLF) in the Direct Loan master promissory note

- Health professions students and FAOs are hesitant to rely on PSLF, which requires 10 years of public service while making monthly student loan repayments
- This proposal would provide some assurances to new graduates that the PSLF will be available in 10 years when they are eligible for loan forgiveness