

September 4, 2007

The Honorable Margaret Spellings
U.S. Secretary of Education
400 Maryland Avenue, SW
Washington, D.C. 20202

Dear Madam Secretary:

The undersigned health education organizations urge you to increase the aggregate combined Stafford loan limit for health professions students from \$189,125 to \$223,793 and to define this limit in regulation.

Under authority provided by the Higher Education Act (HEA)¹, the Department of Education in 1996 increased the annual unsubsidized Stafford loan limits for certain health professions previously eligible for the discontinued Health Education Assistance Loan (HEAL)². The HEA mandates that the Secretary prescribe in regulation the aggregate combined Stafford loan limits based on the aggregate subsidized Stafford loan limits, adjusted to reflect the annual unsubsidized Stafford loan limits.³ However, the aggregate combined Stafford loan limit for health professions students has remained stagnant for over a decade, does not account for recent increases in annual unsubsidized Stafford loan limits or reflect programs of different duration, and is not defined in regulation.

The “Deficit Reduction Act of 2005” (DRA)⁴ increased the annual unsubsidized Stafford loan limit for graduate/professional students from \$10,000 to \$12,000 (effective July 1, 2007). This increases the annual combined Stafford loan limit from \$18,500 to \$20,500. Certain health professions students in 9 month and 12 month programs are eligible for an additional \$20,000 and \$26,667 in unsubsidized Stafford loans per year, respectively. The current aggregate combined Stafford loan limit for health professions is \$189,125⁵. The justification for this figure is defined in the Federal Student Aid handbook as:

This increased aggregate loan limit would permit a student to receive the current maximum Stafford annual loan limits for four years of undergraduate study (\$6,625 + \$7,500 + \$10,500 + \$10,500) and four years of graduate/professional study (\$18,500 x 4), plus the maximum increased unsubsidized loan limit for an academic year covering nine months for four years of graduate/professional study (\$20,000 x 4).

However, this current aggregate limit does not reflect the increased annual unsubsidized loan limits mandated by the DRA nor does it recognize the annual increases allowed for health professions students in 12 month programs. With debt burdens reaching greater than the current aggregate limit, the nation’s future health care providers are forced to seek less favorable options such as the Grad PLUS or private loans.

¹ 20 USC 1078-8(d)(2)

² Dear Colleague Letter GEN-96-14

³ 20 USC 1078-8(d)(3)

⁴ Public Law 109-171

⁵ Dear Colleague Letter GEN-97-14

As mandated by the HEA and in accordance with the Department of Education's current definition, the aggregate combined Stafford loan limit for health professions should be adjusted to reflect the annual unsubsidized loan limits as follows:

$(\$6,625 + \$7,500 + \$10,500 + \$10,500)$ undergraduate annual combined
+ $(\$20,500 \times 4)$ graduate/professional annual combined
+ $(\$26,667 \times 4)$ health professions annual unsubsidized increase for 12 month programs
\$223,793 aggregate combined Stafford loan limit for health professions

This increase will allow future health care providers with the greatest debt to access more affordable federal loan options. Additionally, by defining this loan limit in regulation, the Department of Education can help to assure that the aggregate Stafford loan limits for health professions students will be reviewed in the negotiated rulemaking process concurrently with future increases to annual Stafford loan limits.

The undersigned health education organizations support the development of a workforce capable of caring optimally for our increasingly diverse and aging population. In the face of looming provider shortages across disciplines, the aforementioned changes are vital to ensuring a sufficient supply of well-educated and trained health professionals to provide quality care for all Americans.

Sincerely,

Academy of General Dentistry
Alliance for Academic Internal Medicine
American Academy of Allergy, Asthma & Immunology
American Academy of Child and Adolescent Psychiatry
American Academy of Dermatology
American Academy of Family Physicians
American Academy of HIV Medicine
American Academy of Otolaryngology—Head and Neck Surgery
American Academy of Pediatric Dentistry
American Association of Colleges of Osteopathic Medicine
American Association of Colleges of Podiatric Medicine
American Association of Naturopathic Physicians
American Association of Neurological Surgeons
American Association of Orthopaedic Surgeons
American College of Allergy, Asthma and Immunology
American College of Cardiology
American College of Emergency Physicians
American College of Medical Genetics
American College of Obstetricians and Gynecologists
American College of Osteopathic Internists
American College of Osteopathic Surgeons

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American College of Physicians
American College of Preventive Medicine
American College of Surgeons
American Dental Association
American Dental Education Association
American Gastroenterological Association
American Geriatrics Society
American Medical Association
American Medical Student Association
American Optometric Association
American Osteopathic Academy of Orthopedics
American Osteopathic Association
American Podiatric Medical Association
American Psychiatric Association
American Society for Reproductive Medicine
American Society of Addiction Medicine
American Society of Clinical Oncology
American Society of Hematology
American Thoracic Society
Association of Academic Health Centers
Association of Accredited Naturopathic Medical Colleges
Association of American Medical Colleges
Association of American Veterinary Medical Colleges
Association of Departments of Family Medicine
Association of Family Medicine Residency Directors
Association of Professors of Medicine
Association of Program Directors in Internal Medicine
Association of Specialty Professors
Clerkship Directors in Internal Medicine
Congress of Neurological Surgeons
Joint Council of Allergy, Asthma & Immunology
Massachusetts Medical Society
National Hispanic Medical Association
National Rural Health Association
North American Primary Care Research Group
Society of Hospital Medicine
Society of Teachers of Family Medicine

cc: Sarah Martinez Tucker, Under Secretary of Education

Lawrence A. Warder, Acting Chief Operating Officer, Federal Student Aid