

## What is the Higher Education Act?

The Higher Education Act of 1965 (HEA) is a law whose original intent was to strengthen educational resources and provide financial assistance for postsecondary and higher education. HEA governs specific aspects of federal student loans, including interest rates, amounts that can be borrowed, eligibility, and how loans are disbursed. On August 14, 2008, HEA was reauthorized with the signing of the “Higher Education Opportunity Act” (P.L.110-315). Along with the reauthorization, Congress added new programs and altered policies on some existing programs.

## What did HEA reauthorization do for medical students?

Through changes initially made by the 2007 “College Cost Reduction and Access Act” (P.L. 110-84), HEA reauthorization:

- Increased the annual Perkins loan limit for graduate/professional students from \$6,000 to \$8,000.
- Increased the aggregate (combined graduate and undergraduate) Perkins loan limit from \$40,000 to \$60,000.
- May increase access to grants for Graduate Assistance in Areas of National Need (GAANN).
- Provided increased financial aid oversight.

## Why should we care?

While HEA reauthorization does provide the aforementioned changes that affect graduate/professional students, it has failed to provide several important features:

- Did not reinstate the debt-to-income ratio pathway (“20/220 pathway”) for economic hardship loan deferment, which would allow residents who meet specific criteria to delay loan repayments for up to three years without incurring interest on subsidized loans.
- Did not include a study on other methods of debt repayment in addition to the current Income Based Repayment method that will begin July 1, 2009.

## The numbers

- Average debt of indebted medical graduates in 2008: \$155,000.
- Average first-year resident income: \$45,000.
- Income Based Repayment plan (starting July 1, 2009): Caps loan payments at 15% of income over 150% of federal poverty level.

## The AMA solution

Urge Congress to investigate the growing issue of medical education debt and instill provisions to assist physicians with loan repayment:

- Lower interest rates on new student loans.
- Explore alternative loan deferment, repayment, and forgiveness options.
- Include dependent care costs in “cost of attendance” definitions.
- Fully fund existing loan forgiveness programs, such as the National Health Service Corps and Title VII programs.
- Lift caps on residency programs funded by Medicare.

## More information

Please visit the following resources for more information.

- Higher Education Opportunity Act summary: [www.govtrack.us/congress/bill.xpd?bill=h110-4137](http://www.govtrack.us/congress/bill.xpd?bill=h110-4137)
- AAMC HEA Update: [www.aamc.org/advocacy/library/educ/ed0003.htm](http://www.aamc.org/advocacy/library/educ/ed0003.htm)

## What can you do?

Together we are stronger! There are many ways you can get involved:

- Join and be an active member of the AMA Medical Student Section!
- Write your Members of Congress: [www.capwiz.com/ama](http://www.capwiz.com/ama)
- Join AMPAC and attend AMA Lobby Day in Washington, D.C.
- Participate in grassroots advocacy and stay informed about legislative issues.

## Contact Us

- AMA-MSS Committee on Legislation and Advocacy: [www.ama-assn.org/go/cola](http://www.ama-assn.org/go/cola)
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