

The HEA:

Since 1965, the Higher Education Act (HEA) has governed all federal postsecondary education funding programs. By statute, it is supposed to be considered for reauthorization every five years.

Congress has been in the midst of this reauthorization process since 2003, with current student aid programs being funded for the last three years by a series of extensions.

The Vocabulary:

Important aspects of the HEA that affect you

Consolidation: Combines individual loans into one large loan from a single lender, which is then used to pay off the balances on the other loans. AMA is in favor of this as an option for students and graduates.

Deferment: Allows you to temporarily postpone payments on your loan. If you have a subsidized loan, including Perkins Loans, you will not be charged interest during the deferment. If your loan is unsubsidized, you will be responsible for the interest on the loan during the deferment. If you don't pay the interest as it accrues, it will be capitalized and increase the amount you will have to repay.

Economic Hardship: Economic hardship exists when the borrower is working full time and is earning a total monthly gross income that does not exceed the greater of the following two amounts: the minimum wage, the federal poverty line for a family of two. Also, the borrower may qualify if he or she is working full time and has a federal education debt burden (including defaulted loans) that is at least 20% of the borrower's total monthly gross income.

For More, Contact Us:

AMA-MSS Committee on Legislation and Advocacy:

www.ama-assn.org/go/cola

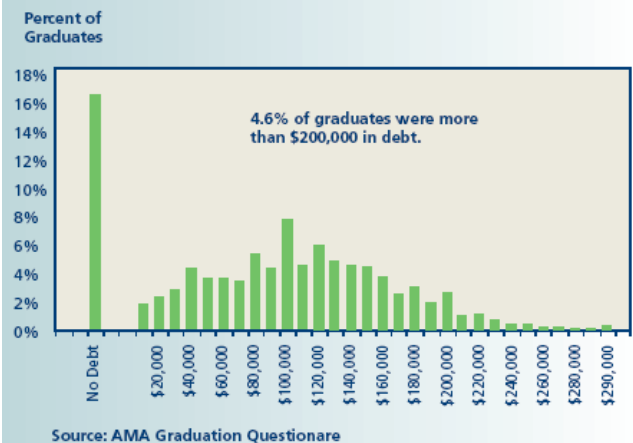
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The AMA's Stand:

- Lower interest rates on new student loans, which is currently fixed at 6.8%
- Expand the definition of “economic hardship” to include *all* educational loans. This will allow for more students to qualify for loan deferment.
- Extend the loan deferment period through residencies and fellowships.
- Allow students to claim dependents and dependent care costs (e.g. – health insurance, living expenses, etc.) in the “cost of attendance” calculation for loan eligibility.
- Require lenders to report timely loan payments to all national credit bureaus, in order to establish good credit, and fully disclose consolidated loan terms to applicants.

Educational Debt of 2003 Medical Graduates



What Can You Do?

Join and be an active member of the AMA Medical Student Section!!

Join AMPAC and attend the AMA-MSS Student Lobby Day at the U.S. Capitol.

Participate in grassroots advocacy and stay up to date on legislative issues important to you.