



July 19, 2005

The Honorable John Boehner
Chairman
House Education and the Workforce Committee
U.S. House of Representatives
2181 Rayburn House Office Building
Washington, DC 20515

Dear Chairman Boehner:

On behalf of the American Medical Association's (AMA) physician, resident physician, and medical student members, I am writing to express support for several key student aid provisions in the Higher Education Act (HEA) reauthorization bill, H.R. 609 (as amended by the Subcommittee on 21st Century Competitiveness). The AMA also supports other provisions that we hope will be considered by the Committee during reauthorization. As the Committee considers H.R. 609, we want to thank the Committee for its efforts to assist all students who are pursuing college and graduate studies with the high cost of education.

As you know, many student loan borrowers enter the workforce with substantial debt. In fact, physicians enter their residency programs with an average student loan debt of \$115,219. The high debt burden that many medical graduates face often influences their career choices. Borrowers with high loan debt are often deterred from entering public health service, practicing medicine in underserved areas, starting a career in medical education or research, or practicing primary care medicine.

The AMA appreciates that several provisions have been included in H.R. 609 that would help ease the high debt burden incurred by medical students. We particularly support the provisions that would:

- **Preserve the federal loan consolidation program.** The loan consolidation program plays a critical role in enabling new physicians to manage their large debt burden.
- **Repeal the "Single-Holder" rule.** Repealing this rule would allow loan consolidation with any lender on the market – not just the borrower's current lender – thereby broadening consumer choice and improving market competition.
- **Reduce Stafford loan origination fees.** Such a consumer-friendly change would make more money available for a student's tuition, books, and living expenses.
- **Require lenders to report loan payments to all major national credit bureaus.** Requiring lenders to report consecutive on-time monthly loan repayments would help borrowers establish a strong credit history.

The Honorable John Boehner
July 19, 2005
Page 2

- **Mandate lenders' full-disclosure of consolidated loan terms.** Assuring that loan consolidation lenders provide notice to loan applicants regarding various terms of a consolidated loan would assist borrowers in making informed financial decisions.

As the Committee continues its consideration of the HEA reauthorization, we respectfully request that the following provisions be included:

- **Allow borrower choice of fixed or variable interest rate on consolidated loans.** Allowing borrowers such a choice would help them to better manage their student loan payments.
- **Expand the definition of "economic hardship."** Including all educational loans in the "hardship" determination would allow many needy borrowers, who do not currently meet criteria, to qualify for loan deferment.
- **Expand the loan deferment period.** The loan deferment period – currently limited to three years for those who qualify – should be extended throughout the entire residency and fellowship training period.
- **Include dependent care costs in the "cost of attendance" definition.** Students with dependents should be permitted to claim dependent care costs (health insurance, living expenses, etc.) in the calculation of "cost of attendance" for loan eligibility.

We appreciate your consideration of these important issues and look forward to working with you as the HEA reauthorization process proceeds through Congress.

Sincerely,



Michael D. Maves, MD, MBA
Executive Vice President, CEO

cc: Members of the House Committee on Education and the Workforce