



Grassroots Talking Points on New Student Loan Deferment Provisions

Background:

College Cost Reduction and Access Act, H.R. 2699

- As a part of the budget reconciliation process Congress passed H.R. 2699, The College Cost Reduction Act. The President signed the bill into law on September 27, 2007. Changes made in this law to reduce spending will ultimately affect medical residents through the repayment of their student loans.

The Elimination of the 20/220 Rule:

- According to the AAMC, 67% of medical residents are eligible for [economic hardship deferment](#) through the 20/220 rule, which allows students to defer payment without accruing interest on subsidized loans for up to 3 years if debt burden is greater than 20% of income AND income minus debt burden is not greater than 220% of the Federal Poverty Level (FPL). The poverty line is \$10,210/single and \$13,690/couple.
- **HR 2669 eliminates this rule beginning October 1, 2007**, leaving forbearance as the only option for residents in need to avoid payments for their first three years of training (under which all loans accrue interest).
- In place of the rule, borrowers have the option of participating in a debt repayment program that caps payments at 15% of the borrower's income that is above 150% FPL (\$15,315/single and \$20,535/couple). The federal government will continue to pay the interest on the subsidized portion of the borrower's loan for three years; this program will not go into effect until July 1, 2009.

Reasons to oppose elimination of the 20/220 Rule:

- Residency is a time when residents who are on average only making \$43,266 per year and carrying an average debt of \$130,571 will be least able to make monthly payments on their student loans.
- Medicine is already facing challenges. There is a growing consensus that the United States faces a shortage of physicians. In its last report in 2005, the Council on Graduate Medical Education (COGME) predicted a shortage of 85,000 physicians by the year 2020.
- Eliminating the 20/220 rule and complicating the student debt burden for residents acts as another major disincentive for the best and brightest students to enter the medical profession.
- Eliminating the 20/220 rule effective October 1, 2007 also places an extreme hardship on residents in the middle of the year. There is no time to transition to the new loan deferment

criteria or make a new loan repayment plan. This hardship is worsened by the fact that the new loan repayment program is not scheduled to go into effect until July 1, 2009.

Next Steps to Fight this Change:

- Contact the House Education and Labor Committee (Chairman Miller (D-7th/CA), Ranking Member McKeon (R-25th/CA): Democrats (202) 225-3725, Republicans (202) 225-4527.
 - Ask that the 20/220 pathway be restored.
 - In the interim ask that the elimination of the 20/220 rule be delayed until July 1, 2009 to coincide with the start of the new loan repayment program under H.R. 2699.
 1. Contact members of the House Education and Labor Committee and urge them to contact the Chairman and Ranking Member about restoring the 20/220 rule in the HEA reauthorization bill. *See attachment for members.*
 2. The House has not drafted a final HEA Reauthorization bill—it is vitally important that the House include provisions restoring student loan repayment assistance to medical residents in need in its bill in order for it to be considered in conference.
- Contact the Senate Health, Education, Labor and Pensions Committee (Chairman Kennedy (D-MA) and Ranking Member Enzi (R-WY) ask them to restore the 20/220 rule in a HEA reauthorization conference with the House. Democrats (202) 224-0767, Republicans (202) 224-6770.
 - Contact the members of the Senate HELP committee and urge them to weigh in with Chairman Kennedy and Ranking Member Enzi about the importance of restoring the 20/220 rule. *See attachment for members.*
- Contact physician members of Congress; let their staff know that Congress passed legislation (H.R. 2699) and the President just signed it into law, that will make it harder for medical students to pursue a career in medicine. Ask them to contact the Chairmen and Ranking Members of the committees of jurisdiction.
- Listed below are the physician members of Congress. Senator Coburn is a member of the Senate HELP Committee, the Senate committee of jurisdiction. Representatives Boustany and Price are members of the House Education and Labor Committee that has jurisdiction in the House.

Senate:

Tom Coburn, MD (R-OK), 172 Russell Senate Office Bldg, Tel: (202) 224-5754;
John Barrasso, MD (R-Wyo), 307 Dirksen Senate Office Bldg, Tel: (202) 224-6441.

House:

Charles W. Boustany Jr., MD (R-7th/LA)
1117 Longworth House Office Bldg
Tel: (202) 225-2031

Paul C. Broun, MD (R-10th/GA)
2104 Rayburn House Office Bldg
Tel: (202) 225-4101

Michael C. Burgess (R-26th/TX)
1224 Longworth House Office Bldg
Tel: (202) 225-7772

Phil Gingrey, MD (R-11th/GA)
119 Cannon House Office Bldg
Tel: (202) 225-2931

Steven Kagen, MD (D-8th/WI),
1232 Longworth House Office Bldg
Tel: (202) 225-5665

Jim McDermott, MD (D-7th/WA)
1035 Longworth House Office Bldg
Tel: (202) 225-3106

Ron Paul, MD (R-14th/TX)
203 Cannon House Office Bldg
Tel: (202) 225-2831

Tom Price, MD (R-6th/GA)
424 Cannon House Office Bldg
Tel: (202) 225-4501

Vic Snyder, MD (D-2nd/AR)
1330 Longworth House Office Bldg
Tel: (202) 225-2506

David Weldon, MD (R-15th/FL)
2347 Rayburn House Office Bldg
Tel: (202) 225-3671