

Resident Education Deferred Interest (REDI) Act

The American Dental Association (ADA) and the American Student Dental Association (ASDA) urge you to cosponsor H.R. 1202/S. 704, the Resident Education Deferred Interest Act (or REDI Act). This bill will provide fair and reasonable ways to help offset the unprecedented levels of educational debt for dental and medical residents.

Today nearly two-thirds (65 percent) of dental school graduates with educational debt are starting their careers owing nearly \$300,000 in student loans.ⁱ Over 85 percent of them used federal Direct Unsubsidized Stafford Loans, and 76 percent used federal Grad PLUS Loans—either as a stand-alone financing mechanism or to supplement what the Direct Stafford Loan did not cover.ⁱⁱ The interest on these loans can reach as high as 9.5 or 10.5 percent, depending on the type of loan and market conditions.^{iii,iv}

Staying ahead of student loan interest can be a particular challenge for the 38 percent of new dentists pursuing several years of a low- or non-paying dental or medical residency program.¹ Those who are unable to begin paying immediately *may* qualify to have their payments temporarily halted or reduced, but the deferment is not automatic. And the interest accrues regardless, adding tens of thousands of dollars to their debt. In effect, it is an interest penalty just for pursuing a low- or non-paying medical or dental residency.

The ADA and ASDA support numerous pieces of legislation to mitigate the burden of student loan debt but we are specifically urging you to cosponsor **H.R. 1202/S. 704 the Resident Education Deferred Interest (REDI)**

- Introduced by Reps. Brian Babin, R-TX and Chrissy Houlahan (D-PA) and Senators Jacky Rosen (D-NV) and John Boozman (R- AR)
- Defers payments on federal student loans until after a medical or dental residency is completed.
- Suspends the accrual of federal student loan interest during the residency period.

This bill will not eliminate the debt hardship for dental and medical residents, but it will help offset the unprecedented financial challenges these early career dentists face at graduation.

The ADA and ASDA urge you to cosponsor H.R. 1202/S. 704, the REDI Act.

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ⁱ Istrate EC, Cooper BC, West KP. Dentists of Tomorrow 2022: An Analysis of the Results from the ADEA 2022 Survey of U.S. Dental School Seniors. American Dental Education Association (ADEA) Education Research Series. Issue 4, September 2022.

ⁱⁱ Ibid.

ⁱⁱⁱ 20 U.S.C. § 1087e

^{iv} The interest rate on Direct Loans taken out between July 1, 2006 and June 30, 2013, is fixed by law at 6.8 percent.