



**Association of  
American Medical Colleges**  
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December 11, 2017

The Honorable Virginia Foxx  
Chair  
Committee on Education and the Workforce  
U.S. House of Representatives  
2176 Rayburn House Office Building  
Washington, DC 20515

Dear Chairwoman Foxx:

On behalf of the Association of American Medical Colleges (AAMC), I write to share our views on H.R. 4508, the Promoting Real Opportunity, Success, and Prosperity through Education Reform (PROSPER) Act. For over 50 years, the Department of Education has been guided by the policies included in the Higher Education Act. While we appreciate your efforts to reauthorize this important law, the AAMC would like to call attention to the consequences of eliminating both PLUS loans for graduate and professional students (GradPLUS) and Public Service Loan Forgiveness (PSLF) for new borrowers.

The AAMC is a not-for-profit association dedicated to transforming health care through innovative medical education, cutting-edge patient care, and groundbreaking medical research. Its members comprise all 149 accredited U.S. and 17 accredited Canadian medical schools; nearly 400 major teaching hospitals and health systems, and more than 80 academic societies. Through these institutions and organizations, the AAMC serves the leaders of America's medical schools and teaching hospitals and their nearly 167,000 full-time faculty members, 88,000 medical students, and 124,000 resident physicians.

Medical education remains an excellent investment for students. However, in recent years, federal policy changes have made graduate and professional study less accessible and more costly, with a particularly negative impact on underrepresented, low-income, and first-generation students. As a result, currently, the average medical student who graduates \$192,000 in debt can expect to repay between \$348,000 and \$418,000, depending on the repayment plan. As the U.S. faces a growing shortage of physicians — as many as 104,900 by 2030 — it is vital to ensure medical school loans remain affordable for students from all backgrounds to meet the health care demands of our nation.

We are particularly concerned about the proposed elimination of GradPLUS under the PROSPER Act. Forty-seven percent of medical students currently rely on GradPLUS to cover the full cost of attendance for medical school. While the PROSPER Act increases annual and aggregate unsubsidized loan limits for graduate and professional students, eliminating GradPLUS will have a disproportionate impact on the neediest borrowers and non-traditional students, forcing them to take out private student loans with less favorable terms to fully finance their education. A shift to the private market is an additional barrier for medical students, especially for borrowers with low credit, and creates multiple loan payments during residency

training. Furthermore, GradPLUS, with its higher interest rates and lower default rates, has been a mutually beneficial use of limited federal resources. The AAMC encourages the committee to allow medical students to borrow the proposed ONE loans up to the full cost of attendance.

The AAMC also is concerned that preventing new borrowers from accessing PSLF under the PROSPER Act would undermine support for vulnerable patients and non-profit medical facilities that use PSLF as a provider recruitment incentive. Since its enactment in 2007, the purpose of PSLF has been to encourage graduates to pursue careers that benefit communities in need. Through an annual survey of graduating medical students, AAMC has witnessed the success of PSLF grow. Most recently, roughly one-third of 2017 respondents indicated an interest in pursuing PSLF. Additionally, preliminary analysis indicates that the PSLF will be less expensive when coupled with the proposed ONE IBR caps under the PROSPER Act, and any additional cost could be offset by retaining GradPLUS. As such, AAMC recommends retaining PSLF to continue to help our nation's patients and communities.

Finally, we appreciate that the PROSPER Act grandfathers GradPLUS and PSLF through 2024 for current borrowers and simplifies federal student loans and repayment plans. Specifically, we estimate that the proposed new caps on repayment at the 10-year Standard levels could reduce the cost of borrowing for medical students. The AAMC recommends that this cap be determined before graduating medical students enter medical residency deferment. While preliminary analysis indicates the proposed ONE income-based repayment (IBR) plan may reduce total repayment for the average medical student, ONE IBR would also increase monthly payments (from 10 percent to 15 percent) during residency training when physicians earn a modest training stipend.

On behalf of the nation's medical schools and teaching hospitals, we appreciate your work to reauthorize the Higher Education Act and look forward to working with you and the full committee to strengthen federal higher education programs. If you have any questions, please contact Joe Bañez at 202-739-2995 or [jbanez@aamc.org](mailto:jbanez@aamc.org).

Sincerely,

A handwritten signature in black ink that reads "Karen Fisher". The signature is written in a cursive, flowing style.

Karen Fisher, JD  
Chief Public Policy Officer

CC:

The Honorable Robert C. Scott, Ranking Member, House Committee on Education & the Workforce  
House Committee on Education & the Workforce Members