



## **Debt in Health Education Loan Programs (Debt HELP):**

### **A Zero-Cost Proposal**

*Improve the Health Resources and Services Administration (HRSA) Loan and Repayment Programs  
Enhance the Quality of Department of Education (ED) Student Loan Servicing  
Reduce Administrative Burdens on Health Professions Schools' Financial Aid Officers (FAOs)*

#### **Expand authorization of the National Health Service Corps (NHSC) State Loan Repayment Program (SLRP) to allow states to determine primary care service needs**

- Currently, the NHSC SLRP is redundantly limited to matching the funding of state programs that address the same workforce shortages as the federal program

#### **Set the HRSA Title VII and Title VIII student loan interest rates to automatically adjust with ED's Stafford Loan rate**

- The HRSA student loan programs offer a fixed 5 percent interest rate that was hardly attractive when ED variable interest rates reached historic lows (2.48 percent)
- A Title VII and Title VIII rate of "seven tenths of the Stafford rate" (currently 4.76 percent), capped at 5 percent, would automatically reflect changes at ED
- Similarly, set the non-compliance penalty interest rate at the GradPLUS rate (currently 7.9 percent)
- The HRSA program is a self-sustaining revolving fund and does not require federal funding

#### **Exempt all federal student loan programs from the Truth In Lending Act (TILA) requirements**

- The TILA requirements were designed for private student loans, but of all federal student loans only ED Title IV loans are exempt
- Under TILA, FAOs are required to recommend higher interest rate loans at ED when a student is applying for lower interest rate HRSA Title VII and Title VIII health professions student loans

#### **Include the HRSA student loans in the National Student Loan Data System (NSLDS)**

- Currently, FAOs and students must contact multiple federal agencies to ascertain a borrower's full loan portfolio, causing confusion and unnecessary administrative burdens

#### **Revise HRSA student loan guidelines to allow for a waiver of parent contribution information requirements for "dependent" students in extraordinary situations**

- All HRSA student loan applicants under 24 years old are required to submit parental financial information, and applicants for Loans for Disadvantage Students (LDS) are considered dependents at any age
- Professional discretion would allow FAOs to waive this part of the application for students that are unable to submit the necessary information (e.g., estranged or incarcerated parents)

#### **Revise the Stafford loan return order such that higher interest loans are the first to be returned**

- Currently, the GradPLUS loan is the last loan returned for students who leave a education program early, saddling them with the highest interest rate available at ED (7.9 percent)

#### **Ensure health professions students with increased loan limits do not incorrectly trigger ED "over aggregate limit" flags**

- By statute, certain health professions have higher aggregate loan limits, but ED incorrectly identifies these loans as over the standard limit, resulting in another administrative burden for FAOs and confusion for students

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