



Federal Student Aid Policy & Impacts on Veterinary Medical Students



AVMA SUPPORTS

Increasing student loan debt is negatively impacting veterinary students and veterinarians. Congress has an opportunity to alleviate some of the burden on the veterinary profession through reauthorization of the Higher Education Act.

The AVMA urges Congress to take the following actions:

- **Limit the cost of educational loans for all students by eliminating origination fees and cap unsubsidized Stafford Loan interest rates for all students at the same interest rate.** Currently, the rate for undergraduate borrowers is 4.66 percent versus 6.21 percent for graduate and professional students.
- **Reinstate the subsidized Stafford Loan for graduate and professional students to prevent interest on qualifying loans from accruing while the student is still in school.** Congress eliminated the in-school interest subsidy on graduate and professional student loans as part of the Budget Control Act of 2011. As a result, while the veterinary student is in school and/or in a grace or deferment period, the interest on the federal loans continues to accrue, increasing the overall cost of the student's veterinary education.
- **Allow graduates to refinance their loans at a low, fixed rate similar to what is available on a 30-year fixed mortgage rate at the time of the borrower's graduation.** For instance, in 2014 the average 30-year fixed mortgage rate was 4.17 percent with a 52-week average between 3.86 and 4.43 percent.
- **Maintain the Public Service Loan Forgiveness (PSLF) program, which provides incentives to veterinary graduates to enter into the public sector, where they often support initiatives to promote public and animal health and food safety.** Qualifying borrowers may have their Direct Loans forgiven after 10 years of full-time service in an eligible job. Currently, qualifying employers include federal, state, or local government agencies and tax-exempt 501(c)(3) not-for-profit organizations. Congress should not place limits on the amount of loan forgiveness the government can offer to these public servants and is urged to keep PSLF untaxed. Taxing borrowers on the amount of forgiveness received is counterintuitive, as it both provides a disincentive for higher-debt borrowers to participate and creates a sudden financial hardship for borrowers receiving forgiveness.

Statistics on veterinary student loan debt:

- Nearly 88 percent of veterinary students finance their four-year professional degree programs with student loans and very little scholarship aid.
- The average graduating debt for veterinarians increases about 7.5 percent annually, rising from \$58,852 in 2003 to \$135,283 in 2014.
- The average scholarship availability per student has remained fairly stagnant for the last decade, going down slightly from \$4,486 in 2003 to \$4,252 in 2013.
- The average starting salary for veterinarians was \$67,214 in 2014. Salary varies by region, species focus, practice type and gender.
- The average veterinary student enters veterinary medical school with less than \$5,000 in educational debt from undergraduate school. This means that the majority of their student aid need is at the professional level, not the undergraduate level.

The AVMA policy regarding the affordability of veterinary medical college:

The AVMA recognizes the increasing burden of educational debt on new graduates and its implications for the veterinary profession and supports methods to achieve student debt resolution, including, but not limited to:

- Improving terms and conditions on federal student loans for veterinary students, including measures dealing with borrowing limits, grace, forbearance, default and interest rates.
- Maintaining the federal PSLF program.
- Broadening choices for federal loan consolidation programs and the ability to reconsolidate or refinance loans.
- Establishing federal grant and scholarship programs for veterinary students.
- Improving financial literacy and debt management counseling offered by universities to students.
- Discouraging predatory lending practices.
- Expanding educational opportunities to traditionally underrepresented groups.
- Encouraging the transparency of institutional academic fees.