

Federal Student Aid Policy: Its Impact on Veterinary Medical Students & Early Career Veterinarians

Educational debt negatively impacts veterinary students and the veterinary profession. As Congress works to reauthorize the Higher Education Act, lawmakers must be responsive to the needs of veterinary student borrowers.

Higher Education Act Reauthorization recommendations:

- **Preserve Public Service Loan Forgiveness Program**
- **Establish federal refinancing option**
- **Eliminate origination fees**
- **Lower interest rates**
- **Maintain federal student loan borrowing limits**
- **Increase awareness of income-driven repayment plans**
- **Restore subsidized Stafford Loans**
- **Maintain Perkins Loan Program**
- **Increase financial literacy**

Preserve Public Service Loan Forgiveness

Maintain the Public Service Loan Forgiveness Program (PSLF) to incentivize veterinarians to work in eligible public sector jobs that promote public and animal health and ensure food safety (federal, state or local government agencies and tax-exempt nonprofit organizations). Federal student loans are forgiven after 10 years of full-time service in an eligible job and are not taxable benefits. AVMA opposes efforts to cap the amount of student loans forgiven and taxing PSLF benefits.

Establish federal refinancing option

Allow borrowers with federal student loans to refinance the loans anytime a lower interest rate is available. This would allow graduates to refinance at a low, fixed rate similar to what is available on a 30-year fixed mortgage rate.

Eliminate origination fees

Origination fees range from 1.073% to 4.292% and are deducted upfront from student loans before funds are disbursed to a school. Origination fees are akin to a tax on student loans paid by students.

Lower interest rates

Currently interest rates may go as high as 8.25% for undergrads, 9.5% for unsubsidized Stafford, and 10.5% for GradPLUS. For 2017, interest rates vary from 3.76% for undergrads to 5.31% and 6.31% for unsubsidized Stafford and GradPLUS respectively.

Maintain federal student loan borrowing limits

A majority of veterinary students rely on federal student loan programs to pay for their education. The annual loan cap for veterinary students is \$47,167 and \$234,000 is the maximum.

Increase awareness of IDR Plans

It is important that student borrowers are aware of income-driven repayment (IDR) plans. Information should be readily available to assist students in managing their educational debt. We urge Congress to make it easier for borrowers to enroll in IDR plans. At present, borrowers must know about the plans; assess which plan is best for them; complete paperwork and income verification; and provide ongoing documentation of eligibility.

Restore subsidized Stafford Loans

The Stafford loan subsidy prevents interest from accruing on a loan while a student is in school. Subsidies were eliminated for grad-professional students by the Budget Control Act of 2011. While veterinary students may borrow the same annual and aggregate loan amounts, the entire amount is unsubsidized.

Maintain Federal Perkins Loan Program

Maintain access to the Perkins Loan program for professional students with demonstrated financial need. While not all veterinary colleges participate in the program, for those that do, the Perkins Loan has a 5% fixed interest and is the lowest cost federal loan currently available to professional students. The annual borrowing cap is \$8,000 with \$60,000 maximum (including undergraduate Perkins borrowing).

Increase financial literacy

Increase a student's financial literacy by requiring universities to provide meaningful annual loan counseling for student borrowers – including comprehensive information on the terms, conditions, and responsibilities of a federal student loan and information on a typical student budget, the right to request an annual credit report, average income and employment data, and financial management resources. Require universities to revise and expand exit counseling to include an outstanding loan balance summary, anticipated monthly payments under standard and IDR plans, an explanation of the grace period preceding repayment, the option to pay accrued interest before it capitalizes, the right to request an annual credit report, and loan servicer contact information.

Colleges of Veterinary Medicine

- There are 30 U.S. veterinary schools accredited by the AVMA. Of these, 6 are private schools: Lincoln Memorial University, Midwestern University, University of Pennsylvania, Tufts University, Tuskegee University, and the Western University of Health Sciences.
- Veterinary medical school curriculum is similar to a human medical program in topics and structure, though veterinary students have course exposure to multiple species. The curriculum generally consists of four years comprising a combination of basic science courses and clinical education.
- 2016 subsidized/resident tuition at U.S. colleges totaled a:
 - Maximum of \$33,732
 - Median of \$23,664
 - Minimum of \$18,516
 Note: Does not include living expenses.
- 2016 non-resident tuition at U.S. colleges totaled a:
 - Maximum of \$69,524
 - Median of \$50,123
 - Minimum of \$33,622
 - In 2015, 54% of first-year veterinary students were non-residents. After the first years some students gain residency and convert to subsidized/resident tuition.
- Currently there are 12,768 students enrolled at one of the 30 U.S. veterinary schools.
- 2,856 veterinary students will graduate in spring 2017.

Educational Debt 2016

- In 2016, 86% of U.S. veterinary college graduates accumulated debt.
- Mean debt for all students over four years was \$143,758.
- 6% of these students graduated with more than \$300,000 debt.
- A majority of debt incurred by veterinary students is attributed to the cost of tuition and fees (71.2%), followed by living expenses (17.2%), transportation (3.7%), books and materials (3.2%), veterinary equipment (2.1%) and all other expenses (2.6%).
- Just 46.5% of veterinary students receive scholarships. The average scholarship availability per student was just \$2,488 in 2015.

AAVMC Residencies & Internships 2016-2017

- 363 residency positions with an average salary of \$33,262.
- 1,180 internship positions with an average salary of \$30,264
- Following graduation a veterinarian may opt to pursue an internship to gain specialized experience and additional hands on training. A smaller number of these veterinarians may go on to pursue residency training with the goal of earning board certification and earning additional degrees.
- Residency training positions are available in ambulatory care, anesthesia, avian medicine, behavior, cardiology, clinical nutrition, dentistry, dermatology, diagnostic image and radiology, emergency medicine, equine medicine and equine surgery, exotic/wildlife/zoo medicine, food animal medicine and surgery, genetics, pediatrics, herd medicine and agriculture practice and production, large and small animal medicine, neurology and neurosurgery, oncology, radiation oncology and therapy, sports medicine and rehabilitation, large and small animal surgery, theriogenology, and zoological medicine.
- Internship positions are available in agricultural practices, ambulatory, anesthesiology, avian medicine, cardiology, dermatology, diagnostic image and radiology, small animal emergency medicine, equine, exotic/wildlife/zoo medicine, farm practice and production animal medicine, food animals, large and small animal surgery, neurology, oncology, pathology, shelter medicine, small animal internal medicine, sports medicine and rehabilitation.

Average Starting Salary for Veterinarians

- The starting salaries for new veterinarians working full-time vary depending on practice type, position, region, advanced degrees, age, and gender. For full-time employment the average salary for veterinarians was:
 - 2016: \$73,812
 - 2015: \$70,117
 - 2014: \$66,879