

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

*Veterinarians are critical to a host of roles across society and are required to complete advanced education and training before entering practice. Unfortunately, like many others, veterinarians grapple with educational debt. As Congress works to reauthorize the Higher Education Act, AVMA urges lawmakers to be responsive to the needs of graduate and veterinary student borrowers.*

## AVMA's Higher Education Act Reauthorization Recommendations

### 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). PSLF helps attract talent to the public and not-for-profit sectors by offering federal loan forgiveness after 10 years of full-time service and on-time loan payments in an eligible job. **AVMA opposes efforts to cap the amount of student loans forgiven and taxing PSLF benefits.**

### Establish a federal refinancing option

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

### Increase awareness of IDR Plans

Because of the unique debt-to-income ratio of veterinary graduates, income-driven repayment (IDR) plans are critically important. Student borrowers need to be fully aware of IDR plans and 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.

### Lower interest rates

Currently, interest rates are lower for undergraduate students than they are for graduate and professional students. For 2018, interest rates vary for undergrads was 4.45% whereas the graduate rates range from 6.6-8.5%.

### Eliminate origination fees

Origination fees range from 1.062% to 4.264% and are deducted upfront from student loans before funds are disbursed to a school. Origination fees are akin to a tax on federal student loans paid by students and should be eliminated.

### Maintain federal student loan borrowing limits

Veterinary students rely on access to federal student aid to pay for their education. The current annual loan cap for veterinary students is \$46,667 per year or \$224,000 total. Proposals to lower caps on borrowing will simply push veterinary students into higher cost private loans, which lacks federal loan protections. AVMA will vigorously resist attempts to lower caps.

### 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. **For 2018 graduates, AVMA estimates interest accumulation of for graduates borrowing the full cost ranges from over \$27,000 for residents and nearly \$40,000 for non-residents.**

### Increase financial literacy

AVMA strongly supports efforts to increase financial literacy and has undertaken efforts to increase financial literacy within the profession. From a policy perspective, AVMA supports: 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; and requiring 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 information.

### Maintain Perkins Loan

AVMA urges Congress to maintain access to the fixed, 5% interest 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 is the lowest cost federal loan currently available.

### Colleges of Veterinary Medicine

- There are 30 U.S. veterinary schools accredited by the AVMA. Of these, six 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.
- Currently there are 13,323 students enrolled at one of the 30 U.S. veterinary schools.
- 3,203 veterinary students will graduate in spring 2019.

### Veterinary Graduate Debt in 2018

- In 2018, 83% of U.S. veterinary college graduates accumulated debt. The mean debt for veterinary graduates who borrowed was \$183,014.
- Estimated total cost for a four-year veterinary medical degree in the U.S. ranges from \$146,636-\$304,878 for resident students and from \$230,404- \$419,631 for non-resident students.
- A majority of debt incurred by veterinary students is attributed to the cost of tuition and fees (73%), followed by living expenses (16%), transportation (3.5%), books and materials (2.8%), veterinary equipment (1.9%) and all other expenses (2.5%).
- 48% of veterinary students received scholarships, averaging \$5,532 per student.

### Average Starting Salary for Veterinarians

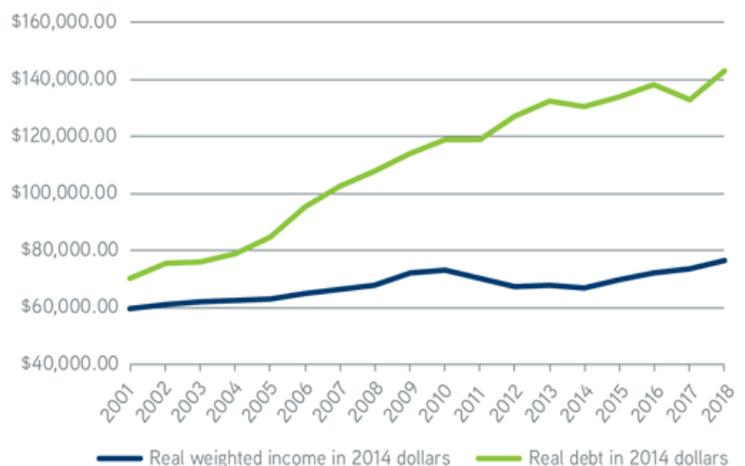
- The starting salaries for new veterinarians working full-time vary depending on practice type, position, region, advanced degrees, age, and gender.
- AVMA created “My Veterinary Life,” a website for veterinary students and new graduate veterinarians with an entire section devoted to financial health. Resources available include budgeting support, a personal financial planning tool, student loan resources and a salary estimator.
- **In 2018, for full-time employment, the weighted average salary for new veterinarians was \$76,663.**

### Veterinary Residencies & Internships

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.
- **In 2017-2018, there were 352 residency positions with an average salary of \$35,021**
- 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.
- **In 2017-2018, there were 1,317 internship positions with an average salary of \$33,738**

DEBT AND INCOME AMONG NEW VETERINARY GRADUATES FINDING FULL-TIME EMPLOYMENT



Source: AVMA Senior Surveys, 2001-18