

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

Protect and Improve 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.**

Establish a federal refinancing option to permit federal graduate student loans to be refinanced whenever interest rates are lower and economic conditions are more favorable.

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.

Lower interest rates & eliminate origination fees.

For 2020, interest rates for undergrads were 2.75% whereas the graduate and professional rates ranged from 4.3%-5.3%. Interest rates have historically been lower for undergraduate students than for graduate and professional students. Low student loan interest rates must be available to all students, including graduate and professional studies. The AVMA also supports the elimination of origination fees, which can range from 1.057% to 4.236% and are deducted upfront from student loans before funds are disbursed to a school.

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 \$47,167 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 and increase the cost of borrowing. The AVMA opposes any actions that would lower the caps on borrowing.

Restore graduate and professional student eligibility for subsidized loans.

The Stafford Loan subsidy prevents interest from accruing on a loan while a student is in school. Subsidies were eliminated for graduate and 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 2020 graduates, AVMA estimates interest accumulation for graduates borrowing the full cost ranges from over \$36,000 for residents and nearly \$47,000 for non-residents.

Encourage institutions of higher education and lenders to offer training to help students make informed decisions about how to finance their graduate education.

AVMA strongly supports efforts to increase financial literacy among veterinary borrowers and has undertaken many efforts to increase financial literacy within the profession. AVMA supports meaningful annual loan and exit counseling for student borrowers – including comprehensive information on the terms, conditions, and responsibilities of a federal student loan, information on a typical student budget, the right to request an annual credit report, average income and employment data, and financial management resources.

Automatically pause student loan repayment and interest accumulation for veterinarians pursuing advanced education and training.

A veterinarian who borrows to cover the cost of their education may face a debt burden of over \$188,000. A significant portion of this is from interest accumulated from loans acquired to fund their undergrad and graduate education. Many veterinarians continue their education and training through internships, residencies or Ph.D. programs, and these veterinarians often fill critical roles in animal and public health, academia and research. The AVMA supports suspending student loan repayment and interest accrual during internships, residencies, and Ph.D. programs.

Expand tools available for veterinary small business owners to recruit and retain veterinarians by supporting their educational debt burden.

The veterinary profession wants to do its part in helping to address the nation's student loan crisis. Veterinarians, unlike physicians, face different salary realities. AVMA supports additional tools to help veterinary small business owners recruit and retain veterinary associates and key staff, such as providing a tax-free loan repayment benefit and allowing employers to make 401(k) contributions while associates pay their educational loans.

End taxation on the forgiven portion of student loans after the standard 20-25-year income-based repayment terms.

Many veterinarians would like to participate in income-based repayment (IBR) programs to manage their student debt and enable them to practice in their area of expertise, particularly rural veterinary medicine, nonprofit NGOs and public practice. A 2020 graduate veterinarian with \$214,000 worth of loan debt could be liable for over \$84,000 in taxes on the forgiven portion of the student loans. This creates a disincentive to participate in IBR programs.

Colleges of Veterinary Medicine

- There are 33 U.S. veterinary schools accredited by the AVMA. Six of them are private schools: Lincoln Memorial University, Midwestern University, University of Pennsylvania, Tufts University, Tuskegee University, Western University of Health Sciences, and Long Island University.
- The Veterinary medical school curriculum is similar to a human medical program in topics and structure, though veterinary students have course exposure to multiple species.
- In 2020, there were 13,548 students enrolled at one of the 33 U.S. veterinary schools.
- 3,238 veterinary students graduated in spring 2020

Veterinary Graduate Debt in 2020

- In 2020, 83% of U.S. veterinary college graduates accumulated debt. The mean debt for veterinary graduates who borrowed was \$188,853.
- Estimated total cost for a four-year veterinary medical degree ranges from \$160,003-\$287,674 for resident students and from \$232,466- \$382,133 for non-resident students.

- In 2020, 44% of veterinary students received scholarships, averaging \$5,959 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 2020, for full-time employment, the weighted average salary for new veterinarians was \$90,722.**

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 to earn 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, 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 2019, there were 402 residency positions with an average salary of \$35,807.**
- 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 2019, there were 1,317 internship positions with an average salary of \$35,423.**