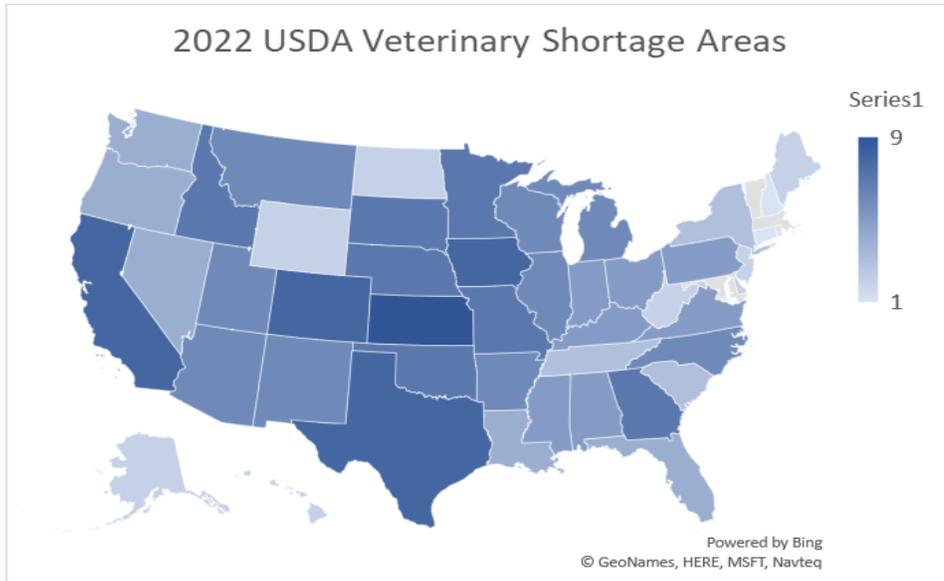


Veterinary Medicine Loan Repayment Program Enhancement Act (H.R. 2447/S.2215)



AVMA SUPPORTS

USDA has designated 226 veterinary shortage areas in 46 states. Support is needed to increase access to veterinary medicine in rural and underserved communities.



- In 2022, USDA designated 226 shortages in 46 states.
- Veterinarians are willing to serve, but each year 2/3 of shortages remain unfilled due to budget limitations.
- VMLRPEA will maximize funding provided and allow VMLRP to reach more communities each year.

Why VMLRP?

Unfortunately, last year 84% of veterinarians graduated with significant educational debt, which averaged to over \$186,000. This has a major impact on attracting them to rural communities and careers in food animal or public health veterinary medicine, as they typically pay less than companion animal practices.

The Veterinary Medicine Loan Repayment Program (VMLRP) helps relieve student debt burden and recruit and retain veterinarians to high-need areas by providing up to \$75,000 toward educational debt in exchange for three years of service in any of the USDA-designated veterinary shortage areas. At the same time, VMLRP helps states address their unique needs, whether food animal medicine, public health, or food safety.

Unlike the analogous program for physicians and other human healthcare providers, VMLRP awards for veterinary shortage areas are subject to inclusion in gross income and taxation. Since the USDA uses federal funds allocated to VMLRP to offset the taxation on behalf of the recipient, this hinders the program's ability to close veterinary access gaps in communities they are needed most.

Why H.R.2447/S.2215?

Currently, funds appropriated to the USDA for the VMLRP are used to cover the cost of the VMLRP service awards **AND** to pay the taxation of the award. By doing this, each award recipient realizes the full impact of the award. The USDA currently adds 37% to the VMLRP award amount and then withholds this amount to cover its taxation.

That means approximately 37% of the limited federal funding provided by Congress each year ends up going back to the Treasury, when that funding could be used to reach more underserved communities. **This legislation would exclude VMLRP awards from the recipient's gross income, thus ending the federal taxation and the recycling of appropriated dollars.** By doing so, the government would be treating the program awards in the same manner as the analogous program for physicians and other healthcare professionals (42 USC 254I-1).

Passage of the VMLRP Enhancement Act will help more rural communities gain access to the veterinarians they need to ensure animal health and welfare, food safety, prevent disease and maintain public health.

Importantly, there is precedent for exempting service awards from withholding taxes. In 2004, Congress exempted service awards through the National Health Service Corps program from the withholding taxes (P.L. 108-357).

Current 26 USC 108 also helps to illustrate the odd way veterinary medicine can be treated by the tax code. The IRS currently categorizes the delivery of veterinary healthcare services as the “performance of services in the field of health” and lumps veterinarians into the same tax treatment as physicians and other human healthcare providers for purposes of IRS Code section 199-A. 84 Fed. Reg. 2971 and 1.199A-5(b)(1)(ii).

Additionally, the current 26 USC 108(f)(4) that exempts the program under the federal Public Health Services Act, also exempts state level programs that are “intended to provide for the increased availability of health care services” in state designated underserved or health professional shortage areas. It could be argued that state level veterinary programs are already exempted by section 108 under this language but that the federal VMLRP is not. Regardless, we seek the same tax treatment for the VMLRP as the program under the Public Health Services Act.

Farmers and ranchers in rural areas depend on VMLRP to access veterinary services and ensure the health of their animals.

- By providing routine and emergency services, veterinarians maintain and improve herd health, nutrition, and reproductive management—services critical to a farmers’ bottom line.

Good animal health and welfare is necessary to preserve U.S. animal agriculture export markets.

- Veterinarians are needed to maintain a safe and wholesome food supply for the U.S. and our international trading partners.

VMLRP participants are federally accredited and state certified to meet traceability rules and state regulations for interstate movement of livestock.

- Participants work closely with livestock producers and State and Federal officials and serve as the first line of defense against spread of endemic and zoonotic diseases, introduction of high consequence foreign animal diseases, and other threats to the health and wellbeing of both animals and humans who consume animal products.

Veterinarians play an important role in protecting food safety as well as public health and animal welfare by ensuring the animals that enter our food supply are healthy and receive the appropriate medical care and treatment.

- For example, through the FDA Veterinary Feed Directive, the use of medically important antibiotics used in animal feed requires the oversight and order of a veterinarian. This ensures the responsible stewardship and judicious use of antimicrobials as well as the health of food-producing animals.

Reps. Ron Kind (D-WI), Adrian Smith (R-NE), Kurt Schrader (D-OR) and Dusty Johnson (R-SD) introduced H.R. 2447, which was referred to the Ways & Means Committee.

House offices are urged to cosponsor this bill by contacting Ben Hutterer (Kind) at 202.225.5506 or Josh Jackson (Smith) at 202.225.6435

Senators Debbie Stabenow (D-MI) and Mike Crapo (R-ID), along with eight original cosponsors, introduced S.2215, which was referred to the Finance Committee.

Senate offices are urged to cosponsor this bill by contacting Kyle Varner (Stabenow) at 202.224.2035 or Mike Quickel (Crapo) at 202.224.4515

Consistently, VMLRP receives more applications than funding allows to make awards and the demand for the program continues to increase. Since 2010, 1,775 veterinarians have applied to the VMLRP and only 630 have received service awards.

VMLRP Funding History		
FY 21	\$8,500,000	116-260
FY 20	\$8,000,000	116-94
FY 19	\$8,000,000	116-6
FY18	\$8,000,000	115-141
FY17	\$6,500,000	115-31
FY16	\$5,000,000	114-113

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