



REQUEST: Support the Veterinary Medicine Loan Repayment Program Enhancement Act (H.R. 1125 and S. 553)

Bill sponsors: Senator Tim Johnson (D-S.D.) with Senator Mike Crapo (R-Idaho) in the Senate. Rep. Kurt Schrader (D-OR) in the House.

- **To become a co-sponsor of the bill, please contact:**
 - Democratic senators: Josh Tonsager (Sen. Johnson's office), 4-5842, Joshua_Tonsager@johnson.senate.gov
 - Republican senators: Jessica Smith (Sen. Crapo's office), 4-6142, Jessica_Smith@crapo.senate.gov
 - Democratic and Republican House Members: Chris Huckleberry (Rep. Schrader's office), 6-8047, huck@mail.house.gov
- **What is the purpose of the bill?** It exempts Veterinary Medicine Loan Repayment Program (VMLRP) awards from Federal taxation at a rate of 39 percent. VMLRP recruits livestock and public health veterinarians to practice in areas of the country where they are needed to both promote food safety and assist communities with agricultural needs.
- **What impact will tax exemption have on the VMLRP?** Congress can increase the number of VMLRP awards without adding to the annual appropriations for the program. If VMLRP awards become tax exempt, then more money will be available so that additional veterinarians can participate, providing more rural and underserved communities with access to essential veterinary services. Alternatively, VMLRP contracts could be extended for a fourth year as is permitted by the statute.
- **Why is it important to support efforts to recruit more students to the USDA's program?** VMLRP veterinarians are essential in protecting the nation's food supply and providing routine and emergency veterinary services; services required for interstate movement of livestock; Tuberculosis and Brucellosis testing; disease surveillance and diagnostics for state and federal animal health programs; and herd health plans including preventive medicine, nutrition and reproduction management consultation services. VMLRP veterinarians may play a role in a state's veterinary emergency response team and take part in disease control and eradication programs. They provide veterinary medical care primarily for food animals, including: beef cattle, dairy cows, poultry, swine, dairy goats, meat goats, and sheep in the USDA's VMLRP shortage situations. The USDA's VMLRP shortage map for 2012 is available online and will be updated for 2013: http://www.nifa.usda.gov/nea/animals/in_focus/vmlrp_12/vmlrp_shortage_situation_usmap.html
- **At what rate are the awards currently taxed?** The VMLRP awards—disbursed under section 1415A of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 USC 3151a)—are taxed at the top income tax rate of 39 percent. VMLRP awards may be up to \$25,000 annually over three years per participant. The cost, including taxes during this time, is up to \$104,250 per participant (\$75,000 for loan repayment and \$29,250 for taxes). The USDA secretary makes tax payments to the IRS on behalf of VMLRP participants that are then credited directly to each participant's IRS (Federal tax) account. Veterinarians are required to include the award total as reported income in their annual taxes, which may place them in a higher tax bracket.
- **What are the appropriations for VMLRP?** Congress authorized the VMLRP in 2003 and has appropriated funds each fiscal year beginning in 2006:

FY	Appropriation	PL		FY	Appropriation	PL
2012	\$4.79 million	PL 112-55		2008	\$875,000	PL
2011	\$4.79 million	PL 112-10		2007	\$495,000	PL 110-5
2010	\$4.8 million	PL 111-80		2006	\$500,000	PL 109-97
2009	\$2.95 million	PL 111-8		<i>nothing appropriated prior to FY 2006</i>		

- What is the mean educational indebtedness of veterinary graduates?** When Congress approved the National Veterinary Medical Services Act (PL 108-161) on Dec. 6, 2003, the mean educational debt for veterinarians graduating that year was \$76,558. Since 2003, educational debt for veterinary students has increased by 98 percent, but the maximum annual VMLRP award remains at \$25,000 per year. In 2012, the mean educational debt among veterinary students was \$151,672.

Year	All types of employers (excluding advanced education)	Food animal exclusive	Large animal predominant	Mixed animal practice	Public / Corporate Practice	% of graduates with educational debt	Mean Debt (for graduates with debt)	% increase from previous year
2012	\$65,404	\$74,235	\$61,052	\$68,116	\$57,566	89.2%	\$151,672	6.4%
2011	\$66,469	\$71,096	\$67,338	\$62,655	\$63,970	89.6%	\$142,613	6.5%
2010	\$65,739	\$68,933	\$62,086	\$62,327	\$64,619	89.9%	\$133,873	3%
2009	\$64,826	\$72,318	\$63,172	\$63,892	\$59,353	88.6%	\$129,976	8.5%
2008	\$61,633	\$62,424	\$57,745	\$58,522	\$63,670	90.4%	\$119,803	12%
2007	\$57,969	\$56,659	\$52,407	\$55,407	\$57,113	89.6%	\$106,959	6.1%
2006	\$55,031	\$61,028	\$53,397	\$52,254	\$55,714	88.6%	\$100,805	13.5%
2005	\$55,031	\$49,157	\$51,933	\$49,321	\$53,526	88.4%	\$88,077	9.6%
2004	\$49,635	\$50,403	\$48,529	\$47,704	\$50,140	88.2%	\$81,052	5.9%
2003	\$48,004	\$52,283	\$47,314	\$47,785	\$52,378	86.7%	\$76,558	5.3%

- Which states administer loan repayment, forgiveness, grant and/or scholarship programs for veterinarians?** State-operated programs are subject to state appropriations, which stipulate their own terms and conditions and are subject to Federal taxation. The following states have authorized programs: Arkansas, Connecticut, Georgia, Illinois, Kansas, Kentucky, Louisiana, Maine, Minnesota, Missouri, Nebraska, New Hampshire, North Dakota, Ohio, Oklahoma, Pennsylvania, Texas, Vermont, Washington, and Wyoming.