July 1, 2021

U.S. Department of Education
400 Maryland Ave, SW
Washington, DC 20202

via www.regulations.gov

RE: [Docket ID ED-2021-OPE-0077] Negotiated Rulemaking Committee; Public Hearings

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 the Department of Education establishes negotiated rulemaking committees to prepare proposed regulations for programs authorized under title IV of the Higher Education Act of 1965, as amended (HEA), AVMA urges the department to be responsive to the needs of graduate veterinarians and veterinary student borrowers.

In 2020, the estimated total cost for a four-year veterinary medical degree in the U.S. ranges from $160,003-$287,674 for resident students and from $232,466-$382,133 for non-resident students. Eighty-three percent of U.S. veterinary college graduates accumulated debt, with the mean debt for veterinary graduates who borrowed totaling $188,853. The amount of educational debt continues to grow year over year, influencing the career paths of veterinarians and creating a disincentive to practice in critically needed areas like rural food animal medicine and public health. The AVMA has created the following higher education principles that we would like the department to consider as they move forward with their rulemaking:

**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 lack federal loan protections. 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 of education range 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 undergraduate 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.

End taxation on the forgiven portion of student loans after the standard 20-25-year 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 a loan debt of $214,000 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.

We thank the Department of Education for the opportunity to provide comments on the proposed regulations. For questions regarding the AVMA’s comments, please contact Kevin Hartley at 202-289-3216 or khartley@avma.org.

The AVMA, founded in 1863, is one of the oldest and largest veterinary medical organizations in the world, with more than 97,000 member veterinarians worldwide engaged in a wide variety of professional activities and dedicated to the art and science of veterinary medicine.