

# Vet Med Student Loan Burden: A New Challenge

Robert Wiese<sup>†</sup> and Lisa De Nault<sup>††</sup>

Graduation at the Iowa State University College of Veterinary Medicine is a happy time. New veterinarians celebrate the conclusion of four long years of late nights and hard work. However, graduation also means that student loan payments are just around the corner.

There is a crisis situation in veterinary education today. Approximately 83% of vet med students at Iowa State borrow to help finance their education. The average indebtedness of an Iowa resident vet med graduate has increased approximately \$10,000 in two short years. Figure 1 shows the average indebtedness for vet med graduates from Iowa State. (See Figure 1) The numbers speak for themselves. The increasing loan burden for ISU's graduates is growing at an alarming rate. As you can see, the debt does not even include undergraduate student loans. The average loan indebtedness for an ISU undergraduate was approximately \$17,000 in 1997-98. When these loans are added to vet med loans, we see the average debt increase to \$67,059.

But, why are students taking out so much in loans? The answer to this question is very complex and beyond the scope of this article. However two key factors are the increasing cost of a veterinary medicine degree and the increased availability of student loans.

Tuition costs have risen slightly above the cost of inflation for the past several years. What is only a \$100 increase per year for ISU undergraduates is markedly more for veterinary medicine students. A 3.9% tuition in-

crease last year meant resident undergraduates paid an extra \$100, however the 3.9% increase in resident vet med tuition meant students had to dig up an extra \$257 to pay their tuition bills. The situation has not improved this year. In October, the State Board of Regents voted to raise tuition by 4.5% next year. That means resident vet med students will have to come up with an extra \$300 to attend school next year. If you are wondering what non-resident students are paying, multiply the resident tuition increase by 2.5. Besides tuition, many vet med students must borrow to cover basic living expenses. Many vet med students are married and have children which further increase living expenses as compared to an unmarried student. The double impact of increasing tuition and the high cost of living in Ames works against ISU veterinary students.

Student loan availability has greatly increased since 1993. That year, Congress increased the amount of money that students could borrow. They also increased the availability of subsidized Stafford loans. At all levels of post-high school education Federal government support has become predominantly loan-based, with fewer and fewer grants available. With fewer grants available for professional education, vet students must increase their borrowing.

How will this affect College of Veterinary Medicine graduates? The major concern regarding loan indebtedness of vet med students is the amount of discretionary income a stu-

**Figure 1. Average Loan Debt for ISU Vet Med Graduates**

<u>Year</u>	<u>Iowa Resident</u>	<u>Non-Resident</u>
1995-96	\$40,161	\$52,473
1996-97	\$41,105	\$53,162
1997-98	\$50,059	\$62,960

*Authors' Note: Amounts exclude undergraduate loans.*

<sup>†</sup>Robert Wiese is a Masters student in Higher Education Administration. He has been an ISU financial aid counselor and the Graduate Student Coordinator of the ISU Student Answer Center. Rob is the new Assistant Director for

the Adult Learner and Student Commuter Programs and the Off-Campus Center at Iowa State University.

<sup>††</sup>Lisa De Nault is a third-year veterinary student at the Iowa State University College of Veterinary Medicine.

dent will have after graduation and the length of time a student will be repaying their loans. For example, a student who has a debt of \$50,000 will pay \$613 a month and \$23,592 in interest over the standard ten year repayment period. Students who have a monthly loan payment, that when combined with their monthly expenses, exceeds their after-tax income may have to request a longer repayment period. This will greatly increase the amount of interest they pay over the life of the loan. They could extend their repayment period and pay \$350 a month, but they would pay \$75,708 in interest, \$75,000 more than the original loan. Unfortunately, vet med students ability to repay the loan is severely limited by generally low starting salaries. The average starting salary for the 1997-98 graduating class

was \$38,812. This breaks down to approximately \$2,600 per month after taxes. After a loan payment of \$631, the student is left with \$1,975 to live on and support their family. The average loan indebtedness is 128% of the average starting salary. That isn't exactly a rosy future, is it?

Scholarships and awards are essential to many vet med students in their struggle to pay for their education. However, more support is needed. The number of recipients has increased from just a few before 1950 to 186 this year. The total amount of scholarships and awards exceeds \$177,000. As tuition costs continue to rise, support through awards and scholarships is essential. This support will allow more students to be able to afford a DVM degree from Iowa State without mortgaging their futures. ♦

**Authors' Note:** President Bill Clinton signed legislation in October of this year that allows former students who consolidate student loan debt by Jan. 31, 1999, through the Federal Direct Consolidation Loan program to receive a lower interest rate (7.46%). Students who consolidate through this program can expect to save about \$50 per \$1,000 of debt. After Jan. 31, consolidation is still an option, but the interest rate cap rises to 8.25%. There is no consolidation fee and no minimum or maximum loan balance required. At least one Federal Direct or Federal Family Education loan must be included in the consolidation, but there is no requirement to consolidate all student loans. To request a loan consolidation application, call 800-557-7392. Applications also can be downloaded from the Direct Loan Web site. ([www.ed.gov.DirectLoan](http://www.ed.gov.DirectLoan))

## 1998 Stange Award Recipients

*Bonnie Smith<sup>†</sup>*

Each year since 1970, Iowa State University College of Veterinary Medicine has recognized its most distinguished alumni with the Stange Award for Meritorious Service in Veterinary Medicine. Named in honor of Charles H. Stange, who was the dean of the college from 1909 to 1936, it is the highest award given by the College of Veterinary Medicine to its alumni. The Stange Award is given to recognize alumni for their outstanding achievement in the areas of education, government, industry, practice, or other professional endeavors in veterinary medicine. The recipients of the 1998 Stange Award are Dr. William J. McEniry, Dr. Keith W. Prasse, and Dr. Dale G. Martin.

Dr. McEniry, Class of 1960, is the

<sup>†</sup>Bonnie Smith is a first-year veterinary student at the Iowa State University College of Veterinary Medicine.

president of Ashton Veterinary Clinic, P. C., a mixed animal practice, and he has owned it since 1962. He has been very active in the AVMA serving on the Strategic Planning Committee & House Advisory committee from 1985 to 1992, serving as the chair from 1989 to 1990. From 1993 to the present, he has served as the AVMA treasurer. In 1997, Dr. McEniry served as the president of the Illinois Veterinary Medical Association (ISVMA) and from 1982 to 1983, was the chairman of the Board of Directors, which he has been on since 1975. In 1990, he received the ISVMA's President's Award. He was also a member of the Northern Illinois Veterinary Medical Association Executive Board from 1969 to 1976, serving as president in 1975. In addition to his leadership among his professional colleagues, Dr. McEniry has been a mentor for students