



## Legislative Fiscal Bureau

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March 16, 2010

TO: Members  
Joint Committee on Finance

FROM: Bob Lang, Director

SUBJECT: Senate Bill 497 -- Food Animal Veterinarian Loan Assistance Program

Senate Bill 497 was introduced on January 25, 2010, and referred to the Senate Committee on Agriculture and Higher Education. The Committee recommended the bill for passage on February 24, 2010, on a vote of 5 to 0.

### **SUMMARY OF BILL**

SB 497 would create a food animal veterinarian loan assistance program under the UW System. The bill would define a food animal as an animal that is raised to provide food for human consumption. The bill would create a biennial GPR appropriation under the UW System for loan repayments, but would not provide any funding in the 2009-11 biennium.

SB 497 would authorize the UW System Board of Regents (Board) to repay, on behalf of a food animal veterinarian, up to \$50,000 in educational loans obtained by the veterinarian from a public or private lending institution for education leading to a Doctor of Veterinary Medicine degree from an accredited school of veterinary medicine. The bill would require the Board to enter into a written agreement with the veterinarian, in which the veterinarian agrees to practice veterinary medicine in this state for at least 35 hours per week and to devote at least 50% of those hours, for four years, to food animals in a production agriculture setting. The agreement would have to specify that the Board's responsibility to make payments under the agreement is subject to the availability of funds in the GPR appropriation and PR appropriation created under the bill for this purpose.

The bill would provide that principal and interest on loans, exclusive of any penalties, could be repaid by the Board at the following rate: (a) up to 10 percent of the principal of the loan or \$10,000, whichever is less, during the first year of participation under the program; (b) up to an

additional 10 percent of the principal of the loan or \$10,000, whichever is less, in the second year of participation under the program; (c) up to an additional 15% of the principal or \$15,000, whichever is less, during the third year of participation in the program; and (d) up to an additional 15% of the principal or \$15,000, whichever is less, during the fourth year of participation in the program.

The bill would require the Board to establish priorities among eligible applicants, if the cost of repaying the loans of all eligible applicants, when added to the cost of loan repayments under existing agreements, exceeds the total amount available in the appropriations created under the bill for this program. The bill would specify that the priorities would be based upon the following considerations: (a) the likelihood that the veterinarian will remain in this state; (b) whether the veterinarian graduated from the UW-Madison School of Veterinary Medicine and practices veterinary medicine with a private agriculture producer; (c) the geographic distribution of the veterinarians who have entered into agreements; and (d) the total educational debt level of the veterinarian. The bill would specify that an agreement under this program would not create a right of action against the state on the part of the veterinarian or the lending institution for failure to make payments specified in the agreement.

The bill would require the Board to encourage contributions to the program by counties, cities, villages, towns, and private entities. Contributions would be deposited to a PR appropriation that would be created by the bill under the UW System to receive these moneys and any penalty assessments. Moneys could be expended from this PR appropriation for loan repayments and costs associated with the repayments.

The bill would require the Board to establish penalties, by rule, to be assessed against veterinarians who breach agreements under the program. The bill would require that the penalties do all of the following: (a) specify what actions constitute a breach of the agreement; (b) provide specific penalty amounts for specific breaches; and (c) provide exceptions for certain actions, including breaches resulting from death or disability. The bill would specify that any penalties assessed and collected would be deposited in the PR appropriation that would be created under the bill.

The bill would require the Board to do all of the following: (a) publicize the program to veterinarians; (b) assist veterinarians who are interested in applying for the program; and (c) assist communities in obtaining food animal veterinarians' services through this program. In addition, the bill would require the Board to make recommendations to the Governor on all of the following: (1) ways to help communities evaluate and utilize the linkage between rural veterinary medical service, public health, and economic development; (2) coordination of state and federal programs available to assist the delivery of rural veterinary medical services; (3) strengthening coordination and maintenance of rural services and delivery system; and (4) development of mechanisms to reduce shortages of food animal veterinarians in rural areas.

The bill would request the Legislative Audit Bureau to perform a performance evaluation audit of the program. The bill would require that if the Bureau performs the audit, it file its report

by July 1, 2013.

The bill would specify that no payments could be made under the program after June 30, 2020.

### **FISCAL EFFECT**

There is no fiscal effect to the bill, because no funding is provided in the GPR appropriation that would be created under SB 497, and the PR appropriation that would be created would be used to receive donations or penalty assessments under the program. Presumably, if the bill is enacted in this session, the Legislature will need to determine the level of funding for the program as part of its deliberations on the 2011-13 budget.

Prepared by: Dave Loppnow