

**STATEMENT OF
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UNITED STATES DEPARTMENT OF AGRICULTURE
BEFORE THE
HOUSE COMMITTEE ON AGRICULTURE
SUBCOMMITTEE ON LIVESTOCK, DAIRY AND POULTRY
February 7, 2008**

Chairman Boswell, Ranking Member Hayes, and distinguished members of the Subcommittee, my name is Gale Buchanan, Under Secretary of the Research, Education, and Economics Mission Area (REE), United States Department of Agriculture (USDA). I appreciate the opportunity to discuss the National Veterinary Medical Services Act (NVMSA) with you this morning. With me is Dr. Ralph Otto, Associate Administrator for the Cooperative State Research, Education, and Extension Service (CSREES), and Curtis Anderson, Deputy Administrator for the Rural Utilities Service.

As the REE Under Secretary, I am responsible for four agencies charged with advancing science in agriculture. These are the Agricultural Research Service (ARS), the Cooperative State Research, Education, and Extension Service (CSREES), the Economic Research Service (ERS) and the National Agricultural Statistics Service (NASS). It is CSREES that has been most closely associated with the legislation that we are discussing today.

In December of 2003, the President signed Public Law 108-161, the National Veterinary Medical Services Act. Subsequently, in November 2005, Congress provided the initial funding for the NVMSA in the fiscal year 2006 appropriation for CSREES. Consequently, USDA delegated the authority for this program to CSREES.

NVMSA authorizes the Department to pay principal and interest on educational loans of licensed veterinarians who agree to work in areas of the country that are underserved by veterinarians, in underserved disciplines of veterinary practice or in underserved areas of the Federal government. The bill also authorizes USDA, in emergency situations, to enter

into agreements with loan repayment program participants to provide services to the Federal government in exchange for salary, travel, per diem expenses, and additional loan repayment assistance.

Please note that the Administration's FY 2008 Budget request did not include funding for this program. Nor did the Administration's FY 2009 Budget request, which was submitted on February 4th. However, we do want to make sure that the funding already provided is utilized as effectively as possible to support the goals of the program.

In that context, let me take a moment to put the work of CSREES into context. CSREES accomplishes its mission almost exclusively through agreements of one type or another with land-grant and other universities, research foundations, not-for-profit entities, and state, local, or Federal agencies. This is significant and has direct bearing on our discussion today. Although CSREES has highly effective and efficient systems in place to execute and monitor agreements with organizations, it does not have corresponding systems to administer loan repayments for individuals, as is required by the NVMSA.

As enacted, the NVMSA authorizes USDA to administer a complex loan repayment program. Such programs have never been a function of CSREES and would need to be created. To do this would require considerable resources and substantial rule making in areas that are new to CSREES. Setting up such a program would be costly in terms of both time and money. It would prolong implementation of the NVMSA and it would consume all of the funds appropriated for the act. No appropriated funds would be left for actual loan repayments.

Creating a new loan repayment program within CSREES would require hiring personnel with the unique expertise needed to process applications, verify applicant eligibility, verify the underlying debt, and conduct credit and background checks for outstanding warrants or debts. They would need to verify that the applicant is actually practicing in an under-served location or specialty in accordance with the terms of the loan repayment agreement and they would need rules and regulations to address non-performance. In

addition, procedures would need to be developed to keep the list of under-served regions and specialties current.

Based on information and guidance received from the Department of Health and Human Services which administers loan repayment programs for other occupations, these are just some of the new processes USDA would have to put in place. Estimates from the Congressional Budget Office (CBO) support our assessment that the cost of initiating and administering the program would exceed the funds appropriated:

“H.R. 1367 would also authorize appropriations as necessary to cover the administrative costs of carrying out these programs. CBO estimates that administrative costs would be less than \$1 million in 2004 and would total \$3 million over the 2004-2008 period.” (From the Congressional Budget Office cost estimate of H.R. 1367, dated November 12, 2003.)

In an effort to implement the program expeditiously, all of these concerns have been discussed extensively within USDA and with representatives of the American Veterinary Medicine Association and the American Association of Veterinary Medicine Colleges.

In considering possible implementation strategies, CSREES examined the costs involved with various alternatives and concluded that there were two general implementation options available in the short term. These were:

1. Set up a loan repayment program that would address private practitioners. According to CBO, HHS and USDA estimates, doing this would consume the entire appropriation, leaving no funds for actual loan repayment.
2. Utilize existing authorities that are cost effective, meet the intent of the legislation, and maximize the funding that could actually be used for loan repayment.

CSREES chose the second option as being the most practical and most expedient choice available.

CSREES then entered into a reimbursable agreement with the Food Safety and Inspection Service (FSIS) in fiscal year 2007 to use the fiscal year 2006 and 2007 NVMSA funds. This agreement allows FSIS to add loan repayment incentives to qualifying service agreements in order to aid recruitment of food animal veterinarians for designated hard-to-fill positions in food safety and supply, especially in rural communities. This action addresses two specific purposes of the NVMSA, which directs the Secretary to consider shortage-areas in public health, epidemiology, and food safety, as well as “areas of veterinary need in the Federal Government.”

Meanwhile, the Department recognizes and appreciates the intent of Congress to promote more private-sector food animal veterinarians in rural areas and we are continuing to seek the best way to do so, within the resources provided. I look forward to working with the Committee on this program.

This concludes my comments. I want to thank you again for the opportunity to testify before the Subcommittee regarding the National Veterinary Medical Service Act. My colleagues and I look forward to responding to your questions.