



CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

November 12, 2003

H.R. 1367 **National Veterinary Medical Service Act**

As ordered reported by the House Committee on Agriculture on October 29, 2003

SUMMARY

H.R. 1367 would authorize the U. S. Department of Agriculture (USDA) to pay principal and interest on education loans of veterinary graduates who agree to work in areas of the country that are underserved by veterinarians, in underserved population groups, or in underserved disciplines of veterinary practice. The bill also would authorize USDA to enter into agreements with participants in the loan repayment program to provide services to the federal government in emergency situations in exchange for salary, travel, per diem expenses, and additional amounts of loan repayment assistance. The bill would authorize the appropriation of such sums as necessary for USDA to carry out these activities.

Assuming appropriation of the necessary amounts, CBO estimates that implementing H.R. 1367 would cost \$23 million over the 2004-2008 period. Enacting H.R. 1367 would not affect direct spending or revenues.

H.R. 1367 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act (UMRA) and would impose no costs on state, local, or tribal governments.

ESTIMATED COST TO THE FEDERAL GOVERNMENT

The estimated budgetary impact of H.R. 1367 is shown in the following table. The costs of this legislation fall within budget function 350 (agriculture).

	By Fiscal Year, in Millions of Dollars				
	2004	2005	2006	2007	2008
CHANGES IN SPENDING SUBJECT TO APPROPRIATION					
Estimated Authorization Level	1	3	7	8	8
Estimated Outlays	1	2	5	7	8

BASIS OF ESTIMATE

For this estimate, CBO assumes that H.R. 1367 will be enacted in fiscal year 2004 and that the necessary amounts will be appropriated each year. Estimates of outlays are based on historical spending patterns of similar programs.

H.R. 1367 would establish a loan repayment program for veterinary graduates who agree to work in certain areas or disciplines with a shortage of veterinarians. The program would reimburse participants for the cost of student loans for tuition and living expenses and would include any tax liability associated with those reimbursements.

Based on information from USDA, CBO estimates that about 20 graduates would participate in the program in 2004, increasing to 80 graduates by 2006. The term of service and the amount of loan repayment assistance are not specified in the bill. Based on the experience of the National Health Service Corps program, CBO estimates that the average term of service would be between two and three years and the annual loan repayment, including payments for tax liability, would average nearly \$30,000 per participant in 2004.

The bill would allow USDA to recover payments to individuals who fail to complete the agreed term of service. CBO estimates that the percentage of participants who fail to complete the agreed terms of service would be between 5 percent and 15 percent, which is similar to the experience of the National Health Service Corps program. We estimate that implementing this loan repayment program would cost \$1 million in 2004 and \$18 million over the 2004-2008 period, assuming appropriation of the necessary amounts.

The bill also would authorize USDA to enter into agreements with participants in the loan repayment program to provide veterinary services for the federal government in emergency situations in exchange for salary, expenses, and additional loan repayment amounts. Such agreements could provide USDA with a pool of veterinary specialists to assist in the control and eradication of animal disease outbreaks.

Based on information from USDA, CBO estimates that about 20 percent of the participants in the loan repayment program would be employed under the emergency service program and that the reimbursement would average \$17,000 per participant. Assuming the appropriation of the necessary amounts, CBO estimates that the cost of implementing the emergency program would be less than \$1 million in 2004 and \$2 million over the 2004-2008 period.

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.

INTERGOVERNMENTAL AND PRIVATE SECTOR IMPACT

H.R. 1367 contains no intergovernmental or private-sector mandates as defined in UMRA and would impose no costs on state, local, or tribal governments.

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