

ASSEMBLY, No. 5117

STATE OF NEW JERSEY

219th LEGISLATURE

INTRODUCED DECEMBER 10, 2020

Sponsored by:

Assemblyman RONALD S. DANCER

District 12 (Burlington, Middlesex, Monmouth and Ocean)

Assemblyman ERIC HOUGHTALING

District 11 (Monmouth)

SYNOPSIS

Provides loan redemption for certain veterinarians who work at approved site for five years; annually appropriates \$500,000.

CURRENT VERSION OF TEXT

As introduced.



(Sponsorship Updated As Of: 6/1/2021)

1 **AN ACT** concerning loan redemption for certain veterinarians and
2 supplementing chapter 71C of Title 18A of the New Jersey
3 Statutes.

4
5 **BE IT ENACTED** *by the Senate and General Assembly of the State*
6 *of New Jersey:*

7
8 1. There is established a Veterinary Medicine Loan
9 Redemption Program within the Higher Education Student
10 Assistance Authority to provide for the redemption of eligible
11 qualifying loan expenses of program participants who work in the
12 State for five years of service at an approved site in the State.

13
14 2. As used in this act:

15 "Approved site" means a site located within a State designated
16 veterinary underserved area or within five miles of a State
17 designated veterinary underserved area.

18 "Authority" means the Higher Education Student Assistance
19 Authority.

20 "Eligible qualifying loan expenses" means the cumulative
21 outstanding balance of student loans covering the cost of attendance
22 in an undergraduate degree program of an institution of higher
23 education and a graduate degree program of an accredited school of
24 veterinary medicine, including the following: tuition; educational
25 expenses and fees; and room and board. Interest paid or due on
26 qualifying loans that an applicant has taken out for use in paying the
27 cost of attendance in an undergraduate degree program of an
28 institution of higher education and a graduate degree program of an
29 accredited school of veterinary medicine shall be considered
30 eligible for reimbursement under the program.

31 "Executive director" means the executive director of the Higher
32 Education Student Assistance Authority.

33 "Full-time" means a minimum of 40 hours per week for a
34 minimum of 45 weeks per year.

35 "Half-time" means a minimum of 20 hours per week, not to
36 exceed 39 hours per week, for a minimum of 45 weeks per year.

37 "Program" means the Veterinary Medicine Loan Redemption
38 Program established pursuant to this act.

39 "Program participant" means a veterinarian who contracts with
40 the authority to engage in the practice of veterinary medicine, a
41 majority of which activity is dedicated to the protection and
42 enhancement of large animal health and productivity, at an
43 approved site in exchange for the redemption of eligible qualifying
44 loan expenses provided under the program.

45 "State designated veterinary underserved area" means a
46 geographic area designated in this State by the Secretary of
47 Agriculture, in consultation with the New Jersey Horse Council, the
48 New Jersey Association of Equine Practitioners, and the New Jersey

1 Farm Bureau, on the basis of a large animal veterinarian shortage
2 affecting the area. The Secretary of Agriculture shall annually
3 establish a list of State designated veterinary underserved areas.
4 The Secretary of Agriculture shall transmit the list of State
5 designated veterinary underserved areas to the authority by January
6 1 of each year, except that the first list shall be transmitted not later
7 than 90 days after the effective date of this act.

8 "Total and permanent disability" means a physical or mental
9 disability that is expected to continue indefinitely or result in death
10 and renders a participant in the program unable to perform that
11 person's service obligation, as determined by the executive director
12 or the executive director's designee.

13
14 3. To be eligible to participate in the program, a program
15 participant shall:

- 16 a. be a resident of the State;
17 b. be a graduate of an accredited school of veterinary medicine
18 approved by the State Board of Veterinary Medical Examiners for
19 the purpose of licensure and receive a recommendation from the
20 school's veterinary medicine staff concerning participation in the
21 loan redemption program;
22 c. be a veterinarian licensed to practice in this State; and
23 d. agree to practice at an approved site.

24 Nothing in this section shall prohibit a program participant from
25 initiating the program's application process and identifying and
26 committing to employment at an approved site prior to the
27 establishment of State residency or being issued a State veterinary
28 license.

29
30 4. a. In administering the program, the authority or its
31 designated agent shall contract only with a veterinarian.

32 b. The contract shall require a program participant to serve at
33 least a five-year period at an approved site in the full-time or half-
34 time service of a veterinary medicine practice, of which a majority
35 of the service at that practice is dedicated to the protection and
36 enhancement of large animal health and productivity.

37 c. The contract shall also specify the applicant's dates of
38 required service, the total amount of eligible qualifying loan
39 expenses to be redeemed by the State in return for service, and the
40 schedule of payments for the term of the contract.

41
42 5. Maximum redemption of a loan under the loan redemption
43 program shall be 100 percent of the eligible qualifying loan
44 expenses for full-time service and 50 percent of the eligible
45 qualifying loan expenses for half-time service in return for five
46 years of service, except that the amount of qualifying loans which
47 may be redeemed for a participant under the program shall not
48 exceed \$20,000 in any year for full-time service or \$10,000 in any

1 year for half-time service. No amount of eligible qualifying loan
2 expenses shall be redeemed for services performed for less than a
3 full year. The loan redemption shall be reimbursed as follows:

- 4 a. with respect to full-time service:
 - 5 (1) first year of service, 12 percent of principal and interest;
 - 6 (2) second year of service, 20 percent of principal and interest;
 - 7 (3) third year of service, 20 percent of principal and interest;
 - 8 (4) fourth year of service, 24 percent of principal and interest;
 - 9 and
 - 10 (5) fifth year of service, 24 percent of principal and interest; and
- 11 b. with respect to half-time service:
 - 12 (1) first year of service, six percent of principal and interest;
 - 13 (2) second year of service, 10 percent of principal and interest;
 - 14 (3) third year of service, 10 percent of principal and interest;
 - 15 (4) fourth year of service, 12 percent of principal and interest;
 - 16 and
 - 17 (5) fifth year of service, 12 percent of principal and interest.

18
19 6. The executive director or the executive director's designee,
20 in consultation with the Secretary of Agriculture, shall match
21 program participants to State designated veterinary underserved
22 areas. Nothing in this section shall prohibit a program applicant or
23 participant from identifying an approved site for consideration and
24 approval of the program.

25
26 7. The executive director or the executive director's designee
27 shall select the program participants from among those applicants
28 who meet the eligibility criteria established pursuant to section 3 of
29 this act, subject to available funds and available approved sites.
30 The executive director or the executive director's designee shall
31 accord priority to applicants in the following manner:

- 32 a. first, to any applicant who is willing to fill openings at an
33 approved site with the most significant veterinary medicine
34 shortages;
- 35 b. second, to any applicant whose residence in the State at the
36 time of initiating application was within a State designated
37 veterinary underserved area or within five miles of a State
38 designated veterinary underserved area; and
- 39 c. third, to any applicant who graduated from a high school or
40 institution of higher education located in New Jersey.

41 In the event that there are more applicants who have the same
42 priority than there are program positions, the executive director or
43 the executive director's designee shall select program participants
44 by means of a lottery or other form of random selection.

45
46 8. a. A program participant, as a condition of participation,
47 shall be required to adhere to performance standards established by
48 the executive director or the executive director's designee.

1 b. The standards shall include, but not be limited to,
2 requirements that a participant:

- 3 (1) maintain residency in the State;
4 (2) maintain a license or certification to practice veterinary
5 medicine in the State;
6 (3) remain current with payments on student loans;
7 (4) enter into a mutually acceptable contract with an approved
8 site;
9 (5) maintain satisfactory performance of services rendered at an
10 approved site; and
11 (6) report to the authority or its designee, on a form and in a
12 manner prescribed by the authority or its designee, on the program
13 participant's performance of services rendered at an approved site
14 prior to repayment of the annual amount eligible for redemption.
15

16 9. A program participant who has previously entered into a
17 contract with the authority may nullify the agreement by notifying
18 the authority in writing and reassuming full responsibility for the
19 remaining outstanding balance of the loan debt. In no event shall
20 service at an approved site for less than the full calendar year of
21 each period of service entitle the program participant to any benefits
22 under the program. A program participant seeking to nullify the
23 contract before completing the fifth full year of service shall be
24 required to pay 50 percent of the redeemed portion of indebtedness
25 in not more than one year following nullification of the agreement.
26

27 10. In the case of a program participant's death or total and
28 permanent disability, the authority or its designee shall nullify the
29 service obligation of the program participant. The nullification
30 shall terminate the authority's obligations under the loan redemption
31 contract. In the event of a program participant's death or total and
32 permanent disability, the authority shall not require repayment of
33 the prior redeemed portion of indebtedness.
34

35 11. A person who knowingly or willfully furnishes any false or
36 misleading information for the purpose of receiving loan
37 redemption benefits under the program is guilty of a crime of the
38 fourth degree.
39

40 12. a. The executive director or the executive director's
41 designee is authorized to terminate the program participant's service
42 in the program in the case of:

- 43 (1) a program participant's conviction of a crime or an act of
44 gross negligence in the performance of service obligations;
45 (2) suspension or revocation of the program participant's license
46 or certification to practice; or
47 (3) a program participant's breach of the performance standards
48 established pursuant to section 8 of this act.

1 cost-effective path to addressing the large animal veterinarian
2 shortage by incentivizing veterinary school graduates to reside in
3 the State and practice in areas of the State experiencing large
4 animal veterinarian shortages.

5 From 1990 to 2007, the State provided for a “contract” program
6 with veterinary schools in other states to “buy” seats reserved
7 exclusively for New Jersey students. This program allowed New
8 Jersey residents vying for seats at out-of-State veterinary schools to
9 only compete against each other for those seats, not the entire
10 population of applicants at large. The program also provided
11 funding that permitted those students to attend the out-of-State
12 veterinary schools at in-State tuition rates. However, this program
13 resulted in residents leaving the State for veterinary school, with no
14 promise that they would return to practice in New Jersey.

15 Several other states have implemented veterinary loan
16 redemption programs similar to the program established by this bill,
17 including, but not limited to, Arkansas, Georgia, Kansas,
18 Minnesota, Missouri, Nebraska, Ohio, Texas, and Wyoming. The
19 program established by this bill will incentivize residents of this
20 State, who attend out-of-State veterinary schools, to return to New
21 Jersey to perform services in a veterinary practice that is dedicated
22 to the protection and enhancement of large animal health and
23 productivity, in exchange for a redemption of their veterinary
24 school loans over a relatively short period of time. This program
25 will provide enormous benefits for large animal owners living in
26 areas of this State with a shortage of adequate veterinary medicine
27 services.

28 Specifically, the bill provides for redemption of eligible
29 qualifying loan expenses for veterinarians who work for no less
30 than five years at a an approved site. An approved site is as a site
31 located within a State designated veterinary underserved area or
32 within five miles of a State designated veterinary underserved area.
33 The bill defines a State designated veterinary underserved area as a
34 geographic area designated in this State by the Secretary of
35 Agriculture, in consultation with the New Jersey Horse Council, the
36 New Jersey Association of Equine Practitioners, and the New Jersey
37 Farm Bureau, on the basis of a large animal veterinarian shortage
38 affecting the area. The Secretary of Agriculture will annually
39 establish a list of State designated veterinary underserved areas and
40 transmit that list to HESAA.

41 Program participants are required to be State residents, have
42 graduated from a veterinary school approved by the State Board of
43 Veterinary Medical Examiners for the purpose of licensure and
44 receive a recommendation from the school’s veterinary medicine
45 staff concerning participation in the loan redemption program, be a
46 veterinarian licensed to practice in this State, and agree to practice
47 at an approved site. In return for this commitment, the program
48 participant’s eligible qualifying loan expenses will be reimbursed.

1 Maximum loan redemption under the bill will equal 100 percent of
2 the eligible qualifying loan expenses for full-time service and 50
3 percent of the eligible qualifying loan expenses for half-time
4 service in return for five years of service, except that the amount of
5 qualifying loans which may be redeemed for a participant under the
6 program will not exceed \$20,000 in any year for full-time service or
7 \$10,000 in any year for half-time service. No amount of eligible
8 qualifying loan expenses will be redeemed for services performed
9 for less than a full year.

10 The loan redemption will be reimbursed as follows with respect
11 to full-time service:

- 12 (1) first year of service, 12 percent of principal and interest;
- 13 (2) second year of service, 20 percent of principal and interest;
- 14 (3) third year of service, 20 percent of principal and interest;
- 15 (4) fourth year of service, 24 percent of principal and interest;

16 and

- 17 (5) fifth year of service, 24 percent of principal and interest.

18 The loan redemption will be reimbursed as follows with respect
19 to half-time service:

- 20 (1) first year of service, six percent of principal and interest;
- 21 (2) second year of service, 10 percent of principal and interest;
- 22 (3) third year of service, 10 percent of principal and interest;
- 23 (4) fourth year of service, 12 percent of principal and interest;

24 and

- 25 (5) fifth year of service, 12 percent of principal and interest.

26 The bill provides that in the case of a program participant's death
27 or total and permanent disability, HESAA will nullify the service
28 obligation of the program participant. The nullification will also
29 terminate HESAA's obligations under the loan redemption contract.
30 In the event of a program participant's death or total and permanent
31 disability, HESAA will not require repayment of the prior redeemed
32 portion of indebtedness.

33 The bill provides that in Fiscal Year 2022 and each fiscal year
34 thereafter, \$500,000 will be appropriated from the General Fund to
35 HESAA for the Veterinary Medicine Loan Redemption Program.