

Veterinary Medicine Loan Repayment Program (VMLRP) Post-Award Frequently Asked Questions Sheet

General

My application was selected for an award. Now what?

Congratulations on being selected for an award! If you have not done so yet, please review your repayment schedule to ensure that the information presented in your repayment schedule is accurate. You should also review the contract, sign it, and return it to NIFA by the deadline date indicated in your award letter. Finally, you should review this FAQ sheet to learn more about the VMLRP repayment process and your responsibilities as a VMLRP award recipient.

I will be starting a new practice (or moving to a new location). Do you have any advice for me?

The American Veterinary Medical Association (AVMA) put together a "Practice Starter Kit" to help veterinarians who are starting a new practice or moving to a new location. This kit can be found on the AVMA website at <https://www.avma.org/KB/Resources/Reference/Pages/fsvm-only-practice-in-town.aspx>.

Loan Repayment Process

How is the amount of my VMLRP payments calculated? What will my payments be?

Payment amounts are based on your qualified DVM educational debt balance at the start of your VMLRP contract. The VMLRP will repay your qualified DVM educational debt up to a maximum of \$25,000 per year. Payments will be made on a quarterly basis during the VMLRP contract period. Note that you will receive the maximum of \$25,000 per year only if your starting qualifying debt is equal to or greater than \$75,000.

How are VMLRP payments made?

NIFA will authorize payments to go directly to your lenders to repay your loans on a quarterly schedule. All payments will be sent directly to your lender, to be posted to your loan account.

When are VMLRP payments issued to lenders?

Payments are made on a quarterly schedule upon receipt of two verifications: your confirmation of service for the recently completed quarter and the previous VMLRP payment, whenever applicable.

How do I verify my service?

At the end of each quarter, NIFA will send a form to you or your supervisor to complete and return. The form will consist of questions pertaining to the services you provided in the designated veterinary shortage area. NIFA will not release any subsequent quarterly payments until it has received verification of your service for a completed quarter.

How do I verify a VMLRP payment?

When a VMLRP payment is sent to your lender, NIFA sends you an email with instructions for payment verification. It is your responsibility to obtain a statement from your lender that shows the VMLRP payment date and amount as well as the resulting account balance. A printout of this information from the lender's website is acceptable if they show your name or account number, VMLRP payment date and amount, and the resulting balance. A copy of this statement should be faxed to (202) 720-6486.

Please wait at least 10 business days from receiving the payment notification email from NIFA to allow your lender sufficient processing time to receive the payment and post it to your loan account before contacting your lender for a verification statement.

Lenders may send payment verification documents directly to us, but we strongly encourage you to have the lender send the documents directly to you so that you may retain copies for your records. It is your responsibility to ensure that verifications are submitted to NIFA in a timely manner. NIFA will not release any subsequent quarterly payments until it has received verification of the prior payment.

It is also the awardee's responsibility to keep loan accounts in good standing during participation in the VMLRP, including the need to make any loan payments required by the lender prior to the first VMLRP payment or in the months between VMLRP payments. NIFA is not responsible for any late fees or penalties incurred on recipients' loan accounts.

At any time NIFA may ask you to provide your loan payment history showing that all payments made on your behalf were used to pay the eligible approved loan. Failure to provide this information could result in delays to your VMLRP repayment schedule and/or dismissal from the program.

Can I have VMLRP payments applied to prepay future installments so I don't have to make monthly payments myself during the months the VMLRP does not make a payment?

Yes. You should contact your lender directly to discuss how payments can be allocated.

Taxes

Are VMLRP payments taxable?

Yes, loan payments are considered taxable income. To partially offset the increase in income tax liability that result from the VMLRP award, we make a federal tax payment equal to 39% of the loan payment directly to your IRS tax account each time a loan payment is made on your behalf. Both loan and tax payments are taxable and reported after the end of the calendar year. A 1099-G form is mailed to you no later than January 31 of the following calendar year. You are responsible for paying the remainder of your federal tax liability, as well as any applicable state and local taxes that result from your VMLRP income.

For example, loan payments totaling \$20,000 in a particular calendar year would result in \$7,800 in tax payments. The total income reported by the VMLRP would be \$27,800 (Form 1099-G box 6) and the amount of Federal income tax withholding would be \$7,800 (Form 1099-G box 4).

If you have additional questions about the tax liability, you are strongly encouraged to speak to a professional tax practitioner.

How do I know how much tax has been paid on my behalf?

You will receive an IRS Form 1099 in January when one or more VMLRP payments have been made in the previous calendar year. The 1099 form will specify the total amount of all payments made on your behalf to lenders and the IRS in the recently completed calendar year.

What do I do about state and local taxes, and what if I have additional federal taxes?

The VMLRP will only pay 39% of the amount paid towards your loans to cover your federal taxes. If you incur additional taxes beyond the 39% payment, you will be responsible to cover these expenses out of your pocket.

If I choose to pay off my loans, what happens to the remaining VMLRP payments?

The remaining scheduled VMLRP payments will be directed to your bank account. You must provide documentation that shows your loans are paid in full before any funds are directed to your bank account.

Service Obligation

What happens if I don't complete my service obligation?

Not completing your LRP contract service obligation places you into a breach of your contract. A formula is used to calculate how much the United States Government is entitled to recover for the remaining time not served on your contract. The formula takes into account how much money the VMLRP expended on your behalf, and how much time you served. Please read the VMLRP contract (NIFA-05-10) for more details.

What happens if my spouse is transferred by his/her employer or my spouse is deployed by the military?

If your spouse is transferred to a new location by an employer or deployed to a new military base, you may request a transfer to the nearest veterinary shortage area, as designated by NIFA. However, if a shortage area is not located near your spouse's area of relocation, you will be expected to fulfill your contractual commitment to the VMLRP prior to relocating.

What happens if the salary I am receiving from my practice/position in the shortage area is not sufficient to support my living arrangements?

Prior to accepting employment in the shortage area, you should discuss salary and benefits with your potential employer. Once a VMLRP contract is executed, the VMLRP will not terminate the contract due to salary issues.

My area is no longer designated as a shortage area. Can I stay where I am and still renew my VMLRP contract?

Award recipients who continue to meet the eligibility requirements for the program and have remaining qualifying debt are eligible to apply for a competitive renewal in their current shortage area during the final year of the original contract. You may apply to remain in your current shortage area whether or not it is shown on the shortage map for the year in which you apply for a renewal award.

Renewal applications are reviewed based on the same criteria as the original application, plus review of progress during the contract. Please remember that this is a competitive award process and continued funding is not guaranteed.

Either before or after I submitted my VMLRP application, I was notified of an offer to receive an award from another entity in exchange for me agreeing to a service commitment. Are there any conditions under which I may accept the award from the other entity as well as the VMLRP award?

The VMLRP does not allow its participants to also meet a service commitment to another entity during any part of the VMLRP service period specified in the VMLRP contract. However, there may be scenarios that create uncertainty as to the applicability of this rule. The participant should contact the VMLRP office at NIFA to discuss any circumstances that might be construed as constituting compensation-for-service commitment to another entity (public or private). It is important to note, however, that while deferral of a VMLRP award is not generally allowed, other entities may permit deferral (or temporary suspension) of their contract or arrangement. The critical policy issue to be aware of is that another service commitment cannot be **active** at any time during the period the VMLRP commitment is also active.