The VPI®-Veterinary Economics Financial Health Study

Declining numbers of patient visits, stagnating veterinary salaries and the heavy burden of student-loan and other debt: These factors are having a profound impact on the veterinary profession in the United States. In presenting the data on the financial health of veterinarians at different ages and stages in their careers, the **VPI®-Veterinary Economics Study** makes a strong case that changes already emerging in the veterinary industry are inevitable and likely permanent. Veterinarians and the veterinary industry must accept the new reality and guide those changes for the best possible result that will allow veterinarians to practice good medicine for the benefit of pets and the people who love them.

The **VPI®-Veterinary Economics Financial Health Study,** produced with the assistance of Brakke Consulting, benchmarks the challenges facing many members of the veterinary profession. From new graduates faced with debt burdens unimaginable to previous generations of veterinarians to practice owners counting on the sale of their practice as their hopes for a stable retirement—and every veterinarian in between—the picture is not what veterinarians hope to see.

The **VPI®-Veterinary Economics Financial Health Study** takes up the unanswered questions of the Bayer Veterinary Care Usage Study, also produced in cooperation with Brakke Consulting. The result: Answers for veterinarians in need of critical benchmarking data for themselves, their practices and their futures. The Bayer Veterinary Care Usage Study revealed that the decrease in veterinary visits did not start with the economic downturn of 2008, but in fact started to decline in the relatively good economic climate immediately prior to the financial cataclysm.

While pet spending as reported by the American Pet Products Association held steady or improved as the economy stumbled (hitting an all-time high of $55.5 billion In 2013), veterinarians were a conspicuous absence from those seeing the financial result of America's growing love of companion animals.

The decline of veterinary visits (previously documented by the Bayer Veterinary Care Usage Study), the increase year-over-year of new veterinarians entering the profession (previously documented by the American Assoc. of Veterinary Medical Colleges) and the financial struggles of today's veterinarians (now documented by the **VPI®-Veterinary Economics Financial Health Study**) taken together suggest that the veterinary industry will have to make dramatic and possibly difficult changes to retain relevance and a middle-class standard of living for members of the veterinary profession. While male and older veterinarians (often one in the same, given the gender shift in the profession), showed greater satisfaction with their personal finances, the precarious financial state of younger and female veterinarians (again, often one in the same) suggests a difficult period ahead not only for younger veterinarians but also for practice owners hoping to sell and retire.

But perhaps not immediately: There were more veterinarians who had higher personal and household income in 2012 than those who experienced income declines. And veterinary salaries, albeit stagnant, remain high compared to the general population—news that is of course tempered by the reality of crushing student debt for younger veterinarians. The findings aren't that encouraging at the high end, either: The mean household incomes of $187,000 for veterinary practice owners fall into the top 10% of all U.S. households, but a majority of those largely older veterinarians reported working longer hours to maintain their standard of living, and more than a quarter plan to delay retirement because of the poor financial condition of their practice.

The study serves as a jumping off spot for a year of special coverage by Veterinary Economics/dvm360.com as well as continued and enhanced efforts by Veterinary Pet Insurance (VPI) to bring to market products and services that support the veterinary mission of providing cutting edge medical care to pets, in support of the human-animal bond and in recognition of the ongoing value companion animals provide to people in all walks of life.

Methods

The VPI®-Veterinary Economics Financial Health Study is the result of a collaborative effort of VPI®, Veterinary Economics and Brakke Consulting. Veterinary Pet Insurance® used proprietary information drawn from the company's claims databases and ongoing industry research, to develop a survey that best reveals the actual financial state of the profession.

The sample:

- Total N=1,193 online interviews
- Veterinary Practice Owner or Partner, or Associate Veterinarian
- Of animals treated: 75% or more must be companion animals (including avian/exotics)
- National spread; no restrictions

Statistical margin of error +/- 3.1% (all respondents) at 95% confidence level;
=/- 7.1% owners/partners;
=/- 4.5% associates

RESPONDENT DEMOGRAPHICS

Gender	Owners	Associates
Male	49%	21%
Female	51%	79%
Age		
21-35	7%	34%
36-40	11%	17%
41-45	17%	17%
46-50	18%	15%
51-55	18%	7%
56-60	15%	5%
61-65	9%	3%
66+	6%	2%
Average Age	50	42
Marital Status		
Married	76%	64%
Single, living alone	7%	18%
Divorced	8%	6%
Presently cohabitating	5%	6%
Single, living w/1+ roommates	2%	4%
Widowed/Separated	3%	2%

Average Annual Income, Singles	Owners	Associates
Average Income ($'000)	$109	$84
Average Annual Household Income		
Average Income ($'000)	$187	$138
Home Ownership		
Own	95%	78%
Rent	5%	22%

Years in Practice	Owners	Associates
Average Years	23	14
Type of Practice		
Private	99%	83%
Corporate Owned	1%	17%
Practice Discipline		
General Practice	91%	88%
Specialty Referral	5%	8%
Emergency	5%	12%
Mobile	6%	1%
Other Type of Practice	3%	5%

Average Number of Employees/Full-time Equivalents

	Owners		Associates	
	Employees	FTEs	Employees	FTEs
Veterinary Owners/ Partners	1	1	1	1
Veterinary Associates	1	1	4	3
Veterinary Technicians/Assistants	4	3	9	6
Hospital Administrator/Director	0	0	1	1
Office Manager	0	0	1	1
Practice Manager	0	0	1	1
Front Desk Supervisor	0	0	1	1
Receptionist	2	2	4	3
TOTAL	**8**	**7**	**22**	**17**

Generation

For purposes of this analysis, Boomers are vets born in 1957 or earlier; Gen Xers were born between 1958-1974, Gen Yers were born after 1974.

Key Findings

Widespread concern over personal financial condition. Less that half of veterinarians who are owners, and less than a third of associates, rated their person financial condition “well” (8-10 on a 10-point scale). A fourth of owners and 30% of associates said they were doing “poorly” (0-5 on a 10-point scale). **Male and older veterinarians were more likely to be doing well than female and younger veterinarians**. Those not doing well had much less confidence in their ability to manage finances. While many young veterinarians, especially males, would like to own a practice some day, burdensome student debt was the reason most often cited for making it unlikely that they will do so.

Widespread concern over the financial condition of veterinary practices. A third of owners said their practice was doing well. Another third said their practice was doing poorly, with the other third in the middle. Practices that were doing well were more likely to be larger and to have experienced an increase in patient visits in 2012 compared to 2011. Corporate-owned practices were also somewhat more likely to be doing well compared to independent practices. **While practices owned by older veterinarians tended to generate more mean revenue, those owned by younger veterinarians experienced the most improvement in 2012 vs. 2011.** A significant portion of associate veterinarians (22%) were unaware of the financial health of the practice in which they worked. Just over half of owners are paying off loans for the practice, with mean debt of $362,240. Practices not doing well were much more likely to have significant credit card debt, but not necessarily more debt overall.

High debt burdens. Almost one-quarter (22%) of practice owners carried student loan debt, with an average balance of $66,110. Almost half (49%) of associate veterinarians are carrying student loan debt, with an average balance of $112,082. For some associates, debt servicing requires nearly 40% of their monthly income. **Additionally, associate veterinarians were more than twice as likely to have additional student loan debt in the family (11% vs. 23%)**. The average student loan debt for an average U.S. household is $31,509; for households of veterinary practice owners with more than one person carrying student loan debt it was $110,061, and for the households of associate veterinarians it was $164,580. Associate veterinarians were more likely to have other forms of debt (auto loans, credit card). Practice owners tend to carry higher balances on most credit categories with the exception of student loan debt. More female veterinarians have home mortgages than male veterinarians (76% vs. 68%), but male veterinarians carry higher monthly mortgages ($2,198 vs. $1,729). The split between generations was even more pronounced, with 83% of “GenX” veterinarians carrying mortgages, with average payments of $1,964 vs. 63 percent of “Boomer” veterinarians carrying mortgages with an average payment of $1,896.

Retirement dreams delayed. Working harder, longer. More than a quarter (27%) of practice owners said they were planning to delay retirement because of the poor financial condition of their practice. The lack of confidence in their practice's financials was noted by 58% of practice owners who said they work more hours than they would like because the practice needed the revenue. Among practice owners, 69% said they would like to work less but they needed the income. **Only a third of owners reported that they believe the sale of their practice will provide them with a comfortable retirement income**. Veterinary practice owners reported an average of $397,994 in personal investments vs. $194,857 average for associate veterinarians. **Among associate veterinarians, 81% of those who work for a corporate-owned practice have retirement products or plans, vs. 57% among associate veterinarians who work in private practice**. Some 44% of associates are interested in owning a practice, although few have the financial means to do so. Among female associates, 38% are interested in practice ownership, but only a third (29%) of this group feel that they have, or will have, the financial wherewithal to do so.

Significant numbers of veterinarians provide a secondary income in their households: Veterinarians are not all primary breadwinners in their families. **While 91% of male veterinarians and 71% of female veterinarians said they were the primary breadwinners or shared breadwinner responsibility, 29% of female vets and 7% of male vets said their incomes were secondary.** Those whose veterinary incomes were secondary—both males and females—had higher mean household incomes than those in which the veterinary income was primary.

Summary of Findings

- Less than half of all veterinarians say they are comfortable with their financial standing (41% of owners and 31% of associates rate their financial condition as an "8" or better on a scale of 1-10).

- Practice owners feel more comfortable from a personal financial standpoint, compared to associates, no doubt in part to a significantly higher income. They have a more diversified set of investments and are more business-savvy. However, practice owners' outlook on tomorrow is not optimistic. Two-thirds feel their practice is not doing 'well' financially or is doing "average" (0-7 on a 10-point scale).

- Associate veterinarians are struggling financially, in large part due to the burden of student debt. Nearly a third of associates rated their financial condition as poor, and 39% rate it as moderate. Practice ownership is not realistic for many. While many associate veterinarians dream of owning their own practice some day, a majority consider the prospects unrealistic, due primarily to their high student debt load. A very large number of veterinarians, especially those not doing well financially, are not at all confident in their ability to manage finances.

Conclusions

The VPI®-Veterinary Economics Veterinary Financial Health Study captures the veterinary profession on the brink of seismic shift, as reflected in the self-reporting of veterinarians, at all ages and stages of their careers. The decline in veterinary usage widely reported in 2011 coupled with an increasing number of graduates and staggering student loan burden is changing the veterinary profession from one that promised a comfortable, middle-class lifestyle with a smooth transition in practice ownership from generation to generation to one that puts all previous assumptions for career and long-term financial stability in doubt.

While student loans are a problem that cannot be solved at the industry level (the student loan debt crisis is felt by many professions and is a topic of intense debate politically) associate veterinarians need to be provided with a better understanding of personal finance choices, and practice owner veterinarians need to re-evaluate time-honored ways of doing business to increase patient visits and revenue. These are unlikely to be as simple as raising prices, or continuing to hope that old revenue streams such as in-house pharmacies will return, along with patients who've started seeing Dr. Google. These solutions have already started to appear, and more will continue to emerge and be tested as veterinarians adapt to the new challenges of their professions.

NOTE: Veterinary Pet Insurance (VPI) and Veterinary Economics will start that conversation with an expanded presentation of the VPI®-Veterinary Economics Financial Health Study and a panel discussion at the Western Veterinary Conference.