

Change is inevitable. We all accept that.

Ultimately, most of us realize that in our personal and professional lives we can't control the actions of others and how they affect and effect change.

But there is one thing we can control. We can control how WE react to and contribute to change. In most situations, we can ONLY control what WE do.

Our profession, especially the landscape for our YOUNG, is undergoing many changes:

- Gender shift
- Withdrawal of state funding for our colleges
- Corporatization
- Increasing Student Debt
- Increasing numbers of graduates
- Loss of pharmacy income
- Loss of vaccination income
- Competition from "illegal" practice by non-veterinary practitioners
- Competition from nonprofits
- Tension between GPs and Specialists
- And many more

Today, I am here to plead for our YOUNG. At a time when they are asked to mortgage their futures and shoulder more of the financial burden for supporting our veterinary schools through enormous personal indebtedness, it behooves us to do all we can to help them.

Many here are parents. We all want the best for our kids and make whatever sacrifices are necessary to improve their odds of succeeding. They are our future.

Today's veterinary students and new graduates are our profession's future. It is our responsibility as their "veterinary parents" to consider what is best for them in the choices we make for our profession.

I am ashamed to say that I believe we are failing in that duty. I believe we are making choices that diminish their chances of success. Our actions are devaluing the degree they work so hard and sacrifice so much to attain. The choices we have made are decreasing their chance of attaining and enjoying the successes, satisfactions, and pride that we have enjoyed as a result of being a part of the profession we love and are here today and everyday to help and support.

There is nothing to be gained from pointing fingers and trying to decide who is at fault. We are all at fault. We have all contributed to our current professional situation.

The QUESTION is....WHAT ARE WE GOING TO DO ABOUT IT?

Many of you have known me for years and even decades. I have had an active and eclectic career in academia, practice, and beyond. Although I've never been shy about speaking my mind, I almost always steered clear of politics.

I have nothing to gain by taking up this cause.

I am uncomfortable finding myself in the midst of a "political skirmish." I, naively, never expected this to be a controversy. The issues seemed so clear that I expected the error of our ways to be clear to all and expected the reception to be uniformly— THIS IS WRONG. HOW DO WE FIX THIS??

New graduates in 2009 left school with an average debt of \$134,000; more than 1 out of 3 -- 37% -- with more than \$150,000. A mortgage!

Only 11% graduated with no educational debt. Many attending the more expensive schools are amassing debts surpassing \$200,000 and approaching \$300,000.

A common initial response to this alarming trend from those of us who graduated decades ago is: How can this be? Are they buying a Mercedes and living a life of luxury with vacations to Europe each summer?

We would be wrong.

Consider that out of state tuition at our higher priced schools has surpassed \$40,000 per year. Multiplied times 4 years = \$160 to \$180,000 for tuition alone. Figure another \$10,000 to \$15,000 per year to live like a student and you are easily approaching and surpassing \$200,000 in educational expenses/debt.

No matter how much they work in their spare time or summers, few veterinary student will be able to put a dent in that magnitude of expense and avoid mortgaging their future.

Our profession did not create this education crisis. Some call it a bubble. It is rampant throughout our society and across all professions and trades.

We didn't cause the economic crisis our nation and state faces.

Our veterinary schools have been dealt massive state cuts. To make up the shortfalls they have increased tuition and fees at unprecedented rates. Most have, are, or are talking about increasing class size and hoping most of those seats will be taken by out of state students who will pay higher, out of state fees.

Our schools help these students acquire loans. They tell prospective students that being a veterinarian is a wonderful career with great promise. They point out that the AVMA tells them we will need nearly 20,000 more veterinarians over the next decade. <http://money.usnews.com/money/careers/articles/2010/12/06/best-careers-2011-veterinarian>

Often schools increase fees – year after year -- while students are in school, making it difficult for students to predict their final debt when entering.

And then, as happened to all of us upon graduation, these, now former students, are told – “good luck, have a nice life.” As was the case for several of us, many of them step off a cliff into the abyss of the world of veterinary medicine. I will come back to this point as one of the two action items I am here to encourage CVMA to consider.

I recognize that the schools BELIEVE they are caught between a rock and a hard place. Let's assume they have no choice and can't do a better job of controlling costs (I don't think that is true, but let's make that assumption). Because even if the schools do cut, and reduce the cost of education, our young will still be left with debt that most of us here were not asked to shoulder until we opened our first practice or bought our first home.

Assuming the debt is unavoidable, we – you and I -- owe it to our young colleagues to do all we can to preserve the value of their degree, so they have a fighting chance of servicing their debt while making a living wage throughout their career.

Which brings us to a key question:

What is the value of a veterinary degree?

It's a hard thing to define...

But I think it is fair to say that the average value of a veterinary degree can be estimated by looking at the veterinary market as a pie we all get to enjoy a slice of. In simple terms, the average value of a veterinary degree is the total value of the veterinary services sold in this country (think of it as the GDP of our profession) minus the overhead costs of operating our clinics, divided by the number of colleagues who share in this pie.

I'm going to focus on the small animal clinical market, because it is what I know best and could find the best figures for. I'm also going to simplify the analysis by ignoring the costs of providing those services since I think it is fair to assume that those costs escalate over time and thus ignoring them is unlikely to exaggerate the magnitude of the problem.

For our purpose, the average value of a veterinary degree is the value of the services sold (which by the way I am surprised to find NO ONE agrees upon or tracks closely) divided by the number of veterinarians.

Certainly this is an oversimplification – and there will not be an even split. In the best of situations, some will fail. In the worst of situations, some will thrive. And with the increased corporatization of our profession, we have to serve up another slice of the pie to the shareholders of these non-veterinarian and, in some cases, publicly owned corporations.

Considering these two factors, we can increase the value of a veterinary degree in only two ways:

1. Increase the size of the market
2. Decrease the number of veterinarians

The first is a laudable goal. But one that the economy and many other factors that I mentioned at the onset of my talk today are working against. The recent Bayer study showed that we are currently losing ground in that battle, despite valiant attempts, largely through aggressive fee increases in the late 1990's and early 2000's that will be difficult to sustain or repeat in the near future.

At the start of my talk I emphasized what I believe is one of the unmovable truths in life...that "We can only control what we do."

The second way we can increase the average value of the veterinary degree our young are mortgaging their future to acquire is something we should consider seriously – MANAGING the number of veterinarians.

Some say doing so would be inappropriate. But I think it is pretty obvious that we ARE already managing that number.

But, in the wrong direction, and for the wrong reasons. For reasons that are not in the best interest of our young.

To balance the schools' budgets and to accredit the world's veterinary schools – something AVMA has no mandate from anyone but themselves to do.

Let's turn to the charts:

In 1990, the average student graduated with a debt of \$30,000 (not shown),

In 2010, the average student graduated with a debt of \$134,000, (not shown)

In 1990 there were 52,000 veterinarians, **BLUE**

In 2010 there are 90,000 veterinarians, **BLUE**

In 1990, the size of the Small Animal market was estimated to be \$7.2 Billion, **GREEN**

In 2010, the size of the Small Animal market is estimated to be between \$13 and \$16 Billion, let's call it \$14.5 Billion, **GREEN**

In 1990 22,000 AVMA members were in small animal practice – sharing that GREEN pie. RED

In 2010, 47,000 AVMA members are in small animal practice – sharing that GREEN pie. RED

So, in 20 years

average student debt increased by a factor of 4.5, (not shown)

the number of veterinarians increased 1.7X BLUE

the number of AVMA members in small animal practice more than doubled RED

and the value of the small animal practice market approximately doubled. GREEN

Doesn't sound too bad. But let's convert today's dollars into 1991 dollars and do the math for the small animal practice market

in 20 years

the number of AVMA members in small animal practice – Sharing the PIE -- more than doubled RED

BUT the value of the small animal practice market, the pie they share increased When we adjust for inflation -- 1991 DOLLARS -- from \$7.2B to \$9.1B – an increase of only 26% PURPLE

Scary!

In this same time, mean starting salaries and associate salaries have gone up about 2.5 times in real dollars, a true increase of about 1.5 times in 1990 dollars

Since 1990, we added about 1,900 net colleagues to the veterinary market /yr and that is expected to be accelerating with recent changes.

Since 1990, we added about 1,200 net colleagues to the small animal market/yr

Scary!

Let's consider the net production by each veterinarian in small animal practice in the math above. It has gone down from \$325K to \$191K in real 1991 dollars. A decrease of over 35%.

Yr	Raw \$	1991\$
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1991	- 325,792	- 325,792
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2010	- 306,554	- 191,543
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At the same time (and I don't have numbers compiled for this yet), I think few would argue that the overhead of running a clinic has gone up significantly, on average, leaving less of that small animal market dollar number available for splitting amongst the population of veterinarians and making that average slice of the pie per veterinarian even smaller.

What makes it even scarier for me – and to be honest, makes me angry, is that we knew and predicted this.

In 1985 – Karl Wise and John Kushman published in JAVMA a Synopsis of US Veterinary Medical Manpower Study: Demand and Supply from 1980 to 2000. JAVMA, Vol 187, No. 4, August 15, 1985. This study concludes:

- The base-line projection of the balance of veterinary manpower demand and supply indicates a continuing surplus of private practitioners on a national level to the year 2000.
 - growth in demand be outstripped by the 73% growth in the supply of veterinarians from 1980 to 2000
 - this dynamic surplus would be reflected in a decline to 75% of the 1980 level in private practitioners real incomes between 1980 and 2000.

- Private practice veterinary service demands that are moderately higher than the baseline would have little impact on the surplus.
- Projected nonprivate practice demands that are higher than the base line would have moderate impact on the surplus.
 - On the basis of an unlikely high employment growth of 5% per year in nonprivate practice from 1980 to 2000 the surplus would be reduced to the extent that VLU per large animal veterinarian would decline to 81% of their 1980 levels.
 - Pet visits per small animal veterinarian and veterinary income would fall to 87% of their 1980 levels.
- Moderate decreases in numbers of US veterinary medical college graduates would have little impact on the surplus by the year 2000
 - As much as a 20% decrease in the number of US veterinary medical graduates, beginning in 1990, would reduce the surplus only slightly. Pet visits per small animal veterinarian and VLU per large animal veterinarian would decline to 83% and 78%, respectively, of their 1980 levels by 2000.
 - Also by 2000, real veterinary income would decline to 83% of its 1980 levels

Sadly, the authors' analysis and prognostications were relatively accurate. They even came up with an UNLIKELY set of conditions whereby the decreases they projected could be averted:

TO AVERT THE CRISIS WE FIND OURSELVE IN NOW, THE ANALYSIS SUGGESTED THAT THE PREDICTED SURPLUSES WOULD BE ELIMINATED BY THE YEAR 2000 IF WE WORKED TOWARD AND ACHIEVED:

- increases in VLU and visits per veterinarian that are 5% higher than the base line in 1990 and 10% higher than the base line in 2000 are combined with
- high nonprivate practice employment growth and
- 20% decrease in the number of US veterinary medical college graduates.

Instead, AVMA chose to IGNORE THE WARNING MADE CLEAR BY THEIR OWN INVESTMENT IN THIS STUDY.

In 1997, Malcolm Getz, an economist at Vanderbilt University stumbled upon the veterinary profession as a case study for his research. He published a book entitled: *Veterinary Medicine in Economic Transition*. His final sentence on page 178 of his in-depth analysis of the economic state of the profession states:

“As long as the excess supply continues, however, a number of persons trained to be veterinarians seem likely to be disappointed in their economic circumstance.”

And, finally, the KPMG Mega Study, **The Current and Future Market for Veterinarians and Veterinary Medical Services in the United States. Executive Summary, May, 1999**, John P. Brown, PhD, and Jon D. Silverman, PhD, KPMG LLP Economic Consulting Services --- JAVMA, Vol 215, No. 2, July 15, 1999, which according to Getz was commissioned by AVMA to prove him wrong, agreed with Getz' conclusions:

- **Supply of Veterinarians**
 - There is evidence that in purely economic terms, there is an excess of veterinarians, which is a cause of downward price pressure and is projected to result in stagnant veterinary incomes over the next 10 years. More important, the characteristics of the supply may not closely match the demand, and there is evidence that modifications in the education of veterinarians will enable the profession to capitalize on emerging markets and to create new services.

Only that's not what was promoted from it. They found that if they tweaked the sophisticated financial model by raising fees – which is what everyone was told to do and did successfully – we'd be OK.

ONCE AGAIN, AVMA, king of process and king of commissioning studies yielded the requested data from their investment and – for reasons only those making decisions at the time can tell us – chose not to act in accordance with the information gleaned from their investment.

And for a while it seemed we might be OK. But the economy – and the public getting tired of the rate of increasing fees stifled that. That rate of fee increase cannot be sustained – and perhaps the shift to a focus on product sales and dollars and cents in the practice made us flush in the late 90's and early 2000's, but I fear it has done some real damage to the public's view of our profession and our most sacred asset – TRUST.

There is one other factor everyone seems to have misjudged. WOMEN. Part of everyone's forecasting included that with the feminization of the profession, we'd need more colleagues because the women wouldn't work full time.

They forgot ONE THING. Women, like the men OWN a FULLTIME DEBT. Biology might dictate their needing to take time to have kids. But I think few are going to be able to afford to work PARTTIME as the forecasters assumed when they concluded that we needed MORE MORE MORE veterinarians.

So here we are. We have a problem. I see it. I think you see it. I'm even told that Ron DeHaven finally sees it....and I have to believe the schools see it.

So what are we to do?

We could look it as I do global warming. Heck, I'm all for it!
I get to have a warm climate in my final years.

SCREW THE KIDS OF TODAY!! LET IT BE THEIR PROBLEM!

But somehow that doesn't seem the right thing to do to our young colleagues.

I think the schools and the AVMA have demonstrated that without some "convincing" they aren't likely to stem the tide.

Our schools keep increasing tuition and class sizes.

AVMA keeps telling the world we need more veterinarians.

AVMA keeps accrediting foreign schools. They see this as their duty to the world. I see this as making AVMA and us patsies.

AVMA thinks they are helping the world. I think many of the nonUS Schools, like those in the UK, Australia and the Caribbean are abusing this "honor" by using it purely as a means to profit from the tuition dollars of North American kids that will then return to further flood our market with debt ridden colleagues.

It is hard to sit by, watch this and remain silent.

It is time for CA to decide that we need to protect the value of our young colleagues' veterinary degree. It is time to show our young colleagues that we will stand up for them and nurture them.

And in return, perhaps they will mature and prosper and take the reins of our profession and your practices in the future. How many here own a practice? Don't you want a chance of selling that practice to a young colleague someday? Ain't gonna happen if we don't do something to help these kids now.

So I have two proposals:

The first, I hope we never needed to exercise once it is in place:

CA needs to change the practice act and regain the right to decide how and if to control the supply of veterinarians in our state. I don't think we can tell the schools to reduce class size, but we can choose to not recognize AVMA accreditation of foreign schools and send a message to Schaumburg that they need to take this seriously and start doing the right thing, including stop perpetuating the fallacy that we need more veterinarians. This "AVMA fact" is used by the schools to justify continuing to increase class size. We need to remove this false justification and make it a shame to add to the problem!

Certainly, we have some underserved practice and public service segments and geographic locations.

But, we haven't and won't solve our maldistribution of colleagues problem by continuing to increase the total number of graduates. We have already proven that strategy doesn't work.

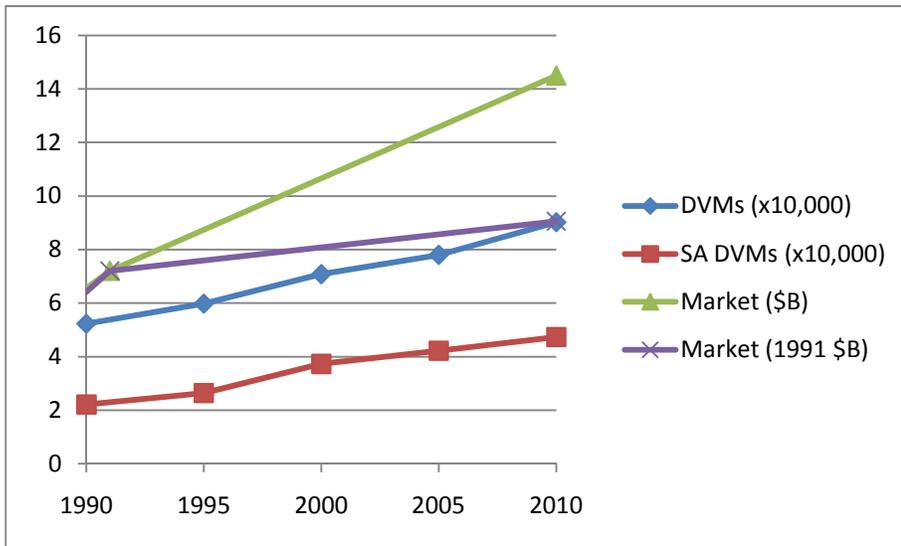
Thanks for your time.

I urge you. Let's stand together and do the right thing – for our profession and for our young colleagues.

Our changing world – 1990-2010

(all data except 2010 market size from AVMA. 2010 market size represents an average of estimates from American Pet Products Manufacturer's Association and Banfield The Pet Practice.

Raw Numbers



DVMs (x10,000) = number of veterinarians in the US and territories in tens of thousands

(e.g., 6 = 60,000)

SA DVMs (x10,000) = number of AVMA members reporting to practice Small Animal Medicine exclusively or predominantly.

Market (\$B) = Small Animal Veterinary Medicine Market size – estimated in Billions of dollars

Market (1991 \$B) = Small Animal Veterinary Medicine Market size – estimated in Billions of dollars adjusted to 1991 dollars

INDEXED TO 1991

Same as above indexed to 1991. In other words, if each value was set to 1 in 1991, the number on the graph represents how that value increased compared to the value in 1991.

