

# Veterinary practice ownership, student loan debt, and job fulfillment: A review

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## Abstract

Veterinary medicine is a dynamic field that has long enjoyed high rates of personal fulfillment often supported by perceived or achieved social mobility, honor and respect, stable career prospects, and good income potential. However, job satisfaction and career expectations pale in comparison to contemporary veterinary graduates with veterinary student debt levels nearly 200% greater than average starting salaries. This widening income-to-debt ratio has disillusioned modern recent graduates with withering job fulfillment and some exodus from private practice veterinary medicine. However, early career private practice ownership stands out as a viable means to positively direct one's student debt, work environment, and personal fulfillment.

**Key words:** practice owner, early career practice ownership, veterinary student debt, veterinary starting salary, veterinary job satisfaction

## Résumé

La médecine vétérinaire est un domaine dynamique favorisant depuis longtemps l'épanouissement personnel. Cet épanouissement peut se traduire par une mobilité sociale perçue ou réelle, l'honneur et le respect, des perspectives de carrière stable et un bon potentiel de revenu. Toutefois, la satisfaction au travail et les perspectives de carrière pâlisent lorsqu'on les compare au niveau de dette des étudiants en médecine vétérinaire nouvellement diplômés qui est près de 200% plus élevé que le salaire moyen initial. Le plus grand ratio de la dette au revenu a découragé les nouveaux diplômés dont la satisfaction au travail s'amoindrit et qui délaissent la médecine vétérinaire en pratique privée. Toutefois, devenir propriétaire d'une pratique privée tôt en carrière se démarque comme une option viable qui peut avoir un impact positif sur la dette étudiante, l'environnement de travail et l'épanouissement personnel.

## Introduction

Nestled at the crux of white collar education and blue collar effort, veterinary medicine has typically been held in great regard, characterized by high levels of job satisfaction, prestige within local communities, and seemingly good wages.

That paradigm, however, has come under fire in recent years. New veterinarians are graduating with widening debt-to-income ratios that threaten not just their financial futures, but also the facets of the profession, from aspiring applicants to veteran veterinarians contemplating exit strategies. It is coloring veterinarians' perspectives on job satisfaction, with more and more veterinarians telling bright-eyed youngsters to steer clear of a profession once viewed with rich opportunities and personal fulfillment. The average cost of annual tuition and fees at US veterinary schools nearly tripled between 1999 and 2016, while the average starting salaries for new veterinary graduates merely rose 42%.<sup>1,2,3,16</sup> The contemporary veterinary economy has resulted in a debt-to-income ratio over 2 for recent veterinary graduates, while previous generations of veterinarians dealt with debt-to-income ratios slightly under 1 as late as the 1980s.<sup>3,19</sup>

As graduating student debt load has increased, interest in veterinary practice ownership has waned, dropping from 53% interest in practice ownership in 2006 to less than 20% of survey respondents in 2012.<sup>4</sup> Though practice ownership is a more lucrative career path, this same survey found that 14% of respondents were not interested in practice ownership due to thinking they had too much debt.<sup>4</sup> Instead, veterinary graduates increasingly sought internships, as those pursuing internships rose over 10% from 2001 to 2014.<sup>3</sup> Unfortunately, veterinarians in advanced training typically garner drastically reduced salaries and not all advanced training results in board certification, which further heightens the conundrum. New veterinary graduate interns average \$35,000 less in annual salary than their companion animal exclusive counterparts – with companion animal focus representing 80 to 90% of internships.<sup>1</sup> “The continued growth in the percentage of graduates taking intern positions has put a drag on the growth of the mean starting salaries of all graduates,” according to the 2015 AVMA Report on Veterinary Debt and Income.<sup>3</sup> Even for those that achieve specialty certification, boarded specialists with only partial workloads are still bested by early career practice ownership lifetime earning potential.<sup>8</sup>

Veterinary medicine has had high rates of job satisfaction, with levels often pushing 80%.<sup>5</sup> Reasons for choosing the veterinary profession ranged from noble, altruistic pursuits of service to others and animal care to good career prospects, such as stable employment and good income in a respectable profession.<sup>6</sup> In the last decade, however, the likelihood of US veterinarians to recommend veterinary medicine

as a career choice to their own children or the children of others has dropped 24%.<sup>5</sup> An Australian survey discovered nearly one-fourth of early career veterinarians feel disillusioned by the veterinary profession, and only half would become a veterinarian if they had another chance at life.<sup>12</sup>

### Description

With the imbalance in income-to-debt ratio among recent veterinary graduates, the 2014 AVMA Economic Summit concluded that “every private practice area averages a negative return for associates.”<sup>7</sup> In many cases, associates simply cannot generate enough income to overcome the debt load or the differential in earnings potential of other veterinary career paths. For example, using 2014 data to put that statement in perspective, an average veterinary associate with moderate experience of 6 to 11 years earned an average annual salary of \$85,000, while veterinary practice owners enjoyed average total compensation around \$298,600.<sup>20</sup> This same example associate, with the average debt of a 2006 veterinary graduate of about \$100,000, would have a take-home pay after taxation of less than \$5,000 per month with monthly student loan payments ranging from about \$650 to \$1,428 on standard 25 or 10-year repayment plans, respectively.<sup>1,17</sup> Comparatively, a 2014 new graduate associate veterinarian with a starting average salary in 2014 of \$67,000 and average debt of \$135,000 would face monthly payments of \$1,058 to \$1,528 on a standard 25 or 10 year repayment plan, respectively, with a take-home pay after taxation of less than \$4,000 per month.<sup>1,17</sup>

However, lifetime potential earnings for early career veterinary practice owners are nearly \$1,000,000 more than those that remain as associates throughout their careers.<sup>8</sup> Early career practice owners earn nearly 25% more than practice owners that follow more traditional routes by buying practices about 10 years into their careers. Later practice owners still earn about \$500,000 more than career-long associates.<sup>8</sup> Veterinary practice ownership is among the most lucrative of practice-oriented career paths, comparable to full-time boarded specialists in lifetime career earnings.<sup>8</sup> Veterinary practice owner earnings can also be fairly resistant to economic contraction; veterinary practice owners reported annual salary increases around 4% during the economic downturn of 2007 to 2009.<sup>15</sup> Veterinary practice ownership also provides greater prospects in general veterinary practice for sustained wealth accumulation. Associates are limited to savings – which may be meager when the average veterinary associate is barely making a return on the investment of veterinary education – and retirement investment vehicles, such as an employer sponsored 401K or IRA. Practice owners, on the other hand, can derive financial rewards through multiple avenues, including larger salaries, owner draws, and practice equity.<sup>10</sup> It stands to reason that even board-certified specialists who are non-owners may be eclipsed by the earning potential of general practitioners who own well

managed clinics.<sup>8,20</sup>

Interestingly, practice ownership is a compelling attractant in rural veterinary practice. Over 50% of survey respondents cited opportunity for practice ownership as a reason for choosing an employment position, with other important factors including practice atmosphere, location, caseload and variety, mentorship, and quality of facilities and equipment.<sup>18</sup>

However, the reasons for choosing rural veterinary practice differed widely from the motivation to leave that employment selection. Specifically in rural veterinary practice, only a minority of respondents ranked work-life balance as strong motivation in selecting employment, yet salary, benefits, emergency or on-call duty, time off, and family concerns were ranked of high importance in the decision to leave rural veterinary practice.<sup>18</sup> A 2009 survey of early career veterinarians in Canada demonstrated that for that group, workload (after hours and on-call duties) and support from the practice were among the main factors for employee retention as well as leaving particular places of employment.<sup>13</sup> The lack of practice support was the overwhelming sole reason for leaving for respondents. This also translated into about a third (33.7%) of responding early career veterinarians leaving food animal or mixed animal private practice entirely; their dissatisfaction was generally related to workload and practice support.<sup>13</sup> Research has indicated that the primary stressors in bovine practice, other than relationships with clients, are working time management, including emergencies and availability.<sup>9</sup>

In general, the 2005 and 2015 Veterinary Job Satisfaction Surveys found that the main beefs with the US veterinary profession include on-the-job stress, monetary compensation, chances for promotion, and recognition received at work.<sup>5</sup> This coincides with the overwhelming reason that mainstream Americans leave jobs – issues with a manager or supervisor.<sup>11</sup>

### Discussion

Practice ownership and job satisfaction have intriguing relationships. While authors of the 2005 and 2015 Veterinary Job Satisfaction Survey contend that there were not significant differences in responses between demographics, close examination of the data reveals that contemporary practice owners were more favorable in their outlook of veterinary medicine than their associate colleagues.<sup>6</sup> A majority of practice owners would still recommend veterinary medicine as a career choice to youngsters of friends and family compared to just 38% of associates in 2015.<sup>6</sup>

It is noteworthy that veterinarians’ perception of job satisfaction has plummeted in an era of likewise decreasing interest in practice ownership (upwards of 70% of survey respondents were “decidedly against” veterinary practice ownership) and an increase to nearly 35% of new graduates completing internships.<sup>5,6,12</sup>

A whopping 80% of rural veterinary practice survey respondents noted practice environment factors, such as practice atmosphere, caseload variety, and practice style, are primary contributing factors in rural employment selection.<sup>18</sup> Discontentment and burnout are more likely to occur with economic insecurity, diminished control of work environment or position, and/or with problems with co-workers and colleagues.<sup>14</sup> In a 2008 survey, mixed animal and rural veterinary practitioners had more job stress, less job engagement when stressed, and more concern about work-home life influence than companion animal counterparts.<sup>9</sup> Chief concerns included time management, availability, and workload.<sup>9</sup> However, nearly all of these factors—practice atmosphere, caseload variety and practice style, economic security, control of work environment or position, human resources management, workload, availability, and time management—are directly impacted by veterinary practice ownership.

Veterinary practice ownership provides an opportunity for one to succeed—or fail—based on his or her own merit. While not everyone would enjoy the challenges of practice ownership, ownership does empower a veterinarian to direct many of the employment related factors that contribute to job stress or fulfillment. Practice ownership also has significant financial advantages, and these benefits are multiplied when veterinarians become owners earlier in their careers. While salary is not absolutely related to personal job fulfillment, the stressors of burdensome debt and the current economic state of the veterinary profession certainly are detracting from some veterinarians' perspective of their career choice.

### Conclusion

With veterinary graduates facing ever-increasing debt burdens and disproportionate starting salaries, more veterinarians are reporting lack of satisfaction with their career choice. Reasons include inadequate compensation, lack of practice support, job stress, and workload. While associate veterinarians may have less influence on these factors, veterinary practice owners are empowered to create their own work environment, which in turn can enhance personal job fulfillment. Veterinary practice ownership, especially early career practice ownership, can also significantly enhance one's career earning potential and one's ability to retire his or her student debt burden.

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