Fix the Debt
Summit

April 21, 2016

Michael R. Dicks, Director
Strategies to Reduce the Debt-to-Income Ratio (DIR)

For the 2015 Graduates of the 28 US colleges;

Debt = $427,502,116
Starting Salary = $214,825,184
DIR = 1.99:1
Debt/Income Ratio Index

- Constant Cohort (practice type, region, gender)
- Only graduates with full time employment prior to graduation
- Sum of ratios rather than ratio of sums
Four Major Goals

- Reduce Education Costs by 10%
- Grow Star Engagement Salaries by 10%
- Eliminate Interest on Loans while in School
- Eliminate expenditures in excess of costs

2015 DIR: 1.99
Four Major Goals

- Reduce Education Costs by 10%
- Grow Star Employee Salaries by 10%
- Eliminate Interest on Loans while in School
- Eliminate expenditures in excess of costs: $9 million

AVMA
Our Passion. Our Profession
Four Major Goals

1. Reduce Education Costs by 10%
2. Grow Starry's Salaries by 10%
3. Eliminate Interest on Loans while in School
4. Eliminate expenditures in excess of costs

- 2015 DIR: $9 million
- Eliminate expenditures in excess of costs: $22 million
- Eliminate Interest on Loans while in School: 6.9%

AVMA
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Four Major Goals

1. Reduce Education Costs by 10%
2. Grow Starting Salaries by 10%
3. Eliminate expenditures in excess of costs
4. Eliminate Interest on Loans while in School

- 2015 DIR: $9 million
- 2015 DIR: $22 million
- 2015 DIR: $22 million
- 2015 DIR: $22 million

Total costs: $6.9 million

AVMA
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Four Major Goals

1. Reduce Education Costs by 10% - $43 million
2. Grow Starting Salaries by 10% - $22 million
3. Eliminate Interest on Loans while in School - $22 million
4. Eliminate expenditures in excess of costs - $9 million

Sum: All Effects - $97 million
Four Major Goals

1. Reduce Education Costs by 10%
   - 2015 DIR: $9 million
   - Eliminate interest on loans while in school: $22 million
   - Grow starting salaries by 10%: $22 million
   - Sum all effects: $96 million

2. Eliminate expenditures in excess of costs
   - 2015 DIR: $9 million

3. Eliminate interest on loans while in school
   - 2015 DIR: $22 million

4. Grow starting salaries by 10%
   - 2015 DIR: $22 million
Economic Assumptions

• **GDP growth of 2.1%**
  – Increased demand for veterinary services
  – Increased salaries

• **No growth in seats at veterinary colleges/No new COE accredited veterinary colleges**
  – No adverse impact on salaries due to increased number of new veterinarians

• **Increased cost per seat at 3% per year**
2015 Forecast U.S. Veterinary Graduate Debt, Income and DIR
2015 Forecast U.S. Veterinary Graduate Debt, Income and DIR

- **Real Weighted Debt**
  - Forecast 1.38

- **Real Weighted Income**

- **2015 Cost Reduction**

- **2015 Income Increase**

- **AVMA**
  - Our Passion. Our Profession
Debt, Income and DIR for U.S. Veterinary Graduates, All Goals

Real Weighted Income
Real Weighted Debt
DIR
Forecast

$50,000 $70,000 $90,000 $110,000 $130,000 $150,000 $170,000 $190,000


Debt-to-Income Ratio
Debt, Income and DIR for U.S. Veterinary Graduates, All Goals, Recessions, Seat Increase and 3 New Schools in 2017

- Debt:Income Ratio
- Real Weighted Debt
- Real Weighted Income
Summary

- **DIR Target 1.4:1**
- **Four Goals** phased in 2016-2020
- **Four Goals** would reduce **DIR** to **1.38:1** in **2015**
- **Four Goals** may reduce **DIR** to **1.62:1** by **2025**
- **Economic Events will slow reduction** of **DIR**
  - Most likely – **DIR** reduced to **1.72:1** by **2023**
- **Structural Changes needed** by 2020 to further reduce **DIR** to **1.4:1** by **2025**.
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