

## **Resolution 2 - Background Information November 2020**

Given the limitations of a virtual meeting of the House of Delegates, this document is provided to the House to help explain the rationale behind the decision by the Board of Directors to recommend that Resolution 2 be referred to the Board for consideration by the Strategy Management Committee and the Budget and Finance Review Committee.

The AVMA Board of Directors shares the goals of Resolution 2 - finding effective ways to address the student debt problem and supporting recent graduates by providing tangible benefits at a time in their careers when they need it most - and is fully committed to working with the House of Delegates to address them. Student debt is an incredibly complex issue and the needs of our recent graduates include not only strategies to address their debt, but resources that support them professionally and personally as they begin their careers. To ensure we have the best possible programs in place to achieve the desired goals, we recommend referring the program proposed in Resolution 2 to the Strategy Management and Budget and Financial Review Committees for a comprehensive review.

With our recommendation in mind, there are a few things we ask you to consider as you evaluate Resolution 2.

### **The dues reduction program proposed in Resolution 2 has not been assessed for alignment with the AVMA's strategic plan, 2021 budget, and organizational programming.**

- The strategic planning process has been highly effective in prioritizing the AVMA's many initiatives and ensuring appropriate financial and staff resources are allocated.
- That process includes having the AVMA's Strategy Management Committee (SMC) and Budget and Financial Review Committee (BFRC), both of which include Board of Directors and House of Delegates members, perform comprehensive analyses of proposed programs, making sure complete information is available that informs and supports the premise(s) of those programs and scopes their potential impact. That would be the case for the proposal in Resolution 2 as well.
- In the case of Resolution 2, that analysis will consider the results of a recently conducted market research study that focused on early career veterinarians and their needs, evaluate the likely impact of the proposal on member acquisition and retention, and assess whether and how it aligns with AVMA's strategic plan and existing programs created to support students and recent graduates.

### **The AVMA has taken significant steps to support veterinary students and early career members with positive results.**

- The AVMA has always been highly committed to these individuals, actively encouraging veterinary students to connect with the AVMA and supporting recent graduates as they begin their careers.
- The current dues structure for recent graduates was first introduced in 1969 to make membership affordable -- and it has been in place ever since. Under this structure, SAVMA members in good standing upon graduation receive full membership at no cost for the rest of that year and a 50% dues reduction for the next two full years after graduation. Additionally, members in good standing who are pursuing a full time program of graduate study, postgraduate study, internship, or residency at an accredited college or university; an internship listed by an allied organization in the House of Delegates; or a residency approved by an AVMA-recognized veterinary specialty board or college are also eligible for a reduction in dues of 50%. The maximum period that dues can be reduced under this policy is seven years.

- To allow for more flexibility in personal budgeting, the AVMA offers all members a monthly payment option.
- Members facing particular challenges may apply for a 50% dues reduction and a 100% dues waiver, including for financial hardship.
- In 2017, the AVMA began developing targeted resources focused on recent graduates' areas of primary concern: career development, financial health and personal wellbeing. The result included tangible resources including [MyVeterinaryLife.com](https://www.avma.org/myveterinarylife) , the [My Veterinary Life podcast](#), the [Veterinary Debt Initiative](#), and the [QPR suicide prevention program](#).

**Recent research on early career veterinarians suggests they value resources that target their unique needs. Cost is not a driving factor for renewal.**

- Completed in October 2020 and conducted by an external market research firm that specializes in membership associations, this research showed that early career veterinarians bond with the AVMA through tangible programs that target their unique needs, and concluded that *increasing the value of membership through these programs is the best long-term strategy to recruiting, retaining, and engaging early career veterinarians.*
- The researchers also shared that without the bond created via such programs, many view membership as a transactional relationship and are likely to drop membership once they no longer receive the discounted rate.
- The research also made it clear that cost is not a driving factor for renewal because the majority of recent graduates (~70%) have their dues fully or partially paid by their employer or practice (fully: 60%; partial or stipend: 10-12%).

**A modest reduction in dues is not likely to substantively reduce the burden of student debt.**

- Current average student loan debt for a graduating veterinarian is \$183,000 (excluding students who have zero debt). Reducing dues by \$180 over the course of four years of membership (approximately \$3.75 a month) does not appear to substantively reduce the burden associated with recent graduates' high educational debt.
- This is especially the case for the majority of early career members whose dues are covered by their employer and those who receive academic waivers. These members would not individually benefit from a further dues reduction – but they would face the negative impact of the AVMA's diminished ability to provide the tangible resources they value and utilize.
- Because the AVMA recognizes the debt challenges faced by recent graduates, we are launching a Financial Counseling Program pilot in 2021 that we believe will greatly benefit these valued members by helping them develop strategies to manage their student debt. A loss in long-term revenue would prevent the AVMA from implementing this program beyond the pilot.

Also important to note:

- The current AVMA structure for recent graduates encourages students to maintain membership in SAVMA, as they receive the rest of the year's AVMA membership after graduation at no cost, with 50% dues reduction for the first two full years of membership. This benefit has been a key feature to drive SAVMA membership and it is important that it continues.
- Graduates who are not members of SAVMA may still join the AVMA and receive the rest of the year after graduation at a prorated cost (versus no cost), with a 50% dues reduction for the first full year of membership (versus two full years). Widening the difference between these fee structures could discourage graduates who are not members of SAVMA from choosing to become members of the AVMA.

**The financial impact to the AVMA would jeopardize future development of programs that support early career members.**

- If the additional dues discount does not result in increased renewal rates, it will reduce the AVMA's annual revenue by approximately \$500,000 a year on an ongoing basis.
- AVMA's financial reserves fund the Strategic Operating Budget, which is used to develop and assess the effectiveness of strategic programs, such as the Financial Counseling Program pilot. The SOP is not designed for long-term funding of programs, especially one that risks ongoing revenue loss.
- Pulling monies from the reserves is not something the AVMA takes lightly. This is why the SMC and BFRC advise the Board of Directors on the AVMA's strategic course each year and determine how much funding should be applied to the Strategic Operating Budget.
- It is important to note that the AVMA has waived the \$10 dues increase that was scheduled for this year for ALL members, meaning that income is already less than anticipated.

**The percentage of early career veterinarians who renew their membership in the AVMA is significantly higher than average for member associations, including some that have adopted programs similar to what is being proposed in Resolution 2. As an example, considering the first full year of membership:**

- 2016 year-end renewal rate for graduates with US addresses was 89.5%;
- 2017 year-end renewal rate for graduates with US addresses was 92.7%;
- 2018 year-end renewal rate for graduates with US addresses was 91.8%;
- 2019 year-end renewal rate for graduates with US addresses will be available in January 2021. As of October 31, 2020, 89.6% of 2019 graduates had renewed for the 2020 membership year.