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Pacific University alumni profile

Charles E. Ferrin
Pacific University

Elaine D. Happ
Pacific University

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Pacific University alumni profile

Abstract
Do graduates from Pacific University College of Optometry make as much money as the average O.D. today? In this income survey limited only to Pacific University Alumni, we found that incomes from our graduates are right in the ball park. The average 1988 income for graduates from Pacific University was around $63,000. Pacific University Alumni are also mostly self employed, make around $30,000 their first year in practice, and have a net worth averaging $450,000 after 33 years in practice.

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PACIFIC UNIVERSITY ALUMNI PROFILE

By

CHARLES E. FERRIN

ELAINE D. HAPPI

A thesis submitted to the faculty of the
College of Optometry
Pacific University
Forest Grove, Oregon
for the degree of
Doctor of Optometry
December, 1989

Adviser:

Robert C. Jacobs, O.D.
Charles E. Ferrin

Elaine D. Happ

Robert C. Jacobs, O.D.

Elaine D. Happ had permission to sign the thesis for Charles E. Ferrin in his absence. He is on his preceptorship in AZ.
CHARLES E. FERRIN:
Chuck graduated from a small college called Eastern Arizona College with a A.A. in Optometry in 1985. He then went to Pacific University, completing his Visual Science B.S. degree in 1988. Chuck would like to practice in the greater Phoenix area of Arizona.

ELAINE D. HAPP:
Elaine graduated from the University of Minnesota in 1984 with a B.S. degree in Biology. She worked for two years as an optician and contact lens technician in the Twin Cities area before attending Pacific University. Elaine plans to return to the Minneapolis area to practice.

ROBERT C. JACOBS:
Dr. Jacobs graduated from Pacific University in 1964 with a B.S. in Natural Science, then continued at Pacific to receive his O.D. degree in 1966. Dr. Jacobs is currently an Assistant Professor of Optometry as well as Director of Continuing Education for Health Professions. He also has a private practice in Aloha, OR.
ABSTRACT

Do graduates from Pacific University College of Optometry make as much money as the average O.D. today? In this income survey limited only to Pacific University Alumni, we found that incomes from our graduates are right in the ball park. The average 1988 income for graduates from Pacific University was around $63,000.

Pacific University Alumni are also mostly self-employed, make around $30,000 their first year in practice, and have a net worth averaging $450,000 after 33 years in practice.
ACKNOWLEDGEMENTS

We would like to thank Dr. Jacobs for all his help and also his knowledge in the area of statistics and various computer programs. It would have been a battle without him.

We also would like to thank the Continuing Education office for including our survey as part of a Continuing Education mailing. Thanks also to Jeanne E. Oliver for all the address labels.
INTRODUCTION

What is the average Optometrist worth? We asked two thousand four hundred Pacific University College of Optometry alumni what their net worth was immediately after graduation, what their net worth was as of December of 1988, and questions about their annual net income in 1988 and at the time of graduation. Many optometric students are anxious to find out how graduates have done after leaving school. We wanted to answer questions such as, how much can we expect to make our first year out of school and what mode of practice are most of our graduates going into? We know we are not alone in our curiosity of what the future holds. We had a response of 678 surveys spread among the classes from 1945 to 1988. Forty three different states were represented along with one response from Japan, England, Korea and twenty from Canada. This included 57 females and 621 males.

METHODS

A questionnaire was sent to all O.D.'s who graduated from Pacific University College of Optometry who had their updated address on file
with the Continuing Education office.

Basic information questions were asked such as year of graduation, age, gender, state of residence, and community population. Other questions were asked concerning their first mode of practice and current mode of practice. Definitions were included with these questions to help qualify the answer. An independent practice was defined as a practice identified by the name of the optometrist such as "John Jones O.D." or "Pinetown Vision Clinic". A corporate practice has the O.D. identified as being part of a department store or a franchise such as "Pearle Vision" or "Lenscrafters." The remaining categories were an H.M.O. (Health Maintenance Organization), the military, teaching, or other (please specify). The O.D.'s were asked if they were self employed, in solo practice, how many hours a week they worked, their net income, and finally, how long they were in this position. These questions were asked of their first position and their current position. They were also asked to approximate their net worth when they graduated, and their net worth as of Dec. 1988. Net worth was defined as all their assets less all their debts. It was mentioned that it may be a negative number for most of the recent graduates.
All results were sent to the Continuing Education office and entered into a File Maker II program on the Macintosh Plus computer system. It was then transferred as text format to Excel 2.2 and Statview 5.12 where most of the statistical analysis and graphing was done. The line graphs represent the best fit curve for the data received. All returns remained anonymous.

RESULTS

Income has increased substantially for O.D.'s in their first year of practice, with a steeper increase since 1970 than in the previous thirty years. As the graph shows, there is a large range of incomes. The average income for the class of 1988 was $28,818, and the range was from $10,000 to $90,000. Ten years earlier, however, the average income for the class of 1978 was $18,361 and the range was from $5,000 to $48,000. (See graph 1, Net Income During 1st Year vs. Year of Graduation).

All O.D.'s surveyed were asked their 1988 net income. Plotting that against year in practice, there was a rapid rise in income for O.D.'s just graduating until ten to fifteen years in practice, where it levels off
at an income around $62,000 to $64,000. There is a gradual decrease in income once an O.D. has practiced thirty years or more. (see graph 2, Net Income During 1988 vs. Year of Graduation).

When net worth at the time of graduation was compared to year of graduation, an interesting curve developed. Forty years ago, O.D.'s were graduating with a positive net worth of +$4,000 or so. In 1973 the average O.D. graduated with a clean slate, in other words, a zero net worth. As the graph shows, O.D.'s today have a negative Net Worth at graduation. The 1988 graduates show an average net worth of -$20,000. The range here is quite large, with some graduates in the +$10,000 to $15,000 net worth range and some in the -$62,000 range. There was no as much variation thirty to forty years ago. (see graph 4, Net Worth at Graduation vs. Year of Graduation).

Another graph showing large ranges of variation is the graph comparing net worth to years out in practice. The new graduates are still in the negative net worth bracket, but after only one and one half years, achieve a zero net worth. The peak of the curve is at thirty-three years in practice with an average net worth of +$450,000. There is a slight decrease in net worth for O.D.'s practicing over thirty-five years. No one
was in the negative net worth bracket after eight years in practice.

Fewer O.D.'s responding from the class of 1988 are self employed than any other graduating class, (11%). There is a rapid trend for O.D.'s to become self employed with in the first two years of practice. Sixty-five percent of the O.D.'s from the class of 1985 are self employed today. The peak of the curve is from the class of 1960 with 95% of those responding self employed today. (see graph 5, % O.D.'s Self Employed vs. Years Since Graduation).

Independent private practice is still popular, as seen from Table 1. As of Dec., 1988, 481 out of 680 O.D.'s surveyed are in an independent practice. The next most popular mode of practice is corporate, followed by the category titled "other" which included O.D.'s working for state agencies, or O.D.'s working part-time in a corporate practice and part-time in a private practice, or any other mode of practice that didn't fit into one of the categories listed. The H.M.O. practice was fourth on the list, the military practice was fifth, and finally teachers made up 8 out of the 680 O.D.'s surveyed. Twenty of the O.D.'s surveyed were retired.

The profile was somewhat different when we asked about their very first mode of practice. This included what the O.D. who graduated in
1945 did when he first graduated and what the 1988 graduate did right away. There is some overlap here as far as current mode of practice and first mode of practice for some of the O.D.'s since many of them have stayed in their initial mode of practice. Independent practice still came out number one, with 389 out of 680 in this mode. The military claimed 150 O.D.'s, followed by 56 in the "other" category, 53 corporate, 11 in teaching, finally, nine in H.M.O.'s.

DISCUSSION

Income is increasing for O.D.'s over the years. This study shows a 37.5% increase in incomes over an 18 year period, and an 6.25% increase from 1987 to 1988. A study from Optometric Management shows that annual income rose 7.6% for optometrists from 1987 to 1988. Their survey included 318 O.D.'s from around the U.S. The average net income for these respondents in 1988 was $70,000. The western region, however, had an average net income of $61,153 in 1988. Pacific University's Alumni average $63,000 for 1988. The Review of Optometry's Annual Income Survey states the average 1988 net income to be $69,889. This is for a
select group of 201 O.D.'s who are on the National Panel. The differences here could be the fact that we had a lot larger pool of respondents, with wider incomes ranges, including part-time and near retirement incomes.

The study from Optometric Management included O.D.'s from three different modes of practice; 56.4% in solo practice, 19.5% in a partner/group practice, and finally salaried O.D.'s made up 26.1%. The income statistics from the Pacific study included military optometrists and teachers as well as O.D.'s that fit in the practice modes defined by the Optometric Management survey. These two categories of practice may have skewed our figures some. Also the Optometric Management study found that the highest incomes reported were from the north central states. The western state O.D.'s reported incomes $9,000 lower that the average income for 1988. This region is where most of Pacific University's graduates practice. The Review of Optometry study lists the western region as having an income $111 higher that the national average.

In a similar study from the Journal of the American Optometric Association, it was stated that from 1982 to 1986 income rose from an average of $46,768 to $57,190. This is a rise of 5.2% per year and the cost of living during that time rose 3.2% annually. When cost of living is taken
into effect and an inflation adjusted income rate is calculated, the incomes from the Pacific graduates still rose each year, but not as dramatically as it originally appeared.

The longer an optometrist is in practice, the higher their income is, to a degree. New optometrists start out a little slower as they build up their patient pool, but once they get established, the income increases quickly. The Optometric Management study found that net incomes peak at 20 to 29 years in practice then fall after 30. This was true for all practice settings except for the solo practice which peaks at 10 to 19 years in practice. The Pacific study found the peak years from 15 to 25 years in practice with a drop in income after 30 years, which agrees with the other studies. A reason for the slight income drop after thirty or so years could be the fact that a lot of O.D.'s cut back on hours as they reach retirement age.

There are many reasons for a positive net worth at graduation for the years between 1950 to 1970. One is the fact that optometry school was not as expensive as it is now. Optometry school tuition in 1950 was $500 per year, as stated in the Pacific University Bulletin, where in 1988 it was close to $11,000 for the year. (see Table below). This dramatic
increase in tuition is not unique to Pacific University, all educational institutions were seeing the same type of tuition increases during this time. A lot of students went back to school on the G.I. Bill during the late 1960's and early 70's which would also affect the net worth at graduation.

<table>
<thead>
<tr>
<th>YEAR</th>
<th>TUITION AMOUNT</th>
</tr>
</thead>
<tbody>
<tr>
<td>1950</td>
<td>$500</td>
</tr>
<tr>
<td>1960</td>
<td>$760</td>
</tr>
<tr>
<td>1970</td>
<td>$1,500</td>
</tr>
<tr>
<td>1980</td>
<td>$4,800</td>
</tr>
<tr>
<td>1988</td>
<td>$11,000</td>
</tr>
</tbody>
</table>

It is interesting that the range of indebtedness varies so much for the recent graduates, where earlier, like in the late 50's or early 60's, the range is very tight. This could be due to the many different life styles of today's students. Some are going back to school for a second career, some are right out of college after completing a four year degree, and some are entering optometry school only two years after high school and finish -9-
their bachelors degree concurrently with the O.D. degree. A lot of students are also family funded, and the W.I.C.H.E. program is in effect to help defer some of the costs of school for students from certain states. There are so many financial situations that it is impossible to come up with them all.

Net worth for practicing O.D.'s in 1988 increases at a steady rate initially and levels off again as did the income values. Net worth figures seemed to be a fragile subject for a lot of O.D.'s and if they were to exclude an item, it was most often their current net worth value. Many comments were written to the effect of "none of your business". The values received from the survey are very encouraging. It could be that if an O.D. was doing well and had a high net worth they were more likely to report it than an O.D. who was not doing as well. All O.D.'s reported a positive net worth value once they were in practice nine years. It may take longer for graduates from the class of 1989 and 1990 to reach a positive net worth if initial indebtedness continues the way it has been.

Is the self employed optometrist a dying breed? It doesn't look like it from the survey results. Only about 11% of the respondents from 1988 start out self employed, but 68% responding from 1987 are self employed. The peak of the curve is for the class of 1960 with about 95%
of the O.D.'s from that class self employed. It may be economically
overwhelming for new graduates to go out and start a practice, or buy an
existing practice with the amount of debt reported by these O.D.'s. The
curve drops off again after twenty five years of practice. This could be
the retirement issue again, more O.D.'s working part time, possibly
becoming employees for the last three or five years in practice. It may
also be due to the fact that there were less respondents from those years,
skewing the curve down. Over 50% of the optometrists from any given
graduation year, except 1987, are self employed. No, the self employed
optometrist is not a dying breed, it is thriving among Pacific University
Alumni.

In 1986 a survey was sent to the same group of optometrist from
the Pacific University. In this unpublished study it was found that in 1985
the mean income for new graduates start at about $34,000 and increases
to $58,000 after 15 years. Twenty percent of the respondents from 1986
were self employed six months after graduation, and 60% of the 1984
graduates that responded were self employed. The peak was at 89% self
employed after 15 years in practice. Of all the modes of practice listed,
solo, group, H.M.O., military, teaching, retired, and other, solo practice was
the most prevalent. 1986 graduates took an average of 2.9 months to find their first position. This was quicker than in previous years.

We are satisfied that our school, Pacific University is keeping up, and often exceeding the national averages.
Net Income During 1st Year vs. Year of Graduation

\[ y = -572.431 + 36.978x - .873x^2 + .009x^3 - 3.335 \times 10^{-5}x^4 \]

* Class of '88 omitted due to incomplete year at time of survey

GRAPH 1
Net Income During 1988 vs. Year of Graduation

\[ y = -18978.293 + 1373.862x - 39.455x^2 + .563x^3 - .004x^4 + 1.117E-5x^5 \]
1988 Net Worth vs. Year of Graduation

\[ y = -1221.78 + 63.067x - .651x^2 + .001x^3 \]
Net Worth at Graduation vs. Year of Graduation

\[ y = -1297.322 + 107.472x - 3.451x^2 + 0.054x^3 - 4.100E-4x^4 + 1.208E-6x^5 \]
% of O.D.'s Self Employed vs. Years Since Graduation

\[ y = 26.977 + 11.904x - .862x^2 + .027x^3 - 3.165E-4x^4 \]
TABLE 1

Practitioners in Different Modes of Practice

<table>
<thead>
<tr>
<th>Mode</th>
<th>At Graduation</th>
<th>Now</th>
</tr>
</thead>
<tbody>
<tr>
<td>Independent</td>
<td>450</td>
<td>0</td>
</tr>
<tr>
<td>Corporate</td>
<td>50</td>
<td>50</td>
</tr>
<tr>
<td>Other</td>
<td>25</td>
<td>25</td>
</tr>
<tr>
<td>HMD</td>
<td>10</td>
<td>10</td>
</tr>
<tr>
<td>Military</td>
<td>150</td>
<td>150</td>
</tr>
<tr>
<td>Teaching</td>
<td>25</td>
<td>25</td>
</tr>
<tr>
<td>Retired</td>
<td>0</td>
<td>0</td>
</tr>
</tbody>
</table>
ALUMNI PRACTICE PROFILE/ATTITUDE SURVEY, Nov. 1986, Robert C. Jacobs, O.D., Director Office of External Relations, College of Optometry, Pacific University.

