



To be completed by the Office of the
Secretary of the House of Delegates

Item No. 8
Date received: 2/10/2021
Time received: 8:20 PM

American Pharmacists Association
House of Delegates – March 15, 2021

NEW BUSINESS

(To be submitted and introduced by Delegates only)

Introduced by: APhA-ASP National Policy Standing Committee
(Name)

2/10/2021
(Date)

APhA Academy of Student Pharmacists
(Organization)

Subject: Promoting Financial Preparedness for Student Pharmacists, Applicants, and Recent Graduates

Motion: Adopt the following policy statement:

APhA encourages schools and colleges of pharmacy to provide financial literacy resources for student pharmacists and applicants to assess the potential financial burden associated with pursuing a PharmD and entry into the profession by:

1. Offering instruction on financial literacy (including but not limited to personal finance and loan repayment) as part of a required course or elective in their curriculum; and
2. Providing student pharmacists and potential applicants the comprehensive costs of pursuing a pharmacy education at their respective institutions along with financial aid costs and options; and
3. Providing student pharmacists and potential applicants with initial and periodic updates of the professional employment outlook.

Background: The primary objective of this item is to address the concerning trend in tuition increases, debt load, job reduction, and salary stagnation by creating opportunities for new practitioners to take an

active approach in maneuvering through their financial decisions. Four items will be discussed that are important for the implementation of this measure. First are the trends causing students to leave pharmacy schools with a record-high loan totals and little improvement in job prospects. Second, the negative impact of debt in the innovation, attitudes, and career decisions of new practitioners, as well as the future of our profession. Third, how to implement financial literacy and the electives that have already been established in the pharmacy's curriculum. Finally, how these courses can change students' approaches to their personal finance and their behavior towards student loan debt.

According to the American Association of Colleges of Pharmacy (AACCP), 86% of pharmacy school graduates receive loans to pay for pharmacy school in 2020. Since 2015, the average student loan debt taken by student pharmacists has grown by nearly 20%, from \$149,320 to \$179,514.¹ However, according to Drug Channels, a site that works with the US Department of Labor Bureau of Labor Statistics to compile annual salary reports, the average salary for student pharmacists has not changed in proportion to the change in student loan debt. Drug Channels breaks down pharmacist salaries into three categories: pharmacists in outpatient settings, pharmacists at hospitals, and pharmacists at physician offices. From 2015-2019, pharmacists working in outpatient settings have seen a net increase in salary of approximately 4.2%. Pharmacists working in hospital settings have seen a net increase of approximately 7.2% from 2015-2019 and pharmacist working in physician offices have had an increase of approximately 0.5%.² These salary changes are not consistent with the changes in the debt load of new practitioners. According to the Bureau of Labor Statistics, the projected change in employment from 2019 to 2029 for pharmacists in any setting is -3%, with a loss of over 10,000 jobs.³ Again, this change is not consistent with the rising number of pharmacists graduating with a significant student loan debt.

With a pattern in significant student loan and debt increase, it is important to evaluate how this can negatively impact the career of pharmacy. Student loan debt should not be viewed as just money owed, but as a form of capital investment. Students invest time and money into their education, forsaking the quicker entry into the workforce, for a greater long-term return or financial payoff. Postgraduate training extends that investment on time, seen in lower pay than new practitioners who directly enter the workforce upon graduation. The lower return on investment and the rising in tuition can potentially affect postgraduate opportunities that new practitioners can pursue. It has been shown that pharmacists who pursue a postgraduate training have lower career earnings than those who directly enter the

workforce after graduation.⁴ Further complicating postgraduate career decisions is the raising student debt load. From 2004 to 2014, student loan debt has increased 154% from around \$42,000 dollars to approximately \$108,000.⁵ A study performed by Hagemeyer et al in the *American Journal of Pharmaceutical Education* surveyed pharmacy students on their perception of debt, how much debt they had, and where they intended to practice post-graduation. They found that students' perception of debt load and debt pressure had a greater influence than their actual debt.⁵ This is confirmed in other studies that found the amount of debt did not influence a student pharmacist's career intentions.⁶ This increased perception of debt load was positively correlated with choosing a career in chain community pharmacy and entering the workforce directly, as opposed to pursuing postgraduate training.⁵ Hagemeyer et al also noted that interventions can be made by schools and colleges of pharmacy to potentially decrease the perceived stress of their debt load, and teach student pharmacists how manage their debt.⁵ If student pharmacists are able to better manage their debt by increasing their financial literacy, this may alleviate the pressure felt to immediately enter the workforce to begin paying off their debt.

While a course in financial management has not been widely implemented at schools and colleges of pharmacy, the following schools have offered a course with personal finance education: Midwestern University College of Pharmacy-Glendale (PPRAG 1348: Personal Finance for the Health Care Professional), University of Hawaii at Hilo Daniel K. Inouye College of Pharmacy (PHFF 557: Personal Finance), University of Arkansas for Medical Sciences (PhPr 5702: Personal Finance), South Carolina College of Pharmacy (SCCP 764: Personal Finance), and Northeast Ohio Medical University College of Pharmacy (Personal Finance for the Student Pharmacist).⁷ Midwestern University College of Pharmacy discussed in the *American Journal of Pharmaceutical Education* its implementation of an elective course that meets a total of 15 hours which focuses on financial literacy. Course PPRA 648: Personal Finance for the Health Care Professional provided student pharmacists with the knowledge and skills to create personal budgets, analyzing credits, understanding stocks, bonds, mutual funds, and many objectives for planning and achieving financial goals. Participation was crucial in the course, including small discussion groups and individualized assignments, to provide practical tools in customizing the students' personal financial goals. Overall, students were highly satisfied with the course and agreed that it helped prepare them for their financial future. One student commented that "...I was forced to sit down and look at my car insurance (which I ended up changing) and my profit-sharing portfolio (which I also ended up changing)." The students' financial literacy was measured by JumpStart Financial Literacy Survey

to assess the successfulness of the program.⁸ In 2018, Northeastern University provided online modules and resources for student pharmacists to increase their knowledge of financial literacy. Pre-course and post-course surveys were given to compare students' confidence after completing the online modules. The modules included basic domains of income, credit, investing, and budgeting. As expected, the results from the survey were found to show that financial literacy training helped students feel more prepared for managing financial responsibilities.⁹ Even a short module of basic financial domains could help increase students' knowledge of this topic.

Several schools and organizations have already included financial management information on their school pages. One can turn these available resources into a teachable course in the PharmD curriculum. For example, Bill Gatton College of Pharmacy has "Financial Literacy" as part of their financial aid page. Financial Literacy includes education on Budgeting Basics, The Impact of Interest and Fees, Credit-Debt, and Understanding Repayment.¹⁰ The American Pharmacists Association provides resources on managing student debt, loan refinancing, investing, among many other financial resources on www.pharmacists.com. Some of these resources include "5 Common Financial Mistakes You Should Always Avoid", "Determining Your Student Loan Payoff Strategy", "Making the Financial Transition to New Practitioner Life", "Creating a Spending Plan for Financial Success" and more.^{11, 12, 13, 14} Midwestern University's PPRA 648 financial elective courses, as previously mentioned, includes 10 course topics which were found most beneficial and meaningful to students: (1) Setting Financial Goals (2) Reducing Spending and Banking (3) Credit Cards and Debt Consolidation (4) Buying a House (5) Getting a Mortgage (6) Income Taxes (7) Home, Car, Health, Disability, and Life Insurance (8) Retirement Plans (9) The Stock Market and General Investing (10) Picking the Right Job.⁸

After graduation, student pharmacists will quickly transition from low-income financial situations to situations involving significantly higher income, debt, and increased financial responsibility. Midwestern University's financial literacy elective course discussed previously used Jump\$tart Financial Literacy Survey to assess students' financial literacy at the beginning and end of the course. Students scored a mean baseline score of 18 at the beginning of the course. At the post-assessment, students scored a mean of 27, showing significant improvement ($p < 0.001$).⁸ Financial literacy courses provide student pharmacists with information necessary for a successful financial transition post-graduation, including student loan repayment and managing an increased income. However, topics and activities covered in these courses may cause student pharmacists to

re-evaluate their current financial situation. This can lead to students creating a more efficient budget, reevaluating credit card use, or even changing insurance plans to a plan that is more appropriate for the student's lifestyle. In turn, this can reduce the debt taken on by student pharmacists during pharmacy school. Providing financial literacy courses allows student pharmacists to consider more options post-graduation, including postgraduate training or a wider range of employment opportunities. As the financial literacy of student pharmacists increases, student debt management will improve, freeing up more income for student pharmacists to re-invest into their schools as alumni, pursue careers in innovative areas of pharmacy, and will allow for more freedom and confidence in their financial situations as student pharmacists make career and life decisions post-graduation.

Resources

1. Barker A. The 2020 Pharmacist Salary Guide. The Happy PharmD. <https://www.thehappypharmd.com/2020-pharmacist-salary-guide/>. Published May 3, 2020. Accessed November 22, 2020.
2. Pharmacists : Occupational Outlook Handbook. U.S. Bureau of Labor Statistics. <https://www.bls.gov/ooh/healthcare/pharmacists.htm>. Published October 13, 2020. Accessed November 22, 2020.
3. Chisholm-Burns, M. A., Gatwood, J., & Spivey, C. A. (2015). Economic Analysis of Obtaining a PharmD Degree and Career as a Pharmacist. *American journal of pharmaceutical education*, 79(8), 117. <https://doi.org/10.5688/ajpe798117>
4. Hagemeyer, N. E., Gentry, C. K., Byrd, D. C., Cross, L. B., Rose, D., Ansari, N., Subedi, P., & Branham, T. (2019). Student Pharmacists' Personal Finance Perceptions, Projected Indebtedness Upon Graduation, and Career Decision-making. *American journal of pharmaceutical education*, 83(4), 6722. <https://doi.org/10.5688/ajpe6722>
5. McCollum, M., & Hansen, L. B. (2005). Characteristics of Doctor of Pharmacy Graduates Entering and Not Entering Residency Training Upon Graduation. *American Journal of Pharmaceutical Education*, 69(3), 276–282. <https://doi.org/10.5688/aj690342>

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8. Kang A, Kim Y, Ma K, Tam J, Woolley A. Utilization of Online Modules to Improve Financial Literacy in Pharmacy Students. <https://www.northeastern.edu/rise/presentations/utilization-of-online-modules-to-improve-financial-literacy-in-pharmacy-students/>. Published April 27, 2020. Accessed November 22, 2020.
9. Financial Literacy. ETSU Bill Gatton College of Pharmacy. https://www.etsu.edu/pharmacy/administration/financial_aid/financial_literacy.php. Published July 13, 2020. Accessed November 22, 2020.
10. Ulbrich T. 5 Common Financial Mistakes You Should Always Avoid. American Pharmacists Association. <https://www.pharmacist.com/5-common-financial-mistakes-you-should-always-avoid>. Accessed November 22, 2020.
11. Ulbrich T. Determining YOUR Student Loan Payoff Strategy. American Pharmacists Association. <https://www.pharmacist.com/determining-your-student-loan-payoff-strategy>. Accessed November 22, 2020.
12. Ulbrich T. Making the Financial Transition to New Practitioner Life. American Pharmacists Association. <https://www.pharmacist.com/making-financial-transition-new-practitioner-life>. Accessed November 22, 2020.
13. Ulbrich T. Creating a Spending Plan for Financial Success. American Pharmacists Association. <https://www.pharmacist.com/creating-spending-plan-financial-success>. Accessed November 22, 2020.

Current Related APhA Policy & Bylaws:

1991 Doctor of Pharmacy Attainment through Non-traditional Mechanisms

1. APhA encourages schools and colleges of pharmacy to consider, in their strategic planning process, offering non-traditional, post-baccalaureate, Doctor of Pharmacy degree programs. Issues to be considered in such planning should include at least the following: (a) entry requirements; (b) educational and financial resources; and (c) competency evaluation for course credit.
2. APhA recommends that non-traditional, Doctor of Pharmacy degree programs have competency outcomes for graduates equal to those in traditional programs.

(Am Pharm NS31(6):28 June 1991) (Reviewed 2003) (Reviewed 2006)(Reviewed 2011)(Reviewed 2016)

****Phone numbers will only be used by the New Business Review Committee in case there are questions for the delegate who submitted the New Business Item Content.**

New Business Items are due to the Speaker of the House by **February 10, 2021** (30 days prior to the start of the first House session). Consideration of urgent items can be presented with a suspension of the House Rules at the session where New Business will be acted upon. Please submit New Business Items to the Speaker of the House via email at hod@aphanet.org.