

Board of Medical Student Loans Meeting November 10, 2005

The Board of Medical Student Loans held an open public meeting on November 10, 2005 by video-teleconference at the University of Arizona College of Medicine/University Medical Center, 1501 N. Campbell Avenue, Room 3230, Tucson, AZ and at the University of Arizona College of Medicine Arizona Health Sciences Center, 4001 N. 3rd Street, Suite 415, Phoenix, AZ. Tim B. Hunter, M.D., Chairperson of the Board of Medical Student Loans, called the meeting to order at 8: 15 am from the Tucson location. Board members present were Lane P. Johnson, M.D., MPH, and Christopher A. Leadem, Ph.D., in Tucson, and Lyn McKay, Thomas McWilliams, D.O., Paul Steingard, D.O., and Miriam Vega, M.D., MPH in Phoenix. Dr. Ram Krishna was unable to attend. Also present in Tucson were Maggie Gumble, Associate Director, University of Arizona College of Medicine Financial Aid, and in Phoenix, Carol Dolan, Director of Student Financial Services, Midwestern University, Glendale, AZ.

The minutes of the meeting of August 5, 2005 had been distributed to the Board for review. Christopher Leadem moved that the minutes be approved. The motion was seconded by Lane Johnson, and unanimously approved.

The financial summary was reviewed. The Arizona Medical Student Scholarship Program was appropriated \$1,500,000.00 from the General Fund and the proposed application and contract will be reviewed by the Board in this meeting. The Medical Student Loan Fund had a beginning balance of \$25,701.01 on July 1, 2005. The State appropriation from the Arizona Medical Board Fund was \$283,400.00. Loan repayments total \$30,000.00 from Dr. Lourdes Vizcarra who is the physician who tried commuting between Albuquerque and Winslow, and then moved for one year to Tucson with her daughter. She finally decided to reunite her family in Albuquerque where her husband is practicing Ob/Gyn. The remainder of her loans not met with service is due by May 31, 2006 and she has sent an initial payment of \$30,000.00. No loan payments have been received from other participants, including from the Arizona Attorney General's Office. Total receipts are \$313,400.00, subject to appropriation. Seven students have received the first half of their funding for 2005-2006, totaling \$100,020.50. All loan funding has been from the appropriation from the Arizona Medical Board of \$283,400.00. The Medical Student Loan Fund appropriation for 2005-2006 is \$13,200.00.

The Board's request for funding for FY 2007 was reviewed. We are in the second year of a two-year budget cycle. However, the legislature's intent was that funding not come from the Arizona Medical Board for FY 2007 and the Board has applied for loan funding from the General Fund. Maggie Gumble has been providing follow-up information as requested by the analysts from the Joint Legislative Budget Committee (JLBC) and the Governor's Office of Strategic Planning and Budgeting (OSPB). Maggie spoke with the OSPB analyst regarding the Board's desire to use the \$1,500,000.00 over a period of 4 years for the students selected for the program for 2005-2006. The analyst said that since there was no decision package for FY 2007, that the expectation would be that the Board would again be appropriated \$1,500,000.00. The funds for the current year go into the Medical Student Scholarship Fund and it is a non-lapsing appropriation. She would expect that if the Board did not make use of the funds, at some point they might be appropriated elsewhere. The Board requested \$341,900.00 for the Loan Program to fully fund 4 students from the University of Arizona College of Medicine and 4 students from Midwestern University's Arizona College of Osteopathic Medicine. A revision to the submission was required to report the \$30,000.00 repayment received in September, and the expectation is that those funds might be appropriated to the Medical Student Loan Program Fund in addition to the \$13,200.00.

Charts were provided to the Board detailing the maximum loan amounts beginning in 2003-2004 and as estimated for 2006-2007. Maggie worked with the Governor's Office in determining the change in the GDP Price Deflators and created the chart, which was also reviewed by the Arizona Attorney General's Office. The maximum scholarship amounts were detailed for 2005-2006 and estimated for 2006-2007. The actual amount will not be determined until tuition is set at both colleges of medicine. For 2005-2006, the maximum loan for the University of Arizona College of Medicine (UA) is \$31,004 and at the Arizona College of Osteopathic Medicine (AZCOM) \$53,131, subject to the availability of funds. The loans granted after August 12, 2005

must cover at least tuition at the school. For 2006-2007, the estimated loan amount is \$32,717 for UA and \$56,063 at AZCOM. Those figures were used in requesting loan funds for 2006-2007. The maximum scholarship amount, beginning in 2005-2006 when the program was established, is \$30,359 for UA and \$52,486 for AZCOM. Maggie Gumble requested that a correction be made to the heading on the chart to "Maximum Scholarship Amount."

Maggie expressed concern that the JLBC seems to be focused on perhaps providing only the funds needed for the continuing students on the Loan Program, presumably because of the \$1,500,000.00 appropriated to the scholarship program. There is one continuing student and one or two who will be selected in 2005-2006, for an estimated total of 3 continuing students on the Loan Program. The maximum loan amount each was requested. She has tried to stress that the stability of the programs is critical to success; the message that is given to the students through the funding provided is crucial. The Loan Program has been in operation since 1978-1979. The Scholarship Program is for First Year students only and not available to continuing students.

Currently, the Board has received 7 applications for the Loan Program, with 6 eligible candidates who are in the process of being interviewed. One AZCOM student was evaluated by the UA Domicile Office and is not an Arizona resident. AZCOM does not have a Domicile Office because students pay one tuition rate. The UA Domicile Office agreed to evaluate the Domicile Affidavits for the Board of Medical Student Loans and the Arizona Revised Statutes are followed in the evaluation.

Three UA students and three AZCOM students have applied for the Loan Program and are eligible. Four of the six students are first year students and can be considered for the Scholarship Program as well. Two AZCOM students are continuing students and can only be considered for the Loan Program. The Board discussed various scenarios in funding. The Board's policy has been to provide as close to maximum funding to the students as possible. On the other hand, considering that the loan amount would be more substantial than the applicants' originally expected, consideration might be given to putting two continuing AZCOM students on the program rather than one, and increase the number of students who will serve in eligible service sites in Arizona. The Board has funded 5 UA and 2 AZCOM students at \$28,577.00 each. Choices could be to keep UA students at \$28,577.00 which is about 88% of the average cost of a public medical education and fund 4 AZCOM students at \$38,428.00 each (increasing the two AZCOM students already renewed). If 3 AZCOM students were funded instead, each could receive \$51,238.00. Alternatively, if an additional UA student was funded, more funds would be available to increase the loans to students. The student applicants will be evaluated at the next meeting on December 1, 2005 and funding decisions will be made at that time.

AZCOM has already seen an increase in the number of students interested. They have 8 students waiting for the scholarship application and the program has not been advertised yet. The increase in applications is believed to be the result of the increase in the scholarship amount available (private medical school tuition plus \$16,000 living allowance). An increase in the number of applications is not expected from UA students because the loan amount will not be so drastically increased.

OSPB analyst Holly Baumann put together a chart which she said could be shared with the Board. It is entitled FY 2006 Awards Estimated and details how the Board might spend the total loan allocation of \$296,600 and details 11 applications to be considered by the Board for the Scholarship Program, at the maximum scholarship amounts. The Scholarship totals \$510,965 and the total of both programs \$803,251. Maggie had reviewed the chart at Holly's request, and suggested a change in the title and added a footnote: "The Scholarship Program is just being developed and has not been advertised yet. The Board will meet November 10, 2005 to approve the contract and scholarship application. To date, 11 students have expressed interest and are waiting for the application. The number is expected to increase." Holly left the footnote and improved the title, but did not use Maggie's preferred title "FY 2006 Applications to Date."

Maggie reviewed an email from the Arizona Attorney General's Office (1) agreeing with the interpretation of the maximum loan and scholarship amounts (2) indicating a willingness to review a draft of a multi-year contract, but not to draft one (3) advising the Board to use language consistent with the statutes and not to give any tax advice. Refer students to their tax advisor. Maggie commented that the UA does not allow employees

to give tax advice. We refer students to the I.R.S. website or to their tax advisor. She also noted that a second attorney assigned assisted her with multi-year contract language and is assisting her with an addendum for subsequent years. This language is used in the proposed scholarship contract.

The Board was provided with a copy of the Arizona Revised Statutes (1) for the Medical Student Loan and Medical Student Scholarship programs (2) Designation of medically underserved areas, which Maggie pointed out includes the Health Professional Shortage Areas (3) In-State student status.

The draft of the Medical Student Loan Agreement was reviewed by the Board. Paragraph 2 took out the reference to medical school tuition under the Arizona Board of Regents. Paragraph 6 included a sentence recommended by the Arizona Attorney General's Office to provide a consequence for failure to provide required notifications to the Board. Maggie and Carol recommended changing the time allowed for notification from 10 days to 30 days (e.g. changes in name, address, telephone number, residency program, service location). It was noted that 10 days appears in two locations and both would need to be changed. There are two versions of the agreement, one for each school with appropriate locations and addresses. After discussion, Tom McWilliams moved to accept the Medical Student Loan Agreement as revised. Chris Leadem seconded the motion and it was unanimously approved.

The Medical Student Scholarship and Loan Application was reviewed, using the 2006-2007 version. The Board discussed and gave substantial feedback to the staff so that they can finalize the application for distribution for both 2005-2006 and 2006-2007.

The Medical Student Scholarship Agreement was reviewed. The provisions are the same as for the loan program except that it is a multi-year contract with addendums used for subsequent years. Versions for both schools were provided for review. The same revision to the 10 day notification change to 30 days would be made. Paul Steingard moved that the Medical Student Loan Agreement be approved. It was seconded by Lyn McKay and unanimously approved.

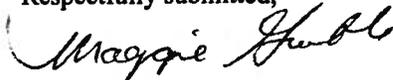
The Interview Notes and Evaluation Form for the Arizona Medical Student Loan and Scholarship Program was discussed. The Board wants to collect information on academic and extracurricular merit and financial need on all applicants for a full evaluation. Separate "Evaluation by Interviewer" forms for the Loan Program and Scholarship Program were accepted as proposed.

A discussion of the Medical Student Scholarship Program and the needs of the State for physicians was held by the Board. A staff person representing the Joint Study Committee on Medical Education contacted Carol Dolan and Maggie Gumble to ask for presentations by each school to the committee. Thomas McWilliams, D.O., Associate Dean of the Arizona College of Osteopathic Medicine, Midwestern University, and Christopher A. Leadem, Ph.D., Senior Associate Dean for Admissions and Student Affairs, University of Arizona College of Medicine, agreed to appear when the meeting is held in November or December.

The meeting was adjourned at 10:10 a.m.

Minutes available for review Friday, November 11, 2005.

Respectfully submitted,



Maggie Gumble, Associate Director
University of Arizona College of Medicine
Financial Aid Office

Approved:



Tim B. Hunter, M.D.
Chairperson
Board of Medical Student Loans