

Board of Medical Student Loans

A.R.S. § 15-1723

Chairperson: Tim B. Hunter, M.D.

JLBC Analyst: Bruce Groll

	FY 2001 Actual	FY 2002 Estimate	FY 2003 Approved
PROGRAM BUDGET			
Board of Medical Student Loans	340,000	348,300	296,600
OPERATING BUDGET			
Full Time Equivalent Positions	0.0	0.0	0.0
Medical Student Loans	340,000	348,300	296,600
TOTAL APPROPRIATIONS	340,000	348,300	296,600 ^{1/}
FUND SOURCES			
General Fund	322,100	283,400	283,400
<u>Other Appropriated Funds</u>			
Medical Student Loan Fund	17,900	64,900	13,200
<i>Subtotal - Other Appropriated Funds</i>	17,900	64,900	13,200
TOTAL APPROPRIATIONS	340,000	348,300	296,600

AGENCY DESCRIPTION — *The board is authorized to grant loans to students of the University of Arizona College of Medicine and to qualified students enrolled in Arizona private medical schools, and administer the loan program. The costs to administer the loan program are funded by the University of Arizona College of Medicine and participating Arizona private medical schools. Medical students who participate in the Medical Student Loans program agree to serve the State of Arizona in medically underserved areas for at least 2 years, or 1 year of service for each year of loan support, whichever is longer, upon graduation. As an incentive for service, the board is authorized to impose upon participants who have signed contracts, liquidated damages equal to the full amount borrowed, in addition to repaying the loan at a 7% interest rate.*

PERFORMANCE MEASURES	FY 1999	FY 2000	FY 2001	FY 2002-03
	Est./Actual	Est./Actual	Est./Actual	Estimate
• Number of physicians who have finished school and are currently fulfilling service obligation	8/10	12/10	12/NA	13
• Cumulative % of physicians providing service with contracts under new law	100/100	100/100	100/NA	100
• Number of physicians continuing service after service requirement is met	18/18	19/15	15/NA	16/18
• Administration as a % of total cost	NA	0	0	0
• Customer satisfaction rating (Scale 1-8)	NA	NA	NA	6.0

Medical Student Loans — The approved amount includes a net reduction of \$(51,700) from FY 2002. The approved amounts will allow the board to provide average loan amounts per student of \$24,716 in FY 2003 for 12 continuing medical students. The approved appropriation is funded from the General Fund and the Medical Student Loan Fund.

For FY 2003, the approved amount from the General Fund continues funding at the FY 2002 level.

The FY 2003 approved amount from the Medical Student Loan Fund includes a decrease of \$(51,700) below FY 2002. The reduction in loan repayment revenue is based on current data reflecting that more students are now fulfilling their service commitments to the State of Arizona in medically underserved areas.

A.R.S. § 15-1723 authorized the Board of Medical Student Loans to grant loans for tuition plus a stipend adjusted for inflation based on the percentage change in the Gross Domestic Product Price Deflator.

^{1/} General Appropriation Act (Laws 2002, Chapter 327) funds are appropriated as a Lump Sum by Agency.

The formula for calculating the amount for each student loan is specified in statute, but the statute does not require funding a certain number of students. The Legislature has funded 16 students in recent years. However, there were only 12 students receiving loans in FY 2002 who are eligible for and have expressed an interest in continued Medical Student Loan program funding in FY 2003.

Laws 2002, Chapter 27 increased the stipened amount to up to \$16,000. Therefore, pursuant to A.R.S. § 15-1723, the FY 2003 estimated maximum loan per student is \$26,652 (*see Table 1*). The approved amount for FY 2003 is \$24,716.

Table 1			
<u>Estimated Maximum Loan Per Student</u>			
	<u>Stipend</u>	<u>Tuition</u>	<u>Total</u>
FY 2003	\$16,000	\$10,652	\$26,652

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