

**Board of Medical Student Loans**

A.R.S. § 15-1723

Chairperson: Tim B. Hunter, M.D.

JLBC Analyst: Michael Stelpstra

	FY 2002 Actual	FY 2003 Estimate	FY 2004 Approved	FY 2005 Approved
<b>OPERATING BUDGET</b>				
<i>Full Time Equivalent Positions</i>	0.0	0.0	0.0	0.0
Medical Student Loans	348,300	296,600	330,600	296,600
<b>AGENCY TOTAL</b>	<b>348,300</b>	<b>296,600</b>	<b>330,600<sup>1/</sup></b>	<b>296,600<sup>1/</sup></b>

**FUND SOURCES**

General Fund	283,400	283,400	0	0
<u>Other Appropriated Funds</u>				
Arizona Medical Board Fund	0	0	283,400	283,400
Medical Student Loan Fund	64,900	13,200	47,200	13,200
SUBTOTAL - Other Appropriated Funds	64,900	13,200	330,600	296,600
<b>AGENCY TOTAL</b>	<b>348,300</b>	<b>296,600</b>	<b>330,600</b>	<b>296,600</b>

**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. Administrative costs are funded by the University of Arizona College of Medicine and participating 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. If the service requirement is not met, the board is authorized to impose liquidated damages equal to the full amount borrowed, in addition to repaying the loan at a 7% interest rate.*

<b>PERFORMANCE MEASURES</b>	FY 2002	FY 2002	FY 2003	FY 2004-05
	Appropriation	Actual	Appropriation	Appropriation
• Number of physicians who have finished school and are currently fulfilling service obligation	13	14	13	16
• Cumulative % of physicians providing service with contracts under new law	100	100	100	100
• Number of physicians continuing service after service requirement is met	16	20	18	24
• Administration as a % of total cost	0	0	0	0
• Customer satisfaction rating (Scale 1-8)	6.0	NA	6.0	6.1

**Comments:** The agency did not submit information for any measure labeled as “NA.”

**Loan Repayment** — The approved amounts includes a FY 2004 Medical Student Loan Fund (MSLF) increase of \$34,000 above FY 2003 due to a one time loan repayment that the board received in FY 2003. This increase, when combined with funding from the Arizona Medical Board Fund (AMBF) that is described below, provides enough funding to fund continuing students in the Medical Student Loan program in FY 2004 and FY 2005 at the legal maximum loan levels. The MSLF is funded with principal and interest payments from existing loans.

inflation based on the percentage change in the Gross Domestic Product Price Deflator.

The FY 2004 appropriation from the MSLF and AMBF combined provides an average loan amount of \$27,426, the legal maximum, for each of the continuing 12 medical students. The FY 2005 appropriation funds the maximum loan level of \$28,171.

The board’s entire appropriation is used to provide loans to medical students. Costs for administering the loan program are funded by the University of Arizona College of Medicine and participating private medical schools.

A.R.S. § 15-1723 authorizes the Board of Medical Student Loans to grant loans for tuition plus a stipend adjusted for

<sup>1/</sup> General Appropriation Act funds are appropriated as a Lump Sum by Agency.

**Fund Shift** — The approved amount includes a General Fund decrease of \$(283,400) in both FY 2004 and FY 2005 below FY 2003 and an AMBF increase of \$283,400 in both FY 2004 and FY 2005 above FY 2003 in order to eliminate the need for General Fund funding for medical student loans. The AMBF is the operating fund of the Arizona Medical Board, which is a separate but related agency (formerly the Board of Medical Examiners). The AMBF is funded from examination and licensing fees that the Arizona Medical Board collects from Arizona physicians. Prior to FY 2004, the AMBF was called the Board of Medical Examiners Fund.

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