

Chairperson: Tim B. Hunter, M.D.

JLBC Analyst: Shelli Carol

	FY 2004 Actual	FY 2005 Estimate	FY 2006 Approved
OPERATING BUDGET			
<i>Full Time Equivalent Positions</i>	0.0	0.0	0.0
SPECIAL LINE ITEMS			
Medical Student Loans	330,600	296,600	296,600
Ch. 330 Medical Student Scholarships	0	0	1,500,000
OPERATING SUBTOTAL	330,600	296,600	1,796,600^{1/}
FUND SOURCES			
General Fund	0	0	1,500,000
<u>Other Appropriated Funds</u>			
Arizona Medical Board Fund	283,400	283,400	283,400 ^{2/}
Medical Student Loan Fund	47,200	13,200	13,200
SUBTOTAL - Other Appropriated Funds	330,600	296,600	296,600
SUBTOTAL - Appropriated Funds	330,600	296,600	1,796,600
TOTAL - ALL SOURCES	330,600	296,600	1,796,600

AGENCY DESCRIPTION — The Board of Medical Student Loans distributes financial aid, in the form of loans and scholarships, to qualified resident students enrolled at the University of Arizona College of Medicine or private medical schools within Arizona. The University of Arizona College of Medicine and Midwestern University provide the board with support services at no cost.

PERFORMANCE MEASURES

- % of physicians meeting service requirement
- Customer satisfaction rating (Scale 1-8)

	FY 2003 Actual	FY 2004 Actual	FY 2006 Approved
• % of physicians meeting service requirement	--	75	81
• Customer satisfaction rating (Scale 1-8)	NA	7.3	7.4

Comments: The board did not submit information for any measure labeled as “NA.” The percentage of physicians meeting the service requirement is calculated by comparing the number of physicians currently practicing medicine in conjunction with the Medical Student Loans Program to the number of participants not meeting the service obligations of the program (excluding those in military deferment). In FY 2004, the first year the board took a customer satisfaction survey, 44% of participating students responded.

Special Line Items

Medical Student Loans

The budget provides \$296,600 for Medical Student Loans in FY 2006. This amount consists of \$283,400 from the Arizona Medical Board Fund and \$13,200 from the Medical Student Loan Fund. These amounts are unchanged from FY 2005.

The Medical Student Loans Program distributes monies based on student need. Statute does not define any specific distribution for students at private medical schools.

Medical students who participate in the loan program agree to practice in the state’s medically underserved areas 1 year for each year of loan support, but at least 2 years, in return for loan forgiveness. Borrowers not meeting the service requirement must repay the entire amounts of their loans, plus 7% interest and additional penalties.

In FY 2004, the Medical Student Loan Program funded 6 allopathic students and 5 osteopathic students with approximately \$27,000 each. This amount represents 88% of the average annual cost of public medical education. At the FY 2006 approved funding level, the board will be able to provide loans for 11 students at 78% of the average annual cost of public medical school.

^{1/} General Appropriation Act funds are appropriated as a Lump Sum by Agency.

^{2/} It is the intent of the Legislature that the funding for the Board of Medical Student Loans shall not be from the Arizona Medical Board Fund in FY 2007. (General Appropriation Act footnote)

Ch. 330 Medical Student Scholarships

The Higher Education Budget Reconciliation Bill (Laws 2005, Chapter 330) provides \$1,500,000 from the General Fund for a medical student scholarships program in FY 2006. The board must use at least half the amount to provide scholarships for students at private medical schools.

The Medical Student Scholarships Program created by Chapter 330 is similar to the existing Medical Student Loans Program. Each scholarship can cover up to the total cost of tuition, plus a living allowance. Medical students must sign a contract obligating them to practice in the state's medically underserved areas 1 year for each year of scholarship support, but at least 2 years. Borrowers not meeting the service requirement must repay the entire amounts of their scholarships, plus 7% interest and additional penalties.

Unlike medical student loans, which the board distributes based on need, Chapter 330 directs the board to award medical student scholarships based on merit.

Chapter 330 creates the appropriated Medical Student Scholarship Fund to receive penalty payments and, in the future, to fund scholarships. Chapter 330 also makes various technical corrections to board statutes.