

2009 SENATE EDUCATION

SB 2077

2009 SENATE STANDING COMMITTEE MINUTES

Bill/Resolution No. 2077

Senate Education Committee

Check here for Conference Committee

Hearing Date: January 7, 2009

Recorder Job Number: 6637

Committee Clerk Signature

Minutes:

Chairman Freborg opened the hearing on SB 2077. Senator Taylor was absent and all other members were present.

Bruce Levi, Executive Director of the North Dakota Medical Association testified in favor of the bill. See written testimony.

Senator Flakoll asked if the money comes from the constitutional requirement of 1 mill statewide.

Mr. Levi said yes, it is not a direct allocation of the entire 1 mill; it is at the discretion of the board. It has been several years since there has been an allocation.

Senator Flakoll said dentists are mentioned in the law. Does this bill apply to dentists?

Mr. Levi said dental students are eligible for the loans. He is not familiar with the specifics of how dental students qualify for the loans.

Senator Flakoll asked why the provisions for third and fourth year medical students are being taken off by the bill.

Mr. Levi said current law was written when the UND School of Medicine was a two year school and students went out of state to complete their third and fourth years. The bill corrects this language.

Senator Flakoll asked if Mr. Levi thinks that passing this bill would decrease the number of students who are able to utilize the revolving loan fund. Will we be short on funds?

Mr. Levi said he understands there is an expectation of higher utilization of the fund but there is no concern at this time of there being inadequate funding. The \$10,000 level seems more in line with current tuition costs and typical loan balances for medical students when they complete medical school which is often well over \$100,000.

Senator Flakoll asked if SB 2079 and 2081 were not to pass, would it cause a problem with this bill.

Mr. Levi said the provision is set out in the other bills as well. He said the bill is the result of recommendations from the performance audit.

Senator Flakoll asked if taking the word North Dakota out of current law in reference to the medical school.

Mr. Levi said no because there are requirements for North Dakota residency for purposes of tuition as well as a requirement for enrollment in the North Dakota school of medicine.

Senator Lee asked if the bill is changing the requirements for resident tuition.

Mr. Levi said section 15.10.19.21 recognizes the criteria for qualification for in- state tuition. The bill is not changing the criteria.

Senator Lee confirmed the bill is not changing the definition of residency for tuition purposes.

Mr. Levi said that is his understanding, this is just a more updated definition.

Senator Freborg closed the hearing on SB 2077.

Senator Flakoll moved a Do Pass on SB 2077, Senator Lee seconded the motion.

The motion passed 4 – 0- 1. Senator Flakoll will carry the bill to the floor.

Chairman Freborg adjourned the meeting of the Senate Education Committee.

REPORT OF STANDING COMMITTEE

SB 2077: Education Committee (Sen. Freborg, Chairman) recommends DO PASS
(4 YEAS, 0 NAYS, 1 ABSENT AND NOT VOTING). SB 2077 was placed on the
Eleventh order on the calendar.

2009 HOUSE EDUCATION

SB 2077

2009 HOUSE STANDING COMMITTEE MINUTES

Bill/Resolution No. SB 2077

House Education Committee

Check here for Conference Committee

Hearing Date: March 2, 2009

Recorder Job Number: 9903

Committee Clerk Signature

Carmen Hart

Minutes:

Bruce Levi, Executive Director, North Dakota Medical Association, appeared in support of SB 2077. (See Attachment 1.)

Vice Chair Lisa Meier: What is the current balance of the loan fund?

Bruce Levi: I believe it is part of the fiscal note. Spring financial aid is \$615,046. Spring semester disbursement total of \$174,387 leaving a balance of \$440,659.

Rep. Jerry Kelsh: What would be the average cost for a medical student for a year and what on an average would be their total debt when they graduated?

Bruce Levi: My understanding that the average debt and it increases about every year is about \$140,000 to \$180,000.

Joshua Wynne, Executive Dean of the School of Medicine and Health Sciences, appeared. Nationwide the average debt according to most recent surveys for medical graduate and undergraduate education has been quoted at \$145,000. At UND our students graduate with somewhat less debt but it still is in the range of approximately \$138,000 cumulative debt.

Rep. David Rust: My question deals with removal of the language of compiling a list. Coming from a rural community that is looking for doctors, I would think it would be pretty important for a community to have that list. Would you expand on that a little bit please? You say that it is

covered in 2079 and 2081. I assume that if those are passed, we were okay. If those aren't passed, then maybe this gets removed from law and I don't see that as a good thing.

Bruce Levi: The lists being compiled don't serve ___ on the school website. From the perspective of the committee and advisory council and the bills that were introduced, the ___. What has been done is more along the lines of recognizing them and where their needs are ___.

Chairman Kelsch: Isn't it more that it fits in better with 2079 and 2081?

Bruce Levi: Right now this requirement is in the loan provisions.

Rep. David Rust: On page 1, Line 21, at the end of that sentence it says in the state of North Dakota is deleted. Could you tell me why that is?

Bruce Levi: It relates to the dental schools and there aren't any.

Rep. Bob Hunsakor: My question has to do with number of students who are academically talented and can very well handle the program but because of financial reasons have to drop out. Does that happen? How often and if you have a situation like that, do you have a way of helping them get extra funds?

Joshua Wynne: I don't know for sure. To the best of my knowledge we have not had a situation where a student had to leave due to financial consideration.

Chairman Kelsch: I think the process has gotten so much more competitive and a little more difficult that once a student is there, they don't want to drop out for any reason. I serve on the legislative audit and fiscal review committee and an audit is before that committee and they are familiar with the sessions that are being addressed in this bill.

Vice Chair Lisa Meier: Is increasing the amount, will you then be giving out less loans?

Bruce Levi: The opposite is true. The use of the fund will increase overall.

Rep. Jerry Kelsh: On the fiscal note, referring to the part about no fiscal impact. Is there going to be some additional money made available?

Bruce Levi: The balance after disbursements is about \$400,000. We had this discussion in terms of what was stated in the fiscal note and what was said. I do have the comments directly from the student affairs office that they do believe based on what happened to the Stafford loans ___.

Chairman Kelsch: The fiscal note and Laura Glatt's comments were prepared back in December or early January.

There was no opposition.

The hearing was closed.

2009 HOUSE STANDING COMMITTEE MINUTES

Bill/Resolution No. SB 2077

House Education Committee

Check here for Conference Committee

Hearing Date: March 3, 2009

Recorder Job Number: 10061

Committee Clerk Signature

Carmen Hart

Minutes:

Chairman Kelsch: SB 2077 is the result of the audit that was done by the State Auditor's office. This is based on some of their findings.

Rep. Phillip Mueller moved a **Do Pass** on SB 2077. **Rep. Corey Mock** seconded the motion.

Rep. David Rust: This is a revolving fund. The balance in that fund can fluctuate, right?

Some revolving funds are set up with a specified dollar amount and then when it drops below it is brought up to that dollar amount. This one is not. This one would fluctuate depending on, I presume, because of having principal and interest paid back into it.

Chairman Kelsch: That's correct.

DO PASS. 14 YEAS, 0 NAYS. **Rep. David Rust** is the carrier of this bill.

FISCAL NOTE
Requested by Legislative Council
12/22/2008

Bill/Resolution No.: SB 2077

1A. State fiscal effect: *Identify the state fiscal effect and the fiscal effect on agency appropriations compared to funding levels and appropriations anticipated under current law.*

	2007-2009 Biennium		2009-2011 Biennium		2011-2013 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues			\$0			
Expenditures			\$0			
Appropriations			\$0			

1B. County, city, and school district fiscal effect: *Identify the fiscal effect on the appropriate political subdivision.*

2007-2009 Biennium			2009-2011 Biennium			2011-2013 Biennium		
Counties	Cities	School Districts	Counties	Cities	School Districts	Counties	Cities	School Districts

2A. Bill and fiscal impact summary: *Provide a brief summary of the measure, including description of the provisions having fiscal impact (limited to 300 characters).*

Updates outdated statute for the UND School of Medicine and Health Sciences revolving loan fund.

B. Fiscal impact sections: *Identify and provide a brief description of the sections of the measure which have fiscal impact. Include any assumptions and comments relevant to the analysis.*

3. State fiscal effect detail: *For information shown under state fiscal effect in 1A, please:*

A. Revenues: *Explain the revenue amounts. Provide detail, when appropriate, for each revenue type and fund affected and any amounts included in the executive budget.*

B. Expenditures: *Explain the expenditure amounts. Provide detail, when appropriate, for each agency, line item, and fund affected and the number of FTE positions affected.*

No fiscal impact. Although the amendment increases the maximum loan limit from \$6,000 to \$10,000 each year, there are not adequate funds available to award the maximum amount. The amount of the loan will remain relatively consistent with current practice, at an average loan per student of \$2,790.

C. Appropriations: *Explain the appropriation amounts. Provide detail, when appropriate, for each agency and fund affected. Explain the relationship between the amounts shown for expenditures and appropriations. Indicate whether the appropriation is also included in the executive budget or relates to a continuing appropriation.*

No fiscal impact since the program is operated as a revolving loan fund, wherein only those funds returned to the fund are loaned.

Name:	Laura Glatt	Agency:	NDUS
Phone Number:	328-4116	Date Prepared:	12/23/2008

Date: 3-3-09
Roll Call Vote #: _____

2009 HOUSE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. 2077

House Education Committee

Check here for Conference Committee

Legislative Council Amendment Number _____

Action Taken Do Pass Do Not Pass Amended

Motion Made By Rep Mueller Seconded By Rep Mock

Representatives	Yes	No	Representatives	Yes	No
Chairman RaeAnn Kelsch	✓		Rep. Lyle Hanson	✓	
Vice Chairman Lisa Meier	✓		Rep. Bob Hunsakor	✓	
Rep. Brenda Heller	✓		Rep. Jerry Kelsh	✓	
Rep. Dennis Johnson	✓		Rep. Corey Mock	✓	
Rep. Karen Karls	✓		Rep. Phillip Mueller	✓	
Rep. Mike Schatz	✓		Rep. Lee Myxter	✓	
Rep. John D. Wall	✓				
Rep. David Rust	✓				

Total (Yes) 14 No 0

Absent 0

Floor Assignment Rep Rust

If the vote is on an amendment, briefly indicate intent:

REPORT OF STANDING COMMITTEE (410)
March 3, 2009 12:55 p.m.

Module No: HR-39-3917
Carrier: Rust
Insert LC: . Title: .

REPORT OF STANDING COMMITTEE

SB 2077: Education Committee (Rep. R. Kelsch, Chairman) recommends DO PASS
(14 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). SB 2077 was placed on the
Fourteenth order on the calendar.

2009 TESTIMONY

SB 2077



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Speaker of the House

Gaylord J. Kavlie, MD
Bismarck
AMA Delegate

Robert W. Beattie, MD
Grand Forks
AMA Alternate Delegate

Shari L. Orser, MD
Bismarck
Immediate Past President

Bruce Levi
Executive Director

Dean Haas
General Counsel

Leann Tschider
Director of Membership
Office Manager

Annette Weigel
Administrative Assistant

Testimony in Support of Senate Bill No. 2077
Senate Education Committee
January 7, 2009

Chairman Freborg and members of the Committee. I'm Bruce Levi and I serve as the Executive Director of the North Dakota Medical Association. I also serve in a supportive role to the Medical Center Advisory Council, which is a statutory group of representatives of several state agencies, associations, the Legislative Assembly, and the UND School of Medicine & Health Sciences (UNDSMHS) charged with advising UND administration and the various agencies and institutions represented on the Advisory Council regarding the role of the medical school in meeting the needs of the state.

SB 2077 is one of three bills introduced by the State Board of Higher Education at the request of the Medical Center Advisory Council to address recommendations resulting from a performance audit performed by the Office of the State Auditor. A copy of the pertinent portions of the performance audit report are attached. This bill updates statutes relating to the Medical Center Advisory Council and the Medical Center loan fund, many of which have been on the books for decades. The Medical Center Advisory Council reviewed the performance audit recommendations and developed the bill draft which was later introduced as SB 2077 by the State Board of Higher Education.

The performance audit report recommended (Recommendation 1-3) that the UNDSMHS, in conjunction with the Medical Center Advisory Council, make improvements to the Medical Center loan fund codified in NDCC Chapter 15-52. Specifically, the State Auditor recommended that the School "at a minimum" take action to 1) increase the maximum loan amount which currently is set by statute at \$6,000; 2) ensure the interest rate charged does not exceed the maximum rate established by state law; and 3) ensure proper authority exists to operate a permanent revolving loan fund or take steps to comply with state law.

In response to the recommendations of the performance audit report, SB 2077 would update the statutory language relating to the Medical Center loan fund as follows:

Section 1 of the bill would add the necessary continuing appropriation language to create a “revolving” loan fund, similar to other revolving loan funds established by statute. A revolving loan fund by definition is a loan fund in which a specific amount of public funds is set aside to make loans for delineated purposes. As the loans are repaid, the funding pool is reallocated and loaned out again. The Medical Center loan fund had been operated since 1957 as a revolving loan fund. The new language in section 1 would reestablish the loan fund as a revolving loan fund.

Section 2 of the bill would remove the outdated statutory requirement in Section 15-52-15 that UND compile a list of municipalities without sufficient numbers of physicians and dentists, which is included in a provision relating to the loan fund. In the other two bills, SB 2079 and 2081, the role of the Medical Center Advisory Council and the role of the UND School of Medicine & Health Sciences are more broadly spelled out in terms of the role of the medical school and other state agencies in healthcare workforce planning.

Section 3 of the bill would update the qualifications for applicant eligibility under the loan fund, requiring applicants to meet the criteria as a resident for tuition purposes under current law and requiring enrollment as a medical student of the UND School of Medicine.

Section 4 of the bill would increase the total loan availability for any applicant from \$6,000 to \$10,000.

Section 5 of the bill would increase from five years to six years after the date of graduation the start date of the loan repayment period. This would provide flexibility to accommodate an individual in a surgery residency or internal medicine with two year fellowship to be established in their medical practice for a year before repayment is required.

Section 6 of the bill would retain the language relating to the allocation of funds by the State Board of Higher Education for the loan fund. The revision would also remove references to

establishing third and fourth year courses which are no longer appropriate now that UNDSMHS is a four-year medical school.

Sections 1, 5, 6 and 7 of the bill would change statutory references from the “state medical center” to the “university of North Dakota school of medicine and health sciences.”

Thank you Mr. Chairman and Committee members for the opportunity to testify on behalf of the North Dakota Medical Association, as a participant on the Medical Center Advisory Council. We urge a “Do Pass” on SB 2077.

Medical Center Advisory Council

Representative Rick Berg
Senator Robert Erbele
Senator Tim Mathern
Representative Ralph Metcalf
Grant Shaft, State Board of Higher Education
Thomas Arnold, MD Dickinson
John Baird, MD Fargo

Dave Molmen, CEO Altru Health, Chair
Terry Dwelle, MD, State Health Officer
Roger Gilbertson, MD Fargo
Terry Hoff, Trinity Health
Karen Robinson, VA Hospital, Fargo
Carol Olson, Dept. of Human Services
Shari Orser, MD Bismarck

Same handout given to House.

Ensuring Compliance with State Law

Through a review of information and discussions with representatives, we concluded improvements were needed to ensure SMHS and the Medical Center Advisory Council were in compliance with state law requirements. We noted SMHS has no process for monitoring compliance with state law requirements.

Making Changes with the Medical Center Loan Fund

North Dakota Century Code (NDCC) Chapter 15-52 establishes a Medical Center Loan Fund. The purpose of this fund is to make it possible for all qualified students attending the medical school to complete their education in medicine. By state law, the loan amount may not exceed \$6,000 each year with an interest rate not to exceed 6%. In review of information regarding the loan fund, we noted:

Changes need to be made related to the maximum loan amount, interest charged, and how the fund is operated.

- The \$6,000 maximum loan amount is low. The loan amount covers approximately 29% of the in-state tuition amount. When the loan amount was last increased, the loan was then covering approximately 39% of tuition compared to 30% prior to the increase.
- Interest currently charged is 6.8% which exceeds the maximum amount established in state law.
- The loan fund is being operated as a revolving loan fund but there is no specific authority within state law to operate a revolving loan fund. While NDCC Section 15-52-26 provides up to \$100,000 a year of mill levy revenue for loans, it appears no such revenue has been used for a number of years and proceeds of loans are used to operate the loan fund. At the end of fiscal year 2007, the fund had cash of approximately \$650,000 and loan receivables of over \$1.8 million.

Recommendation 1-3

We recommend the School of Medicine and Health Sciences, in conjunction with the Medical Center Advisory Council, make improvements with the Medical Center Loan Fund. At a minimum, the School should:

- a) Take appropriate action to increase the maximum loan amount;
- b) Ensure the interest rate charged does not exceed the maximum rate established by state law; and
- c) Ensure proper authority exists to operate a permanent revolving loan fund or take appropriate steps to comply with state law.

Management's Response

Agree with the recommendation. Should the SMHS become aware of a circumstance where the Medical Center Advisory Council is considering an action that appears to be in conflict with relevant state law, it will bring this concern to the attention of the Medical Center Advisory Council or other appropriate body.

Chapter 1
Issues Related to State Law

The loan fund has been operated as a revolving fund since established in 1957. The SMHS will bring the other concerns of the State Auditor regarding the loan program to the attention of the Medical Center Advisory Council and/or State Board of Higher Education as appropriate.

PERFORMANCE AUDIT REPORT

University of North Dakota
School of Medicine and Health Sciences

August 22, 2007

Report No. 3025

*additional info from
Bruce Levi*

SB 2077: Additional Information

Information relating to the fiscal note comment of a \$2,790 average loan per student:

- 1) The state auditor recommended raising the maximum amount as the loan amount does not cover the cost of tuition to the extent it had the last time the maximum was raised.
- 2) The fiscal note number (\$2,790) is an "average" loan per student - some students receive more than the average or need more assistance. The current range of disbursements is \$1,500 to the current maximum of \$6,000. The office of UNDSMHS Student Affairs, Admissions & Financial Aid staff note that the increase in the maximum amount will provide greater flexibility for meeting the needs of students and a new \$10,000 maximum would be beneficial, and utilized, if SB 2077 is enacted.
- 3) The medical school anticipates using a much greater portion of the overall funds available, and the average loan per student will likely increase. Private loans are drying up due to the current economic environment and the increased interest rate on Stafford loans has made the Medical Center loan fund more attractive. Students will be much more dependent on loans such as the Medical Center loan fund.

The following rationale underlies the previous three points. The increased amount gives the medical school greater flexibility in meeting students' needs, as noted below by Judy DeMers of UNDSMHS Student Affairs:

"Any financial aid is based on the cost of attendance. We develop an average student budget based on the CPI and on our surveys and on UND's data regarding the cost of housing, food, etc. Tuition and fees are included in the budget as well as books, any special fees for taking the national board exams, etc. For the 2008-09 academic year, the cost of attendance for a first year student was established as \$43,180 for a 10 month year; for second years, it is \$43,515 for a 10.5 month year (one less fee and a couple of extra weeks to study for Step 1); for third year it is \$45,395 for a 12 month year and it is \$44,281 for an 11 month year for seniors. If a student has special needs beyond the basic budget, he/she can ask for an adjustment and provide documentation of the need. For example, day care costs are allowable. Anyway, we cannot fund a first year student with no adjustments for more than \$43,180.

"... Financial aid is highly regulated and audited very closely."

I've attached an informational sheet describing individual medical student budgets. Please let me know if there are any additional questions.

Bruce Levi
North Dakota Medical Association
223-9475

UND Home > SMHS Home > Student Affairs > Medical Student Budgets

SCHOOL OF MEDICINE AND HEALTH SCIENCES
STUDENT AFFAIRS, ADMISSIONS & FINANCIAL AID

GRAND FORKS, ND
Faculty & Staff

Prospective Students

Current Students

Academics

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Athletics

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SUNDAY, JANUARY 11, 2009

Student Affairs

Guide for Prospective Medical Students

Medical Student Budgets

Student Financial Aid Information

Student Financial Aid Procedures

Scholarships

Cultural Diversity Tuition Waiver

Humanism in Medicine Criteria

Stafford Loan Request Form

Technical Standards

Immunization Policy

Liability Insurance

Request For Application

Contact Information

Outside Links

Verified for Criminal Background Checks

Graduation Questionnaire

National Resident Matching Program

Download ERAS Student Workstation Disks

Medical Student Budgets

NORTH DAKOTA RESIDENT
UND SCHOOL OF MEDICINE AND HEALTH SCIENCES
COST OF ATTENDANCE
2008-2009

	FRESHMEN	SOPHOMORES	JUNIORS	SENIORS
	10 Months	10.5 Months	12 Months	11 Months
TUITION	\$22,515	\$22,515	\$22,515	\$22,515
FEES	\$1237	\$1237	\$1237	\$1237
MICROSCOPE FEE	\$325			
BOOKS & SUPPLIES	\$2250	\$1300	\$725	\$500
USMLE STEP 1 (REG. FEE)		\$480		
PDA		\$400		
USMLE STEP 2 CK (REG. FEE)				\$480
USMLE STEP 2 CS (REG. FEE)			\$1025	
TRAVEL EXPENSE FOR STEP 2 CS				\$500
ROOM & BOARD	\$9104	\$9539	\$10,996	\$10,114
TRANSPORTATION	\$3294	\$3412	\$3775	\$3641
PERSONAL/MISC.	\$3065	\$3187	\$3535	\$3800
MEDICAL/DENTAL/VISION	\$1390	\$1445	\$1587	\$1493
TOTAL	\$43,180	\$43,515	\$45,395	\$44,280

MINNESOTA RESIDENT
UND SCHOOL OF MEDICINE AND HEALTH SCIENCES
COST OF ATTENDANCE
2008-2009

	FRESHMEN	SOPHOMORES	JUNIORS	SENIORS
	10 Months	10.5 Months	12 Months	11 Months
TUITION	\$24,767	\$24,767	\$24,767	\$23,515
FEES	\$1237	\$1237	\$1237	\$1237
MICROSCOPE FEE	\$325			
BOOKS & SUPPLIES	\$2250	\$1300	\$725	\$500
USMLE STEP 1 (REG. FEE)		\$480		
PDA		\$400		
USMLE STEP 2 CK (REG. FEE)				\$480
USMLE STEP 2 CS (REG. FEE)			\$1025	
TRAVEL EXPENSE FOR STEP 2 CS				\$500
ROOM & BOARD	\$9104	\$9539	\$10,996	\$10,114
TRANSPORTATION	\$3294	\$3412	\$3775	\$3641
PERSONAL/MISC.	\$3065	\$3187	\$3535	\$3800
MEDICAL/DENTAL/VISION	\$1390	\$1443	\$1586	\$1490
TOTAL	\$45,432	\$45,765	\$47,646	\$45,277

NON RESIDENT
UND SCHOOL OF MEDICINE AND HEALTH SCIENCES
COST OF ATTENDANCE
2008-2009

	FRESHMEN	SOPHOMORES	JUNIORS	SENIORS
	10 Months	10.5 Months	12 Months	11 Months

Testimony in Support of Senate Bill No. 2077
House Education Committee
March 2, 2009



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Immediate Past President

Bruce Levi
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Leann Tschider
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Sections 1, 5, 6 and 7 of the bill would change statutory references from the “state medical center” to the “university of North Dakota school of medicine and health sciences.”

Thank you for the opportunity to testify on behalf of the North Dakota Medical Association, as a participant on the Medical Center Advisory Council. We urge a “Do Pass” on SB 2077.

Medical Center Advisory Council

Representative Rick Berg
Senator Robert Erbele
Senator Tim Mathern
Representative Ralph Metcalf
Grant Shaft, State Board of Higher Education
Thomas Arnold, MD Dickinson
John Baird, MD Fargo

Dave Molmen, CEO Altru Health, Chair
Terry Dwelle, MD, State Health Officer
Roger Gilbertson, MD Fargo
Terry Hoff, Trinity Health
Karen Robinson, VA Hospital, Fargo
Carol Olson, Dept. of Human Services
Shari Orser, MD Bismarck