



May 24, 2006

The Honorable Jerry Lewis
Chairman
Committee on Appropriations
United States House of Representatives
2112 Rayburn House Office Building
Washington, DC 20515

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Jordan J. Cohen, M.D.
President

Dear Mr. Chairman

On behalf of the Association of American Medical Colleges (AAMC), I write in opposition to any further rescissions from the Department of Health and Human Services (HHS) Health Resources and Services Administration (HRSA) Student Loan Programs authorized under Titles VII and VIII of the Public Health Service Act. The AAMC is a nonprofit association representing all 125 accredited U.S. allopathic medical schools; nearly 400 major teaching hospitals and health systems, including Department of Veterans Affairs medical centers; and 94 academic and scientific societies. Through these institutions and organizations, the AAMC represents 109,000 faculty members, 67,000 medical students, and 104,000 resident physicians.

In each of the past two years, Congress has rescinded the “unobligated balance” from the Health Professions Student Loan, Primary Care Loan, Loans for Disadvantaged Students, and Nursing Student Loan programs. These programs provide long-term, low interest loans for economically disadvantaged and underrepresented minority students to pursue a degree in the health professions. Under the first rescission, HRSA returned \$21 million to the U.S. treasury in 2005. Due to the misalignment of the federal fiscal and academic years, there is a two year lag before the data collected in the Annual Operating Reports will demonstrate the effects of this rescission. Should Congress pass another rescission this year, three rescissions will have been taken from these programs before the effects of the first rescission — passed in 2004 — can be appropriately evaluated.

Beyond these rescissions, the Administration’s FY 2007 budget proposes to recall the “Federal portion of all of the liquid assets of such fund.” This would require participating institutions to return the “Federal capital contribution,” roughly 8/9ths of any cash-on-hand. The Administration’s proposal undermines previous federal support and would devastate the health professions student loan programs. The revolving funds would essentially be eliminated, available capital for new loans would be virtually non-existent, and students dedicated to providing care in their chosen health profession would be denied cost-effective loans. In order to protect our nation’s healthcare workforce, the AAMC urges Congress not to approve this proposed new rescission.



With student loan interest rates rising and medical student educational debt continuing to increase annually at alarming rates, financial aid administrators anticipate that demand for these affordable loans will increase in the coming years. Any rescission from Title VII student aid directly threatens these programs' ability to respond to this anticipated growth.

Finally, no federal funds are required to maintain these programs. They receive no annual appropriation, thereby posing no burden on taxpayers. They are funded with the interest from student/graduate repayment, creating a self-sustaining revolving fund designed by Congress to address shortages in the health professions workforce.

While we understand the need to cut spending during the current fiscal environment, reclaiming the original federal contribution to these programs reneges on a national commitment to support a well-educated, well-distributed supply of health professionals who deliver care in our most needy communities. Rescinding funds from these programs not only neglects financially disadvantaged and minority students, but also threatens the stability of our nation's healthcare infrastructure. The AAMC strongly urges you to exclude any further Title VII student aid rescissions from the FY 2007 appropriations.

Sincerely,

A handwritten signature in black ink, appearing to read "Jordan J. Cohen". The signature is fluid and cursive, with a large initial "J" and "C".

Jordan J. Cohen, M.D.