



July 28, 2006

The Honorable Thad Cochran
Chairman
Committee on Appropriations
United States Senate
113 Senate Dirksen Office Building
Washington, DC 20510

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Darrell G. Kirch, M.D.
President

Dear Mr. Chairman:

On behalf of the Association of American Medical Colleges (AAMC), I write to express our gratitude for your exclusion of further rescissions from the Title VII student loan programs in the FY 2007 Labor-HHS-Education Appropriations. The AAMC is a nonprofit association representing all 125 accredited U.S. allopathic medical schools; nearly 400 major teaching hospitals and health systems; 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.

The Title VII student loan programs offer long-term, low interest loans for economically disadvantaged and underrepresented minority students in the health professions. With student loan interest rates rising and medical student educational debt continuing to increase, financial aid administrators anticipate that demand for these affordable loans will swell in the coming years. **The average medical student participating in the Title VII student loan programs will save over \$50,000 when compared to current Stafford loans.**

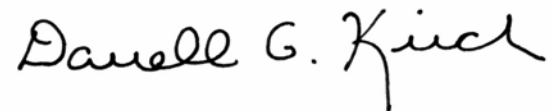
In each of the past two years, Congress has rescinded the “unobligated balance” from the Health Professions Student Loan, Primary Care Loan, and Loans for Disadvantaged Students. Beyond these rescissions, the Administration’s FY 2007 budget proposed to recall the “Federal portion of all of the liquid assets of such fund,” which would require participating institutions to return the federal capital contribution, or roughly 8/9ths of any cash-on-hand. **This rescission would have recalled as much as \$4 million from each medical institution participating in the Title VII student loan programs.**

No federal funds are required to maintain these student loan programs; they receive no annual appropriation, thereby posing no burden on taxpayers; and they are financed with the interest from student/graduate repayment, creating a self-sustaining revolving fund designed by Congress to address shortages in the health professions workforce. As such, the AAMC enthusiastically supports your rejection of the President’s proposal and additional rescissions.

In a related issue, I would also like to thank you for the report language accompanying the Senate Labor-HHS-Education Appropriations that “encourages HRSA to omit the consideration of parental income from the fiscal year 2007 competitions as well as from future guidance and methodology” for administering the Title VII student loan programs. As you are aware, discrepancies in availability of parental financial information have disqualified already disadvantaged students from obtaining these affordable loans. The AAMC has been working with HRSA to ensure that students’ fiduciary abilities are more appropriately represented in the student aid process by granting financial aid administrators greater professional discretion. It is my hope that the Congressional direction included in the Senate report will ensure that Title VII funds are more appropriately allocated in the future.

The AAMC appreciates your support of the Title VII student loan and of the students they assist. As the Labor-HHS-Education Appropriations go to Conference this year, I hope we can count on your continued defense of these programs to help ensure a well-educated, well-distributed supply of health professionals who deliver care in our most needy communities.

Sincerely,

A handwritten signature in black ink that reads "Darrell G. Kirch". The signature is written in a cursive style with a large, prominent 'K'.

Darrell G. Kirch, M.D.