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1969-70

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D. C. Tosteson

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Charles C. Sprague

Chairman, Council of Teaching Hospitals
T. Stewart Hamilton

President
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Robert H. Felix
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Sherman M. Mellinkoff
David E. Rogers

Council of Teaching Hospitals
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Russell A. Nelson
Roy S. Rambeck
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THE PRESIDENT'S MESSAGE

The Crisis and the Commitment

The decade ahead promises to be a critical period for all those concerned with the health of the American people. The Nation is crossing over the threshold of the 70's with few solutions and no clear consensus on approaches to the problems that emerged in the 60's. Inequalities in the availability, accessibility, and quality of medical care persist, and indeed seem to grow worse, despite rising public expectations and the crying of alarms. Even those who have the ability to pay for medical care are confronted with crowded doctor's offices, ever more hurried and less satisfying encounters with the physician, and overburdened hospital services. Innovations that give prospect of major advancement in the efficiency and productivity of health services, that will significantly restrain advancing costs and reduce what appears to be an insatiable need for scarce, highly trained professionals and expensive facilities, have yet to appear. Producing fifty or a hundred thousand more physicians, or returning to the 19th century practice of apprenticing students to hurried practicing physicians will not provide the sought-after relief and begs the real question that should be addressed--how can the United States, that ranks high among nations in the number of health professionals and hospital beds, use its resources more effectively? The medical schools have accepted the challenge of educating more physicians in the face of deepening financial problems. If given adequate support for their ongoing programs and the funds necessary to experiment with new models they could undertake the design and testing of innovations in health care delivery that are so desperately needed; that might satisfy the demands of universal health insurance that looms larger on the horizon.

Our institutions already are involved in a significant segment of the Nation's health services, not only in terms of the care they provide, but also in the exemplary and innovative nature of the services themselves.

Our participation in the confrontation of grievous problems that face society will certainly increase, but we must maintain the critical contributions that we have made to the education of health professionals at all levels and the advancement of knowledge which has already begun to revolutionize diagnostic, therapeutic, and preventive medicine.

Almost every development in the health field has immediate and critical implications for the academic medical centers and teaching hospitals. For this reason these institutions must become involved in the formulation of policy and reaching decisions on matters that would at one time have been considered remote from their educational, research, and service functions.

The organization of the Association and its staff provides the basis for a broad leadership role which is essential in meeting the expanding responsibilities and growing problems that face its members. Through the three constituent Councils, the academic disciplines, administration, and teaching hospitals are effectively participating in the development of policy and pro-
grams by the Executive Council. In addition, Association committees repre-
sent the enlarged constituency of the organization. The Association is in-
creasingly recognized as the voice of all segments of academic medicine.

I hope that the highlights given in this Annual Report provide some in-
dication that we have established a platform from which we can move ahead
with your help to meet new responsibilities that are upon us. One of our
main thrusts has been to extend substantially our relations and interactions
with other organizations, the Federal agencies, and the Congress. From these
efforts, comes a widening circle of understanding of the important roles
played by the medical centers and teaching hospitals and the problems that
face them. With the awareness comes an expanding base of interest in the
views of the Association and its members and the support so critical to meet-
ing the needs of the institutions.

The staff has been developed along lines approved by the Executive Coun-
cil. It is organized along the lines of broad program areas of the medical
centers and teaching hospitals rather than on a strict relationship to each
Council.

Three major departments have been established in the Association: Aca-
demic Affairs, Health Services and Teaching Hospitals, and Planning and Pol-
icy Development. Each has contributed to the work of all the Councils and
Committees. Reports on each of these organizational units are given later in
the Annual Report.

The Department of Planning and Policy Development is headed by Mr. Joseph
S. Murtaugh. He brings the fruits of a long and distinguished career on the
national scene to the important tasks of working with the constituency in
developing overall long-range goals and plans and formulating policies. The
department is embarking on the development of a more comprehensive inform-
ation collection and analysis system which can serve the Association and its
members in planning and policy development and in its work with other agencies
and organizations.

A new division of Program Liaison and Evaluation has recently been estab-
lished in the office of the President. It is headed by Dr. Marjorie P. Wilson,
formerly Assistant Director for Program Planning and Evaluation of the National
Institutes of Health, who has had broad experience in national programs related
to medical education. Dr. Wilson and her staff will serve as an important link
with the academic medical centers in the areas of management and program de-
velopment. The division will staff the Council of Deans and establish closer
liaison with the Council on Medical Education of the American Medical Assoc-
iation and other organizations in the expanding role of the Liaison Committee
on Medical Education.

The Division of Publications, headed by Mr. Michael Amrine, has been es-
blished to coordinate the many activities of the Association in providing
information to its several publics. The Division has direct responsibility
for the Journal of Medical Education and the Bulletin. It also is undertak-
ing the coordination of the publications from other divisions of the Associa-
tion to increase the breadth of information provided and avoid overlap and
duplication.
Programs Related to Students

Student affairs have attracted increasing emphasis of the Association. Under the stimulus of the AAMC, an Inter-Association Committee on Expanding Educational Opportunities in Medicine for Black and Other Minority Students was formed with the American Hospital Association, the American Medical Association, the National Medical Association, and the AAMC as members. With support from the Sloan Foundation, a Task Force was organized by the Association to develop a plan for accomplishing the goals of the Inter-Association Committee. The Task Force report, which has been approved by members of the Committee, has attracted wide attention. Its recommendations have served as a basis for new and expanded efforts by both public and private agencies to meet this pressing problem. The Association increased its staffing in the area of minority student affairs, as suggested in the report, to improve its capabilities to serve as a clearinghouse for information about other programs and activities. A renewal of a contract with the Office of Economic Opportunity permits further support of regional or institutional efforts in recruiting minority students into medicine.

The COTRANS program has given American students studying in foreign medical schools an easier method to apply for entrance into institutions in this country.

The Association has launched a centralized application service (AMCAS) which is now being used by 56 medical schools. The service simplifies application procedures for the student and is proving to be of great assistance to the admission process.

Liaison With Other Organizations

The Executive Council has extended its liaison with other health organizations to the American Hospital Association and the Blue Cross Association. The liaison committees, which involve the principal officers of each association, deal with areas of overlapping concern and interest to attempt to arrive at common positions on these matters.

Liaison has also been maintained with Federal agencies, particularly DHEW, NIH, and HSMHA for interaction on programs and policies affecting the academic medical centers.

A number of meetings have been held with the Medical Director of the Veterans Administration, and from these has come a plan to establish a Liaison Committee to consider medical school-VA relationships on a continuing basis and ways in which common objectives can be achieved.

The Association continues to work with the Federation of Associations of the Schools of the Health Professions to develop common approaches to the problems that face the institutions involved with the education of health professionals.
Committee Activities

A committee on the Expansion of Medical Education, chaired by Dr. Robert B. Howard, has prepared a Bicentennial Anniversary Program for an increase in medical school entering class size to 15,000 by 1976. The recommendation was developed after a complete study of the various proposals that have been advanced for expanding medical school enrollment and the basis of projections on increased needs for physicians. The Executive Committee approved the distribution of the report to the Councils for their discussion and consideration of the recommendations by the Assembly.

The Committee on National Health Insurance, chaired by Dr. Carleton B. Chapman, is engaged in an extensive study of the implications of universal health insurance for academic medical centers and teaching hospitals. While the group has not had the time to assess in depth the many provisions of legislation introduced in the Congress, it has reached conclusions concerning the general principles which the AAMC believes should characterize any national program of financial support for health services to preserve the essential aspects of the teaching setting and the viability of the institutions responsible for a large share of graduate education.

The Association believes that continued improvement in health care for all citizens is a necessary goal. However, it has been pointed out that such improvements in health care will not automatically follow the introduction of a national health insurance program. There is also grave concern that the mandate for a national health security program has not been matched with a concomitant mandate to provide support for the development of the manpower required to provide the expanded services which are expected to be rendered and for the generation of the new knowledge essential to continued improvement in medical capability.

To insure improvement in health care, the Executive Council has agreed with the Committee that any plan adopted must be structured so as to provide incentives and support for a health care system, which, as a minimum, provides for:

(1) Access to needed care on a humane and compassionate basis without regard to the economic circumstances of the individual;

(2) Planned community programs providing a full range of services with appropriate attention to individual and group preventive measures;

(3) Efficient and effective use of health resources;

(4) Public accountability combined with appropriate balance between professional and consumer participation in program development;

(5) Development and implementation of priorities for achievement of specific health goals established at national, state, and local levels;
(6) Provision for systematic evaluation of performance and health care results with adequate flexibility to respond to changing opportunities and needs;

(7) Full recognition of the dependence of the system on the education of adequate numbers of health professionals and continuous generation of biomedical knowledge, coupled with parallel provisions for adequate support of educational and research programs; and

(8) Capitalization on the strength of the current system of financing health care and encouragement of appropriate substitutions for the area of weak financing, recognizing that a single source of financing is self-limiting and a pluralistic system is preferable.

The Association Committee on Medicare, chaired by Dr. Robert A. Chase, has developed a position on reimbursement for the treatment of Medicare patients in the teaching setting and has testified to this position before the House Ways and Means Committee and the Senate Finance Committee. The Committee observed that the delivery of care in the teaching setting does not always fit Federally established requirements for payment as specified in existing legislation and its supporting regulations. They recommended options that would facilitate proper and justifiable reimbursement of physicians who simultaneously practice and teach and yet insure that double payment for services rendered be avoided.

The Committee on Biomedical Research appointed by the Council of Academic Societies and chaired by Dr. Louis G. Welt has addressed itself to the problem of establishing a rational and understandable basis for the level of biomedical research in the Nation. Although this problem has been dealt with by a number of commissions, committees, and organizations over the years, it continues to be of critical importance to the programs of the academic medical centers. The activities of the Committee have attracted the attention and support of a wide segment of the biomedical research community. Papers prepared by members of the Committee will form the basis for recommending a position and directions for further action by the Association.

The Association's two-year study of the potential educational services to be derived from a national biomedical communications network is nearing completion. A report and recommendations of the committee, chaired by Dr. Eugene A. Stead, Jr., will be presented to the National Library of Medicine in December.

A committee on Financing Medical Education, chaired by Dr. Russell A. Nelson, has been appointed but has not yet undertaken its task. There was a delay in organizing the committee to explore the possibilities of mounting an independent commission, under joint effort with DHEW or NIH, on the matters to be considered. It now appears that the most fruitful approach will be for the Association to proceed independently.

The Committee on a National Health Service Plan was also delayed in development because of interests in a similar undertaking by the Assistant Secretary of DHEW. There again independent action by the Association would appear to be warranted to include consideration of Selective Service legisla-
tion that will have to be extended or modified soon.

The Committee on Continuing Education, chaired by Dr. Frank M. Woolsey, Jr., continues its efforts to direct the interest of the Association and its members in this important task which the academic medical centers and teaching hospitals share with the profession. In their report, the Committee was very critical of the Association and its staff for the failure to mount a substantial program in its area of interest. They do not feel that considerations in progress to extend the responsibilities of the Liaison Committee on Medical Education with the AMA, which would include the area of continuing education, would meet their expectations.

The major emphasis of activities of the committees and staff of the Association has been in areas identified as deserving priorities by the Executive Council. The Association leadership has recognized that we could not respond to all of the wishes and needs of the constituency during a year which involved an extensive reorganization on top of a move and consolidation in Washington of activities carried on in several locations and a major re-staffing program. Fortunately most have understood and been tolerant of the situation. We recognize that there are many additional tasks to be undertaken and will move forward as rapidly as possible to meet the challenges that face our Association in the service of its constituency and the Nation.

We have made some progress over the past year in making our position more evident and explicit on a broader scope of issues related to health. This has been possible only through the untiring help of members from all segments of the Association. However, the nature and magnitude of the challenge require an even greater dedication by all to the tasks that confront us.
Accreditation

In 1942 the Liaison Committee on Medical Education, representing the AMA Council on Medical Education and the AAMC Executive Council, was organized as the national accrediting agency for programs of undergraduate medical education. During the past year the committee was enlarged to include representation from the public and from the Federal government. Two ex officio representatives from the Association of Canadian Medical Colleges sit with the committee.

Although accreditation of undergraduate programs has been its major function, during the year the Liaison Committee on Medical Education appointed a task force on physicians' assistants programs and a task force on graduate medical education. An ad hoc committee activated to conduct a brief study on externships in the United States presented its report on July 15. The Liaison Committee has also established two ad hoc committees to study the use of forms and the procedure of the accreditation system.

Surveys conducted.--During the 1969-70 academic year either regularly scheduled or revisit surveys of 21 medical schools were completed. The programs in undergraduate medical education of the following schools were approved and accredited: Boston, British Columbia, Howard, Illinois, Loma Linda, Louisiana State-New Orleans, Meharry, Michigan State, Montreal, New Jersey, North Dakota, Northwestern, Oklahoma, Oregon, Medical College of Pennsylvania, St. Louis, Texas-Galveston, Utah, Medical College of Virginia, West Virginia, and Wisconsin. Extended institutional accreditation visits were conducted on an experimental basis to Oklahoma, Texas-Galveston, Utah, and West Virginia.

Four developing medical schools were visited. Recommendations were made for full institutional membership in the AAMC for Hawaii, Mount Sinai, and Texas-San Antonio. Pennsylvania State was recommended for continued provisional approval.

Six nonmember schools in development were also surveyed: Calgary, McMaster, Missouri-Kansas City, Nevada-Reno, Sherbrooke, SUNY-Stony Brook, and Texas-Houston. Calgary and McMaster were granted provisional affiliate institutional membership in the AAMC.

Letters of reasonable assurance in connection with major expansion of undergraduate medical education or with construction grants were provided to Baylor, Chicago Medical, Cincinnati, Creighton, Iowa, Johns Hopkins, Louisiana State-Shreveport, Miami, Michigan State, Missouri-Kansas City, Nebraska, Nevada-Reno, New York Medical, New York University, Ohio State, Oklahoma, St. Louis, South Florida, SUNY-Stony Brook, Texas-Houston, Texas-Southwestern, and Medical College of Virginia.

Surveys scheduled.--During the 1970-71 academic year 25 surveys are scheduled to established medical schools and eight to developing medical schools. Continuing the pilot program, the Liaison Committee plans that eight of the 25 regular surveys will be on an institutionwide basis.
International Medical Education

During the past year, activities of the Division of International Medical Education have continued to expand. This program is under the aegis of the Committee on International Relations in Medical Education.

Programs and projects under AID/AAMC contract.--On April 1, 1970, a new three-year Task Order with AID/AAMC was approved. Under this contract, the following specific projects are currently in progress.

In cooperation with regional medical school associations, DIME is compiling a list of graduate study programs for clinical specialties in AID-assisted countries. DIME is also studying programs which teach family planning and community health in AID-assisted countries. A follow-up study on foreign medical graduates is in progress. Data are being collected on current activities of Colombian physicians who have studied one year or more in the United States and returned home.

DIME's field director, Dr. E. Croft Long, will take 18 months leave of absence from Duke University to serve under a special AID/AAMC Task Order in Guatemala. Dr. Long will work closely with the Ministry of Health in developing a training program for assistant medical officers. His related duties include the direction of population programs sponsored by the USAID Mission in Guatemala.

Pan American Federation of Association of Medical Schools (PAFAMS).--The Pan American Federation, with 204 affiliated medical schools, includes 94 U.S. and 12 Canadian schools. AAMC played a major role in the creation of the Federation and is its largest contributing component. Sponsored by PAFAMS, the Third Annual Conference on Medical Education in the Americas is scheduled for November 5-7, 1970, in Buenos Aires. Several AAMC representatives will attend the conference.

Association of Medical Schools in Africa (AMSA).--The African Bureau of AID, in cooperation with AAMC and AMSA, is sponsoring a Conference on Family Health and Medical Education in Kampala, Uganda, in February, 1971. The AAMC has worked closely with AMSA in the planning of this conference which will host outstanding African and international scientists, educators, and economists. DIME's assistant director will represent the AAMC.

Indian Association for the Advancement of Medical Education (IAAME).--IAAME will hold its annual meeting in January, 1971, and has requested DIME to select the American participants in the meeting. The Conference theme is "Family Planning in Medical Education."

AAMC/Public Health Service.--In July, 1967, the AAMC entered into a contract with the Public Health Service to administer a program of international fellowships in medicine, at the student and young faculty level, to be carried out under U.S.-owned excess foreign currencies available in certain countries. The program is now entering its fourth year, following two years of concentrated planning and intensive negotiations.
Thirty students have gone to Yugoslavia in 1970. During 1971, a total of 56 students will go to Israel and 44 to Yugoslavia.

The program is designed to provide American medical students with an opportunity to see a different health care system and different styles of medical practice. Reciprocal agreements will provide opportunities for Yugoslavian and Israeli students to study for periods of 10–12 weeks in United States schools of medicine.

DIME's director is currently evaluating program expansion potential in Poland. Dr. Thomas Hunter will soon explore expansion possibilities in Tunisia. Future programs are currently under consideration for both India and Pakistan.

Smith Kline & French.--After 10 years of sponsorship, the Smith Kline & French fellowship program has been terminated. Follow-up studies on 180 former fellows who are five years or more beyond their SK&F experience are currently being conducted by DIME.

Miscellaneous.--In December, 1970, DIME's director will participate in a WHO-sponsored conference on medical education to be held in Teheran.

In June, 1970, the 14th Annual Conference for Foreign Medical Scholars was held at Case Western Reserve University School of Medicine. The conference concentrated on current problems in American medical education and stimulated considerable exchange among the participants about problems in the represented countries. The 15th Annual Conference will be held in Cincinnati, in June, 1971.

Publications

The Journal of Medical Education.--Appearing monthly, the Journal of Medical Education is the official publication of the Association of American Medical Colleges. The Journal published 1,528 pages of editorial material during the period from July 1, 1969, to June 30, 1970.

Of 339 manuscripts received for consideration during the fiscal year, 123 were accepted for publication, 127 were rejected, and 3 were withdrawn. As the year ended, 63 were out to reviewers and 23 had been returned to the authors for revision.


Newsletters and special publications.--The Association continues to publish several newsletters and special communications. Foremost among these are the AAMC Bulletin, The Advisor, COTH Report and memoranda series, Datagram's, and DIME Dialogue.
EXECUTIVE COUNCIL

Throughout the year members of the Executive Council, Executive Committee, and staff have maintained active liaison with prominent officials in the Federal government. Among the major issues considered were the implications of President Nixon's budget and appropriations for HEW, Medicare, operational programs and construction problems, difficulties confronting the VA hospitals and their affiliated schools, comprehensive health planning, health manpower legislation, special problems of new and developing schools, a national service plan and military service for physicians, appointments to HEW councils and study sections, and expansion of medical education.

Actions or authorizations by the Executive Council since the last Annual Meeting have included the following areas:

Expansion of medical education.--A task force was authorized to develop a position statement regarding the expansion of medical education and the necessity of preserving quality. A full report on these activities will be presented at the 1970 Annual Meeting.

Financing medical education.--A critical look is being taken at the credibility that might be assigned by the public and the Federal government to an AAMC study on this issue. The possibility of a national commission to gain consensus on the essential ingredients and attributes of medical education, and to examine the structure, process, and financing of present-day medical education in the U.S. is being investigated. Meanwhile, this committee is coordinating its efforts with other AAMC committees on Expansion of Medical Education and Biomedical Research Policy.

Minority representation in medicine.--A task force composed of AAMC staff and representatives from the AHA, AMA, and National Medical Association (NMA) addressed itself to the problems of recruitment, retention, and financing of minorities in medical school, and to the identification of the major efforts necessary to overcome the complexities of the problem. A report was developed and approved by the Inter-Association Committee and the AAMC Executive Council. The Executive Council authorized the AAMC to work with other interested groups and organizations in obtaining support for student financial aid required to establish regional opportunity centers and to expand the AAMC office for minority student affairs.

Flexibility in educational programs for the M.D. degree.--The following policy statement was adopted: "There are currently various programs aimed at better relating premedical, medical, and graduate medical education. The Association of American Medical Colleges firmly believes that such curriculum flexibility should be encouraged, and that the licensing boards be urged to accept graduation from accredited schools as the criteria for admissions to licensure examination boards, rather than defining specific course content."
Student participation in AAMC.--In accordance with the Assembly's November, 1969 directive, an ad hoc committee was appointed to explore and develop a mechanism for student participation in the AAMC. The committee's report has been referred to the Association's legal counsel for possible incorporation into AAMC Bylaws; limitations of state incorporation laws and federal regulations governing nonprofit institutions have to be considered, however. A full report is expected to be made at the February, 1971 Assembly.

Physicians' assistants training programs.--A report dealing with the responsibility of AAMC institutions for the training of physicians' assistants was reviewed by the Executive Council and referred to the Association's three Councils for discussion. Meanwhile, AAMC and AMA representatives have formed a task force charged with taking the recommendations of this report the next step: sufficient clarification for their presentation to the AMA House of Delegates and to the AAMC Assembly.

New and developing medical schools.--In recognition of the special problems germane to new and developing medical schools, policy was adopted dealing with Federal support to meet the needs of these institutions.

Osteopathy.--Guidelines were developed for relationships with osteopathic schools that wish to become more closely associated with eclectic medicine. Accreditation and site visits will be handled cooperatively with the AMA, in a fashion analogous to that of a developing medical school.

Liaison with other health organizations.--The Executive Committee met with representatives of the Association for Hospital Medical Education and the Organization of University Health Center Administrators to develop appropriate means for interaction with these organizations.
COUNCIL OF ACADEMIC SOCIETIES

Organization and Purpose

The Council of Academic Societies (CAS) represents professional medical educators and scientists in the affairs of the AAMC. It was established in 1967 in response to a broader conception of the AAMC's role as delineated in the Coggeshall Report (COGGESHALL, L. T. Planning for Medical Progress Through Education. Evanston, Illinois: Association of American Medical Colleges, 1965). The CAS is sponsoring its fourth annual meeting on October 30-31, 1970. Its membership now numbers 34 distinguished societies. Composition and representation of the constituent societies are described in the CAS Constitution (AAMC Proceedings for 1967. J. Med. Educ., 43:582-583, 1968). Representatives of the CAS (and of the other two councils, COD and COTH) serve on the Executive Council, Assembly, and the other governing bodies of the AAMC.

Major Activities

During the year primary activities of the Council of Academic Societies have been in the following areas:

Biomedical Research Policy. --On February 6, 1970, the CAS sponsored a meeting in Chicago to consider problems relating to defining an appropriate level of support for biomedical research in the United States. Over 100 representatives of national biomedical organizations attended the session.

The CAS Committee on Biomedical Research Policy concluded that action should be taken in three major areas: (a) development, in as quantitative terms as possible, of an assessment of the impact of recent changes in Federal programs and budgets, (b) formulation of a national policy for the support of biomedical research which expresses clearly the critical interdependence of progress in the biomedical sciences, education of health manpower, solution of disease problems, and improvement of the Nation's health, and (c) initiation of a program of continuing activity in conjunction with related organizations towards implementation of such a policy. The Committee's preliminary report and recommendations will be presented in the CAS annual meeting on October 31, 1970.

Biomedical Communications Network. --The CAS, under the aegis of a Steering Committee, has continued to explore the potential educational services that can be derived through a biomedical communications network. The Committee's report and recommendations will be submitted to the National Library of Medicine in December, 1970. This activity has been under contract with the National Library of Medicine.
COUNCIL OF DEANS

The Council of Deans (COD) consists of the dean of each AAMC Institutional Member and of each Provisional Institutional Member. Its membership totals 107 deans. During the year under review the COD addressed itself to a number of important issues. Foremost among these were the following:

Appropriations for DHEW.--The COD was kept informed of attempts made to increase appropriations. Many deans contacted their Senators in an effort to promote a deeper understanding of the problems facing academic medical centers and teaching hospitals.

Medicare.--Testimony for presentation before the Senate Finance Committee was developed by the AAMC Medicare Committee and staff. The thrust of AAMC efforts has been in accord with the COD's action directing that a policy statement be developed "concerning reimbursement for professional fees which does not prohibit the use of the fees for educational purposes."

Physician draft.--Materials from Dr. Louis M. Rousselot, Assistant Secretary of Defense for Health and Environment, concerning the physician draft and the significance of participation in the Berry Plan were circulated to the COD.

Human experimentation.--A draft of a document on human experimentation from Dr. Ernest M. Allen, Deputy Assistant Secretary for Grant Administration Policies, DHEW, was circulated to the deans for their consideration and comments.

Federal health agencies.--Pertinent issues were discussed with prominent government officials: Dr. Roger O. Egeberg, Assistant Secretary for Health and Scientific Affairs, DHEW; Mr. Donald Johnson, Administrator, Veterans Administration (VA); Dr. Marc J. Musser, Chief Medical Director, VA; and Dr. Robert Q. Marston, Director, NIH.

Review of legislative and Federal budget processes.--To facilitate a better understanding of the factors involved, Mr. John Forsyth (General Counsel, Committee on Labor and Public Welfare) and Mr. Charles Schultze (former Director of the Bureau of the Budget) joined the deans for a very informative question and answer session.

COUNCIL OF TEACHING HOSPITALS

Organization and Purpose

The Council of Teaching Hospitals (COTH) provides special activities relating to teaching hospitals. It holds educational meetings, conducts and publishes studies, takes group action on various issues concerning the teaching hospital, and participates in policy-making of the Association through its elected officers and representatives. COTH membership is now 396 hospitals. At the last Annual Meeting criteria for COTH membership were slightly altered to admit those hospitals which have five residency programs, two of which must be either Medicine, Surgery, Obstetrics-Gynecology, Pediatrics, or Psychiatry. This provision has expanded the opportunities for membership to be substantially broadened, and the Council admitted 43 hospitals during the year.

Major Activities

Among specific COTH activities during the year were the following:

General Clinical Research Centers.--Meetings with representatives of the General Clinical Research Centers Branch of NIH were held to assist them in devising a new hospitalization reimbursement formula.

Medicare.--COTH representatives participated in the Association Committee on Medicare with members from the other Councils in meetings with the Social Security Administration, the Senate Finance Committee, and the House Ways and Means Committee.

National Health Insurance.--The COTH is represented on the Association's committee which is examining current legislative proposals and developing the Association's position on the issue of national health insurance.

Liaison with American Hospital Association.--The initial meeting of the AAMC-AHA Liaison Committee was held and such items as universal health insurance, financing of medical education, and comprehensive health planning were discussed at length. There was agreement by both Associations that the meeting had been useful and should be continued.

Liaison with Blue Cross Association.--Because of the many problems relating to the third-party financing of health services provided by academic medical centers, as well as affiliated and nonaffiliated teaching hospitals, a liaison committee with the Blue Cross Association has been formed and met once during the year.

Regional Meetings.--The COTH convened in the following regional meetings: Northeastern group in New York on June 5; Midwest/Great Plains in Chicago on May 25; Southern in Atlanta on April 13; and Western in San Francisco on June 22.
DEPARTMENT OF ACADEMIC AFFAIRS

The Department of Academic Affairs was established on July 1, 1969, in response to the recommendation of the AAMC ad hoc Committee on Educational Studies and Programs. Three major divisions were to be under the aegis of the Department of Academic Affairs. Two of these, the Division of Educational Measurement and Research and the Division of Student Studies and Services, were administered as programs of the Division of Education from 1962-1967, when each achieved divisional status. A Division of Curriculum and Instruction was recommended as the third major unit in the Department of Academic Affairs.

Named to head this new Department was Cheves McC. Smythe, who joined the Association in 1966 as associate director. Also responsible for staffing activities of the Council of Academic Societies and for medical school accreditation, Dr. Smythe ably led this unit until April 1, 1970, when he resigned this post to develop a new medical school as a part of the University of Texas system, in Houston. Creation of the Division of Curriculum and Instruction has been deferred pending the appointment of Dr. Smythe's successor.

Educational Measurement and Research

Continuing activities of the Division of Educational Measurement and Research relate primarily to the Medical College Admission Test (MCAT) program, the AAMC Biochemistry Placement Test, and the Annual Conference on Research in Medical Education (RIME).

MCAT Program.—Two projects begun last year, a study of the educational background and career plans of all MCAT examinees and a study of possible minority-group bias in the MCAT, have been continued. A preliminary report on the first study, including MCAT examinees for the years 1968 and 1969, will be available this fall. A similar report on the latter study is expected for the Annual Meeting.

During this year the operational aspects of this program have undergone significant change. Beginning with the May, 1970, test, the AAMC assumed the exclusive responsibility for all score reporting functions as well as the important area of program research and development. Test administration and scoring continue to be performed by the Psychological Corporation.

Data generating mechanisms, necessary to discussion of future modification of the MCAT program, have been initiated.

Biochemistry Placement Test.—An announcement of the availability of the Biochemistry Placement Test fall administration was distributed in early summer. Although the development of local norms has been strongly encouraged,
national norms will be provided upon the accumulation of adequate data. Participation in the program warrants consideration of expanding the program to other areas of placement testing.

Conference on RIME.--The Ninth Annual Conference received 115 abstracts for consideration (an increase of 64 percent). To accommodate this number, the program was expanded to include 10 discussion groups, five each day. The format of the last two years was continued, with abstracts and papers distributed to preregistrants prior to the Conference.

New study.--A new area of study is the measurement of noncognitive variables in the selection and evaluation of medical students. An extensive literature search and evaluation of the current status of personality measurement in medical education are being done as first steps in this effort. Involved in this activity is a review of the recently completed status report of the AAMC Longitudinal Study and consideration of extramural proposals for participation in related research.

Student Affairs

This program is under the aegis of the Committee on Student Affairs and the Group on Student Affairs (GSA). During 1969-70 the GSA consisted of almost 300 medical school admissions and student affairs officers in the United States and Canada.

Applicant and student records.--AAMC maintains comprehensive records of all medical school applicants and undergraduate medical students. Based on these central records, AAMC continues to provide annually a substantial information exchange to all U.S. medical schools and to over 1,000 undergraduate colleges. For the 1969-70 entering class a total of 24,465 individuals filed 133,832 applications. Of these, 10,253 persons were enrolled for the first time. Repeating and other special students brought the total first-year enrollment to 10,401. Total undergraduate medical student enrollment during 1969-70 was 37,669.

Minority affairs.--Two supplementary grants to last year's initial grant from the Office of Economic Opportunity brought the total amount of funding to the AAMC for minority affairs activities to $977,350. In addition to funding projects at the national level, this grant to date has been used to finance 21 subcontracts aimed at providing demonstration projects relative to the expansion of educational opportunities in the health professions for minority group students.

At the national level, major activities have included the development of a minority student information clearinghouse and the continuation and expansion of the medical minority applicant registry (MED-MAR).

Other significant minority activities during the year have included the activation of an AAMC task force which developed a report to the Inter-Association Committee on Expanding Educational Opportunities in Medicine for Blacks and Other Minority Students. The report has been approved by the governing bodies of the AAMC, AHA, AMA, and NMA and has been widely distributed.
American Medical College Application Service (AMCAS).--AMCAS enables applicants to participating medical schools to submit only one application and one set of transcripts to the AAMC, which sends a copy of the application and a standardized, computerized transcript to schools designated by the applicant. For 1970-71, a total of 56 medical schools will select their fall, 1971, entering classes through AMCAS. It is anticipated that approximately 20,000 applicants will file more than 100,000 applications through AMCAS for the 1971 entering class.

Coordinated Transfer System (COTRANS).--A Coordinated Transfer System (COTRANS) was implemented in January, 1970, to facilitate the transfer to U.S. medical schools of U.S. citizens studying medicine abroad. Under COTRANS sponsorship, 247 individuals took the June Part I of the National Board Medical Examinations. AAMC distributed their results to the 35 participating medical schools and to several additional schools requesting their scores. An evaluation of COTRANS is being conducted.

Liaison with student organizations.--Largely through Mr. Dennis B. Dove, a medical student who spent the year with the AAMC Division of Student Affairs, the AAMC maintained liaison with SAMA and with the Student National Medical Association (SNMA). The Association also focused on future formal student participation in the AAMC and developed specific proposals for consideration by the Assembly.

Liaison with the Federal government.--Liaison with the Federal government in relation to the health professions scholarship and loan programs was continued. Financial aid officers and deans were encouraged to contact their legislators concerning reductions in the loan program. Financial need analysis forms and procedures were developed by both the American College Testing Service and the College Scholarship Service in cooperation with the GSA Committee on Medical Student Finances. Liaison was also maintained with the Department of Defense and with Selective Service relative to the drafting of physicians and the deferment of medical students.

Liaison with colleges and secondary schools.--Regional associations of premedical advisors have now been formed in the Western Region as well as in the Northeast and Midwest. Advisors are now active in determining the content of the Advisor, the AAMC Newsletter for Premedical Advisors.

Other activities.--A program concerning curricular innovation will be held during the Annual Meeting. Surveys concerning the exchange of students between medical schools for extramural academic experiences have also been sponsored during the year.

Results of a 1969 GSA survey on medical school-student legal relationships (including due process considerations) were reviewed. Further analysis of the data and possible development of a legal code for use by medical schools has been proposed.
Primary activities of the Department of Health Services and Teaching Hospitals have been formulation of the official Association position on the issue of Medicare payments to attending physicians in teaching settings. The Association has testified before the House Ways and Means Committee, before the Senate Finance Committee's Subcommittee on Medicare and Medicaid, and before the full Senate Finance Committee.

Development of a formal position on the issue of national health insurance is a new effort for which this Department has responsibility.

The Department is working with the Veterans Administration to determine the method by which more effective liaison between the Veterans Administration and the AAMC can be accomplished. Continued meetings with representatives of Dr. Musser's office are being held to develop a mutually suitable mechanism.

The Department is continuing to explore the proper dimensions which the Association should take in terms of developing a program in health services. The major issues which have been identified, and which will serve as the nucleus of the future program for the segment of the Department's activities, relate to the implementation, organization, administration, and financing of the medical center's involvement in the delivery of direct health services.

Contracts with the Department of Health, Education, and Welfare

Teaching Hospital Information Center.—On April 26, 1968, the AAMC entered into a fourteen-month contract with the National Center for Health Services Research and Development to establish a Teaching Hospital Information Center (COTHIC). The contract was extended for a third year on July 1, 1970, to continue both development of the COTHIC and survey research efforts. The COTHIC has initiated survey efforts in four major areas: house staff economics, role of the teaching hospital in community services, teaching hospital executive salaries, and sources of capital financing for teaching hospitals. The Teaching Hospital Information Center has also accumulated information and data on other subject matter of particular pertinence to teaching hospitals.

Study to determine the effects of P.L. 89-97 on teaching hospitals.—On January 2, AAMC was awarded a $210,327 two-year contract from the Bureau of Health Professions Education and Manpower Training, Division of Health Manpower, to study the influences of P.L. 89-97 on teaching hospitals. The specific focus of this study is the effect which the implementation of Titles XVIII and XIX have had upon training programs for medical students and house staff, medical research, and the delivery of services within the teaching
hospital. In order to determine the cost and feasibility of obtaining extensive and precise data on the impact of Medicare and Medicaid on teaching hospitals, data have been obtained from nine hospitals on a pre-survey basis. Additionally, site visits, are being made to 69 hospitals that are included within the survey design.
DEPARTMENT OF PLANNING AND POLICY DEVELOPMENT

The Department of Planning and Policy Development was established in March, 1970. Major responsibilities include the examination of national trends bearing upon medical education and physician production, administering the Division of Operational Studies, and maintaining liaison with the Federal agencies and Congress concerning activities relating to medical education and research.

Committee on Expansion of Medical Education.--This committee, staffed by the Department, was formed as a consequence of the Executive Council's decision that the AAMC should turn its immediate attention to examining the problems, opportunities, and needs in expanding the number of medical graduates, and the implication of such needs for further expansion of medical education. The committee is examining the question of whether national policy in support of medical education should derive from needs generated by the problems of health services, or to continue the existing position of the Association, which has related the expansion of medical education to the number of qualified applicants for entrance into medical school and the implications of these activities in approaches for the case for and support of medical schools. The final report will be presented to the Assembly during the Annual Meeting.

Federal liaison.--Federal liaison activities were increased to keep the Association abreast of current legislation and administrative policies and to keep the Congress and Executive agencies informed of the unique situation and requirements of medical education. These increased activities have resulted in the formation of the Division of Federal Liaison, which will be activated in mid-October, 1970.

A proposed set of legislative specifications for the extension of the Health Professions Education Assistance Act (HPEA), which will be considered by the 92nd Congress, was developed and presented at the May Council of Deans meeting. The proposals resulted from an effort to develop legislation which would be fully supported by all the health professional schools encompassed in the HPEA programs. Final details were negotiated with the Federation of Associations of Schools of the Health Professions.

Testimony was prepared for presentation by AAMC members on major legislative proposals. Included in these efforts were testimony on legislation extending Regional Medical Programs and Comprehensive Health Planning; legislation for providing support for Family Practice programs in medical schools; legislation to provide special federal support for medical and dental schools in the District of Columbia; and testimony for presentation before the House and Senate Appropriations committees.
Operational Studies

An expanded role for the Division of Operational Studies in the analysis of data bearing upon medical education and academic medical centers was designed. Primary activities of AAMC that have to do with operational aspects of the medical school/center are the medical center cost allocation project, the medical school faculty roster project, the medical school faculty salary study, the annual study of medical school financing and staffing, the Business Officers Section and the Planning Officers Section.

Cost allocation project.--The medical center cost allocation project was initiated in 1967. Its purpose is to identify a methodology for allocating costs in the various units of the medical center programs of education, research, patient care, and community service. As a result of the very successful pilot study by seven medical centers, 14 medical centers joined the project in 1969-70. A total of 38 medical centers will participate in the project in 1970-71. Support for this project is under contract with the Department of Health, Education, and Welfare.

Other studies.--In September, 1970, a revised questionnaire was distributed to 103 medical schools participating in the faculty roster project. The questionnaire has been expanded to elicit identical data for part-time, salaried faculty as for full-time faculty. A major objective of this inventory is an analysis of the sources, movement, and gain or loss of faculty. This effort is funded by a contract with the National Institutes of Health.

During 1969-70, a study of salaries of just under 16,000 faculty from 90 medical schools was completed. Summary data were published ( Datagram, J. Med. Educ., 44:1180-1181, 1969).

Medical school financial data are obtained annually from the medical schools. AAMC summarizes and publishes these data in the Education Number of J.A.M.A.

Business Officers Section.--The Business Officers Section (BOS) was organized in 1968. It has provided a forum for discussion of mutual problems related to business, administration, and fiscal management of medical schools.

Stated goals of the BOS are (a) improvements in financial reporting, cost allocations, and program budgeting, (b) improvements in relationships with other agencies, (c) professional development of medical school business and administrative officers, and (d) development of strong regional organization.

In 1969 a two-year grant of $121,600 was made by the W. K. Kellogg Foundation to aid AAMC in developing an educational program for medical school business and administrative officers. The initial workshops under this program were held during the AAMC Annual Meeting in 1969.

Subsequent workshops, presented at BOS regional meetings, have addressed the following topics: Medical Service Plans (Midwest Region on January 12-13, Northeast Region on April 1-3, and Midwest Region on May 1-2); and The BOS and Sponsored Programs (Southern Region on January 16 and Western Region on May 22-23).
Additional subjects to be developed during 1970-71 are Development of an Information System in Medical Schools and Financial Reporting Systems of Medical Schools. An overview of the first topic will be presented during the 1970 AAMC Annual Meeting.

Planning Officers Section.—During the past year a group of medical center planning officers has been developing. This new group has organized a section meeting at the AAMC Annual Meeting in Los Angeles.
REPORT OF THE DIRECTOR OF BUSINESS AFFAIRS, J. Trevor Thomas

Transfer of the Association's Evanston properties to Northwestern University was made on February 1, 1970, and activities of the Evanston office were terminated as of that date. On January 31, the Association's Washington offices were moved from the Dupont Circle Building to the National Center for Higher Education at One Dupont Circle, N.W.

The Association now leases a total of approximately 24,000 square feet of space at the One Dupont Circle address.

Financial Operation

Details of the financial operation of the Association are contained in the Treasurer's report. During the Fiscal Year ended June 30, 1970, all financial and payroll activities of the Association were converted to computerized programs under a service agreement with The National Educational Computer Center, sponsored by the American Council on Education, and located in the One Dupont Circle Building. While the conversion is now complete, the process has not been spared the problems usually associated with such conversions. Further efforts will be necessary during the next year to improve the system to make it more responsive to the Association's needs, particularly in the area of the timely production of management reports.

Staffing

Of the 104 persons in the employ of the Association on June 30, 1970, only seven had previously been in the Evanston office and thirteen in the Washington offices of the Association.

Despite the necessity to recruit relatively large numbers in a short time, the Association has been successful in building a competent, dedicated staff. Employment at June 30 was as follows: professional, 28; semi-professional, 12; secretarial, technical, and clerical--full-time, 44; and clerical--part-time, 20 -- Total, 104.

Membership and Subscriptions

In April of 1970 action was initiated on the conversion of membership and subscription activities from a manual to a computerized system. This conversion is now 95% completed and provides for automatic processing of file maintenance and updating.

The following is a comparative listing of memberships and subscriptions for the last two fiscal years.
### Membership

<table>
<thead>
<tr>
<th>Type</th>
<th>1968-69</th>
<th>1969-70</th>
<th>Increase (Decrease)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Affiliate</td>
<td>13</td>
<td>13</td>
<td>---</td>
</tr>
<tr>
<td>Contributing</td>
<td>21</td>
<td>21</td>
<td>---</td>
</tr>
<tr>
<td>Council of Academic Societies</td>
<td>29</td>
<td>34</td>
<td>5</td>
</tr>
<tr>
<td>Council of Teaching Hospitals</td>
<td>357</td>
<td>387</td>
<td>30</td>
</tr>
<tr>
<td>Graduate Affiliate</td>
<td>2</td>
<td>2</td>
<td>---</td>
</tr>
<tr>
<td>Individual</td>
<td>2,397</td>
<td>2,584</td>
<td>187</td>
</tr>
<tr>
<td>Institutional</td>
<td>90</td>
<td>93</td>
<td>3</td>
</tr>
<tr>
<td>Provisional Institutional</td>
<td>11</td>
<td>10</td>
<td>(1)</td>
</tr>
<tr>
<td>Provisional Affiliate</td>
<td>---</td>
<td>4</td>
<td>4</td>
</tr>
<tr>
<td>Provisional Graduate Affiliate</td>
<td>---</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Sustaining</td>
<td>21</td>
<td>21</td>
<td>---</td>
</tr>
<tr>
<td>Nonmember Institutions in Development</td>
<td>10</td>
<td>6</td>
<td>(4)</td>
</tr>
</tbody>
</table>

### Paid Subscriptions

| Journal of Medical Education | 6,009 | 6,085 | 76 |

* * * *

### Printing and Reproduction

For a long number of years the Evanston office operated an extensive printing plant for the production of printed materials and publications other than The Journal of Medical Education. With the move to Washington, this activity was discontinued and the equipment sold. Such activities are available as a Center activity in the One Dupont Circle Building.

### REPORT OF THE TREASURER, T. Stewart Hamilton

The audited Statements and the auditor's report for the fiscal year ended June 30, 1970, have been reviewed with the Association's auditors, Ernst & Ernst. The report was presented to and accepted by the Executive Council at its September 16, 1970, meeting in Washington. The auditor's comments follow:
Executive Council  
Association of American Medical Colleges  
Washington, D. C.

We have examined the balance sheet of Association of American Medical Colleges as of June 30, 1970, and the related statements of equity and income and expense for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances. It was impracticable to obtain confirmation of accounts receivable from agencies of the United States Government amounting to $373,628 but we satisfied ourselves as to such accounts by means of other auditing procedures. We previously made a similar examination of the financial statements for the preceding year.

In our opinion, the accompanying balance sheet and statements of equity and income and expense present fairly the financial position of Association of American Medical Colleges at June 30, 1970, and the results of its operations for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Ernst & Ernst

Washington, D. C.
September 11, 1970
# BALANCE SHEET

**ASSOCIATION OF AMERICAN MEDICAL COLLEGES**

<table>
<thead>
<tr>
<th></th>
<th>June 30 1970</th>
<th>June 30 1969</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>ASSETS</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash</td>
<td>$227,418</td>
<td>$173,742</td>
</tr>
<tr>
<td>Investments in United States Government short-term securities - at cost and accrued interest (approximate market)</td>
<td>$589,121</td>
<td>$397,831</td>
</tr>
<tr>
<td>Accounts receivable</td>
<td>$551,648</td>
<td>$421,788</td>
</tr>
<tr>
<td>Accounts with employees</td>
<td>$9,284</td>
<td>$9,444</td>
</tr>
<tr>
<td>Supplies, deposits, and prepaid expenses</td>
<td>$4,290</td>
<td>$19,901</td>
</tr>
<tr>
<td>Land improvements and building - at cost - Note A</td>
<td>$0</td>
<td>$296,856</td>
</tr>
<tr>
<td><strong>Total Assets</strong></td>
<td><strong>$1,381,761</strong></td>
<td><strong>$1,319,562</strong></td>
</tr>
</tbody>
</table>

| **LIABILITIES AND EQUITY** |              |              |
| **LIABILITIES**            |              |              |
| Accounts payable           | $56,894      | $103,719     |
| Salaries, payroll taxes, and taxes withheld from employees | $30,856 | $13,559 |
| **Total Liabilities**      | **87,750**   | **117,278**  |

| **DEFERRED INCOME**        |              |              |
| Institutional dues and service fees received in advance | $215,395 | $206,251 |
| Other dues received in advance | $128,780 | $138,307 |
| Subscriptions and other publications | $21,460 | $16,531 |
| **Total Deferred Income**  | **365,635**  | **361,089**  |

| **EQUITY**                 |              |              |
| Restricted for special purposes - Note D | $419,980 | $314,884 |
| Restricted for investment in plant - Note A | $296,856 | $296,856 |
| Retained for general purposes | $211,540 | $229,455 |
| **Total Equity**           | **928,376**  | **841,195**  |

| **LEASE COMMITMENT - Note C** |              |              |

|                    |              |              |
| **Total**          | **$1,381,761** | **$1,319,562** |

See notes to financial statements.
STATEMENT OF EQUITY
ASSOCIATION OF AMERICAN MEDICAL COLLEGES
Year ended June 30, 1970

<table>
<thead>
<tr>
<th></th>
<th>Restricted</th>
<th></th>
<th>Retained</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>For Purposes</td>
<td>For Investment</td>
<td>For General Purposes</td>
<td>Total</td>
</tr>
<tr>
<td>Balance at July 1, 1969</td>
<td>$314,884</td>
<td>$296,856</td>
<td>$229,455</td>
<td>$841,195</td>
</tr>
<tr>
<td>Excess of income over expenses (expenses over income)</td>
<td>105,096</td>
<td>-0-</td>
<td>(17,915)</td>
<td>87,181</td>
</tr>
</tbody>
</table>

Balance at June 30, 1970 - NOTE D

<table>
<thead>
<tr>
<th></th>
<th>Restricted</th>
<th></th>
<th>Retained</th>
<th></th>
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</thead>
<tbody>
<tr>
<td></td>
<td>For Special Purposes</td>
<td>For Investment in Plant</td>
<td>For General Purposes</td>
<td>Total</td>
</tr>
<tr>
<td>$419,980</td>
<td>$296,856</td>
<td>$211,540</td>
<td>$928,376</td>
<td></td>
</tr>
</tbody>
</table>

See notes to financial statement.
## STATEMENT OF INCOME AND EXPENSE

### ASSOCIATION OF AMERICAN MEDICAL COLLEGES

#### Income:

<table>
<thead>
<tr>
<th></th>
<th>1970</th>
<th>1969</th>
<th>Total</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>General Purposes</td>
<td>Special Purposes</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Dues and service fees</td>
<td>$1,063,403</td>
<td>$1,063,403</td>
<td>$709,840</td>
<td>$356,921</td>
</tr>
<tr>
<td>Grants</td>
<td>$479,925</td>
<td>479,925</td>
<td>356,921</td>
<td>356,921</td>
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<tr>
<td>Cost reimbursement contracts</td>
<td>568,272</td>
<td>568,272</td>
<td>542,678</td>
<td>542,678</td>
</tr>
<tr>
<td>Services</td>
<td>496,627</td>
<td>496,627</td>
<td>456,221</td>
<td>456,221</td>
</tr>
<tr>
<td>Journal of Medical Education</td>
<td>64,727</td>
<td>64,727</td>
<td>67,405</td>
<td>67,405</td>
</tr>
<tr>
<td>Other publications</td>
<td>87,835</td>
<td>87,835</td>
<td>77,266</td>
<td>77,266</td>
</tr>
<tr>
<td>Sundry</td>
<td>81,927</td>
<td>26,065</td>
<td>107,992</td>
<td>44,963</td>
</tr>
<tr>
<td>Sales of furniture and equipment - Note B</td>
<td>15,285</td>
<td>15,285</td>
<td>-0-</td>
<td>-0-</td>
</tr>
<tr>
<td><strong>TOTAL INCOME</strong></td>
<td>1,809,804</td>
<td>1,074,262</td>
<td>2,884,066</td>
<td>2,255,294</td>
</tr>
</tbody>
</table>

#### Expenses:

<table>
<thead>
<tr>
<th></th>
<th>1970</th>
<th>1969</th>
<th>Total</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>General Purposes</td>
<td>Special Purposes</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Salaries and wages</td>
<td>802,356</td>
<td>325,307</td>
<td>1,127,663</td>
<td>919,095</td>
</tr>
<tr>
<td>Staff benefits</td>
<td>104,812</td>
<td>39,011</td>
<td>143,823</td>
<td>83,186</td>
</tr>
<tr>
<td>Supplies and services</td>
<td>647,173</td>
<td>393,348</td>
<td>1,040,521</td>
<td>769,873</td>
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<tr>
<td>Equipment - Note B</td>
<td>52,994</td>
<td>2,354</td>
<td>55,348</td>
<td>12,906</td>
</tr>
<tr>
<td>Travel</td>
<td>139,958</td>
<td>92,716</td>
<td>232,674</td>
<td>250,651</td>
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<tr>
<td>Loss on sale of building - Note A</td>
<td>196,856</td>
<td>196,856</td>
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<td>-0-</td>
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<tr>
<td>Allocation of expenses</td>
<td>(116,430)</td>
<td>116,430</td>
<td>-0-</td>
<td>-0-</td>
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<tr>
<td><strong>TOTAL EXPENSES</strong></td>
<td>1,827,719</td>
<td>969,166</td>
<td>2,796,885</td>
<td>2,035,711</td>
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</table>

#### Excess of Income Over Expenses

<table>
<thead>
<tr>
<th></th>
<th>1970</th>
<th>1969</th>
<th>Total</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Excess of income over expenses</td>
<td>$ (17,915)</td>
<td>$105,096</td>
<td>$87,181</td>
<td>$219,583</td>
</tr>
</tbody>
</table>

See notes to financial statements.
NOTES TO FINANCIAL STATEMENTS
ASSOCIATION OF AMERICAN MEDICAL COLLEGES
June 30, 1970

Note A - Land and Building

During the year ended June 30, 1970, the Association relocated its national headquarters to Washington, D. C. Its former headquarters in Evanston, Illinois was disposed of, with the Association and Northwestern University, who had donated the land, sharing the proceeds. The Association's share of the proceeds amounted to $100,000, and the resulting loss of $196,856 has been recognized in the accounts restricted for general purposes. Pending action by the executive council concerning disposition of the equity formerly invested in the plant, such equity is being restricted for investment in plant.

Note B - Costs of Relocating National Headquarters

Costs of relocating the national headquarters have been included in the various expense categories in the accompanying statement of income and expenses, in accordance with the Association's budget for the year ended June 30, 1970. Such amounts include purchases of equipment for new headquarters with proceeds from the sale of old equipment being recognized in income, both in accordance with the Association's policy of expensing the cost of equipment in the year acquired.

Note C - Lease Commitments

The Association occupies premises in Washington, D. C. at an annual rental of $113,244 under a lease expiring January 31, 1973.

Note D - Grants to be Received and Costs to be Reimbursed in Future Periods

At June 30, 1970, the Association had been notified by several grantors that it may expect to receive $1,000,000 (including $545,000 under cost reimbursement contracts with agencies of the United States Government) to be expended for special purposes within the next two years. It is the Association's practice to include grants in income when they are received and cost reimbursements in income when the costs are incurred.
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