

Letter Report

Aid for Medical Education
Medical College of Wisconsin

September 2011



Legislative Audit Bureau

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STATE OF WISCONSIN

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Joe Chrisman
Interim State Auditor

September 29, 2011

Senator Robert Cowles and
Representative Samantha Kerkman, Co-chairpersons
Joint Legislative Audit Committee
State Capitol
Madison, Wisconsin 53702

Dear Senator Cowles and Representative Kerkman:

As required by s. 39.15, Wis. Stats., we have completed a limited-scope review of aid for medical education and of other financial support provided by the State to the Medical College of Wisconsin for fiscal year (FY) 2008-09 and FY 2009-10. During the two-year period we reviewed, the Legislature appropriated \$4.0 million in general purpose revenue for tuition aid and provided the Medical College with approximately \$6.5 million in general purpose revenue for the development and operation of its family practice residency program. In addition, the Medical College received \$299,000 in funding for breast cancer and prostate cancer research through the income tax check-off program, and the State made \$2.8 million in debt service payments related to general obligation debt that it issued in the past to fund a number of construction projects at the Medical College.

Overall, we found that the Medical College was in compliance with requirements set forth in ss. 39.15 and 39.155, Wis. Stats. Students claimed for tuition aid were eligible to receive it and the Medical College targeted 35 to 50 percent of first-year class openings for Wisconsin residents, promoted minority enrollment, and expended funds provided by the State in a manner consistent with legislative intent. We also found that the State's debt service payments were consistent with the debt repayment schedules maintained by the Department of Administration for the applicable Medical College construction projects.

We appreciate the courtesy and cooperation extended to us by staff of the Medical College of Wisconsin during this review.

Respectfully submitted,

Joe Chrisman
Interim State Auditor

JC/BB/ss

AID FOR MEDICAL EDUCATION

As part of an effort to increase the number of physicians in Wisconsin, the State provides tuition aid for Wisconsin residents enrolled as medical students at the Medical College of Wisconsin, a private institution that trains physicians and scientists. The Medical College also receives general purpose revenue (GPR) for development and operation of a family practice residency program, as well as funding for cancer research through income tax check-off programs, and the State has assisted in funding a number of major construction projects.

As required by s. 39.15, Wis. Stats., we reviewed the Medical College's expenditures to ensure compliance with statutory requirements related to tuition aid for medical education and performed tests to determine whether it had ensured only Wisconsin residents received tuition aid, developed admission policies consistent with statutory guidelines, and promoted minority student access.

We also reviewed selected expenditures of the Department of Family and Community Medicine to determine whether funds provided by the State had been spent appropriately and reviewed the Medical College's use of funding provided through the income tax check-off programs. Finally, we reviewed the State's payments related to general obligation debt it issued in the past to fund construction projects at the Medical College.

Tuition Aid

For the two-year period we reviewed, the Legislature appropriated a total of \$4.0 million in GPR for tuition aid. The Medical College establishes the amount to be awarded per student based on the amount appropriated by the Legislature and in accordance with s. 39.155, Wis. Stats., which limits state support to full-time students who are Wisconsin residents and makes it available for no more than four years per eligible student. The Higher Educational Aids Board certifies residency status. The Medical College estimates per student aid amounts each May and uses a methodology approved by the Higher Educational Aids Board to make adjustments near the end of the academic year, if necessary.

As shown in Table 1, 347 Wisconsin residents were eligible to receive tuition aid during academic year 2008-09, and 344 Wisconsin residents were eligible to receive tuition aid during academic year 2009-10. The estimated award amount was \$5,620 per student in each year. However, because of differences between estimated and actual enrollment, each eligible fourth-year student received an additional \$1,147 for the 2008-09 academic year. Because more first-year students than expected enrolled for the 2009-10 academic year and the GPR appropriation for that year was reduced by \$125,900 as part of the State's effort to address budgetary shortfalls, the Medical College provided a total of \$3,670 in tuition aid payments from its own funds.

Table 1

Tuition Aid per Eligible Student

Academic Year	Eligible Wisconsin Residents	Amount per Student
2005-06	376	\$5,317
2006-07	369	5,500
2007-08	349	5,540
2008-09	347	5,620
2009-10	344	5,620

We reviewed the residency status of a selection of students for whom the Medical College credited tuition aid and evaluated both the effectiveness of the system for monitoring tuition payments and the number of years students were credited aid. We concluded that the system, which involves both the Higher Educational Aids Board and Medical College staff, is effective in ensuring that tuition aid is credited only to eligible students.

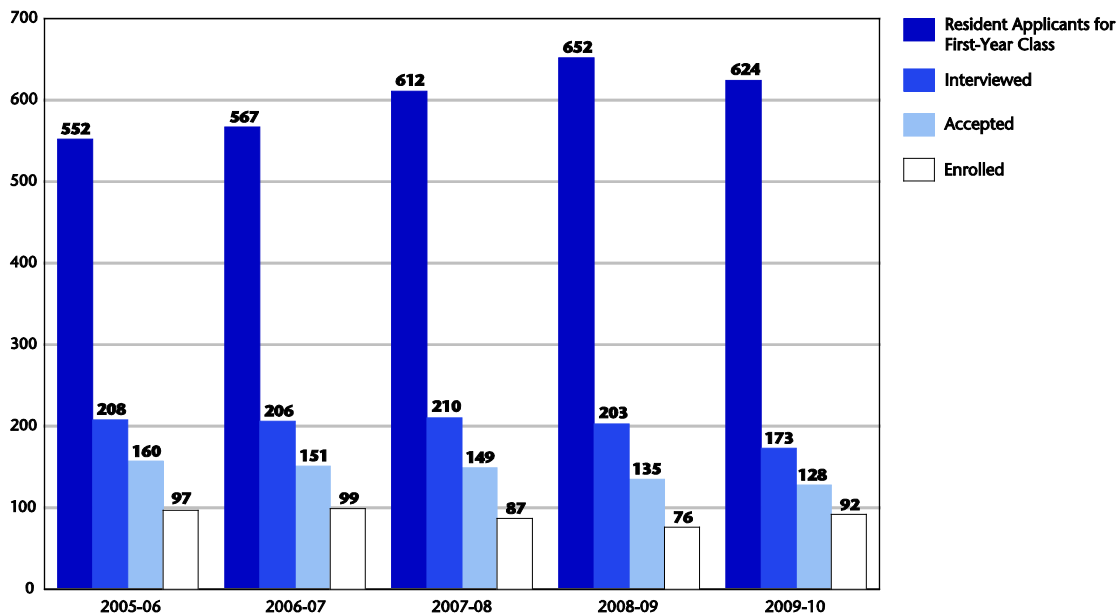
Resident Admissions and Minority Enrollment

The Legislature requires the Medical College to give Wisconsin residents first preference in admissions in return for accepting tuition support from the State. To do so, the Medical College targets 35 to 50 percent of first-year class openings for Wisconsin residents. According to Medical College staff, recruitment efforts include visits to several University of Wisconsin campuses and to private college campuses in Wisconsin, and promotional mailings for Wisconsin applicants. Medical College staff also indicate they have at times met the legislative requirement to give admissions preference to Wisconsin residents by accepting slightly lower grade point averages from Wisconsin applicants than from non-resident applicants.

As shown in Figure 1, while applications from Wisconsin residents for positions in the first-year class have increased over the past five years, the number of Wisconsin applicants interviewed has remained fairly constant. Fewer Wisconsin residents were interviewed for academic year 2009-10 because 25 had already committed to attend in that year after being accepted during the interview process for academic year 2008-09.

Figure 1

**Application and Enrollment of Wisconsin Residents
(by academic year)**



As shown in Table 2, the Medical College met its target of filling 35 to 50 percent of first-year class openings with Wisconsin residents in each of the past five years. In addition, we found that the Medical College has consistently interviewed a larger percentage of residents than non-residents. For example, 27.7 percent of 624 Wisconsin residents were interviewed for places in the first-year class for the 2009-10 academic year, compared to 8.3 percent of non-resident applicants.

Table 2

Enrollment of Wisconsin Residents by Academic Year

Academic Year	First-Year Class			Total Enrollment		
	Full-time Students	Wisconsin Residents	Percentage	Full-time Students	Wisconsin Residents	Percentage
2005-06	208	97	46.6%	811	378	46.6%
2006-07	207	99	47.8	805	371	46.1
2007-08	211	87	41.2	795	351	44.2
2008-09	216	76	35.2	820	351	42.8
2009-10	209	92	44.0	817	345	42.2

Fewer Wisconsin residents were interviewed for academic year 2009-10 than for the previous year because, as noted, 25 Wisconsin residents who committed to attending in academic year 2009-10 had delayed or deferred admission after being accepted during the interview process for academic year 2008-09. The 92 Wisconsin residents who enrolled in the first-year class in the 2009-10 academic year represent 14.7 percent of Wisconsin resident applicants for the year. In contrast, 1.9 percent of non-resident applicants enrolled.

Section 39.15(1)(c), Wis. Stats., requires the Medical College to “make every effort to ensure that at least 5 percent of the total enrollment of the college consists of minority students,” but it does not define “minority student” for this purpose. We therefore referred to s. 39.44, Wis. Stats., which relates to grants to minority undergraduate students in institutions of higher education, and s. 39.40, Wis. Stats., which relates to the minority teacher loan program. Both define minority students as individuals who are African American; Hispanic; Native American; and former citizens of Laos, Vietnam, or Cambodia and their descendants.

The Medical College does not have information readily available concerning the number of students from or having ancestors from Laos, Vietnam, or Cambodia. However, as shown in Table 3, based on the number of students who identified themselves as African American, Hispanic, or Native American, minority enrollment at the Medical College has exceeded the statutory goal in each of the past five academic years.

Table 3

Minority Enrollment
(by academic year)

	2005-06	2006-07	2007-08	2008-09	2009-10
African American	23	30	33	37	37
Hispanic	26	31	31	37	39
Native American	15	16	13	12	8
Laotian, Vietnamese, or Cambodian ¹	–	–	–	–	–
Total Minority Students	64	77	77	86	84
Total Enrollment	811	805	795	820	817
Percentage of Total Enrollment	7.9%	9.6%	9.7%	10.5%	10.3%

¹ Information concerning this group of students was not readily available.

Medical College staff indicated that the increase in minority enrollment is the result of ongoing recruiting efforts by the Office of Student Affairs and Diversity. For example, the Medical College participates in programs that provide opportunities for high school and college students who are members of minority groups to participate in summer research and educational activities, such as Apprenticeship in Medicine, Research Opportunity for Academic Development in Science, and the Diversity Summer Health-Related Research Education Program.

Other State Funding

In addition to tuition aid, the Medical College received approximately \$6.5 million in GPR during the two-year period we reviewed “for the development and operations of programs to support the recruitment and training of medical students and residents in family and community medicine.” The Legislature appropriated \$3.4 million for this purpose in fiscal year (FY) 2008-09 and \$3.1 million in FY 2009-10. We selected expenditures of the Department of Family and Community Medicine for review and found they were consistent with that purpose.

As shown in Table 4, the Medical College also received funding for cancer research through income tax check-off programs. The income tax check-off program to fund breast cancer research was authorized by the Legislature in 2003. A similar program for prostate cancer research was authorized in 2005. As required by statute, the Department of Revenue compiles the amounts donated for these research programs and divides them equally between the University of Wisconsin-Madison and the Medical College of Wisconsin. We found that the Medical College appropriately used the donated funds only for breast cancer or prostate cancer research projects.

Table 4

Donated Research Funds from Income Tax Check-Off Programs

Fiscal Year	Breast Cancer	Prostate Cancer	Total
2005-06	\$159,585	–	\$159,585
2006-07	140,137	–	140,137
2007-08	114,472	\$40,267	154,739
2008-09	105,297	42,514	147,811
2009-10	105,998	45,160	151,158

General Obligation Debt

The State makes annual debt service payments related to \$35.0 million in general obligation debt it issued in the past to fund three major construction projects at the Medical College. During our review period, these payments included \$202,500 in principal and \$126,500 in interest on \$10.0 million in general obligation debt for funding construction of a health information technology center and a basic science center at the Medical College, and \$547,600 in principal and \$1.9 million in interest on \$25.0 million in general obligation debt for funding construction of a biomedical research and technology building.

As of June 30, 2010, \$1.2 million in general obligation debt was outstanding for the first two of these projects. Debt service payments on that amount will average \$167,800 annually through FY 2018-19 and then decline to \$12,100 in FY 2019-20, at which time the debt will be substantially retired. As of June 30, 2010, \$24.2 million of the general obligation debt was outstanding for the third project. Debt service payments will be approximately \$2.1 million annually until FY 2026-27, when this debt is scheduled to be retired.

For each of these debt issues, we verified that the debt service payments were consistent with the repayment schedules maintained by the State Controller's Office, which accounts for the State's financing program. We note that the Legislature authorized an additional \$10.0 million in general obligation debt in 2007 Wisconsin Act 20 for the biomedical research and technology building to further aid in construction and for installation of equipment, but the State has not yet issued additional debt under this authorization. We also note that in March 2010, the FY 2009-10 principal payments relating to this debt were refinanced as part of a larger debt restructuring effort the Department of Administration undertook to address the State's budget shortfall.

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