

Letter Report

Medical Education Contract
Medical College of Wisconsin, Inc.

August 2005



Legislative Audit Bureau

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STATE OF WISCONSIN

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Janice Mueller
State Auditor

August 5, 2005

Senator Carol A. Roessler and
Representative Suzanne Jeskewitz, Co-chairpersons
Joint Legislative Audit Committee
State Capitol
Madison, Wisconsin 53702

Dear Senator Roessler and Representative Jeskewitz:

As required by s. 39.15, Wis. Stats., we have completed a limited-scope review of the medical education contract between the State of Wisconsin and the Medical College of Wisconsin, Inc., for fiscal year (FY) 2001-02 through FY 2003-04. State funds paid to the Medical College for tuition aid totaled nearly \$10.2 million for this period. In addition, the Medical College received state funds of approximately \$10.1 million for the development and operation of its family practice residency program.

Overall, we found that the Medical College was in compliance with its contract with the State and with requirements set forth in ss. 39.15 and 39.155, Wis. Stats. During our review, we found the students receiving state tuition aid were certified by the Higher Educational Aids Board as Wisconsin residents and were eligible to receive this aid. In addition, we found that the Medical College expended state funds in a manner consistent with legislative intent, gave preference in admissions to Wisconsin residents, and promoted minority enrollment.

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

Sincerely,

Janice Mueller
State Auditor

JM/JG/bm

cc: Senator Robert Cowles
Senator Scott Fitzgerald
Senator Mark Miller
Senator Julie Lassa

Representative Samantha Kerkman
Representative Dean Kaufert
Representative David Travis
Representative David Cullen

Mr. Douglas Campbell, Senior Vice President
Medical College of Wisconsin, Inc.

Ms. Pam Fresch, Controller
Medical College of Wisconsin, Inc.

Ms. Connie Hutchison, Executive Secretary
Higher Educational Aids Board

MEDICAL EDUCATION CONTRACT

The Medical College of Wisconsin, Inc., was part of Marquette University until September 1967, at which time it became a separate private, nonprofit corporation. In 1969, in an attempt to increase the number of physicians in the State, the Legislature enacted a law providing state tuition aid to the Medical College through the Higher Educational Aids Board. For FY 2001-02 through FY 2003-04, state tuition aid totaled nearly \$10.2 million. Tuition aid is combined with other tuition receipts and used to fund salaries, fringe benefits, and nonpayroll costs related to medical education programs.

Sections 39.15 and 39.155, Wis. Stats., set forth the statutory requirements for the Medical College of Wisconsin, Inc., to receive state tuition aid. As required by s. 39.15, Wis. Stats., we conducted a review of the Medical College's expenditures. To review compliance with statutory requirements, we performed tests to determine whether only Wisconsin residents were claimed for tuition aid, whether the admission policies of the College were consistent with statutory guidelines, and whether minority student access was promoted by the College.

In addition to state tuition aid, from FY 2001-02 through FY 2003-04, the Medical College received approximately \$10.1 million in general purpose revenue for the development and operation of a family practice residency program through the Department of Family and Community Medicine. During our review, we examined expenditures for the family and community medicine program.

Compliance with Eligibility and Residency Requirements

Prior to FY 2003-04, the State provided a specified per capita aid payment for qualified Wisconsin residents up to a prescribed maximum number of students. In FY 2001-02 and FY 2002-03, the Medical College received \$10,091 for each Wisconsin resident enrolled as a full-time student in pursuit of a doctor of medicine degree, with a statutory maximum of 416 students. These statutory limitations were eliminated in FY 2003-04. Instead, the Medical College now determines the per capita amount considering all funds appropriated to the Medical College for tuition aid and all Wisconsin residents enrolled at the College who are paying full tuition. In FY 2003-04, nearly \$2.1 million was appropriated to the Medical College, and 407 Wisconsin residents were enrolled and paying full tuition, resulting in a per capita amount of \$5,056.

Section 39.155, Wis. Stats., requires that the Medical College receive tuition aid only for full-time students who are Wisconsin residents, and that tuition aid be requested for no more than four years. The Higher Educational Aids Board certifies the residency status of all students claimed by the Medical College.

We reviewed the residency status of a selection of Medical College students who received state tuition aid and evaluated the effectiveness of the system for monitoring tuition payments and the number of times students received the 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 paid only for eligible students.

State statutes also previously required that the Medical College's tuition rates be equivalent for Wisconsin residents and nonresidents before consideration of the tuition aid. Although this requirement was eliminated from statutes for FY 2003-04, we found that the tuition rates for

Wisconsin residents and nonresidents were equivalent in each year of our review. For example, for academic year 2003-04, the Medical College's tuition rate was \$31,150. Wisconsin residents were charged \$26,094, which was equivalent to the nonresident rate before the per capita tuition aid credit of \$5,056.

The Legislature has directed that, in return for accepting state aid, the Medical College must give Wisconsin residents first preference in admissions. Our review of student admission procedures found preference was given by targeting approximately one-half of the freshman class openings for Wisconsin residents. As shown in Table 1, this target was nearly met in academic year 2001-02 and was exceeded in academic years 2002-03 and 2003-04.

Table 1

Wisconsin Residency by Academic Year

	Total Freshmen Class	Freshmen Wisconsin Residents	Residents as Percentage of Freshmen	Total Enrollment	Total Wisconsin Residents	Residents as Percentage of Enrollment
2001-02	212	102	48.1%	811	403	49.7%
2002-03	213	108	50.7	805	410	50.9
2003-04	211	123	58.3	795	407	51.2

This target of approximately one-half is generally maintained when considering total enrollment as well. As also shown in Table 1, Wisconsin residents represented slightly less than one-half of total enrollment at the Medical College in academic year 2001-02 and slightly more than one-half in academic years 2002-03 and 2003-04. According to Medical College staff, recruitment efforts include visits to several University of Wisconsin and private Wisconsin college campuses, along with promotional mailings and other special activities for Wisconsin applicants.

Minority Enrollment

Section 39.15(1)(c), Wis. Stats., requires the Medical College to make every effort to ensure that at least 5 percent of total enrollment consists of minority students but does not define who is to be considered a minority student for this purpose. To assess whether the Medical College met the 5-percent minority enrollment goal, we used the definition included both in s. 39.44, Wis. Stats., which relates to state grants to minority undergraduate students in institutions of higher education, and s. 39.40, Wis. Stats, which relates to the minority teacher loan program. By this definition, minority students are African Americans; Hispanics; Native Americans; and some former citizens of Laos, Vietnam, or Cambodia and their descendants.

The Medical College does not have information readily available on the number of students from or having ancestors from Laos, Vietnam, or Cambodia. Therefore, for the purpose of our

analysis, we did not include students whose applications to the Medical College indicated Asian or Pacific Island heritage. As shown in Table 2, 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 5-percent goal in each year of our review period.

Table 2

**Minority Enrollment
by Academic Year**

	2001-02	2002-03	2003-04
African American	19	17	18
Hispanic	23	21	24
Native American	5	6	8
Laotian, Vietnamese, or Cambodian ¹	N/A	N/A	N/A
Total Minority Students	47	44	50
Total Enrollment	811	805	795
Percentage of Total Enrollment	5.8%	5.5%	6.3%

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

In order to enlarge the total pool of qualified minority applicants, as well as the Wisconsin minority applicant pool, the Medical College participates in programs at the high school and college levels. For example, programs such as the Apprenticeship in Medicine and the Minority Student Research Training Program provide opportunities for minority high school and college students to participate in summer research and educational activities at the College.

Family and Community Medicine Funds

As previously noted, the Medical College receives state funds for its family practice residency program. The State appropriated nearly \$3.4 million annually in general purpose revenue in FY 2001-02 through FY 2003-04, totaling approximately \$10.1 million over our three-year review period. State statutes indicate that these funds should be used “for the development and operations of programs to support the recruitment and training of medical students and residents in family and community medicine.” As part of our review, we reviewed a selection of program expenditures and found the costs to be consistent with program purposes.
