

Duke University Medical Center

DURHAM, NORTH CAROLINA
27710

PHYSICIAN'S ASSOCIATE PROGRAM
P. O. BOX CHS 2914

December 7, 1971

TELEPHONE 919-684-6134

Thomas D. Kinney, M.D.
Director, Medical Education
P.O. Box 3712
Duke University Medical Center

Dear Dr. Kinney:

Enclosed is a copy of some correspondence from Dr. Keller dated November 30 regarding the tuition loan program for our students. As this is a key element in the long-term financial success of this venture and an essential element of our recently submitted proposal to HEW, I thought you would be interested in having a copy for your files. It is certainly interesting to note the increased tuition costs as proposed by the University during the next decade.

I presume the next step with your concurrence is the creation of this fund. As these new tuition policies are to be into effect this fall, I am sure Dr. Keller will be in touch with you in the near future.

If I can be of further help to you as this project is implemented, please do not hesitate to call on me.

With best wishes, as always, I remain

Sincerely yours,



D. Robert Howard, M.D.
Director

DRH:jah

Enclosure

November 30, 1971

MEMORANDUM

To: Dr. Robert Howard ✓
Dr. Roger Bulger

From: Thomas F. Keller *Tom Keller*

Re: Tuition Loan Program for Physician's Associate Program

The assumptions underlying this proposal are:

- (1) each of the 40 students in each class will borrow 100% of his tuition, 1/2 in September and 1/2 in February of each year.
- (2) interest will be charged on the unpaid balance of the loan at the annual rate of 8%.
- (3) repayment will be made in monthly payments over a period of from 1 to 10 years beginning with the first payment in July following graduation.
- (4) there are no bad debts.
- (5) no cash is withdrawn from the fund until September 1977.
- (6) the class of 1973 will borrow only one year's tuition whereas all subsequent classes are assumed to have borrowed two years' tuition.
- (7) there are no charges for administering the program in these projections.
- (8) assumed annual tuition rates are:

1972-73	\$2,500
1973-74	2,700
1974-75	2,900
1975-76	3,100
1976-77	3,300
1977-78	3,500
1978-79	3,710
1979-80	3,930
1980-81	4,170
1981-82	4,420
1982-83	4,680

The required monthly payments using these assumptions are:

Class Year of Graduation	Years to Repay			
	1	5	8	10
1973	\$228.61	\$ 53.29	\$ 37.15	\$ 31.89
1974	494.49	115.26	80.36	68.97
1975	532.59	124.14	86.55	74.28
1976	570.69	133.02	92.74	79.60
1977	608.78	141.90	98.93	84.91
1978	646.88	150.78	105.13	90.22
1979	685.89	159.88	111.47	95.66
1980	726.81	169.41	118.11	101.37
1981	770.54	179.61	125.22	107.47
1982	817.17	190.48	132.80	113.98

Under these assumptions the plan will generate sufficient cash to support the program beginning in September 1977, assuming the program can be carried for the tuition which 80 students would pay, provided the average repayment period is no longer than 8 years. If all students should elect a repayment period of 10 years (the maximum period available), a cash deficiency would develop in 1980. A deposit of \$50,000 in the fund at the beginning of the program would be sufficient to substantially cover this deficit for the foreseeable future.

cc: Chancellor John O. Blackburn