



RELEASED

RESTRICTED — Not to be released outside the General Accounting Office except on the basis of specific approval by the Office of Congressional Relations,

B-164031(5)

7-30-74

COMPTROLLER GENERAL OF THE UNITED STATES  
WASHINGTON, D.C. 20546

092487

B-164031(5)

JUL 30 1974

The Honorable Marvin L. Esch  
House of Representatives



Dear Mr. Esch:

In accordance with your April 1, 1974, request and discussions with your office, we reviewed aspects of the Public Health and National Health Service Corps Scholarship Training Program as authorized by section 225 of Public Law 92-585. We discussed the results of our review with officials of the Commissioned Personnel Operations Division, U. S. Public Health Service (PHS), Department of Health, Education, and Welfare (HEW), and their comments have been considered in preparing this report. However, we have not submitted the report to them for review and written comments.

BACKGROUND

As stated in the law, the program's purpose is to obtain trained physicians, dentists, nurses, and other health specialists for the National Health Service Corps and other PHS units. The other units include the Indian Health Service, PHS hospitals and clinics, Coast Guard medical facilities, and Federal prison medical facilities.

The legislation authorizing the program was enacted on October 27, 1972, with an authorization of \$3 million for the fiscal year ended June 30, 1974. Funds were made available in December 1973 when the President signed the HEW Appropriations Act. The Secretary of HEW signed the implementing regulations for the program on May 17, 1974.

DELAY IN ISSUING REGULATIONS

At our request the Deputy Director of the Commissioned Personnel Operations Division provided us with a "timeframe" of the actions involved in issuing the regulations. This "timeframe" covered from November 20, 1973, the date the first "acceptable" draft of the regulations was completed, to April 16, 1974. The Deputy Director did not provide a detailed explanation of the delay before November 20, 1973, but he did say that determining the appropriate interest rate to charge students in case of default was a problem which contributed to the delay.

From November 29, 1973, until March 28, 1974, various offices within HEW were reviewing the regulations. On March 28, 1974, a "Notice of Proposed Rule Making" was printed in the Federal Register

~~90687-8~~

092487

allowing 15 days for public comments. From April 16 to May 17, 1974, final revisions were made on the basis of comments received from the public. Students selected to participate were notified on May 31, 1974, and at the same time a check for stipend payments for the period February 15, to May 31, 1974, was sent to these students. A copy of the May 31, 1974, letter is enclosed.

#### PROGRAM ACTIVITY BEFORE ISSUING REGULATIONS

On December 28, 1973, HEW introduced the scholarship program into 123 schools of medicine and osteopathy by a one-page notice. In part the notice stated that

- participating students would receive a monthly stipend, payment of fees and tuition, and employment upon completion of studies,
- students would be obligated for 1 year of service for each year of academic training with a minimum service obligation of 2 years,
- selected students could expect to continue participating in the program through their senior year of medical school, provided they maintain an acceptable level of academic standing,
- applications for participation in the then current academic year were being accepted immediately, and notifications of selection would be made by February 15, 1974.

Before March 1, 1974, 978 students applied for the program. About 800 applicants met established program criteria and were selected in an initial review. In April 1974 these applicants were mailed an information bulletin that described the program in detail and a service agreement which they were to sign if they still wanted to be considered for the program. Students selected were asked whether they (1) wished to be considered for immediate participation, (2) wished to be deferred from consideration until the 1974-75 school year, or (3) were no longer interested.

In response to the April mailing, HEW received

- 489 signed service agreements requesting immediate participation,
- 223 requests for consideration during the 1974-75 school year, and
- 43 letters indicating students were no longer interested.

A copy of the notice sent to the schools; the information package sent to the students in April 1974 which included the cover letter, information bulletin, and questionnaire; and the service agreement is enclosed.

AGREEMENTS BETWEEN HEW  
AND PARTICIPATING STUDENTS

According to an HEW official, students participating in the program during the 1973-74 academic year will receive \$3,400 in stipends and will be reimbursed for tuition for the academic period they are in when they enter the program. Stipends of \$750 a month will be paid for the period beginning February 15, 1974, and ending June 30, 1974. The rationale for beginning stipend payments on February 15, 1974, stems from the fact that students were told that they would be notified of acceptance into the program by that date.

In his letter to you on May 1, 1974, the Secretary of HEW stated that students would be paid approximately \$1,875 in stipends plus payment for their last semester's tuition. An HEW official explaining the discrepancy between the \$1,875 and \$3,400 figures stated that when the Secretary wrote to you HEW's General Counsel was considering the earliest date when it would be permissible to pay stipends under the act. On May 15, 1974, the General Counsel determined that payments could be made any time after the authorizing legislation was enacted. HEW selected February 15, 1974, as the effective date of the program for payment purposes. On May 31, 1974, initial stipends totaling \$2,650 were paid to students. Additional stipends totaling \$750 will be paid for the current academic year.

In return for financial support, the students are committed to a minimum of 2 years' service with the National Health Service Corps or other PHS units. As the Secretary explained in his letter, PHS believes that a period of employment of 2 years is essential to realize productive service from physicians or other health professionals. An HEW official told us that section 225(e) of Public Law 92-585 provides the legal basis for the Secretary to establish the length of obligatory service. HEW made the students aware of their commitment in all disseminated information and has incorporated the commitment into the service agreement.

REDUCTION IN NUMBER OF STUDENTS  
TO PARTICIPATE

An HEW official explained that on May 28, 1974, HEW decided to accept 400 students for participation in the 1973-74 academic year program from the 489 who had returned signed service agreements. Selection was based on the length of time a student had been in medical school; those having the longest time in school got the highest priority. The number was limited to insure adequate funding support. The 89 students who were not given assistance were all first-year students. According to this official these first-year students will be given high priority in next year's selection.

ADEQUACY OF FUNDING

HEW anticipates a continuing resolution to provide the necessary funds to operate the program until the fiscal year 1975 appropriation is passed. The administration is requesting an appropriation of \$22.5 million for the program for fiscal year 1975. An HEW official told us that, if granted the \$22.5 million, HEW would extend the program to other health professions students in addition to students in schools of medicine and osteopathy.

- - - -

We do not plan to distribute this report further unless you agree or publicly announce its contents.

Sincerely yours,



Comptroller General  
of the United States

Enclosures - 5



DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE  
Public Health Service  
Rockville, Maryland 20852

PUBLIC HEALTH SERVICE SCHOLARSHIP PROGRAM

INFORMATION BULLETIN NO. 1

**SUBJECT:** Facts about the Public Health Service Scholarship Program

This is the first of a series of Information Bulletins which will be issued periodically to provide a medium of communicating information to prospective applicants and faculty advisors, as well as students enrolled in the Scholarship Program or in training after graduation.

Following the announcement of the Scholarship Program in December 1973, numerous questions have been raised by interested students. Attached is a series of questions and answers concerning the various aspects of participation in the Program. As additional issues arise, they will be clarified in future Information Bulletins.

All inquiries should be addressed to:

Scholarships  
U. S. Public Health Service  
Parklawn Building, Room 4-35  
5600 Fishers Lane  
Rockville, Maryland 20852  
Telephone: A/C 301-443-3930 (no collect calls)

Enclosure

SECTION 1

PROFILE OF THE SCHOLARSHIP PROGRAM

WHO IS ELIGIBLE. To be eligible for acceptance and continued participation in the program, an applicant must be:

- Enrolled as a full-time student in an accredited school of medicine or osteopathy in the United States.
- A citizen of the United States
- Physically qualified
- Maintaining an acceptable level of academic standing.
- Agree to serve in the Public Health Service after training.

STUDENT BENEFITS. For each academic year of training (up to four years), scholarships shall consist of:

- Full tuition and required fees
- \$750 monthly stipend for nine months each school year to cover all other educational costs.

OBLIGATION TO SERVE. For each year of academic training (or fraction thereof) under the Scholarship Program, students must serve one year in Public Health Service - minimum obligation two years. Obligatory service will normally commence upon completion of one year of postgraduate training (internship). A limited number of professionals may be approved (deferred) by the Public Health Service for additional specialty training prior to the commencement of their obligatory service.

WHERE THEY SERVE. Health professionals trained under the Scholarship Program will be assigned to one of the following Public Health Service programs:

National Health Service Corps  
Indian Health Service  
PHS Hospitals and Clinics  
Coast Guard Medical Facilities  
Federal Prison Medical Facilities

HOW TO APPLY. Application packets have been furnished to all Schools of Medicine and Osteopathy. Interested students may also write direct to:

Scholarships  
U.S. Public Health Service  
Parklawn Building, Room 4-35  
5600 Fishers Lane  
Rockville, Maryland 20852

SECTION 2ENROLLMENT IN THE SCHOLARSHIP PROGRAM

1. Q. The announcement of the PHS Scholarship Program indicates that only students in medical and osteopathic schools may enroll. Why aren't students of dentistry and other health professionals included in the Program?
  - A. The law authorizing the Scholarship Program will permit the training of students in the various health professions. However, the ultimate purpose of this Program is to provide health professionals for service in health manpower shortage areas served by the Public Health Service, e.g. the National Health Service Corps and other programs engaged in health care and services. The predictable shortage of physicians in the Public Health Service in the mid-70's and beyond far exceeds that of any other health profession. As such, the limited funds presently available must be used for the training of physicians and osteopaths. As necessary, training in other health professions will be authorized in the future.
  
2. Q. Is a student attending school outside the United States eligible for enrollment in the Scholarship Program?
  - A. No. The law authorizing this Program limits eligibility to students attending school in the United States, or its territories or possessions.
  
3. Q. Is a foreign student attending school in the United States eligible for enrollment in the Scholarship Program?
  - A. No. Eligibility is limited to citizens of the United States.
  
4. Q. If a student does not wish to be enrolled in the Scholarship Program for the remainder of the current school year and incur an additional year of obligated service in the Public Health Service, can they be assured of acceptance for next school year?

ENCLOSURE I

- A. No. In the initial implementation of the Scholarship Program, our objective is the immediate enrollment of about 600 students. If this level is attained, the number of additional (new) enrollments next Fiscal Year commencing July 1, 1974 will be contingent upon the availability of additional funds which have been requested. If the Congress does not appropriate the additional funds, then the number of new enrollments for next school year will necessarily be limited to a very few accessions.
5. Q. If a student is notified of his or her enrollment in the Scholarship Program but refuses or fails to return a signed service agreement, can they be considered at a later time?
- A. Should this occur, enrollment is automatically cancelled. We will retain the application on file but it will not be reconsidered unless and until the student expresses their renewed interest in the Program by letter to SCHOLARSHIPS. Such applications will be considered along with all others on file at the time of the next selection for the Program. The fact that an applicant had been previously selected will not afford them priority consideration at a later time.
6. Q. If a medical student is currently enrolled in an Armed Forces Scholarship Program, may they transfer to the Public Health Service Scholarship Program?
- A. No. If a student received financial support from one of the military services either in undergraduate school (e.g. ROTC Scholarship) or in graduate school, they have an obligation to serve in the sponsoring service after completion of training and are not eligible for enrollment in the PHS Scholarship Program.
7. Q. If a student is a Vietnam veteran and is receiving benefits under the GI Bill, can they also concurrently receive benefits under the PHS Scholarship Program?
- A. Yes. The GI benefits were earned by prior service in the Armed Forces and they do not affect a student's eligibility for enrollment in the PHS Scholarship Program.

8. Q. If a student currently holds an appointment in the Inactive Reserve of a military service or in the National Guard, can they be enrolled in the PHS Scholarship Program.
- A. Holding an appointment in the Inactive Reserve or National Guard in a military service does not bar a student from participation in the PHS Scholarship Program; provided, that they have not received financial support during academic training for which they are obligated to serve in a military service after training. However, on completion of training, they may only serve their obligated service in one PHS program, i.e. the National Health Service Corps, and they are only eligible for employment in the Civil Service during the obligatory period. Under present law, persons enrolled in the Scholarship Program may only serve their obligatory service in other PHS programs if they are eligible for, and appointed in the Commissioned Corps of the Public Health Service. One of the requisite requirements for such appointment is termination (resignation) of existing military appointments.
9. Q. Can a student be enrolled in the Scholarship Program for their second and third years of medical school and then forego the benefits of the Program during the fourth year in order to avoid a third year of service obligation to the PHS?
- A. No. When a student is enrolled in the Scholarship Program, they are expected to remain in the Program to the completion of academic training. Students desiring to limit their service obligation to two years must apply for enrollment for their last two years of school.
10. Q. If a student is enrolled in the Scholarship Program after the commencement of their first or second year of medical school, do they incur a prorated service obligation for that school year?
- A. No, it is not prorated. A student enrolled in the Scholarship Program for two full school years or less incurs the minimum service obligation of two years (24 months). For each additional school year or fraction thereof, an additional 12 months of obligated service is incurred.

11. Q. Can a student accept a fellowship or similar arrangement for a year away from school thus postponing the completion of the medical school curriculum?

A. No. As a general rule, any time a student drops out of medical school, or fails to reenter school the following semester or quarter for any reason, they are liable for repayment of all the monies they have received under the PHS Scholarship Program including stipend payments plus tuition and fees.

There are some situations in which a student may be in training away from the medical school and continued in the Scholarship Program. In such cases, the medical school must clearly recognize the particular training as an integral part of the student's medical education and, that it will not delay the completion of academic requirements for graduation.

12. Q. Is a student eligible to enroll in the Scholarship Program if he or she has received monies under the Student Loan Program?

A. Yes. Eligibility for the Scholarship benefits is not affected by a prior or future loan of monies under the Student Loan Program. See also question 9 in Section 5 of this Bulletin.

SECTION 3

PAYMENT OF THE STIPEND AND TUITION

1. Q. Why is the stipend payable to the student for only nine monthly installments in each school year?
  - A. Since it was not possible to commence the Scholarship Program at the beginning of the current school year, we reduced the number of monthly installments and increased the monthly rate to maximize the total amount payable to each student for the remainder of this Fiscal Year ending June 30, 1974. As originally announced, the \$600 monthly stipend for nine months was in essence a \$5,400 stipend benefit for a full school year. Had this same amount been prorated in 12 monthly installments, the monthly rate which would have been payable for the remainder of this Fiscal Year would have been \$450.
  
2. Q. Why was the stipend increased from \$600 to \$750 per month for nine months?
  - A. At the time we announced this Program we believed, as did many students, that the Scholarship benefits would not be subject to Federal income taxation. Since the Internal Revenue Service has ruled that both the stipend as well as tuition payments to the school constitute gross taxable income to the student, the monthly stipend rate was increased to substantially compensate for the income tax liability. Legislation has been proposed to the Congress which would render Scholarship support under this Program as non-taxable. If enacted, the monthly stipend payment will be adjusted downward.
  
3. Q. Will the monthly stipend rate be subject to change after a student is enrolled in the Scholarship Program?
  - A. Under the law authorizing the PHS Scholarship Program, the Assistant Secretary for Health is responsible for setting the monthly stipend rate each Fiscal Year (July 1 to June 30). At this time we do not anticipate any change of the stipend rate for next Fiscal Year, except that the number of monthly stipend payments may be increased from 9 to 12. In that event,

ENCLOSURE I

the monthly rate would be decreased proportionately but the amount paid to the student for the whole year would not change. Likewise, if the Congress enacts remedial legislation changing the Scholarship benefits from taxable to non-taxable income, then the stipend rate will be restored to not less than the amount of \$5,400 as originally publicized. Students will be kept apprised of any change of stipend rates.

4. Q. When does the stipend payment commence?

A. The monthly stipend rate will accrue from the date each student is enrolled in the Scholarship Program, provided the student signs and returns the service agreement. Since the stipend is earned and paid on a monthly basis, the first payment will be prorated from the date of enrollment in the Program to the end of that month. Initial stipend payments should be received within 30-45 days after enrollment in the Program. Thereafter, monthly stipend checks will normally be mailed to each student on the last day of the month and should be received within a few days thereafter.

5. Q. Will Federal income tax be withheld from the monthly stipend?

A. Yes, based upon the number of personal exemptions the student declares at the time of enrollment in the Scholarship Program. Tax withholding forms provided to each student also provide them an opportunity to request an additional amount to be withheld, if necessary. Remember, the amount of tax withheld is merely a credit toward the student's total tax liability for the calendar year determined by their total taxable earnings from all sources including the stipend and tuition payments.

6. Q. Why are the benefits of the PHS Scholarship Program subject to Federal income tax, since scholarship and fellowship benefits are generally considered non-taxable income?

A. The Internal Revenue Service ruling generally stated that scholarship benefits are taxable if in fact they are provided for past, present, or future employment with the donor of the benefits.

ENCLOSURE I

7. Q. Will State income taxes be withheld from the monthly stipend?
- A. Yes, if the State in which the student is attending school has a personal income tax. As in the Federal tax withholding, each student will be provided a State tax withholding form to declare their personal exemptions, and the opportunity to request an additional amount to be withheld. Some students may be eligible for a refund from the State if its laws exempt this type of income from taxation, or if out-of-state students are not subject to taxation in the State in which they are attending school. Information on this subject should be available from the school or State tax authorities.
8. Q. Will a student receive from the PHS a report of tax withheld from stipend payments?
- A. Yes. After the end of each calendar year, a Form W-2 will be issued showing (1) the amount of taxable income the student received, i.e. both stipend payments and tuition payments, (2) the amount of Federal tax withheld from stipend payments, and (3) the amount of State tax withheld (if any) from stipend payments. Copies of the Form W-2 are provided to the student, the Internal Revenue Service, and State taxing authorities.
9. Q. Will Social Security tax be withheld from the monthly stipend? If so, how much?
- A. Yes. For the calendar year 1974, monthly Social Security deductions will be 5.85% of the monthly stipend payment. In the event the legislation relating to taxability of the stipend is passed, Social Security deductions would also be discontinued.
10. Q. The PHS Scholarship Program does not provide for a separate allowance for books and equipment. Why not?
- A. The stipend payment is an all inclusive amount to generally cover student living expenses as well as their expenses for books, equipment, and other materials. In this manner, the student is free to determine his or her actual requirements for books, equipment, etc. We have tried the more exacting method of providing reimbursement of actual and necessary expenses and it has been generally unproductive.

SECTION 4INTERNSHIP AND RESIDENCY TRAINING

1. Q. The recruitment flyer announcing the Scholarship Program stated that obligated service in the PHS will normally commence after one year of postgraduate training (internship). Does this mean that a physician trained under the Scholarship Program can only be deferred for one year of postgraduate training, if he or she is not approved and deferred for full residency training?
  - A. No. The postgraduate training requirements for physicians will change significantly in 1975. We realize that some physicians will thereafter require more than one year of basic medical training. As these changes occur, the required commencement of obligatory service in the PHS will be adjusted accordingly.
  
2. Q. Does a person receive any financial support from the PHS while pursuing internship training in a non-PHS hospital?
  - A. No. Scholarship benefits terminate on completion of the medical school curriculum.
  
3. Q. Can persons training under the Scholarship Program receive their internship training in a PHS hospital?
  - A. Yes, if they are matched with a PHS hospital in the National Intern Matching Plan.
  
4. Q. Can students be assured that they will be permitted to complete residency training in a specialty of their choice before entering on duty in the PHS to complete the obligated period of service?
  - A. No, not at the time of enrollment in the Scholarship Program. Prior to graduation from medical school, each student will be afforded an opportunity to apply for a residency deferment. The Scholarship Program is essentially intended to provide an additional source of health professionals for the critical needs of the PHS in the mid-1970's and

SECTION 5SERVICE IN THE PUBLIC HEALTH SERVICE DURING THE OBLIGATORY PERIOD

1. Q. Can a student enrolled in the Scholarship Program be assured that he or she will be utilized in the PHS program of their choice and no other?
  - A. No. Bear in mind that the prime purpose of the Scholarship Program is to obtain health professionals to meet the staffing needs of various Public Health Service programs. Realistically in February 1974 a second year medical student cannot be assured that in July 1977 he or she will be assigned to the particular program of their choice. However, every effort will be made to place physicians in the program of their choice, as is the current policy for professionals serving in the PHS. It is anticipated that virtually all scholarship students will be placed in either their first or second program choice. However, the Service must reserve the final decision to avoid staffing imbalances in its health programs. This is an unalterable condition in the PHS service agreement which must be acknowledged by each student enrolled in the Scholarship Program.
  
2. Q. When must physicians commence their obligatory service in the PHS?
  - A. They must enter on duty in the PHS immediately following completion of:
    - Medical school, to commence a PHS internship or equivalent training
    - Internship or equivalent training in a non-PHS hospital, if they are not approved (deferred) for residency training outside of the PHS
    - Approved residency training outside of the PHS
  
3. Q. If a physician receives internship or residency training in a PHS hospital, does that time count toward the completion of the service obligation?

ENCLOSURE I

- A. Yes, under the law which established the Scholarship Program, time spent in a PHS internship and residency program is creditable toward the completion of obligatory service.
4. Q. If physicians complete internship training in a PHS hospital, may they then be released to pursue residency training outside of the PHS?
- A. No. Once a physician commences obligatory service, it may not be interrupted.
5. Q. If a male physician serves two or more years in the PHS fulfilling their obligatory service under the Scholarship Program, does that same service count toward the fulfillment of their draft obligation?
- A. Yes, provided that the person concerned is eligible for, and serves on active duty in the PHS Commissioned Corps for 24 full months.
6. Q. If a husband and wife are both attending medical school and are enrolled in the Scholarship Program, can they be assured of employment in the PHS at the same location?
- A. We have a number of families in the PHS in which both the husband and wife are employed as health professionals, and they are employed in the same geographic location in accordance with Service policy. This policy will apply to professionals trained under the Scholarship Program so long as both the husband and wife complete medical school and postgraduate training at the same time. Service in any particular PHS program and geographic location will be contingent upon the need for both professionals.
7. Q. If a physician receives residency training in a PHS hospital, do they incur an additional service obligation in the PHS following such training?
- A. The answer is generally no. Under current training policy, a physician in residency training incurs no obligation to serve after training so long as (1) all of the training is received in a PHS hospital, or (2) in an affiliated program, no more than one year of

the training is received in a non-PHS hospital. An obligation is only incurred for that part of extra-mural training which exceeds one year, and is twice that period. In this event, the residency training obligation is served after the physician completes his or her service obligation under the Scholarship Program.

8. Q. When a physician enters the Public Health Service, how will they be employed?
- A. That depends on the PHS program in which they serve. If a physician is assigned to the National Health Service Corps, the present law will permit their employment in the Civil Service or the Commissioned Corps of the PHS. Whereas, if a physician is assigned to other PHS programs, they must be eligible for, and accept appointment in the PHS Commissioned Corps. The latter requirement also applies to internship or residency training in a PHS hospital.
9. Q. If a student has received financial support under the Student Loan Program, is it possible to complete the service obligation under that program in the PHS concurrent with the fulfillment of the service obligation under the Scholarship Program?
- A. No. They are separate obligations and must be served consecutively, i.e. unless the physician chooses to repay the entire amount of the student loan at the completion of the Scholarship service obligation.
10. Q. Can physicians join Project Hope and receive credit toward their service obligation to the PHS?
- A. No. While Project Hope is a most worthy cause, physicians trained under the PHS Scholarship Program must be utilized in the providing of health care and services to PHS beneficiaries.



## DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

Public Health Service

Rockville, Maryland 20852

May 31, 1974

## OFFICIAL NOTICE OF ENROLLMENT IN THE PHS SCHOLARSHIP PROGRAM

I am pleased to inform you that the regulations implementing the PHS Scholarship Program have been approved by the Secretary, Department of Health, Education and Welfare. This letter constitutes your official notice of enrollment in the Program effective from February 15, 1974.

Enclosed is your first stipend check covering the period February 15 - May 31, 1974. Your gross stipend earnings during this period totaled \$2,650 from which deductions were made for Social Security plus withholding for Federal income tax and (if applicable) State income tax.

Upon receipt of the stipend checks from the payroll office, it was quite apparent that the tax withholding formula has caused an excessive amount to be deducted from this payment for Federal and State income tax. Therefore, we have asked the payroll office to consider an adjustment of your next check(s). In any event, please bear in mind that the amounts withheld from your stipend payments are only a credit toward your annual Federal and State income tax bills. Thus, if the amount withheld exceeds your net tax liability for 1974, you will receive a refund from the Internal Revenue Service and/or the State taxing authority.

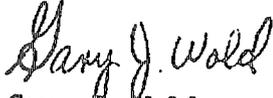
Enclosed is a memorandum and an "Order Pursuant to Basic Training Contract" which are to be turned over to the school in order that they may bill us for tuition and fees for your current semester or quarter. In the memorandum, we have asked the school to reimburse you upon receipt of our payment for the amount you have previously paid for the same period.

Please accept our congratulations on the award of this scholarship. We will be in contact with you regarding future developments in the

- over -

Scholarship Program as they occur. In conclusion, we sincerely regret the inordinate delay in the actual commencement of this Program. The inconvenience and difficulty which this has caused is fully appreciated.

Sincerely yours,



Gary J. Wold  
Chief  
PHS Scholarship Program

Address all future correspondence to:

SCHOLARSHIPS  
U. S. Public Health Service  
Parklawn Building, Room 4-35  
Rockville, Maryland 20852



DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE  
Public Health Service  
Rockville, Maryland 20852

TO MEDICAL AND OSTEOPATHIC STUDENTS THAT HAVE BEEN TENTATIVELY SELECTED  
FOR ENROLLMENT IN THE PUBLIC HEALTH SERVICE SCHOLARSHIP PROGRAM

Shortly after the Congress passed, and the President signed, the HEW Appropriations Act for the fiscal year ending June 30, 1974, all of the monies (\$3 million) which were included in the budget for the initial funding of the PHS Scholarship Program were made available to us for expenditure. At that time we had two alternatives, (1) scrub the Program until next fiscal year, or (2) implement the Program as soon as possible for the remainder of the current school year. We chose the latter course in the hope that at least 600 students could benefit by the earlier implementation.

In the announcement of the Scholarship Program, which was mailed to all Schools of Medicine and Osteopathy on December 28, our target date for initial selections was February 15. Unfortunately, we have been unable to adhere to this deadline due to unforeseen delay in the processing of the implementing regulations. As required by law, the Department Regulations governing the Scholarship Program have now been published in the Federal Register and should become effective about April 15. At that time, we will issue the formal notice of enrollment in the Scholarship Program to those students that have been selected as primary candidates.

Payment of the monthly stipend may not accrue to selected students until the effective date of the Scholarship Regulations, and such payments may not be made until we have received a signed Service Agreement from each selected student. Therefore, we are enclosing a copy of the Service Agreement together with Federal and State tax withholding forms which should be completed and returned without delay if you desire to be considered for enrollment in the Scholarship Program. Do not alter in any way the text of the Service Agreement. Additions, deletions, or changes are not acceptable and will void the Agreement. We are also enclosing a copy of an Information Bulletin which discusses in some detail the conditions of enrollment in the Program. Please review this Bulletin carefully.

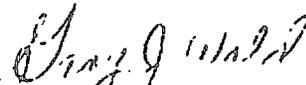
(OVER)

BEST DOCUMENT AVAILABLE

ENCLOSURE III

In the event that you do not wish to be enrolled in the Scholarship Program or you wish to be considered for next school year, please notify us of that fact without delay in order that some other interested student may be selected. Please complete the attached form memorandum indicating your decision.

Sincerely,



Gary D. Wold  
Chief  
PHS Scholarship Program

BEST DOCUMENT AVAILABLE



DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE  
Public Health Service  
Rockville, Maryland 20852

MEMORANDUM TO: SCHOLARSHIPS  
U. S. Public Health Service  
Parklawn Building, Room 4-35  
Rockville, Maryland 20852

FROM : \_\_\_\_\_  
(Please print full name)

I wish to be considered for enrollment in the Scholarship Program during the current academic year. The Service Agreement and the State and Federal tax forms which were sent to me for signature and completion are enclosed.

Please send my monthly stipend payments under the Scholarship Program to:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
(City) (State) (Zip)

The above address is the same as \_\_\_\_\_, is different from \_\_\_\_\_, my normal mailing address.

I do not wish to be considered for the Scholarship Program until selections are made for the 1974-75 academic year.

I am no longer interested in the Scholarship Program. Please withdraw my application.

\_\_\_\_\_  
(Signature of Student) (Date)

BEST DOCUMENT AVAILABLE

(PLEASE INDICATE YOUR DECISION BY CHECKING THE APPROPRIATE BOX)



DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE  
OFFICE OF THE SECRETARY  
ROCKVILLE, MARYLAND 20052

COMMISSIONED PERSONNEL  
OPERATIONS DIVISION

Dear Dean:

Late in 1972, the Congress enacted legislation authorizing a scholarship training program to provide the Public Health Service with its critical health manpower needs. Unfortunately, the implementation of this program was not possible until the HEW Appropriations Act was passed by the Congress and signed by the President last week.

The Public Health Service Scholarship Program will provide financial assistance for up to four years of Medical School which includes (1) tuition and fees paid to the school, and (2) a stipend paid to the student to cover cost of living, books, supplies and equipment in the amount of \$600.00 per month for not more than nine months during each school year. To be eligible for enrollment in the Scholarship Program, a student must agree to serve in the Public Health Service after completion of professional training for one year for each school year of academic training, with a minimum obligation of two years. For example, third and fourth year students enrolled in the Program at this time would be obligated to serve in the Public Health Service for two years.

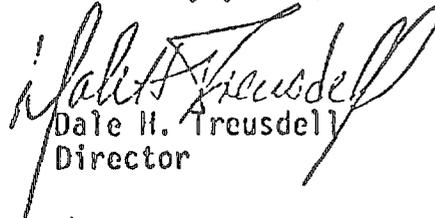
Within the limits of the current appropriation of \$3 million for the fiscal year ending June 30, 1974, we may enroll approximately 700 medical students in the scholarship program commencing in January 1974. While all students currently attending medical school are eligible to apply, priority consideration will be given to third and fourth year students in the initial implementation of the scholarship program. All other applications will be retained for consideration when we make additional selections into the scholarship program in May 1974 for the 1974-75 school year.

We would appreciate your assistance in the dissemination of information about this program to your presently enrolled medical students. Attached are copies of a flier describing the program which may be posted at the school for the perusal of interested students. There

ENCLOSURE IV

is also enclosed an initial supply of 25 application packets. Since priority consideration will be given to third and fourth year students at the commencement of the program, the initial supply of applications should be made available to those students. If an additional supply is needed, they will be provided to your office, or to individual students, upon request addressed to Scholarships, Public Health Service, Room 4-35, Parklawn Building, Rockville, Maryland 20852.

Sincerely yours,

  
Dale H. Treusdell  
Director

BEST DOCUMENT AVAILABLE



# Public Health Service

## HEALTH PROFESSIONAL

# SCHOLARSHIPS . . .

*for Students of Medicine*

Rewarding EDUCATIONAL OPPORTUNITIES will be offered to students of medicine and osteopathy under a new SCHOLARSHIP program.

### SCHOLARSHIP . . .

For each academic year of training, a scholarship will consist of:

- A stipend of \$600.00 per month—not to exceed nine payments per year—payable to the student. To cover cost of living, books, supplies, and equipment.
- Payment of tuition and fees by the Public Health Service directly to the school.
- Employment upon completion of studies.

(NOTE: Expenses incurred prior to acceptance into the program cannot be paid.)

Students who are awarded scholarships can expect to be continued through their senior year, provided they maintain an acceptable level of academic standing.

### "HOW" . . . IT WORKS

To be eligible for acceptance and continued participation in the program, an applicant must be:

- Enrolled as a full-time student in an accredited U.S. school of medicine or osteopathy
- A citizen of the United States
- Physically qualified
- Maintaining an acceptable level of academic standing.

### WHERE . . . YOU SERVE

Depending upon needs for health manpower, you may serve in a variety of work environments and geographic locales including.

NATIONAL HEALTH SERVICE CORPS providing health care to medically under-served communities.

PUBLIC HEALTH SERVICE hospitals and outpatient clinics in coastal cities.

INDIAN HEALTH SERVICE hospitals, clinics, and field stations in the western United States and Alaska.

U.S. COAST GUARD medical facilities.

FEDERAL PRISON medical facilities.

Assignments will be made in accordance with Service priorities.

### OBLIGATION . . .

Under the Scholarship program, students will be obligated for one year of service for each year of academic training (with a minimum obligation of two years).

Obligatory service will normally commence upon completion of one year of post graduate training (internship). A limited number of professionals may be approved by the Public Health Service for additional specialty training outside the Service and have their obligatory service deferred until completion of training.

### APPLICATION

Students interested in entering the program for the remainder of the 1973-74 school year should immediately obtain application forms from the Dean of the medical school. If applications are not available at your school you may request them from:

Scholarships  
U.S. Public Health Service  
Parklawn Building, Room 4-35  
5600 Fishers Lane  
Rockville, Maryland 20852

Applications for Scholarship support for the remainder of this school year (1973-74) will be accepted immediately, with notification of selection by February 15, 1974.

Qualified applicants in excess of the available number of Scholarships for this school year will be retained for consideration for the 1974-75 school year. Students not desiring consideration for the current school year, but who wish to be considered for the 1974-75 school year, must apply by March 1, 1974.

Public Health Service

U.S. Department of Health, Education, and Welfare

The U.S. Public Health Service does not discriminate in employment because of an applicant's race, color, or national origin.

BEST DOCUMENT AVAILABLE

PUBLIC HEALTH SERVICE SCHOLARSHIP PROGRAM  
SERVICE AGREEMENT FOR STUDENTS OF  
MEDICINE AND OSTEOPATHY

---

Name (Print)

I acknowledge, understand and agree that if I am selected for, and enrolled in, and accept the financial benefits of the Public Health Service Scholarship Program I will abide by the following:

1. That I will continue academic training without interruption, except for normal vacation periods, as a full-time student leading to a degree of Doctor of Medicine or Doctor of Osteopathy in an accredited educational institution in the United States.
2. That for each school year, or fraction thereof, that I am enrolled in the Scholarship Program, the Public Health Service will pay to the educational institution which I am attending the prescribed costs for tuition and other mandatory enrollment fees which are normally charged by the school for all students pursuing the same academic curriculum; provided, that such educational costs may not be paid for more than four years, and that I will be liable for any educational expense which I may incur which is not allowable by the Public Health Service under the law and implementing Regulations governing the PHS Scholarship Program.
3. That for each school year or fraction thereof that I am enrolled in the Scholarship Program, the Public Health Service will pay to me a monthly stipend to cover other educational costs, including books, equipment, living expenses, etc., in an amount and for the number of months determined annually by the Secretary of Health, Education, and Welfare or his designee.
4. That if, at anytime and for any reason, I am no longer in compliance with paragraph 1, I will no longer be entitled to receive any of the benefits described in paragraphs 2 and 3, and, I may become liable for the repayment of all monies paid to me and to an educational institution on my behalf.

BEST DOCUMENT AVAILABLE