

February 15, 2013

The Honorable Ward Cassidy, Chairperson
House Committee on Education Budget
Statehouse, Room 151-S
Topeka, Kansas 66612

Dear Representative Cassidy:

SUBJECT: Fiscal Note for HB 2236 by House Committee on Vision 2020

In accordance with KSA 75-3715a, the following fiscal note concerning HB 2236 is respectfully submitted to your committee.

HB 2236 would be cited as the Pharmacy Student Loan Act. The loan program would be for the students at the University of Kansas School of Pharmacy enrolled in a course of instruction leading to a degree of Doctor of Pharmacy. The annual loan would pay for tuition and a stipend for living expenses in an amount up to \$2,000 per month. Loans may also be awarded retroactively. To satisfy the obligation the student would be required to practice in a “service commitment area” for one year for each annual loan received. If an individual chooses not to serve, the loan or loans may also be repaid at an annual interest rate of 15.0 percent. The bill provides details of the agreement and exceptions to the standard ways to satisfy the loan.

Estimated State Fiscal Effect				
	FY 2013 SGF	FY 2013 All Funds	FY 2014 SGF	FY 2014 All Funds
Revenue	--	--	--	--
Expenditure	--	--	\$229,375	\$229,375
FTE Pos.	--	--	--	--

The University of Kansas states that each student participating would receive a loan in the amount of tuition (\$21,875 per year for resident student) and a stipend for living expenses of up to \$24,000 per year for a total of \$45,875 per student. The University estimates that five students from each class would participate in this program at a cost of \$229,375; however, there is no cap on the number of students in the program. By FY 2017, the annual cost, based on five students per class, would approach almost \$1.0 million.

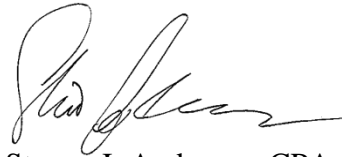
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Revenues to the program would come from the State General Fund and from students who choose not to serve and who must repay their loans. As with other service grants there are always a few who will choose to serve in non-service commitment areas and will have to repay the loan. However, the number of these individuals is unknown. Any fiscal effect associated with HB 2236 is not reflected in *The FY 2014 Governor's Budget Report*.

Sincerely,

A handwritten signature in black ink, appearing to read "Steven J. Anderson", with a long horizontal flourish extending to the right.

Steven J. Anderson, CPA, MBA
Director of the Budget

cc: Kelly Oliver, Board of Regents