



March 12, 2025

The Honorable Steven K. Howe, Chairperson
House Committee on Higher Education Budget
300 SW 10th Avenue, Room 281-N
Topeka, Kansas 66612

Dear Representative Howe:

SUBJECT: Fiscal Note for HB 2374 by House Committee on Appropriations

In accordance with KSA 75-3715a, the following fiscal note concerning HB 2374 is respectfully submitted to your committee.

HB 2374 would establish the Specialty Practice Student Loan Program (SPSLP). Subject to appropriations, the University of Kansas School of Medicine may enter into medical student loan agreements with undergraduate students who intend to pursue practice in an approved specialty and commit to satisfy obligations to engage in practicing medicine and surgery full-time in a service commitment area. The Chancellor of the University of Kansas would have authority to administer the SPSLP, including discretion to determine workforce needs and allocate which specialties would be eligible for the non-primary care allotment of agreements.

The Chancellor could determine new specialties to add to approved specialties, if the specialties are underserved in Kansas and evaluate or update which locations are compliant as service commitment areas based on population, comorbidity, community needs, and other relevant data. The University of Kansas School of Medicine would be required annually to submit a report to various legislative committees related to any changes made to specialties or compliant service commitment areas. In any fiscal year, any unawarded specialty agreements may be used for primary care agreements and any unawarded primary care agreements could not be used for specialty agreements.

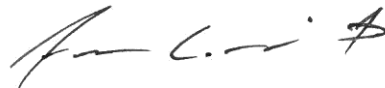
HB 2374 would establish the Specialty Medical Loan Repayment Fund, which could only be used for medical student loans for students in an approved specialty program. The Chancellor would be allowed to transfer funds from the Medical Loan Repayment Fund to the Specialty Medical Loan Repayment Fund for medical student loans for students in an approved specialty

program under the Medical Student Loan Act. The bill would require that, on July 1, 2025, the Director of Accounts and Reports to transfer all funds in the Psychiatry Medical Loan Repayment Fund and the OBGYN Medical Loan Repayment Fund to the Specialty Medical Loan Repayment Fund. The bill would abolish the Psychiatry Medical Loan Repayment Fund and the OBGYN Medical Loan Repayment Fund.

The University of Kansas Medical Center states that any funds allocated for psychiatry and OBGYN must be used for those medical programs; however, if the bill is enacted, the Center indicates funding allocated for specialty medicine could be used for gynecology, general psychiatry, and any other approved specialty practice and any unawarded specialty funding could be used for primary care. The Center indicates the institution would still receive the same amount of funding, but the bill would expand the type of medical practice the funding could be used for. According to the Center, enactment of the bill would not change the annual interest rate percentage collected for students who fail to meet service requirements. Also, the Center indicates the bill does not mention the currently utilized bridging loans, so the Center estimates that these bridging loans would remain unchanged.

The Board of Regents indicates enactment of the bill would not have a fiscal effect on agency operations. Any fiscal effect associated with HB 2374 is not reflected in *The FY 2026 Governor's Budget Report*.

Sincerely,

A handwritten signature in black ink, appearing to read "Adam C. Proffitt", followed by a stylized flourish or symbol.

Adam C. Proffitt
Director of the Budget

cc: Jeff Dewitt, University of Kansas
Becky Pottebaum, Board of Regents