

**Department of Planning and Budget**  
**2026 General Assembly Session**  
**State Fiscal Impact Statement**

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**ORIGINAL**

**Bill Number:** HB663

**Patron:** Willett

**Bill Title:** Public institutions of higher education; financial assistance; Medical Education Loan-for-Service Fund and Program established; report.

**Bill Summary:** Establishes the Medical Education Loan-for-Service Fund and Program (the Program) for the purpose of providing loans to any person enrolled in or admitted to an eligible institution, as defined in the bill, that shall be forgiven in whole or in part upon satisfactory completion of a service agreement entered into by a recipient to engage in clinical practice in a designated service area, as defined in the bill, for the requisite period and in accordance with the requirements set forth by the bill. The bill directs the State Council of Higher Education for Virginia (the Council) and the Virginia Health Workforce Development Authority (the Authority) to administer the Program and to enter into a memorandum of understanding establishing policies and procedures for the administration of the Program. The bill also (i) establishes requirements for the administration of the Program, including (a) requirements for eligibility to apply to and receive a loan under the Program and the prioritization of Program applications and (b) terms and conditions governing the receipt, forgiveness, and repayment of loans under the Program; (ii) directs the Council and the Authority to promulgate regulations for the administration of the Program relating to monitoring and enforcing compliance of recipients with Program requirements and terms and conditions; (iii) authorizes the Council to take certain actions relating to the enforcement of Program requirements and the collection of loans in certain circumstances; and (iv) directs the program administrator to annually collect data on the activities of the Program for the preceding fiscal year and submit to the Governor and the Chairs of the House Committees on Education, Health and Human Services, and Appropriations and the Senate Committees on Education and Health and Finance and Appropriations a report on such data by October 1 of each year. Finally, the bill directs the Council to promulgate such regulations as are necessary for (a) the program administrator to begin collecting applications for the Program by January 1, 2027, and (b) the disbursement of loans under the Program no later than July 1, 2027.

**Budget Amendment Necessary:** Yes

**Items Impacted:** 131, HB/SB 30

**Explanation:** A budget amendment would be necessary to support expenditures from the Medical Education Loan-for-Service Fund and Program.

**Fiscal Summary:** State costs for the Medical Education Loan-for-Service (MELS) Fund and Program cannot be determined, as any cost is dependent on the amount of funding appropriated by the General Assembly to support the program. A budget amendment in Item 131 of HB/SB 30 would be required to direct any appropriation to the MELS Fund and Program.

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If the MELS Program is established and funded pursuant to this bill, the State Council of Higher Education for Virginia (SCHEV) and the Virginia Health Workforce Development Authority (VHWDA) are required to perform various additional duties in order to administer the program. SCHEV does not anticipate a fiscal impact at this time. Any impact to VHWDA to support requirements of the bill is indeterminate.

It's anticipated that eligible institutions can support any required administrative activities with existing resources.

**Other:** None.