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FISCAL IMPACT REPORT

SPONSOR <u>Ferrary/Chávez, E./Jones/Lopez/Cates</u>	LAST UPDATED _____
	ORIGINAL DATE <u>2/18/2025</u>
SHORT TITLE <u>Graduate Behavioral Health Scholarship Act</u>	BILL NUMBER <u>House Bill 375</u>
	ANALYST <u>Jorgensen</u>

APPROPRIATION* (dollars in thousands)

FY25	FY26	Recurring or Nonrecurring	Fund Affected
	\$10,000.0	Nonrecurring	General Fund

Parentheses () indicate expenditure decreases.
 *Amounts reflect most recent analysis of this legislation.

Relates to House Bill 347 and House Bill 397

Sources of Information

LFC Files

Agency Analysis Received From
 Higher Education Department (HED)
 New Mexico State University (NMSU)
 University of New Mexico (UNM)

SUMMARY

Synopsis of House Bill 375

House Bill 375 (HB375) creates a new scholarship to pay tuition and fees for full-time graduate students studying to become behavioral health professionals in the fields of counseling, psychiatric nursing, nurse practitioner or physician assistant in addiction medicine, psychology, and social work. HB375 creates the graduate behavioral health scholarship fund and appropriates \$10 million to create and administer the program. Scholarship recipients must commit to practice in the state of New Mexico for the same number of years that the recipient student received the scholarship and provides for a penalty of up to 3 times the value of the scholarship for those who default on the contract obligation to practice in New Mexico. HB375 provides the Higher Education Department (HED) up to \$150 thousand per year to administer the scholarship program.

This bill does not contain an effective date and, as a result, would go into effect 90 days after the Legislature adjourns if enacted, or June 20, 2025.

FISCAL IMPLICATIONS

The appropriation of \$10 million contained in this bill is a nonrecurring expense to the general fund. Although this bill does not specify future appropriations, multiyear appropriations create an expectation the program will continue in future fiscal years; therefore, this cost could become recurring after the funding period. The bill also allows HED to expend up to \$150 thousand per year to administer the program and the agency did not note any additional fiscal impact to the operating budget.

SIGNIFICANT ISSUES

HED reports:

It remains unclear whether HED will select eligible graduate students or if the eligible institutions will provide HED with student information, thus ensuring such students have signed and agreed to the stipulations of the scholarship prior to receiving the award. HED would promulgate rules regarding the administration and tracking of each student to ensure tracking and contractual obligations are fulfilled.

HB347 neither requires a recipient student to be a New Mexico resident nor does it set a maximum tuition rate equal to in-state tuition. There is a significant difference in resident and nonresident tuition rates as shown in the table below:

Graduate Tuition Rates, 2024-2025
9 Credit Hours

Institution and Program	Resident	Non-Resident
UNM-Psych. Nurse Practitioner	\$5,626.62	\$12,553.92
NMSU-Social Worker	\$2,590.20	\$9,011.70
NMHU-Social Worker	\$2,889.00	\$4,680.00
WNMU-Social Worker	\$3,082.50	\$5,468.31
ENMU- Social Worker	\$2,853.00	\$3,739.50

Source: LFC Files

Currently, New Mexico offers loan repayment for mental health providers through the Health Professional Loan Repayment Act. Mental health providers include licensed professional clinical counselors, licensed marriage and family therapists, licensed clinical social workers, clinical psychologists, psychiatric nurse practitioners, and psychiatrists. Additionally, the act allows HED to designate other medical professionals as eligible to receive loan repayment. In FY24, HED provided nearly \$15 million in loan repayments to 701 health professionals, including 153 mental health providers with an average annual award amount of \$25 thousand.

The University of New Mexico (UNM) notes the following ambiguity as it relates to the bills requirement that recipients “practice in New Mexico for as many years as the eligible student receives a scholarship”:

1. The bill does not define what is meant by “practice in the state.” Does this mean full-time clinical practice? (Is part-time clinical practice allowed, and if so how will this change the practice requirement contract?)
2. Can the practice requirements be fulfilled concurrently with the period of graduate training? Most grad trainees in the specified fields are engaged in practice

- experiences that serve the state during the same period that they are completing their graduate programs. Will this count toward the practice requirement?
3. Must the practice requirements be fulfilled immediately after graduation? PhD students who graduate in Psychology, for example, must complete a residency and postdoc training elsewhere before they could realistically return to NM to complete their practice requirement?
 4. Must the practice requirement be fulfilled in consecutive years? If not, should the requirement be framed as a certain time period (e.g. requirement must be fulfilled within 5 or 10 years)?

New Mexico State University offers several mental health programs not covered by HB375: Marriage and Family Therapy graduate program, school psychology, and clinical psychopharmacology.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

HB375 is similar to House Bill 347, which appropriates \$10 million from the general fund to HED for the purpose of providing scholarships, paid practicums, and other student financial aid for students in bachelor's and master's degree programs in behavioral health fields.

HB375 is similar to House Bill 397, which appropriates \$2 million from the general fund to HED to provide monetary stipends to undergraduate and graduate behavioral health students completing training, supervision or experiential requirements necessary to obtain professional licensure.

ALTERNATIVES

HED notes that “alternatives to this legislation could include providing the Allied Health Loan-for-Service Programs (LFS) administered by NMHED (21-22C NMSA 1978) an appropriation for the purpose of graduate behavioral health scholarships.”

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