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FISCAL IMPACT REPORT

LAST UPDATED _____

SPONSOR Ferrary/Torres-Velasquez/Abeyta/Lujan **ORIGINAL DATE** 2/18/2025

BILL

SHORT TITLE Behavioral Health Student Stipends **NUMBER** House Bill 397

ANALYST Jorgenson

APPROPRIATION*
(dollars in thousands)

FY25	FY26	Recurring or Nonrecurring	Fund Affected
	\$2,000.0	Recurring	General Fund

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

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT*
(dollars in thousands)

Agency/Program	FY25	FY26	FY27	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
HED	No fiscal impact	Indeterminate but minimal	Indeterminate but minimal	Indeterminate but minimal	Recurring	General Fund

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

Relates to House Bill 375 and House Bill 347

Sources of Information

LFC Files

Agency Analysis Received From
Higher Education Department (HED)
Workforce Solutions Department (WSD)

SUMMARY

Synopsis of House Bill 397

House Bill 397 (HB397) appropriates \$2 million from the general fund to the Higher Education Department (HED) to provide monetary stipends to undergraduate and graduate behavioral health students completing training, supervision, or experiential requirements necessary to obtain professional licensure.

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 \$2 million contained in this bill is a recurring expense to the general fund. Any unexpended or unencumbered balance remaining at the end of FY26 shall revert to the general fund.

HB397 requires HED to administer the new program but does not include additional funding to support these functions. As a result, the department would need to absorb the costs in the current operating budget. HED has not yet determined the full costs of implementation of HB 397. Therefore, the estimated additional operating budget impact is indeterminate but minimal.

SIGNIFICANT ISSUES

HED notes that “HB397 does not specify whether this bill applies to degree granting programs, certificate programs, or both. HB397 does not specify how funds would be equitably distributed to institutions.”

The opportunity and lottery scholarships provide financial assistance to undergraduate students. These students may receive federal Pell grant awards on top of the state awards to be used for cost-of-living expenses.

Mental health providers are eligible to participate in the health professional loan repayment program, which provides loan repayment up to \$25 thousand per year for three years. The program is currently funded at \$15 million per year. In FY24, 701 awards were made including 153 for mental health professionals.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

HB397 is similar to House Bill 375, which creates a scholarship program for behavioral health graduate programs and appropriates \$10 million for the purpose.

HB397 is similar to House Bill 347, which provides paid scholarships, paid practicums, and other student financial aid for students in bachelor’s and master’s degree behavioral health programs and appropriates \$10 million for the purpose.

CJ/hj/SR