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## BUDGET UNIT BRIEF – FY 2027

Fiscal Services Division

July 1, 2026



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Ground Floor, State Capitol Building

Des Moines, Iowa 50319

515.281.3566

# Mental Health Professional Loan Repayment Program

## Purpose and History

The Mental Health Professional Loan Repayment Program provides loan repayment benefits for practitioners who provide mental health services to high-need communities. The loan repayment is available for up to five consecutive years of full-time service and can be adjusted for part-time service. A high-need community is an Iowa city within a federal mental health shortage area as designated by the United States Department of Health and Human Services.

The Mental Health Professional Loan Repayment Program was transferred to the Department of Education during the 2023 Legislative Session in chapter [19](#) (State Government Alignment Act).

## Eligibility Criteria

In order to be eligible for loan repayment, an applicant must meet the following criteria:

- Graduate from an eligible Iowa college or university with at least a master's degree in a mental health field. Eligible fields are psychology, counseling, social work, marriage and family therapy, or mental health counseling.
- Complete at least two years of post-degree clinical experience in assessing and diagnosing mental health needs and providing mental health counseling services to individuals or groups while under the supervision of another individual in the mental health field.
- Hold a current, nonprescribing practitioner license issued by the Iowa Department of Health and Human Services.
- Agree to spend at least 70% of their time as a mental health professional serving clients who reside in the federal mental health shortage areas.

## Award Amount

The maximum award for this program is \$40,000, which is paid in annual installments of \$8,000 toward outstanding Federal Stafford Loan, Federal Grad PLUS Loan, and Federal Perkins Loan balances. A recipient who refinances an eligible federal loan to a private education loan after signing a contract may continue to receive loan repayment benefits as long as the recipient contacts Iowa College Aid and provides required documentation.

## Funding

The Mental Health Practitioner Loan Repayment Program is funded through a General Fund appropriation made in the annual Education Appropriations Act. In the 2024 Iowa Acts, chapter [1152](#) (FY 2025 Education Appropriations Act), an appropriation of \$520,000 was made to the Program. Beginning in FY 2026 with the passage of 2025 Iowa Acts, [House File 972](#) (Rural Health Care Act), and [Senate File 647](#) (FY 2026 Education Appropriations Act), the Mental Health Professional Loan Repayment Program's funding will be provided by the Health Care Professional Incentive Program along with four other programs, which include the following:

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## More Information

Department of Education: [educate.iowa.gov](http://educate.iowa.gov)  
LSA Staff Contact: Michael Peters (515.281.6934) [michael.peters@legis.iowa.gov](mailto:michael.peters@legis.iowa.gov)

- \$500,000 for the Health Professional Recruitment Program.
- \$2.6 million for the Rural Iowa Primary Care Loan Repayment Program.
- \$500,000 for the Health Care-Related Loan Program.
- \$520,000 for the Mental Health Professional Loan Repayment Program.
- \$210,000 for the Rural and Community Health Loan Repayment Program.

**Related Statutes and Administrative Rules**

Iowa Code section [256.225](#)

**Budget Unit Number**

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