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Memorandum: Mental Health Professional Loan Repayment Program Proposed Amendments to Iowa Code Section 261.117

Background and Summary of Amendments to Iowa Code Section 261.117:

The Mental Health Professional Loan Repayment Program was established during the 2022 legislative session. The program provides up to \$40,000 in loan repayment benefits to mental health professionals who agree to serve federally designated mental health shortage areas in Iowa for five full-time years or seven part-time years of practice.

Iowa College Aid is proposing amendments to the new program.

There are recoupment provisions in the program (261.117, subsection 4, lettered paragraph 'b') that would require Iowa College Aid to collect all loan repayment awards applied to a recipient's federal student loans if that mental health professional doesn't complete all 5 full-time or 7 part-time years of practice in an eligible area (ex: if the mental health professional completes 4 years of the 5-year full-time employment obligation and for some reason leaves, that individual would need to pay Iowa College Aid \$32,000 plus interest). The intent of the proposed amendments is to provide a loan repayment award upon completion of each year of eligible practice, and if the individual stops providing service to individuals in eligible areas at some point before the 5 or 7-year obligation is completed, that individual would forgo any future loan repayment awards (\$8,000/year would not be paid, instead of attempting collection on awards received for years of service completed in the eligible area).

In addition, the amendments provide clarification that loan repayment awards to individuals practicing part-time will be proportional to the amount of the loan repayment award to an individual practicing full-time. For example, if the individual worked as a mental health professional approximately 32 hours of a 40-hour workweek over the course of the year, Iowa College Aid would pay 80% of \$8,000 for that year. The employment obligation is already extended proportionally for a part-time practitioner in 261.117, subsection 3, lettered paragraph 'b' – this change would align the employment obligation and the maximum award for part-time practitioners to ensure they receive an award each year.

Explanation (preliminary language):

| § | Amendment | Summary |
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| 261.117, subsection 2 | 2. Program established. A mental health professional loan repayment program is established to be administered by the commission for purposes of providing <u>annual</u> loan repayments for mental health professionals who agree to practice in an eligible practice area and meet the requirements of this section. | Explicitly allows Iowa College Aid to provide annual loan repayment awards. |
| 261.117, subsection 3, paragraph a | 3. Program agreements. a. The mental health professional and the commission shall enter into a program agreement. Under the agreement, to receive <u>annual</u> loan repayments pursuant to subsection 5, a mental health professional shall agree to and shall engage in either of the following: | Explicitly allows Iowa College Aid to provide annual loan repayment awards. |
| 261.117, subsection 4, paragraph b | 4. Satisfaction of practice obligation. a. An obligation to engage in full-time or part-time practice under a program agreement entered into pursuant to subsection 3 shall be considered satisfied when any of the following conditions is met: (1) The terms of the agreement are completed. (2) The individual who entered into the agreement dies. (3) The individual who entered into the agreement, due to a permanent disability, is unable to practice as a mental health professional. b. If a mental health professional fails to fulfill the obligation to engage in practice in accordance with subsection 3, the mental health professional shall be subject to repayment to the commission of loan repayment amounts the commission paid to the mental health professional pursuant to subsection 5 plus interest as specified by rule <u>shall not make additional loan repayments to the mental health professional.</u> | Allows Iowa College Aid to only pay for years of service completed. |
| 261.117, subsection 5 | Subsection 5. Loan repayment amounts. The <u>a. After the completion of a year of full-time practice, annual amount of loan repayment the commission may make to a mental health professional who enters into a program agreement pursuant to subsection 3, if the mental health professional is in compliance with obligations under the agreement, shall be eight thousand dollars for an eligible loan.</u> <u>b. After the completion of a year of part-time practice, the annual amount of loan repayment the commission may make to a mental health professional who enters into a program agreement pursuant to subsection 3, if the mental health professional is in compliance with obligations under the agreement, shall be the same amount of loan repayment the commission may make pursuant to paragraph "a"</u> | Allows Iowa College Aid to prorate the \$40,000 award over 7 part-time years. |

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| | <p><u>prorated based on the number of hours of practice in the mental health professional's workweek.</u></p> <p>c. The total amount of loan repayments from the commission to a mental health professional under this subsection shall not exceed forty thousand dollars.</p> | |
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Governor's Key Goals:

Preparing for a Future Ready Iowa.

Fiscal and Jobs Impact:

No fiscal impact.