

2025-27 Budget Review

Mental Health Regulatory Agency

	2021-23 Actual	2023-25 Legislatively Approved *	2025-27 Current Service Level	2025-27 Governor's Budget
General Fund	210,133	-	-	625,000
Other Funds	4,704,788	6,208,269	6,683,706	7,192,917
Total Funds	4,914,921	6,208,269	6,683,706	7,817,917
Positions	14	15	15	17
FTE	14.00	15.00	15.00	17.00

* Includes legislative and administrative actions through December 2024.

PROGRAM DESCRIPTION

The mission of the Mental Health Regulatory Agency (MHRA) is to protect the public from harm by providing administrative and regulatory oversight of two regulated boards that oversee and set standards for mental and behavioral health professions. MHRA is responsible for various functions including budgeting, recordkeeping, staffing, contracting, procedure and policymaking, and performance and standard setting functions of two licensing boards: the Board of Licensed Professional Counselors and Therapists and Board of Psychology (previously known as the Board of Psychologist Examiners).

Both boards maintain independent authority over consumer protection and determine the qualifications of their respective regulated professions. The two boards jointly appoint the MHRA director and share resources; however, each Board maintains separate revenues and expenses through separate expenditure limitations to ensure that the licensing fees of one board are not used to subsidize the expenses of the other.

The agency is supported by 100% Other Funds generated primarily from licensing applications and renewals, examination fees, and civil penalties. Approximately 98% of revenues are derived from fees and the remainder is revenue received from civil penalties.

Board of Licensed Professional Counselors and Therapists

The Board of Licensed Professional Counselors and Therapists (BLPCT) is an eight-member board appointed by the Governor and composed of three licensed professional counselors, two licensed marriage and family therapists, one faculty member from a related program, and two public members. BLPCT oversees a voluntary licensing program for professional counselors, and marriage and family therapists, who want to use the title of “licensed professional counselor” or “licensed marriage and family therapist.” The Board also registers interns who complete work experience requirements for

licensure. The total number of licenses with BLPCT has been growing at an average rate of 9.3% per year over the last decade and the Board expects that trend to continue as license applications have increased about 13% per year. BLPCT processes approximately 8,450 renewals annually. In 2023, BLPCT received and processed 1,621 applications for licensure and opened 180 new compliance cases.

Board of Psychology

The Board of Psychology (BOP) is a nine-member board appointed by the Governor and is composed of six psychologists and three public members. BOP determines the qualifications of applicants to practice psychology in Oregon and regulates the profession of psychology by investigating complaints of professional misconduct and safeguarding the public from the dangers of unqualified and improper practice of psychology.

Over the last ten years, license renewals have increased about 3% per year, with BOP processing approximately 2,500 renewals biennially to psychologists and psychologist associates. The Board also issues about 100 limited permits to out-of-state psychologists annually. In 2023, BOP received and processed 209 applications for licensure and opened 55 new compliance cases. Unlike other licensing boards, including BLPCT, BOP does not have authority to impose disciplinary costs on respondents in contested case proceedings.

BUDGET ENVIRONMENT

In 2021, the Legislative Assembly provided the agency with \$300,000 General Fund to engage a third-party consultant to study the demographics of licensees and devise a plan to increase licensee diversity. MHRA began the study in June 2022 and submitted its final report in December 2022. Among the key findings presented were that mental health professionals in Oregon are less diverse than they are nationally and compared to Oregon's population; complaints are not always proportionate to the race, ethnicity, and gender demographics of mental health professionals; and practitioners reported distrust of the complaint and investigative process and outcomes. To address areas of concern noted in the final report, it was recommended MHRA add safeguards around complaints, investigations, and disciplinary actions; reconsider licensing policies and procedures to support equity; audit and improve communications and service; identify and support changes in factors external to MHRA and the boards to foster equity; and make and sustain a visible, active commitment to diversity, equity, and inclusion.

Since the study publication, MHRA has made considerable progress towards Diversity, Equity, and Inclusion (DEI) initiatives. One major change included the reduction of fees to reduce barriers to licensure and thereby increase the diversity of licensees in the mental health workforce. In 2023, HB 3300 was enacted to allow both boards to reduce their fees, effective January 2024, which is discussed in further detail below.

MHRA has also continued to have a focus on improvement of their customer service measures but has faced difficulty meeting their goals due to staff turnover. During the last few years, MHRA has had staff recruitment and retention issues, and most recently had two management staff retire in 2024, resulting in the utilization of temporary staff and existing staff working overtime to keep up with the workload. These increased personal services costs led the agency to request a one-time increase in their Other Funds expenditure limitation from the December 2024 Emergency Board to mitigate the issue. MHRA

plans on working with the Department of Administrative Services’ Chief Human Resources Office to evaluate current staff positions.

Additionally, MHRA worked for several years to implement a multifunctional online licensing system, Thentia, which launched for BLPCT in October 2020 and BOP in April 2021. This new system has faced significant delays and problems with implementation and data migration issues. The agency plans to focus on identifying ways to improve the system by reducing the amount of manual work still required by staff and system users. However, the agency is also reviewing the overall performance of the current vendor and product to consider renewal of the contract or to pursue an alternative licensing system.

Board of Licensed Professional Counselors and Therapists

HB 3300 (2023) included a statutory change that authorizes BLPCT to issue and collect a limited permit fee from out-of-state licensed professional counselors and licensed marriage and family therapists who apply to practice in Oregon for a limited amount of time, and eliminated the statutory requirement that licensees pay annual renewal fees. As a result, BLPCT’s license renewal fees were decreased in January 2024, moving from an annual renewal to a biennial renewal.

These fee decreases were to reduce barriers to licensure and thereby increase the diversity of licensees in the mental health workforce, which is consistent with the diversity study that MHRA conducted.

Board of Licensed Professional Counselors and Therapists 2023-25 Fee Decreases, Effective January 1, 2024			
Fee Type	Old	Current	Change
Active License Biennial Renewal	\$330	\$290	-12%
Inactive License Biennial Renewal	\$200	\$180	-10%
Initial License	\$125	\$115	-8%
Registered Associate Annual Renewal	\$120	\$105	-13%
Temporary Practice Authorization	\$505	\$405	-19%

Board of Psychology

In accordance with HB 3300 (2023), BOP also had a reduction of their renewal fees effective January 2024 and moved to the biennial renewal from annual renewals.

These fee decreases were to reduce barriers to licensure and thereby increase the diversity of licensees in the mental health workforce, which is consistent with the diversity study that MHRA conducted.

Board of Psychology 2023-25 Fee Decreases, Effective January 1, 2024			
Fee Type	Old	Current	Change
Active License Biennial Renewal	\$780	\$600	-23%
Semi-Active License Biennial Renewal	\$390	\$300	-23%
Inactive License Biennial Renewal	\$105	\$90	-14%
Temporary Practice Authorization	\$900	\$700	-22%

CURRENT SERVICE LEVEL

The 2025-27 current service level (CSL) budget of \$6.7 million is \$475,437, or 7.6%, more than the 2023-25 legislatively approved budget (LAB) of \$6.2 million. This increase is due to a rise in personal services as more overtime and staff hours are needed to keep up with the rising caseload and staff turnover.

At CSL, MHRA has an estimated 2025-27 ending balance of \$2.2 million Other Funds, which is equivalent to 7.9 months of operating reserves.

The CSL budget continues the current cost allocation model between BLPCT and BOP to fund operational expenses, which includes a split of 70% for BLPCT and 30% for BOP.

Board of Licensed Professional Counselors and Therapists

The 2025-27 CSL budget for BLPCT of \$4.6 million is \$463,030, or 11.2%, more than the 2023-25 LAB of \$4.1 million. At CSL, the Board has an estimated 2025-27 ending balance of \$948,839 Other Funds, which is equivalent to 4.9 months of operating reserves.

Board of Psychology

The 2025-27 CSL budget for BOP of \$2.1 million is \$222,407, or 12%, more than the 2023-25 LAB of \$1.8 million. At CSL, the Board has an estimated 2025-27 ending balance of \$1 million Other Funds, which is equivalent to 14.6 months of operating reserves.

GOVERNOR'S BUDGET SUMMARY

The 2025-27 Governor's budget for the Mental Health Regulatory Agency totals \$7.8 million combined Other Funds and General Fund, an increase of \$1.1 million, or 14.5%, from current service level, and includes the following significant investments above CSL:

- **Licensing System** - a one-time General Fund appropriation of \$625,000 to plan and implement a new licensing system.
- **Position Management** - an additional two positions (2.00 FTE) to improve customer service and timeliness to licensure along with the restructuring of current FTE.

Of the \$7.8 million total funds, the budget for BLPCT totals \$5.5 million and the BOP budget is \$2.3 million total funds.

OTHER SIGNIFICANT ISSUES

An issue of concern is whether Oregon will join the Psychology Interjurisdictional Compact, known as PSYPACT. Approved in 2015 by the Association of State and Provincial Psychology Boards, PSYPACT is an interstate compact between states to facilitate telehealth and temporary in-person practice of psychology across state lines. BOP is currently exploring the possibility of Oregon entering PSYPACT and BLPCT will be exploring entering the Counseling Compact Adoption. If Oregon were to join the interstate compacts, it is not expected to impact licenses, but both boards may experience an increase of compliance cases that require investigation.

KEY PERFORMANCE MEASURES

A copy of the Board of Licensed Professional Counselors and Therapists Annual Performance Progress Report can be found on the LFO website:

https://www.oregonlegislature.gov/lfo/APPR/APPR_BLPCT_2024-09-26.pdf

A copy of the Board of Psychology Annual Performance Progress Report can be found on the LFO website: https://www.oregonlegislature.gov/lfo/APPR/APPR_BOP_2024-09-26.pdf

Contact Information

Chelsey Herrmann, Legislative Fiscal Analyst

Legislative Fiscal Office

900 Court Street NE, Room H-178, Salem, Oregon 97301

Oregon State Capitol | (503) 986-1828 | www.oregonlegislature.gov/lfo