

ANALYSIS

Item 48: Mental Health Regulatory Agency Personal Services Shortfall

Analyst: Chelsey Herrmann

Request: Increase Other Funds expenditure limitation for the Mental Health Regulatory Agency, Board of Licensed Professional Counselors and Therapists, by \$210,000 to cover increased personal services costs.

Analysis: The Mental Health Regulatory Agency (MHRA) is made up of two licensing boards: the Board of Licensed Professional Counselors and Therapists (BLPCT) and Board of Psychology. BLPCT oversees a licensing program for licensed professional counselors and licensed marriage and family therapists who assess, diagnose, and treat mental, emotional, and behavioral health disorders. In 2023, BLPCT received 1,621 applications for new licensure and processed approximately 8,450 renewals. This is a 21% increase in applications and 12% increase in renewals compared to 2021.

In addition to the increase in licenses and renewals, the agency had two staff positions retire this year, which has caused the Board to struggle to keep up with the increased workload. Due to this, BLPCT has utilized two unbudgeted temporary staff to help with some administrative functions so that permanent staff could focus on the licensing workload. Permanent staff have also worked overtime hours to meet the demand and customer service response times as captured in the Board's Key Performance Measures. Finally, the two staff retirements also included vacation leave payouts causing further unanticipated impacts to BLPCT's expenditure limitation.

MHRA has a current projected cash ending balance of \$2 million, which is the equivalent of 6.6 months of operating reserves, which is sufficient revenue for the requested one-time increase in expenditure limitation. Increasing the Other Funds expenditure limitation by \$210,000 will not cause a significant impact to their operating reserves and would leave MHRA with the equivalent of 5.7 months of operating reserves.

Recommendation: The Legislative Fiscal Office recommends that the Emergency Board increase Other Funds expenditure limitation for the Mental Health Regulatory Agency, Board of Licensed Professional Counselors and Therapists, by \$210,000 for increased personal services costs.

48
Mental Health Regulatory Agency
Beck

Request: Increase Other Funds expenditure limitation one time by \$210,000 for a Personal Services shortfall related to unbudgeted temporary staffing and vacation payouts.

Recommendation: Approve the request.

Discussion: The Mental Health Regulatory Agency (MHRA) was established in 2018 to provide administrative and regulatory oversight of two boards regulating mental health professions in Oregon, which are the Board of Licensed Professional Counselors and Therapists (BLPCT) and the Oregon Board of Psychology. BLPCT is the larger of the two programs and carries much of the agency's administrative workload and resources. MHRA has experienced steadily increasing number of licensees for both boards over the last 10 years, creating a higher workload that is outstripping staff capacity. The agency has also had ongoing challenges with its licensing system, causing further delays and additional work for staff.

MHRA has proposed solutions to these issues for the 2025-27 biennium but has been utilizing overtime and unbudgeted temporary staffing in the current biennium to address the backlog that has developed. Additionally, two members of MHRA's management staff left the agency and received substantial vacation leave payouts in July and October of 2024. Combined, these unbudgeted expenses create a shortfall of \$210,000 Other Funds within BLPCT. The agency has healthy revenues and has sufficient cash balances to cover the shortfall, and only requires expenditure limitation to cover the increase.

Legal Reference: Increase the Other Funds expenditure limitation established by chapter 359, section 1, Oregon Laws 2023, for the Mental Health Regulatory Agency, Oregon Board of Licensed Professional Counselors and Therapists, by \$210,000 for the 2023-25 biennium.



Oregon

Tina Kotek, Governor

Mental Health Regulatory Agency

3218 Pringle Road SE, Ste. 130

Salem, OR 97302-6309

(503) 378-4154 • Fax (503) 374-1904

Oregon.gov/MHRA

November 4, 2024

Senator Rob Wagner, Co-Chair
Representative Julie Fahey, Co-Chair
State Emergency Board
900 Court Street NE
H-178 State Capitol
Salem, OR 97301

Dear Co-Chairs:

Nature of the Request

The Mental Health Regulatory Agency (MHRA) is appearing before the Emergency Board to bring forward a request to increase its 2023-25 biennium other funds expenditure limitation by \$210,000. A Personal Services shortfall is expected to occur in April 2025 due to MHRA's utilization of overtime and unbudgeted temporary staffing to catch up on backlog at the beginning of the biennium. Additionally, two of MHRA's management staff members left MHRA and received substantial vacation leave payouts in July and October of 2024. One of these individuals received a significant salary increase due to a reclassification.

Agency Action

MHRA is unable to mitigate the need for Emergency Board Action without eliminating staff positions, which would negatively impact customer service. As of July 2024, the Agency is under new leadership that will closely monitor and adequately budget for future staffing needs.

Action Requested

MHRA respectfully requests an increase of \$210,000 in Other Funds limitation to be allocated to the Board of Licensed Professional Counselors and Therapists (BLPCT). MHRA has sufficient cash balance to cover this requested increase.

Legislation Affected

Increase the Other Funds expenditure limitation in ORS 675.805 established by Chapter 359, Section 1, Oregon Laws 2023 (House Bill 5024), by \$210,000 for the Mental Health Regulatory Agency for the 2023-25 biennium.

Please contact me if you have any questions or would like additional information.

Sincerely,

Todd Younkin, MHRA Executive Director

todd.younkin@mhra.oregon.gov

(503) 373-1155