2022-23 Departmental Earnings Report Instructions

Overview
The departmental earnings report is a required element of the biennial budget document. In the report, agency fee revenues are matched with the cost of the activity for which they are collected to determine if departmental earnings are under/over recovering the cost of the related activities. The analysis includes actual revenue and expenditure data for FY 2019-20, estimates for FY 2021, projected current law revenues and expenditures for FY 2022-23 and Governor’s recommended revenues and expenditures for FY 2022-23. This biennial report also serves as a comprehensive inventory of fees and charges collected by each agency. **Agencies must use the Departmental Earnings (DE) System to complete their departmental earnings analysis by November 30, 2020.**

Much like the building of the base budgets, the departmental earnings analysis provided by agencies serves as the starting point for consideration of any requested changes to departmental earnings. Proposed fee changes must be submitted as change items in order to be considered in the Governor’s biennial budget decision making process. The instructions for completing the change item narrative and entering a change item in Budget Planning and Analysis System (BPAS) are located on the MMB website under Governor’s Budget Request Instructions at [http://mn.gov/mmb/budget/budget-instructions/bibudprep/](http://mn.gov/mmb/budget/budget-instructions/bibudprep/). Proposed change items need to be entered in BPAS by **October 15.**

Action Steps and Timelines
The following table outlines specific action steps required to complete the departmental earnings analysis:

<table>
<thead>
<tr>
<th>Action Step</th>
<th>Timeline</th>
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<tbody>
<tr>
<td>Update revenue budget estimates for FY 2021-25 in BPAS based on current law.</td>
<td>October 15th</td>
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<tr>
<td>Submit proposed fee changes as budget change items by completing a change item narrative and entering the summary level change item in BPAS.</td>
<td>October 15th</td>
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<tr>
<td>Complete base departmental earnings analysis, including reviewing and updating fiscal information and creating a narrative to explain each departmental earnings group through the departmental earnings system.</td>
<td>November 30th</td>
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<tr>
<td>Governor’s budget request (including fee changes) decision making.</td>
<td>November - January</td>
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</table>
Cost Recovery Requirements
Minnesota Statute 16A.1285, subdivision 2, requires all fees to be set at a level that neither significantly over recovers nor under recovers costs. Such costs are to include direct services and overhead costs, unless otherwise provided by law. The statute further requires that recovery of costs be limited to deficits incurred two fiscal years immediately preceding the setting, adjustment or authorization of the departmental earning.

What Information is required in the Report?
Departmental earnings are defined as any charge for goods and services and any regulatory, licensure, or other similar charges levied by any state agency and paid by individuals, businesses, or other non-state entities. This definition does not include general taxes collected by a state agency or charges for services provided by one state agency to another state agency.

All fees and charges collected with a SWIFT revenue account code in the range from 600000 - 669999 or in the revenue account category of departmental earnings (DE) in BPAS are defined as departmental earnings and will be included in the report.

The report requires each agency that receives departmental earnings to present the purposes, collection cost, and yields of departmental earnings revenues. The report is required to include estimated data for the current budget year (2021), the immediate past budget years (2019-20), and estimates for the two years following (2022-23).

Agencies organize their revenue accounts into departmental earnings groups for the purpose of demonstrating cost recovery compliance. Agencies should assign accounts to departmental earnings groups in a way that most accurately shows to what extent fees and charges are recovering the costs of the activity for which they are collected.

Questions concerning the appropriate grouping of departmental earnings receipts for cost recovery compliance should be directed to your assigned executive budget officer (EBO).

Departmental Earnings System
Departmental earnings groups do not exist in the Budget Planning and Analysis System (BPAS) or in the accounting system (SWIFT). The departmental earnings groups are established by the agency in the DE system. Currently the groups are established as they were in the 2020-21 report, and MMB Budget Operations will work with agencies to make sure all account codes are assigned to a group. The DE receipt data source is BPAS. The receipt data in the DE system is linked to BPAS and updated as soon as a data revision is saved in BPAS. Other information for the report will be entered by the agency.
through the system. If you have questions about your agency departmental earnings groups, send an email to Budget Operations at budget.finance.mmb@state.mn.us.

The DE system will be available for agencies to begin preparing their report on August 25. The system is accessed through the State of Minnesota administrative portal. All authorized BPAS users will see the link displayed in their administrative portal menu, however, only BPAS users assigned to agency that has departmental earnings will have access to the system.

**Departmental Earnings Report Format**
The 2022-23 Departmental Earnings Report will include the following information:

- A listing of the 2022-23 departmental earnings by agency by departmental earnings group;
- A statewide summary of departmental earnings, including any change items related to fees approved by the Governor; and
- Departmental Earnings group summary reports, including fiscal data and narratives, for each group within an agency. These reports will be generated from the DE system and include data entered by agencies, as well as data from BPAS.

**Departmental Earnings Group Summary Report – Fiscal Table**
Each agency departmental earnings group summary reports include the fiscal data detailed below except for departmental earnings receipts, which are from BPAS. All other fiscal data are entered by agencies in the system. All data is entered and displayed in thousands.

- **Accumulated Balance:** This is the amount of unspent departmental earnings receipts from prior fiscal year(s). Agencies may enter an amount for fiscal year 2019 in the system, and the FY 2020-2021 amounts are auto-calculated to equal the preceding year’s accumulated ending balance. Typically, DE groups with non-dedicated receipts will not have an accumulated balance entered for FY 2019.
- **Departmental Earnings:** Departmental earnings receipts data source is BPAS. The amounts will match the totals in BPAS of dedicated and non-dedicated receipts for the revenue account the agency has defined as a DE Group. The 2022 and 2023 “Budget” column amounts should reflect the base budget and does not include any proposals for fee increases. The 2022 and 2023 “Gov Rec” columns should reflect the amount of revenue anticipated with any proposed fee increases recommended by the Governor. If a fee increase is not being requested, the “Budget” and “Gov Rec” columns should contain the same revenue amounts.
- **Earnings Transferred In/Revenue Collected by Another Agency:** These amounts are entered in the system and should reflect departmental earnings revenues transferred in from another agency, or departmental earnings revenues collected by another agency that are not transferred. This inclusion helps to clearly show cost recovery. Be sure to coordinate with the other agency so that the estimates of both agencies are consistent.
- **Other Receipts:** These amounts are entered in the system and should reflect non-departmental earnings revenues that support the costs of the activity for which fees are charged.
- **Transfers out/Revenue Collected for Another Agency:** These amounts are entered in the system and should reflect any departmental earnings transferred out to another agency that incurs related expenditures, or departmental earnings collected for another agency that are
not transferred. This inclusion helps to clearly show cost recovery. Be sure to coordinate with the other agency so that the estimates of both agencies are consistent.

- **Total Resources:** The system will auto-calculate the sum of all resources less resource reductions resource lines above (not including accumulated balance).
- **Direct Expenditures:** This data is entered in the system and is the total amount used to pay salaries and other costs immediately and directly involved in the operating programs and activities for the revenue category being reported. Note: for non-general fund accounts, direct expenditures include Attorney General costs.
- **Indirect Expenditures:** This data is entered in the system and is the total amount used to pay overhead costs for the DE Group activity. Overhead includes agency indirect costs (i.e., administrative overhead, central support staff, etc.) and statewide indirect costs. **Note:** for General fund fee supported activities, include Attorney General and statewide indirect costs in indirect expenditures. Statewide indirect costs need to be recovered when setting fees. Recovering indirect costs in setting fees fully funds the overall costs of providing the fee-supported service.
- **Total Expenditures:** The system will auto-calculate the total of direct expenditures plus indirect expenditures.
- **Current Difference:** The system will auto-calculate the difference between Total Resources and Total Expenditures.
- **Accumulated Ending Balance:** The system will auto-calculate the accumulated ending balance for a fiscal year as the sum of its Current Difference and Accumulated balance forward. The accumulated ending balance is the accumulated balance for the following year.

**Supporting Information**
Agencies will also enter narratives in the system. Each departmental earnings group requires a narrative answering the following questions:

- **Background Information:** Why does this fee exist? What is each fee amount and what is it for? What activity is supported by this fee? Please provide information on each individual fee.
- **Forecast Basis:** What assumptions did you use in forecasting the revenue generated from the fees? What trends are you seeing with each fee?
- **Recent Changes:** When was the last time the fee was changed? What was the fee change amount and how did it impact the revenue generated?
- **Agency Analysis/Comments:** Please provide an analysis on the level at which the agency has been over or under-recovering costs.

**Completing your Report**
Agencies will complete their report in the system by changing the status of each group to ‘Ready for EBO’.
### Example DE Group Summary Report

**Agency:** Chiropractic Examiners, Board of

**Earnings Group:** Chiropractic Examiners Licensing Fees

**Purpose:** To recover the costs of regulating the chiropractic examiners profession.

**Citation:** M.S. 148.07, M.S.148.08, M.S. 148.10, M.S. 214, M.S. 319B and M.R. 2500

**Dedicated Receipts:** Yes  
**Non-Dedicated Receipts:** Yes

**Fund:** Health Related Boards (1201); Restrict Misc Special Revenue (2000)

** Appropriation:** Chiro Non Dedicated Receipts (H7/H1000); Criminal Background Checks (H7/H210)

**Fee Change?** No

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<tbody>
<tr>
<td><strong>Accumulated Balance:</strong></td>
<td>1,142</td>
<td>1,176</td>
<td>1,214</td>
<td>1,075</td>
<td>1,082</td>
<td>1,031</td>
</tr>
<tr>
<td><strong>Resources:</strong> Departmental</td>
<td>817</td>
<td>795</td>
<td>885</td>
<td>847</td>
<td>882</td>
<td>882</td>
</tr>
</tbody>
</table>

- **Earning Transferred In:** Revenue Collected by Another Agency
- **Other Receipts:**
- **Resource Reductions:**
- **Earnings Transferred Out:** Revenue Collected for Another Agency

| Total Resources | 817 | 826 | 847 | 847 | 882 | 882 |
| Expenditures: |  |  |  |  |  |  |
| Direct Expenditures | 51 | 529 | 736 | 610 | 653 | 610 |
| Indirect Expenditures | 21 | 228 | 229 | 230 | 238 | 230 |
| Total Expenditures | 72 | 757 | 965 | 840 | 891 | 840 |
| Current Difference | 34 | 38 | (139) | 7 | (44) | 42 |
| Accumulated Ending Balance | 1,176 | 1,214 | 1,075 | 1,082 | 1,031 | 1,124 |

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State of Minnesota  
1 2022-23 Biennial Budget  
January 26, 2021

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2022-23 Departmental Earnings Report Instructions  
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Agency: Chiropractic Examiners, Board of
Earnings Group: Chiropractic Examiners Licensing Fees

Background Information:
The mission of the Minnesota Board of Chiropractic Examiners is to protect the public through effective licensure and enforcement of the statutes and rules governing the practice of chiropractic to ensure a standard of competent and ethical practice in the profession.

Fees charged to applicants, prospective applicants, licensees, members of the public, and sponsors of continuing education programs approved by the board are set to recover the board's services as shown below:

- Issue initial licensure and renew licenses for qualified professionals.
- Ensure that only applicants who meet licensure requirements are granted a license.
- Review applicant's education and training and licensee's continuing education to ensure educational and competency standards are met and maintained.
- Respond to public and agency inquiries, complaints, and reports regarding licensure and conduct of applicants and licensees.
- Take disciplinary or corrective action against an applicant or licensee for misconduct.
- Enforce standards of practice and professional conduct for licensees.
- Provide information about licensure requirements and standards for practice to citizens and other interested persons or agencies.

Fees are also responsible for covering the Board’s prorated share of support functions provided outside of the Board itself:

- Legal support (Attorney General)
- Centralized administrative support (Health Board, Administrative Services Unit)
- Funding for services to health professionals (Health Professionals Services Program)
- Statewide e-licensing system development and operations (MN.IT)

Forecast Basis:
Revenues are forecasted based on a number of factors, including actual revenue collected in the previous year, the number of applicants seeking initial licensure, and any fee changes set in current law. There are no significant changes anticipated to the amount of revenue generated in the upcoming biennium.

Recent Changes:
The number of licensees regulated by the Board continues to rise, as do the number of complaints and the complexity of the cases. The Board has not raised fees since January 1993 as a result of sound fiscal management, and creative solutions for reducing costs.

Agency Analysis/Comments
None