MINNESOTA BIENNIAL BUDGET

FY 2014 – 2015

Departmental Earnings Report
Overview and Summary

Governor's Budget
January 22, 2013

Departmental Earnings

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Part three: agency-by-agency departmental earnings reports

These reports consist of a revenue category report for each group of departmental earnings identified and reported by the agency. Each revenue category report consists for three sections:

- Fiscal information,
- A short description of the revenue category, and
- The purpose of the revenue category.

These reports are available on the budget website: http://www.mmb.state.mn.us/fin/budget

Departmental Earnings
State-Wide Summary – Table Of Contents

***List of agencies with departmental earnings*:**

Accountancy, Board of
Administrative Hearings, Office of
Agriculture
Animal Health, Board of
Architecture, Engineering, Land Surveying, La
Attorney General
Barber Examiners, Board of
Behavioral Health and Therapy, Board of
Black Minnesotans, Council on
Campaign Finance and Public Disclosure Board
Chiropractor Examiners, Board of
Combative Sports Commission
Commerce
Corrections
Cosmetologist Examiners, Board of
Dentistry, Board of
Dietetics and Nutrition Practice, Board of
District Courts
Education
Emergency Medical Services Regulatory Board
Employment and Economic Development
Explore Minnesota Tourism
Gambling Control Board
Health
Higher Education, Office of
Historical Society
Human Rights
Human Services
Iron Range Resources and Rehabilitation Board
Labor and Industry
Legal Professions Board
Management and Budget
Marriage and Family Therapy, Board of
Mediation Services, Board of
Medical Practice, Board of
Minnesota Revenue
Minnesota Zoo
Mmb Non-operating
MMB Treasury-Non Operating
MN.IT Services
Natural Resources
Nursing Home Administrators, Board of Examiners
Nursing, Board of
Optometry, Board of
Peace Officer Standards and Training, Board o
Perpich Center for Arts Education
Pharmacy, Board of
Physical Therapy, Board of
Podiatric Medicine, Board of
Pollution Control
Private Detective Board
Psychology, Board of
Public Defense, Board of
Public Facilities Authority
Public Safety - Public Safety
Public Safety - Transportation
Public Utilities Commission
Racing Commission
Secretary of State
Social Work, Board of
State Auditor
Supreme Court
Tax Policy Aids and Credits
Transportation
Veterans Affairs
Veterinary Medicine, Board of
Water and Soil Resources, Board of

Departmental Earnings
Introduction

Definition and purpose
Departmental earnings are defined[1] as any charge for goods and services and any regulatory, licensure, or other similar charges levied by a state agency and paid by individuals, businesses, or other nonstate entities. It does not include charges between agencies. The purpose of the report is to show whether fees and charges defined as a departmental earning are recovering the cost of the activity for which they are collected.

Departmental earnings must be reviewed in even-numbered years to provide for a structured review and to allow for agency input in the fee setting process as set forth in state statute[2]. All fee changes, i.e., new fees, fee increases and fee decreases must be shown as change items in the biennial budget.

Cost recovery statutory requirements
All fees must be set at a level that neither significantly over recovers nor under recovers costs[3]. Such costs are to include direct services and overhead costs, unless otherwise provided by law. 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.

Report format
The departmental earnings report, similar to agency biennial budget documents, displays:

- Actual earnings and expenditures for fiscal year 2012.
- Budgeted receipts and expenditures for fiscal year 2013: FY 2013 data is as of July month end. This was the most recent data available when the budget system was prepared for developing the 2014-15 biennial budget. Agencies may have made additional financial decisions since then; these decisions include potential changes to departmental earnings estimates.
- Current law receipts and expenditures for fiscal years 2013 and 2014.
- Governor's recommended changes are related in text form later in this document.
- Because of the transition to new accounting and budgeting systems, 2011 data – available in the former accounting system -is not reflected.
- Because of the transition to a new budget system, agencies were asked to prepare this information in out –of- the-system template. Differences between the budget system and these reports may result, relating to the difference between how the accounting and budgeting systems track departmental earnings.

All dollar amounts are expressed to the nearest thousand.

The departmental earnings report includes three parts:

Part one: a detailed listing of departmental earnings by agency by category. The revenue category names on this listing are more detailed than in the agency sections of the report. This additional detail helps the reader identify specific fees and charges more easily.

1 Minnesota Statute 16A.1285, subdivision 1
2 Minnesota Statutes section 16A.1283
3 Minnesota Statute 16A.1285, subdivision 2

Part two: a statewide departmental earnings summary, which includes:

- Fiscal reports aggregated as follows:
    - Table one: All departmental earnings by revenue class
    - Table two: All departmental earnings by bill area
    - Table three: All departmental earnings by fund group, fund type; by non-dedicated and dedicated
        - Figure one: All departmental earnings by fund type pie chart
        - Figure two: All departmental earnings by fund type bar chart
        - Figure three: All departmental earnings by dedicated and non-dedicated revenue pie chart
        - Figure four: All departmental earnings by dedicated and non-dedicated revenue bar chart
    - Table four: All departmental earnings by agency
- A summary of the Governor's recommendations on changes to departmental earnings.
- A short glossary explaining terms like fund, fund type, revenue class, and revenue category.

Part three: agency-by-agency departmental earnings reports

These reports consist of a revenue category report for each group of departmental earnings identified and reported by the agency. Each revenue category report consists of three sections:

- Fiscal information,
- A short description of the revenue category, and
- The purpose of the revenue category.

Departmental Earnings
List of Departmental Earnings by Agency

Items marked with an "" indicate that the Governor recommends a fee change in the category or the agency. For further information, see the summary of fee changes later in this summary, the detailed revenue category report in each agency's departmental earning report or the budget change page in each agency's budget document.*

Accountancy Board
- Accountancy Professional Licensing and Fees

Agriculture*
- Agricultural MERLA Cost Reimbursement
- Agricultural Liming Fees
- Consolidated Food License Fees
- Dairy Food License Fees
- Milk and Cream License Fees
- Livestock License Fees
- Alien Farm Registration Filing Fees
- Aggie Bond Loan Application Fees
- Pesticide Regulation Fees
- Waste Pesticide Collection Fees
- Fertilizer Inspection Fees
- Agricultural Chemical Response and Reimbursement Surcharge
- Seed Inspection Fees
- Grain Buyer and Storage Fees
- Nursery and Phytosanitary Fees
- Seed Potato Inspection Fees
- Fruit and Vegetable Inspection Fees
- Apiary Export Certification Fees
- Wholesale Produce Dealers Fees
- Commercial Feed Inspection Fees
- Dairy Services Fees
- Food Handler Plan Review Fees
- Food Handler Reinspection Fees
- Beverage Inspection Fees
- Commercial Canneries Inspection Fees
- Egg Law Inspection Fees
- Laboratory Services Charges
- Minnesota Grown Fees
- Commodity Councils Service Charges
- Livestock Weighing Charges
- Statistical Services Charges
- Beginning Farmer and Seller-Sponsored Loan Fees
- Agricultural Improvement Loan Fees
- Restructuring Loan Fees
- Livestock Expansion Loan Fees

Animal Health Board
- Chronic Wasting Disease Inspection Fees
- Bovine Tuberculosis Control Assessment Fee
- Livestock And Poultry Health License Fees

Architecture, Engineering Board
- Architecture, Engineering, Land Surveying, Landscape Architecture, Geosciences and Interior Design examination and licensing fees

Attorney General
- Charities and Club Registration Fees

Barber Examiners Board
- Barbers Licensing, Inspection and Examination Fees

Behavioral Health and Therapy Board
- Behavioral Health and Therapy License Fees

Chiropractic Examiners Board
- Chiropractic Licensing Fees

Commerce
- Auto Theft Prevention Surcharge
- Collections License and Registration Fees
- Currency Exchange License Fees
- Energy Cost Assessments
- Facility Siting and Routing Permit Fees
- Financial Institutions - Examination Fees and Cost Assessments
- Franchise Registration Fees
- Insurance Agent License Fees
- Insurance Company Fees, Fines and Penalties*
- Miscellaneous Small Earnings: Fees, Service Charges, Assessments and Fines
- Petroleum Inspection Fees
- Propane - Liquefied Petroleum Gas Fee
- Real Estate License Fees
- Securities Registration and Amendment Fees, Fines and Penalties
- Technology Fee for On-Line Licensing Products
- Telecommunications Access Minnesota Surcharge
- Telemarketing - Do Not Call Enforcement
- Telephone Regulation Costs Assessment
- Unclaimed Property Remittances*
- Weights and Measures Service Fees*
- Workers Compensation/Self Insurance Application and Filing Fees

Corrections
- Aid to Victim of Crime - Inmate Earnings Deduction
- Charges to Counties - Per Diem Charges for Red Wing and Togo
- Community Supervision - offender Fees
- Corrections Staff at Togo-Rent/Utility Payments

Corrections, continued
- County Probation Reimbursement for Juvenile Probation and Parole
- Dedicated Receipts Miscellaneous - Charges for Services/Sales
- Fee for Services at Togo - Juvenile Per Diem Charges to Counties
- Health Care Co-Payment - Offender Assessment
- Housing Adult Inmates Receipts - Contracts with Units of Government
- Inmate Confinement Surcharge Summary
- Lino-Anoka Service Agreement Summary
- Out of State Juvenile Jail Certification Fee
- Shared Services Reimbursement from Minnesota State Academies
- Staff and Visitor Meal Fees
- Training Center Usage Fees
- Vocational Work Program Fees

Cosmetologist Examiners Board
- Cosmetology License and Permit Fees and Fines

Dentistry Board
- Dentistry Licensing Fees

Dietetics and Nutrition Practice Board
- Dietetics and Nutrition Practitioner Application and License Fees

District Courts
- Miscellaneous Court Fees - Court Participation Fees on Specialty Court Clients
- Uniform Commercial Code Fees

Education
- Child Nutrition Commodity Rebate Revenue
- Teacher Licensure Fees
- Administrator Licensure Fees
- Minnesota Career Information System Subscription Fees

Emergency Medical Services Board
- Emergency Medical Services Licensing Fees

Employment and Economic Development
- Services for the Blind – Operations and Communication Center Earnings
- Small Business Investment Tax Credit
- Trade Office and Marketing Revenue

Explore Minnesota Tourism
- Tourism Promotional Revenue
- Tourism Worldwide Web Revenue
- Tourism Brochure Program Revenue

Gambling Control Board
- Lawful Gambling License and Regulatory Fees

Health
- Adoption Registry Filing and Administrative Fees
- Asbestos Abatement Contractor License, Worker/Site Supervisor Certificate and Project Permit Fees
- Birth Center License Fees
- Body Art Establishment and Technician Licensure Fees
- Copies of Vital Records and Related Services Fees
- Doula Registry Fees
- Drinking Water Service Connection Fee
- Electronic Health Records Service Provider Application and Certification Fees
- Food, Beverage and Lodging License Fee
- Food Manager Certification Fee
- Funeral Establishment and Funeral Director Licensure Fee*
- Health Care Facility License Fees*
- Hearing Instrument Dispensers Certification and Examination Fees
- Health Maintenance Organizations/Accountable Provider Networks/County-Based Purchasers Application and Renewal Fees
- Home Care Annual License Fee*
- Interpreter Roster Application Fee
- Laboratory Accreditation Fee*
- Lead Program License and Certification Fees*
- Manufactured Home Park and Recreational License Fees
- Newborn Screening Fee Deaf Grant
- Newborn Screening Fee*
- Occupational Therapist License Fee
- Plan Review and Inspection Fees for Water Treatment
- Public Pool Plan Review, Inspection, and License Fees
- Radioactive Materials Registration and License Fees
- Specimen Handling Fee
- Speech Language Pathologist and Audiologist Registration Fees
- Statewide Hospitality Facility License Fee
- Temporary Nursing Provider Fee
- Well Management Program Fees
- X-Ray Machine Registration and Inspection Fees

Departmental Earnings
List of Departmental Earnings by Agency

Historical Society
- Historic Structure Rehabilitation Grant/Credit Revenue

Human Rights
- Certificate of Compliance Fees*

Human Services
- Alternative Care Premium
- Child Support Enforcement Cost Recovery Fee
- DHS Rents – Intergovernmental
- Federal Collections
- Licensing Division Fees*
- License Criminal Background Investigation*
- Medical Assistance for Employed Persons with Disabilities Premium
- Minnesota Care Premium
- MSOP Cost of Care Recoveries*
- MSOP Industry
- Nursing Home Advisory Council Fee
- Rental Income on State Property at the Regional Treatment Centers
- Shared Services Revenue for Developmental Disability Mobile Crisis Teams and County Mental Health
- SOS Cost of Care Recoveries – General Fund*
- SOS Cost of Care Recoveries – Dedicated Revenues
- Work Activity Program Charges for Services and Sales

Iron Range Resources
- Giants Ridge Golf and Ski Resort, Minnesota Discovery Center, and Other Rent and Receipts

Labor and Industry
- Data Practices/Cost of Copies Charges
- Employment Agency License and Examination Fees
- Logger Assessments from Wood Mills Based on Number of Cords of Wood Purchased
- Qualified Rehabilitation Consultant Services Billed to Insurers
- Rehabilitation Provider Registration and Managed Care Organization Fees
- Workers Compensation Penalties
- Residential Contractor License Fees
- Combative Sports Fee Increase*
- Construction Code Fees*

Legal Profession Boards
- Certifying Accrediting Agencies and Annual Renewal Fees
- Licensing Attorneys
- Regulating Continuing Legal Education
- Regulation of Attorney Actions and Ethical Practices

Legal Profession Boards, continued
- Reimbursement of Clients Defrauded By Attorneys
- Licensing Attorneys

Marriage and Family Therapy Board
- Marriage and Family Therapist Licensing Fees

Mediation Services
- Arbitration Roster Fee

Medical Practice Board
- Medical Practitioner Licensing Fees

Minnesota Management and Budget
- Combined Charities Registration Fee
- Public Employees Insurance Program Administration Fee

Natural Resources
- Aquatic Invasive Species*
- Department of Natural Resources Miscellaneous Revenues*
- Electronic Licensing
- Fire Fighting Cost Reimbursements
- Forestry Nursery Sales of Seedlings and Seeds
- Game and Fish Licenses, Stamps, Federal Reimbursement *
- Land Recreation
- Minerals and Land Earnings and License Fees*
- Parks Earnings
- Real Estate Earnings
- Reclamation
- Timber Sales and Related Earnings
- Water Recreation Registration and License Fees, Fines, and Restitution
- Waters Permits and Fees

Nursing Board
- Nursing Examination, Registration, Certification, Permit and License Fees

Nursing Home Administrators' Board
- Nursing Home Administrator Profession license Fees

Optometry Board
- Optometry Profession Application and License Fees

Peace Officers Board
- Peace Officer Testing and Licensing Fees
- Peace Officer Continuing Education

Pharmacy Board
- Pharmacist and Pharmacy Application, Registration and License Fees

Physical Therapy Board
- Physical Therapist and Physical Therapist Assistant Application and License Fees

Podiatric Medicine Board
- Podiatrist Application and License Fees

Pollution Control Agency*
- Environmental Assistance: Residential Electronic Waste Manufacturer Registration Fee
- Air Quality Fee
- Low Level Radioactive Waste Generation Fees
- Hazardous Waste Fee
- Water: Water Quality Permit and Enforcement Fees
- SSTS Licensing Fee
- SSTS Tank Fee
- E Waste Fee
- Land: Dry Cleaner Registration and Solvent Fees
- Voluntary Petroleum Investigation and Cleanup PCA Income Agreement Revenue
- Underground Storage Tank Certification Program
- Waste Disposal Facility Operators & Inspectors Cert Program
- Water: Waste Water Treatment Operator Certification

Private Detectives Board
- Private Detective and Protective Agents Licensing Fees

Psychology Board
- Psychology Professional License Fees

Public Facilities Authority
- Public Facilities Authority Application and Repayment Fees

Public Safety
- 9-1-1 User Fee (Customer Surcharge)
- Crime Alert Member Fee
- Criminal Justice Data Network Monthly Access and Connection Charge
- Driver and Vehicle Services Technology Surcharge
- Driver's License and Related Fees
- Emergency Management Hazardous Chemical Report and Hazardous Materials Incident Response Fees
- Fire Insurance Policy Surcharge
- Fire Safety Inspection, Certification, License and Permit Fees
- Firefighter Licensing
- Fleet Registration Administrative Fee
- Gambling Enforcement Permits, Licenses and Background Check Fees

Public Safety, continued
- Interstate Emergency Management Assistance Compact
- Fire Safety Inspection, Certification, License and Permit Fees
- Firefighter Licensing
- Interstate Registration and Reciprocity Filing and License Fees
- Licensing DWI Reinstatement Fee and Surcharge
- Licensing-Motorcycle Endorsement and Renewal Fees
- Liquor Licensing Fees*
- Motor Vehicle Dealers Application and License Fees
- Motor Vehicle Filing Fee
- Motor Vehicle Miscellaneous - Administrative and Inspection Fees and Advertising Revenue
- Motor Vehicle Special Lists Copy Fees and Surcharge
- Motor Vehicle Transfer Registration Fee
- Non-Criminal Justice Requestor Records Processing Fee
- Office of Pipeline Safety Quarterly Inspection Fee
- Patrol Escorts and Air Patrol Service Fees to Non-Government Entities
- Personal Protection Pistol Permit Application and Administration Fees
- Security Fee for State Capitol Complex Events
- Special Plates and Stickers Fees
- Vehicle Registration and Title Certificate Fee
- Vehicle Registration - Special Revenue
- Commercial MV Inspection Fee

Public Utilities Commission
- Administrative Hearing Cost Assessment to Utilities
- Extended Area Service Balloting Charge
- Energy Regulation Cost Assessment to Gas and Electric Utilities
- Rulemaking Assessment
- Telephone Assistance Plan Surcharge on Wired Lines
- Telephone Regulation Cost Assessment

Racing Commission
- Racetrack Ownership, Operating and Professional Licenses

Revenue
- Revenue Recapture Administration Fee on Taxpayers
- Cigarette – Tobacco Licensure
- Conditional Use Fees

Revenue, continued
- Filing Fees*
- Health Impact Fees*
- Land: Hazardous Waste Fees
- Land: Dry Cleaner Fees
- Assessors Education – Licensing
- Petroleum Distributor Fees
- Petroleum Tank Cleanup Fees
- Propane – Liquefied Petroleum Gas Fee
- Gambling License Regulatory Fees

Secretary of State
- Annual Report Filing and Renewal Fees
- Business Services Filing, Copy and Certification Fees
- Computer Information Fees - Direct Access
- Computer Information Fees-Voter Registration Lists
- Election Fees - Candidate Filing, Copy and Certification Fees
- Notary Commission and Renewal Fees
- Uniform Commercial Code Filing and Copy Fees

Social Work
- Social Worker Licensing Fees

State Auditor
- Audit Fees Paid by Local Governments*

Supreme Court
- Testing/Training Fee for Court Interpreters
- Civil Legal Services Fees on Attorneys (Dedicated)
- Miscellaneous Court Fees - Alternative Dispute Resolution Registration Fee
- Fees from County Users of Minnesota Court Information System
- Fees for Filing Appeals
- Registration of Attorney Actions and Ethical Practices - Late Fee
- State Building Code
- Data Practices/Cost of Copies Charges (Library Patrons)

Transportation
- Motor Vehicle Miscellaneous Fee
- Airport License Fees
- Advertising Permits
- Department of Transportation Miscellaneous
- Motor Carrier Permits
- Transportation Permits - Oversize or Overweight
- Vehicle Permit Fees
- Highway Toll Revenue (MN/Pass Fees)

Transportation, continued
- Air Transportation Fees on State officials' Travel (Revolving Account)
- Tower Leases

Veterans Affairs
- Veterans Cost of Care - Individual Maintenance Fees and Federal Veterans Administration Reimbursements
- Veteran's Affairs - Veteran Burial Federal Reimbursement and Family Member Burial Fees

Veterinary Medicine Board
- Veterinary Medicine Profession Application and License Fees

Water and Soil Resources Board
- WCA Appeal Fee
- Wetland Banking Establishment and Transaction Fees

Departmental Earnings
Table one: All departmental earnings by revenue class
(dollars in thousands)

	FY12 Actual	FY13 Base	FY14 Base	FY15 Base	FY14 Gov Recomm	FY15 Gov Recomm	Percent Change 2012-2013 to 2014-2015	Percent of Total 2014-2015
DEPARTMENTAL SERVICES	326,936	331,505	329,082	348,785	332,914	352,758	4.1%	25%
DEPARTMENTAL SALES	72,623	68,437	65,510	66,168	66,151	66,855	-5.7%	5%
LICENSES & FEES	817,162	811,973	818,431	818,810	804,562	810,626	-0.9%	59%
DEPARTMENTAL PENALTIES	11,140	6,970	3,867	3,865	3,915	3,899	-56.9%	0.3%
DEPARTMENTAL INVESTMENT EARNINGS	(18,687)	(19,675)	(19,675)	(19,675)	(19,675)	(19,675)	2.6%	-1%
CARE & HOSPITALIZATION	161,535	155,762	155,562	155,562	159,654	159,654	0.6%	12%
DEPARTMENTAL EARNINGS	1,370,709	1,354,971	1,352,777	1,373,514	1,347,521	1,374,116	-0.1%	100%

Notes:
(1) This state-wide summary table contains departmental earnings for agencies which are exempt from departmental earnings requirements as presented in part 3 of this report, the agency-by-agency reports.
(2) Some departmental earnings are earned in conjunction with internal charges. For example, there are external and internal components of insurance administration charges. The external components are combined with the internal components and are recorded together in the internal service funds.
(3) Because of the transition to new accounting and budgeting systems, 2011 data – available in the former accounting system -is not reflected.
(4) Because of the transition to a new budget system, agencies were asked to prepare this information in out –of- the-system template. Differences between the budget system and these reports may result, relating to the difference between how the accounting and budgeting systems track departmental earnings.
(5) Percent change is calculated between 2012 actual-2013 Budget and 2014-2015 Governor's Recommendation.
(6) Percent of total is calculated on 2014-2015 Governor's recommendation.

Departmental Earnings
Table two: Departmental Earnings by Bill Area
(dollars in thousands)

	FY12 Actual	FY13 Base	FY14 Base	FY15 Base	FY14 Gov Recomm	FY15 Gov Recomm	Percent Change 2012-2013 to 2014-2015	Percent of Total 2014-2015
E-12 Education	7,322	7,349	7,352	7,352	7,352	7,352	0.2%	1%
Higher Education	636	295	309	309	309	309	-33.6%	0.02%
Property Tax Aids and Credits	243,572	238,213	236,663	236,043	212,563	210,143	-12.3%	16%
Health and Human Services	298,852	296,416	298,847	310,784	308,734	324,580	6.4%	23%
Public Safety	115,131	114,303	106,832	111,609	106,907	111,684	-4.7%	8%
Transportation Bill Area	125,863	121,711	122,800	122,850	122,800	122,850	-0.8%	9%
Environment, Energy, and Natural Resources	390,554	387,450	387,052	388,597	395,068	396,650	1.8%	29%
Agriculture Bill Area	25,086	24,808	24,838	25,002	24,874	25,040	0.04%	2%
Economic Development	42,238	42,024	44,283	42,261	44,463	42,441	3.1%	3%
State Government	121,455	122,401	123,800	128,706	124,450	133,066	5.6%	9%
STATEWIDE	1,370,709	1,354,971	1,352,777	1,373,514	1,347,521	1,374,116	-0.1%	100%

Notes:
(1) This state-wide summary table contains departmental earnings for agencies which are exempt from departmental earnings requirements as presented in part 3 of this report, the agency-by-agency reports.
(2) Some departmental earnings are earned in conjunction with internal charges. For example, there are external and internal components of insurance administration charges. The external components are combined with the internal components and are recorded together in the internal service funds.
(3) Because of the transition to new accounting and budgeting systems, 2011 data – available in the former accounting system -is not reflected.
(4) Because of the transition to a new budget system, agencies were asked to prepare this information in out –of- the-system template. Differences between the budget system and these reports may result, relating to the difference between how the accounting and budgeting systems track departmental earnings.
(5) Percent change is calculated between 2012 actual-2013 Budget and 2014-2015 Governor's Recommendation.
(6) Percent of total is calculated on 2014-2015 Governor's recommendation.

Departmental Earnings
Table three: All departmental earnings by fund group, fund type, and fund class; nondedicated and dedicated
(dollars in thousands)

	FY12 Actual	FY13 Base	FY14 Base	FY15 Base	FY14 Gov Recomm	FY15 Gov Recomm	Percent Change 2012-2013 to 2014-2015	Percent of Total 2014-2015
General Fund	299,624	277,082	276,189	276,295	279,622	280,523	-2.87%	21%
Health Impact Fund	207,817	201,610	199,250	198,630	175,150	172,730	-15.03%	13%
State Government Special Revenue Fund	151,232	151,755	150,329	159,514	154,487	166,840	6.05%	12%
Special Revenue Fund	310,494	302,448	266,625	267,578	275,333	279,942	-9.41%	20%
Agriculture Fund	21,122	21,501	21,532	21,697	21,568	21,735	1.59%	2%
DNR-Natural Resources Fund	47,215	52,739	52,887	53,357	54,001	54,517	8.57%	4%
Game and Fish Fund	77,832	84,673	90,663	90,663	90,653	90,644	11.56%	7%
Petroleum Tank Release Cleanup Fund	27,659	27,705	27,705	27,705	27,705	27,705	0.08%	2%
Health Care Access Fund	-	-	32,166	42,068	32,166	42,068	n/a	3%
Iron Range Resources	181	155	155	155	155	155	-7.94%	0.01%
NE MN Economic Protection Trust Fund	152	168	168	168	168	168	4.91%	0.01%
Gift Fund	-	0	0	0	0	0	100.00%	0%
Trunk Highway Fund	11,996	13,811	14,760	14,760	14,760	14,760	14.39%	1%
Highway Users Tax Distribution Fund	1,821	2,000	2,000	2,000	2,000	2,000	4.70%	0.1%
State Airports Fund	647	510	510	510	510	510	-11.85%	0.04%
Environmental Fund	34,842	34,497	34,633	34,802	34,738	34,907	0.44%	3%
Remediation Fund	728	592	643	643	643	643	-2.59%	0.05%
Workers Compensation Fund	3,023	3,598	3,618	3,613	3,618	3,613	9.21%	0.3%
Federal Fund	16,360	14,300	14,300	14,300	14,300	14,300	-6.72%	1%
Endowment and Permanent School Fund	35,552	31,935	31,935	31,935	31,935	31,935	-5.36%	2%
Special Revenue Funds Group	948,674	943,995	943,878	964,097	933,889	959,171	0.02%	70%
Reinvest In Mn C.H. Plates	-	-	-	-	1,300	1,300	n/a	0.1%
DHS Enterprise Funds	98,500	109,168	109,168	109,168	109,168	109,168	5.14%	8%
Miscellaneous Enterprise Funds	5,777	7,980	7,980	7,980	7,980	7,980	16.01%	1%
Administration Enterprise Funds	1,746	1,498	1,498	1,651	1,498	1,651	-2.92%	0.1%
Enterprise Funds Group	106,023	118,647	118,647	118,799	118,647	118,799	5.69%	9%

Departmental Earnings
Table three: All departmental earnings by fund group, fund type, and fund class; nondedicated and dedicated
(dollars in thousands)

	FY12 Actual	FY13 Base	FY14 Base	FY15 Base	FY14 Gov Recomm	FY15 Gov Recomm	Percent Change 2012-2013 to 2014-2015	Percent of Total 2014-2015
MMB Internal Service Funds	495	367	367	367	367	367	-14.84%	0.03%
Miscellaneous Internal Service Funds	2,081	1,784	1,882	1,955	1,882	1,955	-0.73%	0.1%
Internal Service Funds Group	2,576	2,151	2,249	2,322	2,249	2,322	-3.30%	0.2%
Agency Funds Group	10,500	10,585	8,985	8,985	8,985	8,985	-14.77%	1%
Revolving Component Units Funds	3,312	2,512	2,829	3,015	2,829	3,015	0.35%	0.2%
Component Unit Funds Group	3,312	2,512	2,829	3,015	2,829	3,015	0.35%	0.2%
ALL_FUNDS	1,370,709	1,354,971	1,352,777	1,373,514	1,347,521	1,374,116	-0.15%	100%
Non Dedicated	754,647	738,318	740,365	745,193	723,720	730,711	-3%	53%
Dedicated	616,062	616,653	612,412	628,321	623,801	643,405	3%	47%
ALL_FUNDS	1,370,709	1,354,971	1,352,777	1,373,514	1,347,521	1,374,116	-0.15%	100%

(1) This state-wide summary table contains departmental earnings for agencies which are exempt from departmental earnings requirements as presented in part 3 of this report, the agency-by-agency reports.
(2) Some departmental earnings are earned in conjunction with internal charges. For example, there are external and internal components of insurance administration charges. The external components are combined with the internal components and are recorded together in the internal service funds.
(3) Because of the transition to new accounting and budgeting systems, 2011 data – available in the former accounting system -is not reflected.
(4) Because of the transition to a new budget system, agencies were asked to prepare this information in out –of- the-system template. Differences between the budget system and these reports may result, relating to the difference between how the accounting and budgeting systems track departmental earnings.
(5) “All_Funds"" indicates the total of all funds, state-wide. This presentation includes all governmental (e.g. general fund, special revenue funds, and capital funds) and proprietary funds (e.g. internal service funds, enterprise funds and agency funds).
(6) Percent change is calculated between 2012 actual-2013 Budget and 2014-2015 Governor's Recommendation.
(7) Percent of total is calculated on 2014-2015 Governor's recommendation.
(8)"n/a" indicates not applicable

Figue one: Departmental earnings by fund type 2014-2015 Governor's recommendation ($2.7 billion)

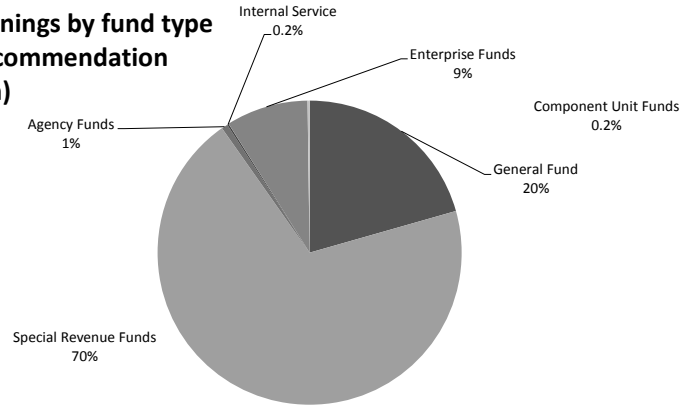


Figure two: Departmental earnings by fund type 2012 Actual to 2015 Governor's recommendation (dollars in thousands)

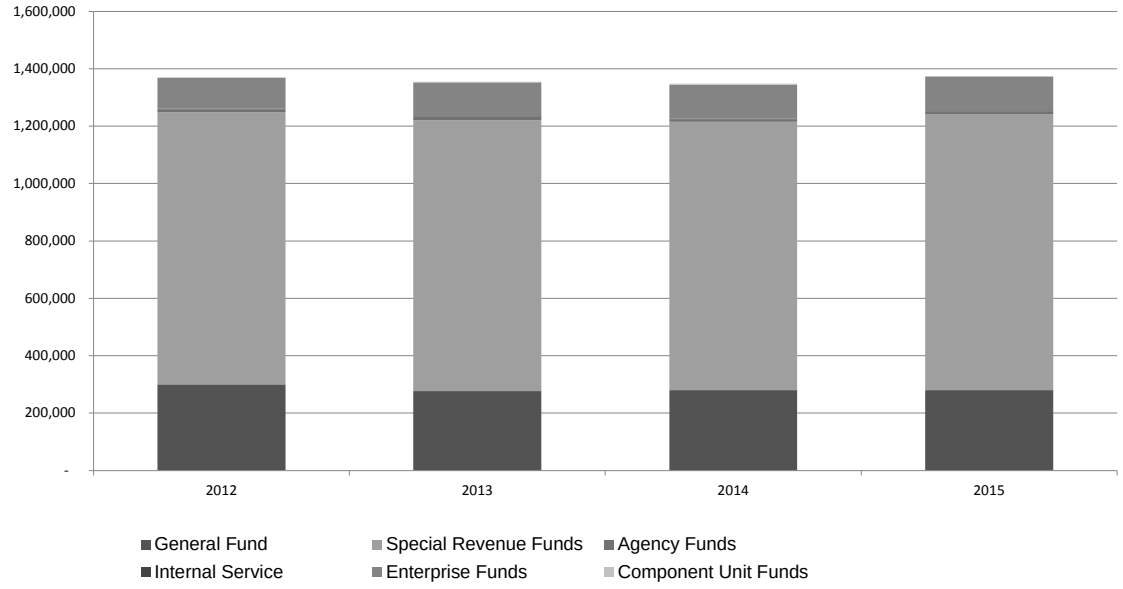


Figure three: Departmental earnings by dedicated and non-dedicated revenue
2014-2015 Governor's recommendation
($2.7 billion)

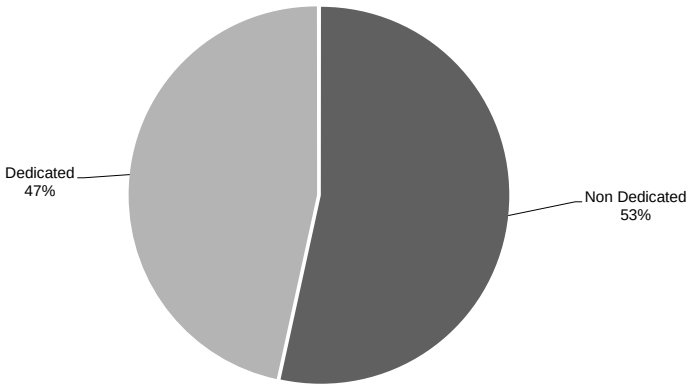
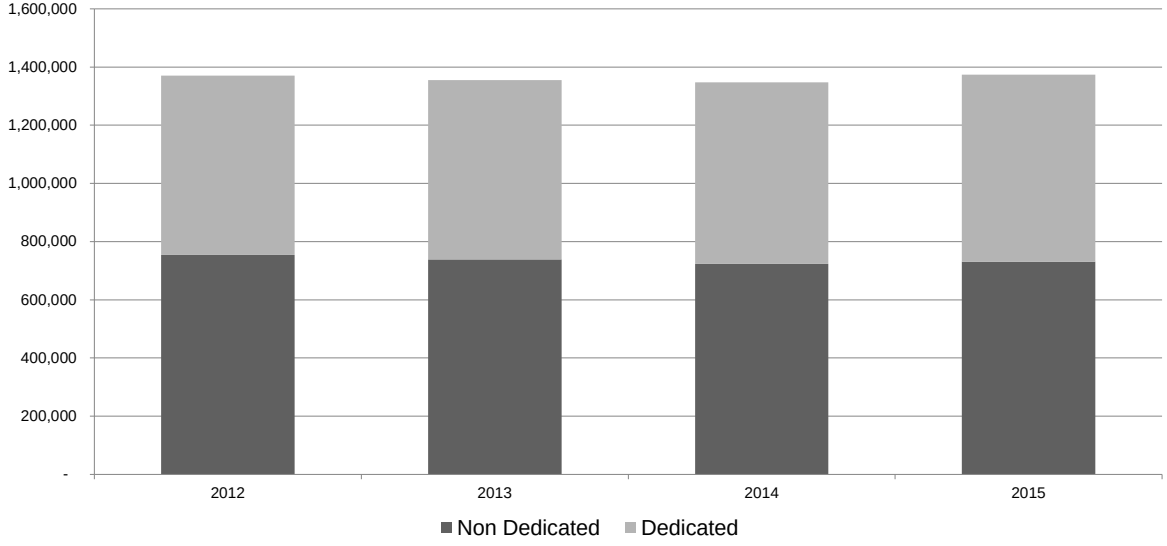


Figure four: Departmental Earnings by dedicated and non-dedicated revenue
2012 Actual to 2015 Governor's Recommendation
(dollars in thousands)



Departmental Earnings
Table four: All departmental earnings by agency
(dollars in thousands)

	FY12 Actual	FY13 Base	FY14 Base	FY15 Base	FY14 Gov Recomm	FY15 Gov Recomm	Percent Change 2012-2013 to 2014-2015	Percent of Total 2014-2015
Accountancy, Board of	938	859	879	879	879	879	-2.2%	0.06%
Administrative Hearings, Office of	1,599	1,798	1,896	1,969	1,896	1,969	13.8%	0.14%
Agriculture	25,041	24,767	24,797	24,962	24,833	25,000	0.1%	1.83%
Animal Health, Board of	45	42	41	40	41	40	-6.9%	0.00%
Architecture, Engineering, Land Surveying, La	2,075	599	1,950	575	1,950	575	-5.6%	0.09%
Attorney General	604	600	600	600	600	600	-0.3%	0.04%
Barber Examiners, Board of	285	312	312	312	312	312	4.6%	0.02%
Behavioral Health and Therapy, Board of	1,026	929	788	801	788	801	-18.7%	0.06%
Black Minnesotans, Council on	14	14	14	14	14	14	1.1%	0.00%
Campaign Finance and Public Disclosure Board	-	-	-	-	350	350	n/a	0.03%
Chiropractor Examiners, Board of	800	825	849	874	849	874	6.0%	0.06%
Combative Sports Commission	78	-	-	-	-	-	-100.0%	0.00%
Commerce	141,985	129,007	125,139	125,782	130,419	131,062	-3.5%	9.61%
Corrections	17,432	18,647	18,547	18,547	18,547	18,547	2.8%	1.36%
Cosmetologist Examiners, Board of	1,838	1,767	1,521	1,357	1,521	1,357	-20.2%	0.11%
Dentistry, Board of	1,443	1,618	1,668	1,735	1,668	1,735	11.2%	0.13%
Dietetics and Nutrition Practice, Board of	92	87	87	87	87	87	-2.7%	0.01%
District Courts	651	472	472	472	472	472	-16.0%	0.03%
Education	7,315	7,326	7,329	7,329	7,329	7,329	0.1%	0.54%
Emergency Medical Services Regulatory Board	107	83	113	83	113	83	3.4%	0.01%
Employment and Economic Development	1,045	1,046	1,046	1,036	1,046	1,036	-0.4%	0.08%
Explore Minnesota Tourism	1,419	1,316	1,316	1,316	1,316	1,316	-3.8%	0.10%
Gambling Control Board	1,530	1,623	1,650	1,650	1,650	1,650	4.7%	0.12%
Health	40,935	41,366	41,436	41,510	45,258	46,300	11.2%	3.36%
Higher Education, Office of	636	295	309	309	309	309	-33.6%	0.02%
Historical Society	944	-	-	-	-	-	-100.0%	0.00%
Human Rights	50	55	55	55	110	110	109.9%	0.01%
Human Services	238,774	235,443	237,805	249,569	243,870	258,575	6.0%	18.46%
Iron Range Resources and Rehabilitation Board	4,094	5,223	5,223	5,223	5,223	5,223	12.1%	0.38%
Labor and Industry	31,958	32,213	33,347	32,873	33,527	33,053	3.8%	2.45%
Legal Professions Board	7,724	8,033	5,822	5,854	5,822	5,854	-25.9%	0.43%
Management and Budget	144	950	950	950	950	950	73.6%	0.07%

Departmental Earnings
Table four: All departmental earnings by agency
(dollars in thousands)

	FY12 Actual	FY13 Base	FY14 Base	FY15 Base	FY14 Gov Recomm	FY15 Gov Recomm	Percent Change 2012-2013 to 2014-2015	Percent of Total 2014-2015
Marriage and Family Therapy, Board of	298	304	312	318	312	318	4.6%	0.02%
Mediation Services, Board of	5	5	5	5	5	5	0.7%	0.00%
Medical Practice, Board of	4,646	5,076	5,173	5,271	5,173	5,271	7.4%	0.38%
Minnesota Revenue	710	570	570	570	570	570	-10.9%	0.04%
Minnesota Zoo	14,287	15,678	15,588	15,588	15,588	15,588	4.0%	1.15%
Mmb Non-operating	-	-	-	4,500	-	4,500	n/a	0.17%
MMB Treasury-Non Operating	53,015	52,485	53,005	53,005	53,005	53,005	0.5%	3.90%
MN.IT Services	496	260	260	260	260	4,260	497.9%	0.17%
Natural Resources	200,830	208,072	211,956	212,686	214,587	215,354	5.1%	15.80%
Nursing Home Administrators, Board of Examino	206	197	197	196	197	196	-2.5%	0.01%
Nursing, Board of	5,063	5,090	4,993	4,908	4,993	4,908	-2.5%	0.36%
Optometry, Board of	126	120	120	120	120	120	-2.4%	0.01%
Peace Officer Standards and Training, Board o	111	508	508	508	508	508	64.1%	0.04%
Perpich Center for Arts Education	7	23	23	23	23	23	52.5%	0.00%
Pharmacy, Board of	2,189	2,177	2,177	2,177	2,177	2,177	-0.3%	0.16%
Physical Therapy, Board of	507	500	500	483	500	483	-2.4%	0.04%
Podiatric Medicine, Board of	110	86	99	89	99	89	-4.2%	0.01%
Pollution Control	26,172	26,149	26,261	26,433	26,366	26,538	1.1%	1.94%
Private Detective Board	131	141	141	141	141	141	3.5%	0.01%
Psychology, Board of	1,166	1,144	1,144	1,163	1,144	1,163	-0.1%	0.08%
Public Defense, Board of	3	-	-	-	-	-	-100.0%	0.00%
Public Facilities Authority	3,345	2,541	2,858	3,044	2,858	3,044	0.3%	0.22%
Public Safety - Public Safety	86,438	83,819	78,659	83,404	78,679	83,424	-4.8%	5.96%
Public Safety - Transportation	109,014	102,217	102,231	102,236	102,231	102,236	-3.2%	7.51%
Public Utilities Commission	7,024	8,294	7,855	7,855	7,855	7,855	2.6%	0.58%
Racing Commission	793	781	781	781	781	781	-0.7%	0.06%
Secretary of State	14,447	16,233	16,620	16,818	16,620	16,818	9.0%	1.23%
Social Work, Board of	1,022	1,031	1,041	1,051	1,041	1,051	1.9%	0.08%
State Auditor	6,024	6,536	6,586	6,535	6,886	6,545	6.9%	0.49%
Supreme Court	2,590	2,629	2,629	2,629	2,629	2,629	0.8%	0.19%
Tax Policy Aids and Credits	243,572	238,213	236,663	236,043	212,563	210,143	-12.3%	15.53%

Departmental Earnings
Table four: All departmental earnings by agency
(dollars in thousands)

	FY12 Actual	FY13 Base	FY14 Base	FY15 Base	FY14 Gov Recomm	FY15 Gov Recomm	Percent Change 2012-2013 to 2014-2015	Percent of Total 2014-2015
Transportation	16,849	19,494	20,569	20,614	20,569	20,614	13.3%	1.51%
Veterans Affairs	36,295	36,694	36,694	36,694	36,694	36,694	0.5%	2.70%
Veterinary Medicine, Board of	341	340	345	349	345	349	1.9%	0.03%
Water and Soil Resources, Board of	256	250	253	253	253	253	0.0%	0.02%
STATEWIDE	1,370,709	1,354,971	1,352,777	1,373,514	1,347,521	1,374,116	-0.1%	100.00%

Notes:

(1) This state-wide summary table contains departmental earnings for agencies which are exempt from departmental earnings requirements as presented in part 3 of this report, the agency-by-agency reports.

(2) Some departmental earnings are earned in conjunction with internal charges. For example, there are external and internal components of insurance administration charges. The external components are combined with the internal components and are recorded together in the internal service funds.

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(5) Percent change is calculated between 2012 actual-2013 Budget and 2014-2015 Governor's Recommendation.

(6) Percent of total is calculated on 2014-2015 Governor's recommendation.

Departmental Earnings

Governor's Recommended Changes in Departmental Earnings

The following list of Governor's recommended changes in the departmental earnings category is compiled from the information in each agency's change items. For further information, see the detailed revenue category report in each agency's departmental earning report or the budget change page in each agency's budget document (both at http://www.mmb.state.mn.us/budget).

Numbers below represent increases in the 2014-2015 biennium, with amounts continuing in the 2016-2017 biennium unless otherwise noted.

Agriculture

Commercial Animal Waste Technician License (CAWT) Revision and Fees
($74 thousand in expense and revenue)
The Governor recommends implementing changes to the CAWT fees and licensing structure as proposed by the CAWT Work Group. This group, comprised of producers, consumers, and local and state regulators suggests creating a three tier license structure ($25 for applicators, $50 for waste site managers, and $100 for animal waste companies) with all applications being renewed annually. This proposal funds 0.4 FTEs to perform this work. This proposal will ensure stronger oversight of CAWT applicators, site managers, and animal waste companies.

Campaign Finance and Public Disclosure Board

Establishment of Campaign Finance Registration Fees
($78 thousand general fund expense reduction, $704 thousand increase in other fund revenue and expense)
The Governor recommends establishing a system of fees to replace a 5% reduction in funding from the general fund and to provide an investment supporting client services, investigations, implementation of a redesigned website, conversion to electronic records, and implementation of a document management system. The impact of this investment will be measured by monitoring the number, scope, and time to complete audits and investigations and through customer surveys. When technology improvements are implemented, the impact will be measured by conducting client surveys, staff surveys, and internal studies of savings resulting from the new systems.

Commerce

Agency Investment with Revenue Offset
($7.35 million in revenue and expense)
The Governor recommends increasing appointment fees paid by insurance companies from $10 to $30. This fee is charged when insurers register an agent with the Department of Commerce; it is only paid once per appointment. Additional revenue generated by the fee increase will be used to increase oversight of financial institutions, securities, consumer protection, and insurance.

Anticipated results:
1) Increased accreditation scores from the National Association of Insurance Commissioners (NAIC);
2) Greater rate at which exams and analysis are completed;
3) Reduced response time and increased customer satisfaction with consumer protection activities; and
4) Successful implementation of the Securities Investment Advisor registration system.

UCP Compliance
($750 thousand in expense and $3.75 million in revenue starting in the 2016-2017 biennium)
The Governor recommends continuing the unclaimed property compliance program, enhancing the department's ability to enforce compliance with the Uniform Unclaimed Property Act. This program reunites property with the rightful owner. Four temporary FTEs are currently working in this area and have produced successful results; their temporary appointments expire in FY 2015. Additional compliance work has netted additional revenue to the state through education and compliance techniques. This initiative will result in additional revenue based on compliance techniques. It will be measured by comparison of annual remittance numbers from year to year. Additionally, the number of entities remitting funds will be compared from year to year.

Weights & Measures-Revenue & Funding
($108 thousand in general fund revenue, $552 thousand in general fund revenue and expense)
The Governor recommends replacing weights and measures devices that are nearing or past the end of expected lifecycle. To fund this replacement, Commerce's share of an existing fee on petroleum inspections would be increased. Additionally, fees collected from businesses and other governmental entities for inspections of weights and measures device would be increased.

The effectiveness of this initiative will be measured by showing:
1) Reduction in age-related equipment failure or repair;
2) Absence of injury/accident claims related to equipment age or age-related malfunctions; and
3) Equipment up to date with industry and regulatory standards.

Health

Lead Abatement Enforcement Penalty
(No revenue or expenditure impact)
The Governor recommends implementing a $5,000 per day penalty to be assessed against those in violation of lead paint abatement regulations. This statutorily defined penalty is a requirement of the federal Environmental Protection Agency (EPA). This change is expected to improve compliance with lead abatement standards, which in turn will reduce lead exposure. This will be measured by the number of rule violations and enforcement actions taken related to lead abatement.

Health Care Facility Blueprint Review
($780 thousand in revenue and expense)
The Governor recommends creating a new fee to recover the cost of reviewing blueprints prior to construction or renovation projects involving health care facilities. These reviews will ensure that health and Life Safety Code building standards are met. These fees will be based on the project cost, and will allow the department to better recover actual costs incurred. As a result of this change, the actual costs of these activities will be better recovered through fees.

Protecting Groundwater from Geothermal Heat Systems
($300 thousand in revenue and expense)
The Governor recommends closing a loophole in the current regulation of geothermal heat systems. State law requires geothermal systems to be installed by licensed professionals who use approved materials and methods. However, changes in technology have created a legal loophole that allows contractors to avoid state standards if they install geothermal systems in angled rather than vertical holes in the ground. This is problematic because when geothermal heat systems are installed incorrectly, they can contaminate groundwater and drinking water. This proposal would clarify

state law to close the loophole and extend the current fees for vertical installations to angled installations. This change is expected to help ensure the quality of all wells and borings (including geothermal heat systems) constructed in the state by increasing the percentage that are regulated.

Strengthen Newborn Screening Program
($4.302 million in expense, $4.75 million in revenue)
The Governor recommends strengthening the newborn screening program by adding new tests to the screening program for infants. This change will also require a fee increase. This increase will enable the program to test for two additional congenital conditions - Severe Combined Immunodeficiency Disease (SCID) and Critical Congenital Heart Defects (CCHD) - that affect approximately 100 infants annually in Minnesota. Educational efforts to health care providers will also be increased. The goal of this proposal is to increase the number of children with a congenital or hereditary disorder that are identified early enough in life to improve medical outcomes. This will be measured by the number of affected children found through the Newborn Screening System.

Cost Recovery for Lab Testing
($306 thousand in expense and $320 thousand in revenue)
The Governor recommends a change to statute that will allow the agency to negotiate rates and contracts for lab testing to better recover their actual costs. This proposal impacts the public health lab's enterprise operations, which is funded by fees, and does not impact general fund lab activities. The goal of this change is to allow for better cost recovery of actual testing costs incurred by the clinical lab. This change is expected to help ensure that testing services remain available. The number of diagnostic tests completed by the Infectious Disease Lab will be used as a measure of success.

Environmental Lab Accreditation Program
($580 thousand reduction in revenue and expense)
The Governor recommends a change to statutory language regarding environmental lab accreditation. This change will establish partnerships with individuals, organizations, and other state agencies - for example, the Minnesota Pollution Control Agency - to perform more efficient assessments of environmental laboratories, thereby reducing overall costs for regulated entities. The goal of this change is to increase efficiency while maintaining the quality of environmental labs in Minnesota at a lower cost.

Home Health Care Licensing Reform
($4.272 million in expense and $2.942 in revenue)
The Governor recommends streamlining the current licensing system for Home Health Care providers, and restructuring the fees paid by these providers. These changes will include simplifying the system by reducing the number of license types from four to two. Changes will also include requirements for on-site inspections of newly licensed providers to ensure compliance, and will also increase the frequency of inspections once a provider's license is established. These changes are the result of the department's work with the Homecare Regulatory Framework Work Group. This change is expected to result in improved health and safety for clients of home health care services. An increased number of inspections will be used as one way to measure success.

Modify Mortuary Science Regulations
($100 thousand in revenue and expense)
The Governor recommends two regulatory changes regarding the practice of mortuary science. The first change is to establish regulations for new, alkaline based cremation techniques. The second change will modify current regulations to eliminate the requirement that all funeral homes have an embalming room. Instead, funeral homes will be allowed to have branch locations that do not have an embalming room on site. As a result of this change, it is expected that owners of multiple funeral homes may operate more efficiently through centralizing operations. Also there will be added clarity of requirements for this new alkaline option for final disposition. To measure these changes, the number of branch locations which do not

maintain their embalming rooms will be tracked; in addition, feedback will be sought from alkaline hydrolysis facilities to determine if the new regulations have added clarity to the requirements.

Human Rights

Modify Certificate of Compliance Fee and Renewal Period
($110 thousand increase in revenue)
The Governor recommends changes to the Certificate of Compliance fee and collection period. The current $75 fee is charged every two years for firms doing more than $100,000 business with the state. The change would double the fee to $150, but it would be collected every four years instead of every two. Firms would only have to apply for the Certificate of Compliance once every four years.
The department will be able to streamline and reduce its administrative processes to focus more of its resources on activities that positively impact the employment opportunities of historically disenfranchised groups.

Human Services

Change County Share of Cost of Care Rate for Anoka Regional Treatment Center
($1.892 million in revenue)
The Governor recommends an increase to the county share of costs for the Anoka Regional Treatment Center. The goal of the proposal is to encourage more timely patient discharge from the treatment center to a less restrictive, less costly setting as soon as it is appropriate for the patient. This change will be successful if the length of stay for clients and the number of non-acute bed days are reduced. When a client can move through the system and return quickly to the community there is a greater chance they will retain their support system and living arrangement.

Change County Share of Cost of Care Rate for Minnesota Security Hospital
($6.3 million in revenue)
The Governor recommends increasing the county share of the cost of care for clients served in the Minnesota Security Hospital (MSH). The goal is to encourage a more timely return of clients to their home communities once a reduction in custody has been received. When clients are not able to quickly return to their home communities, they remain at an inappropriate, more expensive level of care and custody that is no longer conducive to their treatment progress. A key measure of success for this item is a reduction in the length of stay once a client has been deemed appropriate for discharge and the client has been provisionally discharged from the program.

MN Sex Offender Program Growth
($1.667 million in revenue and $6.669 million in expense annually)
The Governor recommends increasing funding for the Minnesota Sex Offender Program (MSOP) to address current estimates for increases in the number of commitments to MSOP. MSOP treatment is individualized based upon the clinical needs, risk potential, and responsiveness to treatment, for all clients. Consistent with the research and standard clinical practices, MSOP provides integrated treatment including sex-offender-specific treatment, vocational and work opportunities, education, therapeutic recreation, and mental health services. To assess utilization of treatment services, over 80% of the population will be involved in sex offender treatment. Assessment measures and targets are currently being developed to assess participation trends.

Implement New Fee Schedule for HCBS Providers
($2.7 million in revenue and $2.7 million in expense annually)
The Governor recommends establishing a fee structure to recover the costs of licensing home and community-based services (HCBS) as required by the federal Medicaid program. These licensing standards were passed by the 2012 Legislature, and the corresponding fee structure is now recommended to be implemented. The agency will collect a fee from HCBS providers to cover the costs of licensing all HCBS services and will centrally monitor provider performance and standards. As a result of this change, program integrity will be enhanced through sanctions and recovery of payments for services not provided. Performance measures will identify the number of programs licensed, extent and type of monitoring activities, and enforcement actions taken.

Application Fee for Provider Screening
($601 thousand in expense and revenue in 2014-2015, $580 thousand in expense and revenue thereafter)
The Governor recommends implementing federal provider enrollment requirements to conduct additional screenings, including additional FBI checks for high risk providers. This fee, which is set by the federal government, will be paid by all newly enrolled Medicaid providers at the time of enrollment. The intention of this change is to avoid significant "pay and chase" activity by preventing fraudulent or illegitimate Medicaid providers from enrolling in the first place. The performance measure for this item will be the number of high risk and moderate risk providers that will receive pre and post enrollment visits, and the number of managers and owners identified as high risk providers who will have FBI background study checks.

Background Studies Expanded and Scope Expanded
($14 thousand in revenue and expense annually)
The Governor recommends expanding background study requirements to include mental health centers and clinics. This group of providers is currently the only exception to the agency requirement that staff who provide direct care services must complete a background study. The Governor also recommends improving background studies by expanding their scope to include routine access to the Predatory Offender Registry (in many states, this is referred to as the "sex offender registry"), which is maintained by the state Department of Public Safety (DPS). The goal of this change is not to increase disqualifications, but instead to protect persons served in licensed programs. The new background study activity covering mental health centers and clinics will likely result in individuals being removed from positions of direct contact. The specific performance measure tracked will be the number of disqualifications resulting from the expanded background studies, and disqualifications resulting from access to the Department of Public Safety information.

Labor and Industry

Combative Sports Fee Increase
($88 thousand in revenue)
The Governor recommends increasing fees for combative sports activities. License fees and event fees will be increased to ensure program costs are covered. A sufficient number of inspectors are necessary to monitor combatant safety and ensure that combatant deaths or serious injuries do not occur.

Elevator Permit Fee Adjustment
($732 thousand in revenue)
The Governor recommends removing a cap on elevator inspection fees. The current fee structure caps elevator inspection fees at a level where inspection costs exceed fee revenue for hundreds of elevators per year. Removing the fee cap aligns fees with the inspection service provided. Success will be measured by having all elevator inspections conducted within five days of request.

Plumbing Inspection Fee Restructuring
($508 thousand in revenue)
The Governor recommends restructuring the plumbing fee schedule to better align fees with the inspection service provided. The proposed change would replace the current fee structure that is based on drainage fixture units with a permit fee of $100 and a fee of $25 per fixture. Success will be measured when fee revenue covers services provided.

Plumbing Plan Review - Removal of the Accelerated Process and Fees
($916 thousand in revenue)
The Governor recommends restructuring the plumbing plan review process to standardize response times. Currently, an applicant can pay double the standard application fee to have a plumbing plan reviewed more quickly. This results in other applicants having to wait longer to have their plans reviewed. Success will be measured by having all plans reviewed within 15 working days of receipt of application.

Wind Turbine Inspection Fee Alternative
($54 thousand expense reduction, $52 thousand revenue reduction)
The Governor recommends providing an alternative electrical inspection fee schedule for wind turbines. Wind farm turbine projects would be able to take advantage of a fee schedule that recognizes the economies of scale of large projects with many identical turbines. Success will be measured by wind energy providers paying lower regulatory fees.

MN.IT Services

E-Government and Innovation Partnership
($4 million annually in revenue and expense beginning in 2015)
The Governor recommends authorizing MN.IT to enter into a public-private partnership agreement for the development of new e-government services and a citizen-centric state web portal, in order to facilitate increased online citizen engagement and government service reform. A vendor, selected through state procurement procedures, would invest in the development of new e-services for business customers of the state. Costs would be recovered through fees applied to electronic business-government transactions facilitated through the partnership. Based on the experience of other states, about $4 million annually in fee revenue could be generated beginning in FY 2015. The revenue would be used to support the development of e-government services, both fee-based and free e-services for citizens, as well as management of a revamped state web portal. The performance of this partnership will be measured by Minnesota's ranking in the Digital States Survey conducted by the Center for Digital Government

Natural Resources

Game and Fish Policy Bill
($29 thousand revenue reduction in 2014-5 biennium)
The Governor recommends a variety of minor changes to game and fish provisions. Components include aligning non-resident youth license requirements with resident youth; allowing the agency to recover costs for responding to escaped farmed cervids (deer and elk); clarifying revenues generated from aquatic management areas (AMA) and wildlife management areas (WMA) with constitutionally dedicated investments can continue to be deposited in the game and fish fund; and other miscellaneous changes. This change will better align the agency's policies to support its fish and wildlife activities.

Critical Habitat License Plate Donation Increase
($1.6 million in expense, $2.6 million in revenue)
The Governor recommends increasing the cost for the critical habitat license plates from $30 to $40 in order to more fully leverage private donations. These contributions have been used as the state's match for the Reinvest in Minnesota (RIM) critical habitat private sector matching account which funds acquisition and improvement of important natural habitats, management of nongame wildlife, and procurement of quality recreational opportunities, such as hunting, fishing, and wildlife watching. This will allow the agency to increase support to activities that promote healthy, productive habitat and fish and wildlife populations.

Aquatic Plant Management Fee Increases
($1.4 million in expense and revenue)
The Governor recommends changing aquatic plant management (APM) permit fees deposited into the natural resources fund to cover the full costs of these activities. The purpose of the APM permit program is to protect the beneficial functions of aquatic vegetation while allowing riparian property owners to obtain reasonable access to public waters. These changes will allow for the continued effective permitting to protect aquatic habitat.

Drill Hole Inspections and Drill Core Library Fee
($418 thousand in expense and revenue)
The Governor recommends establishing a user fee deposited in the special revenue account to conduct drill hole inspections and to utilize the state's drill core library located in Hibbing. This fee increase combined with a reduction in the hours of operation will allow the division to fully capture the cost of operating the library. The services provided will be streamlined, resulting in greater efficiencies.

Real Estate, Mining, and Minerals Activities Fee Increases
($874 thousand in expense and $910 thousand in revenue)
The Governor recommends increasing permit to mine fees and fees for mineral, real estate, and state aggregate leases to more fully recover these costs. The increases, deposited in the special revenue and natural resources accounts, will accelerate the processing of applications, will more fairly distribute permitting and transaction costs among users, and will continue water quality research related to mine permitting. Additionally, the funding will provide funding for reclamation activities associated with smaller gravel pits, such as land sloping and planting vegetation. These increases will allow these services to continue and will create processing efficiencies.

Pollution Control

Wastewater Lab Quality Assurance-Quality Control
($210 thousand in expense and revenue)
The Governor recommends transferring from the department of health (MDH) to the pollution control agency (MPCA) the authority to register wastewater labs and establishing an annual registration fee to cover expenses. This initiative will streamline certification requirements and reduce costs for wastewater labs.

Public Safety

Technical Changes Related to Background Checks
($40 thousand in revenue and expense)
The Governor recommends expanding the range of background checks the Bureau of Criminal Apprehension (BCA) provides to include retail liquor license holders, government employees, and household members of daycare providers.
This proposal authorizes the BCA to charge the standard $21.50 fee to recover the cost of doing the check. Performance will be measured by the number of additional background checks performed for purposes of ensuring the safety of vulnerable individuals.

Revenue

Continuous Electronic Payment Requirement
($3 thousand in revenue annually)
The Governor recommends requiring businesses to pay electronically in all subsequent years if it has been required to pay electronically in any previous year. Current law requires businesses to make electronic payments in a subsequent year if its liability in the previous year was greater than $10,000. Having a $10,000 threshold is confusing and makes administering the tax system more complex for taxpayers and the Department. A small revenue impact may occur if taxpayers do not comply with the mandate. This proposal will contribute to increases in the percentage of Electronic Taxpayer Transactions.

Auto Theft Surcharge
($200 thousand in revenue starting in the 2016-2017 biennium)
The Governor recommends authorizing the Department to collect the existing auto theft surcharge on automobile insurance policy premiums for Minnesota licensed vehicles. Currently, the Commissioner of Commerce collects the auto theft surcharge and meets that obligation through an inter-agency agreement with the Department of Revenue, which is already required to collect other state taxes that apply to insurance premiums. Revenues from the auto theft surcharge are deposited into a special revenue fund which is appropriated to the Department of Commerce for the auto theft prevention program. Directly assigning the authority to the Commissioner of Revenue would streamline government and allow for the tracking and auditing of taxpayers to ensure the amounts reported and collected are accurate.

Providing this authority to the Commissioner of Revenue allows the returns to be audited at the same time the Department audits insurers for other insurance taxes, fees, and surcharges. If enacted, it is anticipated that a minor increase in compliance related revenue would occur. This proposal positively reflects inter-agency collaboration toward making state government more streamlined and efficient; additionally success will be reflected in the number of non-compliant taxpayers brought into compliance.

State Auditor

Audit Practice Enterprise Fund
($13.122 million in expense and revenue decrease in the general fund, $13.122 million in expense and revenue increase in other funds)
The Governor recommends establishing an enterprise fund that would be used for the costs of auditing local governments. All fees paid by the local governments for the State Auditor's audit services would also be deposited in this fund. Currently, the State Auditor receives an appropriation for these

responsibilities, and fees collected from local entities for audit services are deposited as non-dedicated receipts in the general fund. All audit costs will continue to be recovered by related audit fees. Any receipts collected in excess of audit costs will be used to stabilize future audit rates for the benefit of audit clients.

Rewrite the Small Cities and Towns Accounting System (CTAS) Software
($10 thousand in revenue and expense annually starting in 2015, $310 thousand in 2014)
The Governor recommends authorizing the State Auditor to collect from local governments the costs to update the small cities and towns accounting software that it supports, which is used by about 1,300 small cities and towns. The Governor also recommends authorizing any excess recoveries to balance forward to the next biennium for future upgrades to the software. The CTAS software is reprogrammed using a modern programming language such as C#.NET. This will allow CTAS to work on newer operating systems such as Windows 7. The rewrite will allow for faster resolution of problems/bugs as they are discovered.

Tax Policy Aids and Credits

Increase Cigarette and Tobacco Products Excise Tax
($49.958 million in revenue and transfers out of the Health Impact Fund)
The Governor recommends increasing the cigarette excise tax from 48 cents per pack to $1.42 per pack, an increase of 94 cents per pack. The additional amount would be deposited in the General Fund. No change is proposed for the cigarette health impact fee of 75 cents per pack. The total cigarette excise tax and fee would increase from $1.23 to $2.17 per pack. The tobacco products excise tax of 35 percent will increase 20 percentage points to a total of 55 percent of the wholesale price. The tobacco products health impact fee of 35 percent of the wholesale price would not be changed. The total tax and fee on tobacco products will increase from 70 percent to 90 percent of the whole-sale price. This proposal will reduce the amount of revenue generated by the health impact fee as increasing cigarette and tobacco taxes reduces cigarette and tobacco use overall. Increasing cigarette and tobacco taxes has been shown to reduce the percentage of Minnesotan's who smoke or use tobacco products.

Departmental Earnings

Glossary

Agency funds: One of four types of fiduciary funds. Agency funds are used to report resources held by the reporting government in a purely custodial capacity (assets equal liabilities). Agency funds typically involve only the receipt, temporary investment, and remittance of fiduciary resources to individuals, private organizations, or other governments.

Component unit funds: Funds to account for the activities of legally separate organizations for which the elected officials of the primary government are financially accountable. In addition, component units can be other organizations for which the nature and significance of their relationship with a primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Component unit funds may be either proprietary funds or governmental funds. .

Enterprise fund: Proprietary fund type used to report an activity for which a fee is charged to external users for goods or services.

Fund: Fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, that are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations. For more detailed information on the State of Minnesota's funds and their purposes, please see: http://www.mmb.state.mn.us/alpah-order-funds

Fund classifications. One of the three categories (governmental, proprietary, and fiduciary) used to classify fund types. This report includes all three classifications.

Fund type: One of eleven classifications into which all individual funds can be categorized. Governmental fund types include the general fund, special revenue funds, debt service funds, capital projects funds, and permanent funds. Proprietary fund types include enterprise funds and internal service funds. Fiduciary fund types include pension (and other employee benefit) trust funds, investment trust funds, private-purpose trust funds, and agency funds. Component unit funds are also an included fund type in the State financial reports. This report includes the general fund, special revenue funds, agency funds, component unit funds, enterprise funds, and a permanent fund.

General fund: One of five governmental fund types. The general fund typically serves as the chief operating fund of a government. The general fund is used to account for all financial resources except those required to be accounted for in another fund. The state has multiple general funds including the state-wide general fund and transit-related general funds. This report includes only one general fund – the state-wide general fund.

Governmental funds: Funds generally used to account for tax-supported activities. There are five different types of governmental funds: the general fund, special revenue funds, debt service funds, capital projects funds, and permanent funds. This report includes this classification, the general fund, special revenue funds, agency funds, component unit funds, enterprise funds, and a permanent fund.

Internal service fund: Proprietary fund type that may be used to report any activity that provides goods or services to other funds, departments, or agencies of the primary government and its component units, or to other governments, on a cost-reimbursement basis. This fund type is explicitly excluded from departmental earnings statutory reporting requirements; no funds of this type appear in this report except as noted in the tables.

Permanent funds: Governmental fund type used to report resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that support the reporting government's programs (i.e., for the benefit of the government or its citizenry).

Proprietary funds: Funds that focus on the determination of operating income, changes in net assets (or cost recovery), financial position, and cash flows. There are two different types of proprietary funds: enterprise funds and internal service funds.

Revenue category: For the purpose of this report, a grouping of like fees and/or charges in order to compare revenues and expenditures to determine the level of cost recovery. These categories are determined by each agency as they analyze their fees.

Revenue class: A grouping of revenue source codes to aggregate the financial information into comparable, state-wide buckets. Revenue types included in this report are: departmental services, departmental sales, licenses & fees, departmental penalties, departmental investment earnings, care & hospitalization.

Special revenue funds: Governmental fund type used to account for the proceeds of specific revenue sources (other than for major capital projects) that are legally restricted to expenditures for specified purposes.