

STATE OF MINNESOTA  
COUNTY OF RAMSEY

BEFORE THE MINNESOTA  
BOARD OF PSYCHOLOGY

In the Matter of the  
Proposed Adoption of  
Rule Amendments of the  
Minnesota Board of Psychology  
Governing Licensure Fees

STATEMENT OF NEED  
AND REASONABLENESS

### **I. INTRODUCTION**

The Minnesota Board of Psychology (Board) is proposing amendments to existing rules relating to licensure fees, Minnesota Rules pt. 7200.6100 (1987).

Health related licensing boards are required by law to generate sufficient income from fees to cover budgeted expenses, fees for legal services provided by the Attorney General's office, administrative services provided by the Health Department, and the agency's share of statewide administrative costs. No tax revenues are used to fund their operation. The Board is proposing these amendments to ensure that the total fees collected by the Board will meet anticipated expenditures during the fiscal biennium. The proposed modifications to the licensure fees have been approved by the Commissioner of Finance, as required by Minn. Stat. § 16A.128, subd. 1. See Exhibit 1, which is attached hereto and incorporated herein.

The Board has determined that Minn. Stat. §§ 14.11, 14.115, 17.80-17.84, 115.43, 116.07, subd. 6, and 144A.29, subd. 4 do not apply to these proposed rule amendments. Therefore, this Statement of Need and Reasonableness does not address the topics referenced in those statutes.

### **II. STATEMENT OF BOARD'S STATUTORY AUTHORITY**

The Board's statutory authority to adopt and amend rules relating to licensure fees is set forth in Minn. Stat. § 148.90, subd. 2(4) and subd. 3 (1986), which grant the Board authority to prescribe rules as may be necessary to effectuate the

provisions of the licensing law, including the setting of board fees. Additional statutory authority for the Board to promulgate rules relating to licensure fees, including renewal fees, is set forth in Minn. Stat. § 214.06, which provides in relevant parts:

Notwithstanding any law to the contrary, . . . all health-related licensing boards and all non-health-related licensing boards shall by rule, with the approval of the commissioner of finance, adjust any fee which . . . the board is empowered to assess a sufficient amount so that the total fees collected by each board will as closely as possible equal anticipated expenditures during the fiscal biennium, as provided in section 16A.128.

Minn. Stat. § 214.06, subd. 1 (Supp. 1987).

Notwithstanding any law to the contrary, each health-related and non-health-related licensing board shall promulgate rules providing for the renewal of licenses. The rules shall specify the period of time for which a license is valid, procedures and information required for renewal, and renewal fees to be set pursuant to subdivision 1.

Minn. Stat. § 214.06, subd. 2 (1986). Under these statutes, the Board has the authority to amend its licensure fee rule.

### **III. STATEMENT OF NEED**

Due to increases in operating expenses, legal fees, and a four-fold increase in the Board's share of statewide indirect costs, from \$2,300 in fiscal year 1987 to \$8,100 in fiscal year 1988, the Board anticipates a budget deficit of \$35,100 for fiscal year 1988. See Exhibit 2, Table I. By law, the Board is mandated to assess sufficient fees to show a positive balance at the end of the biennium.

In the area of operating expenses, the Board faces higher processing costs for applications for the objective portion of the examination, (2) the hiring of an additional full-time staff person to assist with processing a significant increase in the number of complaints per fiscal year filed with the Board (averaging 75 per year for fiscal years 1985 and 1986, up to 114 for fiscal year 1987), and (3) increased in-state travel expenses due to (a) more frequent Board meetings

because the Board has been and will be engaged in rulemaking in fiscal years 1987 and 1988, and (b) an expected increase in the participation of Board members in administering more comprehensive oral examinations beginning in fiscal year 1989.

The proposed fee increases are needed to generate sufficient additional income to cover the biennium expenditures projected to be \$463,200, with a cushion of approximately \$2,300 to cover unpredictable expenditures such as legal fees.

Tables I and II, attached hereto and incorporated herein as Exhibit 2, indicate projected income under the present fee schedule, a breakdown (reconciliation) of costs, and projected income expected from the proposed fee increases. Table I represents the fee review data required to be submitted by law, and indicates actual and anticipated costs, incomes, and net balances. Table II represents the fee detail accounting for how the required revenue is to be generated, which includes types of fees, number of persons paying, and income anticipated from each type of fee.

#### **IV. STATEMENT OF REASONABLENESS**

##### **A. Fee for Application for Admission to Examination.**

The increase of \$35 in the fee for application for admission to examination is reasonable because it has become apparent that the current \$25 difference between the examination fee and the cost of each examination booklet is insufficient to meet administrative costs associated with the examination process, particularly with respect to those applications which are based on degrees with majors from other than psychology departments. Such applications result in increased administrative costs, since they require a lengthier, more in-depth review by Board members (who receive per diem and travel expenses) and result in a larger amount of correspondence, copying and paperwork. In addition, the current fee does not adequately cover the cost of renting examination rooms, renting special facilities needed for handicapped applicants, paying proctors' wages, and covering the increase in postal costs beginning

April 3, 1988. It is projected that increasing this fee to \$150 will generate approximately \$10,000 in additional income for the Board. The increase is reasonable to meet anticipated expenditures for examining applicants for licensure.

B. Fee for Application for Licensure.

It is reasonable to assess a fee of \$170 to applicants for licensure in order to make this fee consistent with the proposed fee for license renewal. Both initial licensure and license renewal allow the licensee to practice for a period of two years and otherwise confer the same rights and privileges upon the licensee. Because of this, it is reasonable that initial licensure fees and renewal fees share equally in funding overall administrative overhead costs. The increased fee is expected to generate approximately \$11,000 in additional income for the Board.

C. Fee for Renewal of License.

A fee of \$170 for biennial license renewal represents a 13.3 percent increase over the current fee of \$150 or, stated another way, this amounts to an increase of \$10 per year. It is anticipated that over 1,000 licensees will renew in fiscal year 1989, thereby increasing the Board's income by about \$20,000. The increase is reasonable considering that renewal fees are relied upon for general overhead costs of administration not attributable to the application process and specific costs related to processing complaints, including legal fees.

D. Fee for Late Renewal of License.

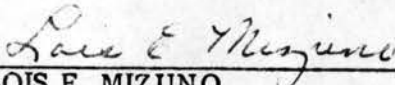
The proposed increase of \$75 in the late renewal fee is reasonable for two reasons: first, because the fee serves as an incentive for licensees to renew on time, and second, because licensees who fail to renew cause the Board to incur added administrative and legal costs insofar as the Board must initiate formal action against such licensees to terminate their licenses. The primary purpose of this fee is not to generate revenue. It is hoped that the fee increase will inspire a higher percentage of

licensees to renew on time and thereby eliminate some of the Board's administrative and legal costs.

**V. CONCLUSION**

Based on the foregoing, the proposed amendments to Minn. Rules pt. 7200.6100 relating to fees are both needed and reasonable.

Dated: April 11, 1988

  
LOIS E. MIZUNO  
Executive Director

DEPARTMENT : of Finance

STATE OF MINNESOTA

## Office Memorandum

DATE : March 21, 1988

TO : Lois E. Mizuno, Executive Director  
Board of Psychology

MAR 21 1988

FROM : Bruce J. Reddemann, Director  
Budget Operations and Support

PHONE : 296-5188

SUBJECT : Fee Increase Request

BJR

The following fees are approved for fiscal year 1989:

Application for Exam	\$ 150
Application for Licensure	170
License Renewal	170
Late Renewal	150
Corporation Registration	100
Corporation Re-registration	25

cc: Brian Roherty  
John Schorn  
Bart Nelson

BOBN397T

Fee Review

Department/Agency: <b>Board of Psychology</b>	Budget Activity:
Fee Name:	
Legal Citation: <b>Minn. Stat. S 148.91, Subd. 3.</b>	Fee Set By: <input type="checkbox"/> Law <input checked="" type="checkbox"/> Agency
Purpose of Fee: <b>To maintain the operations of the Board</b>	
<input type="checkbox"/> Dedicated <input checked="" type="checkbox"/> Non-Dedicated	Revenue Code: <b>310</b>

APID: <b>21521 00 12</b>	Accumulated Difference Thru 1984 <b>9.4</b>	Dollars in Thousands (137,522 = 137.5)
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Fiscal Year	Actual F.Y. 85	Actual F.Y. 86	Estimated F.Y. 87	Requested F.Y. 88	Requested F.Y. 89
Actual/Anticipated Receipts	139.3	178.3	198.6	207.8	267.7
Less Actual/Anticipated Costs	165.5	181.7	188.4	232.9	230.3
Current Difference	(26.2)	(3.4)	10.2	(25.1)	37.4
Accumulated Difference	(16.8)	(20.2)	(10.0)	(35.1)	2.3
Number Paying Fee			see attached -----		
Present Fee			see attached -----		
Date Fee Last Changed		12/85	12/85	12/85	anticipated 7/1/88

Reconciliation of Costs:					
Category	Actual F.Y. 85	Actual F.Y. 86	Estimated F.Y. 87	Requested F.Y. 88	Requested F.Y. 89
Attorney General	40.9	49.2	56.5	60.0	60.0
Salary Increases	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	2.3	4.5
Other Direct	120.6	128.1	127.7	160.3	157.7
Statewide Indirect	2.4	2.6	2.3	8.1	6.1
Agency Indirect	1.6	1.8	1.9	2.2	2.2
<b>Totals</b>	<b>165.5</b>	<b>181.7</b>	<b>188.4</b>	<b>232.9</b>	<b>230.3</b>

Remarks:	Department Authorized Signature: <i>Lara E. Meyers</i>
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Finance Department Recommendation:	Executive Budget Officer Signature:
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## Board of Psychology

Fee Review FY 1988-89

Fee Detail (Dollars in Thousands)

Fee Name	FY 88			FY 89		
	Fee	# Paying	Total	Fee	# Paying	Total
Application for Exam	115	280	32.3	150	280	42.0
Application-Licensure	125	250	31.2	170	250	42.5
License Renewal	150	943	141.5	170	1050	178.5
Late Renewal	75	24	1.8	150	24	3.6
Corporation Regist.*	100	2	0.2	100	2	0.2
Corporation Re-regist.*	25	34	0.8	25	36	0.9
<b>TOTAL</b>			<b>207.8</b>			<b>267.7</b>

\* set by law

The figures for FY 89 are based upon a proposed fee increase to take effect on 7/1/88, with the total representing a 43.8 increase over projected income without the fee increase, which is sufficient to cover the negative balance projected for FY 88.

*Law & Meyers*

Executive Director

*October 9, 1987*

Date