

STATE OF MINNESOTA

BEFORE THE MINNESOTA

COUNTY OF HENNEPIN

BOARD OF PSYCHOLOGY

In the Matter of a Proposed New Rule
Part Relating to Fees For Examination,
Licensure, License Renewal, Late Renewal

STATEMENT OF NEED
AND REASONABLENESS

The above captioned rule part is an amendment to the existing rules of the Minnesota Board of Psychology (hereinafter "Board").

1. The legal authority for promulgating this amendment to existing rules is contained in Minn. Stat. S 148.90, subd. 2(4) (1984), which grants the Board the authority to make rules necessary to effectuate the provisions of the licensing law.

2. The rule part captioned above is being adopted according to the procedures set forth in Minn. Stat. S 16A.128. A copy of the approval of the commissioner of finance is attached.

3. The Board has proposed this rule part to establish fees to ensure that the Board generates sufficient revenue to cover a deficit incurred in fiscal year 1985 and anticipated additional costs in fiscal year 1986 due to involuntary relocation to other quarters.

4. It has been determined that Minn. Stat. SS 14.11, subd.2, 17.80 to 16.84 (sic), 115.43, subd. 1, 116.07, subd. 6, and 144A.29 do not apply to this proposed rule part; therefore the Statement of Need and Reasonableness does not address the topics referenced in those statutes. In the event that Minn. Stat. S 14.115 (1984) should be interpreted as applying, notice of the intent to adopt rules without a public hearing has been published in the Minnesota Psychologist, newsletter of the Minnesota Psychological Association.

Further need is set forth in the Statement of Reasonableness which is attached hereto and made a part hereof.

Dated: September 30, 1985

BEFORE THE MINNESOTA

BOARD OF PSYCHOLOGY

Lois E. Mizuno
LOIS E. MIZUNO
Executive Secretary

Minnesota Board of Psychology

STATEMENT OF REASONABLENESS

For Proposed Rule Part 7200.6100

Except for an increase in the Application for Admission to Examination fee in April, 1984, which was necessitated by an increase in the cost of the examination, there has been no need for fee increases since the summer of 1981. Steady growth in the number of persons paying fees has allowed the Board to operate on existing fees in the face of rising costs.

However, a sharp increase in the amount of service required of and received from the Attorney General's office in fiscal year 1985, couple with increased Board activity (per diem and in-state expenses) resulted in a year-end shortfall of approximately \$25,000. That amount must be generated through revenues in fiscal year 1986, since by law regulatory boards are not supported by taxes but must generate in fees sufficient revenue to cover direct budget items plus indirect costs for state services. The existing fee structure is insufficient to cover the shortfall in addition to the approved expenses for 1986.

In addition, the Department of Health is forcing the health-related licensing boards to relocate to another building, which will increase both the square-foot cost of rent and the total amount of space occupied. The Boards are scheduled to move by January 1, 1986. It is anticipated that rental and related costs will increase by approximately \$7,000, plus moving costs.

Further, if attorneys' services continue at the rate provided in 1985 - which is highly likely - it is possible that expenditures for legal fees were underestimated when the budget for fiscal year 1986 was formulated early last year.

It is anticipated that the increased revenue generated by raising fees

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will be very close to the amount of additional expenditures to be incurred in fiscal year 1986, which were not known at the time the budget was approved, plus covering the shortfall from fiscal year 1985.

Table I below indicates the amount of additional revenue anticipated from the fee increases.

TABLE I

Source Code	Fee Title	Present Fee	Proposed Fee	# Paying Fee	New Revenue Generated
000-101	Exam Application	\$100	\$115	175	\$2,625
000-102	License Application	75	125	165	8,250
000-200	License Renewal-Biennial	110	150	669	26,760
000-202	Late Renewal	75	75	31	0
Total					37,635

It should be noted that the numbers paying the various fees have been pro-rated from the full year totals since the fee increases will take effect approximately four months after the fiscal year began.

Should there be some question as to why the fee increase for licensure is \$50 and for examination is only \$15, analysis has shown that the existing fee for licensure is probably too low to cover all the expenses related to the activity plus the activity's share of overhead. Staff and Board time required for the average application for licensure is about four times the staff and Board time required for the average examination application. Since \$90 of the examination application fee is set aside for

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purchase of the examination from the testing service, the remaining portion will now roughly correspond to the licensure fee with respect to cost of processing.

The bulk of new revenue will come from renewal fees, which is justified by the fact that the increase in legal costs is directly related to the number of complaints against licensees. The yearly count of complaints is now roughly three times the number of complaints filed in the year the fee was last increased (1981). Because the complaints are against the practice of licensees, it is logical that fees for continuing in private practice in Minnesota should bear the cost of processing those complaints.

It should be noted that the Board is proposing no increase in the fee for late renewal of license, partly because the number of licensees paying late is so small that even a large percentage increase would raise very little revenue, and partly because the fee is intended as a deterrent rather than as a revenue producer.

With respect to the possible applicability of Minn. Stat. S 14.115 to the increase in fees for maintaining licensure to practice in Minnesota, small businesses are affected by the increase only if the business pays the renewal fee for the individual who is licensed, rather than the individual licensee paying the fee from his/her personal funds.

Attached is a copy of the approval of the fee increase from the Department of Finance.

Office Memorandum

DEPARTMENT Board of Psychology

TO : Allen Yozamp
Budget Operations and Support Director
Department of Finance

DATE: 9/4/85

FROM : Lois E. Mizuno *Lois E Mizuno*
Executive Director

PHONE: 623-5419

SUBJECT: Approval of Fee Increase

Request is made for approval of fee increases as follows:

	Present Fee	Proposed Fee
Application for Admission to Examination	100	115
Application for Licensure	75	125
Licensure Renewal (Biennial)	110	150

The fee increases are needed to cover a FY 1985 shortfall in receipts of \$26,300, which resulted from an LAC request in June for unanticipated attorneys' fees and per diem payments to Board members; the costs of relocating to new office space, necessitated by the Health Department requiring the office space presently occupied by the health-related licensing boards; and the cost of Revisor's services mandated by Laws Minnesota 1985, Chapter 1SP13.

It is anticipated that the fee increases will generate approximately \$37,600 in additional revenue and will cover the following costs:

Table I

Item	Amount
FY 1985 Shortfall	26,337
Rent Increase	3,116
Moving Costs (shared with other boards)	400
Phone Hookups/Phones	500
Furniture	2,584
New copying machine costs (shared with other boards)	400
Revisor Fees	400
TOTAL	33,737

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The remaining \$4,000 will cover general support costs (not budgeted) and probable higher attorneys' fees than were anticipated when the budget was prepared a year ago.

Request is currently being made from LAC to increase the appropriation as follows:

Table II

<u>Item</u>	<u>Amount</u>
FY 1986 Appropriation	\$123,000
Increased Rent	3,116
Moving Costs	400
Phones	500
Furniture	2,584
Copying machine costs	400
Revisor Fees	<u>400</u>
New FY 1986 Appropriations	\$130,400

The fee increases are anticipated to generate the following amounts:

Table III

Proposed Fee Increase

Source Code	Fee Title	Present Fee	Number Paying ¹	Dollars Generated	Proposed Fee ²	Number Paying	Dollars Gener'd	Total Dollars
000-101	Exam	100	167	16,700	115	175	20,125	36,825
000-102	Licensure	75	98	7,350	125	165	20,625	27,975
000-200	Renewal	110	225	24,750	150	669	100,350	125,100
000-202	Late Renewal	75	31	2,325				2,325
000-500	Corp. Regist. ³	100	2	200				200
000-505	Corp. Re-regist. ³	25	35	875				875
Totals				52,200			141,100	193,300 ⁴

1. Number paying current fee assuming new fees take effect in November.

2. Number paying new fee assuming new fees take effect in November.

3. Fees set by law.

4. Fees must cover shortfall from FY 85, AG's fees, and general support.

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Total expenditures anticipated for the Board for FY 1986 are shown in Table IV:

Table IV

FY 1985 Expenditures

<u>Item</u>	<u>Amount</u>
Budgeted Items	\$123,000
LAC Request (see Table II)	7,400
AG's fees & General Support	36,263
FY 1985 Shortfall	26,337
Total	\$193,000

Since approval of this request must be included as part of the Statement of Need and Reasonableness required for adoption of a new rule, and since the Board has passed the resolution of intent to raise fees and the rule is at the Revisor's office, there is some urgency to this request.

Thank you for your assistance.

Approved: Allen A. Yozamp
Allen A. Yozamp, Director
Budget Operations & Support

Date 9-10-85