

MINNESOTA BOARD OF TEACHING

608 CAPITOL SQUARE BUILDING, 550 CEDAR STREET, ST. PAUL, MN 55101
OFFICE 612/296-2415 FAX 612/282-2403 TDD 612/297-2094

Judith A. Wain, Executive Secretary

A handwritten signature in black ink, appearing to be "m", is located in the upper right corner of the page.

March 21, 1996

Ms. Maryanne V. Hruby, Executive Director
Legislative Commission to Review Administrative Rules
55 State Office Building
100 Constitution Avenue
St. Paul, MN 55155

Re: In the Matter of the Proposed Amendment to Permanent Rules Relating to License Fees

Dear Ms. Hruby:

The Minnesota Board of Teaching intends to adopt a rule relating to teacher license fees. We plan to publish a Notice Of Intent to Adopt A Rule in the April 1, 1996, State Register.

As required by Minnesota Statutes, sections 14.131 and 14.23, the Board has prepared a Statement of Need and Reasonableness which is now available to the public. Also as required, a copy of this Statement is enclosed with this letter.

For your information, we are also enclosing a copy of the Notice of Intent To Adopt a Rule Without a Public Hearing and a copy of the proposed Rule in this matter.

If you have any questions about these rules, please contact me at 296-2415.

Sincerely,

A handwritten signature in black ink, reading "Judith A. Wain", is located below the "Sincerely," text.

Judith A. Wain
Executive Secretary

JAW:bb

Enclosures: Statement of Need and Reasonableness
Notice of Intent To Adopt Rules
Rules

**STATE OF MINNESOTA
BOARD OF TEACHING**

Statement of Need and Reasonableness

In the Matter of the Proposed Amendments to Permanent Rules Relating to License Fees, Minnesota Rules, Part 8700.0600.

Statutory Authority

The statutory authority of the Board of Teaching to adopt the proposed amendments to Minnesota Rules, Part 8700.0600 is set forth in Minnesota Statutes, sections 125.05, 125.08, 125.185, and 214.06.

Minnesota Statutes, section 125.05 authorizes the Board of Teaching to license teachers. The Board of Teaching has general rulemaking authority under Minnesota Statutes, section 125.185, subdivision 9, which states "The board of teaching may adopt rules subject to the provisions of chapter 14 to implement sections 125.04 to 125.09 and 125.181 to 125.187." Minnesota Statutes, section 125.08 requires that each application for the issuance, renewal, or extension of a license to teach must be accompanied by a processing fee and authorizes the Board of Teaching to set the amount of the fee by rule. The Board is also authorized by Minnesota Statutes, section 214.06 to adjust, as needed, any fee which it is empowered to assess and requires that the adjustment "be an amount sufficient so that the total fees collected...will as closely as possible equal anticipated expenditures during the fiscal biennium...."

Need and Reasonableness

An amendment to Minnesota Rules, part 8700.0600 to increase the licensure processing fee from \$40 to \$47 is needed to comply with Minnesota Statutes, sections 16A.1285 and 214.06, which require that the Board assess a sufficient amount so that the total fees collected by the Board will as closely as possible equal anticipated expenditures. This proposed licensure fee increase is the first increase since July 1, 1983.

FY 96 estimates project a deficit of \$100,000 based on \$1,231,000 in license processing costs and \$1,131,000 in revenues generated from the current \$40 licensure processing fee. The proposed \$7 licensure fee increase will generate an estimated \$203,000 in additional revenue beginning in FY 97, and by FY 98 will achieve full recovery of costs, including any deficit from prior years. Without this increase, the current deficit will continue to accumulate.

The adjustment in the licensure processing fee is needed as soon as is possible in order to meet the requirements of Minnesota Statutes, sections 16A.1285 and 214.06. It is reasonable to make the increase effective on July 1, 1996, since this date is the beginning of a new fiscal year and it also coincides with the expiration date of licenses. This date will assure an orderly transition to the new fee and is expected to fully recover costs by June 30, 1998. The Board did consider a differentiated fee structure as was requested by the only individual who responded to the Notice of Intent to Solicit Outside Information or Opinion, who raised financial concerns regarding two-year licenses. However, a differentiated fee structure was rejected because the fee is a licensure processing fee.

Comments and Recommendations of the Commissioner of Finance as Required by Minnesota Statutes, section 16A.1285

In accordance with Minnesota Statutes, section 16A.1285 pertaining to departmental earnings from charges

for goods and services, licenses, or regulation, the Department of Finance has reviewed and approved the Departmental Earnings Proposal. See Attachment A.

Description of Classes of Persons Who Probably Will be Affected by the Proposed Rule

Persons affected by the proposed amendments are all applicants seeking initial licensure by the Board of Teaching, all applicants seeking to renew a license issued by the Board of Teaching, and any person seeking initial or continuing licensure under the authority of the Board of Teaching on or after July 1, 1996. All persons making application for licensure on or after July 1, 1996 will be required to pay the increased licensure processing fee.

Probable Costs to the Agency and to Any Other Agency to Implement and Enforce the Proposed Rule

The Board of Teaching will not incur any costs to implement the licensure fee increase. In accordance with Minnesota Statutes, section 125.05, subdivision 1(d), the Department of Children, Families and Learning issues licenses under the jurisdiction of the Board of Teaching. There will be minimal costs to the Department of Children, Families and Learning to implement a licensure fee increase. The anticipated effect on state revenue is to increase revenue to achieve full recovery of costs.

Determination of Whether There are Less Costly Methods or Less Intrusive Methods for Achieving the Purpose of the Proposed Rule

The Board of Teaching has determined that there are no other methods to achieve the purpose of this proposed amended rule, since the Board is required to assess a processing fee to recover costs.

Description of Any Alternative Methods for Achieving the Purpose of the Proposed Rule

The Board of Teaching is required to recover all costs. Minnesota Statutes, sections 16A.1285 and 214.06 require that licensure processing fees collected must as closely as possible equal anticipated expenditures. A differentiated fee structure is not feasible because the fee is a licensure processing fee. As such, it does not directly relate to the types of licenses issued, the length of time for which each type of license is valid, nor the benefits derived from licensure.

Probable Costs of Complying with the Proposed Rule

Costs for complying with the proposed amended rule are those costs to persons who apply for licensure on July 1, 1996 and thereafter, when the licensure processing fee is proposed to increase from \$40 to \$47.

Assessment of Differences Between the Proposed Rule and Existing Federal Regulations

There are no federal regulations that impact this proposed amended rule.

Agency Efforts to Provide Additional Notification to Persons or Classes of Persons Who May Be Affected by the Proposed Rule

In accordance with M.S. 14.101, the Board of Teaching adopted a resolution to publish a Notice of Intent to Solicit Outside Information or Opinion in the State Register. This Notice was published at 20 S.R. 452 on September 5, 1995. On December 7, 1995, the Notice of Intent to Solicit Outside Information or Opinion was mailed to all persons and associations on the Board of Teaching rulemaking mailing list and to all persons on the Board of Teaching minutes and agenda mailing list. Additional notification provided to persons or classes of persons who may be affected includes mailing the Notice of Intent to Adopt a Rule without a Public Hearing to all colleges and universities that prepare future teachers for licensure and all local school district continuing education/relicensure committees that make recommendations regarding renewal of existing teaching licenses.

Citations to Economic, Scientific, or Other Manuals or Treatises

There are no economic, scientific, or other manuals or treatises the agency is relying on.

Citations to Statutes or Case Law

The statutes the agency is relying on to adopt the proposed amended rule are set forth in Minnesota Statutes, sections 125.05, 125.08, 125.185, and 214.06.

Citation to the Agency's Grant of Statutory Authority

The statutory authority of the Board of Teaching to adopt the proposed amended rule is set forth in Minnesota Statutes, sections 125.08 and 125.185.

Witnesses

Witnesses the agency anticipates asking to testify if there is a hearing on the proposed amended rule:

Judith Wain, Executive Secretary, Minnesota Board of Teaching, will testify on the increased budget needs of the Board of Teaching.

George Droubie, Personnel Licensing Team Leader, Minnesota Department of Children, Families and Learning, will testify on the increased budget needs of the Personnel Licensing Team in providing services to the Board of Teaching.

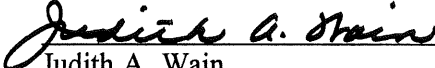
John E. Wilkins, Office of Finance & Management Services Director, Minnesota Department of Children, Families and Learning, will testify on the fiscal details related to full recovery of costs.

Conclusion

Based on the foregoing, the proposed amendments to Minnesota Rules, part 8700.0600 are both needed and reasonable.

3-18-96

Date


Judith A. Wain
EXECUTIVE SECRETARY

Department of Finance
Departmental Earnings: Reporting/Approval (Cont.)
 (\$1,000,000 = 1,000)

Part B: Fiscal Detail

APID: 60000-99-10 (MAPS 001)		AID: 471433		Rev. Source Code(s): 310		<input type="checkbox"/> Dedicated <input checked="" type="checkbox"/> Non-Dedicated <input type="checkbox"/> Both	
Item	F.Y. 1993	F.Y. 1994	F.Y. 1995	F.Y. 1996 As Shown in Biennial Budget	F.Y. 1997 As Shown in Biennial Budget	F.Y. 1996 As Currently Proposed	F.Y. 1997 As Currently Proposed
REVENUES:				Governor's Recommend.			
Balance Forward	(52)	4	50	(5)	3	(5)	(105)
Current Revenues	1081	1097	1107	1206	1228.5	1131	1354
EXPENDITURES:							
Direct	803	830	912	935	936	953	979
Indirect	222	221	249	263	269	278	286
Total	1025	1051	1162	1198	1205	1231	1265
Current Deficit/Excess	56	46	(55)	8	23.5	(100)	89
Accumulated Excess/Deficit*	4	50	(5)	3	26.5	(105)	(16)
Agency Signature: <i>John E. Wellman</i>					Executive Budget Officer: <i>[Signature]</i>		
					Approval Date: <i>2/8/96</i>		

* F.Y. 1993 beginning accumulated balance to include amount of accumulated excess/deficit (if any) carried forward from F.Y. 1992. As necessary, attach detailed schedule/listing of proposed changes in departmental earnings rates.

Department of Finance
Departmental Earnings: Reporting/Approval

Part A: Explanation

Earnings Title: Teacher and Administrator Licensure	Statutory Authority: M.S. 125.08 16A.1285 and 214.06	Date: December 29, 1995
Brief Description of Item: To increase teacher and administrator license fee by \$7 (from \$40 to \$47) effective July 1, 1996 to fully recover processing costs.		
Earnings Classification (check one): 1. <input type="checkbox"/> Service/User 2. <input type="checkbox"/> Business/Industry Regulating 3. <input checked="" type="checkbox"/> Occupational Licensure 4. <input type="checkbox"/> Special Tax/Assessment 5. <input type="checkbox"/> Other (specify):		
Submission Purpose (check one): 1. <input checked="" type="checkbox"/> Chap. 14 Review and Comment 2. <input type="checkbox"/> Approval of Allowable Inflationary Adjustment 3. <input type="checkbox"/> Reporting of Agency Initiated Change in Departmental Earnings Rate 4. <input type="checkbox"/> Other (specify):		
If reporting an agency initiated action (option 3 above), does agency have explicit authority to retain and spend receipts? <input type="checkbox"/> Yes <input type="checkbox"/> No If yes, cite pertinent statutes:		
Impact of Proposed Change (For rate changes included in the biennial budget, reference page number. For rate changes not included in the biennial budget, reference authority to make such changes.) Minnesota Statutes 16A.1285, Subdivision 2 requires regulatory licensure fees to recover processing and administrative costs. To achieve this cost recovery mandate, the Department of Children, Families and Learning (formerly Education) included in its biennial budget request (page A-621) an initiative proposing a \$5 increase (involving approximately 27,000 applicants annually) amounting to \$135,000 additional revenue in FY 1996 and \$138,000 in FY 1997. The implementation date has since been delayed until July 1, 1996. The revised proposal is for a \$7 increase amounting to \$203,000 additional revenue beginning in FY 1997 from approximately 29,000 applicants. The increase is expected to achieve full recovery of costs, including any accumulated deficit by the end of the second year, June 30, 1998.		
Current Unit Rate(s): \$40	Proposed Unit Rate(s): \$47	

ATTACHMENT A