



2024-25 Departmental Earnings Report Instructions

Overview

The departmental earnings report is a required element of the biennial budget document. In the report, agency fee revenues are matched with the cost of the activity for which they are collected to determine if departmental earnings are under/over recovering the cost of the related activities. The analysis includes actual revenue and expenditure data for FY 2021-22, estimates for FY 2023, projected current law revenues and expenditures for FY 2024-25 and Governor’s recommended revenues and expenditures for FY 2024-25. This biennial report also serves as a comprehensive inventory of fees and charges collected by each agency. **Agencies must use the Departmental Earnings (DE) System to complete their departmental earnings analysis by November 30, 2022.**

A list of the agencies that are required to complete a departmental earnings report are included in [Appendix 2](#).

Much like the building of the base budgets, the departmental earnings analysis provided by agencies serves as the starting point for consideration of any requested changes to departmental earnings. Proposed fee changes must be submitted as change items to be considered in the Governor’s biennial budget decision making process. The instructions for completing the change item narrative and entering a change item in the Budget Planning and Analysis System (BPAS) will be located on the MMB website under Governor’s Budget Request Instructions at <http://mn.gov/mmb/budget/budget-instructions/bibudprep/> in mid August. Proposed change items need to be entered in BPAS by **October 17**.

Action Steps and Timelines

The following table outlines specific action steps required to complete the departmental earnings analysis:

Action Step	Timeline
Update revenue budget estimates for FY 2023-27 in BPAS based on current law.	October 17
Submit proposed fee changes as budget change items by completing a change item narrative and entering the change item at the summary level in BPAS.	October 17
Complete the departmental earnings analysis, including reviewing and updating fiscal information and creating a narrative to explain each departmental earnings group through the departmental earnings system	November 30

Action Step	Timeline
Governor’s budget request (including fee changes) decision making	November - January
Governor’s FY 2024-25 Biennial Budget Recommendations including the departmental earnings report, as required by Minnesota Statute 16A.1285, subdivision 3.	January 24, 2023 or February 21, 2023 (if new Governor)

Cost Recovery Requirements

Minnesota Statute 16A.1285, subdivision 2, requires all fees to be set at a level that neither significantly over recovers nor under recovers costs. Such costs are to include direct services and overhead costs, unless otherwise provided by law. The statute further requires that recovery of costs be limited to deficits incurred two fiscal years immediately preceding the setting, adjustment, or authorization of the departmental earning.

What Information is required in the Report?

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

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

The report requires each agency that collects departmental earnings to present the purposes, collection cost, and yields of departmental earnings revenues. The report is required to include estimated data for the current budget year (2023), the immediate past budget years (2021 and 2022), and estimates for the two years following (2024-25).

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

Questions concerning the appropriate grouping of departmental earnings receipts for cost recovery compliance should be directed to your assigned executive budget officer (EBO) or send an email to Budget Planning and Operations (budget.finance.mmb@state.mn.us).

Departmental Earnings System

Departmental earnings groups do not exist in the Budget Planning and Analysis System (BPAS) or in the accounting system (SWIFT). The departmental earnings groups are established by the agency in the DE system. Currently the groups are established as they were in the 2022-23 report, and MMB Budget Operations will work with agencies to make sure all account codes are assigned to a group. The DE receipt data source is BPAS. The receipt data in the DE system is linked to BPAS and updated as soon as a data revision is saved in BPAS. Other information for the report will be entered by the agency

through the DE system. If you have questions about your agency departmental earnings groups, send an email to Budget Operations at budget.finance.mmb@state.mn.us.

The DE system will be available for agencies to begin preparing their report on **August 23**. The system is accessed through the State of Minnesota administrative portal within the Budget Applications tile. All authorized BPAS users will see the link displayed in their administrative portal menu, however, only BPAS users assigned to an agency that has departmental earnings will have access to the system.

Departmental Earnings Report Format

The 2024-25 Departmental Earnings Report includes the following information:

- A listing of the 2024-25 departmental earnings by agency by departmental earnings group;
- A statewide summary of departmental earnings, including any change items related to fees approved by the Governor; and
- Departmental Earnings group summary reports, including fiscal data and narratives, for each group within an agency. These reports will be generated from the DE system and include data entered by agencies, as well as data from BPAS.

Departmental Earnings Group Summary Report – Fiscal Table

Each agency departmental earnings group summary reports include the fiscal data detailed below except for departmental earnings receipts, which are from BPAS. All other fiscal data are entered by agencies in the system. All data is entered and displayed in thousands.

- **Accumulated Balance:** This is the amount of unspent departmental earnings receipts from prior fiscal year(s). Agencies may enter an accumulated balance forward amount for fiscal year 2021 in the system, and the FY 2022-2025 amounts are auto-calculated to equal the preceding year's accumulated ending balance. Typically, DE groups with non-dedicated receipts will not have an accumulated balance entered for FY 2021.
- **Departmental Earnings:** Departmental earnings receipts data source is BPAS. The amounts will match the totals in BPAS of dedicated and non-dedicated receipts for the revenue accounts the agency has defined as a DE Group. The 2024 and 2025 "Budget" column amounts reflect the current law budget and does not include any proposals for fee increases. The 2024 and 2025 "Gov Rec" columns reflect the amount of revenue anticipated with any proposed fee increases recommended by the Governor. If a fee increase is not being requested, the "Current Law" and "Gov Rec" columns will contain the same revenue amounts.
- **Earnings Transferred In/Revenue Collected by Another Agency:** These amounts are entered in the system and should reflect departmental earnings revenues transferred in from another agency, or departmental earnings revenues collected by another agency that are not transferred. This inclusion helps to clearly show cost recovery. Be sure to coordinate with the other agency so that the estimates of both agencies are consistent.
- **Other Receipts:** These amounts are entered in the system and should reflect non-departmental earnings revenues that support the costs of the activity for which fees are charged.
- **Transfers out/Revenue Collected for Another Agency:** These amounts are entered in the system and should reflect any departmental earnings transferred out to another agency that incurs related expenditures, or departmental earnings collected for another agency that are

not transferred. This inclusion helps to clearly show cost recovery. Be sure to coordinate with the other agency so that the estimates of both agencies are consistent.

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

Supporting Information

Agencies also must enter narratives in the system. Each departmental earnings group requires a narrative answering the following questions:

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

Completing your Report

Agencies will complete their report in the system by changing the status of each group to 'Ready for EBO'.

Appendix 1: Example DE Group Summary Report

Agency:	Chiropractic Examiners, Board of		2024-25 Departmental Earnings				
Earnings Group:	Chiropractic Examiners Licensing Fees						
Purpose:	To recover the costs of regulating the chiropractic examiners profession.						
Legal Citation:	M.S. 148.07, M.S.148.08, M.S. 148.10, M.S. 214, M.S. 319B and M.R. 2500						
Dedicated Receipts:	Yes	Non-Dedicated Receipts:	Yes				
Fund:	Health Related Boards (1201); Restrict Misc Special Revenue (2000)						
Appropriation:	Chiro Non Dedicated Receipts (H7H1000); Criminal Background Check Rece (H7H9210)						
Fee Change?	No						
Group Summary (Dollars in Thousands)	Actual FY 2021	Actual FY 2022	Estimated FY 2023	Current Law FY 2024	Gov Rec FY 2024	Current Law FY 2025	Gov Rec FY 2025
Accumulated Balance:	1,214	1,086	1,018	791	791	648	648
Resources:							
Departmental Earnings	817	826	846	862	862	878	878
Other Resources:							
Earning Transferred In							
Revenue Collected by Another Agency							
Other Receipts							
Resource Reductions:							
Earnings Transferred Out							
Revenue Collected for Another Agency							
Total Resources	817	826	846	862	862	878	878
Expenditures:							
Direct Expenditures	647	553	715	647	647	647	647
Indirect Expenditures	358	358	358	358	358	358	358
Total Expenditures	1,005	894	1,073	1,005	1,005	1,005	1,005
Current Difference	(188)	(68)	(227)	(143)	(143)	(127)	(127)
Accumulated Ending Balance	1,026	1,018	791	648	648	521	521

Background Information:

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

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

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

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

- Legal support (Attorney General)
- Centralized administrative support (Health Boards Administrative Services Unit) (SMART)
- Funding for services to health professionals (Health Professionals Services Program)
- Statewide e-licensing system development and operations (MN.IT)
- Criminal Background Check program

Forecast Basis:

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

Recent Change:

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

Agency Analysis/Comments:

None

Appendix 2: Agencies Required to Complete a 2024-25 Departmental Earnings Report

AGENCY
Accountancy, Board of (B7P)
Administration (G02)
Administrative Hearings, Office of (G9K)
Agriculture (B04)
Animal Health, Board of (B14)
Architecture, Engineering Board (B7E)
Attorney General (G06)
Barber Examiners, Board of (B15)
Behavioral Health and Therapy Board (H7X)
Chiropractic Examiners, Board of (H7H)
Commerce (B13)
Corrections (P78)
Cosmetologist Examiners, Board of (B11)
Dentistry, Board of (H7F)
Dietetics and Nutrition Practice Board (H7U)
District Courts (J33)
Education (E37)
Emergency Medical Services Reg Bd (H7S)
Employment and Economic Dvlpmt (B22)
Executives for Long Term Svcs and Supports Bd (H7K)
Explore Minnesota Tourism (B20)
Gambling Control Board (G09)
Health (H12)
Higher Education, Office of (E60)
Human Rights (G17)
Human Services (H55)
Iron Range Resources and Rehab (B43)
Labor and Industry (B42)
Legal Professional Boards (JLP)
MNSure (H60)

AGENCY
Management and Budget (G10)
Marriage and Family Therapy Board (H7M)
Mediation Services, Bureau of (G45)
Medical Practice, Board of (H7B)
Natural Resources (R29)
Nursing, Board of (H7C)
Occupational Therapy, Board of (H7Y)
Optometry, Board of (H7J)
Peace Officers Stds & Trng Bd (POST) (P7T)
Perpich Center for Arts Education (E25)
Pharmacy, Board of (H7D)
Physical Therapy, Board of (H7W)
Podiatric Medicine, Board of (H7Q)
Pollution Control (R32)
Private Detectives & Protective Agts Bd (B7S)
Prof Educator Licensing Stds Bd (E39)
Psychology, Board of (H7V)
Public Facilities Authority (B24)
Public Safety (P07 and PS7)
Public Utilities Commission (B82)
Racing Commission (G05)
Revenue (G67 and G90)
Secretary of State (G53)
Social Work, Board of (H7L)
State Academies (E44)
State Auditor (G61)
Supreme Court (J65)
Transportation (T79)
Veterans Affairs (H75)
Veterinary Medicine, Board of (H7R)
Water and Soil Resources Board (R9P)