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<https://mn.gov/commerce/>

AT A GLANCE

- **127,600:** Minnesota households served by the Energy Assistance Program in FFY 2022, totaling \$225 million in energy bills paid.
- **207:** State-chartered banks in Minnesota regulated by the Department.
- **\$425 billion:** Amount of assets held by Minnesota domestic insurers regulated by the Insurance Division in CY 2021, a 2 percent increase from CY 2020.
- **272,882:** Number of active licenses issued by the Commerce Department’s Licensing Unit to individual Minnesotans and businesses.
- **\$377.8 million:** Total dollar value of property returned to Unclaimed Property claimants since FY 2013.
- **3,740:** Attendees at senior fraud prevention outreach and training presentations held during FY 2022.
- **35,536:** Fuel meters tested at gas stations, bulk plants, airports, and terminals by Department staff in the last biennium.

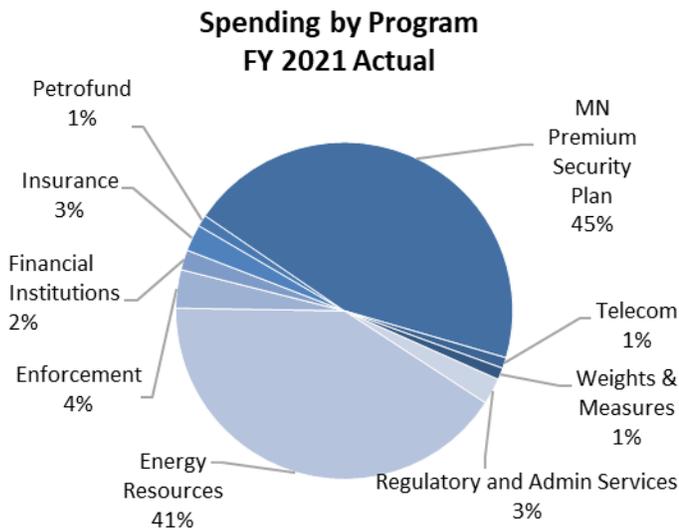
PURPOSE

The Commerce Department protects all Minnesotans in their everyday financial transactions by investigating and evaluating services and advocating that they be fair, accessible and affordable.

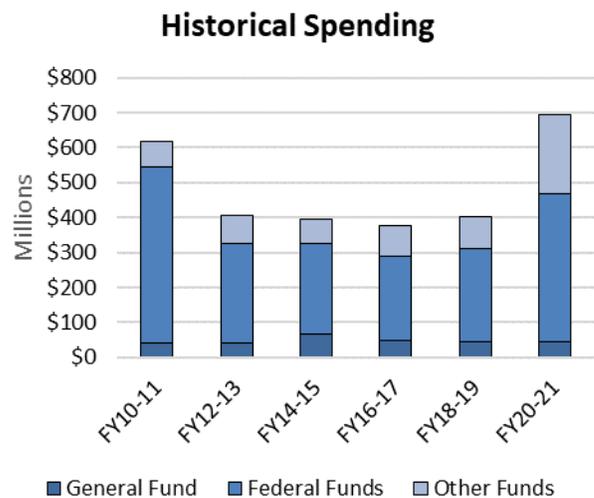
The Commerce Department is:

- Minnesota’s Insurance Department.
- Minnesota’s Financial Institutions Department, overseeing all state-chartered banks and credit unions.
- Minnesota’s Energy Department.

BUDGET



Source: Budget Planning & Analysis System (BPAS)



Source: Consolidated Fund Statement

The Commerce Department’s budget is composed of General Fund appropriations, federal funds and Special Revenue funds. The largest component of the Commerce Department’s budget is federal funding received as a

pass-through for administering the Premium Security Plan, Low-Income Home Energy Assistance and Weatherization Programs.

Insurance, Telecommunications and Energy Resources assess and recover costs from regulated entities. Financial Institutions, Petrofund and Weights & Measures are funded primarily from Special Revenue Funds. General Fund operating appropriations for Commerce have remained relatively consistent over the last decade though the Department has received funds for one-time purposes. The agency's FY 2010-11 spending level largely reflects the impact of federal stimulus funding that passed through the Commerce Department during the Great Recession and FY 2020-21 spending level reflects increased spending from the Premium Security Plan.

The Commerce Department is the home to the following consumer protection and regulatory programs:

- The Consumer Services Center, where Minnesotans can call for help to understand the products and services regulated by the Department;
- Licensing and Continuing Education;
- The Low Income Heating Assistance and Weatherization Programs;
- The Petrofund, which helps Minnesotans clean up pollution on their property due to leaky underground fuel tanks;
- Enforcement;
- The Commerce Fraud Bureau;
- The State's Securities Regulator overseeing investment advisors and broker-dealers not regulated by the federal government;
- Telecommunications Regulation;
- The State's Unclaimed Property program; and
- Weights and Measures.

The Commerce Department provides the following statewide services:

- Ensures health, property and casualty, life, long-term care and workers compensation insurance premiums in the state are fair and reasonable, and that contract terms comply with Minnesota law;
- Pursues civil and criminal enforcement activities to protect Minnesotans from fraudulent activities across all of our regulated markets and ensure strong and stable families and communities;
- Advocates on behalf of the public interest in energy-related matters to ensure a clean, healthy environment with sustainable uses of natural resources;
- Licenses and regulates individuals and entities to ensure a thriving economy that encourages business growth and employment opportunities; and
- Responds to the needs of consumers, licensees and applicants to ensure delivery of efficient and accountable government services.

STRATEGIES

Commerce carries out its work on behalf of the state of Minnesota through its divisions:

- Financial Institutions works with banks, credit unions and securities firms and professionals;
- Insurance reviews the rates and coverages proposed by health, life, property and casualty, and other insurers;
- Energy Resources advocates for fair and reasonable rates offered by regulated utilities and helps energy customers through energy assistance and weatherization;
- Enforcement investigates and takes action to enforce the regulations developed by the other Divisions; and
- Regulatory and Administrative Services licenses professionals in a range of fields, administers the Unclaimed Property program, the Petrofund program, Weights and Measures and provides operational support for the Divisions.

In these roles, Commerce touches a significant cross section of Minnesota’s economy. The agency uses targeted regulatory and consumer protection strategies to maintain a strong and competitive marketplace for Minnesota consumers and businesses. These strategies include:

The primary legal authority for the Commerce Department is located in Minn. Stat. §45; the agency’s authority, extends to numerous additional chapters including: 45A, 46, 47, 48, 48A, 49, 50, 51A, 52, 53, 53A, 53B, 53C, 54, 55, 56, 58, 58A, 59A, 59B, 59C, 60A, 60B, 60C, 60D, 60E, 60F, 60G, 60H, 60J, 60K, 60L, 61A, 61B, 62A, 62B, 62C, 62D, 62E, 62F, 62H, 62I, 62J, 62L, 62M, 62Q, 62R, 62S, 62U, 64B, 65A, 65B, 66A, 67A, 69, 70A, 71A, 72A, 72B, 72C, 79, 79A, 80A, 80B, 80C, 81A, 82, 82B, 82C, 83, 115C, 116J, 123B, 169, 174, 176, 214, 216A, 216B, 216C, 216E, 216F, 222, 237, 239, 272, 299F, 301, 318, 325D, 325E, 325F, 325N, 332, 332A, 332B, 334, 345, 359, 386, 462A, 465, 471, 475, 507, 510, 514, 550 and 609B.

(Dollars in Thousands)

	Actual FY20	Actual FY21	Actual FY22	Estimate FY23	Forecast Base	
					FY24	FY25
<u>Expenditures by Fund</u>						
1000 - General	22,981	23,252	25,515	46,080	31,378	30,244
2000 - Restrict Misc Special Revenue	32,985	32,850	36,474	46,029	42,511	42,618
2001 - Other Misc Special Revenue	66,267	74,617	47,326	68,801	116,940	145,479
2340 - Renewable Development	3,620	6,898	8,356	31,137	27,147	5,500
2350 - Petroleum Tank Release Cleanup	5,054	4,005	3,315	11,263	10,841	8,841
2830 - Workers Compensation	754	748	703	819	761	761
3000 - Federal	206,834	213,857	395,900	251,812	302,375	299,152
6000 - Miscellaneous Agency		59				
Total	338,496	356,285	517,589	455,941	531,953	532,595
Biennial Change				278,749		91,018
Biennial % Change				40		9

Expenditures by Program

Financial Institutions Division	6,640	6,883	8,426	10,081	9,946	9,946
Petroleum Tank Release Cleanup Fund	5,054	4,005	3,315	11,263	10,841	8,841
Regulatory and Administrative Services Division	8,652	9,056	9,327	13,456	11,049	11,015
Enforcement Division	12,184	13,139	14,855	18,734	17,521	17,537
Telecommunications	4,185	3,724	3,345	4,056	3,803	3,890
Division of Energy Resources	138,384	146,464	274,562	219,351	223,532	197,891
Weights & Measures Division	3,478	3,447	4,543	5,489	5,141	5,141
Insurance Division	9,193	9,108	9,509	13,950	12,050	11,725
Minnesota Premium Security Plan	150,725	160,459	189,705	159,561	238,070	266,609
Total	338,496	356,285	517,589	455,941	531,953	532,595

Expenditures by Category

Compensation	36,107	36,997	39,177	47,263	47,111	46,571
Operating Expenses	29,650	28,087	28,814	48,364	43,717	41,707
Grants, Aids and Subsidies	272,714	291,039	448,903	358,863	440,472	443,664
Capital Outlay-Real Property	17	152	633	1,359	561	561
Other Financial Transaction	8	11	62	92	92	92
Total	338,496	356,285	517,589	455,941	531,953	532,595

Commerce

Agency Expenditure Overview

(Dollars in Thousands)

	Actual FY20	Actual FY21	Actual FY22	Estimate FY23	Forecast Base	
					FY24	FY25
Total Agency Expenditures	338,496	356,285	517,589	455,941	531,953	532,595
Internal Billing Expenditures	2,173	1,852	1,163	1,787	1,925	1,904
Expenditures Less Internal Billing	336,323	354,433	516,426	454,154	530,028	530,691
<u>Full-Time Equivalents</u>	336.18	332.26	336.57	362.32	366.07	365.47

Commerce

Agency Financing by Fund

(Dollars in Thousands)

	Actual FY20	Actual FY21	Actual FY22	Estimate FY23	Forecast Base	
					FY24	FY25
1000 - General						
Balance Forward In		3,508	272	14,625		
Direct Appropriation	26,401	26,244	40,378	32,483	32,347	31,213
Open Appropriation			41			
Transfers In	1,896	3,603	2,141	1,524	1,649	1,649
Transfers Out	66	1,948	551	1,028	969	969
Cancellations	1,896	7,884	2,141	1,524	1,649	1,649
Balance Forward Out	3,354	272	14,625			
Expenditures	22,981	23,252	25,515	46,080	31,378	30,244
Biennial Change in Expenditures				25,361		(9,973)
Biennial % Change in Expenditures				55		(14)
Full-Time Equivalents	159.56	155.35	159.69	172.65	172.13	172.13

2000 - Restrict Misc Special Revenue

Balance Forward In	31,093	36,129	42,905	42,748	37,168	34,542
Receipts	37,562	39,762	36,630	39,144	38,764	38,764
Internal Billing Receipts	2,173	1,852	1,163	1,575	1,575	1,575
Transfers In	5,332	5,811	5,424	6,261	6,202	6,202
Transfers Out	5,278	5,974	5,736	4,956	5,081	5,081
Balance Forward Out	35,723	42,879	42,749	37,168	34,542	31,809
Expenditures	32,985	32,850	36,474	46,029	42,511	42,618
Biennial Change in Expenditures				16,667		2,626
Biennial % Change in Expenditures				25		3
Full-Time Equivalents	138.46	140.89	136.90	149.03	147.09	147.09

2001 - Other Misc Special Revenue

Balance Forward In	592,338	537,583	217,925	165,859	400,884	289,335
Receipts	10,773	1,959	1,208	3,734	5,391	4,770
Transfers In				300,092		229,465
Transfers Out		247,000	5,948			
Balance Forward Out	536,844	217,925	165,859	400,884	289,335	378,091
Expenditures	66,267	74,617	47,326	68,801	116,940	145,479
Biennial Change in Expenditures				(24,757)		146,292
Biennial % Change in Expenditures				(18)		126

Commerce

Agency Financing by Fund

(Dollars in Thousands)

	Actual FY20	Actual FY21	Actual FY22	Estimate FY23	Forecast Base	
					FY24	FY25
Full-Time Equivalents	0.97	0.66	0.97	0.97	0.97	0.97

2340 - Renewable Development

Balance Forward In	150	43	15,854	30,884	21,047	
Direct Appropriation	600	19,350	20,025	16,800	1,600	1,000
Open Appropriation	3,414	3,920	3,861	4,500	4,500	4,500
Cancellations	501	560	500			
Balance Forward Out	43	15,854	30,883	21,047		
Expenditures	3,620	6,898	8,356	31,137	27,147	5,500
Biennial Change in Expenditures				28,975		(6,846)
Biennial % Change in Expenditures				275		(17)
Full-Time Equivalents	0.33	0.47	0.38	0.38	0.38	0.38

2350 - Petroleum Tank Release Cleanup

Balance Forward In		100		422		
Direct Appropriation	1,056	1,056	1,056	1,056	1,056	1,056
Open Appropriation	7,405	9,018	7,511	17,134	16,160	14,160
Transfers In	737	356	276	396		
Transfers Out	4,046	5,962	5,106	7,745	6,375	6,375
Cancellations		563				
Balance Forward Out	98		422			
Expenditures	5,054	4,005	3,315	11,263	10,841	8,841
Biennial Change in Expenditures				5,519		5,104
Biennial % Change in Expenditures				61		35
Full-Time Equivalents	4.82	4.27	4.52	4.52	4.52	4.52

2403 - Gift

Balance Forward In	96	98	98	99	100	101
Receipts	2	0	0	1	1	1
Balance Forward Out	98	98	98	100	101	102

2830 - Workers Compensation

Balance Forward In		4		58		
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Commerce

Agency Financing by Fund

(Dollars in Thousands)

	Actual FY20	Actual FY21	Actual FY22	Estimate FY23	Forecast Base	
					FY24	FY25
Direct Appropriation	758	759	761	761	761	761
Cancellations		15				
Balance Forward Out	4		58			
Expenditures	754	748	703	819	761	761
Biennial Change in Expenditures				20		0
Biennial % Change in Expenditures				1		0
Full-Time Equivalents	4.38	4.20	3.52	3.52	3.52	3.52

3000 - Federal

Balance Forward In	3	2	0			
Receipts	206,831	213,855	395,900	251,812	302,375	299,152
Expenditures	206,834	213,857	395,900	251,812	302,375	299,152
Biennial Change in Expenditures				227,022		(46,185)
Biennial % Change in Expenditures				54		(7)
Full-Time Equivalents	27.66	26.42	30.59	31.25	37.46	36.86

3002 - Oil Overcharge

Balance Forward In	248	248	248	248	248	248
Balance Forward Out	248	248	248	248	248	248

6000 - Miscellaneous Agency

Balance Forward In	17	3,517	3,522	3,547	3,500	3,500
Receipts	3,501	63	26	(47)		
Balance Forward Out	3,517	3,522	3,548	3,500	3,500	3,500
Expenditures		59				
Biennial Change in Expenditures				(59)		0
Biennial % Change in Expenditures						

(Dollars in Thousands)

	FY23	FY24	FY25	Biennium 2024-25
Direct				
Fund: 1000 - General				
FY2023 Appropriations	32,483	32,483	32,483	64,966
Base Adjustments				
Current Law Base Change		(136)	(1,270)	(1,406)
Forecast Base	32,483	32,347	31,213	63,560
Fund: 2340 - Renewable Development				
FY2023 Appropriations	16,800	16,800	16,800	33,600
Base Adjustments				
Current Law Base Change		(15,200)	(15,800)	(31,000)
Forecast Base	16,800	1,600	1,000	2,600
Fund: 2350 - Petroleum Tank Release Cleanup				
FY2023 Appropriations	1,056	1,056	1,056	2,112
Forecast Base	1,056	1,056	1,056	2,112
Fund: 2830 - Workers Compensation				
FY2023 Appropriations	761	761	761	1,522
Forecast Base	761	761	761	1,522
Open				
Fund: 2340 - Renewable Development				
FY2023 Appropriations	4,500	4,500	4,500	9,000
Forecast Base	4,500	4,500	4,500	9,000
Fund: 2350 - Petroleum Tank Release Cleanup				
FY2023 Appropriations	16,985	16,985	14,985	31,970
Base Adjustments				
Forecast Open Appropriation Adjustment	149	(825)	(825)	(1,650)
Forecast Base	17,134	16,160	14,160	30,320
Dedicated				
Fund: 2000 - Restrict Misc Special Revenue				
Planned Spending	45,829	42,511	42,618	85,129
Forecast Base	45,829	42,511	42,618	85,129
Fund: 2001 - Other Misc Special Revenue				
Planned Spending	68,801	116,940	145,479	262,419

(Dollars in Thousands)

	FY23	FY24	FY25	Biennium 2024-25
Forecast Base	68,801	116,940	145,479	262,419
Fund: 3000 - Federal				
Planned Spending	251,812	302,375	299,152	601,527
Forecast Base	251,812	302,375	299,152	601,527
Revenue Change Summary				
Dedicated				
Fund: 2000 - Restrict Misc Special Revenue				
Forecast Revenues	39,144	38,764	38,764	77,528
Fund: 2001 - Other Misc Special Revenue				
Forecast Revenues	3,734	5,391	4,770	10,161
Fund: 2403 - Gift				
Forecast Revenues	1	1	1	2
Fund: 3000 - Federal				
Forecast Revenues	251,812	302,375	299,152	601,527
Fund: 6000 - Miscellaneous Agency				
Forecast Revenues	(47)			
Non-Dedicated				
Fund: 1000 - General				
Forecast Revenues	147,205	137,015	137,015	274,030
Fund: 2350 - Petroleum Tank Release Cleanup				
Forecast Revenues	140	140	140	280

Program: Financial Institutions Division

<https://mn.gov/commerce/industries/financial-institutions/>

AT A GLANCE

- Regulates state-chartered banks, state-chartered credit unions, non-depository institutions and Minnesota-registered securities professionals.
- **207**: State-chartered banks in Minnesota.
- **149**: Number of Minnesota's state-chartered banks located in Greater Minnesota.
- **67**: State-chartered credit unions in Minnesota.
- **18,783**: Licensed non-depository entities and individuals in Minnesota.
- **1,993**: State-registered Investment Adviser and Broker Dealer firms in Minnesota.

PURPOSE AND CONTEXT

Commerce's Financial Institutions Division is responsible for licensing and regulating businesses that provide financial products and services to Minnesotans. These include banks, trust companies, credit unions, certificate investment companies, thrift companies mortgage companies, money transmitters, student loan servicers, state registered securities industry, and consumer credit companies such as motor vehicle finance, payday lenders, and debt management and settlement companies.

The Securities Unit registers securities agents, broker-dealers, franchises, timeshares, investment advisers and investment adviser representatives to do business in Minnesota. The Unit also performs examinations of businesses offering securities in Minnesota.

Financial Institutions serves all Minnesota consumers and businesses that rely on these regulated businesses for financial products and services.

Financial Institutions conducts periodic examinations, as well as ongoing monitoring, to ensure that financial institutions are safe, sound, and comply with applicable state and federal laws. The Division's examinations focus on various financial factors, including loan portfolios and overall asset quality. While examinations have traditionally been on-site, the Division is adapting and utilizing technology to make examinations more efficient.

The majority of Financial Institutions is self-funded through assessments, hourly examination fees charged to the industries it examines, and certain licensing fees. These charges are deposited into the Financial Institutions Special Revenue Account. The Securities Unit is funded through a General Fund appropriation.

SERVICES PROVIDED

- Chartering and conducting examinations at all state-chartered banks, trust companies, credit unions and the nation's only certificate investment company on a 12- to 24-month cycle.
- Licensing Minnesota's non-depository financial services, including the mortgage industry, consumer credit companies, currency exchanges, payday lenders, money transmitters and debt service providers through participation in the Nationwide Multistate Licensing System & Registry (NMLS).
- Registering state securities, including investment advisers, broker-dealers, franchises, and offering and conducting examinations of investment advisers.
- Conducting mortgage company and money transmitter examinations.
- Minimizing the impact on Minnesotans in the event of a financial institution failure through timely and adequate intervention procedures.

- Collaborating with the Federal Deposit Insurance Corporation (FDIC), the Federal Reserve Bank, and the National Credit Union Administration (NCUA), the Securities Exchange Commission (SEC), and Financial Industry Regulatory Authority (FINRA) to conduct joint examinations of state-chartered banks and credit unions and share findings.
- Participating in joint multi-state examinations of interstate investment advisers, mortgage and money transmission companies.
- Maintaining accreditation with the Conference of State Bank Supervisors, both for banking and mortgage, and the National Association of State Credit Union Supervisors.
- Engaging in outreach activities to promote financial literacy among all Minnesotans and collaborating with state-chartered financial institutions and the securities industry to protect seniors and vulnerable adults from fraud.

RESULTS

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Results	Complete financial examinations for state-chartered banks and credit unions within the 12-24 month time frame	100%	100%	CY 2020 and CY 2022
Quality	Act on company licensing applications and corporate amendment applications on a timely basis	60 days	60 days	CY 2020 and CY 2022
Quantity	Number of banks on the troubled bank monitoring list ⁽¹⁾	6	4	CY 2020 and CY 2022
Results	Increase number of licensed programs types utilizing NMLS ⁽²⁾	18	19	CY 2020 and CY 2022
Quantity	Investment Adviser Representative Registrations	12,426	12,703	CY 2019 and CY 2022
Quantity	Broker Dealer Agent Registrations	161,744	181,079	CY 2019 and CY 2022

Performance Measures Notes:

1. As of 6/30/2022, there are four banks on the problem bank-monitoring list. This is down from a high of 111 in 2010.
2. This performance measure tracks the Division's progress towards achievement of a long-term goal to move all non-depository institutions to the same electronic licensing platform, the Nationwide Multistate Licensing System & Registry

Statutory Authority: The Division's authority is located in Chapters: 45A, 46, 47, 48, 48A, 49, 50, 51A, 52, 53, 53A, 53B, 53C, 54, 55, 56, 58, 59A, 216C, 332, 332A, 332B, 334, 80, 80A, 80C.

Financial Institutions Division

Program Expenditure Overview

(Dollars in Thousands)

	Actual FY20	Actual FY21	Actual FY22	Estimate FY23	Forecast Base	
					FY24	FY25
<u>Expenditures by Fund</u>						
1000 - General	400	400	1,583	2,581	2,241	2,241
2000 - Restrict Misc Special Revenue	6,240	6,483	6,843	7,500	7,705	7,705
Total	6,640	6,883	8,426	10,081	9,946	9,946
Biennial Change				4,984		1,385
Biennial % Change				37		7
<u>Expenditures by Activity</u>						
Financial Institutions	6,640	6,883	8,426	10,081	9,946	9,946
Total	6,640	6,883	8,426	10,081	9,946	9,946
<u>Expenditures by Category</u>						
Compensation	4,692	5,128	6,447	7,743	7,817	7,817
Operating Expenses	1,544	1,355	1,579	1,931	1,722	1,722
Grants, Aids and Subsidies	400	400	400	400	400	400
Other Financial Transaction	4	0	0	7	7	7
Total	6,640	6,883	8,426	10,081	9,946	9,946
Total Agency Expenditures	6,640	6,883	8,426	10,081	9,946	9,946
Internal Billing Expenditures	500	500	321	363	363	363
Expenditures Less Internal Billing	6,140	6,383	8,105	9,718	9,583	9,583
<u>Full-Time Equivalent</u>	44.92	48.65	58.30	60.50	60.50	60.50

Financial Institutions Division

Program Financing by Fund

(Dollars in Thousands)

	Actual FY20	Actual FY21	Actual FY22	Estimate FY23	Forecast Base	
					FY24	FY25
1000 - General						
Balance Forward In				340		
Direct Appropriation	400	400	1,923	2,241	2,241	2,241
Balance Forward Out			340			
Expenditures	400	400	1,583	2,581	2,241	2,241
Biennial Change in Expenditures				3,364		318
Biennial % Change in Expenditures				421		8
Full-Time Equivalents	0.09		9.17	10.50	10.50	10.50

2000 - Restrict Misc Special Revenue

Balance Forward In	1,329	1,471	2,791	2,835	3,123	3,206
Receipts	6,385	7,830	6,922	7,827	7,827	7,827
Transfers Out	22	28	35	39	39	39
Balance Forward Out	1,452	2,791	2,835	3,123	3,206	3,289
Expenditures	6,240	6,483	6,843	7,500	7,705	7,705
Biennial Change in Expenditures				1,620		1,067
Biennial % Change in Expenditures				13		7
Full-Time Equivalents	44.83	48.65	49.13	50.00	50.00	50.00

Program: Petroleum Tank Release Cleanup Fund (Petrofund)

<https://www.mn.gov/commerce/industries/fuel/petrofund>

AT A GLANCE

- **\$460 Million:** Approximate amount of reimbursement paid out to eligible applicants since 1987.
- **13,300:** Approximate number of leak sites that have received funding for corrective actions since 1987.
- **611:** Underground petroleum storage tanks removed from 401 properties since 2004.

PURPOSE AND CONTEXT

The Department's Petroleum Tank Release Cleanup Fund (Petrofund) was established in 1987. The Petrofund contributes to a cleaner environment and helps to prevent the pollution of Minnesota's soil and water by providing eligible applicants with reimbursement for a portion of their costs to investigate and clean up contamination from leaking petroleum storage tanks.

SERVICES PROVIDED

- Assists applicants with the costs to investigate and clean up contaminated soil and water from leaking petroleum storage tanks in the most cost-effective manner possible;
- Contracts for the removal of abandoned underground petroleum storage tanks;
- Recovers costs from responsible persons for investigation and cleanup work performed by the Minnesota Pollution Control Agency (MPCA) when the responsible persons are unwilling or unable to complete statutorily required corrective actions;
- Provides funding to the MPCA for administration of the Petroleum Remediation, Tank Compliance and Assistance, and Emergency Response programs, mainly to pay for state-financed investigation and cleanup projects where no viable responsible person is available; and
- Annually approves the use of funds by the Minnesota Department of Employment and Economic Development (DEED) for the administration of the Contamination Cleanup and Investigation Grant Program.

The Petrofund is primarily funded by the Petroleum Tank Release Cleanup Fee. The fee is charged on wholesale petroleum products and is paid at a rate of \$20 per 1,000 gallons (\$.02 per gallon) by the first licensed distributor receiving the product in the state. The fee is imposed for a four-month time period whenever the Program's fund balance drops below \$4 Million and authorization has been given by the five-member Petroleum Tank Release Compensation Board. Investment earnings on the Petrofund's cash balance generate additional revenue.

RESULTS

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quality	Review of reimbursement applications within 60- and 120-day statutory deadlines in order to assure timely payment of investigation and cleanup costs incurred by applicants.	Initial applications reviewed within 100 days and supplemental applications reviewed within 133 days	Initial applications reviewed within 50 days and supplemental applications reviewed within 116 days	FY 2021 and FY 2022
Quantity	Removal of abandoned underground petroleum storage tanks in order to identify and prevent old tanks from leaking and contaminating soil and groundwater.	26 tanks removed at 21 sites	44 tanks removed at 24 sites	FY 2021 and FY 2022
Quantity	Protect human health and the environment by reimbursing eligible applicants for a portion of their costs to investigate and clean up contamination from leaking petroleum storage tanks across the state.	\$3.2 million reimbursed to 238 applicants	\$2.4 million reimbursed to 214 applicants	FY 2021 and FY 2022

Performance Measure Notes:

1. When a Petrofund applicant incurs costs, they can either submit all costs in one application or request reimbursement in multiple applications. Initial applications must be reviewed within 60 days. All subsequent applications must be reviewed within 120 days.
2. The application review data compares the application queue as of July 2021 (previous) and July 2022 (current). The application queue is mainly driven by the number of reimbursement applications received and staffing levels.
3. The abandoned tank removal data compares the number of tanks removed in Fiscal Year 2021 (previous) to the number removed in Fiscal Year 2022 (current). The number of tanks removed is contingent on the number of applications received and the staff resources available to manage the tank removal projects.

Statutory Authority: The Petrofund program’s legal authority is found in Chapter 115C.

Petroleum Tank Release Cleanup Fund

Program Expenditure Overview

(Dollars in Thousands)

	Actual FY20	Actual FY21	Actual FY22	Estimate FY23	Forecast Base	
					FY24	FY25

Expenditures by Fund

2350 - Petroleum Tank Release Cleanup	5,054	4,005	3,315	11,263	10,841	8,841
Total	5,054	4,005	3,315	11,263	10,841	8,841
Biennial Change				5,519		5,104
Biennial % Change				61		35

Expenditures by Activity

Petroleum Tank Release Cleanup Fund	5,054	4,005	3,315	11,263	10,841	8,841
Total	5,054	4,005	3,315	11,263	10,841	8,841

Expenditures by Category

Compensation	552	449	493	615	615	615
Operating Expenses	4,502	3,541	2,821	10,643	10,221	8,221
Capital Outlay-Real Property		15				
Other Financial Transaction		0		5	5	5
Total	5,054	4,005	3,315	11,263	10,841	8,841

Total Agency Expenditures	5,054	4,005	3,315	11,263	10,841	8,841
Internal Billing Expenditures	111	67	44	95	95	95
Expenditures Less Internal Billing	4,943	3,938	3,271	11,168	10,746	8,746

Full-Time Equivalent

	4.82	4.27	4.52	4.52	4.52	4.52
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Petroleum Tank Release Cleanup Fund

Program Financing by Fund

(Dollars in Thousands)

	Actual FY20	Actual FY21	Actual FY22	Estimate FY23	Forecast Base	
					FY24	FY25
2350 - Petroleum Tank Release Cleanup						
Balance Forward In		100		422		
Direct Appropriation	1,056	1,056	1,056	1,056	1,056	1,056
Open Appropriation	7,405	9,018	7,511	17,134	16,160	14,160
Transfers In	737	356	276	396		
Transfers Out	4,046	5,962	5,106	7,745	6,375	6,375
Cancellations		563				
Balance Forward Out	98		422			
Expenditures	5,054	4,005	3,315	11,263	10,841	8,841
Biennial Change in Expenditures				5,519		5,104
Biennial % Change in Expenditures				61		35
Full-Time Equivalent	4.82	4.27	4.52	4.52	4.52	4.52

Program: Regulatory and Administrative Services Division

<https://www.mn.gov/commerce/>

AT A GLANCE

- **272,882:** Number of active licenses issued by the Division to individual Minnesotans and businesses.
- **28,830:** Total Unclaimed Property claims paid in FY 2021-22.
- **\$377.8 million:** Total dollar value of property returned to Unclaimed Property claimants since FY 2013.
- **\$1.95 million:** Amount belonging to Minnesota seniors recovered, or prevented from loss, by senior fraud prevention office in FY 2022.
- **253:** Case files opened by the senior fraud prevention office in FY 2022.
- **62:** Senior fraud prevention outreach and training presentations held during FY 2022.
- **3,740:** Attendees at senior fraud prevention outreach and training presentations held during FY 2022.
- **99.9:** Percentage of invoices processed by Financial Services within 30 days.

PURPOSE AND CONTEXT

Commerce's Regulatory and Administrative Services Division includes two units: The Regulatory Services unit oversees the licensing and unclaimed property programs in the Department. Administrative Services unit includes core agency functions like Financial Services, Human Resources and Legal Services, and external affairs functions including Communications, Government Affairs, Senior Fraud Prevention and Tribal Relations.

Administrative Services operates the agency's "front door" for consumers, licensees, and businesses. Administrative Services staff publicly represent the agency in a wide variety of settings and are responsible for a wide swath of Commerce's direct engagement with Minnesotans. This work directly advances Commerce's strategic mission and vision to engage Minnesotans directly on the agency's work and to assist and protect all Minnesota consumers.

The Regulatory and Administrative Services Division is funded through a General Fund appropriation.

SERVICES PROVIDED

Regulatory Services

- Licensing
 - Administers application and renewal programs for 30 individual and business license types for real estate, insurance, real estate appraisers, collection agencies and debt collectors and bullion coin operators.
 - Provides licensing oversight for over 272,000 individuals and companies that do business in Minnesota.
 - Approves applications for pre-license and continuing education courses, maintains experience requirement standards and assists regulated entities in their ongoing efforts to better serve their clients.
 - Answers consumer inquiries regarding commerce-administered professional licenses including 20,931 calls during FY 2022.
- Unclaimed Property
 - Serves as a "lost and found" for financial assets belonging to current and former residents of Minnesota.

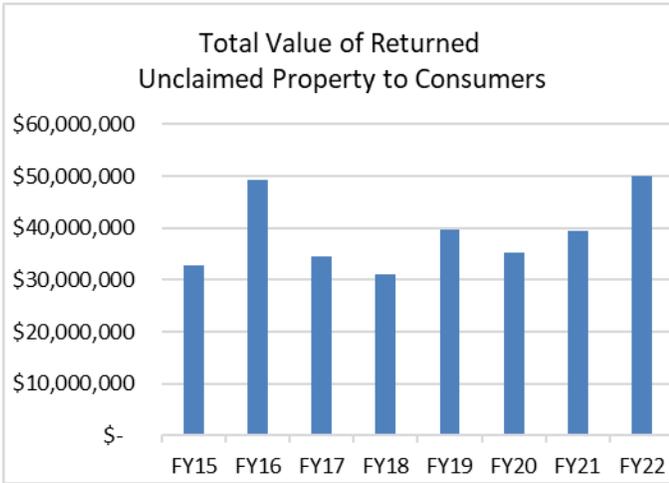
- Safeguards, maintains, and seeks to return to owners, the approximately \$900 million in abandoned property held by the state.
- Takes in unclaimed property from companies (or “holders”) with a statutory obligation to report property to the State once the property owner has not been located after a specific period of time.
- Answers consumer inquiries regarding unclaimed property claims including 10,343 calls during FY 2022.

Administrative Services

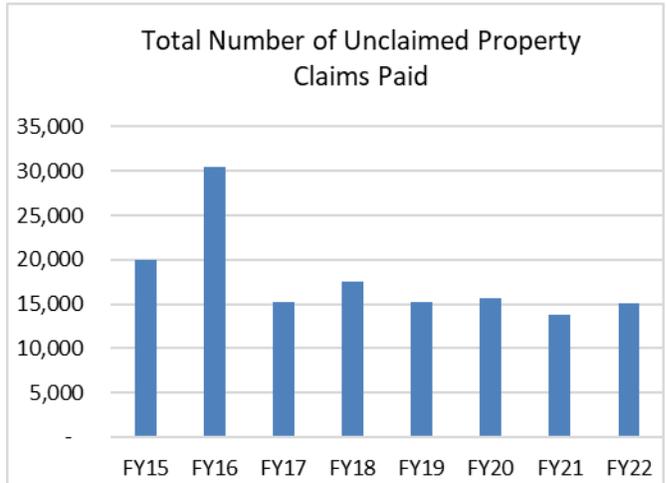
- Consumer Services Center
 - Provides services to consumers who have inquires or complaints about insurance companies.
 - Mediates disputes between consumers and insurance companies.
 - Investigates complaints about improper insurance claims practices.
 - Provides outreach and education to consumers and industry about common insurance problems or issues.
 - Responded to approximately 24,000 consumer calls in CY 2021.
 - Recovered \$3.4 million for 177 Minnesota consumers in CY 2021.
- Senior Fraud Prevention
 - Works with Minnesotans and Minnesota financial institutions to safeguard vulnerable adults from financial exploitation and scams.
 - Conducts presentations and outreach events with organizations and communities that support older Minnesotans as well as financial institutions on financial scams and the protections in Minnesota law designed to safeguard the assets of vulnerable adults.
- Communications
 - Engages Minnesotans on the work of the agency through all media channels and in public settings.
 - Maintains Commerce’s external website, traditional and social media outlets and responds to media inquiries.
- Government Affairs
 - Leads policy development and advocacy for the agency at the state, federal and local levels.
 - Oversees constituent services responses for consumers who contact the agency via elected officials.
 - Collaborates with individuals and organizations on community outreach engagement to design mutually beneficial actions on issues identified by Minnesotans within the agency’s purview.
- Tribal Relations
 - Leads continual engagement and partnership with Tribal Nations on matters of mutual interest within the agency’s regulatory purview.
 - Embodies Commerce’s Tribal Nations Consultation Policy and leads fulfillment of the agency’s commitments and responsibilities under the policy and state law.
- Legal Services
 - Provides legal advice and statutory analysis to leadership and staff; helps ensure the provision of consistent legal information to regulated industries, licensees, and members of the public; and coordinates with state and federal agencies on matters of mutual interest within Commerce’s regulatory sphere.
 - Conducts risk analysis; directs and assists with litigation and administrative hearings; and advises and assists in drafting legislative proposals and rulemaking.
- Financial Services
 - Manages day-to-day office and financial operations.
 - Provides information management services and technical support including data processing, budget implementation, payroll and facilities management.

- Human Resources
 - Conducts policy administration, staffing, recruitment, workforce planning, labor relations, benefits administration and other functions for the agency and its staff.
 - Drives Department efforts to increase diversity and inclusion within the organization including developing pipelines and community partnerships, increased employee engagement, improved onboarding processes, new recruiting efforts at statewide career fairs and expanded advertisement of career opportunities in diverse mediums.

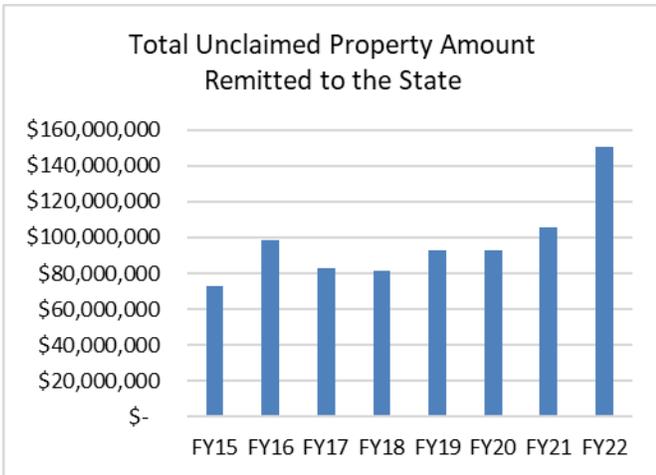
RESULTS



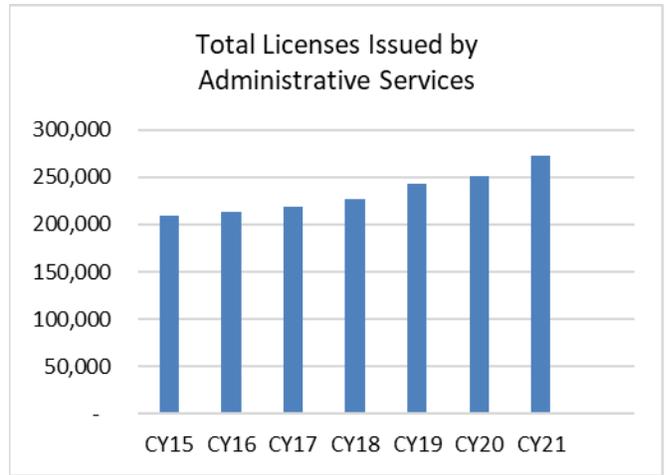
In FY 2022, \$50.1 million in unclaimed property was returned to consumers.



In FY 2022, 15,106 unclaimed property claims were paid.



In FY 2022, \$150.4 million in unclaimed property was remitted to the State.



In CY 2021, there were 272,882 active licenses issued by the Licensing Unit.

Statutory Authority: While many of the categories of licensure administered by the Division have their own statutory citations, the Department’s authority is located in Chapter 45 and 345.

Regulatory and Administrative Services Division

Program Expenditure Overview

(Dollars in Thousands)

	Actual FY20	Actual FY21	Actual FY22	Estimate FY23	Forecast Base	
					FY24	FY25
<u>Expenditures by Fund</u>						
1000 - General	6,715	7,402	7,110	11,018	8,611	8,615
2000 - Restrict Misc Special Revenue	1,937	1,654	2,217	2,400	2,400	2,400
3000 - Federal				38	38	
Total	8,652	9,056	9,327	13,456	11,049	11,015
Biennial Change				5,076		(719)
Biennial % Change				29		(3)

Expenditures by Activity

Administrative Services	8,652	9,056	9,327	13,456	11,049	11,015
Total	8,652	9,056	9,327	13,456	11,049	11,015

Expenditures by Category

Compensation	6,162	6,370	6,711	7,885	7,872	7,839
Operating Expenses	2,490	2,620	2,613	5,567	3,173	3,172
Capital Outlay-Real Property		66				
Other Financial Transaction	0	0	3	4	4	4
Total	8,652	9,056	9,327	13,456	11,049	11,015

Full-Time Equivalents

	64.13	63.07	64.90	69.03	69.13	68.63
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**Regulatory and Administrative Services
Division**

Program Financing by Fund

(Dollars in Thousands)

	Actual FY20	Actual FY21	Actual FY22	Estimate FY23	Forecast Base	
					FY24	FY25
1000 - General						
Balance Forward In		2,183		2,218		
Direct Appropriation	8,868	8,597	9,346	8,821	8,632	8,636
Transfers In		1,220				
Transfers Out		1,029	18	21	21	21
Cancellations		3,569				
Balance Forward Out	2,153		2,218			
Expenditures	6,715	7,402	7,110	11,018	8,611	8,615
Biennial Change in Expenditures				4,012		(902)
Biennial % Change in Expenditures				28		(5)
Full-Time Equivalents	45.40	44.30	45.38	48.53	48.63	48.63

2000 - Restrict Misc Special Revenue

Balance Forward In	3,041	3,276	3,478	2,483	1,683	883
Receipts	2,173	1,856	1,222	1,600	1,600	1,600
Internal Billing Receipts	2,173	1,852	1,163	1,575	1,575	1,575
Balance Forward Out	3,276	3,478	2,483	1,683	883	83
Expenditures	1,937	1,654	2,217	2,400	2,400	2,400
Biennial Change in Expenditures				1,026		183
Biennial % Change in Expenditures				29		4
Full-Time Equivalents	18.73	18.77	19.52	20.00	20.00	20.00

3000 - Federal

Receipts				38	38	
Expenditures				38	38	
Biennial Change in Expenditures				38		0
Biennial % Change in Expenditures						
Full-Time Equivalents				0.50	0.50	

Program: Enforcement Divisionmn.gov/commerce/consumers/file-a-complaint/**AT A GLANCE**

In CY 2021, the Enforcement Division:

- **\$9.8 million:** Recovered for Minnesota consumers through administrative action.
- **\$1.8 million:** Civil penalties assessed by the Enforcement Division.
- **625:** Questions, concerns and inquiries received by the Enforcement Division.
- **4,638:** Investigations opened.
- **2,991:** Reports of suspected insurance fraud.
- **\$7.1 million:** Amount of grants issued by the Commerce Fraud Bureau to local law enforcement agencies throughout Minnesota through the Auto Theft Prevention Program.
- **\$7.4 million:** Total economic impact of Commerce Fraud Bureau investigations that resulted in prosecutions.

PURPOSE AND CONTEXT

The mission of the Commerce Department's Enforcement Division is to protect consumers by monitoring conduct and investigating complaints related to unfair, deceptive, or fraudulent practices.

The Commerce Department regulates 22 industries in Minnesota, covering a large portion of the economic activity in the state. These industries include insurance, securities, financial institutions, real estate and collection agencies. The Enforcement Division works to ensure that businesses in these regulated industries operate in compliance with Minnesota law.

The Division performs audits and examinations of regulated businesses, responds to complaints and conducts investigations of suspected illegal activity. When the Division uncovers illegal activity, it can initiate administrative action or, where appropriate, collaborate with local law enforcement, county prosecutors, and the United States Attorney's Office to pursue criminal charges. In addition, our Multi-Industry Team collaborates with the Minnesota Department of Health (MDH) and the Minnesota Pollution Control Agency (MPCA) to monitor chemical hazards in consumer products and the environment, educate citizens, vulnerable communities and businesses about chemical hazards and how to avoid them; and take appropriate steps to enforce our laws to ensure our vulnerable communities, especially children, are protected from chemical hazards.

The Civil Investigations Unit is funded through General Fund appropriations. The Commerce Fraud Bureau is funded through General Fund appropriations, an assessment of insurance companies doing business in Minnesota and a special revenue fund appropriation from the Auto Theft Prevention Account.

SERVICES PROVIDED**Civil Investigations**

- Conduct civil investigations, audits, and market conduct examinations to determine if laws under Commerce's jurisdiction have been violated, while providing due process during the resolution of any alleged violations.
- Regulate business activity to ensure compliance, responsible business conduct, and a fair and consistent regulatory environment for businesses and consumers.
- Engage in outreach activities to inform, educate, and obtain feedback from Minnesota consumers and businesses.

- Work with industry to increase the transparency and efficiency of the insurance examination process.
 - During the FY 2020-21 biennium , Commerce’s insurance market conduct opened 2 examination files and closed 10 files resulting in \$931,228 of civil penalty collections.
- Advocate for and assist investors and consumers through consumer complaint resolution and public education and outreach.
- Ensure compliant, responsible business conduct and practices to ensure a fair and consistent regulatory environment.
 - During the FY 2020-21 biennium, the securities investigation team opened 783 files, closed 96 files, gained \$1.9 million in recoveries for Minnesota consumers and collected \$182,490 in civil penalties.

Commerce Fraud Bureau

- Undertake criminal investigations related to insurance fraud and other related criminal activities.
- Review notices and reports of insurance fraud submitted by insurers, their employees, and agents or producers, as well as notifications or complaints of suspected insurance fraud generated by other law enforcement agencies, state or federal government units or the public.
- During CY 2021, the Fraud Bureau initiated investigations into 2,991 cases, representing a 16 percent decrease from the 3,600 investigations conducted in 2020.
 - These investigations resulted in prosecutions of individuals who were responsible for committing crimes with an economic impact of more than \$7.4 million to Minnesotans.
- Administer the Auto Theft Prevention Account and grant program which partners with local law enforcement to reduce the incidence of auto theft across Minnesota. During the current biennium, the CFB issued \$7.1 million in grant funds to 42 different jurisdictions through two (2) different grant programs.

RESULTS

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Years</i>
Quantity	Civil Investigations Initiated	4,500	4,638	CY 2020 and CY 2021
Quantity	Criminal Investigations Initiated	3,600	2,991	CY 2020 and CY 2021
Results	Formal Civil Administrative Actions Taken	222	273	CY 2020 and CY 2021
Results	Civil Penalties Assessed	\$2.1 million	\$1.8 million	CY 2020 and CY 2021

Statutory Authority: The Department’s authority is located in Chapters 45, 60A and 65B.

Enforcement Division

Program Expenditure Overview

(Dollars in Thousands)

	Actual FY20	Actual FY21	Actual FY22	Estimate FY23	Forecast Base	
					FY24	FY25
<u>Expenditures by Fund</u>						
1000 - General	5,568	5,742	5,404	6,929	5,886	5,886
2000 - Restrict Misc Special Revenue	6,420	7,149	9,255	11,580	11,430	11,450
2830 - Workers Compensation	196	189	187	215	201	201
3000 - Federal		1	10	10	4	
6000 - Miscellaneous Agency		59				
Total	12,184	13,139	14,855	18,734	17,521	17,537
Biennial Change				8,266		1,469
Biennial % Change				33		4
<u>Expenditures by Activity</u>						
Enforcement	12,184	13,139	14,855	18,389	17,176	17,192
Investigations				345	345	345
Total	12,184	13,139	14,855	18,734	17,521	17,537
<u>Expenditures by Category</u>						
Compensation	7,601	7,797	7,493	8,751	8,741	8,741
Operating Expenses	3,364	3,396	3,813	5,444	4,641	4,637
Grants, Aids and Subsidies	1,217	1,913	3,502	4,030	4,080	4,100
Capital Outlay-Real Property		25		456	6	6
Other Financial Transaction	2	8	47	53	53	53
Total	12,184	13,139	14,855	18,734	17,521	17,537
Total Agency Expenditures	12,184	13,139	14,855	18,734	17,521	17,537
Internal Billing Expenditures	386	317	189	215	215	215
Expenditures Less Internal Billing	11,798	12,822	14,666	18,519	17,306	17,322
<u>Full-Time Equivalent</u>	67.99	67.55	58.09	65.03	65.03	65.03

Enforcement Division

Program Financing by Fund

(Dollars in Thousands)

	Actual FY20	Actual FY21	Actual FY22	Estimate FY23	Forecast Base	
					FY24	FY25
1000 - General						
Balance Forward In		400	272	521		
Direct Appropriation	5,967	6,329	5,689	7,317	6,736	6,736
Transfers In			300			
Transfers Out	18	319	35	909	850	850
Cancellations		396	300			
Balance Forward Out	381	272	521			
Expenditures	5,568	5,742	5,404	6,929	5,886	5,886
Biennial Change in Expenditures				1,023		(561)
Biennial % Change in Expenditures				9		(5)
Full-Time Equivalents	44.85	44.55	35.90	37.83	37.83	37.83

2000 - Restrict Misc Special Revenue

Balance Forward In	11,198	14,563	17,126	16,864	15,217	13,681
Receipts	9,784	9,713	9,293	9,063	9,083	9,083
Transfers In	1,300	1,515	1,500	2,170	2,111	2,111
Transfers Out	1,300	1,515	1,800	1,300	1,300	1,300
Balance Forward Out	14,562	17,126	16,864	15,217	13,681	12,125
Expenditures	6,420	7,149	9,255	11,580	11,430	11,450
Biennial Change in Expenditures				7,266		2,045
Biennial % Change in Expenditures				54		10
Full-Time Equivalents	21.88	21.88	21.02	26.03	26.03	26.03

2830 - Workers Compensation

Balance Forward In		4		14		
Direct Appropriation	200	200	201	201	201	201
Cancellations		15				
Balance Forward Out	4		14			
Expenditures	196	189	187	215	201	201
Biennial Change in Expenditures				17		0
Biennial % Change in Expenditures				4		0
Full-Time Equivalents	1.26	1.12	1.17	1.17	1.17	1.17

3000 - Federal

Enforcement Division

Program Financing by Fund

(Dollars in Thousands)

	Actual FY20	Actual FY21	Actual FY22	Estimate FY23	Forecast Base	
					FY24	FY25
Receipts		1	10	10	4	
Expenditures		1	10	10	4	
Biennial Change in Expenditures				19		(16)
Biennial % Change in Expenditures						(80)

6000 - Miscellaneous Agency

Balance Forward In	17	17	22	47		
Receipts	1	63	26	(47)		
Balance Forward Out	17	22	48			
Expenditures		59				
Biennial Change in Expenditures				(59)		0
Biennial % Change in Expenditures						

Program: Telecommunications<https://mn.gov/commerce/industries/telecom/>**AT A GLANCE**

- **764,000:** Residential and business telephone service lines subject to regulatory consumer protections, including reliable and vital 911 services.
- **555:** Opened investigations and dockets in CY 2021.
- **653:** Number of new Telephone Equipment Distribution (TED) Program participants in CY 2021.

PURPOSE AND CONTEXT

Commerce's Telecommunications Unit serves the public as the state regulator of the telecommunications industry. The Unit provides the Public Utilities Commission (PUC) and the Legislature with information and policy alternatives that are responsive to rapidly changing market conditions, including the transition to internet protocol technology.

The Unit reviews filings made with the PUC by telecommunications companies in compliance with state statutes, PUC rules and orders, and federal regulations. It investigates complaints from the public, local governments and telecommunications companies about illegal, unfair, or anti-competitive practices and takes action to enforce state and federal statutes and regulations. The unit ensures that consumers are protected when receiving telephone services subject to state oversight.

The unit also administers the Telecommunications Access Minnesota (TAM) program, which delivers free services to persons with hearing, speech, or physical disabilities through the Minnesota Relay, and funds the Telephone Equipment Distribution (TED) Program, which provides specialized telecommunications equipment to Minnesotans.

Most of the unit's functions are funded by an assessment on regulated telecommunications companies. The TAM program is funded by a fee imposed on consumers, collected by regulated telecommunications companies, wireless companies, and point of sale retail outlets selling prepaid wireless services.

SERVICES PROVIDED

- Advocacy on behalf of the public interest for statewide telecommunications policies that promote high quality, affordable telecommunications network in Minnesota.
- Enforcement of Minnesota and Federal laws and rules of the PUC and the Federal Communications Commission.
- Investigation of company filings and telecommunications matters for compliance with Minnesota requirements.
- Administrative review of licensing requests, service quality, pricing of services, and the competitive practices of telecommunications companies.
- Deployment of infrastructure for improved voice, video, and data transmission, while protecting consumers of regulated telephone services.
- Resolution of telecommunications complaints relating to service in rural areas, service outages, excessive fees and critical 911 service.

RESULTS

The Unit measures success by the extent to which all Minnesota citizens have access to high-quality, affordable telecommunications services, regardless of technology. The impact of the unit's activities is reflected in the availability of competitive alternatives and continued service to those areas in Minnesota with a single provider, including reliable and vital 911 services.

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quality	Telecommunications Penetration - Wireline Residential - Wireline Business - Wireless	850,000 1,133,000 5,785,000	774,000 1,146,000 5,890,000	June 2020 and June 2021
Quantity	Number of new Telephone Equipment Distribution Program participants	797	653	CY 2020 and CY 2021
Quantity	Number of Minnesota Relay conversation minutes	626,245	437,032	CY 2020 and CY 2021

Statutory Authority: The Department's authority to regulate telecommunications providers is located in Chapter 216A.

Telecommunications

Program Expenditure Overview

(Dollars in Thousands)

	Actual FY20	Actual FY21	Actual FY22	Estimate FY23	Forecast Base	
					FY24	FY25

Expenditures by Fund

1000 - General	887	852	927	1,198	1,070	1,070
2000 - Restrict Misc Special Revenue	3,298	2,873	2,418	2,858	2,733	2,820
Total	4,185	3,724	3,345	4,056	3,803	3,890
Biennial Change				(508)		292
Biennial % Change				(6)		4

Expenditures by Activity

Telecommunications	4,185	3,724	3,345	4,056	3,803	3,890
Total	4,185	3,724	3,345	4,056	3,803	3,890

Expenditures by Category

Compensation	864	820	840	987	987	987
Operating Expenses	3,321	2,889	2,506	3,068	2,815	2,902
Capital Outlay-Real Property		15				
Other Financial Transaction		0		1	1	1
Total	4,185	3,724	3,345	4,056	3,803	3,890

Total Agency Expenditures	4,185	3,724	3,345	4,056	3,803	3,890
Internal Billing Expenditures	17	12	7	16	16	16
Expenditures Less Internal Billing	4,168	3,713	3,339	4,040	3,787	3,874

Full-Time Equivalent

	6.97	6.78	6.48	7.09	7.09	7.09
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Telecommunications

Program Financing by Fund

(Dollars in Thousands)

	Actual FY20	Actual FY21	Actual FY22	Estimate FY23	Forecast Base	
					FY24	FY25
1000 - General						
Balance Forward In		123		128		
Direct Appropriation	1,017	1,047	1,383	1,090	1,090	1,090
Transfers In	1,105	1,264	913	974	1,099	1,099
Transfers Out	9	68	328	20	20	20
Cancellations	1,105	1,514	913	974	1,099	1,099
Balance Forward Out	121		128			
Expenditures	887	852	927	1,198	1,070	1,070
Biennial Change in Expenditures				386		15
Biennial % Change in Expenditures				22		1
Full-Time Equivalents	5.88	5.69	5.39	6.00	6.00	6.00

2000 - Restrict Misc Special Revenue

Balance Forward In	1,767	1,710	3,236	4,065	4,152	4,239
Receipts	6,211	7,039	6,198	6,012	6,012	6,012
Transfers In		671	23			
Transfers Out	3,165	3,312	2,973	3,067	3,192	3,192
Balance Forward Out	1,516	3,236	4,065	4,152	4,239	4,239
Expenditures	3,298	2,873	2,418	2,858	2,733	2,820
Biennial Change in Expenditures				(895)		277
Biennial % Change in Expenditures				(15)		5
Full-Time Equivalents	1.09	1.09	1.09	1.09	1.09	1.09

Program: Division of Energy Resources (DER)

<https://mn.gov/commerce/industries/energy/>

AT A GLANCE

- **127,600:** Minnesota households served by the Energy Assistance Program in FFY 2022, totaling \$225 million in energy bills paid.
- **\$250 million:** Amount utility ratepayers saved due to Commerce’s advocacy at the Public Utilities Commission in the last biennium.
- **242,800:** Number of Minnesotans who received energy-related information through phone, email, web visits, brochures and the Energy Home State Fair exhibit in CY 2021.
- **140:** Electric and natural gas utility Conservation Improvement Plans (CIP) reviewed and approved, resulting in 2,069 gigawatt-hours (GWh) and 6.9 billion cubic feet (bcf) saved in calendar years 2018 and 2019 (the equivalent of removing 306,000 cars from the road for one year).
- **65:** Environmental reviews, monitoring and technical support for large energy facility projects including forty-nine wind projects, ten utility scale solar projects and six high-voltage transmission line projects.
- **1,360:** Megawatts of solar installed in Minnesota as of December 2021, which generated a 3% of electricity in Minnesota, well above the national average.
- **4,590:** Megawatts of wind installed in Minnesota as of December 2021, which generated 22% of electricity in Minnesota.

PURPOSE AND CONTEXT

Commerce’s Division of Energy Resources (DER) represents the public interest and ensures a clean, healthy environment with sustainable use of natural resources. The Division of Energy Resources:

- Ensures Minnesota’s energy system supports a strong economy, job creation, and healthy environment
- Improves existing energy infrastructure while protecting ratepayers
- Advances Minnesota’s leadership in energy efficiency
- Expands Minnesota’s renewable energy potential and energy business activity
- Assists low-income Minnesotans through financial assistance and energy conservation measures
- Ensures sufficient, reliable energy at reasonable costs

The Division of Energy Resources is funded primarily through federal grants. The Division also receives a General Fund appropriation, which is recovered through an assessment on utilities. Additional funding is assessed to utilities and paid directly to the Department.

SERVICES PROVIDED

The Division of Energy Resources provides the following services to support Minnesota’s energy consumers:

State Energy Office

- Manages or provides oversight to federal, state, and special revenue dollars with over 430 active energy contracts in FY 2022 alone.
- Administers Minnesota’s Solar for Schools (SFS) program (outside Xcel Energy).
 - Provides technical assistance, curriculum development support, and program administration/direct granting. 1st round was launched in January 2020 with all K-12 funds reserved by 80 applicants that were selected to submit full grant applications. 64 full proposals received with up to 160,000 students to benefit.

- Administers the State Energy Program
 - Provides public sector energy and renewable energy financing, project, and technical assistance, through programs such as:
 - Sustainable Buildings 2030 (SB 2030) - As of 2021, there were 168 completed SB 2030 projects, which are estimated to have saved 5,140 million kBtus, 735,000 tons of avoided CO₂e and \$94.9 million to-date.
 - The Energy Savings Program – Enabling state agencies, colleges, and cities to implement major energy-saving projects. Current projects are saving the public sector \$2.4 million in annual energy costs and 107 billion BTUs of energy saved.
 - Revolving Loan Funds - Leverages nearly \$20 million in revolving loan programs for energy efficiency projects serving residential, business, nonprofit and other public sectors.
 - Monitors energy supplies serving the state to assure Minnesota residences and businesses have reliable electricity and fuel service.
 - Serves as an information resource to Minnesota consumers and businesses on clean energy programs and actions they can take to reduce energy use reaching over 200,000 MN annually.
 - Works with national labs, the University of Minnesota, and the US DOE to explore the roles long duration energy storage can play in ensuring grid reliability, identifying the appropriate role for distributed resources in Minnesota, and by providing communities with tools to support energy resilience efforts.
 - Informs energy policy at the state and federal level by providing technical assistance and advisement on energy technologies and impacts on vulnerable communities. In FY 2022, stood up the Community Energy Collaborative by developing a reciprocal framework with community-based organizations throughout Minnesota to inform energy policy.
 - Pursues public-private partnerships to deploy new clean energy technologies and bring new venture capital opportunities for Minnesota's businesses.
 - From 2013-2021, solar jobs in Minnesota increased from 814 to 4,570, with a peak in 2018 of 4,602 jobs.
 - Minnesota added 124 MW of solar capacity in 2021, down from 146 MW in 2020.
- Administers the Low-Income Weatherization Assistance Program
 - Administers \$45 million annually through the Low-Income Weatherization Assistance Program (starting in FY22) serving more than 2,200 households annually by providing income-eligible homeowners and renters' comprehensive energy savings and healthy and safe homes.

Energy Assistance Program

- Administers as much as \$225 million in annual funding from the federal Low-Income Home Energy Assistance Program (LIHEAP). In FFY 2020, served 127,600 households across the state.

Regulatory Services:

- Advocates for the public interest in proceedings before the Public Utilities Commission (PUC), including rate cases, resource plans, and certificates of need, and advocates on behalf of Minnesota ratepayers in regional and federal matters.
- Ensures an affordable and reliable electric and natural gas system that minimizes impacts to the environment.
- Conducts environmental review and provides technical expertise and assistance to the PUC for large energy projects in Minnesota.
- Oversees the State's Conservation Improvement Programs (CIP) to ensure that utility customers receive a comprehensive suite of energy efficiency and conservation opportunities.
 - Electric and natural gas savings for calendar years 2018 and 2019 totaled 2,069 gigawatt-hours (GWh) and 6.9 billion cubic feet (bcf), respectively. These amounts are enough energy to heat, cool and

power more than 146,000 homes for a year or roughly the combined number of homes in Saint Paul and Duluth.

- CIP utility portfolios achieved 1.55 million tons of avoided CO2 emissions in calendar years 2018-2019. These savings equate to removing more than 306,000 vehicles from the road or about six percent of the state’s registered vehicles.
- In 2019, CIP helped support and grow over 41,000 energy efficiency jobs in Minnesota.

RESULTS

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Results	Energy savings goals in CIP* (Natural Gas/Electric percentages)	Electric Utility Savings: 2.0% Natural Gas Utility Savings: 1.3%	Electric Utility Savings: 1.7% Natural Gas Utility Savings: 1.1%	CY 2018 and CY 2019
Results	Renewable Energy Standard of 25% of electricity sales comes from renewable sources by 2025**	All Electric utilities: 22%	All Electric utilities: 24.5%	CY 2016 and CY 2021
Quantity	Number of households served by low-income heating (LIHEAP) and weatherization (WAP) programs	LIHEAP: 116,300 WAP: 1,801	LIHEAP: 127,600 WAP: 2,294	LIHEAP: CY 2019 and CY 2020 WAP: FY 2020 and FY 2022
Results	Amount of solar installed in Minnesota toward utilities’ 1.5% Solar Energy Standard by 2020.	555 MW Capacity	1,241 MW Capacity, 2.7% of Electricity	CY 2017 and CY 2021

* (Energy savings goal is outlined in Minn. Stat. § 216B.241, subd. 1c.)

** (Minn. Stat. § 216B.1691 requires Xcel to meet a 30% goal by 2020; the 25% x 2025 goal is for all other utilities)

Statutory Authority: The Department’s authority is located in Chapters: 16B, 16C, 116J, 216A, 216B, 216C, 216E, 216G, 272.

Division of Energy Resources

Program Expenditure Overview

(Dollars in Thousands)

	Actual FY20	Actual FY21	Actual FY22	Estimate FY23	Forecast Base	
					FY24	FY25
<u>Expenditures by Fund</u>						
1000 - General	4,500	3,915	4,136	14,471	5,855	4,717
2000 - Restrict Misc Special Revenue	8,298	7,943	8,907	13,450	10,002	10,002
2340 - Renewable Development	3,620	6,898	8,356	31,137	27,147	5,500
3000 - Federal	121,966	127,708	253,163	160,293	180,528	177,672
Total	138,384	146,464	274,562	219,351	223,532	197,891
Biennial Change				209,066		(72,490)
Biennial % Change				73		(15)

Expenditures by Activity

Energy Resources	138,384	146,464	274,562	219,351	223,532	197,891
Total	138,384	146,464	274,562	219,351	223,532	197,891

Expenditures by Category

Compensation	8,894	8,972	9,465	11,738	11,814	11,607
Operating Expenses	9,118	9,207	9,793	12,731	13,786	13,719
Grants, Aids and Subsidies	120,372	128,267	255,296	194,872	197,922	172,555
Capital Outlay-Real Property		15	7			
Other Financial Transaction	0	3	1	10	10	10
Total	138,384	146,464	274,562	219,351	223,532	197,891

Total Agency Expenditures	138,384	146,464	274,562	219,351	223,532	197,891
Internal Billing Expenditures	951	788	476	856	994	987
Expenditures Less Internal Billing	137,434	145,676	274,086	218,495	222,538	196,904

Full-Time Equivalent

	78.24	75.19	78.62	86.62	90.27	90.17
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Division of Energy Resources

Program Financing by Fund

(Dollars in Thousands)

	Actual FY20	Actual FY21	Actual FY22	Estimate FY23	Forecast Base	
					FY24	FY25
1000 - General						
Balance Forward In		233		9,754		
Direct Appropriation	4,727	4,380	14,025	4,756	5,894	4,756
Transfers Out	18	384	135	39	39	39
Cancellations		314				
Balance Forward Out	210		9,754			
Expenditures	4,500	3,915	4,136	14,471	5,855	4,717
Biennial Change in Expenditures				10,192		(8,035)
Biennial % Change in Expenditures				121		(43)
Full-Time Equivalents	27.06	25.32	26.00	28.07	27.45	27.45

2000 - Restrict Misc Special Revenue

Balance Forward In	13,028	14,343	15,716	15,889	12,380	11,919
Receipts	8,890	8,882	8,625	9,491	9,091	9,091
Transfers In	535	409	458	450	450	450
Transfers Out			0			
Balance Forward Out	14,155	15,690	15,891	12,380	11,919	11,458
Expenditures	8,298	7,943	8,907	13,450	10,002	10,002
Biennial Change in Expenditures				6,116		(2,353)
Biennial % Change in Expenditures				38		(11)
Full-Time Equivalents	24.27	23.24	21.65	27.42	25.48	25.48

2340 - Renewable Development

Balance Forward In	150	43	15,854	30,884	21,047	
Direct Appropriation	600	19,350	20,025	16,800	1,600	1,000
Open Appropriation	3,414	3,920	3,861	4,500	4,500	4,500
Cancellations	501	560	500			
Balance Forward Out	43	15,854	30,883	21,047		
Expenditures	3,620	6,898	8,356	31,137	27,147	5,500
Biennial Change in Expenditures				28,975		(6,846)
Biennial % Change in Expenditures				275		(17)
Full-Time Equivalents	0.33	0.47	0.38	0.38	0.38	0.38

2403 - Gift

Division of Energy Resources

Program Financing by Fund

(Dollars in Thousands)

	Actual FY20	Actual FY21	Actual FY22	Estimate FY23	Forecast Base	
					FY24	FY25
Balance Forward In	96	98	98	99	100	101
Receipts	2	0	0	1	1	1
Balance Forward Out	98	98	98	100	101	102

3000 - Federal

Balance Forward In	3	2	0			
Receipts	121,963	127,706	253,163	160,293	180,528	177,672
Expenditures	121,966	127,708	253,163	160,293	180,528	177,672
Biennial Change in Expenditures				163,783		(55,256)
Biennial % Change in Expenditures				66		(13)
Full-Time Equivalents	26.58	26.16	30.59	30.75	36.96	36.86

3002 - Oil Overcharge

Balance Forward In	248	248	248	248	248	248
Balance Forward Out	248	248	248	248	248	248

Program: Weights & Measures

<https://mn.gov/commerce/industries/fuel/>

AT A GLANCE

Weights & Measures performance by the numbers:

- **35,536:** Fuel meters tested at gas stations, bulk plants, airports, and terminals.
- **7,527:** Fuel tank inspections completed.
- **1,747:** Gas Stations checked for advertising, signs, and labeling.
- **14,807:** Credit card readers inspected for skimmers.
- **1,495:** Fuel samples tested in fuel lab.
- **10,345:** Objects calibrated in metrology laboratory.
- **4,640:** Grocery, food and hardware scales tested.
- **371** Permits issued to registered service technicians.
- **2,152:** Shipping, precious metal, and other commercial industrial scales tested.
- **3,598:** Vehicle, track, hopper and other heavy capacity scales tested.

(Numbers represent the average number of items tested in FY 2020-21)

PURPOSE AND CONTEXT

Commerce's Weights & Measures Division protects Minnesota consumers and businesses and the State's commercial markets by promoting and ensuring equity between buyers and seller, accuracy of commercial measurements, and enforcing quality standards for fuels by:

- Providing Minnesota businesses and individuals with precision measurement services.
- Supporting key Minnesota industries through testing mining, logging, and agricultural scales, certifying test chains used to calibrate taconite scales, and enforcing biodiesel and biofuel content mandates.
- Promoting fairness in consumer purchases by ensuring weighing and measuring devices are accurate, properly installed, suitable for the intended purpose, properly maintained, and do not allow for fraud.
- Protecting the health and safety of Minnesota citizens and the environment by ensuring safety equipment is working at fuel stations, examining petroleum equipment for leaks, and enforcing minimum biofuel content requirements.

Weights & Measures receives \$0.89 of the \$1.00 Petroleum Inspection Fee, which is collected from the first licensed distributor on every 1,000 gallons of petroleum products received and sold in Minnesota, as well as a general fund appropriation to fund its operations.

SERVICES PROVIDED

To promote an equitable marketplace, free from fraud, and to contribute to a healthy and safe environment for all citizens, Weights and Measures provides the following services:

- The metrology laboratory maintains National Institute of Standards and Technology (NIST) recognition and National Voluntary Laboratory Accreditation Program (NVLAP) accreditation, ensures accuracy in basic physical measurement by maintaining the state standards for mass, length, volume, temperature, and density, and by offering precision calibration services to businesses and individuals.
- Field investigators enforce Minnesota statutes and rule to prevent fraud and ensure the accuracy of;
 - Metering devices like fuel pumps; meters used at terminals, refineries and airports;
 - Retail scales used in grocery stores, retail food locations, shipping, and precious metals buying;

- large capacity scale used to weigh grain, fertilizer, aggregates, taconite, railroad cars, livestock, and many other commodities; and
- Product labeling and declared net weight of prepackaged commodities at retail food locations.
- Petroleum lab and field investigators partner to ensure fuel quality, protect the environment, and enforce statutory biofuel requirements through records audits, routine sampling, complaint investigation, and fuel testing to ASTM quality, volatility, and sulfur standards.
- Testing and monitoring the competency, performance, and accuracy of the standards of registered service technicians and private liquefied petroleum gas inspectors who install and repair commercial weighing and measuring devices in Minnesota.
- Engage in regional, national, and international standard-setting organizations like the Central Weights and Measures Association (CWMA), the National Conference on Weights & Measures (NCWM), ASTM International and the National Conference of Standards Laboratories International (NCSLI) to ensure Minnesota regulation and enforcement standards stay current on the latest developments in fuel standards, metrological technologies, and to promote uniformity.

RESULTS

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quantity	Number of samples, devices, audits, and package lots checked annually	72,772	74,781	FY 2019-20 Avg/Yr FY 2021-22 Avg/Yr
Results	Percent of samples, devices, audits, and packages approved without need for corrections by Weights and Measures for sale in Minnesota	77.0%	75.3%	FY 2019-20 Avg/Yr FY 2021-22 Avg/Yr
Results	Percent of samples, devices, audits, and packages removed from marketplace	9.1%	13.3%	FY 2019-20 Avg/Yr FY 2021-22 Avg/Yr
Results	Percent of samples devices, audits, and packages corrected because of W&M inspections	13.9%	11.7%	FY 2019-20 Avg/Yr FY 2021-22 Avg/Yr

Statutory Authority: The Department’s authority is located in Chapter 239.

Weights & Measures Division

Program Expenditure Overview

(Dollars in Thousands)

	Actual FY20	Actual FY21	Actual FY22	Estimate FY23	Forecast Base	
					FY24	FY25
<u>Expenditures by Fund</u>						
1000 - General			1,152	1,848	1,500	1,500
2000 - Restrict Misc Special Revenue	3,478	3,447	3,391	3,641	3,641	3,641
Total	3,478	3,447	4,543	5,489	5,141	5,141
Biennial Change				3,107		250
Biennial % Change				45		2
<u>Expenditures by Activity</u>						
Weights & Measures	3,478	3,447	4,543	5,489	5,141	5,141
Total	3,478	3,447	4,543	5,489	5,141	5,141
<u>Expenditures by Category</u>						
Compensation	2,511	2,556	2,688	3,246	3,246	3,246
Operating Expenses	947	888	1,219	1,335	1,335	1,335
Capital Outlay-Real Property	17	2	626	903	555	555
Other Financial Transaction	2		10	5	5	5
Total	3,478	3,447	4,543	5,489	5,141	5,141
Total Agency Expenditures	3,478	3,447	4,543	5,489	5,141	5,141
Internal Billing Expenditures	25	25	50	50	50	50
Expenditures Less Internal Billing	3,453	3,422	4,493	5,439	5,091	5,091
<u>Full-Time Equivalent</u>	27.66	27.26	27.57	27.57	27.57	27.57

Weights & Measures Division

Program Financing by Fund

(Dollars in Thousands)

	Actual FY20	Actual FY21	Actual FY22	Estimate FY23	Forecast Base	
					FY24	FY25
1000 - General						
Balance Forward In				348		
Direct Appropriation			1,500	1,500	1,500	1,500
Balance Forward Out			348			
Expenditures			1,152	1,848	1,500	1,500
Biennial Change in Expenditures				3,000		0
Biennial % Change in Expenditures						0
Full-Time Equivalents			3.08	3.08	3.08	3.08

2000 - Restrict Misc Special Revenue

Balance Forward In	705	741	534	587	588	589
Receipts	13	22	1	1	1	1
Transfers In	3,496	3,217	3,442	3,641	3,641	3,641
Balance Forward Out	736	533	587	588	589	590
Expenditures	3,478	3,447	3,391	3,641	3,641	3,641
Biennial Change in Expenditures				107		250
Biennial % Change in Expenditures				2		4
Full-Time Equivalents	27.66	27.26	24.49	24.49	24.49	24.49

Program: Insurance Division

<https://mn.gov/commerce/industries/insurance/>

AT A GLANCE

- **\$425 billion:** Amount of assets held by Minnesota domestic insurers regulated by the Insurance Division in CY 2021, a 2 percent increase from CY 2020.
- **133:** Domestic insurance companies in Minnesota.
- **3,827:** Policy rate and form filings reviewed in CY 2021 in the life insurance, annuity, health insurance, property & casualty insurance, and workers compensation lines of business.
- **21:** Domestic insurance companies examined as of year-end 2021.
- **20:** Certificates granted, authorizing increased competition and providing additional capacity in the insurance marketplace.
- **2022:** The Division received approval for its accreditation by the National Association of Insurance Commissioners in August 2022. Minnesota is due for re-accreditation in 2027. Accreditation allows other states to rely on the Department's review and examination of domestic insurers, reducing cost and administrative burden for Minnesota insurers.

PURPOSE AND CONTEXT

Commerce's Insurance Division ensures that insurance companies licensed to do business in Minnesota are financially sound, offer insurance products that provide value to Minnesotans, comply with state and federal law, have actuarially-reasonable rates, and respond to the insurance needs of the residents and businesses of Minnesota.

Minnesota has a relatively large insurance industry compared with other states, with 133 insurance companies under Commerce's financial supervision and 1,423 foreign (out-of-state) companies doing business in the state.

The Insurance Division's work consists of actuarial review, financial analysis, financial examinations, licensing and insurance product form and rate filing. This work is completed for all insurance types including health, automobile, homeowner, farm, flood, crop, life, long-term care, workers compensation and more.

This work of the Insurance Division is funded through a General Fund appropriation and the Special Revenue Fund for Insurance Examinations. Revenues generated from the Division's work consist of examination fees, desk audit fees, registration and filing fees, and transaction fees.

SERVICES PROVIDED

- The Insurance Division evaluates insurance policy contracts and rates sold to consumers to ensure fairness in rates and compliance with Minnesota statutes.
- The Insurance Division issues licenses to insurance companies to do business in Minnesota.
- The Insurance Division examines and regulates insurance companies, including two with over \$100 Billion in assets, to ensure they are safe and financially solvent now and in the future.

The work of the Insurance Division is divided into the following categories:

- **Actuarial** – verifies the adequacy of insurance company reserves and capital over a range of economic scenarios, and reviews pricing models to ensure rates are adequate, not excessive, fair, non-discriminatory, and equitable;
- **Financial Analysis** – evaluates information and develops a financial profile of domestic (company financials regulated by Minnesota) and foreign (company financials regulated by other states) insurance companies doing business in Minnesota, based on statutorily required financial and regulatory reports;

- **Examinations** – conducts on-site examinations of each Minnesota-domiciled insurer at least once every five years. Examiners review insurance company books and records at the company headquarters, conduct a risk-focused examination per national requirements, make recommendations for insurer improvement, and prepare examination reports;
- **Licensing** – approves insurance company applications for insurers who want to do business in the state and/or want to write additional lines of business and approves or denies those applications based on standards of compliance and financial strength; and,
- **Insurance Product Form and Rate Filings** – reviews insurance form and rate submissions for compliance with Minnesota statutes to ensure Minnesotans are protected from false and deceptive products, as well as review the financial condition of companies that self-insure.

RESULTS

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quantity	Policy Form and Rate Review	4,060 filings reviewed	3,949 filings reviewed	FY 2020 and FY 2022
Quality	Turnaround time from filing to disposition, – Property & Casualty, including Workers Compensation forms and rates – target: 40 days	P&C: 30.27 days Worker’s Comp: 30.25	P&C: 40.18 days Worker’s Comp: 13.9	FY 2020 and FY 2022
Quality	Turnaround time from filing to disposition, Life, Annuity & Health forms and rates – target: 40 days	30.25 days	28.68 days	FY 2020 and FY 2022
Quantity	Financial Examinations of insurers completed within the required time frame	13	21	FY 2020 and FY 2022
Quantity	Financial Analysis of insurers completed within the required time frame	69	69	FY 2020 and FY 2022
Results	Percentage of Financial Examinations and Financial Analysis of insurers completed within the required time frame	100%	100%	FY 2020 and FY 2022

Performance Measure Notes:

1. Review of forms in a timely manner allows new, innovative products to be offered to Minnesotans commensurate with the rollout in other states.
2. Financial examinations are on a regular schedule and are completed on individual insurance companies. Examinations are completed every three years for Health Maintenance Organizations on behalf of the Department of Health and every five years for indemnity insurers. The National Association of Insurance Commissioners requires examinations to be completed within 18 months of the as-of date, with extensions granted in special circumstances. Financial Analysis is performed on a quarterly basis for 69 insurance entities.

Statutory Authority: The Department’s authority is located in Minnesota Statutes Chapters: 59A, 59B, 59C, 60A, 60B, 60C, 60D, 60E, 60F, 60G, 60H, 60J, 60K, 60L, 61A, 61B, 62A, 62B, 62C, 62D, 62E, 62F, 62H, 62I, 62J, 62L, 62M, 62Q, 62R, 62S, 62U, 64B, 65A, 65B, 66A, 67A, 69, 70A, 71A, 72A, 72B, 72C, 79, 79A.

Insurance Division

Program Expenditure Overview

(Dollars in Thousands)

	Actual FY20	Actual FY21	Actual FY22	Estimate FY23	Forecast Base	
					FY24	FY25
<u>Expenditures by Fund</u>						
1000 - General	4,911	4,941	5,202	8,035	6,215	6,215
2000 - Restrict Misc Special Revenue	3,314	3,301	3,442	4,600	4,600	4,600
2001 - Other Misc Special Revenue	300	222	349	350	350	350
2830 - Workers Compensation	558	559	516	604	560	560
3000 - Federal	110	84		361	325	
Total	9,193	9,108	9,509	13,950	12,050	11,725
Biennial Change				5,158		316
Biennial % Change				28		1

Expenditures by Activity

Insurance	9,193	9,108	9,509	13,950	12,050	11,725
Total	9,193	9,108	9,509	13,950	12,050	11,725

Expenditures by Category

Compensation	4,830	4,905	5,039	6,298	6,019	5,719
Operating Expenses	4,363	4,189	4,470	7,645	6,024	5,999
Capital Outlay-Real Property		15				
Other Financial Transaction		0		7	7	7
Total	9,193	9,108	9,509	13,950	12,050	11,725

Total Agency Expenditures	9,193	9,108	9,509	13,950	12,050	11,725
Internal Billing Expenditures	183	143	76	192	192	178
Expenditures Less Internal Billing	9,010	8,965	9,433	13,758	11,858	11,547

Full-Time Equivalent

	41.45	39.49	38.09	41.96	41.96	41.96
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Insurance Division

Program Financing by Fund

(Dollars in Thousands)

	Actual FY20	Actual FY21	Actual FY22	Estimate FY23	Forecast Base	
					FY24	FY25
1000 - General						
Balance Forward In		569		1,316		
Direct Appropriation	5,422	5,491	6,512	6,758	6,254	6,254
Open Appropriation			41			
Transfers In	791	1,119	928	550	550	550
Transfers Out	22	148	35	39	39	39
Cancellations	791	2,091	928	550	550	550
Balance Forward Out	489		1,315			
Expenditures	4,911	4,941	5,202	8,035	6,215	6,215
Biennial Change in Expenditures				3,384		(807)
Biennial % Change in Expenditures				34		(6)
Full-Time Equivalents	36.28	35.49	34.77	38.64	38.64	38.64

2000 - Restrict Misc Special Revenue

Balance Forward In	25	25	25	25	25	25
Receipts	4,105	4,420	4,370	5,150	5,150	5,150
Transfers Out	791	1,119	928	550	550	550
Balance Forward Out	25	25	25	25	25	25
Expenditures	3,314	3,301	3,442	4,600	4,600	4,600
Biennial Change in Expenditures				1,427		1,158
Biennial % Change in Expenditures				22		14

2001 - Other Misc Special Revenue

Balance Forward In	100	100	100	100	100	100
Receipts	300	222	349	350	350	350
Balance Forward Out	100	100	100	100	100	100
Expenditures	300	222	349	350	350	350
Biennial Change in Expenditures				177		1
Biennial % Change in Expenditures				34		0
Full-Time Equivalents	0.97	0.66	0.97	0.97	0.97	0.97

2830 - Workers Compensation

Balance Forward In				44		
Direct Appropriation	558	559	560	560	560	560

Insurance Division

Program Financing by Fund

(Dollars in Thousands)

	Actual FY20	Actual FY21	Actual FY22	Estimate FY23	Forecast Base	
					FY24	FY25
Balance Forward Out			44			
Expenditures	558	559	516	604	560	560
Biennial Change in Expenditures				3		0
Biennial % Change in Expenditures				0		(0)
Full-Time Equivalents	3.12	3.08	2.35	2.35	2.35	2.35

3000 - Federal

Receipts	110	84		361	325	
Expenditures	110	84		361	325	
Biennial Change in Expenditures				166		(36)
Biennial % Change in Expenditures				86		
Full-Time Equivalents	1.08	0.26				

6000 - Miscellaneous Agency

Balance Forward In		3,500	3,500	3,500	3,500	3,500
Receipts	3,500					
Balance Forward Out	3,500	3,500	3,500	3,500	3,500	3,500

Program: Minnesota Premium Security Plan

<https://www.mn.gov/commerce/>

AT A GLANCE

- **\$91.1 Million:** Amount of federal funding made available to the state for plan year 2022.
- **\$444.3 Million:** Total amount of federal program funding since program inception.
- **20 Percent:** Annual average reduction in health insurance rates from what they otherwise would be absent the existence of the Minnesota Premium Security Plan program.
- **June 30, 2029:** Date under current law by which unexpended state funds appropriated for the Minnesota Premium Security Plan program must be returned to the Health Care Access Fund.

PURPOSE AND CONTEXT

Administered by the Minnesota Comprehensive Health Association (MCHA), the Minnesota Premium Security Program (MPSP) was created by the legislature in 2017 and extended through 2027 to provide reinsurance payments to health insurers to help offset the costs of high claims in the state's individual health insurance market. Funding for the program is provided through 2025.

Approximately 170,000 Minnesotans purchase their own health insurance in the individual market. The purpose of the MPSP is to lower premium costs for consumers from where they otherwise would be absent the program and promote affordable health insurance for Minnesotans in the individual market.

Expenditures for the MPSP are for grants to MCHA operations of the program and reinsurance payments to health insurers. Each year, any federal funds received by the State for the program must be expended prior to state funds. Any state funds not used by the program by June 30, 2029, will be cancelled and returned to the Health Care Access Fund.

SERVICES PROVIDED

The Commerce Department serves as the fiscal agent for appropriations directed to the MPSP.

In October 2017, the Commerce Department obtained approval of a Federal 1332 Waiver that authorized the program's operation under the Affordable Care Act (ACA). In July 2022, Commerce received approval of an extension of the Waiver through December 31, 2027. Commerce is the state's reporting agent to the federal government on the federal funds provided to the program.

Commerce provides state oversight of the program and is responsible for approving the MPSP program parameters on an annual basis.

RESULTS

The MPSP has had a stabilizing effect on Minnesota's individual health insurance market rates, which are what people pay for their health insurance premiums. This effect can be measured by examining health insurer's year-over-year rate changes since inception of the program:

Average Rate Change Over Prior Year						
Insurer	Final 2018	Final 2019	Final 2020	Final 2021	Final 2022	Proposed 2023
Blue Plus	2.8%	-27.7%	-1.5%	4.2%	7.4%	-2.3%
HealthPartners, Inc/Group Health, Inc	-7.5%	-7.4%	-1.3%	0.7%	9.5%	2.1%
Medica Ins Co	-0.4%	-12.4%	-1.0%	2.4%	9.0%	6.0%
PreferredOne Ins Co	-38.0%	-11.0%	-20.0%	1.1%	7.1%	18.0%
Quartz Health Plan MN	NA	NA	NA	New	4.3%	22.2%
UCare	-13.3%	-10.0%	0.2%	1.6%	11.3%	6.2%

Statutory Authority: The authority for this program is found in Minnesota Statutes 62E.23. It was originally authorized under Minnesota Session Law 2017, Chapter 13 and Special Session 1, Chapter 6, Article 5, Section 10 and extended under Minnesota Session Law 2019, Special Session 1, Chapter 9, Article 8, Section 19, Minnesota Session Law 2021, Special Session 1, Chapter 7, article 15, section 1, and Minnesota Session Law 2022, Regular Session, Chapter 44, Section 15.

Minnesota Premium Security Plan

Program Expenditure Overview

(Dollars in Thousands)

	Actual FY20	Actual FY21	Actual FY22	Estimate FY23	Forecast Base	
					FY24	FY25
<u>Expenditures by Fund</u>						
2001 - Other Misc Special Revenue	65,967	74,395	46,977	68,451	116,590	145,129
3000 - Federal	84,758	86,064	142,727	91,110	121,480	121,480
Total	150,725	160,459	189,705	159,561	238,070	266,609
Biennial Change				38,082		155,413
Biennial % Change				12		45
<u>Expenditures by Activity</u>						
Reinsurance Program	150,725	160,459	189,705	159,561	238,070	266,609
Total	150,725	160,459	189,705	159,561	238,070	266,609
<u>Expenditures by Category</u>						
Grants, Aids and Subsidies	150,725	160,459	189,705	159,561	238,070	266,609
Total	150,725	160,459	189,705	159,561	238,070	266,609

Minnesota Premium Security Plan

Program Financing by Fund

(Dollars in Thousands)

	Actual FY20	Actual FY21	Actual FY22	Estimate FY23	Forecast Base	
					FY24	FY25
2001 - Other Misc Special Revenue						
Balance Forward In	592,238	537,483	217,825	165,759	400,784	289,235
Receipts	10,473	1,737	859	3,384	5,041	4,420
Transfers In				300,092		229,465
Transfers Out		247,000	5,948			
Balance Forward Out	536,744	217,825	165,759	400,784	289,235	377,991
Expenditures	65,967	74,395	46,977	68,451	116,590	145,129
Biennial Change in Expenditures				(24,934)		146,291
Biennial % Change in Expenditures				(18)		127
3000 - Federal						
Receipts	84,758	86,064	142,727	91,110	121,480	121,480
Expenditures	84,758	86,064	142,727	91,110	121,480	121,480
Biennial Change in Expenditures				63,016		9,123
Biennial % Change in Expenditures				37		4