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mn.gov/commerce

AT A GLANCE

- The Commerce Department advocates for the public interest, ensures a competitive and fair marketplace, and serves as a resource for consumers and businesses, in a number of industries.
- **320,000**: Minnesotans served by the Low-Income Home Energy Assistance Program during FFY18.
- **\$57.8 billion**: Bank and credit union assets held by 308 state chartered banks and credit unions regulated by the Department.
- **\$349 billion**: Amount of assets held by 152 Minnesota domestic insurers regulated by the Insurance Division in 2017, an 11% increase from 2015.
- **227,360**: Total active licenses issued by the Commerce Department.
- **\$249.1 million**: Total dollar value of property returned to Minnesotans through the Unclaimed Property program since FY11.
- **14,782**: Consumer inquires and complaints addressed by the Department in 2017.
- **18,475**: Gas pumps checked for credit card skimmers by the Weights and Measures Division in FY 2018.
- **1.9**: Megawatt-hours (MWh) of electricity saved in 2015 and 2016 – the equivalent 383,641 cars removed from the road for one year – through Conservation Improvement Plans.

PURPOSE

The agency's mission is to protect the public interest; advocate for Minnesota consumers; ensure a strong, competitive and fair marketplace; strengthen the state's economic future; and serve as a trusted public resource for consumers and businesses. Commerce supports a **thriving economy that encourages business growth and employment opportunities; strong and stable families and communities; a clean, healthy environment with sustainable uses of natural resources; and provides efficient and accountable government services.**

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.

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

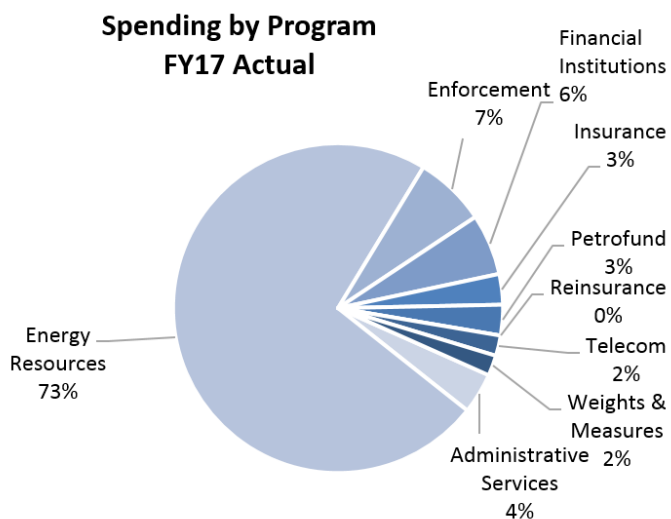
- The Consumer Services Center, where Minnesotans can call for help to understand the products and services regulated by the Department;
- Licensing and Continuing Education;
- The Low Income Heating Assistance and Weatherization Programs;
- The Petrofund, which helps Minnesotans clean up pollution on 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.

In all, the Department of Commerce regulates 22 industries and licenses approximately 227,000 individuals and entities that do business in Minnesota.

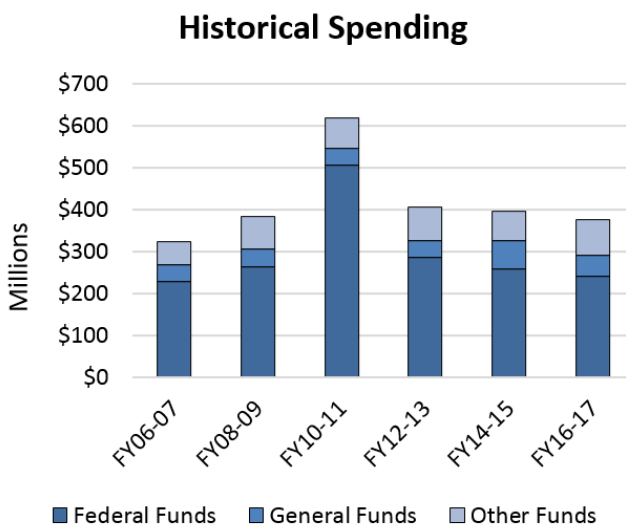
The Commerce Department provides the following statewide services:

- Ensures health, property and casualty, life, long-term care and workers compensation insurance in the state is fair and reasonable;
- Pursues civil and criminal enforcement activities to protect Minnesotans from fraudulent activities 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.

BUDGET



Source: 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 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 exclusively from Special Revenue Funds. General Fund operating appropriations for the Commerce Department have remained relatively consistent over the last decade though the department has received funds for one-time purposes. The agency’s FY 10-11 spending level largely reflects the impact of federal stimulus funding that passed through the Commerce Department during the economic downturn.

STRATEGIES

The Commerce Department uses targeted regulatory and consumer protection strategies to maintain a strong and competitive marketplace for Minnesota consumers and businesses. These strategies include:

Energy Resources

- Advocating on behalf of consumers and ratepayers in electric and gas utility rate proceedings.
- Promoting energy-efficient building, conservation, alternative transportation fuels and modern energy technologies.
- Overseeing conservation improvement programs operated by public, municipal and cooperative utilities.
- Administering low-income heating and weatherization assistance programs.

Enforcement

- Enforcing compliance and responsible business conduct across the agency's entire regulatory portfolio.
- Investigating civil and criminal insurance fraud.
- Serving as the agency's primary point of contact for Minnesota consumers.

Financial Institutions

- Licensing, examining and regulating state-chartered banks and credit unions, as well as non-depository institutions, to ensure that they remain safe and financially solvent.
- Registering securities sold in Minnesota as well as individuals and entities who provide investment services to Minnesotans.

Insurance

- Regulating insurance companies operating in Minnesota to ensure they remain safe and financially solvent.
- Reviewing insurance product filings to ensure that insurance products sold to Minnesotans meet state and federal requirements.

Petrofund

- Reimburses petroleum storage tank owners and operators for the cost of investigating and cleaning up petroleum tank releases.
- Contracting to remove abandoned underground petroleum storage tanks across Minnesota.

Regulatory and Administrative Services

- Licensing individuals and entities to do business in Minnesota.
- Providing unclaimed property services to Minnesotans.
- Integrating information management services and technical support for the agency.
- Agency administration including financial services, communications and human resources.

Telecommunications

- Advocating on behalf of consumers and ratepayers in proceedings relating to telecommunications and utilities.
- Promoting competition among telecommunications companies in Minnesota.

Weights & Measures

- Ensuring accuracy in all commercial transactions based on weight or measure and the consistent quality of petroleum products in Minnesota.
- Providing precision mass, temperature, density and volume measurement services to Minnesota businesses.

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 FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base	
					FY20	FY21
<u>Expenditures by Fund</u>						
1000 - General	23,354	26,828	21,261	25,303	23,157	23,157
2000 - Restrict Misc Special Revenue	34,292	39,486	37,542	40,476	178,786	224,850
2001 - Other Misc Special Revenue	117	111	137	300	300	300
2340 - Renewable Development			3,009	4,605	5,040	5,040
2350 - Petroleum Tank Release Cleanup	5,996	5,173	5,777	10,637	10,541	10,541
2830 - Workers Compensation	716	725	741	765	758	759
3000 - Federal	120,524	119,031	131,757	138,289	273,529	227,759
6000 - Miscellaneous Agency	128	121	44	182	155	155
Total	185,127	191,473	200,268	220,557	492,266	492,561
Biennial Change				44,225		564,002
Biennial % Change				12		134

Expenditures by Program

Financial Institutions	9,746	10,946	11,733	13,723	13,646	13,696
Petroleum Tank Cleanup Fund	5,996	5,173	5,777	10,637	10,541	10,541
Regulatory and Administrative Services	8,218	8,914	8,482	10,382	9,543	9,543
Enforcement	12,019	13,178	11,835	13,951	13,380	13,380
Telecommunications	4,703	4,624	4,128	4,641	4,043	4,479
Energy Resources	136,163	139,557	148,494	156,679	161,813	162,140
Weights & Measures	3,558	3,763	3,788	3,560	3,565	3,565
Insurance	4,724	5,069	5,531	6,221	5,407	5,273
Minnesota Premium Security Plan		250	500	763	270,328	269,944
Total	185,127	191,473	200,268	220,557	492,266	492,561

Expenditures by Category

Compensation	30,948	32,486	34,130	38,643	37,310	37,272
Operating Expenses	29,190	35,196	32,128	42,498	40,287	39,818
Grants, Aids and Subsidies	123,952	122,723	132,870	139,272	414,527	415,329
Capital Outlay-Real Property	184	281	214	56	56	56
Other Financial Transaction	853	788	925	88	86	86
Total	185,127	191,473	200,268	220,557	492,266	492,561

Commerce

Agency Expenditure Overview

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base	
					FY20	FY21
Total Agency Expenditures	185,127	191,473	200,268	220,557	492,266	492,561
Internal Billing Expenditures	1,473	1,443	2,003	2,190	2,136	2,118
Expenditures Less Internal Billing	183,654	190,030	198,265	218,367	490,130	490,443

<u>Full-Time Equivalents</u>	338.17	341.90	342.89	355.61	352.05	351.05
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Commerce

Agency Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base	
					FY20	FY21
1000 - General						
Balance Forward In	0	2,484	0	2,213		
Direct Appropriation	25,960	27,362	23,603	23,217	23,284	23,284
Transfers In	1,670	1,804	2,068	1,889	1,889	1,889
Transfers Out	164	77	129	127	127	127
Cancellations	1,695	4,745	2,068	1,889	1,889	1,889
Balance Forward Out	2,417		2,214			
Expenditures	23,354	26,828	21,261	25,303	23,157	23,157
Biennial Change in Expenditures				(3,618)		(250)
Biennial % Change in Expenditures				(7)		(1)
Full-Time Equivalents	201.68	212.37	167.26	172.40	172.40	172.40

2000 - Restrict Misc Special Revenue

Balance Forward In	57,157	69,601	119,696	341,042	616,395	483,480
Receipts	45,606	87,548	43,119	44,368	45,410	43,519
Internal Billing Receipts	1,473	1,459	2,003	2,000	2,000	2,000
Transfers In	4,977	4,697	277,566	276,657	5,655	5,655
Transfers Out	5,311	5,010	61,800	5,196	5,194	5,194
Balance Forward Out	68,137	117,350	341,039	616,395	483,480	21,127
Expenditures	34,292	39,486	37,542	40,476	178,786	224,850
Biennial Change in Expenditures				4,240		325,618
Biennial % Change in Expenditures				6		417
Full-Time Equivalents	94.46	92.68	135.75	136.29	136.29	136.29

2001 - Other Misc Special Revenue

Balance Forward In	100	100	100	100	100	100
Receipts	73	54	137	300	300	300
Balance Forward Out	56	43	100	100	100	100
Expenditures	117	111	137	300	300	300
Biennial Change in Expenditures				209		163
Biennial % Change in Expenditures				91		37
Full-Time Equivalents	0.43	0.49	0.52	0.52	0.52	0.52

Commerce

Agency Financing by Fund

(Dollars in Thousands)

2340 - Renewable Development

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base	
					FY20	FY21
Direct Appropriation			600	600	600	600
Open Appropriation			2,909	4,005	4,440	4,440
Cancellations			500			
Balance Forward Out			0			
Expenditures			3,009	4,605	5,040	5,040
Biennial Change in Expenditures				7,614		2,466
Biennial % Change in Expenditures						32
Full-Time Equivalents			0.82	0.82	0.82	0.82

2350 - Petroleum Tank Release Cleanup

Balance Forward In		194		172		
Direct Appropriation	1,052	1,052	1,052	1,054	1,056	1,056
Open Appropriation	11,271	8,576	7,694	15,885	15,885	15,885
Transfers In	892	947	787			
Transfers Out	7,029	5,214	3,584	6,400	6,400	6,400
Cancellations		383		74		
Balance Forward Out	190		172			
Expenditures	5,996	5,173	5,777	10,637	10,541	10,541
Biennial Change in Expenditures				5,245		4,668
Biennial % Change in Expenditures				47		28
Full-Time Equivalents	6.88	6.69	6.76	6.76	6.76	6.76

2403 - Gift

Balance Forward In	91	91	92	94	95	96
Receipts	1	1	1	1	1	1
Balance Forward Out	91	92	94	95	96	97

2830 - Workers Compensation

Balance Forward In		35		10		
Direct Appropriation	751	751	751	755	758	759
Cancellations		62				
Balance Forward Out	35		10			
Expenditures	716	725	741	765	758	759

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Agency Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base	
					FY20	FY21
Biennial Change in Expenditures				66		11
Biennial % Change in Expenditures				5		1
Full-Time Equivalents	5.28	4.56	4.56	4.56	4.56	4.56

3000 - Federal

Balance Forward In	34	5	1			
Receipts	120,489	119,027	131,756	138,289	273,529	227,759
Expenditures	120,524	119,031	131,757	138,289	273,529	227,759
Biennial Change in Expenditures				30,491		231,242
Biennial % Change in Expenditures				13		86
Full-Time Equivalents	29.44	25.11	27.22	34.26	30.70	29.70

3002 - Oil Overcharge

Balance Forward In	232	232	248	248	248	248
Receipts		15				
Balance Forward Out	232	248	248	248	248	248

6000 - Miscellaneous Agency

Balance Forward In	134	52	44	43		
Receipts	46	91	44	139	155	155
Balance Forward Out	52	23	43			
Expenditures	128	121	44	182	155	155
Biennial Change in Expenditures				(22)		84
Biennial % Change in Expenditures				(9)		37

Commerce

Agency Change Summary

(Dollars in Thousands)

	FY19	FY20	FY21	Biennium 2020-21
Direct				
Fund: 1000 - General				
FY2019 Appropriations	23,217	23,217	23,217	46,434
Base Adjustments				
Pension Allocation		67	67	134
Forecast Base	23,217	23,284	23,284	46,568
Fund: 2340 - Renewable Development				
FY2019 Appropriations	600	600	600	1,200
Forecast Base	600	600	600	1,200
Fund: 2350 - Petroleum Tank Release Cleanup				
FY2019 Appropriations	1,054	1,054	1,054	2,108
Base Adjustments				
Pension Allocation		2	2	4
Forecast Base	1,054	1,056	1,056	2,112
Fund: 2830 - Workers Compensation				
FY2019 Appropriations	755	755	755	1,510
Base Adjustments				
Pension Allocation		3	4	7
Forecast Base	755	758	759	1,517
Open				
Fund: 2340 - Renewable Development				
FY2019 Appropriations	3,572	3,572	3,572	7,144
Base Adjustments				
Forecast Open Appropriation Adjustment	628	1,328	1,328	2,656
November Forecast Adjustment	(195)	(460)	(460)	(920)
Forecast Base	4,005	4,440	4,440	8,880
Fund: 2350 - Petroleum Tank Release Cleanup				
FY2019 Appropriations	16,485	16,485	16,485	32,970
Base Adjustments				
November Forecast Adjustment	(600)	(600)	(600)	(1,200)
Forecast Base	15,885	15,885	15,885	31,770
Dedicated				
Fund: 2000 - Restrict Misc Special Revenue				

Commerce

Agency Change Summary

(Dollars in Thousands)

	FY19	FY20	FY21	Biennium 2020-21
Planned Spending	40,476	178,786	224,850	403,636
Forecast Base	40,476	178,786	224,850	403,636
Fund: 2001 - Other Misc Special Revenue				
Planned Spending	300	300	300	600
Forecast Base	300	300	300	600
Fund: 3000 - Federal				
Planned Spending	138,289	273,529	227,759	501,288
Forecast Base	138,289	273,529	227,759	501,288
Fund: 6000 - Miscellaneous Agency				
Planned Spending	182	155	155	310
Forecast Base	182	155	155	310
Revenue Change Summary				
Dedicated				
Fund: 2000 - Restrict Misc Special Revenue				
Forecast Revenues	44,368	45,410	43,519	88,929
Fund: 2001 - Other Misc Special Revenue				
Forecast Revenues	300	300	300	600
Fund: 2403 - Gift				
Forecast Revenues	1	1	1	2
Fund: 3000 - Federal				
Forecast Revenues	138,289	273,529	227,759	501,288
Fund: 6000 - Miscellaneous Agency				
Forecast Revenues	139	155	155	310
Non-Dedicated				
Fund: 1000 - General				
Forecast Revenues	102,618	102,618	102,618	205,236
Fund: 2350 - Petroleum Tank Release Cleanup				
Forecast Revenues	300	300	300	600

Program: Financial Institutions Divisionmn.gov/commerce/industries/financial-institutions/**AT A GLANCE**

- The Financial Institutions Division regulates state-chartered banks, state-chartered credit unions, non-depository institutions and Minnesota registered securities professionals.
- **236:** State-chartered banks in Minnesota.
- **165:** Number of Minnesota's state-chartered banks located in Greater Minnesota.
- **72:** State-chartered credit unions in Minnesota.
- **6,154:** Licensed non-depository entities and individuals in Minnesota.

PURPOSE

The Commerce Department'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, consumer credit companies, debt management companies, debt settlement companies, mortgage companies, currency exchanges, payday lenders and money transmitters.

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

The Division conducts periodic on-site examinations, as well as ongoing monitoring, to ensure that financial institutions are safe and sound and comply with applicable state and federal laws. The Division's on-site examinations focus on various financial factors, including loan portfolios and overall asset quality.

The Financial Institutions Division is self-funded through assessments and hourly examination fees charged to the industries it examines. These charges are deposited into the Financial Institutions Special Revenue Account. The Division also receives a small appropriation from the General Fund and provides the General Fund non-dedicated revenue from license and renewal fees charged to all regulated financial institutions.

SERVICES PROVIDED

- Chartering and conducting on-site 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).
- Conducting on-site 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, the Federal Reserve Bank, and the National Credit Union Administration to conduct joint examinations of state-charted 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 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 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%	CY2017 and CY2018
Quality	Act on company licensing applications and corporate amendment applications on a timely basis	60 days	60 days	CY2017 and CY2018
Quantity	Number of banks on the troubled bank monitoring list ⁽¹⁾	12	9	CY2017 and CY2018
Results	Increase number of licensed programs types utilizing NMLS ⁽²⁾	17	18	CY2017 and CY2018

Performance Measures Notes:

1. As of 6/30/2018, there are nine 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 Department'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.

Financial Institutions

Program Expenditure Overview

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base	
					FY20	FY21
<u>Expenditures by Fund</u>						
1000 - General	4,722	5,011	818	861	790	790
2000 - Restrict Misc Special Revenue	5,024	5,935	10,914	12,862	12,856	12,906
Total	9,746	10,946	11,733	13,723	13,646	13,696
Biennial Change				4,763		1,886
Biennial % Change				23		7

Expenditures by Activity

Financial Institutions	9,746	10,946	11,733	13,723	13,646	13,696
Total	9,746	10,946	11,733	13,723	13,646	13,696

Expenditures by Category

Compensation	3,909	4,162	4,456	5,646	5,630	5,630
Operating Expenses	5,837	6,784	6,823	7,621	7,610	7,660
Grants, Aids and Subsidies			450	450	400	400
Other Financial Transaction	0	0	3	6	6	6
Total	9,746	10,946	11,733	13,723	13,646	13,696

Total Agency Expenditures	9,746	10,946	11,733	13,723	13,646	13,696
Internal Billing Expenditures	105	116	655	677	677	677
Expenditures Less Internal Billing	9,641	10,830	11,078	13,046	12,969	13,019

Full-Time Equivalent

	45.32	46.56	46.23	50.23	50.23	50.23
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Financial Institutions

Program Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base	
					FY20	FY21
1000 - General						
Balance Forward In		147		71		
Direct Appropriation	4,885	4,885	920	820	820	820
Transfers Out	19	19	31	30	30	30
Cancellations		2				
Balance Forward Out	144		71			
Expenditures	4,722	5,011	818	861	790	790
Biennial Change in Expenditures				(8,053)		(99)
Biennial % Change in Expenditures				(83)		(6)
Full-Time Equivalents	45.32	46.56	3.73	3.73	3.73	3.73

2000 - Restrict Misc Special Revenue

Balance Forward In	26	25	25	3,011	2,317	1,879
Receipts	5,676	6,797	14,767	12,968	13,218	13,568
Transfers Out	653	861	866	800	800	800
Balance Forward Out	25	25	3,011	2,317	1,879	1,741
Expenditures	5,024	5,935	10,914	12,862	12,856	12,906
Biennial Change in Expenditures				12,817		1,986
Biennial % Change in Expenditures				117		8
Full-Time Equivalents			42.50	46.50	46.50	46.50

Program: Petroleum Tank Release Cleanup Fund (Petrofund)

mn.gov/commerce/industries/fuel/petrofund

AT A GLANCE

- **\$450 million:** Approximate amount of reimbursement paid out to eligible applicants since 1987.
- **13,000:** Approximate number of leak sites that have received funding for corrective actions since 1987.
- **490:** Underground petroleum storage tanks removed from approximately 325 properties since 2004.

PURPOSE

Created in 1987, the Petroleum Tank Release Cleanup Fund (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

- Helps 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 (commonly referred to as \$.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.	All initial applications reviewed within 51 days and all supplemental applications within 73 days	All initial and supplemental applications reviewed within 34 days	FY2017 and FY2018

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quantity	Removal of abandoned underground petroleum storage tanks in order to identify and prevent old tanks from leaking and contaminating soil and groundwater.	29 tanks removed at 24 sites	21 tanks removed at 20 sites	FY2017 and FY2018
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.	\$4.2 million reimbursed to approximately 300 applicants	\$4.7 million reimbursed to approximately 300 applicants	FY2017 and FY2018

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 2017 (previous) and July 2018 (current). The application queue is mainly driven by the number of reimbursement applications received.
3. The abandoned tank removal data compares the number of tanks removed in Fiscal Year 2017 (previous) to the number removed in Fiscal Year 2018 (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 Cleanup Fund

Program Expenditure Overview

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base	
					FY20	FY21

Expenditures by Fund

2350 - Petroleum Tank Release Cleanup	5,996	5,173	5,777	10,637	10,541	10,541
Total	5,996	5,173	5,777	10,637	10,541	10,541
Biennial Change				5,245		4,668
Biennial % Change				47		28

Expenditures by Activity

Petroleum Tank Cleanup Fund	5,996	5,173	5,777	10,637	10,541	10,541
Total	5,996	5,173	5,777	10,637	10,541	10,541

Expenditures by Category

Compensation	649	672	695	730	734	734
Operating Expenses	5,347	4,501	5,081	9,902	9,802	9,802
Other Financial Transaction			0	5	5	5
Total	5,996	5,173	5,777	10,637	10,541	10,541

Total Agency Expenditures	5,996	5,173	5,777	10,637	10,541	10,541
Internal Billing Expenditures	102	104	101	120	120	120
Expenditures Less Internal Billing	5,894	5,069	5,676	10,517	10,421	10,421

Full-Time Equivalent

	6.88	6.69	6.76	6.76	6.76	6.76
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Petroleum Tank Cleanup Fund

Program Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base	
					FY20	FY21
2350 - Petroleum Tank Release Cleanup						
Balance Forward In		194		172		
Direct Appropriation	1,052	1,052	1,052	1,054	1,056	1,056
Open Appropriation	11,271	8,576	7,694	15,885	15,885	15,885
Transfers In	892	947	787			
Transfers Out	7,029	5,214	3,584	6,400	6,400	6,400
Cancellations		383		74		
Balance Forward Out	190		172			
Expenditures	5,996	5,173	5,777	10,637	10,541	10,541
Biennial Change in Expenditures				5,245		4,668
Biennial % Change in Expenditures				47		28
Full-Time Equivalents	6.88	6.69	6.76	6.76	6.76	6.76

Program: Regulatory and Administrative Services Division

mn.gov/commerce/

AT A GLANCE

- 227,360: Number of active licenses issued by the Commerce Department's Licensing Unit to individual Minnesotans and businesses.
- 32,714: Total Unclaimed Property claims paid in FY17-18.
- \$249.1 million: Total dollar value of property returned to Unclaimed Property claimants since FY11.
- 98: Senior fraud prevention outreach and trainings held across Minnesota from November 2017 through July 2018.
- 27,944: Hang up On Fraud toolkits distributed to Minnesota seniors and caregivers from November 2017 through July 2018.
- 99.4: Percentage of invoices processed by Financial Services within 30 days.
- 9: Career and job fairs attended in FY17-18 by Human Resources staff.

PURPOSE

The Department of 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 Communications, Government Affairs, Financial Services and Human Resources.

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

SERVICES PROVIDED

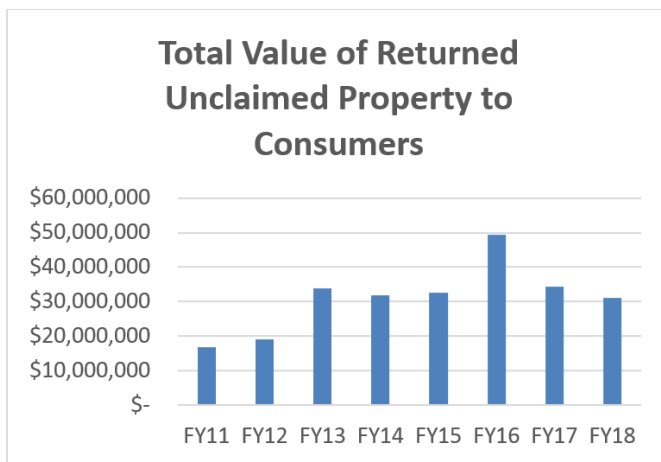
Regulatory Services

- Licensing
 - Administers application and renewal programs for 30 different professional license including of insurance agents and adjusters, real estate salespersons and brokers, appraisers, collection agencies and debt collectors and others seeking to do business across the state.
 - Provides licensing oversight for over 220,000 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.
- 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 \$800 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.

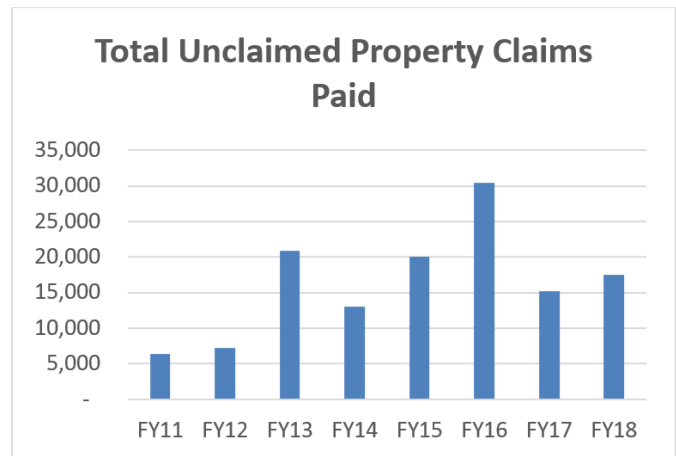
Administrative Services

- Consumer Services Center
 - Provides services to consumers who have inquires or complaints about Commerce regulated industries and licensees.
 - Responded to 13,220 consumer phone calls in 2017.
 - Mediates disputes between consumers and insurance companies.
 - Investigates complaints about improper claims practices.
 - Provides outreach and education to consumers about Commerce regulated industries.
- Communications
 - Provides information about consumer protection topics and Commerce services to the public and licensees through traditional media, online communications and outreach activities.
 - Maintains the Commerce website, which had 2,199,118 page views in FY18.
- Government Affairs
 - Leads policy development and advocacy for the agency.
 - Oversees constituent services responses for consumers who contact the agency via elected officials.
- Financial Services
 - Manages day-to-day office, financial and human resources 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.
 - Spearheads Departmental 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.

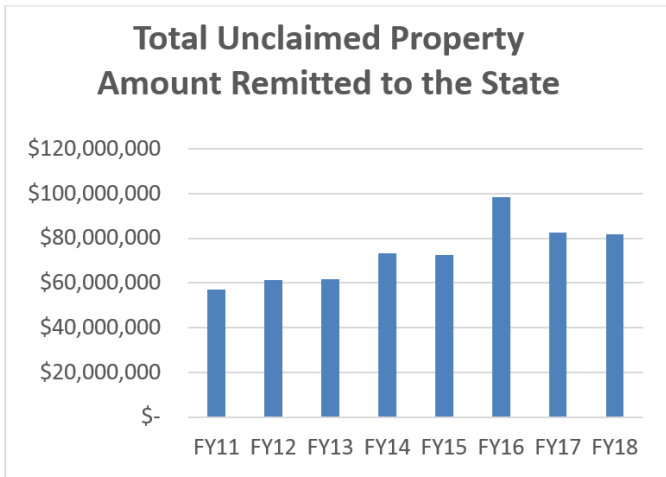
RESULTS



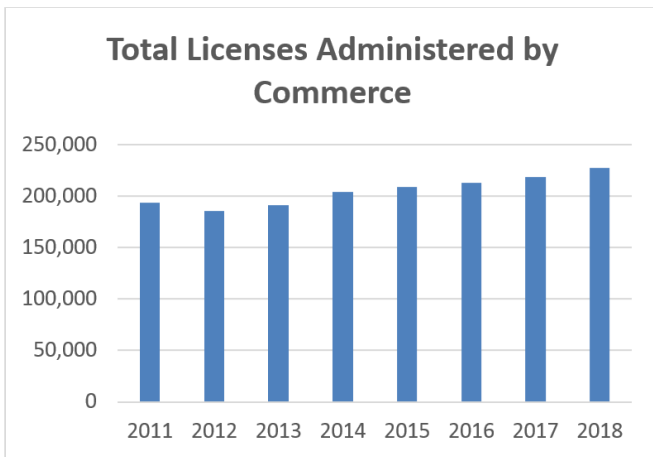
In FY18, \$31.1 million in unclaimed property was returned to consumers.



In FY18, 17,505 unclaimed property claims were paid.



In FY18, \$81.76 million in unclaimed property was remitted to the State.



In FY18, there were 227,360 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

Program Expenditure Overview

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base	
					FY20	FY21
<u>Expenditures by Fund</u>						
1000 - General	6,464	7,794	6,515	8,262	7,423	7,423
2000 - Restrict Misc Special Revenue	1,754	1,120	1,968	2,120	2,120	2,120
Total	8,218	8,914	8,482	10,382	9,543	9,543
Biennial Change				1,732		222
Biennial % Change				10		1
<u>Expenditures by Activity</u>						
Administrative Services	8,218	8,914	8,482	10,382	9,543	9,543
Total	8,218	8,914	8,482	10,382	9,543	9,543
<u>Expenditures by Category</u>						
Compensation	5,858	6,007	6,067	7,100	6,632	6,632
Operating Expenses	2,338	2,872	2,408	3,280	2,911	2,911
Capital Outlay-Real Property	20	33				
Other Financial Transaction	2	2	7	2		
Total	8,218	8,914	8,482	10,382	9,543	9,543
<u>Full-Time Equivalent</u>						
	69.59	70.42	67.02	68.01	68.01	68.01

Regulatory and Administrative Services

Program Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base	
					FY20	FY21
1000 - General						
Balance Forward In	0	704	0	861		
Direct Appropriation	7,222	7,386	7,379	7,404	7,426	7,426
Transfers In		1				
Transfers Out	93	2	3	3	3	3
Cancellations		294				
Balance Forward Out	665		861			
Expenditures	6,464	7,794	6,515	8,262	7,423	7,423
Biennial Change in Expenditures				518		69
Biennial % Change in Expenditures				4		0
Full-Time Equivalents	50.90	50.24	47.51	47.51	47.51	47.51
2000 - Restrict Misc Special Revenue						
Balance Forward In	2,099	1,818	2,157	2,192	2,072	1,952
Receipts	1,473	1,459	2,003	2,000	2,000	2,000
Internal Billing Receipts	1,473	1,459	2,003	2,000	2,000	2,000
Balance Forward Out	1,818	2,157	2,192	2,072	1,952	1,832
Expenditures	1,754	1,120	1,968	2,120	2,120	2,120
Biennial Change in Expenditures				1,213		152
Biennial % Change in Expenditures				42		4
Full-Time Equivalents	18.69	20.18	19.51	20.50	20.50	20.50

Program: Enforcement Division

mn.gov/commerce/consumers/file-a-complaint/

AT A GLANCE

In 2017, the Enforcement Division:

- **\$4.4 million:** Recovered for Minnesota consumers through administrative action.
- **\$8.3 million:** Civil penalties assessed by the Enforcement Division.
- **1,562:** Questions, concerns and complaints received by the Enforcement Division.
- **4,922:** Investigations opened.
- **443:** Number of enforcement actions taken.
- **2,476:** Reports of suspected insurance fraud.
- **\$3.98 million:** Amount of grants issued by the Commerce Fraud Bureau to local law enforcement agencies throughout Minnesota through the Auto Theft Prevention Program.
- **\$163.5 million:** Total economic impact of Commerce Fraud Bureau investigations that resulted in prosecutions.
- **2,117:** State-registered Investment Adviser and Broker Dealer firms in Minnesota.

PURPOSE

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.

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.

The Civil Investigations Unit and Securities Unit are funded through General Fund appropriations. The Commerce Fraud Bureau is funded through 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 2017, Commerce’s insurance market conduct examinations resulted in the imposition of \$5.08 million 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 2017, the Fraud Bureau initiated investigations into 2,476 cases, representing an 11% increase over the 2,227 investigations conducted in 2016.
 - These investigations resulted in prosecutions of individuals who were responsible for committing crimes with an economic impact of more than \$163.5 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.

Securities

- Register broker dealer firms, state-based investment advisor firms and investment advisor representatives.
- Conduct on-site investment advisor examinations.
- Register franchise offerings to maintain the integrity of the franchise community in Minnesota.
- Advocate for and assist investors and consumers through consumer complaint resolution and public education and outreach.
- Work with federal and self-regulatory bodies that share regulatory authority over the securities area.
- Ensure compliant, responsible business conduct and practices to ensure a fair and consistent regulatory environment.
- Oversee crowdfunding exemption from securities registration known as MNvest.

RESULTS

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Years</i>
Quantity	Civil Investigations Initiated	4,669	4,922	FY2016 and FY2017
Quantity	Criminal Investigations Initiated	2,227	2,476	FY2016 and FY2017
Results	Civil Administrative Actions Taken	513	443	FY2016 and FY2017
Results	Civil Penalties Assessed	\$13 million	\$8.3 million	FY2016 and FY2017
Quantity	Investment Adviser Representative Registrations	10,639	11,878	CY2015 and CY2018
Quantity	Broker Dealer Agent Registrations	140,242	153,615	CY2015 and CY2018

Statutory Authority: The Department’s authority is located in Chapters: 45, 60A, 65B, 80, 80A.

Enforcement

Program Expenditure Overview

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base	
					FY20	FY21
<u>Expenditures by Fund</u>						
1000 - General	4,557	5,045	5,067	5,644	5,284	5,284
2000 - Restrict Misc Special Revenue	7,138	7,813	6,526	7,926	7,741	7,741
2830 - Workers Compensation	196	200	198	199	200	200
6000 - Miscellaneous Agency	128	121	44	182	155	155
Total	12,019	13,178	11,835	13,951	13,380	13,380
Biennial Change				589		974
Biennial % Change				2		4

Expenditures by Activity

Enforcement	12,019	13,178	11,835	13,951	13,380	13,380
Total	12,019	13,178	11,835	13,951	13,380	13,380

Expenditures by Category

Compensation	5,985	6,352	6,601	7,536	7,536	7,536
Operating Expenses	4,020	4,640	3,482	3,807	3,236	3,186
Grants, Aids and Subsidies	2,001	2,170	1,731	2,575	2,575	2,625
Capital Outlay-Real Property	10			6	6	6
Other Financial Transaction	4	15	21	27	27	27
Total	12,019	13,178	11,835	13,951	13,380	13,380

Total Agency Expenditures	12,019	13,178	11,835	13,951	13,380	13,380
Internal Billing Expenditures	252	278	246	265	265	265
Expenditures Less Internal Billing	11,767	12,900	11,589	13,686	13,115	13,115

Full-Time Equivalent

	62.64	62.57	63.37	68.21	68.21	68.21
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Enforcement

Program Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base	
					FY20	FY21
1000 - General						
Balance Forward In		332		377		
Direct Appropriation	4,901	4,901	5,469	5,292	5,309	5,309
Transfers Out	14	15	25	25	25	25
Cancellations		174				
Balance Forward Out	329		377			
Expenditures	4,557	5,045	5,067	5,644	5,284	5,284
Biennial Change in Expenditures				1,109		(143)
Biennial % Change in Expenditures				12		(1)
Full-Time Equivalents	45.69	46.13	44.89	47.33	47.33	47.33

2000 - Restrict Misc Special Revenue

Balance Forward In	10,348	9,375	7,584	8,369	7,474	6,774
Receipts	7,336	7,286	7,311	7,031	7,041	7,041
Transfers In	725	640	1,300	1,300	1,300	1,300
Transfers Out	2,025	1,940	1,302	1,300	1,300	1,300
Balance Forward Out	9,246	7,548	8,368	7,474	6,774	6,074
Expenditures	7,138	7,813	6,526	7,926	7,741	7,741
Biennial Change in Expenditures				(499)		1,030
Biennial % Change in Expenditures				(3)		7
Full-Time Equivalents	14.95	14.97	17.04	19.44	19.44	19.44

2830 - Workers Compensation

Balance Forward In		2				
Direct Appropriation	198	198	198	199	200	200
Balance Forward Out	2		0			
Expenditures	196	200	198	199	200	200
Biennial Change in Expenditures				1		3
Biennial % Change in Expenditures				0		1
Full-Time Equivalents	2.00	1.47	1.44	1.44	1.44	1.44

6000 - Miscellaneous Agency

Balance Forward In	134	52	44	43		
Receipts	46	91	44	139	155	155

Enforcement

Program Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base	
					FY20	FY21
Balance Forward Out	52	23	43			
Expenditures	128	121	44	182	155	155
Biennial Change in Expenditures				(22)		84
Biennial % Change in Expenditures				(9)		37

Program: Telecommunicationsmn.gov/commerce/industries/telecom/**AT A GLANCE**

- **2.25 million:** Residential and business wireline telephones serving Minnesotans, including reliable and vital 911 services.
- **571:** Opened investigations and dockets in 2017.
- **439:** Number of new Telephone Equipment Distribution Program participants in 2017.

PURPOSE

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

The Telecommunications Unit reviews filings made with the PUC by telecommunications companies in compliance with state statutes, PUC orders, and state 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 in the transition from legacy technologies to voice over internet protocol (VoIP) service.

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 functions of the unit 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

- Advocate on behalf of the public interest for statewide telecommunications policies that promote high quality, affordable telecommunications network in Minnesota.
- Enforce Minnesota and Federal laws and rules of the PUC and the Federal Communications Commission.
- Investigate 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.
- Encourage deployment of infrastructure for improved voice, video, and data transmission, while protecting consumers from being left behind as new technologies are employed by the regulated industry, including VoIP service offerings.
- Provide Minnesotans a venue to resolve telecommunications complaints relating to service in rural areas, service outages, excessive fees and critical 911 service.

RESULTS

The Telecommunications 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	1,173,000 1,111,000 5,761,000	1,109,000 1,142,000 5,854,000	CY2015 and CY 2016
Quantity	Number of new Telephone Equipment Distribution Program participants	547	439	CY2016 and FY2017
Quantity	Number of Minnesota Relay conversation minutes used	1,067,849	924,652	CY2016 and CY2017

Statutory Authority: The Department's authority to regulate telecommunications providers is located in Chapter 237.

Telecommunications

Program Expenditure Overview

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base	
					FY20	FY21

Expenditures by Fund

1000 - General	907	881	831	1,158	995	995
2000 - Restrict Misc Special Revenue	3,796	3,743	3,297	3,483	3,048	3,484
Total	4,703	4,624	4,128	4,641	4,043	4,479
Biennial Change				(557)		(247)
Biennial % Change				(6)		(3)

Expenditures by Activity

Telecommunications	4,703	4,624	4,128	4,641	4,043	4,479
Total	4,703	4,624	4,128	4,641	4,043	4,479

Expenditures by Category

Compensation	782	811	797	981	888	888
Operating Expenses	3,921	3,813	3,331	3,659	3,154	3,590
Other Financial Transaction			0	1	1	1
Total	4,703	4,624	4,128	4,641	4,043	4,479

Total Agency Expenditures	4,703	4,624	4,128	4,641	4,043	4,479
Internal Billing Expenditures	15	15	14	19	19	19
Expenditures Less Internal Billing	4,688	4,609	4,115	4,622	4,024	4,460

Full-Time Equivalent

	7.58	7.64	7.13	7.13	7.13	7.13
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Telecommunications

Program Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base	
					FY20	FY21
1000 - General						
Balance Forward In		103		163		
Direct Appropriation	1,009	1,009	1,008	1,009	1,009	1,009
Transfers In	1,017	942	1,206	1,089	1,089	1,089
Transfers Out	1	2	14	14	14	14
Cancellations	1,017	1,171	1,206	1,089	1,089	1,089
Balance Forward Out	101		163			
Expenditures	907	881	831	1,158	995	995
Biennial Change in Expenditures				202		1
Biennial % Change in Expenditures				11		0
Full-Time Equivalents	6.48	6.55	6.04	6.04	6.04	6.04

2000 - Restrict Misc Special Revenue

Balance Forward In	2,294	3,203	2,623	1,935	1,194	1,528
Receipts	6,962	5,329	5,425	5,441	6,081	6,180
Transfers In	376	41	395	397	395	395
Transfers Out	2,633	2,208	3,211	3,096	3,094	3,094
Balance Forward Out	3,202	2,623	1,935	1,194	1,528	1,525
Expenditures	3,796	3,743	3,297	3,483	3,048	3,484
Biennial Change in Expenditures				(759)		(248)
Biennial % Change in Expenditures				(10)		(4)
Full-Time Equivalents	1.10	1.09	1.09	1.09	1.09	1.09

Program: Division of Energy Resources (DER)

mn.gov/commerce/industries/energy/

AT A GLANCE

- **320,000:** Number of Minnesotans served through the Low-Income Home Energy Assistance Program (LIHEAP) in Federal FY2018.
- **\$275 million:** Amount utility ratepayers saved due to Commerce's advocacy at the Public Utilities Commission in 2017.
- **500,000:** Number of Minnesotans who received energy-related information through phone, email, web visits, brochures and the Energy Home State Fair exhibit in 2017.
- **180:** Electric and natural gas utility Conservation Improvement Plans (CIP) reviewed and approved resulting in over 1.9 million megawatt-hours (MWh) and 6.6 million thousand cubic feet saved in 2015 and 2016 (the equivalent of removing 383,641 cars from the road for one year).
- **11:** Environmental reviews and technical support for large energy facility projects, including eight wind projects, two pipeline projects and one high-voltage transmission line in 2017.
- **860:** Megawatts of solar installed in Minnesota as of June 2018.
- **7:** Communities in Minnesota recognized at the 2018 Clean Energy Community Awards.

PURPOSE

The Division of Energy Resources (DER) represents the public interest while ensuring a clean, healthy environment with sustainable uses 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 of Commerce.

SERVICES PROVIDED

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

State Energy Office

- Provides renewable energy financing and technical assistance and energy efficiency to the public sector.
 - Completed 109 Sustainable Building 2030 projects with a reduction of 216,000 tons of CO₂ (equivalent to removing over 46,000 passenger vehicles annually).
 - Administer the Guaranteed Energy Savings Program (GESp) allowing state agencies, colleges, and cities to implement major energy-saving projects. Current GESp projects are saving state and local governments and colleges \$800,000 annually.
- Oversees the State's Conservation Improvement Programs (CIP) to assure that utility consumers receive a comprehensive suite of energy efficiency and conservation assistance.
 - CIP helps support and grow over 49,361 energy efficiency jobs in Minnesota.

- Since 2006, CIP programs have reduced CO2 emissions by over 8 million tons, the equivalent of removing over 1.7 million passenger vehicles from the road for one year.
- Monitors energy supplies serving the state to assure Minnesota residences and businesses have reliable electricity service.
- Serves as an information resource to Minnesota consumers and businesses on clean energy programs and actions they can take to reduce energy use.
- Provides technical and financial resources to ensure energy efficiency and renewable energy projects are cost effective and soundly engineered for consumers, local units of government and state agencies.
 - Leverages nearly \$20 million in revolving loan programs for energy efficiency projects serving residential, business, nonprofit and other public sectors.
- Pursues public-private partnerships to deploy new clean energy technologies and bring new venture capital opportunities for Minnesota's businesses.
 - From 2013-2017, solar jobs in Minnesota increased from 814 to 4,256, a 523% increase.
 - Minnesota added 467 MW of solar capacity in 2017, up from 246 MW in 2016.

Low-Income Heating Assistance and Weatherization Assistance Program

- Administers \$117 million in the Low-Income Home Energy Assistance Program serving 320,000 Minnesotans in Federal FY2018.
- Serves on average 1,700 households annually in the Weatherization Assistance Program providing income-eligible homeowners and renters’ energy savings and healthy and safe homes.

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.
- Conducts environmental review and provides technical expertise and assistance to the PUC for large energy projects 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: 1.7% Natural Gas Utility Savings: 1.0%	Electric Utility Savings: 1.7% Natural Gas Utility Savings: 1.1%	CY2015 and CY2016
Results	Renewable Energy Standard of 25% of energy comes from renewable sources by 2025**	Xcel Energy: 18% Other electric utilities: 12%	Xcel Energy: 25% Other electric utilities: 17%	CY2015 and CY2017
Results	Percent of wind projects in compliance with permit conditions	80%	85%	CY2016 and CY2017

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quantity	Number of households served by low-income heating (LIHEAP) and weatherization (WAP) programs	LIHEAP: 126,100 WAP: 1,790	LIHEAP: 126,500 WAP: 1,810	LIHEAP: CY2017 and CY2018 WAP: Program CY 2016 and CY2017
Results	Amount of solar Minnesota utilities developed toward the 1.5% Solar Energy Standard by 2020.	185 MW	505 MW	CY2016 and CY2017

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

** (Minn. Stat. § 216B.1691 requires Xcel to meet the higher goal; the lower is for all other utilities)

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

Energy Resources

Program Expenditure Overview

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base	
					FY20	FY21
<u>Expenditures by Fund</u>						
1000 - General	3,224	3,949	3,792	4,660	4,251	4,251
2000 - Restrict Misc Special Revenue	13,022	16,862	10,549	9,762	9,848	9,848
2340 - Renewable Development			3,009	4,605	5,040	5,040
3000 - Federal	119,917	118,746	131,144	137,652	142,674	143,001
Total	136,163	139,557	148,494	156,679	161,813	162,140
Biennial Change				29,453		18,780
Biennial % Change				11		6

Expenditures by Activity

Energy Resources	136,163	139,557	148,494	156,679	161,813	162,140
Total	136,163	139,557	148,494	156,679	161,813	162,140

Expenditures by Category

Compensation	7,645	7,915	8,372	8,808	8,698	8,748
Operating Expenses	5,723	10,579	9,055	12,363	11,867	11,008
Grants, Aids and Subsidies	121,951	120,303	130,189	135,484	141,224	142,360
Other Financial Transaction	845	760	878	24	24	24
Total	136,163	139,557	148,494	156,679	161,813	162,140

Total Agency Expenditures	136,163	139,557	148,494	156,679	161,813	162,140
Internal Billing Expenditures	869	815	841	999	957	957
Expenditures Less Internal Billing	135,294	138,742	147,653	155,680	160,856	161,183

Full-Time Equivalent

	79.86	78.66	80.12	81.76	81.76	81.76
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Energy Resources

Program Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base	
					FY20	FY21
1000 - General						
Balance Forward In		608		423		
Direct Appropriation	3,848	4,677	4,240	4,262	4,276	4,276
Transfers Out	19	19	25	25	25	25
Cancellations		1,316				
Balance Forward Out	606		424			
Expenditures	3,224	3,949	3,792	4,660	4,251	4,251
Biennial Change in Expenditures				1,279		50
Biennial % Change in Expenditures				18		1
Full-Time Equivalents	23.96	29.71	29.09	31.54	31.54	31.54

2000 - Restrict Misc Special Revenue

Balance Forward In	41,553	54,300	67,977	10,786	10,341	9,810
Receipts	24,135	27,953	9,312	8,917	8,917	8,917
Transfers In	312	414	461	400	400	400
Transfers Out			56,418			
Balance Forward Out	52,977	65,805	10,784	10,341	9,810	9,279
Expenditures	13,022	16,862	10,549	9,762	9,848	9,848
Biennial Change in Expenditures				(9,573)		(615)
Biennial % Change in Expenditures				(32)		(3)
Full-Time Equivalents	29.86	26.87	26.55	19.70	19.70	19.70

2340 - Renewable Development

Direct Appropriation			600	600	600	600
Open Appropriation			2,909	4,005	4,440	4,440
Cancellations			500			
Balance Forward Out			0			
Expenditures			3,009	4,605	5,040	5,040
Biennial Change in Expenditures				7,614		2,466
Biennial % Change in Expenditures						32
Full-Time Equivalents			0.82	0.82	0.82	0.82

2403 - Gift

Balance Forward In	91	91	92	94	95	96
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Energy Resources

Program Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base	
					FY20	FY21
Receipts	1	1	1	1	1	1
Balance Forward Out	91	92	94	95	96	97

3000 - Federal

Balance Forward In	34	5	1			
Receipts	119,882	118,742	131,143	137,652	142,674	143,001
Expenditures	119,917	118,746	131,144	137,652	142,674	143,001
Biennial Change in Expenditures				30,133		16,879
Biennial % Change in Expenditures				13		6
Full-Time Equivalents	26.04	22.08	23.66	29.70	29.70	29.70

3002 - Oil Overcharge

Balance Forward In	232	232	248	248	248	248
Receipts		15				
Balance Forward Out	232	248	248	248	248	248

Program: Weights & Measures

mn.gov/commerce/industries/fuel/

AT A GLANCE

FY18 Weights & Measures performance by the numbers:

- 36,555: Fuel and diesel meters tested at gas stations, bulk plants and terminals.
- 6,082: Grocery, food and hardware scales tested.
- 8,472: Fuel tank inspections completed.
- 2,061: Gas Stations checked for advertising, signs, and labeling.
- 18,475: Credit card readers inspected for skimmers.
- 15,982: Objects calibrated in metrology laboratory.
- 2,408: Shipping, precious metal, and other commercial industrial scales tested.
- 4,199: Vehicle, track, hopper and other heavy capacity scales tested.

PURPOSE

The Weights & Measures Division protects Minnesota's commercial markets by promoting and ensuring equity, accuracy and quality of goods and fuels by:

- Providing Minnesota businesses with precision measurement services and certifying registered service agents for businesses and individuals.
- Supporting key Minnesota industries through testing lumber and agricultural scales, certifying the test chains used to calibrate taconite scales, and enforcing the biodiesel and biofuel content mandates.
- Protecting consumers to ensure they get what they pay for and weighing and measuring devices do not allow for fraud.
- Protecting the health and safety of Minnesota citizens and the environment by checking for leaks and working safety equipment on fuel dispensers.

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.

SERVICES PROVIDED

Weights & Measures provides five services to promote an equitable marketplace, free from fraud, which contributes to a healthy, safe environment for all citizens:

- The metrology laboratory maintains National Institute of Standards and Technology (NIST) recognition and National Voluntary Laboratory Accreditation Program (NVLAP) accreditation; and 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.
- Investigators enforce Minnesota statutes and rule to prevent fraud and ensure the accuracy and safety of fuel pumps; meters used at terminals, refineries and airports; grocery scales; prepackaged commodities; livestock, railway track, grain and fertilizer scales; precious metals scales; and other commercial weighing and measuring devices.
- The Petroleum lab and light duty investigators partner to ensure fuel quality, protect the environment, and enforce statutory biofuel mandates through records audits, routine sampling, complaint investigation, and fuel testing to ASTM quality standards and volatility and sulfur standards.

- Test and monitor the competency and performance 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 stays current on the latest developments in fuel and metrology testing and regulation.

RESULTS

In FY 2017-18, the Weights & Measures Division saw inspection and audit activity rates rise 24% over the previous biennium. Fuel tax sticker inspections account for 6% of the additional inspections performed. The other 18% increase is due to increased efficiency on the part of inspectors. Inspection intervals at current productions levels are approximately 2 years.

<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	68,761	85,341	FY2015-16 and FY2017-18
Results	Percent of samples, devices, audits and packages approved without need for corrections by Weights and Measures for sale in Minnesota	80.7%	77.9%	FY2015-16 and FY2017-18
Results	Percent of samples, devices, audits and packages removed from marketplace	3.2%	7.8%	FY2015-16 and FY2017-18
Results	Percent of devices, audits and packages corrected because of W&M inspections	19.0%	14.3%	FY2015-16 and FY2017-18

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

Weights & Measures

Program Expenditure Overview

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base	
					FY20	FY21

Expenditures by Fund

2000 - Restrict Misc Special Revenue	3,558	3,763	3,788	3,560	3,565	3,565
Total	3,558	3,763	3,788	3,560	3,565	3,565
Biennial Change				27		(218)
Biennial % Change				0		(3)

Expenditures by Activity

Weights & Measures	3,558	3,763	3,788	3,560	3,565	3,565
Total	3,558	3,763	3,788	3,560	3,565	3,565

Expenditures by Category

Compensation	2,371	2,423	2,515	2,650	2,655	2,655
Operating Expenses	1,031	1,082	1,046	845	845	845
Capital Outlay-Real Property	154	247	214	50	50	50
Other Financial Transaction	1	10	13	15	15	15
Total	3,558	3,763	3,788	3,560	3,565	3,565

Total Agency Expenditures	3,558	3,763	3,788	3,560	3,565	3,565
Internal Billing Expenditures		25	25	25	25	25
Expenditures Less Internal Billing	3,558	3,738	3,763	3,535	3,540	3,540

Full-Time Equivalents

	29.86	29.57	29.06	29.06	29.06	29.06
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Weights & Measures

Program Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base	
					FY20	FY21
2000 - Restrict Misc Special Revenue						
Balance Forward In	837	880	782	671	676	676
Receipts	25	15	21	5	5	5
Transfers In	3,564	3,601	3,660	3,560	3,560	3,560
Transfers Out			3			
Balance Forward Out	868	734	671	676	676	676
Expenditures	3,558	3,763	3,788	3,560	3,565	3,565
Biennial Change in Expenditures				27		(218)
Biennial % Change in Expenditures				0		(3)
Full-Time Equivalents	29.86	29.57	29.06	29.06	29.06	29.06

Program: Insurance Division

mn.gov/commerce/industries/insurance/

AT A GLANCE

- **\$349 billion:** Amount of assets held by Minnesota domestic insurers regulated by the Insurance Division in 2017, an 11% increase from 2015.
- **152:** Domestic insurance companies located in Minnesota.
- **\$314.6 million:** Projected amount of federal funding expected to support premium rate relief for the 2018 and 2019 Minnesota individual health insurance markets.
- **3,801:** Policy rate and form filings reviewed in 2017 in the life insurance, annuity, health insurance, property & casualty insurance, and workers compensation lines of business.
- **20:** Domestic insurance companies examined in 2017.
- **36:** Certificates granted, authorizing increased competition and providing additional capacity in the insurance marketplace.
- **2017:** The Division was reaccredited by the National Association of Insurance Commissioners for an additional five years. 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

The mission of the Department of Commerce's Insurance Division is to ensure that insurance companies licensed to do business in Minnesota are financially sound, offer insurance products that are fair with actuarially-reasonable rates, and inform and respond to the insurance needs of the residents and businesses of Minnesota.

Minnesota has the tenth largest insurance industry in the United States with over 152 domestic insurance companies and 1,305 foreign (out-of-state) companies. Insurance companies in Minnesota have over \$42 million in written premium which ranks 16th in the nation.

The Insurance Division's work consists of actuarial review, financial analysis, examinations, licensing and insurance product form and rate filing for health, property and casualty, and life insurance. 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 policies and rates, ensures fairness in rates and compliance with Minnesota statutes and licenses to protect Minnesotans.
- 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 Insurance Division serves Minnesota consumers and businesses that rely on insurance companies for financial products and services, the Minnesota insurance industry, other state insurance regulators, the legislature, and other state agencies.

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

- **Actuarial** – applies asset-liability and principle-based reserving modeling to verify 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 and foreign 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 operate 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	4,093 filings reviewed	3,801 filings reviewed	FY2017 and FY2018
Quality	Turnaround time from filing to disposition, – Property & Casualty, including Workers Compensation forms and rates – target: 40 days	41.4 days	21.3 days	FY2017 and FY2018
Quality	Turnaround time from filing to disposition, Life, Annuity & Health forms and rates – target: 40 days	34.5 days	34.8 days	FY2017 and FY2018
Quantity	Financial Examinations of insurers completed within the required time frame	16	20	FY2017 and FY2018
Quantity	Financial Analysis of insurers completed within the required time frame	74	69	FY2017 and FY2018
Results	Percentage of Financial Examinations and Financial Analysis of insurers completed within the required time frame	100%	100%	FY2017 and FY2018

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 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

Program Expenditure Overview

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base	
					FY20	FY21
<u>Expenditures by Fund</u>						
1000 - General	3,480	4,148	4,238	4,718	4,414	4,414
2001 - Other Misc Special Revenue	117	111	137	300	300	300
2830 - Workers Compensation	519	525	543	566	558	559
3000 - Federal	607	285	613	637	135	
Total	4,724	5,069	5,531	6,221	5,407	5,273
Biennial Change				1,959		(1,072)
Biennial % Change				20		(9)

Expenditures by Activity

Insurance	4,724	5,069	5,531	6,221	5,407	5,273
Total	4,724	5,069	5,531	6,221	5,407	5,273

Expenditures by Category

Compensation	3,750	4,143	4,626	5,192	4,537	4,449
Operating Expenses	972	926	903	1,021	862	816
Other Financial Transaction	2	0	2	8	8	8
Total	4,724	5,069	5,531	6,221	5,407	5,273

Total Agency Expenditures	4,724	5,069	5,531	6,221	5,407	5,273
Internal Billing Expenditures	130	91	122	85	73	55
Expenditures Less Internal Billing	4,594	4,978	5,409	6,136	5,334	5,218

Full-Time Equivalent

	36.44	39.79	43.20	44.45	40.89	39.89
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Insurance

Program Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base	
					FY20	FY21
1000 - General						
Balance Forward In		591		318		
Direct Appropriation	4,095	4,504	4,587	4,430	4,444	4,444
Transfers In	653	861	861	800	800	800
Transfers Out	19	19	31	30	30	30
Cancellations	678	1,789	861	800	800	800
Balance Forward Out	571		318			
Expenditures	3,480	4,148	4,238	4,718	4,414	4,414
Biennial Change in Expenditures				1,327		(128)
Biennial % Change in Expenditures				17		(1)
Full-Time Equivalents	29.33	33.18	36.00	36.25	36.25	36.25

2001 - Other Misc Special Revenue

Balance Forward In	100	100	100	100	100	100
Receipts	73	54	137	300	300	300
Balance Forward Out	56	43	100	100	100	100
Expenditures	117	111	137	300	300	300
Biennial Change in Expenditures				209		163
Biennial % Change in Expenditures				91		37
Full-Time Equivalents	0.43	0.49	0.52	0.52	0.52	0.52

2830 - Workers Compensation

Balance Forward In		34		10		
Direct Appropriation	553	553	553	556	558	559
Cancellations		62				
Balance Forward Out	34		10			
Expenditures	519	525	543	566	558	559
Biennial Change in Expenditures				65		8
Biennial % Change in Expenditures				6		1
Full-Time Equivalents	3.28	3.09	3.12	3.12	3.12	3.12

3000 - Federal

Receipts	606	285	613	637	135	
Expenditures	607	285	613	637	135	

Insurance

Program Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base	
					FY20	FY21
Biennial Change in Expenditures				358		(1,115)
Biennial % Change in Expenditures				40		(89)
Full-Time Equivalents	3.40	3.03	3.56	4.56	1.00	

Program: Minnesota Premium Security Planmn.gov/commerce/**AT A GLANCE**

- **\$271 Million:** The total annual size of the Minnesota Premium Security Plan program.
- **\$130.7 Million:** Amount of federal funding made available to the state for plan year 2018.
- **\$183.9 Million:** Estimated amount of federal funding federal regulators project Minnesota will receive for plan year 2019.
- **20 Percent:** The average reduction in health insurance rates from where they otherwise would be absent the existence of the Minnesota Premium Security Plan program.
- **June 30, 2021:** 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

Administered by the Minnesota Comprehensive Health Association (MCHA), the Minnesota Premium Security Program (MPSP) was created by the legislature in 2017 to provide reinsurance payments to health insurers to help offset the costs of high claims in the state's individual health insurance market.

Approximately 160,000 Minnesotans receive their health insurance through the individual market. The purpose of the MPSP reinsurance program is to reduce premiums and promote affordable health insurance for Minnesotans in the individual market.

Expenditures for the MPSP are for grants to MCHA for administrative costs related to the start-up and operations of the program, and reinsurance payments to health insurers. State law limits these payments to \$271 million per year in 2018 and 2019. Payments for 2018 are expected to be made after July 1, 2019 and no later than August 15, 2019. Any state funds not used by the program by June 20, 2021 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). 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 2018 final rates and 2019 proposed rates:

2018 Final Individual Market Rates	
Company	2018 Average Change in premium from previous year.
Blue Plus	+2.80%
Group Health	-7.50%
Medica Insurance Company	-0.40%
PreferredOne Insurance Company	-38.00%
UCare	-13.30%

2019 Proposed Individual Market Rates	
Company	2019 Average Change in premium from previous year (as calculated by each insurer)
Blue Plus	-11.80%
Group Health	-7.40%
Medica Insurance Company	-12.40%
PreferredOne Insurance Company	-3.00%
UCare	-7.00%

Statutory Authority: The authority for this program is located in Minnesota Session Law 2017, Chapter 13 and Special Session 1, Chapter 6, Article 5, Section 10.

Minnesota Premium Security Plan

Program Expenditure Overview

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base	
					FY20	FY21
<u>Expenditures by Fund</u>						
2000 - Restrict Misc Special Revenue		250	500	763	139,608	185,186
3000 - Federal					130,720	84,758
Total		250	500	763	270,328	269,944
Biennial Change				1,013		539,009
Biennial % Change						42,677
<u>Expenditures by Activity</u>						
Reinsurance Program		250	500	763	270,328	269,944
Total		250	500	763	270,328	269,944
<u>Expenditures by Category</u>						
Grants, Aids and Subsidies		250	500	763	270,328	269,944
Total		250	500	763	270,328	269,944

Minnesota Premium Security Plan

Program Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base	
					FY20	FY21
2000 - Restrict Misc Special Revenue						
Balance Forward In			38,547	314,078	592,321	460,861
Receipts		38,709	4,280	8,006	8,148	5,808
Transfers In			271,750	271,000		
Balance Forward Out		38,459	314,078	592,321	460,861	
Expenditures		250	500	763	139,608	185,186
Biennial Change in Expenditures				1,013		323,531
Biennial % Change in Expenditures						25,616
3000 - Federal						
Receipts					130,720	84,758
Expenditures					130,720	84,758
Biennial Change in Expenditures				0		215,478
Biennial % Change in Expenditures						