



# Governor's Supplemental Budget Recommendations Senate Job and Economic Growth Finance and Policy Committee

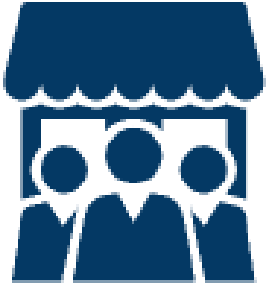
Steve Grove | Commissioner

March 30, 2022

# Cut Taxes for Small Businesses

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# Cut Taxes for Small Businesses



- **Replenish the UI Trust Fund - \$2.73 Billion**

- Over the course of the COVID-19 pandemic, Minnesota's UI benefits were a lifeline to Minnesota workers and their families.
- These benefits supported:
  - Over 353 million bags of groceries, and
  - Over 18 million in monthly rent payments

# Grow Small Businesses and Attract Talent

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# Innovation Ecosystem Snapshot



## Minnesota's "headquarters economy" is the perfect place for entrepreneurs to start & scale their businesses.

- But there is not enough early-stage capital available to support the vast number of start-up businesses in Minnesota, and the competition for startups is intense.
- The good news: we have proven programs we can empower to do much more:
  - Angel Tax Credit issued \$10 million to help 80+ MN companies raise \$40M of private investment.
  - Launch Minnesota grantees raised \$35M – a \$9 return for every MN dollar invested and 100% of grantees said their business was propelled forward.

# Grow Small Businesses and Attract Talent



- **Enhance Launch Minnesota - \$5 Million**
- We're the perfect state to "scale-up" your startup with the talent and resources needed to create the next Fortune 500.
  - This funding would transform accelerators in MN to attract, support and grow startups with momentum in our state.
  - Focus on high momentum industries: Healthcare, Ag/Food, Fintech, Clean Energy.



# Grow Small Businesses and Attract Talent



## State Small Business Credit Initiative

- **But:** DEED would need a policy change:
  - Would allow DEED to take **equity positions** in small and emerging businesses to effectively manage and distribute the **\$97 million** in funding from the US Treasury SSBCI program.
  - The state would reinvest these dollars in future businesses.
  - Many other states do this.

# Grow Small Businesses and Attract Talent



## Expand Marketing Campaign to Attract Talent and Business Opportunities - \$4.53 Million

- It's time to amplify the message that there is no better place to live, work or raise a family than Minnesota: [JoinUsMN.com](http://JoinUsMN.com).
- Program will aim to attract talent, investments, startups and new business opportunities for our future.
- Funding will also build out DEED's Business Vitality Council
  - To assist state agencies in the planning process to address large issues facing Minnesota.





# Grow Small Businesses and Attract Talent



## Nonprofit Resiliency & Recovery Fund - \$50 Million

- Funding shortfalls and a diminished workforce paired with increased need for services makes it difficult for nonprofits to operate at levels our communities need to recover and rebuild.
  - Cuts in nonprofit staffing, services and programming have had the greatest impact on our BIPOC communities.
- Provide financial support for nonprofits critical to accelerating an equitable COVID-19 pandemic recovery.
- Will allow nonprofits to scale operations to meet current demand.



# Grow Small Businesses and Attract Talent



## Small Business Partnership Grants - \$5 Million FY23, \$10M FY24-25

- This program will allow nonprofits to provide business development and technical assistance services to more BIPOC business owners and entrepreneurs statewide.



# Grow Small Businesses and Attract Talent



## Main Street Economic Revitalization - \$20 Million

- This funding will create a third round of the Main Street Economic Revitalization Program.
- This program drives substantial private investment into redevelopment projects.
- These investments will create jobs and energize economic revitalization across Minnesota.

# Grow Our Workforce

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# Labor Force Snapshot

Minnesota's labor force participation rate is at 67.6%.

- Since February 2020, the labor force has shrunk by -2.8% MN, -1.4% US.
- Anticipated labor force growth of 5,500 per year between 2020-2025.
- MN's labor force should have grown to roughly 3,127,000.
  - Instead, we're now at 3,030,000.
  - A difference of -97,000 workers.



# Labor Force Snapshot



Research indicates over two-thirds of decrease in labor force was workers aged 55+; while other one-third was among prime working aged people (20-54).

- Labor force exits of older workers driven by natural and pandemic-accelerated retirements.
- Estimated that between 29,000 and 59,000 more workers retired in the last two years than expected.
- Majority of workers aged 22-54 who dropped out report they plan to reenter labor force.



# Grow Our Workforce



- According to DEED's Occupations in Demand, tech jobs have **huge growth rates** and pay **great wages**.
  - Software Developers, 21.8% growth rate, Bachelor's, Median wage **\$103k**.
  - Computer Network Support Specialists, 5.1% growth rate, Postsecondary non-degree, **\$64k**.
  - Web Developers, 5.8% growth rate, Postsecondary non-degree or associate's, **\$78k** .
  - CNC Programmers, 22.6% growth rate, Postsecondary non-degree, **\$64k**.



# Grow Our Workforce



- By 2030, tech jobs will grow more than **twice as fast** as all other occupations.
  - **12.2% growth in tech jobs** in Minnesota, while all other jobs will grow 5.7%.
  - There are almost **6,000 open tech jobs** in MN today.
  - We project **35,000 openings** in the next decade.

...Yet our pipeline is in trouble and we need to do something, fast.



# Grow Our Workforce



- **Tech Jobs Pipeline for Youth - \$15 Million**

- Minnesota's talent pipeline for tech severely lags the nation.

- Last year, MN ranked 50<sup>th</sup> out of 50 states in students who took the AP computer science examination.

- Prepare our future workforce – BIPOC students and youth – to meet the demands of Minnesota's growing tech industry.

- Students will leave the program with connections to employers ready to hire into the highest-paying career tracks in the state.



# Grow Our Workforce



- **Technology Re-Skilling Training - \$13 Million**

- Minnesota's large and diverse tech sector is a key strength and important driver of the state's economic future.



- Our tech sector is more diverse than other states: advanced manufacturing; IT and other advanced industries, financial and service industries, corporate headquarters, the med tech industry and electronic instrument manufacturing.
- The Adult Tech Training Program for Black, Indigenous, People of Color and Women will help close the gap on racial and gender disparities while also meeting tech labor demands.
- Will prepare participants for some of the highest paying jobs in the state.

# Grow Our Workforce



## • Clean Tech Workforce Training Program - \$2 Million

(\$2M DEED/\$6M Commerce)

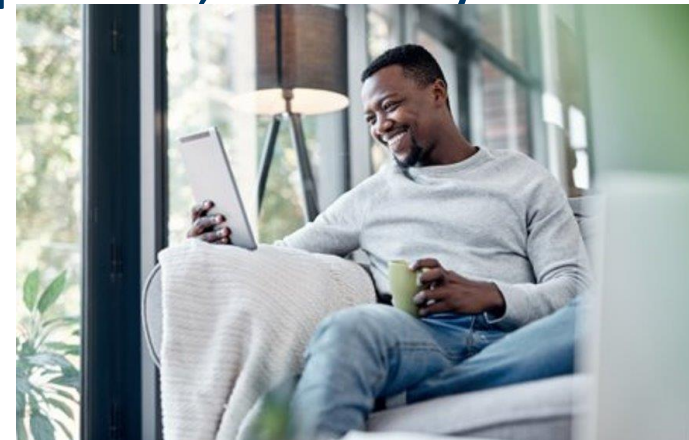
- Create a program to train, retain, and upskill workers in transportation, weatherization, and energy efficiency industries.
- Support the workforce needed to perform retrofits that make homes and buildings more energy efficient by providing training funding for statewide technical colleges and Tribal-led training centers.
- Projects these workers complete will help Minnesotans save money on energy costs and create safer, healthier homes and businesses.



# Grow Our Workforce



- **Modernize Workforce Tools - \$15 Million**
- We must modernize our digital services to meet the needs of Minnesotans where they are.
  - One-time funding will modernize DEED's workforce system to best serve jobseekers with upgraded digital tools that bring resources Minnesotans can get in-person, virtually.
  - Perfect use of one-time funding.



# We are using an antiquated system, built for another age

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JOB SEEKERS	EMPLOYERS
<p>134080 Position Openings</p> <p><a href="#">JOB SEEKER REGISTRATION</a></p> <p><b>You're 1 step closer to finding a perfect job!</b></p> <p><u>Register for your NO FEE account to:</u></p> <ul style="list-style-type: none"><li>• Create or upload an online resume</li><li>• Match your resume to job openings</li><li>• Perform advanced job searches</li><li>• Have employers contact you directly</li><li>• Receive email notification of new jobs</li></ul> <p><a href="#">Career Seeker Services</a>   <a href="#">User Training Lessons</a></p> <p><a href="#">Preview Current Job Openings</a></p>	<p>14118 Active Resumes</p> <p><a href="#">EMPLOYER REGISTRATION</a></p> <p><b>You're 1 step closer to finding a great employee!</b></p> <p><u>Register for your NO FEE account to:</u></p> <ul style="list-style-type: none"><li>• Search the state's largest online resume database</li><li>• Post your job openings at NO FEE</li><li>• Use job match technology to find top candidates</li><li>• Save candidates' resumes to review and recruit later</li><li>• Receive emails when resumes match your job criteria</li></ul> <p><b>HIRE A VETERAN - 3 Easy Steps</b></p> <p><a href="#">Employer Services</a>   <a href="#">User Training Lessons</a></p>

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# Grow Our Workforce



- **Paid Family and Medical Leave - \$11.7 Million FY23**

(\$1.93M FY24; \$3.73M FY25)

- Minnesotans, especially those in lower-wage jobs, must make the unfair choice between a paycheck and taking time off work to care for a new baby or family member with a serious illness.
  - Program will support businesses, ensure more equitable economic opportunities for Minnesotans, retain women in the labor force and positively impact our children.
  - Minnesota can be a more attractive state to talent at a time of historic workforce challenges.

# Create Opportunity for New Workers

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# Create Opportunity for New Workers



- **Office of New Americans - \$470,000** Establish an office focused on supporting immigrant and refugee integration, reducing barriers to employment, and improving connections between employers and job seekers.



- New Americans are essential to the state's employment challenges and economic growth.



# Create Opportunity for New Workers



- **Establish Office of Ombudsperson for the Safety, Health, and Wellbeing of Agricultural and Food Processing Workers - \$255,000**
- Would address some of the long-standing problems these workers traditionally face in a centralized way.
  - Would work across state agencies and with stakeholders.
- Office would also address recommendations from the Governor's Committee on the Safety, Health, and Wellbeing of Agricultural and Food Processing Workers.

# Create Opportunity for New Workers



- **Fund the Extension of the Agricultural Worker Wellness Committee - \$252,000**

- Committee originally formed in response to COVID-19 exposing many challenges of ag workers.
  - Diverse group of stakeholders represents agricultural employer organizations, unions, advocacy organizations and Minnesota State Departments.



# Address Climate Change to Create New Economic Opportunity

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- **Electric Vehicle and Charging Infrastructure Grant Program**  
- **\$20 Million**

- This grant program would provide resources to businesses to make those purchases and not burden the business over the long term with large payments.
- Will support the electric charging infrastructure necessary for such a transition.



# Address Climate Change to Create New Economic Opportunity



- **Energy Transition Grant Program - \$2.5 Million**
  - 8-10 Minnesota counties and cities are facing power plant closures as the state transitions out of fossil fuel-fired power plants.
  - Program would support impacted communities by providing resources for them to diversify their economies and find new opportunities for quality jobs and economic growth,

THE WALZ-FLANAGAN BUDGET



**TO MOVE MINNESOTA FORWARD**

# Questions