

One Minnesota Budget

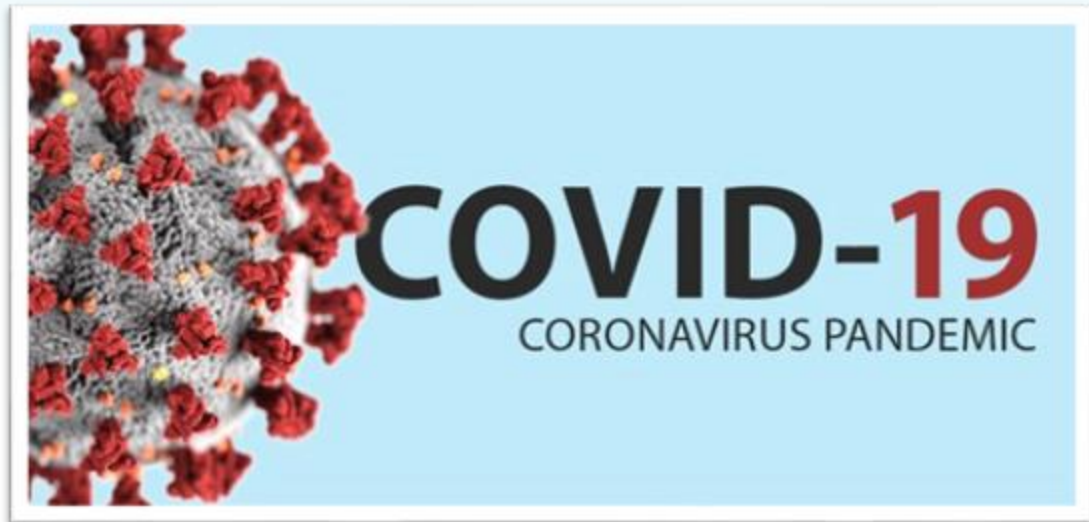


Senate Jobs & Economic Development Committee

February 8, 2023



A Time for Transformational Thinking



Minnesota's 10 Year Economic Expansion Plan



To achieve a more equitable, inclusive, sustainable, and resilient Minnesota economy, we must all commit to take action.

- 1** Commit to our people, as Minnesota's number one strength and the key to a prosperous future.
- 2** Commit to our communities, as the nexus point of growth and opportunity.
- 3** Commit to our businesses, as the engine that will write the next chapter of the global economy.
- 4** Commit to innovation, as the central dynamic needed to adapt to an ever-changing economic landscape.
- 5** Commit to infrastructure, as the foundation of all economic progress.

Three core pillars for Thriving Economies



- **Economic Expansion**
- **Growing Small Business**
- **Invest in Talent**

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Economic Expansion



Economic Expansion

- The pandemic has **changed our economy forever** and the competitive environment has shifted
- Competition for **business development** has never been more intense, yet Minnesota's toolbox to win business expansions to create jobs is severely outdated.
- There are millions in federal dollars available – but state matches are necessary.





Minnesota Forward Fund

- A **one-time flagship investment of \$150 million** for the Minnesota Forward Fund – attract business, leverage federal funds, and deploy capital quickly.
- Modeled after 21st Century Fund – provides **flexible levers** – loans, grants, capital expenditures, etc. for infrastructure or large-scale economic development projects in existing, new, and emerging industries.
- **Legislative oversight committee** ensures flexibility outside of session and ability for legislators to engage in awards.





Border-to-Border Broadband Grant Program

- The Border-to-Border Broadband Development Grant Program **expands broadband service** to areas of Minnesota that are unserved or underserved in pursuit of the state's goal that all homes and businesses have access to broadband by 2026.
- Since its inception in 2014, the Border-to-Border Broadband Grant Program has provided nearly \$230 million to connect **90,000 Minnesota homes and businesses to high-speed internet.**
- Governor Walz and Lieutenant Governor Flanagan recommend **\$276 million** in new funding in the FY24-25 biennium to expand the reach of this vital program.





Energy Transition Grant Program

- As power plants across Minnesota plan for closure, communities surrounding them face **economic uncertainty**.
- The Governor and Lieutenant Governor recommend **\$10 million** in new funding in the FY24-25 biennium to support impacted areas by providing resources for these communities to diversify their economies and find new opportunities for quality jobs and economic growth.





EXPLORE MINNESOTA for Business

- Harness the brand and expertise of Explore Minnesota to **market Minnesota not only as a place to visit, but to live and work.**
- Focus on **partnerships with Minnesota-based businesses** to increase economic growth in tourism-related industries.
- Help **increase tax revenue** in every corner of the state.



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Growing Small Business



Growing Small Business

- **Small business starts up 41% since 2019** – disrupted economies lead to more small businesses & startups
- Small business ownership **does not track our demographic proportion** – BIPOC communities are under-represented
- **The startup marketplace** – from which America's next Fortune 500 class will come from – is very dynamic and the coasts are losing their dominance





Main Street Economic Revitalization Program

- The Main Street Economic Revitalization Fund **reinvests in Minnesota communities** that were hit hard by the events of 2020.
- By partnering with local economic development nonprofits, DEED has provided \$80 million since 2021 to **catalyze investments in business corridors – neighborhoods and main streets.**
- The One Minnesota Budget includes nearly **\$85 million** in new funding in the FY24-25 biennium to multiply the positive impacts of this program across the state.





Expanding Opportunity Fund

- Small business owners and entrepreneurs are often unable to obtain the **loan capital** they need to start or expand their businesses – a critical miss for job creation as the state emerges from the pandemic.
- The One Minnesota Budget recommends a **one-time investment of \$40 million** for an Expanding Opportunity Fund which provides capital for small businesses through partnerships with nonprofit lenders.
- The Expanding Opportunity Fund will benefit over **1,000 businesses** with access to capital.





Small Business Partnerships Program

- The Governor recommends an increase of **\$7.5 million** per year for FY24-25 for the Small Business Partnerships Program.
- This additional funding would allow the program to meet the high level of demand for **business development and technical assistance services** throughout the state for up to 27,000 businesses.
- Additional funding will benefit **underserved populations**.





Small Business Navigation Program

- The Governor and Lieutenant Governor recommend **\$1.250 million** in FY24 and FY25 and **\$1 million** each year thereafter from the state general fund for the Small Business Navigation Program.
- These funds will be used to hire, train, and deploy **community navigators** to help small businesses learn about and access DEED's small business programs, as well funding to improve the agency's digital services to help small businesses navigate state government programs.





Small Business Development Center Support

- The One Minnesota Budget recommends **\$500,000 per year** for FY2024 and each year thereafter to support the Small Business Development Centers (SBDCs).
- The statewide network of SBDCs, funded by the Small Business Administration, DEED and the regional centers, **provide the professional expertise and guidance that small business owners need to flourish** in today's competitive and ever-changing business world.
- Funds will be used to **increase the number of entrepreneurs and small businesses that receive business assistance and counseling.**

Welcome to
DEED's Small Business Center
Your one-stop-shop for everything you need to know about DEED's resources for small businesses

New Program Alert!
Minnesota Loan Guarantee Program. Launched in October 2022, this program provides 80% loan guarantees for qualified loans made by enrolled members. Banks, credit unions, CDFIs, and non-profit lenders encouraged to apply.
To be notified when additional SBDC programs are announced over the next few months, [sign up today!](#)

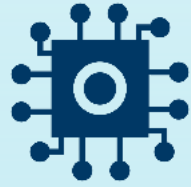
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Launch Minnesota

- Launch Minnesota empowers and elevates the **innovation ecosystem** to make Minnesota the **best place to start and scale new ventures**.
- This budget adds **\$5 million** in each biennium to significantly expand Launch Minnesota's work.
- This proposal includes **commercialization funding** to help startups take that next step towards viability with much higher success rates – building the pathway to become our state's next Fortune 500 companies.





Angel Tax Credit

- Governor Walz and Lieutenant Governor Flanagan propose **\$20 million** for this tax credit in each biennium.
- The Angel Tax Credit, has already resulted in over \$500 million in private investment in Minnesota startups. These resources will help communities across the state **create wealth** by incentivizing investment in companies with founders that are **women, veterans, people of color, Native people, and those headquartered in Greater Minnesota.**





Child Care Economic Development Grants

- Lack of **affordable, quality child care** is a major barrier to the participation of women, single parents, low-income parents, and rural parents in the workforce.
- Recommend **\$15 million** in the FY24-25 biennium and **\$3 million** in the FY26- 27 biennium to support child care economic development in Greater Minnesota, which will assist child care providers, create much-needed new child care slots, and increase the capacity and quality of child care across the state.





Office of Child Care and Community Partnerships

- Governor Walz and Lieutenant Governor Flanagan recommend \$1 million in funding in each biennium to establish an **Office of Child Care and Community Partnerships** at the Department of Employment and Economic Development.
- This would serve as a central office for DEED's work partnering with the public and private sectors to **address child care as an economic and workforce development issue** across the state.





Legalizing Adult-Use Cannabis

- The Governor and Lieutenant Governor recommend \$10.4 million in FY24 and \$6.7 million in FY25 for the **safe and responsible legalization of cannabis for adults** in Minnesota.
- DEED would implement three programs: (1) **CanStartup**: geared toward business financing, (2) **CanNavigate**: focused on technical assistance for businesses on cannabis regulations, and (3) **CanTrain**: aimed at preparing workers for jobs in the legal adult-use cannabis industry.

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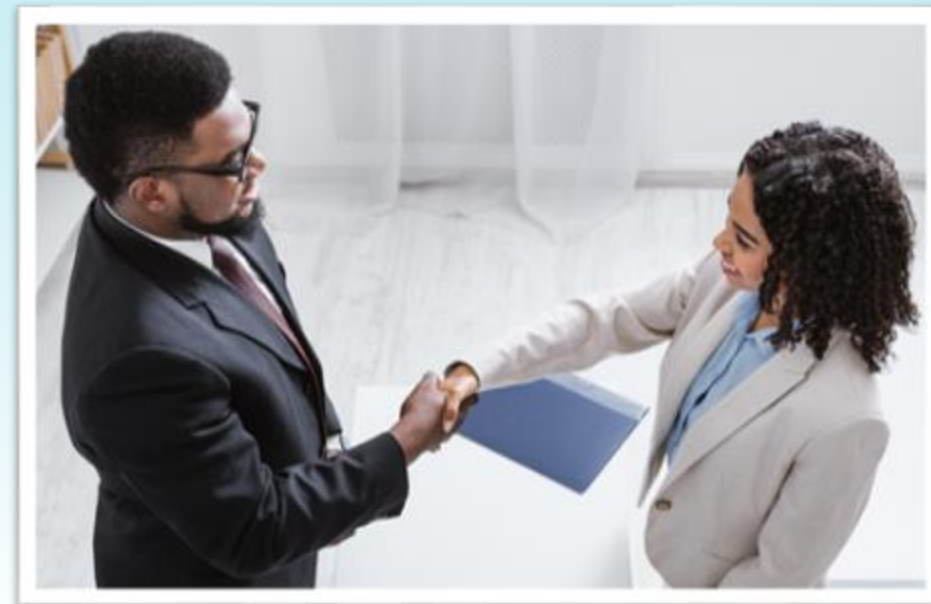
Invest in Talent





Invest in Talent

- The nation's tightest labor market: there are 4 jobs open for every 1 person searching for one in Minnesota.
- Workforce touches almost every other issue in state government – there isn't just one silver bullet
- A comprehensive workforce strategy requires us to do three things:
 - pick industries
 - remove barriers
 - target our support





Paid Family and Medical Leave Insurance

- Too many Minnesotans, especially those in lower-wage jobs, must make the unfair choice between a paycheck and taking time off to care for a new baby or a family member with a serious illness. This leads to **significant economic instability for families during some of their most challenging times.**
- The Governor and Lieutenant Governor recommend **\$669.321** million for a Paid Family and Medical Leave Insurance Program. This will ensure more equitable economic opportunities for all Minnesotans, keep more women in the labor force, positively impact the lives of children, and make Minnesota a more attractive state at a time of historic workforce challenges.



Drive for 5 Workforce Fund

- The One Minnesota Budget recommends \$30 million in the FY24-25 biennium for the **Drive for 5 Workforce Fund** to prepare the workforce to enter **five of the most critical occupational categories** in the state with high-growth jobs and family-sustaining wages:
 - Technology
 - Caring professions
 - Education
 - Manufacturing
 - Trades
- **Competitive grants** focused on **training + support services** with funding for **Trade Association sector partnerships** to engage business associations in job matching.





Targeted Population Workforce Programs

- This One Minnesota Budget recommends investing **\$60 million** in the FY24-45 biennium and \$20 million in the FY26-27 biennium in employment services and training to **bring workers who have been overlooked for employment – particularly people of color – into the workforce at family-sustaining wages.**
- This is a critical initiative to **bring Minnesotans into the workforce**, ensure employers have the staff to help their business thrive, and move Minnesota's economy forward.





Office of New Americans

- Minnesota's new Americans create robust businesses, offer extraordinary cultural contributions, and play a critical role in meeting labor needs throughout Minnesota. But there are **multiple barriers to getting established in Minnesota.**
- This budget proposes funding in the amount of **\$1.5 million** in each biennium to establish an Office of New Americans focused on:
 - Supporting immigrant and refugee **integration**
 - **Reducing barriers** to employment, and
 - **Improving connections** between employers and job seekers.





Youth Workforce Development

- The Governor and Lieutenant Governor recommend **doubling** the existing funding to put **\$20 million** in the FY24-25 biennium toward youth workforce development – which would serve over 38,000 young people.
- This expands Minnesota’s results-driven Youth at Work, Minnesota Youth Program and YouthBuild programs to **prepare more Minnesota young people to enter the workforce focused and work-ready.**





Return-to-Work Program

- During COVID-19, **Minnesota lost approximately 60,000 workers who were 55 years old+**, and the loss of older workers impacted both public and private sectors.
- The Governor and Lieutenant Governor recommend **\$10 million** in the FY24-25 biennium to create a new Return-to-Work Program for Minnesotans who have left the workforce due to retirement.





Minnesota Reasonable Accommodation Program

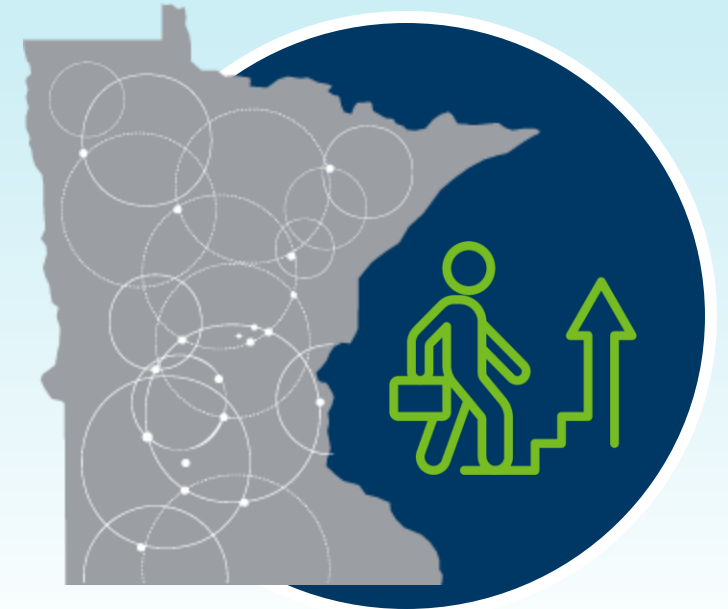
- Governor Walz and Lieutenant Governor Flanagan recommend **\$4 million** in the FY24-25 biennium to create a Minnesota Reasonable Accommodation Program.
- The program will reimburse small- to mid-sized Minnesota employers for expenses tied to **providing reasonable accommodations for employees with disabilities.**
- During this historically tight labor market, the Reasonable Accommodation Program is a **critical tool** to help Minnesota employers create disability-inclusive workplaces.





Individual Placement and Supports (IPS) Program Increases

- Governor Walz and Lieutenant Governor Flanagan recommend an increase of **\$3.89 million** in each biennium to allow the program to provide specialized supports to almost 700 people with serious mental illnesses so they can find and maintain steady employment.
- This proposal will assist more people with serious mental illness to **achieve their goals of working in competitive, integrated employment.**





Workforce Digital Transformation

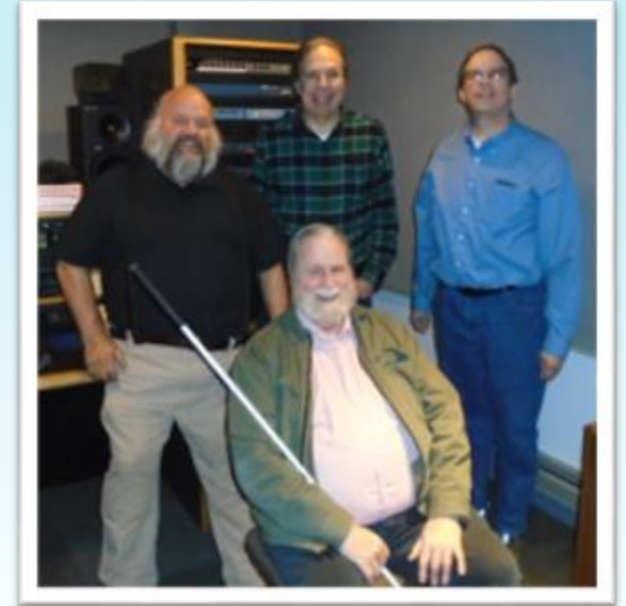
- The pandemic has shown us **digital services for workforce development** are more essential than ever before, yet the state's existing tools are falling behind.
- The Governor and Lieutenant Governor propose a **one-time \$10 million investment** to modernize the digital tools that support workforce development initiatives across Minnesota.





Enhancing State Services for the Blind

- The Governor and Lieutenant Governor recommend **\$4 million** in each biennium for the State Services for the Blind program.
- These resources will maximize the program's federal match and enable the program to keep pace with operational increases due to inflation, as well as expand services to reach more **individuals who are blind, visually impaired, DeafBlind, or have a print-related disability.**





Unemployment Insurance Between Terms Removal for Certain Employees

- Many **hourly workers in our K-12 schools** – like bus drivers and support professionals – aren't eligible for Unemployment Insurance (UI) benefits during summer break.
- The One Minnesota Budget removes this limitation during summer breaks to make these K-12 school workers eligible to collect UI benefits.
- A related UI **school aid program** is also created to provide resources to cover these estimated additional costs for public schools.



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Thank you!

mn.gov/deed

