



EXPLORE MINNESOTA GOVERNOR'S BUDGET RECOMMENDATIONS OVERVIEW

SENATE JOBS & ECONOMIC DEVELOPMENT COMMITTEE
FEBRUARY 8, 2023

Lauren Bennett McGinty, Executive Director



GOVERNOR'S BUDGET RECOMMENDATIONS

- ▶ \$3.88M base budget increase in FY24
 - ▶ \$746,000 in subsequent years to maintain level of service in FY25
- ▶ \$5.9M in FY24 and FY25 (onetime)
- ▶ \$12M in FY24 for Explore Minnesota for Business (onetime)

Total Biennium Base: \$37,560,000

Total Biennium Onetime: \$23,800,000

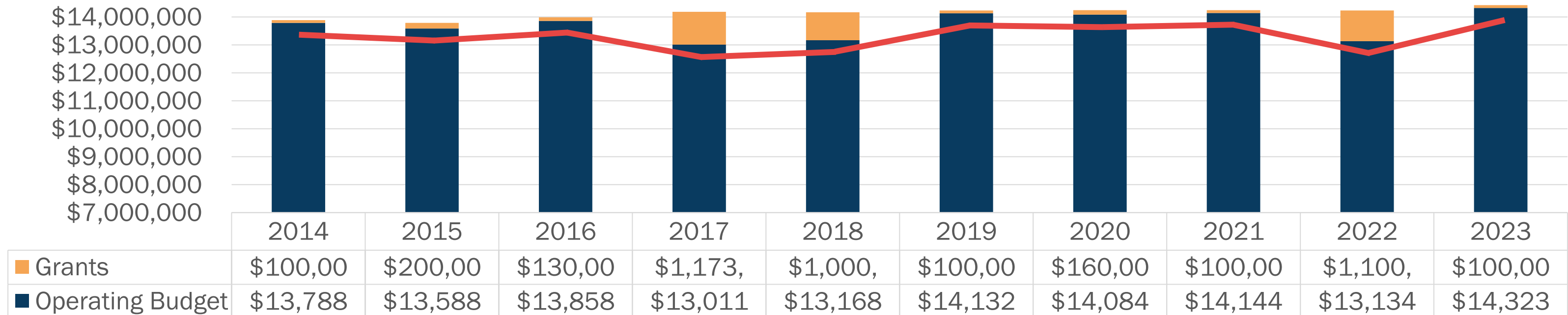


EMT HISTORICAL BUDGET

- ▶ Explore Minnesota has not had a budget increase since FY14* and is ranked 27th of 40 states reporting budgets to the US Travel Association.
- ▶ Funding increases in orange indicate specially-apportioned grants that passed through the agency and were not used for operations.

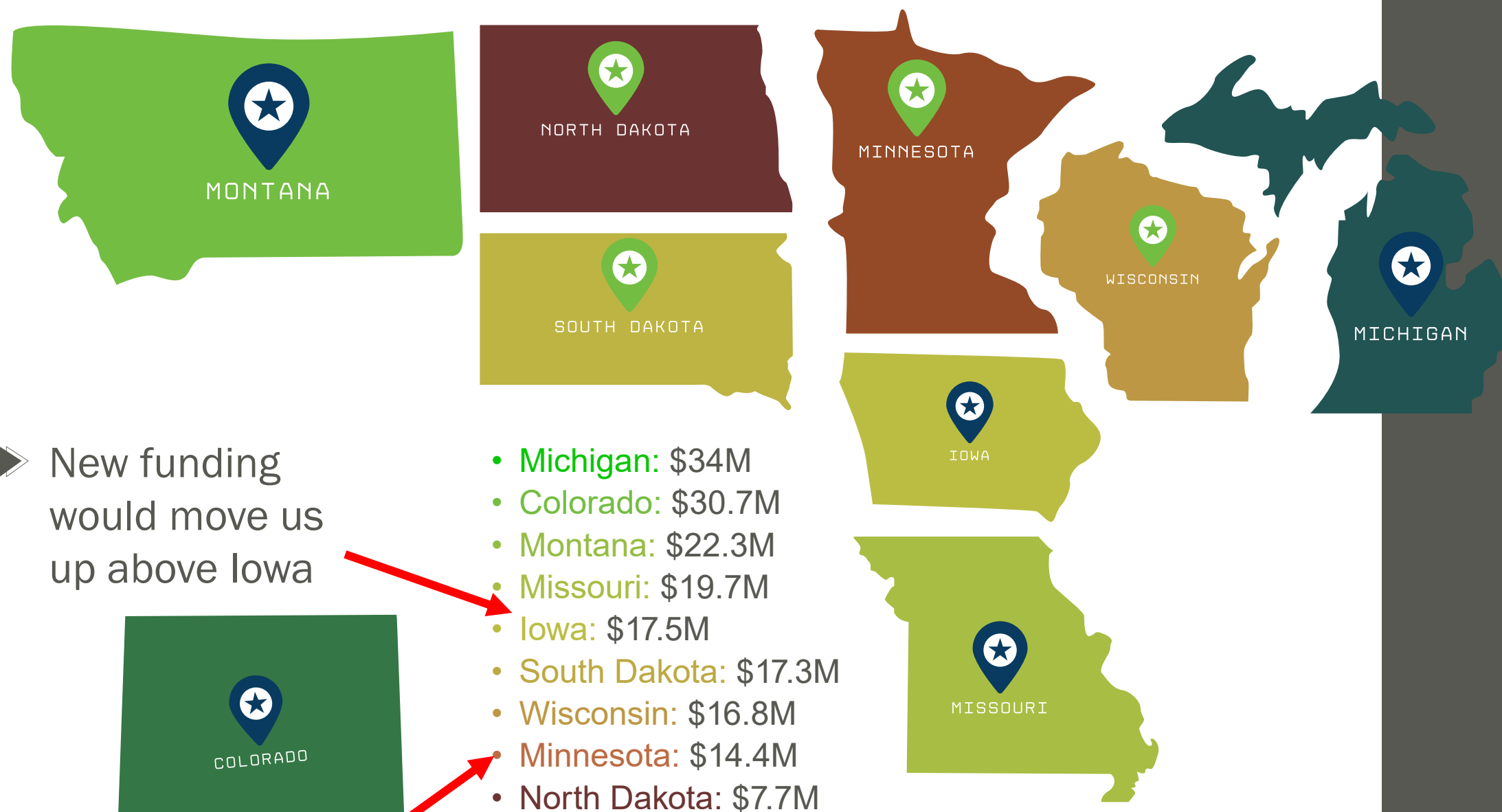
EMT Budget Trends
2014-2022

■ Operating Budget ■ Grants

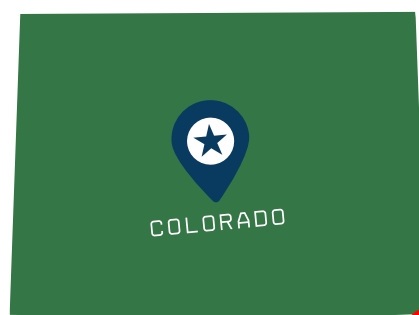


*Any EMT operating increase is a supplemental adjustment for payroll and pension and becomes on-going

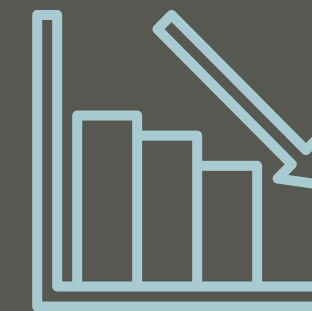
COMPETING TO MARKET MINNESOTA TO THE U.S.



► New funding would move us up above Iowa



► Current position



RANKED

27th

OF 40 STATES FOR
FY22 ANNUAL BUDGET

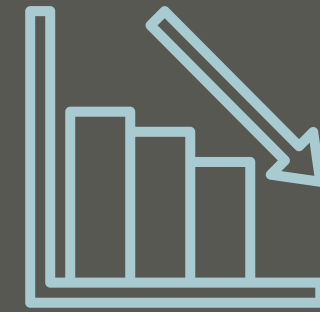


\$17.4M

MEDIAN BUDGET OF
RESPONDING STATES IN
2022

EXPLORE MINNESOTA IS FALLING BEHIND

- ▶ \$14.1 billion in losses between January 2020 and June 2022
- ▶ Pre-pandemic tax ROI: \$18/\$1
- ▶ Current tax ROI: \$14.75/\$1
For spring/summer campaign in 2022



RANKED

LAST

OF 9 STATES IN THE
REGION FOR CURRENT
TRAVEL SPENDING



8/9

FOR HOTEL DEMAND IN
REGION



**Travel
Spending**
(Source: Tourism
Economics)

↓ **3.2%**
Dec 2022 vs. 2019



**Auto
Trips**
(Source: Arrivalist)

↓ **10.4%**
Dec 2022 vs. 2019



**Air
Passengers**
(Source: TSA)

↓ **15.5%**
Dec 2022 vs. 2019



**Overseas
Arrivals**
(Source: NTT0)

↓ **29%**
Dec 2022 vs. 2019



**Hotel
Demand**
(Source: STR)

↓ **3.8%**
Dec 2022 vs. 2019



**L&H
Jobs**
(Source: BLS)

↓ **5.1%**
Dec 2022 vs. 2019

INDUSTRY SITUATIONAL ANALYSIS

▶ Industry still struggling after covid:

- **Employment:** ↓ 16.96%
- **Gross Sales:** ↓ 5.48%
- **Sales Taxes:** ↓ 6.94%

▶ Explore Minnesota's NEW strategy

- Focus on growth rather than just recovery
- Change in how, why and where people travel
- Type of travel changed
- New strategic plan for FY23-25

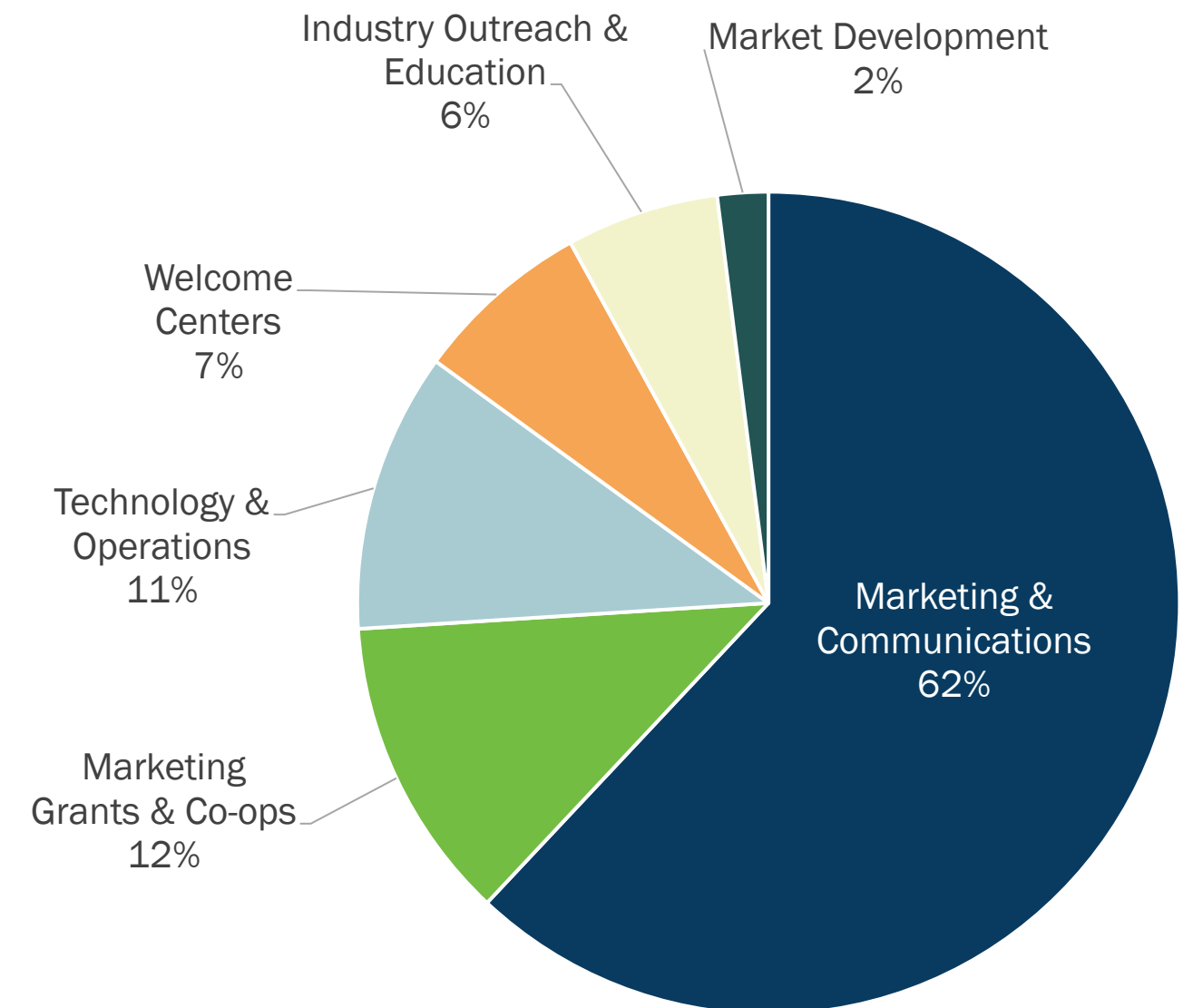
▶ Strategic plan research findings

- Capitalize on Minnesota's natural resources; year-round travel.
- Increase engagement with tourism industry stakeholders.
- Highlight unique position as a one-stop destination for a range of travel experiences.
- Work with governmental partners to strengthen the tourism workforce and stabilize the state's travel and tourism industry.
- Shift national media perception of Minnesota.
- Assume a leadership role for equity, diversity, accessibility and inclusion.



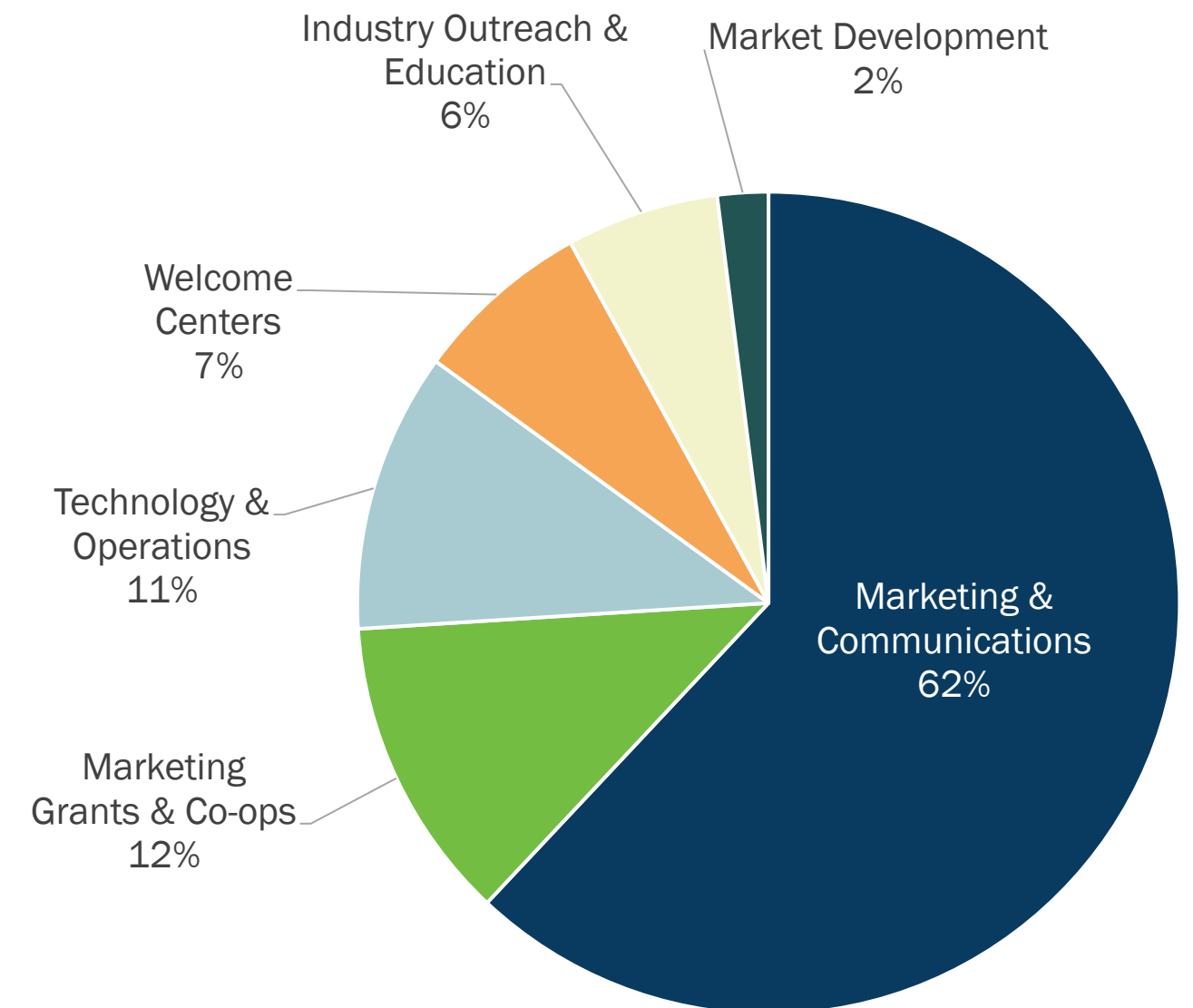
EXPLORE MINNESOTA BASE BUDGET SUPPORT

- ▶ \$3.88 million in FY24 and \$746,000 in FY25
- ▶ Advertising, marketing and public relations
- ▶ Cover increased costs of professional goods and services for advertising, public relations and website agencies
- ▶ International market recovery and growth
- ▶ Website maintenance and enhancement
- ▶ Increased research to maximize dollar performance
- ▶ New market development to attract new fly market visitors



EXPLORE MINNESOTA BASE BUDGET SUPPORT cont...

- ▶▶ \$3.88 million in FY24 and \$746,000 in FY25
- ▶▶ Increased statewide partnerships
- ▶▶ Increased co-op programs creating affordable advertising opportunities with a buy down/cash match
- ▶▶ Increased tourism marketing grant dollars to support increased visitation to all corners of the state
- ▶▶ Filling of new/vacant positions





ONETIME FUNDING OVERVIEW

- ▶ **\$5.9 million in FY24 & FY25**
- ▶ Competitive grant funding to support large-scale sporting events and other major events (\$6 million/biennium)
 - ▶ Events with a national/global attraction that support significant out of state attendance and drive economic impact statewide
 - ▶ Supports sustainability, diversity, community involvement and elevates Minnesota's position as a top destination for travel
- ▶ Promotion and support of Tribal Nations (\$2.2 million/biennium)
 - ▶ Destination development grant program for all 11 federally-recognized Tribal Nations in MN.
 - ▶ Supports the development of tourism-related jobs, economic activity and honors and uplifts Native communities in MN.
- ▶ Support for expansion of tourism marketing (\$2 million/biennium)
 - ▶ Expansion of targeted marketing and diversity campaigns—injecting much-needed funding to develop new markets for advertising.



ONETIME FUNDING OVERVIEW cont...

▶ **\$5.9 million in FY24 & FY25**

- ▶ Tourism & hospitality industry grants (\$1.25 million/biennium)
 - ▶ Supports group business buys, smaller events and conventions
 - ▶ Supports smaller grants for Governor's opener events (fishing, pheasant, deer, etc.)
- ▶ Stakeholder engagement, the Explore Minnesota Tourism Conference and the Tourism Industry Education Library (\$175,000/biennium)
 - ▶ Increases educational resources, research and learning opportunities at low or no cost to the tourism industry.
- ▶ A jump-start for sustainability and tourism (\$175,000/biennium)
 - ▶ Complete a destination assessment of current sustainability practices and overall impact of tourism on the state.
 - ▶ In collaboration with other state agencies and external stakeholders, develop resources to promote sustainable travel and determine next steps in sustainable tourism programming.



EXPLORE MINNESOTA FOR BUSINESS

- ▶ \$12 million in FY24 to launch a new division within Explore Minnesota would tout the benefits of livability and economic opportunity in MN.



CURIOUS MINNESOTA

Why workers are reluctant to come to Minnesota, but stay once they're here

By Katy Read Star Tribune | DECEMBER 9, 2022 — 7:34AM



EXPLORE MINNESOTA FOR BUSINESS cont...

▶ Why now?

BUSINESS

Minnesota's big economic challenge is where to find people to fill jobs, state demographer says

The state will see "almost no growth" in its workforce in coming years, demographer Susan Brower told the Minnesota Chamber of Commerce.

By Kavita Kumar Star Tribune | DECEMBER 7, 2022 — 8:36PM



EXPLORE MINNESOTA FOR BUSINESS cont...

- ▶ The Halo Effect
 - ▶ From the Explore Minnesota 2019 Halo Effect Study by Longwoods International; if someone visits Minnesota, they are:
 - ▶ 54% more likely to think of MN as a good place to start a business
 - ▶ 76% more likely to consider it a good place to live
 - ▶ 106% more likely to think it's a good place to start a career



EXPLORE MINNESOTA FOR BUSINESS cont...

- ▶ What we have to offer:
 - ▶ #1 in Fortune 500 companies per capita
 - ▶ #2 best state for economic opportunity
 - ▶ #2 best overall state in America
 - ▶ #2 best state to raise a family
 - ▶ #3 for small-business job growth (MPLS market)
- ▶ Other top rankings:
 - ▶ #1 medical device patents per capita
 - ▶ #2 food products patents per capita
 - ▶ Best Airport in North America
 - ▶ #1 port in America (Duluth)
 - ▶ #1 in the Midwest for energy efficiency
 - ▶ #2 labor force participation rate for women
 - ▶ Least stressed state
 - ▶ #1 most active state
 - ▶ #2 best state for working moms and dads

and the list goes on...



EXPLORE MINNESOTA FOR BUSINESS cont...

- ▶ The division would:
 - ▶ Develop consistent state marketing messaging and communications for all state agencies to promote all aspects of the benefit of living/working in MN
 - ▶ Leverage of existing market development and research to build off of Explore Minnesota Tourism's market success
 - ▶ Attract conferences in the state's top business markets
 - ▶ Develop a website hub for relocation, talent and business attraction
 - ▶ Through synergistic messaging between Explore Minnesota & DEED we will to diverse and new audiences the intangible benefits available #OnlyinMN

GOVERNOR'S BUDGET RECOMMENDATIONS

- ▶ \$3.88M base budget increase in FY24
 - ▶ \$746,000 in subsequent years to maintain level of service in FY25
- ▶ \$5.9M in FY24 and FY25 (onetime)
- ▶ \$12M in FY24 for Explore Minnesota for Business (onetime)

Total Biennium Base: \$37,560,000

Total Biennium Onetime: \$23,800,000



THANK YOU!

CONTACT:

Lauren Bennett McGinty
Executive Director
Lauren.Bennett.McGinty@state.mn.us
C: 612.867.2083 | O: 651.757.1844