

The Honorable Senator Bobby Joe Champion
95 University Avenue W.
Minnesota Senate Bldg., Room 3401
St. Paul, MN 55155

April 17, 2024

Dear Chair Champion,

On behalf of the Department of Employment and Economic Development (DEED), I am writing to provide feedback for the Senate Jobs and Economic Development Committee's omnibus bill SF 5289. This bill contains investments in multiple programs and endorses policy changes that will empower DEED to continue to fulfill its mission, "To empower the growth of the Minnesota economy, for everyone." I would like to thank you and the entire Jobs and Economic Development Committee for their partnership on this legislation.

Appreciation:

First, I want to extend my thanks for including a number of items from the Governor's Supplemental Budget recommendations in your bill. These changes will help the agency better deliver programs including:

- 61.15 - 61.18 Aligns the agency's base funding appropriations with last year's agreements.
- 62.15 - 62.20 Makes an appropriation change for Vocational Rehabilitation for grants to programs that provide employment support services to persons with mental illness so that the FY25 funds can be spent through FY27. This change is in response to a request by grantees who wanted to spread this one-time bump in funding across a longer period of time.
- 63.20 Optimizes the use of state funds by allowing ongoing transfers between the Minnesota Forward Fund, the Minnesota Climate Innovation Finance Authority, and the State Competitiveness Fund accounts.
- 76.28 repeals Minnesota Statutes 2022, section 116J.439, the Airport Infrastructure Renewal Grant Program. This program has consistently low to no utilization and the work can instead be done under the BDPI program.

Recommendations:

I also wanted to share a number of recommendations for the bill that will improve the administration of these programs:

- Move the appropriation to the YWCA at 2.17 to the Employment and Training Programs and clarify if this program is intended to serve youth or adults.
- Move the appropriation to the Block Builders Foundation at 3.15 to the Employment and Training Programs.

- Move Taste of MN to Explore Minnesota 3.8 - 3.14 as that agency managed this program in FY24 and would be better positioned to do so in FY25.

Concerns:

Finally, I wanted to share two concerns I have with the bill.

First, the language at 1.14 - 1.17 does not allow agencies that are appropriated funding or programs in this bill to receive administrative funding for competitive programs such as the competitive butchery program at 6.22. The reference should also be corrected to 116J.035 subd. 7. It's unclear what the purpose is behind this prohibition. Competitive and direct appropriations require staff to administer and monitor the programs and the language at 16B.98 subd. 14 is intended to ensure that departments across the enterprise have the resources they need to successfully implement and monitor state programs.

Second, I want to note some concerns with the Shakopee Area Workforce Development Scholarships Pilot program at 73.5 - 76.23 and appropriated funding at 5.4. I am committed to working with employers and higher education institutions to help address workforce challenges and this is one of the administration's major priorities. However, I want to note that the state currently funds workforce development scholarships in the higher education budget, see 136F.38. The legislature notably increased funding for this program last session to \$9 million per biennium. If the legislature were inclined to increase its support in this space, I would encourage you to do that through this existing program rather than creating a duplicative program with a new set of requirements.

In closing, I would again like to thank Chair Champion, Vice Chair Mohamed, Ranking Member Draheim and the entire committee for your long-standing partnership and support. Please do not hesitate to contact me or Darielle Dannen (darielle.dannen@state.mn.us) with any questions.

With warm regards,



Matt Varilek
Commissioner

CC: Senator Draheim