

Chair Bobby Joe Champion
Senate Jobs and Economic Development Committee
3401 Senate Office Bldg.
Saint Paul, MN 55155

April 7, 2025

Dear Chair Champion and Committee Members,

On behalf of the Department of Employment and Economic Development (DEED), I am writing to provide feedback on the Senate Jobs and Economic Development Committee omnibus bill, SF1832.

Crafting a budget is a particular challenge this year, and I want to extend my gratitude to you and the members of the Senate Jobs Committee for your work thus far. Governor Walz and Lieutenant Governor Flanagan have proposed a reasonable and measured budget that includes responsible reductions to help address the projected budgetary imbalance in the FY28-29 biennium, coupled with targeted investments to help address the state's key challenges.

Thank you for including several important provisions that will support DEED in its mission to empower the growth of a Minnesota economy that works for everyone. Those include:

- The operating adjustment will allow DEED to continue providing high quality services.
- Modifications to the Minnesota Forward Fund will aid in large-scale expansion projects.
- The technical corrections included will ensure that existing appropriations and programs function as the legislature intended.
- Updates to the Minnesota Job Skills Partnership statute help higher education institutions deliver impactful training services.
- Alignment of the State Services for the Blind statute with federal statute creates consistency.

That said, we look forward to continuing to work together to find ways to include critical investments in programs that help address our statewide workforce shortage. The Service to Success Initiative will help promote public service opportunities and develop career pathways for participants in high-wage, high-demand sectors upon completion of their public service. The

Drive for 5 Workforce Initiative provides training for workers in five of Minnesota's most in-demand sectors while also connecting employers to new trainees. While we appreciate the modest increase to Vocational Rehabilitation Services, the program is still facing a significant budget shortfall. Additional funding is necessary to ensure that people with disabilities do not lose further services that are essential to their continued ability to live independently.

While it is a difficult thing to do, reductions from the general fund in several programs over the next two biennia are needed to maintain fiscal responsibility:

- Greater Minnesota Business Development Public Infrastructure - \$2,287,000/yr
- Host Community Economic Development Grant Program - \$750,000/yr
- Emerging Entrepreneur Loan Program - \$500,000/yr
- Small Business Assistance Partnership Program – \$1,000,000/yr
- Contaminated Site Cleanup and Investigation Grant Program - \$750,000/yr
- Job Creation Fund
 - \$3,000,000 – FY26
 - \$3,223,000 – FY27
 - \$2,400,000 – FY28
 - \$2,400,000 – FY29
- Individual Placement and Supports - \$1,000,000/yr
- Pathways to Prosperity Grant Program - \$1,000,000/yr
- Redevelopment Grant Program - \$1,000,000/yr

Lastly, we have feedback on some of the policy provisions included in the bill.

- Article 1, Sec. 4 – Grantee Evaluations; Report to Legislature: The March 2025 Office of Legislative Auditor report, “Department of Employment and Economic Development Grants Management,” evaluated DEED’s grantmaking process from 2022-23. The report said that DEED should “build on the required performance metrics to establish meaningful and measurable performance goals for the workforce grant programs.” This provision in the Senate Jobs bill only adds additional metrics, not performance goals. Establishing performance goals is a task that will take thoughtful planning and communication between DEED, the legislature, and our various workforce partners. In addition, there are technicalities of the provision that would not meaningfully track progress. Clause 4 requires DEED to track the amount of other state and federal grants that a nonprofit receives. We take this to mean awards across all different topic areas (e.g. housing, health, education, etc.). Then, that same clause is used to calculate a nonprofit’s placement effectiveness.

- Article 6, sec. 4 – Modifications to Unemployment Insurance available for suitable employment statute: The statute is already written appropriately to do what the legislature appears to be intending. DEED already administers the provision to accommodate remote work search. Additionally, the language from 83.18-83.20 adds confusion to a statute that is already administrable. It is unclear what then happens to an applicant who is unavailable for in-person interview. It is unclear how quickly a person must be available for an in-person interview.

In closing, I would again like to thank Chair Champion, Vice Chair Mohamed, Ranking Member Draheim, and the entire committee for your long-standing support and partnership.

Please do not hesitate to contact me or Director of Government Relations, Deven Bowdry (deven.bowdry@state.mn.us) with any questions.

With warm regards,



Matt Varilek
Commissioner