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Department of Employment and Economic Development

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AT A GLANCE

- DEED is the state's principal economic development and workforce development agency.
- We work to attract, retain, and expand businesses and create jobs for all Minnesotans.
- We work to connect workers to jobs, prepare individuals for jobs in high-demand industries, and help people to live independently.
- We stabilize and stimulate the economy through unemployment benefit payments.
- We work to ensure no communities are left on the economic sidelines.
- Our organization has close to 1,500 dedicated staff statewide.
- We invest in programs and policies that ensure communities of color reach their professional and personal goals by eliminating economic disparities throughout the state.

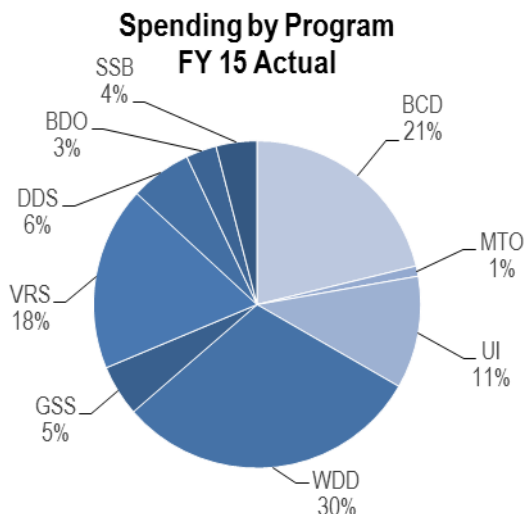
PURPOSE

Minnesota Department of Employment and Economic Development (DEED) programs provide employment and training for individuals; provide services that help individuals with disabilities achieve personal and vocational independence; promote business recruitment, expansion, and retention; promote career and business opportunity for individuals currently underrepresented in Minnesota's economy; promote international trade; promote broadband adoption; and support community development.

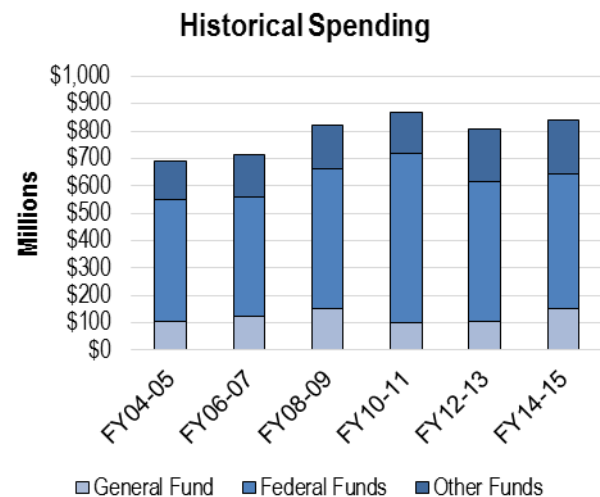
We support the following statewide outcomes:

- A thriving economy that keeps Minnesota competitive and helps reduce economic disparities across the state
- A workforce with the education, skills and credentials they need to achieve their goals
- Superior service that promotes an innovative business climate
- Sustainable, transparent and equitable investment in all Minnesota communities

BUDGET



BCD = Business and Community Development; MTO = Minnesota Trade Office; UI = Unemployment Insurance; WDD = Workforce Development Division; DDS = Disability Determination Services; GSS = General Support Services; VRS = Vocational Rehabilitation Services; SSB = State Services for the Blind; BDO = Broadband Development Office.



Explore Minnesota (for FY2002-2004) and Public Facility Agency (for FY 2002-2009) expenditure data was separated from DEED's Consolidated Fund Statement data.

Source: Consolidated Fund Statement

STRATEGIES

DEED manages many federal and state programs that support Minnesota's people, businesses, and communities. Our focus is on providing superior service, secure systems, and sustainable and equitable investment in order to combat the state's primary economic challenges: a shrinking labor market and widening economic disparities that exist for individuals with disabilities and communities of color throughout the state.

Our *Workforce Development* division works to ensure that businesses have the talent they need to be globally competitive and that workers have the skills and opportunities they need for meaningful and family-sustaining employment. DEED delivers many of these services to Minnesotans through nearly 50 workforce centers, through partnerships and with grants to certified service providers, non-profits, MNSCU schools, and Adult Basic Education programs.

- *Workforce Development*: We provide unemployed and underemployed Minnesotans with services such as career counseling, assessment, job seeker and placement services, education and training, and job development activities through our employment and training programs.
- *Vocational Rehabilitation*: We assist Minnesotans with disabilities to secure and retain employment, live independently, and reduce their dependence on government supports.
- *State Services for the Blind*: We facilitate the achievement of personal and vocational independence by Minnesotans who are blind, visually impaired, or DeafBlind.
- *Unemployment Insurance*: We pay unemployment benefits to workers unemployed due to no fault of their own to ensure that they are able to support themselves and their families while they look search for employment.
- *Disability Determination*: We determine if Minnesota applicants meet federal criteria for disability benefits through the Social Security's Administration.

Our *Economic Development* division contributes to Minnesota's economic success by providing services that support the growth of businesses and communities.

- *Business and Community Development*: We provide new and expanding businesses with various business finance incentives, while communities can receive grants, loans, and technical assistance for redevelopment and public infrastructure.
- *Minnesota Trade Office*: We provide export assistance and training for businesses and help foreign companies invest in Minnesota through new business startups or expansions.
- *Office of Broadband Development*: We coordinate public, private, and philanthropic efforts to increase availability, speed, connectivity and use of broadband.

Our *Policy and Research* offices provide data, data tools, research, and analysis that give a comprehensive look at Minnesota's economy and workforce. DEED is the home to Minnesota's State Labor Market Information Office, funded by the federal Bureau of Labor Statistics, which, among other things, publishes the state's unemployment rates each month. The agency also has dedicated performance management and economic analysis teams for the benefit of our customers.

Our new *Office of Economic Equity and Opportunity* helps workers and businesses of color find career paths and business opportunities in Minnesota by breaking down barriers that may have contributed to economic disparities throughout the state.

"State Fiscal Year" or "SFY" is used throughout DEED's program narratives to clarify the time period being referenced, since Minnesota's state government and the Federal Government use different fiscal calendars. The "Federal Fiscal Year" is noted as "FFY."

Minn. Stat. § 116L (<https://www.revisor.mn.gov/statutes/?id=116L>), Minn. Stat. § 116J (<https://www.revisor.mn.gov/statutes/?id=116J>), and Minn. Stat. § 268 (<https://www.revisor.mn.gov/statutes/?id=268A.11>) provide the legal authority for DEED.

Additional applicable 'general agency' statutes and laws: Government Data Practices, Minn. Stat. § 13 (<https://www.revisor.mn.gov/statutes/?id=13>), Official Records Act, Minn. Stat. § 15.17

(<https://www.revisor.mn.gov/statutes/?id=15.17>), Open Meeting Law, Minn. Stat. § 13D
(<https://www.revisor.mn.gov/statutes/?id=13d>), Records Management, Minn. Stat. § 138.17
(<https://www.revisor.mn.gov/statutes/?id=138.17>).
Federal: Workforce Investment Act, the Workforce Investment Act of 1998 (Public Law 105-220)
(<http://www.gpo.gov/fdsys/pkg/PLAW-105publ220/content-detail.html>), U.S. Code, Title 29, Chap. 30.
(<http://www.law.cornell.edu/uscode/text/29/chapter-30>). These are non-state websites.

(Dollars in Thousands)

Expenditures By Fund

	Actual FY14	Actual FY15	Actual FY16	Estimate FY17	Forecasted Base		Governor's Recommendation	
					FY18	FY19	FY18	FY19
1000 - General	65,571	84,042	106,793	134,299	87,171	95,855	106,427	115,590
2000 - Restrict Misc Special Revenue	24,238	25,583	26,033	44,020	36,470	35,944	36,470	35,944
2001 - Other Misc Special Revenue	1,437	18,313	6,385	35,947	2,362	2,023	32,362	32,023
2350 - Petroleum Tank Release Cleanup	5,079	7,929	7,837	11,802	6,200	6,200	6,200	6,200
2390 - Workforce Development	51,197	58,209	64,257	67,475	54,688	56,563	54,706	56,594
2403 - Gift	435	923	238	255	223	233	223	233
2801 - Remediation Fund	817	1,707	797	1,340	700	700	700	700
3000 - Federal	249,101	222,697	221,748	290,414	255,157	259,575	255,157	259,575
Total	397,876	419,403	434,088	585,552	442,970	457,092	492,244	506,858
<i>Biennial Change</i>				202,361		(119,577)		(20,537)
<i>Biennial % Change</i>				25		(12)		(2)
<i>Governor's Change from Base</i>								99,040
<i>Governor's % Change from Base</i>								11

Expenditures by Program

Program: Business and Community Dvpmt	61,147	84,647	93,203	133,331	69,160	77,781	79,160	87,781
Program: Unemployment Insurance	55,781	49,008	45,389	62,518	56,440	60,307	56,440	60,307
Program: Workforce Development	135,557	124,002	132,901	182,339	152,146	154,326	157,146	159,326
Program: Disability Determination	22,261	25,397	24,578	25,549	26,005	26,151	26,005	26,151
Program: General Support Services	20,509	22,545	21,761	25,829	26,410	25,893	27,184	27,159
Program: Minnesota Trade Office	2,234	2,594	2,370	3,122	2,708	2,708	2,708	2,708
Program: Vocational Rehabilitation	80,780	76,753	82,128	89,903	86,443	86,455	89,943	89,955
Program: Services for The Blind	19,518	19,335	19,243	23,181	22,462	22,595	22,462	22,595
Program: Broadband Development Office	90	15,121	12,514	39,780	1,197	878	31,197	30,878
Total	397,876	419,403	434,088	585,552	442,970	457,092	492,244	506,858

Expenditures by Category

Compensation	111,282	115,934	116,877	121,558	124,454	128,264	125,561	129,810
Operating Expenses	70,044	70,011	68,157	103,089	92,632	92,362	93,071	92,864
Other Financial Transactions	4,332	1,773	1,788	2,216	465	457	465	457
Grants, Aids and Subsidies	210,513	231,682	247,247	358,154	225,382	235,977	273,110	283,695
Capital Outlay-Real Property	1,705	3	19	535	37	32	37	32
Total	397,876	419,403	434,088	585,552	442,970	457,092	492,244	506,858
Total Agency Expenditures	397,876	419,403	434,088	585,552	442,970	457,092	492,244	506,858
Internal Billing Expenditures	13,071	15,634	15,181	13,679	13,892	14,322	13,940	14,371
Expenditures Less Internal Billing	384,805	403,769	418,907	571,873	429,079	442,770	478,305	492,487

(Dollars in Thousands)

<u>Full-Time Equivalents</u>	1,475.7	1,504.0	1,457.0	1,483.5	1,493.4	1,527.6	1,495.8	1,530.0
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1000 - General

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY14	FY15	FY16	FY17	FY18	FY19	FY18	FY19
Balance Forward In	25,640	36,533	42,653	30,152	1,435	701	1,435	701
Direct Appropriation	84,538	106,319	96,108	155,778	86,226	86,226	135,482	135,961
Open Appropriation	0	0	0	0	2,317	11,373	2,317	11,373
Net Transfers	(7,946)	(21,517)	(1,628)	(50,193)	(2,104)	(2,104)	(32,104)	(32,104)
Cancellations	2,892	889	188	0	0	0	0	0
Expenditures	65,571	84,042	106,793	134,299	87,171	95,855	106,427	115,590
Balance Forward Out	33,769	36,405	30,152	1,435	701	339	701	339
<i>Biennial Change in Expenditures</i>				91,478		(58,066)		(19,075)
<i>Biennial % Change in Expenditures</i>				61		(24)		(8)
<i>Gov's Exp Change from Base</i>								38,991
<i>Gov's Exp % Change from Base</i>								21
Full-Time Equivalents	107.8	116.0	109.9	118.9	117.3	117.3	119.7	119.7

2000 - Restrict Misc Special Revenue

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY14	FY15	FY16	FY17	FY18	FY19	FY18	FY19
Balance Forward In	5,993	6,878	9,574	16,657	9,041	6,715	9,041	6,715
Receipts	30,903	34,291	31,691	35,148	33,420	34,386	33,420	34,386
Internal Billing Receipts	13,073	19,096	17,339	19,082	18,082	19,218	18,082	19,218
Net Transfers	(5,970)	(7,174)	1,170	1,018	1,018	1,018	1,018	1,018
Net Loan Activity	0	(167)	255	239	(294)	(351)	(294)	(351)
Expenditures	24,238	25,583	26,033	44,020	36,470	35,944	36,470	35,944
Balance Forward Out	6,689	8,245	16,657	9,041	6,715	5,824	6,715	5,824
<i>Biennial Change in Expenditures</i>				20,231		2,361		2,361
<i>Biennial % Change in Expenditures</i>				41		3		3
<i>Gov's Exp Change from Base</i>								0
<i>Gov's Exp % Change from Base</i>								0
Full-Time Equivalents	149.5	146.0	150.8	139.4	134.6	133.6	134.6	133.6

2001 - Other Misc Special Revenue

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY14	FY15	FY16	FY17	FY18	FY19	FY18	FY19
Balance Forward In	20,031	21,746	19,286	21,634	35,453	40,827	35,453	40,827
Receipts	2,711	6,627	8,101	3,887	6,648	6,595	6,648	6,595

2001 - Other Misc Special Revenue

Net Transfers	0	7,363	237	46,158	713	713	30,713	30,713
Net Loan Activity	0	(370)	394	(280)	375	422	375	422
Expenditures	1,437	18,313	6,385	35,947	2,362	2,023	32,362	32,023
Balance Forward Out	21,305	17,054	21,634	35,453	40,827	46,535	40,827	46,535
<i>Biennial Change in Expenditures</i>				22,583		(37,948)		22,052
<i>Biennial % Change in Expenditures</i>				114		(90)		52
<i>Gov's Exp Change from Base</i>								60,000
<i>Gov's Exp % Change from Base</i>								1,369
Full-Time Equivalents	1.2	1.8	1.2	2.3	3.6	3.6	3.6	3.6

2350 - Petroleum Tank Release Cleanup

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY14	FY15	FY16	FY17	FY18	FY19	FY18	FY19
Balance Forward In	7,327	8,777	7,239	5,602	0	0	0	0
Net Transfers	0	0	0	0	0	0	0	0
Expenditures	5,079	7,929	7,837	11,802	6,200	6,200	6,200	6,200
Balance Forward Out	8,448	7,048	5,602	0	0	0	0	0
<i>Biennial Change in Expenditures</i>				6,630		(7,239)		(7,239)
<i>Biennial % Change in Expenditures</i>				51		(37)		(37)
<i>Gov's Exp Change from Base</i>								0
<i>Gov's Exp % Change from Base</i>								0
Full-Time Equivalents	2.2	2.2	1.8	1.7	1.7	1.7	1.7	1.7

2390 - Workforce Development

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY14	FY15	FY16	FY17	FY18	FY19	FY18	FY19
Balance Forward In	122	581	955	900	0	0	0	0
Direct Appropriation	20,440	21,722	26,506	29,964	25,764	25,764	25,782	25,795
Open Appropriation	30,802	36,858	38,014	36,612	28,924	30,798	28,924	30,798
Net Transfers	0	0	0	0	0	0	0	0
Cancellations	2	509	319	0	0	0	0	0
Expenditures	51,197	58,209	64,257	67,475	54,688	56,563	54,706	56,594
Balance Forward Out	165	444	900	0	0	0	0	0
<i>Biennial Change in Expenditures</i>				22,326		(20,480)		(20,431)
<i>Biennial % Change in Expenditures</i>				20		(16)		(16)
<i>Gov's Exp Change from Base</i>								49
<i>Gov's Exp % Change from Base</i>								0

2390 - Workforce Development

Full-Time Equivalents	14.1	19.7	18.8	13.2	13.2	13.2	13.2	13.2
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2403 - Gift

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY14	FY15	FY16	FY17	FY18	FY19	FY18	FY19
Balance Forward In	332	355	154	133	91	91	91	91
Receipts	458	715	217	214	223	223	223	223
Expenditures	435	923	238	255	223	233	223	233
Balance Forward Out	355	147	133	91	91	81	91	81
<i>Biennial Change in Expenditures</i>				(865)		(38)		(38)
<i>Biennial % Change in Expenditures</i>				(64)		(8)		(8)
<i>Gov's Exp Change from Base</i>								0
<i>Gov's Exp % Change from Base</i>								0
Full-Time Equivalents	1.6	1.6	1.3	1.3	1.3	1.3	1.3	1.3

2801 - Remediation Fund

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY14	FY15	FY16	FY17	FY18	FY19	FY18	FY19
Balance Forward In	1,824	1,707	737	640	0	0	0	0
Direct Appropriation	700	700	700	700	700	700	700	700
Expenditures	817	1,707	797	1,340	700	700	700	700
Balance Forward Out	1,707	700	640	0	0	0	0	0
<i>Biennial Change in Expenditures</i>				(387)		(737)		(737)
<i>Biennial % Change in Expenditures</i>				(15)		(34)		(34)
<i>Gov's Exp Change from Base</i>								0
<i>Gov's Exp % Change from Base</i>								0

3000 - Federal

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY14	FY15	FY16	FY17	FY18	FY19	FY18	FY19
Balance Forward In	9,019	20,125	10,859	9,787	939	305	939	305
Receipts	246,961	215,106	223,359	286,025	256,822	259,530	256,822	259,530
Net Loan Activity	0	(2,748)	(2,683)	(4,459)	(2,300)	0	(2,300)	0
Expenditures	249,101	222,697	221,748	290,414	255,157	259,575	255,157	259,575
Balance Forward Out	6,876	9,788	9,787	939	305	261	305	261
<i>Biennial Change in Expenditures</i>				40,364		2,570		2,570

3000 - Federal

<i>Biennial % Change in Expenditures</i>				9		1		1
<i>Gov's Exp Change from Base</i>								0
<i>Gov's Exp % Change from Base</i>								0
Full-Time Equivalents	1,199.3	1,216.7	1,173.2	1,206.7	1,221.9	1,257.0	1,221.9	1,257.0

Department of Employment and Economic Development

FY18-19 Biennial Budget Change Item

Change Item Title: Minnesota Investment Fund and Job Creation Fund

Fiscal Impact (\$000s)	FY 2018	FY 2019	FY 2020	FY 2021
General Fund				
Expenditures	10,000	10,000	0	0
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	10,000	10,000	0	0
FTEs	0	0	0	0

Recommendation:

The Governor recommends \$6 million per year in FY2018 and FY2019 for the Job Creation Fund (JCF) and \$4 million per year in FY2018 and FY2019 for the Minnesota Investment Fund (MIF). This is a one-time appropriation. The recommendation allows the Department of Employment and Economic Development (DEED) to continue to reserve up to 3% of funds for program administration.

In addition, the Governor recommends allowing DEED to transfer funds between JCF and MIF to better meet business needs and recommends modifications to the JCF and MIF programs to encourage investments in targeted businesses, including those owned by people of color, veterans, women, people with disabilities, and/or located in Greater Minnesota.

Rationale/Background:

The Minnesota Job Creation Fund and the Minnesota Investment Fund are the state's primary financing tools to assist with business expansion and job growth. Economic development incentives often play a key role in influencing a business' final decision on where to locate or expand. These programs give Minnesota the resources needed to compete for economic development projects with other states. Recent cuts to the Job Creation Fund and Minnesota Investment Fund have significantly hampered DEED's economic development efforts. Additionally, although the programs are popular, DEED has identified opportunities to better meet important community, business, and equity needs.

Proposal:

Restore Cuts to the Job Creation Fund and Minnesota Investment Fund

- The Governor recommends restoring 2016 cuts to the JCF and MIF, returning to their previous funding levels of \$12.5 million and \$15 million, respectively, per fiscal year. This proposal increases funding for JCF by \$6 million per year in FY2018 and FY2019 and increases funding for MIF by \$4 million per year in FY2018 and FY2019.

Provide Flexibility between JCF and MIF to Meet Business Needs

- This proposal gives the DEED commissioner discretion to transfer funds annually between JCF and MIF to better meet business needs. Businesses sometimes prefer one program over another; for example, one business might prefer the straightforward pay-for-performance grant mechanism of JCF, while another business may need the upfront financing from a MIF loan. If funds are not available in the business' preferred program, Minnesota may be eliminated as a location option for a business expansion. This proposal gives the commissioner flexibility to create a JCF and MIF package that meets individual business needs. The transfers would be tracked to ensure transparency.

Modify JCF and MIF to Encourage Investment by Targeted Groups (Businesses owned by people of color, veterans, women, people with disabilities, and/or located in Greater Minnesota.)

- *Increase JCF awards for targeted businesses:* This proposal increases JCF job creation awards for targeted businesses. This change provides an additional \$1,000 per job incentive above current award levels for those businesses. This proposal is similar to a current provision in the program that allows for higher capital investment awards to investments in Greater Minnesota. The cap on JCF awards would remain at \$500,000.
- *Reduce JCF job creation goals to better serve targeted businesses:* This proposal lowers the minimum job creation requirement for targeted businesses from 10 to 5 jobs and would lower the minimum capital investment requirement for targeted businesses from \$500,000 to \$250,000. Both of these proposals allow more small businesses to utilize JCF, as targeted businesses tend to be smaller than companies in the Twin Cities metro and/or owned by the majority population.
- *Reduce JCF job creation goals to promote investment in Greater Minnesota:* This proposal lowers the minimum job creation requirement from 200 jobs to 75 jobs for a business in Greater Minnesota to qualify for an enhanced JCF job creation award of between \$500,000 and \$1 million. This threshold is consistent with the job retention requirements for a job retention award in Greater Minnesota.
- *Reserve MIF funds for targeted businesses:* This proposal gives the DEED commissioner the discretion to reserve up to \$2 million per fiscal year of a MIF appropriation for targeted businesses. Funds would be reserved for the first six months of each fiscal year then any unused portion of the reserved funds would be released back to the larger pool thereafter, similar to the Angel Tax Credit program.

Eliminate Restrictions on MIF Funds to Maximize Resources

- *Expand allowable uses of local revolving loan funds seeded by MIF repayment:* This proposal allows local governments to use MIF revolving loan funds for such industries as retail development and related activities like economic development planning, in addition to the current allowable uses under law. A significant portion of MIF repayments go to the local government partner in the project to create a local revolving loan fund. Local governments currently have more than \$30 million in MIF repayments unused in revolving loan funds. This provision has no state budget impact, though the proposal requires communities to report on the use of funds to DEED annually.
- *Eliminate limitation of one MIF award per government entity each fiscal year:* This proposal allows local governments to receive more than one MIF award per year. Minnesota Rules, part 4300.1200 prohibits more than one MIF award to a government entity per year, which can eliminate a community from a location search based on the timing of its last MIF project. This change ensures a community is not ruled out for a business expansion based on its previous success.

JCF Technical / Administrative Changes

- *Allow 7-year JCF agreements:* This recommendation clarifies DEED can enter into 7-year JCF agreements for businesses in Greater Minnesota, as intended in the JCF statute. Despite the program statute specifically allowing this authority, the Minnesota Department of Administration has stated that the Legislature needs to be more explicit in authorizing this departure from ordinary contracting procedures.
- *Third party award payments:* This proposal allows JCF capital investment award payments to be made to a third party, like a landlord. It is often difficult to determine the value of capital investment paid by the expanding business when the business is leasing a property and capital investment costs paid by the landlord are incorporated into that lease.

Equity and Inclusion:

The policy changes in this proposal aim to help targeted businesses expand or locate in Minnesota by eliminating barriers to accessing JCF and MIF. It also recognizes that businesses owned by targeted groups are often smaller and have different needs and adjusts economic development incentive program requirements to provide better access to the programs. Finally, it recognizes that targeted business owners are more likely to hire members of their communities and as a result, reduce economic disparities and increase prosperity.

Results:

Minnesota Investment Fund	SFY 2012	SFY 2013	SFY 2014	SFY 2015	SFY 2016
State dollars awarded	\$3.8M	\$4.4M	\$11.0M	\$7.9M	\$18.8M
Number of jobs created/retained with state dollars*	927	826	1,478	1,106	2,458

Job Creation Fund	SFY 2014	SFY 2015	SFY 2016
State Dollars Awarded*	\$10.5M	\$11.65M	\$10.3M
Project Job Creation	1,085	1,620	1,404
Projected Project Costs	\$209.5M	\$252.0M	\$170M
Projected Eligible Costs	\$84.2M	\$100.8M	\$246M

**No dollars are disbursed until a business submits evidence of qualifying capital investment and job creation.*

Statutory Change(s):

Job Creation Fund: Minn. Stat. [Chap. 116J.8748](#)

Minnesota Investment Fund: Minn. Stat., [Chap. 116J.8731](#)

Department of Employment and Economic Development

FY18-19 Biennial Budget Change Item

Change Item Title: Border-to-Border Broadband Grant Program

Fiscal Impact (\$000s)	FY 2018	FY 2019	FY 2020	FY 2021
General Fund				
Appropriation	30,000	30,000	0	0
Transfer Out	30,000	30,000	0	0
Special Revenue				
Transfer In	30,000	30,000	0	0
Expenditures	30,000	30,000	0	0
Net Fiscal Impact = (Expenditures – Revenues)	30,000	30,000	0	0
FTEs	0	0	0	0

Recommendation:

The Governor recommends \$30 million in FY2018 and \$30 million in FY2019 for the Border-to-Border Broadband Grant Program in Minnesota. The recommendation allows the Department of Employment and Economic Development (DEED) to reserve up to 3% of grant funds for program administration and broadband mapping. The Governor further recommends that funds be reserved for tribal and low-income areas and that the state matching funds percentage be raised for projects in those areas.

Rationale/Background:

Minnesota has a goal of border-to-border high-speed internet access throughout the state by 2022. The Border-to-Border Broadband Grant Program is a way to level the playing field for families, students, businesses, and community institutions to access affordable, reliable, high-speed internet that meets the State's statutory speed goals. Broadband is an important tool to improve Minnesotan's quality of life and expand educational, health care, and economic development opportunities in Greater Minnesota.

A recent data analysis by the Office of Broadband Development shows that more than 22% (197,000) of non-metro households do not have access to broadband service that meets the State's 2022 statutory speed goal of 25Mbps download by 3Mbps upload. The estimate of unserved households is 10% state-wide, which equates to 206,000 households without access to service. State-wide households considered as underserved, or not meeting the 2026 goal of 100Mbps download by 20Mbps upload is 605,000 or 29%.

Additionally, affordable, reliable, high-speed access to the internet, along with the tools and skills to use it, are key to expanding opportunities for Minnesota's rural areas and communities of color. By facilitating better access to employment opportunities, housing resources, budgeting tools, and lower-cost options for household goods, just to name a few, the internet can contribute as much as \$10,500 to a household's wealth annually. Overall household broadband use in Minnesota is around 67%. Unfortunately, there is up to a 22% gap in broadband access between white Minnesotans and different racial and ethnic groups.

The Border-to-Border Broadband Grant Program is Minnesota's most effective strategy to incent broadband development in areas where businesses cannot make the business case to invest on their own. Continued funding for this program is critical to expanding broadband access in Greater Minnesota. The program also leverages federal Connect America Fund (CAF) II investments and private resources, and ensures those non-state funding sources result in broadband speeds that meet or exceed Minnesota's state speed goals.

Proposal:

This proposal funds the Border-to-Border Broadband Development Grant Program which will build on several years of public and private investments in broadband infrastructure in unserved and underserved areas of the state.

The Governor recommends that of the \$30 million per year in funding, \$5 million would be reserved specifically for tribal and/or low-income areas in Greater Minnesota. Applications that qualify under this classification would also be eligible for 75% in state matching grant funds, since tribal and/or low-income communities are often unable to raise 50% of the total project cost.

Equity and Inclusion:

The Border-to-Border Broadband Grant Program prioritizes funding to areas in Greater Minnesota where there are geographic disparities in broadband access. This program provides rural/non-metro areas with access to broadband service at a level that supports equitable access to economic development, education, healthcare, government services, and social opportunities.

This program contains preference consideration for rural communities and those that demonstrate low-income indicators such as poverty rate and free/reduced lunch program participation. Tribal and low-income areas will receive special consideration under this proposal, which will help expand broadband to areas that have not been able to apply for funding in the past due to programmatic barriers.

Results:

DEED expects that this proposal would expand broadband access to at least 23,000 households, businesses, and community institutions. Less easily quantifiable is the positive impacts this program will contribute to extending and leveraging the benefits of ongoing federal Connect America Fund (CAF) II investments; in many areas, Minnesota's resources and tools will help those CAF investments go beyond the lower federal speed requirements to meet or exceed the Minnesota standards.

Border-to-Border Broadband Grant Program	FY 2014	FY 2015	FY 2016
Number of Grant Recipients	16	15	42
Total Amount of Grants Awarded	\$18,700,337	\$11,008,366	\$ 34,148,758
Total Matched Dollar Amount	\$23,337,033	\$18,234,399	\$40,348,097
Number of households, businesses and community organizations served (<i>proposed</i>)	6,022	4,098	20,047

Statutory Change(s):

None.

Department of Employment and Economic Development

FY18-19 Biennial Budget Change Item

Change Item Title: Vocational Rehabilitation Services

Fiscal Impact (\$000s)	FY 2018	FY 2019	FY 2020	FY 2021
General Fund				
Expenditures	3,500	3,500	0	0
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	3,500	3,500	0	0
FTEs	0	0	0	0

Recommendation:

The Governor recommends \$3.5 million each year for FY 2018 and FY 2019 for the Vocational Rehabilitation Services (VRS) program. This proposal ensures that VRS Service Category 1, which serves individuals with the most significant disabilities, remains open so that Minnesotans with disabilities can access competitive, integrated employment opportunities. This funding is necessary to accommodate two unfunded federal mandates that require VRS to divert funds away from serving eligible participants and further strains VRS resources. This is a one-time appropriation.

Rationale/Background:

VRS Background

The gap between the unemployment rate of those with and without disabilities in Minnesota and the U.S. is substantial. In 2014, the unemployment rate for working age people with any type of disability was 9.6 percent in Minnesota and 14.8 percent nationally. This compares with 3.8 percent in Minnesota and 6 percent nationally for those with no disability. VRS helps remedy this disparity by helping people with disabilities get and keep a job in a competitive, integrated setting.

VRS serves Minnesotans with disabilities that cause serious functional limitations in life, specifically related to employment. Those functional limitations include, but are not limited to, mobility, communication, self-care, or work tolerance issues. The Vocational Rehabilitation Program is DEED's most effective strategy to increase competitive, integrated employment for individuals living with disabilities. Competitive, integrated employment is essential to increasing economic equity for these individuals, and moreover ensures Minnesota remains economically competitive as a state.

Most commonly, VRS participants are referred to the program by high schools (about 28 percent) or through self-referral (about 24 percent). Once an individual contacts VRS, he or she is paired with a counselor who works one-on-one with the customer to determine work goals and employment opportunities that will lead to a more fulfilling, independent life. Job counselors provide vocational assessments and evaluation, counseling, job training, and job placement options that best meet the customer's needs. Over 300 VRS staff members work within the Minnesota WorkForce Center System to deliver these services. When necessary, counselors also facilitate additional support services to address transportation, assistive technology, housing, and other needs. Some participants are referred to other programs at the Department of Employment and Economic Development (DEED), including the Extended Employment program, the Individual Placement and Support program, and/or the Independent Living program.

New Financial Pressures

Several federal initiatives are dramatically changing the way employment services are offered to people with disabilities, including the reauthorization of Title I of the Rehabilitation Act under the Workforce Innovation and Opportunity Act (WIOA). These changes are driven by a national commitment to achieving the primary objective of the Americans with Disabilities Act: full inclusion of, and preventing discrimination against, people with disabilities.

Two new unfunded mandates imposed by WIOA are putting significant financial pressure on VRS. First, WIOA requires VRS to use a substantial portion of its already limited funding for pre-employment transition services to youth with disabilities. Second,

WIOA requires a new activity for VRS: for counselors to meet one-on-one with individuals currently receiving subminimum wage to determine if they would like to pursue competitive, integrated employment.

Even before the WIOA mandates took effect, VRS lacked adequate financial resources. The program has been operating with three of its four service categories closed due to the high demand for VRS services and lack of sufficient funding. Category 1, which serves individuals with the most severe disabilities, remains open, but more than 1,000 people in Categories 2 to 4 have been placed on a waiting list for services. The waiting list for Categories 2 to 4 will continue to grow as long as those categories remain closed.

Closing Category 1

Based on current projections, and assuming the program continues to provide services to all existing participants and to accept new participants who are in Category 1, DEED expects a funding shortfall during the federal fiscal year ending on September 30, 2017. Without additional state funding for the next biennium, DEED will be required to close Category 1 sometime within the second year of the biennium. If that happens, hundreds more people who are eligible for Vocational Rehabilitation services will be placed on indefinite waiting lists.

By law, VRS is legally obligated to provide services to all individuals with disabilities who have applied to the program, are eligible, and have developed an employment plan. If Category 1 is closed, only those individuals currently enrolled in the VRS program will continue to receive services and the program will be forced to place all new eligible applicants, in all four categories, on indefinite waiting lists until Category 1 can be reopened.

Proposal:

The Governor recommends \$3,500,000 per year in FY2018 and FY2019 for VRS to provide counselling and support work in competitive, integrated employment for individuals with the most significant disabilities. This additional state funding will allow VRS to fulfill the two new WIOA mandates and avoid closing Category 1. This funding level will allow DEED to maintain service to an estimated 5,800 new participants each year for the VR program, and avoid a wait list in Category 1.

Equity and Inclusion:

This proposal will serve Minnesotans with the most severe disabilities who are interested in securing competitive, integrated employment or advancing in their career. Of those persons enrolled in the VR program, data show that 23 percent are people of color, 2.4 percent are veterans, and 31 percent are currently receiving public benefits.

There is a strong correlation between disability and poverty. Historically, people with the most significant disabilities have a much higher unemployment rate than people without disabilities. The proposal is designed to increase the access to competitive, integrated employment. The VRS program seeks to provide services and supports to individuals with disabilities to obtain, maintain, and advance in competitive, integrated employment, thereby reducing the historic employment disparities for people with disabilities. This proposal will also improve the economic self-sufficiency for people with disabilities and promote full inclusion in their communities.

Results:

The overall success of this proposal would be measured by keeping Service Category 1 open indefinitely. Previous years' outcome metrics are below:

	SFY 2012	SFY 2013	SFY 2014	SFY 2015
New participants accepted for service	6,901	7,076	5,898	6,651
New employment plans	4,821	5,044	4,508	5,336
Participants completing an employment plan and attaining employment	2,536	2,752	2,875	2,944
Participating employers	1,780	1,895	1,991	2,027
Year-end active caseload	10,601	10,898	10,242	10,123

Statutory Change(s):

None.

Department of Employment and Economic Development

FY18-19 Biennial Budget Change Item

Change Item Title: Angel Tax Credit

Fiscal Impact (\$000s)	FY 2018	FY 2019	FY 2020	FY 2021
General Fund				
Expenditures	0	0	0	0
Revenues	0	(10,000)	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	0	10,000	0	0
FTEs	0	0	0	0

Recommendation:

The Governor recommends \$10 million in FY2019 for the Angel Tax Credit Program in calendar year 2018. This is a one-time appropriation. The Governor further recommends policy changes to better serve targeted businesses in Minnesota and extending the program's sunset clause to December 31, 2018.

These funds provide a tax credit to investors or investment funds that put money into early stage companies focused on high technology, a new proprietary technology, or a new proprietary product, process, or service in specified fields. The program was funded at \$15 million in calendar years 2015 and 2016 and \$10 million in calendar year 2017.

Rationale/Background:

The Angel Tax Credit program is Minnesota's primary economic development tool for assisting early stage businesses and is part of the Department of Employment and Economic Development's (DEED) commitment to fostering innovation in the state. Minnesota has earned its reputation as one of the best states for business by encouraging the growth and economic competitiveness of businesses of all sizes. As high-tech startups look outside the confines of traditional hubs like Silicon Valley, Minnesota has the opportunity to provide incentives that will encourage job growth and technical expertise here in the state. The Angel Tax Credit program has resulted in over \$350 million in private investment in Minnesota startups, leveraged by the state's issuance of \$84 million in tax credits to angel investors. The program spurs economic growth and builds on Minnesota's existing ecosystem of high tech, high innovation companies.

The program is also an important tool for wealth creation in communities across the state. Since its inception, DEED has sought to broaden the base of individuals, communities, and businesses that benefit from the program. DEED believes it is critical that all qualifying businesses in Minnesota have access to the benefits of the program. The policy changes included in this proposal will increase utilization of the program among targeted group businesses, including those owned by people color, women-owned businesses, veteran-owned businesses, businesses owned by people with disabilities, and/or businesses in Greater Minnesota.

Proposal:

The Governor recommends \$10 million in FY2019 for the Angel Tax Credit program. The program exhausts available funding every year; when credits are exhausted, some investors stop investing for the year and start-up business face barriers to obtain the equity financing they need to continue their growth.

Better Serving All Minnesotans

The Governor the program be modified to better serve targeted group businesses. These modifications include:

- *Lower minimum investment thresholds for investors of targeted business:* This proposal reduces the minimum investment for individuals from \$10,000 to \$5,000 to increase the pool of potential investors in targeted businesses. Targeted businesses typically raise smaller amounts from each investor than non-targeted businesses.

- *Eliminate restrictions on friends and families:* This proposal eliminates the exclusion of friends and family members from being eligible for the credit to increase the pool of potential investors in targeted businesses. Friends and family members are usually the first investors in a business and an especially important source of investment dollars for targeted group businesses.

Extending the Sunset Clause

The Governor recommends that the program's sunset clause be extended until December 31, 2018. Under current law, the program will end December 31, 2017.

Equity and Inclusion:

The policy changes in this proposal specifically target businesses owned by people color, women-owned businesses, veteran-owned businesses, businesses owned by people with disabilities, and/or businesses in Greater Minnesota by reserving credits for investments in these business and modifying certain program requirements to better enable them to access and benefit from the program.

Results:

	CY 2012	CY 2013	CY 2014	CY 2015
Number of businesses receiving investments	117	128	109	114
Number of Greater MN/minority/women businesses receiving investment**	n/a	n/a	n/a	33
Number of investors making investments	465	452	487	542
Number of funds making investments	17	20	25	23
Investment generated	\$46.2M	\$50.7M	\$59.7M	\$71.2M
Investment generated for Greater MN/minority/women businesses**	n/a	n/a	n/a	\$19.3M
Dollars funded	\$11.4M	\$12.4M	\$13.9M	\$14.8M
Dollars funded for Greater MN/minority/women businesses**	n/a	n/a	n/a	\$4.4M

Statutory Change:

Minn. Stat. 116J.8737

Department of Employment and Economic Development

FY18-19 Biennial Budget Change Item

Change Item Title: DEED Operating Adjustment

Fiscal Impact (\$000s)	FY 2018	FY 2019	FY 2020	FY 2021
General Fund				
Expenditures	756	1,235	1,235	1,235
Revenues	0	0	0	0
Other Funds				
Expenditures	18	31	31	31
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	774	1,266	1,266	1,266
FTEs	0	0	0	0

Recommendation:

The Governor recommends additional funding of \$756,000 in FY2018 and \$1,235,000 each year thereafter from the general fund and \$18,000 in FY2018 and \$31,000 each year thereafter from the workforce development fund to maintain the current level of service delivery at the Department of Employment and Economic Development (DEED).

Rationale/Background:

Each year, employer-paid health care contributions, pension contributions, FICA and Medicare, along with other salary and compensation-related costs increase. Other operating costs, like rent and lease, fuel and utilities, and IT and legal services also grow. This cost growth puts pressure on agency operating budgets that remain flat from year to year.

Agencies face challenging decisions to manage these costs within existing budgets, while maintaining the services Minnesotans expect. From year to year, agencies find ways to become more efficient with existing resources. However, cost growth typically outstrips efficiencies, and without additional resources added to agency budgets, service delivery erodes.

For DEED, an erosion of services includes:

- Business and Community Development (BCD):
 - Loss of federal match money on a 1:1 basis
 - Reduction in service levels to clients
 - Reduction in the ability to meet client timelines
 - Limitations on the ability to effectively achieve the Small Business Office's mission
- Minnesota Trade Office (MTO):
 - Loss of some international trade assistance services to Minnesota companies
 - Reduction in the number of export education seminars, reducing individual participation and limiting outreach to Minnesota companies.
 - Elimination of some planned trade missions to strategic global markets
 - Reduction to staffing support to foreign offices
 - Reduction in the capacity to host potential foreign business partners and advice on protocols
 - Reduction in general outreach to Minnesota regions
- State Services for the Blind (SSB):
 - Diminished capacity to meet braille reading needs of SSB customers – primarily students in K-12, college, and transition
 - Diminished capacity to meet the audio reading needs of SSB customers – students needing textbooks, job seekers, those wanting to retain their jobs, and everyday materials that Minnesotans need

Proposal:

The Governor recommends increasing agency operating budgets to maintain the delivery of current services. For DEED this funding will cover expected and anticipated employee compensation growth, including anticipated compensation increases and employer-paid pension costs.

Results:

This proposal is intended to allow agencies to continue to provide current levels of service and information to the public.

Statutory Change(s):

N.A.

Department of Employment and Economic Development

FY18-19 Biennial Budget Change Item

Change Item Title: Emerging Entrepreneur Loan Program

Fiscal Impact (\$000s)	FY 2018	FY 2019	FY 2020	FY 2021
General Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	0	0	0	0
FTEs	0	0	0	0

Recommendation:

The Governor recommends policy and technical changes to the Emerging Entrepreneur Loan Program (EELP), a statewide revolving loan fund benefiting targeted businesses, including those owned by people of color, women, veterans, people with disabilities, and/or businesses located in economically distressed areas.

Rationale/Background:

EELP was created in 2016 to help communities realize the benefits of home-grown entrepreneurship. This program is administered through partnerships with nonprofit lending organizations statewide and is funded from repurposed funds from several Department of Employment and Economic Development (DEED) programs in order to serve two distinct roles:

- To provide grants to nonprofit lenders for loans to businesses owned by people of color, women, veterans, people with disabilities, and/or businesses in economically distressed areas.
- To provide grants to nonprofit business technical assistance providers.

Small businesses face obstacles in accessing capital throughout the state. In particular, targeted businesses, including such as businesses owned by people of color, women, veterans, people with disabilities, and/or businesses in economically distressed areas, are often perceived as risky investments for conventional bank loans due to issues such as poor credit history, lack of credit history, lack of owner equity, etc. By working with community lenders certified to work with targeted small businesses, EELP helps fill this critical gap.

The proposed technical changes would improve program operation. The retention of funds would boost long-term funding for the program as unused funds would remain with the program rather than be returned to the general fund. Forgiving a portion of the loan would reduce repayments to the program and result in a lower revolving loan fund that would be used for future loans. Stakeholders, including lenders, will support the technical changes as they will improve program operations. They will also support the fiscal changes as they will improve access to capital for targeted business groups.

Proposal:

Policy Proposal: Allow up to 10 percent portion of state-funded loan to be forgivable.

- The Governor recommends allowing EELP lenders, nonprofit lending organizations contracted by DEED, to forgive remaining EELP payments once 90% of the loan principal has been repaid. Lenders would need to develop their own criteria outlining how this provision would be used for transactions. This change will provide increased cash flow to targeted businesses.

Lost loan repayment revenue from this provision would begin impacting the revolving loan fund beginning in FY2022. DEED anticipates that approximately 50% of loans issued under EELP would meet the criteria for loan forgiveness.

DEED anticipates \$36,000 in lost loan repayment revenue starting in FY2022, and \$56,000 per year starting in FY2023.

Technical Proposals

- *Rename the program.* This proposal changes the name of the program to the “Emerging Entrepreneur Loan” program to clarify for program users that the program provides loans not grants.
- *Allow funds to be used past a given fiscal year.* This proposal allows EELP appropriations, beginning in FY2018, to be deposited in the program revolving loan account in the special revenue fund. In 2016, the Legislature intended the EELP be a revolving loan program, but did not provide direct legislative authorization. Without direct legislative authorization for appropriations to be transferred to the revolving loan fund, unobligated appropriations return to the general fund annually.
- *Modify language related to the definition of low-income households and areas.* Current program language regarding low-income households and areas is inconsistent. This proposal would define of a low-income area as those cities in the metropolitan area that have a “median income” as opposed to an “average income” that is below 80 percent of the median income for a four-person family.
- *Clarify the program timeline of EELP.* This proposal clarifies EELP will run on a fiscal year basis and changes dates in statute accordingly. Current program language assumed that the program would operate under a calendar year basis. However, with a base appropriation now arriving on July 1 of each year, the program will operate on a fiscal year timeline. The nine-month set-aside should begin on July 1 (rather than January 1) and end on March 30 (rather than September 30) to reflect the state fiscal calendar.
- *Clean-up language removing “board” and insert “department.”* This proposal eliminates obsolete language. Current language removed program oversight functions from the Emerging Entrepreneur Board, since DEED already fulfilled most of these functions. Most of the requested changes were completed, but some mentions of “Board” mistakenly remained. This proposal would remove the remaining “Board” language and replace with “Department.”
- *Change the date lenders need to annually report to DEED.* This proposal requires EELP lenders submit an annual report to DEED by February 15 instead of March 30 to ensure DEED can publish a summary report for legislative review.
- *Delete Minnesota Rules, part 4355 which governed the “Urban Challenge Grant Program” (more commonly known as the Urban Initiative Loan Program).* This proposal repeals an obsolete rule that references the Urban Initiative Loan program, which the Legislature replaced with EELP.

Equity and Inclusion:

This proposal makes policy and technical improvements to the EELP in order to better serve businesses owned by people of color, women, veterans, people with disabilities, and/or businesses in economically distressed areas. DEED anticipates that these groups will have greater access to capital and assistance in starting small businesses than they had under the previous program.

Increased lending to targeted businesses will improve economic opportunity, create wealth for individuals from targeted communities, and strengthen neighborhoods and communities by stimulating economic development in low-income areas. Though many EELP businesses are small, owners of targeted businesses are also likely to fill job vacancies from communities experiencing economic disparities.

Results:

Since EELP is a new program, DEED does not yet have program outcomes. However, past performance of both the Emerging Entrepreneur Fund and the Urban Initiative Program illustrate some general trends in this space.

Emerging Entrepreneur Fund	CY 2012	CY 2013	CY 2014	CY 2015
Number of businesses assisted	28	35	31	41
SSBCI funds contributed	\$1.1M	\$2.1M	\$1.4M	\$1.4M
Amount of leverage dollars achieved	\$13.1M	\$19.2M	\$18.9M	\$12.1M

Urban Initiative Loan Program	SFY 2012	SFY 2013	SFY 2014	SFY 2015
Number of projects	23	20	20	34
Loan amounts	\$460,070	\$579,770	\$832,900	\$1,132,367

In addition to measuring metrics similar to the ones above for the new program, DEED will also measure program outcomes for businesses in the newly targeted groups:

- **Quantity:** Number of businesses assisted owned by individuals in targeted groups
- **Quantity:** Amount of loans awarded to business owners in targeted groups.
- **Quantity:** Amount of leverage dollars achieved by businesses owned by individuals in targeted groups.

Statutory Change(s):

Minn. Stat. 116M.14

Department of Employment and Economic Development

FY18-19 Biennial Budget Change Item

Change Item Title: Governor's Workforce Development Board Statute Updates

Fiscal Impact (\$000s)	FY 2018	FY 2019	FY 2020	FY 2021
General Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	0	0	0	0
FTEs	0	0	0	0

Recommendation:

The Governor recommends updates to the statute that governs the Governor's Workforce Development Board (GWDB) to bring it into alignment with recent changes to federal law.

Rationale/Background:

Due to recent changes made in both state and federal law regarding the composition and duties of the Board, the current statute is now out of compliance. Passing the necessary changes in Minnesota statute will allow the GWDB to come into compliance with both federal and state law.

Proposal:

The federal Workforce Innovation and Opportunity Act (WIOA) passed in 2014 governs the Governor's Workforce Development Board which is also codified in Minnesota Statutes. WIOA made changes to the membership and duties of state workforce boards. The required membership changes necessitate an increase in board membership and thus results in an increased number of per diems. These costs are currently borne by federal funding and the increase in per diems will be negligible and borne by the same federal funding. The purpose of these changes were to increase the representation of industry on the Board and emphasize regional, industry-driven sector workforce development efforts as part of state policy. This proposal makes conforming changes to Minnesota statute to be compliant with WIOA. This language was included in a DEED policy initiative in the 2016 session, but did not become law.

Equity and Inclusion:

The GWDB provides policy recommendations for the workforce system in Minnesota. With a more diverse membership that better reflects Minnesota's demographics, the Board will be better equipped to address Minnesota's employment disparities. It specifies inclusion of minority representatives of community-based organizations that have demonstrated experience and expertise in addressing the employment, training, or education needs of individuals with barriers to employment.

Results:

One primary outcome of these changes will be that the Board membership diversity has increased.

Statutory Change(s):

Minn. Stat. 116L.665

Department of Employment and Economic Development

FY18-19 Biennial Budget Change Item

Change Item Title: Pathways to Prosperity

Fiscal Impact (\$000s)	FY 2018	FY 2019	FY 2020	FY 2021
General Fund				
Expenditures	5,000	5,000	5,000	5,000
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	5,000	5,000	5,000	5,000
FTEs	2.4	2.4	2.4	2.4

Recommendation:

The Governor recommends \$5 million in FY 2018 and \$5 million in FY 2019 for the Pathways to Prosperity program and combining DEED's existing FastTRAC Adult Career Pathways and the Adult Workforce Development Competitive Grant programs into the Pathways to Prosperity program, which would allow for one single competitively awarded career pathways program.

Rationale/Background:

Minnesotans of color experience higher unemployment and poverty rates than white Minnesotans. In 2015, American Indian Minnesotans had an unemployment rate of 12.5 percent and Black Minnesotans had an overall unemployment rate of 10.1 percent, while their white counterparts had an unemployment rate of 3.4 percent.

DEED created the Pathways to Prosperity program in 2015, based on the career pathways model, which uses partnerships to build a series of connected education and training opportunities, combined with support services, to help individuals advance to higher levels of education and employment in high-growth, high-demand fields. Pathways to Prosperity is a proven strategy to address Minnesota's employment disparities.

Proposal:

The proposal will merge the FastTRAC Adult Career Pathways and Adult Workforce Competitive Grant programs into the Pathways to Prosperity program and expand the Pathways to Prosperity program. The merged Pathways to Prosperity program will reflect the programs' common mission and goals, make resources available to nonprofit service providers and customers more effectively, and reflect the lessons learned from these programs (and similar programs nationally) in recent years. Pathways to Prosperity will operate as one competitive grant program, administered at DEED, creating a larger, more integrated pool of competitive grant funding that creates efficiencies for DEED staff and for workforce development service providers.

The Pathways to Prosperity program provides participants with basic education, skills training, and support services, while expanding their career awareness. The goal for any individual in the Pathways to Prosperity program is secure employment with family sustaining wages. Services are designed to empower individuals to enter or re-enter the workforce and may include: leadership development, decision-making skills development, child care, legal assistance, transportation, housing support, one-to-one personal counseling, support groups and networking, job-seeking and job-retention methods, and soft-skills training.

This recommendation allows DEED to reserve 5% of the appropriation for program administration, including 2.4 FTEs; the remaining 95% would be expended as grants.

Equity and Inclusion:

The Pathways to Prosperity program targets people of color, people with disabilities, and people experiencing multiple barriers to employment, including: housing instability, criminal backgrounds, lack of a high school diploma or GED, and long-term

unemployment. In targeting these populations, the Pathways to Prosperity program is focused on addressing educational and employment disparities.

Results:

Since Pathways to Prosperity was created in 2015, the program has served over 2,000 participants. Of those, 89% have exited the program into unsubsidized employment at wages averaging \$13.28 per hour. Of the 89% that completed the program, 58% were previously unemployed prior to entering the program and 58% were people of color.

Statutory Change(s):

116L.981

Program: Business and Community Development

<http://mn.gov/deed/business/>

AT A GLANCE

- Administers financing programs to help businesses retain existing jobs and create new high-quality jobs.
- Administers financing programs and special appropriations to support community development.
- Provides information and access to resources to help entrepreneurs and small businesses.
- Funds cooperative training projects involving partnerships between businesses and educational institutions that build the skills of new employees and/or retrain existing employees.
- In FY 2016, across all programs both federal and state, DEED awarded \$139 million for 464 projects resulting in a minimum of \$4.2 billion in leveraged investment, the creation of 7,169 new jobs and the retention of 14,345 jobs.

PURPOSE & CONTEXT

DEED's Business and Community Development (BCD) program area contributes to Minnesota's economic success by providing services that support the growth of businesses and communities.

We provide financial and technical services to businesses and communities to support the creation, expansion, attraction, and retention of businesses in and to Minnesota. We also work to help communities become affordable, quality places for people and businesses to locate, grow, and prosper.

SERVICES PROVIDED

We accomplish our mission via the following activities:

- *Business Finance:* we administer financing and tax credit programs that provide capital to growing businesses in Minnesota. Some key programs include the Minnesota Job Creation Fund, which provides performance-based awards to new and expanding businesses after they meet job creation and capital investment targets; the Minnesota Investment Fund, which provides upfront financing that targets job creation in industrial, manufacturing and high-tech industries; and the Angel Tax Credit Program, which provides incentives to invest in start-up and emerging companies (primarily in high-tech industries). We also oversee the Emerging Entrepreneur Program, which provides loans targeted toward Minnesota small businesses owned by women, veterans, people with disabilities, people from communities of color and/or low-income individuals.
- *Brownfields and Redevelopment:* we manage grant and loan programs that assist local units of government with the investigation and cleanup of contamination and the redevelopment of underutilized properties. The Contamination Cleanup and Investigation Grant Program helps pay for assessing and cleaning contaminated sites for private or public redevelopment. The Redevelopment Grant Program helps communities with the costs of redeveloping blighted industrial, residential, or commercial sites and putting land back into productive use. The Demolition Loan Program helps with the costs of demolishing blighted buildings on sites that have future development potential but no current plans.
- *Business Development:* our regional business development representatives assist businesses and communities to access DEED services and other available resources to support the growth, retention and attraction of workforce and businesses. The office also promotes specific industry sectors where Minnesota has strength and/or potential for growth.
- *Community Finance:* we administer programs that assist local governments in attracting and keeping businesses and jobs in their communities. Key programs include the Small Cities Development Program, Business Development Public Infrastructure Program, Innovative Business Development Public Infrastructure Program, and the Workforce Housing Program. Through financial assistance for housing, the development of commercial and industrial property, and

improvements to public infrastructure, we help communities prosper and position themselves for future economic growth.

- *Minnesota Job Skills Partnership (MJSP)*: our Minnesota Job Skills Partnership provides funding for cooperative training projects that build the skills of new employees and/or retrain a company's existing employees. These grants are awarded to educational institutions with businesses as partners. This program can also provide training to low income individuals to help them advance their career, achieving higher paying jobs and economic self-sufficiency.
- *Small Business Assistance Office (SBAO)*: our Small Business Assistance Office works to reduce costs for small businesses by providing timely, accurate, and comprehensive information and technical assistance on all aspects of the start-up, operation, or expansion of a small business. The SBAO complements the work of the Small Business Development Center network (SBDCs), which aids in the development of new and existing businesses through a statewide network of offices offering entrepreneurs business consulting, training services and assistance in locating and securing capital.

RESULTS

Type of Measure	Name of Measure	Previous	Current	Dates
Quality	Leveraged private investment through all programs	\$642M	\$4.2B	SFY 2015 & SFY 2016
Results	# of jobs to be created/retained through all programs	21,018	21,514	SFY 2015 & SFY 2016
Results	# of jobs to be created through the Minnesota Job Creation Fund	1,241	1,444	SFY 2015 & SFY 2016
Quantity	Amount of investments generated through the Minnesota Angel Tax Credit Program	\$59.8M	\$70.4M	SCY 2014 & SCY 2015
Quantity	# of workers trained through the Minnesota Job Skills Partnership Program	6,580*	10,052*	SFY 2015 & SFY 2016
Quantity	# of small business clients served through the SBDC and SBAO	34,934	37,152	SFY 2015 & SFY 2016
Quality	Leveraged private investment through the Contamination Investigation and Cleanup Grant Program	\$724M	\$1.81B	SFY 2015 & SFY 2016
Quality	Leveraged private investment through the Redevelopment Grant Program	\$263M	\$506M	SFY 2015 & SFY 2016
Quality	Leveraged private investment through the Innovative Business Development Public Infrastructure Program	\$9M	\$300K	SFY 2015 & SFY 2016
Quality	Leveraged private investment through the Business Development Public Infrastructure program	\$5.4M	\$4.2M	SFY 2015 & SFY 2016

* SFY15 and SFY16 MJSP grants are currently open, so total number of workers is the "planned number of trainees" the employer indicated they would serve in their grant application.

Minn. Stat. § 116J (<https://www.revisor.mn.gov/statutes/?id=116J>) provides the legal authority for DEED's Business and Community Development program.

(Dollars in Thousands)

Expenditures By Fund

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY14	FY15	FY16	FY17	FY18	FY19	FY18	FY19
1000 - General	32,591	50,943	66,322	67,302	39,980	48,977	49,980	58,977
2000 - Restrict Misc Special Revenue	319	1,403	1,163	1,592	741	740	741	740
2001 - Other Misc Special Revenue	1,365	3,522	358	569	1,300	1,280	1,300	1,280
2350 - Petroleum Tank Release Cleanup	5,079	7,929	7,837	11,802	6,200	6,200	6,200	6,200
2390 - Workforce Development	0	0	581	1,650	900	900	900	900
2403 - Gift	81	43	16	65	40	40	40	40
2801 - Remediation Fund	817	1,707	797	1,340	700	700	700	700
3000 - Federal	20,896	19,099	16,128	49,011	19,299	18,943	19,299	18,943
Total	61,147	84,647	93,203	133,331	69,160	77,781	79,160	87,781
<i>Biennial Change</i>				80,741		(79,594)		(59,594)
<i>Biennial % Change</i>				55		(35)		(26)
<i>Governor's Change from Base</i>								20,000
<i>Governor's % Change from Base</i>								14

Expenditures by Budget Activity

Budget Activity: Business Development-DEED	1,518	1,577	1,581	2,122	1,698	1,698	1,698	1,698
Budget Activity: Community Finance	28,731	40,632	33,606	76,769	35,664	44,369	35,664	44,369
Budget Activity: Entrepreneurship & Sm Bus Dev	4,112	3,837	3,604	9,260	4,959	4,934	4,959	4,934
Budget Activity: Business Finance	19,379	31,307	47,266	39,793	21,736	21,676	31,736	31,676
Budget Activity: Job Skills Partnership	7,408	7,294	7,147	5,387	5,104	5,104	5,104	5,104
Total	61,147	84,647	93,203	133,331	69,160	77,781	79,160	87,781

Expenditures by Category

Compensation	4,094	4,461	4,503	5,175	5,169	5,233	5,169	5,233
Operating Expenses	1,786	2,222	1,910	4,109	2,538	2,272	2,538	2,272
Other Financial Transactions	2,172	7	143	1,896	184	174	184	174
Grants, Aids and Subsidies	53,095	77,957	86,647	122,152	61,270	70,102	71,270	80,102
Total	61,147	84,647	93,203	133,331	69,160	77,781	79,160	87,781
Total Agency Expenditures	61,147	84,647	93,203	133,331	69,160	77,781	79,160	87,781
Internal Billing Expenditures	539	666	649	636	630	639	630	639
Expenditures Less Internal Billing	60,608	83,980	92,554	132,695	68,530	77,141	78,530	87,141

(Dollars in Thousands)

<u>Full-Time Equivalents</u>	45.7	49.4	48.4	50.1	49.7	49.6	49.7	49.6
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1000 - General

	Actual FY14	Actual FY15	Actual FY16	Estimate FY17	Forecast Base		Governor's Recommendation	
					FY18	FY19	FY18	FY19
Balance Forward In	24,534	34,675	40,697	23,392	796	538	796	538
Direct Appropriation	51,236	52,834	49,194	58,307	37,961	37,961	47,961	47,961
Open Appropriation	0	0	0	0	2,317	11,373	2,317	11,373
Net Transfers	(7,874)	(963)	(165)	(13,600)	(555)	(555)	(555)	(555)
Cancellations	2,865	532	12	0	0	0	0	0
Expenditures	32,591	50,943	66,322	67,302	39,980	48,977	49,980	58,977
Balance Forward Out	32,441	35,071	23,392	796	538	339	538	339
<i>Biennial Change in Expenditures</i>				50,090		(44,668)		(24,668)
<i>Biennial % Change in Expenditures</i>				60		(33)		(18)
<i>Gov's Exp Change from Base</i>								20,000
<i>Gov's Exp % Change from Base</i>								22
Full-Time Equivalents	34.3	37.7	37.6	40.5	40.2	40.2	40.2	40.2

2000 - Restrict Misc Special Revenue

	Actual FY14	Actual FY15	Actual FY16	Estimate FY17	Forecast Base		Governor's Recommendation	
					FY18	FY19	FY18	FY19
Balance Forward In	4,707	5,371	5,331	5,318	4,816	4,542	4,816	4,542
Receipts	967	793	895	851	761	599	761	599
Net Loan Activity	0	(167)	255	239	(294)	(351)	(294)	(351)
Expenditures	319	1,403	1,163	1,592	741	740	741	740
Balance Forward Out	5,356	4,594	5,318	4,816	4,542	4,050	4,542	4,050
<i>Biennial Change in Expenditures</i>				1,033		(1,274)		(1,274)
<i>Biennial % Change in Expenditures</i>				60		(46)		(46)
<i>Gov's Exp Change from Base</i>								0
<i>Gov's Exp % Change from Base</i>								0
Full-Time Equivalents	3.1	3.0	3.8	3.1	3.1	3.1	3.1	3.1

2001 - Other Misc Special Revenue

	Actual FY14	Actual FY15	Actual FY16	Estimate FY17	Forecast Base		Governor's Recommendation	
					FY18	FY19	FY18	FY19
Balance Forward In	20,031	21,717	11,853	20,024	33,950	40,185	33,950	40,185
Receipts	2,615	6,425	7,898	3,617	6,447	6,415	6,447	6,415
Net Transfers	0	(12,637)	237	11,158	713	713	713	713
Net Loan Activity	0	(370)	394	(280)	375	422	375	422
Expenditures	1,365	3,522	358	569	1,300	1,280	1,300	1,280

2001 - Other Misc Special Revenue

Balance Forward Out	21,282	11,614	20,024	33,950	40,185	46,455	40,185	46,455
Biennial Change in Expenditures				(3,959)		1,653		1,653
Biennial % Change in Expenditures				(81)		178		178
Gov's Exp Change from Base								0
Gov's Exp % Change from Base								0
Full-Time Equivalents	1.0	1.6	0.9	0.9	0.9	0.9	0.9	0.9

2350 - Petroleum Tank Release Cleanup

	Actual FY14	Actual FY15	Actual FY16	Estimate FY17	Forecast Base		Governor's Recommendation	
					FY18	FY19	FY18	FY19
Balance Forward In	7,327	8,777	7,239	5,602	0	0	0	0
Net Transfers	0	0	0	0	0	0	0	0
Expenditures	5,079	7,929	7,837	11,802	6,200	6,200	6,200	6,200
Balance Forward Out	8,448	7,048	5,602	0	0	0	0	0
Biennial Change in Expenditures				6,630		(7,239)		(7,239)
Biennial % Change in Expenditures				51		(37)		(37)
Gov's Exp Change from Base								0
Gov's Exp % Change from Base								0
Full-Time Equivalents	2.2	2.2	1.8	1.7	1.7	1.7	1.7	1.7

2390 - Workforce Development

	Actual FY14	Actual FY15	Actual FY16	Estimate FY17	Forecast Base		Governor's Recommendation	
					FY18	FY19	FY18	FY19
Direct Appropriation	0	0	900	1,650	900	900	900	900
Cancellations	0	0	319	0	0	0	0	0
Expenditures	0	0	581	1,650	900	900	900	900
Biennial Change in Expenditures				2,231		(431)		(431)
Biennial % Change in Expenditures						(19)		(19)
Gov's Exp Change from Base								0
Gov's Exp % Change from Base								0

2403 - Gift

	Actual FY14	Actual FY15	Actual FY16	Estimate FY17	Forecast Base		Governor's Recommendation	
					FY18	FY19	FY18	FY19
Balance Forward In	24	41	2	25	0	0	0	0
Receipts	99	4	40	40	40	40	40	40
Expenditures	81	43	16	65	40	40	40	40

2403 - Gift

Balance Forward Out	41	2	25	0	0	0	0	0
<i>Biennial Change in Expenditures</i>				(43)		(1)		(1)
<i>Biennial % Change in Expenditures</i>				(35)		(1)		(1)
<i>Gov's Exp Change from Base</i>								0
<i>Gov's Exp % Change from Base</i>								0

2801 - Remediation Fund

	Actual FY14	Actual FY15	Actual FY16	Estimate FY17	Forecast Base		Governor's Recommendation	
					FY18	FY19	FY18	FY19
Balance Forward In	1,824	1,707	737	640	0	0	0	0
Direct Appropriation	700	700	700	700	700	700	700	700
Expenditures	817	1,707	797	1,340	700	700	700	700
Balance Forward Out	1,707	700	640	0	0	0	0	0
<i>Biennial Change in Expenditures</i>				(387)		(737)		(737)
<i>Biennial % Change in Expenditures</i>				(15)		(34)		(34)
<i>Gov's Exp Change from Base</i>								0
<i>Gov's Exp % Change from Base</i>								0

3000 - Federal

	Actual FY14	Actual FY15	Actual FY16	Estimate FY17	Forecast Base		Governor's Recommendation	
					FY18	FY19	FY18	FY19
Balance Forward In	2,216	5,066	7,486	5,459	588	44	588	44
Receipts	23,746	24,258	16,784	48,599	21,055	18,900	21,055	18,900
Net Loan Activity	0	(2,748)	(2,683)	(4,459)	(2,300)	0	(2,300)	0
Expenditures	20,896	19,099	16,128	49,011	19,299	18,943	19,299	18,943
Balance Forward Out	5,066	7,477	5,459	588	44	0	44	0
<i>Biennial Change in Expenditures</i>				25,145		(26,897)		(26,897)
<i>Biennial % Change in Expenditures</i>				63		(41)		(41)
<i>Gov's Exp Change from Base</i>								0
<i>Gov's Exp % Change from Base</i>								0
Full-Time Equivalents	5.2	4.9	4.2	3.9	3.9	3.8	3.9	3.8

Program: Unemployment Insurance

<http://uimn.org/uimn/>

AT A GLANCE

- Pays eligible workers up to 50 percent of their average weekly wage, subject to a state maximum for up to 26 weeks.
- Collaborates with WorkForce Center partners to ensure workers obtain the assistance needed to speedily return to employment.
- Paid \$778 million in unemployment benefits to 166,361 Minnesotans in 2015.
- Minnesota UI regularly ranks among the top 5 states in the country in achieving federal performance standards.

PURPOSE & CONTEXT

The Unemployment Insurance (UI) program's mission is to enhance workforce development and the economic strength of Minnesota by providing unemployment insurance for individuals and employers. The program provides a temporary, partial wage replacement to workers unemployed through no fault of their own.

Unemployment insurance benefits provide stability to local economies by helping to maintain spending during prolonged economic downturns; support dislocated workers while they obtain training so they may re-enter the labor market; and ensure that skilled workers do not leave an area in search of other work during periods of short-term unemployment.

SERVICES PROVIDED

We accomplish our mission through a variety of advanced technological and management approaches, including:

- Ensuring the prompt payment of benefits to eligible unemployed workers.
- Reducing the administrative burdens on employers who pay unemployment insurance taxes as much as possible.
- Using human resources as cost-effectively as possible.
- Collaborating with WorkForce Center partners to ensure workers obtain the assistance needed to speedily return to employment that makes the best possible use of the worker's skills and abilities (a requirement of UI).

We achieve these goals through several different activities:

- *Appeals Operations and Legal Affairs:* we conduct appeal hearings and Workers' Compensation interventions to ensure that all legal standards are properly applied.
- *Audits and Special Accounts:* we ensure compliance through field audits and manage special programs such as Disaster Unemployment Insurance; Interstate, Federal and Military Claims; the Shared Work Program; and Trade Readjustment Allowances.
- *Customer Service Center:* we work to make the program easy to understand by providing fast, responsive applicant and employer unemployment insurance account support.
- *Program Performance and Outreach:* we focus on operational improvement through informational/outreach programming, benefit accuracy measurements, profiling, program budget evaluation, reemployment assistance, and training.

RESULTS

Type of Measure	Name of Measure	Previous	Current	Dates
Quantity	Timely First Payment of Benefits (Federal goal: 87% in 14 days)	92.0%	93.3%	SFY 2015 & SFY 2016
Quantity	# New initial applications (new and reactivated) for benefits	255,167	253,762	SFY 2015 & SFY 2016
Quality	Avg. telephone wait time to speak to UI representative	56 Seconds	51 Seconds	SFY 2015 & SFY 2016
Quality	Timely Eligibility Determinations (Federal goal: 80% in 21 days)	88.9%	90.1%	SFY 2015 & SFY 2016
Results	Timely Appeal Decisions (Federal goal: 60% in 30 days)	92.0%	96.3%	SFY 2015 & SFY 2016 (est.)

Minn. Stat. § 268 (<https://www.revisor.mn.gov/statutes/?id=268A.11>), U.S. Code, Title 42, Chapter 7 (<http://www.law.cornell.edu/uscode/text/42/chapter-7>), and U.S. Code, Title 26, Chapter 23 (<http://www.law.cornell.edu/uscode/text/26/subtitle-C/chapter-23>) provide the legal authority for DEED's Unemployment Insurance program.

(Dollars in Thousands)

Expenditures By Fund

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY14	FY15	FY16	FY17	FY18	FY19	FY18	FY19
2000 - Restrict Misc Special Revenue	0	0	107	12,942	6,516	6,516	6,516	6,516
3000 - Federal	55,781	49,008	45,283	49,576	49,924	53,791	49,924	53,791
Total	55,781	49,008	45,389	62,518	56,440	60,307	56,440	60,307
<i>Biennial Change</i>				3,119		8,839		8,839
<i>Biennial % Change</i>				3		8		8
<i>Governor's Change from Base</i>								0
<i>Governor's % Change from Base</i>								0

Expenditures by Budget Activity

Budget Activity: Unemployment Insurance	55,781	49,008	45,389	62,518	56,440	60,307	56,440	60,307
Total	55,781	49,008	45,389	62,518	56,440	60,307	56,440	60,307

Expenditures by Category

Compensation	27,334	28,077	26,588	26,971	27,886	30,675	27,886	30,675
Operating Expenses	25,479	20,616	18,698	35,546	28,553	29,631	28,553	29,631
Other Financial Transactions	972	38	142	1	1	1	1	1
Grants, Aids and Subsidies	340	276	(39)	0	0	0	0	0
Capital Outlay-Real Property	1,656	0	0	0	0	0	0	0
Total	55,781	49,008	45,389	62,518	56,440	60,307	56,440	60,307
Total Agency Expenditures	55,781	49,008	45,389	62,518	56,440	60,307	56,440	60,307
Internal Billing Expenditures	3,603	4,182	3,795	3,304	3,387	3,726	3,387	3,726
Expenditures Less Internal Billing	52,178	44,826	41,595	59,214	53,053	56,581	53,053	56,581

Full-Time Equivalents

	419.5	392.4	357.8	356.4	368.5	405.3	368.5	405.3
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2000 - Restrict Misc Special Revenue

	Actual FY14	Actual FY15	Actual FY16	Estimate FY17	Forecast Base		Governor's Recommendation	
					FY18	FY19	FY18	FY19
Balance Forward In	0	0	0	6,422	0	0	0	0
Receipts	7,154	8,323	6,529	6,520	6,516	6,516	6,516	6,516
Net Transfers	(7,154)	(8,323)	0	0	0	0	0	0
Expenditures	0	0	107	12,942	6,516	6,516	6,516	6,516
Balance Forward Out	0	0	6,422	0	0	0	0	0
<i>Biennial Change in Expenditures</i>				13,049		(17)		(17)
<i>Biennial % Change in Expenditures</i>						0		0
<i>Gov's Exp Change from Base</i>								0
<i>Gov's Exp % Change from Base</i>								0

3000 - Federal

	Actual FY14	Actual FY15	Actual FY16	Estimate FY17	Forecast Base		Governor's Recommendation	
					FY18	FY19	FY18	FY19
Balance Forward In	1,790	1,110	597	2,431	0	0	0	0
Receipts	54,585	48,351	47,118	47,144	49,924	53,791	49,924	53,791
Expenditures	55,781	49,008	45,283	49,576	49,924	53,791	49,924	53,791
Balance Forward Out	594	453	2,431	0	0	0	0	0
<i>Biennial Change in Expenditures</i>				(9,930)		8,856		8,856
<i>Biennial % Change in Expenditures</i>				(9)		9		9
<i>Gov's Exp Change from Base</i>								0
<i>Gov's Exp % Change from Base</i>								0
Full-Time Equivalents	419.5	392.4	357.8	356.4	368.5	405.3	368.5	405.3

Program: Workforce Development Division

<http://mn.gov/deed/job-seekers>

AT A GLANCE

- Provides skill development and training programs for Minnesotans with barriers to employment or who are unemployed.
- Helps people develop and improve their job readiness for in-demand occupations that pay family sustaining wages.
- Helps business find and train workers.
- Provides an online resume and job-matching system for employers and job seekers (MinnesotaWorks.net).

PURPOSE & CONTEXT

The Workforce Development Division (WDD) supports Minnesotans seeking new employment through policy guidance, program administration and direct services. WDD supports local and statewide partnerships designed to develop and improve career skills and obtain employment at family sustaining wages. Division activities also support the needs of businesses in recruiting and training their current and future workforces to ensure that no Minnesotan is left on the economic sidelines.

SERVICES PROVIDED

DEED is committed to serving a variety of populations through the Workforce Development Division. From laid-off workers to at-risk youth, WDD programs reach diverse communities across the state to ensure that all Minnesotans have access to DEED's services. Many of these programs include partnerships with nonprofit service providers, educational institutions, businesses, and other stakeholders; a full list of our workforce development services can be found on the DEED website (<https://mn.gov/deed/job-seekers>).

- *Laid-Off Workers:* Workers who lost their jobs through no fault of their own – that is, neither quit nor were fired – can receive assistance to find a new career. The Dislocated Worker Program, funded jointly by the federal government and the State, assists laid-off workers in returning to work with comparable wages and benefits. Participants enrolled in the program can access career planning and counseling; job search and placement services; short-term training upon counselor approval; and support services for expenses such as family care and transportation upon counselor approval. The related Trade Adjustment Assistance Program (TAA) assists workers who lose their jobs, hours, or income specifically as a result of increased foreign trade activity. Available benefits include special extensions to unemployment insurance as well as reimbursement of training costs, job search allowances, relocation allowances, and similar costs for finding a new job.
- *Adults with Barriers to Employment:* Adults who face any number of barriers to employment, including those living with disabilities, individuals who are deaf and hard of hearing, individuals returning to work after receiving public assistance, people of color, and older workers, can access services to help them succeed in well-paying careers. The state-funded Minnesota Pathways to Prosperity program integrates basic skills education, career-specific training, support services, and employment placement and retention to meet the needs of our clients. DEED also administers several other adult competitive grant programs focused on meeting the needs of different communities across the state.
- *Veterans:* DEED administers the federally funded Veterans Employment Services program that provides employment and training services for current and former military members. All DEED employees on the Veterans Employment Services team are veterans themselves. Services include job-readiness assessment, job preparation, and job placement assistance.
- *At-Risk Youth:* The youth and young adults who are eligible for DEED services come from low-income families, have severe barriers to employment, and are under-represented in the workforce.
 - The state funded Youthbuild program offers a construction career pathway for at-risk youth and young adults who have dropped out of school or experienced repeated failure in school. It provides youth with industry-recognized credentials and pre-apprenticeship training in residential construction; and contextual basic skills and soft skills in work readiness, career counseling, and leadership skills.
 - The state funded Minnesota Youth at Work Competitive Grants provides funding to organizations offering workforce development and training opportunities to economically disadvantaged or at-risk youth, ages 14-24, with special consideration to youth from communities of color and youth with disabilities. Services include

- connecting classroom skills to work-based settings, exposing youth to work settings that offer direct employer/supervisor feedback, and youth engagement while exploring interests and abilities.
- The state funded Minnesota Youth Program (MYP) provides summer and year-round employment and training services to low-income and at-risk youth, ages 14 to 24, through a partnership with Workforce Service Areas. This program reaches every single county in Minnesota.
- *Universal Customer:* Any Minnesotan who is looking to access DEED services who may not be eligible for a specific DEED program can still access our job-seeking services, free of charge. The federally funded Job Service Program provides job preparation and placement assistance including workshops on job-seeking skills, resume writing, interviewing, and internet job-search to job seekers. MinnesotaWorks.net is the largest employment database in the state and is a free website for both employers and job seekers. On this website, employers can post job openings and job seekers can submit their resumes to open positions.

RESULTS

Type of Measure	Name of Measure	Previous	Current	Dates
Quantity	# of job seekers registered and receiving a reportable service	202,260	154,921	SFY 2014 & SFY 2015
Quantity	# of employers who list their job vacancies on www.minnesotaworks.net	10,670	9,819	SFY 2015 & SFY 2016
Quality	Job seeker customer satisfaction using the Minnesota Customer Satisfaction Index (0 to 100 scale)	77.0	77.0	April 2014-March 2015 (avg) & April 2015-March 2016 (avg)
Quality	Employer customer satisfaction using the Minnesota Customer Satisfaction Index (0 to 100 scale)	75.0	73.0	October 2013-September 2014 (avg) & October 2014-September 2015 (avg)
Results	Percentage of Dislocated Worker program participants entering employment after exit	86.1%	83.9%	SFY 2014 & SFY 2015
Results	Percentage of Adult Workforce Development program participants retaining employment for three quarters after exit	65.0%	67.0%	SFY 2014 & SFY 2015
Results	Percentage of Minnesota Youth Program, Youthbuild and Youth at Work participants who attained work readiness or education goals	84.6%	86.1%	SFY 2014 & SFY 2015
Results	Percentage of Veterans Program participants receiving intensive services who exited the program into employment	70.0%	67.0%	SFY 2015 & SFY 2016
Results	Percentage of FastTRAC program participants retaining employment for three quarters after exit	67.0%	72.0%	SFY 2014 & SFY 2015

Minn. Stat. § 116L (www.revisor.mn.gov/statutes/?id=116L), Minn. Stat. § 116J (www.revisor.mn.gov/statutes/?id=116J), the Workforce Investment Act of 1998 (Public Law 105-220); U.S. Code, Title 29, Chap. 30 (www.law.cornell.edu/uscode/text/29/chapter-30), and the Workforce Investment Act of 1998 (Public Law 105-220); U.S. Code, Title 29, Chapter 30 (www.law.cornell.edu/uscode/text/29/chapter-30), provide the legal authority for DEED's Workforce Development Division.

(Dollars in Thousands)

Expenditures By Fund

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY14	FY15	FY16	FY17	FY18	FY19	FY18	FY19
1000 - General	2,622	1,887	2,486	26,985	13,114	13,114	18,114	18,114
2000 - Restrict Misc Special Revenue	6,550	6,039	6,708	7,757	7,357	7,349	7,357	7,349
2390 - Workforce Development	44,329	51,074	55,569	55,365	45,958	47,833	45,958	47,833
3000 - Federal	82,055	65,003	68,138	92,232	85,717	86,030	85,717	86,030
Total	135,557	124,002	132,901	182,339	152,146	154,326	157,146	159,326
Biennial Change				55,681		(8,768)		1,232
Biennial % Change				21		(3)		0
Governor's Change from Base								10,000
Governor's % Change from Base								3

Expenditures by Budget Activity

Budget Activity: Adult Services	112,487	106,305	113,234	153,236	126,958	128,637	131,958	133,637
Budget Activity: Youth Programs	23,070	17,697	19,667	29,103	25,188	25,688	25,188	25,688
Total	135,557	124,002	132,901	182,339	152,146	154,326	157,146	159,326

Expenditures by Category

Compensation	21,938	21,702	22,146	24,205	24,388	24,660	24,595	24,867
Operating Expenses	15,720	16,943	16,708	23,968	23,234	22,879	23,277	22,922
Other Financial Transactions	770	1,342	1,328	36	35	35	35	35
Grants, Aids and Subsidies	97,126	84,013	92,719	133,927	104,484	106,751	109,234	111,501
Capital Outlay-Real Property	3	2	0	203	5	0	5	0
Total	135,557	124,002	132,901	182,339	152,146	154,326	157,146	159,326
Total Agency Expenditures	135,557	124,002	132,901	182,339	152,146	154,326	157,146	159,326
Internal Billing Expenditures	2,890	3,234	3,191	2,941	2,942	2,974	2,967	2,999
Expenditures Less Internal Billing	132,667	120,768	129,711	179,398	149,205	151,352	154,180	156,327

<u>Full-Time Equivalents</u>	273.5	296.7	293.5	318.2	318.0	316.7	320.4	319.1
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1000 - General

	Actual FY14	Actual FY15	Actual FY16	Estimate FY17	Forecast Base		Governor's Recommendation	
					FY18	FY19	FY18	FY19
Balance Forward In	0	138	315	17	0	0	0	0
Direct Appropriation	2,776	1,789	2,189	26,969	13,114	13,114	18,114	18,114
Cancellations	16	40	0	0	0	0	0	0
Expenditures	2,622	1,887	2,486	26,985	13,114	13,114	18,114	18,114
Balance Forward Out	138	0	17	0	0	0	0	0
<i>Biennial Change in Expenditures</i>				24,963		(3,245)		6,755
<i>Biennial % Change in Expenditures</i>				554		(11)		23
<i>Gov's Exp Change from Base</i>								10,000
<i>Gov's Exp % Change from Base</i>								38
Full-Time Equivalents	2.8	2.9	0.8	4.5	3.0	3.0	5.4	5.4

2000 - Restrict Misc Special Revenue

	Actual FY14	Actual FY15	Actual FY16	Estimate FY17	Forecast Base		Governor's Recommendation	
					FY18	FY19	FY18	FY19
Balance Forward In	132	301	613	624	637	634	637	634
Receipts	5,392	4,804	5,548	6,752	6,335	6,327	6,335	6,327
Net Transfers	1,184	1,129	1,170	1,018	1,018	1,018	1,018	1,018
Expenditures	6,550	6,039	6,708	7,757	7,357	7,349	7,357	7,349
Balance Forward Out	158	195	624	637	634	631	634	631
<i>Biennial Change in Expenditures</i>				1,876		241		241
<i>Biennial % Change in Expenditures</i>				15		2		2
<i>Gov's Exp Change from Base</i>								0
<i>Gov's Exp % Change from Base</i>								0
Full-Time Equivalents	36.2	30.8	33.1	34.4	33.6	33.6	33.6	33.6

2390 - Workforce Development

	Actual FY14	Actual FY15	Actual FY16	Estimate FY17	Forecast Base		Governor's Recommendation	
					FY18	FY19	FY18	FY19
Balance Forward In	0	172	49	69	0	0	0	0
Direct Appropriation	13,610	14,342	17,567	18,667	17,017	17,017	17,017	17,017
Open Appropriation	30,802	36,858	38,014	36,612	28,924	30,798	28,924	30,798
Net Transfers	0	0	9	17	17	17	17	17
Cancellations	2	296	0	0	0	0	0	0
Expenditures	44,329	51,074	55,569	55,365	45,958	47,833	45,958	47,833
Balance Forward Out	81	2	69	0	0	0	0	0

2390 - Workforce Development

<i>Biennial Change in Expenditures</i>			15,531		(17,143)	(17,143)
<i>Biennial % Change in Expenditures</i>			16		(15)	(15)
<i>Gov's Exp Change from Base</i>						0
<i>Gov's Exp % Change from Base</i>						0
Full-Time Equivalents	14.1	18.9	18.0	13.1	13.1	13.1

3000 - Federal

	Actual FY14	Actual FY15	Actual FY16	Estimate FY17	Forecast Base FY18	Forecast Base FY19	Governor's Recommendation FY18	Governor's Recommendation FY19
Balance Forward In	3,405	987	273	754	198	198	198	198
Receipts	78,651	64,211	68,619	91,677	85,717	86,030	85,717	86,030
Expenditures	82,055	65,003	68,138	92,232	85,717	86,030	85,717	86,030
Balance Forward Out	1	194	754	198	198	198	198	198
<i>Biennial Change in Expenditures</i>				13,311		11,378		11,378
<i>Biennial % Change in Expenditures</i>				9		7		7
<i>Gov's Exp Change from Base</i>								0
<i>Gov's Exp % Change from Base</i>								0
Full-Time Equivalents	220.4	244.0	241.7	266.2	268.2	267.0	268.2	267.0

Program: Disability Determination Services

<http://mn.gov/deed/programs-services/dds/index.jsp>

AT A GLANCE

- Quick stats on the program/activity; avoid repeating performance measures. Serves Minnesota residents who file applications for disability benefits or Minnesotans who are reviewed for continuing eligibility.
- Refers disability applications for individuals who may benefit from rehabilitation services to other state agencies.
- Reviewed 59,846 new claims in 2015.
- Program is funded 100% by federal dollars.

PURPOSE & CONTEXT

Disability Determination Services (DDS) evaluates claims for disability benefits using Social Security Administration (SSA) guidelines and Federal Regulations. The Social Security program provides benefits to persons with disabilities who are not able to work.

When Social Security added protection for individuals with disabilities in 1954, the Congress wrote into the law that the disability decision for an individual had to be made by a state agency and not by a federal office. Social Security pays Minnesota to run the office and make the disability decisions.

SERVICES PROVIDED

We accomplish our mission by making eligibility decisions regarding disability and blindness applications on behalf of the federal SSA. Our activities include:

- Reviewing disability applications and requesting medical records from claimants' medical sources.
- Corresponding by phone or letter with claimants, family members, legal representatives, and others to obtain additional information necessary for claims.
- Reviewing and analyzing evidence, applying SSA regulations and policy, and writing comprehensive assessments (including medical evidence, vocational factors, educational background, and other collateral information) to reach an eligibility determination.

In addition to providing eligibility determinations for disability payments, we also refer disability applicants who may benefit from rehabilitation services to Vocational Rehabilitation Services, State Services for the Blind, and the Department of Health's section of Children with Special Health Needs.

RESULTS

Type of Measure	Name of Measure	Previous	Current	Dates
Quantity	# of new determinations reviewed	50,134	59,846	FFY 2014 & FFY 2015
Quality	Days in decision-making	98.7	80.5	FFY 2014 & FFY 2015
Quality	Accuracy of determination decisions (assessed through a review by SSA.)	98.7%	98.1%	FFY 2014 & FFY 2015

Social Security Act; U.S. Code, Title 42, Chap. 421 (<http://www.law.cornell.edu/uscode/text/42/421>) provides the legal authority for Disability Determination Services.

Expenditures By Fund

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY14	FY15	FY16	FY17	FY18	FY19	FY18	FY19
3000 - Federal	22,261	25,397	24,578	25,549	26,005	26,151	26,005	26,151
Total	22,261	25,397	24,578	25,549	26,005	26,151	26,005	26,151
Biennial Change				2,469		2,029		2,029
Biennial % Change				5		4		4
Governor's Change from Base								0
Governor's % Change from Base								0

Expenditures by Budget Activity

Budget Activity: Disability Determination	22,261	25,397	24,578	25,549	26,005	26,151	26,005	26,151
Total	22,261	25,397	24,578	25,549	26,005	26,151	26,005	26,151

Expenditures by Category

Compensation	9,752	11,029	10,614	10,978	11,434	11,580	11,434	11,580
Operating Expenses	5,694	6,614	7,090	7,542	7,542	7,542	7,542	7,542
Other Financial Transactions	17	1	1	1	1	1	1	1
Grants, Aids and Subsidies	6,798	7,754	6,873	6,728	7,028	7,028	7,028	7,028
Capital Outlay-Real Property	0	0	0	300	0	0	0	0
Total	22,261	25,397	24,578	25,549	26,005	26,151	26,005	26,151
Total Agency Expenditures	22,261	25,397	24,578	25,549	26,005	26,151	26,005	26,151
Internal Billing Expenditures	1,286	1,643	1,533	1,568	1,568	1,568	1,568	1,568
Expenditures Less Internal Billing	20,976	23,754	23,045	23,981	24,437	24,583	24,437	24,583

Full-Time Equivalents

	136.2	162.0	149.8	153.0	153.0	153.0	153.0	153.0
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3000 - Federal

	Actual FY14	Actual FY15	Actual FY16	Estimate FY17	Forecast Base FY18	Forecast Base FY19	Governor's Recommendation FY18	Governor's Recommendation FY19
Balance Forward In	227	3,624	760	40	0	0	0	0
Receipts	22,311	22,401	23,858	25,510	26,005	26,151	26,005	26,151
Expenditures	22,261	25,397	24,578	25,549	26,005	26,151	26,005	26,151
Balance Forward Out	276	628	40	0	0	0	0	0
<i>Biennial Change in Expenditures</i>				2,469		2,029		2,029
<i>Biennial % Change in Expenditures</i>				5		4		4
<i>Gov's Exp Change from Base</i>								0
<i>Gov's Exp % Change from Base</i>								0
Full-Time Equivalents	136.2	162.0	149.8	153.0	153.0	153.0	153.0	153.0

Program: General Support Services

<http://mn.gov/deed>

AT A GLANCE

- Provides leadership and infrastructure for the agency.
- Includes the Commissioner's Office and other offices which support DEED's program work.
- Produces economic analysis and labor market information.
- 312,866 subscribers to DEED's email communications.

PURPOSE & CONTEXT

General Support Services (GSS) directly supports the agency with infrastructure and leadership necessary to operate programs, develop policies, and provide assistance to individuals, businesses, and communities. These divisions are our "back of the house" support and provide the technical expertise to ensure our programs are effective and efficient

SERVICES PROVIDED

General Support Services (GSS) includes the following core functions:

- *Commissioner's Office*: provides executive leadership through appointment by Office of the Governor of Minnesota. In addition to supervising all DEED programs, the Commissioner's Office oversees two quasi-independent agencies:
 - The *Public Facilities Authority* (PFA) is a multi-agency authority that provides municipal financing expertise and infrastructure financing programs to enhance the environmental and economic vitality of the State. The Commissioner of DEED serves as the chair and chief executive officer of the authority while day-to-day operations are managed by an executive director and staff.
 - *Explore Minnesota Tourism* is the state's tourism marketing entity and is an office in the executive branch. The director of that agency reports directly to the Commissioner of DEED.
- *Policy Office*: The Policy Office oversees policy planning for the agency, evaluates program performance, conducts economic analysis, and represents DEED at the Legislature.
- *Labor Market Information*: develops and refines data on Minnesota's labor market and communicates that data to customers via funding from the federal Bureau of Labor Statistics.
- *Communications Office*: Publicizes DEED services for customers, partners, and other stakeholders while promoting Minnesota as a place to live, work, and do business.
- *Office of Economic Equity and Opportunity*: Helps workers and businesses of color find career paths and business opportunities in Minnesota by breaking down barriers that may have contributed to disparities for communities of color throughout the state.
- *Office of Diversity and Equal Opportunity*: Ensures DEED's compliance with federal and state laws concerning discrimination, harassment, reasonable accommodation, site and program access and retaliation, and handles complaints of discrimination for any DEED employee, applicant, contractor intern or customer.
- *Administrative and Financial Services*: oversees all financial activities (including budgeting, payroll, procurement, continuity of operations and other functions) as well as managing all DEED facilities.
- *Human Resources*: manages agency personnel, labor relations, and employee development.
- *MN.IT@DEED*: provides information technology (IT) development and support.

RESULTS

Type of Measure	Name of Measure	Previous	Current	Dates
Quantity	Percentage of Invoices Paid Promptly	98.03%	98.71%	SFY 2015 & SFY 2016
Quantity	Number of Labor Market Information (LMI) Office Presentations/Trainings	169	272	SFY 2014 & SFY 2015

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quantity	Subscribers of DEED's GovDelivery Email Communications	125,000	312,866	SFY 2014 & SFY 2015
Quality	Recipients of Economic Analysis projects satisfaction	100% satisfied or very satisfied	100% satisfied or very satisfied	SFY 2014 & SFY 2015
Quality	Product prepared by an LMI Office regional analyst was useful to client/organization	98% satisfied or very satisfied	97% satisfied or very satisfied	SFY 2014 & SFY 2015
Results	Percentage Reduction in Workplace Injury Incidents	1.16	0.84 = 26.6% reduction	SFY 2014 & SFY 2015

Minn. Stat. § 116J (<https://www.revisor.mn.gov/statutes/?id=116J>) provides the legal authority for DEED.

Minn. Stat. § 12A.14 (<https://www.revisor.mn.gov/statutes/?id=12A.14>) provides the legal authority for the Public Facilities Authority.

Minn. Stat. § 116U (<https://www.revisor.mn.gov/statutes/?id=116U>) provides the legal authority for Explore Minnesota.

(Dollars in Thousands)

Expenditures By Fund

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY14	FY15	FY16	FY17	FY18	FY19	FY18	FY19
1000 - General	749	1,547	1,171	1,957	2,327	2,327	3,083	3,562
2000 - Restrict Misc Special Revenue	16,610	17,512	17,213	20,396	20,706	20,189	20,706	20,189
2001 - Other Misc Special Revenue	73	65	84	120	120	120	120	120
2390 - Workforce Development	0	88	187	13	0	0	18	31
3000 - Federal	3,077	3,333	3,105	3,343	3,256	3,256	3,256	3,256
Total	20,509	22,545	21,761	25,829	26,410	25,893	27,184	27,159
Biennial Change				4,535		4,713		6,753
Biennial % Change				11		10		14
Governor's Change from Base								2,040
Governor's % Change from Base								4

Expenditures by Budget Activity

Budget Activity: General Support Services	20,509	22,545	21,761	25,829	26,410	25,893	27,184	27,159
Total	20,509	22,545	21,761	25,829	26,410	25,893	27,184	27,159

Expenditures by Category

Compensation	12,732	13,752	14,072	13,477	13,356	13,356	14,071	14,502
Operating Expenses	7,018	7,545	6,776	11,090	11,113	10,596	11,172	10,716
Other Financial Transactions	55	141	52	1	1	1	1	1
Grants, Aids and Subsidies	663	1,107	860	1,260	1,940	1,940	1,940	1,940
Capital Outlay-Real Property	42	1	0	0	0	0	0	0
Total	20,509	22,545	21,761	25,829	26,410	25,893	27,184	27,159
Total Agency Expenditures	20,509	22,545	21,761	25,829	26,410	25,893	27,184	27,159
Internal Billing Expenditures	86	403	377	217	203	203	203	203
Expenditures Less Internal Billing	20,423	22,142	21,384	25,611	26,207	25,690	26,981	26,956

<u>Full-Time Equivalents</u>	141.0	144.7	144.8	130.0	128.0	127.0	128.0	127.0
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1000 - General

	Actual FY14	Actual FY15	Actual FY16	Estimate FY17	Forecast Base		Governor's Recommendation	
					FY18	FY19	FY18	FY19
Balance Forward In	0	347	0	322	0	0	0	0
Direct Appropriation	1,168	1,918	3,059	3,424	4,073	4,073	4,829	5,308
Net Transfers	(72)	(554)	(1,566)	(1,790)	(1,746)	(1,746)	(1,746)	(1,746)
Cancellations	0	164	0	0	0	0	0	0
Expenditures	749	1,547	1,171	1,957	2,327	2,327	3,083	3,562
Balance Forward Out	347	0	322	0	0	0	0	0
<i>Biennial Change in Expenditures</i>				831		1,527		3,518
<i>Biennial % Change in Expenditures</i>				36		49		112
<i>Gov's Exp Change from Base</i>								1,991
<i>Gov's Exp % Change from Base</i>								43
Full-Time Equivalents	7.8	11.0	9.6	9.6	9.6	9.6	9.6	9.6

2000 - Restrict Misc Special Revenue

	Actual FY14	Actual FY15	Actual FY16	Estimate FY17	Forecast Base		Governor's Recommendation	
					FY18	FY19	FY18	FY19
Balance Forward In	271	340	2,669	3,329	2,710	661	2,710	661
Receipts	16,650	19,655	17,874	19,777	18,657	19,793	18,657	19,793
Internal Billing Receipts	13,073	19,096	17,339	19,082	18,082	19,218	18,082	19,218
Net Transfers	0	20	0	0	0	0	0	0
Expenditures	16,610	17,512	17,213	20,396	20,706	20,189	20,706	20,189
Balance Forward Out	310	2,503	3,329	2,710	661	265	661	265
<i>Biennial Change in Expenditures</i>				3,487		3,286		3,286
<i>Biennial % Change in Expenditures</i>				10		9		9
<i>Gov's Exp Change from Base</i>								0
<i>Gov's Exp % Change from Base</i>								0
Full-Time Equivalents	108.1	110.0	111.8	97.8	95.8	94.8	95.8	94.8

2001 - Other Misc Special Revenue

	Actual FY14	Actual FY15	Actual FY16	Estimate FY17	Forecast Base		Governor's Recommendation	
					FY18	FY19	FY18	FY19
Balance Forward In	0	29	68	80	80	80	80	80
Receipts	95	104	96	120	120	120	120	120
Expenditures	73	65	84	120	120	120	120	120
Balance Forward Out	23	67	80	80	80	80	80	80
<i>Biennial Change in Expenditures</i>				66		36		36

2001 - Other Misc Special Revenue

<i>Biennial % Change in Expenditures</i>			48		18		18
<i>Gov's Exp Change from Base</i>							0
<i>Gov's Exp % Change from Base</i>							0
Full-Time Equivalents	0.3	0.1	0.2	0.2	0.2	0.2	0.2

2390 - Workforce Development

	Actual FY14	Actual FY15	Actual FY16	Estimate FY17	Forecast Base		Governor's Recommendation	
					FY18	FY19	FY18	FY19
Balance Forward In	0	0	0	13	0	0	0	0
Direct Appropriation	0	300	209	17	17	17	35	48
Net Transfers	0	0	(9)	(17)	(17)	(17)	(17)	(17)
Cancellations	0	212	0	0	0	0	0	0
Expenditures	0	88	187	13	0	0	18	31
Balance Forward Out	0	0	13	0	0	0	0	0
<i>Biennial Change in Expenditures</i>				112		(200)		(151)
<i>Biennial % Change in Expenditures</i>				128		(100)		(75)
<i>Gov's Exp Change from Base</i>								49
Full-Time Equivalents		0.8	0.9	0.1	0.1	0.1	0.1	0.1

3000 - Federal

	Actual FY14	Actual FY15	Actual FY16	Estimate FY17	Forecast Base		Governor's Recommendation	
					FY18	FY19	FY18	FY19
Balance Forward In	11	15	0	87	0	0	0	0
Receipts	3,078	3,317	3,192	3,256	3,256	3,256	3,256	3,256
Expenditures	3,077	3,333	3,105	3,343	3,256	3,256	3,256	3,256
Balance Forward Out	13	0	87	0	0	0	0	0
<i>Biennial Change in Expenditures</i>				38		64		64
<i>Biennial % Change in Expenditures</i>				1		1		1
<i>Gov's Exp Change from Base</i>								0
<i>Gov's Exp % Change from Base</i>								0
Full-Time Equivalents	24.8	22.7	22.3	22.3	22.3	22.3	22.3	22.3

Program: Minnesota Trade Office

<http://mn.gov/deed/trade>

AT A GLANCE

- Works to increase the number of Minnesota companies exporting into foreign markets.
- Helps foreign companies explore the advantages of expanding or relocating in Minnesota and operates trade offices located in Brazil, China, Germany, and South Korea.
- Provides technical assistance and financial resources for companies seeking to expand exporting.
- Recruits new and additional foreign direct investment from foreign-owned enterprises.

PURPOSE & CONTEXT

The Minnesota Trade Office (MTO) seeks to increase the number of exports and the amount of foreign direct investment that contribute to the growth of the Minnesota economy.

We provide export assistance to Minnesota's manufacturers and service providers. Programs and services focus primarily on assisting small and medium-sized companies. We also have offices and staff in key foreign markets to help overseas companies explore business startup, expansion and relocation opportunities in Minnesota.

SERVICES PROVIDED

The Minnesota Trade Office (MTO) provides:

- *Export counseling and assistance:* our International Trade Representatives guide Minnesota companies through the challenges of conducting international business. Services include exporting guidance, market research, reviewing regulatory requirements, providing advice on international logistics, and evaluating market entry strategies.
- *Export financing programs:* we provide grants and guide companies on obtaining private financial assistance like loans, working capital, credit, and insurance to help new and current exporters. For instance, the STEP Grant Program provides financial and technical assistance to Minnesota small businesses with an active interest in exporting products or services to foreign markets. Small businesses may also apply for reimbursements of between \$500 and \$7,500 for export-training and export-development related activities.
- *Foreign direct investment assistance:* we work with foreign companies exploring the advantages of expanding or relocating in Minnesota. To facilitate this work, we operate trade offices in Brazil, China, Germany, and South Korea.

We sponsor and coordinate trade missions to foreign countries with delegations of business, education, and government officials, to showcase Minnesota as a superior place to do business, raise the profile of Minnesota companies, and provide important networking opportunities to the delegates.

The MTO also provides leadership on matters of international affairs for the State of Minnesota. We serve as Minnesota's Office of Protocol, ensuring that the state's interactions with foreign delegations and dignitaries are conducted with appropriate diplomatic etiquette and cultural practices. We are also the state's liaison to the local diplomatic community – the Minnesota Consular Corps.

RESULTS

Type of Measure	Name of Measure	Previous	Current	Dates
Quantity	Number of organizations receiving export assistance SFY 2014 = 1,284	1,067	864	SFY 2015 & SFY 2016
Results	Number of attendees at MTO training seminars SFY 2014 = 1,349	1,142	1,285	SFY 2015 & SFY 2016

Minn. Stat. § 116J.966 (<https://www.revisor.mn.gov/statutes/?id=116J.966>) and the Federal Trade Act of 1974, Public Law 93-618, as amended; U.S. Code, Title 19 (<http://www.law.cornell.edu/uscode/text/19/chapter-12>) provide the legal authority for DEED's Trade Office.

Expenditures By Fund

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY14	FY15	FY16	FY17	FY18	FY19	FY18	FY19
1000 - General	2,054	2,415	2,063	2,520	2,336	2,336	2,336	2,336
2000 - Restrict Misc Special Revenue	38	29	176	298	212	212	212	212
3000 - Federal	142	150	132	303	160	160	160	160
Total	2,234	2,594	2,370	3,122	2,708	2,708	2,708	2,708
<i>Biennial Change</i>				664		(76)		(76)
<i>Biennial % Change</i>				14		(1)		(1)
<i>Governor's Change from Base</i>								0
<i>Governor's % Change from Base</i>								0

Expenditures by Budget Activity

Budget Activity: Minnesota Trade Office	2,234	2,594	2,370	3,122	2,708	2,708	2,708	2,708
Total	2,234	2,594	2,370	3,122	2,708	2,708	2,708	2,708

Expenditures by Category

Compensation	1,237	1,359	1,256	1,315	1,327	1,340	1,327	1,340
Operating Expenses	624	901	813	1,191	870	858	870	858
Other Financial Transactions	0	0	0	0	0	0	0	0
Grants, Aids and Subsidies	372	334	301	616	510	510	510	510
Total	2,234	2,594	2,370	3,122	2,708	2,708	2,708	2,708
Total Agency Expenditures	2,234	2,594	2,370	3,122	2,708	2,708	2,708	2,708
Internal Billing Expenditures	163	203	181	161	162	163	162	163
Expenditures Less Internal Billing	2,071	2,391	2,189	2,960	2,546	2,545	2,546	2,545

Full-Time Equivalents

	13.1	14.0	12.5	13.0	13.0	13.0	13.0	13.0
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1000 - General

	Actual FY14	Actual FY15	Actual FY16	Estimate FY17	Forecast Base		Governor's Recommendation	
					FY18	FY19	FY18	FY19
Balance Forward In	0	261	0	184	0	0	0	0
Direct Appropriation	2,322	2,292	2,292	2,292	2,292	2,292	2,292	2,292
Net Transfers	0	0	29	45	45	45	45	45
Cancellations	12	138	74	0	0	0	0	0
Expenditures	2,054	2,415	2,063	2,520	2,336	2,336	2,336	2,336
Balance Forward Out	256	0	184	0	0	0	0	0
<i>Biennial Change in Expenditures</i>				113		90		90
<i>Biennial % Change in Expenditures</i>				3		2		2
<i>Gov's Exp Change from Base</i>								0
<i>Gov's Exp % Change from Base</i>								0
Full-Time Equivalents	12.7	13.2	12.2	12.9	12.9	12.9	12.9	12.9

2000 - Restrict Misc Special Revenue

	Actual FY14	Actual FY15	Actual FY16	Estimate FY17	Forecast Base		Governor's Recommendation	
					FY18	FY19	FY18	FY19
Balance Forward In	0	9	108	87	0	0	0	0
Receipts	47	128	155	212	212	212	212	212
Expenditures	38	29	176	298	212	212	212	212
Balance Forward Out	9	108	87	0	0	0	0	0
<i>Biennial Change in Expenditures</i>				408		(51)		(51)
<i>Biennial % Change in Expenditures</i>				613		(11)		(11)
<i>Gov's Exp Change from Base</i>								0
<i>Gov's Exp % Change from Base</i>								0
Full-Time Equivalents	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1

3000 - Federal

	Actual FY14	Actual FY15	Actual FY16	Estimate FY17	Forecast Base		Governor's Recommendation	
					FY18	FY19	FY18	FY19
Receipts	142	150	132	303	160	160	160	160
Expenditures	142	150	132	303	160	160	160	160
<i>Biennial Change in Expenditures</i>				143		(115)		(115)
<i>Biennial % Change in Expenditures</i>				49		(26)		(26)
<i>Gov's Exp Change from Base</i>								0
<i>Gov's Exp % Change from Base</i>								0

3000 - Federal

Full-Time Equivalents	0.3	0.7	0.2	0.0	0.0	0.0	0.0	0.0
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Program: Vocational Rehabilitation Services

<http://mn.gov/deed/job-seekers/disabilities/>

AT A GLANCE

- Provides services that empower Minnesotans with disabilities to find and keep jobs, live independently in their community, and reduce their dependence on government support.
- Provides long-term employment support services to assist Minnesotans with significant disabilities to maintain and advance in their employment.
- Assists Minnesotans with disabilities to live independently and secure their basic rights in areas such as housing, transportation, education and employment.

PURPOSE & CONTEXT

Our purpose is to empower Minnesotans with disabilities to find and keep jobs and to live independently in their communities. Our primary customers include:

- 266,000 non-institutionalized Minnesotans ages 18-64 who have a significant disability and who seek employment and independence
- All high school-age students with significant disabilities who are making the transition from school to work
- Businesses and other employers who seek qualified candidates for job openings

SERVICES PROVIDED

We accomplish our mission via four distinct programs. The Vocational Rehabilitation and Independent Living programs are operated and funded as federal/state partnerships. Extended Employment and Individual Placement and Support are funded solely by the state.

- *Vocational Rehabilitation*: we empower people with significant disabilities to find jobs through counseling, training, and job placement services.
- *Extended Employment*: we assist people with significant disabilities to keep their jobs by providing long-term employment supports. Those services typically include assistance in training or retraining job tasks, dealing with schedule changes, adjusting to new supervisors, advancement to new job tasks or positions, and managing changes in non-work environments or life activities that affect work performance.
- *Individual Placement and Support*: we assist people with serious mental illness to achieve steady employment in mainstream competitive jobs by providing counseling and long-term job supports.
- *Independent Living*: we enable Minnesotans with disabilities to live and function independently at home, at work and in their communities, and relocate out of nursing homes, by collaborating with the state's eight regional centers for independent living to provide services and training.

Our staff are highly trained professionals with experience in providing individualized assessments, evaluations, counseling, training, assistive technologies, and job placement and retention services. Through a coordinated network of alliances, we work closely with nonprofit community rehabilitation providers, county service agencies, regional centers for independent living, secondary and post-secondary educational institutions, businesses, and other public and private organizations.

We are closely involved in implementing the court-ordered Olmstead Plan regarding government services to people with disabilities. By fully embracing the Olmstead Plan, we seek to ensure that Minnesotans with disabilities have the opportunity to be close to families and friends, to live independently, to engage in productive employment, and to fully participate in community life. Established through an executive order in 2013, the Olmstead Subcabinet has helped us guide this work and the creation of the Olmstead Implementation Office overseen by the Minnesota Housing Finance Agency. Ongoing, collaborative efforts will ensure that the vision, goals, and time-specific tasks of the Olmstead Plan are implemented in their entirety.

RESULTS – VOCATIONAL REHABILITATION PROGRAM

Type of Measure	Name of Measure	Previous	Current	Dates
Quantity	# of new customers accepted for service / # of open cases at the end of the fiscal year	6651 / 10,123	6635 / 20,233	SFY 2015 & SFY 2016
Result	# of customers attaining employment	2,936	2,944	SFY 2015 & SFY 2016

Minn. Stat. § 268A (<https://www.revisor.mn.gov/statutes/?id=268A.11>), Federal Rehabilitation Act of 1973 as amended, U.S. Code, Title 29, Chapter 16 (<http://www.law.cornell.edu/uscode/text/29/chapter-16>), provides the legal authority for DEED's Vocational Rehabilitation Services.

RESULTS – EXTENDED EMPLOYMENT PROGRAM

Type of Measure	Name of Measure	Previous	Current	Dates
Quantity	Number of customers	4,699	4,483	SFY 2015 & SFY 2016
Result	Total wages earned by customers	\$29.5M	\$31M	SFY 2015 & SFY 2016

Minn. Stat., Chap. 268A.15 et. seq. (<https://www.revisor.mn.gov/statutes/?id=268A.15>) provides the statutory authority for the Extended Employment Program.

RESULTS – INDIVIDUAL PLACEMENT AND SUPPORT PROGRAM

Type of Measure	Name of Measure	Previous	Current	Dates
Quantity	# of customers served	983	1,089	SFY 2015 & SFY 2016
Result	% of customers attaining employment	60%	64.8%	SFY 2015 & SFY 2016

Minn. Stat., Chap. 268A.13 -14 et. seq. (<https://www.revisor.mn.gov/statutes/?id=268A.14>) provides the statutory authority for the Individual Placement and Support Program.

RESULTS – INDEPENDENT LIVING PROGRAM

Type of Measure	Name of Measure	Previous	Current	Dates
Quantity	Total number of customers served	7,065	6,876	SFY 2015 & SFY 2016
Quantity	Total instances of service (Information and Referral, Skills Training, Peer Counseling, Advocacy)	71,869	64,218	SFY 2015 & SFY 2016

Minn. Stat., Chap. 268A.11; (<https://www.revisor.mn.gov/statutes/?id=268A.11>) U.S. Code, Title 29, Chap. 16, Sect. 796 et seq., (<https://www.law.cornell.edu/uscode/text/29/796>) provides the statutory authority for the Independent Living Program.

(Dollars in Thousands)

Expenditures By Fund

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY14	FY15	FY16	FY17	FY18	FY19	FY18	FY19
1000 - General	21,540	20,929	22,180	23,961	22,607	22,294	26,107	25,794
2390 - Workforce Development	6,867	7,048	7,919	10,447	7,830	7,830	7,830	7,830
3000 - Federal	52,373	48,776	52,029	55,495	56,006	56,331	56,006	56,331
Total	80,780	76,753	82,128	89,903	86,443	86,455	89,943	89,955
<i>Biennial Change</i>				14,498		866		7,866
<i>Biennial % Change</i>				9		1		5
<i>Governor's Change from Base</i>								7,000
<i>Governor's % Change from Base</i>								4

Expenditures by Budget Activity

Budget Activity: Vocational Rehabilitation	59,367	57,023	61,504	65,537	64,450	64,775	67,950	68,275
Budget Activity: Extended Employment	15,346	14,216	15,371	17,317	15,876	15,563	15,876	15,563
Budget Activity: Independent Living	6,067	5,514	5,253	7,048	6,116	6,116	6,116	6,116
Total	80,780	76,753	82,128	89,903	86,443	86,455	89,943	89,955

Expenditures by Category

Compensation	25,797	26,650	28,523	29,678	31,069	31,433	31,069	31,433
Operating Expenses	9,715	10,600	11,248	12,420	12,204	12,141	12,204	12,141
Other Financial Transactions	119	19	16	18	21	23	21	23
Grants, Aids and Subsidies	45,147	39,483	42,341	47,787	43,148	42,857	46,648	46,357
Capital Outlay-Real Property	2	0	0	0	0	0	0	0
Total	80,780	76,753	82,128	89,903	86,443	86,455	89,943	89,955
Total Agency Expenditures	80,780	76,753	82,128	89,903	86,443	86,455	89,943	89,955
Internal Billing Expenditures	3,399	3,977	4,132	3,631	3,806	3,850	3,806	3,850
Expenditures Less Internal Billing	77,381	72,776	77,996	86,272	82,636	82,604	86,136	86,104

<u>Full-Time Equivalents</u>	333.7	330.9	339.4	347.1	347.1	346.8	347.1	346.8
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1000 - General

	Actual FY14	Actual FY15	Actual FY16	Estimate FY17	Forecast Base		Governor's Recommendation	
					FY18	FY19	FY18	FY19
Balance Forward In	1,106	952	1,642	1,970	639	163	639	163
Direct Appropriation	20,861	21,311	22,611	22,611	22,111	22,111	25,611	25,611
Net Transfers	0	0	0	19	20	20	20	20
Cancellations	0	0	103	0	0	0	0	0
Expenditures	21,540	20,929	22,180	23,961	22,607	22,294	26,107	25,794
Balance Forward Out	427	1,334	1,970	639	163	0	163	0
<i>Biennial Change in Expenditures</i>				3,672		(1,240)		5,760
<i>Biennial % Change in Expenditures</i>				9		(3)		12
<i>Gov's Exp Change from Base</i>								7,000
<i>Gov's Exp % Change from Base</i>								16
Full-Time Equivalents	3.7	3.8	5.1	5.1	5.1	5.1	5.1	5.1

2390 - Workforce Development

	Actual FY14	Actual FY15	Actual FY16	Estimate FY17	Forecast Base		Governor's Recommendation	
					FY18	FY19	FY18	FY19
Balance Forward In	122	409	906	817	0	0	0	0
Direct Appropriation	6,830	7,080	7,830	9,630	7,830	7,830	7,830	7,830
Expenditures	6,867	7,048	7,919	10,447	7,830	7,830	7,830	7,830
Balance Forward Out	85	442	817	0	0	0	0	0
<i>Biennial Change in Expenditures</i>				4,452		(2,706)		(2,706)
<i>Biennial % Change in Expenditures</i>				32		(15)		(15)
<i>Gov's Exp Change from Base</i>								0
<i>Gov's Exp % Change from Base</i>								0
Full-Time Equivalents			0.0	0.0	0.0	0.0	0.0	0.0

2403 - Gift

	Actual FY14	Actual FY15	Actual FY16	Estimate FY17	Forecast Base		Governor's Recommendation	
					FY18	FY19	FY18	FY19
Balance Forward In	24	24	24	24	24	24	24	24
Receipts	0	0	0	0	0	0	0	0
Balance Forward Out	24	24	24	24	24	24	24	24

3000 - Federal

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	

3000 - Federal

	FY14	FY15	FY16	FY17	FY18	FY19	FY18	FY19
Balance Forward In	1,273	7,628	1,571	933	90	0	90	0
Receipts	51,958	42,075	51,390	54,652	55,915	56,330	55,915	56,330
Expenditures	52,373	48,776	52,029	55,495	56,006	56,331	56,006	56,331
Balance Forward Out	857	927	933	90	0	0	0	0
<i>Biennial Change in Expenditures</i>				6,374		4,813		4,813
<i>Biennial % Change in Expenditures</i>				6		4		4
<i>Gov's Exp Change from Base</i>								0
<i>Gov's Exp % Change from Base</i>								0
Full-Time Equivalents	330.0	327.1	334.3	342.1	342.1	341.7	342.1	341.7

Program: State Services for the Blind

<http://mn.gov/deed/job-seekers/blind-visual-impaired/>

AT A GLANCE

- Provides career exploration and employment services so that Minnesotans who are blind, visually impaired or DeafBlind can find and keep jobs.
- Provides materials in accessible formats (audio, braille and e-text) for education, work and independence.
- Provides seniors facing vision loss with tools, training and technology to remain in their homes or live as independently as possible.
- 4,036 seniors assisted in 2015.

PURPOSE & CONTEXT

State Services for the Blind (SSB) helps Minnesotans who are blind, visually impaired, or DeafBlind achieve personal and vocational independence.

Our customers are Minnesotans who have vision loss or other disabilities (such as learning disabilities or dyslexia) that make it difficult to read print. Our services – designed to address needs that are unmet by other programs – provide Minnesotans with access to print, the skills and tools to get and keep jobs, and the necessary supports to live independently in our communities. These services are especially critical as Minnesota's population ages and thus the population of people needing services is expected to more than quadruple in the near future.

SERVICES PROVIDED

We accomplish our mission via the following activities:

- *Workforce Development:* we provide employment and career support to over 1,000 blind, visually impaired, or DeafBlind Minnesotans annually, helping them find and keep jobs. This includes helping youth and adults choose careers that align with today's economic trends, providing assistive technology and training to meet workplace demands, and supporting post-secondary education so we have a highly skilled, highly trained workforce.
- *Business Enterprises:* we provide vending business job opportunities for blind, visually impaired, or DeafBlind entrepreneurs within state and federal buildings in 186 locations. Thirty-six entrepreneurs in this program generate \$6.4 million in annual sales, pay \$420,000 in state sales taxes, pay over \$643,000 in employee wages, and pay \$250,000 in funds to support the program.
- *Senior Services:* we help seniors with vision loss stay in their homes, remain active in their communities, and retain higher levels of independence, through counseling, training, and assistive devices (such as magnifiers) that are not available in local stores. These services are delivered both by our staff and by partner organizations trained by our staff.
- *Communication Center:* we produce accessible materials (braille, audio, and e-text) that are not already available in the market, including custom materials at the request of our customers. We are assisted by a network of 650 volunteers and a partnership with the Minnesota Braille and Talking Book Library. We work closely with K-12 schools, businesses, government agencies, and other partners in need of materials accessible to visually or print impaired people. Our closed-circuit Radio Talking Book (RTB) broadcasts allow people throughout the state to hear readings of just-published books, magazines, and other current print information. We also provide Minnesotans with podcasts and two accessible news services which enables them to read their local, regional, national, and international newspapers, magazines, and job postings.

RESULTS

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quantity	Number of seniors receiving services from SSB	3,223	4,036	FFY 2014 & FFY 2015
Quantity	Customers who turned to Communication Center to meet needs for accessing print	13,000	13,801	FFY 2014 & FFY 2015
Quality	Hourly wages of customers who became employed after receiving services	\$16.96	\$20.53	FFY 2014 & FFY 2015
Quantity	# of people served by Workforce Development Services for the Blind	1040	1,071	FFY 2014 & FFY 2015

Minnesota Rules 3325 (BEP) (<https://www.revisor.mn.gov/rules/?id=3325>), Chapter 248. Blind; Education, Rehabilitation (<https://www.revisor.mn.gov/statutes/?id=248>) provides the legal authority for State Services for the Blind, Rehabilitation Act of 1973 as amended (<http://www.law.cornell.edu/uscode/text/29/chapter-16>), CFR 361 and 363 (<http://www.law.cornell.edu/cfr/text/34/part-361>, <http://www.law.cornell.edu/cfr/text/34/part-363>).

(Dollars in Thousands)

Expenditures By Fund

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY14	FY15	FY16	FY17	FY18	FY19	FY18	FY19
1000 - General	5,925	5,925	5,999	7,051	6,551	6,551	6,551	6,551
2000 - Restrict Misc Special Revenue	721	601	666	1,034	938	938	938	938
2403 - Gift	354	880	222	190	183	193	183	193
3000 - Federal	12,517	11,930	12,355	14,905	14,790	14,913	14,790	14,913
Total	19,518	19,335	19,243	23,181	22,462	22,595	22,462	22,595
<i>Biennial Change</i>				3,571		2,633		2,633
<i>Biennial % Change</i>				9		6		6
<i>Governor's Change from Base</i>								0
<i>Governor's % Change from Base</i>								0

Expenditures by Budget Activity

Budget Activity: Services for The Blind	19,518	19,335	19,243	23,181	22,462	22,595	22,462	22,595
Total	19,518	19,335	19,243	23,181	22,462	22,595	22,462	22,595

Expenditures by Category

Compensation	8,338	8,689	8,898	9,436	9,459	9,610	9,459	9,610
Operating Expenses	3,979	4,386	4,703	6,678	6,104	6,082	6,104	6,082
Other Financial Transactions	227	225	105	262	222	222	222	222
Grants, Aids and Subsidies	6,971	6,035	5,518	6,773	6,645	6,649	6,645	6,649
Capital Outlay-Real Property	2	0	19	32	32	32	32	32
Total	19,518	19,335	19,243	23,181	22,462	22,595	22,462	22,595
Total Agency Expenditures	19,518	19,335	19,243	23,181	22,462	22,595	22,462	22,595
Internal Billing Expenditures	1,098	1,293	1,284	1,181	1,149	1,152	1,149	1,152
Expenditures Less Internal Billing	18,420	18,042	17,959	22,000	21,313	21,443	21,313	21,443

Full-Time Equivalents

	112.7	112.0	108.0	112.2	112.1	112.1	112.1	112.1
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1000 - General

	Actual FY14	Actual FY15	Actual FY16	Estimate FY17	Forecast Base		Governor's Recommendation	
					FY18	FY19	FY18	FY19
Balance Forward In	0	0	0	0	0	0	0	0
Direct Appropriation	5,925	5,925	5,925	6,925	6,425	6,425	6,425	6,425
Net Transfers	0	0	74	126	126	126	126	126
Expenditures	5,925	5,925	5,999	7,051	6,551	6,551	6,551	6,551
Balance Forward Out	0	0	0	0	0	0	0	0
<i>Biennial Change in Expenditures</i>				1,200		51		51
<i>Biennial % Change in Expenditures</i>				10		0		0
<i>Gov's Exp Change from Base</i>								0
<i>Gov's Exp % Change from Base</i>								0
Full-Time Equivalents	46.2	45.4	41.8	44.0	45.0	45.0	45.0	45.0

2000 - Restrict Misc Special Revenue

	Actual FY14	Actual FY15	Actual FY16	Estimate FY17	Forecast Base		Governor's Recommendation	
					FY18	FY19	FY18	FY19
Balance Forward In	884	858	853	877	878	878	878	878
Receipts	693	588	690	1,035	938	938	938	938
Net Transfers	0	0	0	0	0	0	0	0
Expenditures	721	601	666	1,034	938	938	938	938
Balance Forward Out	856	845	877	878	878	878	878	878
<i>Biennial Change in Expenditures</i>				378		177		177
<i>Biennial % Change in Expenditures</i>				29		10		10
<i>Gov's Exp Change from Base</i>								0
<i>Gov's Exp % Change from Base</i>								0
Full-Time Equivalents	2.0	2.0	2.0	4.0	2.0	2.0	2.0	2.0

2403 - Gift

	Actual FY14	Actual FY15	Actual FY16	Estimate FY17	Forecast Base		Governor's Recommendation	
					FY18	FY19	FY18	FY19
Balance Forward In	285	290	128	83	67	67	67	67
Receipts	359	711	177	174	183	183	183	183
Expenditures	354	880	222	190	183	193	183	193
Balance Forward Out	290	122	83	67	67	57	67	57
<i>Biennial Change in Expenditures</i>				(821)		(37)		(37)
<i>Biennial % Change in Expenditures</i>				(67)		(9)		(9)

2403 - Gift

Gov's Exp Change from Base							0
Gov's Exp % Change from Base							0
Full-Time Equivalents	1.6	1.6	1.3	1.3	1.3	1.3	1.3

3000 - Federal

	Actual FY14	Actual FY15	Actual FY16	Estimate FY17	Forecast Base FY18	Forecast Base FY19	Governor's Recommendation FY18	Governor's Recommendation FY19
Balance Forward In	97	1,695	172	84	63	63	63	63
Receipts	12,490	10,343	12,267	14,885	14,790	14,912	14,790	14,912
Expenditures	12,517	11,930	12,355	14,905	14,790	14,913	14,790	14,913
Balance Forward Out	70	109	84	63	63	63	63	63
Biennial Change in Expenditures				2,813		2,442		2,442
Biennial % Change in Expenditures				12		9		9
Gov's Exp Change from Base								0
Gov's Exp % Change from Base								0
Full-Time Equivalents	63.0	63.1	62.9	62.9	63.9	63.9	63.9	63.9

Program: Broadband Development<http://mn.gov/deed/broadband>**AT A GLANCE**

- Works to ensure that the state's Internet service is among the nation's best and can keep pace with growing demands of busy Minnesotans.
- Coordinates public, private, and philanthropic efforts to increase availability, speed, and use of broadband.
- Administers the state competitive grant fund for broadband infrastructure.
- Conducts research, data collection, and mapping to inform policy and improve access to underserved and unserved communities.

PURPOSE & CONTEXT

The Office of Broadband Development (OBD) was created in 2013 and charged with improving broadband access and use within Minnesota.

Our purpose is to drive job creation, promote innovation and expand markets for Minnesota businesses by increasing the deployment and use of broadband technologies. We also encourage investment in broadband infrastructure to achieve equal access to opportunities in economic development, education, healthcare, public safety and social well-being throughout the state. Our work ensures that unserved and underserved communities gain access to the broadband infrastructure they need to remain economically competitive and socially connected.

SERVICES PROVIDED

The Office of Broadband Development (OBD) accomplishes its mission through the following activities:

- *Community Planning:* We work with communities, broadband providers, and local units of government to provide technical assistance and consultation services for broadband development and related planning. We also work to ensure these stakeholders are aware of both federal and state policies and programs, including financial resources.
- *Broadband Infrastructure:* We manage the competitive Border-to-Border Broadband Development Grant program to build broadband infrastructure in areas of the state where conventional business models have been unable to meet connectivity needs. Applicants are typically one partner among several in a community initiative, such as an existing broadband provider, a cooperative, township, city, or tribe.
- *Research and Data Collection:* Through the coordination of data collection, mapping, and analysis, we measure progress toward state broadband goals.
- *Adoption and Use:* We study and work to improve low broadband adoption and use rates among identified population groups.
- *Collaboration and Engagement:* We provide support and input to the Governor's Task Force on Broadband in order to develop, implement and promote state broadband policy, planning and initiatives to achieve State broadband needs and goals.

RESULTS

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quantity	# of Applications to Broadband Grant Programs	40	44	Oct. 2014 & Oct. 2015
Quantity	# of Households, Businesses, and Community Institutions Served by Broadband Grant Program	6,333	4,098 ¹	Feb. 2015 & Nov. 2015
Results	Percent of Minnesota Households with High Speed Broadband Access (based on previous 10Mbps/5Mbps state goal for 2015)	86.53%	87.54%	Oct. 2014 & Dec. 2015

Minn. Stat., Chap. 116J.39 (<https://www.revisor.mn.gov/statutes/?id=116J.39>) provides the legal authority for DEED's Broadband Development program.

¹ This number reflects a decrease in the amount of grant funding authorized for SFY 2016. It is based on \$11 million awarded in 2015 versus \$18.6 million awarded in 2014.

(Dollars in Thousands)

Expenditures By Fund

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY14	FY15	FY16	FY17	FY18	FY19	FY18	FY19
1000 - General	90	395	6,571	4,522	256	256	256	256
2001 - Other Misc Special Revenue	0	14,726	5,943	35,258	941	622	30,941	30,622
Total	90	15,121	12,514	39,780	1,197	878	31,197	30,878
Biennial Change				37,084		(50,220)		9,780
Biennial % Change				244		(96)		19
Governor's Change from Base								60,000
Governor's % Change from Base								2,893

Expenditures by Budget Activity

Budget Activity: Broadband Development Office	90	15,121	12,514	39,780	1,197	878	31,197	30,878
Total	90	15,121	12,514	39,780	1,197	878	31,197	30,878

Expenditures by Category

Compensation	60	214	277	324	366	377	551	570
Operating Expenses	30	184	210	545	473	360	810	699
Other Financial Transactions	0	0	0	0	0	0	0	0
Grants, Aids and Subsidies	0	14,723	12,028	38,912	357	140	29,835	29,608
Total	90	15,121	12,514	39,780	1,197	878	31,197	30,878
Total Agency Expenditures	90	15,121	12,514	39,780	1,197	878	31,197	30,878
Internal Billing Expenditures	8	32	40	40	45	47	68	71
Expenditures Less Internal Billing	82	15,089	12,474	39,740	1,152	831	31,129	30,807

Full-Time Equivalents

	0.5	2.0	2.8	3.5	4.0	4.0	4.0	4.0
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1000 - General

	Actual FY14	Actual FY15	Actual FY16	Estimate FY17	Forecast Base		Governor's Recommendation	
					FY18	FY19	FY18	FY19
Balance Forward In	0	160	0	4,267	0	0	0	0
Direct Appropriation	250	20,250	10,838	35,250	250	250	30,250	30,250
Net Transfers	0	(20,000)	0	(34,994)	6	6	(29,994)	(29,994)
Cancellations	0	15	0	0	0	0	0	0
Expenditures	90	395	6,571	4,522	256	256	256	256
Balance Forward Out	160	0	4,267	0	0	0	0	0
<i>Biennial Change in Expenditures</i>				10,609		(10,582)		(10,582)
<i>Biennial % Change in Expenditures</i>				2,189		(95)		(95)
<i>Gov's Exp Change from Base</i>								0
<i>Gov's Exp % Change from Base</i>								0
Full-Time Equivalents	0.5	1.9	2.8	2.3	1.5	1.5	1.5	1.5

2001 - Other Misc Special Revenue

	Actual FY14	Actual FY15	Actual FY16	Estimate FY17	Forecast Base		Governor's Recommendation	
					FY18	FY19	FY18	FY19
Balance Forward In	0	0	7,365	1,531	1,423	562	1,423	562
Receipts	0	99	108	150	80	60	80	60
Net Transfers	0	20,000	0	35,000	0	0	30,000	30,000
Expenditures	0	14,726	5,943	35,258	941	622	30,941	30,622
Balance Forward Out	0	5,373	1,531	1,423	562	0	562	0
<i>Biennial Change in Expenditures</i>				26,475		(39,637)		20,363
<i>Biennial % Change in Expenditures</i>				180		(96)		49
<i>Gov's Exp Change from Base</i>								60,000
<i>Gov's Exp % Change from Base</i>								3,839
Full-Time Equivalents		0.1	0.0	1.2	2.5	2.5	2.5	2.5

FY 2018-19 Federal Funds Summary

(Dollars in Thousands)

Federal Agency and CFDA #	Federal Award Name and Brief Purpose	New Grant	FY2016 Actuals	FY2017 Budget	FY2018 Base	FY2019 Base	Required State Match or MOE?	FTEs
US HUD 14.228	Small Cities Community Development Block Grants For the benefit of eligible non-entitlement local units of government for community development needs.		13,977	44,288	17,000	17,000	Match	3.5
Environmental Protection Agency 66.818	Brownfield/Petroleum Cleanup Provide loans to public or private entities for clean-up of contaminated property.		1,004	1,301	2,130	-		0.1
Budget Activity Total	Community Finance		14,981	45,589	19,130	17,000		3.6
Small Business Administration 59.037	Small Business Development Centers Financing small business development center services.		1,803	2,935	1,900	1,900	Match	-
Small Business Administration 59.037	Small Business Portable Assistance Program Technical assistance and/or training services to small businesses in communities that are economically impacted as a result of a recent business or government facility downsizing or closing	Yes	-	75	25	-		-
Budget Activity Total	Entrepreneurship & Small Business Development		1,803	3,010	1,925	1,900		-
US Treasury - No CFDA	State Small Business Credit Initiative To provide portfolio insurance for business loans also collateral support programs, loan participations programs, venture capital programs, and loan guarantee programs		-	-	-	-		0.4
Budget Activity Total	Business Finance		-	-	-	-		0.4
Program Total	Business and Community Development		16,784	48,599	21,055	18,900		3.9
US Department Of Labor 17.225	Unemployment Insurance Provides a temporary, partial wage replacement to those who become unemployed through no fault of their own.		47,118	47,144	49,924	53,791		356.4

Federal Agency and CFDA #	Federal Award Name and Brief Purpose	New Grant	FY2016 Actuals	FY2017 Budget	FY2018 Base	FY2019 Base	Required State Match or MOE?	FTEs
Program Total	Unemployment Insurance		47,118	47,144	49,924	53,791		356.4
US Department Of Labor 17.207	Employment Services Wagner- Peyser Provides labor exchange services to individuals seeking employment and to businesses seeking workers.		11,077	11,524	11,505	11,631		104.0
US Department Of Labor 17.207	Career One-Stop Provides a wide array of information and interactive tools for job seekers, students and other career planners.		7,514	10,500	11,000	11,000		18.0
US Department Of Labor 17.258	Workforce Investment Act Programs Provides year round employment training services to adults.		5,233	-	-	-		-
NO CFDA	Subgrant agreements		3,778	3,200	3,341	3,381		30.0
US Department Of Labor 17.273	Foreign Labor Provides federal tax credit to employers hiring members of targeted groups who have difficulty finding jobs. Enables businesses to hire foreign workers. Provide analysis of job market conditions and outlook, economic indicators and workforce trends.		107	120	120	120		1.2
US Department Of Labor 17.235	Senior Community Service Employment Program Provides people age 55 and older to receive on the job training and current work experience they need to return to work.		2,012	2,050	2,150	2,150		0.7
US Department Of Labor 17.245	Trade Adjustment Assistance Serves workers displaced by foreign trade and provides workers reentering the workforce with work search, relocation, job training and weekly cash benefits		10,095	19,041	19,069	19,099		16.8
US Department Of Labor 17.258	Workforce Innovation and Opportunity Act (WIOA) Adult Programs Provides year round employment training services to adults.		6,637	8,637	9,300	9,500		23.4

Federal Agency and CFDA #	Federal Award Name and Brief Purpose	New Grant	FY2016 Actuals	FY2017 Budget	FY2018 Base	FY2019 Base	Required State Match or MOE?	FTEs
US Department Of Labor 17.281	Workforce Innovation and Opportunity Act (WIOA) Transitional Activities (TAT) Provides funding for WIOA implementation activities.		127	42				
US Department Of Labor 17.278	Workforce Innovation and Opportunity Act (WIOA) Dislocated Worker Programs Provides employment and training services to workers who have been laid off through no fault of their own.		5,442	8,538	10,000	10,500		
US Department Of Labor 17.271	Work Opportunity Tax Credit (WOTC) Provides federal tax credit to employers hiring members of targeted groups who have difficulty finding jobs. Enables businesses to hire foreign workers. Provide analysis of job market conditions and outlook, economic indicators and workforce trends.		215	246	266	278		2.8
US Department Of Labor 17.801	Veterans Programs Provide specialized employment and training services to veterans using the workforce center system.		2,925	2,917	3,107	3,125		28.9
US Department Of Labor 17.277	National Emergency Grants - Workforce Innovation and Opportunity Act Programs Provides assistance to mass layoffs or plant closings and other events that cause increases in the number of unemployed.		1,513	6,902	2,000	2,000		2.2
US Department Of Labor 17.268	MN Mineral To provide training and related activities to workers to assist them in gaining the skills and competencies needed to obtain or upgrade employment in high- growth industries or economic sectors.		6	-	-	-		-
US Department Of Labor 17.207	Adult DEI Career Pathways To increase participation in existing job training and career pathways programs by all Minnesotans including adult learners and job seekers with disabilities and other with unique career development needs.		530	771	817	179		1.2

Federal Agency and CFDA #	Federal Award Name and Brief Purpose	New Grant	FY2016 Actuals	FY2017 Budget	FY2018 Base	FY2019 Base	Required State Match or MOE?	FTEs
US Department Of Labor 17.266	Workforce Investment Act Incentive Programs Incentive Program to support innovative workforce development and education activities that are authorized under title IB (Workforce Investment Systems)		1,220	1,061	-	-		3.2
US Department Of Labor 17.283	Workforce Innovation Fund An award to promote system reforms and innovations that facilitate cooperation across programs to improve employment outcomes, cost effectiveness, and delivery of customer-centered services to job seekers, youth and employers.	Yes	196	1,849	2,012	1,577		4.5
US Department Of Labor 17.268	Apprenticeship Initiative An award to develop innovative approaches to expand apprenticeship into more industries, sectors, and occupations.	Yes	41	4,316	230	190		1.3
Budget Activity Total	Adult Services		58,668	81,714	74,917	74,730		238.2
US Department Of Labor 17.207	Youth Disability Employment Initiative (DEI) Program Provides expansion of employment opportunities for youth people with disabilities.	Yes	-	500	800	800		1.8
US Department Of Labor 17.259	Workforce Innovation and Opportunity Act (WIOA) Youth Programs Provides year round employment training services to disadvantaged youth.		9,953	9,463	10,000	10,500		6.5
Budget Activity Total	Youth Services		9,953	9,963	10,800	11,300		8
Program Total	Workforce Development		68,619	91,677	85,717	86,030		246.4
Social Security Administration 96.001	Disability Determination Provides determinations on social security disability insurance eligibility, verification information to rehabilitation agencies and resources for customers eligible for Ticket to Work program.		23,858	25,510	26,005	26,151		153.0
Program Total	Disability Determination		23,858	25,510	26,005	26,151		153.0

Federal Agency and CFDA #	Federal Award Name and Brief Purpose	New Grant	FY2016 Actuals	FY2017 Budget	FY2018 Base	FY2019 Base	Required State Match or MOE?	FTEs
US Department Of Labor 17.002	Labor Force Statistics Collects, edits analyze and disseminate employment and economic data.		1,420	1,434	1,434	1,434		14.0
US Department Of Labor 17.207	Analyst Resource Center Development, maintenance and dissemination of the Workforce Information Database to all states for mandated use as the repository of labor marker data.		1,119	1,215	1,215	1,215		1.4
US Department Of Labor 17.207	Workforce Information Grant Provide analysis of job market conditions and outlook, economic indicators and workforce trends.		652	608	608	608		6.9
Program Total	General Support Services		3,192	3,256	3,256	3,256		22.3
Small Business Administration 59.061	State Trade and Export Promotion (STEP) A pilot program of the SBA to provide grants to states to carry out export programs that assist eligible small businesses.		132	303	160	160	Match	
Program Total	Minnesota Trade Office		132	303	160	160		-
US Department Of Education 84.187	Basic Supported Employment Provides assessment, vocational evaluations, counseling, training, and job placement services for persons with significant disabilities.		319	330	330	330	Match	
US Department Of Education 84.126	Basic Employment Provides assessment, vocational evaluations, counseling, training, and job placement services for persons with significant disabilities.		47,372	49,184	51,430	52,145	Both	340.0
Interagency agreement No CFDA	VR Special Projects		1,054	1,283	300	-		0.4
US Department Of Education 84.265	In Service Training		11	-	-	-	Match	

Federal Agency and CFDA #	Federal Award Name and Brief Purpose	New Grant	FY2016 Actuals	FY2017 Budget	FY2018 Base	FY2019 Base	Required State Match or MOE?	FTEs
Budget Activity Total	Vocational Rehabilitation		48,756	50,797	52,060	52,475		340.4
Health & Human Services 93.369	Independent Living Services B Provides independent living skills training, information and referral, systems advocacy, and peer support services to persons with disabilities.		1,631	2,755	2,755	2,755	Match	1.7
Health & Human Services 93.432	Independent Living Services C To support a network of centers for independent living (centers or CILs)		1,003	1,100	1,100	1,100		
Budget Activity Total	Independent Living		2,634	3,855	3,855	3,855		1.7
Program Total	Vocational Rehabilitation		51,390	54,652	55,915	56,330		342.1
US Department Of Education 84.187	Basic Supported Employment Provides assessment, vocational evaluations, counseling, training, Braille, and job placement services.		119	141	145	145	Match	0.6
US Department Of Education 84.126	Basic Employment Provides assessment, vocational evaluations, counseling, training, Braille, and job placement services.		10,319	12,070	11,970	12,092	Both	51.9
US Department Of Education 84.265	In Service Training		7	-	-	-	Match	
Health & Human Services 93.369	Independent Living Services B Provides assistance to older blind persons with disabilities to live independently.		48	152	152	152	Match	1.2
US Department Of Education 84.177	Older Blind Support services for individuals age 55 or older whose severe visual impairment makes competitive employment difficult to obtain but for whom independent living goals are feasible.		913	1,468	1,469	1,469	Match	2.6
Interagency agreement No CFDA	Education Agreement		748	879	879	879		6.2
Interagency agreement No CFDA	SSB Special Projects		113	175	175	175		0.4

Federal Agency and CFDA #	Federal Award Name and Brief Purpose	New Grant	FY2016 Actuals	FY2017 Budget	FY2018 Base	FY2019 Base	Required State Match or MOE?	FTEs
Program Total	Service for The Blind		12,267	14,885	14,790	14,912	-	62.9
Agency Total	Department of Employment and Economic Development		223,359	286,025	256,822	259,530		1,186.9

Narrative:

DEED receives funding from a variety of federal agencies including the Departments of Labor, Education, Health and Human Services, Housing and Urban Development, Social Security Administration, Environmental Protection Agency, and Small Business Administration. Federal funds represent a significant portion of DEED's budget, consisting of over 51% of expenditures in SFY16.

For planning purposes, it is assumed that federal award amounts for ongoing programs will remain fairly constant over the biennium. FTE counts are based on the estimated time charged against federal programs for SFY17.

In general, the Workforce Innovation and Opportunity Act took effect on July 1, 2015, the first full program year after enactment, unless otherwise noted. WIOA creates a streamlined workforce development system by eliminating 15 existing programs and maintaining the 15 percent funding reservation at the state level to allow states the flexibility to address specific needs. Resources to the Local Areas were reduced by approximately 5%, due to the national allocation methodology. An in-state, on-site assessment was conducted in July to addresses: How ready are we for WIOA implementation? What are the barriers to implementation? How does the system need to be adapted for WIOA implementation? Minnesota has state funding sources that align and support the purpose of WIOA and plays a strategic role in addressing the evolving landscape of workforce development.

The Small Business Development Center program requires a 1 to 1 match which is shared between the state and the grantees. The Small Cities Community Development Block Grant program requires a 1 to 1 match for administrative funds, after the first \$100,000 is paid. The Brownfields program requires a 22% match, which is provided by the loan recipients. The Minnesota Trade Office STEP program requires a .333% match.

The Basic Supported Employment program requires a 10% match; Basic Employment requires 21.3% match; Independent Living programs require a 10% match; Older Blind Support requires \$1 for every \$9 of Federal grant funding received. The MOE level on Basic Employment is based on the amount of the State's non-Federal expenditures under the program for the Federal fiscal year two years earlier.