

Fiscal Analysis Department
Minnesota House of Representatives



ISSUE BRIEF

The Minnesota Workforce Development Fund

July 2018

This paper provides a summary of Minnesota’s workforce development fund (WDF) managed by the Job Skills Partnership Board.

Background

The WDF was created in the laws of 1990 as a dedicated fund for the dislocated worker program managed by the Job Skills Partnership Board (M.S. 116L.17). The Board, in consultation with local units of government, is to provide employment transition services, support services, short term training to enhance current skills in a similar occupation or industry, and long term training in a new occupation or industry for dislocated workers as a result of individual or small layoffs. Additionally, the Board will provide direct training services requested by a qualifying employer, rapid response activities during plant closings or mass layoffs, and administer CLIMB (Converting Layoffs Into Minnesota Businesses), a program that provides entrepreneurial training and technical assistance to assist dislocated workers in starting new businesses.

FIGURE 1: WORKFORCE DEVELOPMENT FUND

\$ IN THOUSANDS	Actual		Forecast			
	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021
BALANCE FORWARD FROM PRIOR YEAR	20,729	15,164	22,124	1,000	1,000	1,000
PRIOR YEAR ADJUSTMENTS	<u>6,622</u>	<u>7,500</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
ADJUSTED BALANCE FORWARD	27,351	22,664	22,124	1,000	1,000	1,000
INVESTMENT INCOME	249	421	240	240	240	240
UNEMPLOYMENT SPECIAL ASSESSMENT	<u>52,606</u>	<u>56,425</u>	<u>57,128</u>	<u>57,544</u>	<u>59,421</u>	<u>61,348</u>
TOTAL SOURCES	80,207	79,511	79,492	58,784	60,661	62,588
DISLOCATED WORKER PROGRAM	38,021	25,725	40,797	21,375	34,253	36,180
EMPLOYMENT AND ECONOMIC DEVELOPMENT	26,236	30,224	35,616	34,031	23,230	23,230
LABOR AND INDUSTRY	<u>786</u>	<u>1,439</u>	<u>2,079</u>	<u>2,378</u>	<u>2,178</u>	<u>2,178</u>
TOTAL EXPENDITURES	65,042	15,387	78,492	57,784	59,661	61,588
BUDGETARY BALANCE	15,164	22,124	1,000	1,000	1,000	1,000

Resources

For 2018, every employer pays a .10 percent special assessment on all taxable wages up to \$32,000 for each employee (M.S. 268.035 subd. 24). The special assessment is subject to all the same requirements as the Minnesota unemployment insurance program and is deposited into the WDF (M.S. 116L.20). In fiscal year 2017, the Board collected \$56.425 million through the special assessment; an increase of 7.5% over FY2016.

In addition to the revenue deposited into the fund each year, the unspent balance from the prior year does not cancel to the general fund and is also available for use. The prior year balance available in fiscal year 2018 is \$22.124 million with

an average of \$25.911 million that has gone unspent each year between fiscal years 2014 and 2018. In forecast years (fiscal year 2018 and beyond), the Board forecasts that it will use all funds available for the dislocated worker program, less \$1 million. Because of this planning method, determining the actual budgetary balance cannot be done until spending numbers are reported at the close of the fiscal year.

Uses

Except for money appropriated or transferred by the legislature for other purposes (which often occurs, see figure 2), all money in the fund goes to the Job Skills Partnership Board for the State Dislocated Workers Program. However, if after March 1 of each fiscal year, the board determines money remains in the fund after the requirements under the state dislocated workers program have been satisfied, it can use remaining funds for grants under the job skills partnership program (M.S. 116L.02), the partnership program (M.S. 116L.04), the pathways program (M.S. 116L.04), or for incumbent worker training services (116L.18).

The legislature directly appropriated more spending from the fund during the 2016-17 and 2018-19 biennia compared to the 2014-15 biennium. However, if the 2019 legislature does not make any spending changes from the fund, then directly appropriated spending is projected to return to rates akin to the 2014-15 biennium in fiscal years 2020 and 2021 (see figure 2).

FIGURE 2: LEGISLATIVE APPROPRIATIONS AS A PORTION OF REVENUE (\$ in thousands)

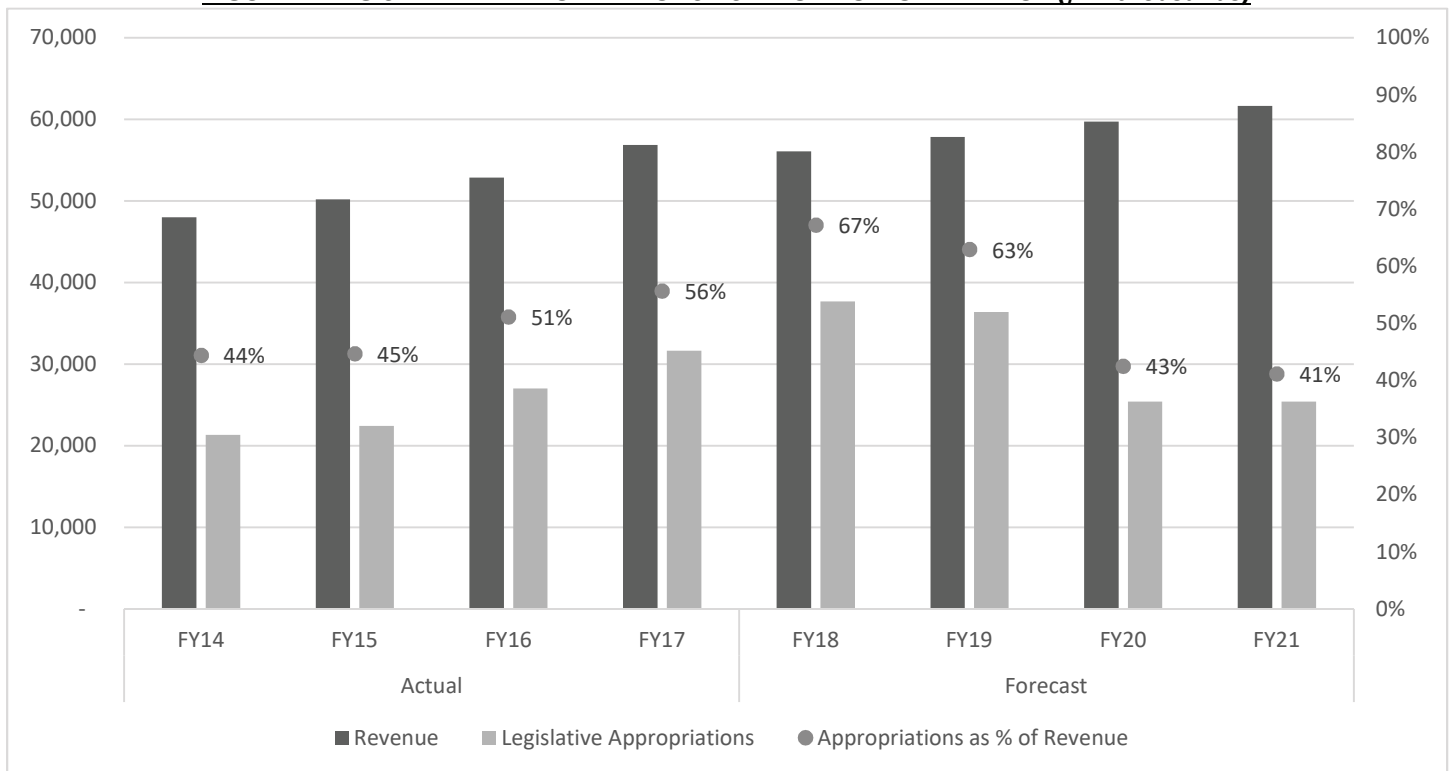


Figure 3 is a list of all of the directly appropriated spending from the WDF in current law. Most of this spending supports workforce education and training programs at nonprofits, either directly or through competitive grant programs run by state agencies.

FIGURE 3: LAWS OF 2017 – CHAPTER 94 LEGISLATIVE APPROPRIATIONS (\$ in thousands)

Department of Employment and Economic Development (DEED)	FY2018-19	FY2020-21
Center for Rural Policy and Development Grant	322	-
Enterprise MN Grant	600	-
Fighting Chance	50	-

Job Training Grants	2,700	2,700
YWCA - Minneapolis Grant	1,050	-
Fasttrac MN Adult Careers Competitive Grant	-	-
Adult Workforce Development Competitive Grant Program	-	-
Pathways to Prosperity Competitive Grant Program	9,208	9,208
SciTechsperience Grant	2,700	-
MN Diversified Industries, Inc.	900	-
Resource Inc.	1,000	-
MN Alliance of Boys & Girls Clubs	1,500	-
Big Brothers-Big Sisters	430	-
YWCA St. Paul - WDF Shift	500	-
EMERGE Community Development Grants	2,000	-
Minneapolis Foundation-North At Work Grant	2,000	-
Community Grants - Latino Community - CLUES	1,500	-
Ujamaa Place Grant	1,200	-
Twin Cities RISE - Hard to Train Individuals Grant	1,600	-
Twin Cities RISE - Transit Tech Increase Grant	497	-
American Indian Workforce Pilot Grant	230	-
Cook County Higher Education Board Grant	40	-
Bridges to Healthcare Grant	500	-
Nonprofits Association Fund Grant	1,000	-
MN Youth Fund	8,100	8,100
Youthbuild Program	2,000	2,000
Youth at Work Competitive Grant Program	6,696	6,696
OIC Programs	1,000	1,000
Summit Academy OIC Grant	1,500	-
Father Project Grant	1,000	-
Displaced Homemaker Program	300	-
Transition Age Youth Pilot Grant	150	-
Rural Career Counselors Grant	1,000	1,000
DEED Operating Adjustment	83	96
Extended Employment Services	13,660	13,660
Deaf, Deafblind, Hard of Hearing Grants	2,000	2,000
DEED TOTAL	69,016	46,460
Department of Labor and Industry (DLI)	FY2018-19	FY2020-21
LEAP Grants	200	200
PIPELINE Project Continuation	600	600
Labor Standards and Apprenticeship Base	189	198
Helmets to Hard Hats Grant	400	-
Apprenticeship Program	2,058	2,058
Prevailing Wage Enforcement	300	300
Youth Skills Training Program	700	1,000
DLI TOTAL	4,447	4,356
TOTAL	73,463	50,816

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