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<https://www.mn.gov/deed>

AT A GLANCE

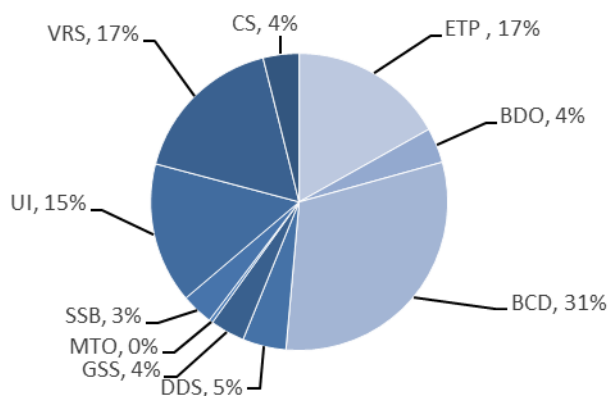
- The mission of the Department of Employment and Economic Development (DEED) is to empower the growth of the Minnesota economy, for everyone.
- DEED is the state's principal economic development and workforce development agency.
- We work to attract, retain, and expand businesses and create jobs for 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 that no communities are left on the economic sidelines.
- We invest in programs and policies that ensure communities of color reach their professional and personal goals and aim to eliminate economic disparities throughout the state.

PURPOSE

DEED's 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 opportunities for individuals currently underrepresented in Minnesota's economy; promote international trade; promote broadband adoption; and support community development. The agency has the following shared values: focus on the customer, communicate early and often, seek solutions, create inclusion, encourage new ideas and be gracious.

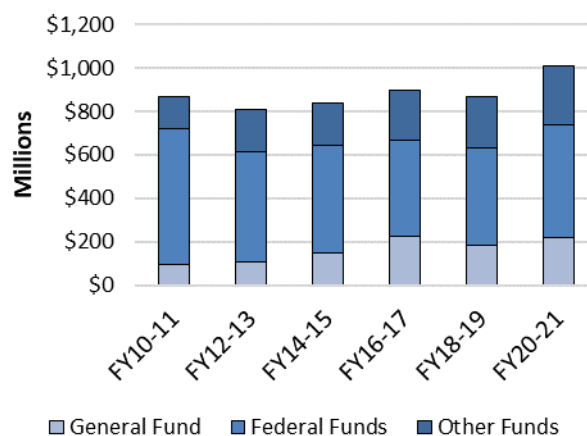
BUDGET

**Spending by Program
FY 2021 Actual**



BCD = Business and Community Development; MTO = Minnesota Trade Office; UI = Unemployment Insurance; ETP = Employment & Training Programs Division; DDS = Disability Determination Services; GSS = General Support Services; VRS = Vocational Rehabilitation Services; SSB = State Services for the Blind; BDO = Office of Broadband Development; CF = CareerForce
Source: Budget Planning & Analysis System (BPAS)

Historical Spending



Source: Consolidated Fund Statement

STRATEGIES

DEED manages federal and state programs that support Minnesota's people, businesses, and communities. Across all of our programs, we set results-driven goals, drafting agency-wide objectives that we track through quarterly performance indicators. It's critical to our approach that we maximize our effectiveness by setting ambitious goals and collaborating to achieve them.

Our focus is on providing superior service, secure systems, and sustainable and equitable investments in order to combat the state's primary economic challenges: economic impacts from the COVID-19 pandemic coupled with deep 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 locally and globally competitive and that workers have the skills and opportunities they need for meaningful and family-sustaining employment. DEED delivers many of these services directly to Minnesotans via our CareerForce System, which includes 55 CareerForce locations as well as digital services with new ways to provide virtual assistance. We also prioritize partnerships and grants to service providers, non-profits, colleges and universities, and Adult Basic Education programs.

- *Employment and Training Programs*: Provides 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.
- *CareerForce*: Engages with career seekers and employers in 55 CareerForce Locations across the state, online and through outreach to people and populations who have experienced greater challenges accessing the workforce development system.
- *Governor's Workforce Development Board (GWDB)*: Has statutory responsibility under the federal Workforce Innovation and Opportunity Act (WIOA), which provides leadership on opportunities and key workforce strategies for the state.
- *Office of Public Engagement*: Provides targeted outreach and engagement efforts on DEED's programs.

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

- *Business and Community Development*: Provides new and expanding businesses with various business finance incentives, while communities can receive grants, loans, and technical assistance for redevelopment and public infrastructure. This includes the new Launch Minnesota initiative, focused on technology-based businesses.
- *Minnesota Trade Office*: Provides export assistance and training for businesses and helps foreign companies invest in Minnesota through new business startups or expansions.
- *Office of Broadband Development*: Coordinates public, private, and philanthropic efforts to increase availability, speed, connectivity and use of broadband.
- *Small Business*: Administers programs and services that provide information and resources to entrepreneurs and small businesses.
- *Research*: Provides research services to internal and external customers including Economic Analysis and Labor Market Information.

The *Workforce Services* division supports Minnesotans who need income and program supports due to a loss of employment or disability and works to connect those workers with employment opportunities.

- *Vocational Rehabilitation*: Assists Minnesotans with disabilities to secure and retain employment, live independently, and reduce their dependence on government supports.
- *State Services for the Blind*: Facilitates the achievement of personal and vocational independence by Minnesotans who are blind, visually impaired, or DeafBlind.

- *Unemployment Insurance:* Pays 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 search for employment.
- *Disability Determination:* Determines if Minnesota applicants meet federal criteria for disability benefits through the Social Security Administration.

General Support Services (GSS) provides the agency with the infrastructure and leadership necessary to operate programs, develop policies, and provide assistance to individuals, businesses and communities.

- *Commissioner's Office:* Provides executive leadership through appointment by Office of the Governor of Minnesota.
- *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 Diversity and Equal Opportunity:* Ensures DEED's compliance with federal and state laws concerning discrimination, harassment, reasonable accommodation, retaliation, site and program access, and handles complaints of discrimination for any DEED employee, applicant, contractor, or customer.
- *General Counsel:* Supports DEED's legal needs, including data requests, ethics questions, litigation, contracts, and other items.
- *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 training and development.
- *Technical Planning:* Advises DEED on technical investments, coordinates the IT project decision process, and ensures that IT projects are set up, implemented, and maintained successfully.
- *Performance and Technical Management:* Advises DEED on technical investments, coordinates the IT project decision process, and ensures that IT projects are set up, implemented, and maintained successfully.

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 (Public Law 113 – 128) <https://www.gpo.gov/fdsys/pkg/PLAW-113publ128/pdf/PLAW-113publ128.pdf>, 29 U.S.C. Sec. 3101, et. seq. This is a non-state website.

Employment and Economic Development

Agency Expenditure Overview

(Dollars in Thousands)

	Actual FY20	Actual FY21	Actual FY22	Estimate FY23	Forecast Base		Governor's Recommendation	
					FY24	FY25	FY24	FY25
<u>Expenditures by Fund</u>								
1000 - General	114,087	104,182	643,139	196,399	125,819	125,819	583,245	380,511
2000 - Restrict Misc Special Revenue	31,007	67,447	65,258	64,344	43,617	40,195	44,044	40,622
2001 - Other Misc Special Revenue	26,856	20,832	27	30,988	29,282	1,784	29,282	1,784
2340 - Renewable Development		1,643	8,353					
2350 - Petroleum Tank Release Cleanup	4,411	4,266	3,582	9,200	9,200	9,200	9,200	9,200
2390 - Workforce Development	55,574	58,393	56,623	79,567	53,237	53,237	80,763	80,791
2403 - Gift	293	254	281	448	468	431	468	431
2801 - Remediation	1,468	733		2,597	700	700	700	700
3000 - Federal	216,181	239,987	322,872	468,462	445,679	441,712	445,679	441,712
3010 - Coronavirus Relief	146	64,733	12,822					
3015 - ARP-State Fiscal Recovery		238	2,097,973	231,000				
4925 - Paid Family Medical Leave							41,659	36,492
4950 - Unemployment Insurance							65,362	196,086
8350 - Ag & Econ Development Board	16	6	11	41	42	43	42	43
Total	450,039	562,713	3,210,941	1,083,046	708,044	673,121	1,300,444	1,188,372
Biennial Change				3,281,235		(2,912,822)		(1,805,171)
Biennial % Change				324		(68)		(42)
Governor's Change from Base								1,107,651
Governor's % Change from Base								80

Expenditures by Program

Business and Community Development	106,690	173,061	294,376	231,696	163,815	158,019	427,287	229,994
Unemployment Insurance	53,813	86,212	2,613,850	330,789	78,102	75,686	143,464	271,772
Employment and Training Programs	92,006	94,913	101,326	136,902	108,982	108,982	173,382	171,179
CareerForce Systems	20,600	22,005	20,819	25,904	26,117	26,542	36,117	26,542
Disability Determination Services	25,143	26,664	27,345	34,304	38,123	33,263	38,123	33,263
General Support Services	18,844	21,207	23,602	27,925	26,947	27,349	30,509	31,905
Minnesota Trade Office	2,203	2,260	2,565	2,339	2,639	2,639	2,639	2,639
Vocational Rehabilitation Services	89,806	95,422	105,499	108,681	108,483	112,309	110,428	114,254
State Services for The Blind	17,037	19,519	20,475	21,667	25,110	26,610	29,110	30,610
Broadband Development	23,898	21,450	1,086	162,839	129,726	101,722	267,726	239,722
Paid Family Medical Leave							41,659	36,492

Employment and Economic Development

Agency Expenditure Overview

(Dollars in Thousands)

	Actual FY20	Actual FY21	Actual FY22	Estimate FY23	Forecast Base		Governor's Recommendation	
					FY24	FY25	FY24	FY25
Total	450,039	562,713	3,210,941	1,083,046	708,044	673,121	1,300,444	1,188,372

Expenditures by Category

Compensation	118,303	130,610	131,466	150,206	152,715	156,266	167,108	172,923
Operating Expenses	94,748	113,745	131,235	133,477	127,820	118,378	179,648	151,769
Grants, Aids and Subsidies	231,568	309,610	431,036	513,044	393,199	368,011	853,866	636,978
Capital Outlay-Real Property	358	251	838	61	62	62	62	62
Other Financial Transaction	5,062	8,497	2,516,367	286,258	34,248	30,404	99,760	226,640
Total	450,039	562,713	3,210,941	1,083,046	708,044	673,121	1,300,444	1,188,372

Total Agency Expenditures	450,039	562,713	3,210,941	1,083,046	708,044	673,121	1,300,444	1,188,372
Internal Billing Expenditures	16,378	18,461	18,350	19,945	20,748	21,505	22,041	22,612
Expenditures Less Internal Billing	433,661	544,252	3,192,591	1,063,101	687,296	651,616	1,278,403	1,165,760

Full-Time Equivalents

1,309.58	1,389.32	1,390.63	1,431.27	1,453.83	1,452.01	1,519.89	1,509.41
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Employment and Economic Development

Agency Financing by Fund

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY20	FY21	FY22	FY23	FY24	FY25	FY24	FY25
1000 - General								
Balance Forward In	42,756	46,067	48,930	85,187				
Direct Appropriation	121,287	119,737	660,046	116,440	118,753	93,753	576,179	348,445
Open Appropriation	13,493	20,977	24,940	22,206	34,500	34,500	34,500	34,500
Transfers In	3,118	2,153	1,052	1,395	1,567	1,613	1,567	1,613
Transfers Out	28,512	25,032	3,463	28,829	29,001	4,047	29,001	4,047
Net Loan Activity	191	(1,000)	(449)					
Cancellations	282	16,213	2,729					
Balance Forward Out	37,965	42,506	85,188					
Expenditures	114,087	104,182	643,139	196,399	125,819	125,819	583,245	380,511
Biennial Change in Expenditures				621,269		(587,900)		124,218
Biennial % Change in Expenditures				285		(70)		15
Governor's Change from Base								712,118
Governor's % Change from Base								283
Full-Time Equivalents	107.09	105.30	220.89	232.52	232.51	231.21	295.57	285.61

2000 - Restrict Misc Special Revenue

Balance Forward In	36,164	53,826	40,600	40,426	11,084	5,564	11,084	6,027
Receipts	41,747	31,660	65,628	34,296	37,359	38,598	38,249	39,488
Internal Billing Receipts	18,609	20,570	20,369	20,778	24,495	25,638	24,495	25,638
Transfers In	3,478	1,128	1,117	1,325	1,325	1,325	1,325	1,325
Transfers Out	2,500		2,000					
Net Loan Activity	(81)	(205)	338	(619)	(587)	(587)	(587)	(587)
Balance Forward Out	47,801	18,962	40,426	11,084	5,564	4,705	6,027	5,631
Expenditures	31,007	67,447	65,258	64,344	43,617	40,195	44,044	40,622
Biennial Change in Expenditures				31,149		(45,790)		(44,936)
Biennial % Change in Expenditures				32		(35)		(35)
Governor's Change from Base								854
Governor's % Change from Base								1
Full-Time Equivalents	119.14	121.26	128.24	157.83	151.39	151.39	154.39	154.39

2001 - Other Misc Special Revenue

Balance Forward In	63,921	41,635	77,129	79,605	85,572	93,461	85,572	93,461
Receipts	4,074	19,226	8,913	9,118	9,161	9,158	9,161	9,158

Employment and Economic Development

Agency Financing by Fund

(Dollars in Thousands)

	Actual FY20	Actual FY21	Actual FY22	Estimate FY23	Forecast Base		Governor's Recommendation	
					FY24	FY25	FY24	FY25
Transfers In	58,291	30,781	9,584	26,000	26,000	1,000	26,000	1,000
Transfers Out	30,300		22,750					
Net Loan Activity	(29,436)	405	6,758	1,837	2,010	985	2,010	985
Balance Forward Out	39,693	71,216	79,607	85,572	93,461	102,820	93,461	102,820
Expenditures	26,856	20,832	27	30,988	29,282	1,784	29,282	1,784
Biennial Change in Expenditures				(16,672)		51		51
Biennial % Change in Expenditures				(35)		0		0
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	4.57	4.11	6.84	10.68	6.17	6.17	6.17	6.17

2340 - Renewable Development

Balance Forward In			357			
Direct Appropriation	2,000		8,000			
Cancellations			5			
Balance Forward Out	357					
Expenditures	1,643	8,353				
Biennial Change in Expenditures			6,710		(8,353)	(8,353)
Biennial % Change in Expenditures						
Governor's Change from Base						0
Governor's % Change from Base						
Full-Time Equivalents			0.34			

2350 - Petroleum Tank Release Cleanup

Balance Forward In	4,352	7,539	9,865	12,483	9,483	6,483	9,483	6,483
Direct Appropriation	6,200	6,200	6,200	6,200	6,200	6,200	6,200	6,200
Balance Forward Out	6,141	9,473	12,483	9,483	6,483	3,483	6,483	3,483
Expenditures	4,411	4,266	3,582	9,200	9,200	9,200	9,200	9,200
Biennial Change in Expenditures				4,106		5,618		5,618
Biennial % Change in Expenditures				47		44		44
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	1.74	1.83	1.48	1.50	1.50	1.50	1.50	1.50

Employment and Economic Development

Agency Financing by Fund

(Dollars in Thousands)

	Actual FY20	Actual FY21	Actual FY22	Estimate FY23	Forecast Base FY24 FY25		Governor's Recommendation FY24 FY25	
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2390 - Workforce Development

Balance Forward In	1,141	2,796	2,677	668				
Direct Appropriation	34,837	33,037	39,759	39,489	23,237	23,237	50,763	50,791
Open Appropriation	22,140	25,489	15,698	39,410	30,000	30,000	30,000	30,000
Cancellations	665	1,678	844					
Balance Forward Out	1,878	1,252	668					
Expenditures	55,574	58,393	56,623	79,567	53,237	53,237	80,763	80,791
Biennial Change in Expenditures				22,223		(29,716)		25,364
Biennial % Change in Expenditures				20		(22)		19
Governor's Change from Base								55,080
Governor's % Change from Base								52
Full-Time Equivalents	10.36	11.45	12.37	12.93	12.47	12.37	12.47	12.37

2403 - Gift

Balance Forward In	377	499	715	656	596	551	596	551
Receipts	412	427	223	388	423	423	423	423
Balance Forward Out	496	672	657	596	551	543	551	543
Expenditures	293	254	281	448	468	431	468	431
Biennial Change in Expenditures				182		170		170
Biennial % Change in Expenditures				33		23		23
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	1.45	1.00	1.00	1.00	1.00	1.00	1.00	1.00

2801 - Remediation

Balance Forward In	801	33	1,198	1,897				
Direct Appropriation	700	700	700	700	700	700	700	700
Balance Forward Out	33		1,898					
Expenditures	1,468	733		2,597	700	700	700	700
Biennial Change in Expenditures				396		(1,197)		(1,197)
Biennial % Change in Expenditures				18				
Governor's Change from Base								0

Employment and Economic Development

Agency Financing by Fund

(Dollars in Thousands)

	Actual FY20	Actual FY21	Actual FY22	Estimate FY23	Forecast Base FY24 FY25		Governor's Recommendation FY24 FY25	
Governor's % Change from Base								0

3000 - Federal

Balance Forward In	2,469	5,371	3,611	2,891	363	2	363	2
Receipts	216,147	237,269	322,152	467,402	446,636	447,410	446,636	447,410
Net Loan Activity	(392)	(356)		(1,468)	(1,318)	(1,317)	(1,318)	(1,317)
Balance Forward Out	2,042	2,296	2,891	363	2	4,383	2	4,383
Expenditures	216,181	239,987	322,872	468,462	445,679	441,712	445,679	441,712
Biennial Change in Expenditures				335,165		96,057		96,057
Biennial % Change in Expenditures				73		12		12
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	1,065.17	1,144.35	1,019.43	1,014.57	1,048.55	1,048.13	1,048.55	1,048.13

3010 - Coronavirus Relief

Balance Forward In		60,000						
Direct Appropriation	60,149	10,000	12,822					
Cancellations	3	5,267						
Balance Forward Out	60,000							
Expenditures	146	64,733	12,822					
Biennial Change in Expenditures				(52,058)		(12,822)		(12,822)
Biennial % Change in Expenditures				(80)				
Governor's Change from Base								0
Governor's % Change from Base								

3015 - ARP-State Fiscal Recovery

Balance Forward In			230,000					
Direct Appropriation		238	2,327,973	1,000				
Balance Forward Out			230,000					
Expenditures		238	2,097,973	231,000				
Biennial Change in Expenditures				2,328,735		(2,328,973)		(2,328,973)
Biennial % Change in Expenditures						(100)		(100)
Governor's Change from Base								0

Employment and Economic Development

Agency Financing by Fund

(Dollars in Thousands)

	Actual FY20	Actual FY21	Actual FY22	Estimate FY23	Forecast Base FY24 FY25		Governor's Recommendation FY24 FY25	
Governor's % Change from Base								

4925 - Paid Family Medical Leave

Direct Appropriation							41,659	36,492
Expenditures							41,659	36,492
Biennial Change in Expenditures				0		0		78,151
Biennial % Change in Expenditures								
Governor's Change from Base								78,151
Governor's % Change from Base								

4950 - Unemployment Insurance

Receipts								196,086
Expenditures							65,362	196,086
Biennial Change in Expenditures				0		0		261,448
Biennial % Change in Expenditures								
Governor's Change from Base								261,448
Governor's % Change from Base								

8200 - Clean Water Revolving

Balance Forward In	666	197	228	276	297		297	
Receipts	1	1	0	1	1		1	
Transfers Out	500							
Net Loan Activity	31	30	48	20	(298)		(298)	
Balance Forward Out	197	228	276	297				

8350 - Ag & Econ Development Board

Balance Forward In	680	715	875	870	834	797	834	797
Receipts	25	7	6	5	5	5	5	5
Net Loan Activity	26	158						
Balance Forward Out	715	873	870	834	797	759	797	759
Expenditures	16	6	11	41	42	43	42	43
Biennial Change in Expenditures				30		33		33
Biennial % Change in Expenditures				138		63		63
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	0.06	0.02	0.04	0.24	0.24	0.24	0.24	0.24

Employment and Economic Development

Agency Change Summary

(Dollars in Thousands)

	FY23	FY24	FY25	Biennium 2024-25
Direct				
Fund: 1000 - General				
FY2023 Appropriations	116,440	116,440	116,440	232,880
Base Adjustments				
All Other One-Time Appropriations		(875)	(875)	(1,750)
Current Law Base Change		3,188	(21,812)	(18,624)
Biennial Appropriations		0	0	0
Forecast Base	116,440	118,753	93,753	212,506
Change Items				
MN Forward Fund		150,000		150,000
Drive for 5 Workforce Fund		7,500	7,500	15,000
Targeted Population Workforce Programs		15,000	15,000	30,000
Border-to-Border Broadband Grant Program		138,000	138,000	276,000
Main Street Economic Revitalization Program		42,295	42,295	84,590
Small Business Partnership Program		7,500	7,500	15,000
Child Care Economic Development Grants		7,500	7,500	15,000
Office of New Americans		750	750	1,500
Launch Minnesota		2,500	2,500	5,000
Youth Workforce Development		5,000	5,000	10,000
Employer Reasonable Accommodation Program		2,000	2,000	4,000
Individual Placement and Supports (IPS) Program Increases		1,945	1,945	3,890
Small Business Navigation Program		1,250	1,250	2,500
Return-to-Work Program		5,000	5,000	10,000
State Services for the Blind Service Expansion		2,000	2,000	4,000
Workforce Digital Transformation		10,000		10,000
Energy Transition Grant Program		5,000	5,000	10,000
Small Business Development Center Support		500	500	1,000
Expanding Opportunity Fund		40,000		40,000
Maintain Current Service Levels		2,786	3,752	6,538
Office of Child Care and Community Partnerships		500	500	1,000
Legalizing Adult-Use Cannabis		10,400	6,700	17,100
Total Governor's Recommendations	116,440	576,179	348,445	924,624
Fund: 2350 - Petroleum Tank Release Cleanup				
FY2023 Appropriations	6,200	6,200	6,200	12,400
Forecast Base	6,200	6,200	6,200	12,400
Total Governor's Recommendations	6,200	6,200	6,200	12,400
Fund: 2390 - Workforce Development				
FY2023 Appropriations	39,489	39,489	39,489	78,978

Employment and Economic Development

Agency Change Summary

(Dollars in Thousands)

	FY23	FY24	FY25	Biennium 2024-25
Base Adjustments				
All Other One-Time Appropriations		(16,262)	(16,262)	(32,524)
Biennial Appropriations		10	10	20
Forecast Base	39,489	23,237	23,237	46,474
Change Items				
Drive for 5 Workforce Fund		7,500	7,500	15,000
Targeted Population Workforce Programs		15,000	15,000	30,000
Youth Workforce Development		5,000	5,000	10,000
Maintain Current Service Levels		26	54	80
Total Governor's Recommendations	39,489	50,763	50,791	101,554
Fund: 2801 - Remediation				
FY2023 Appropriations	700	700	700	1,400
Forecast Base	700	700	700	1,400
Total Governor's Recommendations	700	700	700	1,400
Fund: 3015 - ARP-State Fiscal Recovery				
FY2023 Appropriations	1,000			
Forecast Base	1,000			
Total Governor's Recommendations	1,000			
Fund: 4925 - Paid Family Medical Leave				
Change Items				
Paid Family and Medical Leave Insurance		41,659	36,492	78,151
Total Governor's Recommendations		41,659	36,492	78,151
Open				
Fund: 1000 - General				
FY2023 Appropriations	29,211	29,211	29,211	58,422
Base Adjustments				
Forecast Open Appropriation Adjustment	2,792	5,289	5,289	10,578
November Forecast Adjustment	(9,797)			
Forecast Base	22,206	34,500	34,500	69,000
Total Governor's Recommendations	22,206	34,500	34,500	69,000
Fund: 2390 - Workforce Development				
FY2023 Appropriations	39,410	39,410	39,410	78,820
Base Adjustments				
Forecast Open Appropriation Adjustment	(9,410)	(9,410)	(9,410)	(18,820)
November Forecast Adjustment	9,410			

Employment and Economic Development

Agency Change Summary

(Dollars in Thousands)

	FY23	FY24	FY25	Biennium 2024-25
Forecast Base	39,410	30,000	30,000	60,000
Total Governor's Recommendations	39,410	30,000	30,000	60,000
Dedicated				
Fund: 2000 - Restrict Misc Special Revenue				
Planned Spending	64,344	43,617	40,195	83,812
Forecast Base	64,344	43,617	40,195	83,812
Change Items				
Angel Tax Credit		427	427	854
Total Governor's Recommendations	64,344	44,044	40,622	84,666
Fund: 2001 - Other Misc Special Revenue				
Planned Spending	30,988	29,282	1,784	31,066
Forecast Base	30,988	29,282	1,784	31,066
Total Governor's Recommendations	30,988	29,282	1,784	31,066
Fund: 2403 - Gift				
Planned Spending	448	468	431	899
Forecast Base	448	468	431	899
Total Governor's Recommendations	448	468	431	899
Fund: 3000 - Federal				
Planned Spending	468,462	445,679	441,712	887,391
Forecast Base	468,462	445,679	441,712	887,391
Total Governor's Recommendations	468,462	445,679	441,712	887,391
Fund: 4950 - Unemployment Insurance				
Change Items				
Unemployment Insurance Between Terms Removal for Certain Employees		65,362	196,086	261,448
Total Governor's Recommendations		65,362	196,086	261,448
Fund: 8350 - Ag & Econ Development Board				
Planned Spending	41	42	43	85
Forecast Base	41	42	43	85
Total Governor's Recommendations	41	42	43	85
Revenue Change Summary				
Dedicated				
Fund: 2000 - Restrict Misc Special Revenue				

Employment and Economic Development

Agency Change Summary

(Dollars in Thousands)

	FY23	FY24	FY25	Biennium 2024-25
Forecast Revenues	34,296	37,359	38,598	75,957
Change Items				
Angel Tax Credit		890	890	1,780
Total Governor's Recommendations	34,296	38,249	39,488	77,737
Fund: 2001 - Other Misc Special Revenue				
Forecast Revenues	9,118	9,161	9,158	18,319
Total Governor's Recommendations	9,118	9,161	9,158	18,319
Fund: 2403 - Gift				
Forecast Revenues	388	423	423	846
Total Governor's Recommendations	388	423	423	846
Fund: 3000 - Federal				
Forecast Revenues	467,402	446,636	447,410	894,046
Total Governor's Recommendations	467,402	446,636	447,410	894,046
Fund: 4950 - Unemployment Insurance				
Change Items				
Unemployment Insurance Between Terms Removal for Certain Employees			196,086	196,086
Total Governor's Recommendations			196,086	196,086
Fund: 8200 - Clean Water Revolving				
Forecast Revenues	1	1		1
Total Governor's Recommendations	1	1		1
Fund: 8350 - Ag & Econ Development Board				
Forecast Revenues	5	5	5	10
Total Governor's Recommendations	5	5	5	10
Non-Dedicated				
Fund: 2390 - Workforce Development				
Forecast Revenues	66,756	73,805	77,340	151,145
Total Governor's Recommendations	66,756	73,805	77,340	151,145

Employment and Economic Development

FY 2024-25 Biennial Budget Change Item

Change Item Title: MN Forward Fund

Fiscal Impact (\$000s)	FY 2024	FY 2025	FY 2026	FY 2027
General Fund				
Expenditures	150,000	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)	150,000	0	0	0
FTEs	2	2	2	2

Recommendation:

The Governor recommends creating a new program called the Minnesota Forward Fund (MFF) with a one-time appropriation of \$150 million in FY24 from the state general fund. The MMF would be used to re-shape how Minnesota does economic development, by making the state more competitive, nimble, and future-facing in the wake of several rapidly shifting global trends. This MMF would ensure that Minnesota can compete on a national and international playing field for business retention, expansion and attraction projects. These resources will position the state to compete for the kind of large investments that the federal government is making in domestic production and supply chains that are resilient for economic security and economic enhancement opportunities. These include maximizing leverage of CHIPS Act funds and the Inflation Reduction Act resources.

Rationale/Background:

With the events of the past three years, several dynamics are reshaping business location decisions which present opportunities in which Minnesota has a limited ability to compete. Those dynamics include:

- The Federal Government has invested in critical industries to make them more robust and minimize dependence on China. The Federal Government has also sought to minimize the impact of climate change and help the country reach net zero goals. Recent measures such as the CHIPS Act, the Inflation Reduction Act, and Hydrogen Hubs, are opening opportunities for states to compete for resources to build, strengthen or attract business investment and jobs in industries such as semiconductor, EVs, battery manufacturing, battery storage technologies, clean technologies, and hydrogen, among others. Dozens of competing states have already passed their own matching programs to better position themselves to draw in federal investment and win business location decisions from top American companies and startups.
- The drive from companies to build new facilities or expand in the U.S. as a way of increasing resiliency, minimizing risks and exposure to external factors (i.e., pandemics, natural disasters), making supply chains more robust, and ultimately, ensuring business continuity.
- The war between the Ukraine and Russia is increasing energy prices in Europe even more, making the U.S. more attractive for business investment. Additionally, the uncertainty that the war creates makes the U.S. a more stable destination for business investment.
- A wave of mega projects with billion-dollar capital investment, jobs in the thousands, and several acres of land required, are driving states to step up their game to compete for these opportunities, leading into large incentive packages, investments in site readiness, and aggressive talent attraction efforts.
- The ability of competing states to move quickly to secure deals, with large levers at their disposal that don't require legislative action during a legislative session.

- These changes have generated a wave of business investment that has increased in terms of capital and jobs to be created, as well as the size of the land where these facilities are to be built. “Mega-sites” are the new trend.

Minnesota is at a serious disadvantage when it comes to competing for large expansion and retention projects. The State’s current incentive programs do not provide the authority and flexibility necessary to compete on a national and international scale with the very hefty incentive packages and level of site readiness of other states. The state also similarly at a competitive disadvantage when competing for federal funding.

Over the past decade, DEED in concert with the Governor’s office, legislators, businesses and communities, have introduced and passed a dozen packages for business expansions that provide significant incentives to facilitate development and job creation. While some projects did not ultimately choose Minnesota, the state was able to make compelling proposals to win the expansions or, have the businesses agree to do those expansions in Minnesota. However, if the state is going to meet the moment and compete on a national and international stage, the state needs to create a Fund that would allow the state to move quickly to respond to business opportunities. The MN Forward Fund would address these trends and challenges by serving 3 distinct purposes:

- Serve as a source of matching funds for federally funded critical research and deployment projects that require state and local match.
- Serve as a closing fund that would allow us the authority and flexibility to negotiate incentives to better compete with other states and to provide the required state match for federal investments in businesses via the CHIPS ACT and other federal programs
- Serve to help fund site readiness to develop large and mega sites to compete for these business investment opportunities.

Through these strategies, the MFF will help the state be nimble and create a year-round process to create strong incentive packages available with proper legislative involvement.

Proposal:

The Governor recommends creating a new program called the Minnesota Forward Fund (MFF) with a one-time appropriation of \$150 million in FY24 from the state general fund. The MFF would be used to make grants or forgivable loans, or grants for infrastructure for large scale economic development projects in existing, new and emerging industries. Similar to the existing 21st Century Fund, administered by DEED and jointly utilized by Iron Range Resources and Rehabilitation, this fund would provide public investment that spurs economic growth with the ability to be flexible based on business need.

As background, the 21st Century Fund provides significant funding for value added projects in the Taconite Assistance Area to diversify the economy. Large financial packages are assembled to properly incent large private investments and investments in new and emerging industries. The packages address capital needs of businesses directly through loans and grants. The packages also assist with the expenses of costly infrastructure needed to support the business operation either directly with the business or, with the local unit of government.

The MFF would operate in a similar fashion on a statewide basis. The MFF, in addition to facilitating private investment in the state, would also facilitate and be used as the local match to leverage additional federal funding in the state.

Private businesses will be required to comply with business subsidy laws and typical state and economic development requirements that include job creation requirements, wage rates, performance periods, repayment provisions and other contract terms. To the extent possible, all funding would be on a reimbursement basis. It is estimated that DEED would require two (2) staff members to administer this funding.

MMF Details

Eligible recipients would include:

- Private businesses
- Local units of government
- Institutions of higher education

Funding would be used for the following purposes:

- Equipment purchases
- Building construction and remodeling
- Land development
- Water and sewer lines, roads, rail lines, natural gas and electric infrastructure
- Working capital
- Workforce Training

Grants to Institutions of Higher Education would be limited to no more than \$5 million and may represent up to 33% of total project funding from other sources.

Individual business expansion projects would be limited to no more than \$20 million in grants or loans combined from the Minnesota Forward Fund. Funding from the MFF does not preclude DEED from using other DEED related funding sources to facilitate a project.

- Grants – no more than \$10 million per business
- Loans – no more than \$10 million per business

Communities that are preparing land and infrastructure may receive no more than \$10 million from the fund to create large shovel ready tracts of land. Businesses, in addition to grants and loans, may also receive direct grants for infrastructure and land development and are subject to the same \$10 million cap. No more than \$10 million may be provided for one site from the Minnesota Forward Fund and may represent no more than 50% of the total project funding from other sources.

MMF Oversight

Prior to making funding awards, DEED would seek the approval of the affected units of local government, university or college. Funding decisions would require the approval of a bipartisan committee of elected officials. The agency would be required to provide a 14-day notice prior to meetings in which an investment approval is sought and would provide necessary project information, economic analysis and other more typical information such as terms, jobs, investment levels etc. to the legislative advisory commission. The Legislative Advisory Commission includes the following members:

- Governor
- Speaker of the House
- Minority Leader of the House
- Senate President
- Minority Senate Leader
- The Chairs of the House and Senate Jobs and Economic Development Committees

Projected Outcomes

It is expected that over the next four years, DEED would award \$150 million in funding with the following results:

- Leverage over \$2 billion in private investment
- Over 8,000 direct jobs with family sustaining wages
- Prepare more than 1,000 acres of land for pad-ready development
- Leverage \$750 million in federal funding for production, research, workforce development and climate investments

- Substantial increase in tax base (local government and state commercial and industrial property) and a substantial increase in sales taxes (state government) measured by economic impact analysis and future reporting.

Impact on Children and Families:

Families in Minnesota depend on stable jobs and economic opportunity. The MN Forward Fund Program paves the way for businesses to invest in the state and to provide significant wages to individuals to enhance their quality of life. Families with ample opportunities to earn income, build wealth, and access a variety of services throughout the economy are empowered to start and maintain healthy, successful families. As such, the large amount of tax revenue generated by the employers and federal transfer payments the MN Forward Fund will support, directly impacts the tax revenue generation at the state and local level which allows for the provision of the services and programs to assist families.

Equity and Inclusion:

This change item will enable the program to reduce inequities for people of color, Native Americans, people with disabilities, and veterans. The funding awarded will provide opportunity via private businesses and training opportunities for all Minnesotan's to have access to a family sustaining job.

The Governor's Council on Economic Expansion listed this programs as one of their top priorities to shape Minnesota's economy over the next decade.

Tribal Consultation:

Does this proposal have a substantial direct effect on one or more of the Minnesota Tribal governments?

☐ Yes

☒ No

IT Costs

N/A

Results:

Performance measures for this program will be collected on a yearly basis as the department monitors the use of funds and the performance of the business.

Current data points collected by existing programs of this nature include:

- # of businesses served
- # of jobs created and retained
- Wages of jobs created and retained
- Construction costs
- Supplier spending
- Tax base increases
- Investment leveraged
- Federal funding leveraged

Statutory Change(s):

DEED will create new statutory language for the legislative process.

Employment and Economic Development

FY 2024-25 Biennial Budget Change Item

Change Item Title: Drive for 5 Workforce Fund

Fiscal Impact (\$000s)	FY 2024	FY 2025	FY 2026	FY 2027
General Fund				
Expenditures	7,500	7,500	0	0
Revenues	0	0	0	0
Other Funds: Workforce	7,500	7,500		
Development Fund				
Expenditures	15,000	15,000	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	30,000	30,000	0	0
FTEs	20	20	0	0

Recommendation:

The Governor recommends a one-time investment of \$15 million from the state general fund and \$15 million from the workforce development fund in FY24-FY25 to support the Drive for 5 Workforce Fund. This initiative would address the state's job vacancies and prepare a workforce for high growth jobs with family-sustaining wages. These resources will be focused on addressing the workforce needs in the five most critical occupational categories in the state, creating a pipeline of workers who are skilled and prepared to enter high growth and high wage employment. Most importantly, the Drive for Five Fund will be rooted in equity, with targets for all programs to serve BIPOC job-seekers.

Rationale/Background:

Minnesota has the tightest labor market in the country with an unemployment rate hovering around 1.9%. Some of the contributing factors are that not enough people live here (in-migration has been flat or negative for 10+ years); there is a skills mismatch between how the economy is transforming and the skills people actually have; and individuals have barriers to employment exacerbated by COVID-19 – childcare shortage, lower interest in in-person jobs, accelerated retirements; and disparities and systemic discrimination is keeping too many workers on the sidelines.

If Minnesota is going to remain globally competitive, the state will need to look at workforce projections over the next five to ten years and focus workforce training efforts on industries with high-demand and high-wages. The state will need to intentionally align workforce training efforts with business demands and create deliberate partnerships between businesses, trade associations and workforce training programs.

For this focused approach, the agency has identified five key industries to focus on. All five industries project to have high growth occupations and have high wages associated with those occupations. The state will then invest in workforce training efforts aligned with these five industries and their associated occupations that will move more Minnesotans into high-demand jobs with family sustainable wages.

Proposal:

The Governor recommends creating a Drive for Five sector-focused workforce development program in FY24-25. Drive for Five will focus workforce training and business partnerships where the state can have the greatest impact; areas of projected high growth and high wages. This initiative will focus workforce efforts in the following industries:

- Technology
- Caring Professions
- Education
- Manufacturing
- Trades

Withing each of these five industry clusters, the program will develop a pipeline of workers for projected high growth jobs within the next 5-10 years, by focusing on three big priorities to employers: skills training in industry specific career pathways that lead to high wage employment; building a pipeline of workers into those jobs across youth, adults and older adults; and addressing barriers to employment with workforce partners.

Importantly, the Drive for Five will build strong trade association partnerships designed to align training efforts with business demands and to streamline job placements after training.

Competitive Grants for Workforce Development Organizations (\$20 million FY24-25)

The Drive for Five will run competitive grant programs for each of the 5 industries. These grant programs will look for established and innovative approaches to training, reskilling, or building pipelines of workers for those industries. The exact program components of each industry grant program will be developed in consultation with businesses hiring in these fields but will include:

- In-Demand Skills Training: Building a skilled workforce to meet the hiring of needs of employers is critical to Minnesota's economy. Through required partnerships with business and trade associations, providers will identify the high growth and wage occupations within the specific industries and build comprehensive training career pathways. The goal: build a strong pipeline to fill the anticipated job openings.
- Case Management and Supportive Services: For individuals enrolled in training there is typically a need for case management and wrap-around services to assist the trainee with addressing barriers to employment. Stipends will also help trainees afford training and on-boarding into new occupations. These resources will improve successful graduation and employment rates for participants.
- Job coaching and navigation: Preparing an individual to enter the workforce or reskilling to change occupations requires job coaching, and work readiness preparedness. This service is generally provided to ensure the trainee fully understands the industry they are entering, and they have the awareness and tools to be successful on the job.
- Employment On-Boarding and Retention Strategies: As part of a participant's training, they may participate in paid work experiences. These subsidized opportunities provide participants an opportunity to train on-the-job and receive payment for their work. The wage subsidy experience is advantageous for employers, because they can review the trainee's work ethic and skills for a specified of time and with no or little cost to them. The goal is for the employer to use this opportunity to make offers.

These efforts will train approximately 9,501 Minnesotans.

Competitive Grants for Trade Associations for Job Placement (\$6.5 Million FY 24-25)

Trade Associations have an opportunity to help drive workforce training efforts to ensure that they are aligned with employer demands and that graduates are connected with employers looking to hire. Toward this end, the Drive for Five Fund will run competitive grant programs to identify sector-specific trade association partners who can serve as coordinating job placement partners. These trade association partners will work with employers with current or anticipated employment opportunities and nonprofit workforce training partners participating in this program. These trade associations typically have strong connections to many businesses within the specific industry and can serve as a link between training providers and employers. Trade association partners will provide:

- Employer Engagement- Trade associations will drive employer engagement strategies to align employment opportunities for individuals exiting workforce development training programs. These strategies include business recruitment, job opening development, employee recruitment and job matching. Trade association will utilize the states labor exchange system.
- Diversity and Inclusion Training-Trade associations will offer Diversity, Inclusion and Retention Training to its members, to increase the business understanding of welcoming and retaining a diverse workforce
- The trade associations will place at least 79% of the trainees into industry specific training.

Business Services Staff at the Career Force Centers (\$3.5 Million FY 24-25)

Hire Business Services Representatives at the local workforce development areas to assist with addressing the hiring needs of Minnesota's businesses through direct connection to the job seekers and program participants in the CareerForce system. The 16 Business Services Representatives will

- Serve as the primary contact for businesses in that area.
- Actively engage employers by assisting with matching employers to job seekers through candidate referrals, convening job fairs and assistance with job announcement.
- Work with local area board and its partners to identify candidates for openings in small and mid- size companies in the local area.

Impact on Children and Families:

The goal of this program is to prepare individuals to enter projected high growth occupations with family sustainable wages. The anticipation the family will benefit from the trainee making a high wage and it will lead to wealth growth for the family.

Equity and Inclusion:

Training providers will be expected to work with populations overlooked for employment. Typically, these populations are part of low -income communities, people of color, re-entry, and individuals with disabilities. The opportunity for these populations to enter high wage and high growth industries will build a more inclusive workforce. The investment in DEI training for employers will improve the opportunity for employment retention for the workers.

Tribal Consultation:

Does this proposal have a substantial direct effect on one or more of the Minnesota Tribal governments?

☐ Yes

☒ No

Results:

The Sector Workforce Development Fund will be a one-time fund that will focus on preparing individuals to enter high wage employment within specific sectors. Universal performance measures tracked across sectors and training programs will include:

1. # of barriers removed
2. -# of credentials earned
3. -# of placed
4. -% employed second quarter after exit
5. -% employed fourth quarter after exit

Some of these resemble some of DEED's training programs performance outcomes and a few are new. The performance will be tracked via DEED's Workforce 1 system.

Statutory Change(s):

N/A

Employment and Economic Development

FY 2024-25 Biennial Budget Change Item

Change Item Title: Targeted Population Workforce Programs

Fiscal Impact (\$000s)	FY 2024	FY 2025	FY 2026	FY 2027
General Fund				
Expenditures	15,000	15,000	5,000	5,000
Revenues	0	0	0	0
Other Funds: Workforce Development Fund				
Expenditures	15,000	15,000	5,000	5,000
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	30,000	30,000	10,000	10,000
FTEs	12	12	4	4

Recommendation:

The Governor recommends \$30 million from the state general fund and \$30 million from the workforce development fund in FY24-25 and \$10 million from the state general fund and \$10 million from the workforce development fund in the base budget each biennium to invest in Targeted Population Workforce Programs. These funds will train approximately 3000 individuals, provide 100 employer diversity and inclusion trainings and provide capacity building to approximately 100 small workforce development community-based organizations in FY24-25.

Rationale/Background:

Minnesota is experiencing the highest number of job vacancies in state history (approximately 200,000), and the state's unemployment rate is hovering around 1.9 percent, which is one of the lowest in state history. But, at the same time, the unemployment rate for Black Minnesotans is hovering around 7.3 %. To identify a workforce to fill those vacancies, DEED needs to expand its services to the potential workers who have been overlooked as well as investing in employer diversity and inclusion efforts.

During COVID-19, Minnesota lost approximately 60,000 workers 55 years old +. With so many people out of the workforce, employers are struggling to find workers to fill their vacancies. People of color make up nearly 24 percent of Minnesota's 5.7 million residents, up from about 15 percent of the state's population a decade ago. These demographic changes were driven by growing populations of Black, Asian, Hispanic, and multiracial residents. These same populations have been overlooked in the workforce and have experienced historical systemic racism that have prevented them from achieving economic growth. As a result, these populations experience multiple barriers to employment. An investment in employment and training specifically targeting these workers is critical to moving Minnesota's economy forward.

This Minnesota employers are also challenged to hire individuals from populations that have been overlooked for employment. An investment in training Minnesota's small and mid-sized employers to engage, hire and retain those individuals from those populations is also critical to successfully integrate these workers into the workforce and increase hiring opportunities for people of color.

Proposal:

The Governor recommends an investment in targeted populations workforce programs to assist in closing the high vacancy openings through-out the state. Funding will be distributed via a competitive grant process through the state's nonprofit training providers. Successful nonprofit training providers will have experience providing culturally focused training programs and the agency will encourage applications from grantees that are BIPOC-lead organizations. Grantees will focus on preparing individuals from targeted communities to enter the workforce by providing training in in-demand and high-wage industries.

Workforce Training for Targeted Communities:

In FY24-25 this program will invest in services to targeted communities delivered by providers that can deliver culturally-specific services including workforce training, work readiness, case management during and after placement, barrier removal, internships, work experience, on the job training, and robust supportive services after training and placement are important to ensure success. This investment will serve 3,000 individuals in FY24-25.

Diversity and Inclusion Training for Small and Mid-Size Employers:

In FY24-25, this program will invest in diversity and inclusion training for 100 small and mid-sized Minnesota employers in five high growth sectors per year that will help business develop strategies to attract, hire and retain individuals from overlooked populations.

Capacity Building:

In FY24-25 this program will invest in capacity building training for small workforce development community-based organizations, whose main offices are located in low-income communities and over 80% of their participants are people of color. These resources will provide capacity building training for approximately an additional 100 organizations per year.

Impact on Children and Families:

The funding is targeting young adult and adults from targeted communities. The intended goal is for individuals to enter family sustainable employment.

Equity and Inclusion:

The purpose of these programs is to assist targeted communities, which are communities of color. These programs will create opportunities for individuals in those communities, especially individuals who are under-skilled and under employed, so they can move into family sustainable jobs.

The funding will also assist employers who have traditionally overlooked these populations, and train them on how to attract and retain workers from communities of color and create opportunities and space for them to be successful.

Tribal Consultation:

Does this proposal have a substantial direct effect on one or more of the Minnesota Tribal governments?

☐ Yes

☒ No

Results:

This program will track the following performance measures:

- Total Participants Enrolled in training
- Total Participants Completing Training
- Total Certificates/Credentials Attained
- Exits to Employment (job placement)
- Average Increase in Wage per Hour (Indicated by \$/hour increase)
- Total Subsidized Employment/ On the Job Training placements
- Total Number of Outreach Events/Activities
- Total Organizations Receiving Capacity Building Services
- Total number of employer DEI trainings provided

Statutory Change(s):

Statutory language will be development for this initiative.

Employment and Economic Development

FY 2024-25 Biennial Budget Change Item

Change Item Title: Angel Tax Credit

Fiscal Impact (\$000s)	FY 2024	FY 2025	FY 2026	FY 2027
General Fund				
Expenditures	0	0	0	0
Revenues	(10,000)	(10,000)	(10,000)	(10,000)
Other Funds				
Expenditures	427	427	427	427
Revenues	890	890	890	890
Net Fiscal Impact = (Expenditures – Revenues)	9,537	9,537	9,537	9,537
FTEs	3	3	3	3

Recommendation:

The Governor recommends \$10 million for each year of the FY24-25 biennium and in FY26-27 for the Angel Tax Credit program. This funding will provide a tax credit to investors or investment funds that make equity investments in early-stage companies focused on high technology, new proprietary technology, or a new proprietary product, process, or service in specified fields. The program has been funded at various levels since its inception in 2010, ranging from \$5 million to \$15 million. The program was not funded in CY2018 or CY2020. Other funds in this program include fees collected for processing applications and annual report filings, as well as expenditures for Department of Employment and Economic Development (DEED) program staff to certify participating businesses and administer the program. As a tax credit, there is no increase to DEED's budget.

Rationale/Background:

The Angel Tax Credit program is Minnesota's primary economic development tool for assisting early-stage businesses and is part of DEED's commitment to fostering innovation in the state. Minnesota has earned a 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 in the state. Through October 2022, the Angel Tax Credit program has resulted in over \$514 million in private investment in Minnesota startups, leveraged by the state's issuance of \$125 million in tax credits to angel investors. The program, when adequately and consistently funded, spurs economic growth and builds on Minnesota's existing ecosystem of high-tech, high-innovation companies, including the state's clean energy technology and biotech/bioscience businesses.

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. For the first nine months of the year, fifty percent of the credits are reserved for targeted businesses. In recent years, about one third of the number of businesses that received investment were targeted businesses, which includes those owned by people of color, women-owned businesses, and/or businesses headquartered in Greater Minnesota.

Proposal:

The Governor recommends \$10 million for each year of the FY24-25 biennium and in FY26-27 for the Angel Tax Credit program. Other funds revenues and expenditures are extrapolated from actual program figures from previous year's operations. The program's fees and expenses operate through the program's Special Fund. Fees charged by the program cover its operating expenses, including staffing.

Impact on Children and Families:

- How does this budget proposal build on and/or align with innovations from other public, private, and Tribal agencies to increase equity and bridge the opportunity gap for children, youth, and families through improved access to resources and services within their community?
- How does this budget proposal help achieve the administration's priorities for children and families by ensuring all children have: a healthy start; access to affordable and quality child care and early education; access to mental health supports; and stable housing?
- Based on data, how will this policy improve the lives of the next generation of all Minnesotans?

Equity and Inclusion:

The Angel Tax Credit Program specifically targets businesses owned and managed by minorities and women and businesses located in Greater Minnesota, reserving half of the credits available for investments in these businesses to ensure that these underrepresented groups and geographic regions benefit from the program. With continued funding, credits will be available for investments in minority and women owned businesses, as well as businesses outside the Metro area.

Tribal Consultation:

Does this proposal have a substantial direct effect on one or more of the Minnesota Tribal governments?

☐ Yes

☒ No

Results:

This funding level is expected to provide over 80 businesses investment through the program per year, and should increase the number of targeted businesses benefiting from the program per year to between 30 and 40 (see the Equity and Inclusion section above). This funding will immediately leverage a minimum of \$40 million in private investment into the certified businesses.

	2016	2017	2019	2021
Number of businesses certified	187	163	124	146
Number of businesses receiving investments	105	101	72	83
Investment made in qualifying businesses	\$58,894,095	\$44,474,766	\$39,875,431	\$39,583,329
Credits issued for these investments	\$14,723,711	\$10,723,963	\$9,774,038	\$9,890,026
Number of Greater MN businesses receiving investment	10	10	7	6
Women owned & managed businesses	12	11	11	16
Minority owned & managed businesses	7	5	7	14

Statutory Change(s):

Minnesota Statutes, Section 116J.8737

Employment and Economic Development

FY 2024-25 Biennial Budget Change Item

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

Fiscal Impact (\$000s)	FY 2024	FY 2025	FY 2026	FY 2027
General Fund				
Expenditures	138,000	138,000	0	0
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	138,000	138,000	0	0
FTEs	0	0	0	0

Recommendation:

The Governor recommends \$138 million in FY24 and \$138 million in FY25 from the state general fund for the Border-to-Border Broadband Grant program. This recommendation would also allow the Department of Employment and Economic Development (DEED) to reserve up to 3% of grant funds for program administration and broadband mapping.

Rationale/Background:

Access to robust broadband is now recognized as a critical factor in the economic and social sustainability of all Minnesota communities. The need has grown dramatically since the start of the pandemic. The state has a broadband mapping program which annually gathers current information from all providers about where broadband internet is available and at what speeds. Great progress has been made over the last several years, with 88% of households and businesses having access to a moderate level of service that meets the state's 2026 goals; but only 62% of rural homes and businesses have access at this minimum speed.

Notably, significant federal investments are being made in Broadband. Some of the amounts Minnesota may receive are unknown. However, we do know that significant additional state investment is needed to fully connect the state.

This proposal would extend the funding of the Border-to-Border grant program, under Minnesota Statute [116J.395](#) for FY 2024-2027. This funding is our best estimate of what it will take to move the state to its statutory goal of border-to-border access of 100Mbps/20Mbps broadband service by the year 2026 ([§237.012](#)) and will supplement federal funding that is expected to be allocated to Minnesota under the Infrastructure Investment and Jobs Act. Combined, the state and federal funding sources will help pave the way for achieving the state's 2026 goal of reaching everyone with a service capable of delivering 100Mbps/20Mbps.

This funding would continue the work of the program, which is a competitive matching-fund grant program designed to act as a catalyst to public and private investments in broadband infrastructure in unserved and underserved areas of the state.

Typical grantees include large and small telephone companies, cable operators, electric cooperatives, tribal entities, and local governments (in partnership with private providers). Funding at the recommended level, in partnership with private and federal investments, these funds are anticipated to bring the state very close to reaching its 2026 goal.

Rural broadband has been a policy priority at both the national and state levels for the last several years. Minnesota is widely recognized as having one of the top broadband programs in the country. By achieving these goals set out in statute, the state assists in putting into place critical infrastructure needed to maintain healthy communities where the private sector cannot otherwise make the business case to invest. This investment is the 21st century equivalent of extending the road network so that goods could be transported to market or bringing electricity to rural farms so they could modernize their operations and increase efficiencies. It is critical infrastructure needed so that our rural areas can continue to thrive. Ubiquitous high speed broadband internet access provides the platform for telehealth applications, smart farming and precision agriculture tools, modern education technologies for rural schools, and supports teleworkers participating in the workforce from anywhere in the state.

Along with state broadband mapping information, the broadband task force and Office of Broadband Development use national studies and data from the federal government to track current and future broadband needs. These sources include the FCC's annual State of Broadband reports, Pew Research studies, the US Census - American Community Survey results and more. All of which can be provided upon request.

Proposal:

This proposal funds the Border-to-Border Broadband Development Grant Program at \$138 million per year in FY 2024-25. This funding commitment will build on several years of public and private investments in broadband infrastructure in unserved and underserved areas of the state, facilitate work toward meeting the statutory goal of border-to-border access of 100Mbps/20Mbps broadband service by the year 2026 ([§237.012](#)), and supplement anticipated federal funding to ensure all homes and businesses are served.

Impact on Children and Families:

Broadband has been shown to be a critical need throughout the pandemic and is now permanently entrenched into the delivery of education, healthcare, telework, government services, and daily living. Adults need it to work from home and children need it to access distance learning and other online materials. It has been reported that students without access to broadband have had to sit in parking lots outside establishments where public Wi-Fi is available simply to access their coursework. Broadband is needed by all and will only become a greater need in the future.

Equity and Inclusion:

This program is largely targeted towards communities outside the metro area where broadband infrastructure is not at a level that is needed to support economic equity in greater Minnesota. This program contains preference consideration for rural unserved communities and those that demonstrate low-income indicators such as a high poverty rate and free/reduced lunch program participation. Federal funding under the Infrastructure Investment and Jobs Act is also available to fund digital equity programs, however, if the infrastructure funded by this proposal is not in place, digital equity programming will be of no benefit.

IT Related Proposals:

N/A

Tribal Consultation:

Does this proposal have a substantial direct effect on one or more of the Minnesota Tribal governments?

☒ Yes

☐ No

Tribal areas are specifically called out as eligible to apply for the program and direct outreach to their representatives is conducted when funding becomes available.

Results:

- DEED uses statewide and rural availability of broadband service to measure the performance of this program. The chart below, based on Office of Broadband Development (OBD) historical data, shows how much progress has been made in Minnesota toward achieving broadband speeds identified in state statutes.

Historical Estimate of Wireline Broadband Service Availability
Statewide and in Rural Areas of Minnesota

Date	25 Mbps / 3 Mbps (2022 Goal)		100 Mbps / 20 Mbps (2026 Goal)	
	Statewide	Rural	Statewide	Rural
February 2015	85.83	68.08	39.14	40.68
July 2016	87.72	72.24	68.45	48.93
October 2016	87.53	72.03	68.53	49.33
April 2017	87.94	73.07	69.86	52.46
October 2017	88.11	73.45	70.04	52.88
April 2018	90.77	79.26	73.66	58.99
October 2018	91.13	80.07	74.11	60.05
April 2019	92.70	83.71	85.98	68.43
October 2019	92.79	83.92	86.10	68.74
April 2020	92.19	82.39	87.64	72.28
October 2020	92.47	83.10	87.75	72.53
April 2021	93.27	84.99	88.91	75.19
October 2021	91.79	81.99	88.52	75.05
April 2022	91.86	73.96	88.07	61.86*

- While progress continues toward the 2026 goal, rural broadband availability is 26% below the statewide percentage and the data continues to show a “digital divide” in Minnesota when statewide broadband availability data is compared to rural data. The numbers of “unserved” and “underserved” in rural Minnesota are greater. *This divide has become even greater as the data moved from being based on Occupied Housing units from the 2010 Census to Housing Units in the 2020 Census Data.

Statutory Change(s):

Changes to Section 116J.39, Office of Broadband Development, and relevant subsections will be required.

Employment and Economic Development

FY 2024-25 Biennial Budget Change Item

Change Item Title: Main Street Economic Revitalization Program

Fiscal Impact (\$000s)	FY 2024	FY 2025	FY 2026	FY 2027
General Fund				
Expenditures	42,295	42,295	0	0
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	42,295	42,295	0	0
FTEs	1.5	1.5	.50	.50

Recommendation:

The Governor recommends \$42.295 million in FY24 and \$42.295 million in FY25 for the Main Street Economic Revitalization Program. This program was funded at \$80 million in FY22-23 and all funds have been allocated.

Rationale/Background:

Communities across Minnesota experienced historical disruptions to their local economies due to the COVID-19 pandemic and civil unrest following the murder of George Floyd. In response, the Governor signed a bill authorizing \$80 million in FY2022-23 for the Main Street Economic Revitalization Program. Over two rounds, all funds have been allocated to communities yet great demand for these funds remain.

Successful efforts funded by this program would result in:

- The revitalization of corridors and main streets that have an outsized impact on businesses and surrounding communities,
- An expansion of the tax base in targeted communities,
- The creation and retention of jobs relative to the local economy, and
- Positive impacts on diverse communities most severely harmed by the events since March 15, 2020

An investment of \$100 million over the biennium would result in leveraging over \$300 million in matching private investment in main streets and commercial corridors in diverse communities and throughout greater Minnesota.

Proposal:

The Governor recommends investing an additional \$84.590 million to an existing program, the Main Street Economic Revitalization Program. This program, through several rounds of Request for Proposals, will make grants to nonprofit partner organizations to establish economic revitalization programs within one or more commercial corridors to provide 30% matching grants up to \$750,000 and guaranteed loans up to \$2,000,000 to non-profit organizations, developers and businesses for capital improvement projects that are designed to address the greatest economic development and redevelopment needs that have arisen in communities across Minnesota since March 15, 2020.

Leverage grants and guaranteed loans can be used eligible recipients for the following:

- Repair, or renovation of real property
- Building construction
- Landscaping and streetscaping
- Demolition and site preparation
- Predesign and design
- Engineering
- Infrastructure
- Related site amenities

Eligible project expenses do not include the purchase of real estate or business operations or business operating expenses, such as inventory, wages, or working capital.

Through the first two rounds of funding, DEED made awards totaling \$79 million to 19 non-profit organizations to establish main street economic revitalization programs within their defined services areas. As round 1 and 2 programs continue to roll out and awards are made, we expect the program to invest in between 100 and 250 projects in dozens of communities, main streets and corridors in all regions of the state. These investments will leverage more than \$260 million in private investment and impact thousands of jobs and millions in wages.

With an additional \$84,590 million over the biennium the program will increase the number of communities served and the number of funded projects within those communities. The agency expects to serve an additional two dozen new main streets and commercial across in the twin cities metro area and greater Minnesota, investing in between 130 and 300 capital improvement projects that will leverage over \$300 million in additional private investment within these corridors and impacts thousands of jobs and millions in wages during and after the project phase of these investments.

The agency will also need an additional 1.5 FTEs to administer, monitor and conduct reporting for this program in the first two fiscal years and .5 FTE for ongoing monitoring and reporting as projects draw down funds.

Impact on Children and Families:

Families in Minnesota depend on stable jobs and economic opportunity. The Main Street Economic Revitalization programs paves the way for communities and businesses, of all kinds, to thrive. Families with ample opportunities to earn income, build wealth, and access a variety of services throughout the economy are empowered to start and maintain healthy, successful families. This program assists businesses create these opportunities and provide the stability that Minnesotans need from the economy.

Equity and Inclusion:

This additional funding will enable the program to reduce inequities for people of color, Native Americans, people with disabilities, and veterans. Proposals that serve these target populations are actively encouraged and prioritized during the review process. This proposed change item will enable additional grant awards and additional funds to go to organizations that are working to reduce inequities within these populations.

The positive impacts of this change item will be seen in the success of these identified groups businesses. Increasing their ability to access capital, hire or retain employees, start new businesses, and generally navigate current economic conditions are all examples of the reduction in inequities. These impacts will be tracked carefully to ensure they are being met as a result of this change item.

Tribal Consultation:

Does this proposal have a substantial direct effect on one or more of the Minnesota Tribal governments?

☐ Yes

☒ No

IT Costs

N/A

Results:

With the initial \$80 million investment in FY 22-23, it is estimated that over 200 projects will be funded across the state, leveraging over \$250 million in private capital. To date, 33 projects have been awarded in the amount of \$11,478,767.35 leveraging approximately \$40m in private capital. Average size of the awards has been \$347,841 and our partners continue to make award announcements. With this additional investment, it is estimated that more than 225 projects will be funded across the state, leveraging over \$300 million in private capital in the coming years.

Statutory Change(s):

This will not require statutory changes. Additional funding can be appropriated through session law.

Employment and Economic Development

FY 2024-25 Biennial Budget Change Item

Change Item Title: Small Business Partnerships Program

Fiscal Impact (\$000s)	FY 2024	FY 2025	FY 2026	FY 2027
General Fund				
Expenditures	7,500	7,500	0	0
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	7,500	7,500	0	0
FTEs	1	1	.50	.50

Recommendation:

The Governor recommends an increase of \$7.5 million per year for FY24-25 for the Small Business Partnerships Program. This additional funding would allow the program to meet the high level of demand for business development and technical assistance services throughout the state for up to 27,000 businesses. Additional funding will benefit underserved populations by targeting technical assistance to populations and/or business types including, but not limited to, minority-owned businesses, Indian-owned businesses, veteran-owned businesses, women-owned businesses, businesses owned by individuals with disabilities, technology-based businesses, and entrepreneurs and businesses located in Greater Minnesota.

Rationale/Background:

The purpose of this grant program is to support the start-up, growth, and success of Minnesota's entrepreneurs and small business owners through the delivery of high quality free or low-cost professional business development and technical assistance services. The successful implementation of these grant funded projects will help facilitate an economic environment that produces job growth and supports the economic success of Minnesota individuals, businesses, and communities by providing opportunities for growth.

Proposal:

The Governor recommends an increase of \$15 million for the FY24-25 biennium for the Small Business Partnerships Program. This funding would expand an existing program and additional funding would be used to increase the number of grants awarded through this program and/or to increase the amount of funding awarded to each grantee. Currently, any qualified 501(c)3 non-profit or public entity that successfully provides entrepreneurs and small businesses with direct business development technical assistance services is eligible to apply. Proposals are actively encouraged from organizations that serve targeted populations and/or business types including, but not limited to, minority-owned businesses, Indian-owned businesses, veteran-owned businesses, women-owned businesses, businesses owned by individuals with disabilities, technology-based businesses, and entrepreneurs and businesses located in Greater Minnesota. Programmatic partnerships and collaborations between organizations are eligible and encouraged to apply. Proposals may request up to \$600,000 in state funds for the biennium.

The previous round of grant funding saw 58 proposals submitted for a total of \$18.5 million requested. This change item will enable more proposals to be funded with higher award amounts. Increasing program funding will allow more proposals to be funded, covering more area throughout the state and enabling grantees to devote more resources to the grant objectives.

Given the existing demand for funds through this program, agency staff will be able to easily award funding and implementation will occur during the proposal review process by expanding the number of proposals recommended for an award.

Success in this program will be measured through a series of metrics gathered quarterly. The primary metrics to be evaluated include number of entrepreneurs/small businesses served, number of hours of business assistance services provided, number of new business starts, number of full-time equivalent jobs created/retained, and specific demographic breakdowns of which types of businesses are being served (women-owned, BIPOC-owned, veteran-owned). It is estimated that this amount of funding would provide up to 27,000 businesses with direct consulting services.

Impact on Children and Families:

Families in Minnesota depend on stable jobs and economic opportunity. The Small Business Partnership Program paves the way for businesses, of all kinds, to thrive. Families with ample opportunities to earn income, build wealth, and access a variety of services throughout the economy are empowered to start and maintain healthy, successful families. This program assists businesses create these opportunities and provide the stability that Minnesotans need from the economy.

Equity and Inclusion:

This change item will enable the program to reduce inequities for people of color, Native Americans, people with disabilities, and veterans. Proposals that serve these target populations are actively encouraged and prioritized during the review process. This proposed change item will enable additional grant awards and additional funds to go to organizations that are working to reduce inequities within these populations.

The positive impacts of this change item will be seen in the success of these identified groups businesses. Increasing their ability to access capital, hire or retain employees, start new businesses, and generally navigate current economic conditions are all examples of the reduction in inequities. These impacts will be tracked carefully to ensure they are being met as a result of this change item.

The Division of Economic Development and Research at DEED hosted a legislative outreach session focused on connecting with partners in this grant program. All the partners in attendance had the opportunity to speak and identify any challenges or successes of the program. Feedback was recorded and will be incorporated into the program, where possible, moving forward. Participants voiced enthusiastic support for these resources and advocated for additional funds.

Tribal Consultation:

Does this proposal have a substantial direct effect on one or more of the Minnesota Tribal governments?

☐ Yes

☒ No

IT Costs

N/A

Results:

Performance measures for this program are collected on a quarterly basis and are measured against projections provided by each grantee. The table below illustrates the current performance status for this program. The measures used are indicators of how much assistance is being provided as well as who it is being provided to. In addition, data is collected on the outcomes of the assistance provided such as the amount of capital accessed by clients served and average wages of jobs impacted by the assistance.

- Current Data Points Collected:
 - # of entrepreneurs/ businesses served including breakout by different categories
 - # of hours of business assistance services provided
 - Total \$ capital accessed by clients served
 - Jobs created/retained
 - Average wages of jobs impacted
 - # of new business starts

Period	Total	Women	Veterans	BIPOC	People with Disabilities	Greater Minnesota	# hours of business assistance services provided	Total \$ capital accessed by clients served	Created	Retained	Average wages of jobs impacted (created/retained)	# of new business starts
Q1	3012	1430	81	1140	116	1765	14445.65	\$ 24,007,461.00	749.5	2313	\$ 16.10	413
Q2	4286	2156	91	2048	130	2146	25506.91	\$ 29,016,880.50	781	6153	\$ 18.73	413
Total	7298	3586	172	3188	246	3911	39952.56	\$ 53,024,341.50	1530.5	8466	\$ 10.64	826
Total (Projected)	26811	14159	1462	11493	765	10100	257305	\$ 267,287,186.00	4996	12109	\$ 14.53	1356

Statutory Change(s):

This would not require statutory changes as this funding could be appropriated via session law appropriation.

Employment and Economic Development

FY 2024-25 Biennial Budget Change Item

Change Item Title: Child Care Economic Development Grants

Fiscal Impact (\$000s)	FY 2024	FY 2025	FY 2026	FY 2027
General Fund				
Expenditures	7,500	7,500	1,500	1,500
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	7,500	7,500	1,500	1,500
FTEs	1	1	.50	.50

Recommendation:

The Governor is requesting \$7.5 million in FY24, \$7.5 million in FY25, and \$1.5 million thereafter for Child Care Economic Development Grants and for a direct appropriation to the Minnesota Initiative Foundations to support their child care development activities in Greater Minnesota.

- \$5 million per year would be for Child Care Economic Development Grant program to provide grants to communities to increase the supply of quality child care in order to reduce regional child care shortages, support increased workforce participation, business expansion and retention and new business development.
- \$2.5 million per year would be for the Minnesota Initiative Foundations' child care development programming.

This increase would position the agency to better meet the demand for these funds and to increase the impact of this program to address child care shortages across the state.

Rationale/Background:

Lack of affordable, quality child care is a significant barrier to the participation of women, single parents, low income parents, and rural parents in the workforce. That barrier then creates further spillover barriers to job creation, wealth creation, business expansion and retention, and new business location. Lack of child care is also a major factor in employee absenteeism with adverse effects on both employers and employees.

The objective of this program is to implement solutions to reduce the childcare shortage in the state including, but not limited to, funding for childcare business start-ups or expansion, training, facility modifications, direct subsidies or incentives to retain employees, or improvements required for licensing, and assistance with licensing and other regulatory requirements. Funding is specifically for local communities. Successful implementation of this program will increase the supply of quality child care providers to support economic development.

Proposal:

The Governor is requesting \$15 million in FY24 - FY25 for the Child Care Economic Development Grants and for a direct appropriation to the Minnesota Initiative Foundations to support their child care development activities in Greater Minnesota.

Child Care Economic Development Grant program (\$10 million FY24-25)

This recommendation represents an expansion of an existing program, the Child Care Economic Development Grant Program. The additional funds will be used to further reduce the child care shortage throughout the state.

The most recent RFP for this program received forty-four proposals requesting \$8.3 million in state funding. This far surpasses the amount currently allocated. The previous year's RFP received thirty-seven proposals requesting a total of \$9.5 million. The expansion of this program will allow additional proposals to be funded and additional communities to benefit through the increase in child care supply by as much as 6,000 additional child care slots. Implementation will occur during the proposal review process by expanding the number of proposals recommended for award and increasing the amounts able to be awarded.

Grants in this program address the shortage of child care in many ways that benefit the state. Most immediately they provide direct funding to support child care providers, create much need slots, and increase the capacity and quality of child care. In addition, this grant program spurs private investment through its requirement for matching funds and it fosters community partnerships that might otherwise not occur. The innovative and well-funded proposals that emerge from this program lead to a robust course of action to address the documented shortage of child care in the state.

Funding is for grants to local communities with eligible recipients including local government units, Tribal Nations, or nonprofit organizations with experience in the operation of, planning for, financing of, advocacy for, or advancement of the delivery of childcare services. Proposals may request up to \$300,000 in state funds through this program. To be eligible for the maximum amount, a proposal must be used to expand childcare capacity at a minimum of two locations. The maximum amount a single location proposal can request is \$150,000. Fifty percent of grant funds must go to communities located outside the seven-county metropolitan area.

Minnesota Initiative Foundation Child Care Development (\$5 million FY24-25)

Funding for the Minnesota Initiative Foundations (MIFs) funding allows the regional MIFs to:

- Facilitate planning processes for rural communities resulting in a community solution action plan that guides decision making to sustain and increase the supply of quality child care in the region to support economic development;
- Engage the private sector to invest local resources to support the community solution action plan and ensure quality child care is a vital component of additional regional economic development planning processes;
- Provide locally based training and technical assistance to rural child care business owners individually or through a learning cohort. Access to financial and business development assistance must prepare child care businesses for quality engagement and improvement by stabilizing operations, leveraging funding from other sources, and fostering business acumen that allows child care businesses to plan for and afford the cost of providing quality child care; and
- Recruit child care programs to participate in quality rating and improvement measurement programs. The Minnesota Initiative Foundations must work with local partners to provide low-cost training, professional development opportunities, and continuing education curricula. The Minnesota Initiative Foundations must fund, through local partners, an enhanced level of coaching to rural child care providers to obtain a quality rating through measurement programs.

Impact on Children and Families:

This program's primary goal is to benefit children and families in communities throughout the state. Through community partnerships and collaboration, this program brings together many child care resources to help address shortcomings of existing child care offerings. This program specifically offers the opportunity to fund facility modifications and improvements, among other costs, to fill a need in the child care market. This is not directly addressed by other public, private or Tribal agencies. Given the acute shortage of child care experienced by some communities, this proposal increases equity and reduces disparities among targeted groups including, but not limited to, rural communities, low-income communities, Black, Indigenous and people of color individuals, persons with disabilities, and women.

High quality, affordable child care is essential to providing a healthy start for all Minnesotan children. This proposal provides direct funding, in the form of grants, to support child care providers as they fulfill this need for a healthy start.

Equity and Inclusion:

This change item will enable the program to reduce inequities for Black, Indigenous, and people of color individuals. Proposals that serve these target populations are actively encouraged and incentivized during the review process. This proposed change item will enable additional grant awards and additional funds to go to organizations that are working to reduce inequities within these populations. The primary means of reducing inequities is through creation of quality, affordable child care slots that are accessible to these communities.

The positive impacts of this change item will be seen in the successful creation of new child care capacity. Impacts in these communities will be carefully measured to ensure they are providing the positive benefits expected of the program.

Tribal Consultation:

Does this proposal have a substantial direct effect on one or more of the Minnesota Tribal governments?

☐ Yes

☒ No

IT Costs

N/A

Results:

- Current performance measures collected include:
 - # of family childcare providers served
 - # of childcare center providers served
 - # of childcare worker jobs created/retained
 - # of new licensed childcare slots created
 - % of new licensed childcare slots available outside of standard hours
 - Total state grant funds per new licensed childcare slots created

Employment and Economic Development

FY 2024-25 Biennial Budget Change Item

Change Item Title: Office of New Americans

Fiscal Impact (\$000s)	FY 2024	FY 2025	FY 2026	FY 2027
General Fund				
Expenditures	750	750	750	750
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	750	750	750	750
FTEs	2.5	2.5	2.5	2.5

Recommendation:

The Governor recommends \$750 thousand in FY 2024 and in each year thereafter to support the Office of New Americans (ONA). This total includes \$250 thousand per year to fund agency translation services. ONA will lead the state's initiative to provide comprehensible and accessible services to the state's approximately 500,000 immigrants and refugees. The Department will organize and lead quarterly interagency efforts to align the state's efforts to eliminate the barriers immigrants and refugees face by ensuring awareness of opportunities, education of the process to accessing services, and technical assistance made available when necessary. Additionally, ONA will be the state agency lead on federal immigrant and refugee affairs.

Rationale/Background:

Research by the New American Economy shows that immigrants and refugees are vital to Minnesota's future growth. Immigrants own over 19,000 small businesses in the state, earning \$17.5 billion in household income, generating \$411.7 million in business income, and contributing over \$4.8 billion in federal, state, and local taxes. Census data also shows that almost every county in Minnesota has increased in ethnic diversity since 2010, with the number of foreign-born residents jumping by 27% in the Twin Cities metro area and 37% in Greater Minnesota.

Communities across our state are attracting and welcoming immigrants from all parts of the globe and from different educational and socio-economic backgrounds. However, there is much work to do to ensure that New Americans are included in the state's employment and economic growth and supported through the integration process. According to Realtime Talent Data, Minnesota is losing \$5.1 billion annually by not utilizing immigrant and refugee talents. That is why community advocates, alongside business owners, immigrants, and educators, have advocated for the creation of this office.

ONA will take the lead in creating and implementing a statewide strategy to support immigrant and refugee integration into Minnesota communities. This work will include creating improved access to services in state government, reducing barriers to employment opportunities, and improving connections between employers and immigrant job seekers. This work will help the state's economy grow and help New Americans reach their full potential.

Over the last three years, ONA's work has included:

Inter-agency work

- Organized thirteen state agencies to come together and align budget ideas to integrate immigrant and refugees into the workforce.

Community Connectedness Focus

- Hosted monthly Immigrant and Refugee Affairs Forums and produced twelve blogs with follow-up resources.
- Hosted forums with state agency guests.
- Prod
- Collaborated with city-level Immigrant and Refugee Affairs offices to establish biweekly forums with Minneapolis and St Paul and monthly multi-jurisdictional gathering for sharing resources.

Educational Focused

- Connected over 1,000 immigrant and refugee callers seeking information about business, employment, housing, grants, and loans.
- Conducted cultural orientation on how to engage with immigrants and refugees at work and helped employees retain over 300 employees.

Proposal:

The Governor recommends \$750 thousand in FY2024 and each year thereafter to establish an Office of New Americans. This office is a new initiative in Minnesota, but a similar model exists in other states including Illinois, Michigan, Nevada, West Virginia, to name a few. Funds will support the translation of critical materials and in-person interpretation services so that materials and meetings are accessible to more Minnesotans in their native languages.

The ONA will create and implement a statewide strategy to support immigrant and refugee integration in Minnesota. This work will include creating improved access to services in state government, reducing barriers to employment opportunities and improving connections between employers and immigrant job seekers. Funding will support staff and the necessary overhead for their work. The office will stand-up upon these resources becoming available. Foundation resources currently support one individual in this capacity but are due to sunset in June of calendar year 2023 and these funds are essential for this work to continue.

Impact on Children and Families:

Establishing the Office of New Americans will directly impact the quality of life for immigrant children and families by improving their access to state programs as well as creating more opportunities for those families to have improved financial resources. The Office of New Americans is an enterprise-wide initiative, which will guide and assist in the creation of more equitable programs across the board and help address systemic inequities.

This proposal was drafted with the direct input of refugee and immigrant families. Multiple forums and community roundtables were held to hear directly from the community. Through those discussions, we were able to gage the concerns and aspirations of the refugee and immigrant communities which are represented in this proposal.

Equity and Inclusion:

The establishment of the Office of New Americans will create a permanent bridge across the challenges faced by various immigrant and refugee communities, including those with disabilities. ONA's work will have positive impacts by supporting immigrants and refugees better integrate into the economy, bettering their quality of life while contributing to the state's economic growth.

Tribal Consultation:

Does this proposal have a substantial direct effect on one or more of the Minnesota Tribal governments?

☐ Yes

☒ No

IT Costs

N/A

Results:

The Office of New Americans will report on the following:

- Service utilization across state government by immigrants and refugees.
- Employment of immigrants and refugees in Minnesota.
- Wages of immigrants and refugees.

Statutory Change(s):

N/A

Employment and Economic Development

FY 2024-25 Biennial Budget Change Item

Change Item Title: Paid Family and Medical Leave Insurance

Fiscal Impact (\$000s)	FY 2024	FY 2025	FY 2026	FY 2027
General Fund				
Expenditures				
<i>MMB Non-Operating</i>	0	0	75	5,824
Transfer Out	668,321	0	0	0
GF Net Fiscal Impact =	668,321	0	75	5,824
Paid Family Medical Leave Fund				
Expenditures				
<i>DEED</i>	41,659	36,492	64,657	92,640
<i>MMB</i>	0	0	43	44
<i>Commerce</i>	367	316	128	128
<i>DLI</i>	601	480	646	646
<i>DHS</i>	0	0	3,635	0
<i>Supreme Court</i>	0	0	20	0
<i>Legislature</i>	0	0	11	0
<i>Court of Appeals</i>	0	0	0	5,600
<i>Benefits</i>	0	0	0	1,038,531
Transfer In	668,321	0	0	0
Revenues	0	0	0	1,219,808
All Funds Net Fiscal Impact = (Expenditures – Revenues)	42,627	37,288	69,140	(76,395)
FTEs	39.5	65.5	241.75	410.5

Recommendation:

The Governor recommends \$668.321 million from the general fund in FY 2024-25 and \$5.899 million in FY 2026-27. The Governor also recommends applying a 0.6% premium rate to employee wages beginning on July 1, 2026, to establish a Paid Family and Medical Leave Insurance program and that employee contributions comprise one-half of the premium rate.

The transfer of \$668.321 million from the general fund provides funds necessary to cash flow the program to enable benefit payments to commence simultaneously with tax collections. It will also support the development of an IT system for collecting premiums and paying benefits, initial staffing and administrative resources required to implement and operate this program at the Department of Employment and Economic Development and other state agencies and branches of government.

Rationale/Background:

Most Minnesotans will need Paid Family and Medical Leave at some point in their lives – whether due to illness, a new child, or family caretaking. But today, approximately 26 percent of all family and medical leaves do not include any wage replacement. According to the “Paid Family & Medical Leave Insurance: Options for Designing and Implementing a Minnesota Program” released in February 2016, around 10% of Minnesota workers take a family or medical leave in any given year. Fifty-nine percent (59%) of current leaves in Minnesota are for own-

health reasons (other than pregnancy), 17 percent are for bonding/parental leave (including pregnancy disability), and 24 percent of leaves are for caretaking a seriously ill family member.

Low-wage employees, certain minority groups, younger workers, and less educated populations are much more likely to lack access to paid leave. For many low-income Minnesotans, taking leave with little or no pay can create significant economic instability for their families, often during some of the most challenging times. Additionally, Minnesota workers are generally less likely to receive compensation during leave for their own serious health condition or family care than for pregnancy or parental (bonding/maternity/paternity) leave.

Without a comprehensive state paid family and medical leave program, Minnesotans are missing out on the economic stability and economy-boosting effects of keeping people employed while welcoming a new family member, caring for a sick loved one, or recovering from an illness or injury. Paid Family and Medical Leave is a critical tool towards enhancing Minnesota's economic competitiveness and building a more stable and resilient workforce.

Proposal:

The Governor recommends creating a new Minnesota Family and Medical Leave Program administered by DEED. This program will provide wage replacement for family and medical leaves and will provide job protections for recipients, so they are assured of continued employment with their employer upon their return. Premiums collected will fund program benefits and ongoing administrative costs.

Appropriations from the general fund will allocate:

- \$519.266 million from the general fund in FY 2024-25 will fund a reserve balance in the Paid Family and Medical Leave (PFML) Fund. This will provide adequate cash flow to permit initiation of benefits simultaneously with the start of premium collections on July 1, 2026.
- An additional transfer of \$149.055 million from the general fund in FY 2024-25 will fund start up costs for administration of the program to be appropriated from the PFML Fund.
- \$5.855 million in FY 2026-27 will be provided to Minnesota Management and Budget Non-Operating to offset employer-paid premium costs in the general fund for state executive and judicial branch agencies and offset the costs to agencies for obtaining notice acknowledgments from employees.

Proposed appropriations from the new PFML Fund include:

- \$78.151 million in FY 2024-25 and \$157.297 million in FY 2026-27 for the Department of Employment and Economic Development will support the creation of business process design, a premium collection system, benefits payment system, user interface development, and program administration.
- \$87 thousand in FY 2026-27 for Minnesota Management and Budget will fund state executive branch employee workplace notice costs as well as upgrades to the state's payroll system necessary for the collection of premiums.
- \$683 thousand in FY 2024-25 and \$256 thousand in FY 2026-27 for the Department of Commerce will fund development of private plan rules and approvals.
- \$1.081 million in FY 2024-25 and \$1.292 million in FY 2026-27 for the Department of Labor and Industry will fund oversight and compliance costs related to the program as well as IT systems upgrades.
- \$20 thousand in FY 2022-23 for the Supreme Court will fund a onetime update to the existing case management system that would calculate interest on judgments against employers.
- Starting in FY 2027, \$5.6 million per year would fund costs related to appeals filed with the Court of Appeals for denied benefit claims.
- \$11 thousand in FY 2026-27 for the Legislature-LCC will support onetime payroll system updates.
- \$20 thousand in FY 2026-27 for the Supreme Court will support onetime system updates.
- \$3.635 million in FY 2026 for the Department of Human Services to make systems modifications necessary for the implementation of the program.

Impact on Children and Families:

Similar programs in other states have shown improvements in economic stability for families and positive impacts for children. Societal benefits include retaining more women in the labor force, reductions in the need and associated costs for nursing home and other institutional care, reductions in the need for public assistance when a new baby arrives, and less infant care shortages.

Equity and Inclusion:

According to the 2016 report, while almost three-quarters of Minnesota workers received at least some pay when they were out of work for family or medical reasons, low-wage (46%); black (42%); or Hispanic (39%); younger (39%); part-time (38%) or less educated (38%) workers are much more likely to manage leaves without any pay. This proposal is intended to help address that inequality and the economic impacts that that inequality has on these workers.

IT Related Proposals:

This recommendation includes funding for IT costs to create a system for collecting premiums from employers and paying program benefits to recipients. The development of the Paid Family and Medical Leave system will be a multi-year project. The total cost to build the system between FY 2024 and FY 2028 is anticipated to be approximately \$80.4 million, plus approximately \$6.0 million in staff costs.

Results:

Department of Employment and Economic Development will track the following:

- Amount of leave taken
- Amount of benefit payments made to recipients
- Employer opt-outs
- Employee opt-ins
- Program tax collections and balance
- Customer satisfaction

Employment and Economic Development

FY 2024-25 Biennial Budget Change Item

Change Item Title: Launch Minnesota

Fiscal Impact (\$000s)	FY 2024	FY 2025	FY 2026	FY 2027
General Fund				
Expenditures	2,500	2,500	2,500	2,500
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	2,500	2,500	2,500	2,500
FTEs	2	2	2	2

Recommendation:

The Governor recommends \$2.5 million in the FY2024 and each year thereafter in the base budget from the state general fund for the Launch Minnesota (Launch MN) program to provide additional Innovation Grants to Minnesota entrepreneurs, more resources for Launch MN hubs and to build collaborations around technology commercialization efforts in our colleges and universities alongside entrepreneurs and businesses. The base funding for this program for FY24-25 is \$5 million.

Rationale/Background:

States and cities that create attractive environments for startups, entrepreneurs, and innovative talent are quickly distancing their economies from those who do not. The businesses of the future are the startups of today, and our established businesses need an innovation ecosystem to provide the ideas and talent to continue to be global leaders. The innovation ecosystem in Minnesota is growing by now having a central organizing body, Launch MN, but more work is needed to grow, coordinate, and promote the ecosystem across the globe. Our state is behind other states in filling key market gaps necessary to accelerate growth. Because of this, Minnesota needs to significantly expand our efforts to make our state a top destination for homegrown and outside entrepreneurs to start, build, and grow businesses.

These resources will move an additional 230 businesses forward and provide enhancements to the program's partnership model. The funding will be matched by the private sector and will show a strong return on investment.

Proposal:

This proposal would allow the program to provide additional Innovation Grants to Minnesota entrepreneurs as well as provide enhanced services through the Entrepreneurship Education Grants to help recipients scale up and commercialize their technologies. These funds will allow the program to grow its efforts to provide leadership, grant funding and forward-thinking approaches to support the innovation ecosystem in Minnesota and increase the amount of technical support available to entrepreneurs.

Funds would be allocated within Launch MN to the following new and existing programs:

Minnesota Innovation Grants

Launch MN would increase the number of innovation grants made to eligible Minnesota startups involved in developing or producing products or services in Minnesota that will provide quality jobs for Minnesotans for the next generation. The grants are targeted to the most promising technology businesses in the early stages of development that are generally not yet able to attract adequate private sources of capital, such as commercial bank loans and angel or venture investment funding. The maximum grant size will be \$35K for business operations and \$50K for SBIR/STTR (Small Business Innovation Research) matching grants. Third party evaluations of businesses by the board assist DEED in determining funding levels and recipients. Data from Pitchbook show grantees at the end of 2021 calendar year collectively raised \$35M, representing a \$9 return for every Launch MN dollar invested. Innovation Grants were funded at \$3 million for FY21-22 and supported 132 entrepreneurs.

Entrepreneurship Education Grants

The recipients of Entrepreneurship Education Grants make up the Launch MN Network – a hub and spoke model that allows grantees to act as regional navigators to entrepreneurs, innovators, and startups. Through these additional resources, Launch MN will increase funding to existing to partners and may add one to two additional partners. This will allow the program to continue to bring together higher education, investors, corporate innovators, nonprofits, and others to provide best-in-class education, resources, and connectivity to subject matter expertise. This work will help entrepreneurs start and scale new high growth ventures

Since its inception in 2020, the Launch MN Network has changed the way our state’s innovation ecosystem interacts and collaborates. Before Launch MN was established, startup resource efforts were siloed, uncoordinated and often duplicative. Today’s network members connect across regions and sectors to share resources, best practices, and find new ways to educate our state’s entrepreneurs.

Higher Education Technology Commercialization Hubs

This is a new program that would provide additional resources to fund collaborative efforts between higher education institutes, the private sector, the Launch MN Network and innovators to scale technology. The focus will increase the pipeline of new business ideas and building a stronger connection because industry and business. The coordination, funding and additional resources will allow innovators to leverage the expertise of faculty and students within higher education by providing services such as: education, prototyping, technical assistance, marketing research, and subject matter expertise. These hubs will provide the capital necessary to advance product development to more clearly define a commercial path for products and services. This effort will provide approximately 100 businesses with this support for tech commercialization efforts in our colleges and communities.

There are numerous benefits of targeted funding for tech commercialization efforts. The state will continue to diversify and strengthen the state’s economy by growing more high growth businesses. Higher education institutions will provide faculty and students with the opportunity to perform commercially relevant research leading to new innovative businesses. Our innovators and businesses will have cost-effective assistance and access to the talent of faculty and students.

Launch MN Minnesota Leadership/Admin

Launch MN Minnesota is a neutral connector and convener bringing together government agencies, trade organizations, investors, corporate innovators, NPOs and others to provide best-in-class education, resources, and connectivity to subject matter expertise throughout the life cycle of a business. With the additional grants, the agency will require two additional FTE positions to manage the grants and the statewide program. Staff are responsible for overall program coordination, grants management, partnerships, board relations, outreach and promotions and hosting events and meetings for the entire ecosystem.

Impact on Children and Families:

The work of Launch MN will help the next generation of Minnesotans by fostering technology that will improve the way children and families work, learn and live. For example, technology focused on education, mental health, and housing.

Equity and Inclusion:

This proposal seeks to grow Minnesota's innovation economy and provides the kinds of wrap around programming and supports necessary for communities who are less able to become entrepreneurs to grow their businesses. The groups most likely to benefit from this intense programming are low-wealth and rural communities. Launch MN provides capital, education, networks and resources that aren't always accessible to entrepreneurs facing inequities.

The Launch MN innovation grants prioritizes entrepreneurs and founders from targeted populations: women, people of color, veterans and residents located in greater Minnesota. Our data shows the program provides over 60% of grants to targeted populations, for whom it is typically harder to secure capital for new ventures. Launch MN is expected to grow Minnesota's economy and will spur increased technological innovation and long-term, high-wage job growth.

Tribal Consultation:

Does this proposal have a substantial direct effect on one or more of the Minnesota Tribal governments?

☐ Yes

☒ No

Results:

Type of Measure	Name of Measure	Previous FY 21	Previous FY22	To Date Cumulative
Quantity	Total Applications	155	130	596
Quantity	Total Awards	70	62	245
Quantity	Total Funds Requested	\$4.69M	\$4.10M	\$18.3M
Quantity	Total Funds Awarded	\$1.55M	\$1.63M	\$6.01M
Quality	Percent of grantees that said grants helped propel their business	100%	100%	100%
Results	Job creation estimated	n/a	n/a	57-142 FTEs
Results	Investment/fundraising estimated	n/a	n/a	\$8.9M – 15.5M

The first four measures are from innovation grant data. The program ran out of money early in FY22, but has resumed grant making in FY23. The qualitative stats are from close out data. To date, 75 grantees have closed their grants and completed the survey. The average grant amount for all grants to date is \$24,550.

Statutory Change(s):

N/A

Employment and Economic Development

FY 2024-25 Biennial Budget Change Item

Change Item Title: Youth Workforce Development

Fiscal Impact (\$000s)	FY 2024	FY 2025	FY 2026	FY 2027
General Fund				
Expenditures	5,000	5,000	0	0
Revenues	0	0	0	0
Other Funds: Workforce Development Fund				
Expenditures	5,000	5,000	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	10,000	10,000	0	0
FTEs	4	4	0	0

Recommendation:

The Governor recommends \$5 million from the state general fund and \$5 million from the workforce development fund for FY24, as well as an additional between \$5 million from the state general fund and \$5 million from the workforce development fund in FY25, to invest and expand Minnesota's successful Youth at Work, Minnesota Youth Program and YouthBuild Programs. These resources would more than double the funding for youth workforce development at the agency and serve over 38,000 young people.

Rationale/Background:

Minnesota is experiencing the highest number of job vacancies in the state history (Approximately, 200,000), and the state's unemployment rate is hovering around 1.9 percent, which is one of the lowest in state history. To identify a workforce to fill those vacancies, the state needs to expand who is served by workforce training programs and to invest in populations that have multiple barriers to employment. Expanding youth programs would be a step to preparing youth to enter the workforce focused and work ready.

In addition, Minnesota's Federal WIOA Youth funds are declining. Federal Youth funds are allocated to states based on a 43-year-old federal allocation formula that relies on Adult Unemployment Rates. Minnesota's Adult Unemployment Rate is at a historic all-time low of 1.8% and as such, Minnesota expects a significant reduction of federal youth funding in the coming years.

In FY22-23, DEED invested just over \$9 Million in youth employment training across three programs: Youth at Work, Minnesota Youth Programs, and YouthBuild. Demand for these programs far outstrips available resources. These programs focus on serving youth from low income and/or have an at-risk factor, such as: homelessness, juvenile justice involved, potential or actual school dropout, and young people who are pregnant/parenting. Nearly all the youth served by the Youth at Work program have multiple barriers to employment and educational success. However, these programs provide youth from underrepresented communities (BIPOC, disability, LGBTQ+) to gain employment skills and tangential educational skills needed to succeed in the adult labor force. These programs also provide critical work experience funding that allows grantees to provide youth with paid internships when businesses are unable to provide a pay wage. This economic stimulus to the youth's life has a ripple effect and supports their families more broadly.

Youth at Work

The Youth at Work program is designed to serve youth from BIPOC communities and directly address the employment and educational disparities those communities face in Minnesota. The Youth at Work program

requires youth to be low income and/or have an at-risk factor, such as: homelessness, juvenile justice involved, potential or actual school dropout, pregnant/parenting. Nearly all the youth served by the Youth at Work program have multiple barriers to employment and educational success.

In the SFY22-23 funding cycle, DEED received over \$17.7 million dollars in funding requests with only \$3.89 million dollars available for the Youth at Work Program. These requests came from 60 organizations. The agency was able to fund 40 projects across the state. Many of the projects that were funded in SFY22-23 received grant funds that were significantly lower than requests.

Minnesota Youth Program

Minnesota Youth Program(MYP) is the only state-funded youth employment program available in all 87 counties. The MYP program provides funds allocated through a county-based allocation formula based on need and the formula allocation is in state law. The program is used as match to bring in other federal, state, and local funds to serve youth. Each MYP dollar leverages approximately \$6.00 of other federal, state, and local funds. WDAs blend and braid MYP with other funds and use co-enrollment strategies to serve as many youths as comprehensively as possible. In SFY-22-23 the Minnesota Youth Program granted approximately \$2 Million to workforce partners, which was only 25% of the request amount.

YouthBuild

YouthBuild is a nationally recognized job training program with a demonstrated impact on lowering recidivism, increasing diploma attainment and post-secondary enrollment (National Institute for Justice). The Minnesota YouthBuild program offers a construction-focused career pathway for low-income high school dropouts and other highly disadvantaged youth. Within an integrated work and learning setting, the program provides intensive wraparound services to ensure youth attain a high school diploma or GED, industry-recognized credentials, and placement in registered apprenticeship, employment, and/or post-secondary education.

Minnesota YouthBuild participants with previous juvenile or criminal involvement consistently show lower re-offense rates (3% to 10%) compared to the 25% to 50% recidivism rates among Minnesota's adult and juvenile offender population. The agency awards \$1 million annually for this program through a competitive process.

Proposal:

This funding would expand proven and successful youth programs throughout Minnesota. Additional resources will lead to more funding availability in Greater Minnesota and the Metro area. Currently, these programs concentrate efforts to serve youth from low-income communities, people of color, individuals with disabilities, homeless youth, LGBTQ+ and individuals with multiple barriers to employment. These programs offer services ranging from case management to employment.

- Youth at Work:
- An increase of \$4.48 million per year will result in an additional 12,867 youth being served per year. This would be double the amount of youth served by this program from previous years.
- Minnesota Youth Program:
- An increase of this program to \$4.427 million per year will result in an additional 25,418 youth participating in MYP per year.
- YouthBuild Programs:
- An increase of \$1.093 million per year to this program will serve an additional 500 youth per year.

An increase in the state's investment in youth employment and training programs will lead to greater opportunities for more youth and will build Minnesota's future workforce.

Impact on Children and Families:

This funding will directly impact children and families. Many youth who participate in DEED youth employment and training programs are seeking employment so they can assist their parents with covering household expenses, or in some cases are taking care of their relatives.

Equity and Inclusion:

DEED's youth programs are centered around equity and inclusion. Most of the youth participants are low income, individuals of color, individuals with disabilities or homeless.

Tribal Consultation:

Does this proposal have a substantial direct effect on one or more of the Minnesota Tribal governments?

☐ Yes

☒ No

Results:

- Youth Employment/ Education/Training Rate 2nd Quarter After Exit
- Youth Employment/ Education/Training Rate 4th Quarter After Exit
- Credential Attainment Rate
- Measurable Skills Gain
- Median Earnings Second Quarter After Exit

Statutory Change(s):

N/A

Employment and Economic Development

FY 2024-25 Biennial Budget Change Item

Change Item Title: Minnesota Reasonable Accommodation Program

Fiscal Impact (\$000s)	FY 2024	FY 2025	FY 2026	FY 2027
General Fund				
Expenditures	2,000	2,000	0	0
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	2,000	2,000	0	0
FTEs	1	1		

Recommendation:

The Governor recommends \$4 million in the FY25-25 biennium from the state general fund for the Minnesota Reasonable Accommodation Program. The Minnesota Reasonable Accommodation Program creates a central fund where small to mid-sized Minnesota employers can request reimbursement for expenses related to providing reasonable accommodations for employees with disabilities. The Reasonable Accommodation Program is necessary to reduce barriers for Minnesota employers to foster disability-inclusive workplaces.

Rationale/Background:

Minnesota's economy relies on talented workers filling jobs in demand. Minnesotans with disabilities are key contributors to keeping the state competitive in a global economy.

Minnesota has faced workforce shortages since the end of the Great Recession. The systemic reasons for workforce shortages are years of economic growth, an aging workforce heading toward retirement, and fewer young people to replace them. All these factors are putting significant pressure on Minnesota's employers, making hiring significantly more challenging. This is a long-term problem that will need various strategies if we are to overcome it.

Approximately 11% of Minnesotans report having one or more disabilities, and the unemployment rate of this group is more than double that of people without disabilities. Placing individuals with disabilities that want to work in jobs is key to addressing the state's workforce shortage.

Some employers hesitate to hire individuals with disabilities because of the cost of providing the reasonable accommodations a worker might need. Small businesses are often an employer of choice for people with disabilities because of the flexibility and innovation these companies offer. Research by the Job Accommodation Network indicates that more than half of accommodations cost little or nothing at all. However, the cost of some reasonable accommodations is sufficiently high that they can create a financial hardship for businesses to implement them. The Minnesota Reasonable Accommodation Program would remove that barrier to Minnesota employers hiring individuals with disabilities. In return, Minnesotans with disabilities will have greater employment opportunities.

Reasonable accommodations are adjustments or modifications that enable people with disabilities to perform the essential functions of a job efficiently and productively. Reasonable accommodations may also be necessary to assist a person with a disability to apply and interview for a job. In this way, they are important recruitment, retention, and advancement tools.

Accommodations vary depending upon the nature of the job and the needs of the individual applicant or employee. Not all people with disabilities (or even all people with the same disability) require the same accommodation or any accommodation. The Minnesota Reasonable Accommodation Program would also provide technical assistance and resources to employers about accommodations generally.

Proposal:

The Governor recommends \$4 million in the FY25-25 biennium from the state general fund for the Minnesota Reasonable Accommodation Program. This program will be modeled on a program implemented by the Minnesota Department of Administration that provides reimbursement for Minnesota state agencies providing reasonable accommodations to Minnesota state employees.

Fiscal Details: Individual reimbursement requests are estimated to average between \$1,000 and \$5,000 each, and thus upwards of 1500+ accommodations could be provided each year with this funding. This would have a significant impact on the nearly 300,000 people with a disability between ages 18-64 in Minnesota. One FTE will be required to develop and administer the reimbursement fund, as well as provide technical assistance to employers.

Impact on Other Agencies: This program would be administered similarly to the Minnesota Department of Administration's "A System of Technology to Achieve Results" (STAR) program, which is the State of Minnesota's enterprise Reasonable Accommodation Fund.

Impact on Children and Families:

Employment for Minnesotans is a key driver of economic well-being for families and children. One of the best indicators of economic well-being and gaps in quality of life between sub-populations is poverty status. Living with a disability is associated with an alarmingly high poverty rate. In 2018, almost a quarter of the working-age population with one or more disabilities lived below the poverty line, compared to only 7.9 percent of those with no disability. Employment for individuals with disabilities can move Minnesotans and their families out of poverty.

Equity and Inclusion:

Minnesotans with disabilities who are between the ages of 18 and 64 have a 56 percent labor force participation rate, compared to a 90 percent labor force participation among Minnesotans with no disabilities in that same age group. Engaging in productive employment is important for individuals with disabilities to have the opportunity to make a family sustaining wage, lessen reliance on public welfare programs and Social Security benefits, live more independently, and participate in community life. The Minnesota Reasonable Accommodation Program is one critical tool to remove barriers to employment for individuals with disabilities.

Minnesotans with disabilities are also BIPOC, members of the LGBTQIA+ community, and veterans. Efforts to remove barriers to employment for people with disabilities effectively removes barriers to employment for individuals who are BIPOC, members of the LGBTQIA+ community, and veterans.

By race and ethnicity, individuals who identify as American Indian and Alaska Natives have the highest prevalence of disability at 17.1 percent. Individuals who identify as Native Hawaiians and other Pacific islanders have the second highest prevalence at 15.4 percent, followed by individuals who identify as Black or African Americans (11.9 percent), and individuals who identify as white (11 percent). Individuals who identify as Hispanic and Asian have the lowest prevalence rates, at 7.8 and 7 percent respectively.

Tribal Consultation:

Does this proposal have a substantial direct effect on one or more of the Minnesota Tribal governments?

☐ Yes

☒ No

Results:

The Minnesota Reasonable Accommodation Program will track and publish the following program metrics.

- Number of reasonable accommodation reimbursement requests received.
- Average cost per reimbursement request.
- Total cost of all reimbursement requests received.
- Number of reasonable accommodation reimbursement requests granted.
- Average cost per reimbursement request granted.
- Total cost of all reimbursement requests granted.

Statutory Change(s):

N/A

Employment and Economic Development

FY 2024-25 Biennial Budget Change Item

Change Item Title: Individual Placement and Supports (IPS) Program Increases

Fiscal Impact (\$000s)	FY 2024	FY 2025	FY 2026	FY 2027
General Fund				
Expenditures	1,945	1,945	1,945	1,945
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	1,945	1,945	1,945	1,945
FTEs	0	0	0	0

Recommendation:

The Governor recommends an increase of \$3.890 million for the FY2024-25 biennium and in the base from the General Fund for the Individual Placement and Supports (IPS) program. IPS is an evidence-based program that provides employment services and supports for individuals with serious mental illness.

The base funding for the IPS program for the SFY 2024-2025 biennium is \$5.110 million. The Legislature appropriated a one-time increase of funds for this program for FY20-23 with funds scheduled to decrease by almost \$1 million per year after FY23. Absent these funds, 350 individuals will lose access to these critical workforce-supportive services.

With the recommended funding, the program will be able to increase service capacity in IPS to an additional 325 individuals which would represent an 30% increase in individuals with access to services. Expanded access will focus on expansion in both Greater Minnesota and the metro area and be targeted to individuals who are individuals with serious mental illness who are Black, Indigenous, People of Color.

Rationale/Background:

Minnesotans with serious mental illness experience a real and significant employment disparity that affects their livelihoods, families, and economic security. This employment disparity results in a disproportionately high level of poverty among people with disabilities and poses a threat to the health and well-being of communities and people across the state. National research has shown that work is a critical component of recovery for people with mental illness. Work allows independence; people who work feel better about themselves, have a sense of social connection to their communities and to other people, and earn higher incomes. When people with mental illness become employed, they also become taxpayers and contributing members to their local communities and economies.

Funding for the Individual Placement and Supports program provides grant funding to nonprofit community rehabilitation partners who specialize in employment services. These employment services providers partner with mental health programs to provide comprehensive and coordinated employment and mental health services. Currently, VRS awards 19 grants to 13 community rehabilitation partners across Minnesota that support IPS projects with 32 different mental health partners that integrate employment specialists into 58 mental health treatment teams across Minnesota. The average grant award is \$175,000. Grantees hire employment specialists at their organizations around the state to provide employment services.

Increased access to services throughout Minnesota is a critical need. There are many areas of the state without access to IPS services – only 44 of Minnesota’s 87 counties have some access to IPS services. In addition to expanded geographic access, there is significant need to expand access to services for individuals with serious mental illness who are Black, Indigenous, People of Color. Health care disparities for individuals who are Black, Indigenous, and People of Color are well documented. Several factors contribute to these disparities, including patient distrust and poverty, treatment expenses, and proximity of medical services to the communities where minority populations live. Many communities with a disproportionately high proportion of people from racial and ethnic minorities lack access to affordable outpatient mental health services (Cook, McGuire, & Miranda, 2007). IPS has been shown to be more effective than usual vocational services for Black, Asian, and Latinx clients, with significantly better outcomes for people receiving IPS than those receiving usual vocational services (Campbell et al., 2011; Metcalfe, Bond, & Drake, 2017; Metcalfe et al., 2021; Perkins et al., 2021). IPS is a critical tool to improving employment and health outcomes for all Minnesotans.

For Minnesota businesses, this employment disparity also poses a threat to economic growth and signifies a missed opportunity to tap into a large, underutilized, and valuable talent pool – a resource with great potential to bring growth and shared prosperity throughout Minnesota.

Proposal:

The Governor recommends an increase of \$3.890 million for the FY2024-25 biennium and in the base for the Individual Placement and Supports program. These resources will allow the program to provide specialized supports to almost 700 people with serious mental illnesses so they can find and maintain steady employment.

Current funding levels provide staffing to serve about 1,000 individuals with serious mental illness each year. Of the 1,000 individuals served in IPS per year, about 350 individuals are served with one-time funds appropriated by the legislature in 2019 that expire at the end of SFY 2023. Absent increased funding from the Legislature, these 350 individuals will lose access to critical IPS services.

With recommended funding, the program will be able to increase service capacity in IPS to an additional 325 individuals which would represent an 30% increase in individuals with access to services. Expanded access will focus on expansion in both Greater Minnesota and the metro area and be targeted to individuals who are individuals with serious mental illness who are Black, Indigenous, People of Color. Funding would be distributed through an RFP process for new providers with grants available starting late in FY2024 or FY2025.

The IPS program complements other employment programs for individuals with disabilities in Minnesota. It differs from programs administered by Vocational Rehabilitation Services in that it is highly specialized to meet the specific needs of individuals with serious mental illness. IPS also involves interagency collaboration with the Department of Human Services Behavioral Health, Housing and Deaf Hard of Hearing Division (BHHD). This proposal is complementary to and does not overlap with work that is occurring in other agencies.

Impact on Children and Families:

This proposal is targeted at working age adults with serious mental illness. As we know, employment for adults in a family is critical for children and families. Unemployment for individuals with disabilities results in a high level of poverty among people with disabilities and their families which poses a threat to the health and well-being of communities and people across the state.

Equity and Inclusion:

People with serious mental illness have among the lowest employment rates in the United States. Individuals with serious mental illness who are Black, Indigenous, and People of Color with serious mental illness face an unemployment rate of more than 90 percent. This proposal will assist more people with serious mental illness to achieve their goals of working in competitive, integrated employment.

Tribal Consultation:

Does this proposal have a substantial direct effect on one or more of the Minnesota Tribal governments?

- ☐ Yes
- ☒ No

Results:

Part A: Performance measures

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Current Value</i>	<i>Date</i>	<i>Projected Value (without)</i>	<i>Projected Value (with)</i>	<i>Date</i>
Quantity	Total number of individuals served	1,082	SFY 2022	732	1,412	SFY 2024
Quality	Total number of individuals employed	675	SFY 2022	508	878	SFY 2024

Statutory Change(s):

N/A

Employment and Economic Development

FY 2024-25 Biennial Budget Change Item

Change Item Title: Small Business Navigation Program

Fiscal Impact (\$000s)	FY 2024	FY 2025	FY 2026	FY 2027
General Fund				
Expenditures	1,250	1,250	1,000	1,000
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	1,250	1,250	1,000	1,000
FTEs	7	7	7	7

Recommendation:

The Governor recommends \$1.250 million in FY24 and FY25 and \$1 million each year thereafter from the state general fund for the Small Business Navigation Program. These funds will be used to hire, train, and deploy community navigators to help small businesses learn about and access DEED’s small business programs as well in FY24 cover the costs of improving the agency’s digital services to help small businesses navigate state government programs.

Rationale/Background:

Entrepreneurs and small businesses encounter the problem of information cost. It is often expensive in terms of money, time, effort, lost opportunity, and time away from business activity for a small business to easily identify both state business requirements and state assistance resources and programs. Community navigators will reduce that cost by providing timely, accurate, and comprehensive guidance on state business resources. This will increase the accessibility of state information and resources, whether directly from DEED or through one of its partners. This initiative responds to a recommendation from the Governor’s Council on Economic Expansion.

Proposal:

The Governor recommends \$1.250 million in FY24 and FY25 and \$1 million each year thereafter from the state general fund for the Small Business Navigation Program. These funds would support a new initiative that would expand the reach, availability, and accessibility of four existing efforts in DEED: the Small Business Assistance Office, the Office of Small Business Partnerships, the Small Business Development Center, and Launch Minnesota—all of which provide either direct or indirect service to entrepreneurs and small businesses. Community navigators will work with prospective entrepreneurs and small business owners to help navigate the existing services at DEED and available through our many partners and to connect them to the services they need to be successful.

Assumptions and Detail

Minnesota has an active start-up and small business culture. According to the U.S. Small Business Administration, 97 percent of Minnesota businesses meet the definition of “small.” This creates a persistent need for high quality information and assistance. DEED’s Small Business Assistance Office responds to thirty-thousand contacts each year (more than ten thousand specific questions). These new resources will be used for salaries and fringe benefits for community navigators as well as the costs of training and operations (e.g., mileage, computers, cell phones). The actual physical distribution of the community navigators will be flexible depending on demand, but the anticipation is that ninety percent of their time will be working in communities and meeting business owners

and entrepreneurs. The Small Business Navigation Program staff will also work with, refer to, and draw on the expertise of DEED's sixty business development grantee partners which serve specific communities.

In FY24 and FY25 \$500,000 will be allocated to improve the agency's digital navigation resources for small businesses. The agency has received consistent feedback that identifying appropriate resources and the requisite requirements for a small business are a challenge and the agency will use those resources to improve the navigability of the on-line resources as well as cross-agency coordination with other state agencies that play a role.

Equity and Inclusion:

The Small Business Navigation Program will serve all businesses and have a particular focus on ensuring that they reach and provide ongoing assistance to historically underserved communities. It is highly desirable to have several of the community navigators stationed in the Twin Cities and will be people who look like the populations they serve.

Tribal Consultation:

Does this proposal have a substantial direct effect on one or more of the Minnesota Tribal governments?

☐ Yes

☒ No

The Small Business Navigation Program will interact and communicate with business owners either on the Tribal Lands or, in concert with Tribal government to provide better access to services and information across the state. We would expect the impact on tribal nations to be positive.

IT Costs

Please complete the table below to indicate costs for FY 2024-29. Specify the purposes of the funding proposal, such as infrastructure, hardware, software, or training. If staff are associated with this request, specify the number of FTEs that are MNIT employees (i.e., MNIT@agency) and agency employees. For proposals with significant IT investment, please also complete the IT addendum below.

Category	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Payroll						
Professional/Technical Contracts	450					
Infrastructure						
Hardware						
Software						
Training						
Enterprise Services						
Staff costs (MNIT or agency)	50					
Total						
MNIT FTEs	.5					
Agency FTEs						

Results

The activities of the Small Business Navigation Program will use the volume of demand as an analogue for the value of the services to the users, the number of referrals, and the actionable intelligence gathered through visits to better inform programs and services. Ultimately, the department may use surveys and other forms of gathering feedback on the accessibility of information, ease of access and delivering that information and assistance and ultimately, the results of the assistance provided through referrals.

Statutory Change(s):

N/A

Employment and Economic Development

FY 2024-25 Biennial Budget Change Item

Change Item Title: Return-to-Work Program

Fiscal Impact (\$000s)	FY 2024	FY 2025	FY 2026	FY 2027
General Fund				
Expenditures	5,000	5,000	0	0
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	5,000	5,000	0	0
FTEs	4	4		

Recommendation:

The Governor recommends \$10 Million in the FY24-25 biennium from the state general fund to create a new Return-to-Work Program for Minnesotans who have left the workforce due to retirement.

Rationale/Background:

Minnesota is experiencing the highest number of job vacancies in the state history (Approximately, 200,000), and the state's unemployment rate is hovering around 2.0 percent, which is one of the lowest in state history. To identify a workforce to fill those vacancies, DEED needs to expand on who we are serving and need funding to invest in populations that have multiple barriers to employment. Minnesotans who have left the workforce due to retirement have been identified as a population that can assist with closing the vacancy gap.

During COVID-19, Minnesota lost approximately 60,000 workers who were 55 years old+. Many of them were baby boomers who retired early due to COVID. The loss of older workers impacted both public and private sectors and there is a great need to identify ways to bring some of those individuals back into the workforce.

Proposal:

The Governor recommends \$10 Million in the FY24-25 biennium from the state general fund to create a new Return-to-Work Program for Minnesotans who have left the workforce due to retirement.

This funding will be awarded through a competitive process to nonprofit training partners to serve individuals 55+ and older. The program will have key components to ensure participants have employment prospects. These components include:

- Career Navigators (a hybrid between a Case Manager and a Job Developer) to provide intensive one-to-one coaching and job development services
- Job placement and retention services
- Support Services to assist participants in overcoming barriers to successfully completing training and/or gaining meaningful employment
- Enhanced Foundational Skills that allow participants to access basic reading, math, language, and/or work readiness skills (including computer training, and/or job shadowing) or reading, math, language, and/or work readiness skills within an occupational sector
- Enhanced Skill Building, which allows participants to access short-term (up to six months) training which may result in an industry recognized credential

- **Employment On-Boarding and Retention Strategies:** As part of a participant's training, they may participate in paid work experiences. These subsidized opportunities provide participants an opportunity to train on-the-job and receive payment for their work.

This investment will result in approximately 760 older Minnesotans in the FY24-25 biennium getting the employment and training assistance they need to return to the labor force.

Impact on Children and Families:

N/A

Equity and Inclusion:

The program will support individuals 55+ years who are not job ready due to a multitude of challenges including disabilities, felony convictions, and BIPOC individuals who faced barriers to employment. Programs such as this will provide an opportunity for tailored employment and training services to be delivered to populations who could benefit most. MN's workforce is getting older as is the general population overall. Projections show MN will have nearly 225,000 workers aged 65+ years by 2033. With this growth trend comes increased older workers who would qualify for SCSEP services and need to be served, and yet historically federal funding does not increase from year to year. So, there is a need for state funded Older Minnesotan Workforce Program.

Tribal Consultation:

Does this proposal have a substantial direct effect on one or more of the Minnesota Tribal governments?

☐ Yes

☒ No

Results:

1. Entered Employment (common measure)
2. Service Level
3. Employment Retention - six months (common measure) and Retention - one year
4. Customer Satisfaction for Employers, Participants, and Host Worksites
5. Average median income
6. Credential/Certifications earned

Statutory Change(s):

Statutory Language will be development for this initiative.

Employment and Economic Development

FY 2024-25 Biennial Budget Change Item

Change Item Title: State Services for the Blind Service Expansion

Fiscal Impact (\$000s)	FY 2024	FY 2025	FY 2026	FY 2027
General Fund				
Expenditures	2,000	2,000	2,000	2,000
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	2,000	2,000	2,000	2,000
FTEs	6	6	6	6

Recommendation:

The Governor recommends \$2 million for the FY2024 and each year thereafter for the State Services for the Blind program. These resources will maximize the program's federal match and enable the program to keep pace with operational increases due to inflation, as well as expand services to reach more individuals who are blind, visually impaired, DeafBlind, or have a print-related disability.

Rationale/Background:

Vocational Rehabilitation

Each Federal Fiscal year, SSB receives a basic vocational rehabilitation grant from the Department of Education. This award has a state match requirement of 21.3%. This means, to get the full award, the state must also expend the required state dollars by the end of that Federal Fiscal Year. The state also has a maintenance of effort (MOE) requirement. MOE requirements ensure that state agencies receiving federal funds with a matching component do not reduce the amount of non-federal (i.e. state) expenditures from year to year. If Minnesota does not meet the MOE, the program would be penalized, and additional funds removed in subsequent years.

Federal grant funds for this program have increased by approximately \$900,000 over the course of the last two federal fiscal years and the program anticipates an additional increase of 6.3% for FFY2023. The state appropriation for this program is no longer keeping pace with the federal match requirements. Therefore, the state will be required to turn back federal funds or risk losing all of the program's carry forward dollars (approximately \$4m) due to not meeting match requirements.

Federal Fiscal Year	Federal Grant	State Match/MOE Requirement
2020	8,901,006	2,409,039.73
2021	9,505,298	2,572,590.18
2022	9,796,238	2,651,332.52
2023	Approximately 10,000,000	2,706,4880.30

Senior Services

The Senior Services Unit's goal is to provide rehabilitation services to seniors so they can regain or maintain personal independence and safety despite losing their vision. Vision loss is a serious risk factor for falls and other accidents that can lead to serious injury and loss of independence, potentially leading to unnecessary and extensive costs to care takers and state long-term care medical assistance. At the current budget the program only has resources to serve 16% of the eligible population of this fast-growing demographic, which is approximately 4,000 blind, visually impaired, and DeafBlind Minnesota seniors. This program currently serves approximately 700 seniors each year and the average cost per consumer is \$625.

Communication Center

The Communication Center is one of the only programs in the State that creates access to print in alternative formats for people who have a disability that prevents them from reading or handling print materials. This program has not received an increase to its base in 20 years and continues to rely on private donations. The program no longer has the resources to serve all those who are eligible for Communication Center services.

Proposal:

The Governor recommends an additional \$4 million for the FY2024-25 biennium and added to the base funding for the State Services for the Blind program to maximize the program's federal match and enable the program to not only keep pace with increased operation costs but also will allow the program to expand services to reach almost 10,000 more individuals who are blind, visually impaired, DeafBlind, or have a print-related disability.

These state resources would fund additional FTEs in the vocational rehabilitation, older blind, and Communication Center programs, allowing the programs to better serve more individuals who are blind, visually impaired, DeafBlind, or have a print impairment. This will provide faster response times, an increase in the number of Minnesotans the program serves and will provide better outcomes for individual Minnesotans. In addition, resources would allow the program to keep pace with operational increases due to inflation, including personnel and supply costs.

Absent this funding, SSB will not have sufficient funding to maintain current levels of service. The program will be forced to curtail services in core services, would likely need to close the award-winning Aging Eyes program, which serves approximately 700 low-vision seniors each year, and place access restrictions on the Senior Services Unit, which is seeing substantially increased demand as Minnesota's population ages.

Impact on Children and Families:

Vocational Rehabilitation

The VR program supports individuals who are blind, visually impaired, or DeafBlind 14 years of age and older achieve life- and family-sustaining careers. The program's primary services include financial and staff resources for post-secondary education, vocational and disability-related training, assistive and adaptive technology, and job placement. VR also has a dual customer model, and provides technical assistance, talent recruitment, and training to businesses on hiring and retaining people with disabilities.

Senior Services

The Senior Services program supports aging seniors who experience vision loss. These services decrease dependency on family members and costly long-term care programs. Primary services include financial and staff resources for independent living training, as well as low vision aids and devices.

Communication Center

The Communication Center program provides access to information to all those who cannot pick up a book and read it. The program promotes literacy which is critical for employment and independence. The program has a partnership with the K-12 system by providing Braille and audio transcribed books. We also transcribe materials for post-secondary and employment. We also serve businesses, offering an assortment of transcription services at a very low cost, which may include bills, correspondence, restaurant menus

Equity and Inclusion:

State Services for the Blind's mission is to facilitate personal and vocational independence of Minnesotans who are blind, visually impaired, DeafBlind, or has a print-related disability. We promote and educate others on diversity, equity, inclusion, and accessibility within and throughout all facets of life. All services and programs we offer support that mission.

Tribal Consultation:

Does this proposal have a substantial direct effect on one or more of the Minnesota Tribal governments?

☐ Yes

☒ No

IT Costs

N/A

Results:

Workforce Development

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Current Value</i>	<i>Date</i>	<i>Projected Value (without)</i>	<i>Projected Value (with)</i>	<i>Date</i>
Quantity	Participants Served	800	6/30/22	750	1,200	6/30/25
Result	Participants Achieving Competitive Integrated Employment	82	6/30/22	80	120	6/30/25

Senior Services

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Current Value</i>	<i>Date</i>	<i>Projected Value (without)</i>	<i>Projected Value (with)</i>	<i>Date</i>
Quantity	Total customers served	3,500	6/30/22	3,000	5,000	6/30/25
Quantity	Customers Enrolled in Aging Eyes	900	6/30/22	0	1,200	6/30/25

Communication Center

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Current Value</i>	<i>Date</i>	<i>Projected Value (without)</i>	<i>Projected Value (with)</i>	<i>Date</i>
Quantity	Total customers served	9,000	6/30/22	9,000	15,000	6/30/25

Statutory Change(s):

N/A

Employment and Economic Development

FY 2024-25 Biennial Budget Change Item

Change Item Title: Workforce Digital Transformation

Fiscal Impact (\$000s)	FY 2024	FY 2025	FY 2026	FY 2027
General Fund				
Expenditures	10,000	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)	10,000	0	0	0
FTEs	5	0	0	0

Recommendation:

The Governor recommends \$10 million in FY24 from the state general fund to address key gaps in the state's workforce digital toolset. This investment of one-time funds would substantially modernize the digital tools which support workforce development initiatives across Minnesota, enabling easier use of virtual appointments, more integrated and customer-centric services, and better accountability and administrative management.

Rationale/Background:

The pandemic has shown us that digital services for workforce development are more essential than ever before, yet the state's existing tools are woefully behind. As the department works to refocus services on the people who need the most help – and deliver person-centered services that meet people where they are – the agency has an urgent need to provide substantially upgraded digital tools to help Minnesota jobseekers grow their skills, find opportunities, and achieve success.

- Replace obsolete customer-facing systems like MinnesotaWorks.net, which are well beyond the end of their useful life, with modern digital tools to enable self-service workforce training and access to jobs.
- Integrate existing case management tools into new systems to link qualified customers receiving workforce services with jobs they want and stop customers and staff from wasting time entering information we already have.
- The specific services we plan to advance include:
 - **Job Matching and Appointments:** using machine learning and algorithmic matching to connect employers and job-seekers – reinventing a “job bank” for the 21st century and making it as easy to get career-supportive services as it is to buy a book on Amazon.
 - **Virtual services:** providing on-demand career counseling and support through online video, chat, phone, and email – meeting people with help when and how they need it
 - **Systems Integration:** Integrate our job bank and case management platforms to treat customers as people – not as disconnected users of separated programs.

This proposal is included in the Thriving Economy and Workforce workgroup and reflects consistent feedback from partners and customers that DEED doesn't have sufficient digital resources to support the service transformation the agency is proposing – and internally, our out-of-date technology makes collaboration more difficult.

Proposal:

The Governor recommends investing \$10 million in FY24 from the General Fund to address key gaps in the state's workforce digital toolset. This is a new initiative to address key gaps in the department's workforce digital toolset (modern customer-facing tools; integrated systems between programs) which inhibit performance. However, this would not create new obligations for the state – it would simply make existing programs run in a modern manner. This initiative will address the following:

- Job Matching and Appointments: Through this project, the department anticipates deprecating MinnesotaWorks.net, a system built in 2007 which has seen essentially no front-end upgrades in the intervening decade and a half. It will be replaced by a modern, mobile-friendly labor exchange and appointment scheduling system.
- Virtual services: Provision and launch of a system to easily allow Minnesotans to access career supportive services.
- Systems Integration: Building interfaces between Workforce One (the statewide workforce case management system), the state's new job matching platform, and other related social services platforms to increase service efficiency and reduce disparities.

This proposal complements work happening across the department and is a critical part of achieving agency objectives. Through the better tools enumerated above, the agency will be able to provide better coordinated and more modern services across individual program areas as well as improved partnership with other state agencies.

The department anticipates rolling implementation – learning from each phase and adapting as the project continues. The first priority would be the Job Matching and Appointments system replacing MinnesotaWorks.net, which the agency would target for implementation in CY2023. Virtual Services and Systems Integration would begin work in CY2023. Each project will require varying amounts of public procurement and project staffing. Some investments and significant preparation have already occurred for Job Matching, but this funding is needed to complete the work.

- Outcomes: We should be able to review outcomes following select customer interactions with the system, particularly in case managed programs.
- Web metrics: Reviewing items like web traffic, matches completed, and the like.

Impact on Children and Families:

Better digital tools support equity by allowing parents to access services whenever they're needed, and without traveling for an in-person career counselor appointment. This will unlock opportunities for busy parents who may face transportation and time barriers. The program's emphasis on mobile tools will support lower-income Minnesotans who rely on their phones for internet access. Greater integration reduces duplication and wasted time for families.

Better digital job and training tools will empower Minnesotans to improve their career outcomes, thereby improving access to housing, healthcare, and education.

The Time Tax – the amount of time that Minnesotans waste on bureaucratic minutiae - is most acutely experienced by lower-income families, and it imposes the greatest cost on them. Through better digital job, training, and workforce management tools we reduce this cost and improve outcomes.

Equity and Inclusion:

Better digital tools support equity by allowing individuals to access services whenever they're needed and without traveling for an in-person career counselor appointment. Our program's emphasis on mobile tools will support lower-income Minnesotans who rely on their phones for internet access.

Better digital tools are essential to serving modern Minnesota, but in-person services are better for some people. Continuing to invest in our in-person services is still a key component of our agency's strategy, and this upgrade should not come at the expense of those who do not use technology.

The department has undertaken significant customer research, which has underscored the challenges that Minnesotans face in accessing our existing digital services.

Tribal Consultation:

Does this proposal have a substantial direct effect on one or more of the Minnesota Tribal governments?

☐ Yes

☒ No

IT Costs

Please complete the table below to indicate costs for FY 2024-29. Specify the purposes of the funding proposal, such as infrastructure, hardware, software, or training. If staff are associated with this request, specify the number of FTEs that are MNIT employees (i.e., MNIT@agency) and agency employees. For proposals with significant IT investment, please also complete the IT addendum below.

<i>Category</i>	<i>FY 2024</i>	<i>FY 2025</i>	<i>FY 2026</i>	<i>FY 2027</i>	<i>FY 2028</i>	<i>FY 2029</i>
Payroll	0.75	0.75	0.6	0	0	0
Professional/Technical Contracts	0	0	0	0	0	0
Infrastructure	0	0	0	0	0	0
Hardware	0	0	0	0	0	0
Software	3.15	3.15	1.3	0	0	0
Training	0.1	0.1	0.1	0	0	0
Enterprise Services	0	0	0	0	0	0
Staff costs (MNIT or agency)	0	0	0	0	0	0
Total	4	4	2	0	0	0
MNIT FTEs	2	0	0	0	0	0
Agency FTEs	3	0	0	0	0	0

Results:

Part A: Performance measures

Our limited existing digital tools show a clear pattern of decline. For example, here is log-in data from MinnesotaWorks.net, the state's existing job search tool:

Job Seekers

Job Seekers Logging on to MinnesotaWorks.net



Other items within this change item, such as virtual services and systems integration, have not occurred and therefore don't have relevant performance measures at this time.

Going forward, we would put in place several categories of metrics. This is very straightforward with digital toolsets. Broadly, these metrics would fall into the following buckets:

- Program Outcomes: Are people who use our new digital toolset getting to better employment outcomes? Through cohort analysis we'd be able to track how digital tools impact both short-term and long-term employment attainment.
- Tool usage: Typical digital metrics, such as number of sessions, number of customer interactions, and feature usage.

Employment and Economic Development

FY 2024-25 Biennial Budget Change Item

Change Item Title: Energy Transition Grant Program

Fiscal Impact (\$000s)	FY 2024	FY 2025	FY 2026	FY 2027
General Fund				
Expenditures	5,000	5,000	0	0
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	5,000	5,000	0	0
FTEs	1	1		

Recommendation:

The Governor recommends \$10 million from the state general fund in the FY24-25 biennium for the Energy Transition Grant Program. This program would assist communities in their planning processes to recover from the loss of tax base and jobs resulting from the planned closures of power plants. This program would be managed by the Office of Energy Transition which has a base budget of \$350,000. Currently, there are no appropriations for grants to host communities.

Rationale/Background:

Several communities in Minnesota, and nationwide, face the closure of power plants with trepidation because of the potential negative economic impacts. In Minnesota, 8-10 cities and counties are currently, or will be soon, dealing with power plant closures as the state transitions out of fossil fuel-fired power plants. These communities are preparing for the loss of property tax revenue, jobs, and the potential redevelopment of the sites. Simultaneously, they are seeking alternative growth strategies, and many are finding new business opportunities. As a result, some local planning efforts are underway while others are just starting. As such, there are a variety of redevelopment, reuse, and response considerations that could benefit these communities if the state were aligned and prepared to help.

This investment will provide much needed resources to host communities to facilitate planning to diversify their economies. Resources will also minimize the impact of power plant closures on tax revenues and job loss while finding new opportunities for growth. The Energy Transition Advisory Committee, in its Final Draft plan, identified the need for planning grants and assistance to host communities impacted by power plant closures. The funds would be used for grants to assist in those planning efforts.

This proposal will provide DEED with a helpful role in assisting impacted communities transition out of fossil-fuel-fired power plants and into other economic activities that help minimize the negative impact of such closures on tax revenues and jobs.

Proposal:

The Governor recommends \$10 million from the state general fund in the FY24-25 biennium to support energy transition communities in their planning process and to help recover from the loss of tax base and jobs resulting from the planned closures of power plants.

These funds would be managed by the Energy Transition Office, created by the legislature in 2021 to assist the communities impacted by power plant closures and would operate within the current level of appropriation for the Office.

The program will make grants available to energy transition communities statewide to help plan, prepare and implement activities that will lead to improved conditions for growth and alignment of local strategies. Funding will assist these communities with:

- Site readiness, including completing Alternative Urban Area-wide Reviews (AUARs)
- Land use studies
- Economic planning and impact studies

Under this program, each community could receive up to \$600,000 in FY24 and FY25.

As part of the appropriation, DEED would not take administrative funding however, the services of the Environmental Quality Board staff would be made available to act as a liaison to assist these communities with development review and planning. DEED would make available funding to the EQB to cover costs associated with direct service to the communities up to 3% of the appropriation. The EQB board could assist communities with:

- Regulatory coordination and opportunities to identify best practice for future regulatory coordination (i.e. transfer the learning from this program to how we do business in general);
- Convening relevant technical/regulatory experts, Dedicated technical assistance;
- Expanded education and outreach on the AUAR process.

DEED awards funds through an annual request for proposal process.

Impact on Children and Families:

Many host communities do not have the capacity to implement the actions needed to help their communities successfully address power plant closures to minimize the negative impacts on their tax revenues and jobs, and to help them diversify their economy. These funds would help impacted communities build the capacity to implement tactics to ready themselves for development that can increase economic opportunities for all including those most vulnerable. By allowing impacted communities to build the capacity to ready themselves for development, they can provide new economic opportunities for their residents. These opportunities indirectly generate new avenues for growth that allow families and local governments the resources to address these priorities.

Equity and Inclusion:

This grant program would help generate new economic opportunities for communities impacted by power plant closures helping minimize the negative impacts on their population, including people of color, Native Americans, people with disabilities, people in the LGBTQ community, other protected classes, or veterans and is expected to positively impact host communities as a whole, including those most vulnerable.

Tribal Consultation:

Does this proposal have a substantial direct effect on one or more of the Minnesota Tribal governments?

☒ Yes

☐ No

The closure of power plants have the potential to impact various tribal communities throughout the state; the most pronounced being the Prairie Island Indian Community, who happens to have a Band Council Member appointed to sit on the ETAC. Prairie Island is followed closely by the Leech Lake Band of Ojibwe. The potential for additional staff support and funds which could be used to complete Areawide Reviews (AUARs), land use studies, economic planning, and impact studies would greatly benefit tribes. One of the Band Council Members of the Prairie Island Indian Community was appointed to sit on the ETAC and the nuclear facility, itself, is within a few hundred feet from their reservation boundaries. The Energy Transition Office works very closely with the agencies tribal liaison function to keep tribes informed and engaged via tribal consultations as well as other established points of contact with the tribes.

IT Costs

N/A

Results:

This program will track the number of grants made.

Statutory Change(s):

Language will be developed when required.

Employment and Economic Development

FY 2024-25 Biennial Budget Change Item

Change Item Title: Small Business Development Center Support

Fiscal Impact (\$100s)	FY 2024	FY 2025	FY 2026	FY 2027
General Fund				
Expenditures	500	500	500	500
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	500	500	500	500
FTEs	0	0	0	0

Recommendation:

The Governor recommends \$500,000 per year for FY2024 and each year thereafter from the state general fund to support the Small Business Development Centers (SBDCs). The statewide network of SBDCs, cooperatively funded by the Small Business Administration, DEED and the regional centers, provide the professional expertise and guidance that small business owners need to flourish in today's competitive and ever-changing business world. This is especially true given the devastating impact that the COVID-19 pandemic has had on small businesses in the state.

Funds will be used to increase the number of entrepreneurs and small businesses that receive business assistance and counseling either directly through the SBDC regional centers or through additional satellite centers. These additional satellites are important because they are often based in communities that lack access to these types of services, in particular, communities with under-represented entrepreneurs.

The additional funding is critical not only to provide the additional services, but to meet the state's matching requirement for federal funding.

Rationale/Background:

Small business development support is heightened during times of recession and today is no different. Start-ups tend to increase during downturns as people consider starting a business when they are out of work. This proposal would increase the services and support that is offered to small business.

By statute, Minn. Stat. 116J.68 subd. 2(13), DEED serves as the host institution for operation of the Minnesota Small Business Development Center (SBDC) program, using funds administered by the U.S. Small Business Administration (SBA). Federal funds must be matched dollar-for-dollar with non-federal funds and fifty percent of that match must be in cash. Under a cooperative agreement grant with the SBA, DEED received approximately \$2.2 million in 2022 to deliver small business counseling and assistance services throughout the state and will receive similar amounts in 2023 and 2024. DEED uses a network of nine regional centers located at 6 public and private institutions of higher education, 2 offices of the McKnight Initiative Foundation, and 1 private nonprofit organization to deliver the program. Those regional centers are the ones who contribute the bulk of funds to match the federal funding.

The regional SBDC's are hosted by higher education institutions and by non-profits in Minnesota. These organizations either directly provide, through a network of certified business consultants, business technical assistance or, provide services through satellite centers. Satellite centers, such as First Children's Finance or the Metropolitan Economic Development Association and other culturally based non-profits, are critical partners to these regional centers to increase the reach into specific sectors of the economy and underserved populations. By increasing the appropriation for this purpose, the SBDCs can provide more services to these businesses.

In order to fully utilize the federal funding for this program, the regional centers are required to provide a state or local match. Declining enrollments, budget constraints and less private funding donations have caused higher education institutions to abandon the SBDC program. DEED has replaced these regional centers with nonprofit partners but to ensure the state continues to have statewide regional partners, the state needs resources to assist with this match requirement. This appropriation will assist regional centers in meeting their match requirements thereby allowing more time for consulting services and direct services to approximately 500 businesses.

Based on a long-term analysis of historical performance and the SBDC Strategic Plan, our current financial resources are sufficient to provide a minimum of 30,000 hours of consulting service. Those 30,000 hours will result in the following:

- 4,625 jobs created or saved (1,974 direct jobs and 4,015 indirect and induced jobs in 2019)
- 200 new businesses created (173 in 2019)
- \$100 million in small business capital infusion (\$153.5million in 2019)
- \$25 million in increased sales revenues (\$20.1 million in 2019)
- In 2019, businesses assisted by the SBDC generated additional state tax revenues of \$9 million and federal tax revenues of \$11.7 million based upon the number of jobs created and retained.
- The SBA Cooperative Agreement that awards the funds to DEED also identifies priority areas for SBDC activities— for 2023 those include outreach to rural areas and communities of color, cybersecurity, intellectual property, veterans and international trade.

Proposal:

The Governor recommends \$1 million over the FY2024-25 biennium and added to the base to support the state's SBDCs. This appropriation will add additional resources to an existing program so that additional services can be provided to Minnesota based entrepreneurs and small businesses and will help maximize the state's federal match for this program. This request will provide the operating funds necessary to maintain and increase the agency's current level of service. This appropriation would provide each of the regional centers 22.5% of their matching requirement. Each regional center must match the federal funding 1:1.

Increasing this appropriation would allow SBDC's to focus on early-stage business assistance including pre-ventures and entrepreneurs from communities of color and the childcare industry. These are some of the most vulnerable businesses. By increasing the resource allocation, it allows DEED to address two systemic issues:

- The lack of technical assistance available to support business growth on a statewide basis and link the business planning experts to these segments
- Increase the number of satellite centers with specific cultural or industry knowledge to serve these segments
- Allow for the Directors of the regional centers to concentrate more of their time on providing client services rather than fundraising to meet the program match requirements.

The proposed appropriation would increase the number of consulting hours available to small business clients and focus on early-stage businesses - those in pre-venture and start-up phase - to ensure the appropriate technical assistance is being provided. On average, \$1,000 provides for an additional 10 hours of consulting services which means more than 500 additional entrepreneurs and small businesses will receive services.

This appropriation may leverage additional support from work units within DEED including the Small Business Assistance Office, the Minnesota Trade Office, Launch Minnesota, the Office of Business Development and the Office of Business Finance. Outside DEED the work of the SBDC compliments other agencies including USDA, Minnesota Technology Association, Enterprise Minnesota, MN Dept. of Agriculture and many county and local Economic Development Authorities and non-profit organizations.

Impact on Children and Families:

The SBDC created an alliance with First Children's Finance, Inc. (FCF) in 2019 to provide one-on-one technical consultation and funding support to new and existing childcare centers and home-based childcare providers. Additionally, through our relationship with higher education institutions, the cornerstone of this program is student engagement. Many students are engaged in research projects, internships and other learning opportunities to expose them to starting, growing and operating a business. These additional funds will be used to bolster the partnership with FCF and provide additional direct support owners and prospective owners of childcare businesses. Furthermore, since 8 of the 9 regional centers are in rural Minnesota, a higher percentage of clients are rural and as such, strengthening these businesses

Equity and Inclusion:

The SBDC has increased its outreach to communities of color and underserved populations year after year. This appropriation will only help to increase our outreach yet again. We are creating a new partnership with the African Development Center to become a satellite office of our Twin Cities Regional Service Center at the University of St. Thomas. We're hoping to create similar partnerships with other organizations to further this goal. Providing these matching funds places significantly less burden on those organizations having to contribute matching funds to participate in the SBDC program. They can focus exclusively on providing services to minority and underserved clients. In 2021, 20.5% of all clients were from communities of color (versus 12% in 2018), approximately 6% of SBDC clients were veterans and over 54% were women.

Tribal Consultation:

Does this proposal have a substantial direct effect on one or more of the Minnesota Tribal governments?

☒ Yes

☐ No

The SBDC has an impact on all 11 tribal nations in Minnesota but has increased its outreach particularly to the Fond Du Lac and Lower Sioux tribal nations. Our Northeast Regional Service Center has two Native American consultants, and the Southwest Regional Service Center has spent years building and strengthening the relationship with the Lower Sioux Community. These funds will allow consultants and regional directors alike, more time and opportunity to provide direct outreach and services into those communities.

IT Costs

N/A

Results:

The SBDC Program is an existing program. The current performance measures used are specified by SBA as follows:

- Number of Unique Clients served
- Amount of Capital Infusion Facilitated
- Number of Jobs Supported
- Number of New Businesses Created

The general overall trend for these metrics shows a slight increase, as our federal funding increases slightly each year. However, our state funding has not increased to keep pace with the federal increases and underlines the importance of passing this bill. See the chart below:

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>2021*</i>	<i>2020*</i>	<i>2019</i>	<i>2018</i>
Quantity	Number of Unique clients	6,659	5,913	3,787	3,738
Quantity	Amount of Capital Infusion Facilitated	\$133,470,837	\$125,507,679	\$153,563,144	\$135,770,449
Quantity	Number of Jobs Supported	N/A	N/A	30,021	21,695
Results	Number of New Businesses Created	277	115	173	228
Quality	Clients Who Would Recommend SBDC	94%	94%	94%	94%

**Combined CARES Act and CORE funding*

This appropriation provides a definite positive impact to the SBDC and the Minnesota residents we serve. It will help to stabilize the funding model for the SBDC for the next biennium but will also provide a path toward solving long-term sustainability.

Statutory Change(s):

This proposal would be included in session law.

Employment and Economic Development

FY 2024-25 Biennial Budget Change Item

Change Item Title: Expanding Opportunity Fund

Fiscal Impact (\$000s)	FY 2024	FY 2025	FY 2026	FY 2027
General Fund				
Expenditures	40,000	0	0	0
Revenues	0	0	0	0
Other Funds				
Expenditures				
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	40,000	0	0	0
FTEs	.66	.33	.33	.33

Recommendation:

The Governor recommends \$40 million from the state general fund in FY24 for an Expanding Opportunity Fund (EOF). The Fund would provide additional capital for nonprofit lenders so the state can maximize its access to federal State Small Business Credit Initiative (SSBCI) funds and benefit up to 8,000 business with access to capital. The EOF would provide small businesses with access to the capital they need to invest in job-creating opportunities as the state emerges from the pandemic.

Rationale/Background:

Small business owners and entrepreneurs are unable to obtain the loan capital they need to start or expand their businesses. Nonprofit lenders are insufficiently capitalized to meet the demand and community needs for small business loans. Nonprofit lenders are often culturally based (e.g., African Development Center, Latino Economic Development Center) and are focused on serving targeted populations and are geographically dispersed (e.g., Headwaters Regional Finance Corporation, Initiative Foundations), serving Greater Minnesota as well as the Twin Cities metro area.

The core strategy of this program is vastly accelerate capital into small businesses through the state's SSBCI program, by capitalizing the lenders who use SSBCI to increase their velocity and impact.

To access the EOF, Nonprofit lenders will act in conjunction with the SSBCI programs, for which the state is slated to receive \$97 million from the US Department of Treasury and these state dollars will help stretch the federal dollars further, allowing additional businesses access to capital and reducing the risk for the Nonprofit lenders.

Through the EOF nonprofit lenders could make loans that would be:

- Guaranteed by the Minnesota Loan Guarantee Program (potentially \$12.5 million in SSBCI funding)
- Participated in through purchase by the Minnesota Small Business Loan Participation Program (potentially \$25 million in SSBCI funding), and
- Participated in by companion loans through the Minnesota Automation Loan Participation Program (potentially 12.5 million in SSBCI funding).

Proposal:

The Governor recommends \$40 million in FY24 for an Expanding Opportunities EOF that would increase the capitalization of nonprofit lenders, enabling them to make up to 8,000 loans to small business which often have difficulty obtaining the loan capital they need to startup or expand. Funding would be directed to nonprofit lenders whose focus is largely on BIPOC and women-owned businesses, as well as on businesses located in Greater Minnesota.

This proposal would also help ensure that Minnesota receives the full \$97 million in SSBCI funding from the US Department of Treasury.

With greater capitalization, Minnesota nonprofit lenders will be able to make more loans that involve three of the state's SSBCI programs. These additional loans, in addition to ensuring maximum use of federal dollars, will promote the growth and success of Minnesota startups and small businesses. Capitalization to nonprofit lenders will take the form of long-term loans (10-15 years) at low to no interest rates. This is a common form of capitalization to these organizations, used by foundations and bank entities. An estimated 20-30 nonprofit lenders may participate in the program. At an average loan of \$25,000 from the nonprofit lenders, 2,000 businesses could benefit from the program in the first cycle of loan making. With an average loan term of four years, 6,000 to 8,000 business could benefit over the 10-15 year life of the program.

Impact on Children and Families:

Many small businesses are family-owned, employ family members, and serve as a means to build wealth for subsequent generations. Providing additional capital to serve these small businesses will enable more to startup and to expand.

Equity and Inclusion:

Nonprofit lenders are often culturally based and focus their lending on targeted groups (e.g., BIPOC, women). Minnesota's nonprofit lenders are geographically disbursed and serve the entire state. Increasing the capitalization of nonprofit lenders will increase their ability to make loans to these groups and areas.

Tribal Consultation:

Does this proposal have a substantial direct effect on one or more of the Minnesota Tribal governments?

☐ Yes

☒ No

Results:

Nonprofit lenders who are recipients of Expanding Opportunity Funding will be required to report annually on a variety of performance measures:

- Number and amount of loans made
- Loan status information
- Demographic information on borrowers
 - Race/ethnicity
 - Gender
 - Sexual identity
 - Military status
 - Disability status
 - Income category
 - Geographic location
- This information will be published in a program annual report

Statutory Change(s):

N/A

Employment and Economic Development

FY 2024-25 Biennial Budget Change Item

Change Item Title: Maintain Current Service Levels

Fiscal Impact (\$000s)	FY 2024	FY 2025	FY 2026	FY 2027
General Fund				
Expenditures	2,786	3,752	3,752	3,752
Revenues	0	0	0	0
Other Funds – Workforce Development				
Expenditures	26	54	54	54
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	2,812	3,806	3,806	3,806
FTEs	0	0	0	0

Recommendation:

The Governor recommends \$2.786 million in FY24 and \$3.752 million starting in FY25 and annually ongoing from the state general fund, as well as \$26,000 in FY24 and \$54,000 each year thereafter, to maintain current levels of service and ensure effective oversight of grant and loan programs at DEED.

Rationale/Background

Each year, the cost of doing business rises—employer-paid health care 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.

DEED has deployed record amounts of pandemic-related grants, loans, and technical assistance programs throughout and in the wake of the pandemic. These trends are expected to continue in the years ahead, buoyed by the rollout of major federal programs like IIJA, CHIPS, and the Inflation Reduction Act. This requires effective compliant and oversight staffing to ensure that programs are managed in line with requirements and appropriate oversight of taxpayer resources.

DEED has made significant efforts to become more efficient with existing resources. Deployment of automated systems to manage financial programs, simplify procurement, and improve reporting have supported increased volumes and faster turnaround times. DEED has also invested in continuous improvement efforts to ensure that each resource is used to maximum effect.

However, the substantially increased volume of work still requires additional resources above current funding levels. Staffing and overhead costs have continued to increase despite flat agency appropriations over the past several years. This has led to increased vacancies within both our Economic Development and Workforce Development areas at exactly the time when administrative capacity needs to expand to ensure effective continued oversight.

The agency's current operating adjustment was \$3.950 million in FY23. About one-third of this amount is required to be transferred to MHFA for funding of the Olmstead Subcabinet office. The rest is used to fund DEED program needs which are not allocated through other mechanisms.

Proposal

The Governor recommends increasing agency operating budgets to support maintaining the delivery of current services. For DEED, this funding will cover ongoing grant and loan monitoring positions and capabilities, as well as cover increases in rent expenses, IT charges and rates, expected and anticipated employee compensation growth, and other shared agency expenses.

Results

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

Employment and Economic Development

FY 2024-25 Biennial Budget Change Item

Change Item Title: Unemployment Insurance Between Terms Removal for Certain Employees

Fiscal Impact (\$000s)	FY 2024	FY 2025	FY 2026	FY 2027
Employment and Economic Development				
General Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Other Funds				
Expenditures*	65,362	196,086	196,086	196,086
Revenues*	0	(196,086)	(196,086)	(196,086)
State Academies				
General Fund				
Expenditures	0	217	217	217
Revenues	0	0	0	0
Perpich Center for Arts Education				
General Fund				
Expenditures	0	66	66	66
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	65,362	283	283	283
FTEs	0	0	0	0

Recommendation:

The Governor recommends the removal of the between terms wage credit limitation during summer breaks for Unemployment Insurance applicants who worked for an elementary or secondary, educational institution unless the applicant worked in an instructional, research or principal administrative capacity. This would amend 268.085, subdivisions 7 and 8. Any such change would be required to conform with federal UI requirements. This fiscal impact on the state's Unemployment Insurance Fund would be neutral as school districts would be required to reimburse the state for benefits paid out.

The Governor recommends \$283,000 each fiscal year starting in FY 2025 to address the expected increase in unemployment insurance costs for two state operated public education institutions.

The Governor recommends a separate proposal in the Minnesota Department of Education's budget to provide state aid from the general fund to public K-12 school districts based on costs associated with this proposal.

Rationale/Background:

State law prohibits individuals employed in educational institutions other than an instructional, research or principal administrative capacity, from using wage credits from that employment during the summer break when they are laid off from the school where they work if they have reasonable assurance of returning to same or similar employment when the next school year begins.

- The limitation on the use of wage credits may either significantly reduce these individuals' weekly benefit amount or it may make their weekly benefit amount \$0, making them effectively ineligible for UI benefits for the summer.
- Federal law permits the removal of this provision – with respect to those employed in other than instructional, research or principal administrative capacity – from state UI law, thus permitting the receipt of UI benefits during the summer break if the individual meets all other eligibility requirements.

The intended result of this statutory change is to effectively make individuals who work for educational institutions in positions other than instructional, research or principal administrative capacity eligible for UI benefits during the summer break. This will impact workers across the state in a sector that has been struggling to recruit and retain its workforce. This change responds to feedback from stakeholders that the unavailability of unemployment insurance benefits during the summer months while they are by-in-large unable to work for this employer is a primary factor negatively impacting employment recruitment and retention. This proposal is intended to eliminate that barrier. This proposal is a recommendation from the Thriving Economy and Workforce workgroup.

Proposal:

The Governor recommends amending the provisions of UI law at 268.085, subdivisions 7 and 8, which limit the use of wage credits from employment with educational institutions during the period between academic years or terms (primarily the summer break) if the applicant has reasonable assurance of similar employment in the following academic year or term. This is known as the “between terms” provision. Wage credits from non-educational employer are always usable.

The between terms provision is required by federal law to be applied to “professional” and academic staff (e.g., teachers, administrators). However, states have the discretion whether or not to apply this provision to “non-professionals and non-academic staff”. In Minnesota, the between terms provision currently applies to non-professional/non-academic staff.

This proposal would remove the between terms provisions from Minnesota UI law with respect to the non-professional/non-academic staff. As a result, these workers would be able to use their wage credits from educational institutions during the between terms periods, thus increasing the likelihood that they would be eligible to receive unemployment benefits, assuming they meet all other eligibility requirements.

Unemployment benefits are paid out of the UI Trust Fund which in turn is supported by a tax or direct reimbursement paid only by employers. Below is a table breaking out impacts by educational institution type:

Employer	Cost
Public K-12 Institutions	\$ 161,755,290
Private K-12 Institutions	\$ 18,097,748
Contractors	\$ 15,950,377
Schools Operated by State of MN	\$ 282,592
Totals	\$ 196,086,007

A proposal in the Minnesota Department of Education’s budget to provide state aid from the general fund to public K-12 school districts based on costs associated with this proposal.

- This proposal amends existing UI law.
- No additional operating funds are being requested either to implement or administer this law. The UI program is federally funded. Funding is based on workload. While this proposal *may* increase workload, any increase will be fully funded by the annual, federal, UI administrative grant.
- The additional workload will not create an administrative burden for the UI program.
- It is assumed that this change will result in the payment of benefits to more UI applicants will result in increased reimbursement from UI employers and increased UI taxes for UI employers. This will affect both private and local government (school district) employers operating elementary or secondary schools. It will also affect Tribal elementary and secondary school employers.
- This proposal could result in higher weekly income for affected workers, but it is unknown to what degree such workers currently replace their lost work with a summer job or otherwise meet unemployment insurance eligibility requirements.

Impact on Children and Families:

This proposal looks to make the safety-net resource of unemployment insurance benefits available to some school employees during the summer months, many of which likely have children. Financial supports for families help those individuals address their basic needs as well as make the kinds of investments in summer enrichment and ongoing learning that help children thrive.

Equity and Inclusion:

The non-teaching staff in Minnesota schools and educational institutions is more diverse than the teachers and administrative staff with about 12% of non-teaching staff reporting that they are non-white as compared to the state's teaching workforce which is about 5% non-white. We also know that the staff who this change would impact are lower wage workers than the administrative and teaching staff in schools and educational institutions.

Tribal Consultation:

Does this proposal have a substantial direct effect on one or more of the Minnesota Tribal governments?

☒ Yes

☐ No

- The White Earth, Mille Lacs, Fond du Lac & Leech Lake Tribal governments all run educational institutions. It is anticipated that those schools would be impacted by this proposal. Like other political subdivisions, tribally-run schools are reimbursing employers and the reimbursement costs to educational institutions rise may rise due to this change.
- This proposed change has not yet been discussed with the impacted tribal governments however DEED's tribal liaison can reach out to the Tribes identified to identify any concerns.

IT Costs

A change to the UI system will be necessary. It can be absorbed in annual, maintenance work. As a consequence, there will be no IT costs incurred.

This change cannot be implemented retroactively or part-way through the between terms period (summer) and must be prospective. This is reflected in the effective date.

Results:

N/A

Statutory Change(s):

Minn. Stat. Section 268.085 Subd. 7 and 8.

Employment and Economic Development

FY 2024-25 Biennial Budget Change Item

Change Item Title: Office of Child Care and Community Partnerships

Fiscal Impact (\$000s)	FY 2024	FY 2025	FY 2026	FY 2027
General Fund				
Expenditures	500	500	500	500
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	500	500	500	500
FTEs	2	2	2	2

Recommendation:

The recommends \$500,000 in FY 2024 and each year thereafter to support a new Office of Child Care and Community Partners in the Department of Employment and Economic Development. This office will take ownership of the existing child care programs at DEED and will focus on organizing and marketing these existing efforts while planning for future opportunities to address this issue.

Rationale/Background:

The issue of child care is a complex one and goes far beyond the most pressing concern of a shortage of supply. The economic needs being impacted by this issue include caregivers' ability to work and support families financially, communities' ability to attract and retain economic development, employers' interest in different locations, attracting young families to Minnesota, and future of the state's workforce.

Local communities have provided feedback to state staff identifying some of the challenges. There is a lack of facilities, one of the major barriers to child care. There isn't enough support engaging employers for their help on this issue. Businesses are struggling with hiring and retaining workers.

A Child Care Office could help the agency address these challenges more fully. Specific child care issues can be targeted instead of simply broad-based support for child care programs. The office would enable capacity at DEED to further study this problem and craft solutions that can better fund and support child care providers.

Proposal:

The creation of within DEED will properly elevate the visibility of this issue as an economic an Office of Child Care and Community Partners development concern. It will serve as a proponent of child care and bring it into focus during economic and workforce development planning. It will create a clear front door for communities & businesses exploring solutions to this topic. In the growing landscape of partners involved in this area, this new office will serve as a key entity and subject matter issue as communities, businesses, providers, and caregivers grapple with the challenges they face.

Although the office is new, there is a large portfolio of activities that they could administer. The proposed portfolio includes the continuation of the child care economic development grants program, the community planning support funding for Minnesota Initiative Foundations, coordination and funding with First Children's Finance, and leading as a connection point across DEED about opportunities for child care support.

There are also a number of new functions and expanded coordination efforts that the office will add to their portfolio. Among these new functions include child care facilities funding, matchmaking, and technical assistance, public-private partnership development, employer engagement, research on the child care workforce and their economic impact, and finally grant assistance.

Importantly, this office would not seek to “own” this issue for the enterprise – leadership of both the Children’s Cabinet and the Department of Human Services remain central. But it would seek to create a central force for these efforts within economic development & workforce development work streams, and further create momentum of child care as a central economic development issue for our state.

Impact on Children and Families:

This proposal will have a large and impactful effect on children and families in Minnesota. Building on existing programs and resources, the new office should be able to hit the ground running with a broad suite of support. The programs and support offered by the proposal will enable children and families throughout the state to access quality, affordable child care which is essential for a healthy start.

Equity and Inclusion:

Equity and inclusion is an important part of this proposal. The shortage in child care does not affect all populations and areas of the state the same. Some communities are facing significant shortages and require extra assistance to address their child care issues. Eliminating disparities in child care access will be an essential goal for this office. Through the addition of full-time staff devoted to this issue, new research and planning efforts can be undertaken to fully analyze the extent of the disparities present. The capacity will also better enable staff to respond to these concerns.

Tribal Consultation:

Does this proposal have a substantial direct effect on one or more of the Minnesota Tribal governments?

☐ Yes

☒ No

IT Costs

N/A

Results:

In order to monitor the performance of the newly created office, several metrics will be tracked to monitor their success and impact.

- Quantity:
 - # of new child care slots created
 - # of new family child care providers
 - # of new child care centers
 - \$ state funds per new child care slot
 - # of providers accessing DEED resources
- Quality:
 - How affordable are new child care slots?
 - How well are new resources being distributed throughout the state?
 - Are child care providers better able to access resources?

Statutory Change(s):

This would require new statute under the existing authorities and duties of the Commissioner of Employment and Economic Development.

Employment and Economic Development

FY 2024-25 Biennial Budget Change Item

Change Item Title: Legalizing Adult-Use Cannabis

Fiscal Impact (\$000s)	FY 2024	FY 2025	FY 2026	FY 2027
General Fund				
Cannabis Management Office Expenditures	\$15,430	\$14,841	\$13,980	\$13,711
DEED Expenditures	\$10,400	\$6,700	\$0	\$0
Health Expenditures	\$8,115	\$8,115	\$8,115	\$8,115
Public Safety Expenditures	\$4,175	\$2,662	\$2,662	\$2,662
Revenue Expenditures	\$3,673	\$3,118	\$3,138	\$3,153
Human Services Expenditures	\$2,260	\$6,476	\$6,476	\$6,476
Cannabis Expungement Board Expenditures	\$921	\$844	\$844	\$844
Pollution Control Expenditures	\$607	\$496	\$70	\$70
Supreme Court Expenditures	\$545	\$545	\$0	\$0
Higher Education Expenditures	\$500	\$500	\$500	\$500
Agriculture Expenditures	\$411	\$411	\$338	\$338
Natural Resources Expenditures	\$338	\$0	\$0	\$0
Education Expenditures	\$180	\$120	\$120	\$120
Labor and Industry Expenditures	\$132	\$132	\$132	\$132
Commerce Expenditures	\$75	\$283	\$569	\$799
Corrections Expenditures	(\$177)	(\$345)	(\$407)	(\$458)
Tax Aids, Credits, and Refunds Revenues	\$5,800	\$31,000	\$79,300	\$130,800
Cannabis Management Office Revenues	\$1,996	\$3,330	\$4,000	\$6,000
State Government Special Revenue Fund				
Health Expenditures	(\$3,424)	(\$3,424)	(\$3,424)	(\$3,424)
Health Revenues	(\$7,411)	(\$10,879)	(\$12,973)	(\$19,223)
Trunk Highway Fund				
Public Safety Expenditures	\$5,608	\$1,668	\$1,668	\$1,668
Outdoor Heritage Fund				
Tax Aids, Credits, and Refunds Revenues	(\$3)	\$96	\$330	\$594
Arts and Cultural Heritage Fund				
Tax Aids, Credits, and Refunds Revenues	(\$2)	\$57	\$198	\$356
Clean Water Fund				
Tax Aids, Credits, and Refunds Revenues	(\$3)	\$96	\$330	\$594
Parks and Trails Fund				
Tax Aids, Credits, and Refunds Revenues	(\$1)	\$41	\$142	\$257
Net Fiscal Impact = (Expenditures – Revenues)	\$49,393	\$19,401	(\$36,546)	(\$84,672)
FTEs	92	98	104	104

Recommendation:

The Governor recommends funding for the safe and responsible legalization of cannabis for adults in Minnesota. A new Cannabis Management Office will be responsible for the implementation of the regulatory framework for adult-use cannabis, along with the medical cannabis program, and a program to regulate hemp and hemp-derived products. This recommendation also includes funding for grants to assist individuals entering the legal cannabis market, provides for expungement of non-violent offenses involving cannabis, and implements taxes on adult-use cannabis.

Rationale/Background:

Prohibiting the use of cannabis in Minnesota has not worked. Despite the current prohibition, marijuana is widely consumed across Minnesota. The most recent Minnesota Survey on Adult Substance Use conducted in 2014-2015 found that nearly half (44%) of Minnesota adults reported using marijuana at some point during their lives. The maturation of the market for hemp-derived cannabinoid products following the 2018 Farm Bill culminating in the 2022 legislation authorizing hemp-derived THC edible cannabinoids have created urgency for comprehensive regulation and reform at the state level.

Regulating cannabis for use by adults will replace the abundant illicit market with a tightly regulated system with controls similar to those currently accepted for the sale of alcohol. This proposal will allow for the monitoring and regulation of its cultivation, processing, transportation and sale, activities currently occurring to the profit of drug cartels and criminals and without consumer protection guardrails.

Importantly, this proposal will begin to address racial inequities our current system has created. Despite survey data suggesting that Black and white Minnesotans use cannabis at similar rates, in 2021 Black Minnesotans were over four times more likely than their white counterparts to be arrested for marijuana according to data from the Bureau of Criminal Apprehension.

Marijuana prohibition additionally leaves potential tax revenue uncollected and furthers an opportunity for economic growth in the underground market. This proposal will bolster amounts available the General Fund for policymakers to prioritize while grant programs administered by DEED and the Office of Cannabis Management will further ensure Minnesotan entrepreneurs have the best opportunity to become the new adult-use market.

Finally, this approach is now well-tested across the country. Nineteen states and the District of Columbia have passed laws to legalize and regulate cannabis for adults. In Colorado, the first state to adopt this approach, legal sales began in January 2014 so there is now nearly a decade of implementation experience in other states to help craft this proposal for Minnesota.

Proposal:

This proposal creates a new agency, the Cannabis Management Office, which would be responsible for the implementation of a new regulatory framework for adult-use cannabis. The Office of Medical Cannabis will also move from the Department of Health to join this new agency. The office will be headed by a director appointed by the Governor and receive advice from a Cannabis Advisory Council with representatives from experts, local governments, the cannabis industry and relevant state agencies. The core duties of the office will include:

- to develop, maintain, and enforce an organized system of regulation for the lawful cannabis industry
- to establish programming, services, and notification to protect, maintain, and improve the health of citizens.
- to prevent unauthorized access to cannabis by individuals under 21 years of age.
- to establish and regularly update standards for product testing, packaging, and labeling.
- to promote economic growth with an emphasis on growth in areas that experienced a disproportionate, negative impact from cannabis prohibition.
- to issue and renew licenses.
- to impose and collect civil and administrative penalties.
- to authorize research and studies on cannabis, cannabis products, and the cannabis industry.

Adult-use cannabis will be subject to a new 15% gross receipts tax and state sales tax with retail sales beginning January 1, 2025. A new 15% gross receipts tax would also be imposed on the retail sale of edible cannabinoid products with retail sales beginning October 1, 2023.

The proposal authorizes three grant programs to support the establishment of cannabis businesses in Minnesota. Cannabis grower grants administered by the Office of Cannabis Management will provide farmers with assistance

navigating the new industry and regulations along with subsidized loans for expanding into legal cannabis. Administered by the Department of Employment and Economic Development industry navigation grants and industry training grants will assist individuals in setting up a legal cannabis business through technical assistance and navigation services while providing grants to organizations and individuals for training on cannabis jobs.

The proposal provides for automatic sealing of dismissals, exoneration, convictions, or stayed sentences of petty misdemeanor and misdemeanor marijuana offenses by the Bureau of Criminal Apprehension, which will provide notice of the expungement to local law enforcement agencies as well as the Judicial Branch for compliance purposes. It also provides for the establishment of a Cannabis Expungement Board to review other cannabis convictions to consider eligibility for expungement or resentencing.

The proposal authorizes the Governor to enter into compacts with Minnesota Tribal governments on issues related to medical cannabis and adult-use cannabis.

The proposal finally provides significant resources to address substance use disorders. The proposal includes initial funding for grants directed by the advice of a Substance Use Disorder Advisory Council convened by the Department of Human Services. Five percent of the revenue from the cannabis gross receipts tax would flow into this fund to support these grants into the future.

Appropriations necessary for its implementation include:

- \$30,271,000 in FY2024/2025 and \$27,691,000 in FY2026/2027 to establish and begin operations of a new Cannabis Management Office responsible for the implementation of the new regulatory framework.
- \$822,000 in FY2024/2025 and \$ 676,000 in FY2026/2027 to the Department of Agriculture for food safety and pesticide enforcement lab testing and rulemaking related to changes in cannabis laws.
- \$1,765,000 in FY2024/2025 and \$1,688,000 in FY2026/2027 for a newly created Cannabis Expungement Board for staffing and other expenses related to reviewing criminal convictions and issuing decisions related to expungement and resentencing.
- \$358,000 in FY2024/2025 and \$1,368,000 in FY2026/2027 for the Department of Commerce for staffing and other expenses to complete scale, and packaging inspections.
- A reduction of \$522,000 in FY2024/2025 and \$865,000 in FY2026/2027 to the Department of Corrections' base budget to account for an expected reduction in marijuana-related incarcerations.
- \$300,000 in FY2024/2025 and \$240,000 in FY2026/2027 for the Department of Education to support schools and districts in accessing resources on cannabis use and substance use.
- \$17,100,000 in FY2024/2025 for the Department of Employment and Economic Development for cannabis industry navigator and startup grants.
- \$16,230,000 in FY2024/2025 and \$16,230,000 in FY2026/2027 for the Department of Health for education of women who are pregnant, breastfeeding, or who may become pregnant; data collection and reports; and youth education.
- \$8,736,000 in FY2024/2025 and \$12,952,000 in FY2026/2027 for the Department of Human Services to implement the substance use disorder treatment and prevention grant program and process background studies relevant to the work of the Cannabis Expungement Board.
- \$264,000 in FY2024/2025 and \$264,000 in FY2026/2027 for the Department of Labor and Industry to identify occupational competency standards and provide technical assistance for developing dual-training programs.
- \$338,000 in FY2024/2025 for the Department of Natural Resources for training of DNR Conservation Officers relating to the new cannabis regulatory system and requirements, recognition of impairment, and for the enforcement of the purposed environmental standards adopted by the Cannabis Management Office.
- \$1,000,000 in FY2024/2025 and \$1,000,000 in FY2026/2027 for the Office of Higher Education for Dual Training Competency Grants to employers in the legal cannabis industry.

- \$1,103,000 in FY2024/2025 and \$140,000 in FY2026/2027 for the Pollution Control Agency for rulemaking to establish of water, energy, odor, and solid waste environmental standards for cannabis businesses and provide technical assistance for small businesses.
- \$6,837,000 in FY2024/2025 and \$5,324,000 in FY2026/2027 for the Department of Public Safety Bureau of Criminal Apprehension for identifying and sealing records, forensic science services, and investigations.
- \$7,276,000 in FY2024/2025 and \$3,336,000 in FY2026/2027 for the Department of Public Safety Minnesota State Patrol from the Trunk Highway Fund for additional Drug Recognition Expert (DRE) troopers, crash reconstruction specialist troopers, and replacement drug detection canines.
- \$6,791,000 in FY2024/2025 and \$6,291,000 in FY2026/2027 for the Department of Revenue to collect and administer the tax requirements.

Impact on Children and Families:

The current widespread underground market for marijuana provides no controls against the sale and access to children. This proposal provides age restrictions to prevent the sale of cannabis to those under 21.

Additionally, the biannual Healthy Kids Colorado Survey found no increase in the use of marijuana from 2011 to 2015 in the period where legal sales initiated in the state, a finding that has been consistent in Washington, Oregon, Alaska, California, Massachusetts, Maine, and Nevada. The proposal additionally provides funding for MDH to conduct a long-term, coordinated education program to raise public awareness about and address adverse health effects associated with the use of cannabis or cannabis products by persons under age 21.

Equity and Inclusion:

This proposal seeks to begin to address the inequities the current system of marijuana prohibition has created, beginning with the expungement of nonviolent marijuana offenses. A Division of Social Equity at the Office of Cannabis Management will work to further promote the consideration of equity and inclusion in the development and implementation of cannabis regulatory systems. The proposal additionally requires the prioritization of social equity applicants in cannabis license selection along with the cannabis grower and industry training and navigation grant programs.

Tribal Consultation:

Does this proposal have a substantial direct effect on one or more of the Minnesota Tribal governments?

☒ Yes

☐ No

Minnesota tribal governments, in particular the Red Lake Nation and the White Earth Nation, have raised significant concerns about the current interactions between their medical cannabis programs and current restrictions in statute. This proposal will provide broad authority for the Governor or designated representatives to negotiate compacts with an American Indian tribe regulating cannabis and cannabis products including medical cannabis.

Results:

The proposal requires Department of Health to engage in research and data collection activities to measure the prevalence of cannabis use and the use of cannabis products in the state by persons under age 21 and persons age 21 or older.

Statutory Change(s):

13.411, by adding a subdivision; 13.871, by adding a subdivision; 152.02, subdivisions 2, 4; 152.022, subdivisions 1, 2; 152.023, subdivisions 1, 2; 152.024, subdivision 1; 152.025, subdivisions 1, 2; 181.938, subdivision 2; 181.950, subdivisions 2, 4, 5, 8, 13, by adding a subdivision; 181.951, by adding subdivisions; 181.952, by adding a subdivision; 181.953; 181.954; 181.955; 181.957, subdivision 1; 244.05, subdivision 2; 256.01, subdivision 18c; 256D.024, subdivision 1; 256J.26, subdivision 1; 273.13, subdivision 24; 275.025, subdivision 2; 290.0132, subdivision 29; 290.0134, subdivision 19; 297A.67, subdivisions 2, 7; 297A.99, by adding a subdivision; 297D.01, subdivision 2; 297D.04; 297D.06; 297D.07; 297D.08; 297D.085; 297D.09, subdivision 1a; 297D.10; 297D.11; 609.135, subdivision 1; 609.531, subdivision 1; 609.5311, subdivision 1; 609.5314, subdivision 1; 609.5316, subdivision 2; 609.5317, subdivision 1; 609A.01; 609A.03, subdivisions 5, 9; 624.712, by adding subdivisions; 624.713, subdivision 1; 624.714, subdivision 6; 624.7142, subdivision 1; 624.7151; proposing coding for new law in Minnesota Statutes, chapters 3; 17; 28A; 34A; 116J; 116L; 120B; 144; 152; 289A; 295; 604; 609A; 624; proposing coding for new law as Minnesota Statutes, chapter 342; repealing Minnesota Statutes 2020, sections 152.027, subdivisions 3, 4; 152.21; 152.22, subdivisions 1, 2, 3, 4, 5, 5a, 5b, 6, 7, 8, 9, 10, 11, 12, 13, 14; 152.23; 152.24; 152.25, subdivisions 1, 1a, 1b, 1c, 2, 3, 4; 152.26; 152.261; 152.27, subdivisions 1, 2, 3, 4, 5, 6, 7; 152.28, subdivisions 1, 2, 3; 152.29, subdivisions 1, 2, 3, 3a, 4; 152.30; 152.31; 152.32, subdivisions 1, 2, 3; 152.33, 1.38 subdivisions 1, 1a, 2, 3, 4, 5, 6; 152.34; 152.35; 152.36, subdivisions 1, 1a, 2, 3, 4, 5; 152.37; 297D.01, subdivision 1; Minnesota Rules, parts 4770.0100; 4770.0200; 4770.0300; 4770.0400; 4770.0500; 4770.0600; 4770.0800; 4770.0900; 4770.1000; 4770.1100; 4770.1200; 4770.1300; 4770.1400; 4770.1460; 4770.1500; 4770.1600; 4770.1700; 4770.1800; 4770.1900; 4770.2000; 4770.2100; 4770.2200; 4770.2300; 4770.2400; 4770.2700; 4770.2800; 4770.4000; 4770.4002; 4770.4003; 4770.4004; 4770.4005; 4770.4007; 4770.4008; 4770.4009; 4770.4010; 4770.4012; 4770.4013; 4770.4014; 4770.4015; 4770.4016; 4770.4017; 4770.4018; 4770.4030.

Employment and Economic Development

FY 2024-25 Biennial Budget Change Item

Change Item Title: Minnesota Job Creation Fund Updates

Fiscal Impact (\$000s)	FY 2024	FY 2025	FY 2026	FY 2027
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 making modifications to the Job Creation Fund (JCF) which will change the way that awards are granted to new and expanding businesses but maintains the same appropriation amount that is in the base budget and is therefore budget neutral. The JCF program's purpose is to encourage job creation and capital investment in new or expanding businesses. The program provides job creation awards of up to \$500,000 and capital investment rebates of up to \$500,000 for qualifying businesses. Provisions for larger awards exist for larger projects. These changes are budget neutral.

Rationale/Background:

- DEED staff who administer the JCF program have noted program shortcomings, the correction of which would make the program more impactful.
- Previous policy changes to this program added language to address targeted populations, focusing on equity and inclusion. This proposal continues that work.

Proposal:

This is a multi-faceted proposal for updating the Minnesota Job Creation Fund (JCF) (Minn. Stat. 116J.8748) program:

- It increases incentives for businesses that pay their employees livable wages of \$64,805/year or more by increasing the JCF award by an additional \$1,000 per job created
- It lowers the threshold for Greater Minnesota businesses to participate in the job retention portion of the program by reducing the minimum capital investment required from \$25M to \$10M
- It lowers the threshold for new job creation to qualify for expanded JCF benefits
- It provides authority to transfer up to \$2M annually from the JCF program to the Redevelopment Grant program (Minn. Stat. 116J.571 – 575) when demand warrants

Impact on Children and Families:

- It promotes the common good and reduces structural inequities.

Equity and Inclusion:

- The policy would impact the business community and its workers. Either group may be a part of a targeted population that could benefit from the program if the business qualifies. If the business is at least 51% owned by a member of a population statutorily targeted by the program (minorities, veterans, women, or persons with a disability), the business would qualify for an additional \$1,000 job creation incentive in a new 4th tier to the award schedule.

Tribal Consultation:

Does this proposal have a substantial direct effect on one or more of the Minnesota Tribal governments?

☐ Yes

☒ No

Results:

- The changes will increase the number of projects throughout the state that can be assisted through the program within the existing appropriation amount
- The changes will allow for higher awards for projects with high paying jobs and recognizes the changing landscape of job creation.
- The changes also permit better overall utilization of funds by allowing potentially unused JCF funds to be transferred to the Redevelopment Grant program when needed, which will make an immediate positive economic impact within the State of Minnesota

Measure	SFY18	SFY19	SFY20	SFY21	SFY22
State Dollars Awarded*	\$9.4M	\$8.8M	\$7.1M	\$6.6M	\$7.6M
Project Job Creation	1,351	1,788	878	1,103	1,067
Projected Eligible Investment	\$96M	\$217M	\$141M	\$165M	\$290M
Project Total Project Investment	\$215M	\$413M	\$295M	\$362M	\$644M

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

Statutory Change(s): 116J.8748 Minnesota Job Creation Fund

Program: Business and Community Development

mn.gov/deed/business/

AT A GLANCE

- Serves businesses and communities in every region of the State of Minnesota.
- Administers financing programs to help businesses retain existing 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 SFY 2022, across all programs both federal and state, DEED awarded **\$240 million** for **650 projects** resulting in a minimum of \$2.3 billion in leveraged investment, the creation of 5,100 new jobs and the retention of 8,600 jobs.
- Collects, analyzes, and disseminates key labor market indicators, information, and analysis on the economy, workforce, industry base, and job market in Minnesota to support informed decision-making. Served over 300,000 people in SFY 2021.

PURPOSE AND CONTEXT

DEED's Business and Community Development (BCD) division contributes to Minnesota's economic success by providing programs, services and information 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 work to help communities become affordable, quality places for people and businesses to locate, grow, and prosper. We also provide Labor Market Information to support informed decision-making for businesses, students, and the workforce. BCD programs have played an important role in response to the pandemic over the last three years.

SERVICES PROVIDED

We accomplish our mission via the following activities:

- *Business Finance*: We administer over 20 financing programs that provide capital to growing businesses in Minnesota. Some key programs include:
 - *Minnesota Job Creation Fund*, which provides performance-based awards to new and expanding businesses after they meet job creation and capital investment targets
 - *Minnesota Investment Fund*, which provides upfront financing that targets job creation in industrial, manufacturing and high-tech industries
 - *The Emerging Entrepreneur Program*, which provides loans targeted toward Minnesota small businesses owned by women, veterans, people with disabilities, and people from communities of color and/or low-income individuals.
 - *The Minnesota Angel Tax Credit and Launch MN Grants*, provides a 25% tax credit to investors who invest in emerging and small technology related business and grants to start-ups looking to raise capital
 - *Launch MN Grants*, provides grants up to \$35,000 to innovative start-ups seeking to raise capital.
 - *State Small Business Credit Initiative*, funding from the U.S. Department of Treasury to increase capital access through five different programs.

- **Business Development:** Our regional business development managers (BDM's) 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. Other business units include:
 - **Workforce Strategy Consultants:** Through a partnership with our Employment and Training Division, our network of Workforce Development Strategy Consultants provide employers with a front-door to all workforce development programs available through the department and partners to assist growing and expanding businesses. Like the BDM's, this office also works in specific industry sectors such as manufacturing and healthcare to build pipelines of talent.
 - **Minnesota Job Skills Partnership (MJSP):** Our Minnesota Job Skills Partnership program 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.
 - **Energy Transition Office (ETO):** The Energy Transition Office was established by the 2021 legislature to advise the Governor and the Legislature on energy transition issues and to establish transition programs, economic initiatives, and transition policy. For communities and workers impacted by fossil fuel-based power plant closures in Minnesota, the office aims to help them successfully transition into alternatives that minimize the negative consequences from closures and maximize opportunities for future economic growth and community wellbeing.
- **Community Finance:** We administer programs that assist local governments in attracting and retaining businesses and jobs and to position communities for future economic growth. Key programs include the Business Development Public Infrastructure Program, Innovative Business Development Public Infrastructure Program, the Airport Infrastructure Renewal Program, and the Transportation Economic Development Infrastructure Program. The office also manages a variety of special appropriations and bond projects all across the state in addition to large projects such as the Destination Medical Center and the Duluth Regional Exchange District. Other programs include:
 - **Brownfields and Redevelopment:** The program assists local units of government with 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 assists with the costs of redeveloping blighted industrial, residential, or commercial sites and putting land back into productive use. The Demolition Loan Program assists with costs of demolishing blighted buildings that have future development potential but no current plans.
 - **Small Cities Development Program:** The program assists cities and counties with funding for housing, public infrastructure and commercial rehabilitation projects. Funding for the program is received through the U.S. Department of Housing and Urban Development. Projects must meet federal objectives such as removal of blight, benefit low and moderate-income individuals and/or eliminate a public health threat or safety.
- **Small Business:** We administer programs and services that provide information and resources to entrepreneurs and small businesses. The office also manages a variety of special appropriations and other programs that work with communities and non-profits such as the Child Care Development Program, Launch MN Network Grants and the Business Development Competitive Grant Program. Other programs include:
 - **Launch Minnesota:** Launch MN aims to catalyze and connect the entrepreneurial ecosystem to better prepare technology-based businesses for success. The initiative has quickly established a variety of partners across the state to assist technology companies with education and capital connections. The office is also responsible for the Launch MN Advisory Board consisting of

professionals from across the state interested in building a more robust network and ecosystem for growing technology businesses.

- *Small Business Assistance Office (SBAO)*: The SBAO 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 Office produces a variety of publications and manages transactional activities through a phone and email contact center.
- *Small Business Development Center*: SBDC's aid in the development of new and existing businesses through a statewide network of offices offering entrepreneurs no-cost business consulting, training services and assistance in locating and securing capital. DEED serves as the Lead Center and primary liaison with the U.S. Small Business Administration that provides approximately 40% of the funding for the program. Nine regional centers across the state deliver the services to businesses.
- *Office of Small Business Partnerships*: The mission of this unit is to partner with community-based organizations, foundations and local governments to empower the success of small businesses and support vibrant main streets through the deployment of competitive grant opportunities such as the Small Business Assistance Partnership Competitive Grant, Child Care Economic Development Grants, and the Main Street Economic Revitalization Program.
- *Research*: We provide research services to internal and external customers.
Programs include:
 - *Economic Analysis*: The Economic Analysis team provides research, analysis, database management, program evaluation, client surveys, and library services. Primary customers are DEED management and DEED internal customers making operational decisions.
 - *Labor Market Information*: Labor Market Information collects, analyzes, and disseminates key labor market indicators, information and analysis on the economy, workforce, industry base and job market in Minnesota to support informed decision-making. All publicly releasable data are available on the DEED website for query and download, along with data tools and publications. Services include consultation, training seminars, public education, presentations, and briefings. Customers include businesses, job seekers, students, economic developers, education and training planners, workforce development professionals, policymakers, government entities, media, and the general public.
 - Bureau of Labor Statistics programs include monthly employment and [unemployment](#) estimates; quarterly statistics on employment and wages by area and industry ([QCEW](#)); occupational employment and wage estimates ([OEWS](#));
 - DOL Employment and Training Administration projects include [job vacancy](#) estimates; [alternative measures](#) of unemployment; employment [projections](#) by occupation and industry; [Regional Profiles](#). [The Career and Education Explorer](#) is our comprehensive job seeker tool. Publications include our quarterly [Minnesota Economic Trends](#), monthly [Minnesota Employment Review](#), [ongoing regional blogs](#) and various topical [reports](#). [CareerOneStop](#) is a national career information website. Analyst Resource Center ([ARC](#)) is a national program that supports LMI work around the country.
 - State Better LMI projects include [Graduate Employment Outcomes](#), [Occupations in Demand](#) and reports on the labor market outcomes of students.

RESULTS

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>SFY 17-18</i>	<i>SFY 19-20</i>	<i>SFY 21-22</i>
Quality 1.	Leveraged private investment through all programs	\$3.3B	\$3.55B	\$3.95B
Results 2.	# of jobs to be created/retained through all programs	31,850	32,589	20,657
Results 3.	# of jobs to be created through the Minnesota Job Creation Fund	2,415	2,565	2,157
Results 4.	# of awards made to early-stage technology businesses	173	166	369
Quantity 5.	Number of awards made (all programs)	978	1,933	1,167
Quantity 6.	Number of loans to underserved Minnesotans through Emerging Entrepreneur Loan program	66	98	92
Quantity 7.	# of workers trained through the Minnesota Job Skills Partnership Program	18,177	16,758	10,464
Quantity 8.	# of small business clients assisted by the SBDC, SBAO and Launch MN	63,162	62,962	55,899
Quality 9.	Leveraged private investment through the Contamination Investigation and Cleanup Grant Program	\$1.06B	\$1.5B	\$1.2B
Quality 10.	Leveraged private investment through the Redevelopment Grant Program	\$329M	\$557M	\$534M
Quality 11.	Leveraged non state investment through the Business Development Public Infrastructure program, Innovative Business Development Public Infrastructure program and the Transportation Economic Development Infrastructure program	\$157.5M	\$22.5M	\$38.9M

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

Business and Community Development

Program Expenditure Overview

(Dollars in Thousands)

	Actual FY20	Actual FY21	Actual FY22	Estimate FY23	Forecast Base		Governor's Recommendation	
					FY24	FY25	FY24	FY25
<u>Expenditures by Fund</u>								
1000 - General	69,553	56,632	187,853	147,315	79,738	79,738	342,783	151,286
2000 - Restrict Misc Special Revenue	5,362	10,483	818	1,968	875	780	1,302	1,207
2001 - Other Misc Special Revenue	2,982	(271)	(930)	4,292	1,256	1,253	1,256	1,253
2340 - Renewable Development		1,643	5,853					
2350 - Petroleum Tank Release Cleanup	4,411	4,266	3,582	9,200	9,200	9,200	9,200	9,200
2390 - Workforce Development	2,374	1,787	1,957	2,100	1,350	1,350	1,350	1,350
2403 - Gift	32	54	40	100	85	60	85	60
2801 - Remediation	1,468	733		2,597	700	700	700	700
3000 - Federal	20,491	32,757	78,571	64,083	70,569	64,895	70,569	64,895
3010 - Coronavirus Relief		64,733	12,822					
3015 - ARP-State Fiscal Recovery		238	3,798					
8350 - Ag & Econ Development Board	16	6	11	41	42	43	42	43
Total	106,690	173,061	294,376	231,696	163,815	158,019	427,287	229,994
Biennial Change				246,321		(204,238)		131,209
Biennial % Change				88		(39)		25
Governor's Change from Base								335,447
Governor's % Change from Base								104

Expenditures by Activity

Business Development-DEED	1,552	1,861	5,425	2,715	2,269	2,198	11,269	9,817
Community Finance	42,637	57,823	98,173	67,389	77,976	76,525	77,976	76,525
Entrepreneurship & Sm Bus Dev	6,571	73,683	119,872	56,649	7,477	7,550	259,022	68,979
Business Finance	35,586	22,951	41,440	82,687	52,897	48,540	53,324	48,967
Job Skills Partnership	7,328	3,745	7,857	7,131	5,552	5,552	5,552	5,552
Economic Analysis and Information	10,723	10,498	19,124	12,267	15,144	15,154	15,144	15,154
Launch Minnesota-Admin	2,293	2,501	2,484	2,858	2,500	2,500	5,000	5,000
Total	106,690	173,061	294,376	231,696	163,815	158,019	427,287	229,994

Expenditures by Category

Compensation	8,763	8,826	9,632	12,102	11,954	12,174	15,154	14,699
Operating Expenses	18,418	9,036	12,377	13,216	13,117	12,864	15,589	14,011
Grants, Aids and Subsidies	74,850	148,542	274,883	172,702	108,846	107,479	366,646	175,782

Business and Community Development

Program Expenditure Overview

(Dollars in Thousands)

	Actual FY20	Actual FY21	Actual FY22	Estimate FY23	Forecast Base		Governor's Recommendation	
					FY24	FY25	FY24	FY25
Other Financial Transaction	4,659	6,657	(2,515)	33,676	29,898	25,502	29,898	25,502
Total	106,690	173,061	294,376	231,696	163,815	158,019	427,287	229,994

Total Agency Expenditures	106,690	173,061	294,376	231,696	163,815	158,019	427,287	229,994
Internal Billing Expenditures	1,286	1,348	1,457	1,793	1,749	1,738	2,250	2,053
Expenditures Less Internal Billing	105,404	171,713	292,919	229,903	162,066	156,281	425,037	227,941

<u>Full-Time Equivalents</u>	86.07	81.83	87.17	108.40	106.70	105.03	128.86	123.53
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Business and Community Development

Program Financing by Fund

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY20	FY21	FY22	FY23	FY24	FY25	FY24	FY25
1000 - General								
Balance Forward In	40,305	40,562	44,304	83,059				
Direct Appropriation	51,006	52,456	205,385	42,291	45,379	45,379	308,424	116,927
Open Appropriation	13,493	20,977	24,940	22,206	34,500	34,500	34,500	34,500
Transfers In	2,596	759	661	1,004	1,076	1,122	1,076	1,122
Transfers Out	3,216	2,310	1,301	1,245	1,217	1,263	1,217	1,263
Net Loan Activity	191	(1,000)	(449)					
Cancellations	207	14,116	2,626					
Balance Forward Out	34,616	40,696	83,060					
Expenditures	69,553	56,632	187,853	147,315	79,738	79,738	342,783	151,286
Biennial Change in Expenditures				208,983		(175,692)		158,901
Biennial % Change in Expenditures				166		(52)		47
Governor's Change from Base								334,593
Governor's % Change from Base								210
Full-Time Equivalents	41.19	39.98	44.09	53.81	53.57	52.32	72.73	67.82

2000 - Restrict Misc Special Revenue

Balance Forward In	8,462	18,965	9,284	7,663	5,716	4,904	5,716	5,367
Receipts	10,946	950	858	640	650	640	1,540	1,530
Transfers In	2,500							
Transfers Out	2,500		2,000					
Net Loan Activity	(81)	(205)	338	(619)	(587)	(587)	(587)	(587)
Balance Forward Out	13,965	9,227	7,663	5,716	4,904	4,177	5,367	5,103
Expenditures	5,362	10,483	818	1,968	875	780	1,302	1,207
Biennial Change in Expenditures				(13,059)		(1,131)		(277)
Biennial % Change in Expenditures				(82)		(41)		(10)
Governor's Change from Base								854
Governor's % Change from Base								52
Full-Time Equivalents	2.08	1.66	1.54	2.96	1.95	1.95	4.95	4.95

2001 - Other Misc Special Revenue

Balance Forward In	59,367	40,057	71,656	74,849	82,151	92,662	82,151	92,662
Receipts	3,323	18,952	8,673	8,757	8,757	8,752	8,757	8,752
Transfers In	38,291	10,781	9,584	1,000	1,000	1,000	1,000	1,000

Business and Community Development

Program Financing by Fund

(Dollars in Thousands)

	Actual FY20	Actual FY21	Actual FY22	Estimate FY23	Forecast Base		Governor's Recommendation	
					FY24	FY25	FY24	FY25
Transfers Out	30,300		22,750					
Net Loan Activity	(29,436)	405	6,758	1,837	2,010	985	2,010	985
Balance Forward Out	38,263	70,466	74,851	82,151	92,662	102,146	92,662	102,146
Expenditures	2,982	(271)	(930)	4,292	1,256	1,253	1,256	1,253
Biennial Change in Expenditures				651		(853)		(853)
Biennial % Change in Expenditures				24		(25)		(25)
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	2.25	2.19	3.89	9.41	4.90	4.90	4.90	4.90

2340 - Renewable Development

Balance Forward In			357			
Direct Appropriation	2,000		5,500			
Cancellations			5			
Balance Forward Out	357					
Expenditures	1,643	5,853				
Biennial Change in Expenditures			4,210		(5,853)	(5,853)
Biennial % Change in Expenditures						
Governor's Change from Base						0
Governor's % Change from Base						
Full-Time Equivalents			0.34			

2350 - Petroleum Tank Release Cleanup

Balance Forward In	4,352	7,539	9,865	12,483	9,483	6,483	9,483	6,483
Direct Appropriation	6,200	6,200	6,200	6,200	6,200	6,200	6,200	6,200
Balance Forward Out	6,141	9,473	12,483	9,483	6,483	3,483	6,483	3,483
Expenditures	4,411	4,266	3,582	9,200	9,200	9,200	9,200	9,200
Biennial Change in Expenditures				4,106		5,618		5,618
Biennial % Change in Expenditures				47		44		44
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	1.74	1.83	1.48	1.50	1.50	1.50	1.50	1.50

Business and Community Development

Program Financing by Fund

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY20	FY21	FY22	FY23	FY24	FY25	FY24	FY25
2390 - Workforce Development								
Direct Appropriation	2,975	2,975	2,100	2,100	1,350	1,350	1,350	1,350
Cancellations	601	1,188	143					
Expenditures	2,374	1,787	1,957	2,100	1,350	1,350	1,350	1,350
Biennial Change in Expenditures				(104)		(1,357)		(1,357)
Biennial % Change in Expenditures				(3)		(33)		(33)
Governor's Change from Base								0
Governor's % Change from Base								0

2403 - Gift

Balance Forward In	98	104	91	114	66	33	66	33
Receipts	35	30	64	52	52	52	52	52
Balance Forward Out	101	81	114	66	33	25	33	25
Expenditures	32	54	40	100	85	60	85	60
Biennial Change in Expenditures				54		5		5
Biennial % Change in Expenditures				63		3		3
Governor's Change from Base								0
Governor's % Change from Base								0

2801 - Remediation

Balance Forward In	801	33	1,198	1,897				
Direct Appropriation	700	700	700	700	700	700	700	700
Balance Forward Out	33		1,898					
Expenditures	1,468	733		2,597	700	700	700	700
Biennial Change in Expenditures				396		(1,197)		(1,197)
Biennial % Change in Expenditures				18				
Governor's Change from Base								0
Governor's % Change from Base								0

3000 - Federal

Balance Forward In	1	759	12					
Receipts	21,638	32,361	78,559	65,551	71,887	70,594	71,887	70,594
Net Loan Activity	(392)	(356)		(1,468)	(1,318)	(1,317)	(1,318)	(1,317)
Balance Forward Out	755	7				4,382		4,382

Business and Community Development

Program Financing by Fund

(Dollars in Thousands)

	Actual FY20	Actual FY21	Actual FY22	Estimate FY23	Forecast Base FY24 FY25		Governor's Recommendation FY24 FY25	
Expenditures	20,491	32,757	78,571	64,083	70,569	64,895	70,569	64,895
Biennial Change in Expenditures				89,406		(7,190)		(7,190)
Biennial % Change in Expenditures				168		(5)		(5)
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	38.75	36.15	35.79	40.48	44.54	44.12	44.54	44.12

3010 - Coronavirus Relief

Balance Forward In		60,000						
Direct Appropriation	60,000	10,000	12,822					
Cancellations		5,267						
Balance Forward Out	60,000							
Expenditures	64,733	12,822						
Biennial Change in Expenditures				(51,911)		(12,822)		(12,822)
Biennial % Change in Expenditures								
Governor's Change from Base								0
Governor's % Change from Base								

3015 - ARP-State Fiscal Recovery

Direct Appropriation		238	3,798					
Expenditures	238	3,798						
Biennial Change in Expenditures				3,560		(3,798)		(3,798)
Biennial % Change in Expenditures								
Governor's Change from Base								0
Governor's % Change from Base								

8200 - Clean Water Revolving

Balance Forward In	666	197	228	276	297		297	
Receipts	1	1	0	1	1		1	
Transfers Out	500							
Net Loan Activity	31	30	48	20	(298)		(298)	
Balance Forward Out	197	228	276	297				

Business and Community Development

Program Financing by Fund

(Dollars in Thousands)

	Actual FY20	Actual FY21	Actual FY22	Estimate FY23	Forecast Base		Governor's Recommendation	
					FY24	FY25	FY24	FY25
8350 - Ag & Econ Development Board								
Balance Forward In	680	715	875	870	834	797	834	797
Receipts	25	7	6	5	5	5	5	5
Net Loan Activity	26	158						
Balance Forward Out	715	873	870	834	797	759	797	759
Expenditures	16	6	11	41	42	43	42	43
Biennial Change in Expenditures				30		33		33
Biennial % Change in Expenditures				138		63		63
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	0.06	0.02	0.04	0.24	0.24	0.24	0.24	0.24

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 CareerForce locations to ensure workers have the assistance they need to quickly return to employment.
- During the pandemic, the program paid roughly \$15 billion to 875,000 Minnesotans.
- Minnesota UI regularly ranks among the top 5 states in the country in achieving federal performance standards.

PURPOSE AND 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 who become 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 and accurate payment of benefits to eligible unemployed workers.
- Reducing administrative burdens as much as possible for employers who pay unemployment insurance taxes.
- Using human resources as cost-effectively as possible.
- Collaborating with CareerForce partners to ensure workers obtain the assistance needed to quickly return to employment that makes the best possible use of the worker's skills and abilities (a state and federal 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

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>SFY 2019</i>	<i>SFY 2020</i>	<i>SFY 2021</i>	<i>SFY 2022</i>
Quantity	# New initial applications (new and reactivated) for benefits	219,581	993,258	618,884	301,322
Quantity	Number of telephone calls taken	435,869	628,258	957,284	584,638

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.

Unemployment Insurance

Program Expenditure Overview

(Dollars in Thousands)

	Actual FY20	Actual FY21	Actual FY22	Estimate FY23	Forecast Base		Governor's Recommendation	
					FY24	FY25	FY24	FY25

Expenditures by Fund

1000 - General			405,825					
2000 - Restrict Misc Special Revenue	1,330	29,701	36,353	27,817	8,926	5,092	8,926	5,092
3000 - Federal	52,483	56,511	77,496	72,972	69,176	70,594	69,176	70,594
3015 - ARP-State Fiscal Recovery			2,094,175	230,000				
4950 - Unemployment Insurance							65,362	196,086
Total	53,813	86,212	2,613,850	330,789	78,102	75,686	143,464	271,772
Biennial Change				2,804,614		(2,790,851)		(2,529,403)
Biennial % Change				2,003		(95)		(86)
Governor's Change from Base								261,448
Governor's % Change from Base								170

Expenditures by Activity

Unemployment Insurance	53,813	86,212	2,613,850	330,789	78,102	75,686	143,464	271,772
Total	53,813	86,212	2,613,850	330,789	78,102	75,686	143,464	271,772

Expenditures by Category

Compensation	25,189	33,270	30,072	31,061	31,836	32,631	31,836	32,631
Operating Expenses	28,485	53,002	66,536	48,136	44,666	41,405	44,666	41,405
Grants, Aids and Subsidies	(31)	(107)	(23)					
Capital Outlay-Real Property	44	0	677	50	50	50	50	50
Other Financial Transaction	127	47	2,516,588	251,542	1,550	1,600	66,912	197,686
Total	53,813	86,212	2,613,850	330,789	78,102	75,686	143,464	271,772

Total Agency Expenditures	53,813	86,212	2,613,850	330,789	78,102	75,686	143,464	271,772
Internal Billing Expenditures	4,053	5,223	4,733	4,597	4,712	4,830	4,712	4,830
Expenditures Less Internal Billing	49,760	80,989	2,609,117	326,192	73,390	70,856	138,752	266,942

Full-Time Equivalents

	297.94	383.09	353.62	299.05	299.05	299.05	299.05	299.05
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Unemployment Insurance

Program Financing by Fund

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY20	FY21	FY22	FY23	FY24	FY25	FY24	FY25
1000 - General								
Direct Appropriation			405,825					
Expenditures			405,825					
Biennial Change in Expenditures				405,825		(405,825)		(405,825)
Biennial % Change in Expenditures								
Governor's Change from Base								0
Governor's % Change from Base								

2000 - Restrict Misc Special Revenue

Balance Forward In	25,193	30,419	24,085	26,459	3,834		3,834	
Receipts	6,459	2,632	38,727	5,192	5,092	5,092	5,092	5,092
Balance Forward Out	30,321	3,350	26,459	3,834				
Expenditures	1,330	29,701	36,353	27,817	8,926	5,092	8,926	5,092
Biennial Change in Expenditures				33,139		(50,152)		(50,152)
Biennial % Change in Expenditures				107		(78)		(78)
Governor's Change from Base								0
Governor's % Change from Base								0

3000 - Federal

Balance Forward In	493	4	1,772	891				
Receipts	51,989	57,369	76,615	72,081	69,176	70,594	69,176	70,594
Balance Forward Out		862	891					
Expenditures	52,483	56,511	77,496	72,972	69,176	70,594	69,176	70,594
Biennial Change in Expenditures				41,475		(10,698)		(10,698)
Biennial % Change in Expenditures				38		(7)		(7)
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	297.94	383.09	353.62	299.05	299.05	299.05	299.05	299.05

3015 - ARP-State Fiscal Recovery

Balance Forward In				230,000				
Direct Appropriation			2,324,175					
Balance Forward Out			230,000					
Expenditures			2,094,175	230,000				

Unemployment Insurance

Program Financing by Fund

(Dollars in Thousands)

	Actual FY20	Actual FY21	Actual FY22	Estimate FY23	Forecast Base FY24	Forecast Base FY25	Governor's Recommendation FY24	Governor's Recommendation FY25
Biennial Change in Expenditures				2,324,175		(2,324,175)		(2,324,175)
Biennial % Change in Expenditures						(100)		(100)
Governor's Change from Base								0
Governor's % Change from Base								

4950 - Unemployment Insurance

Receipts								196,086
Expenditures							65,362	196,086
Biennial Change in Expenditures				0		0		261,448
Biennial % Change in Expenditures								
Governor's Change from Base								261,448
Governor's % Change from Base								

Program: Employment and Training Programs

AT A GLANCE

- Conducts outreach to marginalized communities to increase awareness and participation in workforce development services.
- Provides skill development and training programs for Minnesotans including career seekers with barriers to employment or who are unemployed.
- Helps career seekers develop and improve job readiness for in-demand occupations that pay family sustaining wages.
- Partners, collaborates, and engages with employers to identify workforce needs and train workers to meet labor requirements.

PURPOSE AND CONTEXT

Employment and Training Programs support Minnesotans seeking new employment through policy guidance, program administration and direct services. Employment and Training Programs support local and statewide partnerships designed to develop and improve career skills and obtain employment with 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 providing high quality workforce development services, solutions, and expertise for diverse populations through Employment and Training Programs to advance Minnesota's economy. From laid-off workers to at-risk youth, Employment and Training Programs are designed to intentionally reach diverse communities across the state to ensure that all Minnesotans have access to DEED's services. Many of these programs include partnerships with Local Workforce Development Boards, nonprofit service providers, educational institutions, businesses, and other stakeholders; a full list of services can be found on the DEED website (<https://mn.gov/deed/job-seekers>). All programs are offered with a goal of equity and inclusion for individuals who come from marginalized communities and who have not had full access to education and robust career services.

- **Laid-Off Workers/ Dislocated Workers:** Workers who lost their jobs or those looking to re-enter the workforce such as displaced homemakers, veterans and the long-term unemployed, can receive assistance to find a new career. The Dislocated Worker Program, funded jointly by the federal government and the State, assists unemployed and underemployed workers in returning to work with comparable wages and benefits. Individuals 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 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 may include special extensions to unemployment insurance, assistance with training costs, job search allowances, relocation allowances, and similar costs for finding a new job.
- **Adult Employment and Training:** Adults who face any number of barriers to employment can access services to help them succeed in well-paying careers. The Adult Employment Training Programs, funded jointly through federal and state government fund include Career Pathway programs that integrate basic skills education, career-specific training, support services, and employment placement and retention to meet the needs of our customers. DEED administers state funded grants along with direct legislative

appropriations, such as: Pathways to Prosperity, Southeast Asian Economic relief, African Immigrant Community, Support Services, Women in High-wage, High-demand, Nontraditional Jobs, and several other adult competitive grant programs focused on meeting the needs of different communities across the state.

- **Youth Employment and Training:** 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 Youth Employment Training Programs, funded jointly by the federal government and the State, assist Minnesota youth with career counseling and exploration, mentoring, skills development, work experiences and other career awareness and engagement services.
 - 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** provide 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 the Local Workforce Development Boards (LWDBs) and Youth Committees. This program reaches every single county in Minnesota. At-risk youth can earn academic credit for their participation; and worksite supervisors evaluate (pre and post) work readiness skill attainment on the worksite.
- The **Senior Community Service Employment Program (SCSEP)** is a community service and work-based job training program for older Americans. Authorized by the Older Americans Act, the program provides training for low-income, unemployed seniors. Participants also have access to employment assistance through Careerforce. Participants work an average of 20 hours a week and are paid the highest of federal, state, or local minimum wage. This training serves as a bridge to unsubsidized employment opportunities for participants.
- The primary goal of the **Minnesota Retaining Employment and Talent After Injury/Illness Network (MN RETAIN)** is to provide early intervention strategies for workers to stay at work or return to work as soon as medically possible after an injury or illness, occurring on or off-the-job, impacts their employment. Minnesota RETAIN is different than many other stay at work/return to work programs because the Return-to-Work Case Manager is an integrated member of the worker's medical team. Minnesota RETAIN also assists workers that cannot be accommodated in their regular job by working with a Career Navigator to create an individualized employment plan for the participant. MN RETAIN is fully federally funded by the U.S. Department of Labor and the Social Security Administration.
- **National Dislocated Worker Grants (DWGs)** are discretionary grants awarded by the Secretary of Labor, under Section 170 of Workforce Innovation and Opportunity Act (WIOA). DWGs provide federal resources to states and other eligible applicants to respond to large, unexpected layoff events causing significant job losses. Minnesota currently has two active DWG grants.
 - The **COVID-19 Disaster Recovery National Dislocated Worker Grant** provides disaster-relief and humanitarian assistance employment, as well as employment and training services, as appropriate, to minimize the employment and economic impact of COVID-19.
 - The **Opioids - The Minnesota Initiative (OMNI)** project is a workforce development initiative which seeks to address the state's opioid crisis. This is achieved by providing employment and training services to individuals who have been directly and indirectly impacted by the opioid crisis,

providing training that builds a skilled workforce in professions that could impact the causes and treatment of the crisis, and creating temporary disaster-relief employment that addresses the unique impacts of the crisis in affected communities.

- **Governor's Workforce Development Board (GWDB):** The GWDB has statutory responsibility under the federal Workforce Innovation and Opportunity Act (WIOA), which provides leadership on opportunities and key workforce strategies for the state. The Board represents key leaders from business, education, labor, community-based organizations, and government. The Board provides a venue for workforce stakeholders to create a shared vision for the state's workforce strategies.
- **Office of Public Engagement:** The Office provides targeted outreach and engagement efforts on DEED's programs. In particular, it connects with populations in Minnesota hit hardest by racial and other disparities in employment – including gender, sexual orientation, geography, and race or ethnicity. DEED is committed to helping create equitable communities and economic opportunities and tailors statewide outreach and engagement efforts based on different needs across the state. The Office of Public Engagement works with agency leaders to make programs more accessible to all Minnesotans. The Office was launched at a critical inflection point for Minnesota's economy - the opportunity to increase outreach and engagement, in particular to communities of color, has an economic as well as moral urgency.

RESULTS

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>SFY 2020</i>	<i>SFY 2021</i>
Results	Percentage of Dislocated Worker program participants entering employment after exit:		
	<i>State DW</i>	84.4%	81.2%
	<i>WIOA DW</i>	82.9%	83.7%
Results*	Percentage of Pathways to Prosperity program participants retaining employment for three quarters after exit.	58%	63%*
Results*	Percentage of Minnesota Youth Program, Youthbuild and Youth at Work participants who attained work readiness or education goals	88%	75.3%

*Program programs result numbers were impacted by COVID-19.

Employment and Training Programs

Program Expenditure Overview

(Dollars in Thousands)

	Actual FY20	Actual FY21	Actual FY22	Estimate FY23	Forecast Base		Governor's Recommendation	
					FY24	FY25	FY24	FY25
<u>Expenditures by Fund</u>								
1000 - General	5,529	5,528	7,420	7,421	6,546	6,546	43,446	41,243
2000 - Restrict Misc Special Revenue	2,310	2,209	2,179	4,578	3,443	3,443	3,443	3,443
2340 - Renewable Development			2,500					
2390 - Workforce Development	44,291	47,522	44,840	68,945	44,002	44,002	71,502	71,502
3000 - Federal	39,875	39,653	44,387	55,958	54,991	54,991	54,991	54,991
Total	92,006	94,913	101,326	136,902	108,982	108,982	173,382	171,179
Biennial Change				51,309		(20,264)		106,333
Biennial % Change				27		(9)		45
Governor's Change from Base								126,597
Governor's % Change from Base								58
<u>Expenditures by Activity</u>								
Adult Services	67,868	69,677	73,988	107,223	85,760	85,760	140,160	137,957
Youth Programs	24,138	25,236	27,338	29,679	23,222	23,222	33,222	33,222
Total	92,006	94,913	101,326	136,902	108,982	108,982	173,382	171,179
<u>Expenditures by Category</u>								
Compensation	6,563	6,197	6,869	8,065	7,586	7,755	10,386	10,555
Operating Expenses	5,285	4,141	4,499	10,583	9,617	9,508	10,320	10,211
Grants, Aids and Subsidies	80,124	84,576	89,962	118,254	91,779	91,719	152,676	150,413
Capital Outlay-Real Property	0							
Other Financial Transaction	35	(1)	(5)					
Total	92,006	94,913	101,326	136,902	108,982	108,982	173,382	171,179
Total Agency Expenditures	92,006	94,913	101,326	136,902	108,982	108,982	173,382	171,179
Internal Billing Expenditures	955	947	1,046	1,175	1,120	1,144	1,514	1,538
Expenditures Less Internal Billing	91,051	93,966	100,279	135,727	107,862	107,838	171,868	169,641
<u>Full-Time Equivalents</u>								
	68.76	63.48	67.61	75.84	70.51	70.36	86.91	86.76

Employment and Training Programs

Program Financing by Fund

(Dollars in Thousands)

	Actual FY20	Actual FY21	Actual FY22	Estimate FY23	Forecast Base		Governor's Recommendation	
					FY24	FY25	FY24	FY25
1000 - General								
Balance Forward In	6	6						
Direct Appropriation	5,532	5,532	7,421	7,421	6,546	6,546	43,446	41,243
Cancellations	3	9	1					
Balance Forward Out	6							
Expenditures	5,529	5,528	7,420	7,421	6,546	6,546	43,446	41,243
Biennial Change in Expenditures				3,783		(1,749)		69,848
Biennial % Change in Expenditures				34		(12)		471
Governor's Change from Base								71,597
Governor's % Change from Base								547
Full-Time Equivalents	2.01	2.06	2.17	2.38	2.31	2.26	18.71	18.66

2000 - Restrict Misc Special Revenue

Balance Forward In	361	49	221	907	345	266	345	266
Receipts	972	1,243	1,748	2,691	2,039	2,039	2,039	2,039
Transfers In	978	1,128	1,117	1,325	1,325	1,325	1,325	1,325
Balance Forward Out	0	211	907	345	266	187	266	187
Expenditures	2,310	2,209	2,179	4,578	3,443	3,443	3,443	3,443
Biennial Change in Expenditures				2,238		129		129
Biennial % Change in Expenditures				50		2		2
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	7.67	6.92	6.89	7.70	3.27	3.27	3.27	3.27

2340 - Renewable Development

Direct Appropriation			2,500					
Expenditures			2,500					
Biennial Change in Expenditures				2,500		(2,500)		(2,500)
Biennial % Change in Expenditures								
Governor's Change from Base								0
Governor's % Change from Base								

2390 - Workforce Development

Balance Forward In	50	21	21	21				
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Employment and Training Programs

Program Financing by Fund

(Dollars in Thousands)

	Actual FY20	Actual FY21	Actual FY22	Estimate FY23	Forecast Base		Governor's Recommendation	
					FY24	FY25	FY24	FY25
Direct Appropriation	22,177	22,177	29,764	29,514	14,002	14,002	41,502	41,502
Open Appropriation	22,140	25,489	15,698	39,410	30,000	30,000	30,000	30,000
Cancellations	54	143	623					
Balance Forward Out	21	21	21					
Expenditures	44,291	47,522	44,840	68,945	44,002	44,002	71,502	71,502
Biennial Change in Expenditures				21,971		(25,781)		29,219
Biennial % Change in Expenditures				24		(23)		26
Governor's Change from Base								55,000
Governor's % Change from Base								63
Full-Time Equivalents	10.25	11.35	12.25	12.56	12.10	12.00	12.10	12.00

3000 - Federal

Balance Forward In	1,053	20	297	915				
Receipts	39,271	39,644	45,005	55,043	54,991	54,991	54,991	54,991
Balance Forward Out	449	11	915					
Expenditures	39,875	39,653	44,387	55,958	54,991	54,991	54,991	54,991
Biennial Change in Expenditures				20,816		9,637		9,637
Biennial % Change in Expenditures				26		10		10
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	48.83	43.15	46.30	53.20	52.83	52.83	52.83	52.83

Program: CareerForce Systems<http://www.careerforcemn.com>**AT A GLANCE**

- Works with career seekers to develop and improve job readiness for in-demand occupations that pay family sustaining wages. The Veteran Services unit works exclusively with eligible Veteran career seekers.
- Partners, collaborates, and engages with employers to find and train workers.
- Communicates available programs and services via an innovative and mobile friendly website, CareerForceMn.com.
- Provides online resume and job-matching system for employers and career seekers through MinnesotaWorks.net.

PURPOSE AND CONTEXT

CareerForce works to empower the growth of the Minnesota economy for everyone by working with businesses to recruit, hire, and train the workforce they need now, and for tomorrow. To accomplish this, CareerForce engages with career seekers and employers in 55 CareerForce Locations across the state, online and through outreach to people and populations who have experienced greater challenges accessing the workforce development system. These populations include career seekers who are Black, Indigenous and people of color (BIPOC). Veterans are a priority population within the CareerForce system. CareerForce works hard to make sure no Minnesotan is left on the economic sidelines.

CareerForce is funded as a federal/state partnership with federal funding making up 77.6% of the overall fund, mixed federal and state funding (TANF/MFIP) funding 8.7% and state-alone funding comprising 13.6% of the overall. Programs funded solely with state dollars include contracts to provide Supplemental Nutrition Assistance Program (SNAP) support services, Pathways to Prosperity (P2P) services, employment services for the Minnesota Department of Transportation, state funded Minnesota Youth Program services, and state funded Dislocated Worker services.

SERVICES PROVIDED

CareerForce oversees the inclusive delivery of basic career services to career seekers and employers throughout Minnesota. CareerForce supports employment services delivery across a statewide network of 55 one-stop American Job Centers, known as CareerForce Locations located in sixteen Minnesota local workforce development areas, as well as online services that are providing new ways to deliver virtual assistance. CareerForce works closely with the Minnesota Association of Workforce Boards (MAWB), the Governor's Workforce Development Board (GWDB), DEED's Employment and Training Programs, Unemployment Insurance and local leadership in each workforce development area to ensure an integrated approach to service delivery.

CareerForce units include the Employment Services unit and the Veteran Employment Services unit. Employment Services oversees Job Service, the Employment Service Program, Migrant Seasonal Farmworker Services, Work Opportunity Tax Credits (WOTC), Foreign Labor Certification, the Federal Bonding Program, CareerForce digital resources, and the state's labor exchange (MinnesotaWorks.net). Veteran Employment Services provides priority services to qualified military veterans and assists employers with recruiting military veterans.

- **Employment Services Unit:** Oversees the administration of Wagner-Peyser funding to deliver services to career seekers and employers statewide. This unit also operates programming with other state agencies, oversees CareerForceMN.com and MinnesotaWorks.Net, operates employer programs, and manages a helpdesk to support CareerForce Systems.

- **Job Service Team:** Provides basic career services directly to career seekers and employers. These services are provided directly in person, over the phone or online in every workforce development area via Wagner-Peyser Act funding and in collaboration with partners of CareerForce as identified in WIOA. In some areas, Job Service delivers local programming, such as Dislocated Worker, Youth Programs, Adult Services, Pathways to Prosperity, or MFIP. Staff work out of each of the 16 local workforce development areas across the state. Supervisors represent Wagner-Peyser on each of the 16 local Workforce Development Boards.

This team also includes a special program operated via interagency agreement with the Department Transportation (DOT). The agreement with DOT provides recruitment and training for non-traditional groups to obtain employment opportunities with contractors on DOT's construction projects. Additionally, the team partners with DOC to collaborate on delivering services to inmates. They work to ensure inmates are aware of available services prior to their release from the State's prison system. Additionally, after their release workshops and services are provided to help connect inmates with employment opportunities.

Job Service also delivers services for migrant and seasonal farm workers who come to Minnesota from other states to assist local agricultural employers with the harvesting season. These services are operated in significant agricultural areas throughout the state. The services provided ensure employers connect with the workers they need, and workers have access to jobs and services while in Minnesota.

- **CareerForce Information and Assistance Line (helpdesk) and Employer Services Team:** Provides services and programs directly to career seekers, employers and CareerForce partners. This team assists employers with creating vetted accounts to post job vacancies and search for resumes. They also assist career seekers with posting their resumes, accessing programs and services, and delivering basic career services over the phone and online.

Employer services include Work Opportunity Tax Credits (WOTC), federal bonding and Foreign Labor Certification (FLC). WOTC offers tax credits to employers who hire employees from certain groups. Bonding is offered to employers who would like insurance to hire employees with a criminal record. FLC is offered to employers who need to recruit workers from other countries due to a lack of candidates for their jobs.

- **Veterans Services Unit:** DEED administers the federally funded Jobs for Veterans State Grant program that provides employment and training services for eligible current and former military members. All DEED employees on the Veterans Employment Services team are military veterans. Primary customers are Minnesota veterans of all service eras and all ages—including the MN National Guard and Reserves who meet the state statute definition of an eligible veteran. The Veterans Employment Specialists provide individualized career services and facilitate job placement to veterans with significant barriers to employment.
 - **Veteran career services** include comprehensive assessment interviews, career guidance services, individual employment plans, staff-assisted job search activities, and job placement assistance.
 - **Employer Services** are provided by Local Veterans Employment Representatives who reach out to the employer community to promote the advantages of hiring veterans. Promoting the advantages of hiring veterans served by CareerForce to businesses, and other community-based organizations is carried out through hosting career fairs, apprenticeship programs, and the business community to promote and secure employment and training for veterans and informing federal contractors of the process to recruit qualified veterans.
 - **Special populations** are a priority for Veteran Services. Those populations include Native American Veterans, Veterans experiencing homelessness, justice-involved Veterans, and women

Veterans. DEED Veteran Service's staff assigned to serve these Veterans receive special training from the National Veterans Training institutes. In addition, they provide case management and employment resources to empower their customers.

RESULTS

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quantity	# of job seekers registered and receiving a reportable service	82,480	58,942	SFY 2020 & SFY 2021
Quantity	# of employer job openings posted on http://www.minnesotaworks.net	521,667	603,811	SFY 2020 & SFY 2021
Quality	Job seeker customer satisfaction using the Net Promoter Score (-100 to 100; a score of 50 is excellent)	46	46	CY 2016 & CY 2020
Results	Percentage of Wagner-Peyser Employment Services program participants entering employment after exit.	68.3%	69.0%	SFY 2018 & SFY 2019
Results	Percentage of Veterans Program participants receiving intensive services who completed all program goals with a successful exit	86.0%	89.0%	SFY 2020 & SFY 2021

Minn. Stat. § 116L (<https://www.revisor.mn.gov/statutes/?id=116L>), Minn. Stat. § 116J (<https://www.revisor.mn.gov/statutes/?id=116J>), and the Workforce Investment Act, the Workforce Investment Act (Public Law 113 – 128) <https://www.gpo.gov/fdsys/pkg/PLAW-113publ128/pdf/PLAW-113publ128.pdf>, 29 U.S.C. Sec. 3101, et. seq. provide the legal authority for DEED's Employment and Training Programs Division.

(Dollars in Thousands)

	Actual FY20	Actual FY21	Actual FY22	Estimate FY23	Forecast Base		Governor's Recommendation	
					FY24	FY25	FY24	FY25

Expenditures by Fund

1000 - General							10,000	
2000 - Restrict Misc Special Revenue	3,799	4,729	3,013	4,075	4,164	4,271	4,164	4,271
3000 - Federal	16,801	17,276	17,806	21,829	21,953	22,271	21,953	22,271
Total	20,600	22,005	20,819	25,904	26,117	26,542	36,117	26,542
Biennial Change				4,118		5,936		15,936
Biennial % Change				10		13		34
Governor's Change from Base								10,000
Governor's % Change from Base								19

Expenditures by Activity

Career Force Systems	20,600	22,005	20,819	25,904	26,117	26,542	36,117	26,542
Total	20,600	22,005	20,819	25,904	26,117	26,542	36,117	26,542

Expenditures by Category

Compensation	12,674	12,601	12,651	15,472	15,709	15,906	16,334	15,906
Operating Expenses	7,595	8,625	7,750	9,957	9,933	10,161	19,308	10,161
Grants, Aids and Subsidies	322	748	386	441	441	441	441	441
Capital Outlay-Real Property	1	1	0					
Other Financial Transaction	8	28	32	34	34	34	34	34
Total	20,600	22,005	20,819	25,904	26,117	26,542	36,117	26,542

Total Agency Expenditures	20,600	22,005	20,819	25,904	26,117	26,542	36,117	26,542
Internal Billing Expenditures	1,871	1,909	1,918	2,498	2,809	3,167	2,809	3,167
Expenditures Less Internal Billing	18,729	20,096	18,901	23,406	23,308	23,375	33,308	23,375

<u>Full-Time Equivalents</u>	158.43	144.72	140.40	152.39	154.39	154.39	159.39	154.39
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(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY20	FY21	FY22	FY23	FY24	FY25	FY24	FY25
1000 - General								
Direct Appropriation							10,000	
Expenditures							10,000	
Biennial Change in Expenditures				0		0		10,000
Biennial % Change in Expenditures								
Governor's Change from Base								10,000
Governor's % Change from Base								
Full-Time Equivalents							5.00	
2000 - Restrict Misc Special Revenue								
Balance Forward In	85	13	13	57				
Receipts	3,727	4,729	3,058	4,018	4,164	4,271	4,164	4,271
Balance Forward Out	13	13	58					
Expenditures	3,799	4,729	3,013	4,075	4,164	4,271	4,164	4,271
Biennial Change in Expenditures				(1,439)		1,347		1,347
Biennial % Change in Expenditures				(17)		19		19
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	24.97	24.35	19.35	19.35	19.35	19.35	19.35	19.35
3000 - Federal								
Balance Forward In	798	758	744	358				
Receipts	16,746	17,262	17,420	21,471	21,953	22,271	21,953	22,271
Balance Forward Out	743	743	358					
Expenditures	16,801	17,276	17,806	21,829	21,953	22,271	21,953	22,271
Biennial Change in Expenditures				5,558		4,589		4,589
Biennial % Change in Expenditures				16		12		12
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	133.46	120.37	121.05	133.04	135.04	135.04	135.04	135.04

Program: Disability Determination Services (DDS)

mn.gov/deed/programs-services/dds/

AT A GLANCE

- Serves Minnesota residents who file applications for Social Security disability benefits and Minnesotans who are reviewed for continuing eligibility for these benefits.
- Refers disability applications for individuals who may benefit from rehabilitation services to other state agencies.
- Reviewed 42,031 new claims in 2021.
- DDS is funded entirely by the federal government.

PURPOSE AND 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

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>FFY 2020</i>	<i>FFY 2021</i>
Quantity	# of new determinations reviewed	44,425	42,031
Quality	Days in decision-making	91.6	94.5
Quality	Accuracy of determination decisions (Initial Claims only as reported by SSA.)	95.3%	96.1%

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.

Disability Determination Services

Program Expenditure Overview

(Dollars in Thousands)

	Actual FY20	Actual FY21	Actual FY22	Estimate FY23	Forecast Base		Governor's Recommendation	
					FY24	FY25	FY24	FY25

Expenditures by Fund

3000 - Federal	25,143	26,664	27,345	34,304	38,123	33,263	38,123	33,263
Total	25,143	26,664	27,345	34,304	38,123	33,263	38,123	33,263
Biennial Change				9,841		9,737		9,737
Biennial % Change				19		16		16
Governor's Change from Base								0
Governor's % Change from Base								0

Expenditures by Activity

Disability Determination	25,143	26,664	27,345	34,304	38,123	33,263	38,123	33,263
Total	25,143	26,664	27,345	34,304	38,123	33,263	38,123	33,263

Expenditures by Category

Compensation	10,802	12,709	13,454	13,906	15,838	16,234	15,838	16,234
Operating Expenses	8,187	7,862	8,248	12,363	13,848	8,170	13,848	8,170
Grants, Aids and Subsidies	6,107	6,065	5,618	8,000	8,400	8,820	8,400	8,820
Capital Outlay-Real Property	34	8	17	10	11	11	11	11
Other Financial Transaction	13	21	7	25	26	28	26	28
Total	25,143	26,664	27,345	34,304	38,123	33,263	38,123	33,263

Total Agency Expenditures	25,143	26,664	27,345	34,304	38,123	33,263	38,123	33,263
Internal Billing Expenditures	1,586	1,943	2,049	1,969	2,344	2,403	2,344	2,403
Expenditures Less Internal Billing	23,557	24,721	25,295	32,335	35,779	30,860	35,779	30,860

Full-Time Equivalents

	131.35	150.26	161.07	175.00	180.00	180.00	180.00	180.00
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Disability Determination Services

Program Financing by Fund

(Dollars in Thousands)

	Actual FY20	Actual FY21	Actual FY22	Estimate FY23	Forecast Base FY24 FY25		Governor's Recommendation FY24 FY25	
3000 - Federal								
Balance Forward In	7	5	1					
Receipts	25,136	26,659	27,344	34,304	38,123	33,263	38,123	33,263
Expenditures	25,143	26,664	27,345	34,304	38,123	33,263	38,123	33,263
Biennial Change in Expenditures				9,841		9,737		9,737
Biennial % Change in Expenditures				19		16		16
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	131.35	150.26	161.07	175.00	180.00	180.00	180.00	180.00

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 core program work.

PURPOSE AND CONTEXT

General Support Services (GSS) directly supports the agency with the infrastructure and leadership necessary to operate programs, develop policies, and assist individuals, businesses, and communities. These divisions provide operational support and the technical expertise to ensure our programs are run effectively and efficiently.

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.
- *Communications*: Publicizes DEED services for customers, partners, and other stakeholders while promoting Minnesota as a place to live, work, and do business.
- *Office of Diversity and Equal Opportunity*: Ensures DEED's compliance with federal and state laws concerning discrimination, harassment, reasonable accommodation, retaliation, site and program access.
- *General Counsel*: Supports DEED's legal needs, including data requests, ethics questions, litigation, contracts, and other items.
- *Administrative and Financial Services*: Administers all financial activities (including budgeting, payroll, procurement, continuity of operations and other functions) as well as managing DEED facilities.
- *Human Resources*: Manages agency personnel policy, supports hiring and retention, administers labor relations, and advances employee training and development.
- *Customer Innovation*: Builds capacity for delivering innovative government services and supports agency objectives and key results through use of continuous improvement and human-centered design methods.
- *Performance and Technical Management*: Advises DEED on technical investments, coordinates the IT project decision process, and ensures that IT projects are set up, implemented, and maintained successfully. Supports the agency in providing local, state, and federal reporting data, as well as leading agency efforts around surveying, quantitative and qualitative data analysis, and data management.

RESULTS

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>SFY 2021</i>	<i>SFY 2022</i>
Quantity	Purchase Orders Completed	4,657	5,500
Quantity	Contracts Completed	560	308
Quantity	Grants Completed	1,302	953

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.

General Support Services

Program Expenditure Overview

(Dollars in Thousands)

	Actual FY20	Actual FY21	Actual FY22	Estimate FY23	Forecast Base		Governor's Recommendation	
					FY24	FY25	FY24	FY25
<u>Expenditures by Fund</u>								
1000 - General	1,233	2,062	1,573	1,708	1,386	1,386	4,922	5,888
2000 - Restrict Misc Special Revenue	17,345	18,924	21,846	24,960	25,352	25,752	25,352	25,752
2001 - Other Misc Special Revenue	120	112	154	177	154	156	154	156
2390 - Workforce Development		110	30	80	55	55	81	109
3010 - Coronavirus Relief	146							
3015 - ARP-State Fiscal Recovery				1,000				
Total	18,844	21,207	23,602	27,925	26,947	27,349	30,509	31,905
Biennial Change				11,477		2,769		10,887
Biennial % Change				29		5		21
Governor's Change from Base								8,118
Governor's % Change from Base								15
<u>Expenditures by Activity</u>								
General Support Services	18,844	21,207	23,602	27,925	26,947	27,349	30,509	31,905
Total	18,844	21,207	23,602	27,925	26,947	27,349	30,509	31,905
<u>Expenditures by Category</u>								
Compensation	10,116	11,701	12,642	15,658	15,755	16,127	17,581	17,981
Operating Expenses	8,383	8,740	9,865	12,264	11,189	11,219	12,925	13,921
Grants, Aids and Subsidies	27		4					
Capital Outlay-Real Property	279	237	144					
Other Financial Transaction	39	529	948	3	3	3	3	3
Total	18,844	21,207	23,602	27,925	26,947	27,349	30,509	31,905
Total Agency Expenditures	18,844	21,207	23,602	27,925	26,947	27,349	30,509	31,905
Internal Billing Expenditures	136	153	34	43	19	20	287	288
Expenditures Less Internal Billing	18,708	21,054	23,568	27,882	26,928	27,329	30,222	31,617
<u>Full-Time Equivalents</u>								
	90.20	94.56	101.30	128.19	127.19	127.19	141.69	141.69

General Support Services

Program Financing by Fund

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY20	FY21	FY22	FY23	FY24	FY25	FY24	FY25
1000 - General								
Balance Forward In		762		122				
Direct Appropriation	6,921	3,921	3,637	3,950	3,950	3,950	7,486	8,452
Transfers In	351	1,123	220	220	220	220	220	220
Transfers Out	5,296	2,722	2,161	2,584	2,784	2,784	2,784	2,784
Cancellations		1,022						
Balance Forward Out	743		123					
Expenditures	1,233	2,062	1,573	1,708	1,386	1,386	4,922	5,888
Biennial Change in Expenditures				(14)		(509)		7,529
Biennial % Change in Expenditures				(0)		(16)		229
Governor's Change from Base								8,038
Governor's % Change from Base								290
Full-Time Equivalents	7.44	5.87	0.39				14.50	14.50

2000 - Restrict Misc Special Revenue

Balance Forward In	878	3,350	5,917	4,639	743		743	
Receipts	19,062	20,876	20,568	21,064	24,609	25,752	24,609	25,752
Internal Billing Receipts	18,609	20,570	20,369	20,778	24,495	25,638	24,495	25,638
Balance Forward Out	2,595	5,302	4,639	743				
Expenditures	17,345	18,924	21,846	24,960	25,352	25,752	25,352	25,752
Biennial Change in Expenditures				10,538		4,298		4,298
Biennial % Change in Expenditures				29		9		9
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	82.27	88.05	100.39	127.42	126.42	126.42	126.42	126.42

2001 - Other Misc Special Revenue

Balance Forward In	79	89	104	66				
Receipts	128	67	116	111	154	156	154	156
Balance Forward Out	87	44	66					
Expenditures	120	112	154	177	154	156	154	156
Biennial Change in Expenditures				99		(21)		(21)
Biennial % Change in Expenditures				43		(6)		(6)
Governor's Change from Base								0

General Support Services

Program Financing by Fund

(Dollars in Thousands)

	Actual FY20	Actual FY21	Actual FY22	Estimate FY23	Forecast Base FY24 FY25		Governor's Recommendation FY24 FY25	
Governor's % Change from Base								0
Full-Time Equivalents	0.49	0.64	0.52	0.52	0.52	0.52	0.52	0.52

2390 - Workforce Development

Balance Forward In		55		25				
Direct Appropriation	55	55	55	55	55	55	81	109
Balance Forward Out	55		25					
Expenditures		110	30	80	55	55	81	109
Biennial Change in Expenditures				0		0		80
Biennial % Change in Expenditures						0		73
Governor's Change from Base								80
Governor's % Change from Base								73
Full-Time Equivalents				0.25	0.25	0.25	0.25	0.25

3010 - Coronavirus Relief

Direct Appropriation	149							
Cancellations	3							
Expenditures	146							
Biennial Change in Expenditures				(146)		0		0
Biennial % Change in Expenditures								
Governor's Change from Base								0
Governor's % Change from Base								

3015 - ARP-State Fiscal Recovery

Direct Appropriation		1,000						
Expenditures		1,000						
Biennial Change in Expenditures				1,000		(1,000)		(1,000)
Biennial % Change in Expenditures								
Governor's Change from Base								0
Governor's % Change from Base								

Program: Minnesota Trade Office

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 Canada, EU, UK/Ireland, Japan, ASEAN and China.
- Provides technical assistance and financial resources for companies seeking to expand exporting.
- Recruits new and promotes additional foreign direct investment from foreign-owned enterprises.

PURPOSE AND CONTEXT

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

MTO provides 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 to Minnesota

SERVICES PROVIDED

The Minnesota Trade Office (MTO) provides:

- *Export counseling and assistance:* Our Regional Trade Managers 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:* Provide grants 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 apply for reimbursements of between \$500 and \$5,000 for export-training and export-development related activities. We also guide companies to third parties so the company may obtain public or private financial assistance like loans, working capital, credit, and insurance.
- *Foreign direct investment assistance:* Work with foreign companies exploring the advantages of expanding or relocating in Minnesota. We engage with existing foreign-owned enterprises through our annual seminar assisting foreign-owned enterprises on doing business in Minnesota. Additionally, we operate investment and trade offices in Canada, EU, UK/Ireland, Japan, the ASEAN region (Indonesia, Thailand, Vietnam, Singapore, Malaysia, Philippines, Myanmar, Cambodia, Laos, and Brunei) and China.
- *Protocol Office for the State:* Provide leadership and expertise on international relations and international affairs for the State of Minnesota. We ensure 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 Minnesota Consular Corp, the state's local diplomatic community.
 - 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. In November 2021, we organized a Governor-led trade and investment mission to the United Kingdom and Finland. The mission involved 49 representatives from businesses,

educational entities, or other community institutions, had 4 distinct industry tracks, lasted for 5 days, with a half-day of travel in the middle, consisted of 62 separate events, and was spread over two countries. The mission occurred during a very small window in the middle of the pandemic when we were able to travel internationally.

- Organized Minnesota's participation at the 2022 Select USA Summit, an international conference held in Washington, DC, organized by the U.S. Commerce Department's Select USA division. Twelve representatives from across Minnesota joined our delegation for the four-day conference during which we had over 100 interactions with executives of companies considering establishing in or expanding a footprint in the U.S., consultants working with those companies, or key overseas opinion leaders that help shape decisions on where to locate within the U.S.

Organize reverse missions from foreign countries with delegation of business, education, and government officials to showcase the state and create business opportunities for Minnesota companies. MTO also organized virtual reverse trade missions bringing overseas buyers together with Minnesota manufacturers and service providers to encourage new and expanded sales to international markets.

RESULTS

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Results	Annual total exports from Minnesota	\$20.1B	\$23.5B	SFY 2020 & SFY 2021
Quantity	Number of organizations receiving export assistance	789	1389	SFY 2021 & SFY 2022
Quantity	Number of attendees at MTO training seminars	769	810	SFY 2021 & SFY 2022
Quantity	Number of Foreign companies contacted or requesting information on Minnesota	875	996	SFY 2021 & SFY 2022
Quantity	Number of protocol requests, meetings and visits with diplomatic interactions	68	113	SFY 2021 & SFY 2022

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.

(Dollars in Thousands)

	Actual FY20	Actual FY21	Actual FY22	Estimate FY23	Forecast Base		Governor's Recommendation	
					FY24	FY25	FY24	FY25
<u>Expenditures by Fund</u>								
1000 - General	2,103	2,216	2,159	2,168	2,367	2,367	2,367	2,367
2000 - Restrict Misc Special Revenue	100	45	367	71	72	72	72	72
3000 - Federal	0		38	100	200	200	200	200
Total	2,203	2,260	2,565	2,339	2,639	2,639	2,639	2,639
Biennial Change				440		374		374
Biennial % Change				10		8		8
Governor's Change from Base								0
Governor's % Change from Base								0

Expenditures by Activity

Minnesota Trade Office	2,203	2,260	2,565	2,339	2,639	2,639	2,639	2,639
Total	2,203	2,260	2,565	2,339	2,639	2,639	2,639	2,639

Expenditures by Category

Compensation	1,224	1,244	1,209	1,306	1,339	1,366	1,339	1,366
Operating Expenses	749	919	1,163	833	1,000	973	1,000	973
Grants, Aids and Subsidies	228	97	192	200	300	300	300	300
Other Financial Transaction	1	0	0					
Total	2,203	2,260	2,565	2,339	2,639	2,639	2,639	2,639

Total Agency Expenditures	2,203	2,260	2,565	2,339	2,639	2,639	2,639	2,639
Internal Billing Expenditures	180	190	184	193	197	202	197	202
Expenditures Less Internal Billing	2,023	2,070	2,380	2,146	2,442	2,437	2,442	2,437

Full-Time Equivalents

	11.02	11.01	10.53	12.25	12.25	12.25	12.25	12.25
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(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY20	FY21	FY22	FY23	FY24	FY25	FY24	FY25
1000 - General								
Balance Forward In		162		1				
Direct Appropriation	2,292	2,292	2,142	2,142	2,242	2,242	2,242	2,242
Transfers In	25	25	25	25	125	125	125	125
Cancellations	72	263	8					
Balance Forward Out	142		1					
Expenditures	2,103	2,216	2,159	2,168	2,367	2,367	2,367	2,367
Biennial Change in Expenditures				8		407		407
Biennial % Change in Expenditures				0		9		9
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	10.87	10.85	10.46	11.85	11.85	11.85	11.85	11.85

2000 - Restrict Misc Special Revenue

Balance Forward In	208	195	186	36	35	33	35	33
Receipts	63	10	218	70	70	70	70	70
Balance Forward Out	171	160	36	35	33	31	33	31
Expenditures	100	45	367	71	72	72	72	72
Biennial Change in Expenditures				294		(294)		(294)
Biennial % Change in Expenditures				204		(67)		(67)
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	0.15	0.16	0.07	0.40	0.40	0.40	0.40	0.40

3000 - Federal

Receipts	0		38	100	200	200	200	200
Expenditures	0		38	100	200	200	200	200
Biennial Change in Expenditures				138		262		262
Biennial % Change in Expenditures						189		189
Governor's Change from Base								0
Governor's % Change from Base								0

Program: Vocational Rehabilitation Services

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

AT A GLANCE

- Provides employment-related services to approximately 20,000 youth and adults with disabilities in Minnesota each year to empower individuals to achieve their goals for competitive, integrated employment and career development.
- Assists Minnesotans with disabilities to live independently and secure their basic rights in areas like housing, transportation, education, and employment.

PURPOSE AND CONTEXT

Our purpose is to empower youth and adults with disabilities to achieve their goals to find and keep jobs, advance in their careers, and live independently in their communities. Vocational Rehabilitation Services helps remedy the disparity between the percentage of working-age Minnesotans with disabilities who are working – 43 percent – and those with no disability – 82 percent (2020).¹

Vocational Rehabilitation Services has a “dual customer” approach and assists both:

- Minnesotans with disabilities seeking competitive, integrated employment and independence in their communities, and
- Employers who seek qualified candidates for job openings.

SERVICES PROVIDED

We accomplish our mission via several distinct programs: the Vocational Rehabilitation program, the Extended Employment program, grants to Centers for Independent Living, grants for Individual Placement and Supports, and grants to serve individuals who are Deaf, Deafblind, and Hard of Hearing. The Vocational Rehabilitation program and grants to Independent Living Centers are operated and funded as federal/state partnerships. The Extended Employment program, grants to serve individuals who are Deaf, Deafblind, and Hard of Hearing, and grants for Individual Placements and Supports are funded solely by state appropriation.

- *Vocational Rehabilitation Program (VR):* We work with people with disabilities to explore employment choices, find and maintain jobs, and advance in their careers through services such as job counseling, job search assistance, education and training, and job placement services. Our staff provide individualized assessments, evaluations, counseling, training, assistive technologies, job placement, and retention services. Through coordinated partnerships, 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. A particular service focus is on Pre-Employment Transition Services (Pre-ETS) to help students with disabilities plan the journey from school to what comes next. Specifically, Pre-ETS helps students discover career and postsecondary education possibilities, how to gain work skills, work experiences, and assistance for students to make their plans happen.
- *Extended Employment:* We work with people with disabilities to keep their jobs and advance in their careers by providing long-term employment support services. Those services typically include assistance in training or retraining job tasks, scheduling changes, adjusting to new supervisors, advancement to new

¹ Data Source: Paul, S., Rafal, M., & Houtenville, A. (2021). Annual Disability Statistics Compendium: 2021 (Table 3.9). Durham, NH: University of New Hampshire, Institute on Disability.

job tasks or positions, and managing changes in non-work environments or life activities that affect work performance.

- *Centers for Independent Living:* We provide state and federal funding to Minnesota's eight Centers for Independent Living whose missions are to empower Minnesotans with disabilities to live and function independently at home, at work, and in their communities.
- *Individual Placement and Supports:* We provide state funding through grants to Minnesota's Individual Placement and Supports (IPS) projects that assist people with serious mental illnesses achieve steady competitive, integrated employment by providing a full range of employment services and supports. IPS services emphasize a rapid engagement approach to competitive job searches consistent with the individual's goals, interests and experience, and are available to anyone who wants to work regardless of mental health diagnosis, substance use, past work history or assessment of work readiness.
- *Deaf, Deafblind, and Hard of Hearing:* The Deaf, Deafblind, and Hard of Hearing grants provide funding to community partners to provide long-term, ongoing employment support services for persons who are deaf, deafblind or hard of hearing as well as school-based communication, access, and employment services for transition-aged youth who are deaf, deafblind or hard of hearing.

RESULTS

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>SFY19</i>	<i>SFY20²</i>	<i>SFY21</i>	<i>SFY22</i>
Quantity	Number of new participants receiving services	5,406	4,754	3,395	4,268
Quantity	Total number of participants receiving services	16,151	15,013	13,073	13,256
Result	Number of individuals attaining employment	2,605	2,291	1,505	1,936
Quantity	Potentially eligible students served through pre-ETS only	1,194	1,727	954	1,563
Quantity	VRS participants served with pre-ETS	1,520	2,221	2,514	2,468

RESULTS – EXTENDED EMPLOYMENT PROGRAM

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>SFY19</i>	<i>SFY20</i>	<i>SFY21</i>	<i>SFY22</i>
Quantity	Number of individuals	3,586	3,163	2,813	2,770
Result	Total wages earned by individuals	\$31.4M	\$27.8M	\$28.9M	\$31.8M

RESULTS – INDIVIDUAL PLACEMENT AND SUPPORTS GRANTS

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>CY19</i>	<i>CY20</i>	<i>CY21</i>	<i>SFY22³</i>
Quantity	Total number of individuals served	1,226	1,026	1,027	1,082
Quantity	Total number of individuals employed	736	616	616	675

² The COVID-19 pandemic impacted the number of people served during SFY20 – SFY22 as well as their ability to gain and maintain employment.

³ New data collection method for IPS started on 7/1/2021.

RESULTS – INDEPENDENT LIVING GRANTS

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>SFY19</i>	<i>SFY20</i>	<i>SFY21</i>	<i>SFY22</i>
Quantity	Total number of individuals served	6,549	6,856	6,384	6,698
Quantity	Total instances of service (Information and Referral, Skills Training, Peer Counseling, Advocacy)	53,458	55,819	48,270	39,029

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

Minn. Stat., [Chap. 268A](#) provides the statutory authority for the Extended Employment program, Individual Placement and Support grants, and the Deaf and Hard of Hearing grants.

Vocational Rehabilitation Services

Program Expenditure Overview

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY20	FY21	FY22	FY23	FY24	FY25	FY24	FY25
<i>Expenditures by Fund</i>								
1000 - General	28,973	30,733	31,612	30,682	28,881	28,881	30,826	30,826
2000 - Restrict Misc Special Revenue		600						
2390 - Workforce Development	8,909	8,973	9,796	8,442	7,830	7,830	7,830	7,830
2403 - Gift	0		14	57	57	45	57	45
3000 - Federal	51,924	55,116	64,077	69,500	71,715	75,553	71,715	75,553
Total	89,806	95,422	105,499	108,681	108,483	112,309	110,428	114,254
Biennial Change				28,952		6,612		10,502
Biennial % Change				16		3		5
Governor's Change from Base								3,890
Governor's % Change from Base								2
<i>Expenditures by Activity</i>								
Vocational Rehabilitation	64,699	67,080	77,625	82,221	84,909	89,073	84,909	89,073
Extended Employment	19,581	21,747	23,205	20,823	18,400	18,400	20,345	20,345
Independent Living	5,526	6,595	4,669	5,637	5,174	4,836	5,174	4,836
Total	89,806	95,422	105,499	108,681	108,483	112,309	110,428	114,254
<i>Expenditures by Category</i>								
Compensation	33,222	34,050	34,257	37,887	40,027	41,085	40,027	41,085
Operating Expenses	12,833	15,722	14,615	16,157	15,644	16,300	15,644	16,300
Grants, Aids and Subsidies	43,728	45,643	56,602	54,627	52,803	54,915	54,748	56,860
Capital Outlay-Real Property	0		0					
Other Financial Transaction	24	6	25	10	9	9	9	9
Total	89,806	95,422	105,499	108,681	108,483	112,309	110,428	114,254
Total Agency Expenditures	89,806	95,422	105,499	108,681	108,483	112,309	110,428	114,254
Internal Billing Expenditures	4,879	5,207	5,303	5,608	5,926	6,083	5,926	6,083
Expenditures Less Internal Billing	84,927	90,215	100,196	103,073	102,557	106,226	104,502	108,171
<i>Full-Time Equivalents</i>	358.17	356.65	357.09	362.29	381.88	381.88	381.88	381.88

Vocational Rehabilitation Services

Program Financing by Fund

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY20	FY21	FY22	FY23	FY24	FY25	FY24	FY25
1000 - General								
Balance Forward In	2,445	4,465	4,626	1,801				
Direct Appropriation	28,861	28,861	28,861	28,861	28,861	28,861	30,806	30,806
Transfers In	19	19	19	20	20	20	20	20
Cancellations		802	94					
Balance Forward Out	2,353	1,811	1,800					
Expenditures	28,973	30,733	31,612	30,682	28,881	28,881	30,826	30,826
Biennial Change in Expenditures				2,589		(4,532)		(642)
Biennial % Change in Expenditures				4		(7)		(1)
Governor's Change from Base								3,890
Governor's % Change from Base								7
Full-Time Equivalents	2.51	1.98	123.26	123.26	123.56	123.56	123.56	123.56

2000 - Restrict Misc Special Revenue

Balance Forward In	0					
Receipts	600					
Expenditures	600					
Biennial Change in Expenditures			(600)		0	0
Biennial % Change in Expenditures						
Governor's Change from Base						0
Governor's % Change from Base						

2390 - Workforce Development

Balance Forward In	1,091	2,720	2,656	622				
Direct Appropriation	9,630	7,830	7,840	7,820	7,830	7,830	7,830	7,830
Cancellations	10	347	78					
Balance Forward Out	1,802	1,230	622					
Expenditures	8,909	8,973	9,796	8,442	7,830	7,830	7,830	7,830
Biennial Change in Expenditures				356		(2,578)		(2,578)
Biennial % Change in Expenditures				2		(14)		(14)
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	0.11	0.10	0.12	0.12	0.12	0.12	0.12	0.12

Vocational Rehabilitation Services

Program Financing by Fund

(Dollars in Thousands)

	Actual FY20	Actual FY21	Actual FY22	Estimate FY23	Forecast Base FY24 FY25		Governor's Recommendation FY24 FY25	
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2403 - Gift

Balance Forward In	37	38	38	24	12		12	
Receipts	1	0	0	45	45	45	45	45
Balance Forward Out	38	38	24	12				
Expenditures	0		14	57	57	45	57	45
Biennial Change in Expenditures				70		31		31
Biennial % Change in Expenditures						44		44
Governor's Change from Base								0
Governor's % Change from Base								0

3000 - Federal

Balance Forward In	7	3,561	621	612	363	2	363	2
Receipts	51,924	52,125	64,068	69,251	71,354	75,552	71,354	75,552
Balance Forward Out	7	571	612	363	2	1	2	1
Expenditures	51,924	55,116	64,077	69,500	71,715	75,553	71,715	75,553
Biennial Change in Expenditures				26,537		13,691		13,691
Biennial % Change in Expenditures				25		10		10
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	355.55	354.57	233.71	238.91	258.20	258.20	258.20	258.20

Program: State Services for the Blind<http://mn.gov/deed/job-seekers/blind-visual-impaired/>**AT A GLANCE**

- The State Services for the Blind (SSB) Workforce Development Unit supports blind, visually impaired, and DeafBlind Minnesotans in becoming independent, self-sufficient, and employed by providing career counseling, career-driven training, technology, and employment services.
- The SSB Communication Center provides Minnesotans with braille, audio, large print, and e-text to learn and excel in school, get jobs, increase job skills, and be vital neighbors and community members.
- The SSB Senior Services Unit provides direct services and uses local partnerships across Minnesota to enable seniors to continue living independently in their homes and actively engaging in their communities.

PURPOSE AND CONTEXT

The achievement-focused programs of State Services for the Blind (SSB) assist customers with the tools they need to succeed in work, school, and life. Designed to address needs not met by other programs, SSB builds value by investing in young adults, leveling the employment playing field, keeping seniors engaged, safe, and at home, and by transforming print into accessible media.

SERVICES PROVIDED

Workforce Development: Workforce Development receives 78.7 percent of its funding through a federal grant from the U.S. Department of Education. For Federal Fiscal Year 2022, the total amount of grant funds awarded was \$9,296,238. The remaining 21.3 percent required match of \$2,516,009 is funded by a state appropriation.

Vocational Rehabilitation: A Workforce Innovation and Opportunity Act Core Partner

Assist youth in preparing for life after high school by ensuring they have the skills, training, and technology necessary to be a part of a highly skilled, highly trained workforce. We support individuals in choosing careers that align with today's economic trends and provide them with the necessary training and technology so they have a competitive edge in the labor market. We help individuals avoid or leave sheltered workshops that pay subminimum wage and instead assist them in finding high quality, good paying jobs in the community. Our highly skilled employment specialists and assistive technologists partner with businesses by assisting them with recruitment, employee retention, disability training, and job accommodations.

Business Enterprises: Providing Entrepreneurial Opportunities

Provide vending business job opportunities for blind, visually impaired, and DeafBlind entrepreneurs within state and federal buildings at 147 locations statewide. There are 26 entrepreneurs in this program operating businesses which generate \$3.7 million in annual sales, pay \$213,000 in state sales taxes, pay over \$412,000 in employee wages, and pay \$129,000 in funds to support the program.

Senior Services: Senior Services receives a federal grant through the U.S. Department of Education. In FFY22, the federal grant was \$523,872 with a 10 percent state match of \$58,208. Senior Services also receives an additional \$500,000 state allotment.

Many of the people we work with have age-related macular degeneration, diabetic retinopathy, glaucoma, or other vision-related conditions that are often a part of aging. Our goal is to help customers meet the challenges of

vision loss based on their own particular needs and circumstances. Services range from teaching simple techniques for managing household activities to comprehensive training that can include learning to use a white cane, how to continue to use technology, and more complex personal independence skills. The Aging Eyes Initiative is an additional program within Senior Services that leverages community partnerships throughout Minnesota to reach additional seniors in need.

Communication Center: We keep Minnesotans reading so that all can learn and excel in school, get jobs, increase job skills, and be vital neighbors and members of our communities. We provide equal access to information (newspapers, books, magazines, community, religious, and family materials) through braille, audio books, podcasts, large print, and e-text. We partner with the Minnesota Braille and Talking Book Library and are part of the National Library Service program. We provide braille school materials for Minnesota's K-12 children, and we produce braille and audio textbooks for Minnesota's higher educational students. Our radio reading service, the Radio Talking Book, broadcasts new books, magazines, and daily newspapers. RTB has an app for IOS and Android as well as an Alexa skill. NFB-NEWSLINE presents audio newspapers and magazines from around the world, as well as job postings. We also produce life-skill podcasts for youth in partnership with Blind Abilities. Government agencies, businesses, and schools rely on us and our approximately 300 volunteers for their braille, audio, large print, and e-text needs.

RESULTS

Workforce Development:

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>FFY 2020</i>	<i>FFY 2021</i>
Result	Customers' average hours worked per week	30	29
Result	Customers' average hourly wage	\$20.48	\$21.67

Senior Services:

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>FFY 2020</i>	<i>FFY 2021</i>
Quantity	Total customers served	3,244	2,898
Quantity	Customers enrolled through Aging Eyes	456	341
Result	Community partnerships formed	77	52

Communication Center:

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>FFY 2020</i>	<i>FFY 2021</i>
Quantity	Total customers served	8,492	8,901

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>)

State Services for The Blind

Program Expenditure Overview

(Dollars in Thousands)

	Actual FY20	Actual FY21	Actual FY22	Estimate FY23	Forecast Base		Governor's Recommendation	
					FY24	FY25	FY24	FY25

Expenditures by Fund

1000 - General	6,551	6,551	6,414	6,688	6,551	6,551	10,551	10,551
2000 - Restrict Misc Special Revenue	761	757	681	875	785	785	785	785
2403 - Gift	261	200	227	291	326	326	326	326
3000 - Federal	9,464	12,011	13,153	13,813	17,448	18,948	17,448	18,948
Total	17,037	19,519	20,475	21,667	25,110	26,610	29,110	30,610
Biennial Change				5,585		9,578		17,578
Biennial % Change				15		23		42
Governor's Change from Base								8,000
Governor's % Change from Base								15

Expenditures by Activity

Services for The Blind	17,037	19,519	20,475	21,667	25,110	26,610	29,110	30,610
Total	17,037	19,519	20,475	21,667	25,110	26,610	29,110	30,610

Expenditures by Category

Compensation	9,478	9,528	10,160	11,694	11,628	11,919	12,628	12,919
Operating Expenses	4,525	5,375	5,616	6,325	6,560	6,297	7,385	7,122
Grants, Aids and Subsidies	2,877	3,400	3,411	2,679	4,193	5,165	6,218	7,190
Capital Outlay-Real Property		5	0	1	1	1	1	1
Other Financial Transaction	157	1,211	1,287	968	2,728	3,228	2,878	3,378
Total	17,037	19,519	20,475	21,667	25,110	26,610	29,110	30,610

Total Agency Expenditures	17,037	19,519	20,475	21,667	25,110	26,610	29,110	30,610
Internal Billing Expenditures	1,392	1,468	1,546	1,616	1,718	1,760	1,848	1,890
Expenditures Less Internal Billing	15,645	18,051	18,928	20,051	23,392	24,850	27,262	28,720

Full-Time Equivalents

	105.01	100.30	107.86	107.86	107.86	107.86	115.86	115.86
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State Services for The Blind

Program Financing by Fund

(Dollars in Thousands)

	Actual FY20	Actual FY21	Actual FY22	Estimate FY23	Forecast Base FY24 FY25		Governor's Recommendation FY24 FY25	
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1000 - General

Balance Forward In		0		137				
Direct Appropriation	6,425	6,425	6,425	6,425	6,425	6,425	10,425	10,425
Transfers In	126	126	126	126	126	126	126	126
Balance Forward Out			138					
Expenditures	6,551	6,551	6,414	6,688	6,551	6,551	10,551	10,551
Biennial Change in Expenditures				(1)		0		8,000
Biennial % Change in Expenditures				(0)		0		61
Governor's Change from Base								8,000
Governor's % Change from Base								61
Full-Time Equivalents	42.27	42.42	38.97	38.97	38.97	38.97	46.97	46.97

2000 - Restrict Misc Special Revenue

Balance Forward In	977	835	894	665	411	361	411	361
Receipts	519	620	452	621	735	734	735	734
Balance Forward Out	735	698	664	411	361	310	361	310
Expenditures	761	757	681	875	785	785	785	785
Biennial Change in Expenditures				38		14		14
Biennial % Change in Expenditures				3		1		1
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	2.00	0.12						

2403 - Gift

Balance Forward In	241	357	587	518	518	518	518	518
Receipts	377	397	159	291	326	326	326	326
Balance Forward Out	357	554	518	518	518	518	518	518
Expenditures	261	200	227	291	326	326	326	326
Biennial Change in Expenditures				57		134		134
Biennial % Change in Expenditures				12		26		26
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	1.45	1.00	1.00	1.00	1.00	1.00	1.00	1.00

State Services for The Blind

Program Financing by Fund

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY20	FY21	FY22	FY23	FY24	FY25	FY24	FY25

3000 - Federal

Balance Forward In	109	265	165	115				
Receipts	9,443	11,847	13,102	13,698	17,448	18,948	17,448	18,948
Balance Forward Out	88	101	115					
Expenditures	9,464	12,011	13,153	13,813	17,448	18,948	17,448	18,948
Biennial Change in Expenditures				5,491		9,430		9,430
Biennial % Change in Expenditures				26		35		35
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	59.29	56.76	67.89	67.89	67.89	67.89	67.89	67.89

Program: Broadband Development<https://mn.gov/deed/programs-services/broadband/>**AT A GLANCE**

- Works to ensure that the state's Internet service is among the nation's best and can keep pace with the growing demands of businesses and individual Minnesotans.
- Coordinates public, private, and philanthropic efforts to increase availability, speed, and use of broadband.
- Administers federal resources assigned directly to states for broadband infrastructure.
- Administers the state competitive grant fund for broadband infrastructure.
- Administers the state Telecommuter Forward! Community certification program.
- Conducts research, data collection, and mapping to inform policy and improve access to underserved and unserved communities.

PURPOSE AND CONTEXT

The Office of Broadband Development (OBD), created in 2013, is charged with improving broadband access and use. OBD is housed in the Business and Community Development Division. 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 to have digitally literate Minnesotans.

SERVICES PROVIDED

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

- *Community Planning:* 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:* 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:* Study and work to improve low broadband adoption and use rates among identified population groups. Manage the Telecommuter Forward! Community certification program to promote broadband usage and economic development.
- *Collaboration and Engagement:* Provide support and input to the Governor's Task Force on Broadband 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>Year & Amount of Funding Appropriated</i>						
		<i>2014 \$20M</i>	<i>2015 \$10.5M</i>	<i>2016 \$35M</i>	<i>2017 \$20M</i>	<i>2018 \$0</i>	<i>2019 \$20M</i>	<i>2020 \$20M</i>
Quantity	# of Applications to Broadband Grant Program	40	44	57	70	0	80	64
Quantity	# of Grant Awards from the Broadband Grant Program	16	15	40	39	0	30	39
Quantity	# of Households, Businesses and Community Institutions Served by Broadband Grant Program	6,333	4,098	16,708	12,202	0	10,938	6,922
Results	Percent of Minnesota Households with High-Speed Broadband Access (based on 2016 established goal of 25Mbps down/3Mbps upload)	85.83% ¹	87.72% ²	87.94% ³	90.77% ⁴	92.70% ⁵	92.19% ⁶	91.86 ⁷

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 Broadband access as of 2/15

² Broadband access as of 7/16

³ Broadband access as of 4/17

⁴ Broadband access as of 3/18

⁵ Broadband access as of 4/19

⁶ Broadband access as of 4/20. The decrease in household availability between 2019 and 2020 is attributable to more granular reporting of available broadband speeds by a few broadband providers.

⁷ Broadband access as of 5/21. The decrease in household availability between 2020 and 2021 is attributable to more granular reporting of available broadband speeds by a few broadband providers and use of Census 2020 Housing Units instead of 2010 Occupied Households.

Broadband Development

Program Expenditure Overview

(Dollars in Thousands)

	Actual FY20	Actual FY21	Actual FY22	Estimate FY23	Forecast Base		Governor's Recommendation	
					FY24	FY25	FY24	FY25
<u>Expenditures by Fund</u>								
1000 - General	144	460	283	417	350	350	138,350	138,350
2001 - Other Misc Special Revenue	23,753	20,991	803	26,519	27,872	375	27,872	375
3000 - Federal				135,903	101,504	100,997	101,504	100,997
Total	23,898	21,450	1,086	162,839	129,726	101,722	267,726	239,722
Biennial Change				118,577		67,523		343,523
Biennial % Change				261		41		210
Governor's Change from Base								276,000
Governor's % Change from Base								119

Expenditures by Activity

Broadband Dev Office	23,898	21,450	1,086	162,839	129,726	101,722	267,726	239,722
Total	23,898	21,450	1,086	162,839	129,726	101,722	267,726	239,722

Expenditures by Category

Compensation	273	482	521	3,055	1,043	1,069	1,043	1,069
Operating Expenses	287	323	565	3,643	2,246	1,481	2,246	1,481
Grants, Aids and Subsidies	23,337	20,645		156,141	126,437	99,172	264,437	237,172
Other Financial Transaction	0	0	0					
Total	23,898	21,450	1,086	162,839	129,726	101,722	267,726	239,722

Total Agency Expenditures	23,898	21,450	1,086	162,839	129,726	101,722	267,726	239,722
Internal Billing Expenditures	40	74	79	453	154	158	154	158
Expenditures Less Internal Billing	23,858	21,377	1,007	162,386	129,572	101,564	267,572	239,564

Full-Time Equivalents

2.63	3.42	3.98	10.00	14.00	14.00	14.00	14.00
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Broadband Development

Program Financing by Fund

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY20	FY21	FY22	FY23	FY24	FY25	FY24	FY25
1000 - General								
Balance Forward In		110		67				
Direct Appropriation	20,250	20,250	350	25,350	25,350	350	163,350	138,350
Transfers In		100						
Transfers Out	20,000	20,000		25,000	25,000		25,000	
Balance Forward Out	106		67					
Expenditures	144	460	283	417	350	350	138,350	138,350
Biennial Change in Expenditures				96		0		276,000
Biennial % Change in Expenditures				16		0		39,432
Governor's Change from Base								276,000
Governor's % Change from Base								39,429
Full-Time Equivalents	0.80	2.14	1.55	2.25	2.25	2.25	2.25	2.25

2001 - Other Misc Special Revenue

Balance Forward In	4,474	1,489	5,369	4,690	3,421	799	3,421	799
Receipts	623	207	124	250	250	250	250	250
Transfers In	20,000	20,000		25,000	25,000		25,000	
Balance Forward Out	1,344	706	4,690	3,421	799	674	799	674
Expenditures	23,753	20,991	803	26,519	27,872	375	27,872	375
Biennial Change in Expenditures				(17,422)		925		925
Biennial % Change in Expenditures				(39)		3		3
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	1.83	1.28	2.43	0.75	0.75	0.75	0.75	0.75

3000 - Federal

Receipts			135,903		101,504	100,997	101,504	100,997
Expenditures			135,903		101,504	100,997	101,504	100,997
Biennial Change in Expenditures			135,903			66,598		66,598
Biennial % Change in Expenditures								
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents			7.00		11.00	11.00	11.00	11.00

Paid Family Medical Leave

Program Expenditure Overview

(Dollars in Thousands)

	Actual FY20	Actual FY21	Actual FY22	Estimate FY23	Forecast Base FY24 FY25		Governor's Recommendation FY24 FY25	
4925 - Paid Family Medical Leave							41,659	36,492
Total							41,659	36,492
Biennial Change				0		0		78,151
Biennial % Change								
Governor's Change from Base								78,151
Governor's % Change from Base								
Paid Family Medical Leave							41,659	36,492
Total							41,659	36,492
Compensation							4,942	8,478
Operating Expenses							36,717	28,014
Grants, Aids and Subsidies								
Total							41,659	36,492

Paid Family Medical Leave

Program Financing by Fund

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY20	FY21	FY22	FY23	FY24	FY25	FY24	FY25
4925 - Paid Family Medical Leave								
Direct Appropriation							41,659	36,492
Expenditures							41,659	36,492
Biennial Change in Expenditures				0		0		78,151
Biennial % Change in Expenditures								
Governor's Change from Base								78,151
Governor's % Change from Base								

Employment and Economic Development

Federal Funds Summary

(Dollars in Thousands)

Federal Agency and CFDA #	Federal Award Name and Brief Purpose	FY 2022 Actual	FY 2023 Budget	FY 2024 Base	FY 2025 Base	Required State Match or MOE?	FTEs
US HUD CFDA 14.228	Small Cities Community Development Block Grants (CDBG) For the benefit of eligible non- entitlement local units of government for community development needs.	\$ 23,320	\$ 19,243	\$ 23,000	\$ 23,000	Match	2.20
US HUD CFDA 14.228	Community Development Block Grant CARES Act (CDBG-CV) Activities that benefit low- and moderate-income persons by providing housing, a permanent job, a public service, or access to new or significantly improved infrastructure. The remaining 30 percent may be used to eliminate slum or blighted conditions, or to address an urgent need for which the grantee certifies it has no other funding.	\$ 34,915	\$ 1,343	\$ 1,343	\$ -		1.90
Environmental Protection Agency CFDA 66.818	Brownfield/Petroleum Cleanup Provide loans to public or private entities for clean-up of contaminated property.	\$ 3	\$ 17	\$ 167	\$ 168		0.03
	Budget Activity Total: Community Finance	\$ 58,239	\$ 20,603	\$ 24,510	\$ 23,168		4.13
Small Business Administration CFDA 59.037	Small Business Development Centers Financing small business development center services.	\$ 2,164	\$ 2,192	\$ 2,250	\$ 2,300	Match	-
Small Business Administration CFDA 59.037C	SBDC COVID19 CARES Act To provide education, training and business advising to small businesses that have experienced supply chain disruptions, staffing challenges, a decrease in gross receipts or customers or a closure as a result of COVID-19	\$ 78	\$ 362	\$ -	\$ -		-
	Budget Activity Total: Entrepreneurship & Small Business Development	\$ 2,242	\$ 2,554	\$ 2,250	\$ 2,300		-
US Dept of Treasury (no CFDA#)	State Small Business Credit Initiative (SSBCI) Funding new or existing state programs that fell into one of the following types: Capital Access Program (CAP), Collateral Support Program, Loan Guarantee Program, Loan Participation Program, or Venture Capital Program.	\$ -	\$ 30,000	\$ 30,000	\$ 25,618		-
	Budget Activity Total: Business Finance	\$ -	\$ 30,000	\$ 30,000	\$ 25,618		-

Employment and Economic Development

Federal Funds Summary

(Dollars in Thousands)

Federal Agency and CFDA #	Federal Award Name and Brief Purpose	FY 2022 Actual	FY 2023 Budget	FY 2024 Base	FY 2025 Base	Required State Match or MOE?	FTEs
Dept of Commerce - EDA CFDA 11.307	ARPA Statewide Travel & Tourism Grant to help support regions hard hit by declines to these industries through projects to build new tourist attractions (museums, event venues, hiking trails, campgrounds, etc.), develop tourism-related economic plans, and support workforce training in the tourism sector	\$ 8,066	\$ 46	\$ 538	\$ 538		-
Dept of Commerce - EDA CFDA 11.307	ARPA Statewide Planning, Research, and Networks develop coordinated state-wide plans for economic development and data, tools, and institutional capacity to evaluate and scale evidence-based economic development efforts, including through communities of practice and provision of technical assistance	\$ 14	\$ 703	\$ 450	\$ 450		0.15
US Department of Labor CFDA 17.207	Career One-Stop Provides a wide array of information and interactive tools for job seekers, students and other career planners.	\$ 7,432	\$ 7,512	\$ 10,000	\$ 10,000		15.87
US Department of Labor CFDA 17.002	Labor Force Statistics Collects, edits, analyzes and disseminates employment and economic data.	\$ 1,521	\$ 1,406	\$ 1,406	\$ 1,406		11.93
US Department of Labor CFDA 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.	\$ 567	\$ 597	\$ 805	\$ 805		2.40
US Department of Labor CFDA 17.207	Workforce Information Grant Provide analysis of job market conditions and outlook, economic indicators and workforce trends.	\$ 490	\$ 662	\$ 610	\$ 610		6.00
	Budget Activity Total: Economic Analysis and Information	\$ 18,090	\$ 10,926	\$ 13,809	\$ 13,809		36.35
	Program Total: Business and Community Development	\$ 78,571	\$ 64,083	\$ 70,569	\$ 64,895		40.48
US Department of Labor CFDA 17.225	Unemployment Insurance Provides a temporary, partial wage replacement to those who become unemployed through no fault of their own.	\$ 77,496	\$ 68,972	\$ 65,176	\$ 66,594		299.05
US Department of Labor CFDA 17.225	Unemployment Insurance ADMIN EUISSA Families First Coronavirus Response Act, Public Law (Pub.L.) 116-127, Division D, EUISSA. Unemployment Insurance provides a temporary, partial wage replacement to those who become unemployed through no fault of their own.	\$ -	\$ 4,000	\$ 4,000	\$ 4,000		-
	Program Total: Unemployment Insurance	\$ 77,496	\$ 72,972	\$ 69,176	\$ 70,594		299.05

Employment and Economic Development

Federal Funds Summary

(Dollars in Thousands)

Federal Agency and CFDA #	Federal Award Name and Brief Purpose	FY 2022 Actual	FY 2023 Budget	FY 2024 Base	FY 2025 Base	Required State Match or MOE?	FTEs
US Department of Labor CFDA 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.	\$ 1,654	\$ 1,962	\$ 1,962	\$ 1,962	Match	1.16
US Department of Labor CDFA 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	\$ 6,384	\$ 13,009	\$ 13,009	\$ 13,009		15.29
US Department of Labor CFDA 17.258	Workforce Innovation and Opportunity Act (WIOA) Adult Programs Provides year round employment training services to adults.	\$ 9,125	\$ 9,855	\$ 9,855	\$ 9,855		5.28
US Department of Labor CFDA 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.	\$ 10,855	\$ 11,173	\$ 11,173	\$ 11,173		16.29
US Department of Labor CFDA 17.277	National Emergency Grants - Workforce Innovation and Opportunity Act Programs -OPIOID Provides funding assistance to address the workforce-related impacts of the public health emergency related to the coronavirus pandemic increase in OPIOID usage.	\$ 382	\$ 595	\$ -	\$ -		0.37
US Department of Labor CFDA 17.277C	National Emergency Grants - Workforce Innovation and Opportunity Act Programs -COVID-19 pandemic. Provides funding assistance to address the workforce-related impacts of the public health emergency related to the coronavirus pandemic.	\$ 30	\$ 372	\$ -	\$ -		-
US Department of Labor CFDA 17.720	RETAIN Demonstration Projects will test the impact of early intervention strategies that improve stay-at-work/return-to-work (SAW/RTW) outcomes of individuals who experience an injury or illness while employed. RETAIN projects will address both on-the-job and off-the-job injuries and illnesses. Individuals participating in RETAIN must be employed, or at a minimum in the labor force, at the time of the injury or illness onset.	\$ 5,823	\$ 6,968	\$ 6,968	\$ 6,968		7.23

Employment and Economic Development

Federal Funds Summary

(Dollars in Thousands)

Federal Agency and CFDA #	Federal Award Name and Brief Purpose	FY 2022 Actual	FY 2023 Budget	FY 2024 Base	FY 2025 Base	Required State Match or MOE?	FTEs
US Department of Labor CFDA 17.268	Apprenticeship Initiative - An award to develop innovative approaches to expand apprenticeship into more industries, sectors, and occupations.	\$ 19	\$ -	\$ -	\$ -		0.16
CFDA	NPS Pool-Admin Operations	\$ -	\$ -	\$ -	\$ -		-
	Budget Activity Total: Adult Services	\$ 34,272	\$ 43,934	\$ 42,967	\$ 42,967		45.78
US Department of Labor CFDA 17.259	Workforce Innovation and Opportunity Act (WIOA) Youth Programs Provides year round employment training services to disadvantaged youth.	\$ 10,115	\$ 12,024	\$ 12,024	\$ 12,024		7.42
	Budget Activity Total: Youth Services	\$ 10,115	\$ 12,024	\$ 12,024	\$ 12,024		7.42
	Program Total: Employment & Training Programs	\$ 44,387	\$ 55,958	\$ 54,991	\$ 54,991		53.20
US Department of Labor CFDA 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.	\$ 179	\$ 266	\$ 274	\$ 282		2.20
US Department of Labor CFDA 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.	\$ 285	\$ 479	\$ 497	\$ 497		3.20
US Department of Labor CFDA 17.801	Veterans Programs Provide specialized employment and training services to veterans using the workforce center system.	\$ 2,930	\$ 3,262	\$ 3,262	\$ 3,262		25.00
US Department of Labor CFDA 17.207	Employment Services Wagner- Peyser Provides labor exchange services to individuals seeking employment and to businesses seeking workers.	\$ 11,019	\$ 12,269	\$ 12,369	\$ 12,594		80.83
US Department of Labor CFDA 17.270	Fidelity Bonding Demonstration Grants Help persons with criminal records, including ex-offenders recovering from opioid and other drug addictions, obtain employment.	\$ 2	\$ 25	\$ 36	\$ 37		0.03

Employment and Economic Development

Federal Funds Summary

(Dollars in Thousands)

Federal Agency and CFDA #	Federal Award Name and Brief Purpose	FY 2022 Actual	FY 2023 Budget	FY 2024 Base	FY 2025 Base	Required State Match or MOE?	FTEs
US Department of Labor CFDA 17.270	First Step Act (PROWD) to provide pre- and post-release individualized career pathways training, employment seeking skills development, employment attainment, and sustainability services to Individuals currently residing in the four minimum- or low-security Federal Bureau of Prisons (BOP) correctional facilities in Minnesota	\$ -	\$ 2,500	\$ 2,500	\$ 2,500		8.00
NO CFDA	Subgrant agreements	\$ 3,006	\$ 2,670	\$ 3,015	\$ 3,099		12.78
NO CFDA	NMPLSBLDGS SALE Building sale proceeds used to fund CareerForce approved projects	\$ 385	\$ 358	\$ -	\$ -		1.00
	Program Total: Career Force Systems	\$ 17,806	\$ 21,829	\$ 21,953	\$ 22,271		133.04
Social Security Administration CFDA 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.	\$ 27,345	\$ 34,304	\$ 38,123	\$ 33,263		175.00
	Program Total: Disability Determination	\$ 27,345	\$ 34,304	\$ 38,123	\$ 33,263		175.00
Small Business Administration CFDA 59.061	State Trade and Export Promotion (STEP) to provide grants to states to carry out export programs that assist eligible small businesses.	\$ 38	\$ 100	\$ 200	\$ 200	Match	-
	Program Total: Minnesota Trade Office	\$ 38	\$ 100	\$ 200	\$ 200		-
US Department of Education CFDA 84.187	Basic Supported Employment Provides assessment, vocational evaluations, counseling, training, and job placement services for persons with significant disabilities.	\$ 246	\$ 246	\$ 246	\$ 246	Match	-
US Department of Education CFDA 84.126	Basic Employment Provides assessment, vocational evaluations, counseling, training, and job placement services for persons with significant disabilities.	\$ 62,133	\$ 64,827	\$ 66,500	\$ 70,500	Both	233.51
US Department of Education CFDA 84.421	Disability Innovation Fund An Innovative Model Demonstration using Progressive Employment and a dual-customer approach to support people in exploring, trying, and achieving CIE in the transportation industry / Support innovative activities aimed at improving the outcomes of individuals with disabilities	\$ -	\$ 1,800	\$ 2,805	\$ 2,981		4.20
Interagency agreement No CFDA	VR Special Projects	\$ -	\$ 1	\$ 1	\$ 1		-
	Budget Activity Total: Vocational Rehabilitation	\$ 62,379	\$ 66,874	\$ 69,552	\$ 73,728		237.71

Employment and Economic Development

Federal Funds Summary

(Dollars in Thousands)

Federal Agency and CFDA #	Federal Award Name and Brief Purpose	FY 2022 Actual	FY 2023 Budget	FY 2024 Base	FY 2025 Base	Required State Match or MOE?	FTEs
Health & Human Services CFDA 93.369	Independent Living Services B Provides independent living skills training, information and referral, systems advocacy, and peer support services to persons with disabilities.	\$ 449	\$ 965	\$ 557	\$ 457	Match	1.20
Health & Human Services CFDA 93.432	Independent Living Services C To support a network of centers for independent living (centers or CILs)	\$ 1,248	\$ 1,300	\$ 1,338	\$ 1,368		-
Health & Human Services 93.432C	IND LIVING SVCS FED C CARES- Independent Living Services C to support a network of centers for independent living centers for Covid-19 related needs	\$ -	\$ 100	\$ 8	\$ -		-
Health & Human Services CFDA 93.432	Expanding Public Health Network Within ACL's Networks Funding to recruit, hire, and train public health workers to respond to the COVID-19 pandemic and prepare for future public health challenges	\$ -	\$ 261	\$ 260	\$ -		-
	Budget Activity Total:						
	Independent Living	\$ 1,697	\$ 2,626	\$ 2,163	\$ 1,825		1.20
	Program Total: Vocational Rehabilitation	\$ 64,077	\$ 69,500	\$ 71,715	\$ 75,553		238.91
US Department of Education CFDA 84.187	Basic Supported Employment Provides assessment, vocational evaluations, counseling, training, Braille, and job placement services.	\$ (17)	\$ 60	\$ 60	\$ 60	Match	-
US Department of Education CFDA 84.126	Basic Employment Provides assessment, vocational evaluations, counseling, training, Braille, and job placement services.	\$ 10,913	\$ 11,385	\$ 14,800	\$ 16,300	Both	53.90
Health & Human Services CFDA 93.369	Independent Living Services B Provides assistance to older blind persons with disabilities to live independently.	\$ 62	\$ 108	\$ 63	\$ 63	Match	0.60
US Department of Education CFDA 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.	\$ 1,499	\$ 1,525	\$ 1,800	\$ 1,800	Match	7.37
Interagency agreement No CFDA	Education Agreement	\$ 695	\$ 725	\$ 725	\$ 725		6.02
Interagency agreement No CFDA	SSB Special Projects	\$ -	\$ 10	\$ -	\$ -		-
	Program Total: Service for The Blind	\$ 13,153	\$ 13,813	\$ 17,448	\$ 18,948	-	67.89

Employment and Economic Development

Federal Funds Summary

(Dollars in Thousands)

Federal Agency and CFDA #	Federal Award Name and Brief Purpose	FY 2022 Actual	FY 2023 Budget	FY 2024 Base	FY 2025 Base	Required State Match or MOE?	FTEs
Dept of Commerce CFDA 11.035	BrdBnd Equity Access & Deploy (BEAD) broadband planning, deployment, mapping, equity, and adoption activities	\$ -	\$ 5,000	\$ 100,000	\$ 100,000		1.00
Dept of Treasury CFDA 21.029	Broadband ARPA CPF invest in capital assets that meet communities' critical needs in the short- and long-term, with a key emphasis on making funding available for broadband infrastructure.	\$ -	\$ 130,703	\$ -	\$ -		5.00
Dept of Commerce CFDA 11.032	Digital Equity Capacity support of digital equity projects and the implementation of digital equity plans	\$ -	\$ -	\$ 704	\$ 997		-
Dept of Commerce CFDA 11.032	Digital Equity Planning to develop digital equity plans	\$ -	\$ 200	\$ 800	\$ -		1.00
	Budget Program: Broadband Dev Office	\$ -	\$ 135,903	\$ 101,504	\$ 100,997		7.00
	Federal Fund [3000 Fund] Total	\$ 322,872	\$ 468,462	\$ 445,679	\$ 441,712		1014.57
Dept of Treasury CFDA 21.027	Science Museum Operations ARPA State & Local Fiscal Recovery Fund - Non profit beneficiary pass through grant	\$ 3,798	\$ -	\$ -	\$ -		-
	Coronavirus Relief Fund [3010 Fund] Total	\$ 3,798	\$ -	\$ -	\$ -		-
Dept of Treasury CFDA 21.019	Movie Theatre and Convention Center Grants State program refinanced with CARES act state & Local Fiscal Recovery Funds	\$ 12,822	\$ -	\$ -	\$ -		-
Treasury CFDA 21.027	Unemployment Insurance Trust Fund Replenishment Legislative appropriation to restore the state UI Trust from ARPA State & Local Fiscal Recovery Funds	\$ 2,094,175	\$ 230,000	\$ -	\$ -		-
Treasury CFDA 21.027	American Rescue Plan State Fiscal Recovery Fund: Start-up costs to research and engage with stakeholders on a potential implementation of paid family medical leave, including actuarial estimates and business & software architects.		\$ 1,000				-
	ARP - State Fiscal Recovery Fund [3015 Fund] Total	\$ 2,106,997	\$ 231,000	\$ -	\$ -		-
	Agency Federal Funds Total	\$ 2,433,667	\$ 699,462	\$ 445,679	\$ 441,712		1014.57

(Dollars in Thousands)

Narrative

DEED received 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; historically over 50% with an influx of CARES and ARPA state and fiscal recovery funds in 2021 and 2022.

For planning purposes, it is assumed that federal award amount for ongoing programs will remain fairly consistent over the upcoming biennium. FTE counts are based on the estimated time charged against federal programs for SFY23.

Workforce Innovation and Opportunity Act enactment in July 2015 created and streamlined workforce development systems eliminating several programs but maintaining the 15 percent funding reservation at the state level to allow flexibility to address specific needs. Each WIOA funding award year has a period of performance of 3 years for spending of the funds which then provide more flexibility for facilitation of spending.

The Small Business Development Center program requires a 1-1 match which is shared between the state and the grantees. Additional onetime funding for the SBDC program provided by the COVID CARES Act doesn't require any state match. The Small Cities Community envelopment Block Grant program requires a 1-1 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.

The Senior Community Service Employee program (SCSEP) includes a non-Federal Share (match or cost share) of a least 10 percent of the total cost of activities carried out under the SCSEP grant. Per Section 502(c)(1) of the Older Americans Act and 20 CFR 641.809, payment of no more than 90% of the total cost of activities carried out under the SCSEP grant. Cost recipient incurs in fulfilling its matching or cost-sharing requirement are subject to the same requirements.

Employment and Economic Development

Grants Funding Detail

(Dollars in Thousands)

Program Name Federal or State or Both (citation)	Purpose/ Recipient Type(s) Eligibility Criteria	FY 2022	FY 2023	FY 2024	FY 2025
Rural Policy and Dev Center State MS 116J.4221 17 094 06 001 000	Purpose: The earnings in the account are annually appropriated to the board of the Center for Rural Policy and Development to carry out the duties of the center. Recipient Type(s) Eligibility Criteria: Rural policy and development center	\$ -	\$ 9	\$ 10	\$ 10
Cleanup State MS 115J.551 MS 270.97 MS 115C.08 4	contaminated sites for private or public redevelopment Recipient Type(s) Eligibility Criteria: Cities/Counties, Port Authorities, EDA, HRA	\$ 5,129	\$ 15,467	\$ 11,353	\$ 11,236
Indian Business Loan Program State MS 116J.64	Purpose: Administrative grant to process and collect loans and repayments for the Indian Business Loan Program Recipient Type(s) Eligibility Criteria: Community Finance Organizations affiliated loan recipient tribes	\$ 5	\$ 75	\$ 75	\$ 75
MN Job Creation State 211 010 01 002 02J MS 116J.8748	Purpose: Encourage capital investment and high wage job creation by business Recipient Type(s) Eligibility Criteria: Business in select industries that enter into a construction and job creation business subsidy agreement	\$ 6,600	\$ 25,773	\$ 7,755	\$ 7,750
Minnesota Investment Fund State 211 010 01 002 02K MS 116J.8731	Purpose: Funds are awarded to local units of government who provide loans to assist expanding businesses. All projects must meet minimum criteria for private investment, number of jobs created or retained, and wages paid. At least 50 percent of total project costs must be privately financed through owner equity and other lending sources (most applications selected for funding have at least 70 percent private financing). or to maintain existing employment, and for business start-up, expansions, and retention Recipient Type(s) Eligibility Criteria: Cities, counties, townships, certain development authorities and recognized Indian tribal governments are eligible.	\$ 8,085	\$ 19,138	\$ 11,975	\$ 11,966
MIF - Met Council Wastewater State 211 010 02 017 000 17 094 01 002 02E	Purpose: Loan to extend a effluent pipe to deliver reclaimed water to an innovative waste-to-biofuel project Recipient Type(s) Eligibility Criteria: City of Inver Grove Heights	\$ -	\$ 700	\$ -	\$ -

(Dollars in Thousands)

Program Name Federal or State or Both (citation)	Purpose/ Recipient Type(s) Eligibility Criteria	FY 2022	FY 2023	FY 2024	FY 2025
MIF - Verso Paper Mill State 211 010 02 018 000 191 007 01 002 02P	Purpose: Legislative carveout for a loan to a paper mill in Duluth for a retrofit project that will support the operation and manufacture of packaging paper grades. Recipient Type(s) Eligibility Criteria: City of Duluth	\$ 3,000	\$ -	\$ -	\$ -
Redevelopment Grant Program State MS 116J.571 16 189 07 002 02C	Purpose: Investigation and cleanup of contaminated sites for private or public redevelopment Recipient Type(s) Eligibility Criteria: Cities/Counties, Port Authorities, EDA, HRA	\$ 5,055	\$ 2,001	\$ 2,052	\$ 2,048
MN Film TV Bd Production Jobs State 211 010 01 002 02P	Purpose: The program shall make payment to producers of feature films, national television or Internet programs, documentaries, music videos, and commercials that directly create new film jobs in Minnesota Recipient Type(s) Eligibility Criteria: MN Film & TV Board	\$ 475	\$ 475	\$ 475	\$ 475
MN Film and TV Board State 211 010 01 002 02N	Purpose: Reimburse select administration cost incurred by MN Film & TV Board Recipient Type(s) Eligibility Criteria: MN Film & TV Board	\$ 309	\$ 309	\$ 309	\$ 309
Upper MN Film Office State 211 010 01 002 02O	Purpose: Promote NE MN as a location destination for shooting and producing films on site Recipient Type(s) Eligibility Criteria: Northspan as the fiscal agent for Upper MN Film Office	\$ 11	\$ 11	\$ 11	\$ 11
Center Rural Policy Dev State 211 010 01 002 02E MS 116J.421	Purpose: Research and policy analysis on emerging economic and social issues in rural Minnesota Recipient Type(s) Eligibility Criteria: Rural Policy and Development Center	\$ 132	\$ 132	\$ 132	\$ 132
Greater MN Bus Dev Public Infr State MS 116J.431	Purpose: The Greater Minnesota Business Development Infrastructure Grant Program helps stimulate new economic development, create new jobs and retains existing jobs through investments in public infrastructure. It provides grants to cities of up to 50 percent of the capital costs of the public infrastructure necessary to expand or retain jobs in the area, increase the tax base, or expand or create new economic development. Recipient Type(s) Eligibility Criteria: Counties outside of the seven-county metropolitan area or statutory or home rule cities outside of the seven-county metropolitan area.	\$ 2,000	\$ 1,798	\$ 1,730	\$ 1,730

(Dollars in Thousands)

Program Name Federal or State or Both (citation)	Purpose/ Recipient Type(s) Eligibility Criteria	FY 2022	FY 2023	FY 2024	FY 2025
Airport Infrastructure Renewal State 211 010 01 002 02X MS 116J.439	Purpose: Grants to provide up to 50 percent of the capital costs of redevelopment of an existing facility or construction of a new facility; and for public or private infrastructure costs, including broadband infrastructure costs, necessary for an eligible airport infrastructure renewal economic development project. Recipient Type(s) Eligibility Criteria: counties, airport authorities, or cities	\$ -	\$ 490	\$ 490	\$ 490
Host Comm Econ Dev Prog State 211 010 01 002 02G MS 116J.548	Purpose: Grants pay for capital costs associated with an economic development project in Host Communities Recipient Type(s) Eligibility Criteria: Cities of Inver Grove Heights and Burnsville. Must meet the definition of a Host Community	\$ 831	\$ 831	\$ 831	\$ 831
Job Skills Partnership Program State 211 010 01 002 02Q MS 116L.01	Purpose: Provide grants to educational institutions partnering with one or more businesses to develop and deliver training specific to business needs for new or existing employees Recipient Type(s) Eligibility Criteria: Educational or other nonprofit institutions	\$ 6,152	\$ 5,121	\$ 3,529	\$ 3,515
Job Training Grants State 211 010 01 002 02R MS 116L.42	Purpose: Provides on-the-job training costs for employees for training and education specifically directed to creating new jobs. Recipient Type(s) Eligibility Criteria: Businesses (in-house training services); institutions of higher education; and federal, state, or local agencies; or private training or educational services.	\$ 1,207	\$ 1,350	\$ 1,350	\$ 1,350
Bus Dev Comp Grant Prog GF State 211 010 01 002 02B	Purpose: Business development assistance and services, but not limited to: minority, women's, rural, bioscience, entrepreneur development, and services to inventors Recipient Type(s) Eligibility Criteria: Public agencies or nonprofit organizations	\$ 8,175	\$ 1,354	\$ 1,354	\$ 1,354

(Dollars in Thousands)

Program Name Federal or State or Both (citation)	Purpose/ Recipient Type(s) Eligibility Criteria	FY 2022	FY 2023	FY 2024	FY 2025
Launch MN - Innovation Grants State 191 007 01 002 02Y 211 010 01 002 02S	Purpose: Business operations: These grants provide up to \$35,000 for business operations, including research and development, direct business expenses and technical assistance. Housing or child care: These grants provide up to \$7,500 for housing or child care expenses. SBIR (Small Business Innovation Research) match: These grants provide up to \$50,000 for businesses awarded a first time Phase 2 SBIR or STTR (Small Business Technology Transfer) award. Recipient Type(s) Eligibility Criteria: Primary business activity in a technology industry, HQ in MN, not been in operation more than 10 years, generated less than \$1 million in revenue	\$ 1,577	\$ 1,559	\$ 1,500	\$ 1,500
Launch MN - Education Grants State 191 007 01 002 02Y 211 010 01 002 02S	Purpose: Grants to provide educational programming to entrepreneurs and provide outreach to and collaboration with businesses, federal and state agencies, institutions of higher education, trade associations, and other organizations working to advance innovative, high technology businesses throughout Minnesota. Recipient Type(s) Eligibility Criteria: Institutions of higher education and non-profit organizations	\$ 500	\$ 500	\$ 500	\$ 500
Small Business Development Centers State 211 010 01 002 002	Purpose: Provide consulting services to small business entrepreneurs. Grant provides operational funding to the centers along with a federal grant. Recipient Type(s) Eligibility Criteria: Higher Education Institutions hosting one of the state's nine Small Business Development Center	\$ -	\$ 320	\$ 135	\$ 135
Quality Child Care Grants State 211 010 01 002 02H	Purpose: To increase the supply of quality child care providers in order to support economic development. Grant recipients must obtain a 50 percent nonstate match to grant funds in either cash or in-kind contributions. Recipient Type(s) Eligibility Criteria: Local Communities, At least 60% of the funds must go to communities located outside of the seven-county metro area.	\$ 2,425	\$ 2,425	\$ 1,425	\$ 1,425
MN Initiative Fund - Childcare State 191 007 01 002 02M	Purpose: grants to local communities to increase the supply of quality child care providers to support economic development. Recipient Type(s) Eligibility Criteria: Local Communities, At least 60% of the funds must go to communities located outside of the seven-county metro area.	\$ 1,450	\$ 1,440	\$ 950	\$ 950

(Dollars in Thousands)

Program Name Federal or State or Both (citation)	Purpose/ Recipient Type(s) Eligibility Criteria	FY 2022	FY 2023	FY 2024	FY 2025
Border-to-Border Broadband State MS 116J.396 MS 116J.395	Purpose: Grants for broadband infrastructure to promote the expansion of broadband services to unserved and underserved areas of the state Recipient Type(s) Eligibility Criteria: Incorporated businesses or partnerships; political subdivisions; Indian tribes; MN nonprofits organized under 317A; MN cooperative organized under 308A or B; and MN LLC's organized under 322B for the purpose of expanding broadband areas	\$ -	\$ 26,000	\$ 27,500	\$ -
Community Energy Transition State 20 118 00 005 01A MS 116J.55	Purpose: Grants to assist eligible communities to address the economic dislocation associated with the closing of a local electric generating plant Recipient Type(s) Eligibility Criteria: County, municipality, or tribal government located in Minnesota in which an electric generating plant owned by a public utility, as defined in section 216B.02, that is powered by coal, nuclear energy, or natural gas	\$ 297	\$ -	\$ -	\$ -
NDC - Sm Bus Dev WDF State 211 010 01 002 02Y	Purpose: Grants to the Neighborhood Development Center for small business programs Recipient Type(s) Eligibility Criteria: Neighborhood Development Center (NDC)	\$ 720	\$ 728	\$ -	\$ -
YouthPrise WDF State 211 010 01 002 3CC	Purpose: Grant to Youthprise to give grants through a competitive process to community organizations to provide economic development services designed to enhance long-term economic self-sufficiency in communities with concentrated East African populations. Recipient Type(s) Eligibility Criteria: Youthprise	\$ 665	\$ 665	\$ -	\$ -
Youthbuild WDF State 211 010 01 002 03J MS 116L.361	Purpose: Trains and employs young adults in construction Recipient Type(s) Eligibility Criteria: Public agencies or nonprofit organizations	\$ 950	\$ 950	\$ 950	\$ 950
Dislocated Worker Program State MS 116L.17	Purpose: Provide career assessment, training, and job placement assistance for individuals in transition Recipient Type(s) Eligibility Criteria: Workforce Service Areas	\$ 14,660	\$ 36,607	\$ 27,171	\$ 27,146
MN Diversified Industries State 211 010 01 002 3DD	Purpose: To provide progressive development and employments opportunities for people with disabilities Recipient Type(s) Eligibility Criteria: Minnesota Diversified Industries, Inc.	\$ 428	\$ 427	\$ -	\$ -

(Dollars in Thousands)

Program Name Federal or State or Both (citation)	Purpose/ Recipient Type(s) Eligibility Criteria	FY 2022	FY 2023	FY 2024	FY 2025
Deaf / Hard of Hearing State 211 010 01 002 06E MS 268A.16	Purpose: Grants for employment services for persons including transition-age youth, who are deaf, deafblind, or hard-of-hearing Recipient Type(s) Eligibility Criteria: Public agencies or nonprofit organizations providing services to deaf, deafblind, and hard-of-hearing	\$ 913	\$ 976	\$ 984	\$ 984
STEM MN High Tech Assn-GF State 211 010 01 002 03I	Purpose: Support SciTechsperience, program supports science, technology, engineering, and math (STEM) internship opportunities Recipient Type(s) Eligibility Criteria: MN High Tech Association	\$ 831	\$ 831	\$ -	\$ -
OIC WDF State 211 010 01 002 03E	Purpose: Provide employment and training services Recipient Type(s) Eligibility Criteria: MN State Council of OICs	\$ 475	\$ 475	\$ 475	\$ 475
Big Brothers Big Sisters State 211 010 01 002 03Z	Purpose: Workforce readiness, employment exploration, and skills development for youth ages 12 to 21 Recipient Type(s) Eligibility Criteria: Big Brothers, Big Sisters of the Greater Twin Cities	\$ 238	\$ 237	\$ -	\$ -
Rural Career Counseling Coor State 211 010 01 002 03A MS 116L.667	Purpose: Rural career counseling coordinator positions in the workforce service areas. Recipient Type(s) Eligibility Criteria: Workforce service areas to receive funds to provide equitable services across workforce services areas	\$ 475	\$ 475	\$ 475	\$ 475
Rural Career WDF State 211 010 01 002 03A MS 116L.667	Purpose: Funds for rural career counseling coordinator position for purposes specified in Minnesota Statutes, section 116L.667 Recipient Type(s) Eligibility Criteria: Funds to workforce services areas	\$ 475	\$ 475	\$ 475	\$ 475
Support Svc Comp Grant State 211 010 01 002 03G	Purpose: Grants to provide support services for individuals; job training, employment preparation, internships, job assistance to fathers, financial literacy, academic and behavioral interventions for low-performing students, and youth interventions Recipient Type(s) Eligibility Criteria: Public agencies or nonprofit organizations. Grants must focus on low-income communities, young adults from families with a history of intergenerational poverty and communities of color.	\$ 950	\$ 950	\$ 950	\$ 950

(Dollars in Thousands)

Program Name Federal or State or Both (citation)	Purpose/ Recipient Type(s) Eligibility Criteria	FY 2022	FY 2023	FY 2024	FY 2025
WESA GF State 211 010 01 002 03B MS 116L.99	Purpose: Grant program for women and high-wage, high-demand, nontraditional jobs program. Recipient Type(s) Eligibility Criteria: Public agencies or nonprofit organizations proving services for women	\$ 712	\$ 713	\$ 713	\$ 713
Youth at Work Comp Grant State 211 010 01 002 03H MS 116L.562	Purpose: Youth-at-Work grants. Competitive Grants program Recipient Type(s) Eligibility Criteria: Public agencies or nonprofit organizations	\$ 713	\$ 713	\$ 713	\$ 713
SE Asian Comp Grant State 211 010 01 002 03F	Purpose: Grants providing services to relieve economic disparities-workforce recruitment, development, job creation, assistance to smaller organizations to increase capacity and outreach Recipient Type(s) Eligibility Criteria: Public agencies or nonprofit organizations providing services to Southeast Asian community	\$ 950	\$ 950	\$ 950	\$ 950
Pathways 2 Prosperity Comp Grt State 211 010 01 002 03C	Purpose: Competitive grants for job training and placement for hard-to-train individuals Recipient Type(s) Eligibility Criteria: Public agencies or nonprofit organizations	\$ 2,419	\$ 2,419	\$ 2,419	\$ 2,419
Pathways 2 Prosperity Comp Grt State 211 010 01 002 03	Purpose: Competitive grants for job training and placement for hard-to-train individuals Recipient Type(s) Eligibility Criteria: Public agencies or nonprofit organizations	\$ 4,374	\$ 4,374	\$ 4,374	\$ 4,374
MN Family Resiliency Ptnr State 211 010 01 002 03X MS 116L.96	Purpose: To fund displaced homemaker programs Recipient Type(s) Eligibility Criteria: Existing nonprofit and state displaced homemaker programs.	\$ 937	\$ 1,938	\$ 1,214	\$ 1,211
YWCA MPLS State 211 010 01 002 3EE	Purpose: Grant to provide economically challenged individuals the job skills training, career counseling and job placement assistance necessary to secure a child development associate credential for career path in early childhood education Recipient Type(s) Eligibility Criteria: YWCA of Mpls	\$ 143	\$ 142	\$ -	\$ -
YWCA St Paul State 211 010 01 002 3BB MS 116J.8747	Purpose: Provide job training services and workforce development programs and services, including job skills training and counseling Recipient Type(s) Eligibility Criteria: YWCA of St Paul	\$ 143	\$ 142	\$ -	\$ -

(Dollars in Thousands)

Program Name Federal or State or Both (citation)	Purpose/ Recipient Type(s) Eligibility Criteria	FY 2022	FY 2023	FY 2024	FY 2025
EMERGE Community Development State 211 010 01 002 3FF	Purpose: Grant to provide employment readiness training, credentialed training placement, job placement and retention services, supportive services for hard-to-employ individuals, and a general education development fast track and adult diploma program Recipient Type(s) Eligibility Criteria: EMERGE Community Development in collaboration with community partners targeting Minnesota communities with the highest concentrations of African and African-American joblessness	\$ 231	\$ 237	\$ -	\$ -
CLUES State 211 010 01 002 03R	Purpose: Expand culturally tailored programs that address employment and education skill gaps for working parents and underserved youth by providing new job skills training to higher wages, reduce intergenerational poverty, youth programming, educational advancement and career pathways Recipient Type(s) Eligibility Criteria: Grant to Latino Communities United in Services (CLUES)	\$ 664	\$ 665	\$ -	\$ -
Ujamaa Place State 211 010 01 002 3AA	Purpose: Grant for job training, employment preparation, internships, education, training in the construction trades, housing and organizational capacity building. Recipient Type(s) Eligibility Criteria: Grant to Ujamaa Place	\$ 380	\$ 380	\$ -	\$ -
Youth Competitive Grant Prog State 211 010 01 002 03H MS 116L.562	Purpose: Provides job readiness preparation and occupational skills training to youth for employment Recipient Type(s) Eligibility Criteria: Public agencies or nonprofit organizations	\$ 3,179	\$ 3,181	\$ 3,181	\$ 3,181
Twin City RISE State 211 010 01 002 03S	Purpose: To provide job training assistance Recipient Type(s) Eligibility Criteria: Twin Cities Rise	\$ 665	\$ 686	\$ -	\$ -
Minnesota Youth Program State 211 010 01 002 03K MS 116L.56	Purpose: Provides short-term, job readiness preparation for at-risk youth Recipient Type(s) Eligibility Criteria: Public agencies or nonprofit organizations	\$ 3,848	\$ 3,848	\$ 3,848	\$ 3,848

(Dollars in Thousands)

Program Name Federal or State or Both (citation)	Purpose/ Recipient Type(s) Eligibility Criteria	FY 2022	FY 2023	FY 2024	FY 2025
Bridges to Healthcare State 211 010 01 002 03T	Purpose: Provide career education, wraparound support services, and job skills training in high-demand health care fields to low-income parents, nonnative speakers of English, and other hard-to-train individuals, build secure pathway out of poverty while addressing worker shortages in Minnesota's innovative industry. Recipient Type(s) Eligibility Criteria: Bridges to Healthcare	\$ 451	\$ 451	\$ -	\$ -
Nonprofits Assistance Fund State 211 010 01 002 3GG	Purpose: Grant to provide capacity-building grants to small, culturally specific organizations serving historically underserved cultural communities Recipient Type(s) Eligibility Criteria: Nonprofits Assistance Fund	\$ 950	\$ 950	\$ -	\$ -
Summit Academy OIC State 211 010 01 002 03Y	Purpose: Grant to expand it contextualized GED and employment placement program. Recipient Type(s) Eligibility Criteria: Summit Academy OIC	\$ 1,116	\$ 1,116	\$ -	\$ -
OIC AIC State 211 010 01 002 03D	Purpose: Grant to reduce academic disparities for American Indian students and adults. Funds maybe used to provide tutoring, testing support, training and employment placement; technology; trades; GED assistance, remedial training for postsecondary, real-time experience etc. Recipient Type(s) Eligibility Criteria: Grant to the American Indian Opportunities and Industrialization Center, in collaboration with the Northwest Indian Community Development Center.	\$ 676	\$ 676	\$ -	\$ -
Hmong American Partnership State 211 010 01 002 03V	Purpose: Grant to provide employment readiness training, credentialed training placement, job placement and retention services, supportive services for hard-to-employ individuals, and a general education development fast track and adult diploma program. Collaborating with partners with highest concentration of Southeast Asian joblessness based on most recent census tract data. Recipient Type(s) Eligibility Criteria: Hmong American Partnership and with collaborating MN community partners.	\$ 285	\$ 285	\$ -	\$ -

(Dollars in Thousands)

Program Name Federal or State or Both (citation)	Purpose/ Recipient Type(s) Eligibility Criteria	FY 2022	FY 2023	FY 2024	FY 2025
Better Futures State 211 010 01 002 3HH	Purpose: Provide job skills training to individual who have been released from incarceration for a felony-level offense and are no more than 12 months from the date of release. Recipient Type(s) Eligibility Criteria: Better Futures Minnesota	\$ 285	\$ 285	\$ -	\$ -
MN Grocers Assoc State 211 010 01 002 03O	Purpose: Statewide initiative to promote careers, conduct outreach, provide job skills training, and grant scholarships for careers in the retail food industry. Recipient Type(s) Eligibility Criteria: Minnesota Grocers Association Foundation for Carts to Careers	\$ 238	\$ 237	\$ -	\$ -
Construction Careers Fund State 211 010 01 002 03Q	Purpose: Construction career pathway initiative to provide year-round educational and experiential learning opportunities for teens and young adults under the age of 21 that lead to careers in the construction industry. Recipient Type(s) Eligibility Criteria: Construction Careers Foundation	\$ 356	\$ 356	\$ -	\$ -
SNAP INTERAGENCY AGREEMENT State MS 471.59	Purpose: Grants pay for capital costs associated with an economic development project in Host Communities Recipient Type(s) Eligibility Criteria: Must meet the definition of a Host Community	\$ 204	\$ 700	\$ 700	\$ 694
TANFYouth Interagency State MS 471.59	Purpose: Reimburse select administration cost incurred by MN Film & TV Board Recipient Type(s) Eligibility Criteria: MN Film & TV Board	\$ 441	\$ 1,050	\$ 1,050	\$ 1,050
State Trade Export Promotion State 211 010 01 002 05A MS 116J.979	Purpose: Provides grants to assist small businesses participate in trade missions. Recipient Type(s) Eligibility Criteria: Small Businesses	\$ 192	\$ 200	\$ 300	\$ 300
Extended Employment - WDF State 211 010 01 002 06B	Purpose: Provides employment services and support to people with severe disabilities Recipient Type(s) Eligibility Criteria: Rehabilitation facilities	\$ 8,280	\$ -	\$ 6,830	\$ 6,830
Extended Employment GF State 211 010 01 002 06B	Purpose: Provides employment services and support to people with severe disabilities Recipient Type(s) Eligibility Criteria: Rehabilitation facilities	\$ 8,660	\$ 7,962	\$ 6,669	\$ 6,670

(Dollars in Thousands)

Program Name Federal or State or Both (citation)	Purpose/ Recipient Type(s) Eligibility Criteria	FY 2022	FY 2023	FY 2024	FY 2025
Mental Illness Support Employment State 211 010 01 002 06C	Purpose: grants to programs that provide employment support services to persons with mental illness Recipient Type(s) Eligibility Criteria: Rehabilitation facilities	\$ 2,947	\$ 3,623	\$ 2,414	\$ 2,414
Independent Living Services St State 211 010 01 002 06D MS 268A.11	Purpose: Provides assistance to persons with disabilities to live independently, function in their homes and within their families, and participate in their communities Recipient Type(s) Eligibility Criteria: Independent Living Centers	\$ 2,972	\$ 3,011	\$ 3,011	\$ 3,011
Main Street Econ Revit State 211 010 01 002 02U MS 116J.8749	Purpose: to fund 30% matching grants up to \$750,000 and guaranteed loans up to \$2,000,000 to eligible recipients for eligible projects that are designed to address the greatest economic development and redevelopment needs that have arisen in communities across Minnesota since March 15, 2020 Recipient Type(s) Eligibility Criteria: nonprofit partner organizations	\$ 33,563	\$ 46,137	\$ -	\$ -
Main St C19 Relief Grants State 211 010 01 002 02V	Purpose: to Minnesotan owned and operated businesses that can demonstrate financial hardship as a result of the COVID-19 outbreak. Recipient Type(s) Eligibility Criteria: Minnesotan owned and operated businesses	\$ 69,886	\$ -	\$ -	\$ -
NE Ent Fund Capital Access State 211 010 01 002 02T	Purpose: capital for accessing additional federal lending for small businesses impacted by COVID-19 and must be returned to the commissioner for deposit in the general fund if the Northeast Entrepreneur Fund fails to secure such federal funds before January 1, 2022. Recipient Type(s) Eligibility Criteria: Northeast Entrepreneur Fund	\$ 1,148	\$ -	\$ -	\$ -
LotW - NW Angle Rec Business State 211 010 01 002 02Z	Purpose: forgivable loan program for remote recreational businesses Recipient Type(s) Eligibility Criteria: Lake of the Woods County	\$ 5,000	\$ -	\$ -	\$ -
Extended Employment Inc State 211 010 01 002 06B MS 268A.15	Purpose: maintaining prior rate increases to providers of extended employment services for persons with severe disabilities Recipient Type(s) Eligibility Criteria: rehabilitation facilities	\$ 3,089	\$ 2,000	\$ 2,000	\$ 2,000

(Dollars in Thousands)

Program Name Federal or State or Both (citation)	Purpose/ Recipient Type(s) Eligibility Criteria	FY 2022	FY 2023	FY 2024	FY 2025
Mountain Iron Solar State 211 004 02 002 002	Purpose: to expand a city-owned solar module manufacturing plant building in the city's Renewable Energy Industrial Park Recipient Type(s) Eligibility Criteria: Mountain Iron Economic Development Authority	\$ 5,500	\$ -	\$ -	\$ -
Clear Energy Career Train Pilot State 211 004 02 002 001	Purpose: to provide training pathways into careers in the clean energy sector for students and young adults in underserved communities Recipient Type(s) Eligibility Criteria: Northgate Development, LLC	\$ 2,375	\$ -	\$ -	\$ -
AVIVO State 211 010 01 002 03U MS 116J.8747	Purpose: to provide low-income individuals with career education and job skills training that is integrated with chemical and mental health services Recipient Type(s) Eligibility Criteria: Avivo	\$ 11	\$ 617	\$ -	\$ -
Hmong Chamber Commerce State 211 010 01 002 03W	Purpose: to train ethnically Southeast Asian business owners and operators in better business practices Recipient Type(s) Eligibility Criteria: Hmong Chamber of Commerce	\$ 120	\$ 120	\$ -	\$ -
Workforce Dvlp Inc State 211 010 01 002 3JJ	Purpose: to provide career education, wraparound support services, and job skills training in high-demand manufacturing fields to low-income parents, nonnative speakers of English, and other hard-to-train individuals, helping families build secure pathways out of poverty while also addressing worker shortages in the Owatonna and Steele County area. Recipient Type(s) Eligibility Criteria: Workforce Development, Inc.	\$ 261	\$ 261	\$ -	\$ -
International License Trng State 211 010 01 002 3RR	Purpose: to assist internationally trained professionals in earning the professional licenses required to do similar work in Minnesota Recipient Type(s) Eligibility Criteria: local workforce development boards	\$ 950	\$ 950	\$ -	\$ -
Ctr For Economic Inclusion State 211 010 01 002 3PP	Purpose: a strategic intervention program designed to target and connect program participants to meaningful, sustainable living-wage employment. Recipient Type(s) Eligibility Criteria: Center for Economic Inclusion	\$ 238	\$ 237	\$ -	\$ -

(Dollars in Thousands)

Program Name Federal or State or Both (citation)	Purpose/ Recipient Type(s) Eligibility Criteria	FY 2022	FY 2023	FY 2024	FY 2025
Project Pride-WFD State 211 010 01 002 3NN	Purpose: to provide job training and workforce development services for underserved communities Recipient Type(s) Eligibility Criteria: Project for Pride in Living	\$ 475	\$ 475	\$ -	\$ -
Pillsbury United Communities State 211 010 01 002 3KK	Purpose: to provide job training and workforce development services for underserved communities Recipient Type(s) Eligibility Criteria: Pillsbury United Communities	\$ 475	\$ 475	\$ -	\$ -
African Immigrant Comm-WFD State 211 010 01 002 300	Purpose: to relieve economic disparities in the African immigrant community through workforce recruitment, development, job creation, assistance of smaller organizations to increase capacity, and outreach Recipient Type(s) Eligibility Criteria: organizations providing services to relieve economic disparities in the African immigrant community	\$ 950	\$ 950	\$ -	\$ -
International Institute of MN State 211 010 01 002 03M	Purpose: for workforce training for New Americans in industries in need of a trained workforce. Recipient Type(s) Eligibility Criteria: International Institute of Minnesota	\$ 333	\$ 332	\$ -	\$ -
Goodwill-Easter Seals State 211 010 01 002 03L MS 116J.8747	Purpose: to continue the FATHER Project in Rochester, Park Rapids, St. Cloud, St. Paul, Minneapolis, and the surrounding areas to assist fathers in overcoming barriers that prevent fathers from supporting their children economically and emotionally. Recipient Type(s) Eligibility Criteria: Goodwill-Easter Seals Minnesota and its partners	\$ 475	\$ 475	\$ -	\$ -
Getting to Work Grant Prog-WFD State 211 010 01 002 3MM	Purpose: to establish and operate programs that provide, repair or maintain motor vehicles to assist eligible individuals (economically disadvantaged individuals 22 years of age and over) to obtain or maintain employment. Grantees must also offer one or more of the following: Financial literacy education; Education on budgeting for vehicle ownership; Car maintenance and repair instruction; Credit counseling; and Job training related to motor vehicle maintenance and repair. Recipient Type(s) Eligibility Criteria: nonprofit organizations	\$ 238	\$ 238	\$ -	\$ -

(Dollars in Thousands)

Program Name Federal or State or Both (citation)	Purpose/ Recipient Type(s) Eligibility Criteria	FY 2022	FY 2023	FY 2024	FY 2025
ProStart & Hospitality Tourism State 211 010 01 002 03P	Purpose: Education program that helps young people advance careers in the hospitality industry and addresses critical long-term workforce shortages in that industry. Recipient Type(s) Eligibility Criteria: ProStart and Hospitality Tourism Management Program	\$ 238	\$ -	\$ -	\$ -
30,000 Feet-WFD State 211 010 01 002 3LL	Purpose: to fund youth apprenticeship jobs, after-school programming, and summer learning loss prevention for African American youth Recipient Type(s) Eligibility Criteria: 30,000 Feet	\$ 238	\$ 237	\$ -	\$ -
YMCA-North State 211 010 01 002 3QQ	Purpose: to provide job training and workforce development services for underserved communities Recipient Type(s) Eligibility Criteria: YMCA of the North	\$ 285	\$ 285	\$ -	\$ -
Juxtaposition Arts Ctr State 211 010 01 002 3II	Purpose: to provide job training and workforce development services for underserved communities Recipient Type(s) Eligibility Criteria: Juxtaposition Arts Center	\$ 238	\$ 237	\$ -	\$ -
Boys and Girls Club State 211 010 01 002 03N	Purpose: statewide project of youth job skills and career development Recipient Type(s) Eligibility Criteria: Minnesota Alliance of Boys and Girls Clubs	\$ 713	\$ 712	\$ -	\$ -

*Does not include Federal fund 3000 or 3010 account nor Remediation Fund 2801