

The Honorable Representative Jay Xiong
100 Rev. Dr. Martin Luther King Jr. Blvd.
Saint Paul, MN 55155
557 State Office Bldg.
St. Paul, MN 55155

April 17, 2024

Dear Chair Xiong,

On behalf of the Department of Employment and Economic Development (DEED), I am writing to provide feedback for the House Workforce Development Committee's omnibus bill HF 5205. This bill contains investments in multiple programs and endorses policy changes that will empower DEED to continue to fulfill its mission, "To empower the growth of the Minnesota economy, for everyone." I would like to thank you and the entire Workforce Development Finance and Policy Committee for their partnership on this legislation.

I would also like to share my support and gratitude for including the four policy changes recommended by the agency which will enhance the flexibility and effectiveness of our existing programs. These changes include:

- Enhancing flexibility within the Job Creation Fund by measuring job creation in terms of *full-time equivalents* (9.16-9.17, 9.23-9.24). This expands the definition of full-time job to include: "equivalent of annualized expected hours of work equal to 2,080 hours of one or more employees." This change is driven by the emerging preferences for workers to take roles that are less than full-time. Given the job creation and retention requirements attached to Job Creation Fund awards, worthy projects were being excluded because of the restrictive definition of full-time job. As the job marketplace has evolved, so must our programs evolve to remain beneficial to our business community.
- Increasing inclusivity by removing from the cap of \$1,000,000 or less (16.28) from the Targeted Populations Workforce Grant program. This change gives DEED staff greater flexibility in making these capacity-building awards to organizations in historically underserved communities of color and low-income communities across Minnesota. In Greater Minnesota in particular, there is a lower concentration of nonprofits able to provide the high standard of programming DEED expects from its grantees. Often, these nonprofits are larger and have budgets that exceed \$1,000,000. These


excellent organizations were excluded from participating in the first round of the program, meaning that some areas of Minnesota had no eligible organizations. The proposed change enables DEED to support geographic equity in its grant awards. Even with this change, the program will continue to focus on supporting small nonprofits.

- Expanding access to Dislocated Worker services by including three new categories of interested workforce participants (16.1-16.8). Minnesota's economy is strong, but the state must continue to expand our workforce to fuel our growth into the future. This change allows us to serve many additional Minnesotans who want to work but need the career and/or training services that we already supply to find living-wage jobs and ensure financial security for their families.
- Optimizing use of state funds by allowing ongoing transfers between the Minnesota Forward Fund, the Minnesota Climate Innovation Finance Authority, and the State Competitiveness Fund accounts (48.5). This will allow for transfers between these accounts in this and next biennium and provides DEED with the ability to ensure full utilization of state funds to compensate for the natural year-to-year variability in demand.

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

Please do not hesitate to contact me or Darielle Dannen (darielle.dannen@state.mn.us) with any questions.

With warm regards,



Matt Varilek
Commissioner

CC: Representative Baker