

MINNESOTA'S



COVID-19 RECOVERY BUDGET

2022-2023 BUDGET RECOMMENDATIONS

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DEED Budget Priorities

February 1, 2021

Steve Grove | Commissioner
Department of Employment and Economic Development



Invest in Emergency COVID Support Fund

\$50 million for forgivable loan program

Invest in Emergency COVID Support Fund



- Governor Walz proposes investing **\$50 million** in a new Small Business COVID Support forgivable loan program to help the hardest hit businesses sustain their operations and emerge from the pandemic.
- These forgivable loans will support cultural, entertainment, and hospitality industries. The program includes set-asides for businesses in Greater Minnesota, businesses with fewer than six employees, minority-owned businesses, and ethnic malls.

Rebuild Minneapolis and St. Paul

\$150 million in redevelopment appropriations bonds

Rebuild Minneapolis and St. Paul



- Governor Walz proposes a **\$150 million investment** in Redevelopment Appropriations Bonds to support rebuilding efforts for small businesses and other private property in Minneapolis and St. Paul that were damaged in the response to the death of George Floyd last year.
- The resources made available by these bonds will strengthen rebuilding efforts and help ensure a robust and equitable economic recovery for the Twin Cities.

Provide Assistance to Small Business

\$3 million per year in new supports

Provide Assistance to Small Business



- Starting and growing a small business is never easy, but the COVID-19 pandemic has made it even more challenging – especially for BIPOC business owners and those in Greater Minnesota.
- Governor Walz proposes investing **\$3 million per year** in new supports for small businesses who have been hit especially hard by COVID-19.
- These include investments in outreach and technical assistance; equity support for nonprofit lenders; and small business incubators serving minority, veteran, and women business owners.

Provide Additional Small Business Development Center Program Funding

\$1 million for SBDCs

Provide Additional SBDC Program Funding



- The COVID-19 pandemic has caused devastating impacts on small businesses across Minnesota, threatening their ability to survive and flourish in today's marketplace.
- Governor Walz proposes leveraging federal dollars by investing **\$1 million** in Minnesota's statewide network of Small Business Development Centers (SBDC).
- This investment will support entrepreneurs and small businesses across the state, helping them survive the devastating impacts of this pandemic.

Small Business Development Centers

Mateo Mackbee and Erin Lucas opened Krewe Restaurant in St. Joseph with help from the SBDC in St. Cloud.



Invest in the Angel Tax Credit

\$7 million

Invest in the Angel Tax Credit



- The Governor recommends allocating **\$7 million** for the Angel Tax Credit. The program is Minnesota's primary economic development tool to assist early-stage businesses engaged in technological innovation by providing a tax credit to investors or investment funds that make an equity investment.
- The Angel Tax Credit program has resulted in over **\$461 million** in private investment in Minnesota startups, leveraged by the state's issuance of **\$111 million** in tax credits to angel investors.
- Investing in this program prioritizes economic growth and building on Minnesota's existing ecosystem of high-tech, high-innovation companies, including the state's clean energy technology and biotech/bioscience businesses.

Enhance Launch Minnesota

\$5 million

Enhance Launch Minnesota



- Governor Walz proposes investing **\$5 million** in the Launch Minnesota program to accelerate the growth of our startup ecosystem and attract top entrepreneurial talent to Minnesota.
- Comprised of a collection of new grant programs for early-stage startups and educational opportunities for entrepreneurs across the state, Launch Minnesota supports and enhances Minnesota's visibility and interest in the innovation ecosystem.

Launch Minnesota



Michelle Tran Maryns, founder of We Sparkle, is a Launch Minnesota Innovation Grant recipient and an entrepreneur in St. Paul.

Realign Workforce Development Fund

Policy Change

Realign Workforce Development Fund



- The COVID-19 pandemic created massive dislocations in our economy and resulted in record numbers of Minnesotans unemployed. It is critical that Minnesota's workforce development programs can effectively support Minnesota workers as they look for their next career opportunity in a changing economy.
- Governor Walz proposes modernizing the Workforce Development Fund and improving use of the funds, ensuring the dollars are targeted toward programs that are centered in equity and achieve good-paying employment for job seekers.
- The proposal would create competitive grant programs to support new workforce training programs – those with a proven track record, and those which provide support services that increase the likelihood Minnesotans are able to find and keep employment.

Expand Job Training Incentive Program

\$250,000 per year

Expand Job Training Incentive Program



- Manufacturing is the second-largest industry in Minnesota, and currently, more and more manufacturing processes are becoming automated.
- Governor Walz proposes an ongoing increase of **\$250,000 per year** to support an expansion of the Job Training Incentive Program (JTIP) which provides grants to businesses to retrain their workers and train new workers on upgraded equipment.
- This program will provide new job opportunities for workers and increase productivity for businesses.

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Invest in Child Care Economic Development Grant Program

\$750,000 investment

Invest in Child Care Economic Development Grant Program



- Lack of access to affordable, quality child care is a significant barrier to the participation of women, single parents, low-income parents, and rural parents in the workforce.
- Governor Walz proposes investing **\$750,000** to fund the creation of new – and expansion of existing – child care facilities for Minnesota families.
- This investment would help reduce child care shortages and grow Minnesota's workforce.

Child Care Economic Development Grant Program

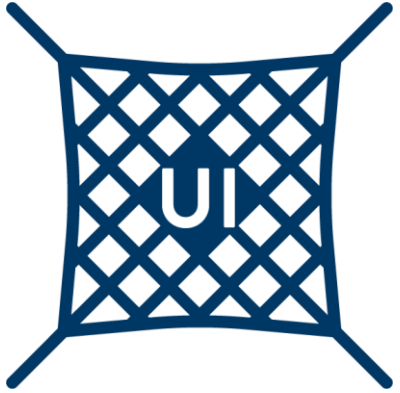


YMCA Early Learning Center in Spicer, Minn., received a grant which enabled them to open the center with 80-90 new child care slots.

Unemployment Insurance Updates

Policy Change

Unemployment Insurance Updates



- The Governor recommends changes to the state's Unemployment Insurance (UI) program's eligibility requirements that would make program benefits more equitable for Minnesotans.
- These changes would remove the section of law that makes **secondary students** ineligible for UI benefits and would make it easier for Minnesotans to access **job training** while receiving UI benefits.
- These changes will provide additional supports for Minnesotans and will further broaden this safety net.

Establish a Paid Family and Medical Leave Insurance Benefit

Policy Change

Establish a Paid Family and Medical Leave Insurance Benefit



- Most Minnesota workers will need to take time off at one point during their careers to take care of themselves, a new child, or a family member, but too many Minnesotans don't have access to paid leave.
- Governor Walz proposes creating a statewide program providing 12 weeks of paid leave for individuals with a serious medical condition, to use to care for a family member, or to bond with a new child.
- This program will ensure that Minnesota families won't have to choose between caring for a loved one and paying their bills.

Labor Market Information: Real Time Pandemic Recession and Recovery Data Project

\$125,000 investment

Labor Market Information: Real Time Pandemic Recession and Recovery Data Project



- Labor Market Information (LMI) is the primary source of data and key insights that help Minnesotans understand the impact of the pandemic on the state's economy.
- The **\$125,000 investment** would support state-level timely and relevant labor market data and analysis, including Unemployment Insurance statistics and occupational demand data, to help policy makers, employers, colleges and universities, workforce development staff and job seekers make informed decisions throughout the pandemic recession and recovery.

Budget Reductions and Funding Shift

\$11.04 million reduction; \$5 million funding shift

Budget Reductions and Funding Shift



Budget Reductions

- The Governor recommends an overall reduction in base funding for the agency of **\$11.04 million** for FY 2022-23 and continued reduced base funding of **\$100,000** in FY 2024-25. Reductions will come from budgets for the Minnesota Investment Fund (MIF), Higher Ed Career Advising Program, Trade and Policy Advisory Council, and State Trade Expansion Program.

Extended Employment Shift to Workforce Development Fund

- The Governor recommends **shifting \$5 million** of the current General Fund funding for the Extended Employment program for FY 2022 and FY 2023 to the Workforce Development Fund. This proposal reduces spending from the General Fund but maintains full funding for the program. This change is budget neutral to the entirety of the Extended Employment program.

State Services for the Blind: Allow Donations to be Deposited into Foundations

Policy Change

SSB: Allow Donations to be Deposited into Foundations

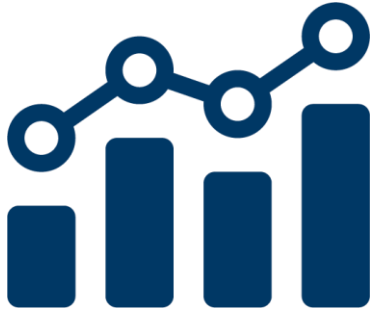


- Donations allow the State Services for the Blind (SSB) Communication Center to provide significant resources for Minnesotans who are blind, visually impaired, DeafBlind or have a print disability.
- The Governor recommends a change to 116J.035, subdivision 1 allowing donations from public or private sources to be deposited into a Foundation account.
- This statutory change will allow the SSB Communication Center to continue fundraising efforts that augment state and federal resources.
- No additional resources are requested.

Operating Adjustment

\$1.525 million adjustment

Operating Adjustment



- The Governor recommends a **reduction of \$1.022 million** to the FY2021 general fund operating appropriation and **additional funding of \$606,000** in FY2022 and **\$919,000** in FY2023 for a **total of \$1.525 million** in the FY22-23 biennium.
- The Governor further recommends **\$919,000** in each subsequent year of the FY2024-25 biennium from the general fund to maintain the current level of service delivery at the Department of Employment and Economic Development.
- The change is a 1.0% increase in FY2022 and a 1.4% increase each year thereafter in the agency's general fund appropriation.

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Thank you!