

April 8, 2019

The Honorable Representative Lyndon Carlson
Chair, Jobs and Economic Development Finance Division
479 State Office Building
St. Paul, MN 55155

Dear Representative Carlson,

On behalf of the Minnesota Department of Employment and Economic Development (DEED), I am writing to provide feedback on the House Jobs and Economic Development Finance Division's omnibus bill.

As you know, Governor Walz and Lt. Governor Flanagan's Budget for One Minnesota is committed to education, health care, and community prosperity. Most central to this committee's focus is the Governor's commitment to Community Prosperity; ensuring that every community thrives across the state. As we continue this session, I hope we can work together on the priorities the Governor has put forward for DEED. With that, below you will find areas in the House Jobs omnibus bill that DEED either supports or has concerns. While this is not an exhaustive list, it highlights areas I hope we can continue to discuss.

Vocational Rehabilitation Services

Thank you for funding VRS at the Governor's recommended level in this biennium and including this funding in the base funding. Minnesotans with disabilities are about 43% less likely than their non-disabled counterparts to have a job. The Vocational Rehabilitation program helps remedy this disparity by helping people with disabilities get and keep jobs in competitive, integrated settings. The Vocational Rehabilitation program provides specialized, one-on-one employment services for individuals with disabilities such as job counseling, job search assistance, training, and job placement services. We know that Minnesota businesses need talented workers to fill jobs in demand given the labor shortage. We also know engaging in productive employment provides Minnesotans with the opportunity to live close to their families and friends, to live more independently, and to participate in their communities. The Vocational Rehabilitation program is Minnesota's most effective strategy to increase competitive, integrated employment for individuals living with disabilities. Funding the program at this level will ensure this work can continue.

Minnesota Innovation Collaborative

We need to grow Minnesota's innovation economy. Your support of the Minnesota Innovation Collaborative will let DEED invest in the growth and success of startups by providing the education, incentives, and outreach that entrepreneurs have said are necessary to jump-start this sector of our economy. Thank you for recognizing this need and supporting it in your bill.

Closing the Opportunity Gap

I appreciate that the House Jobs Committee's Omnibus bill recognizes that Minnesota needs to continue to make investments directed toward closing the opportunity gap. A recent report by *24/7 Wall Street* ranked Minnesota as the second-worst state in the country for racial equality. Recent U.S. Census figures show income gains and lower unemployment rates for Minnesotans of color, but there is still drastic inequality in these areas throughout Minnesota.

The resources you have included in your bill will invest in programs that provide employment and training services, organizational capacity building, support services for program participants, and minority business enterprise development, which will help to better prepare Minnesota's workforce.

Paid Family and Medical Leave

Thank you for including the funding and policy language necessary to support the creation of a paid family and medical leave insurance program in the state of Minnesota in your bill. Establishing a minimum paid family and medical leave benefit will create a strong foundation necessary for the health and well-being of our hard working families and reflects the best of our common Minnesota values.

Child Care Funding

I appreciate that you included funding aimed at increasing the supply of quality child care in communities with a documented shortage of child care providers in their area. The child care shortage has a serious impact on workforce participation rates and the ability of businesses to remain or expand in communities across the state.

Cuts to the Minnesota Investment Fund and Job Creation Fund

Competition for attracting and retaining companies and high quality jobs is fierce. When site location attributes and assets are similar, stable economic development incentives often play a key role in influencing a company's final location decision. The Minnesota Investment Fund (MIF) and the Job Creation Fund (JCF) provide Minnesota with modest, yet accountable and effective tools to craft incentive packages based on differing business financial needs.

Since 2015, MIF and JCF have invested nearly \$69 million in business expansions, helped to create over 7,900 jobs, and led to \$1.6 billion in private investment throughout Minnesota. Fully funding these programs at the Governor's recommended levels, \$25 million in FY20-21 for MIF and \$16 million in FY20 – 21 for JCF, is critical to the future economic growth of communities throughout the state.

I know that the committee has challenging work ahead. DEED is committed to working with you on and we thank you in advance for your consideration of this feedback. Please do not hesitate to contact me or Darielle Dannen (darielle.dannen@state.mn.us) with any questions.

Regards,



Steve Grove
Commissioner

CC: Rep. Pat Garofalo