



**DEED DELIVERS**  
*for Minnesota*

**mi** EMPLOYMENT AND  
ECONOMIC DEVELOPMENT

# Delivering for Minnesota's Businesses, Workers and Communities

Commissioner Matt Varilek

February 14, 2024

**mi** EMPLOYMENT AND  
ECONOMIC DEVELOPMENT

# Commissioner Varilek

## My background:

- Appointed June 20, 2023 by **Governor Walz**
- Bridge builder in economic, workforce, and community development at **Initiative Foundation** in Little Falls
- Former senior leader at the **Small Business Administration**

## Early areas of focus:

- In-person meetings with partners across the state, including businesses like **DigiKey** and **Polar Semiconductor** to **ST Paper**, **Microbiologics**, **Cirrus**, **BOOMCHICKAPOP**, chambers of commerce, development corps, workforce development boards, trade associations, and nonprofit grantees – plus Governor's trade missions.
- **Effective implementation** of programs funded in 2023 session, as detailed in later slides.



# Minnesota is a Great Place to Live and Work

- Our **population grew 0.4% in 2023**, ranking 25th nationally.
- Minnesota ranks well in overall **mood** (4th Happiest State in 2023 by WalletHub), **poverty levels** (9.6%, 5<sup>th</sup> lowest nationally), and **education** (4<sup>th</sup> for high school diploma at 94%, and 13<sup>th</sup> for 4-year degree, at 39.1%).
- Minnesota ranked **13th in median household income** at \$82,338 in 2022.
- But, despite strong growth last year, our **labor force has not recovered to pre-pandemic levels**. We are still -0.7% below February 2020 levels.
- The more we can do to **address our workforce challenges**, the faster our economy will be able to grow.



# Economic Snapshot: Significant Strength in Our Economy

## Strong Job Growth and Low Unemployment:

- We've added jobs for **six straight months**.
- Minnesota has 3,008,000 jobs – **more than ever before**.
- Our unemployment rate is 2.9%, lower than the US average (3.7%), though that lower rate also means workforce challenges.

## Our Labor Force:

- Our labor force participation rate is 68.1%, compared to 62.5% nationally. **7th highest among states**.
- But we know that **labor force is still the biggest issue Minnesota faces** – we're hearing it from employers everywhere.





# Implementing an Historic Slate of Programs

- DEED received almost **\$1.8 billion** in total funding for FY24-25 following **historic investments** in our legislative priorities in 2023.
- Effective and efficient **implementation** of the programs supported by these investments has been my highest priority since joining DEED.
- And that's where our tagline comes in – that's how "**DEED Delivers**" for Minnesota's Businesses, Workers and Communities.





**DEED DELIVERS**  
*for Workers*

**mn** EMPLOYMENT AND  
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Investing in Talent

# Rollout of Key DEED Workforce Programs

- **Pathways to Prosperity** – \$13.6M awarded to 43 grantees
- **Women's Economic Security Act** – \$1.425M awarded to 9 grantees
- **Adult Support Services** – \$950K awarded to 18 grantees
- **Southeast Asian** – \$1.9M awarded to 4 grantees
- **Getting to Work** – \$1.9M awarded to 12 grantees
- **Youth Support Services** – \$950,000 awarded to 12 grantees



# Direct Appropriations

- Made **97 grants** to organizations for over **\$145.3 million**
- Funding to be used for:
  - **Workforce training**
    - Adult 47 DA worth \$52.5 million
    - Youth: 20 grants and \$12.55 million
  - **Capital Projects**
    - 30 Capital projects worth \$80.2 million







# Drive for 5 Workforce Fund

- The Jobs bill provided **\$20 million** in the FY24-25 biennium for the **Drive for 5 Workforce Fund** to prepare the workforce to enter **five of the most critical occupational categories** in the state with high-growth jobs and family-sustaining wages.
- **Competitive grants** focused on **training + support services** with funding for **Trade Association sector partnerships** to engage business associations in job matching.
- Awards will be made **February, 2024**.





# Targeted Population Workforce Programs

- Invested **\$50 million** in the FY24-25 biennium and \$2.550 million in the FY26-27 biennium in employment services and training to **bring workers who have been overlooked for employment – particularly people of color – into the workforce at family-sustaining wages.**
- This is a critical initiative to **bring Minnesotans into the workforce**, ensure employers have the staff to help their businesses thrive, and move Minnesota's economy forward.
- Awards will be made in **March, 2024.**



# Clean Economy Equitable Workforce

**\$3 million** in FY24-25 in grants for workforce readiness programs to prepare workers for careers in the **high-demand fields** of construction, clean energy, and energy efficiency.

The program is focused on workers who are **Black, Indigenous, and People of Color**.

- [RFP currently open; proposals due by 5pm on March 4.](#)



# Office of New Americans

- Minnesota's **New Americans** create robust businesses, offer extraordinary cultural contributions, and play a critical role in meeting labor needs throughout the state.
- But there have been **multiple barriers**, which the Office of New Americans has been working to overcome with:
  - **Employer education sessions** – Reached out to over a dozen employers through chambers of commerce, hosted job fair with 10+ onsite languages translated.
  - **Language Translation** – Created an Agency language access plan.
  - **Forums with Community Leaders** – Hosted 10+ discussions with community leaders about state resources and gained community insights.

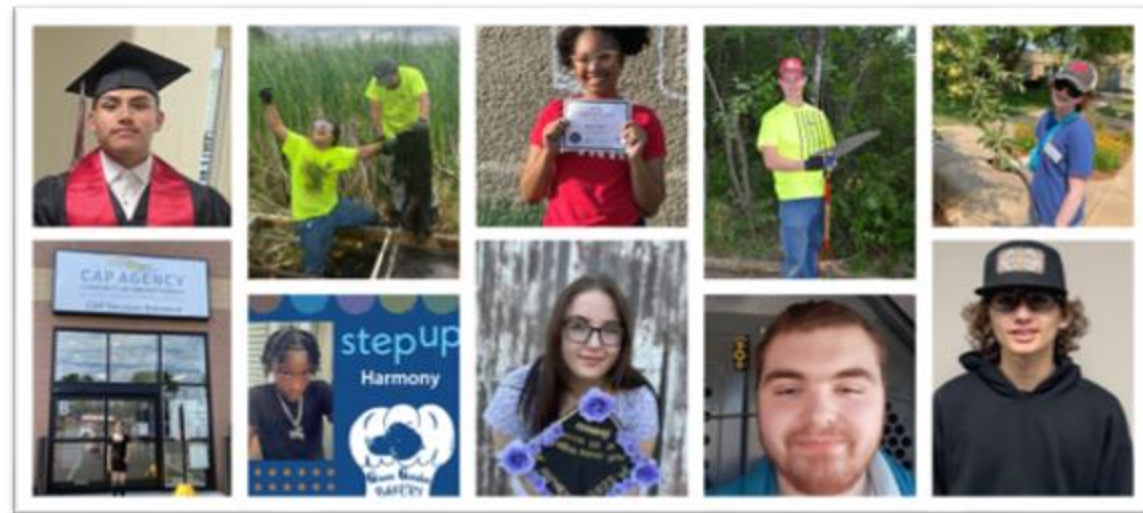






# Youth Workforce Development

- The Jobs bill **doubled** the existing funding for Minnesota's results-driven Youth at Work, Minnesota Youth Program and YouthBuild programs to **prepare more Minnesota young people to enter the workforce focused and work-ready.**
- Awarded funding to **79 grantees** statewide, who will serve **27,938 youth.**





# Unemployment Insurance Between Terms Reform

- The 2023 Jobs bill made many **hourly school workers** – like bus drivers and educational support professionals – eligible for **Unemployment Insurance benefits** during summer breaks for the first time in Minnesota.
- Initial figures from the Minnesota Department of Education are that workers accessed over **\$38 million in benefits**, supporting thousands of school employees.



# Paid Leave Begins January 1, 2026

## Family Leave

Up to 12 weeks

### Bonding



Leave to bond with the covered individual's child during

- the first 12 months after the child's birth or
- the first 12 months after the placement of the child for adoption or foster care with the covered individual

### Caring



Leave to care for a family member with a serious health condition.

### Safety



Leave from work because of domestic abuse, sexual assault, or stalking of the applicant or applicant's family member

*Minnesota will be the fourth state to offer Safety Leave*

### Active Duty



Leave arising out of the fact

- that a family member is on active duty or has been notified of an impending call or order to active duty in the Armed Forces or
- in order to care for a family member who is a covered servicemember.

## Medical Leave

Up to 12 weeks

### Own Medical



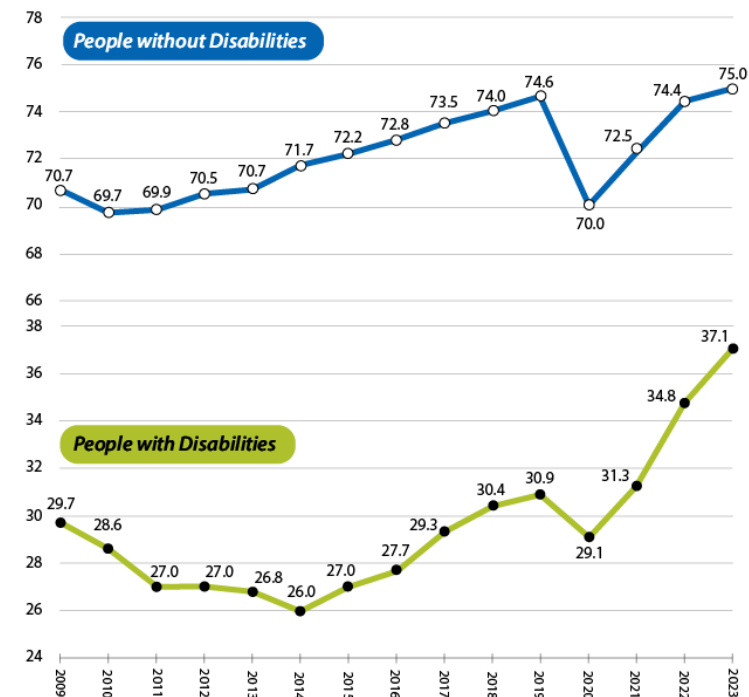
Leave to care for an individual's own serious medical condition

Aggregate Up to 20 weeks in a benefit year

# A Moment of Opportunity for Minnesotans with Disabilities

- **Average monthly employment-to-population ratio for people with disabilities reached a new all-time high in 2023.**
- **Contributing trends:**
  - Rise of remote / hybrid work
  - Strong economy and workforce demands
- **Still a gap, but recent investments from the 2023 Jobs bill coupled with macro trends are making a real difference.**

nTIDE 2023 Year-End Special Edition  
Average Monthly Employment-to-Population Ratio for Civilians  
Ages 16 to 64, 2009-2023

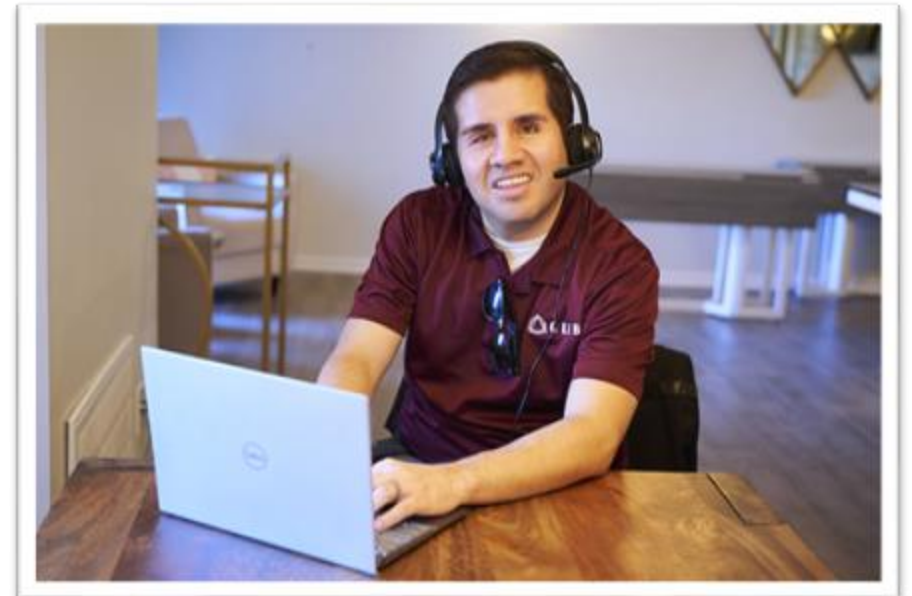


Kessler Foundation and the University of New Hampshire Institute on  
Disability National Trends In Disability Employment (nTIDE)  
2023 Year-End Special Edition



# Employer Reasonable Accommodation Fund

- The 2023 Jobs bill created the Employer Reasonable Accommodation Fund – a **first-in-the-nation innovation** to support small businesses.
- This program reimburses small- to mid-sized Minnesota employers for expenses tied to **providing reasonable accommodations for employees with disabilities.**
- We have already:
  - Set up the program and conducted dozens of trainings
  - Received 32 applications
  - Approved \$57,708 in reimbursements



*Employer Reasonable Accommodation Fund  
employer Belo Cipriani*

# Workforce Digital Transformation

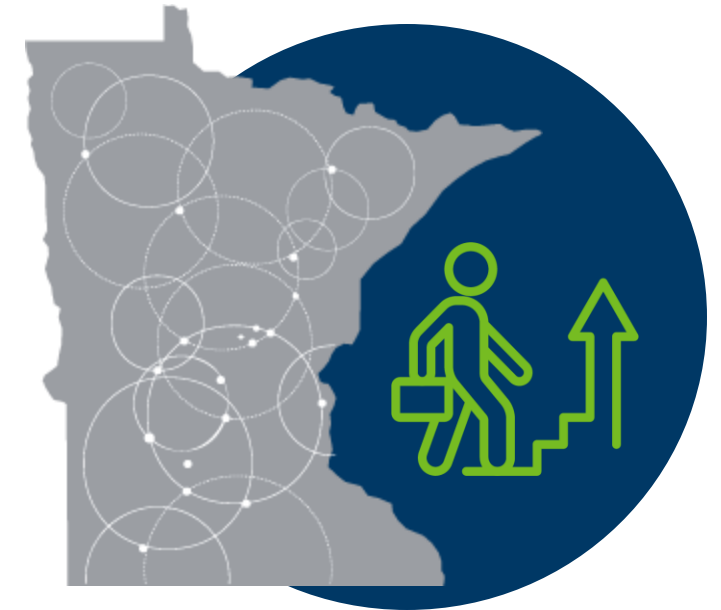
- **One-time \$10 million investment** to modernize the digital tools that support workforce development initiatives across Minnesota.
- We've already started delivering improvements of all sizes:
  - **New online intake form** for disability employment programs – over 900 connections so far.
  - **Replacement project for MinnesotaWorks.net** underway; making progress on improving customer experience on CareerForceMN.com.





# Individual Placement and Supports (IPS) Program

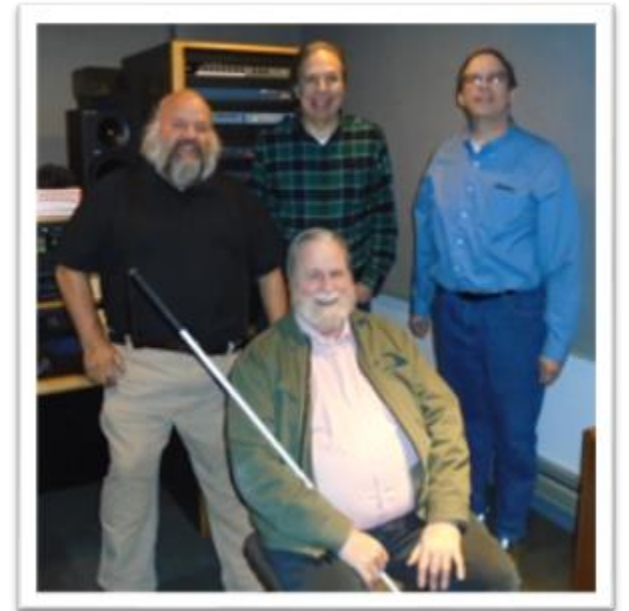
- Individual Placement and Support (IPS) is an evidence-based practice for **helping people with serious mental illness gain, maintain, and advance** in competitive, integrated employment.
- Studies show that 60% of people with serious mental illness **want to work**, but only about 15% are employed.
- For every 100 people who enrolled in IPS in FY22, 67 get a job – that's more than **twice as many** as those who enroll in any other employment program.
- The 2023 Jobs bill provided an increase of **\$3.89 million** in in FY24-25 to serve more Minnesotans and preserve this key service.





# Enhancing State Services for the Blind

- The 2023 Jobs bill increased the funding for State Services for the Blind (SSB) by **\$4 million** over the biennium.
- We can now fully draw down **federal funds** (\$1 million extra) and meet increased demand for services.
- The **Literacy for All** campaign recorded works in **Ojibwe, Dakota, Hmong, and Somali**.
- DEED's SSB is **#2 in the nation** for number of seniors with vision loss served through the **Older Blind program**.



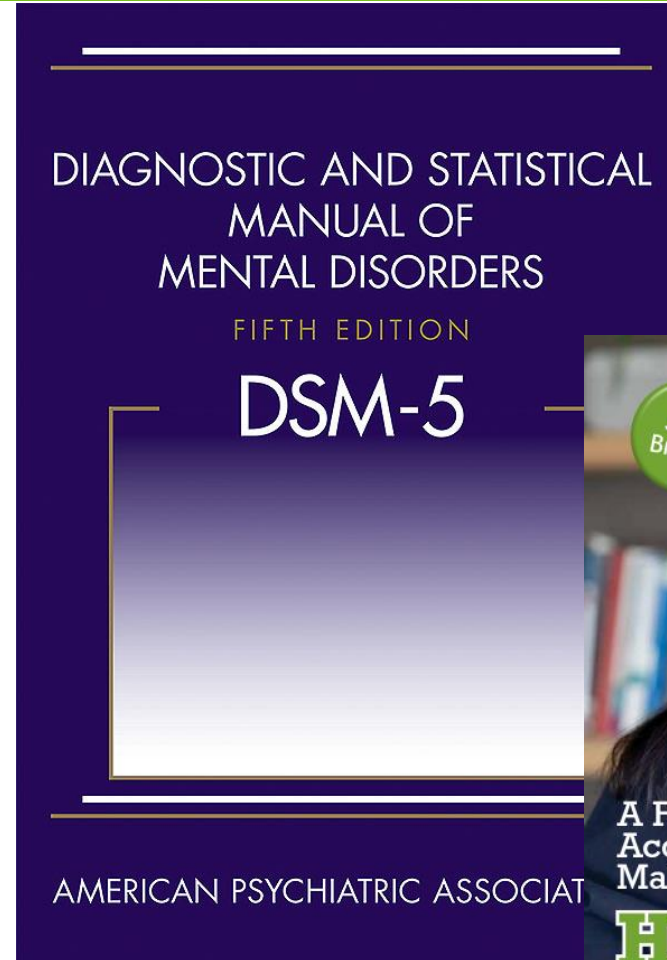
# One story of impact: recording the DSM-5

“[SSB staff] coordinated 15 of SSB’s volunteers to do a **voice recording of the Diagnostic and Statistical Manual of Mental Disorders, Fifth Edition (DSM-5)** for [Judy] Breuer. It took them a whopping 87 hours. But it was well worth it.”

This was a **life-changing service** for Breuer, and anyone else who needs the DSM-5 in the future.

“I am so grateful to SSB for this service,” she said. “There are a lot of different voices I hear when I listen, and I don’t know who they all are. But they’ve **made my life so much easier.**”

[The Woman Today - Jan/Feb 2024 by Duluth News Tribune - Issuu](#)



A Few Accommodations Make A **HUGE DIFFERENCE** For Visually Impaired Student

# Empowering Economic Growth, for Everyone

## Minnesota sees job growth increase for 6th month in a row

Business & Economy

### Unusually warm December caused job market changes in Minnesota

Dana Ferguson January 18, 2024 12:03 PM

**MPR**news

### New DEED report finds Minnesota manufacturers optimistic for 2024

## Local job numbers up impressive 5% year over year

EDITORIAL

### Positive news on jobs, population

Credit employers and workers for Minnesota's enduring employment growth.

By Editorial Board Star Tribune | DECEMBER 27, 2023 – 5:30PM

# Thank you!

We welcome your questions