



**DEED DELIVERS**  
*for Minnesota*

**m1** EMPLOYMENT AND  
ECONOMIC DEVELOPMENT

# Delivering for Minnesota's Businesses, Workers and Communities

Commissioner Matt Varilek

February 14, 2024

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# 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%, better than the US average (3.7%), though that lower rate also means workforce challenges.

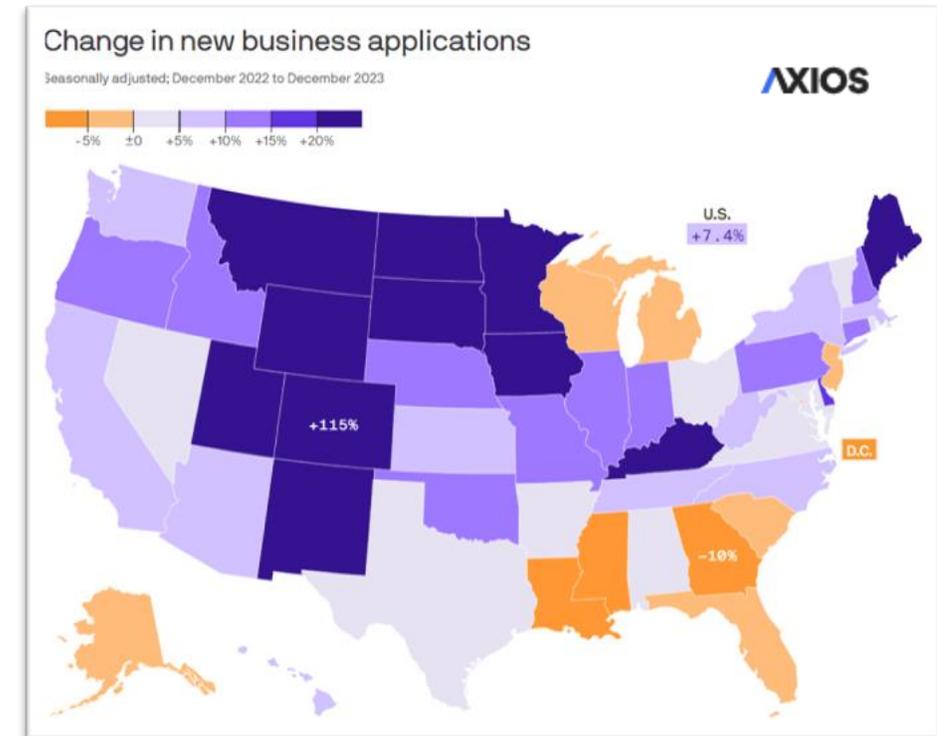
## Our Labor Force:

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



# The State of Business in Minnesota

- CNBC: Minnesota ranks as the **5th best state for business**
- Minnesota is home to 15 Fortune 500 companies and 8 of Forbes' Largest Private Companies.
- Minnesota small businesses are taking off: business applications are soaring, more businesses are opening than closing, and **we rank first in 5-year business survival rates, at 57.6%**
- Businesses continue expanding here: in 2023 we tracked 116 expansions, worth **\$7.6 BILLION in outside investment**, to create 3,900 jobs.
- **DEED's job is to keep that going! Here's how.**



# 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 Businesses*

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Cultivating a dynamic business environment

# Financing Programs

Administer over 45 financing programs that provide capital to growing businesses and communities:

- **MN Job Creation Fund** – 12 awards for \$6.5 million, resulting in 737 jobs and \$535 million investment
- **MN Investment Fund** – 9 loans for \$8 million, resulting in 600 jobs and \$312 million investment
- **Emerging Entrepreneur Program** – 32 loans for \$950,000
- **MN Angel Tax Credit** – 90 approvals for \$4.3 million
- **Launch MN Grants** – 43 awards for \$1.2 million
- **State Small Business Credit Initiative** – 25 loans for \$5.6 million
- **Job Training Programs** – 21 grants for \$1.9 million
- **Brownfields and Redevelopment** – 12 grants for \$4.1 million
- **Small Cities Development Program** – 38 grants for \$25 million



# Minnesota Forward Fund

A **one-time flagship investment of \$400 million** for the Minnesota Forward Fund – to attract business, leverage federal funds, and deploy capital quickly.

- \$50,000,000 - Matching funds required by federal programs
- \$100,000,000 - DOD matching funds for a bio industrial manufacturing pilot or an aerospace center or both
- \$250,000,000 - CHIPS matching funds
- DEED is working with the entities on implementing their projects and building the ecosystem to support these industries.
- DEED funding requires federal awards to be made



# Energy Transition Grant Program

The Jobs bill provided **\$10 million** in new funding in the FY24-25 biennium for the **Energy Transition Grant Program** to support impacted areas by providing resources for these communities to diversify their economies and find new opportunities for quality jobs and economic growth.

- DEED awarded **\$1.4 million** to Granite Falls and Fergus Falls in January, with another grant round soon.
- The Energy Transition Office also held an Energy Transition Summit for the impacted areas and has convened the Energy Transition Advisory Council.



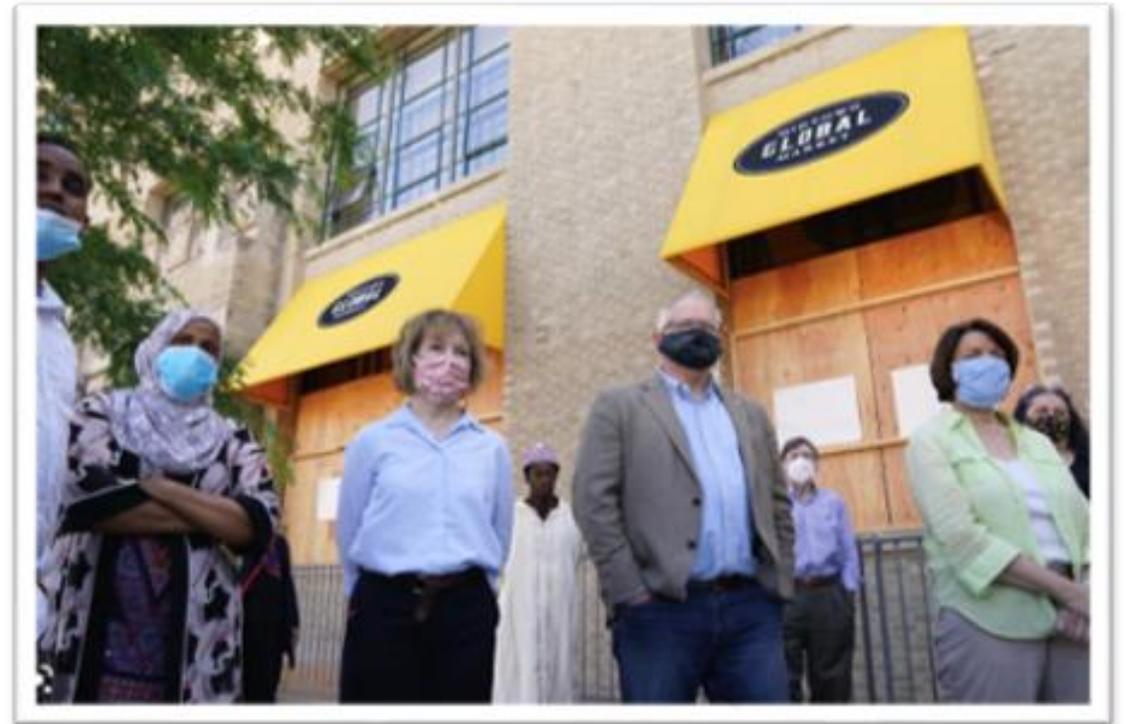


**DEED DELIVERS**  
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Supporting small businesses

- PROMISE Act Grants **\$94.95M** – for working capital through the Neighborhood Development Center (NDC).
- PROMISE Act Loans **\$30.3M** – for development through the Metropolitan Economic Development Association (MEDA).
- Partners have been holding information sessions in the geographies identified.
- Program portal will open this spring.





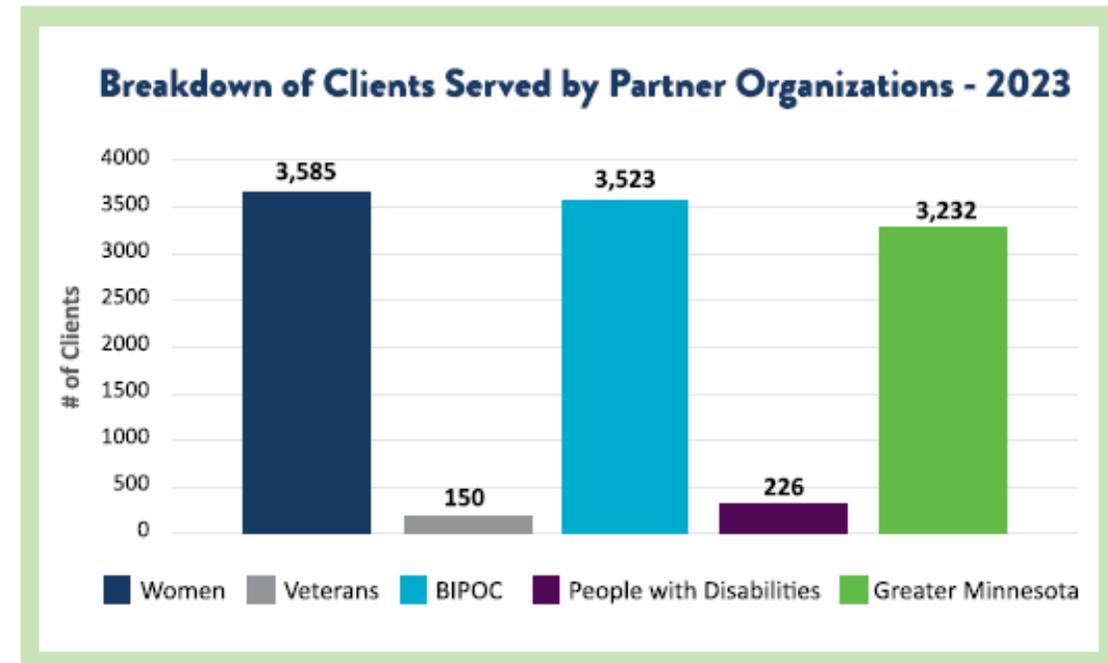
# Expanding Opportunity Fund

- The Expanding Opportunity Fund provides **capital for small businesses** through partnerships with nonprofit lenders.
- DEED will make investments in lenders through long term loans to the organization and allowing them to revolve the capital.
- These funds will fill **gaps** not funded with the PROMISE Act or direct appropriations.
- Funding awards expected in **March**.



# Small Business Assistance Partnerships

- This program allows nonprofit small business partners to meet the high level of demand for **business development and technical assistance services**.
- Awarded **\$12M to 41 organizations** to assist businesses and entrepreneurs focused on equity, innovation and vibrancy.
- In addition, DEED will administer **\$34 million in direct appropriations to 17 organizations** that deliver technical assistance and loans.



# Small Business Development Center/Launch Minnesota

- The **Small Business Development Center** (SBDC) offers no-cost technical assistance across Minnesota to entrepreneurs and small businesses.
- SBDC **helped 288** unique small businesses access **\$131 million** in capital and provided **30,158 hours of consulting to 4,418 businesses**.
- **Launch Minnesota** empowers and elevates the **innovation ecosystem** to make Minnesota the best place to start and scale new ventures.
- **Leveraged \$19.80** for every \$1 granted through innovation grants.
- Hosted events, connecting **31 startups to 283 investors** inside and outside of Minnesota.
- **700 businesses** received lean start up education through partners.



## Child Care Economic Development Grants

- Record funding to grow child care availability: **\$15 million** in the FY24-25 biennium and **\$3 million** in the FY26-27 biennium.
- We just opened our largest-ever grant round for this program – RFPs are due by 4pm on March 12<sup>th</sup>.

## Office of Child Care Community Partnerships

- Recently hired a new Director and will be hiring staff.
- Working across agencies and communities.



# Adult-Use Cannabis Programs

- **Request for Information** out in Q2 - gathering information from experts, both inside and outside of MN, to inform the creation of these programs so they support a craft and social equity focused industry.

DEED will seek nonprofit lenders, technical assistance providers and workforce development training partners to implement the following programs:

**CanStartup - \$6 million FY24-25:** supports financing for cannabis microbusinesses.

**CanNavigate - \$2 million FY24-25:** supports technical assistance programs for businesses in the legal cannabis industry.

**CanTrain - \$4 million FY24-25:** training for careers in the legal cannabis industry.



# Empowering Economic Growth, for Everyone

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

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

**MPR**news

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

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

By Tim Krohn [tkrohn@mankatofreepress.com](mailto:tkrohn@mankatofreepress.com) 4 hrs ago

Business & Economy

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

Dana Ferguson January 18, 2024 12:03 PM

# Thank you!

We welcome your questions