



EMPLOYMENT AND
ECONOMIC DEVELOPMENT

Governor's Supplemental Budget Recommendations for DEED

House Workforce, Labor, and Economic Development Finance and Policy Committee
April 14, 2026



Ensuring Continued Vitality for Minnesota's Economy

- The Governor has proposed a fiscally responsible plan that maintains a balanced budget while preparing our economy and workforce for the future.
- The Governor's supplemental budget pairs limited investments with fiscal responsibility to ensure the long-term financial health of our state.

Preparing Minnesota's Economy for Artificial Intelligence

- The Governor recommends a tax on large social media platforms.
- Revenue generated from this tax is dedicated to a new special revenue fund that supports workforce and economic development initiatives that would prepare Minnesota's economy and workforce for increased AI utilization.
- A council will recommend projects for funding.
- This is estimated to generate \$46.550 million in FY26-27 and \$194.234 million in FY28-29.
- Language is included in the Department of Revenue's supplemental budget bill.

Responding to the Economic Impact of Operation Metro Surge

- The Governor recommends \$10 million to provide emergency relief to small businesses through zero interest, partially forgivable loans to businesses that were significantly financially impacted during the period of Operation Metro Surge.
- Businesses must show a decline of 33% or more in gross revenue compared to the prior year.
- Loans range between \$2,500 and \$25,000 depending on business revenue.
- Up to 50 percent of the loan amount issued may be forgiven.
- DEED will employ the highest level of fraud prevention protocols and technology.

Service to Success Initiative

- The Governor recommends \$3.5 million from the Workforce Development Fund for the Service to Success program.
- This recommendation increases grant funding to organizations that provide public service opportunities in priority workforce areas.
- Grants will be focused in two ways:
 - Expansion grants: intended for grantees seeking to expand, scale, or add service to career pathways or expand opportunity to obtain credits, credentials, certifications, or licenses to existing programs.
 - Innovation grants: for existing public service organizations, including nonprofits and other entities that seek to develop a new service to career pathway.

Pathways to Prosperity Codification (Budget Neutral)

- The Governor recommends codifying the Pathways to Prosperity workforce development program.
- Pathways to Prosperity is a competitive grant program that supports economically disadvantaged adults seeking to enhance their employability or improve their skills or credentials.
- Pathways to Prosperity has received annual funding since 2016.
- Codifying this program will allow for easier adjustments to the program in the future.

Drive for 5 (Budget Neutral)

- The Governor recommends codifying the Drive for 5 workforce development program.
- This is a competitive grant program that provides workforce training in five high-demand sectors: caring professions, education, manufacturing, technology, and the trades.
- Drive for 5 was first created during the 2023 session.

Innovative Business Development Public Infrastructure Modification (Budget Neutral)

- The Governor recommends a 10-year sunset of development restrictions at locations awarded an IBDPI grant.
- This would allow IBDPI to support projects not meeting the definition of eligible projects if an eligible project is not developed in the 10 years following an award.
- This mirrors language in the Greater Minnesota Business Development Public Infrastructure Grant Program.

Appropriation Transfer to Metropolitan Council (Budget Neutral)

- The Governor recommends transferring a 2024 appropriation to the Minneapolis Parks and Recreation Board to the Metropolitan Council.
- In 2023, the Minneapolis Park and Recreation Board received an appropriation for a different portion of the same project through Metropolitan Council, so working with one agency would be simpler.
- The Metropolitan Council is carrying this provision in their bill.

Questions?