

One Minnesota Budget

INVESTING IN MINNESOTA'S ECONOMIC FUTURE

Governor Tim Walz and Lieutenant Governor Peggy Flanagan have announced the [One Minnesota Budget](#) which includes a bold set of strategic priorities that will bring more jobs, workers, and opportunity to our state. This plan will bolster small businesses, help Minnesota's flourishing economy compete globally, and strengthen our resilient workforce.



Following are DEED's priorities included in the One Minnesota budget.

WORKFORCE DEVELOPMENT



Growing Minnesota's Workforce

Governor Walz and Lieutenant Governor Flanagan recommend \$30 million in the FY24-25 biennium for the *Drive for 5 Workforce Fund*, which will prepare the workforce to enter five of the most critical occupational categories in the state with high-growth jobs and family-sustaining wages: technology, caring professions, education, manufacturing, and trades.



Decreasing Disparities

The Governor and Lieutenant Governor recommend investing \$80 million in the FY24-45 biennium and \$20 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 business thrive, and move Minnesota's economy forward.



Establishing an 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 Minnesota. However, there are multiple barriers to getting established in Minnesota. Governor Walz and Lieutenant Governor Flanagan propose funding in the amount of \$1.5 million in each biennium to establish an office explicitly focused on supporting immigrant and refugee integration, reducing barriers to employment, and improving connections between employers and job seekers.



Preparing More Youth to Enter the Workforce

Expanding Minnesota's results-driven Youth at Work, Minnesota Youth Program and YouthBuild programs will prepare more Minnesota young people to enter the workforce focused and work-ready. The Governor and Lieutenant Governor recommend doubling the existing funding to put \$20 million in the FY24-25 biennium toward youth workforce development – which would serve over 38,000 young people.



Creating Inclusive Workplaces

Governor Walz and Lieutenant Governor Flanagan recommend \$4 million in the FY24-25 biennium to create a Minnesota Reasonable Accommodation Program, which will reimburse small- to mid-sized Minnesota employers for expenses tied to providing reasonable accommodations for employees with disabilities. During this historically tight labor market, the Reasonable Accommodation Program is a critical tool to help Minnesota employers create disability-inclusive workplaces.



Expanding Opportunities for Retired Minnesotans

During COVID-19, Minnesota lost approximately 60,000 workers who were 55 years old+, and the loss of older workers impacted both public and private sectors. The Governor and Lieutenant Governor recommend \$10 million in the FY24-25 biennium to create a new Return-to-Work Program for Minnesotans who have left the workforce due to retirement. The funding will be awarded to nonprofit training partners to serve individuals 55 and older and will include key components that ensure participants have employment prospects during a time of historically low unemployment rates and historically high job vacancies.



Expanding the Individual Placement and Supports (IPS) Program

Governor Walz and Lieutenant Governor Flanagan recommend an increase of \$3.89 million in each biennium to allow the program to provide specialized supports to almost 700 people with serious mental illnesses so they can find and maintain steady employment. This proposal will assist more people with serious mental illness to achieve their goals of working in competitive, integrated employment.



Transforming Workforce Digital Services

The pandemic has shown us digital services for workforce development are more essential than ever before, yet the state's existing tools are falling behind. The Governor and Lieutenant Governor propose a one-time \$10 million investment to modernize the digital tools that support workforce development initiatives across Minnesota, enabling easier use of virtual appointments, more integrated and customer-centric services, and better accountability and administrative management.



Expanding the State Services for the Blind Service

The Governor and Lieutenant Governor recommend \$4 million in each biennium for the State Services for the Blind program. These resources will maximize the program's federal match and enable the program to keep pace with operational increases due to inflation, as well as expand services to reach more individuals who are blind, visually impaired, DeafBlind, or have a print-related disability.

HELPING WORKING MINNESOTANS



Providing Paid Family and Medical Leave

Too many Minnesotans, especially those in lower-wage jobs, must make the unfair choice between a paycheck and taking time off to care for a new baby or a family member with a serious illness. This leads to significant economic instability for families during some of their most challenging times. Governor Walz and Lieutenant Governor Flanagan's recommendation for one-time funding of \$668.3 million creates a paid family and medical leave insurance program to support businesses, ensure more equitable economic opportunities for all Minnesotans, keep more women in the labor force, positively impact the lives of children, and make Minnesota a more attractive state at a time of historic workforce challenges.



Expanding Unemployment Benefits to Hourly School Workers

Many hourly workers in our K-12 schools – like bus drivers and support professionals – aren't eligible for Unemployment Insurance (UI) benefits during summer break. The Governor and Lieutenant Governor recommend removing this limitation during summer breaks to make these K-12 school workers eligible to collect UI benefits – the amount would be \$164.083 million each fiscal year starting in FY 2024.

ECONOMIC DEVELOPMENT



Competing for New Business Development

Competition for business development has never been more intense, yet Minnesota’s toolbox to win business expansions to create jobs is severely outdated – current incentive programs do not provide the authority and flexibility necessary to compete with other states on a national and international scale. That’s why the Governor and Lieutenant Governor recommend a one-time investment of \$150 million for the Minnesota Forward Fund – a revitalized toolbox that would be used to make grants, loans, forgivable loans, or grants for infrastructure or large-scale economic development projects in existing, new, and emerging industries.



Empowering Entrepreneurs

Launch Minnesota empowers and elevates the innovation ecosystem to make Minnesota the best place to start and scale new ventures – including a series of initiatives focused on growing our innovation economy to keep our state competitive nationally and globally. The Governor and Lieutenant Governor propose \$5 million in each biennium to significantly expand Launch Minnesota’s work connecting start-ups to capital, expanding entrepreneurial expertise, and cultivating collaboration with business leaders. This proposal includes commercialization funding to help startups take that next step towards viability with much higher success rates, building the pathway to become our state’s next Fortune 500 companies.



Encouraging Startup Businesses with the Angel Tax Credit

The Angel Tax Credit, which has already resulted in over \$500 million in private investment in Minnesota startups, will help communities across the state create wealth by incentivizing investment in companies with founders that are women, veterans, people of color, Native people, and those headquartered in Greater Minnesota. Governor Walz and Lieutenant Governor Flanagan propose \$20 million for this tax credit in each biennium.



Revitalizing Minnesota Main Streets

The Main Street Economic Revitalization Fund is one of the ways the Governor and Lieutenant Governor are reinvesting in Minnesota communities that were hit hard by the events of 2020. By partnering with local economic development nonprofits, DEED has provided \$80 million since 2021 to catalyze investments in business corridors – neighborhoods and main streets – where they can make a big difference for individual businesses and communities as a whole. The One Minnesota Budget includes nearly \$85 million in new funding in the FY24-25 biennium to multiply the positive impacts of this program across the state.



Supporting Small Businesses

Minnesota’s small business ecosystem employs three out of every four workers in the state. The Governor and Lieutenant Governor recommend an initial \$18.5 million in funding for the Small Business Navigation Program, Small Business Development Centers, and the Small Business Partnerships Program in FY24-25. These programs provide the funding, coaching, and consulting small businesses deeply need – and they target communities facing systemic barriers to growth. All of these programs are proven ways to help Minnesota’s small businesses thrive.



Expanding Opportunity for Small Businesses

Small business owners and entrepreneurs are often unable to obtain the loan capital they need to start or expand their businesses – a critical miss for job creation as the state emerges from the pandemic. Governor Walz and Lieutenant Governor Flanagan recommend a one-time investment of \$40 million for an Expanding Opportunity Fund, which will vastly accelerate capital into small businesses through partnerships with nonprofit lenders. The fund would provide additional capital for nonprofit lenders so the state can maximize its access to federal funds and benefit over 1,000 businesses with access to capital.



Diversifying Transitioning Economies

As power plants across Minnesota plan for closure, communities surrounding them face economic uncertainty. The Governor and Lieutenant Governor recommend \$10 million in new funding in the FY24-25 biennium to support impacted areas by providing resources for these communities to diversify their economies and find new opportunities for quality jobs and economic growth.



Increasing Access to Broadband

The Border-to-Border Broadband Development Grant Program expands broadband service to areas of Minnesota that are unserved or underserved in pursuit of the state’s goal that all homes and businesses have access to broadband by 2026. Since its inception in 2014, the Border-to-Border Broadband Grant Program has provided nearly \$230 million to connect 90,000 Minnesota homes and businesses to high-speed internet. Governor Walz and Lieutenant Governor Flanagan recommend \$276 million in new funding in the FY24-25 biennium to expand the reach of this vital program.



Legalizing Cannabis for Adult Use

The Governor and Lieutenant Governor recommend \$10.4 million in FY24 and \$6.7 million in FY25 for the safe and responsible legalization of cannabis for adults in Minnesota. A new Cannabis Management Office will be responsible for the implementation of the regulatory framework for adult-use cannabis, along with the medical cannabis program, and a program to regulate hemp and hemp-derived products. This recommendation includes funding for grants to assist individuals entering the legal cannabis market and implements taxes on adult-use cannabis. This proposal also seeks to begin to address the inequities the current system of marijuana prohibition has created, beginning with the expungement of nonviolent marijuana offenses and creating a Division of Social Equity at the Office of Cannabis Management.



Making Modifications to the Job Creation Fund (JCF)

The Job Creation Fund (JCF) encourages job creation and capital investment in new or expanding businesses. The program provides job creation awards of up to \$500,000 and capital investment rebates of up to \$500,000 for qualifying businesses. Governor Walz and Lieutenant Governor Flanagan recommend making modifications to the JCF program which will change the way awards are granted to new and expanding businesses – but maintains the same appropriation amount in the base budget and is therefore budget neutral.



Providing Clarity for Destination Medical Center

The Destination Medical Center Initiative (DMC) is the largest economic development project in Minnesota history. The Governor and Lieutenant Governor recommend providing greater clarity and consistency for DMC by making some changes to the transit aid funding formula. These changes are key to accessing federal funding for transit infrastructure projects and provide consistency with other statutes around aid. Through DMC, southeastern Minnesota can become a global destination for economic development and investment.



Securing Expo 2027

Hosting Expo 2027 would provide an international platform for Bloomington and Minnesota to share our story with the world. It would provide good jobs and supercharge economic growth in the south metro. The Governor and Lieutenant Governor recommend \$10 million for a grant to the City of Bloomington, in partnership with Minnesota USA Expo 2027, to provide funding for the Expo 2027 Host Organization to attract the Expo to Minnesota.

CHILD CARE



Responding to Community and Business Needs for Child Care

Governor Walz and Lieutenant Governor Flanagan recommend \$1 million in funding in each biennium to establish an Office of Child Care and Community Partnerships at the Department of Employment and Economic Development. This would serve as a central office for DEED’s work partnering with the public and private sectors to address child care as an economic and workforce development issue across the state.



Increasing Child Care Capacity in Greater Minnesota

Lack of affordable, quality child care is a major barrier to the participation of women, single parents, low-income parents, and rural parents in the workforce. The Governor and Lieutenant Governor recommend \$15 million in the FY24-25 biennium and \$3 million in the FY26-27 biennium to support child care economic development in Greater Minnesota, which will assist child care providers, create much-needed new child care slots, and increase the capacity and quality of child care across the state.