

## Governor's Council on Economic Expansion: Meeting 10 Agenda

Date: 11/15/2021  
Time: 2:00 PM – 4:00 PM  
Location: Virtual

### Objective

Approve the final version of recommendations, plan the presentation to the Governor and Lieutenant Governor, and discuss Phase two meeting structure.

### Schedule

2:00 PM	Meeting convenes
2:00 PM – 3:00 PM	Discuss and approve recommendations
3:00 PM – 3:20 PM	Plan presentation to the Governor and Lieutenant Governor
3:20 PM – 3:30 PM	Discuss Phase 2 deliverable
3:30 PM – 3:50 PM	Small group discussions
3:50 PM – 4:00 PM	Large group share of small group discussions
4:00 PM	Meeting adjourns

### Supporting Materials

- Governor's Council on Economic Expansion Meeting Schedule
- Ideas and Themes Prioritization Results
- Draft Recommendations

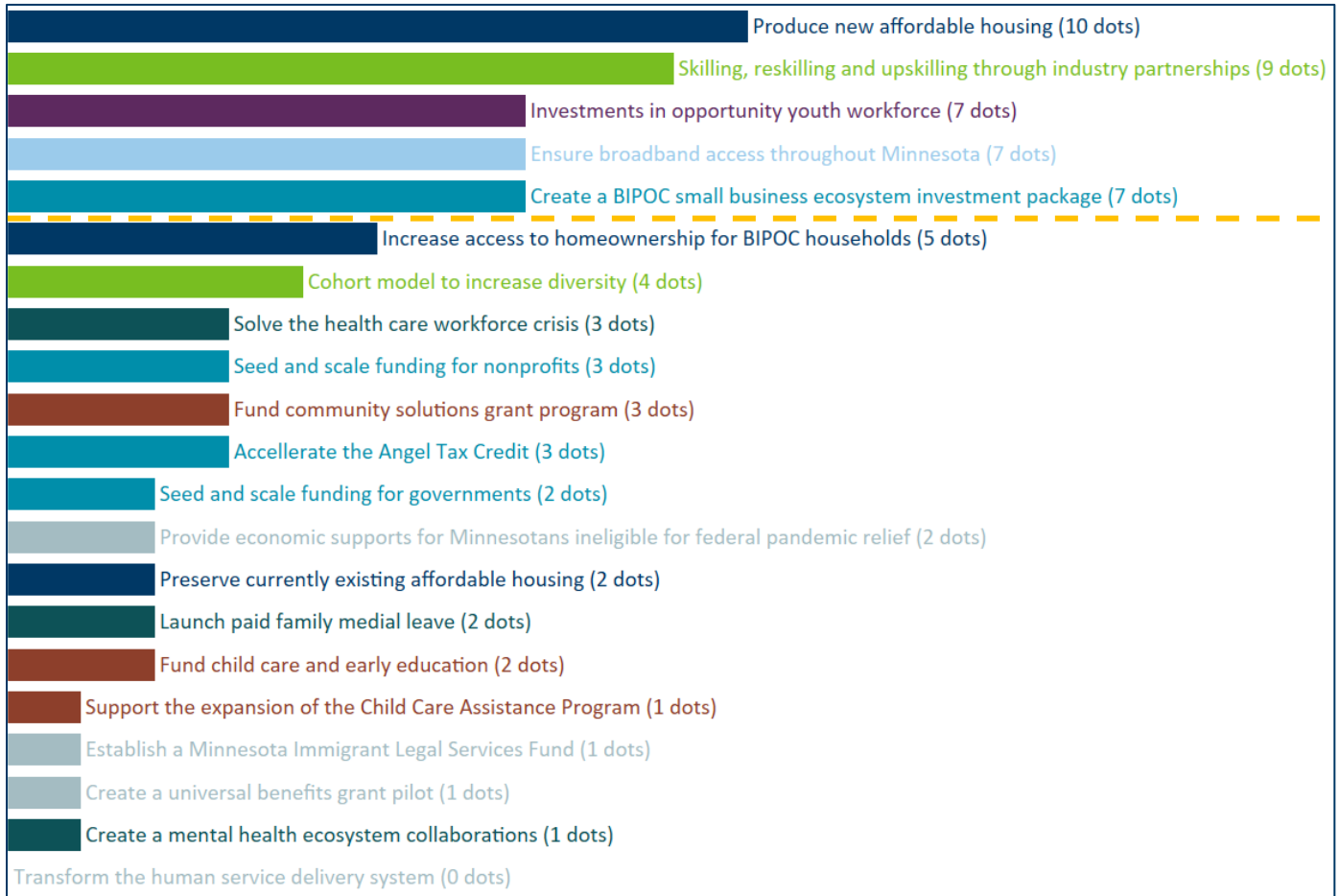
## Governor's Council on Economic Expansion Meeting Schedule

Meeting Date/Time	Purpose
September 15 10:00 a.m. to 12:00 p.m.	<p><b>Objective: Kick-off Council and discuss process, hear Council member introductions and priorities, and learn Minnesota's population forecast.</b></p> <ul style="list-style-type: none"> <li>• Governor and Lieutenant Governor kick-off</li> <li>• Council member introductions and process orientation</li> <li>• Presentation: Minnesota's population for the next 10 years</li> </ul>
September 20 2:00 to 4:00 p.m.	<p><b>Objective: Understand the impact of the pandemic's effect on the economy.</b></p> <ul style="list-style-type: none"> <li>• Presentation: Minnesota's economic future</li> <li>• Panel: Pandemic's effects on Minnesota's economy</li> <li>• Small and large group discussions</li> </ul>
September 27 2:00 to 4:00 p.m.	<p><b>Objective: Understand the impact of the pandemic's effect in the BIPOC communities, and identify values, guideline, and restrictions the Council should hold as it continues to work toward recommendations.</b></p> <ul style="list-style-type: none"> <li>• Panel: Pandemic's impact on the BIPOC communities</li> <li>• Presentation: Guidelines and restrictions for spending ARP funds</li> <li>• Small and large group discussions</li> </ul>
October 4 2:00 to 4:00 p.m.	<p><b>Objective: Understand how current employers view the challenges and opportunities of Minnesota's economic future.</b></p> <ul style="list-style-type: none"> <li>• Panel: Current employers' views of Minnesota's economic future</li> <li>• Presentation: Equity in the economy</li> <li>• Small group discussions</li> </ul>
October 11 2:00 to 4:00 p.m.	<p><b>Objective: Discuss a summary of the priorities and values identified by the Council with the entities named in the Executive Order, identify equitable economic growth opportunities, and determine any additional content or viewpoints needed to be able to move toward making recommendations.</b></p> <ul style="list-style-type: none"> <li>• Panel: Meet with representatives from entities named in the Executive Order</li> <li>• Presentation: ARP priorities overview</li> <li>• Small group discussions</li> <li>• Identify guiding principles</li> </ul>
October 18 2:00 to 4:00 p.m.	<p><b>Objective: Understand the impact of the pandemic's effect in underrepresented communities, confirm guiding principles, and identify themes for recommendations.</b></p> <ul style="list-style-type: none"> <li>• Confirm guiding principles</li> <li>• Panel: Economic insight and viewpoints from groups and communities identified by the Council</li> <li>• Introduction to mapping of priorities and themes</li> <li>• Small group discussions</li> <li>• Review next steps for providing input</li> </ul>

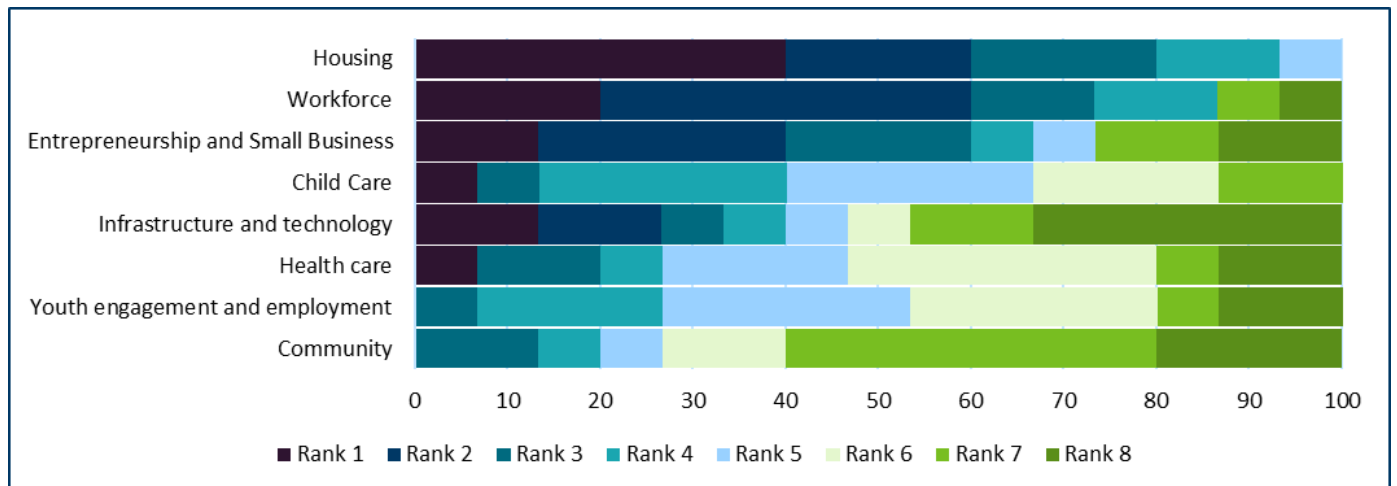
Meeting Date/Time	Purpose
October 25 2:00 to 4:00 p.m.	<b>Objective: Synthesize ideas from council members and commissioners, and begin to come to consensus on our recommendations.</b> <ul style="list-style-type: none"> <li>• Small group discussions to refine ideas for recommendations</li> <li>• Large group report out</li> </ul>
November 1 2:00 to 4:00 p.m.	<b>Objective: Review ranked ideas, further synthesize ideas, and prioritize ideas for recommendations.</b> <ul style="list-style-type: none"> <li>• Small group discussions to refine ideas for recommendations</li> <li>• Large group report out</li> </ul>
November 8 2:00 to 4:00 p.m.	<b>Objective: Discuss the detailed recommendations and what to present to the Governor and Lieutenant Governor.</b>
November 15 2:00 to 4:00 p.m.	<b>Objective: Approve the final version of recommendations, plan the presentation to the Governor and Lieutenant Governor, and discuss phase two meeting structure.</b>
December 1 1:00 to 2:00 p.m.	<b>Objective: Present recommendations to the Governor and Lieutenant Governor.</b> <i>Note: presenting to the Governor and Lieutenant Governor has been moved due to the Governor being out of town at the previously discussed time.</i>

## Ideas and Themes Prioritization Results

### Ranked ideas



### Ranked themes



# Governor's Council on Economic Expansion Recommendations

Date: November 15, 2021

## Background

The Governor's Council on Economic Expansion ("Council") was established to catalyze progress toward an equitable, inclusive, sustainable, and resilient economy. The Council was charged with recommending the following to the Governor and Lieutenant Governor by November 15, 2021:

1. Immediate actions that can be taken by the public, private, and nonprofit sectors.
2. Policy changes and investments for potential enactment during the 2022 legislative session, including recommendations on ways that Minnesota might leverage remaining American Rescue Plan dollars to advance equitable economic growth.

## Process

The Council met weekly from September 15, 2021 to November 15, 2021. During that time, the Council heard from leaders and groups representing the multi-faceted areas impacted by the COVID-19 pandemic. Representatives from the Minneapolis Federal Reserve, Neighborhood Development Center, CLUES, African American Leadership Forum, Coalition of Asian-American Leaders, Migizi, LatinoLEAD, McKinsey & Company, Minnesota Chamber of Commerce, Noor Companies, Marani Health, DigiKey, SEIU Healthcare, and Youthprise shared their insights on the impacts the COVID-19 pandemic had on their organizations, communities, customers, and partners, as well as their ideas for how to best invest in an equitable economic recovery. The Council also heard from representatives from a variety of state and tribal government agencies and councils, including the Mille Lacs Band of Ojibwe, the Governor's One Minnesota Council on Inclusion and Equity, the Governor's Community Council on Inclusion and Equity, and the Children's Cabinet.

Council members listened to stakeholders, identified needs and possible solutions, and worked together to develop a list of recommendations for the first phase of their charge. The Council will build off the information gathered, and insights learned in the first phase as they move into the second phase of their work, culminating in a second set of recommendations due to the Governor and Lieutenant Governor on June 30, 2022. The second set of recommendations will include a long-term roadmap for systemic change in the public, private, and nonprofit sectors that will achieve a more equitable, inclusive, sustainable, and resilient Minnesota economy.

## Guiding Principles

The Council identified principles to guide the process for choosing recommendations. They also worked to bring an equity lens to their decision-making process by considering how recommendations might benefit or burden Minnesotans and any unintended consequences that might result from a recommendation. The Council's guiding principles are outlined below:

- Using one-time dollars effectively.
- Driving equitable outcomes for those who face systematic barriers.
- Amplifying and scaling programs that are successful, in particular, those that are community-developed.
- Investing in innovation that enhances impact.
- Accelerating systemic long-term changes.
- Addressing multiple needs.

## Top Priorities

The Council identified five top priorities, aligned with guiding principles, that will have the most impact on Minnesota's progress toward an equitable, inclusive, sustainable, and resilient economy. They are:

- ✓ **Produce new affordable housing**
- ✓ **Workforce skilling, reskilling and upskilling through industry partnerships**
- ✓ **Create a BIPOC small business ecosystem investment package**
- ✓ **Ensure broadband access throughout Minnesota**
- ✓ **Investments in opportunity youth workforce**

## Recommendations by theme

The Council identified eight themes that consistently emerged as they analyzed what they heard. The themes guided discussions and provided the foundation for the recommendations and the top priorities. In order of priority for phase one recommendations, the themes include: housing, workforce, entrepreneurship and small business, child care, infrastructure and technology, health care, youth engagement and youth employment, and community.

While the council has highlighted the top five priorities above, the recommendations include additional ideas that will drive Minnesota's economic expansion for the Governor and Lieutenant Governor's consideration. The ideas are listed by theme and include a brief overview. Financial ranges are estimates and are for informational purposes only.

## 1. Housing

### 1a. Produce new affordable housing

- **Problem we are solving:** Annual housing infrastructure bonds only cover about one-third of the funding needed to build low-income affordable housing and workforce housing that would help solve Minnesota's housing supply issues.
- **Solution:** Create a one-time surge of funding to subsidize the construction of low-income affordable housing and workforce housing. This surge would help jump-start the additional production of affordable units and ease the housing supply problems burdening Minnesota's families.
- **Estimate:** \$100M

### 1b. Preserve existing affordable housing

- **Problem we are solving:** Each year, thousands of naturally occurring affordable housing (NOAH) rental units in Minnesota are losing their affordability after improvements or rehabilitation.
- **Solution:** Provide a one-time increase in funding to support purchasing and preserving NOAH rental units. This will retain the current number of affordable housing units, so construction of new affordable housing creates a net gain in low-income and workforce housing supply.
- **Estimate:** \$100M

### 1c. Increase access to homeownership for BIPOC households

- **Problem we are solving:** Homeownership is disproportionately more accessible to white households than Black, Indigenous, and people of color (BIPOC) households in Minnesota due to historical and current lending practices, differences in generational wealth, and other systemic financial dynamics. Improving financing opportunities, and down payment and closing cost assistance programs could decrease this systemic inequity.
- **Solution:** Increase BIPOC first-time homebuyers' purchasing power by providing affordable first mortgages or equivalent financing opportunities that do not use a credit overlay or have prohibitively high interest rates. Additionally, expand funding for down payment and closing cost assistance programs to support BIPOC first-time homebuyers to make competitive offers in today's high-competition housing market.
- **Estimate:** \$50M

## 2. Workforce

### 2a. Skilling, reskilling, and upskilling through industry partnerships

- **Problem we are solving:** There is a mismatch between available jobs, including some of the highest paying jobs in Minnesota, and the skills needed to succeed in these jobs. There is also a need to reduce barriers for historically excluded workers to enter new fields and leadership positions and for stronger pipelines of workers into companies.
- **Solution:** Partner with technology, construction, health care, hospitality, manufacturing, and energy industries to provide grants for skilling, upskilling, or reskilling workers. Workers and employers in these industries should jointly be involved in designing, governing, and allocating the grants. Provide opportunities to BIPOC and women in underrepresented fields, and on living wage jobs with adequate benefits. Support and scale existing successful programs that ensure the success of participants and have a proven record of hiring and retaining workers in these programs. Funds would include a State workforce systems upgrade.
- **Estimate:** \$50M-\$200M

### 2b. Cohort model to increase diversity

- **Problem we are solving:** Organizations and industries that are committed to increasing diversity struggle to retain employees because workers experience systemic failures that create barriers to successful workforce participation, such as limited access to child care, unreliable transportation, and an unwelcoming workplace culture.
- **Solution:** Pilot a program for a small cohort of employers in the manufacturing and health care industries throughout the state to increase quality jobs for BIPOC and women workers, and to address the workforce shortage. Investments would go toward providing assessments, trainings, and support for implementing changes.
- **Estimate:** \$10M

## 3. Entrepreneurship and Small Businesses

### 3a. Accelerate the Angel Tax Credit with focus on BIPOC- and women-owned businesses, and businesses located in Greater Minnesota

- **Problem we are solving:** New businesses that create new net jobs will drive the future economic expansion in Minnesota. Entrepreneurs experienced disparate outcomes from the pandemic, women and people of color have been hit hardest. Entrepreneurs from historically-marginalized communities lack generational wealth, access to investors, and resources to benefit from funding programs.
- **Solution:** Expand the Angel Tax Credit to \$90M and create an automatic matching grant fund of \$50M focused on BIPOC- and women-owned and managed businesses, as well as businesses located in Greater



Minnesota. The additional \$50M in grants will support \$250,000 matching grants for businesses in the targeted groups. Allocate additional resources for outreach and capacity building with the targeted groups. Also consider policy changes including expanding program categories, allowing friend and family investments, and lowering the amount of money needed to access the funds. These policy changes will be critical to ensure the intended people benefit from the program.

- **Estimate:** \$30M-\$150M

### 3b. Create a BIPOC small business ecosystem investment package

- **Problem we are solving:** Small businesses are the lifeblood of healthy communities; however, BIPOC-owned businesses are underrepresented in Minnesota. BIPOC-owned businesses have suffered additional losses during the pandemic and recent civil unrest. BIPOC small businesses face systemic barriers, lack of funds, and visibility throughout Minnesota. To create equitable outcomes across the state, developing and growing BIPOC owned businesses is a huge priority.
- **Solution:** Leverage the ecosystem of community-based and culturally-specific partners designed to accelerate the success of BIPOC small businesses, sole-proprietors, microbusinesses, creative businesses and cultural corridors through advocacy and access. This includes: \$20M for technical assistance, \$25M for training, networking and educational opportunities, \$162M for physical and digital infrastructure, and \$176.5M for cultural corridor redevelopment. Additionally, \$80M in grants to help BIPOC business owners to sustain their businesses and recover jobs and \$60M in loans to provide people with flexible capital who may be unable to obtain a bank loan to start or grow. BIPOC-owned businesses are more likely to hire from within their communities, and if resourced effectively, can provide leadership for a thriving community
- **Estimate:** \$524M

### 3c. Seed and scale funding for nonprofits.

- **Problem we are solving:** Nonprofits and community-based organizations are critical in developing and delivering programs and services to communities disproportionately impacted by the pandemic and continually underserved.
- **Solution:** Create a funding mechanism for nonprofit organizations to provide both "capacity funding" and "scale funding" to support existing operations and growth over time. Funding will be available for nonprofit organizations, with pilot grants for innovative programs that:
  - Prioritize culturally-specific organizations, small nonprofits, and human services organizations to maintain their existing operations and;
  - Focus on community-defined problems and on funding opportunities that drive equitable outcomes for those who face systematic barriers.
- **Estimate:** \$100M

### 3d. Seed and scale funding for governments.

- **Problem we are solving:** Governments often lack access to funds to test new ideas or scale initiatives, which is a critical ingredient in innovation.
- **Solution:** Create a pilot and growth funding mechanism for governments and other programs to provide both "seed funding" and "scale funding" to support growth over time. Funding will be available for organizations and government programs, with pilot grants for innovative programs that:
  - Have defined metrics and are able to demonstrate significant outcomes in a defined period.
  - Focus on community-defined problems and on funding opportunities that drive equitable outcomes for those who face systematic barriers.
  - Prioritize work that supports culturally-specific, and/or human service communities.
- **Estimate:** \$100M

## 4. Child care

### 4a. Fund Community Solutions Grant Program

- **Problem we are solving:** Access to quality child care is limited based on income, and this impacts BIPOC families at disparate rates. There is a need for direct investment into BIPOC communities as they are positioned best to address ongoing health care needs, economic supports, and educational needs in their communities.
- **Solution:** A investment in the Community Solutions for Healthy Child Development Grants to improve child development outcomes related to the well-being of children of color and American Indian children from prenatal to grade 3, and to reduce racial disparities in children's health and development.
- **Estimate:** \$20M

### 4b. Support the expansion of the Child Care Assistance Program

- **Problem we are solving:** Low-income families and households need short-term economic stabilization through expanding affordable high-quality child care assistance grants to help families participate in the workforce and pursue education.
- **Solution:** Expand the Child Care Assistance Program which provides financial assistance to help families with low incomes pay for child care so that parents may pursue employment or education leading to employment and ensure that children are well cared for and prepared to enter school.
- **Estimate (proposed by the state to meet existing need):** \$600M-\$672M

### 4c. Fund child care and early education

- **Problem we are solving:** The disappearance of federal flexibilities impacts the labor supply, operating procedures, and mental health of staff and children while providers cope with closures and families cope

with quarantining. There is a need to maintain and grow the supply of child care providers throughout the state, while creating nurturing, safe, stable environments for children during this incredibly challenging time.

- **Solution:** Move the state forward on fully funding the child care system by investing to:
  - Increasing Child Care Stabilization Grants to support child care providers.
  - Creating and expand grants to help friend, family, and neighbor child care providers who express interest in becoming licensed child care providers.
  - Providing funds to draw down county-administered child care assistance sliding fee waitlists.
  - Increasing funding of Early Learning Scholarships.
- **Estimate:** \$250M-\$300M

## 5. Infrastructure and Technology

### 5a. Ensure broadband access throughout Minnesota

- **Problem we are solving:** Only 87 percent of Minnesotans are connected at internet speeds sufficient to conduct business, obtain education, or access health care resources and information.
- **Solution:** Provide comprehensive additional resources to build on several years of public and private investments in broadband infrastructure in both unserved and underserved areas of the state, so that everyone, everywhere in Minnesota has access to affordable broadband. This idea will improve Minnesota's overall economic competitiveness, enable economic development, and attract new businesses in greater MN as well as urban areas, and will support access to health care, mental health care, and quality education.
- **Estimate (proposed by the state to meet existing need):** \$170M

## 6. Health care

### 6a. Create a mental health ecosystem collaboration

- **Problem we are solving:** There is a huge demand for expanded mental and chemical health services in Minnesota, including for residents with acute mental illness. While hospitals, especially emergency rooms, have typically provided acute mental health services, this response often results in short-term fragmented care with little or no follow up. Adding to this problem, additional mental and chemical health services are often provided by different entities, including counties, health systems, and community organizations, which makes it difficult to coordinate care. Minnesota needs an alternate way to provide these services more effectively and connect residents with more sustainable treatment solutions that would reduce stigma, acute crises, and create access to the continuum of services that support a person with mental health needs.
- **Solution:** Fund a demonstration project of up to 6 mental health coordination centers, which create a collaboration between county, health systems, and community organizations. Give matching funds to a

lead coordinating agency, which will also provide ongoing operational costs and management, to create an integrated approach to mental health. Mental health coordination centers would integrate each level of care for mental and chemical health services, including clinic, day treatment programs, and partial hospitalizations, with both in-person and virtual services available. They should also connect county and community crisis resources, economic and housing assistance, legal services, and peer recovery services to create and ease access to a continuum of social services that can address multiple needs.

- **Estimate:** matching, one-time funds with sponsoring organization, \$75M

## 6b. Solve the health care workforce crisis

- **Problem we are solving:** The health care sector has lost a large portion of its workforce during the COVID-19 pandemic and is on the verge of collapsing, there is a shortage of people moving into this sector to fill empty positions. This shortage of frontline workers plagues all care sectors, including hospitals, clinics, nursing homes, and home health care. The economy can only expand and improve if the health care system can handle and address the continuing pandemic.
- **Solution:** Make a one-time investment of \$450M to create a broad-based set of payments incentives, and loans to retain or add frontline workers. Investments could include some combination of financial support for additional hourly premium pay, increases to basic wages, retention bonuses, tax credits, tuition reimbursement and student loan forgiveness training and upskilling health care workers, employee support through a program similar to the federal PPP loan program to support health care, disability services, and long-term care facilities.
- **Estimate:** \$425-\$525M

## 6c. Launch paid family medical leave

- **Problem we are solving:** Employees in Minnesota are not currently able to take paid leave from work for their own or a family members' medical needs.
- **Solution:** Provide funding for the upfront costs of setting up a paid family medical leave program. This program will be self-sustaining, but requires an initial investment to create the required infrastructure.
- **Estimate:** \$11.4M

## 7. Youth engagement and youth employment

### 7a. Investments in opportunity youth workforce

- **Problem we are solving:** Young adults have experienced a variety of COVID-19-related disruptions as they transition to adulthood, including job losses, school closings, family economic instability, and mental health challenges. The period between 16 and 24 years of age is a critical but challenging time for youth under normal circumstances with supportive family, communities, and institutions; COVID-19 has exacerbated those challenges.

- **Solution:** Invest in community-based organizations that tackle the barriers youth face. Investment examples include: teach youth to market their skills across jobs industries, support paid internships or eliminate unpaid internships, help youth obtain driver's licenses, which is a key tool for career and education attainment, and bolster investment in career pathway programs, particularly in the health care industry. With appropriate investments, Minnesota youth can get back on track more quickly, addressing labor shortages and higher education disparities in the process.
- **Estimate:** \$30M-\$100M

## 8. Community

### 8a. Establish a Minnesota Immigrant Legal Services Fund

- **Problem we are solving:** Citizenship and legal immigrant status are vital to creating economic security and stability for Minnesota's refugee and immigrant communities. Given the COVID-19-caused backlogs it is vital to stabilize the status of undocumented essential workers, legal representation for immigrants seeking green cards, and ultimately citizenship.
- **Solution:** Establish an Immigrant Legal Services Fund for new Americans to assist immigrants and refugees to obtain, maintain, or improve their immigration legal status, or obtain citizenship. As previously described in House File 2409, this service could be distributed through the Legal Services Advisory Committee of the Supreme Court.
- **Estimate:** N/A

### 8b. Create a universal benefit grant pilot

- **Problem we are solving:** Low-income families that rely on public assistance benefits are not supported to the full extent needed to stabilize their families and communities. Based on current legislative requirements, most income supports count against a family's eligibility for public assistance benefits, which can make them more harmful than helpful.
- **Solution:** Support local communities that design and create demonstration projects that provide low-income families with basic income. To ensure efficacy and success of these programs, provide matching funds for communities raising and investing in funds for these demonstrations, and enact legislation to clarify that income supports offered through those community demonstrations would not count against eligibility for public assistance benefits.
- **Estimate:** \$25M

### 8c. Transform the human service delivery system

- **Problem we are solving:** The current way that people apply for and receive social service benefits is not an integrated process across all levels of support. There is a disconnect for the people interacting with Minnesota's human services system, including people receiving services, county and tribal staff, service

providers, and the state. By improving existing technology and creating new technology solutions, the customer service experience can be streamlined, and coordination of services will be improved by leveraging data-sharing and analytics across all levels of users.

- **Solution:** Use one-time funds to implement a large-scale modernization of the technical systems supporting the human services system across the state. Minnesota’s Department of Human Services can draw down a federal match for many IT upgrades, therefore much of this investment will require General Fund investments, rather than funds from ARPA, but is recommended for consideration in the upcoming legislative session.
- **Estimate:** \$77-\$90M

#### **8d. Provide economic supports for Minnesotans who were ineligible for federal pandemic-related economic relief**

- **Problem we are solving:** Many residents of Minnesota were impacted by the economic effects of COVID-19, but were ineligible for federal economic relief.
- **Solution:** Provide economic relief benefits to Minnesotans who did not have access to federal financial supports to offset the economic impact of the COVID-19 pandemic. These state economic impact payments can be distributed quickly by community-based organizations. It is estimated that there are approximately 110,000 people in Minnesota eligible for this relief.
- **Estimate:** \$55M - \$123M