

THE WALZ-FLANAGAN BUDGET



TO MOVE MINNESOTA FORWARD

Supplemental Budget Recommendations

Select Priorities for Governor's Task Force on Broadband

Department of Employment and Economic Development



One Minnesota | mn.gov/deed



Ensure Broadband for Every Minnesotan

Ensure Broadband for Every Minnesotan



- **Finish Broadband Statewide - \$170 Million**
 - **240,000 Minnesota households** do not have access to strong broadband. They lack the "plumbing" for the modern economy.
 - From telehealth to education to economic growth, **broadband is vital** to vibrant communities.
 - Estimated cost to connect those households is **\$1.3 billion; \$170M** needed from state.



Ensure Broadband for Every Minnesotan



- **Finish Broadband Statewide - \$170 Million**

- We could be among the **first states in the U.S.** to be fully connected if we make the right one-time investments - now.
- This would **differentiate Minnesota** and attract talent & business development.
- **Greater Minnesota** can be the model for rural development and growth for the nation.

Grow Small Businesses and Attract Talent

Innovation Ecosystem Snapshot



Minnesota's "headquarters economy" is the perfect place for entrepreneurs to start & scale their businesses.

- But there is not enough early-stage capital available to support the vast number of start-up businesses in Minnesota, & the competition for startups is intense.
- The good news: we have proven programs we can empower to do much more:
 - Angel Tax Credit issued \$10 million to help 80+ MN companies raise \$40M of private investment.
 - Launch Minnesota grantees raised \$35M – a \$9 return for every MN dollar invested and 100% of grantees said their business was propelled forward.

Grow Small Businesses and Attract Talent



- **Enhance Launch Minnesota - \$5 Million**
 - We're the perfect state to "scale-up" your startup with the talent and resources needed to create the next Fortune 500
 - This funding would transform accelerators in MN to attract, support & grow startups with momentum in our state.
 - Focus on high momentum industries: Healthcare, Ag/Food, Fintech, Clean Energy



Grow Small Businesses and Attract Talent



- **Invest in the Angel Tax Credit - \$17 Million** (and in the tails)
 - Program is Minnesota's primary economic development tool to assist early-stage businesses engaged in technological innovation
 - Provides a tax credit to investors or investment funds that make an equity investment
 - Program has resulted in **over \$498 million** in private investment in Minnesota's startups
 - Leveraged by the state's issuance of \$120 million in tax credits to angel investors



Grow Small Businesses and Attract Talent



- **Invest in the Angel Tax Credit - \$17 Million** (and in the tails)
 - MN instituted this credit in 2010; over two dozen states have similar programs
 - **But**: we don't fund it every year & must fight for it every session – let's make it consistent & dependable for entrepreneurs.
 - It works, and we target it to those who need it most:
 - First nine months of the year, 50% of credits are reserved for targeted businesses
 - In 2019, 32% of investment recipients were targeted businesses, including those owned by people of color, women and/or businesses headquartered in Greater MN (program not funded in 2020)

Grow Small Businesses and Attract Talent

State Small Business Credit Initiative: A federal govt program to support startup & small business growth - \$97M coming to MN.

Our stakeholder-informed structure will consist of:

- Loan Guarantee - Banks, Credit Unions, CDFIs - \$12.5M
- Loan Participation - CDFIs & NGOs - \$25M
- Automation Loan Participation - \$12.5M
- Growth Loan Fund - \$12.5M
- Multi Fund VC Program - \$34.5M



Grow Small Businesses and Attract Talent



State Small Business Credit Initiative

- **But:** DEED would need a policy change:
 - Would allow DEED to take **equity positions** in small and emerging businesses to effectively manage and distribute the **\$97 million** in funding from the US Treasury SSBCI program
 - The state would reinvest these dollars in future businesses
 - Many other states do this

Grow Our Workforce

Grow Our Workforce



- According to DEED's Occupations in Demand, tech jobs have **huge growth rates** and pay **great wages**
 - Software Developers, 21.8% growth rate, Bachelor's, Median wage **\$103k**
 - Computer Network Support Specialists, 5.1% growth rate, Postsecondary non-degree, **\$64k**
 - Web Developers, 5.8% growth rate, Postsecondary non-degree or associate's, **\$78k**
 - CNC Programmers, 22.6% growth rate, Postsecondary non-degree, **\$64k**



Grow Our Workforce



- By 2030, tech jobs will grow more than **twice as fast** as all other occupations.
 - **12.2% growth in tech jobs** in Minnesota, while all other jobs will grow 5.7%.
 - There are almost **6,000 open tech jobs** in MN today
 - We project **35,000 openings** in the next decade

...Yet our pipeline is in trouble and we need to do something, fast

Grow Our Workforce



• Tech Jobs Pipeline for Youth - \$15 Million

- Minnesota's talent pipeline for tech severely lags the nation
 - Last year, MN ranked 50th out of 50 states in students who took the AP computer science examination
- Prepare our future workforce – BIPOC students and youth – to meet the demands of Minnesota's growing tech industry
- Students will leave the program with connections to employers ready to hire into the highest-paying career tracks in the state



Grow Our Workforce



- **Technology Re-Skilling Training - \$13 Million**

- Minnesota's large and diverse tech sector is a key strength and important driver of the state's economic future
 - Our tech sector is more diverse than other states:
 - Advanced manufacturing; IT and other advanced industries
 - Financial and service industries
 - MN's corporate headquarters market, med tech industry and electronic instrument manufacturing are also leading drivers of high-tech activities



Grow Our Workforce



- **Technology Re-Skilling Training - \$13 Million**

- COVID-19 pandemic disproportionately impacted women and communities of color
- The Adult Tech Training Program for Black, Indigenous, People of Color and Women will help close the gap on racial and gender disparities while also meeting tech labor demands
 - Will prepare participants for some of the highest paying jobs in the state



Grow Our Workforce

- **Clean Tech Workforce Training Program - \$8 Million** (\$2M DEED/\$6M Commerce)

DEED Clean Tech Transportation Career Pathways Training



- Transportation sector is the largest source of greenhouse gases in Minnesota
- Funding covers cost of outreach and recruitment, occupational skills training, and trainee supportive services
- Will train between 145 and 185 participants
 - Between July 1, 2019 - August 24, 2021, DEED reported 1,041 individuals successfully completed 2,051 trainings focused on occupations requiring enhanced skills or occupations with increased demand due to the impact of the green economy activities and technologies

Grow Our Workforce



• Clean Tech Workforce Training Program - \$2 Million

(\$2M DEED/\$6M Commerce)

- Create a program to train, retain, and upskill workers in transportation, weatherization, and energy efficiency industries
- Support the workforce needed to perform retrofits that make homes and buildings more energy efficient by providing training funding for statewide technical colleges and Tribal-led training centers
- Projects these workers complete will help Minnesotans save money on energy costs and create safer, healthier homes and businesses



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Discussion