

Table of Contents

2016-17 Governor's Budget - Employment and Economic Development, Department of

Agency Profile – Employment and Economic Development, Department of.....	1
Expenditures Overview.....	3
Financing by Fund.....	5
Change Item: Broadband Infrastructure Grant Program.....	8
Change Item: Pathways to Prosperity.....	10
Change Item: Operating Adjustment.....	12
Change Item: Extended Employment	13
Change Item: Individual Placement and Supports.....	15
Change Item: Olmstead Implementation Office.....	17
Change Item: Greater Minnesota Job Expansion Program Fees.....	20
Change Item: Protection from Subpoena for Vocational Rehabilitation Services Staff.....	21
Change Item: Unemployment Insurance Advisory Council Recommendations	22
Business and Community Development.....	24
Expenditures Overview.....	26
Financing by Fund.....	27
Unemployment Insurance.....	30
Expenditures Overview.....	32
Financing by Fund.....	33
Workforce Development Division.....	34
Expenditures Overview.....	36
Financing by Fund.....	37
Disability Determination Services.....	39
Expenditures Overview.....	40
Financing by Fund.....	41
General Support Services.....	42
Expenditures Overview.....	43
Financing by Fund.....	44
Minnesota Trade Office.....	46
Expenditures Overview.....	47
Financing by Fund.....	48
Vocational Rehabilitation Services.....	49
Expenditures Overview.....	51
Financing by Fund.....	52
State Services for the Blind.....	54
Expenditures Overview.....	56
Financing by Fund.....	57
Broadband Development.....	59
Expenditures Overview.....	60
Financing by Fund.....	61
Federal Funds Summary.....	62

AT A GLANCE

- DEED is the state's principal economic development and workforce development agency.
- We work to attract, retain, and expand businesses and create jobs.
- We work to connect workers to jobs, prepare individuals for jobs in high-demand industries, and help people to live independently.
- We stabilize and stimulate the economy through benefit payments.
- We work to help communities thrive.
- Our organization has 1,500 dedicated staff statewide.

PURPOSE

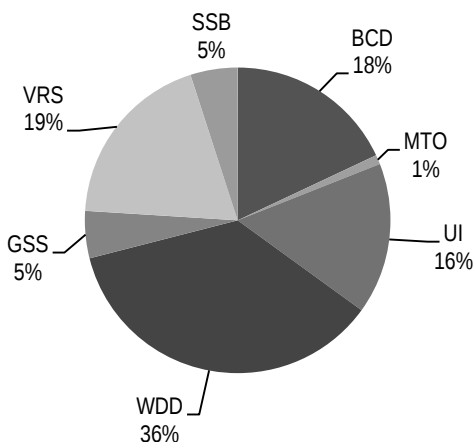
Minnesota Department of Employment and Economic Development (DEED) programs provide employment and training for individuals; provide services that help individuals with disabilities achieve personal and vocational independence; promote business recruitment, expansion, and retention; promote international trade; promote broadband adoption; and support community development.

We support the following statewide outcomes:

- **A thriving economy that encourages business growth and employment opportunities**
- **A workforce with the education and skills they need to achieve their goals**
- **Strong and stable families and communities**
- **Efficient and accountable government services**

BUDGET

**Spending by Program
FY 13 Actual**

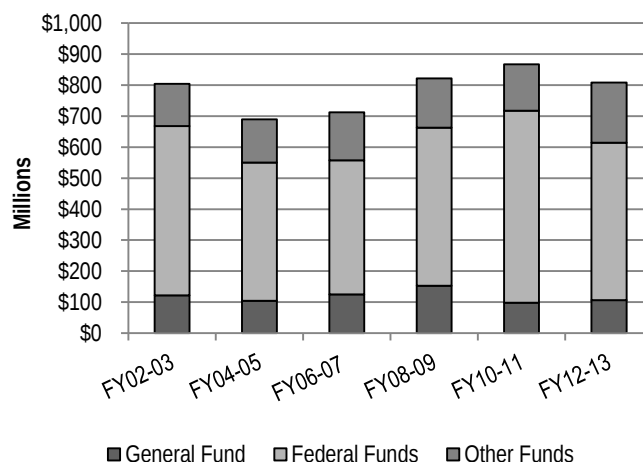


In FY15 DDS will be pulled out of Workforce Development Division (WDD) and reported separately. Of WDD's 36% in FY13 Actual, DDS is 15%.

BCD = Business and Community Development; MTO = Minnesota Trade Office; UI = Unemployment Insurance; WDD = Workforce Development Division; GSS = General Support Services; VRS = Vocational Rehabilitation Services; SSD = State Services for the Blind, DDS = Disability Determination Services.

Source: BPAS

Historical Spending



Explore Minnesota (for FY2002-2004) and Public Facility Agency (for FY 2002-2009) expenditure data was separated from DEED's Consolidated Fund Statement data.

Source: Consolidated Fund Statement, MAPS Expenditure Reports

STRATEGIES

DEED manages many federal and state programs that support Minnesota's people, businesses, and communities.

Our *Workforce Development* division works to ensure that businesses have the talent they need to be globally competitive and that workers have the skills that businesses need.

- *Workforce Development*: Our employment and training programs for unemployed and underemployed Minnesotans provide services such as career counseling, assessment, job placement services, education and training, and job development activities.
- *Vocational Rehabilitation*: We assist Minnesotans with disabilities to secure and retain employment, live independently, and reduce their dependence on government supports.
- *State Services for the Blind*: We also facilitate the achievement of personal and vocational independence by Minnesotans who are blind, visually impaired, or DeafBlind.
- *Unemployment Insurance*: We pay unemployment benefits to workers unemployed due to no fault of their own ensure that they are able to support themselves and their families while they look for their next job.
- *Disability Determination*: We determine if Minnesota applicants meet federal criteria for disability benefits through the Social Security's Administration.
- DEED delivers services to Minnesotans through nearly 50 workforce centers, through partnerships and with grants to certified service providers, non-profits, MNSCU schools, and Adult Basic Education programs.

Our *Economic Development* division contributes to Minnesota's economic success by providing services that support the growth of businesses and communities.

- *Business and Community Development*: New and expanding business benefit from our various business finance incentives while communities can receive grants, loans, and technical assistance for redevelopment and public infrastructure.
- *Minnesota Trade Office*: We provide export education and training for businesses and help foreign companies invest in Minnesota through new business startups or expansions.
- *Office of Broadband Development*: We also coordinate public, private, and philanthropic efforts to increase availability, speed, and use of broadband.

Our *Research and Analysis* offices provide data, data tools, research, and analysis that give a comprehensive, nuts-and-bolts look at Minnesota's economy and workforce. DEED is the home to Minnesota's State Labor Market Information Office, funded by the federal Bureau of Labor Statistics, which, among other things, crunches the numbers for the state unemployment rates each month.

DEED is focused on the three pillars of growth for Minnesota's economic competitiveness.

- *Talent*: We are working to ensure that everyone is well prepared for the jobs of the future and that businesses have the workforce they need.
- *Innovation*: From assisting large company expansions to encouraging new startups in Minnesota, DEED works to encourage innovation to help Minnesota grow even stronger.
- *Trade*: We must continue to connect Minnesota business with markets around the globe and work to attract new investment from foreign companies here in the state.

"State Fiscal Year" or "SFY" is used throughout DEED's program narratives to clarify the time period being referenced, since Minnesota's state government and the Federal Government use different fiscal calendars. The "Federal Fiscal Year" is noted as "FFY."

Minn. Stat. § 116L (<https://www.revisor.mn.gov/statutes/?id=116L>), Minn. Stat. § 116J (<https://www.revisor.mn.gov/statutes/?id=116J>), and Minn. Stat. § 268 (<https://www.revisor.mn.gov/statutes/?id=268A.11>) provide the legal authority for DEED.

Additional applicable 'general agency' statutes and laws: Government Data Practices, Minn. Stat. § 13 (<https://www.revisor.mn.gov/statutes/?id=13>), Official Records Act, Minn. Stat. § 15.17 (<https://www.revisor.mn.gov/statutes/?id=15.17>), Open Meeting Law, Minn. Stat. § 13D (<https://www.revisor.mn.gov/statutes/?id=13d>), Records Management, Minn. Stat. § 138.17 (<https://www.revisor.mn.gov/statutes/?id=138.17>).

Federal: Workforce Investment Act, the Workforce Investment Act of 1998 (Public Law 105-220) (<http://www.gpo.gov/fdsys/pkg/PLAW-105publ220/content-detail.html>), U.S. Code, Title 29, Chap. 30. (<http://www.law.cornell.edu/uscode/text/29/chapter-30>). These are non-state websites.

Expenditures By Fund

	Actual		Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY12	FY13	FY14	FY15	FY16	FY17	FY16	FY17
1000 - General	48,076	59,107	65,571	118,967	74,938	78,766	106,554	80,577
2000 - Restricted Misc Special Rev	36,310	38,517	24,238	29,001	27,625	27,625	27,835	27,835
2001 - Other Misc Special Rev	2,202	7,056	1,437	21,991	1,157	1,057	1,157	1,057
2350 - Petroleum Tank Release Cleanup	12,746	12,383	5,079	14,648	6,200	6,200	6,200	6,200
2390 - Workforce Development	35,483	45,675	51,197	74,571	49,606	51,684	49,865	51,951
2403 - Gift	358	340	435	366	310	397	310	397
2801 - Remediation Fund	493	1,704	817	2,407	700	700	700	700
3000 - Federal	245,648	264,383	249,101	303,714	273,024	271,873	273,024	271,873
Total	381,315	429,166	397,876	565,665	433,561	438,301	465,646	440,589
Biennial Change				153,059		(91,678)		(57,305)
Biennial % Change				19		(10)		(6)
Governor's Change from Base								34,373
Governor's % Change from Base								4

Expenditures by Program

Program: Business and Community Dvpmt	60,122	80,910	61,147	158,765	75,941	78,982	76,151	79,192
Program: Unemployment Insurance	72,298	69,571	55,781	56,938	58,642	58,741	58,642	58,741
Program: Workforce Development	109,164	131,483	135,557	173,601	142,933	144,554	142,933	144,554
Program: Disability Determination	25,191	23,632	22,261	26,711	27,064	27,806	27,064	27,806
Program: General Support Services	19,622	21,871	20,509	24,614	23,908	23,922	24,533	24,750
Program: Minnesota Trade Office	1,986	2,478	2,234	3,428	2,608	2,607	2,608	2,607
Program: Vocational Rehabilitation	74,662	79,935	80,780	80,591	80,625	79,762	81,875	81,012
Program: Services for The Blind	18,271	19,286	19,518	20,864	21,462	21,549	21,462	21,549
Program: Broadband Development Office	0	0	90	20,153	379	378	30,379	378
Total	381,315	429,166	397,876	565,665	433,561	438,301	465,646	440,589

Expenditures by Category

Compensation	107,566	110,907	111,282	121,791	117,944	118,872	118,793	119,650
Operating Expenses	68,220	71,853	70,044	82,257	86,096	91,215	87,082	91,575
Other Financial Transactions	19,283	20,770	4,332	8,505	6,480	5,285	6,480	5,285
Grants, Aids and Subsidies	185,864	225,467	210,513	350,946	220,802	220,658	251,052	221,808
Capital Outlay-Real Property	382	169	1,705	2,166	2,240	2,272	2,240	2,272
Total	381,315	429,166	397,876	565,665	433,561	438,301	465,646	440,589
Total Agency Expenditures	381,315	429,166	397,876	565,665	433,561	438,301	465,646	440,589

(Dollars in Thousands)

Expenditures by Category

Internal Billing Expenditures	13,329	13,475	13,071	16,184	15,941	15,879	16,053	15,941
Expenditures Less Internal Billing	367,986	415,691	384,805	549,481	417,620	422,422	449,593	424,648
<u>Full-Time Equivalents</u>	1,581.5	1,553.7	1,475.7	1,579.6	1,463.5	1,447.7	1,471.5	1,458.0

(Dollars in Thousands)

1000 - General

	Actual		Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY12	FY 13	FY 14	FY15	FY16	FY17	FY16	FY17
Balance Forward In	9,416	22,853	25,640	33,769	389		389	
Direct Appropriation	44,076	52,710	84,538	106,319	74,630	73,257	106,246	75,068
Open Appropriation						5,592		5,592
Net Transfers	(60)	(102)	(7,946)	(20,732)	(82)	(82)	(82)	(82)
Cancellations	5	530	2,892					
Expenditures	48,076	59,107	65,571	118,967	74,938	78,766	106,554	80,577
Balance Forward Out	5,352	15,824	33,769	389				
<i>Biennial Change in Expenditures</i>				77,356		(30,833)		2,594
<i>Biennial % Change in Expenditures</i>				72		(17)		1
<i>Gov's Exp Change from Base</i>								33,427
<i>Gov's Exp % Change from Base</i>								22
FTEs	103.1	109.7	107.8	133.3	130.6	128.6	136.9	137.1

2000 - Restricted Misc Special Rev

	Actual		Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY12	FY 13	FY 14	FY15	FY16	FY17	FY16	FY17
Balance Forward In	16,478	17,260	5,993	6,689	5,385	5,479	5,385	5,479
Receipts	47,736	43,934	30,903	33,211	33,231	33,104	33,441	33,314
Internal Billing Receipts	13,332	13,478	13,073	16,187	15,945	15,883	15,945	15,883
Net Transfers	(11,303)	(16,657)	(5,970)	(5,512)	(5,512)	(5,512)	(5,512)	(5,512)
Expenditures	36,310	38,517	24,238	29,001	27,625	27,625	27,835	27,835
Balance Forward Out	16,601	6,020	6,689	5,385	5,479	5,446	5,479	5,446
<i>Biennial Change in Expenditures</i>				(21,587)		2,011		2,431
<i>Biennial % Change in Expenditures</i>				(29)		4		5
<i>Gov's Exp Change from Base</i>								420
<i>Gov's Exp % Change from Base</i>								1
FTEs	118.6	133.9	149.5	166.5	99.3	92.3	100.8	93.8

2001 - Other Misc Special Rev

	Actual		Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY12	FY 13	FY 14	FY15	FY16	FY17	FY16	FY17
Balance Forward In	13,647	18,370	20,031	21,305	26,895	32,539	26,895	32,539
Receipts	3,334	4,715	2,711	6,931	6,801	6,701	6,801	6,701
Net Transfers				20,650				
Expenditures	2,202	7,056	1,437	21,991	1,157	1,057	1,157	1,057
Balance Forward Out	14,779	16,029	21,305	26,895	32,539	38,183	32,539	38,183

(Dollars in Thousands)

2001 - Other Misc Special Rev

Biennial Change in Expenditures			14,170		(21,213)		(21,213)
Biennial % Change in Expenditures			153		(91)		(91)
Gov's Exp Change from Base							0
Gov's Exp % Change from Base							0
FTEs	1.4	1.3	1.2	2.8	2.7	2.7	2.7

2350 - Petroleum Tank Release Cleanup

	Actual		Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY12	FY 13	FY 14	FY15	FY16	FY17	FY16	FY17
Balance Forward In	10,419	9,648	7,327	8,448				
Net Transfers	0	(1)	0	0				
Expenditures	12,746	12,383	5,079	14,648	6,200	6,200	6,200	6,200
Balance Forward Out	3,874	3,464	8,448					
Biennial Change in Expenditures				(5,402)		(7,327)		(7,327)
Biennial % Change in Expenditures				(21)		(37)		(37)
Gov's Exp Change from Base								0
Gov's Exp % Change from Base								0
FTEs	2.2	1.8	2.2	1.8	1.8	1.8	1.8	1.8

2390 - Workforce Development

	Actual		Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY12	FY 13	FY 14	FY15	FY16	FY17	FY16	FY17
Balance Forward In	12,985	1,254	122	165				
Direct Appropriation	16,422	16,422	20,440	21,722	19,497	19,497	19,756	19,764
Open Appropriation	6,824	28,012	30,802	52,683	30,187	32,267	30,187	32,267
Receipts	0							
Net Transfers		(5)						
Cancellations	103	8	2					
Expenditures	35,483	45,675	51,197	74,571	49,606	51,684	49,865	51,951
Balance Forward Out	644		165					
Biennial Change in Expenditures				44,609		(24,478)		(23,952)
Biennial % Change in Expenditures				55		(19)		(19)
Gov's Exp Change from Base								526
Gov's Exp % Change from Base								1
FTEs	11.6	13.2	14.1	14.9	14.6	14.6	14.8	14.9

2403 - Gift

(Dollars in Thousands)

2403 - Gift

	Actual		Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY12	FY 13	FY 14	FY15	FY16	FY17	FY16	FY17
Balance Forward In	324	475	332	355	301	296	301	296
Receipts	478	186	458	312	305	305	305	305
Expenditures	358	340	435	366	310	397	310	397
Balance Forward Out	444	321	355	301	296	204	296	204
<i>Biennial Change in Expenditures</i>				103		(94)		(94)
<i>Biennial % Change in Expenditures</i>				15		(12)		(12)
<i>Gov's Exp Change from Base</i>								0
<i>Gov's Exp % Change from Base</i>								0
FTEs	3.9	1.7	1.6	1.4	1.4	1.2	1.4	1.2

2801 - Remediation Fund

	Actual		Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY12	FY 13	FY 14	FY15	FY16	FY17	FY16	FY17
Balance Forward In	143	1,545	1,824	1,707				
Direct Appropriation	700	700	700	700	700	700	700	700
Expenditures	493	1,704	817	2,407	700	700	700	700
Balance Forward Out	350	541	1,707					
<i>Biennial Change in Expenditures</i>				1,027		(1,824)		(1,824)
<i>Biennial % Change in Expenditures</i>				47		(57)		(57)
<i>Gov's Exp Change from Base</i>								0
<i>Gov's Exp % Change from Base</i>								0

3000 - Federal

	Actual		Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY12	FY 13	FY 14	FY15	FY16	FY17	FY16	FY17
Balance Forward In	3,366	29,616	9,019	6,876	6,922	3,365	6,922	3,365
Receipts	252,868	240,868	246,961	303,761	269,467	269,716	269,467	269,716
Expenditures	245,648	264,383	249,101	303,714	273,024	271,873	273,024	271,873
Balance Forward Out	10,584	6,102	6,876	6,922	3,365	1,209	3,365	1,209
<i>Biennial Change in Expenditures</i>				42,784		(7,919)		(7,919)
<i>Biennial % Change in Expenditures</i>				8		(1)		(1)
<i>Gov's Exp Change from Base</i>								0
<i>Gov's Exp % Change from Base</i>								0
FTEs	1,340.7	1,292.0	1,199.3	1,258.8	1,213.2	1,206.5	1,213.2	1,206.5

Department of Employment and Economic Development

FY16-17 Biennial Budget Change Item

Change Item: Broadband Infrastructure Grant Program

Fiscal Impact (\$000s)	FY 2016	FY 2017	FY 2018	FY 2019
General Fund				
Expenditures	30,000	0	0	0
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	30,000	0	0	0
FTEs	1	0	0	0

Recommendation:

The Governor recommends \$30 million in FY 2016, available for the biennium, for the Border-to-Border Broadband Infrastructure Grant Program.

Rationale/Background:

Minnesota policymakers set a number of visionary broadband goals in 2010. Chief among them, the State of Minnesota committed to 1) achieving border-to-border access to moderate levels of broadband service to every home in the state by 2015 and 2) achieving a top ranking among states in the adoption and use of broadband technologies. At present, 75% of Minnesota households have access to broadband at or above state speed goals; over 300,000 households still need such service. While ambitious, Minnesota's broadband goals recognized that broadband access is an important contributor to economic competitiveness and can increase equity in employment, healthcare, and education for all Minnesota communities. The establishment of the Office of Broadband Development and the Border-to-Border Broadband Infrastructure Fund within DEED were major steps toward that vision.

While estimates suggest the total statewide cost of achieving broadband goals is somewhere between \$900 million and \$3.2 billion, this proposal anticipates that the State of Minnesota would continue to be one of several contributors toward closing that gap; private providers, namely, will continue to build into unserved areas where they can achieve strong returns on investment. With this additional funding, DEED will be able to continue addressing the needs left unmet by the private sector in areas that are not otherwise on providers' investment horizon.

A robust broadband infrastructure is key to Minnesota's economic competitiveness. Further investment in broadband infrastructure will allow equal access to opportunities in business attraction and retention, business exports and foreign direct investment, education, healthcare, public safety and social well-being throughout the state.

Proposal:

The Border-to-Border Broadband Infrastructure Grant Program pool of funding would be awarded through a competitive grant process. The parameters of the competitive process will be based on the program's inaugural grant round in 2014.

DEED expects to serve just under 6,700 households with the SFY 2015 \$20 million appropriation. Using the same baseline, an appropriation of \$30 million for the biennium would serve almost 8,500 of the approximately 300,000 currently unserved households. These numbers will continue to be refined as the current funds for the Border-to-Border Broadband Infrastructure Fund Grant Program are awarded.

DEED requests that the appropriation for the Border-to-Border Broadband Infrastructure Grant Program include language allowing DEED to retain up to 3% of the appropriation for the administrative costs of operating the program. With that \$900,000 and the base funding appropriation to the Office of Broadband Development, DEED will engage in conducting broadband data collection and analysis to support the grant program.

IT Related Proposals:

N/A

Results:

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quantity	Number of households obtaining at least moderate broadband coverage through the Border-to-Border Broadband Infrastructure grant program	N/A	TBD	
Quality	State ranking in broadband access	N/A	TBD	
Quality	Percent of Minnesotan households accessing broadband	N/A	TBD	
Quality	Percent of low-income Minnesotan households accessing broadband	N/A	TBD	
Quality	Percent of eligible participants who access reduced-cost broadband programs offered by the three major broadband providers	N/A	TBD	
Results	Ratio of broadband use among low-income Minnesotan households to that among middle-income Minnesotan households	N/A	TBD	

Statutory Change(s):

N/A

Department of Employment and Economic Development

FY16-17 Biennial Budget Change Item

Change Item: Pathways to Prosperity

Fiscal Impact (\$000s)	FY 2016	FY 2017	FY 2018	FY 2019
General Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	0	0	0	0
FTEs	0	0	0	0

Recommendation:

The Governor recommends a single, competitively awarded career pathways program that would combine DEED's existing FastTRAC Adult Career Pathways and the Adult Workforce Development Competitive Grant programs. The Governor recommends a statutory change to allow the Dislocated Worker Program to provide incumbent worker training.

Rationale/Background:

Minnesota's economy is growing jobs and new opportunities for people throughout the state, but not every Minnesotan is feeling the economy's resurgence. Minnesota's profound demographic shifts, particularly by age, will result in a labor shortage by the 2020's. This looming labor shortage presents the greatest barrier to Minnesota's economic growth, which will have adverse effects on both Minnesota's workers and Minnesota's businesses. Simply put, Minnesota's employers will need all Minnesotans working in order to meet the demands of the looming labor shortage. The State also has an interest in the economic security of Minnesotans. Being employed with a good job has real positive impact for Minnesotans – their livelihoods, their families, and their economic security. Full employment benefits the health and well-being of communities and people across the state.

To better serve educationally underprepared, low-skilled adults, DEED proposes creating a single, competitively awarded career pathways program. The program would be called Pathways to Prosperity and would combine DEED's existing FastTRAC Adult Career Pathways and the Adult Workforce Development Competitive Grant programs.

Current State

The Minnesota FastTRAC Adult Career Pathways program helps educationally underprepared adults succeed in well-paying careers by integrating basic skills education and career-specific training in fields where new skills are in high demand. Significantly, the establishment of this program (in close partnership with the philanthropic sector) brought Minnesota's workforce development system into the broader career pathways movement – an approach to workforce development that has gained strong support nationally in recent years. As the Minnesota FastTRAC Adult Career Pathways program has matured, it has become a strong and widely supported part of Minnesota's workforce development system.

DEED has also had great success with the Adult Workforce Competitive Grant program, which provides grant funding to workforce development service providers throughout the state on a competitive basis. These funds are targeted to serve job seekers who have barriers to employment and populations with identified employment disparities; minority population ethnic groups; veterans; older workers; Minnesotans in transition to work from public assistance; and workers with disabilities, including individuals who are deaf or hard of hearing. In serving those populations, these nonprofit providers focus on employment assistance activities such as job training, job placement and job readiness skills development.

Future State

Pathways to Prosperity will merge the FastTRAC Adult Career Pathways and Adult Workforce Competitive Grant programs, reflect their common mission and goals, make resources available to nonprofit service providers and customers more effectively, and reflect the lessons learned from these programs (and similar programs nationally) in recent years. As with the existing programs, Pathways to Prosperity will focus on providing services to adults with barriers to employment. Key components of the new program will include: remedial education, skills-based and credentialed training, placement and retention in jobs that pay high enough wages to sustain families, focus on industry needs and training, and success measured by employment outcomes. This program will benefit job seekers

and employers by creating a larger, more integrated pool of competitive grant funding that reduces administrative costs for DEED staff and for workforce development service providers.

Proposal:

Pathways to Prosperity

The new Pathways to Prosperity Program will focus on assisting adults with barriers to employment in attaining a job and long-term success in the workforce.

To fund the new Adult Career Pathways Program, the Governor recommends combining two existing programs: the Adult Workforce Development Competitive Grant Program (\$6,566 million for the biennium: \$2.078 million GF and \$4.488 million WDF) and the FastTRAC Program (\$3 million WDF for the biennium), and will also be redirecting \$2.5 million for the biennium from the Dislocated Worker Program, which is effectively a reduction to the Dislocated Worker Program. This new program would receive a \$12.066 million total appropriation for the biennium between WDF and GF.

The Dislocated Worker Program has a projected base of \$62.454 million for the biennium. The Governor recommends reserving \$60 million per biennium for the Dislocated Worker Program to ensure the needs of unemployed Minnesotans are always met – even in the worst economic downturns. The \$2.5 million redirection for the biennium to the Adult Career Pathways Program is a safe, conservative amount that should be utilized for employment and training needs – Minnesota's current economic challenge.

Incumbent Workers

The Governor also recommends a change to the Dislocated Worker Program to better serve adults in need of additional or new job skills. In order for Minnesota's workforce development system to be more agile and responsive in preventing layoffs, addressing barriers to economic growth, and expanding the talent pool overall, "incumbent worker" training - skills development among current employees and the businesses that employ them – is crucial. While dislocated workers will always be a priority for DEED and funding would be preserved for those needs in periods of high unemployment, additional flexibility will help the agency meet employer needs in periods of economic growth. This change to state Dislocated Worker funds parallels a similar change for Minnesota's federal Dislocated Worker funds, which will allow the programs to continue mirroring each other. The fiscal impact is neutral, as it is an expanded use of existing funds.

IT Related Proposals:

N/A

Results:

This is a new program. Results are not available.

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quantity	Number of individuals served in the Pathways to Prosperity Program			
Quality	Number of staffing hours saved by streamlining two programs into a single Pathways to Prosperity Program			
Results	Percent of individuals served in the Pathways to Prosperity Program who get employment			
Results	Percent of individuals served in the Pathways to Prosperity Program who retain employment for at least three quarters			
Results	Percent of individuals served in the Pathways to Prosperity Program who earn industry-recognized credentials			
Results	Median wage change among individuals served in the Pathways to Prosperity Program			

Statutory Change(s):

116L.17

Department of Employment and Economic Development

FY16-17 Biennial Budget Change Item

Change Item: Operating Adjustment

Fiscal Impact (\$000s)	FY 2016	FY 2017	FY 2018	FY 2019
General Fund				
Expenditures	191	386	386	386
Revenues	0	0	0	0
Workforce Development Fund				
Expenditures	9	17	17	17
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	200	403	403	403
FTEs	2.5	4.8	4.8	4.8

Recommendation:

The Governor recommends additional funding for compensation related costs associated with the delivery of agency services. This amount represents an annual increase of 1.8% for General Fund and Workforce Development Fund compensation costs.

Rationale/Background:

Each year, compensation costs rise due to labor contract settlements, and changes in employer-paid contributions for insurance, FICA, Medicare, retirement, and other factors. Absorbing this increase in compensation costs within existing agency base appropriations results in reduced staffing and/or reduced non-compensation spending.

Proposal:

The Governor recommends increasing agencies' general fund budgets for employee wage and benefit costs by 1.8% per year for FY 2016-17. Agencies were instructed to include a 1.8% increase to total compensation each year in their base budgets, based upon the compound annual compensation spending rate increase per FTE over the last ten years for executive branch employees. This recommendation is intended to allow agencies to maintain their current level of agency operations.

For non-General Fund direct appropriated funds, the Governor's budget recommendations also include an adjustment of 1.8% per year, where the amount can be supported by the source of revenue.

Results:

This proposal is intended to allow agencies to continue to provide current levels of service and information to the public.

Statutory Change(s):

N.A.

Department of Employment and Economic Development

FY16-17 Biennial Budget Change Item

Change Item: Extended Employment

Fiscal Impact (\$000s)	FY 2016	FY 2017	FY 2018	FY 2019
General Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Workforce Development Fund				
Expenditures	250	250	250	250
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	250	250	250	250
FTEs	0	0	0	0

Recommendation:

The Governor recommends \$500,000 for the SFY16-17 biennium in order for the SFY 2015 one-time Extended Employment provider rate increases to continue as ongoing base funding.

Rationale/Background:

DEED's Extended Employment Program Overview

DEED's Extended Employment program provides long-term job supports to help Minnesotans with significant disabilities keep their jobs and advance in their careers. Those services typically include assistance in training or retraining job tasks, dealing with schedule changes, adjusting to new supervisors, advancement to new job tasks or positions, and managing changes in non-work environments or life activities that affect work performance. Individuals who already have work skills and experience and are highly motivated to achieve success in their job are most likely to benefit from these services.

All of the 22 current Extended Employment Program providers funded by DEED offer supports for competitive employment. These providers, however, have significant non-competitive programs where the provider itself is the employer (usually sub-contracting with businesses to provide paid work for individuals with significant disabilities, typically at sub-minimum wage). In SFY 2014, 48 percent of the 4,943 individuals served by the Extended Employment providers did not work in a competitive job. The average hourly wage for these individuals was \$4.63, compared to an average wage of \$10.12 for individuals in competitive employment.

Employment Disparity

People with disabilities experience a real and significant employment disparity that affects their livelihoods, families, and economic security. In 2012, 12.0% of the Minnesota population age 16 and over had a disability. The employment rate for individuals with disabilities was 26.7%, compared to 72.1% for the general population.

This employment disparity results in a disproportionately high level of poverty among people with disabilities and, in more general terms, poses a threat to future economic growth and to the health and well-being of communities and people across the state. For Minnesota businesses, the employment disparity also signifies a missed opportunity to tap into a large, underutilized, and valuable talent pool – a resource with great potential to bring growth and shared prosperity throughout Minnesota.

The Minnesota Olmstead Vision

The Minnesota Olmstead vision is to ensure that Minnesotans with disabilities have the opportunity, both now and in the future, to live close to their families and friends, to live more independently, to engage in productive employment and to participate in community life. The vision includes:

- The opportunity and freedom for meaningful choice, self-determination, and increased quality of life, through: opportunities for economic self-sufficiency and employment options; choices of living location and situation, and having supports needed to allow for these choices;
- Systemic changes that support self-determination, through revised policies and practices across state government and the ongoing identification and development of opportunities beyond the choices available today;
- Readily available information about rights, options, and risks and benefits of these options, and the ability to revisit choices over time.

Proposal:

The Governor recommends \$500,000 for the SFY16-17 biennium in order for the SFY 2015 one-time Extended Employment provider rate increases to continue as ongoing base funding.

Extended Employment Program providers offering supported employment, community employment, and center-based employment services are paid at a specified rate for each hour worked by an individual with significant disabilities. These hours are based on verified hours and wages; verification comes from an annual program audit of individual worker records. In 2014, the Legislature added 2% to the rates paid to providers under this program.

This rate increase was necessary given the rising staff and benefit costs faced by community rehabilitation programs. If it is not continued, providers will face a 2% rate reduction in SFY 2016 and will struggle to maintain ongoing employment supports to almost 5,000 Extended Employment Program-supported workers across the state.

Approximately 55% of people served by the Extended Employment Program are in Greater Minnesota. Therefore, a cut to the rates paid under the program would disproportionately impact Greater Minnesota. The rate paid to Extended Employment Program providers had not kept up with inflation for many years.

The Minnesota Olmstead Plan Olmstead requires the State ensure that people with disabilities have choices for competitive, meaningful, and sustained employment in the most integrated setting. The rate increase has allowed providers to make greater strides toward a supported employment model of service. A cut would make it harder for them to continue that work as Olmstead Plan due dates get closer and closer.

IT Related Proposals:

N/A

Results:

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quantity	Number of individuals served	5,362	4,943	SFY 2010 – SFY 2014
Quantity	Hours worked by Extended Employees	4,112,387	3,939,191	SFY 2010 – SFY 2014
Quantity	Wages earned by Extended Employees	\$25,498,327	\$27,879,396	SFY 2010 – SFY 2014
Quality	Percent of Extended Employees with experience of competitive employment	43.8%	51.9%	SFY 2010 – SFY 2014
Quality	Percent of Extended Employment hours worked in competitive employment	35.9%	43.1%	SFY 2010 – SFY 2014
Quality	Percent of Extended Employment wages earned in competitive employment	56.7%	61.5%	SFY 2010 – SFY 2014
Results	Average hourly wage for all worked hours	\$6.20	\$7.08	SFY 2010 – SFY 2014
Results	Average hourly wage for all competitive employment hours	\$9.79	\$10.12	SFY 2010 – SFY 2014

Statutory Change(s):

N/A

Department of Employment and Economic Development

FY16-17 Biennial Budget Change Item

Change Item: Individual Placement and Supports

Fiscal Impact (\$000s)	FY 2016	FY 2017	FY 2018	FY 2019
General Fund				
Expenditures	1,000	1,000	1,000	1,000
Revenues				
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	1,000	1,000	1,000	1,000
FTEs	1	1	1	1

Recommendation:

The Governor recommends \$2,000,000 for the biennium to maintain the expansion of Individual Placement and Supports projects that occurred in the FY2014-15 biennium.

Rationale/Background:

Individual Placement and Supports Program Overview

National research has shown that work is a critical component of recovery for people with mental illness. Work allows independence; people who work feel better about themselves, have a sense of social connection to their communities and to other people, and earn higher incomes.

DEED's Individual Placement and Supports Program, operated by the agency's Vocational Rehabilitation Services Division, assists people with serious mental illness to achieve steady employment in mainstream competitive jobs by providing counseling and long-term job supports. Those services typically include assistance in training or retraining job tasks, dealing with schedule changes, adjusting to new supervisors, advancement to new job tasks or positions, and managing changes in non-work environments or life activities that affect work performance. In Minnesota, individuals with serious mental illness obtain a 56 percent success rate when engaged in the Individual Placement and Supports Program (resulting in 112 out of 200 individuals served by the program obtaining and maintaining employment).

Employment Disparity

People with serious mental illness experience a real and significant employment disparity that affects their livelihoods, families, and economic security. In Minnesota, 85 percent of individuals served by public mental health systems are unemployed. Those who are deaf/hard of hearing, New Americans, Native Americans, and African American with serious mental illness face an unemployment rate of more than 90 percent.

This employment disparity results in a disproportionately high level of poverty among people with disabilities and, in more general terms, poses a threat to future economic growth and to the health and well-being of communities and people across the state. For Minnesota businesses, the employment disparity also signifies a missed opportunity to tap into a large, underutilized, and valuable talent pool – a resource with great potential to bring growth and shared prosperity throughout Minnesota.

The Minnesota Olmstead Vision

The Minnesota Olmstead vision is to ensure that Minnesotans with disabilities have the opportunity, both now and in the future, to live close to their families and friends, to live more independently, to engage in productive employment and to participate in community life. The vision includes:

- The opportunity and freedom for meaningful choice, self-determination, and increased quality of life, through: opportunities for economic self-sufficiency and employment options; choices of living location and situation, and having supports needed to allow for these choices;
- Systemic changes that support self-determination, through revised policies and practices across state government and the ongoing identification and development of opportunities beyond the choices available today;

- Readily available information about rights, options, and risks and benefits of these options, and the ability to revisit choices over time.

Proposal:

In 2013, the Minnesota Legislature appropriated \$1 million in one-time funding to expand the number of Individual Placement and Support s (Serious Mental Illness) projects from 6 to 23.

The Governor recommends this one-time funding become part of the permanent base funding to sustain the growth that occurred in the SFY14-15 biennium. If funding is not continued, there will be a significant reduction in services statewide.

This recommendation will allow the State to meet the Minnesota Olmstead Plan action item that states: *By June 30, 2015 expand Individual Placement and Support (IPS) employment for Minnesotans with serious mental illness in 17 additional counties, providing integrated employment for an additional 200 individuals.*

The 17 county, 200 person IPS service capacity required by the Olmstead Plan has been successfully established using one-time funding from the 2013 Legislature. Additional funding is needed to maintain that expansion and continue these services. Funding at a lower amount would result in a cut to existing IPS services available to these 17 counties, 200 individuals.

IT Related Proposals:

N/A

Results:

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quantity	Number of individuals served in IPS	167	639	SFY13 to SFY14
Quality	Percentage of Counties with access to an IPS Project	10.3%	47.1%	SFY13 to SFY14
Results	Average hours worked per week	19.0	15.5	SFY13 to SFY14
Results	Average hourly wages earned by individuals served	\$9.80	\$10.37	SFY13 to SFY14

Statutory Change(s):

N/A

Department of Employment and Economic Development

FY16-17 Biennial Budget Change Item

Change Item: Olmstead Implementation Office

Fiscal Impact (\$000s)	FY 2016	FY 2017	FY 2018	FY 2019
General Fund				
Expenditures	425	425	394	394
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	425	425	394	394
FTEs	2.0	2.0	2.0	2.0

Recommendation:

The Governor recommends an \$850,000 increase for the FY2016-17 biennium and a \$788,000 increase for the FY2018-19 biennium for the Olmstead Implementation Office (OIO).

Rationale/Background:

A 1999 US Supreme Court decision, *Olmstead v. L.C.*, found that the Americans with Disabilities Act requires states to provide services to people with disabilities in the “most integrated settings” appropriate to their needs.

The court came to this conclusion for two reasons:

- That segregation of individuals with disabilities perpetuates the notion that some individuals are incapable or unworthy of participating in community life, and
- That such segregation severely diminishes a person's life, family relations, social contacts, work options, economic independence, educational advancement, and cultural enrichment.

In 2011, the Minnesota DHS entered into a settlement agreement that required the development of a Minnesota-specific Olmstead Plan. That Plan was developed over 2 years by a dedicated planning committee that included individuals with disabilities, family members, providers, and advocates; and the Olmstead Subcabinet, a group of 8 state agencies – including Corrections, Education, DEED, Health, Human Rights, Department of Human Services, Department of Transportation, and the Minnesota Housing Finance Agency – established by Gov. Dayton. These goals include, for example, commitments to individuals who are unnecessarily segregated in facilities for individuals with developmental disabilities, psychiatric hospitals, nursing homes and board and care homes.

To implement these changes in the agreed-upon timeline, the state has established an Olmstead Implementation Office, a cross-agency body that will oversee the implementation of Minnesota's Olmstead Plan. While DEED is the fiscal agent for the OIO, this Office is involved with all agencies in state government and its work is overseen by the Olmstead Subcabinet.

Federal court monitors are closely watching the progress of Minnesota's Olmstead Plan implementation and ensuring that we comply with the Jensen settlement agreement. Some of the reforms we need to make cannot be accomplished overnight, but we will be working hard to achieve these important goals.

The Olmstead Implementation Office is focused on providing accountability, coordination among the agencies, engagement with the community, and conducting the Quality of Life survey.

Proposal:

The Governor recommends an \$850,000 FY16-17 increase for the Olmstead Implementation Office (OIO) to carryout duties as listed below.

The Olmstead plan establishes actions for reforming the delivery of programs and services to people with disabilities so they have a greater range of choices for living, working and going to school in more integrated settings. Because these programs are managed by eight separate state agencies, significant coordination is necessary to achieve these changes and to provide required reports to the

court monitor. The increased funding will allow the Olmstead Implementation Office to assume full responsibility for monitoring compliance with the plan (work currently being performed by DHS) and implement the Quality of Life assessment that will measure the changes to the lives of disabled people as a result of actions taken in other parts of the plan.

The OIO works within an extraordinarily dynamic and complex network of relationships – the Plan, governmental, interagency and multidisciplinary – all in an environment of the differing perspectives of diverse constituencies and stakeholders. The proposal increases the size of the OIO in order to reliably accomplish the follow functions envisioned by the Court and Subcabinet.

Plan Implementation: The OIO provides the interface on matters of Plan implementation to mutually inform the Court and the Sub-Cabinet on whether the requirements of the Olmstead Plan under the Jensen settlement agreement are being met. This means establishing and maintaining a working relationship with the Court through the Court Monitor that provides the conduit for communication about questions, concerns or issues in Plan implementation. The relationship to the Court Monitor is carried out through face-to-face meetings, video conferences, conference calls, and the exchange of information through reports, memos and email communication. Attorneys representing the state and legal counsel for the plaintiffs are typically included in formal communication about Plan monitoring, reporting and modification. The OIO is expected to raise issues of Plan performance to both the Sub-Cabinet and to the Court. The OIO provides the Sub-Cabinet with bi-monthly status reports on Plan implementation that are also provided to the Court, the Court Monitor, and the parties to the Jensen settlement agreement. Monitoring and reporting on implementation of the plan will take involvement of virtually all of the staff proposed for the OIO.

Sub-Cabinet: The OIO reports to the Olmstead Sub-Cabinet comprised of the Commissioner or designees from eight state agencies: Department of Corrections, Department of Education, Department of Employment and Economic Development, Department of Health, Department of Human Rights, Department of Human Services, Department of Transportation and Minnesota Housing Finance Agency. The Sub-Cabinet is chaired by the Lieutenant Governor. The OIO establishes and facilitates bi-monthly meetings of the Sub-Cabinet to update on the status of the Plan. The status reports in these bi-monthly meetings provide the content for the Sub-Cabinet's communication with the Court Monitor and the Court. The OIO also has responsibilities to work with representatives from the Governor's Council on Developmental Disabilities and from the Office of the Ombudsman for Mental Health and Developmental Disabilities who are ex-officio members of the Sub-Cabinet. The executive director will have direct reporting responsibility with the Sub Cabinet.

Interagency Coordination: The Olmstead Plan defines Strategic Actions with tasks and timelines across the public service domains of Olmstead Sub-Cabinet agencies. Strategic Actions with tasks and timelines are set forth for Employment, Housing, Transportation, Supports and Services, Lifelong Learning and Education, Healthcare and Healthy Living, and Community Engagement. Goals often involve complex and demanding interagency collaboration requiring new levels of multi-agency communication and coordination. To provide the monitoring, support and technical assistance to the Olmstead agency efforts, the OIO works with Olmstead Agency Leads responsible for coordinating and reporting on the Plan progress and problems within each agency. For the OIO, this requires establishing working relationships with agency leads and a working understanding of the key issues addressed across the public service domains of the Olmstead Sub-Cabinet agencies. When the Olmstead Plan is modified, Olmstead Agency Leads have primary responsibility for communicating with the OIO and the Olmstead Drafting Team. Consequently OIO staff understands and communicate about proposed modifications to the Plan in order to determine whether "good cause" for Plan modification has been shown. The work of facilitating interagency collaboration will be staffed by a team made up of the OIO legal/policy staff, data analyst, Executive and Assistant Directors.

Community Engagement: The OIO must relate to an exceptionally diverse group of stakeholders and constituencies. The focus of Olmstead is on Minnesotans with disabilities whose rights are protected by the Americans with Disabilities Act (ADA). This means people with disabilities, regardless of age or disability, are at the center of efforts under Olmstead. Thus, Minnesota's disability community, including parents and representatives of persons with disabilities and disability advocacy groups are preeminent among Olmstead stakeholders and constituencies. Olmstead agency service-providing staff and external service-providing entities are critically important constituencies. The OIO Executive and Assistant Director will conduct the bulk of community engagement work with the help of OIO communications staff person.

Quality of Life: The Quality of Life Assessment will be the critical piece that defines the purpose of the Olmstead Plan. The state of Minnesota will conduct annual surveys and interviews of people with disabilities to determine quality of life, including: How well people with disabilities are integrated into and engaged with their community? How much autonomy people with disabilities have in day to day decision making? Where people with disabilities are working and living in the most integrated setting that they choose. The aim of this tool that is tested, reliable, validated, low cost, systematic, and repeatable, and it will apply to all people with disabilities. The OIO will contract for the collection of Quality of Life Assessment data. A three person team will conduct the evaluative analysis of the data and draft reports on progress toward meeting goals in the Olmstead Plan.

Quality Assurance: The purpose of the Quality Assurance and Accountability is to establish a statewide quality structure that measures performance, provide transparency, and assures accountability. The four main strategic actions to ensure quality and accountability are: Quality of Life measurement; dispute resolution process for individuals with disabilities; oversight and monitoring implementation of plan; and quality improvement. The Assistant Director will have operational responsibility for quality assurance and accountability activities with the support of the dispute resolution, legal/policy and data analyst positions.

The Olmstead Plan also identifies several specific responsibilities for the OIO, which operates under the authority of the Subcabinet. Although the Subcabinet will necessarily rely on subject matter experts from the agencies, the OIO will need staff and other resources to carry-out the inter-agency coordination required of the Subcabinet and to support the overall implementation of the Plan.

Many of the actions described in the Plan will take time and resources to implement, but there are important changes that will need to happen in the first year of the plan with substantial resources. These changes will make a real difference in the lives of individuals with disabilities.

- Concrete changes to reduce the number of people in segregated service settings
- Expansion of transition services for high schools students
- Expansion of self-advocacy and peer support options
- Increased control over housing
- Increased control over personal care.
- Increased integrated employment opportunities.
- Movement towards Positive Practices and away from seclusion, restraints and other restrictive practices.
- New practices to improve health outcomes.

The impact on the state agencies and Olmstead Office is significant. It is transformational in sense development of product, delivery and service. Transition will be necessary to prepare change in how we successfully collaborate, provide service and advocate for transformation. Effective implementation will require substantial resources in the early phase and complete support from the leadership and providers.

IT Related Proposals:

N/A

Results:

The Olmstead Office has adopted the Quality Improvement Plan and the Quality of Life assessment as the overarching monitoring and compliance practice for all Olmstead related activities. The quality assurance and outcome measures will be scrutinized and documented in bi-monthly reports for the Courts for each assigned action item. The subcabinet oversees the Olmstead Office. The Olmstead Office works closely with the administrative staff from various state agencies to ensure outcomes of action items are appropriately progressing.

Statutory Change(s):

N/A

Department of Employment and Economic Development

FY16-17 Biennial Budget Change Item

Change Item: Greater Minnesota Job Expansion Program Fees

Fiscal Impact (\$000s)	FY 2016	FY 2017	FY 2018	FY 2019
General Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Special Revenue Funds				
Expenditures	210	210	210	210
Revenues	210	210	210	210
Net Fiscal Impact = (Expenditures – Revenues)	0	0	0	0
FTEs	1.5	1.5	1.5	1.5

Recommendation:

The Governor recommends clarifying authorization for the Minnesota Department of Employment and Economic Development (DEED) to expend the application fees collected under the Greater Minnesota Job Expansion Program.

Rationale/Background:

The current language allows DEED to impose and collect an application fee for certifying qualified small businesses under MS 116J.8738, Subd. 3:

A business may apply to the commissioner for certification as a qualified business under this section. The commissioner shall specify the form of the application, the manner and times for applying, and the information required to be included in the application. The commissioner may impose an application fee in an amount sufficient to defray the commissioner's cost of processing certifications. A business must file a copy of its application with the chief clerical officer of the city at the same time it applies to the commissioner. For an agricultural processing facility located outside the boundaries of a city, the business must file a copy of the application with the county auditor.

Though the current language allows funds to be used “to defray the Commissioner's costs of processing certifications”, it does not explicitly give the agency the authority to expend the revenue collected. These fees are imperative for the overall operation of the program. This change will make the statute consistent with the original legislative intent and allow the use of those funds for program administration.

Proposal:

The Governor recommends that language be added to the statute that authorizes the Minnesota Department of Employment and Economic Development (DEED) to spend the revenues collected from the application fees on program operations and services. These fees would be deposited in a DEED account in the special revenue fund with carry forward authority. The language would also be made retroactive to the beginning of the program.

IT Related Proposals:

N/A

Results:

N/A

Statutory Change(s):

MS 116J.8738

Department of Employment and Economic Development

FY16-17 Biennial Budget Change Item

Change Item: Protection from Subpoena for Vocational Rehabilitation Services Staff

Fiscal Impact (\$000s)	FY 2016	FY 2017	FY 2018	FY 2019
General Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Federal Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	0	0	0	0
FTEs	0	0	0	0

Recommendation:

The Governor recommends statutory protection from subpoena for Vocational Rehabilitation Services (VRS) staff.

Rationale/Background:

Vocational Rehabilitation Services (VRS) counseling staff is served subpoenas 8-10 times per year. The circumstances vary but often involve being asked to testify in divorce proceedings, child support cases and occasionally criminal cases. Usually the case has no relevance to the delivery of vocational rehabilitation services.

Such subpoenas are costly and disruptive. Each time a subpoena is served the Rehabilitation Area Manager and field staff must review the requirements of the subpoena and communicate with the VRS policy director and the Minnesota Attorney General's office about the circumstances and next steps. A court appearance often requires four to eight hours of field staff time for testimony preparation, actual testimony, and travel. The agency must often pay staff for travel expenses. Responding to a subpoena also requires two to five hours legal work from the Attorney General's office, at the rate of \$150 per hour, as well as one to three hours of VRS administrative support.

In most instances VRS staff testimony does not assist consumers in moving forward with their vocational rehabilitation and employment goals. Responding on short notice is disruptive for field staff and can negatively impact service delivery to other consumers whose appointments must be canceled at the last minute to allow staff to testify.

Proposal:

The Governor recommends statutory protection from subpoena for this purpose. Responding to subpoenas is performed under regular staff time and Attorney General costs are paid directly as invoiced at an estimated to cost DEED of \$13,000 annually. If these dollars are not spent on subpoena-related costs, they could be spent on other vocational rehabilitation activities in the federal fund.

IT Related Proposals:

N/A

Results:

Type of Measure	Name of Measure	FFY 13	FFY14
Quantity	Number of individuals served for the year – carryover caseload and new individuals	19,535	18,222
Quality	% of individuals accepted for service who complete an Individual Employment Plan	72%	72%
Results	% of individuals accepted for service who find competitive employment	40%	47%
Results	Average wage of individuals who find competitive employment	\$11.07	\$10.97

Statutory Change(s):

268A.05

Department of Employment and Economic Development

FY16-17 Biennial Budget Change Item

Change Item: Unemployment Insurance Advisory Council Recommendations

Fiscal Impact (\$000s)	FY 2016	FY 2017	FY 2018	FY 2019
General Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	0	0	0	0
FTEs	0	0	0	0

Recommendation:

The Governor, upon recommendations from the Unemployment Insurance Advisory Council, recommends the following federal conformity, policy, style, and technical changes. These changes will strengthen the unemployment insurance program, clarify and simplify statutory provisions, make needed policy changes, and eliminate and update unnecessary, outdated, and confusing language. The bill has been thoroughly discussed by the Unemployment Insurance Advisory Council and was endorsed by all Council members. This bill has no fiscal impact on the state treasury, but will have fiscal impact in the Unemployment Insurance Trust Fund, which is maintained outside the state treasury.

Rationale/Background:

The proposal is needed to ensure proper administration of the unemployment insurance program. It is also important that the governing statute be clear and understandable for the citizens who use the program.

Proposal:

The Unemployment Insurance Advisory Council bill will not include any major policy changes this year. Its recommendations include:

- *Amendment to Minn. Stat. § 268.07, subd. 2:* This amendment is required for conformity with federal law regarding the expiration of benefit years on prior benefit accounts. The UI Advisory Council also recommended several style and technical changes to simplify this section.
- *Amendment to Minn. Stat. § 268.07, subd. 3:* This amendment clarifies that an applicant is only allowed one benefit account each 52 weeks, including any accounts established under federal law or the law of any other state. This prohibits applicants from receiving benefits in Minnesota after they have already exhausted benefits in another state.
- *Amendment to Minn. Stat. §268.035, subd. 6:* This technical change simplifies the definition of a “benefit year”.
- *Amendment to Minn. Stat. §268.035, subd. 21b:* Unemployment law judges will be required to explain what “preponderance of evidence” is at the beginning of a hearing, rather than the more complex standard currently included in the UI statute. “Substantiation” and “weighing of fact” – both legal terms we currently use - are too difficult for parties to understand and would be removed from the statute.
- *Amendment to Minn. Stat. §268.035, subd. 26:* This technical change simplifies the definition of “unemployed”.
- *Amendment to Minn. Stat. §268.035, subd. 30:* This technical change simplifies the definition of “wages paid”.
- *Repeal of Minn. Stat. §268.042, subd. 4:* Repeal of this section discontinues individual agreements with states to report wages when a worker has worked in multiple states. These types of agreements are extremely rare and are bad policy, since they allow employers to pick the state with the lowest taxes and benefits.
- *Amendment to Minn. Stat. §268.051, subd. 7:* This technical change eliminates outdated language regarding tax rate buydowns.
- *Amendment to Minn. Stat. § 268.085, subd. 1:* This amendment simplifies language on eligibility requirements related to work search planning. This is also a clarification.
- *Amendment to Minn. Stat. § 268.095, subd. 1:* People can receive UI benefits after quitting their job to relocate with a spouse. DEED proposes to clarify that law to ensure that people who get UI benefits in this way **only** receive them if their spouse relocated because they are in the military or because the spouse's new job provides equal or better terms of employment than the spouse's previous position.

- *Amendment to Minn. Stat. § 268.095, subd. 10:* This amendment clarifies that backpay cannot be used to satisfy the ineligibility period following a discharge for misconduct. As with any other type of ineligibility period in UI, an applicant must reestablish himself or herself in the labor market following a misconduct discharge before becoming eligible for UI benefits again.
- *Amendment to Minn. Stat. § 268.105, subd. 3:* This revision clarifies that an applicant can withdraw an appeal or a request for reconsideration. The revision also stipulates that a party can file a new appeal after a previous appeal has been withdrawn, so long as it is filed within the statutory time period. Again, this is a clarification of current law; it does not create any new rights or responsibilities for either employers or applicants.
- *Amendment to Minn. Stat. § 268.105, subd. 7:* This amendment clarifies that a party actually has 33 days to petition the Court of Appeals rather than the stated 30 days. Under the Rules of Civil Appellate Procedure, three days are already added for mailing. This is also simply a clarification of current law.
- *Amendment to Minn. Stat. § 268.136, subd. 1:* This amendment conforms Minnesota law to federal law on shared work plans.
- *Amendment to Minn. Stat. § 268.188:* This amendment clarifies that both the Commissioner of DEED and unemployment law judges have authority to issue subpoenas. This is a clarification that aligns the statute with current practices, given that 99.5% of all subpoenas are issued by administrative law judges.
- *Amendment to Minn. Stat. § 268.194, subd. 1:* This technical change eliminates outdated language regarding conformity with federal law.

IT Related Proposals:

N/A

Results:

N/A.

Statutory Change(s):

Minn. Stat. § 268.07, § 268.035, § 268.042, § 268.051, § 268.085, § 268.095, § 268.105, § 268.136, § 268.188, § 268.194

Program: Business and Community Development

<http://mn.gov/deed/business/>

AT A GLANCE

- Administers financing programs to help companies retain existing jobs and create new high-quality jobs.
- Funds cooperative training projects involving partnerships between businesses and educational institutions that build the skills of new employees and/or retrain existing employees.
- In FY 2014, across all programs both federal and state, DEED awarded \$100 million for 387 projects resulting in a minimum of \$1.6 billion in leveraged investment, the creation of 6,700 new jobs and the retention of 15,000 jobs.

PURPOSE & CONTEXT

The Business and Community Development program (BCD) contributes to Minnesota's economic success by providing services that support the growth of businesses and communities.

We provide financial and technical services to businesses, communities, and economic development professionals to support the creation, expansion, attraction, and retention of businesses in and to Minnesota. We also work to help communities become affordable, quality places for people and businesses to locate, grow, and prosper.

SERVICES PROVIDED

We accomplish our mission via the following activities:

- *Business Finance:* we administer financing and tax credit programs that provide capital to growing businesses in Minnesota. Some key programs include the Minnesota Job Creation Fund which provides financial incentives to new and expanding businesses after they meet certain job creation and capital investment targets, the Minnesota Investment Fund which provides financing that targets job creation in industrial, manufacturing and high-tech industries, and the Angel Tax Credit Program which provides incentives to invest in startup and emerging companies focused on high tech.
- *Brownfields and Redevelopment:* we manage grant and loan programs that assist local units of government with the investigation and cleanup of contamination and the redevelopment of underutilized properties. The Contamination Cleanup and Investigation Grant Program helps pay for assessing and cleaning contaminated sites for private or public redevelopment and the Redevelopment Grant Program helps communities with the costs of redeveloping blighted industrial, residential, or commercial sites and putting land back into productive use. The Demolition Loan Program helps with the costs of demolishing blighted buildings on sites that have future development potential but no current plans.
- *Business Development:* our regional business development representatives help businesses and communities access DEED services and other available assistance to support the growth, retention and attraction of businesses. The office also promotes specific industry sectors where Minnesota has strength and/or potential for growth.
- *Community Assistance:* we manage programs that assist local governments in attracting and keeping businesses and jobs in their communities. Through financial assistance for housing, the development of commercial and industrial property, and improvements to public infrastructure, we help communities prosper and position themselves for future economic growth.
- *Minnesota Job Skills Partnership (MJSP):* we use this program to fund cooperative training projects that build the skills of new employees and/or retrain a company's existing employees. These grants are awarded to educational institutions with businesses as partners; all projects must have at least one educational institution and one business working together. We also use this program to provide training to low income individuals to help them move up the career ladder to higher paying jobs and economic self-sufficiency.
- *Small Business Assistance Office (SBAO):* we work to reduce costs for small businesses by providing timely, accurate, and comprehensive information and assistance on all aspects of the start-up, operation, or expansion of a small business. Through the Small Business Development Center Network (SBDCs), we aid in the development of new and existing businesses through a statewide network of offices offering entrepreneurs business consulting, training services and assistance in locating and securing capital.

RESULTS

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quality	Leveraged private investment through all programs	N/A*	\$940 million	SFY 2014
Results	# of jobs to be created/retained through all programs	N/A*	16,294	SFY 2014
Results	# of jobs to be created through the Minnesota Job Creation Fund	N/A**	930	SFY 2014
Quantity	Amount of investments generated through the Minnesota Angel Tax Credit Program	\$48.4M	\$50.2M	SFY 2013 & SFY 2014
Quantity	# of workers trained through the Minnesota Job Skills Partnership Program	8,137	10,394	SFY 2013 & SFY 2014
Quantity	# of small business clients served through the SBDC and SBAO	35,614	29,840	SFY 2013 & SFY 2014
Quality	Leveraged private investment through the Redevelopment Grants and Infrastructure Programs	\$171M	\$197M	SFY 2013 & SFY 2014

*BCD did not track this measure collectively prior to SFY 2014

**Job Creation Fund became available to businesses on January 1, 2014, representing 6 months of activity

Minn. Stat. § 116J (<https://www.revisor.mn.gov/statutes/?id=116J>) provides the legal authority for DEED's Business and Community Development program.

Expenditures By Fund

	Actual		Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY12	FY13	FY14	FY15	FY16	FY17	FY16	FY17
1000 - General	19,060	29,094	32,591	84,625	42,221	46,439	42,221	46,439
2000 - Restricted Misc Special Rev	1,013	683	319	1,831	782	782	992	992
2001 - Other Misc Special Rev	2,084	6,921	1,365	2,161	941	841	941	841
2350 - Petroleum Tank Release Cleanup	12,746	12,383	5,079	14,648	6,200	6,200	6,200	6,200
2390 - Workforce Development	339	332						
2403 - Gift	5	74	81	66	25	25	25	25
2801 - Remediation Fund	493	1,704	817	2,407	700	700	700	700
3000 - Federal	24,381	29,718	20,896	53,028	25,071	23,994	25,071	23,994
Total	60,122	80,910	61,147	158,765	75,941	78,982	76,151	79,192
Biennial Change				78,881		(64,989)		(64,569)
Biennial % Change				56		(30)		(29)
Governor's Change from Base								420
Governor's % Change from Base								0

Expenditures by Budget Activity

Budget Activity: Business Development-DEED	1,796	1,870	1,518	1,808	1,619	1,619	1,619	1,619
Budget Activity: Community Finance	40,204	41,557	34,056	87,415	34,674	38,893	34,674	38,893
Budget Activity: Entrepreneurship & Sm Bus Dev	4,210	5,021	4,112	3,984	2,977	2,977	2,977	2,977
Budget Activity: Business Finance	6,915	19,733	14,054	56,145	32,474	31,298	32,684	31,508
Budget Activity: Job Skills Partnership	6,996	12,729	7,408	9,413	4,195	4,195	4,195	4,195
Total	60,122	80,910	61,147	158,765	75,941	78,982	76,151	79,192

Expenditures by Category

Compensation	3,523	3,810	4,094	5,093	5,380	5,534	5,530	5,684
Operating Expenses	1,534	1,626	1,786	3,603	2,237	7,620	2,297	7,680
Other Financial Transactions	1,092	2,676	2,172	4,928	3,028	2,005	3,028	2,005
Grants, Aids and Subsidies	53,973	72,797	53,095	145,142	65,295	63,824	65,295	63,824
Capital Outlay-Real Property	0							
Total	60,122	80,910	61,147	158,765	75,941	78,982	76,151	79,192
Total Agency Expenditures	60,122	80,910	61,147	158,765	75,941	78,982	76,151	79,192
Internal Billing Expenditures	496	518	539	737	683	547	711	575
Expenditures Less Internal Billing	59,626	80,392	60,608	158,029	75,258	78,435	75,440	78,617

Full-Time Equivalents

45.1	44.3	45.7	51.9	51.4	50.5	52.9	52.0
-------------	-------------	-------------	-------------	-------------	-------------	-------------	-------------

Program: Business and Community
Dvpmt

Program Financing by Fund

(Dollars in Thousands)

1000 - General

	Actual		Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY12	FY 13	FY 14	FY15	FY16	FY17	FY16	FY17
Balance Forward In	8,729	21,536	24,534	32,441				
Direct Appropriation	14,946	23,584	51,236	52,834	42,220	40,847	42,220	40,847
Open Appropriation						5,592		5,592
Net Transfers		(39)	(7,874)	(650)	0	0	0	0
Cancellations		512	2,865					
Expenditures	19,060	29,094	32,591	84,625	42,221	46,439	42,221	46,439
Balance Forward Out	4,615	15,475	32,441					
<i>Biennial Change in Expenditures</i>				69,061		(28,555)		(28,555)
<i>Biennial % Change in Expenditures</i>				143		(24)		(24)
<i>Gov's Exp Change from Base</i>								0
<i>Gov's Exp % Change from Base</i>								0
FTEs	35.1	33.9	34.3	40.6	40.1	39.7	40.1	39.7

2000 - Restricted Misc Special Rev

	Actual		Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY12	FY 13	FY 14	FY15	FY16	FY17	FY16	FY17
Balance Forward In	3,897	4,602	4,707	5,356	4,437	4,555	4,437	4,555
Receipts	1,189	909	967	913	900	773	1,110	983
Net Transfers		(1)						
Expenditures	1,013	683	319	1,831	782	782	992	992
Balance Forward Out	4,072	4,827	5,356	4,437	4,555	4,546	4,555	4,546
<i>Biennial Change in Expenditures</i>				453		(585)		(165)
<i>Biennial % Change in Expenditures</i>				27		(27)		(8)
<i>Gov's Exp Change from Base</i>								420
<i>Gov's Exp % Change from Base</i>								27
FTEs	2.3	3.0	3.1	2.7	2.7	2.7	4.2	4.2

2001 - Other Misc Special Rev

	Actual		Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY12	FY 13	FY 14	FY15	FY16	FY17	FY16	FY17
Balance Forward In	13,647	18,368	20,031	21,282	26,637	32,410	26,637	32,410
Receipts	3,217	4,583	2,615	6,866	6,714	6,614	6,714	6,614
Net Transfers				650				
Expenditures	2,084	6,921	1,365	2,161	941	841	941	841
Balance Forward Out	14,779	16,029	21,282	26,637	32,410	38,183	32,410	38,183
<i>Biennial Change in Expenditures</i>				(5,480)		(1,743)		(1,743)

Program: Business and Community
Dvpmt

Program Financing by Fund

(Dollars in Thousands)

2001 - Other Misc Special Rev

Biennial % Change in Expenditures			(61)		(49)		(49)
Gov's Exp Change from Base							0
Gov's Exp % Change from Base							0
FTEs	0.1	0.9	1.0	1.8	1.4	1.4	1.4

2350 - Petroleum Tank Release Cleanup

	Actual		Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY12	FY 13	FY 14	FY15	FY16	FY17	FY16	FY17
Balance Forward In	10,419	9,648	7,327	8,448				
Net Transfers	0	(1)	0	0				
Expenditures	12,746	12,383	5,079	14,648	6,200	6,200	6,200	6,200
Balance Forward Out	3,874	3,464	8,448					
Biennial Change in Expenditures				(5,402)		(7,327)		(7,327)
Biennial % Change in Expenditures				(21)		(37)		(37)
Gov's Exp Change from Base								0
Gov's Exp % Change from Base								0
FTEs	2.2	1.8	2.2	1.8	1.8	1.8	1.8	1.8

2390 - Workforce Development

	Actual		Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY12	FY 13	FY 14	FY15	FY16	FY17	FY16	FY17
Direct Appropriation	339	339						
Cancellations		7						
Expenditures	339	332						
Biennial Change in Expenditures				(671)				
Biennial % Change in Expenditures				(100)				
FTEs		0.0	0	0	0	0	0	0

2403 - Gift

	Actual		Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY12	FY 13	FY 14	FY15	FY16	FY17	FY16	FY17
Balance Forward In	49	45	24	41				
Receipts	1	41	99	25	25	25	25	25
Expenditures	5	74	81	66	25	25	25	25
Balance Forward Out	45	12	41					
Biennial Change in Expenditures				68		(97)		(97)
Biennial % Change in Expenditures				86		(66)		(66)
Gov's Exp Change from Base								0

Program: Business and Community
Dvpmt

Program Financing by Fund

(Dollars in Thousands)

2403 - Gift

Gov's Exp % Change from Base				0
------------------------------	--	--	--	---

2801 - Remediation Fund

	Actual		Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY12	FY 13	FY 14	FY15	FY16	FY17	FY16	FY17
Balance Forward In	143	1,545	1,824	1,707				
Direct Appropriation	700	700	700	700	700	700	700	700
Expenditures	493	1,704	817	2,407	700	700	700	700
Balance Forward Out	350	541	1,707					
Biennial Change in Expenditures				1,027		(1,824)		(1,824)
Biennial % Change in Expenditures				47		(57)		(57)
Gov's Exp Change from Base								0
Gov's Exp % Change from Base								0

3000 - Federal

	Actual		Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY12	FY 13	FY 14	FY15	FY16	FY17	FY16	FY17
Balance Forward In		4,904	2,216	5,066	5,257	2,090	5,257	2,090
Receipts	29,276	27,030	23,746	53,220	21,904	21,904	21,904	21,904
Expenditures	24,381	29,718	20,896	53,028	25,071	23,994	25,071	23,994
Balance Forward Out	4,896	2,216	5,066	5,257	2,090		2,090	
Biennial Change in Expenditures				19,825		(24,858)		(24,858)
Biennial % Change in Expenditures				37		(34)		(34)
Gov's Exp Change from Base								0
Gov's Exp % Change from Base								0
FTEs	5.4	4.8	5.2	5.0	5.4	4.9	5.4	4.9

Program: Unemployment Insurance

<http://uimn.org/uimn/>

AT A GLANCE

- Pays eligible workers up to 50 percent of their average weekly wage, subject to a state maximum (currently \$629) for up to 26 weeks.
- Collaborates with WorkForce Center partners to ensure workers obtain the assistance needed to speedily return to employment
- Paid \$1.05 billion in unemployment benefits to 201,133 Minnesotans in 2013.

PURPOSE & CONTEXT

The Unemployment Insurance (UI) program's mission is to enhance workforce development and the economic strength of Minnesota by providing unemployment insurance for individuals and employers. The program provides a temporary, partial wage replacement to workers unemployed through no fault of their own.

Unemployment insurance benefits provide stability to local economies by helping to maintain spending during prolonged economic downturns; support dislocated workers while they

obtain training so they may re-enter the labor market; and ensure that skilled workers do not leave an area in search of other work during periods of short-term unemployment.

SERVICES PROVIDED

We accomplish our mission through a variety of advanced technological and management approaches, including:

- Ensuring the prompt payment of benefits to eligible unemployed workers
- Reducing the administrative burdens on employers who pay unemployment insurance taxes as much as possible
- Using human resources as cost-effectively as possible
- Collaborating with WorkForce Center partners to ensure workers obtain the assistance needed to speedily return to employment that makes the best possible use of the worker's skills and abilities (a requirement of UI)

We achieve these goals through several different activities:

- *Appeals Operations and Legal Affairs:* we conduct appeal hearings and Workers' Compensation interventions to ensure that all legal standards are properly applied.
- *Audits and Special Accounts:* we ensure compliance through field audits and manage special programs such as Disaster Unemployment Insurance; Interstate, Federal and Military Claims; the Shared Work Program; and Trade Readjustment Allowances.
- *Customer Service Center:* we work to make the program easy to understand by providing fast, responsive applicant and employer unemployment insurance account support.
- *Program Performance and Outreach:* we focus on operational improvement through informational/outreach programming, benefit accuracy measurements, profiling, program budget evaluation, reemployment assistance, and training.

RESULTS

The United States Department of Labor sets numerous performance standards for all states' UI programs. Minnesota UI regularly ranks among the top five states in the country in these measures. Some of the more significant measures are shown below.

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quantity	Timely First Payment of Benefits (Federal goal: 87% in 14 days)	91.8%	92.0%	SFY 2013 & SFY 2014 (est.)
Quantity	# New initial applications (new and reactivated) for benefits	322,946	300,690	SFY 2013 & SFY 2014
Quality	Avg. telephone wait time to speak to UI representative	1 Minute, 15 Seconds	56 Seconds	SFY 2013 & SFY 2014
Quality	Timely Eligibility Determinations (Federal goal: 80% in 21 days)	88.3%	88.9%	SFY 2013 & SFY 2014 (est.)
Results	Timely Appeal Decisions (Federal goal: 60% in 30 days)	90.1%	92.0%	SFY 2013 & SFY 2014 (est.)

Minn. Stat. § 268 (<https://www.revisor.mn.gov/statutes/?id=268A.11>), U.S. Code, Title 42, Chapter 7 (<http://www.law.cornell.edu/uscode/text/42/chapter-7>), and U.S. Code, Title 26, Chapter 23 (<http://www.law.cornell.edu/uscode/text/26/subtitle-C/chapter-23>) provide the legal authority for DEED's Unemployment Insurance program.

Expenditures By Fund

	Actual		Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY12	FY13	FY14	FY15	FY16	FY17	FY16	FY17
2000 - Restricted Misc Special Rev	14,958	14,886						
3000 - Federal	57,340	54,684	55,781	56,938	58,642	58,741	58,642	58,741
Total	72,298	69,571	55,781	56,938	58,642	58,741	58,642	58,741
Biennial Change				(29,150)		4,664		4,664
Biennial % Change				(21)		4		4
Governor's Change from Base								0
Governor's % Change from Base								0

Expenditures by Budget Activity

Budget Activity: Unemployment Insurance	72,298	69,571	55,781	56,938	58,642	58,741	58,642	58,741
Total	72,298	69,571	55,781	56,938	58,642	58,741	58,642	58,741

Expenditures by Category

Compensation	27,962	28,590	27,334	28,061	26,831	26,562	26,831	26,562
Operating Expenses	26,733	25,068	25,479	24,527	27,330	27,563	27,330	27,563
Other Financial Transactions	17,319	16,653	972	2,000	2,060	2,122	2,060	2,122
Grants, Aids and Subsidies	0	-814	340	350	361	372	361	372
Capital Outlay-Real Property	284	74	1,656	2,000	2,060	2,122	2,060	2,122
Total	72,298	69,571	55,781	56,938	58,642	58,741	58,642	58,741
Total Agency Expenditures	72,298	69,571	55,781	56,938	58,642	58,741	58,642	58,741
Internal Billing Expenditures	3,999	3,972	3,603	4,194	4,010	4,000	4,010	4,000
Expenditures Less Internal Billing	68,300	65,599	52,178	52,745	54,632	54,741	54,632	54,741

<u>Full-Time Equivalents</u>	452.7	462.3	419.5	419.5	404.5	404.5	404.5	404.5
-------------------------------------	--------------	--------------	--------------	--------------	--------------	--------------	--------------	--------------

Program: Unemployment Insurance

Program Financing by Fund

(Dollars in Thousands)

2000 - Restricted Misc Special Rev

	Actual		Actual FY 14	Estimate FY15	Forecast Base		Governor's Recommendation	
	FY12	FY 13			FY16	FY17	FY16	FY17
Balance Forward In	11,257	11,108						
Receipts	27,200	21,561	7,154	6,512	6,512	6,512	6,512	6,512
Net Transfers	(12,392)	(17,782)	(7,154)	(6,512)	(6,512)	(6,512)	(6,512)	(6,512)
Expenditures	14,958	14,886						
Balance Forward Out	11,108							
<i>Biennial Change in Expenditures</i>				(29,845)				
<i>Biennial % Change in Expenditures</i>				(100)				

3000 - Federal

	Actual		Actual FY 14	Estimate FY15	Forecast Base		Governor's Recommendation	
	FY12	FY 13			FY16	FY17	FY16	FY17
Balance Forward In	637	3,269	1,790	594				
Receipts	56,739	51,416	54,585	56,345	58,642	58,741	58,642	58,741
Expenditures	57,340	54,684	55,781	56,938	58,642	58,741	58,642	58,741
Balance Forward Out	36		594					
<i>Biennial Change in Expenditures</i>				695		4,664		4,664
<i>Biennial % Change in Expenditures</i>				1		4		4
<i>Gov's Exp Change from Base</i>								0
<i>Gov's Exp % Change from Base</i>								0
FTEs	452.7	462.3	419.5	419.5	404.5	404.5	404.5	404.5

Program: Workforce Development Division

<http://mn.gov/deed/job-seekers>

AT A GLANCE

- Provides employment and training programs for unemployed and underemployed Minnesotans
- Helps people develop and improve their job skills
- Helps business find and train workers
- Provides an online resume and job-matching system for employers and job seekers (MinnesotaWorks.net)

PURPOSE & CONTEXT

The Workforce Development Division (WDD) fuels the state workforce through policy guidance, program administration and sponsorship of direct service. These activities support Minnesotans seeking new employment through local and statewide partnerships designed to develop and improve career skills and obtain employment at family sustaining wages. Division activities support the needs of businesses in recruiting and training their current and future workforces.

SERVICES PROVIDED

DEED's programs in this division are best understood in the context of the populations we serve. Those populations and the primary programs that serve them are listed below. Many of these programs include partnerships with nonprofit service providers, educational institutions, businesses, and other stakeholders; a full list of our workforce development services can be found on the DEED website. DEED also serves Minnesotans with disabilities through activities in other budget programs, like Vocational Rehabilitation Services, State Services for the Blind, and Disability Determination Services.

- **Laid-Off Workers:** Workers who lost their jobs through no fault of their own – that is, they neither quit nor were fired – can receive assistance to find a new career. The state and federally funded Dislocated Worker program assists laid-off workers in returning to work with comparable wages and benefits. Participants enrolled in the program can access career planning and counseling; job search and placement services; short-term training upon counselor approval; and support services for expenses such as family care and transportation upon counselor approval.
- **Low-Wage, Low-Skill Adults:** Educationally underprepared adults who typically require access to services that will help them succeed in well-paying careers. The state-funded Minnesota FastTRAC Career Pathways program provides educationally underprepared adults with basic skills education and career-specific training in fields where new skills are in high demand by businesses. The state funded Adult Workforce Development Competitive Grant program provides employment and training assistance to adults to increase their employment retention, earnings, and occupational skill attainment. The program seeks to serve individuals with barriers to employment including those living with disabilities, individuals who are deaf and hard of hearing, individuals returning to work after receiving public assistance, ethnic and racial minorities, and older workers.
- **Veterans:** DEED administers the federally funded Veterans Employment Services program that provides employment and training services. All DEED employees on the Veterans Employment Services team are Veterans themselves. Services include job-readiness assessment, preparation, and placement assistance.
- **At-Risk Youth:** Youth who are eligible for DEED services come from low-income families, have difficult barriers to employment, and are at the greatest risk of suffering serious setbacks in life without extra help and professional guidance. The state funded Youthbuild program offers a construction career pathway for at-risk youth and young adults who have dropped out of school or experienced repeated failure in school. It provides youth with industry-recognized credentials and pre-apprenticeship training in residential construction; and contextual basic skills and soft skills in work readiness, career counseling, and leadership skills. The state funded Youth Workforce Development Competitive Grant program provides workforce development and training opportunities to economically disadvantaged or at-risk youth, ages 14-24, with special consideration to youth from communities of color and deaf, hard of hearing, and deaf-blind youth. Services include: connecting classroom skills to work-based settings; exposing youth to work settings that offer direct employer/supervisor feedback; and youth engagement while exploring interests and abilities. The state funded Minnesota Youth program provides summer and year-round employment and training services to economically disadvantaged and at-risk youth, ages 14 to 21. Youth are provided an opportunity to earn a paycheck, learn to apply skills and abilities learned in the classroom to real-work settings.

- Universal Customer: any Minnesotan who is looking to access DEED services, who is not enrolled in an eligibility-based program, is referred to by the federal workforce system as a universal customer. These individuals can access our job-seeking services, free of charge. The federally funded Job Service Program provides job preparation and placement assistance, including workshops on job-seeking skills, resume writing, interviewing, and internet job-search to job seekers. MinnesotaWorks.net is the largest employment database in the state and is a free website for both employers and job seekers. On this website, employers can post job openings and job seekers can submit their resumes to open positions. Resources for the universal customer are very limited.

RESULTS

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quantity	# of job seekers registered and receiving a reportable service	240,535	229,474	SFY 2012 & SFY 2013
Quantity	# of employers who list their job vacancies on http://www.minnesotaworks.net	9,689	10,551	SFY 2011 & SFY 2012
Quality	Job seeker customer satisfaction using the Minnesota Customer Satisfaction Index (0 to 100 scale)	77.2	77.2	April 2012-March 2013 (avg) & April 2013-March 2014 (avg)
Quality	Employer customer satisfaction using the Minnesota Customer Satisfaction Index (0 to 100 scale)	77.0	79.5	October 2011-September 2012 (avg) & October 2012-September 2013 (avg)
Results	Percentage of Dislocated Worker program participant entering employment after exit	83.7	84.5	SFY 2012 & SFY 2013
Results	Percentage of Adult Workforce Development program participants entering employment after exit	NA	70.5	SFY 2013 (first year of program)
Results	Percentage of Minnesota Youth Program participants who attained work readiness or education goals	82.0	90.0	SFY 2012 & SFY 2013
Results	Percentage of Veterans Program participants who gained new employment after receiving services	55.6	55.0	SFY 2012 & SFY 2013
Results	Ratio of after exit wage to prior to enrollment wage for MN FastTRAC Adult Career Pathways participants	1.31	1.47	SFY 2012 & SFY 2013

Minn. Stat. § 116L (<https://www.revisor.mn.gov/statutes/?id=116L>), Minn. Stat. § 116J (<https://www.revisor.mn.gov/statutes/?id=116J>), the Workforce Investment Act of 1998 (Public Law 105-220); U.S. Code, Title 29, Chap. 30 (<http://www.law.cornell.edu/uscode/text/29/chapter-30>), and the Workforce Investment Act of 1998 (Public Law 105-220); U.S. Code, Title 29, Chapter 30 (<http://www.law.cornell.edu/uscode/text/29/chapter-30>), provide the legal authority for DEED's Workforce Development Division.

Expenditures By Fund

	Actual		Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY12	FY13	FY14	FY15	FY16	FY17	FY16	FY17
1000 - General	539	821	2,622	1,927	1,539	1,539	1,539	1,539
2000 - Restricted Misc Special Rev	3,497	5,082	6,550	7,193	7,064	7,064	7,064	7,064
2390 - Workforce Development	27,752	37,259	44,329	67,106	42,776	44,854	42,776	44,854
3000 - Federal	77,375	88,322	82,055	97,374	91,553	91,098	91,553	91,098
Total	109,164	131,483	135,557	173,601	142,933	144,554	142,933	144,554
Biennial Change				68,511		(21,670)		(21,670)
Biennial % Change				28		(7)		(7)
Governor's Change from Base								0
Governor's % Change from Base								0

Expenditures by Budget Activity

Budget Activity: Adult Services	93,803	111,750	112,487	151,570	121,166	122,787	121,166	122,787
Budget Activity: Youth Programs	15,361	19,733	23,070	22,030	21,767	21,767	21,767	21,767
Total	109,164	131,483	135,557	173,601	142,933	144,554	142,933	144,554

Expenditures by Category

Compensation	19,482	21,070	21,938	23,246	23,002	23,298	23,002	23,298
Operating Expenses	15,269	18,208	15,720	19,669	19,129	19,119	19,129	19,119
Other Financial Transactions	516	456	770	1,134	907	691	907	691
Grants, Aids and Subsidies	73,885	91,729	97,126	129,500	99,795	101,386	99,795	101,386
Capital Outlay-Real Property	12	19	3	51	101	61	101	61
Total	109,164	131,483	135,557	173,601	142,933	144,554	142,933	144,554
Total Agency Expenditures	109,164	131,483	135,557	173,601	142,933	144,554	142,933	144,554
Internal Billing Expenditures	2,745	2,871	2,890	3,475	3,430	3,470	3,430	3,470
Expenditures Less Internal Billing	106,419	128,612	132,667	170,125	139,503	141,085	139,503	141,085

Full-Time Equivalents

	310.6	292.4	273.5	297.9	284.9	281.0	284.9	281.0
--	-------	-------	-------	-------	-------	-------	-------	-------

Program: Workforce Development

Program Financing by Fund

(Dollars in Thousands)

1000 - General

	Actual		Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY12	FY 13	FY 14	FY15	FY16	FY17	FY16	FY17
Balance Forward In				138				
Direct Appropriation	540	830	2,776	1,789	1,539	1,539	1,539	1,539
Cancellations	1	9	16					
Expenditures	539	821	2,622	1,927	1,539	1,539	1,539	1,539
Balance Forward Out			138					
<i>Biennial Change in Expenditures</i>				3,189		(1,471)		(1,471)
<i>Biennial % Change in Expenditures</i>				235		(32)		(32)
<i>Gov's Exp Change from Base</i>								0
<i>Gov's Exp % Change from Base</i>								0
FTEs		0.1	2.8	2.7	2.6	2.6	2.6	2.6

2000 - Restricted Misc Special Rev

	Actual		Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY12	FY 13	FY 14	FY15	FY16	FY17	FY16	FY17
Balance Forward In	362	326	132	158				
Receipts	2,327	3,674	5,392	6,036	6,063	6,063	6,063	6,063
Net Transfers	1,089	1,126	1,184	1,000	1,000	1,000	1,000	1,000
Expenditures	3,497	5,082	6,550	7,193	7,064	7,064	7,064	7,064
Balance Forward Out	281	44	158					
<i>Biennial Change in Expenditures</i>				5,165		384		384
<i>Biennial % Change in Expenditures</i>				60		3		3
<i>Gov's Exp Change from Base</i>								0
<i>Gov's Exp % Change from Base</i>								0
FTEs	5.3	19.7	36.2	37.8	36.5	36.5	36.5	36.5

2390 - Workforce Development

	Actual		Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY12	FY 13	FY 14	FY15	FY16	FY17	FY16	FY17
Balance Forward In	12,294			81				
Direct Appropriation	8,738	9,253	13,610	14,342	12,667	12,667	12,667	12,667
Open Appropriation	6,824	28,012	30,802	52,683	30,187	32,267	30,187	32,267
Receipts	0							
Net Transfers		(5)						
Cancellations	103	1	2					
Expenditures	27,752	37,259	44,329	67,106	42,776	44,854	42,776	44,854
Balance Forward Out			81					

Program: Workforce Development

Program Financing by Fund

(Dollars in Thousands)

2390 - Workforce Development

<i>Biennial Change in Expenditures</i>				46,425	(23,805)	(23,805)
<i>Biennial % Change in Expenditures</i>				71	(21)	(21)
<i>Gov's Exp Change from Base</i>						0
<i>Gov's Exp % Change from Base</i>						0
FTEs	11.6	13.2	14.1	14.9	14.6	14.6

3000 - Federal

	Actual		Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY12	FY 13	FY 14	FY15	FY16	FY17	FY16	FY17
Balance Forward In	2,344	6,947	3,405	1				
Receipts	78,362	83,692	78,651	97,373	91,553	91,098	91,553	91,098
Expenditures	77,375	88,322	82,055	97,374	91,553	91,098	91,553	91,098
Balance Forward Out	3,329	2,318	1					
<i>Biennial Change in Expenditures</i>				13,732		3,222		3,222
<i>Biennial % Change in Expenditures</i>				8		2		2
<i>Gov's Exp Change from Base</i>								0
<i>Gov's Exp % Change from Base</i>								0
FTEs	293.7	259.4	220.4	242.5	231.3	227.3	231.3	227.3

Program: Disability Determination Services

<http://mn.gov/deed/programs-services/dds/index.jsp>

AT A GLANCE

- Serves Minnesota residents who file applications for disability benefits or Minnesotans who are reviewed for continuing eligibility.
- Refers disability applications for individuals who may benefit from rehabilitation services to other state agencies.
- Reviewed 55,834 new claims in 2013.

PURPOSE & CONTEXT

Disability Determination Services (DDS) evaluates claims for disability benefits using Social Security Administration (SSA) guidelines. The Social Security program provides benefits to persons with disabilities who are not able to work.

When Social Security added protection for the disabled in 1954, the Congress wrote into the law that the disability decision for an individual had to be made by a state agency and not by a federal office. Social Security pays Minnesota to run the office and make the disability decisions.

SERVICES PROVIDED

We accomplish our mission by making eligibility decisions regarding disability and blindness applications on behalf of the federal SSA. Our activities include:

- Reviewing disability applications and requesting medical records from claimants' medical sources.
- Corresponding by phone or letter with claimants, family members, legal representatives, and others to obtain additional information necessary for claims.
- Reviewing and analyzing evidence, applying SSA regulations and policy, and writing comprehensive assessments (including medical evidence, vocational factors, educational background, and other collateral information) to reach an eligibility determination.

In addition to providing eligibility determinations for disability payments, we also refer disability applicants who may benefit from rehabilitation services to Rehabilitation Services, State Services for the Blind, and the Department of Health's section of Children with Special Health Needs.

RESULTS

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quantity	# of new determinations reviewed	59,938	55,834	FFY 2012 & FFY 2013
Quality	Days in decision-making	78.6	87.3	FFY 2012 & FFY 2013
Quality	Accuracy of determination decisions (assessed through a review by SSA.)	95.5%	98.3%	FFY 2012 & FFY 2013

Social Security Act; U.S. Code, [Title 42, Chap. 421](http://www.law.cornell.edu/uscode/text/42/421) (<http://www.law.cornell.edu/uscode/text/42/421>) provides the legal authority for Disability Determination Services.

Expenditures By Fund

	Actual		Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY12	FY13	FY14	FY15	FY16	FY17	FY16	FY17
3000 - Federal	25,191	23,632	22,261	26,711	27,064	27,806	27,064	27,806
Total	25,191	23,632	22,261	26,711	27,064	27,806	27,064	27,806
Biennial Change				150		5,898		5,898
Biennial % Change				0		12		12
Governor's Change from Base								0
Governor's % Change from Base								0

Expenditures by Budget Activity

Budget Activity: Disability Determination	25,191	23,632	22,261	26,711	27,064	27,806	27,064	27,806
Total	25,191	23,632	22,261	26,711	27,064	27,806	27,064	27,806

Expenditures by Category

Compensation	10,510	9,851	9,752	12,040	12,321	12,910	12,321	12,910
Operating Expenses	5,766	5,672	5,694	7,106	7,178	7,331	7,178	7,331
Other Financial Transactions	2	12	17	10	10	10	10	10
Grants, Aids and Subsidies	8,904	8,097	6,798	7,553	7,553	7,553	7,553	7,553
Capital Outlay-Real Property	9			2	2	2	2	2
Total	25,191	23,632	22,261	26,711	27,064	27,806	27,064	27,806
Total Agency Expenditures	25,191	23,632	22,261	26,711	27,064	27,806	27,064	27,806
Internal Billing Expenditures	1,480	1,339	1,286	1,798	1,840	1,927	1,840	1,927
Expenditures Less Internal Billing	23,711	22,294	20,976	24,913	25,224	25,879	25,224	25,879

<u>Full-Time Equivalents</u>	159.6	145.6	136.2	168.0	165.0	165.0	165.0	165.0
-------------------------------------	--------------	--------------	--------------	--------------	--------------	--------------	--------------	--------------

Program: Disability Determination

Program Financing by Fund

(Dollars in Thousands)

3000 - Federal

	Actual		Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY12	FY 13	FY 14	FY15	FY16	FY17	FY16	FY17
Balance Forward In		4,071	227	276				
Receipts	26,068	19,778	22,311	26,435	27,064	27,806	27,064	27,806
Expenditures	25,191	23,632	22,261	26,711	27,064	27,806	27,064	27,806
Balance Forward Out	878	217	276					
<i>Biennial Change in Expenditures</i>				150		5,898		5,898
<i>Biennial % Change in Expenditures</i>				0		12		12
<i>Gov's Exp Change from Base</i>								0
<i>Gov's Exp % Change from Base</i>								0
FTEs	159.6	145.6	136.2	168.0	165.0	165.0	165.0	165.0

Program: General Support Services<http://mn.gov/deed>**AT A GLANCE**

- Provides leadership and infrastructure for the agency.
- Includes the Commissioner's Office and other offices which support DEED's program work.
- Produces economic analysis and labor market information.
- 125,000 subscribers to DEED's email communications.

PURPOSE & CONTEXT

General Support Services (GSS) directly supports the agency with infrastructure and leadership necessary to operate programs, develop policies, and provide assistance to individuals, businesses, and communities. These divisions are our "Back of the House" support and are the people who do the nuts and bolts tasks to ensure our programs run well.

SERVICES PROVIDED

General Support Services (GSS) includes the following core functions:

- *Commissioner's Office*: provides executive leadership through appointment by Office of the Governor of Minnesota.
 - The *Public Facilities Authority* (PFA) is a multi-agency authority that provides municipal financing expertise and infrastructure financing programs to enhance the environmental and economic vitality of the State. The Commissioner of DEED also serves as the chair and chief executive officer of the authority and the day-to-day operations are managed by an executive director and staff.
 - *Explore Minnesota Tourism* is the state's tourism marketing entity and is an office in the executive branch. The director is under the supervision of the Commissioner of Employment and Economic Development.
- *Administrative and Financial Services*: houses our Chief Financial Officer who is responsible for all financial activities as well as facilities management.
- *Human Resources*: manages agency personnel, labor relations and employee development.
- *Communications, Analysis, and Research*: provides data and information to customers through print and online marketing and communication. This division includes Minnesota's State Labor Market Information Office, funded by the federal Bureau of Labor Statistics.
- *Government Affairs*: oversees policy and budget planning for the agency as serves as the agency's legislative liaison.
- *Olmstead Implementation Office*: ensures that the commitments in Minnesota's Olmstead Plan are achieved.
- *MN.IT@DEED*: provides information technology (IT) development and support.

RESULTS

Type of Measure	Name of Measure	Previous	Current	Dates (By Fiscal Year)
Quantity	Percentage of Invoices Paid Promptly	97.31%	98.97%	2013 & 2014
Quantity	Number of Labor Market Information (LMI) Office Presentations/Trainings	139	169	2013 & 2014
Quantity	Subscribers of DEED's GovDelivery Email Communications	7,500	125,000	2013 & 2014
Quality	Recipients of Economic Analysis projects satisfaction	96% satisfied or very satisfied	98% satisfied or very satisfied	2012 & 2013
Results	Percentage Reduction in Workplace Injury Incidents	1.36	1.16 = 14.7% reduction	2013 & 2014

Minn. Stat. § 116J (<https://www.revisor.mn.gov/statutes/?id=116J>) provides the legal authority for DEED.

Minn. Stat. § 12A.14 (<https://www.revisor.mn.gov/statutes/?id=12A.14>) provides the legal authority for the Public Facilities Authority.

Minn. Stat. § 116U (<https://www.revisor.mn.gov/statutes/?id=116U>) provides the legal authority for Explore Minnesota.

Expenditures By Fund

	Actual		Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY12	FY13	FY14	FY15	FY16	FY17	FY16	FY17
1000 - General	729	1,177	749	2,183	1,961	1,961	2,577	2,772
2000 - Restricted Misc Special Rev	16,034	16,900	16,610	18,794	18,602	18,602	18,602	18,602
2001 - Other Misc Special Rev	117	135	73	87	87	87	87	87
2390 - Workforce Development				300	0	0	9	17
3000 - Federal	2,741	3,659	3,077	3,250	3,258	3,272	3,258	3,272
Total	19,622	21,871	20,509	24,614	23,908	23,922	24,533	24,750
Biennial Change				3,630		2,707		4,160
Biennial % Change				9		6		9
Governor's Change from Base								1,453
Governor's % Change from Base								3

Expenditures by Budget Activity

Budget Activity: General Support Services	19,622	21,871	20,509	24,614	23,908	23,922	24,533	24,750
Total	19,622	21,871	20,509	24,614	23,908	23,922	24,533	24,750

Expenditures by Category

Compensation	14,076	13,871	12,732	15,221	11,850	11,830	12,200	12,383
Operating Expenses	5,417	6,652	7,018	8,389	10,996	11,030	11,271	11,305
Other Financial Transactions	119	345	55	4	62	62	62	62
Grants, Aids and Subsidies	0	937	663	1,000	1,000	1,000	1,000	1,000
Capital Outlay-Real Property	9	66	42					
Total	19,622	21,871	20,509	24,614	23,908	23,922	24,533	24,750
Total Agency Expenditures	19,622	21,871	20,509	24,614	23,908	23,922	24,533	24,750
Internal Billing Expenditures	96	197	86	281	314	312	337	335
Expenditures Less Internal Billing	19,525	21,674	20,423	24,333	23,594	23,610	24,196	24,415

Full-Time Equivalents	147.9	145.2	141.0	158.4	93.8	86.5	98.3	93.3
------------------------------	--------------	--------------	--------------	--------------	-------------	-------------	-------------	-------------

Program: General Support Services

Program Financing by Fund

(Dollars in Thousands)

1000 - General

	Actual		Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY12	FY 13	FY 14	FY15	FY16	FY17	FY16	FY17
Balance Forward In		230		347				
Direct Appropriation	1,019	1,018	1,168	1,918	2,043	2,043	2,659	2,854
Net Transfers	(60)	(63)	(72)	(82)	(82)	(82)	(82)	(82)
Cancellations		8						
Expenditures	729	1,177	749	2,183	1,961	1,961	2,577	2,772
Balance Forward Out	230		347					
<i>Biennial Change in Expenditures</i>				1,026		990		2,417
<i>Biennial % Change in Expenditures</i>				54		34		82
<i>Gov's Exp Change from Base</i>								1,427
<i>Gov's Exp % Change from Base</i>								36
FTEs	6.6	7.2	7.8	12.4	13.8	13.4	18.1	19.9

2000 - Restricted Misc Special Rev

	Actual		Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY12	FY 13	FY 14	FY15	FY16	FY17	FY16	FY17
Balance Forward In	179	328	271	310	117	117	117	117
Receipts	16,101	16,839	16,650	18,601	18,602	18,602	18,602	18,602
Internal Billing Receipts	13,332	13,478	13,073	16,187	15,945	15,883	15,945	15,883
Expenditures	16,034	16,900	16,610	18,794	18,602	18,602	18,602	18,602
Balance Forward Out	246	267	310	117	117	117	117	117
<i>Biennial Change in Expenditures</i>				2,470		1,800		1,800
<i>Biennial % Change in Expenditures</i>				7		5		5
<i>Gov's Exp Change from Base</i>								0
<i>Gov's Exp % Change from Base</i>								0
FTEs	109.0	109.1	108.1	121.9	56.0	49.0	56.0	49.0

2001 - Other Misc Special Rev

	Actual		Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY12	FY 13	FY 14	FY15	FY16	FY17	FY16	FY17
Balance Forward In		3		23				
Receipts	117	132	95	65	87	87	87	87
Expenditures	117	135	73	87	87	87	87	87
Balance Forward Out	0		23					
<i>Biennial Change in Expenditures</i>				(92)		15		15
<i>Biennial % Change in Expenditures</i>				(37)		9		9
<i>Gov's Exp Change from Base</i>								0

Program: General Support Services

Program Financing by Fund

(Dollars in Thousands)

2001 - Other Misc Special Rev

Gov's Exp % Change from Base							0
FTEs	1.3	0.4	0.3	0.3	0.3	0.3	0.3

2390 - Workforce Development

	Actual FY12	FY 13	Actual FY 14	Estimate FY15	Forecast Base FY16	FY17	Governor's Recommendation FY16	FY17
Direct Appropriation	0	0	0	300	0	0	9	17
Expenditures				300	0	0	9	17
Biennial Change in Expenditures				300		(300)		(274)
Biennial % Change in Expenditures						(100)		(91)
Gov's Exp Change from Base								26
FTEs							0.2	0.3

3000 - Federal

	Actual FY12	FY 13	Actual FY 14	Estimate FY15	Forecast Base FY16	FY17	Governor's Recommendation FY16	FY17
Balance Forward In	1	71	11	13				
Receipts	2,760	3,596	3,078	3,237	3,257	3,271	3,257	3,271
Expenditures	2,741	3,659	3,077	3,250	3,258	3,272	3,258	3,272
Balance Forward Out	21	8	13					
Biennial Change in Expenditures				(73)		203		203
Biennial % Change in Expenditures				(1)		3		3
Gov's Exp Change from Base								0
Gov's Exp % Change from Base								0
FTEs	31.0	28.5	24.8	23.8	23.8	23.8	23.8	23.8

Program: Minnesota Trade Office

<http://mn.gov/deed/business/exporting/>

AT A GLANCE

- Works to increase the number of Minnesota companies exporting into foreign markets.
- Helps foreign companies explore the advantages of expanding or relocating in Minnesota and operates trade offices located in Brazil, China, Germany, and South Korea.
- Provides technical assistance and financial resources for companies seeking to expand exporting.

PURPOSE & CONTEXT

The Minnesota Trade Office (MTO) seeks to increase the number of exports and amount of foreign direct investments that contribute to the growth of the Minnesota economy.

We provide export assistance to Minnesota's manufacturers and service providers. Programs and services focus primarily on assisting small and medium-sized companies. We also have offices and staff in key markets to help foreign companies explore business startup, expansion and relocation opportunities in Minnesota.

SERVICES PROVIDED

The Minnesota Trade Office (MTO) provides:

- *Export counseling and assistance:* our International Trade Representatives guide Minnesota companies through the challenges of conducting international business. Services include exporting guidance, market research, reviewing regulatory requirements, providing advice on international logistics, and evaluating market entry strategies.
- *Export financing programs:* we provide grants and guide companies on obtaining private financial assistance like loans, working capital, credit, and insurance to help new and current exporters. For instance, the STEP Grant Program provides financial and technical assistance to Minnesota small businesses with an active interest in exporting products or services to foreign markets. Small businesses may also apply for reimbursements of between \$500 and \$7,500 for export-training and export-development related activities.
- *Foreign direct investment assistance:* we work with foreign companies exploring the advantages of expanding or relocating in Minnesota. To facilitate this work, we operate trade offices in Brazil, China, Germany, and South Korea.

We sponsor and coordinate trade missions to foreign countries with delegations of business, education, and government officials, to showcase Minnesota as a superior place to do business, raise the profile of Minnesota companies and provide important networking opportunities to the delegates.

The MTO also provides leadership on matters of international affairs for the State of Minnesota. We serve as Minnesota's Office of Protocol, ensuring that the state's interactions with foreign delegations and dignitaries are conducted with appropriate diplomatic etiquette and cultural practices. We are also the state's liaison to the local diplomatic community – the Minnesota Consular Corps.

RESULTS

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quantity	Number of organizations receiving export assistance	1,045	1,020	SFY 2012 & SFY 2013
Results	Number of attendees at MTO training seminars	1,451	1,174	SFY 2012 & SFY 2013

Minn. Stat. § 116J.966 (<https://www.revisor.mn.gov/statutes/?id=116J.966>) and the Federal Trade Act of 1974, Public Law 93-618, as amended; U.S. Code, Title 19 (<http://www.law.cornell.edu/uscode/text/19/chapter-12>) provide the legal authority for DEED's Trade Office.

Expenditures By Fund

	Actual		Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY12	FY13	FY14	FY15	FY16	FY17	FY16	FY17
1000 - General	1,458	1,527	2,054	2,549	2,293	2,292	2,293	2,292
2000 - Restricted Misc Special Rev	288	356	38	324	315	315	315	315
3000 - Federal	240	595	142	555	0	0	0	0
Total	1,986	2,478	2,234	3,428	2,608	2,607	2,608	2,607
Biennial Change				1,197		(447)		(447)
Biennial % Change				27		(8)		(8)
Governor's Change from Base								0
Governor's % Change from Base								0

Expenditures by Budget Activity

Budget Activity: Minnesota Trade Office	1,986	2,478	2,234	3,428	2,608	2,607	2,608	2,607
Total	1,986	2,478	2,234	3,428	2,608	2,607	2,608	2,607

Expenditures by Category

Compensation	1,144	1,185	1,237	1,441	1,359	1,417	1,359	1,417
Operating Expenses	748	888	624	1,443	949	890	949	890
Other Financial Transactions	2	11	0					
Grants, Aids and Subsidies	93	394	372	544	300	300	300	300
Total	1,986	2,478	2,234	3,428	2,608	2,607	2,608	2,607
Total Agency Expenditures	1,986	2,478	2,234	3,428	2,608	2,607	2,608	2,607
Internal Billing Expenditures	161	161	163	211	124	66	124	66
Expenditures Less Internal Billing	1,825	2,317	2,071	3,217	2,483	2,541	2,483	2,541

<u>Full-Time Equivalents</u>	14.1	13.5	13.1	14.8	11.5	11.5	11.5	11.5
-------------------------------------	-------------	-------------	-------------	-------------	-------------	-------------	-------------	-------------

Program: Minnesota Trade Office

Program Financing by Fund

(Dollars in Thousands)

1000 - General

	Actual		Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY12	FY 13	FY 14	FY15	FY16	FY17	FY16	FY17
Balance Forward In		35		256				
Direct Appropriation	1,492	1,492	2,322	2,292	2,292	2,292	2,292	2,292
Cancellations			12					
Expenditures	1,458	1,527	2,054	2,549	2,293	2,292	2,293	2,292
Balance Forward Out	34		256					
<i>Biennial Change in Expenditures</i>				1,619		(18)		(18)
<i>Biennial % Change in Expenditures</i>				54		0		0
<i>Gov's Exp Change from Base</i>								0
<i>Gov's Exp % Change from Base</i>								0
FTEs	13.7	12.8	12.7	13.9	11.4	11.4	11.4	11.4

2000 - Restricted Misc Special Rev

	Actual		Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY12	FY 13	FY 14	FY15	FY16	FY17	FY16	FY17
Balance Forward In	21	72		9				
Receipts	337	284	47	315	315	315	315	315
Expenditures	288	356	38	324	315	315	315	315
Balance Forward Out	71		9					
<i>Biennial Change in Expenditures</i>				(283)		268		268
<i>Biennial % Change in Expenditures</i>				(44)		74		74
<i>Gov's Exp Change from Base</i>								0
<i>Gov's Exp % Change from Base</i>								0
FTEs	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1

3000 - Federal

	Actual		Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY12	FY 13	FY 14	FY15	FY16	FY17	FY16	FY17
Receipts	240	595	142	555	0	0	0	0
Expenditures	240	595	142	555	0	0	0	0
<i>Biennial Change in Expenditures</i>				(138)		(696)		(696)
<i>Biennial % Change in Expenditures</i>				(17)		(100)		(100)
<i>Gov's Exp Change from Base</i>								0
<i>Gov's Exp % Change from Base</i>								0
FTEs	0.4	0.6	0.3	0.8	0	0	0	0

Program: Vocational Rehabilitation Services

<http://mn.gov/deed/job-seekers/disabilities/>

AT A GLANCE

- Provides services that empower Minnesotans with disabilities to find and keep jobs, live independently in their community, and reduce their dependence on government supports.
- Provides long-term employment support services to assist Minnesotans with significant disabilities to maintain and advance in their employment.
- Assists Minnesotans with disabilities to live independently and secure their basic rights in areas such as housing, transportation, education and employment.

PURPOSE & CONTEXT

Our purpose is to empower Minnesotans with disabilities to find and keep jobs and to live independently in their communities. Our primary customers include:

- 266,000 non-institutionalized Minnesotans ages 18-64 who have a significant disability and who seek employment and independence
- 25,000 high school-age youth and young adults with significant disabilities who are making the transition from school to work
- Businesses and other employers who seek qualified candidates for job openings

SERVICES PROVIDED

We accomplish our mission via four distinct programs. The Vocational Rehabilitation and Independent Living programs are operated and funded as federal/state partnerships. Extended Employment and Individual Placement and Support are funded solely by the state.

- *Vocational Rehabilitation*: we empower people with significant disabilities to find jobs through counseling, training, and job placement services.
- *Extended Employment*: we assist people with significant disabilities to keep their jobs by providing long-term employment supports. Those services typically include assistance in training or retraining job tasks, dealing with schedule changes, adjusting to new supervisors, advancement to new job tasks or positions, and managing changes in non-work environments or life activities that affect work performance.
- *Individual Placement and Support*: we assist people with serious mental illness to achieve steady employment in mainstream competitive jobs by providing counseling and long-term job supports.
- *Independent Living*: we enable Minnesotans with disabilities to live and function independently at home, at work and in their communities, and relocate out of nursing homes, by collaborating with the state's eight regional centers for independent living to provide services and training.

Our staff are highly trained professionals with experience in providing individualized assessments, evaluations, counseling, training, assistive technologies, and job placement and retention services. Through a coordinated network of alliances, we work closely with nonprofit community rehabilitation providers, county service agencies, regional centers for independent living, secondary and post-secondary educational institutions, businesses, and other public and private organizations.

We are closely involved in implementing the court-ordered Olmstead Plan regarding government services to people with disabilities. By fully embracing the Olmstead Plan, we seek to ensure that Minnesotans with disabilities have the opportunity to be close to families and friends, to live independently, to engage in productive employment, and to fully participate in community life. Established through executive order by Governor Dayton in 2013, the Olmstead Subcabinet has helped us guide this work and the creation of the Olmstead Implementation Office. Ongoing, collaborative efforts will ensure that the vision, goals, and time-specific tasks of the Olmstead Plan are implemented in their entirety.

RESULTS

Vocational Rehabilitation Program

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quantity	# of new consumers accepted for service / # of open cases at the end of the fiscal year	7,076 / 10,898	5,897 / 10,242	SFY 2013 & SFY 2014
Result	# of consumers attaining employment	2,752	2,868	SFY 2013 & SFY 2014

[Minn. Stat. § 268A](https://www.revisor.mn.gov/statutes/?id=268A.11) (https://www.revisor.mn.gov/statutes/?id=268A.11), Federal Rehabilitation Act of 1973 as amended, [U.S. Code, Title 29, Chapter 16](http://www.law.cornell.edu/uscode/text/29/chapter-16) (http://www.law.cornell.edu/uscode/text/29/chapter-16), provides the legal authority for DEED's Vocational Rehabilitation Services.

Extended Employment program

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quantity	Number of customers	4,979	4,943	SFY 2013 & SFY 2014
Result	Total wages earned by customers	\$26.9M	\$27.9M	SFY 2013 & SFY 2014

Minn. Stat., [Chap. 268A.15](#) et. seq. provides the statutory authority for the Extended Employment Program.

Individual placement and support program

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quantity	# of customers served	804	1,246	SFY 2013 & SFY 2014
Result	% of customers attaining employment	58.8%	58.7%	SFY 2013 & SFY 2014

Minn. Stat., [Chap. 268A.13 -14](#) et. seq. provides the statutory authority for the Individual Placement and Support Program.

Independent living program

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quantity	Total number of customers served	6,962	7,065	SFY 2013 & SFY 2014
Quantity	Total instances of service (Information and Referral, Skills Training, Peer Counseling, Advocacy)	71,480	71,869	SFY 2013 & SFY 2014

Minn. Stat., [Chap. 268A.11](#); U.S. Code, [Title 29, Chap. 16, Sect. 796](#) et seq., provides the statutory authority for the Independent Living Program.

Expenditures By Fund

	Actual		Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY12	FY13	FY14	FY15	FY16	FY17	FY16	FY17
1000 - General	20,361	20,563	21,540	21,349	20,750	20,361	21,750	21,361
2390 - Workforce Development	7,392	8,084	6,867	7,165	6,830	6,830	7,080	7,080
2403 - Gift				5	5	5	5	5
3000 - Federal	46,909	51,287	52,373	52,072	53,040	52,566	53,040	52,566
Total	74,662	79,935	80,780	80,591	80,625	79,762	81,875	81,012
<i>Biennial Change</i>				6,774		(984)		1,516
<i>Biennial % Change</i>				4		(1)		1
<i>Governor's Change from Base</i>								2,500
<i>Governor's % Change from Base</i>								2

Expenditures by Budget Activity

Budget Activity: Vocational Rehabilitation	54,313	58,912	59,367	60,904	61,133	60,522	61,133	60,522
Budget Activity: Extended Employment	14,692	15,587	15,346	14,753	14,519	14,130	15,769	15,380
Budget Activity: Independent Living	5,658	5,435	6,067	4,934	4,973	5,110	4,973	5,110
Total	74,662	79,935	80,780	80,591	80,625	79,762	81,875	81,012

Expenditures by Category

Compensation	23,437	24,734	25,797	27,581	28,052	28,171	28,127	28,246
Operating Expenses	8,977	9,973	9,715	12,045	12,552	11,842	12,577	11,867
Other Financial Transactions	111	278	119	145	145	145	145	145
Grants, Aids and Subsidies	42,134	44,941	45,147	40,819	39,876	39,603	41,026	40,753
Capital Outlay-Real Property	3	10	2	1	1	1	1	1
Total	74,662	79,935	80,780	80,591	80,625	79,762	81,875	81,012
Total Agency Expenditures	74,662	79,935	80,780	80,591	80,625	79,762	81,875	81,012
Internal Billing Expenditures	3,298	3,358	3,399	4,134	4,181	4,198	4,192	4,209
Expenditures Less Internal Billing	71,364	76,576	77,381	76,457	76,445	75,564	77,684	76,803

Full-Time Equivalents

343.5	340.4	333.7	334.0	320.6	320.8	321.6	321.8
--------------	--------------	--------------	--------------	--------------	--------------	--------------	--------------

Program: Vocational Rehabilitation

Program Financing by Fund

(Dollars in Thousands)

1000 - General

	Actual		Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY12	FY 13	FY 14	FY15	FY16	FY17	FY16	FY17
Balance Forward In	687	1,052	1,106	427	389		389	
Direct Appropriation	20,151	19,861	20,861	21,311	20,361	20,361	21,361	21,361
Cancellations	4	1						
Expenditures	20,361	20,563	21,540	21,349	20,750	20,361	21,750	21,361
Balance Forward Out	472	349	427	389				
<i>Biennial Change in Expenditures</i>				1,964		(1,778)		222
<i>Biennial % Change in Expenditures</i>				5		(4)		1
<i>Gov's Exp Change from Base</i>								2,000
<i>Gov's Exp % Change from Base</i>								5
FTEs	3.6	4.0	3.7	4.5	4.5	4.5	5.5	5.5

2390 - Workforce Development

	Actual		Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY12	FY 13	FY 14	FY15	FY16	FY17	FY16	FY17
Balance Forward In	691	1,254	122	85				
Direct Appropriation	7,345	6,830	6,830	7,080	6,830	6,830	7,080	7,080
Expenditures	7,392	8,084	6,867	7,165	6,830	6,830	7,080	7,080
Balance Forward Out	644		85					
<i>Biennial Change in Expenditures</i>				(1,444)		(372)		128
<i>Biennial % Change in Expenditures</i>				(9)		(3)		1
<i>Gov's Exp Change from Base</i>								500
<i>Gov's Exp % Change from Base</i>								4

2403 - Gift

	Actual		Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY12	FY 13	FY 14	FY15	FY16	FY17	FY16	FY17
Balance Forward In	23	24	24	24	24	24	24	24
Receipts	0	0	0	5	5	5	5	5
Expenditures				5	5	5	5	5
Balance Forward Out	24	24	24	24	24	24	24	24
<i>Biennial Change in Expenditures</i>				5		5		5
<i>Biennial % Change in Expenditures</i>						100		100
<i>Gov's Exp Change from Base</i>								0
<i>Gov's Exp % Change from Base</i>								0

Program: Vocational Rehabilitation

Program Financing by Fund

(Dollars in Thousands)

3000 - Federal

	Actual		Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY12	FY 13	FY 14	FY15	FY16	FY17	FY16	FY17
Balance Forward In	0	7,601	1,273	857	1,602	1,212	1,602	1,212
Receipts	48,070	44,949	51,958	52,817	52,651	52,500	52,651	52,500
Expenditures	46,909	51,287	52,373	52,072	53,040	52,566	53,040	52,566
Balance Forward Out	1,161	1,263	857	1,602	1,212	1,146	1,212	1,146
<i>Biennial Change in Expenditures</i>				6,249		1,161		1,161
<i>Biennial % Change in Expenditures</i>				6		1		1
<i>Gov's Exp Change from Base</i>								0
<i>Gov's Exp % Change from Base</i>								0
FTEs	339.9	336.4	330.0	329.5	316.1	316.3	316.1	316.3

Program: State Services for the Blind

<http://mn.gov/deed/job-seekers/blind-visual-impaired/>

AT A GLANCE

- Provides employment and career services so that Minnesotans who are blind, visually impaired or DeafBlind can find or keep jobs.
- Provides materials in accessible formats (audio, braille and e-text) for education, work and independence.
- Provides seniors facing vision loss with tools, training and technology to remain in their homes or live as independently as possible.
- 3,600 seniors assisted in 2014.

PURPOSE & CONTEXT

State Services for the Blind (SSB) helps Minnesotans who are blind, visually impaired, or DeafBlind achieve personal and vocational independence.

Our customers are Minnesotans who have vision loss or other disabilities (such as learning disabilities or dyslexia) that make it difficult to read print. Our services – designed to address needs that are unmet by other programs – provide Minnesotans with access to print, the skills and tools to get and keep jobs, and the necessary supports to live independently in our communities. These services are especially critical as Minnesota's population ages and thus the population of people needing services is expected to more than quadruple in the near future.

SERVICES PROVIDED

We accomplish our mission via the following activities:

- *Workforce Development:* we provide employment and career support to over 1,000 Minnesotans yearly, helping them find and keep jobs. This includes assistive technology training to meet the demands of today's workplace, as well as training in cane travel, cooking, and managing finances, which provide the skills and confidence to be independent and pursue employment.
- *Business Enterprises:* we provide vending business and job creation opportunities for entrepreneurs within state and federal buildings in 200 locations. Forty-two blind entrepreneurs in this program generate \$7 million in annual sales, pay \$440,000 in state sales taxes, and pay over \$500,000 in employee wages.
- *Senior Services:* we help seniors stay in their homes, remain active in their communities, and retain higher levels of independence, through counseling, training, and assistive devices (such as magnifiers) that are not available in local stores.
- *Communication Center:* we produce accessible materials (braille, audio, and e-text) that are not already available in the commercial market, including custom materials at the request of our customers. We are assisted by a network of 650 volunteers and a partnership with the Minnesota Braille and Talking Book Library. We also work closely with K-12 schools, businesses, government agencies, and other partners in need of materials accessible to visually impaired people. Our closed-circuit Radio Talking Book (RTB) broadcasts allow people throughout the state to hear readings of just-published books, magazines, and other current print information. We also provide Minnesotans with two accessible news services so that they can read their local, regional, national, and international newspapers, magazines, and job postings.

RESULTS

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Result	As a result of services provided by SSB, the percent of seniors that report more control and confidence 30 days post receiving services	88.25%	90.6%	SFY 2012 & SFY 2013
Quantity	# of separate times people used SSB's news services	208,812	452,083	SFY 2012 & SFY 2013
Quality	Customers who became employed had competitive hourly wages	\$14.30	\$15.48	SFY 2012 & SFY 2013
Quantity	# of people served by Workforce Development Services for the Blind	991	1,056	SFY 2012 & SFY 2013

Minnesota Rules 3325 (BEP) (<https://www.revisor.mn.gov/rules/?id=3325>), Chapter 248. Blind; Education, Rehabilitation (<https://www.revisor.mn.gov/statutes/?id=248>), Chapter 169.202 White Cane Law (<https://www.revisor.mn.gov/statutes/?id=169.202>), Rehabilitation Act of 1973 (<http://www.law.cornell.edu/uscode/text/29/chapter-16>), CFR 361 and 363 (<http://www.law.cornell.edu/cfr/text/34/part-361>, <http://www.law.cornell.edu/cfr/text/34/part-363>) provide the legal authority for the State Services for the Blind.

Expenditures By Fund

	Actual		Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY12	FY13	FY14	FY15	FY16	FY17	FY16	FY17
1000 - General	5,928	5,925	5,925	5,925	5,925	5,925	5,925	5,925
2000 - Restricted Misc Special Rev	519	609	721	859	862	862	862	862
2403 - Gift	353	267	354	295	280	367	280	367
3000 - Federal	11,472	12,485	12,517	13,785	14,395	14,396	14,395	14,396
Total	18,271	19,286	19,518	20,864	21,462	21,549	21,462	21,549
Biennial Change				2,824		2,630		2,630
Biennial % Change				8		7		7
Governor's Change from Base								0
Governor's % Change from Base								0

Expenditures by Budget Activity

Budget Activity: Services for The Blind	18,271	19,286	19,518	20,864	21,462	21,549	21,462	21,549
Total	18,271	19,286	19,518	20,864	21,462	21,549	21,462	21,549

Expenditures by Category

Compensation	7,431	7,797	8,338	8,873	8,877	8,877	8,877	8,877
Operating Expenses	3,776	3,765	3,979	4,957	5,620	5,716	5,620	5,716
Other Financial Transactions	123	338	227	284	268	250	268	250
Grants, Aids and Subsidies	6,877	7,385	6,971	6,639	6,622	6,620	6,622	6,620
Capital Outlay-Real Property	65	0	2	111	76	86	76	86
Total	18,271	19,286	19,518	20,864	21,462	21,549	21,462	21,549
Total Agency Expenditures	18,271	19,286	19,518	20,864	21,462	21,549	21,462	21,549
Internal Billing Expenditures	1,055	1,059	1,098	1,319	1,319	1,319	1,319	1,319
Expenditures Less Internal Billing	17,217	18,227	18,420	19,545	20,143	20,230	20,143	20,230

<u>Full-Time Equivalents</u>	108.0	109.9	112.7	133.1	129.3	125.4	129.3	125.4
-------------------------------------	--------------	--------------	--------------	--------------	--------------	--------------	--------------	--------------

Program: Services for The Blind

Program Financing by Fund

(Dollars in Thousands)

1000 - General

	Actual		Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY12	FY 13	FY 14	FY15	FY16	FY17	FY16	FY17
Balance Forward In		0		0				
Direct Appropriation	5,928	5,925	5,925	5,925	5,925	5,925	5,925	5,925
Expenditures	5,928	5,925	5,925	5,925	5,925	5,925	5,925	5,925
Balance Forward Out			0					
<i>Biennial Change in Expenditures</i>				(3)		(1)		(1)
<i>Biennial % Change in Expenditures</i>				0		0		0
<i>Gov's Exp Change from Base</i>								0
<i>Gov's Exp % Change from Base</i>								0
FTEs	44.1	51.8	46.2	58.0	56.8	55.6	56.8	55.6

2000 - Restricted Misc Special Rev

	Actual		Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY12	FY 13	FY 14	FY15	FY16	FY17	FY16	FY17
Balance Forward In	761	825	884	856	831	807	831	807
Receipts	581	668	693	834	838	838	838	838
Net Transfers		(1)						
Expenditures	519	609	721	859	862	862	862	862
Balance Forward Out	823	883	856	831	807	783	807	783
<i>Biennial Change in Expenditures</i>				453		144		144
<i>Biennial % Change in Expenditures</i>				40		9		9
<i>Gov's Exp Change from Base</i>								0
<i>Gov's Exp % Change from Base</i>								0
FTEs	2.0	2.0	2.0	4.0	4.0	4.0	4.0	4.0

2403 - Gift

	Actual		Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY12	FY 13	FY 14	FY15	FY16	FY17	FY16	FY17
Balance Forward In	251	406	285	290	277	272	277	272
Receipts	477	145	359	282	275	275	275	275
Expenditures	353	267	354	295	280	367	280	367
Balance Forward Out	375	285	290	277	272	180	272	180
<i>Biennial Change in Expenditures</i>				30		(2)		(2)
<i>Biennial % Change in Expenditures</i>				5		0		0
<i>Gov's Exp Change from Base</i>								0
<i>Gov's Exp % Change from Base</i>								0
FTEs	3.9	1.7	1.6	1.4	1.4	1.2	1.4	1.2

2403 - Gift**3000 - Federal**

	Actual		Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY12	FY 13	FY 14	FY15	FY16	FY17	FY16	FY17
Balance Forward In	384	2,753	97	70	63	63	63	63
Receipts	11,352	9,813	12,490	13,778	14,396	14,396	14,396	14,396
Expenditures	11,472	12,485	12,517	13,785	14,395	14,396	14,395	14,396
Balance Forward Out	263	81	70	63	63	63	63	63
<i>Biennial Change in Expenditures</i>				2,345		2,489		2,489
<i>Biennial % Change in Expenditures</i>				10		9		9
<i>Gov's Exp Change from Base</i>								0
<i>Gov's Exp % Change from Base</i>								0
FTEs	58.0	54.3	63.0	69.7	67.1	64.7	67.1	64.7

Program: Broadband Development

<http://mn.gov/deed/broadband>

AT A GLANCE

- Works to ensure that the state's Internet service is among the nation's best and can keep pace with growing demands of busy Minnesotans.
- Coordinates public, private, and philanthropic efforts to increase availability, speed, and use of broadband.
- Administers the state grant fund for broadband infrastructure.
- Conducts research, data collection, and mapping.

PURPOSE & CONTEXT

The Office of Broadband Development (OBD) was created in 2013 and charged with improving broadband access and use within Minnesota.

Our purpose is to drive job creation, promote innovation and expand markets for Minnesota businesses. We also encourage investment in broadband infrastructure to achieve equal access to opportunities in economic development, education, healthcare, public safety and social well-being throughout the state.

SERVICES PROVIDED

The Office of Broadband Development (OBD) accomplishes its mission through the following activities:

- *Community Planning:* We work with communities, broadband providers, and local units of government to provide technical assistance and consultation services for broadband development and related planning. We also work to ensure these stakeholders are aware of both federal and state policies and programs, including financial resources.
- *Broadband Infrastructure:* We manage the competitive Border-to-Border Broadband Development Grant program to build broadband infrastructure in areas of the state where conventional business models have been unable to meet connectivity needs. Applicants are typically one partner among several in a community initiative, such as an existing broadband provider, a cooperative, township, city, or tribe.
- *Research and Data Collection:* Through the coordination of data collection, mapping, and analysis we measure progress toward state broadband goals.
- *Adoption and Use:* We study and work to improve low broadband adoption and use rates among identified population groups.

RESULTS

The Office of Broadband Development (OBD) was created on July 1, 2013. Reportable measures will be available for SFY 2014.

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quantity (<i>forthcoming</i>)	Number of Applications to Broadband Grant Programs	N/A	N/A	N/A
Quantity (<i>forthcoming</i>)	Number of Households Served by Broadband Grant Program	N/A	N/A	N/A
Results	Percent of Minnesota Households with High Speed Broadband Access	69.0%	75.0%	April 2013 & April 2014

Minn. Stat., Chap. 116J.39 (<https://www.revisor.mn.gov/statutes/?id=116J.39>) provides the legal authority for DEED's Broadband Development program.

Expenditures By Fund

	Actual		Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY12	FY13	FY14	FY15	FY16	FY17	FY16	FY17
1000 - General	0	0	90	410	250	250	30,250	250
2001 - Other Misc Special Rev	0	0	0	19,742	129	129	129	129
Total	0	0	90	20,153	379	378	30,379	378
Biennial Change				20,242		(19,486)		10,514
Biennial % Change						(96)		52
Governor's Change from Base								30,000
Governor's % Change from Base								3,965

Expenditures by Budget Activity

Budget Activity: Broadband Development Office	0	0	90	20,153	379	378	30,379	378
Total	0	0	90	20,153	379	378	30,379	378

Expenditures by Category

Compensation	0	0	60	236	273	275	547	275
Operating Expenses	0	0	30	517	105	104	731	104
Grants, Aids and Subsidies				19,400	0	0	29,100	0
Total	0	0	90	20,153	379	378	30,379	378
Total Agency Expenditures	0	0	90	20,153	379	378	30,379	378
Internal Billing Expenditures	0	0	8	35	40	40	90	40
Expenditures Less Internal Billing	0	0	82	20,118	338	338	30,288	338

<u>Full-Time Equivalents</u>	0	0	0.5	2.0	2.5	2.5	3.5	3.5
-------------------------------------	----------	----------	------------	------------	------------	------------	------------	------------

Program: Broadband Development
Office

Program Financing by Fund

(Dollars in Thousands)

1000 - General

	Actual		Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY12	FY 13	FY 14	FY15	FY16	FY17	FY16	FY17
Balance Forward In				160				
Direct Appropriation	0	0	250	20,250	250	250	30,250	250
Net Transfers				(20,000)				
Expenditures	0	0	90	410	250	250	30,250	250
Balance Forward Out			160					
<i>Biennial Change in Expenditures</i>				500		(1)		29,999
<i>Biennial % Change in Expenditures</i>						0		6,000
<i>Gov's Exp Change from Base</i>								30,000
<i>Gov's Exp % Change from Base</i>								6,008
FTEs	0	0	0.5	1.3	1.5	1.5	2.5	2.5

2001 - Other Misc Special Rev

	Actual		Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY12	FY 13	FY 14	FY15	FY16	FY17	FY16	FY17
Balance Forward In					258	129	258	129
Net Transfers				20,000				
Expenditures	0	0	0	19,742	129	129	129	129
Balance Forward Out				258	129		129	
<i>Biennial Change in Expenditures</i>				19,742		(19,485)		(19,485)
<i>Biennial % Change in Expenditures</i>						(99)		(99)
<i>Gov's Exp Change from Base</i>								0
<i>Gov's Exp % Change from Base</i>								0
FTEs				0.8	1.0	1.0	1.0	1.0

FY16-17 Federal Funds Summary

(Dollars in Thousands)

Federal Agency And CFDA #	Federal Award Name and Brief Purpose	New Grant	2014 Actuals	2015 Budget	2016 Base	2017 Base	State Match or MOE Required?	FTEs
Us Hud 14.228	Small Cities Community Development Block Grants For the benefit of eligible non-entitlement local units of government for community development needs.		15,515	43,869	18,000	18,000	Match	3.9
Environmental Protection Agency 66.818	Brownfield/Petroleum Cleanup Provide loans to public or private entities for clean-up of contaminated property.		47	2,190	2,000	2,000		.1
Budget Activity Total	Community Finance		15,562	46,059	20,000	20,000		4.0
Small Business Administration 59.037	Small Business Development Centers Financing small business development center services.		3,081	1,904	1,904	1,904	Match	
Budget Activity Total	Entrepreneurship & Small Business Development		3,081	1,904	1,904	1,904		
Us Treasury No Cfd	State Small Business Credit Initiative To provide portfolio insurance for business loans also collateral support programs, loan participations programs, venture capital programs, and loan guarantee programs		5,103	5,257	0	0		1.0
Budget Activity Total	Business Finance		5,103	5,257	0	0		1.0
Program Total	Business and Community Development		23,746	53,220	21,904	21,904		5.0
Us Department Of Labor 17.225	Unemployment Insurance Provides a temporary, partial wage replacement to those who become unemployed through no fault of their own.		54,585	56,345	58,642	58,741		419.5
Program Total	Unemployment Insurance		54,585	,345	58,642	58,741		419.5
US Department Of Labor 17.207	Employment Services Wagner-Peyser Provides labor exchange services to individuals seeking employment and to businesses seeking workers.		14,799	14,861	14,861	14,861		122.3

Federal Agency And CFDA #	Federal Award Name and Brief Purpose	New Grant	2014 Actuals	2015 Budget	2016 Base	2017 Base	State Match or MOE Required?	FTEs
Us Department Of Labor 17.207	Career One-Stop Provides a wide array of information and interactive tools for job seekers, students and other career planners.		5,496	7,500	7,500	7,500		9.8
Us Department Of Labor 17.258	Workforce Investment Act Programs Provides year round employment training services to adults.		9,169	11,300	11,300	11,300		5.5
No Cfda	Subgrant agreements		2,651	5,710	5,710	5,710		34.0
Us Department Of Labor 17.273	Foreign Labor Provides federal tax credit to employers hiring members of targeted groups who have difficulty finding jobs. Enables businesses to hire foreign workers. Provide analysis of job market conditions and outlook, economic indicators and workforce trends.		124	138	138	138		1.3
Us Department Of Labor	Senior Community Service Employment Program Provides people age 55 and older to receive on the job training and current work experience they need to return to work.		1,991	2,600	2,600	2,600		1.3
Us Department Of Labor 17.245	Trade Adjustment Assistance Serves workers displaced by foreign trade and provides workers reentering the workforce with work search, relocation, job training and weekly cash benefits.		11,468	18,000	17,000	17,000		11.7
Us Department Of Labor 17.804	Veterans Programs (LVER) Provide specialized employment and training services to veterans using the workforce center system.		1,123	1,300	1,300	1,300		12.3
Us Department Of Labor 17.258	Workforce Investment Act Programs Provides employment and training services to workers who have been laid off through no fault of their own.		12,148	15,400	15,400	15,000		10.0

Federal Agency And CFDA #	Federal Award Name and Brief Purpose	New Grant	2014 Actuals	2015 Budget	2016 Base	2017 Base	State Match or MOE Required?	FTEs
Us Department Of Labor 17.271	Work Opportunity Tax Credit (WOTC) Provides federal tax credit to employers hiring members of targeted groups who have difficulty finding jobs. Enables businesses to hire foreign workers. Provide analysis of job market conditions and outlook, economic indicators and workforce trends.		210	304	304	304		3.3
Us Department Of Labor 17.801	Veterans Programs (DVOP) Provide specialized employment and training services to veterans using the workforce center system.		1,388	1,760	1,760	1,760		18.0
Us Department Of Labor 17.277	Workforce Investment Act Programs National Emergency Grants Provides assistance to mass layoffs or plant closings and other events that cause increases in the number of unemployed.		2,314	1,973				2.0
Us Department Of Labor 17.268	MN Mineral To provide training and related activities to workers to assist them in gaining the skills and competencies needed to obtain or upgrade employment in high-growth industries or economic sectors.		548	492	50			1.3
Us Department Of Labor 17.207	DEI Career Pathways To increase participation in existing job training and career pathways programs by all Minnesotans including adult learners and job seekers with disabilities and other with unique career development needs.	Yes		2,200	130	125		.6
Us Department Of Labor 17.277	Workforce Investment Act Programs Incentive Program to support innovative workforce development and education activities that are authorized under title IB (Workforce Investment Systems)		1,150	335				1.3
Budget Activity Total	Adult Services		64,578	83,873	78,053	77,598		234.7
Us Department Of Labor 17.259	Workforce Investment Act Programs Provides year round employment training services to disadvantaged youth.		14,073	13,500	13,500	13,500		8.0

Federal Agency And CFDA #	Federal Award Name and Brief Purpose	New Grant	2014 Actuals	2015 Budget	2016 Base	2017 Base	State Match or MOE Required?	FTEs
Budget Activity Total	Youth Services		14,073	13,500	13,500	13,500		8.0
Program Total	Workforce Development		78,651	97,373	91,553	91,098		242.7
Social Security Administration 96.001	Disability Determination Provides determinations on social security disability insurance eligibility, verification information to rehabilitation agencies and resources for customers eligible for Ticket to Work program.		22,311	26,435	27,064	27,806		168.0
Program Total	Disability Determination		22,311	26,435	27,064	27,809		168.0
Us Department Of Labor 17.002	Labor Force Statistics Collects, edits analyze and disseminate employment and economic data.		1,344	1,407	1,419	1,433		14.8
Us Department Of Labor 17.207	Analyst Resource Center Development, maintenance and dissemination of the Workforce Information Database to all states for mandated use as the repository of labor marker data.		940	1,231	1,231	1,231		1.3
Us Department Of Labor 17.207	Workforce Information Grant Provide analysis of job market conditions and outlook, economic indicators and workforce trends.		565	599	607	607		7.5
Department Of Commerce 11.303	Economic Development Administration (EDA) Proof Concept Center Grant		60					
Us Department Of Labor 17.207	Labor Market Information (LMI) WELDS		169					
Program Total	General Support Services		3,078	3,237	3,257	3,271		23.6
Small Business Administration 59.061	State Trade and Export Promotion (STEP) A pilot program of the SBA to provide grants to states to carry out export programs that assist eligible small businesses.		142	555				.8
Program Total	Minnesota Trade Office		142	555			Match	.8
Us Department Of Education 84.187	Basic Supported Employment Provides assessment, vocational evaluations, counseling, training, and job placement services for persons with significant disabilities.		320	320	320	320	Match	

Federal Agency And CFDA #	Federal Award Name and Brief Purpose	New Grant	2014 Actuals	2015 Budget	2016 Base	2017 Base	State Match or MOE Required?	FTEs
Us Department Of Education 84.126	Basic Employment Provides assessment, vocational evaluations, counseling, training, and job placement services for persons with significant disabilities.		48,169	48,304	49,135	49,081	Both	327.9
Interagency Agreement No Cfda	VR Special Projects			1,300	350	250		
Us Department Of Education 84.265	In Service Training		68	58			Match	
Budget Activity Total	Vocational Rehabilitation		48,557	49,982	49,805	49,651		327.9
Us Department Of Education 84.132	Independent Living Services C ARRA Provides independent living skills training, information and referral, systems advocacy, and peer support services to persons with disabilities.		324					
Us Department Of Education 84.169	Independent Living Services B Provides independent living skills training, information and referral, systems advocacy, and peer support services to persons with disabilities.		1,752	1,754	1,756	1,759	Match	1.6
Us Department Of Education 84.132	Independent Living Services C Provides independent living skills training, information and referral, systems advocacy, and peer support services to persons with disabilities.		1,325	1,081	1,090	1,090		
Budget Activity Total	Independent Living		3,401	2,835	2,846	2,849		1.6
Program Total	Vocational Rehabilitation		51,958	52,817	52,651	52,500		329.5
Us Department Of Education 84.187	Basic Supported Employment Provides assessment, vocational evaluations, counseling, training, Braille, and job placement services.		105	100	105	105	Match	.1
Us Department Of Education 84.126	Basic Employment Provides assessment, vocational evaluations, counseling, training, Braille, and job placement services.		10,942	11,804	12,446	12,466	Both	60.6

Federal Agency And CFDA #	Federal Award Name and Brief Purpose	New Grant	2014 Actuals	2015 Budget	2016 Base	2017 Base	State Match or MOE Required?	FTEs
Us Department Of Education 84.265	In Service Training		71	76	20		Match	
Us Department Of Education 84.169	Independent Living Services B Provides assistance to older blind persons with disabilities to live independently.		58	67	69	69	Match	.3
Us Department Of Education 84.177	Older Blind		632	751	776	776	Match	3.0
Interagency Agreement No Cfd	Education Agreement		682	980	980	980		5.7
Program Total	Service for The Blind		12,490	13,778	14,396	14,396		69.7
Agency Total	Department of Employment and Economic Development		246,961	303,761	269,467	269,716		1,258.8

Narrative:

DEED receives funding from a variety of federal agencies including the Departments of Labor, Education, and Housing and Urban Development, Social Security Administration, Environmental Protection Agency, and Small Business Administration. Federal funds represent a significant portion of DEED's budget, consisting of over 64% of expenditures. For planning purposes, it is assumed that federal award amounts for ongoing programs will remain fairly constant over the biennium. In FY15, the Adult Services and the Dislocated Workers programs for Wagner-Peyser were reduced by \$8,902.

House and Senate budget negotiators reached a two-year budget agreement on Tuesday, December 10, 2013 (FY14), to provide sequestration relief and set overall discretionary spending levels for FY 2014 and FY 2015.

The Basic Support program requires a 21.3% match and the Independent Living programs require a 10% match. The Small Business Development Center program requires a 1 to 1 match. The state contributes approximately \$500,000 towards the match, with the remainder provided by the grantees. The Small Cities Community Development Block Grant program requires a 50% match for administrative funds, after the first \$100,000 is paid. The Brownfields program requires a 22% match, which is provided by the loan recipients. The Minnesota Trade Office program requires a .333% match.

The Workforce Innovation and Opportunity Act (WIOA) was signed into law in July 2014. WIOA supersedes the Workforce Investment Act (WIA) of 1998 and amends the Adult Education and Family Literacy Act, the Wagner-Peyser Act, and the Rehabilitation Act Amendments of 1998. In general, the Act takes effect on July 1, 2015, the first full program year after enactment, unless otherwise noted. WIOA formally overhauls and reauthorizes the expired Workforce Investment Act of 1998. WIOA creates a streamlined workforce development system by eliminating 15 existing programs and maintaining the 15 percent funding reservation at the state level to allow states the flexibility to address specific needs. WIOA is tasked with improving our nations' workforce development system and help put Americans back to work. In-state, on-site assessment visits are planned for all states in region V prior to October 1st, upon completion of a questionnaire which addresses: How ready are we for WIOA implementation? What are the barriers to implementation? How does the system need to be adapted for WIOA implementation? Two percent (2%) of our PY14 total state allotment funds can be used for transition from WIA to WIOA.

The new Uniform Guidance: 2 C.F.R 200 Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards requirements must be implemented effective December 26, 2014. Administrative requirements, cost principles, and audit requirements apply to new awards and to additional funding (funding increments) to existing awards made on or after December 26, 2014. This new guidance is being referred to as the "Super Circular". The new guidance supersedes and streamlines the requirements from OMB Circulars A-21, A-87, A-110, A-122, A-89, A-102, and A-133 and the guidance in Circular A-50 on Single Audit Act follow-up.

It is a key component of a larger Federal effort to more effectively focus Federal grant resources on improving performance and outcomes while ensuring the financial integrity of taxpayer dollars. This reform impacts Federal agencies and non-Federal entities (states, local governments, Indian tribes, institutions of higher education (IHE), and nonprofit organizations) that receive Federal awards as a recipient or sub-recipient, and their auditors.