



**EMPLOYMENT AND
ECONOMIC DEVELOPMENT**

2025 Legislative Update

Energy Transition Advisory Committee 3/27

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Recommendation Overview

- The Governor's budget recommendation for the Department of Employment and Economic Development reflects a responsible and measured approach to maintain successful programs while also making targeted investments.
- Total General Fund recommendation (in thousands):

FY 26	FY 27	FY 28	FY 29
(\$7,544)	(\$6,988)	(\$8,665)	(\$8,665)

- Total Workforce Development Fund recommendation (in thousands):

FY 26	FY 27	FY 28	FY 29
\$13,000	\$13,000	\$5,000	\$5,000

Energy Transition Office Updates



- Funding for the Energy Transition Office is in the agency's base budget and will be unaffected.
- Given the budget constraints, no new funding is being requested for the Community Energy Transition Grant program.
- The Community Energy Transition Grant program still exists in law (Minn. Stat. § 116J.55) so the grant program may be funded in the future.

Examples from DEED Budget Bill

Service to Success Initiative

- There are thousands of public service opportunities available to Minnesotans every year, yet the wide variety of programs and positions lack coordination and awareness.
- **Service to Success** targets existing gaps in public service, including:
 - Lack of career pathways for individuals leaving public service programs into relevant careers, including public service careers, and alignment to further educational opportunities;
 - Lack of overall strategy for state investments across agencies into public service programs;
 - Lack of alignment across agencies in how to best use public service programs to align with education and workforce development initiatives in key areas of focus.

Drive for 5 Workforce Initiative

- **Drive for 5 competitive grants for workforce development organizations** will fund established and innovative approaches to training, reskilling, and building career pathways for key industry sectors.
- **Drive for 5 competitive grants for Trade Associations** will help ensure that workforce training efforts are aligned with employer demands and connect graduates with businesses looking to hire.
- **The Drive for 5 Employer Engagement Team** will work throughout local workforce development areas to assist with addressing the hiring needs of Minnesota's businesses through direct connection to job seekers and program participants in the CareerForce system.

Vocational Rehabilitation Services

- The VRS program is currently facing budget constraints, due to increasing cost pressures, to maintain current case service levels. VRS has experienced a significant increase in the number of individuals, both students and adults, seeking services over the past few years.
- DEED has taken successive actions to reduce costs to the VRS program, including implementing a freeze on hiring, taking steps to reduce case services costs, slowing the growth of new cases, and other internal savings.
- Given current trends, additional support is needed to continue providing these critical services to help individuals with disabilities live independent, fulfilling lives.

Greater Minnesota Business Development Public Infrastructure

- The Governor recommends **expanding eligibility** for the Greater Minnesota Business Development Public Infrastructure (BDPI) grant program to include **plant-based processing**.
- This would empower the BDPI program to support plant-based processing around corn, beans, sugar beats, and more.
- Plant-based processing creates good jobs and increases the tax base, supporting overall community vitality.



Questions?