

Overview of DEED

Workforce Development Division Federal and State Funding

Taskforce on Workforce Development System Reform

February 6, 2026

- Workforce Development Key Points
- Federal Funding Overview
- State Funding Overview
- Observations
- Key Takeaways

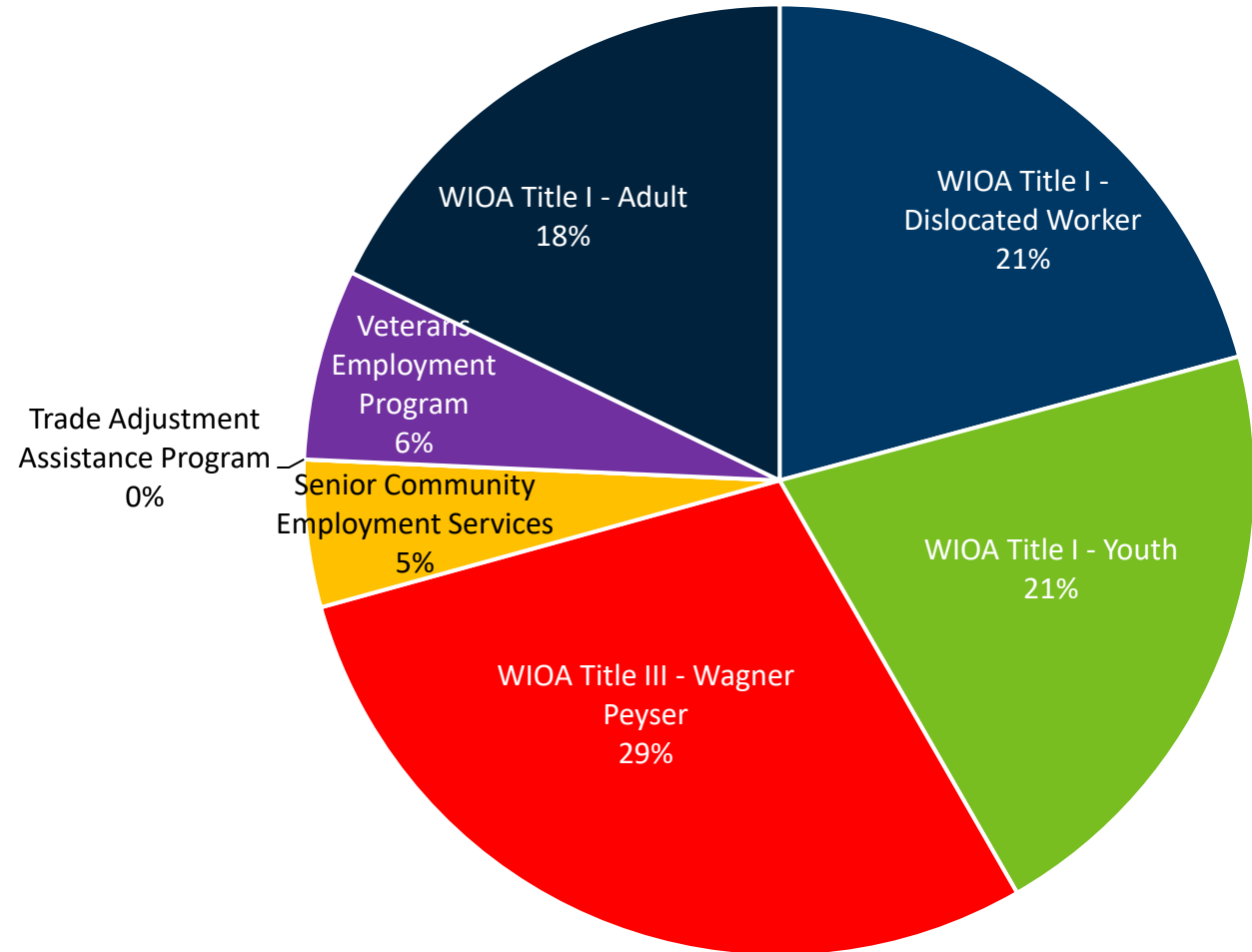
Workforce Development Key Points

- DEED's workforce development system is funded with both federal and state dollars and they are distributed (via competitive, legislative requirements or direct appropriations) to the 16 Local Workforce Development Areas, community-based organizations, educational institutions and other workforce entities.
- Federal funding has declined or been terminated over the last seven years.
- State funds have been essential to supporting DEED's workforce programs.

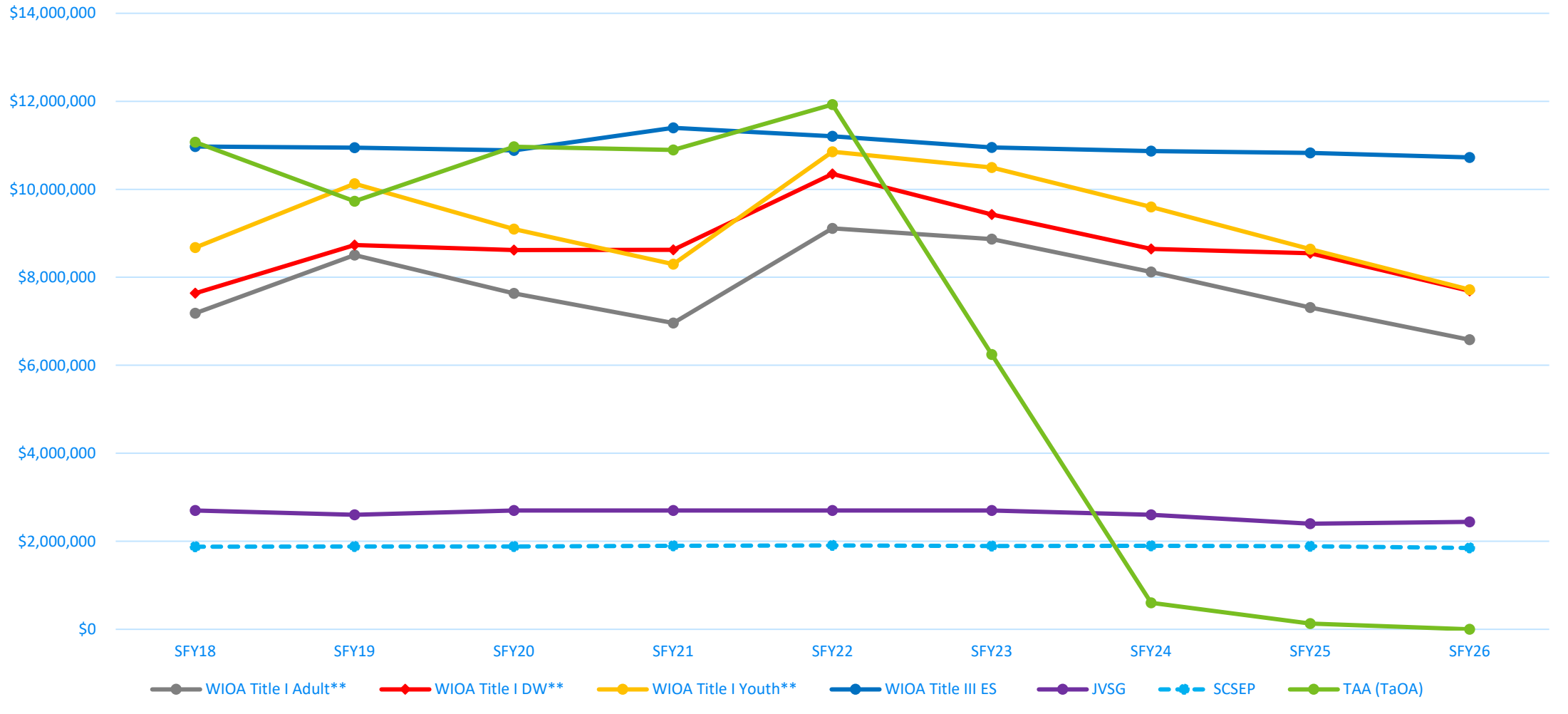
DEED Federal Funding Overview

SFY 2026 DEED Federal Workforce Development Programs Funding

- Minnesota receives about \$37,003,464 in federal funding.
- Workforce Innovation and Opportunity Act (WIOA): Title I and Title III make up ~89% of federal workforce development funding.
- The 16 Local Workforce Development Agencies receive Title I funds.
- States receive WIOA one-year allocations in the spring prior to the start of the program year.



Annual DEED Federal Workforce Development Funding Since 2018



DEED Federal Discretionary Grants

- Partners for Re-Entry Opportunities in Workforce Development (PROWD) - \$10M
- Retaining Employment and Training After Injury/Illness Network - \$19.5M
- Employment Transition Model Grant - \$16.8M
- Disability Innovation Fund - \$10M

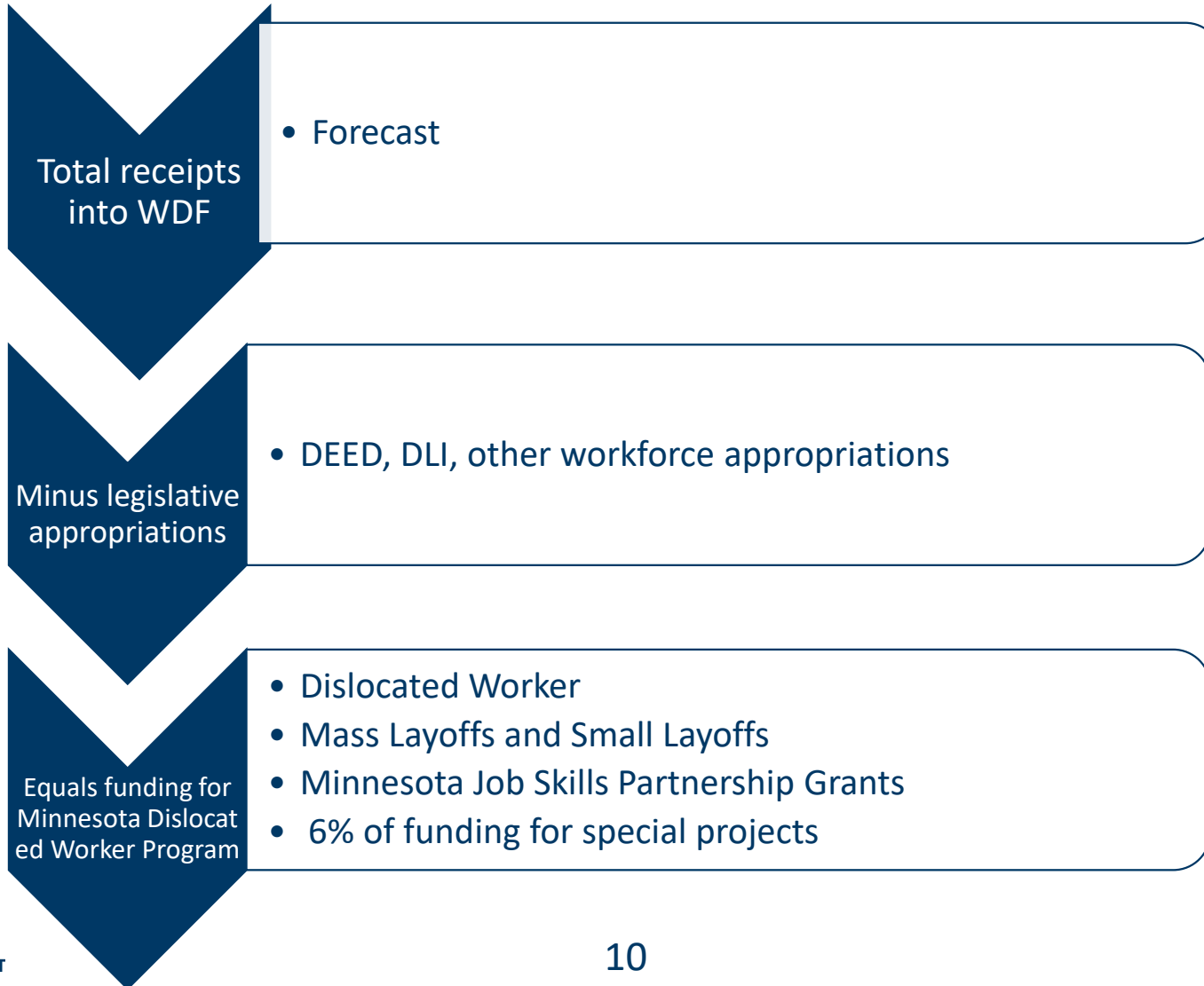


State Funding Overview

Workforce Development Fund

- The Workforce Development Fund is a dedicated fund established in 1990 to finance employment and training programs aimed at enhancing the skills of Minnesota's workforce and promoting economic growth.
- The fund was created due to broad support from both labor and business leaders with an original goal to support dislocated workers – a priority that is written in law.
- The Workforce Development Fund is funded through a special assessment that is levied at the rate of 0.1% per year on all taxable wages, paid by the employer.
- The amount of money in the fund fluctuates from year-to-year based on the size of the current labor force.
- Over time, legislative transfers from the fund to other workforce priorities have increased, adapting to the changing needs of Minnesota's labor market.
- The State Dislocated Worker (DW) program receives its funding after all legislative appropriations have been deducted from the fund.

Workforce Development Fund Structure & Uses



Minnesota Job Skills Partnership Board Authority

- Consider policy for Minnesota Job Skills Partnership (MJSP) and DW programs.
- Approves grants for the MJSP Partnership, Pathways, and Low-Income Worker Training programs.
- Approves the DW and MJSP administrative budgets.
- Approves allocations to the Workforce Development Areas and Small Layoff Independent Grantees (SLIG) for small layoff formula funds.
- Approves SLIG performance tier rankings.
- Considers supplemental funding requests to serve small layoffs.
- Considers "6% funding requests".
- May consider the transfer funds from DW program to the MJSP grant programs when conditions outlined in 116L.05 have been met.

Current Minnesota Job Skills Partnership Board Members

- Matt Varilek - Commissioner, MN DEED
- Bernadette Burnham - President of MN AFL-CIO
- Dr. Rebecca Cunningham - President, University of Minnesota
- Dr. Keith Brooks - Sr. Director, Services & Programs, Goodwill Easter Seals Minnesota
- Lance Louis - CEO, Louis Industries
- Deborah Roberts - Sr. Director Human Resources, Polar Semiconductor
- Brad Meier - Owatonna Area Chamber of Commerce & Tourism (Senate Appointee)
- Dr. Scott Olson- Chancellor, Minnesota State
- Scott Parker - International Union of Painters and Allied Trades
- Sarah Northrup - Workforce Program Manager, Center for Energy and Environment
- Jennifer Theisen - Director of Human Resources, DiaSorin
- Erik Skoog - President, Teamsters Local 320 (House Appointee)

Minnesota Job Skills Partnership Program

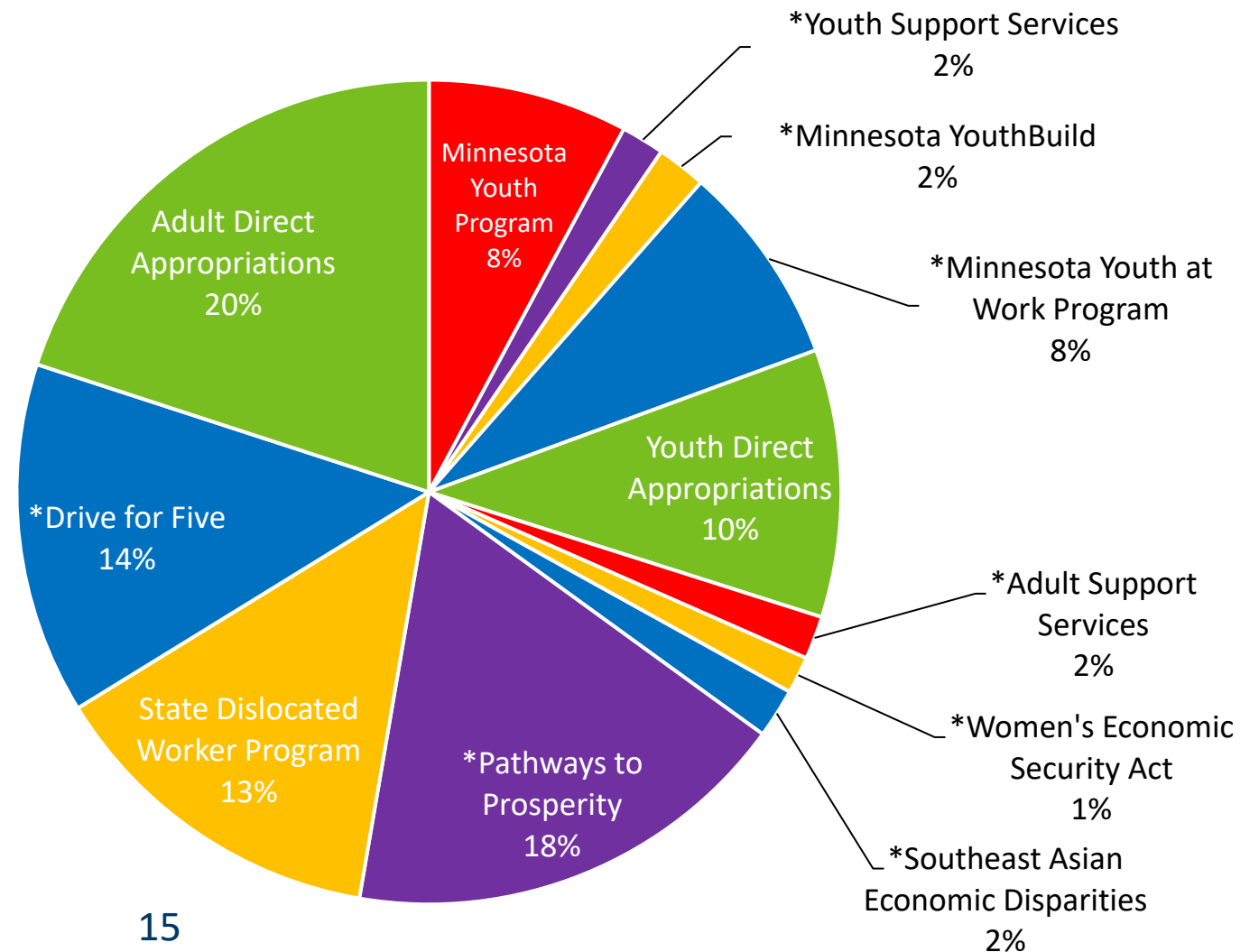
- **Partnership Program** - Provides grants of up to \$500,000 to educational institutions that partner with businesses to develop new job training or retraining for existing employees.
- **Pathways Program** - Provides grants of up to \$500,000 to educational institutions or nonprofit organizations that partner with businesses to provide training, new jobs and career paths for low-income people.
- **Low Income Worker Training Program** - Provides grants of up to \$200,000 to public, private, or nonprofit entities to help low-income people gain new skills necessary move up the career ladder to higher paying jobs and greater economic self-sufficiency.

Other Training Programs for Employers

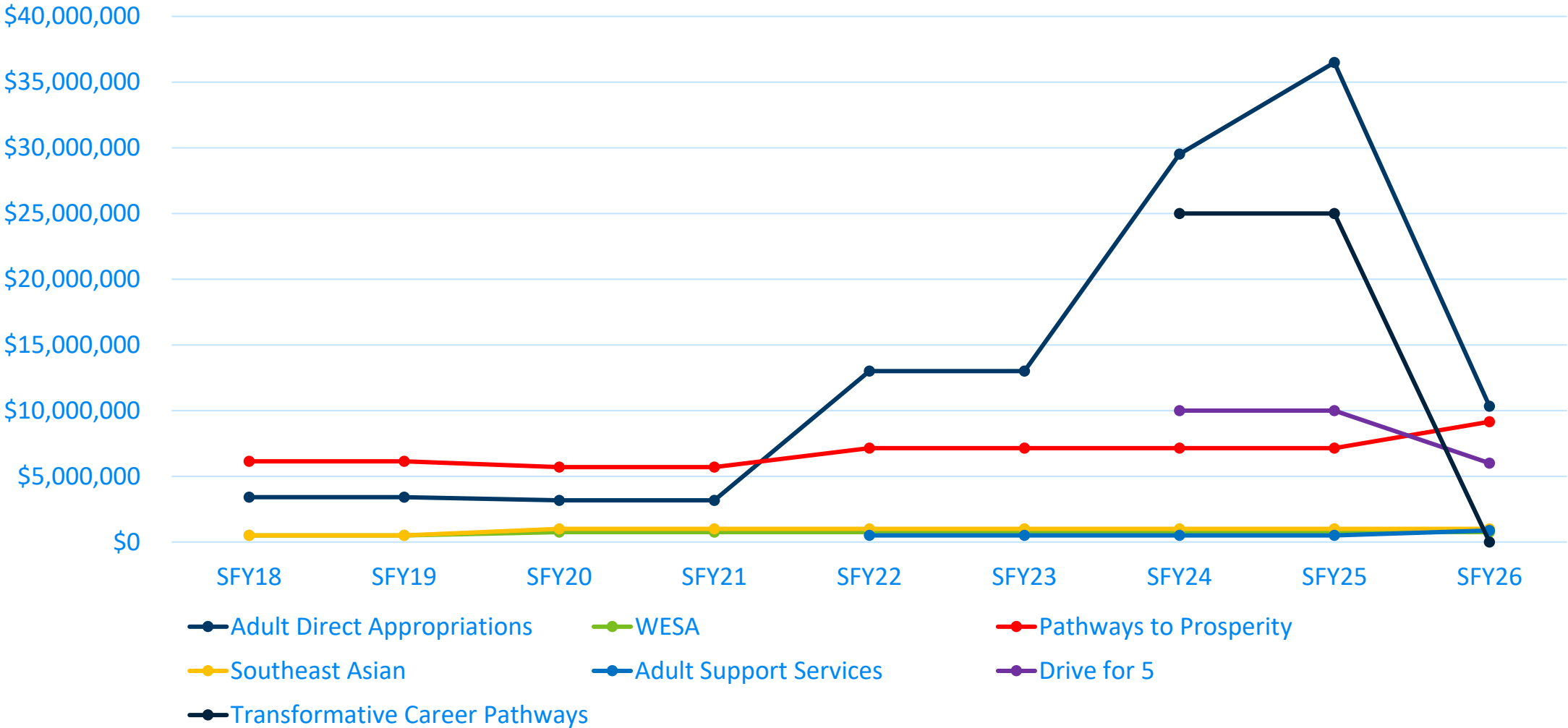
- Through **workforce development fund appropriations of \$1.35 million per year**, two other programs offered **directly to businesses** to quick and efficient training include:
- **Job Training Incentive Program** – provides grants of up to \$200,000 **for businesses in Greater Minnesota** to get new employees trained as efficiently as possible. Requires at least 3 new workers being paid above \$18.55/hr and a match from the business. Funds may be used for the cost of training (in-house, through an educational institution, consultants or equipment vendor).
- **Automation Training Incentive Program** – provides grants of up to \$35,000 for **manufacturing or skilled production industries** to train incumbent workers as quickly as possible on new automation equipment. Requires workers being paid above \$18.55/hr and a match from the business. Funds may be used for the cost of training (in-house, through an educational institution, consultants or equipment vendor).

SFY 2026 DEED State Workforce Programs

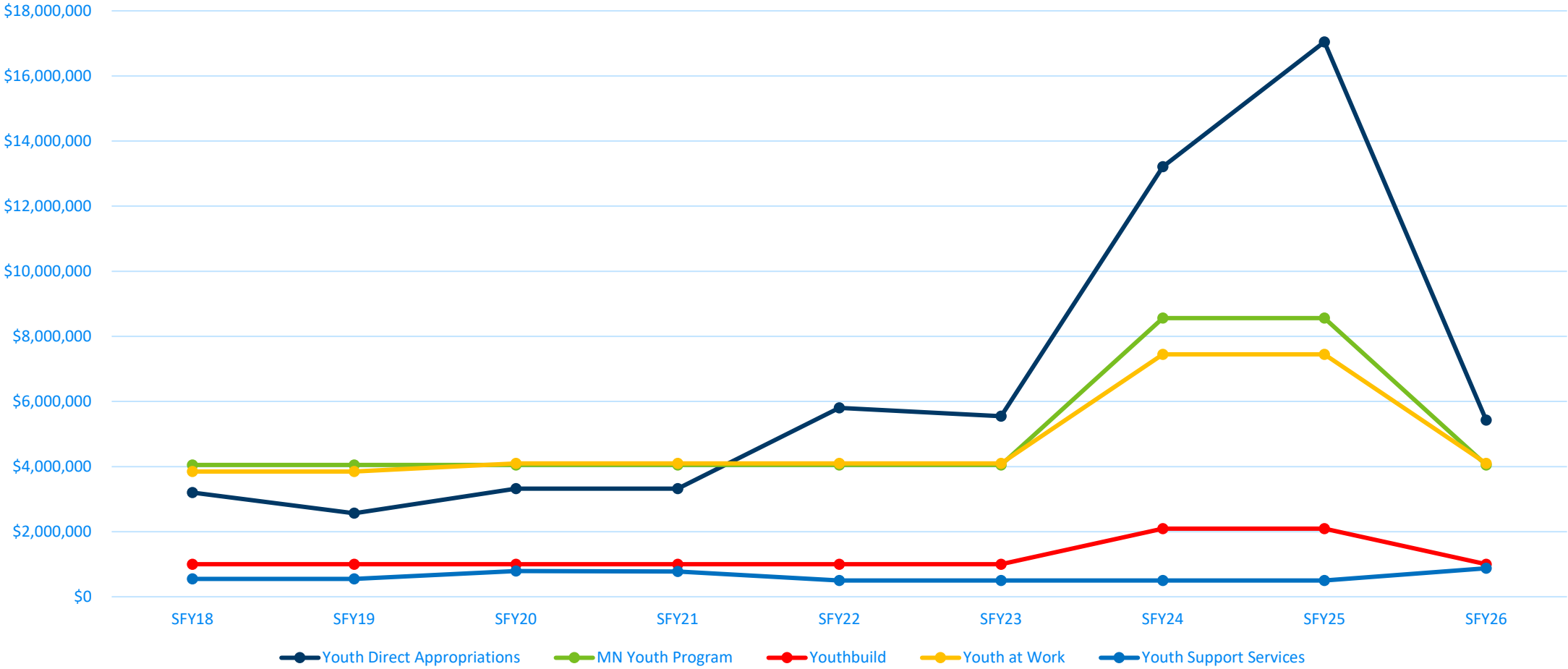
- Funds are distributed via competitive grants and direct appropriations.
- The 16 Local Workforce Development Agencies receive Minnesota Youth Programs funds.
- Allocations are generally two-year allocations.



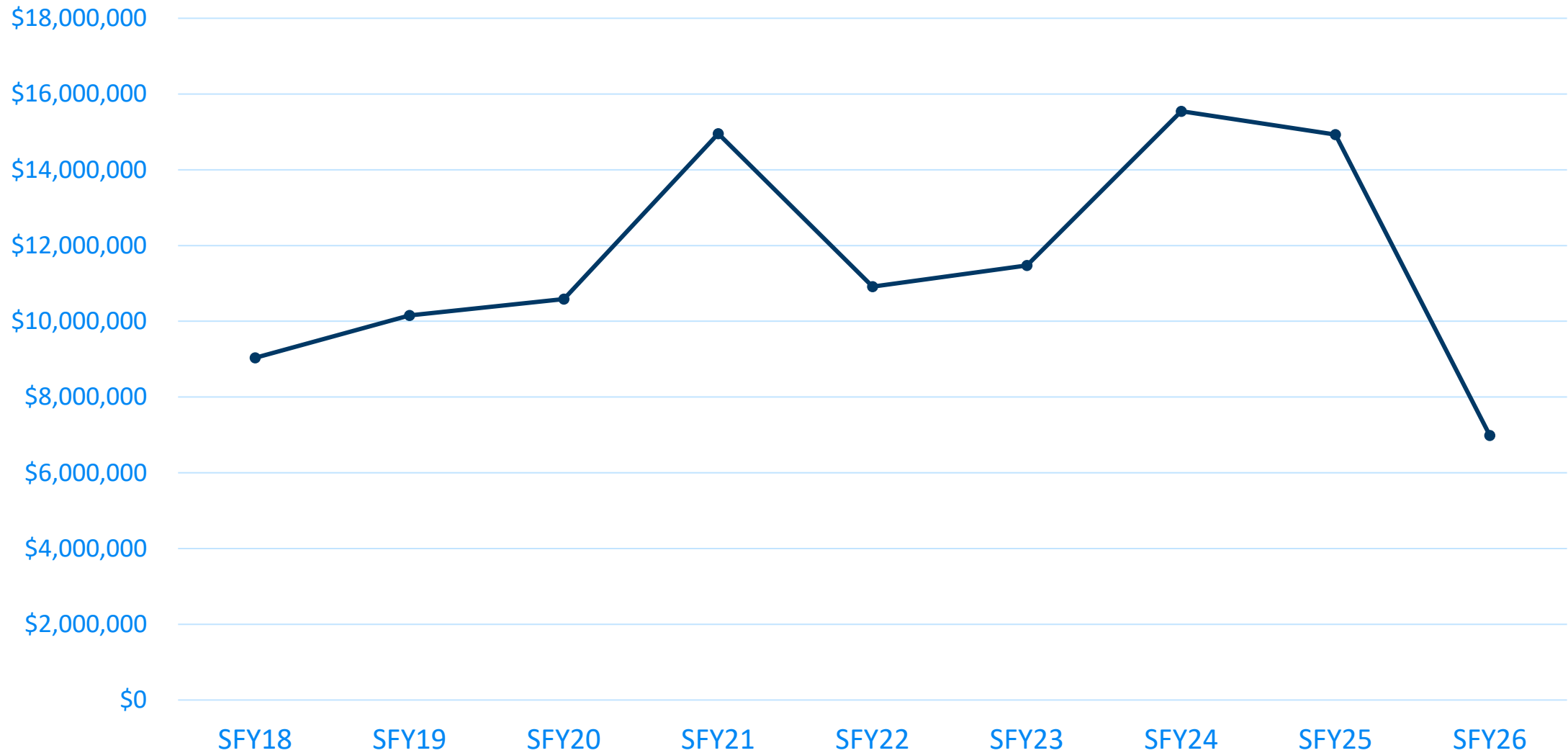
Annual State Funding for Adult Career Pathways Programs



Annual State Funding for Youth Programs



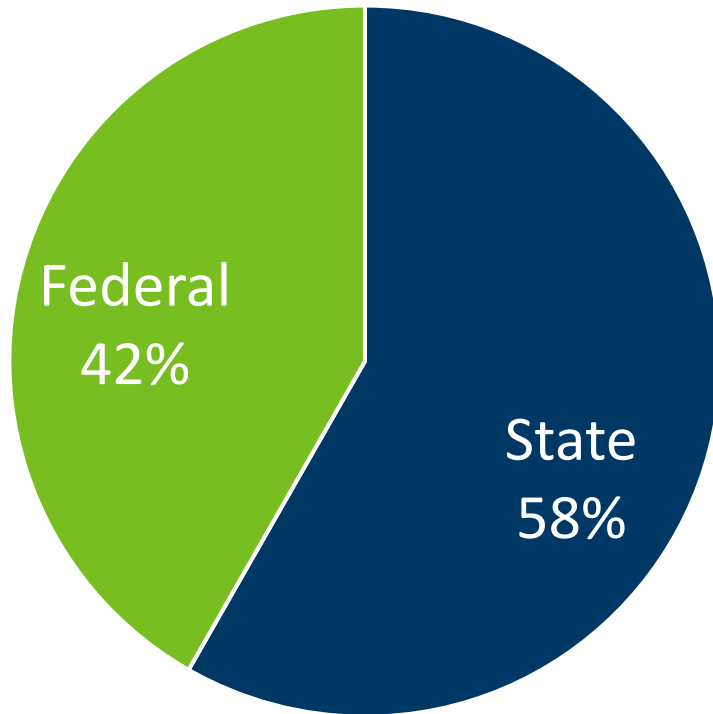
Annual Funding for State Dislocated Worker Program



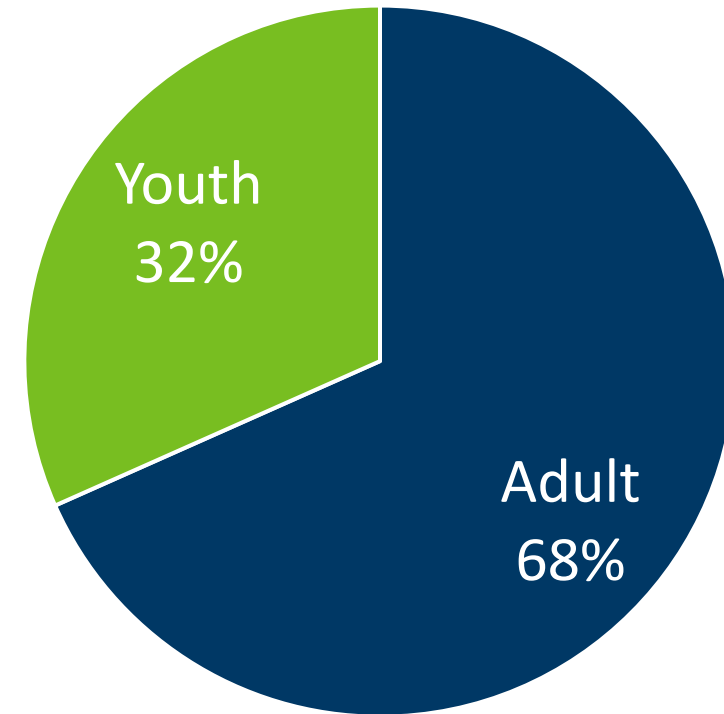
Federal and State DEED Funding Observations

SFY 2026 Funding Breakdowns

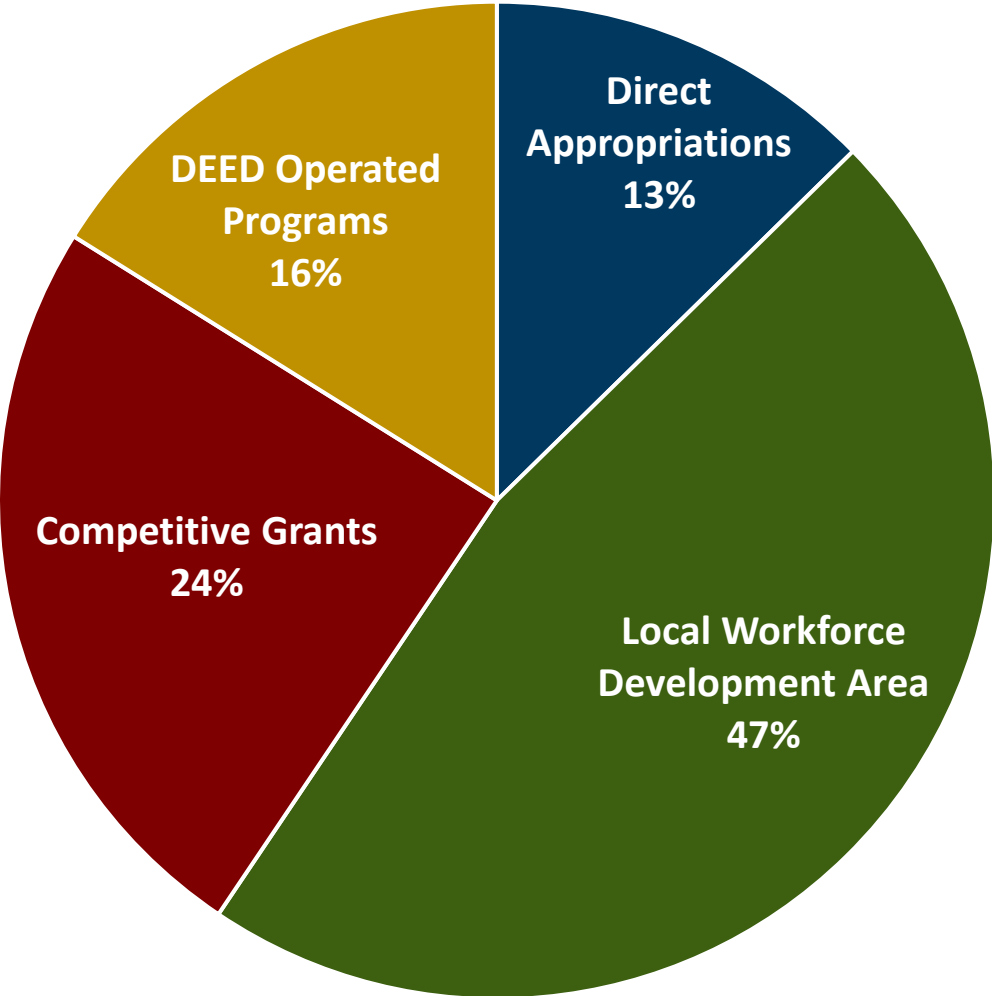
Federal vs. State Workforce Funding



Workforce Funding for Adults vs. Youth

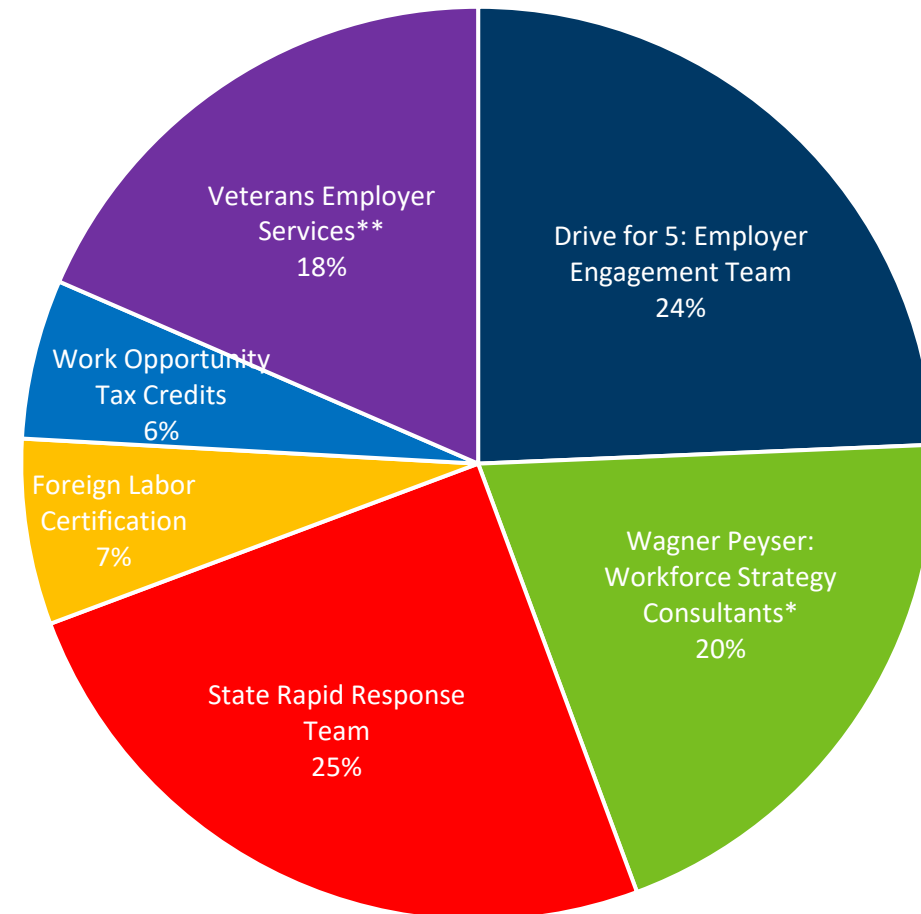


SFY 2026 DEED Federal and State Funding by Type



DEED Employer Services

- Approximately \$3.7 Million is dedicated to employer services.
- An additional **\$1.1M** in state funds are dedicated to Employer Engagement services for Drive for Five.



Key Takeaways

- Federal funding continues to decrease as Minnesota's unemployment rate remains lower than the national unemployment rate.
- State funding is important to sustain current workforce development programs.
- Cost for grantees to conduct business continues to increase - administratively and programmatically.
- Increased grantee accountability requires DEED's administrative percentage to increase.

Deputy Commissioners Marc Majors & Kevin McKinnon

Appendices

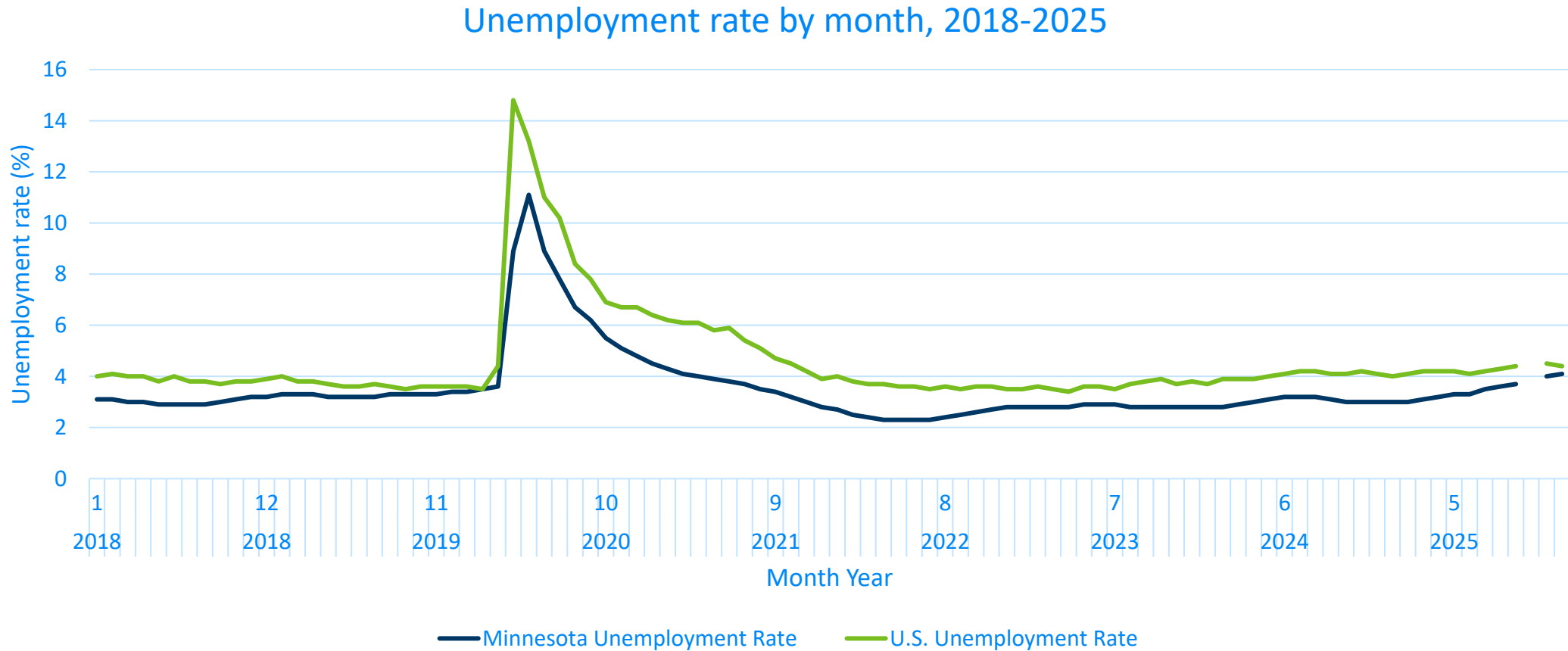
SFY 2026 Funding Specific to the DEED

Workforce Development Program	Federal Funds	State Funds	Total
WIOA Title I Adult	\$6,580,946		\$6,580,946
WIOA Title I Youth	\$7,719,711		\$7,719,711
WIOA Title I Dislocated Worker	\$7,689,386		\$7,689,386
WIOA Title III Wagner Peyser	\$10,724,779		\$10,724,779
Senior Community Service Employment Program	\$1,848,642		\$1,848,642
Jobs for Veterans State Grants	\$2,440,000		\$2,440,000
State Dislocated Worker Program		\$6,983,431	\$6,983,431
Minnesota Youth Program		\$4,050,000	\$4,050,000
Adult Competitive State Programs		\$18,900,000	\$18,900,000
Youth Competitive State Programs		\$5,973,000	\$5,973,000
Direct Appropriations		\$15,748,650	\$15,748,650
All Workforce Programs	\$37,003,464	\$51,655,081	\$88,658,545

Federal Formula Methodology- Appendix A

- WIOA federal funds (Adult, Youth, Dislocated Worker) are allocated to states via based on economic data, including relative numbers of unemployed individuals, excess unemployed individuals, and individuals unemployed for 15+ weeks.
- A "hold harmless" provision ensures states receive at least 90% of their average allocation from the previous two years.
- Key aspects of the WIOA allocation methodology:
 - Data Factors: The Department of Labor uses specific data factors to determine state allotments, including unemployment rates and long-term unemployment.
 - Distribution Process: Funds are allotted to states and then distributed to local workforce development areas.
 - Formula Application: States must develop a formula that complies with WIOA requirements to distribute funds equitably.
 - Performance Measures: While not directly part of the allocation formula, negotiated performance goals are used to measure the success of WIOA-funded programs.
 - Youth Activities: Funds for youth activities are allocated based on a formula that considers the number of unemployed individuals and the number of individuals in poverty. – Adult Formula
 - Dislocated Worker Activities: Funds for dislocated worker activities are allocated based on a formula that considers the number of unemployed individuals and the number of excess unemployed individuals.

State and National Unemployment Rate 2018-2025



Federal Programs – Appendix B

Federal Funded Programs FY 25-26

- **WIOA I Adult Program**
Helps low-income and basic-skills-deficient adults gain employment through job search assistance, training, and priority services.
- **WIOA I Dislocated Worker Program**
Supports workers who lose jobs through layoffs or closures with career counseling, training, and reemployment services.
- **WIOA I Youth Program**
Serves in-school and out-of-school youth ages 14–24 with education, training, and employment services to overcome barriers.
- **Title III Wagner-Peyser Employment Service**
Operates Minnesota’s labor exchange, providing job seekers and employers with placement and workforce services
- **Senior Community Service Employment Program (SCSEP)**
Provides part-time community service training for low-income adults aged 55+ to transition into unsubsidized jobs.

Federal Programs Cont. – Appendix B

- **Veterans Employment Service Program**
Provides individualized career services and employer outreach to support veterans' employment.
- **Work Opportunity Tax Credit (WOTC)**
Offers federal tax credits to employers hiring individuals from targeted groups facing employment barriers.
- **Foreign Labor Certification**
Facilitates temporary foreign worker hiring for agricultural jobs while protecting U.S. worker conditions
- **Trade Adjustment Assistance (TAA) – Sunset in October 2025**
Provides training, relocation, and income support for workers displaced by foreign trade.
- **Migrant and Seasonal Farm Worker Services**
Offers employment assistance and support services to migrant farm workers and agricultural employers

Federal Discretionary Grants – Appendix C

- **Minnesota RETAIN Program**

Offers early intervention and return-to-work strategies for injured or ill employees to maintain employment.

- **Partners for Re-Entry Opportunities in Workforce Development (PROWD)**

Supports justice-involved individuals transitioning from federal incarceration to employment through training and support.

State Youth Programs – Appendix D

- **Minnesota Youth Program (MYP)**
Prepares at-risk youth ages 14–24 for work through career exploration, work readiness training, and work experience.
- **Minnesota YouthBuild Program**
Offers construction training and paid work experience for youth ages 16–24 while supporting completion of high school or GED.
- **Youth Support Services**
Funds organizations providing job training, academic support, and behavioral interventions for low-income youth.
- **Youth at Work Competitive Grants**
Provides experiential learning and workforce training for economically-disadvantaged youth ages 14–24.

Adult Career Pathways Programs – Appendix E

- **State Dislocated Worker Program**
Supports workers who lose jobs through layoffs or closures, as well as low-income, and basic skills deficient adults, with career counseling, training, and reemployment services.
- **Pathways to Prosperity**
Offers career pathway training and credentials for adults in high-demand industries to achieve economic mobility.
- **Adult Support Services Competitive Grant**
Funds organizations offering job training, financial literacy, and employment preparation for low-income adults.
- **Drive for 5 Workforce Fund**
Prepares Minnesotans for high-demand jobs in healthcare, education, manufacturing, technology, and trades.
- **Southeast Asian Economic Disparities Relief**
Funds projects to reduce economic disparities in Southeast Asian communities through workforce development.
- **Women's Economic Security Act (WESA)**
Supports women, especially women of color, entering high-wage, nontraditional occupations through training and placement.

Adult Career Pathways – Appendix F

- **SNAP E&T Program**
Provides employment and training services to SNAP recipients with additional reimbursement for providers.
- **Getting to Work**
Supports low-income adults by providing vehicles, repairs, and related financial literacy to maintain employment.
- **Transformative Career Pathways**
Invests in training and support services for historically underserved populations to access family-sustaining jobs.
- **Minnesota Family Resiliency Partnership**
Assists displaced homemakers in developing skills and finding employment after loss of financial support.
- **Xcel Energy Power Up Program**
Provides pre-apprenticeship training for energy-related construction careers through a public-private partnership.