

SENATE
STATE OF MINNESOTA
NINETY-THIRD SESSION

S.F. No. 2670

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| DATE | D-PG | OFFICIAL STATUS |
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| 03/07/2023 | 1379 | Introduction and first reading Referred to Jobs and Economic Development |

1.1 A bill for an act

1.2 relating to workforce development; modifying the use of the workforce development

1.3 fund; creating the Grant Review Advisory Council; requiring reports; appropriating

1.4 money; amending Minnesota Statutes 2022, sections 116L.05, subdivision 5;

1.5 116L.20, subdivision 2, by adding a subdivision; proposing coding for new law

1.6 in Minnesota Statutes, chapter 116L.

1.7 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

1.8 Section 1. Minnesota Statutes 2022, section 116L.05, subdivision 5, is amended to read:

1.9 Subd. 5. **Use of workforce development funds.** After March 1 of any fiscal year, the

1.10 board may use ~~workforce development~~ funds appropriated under section 116L.20, subdivision

1.11 2, paragraph (b), clause (1), for the purposes outlined in sections ~~116L.02 and 116L.04, or~~

1.12 to provide incumbent worker training services under section ~~116L.18~~ 116L.21 and 116L.22

1.13 if the following conditions have been met:

1.14 (1) the board examines relevant economic indicators, including the projected number

1.15 of layoffs for the remainder of the fiscal year and the next fiscal year, evidence of declining

1.16 and expanding industries, the number of initial applications for and the number of exhaustions

1.17 of unemployment benefits disaggregated by race and ethnicity, job vacancy data, and any

1.18 additional relevant information brought to the board's attention;

1.19 (2) the board accounts for all allocations made in section 116L.17, subdivision 2;

1.20 (3) based on the past expenditures and projected revenue, the board estimates future

1.21 funding needs for services under section 116L.17 for the remainder of the current fiscal

1.22 year and the next fiscal year;

2.1 (4) the board determines there will be unspent funds after meeting the needs of dislocated
2.2 workers in the current fiscal year and there will be sufficient revenue to meet the needs of
2.3 dislocated workers in the next fiscal year; and

2.4 (5) the board reports its findings in clauses (1) to (4) to the chairs of legislative
2.5 committees with jurisdiction over the workforce development fund, to the commissioners
2.6 of revenue and management and budget, and to the public.

2.7 Sec. 2. Minnesota Statutes 2022, section 116L.20, subdivision 2, is amended to read:

2.8 Subd. 2. **Disbursement of special assessment funds.** (a) The money collected under
2.9 this section shall be deposited in the state treasury and credited to the workforce development
2.10 fund to provide for employment and training programs. The workforce development fund
2.11 is created as a special account in the state treasury.

2.12 (b) ~~All money in the fund not otherwise appropriated or transferred is appropriated to~~
2.13 ~~the Job Skills Partnership Board for the purposes of section 116L.17 and as provided for in~~
2.14 ~~paragraph (d). Of the projected revenues for the fund not otherwise appropriated or transferred~~
2.15 by July 1 of each year:

2.16 (1) at least 30 percent is appropriated to the Job Skills Partnership Board for the purposes
2.17 of section 116L.17;

2.18 (2) up to five percent is appropriated to the Job Skills Partnership Board for the purposes
2.19 of sections 116L.02 and 116L.04; and

2.20 (3) up to 65 percent is appropriated to the commissioner for workforce development
2.21 grants under subdivision 3.

2.22 (c) All money in the fund from prior fiscal years not otherwise appropriated or transferred
2.23 is appropriated to the Job Skills Partnership Board for the purposes of section 116L.17. If
2.24 the conditions under section 116L.05, subdivision 5, are met as of March 1 of each year, a
2.25 minimum of 50 percent and up to a maximum of 70 percent of the unspent money must be
2.26 transferred for the programs under sections 116L.21 and 116L.22.

2.27 (d) If actual revenues collected under this section are insufficient to support the projected
2.28 appropriations and transfer amounts, the fund reserve under paragraph (c) must be utilized
2.29 to cover revenue shortfall before any other uses or transfers. If the reserve is insufficient to
2.30 meet the shortfall, future revenues must be utilized to cover the shortfall before being
2.31 allocated under paragraph (b) to maintain fund solvency.

3.1 (e) The board must act as the fiscal agent for the money and must disburse that money
 3.2 for the purposes of section 116L.17, not allowing the money to be used for any other
 3.3 obligation of the state. All money in the workforce development fund shall be deposited,
 3.4 administered, and disbursed in the same manner and under the same conditions and
 3.5 requirements as are provided by law for the other special accounts in the state treasury,
 3.6 except that all interest or net income resulting from the investment or deposit of money in
 3.7 the fund shall accrue to the fund for the purposes of the fund.

3.8 ~~(e)~~ (f) Reimbursement for costs related to collection of the special assessment shall be
 3.9 in an amount negotiated between the commissioner and the United States Department of
 3.10 Labor.

3.11 ~~(d) If the board determines that the conditions of section 116L.05, subdivision 5, have~~
 3.12 ~~been met, the board may use funds for the purposes outlined in section 116L.04, or to provide~~
 3.13 ~~incumbent worker training services under section 116L.18.~~

3.14 Sec. 3. Minnesota Statutes 2022, section 116L.20, is amended by adding a subdivision to
 3.15 read:

3.16 Subd. 3. **Workforce development grants.** (a) Grants awarded using money appropriated
 3.17 under subdivision 2, paragraph (b), clause (3), must be allocated to maximize delivery to
 3.18 organizations with strong relationships with individuals who are Black, Indigenous, or
 3.19 People of Color. Grant awards must be consistent with the overall geographic population
 3.20 distribution of the state. Preference or priority for grant awards must be given to organizations
 3.21 with experience serving communities with the greatest needs that are Black, Indigenous,
 3.22 and People of Color.

3.23 (b) Of the amount appropriated under subdivision 2, paragraph (b), clause (3):

3.24 (1) up to six percent is for administration and monitoring of the workforce development
 3.25 programs; and

3.26 (2) grants must be made for programs under sections 116L.362, 116L.561, 116L.562,
 3.27 116L.96, and 116L.99.

3.28 (c) Of the amount appropriated under subdivision 2, paragraph (b), clause (3), remaining
 3.29 after the appropriations under paragraph (b):

3.30 (1) 50 percent is for removing barriers to employment grants under section 116L.21;
 3.31 and

3.32 (2) 50 percent is for innovative employment solutions grants under section 116L.22.

4.1 (d) When making competitive grants for adult grantees, the commissioner shall benchmark
4.2 outcomes against similar populations with similar barriers to employment. The commissioner
4.3 must consider the following outcomes for competitive grant awards focused on adults: job
4.4 placement and retention, wage levels, and credentials attainment. The commissioner must
4.5 consider the following outcomes for competitive grant awards focused on youth: work
4.6 readiness, credentials, and placement.

4.7 Sec. 4. [116L.21] REMOVING BARRIERS TO EMPLOYMENT GRANT
4.8 PROGRAM.

4.9 Subdivision 1. Definitions. (a) For the purposes of this section, the following terms have
4.10 the meanings given.

4.11 (b) "Commissioner" means the commissioner of employment and economic development.

4.12 (c) "Minority" means a person who identifies as a member of one or more of the following
4.13 groups:

4.14 (1) Black, including persons having origins in any of the Black African racial groups
4.15 not of Hispanic origin;

4.16 (2) Hispanic, including persons of Mexican, Puerto Rican, Cuban, Central American,
4.17 South American, or other Spanish culture or origin, regardless of race;

4.18 (3) Asian and Pacific Islander, including persons having origins in any of the original
4.19 peoples of the Far East, Southeast Asia, the Indian subcontinent, or the Pacific Islands; and

4.20 (4) American Indian or Alaska Native, including persons having origins in any of the
4.21 original people of North America and maintaining identifiable Tribal affiliations through
4.22 membership and participation or community identification.

4.23 (d) "Program" means the removing barriers to employment grant program under this
4.24 section.

4.25 (e) "Targeted population" means socially and economically disadvantaged minority
4.26 populations who experience complex needs and barriers to employment.

4.27 Subd. 2. Establishment. The commissioner shall establish a competitive grant program
4.28 for organizations to provide individuals with barriers to employment the services, including
4.29 supportive services, needed to enter, participate in, and complete workforce preparation,
4.30 training, and education programs.

4.31 Subd. 3. Grants. (a) Grants under this section shall be awarded on a competitive basis
4.32 after consultation with the Grant Review Advisory Council under section 116L.23.

5.1 (b) The commissioner must provide outreach and technical assistance to prospective
5.2 applicants.

5.3 (c) Grant applicants may be required to participate in technical assistance activities,
5.4 including but not limited to convening communities of practice to identify and help replicate
5.5 evidence-based practices and to help facilitate an assessment and evaluation of grant
5.6 performance and initiative success.

5.7 Subd. 4. **Award criteria.** (a) The commissioner shall develop criteria for the selection
5.8 of grant recipients that focus on but are not limited to the applicant's demonstrated capacity
5.9 to provide services to targeted populations.

5.10 (b) Priority must be given to applications that integrate individuals from targeted
5.11 populations into career pathway programs aligned with regional labor market needs.

5.12 (c) Grant awards must cumulatively ensure the provision of services statewide to a range
5.13 of targeted populations.

5.14 Subd. 5. **Capacity building grants.** (a) A portion of the money available for this program
5.15 must be allocated for capacity building competitive grants to small, culturally specific
5.16 nonprofit organizations that serve historically underserved cultural communities and have
5.17 an annual organizational budget of less than \$500,000.

5.18 (b) Capacity building grants may be used for the following purposes: organizational
5.19 infrastructure improvement, organizational workforce development, and the creation or
5.20 expansion of partnerships.

5.21 Subd. 6. **Performance outcome measures.** Reporting and performance outcomes for
5.22 this program must comply with the requirements under section 116L.98.

5.23 Subd. 7. **Report to the legislature.** (a) Within one year of receiving grant funds under
5.24 this section, each organization must submit a written report to the commissioner on the use
5.25 of grant funds.

5.26 (b) Beginning in January 2025, the commissioner must submit a biennial report on the
5.27 information reported under paragraph (a), as required under section 3.195. A copy of this
5.28 report must also be sent to the chairs and ranking minority members of the committees of
5.29 the house of representatives and the senate having jurisdiction over workforce development.

6.1 Sec. 5. [116L.22] INNOVATIVE EMPLOYMENT SOLUTIONS GRANT
6.2 PROGRAM.

6.3 Subdivision 1. Definitions. (a) For the purposes of this section, the following terms have
6.4 the meanings given.

6.5 (b) "Commissioner" means the commissioner of employment and economic development.

6.6 (c) "Department" means the Department of Employment and Economic Development.

6.7 (d) "Minority" means a person who identifies as a member of one or more of the following
6.8 groups:

6.9 (1) Black, including persons having origins in any of the Black African racial groups
6.10 not of Hispanic origin;

6.11 (2) Hispanic, including persons of Mexican, Puerto Rican, Cuban, Central American,
6.12 South American, or other Spanish culture or origin, regardless of race;

6.13 (3) Asian and Pacific Islander, including persons having origins in any of the original
6.14 peoples of the Far East, Southeast Asia, the Indian subcontinent, or the Pacific Islands; and

6.15 (4) American Indian or Alaska Native, including persons having origins in any of the
6.16 original people of North America and maintaining identifiable Tribal affiliations through
6.17 membership and participation or community identification.

6.18 (e) "Performance measures" means specific, measurable, time-based goals, the completion
6.19 of which predicates payment under a pay-for-performance agreement.

6.20 (f) "Program" means the innovative employment solutions grant program under this
6.21 section.

6.22 (g) "Targeted population" means socially and economically disadvantaged minority
6.23 populations who experience complex needs and barriers to employment.

6.24 Subd. 2. Establishment. The commissioner shall establish a competitive grant program
6.25 for organizations to provide individuals with barriers to employment the services, including
6.26 supportive services needed to enter, participate in, and complete workforce preparation,
6.27 training, and education programs aligned with regional labor market needs in innovative
6.28 ways. This program shall fund new, innovative ideas and approaches and work with
6.29 organizations with no previous experience with the department. Priority must be given to
6.30 applications that integrate individuals from targeted populations into career pathway programs
6.31 aligned with regional labor market needs.

7.1 Subd. 3. **Grants.** (a) Grants under this section shall be awarded on a competitive basis
7.2 after consultation with the Grant Review Advisory Council under section 116L.23.

7.3 (b) The commissioner must provide outreach and technical assistance to prospective
7.4 applicants.

7.5 (c) Grant applicants may be required to participate in technical assistance activities,
7.6 including but not limited to convening communities of practice to identify and help replicate
7.7 evidence-based practices and to help facilitate an assessment and evaluation of grant
7.8 performance and initiative success.

7.9 Subd. 4. **Performance outcome measures.** Reporting and performance outcomes for
7.10 this program must comply with the requirements under section 116L.98.

7.11 Subd. 5. **Report to legislature.** (a) Within one year of receiving grant funds under this
7.12 section, each organization must submit a written report to the commissioner on the use of
7.13 grant funds.

7.14 (b) Beginning in January 2025, the commissioner must submit a biennial report on the
7.15 information reported under paragraph (a), as required under section 3.195. A copy of this
7.16 report must also be sent to the chairs and ranking minority members of the committees of
7.17 the house of representatives and the senate having jurisdiction over workforce development.

7.18 **Sec. 6. [116L.23] GRANT REVIEW ADVISORY COUNCIL.**

7.19 Subdivision 1. **Establishment.** The commissioner of employment and economic
7.20 development shall establish a Grant Review Advisory Council to provide guidance for
7.21 grants made under sections 116L.21 and 116L.22, including recommending community
7.22 reviewers and criteria for ranking applicants for awards and providing oversight of the
7.23 training and outreach for community reviewers.

7.24 Subd. 2. **Appointment of members.** (a) By July 15, 2023, the commissioner shall
7.25 appoint 15 members to the advisory council. These members must have demonstrated
7.26 experience and expertise in workforce development and must represent a diverse range of
7.27 communities and perspectives.

7.28 (b) After the initial appointments, members of the advisory council shall be appointed
7.29 no later than January 15 of every odd-numbered year and shall serve until January 15 of
7.30 the next odd-numbered year. Members may be removed and vacancies filled as provided
7.31 in section 15.059, subdivision 4. Appointed members are eligible for reappointment and
7.32 shall serve until their successors have been appointed.

8.1 Subd. 3. **Operations.** (a) The commissioner shall convene the first meeting of the
8.2 advisory council no later than August 1, 2023. The advisory council shall elect a chair and
8.3 other officers at its first meeting and biannually thereafter. The duties of these officers shall
8.4 be established by the advisory council.

8.5 (b) Members of the advisory council serve without compensation or payment of expenses.

8.6 (c) The commissioner shall provide meeting space and administrative services for the
8.7 advisory council. All costs necessary to support the advisory council's operations must be
8.8 absorbed using existing appropriations available to the commissioner.

8.9 (d) The advisory council is subject to chapter 13D but may close a meeting to discuss
8.10 sensitive, private business information included in grant applications. Data related to a grant
8.11 application submitted to the advisory council is governed by section 13.599.

8.12 Subd. 4. **Review of grants.** The advisory council shall recommend criteria for ranking
8.13 applicants for awards under sections 116L.21 and 116L.22. These criteria must consider
8.14 which applicants are currently able or have the best potential to:

8.15 (1) reach a broad diverse audience, including any populations targeted by the program,
8.16 through their recruitment and outreach efforts;

8.17 (2) significantly increase enrollment in and completion of the training program the
8.18 applicant plans to promote;

8.19 (3) fill existing market needs for skilled workers; and

8.20 (4) for grants under section 116L.22, utilize section 116J.8747.

8.21 The advisory council must also consider the documented employment outcomes each
8.22 applicant achieved when operating similar programs in the past.

8.23 Subd. 5. **Conflicts of interest.** A member of the advisory council must not participate
8.24 in the consideration of an application submitted by anyone with whom the member has a
8.25 financial or personal relationship and must complete a conflict of interest form indicating
8.26 the nature of such a relationship before participating in the consideration of any applicants
8.27 in the same round of applications to that grant program.