



# MINNESOTA'S



## COVID-19 RECOVERY BUDGET

### SUPPORTING SMALL BUSINESSES AND DRIVING ECONOMIC RECOVERY

Small businesses are the lifeblood of Minnesota communities across the state. From coffee shops, to local restaurants, to retail storefronts, our small businesses keep Minnesota communities vibrant. But Minnesota's small businesses and workers are bearing a large burden of the COVID-19 pandemic in order to protect their entire community amid restrictions that are saving lives.

By supporting small businesses and driving economic recovery, Governor Walz's budget ensures that communities across Minnesota aren't just surviving, they are thriving.

### SUPPORT SMALL BUSINESSES STATEWIDE



#### **Invest in Emergency COVID Support Fund**

Governor Walz proposes investing \$50 million in a new Small Business COVID Support forgivable loan program to help the hardest hit businesses sustain their operations and emerge from the pandemic. These forgivable loans will support cultural, entertainment, and hospitality industries. The program includes set-asides for businesses in Greater Minnesota, businesses with fewer than 6 employees, minority owned businesses, and ethnic malls.



#### **Provide Assistance to Small Business**

Starting and growing a small business is never easy, but the COVID-19 pandemic has made it even more challenging—especially for BIPOC business owners and those in Greater Minnesota. Governor Walz proposes investing \$3 million per year in new supports for small businesses who have been hit especially hard by COVID-19. These include investments in outreach and technical assistance; equity support for nonprofit lenders; and small business incubators serving minority, veteran, and women business owners.



### **Provide Additional Small Business Development Center Program Funding**

The COVID-19 pandemic has caused devastating impacts on small businesses across Minnesota, threatening their ability to survive and flourish in today's marketplace. Governor Walz proposes leveraging federal dollars by investing \$1 million in Minnesota's statewide network of Small Business Development Centers. This investment will help support entrepreneurs and small businesses across the state, helping them survive the devastating impacts of this pandemic.



### **Enhance Broadband Development**

Access to quality, high-speed broadband is a critical factor in the economic and social sustainability of all Minnesota communities, and it is a need which has grown dramatically since the start of the pandemic. Governor Walz proposes investing \$50 million to increase access to reliable, high speed internet across Minnesota.



### **Invest in the Angel Tax Credit**

The Governor recommends allocating \$7 million for the Angel Tax Credit. The program is Minnesota's primary economic development tool to assist early stage businesses engaged in technological innovation by providing a tax credit to investors or investment funds that make an equity investment. The Angel Tax Credit program has resulted in over \$461 million in private investment in Minnesota startups, leveraged by the state's issuance of \$111 million in tax credits to angel investors.

Investing in this program prioritizes economic growth and building on Minnesota's existing ecosystem of high tech, high innovation companies, including the state's clean energy technology and biotech/bioscience businesses. The Angel Tax Credit will help communities across the state create wealth by incentivizing investment in companies with founders that are women, veterans, minorities, and those headquartered in Greater Minnesota.



### **Enhance Launch Minnesota**

Governor Walz proposes investing \$5 million in the Launch Minnesota program to accelerate the growth of our startup ecosystem and attract top entrepreneurial talent to Minnesota. Comprised of a collection of new grant programs for early-stage start-ups and educational opportunities for entrepreneurs across the state, Launch Minnesota supports and enhances Minnesota's visibility and interest in the innovation ecosystem.



### **Rebuild Minneapolis and St. Paul**

Governor Walz proposes a \$150 million investment in Redevelopment Appropriations Bonds to support rebuilding efforts for small businesses and other private property in Minneapolis and St. Paul that were damaged in the response to the death of George Floyd last year. The resources made available

by these bonds will strengthen rebuilding efforts and help ensure a robust and equitable economic recovery for the Twin Cities.

## EMPOWER THE NEXT GENERATION OF OUR WORKFORCE



### **Expand Emergency Assistance for Postsecondary Students**

The COVID-19 pandemic is creating temporary financial hardships for thousands of Minnesota college students, including food and housing insecurity, and threatening their ability to stay in school. The Governor's \$1.3 million increased investment in Emergency Assistance grants will help more students weather these hardships so they can continue their education.



### **Provide Workforce Stabilization Grants**

Governor's Walz's \$35 million Workforce Stabilization Grant program will provide tuition-free access to a public or tribal college for workers impacted by COVID-19. This critical support will help displaced workers pursue an education in a high-demand field, leading to future job stability and increased earnings. Persons of color and indigenous persons comprise a significant portion of workers impacted by COVID-19. This grant is an effective, equity-centered strategy to increase the prosperity and economic vitality for Minnesotans statewide.



### **Establish Direct Admissions Minnesota**

Governor Walz's investment of \$1 million for an innovative partnership between K-12 and higher education will create a proactive admissions process for Minnesota public high school students entering their senior year. Students meeting approved benchmarks will receive a notice that they are accepted at a Minnesota State College or University. Bypassing the traditional admissions process shows more students that college is for them. Direct Admissions Minnesota has great potential to reduce equity gaps, provide important college-going information and signals to high school students, alleviate potential access gaps for both rural and urban populations, and eliminate the need for extensive college-going knowledge to navigate the college application process.



### **Realign Workforce Development Fund**

The COVID-19 pandemic created massive dislocations in our economy and resulted in record numbers of Minnesotans unemployed. It is critical that Minnesota's workforce development programs can effectively support Minnesota workers as they look for their next career opportunity in a changing economy. Governor Walz's proposes modernizing the Workforce Development Fund and improving use of the funds, ensuring the dollars are targeted towards programs that are centered in equity and achieve good paying employment for job seekers. The proposal would create competitive grant programs to support new workforce training programs, those with a

proven track record, and those that provide support services that increase the likelihood Minnesotans are able to find and keep employment.



#### **Expand Job Training Incentive Program**

Manufacturing is the second largest industry in Minnesota, and currently, more and more of their processes are becoming automatized. Governor Walz's proposes investing \$250,000 per year in a new Job Training Incentive Program that will provide grants to businesses to retrain their workers and train new workers on upgraded equipment. This program will provide new job opportunities for workers and increase productivity for businesses.