



April 2, 2025

Dear Members of the House Higher Education Finance and Policy Committee:

Thank you for the opportunity to support HF2441 (Rep. Scott) and HF2634 (Rep. Bakeberg) **on behalf of the Minnesota Chamber of Commerce, a statewide business organization representing more than 6,300 business and over half a million employees, and the Minnesota Chamber Federation, a collection of over 60 local chambers of commerce across our state.** The majority of our members are small and mid-sized businesses.

The Chamber leads the statewide business community to advance responsible public policy that creates jobs, enables commerce, and grows the economy, when looking at the key factors of GDP and job growth, a strong workforce, and smart public investment.

Employers in every community and in every industry report that finding, hiring, and training workers remains a barrier to doing business in Minnesota. Not only that, Minnesota's high cost of doing business and lack of available workers are cited as top barriers that prevented businesses from investing and expanding in Minnesota per Minnesota Chamber's Grow Minnesota!® program's 2023 and 2024 State of Business Retention and Expansion in Minnesota reports.

In the 2023-2024 legislative biennium, a historic amount of state spending was directed to address the workforce shortage and reduce economic disparities and barriers across many state programs, including the North Star Promise. However, simply adding more spending is not an effective reform solution as more money does not necessarily correlate to better outcomes. Many other states have lower government spending and are achieving better results.

The Minnesota Chamber advocates for redesigning state and local spending systems focused on priorities and outcomes in order to be the most attractive for investment and will be best positioned for strong economic growth. This will require Minnesota to rethink how public – and private – sector systems and stakeholders work together to respond to the evolving skills, training, and workforce needs of the state's economy.

With that in mind, we appreciate the opportunity to share our support for HF2441 (Rep. Scott), legislation to add a three- year in-state residency and employment requirement to North Star Promise scholarship recipients, and HF2634 (Rep. Bakeberg), legislation to require that North Star Promise scholarships are in programs in high-demand industries and occupations when looking at projected employment growth or the highest number of job openings in the state.

Building and retaining a skilled workforce that is responsive to the evolving needs of the state's economy is a 2025 Priority for the Minnesota Chamber Federation. Minnesota's workforce challenge is both immediate and long-term, requiring strong alignment between education systems, workforce programs, and the needs of employers and the state's economy.

State funding, like the North Star Promise, can be foundational in helping students access and afford necessary training or postsecondary education beyond a high school diploma. But equally as important is ensuring that recipients of state aid are getting meaningful employment opportunities and staying to be a part of the Minnesota workforce post-graduation, so taxpayers and the state receive a direct return on this investment. Some of our border communities in particular are trying to compete with the Build Dakota Scholarship program in South Dakota, for example, that has a similar approach and employment requirement to the legislation the committee is considering today.

The education and workforce development system as a whole must also closely track and adapt to changes in the labor market and workforce needs and keep pace with technological innovation. A more nimble and responsive workforce system should have the ability to provide shorter-term pathways to certificates or degrees in areas of greatest demand and promote the longer-term development of core skills and competencies to succeed in Minnesota's economy.

Insomuch as the committee consider these types of state investments to be driving state workforce development efforts, policymakers should consider incorporating an "industry in demand" element as well as a "work in Minnesota" requirement to combat our demographic, employment, migration, and state budget trends. **Because HF2441 and HF2634 would achieve these goals, the Chamber Federation urges you to support both of these bills.**

Minnesota's economic future requires a strategic focus on the workforce from business leaders and policymakers. The Chamber is looking forward to working with members of this committee to retain a strong quality of life by focusing on solutions to grow our economy and encourage private sector investment and innovation in Minnesota this session.

Thank you for the opportunity to share this perspective with the committee.

Lauryn Schothorst
Director, Workplace Management and Workforce Development Policy
Minnesota Chamber of Commerce

2025 Minnesota Chamber Federation

Albert Lea Freeborn County Chamber of Commerce
Alexandria Lakes Area Chamber of Commerce
Anoka Area Chamber of Commerce
Apple Valley Chamber of Commerce
Austin Area Chamber of Commerce
Bemidji Area Chamber of Commerce
Blue Earth Chamber of Commerce
Brainerd Lakes Chamber
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Cuyuna Lakes Chamber of Commerce
Dakota County Regional Chamber of Commerce
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Eden Prairie Chamber of Commerce
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Fairmont Area chamber of Commerce
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International Falls Area Chamber of Commerce
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