



MINNESOTA'S



COVID-19 RECOVERY BUDGET

SUPPORTING WORKING FAMILIES

Not every Minnesotan was hit by the COVID-19 pandemic equally. Many working families, who couldn't login from home, lost everything. Minnesotans know that we all do better when we all do better—and a lot of our neighbors need help.

Governor Walz's budget ensures that those who have been hit hardest by the COVID-19 pandemic have the resources they need to survive. His budget expands access to critical assistance, invests in Minnesota's working parents, and helps workers stay on the job.

SUPPORTING FAMILIES WHO NEED IT MOST



Ease Burdens on Families Using Cash Assistance Programs

Minnesota families participating in cash assistance programs struggle to balance paperwork requirements so they can receive support to pay bills, apply for jobs, and raise their families. Families living on the margins need flexibility to take care of themselves and their children and build toward their goals. That's why the Walz Administration is proposing more uniform methods for calculating benefits for public assistance programs, while eliminating burdensome, time-consuming monthly reporting requirements for Minnesota Family Investment Program and General Assistance cases. These changes will also reduce burdens for front-line eligibility workers.



Support Families in Poverty with One-Time Payment of Up to \$750

Families living in poverty have experienced the severest impacts of the COVID-19 pandemic. They need resources to address the significant challenges of the pandemic. That's why the Governor's budget includes a one-time Minnesota Family Investment Program payment of up to \$750 to support about 32,400 Minnesota families, including 64,000 children.

EXPAND ACCESS TO CHILD CARE



Invest in Child Care Economic Development Grant Program

Lack of access to affordable, quality child care is a significant barrier to the participation of women, single parents, low-income parents, and rural parents in the workforce. Governor Walz proposes investing \$750,000 to fund the creation new and expansion of existing child care facilities for Minnesota families. This investment would help reduce child care shortages and grow Minnesota’s workforce.



Increase Access to Affordable, Quality Child Care

Families with limited resources often lose access to child care when child care assistance rates don’t cover the cost of the care available in their communities. Affordable, quality child care is essential so that parents can work or go to school while their children receive good care and become ready to start school. That’s why the Walz Administration recommends updating the maximum rates for providers in the Child Care Assistance Program to align with the most recent survey of market rates, increasing access to child care and reducing out-of-pocket costs for families while keeping the state in compliance with federal regulations.

HELPING WORKING FAMILIES GET AHEAD



Establish a Paid Family and Medical Leave Insurance Benefit

Most Minnesota workers will need to take time off at one point during their careers to take care of themselves, a new child, or a family member, but too many Minnesotans don’t have access to paid leave. Governor Walz proposes creating a statewide program providing 12 weeks of paid leave for individuals with a serious medical condition, to use to care for a family member, or to bond with a new child. This program will ensure that Minnesota families won’t have to choose between caring for a loved one and paying their bills.



Provide Reliable Access to Public Transportation

Lack of reliable transportation makes it harder for Minnesotans with limited resources to keep essential health care appointments. People need reliable access to health care, jobs, food, housing, and other basic needs. That’s why the Governor’s budget proposes expanding access to monthly public transportation passes for people served by Medical Assistance and MinnesotaCare who live in areas with reliable public transportation.



Provide Unpaid Leave and Pregnancy Accommodations

Governor Walz proposes to extend access to unpaid leave and pregnancy accommodations to workers who don't qualify due to their employer's size or the length of their employment. The proposal supports children and families as well as workers who need access to leave or pregnancy accommodations in the workplace.



Support Nursing Mothers

Governor Walz proposes to expand existing law to require that nursing mothers receive paid break time to pump breast milk at work, so they won't have to make the difficult choice between getting paid and supporting healthy babies.



Provide COVID-19 Emergency Paid Leave

Governor Walz proposes providing up to 80 hours of paid time off to health care providers for qualifying reasons related to COVID-19. Certain workers, including health care workers, were excluded from a federal law that ensured workers receive paid sick leave or expanded family and medical leave for COVID-19 reasons. This proposal would benefit health care workers who may lack emergency paid sick time or have exhausted their accrued time off due to multiple quarantines. The proposal would also benefit public health, by ensuring that healthcare workers who have been exposed to COVID-19 or have symptoms are able to stay home.



Support Stability While Creating Workforce Housing Opportunities

The affordability of homes has been a competitive advantage for Minnesota's employers, but a growing shortage of homes and other market conditions are pushing prices beyond the reach of many individuals and families. With a \$4 million increase to the Economic Development and Housing Challenge program, Governor Walz's proposal develops 60 to 100 new rental housing and single-family housing opportunities throughout the state, while helping communities redevelop existing sites to create housing that better serves low- to moderate-income homeowners, homebuyers, and renters.

Additionally, the Governor's \$1.5 million increase to the Workforce and Affordable Homeownership Program will create an additional 40 to 50 new ownership opportunities. The funding for this program may be used for the development of homeownership opportunities and can be used for development costs, rehabilitation, land development, and residential housing. Funding is prioritized where there is permanent affordability, such as community land trusts.

The Governor also proposes investments to support affordable housing and homeless prevention including \$21 million in increased investment in DHS programs that address the

crisis of homelessness; \$4 million in the Family Homelessness Prevention and Assistance Program; and \$1 million in Homework Starts with Home grant program focused on housing stability for students and their families.



Expand Working Family Tax Credit

The Governor recommends expanding the Working Family Credit (WFC) for over 300,000 eligible Minnesota households. The WFC, which builds on the Earned Income Tax Credit at the federal level, provides working families with a credit to help with the many financial constraints they face, reducing after-tax income gaps among Minnesotans. The amount of the credit is based on a percentage of the earnings of low-income households. Working families rely on this credit to make ends meet, it is an important source of financial stability for workers and their children.

Under this recommendation, the Governor proposes investing over \$50 million in FY22 and nearly \$51 million in FY23. Eligible households would see an average increase in their tax credit of approximately \$160 starting with tax year 2021.



Expand First Tier Income Tax Bracket

The Governor recommends investing \$95 million for working, low-income families by expanding the first tier individual income tax bracket by increasing the income threshold, which will cut taxes for more than one million households. The current first tier tax bracket taxes income at a 5.35% rate for income below \$27,230 for single taxpayers, \$33,520 for head of household, and \$39,810 for married filing jointly for tax year 2021. This proposal increases the income threshold for the second bracket. Returns with their last dollar of taxable income in the second bracket will have a tax decrease, with more income taxed at 5.35%. The third bracket threshold is lowered by an offsetting amount, so that taxpayers with income over the third tier threshold will not see a change. The expansion would be effective starting with tax year 2021.