

THE WALZ-FLANAGAN BUDGET



TO MOVE MINNESOTA FORWARD

EXPANDING ECONOMIC OPPORTUNITY

The Walz-Flanagan economic plan will help build on Minnesota’s economic success by putting people—our strongest asset—at the center of the blueprint. The Governor and Lieutenant Governor are investing in students, workers, communities, small businesses—the things that made our economy strong in the first place.

ORIGINAL BUDGET HIGHLIGHTS

- Distribute Walz Checks to more than 2.7 million Minnesota households
- Provide \$1,500 payments to frontline workers who have sacrificed during the pandemic
- Replenish the UI trust fund to prevent pandemic-related tax increases for businesses
- Provide tax cuts for middle class families with child care costs
- Provide tax cuts for middle class families with expenses for children in school

Now, the Walz-Flanagan plan to expand economic opportunity also proposes to:



PROVIDE EVEN MORE DIRECT SUPPORT TO MINNESOTANS, SMALL BUSINESSES



Deliver \$2 Billion in Walz Checks to Minnesotans

Over the past two years, Minnesotans have continued to drive the state’s economy forward. As a result, Minnesota has a historic surplus. Governor Walz proposes distributing Walz Checks of up to \$1,000 directly to Minnesotans. Single tax filers earning up to \$164,400 would receive a payment of \$500. A married couple filing jointly earning up to \$273,470 would receive a payment of \$1,000. More than 2.7 million Minnesota households would receive a Walz Check under this proposal.



Provide Cost of Living Increases for Minnesota Public Pension Plan Retirees

The Governor and Lieutenant Governor propose \$73 million to respond to the inflationary pressures faced by the retirees on our Minnesota public pension plans. This proposal ensures all retirees on Minnesota public pension plans receive a 2.5% cost of living adjustment in 2023. This recommendation would cover one-time non-compounding increases for retirees in the Minnesota State Retirement System (MSRS), Teacher’s Retirement Association (TRA), Public Employees Retirement Association (PERA), and St. Paul Teachers Retirement Fund Association (SPTRFA).



Revitalize Minnesota's Main Streets

Strong economic corridors are at the heart of healthy communities, and main streets and commercial corridors across the state have unmet economic redevelopment needs. The Governor and Lieutenant Governor recommend investing \$20 million in the Main Street Economic Revitalization program to support those unmet needs. The Main Street Economic Revitalization program will continue providing funding to help communities recover from natural disasters, major economic disruptions, widespread arson, civil unrest, and COVID-19 pandemic impacts on travel, tourism, and accommodation. This program drives substantial private investment into these redevelopment projects, multiplying the public investment. The Main Street Revitalization program awards funding to nonprofit and foundation partners, giving them a unique opportunity to lead redevelopment efforts in their communities. These investments will create jobs and energize economic revitalization across Minnesota.



Support Small Business Partnership Grants

Small businesses need ongoing support to recover from pandemic disruptions, and to further an equitable economic recovery, the Governor and Lieutenant Governor recommend an additional investment in the Small Business Partnership grants. This program will allow nonprofits to provide business development and technical assistance services to even more Black, Indigenous, and People of Color small business owners and entrepreneurs throughout the state.



Provide Economic Relief to Building and Construction Trade Licensees

The Governor and Lieutenant Governor propose a two-year fee holiday for building and construction trade license fees charged by the Construction Codes and Licensing Division (CCLD) at the Department of Labor and Industry. This fee holiday would provide economic relief to 79,170 construction-related licensees who renew or obtain a new professional license with the department. A proposed \$3.4 million in fiscal year 2023 and \$4.5 million in fiscal year 2024 from the general fund would backfill lost revenues to the Construction Codes Fund.

PROTECTING HEALTH AND SAFETY

Governor Walz and Lieutenant Governor Flanagan are protecting Minnesotans' health and safety by managing the COVID-19 pandemic and putting a stop to crime and gun violence. The Governor and Lieutenant Governor are also thinking long-term and expanding access affordable, high-quality health care, providing health care for all kids, taking steps to ensure every Minnesotan has access to a safe and affordable place to call home, and combating climate change to protect our state for generations into the future. As a veteran of the Minnesota National Guard, Governor Walz knows the importance of protecting the health and safety of those who raise their hand to serve, which is why his budget makes significant investments to support our veterans, first responders, and peace officers.

ORIGINAL BUDGET HIGHLIGHTS

- Provide \$300 million to cities, counties, and tribes to meet local public safety needs
- Invest \$15 million in Minnesota's community-based crime prevention grants to reduce crime
- Implement the safe and responsible legalization of cannabis for adult-use in Minnesota
- Establish a MinnesotaCare buy-in to create an affordable insurance option for all Minnesotans
- Stabilize affordable housing with a \$100 million investment to improve existing housing

Now, the Walz-Flanagan plan to protect Minnesotans' health and safety also proposes to:



REDUCE CRIME AND INCREASE COMMUNITY TRUST



Modernize Minnesota State Patrol's Helicopter Fleet

The Governor and Lieutenant Governor propose funding to purchase a new helicopter for the Minnesota State Patrol. The new helicopter will replace one of the State Patrol's aging helicopters, which has become maintenance intensive. The new helicopter will have a twin engine to make it safer and faster; an ability to lift with a hoist, offering more capabilities in differing terrains and dark lighting conditions; and an ability to fly 2,000 feet higher, allowing for less noise on the ground. Investing in an updated helicopter will allow the Minnesota State Patrol to increase the level of service it provides to local agencies while preserving the safety of the motoring public and law enforcement officers.



Build Advanced Cybersecurity Tools

The Walz-Flanagan budget recommends \$21 million over three years in sophisticated cybersecurity defense layers that would enable the State of Minnesota to protect the systems that Minnesotans rely upon and better guard against increasing and evolving cyber threats stemming from geopolitical events or other malicious actors. Many of the most vulnerable Minnesotans are impacted by a disruption to government services. Protecting the availability and integrity of those services becomes even more critical as state government continues to deliver digital services to meet Minnesotans where they are. Sophisticated tools that build upon layers of defense will allow us to protect technology, ensure the identity of users of systems, and quickly detect and respond to threats – safeguarding state services for Minnesotans.



Maintain the Core Operations of Minnesota's Courts

A well-running and fair judiciary is essential to ensuring public safety in Minnesota. The Governor and Lieutenant Governor's revised budget includes \$44 million in additional funding over three years for the Minnesota Judicial Branch. This funding is on top of \$66 million in the Governor's original budget recommendations. The funding will help the courts maintain staffing by providing compensation increases, advance cyber security measures, and close budget deficits.



Reduce Crime Through Data-Driven Approaches

The Governor's bipartisan Council on Justice Reinvestment is part of a data-driven approach to improve public safety, reduce corrections and related criminal justice spending, and reinvest savings in strategies that can decrease crime and reduce recidivism. The council is composed of bipartisan representatives from all three branches of government, county leadership, a representative of tribes in Minnesota, and key criminal justice stakeholders from both Greater Minnesota and the Twin Cities metropolitan area. The Governor and Lieutenant Governor's budget fully funds the recommendations of the Justice Reinvestment Initiative to implement evidence-based practices and more equitably resource Minnesota's supervision and probation systems, including behavioral health and other community-based services.



EXPAND ACCESS TO HIGH-QUALITY, AFFORDABLE HEALTH CARE



Transform Minnesota's Public Health System

The Governor and Lieutenant Governor recommend an investment of \$70.5 million over three years in the state, local, and tribal governmental public health system. This funding would help the public health system carry out its foundational public health responsibilities, including having the skills and resources needed to prevent and control infectious diseases, address environmental health threats, improve the health of communities, and improve access to health care services.

Public health protection should not be based on where you live. State, local, and tribal public health departments have a unique responsibility in diagnosing, preventing, and responding to public health challenges. The Governor and Lieutenant Governor believe now is the time to make our public health system work better for all communities.



Expand Minnesota's Health Care Workforce

According to data from the Minnesota Department of Employment and Economic Development, nursing assistants are the sixth highest in-demand job in the state. This need has only been exacerbated by the pandemic. The Governor and Lieutenant Governor propose continuing the state's successful program to train eligible students to become certified nursing assistants (CNAs), which is currently being funded with ARP dollars. The initiative offers resources and support to those pursuing a CNA credential from the first day of class to the first day on the job. This includes covering costs for tuition, fees, and materials. The proposal will recruit and train approximately 3,000 CNAs each year.



Revitalize Minnesota's Caregiver and Behavioral Health Workforce

The Governor and Lieutenant Governor's revised budget includes an additional investment of \$153 million over three years, for a total investment of more than \$268 million over three years, to recruit and retain frontline workers who provide essential care for people with disabilities, older adults, people with behavioral health needs, and people experiencing homelessness. Critical workforce shortages in these sectors have deepened during the pandemic and pose a threat to the health, independence, and stability of Minnesotans who rely on these vital services and supports.

The investment from the Walz-Flanagan Administration will help bolster worker recruitment and retention by increasing pay for personal care assistants; funding workforce incentives such as bonus payments, tuition reimbursement, and child care grants; expanding the behavioral health peer support workforce; and providing workforce grants to mental health and substance abuse organizations. These resources will support frontline workers and the people who rely on the life-sustaining services they provide.



Reduce Fees for Medical Cannabis Patients

The Governor and Lieutenant Governor recommend reducing the yearly fee charged to medical cannabis patients to \$40, down from the \$200 per year currently required in statute for most patients. This change would improve Minnesotans' access to the medical cannabis program while leaving the Department of Health the necessary resources for the work of the Office of Medical Cannabis.



ENSURE EVERY MINNESOTAN HAS A SAFE PLACE TO STAY



Increase Investment in Emergency Shelter Services

With the pandemic causing more people to experience homelessness as shelter staffing shortfalls worsen, Minnesota's emergency safety net is operating under extreme pressure. The Walz-Flanagan revised proposal will reverse decades of underinvestment in these services by providing \$20 million in additional funding—for an overall investment of \$115 million over three years—for badly needed resources to emergency shelter services statewide. New shelter beds, safety improvements and enhanced services and staffing levels will lead to better outcomes for Minnesotans who experience homelessness.

SUPPORTING CHILDREN AND FAMILIES

Governor Walz and Lieutenant Governor Flanagan are working to make Minnesota is the best state in the country for each and every child to grow up. That's why they're investing in schools to ensure that students receive a world-class education, expanding access to pre-K, child care, and paid family leave, and prioritizing health care and supports for our youngest Minnesotans to ensure that families have the resources they need to succeed.

ORIGINAL BUDGET HIGHLIGHTS

- Increase funding for schools with an additional 2% increase in the general education formula
- Provide free breakfast and lunch to students attending any Minnesota school that participates in the national school breakfast and lunch programs
- Fund more than 6,000 new public pre-K seats through a mixed delivery model
- Make child care more affordable for more Minnesota families
- Support child care providers experiencing extreme financial hardships due to the pandemic

Now, the Walz-Flanagan plan to support children and families also proposes to:



ENSURE NO CHILD GOES TO BED HUNGRY



Increase Participation in Nutrition Programs

The Governor and Lieutenant Governor recommend funding to expand capacity to conduct data-informed outreach and direct support to increase awareness and participation in child nutrition programs with a focus on cultural and geographic communities that lack access. This proposal builds upon the Governor and Lieutenant Governor's universal school meals proposal and would aim to maximize federal funding available to schools by working to increase eligible schools' participation in the federal Community Eligibility Provision. Additionally, increased capacity would allow for data-informed outreach and support efforts focused on high-impact communities, with an ultimate goal of reducing child hunger.