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## COVID-19 RECOVERY BUDGET

After stepping up to successfully guide the state through the COVID-19 pandemic and get Minnesotans vaccinated, Governor Walz has now signed a new state budget—Minnesota’s COVID-19 Recovery Budget—to help those hit hardest recover from this pandemic.

Minnesota’s COVID-19 Recovery Budget is a bipartisan budget that includes the Governor’s priorities to invest in small businesses and drive economic recovery, ensure students catch up on learning to succeed for years to come, and support essential workers and working families.

Governor Walz is getting Minnesotans back to business as usual—keeping Minnesotans safe and the economy strong.



Office of  
**Governor Tim Walz &  
Lt. Governor Peggy Flanagan**



## SUPPORTING ESSENTIAL WORKERS & WORKING FAMILIES

**Support Essential Workers** - Minnesota's COVID-19 Recovery Budget includes \$250 million in direct financial support to Minnesota's essential workers on the front lines of the COVID-19 pandemic, including long-term care workers. A nine-member working group will make recommendations about who is eligible for this support by September 6, 2021.

**Increase Access to Affordable, Quality Child Care** - The Governor's budget helps parents afford child care by updating the maximum child care assistance rates for child care providers to the 30th percentile of the most recent market survey for preschoolers and school-age children, and 40th percentile for infants and toddlers. This change increases access to affordable, quality child care and reduces out-of-pocket costs for families, with maximum child care assistance rates covering prices charged by almost one-third of child care providers, and aligns rates with the new market rate survey in compliance with federal regulations for the Child Care and Development Block Grant. In addition, investments made in Basic Sliding Fee child care assistance, which should result in almost 2,000 additional families being served during the next three years.

**Provide Support for Child Care Businesses** - Childcare providers are the workforce behind our workforce. They are critical to Minnesota's economic recovery. That's why Minnesota's COVID-19 Recovery Budget includes over \$304 million for direct payments to child care providers to help stabilize their businesses and \$22.5 million for revitalization grants for child care facilities. In addition, \$6 million will be used for technical assistance to help providers reopen or start up, as well as business training to help providers retool after the pandemic. Innovation grants totaling \$200,000 will test strategies to help family child care providers collectively achieve economies of scale. There is also \$6 million for training, higher education, and retention grants to help individuals obtain the professional development they need to enter and stay in the child care field.

**Support Families in Poverty** - Families living in poverty have experienced the severest impacts of the COVID-19 pandemic. They need resources to address the significant challenges the coronavirus has put before them. Minnesota's COVID-19 Recovery Budget includes a one-time Minnesota Family Investment Program (MFIP) payment of up to \$435 to support about 32,000 families, including 64,000 children. The Governor's budget also includes a permanent MFIP cost of living adjustment, ensuring families' benefits will continue to support them even as costs rise.

**Invest \$100 million in New Housing Infrastructure Bonds** - Before COVID, Minnesota needed more housing of all types for all incomes. To help us build back, the largest amount of Housing Infrastructure Bonds ever during a non-bonding year was approved. These resources have a variety of eligible uses, from permanent supportive housing to new affordable single-family homes. Minnesota Housing pairs these funds with other state, federal, and private resources to approve more developments and get more Minnesotans into a home they can afford.

**Boost the Affordable Workforce Homeownership Program** - One of the reasons for Minnesota's unacceptable homeownership disparity is the lack of availability of affordable homeownership opportunities. Inadequate supply of available homes continues to drive up prices, putting homeownership out of reach for perspective first-time, and low- and moderate-income buyers. Increased investments in this program will leverage additional non-state resources to create new affordable homeownership opportunities throughout Minnesota.

**Increase the Homeownership Assistance Fund** - Minnesota has the worst disparity in homeownership between white households and BIPOC households in the country. A lack of the wealth available for entry costs – including down payment and closing costs – contributes to the homeownership gap. Over 60,000 renter BIPOC households in Minnesota have the needed income to buy a home and are within the prime homebuying age range. This program helps put homeownership within reach for more Minnesota households and on a path to creating generational wealth.

**Increase funding to Homelessness Prevention Efforts** - Housing ends homelessness, and shelter saves lives. Minnesota has seen a troubling increase statewide in unsheltered homelessness in recent years. While no one chooses to be homeless, we know that some people are choosing not to access emergency shelter. A task force will bring together key stakeholders from around the state to evaluate existing policies and procedures to ensure that shelters are a safe and welcoming place for everyone who needs them.

**Provide an Off Ramp to Eviction Moratorium with 15 Day Pre-Eviction Notice** - After one of the most comprehensive eviction moratoriums in the country was in place for over a year, an off ramp will create certainty and predictability for both renters and rental property owners. Hundreds of millions of federal dollars for emergency rental assistance are available now. The off-ramp will provide ample time for renter households behind on rent to apply for assistance so rental property owners can be paid. It will also prevent overwhelming the courts and prevent renter displacement and damage to rental histories with the state's first pre-eviction notice.

**Provide Medical Coverage for New Mothers** - The first years of life are paramount to a child's success. This is why this budget extends postpartum coverage under Medical Assistance from 60 days to 12 months and includes provisions intended to better understand disparities in maternal and infant morbidity and mortality and support community programs addressing those disparities. In Minnesota, black women are 2.3 times more likely to die of pregnancy- or childbirth-related causes than their white counterparts, and the Native American maternal mortality rate is about four times higher. Almost half of maternal deaths occur in Greater Minnesota.



## ENSURING STUDENTS CATCH UP ON LEARNING TO SUCCEED FOR YEARS TO COME

**Investing in the Success of Students Across the State** - Governor Walz's budget for Minnesota includes \$1.2 billion for education over four years, including the largest formula increase in 15 years and targeted funding for students receiving special education and English learner services. Every child in Minnesota deserves access to a world-class education, and this funding will help make sure every student has the opportunity to succeed.

**Support a Diverse Teaching Workforce** - Increasing the diversity of our education workforce benefits all students, but especially those from historically underserved communities, who often do not see teachers that look like them. Collectively, the agreement includes over \$35 million for efforts to put more teachers of color and American Indian teachers in classrooms, and to keep them there. When students see themselves reflected in their teachers, it can have a profound impact. This historic investment to help diversify the teaching workforce is a promising strategy to reduce the achievement gap and increase educational outcomes for students of color and American Indian students.

**Increase Mental Health Support** - Governor Walz knows that the mental and social-emotional well-being of students is critical to their success both in and out of the classroom. That is why his budget includes funding to make evidenced-based suicide prevention training available statewide to educators and school administrators, and he has dedicated federal funds for school-linked mental health services for students and school staff. Governor Walz's budget also includes \$2.5 million to support mental health awareness and services at colleges and universities across Minnesota.

**Support the Littlest Learners** - The agreement includes funding to make sure that the youngest Minnesotans do not lose access to high-quality, free prekindergarten by making sure that 4,000 seats—that would have otherwise been eliminated—continue. This investment is a critical effort to close the opportunity gap for students with the greatest needs and is a wise investment that benefits us all as today's prekindergartners are the future's workforce.

**Focus on Non-exclusionary Discipline Training** - The agreement includes nearly \$2 million for non-exclusionary discipline practices training for educators. In order for students to learn they need to be in classrooms. Unfortunately, Black, Indigenous, students of color, and students receiving special education services are disproportionately represented in statewide discipline data. This funding is a step towards addressing the troubling disparities and ensuring students have every opportunity to learn.

**Improve Access to Meals and Fight Hunger** - The agreement includes common sense policy changes that make sure students receive breakfast and lunch at school in a respectful manner. Hunger can negatively impact a student’s ability to learn and—simply put—no child deserves to be hungry. Our lunchrooms are an extension of our classrooms and access to healthy meals sets students up for academic success.

**Prevent Tobacco Use and Vaping in Youth** - New investments in tobacco and vaping prevention will address increases in youth and young adult tobacco nicotine and vaping in Minnesota. The Minnesota Department of Health will utilize evidence-based strategies to protect youth from the harms of nicotine and tobacco use and reverse the increases in youth vaping, prevent future users, address new user addiction from nicotine, and reduce youth access to these products.

**Increase Access to Higher Education and Support Our College Students** - Governor Walz’s budget breaks down barriers to higher education from admissions to graduation. Through a \$1 million investment in the creation of the Direct Admissions Minnesota, we will eliminate enrollment disparities and ensure every student has the opportunity for admittance to a postsecondary institution. An additional \$715 thousand investment in Intervention for College Attendance grants provides low income and BIPOC students access to college readiness programs starting in the sixth grade.

For those already enrolled in higher education, a \$188 thousand investment in the Emergency Assistance to Postsecondary Students grant program will ensure any students experiencing food or housing insecurity have the support they need to stay in school and complete their degree. By investing \$4 million in the Fostering Independence Grants program, we will remove financial barriers for students who are or were in the foster care system, making the attainment of higher education possible. Finally, an additional \$5.2 million investment in State Grants will support 80,000 low income students, providing resources to help cover tuition, fees, and other living and miscellaneous expenses. This includes 2,800 students receiving a state grant for the first time.



## INVESTING IN SMALL BUSINESSES & DRIVING ECONOMIC RECOVERY

**Invest \$80 million in Statewide Economic Redevelopment Program** - The Governor's budget invests \$80 million through statewide grants to address the greatest economic development and redevelopment needs that have developed over the past year. Funds will be available as grants and loan guarantees and awards will prioritize projects that will have the greatest regional economic impact including increasing the local tax base and leveraging non-state funds.

**Provide Direct Relief to Small Business COVID-19 Recovery** - Small businesses are the lifeblood of Minnesota communities across the state. But Minnesota's small businesses and workers have borne a large burden of the COVID-19 pandemic to protect their communities and save lives. By investing \$70 million for businesses impacted by COVID-19, with \$10 million set aside for minority-owned businesses and \$3 million set aside for cultural malls, the Main Street COVID Relief Grant Program in Governor Walz's budget ensures that communities across Minnesota aren't just surviving, they are thriving.

**Strengthen Minnesota's Biofuels Industry** - Minnesota's COVID-19 Recovery Budget includes funding for gas station owners across the state to upgrade their facilities and install infrastructure to sell biofuels. Additionally, the budget includes an increase to the Bioincentive Program, which encourages commercial-scale production of advanced biofuels, renewable chemicals, and biomass thermal energy through production incentive payments.

**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's budget invests \$70 million to increase access to reliable, high speed internet across Minnesota.

**Ensuring Workforce Development Programs Are Effective** - The COVID-19 pandemic created massive dislocations in our economy and resulted in record unemployment for Minnesotans. It is critical that Minnesota's workforce development programs effectively support Minnesota workers as they look for their next career opportunity in a changing economy. Governor Walz's budget includes \$34 million of targeted direct appropriations to organizations that are centered in equity to provide workforce training for job seekers so they can achieve good paying employment. The budget also creates two new competitive grant programs to support African immigrants and foreign-trained workers.

**\$7 million in support for non-profits that provide TA for small businesses** - The Governor's budget provides a one-time increase of \$7 million for organizations that provide technical assistance to small businesses – above its base of \$2.85 million. This funding will support the ecosystem of organizations that help small businesses – particularly BIPOC-owned businesses – by providing them with additional funding to provide business assistance.

**Provide New Investments in Local and Tribal Public Health** - New investments in our state's public health infrastructure will build on the lessons learned during the COVID-19 pandemic and lay the groundwork for transformational improvements to the ways that public health is delivered in Minnesota. This funding will add to core capacity at the local level and allow for development of new models of collaboration among state, local, and tribal health departments.



## BUILDING A BRIGHTER FUTURE

**Building Safer Communities** - Minnesota's COVID-19 Recovery Budget includes public safety measures such as restrictions on the use of no-knock warrants, increasing mental health response in crisis calls, reforming civil asset forfeiture by law enforcement, and provides body cameras for law enforcement at the Department of Public Safety and the Department of Natural Resources. The bill establishes a Missing and Murdered Indigenous Relatives Office and a Youth Justice Office as well as overhauls how Minnesota enforces safety standards and reforms use of force guidelines in Minnesota jails and prisons.

**Powering Minnesota's Clean Energy Economy** - Minnesota is building a stronger clean energy economy. The ECO Act (Energy Conservation & Optimization Act) of 2021 is landmark legislation to expand Minnesota's Conservation Improvement Program. Conservation delivers billions of dollars in savings for Minnesotans and helps protect Minnesota's climate. Investments in energy efficiency and conservation create jobs around the state. The best form of energy is energy that Minnesotans save through conservation. Additionally, the Solar in Schools funding included in Minnesota's COVID-19 Recovery Budget is one example of investments in clean energy technology that improve the future for communities across the state and for generations of Minnesotans into the future.

**Supporting our Veterans** - Minnesota's more than 312,000 Veterans are supported through the Governor's budget. An operating adjustment of \$8.2 million will ensure that Minnesota continues to serve those who have served our country. Additionally, \$1.65 million will support a state-wide initiative for Veteran Suicide Prevention, and \$6.3 million will support and expand Veteran Homelessness efforts. The Governor is committed to ending homelessness among Veterans in Minnesota, becoming the fourth state in the nation to reach functional zero statewide.

Minnesota's COVID-19 Recovery Budget also includes \$4.5 million in state funding to leverage federal appropriations for the construction of a new state Veterans cemetery in Redwood County and \$8.7 million in initial funding for the launch of operations of three new state Veterans Homes to be constructed in Bemidji, Montevideo, and Preston.

Finally, the Governor's budget includes the Veterans Restorative Justice Act—landmark legislation that provides a specialized sentencing structure for Veterans who are found to have committed criminal offenses as a result of a service-related condition.

**Protecting our Natural Resources for Generations to Come** - Minnesota's natural resources are invaluable to the vitality of our state and our public health and wellness. Minnesota's COVID-19 Recovery Budget makes significant new investments in connecting people to the outdoors, mitigating climate change, proactively managing natural resources, and addressing agency operations. It provides \$2 million in new General Fund dollars for state parks and recreation areas, which will ensure the Department of Natural Resources (DNR) can continue to provide high quality outdoor experiences for the coming biennium. The DNR received \$7 million from the General Fund to prevent the spread of chronic wasting disease and other activities that benefit deer health and management. Additionally, a \$2.5 million General Fund investment in the State Forest Nursery will accelerate tree planting on public and private land to capture carbon.

**Helping our Communities Withstand Extreme Weather Events** - Due to climate change, Minnesota now has the second most extreme weather events in the country—second only to California. Extreme weather events have increased insurance premiums by 366% since 1998. Extreme weather events also mean farmers and manufacturers cannot get their goods to market. To help communities prepare for extreme weather, Governor Walz's budget includes \$1.98 million to better manage local stormwater, which will prevent roads from being washed out and sewers from backing up into homes and businesses.

**Protecting Minnesota Consumers** - Minnesota's COVID-19 Recovery Budget includes investments to protect Minnesota consumers. The Student Loan Borrower Bill of Rights protects Minnesotans with student loans through requirements for student loan servicing businesses. New protections have also been added for consumers dealing with debt buyers. Another law expands the Department of Commerce ability to eliminate toys and items that are toxic to children.

To protect Minnesotans from catalytic converter thefts, the Minnesota Department of Commerce Fraud Bureau has been funded for a pilot project to mark the converters, to deter thieves from stealing converters, make them difficult to sell, and give law enforcement new tools to investigate and prosecute offenders. Another consumer protection sets higher standards for insurance carriers to protect against and report data security breaches. Additional investment in the Commerce Department's Weights & Measures division will protect consumers by ensuring gas pumps, grocery scales, and commercial weights across the state are accurate so consumers get what they pay for.