

# 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.

**"If you are a frontline worker with children, earning up to \$70,000 per year, you will get about \$2,000 back in your pocket."**

### WALZ CHECKS



#### Deliver \$700 Million in Direct Payments 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 \$350 directly to Minnesotans. Single tax filers earning up to \$164,400 would receive a payment of \$175. A married couple filing jointly earning up to \$273,470 would receive a payment of \$350. More than 2.7 million Minnesota households would receive a Walz Check under this proposal.

### ADVANCE WORKFORCE DEVELOPMENT



#### Recognize Frontline Workers

The Walz-Flanagan Budget to Move Minnesota Forward recommends \$1 billion to provide payments to frontline workers who have sacrificed during the pandemic to keep Minnesotans safe, healthy, fed, and cared for. This proposal would provide \$1,500 payments to an estimated 667,000 workers, including health care, child care, school, grocery store, food service, transportation, long-term care, building service, public safety, retail, and manufacturing workers. These frontline worker payments recognize the essential work of Minnesotans who have risked their health and continue to provide the vital services needed to keep our state running during this pandemic.



### Support Minnesota's Caregiver Workforce

As our state confronts the challenges of the COVID-19 pandemic, Minnesota's caregivers continue to be heroes. The Governor and Lieutenant Governor propose a \$115 million investment to retain frontline workers who provide life-sustaining 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 it. The Walz-Flanagan proposal will help bolster worker retention by establishing a fund for worker incentive payments, tuition reimbursement, and childcare grants. These resources will support frontline workers and the people who rely on the essential services they provide.



### Revitalize Our Health Care Workforce

The pandemic has highlighted the importance of investing in our health care workforce. Minnesota hospitals, clinics, and long-term care facilities face severe staffing shortages, with more than 40,000 open positions needing to be filled. Investing in this high-need career area is vital for the future health of our state. We must break down financial barriers and ensure students see health care as a viable field if we want to fill these open positions and provide Minnesotans with the care they need and deserve. The Governor and Lieutenant Governor's budget makes critical investments in the health care workforce, building on recent programs like free certified nursing training and the Minnesota Future Together Grant, both of which provide tuition-free pathways for students in high-need career areas.



### Expand Dual Training Program

The dual-training model pairs on-the-job training with classroom instruction for high-need career areas like manufacturing, agriculture, health care, and information technology. In 2020, 1,900 new apprentices took advantage of dual-training programs through the state's Dual Training Competency Grant Program (DTG). These apprentices are able to earn a living wage while learning their craft and are connected to companies that are invested in their success and can potentially provide long-term employment.



### Provide Free High School Equivalency Tests

All Minnesotans, regardless of economic status, should have the opportunity to earn a high school equivalency diploma. Currently, the high school equivalency assessment can cost up to \$144 for one full battery. The Governor and Lieutenant Governor's proposal would invest \$345,000 per year to pay for the first complete battery of a commissioner-approved high school equivalency assessment.



### Advance Technology Re-Skilling Training

The COVID-19 pandemic has disproportionately impacted women and communities of color. In working toward racial, gender, and economic justice, and to meet the growing labor needs in Minnesota's tech industry, Governor Walz proposes an investment of \$13 million in the Adult Tech Training Program for Black, Indigenous, People of Color (BIPOC), and women. These are some of the highest-paying jobs in the state and will help close the gap on racial and gender disparities in our communities while also meeting tech labor demands.



### **Invest in Institutions of Higher Education**

The success of Minnesota's public higher education systems is directly tied to the success of our state. The University of Minnesota system alone contributes more than \$8.6 billion a year in economic activity to the state, supporting more than 77,000 jobs across Minnesota and generating more than \$470 million in state taxes. Governor Walz and Lieutenant Governor Flanagan will invest in the University of Minnesota and the Minnesota State systems to help maintain our state's reputation as a national leader in research and innovation. These investments will also address the rising cost of attendance, working to make higher education more attainable and ensuring Minnesota continues to be a top destination for prospective students.



### **Modernize Workforce Tools**

Now, more than ever, Minnesota must modernize its digital services to meet the needs of Minnesotans where they are, with the services they need to find training programs to grow their skills, find job opportunities, and find a career path to achieve success. The Governor's budget invests \$15 million in one-time funding to modernize the Department of Employment and Economic Development's workforce system to best serve Minnesota jobseekers with upgraded digital tools that bring the resources Minnesotans can get in-person, virtually.

## **INCREASE EDUCATIONAL OPPORTUNITIES**



### **Expand Access to Rigorous Coursework and Career and Technical Education**

Access to rigorous coursework opportunities—such as such as Advanced Placement (AP), International Baccalaureate (IB), Career and Technical Education (CTE), and Concurrent Enrollment and Early Middle College courses—provides students with the opportunity to be better prepared for their careers and college. Minnesota continues to see significant gaps in rigorous course taking for students living in poverty, BIPOC students, students learning English, and those with disabilities when compared to their peers. That is why the Governor and Lieutenant Governor recommend \$10 million annually to expand rigorous coursework for historically disenfranchised students and students in Greater Minnesota.



### **Increase Tech Jobs Pipeline for Minnesota Youth**

Minnesota's talent pipeline for technology severely lags the nation and as a key indicator, last year Minnesota ranked 50<sup>th</sup> out of 50 states in the number of students who took the AP computer science examination. Yet, this sector is critical to Minnesota's economic growth. That's why Governor Walz is investing \$15 million in the Tech Youth Training program – to prepare the future of our workforce, Black, Indigenous and People of Color (BIPOC) students and youth to meet the demands of Minnesota's growing tech industry and leave the program with connections to employer ready to hire into the highest-paying career tracks in the state.

## LOWER COSTS FOR CONSUMERS



### Permanently Lower Home Energy Bills

In order to permanently lower home energy bills, Governor Walz and Lieutenant Governor Flanagan propose additional investment in the Weatherization Assistance Program, which will save money and save energy for about 7,000 income-eligible Minnesotans by making their homes more energy efficient and safer. The proposal permanently lowers home energy costs by 20-30% for Minnesotans who pay at least two times higher for energy bills than the average household. We know that lower income Minnesotans are disproportionately impacted by climate change. Homes most in need of weatherization services leave Minnesotans exposed to extreme weather events like cold, flooding, and wind damage—all of which are occurring more frequently due to a changing climate. The Weatherization Assistance Program helps Minnesotans not only lower their energy bills in a permanent way, but also helps curb the effects of climate change and reduces demands on our state's overall energy infrastructure.

## CUT TAXES FOR FAMILIES AND SMALL BUSINESSES



### Replenish the UI Trust Fund

Minnesota's Unemployment Insurance (UI) program acted quickly to ensure that Minnesotans who lost their job due to the pandemic were able to pay their rent, buy food for themselves and their families, and weather the most difficult periods of the pandemic. UI benefits were a lifeline to Minnesota workers and their families during the pandemic, providing more than \$14 billion in cash assistance to nearly 900,000 workers. Now, the Governor and Lieutenant Governor propose replenishing the UI Trust Fund in case it's needed again, while making sure that the employers who also struggled don't bear the cost of this assistance.

The Governor and Lieutenant Governor's budget makes a **one-time investment of \$2.73 billion to replenish the UI Trust Fund**, which will prevent pandemic-related tax increases for businesses that were negatively impacted by COVID-19. This investment ensures that businesses across the state are held harmless and that future UI tax rates for employers will not be impacted by the pandemic.

A \$2.73 billion investment in the UI Trust Fund translates to a roughly \$900 investment per worker.



### Provide Tax Cuts for Middle Class Families with Child Care Costs

Child care and other dependent care expenses continue to increase for Minnesota families. This proposal recognizes the challenges of the current environment by increasing the income threshold and maximum credit amount for Minnesota's Dependent Care Credit, which will provide tax cuts to more Minnesota taxpayers. The **income threshold would increase from \$53,100 to \$70,000**. This would make about 20,900 more Minnesota households eligible for the credit with an **average tax cut would be \$271**. This proposal would **also update Minnesota's Newborn Credit to be available for all taxpayers regardless of marital status**. Under this proposal, about 2,600 more taxpayers will be eligible for the credit.



**Provide Tax Cuts for Middle Class Families with Expenses for Children in School**  
Families and students are working overtime to make sure everyone stays healthy and in school. They shouldn't need to also worry about how to afford the supplies necessary to get a world-class Minnesota education. This proposal would increase eligibility for Minnesota's K-12 Education Credit. Minnesota households earning up to \$70,000 would now qualify, allowing 38,600 more households to be eligible, with an average credit amount of \$306.

## ENSURE BROADBAND ACCESS FOR EVERY MINNESOTAN



### Finish Broadband Statewide

The Walz-Flanagan budget invests \$170 million to finish the job of bringing border-to-border broadband access to all Minnesotans. Over the past two years, the need for high-speed, high-quality broadband has grown dramatically. Through the past several years of the state's border-to-border broadband program, about 93% of Minnesota households have reliable broadband. The Governor and Lieutenant Governor's investment, which would remain a competitive matching fund grant program, would finally pave the way for achieving the state's goal of providing every Minnesotan with reliable broadband.

## FOSTER BUSINESSES DEVELOPMENT STATEWIDE



### Invest in the Angel Tax Credit

The Governor recommends allocating \$7 million for the Angel Tax Credit in FY23 and \$10 million in FY24-25. 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 \$498 million in private investment in Minnesota startups, leveraged by the state's issuance of \$120 million in tax credits to angel investors.

Investing in this program prioritizes economic growth and builds 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 expand supports for our startup ecosystem and launch an accelerator to help startups scale in Minnesota. Launch Minnesota works to attract top entrepreneurial talent to Minnesota through a series of initiatives focused on growing our innovation economy to keep our state competitive nationally and globally. The proposal would allow the program to partner with appropriate ecosystem leaders to build an accelerator for startup growth in Minnesota. Focused on industries in which we see the most momentum – healthcare, clean energy, and agriculture/food, fintech and software/IT this state-wide accelerator will be a landing spot for companies looking to scale-up, giving them the connections, resources, and technical assistance to grow.

## SUPPORT FARMERS AND LIVESTOCK PRODUCERS



### Provide Relief to Farmers and Livestock Producers Suffering from Drought

Agriculture is one-fifth of Minnesota's economy – that means investing in the futures of farmers supports a strong Minnesota economy. But severe drought conditions during the 2021 growing season resulted in significant losses for Minnesota crop and livestock farmers.

The Governor and Lieutenant Governor are proposing an investment of \$10 million to help Minnesota farmers and livestock producers who suffered losses caused by the severe drought this past growing season. This includes \$5 million in rapid response grants to livestock producers and specialty crop growers and \$5 million for the Rural Finance Authority's Disaster Recovery Loan Program, which makes zero-interest loans available to farmers struck by the disaster.



### Ensure the Viability of Minnesota's Food Supply and Ag Economy

The Walz-Flanagan Budget to Move Minnesota Forward proposes \$3 million to support and expand the state's overall livestock processing capacity. These funds would be used to supplement the Agricultural Growth, Research, and Innovation (AGRI) Program's existing grants for meat, poultry, egg, and milk processors by creating a supplemental program outside of the AGRI appropriation to provide additional grants to processors.

The Governor and Lieutenant Governor's budget also recommends \$3 million over the course of three years to help small to medium-sized meat processors attract and retain employees who conduct the critical work of maintaining our food supply, especially during the pandemic, as well as \$2.5 million in grant funds to Central Lakes College and Ridgewater College for complementary meat cutting and butchery programs to increase meat processing capacity throughout the state.

Additionally, the Governor and Lieutenant Governor recommend a \$200,000 investment over the course of three years in the state's Meat and Poultry Inspection program to enable the state to meet an increased demand for inspection services for small, local, and niche processors statewide.