



# Budget for One Minnesota



## COMMUNITY PROSPERITY

Prosperity and opportunity for all people in all parts of our state stems from the well-being of their community. While communities across Minnesota may look different, many share the same goals and face the same challenges. Whether from the urban Northside of Minneapolis or the rural town of Fairmont, many families struggle to find child care, secure housing that's affordable, or even just make ends meet. Furthermore, crumbling infrastructure is putting Minnesotans' safety at risk, with over one thousand Minnesota bridges and hundreds of miles of roads that are in poor condition.

Governor Walz's budget ensures that communities across Minnesota aren't just surviving, they are thriving. His budget expands access to affordable childcare and housing, invests in infrastructure and broadband internet, and gives local leaders the tools they need to succeed.

In total, the Budget for One Minnesota represents an investment of \$432 million in community prosperity investments over the next two years, with an additional \$1.9 billion in transportation and infrastructure.

## CREATE MORE AFFORDABLE HOUSING



### **Preserve and Expand Access to Affordable Housing for all Minnesotans**

Governor Walz's budget and bonding proposals will direct \$170 million to the preservation of existing affordable housing and to create new homes for Minnesotans across all incomes and in all areas of the state. This recommendation will create a full range of housing choices, including supportive housing for people experiencing homelessness, senior housing, family housing, and new homeownership opportunities. To accomplish this, Governor Walz supports authorizing \$120 million in Housing Infrastructure Bonds, which will leverage additional private development funds and preserve federal dollars for rental assistance. An additional \$30 million in general obligation bonds would preserve 3,000 units of publicly-owned housing across the state for the lowest-income Minnesotans.



### **Provide Housing Stability to Families with Children and Prevent Family Homelessness**

When families have safe, secure places to live, parents earn more, children learn better, health and well-being improve, communities prosper, and families thrive. On any given day, approximately 9,000 children are identified as homeless or highly mobile in school districts across the state. Homework Starts with Home is an evidence-based initiative that provides assistance to highly mobile families with school-aged children. The Governor's

budget proposes an additional \$6 million to serve 375 additional families, providing housing stability and improved school attendance. When families become homeless or are at imminent risk of homelessness, the Family Homeless Prevention and Assistance Program steps in to provide support services, short-term rent assistance, security deposits, utility assistance and more. This helps make homelessness rare, brief, and one-time. The Governor's budget proposes a \$4 million increase that will serve 3,100 additional households around the state through counties, tribal nations and nonprofit organizations.



### **Keep Families and Seniors in Their Homes**

The Rehabilitation Loan Program provides deferred, forgivable loans for health, safety and energy efficiency improvements for very low-income homeowners, including owners of manufactured homes. More than 40 percent of households served by this program are seniors who want to stay in their home, and nearly one-third of households have a family member with a disability. The Governor's budget proposes a \$1 million increase to help Minnesota families stay in their homes each year.

## **EXPAND ACCESS TO CHILD CARE**



### **Increase Investment in Child Care Assistance**

The Child Care Assistance Program (CCAP) helps approximately 15,000 Minnesota families pay for child care so parents can work or go to school. Governor Walz's budget proposes \$44 million to expand this program, helping keep children in child care with fewer disruptions and more consistent schedules. Increasing payments to many child care providers will help make child care more affordable and accessible to families. The budget raises the CCAP maximum rates and registration fees and changes the frequency of the child care provider market rate survey to every three years.



### **Expand Access for Families on Basic Sliding Fee Waiting List**

Governor Walz's budget includes increased funding to buy down the waiting list for families who need child care assistance through the Basic Sliding Fee program. This will make an additional 1,000 families eligible to receive assistance for child care.



### **Increase Supply of Quality Child Care**

The Childcare Economic Development Grants program at the Department of Employment and Economic Development provides grants to communities to increase the supply of quality child care. This reduces regional child care shortages, supports increased workforce participation, and expands new business development. Funding this program could result in up to 2,400 new child care slots being available across Minnesota. Priority will be given to communities that have a documented shortage of child care providers in their area and are experiencing above average workforce shortages and lower than average prime-age workforce participation rates.

## SUPPORT PAID FAMILY LEAVE



### **Establish a Paid Family and Medical Leave Insurance Benefit**

Governor Walz’s budget proposes \$68 million in the biennium to establish a paid family and medical leave benefit, creating a strong foundation necessary for the health and well-being of Minnesota families. Any worker can experience an event in their lives where they need to take some time from work, whether it’s a pregnancy, caring for a family member, or recovering from a serious health condition. Many Minnesotans cannot afford to take an unpaid or partially paid leave or risk losing their job when they need to be present for their family or heal themselves.



### **Ensure Employers Have the Resources Necessary**

It is not just workers that struggle financially when leaves are needed. Many employers, especially small ones, struggle to support a worker with pay while they are on leave and cover the work while they are out. A state insurance program for paid family and medical leave will cover pay while the worker is out, freeing up resources for employers to pay overtime or hire a temporary worker to get the job done in the employee’s absence.

## EMPOWER LOCAL LEADERS WITH THE TOOLS THEY NEED TO SUCCEED



### **Provide Historic Funding Increases for Local and County Governments**

Governor Walz’s proposal provides a historic increase in investments in Local Government Aid (LGA) and County Program Aid (CPA) by \$30 million per year, returning them to 2002 and 2000 levels, respectively. This investment will help local governments pay for vital needs, such as local roads and public safety, while helping to keep property taxes low.



### **Invest in Our Communities with Opportunity Grants**

Local communities across Minnesota are facing challenges that are often unique to them – and local challenges are often best solved with local solutions. The Governor’s budget proposes \$2 million for a Community Prosperity Opportunity Grant program, providing grants to local and regional communities to engage in innovative economic development projects that will support economic growth and equitable prosperity. These grants will provide up to 85% in matching grants to local government units or 501(c)3 organizations that are partnering with one or more local government units.

## HELP WORKING FAMILIES GET AHEAD



### **Increase Access to Minnesota's Working Family Credit**

The budget proposal will add a total of \$100 million to the Working Family Tax Credit in FY20-21. This investment permanently expands access to the credit to more than 2,400 additional households. This provision allows families with three or more dependents to claim the credit – extending it to more middle-class families and allowing more taxpayers to claim the maximum credit at lower incomes. Over 44,000 Minnesotans will see an average tax cut of over \$220 under this proposal. To help families offset the cost of the state's transportation investments, the proposal also increases the credit by \$100 for each single or head of household recipient and by \$200 for each married filing jointly recipient. This increase will impact over 342,000 Minnesota taxpayers.



### **Provide More Assistance to Help Families Live and Work**

Monthly cash assistance through the Minnesota Family Investment Program (MFIP) – the state's only cash assistance program to address poverty for families with children and pregnant women – has remained unchanged since 1986. The Governor's budget proposes increasing MFIP and the Diversionary Work Program cash grants by \$100 per month per household.



### **Cut Social Security Taxes for Minnesota Seniors**

The Governor's proposal will cut Social Security taxes by increasing the subtraction in current law. Nearly 56% of Minnesota seniors would pay no tax on their Social Security benefits under this proposal.



### **Cut Taxes and Simplifying Filing for Minnesota Farmers and Small Businesses**

The Governor's proposal fully conforms with the federal law pertaining to Section 179 expensing. This proposal cuts taxes by over \$220 million for the state's farmers and small businesses. This allows farmers and small businesses to deduct up to \$1 million of qualifying equipment purchases in the first year placed in service. The proposal eliminates the Minnesota 80% add-back for this deduction. The proposal also provides simpler tax filing and long-term record keeping for businesses by conforming to the federal law for domestic and foreign income.

## PROVIDE BROADBAND ACCESS TO EVERY CORNER OF MINNESOTA



### **Develop a Border-to-Border Broadband Program**

Access to robust broadband is now recognized as a critical factor in the economic and social sustainability of all Minnesota communities. In 2014, the state set a goal of border-to-border broadband access by 2022, signaling that access to quality broadband service should be a right for all Minnesotans. The Governor's budget

recommends funding \$70 million in the biennium for a border-to-border broadband program. The state will meet the statutory goal of border-to-border access of 25Mbps/3Mbps broadband service by the year 2022 and begin to pave the way for achieving the state's 2026 goal of reaching everyone with a service capable of delivering 100Mbps/20Mbps. This funding commitment will build on several years of public and private investments in broadband infrastructure in unserved and underserved areas of the state, helping more than 193,000 homes and businesses, primarily in rural areas, gain access to reliable broadband internet.

## INVEST IN TRANSPORTATION AND INFRASTRUCTURE



### **Fund a Comprehensive and Dependable Transportation Plan**

Minnesota's transportation system is aging and struggling to keep up with the demands of our growing population. A recent independent report found that there are over one thousand Minnesota bridges and hundreds of miles of roads that are in poor condition. This costs the average Minnesotan, over \$1,000 a year in gas, lost time, and car repairs. The Minnesota Department of Transportation projects that in order to simply operate and maintain our current roads and bridges, the state will need \$18 billion over the next 20 years above current revenues. In order to accomplish that goal, Governor Walz's budget proposes a transformational funding package.

- Initiate a 20 cent gas tax increase (phased-in over two years) and index the gas tax to inflation (beginning in FY 2023) to raise approximately \$6.5 billion over 10 years. The gas tax will make Minnesotans safer, help businesses and farmers get goods to market, and ensure nothing like the I-35 bridge collapse happens again.
- Increase the registration tax (increased tax rate from 1.25 percent to 1.5 percent and base tax fee from \$10 to \$45; change the depreciation schedule) to raise approximately \$4 billion over ten years.
- Increase the motor vehicle sales tax from 6.5 percent to 6.875 percent to raise approximately \$300 million for roads and bridges over ten years, and \$205 million for transit purposes.
- Authorizing \$2 billion in trunk highway bonds over 8 years starting in 2022.

To help lower- and middle-income Minnesotans pay for transportation investments, the Governor proposes an increase to the Working Family Credit of \$100 for each single or head of household recipient and \$200 for each married filing jointly recipient. With the transportation funding gap eliminated, Minnesotans will be better able to move to and from work, connect with other parts of the state and beyond, and depend on a smooth and reliable movement of goods and services. This proposal also supports jobs, providing new funds for construction projects that will employ thousands of construction workers and engineers in good paying jobs for years to come.



### **Replace Aging Infrastructure**

Governor Walz's budget will modernize Minnesota's transportation system, repairing and replacing aging infrastructure and using materials and processes that

will provide a longer, more useful life. More than 50 percent of Minnesota state roadways are 50 years old or older, and 40 percent of state bridges are in the same age range. This proposal will allow Minnesota to replace the aging infrastructure with modern materials and designs that will provide a longer life.



### **Provide Cities and Counties with Transportation Funding**

Governor Walz’s budget will address the long-standing need that county and city governments have for their transportation needs. Most of the miles of roadway in the state are county roads and city streets, which are used for daily trips to and from work. Minnesota’s agriculture, manufacturing, and service industries also rely greatly on local roads to move products and services. This proposal will increase state transportation funding for roads and bridges by as much as 35 percent to Minnesota counties and cities.

## **INVEST IN TRANSIT**



### **Fund a Diversified and Sustainable Transit Plan**

The population in the Twin Cities is both growing and aging, increasing the demand for transit in the coming years. Metro Mobility services for the elderly and disabled have seen a steady increase of 5 to 8 percent annually, and that growth is expected to continue. Meanwhile, transit funding faces a growing deficit. To address this issue Governor Walz proposes a diversified, sustainable funding package to continue regional transit and Metro Mobility operation, while services are expanded and improved to meet growing demand over the next ten years. Making significant investments in bus rapid transit (BRT) and enhanced local bus service will give another 500,000 people access to a 30-minute transit commute to their jobs.

- Remove Metro Mobility funding from the Council’s transit package, with its own allocation of \$241 million to support the continued operation of this important, mandated program.
- Instate an 1/8-cent sales tax in the seven-county metropolitan area to maintain and expand the regional bus and transitway system, generating approximately \$770 million.
- Authorize \$20 million in general obligation bonds, with a goal of totaling \$230 million in bonding over the next 10 years.



### **Enhance Bus Service Across the Metro**

Governor Walz’ budget will add 10 new bus rapid transit (BRT) lines in the next decade – the largest increase in bus service over the past 30 years. This expansion will result in a 40 percent increase in service on the region’s busiest routes, and an estimated 30 to 40 percent increase in regional transit ridership. Furthermore, the Governor’s budget proposes the addition of 220 electric buses to the fleet, shifting from diesel to renewable energy. The Metropolitan Council’s goal is to power Metro Transit and all its operations with renewable energy by the year 2040. Electrifying the bus fleet reduces harmful emissions that threaten the state’s health and environment.