



# Budget for One Minnesota



Governor Walz has worked as a classroom teacher, high school football coach, and served in the Army National Guard. Now, as Governor, he is committed to making sure that every family has the chance to get ahead. His budget focuses on the issues that really matter to Minnesotans: bringing down the cost of health care, improving education, and ensuring communities across the state are prospering.

The Governor's Budget for One Minnesota will make significant strides in achieving these priorities while promoting collaboration across agencies to tackle our greatest challenges in a holistic way. This budget puts forward the greatest investment in Greater Minnesota in the history of our state, while investing in some of the most meaningful state initiatives to lift up communities of color to have ever been proposed. Governor Walz's proposal invests in the future in a fiscally responsible way by keeping the budget fair and balanced.

## EDUCATION



### Invest in Students Across Minnesota

Governor Walz is committed to making Minnesota the "Education State." He believes every child deserves a high-quality education, regardless of their race or zip code. The Governor's budget makes a historic investment of \$733 million in education to close the funding gap and make sure that every child has a good teacher, can receive individual attention to meet their unique needs, and has access to the materials they need to develop the knowledge and skills to compete in today's economy.

- The Governor's budget will increase the general education basic formula by three percent in the first year of the biennium, and two percent in the second, for a total investment of \$523 million. This funding allows schools to make local decisions to meet the unique needs of their students.
- Early childhood education can shape the remainder of a child's life. If action isn't taken this year, the number of available pre-kindergarten spots around the state will be cut in half. Governor Walz's budget invests \$59 million to keep preschool doors open for 4,000 students.
- Governor Walz's budget invests in data-driven solutions to close the opportunity gap and ensure equity in our education system. It also stabilizes and equalizes funding for students in tribal contract schools, protecting them from a 50 percent cut and ensuring they are funded the same way as the rest of the schools in our state.

- As a classroom teacher, Governor Walz knows that a student who's hungry can't learn. His budget invests in wrap-around services that are proven to improve a child's success. His budget increases support for schools to better meet the needs of nearly 9,000 students who are experiencing homelessness and investing \$8 million for full service community schools over the next four years.
- Governor Walz's budget makes higher education more affordable to more students across the state by increasing the state grant program, which provides financial aid for student from low-income, working, and middle-class backgrounds. This aid gives students the choice to pick the college or university that best fits their needs.

## HEALTH CARE



### **Increase Access to Affordable, Comprehensive Health Coverage**

Every Minnesotan deserves access to quality health care at a price they can afford. That's why Governor Walz's budget includes funding to extend low-cost coverage to thousands of farmers, small business owners, and entrepreneurs.

The Governor's budget provides every Minnesotan with an additional health care option, encourages stability in the individual market, and makes health care more affordable in Minnesota.

- Governor Walz is proposing a multi-pronged approach to expand access and keep down costs. He will take immediate action by creating a subsidy program to reduce by 20 percent the monthly premiums for Minnesotans who receive their insurance through MNsure. This subsidy will be applied directly against a consumer's premiums. By cutting out the middle man, this program will give power back to consumers instead of health insurance companies when it comes to making health care decisions.
- He will establish a state-based tax credit to help ensure Minnesotans on the individual market pay no more than roughly 10 percent of their income on health care.
- He will create a statewide public option, known as ONECare Minnesota, to increase access to comprehensive health coverage across the state. This buy-in option will offer a high-quality, affordable plan to Minnesotans with more services, lower deductibles, and lower copays than what it currently available within the individual market.
- By leveraging the state's purchasing power, his budget lowers prescription drug prices, increases transparency and ensures access to comprehensive drug coverage statewide.
- Access to dental care remains a major problem, especially for people living in Greater Minnesota. Governor Walz's proposal creates a simpler, more efficient and equitable model for purchasing dental benefits by establishing a common administrative structure across all state health coverage programs.

## COMMUNITY PROSPERITY



### **Empower Our Communities with the Tools They Need to Succeed**

Governor Walz wants to ensure every community thrives across Minnesota. His budget expands access to affordable child care and housing, invests in infrastructure and broadband internet, and gives local leaders the tools they need to succeed. While communities across Minnesota may look different, most share the same goals and face the same challenges. This budget puts forward the single greatest investment in Greater Minnesota in the history of our state, while investing in some of the most meaningful state initiatives to lift up communities of color to have ever been proposed.

- Governor Walz is investing nearly \$44 million to expand access to the child care assistance program, raise rates paid to providers, and improve stability for children in the program.
- Through the budget and bonding bill, Governor Walz is investing over \$170 million to increase access to housing that is affordable in Minnesota. This will improve housing stability, increase rates of homeownership for households of color, increase the supply of workforce housing in Greater Minnesota, and provide loans to help seniors stay in their homes.
- Governor Walz proposes increasing the amount of state aid to cities and counties across Minnesota. By reinstating funding for this critical aid, the budget will help local governments make needed investments in public safety, streets, bridges, libraries, parks, and housing. It will also help lower the pressure on local property taxes, which have recently seen significant increases.
- Access to high-speed broadband is not simply nice-to-have, it is a necessity. Governor Walz is investing \$70 million in a One Minnesota border-to border-broadband grant program to ensure all households have high speed internet access by 2022.
- Minnesota's crumbling infrastructure is putting our safety at risk. 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 one thousand dollars a year in gas, lost time, and car repairs. Unless serious critical investments are made, it will only get worse. Governor Walz is proposing a common-sense 20 cent increase in the gas tax to keep Minnesotans safe, help businesses and farmers get goods to market, and ensure nothing like the I-35 bridge collapse happens again.

# TAX CONFORMITY, RELIEF, AND REVENUE



## **Make Smart Choices for a Fair and Balanced Budget**

Governor Walz's budget makes smart choices to maintain what we have and to invest in the future, while maintaining a fair and balanced budget. His budget uses data-driven results, makes reforms to serve more Minnesotans, and empowers communities around the state to make decisions that work best for them.

- Governor Walz is proposing a tax bill that prioritizes families and farmers, in contrast to the federal tax law. While he proposes conforming to the federal law to reduce complications for businesses, he is committed to protecting Minnesotans by keeping deductions and exemptions that help families. The largest source of revenue for this budget comes from conforming to the new foreign income provisions and reducing special deductions for businesses.
- The Governor's budget keeps in place Minnesota's 25-year old, two percent provider tax. Since 1994, this tax has supported health care spending for MinnesotaCare. Letting this tax expire at the end of this year will create a nearly \$1 billion deficit by the year 2023. It's a smart tax that takes care of low-income and vulnerable Minnesotans and allows us to make critical health care investments to increase access to affordable, quality coverage.
- Governor Walz's budget provides Minnesotans with \$440 million in tax relief. His conformity bill will cut taxes by over \$220 million for Minnesota's farmers and small businesses.
- The budget invests over \$100 million to expand the working family tax credit. This would lower taxes for 46,700 Minnesotan household by an average of \$227. Included in this is an increase to the overall credit for all working family tax credit recipients to help them afford the impact of the transportation investments.
- Governor Walz is cutting Social Security taxes by increasing the subtraction in current law. Nearly 56 percent of Minnesota seniors would pay no state tax on their Social Security benefits under this proposal, and hundreds of thousands more would pay less.
- The budget provides a \$50 per acre property tax credit for farmers who provide buffer strips of land near public waters and drainage systems. This proposal recognizes our farmers' efforts to keep Minnesotan waters clean.
- Governor Walz's budget includes thorough measures to help ensure accountability and integrity in the important programs that we are investing in.