

THE WALZ-FLANAGAN BUDGET



TO MOVE MINNESOTA FORWARD

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. Governor Walz and Lieutenant Governor Flanagan 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.

REDUCE CRIME AND INCREASE COMMUNITY TRUST

“The average city in Minnesota would receive about \$240,000 in annual public safety aid.”



Fund Cities, Counties, and Tribes to Support Local Public Safety Needs

The public safety needs of a community are best met locally. This funding will support local investments and innovations in public safety by encouraging and supporting new ways of meeting the evolving expectations of public safety in communities across Minnesota. The Governor and Lieutenant Governor's budget invests \$300 million over three years to cities, counties, and tribes across the state for them to meet a variety of local public safety needs.



Attract New Law Enforcement Candidates

Law enforcement agencies in Minnesota are experiencing an unusually high vacancy rate with as much as 10% of the officer positions empty. Coupled with one of the lowest officer-to-population ratios in the country, Minnesota needs an investment in recruiting and retaining peace officers to maintain our high quality of life. In addition, it is estimated that out of almost 11,000 officers in Minnesota, fewer than 450 are officers of color. This investment will help recruit peace officers who represent the population of our state. This investment will include a recruiting and retention advertising campaign, student loan financing, and retention incentives aimed at increasing interest in the law enforcement profession.



Reduce Violent Crime by Providing Investigative Support to Local Agencies

Increased violent crime is a threat to thriving communities across Minnesota. Effective violent crime strategies must employ a coordinated approach of prevention, intervention, and enforcement. This proposal will leverage forensic science to identify perpetrators of violence and clear the innocent, use analytics to strategically identify those committing violent crimes, and leverage partnerships to investigate violent crimes. Critical resource gaps currently exist in some of our most challenges communities. This investment will create the capacity to provide much needed assistance to address violent crime.



Invest in Community-Driven Solutions to Increase Public Safety

Not all communities need or seek the same community-based interventions to reduce crime. That's why the Governor and Lieutenant Governor propose a broad, flexible grant program as a critical strategy to fund the changing needs of communities as they address increased crime. This investment provides \$15 million for Minnesota's community-based crime prevention grants that fund such programs as probation, youth services, truancy programs, elder abuse prevention, neighborhood watch, resident engagement, and other community-driven intervention and prevention strategies.



Prioritize Crime Prevention and Neighborhood Restoration

Many communities and police departments were forced to discontinue prevention and intervention efforts due to reductions in staffing and reduced budgets. Even enforcement strategies such as gun and gang intervention teams have been reduced, and there is an increase of repeat criminal activity. A \$30 million investment in Prevention, Intervention, and Enforcement (PIE) Community Policing Grants will facilitate community-police partnerships to identify significant crime problems such as domestic violence, traffic fatalities, street robberies, and auto crimes. These partnerships will then be able to design prevention intervention and enforcement strategies to meet their local needs.



Invest in the Use of Body Cameras Across the State

21st century policing tools like body cameras allow evidence to be obtained faster and encourage responsible policing. The Governor and Lieutenant Governor recommend providing funding to equip local law enforcement agencies with body-worn cameras, including initial acquisition costs and ongoing operating costs such as data storage. The Department of Public Safety estimates there are 9,000 officers statewide that are unequipped with body cameras. Additionally, the Governor and Lieutenant Governor recommend funding to implement a body-worn camera program for all uniformed correctional security personnel and community-based intensive supervised release (ISR) agents. These cameras would be used to improve facility safety by better-assessing interactions between corrections officers and incarcerated persons, as well as improve COVID-19 contact tracing efforts.



Ensure the Families of Heroes Receive the Benefits They Deserve

The Governor and Lieutenant Governor are committed to honoring and supporting the families of first responders who raise their hand to protect our state and die in the line of duty. The Walz-Flanagan budget recommends expanding the eligible circumstances for which families of first responders who die in the line of duty can receive death benefits to include cancer and post-traumatic stress disorder. The benefit amount for a line of duty death was approximately \$167,000 in 2021.

PRIORITIZE YOUTH INTERVENTION AND JUVENILE JUSTICE



Advance Youth Engagement and Employment Opportunities

Youth employment and engagement have been challenging during the pandemic as many young Minnesotans have lost their jobs. The Walz-Flanagan Budget to Move Minnesota Forward would ensure students are receiving services and opportunities outside of the school day to develop skills and engage. This multi-agency out-of-school time package invests \$47.3 million for a cross-agency youth engagement, out-of-school time and employment programs that provide grants to community organizations and schools to provide culturally and linguistically appropriate youth engagement, development, employment, and training opportunities.



Provide Resources to Programs Serving Youth

Minnesota youth and their support systems have been impacted greatly during the pandemic. Youth programs have had to shut their doors or reduce services and parents or caregivers have lost their jobs. There has been an increase in violence in homes and an overall lack of outlets for youth. This budget invests additional resources to youth serving organizations that provide programming, after school activities, tutoring, mentoring, and other services for youth. Preference will be given to programs that employ or utilize trauma-informed therapists dedicated to addressing trauma experienced by youth to stop cycles of violence.



Develop Community-Based Alternatives to Juvenile Detention

The Governor and Lieutenant Governor's budget provides ongoing funding to establish Community Outpost Houses and youth conflict resolution centers to connect community members can connect with outreach programs; learn about applicable government services; obtain community meeting spaces; host mentoring and tutoring programs; and provide youth conflict resolution, suicide awareness and counseling, health and wellness, entrepreneurship, and leadership programs. This proposal is focused on building relationships and trust within communities; providing opportunities to create relationships between community and local law enforcement; reducing crime; and providing youth with a place to resolve conflict in a positive non-violent manner.



Support Youth in Child Welfare and Juvenile Justice Systems

The Walz-Flanagan Budget to Move Minnesota Forward establishes Crossover Youth Practice Model and Dual Status Youth Programs in counties throughout Minnesota. This innovative approach brings together child welfare professionals, juvenile justice practitioners, government partners, community leaders, youth, and families to establish best practices for a coordinated and integrated system of care for youth and their families who are involved in both the child welfare and juvenile justice systems.

LEGALIZE CANNABIS



Legalize Adult-Use Cannabis

Prohibiting the use of cannabis in Minnesota hasn't worked. The Governor and Lieutenant Governor know that Minnesota needs modernized solutions to harness the benefits of legalizing cannabis, including expanding our economy, creating jobs across the state, allowing law enforcement to focus on violent crime, and regulating the industry in order to keep our kids safe.

The Governor and Lieutenant Governor recommend funding for the safe and responsible legalization of cannabis for adult-use in Minnesota. A new Cannabis Management Office would be responsible for the implementation of the regulatory framework for adult-use cannabis, along with the medical cannabis program, and a program to regulate hemp and hemp-derived products. The recommendation also includes funding for grants to assist individuals entering the legal cannabis market, additional resources for substance use disorder treatment and prevention, funding to launch statewide education campaigns on the adverse health effects associated with the use of cannabis for young people and those who are pregnant or may become pregnant, a provision for the expungement of non-violent offenses involving cannabis, and implementation of taxes on adult-use cannabis.

EXPAND ACCESS TO HIGH-QUALITY, AFFORDABLE HEALTH CARE



Increase Health Care Access and Affordability for Minnesotans

Establishing a MinnesotaCare buy-in will create an accessible health insurance option for Minnesotans who lack health insurance, as well as for Minnesotans who have insurance but struggle to cover high out-of-pocket costs. Despite a lower-than-average rate of uninsured residents, an estimated 294,000 Minnesotans remain uninsured. Minnesotans who buy into MinnesotaCare will gain access to comprehensive health insurance coverage at an affordable price.



Covering All Kids

The Governor and Lieutenant Governor's budget includes funding to provide children and youth under 21 with 12-month continuous Medical Assistance (MA) eligibility to reduce health coverage interruption that too often prevents Minnesota kids from seeing a doctor when they need to. This builds on continuous postpartum coverage so that any child over the age of one determined to be eligible for MA will retain coverage until their annual MA renewal. This would result in nearly 16,000 Minnesota children and youth per month keeping their health insurance.



Invest in Free Primary Care Policy Research

Easy and affordable access to primary care is critical for Minnesotans to stay healthier and save money on health care. Primary care identifies and addresses new health problems, provides preventative services like vaccinations, monitors chronic health issues, and plays a pivotal role in coordinating health care and social supports such as food and housing access. The Governor and Lieutenant Governor’s budget includes funding to deeply examine how free primary care could be offered to all Minnesotans.



Protect Minnesotans from Surprise Medical Bills

A new landmark federal law, the No Surprises Act, broadly protects consumers from large, unexpected medical bills (aka “balance bills” or “surprise bills”) and became effective January 1, 2022. The law relies on joint enforcement between the federal and state governments and places many new requirements on the state. To ensure Minnesotans get the maximum benefit from the new federal law, the Governor and Lieutenant Governor’s budget proposal reduces complexity between state and federal law and helps the state establish authority and resources to implement and enforce the new federal law at the state level.



Address Growing Health Care Costs

Health care spending is rising faster than inflation and wages, affecting the ability of Minnesotans to access health insurance coverage and care. Targeted initiatives aimed at reducing spending growth have failed in Minnesota and nationally for a variety of reasons. Taking a more global approach and relying on progress seen elsewhere, this proposal includes a package of initiatives to establish targets of health spending growth by which to moderate the rate of growth, create an evidence base for developing policy initiatives to constrain growth in spending, and assess readiness for rural communities to participate in value-based payment programs that would stabilize health care services in rural communities. This proposal also includes provisions to increase transparency around prescription drugs to help make sure Minnesotans get affordable access to the medicine they need.

ENSURE EVERY MINNESOTAN HAS A PLACE TO CALL HOME



Expand the Homework Starts with Home Program

On any given day, around 8,000 school-age children are identified as homeless or highly mobile in school districts across the state. This impacts more than 1,400 schools in 300 school districts that cover 77 of Minnesota’s 87 counties. The Governor and Lieutenant Governor’s budget recommends \$10 million each year starting in fiscal year 2023 to add to and expand the Homework Starts with Home program. The new funding will serve families with young children experiencing or at-risk of homelessness. The funding will provide housing assistance for an estimated 1,425 families each year.



Invest in Emergency Shelter Services

With the hardships of the COVID-19 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 proposal will reverse decades of underinvestment in these services by providing badly needed resources to emergency shelter services statewide. Critical investments will improve and expand overnight emergency shelter options for individuals and families experiencing homelessness throughout Minnesota. New shelter beds, safety improvements, and enhanced services and staffing levels will lead to better outcomes for Minnesotans who experience homelessness.



Support Minnesota Families Experiencing Homelessness

Children living with their parents make up about a third of Minnesota's homeless population, and rental subsidies and supportive services make it possible for families get and keep permanent, stable housing. The Walz-Flanagan budget proposal provides additional grant funding to support Minnesota families experiencing and transitioning out of homelessness. The grants will address the adverse effects of homelessness on families while working toward ending the cycle of homelessness and reducing racial disparities in housing access.



Prevent Housing Insecurity and Homelessness Among Minnesota Youth

The Walz-Flanagan Budget to Move Minnesota Forward enhances support for Minnesota youth and young adults experiencing homelessness with prevention services, housing units, and targeted services for young parents. Housing insecurity among youth has worsened during the pandemic, with the most severe impacts on Black and Hispanic youth. The Walz-Flanagan proposal builds on Minnesota's work to prevent youth homelessness and support youth and young parents experiencing homelessness and expands support for LGBTQ+ youth experiencing homelessness, who are disproportionately homeless compared to other young people.



Stabilize Affordable Housing

The Governor and Lieutenant Governor recommend \$100 million in fiscal year 2023 to preserve and improve existing housing commonly referred to as Naturally Occurring Affordable Housing. Investing in existing housing is an important and cost-effective way to maintain housing that is currently affordable to low-income households. In recent years, the affordability of housing throughout the state has been eroded as older apartments and single-family homes are purchased and upscaled, leading to increased rents or home values. Community Stabilization is a new program, and the resources will be used to acquire, rehabilitate, and preserve existing rental and homeownership housing so that it remains affordable for current and future households. With \$100 million, the state will preserve an estimated 2,850 homes.



Help First-Time Homeowners Afford Down Payments

The Governor and Lieutenant Governor recommend \$12 million in fiscal year 2023 and \$20 million in fiscal year 2024-25 for additional down payment and closing cost assistance. Minnesota has one of the nation's highest rates of homeownership (more than 70%), and it also has one of the largest disparities in homeownership rates

between white households and Black, Indigenous, and households of color. There are an estimated 179,000 renter households between the ages of 25 and 44 who are potentially income-ready to buy a home. With home prices increasing significantly in recent years and interest rates on the rise, the need for additional down payment and closing cost assistance is critical to address the wealth needed to become a first-time homebuyer. This recommendation will help an estimated 2,667 households become first-time homebuyers over three years.



Prevent Homelessness Across the State

The Walz-Flanagan Budget to Move Minnesota Forward includes an increase of \$19.5 million in fiscal year 2023 and an increase of \$19 million in fiscal year 2024-25 to the Family Homelessness Prevention and Assistance Program. Significant one-time federal resources, including the COVID-19 Emergency Rental Assistance program, will run out of funding in 2022, leaving many renters one life incident away from losing their housing without adequate homelessness prevention resources. The priority for this funding will be on direct assistance, but the funds may also be used to better coordinate access to prevention services and funding. The housing assistance is typically paid to the housing provider or property owner. The new funding will serve an estimated 19,250 households over three years.

ADDRESS CLIMATE CHANGE TO CREATE A HEALTHY FUTURE



Finance Clean Energy Projects Across the State

The Governor and Lieutenant Governor's proposal provides seed money to establish a Green Bank that can fill gaps where there are needs for low-cost financing for clean energy and energy efficiency projects across the State. Innovative projects financed by the Green Bank would create jobs and make Minnesota's energy infrastructure more resilient, efficient, and cleaner. By providing loans where conventional financing is not available, the Green Bank can leverage private investment in Minnesota. For example, Connecticut's Green Bank leverages \$7.40 for every \$1 it provides.



Develop the Next Generation of Clean Energy Technology

This proposal creates a new \$35 million investment fund that will finance research and development of the next generation of clean energy technology aimed at increasing grid reliability, electrical transmission, and renewable energy deployment. This proposal will boost Minnesota's investment in deep decarbonization, while advancing emission reduction goals and creating jobs and economic development. This proposal will help Minnesota companies sell clean energy products to the world, bring decarbonization technologies to Minnesota, and make the state's energy infrastructure cleaner and more resilient.



Modernize Aging Water Infrastructure

The Walz-Flanagan Budget to Move Minnesota Forward includes feasibility studies and funding for projects to save local governments money by lowering the energy costs of aging wastewater and drinking water plants across the State. These facilities are essential for public health and economic growth but are often energy and heat inefficient. By providing upfront capital for studies and projects, Minnesotans across the state will benefit from the planning that will make these essential facilities more cost-effective, to help communities build more resilience and save money.



Expand Solar for Schools Program

Minnesota's Solar for Schools Grant Program funds the installation of solar energy systems on Minnesota public schools, as well as state colleges and universities, while using the opportunity to integrate renewable energy use into school curriculum. The Governor and Lieutenant Governor's proposal will offer solar energy for up to 45 more schools in Greater Minnesota, reduce energy costs for schools, save money for local taxpayers, add local jobs to build solar, and offer lessons and career paths for students in solar technology. This proposal responds to increased demand for the Solar For Schools program in Greater Minnesota, advances Minnesota's clean energy economy for more resilient communities, and creates unique learning opportunities for Minnesota students.



Prepare Our Communities for Extreme Weather Events

More than 155,000 homes and apartment buildings, 29,473 miles of roads, and 13,680 commercial buildings in Minnesota are at risk of severe flooding. Significant gaps in funding exist for local governments and tribes to protect community spaces and public infrastructure from these mega rain events and climate impacts. Upgrading community infrastructure with climate-smart design while making improvements to our natural landscape and water storage practices that reduce flood risk will protect these vital shared spaces from destruction.

Governor Walz and Lieutenant Governor Flanagan propose \$55 million for grants to cities and Tribal governments to plan, design, and implement community preparedness projects, including streambank and shoreline restoration and enhanced natural landscapes to cool public buildings. An additional \$15 million is proposed to help local governments better control water volume and rates during mega-rain events and protect public infrastructure. The funding is targeted in the Minnesota River and Lower Mississippi River basins.



Addressing the Impact of Drought on Our Forests

The 2021 drought severely impacted recent reforestation efforts on state, tribal, county, and private forest lands. Field monitoring conducted this summer revealed seedling mortality of 100% on some Department of Natural Resources (DNR) sites.

The Walz-Flanagan proposal would provide \$2.75 million to replace seedlings that didn't survive the drought on DNR-managed lands and \$2.75 million for a pass-through grant program to assist tribal, county, and private forest owners who are also faced with drought-related reforestation needs. This proposal provides necessary funding to ensure Minnesota's young forests continue to grow by replanting 6.8 million drought-damaged seedlings.



Addressing the Impact of Drought on Our Trees

Trees are powerful climate mitigators, but they become stressed during times of drought, leaving them more susceptible to damage from pests and disease. This, on top of the ongoing challenge of emerald ash borer, makes it essential that local and Tribal governments have access to technical and financial support to replace shade trees and maintain vital community tree cover.

In recent years, the DNR has seen great demand for shade tree grants to communities, with requests far outpacing available funding. The 2021 drought significantly added to that need. The Walz-Flanagan administration proposes \$4.5 million be made available for shade tree grants to communities to replace drought-stressed trees and acquire tree watering bags and equipment to support tree survival in the future.



Addressing the Impact of Drought on Water Conservation

Times of drought, like we experienced in 2021, remind us all of the importance of water. To prepare for the next drought and to be more resilient, communities can take high-impact measures now to conserve significant amounts of water, sometimes in the range of millions of gallons a year.

The Walz-Flanagan administration proposes \$3 million in funding for municipal, tribal, and other community water suppliers to implement proactive water conservation measures in their own infrastructure, and to incentivize their residential and business customers to install water-efficient equipment. Eligible water conservation projects could include finding and repairing leaks, incentivizing residential and business customers to install water-saving devices, increasing irrigation efficiency for both municipal and residential systems, and education campaigns that promote individual conservation actions.



Addressing the Impact of Drought on Individual and Small Community Wells

During times of drought, a domestic or municipal well may run out of water due to nearby high-capacity groundwater users. This is termed a “well interference.” During the 2021 drought, 22 domestic well interferences were officially reported to the DNR, but many more “out of water” calls were received. It takes time for the DNR to investigate and confirm the cause of a well interference, which can create delays in resolving the situation. Meanwhile, owners and municipalities incur costs to repair wells, lower pumps, or drill new wells. The Walz-Flanagan administration proposes \$300,000 in funding to reimburse or directly pay corrective action costs incurred by domestic well owners and municipalities to resolve well interference problems in a rapid, efficient, and equitable manner.



Support Clean Energy Jobs

The Walz-Flanagan Budget to Move Minnesota Forward creates a statewide Clean Tech Workforce Training Program to train, retrain, and upskill workers in the transportation, weatherization, and energy efficiency industries. It also supports the workforce needed to perform the specialized retrofits that make homes and buildings across Minnesota more energy efficient by providing training funding for statewide technical colleges and Tribal-led training centers. The projects those workers will complete will help Minnesotans save money on energy costs and create safer, healthier homes and businesses.



Accelerate Redevelopment of Legacy Contamination Sites to Create Jobs, Housing

Contaminated brownfield sites, once home to gas stations, dry cleaners, and manufacturing facilities, dot the Minnesota landscape. The costs associated with assessing a brownfield site and creating a cleanup plan prevent many community-based redevelopment projects from moving forward and realizing their full potential. Governor Walz and Lieutenant Governor Flanagan propose \$1 million to create a

state-funded brownfield assessment grant program to support community-based redevelopments throughout Minnesota. Successful brownfield development projects have created or retained thousands of new jobs and created new housing units in Minnesota.

TAKE CARE OF OUR VETERANS



Recognize Minnesota's Post-9/11 Veterans

The Governor and Lieutenant Governor recommend \$40 million in funding for the Minnesota Department of Veterans Affairs (MDVA) to provide service bonuses to recognize the sacrifices of post-9/11 veterans and Gold Star families, who currently don't receive these bonuses. Historically, the Minnesota Legislature has recognized veterans' service in major wars, including WWI, WWII, the Korean War, Vietnam War,

and the Persian Gulf War. In each of the five major wars noted above, recognition has primarily been in the form of a monetary bonus to qualifying individuals.



Engage Landlords in Ending Veteran Homelessness

The Governor and Lieutenant Governor recommend \$3 million in funding over three years for the MDVA Homes for Veterans program, creating additional incentives provided to landlords who are renting units to veterans experiencing homelessness. This program will create additional staffing for tenancy support services and landlord engagement and will create a Flex Fund to remove housing barriers.



Create Low-Barrier, Permanent Supportive Housing for Veterans

The Walz-Flanagan budget utilizes \$14.2 million over three years to establish permanent supportive housing options for Minnesota veterans. These housing options will have no barriers to entry and will support the goal of ending chronic and long-term homelessness among veterans. This proposal is intended to construct 50 Accessory Dwelling Units throughout Minnesota and convert or construct a Safe

Haven for 50 veterans in the 7-county metro area. These housing options will have permanent supportive services available.



Expand Veteran Engagement and Outreach Activities

The Governor and Lieutenant Governor's budget includes funding for the hotel and outreach program for Minnesota veterans. This proposal is intended to reduce chronic and long-term homelessness and disparities within the response system. Hotel rooms that have been provided to Veterans experiencing homelessness throughout the pandemic have proven successful in increasing engagement and

housing outcomes and reducing average days to housing. Additional outreach in encampments and shelters and peer supports are needed to engage with individuals. This proposal will provide continued support for the hotel program and increase outreach capacity throughout Minnesota. This proposal will also provide additional staffing for outreach efforts.