

One Minnesota Budget

MAKING MINNESOTA THE BEST STATE IN THE COUNTRY FOR KIDS

Governor Walz and Lieutenant Governor Flanagan are working to make Minnesota the best state in the country for kids to grow up. That's why they're proposing an historic budget to lower the cost of child care for middle-class families, increase access to mental health resources, provide the largest investment in public education in state history, ensure universal school meals, and reduce child poverty by roughly 25%. From early education through high school, Governor Walz and Lieutenant Governor Flanagan are working to ensure students of every race, income, religion, and zip code receive a world-class education and have an equal opportunity to succeed.



WORKING FAMILIES & ECONOMIC RELIEF

*Governor Walz and Lieutenant Governor Flanagan's child tax credit proposal will **reduce child poverty by roughly 25%** by investing directly in the families who need help the most.*

Reducing Poverty with the Child Tax Credit

Federal and state refundable tax credits have been shown to reduce child poverty and improve outcomes for families at every stage of life – from increasing birth outcomes to better educational attainment and long-term economic stability. Governor Walz and Lieutenant Governor Flanagan recommend a nation-leading Child Tax Credit. The refundable, state-based credit for children younger than 18 years old and older kids with qualifying special needs helps parents afford essentials such as paying bills, school expenses, and child care costs. This credit would provide \$1,000 per child to lower income families making less than \$50,000 with a maximum total credit of \$3,000. The credit would phase out starting with families making \$50,000.

Expanding K-12 Education Credit Eligibility

The Governor and Lieutenant Governor recommend modifying the K-12 Education Credit to account for inflation and increase the amount of income at which credit phaseout begins from \$33,500 to \$59,210. This proposal would more than double the number of families eligible for the credit. Families can use the credit to reimburse non-tuition educational expenses like tutoring, after school programs, school supplies, and transportation.

Stabilizing Financial Support for Minnesotans with Low Incomes

More predictable income helps families weather crises, make ends meet, and eventually stabilize toward financial independence. For Minnesotans accessing the Minnesota Family Investment Program (MFIP) and

General Assistance, Governor Walz and Lieutenant Governor Flanagan propose changing the budgeting and application period from monthly to every six months. These changes would reduce paperwork and help program participants plan ahead, knowing their income and supportive resources are stable for six months. This helps families gain economic momentum. These changes also align the program guidelines with the Supplemental Nutrition Assistance and Housing support program.

Helping Minnesota Families Build Assets

The One Minnesota Budget expands a savings account matching program called Family Assets for Independence (FAIM) that promotes financial well-being and economic security for Minnesotans with lower incomes. The FAIM proposal allows the program to serve more families, increases the lifetime financial match limit from \$6,000 to \$12,000, focuses on children by enabling participants to contribute to 529 college savings plans and emergency savings accounts, and allows tribal nations and nonprofits to administer the program reaching more diverse participants.

Increasing Food Security for Families

Governor Walz and Lieutenant Governor Flanagan's budget provides a critical investment in the Minnesota Food Shelf Program at a time when more neighbors are accessing food nutrition programs. The budget also helps Minnesotans with lower incomes meet their basic needs by providing more outreach for the Supplemental Nutrition Assistance Program and more investment in emergency food and distribution facilities across Minnesota. It also includes new funding to support food security among tribal nations and American Indian communities.

Supporting Student Parents

In addition to tuition support needs, parents with child care, housing, and other costs associated with having children often struggle to finish higher education. Governor Walz and Lieutenant Governor Flanagan propose a grant program that allows colleges and universities to provide parents or expectant parents with the support they need to complete their education. Grants can be used for financial aid, parenting and child development education, emergency funds, food and transportation support, and well-child visits.



CHILD CARE & EARLY LEARNING

Making Child Care More Affordable with the Dependent Care Credit

The Governor and Lieutenant Governor recommend increasing the Child and Dependent Care Credit to reduce dependent care expenses like child care and after-school care. The proposal provides economic relief to middle-class Minnesotans and reduces costs for more than 100,000 additional households. The average savings from the credit would expand significantly from \$500 to \$1,500. This means a family of four with two children under five making less than \$200,000 could get up to \$8,000 back for qualifying child care expenses.

Governor Walz and Lieutenant Governor Flanagan's child care plan will allow families making under \$200,000 a year with one child to receive up to \$4,000 a year for child care costs. Families with two children could receive up to \$8,000 a year for child care, and families with three children could receive up to \$10,500.

Increasing Access to Affordable, Quality Child Care

Governor Walz and Lieutenant Governor Flanagan's budget will make child care more affordable and accessible. Child care assistance rates that are too low make providers less likely to serve eligible families, reducing equitable access in an already tight market. Increasing Child Care Assistance Program (CCAP) rates to the federal recommendation and ensuring stable ongoing increases will benefit approximately 15,000 families and 30,000 children who depend on child care assistance each month. The Governor and Lieutenant Governor's budget also includes permanently reprioritizing the CCAP waitlist to serve new families more efficiently, allowing for eligible families caring for children in foster care to access the program and increasing funding to serve more families currently on the waitlist.

Early Learning Scholarships increase access to high-quality early childhood programs for young children with the highest needs to support the development of young children and provide connections for families. In an effort to promote a cohesive early childhood system that can support families all the way through kindergarten entry, Governor Walz and Lieutenant Governor Flanagan propose shifting the focus of the scholarships to prioritize 0–3-year-olds in the highest need populations. The One Minnesota Budget also invests \$90 million per year in the Early Learning Scholarships model, which will allow an estimated 9,000 new scholarships per year.

Expanding PreK with Mixed Delivery Early Learning

Governor Walz and Lieutenant Governor Flanagan recommend establishing full-day public prekindergarten for nearly 25,000 eligible children using a mixed delivery model including school-based learning, Head Start, community-based centers, and family child care programs.

Supporting Minnesota's Child Care Workforce

Equitable, affordable, and sustainable child care is critical for strong child development and the economic stability of families and communities. Child care vacancies are among the highest of our caring professions and they typically are paid the least based on the high cost of operation. The One Minnesota Budget addresses Minnesota's child care shortage while strengthening and expanding the child care industry. Investments include payments for child care programs to retain staff through increased compensation, support earnings for family child care, and support providers starting child care businesses.

Responding to Community and Business Needs for Child Care

Governor Walz and Lieutenant Governor Flanagan recommend creating an Office of Child Care and Community Partnerships at the Department of Employment and Economic Development to establish a central office for DEED's work partnering with the public and private sectors to address child care as an economic and workforce development issue across the state.

Increasing Child Care Capacity in Greater Minnesota

Lack of affordable, quality child care is a major barrier to the participation of women, single parents, low-income parents, and rural parents in the workforce. The Governor and Lieutenant Governor recommend funding to support child care economic development in Greater Minnesota, which will assist child care providers, create much-needed new child care slots, and increase the capacity and quality of child care across the state.

Improving the Licensing Process for Family Child Care Providers

Governor Walz and Lieutenant Governor Flanagan recommend streamlining the licensing application and renewal process for family child care providers, making it easier and more flexible for child care providers and

licensors. Annual inspections may be conducted anytime during the calendar year, benefiting families when licensors address health and safety concerns in different seasons.



WORLD CLASS SCHOOLS

*A world-class education is the greatest pathway to expanded economic opportunity. The One Minnesota Budget will **make Minnesota schools the very best in the nation and help them stay that way for generations to come.***

Indexing Education Funding to Inflation

The general education funding formula is the biggest source of state aid to schools in Minnesota and impacts every student in the state. It is also the most flexible aid schools receive, allowing them to make local decisions to meet the unique needs of their students. Governor Walz and Lieutenant Governor Flanagan recommend tying the general funding formula to inflation in all future years starting in 2026 to ensure funding for schools keeps up with external costs. This transformational change, along with a 4% increase next year and 2% the year after, will help Minnesota schools provide world-class education for years to come.

Providing Universal Free Meals to Students

Feeding all children at school supports their learning and reduces financial pressure on families. The Governor and Lieutenant Governor's budget provides no-cost breakfast and lunch for all students at schools participating in the federal School Breakfast Program and the National School Lunch Program. This proposal also requires schools receiving universal free meals to maximize their eligibility for federal school meals funding to reduce the cost to Minnesota taxpayers.

Reducing the Special Education Cross Subsidy by 50%

As costs for serving students receiving special education services rise, school districts need to take money from their general fund to cover special education services, creating what is known as the special education cross subsidy. The Governor and Lieutenant Governor recommend investing \$730 million in the first biennium and \$840 million in the second biennium in special education services, which will reduce the special education cross subsidy for Minnesota school districts by half, so districts will not have to divert more money from the general fund to cover special education costs.

Reducing the English Learner Cross Subsidy

Many school districts and charter schools with high concentrations of English Language learners have students speaking more than 20 different languages, which adds to the challenge of effectively meeting achievement and opportunity goals and student needs. The One Minnesota Budget increases funding for English Language learners by nearly 25% to support English language learners and free up resources for improved educational programs for all students.

Expanding Full-Service Community Schools

The full-service community school model can improve student outcomes and provide enriched learning opportunities as well as wrap-around supports like food, clothes, health care, and other resources for students.

The full-service community school model improves school climate, student attendance, behavior, and learning outcomes. The Governor and Lieutenant Governor recommend expanding Minnesota's full-service community schools grant program in an effort to make sure there is no wrong door for Minnesota students. The proposal builds on the expanded funding for school-based health centers, community resource centers, and cross-sector coordination for children and families.

Addressing Literacy Achievement

The Minnesota BOLD Literacy Plan is a birth-grade 12 action plan for literacy achievement. The BOLD plan strengthens instructional literacy practices based on the science of reading, data collection that informs decisions and collaboration among schools, families, and communities; and establishes a regional network of trained literacy specialists and coaches. This multilayered approach engages school leaders, educators, and professors with a sense of urgency and heightened shared responsibility to address literacy achievement in Minnesota.

Providing Multi-Tiered Systems of Support for Learning

The Governor and Lieutenant Governor's budget provides ongoing funding for the Minnesota Multi-tiered System of Support Framework (MnMTSS) which is the core framework to guide and support continuous improvement in districts and schools. Collaborative Minnesota Partnerships to Advance Student Success (COMPASS) is the delivery system for MnMTSS and provides support for schools in the areas of literacy, math, and social-emotional learning and mental health through a multi-tiered system of support. Funding will also provide grants to schools and partner organizations.

Expanding Rigorous Coursework

Rigorous courses provide students with the opportunity to earn college credits and workforce certification through courses in Postsecondary Enrollment Options (PSEO), Advanced Placement (AP), and International Baccalaureate (IB) programs. Governor Walz and Lieutenant Governor Flanagan recommend funding to expand student participation in rigorous coursework, including students from communities of color, American Indians, those in poverty, and students with a disability. The One Minnesota Budget would also support school districts and charter schools partnering with postsecondary institutions by allowing them to receive full funding for students taking PSEO classes.

Increasing Access to Career and Technical Education

The Governor and Lieutenant Governor propose funding to grow and expand student access to quality Career and Technical Education (CTE) pathways across the state. CTE pathways will improve access to resources and services within communities by creating career pipelines and access to workforce development.



STUDENT MENTAL HEALTH & SUPPORTIVE SCHOOLS

*Helping students and young people recover and thrive requires **taking a whole child approach**, tending to their social, emotional, mental, and physical health. That's why we're investing in efforts to **support mental health and healthy families**.*

Adding School Support Personnel

Governor Walz and Lieutenant Governor Flanagan recommend funding for schools to address shortages of school support personnel services that benefit children and young people's social, emotional, and physical health. The One Minnesota budget would fund hiring school counselors, school nurses, school psychologists, school social workers, and chemical health counselors and a workforce initiative to address staffing shortages in these areas.

Connecting Minnesotans to Mental Health Resources

Minnesota students and communities need access to mental health supports. The Governor and Lieutenant Governor's proposal seeks to improve access and connection to local mental health resources through free and confidential phone, text, and chat support for anyone experiencing a mental health crisis, substance use crisis, or other emotional distress. Communication with 988 from a Minnesota area code are answered by a Minnesota 988 Lifeline center, and the 988 Lifeline will be supported through a monthly 12 cent telecommunication fee on all wired, wireless, prepaid wireless, and Voice Over Internet Protocol (VOIP) lines in Minnesota.

Promoting Mental Health Supports to Young People

To be most effective, mental health care must be provided in a manner that is accessible and relevant to the person requiring care. The Governor and Lieutenant Governor's budget provides competitive grants to community-based organizations to equip trusted adults, community health workers, and other community members with the knowledge, skills, and competencies necessary to provide model mental health promotion programs and supports to young people. The proposal helps ensure that services are culturally informed and based in community settings, maximizing their positive impact.

Increasing Capacity at School Health Centers

Schools have an important role to play in the development and health of young Minnesotans. The Governor and Lieutenant Governor's budget boosts capacity and effectiveness in schools by providing grants to support sustainability, quality, equity, and expansion of school-based health centers in Minnesota meeting the health needs of K-12 students. This evidence-based model supports health equity and academic success for students who experience disparities due to race, ethnicity, or family income by providing access to quality student-centered health care for all students.

Helping Schools and Families Treat Mental Health

Prioritizing the increased need for community behavioral health services for both students and school staff, the Governor and Lieutenant Governor propose increased investment in School-Linked Behavioral Health Grants and Intermediate School-Linked Behavioral Health Grants. Minnesota's School-Linked Behavioral Health program helps schools and families identify and treat mental illness and substance use by providing

assessments, counseling sessions, and tools for teachers and staff to help support students – all while keeping students close to home and in school.

Investing in Early Childhood Mental Health Programs

Minnesota families, schools, and early care and education providers have consistently highlighted the need for mental health support and trauma-informed care for children and families, beginning at birth. The Governor and Lieutenant Governor propose investing additional resources to increase access to infant and early childhood mental health consultation for school-based early childhood programs. This would support an early childhood mental health system of care to meet the needs of Minnesota children by integrating services with local schools and early childhood programs that serve young children and their families.



SUPPORTING MINNESOTA YOUTH

*Every community deserves to be safe, and **every young person deserves a bright future.** By supporting community organizations working with youth, we are working to **stabilize families, give young people a second chance, and prevent further offenses down the road.***

Engaging Youth Out of School

After school programming is a priority for youth, families, and school communities. The One Minnesota Budget includes funding for the After School Community Learning grant program that expired in 2009. These grants connect schools and communities so that they can offer culturally affirming and enriching programming that meets the needs of students and their families and supports organizational capacity building and professional development activities.

Supporting Minnesota Youth with Interventions to Avoid Violence

Governor Walz and Lieutenant Governor Flanagan propose new grant funding administered by the Office of Justice Programs Youth Justice Office that will help reduce youth-related violent crime through a multi-faceted approach. These community-based grants will support youth and families in a number of ways, including where residential juvenile facilities have recently closed, improve responses and outcomes for youth experiencing mental illness who encounter the justice system, and invest in intervention and delinquency-prevention programming to reduce youth gang-related violence. This intentional and collaborative approach will meet the needs of youth and improve youth and family well-being while promoting long term public safety.

Reducing Discipline Disparities

Governor Walz and Lieutenant Governor Flanagan's budget supports Minnesota's youngest learners with funding strategies to keep them in the classroom and addresses in-school and out-of-school suspensions, which are primary drivers of discipline disparities. The budget funds grants to schools to provide coordination and training on alternatives to suspensions and shift away from punitive and exclusionary school practices toward those that are restorative and support student learning.

Encouraging School Attendance

Chronic absenteeism has been shown have negative impacts on educational and life outcomes for students. Governor Walz and Lieutenant Governor Flanagan recommend funding to create a new position at the Department of Education that will provide guidance and technical support to school districts on the development and implementation of local attendance policies and practices. This new position will build meaningful engagement mechanisms and two-way communication between schools, families, local government agencies, and community partners while centering the needs of children and families.



SUPPORTIVE COMMUNITIES, HEALTHY FAMILIES

*Every child should have access to **supportive services and educational opportunities** so they can be safe, happy, and healthy – no matter where they live.*

Supporting Healthy Beginnings and Healthy Families

Early experiences greatly impact children's health and ability to thrive, and programs that support healthy beginnings for Minnesotans can have huge benefits in the long term. The Governor and Lieutenant Governor's proposal builds equitable, inclusive, and culturally responsive systems that ensure the health and well-being of young children and their families. The proposal leverages partnerships to reduce infant mortality, increase access to screening and services, improve perinatal outcomes and address maternal substance use disorder, and expand evidence-based family services for children of incarcerated parents in county jails.

Expanding Family Home Visiting

Family home visiting is a voluntary, preventive intervention that employs a two-generation approach and has demonstrated powerful impacts on family and child outcomes, including positive pregnancy outcomes, school readiness, child abuse prevention, and family self-sufficiency. The Governor and Lieutenant Governor's budget seeks to expand the existing work, with more than 90% of the investment distributed to community health boards, tribal nations, and nonprofits via grants for the delivery of home visiting services by qualified home visiting professionals. This expansion will serve families with children under age five and create greater flexibility in eligibility to serve targeted populations.

Supporting Minnesota's Regional Libraries

Public libraries play a key role in Minnesota communities partnering to support early childhood literacy, K-12 education, lifelong learning and literacy, workforce assistance, and access to other vital resources. The Governor and Lieutenant Governor recommend supporting Minnesota's regional library system to reduce extreme funding swings and reliance on the local city and county portions of the budget.

Establishing Community Resource Centers

The Governor and Lieutenant Governor will establish a network of Community Resource Centers with physical and virtual access points for families, supporting relationship-based culturally appropriate programs, service navigation, and case management. Improving access at the community level will make it easier for families to get what they need to achieve economic stability and well-being, which are linked to lower rates of child welfare

involvement and neglect reporting. Other outcomes may include school readiness and school success, child development and growth, reduced community violence, and community economic stability.

Reducing Racial Disparities in Children’s Health and Development

The Governor and Lieutenant Governor’s budget funds the Community Solutions for Healthy Child Development Grants, currently set to expire June 30, 2023. The proposal provides grants to tribal and community partnerships to promote health and well-being for pregnant and parenting families with young children. These grants are essential to improve child development outcomes, reduce racial disparities in children’s health and development, and promote racial and geographic equity.

Supporting Youth After Foster Care

Support, connections, and financial resources for youth in foster care can help youth transition into independence, reduce their risk of homelessness, teen pregnancy, and incarceration, and improve educational outcomes. The Governor and Lieutenant Governor propose providing a year of financial support for young adults after leaving extended foster care. The proposal will also enable the Department of Human Services to hire and work more directly with youth that have lived experience in foster care and give county and tribal agencies an opportunity to apply for funding to decrease caseloads giving them more time to work with adolescents.

Connecting Incarcerated Individuals and their Families

Preserving positive connections and relationships with family members during incarceration is proven to promote rehabilitation and reduce reoffending. Parental incarceration impacts children – having a parent who is or has been jailed, imprisoned, on parole, or probation is linked to worse outcomes for children, including involvement with the child welfare system or homelessness. The One Minnesota Budget will create a family support unit to focus on supporting meaningful connections through partnerships with community organizations and evidence-based programming and education, such as teaching parenting skills. This proposal also reduces barriers of the cost of calls that strain the budgets of these already often vulnerable families.



NATIVE YOUTH, FAMILIES, & COMMUNITIES

One Minnesota means recognizing Minnesota’s full history and the people who are part of our present and future. These proposals work to address the specific needs of American Indian families so all Minnesotans can thrive.

Preserving American Indian Families

The Governor and Lieutenant Governor’s budget will increase Indian Child Welfare grants to tribes and urban Indian agencies, while expanding the Minnesota Department of Human Services’ American Indian Well-Being Unit. Tribal child welfare agencies require capacity to work with counties to follow state and federal laws governing American Indian children in the child welfare system and apply culturally specific best practices. The One Minnesota Budget will better ensure that American Indian children, families, and tribes receive protections they are entitled to under the law, while improving the state’s prevention, preservation, and early intervention work, and effective management of Indian Child Welfare grants.

Supporting American Indian Children

Governor Walz and Lieutenant Governor Flanagan's budget includes investments to expand and bolster the American Indian Child Welfare Initiative, enabling the Mille Lacs Band of Ojibwe to join and ensuring that tribal nations already participating in the initiative have adequate child welfare funding. The recommendations also provide funding for tribal nations not part of the initiative to hire staff to work with counties on state and federal child welfare laws and best practices for working with Indian children and families.

Increasing American Indian Education Aid

Governor Walz and Lieutenant Governor Flanagan's budget will increase the academic achievement, decrease the dropout rate, and improve the school climate for American Indian students in culturally appropriate ways. They recommend increasing the base funding for American Indian Education Aid in school districts, charter schools, and tribal schools with 20 or more American Indian students, as well as the per pupil allocation.

Revitalizing Native Language

Children who learn their Indigenous language are able to maintain critical ties to their culture and preserve important connections with older generations. The Governor and Lieutenant Governor's budget includes funding for grants to school districts to offer instruction in Dakota and Anishinaabe languages or other languages indigenous to the United States or Canada.



PUTTING CHILDREN AT THE CENTER

*Establishing the Department of Children, Youth, and Families
is a transformational change in how state government can work
– with children at the center.*

Centering Children, Youth, and Families in State Government

Building on these bold investments, Governor Walz and Lieutenant Governor Flanagan propose a new Department of Children, Youth, and Families (DCYF) that reimagines state government structures to elevate child, youth, and family priorities and funding needs by providing focused leadership in our executive branch and with the legislature. This work will move us closer to ensuring every child has a safe place to call home, no child goes hungry, and youth have the resources and supports to succeed inside and outside of the classroom. This new agency will bring together holistic supports for families, including core programs from early childhood through youth. The One Minnesota Budget proposes a process for transitioning to the new agency and obtaining authority and resources to support the creation, alignment, and launch of a two-year process of moving core child, youth, and family support divisions beginning July 2024.