

## BACKGROUND MEMO

TO: Members of the Press  
FROM: Linden Zakula, Deputy Chief of Staff  
SUBJECT: Comparing Equity Proposals  
DATE: April 26, 2016

### Members of the Press,

Governor Dayton and Lt. Governor Smith have proposed [a \\$103 million plan](#)<sup>1</sup> that would begin to address Minnesota's economic and racial disparities – helping build an economy that works for all Minnesotans, everywhere in Minnesota by **expanding economic opportunity, making higher education more attainable, and improving housing security for thousands of Minnesotans of color across our state.**

This comprehensive approach is a dramatic contrast to the inadequate **\$25 million proposal** for economic and racial disparities that Speaker Daudt and House Republicans have proposed. This approach does little to close economic and racial disparities in Minnesota, while failing to build an economy that works for all Minnesotans.

## QUICK COMPARISON: EQUITY BUDGET TARGETS

A quick overview (followed by a detailed spreadsheet) of where the equity proposals stand today:

	Governor Dayton & Lt. Governor Smith	Majority Leader Bakk & Senate DFL	Speaker Daudt & House Republicans
Equity Target	\$103 million	\$114 million	\$25 million

**[SPREADSHEET]:** [You can see a full, line-by-line breakdown of equity proposals from the Governor, the House, and the Senate by clicking here.](#)

## HOUSE REPUBLICANS MUST DO MORE TO HELP ALL MINNESOTANS SUCCEED

In response to Speaker Daudt and Republicans' inadequate proposal to expand economic opportunity, Representative Rena Moran and 30 House DFLers, including Minority Leader Paul Thissen, [are now pushing Speaker Daudt increase his target to at least \\$50 million](#).<sup>2</sup> Their leadership and the equity proposals put forward by the Governor and Senate have exposed the inadequacy of the House Republicans' approach.

## NUMBERS SPEAK FOR THEMSELVES

Below is a side-by-side of the Governor and Lt. Governor's proposed investments to expand economic opportunities for Minnesotans of color, help support high school and college completion, and work to close Minnesota's homeownership gap and how Speaker Daudt's approach stacks up.

	Governor Dayton & Lt. Governor Smith	Speaker Daudt & House Republicans
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<sup>1</sup> Governor's Office Fact Sheet: [Building an Economy that Works for All Minnesotans](#)

<sup>2</sup> MPR, [House DFLers call for action on disparity 'crisis,'](#) April 19, 2016

<b>Higher Education</b>	<p><b>\$20 million</b> to help at-risk college students, disproportionately students of color, stay in school and complete their degrees.</p>	<b>\$0</b>
<b>Economic Opportunity</b>	<p><b>\$2.6 million</b> to increase the share of state government jobs held by Minnesotans of color.</p> <p><b>\$8 million</b> to put young people to work through DEED's Youth at Work Program, which provides job training, employment opportunities, and help applying to college.</p> <p><b>\$4.1 million</b> to help Minnesotans with barriers to unemployment get the education, training, and credentials they need to access opportunity, through the Pathways to Prosperity program.</p> <p><b>\$5 million</b> to create a new loan fund to support small businesses owned by people of color, women, veterans, and people with disabilities.</p> <p><b>\$1 million</b> to fund technical and business support services for new small businesses.</p> <p><b>\$2 million</b> to build the organizational capacity of community organizations who work to expand employment and economic opportunity in communities of color.</p>	<p><b>\$0</b> to increase the share of state jobs held by Minnesotans of color.</p> <p>Just <b>\$400,000</b> for DEED's Youth at Work program.</p> <p><b>\$0</b> for the Pathways to Prosperity program.</p> <p><b>\$0</b> to support small businesses owned by people of color, women, veterans, and people with disabilities.</p> <p><b>\$0</b> to fund support services for these businesses.</p> <p><b>\$0</b> to support community organizations who work to expand opportunity in communities of color.</p>
<b>Homeownership</b>	<p><b>\$5 million</b> to help first-time homeowners get a foot in the door with closing cost and down payment assistance.</p> <p><b>\$1 million</b> to provide homeownership counseling and support services to Minnesotans</p>	<p><b>\$0</b> to help first-time homeowners get a foot in the door.</p> <p><b>\$0</b> to support Minnesotans who have experience barriers to homeownership.</p>

	<p>who have experienced barriers to homeownership.</p> <p><b>\$250,000</b> to incentivize landlords to rent to Minnesotans who have had trouble maintaining stable housing in the past.</p>	<p><b>\$250,000</b> for the Landlord Guarantee Fund pilot Program.</p> <p><b>\$5 million cut</b> to affordable housing for low-income Minnesotans and people of color to fund market-rate housing.</p>
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## WHAT YOU NEED TO KNOW ON EQUITY

Speaker Daudt and Republican legislators are arguing that the \$6.4 million in proposals from their [“Jobs Bill,” \(which actually could could jeopardize \\$1.2 billion in private investment and 6,000 jobs\)](#), and \$19.3 million from their education bill will help close these economic and racial inequities.<sup>3</sup> Here is what you need to know.

- It is true that House Republicans support a number of the Governor’s education equity proposals, including \$120,000 for free GED testing, \$2.8 million to support disciplinary reform in Minnesota schools, and funding to address Minnesota’s teacher workforce shortage. However, these proposals alone aren’t enough to close economic and racial disparities.
- House Ways and Means Chairman Jim Knoblach continues to market his [private school-voucher system](#)<sup>4</sup>, as a solution for racial disparities. However, he has not explained how a \$1,500 tax credit that wouldn’t come close to covering the \$10,000 annual average cost of private tuition<sup>5</sup> – would close economic and racial disparities. In fact, for some schools tuition can cost up to \$24,000 a year. His proposal oversimplifies the problem and doesn’t address that the vast scope of disparities that perpetuate inequality.
- Speaker Daudt and House Republicans would pay for \$6.4 million of their equity investments in their “Jobs Bill” through **\$4 million in cuts to Minnesota’s Dislocated Worker Program**, which helps unemployed Minnesotans back to work more quickly, including the thousands of Iron Range workers and their families who went months without benefits earlier this year.

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<sup>3</sup> Background Memo, [Speaker Daudt and Rep. Garofalo Legislation = Less Private Investment, Fewer Jobs](#)

<sup>4</sup> MPR News, [Special session talks continue with no decision](#), January 21, 2016

<sup>5</sup> Private School Review, [Average Private School Tuition Cost \(2015-2016\)](#), April 26, 2016