

Poverty in Minnesota: A Progress Report



533,276

Minnesotans (including 160,626 children under 18) live in households that are below the federal poverty threshold*

*2018: \$12,140 for a single adult; \$20,780 for a family of three

12.7%

of Minnesota children live in poverty

10%

of Minnesota households are impacted by hunger

18.3%

of Minnesotans with disabilities live in poverty

In January 2009, Minnesota released a *Legislative Report from the Commission to End Poverty in Minnesota by 2020*. The Report contained numerous recommendations and set three specific benchmarks:

- ▶ Reducing poverty rates among racial minority groups to the national average by 2012,
- ▶ Reducing poverty rates among children by half by 2014, and
- ▶ Eliminating poverty by 2020.

None of these benchmarks have been met. As we approach 2020, Minnesota needs to renew its commitment to meeting these benchmarks and to implementing recommendations of the Commission.

Creation of the Commission followed a call by Minnesota faith leaders to address poverty,

laid out in the 2004 document, *A Common Foundation: Shared Principles for Work on Overcoming Poverty*. Once again, people of faith from across Minnesota—Protestants, Catholics, Jews and Muslims—are drawing attention to poverty and Minnesota’s efforts to address it. This Progress Report examines the progress Minnesota has made over the past almost-decade and considers what still needs to be done. While this Progress Report addresses many aspects of poverty included in the Commission’s Report, it is only a partial review of the Commission’s recommendations.

We believe that all elected officials care about Minnesotans living in poverty and want all Minnesotans to be successful and prosperous. To review the full 2009 Commission Report or *A Common Foundation* and to learn more about the issues facing Minnesotans in poverty, go to jrlc.org.

“You shall open wide your hand to your brother, to the needy and to the poor in your land.”

– Deuteronomy 15:11b

See Progress and Needs

Notable Progress Since 2009

HOUSING AND HOMELESSNESS

- ▶ The rate of foreclosures in 2017 (0.2%) was the lowest in a decade.
- ▶ Targeted efforts to reduce homelessness among veterans have led to significant reductions. Youth homelessness decreased 14% between 2012 and 2015.

EDUCATION AND CHILDCARE

- ▶ Graduation rates for homeless students have increased almost 10% and rates for students receiving free/reduced lunch increased 7%.
- ▶ Voluntary Pre-K programs have provided opportunities to many four year olds and our state has expanded funding for Family Home Visiting programs. Many children from low income families receive quality experiences through the Child Care Assistance Program (CCAP), Head Start or Early Learning Scholarships.
- ▶ Changes to CCAP have created increased stability for children, families and providers.

WORKFORCE AND TAX POLICY

- ▶ Minnesota's unemployment rate has fallen more than 4% since 2009 (3.3% in December 2017).
- ▶ Minnesota raised its minimum wage and increases are now indexed to inflation.
- ▶ The Emerging Entrepreneur Loan Program helps grow minority-owned businesses and creates jobs in economically distressed areas of the state.
- ▶ There have been increases in the Working Family Credit and recent tax changes allowed single adults without dependents ages 21-25 to access the Credit. The Minnesota Child and Dependent Care Credit has been expanded to help working families.

OTHER

- ▶ The percentage of Minnesotans without health insurance dropped from 9% in 2009 to 6.4% in 2017 (up from 4.3% in 2015). The percentage of uninsured children dropped to 3.9%.
- ▶ Many of Minnesota's larger cities have a full-time, regular route transit system. All Minnesota counties now have some type of public transit system providing transportation on request.
- ▶ The Getting to Work Program (a pilot) provides support to non-profits that make car repairs or automobiles available to low income households at reduced costs.

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Commission Concerns Still Need

Ensure Safe and Affordable Housing for All Minnesotans

All Minnesotans want a safe place to call home. Over a quarter of households—many with full time workers—remain rent/mortgage burdened, paying more than 30% of their income on housing. The racial disparity in home ownership, though improved, remains high (see chart). Many Minnesota seniors are unable to age in place. The lack of affordable housing remains a statewide issue.

Our state needs to protect existing affordable housing and work to increase supply. We should consider tax incentives for builders/investors. We need to closely examine regulations that can make development of housing difficult. Our state needs to promote innovative, sustainable solutions for affordable housing.

Create Pathways Out of Homelessness

The rate of homeless adults over age 55 has increased by 8% since 2012. People of color face a disproportionate risk of homelessness. According to the 2015 Minnesota Homeless Survey conducted by Wilder Research, 5% of Minnesota adults were Black but Black Minnesotans made up 39% of the homeless population. Employment significantly impacts

housing; 30% of homeless adults lost a job or had their hours reduced prior to becoming homeless.

Our state needs increased funding for emergency shelters so there is space for all Minnesotans in need. We should expand supportive services such as mental health care. The long term solution to homelessness is affordable housing.

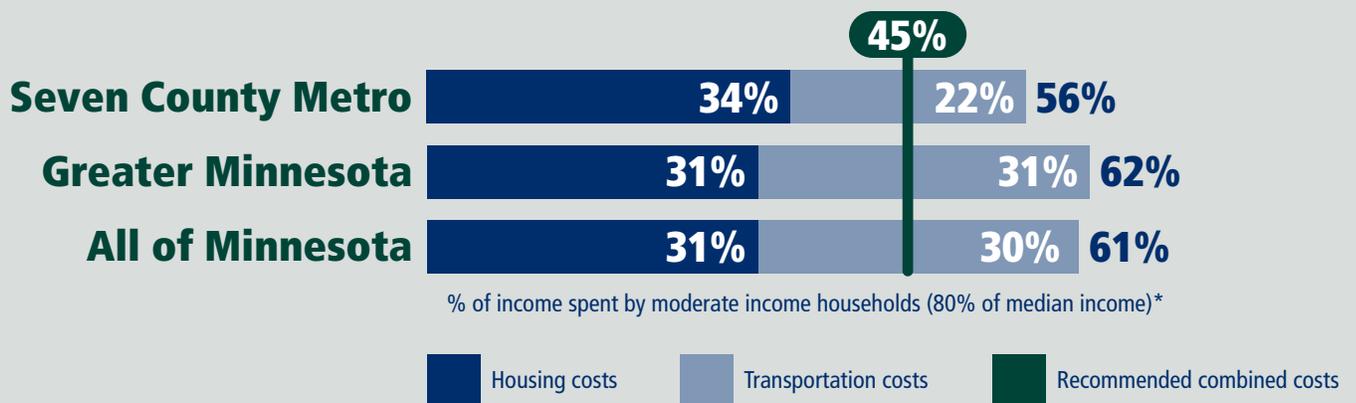
Provide Safe, Efficient, Affordable Transportation Across Minnesota

Transportation impacts work opportunities, access to healthcare and many other issues. In areas with transit systems, hours of service often do not work well with low-wage retail and service jobs that have variable start and end times. In many parts of the state, transit systems do not have adequate funds to expand their service area or hours

of service. Transportation is particularly challenging for Minnesotans with disabilities and in rural areas of the state.

We need to continue to improve and maintain our roads and bridges. Local transit systems need additional funds to hire drivers and purchase additional buses, allowing them to expand hours and service area.

Challenges of Transportation and Housing Costs



*Moderate income ranges from \$33,802 in Aitkin County to \$55,022 in the 7-county metro area. Examples of positions paying less than the county's median income: paramedics, machinists, mental health/rehabilitation counselors, retail and hospitality.

eding Attention*

Educate Minnesotans for Success

Minnesota has a significant achievement gap between white students and students of color. Low income students also lag behind their peers. While home visiting programs, Early Learning Scholarships, CCAP and Head Start are targeted to help prepare low income students for school and give parents the tools to raise healthy, successful children, access is limited.

At an early age, low income children need quality preschool, childcare or home visiting programs so they can start school ready to learn. All students—regardless of income, race or geography—should have access to a high quality school. Schools need more staff who are trained to deal with children in poverty and provide the support they need, especially in the area of mental health.

Guarantee Affordable Child Care for Low Income Families

Currently, more than 2,500 eligible Minnesota families remain on the Child Care Assistance Program (CCAP) waiting list, unable to access this important benefit. Provider rates under CCAP have not increased while market rates rise, creating a situation in which providers cannot afford to charge less and families cannot

afford to pay more. The problem is especially severe in parts of Greater Minnesota.

We need to make child care affordable for low income families by providing financial assistance to eligible families. Provider rates under CCAP need to be raised.

“Alliances are needed between the faith community, nonprofit agencies, government, business, and others with a commitment to overcoming poverty... Government is neither solely responsible for alleviating poverty nor removed from that responsibility.”

—from the Commission’s Guiding Principles

Promote Work as a Means Out of Poverty

Families may lose benefits before they are economically stable, resulting in a worsened financial situation if they get a raise or increase work hours. Many workers are trapped in low wage jobs because they lack adequate job skills. The Minnesota Family Investment Program (MFIP), which provides work support and temporary cash assistance to families with children, has not been increased in over 30 years, creating significant financial challenges for families.

Work is an important tool to end poverty. We need to promote and reward job creation. Workforce supports to employers in the form of tax credits, employee training and/or career information services would help businesses improve the productivity of their workforce and allow low-wage employees to develop their skills.

*To review the full Commission Report, go to jrlc.org.

Support Working Families Through Tax Policy Changes

Minnesotans—many of them working full-time—are struggling to meet their basic needs.

Minnesota’s tax code should continue to support Minnesotans seeking economic stability through policies including the

Working Family Credit, Child and Dependent Care Credit, Child Tax Credit and Property Tax Refunds for homeowners and renters.

Help Minnesotans Plan for the Future

Payday lending is still legal in Minnesota and some longer-term installment loan products come with similar high costs. Medical and student loan debt create significant challenges. Many Minnesotans have limited financial literacy.

We need to provide the opportunity for financially fragile Minnesotans to build wealth and climb the economic ladder.

Programs like Family Assets for Independence in Minnesota (FAIM)—which allow low-wage earners to build assets through matched savings for home purchase, education or starting a small business—can make a substantial difference for low income families. Minnesota should explore ways to increase financial literacy, whether in school, through free or low cost financial counseling or other avenues.

Make Healthcare Accessible to All Minnesotans

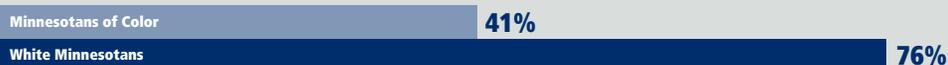
Minnesota expanded Medicaid (Medical Assistance in Minnesota) to provide healthcare to low income adults without disabilities who earn 138% of the federal poverty threshold or less. The Medicaid Expansion now covers 200,000 Minnesotans, and nearly 1 in 5 are receiving mental health services or chemical dependency treatment. MinnesotaCare covers an additional 89,000 Minnesotans. The overall percentage of White Minnesotans without insurance is 7.6%. For Minnesotans of color, uninsurance rates range from

11.8% for Asian/Pacific Islanders to 26% for Hispanics.

The Commission did not make specific health care recommendations, but recognized the importance of health care. Minnesota should continue its progress toward insuring that all Minnesotans have access to the basic care they need. Health care coverage is key to preventing financial catastrophe caused by uncovered medical bills and remains a critical tool to obtain and keep a job.

Racial Disparities in Minnesota

Home ownership



Graduation on time



Median income



Homeownership and Graduation Rates: Minnesota Compass 2017.
Income data: US Census Bureau, 2015 American Community Survey.

What's next?

Across the state, people want and deserve a safe, affordable home, a job that allows them to meet basic expenses and the ability to build their assets—both to cover unplanned emergencies and to improve their lives and those of their children. This is impossible for far too many Minnesotans.

As we approach the year 2020, Minnesota is not on track to achieve the Commission's goals. Let us remember the goal of eliminating poverty in our state. We must build on the progress we've made and work to address the challenges and disparities that remain.

We recognize that the causes of poverty are varied and complex. Education, opportunity, family structure and values all play important roles. Not all challenges can be solved through policy changes. Still, we call on all policy makers to learn more about the challenges facing low income Minnesotans and take action to address them.

We offer our sincere appreciation to the past and current legislators who created the Report in 2009:

Senators

Jim Abeler (R)
Bruce Anderson (R)
Scott Dibble (DFL)
Steve Dille (R)
Michael Jungbauer (R)
Paul Koering (R)
Tony Lourey (DFL)
John Marty (DFL)
Mary Olson (DFL)
Sandra Pappas (DFL)
Claire Robling (R)

Representatives

Morrie Lanning (R)
Carlos Mariani (DFL)
Frank Moe (DFL)
Bud Nornes (R)
Mary Ellen Otremba (DFL)
Nora Slawik (DFL)
Neva Walker (DFL)

The Joint Religious Legislative Coalition (JRLC) is the largest and most inclusive interfaith public interest group in Minnesota—people of diverse faiths bringing vision and wisdom to the public realm for the well-being of Minnesotans. JRLC is authorized and governed by four Sponsoring Members: the Minnesota Catholic Conference, the Minnesota Council of Churches, the Jewish Community Relations Council of Minnesota and the Dakotas, and the Islamic Center of Minnesota.

To **learn more about poverty** in Minnesota or to **support our work**, please visit jrlc.org. Questions? Contact info@jrlc.org.

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