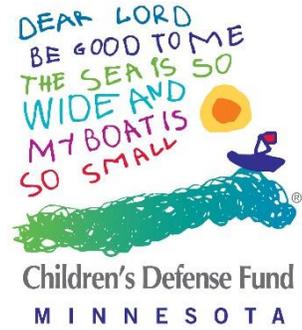
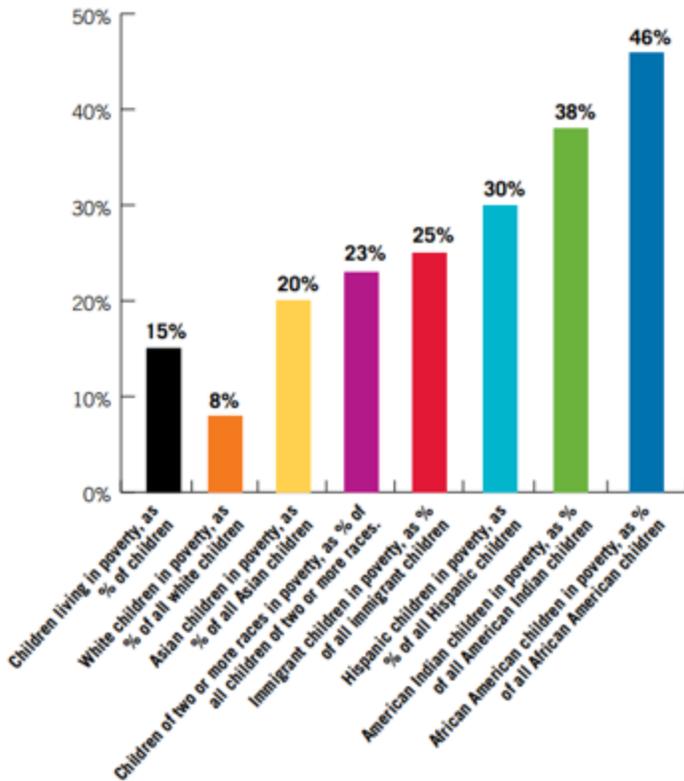


ENDING CHILD POVERTY NOW MINNESOTA



Children thrive when their basic needs are met and they have opportunities to learn, grow and explore. In turn, communities thrive when children grow up to be strong, healthy and prepared for college and careers. But for many Minnesota children, family economic instability prevents them from accessing not only enriching social and academic opportunities, but also basic needs, resulting in lifelong consequences. More than 1 in 7 (14 percent) Minnesota children lived in poverty in 2013ⁱ. That's 177,000 children, which is more than the combined population of the cities of Duluth and Bloomington. Moreover, child poverty affects children of color disproportionately in

Child Poverty by Race and Ethnicity, 2012



Minnesota with nearly half of all African American children, one-third of American Indian and Hispanic children and one-fifth of all Asian children living in poverty. The number of children of color is increasing rapidly in Minnesota, so in order for our state to continue to have a strong economy, healthy population and educated workforce, policies that eliminate poverty and racial disparities must be enacted now.

Too many of the state's children are at risk of the negative consequences that poverty inflicts including lower educational attainment, decreased earnings as an adult, poorer health outcomes, and increased likelihood of teen pregnancy and involvement with the criminal justice systemⁱⁱ. These costly consequences put the economic future of the state at risk and can be averted by investments made now to prevent high cost remedial services later. To ensure a prosperous economy in the future and the health and well-being of Minnesota children now, Minnesota must end child poverty. A new Children's Defense Fund report, *Ending Child Poverty Now*, found that the nation could reduce

child poverty by 60 percent and lift 6.6 million U.S. children out of poverty by expanding existing federal programs. Minnesotans can come together to significantly reduce child poverty in the state by investing in effective state programs and policies to improve the economic stability of families and the vitality of the state's economy.

How Minnesota Can Reduce Child Poverty Right Now

Ensure all eligible families can enroll in the Basic Sliding Fee Child Care Assistance Program

Child care not only allows parents to work and provide for their families, but creates a strong current and future workforce. Moreover, child care that is safe, consistent and includes high quality instruction, improves a child's chances to be socially and academically ready for kindergarten, improving their future outcomesⁱⁱⁱ. Child care also helps families become more economically secure by giving parents the support and peace of mind they need to be productive at work. However, for many Minnesotans, child care is unaffordable and inaccessible. Minnesota ranked fourth among states for the most expensive child care.^{iv} The average cost of care for an infant at a child care center is more than \$13,000 per year^v — greater than the cost of a year's tuition at the University of Minnesota. Paying the high cost of child care may mean that a family can't afford to adequately provide other basic needs like groceries, health care, rent or transportation.

Children's Defense Fund–Minnesota is part of Kids Can't Wait, a coalition comprised of nonprofits advocating to ensure affordable, accessible child care for all Minnesota families. The coalition advocates for policy solutions to our state's child care challenges including fully funding the Basic Sliding Fee Child Care Assistance Program (CCAP) so that all eligible families can afford the child care that meets their needs. In 2012, 82 percent of income eligible children were not accessing the program^{vi}. As of February 2015, there were nearly 5,800 families on the waiting list to access the program. By increasing investment in CCAP, more parents will be able to work and provide for their families and more Minnesota children will have access to consistent and dependable child care that helps them learn and grow. Legislation introduced this session (HF1057/SF1199) would increase our state's investment in this vital program.

Minnesota Child Care Costs are Unaffordable



Prepared by the Minnesota Budget Project

Expand the Minnesota Child and Dependent Care Tax Credit

Affording child care is not just a struggle that low-income families face. The high costs of care across the state make it difficult for moderate income families to afford along with all the other costs of raising a child. In fact, the statewide average cost of center-based infant care was 19 percent of the median family income for families raising children in 2012^{vii}. The Minnesota Child and Dependent Care Tax Credit recognizes this significant cost for families with children, but it doesn't go far enough. Currently, families must earn less than about \$39,000 a year to be eligible for the credit. There is bipartisan support for an expansion of the credit that would make more families eligible and increase the credit amount. An expanded but targeted proposal introduced this session (HF1064/SF1494) would increase the income eligibility to \$82,000 a year for families with one dependent and \$94,000 for families with two or more dependents. The maximum credit would increase to \$1,050 for families with one dependent and \$2,100 for families with two dependents. An estimated 72,400 households would benefit from the proposal, 59,200 of which would be newly eligible. The average credit would be \$475 overall^{viii}. This credit expansion would help more low- and moderate-income families afford the high cost of child care.

Create a state version of the Federal Child Tax Credit

The federal Child Tax Credit is a refundable credit that recognizes the additional costs of raising children, encourages work and moves families closer to economic stability. Without the federal Child Tax Credit and the Earned Income Tax Credit (EITC), 52,000 additional Minnesota children would have lived in poverty in 2011–2013^{ix}. Moreover, recent studies have suggested that the Child Tax Credit and other refundable credits like the EITC benefit children throughout their life. Starting early, higher tax credits have been linked to increased prenatal care, reduced maternal stress and better overall infant health. Increased credits also have demonstrated improvement later in a child's life through improved school performance, increased college enrollment, and increased earnings in adulthood^x. Reaping these benefits for Minnesota's children and future workforce is worth investing in a state version of the Child Tax Credit.

Protect Minimum Wage

Last year's state legislature raised the minimum wage to \$9.50 per hour by 2016. This accomplishment was a victory for workers, but also for 137,000 children who will live in more economically stable families as a result. Increased family income means improved child outcomes. That's why it's so important to protect the new minimum wage from efforts to erode its effectiveness such as proposals to reduce and freeze wages for tipped workers.

Increase the Minnesota Family Investment Program cash grant

The Minnesota Family Investment Program (MFIP) is the state's Temporary Assistance to Needy Families (TANF), or welfare-to-work program. Children in families accessing MFIP are some of the state's most vulnerable to the negative effects of economic instability. Children in households accessing MFIP are at risk of, or are already experiencing, the harmful effects of living in deep poverty that can last a lifetime. For example, one-third of children in families accessing MFIP are enrolled in Special Education—nearly three times the rate of all children^{xi}. The MFIP cash grant has not been increased for nearly 30 years. The typical MFIP family includes a single mother with two children. For this family of three, MFIP provides a maximum cash grant of \$532 and food assistance of \$473 per month. The current Fair Market Rent in Hennepin County is \$920, nearly twice the cash grant, and only 28 percent of MFIP families receive a housing subsidy^{xii}. Families accessing MFIP cannot afford rent, let alone the cost of basic needs, putting them at greater risk for experiencing homelessness, food insecurity and transportation barriers. An increase to the MFIP cash grant is decades overdue and would improve family economic stability and child outcomes for the poorest children in the state. HF869/SF734 and HF585/SF432 include a cash grant increase.

Paid Family Leave and Earned Sick and Safe Time (ESST)

Families have the same responsibilities to each other now that they have always had. Parents care for new babies, and they care for sick children and other family members. However, the way families live and work has changed. More families are led by a single parent, many two-earner families rely on both incomes to make ends meet, most parents work, and most children don't have a full-time, stay-at-home caregiver. Workplace policies haven't kept pace with the changing way of life, and that means many workers are forced to choose between caring for loved ones and bringing home a needed paycheck. A white paper from the Minnesota Department of Health found that far too many parents go without paid leave, and that those who are least likely to have access are those with lower incomes, part-time workers, populations of color and single parents^{xiii}. The lack of paid leave among these populations means that these children face an even steeper ladder to success from the very beginning of life. A Paid Family Leave program, and ESST, would help ensure that all parents can take time to care for their children – or themselves – when they need to, without sacrificing economic security. Paid family leave legislation introduced this session is in HF580/SF779 and ESST in HF589/SF481.

Minnesota Can and Must End Child Poverty

Minnesota's future depends on ensuring all children in the state have what they need to thrive and become successful adults. The state cannot afford to continue allowing more than 14 percent of its children to live in poverty and an additional 20 percent to live in low-income households. By investing in programs and policies that are proven to increase family economic stability and improve child outcomes, Minnesota will secure its future economic prosperity and save money by protecting children against the costly effects and lifelong consequences of poverty.

Children's Defense Fund-Minnesota recommends the following state policies and investments to reduce child poverty and economic insecurity:

1. Ensure all eligible families can enroll in the Basic Sliding Fee Child Care Assistance Program (CCAP)
2. Expand the Minnesota Child and Dependent Care Tax Credit
3. Create a state version of the Federal Child Tax Credit
4. Protect Minimum Wage
5. Increase the Minnesota Family Investment Program cash grant
6. Ensure Paid Family Leave and Earned Sick and Safe Time

The Urban Institute simulated a proposal that included similar policy suggestions to three of those listed above (increase funding to CCAP, create a state child tax credit, and increase minimum wage to \$9.50) for the bipartisan Legislative Commission to End Poverty in Minnesota by 2020. The findings from the simulation were remarkable: 287,000 fewer Minnesotans, including 89,000 children, would live in or near poverty (27 percent decrease); 35,000 additional Minnesotans would be in the workforce; 2.6 billion in government savings would be realized; and a \$10 billion increase in net wages would be achieved. The benefits of these investments will compound when paired with policy solutions that not only improve family economic stability, but also increase access to opportunities that improve child outcomes such as high-quality early childhood education, excellent schools, enriching after-school programs and safe neighborhoods. The future of all Minnesotans depends on these investments to ensure all children thrive and are able to contribute positively to their community and the state's economy.

ⁱ U.S. Census Bureau, 2013 American Community Survey.

ⁱⁱ Ending Child Poverty Now. Children's Defense Fund, 2015.

ⁱⁱⁱ Burchinal, P., Kainz, K., Cai, K., Tout, K., Zaslow, M., Martinez-Beck, I., & Rathgeb, C. (2009). Early Care and Education Quality and Child Outcomes. Bethesda, MD: Child Trends.

^{iv} Parents and the High Cost of Child Care 2014 Report. Arlington, VA: Child Care Aware of America.

^v Minnesota Department of Human Services, 2012 Child Care Provider Rate Survey. Personal contact with Angie Bowman.

^{vi} Analysis by Children's Defense Fund-Minnesota, 2012. Analysis using participation data from Department of Human Services and income data from U.S. Census Bureau American Community Survey. Note: The analysis only reviews people who are income eligible but not enrolled in the program. It does not take into account other eligibility guidelines such as immigration status or work status.

^{vii} 2014 KIDS COUNT Data Book: Budgeting for Better Child Outcomes. Children's Defense Fund-Minnesota, October 2015.

^{viii} Minnesota Department of Revenue, Revenue Estimate on House File 1064.

^{ix} Measuring Access to opportunity in the United States, KIDS COUNT Data Snapshot. Baltimore, MD: The Annie E. Casey Foundation, February 2015.

^x Chart Book: The Earned Income Tax Credit and Child Tax Credit. Center for American Progress, January 2015.

^{xi} Jefferys, M. (October 2011). Minnesota's Invisible Children: Children in Families Receiving MFIP. St. Paul, MN: Children's Defense Fund-Minnesota.

^{xii} Minnesota Department of Human Services. Program Assessment and Integrity Division. Minnesota Family Investment Program and the Diversionary Work Program: Characteristics of December 2013 Cases and Eligible Adults (May 2014).

^{xiii} White Paper on Paid Family Leave and Health. Minnesota Department of Health Center for Health Equity, March 2015.