Senator Hottinger introduced-
S.F. No. 3760: Referred to the Committee on Rules and Administration

A bill for an act
relating to poverty; creating a legislative commission to end poverty by 2020; appropriating money.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

Section 1. **LEGISLATIVE COMMISSION TO END POVERTY** in Minnesota **BY 2020.**

Subdivision 1. **Membership.** The Legislative Commission to End Poverty in Minnesota by 2020 consists of nine members of the senate appointed by the Subcommittee on Committees of the Committee on Rules and Administration, including four members of the minority, and nine members of the house of representatives appointed by the speaker, including four members of the minority. Appointments must be made by members elected to the 85th session of the legislature and no later than February 15, 2007. The governor may appoint two nonvoting members to sit with the commission.

Subd. 2. **Guiding principles.** In preparing recommendations on how to end poverty by 2020, the commission must be guided by the following principles:

(a) There should be a consistent and persistent approach that includes participation of people of faith, nonprofit agencies, government, and business.

(b) All people should be provided with those things that protect human dignity and make for a healthy life, including adequate food and shelter, meaningful work, safe communities, health care, and education.

(c) All people are intended to live well together as a whole community, seeking the common good, avoiding wide disparities between those who have too little to live on and those who have a disproportionate share of the nation's goods.

(d) All people need to work together to overcome poverty, and this work transcends both any particular political theory or party and any particular economic theory or structure. Overcoming poverty requires the use of private and public resources.

(e) Alliances are needed between the faith community, nonprofit agencies, government, business, and others with a commitment to overcoming poverty.

(f) Overcoming poverty involves both acts of direct service to alleviate the outcomes of poverty and advocacy to change those structures that result in people living in poverty.

(g) Government is neither solely responsible for alleviating poverty nor removed from that responsibility. Government is the vehicle by which people order their lives based on their shared vision. Society is well served when people bring their values into the public arena. This convergence around issues of poverty and the common good leads people of varying traditions to call on government to make a critical commitment to overcoming poverty.

Subd. 3. **Report.** The commission shall report its recommendations on how to end poverty by 2020 to the legislature by December 15, 2008.

Subd. 4. **Expiration.** The commission expires December 31, 2008.

Sec. 2. **APPROPRIATION.**

$1,000,000 is appropriated from the general fund to the Legislative Commission to End Poverty by 2020. $250,000 is available for the fiscal year ending June 30, 2007; $500,000 is available for the fiscal year ending June 30, 2008; and $250,000 is available for the fiscal year ending June 30, 2009.

A Common Foundation

Shared Principles for Work on Overcoming Poverty

As a people of faith, with varying theologies and traditions, we are convinced of a remarkable convergence on fundamental principles that call us to commonwork in combating poverty and walking with people living in poverty:

■ We believe it is the Creator's intent that all people are provided those things that protect human dignity and make for healthy life: adequate food and shelter, meaningful work, safe communities, healthcare, and education.

■ We believe we are intended to live well together as a whole community, seeking the common good, avoiding wide disparities between those who have too little to live on and those who have a disproportionate share of the world's goods.

■ We believe we are all called to work to overcome poverty, and that this work transcends both any particular political theory or party and any particular economic theory or structure. We believe that overcoming poverty requires the use of private and public resources.

■ We believe we are called to make alliances within the faith community and with others in society who share the commitment to overcome poverty.

■ We believe that overcoming poverty involves both acts of direct service to alleviate the outcomes of poverty and advocacy to change those structures that result in people living in poverty.

■ We believe government is neither solely responsible for alleviating poverty, nor removed from this responsibility. We believe government is the vehicle by which people order their lives based on their shared vision. We believe society is well served when people of faith bring their values into the public arena. It is this remarkable convergence around issues of poverty and the common good that leads people of varying faith traditions to unite in calling on government to make a critical commitment to overcoming poverty.

■ We believe the desire to overcome poverty is not simply a human idea, but is the desire of our Creator, and that the work to create a more just and whole society will be empowered by the Creator's presence.

We invite each faith tradition to make explicit their expression of faith and how it understands this common foundation. On these shared principles, we together commit ourselves to work to ensure that no person is forced to live in poverty.

BISHOP PETER ROGNESS, SAINT PAUL AREA SYNOD, EVANGELICAL LUTHERAN CHURCH IN AMERICA
ARCHBISHOP HARRY J. FLYNN, ROMAN CATHOLIC ARCHDIOCESE OF SAINT PAUL AND MINNEAPOLIS
DR. HAMDY EL SAWAF, EXECUTIVE DIRECTOR, ISLAMIC CENTER OF MINNESOTA
MR. STEPHEN SILBERFARB, EXECUTIVE DIRECTOR, JEWISH COMMUNITY RELATIONS COUNCIL OF MINNESOTA & DAKOTAS
BISHOP JON ANDERSON, SOUTHWESTERN MINNESOTA SYNOD, EVANGELICAL LUTHERAN CHURCH IN AMERICA
BISHOP VICTOR H. BALKE, ROMAN CATHOLIC DIOCESE OF CROOKSTON
REV. IAN D. BETHEL, SR., PRESIDENT, MINNESOTA BAPTIST CONFERENCE, NATIONAL BAPTIST CONFERENCE, INC.
REV. CONNIE BURKHOLDER, DISTRICT EXECUTIVE, NORTHERN PLAINS DISTRICT, CHURCH OF THE BRETHREN
BISHOP FREDERICK CAMPBELL, AUXILIARY BISHOP, ROMAN CATHOLIC ARCHDIOCESE OF SAINT PAUL AND MINNEAPOLIS
REV. PEG CHEMBERLIN, EXECUTIVE DIRECTOR, MINNESOTA COUNCIL OF CHURCHES
REV. LARRY CHRISTIANSON, PRESIDENT, WESTERN DISTRICT OF THE MORAVIAN CHURCH
REV. DIANE EHR, ASSOCIATE REGIONAL MINISTER, MID-AMERICAN BAPTISTS
DR. RICHARD GUENTERT, REGIONAL MINISTER, CHRISTIAN CHURCHES (DISCIPLES OF CHRIST) OF THE UPPER MIDWEST
BISHOP BERNARD J. HARRINGTON, ROMAN CATHOLIC DIOCESE OF WINONA
BISHOP SALLY DYCK, MINNESOTA ANNUAL CONFERENCE, UNITED METHODIST CHURCH
BISHOP JAMES JELINEK, EPISCOPAL DIOCESE OF MINNESOTA, EPISCOPAL CHURCH, USA
BISHOP CRAIG JOHNSON, MINNEAPOLIS AREA SYNOD, EVANGELICAL LUTHERAN CHURCH IN AMERICA
REV. SHARON JOHNSON, EXECUTIVE PRESBYTER, PRESBYTERY OF NORTHERN WATERS, PRESBYTERIAN CHURCH, USA
BISHOP JOHN F. KINNEY, ROMAN CATHOLIC DIOCESE OF SAINT CLOUD
REV. JUDITH KOLWICZ, EXECUTIVE PRESBYTER, PRESBYTERY OF THE TWIN CITIES, PRESBYTERIAN CHURCH, USA
DR. TRUETT LAWSON, EXECUTIVE MINISTER, MINNESOTA BAPTIST CONFERENCE, BAPTIST GENERAL CONFERENCE
REV. DAVID MCMAHILL, CONFERENCE MINISTER, MINNESOTA CONFERENCE, UNITED CHURCH OF CHRIST
BISHOP JOHN C. NIENSTEDT, ROMAN CATHOLIC DIOCESE OF NEW ULM
BISHOP RICHARD PATES, AUXILIARY BISHOP, ROMAN CATHOLIC ARCHDIOCESE OF SAINT PAUL AND MINNEAPOLIS
REV. WAYNE PURINTUN, EXECUTIVE PRESBYTER, PRESBYTERY OF MINNESOTA VALLEYS, PRESBYTERIAN CHURCH, USA
REV. CLARENCE SAINT JOHN, DISTRICT SUPERINTENDENT, MINNESOTA DISTRICT COUNCIL, ASSEMBLY OF GOD
DR. SHASHIKANT M. SANE, M.D., PRIEST, HINDU MANDIR OF MINNESOTA
BISHOP DENNIS M. SCHNURR, ROMAN CATHOLIC DIOCESE OF DULUTH
REV. GRANT STEVENSON, ISAIAH
BISHOP PETER STROMMEN, NORTHEASTERN MINNESOTA SYNOD, EVANGELICAL LUTHERAN CHURCH IN AMERICA
REV. CHARLES TRAYLOR, EXECUTIVE PRESBYTER, PRESBYTERY OF NORTHERN PLAINS, PRESBYTERIAN CHURCH, USA
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Minnesota Budget Bites

Budget & tax information in bite-sized pieces

January/February 2006

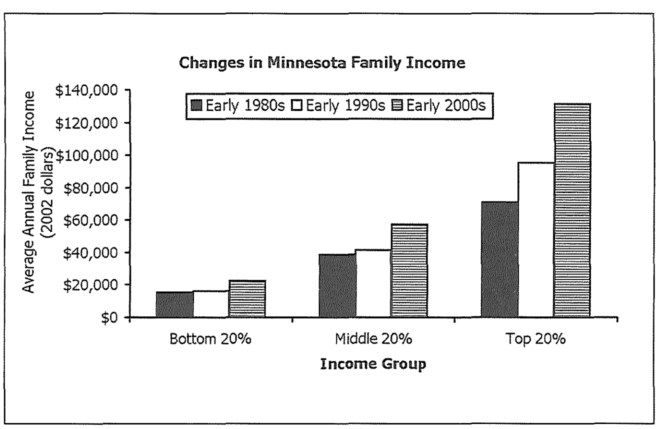
Income Inequality in Minnesota 2006

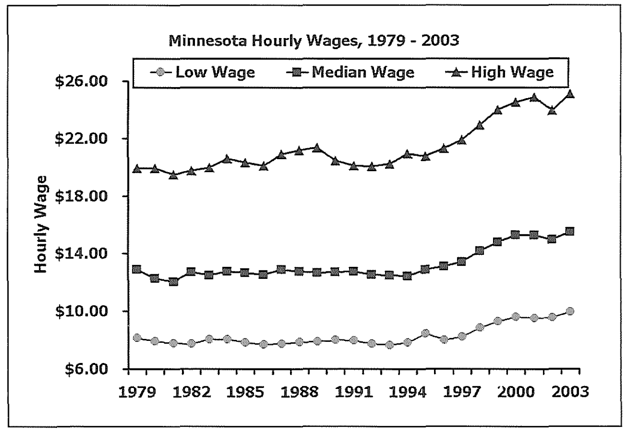
The Long-Term Trend in Minnesota: Increasing Income Inequality

An analysis of recent Census Bureau data shows that the financial rewards from strong economic growth since the early 1980s were not broadly shared.[1] The incomes of the poorest fifth and middle fifth of Minnesota families grew about half as much as the wealthiest fifth since the early 1980s. This resulted in growing income inequality over the same time period. In the early 1980s, the richest fifth of Minnesotans had incomes that were four and a half times as large as the bottom fifth. But by the early 2000s, the richest fifth of Minnesotans had incomes that were nearly six times as large as the bottom fifth.

Since the early 1980s:

- The average incomes of the poorest fifth of Minnesota families grew 47%, or $7,171, after adjusting for inflation.
- The average income of the middle fifth of Minnesota families grew 49%, or $18,847.
- The average income of the richest fifth of Minnesota families grew 85%, or $60,449.
- Tight labor markets at the end of the 1990s meant that Minnesota's low-, middle-, and high-income families saw their incomes increase at the about the same rate between the early 1990s and early 2000s. However, national data suggests that income inequality is now once again on the rise.





Wage Inequality is the Primary Cause of Income Inequality

For most Minnesota families, the primary source of income is their work (rather than investments). Therefore it is not surprising that trends in income inequality mirror wage trends in the labor market.[2]

- Wage inequality in Minnesota increased during the 1980s, as the wages of high-wage workers grew while the wages of other workers fell. In fact, after adjusting for inflation, hourly wages for low-wage workers were 3.2% lower at the end of the decade than at the beginning, and hourly wages for median-wage workers were 1.6% lower.[3] Only by increasing the number of hours worked could these Minnesota families get ahead.
- In contrast, during the 1990s, wages for all Minnesota workers rose, particularly during the latter part of the decade when a tight labor market meant that more of the benefits of economic growth were shared.
- Wage growth since 2000 has slowed dramatically compared to the increases in wages seen at the end of the 1990s. Stagnant wages for middle- and low-wage workers since

Minnesota Budget Project

2000 appears to confirm that inequality in wages is again on the rise.

- As a result of these wage trends, the gap between low-wage workers and high-wage workers was larger in the early 2000s than it was at the beginning of the 1980s.

Economic growth does not guarantee rising living standards for all - the key is ensuring that the benefits of growth are shared. Wages have been relatively stagnant in recent years because the benefits of economic growth are not accruing to the workers who helped create it.

In the current economic recovery, a much greater share of economic growth has gone to corporate profits than in previous recoveries, and a smaller share has gone to workers.

- In the past eight business cycles, the share of corporate income growth going to corporate profits averaged 21%, while an average of 79% of corporate income growth went to worker compensation.
- This pattern is reversed in the current business cycle; 85% of corporate income growth has gone to corporate profits and only 15% to workers.

Higher profits mean higher stock prices, but most of these gains go to upper-income Americans. Most families own no more than a few thousand dollars worth of stocks. In fact, the bottom 80% of Americans own less than 11% of all stocks. The majority of workers rely on wages, not stock prices, to determine family income.

Income Inequality Impacts a Family's Quality of Life

Income inequality due to stagnant wage growth is exacerbated by other factors that determine a family's quality of life. The decreasing availability and value of employer-sponsored benefits - especially health insurance and retirement - increases costs for working Minnesotans. Reduced access to employer-sponsored benefits and increased costs force workers to pay the costs of health care and retirement savings out of their own pockets or face economic risk by going without benefits altogether.

The lowest-wage workers have the fewest options. In 2003, only 45% of private sector workers nationally earning less than $15 per hour had access to employer-provided retirement benefits and 51% had access to health care benefits. In contrast, among workers earning more than $15 per hour, 76% had access to employer-provided retirement benefits and 74% had access to health care benefits.[4]

Income inequality and reduced job quality means that working families struggle to make ends meet. In its most recent *Cost of Living in Minnesota* research, the JOBS NOW Coalition finds that the annual cost of meeting basic needs for a two-parent family of three in the Twin Cities metro area with one parent earning wages is nearly $32,000. To cover these costs, a worker must earn an hourly wage of about $15.25 an hour. Forty-five percent of all jobs in the Twin Cities metro area pay less than this hourly wage.[5]

Policy Choices Can Narrow the Gap

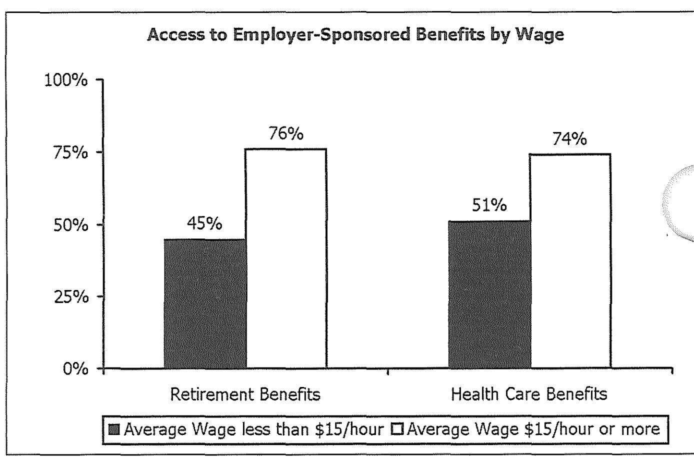
Income trends show that economic growth alone does not reduce income inequality. Moreover, there is no evidence that the current economic recovery relieved the economic instability of struggling families. Policy choices that can decrease income inequality or alleviate its devastating effects on low-income Minnesotans include:

- Policies that address labor market inequities, such as state minimum wages or a focus on job quality in economic development and employment and training efforts.
- Tax policies that ensure that all Minnesotans are paying their fair share to support government services and that help struggling families make ends meet.
- Policies that increase the incomes and living standards of low-income families, such as child care assistance, subsidized health care, and access to higher education and skills training.

In the past, Minnesota made some policy choices to close the gap, but budget decisions in recent years have undercut efforts to help low-income Minnesotans.

Policies to Address Labor Market Inequities

In the 2005 Legislative Session, Minnesota increased the state's minimum wage to $6.15, one dollar higher than the federal minimum wage. An estimated 228,000 Minnesota workers will positively benefit from an additional $118 million in wages over the course of a year from this change.[6] However, the minimum wage would need to be



nearly $9.00 an hour to have the same buying power as it did at its high point in 1968. Additional increases as well as indexing the state minimum wage for inflation would strengthen the labor market for the lowest-income working families.

Tax Policy

Minnesota needs to take a second look at the impact of its tax policies on inequality. It is true that Minnesota does better on this measure than most states, and that Minnesotans of all income levels contribute about the same percentage of their income to support state and local government. The exception is the wealthiest 1%, who contributed 9.0% of their incomes in total state and local taxes, while on average Minnesotans contribute 11.3%.[7]

Over time, our state and local tax system is beginning to ask more from moderate-income Minnesotans. Recent decisions to rely more heavily on the property tax and increases in deeply regressive tobacco taxes only make things worse. It's time for a thorough review of tax policy in Minnesota with an eye to restoring tax fairness.

Policies That Increase Living Standards for Low-Income Minnesotans

The third category of policy choices to close the income gap is those that serve to raise the living standards of low-income families. Supports for working families may boost incomes that are too low to support a family, replace lost income during times of unemployment, enable access to higher education or skills training, or fill in part of the gap between what a family earns and what is needed to make ends meet, such as through child care assistance, state-sponsored health care programs, or help paying housing or energy costs. Practically all of these types of work support programs were hit hard in recent legislative budget cuts.

Probably no work support has been harder hit than child care assistance. In the 2003 Legislative Session, funding for child care assistance in Minnesota was cut by one-third, or $86 million, and an additional $59 million was cut in the 2005 Session. An estimated 10,000 Minnesota children are no longer receiving child care assistance, due to reductions in eligibility and increases in copayments for participating families.

Why Should We Care About Growing Inequality?

Growing income inequality should be a concern for all Minnesotans. Increasing income inequality contradicts some of our country's most deeply held values. Americans believe that hard work should pay off, that people who work full-time should be able to support their families, and that everyone deserves an opportunity to succeed. As the gap widens, different standards of living mean that people are more distant from each other. This distance undermines a sense of a shared destiny and weakens trust in public institutions. In addition, income inequality fosters a society in which some members have greater influence in the political process than others.

What is needed is a renewed commitment to those policies that reduce the income gap, not just because it's the right thing to do to help low-income families, but because it's the right thing to do for all of us.

Notes

1. Center on Budget and Policy Priorities and Economic Policy Institute, *Pulling Apart: A State-by-State Analysis of Income Trends*, www.cbpp.org. This study compares the incomes of families of two or more persons in 1980-1982, 1990-1992, and 2001-2003. Family incomes are defined following the Census Bureau's definition of income, which includes both earned and unearned income of all family members, including capital gains or losses. The analysis then takes into account the impact of federal income taxes including FICA and the Earned Income Tax Credit, the cash value of Food Stamps, subsidized school lunch, and housing subsidies. Family income figures are in inflation-adjusted 2002 dollars.
2. The information in this section is based on work by the JOBS NOW Coalition and the Minnesota Budget Project as part of a collaborative project, *The State of Working Minnesota 2004-05*. Except where otherwise noted, the data in this section is provided by the Economic Policy Institute in connection with its *The State of Working America 2004-05*, www.epinet.org.
3. In this analysis, a low-wage worker earns a lower hourly wage than 80% of all workers; a median-wage worker is exactly in the middle, with half of all workers making more and half less; and a high-wage worker makes a higher hourly wage than 80% of all workers. Wages are adjusted for inflation and reflect the value of the dollar in 2003.
4. *National Compensation Survey: Employee Benefits in Private Industry in the United States*, March 2003; BLS Summary 04-02.
5. JOBS NOW Coalition, *Cost of Living in Minnesota, 2004-2005.*
6. JOBS NOW Coalition estimates.
7. Minnesota Department of Revenue, *2005 Minnesota Tax Incidence Study*, www.taxes.state.mn.us. These figures refer to 2002, the most current year for which data is available.

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The Minnesota Budget Project provides independent research, analysis, and advocacy on budget and tax policy issues, emphasizing their impact on low- and moderate-income persons and the organizations that serve them.

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Senator .... moves to amend S.F. No. ..... as follows:

Page ..., after line ..., insert:

"Sec. .... Minnesota Statutes 2005 Supplement, section 124D.175, is amended to read:

124D.175 MINNESOTA EARLY LEARNING FOUNDATION ~~PROPOSAL~~.

(a) The commissioner must implement an early childhood development grant program for low-income and other challenged families that increases the effectiveness and expands the capacity of public and nonpublic early childhood development programs, which may include child care programs, and leads to improved early childhood parent education and children's kindergarten readiness. The program must include:

(1) grant awards to existing early childhood development program providers that also provide parent education programs and to qualified providers proposing to implement pilot programs for this same purpose;

(2) grant awards to enable low-income families to participate in these programs;

(3) grant awards to improve overall programmatic quality; and

(4) an evaluation of the programmatic and financial efficacy of all these programs, which may be performed using measures of services, staffing, and management systems that provide consistent information about system performance, show trends, confirm successes, and identify potential problems in early childhood development programs. This grant program must not supplant existing early childhood development programs or child care funds.

(b) The commissioner must contract with a private nonprofit, section 501(c)(3) organization to implement the requirements of paragraph (a). The private nonprofit organization must be governed by a board of directors composed of <u>up to 19</u> members from the public and nonpublic sectors, where the nonpublic sector members compose a ~~simple~~ majority of board members ~~and where the public sector members are state and local government officials, kindergarten through grade 12 or postsecondary educators, and early childhood providers appointed by the governor~~. Membership on the board of directors by a state agency official are work duties for the official and are not a conflict of interest under section 43A.38. The board of directors must appoint an executive director and must seek advice from geographically ~~and~~<u>,</u> ethnically<u>, and economically</u> diverse parents of young children and representatives of early childhood development providers, kindergarten through grade 12 and postsecondary educators, public libraries, and the business sector.

<u>The governor shall appoint up to seven voting members that include representatives of:</u>

<u>(1) kindergarten through grade 12 or postsecondary educators;</u>

(2) early childhood development providers, including child care providers;

(3) local school boards;

(4) nonprofit organizations with expertise in early childhood development; and

(5) federal early childhood programs serving low-income children.

The governor shall ensure that, to the extent possible, the board of directors is balanced according to geography, race, ethnicity, age, gender, and economic status.

The commissioners of education and human services shall be nonvoting members of the private nonprofit organization. The speaker of the house of representatives, the minority leader of the house of representatives, the majority leader of the senate, and the minority leader of the senate shall each appoint a legislator to be nonvoting members of the board.

The board of directors is subject to the open meeting law under chapter 13D. All other terms and conditions under which board members serve and operate must be described in the articles and bylaws of the organization. The private nonprofit organization is not a state agency and is not subject to laws governing public agencies except the provisions of chapter 13, salary limits under section 15A.0815, subdivision 2, and audits by the legislative auditor under chapter 3 apply.

(c) This section expires June 30, 2011. If no state appropriation is made for purposes of this section, the commissioner must not implement paragraphs (a) and (b).

EFFECTIVE DATE. This section is effective retroactive to July 1, 2005."

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

Senators Pappas, Ranum, Anderson, Moua and Marty introduced–

S.F. No. 2679: Referred to the Committee on Health and Family Security.

A bill for an act

relating to human services; authorizing a pilot project in Ramsey County to coordinate services for teen parents.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

Section 1. **RAMSEY COUNTY CHILD CARE PILOT PROJECT.**

Subdivision 1. **Authorization for pilot project.** The commissioner of human services shall approve a pilot project in Ramsey County that will help teen parents remain in school and complete the student's education while providing child care assistance for the student's child. The pilot project shall increase coordination between services from the Minnesota family investment program, the child care assistance program, and area public schools with the goal of removing barriers that prevent teen parents from pursuing educational goals.

Subd. 2. **Program design and implementation.** The Ramsey County child care pilot project shall be established to improve the coordination of services to teen parents. The pilot project shall:

(1) provide a streamlined process for sharing information between the Minnesota family investment program under Minnesota Statutes, chapter 256J, the child care assistance program under Minnesota Statutes, chapter 119B, and public schools in Ramsey County;

(2) determine eligibility for child care assistance using the teen parent's eligibility for reduced-cost or free school lunches in place of income verification; and

(3) waive the child care parent fee under Minnesota Statutes, section 119B.12, subdivision 2, for teen parents with children in school-based child care centers.

Senator .... moves to amend S.F. No. 2679 as follows:

Delete everything after the enacting clause and insert:

"Section 1. **RAMSEY COUNTY CHILD CARE PILOT PROJECT.**

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(2) determine eligibility for child care assistance using the teen parent's eligibility for reduced-cost or free school lunches in place of income verification; and

(3) waive the child care parent fee under Minnesota Statutes, section 119B.12, subdivision 2, for teen parents whose income is below poverty level and whose children attend school-based child care centers.

Subd. 3. **Costs.** Increased costs incurred under this section shall not increase the basic sliding fee appropriation and shall not affect funds available for distribution under Minnesota Statutes, sections 119B.06 and 119B.08."