

# MOVING OUT OF POVERTY

*Sen. John Marty, Senate File 622/House Author: Rep. Carlos Mariani*

Ten years ago the Legislative Commission on Ending Poverty by 2020 issued its final report on ending poverty. Unfortunately, Minnesota has failed to act, and we are no closer to reaching that goal than when the Commission began its work in 2007. The “Moving Out of Poverty” legislative package may be the single biggest step towards ending poverty that Minnesota has ever taken.

## ***This package of bills includes:***

- **SF 626 (Marty)/House Author: Rep. Her - Establishes a \$16/hour minimum wage** through a gradual four-year phase-in, (\$14/hour for small employers) moving Minnesota workers closer to a living wage.
- **HF 1465 (Wazlawik)/SF 623 (Marty) - More than doubles Minnesota’s Working Family Tax Credit.** Even at \$16/hour, many workers will not be able to pay for basic needs. This legislation sets the Working Family Credit at 75% of the federal Earned Income Tax Credit, providing a boost of between \$1000 and \$3000 per year for many low-income workers, depending on income and family size. Tax credits for working Minnesotans have been an extremely popular and effective tool at reducing poverty.
- **SF 625 (Marty)/House Author: Rep. Richardson) - Eliminates the waiting list for the sliding fee Child Care Assistance Program (CCAP)** and raises the reimbursement level to the 75th percentile of local childcare provider rates (currently at the 25th percentile), so that parents can find quality, affordable childcare in their community, childcare workers can earn a decent wage, and providers can afford additional training in child development.
- **HF 1272 (Hausman)/SF 624 (Marty) - Provides a \$300/month increase in the MN Family Investment Program (MFIP) grants.** When parents are unable to work, Minnesotans have recognized the importance of providing financial support to help them survive. We can measure how children whose families cannot afford housing and food are robbed of their full physical, mental, and emotional

potential. Unfortunately, financial assistance payments in Minnesota have not increased since 1986. Inflation over those decades has taken its toll and those families are more stressed than ever. This increase would do much to stabilize the lives of these children.

**These investments in Minnesota families would be funded by closing the loophole in which high income earners are exempt from some federal social security taxes.** The federal government collects 6.2% of earned income on all wages up to \$132,900/ year, but nothing on incomes above that level. Minnesota cannot change federal social security law, but if the federal government is not going to collect this revenue from high income earners it is reasonable for the state to collect it to pay for these investments in families. Under this provision, high income earners would pay the same percentage of their income that every other Minnesota worker pays.

Circumstances will always occur that bring people into poverty—if you lose your job, or your car breaks down, or you get hit with large medical bills, you may slip into poverty. We cannot prevent people from falling into poverty, but we can help them move up and out of poverty quickly, so they are not trapped.

**Ending poverty in Minnesota is an achievable goal if we have the political will to do so.** This legislation would be a strong commitment towards fulfilling the goal of moving Minnesotans out of poverty and helping all families thrive.

***Our state made a bold commitment ten years ago. It is time we move forward and live up to that commitment.***