

## ***Bridging the Gaps: Key Points about Minnesota***

*Bridging the Gaps* is a collaborative research project amongst the Washington D.C.-based Center for Economic and Policy Research (CEPR), the Center for Social Policy (CSP) at the University of Massachusetts and research partners in nine states and the District of Columbia. In Minnesota the state partner is the Minnesota Policy Research & Analysis Network which includes researchers from the following Minnesota organizations: Children’s Defense Fund-MN; JOBS NOW Coalition; Legal Services Advocacy Project; Minnesota Budget Project; Minnesota Community Action Partnership; and Minnesota Housing Partnership. CEPR maintains a website describing the project at: <http://www.bridgingthegaps.org/>

The quantitative and qualitative research undertaken by the Bridging the Gaps project documents the persistent gap between low-income working families’ basic needs and their resources. It highlights the tradeoffs facing low-income families meeting their basic needs and the limitations of publicly funded work supports to help families get ahead. The research focused on the following six work supports in Minnesota: Earned Income Tax Credit/Working Family Credit; Child Care Assistance Program; Medical Assistance/MinnesotaCare; Food Stamps; federal Housing Assistance; and the Minnesota Family Investment Program/Diversionary Work Program.

A report analyzing the research and its key findings was released on October 10th and can be found at: **[www.bridgingthegaps.org/nationalreport](http://www.bridgingthegaps.org/nationalreport)**. The following is a quick summary of the key findings about Minnesota.

### **Estimate of Economic Insecurity**

*In Minnesota, 23% of people live in working families with incomes below a basic family budget (without accounting for receipt of public work supports).*

The project uses a basic family budget standard to measure whether families are experiencing economic insecurity. “Basic family budget” standards have been developed in all fifty states and are based on the costs of items that all families need, including housing, food, health care, transportation, taxes and child care.<sup>1</sup>

### **“Hardships Gap”**

*Even after accounting for receipt of work supports, one in five Minnesotans (19%) live in families with income below a basic family budget.*

### **“Eligibility Gap”**

In order to evaluate the extent to which the six work support programs are accessible to Minnesotans who live in families with incomes below a basic family budget, the researchers estimated an “eligibility gap” for each program. *Chart 1 shows that, for each*

---

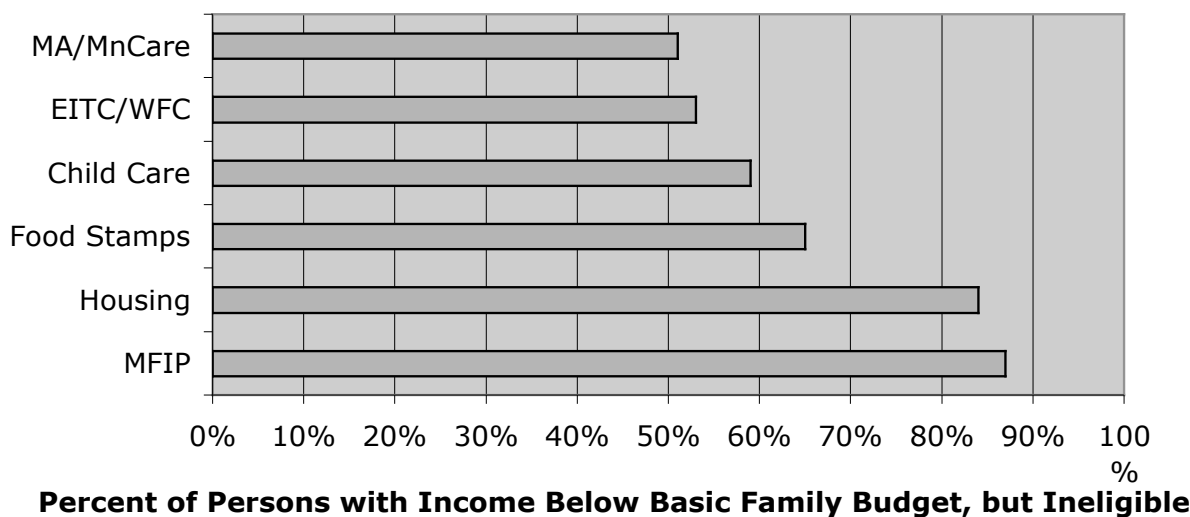
<sup>1</sup> For consistency across the ten states analyzed by CEPR, the national report uses basic family budgets developed by EPI/CEPR. These are very similar to the basic family budgets published in JOBS NOW Coalition’s *Cost of Living in Minnesota* research.

program, at least 50% of people in families with incomes below a basic family budget are ineligible. Overall, Minnesota’s work supports are not designed to be accessible to all the families that may need help.

Because three of the six work support programs— EITC/WFC; Child Care Assistance and MinnesotaCare—were designed to help working families, they have the lowest “eligibility gap.” The other three programs—MFIP; food stamps; and housing assistance—have larger eligibility gaps. This means that they are designed to reach far fewer families who struggle to make ends meet. Although many work requirements and work incentives have been added to these three programs over the past decade, they retain eligibility rules that are closer to rules that existed in the 1960s when they were intended to be a safety net for the very lowest income Americans.

Lastly, the researchers found that of those Minnesotans who live in families with incomes below a basic needs budget, one in five are not eligible for any work support.

**Chart 1: Minnesota's Eligibility Gaps**

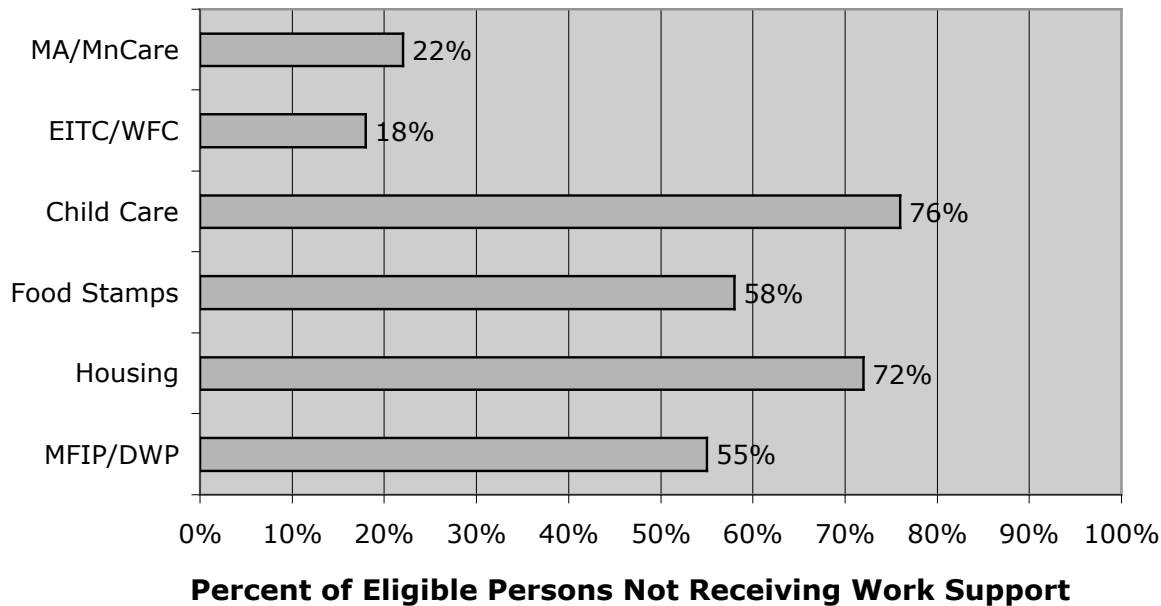


**“Coverage Gap”**

Even Minnesotans who are eligible often don’t get help through public work supports. Chart 2 shows the extent to which each work support fails to be “taken up” by those who are currently eligible.

By far, the EITC/WFC and medical programs are accessed by the most people who are eligible; therefore they have the lowest “coverage gaps.” Unfortunately, the Child Care Assistance Program—despite being designed for working families—has the highest coverage gap. Child Care Assistance suffers from the same problem as federal housing assistance: a limited amount of funds are allocated to the program each year, irrespective of the number of families who are eligible for it. Limited funds mean that many eligible families end up on waiting lists.

**Chart 2: Minnesota's Coverage Gaps**



The employment conditions for workers in low-wage jobs make accessing work supports even more difficult. Low-wage jobs are concentrated in service sector. These are jobs that are often part-time, require non-standard work hours, and have unpredictable scheduling. For parents this can have negative implications for finding stable child care arrangements, getting to meetings with caseworkers, and being a parent. Moreover, it means fluctuations in monthly income; five of the six work support programs require reporting all income changes, adding an extra administrative burden for working parents.

### **Low-Income Parents Talk About the Gaps**

Minnesota is one of four states in the *Bridging the Gaps* project that conducted focus groups with low-income parents. Five focus groups were held in August and September of 2006—two each in Willmar and Duluth and one in St. Paul. Parents were asked a series of questions about their strategies to make ends meet when earnings are too low; their experiences using public work supports; and their suggestions for policy change.

#### What parents said about public work supports:

- *Timing:* Parents have come to expect that assistance from the public sector is available only when a family is destitute and has depleted most, if not all, their assets.
- *Appreciation:* When a work support works, it works. Parents that knew about the EITC and WFC expressed great satisfaction with the ease of application and reporting requirements. Free and reduced price lunch programs were appreciated for the same reason.

- *Administrative burden:* Parents noted that keeping up with reporting requirements and verification requires a high level of organization. One parent said that she had to take time off from work to meet with her case manager or she would have been cut from the work support program. Parents were keenly aware that program rules could interfere with keeping a job.
- *Stigma:* Parents with incomes above 200% of the federal poverty level said that the poor treatment they experienced when applying for or staying on a work support was not worth the meager amount of financial support.
- *Mismatch:* Some parents pointed out that there might be help, but it is too often the wrong kind (i.e. a family may qualify for food stamps, but really needs help paying a high heating bill). Especially in Willmar and Duluth, parents reported having trouble using child care and housing assistance because they could not find a provider that would accept the public subsidy. Others lamented the waiting lists for some programs, explaining that “eligible” does not mean “available.”

Kinds of strategies that parents reported using to make ends meet:

- *Living with hunger:* Parents reported going without meals when they didn’t have enough for the food budget. While food shelves were a resource, some parents reported limited access to them. Some parents pointed to school food programs as a critical resource and said they would do anything to keep it for their children.
- *Limited support from family/friends:* Parents noted that relying on friends/family is only a very short-term strategy.
- *No health insurance:* Some parents decided to go without health insurance—either for themselves alone, or for their children as well—and keep their fingers crossed.
- *Get behind on bills:* Many parents reported using the family’s EITC/WFC refund to “catch up” on overdue bills.

Parents’ recommendation for improving public work supports:

- Find a way to help low-income working families deal with unexpected emergency expenditures before they are completely destitute.

For additional information about the project and state and federal advocacy efforts to improve these work support programs, please feel free to contact:

Andi Egbert at <b>Children’s Defense Fund—MN:</b>	egbert@cdf-mn.org
Carrie Thomas at <b>JOBS NOW Coalition:</b>	cthomas@jobsnowcoalition.org
Jessica Webster at <b>Legal Services Advocacy Project:</b>	jlwebster@mnlsap.org
Nan Madden at <b>Minnesota Budget Project:</b>	nan@mncn.org
Pam Johnson at <b>MN Community Action Partnership:</b>	pamjohnson@minncap.org
Leigh Rosenberg at <b>Minnesota Housing Partnership:</b>	rosenberg@mhponline.org

*Summary prepared by Carrie Thomas, JOBS NOW Coalition*