



Executive Committee Letter

Dear Friends:

The Legislative Commission to End Poverty in Minnesota by 2020 held its first hearing the day after the tragic 35W Bridge collapse. Guided by a belief that government ought not to wait before taking important actions to promote the public good, we chose not to postpone this previously scheduled meeting. Ironically, before the Commission finished its work in January 2009, another collapse occurred — this time, in our nation’s financial markets — that made our antipoverty efforts more urgent.

The Commission was spurred by a broad consensus among people in faith communities that the existence of poverty, and our acceptance of it, counters the most basic values of justice. The “Common Foundation” document that inspired the legislation creating the Commission asserts that “all people are [to be] provided those things that protect human dignity and make for healthy life: adequate food and shelter, meaningful work, safe communities, healthcare, and education.”

In moving forward with our efforts, Commission members were inspired by the faith community's belief in human dignity and compassion for others, values that formed the basis of the Commission’s work.

The Current Economic Crisis

While poverty was a serious problem when the Commission first met, it is an even greater problem now due to the economic crisis and the rapidly changing national and global economy.

Until the current crisis, predatory market practices and home foreclosures appeared to some to be distant problems confined to low income communities. Now we see how these problems in the housing market point to weaknesses in financial systems that led to the unraveling of many aspects of our economy.

Likewise, the number of working people using food shelves and homeless shelters before the markets collapsed points to the disturbing inability of current labor markets and wage rates to provide an income sufficient to provide for basic necessities of life. The economic “crisis” has increased the number of hungry and homeless people, but many were suffering before the crisis began.

The Commission observed that many middle-class people fell into joblessness, bankruptcy, and

even homelessness due to inadequate health care access, and others were trapped in poverty for the same reason. Similarly, even before the spike in fuel prices, the Commission heard how the inability to afford transportation affected everything — the ability to get work, to get children to child care, to participate fully in community life.

Rebuilding our Economy

When the bridge collapsed last summer, the state acted quickly. It was clear that our task was not to simply rebuild the bridge — but to design a stronger, better bridge — a bridge that would set new standards in terms of safety.

Minnesota must do the same in rebuilding our economy. We must build an economy that is stronger and meets the needs of all of people. We need an economy that restores work as a means out of poverty, that invests in developing occupational skills, and that values the potential of everyone. We must use all sectors of the economy — business, the faith community, government, and nonprofits — to address the flaws in the current economy and use the creativity and productivity of Minnesotans to ensure that all people can sustain their place in the community despite illness, age, disability or crisis.

As we work to rebuild our economy we need to recognize poverty is an indicator of whether we are succeeding. Poverty signals the weak points where our economic infrastructure will, like the 35W Bridge, eventually buckle. We urge Minnesota and our nation to respond to this economic crisis with the same urgency and long-term view with which we rebuilt the bridge.

Steps We Can Take Now

Although the report focuses on a twelve-year effort to end poverty, we believe the current economic crisis deserves urgent attention and would be alleviated by taking the following actions immediately:

- Create an emergency jobs program that uses wage subsidies to help businesses regain their footing and employ out-of-work Minnesotans;
- Use proposed federal infrastructure dollars to address unmet transportation needs that have isolated people and hampered economic growth, particularly in rural Minnesota where affordable transportation alternatives are needed;
- Respond rigorously to predatory market practices that drive up the prices of goods in some communities and crowd out sustainable practices of legitimate businesses;
- Develop a federal and state partnership to restore work as a means out of poverty: increasing and expanding income tax credits for low wage workers and fully funding child care assistance and early childhood education programs;
- Repair our broken health care system, with the recognition that we cannot end poverty or fix the economy without addressing the rapidly increasing costs of health care and the inability of the system to offer full access to medical care for every Minnesotan.

Beyond the urgency of the immediate crisis, the rebuilding work must continue. The recommendations in this report form a blueprint for a stronger, more stable economy. All people contribute to the common good and we are a stronger, more prosperous state when we make use of those contributions.

As the Commission traveled the state, we witnessed the confident, selfless ways in which Minnesotans are working to end poverty and heard their pleas that the state join their efforts. The current economic crisis, while daunting, sharpens our resolve to end poverty in Minnesota by 2020. We are confident Minnesotans are ready to work with us to end poverty and ensure the prosperity of our great state.

The collapse of the 35W Bridge was a catalyst both for building something more enduring and thinking more deeply about how we invest in our infrastructure. The current financial crisis provides an opportunity to question our economy and financial practices and reshape them in a manner that does not leave many Minnesotans behind. We hope that the Commission's work will guide legislators and all Minnesotans as we strive for a better future for all.

Sincerely,

Rep. Carlos Mariani

Senator John Marty

Rep. Morrie Lanning

Senator Claire Robling.

Executive Summary

Introduction

The Legislative Commission to End Poverty in Minnesota by 2020 began its work in June 2007 and finalized its recommendations in January 2009. The Commission's overall mission and vision are captured in both its name and its guiding principles, which were first articulated in the Minnesota faith community. The consensus in the faith community is that the existence of poverty, and our acceptance of it, counters the most basic values of justice.

Even with the economy currently in recession, the Commission believes there is a strong case to be made for working towards ending poverty. Failing to address poverty will threaten the economic viability of the state, since it robs the state of needed resources. Working to end poverty also focuses our attention on what's important in our community and in our lives. And with over 482,000 Minnesotans living in poverty according to a 2007 survey, it is simply the right and compassionate thing to do.

Research Focus

The Commission's overall objective was to examine the nature of poverty in Minnesota and identify opportunities for addressing both short- and long-term poverty. To achieve these objectives, the Commission conducted in-depth research employing the following primary and secondary research methods:

- **Four full hearings** at the state capitol to discuss the issues and hear testimony from state experts, advocates, and others.
- **Ten listening tours** covering all major regions of the state to study poverty firsthand.
- **In-depth research** to gather facts and statistics, interview experts, and explore best practices.
- **Numerous meetings**, including a full-day retreat in June 2008, to analyze findings and deliberate on possible solutions.

This research included ongoing consultations with the **Urban Institute**, a leading public policy think tank located in Washington, D.C. Working with the Institute, the Commission identified policies to be tested for possible inclusion in the final recommendations. The Institute ran simulations applying these policies and using the National Academy of Sciences (NAS) poverty definition as a basis for the research. The full report includes detailed information on this work.

Key Challenges Identified in the Research

The research revealed that while Minnesota continues to rank highly relative to other states on a number of indicators, including poverty rate, workforce participation, and college graduation rates, some key issues and barriers exist that are contributing to poverty in Minnesota. During its deliberations, the Commission identified six broad challenges:

- **Challenge one.** If work is truly going to represent a way out of poverty, then the jobs available to Minnesotans, and the wages those jobs pay, must be adequate to move people toward financial self-sufficiency. In addition, those who want to work but who need additional support to do so must receive the assistance they need.
- **Challenge two.** Public assistance programs must work to move people toward financial self-sufficiency. Too often well-intentioned programs end up having the opposite effect, especially when they lead to asset depletion as a condition for participation. In addition, better integration of programs and enhanced automation of services are needed.
- **Challenge three.** To become fully self-sufficient financially, Minnesotans must be able to move beyond mere survival to the point where they are building and maintaining assets. That means that their already inadequate resources must not be further depleted through predatory financial practices. And greater financial literacy is needed to reduce vulnerability to such practices.
- **Challenge four.** To function well and remain economically viable, Minnesota needs strong communities characterized by two broad elements: a strong physical infrastructure that includes affordable housing and transportation, and another, more personal infrastructure that allows individuals to support each other in a safe and healthful environment as they move towards financial independence.
- **Challenge five.** One of the best ways to prevent and move out of poverty is through education—starting in early childhood and extending throughout life. Although Minnesota is known for its excellence in education, there are disturbing trends—continuing disparities in access and outcomes by race; and an urgent need to modernize our education system to address issues of global competition and technological shifts that are changing the nature of work.
- **Challenge six.** Finally, our recommendations will not yield results unless we build and maintain a structure for monitoring our efforts. That structure needs to include tools and strategies for refining our definition of poverty; building public awareness about poverty; working to understand and share best practices; and carefully monitoring the impact legislation has on our antipoverty efforts.

In addition to these challenges, the Commission recognizes other major issues that must be addressed—persistent poverty by race and gender, and the growing **health care crisis**. The full report offers a special look at each of these areas.

The Commission's Recommendations

In crafting its recommendations, the Commission had three primary objectives in mind—to help Minnesotans become more financially self-sufficient; to build assets at both the individual and the community levels; and to eliminate barriers preventing those living in poverty from finding gainful employment and moving forward with their lives.

Details of the recommendations are available in the full report. Below are six broad strategies for ending poverty in Minnesota by 2020, with examples of recommendations the Commission has made under each strategy.

- **Restore work as a way out of poverty.** Increases to the minimum wage; expansion of tax credits for working families; childcare assistance for more working families; and tax incentives for businesses are included in this category.
- **Refocus public assistance to streamline services and support everyone's capacity and potential.** Integration and automation of public services; more uniform eligibility criteria for services; and increases in food support participation are included.
- **Help Minnesotans build and maintain financial assets.** Public assistance policies that encourage maintenance of assets; banning of predatory financial practices; restrictions on the use of personal credit information, and financial literacy education are included.
- **Revitalize our communities through infrastructure and person-to-person support.** Increased federal and state support for affordable housing; better access to transportation; support for caregivers; and community-based initiatives to help at-risk youth are included.
- **Modernize our system of education to build the best workforce in the nation.** Enhanced early childhood education; extension of technical education programs; and implementation of the Governor's Workforce Development Council initiatives are included.
- **Develop an ongoing structure to monitor Minnesota's efforts to end poverty.** Creation and implementation of a public awareness campaign and development of poverty impact statements to assess the likely effects of legislation on low-income Minnesotans are included.

Included with the recommendations are brief profiles of several organizations and programs doing work related to the Commission's recommendations. Featured programs include The Itasca Project's Mind the Gap and Close the Gap initiatives; Family Assets for Independence in Minnesota (FAIM); Northern Connections; Minnesota Community Action Partnership's Circles of Support; Achievement Plus Schools; and the Department of Employment and Economic Development's Pathways to Employment program.

Next Steps and Benchmarks

Development of the recommendations is only one step in the process. To ensure that the Commission's recommendations are effectively communicated and monitored over the long term, everyone with an interest in these issues—Commission members and staff; the Minnesota legislature; nonprofit and faith organizations; the business community; and concerned Minnesotans—must do their part.

In addition, if real progress is to be made, specific goals and benchmarks must be set. Overarching benchmarks identified by the Commission's Benchmark working group include:

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

For additional information on strategies for communicating and monitoring the recommendations, as well as benchmarks identified for the six recommendation strategies identified above, please see the Next Steps section of the full report. Included are benchmarks relating to employment; poverty among people with disabilities; disparities in net worth; post-secondary education; and worker productivity.

For more information on the Commission

In June 2008, the Commission published its interim report. Highlights of that report are available in Appendix C of the full final report. Readers can also download a copy of the interim report on the Commission's website at www.lcep.leg.mn.

The Commission's website also includes audio and video archives of hearings; background information and documents from the listening tours; and a selection of national and local resources on poverty. Also included on the site is an anthology created by community action agencies and their partners throughout the state, and a slide show created by first-year photography students at Central Lake College. For details, select the "What's New?" link on the site.