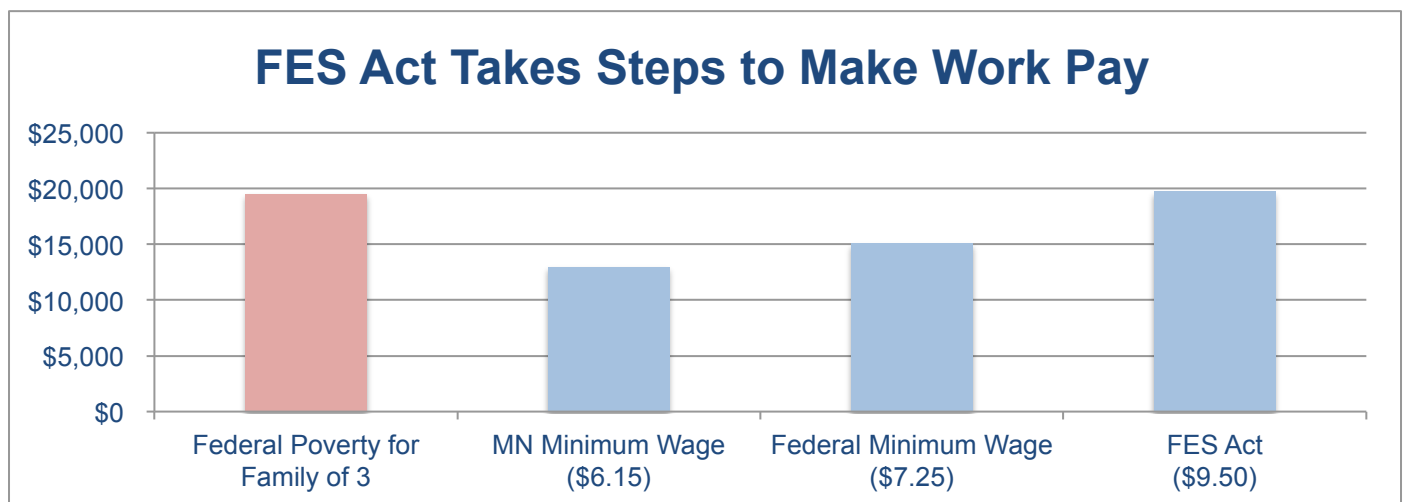


# Family Economic Security (FES) Act

Improving child well-being • Building family opportunity • Strengthening Minnesota

The economic security of a family is critical to the health and well-being of its children and the future prosperity of our state. Children from families with sufficient financial resources are far more likely than children from economically disadvantaged families to start kindergarten ready to succeed, and to flourish in school and later in life. Families with greater financial resources can better meet basic needs and provide enriching opportunities for their children. Findings from a 2011 study examining the effects of family income on school readiness suggest that an additional \$1,000 of average annual family income throughout early childhood will result in higher reading and math scores for children in low-income families.

As the wages of low and middle income working Minnesotans continue to stagnate, the cost of housing, utilities, food, child care, transportation and health care continue to increase. It costs a family of three (one adult and two children) approximately \$46,000 a year to meet basic needs. Yet, a parent working full-time earning Minnesota's minimum wage earns only \$13,000 a year – an income that leaves a family at 68% of the federal poverty level.



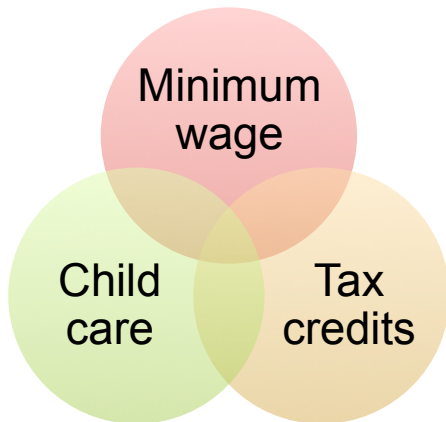
The Family Economic Security (FES) Act provides an opportunity to improve the health and well-being of Minnesota children by increasing the economic security of their families. The Family Economic Security Act:

1. Raises the minimum wage to \$9.50 for large employers, \$8.25 for small employers and \$7.50 for the training wage
2. Fully funds child care and expands eligibility to 300% FPG (76% State Median Income)
3. Increases the Working Family Credit and creates a state version of the Child Tax Credit that recognizes the cost of raising children

We can't wait to build the path toward economic security for Minnesota families. The number of Minnesota children living in poverty continues to increase. In 2011, 194,000 Minnesota children were living in poverty. Living conditions associated with poverty are highly stressful to a child's development and can create toxic levels of stress. This in turn can negatively affect a child's developing brain, greatly increasing his or her risk for poor health and educational outcomes.

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Supported by a vast body of research, the three policies in the Family Economic Security Act would increase family income and enhance child well-being.

**Minimum wage.** A minimum wage increase would more accurately reflect the true cost of living for families and better allow families to meet basic needs while moving families toward economic security. While the federal minimum wage was raised to \$7.25 in 2009, 19 states and Washington, D.C. have gone above the federal minimum wage - recognizing that it takes more than \$7.25 to make ends meet. Minnesota is one of only four states with a minimum wage lower than the federal.

**Child care.** Helping parents pay for child care increases the likelihood that children receive consistent quality care while their parents work. Child care in Minnesota is expensive and lower-income families are more likely to pay a larger portion of their income toward child care than families with greater economic resources. The Child Care Assistance Program (CCAP) helps make child care affordable for many working families. However, many eligible CCAP families do not receive this assistance because the program is not fully funded. Currently 6,000 Minnesota families are on waiting lists for CCAP subsidies.

**Tax credits.** The state Working Family Credit (WFC) encourages work, reduces poverty, helps families meet basic needs, improves children's achievement in school and likely increases their earnings as adults. Increasing the WFC and establishing a state version of the federal Child Tax Credit (CTC), which recognizes the additional costs of raising children, would further help lower income families move toward economic security.

When the Urban Institute simulated a proposal similar to the Family Economic Security Act for the bipartisan Legislative Commission to End Poverty in Minnesota by 2020, the findings were remarkable: 287,000 fewer Minnesotans, including 89,000 children, living in or near poverty (27% decrease); 35,000 additional Minnesotans in the workforce; \$2.6 billion in government savings; and a \$10 billion increase in net wages.

The Family Economic Security Act provides a powerful solution to:

- **IMPROVE** the well-being of Minnesota children
- **STRENGTHEN** the financial security of families
- **BUILD** opportunity for Minnesotans
- **CREATE** future prosperity for our state

