



**Race and Budget Matters: A Mid-Term Report Briefing
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The Minnesota Budget Project provides interested citizens, elected officials, and community leaders with timely and accurate information so that they can become more active and effective participants in budget debates. The Minnesota Budget Project is an initiative of the Minnesota Council of Nonprofits, a statewide association of over 1,750 member organizations, with a long commitment to social and economic justice.

Persistent racial, geographic, and income disparities are a threat to Minnesota's economic future and our quality of life. So we applaud efforts that seek to build a culture of opportunity in Minnesota by addressing those gaps.

Lack of attention to racial disparities allows them to persist. Budget choices can help close those gaps — or widen them further.

In 2003, the state faced a large budget deficit. And decision-makers chose to make dramatic cuts in funding of state services. Many of those choices had a disproportionate impact on communities of color. I'll highlight just a few of the choices made in the areas of education and health care.

- Children of color are more likely to be rated as not yet prepared for kindergarten. Yet in 2003, state funding to help low-income working families afford quality child care — which has been shown to help close the achievement gap — was cut by 50%. Twelve hundred families were expected to lose eligibility for child care assistance as a result, and waiting lists grew to 8,000 families.
- And there were deep reductions in other early childhood education programs, including Head Start. Way to Grow, which provided culturally-appropriate school readiness services, lost all state funding.
- Additional funding to schools to aid students with Limited English Proficiency was capped at five years, although experts argue that setting a cap ignores that not all children will achieve proficiency at the same pace.
- Adult Basic Education, which includes English as a Second Language, citizenship classes, and GED completion, was cut by about 11%.
- After School Enrichment programs worked in communities to help at-risk youth who are struggling in school — a population again in which children of color are over-represented. All state funding for After School Enrichment programs was cut in 2003.

People of color are more likely to lack health insurance, and are also more likely to have lower incomes. As a result, changes to the state's health care programs significantly impact communities of color.

- In 2003, the state enacted changes to the state's health care programs that affected even the very lowest-income individuals, including new copayments, increased premiums, and more stringent eligibility requirements. As a result of these changes, over 26,000 Minnesotans were expected to lose their health care coverage by FY 2005.

The state has since emerged from its budget deficits. But in many areas, the impact of the service cuts made during the deficit years are still being felt, and being keenly felt by communities of color.

Today, a combination of policy choices and economic trends has created a situation of artificial scarcity in which our state and local governments are significantly smaller today, measured as a share of the economy, than in the 1990s.

The lack of adequate resources makes it more difficult to make progress towards racial equity, but it cannot be an excuse for inaction.

Budgets ultimately are about setting priorities. In our analysis of budget proposals during the 2007 Legislative Session, we find that reducing racial disparities has not been prominently mentioned as a priority. Although certainly there are initiatives that seek to address racial gaps, these efforts tend to be isolated and small in scale — they are not part of a unified vision to create an environment in which all Minnesotans have the opportunity to thrive.

Policymakers have the opportunity, as the legislature and governor begin the process of negotiation that will craft the final budget, to consciously adopt the reduction of racial disparities as a goal. No longer should lack of attention allow racial disparities to persist.