



Testimony — SF 3760 – Legislative Commission to End Poverty by 2020  
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First, I would like to thank Senator Hottinger for his ongoing commitment and leadership on behalf of Minnesotans struggling to make ends meet. And we welcome his work to draw attention to the importance of a comprehensive approach to ending poverty in Minnesota.

According to the U.S. Census Bureau, 1 in 14 Minnesotans lived below the poverty line in 2004. And we know that the poverty line seriously understates the actual amount of resources that a family needs for a basic standard of living.

Senator Hottinger's bill lays out some guiding principles for a Commission to End Poverty, and one of these is that we should avoid wide disparities between those who have too little to live on and those who have a disproportionate share.

I have brought a copy of some recent work we did on income inequality in Minnesota. This analysis finds that the benefits of strong economic growth since the early 1980s were not broadly shared. The gap between high-income and low-income Minnesota families grew over that time, so that in the early years of this decade, the richest fifth of Minnesota families had average incomes that were nearly six times as large as the poorest fifth. And this growing gap is even after taking into account the positive impact of federal tax policy including the Earned Income Tax Credit, food stamps, subsidized school lunch, and federal housing vouchers. The wealthiest fifth of Minnesota families would have incomes eight times the incomes of the poorest fifth if we don't take the impact of those federal policies into account.

Policy choices can make a real difference. Policy choices that can decrease income inequality fall roughly into three categories:

- Policies that address labor market inequities, such as the minimum wage or a focus on job quality in economic development and employment and training efforts.
- Tax policies that ensure that all Minnesotans are paying their fair share to support government services, and that help struggling families make ends meet, and
- Policies that increase the incomes and living standards of low-income families, such as child care assistance, subsidized health care, and access to higher education and skills training.

In the past, Minnesota was a leader in many of these kinds of policies. But we have lost ground in recent years.

Increasing income inequality, and unacceptably high levels of poverty among working people, contradicts some of our country's most deeply held values. Americans believe

that hard work should pay off, that people who work full-time should be able to support their families, and that everyone deserves an opportunity to succeed.

As the gap between rich and poor widens, different standards of living mean that people are more distant from each other. This distance undermines a sense of a shared destiny and weakens trust in public institutions. Income inequality fosters a society in which some members have greater influence in the political process than others.

We applaud Senator Hottinger for calling for a renewed commitment to policies that reduce the income gap, and increase living standards for low-income Minnesotans, not just because it's the right thing to do to help low-income families, but because it's the right thing to do for all of us.