

Increase MFIP Cash Assistance

Request (HF869/SF734)

Raise MFIP cash assistance \$100 per month

The Minnesota Family Investment Program (MFIP) provides employment support and temporary cash assistance for children and their parents who are striving toward full-time employment.¹

The Problem

Many low-wage working parents do not qualify for unemployment insurance when they lose work. Instead, they must turn to MFIP for time-limited help. The program has eroded under inflation. On average, monthly cash assistance is \$348 per family.²

Parents enrolled in MFIP struggle to find stable housing, afford gas to get to work, and to provide other basic needs for their families. Their children face challenges in their early development and at school because of economic conditions at home.

Nearly 70% of families enrolled in MFIP are raising a child under the age of 6.

MFIP cash assistance for a family of three is a maximum \$532 per month.

Bipartisan legislation would raise cash assistance by \$100 per month.

The Solution

Minnesota should invest in basic economic stability for the lowest income families. A \$100 per month increase in MFIP cash assistance will make an immediate difference in the lives of striving workers and their children.

- **Improves employment opportunities and family stability.** The proposal helps families gain stability and afford housing, basic needs, and transportation—the top barrier to employment for parents enrolled in MFIP, according to workforce professionals.
- **Helps children succeed.** As little as \$1,200 more per year to a family enrolled in MFIP can positively affect childhood brain development, early learning, and educational attainment.
- **Supports local business.** Adds \$68 million in consumer-spending power into Minnesota's economy.

The bill was introduced with bipartisan support, included in the Governor's 2015 supplemental budget, and aligns with State TANF Task Force recommendations.³

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¹ Over 40 percent are employed, earning an average of \$1,162 per month (DHS, Dec. 2014).

² Fewer than half of all families enrolled in MFIP qualify for a \$110 per month housing allowance, implemented October 1, 2015.

³ The 2015 State TANF Task Force recommends that TANF funds that have been diverted to the Working Family Credit and Minnesota Department of Health are returned to MFIP and fully backfilled through the general fund. The Prosperity for All campaign would oppose any proposal that returns TANF funds to MFIP if the funds are not 100% backfilled.

Improve the Working Family Credit

Request

The Working Family Credit is a part of our tax code that provides a tax credit for working people with lower incomes, which helps them meet basic needs and support their families. As Minnesota policymakers consider tax cuts this year, lower-income Minnesotans should be a priority. On average, these Minnesotans pay a larger share of their incomes in state and local taxes than higher-income households.

Policymakers should improve the Working Family Credit by:

- **Increasing the amount of tax credit** that lower-income Minnesota workers and their families receive.
- **Making more Minnesota households eligible** for the Working Family Credit by increasing the amount that they can earn and still can receive the credit.
- **Making the credit available to younger workers** (ages 21 to 24) and older workers (ages 65 and 66) who do not have dependent children. These workers currently are ineligible for the Working Family Credit.

Impact

More than 300,000 Minnesota households would benefit from this proposal, including about 60,000 households who would be able to claim the credit for the first time. Some of the state's most struggling families would be the biggest beneficiaries. For example, a family earning \$13,700 per year with two dependent children would see a \$528 increase in their credit.

Minnesota's Working Family Credit is a proven policy that rewards work, makes the tax system more fair to lower-income families, helps working people meet basic needs and support their families, and gets children off to a stronger start.

- **Rewards work.** The Working Family Credit helps families on low wages get ahead. The credit is only available to lower-income people with earnings from work, and encourages the lowest-paid workers to work more hours.
- **Helps children succeed.** Research on the federal Earned Income Tax Credit (EITC), on which the Working Family Credit is based, has shown long-lasting positive effects for children in families that receive it. These children are healthier, do better in school, and are more likely to go to college and earn more as adults.
- **Makes taxes more equitable.** The Working Family Credit offsets a portion of the state and local taxes that lower-income working people pay, such as sales taxes. But even with the existing credit, low- and moderate-income Minnesotans on average pay a larger share of their incomes in state and local taxes than higher-income households.

Portions of this proposal were included in Governor Dayton's 2015 supplemental budget.

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