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Editorial: Bridge the gap for the working poor

A public-private partnership with Minnesota families.

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Two decades ago, a bipartisan panel of thoughtful Minnesotans appointed by Gov. Rudy Perpich sliced through the thorny politics of welfare reform and proposed a new social compact: Everyone should work, but if you work you shouldn't be poor. Their work extended a venerable Minnesota tradition -- the belief in economic opportunity -- and set the stage for important innovations in welfare-to-work, health care and tax policy.

It turns out the strategy worked. A new study called "Bridging the Gaps" places Minnesota in a national context and finds the state has made great strides in supporting families who work at the economy's lowest rungs. But it also finds that thousands of working Minnesotans remain stuck in a "hardship gap," lacking the resources to raise safe, healthy families.

The backdrop to this report is a sobering picture of today's economy. More than one in five American workers lives near the brink economically -- no health insurance, no pension, and annual earnings in the range of \$20,000. "There's been a profound change in the labor market in the last 30 years," says co-author Heather Boushey. "For many people, having a job just isn't enough."

In Minnesota, the picture is somewhat brighter. The state has an unusually good mix of high-paying jobs, and its high rate of health insurance coverage is due mainly to generous employer-paid benefits. But Minnesota also has a set of ingenious public "work supports," including MinnesotaCare health insurance and the Working Family Tax Credit, both of which improve family well-being while increasing the incentive to work.

Nevertheless, Minnesota has not reached the finish line. The authors find that even among "hardship gap" families -- those earning as little as \$21,000 per year -- 50 percent are not eligible for subsidized health insurance, and 60 percent are ineligible for help with child-care bills. That's significant because many low-income families are young families with children at risk.

The 2008 Legislature could make a big difference for these families. One change would be to restore funding, cut deeply during the 2003 state budget crisis, for state child-care subsidies. They're carefully targeted toward families in need, and they're a smart investment in early childhood development. A second would be to streamline the paperwork for a broad range of work supports so that low-income parents, juggling erratic work schedules, don't have to fight the bureaucracy every few months just to keep a child-care subsidy or health insurance for their children.

Americans have long assumed that a job is the key to personal dignity and economic security. That's often true. But where it's not, bridging the gap is a good investment in social inclusion and healthy families.

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