

Beginning the End of Poverty in Saint Paul An Agenda for Action

Preliminary Report of the Legislative Advisory Committee on Poverty

Presented to the Saint Paul City Council July 26, 2017

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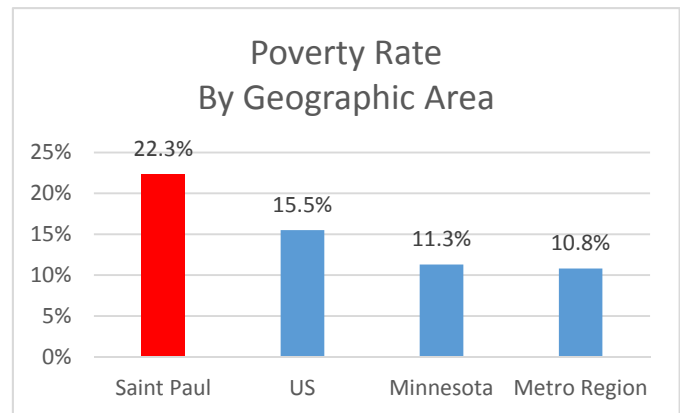
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Executive Summary

Findings. Based upon data provided to the Legislative Advisory Committee on Poverty, it learned:

1. Saint Paul residents experience poverty to a greater extent than those in neighboring communities, the state and the country as a whole.
2. African American residents of Saint Paul experience poverty at nearly twice (100%) the rate of the city's residents overall. American Indian, Asian and foreign-born residents experience poverty at a 50% greater rate than the city's residents.
3. Female-headed households experience poverty at more than double the rate of families as a whole in the city.



1 Source: American Community Survey 2011-2015 Estimate

Method. The Saint Paul Legislative Advisory Committee on Poverty was composed of members from government, private, non-profit and foundations sectors, as well as several members of the community with life experience navigating poverty in Saint Paul. The committee met on seven occasions over several months and covered material ranging from the role of city and county government to housing, criminal justice, financial inclusion and the workforce issues. These meetings were informed by research and analysis provided by staff and guests, as well as the vast expertise of the committee members themselves. Staff also interviewed the committee members individually to inform the construction of the committee's discussions.

Values. The committee made clear from the beginning that its work had to take place within the context of a shared set of values. The first is the importance of maintaining dignity for all people interacting with government and social service programs. They should feel as if they are treated by staff and the system as if they are necessary members of their community whose presence is valued. The second is that all people interacting with government and social service programs should feel as if they are treated by staff and the system with empathy, understanding and compassion. Next is the principle that building community bonds that do not distinguish between us on the basis of wealth is necessary for a social and political system where poverty does not emerge. And finally, whenever possible, it is necessary to support and promote whole family development to empower individuals, households and communities.

Role of the City. It is impossible to escape the fact that however thoughtful and well-intentioned the efforts of this committee are – the real power to alleviate poverty lies with the federal and state governments. It is federal money which provides for food assistance, many tax credits, housing assistance and social security – which is sufficient income to keep many above the poverty line. The city can act in limited ways and the committee worked to focus its efforts on these areas, rather than higher levels of government. The city can also be a convener of public-private partnerships, actively participate in ongoing efforts to address the causes of poverty and make policy initiatives that address poverty a priority of the city's legislative agenda

RECOMMENDATIONS – This is not a consensus listing of recommendations of committee members, but rather a listing of what they are discussing and considering.

A. Workforce Development: *Programs and regulatory structures ensure jobs support stable families and communities.*

1. Review Ramsey County Workforce Solution program community outcomes for Saint Paul and assess best arrangement for Saint Paul residents. ★
2. Consider measures, including ordinance changes related to minimum wage and fair scheduling ordinances that mitigate the “cliff effect” for low-income workers. ★
3. Consider measures, including ordinance changes, related to scheduling work hours.
4. Convene a public-private partnership to address the stigma of arrest and conviction records and incarceration among employers. ★

B. Economic Well-Being: *Programs and regulatory structures ensure that people retain their income and assets.*

1. Consider financial service ordinances that provide protection to consumers. ★
2. Consider human rights ordinances that provide consumer and employee protections. ★
3. Work with partners to create lending and pooling programs to manage costs related to transportation.
4. Participate in regional partnership to create savings options for Saint Paul youth and employees without other retirement savings benefits.

C. Criminal Justice: *Law enforcement and criminal prosecution activities are just.*

1. Review the process and costs associated with conducting everyday business with the police department. ★
2. Support efforts of the City Attorney’s Office to create affordable car insurance to help stem the flow of revolving door traffic tickets. ★
3. Support efforts at all branches of government to modify fine and fee structures for minor violations to decrease the disproportionately high burden on those living in poverty. ★

D. Social & Community Support: *City leadership develops public systems that ensure access to use of public services and involvement in democratic processes.*

1. Develop a service navigator model through the Saint Paul Public Libraries that can ensure people receive the assistance for which they qualify. ★
2. Convene an ongoing facilities planning process that includes Saint Paul Public Schools, Ramsey County and other major non-profit service providers operating in Saint Paul to streamline appropriate infrastructure investment that meets the community member needs as observed across community institutions. ☆
3. Develop programming for childcare that empowers parents to participate in public meetings including city council, boards and commissions and district councils. ☆

E. Housing: *City programs and regulatory action maximize the availability of safe, decent, affordable housing for all residents.*

1. The City should continue to support the development of emergency shelter to serve Saint Paul. ☆
2. The City should work to maintain its current level of affordable housing. ☆
3. The City needs to continue to ensure the housing is safe and decent, as well as affordable. ☆
4. The City should consider supports to ensure there is a minimum of housing discrimination based on source of income. ☆

★ = Very Strong Committee Support, ☆ = Strong Committee Support

I. Charge to Advisory Committee:

WHEREAS, poverty has a significant impact on long-term learning, health, participation rates in community life and future economic potential of Saint Paul residents; and,

WHEREAS, almost 25% of Saint Paul residents live in poverty, compared to 11% in the 7-county Twin Cities region and 38% of children age 17 and younger live in poverty, about 25,000 kids; and,

WHEREAS, annual median household income is \$48,855 compared to \$68,261 for the Twin Cities 7-county region; and,

WHEREAS, 39% of Saint Paul households have annual incomes under \$35,000 and 53% under \$50,000; and,

WHEREAS, 41.8% of African Americans, 30.9% of Asians and 27% of Hispanic or Latinos residing in Saint Paul live below the poverty level; and,

WHEREAS, the City Council held a working session on reducing poverty in the City of Saint Paul on June 22, 2016 where experts in the field provided insight and guidance on the best ways to eliminate poverty; and,

WHEREAS, the City Council is interested in identifying and implementing collaborative strategies to reduce poverty in the City; and,

WHEREAS, the City Council believes that Saint Paul must employ a broad-based, collaborative and comprehensive poverty reduction strategy to coordinate efforts and engage all city staff, government entities, non-profit and the private sectors towards reducing poverty; and,

WHEREAS, under Section 3.01.8 of the City Charter, the Council has the authority to establish a legislative advisory committee to develop policy recommendations to address poverty in the City of Saint Paul; and finally,

THEREFORE, BE IT RESOLVED that the City Council hereby appoints a Legislative Advisory Committee on Poverty, as per Section 3.01.8 of the City Charter, and to be charged with the duties to:

1. Examine and assess the causes of poverty in the City of Saint Paul;
2. Develop 3-5 policy recommendations aimed at lowering the city's 25% poverty rate and build health, wealth and stability; and
3. Produce a poverty reduction strategy which documents and that describes policy proposals in detail, explaining the process for implementation, and analyzing the challenges associated with implementation. The Legislative Advisory Committee on Poverty will report back to the City Council with recommendations by June 28, 2017.

II. Introduction

The Saint Paul Legislative Advisory Committee on Poverty (SPLACP) was given the very serious and important task of reviewing the causes and current circumstances of poverty in this city, as well as coming forward with clear policy recommendations aimed at lowering the city's 22.3% poverty rate and improving the lives of those in poverty. There are few social justice topics as critical and complex as poverty. Poverty is a world-wide phenomenon and there is almost no topic which is more multi-faceted. Most government, religious and philanthropic institutions have as a part of their mission to lift up those in poverty and thereby improve the lives of all people. The Saint Paul Legislative Advisory Committee on Poverty is comprised of members of government, faith-based, business and nonprofit sectors, in addition to having members appointed to represent the community at large – especially those with the experience of living in poverty. Topics covered in the meetings included:

- the roles of city and county government
- the values and principles we bring to our work
- housing and homelessness
- financial capability and inclusion tools
- jobs and workforce; and
- social justice and racial equity

The committee met seven times over a total of 18 hours – with an optional eighth session which was a simulation on being homeless in Ramsey County. In addition to these meetings, staff interviewed committee members and brought research and analysis to the committee's attention for review and commentary. The results of these discussions and supporting information and analysis provide the basis for this report. The time constraints involved in coordinating committee member schedules, covering the breadth of material necessary and analyzing the information carefully in order to develop sound recommendations proved formidable. The City Council may wish to have the group reconvene to develop more detailed plans for implementation of the recommendations. Alternatively, the Council may wish to bring together groups of staff and community members to further flush out those ideas it wishes to pursue.

The city has very limited ability to effectuate significant change in the conditions that shape poverty. In truth, the largest society-wide anti-poverty measures come from federal and state governments in the form of food and medical assistance, social security, housing assistance vouchers and tax credits – most formidably the Earned Income Tax Credit and Child Care Tax Credits. These efforts are joined with an intricate web of philanthropic and nonprofit ventures to meet basic needs and improve the lives of those in poverty. Additionally, the City of Saint Paul is already involved in many commitments which mutually reinforce the efforts of this work, namely extensive racial equity training and fair housing efforts. However, the main thrust of municipal government is to provide for the health, safety and welfare of residents with police, public works, public health, libraries, fire safety, inspections and parks services.

The goal of this report is to offer a basic assessment of the problem of poverty, provide a brief assessment of current city activities to ameliorate poverty and provide specific programmatic improvements that should be considered. In the end, we know that improving the lives of people in poverty happens in one of 3 ways:

1. By increasing the amount of money coming in the door through better paying jobs, with better benefits and sometimes cash assistance; and
2. By keeping more money in the family to spend on its needs by cutting its expenses for necessities such as:
 - a. **food** – food shelves and SNAP-Supplemental Nutrition Assistance Program;

- b. **housing** – public housing, low income housing development tax credit, Housing Choice Vouchers, inspections and laws to ensure safe and decent housing is maintained;
 - c. **child care** – child care availability to help ensure participation of parents in job training or getting medical care; child care tax credits; and
 - d. **taxes** – earned income tax credit (federal), working family credit (state).
3. By increasing the capacity of those at the lowest end of the economic spectrum to accumulate wealth through savings, home ownership and other means.

The extent to which the city can pull levers to improve income and savings, and decrease expenses for those living in poverty is an unequivocal public good. However, given the most significant anti-poverty measures come from federal and state governments, the greatest threat to those living in or near poverty is the proposed reduction or elimination of assistance programs providing for the basic needs of those living in poverty. This threat eclipses all activities which could be undertaken at the local level to mitigate poverty. The city would serve its residents well by strongly advocating the continuance of the life-saving programs.

III. Values and Principles

The committee's work is animated by the following values and principles:

Dignity – All people interacting with government and social service programs should feel as if they are treated by staff and the system as if they are necessary members of their community whose presence is valued.

Empathy – All people interacting with government and social service programs should feel as if they are treated by staff and the system with empathy, understanding and compassion.

Connectivity – Building community bonds that do not distinguish between us on the basis of wealth is necessary for a social and political system where poverty does not emerge.

Family – Whenever possible, it is necessary to support and promote whole family development in order to empower individuals, households and communities.

Owning these principles leads to the development of particular recommendations where the committee believes there is an existing disconnection between the community we do live in and the one we want to live in.

IV. What is “poverty?”

The official federal definition of poverty is framed as a threshold for annual income—including all forms of financial income except tax credits, non-cash public assistance and capital gains/losses. This threshold is based on a formula developed in 1963 that multiplies the minimum food budget for a household by 3. This threshold is adjusted to account for various household sizes and number of related children under 18 years of age. All data used for regional and city-wide planning purposes that addresses poverty relies on this definition.

2016 US Poverty Thresholds – US Census Bureau				
Size of family unit	Related children under 18 years			
	None	One	Two	Three
One person (<65)	\$12,486			
One person (>65)	\$11,511			
Two people (<65)	\$16,072	\$16,543		
Two people (>65)	\$14,507	\$16,480		
Three people	\$18,774	\$19,318	\$19,337	
Four people	\$24,755	\$25,160	\$24,339	\$24,424
Five people	\$29,854	\$30,288	\$29,360	\$28,643

2 Source: US Census Bureau

Although this definition of poverty is applied nationally, it does not take into account regional cost variations. It also does not take into account the full range of household costs. This definition makes clear that some types of income are not included and it should be noted they are also very difficult to measure. For example, the earned income tax credit does have the impact of increasing a families' real income. However, the financial impact of employee-paid health care versus employer-paid could have a profound impact in decreasing real income. Adding in the impact of the Supplemental Nutrition Assistance Program (SNAP), formerly known as food stamps, real income becomes further obscured. In other words, we do the best with the numbers we have, but we are well-advised to consider recommendations which decrease the cost-of-living of those in poverty, as well as those which directly add income.

While the objective definition of poverty describes a condition of income, there is a broader experience of poverty that committee members have described as relevant to any action taken to reducing poverty and increasing incomes. These are general characteristics of living in poverty that must be addressed:

- **Desperation** – The psychological and spiritual condition in which people are unable to envision a better future for themselves, their family and/or their community. This condition manifests itself at various levels in various ways, including:
 - a young person who does not believe they could be employed in a meaningful job at a livable wage
 - an adult who engages in criminal activity in order to sustain themselves and/or their families
 - neighborhoods where people do not believe that government officials will invest in their well-being
- **Marginalization** – The social distance from people and institutions in positions of political authority and financial means and breakdown in solidarity of families and communities

In Saint Paul, where 22.3% of the population overall lives in poverty, rates among residents of color are 36.5% compared with 11.2% for white residents. The median income for East Metro households from 2010-2014 was \$67,106—for female-headed single-parent families it was \$43,543, but \$62,900 for male-headed single-parent families. The richest 20% of Minnesota households have average incomes that are seven times larger than the poorest 20% and 2.5 times as large as the middle 20%. (statistics sourced from the *East Metro Pulse* report produced by the Saint Paul Foundation.)

- **Deprivation** – The material lack that results from low income, low wealth and lack of access to material goods (such as shelter, food, clothing and transportation) and necessary human services (including health care and education)

The Metropolitan Council reports that in 2013 housing costs burdens impact 43% of families in the Twin Cities region. Available housing concentrates households in areas with higher exposure to violent crime and substandard education, while distancing people from opportunities for adequate employment.

V. Experiences of Poverty

A report produced by Catholic Charities of St. Paul and Minneapolis entitled, “Poverty in Greater MSP: Geography, Trends and Faces,” describes three primary experiences of poverty:

- **Episodic Poverty** – experience of people living in short-term poverty, with the expectation of exiting the period of income scarcity in a definable future. This includes: college students, families where one wage earner is not working due to having a baby and entrepreneurs beginning a business
- **Chronic Poverty** – experience of individuals and households who have long (perhaps their entire lives) been living on severely inadequate incomes and do not have a realistic plan to exit poverty. This group includes those families living in “inter-generational poverty,” where poverty is inherited by succeeding generations of children.; and
- **Transitional Poverty** – experience of poverty of people who were not living in poverty for a portion of their lives, but now find themselves in that circumstance and are challenged to see the steps for exiting poverty.

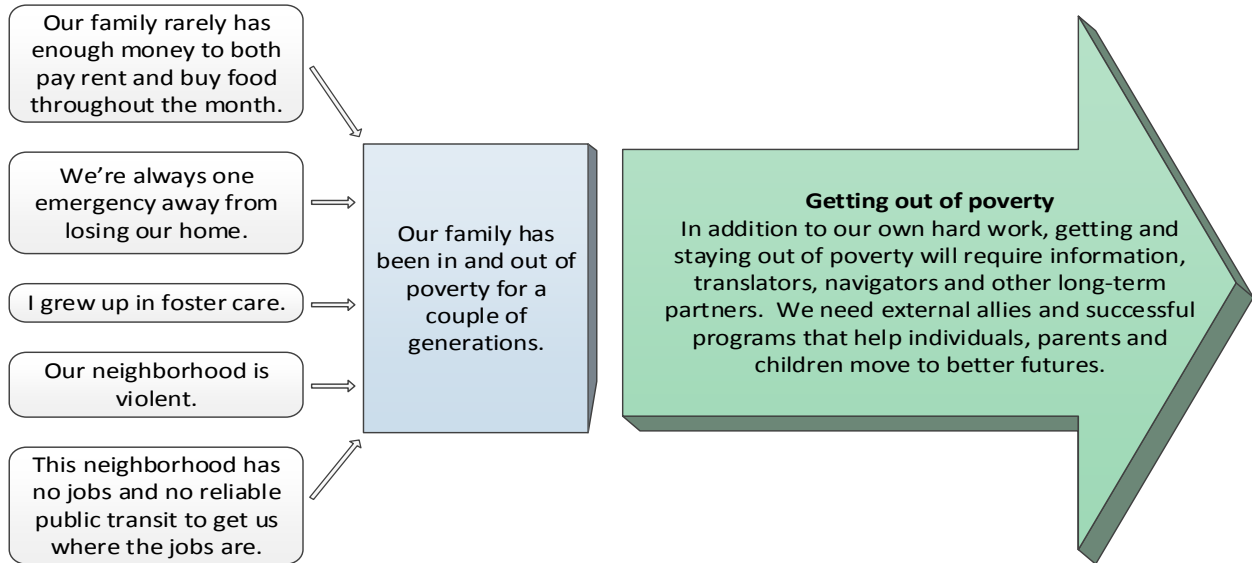
EPISODIC POVERTY:

experience of people living in short-term poverty, with the expectation of exiting the period of income scarcity in a definable future. This includes: college students, families where one wage earner is not working due to having a baby and entrepreneurs beginning a business.



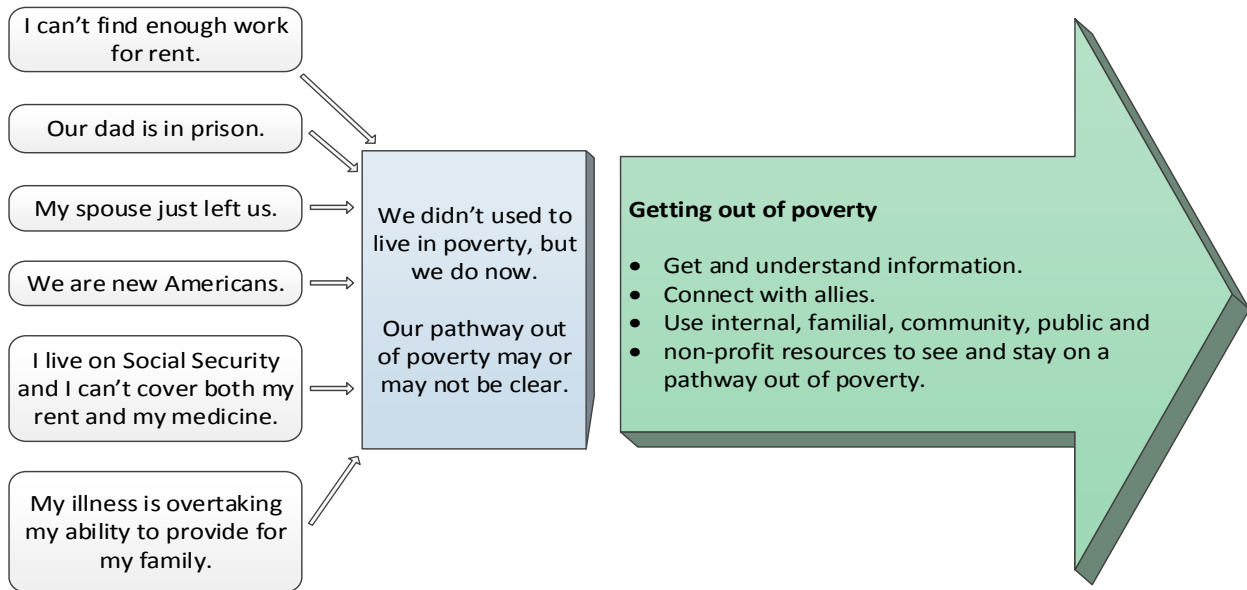
CHRONIC POVERTY:

experience of individuals and households who have long (perhaps their entire lives) been living on severely inadequate incomes and do not have a realistic plan to exit poverty. This group includes those families living in “inter-generational poverty,” where poverty is inherited by succeeding generations of children.



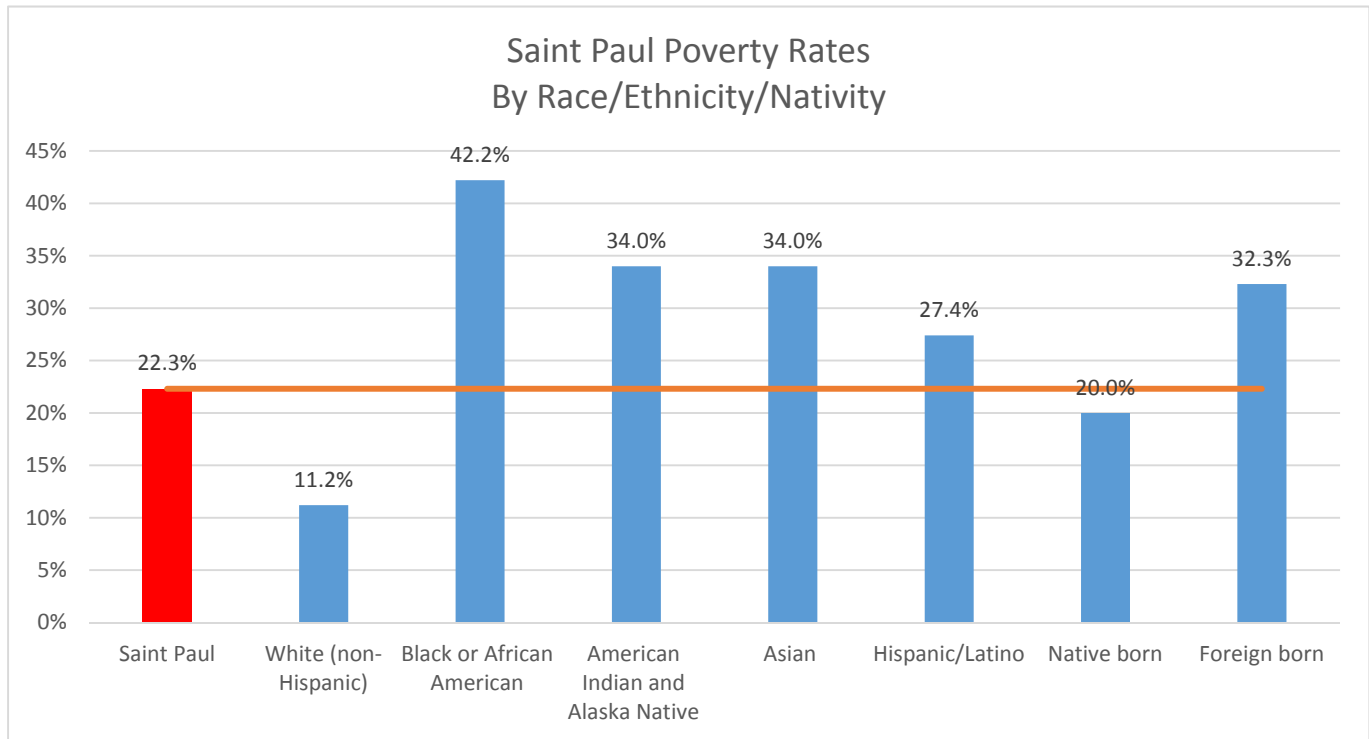
TRANSITIONAL POVERTY:

experience of people who were not living in poverty during a portion of their lives, but now find themselves in that circumstance and are challenged to see the steps for exiting poverty.



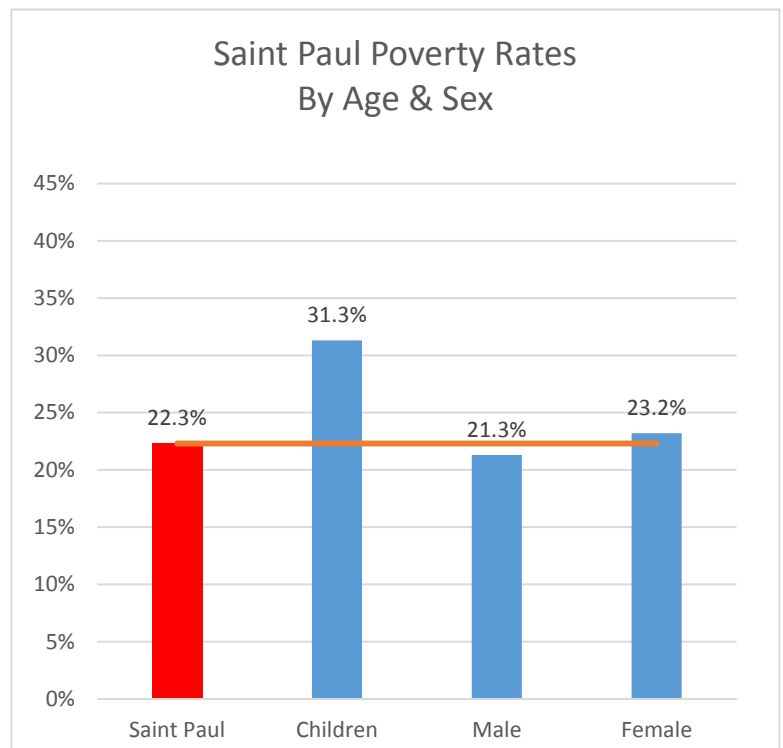
VI. Who is in Poverty?

The first and most glaring disparity that we observe in examining who is living in poverty in Saint Paul is the significant impact of poverty on people of color and people who are foreign born. This fact becomes of greater concern when held up against the geographic concentration of poverty, people of color and people of foreign birth.

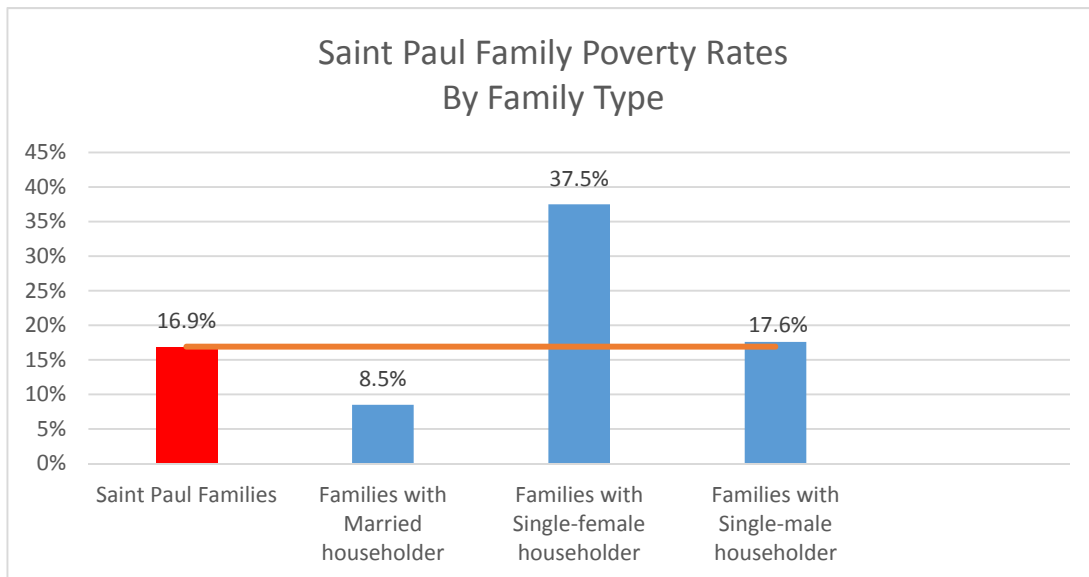


3 Source: American Community Survey 2011-2015 Estimate

For as deep as these disparities are, other disturbing trends can be found in looking carefully at gender and family data. Poverty is deeply impactful on young people in Saint Paul. This is troubling not only because there are data indicating that the effects of an episode of poverty are far greater on children than adults, childhood poverty is also a primary indicator of future socio-economic mobility. Figure 5 demonstrates that these effects are not shared across family types consistently. A child born in Saint Paul to an unwed mother is nearly 3 times as likely to be born into poverty as a child born to a married woman. In the same vein, a married woman who has not given birth in the past 12 months is more likely to be living at double the poverty level or above than a person an unwed woman who *has* given birth is to live at or below the poverty level. Meanwhile, a single male household is half as likely to live in poverty as a single female household.

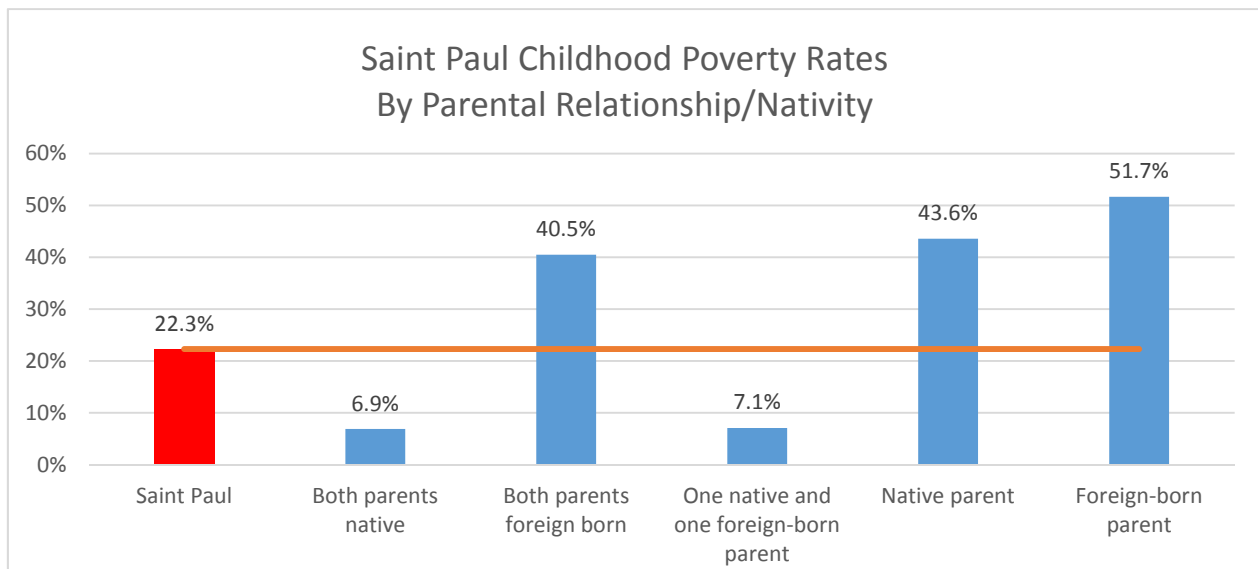


4 Source: American Community Survey 2011-2015 Estimate



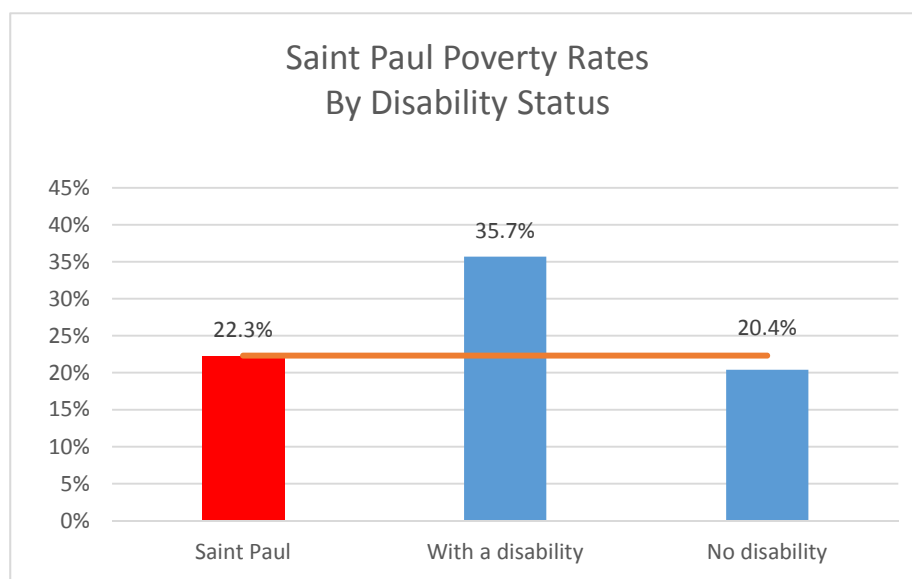
5 Source: American Community Survey 2011-2015 Estimate

With nearly 1 in 5 Saint Paul residents being foreign born, it is also essential to consider how nativity correlates with experiences of childhood poverty. While children living with two parents generally do experience rates of poverty lower than the overall Saint Paul rate, that advantage is only experienced by young people with at least one parent who is native born. Furthermore, the likelihood of living in poverty is at least double for a child living with only one parent compared to a child living with two parents.



6 Source: American Community Survey 2011-2015 Estimate

Finally, the impacts of poverty are felt by people living with disabilities at a steeper rate. It should be noted that veterans in Saint Paul—with a robust federal system of health and social services—experience poverty at lower rates than the city’s population overall. A veteran with a disability is as likely to experience poverty as a non-veteran without a disability.



7 Source: American Community Survey 2011-2015 Estimate

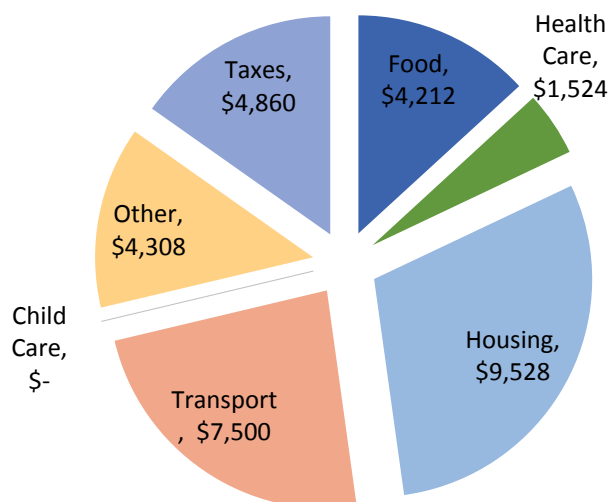
VII. Cost of Living

The Minnesota Department of Employment and Economic Development (DEED) calculates the cost of living for each county in Minnesota based on family size, age and employment status. DEED uses data on food, transportation, health, child care, housing and tax costs to develop their analysis. The cost of living in Ramsey County varies from \$31,928 for a single working person between the ages of 19-50 to \$101,144 for a 6-member family with 2 working adults between 19-50 years of age. A sample of the data appears in the following tables:

2016 RAMSEY COUNTY COST OF LIVING & POVERTY DATA

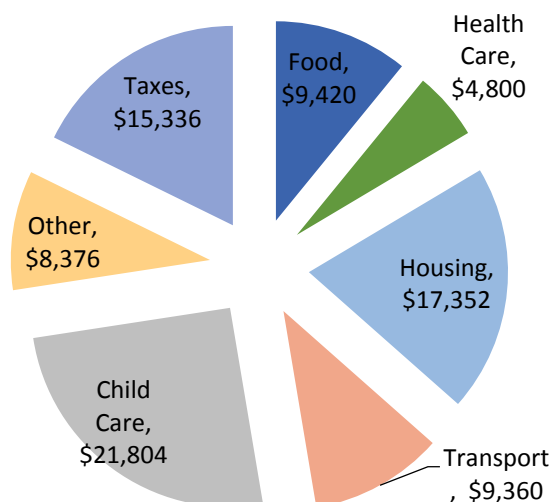
Single 19-50 Year-Old Full-Time Worker

- \$15/hour to reach \$31,928/year cost of living
- ~\$8/hour is poverty level or \$16,240/year
- Person in poverty min. shortfall to cost of living: 62%



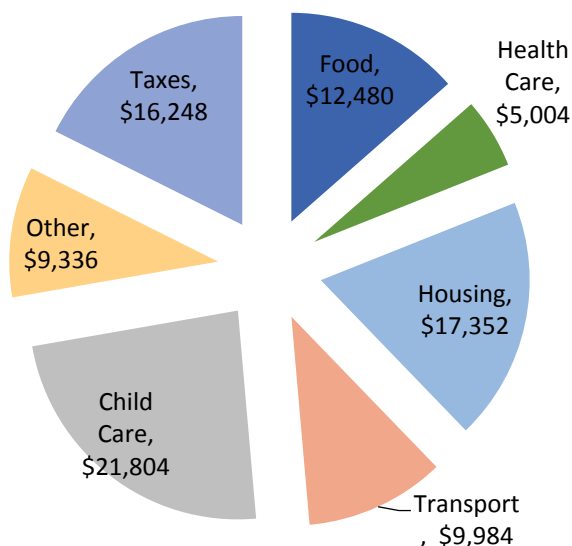
Single 19-50 Year-Old Full-Time Worker with 2 Children

- \$42/hour to reach \$86,447/year cost of living
- ~\$10/hour poverty level - family of 3 or \$20,420/year
- Family in poverty min. shortfall to cost of living: 76%



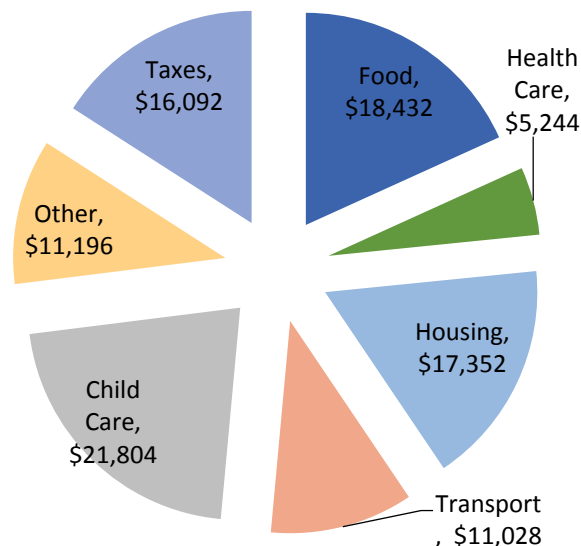
Couple 19-50 Year-Old Full-Time Workers with 2 Children

- \$44/hour combined to reach \$92,204/year cost of living
- ~\$12/hour poverty level - family of 4 or \$24,600/year
- Family in poverty min. shortfall to cost of living: 73%



Couple 19-50 Year-Old Full-Time Workers with 4 Children

- \$48/hour combined to reach \$101,144/year cost of living
- ~\$16/hour poverty level - family of 6 or \$32,960/year
- Family in poverty min. shortfall to cost of living: 67%



VIII. Poverty and Local Government

The role of city government in addressing these issues is often either significant but indirect or direct but marginal. The city's role in directing local planning and development of infrastructure, transportation and housing is systemic but is not a substitute for individual and family interventions. The same is true of regulatory enforcement of public safety and neighborhood livability issues. On the other hand, community services provided through public libraries and parks and recreation can make a major difference in people's lives, but will never be sufficient in meeting the needs of all people. The table below helps to illustrate how city government contributes to creating a stable, prosperous community. This table addresses the general areas of poverty mitigation and illustrates how the City of Saint Paul is currently active in these areas, as well as the work of key partners.

	Saint Paul	Key Partners
Employment		
Workforce Development	City as Employer Right Track - summer youth employment Library - Job Search Assistance	Ramsey County - Workforce Solutions Community Action Non-profits: Lifetrack, Goodwill, CLUES, HAP MnSCU Colleges/Universities - Power of YOU Trade Unions
Transportation	Advocacy/planning for transit service Transit Oriented Development	Metro Transit - New lines, student bus passes
Economic Well-Being		
	Tax Help at the Library	Financial Opportunities Centers (LISC) Prepare + Prosper St. Paul Public Schools
Social & Community Support		
Cash Assistance		Ramsey County
Child Care and After School	Rec Check at 18 Rec Centers - free after school	Ramsey County Sprockets Organizer Community Action/Headstart Sprockets partners Private providers
Food	Community Gardens Financing for Grocery Stores Summer meals for children	WIC Food shelves
Public Health Benefits	Code Enforcement/Fire Prevention Parks/Open Space/Trails	Ramsey County Public Health
Resources for Immigrant Families		Resettlement Agencies State of Minnesota
Utilities	Energy Efficiency Financing	Community Action Utility Companies
Housing		
	Housing Finance Code Enforcement/Fire Prevention	Public Housing Agency Non-profit Developers

City government's influence on poverty does not only extend to the positive role it plays in many areas described in the foregoing table. Well-intentioned strategies to improve the conditions of people's lives may be undermined if they are not considered in the context of how they may potentially perpetuate racial discrimination. It also can make a difference by reducing harm that can be caused by the real and perceived disparate impact of law enforcement. Literature demonstrating how the American criminal justice system has been reconfigured to reflect historical attitudes of racism has gained in prominence over the last ten years. The global analysis from this literature is reflected locally in the data on the disproportionate impact of poverty on communities of color in Saint Paul. Without undertaking actions to break the concurrent cycles of discrimination, incarceration and poverty the city reinforces this downward spiral.

Underpinning these dynamics is the broad problem of little to no wealth accumulation, especially among African Americans, as described in Thomas M. Shapiro's 2017 book Toxic Inequality: How America's Wealth Gap Destroys Mobility, Opens the Racial Divide & Threatens Our Future. In this, he describes how the lack of accumulated wealth handicaps generations with no cushion of support in the event of job loss, housing value decline and health crises. Instead, tax and economic policy tends to favor wealth through mortgage interest exemptions, inheritance policies, retirement plans, etc. Shapiro writes "we must understand wealth and income inequality together with racial inequality," and the toxicity lies within that triangle.

Finally, given the complexity of poverty, it is important to note the limited role that any single entity can play in influencing the conditions that lead to poverty. The experience of poverty is directly linked to social isolation. Entities with cultures of acting in isolation are not equipped to address the marginalization that leads to poverty. Therefore, it is critical that city government be prepared to act both as a convener of cross-sector cooperation and participant in cooperative efforts in order to create effective change. This is the only way to assemble the necessary financial resources, knowledge and political will to decrease poverty. Similarly, it is essential that city government prioritize issues concerning poverty in its legislative advocacy at the state and federal levels so that all systems of government learning from one another and working together to address these needs.

IX. Recommendations

At the most fundamental level, decreasing poverty is about increasing family income and decreasing family expenses. The committee emphasized the importance of how this happens. More specifically, our efforts should involve:

Empowerment – Government systems should be constructed and operated to serve the needs of people living in poverty, not elected officials and city staff.

Prioritizing People – Stewardship of public funds should require that meeting the immediate needs of people seeking support is a greater priority than over vigilance against a distorted perception of waste, fraud and abuse.

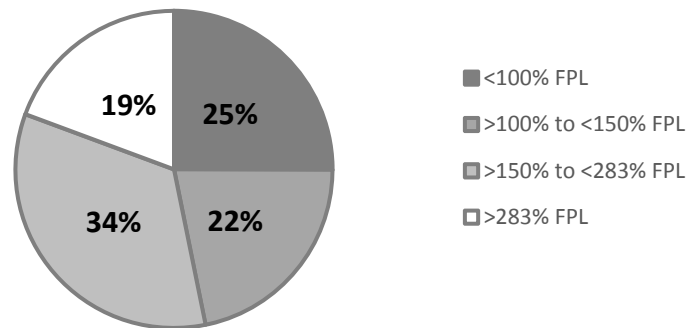
A. Workforce Development: *Programs and regulatory structures ensure jobs support stable families and communities.*

1. Review Ramsey County Workforce Solution program community outcomes for Saint Paul and assess best arrangement for Saint Paul residents.

Too many of the jobs being created in the regional economy are “poverty wage” positions, per projected job growth data from the Minnesota Department of Employment & Economic Development (DEED). The chart on the next page breaks down opportunities based on percentage of the Federal Poverty Level (for a family of four) for thresholds of common forms of public assistance. Less than 1 in 5 of these projected positions will allow a single head of household to earn enough for a family to not qualify for any major forms of income-based public assistance. (All data from the Minnesota Department of Employment & Economic Development’s “Occupations In Demand” data tool.)

It is essential that all available resources are being directed toward creating not only the most possible positions in our area, but the best possible positions. That is why it is necessary for the money coming into Saint Paul through the federal Workforce Innovation and Opportunity Act be managed to the greatest possible benefit of Saint Paul residents.

Income of Projected Positions
Compared to Poverty Level for Family of 4



8 Source: Minnesota Department of Employment & Economic Development

In discussions with committee members and other stakeholders, there was a consistent expression of concern over the current arrangement between the City of Saint Paul and Ramsey County to partner in the administration of workforce development services. Service providers report regular frustration with the services received by clients to the point of hesitance in referring clients to Workforce Solutions. Furthermore, Ramsey County’s decision to construct a service center in North Saint Paul when the needs of Saint Paul residents appear to remain unmet has deepened this frustration. As the partnership between the city and county approaches 20 years, it is appropriate for the city to assess whether the outcomes of the current arrangement are adequate and what the best future for this arrangement would be.

2. Consider measures, including ordinance changes related to minimum wage and fair scheduling ordinances, that mitigate the “cliff effect” for low-income workers.

According to the American Community Survey 2015’s 5-year estimate data, 20% of people living in poverty in Saint Paul were employed. This demonstrates the importance of wage growth in making a difference in the city’s overall poverty rate. Furthermore, 25% of the jobs projected to be created in the Metro region will pay less than the poverty level for a family of 4. Half (47%) of the jobs will pay only 150% of the federal poverty level for a family of 4.

Ordinances that impact wages for people living in poverty should only be considered, though, in the light of their impact on people’s total income. For many people living in poverty, their personal and family stability relies on the safety net of public and charitable services that gain them access to tax credits, housing, childcare, nutrition assistance, energy assistance and more. A relatively marginal increase in income can lead to a major loss in available services and financial assistance through tax credits. This common phenomenon is known as the “cliff effect.” This effect can create distorted, perverse incentives towards low-wage jobs. The cliff effect can have the impact of discouraging a worker from taking a promotion from a \$12 per hour job to a \$17 per hour job because of the loss

of a child care subsidy outweighing the increase in wages. Given its complexity, it is critical that the city partner with state and federal officials to be able to effectively measure who could potentially be impacted by the “cliff effect” prior to taking action that would unintentionally disqualify people from essential services. The city also needs a healthy, growing business community to provide jobs for its citizens and the region. Prior to taking action it is important that the city also seek input from the business community and thoughtfully takes that into consideration its ideas on how to make changes to the system.

3. Consider measures, including ordinance changes, related to scheduling work hours.

Many of the most widely available jobs – especially in the service sector – both now and in the future come with unstable schedules. This can manifest itself in terms of different schedules from day to day or week to week. It can also reflect a situation where employees lack certainty about the length of their work day, or cases where employees are scheduled to close on one day, and open less than 9 hours later (also known as “clopening”). All of these dynamics decrease availability of consistent child care, increase child care costs and increase transportation costs. It nearly goes without saying that such scheduling undermines a family’s ability to provide consistent meal and bedtimes for children, and help with homework. In order to ensure that employment truly is a pathway out of poverty, the City of Saint Paul should engage the business community, especially the service sector, in efforts to minimize the family-destabilizing impacts irregular scheduling has. This work would ideally lead to a Saint Paul work hours standard other communities could follow. Should such efforts prove unsuccessful, the city could move on to consider ordinances that mandate employers engage in fair scheduling practices.

4. Convene a public-private partnership to address the stigma of arrest and conviction records and incarceration among employers.

Programming to support people who have experienced incarceration in securing employment is administered through federal, state and county agencies in addition to a network of non-profit social programs. Nevertheless, unemployment rates for this population remain high. While improved and better coordinated programming is likely necessary, a culture change in the marketplace is also past due. Research into the callbacks for interviews among applicants who have been incarcerated shows the strong bias that these job seekers face. While the state’s “ban the box” law helps to break down some of the structural barriers that these individuals face, the law seemingly concedes the validity of the bias. This points to the assumption among many employers that people who have a record of being arrested, charged or convicted are not competent or trustworthy. This type of bias not only creates limits for people who have had these interactions, it also limits the potential of businesses who are turning away qualified applicants from available positions. In order to make the culture change necessary, the City should play a convening role in to bring together interested parties from across various sectors to develop a public campaign similar to the work of the “Make It Ok” campaign that commenced in 2013 to address the stigma of mental illness. A similar effort in Minnesota in support of people with criminal records would make a difference in both the actual and perceived barriers that these people face with respect to employment.

B. Economic Well-Being: Programs and regulatory structures ensure that people retain their income and assets.

1. Consider financial service ordinances that provide protection to consumers

A major cost driver for people living in poverty is lack of access to mainstream banking and other financial services. Financially underserved households are estimated to spend \$1,200 to \$2,400 per

year on fees and interest alone (check cashers, payday loans, overdraft fees, and more). Furthermore, a growing number of households lack a savings cushion, making them one emergency away from financial disaster. Another major concern for people whose income regularly falls short of their financial needs is access to appropriate lending services for small dollar loans. Often people living in poverty have no or low credit. When an unexpected emergency occurs, or at times to meet basic needs, far too many may turn to alternative forms of credit, such as payday lenders who charge astronomical interest rates, in order to pay off debt or meet basic expenses for housing, food, health care or transportation. While nonprofit and private sector partners work to develop appropriate financial services and products, the city should explore practices across states and municipalities for setting limits to interest rates and total lending costs for payday lending, car loans and other forms of consumer lending.

Another form of wealth stripping among people earning low-income is some paid tax preparers who charge high tax preparation fees on income tax returns – many for households who qualify for the Earned Income Tax Credit (EITC) and other refundable tax credits. The EITC is the single largest anti-poverty measure in the United States. This tax credit, along with the State of Minnesota’s Working Family Credit, bring millions of dollars back to Saint Paul every year. There are a wide range of free tax preparation services for low-income earners to ensure that those who qualify for this credit receive it—including Saint Paul Public Library’s “Tax Help At the Library” program. Nevertheless, according to a 2016 Johns Hopkins study, for-profit tax preparation providers target areas of concentrated poverty and do not provide adequate information regarding alternative free services available, charging more than what the average American spends on tax preparation services. These practices directly undermine the significant value of the EITC and Working Family Credit. The city should examine the available licensing and regulatory measures to both prevent the charging of unnecessary fees for earners who qualify for these credits and to mandate appropriate consumer information regarding the tax preparation services that are available.

2. Consider human rights ordinances that provide consumer and employee protections

Maintaining human rights and securing equal economic opportunity are closely linked community outcomes. The City of Saint Paul acknowledges as much in its Code of Ordinances which states:

Persons subject to...discrimination suffer depressed living conditions, poverty and lack of hope, injuring the public welfare, placing a burden upon the public treasury to ameliorate the conditions thus produced, and creating conditions which endanger the public peace and order. The public policy of Saint Paul is to foster equal opportunity for all to obtain employment, education, real property, public accommodations, public services, contract and franchise without regard to their race, creed, religion, sex, sexual or affectional orientation, color, national origin, ancestry, familial status, age, disability, marital status or status with regard to public assistance, and strictly in accord with their individual merits as human beings.

The City has further recognized these connections in the restructuring of the human rights enforcement, procurement, contract compliance minority- and women-owned business development services into the Department of Human Rights and Equal Economic Opportunity in 2008. While the City currently enforces against many forms of discrimination, certain other forms remain legal under local, state and federal law. Two of these common forms of discrimination that remain legal are on the basis of criminal record and credit history.

Discrimination on the basis of one's criminal arrest and conviction record influences an individual's ability to access employment, housing and other basic services. Despite guidance from the US Equal Employment Opportunity Commission regarding hiring policies that may be in violation of Title VII of the Equal Rights Act of 1964 addressing employment and the State of Minnesota's 2014 "ban the box" law, finding gainful employment remains a challenge for people who have been incarcerated in this state. Housing is also a critical challenge, particularly for people who have been incarcerated. Although renting to people who have been incarcerated is a concern for landlords and property managers, there is not currently sufficient data to reinforce this bias. A consortium of regional non-profit housing developers and managers are currently undertaking a research effort to determine what correlative links can be established between experiences of incarceration and high-risk tenancy. These findings should be given careful consideration in determining how best to draw legal safeguards at the local level to ensure that any interaction with the criminal justice system does not become grounds for becoming housing unstable. Ultimately, the role of this system is to balance an individual's debts with society. No experience with this system should be grounds for denial of any opportunity.

Similarly, credit scores and reports are commonly used as screening tools for both hiring and housing purposes. However, the beginning in 2007, the Federal Reserve Board of Governors began reporting to Congress on concerns regarding the disparate racial impact of prevailing credit scoring models. This disparate impact also extends to young adults and people of foreign birth. The results of this study have been replicated by other independent researchers, including the federal Consumer Financial Protection Bureau. These findings highlight the precariousness to society of relying on credit scores and reports as a proxy for suitability as a renter or employee.

3. Work with partners to create lending and pooling programs to manage costs related to transportation

Despite extensive cooperation between city and county, regional, state and federal partners to develop critical mass transit infrastructure, transportation via automobile remains a necessity for participating in the regional workforce and society, writ large. This is particularly true for individuals who require transit solutions that meet the needs of child care, shopping, health care and staying eligible for public and private benefits. Nevertheless, there are currently no major service programs in this region for people with low-incomes to purchase or maintain affordable automobiles.

Due to this demand and the limited options available to individuals working in low-income jobs, there has been a rise nationally in adjustable rate auto loans (similar to the type of mortgage financing products that contributed to the Great Recession) leading to speculation of an "auto loan bubble" and imminent default crisis in auto lending. The need for both auto purchasing and repair options is considerable and requires cooperation across public and private partners to be met.

Just as the costs for acquiring and keeping a car present a barrier, the costs of maintaining valid auto insurance create problems for many people. Maintaining auto insurance is not burdensome in and of itself, it also becomes a compounding factor for people who are subject to traffic stops. Data indicate that people of color both experience poverty and are subject to traffic stops at disproportionate rates in the City of Saint Paul. These stops and the associated violations increase the cost of auto insurance, increasing the costs to legally operate a vehicle. A person of color experiencing poverty may easily be faced with the choice of not driving, bearing the cost of auto insurance (at the expense of some other basic need) or driving without insurance. Choosing the latter increases their likelihood of being subject to additional legal scrutiny in the future. Again, working with partners across sectors to both control these costs and provide coverage options is necessary to ensure that all residents are able to safely and freely participate in society.

4. Participate in regional partnership to create savings options for Saint Paul youth and employees without other retirement savings benefits

For the purposes of this report, poverty has been framed in terms of income. This is certainly a relevant indicator of poverty, but overlooks other important measures such as wealth. “Asset poverty” is the condition of having insufficient net worth to cover three months of basic needs expenses without an income. Making strides with people in improving their status with respect to asset poverty can relieve the personal and community stress and instability associated with income poverty and improve access to equitable income opportunities. Prosperity Now, the national advocacy organization for policies and programs related to financial capability, reports that a child coming from a family with savings of even \$1-499 of savings for college is 3 times more likely to enroll and 4 times more likely to graduate from a post-secondary education program.

Savings behavior not only can set the course for the beginning of a person’s life, it is also critical to latter decades. Retirement savings are critical to an individual’s continued self-sufficiency as they age. Yet, per the Employee Benefit Research Institute, just over half of people working full-time participated in an employment-based retirement plan as of 2013. The social ramifications of these low savings rates are compounded by the extension of the contingent or “gig” economy in which individuals work under independent contractor status across multiple income opportunities to achieve full-time employment. The federal Government Accountability Office reported in 2015 that as much as a third of the economy is composed of such contingent employment opportunities. These facts reflect the long-term vulnerabilities of today’s workers.

Local governments across the country have begun taking steps to either convene or participate in regional efforts to improve the savings opportunities and habits of residents. Similar efforts are already underway in the Metro region. The City’s presence in these conversations is critical to ensuring that community-based services in Saint Paul connect everyone the available opportunities to move toward financial resilience.

C. Criminal Justice: *Law enforcement and criminal prosecution activities are just.*

1. Review the process and costs associated with conducting everyday business with the police department.

The difficulty of obtaining police reports for insurance and other purposes was mentioned several times in the committee’s discussions. Going to the Police Department for a report can present a challenge to a household with one or no car. Getting to the Impound Lot which is farther removed from public transportation is especially difficult and the costs of retrieving vehicles which is viewed to be high. Even recovering a personal vehicle which was stolen and was brought to the Impound Lot has costs associated with it. Overall, the costs were viewed to have a disproportionately high impact on those in poverty.

2. Support efforts of the City Attorney’s Office to create affordable car insurance to help stem the flow of revolving door traffic tickets.

This office has found that lack of car insurance is a major concern for those who experience progressive fees and fines.

3. **Support efforts at all branches of government to modify fine and fee structures for minor violations to decrease the disproportionately high burden on those living in poverty.**

D. Social & Community Support: *City leadership develops public systems that ensure access to use of public services and involvement in democratic processes.*

1. **Develop a service navigator model through the Saint Paul Public Libraries that can ensure people receive the assistance for which they qualify**

The issue of navigating the complex array of public and private benefits available to an individual or family experiencing poverty was first raised in the City Council's June 2016 policy session. Improved coordination of services is an effort that requires ongoing attention from partners across sectors, jurisdictions, departments and programs. At the same time, each institution has an obligation to ensure that a person reaching out to it for assistance has representatives prepared to respond with empowering and compassionate guidance. No one experiencing poverty should receive the message that they have knocked on the wrong door for help.

People in Saint Paul appear public libraries daily seeking out precisely this type of information. They may be looking for guidance on anything from searching for a job to contacting a social service agency. Given the importance of the needs that they are trying to address, the City has a responsibility to ensure that these library patrons leave connected with the information that will best allow them to navigate the sometimes byzantine network of available services based on their individual circumstances. Having this type of navigation available in every neighborhood in Saint Paul will empower residents to make meaningful changes in their own lives and ensure that resources that belong both with Saint Paul residents and in our communities find their way here. Benefit utilization must be maximized in order to ensure that residents are afforded every opportunity to move out of poverty. Yet, research shows that Minnesota residents are under-utilizing Supplemental Nutrition Assistance Program (SNAP) benefits compared to other states. This is one example of a missed opportunity to make sure that those who qualify for available assistance benefit appropriately.

This type of deepened partnership with residents also allows the City to be a more effective advocate for its residents at the county, state and federal levels. As was noted in the June 2016 session, the very discussion of service navigators concedes the fact that the current system requires professional assistance to effectively navigate. Building a user-intuitive, trauma-informed safety net is requires public officials voicing the needs of residents from the local level. Service navigators should not only be able to communicate to users how to discern through the system's complexities, but also to the system's designers how entry-points, assessments and communication methods fail to meet the needs of the people for whom the system is designed.

2. **Convene an ongoing facilities planning process that includes Saint Paul Public Schools, Ramsey County and other major non-profit service providers operating in Saint Paul to streamline appropriate infrastructure investment that meets the community member needs as observed across community institutions**

Public jurisdictions and large non-profit organizations are responsible for a considerable portion of the facility infrastructure in the City of Saint Paul. Each institution plans for these facilities based both on their available resources and the institutions' assessments of the needs of their users. The siloed planning of these facilities means that the design and construction of schools happens

separately from that of recreation centers. Libraries are not necessarily laid out in a way that could potentially accommodate the needs of county and non-profit social service providers. Hospitals and parks are not currently leveraging mutually shared community health goals. As the jurisdiction primarily responsible for driving public planning and design in Saint Paul, the City is ideally suited to take a leadership role in convening these partners together to develop facility priorities and broker plans for coordinated facility development and management to meet the shared goals of all parties.

3. Develop programming for childcare that empowers parents to participate in public meetings including city council, boards and commissions and district councils

Poverty continues to persist with the exclusion of people from political processes and cannot be eliminated without the active inclusion of the voices of people living in poverty. While open meeting laws help to ensure that democratic participation is equally accessible to all people, these laws cannot guarantee equitable access. It is incumbent on public institutions to consider how to eliminate barriers to participation in local government to achieve full inclusion. One significant barrier to such participation for many people with children and people living in poverty is the availability of child care. Often important policy discussions cannot be held in venues that are appropriate for children to be present without supervision. Although the intent of these arrangements is not necessarily to exclude people without the means to arrange for child care, that is the effect. This impact reinforces the experience of disenfranchisement for people living in poverty and leads to systems that do not meet these people's needs.

E. Housing: City programs and regulatory action maximize the availability of safe, decent, affordable housing for all residents.

Housing people in or near poverty is a difficult task for any city. Referring back to the cost of living tables earlier in the report, we know that our single parent with 2 children living at the poverty level for a family of 3 gets at most \$20,420 per year. In order for this family to not exceed the recommended 30% of their income on housing, they must find a place with rent and utilities around \$525 per month – a near impossibility in the “formal housing market.” Our family will likely end up spending a significantly higher proportion of their income on rent or perhaps doubling up with others. Alternatively, they could end up in a cycle of being housed, evicted for nonpayment, doubling up, being homeless, doubling up and being housed on their own again. Only 1 in 4 families who qualify for housing assistance through Section 8 actually received assistance, leaving the rest to fend as best they can.

For African American families, there is more likely to be a double whammy. First, the impact of the disproportionately high rate of incarceration of black men in America on families cannot be underestimated. Second, African Americans are twice as likely to live in poverty in Saint Paul, compared to the population as a whole. Taken together, conviction and eviction act to destabilize families and diminish the quality of many lives.

The Fair Housing Implementation Commission and the City's Fair Housing Work Group is currently tackling many of the issues raised in the course of the Legislative Advisory Committee's discussions. Although these recommendations duplicate this work, they are provided for emphasis.

- 1. The City should continue to support the development of emergency shelter to serve Saint Paul.**

Recent HUD data indicates homelessness levels nationally and regionally have returned to pre-Great Recession levels. However, HUD's 2016 "Point in Time Count" still showed 1,346 homeless in Ramsey County on the day of the count. This number far outstrips the ability of the shelter system and housing supports to manage.

A compounding concern comes from the law enforcement world. Supportive housing for mentally ill homeless people is desperately needed. It could be argued that in Ramsey County, as in other parts of the metro and nation, the county jail is the county's largest provider of services for the mentally ill and addicted. There needs to be a more humane and just approach to this chronic concern.

- 2. The City should work to maintain its current level of affordable housing.**

There are market pressures regionally and in Saint Paul pushing up housing prices and rents. At the same time, there are neighborhoods experiencing pressures to "gentrify." Efforts to maintain the affordable housing we have are key.

- 3. The City needs to continue to ensure the housing is safe and decent, as well as affordable.**

Housing safety is readily managed through enforcement of building, health and maintenance codes. Housing decency relies on those codes, as well, but it is also measured by crime and fear of crime within the home and neighborhood.

- 4. The City should consider supports to ensure there is a minimum of housing discrimination based on source of income.**

The efforts in this area can be two-fold. First, the City can consider the implementation of an ordinance which prohibits landlords from refusing to rent to those with Section 8 Housing Choice Vouchers. Secondly, the City could proactively engage landlords in training programs so they learn to use the efficiently. There is an abundance of misperceptions of what's involved in using Section 8, and the City is well-positioned to address these.