



ST. STEPHEN'S

Ending Homelessness

Goal 3: Support economic stability for the lowest income households

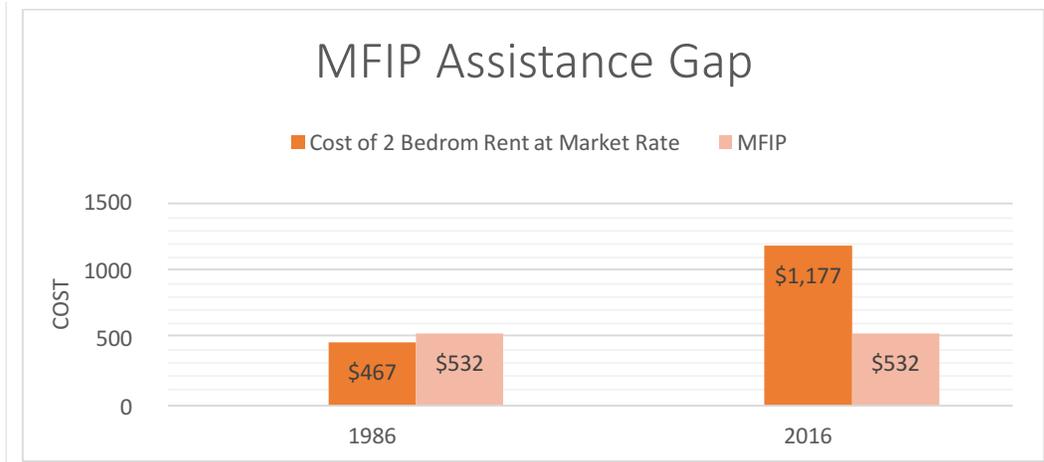
The Issue

Economic Stability

Moving from extreme poverty to economic stability is a difficult task for anyone and even more daunting for families who have experienced homelessness. Low income households often get trapped by government requirements and outdated policies.

The minimum wage in Minnesota is not a living wage. You can't pay the bills with a minimum wage. Someone working at an hourly minimum wage of \$9.50 would not be able to afford a one bedroom apartment anywhere in Minnesota. Lower income families are forced to spend a majority of their income on rent, leaving the family without basic necessary items like food or clothing and making them more susceptible to homelessness.

The Minnesota Family Investment Program (MFIP) provides temporary cash assistance for children and their parents working toward full-time employment. MFIP cash assistance has not increased since 1986, with a maximum assistance of \$532 per month for a family of three. Efforts at the Legislature to increase MFIP monthly assistance has failed. The chart below shows the gap between MFIP support and rents.



Predatory Lending

Predatory lending is the deceptive and fraudulent practice of lenders of loans. Predatory lenders typically target those with low income. Pay day loan services have been a large part of predatory lending, where a cash advance is given in exchange for a large interest rate. These services are overwhelmingly used by low income people who are then faced with increased financial instability due to their utilization of these services.

The Update

The cities of St. Paul and Minneapolis have moved in the right direction to increase the minimum wage. St. Paul passed a minimum wage law which incrementally increases the minimum wage for companies with 500 employees or more. In St. Paul, this will be implemented by raising the hourly rate by one dollar every year, resulting in a \$15.00/hour wage by 2020. The first raise began August 1, 2017. The Minneapolis minimum wage increase begins in 2018 and by 2024 all businesses will be at the \$15.00/hour wage.

In response to the minimum wage debates in Minneapolis and St. Paul, some state legislators introduced a pre-emption bill during the 2017 legislative session. This bill would have restricted the local control of cities to set their own labor laws, including enacting their own minimum wage requirements as well as sick time policies. This bill passed in both the House and the Senate but was vetoed by Governor Mark Dayton May 30th of 2017.

Predatory Lending (Pay Day Loans) were legalized in Minnesota in 1995. Legislative attempts to regulate the industry have so far failed. Fifteen states have successfully capped Pay Day Loan interest rates at 36%. Minnesota is not one of them.

The Impact

Many of the people who enter our doors looking for assistance have been caught in a vicious cycle of homelessness - bouncing from shelter to jail to detox and back again. Increases in public assistance and access to living wage jobs are critical to breaking the cycle of homelessness and instability. Achieving economic stability can't happen without stable housing.