Family economics must top session agenda

Jason Adkins and Ryan Hamilton ⁝ 12-16 minutes ⁝ 1/24/2022

With the news of a projected a $7.7 billion state budget surplus, followed by the failure of the federal Build Back Better Act, it is time for Minnesota to localize programs that have been shown to reduce child poverty.

Gov. Tim Walz and legislators can bypass stale ideological debates with innovative approaches to both spending and taxes that assist Minnesota's families, our most important producers.

Almost no one disputes that economics factor into decisions about marriage and children. Our state needs to focus more resources on making it easier to get married, stay married, raise children and provide care for our loved ones, young and old.

Time and again, parents have expressed what they need to fulfill their purpose. They want to work, but they also want the freedom to care for the loved ones they work hard to support. In a recent study, 60% of households with no four-year degree said they would prefer one parent staying home. Almost 40% of families with two working parents indicated that they would prefer to have one parent work only part time or stay home with children if they could afford it. Over 80% of households with only one parent working want to stay that way.

Therefore, the centerpiece of what we propose is a fully refundable state child tax credit or monthly per-child benefit directed to low- and middle-income parents. Rather than doubling down on programs that are either inflexible or provide only indirect assistance to families, let's put more money directly into the budgets of these key producers by allowing them to keep what they earn or subsidizing their efforts to move up the economic ladder.

How would we pay for such a proposal? The state's projected surplus could cover for one year a $150 monthly per child tax credit for households with less than $120,000 in income. Going forward, that benefit could be built into a state budget. Such a child benefit would represent less than 10% of the state's total spending.

More ambitiously, and to give more parents the opportunity to stay home, the state could increase the benefit and restructure existing programs that assist families and, in turn, incur savings by reducing the bureaucracy that is needed to administer the programs, particularly at the county level.

A Columbia University report found that the monthly child poverty rate fell from 15.8% to 11.9% after the federal child tax credit was instituted. Data from the Census Bureau revealed that the number of parents not able to adequately feed their children fell by 3.3 million, a reduction of about a third.

A monthly, state-level credit would likely have a similar impact and save the state money in the long-term by ameliorating the downstream effects of child poverty.

A commitment to family economic security is also necessary for the state's long-term prosperity. According to CDC data, Minnesota's birthrate has declined for years. State Demographic Center data shows that deaths will outpace births in Minnesota around the year 2040 if trends don't change.

This demographic cliff will place a strain on future state budgets because we will have fewer workers, fewer taxpayers and more people receiving government services.

There are many other family-friendly policies that the state could consider. Why not create a statutory trigger that sends 10% of any budget surplus back to low- and middle-income families?

Additionally, we need to make it easier to care for both newborns and the elderly. A healthy society promotes intergenerational solidarity that cares for its vulnerable. Whatever the mechanics, paid family and caregiver leave programs need to emerge.

Among other policies, we propose tax and housing benefits for new couples and big families, the creation of grants for daily necessities like diapers or car seats, more funding for addiction treatment programs, and even a minivan tax credit to help large families.

Some will call our proposals socialism; others will call it reactionary. We call it sound economics, distributive justice, and a trans-partisan paradigm shift that prioritizes the common good and family well-being over special interests.

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