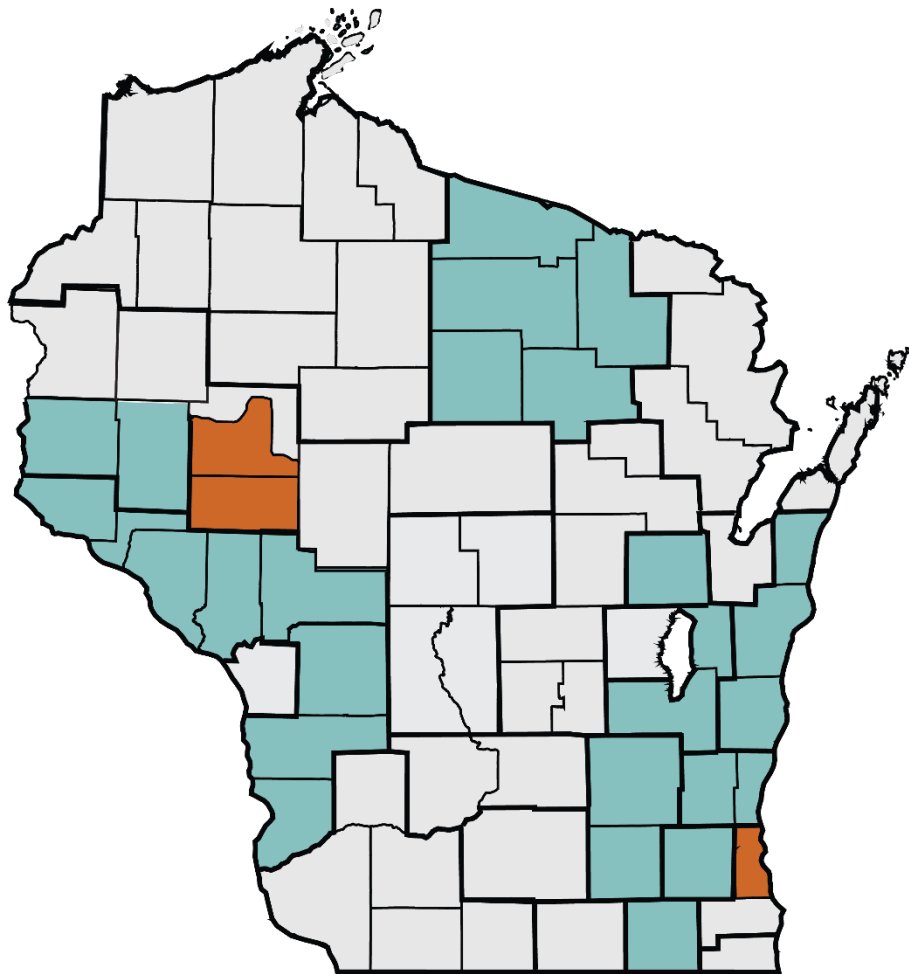


Wisconsin Poverty Report: Treading Water in 2017

The Eleventh Annual Report of the Wisconsin Poverty Project



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Research on
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ABOUT THE WISCONSIN POVERTY PROJECT

The Wisconsin Poverty Project came into being in late 2008, when a group of researchers at the University of Wisconsin–Madison’s Institute for Research on Poverty (IRP) sought to gain a more accurate and timely assessment of poverty throughout the state as the worst recession in the postwar era, the Great Recession, was gripping the nation. The researchers’ efforts, which align with broader efforts, including federal development of the Supplemental Poverty Measure, sought to inform policy with up-to-date and place-specific data that go beyond the official poverty statistics for Wisconsin. The project, which each year produces a *Wisconsin Poverty Report*—this one marking the eleventh—joins other endeavors by University of Wisconsin System faculty and staff to improve the lives of people throughout the state in the spirit of the Wisconsin Idea. Simply put, the Wisconsin Poverty Project model reflects IRP’s commitment to informing public policy with research findings. Consistent with this idea, one of our main goals in developing the Wisconsin Poverty Measure is to serve as a model for other states and localities seeking to craft their own more meaningful measures of poverty. Earlier reports and programming and other technical details are available on the IRP website at <https://www.irp.wisc.edu/research/poverty-measurement/>.

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ABOUT THE INSTITUTE FOR RESEARCH ON POVERTY

The Institute for Research on Poverty (IRP) is a nonpartisan research institution dedicated to producing and disseminating rigorous evidence to inform policies and programs to combat poverty, inequality, and their effects in the United States. The Institute was created in 1966 with funding from the federal government to serve as a national center for the study of the nature, causes, and cures of poverty. It functions as an independent, multidisciplinary center within College of Letters & Science at the University of Wisconsin–Madison. Major funding is provided by the U.S. Department of Health and Human Services, Office of the Assistant Secretary for Planning and Evaluation (ASPE). As the National Poverty Research Center sponsored by ASPE, IRP has a particular interest in poverty and family welfare in the nation as well as Wisconsin.

DISCLAIMER

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¹See Steven Ruggles, Sarah Flood, Ronald Goeken, Josiah Grover, Erin Meyer, Jose Pacas, and Matthew Sobek, IPUMS USA: Version 8.0 [dataset], Minneapolis, MN: IPUMS, 2018. <https://doi.org/10.18128/D010.V8.0>

COVER MAP KEY: Map depicts 2017 poverty rates using the Wisconsin Poverty Measure. Areas below the state average of 10.2 percent are teal, gray areas have no statistically significant difference from 10.2 percent, and the orange areas are significantly higher than 10.2 percent. See page 18 for further details.

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This report is available in a printable format on IRP’s website: www.irp.wisc.edu/resource/wisconsin-poverty-report-2017/.

EXECUTIVE SUMMARY

The Wisconsin Poverty Measure (WPM) poverty rate fell to 10.2 percent in 2017, a significant decrease from 10.8 percent in 2016. The official poverty rate in the state also fell significantly, to 10.9 percent. Market income poverty, which reflects employment levels and is a gauge of economic health, also fell slightly, as jobs and earnings expanded. But the market income and official poverty rates in Wisconsin were not very different from 2015, when the WPM rate was 9.7 percent. The 2017 WPM rate of 10.2 percent is essentially unchanged from 2010 and 2012—years in the immediate recovery from the Great Recession—which suggests that we are treading water in Wisconsin.

Poverty rates fell for children but rose for elders. Both the WPM and official rates for families with children fell by significant amounts in 2017, as the child poverty rate for the WPM reached 10.1 percent. The WPM for children, which takes into account resources from tax credits and noncash benefits as well as earnings, was more than 4 percentage points below the official poverty rate for children of 14.2 percent. Yet, even as the child poverty rate dropped between 2016 and 2017, elderly poverty in Wisconsin as measured by the WPM rose from 9.0 to 9.5 percent.

While benefits from the safety net (especially food support and refundable tax credits) played a large role in poverty reduction, these effects were smaller in 2017 than in 2016. Other factors that decreased resources over the past two years include increased childcare and other work-related expenses for families with children, and increased medical out-of-pocket expenses, especially for the elderly.

The WPM is based on the federal Supplemental Poverty Measure methodology, and reflects expenditures on food, clothing, shelter, and transportation by lower-income families nationwide, adjusted for cost-of-living differences between Wisconsin and the nation as a whole. The national threshold for a two-child, two-adult household based on this methodology was \$29,380, compared to our Wisconsin threshold of \$27,241, which reflects Wisconsin's lower cost of living. However, the poverty line used in the WPM is now \$2,150 a year above the Census Bureau's official poverty line, which is not tied to current cost-of-living estimates.

Although the social safety net continued to provide an important buffer against poverty in the state—and still makes a big difference in countering poverty—the effects are beginning to shrink because of changes in the Supplemental Nutrition Assistance Program (SNAP; called FoodShare in Wisconsin) and payroll taxes. In addition, medical expenses and work-related expenses now largely cancel out antipoverty effects of the safety net, especially for our measures of overall and elder poverty. This has left the WPM poverty rate about the same as in 2015, showing little or no effect of a slowly expanding Wisconsin economy through 2017.

Our report examines poverty rates across regions of the state, revealing high poverty rates in Milwaukee County and in Eau Claire and Chippewa counties, but with many more substate areas doing much better than the rest of Wisconsin. A full 27 of 72 total Wisconsin counties found their poverty rates below the state average by a significant amount. This pattern suggests an uneven recovery of jobs and incomes across regions within our state, but with poverty rates falling in many areas. Eastern and western parts of the state, and especially counties north and west of Milwaukee County, are showing the way, all with poverty rates significantly below the 10.2 percent statewide average.

Poverty rates across subcounty regions showed more dramatic variation within the largest counties than across the 28 county and multicounty areas in the state. For instance, within Milwaukee County, overall poverty rates ranged from 7.0 percent in one southern subcounty area to 34.4 percent in the

Central City of Milwaukee, suggesting a significant segregation of the poor and the rich within the county. The variation in child poverty rates in Milwaukee County was even larger than the variation in the overall WPM rate.

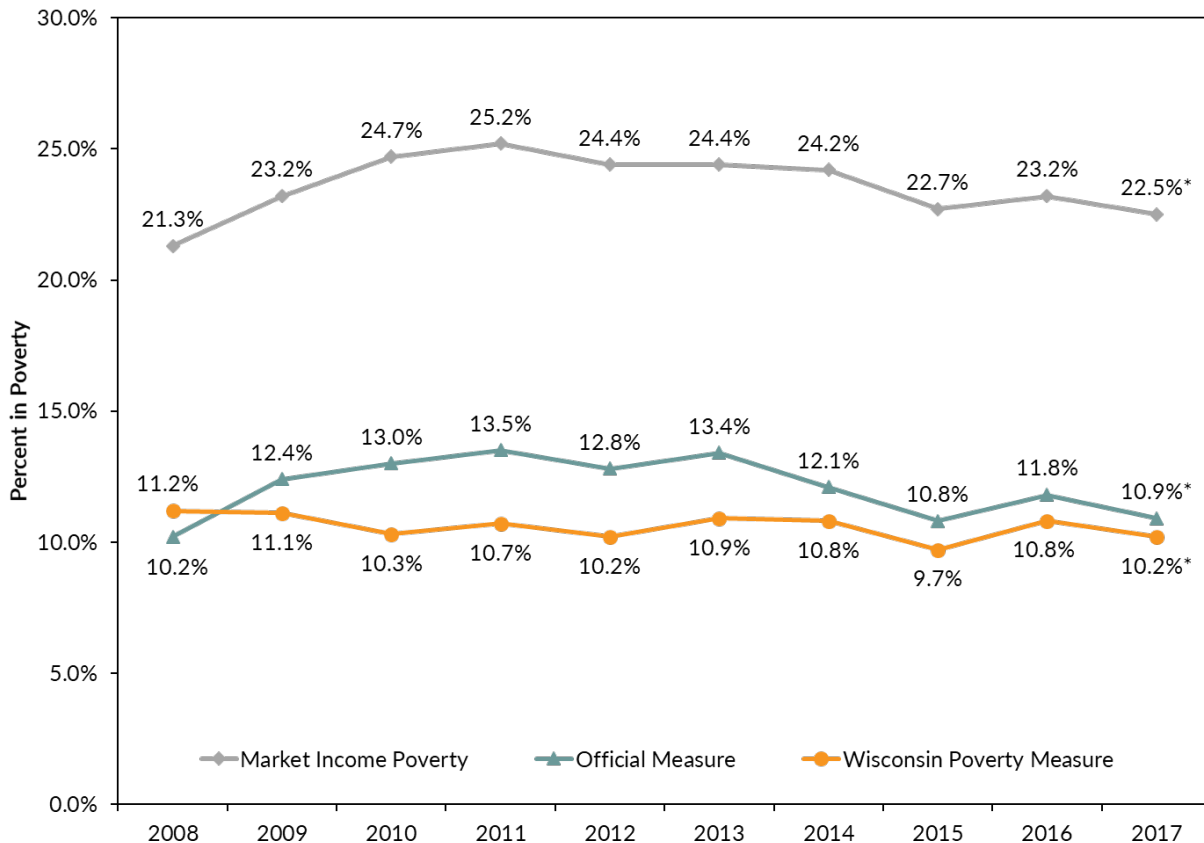
After more than eight years of nationwide recovery since the end of the Great Recession, we should expect better poverty outcomes. Yet wages in key low-skill occupations in Wisconsin were actually lower in 2017 than in 2010 or even 2001. Because we believe that the long-term solution to poverty for the able-bodied non-elderly is a secure job that pays well, not an indefinite income support program, these findings are discouraging. New problem areas, such as the rising costs of childcare and medical care, are becoming more widespread and offsetting the economic and job recovery in our state, despite our low unemployment rate.

This report also underscores the importance of the safety net, which is now doing less in Wisconsin than a few years ago to enhance low earnings for families with children, put food on the table, and encourage self-reliance. Elder poverty is also rising as medical care costs outstrip increases in Social Security. Under these conditions, work alone does not solve the poverty problem for non-elderly adults and families with children. If we want to have lower poverty rates for vulnerable populations and do more than tread water, we need to do more to share the benefits of economic growth in Wisconsin.

INTRODUCTION

To understand poverty in Wisconsin, and the influence of both the economy and public antipoverty policies, it is important to use appropriate poverty measures. We now have 10 years of data analyzing poverty with the Wisconsin Poverty Measure (WPM), a measure developed at the Institute for Research on Poverty (IRP) at the University of Wisconsin–Madison to better reflect the needs and resources of Wisconsin residents. We can track how poverty changed over the course of the Great Recession and as the economy recovered over the past eight years, as shown in Figure 1.²

Figure 1. Wisconsin Poverty Rates Under Three Measures, 2008–2017



Source: IRP tabulations using 2008–2017 American Community Survey (ACS) public use data. The sample available for public use was 66 percent of the entire sample in Wisconsin, and we excluded college students living off campus with earnings less than \$5,000 (see page 6). Calculations of the official poverty measure (OPM) for Wisconsin in this report may differ slightly from those available in the full sample or on the ACS website.

Notes: Market income includes earnings, investment income, private retirement income, child support, and other forms of private income. Both the market income measure and the Wisconsin Poverty Measure (WPM) are based on the WPM thresholds, definition of family unit, and treatment of work and medical expenses, which differ from the thresholds and methodologies of the OPM, as described in the methods section below. * = The difference between 2016 and 2017 was statistically significant for the WPM, market income, and OPM measures.

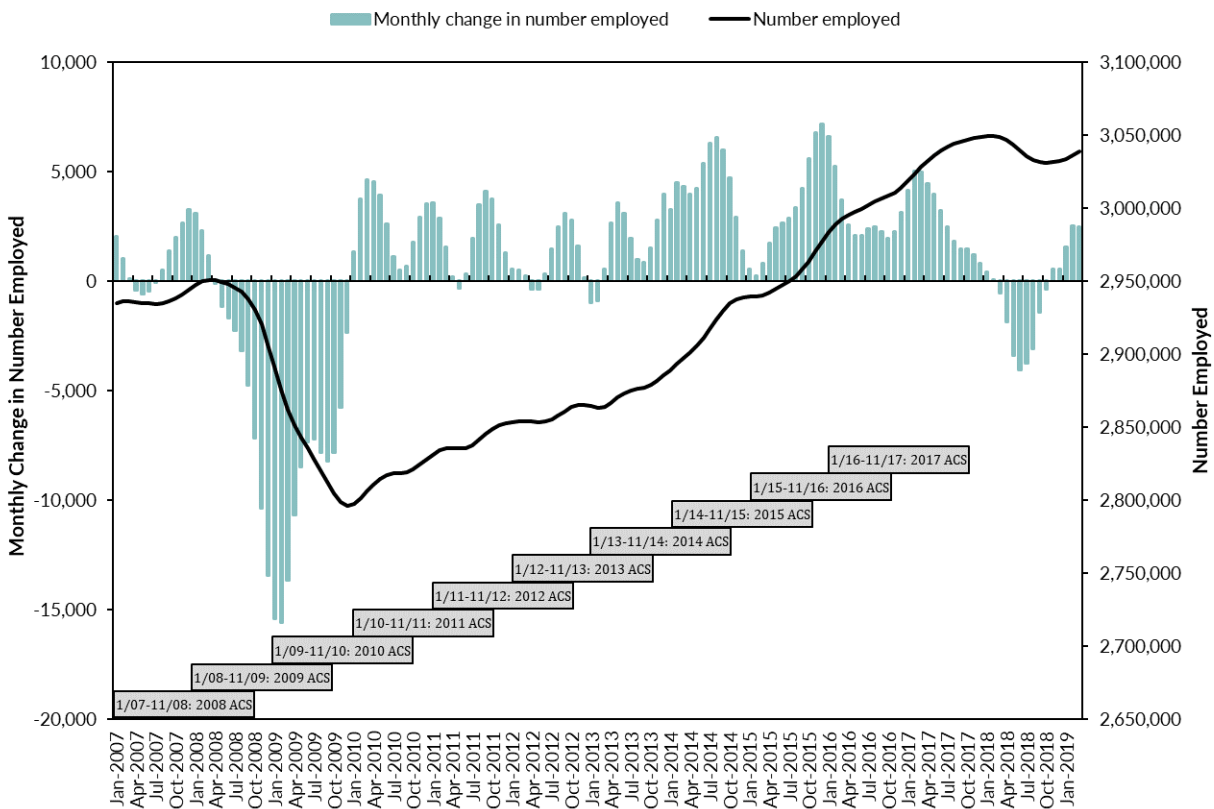
²For the full series of Wisconsin Poverty Reports, see <https://www.irp.wisc.edu/research/poverty-measurement/>. The series includes an expanded discussion of methodologies, results, and technical appendices.

We employed three different measures for estimating poverty in Wisconsin from 2008 to 2017 to provide a nuanced picture of economic hardship in the state (Figure 1). The three measures are: the market income poverty measure (MIP), which is based on market (private) income only; the Census Bureau's official poverty measure (OPM), which adds in the value of public cash benefits; and the Wisconsin Poverty Measure (WPM), which takes into account not only cash benefits but also noncash benefits and taxes. Because it does not take into account government benefits, the MIP rate is several points higher than the OPM or WPM rates. Meanwhile, the OPM differs from the MIP and WPM in terms of its poverty threshold and other methods, as discussed below.

Regardless of differences in poverty rates as measured by the MIP, OPM, and WPM, the overall trends in poverty according to the three measures are similar over the last several years. The recovery drove down all poverty rates between 2013 and 2015, but all rose from 2015 to 2016 (the OPM and the WPM rose significantly, each by one percentage point or more). In 2017, these rates had fallen significantly below the 2016 rates, back to rates similar to those in 2015.

We examined recent employment trends in Wisconsin in Figure 2 to help understand these changes. During the Great Recession, employment fell sharply in the state and did not return to its March 2008 high until July 2015, more than seven years later. Wisconsin saw accelerating growth in the number of individuals employed during 2014 and 2015 as the economy recovered. There was a flatter trend into 2016 and 2017, as employment growth of 64,000 jobs led to a small decline in the MIP rate for 2017 from 23.2 percent to 22.5 percent, shown in Figure 1. Despite the almost 10-year U.S. economic recovery, Wisconsin's own WPM poverty rate remained at the same level in 2017 as in 2010 and 2012, and was higher than in 2015. The benefits of continued economic growth and an extended period of job growth have failed to produce a significant decline in Wisconsin poverty.

Figure 2. Number of Individuals Employed and Monthly Gains/Losses in Wisconsin, 2007–2018



Source: Seasonally adjusted Bureau of Labor Statistics Local Area Unemployment data on total non-farm employment.

Notes: The 2017 WPM poverty rate is based on economic conditions from January 2016 through November 2017 because the American Community Survey (ACS) data for each year are collected throughout the calendar year and include references to income over the previous 12 months; thus, data span a total of 23 months, as shown in the chart. For reference, the official Great Recession began in December 2007 and ended in June 2009. July 2019 will make the current recovery the longest on record in the United States post-war history, surpassing the 1991–2001 expansion.

One of the important differences between the more-comprehensive WPM and the OPM is that the WPM takes into account changes in noncash benefits and tax credits. During the worst of the Great Recession, the American Recovery and Reinvestment Act (ARRA) increase in noncash benefits and refundable tax credits offset decreases in market income. Our reports focusing on 2009 and 2010 emphasized the success of policies intended to address the Great Recession in keeping poverty from increasing. However, the safety net expansions of the Great Recession have continued to contract as the economy recovered and the 2017 WPM is still 0.5 percentage points above its 2015 value, suggesting that policy impacts on poverty reduction are below what has been seen in past reports.

Earnings rise because of employment and wage growth. While both of these increased modestly in Wisconsin during the January 2016 to November 2017 period covered in this report, the lowest income earners only barely benefitted. Meanwhile, stubborn pockets of poverty, especially in Milwaukee County, remained unmoved by the recovery as we see below. In short, after more than eight years of strong national economic recovery from July 2009 to November 2017, we are just trading water in terms of employment, wages, and poverty reduction in Wisconsin.

Organization of This Report

The remainder of this report expands upon the key findings from Figure 1. First, we consider Wisconsin's economic and policy situation from 2008 to 2017, which were years of recession followed by a slow recovery. Second, we more fully discuss the methodology of the Wisconsin Poverty Measure (WPM) and how it differs from the official poverty measure (OPM). Third, we examine results in 2017, and trends for the 2008 to 2017 period, looking at poverty rates overall and for two vulnerable groups: children and the elderly. Fourth, we use the WPM to examine how public benefits (e.g., tax credits, nutrition assistance programs, housing policies) and expenses (medical and work-related) have affected poverty in recent years. Finally, we present poverty rates across local regions in Wisconsin using the WPM.

WISCONSIN'S ECONOMY AND PROGRAM PARTICIPATION SINCE THE GREAT RECESSION

The rise in poverty from 2008 to 2010 and subsequent decline mirrors the decline and subsequent slow rise in employment levels in the state, although poverty trends tend to lag behind economic changes. After employment levels in Wisconsin fell dramatically between March 2008 and December 2009, Wisconsin experienced slow job growth with few exceptions through 2017. By the end of 2013, more than half of the jobs lost during the Great Recession had been added back, and by July 2015 Wisconsin had recovered all the jobs lost since the high-water jobs mark in March 2008.

After 2015, Wisconsin continued to add jobs; however, growth in 2017 was a bit slower (35,000 net gain compared to roughly 37,000 and 38,000 in each of the prior two years, respectively) and then actually declined by 17,000 in 2018 (Figure 2). During this modest but steady increase in jobs over the recovery, market income poverty remained stubbornly high from 2012 to 2014 before declining in 2015, only to increase in 2016, then turn down again in 2017. As discussed in past WPM reports, the lack of improvement in the market income poverty rate in certain years may be related to the fact that many of the jobs created in that period were part-time, low-wage service sector jobs (for example, retail or fast food).

Turning to the 23-month period from January 2016 to November 2017 used to calculate the 2017 poverty rates, job growth slowed to 64,000 from the 71,000 gained in January 2015 to November 2016, which was the period used in the 2016 poverty rates.³ Still, MIP fell by 0.7 points from 2016 to 2017, back to just below the 2015 value.

Although MIP fell from 23.2 percent in 2016 to 22.5 percent in 2017, Wisconsin seems to have hit a floor in overall market income poverty at around 22.0 to 23.0 percent. We are trading water—but why? One reason is that real wages in 2017 had not advanced much, if at all, for low-skill service workers in Wisconsin since 2010, or even as far back as 2001. The state minimum wage remained at \$7.25 per hour since 2009, despite increases in 30 other states. In 28 of these states, the 2017 minimum wage was \$10 per hour or more.⁴ Real wages for many low-wage jobs in Wisconsin—waiters, waitresses, food preparation and fast food workers, maids and housekeepers, retail salespersons, janitors and cleaners, totaling 325,000 jobs—were all lower in 2017 than in 2010 in Wisconsin. Real wages in food preparation and service, retail sales, and personal care and service occupations were all

³The periods used to calculate each year's poverty rates in the WPM are shown in the horizontal bars in Figure 2.

⁴Timothy Smeeding, "A Policy Proposal for Raising the Minimum Wage in Wisconsin," December 2018, available upon request from the author.

lower in 2017 than in 2001 or 2002.⁵ Compounding their falling wages, low-income workers are often unable to increase earnings by increasing their work hours because these jobs lack stable work schedules, and affordable childcare and reliable transportation may be unavailable. These obstacles remain even in a strong economy, and disproportionately affect poor people.⁶ Without the benefit of higher wages, the working poor are not making progress in Wisconsin, even almost a decade into our recovery.

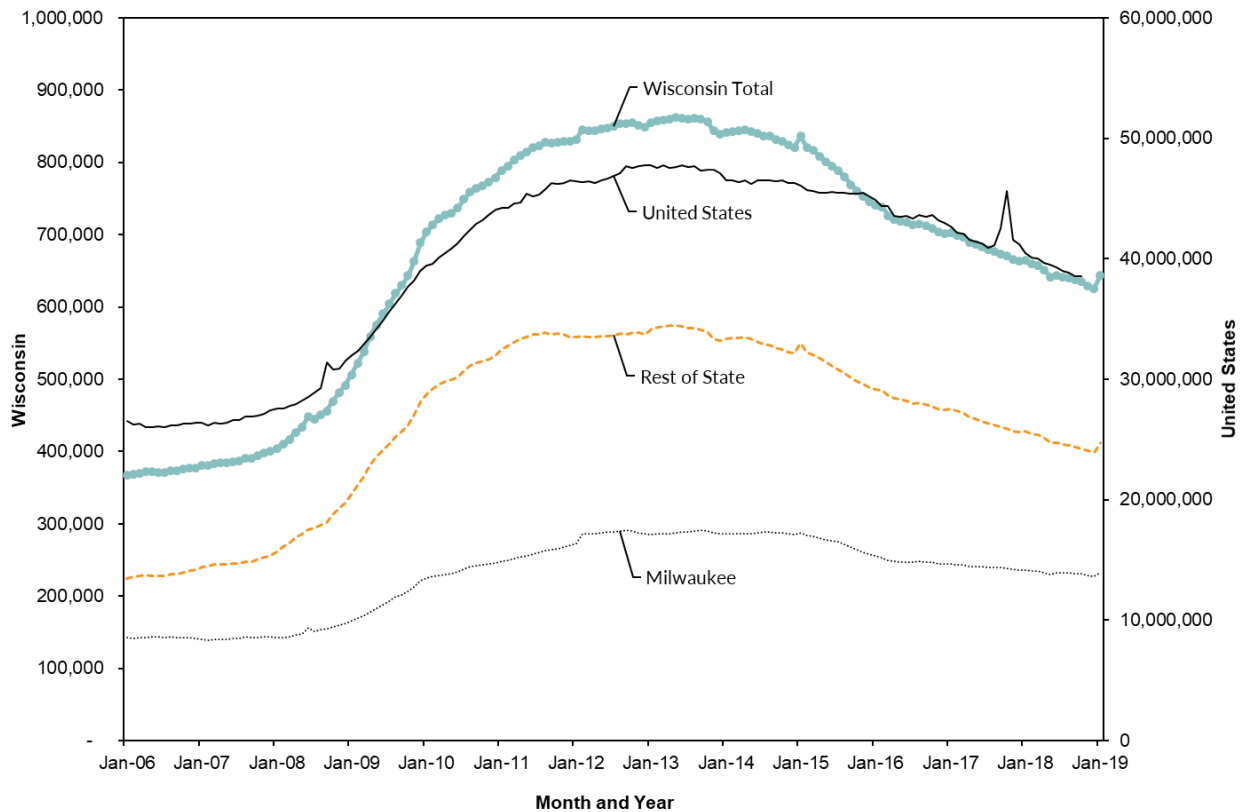
The safety net also helps reduce poverty. During the Great Recession, as job losses and long-term unemployment rose, caseloads for SNAP (“FoodShare” in Wisconsin, but called SNAP in this report for simplicity) rose dramatically in Wisconsin as well as in the rest of the nation. As shown in Figure 3, the increase in SNAP receipt in Wisconsin was even larger than the national increase; the number of people receiving SNAP benefits in Wisconsin more than doubled between January 2007 and January 2013 (an increase of 119 percent), compared to a 76-percent increase in the nation as a whole over the same period. Between 2007 and 2012, the increase in SNAP caseloads was steeper outside of Milwaukee County than in the county, a long-term high-poverty area. The Wisconsin SNAP caseload peaked at about 860,000 cases in summer 2013 before falling to 666,000 by November 2017, the last month for which SNAP benefits affect the 2017 WPM rate. Over the January 2016 to November 2017 period covered in this report, Wisconsin’s SNAP count fell by 75,000 cases or 10.1 percent, with the biggest decline taking place outside of Milwaukee. The Wisconsin SNAP caseload fell faster than that in the nation as a whole during this period; the U.S. caseload declined by 8.0 percent.⁷ This drop could have been due to economic expansion and growing market incomes, which would mean that many families no longer needed SNAP to feed their families. But if so, we would expect to see market income poverty in Wisconsin fall by much more over this period. The SNAP caseload decline in Milwaukee County alone was 19,000 cases, a smaller percentage drop (3.4 percent) than in the state as a whole and consistent with Milwaukee’s significantly higher poverty rate.

⁵In contrast, wages for these same occupations have increased faster in other states and in the nation as a whole than in Wisconsin over this same period. Source: authors’ calculations based on Occupational Labor Statistics Data, Bureau of Labor Statistics 2010–2018. https://www.bls.gov/oes/current/oes_wi.htm Adjusted for Inflation using the CPI URS.

⁶Anna Walther, “Unstable Jobs, Unstable Lives: Low-Wage Work in the United States,” IRP *Poverty Fact Sheet* No. 16, 2019, at <https://www.irp.wisc.edu/wp/wp-content/uploads/2018/12/Fact-Sheet-16-2018-UnstableJobs-UnstableLives.pdf>.

⁷The bump upward in the national SNAP caseload in fall 2017 was due to hurricanes in Texas and Florida.

Figure 3. Changes in SNAP Benefit Caseloads in Wisconsin and the United States, 2006–2018



Source: Data on SNAP participation are from the FoodShare data website of the Wisconsin Department of Health Services.

Note: The number of cases in Wisconsin are shown on the left-hand scale of the y-axis, while those for the United States are on the right-hand scale of the y-axis.

The reasons for SNAP caseload declines in Wisconsin since 2014 are less clear. In the first few months of 2014, SNAP caseloads fell slightly, reflecting the 14-percent decline in maximum SNAP benefits that occurred in November 2013, as the temporary boost in benefits provided under federal legislation in 2009 expired. Other factors contributing to the 75,000-case decline in the Wisconsin SNAP caseload that we see during the period of this report included the continuing impact of this benefit reduction, plus the slowly growing economy and the removal of able-bodied adults without dependents, (ABAWDs) who do not meet work requirements, from the SNAP rolls in 2014 and 2015. The removal of ABAWDs alone reduced rolls by over 20,000 cases by November 2015.⁸

In the next section, we look at commonly cited shortcomings of the official poverty measure and summarize the goals behind development of the Wisconsin Poverty Measure.

⁸Molly Beck, “[41K lost food stamps, 12K found jobs under new work requirement](#),” *Wisconsin State Journal*, April 21, 2016. Data on the Food Share Employment and Training (FSET) program effects on employment and SNAP participation can be found at <https://www.dhs.wisconsin.gov/initiatives/fset-data.htm>. However, none of these FSET programs directly affected families with children who were receiving SNAP; the program’s impacts on poverty also declined in this report (see Figure 8 below).

WHY IS THE WISCONSIN POVERTY MEASURE (WPM) NEEDED?

Researchers and policymakers have criticized the current official poverty measure for not accurately accounting for the contemporary needs and resources of American families and have called for improved measures. Critics say the OPM ignores noncash benefits and tax credits, uses an outdated (and substantially lower) poverty threshold based on a pattern of consumption in the 1960s, omits work-related expenses such as childcare and health care costs, and does not adjust for geographic differences in prices. After a National Academy of Sciences (NAS) panel offered an alternative method for measuring poverty that addresses many of these concerns, scholars have developed alternative poverty measures based on the NAS method. In 2011, the federal government implemented the Supplemental Poverty Measure (SPM), which is close to NAS committee recommendations.⁹

While IRP's efforts to develop an alternative poverty measure for Wisconsin are in line with these broader efforts, we contribute to the field by applying these measures to a local area (Wisconsin) in ways that reflect the characteristics and policy interests of the state, and by providing explicit and straightforward guidelines that other states and localities can use to develop their own measures. Wisconsin is an excellent site for a case study of alternative poverty measures because of the state's historic importance as an experimental site for national policies. The research benefits from the support of the Wisconsin Community Action Program Association (WISCAP); the U.S. Department of Health and Human Services, Office of the Assistant Secretary for Planning and Evaluation; and the La Follette School of Public Affairs at the University of Wisconsin–Madison. Indeed, the University of Wisconsin has a long, rich history of engaging state policymakers on important issues facing the state, largely because of the University of Wisconsin System's adherence to the "Wisconsin Idea," which is the principle that university research should improve state residents' lives beyond the classroom.¹⁰

METHODS AND DATA FOR MEASURING POVERTY UNDER THE WPM

We use an analytical approach consistent with that employed in previous issues of the *Wisconsin Poverty Report*. The U.S. Census Bureau's American Community Survey (ACS) is the primary data source for this and previous reports. Specifically, a 66-percent public use sample data extract from the Integrated Public Use Microdata Series (IPUMS) was used to analyze the 2017 ACS data (see source note in acknowledgments), and these IPUMS data were supplemented with Wisconsin state administrative data on participation in public assistance programs. While the SPM uses data from the Current Population Survey, our measure takes advantage of the relatively large sample sizes in the ACS data set to examine poverty in areas within the state.¹¹

We examine poverty in 28 areas in Wisconsin, including 13 more densely populated counties and 15 multi-county areas that encompass less densely populated counties. An additional advantage of the data is the inclusion of detailed housing information drawn from the ACS. While the data set used in

⁹In November 2011, the Census Bureau released the first results from the new SPM in Kathleen Short, "[The Research Supplemental Poverty Measure 2010: Consumer Income](#)," U.S. Census Bureau, *Current Population Reports* P60-241, Washington, D.C.: U.S. Government Printing Office. Subsequent reports were released in [2013](#) and [2016](#).

¹⁰For more about the Wisconsin Idea and the history of the Wisconsin Poverty Report, see Timothy M. Smeeding and Joanna Y. Marks, "[The 'Wisconsin Idea' and Antipoverty Innovation](#)," *Pathways: A Magazine on Poverty, Inequality, and Social Policy* (Summer 2011): 18–21.

¹¹Differences in surveys and poverty measures for the United States and Wisconsin can be found in David S. Johnson and Timothy M. Smeeding, "[A Consumer's Guide to Interpreting Various U.S. Poverty Measures](#)," *Fast Focus* No. 14, Institute for Research on Poverty, Madison, WI, May 2012.

our analysis is subject to limitations—such as a lack of information about SNAP benefit amounts, energy assistance, and public housing, and often small sample sizes for some groups in smaller geographic areas—it is the best available data set for examining poverty at the state and local levels, as we do in the current analysis. These ACS data limitations have been alleviated somewhat by our efforts to combine it with other data sources, including Wisconsin’s rich administrative data on program participation in SNAP and public housing programs.

The development of the WPM is in line with the development of almost all poverty measures in which poverty status is determined by comparing a measure of economic need to a measure of the economic resources available to meet that need. A poverty threshold (or measure of need) is the least amount of income deemed necessary to cover the basic expenses of the unit of people considered. Three major components commonly constitute poverty measures: the resource-sharing unit (the people living together in a household), resources, and need. Next, we describe each of these components to demonstrate our approach to the WPM.

The resource-sharing unit includes all persons who share the same residence and are assumed to share income and consumption (called “family” in the OPM, but in the OPM it is restricted to married couples, their children, and other blood relatives). In the WPM, we expand the OPM’s definition of family by including unmarried partners and their families, foster children, and unrelated minor children in our poverty unit. This procedure follows the National Academy of Sciences recommendations, and better reflects actual household/living arrangements and income sharing. We depart from Census Bureau OPM and SPM practices by excluding single college students with annual earnings less than \$5,000, because they likely have income from parents not recorded in our data and may upwardly bias our poverty estimate. Excluding college students changes our estimate for Wisconsin’s overall poverty by 0.3 percentage points, but by a more substantial amount in college towns like Madison and La Crosse.¹²

While the OPM considers only pre-tax cash income as resources, the WPM incorporates a more comprehensive range of resources. These include federal refundable tax credits (the Earned Income Tax Credit or EITC, and the Additional Child Tax Credit or ACTC), and noncash benefits such as SNAP and housing subsidies. The WPM also adjusts for household needs, such as out-of-pocket medical costs and work-related expenses that include childcare and transportation costs. Consistent with our goal of measuring poverty in Wisconsin, we include Wisconsin-specific public resources, such as the Wisconsin Homestead Tax Credit and the Wisconsin state EITC, in addition to the federal EITC. Each of these changes allow us to better gauge the impact of policy efforts that influence poverty reduction in Wisconsin and in the nation more broadly.

WPM poverty thresholds are based on food, clothing, shelter, and other expenses, which are set at roughly the 33rd percentile of national expenses for a two-child, two-adult family, with adjustments for prices in Wisconsin. This approach differs from the OPM, which is based on three times the cost of a minimally adequate diet in the 1960s, with adjustments for inflation, but with no adjustments for price differences across states. To estimate the poverty threshold specific to Wisconsin, we begin with the experimental threshold published by the Census Bureau. In 2017, the national threshold was \$29,380. Our baseline poverty threshold (i.e., the threshold for a two-child, two-adult family) for Wisconsin in

¹²In part due to the WPM’s treatment of college students, the Census Bureau now reports off-campus college student poverty in a separate report, but does not exclude them from the Bureau’s national figures. See Craig Benson and Alemayehu Bishaw, 2017, “[Examining the Effect of Off-Campus College Students on Poverty Rates](#),” December 7, 2017, Census Bureau, Poverty Statistics Branch, Social, Economic, and Housing Statistics Division.

2017 was \$27,241, \$730 more than the 2016 level of \$26,511. The Wisconsin line was lower than the rest of the nation because the cost of living in Wisconsin is about 8 percent lower than that for the nation as a whole. For comparison, the official U.S. poverty line for a two-child, two-adult family in 2017 in the United States (including Wisconsin) was \$25,094. Hence, the WPM poverty line, which reflects national purchases and consumption of necessities among low-income families as well as Wisconsin's overall lower living costs, exceeds the OPM by \$2,147 (\$27,241 to \$25,094).

In refining the measures of need, we calculated poverty thresholds for families of different sizes using equivalence scales, which take account of differences in family size and other factors. We also adjusted the poverty thresholds based on differences in housing costs across regions in Wisconsin and type of dwelling (owners with a mortgage, owners without a mortgage, and renters) and expected medical expenses (which vary across families based on health insurance status, presence of elders, family size, and health status). Medical expenses rose by 2.6 percent in 2017, compared to a 3.7-percent increase in 2016, both above the overall rise in consumer prices in each of those years. To determine whether a family—and individuals belonging to the family unit—could be considered poor, we compared their comprehensive resources to the relevant threshold.

The WPM helps us to better understand the needs and resources of Wisconsin residents, as well as the impact of policies intended to reduce poverty by lowering expenses or increasing resources. We account for the effect of policies that help reduce out-of-pocket costs of working like subsidized childcare, and those that help reduce medical care expenses, such as Medicaid (known as BadgerCare in Wisconsin). Our program estimates reflect not only national policy changes, but also changes instituted by the State of Wisconsin in federal programs administered by the state (like SNAP) and state programs like the Wisconsin EITC.

In the next section, we report our results, looking first at data for 2017. We look at poverty overall, and then turn to an examination of poverty for two vulnerable groups (children and the elderly). We then turn to poverty trends during the period from 2008 through 2017.

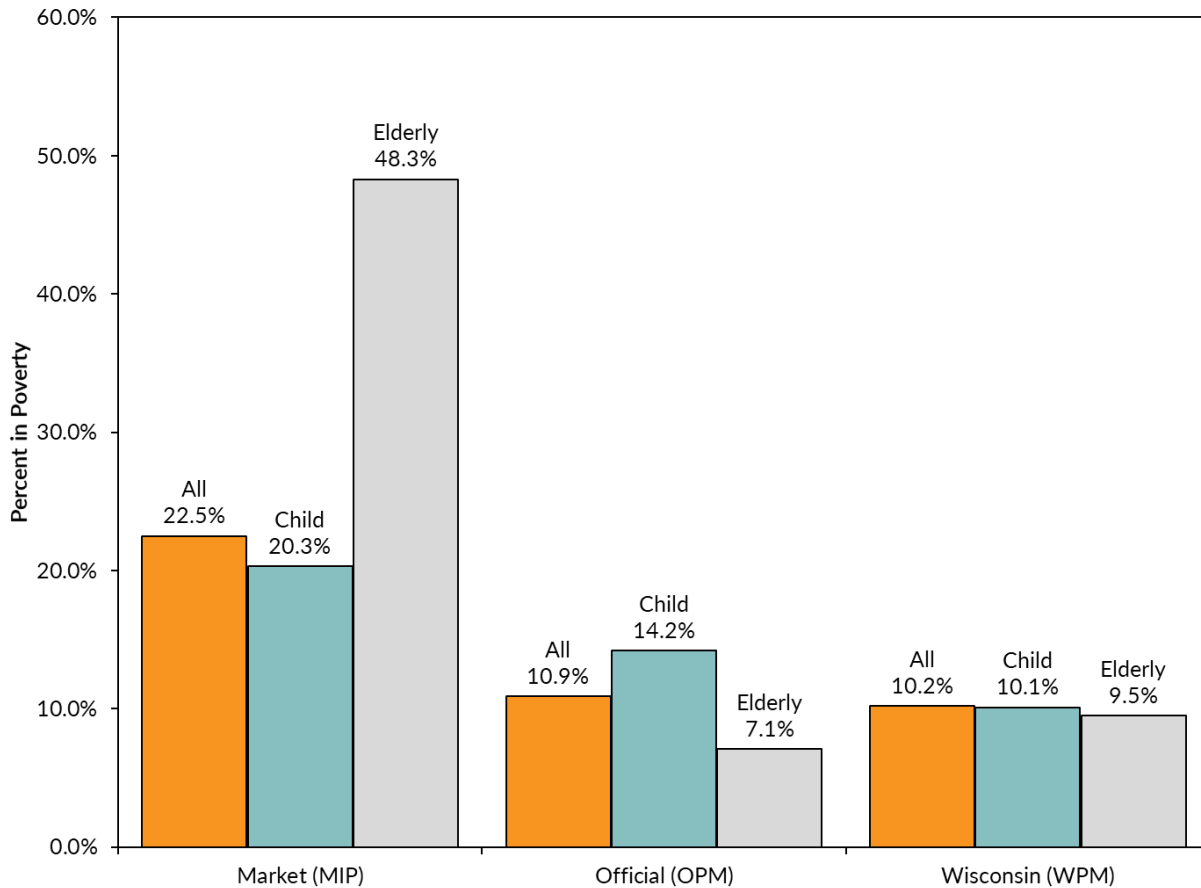
POVERTY AND THE EFFECTIVENESS OF THE SAFETY NET IN WISCONSIN, BY MEASURE AND POPULATION

Wisconsin Poverty in 2017

As shown in Figure 4, under the market income measure of poverty—which, as mentioned, counts only earnings and other private income and ignores government benefits and taxes—22.5 percent of the state population was considered poor in 2017. A smaller percentage of families with children (20.3 percent) was poor, while almost half (48.3 percent) of the elderly were poor based on their own market incomes. These are the three tallest bars at the left of Figure 4.

Using the OPM, which takes into account the effect of cash benefits such as Social Security and unemployment insurance, elderly poverty dropped dramatically to 7.1 percent, mainly due to Social Security benefits. Child poverty under the official measure was also lower than under the market income measure, but was much higher than for other age groups, at 14.2 percent. This is in large part because few cash assistance benefits are currently provided to otherwise poor families with children in the United States. Under the official measure, overall poverty was between elderly and child poverty, at 10.9 percent in 2017. These are shown in the middle three bars of Figure 4.

Figure 4. Poverty in Wisconsin in 2017 by Measure: Overall and for Children and the Elderly



Source: IRP tabulations using 2017 American Community Survey public use data.

Notes: Market income poverty (MIP) includes earnings, investment income, private retirement income, child support, and other forms of private income. Both the MIP measure and WPM are based on the same thresholds, definition of family unit, and treatment of work and medical expenses, which differ from the thresholds and methodologies of the official poverty measure (OPM), as described in the methods section above.

Under the WPM, the set of bars on the right of Figure 4, child and elderly poverty rates still diverged, but the differences were greatly reduced, with a poverty rate of 10.1 percent for children and 9.5 percent for the elderly. Overall poverty was at 10.2 percent.

There are several primary reasons that child poverty was more than 4 percentage points lower under the WPM than the official measure. First, families with children are eligible for a broader range of tax credits and benefits that increase with family size (for example, the Earned Income Tax Credit is primarily for families with children and SNAP gives more benefits to larger families). Families with children also have higher take-up rates of SNAP and other noncash safety net programs than do individuals without children. Second, the MIP for families with children in Wisconsin was 20.3 percent (Figure 5), significantly below the overall MIP of 22.5 percent. Finally, the WPM, unlike the OPM, counts the income of unmarried partners as contributing to family resources. This consideration by the WPM makes a substantial difference in estimating child poverty because many poor children live with single mothers and their unmarried partners.

This is the first year in which the WPM child poverty rate was the same as the overall WPM poverty rate, suggesting that higher earnings, refundable tax credits, and noncash benefits all helped reduce poverty for our most vulnerable population. In contrast, elderly poverty was higher under the WPM than the OPM, mainly because these individuals have out-of-pocket medical expenses that exceed the noncash benefits they receive (see Figure 9).

Trends in Wisconsin Poverty, 2008 to 2017

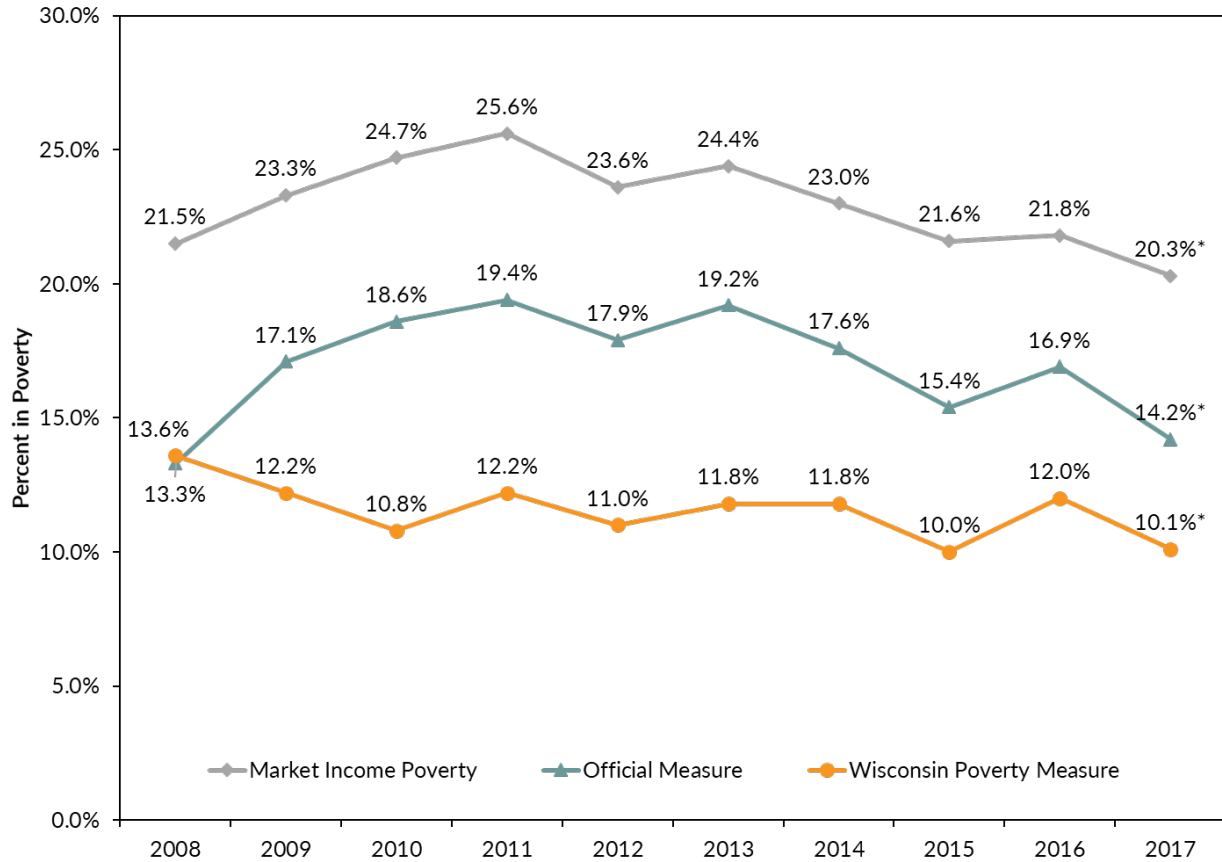
As shown in Figure 1, poverty as measured by the WPM was lower in 2017 compared to 2016, with a decrease in the OPM as well. The market income poverty rate also ticked down by 0.7 points to 22.5 percent. In this eleventh *Wisconsin Poverty Report*, we find the WPM overall poverty rate at 10.2 percent, slightly above the lowest poverty mark—9.7 percent—reached in 2015. While this left Wisconsin with an overall poverty rate below the official level, according to the WPM, the state poverty rate was back at the same level it was in 2012. The labor market recovery and the positive effects of noncash benefits and tax-related credits do not appear to have produced a substantial decline in overall Wisconsin poverty, leaving the state at a plateau of between 10 and 11 percent, the level we saw in all previous annual reports except for 2015.

Child poverty rates fell in 2017, after increasing under all three poverty measures in 2016, as shown in Figure 5. All three measures fell by a significant amount. Changes in market income, which essentially capture changes in employment and earnings, drove down child poverty in 2017 to its lowest level since our report began 11 years ago. Families with children appear to have gotten a good boost from the recovering economy in 2017. Public programs cut child poverty in half in Wisconsin in 2017. Still, the 2017 WPM for children at 10.1 percent is about the same as it was in 2015. The biggest drop in child poverty was for the OPM, falling from 16.9 percent in 2016 to 14.2 percent in 2017, a decline of 2.7 percentage points.

At the start of the Great Recession, the WPM showed different trends than the two cash-based measures overall (Figure 1) and for families with children (Figure 5). Between 2009 and 2010, earnings fell sharply, but SNAP benefits rose as more families qualified for assistance, and as SNAP, the federal EITC, and other refundable tax benefits were expanded under the ARRA, and have now become permanent. Because the state EITC is a percentage of the federal EITC, the state EITC also increased in 2009 and 2010. However, this growth in the state EITC was offset by state action to reduce the state EITC, effective in tax year 2011 and continuing. As these programs expanded, child poverty as measured by the WPM declined, despite the worsening economy and the accompanying increase in market income poverty in the aftermath of the Great Recession (see Figure 5). As the economy expanded, the improving labor market translated into lower WPM child poverty as earnings replaced income support programs in 2015 and 2017 (see Figure 8).

Between 2016 and 2017, elderly poverty in Wisconsin as measured by the WPM rose from 9.0 to 9.5 percent and from 6.6 to 7.1 percent using the official poverty measure, as shown in Figure 6. The increase in elder Wisconsin poverty in the WPM, up 1.7 percentage points from 2015 to 2017, is worrisome because it signals elder incomes are not keeping up with medical care costs or the cost of other necessities. Individuals age 65 and older are less likely to be employed than younger individuals; thus, they are generally less affected by recessions or changes in tax policy, but medical care out-of-pocket costs are still a concern.

Figure 5. Child Poverty Rates in Wisconsin Under Different Poverty Measures, 2008–2017



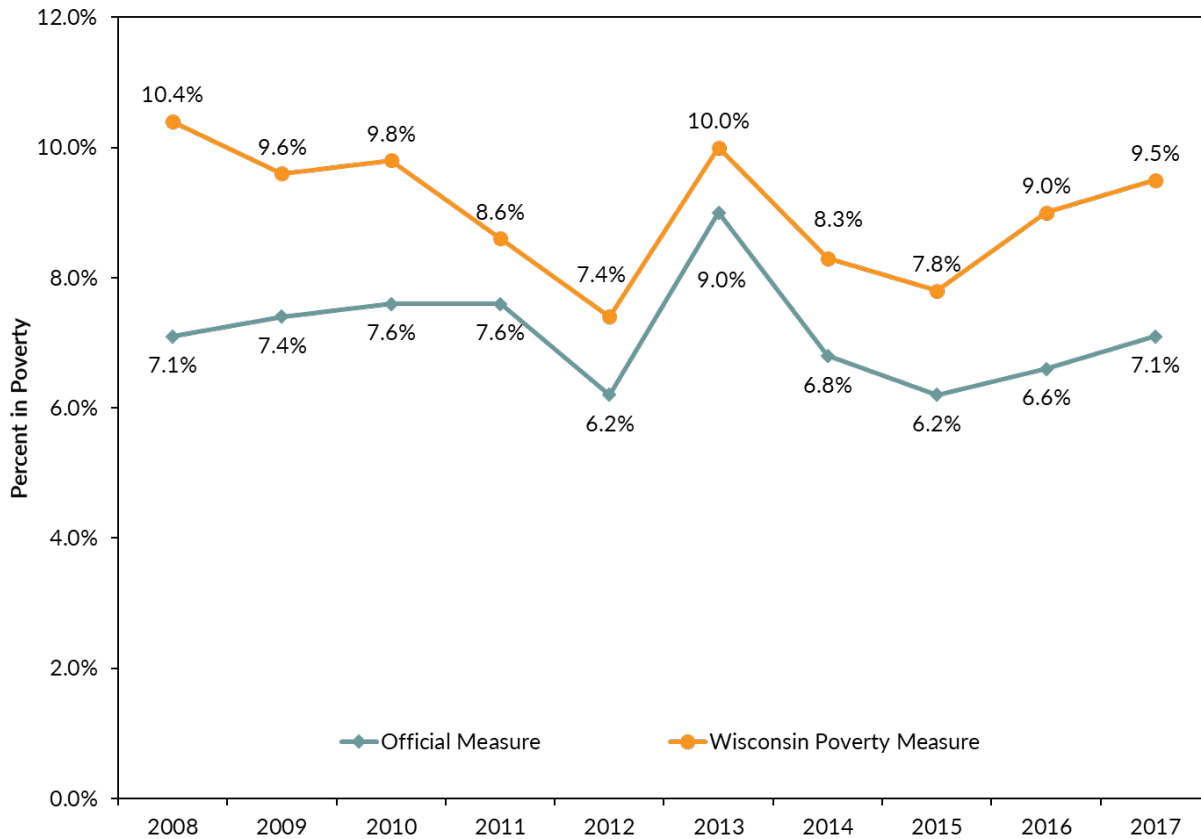
Source: IRP tabulations using 2008–2017 American Community Survey public use data.

Note: * = The difference between 2016 and 2017 was statistically significant for all three measures.

Social Security benefits keep many elders, who have little or no market income, out of poverty as each new generation of elders had higher earnings during their working years and therefore receive higher Social Security benefits than the previous generation. Between 2016 and 2017, inflation adjustments for the expense-based poverty line for the WPM and the Consumer Price Index increased by more than the cost-of-living adjustments for Social Security.¹³ Because there is a fairly large number of elderly individuals and couples whose incomes are just slightly above or below the poverty line, small changes in inflation adjustments can move them from one side of the poverty line to the other, as happened in 2016 and 2017 in Wisconsin, and as seen in the OPM as well as the WPM. In addition, the 2016 and 2017 increases in medical out-of-pocket expenses were higher than the Social Security benefit increases in both years, taking up a larger portion of elder incomes for medical costs. These factors contribute to the WPM elder poverty rate increasing from 2015 to 2017 as shown in Figure 6. In all cases, the WPM rate for elders is higher than the OPM, but lower than child and overall poverty rates using either measure.

¹³The Consumer Price Index increased 2.5 percent in 2016 and 2.1 percent in 2017, but Social Security benefits rose by only 0.3 percent in 2016 and 2.0 percent in 2017. See https://www.bls.gov/news.release/archives/cpi_01122018.pdf and <https://www.ssa.gov/OACT/cola/colaseries.html>.

Figure 6. Elderly Poverty Rates in Wisconsin Under Different Poverty Measures, 2008–2017



Source: IRP tabulations using 2008–2017 American Community Survey public use data.

Note: This figure uses a smaller scale than Figures 1 and 5, which may make changes appear larger compared to those for overall and child poverty. While the changes in elder poverty from 2016 to 2017 under the OPM and WPM were not statistically significant, the overall increases from 2015 to 2017 were significant.

Using the Wisconsin Poverty Measure to Assess the Effect of Policies on Poverty

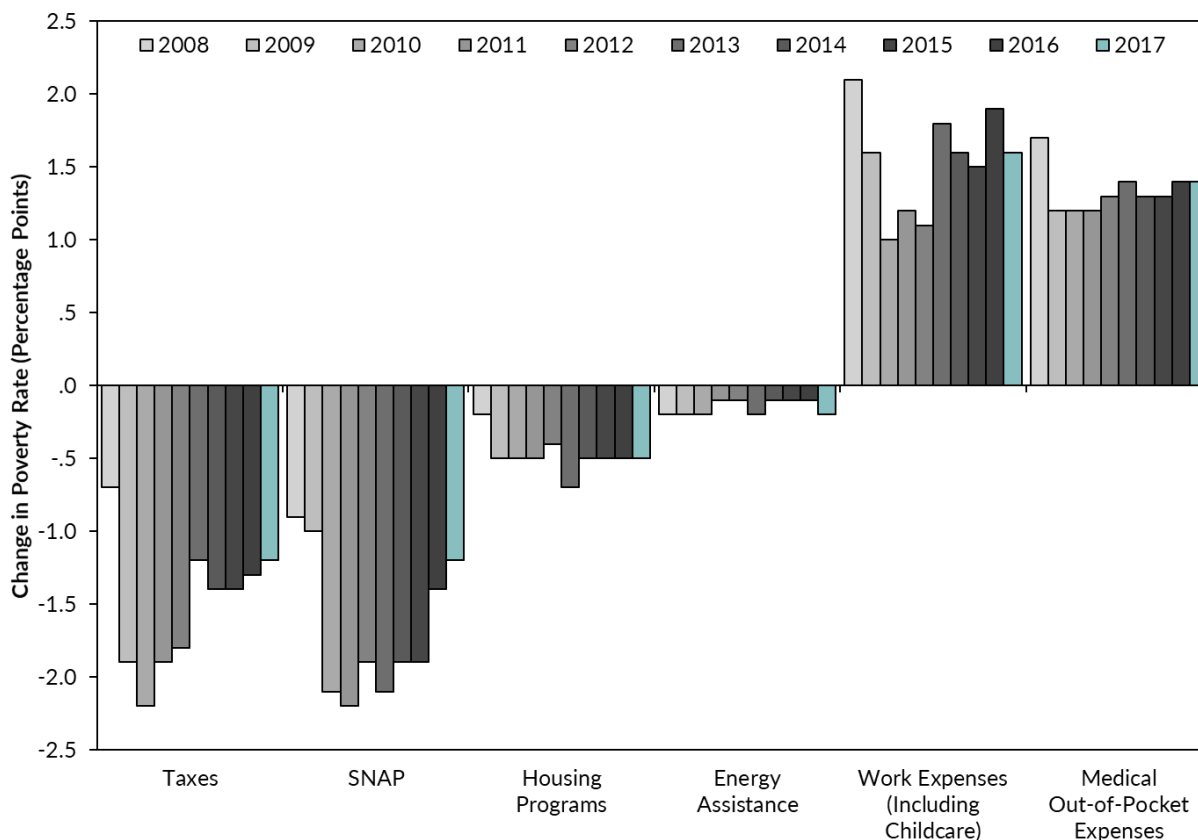
The WPM shows the economic effects of a much wider range of policies aimed at the poor than does the official poverty measure. The majority of the expansions in public benefits in Wisconsin during and since the Great Recession up to 2017 were in the form of noncash programs and tax-related benefits tied to work activities, rather than cash transfer programs.¹⁴ For this reason, it is important to document the effects of these noncash and tax benefits on poverty.

In this section, we estimate what poverty rates would have been in 2017 if we had not counted noncash and tax benefits, or work-related and medical resources/expenses, shown for overall poverty in Figure 7, child poverty in Figure 8, and elder poverty in Figure 9. Noncash and tax benefits lower poverty rates by increasing disposable income, as do public housing and energy benefits. Meanwhile, higher expenses for childcare, work, and medical care move in the opposite direction to raise poverty. Hence, we indirectly show the impact of policies designed to reduce these expenses on poverty, because such

¹⁴As mentioned above, Wisconsin has not raised its minimum wage above the \$7.25 federal level since the last federal change in July 2009, while 30 other states and some localities have increased their minimum wage since that time.

policies may be as important as safety net programs in improving the economic well-being of low-income families.

Figure 7. Effects of Taxes, Public Benefits, and Expenses on Overall Poverty in Wisconsin, 2008–2017



Source: IRP tabulations using 2008–2017 American Community Survey public use data.

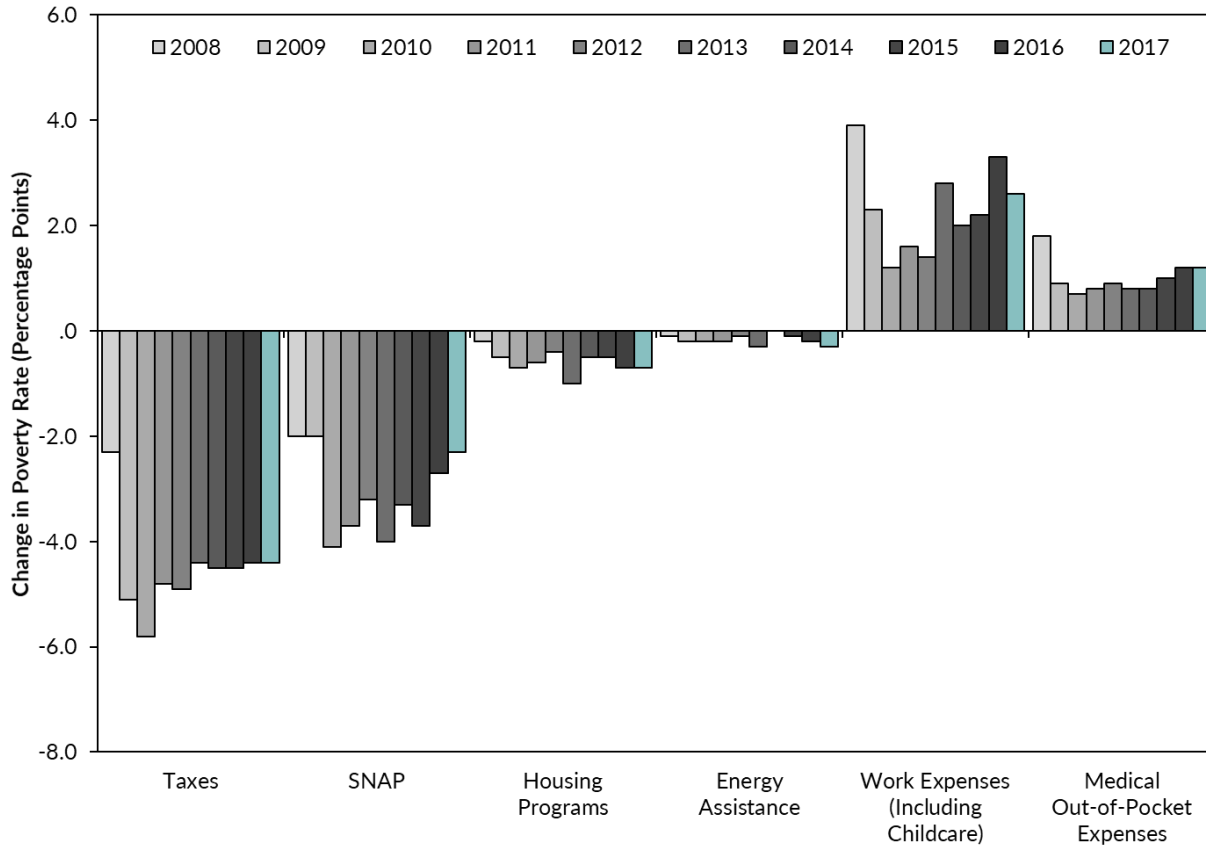
Note: SNAP = Supplemental Nutrition Assistance Program, also known as “FoodShare” in Wisconsin.

Among benefit programs examined in this analysis, SNAP benefits and refundable tax credits over and above payroll taxes (labeled as “taxes” in Figure 7) had the greatest impact on reducing overall poverty in 2017. They reduced the percentage of people in poverty by approximately 1.2 percentage points each. Both programs’ antipoverty impacts have fallen over the past few years, as SNAP benefits contracted in Wisconsin (Figure 3 above). Tax provisions such as the EITC also had lower effects in 2017 than in 2016 or 2015. While the EITC makes up the majority of the tax policies included in the taxes category, in the past this category also included tax benefits that are no longer in place. For example, the Making Work Pay tax credit (which was in effect in 2009 and 2010) and the 2-percentage-point reduction in payroll taxes (in effect in 2011 and 2012) increased the antipoverty effect of tax provisions in earlier years. Neither the Making Work Pay tax credit nor the cut in payroll taxes has been in effect since 2013, and as a result, the net effect of taxes and tax credits was less likely to lift the working poor out of poverty in 2017 than in earlier years.

Both taxes and SNAP had a larger impact on reducing child poverty than overall poverty (Figure 8). The larger impact of these programs on children than on overall poverty can be seen in 2017, where tax-related provisions reduced child poverty by 4.4 percentage points and SNAP benefits reduced child poverty by 2.3 percentage points as compared to 1.2 points each for overall poverty (compare Figure 8

to Figure 7). As noted above, various tax and SNAP provisions have changed since the end of the Great Recession, especially following the end of ARRA expansions, and in 2017 SNAP’s impact on child poverty was at the lowest level since 2009.

Figure 8. Effects of Taxes, Public Benefits, and Expenses on Child Poverty in Wisconsin, 2008–2017



Source: IRP tabulations using 2008–2017 American Community Survey public use data.

Note: SNAP = Supplemental Nutrition Assistance Program, also known as “FoodShare” in Wisconsin.

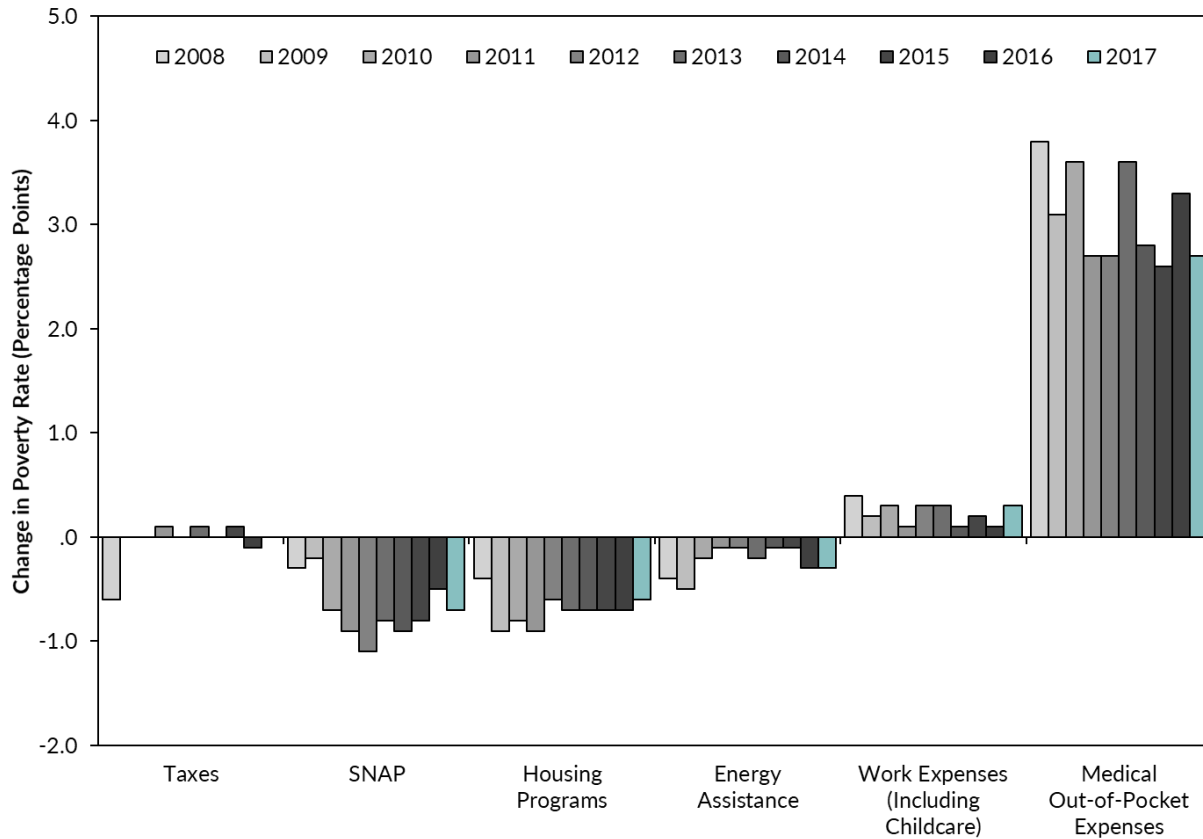
The decline in SNAP’s effects on child poverty is worrisome given upcoming changes in SNAP work requirement policy in Wisconsin later this year. Starting in October 2019, parents with children aged 6 or over must work or participate in work activities for 30 hours per week as a condition of eligibility. It is anticipated that these work requirements will reduce the SNAP caseload and parents’ SNAP benefits, lessening the program’s impact on reducing child poverty if parents are unable to make up for the loss in benefits with increased earnings.¹⁵

Taxes had a negligible effect on elderly poverty, and SNAP benefits reduced elderly poverty by 0.7 percentage points during 2017, much less than for children (see Figure 9 compared to Figure 8). This pattern of tax effects is expected, because the largest tax credits are focused on working individuals

¹⁵See Lisa Pasque, “Report: Growing economy likely doesn't explain drop in Food Share cases,” *Capital Times*, July 27, 2018, at https://madison.com/ct/news/state-and-regional/report-growing-economy-likely-doesn-t-explain-drop-in-foodshare/article_92ef1695-3791-50de-896f-6f05e2298c67.html.

who are parents of minor children, and SNAP benefits are also more generous to larger families. Housing benefits for the elderly reduced poverty by 0.6 percentage points in 2017.

Figure 9. Effects of Taxes, Public Benefits, and Expenses on Elderly Poverty in Wisconsin, 2008–2017



Source: IRP tabulations using 2008–2017 American Community Survey public use data.

Note: SNAP = Supplemental Nutrition Assistance Program, also known as “FoodShare” in Wisconsin.

Housing and energy assistance provide modest assistance to all groups in any year. The growing cost of rent for private apartments in Wisconsin’s major cities is of great concern. While housing programs reduced child poverty by 0.7 percentage points, expansions of these programs could do more to reduce poverty and instability, especially for low-income families and children who otherwise face high costs, eviction, and even homelessness.¹⁶

Spending on work expenses and medical expenses can contribute to higher WPM poverty rates. The logic for work expenses is simple: costs for working must be incurred in order to have the earnings that are supplemented by refundable tax credits based on these earnings. The overall negative impact of work expenses on poverty among families with children was lower in 2017 than in 2016, but continued

¹⁶For instance, see Matthew Desmond’s much heralded book on rental housing costs and residential instability in Milwaukee, *Evicted: Poverty and Profit in the American City* (Crown Book, Penguin-Random House Publishers, New York, 2016). Recent evidence from the U.S. Department of Housing and Urban Development’s Family Options Experiment suggests that housing vouchers have had positive effects on homeless families who are able to use them. See Claudia D. Solari and Jill Khadduri. 2017. “[Family Options Study: How Homeless Families Use Housing Choice Vouchers](#)” *Cityscape*, Volume 19 Number 3, Fall.

to be high (Figure 8). One would expect that the effects of work-related expenses like childcare should be larger as the economy recovers and more families have earnings and associated work expenses.¹⁷ As might also be expected, the effects of work-related costs were larger for families with children (Figure 8) than overall (Figure 7), or for the elderly (Figure 9).

Medical expenses are also a worry for all families, even those who are well insured. In a recent national survey, one in four said medical bills or copayments for drugs and doctor visits are severely straining their budgets.¹⁸ In another study, the typical worker spent about 12 percent of their income on deductibles and premiums in 2017, compared with 8 percent in 2008.¹⁹ Even in Wisconsin, employees in the State Group Health Insurance program surveyed in March of 2019 report that cost sometimes prevents them from going to the doctor. And just 35 percent are confident they could pay for an emergency—medical or otherwise—costing \$2,000 or more.²⁰ These types of medical expenses increased the overall WPM rate by 1.5 percent in 2017.

While medical expenses increased poverty for all groups, the elderly, who are more likely to need costlier and sustained medical care, felt the effects of medical expenses more acutely. In general, out-of-pocket medical expenses such as insurance premiums, co-payments for medical services, prescription and over-the-counter drugs, and uninsured medical expenses present a significant challenge for the low-income elderly. These costs continue to rise in Wisconsin and elsewhere. Medical costs increased elderly poverty rates by 2.7 percentage points in 2017 (Figure 9).

Altogether, the net poverty-increasing effects of work and medical expenses for the entire state were about the same as the poverty-reducing effects of noncash benefits in 2017 (Figure 7). For children, the largest anti-poverty effects came from refundable tax credits and SNAP, with overall tax and noncash benefits reducing child poverty by 7.7 percentage points. On the other hand, work and medical expenses added 3.8 percentage points to child poverty in 2017 (Figure 8). The net effect was to reduce child poverty by 3.9 percentage points. For elders, medical cost increases outpaced the sum of all noncash benefits and led to a higher WPM rate than that found in the official measure by 2.4 percentage points (Figure 6, compare 7.1 percent to 9.5 percent in 2017). This suggests that public policies designed to increase the coverage of medical expenses for the low-income elderly can do more to help to alleviate the economic hardship felt by this group than almost any other current policy.

Poverty Within Wisconsin: Poverty Rates by County or Multicounty Substate Areas

A significant strength of the WPM is its ability to measure poverty across regions within the state. Our categorization of substate areas includes 13 large counties and 15 multicounty areas that encompass the remaining areas of the state. While some of the multicounty areas comprise only two counties (e.g.,

¹⁷Our estimates of childcare expenses rely on imputations (using data from the Current Population Survey), which may contribute to some variability in year-to-year patterns. Still, the increased negative impact of work-related expenses on poverty is consistent with rising costs for work-related expenses like childcare in an economy with more people working, despite a small uptick in public spending on childcare subsidies under the Wisconsin Shares program in 2016 and 2017. Falling gasoline prices also lessen the effect of work-related transportation costs.

¹⁸ Liz Hamel, Cailey Muñana, and Mollyann Brodie, 2019, "[Kaiser Family Foundation/LA Times Survey Of Adults With Employer-Sponsored Insurance](#)," May 2.

¹⁹ Sara R. Collins and David C. Radley, 2018, "[The Cost of Employer Insurance Is a Growing Burden for Middle-Income Families](#)," The Commonwealth Fund, December 7.

²⁰ Center for Financial Security and La Follette School of Public Affairs, 2019, "[Managing Out-of-Pocket Medical Expenses: How well are Families Prepared for a World of High Deductibles?](#)" May, University of Wisconsin--Madison.

Sauk and Columbia), others require 7 to 10 of the more-rural counties to reach a sufficient sample size to obtain reliable estimates. Poverty rates for these counties and areas in 2017 are shown in Table 1.

Table 1. Wisconsin WPM Poverty Rates by County or Multicounty Area with Upper and Lower Bounds, 2017

County	Wisconsin Poverty Measure (%)	Confidence Interval: Lower Bound (%)	Confidence Interval: Upper Bound (%)	Difference from State Average
Milwaukee	17.2	15.7	18.6	Higher
Dane (Madison)	11.2	9.0	13.3	NS
Waukesha	4.2	3.2	5.1	Lower
Brown (Green Bay)	10.1	8.1	12.0	NS
Racine	10.3	7.7	12.9	NS
Kenosha	9.1	6.4	11.8	NS
Rock (Janesville)	12.8	8.8	16.8	NS
Marathon (Wausau)	8.7	5.9	11.5	NS
Sheboygan	6.8	4.0	9.6	Lower
La Crosse	11.6	8.5	14.7	NS
Outagamie (Appleton)	5.0	3.5	6.4	Lower
Winnebago (Oshkosh)	11.1	8.0	14.2	NS
Walworth (Whitewater)	7.2	5.2	9.3	Lower
Multicounty Area				
Washington & Ozaukee (West Bend)	3.6	2.2	5.1	Lower
Sauk & Columbia (Baraboo)	10.0	6.6	13.4	NS
Dodge & Jefferson	7.4	5.6	9.2	Lower
Manitowoc & Kewaunee	6.1	4.4	7.9	Lower
Fond du Lac & Calumet	6.9	4.1	9.7	Lower
St. Croix & Dunn	5.2	3.2	7.2	Lower
Eau Claire & Chippewa (South)	14.4	11.6	17.1	Higher
Barron, Polk, Clark & Chippewa (North)	12.2	9.2	15.2	NS
Marinette, Oconto, Door & Florence	9.5	7.2	11.8	NS
Central Sands—Wood, Portage, Juneau & Adams	10.4	8.0	12.7	NS
Oneida, Lincoln, Vilas, Langlade & Forest	6.4	4.7	8.1	Lower
Grant, Green, Iowa, Richland & Lafayette	8.7	6.7	10.7	NS
East Central Wisconsin	10.0	8.1	12.0	NS
West Central Wisconsin—Northern Mississippi Region	8.1	6.6	9.6	Lower
Northwest Wisconsin	11.0	9.0	13.0	NS
State Total	10.2	9.7	10.7	

Source: IRP tabulations of 2017 American Community Survey public use data.

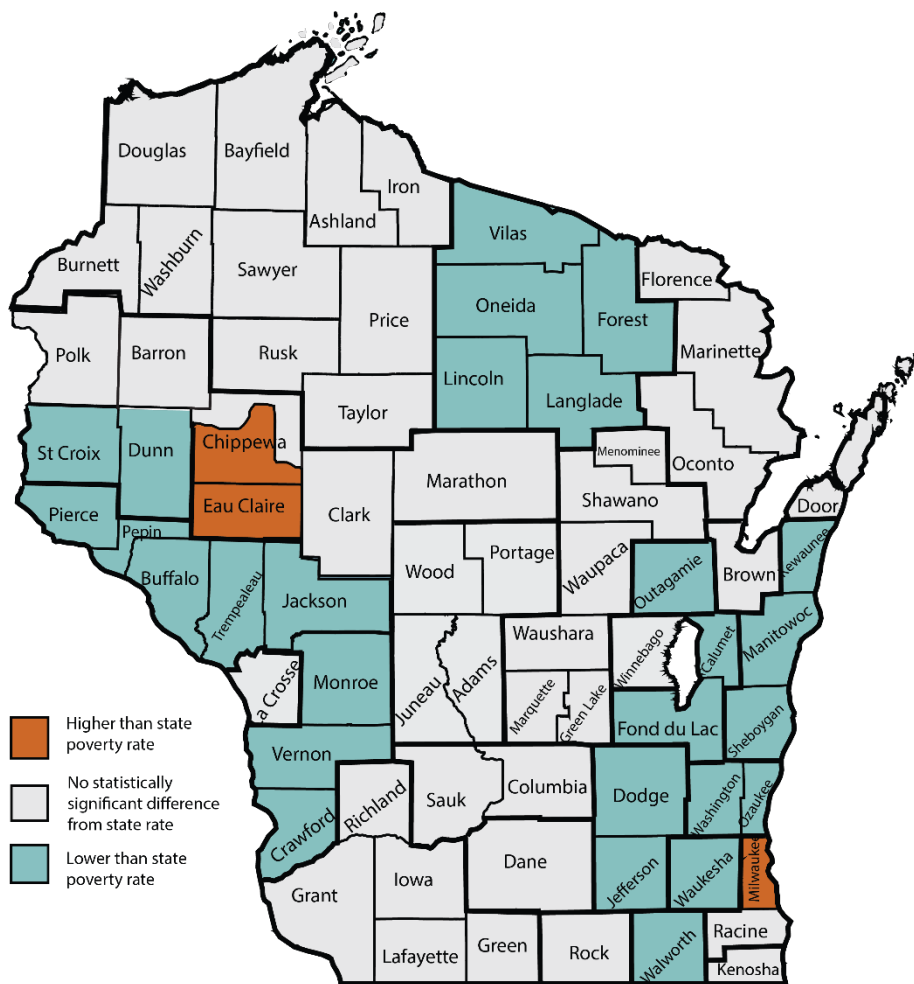
Notes: NS = Not statistically significant. In this analysis, each region’s difference from the state average was assessed as not statistically significant if the 90% confidence intervals for each region’s statistics and the state’s overall statistics overlap.

As shown in Table 1, our analysis of substate areas reveals that the overall statewide poverty rates hide substantial variation in poverty across Wisconsin regions. Estimates for poverty rates using the WPM for these substate areas were as low as 3.6 percent in Washington and Ozaukee counties and 4.2 percent in Waukesha County. On the other hand, the WPM rose to 17.2 percent in Milwaukee County

and 14.4 percent in the Eau Claire County and southern Chippewa County area. As shown in Map 1, these were the only places with rates significantly higher than the state average of 10.2 percent.

This year, 27 counties in 11 county and multicounty areas were significantly below the state average WPM of 10.2 percent. Areas with below average poverty include the counties of Sheboygan, Waukesha, Walworth, Washington/Ozaukee (West Bend), Dodge and Jefferson, Manitowoc and Kewaunee, Fond du Lac and Calumet, and two sets of smaller counties. Although the Eau Claire County and southern Chippewa County area’s poverty rates slipped upward in 2017, this is the largest number of counties doing better than the state as a whole since we began reporting this measure in 2008.

Map 1. Wisconsin Counties and Multicounty Areas with 2017 WPM Poverty Rates Above or Below the State Rate of 10.2 Percent



Source: IRP tabulations of 2017 American Community Survey public use data.

Poverty estimates for some regions *within* the state’s largest counties can also be assessed by taking advantage of relatively large sample sizes for ACS data. Poverty rates examined across subcounty regions show variations that are more dramatic within counties than across the 28 county and multicounty areas in the state. For instance, within Milwaukee County, overall poverty rates ranged

from 7.0 percent in one southern subcounty area to 34.4 percent in the Central City of Milwaukee in 2017, suggesting a significant segregation of the poor and the rich within that county.²¹ Furthermore, Milwaukee is surrounded by wealthy suburban counties to the north and west, where overall poverty rates are notably below the state average. As mentioned before, these include Waukesha County and Washington/Ozaukee counties, which had the lowest county poverty rates in all of Wisconsin in 2017.

In sum, this year's report shows considerable variance within Wisconsin and among its counties and regions, suggesting an uneven economic recovery across the state, and one that is leaving much of Milwaukee behind. For more on how race and ethnicity interact with poverty in Milwaukee County and the rest of the state, see the special supplement to the 2016 report.²²

CONCLUSION

The Wisconsin Poverty Measure provides important insights into poverty in Wisconsin and helps us to understand the role of noncash benefits and refundable tax credits, work-related expenses and medical expenses, and to parse out the effects of the economy from those of income support programs. The WPM also incorporates other features that reflect the characteristics, concerns, and interests of our state and helps us understand the large regional differences in poverty across Wisconsin.

In this year's report, rising earnings led to a modest decline in market income poverty and a smaller decline in the WPM. Under the WPM, poverty fell to 10.2 percent—a 0.6 percentage point improvement from 2016, but not as low as in 2015 when it reached 9.7 percent. However, these averages mask large regional differences in poverty across Wisconsin. While the long economic recovery has especially helped the eastern and western parts of the state, and the counties north and west of Milwaukee, pockets of poverty remain. Milwaukee County and especially the Central City of Milwaukee continue to have the highest rates of poverty in the state.

Differences are also apparent by subgroup. The WPM rate increased for the elderly in both 2016 and now in 2017 to 9.5 percent as health care costs rose faster than consumer prices and Social Security cost of living increases. In contrast, the WPM rate declined for families with children, but only back to the 2015 level, despite the lowest Market Income Poverty rate for children since our report began. The modest increase in employment in Wisconsin has not translated into markedly lower poverty rates, suggesting that more than eight years into a sustained economic recovery, we are treading water with WPM poverty rates in 2017 the same as in 2010 and 2012.²³

Why is the economy not doing more for the poor? Flat or falling real wages in key low-skill service industries and occupations is one reason. While the safety net provided a buffer against poverty during the Great Recession and still makes a substantial difference in poverty—with the SNAP and EITC programs having particularly large impacts—the effects are shrinking. This lessening impact of the safety net occurred because of the recovery (fewer people applied for and received benefits) and because of benefit changes (such as work requirements for single people in SNAP). The net effect of

²¹Child poverty within Milwaukee County varied even more—4.2 percent in the far southern region of the county to 34.4 percent in the south central city area.

²²T. M. Smeeding and K. Thornton, "[Poverty, Incomes, Race and Ethnicity in Wisconsin and Milwaukee: A Supplement to the 2016 Wisconsin Poverty Report](https://www.irp.wisc.edu/wp/wp-content/uploads/2018/09/Supplement-WIPovRept-September2018.pdf)," Institute for Research on Poverty, September 2018 at : <https://www.irp.wisc.edu/wp/wp-content/uploads/2018/09/Supplement-WIPovRept-September2018.pdf>

²³These results also suggest that low-skill non-elderly adults who are not living with children are also not benefitting from the current Wisconsin economy. We will look more closely at this group in future reports.

these changes has left the longer-term WPM poverty rate for the total population and for families with children below the official measure, but at a plateau between 10 and 11 percent overall and 10 to 12 percent for children.

There is growing evidence that a variety of work supports can increase work among single parents. Since 2015, work among single parents has increased—especially for the non-college educated—in states with strong economic growth, increased minimum wages, and available child care and parental leave.²⁴ Further, young single mothers’ work participation increased 4 percentage points more in states that expanded Medicaid in 2014 versus those that did not.²⁵ This is most likely because single moms can afford to take a job with no or subpar health insurance because Medicaid is covering them, thus avoiding plans with high out-of-pocket expenses such as those mentioned earlier in the report.²⁶ As a recent National Academy of Sciences report has found, reducing poverty for families with children will require a combination of work and income supports.²⁷

In addition to an increase in the state minimum wage to \$10.50²⁸, key income and work supports could include an increased federal and state EITC²⁹, with a program for childless adults; expansions of work supports such as Medicaid (BadgerCare in Wisconsin); access to affordable high quality childcare (Wisconsin Shares) and other policies to reduce work-related expenses for families with children.³⁰ We could also expand work opportunities for the underemployed and the hard to employ, such as the formerly incarcerated.³¹ Addressing the lack of affordable housing, especially for families with children, could help to alleviate the burden of high rents, particularly in Wisconsin’s cities.

²⁴C. C. Miller and E. Tedeschi. 2019. “Single Mothers are Surging into the Workforce,” *New York Times*, May 28th at <https://www.nytimes.com/2019/05/29/upshot/single-mothers-surge-employment.html>.

²⁵C. C. Miller and E. Tedeschi. 2019. “Single Mothers are Surging into the Workforce,” *New York Times*, May 28 at <https://www.nytimes.com/2019/05/29/upshot/single-mothers-surge-employment.html>.

²⁶Scott, Dylan. 2019. “The striking evidence that Medicaid expansion can help single moms get jobs,” *Vox*, May 31, at <https://www.vox.com/policy-and-politics/2019/5/31/18647278/medicaid-expansion-eligibility-trump-health-care-news>

²⁷Matthews, Dylan. 2019. “Congress asked top experts for a plan to cut child poverty in half. Here it is. The most important report on child poverty in years is finally out.” *Vox*, February 28 at <https://www.vox.com/future-perfect/2019/2/28/18243690/child-poverty-expert-study-child-allowance-national-academy>; National Academies of Sciences, Engineering, and Medicine. 2019. *A Roadmap to Reducing Child Poverty*. Washington, DC: The National Academies Press. doi:<https://doi.org/10.17226/25246>

²⁸A number of studies now show differential positive wage gains at jobs paying \$30,000 or less in states and localities that raised their minimum wage in 2016 and 2017. For example, wages for workers in the 10th percentile of the occupational wage distribution in states that raised their minimum wage in 2016 rose by 5.2 percent, more than twice the rate of workers in states that kept their minimum wage unchanged. See Elise Gould. 2017. *The State of American Wages 2016, Lower Unemployment Finally Helps Working People Make Up Some Lost Ground on Wages*, Economic Policy Institute, March 9. Further, a report using matched administrative data shows that raising the minimum wage increases earnings growth at the bottom of the wage distribution, and those effects persist and indeed grow in magnitude over several years. See K. Rinz and J. Voorheis. 2018. “The Distributional Effects of Minimum Wages: Evidence from Linked Survey and Administrative Data.” CARRA Working Paper Series Working Paper 2018-02, US Bureau of the Census, March.

²⁹T. Cornelius. 2019. “Impact of Earned Income Tax Credit”, Wisconsin Budget Project, June 7 at <https://urbanmilwaukee.com/2019/06/07/wisconsin-budget-impact-of-earned-income-tax-credit/>

³⁰Wisconsin SHARES state child care subsidy program outlays are expected to enjoy modest increases in 2018 and 2019, but are still below 2010 outlays. Wisconsin Budget Project Summary of the Final 2017–2017 Budget for Early Care and Education, September 2017.

³¹H. J. Holzer. 2017. “Labor market pump is primed—we must take advantage,” *Brookings*, August 29.

The continuing increase in elderly poverty highlights the importance of medical costs and the adequacy of Social Security, Medicare and Medicaid benefits for low-income seniors. Increases in health care expenses continue to exceed the rate of increase in overall prices and incomes in Wisconsin and other states.

The slow decrease in MIP and evidence that SNAP (FoodShare) work requirements have resulted in the loss of SNAP benefits for many adults without dependents who have not found work suggests that, under current conditions, work alone does not solve the poverty problem for non-elderly adults including parents. Enforcing mandatory work requirements without job supports or higher minimum wages for parents of school aged kids in FoodShare, and then possibly expanding them to other programs like Medicaid (BadgerCare) and public housing would increase poverty in the state.

The time to adopt policies to help everyone participate in the expanding economy and labor market has come. Attention to the areas of need outlined in this report can help those left behind to stop treading water and substantially reduce the WPM poverty rate.

The Wisconsin Poverty Project (WPP) is one of the first comprehensive statewide implementations of the National Academy of Sciences-based alternative poverty measures and, as such, the study makes unique contributions to our understanding of the effects of policy on poverty. Researchers associated with the WPP have helped other states like California, Colorado, and Oregon develop their own versions of an SPM-like state poverty measure like our own WPM. Furthermore, we are strongly committed to refining our methods as the Census Bureau and other poverty researchers produce new findings about the federal Supplemental Poverty Measure and as we learn more from other poverty measurement research at the state, local, and federal levels. For a more thorough academic discussion of the Wisconsin Poverty Project and its importance, see Yiyoon Chung, Julia Isaacs, and Timothy M. Smeeding, 2013, "Advancing Poverty Measurement and Policy: Evidence from Wisconsin during the Great Recession," *Social Service Review* 87(3, September): 525–555.



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