Faces of Poverty in Wisconsin

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Institute for Research on Poverty (IRP)
Overview

I. Who is Poor in Wisconsin?
   - Official Poverty Statistics for 2010

II. Were Anti-Poverty Policies Effective in 2009?
   - The Wisconsin Poverty Measure
   - Findings in report by Marks, Isaacs, Smeeding, Thornton (2011)
Acknowledgements

- The Wisconsin Poverty Team: Timothy Smeeding, Katherine Thornton, Yiyoon Chung, Joanna Marks
- Funding from U.S. HHS (ASPE) and Census Bureau
- Assistance from others
  - Input from stakeholders in Wisconsin
  - National, state and local experts on poverty
  - State administrative data housed at IRP
I. Who is Poor in Wisconsin?

- National Context
- Poverty Rates in Wisconsin
- Composition of Poor in Wisconsin
- Local Poverty Rates

- All based on official poverty statistics for 2010, released in September 2011.
U.S. Poverty Rates, 1959-2010

Year:
- 1959
- 1964
- 1969
- 1974
- 1979
- 1984
- 1989
- 1994
- 1999
- 2004
- 2009

Percent:
- Under 18
- 18 to 64
- 65 & over

Source: US Census Bureau, Current Population Survey
Child Poverty Rates 2000-2010

Source: Wisconsin Council on Children and Families (ACS data)
Wisconsin Poverty Rates 2000-2010


Graph showing the poverty rates from 2000 to 2010 for Wisconsin and the United States for child and all ages categories.
UNEMPLOYMENT, LONG-TERM UNEMPLOYMENT, AND INVOLUNTARY PART-TIME WORK IN WISCONSIN, 2000-2010

Poverty Rates in Wisconsin, by Age

Poverty Rates in Wisconsin, by Disability Status

Wisconsin Poverty, by Work Status

Source: American Community Survey, 2010. Limited to those 16 to 64 Years.
Poverty Rates in Wisconsin, by Education

Source: American Community Survey, 2010. Limited to those 25 Years and Older
Source: American Community Survey, 2010. Other includes persons of other races or two races. Hispanics can be of any race.
Composition of Poor, by Race/Ethnicity

Source: American Community Survey, 2010. Other includes persons of mixed race. Hispanics can be of any race (and so may be double counted, particularly with “other race”……so the pie is > 100 %).
Composition of Poor in Wisconsin, by Age

- **Children**: 34%
- **18-64**: 59%
- **Elderly**: 7%

*Source: American Community Survey, 2010.*
Composition of Wisconsin Poor, By Disability Status

- With Any Disability: 17%
- No Disability: 83%

Composition of Poor 18 to 64, by Work Status

Did not work in 2010 43%

Worked full-time, Year Round 10%

Part-Time or Part-Year 47%

Composition of Poor 25 and Older in Wisconsin, by Education

<table>
<thead>
<tr>
<th>Education Level</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>&lt;HS</td>
<td>24%</td>
</tr>
<tr>
<td>HS/GED</td>
<td>39%</td>
</tr>
<tr>
<td>Some College</td>
<td>27%</td>
</tr>
<tr>
<td>BA</td>
<td>10%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>County</th>
<th>Poverty Rate, 2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Brown</td>
<td>9.8</td>
</tr>
<tr>
<td>Dane</td>
<td>12.2</td>
</tr>
<tr>
<td>Eau Claire</td>
<td>18.0</td>
</tr>
<tr>
<td>Fond due Lac</td>
<td>12.5</td>
</tr>
<tr>
<td>Jefferson</td>
<td>12.0</td>
</tr>
<tr>
<td>La Crosse</td>
<td>12.7</td>
</tr>
<tr>
<td>Milwaukee</td>
<td>21.5</td>
</tr>
<tr>
<td>Outagamie</td>
<td>9.4</td>
</tr>
<tr>
<td>Racine</td>
<td>14.7</td>
</tr>
<tr>
<td>Rock</td>
<td>14.1</td>
</tr>
<tr>
<td>Sheboygan</td>
<td>9.4</td>
</tr>
<tr>
<td>Waukesha</td>
<td>6.3</td>
</tr>
<tr>
<td>Wisconsin</td>
<td>13.2</td>
</tr>
</tbody>
</table>
Poverty Rates for Wisconsin Counties, 2005-2009

ACS Data for 2005-2009, Applied Population Laboratory, Department of Community and Environmental Sociology, U. of Wisconsin-Madison
II. Were Anti-Poverty Policies Effective in 2009?

- Findings from an IRP report (Marks, Isaacs, Smeeding, Thornton)
- Part of the Wisconsin Poverty Project
- Uses the new Wisconsin Poverty Measure
About the Wisconsin Poverty Project

- Develop a more comprehensive measure of poverty
- Explore effects of federal and state policies on economic well-being
- Tailor measure to policies & priorities of Wisconsin
- Provide a transparent, straightforward model for other states and localities to emulate
  - Using new methods similar (but not identical) to the Supplemental Poverty Measure (SPM).
## Methods of Poverty Measurement: An Overview

<table>
<thead>
<tr>
<th>Official Measure</th>
<th>IRP’s Wisconsin Measure</th>
</tr>
</thead>
</table>
| **Official poverty line**  
Developed in 1960s, based on food costs and expected share for food budget, since that time adjusted for prices only | **SPM-Like Threshold**  
Basic expenses food, clothing, shelter, utilities (FCSU)  
Adjusted for Wisconsin cost of living, housing tenure, & medical expenses |
| **Cash income (pre-tax)**  
Family Resources  
= Cash income  
+/- Taxes & tax credits  
+ Non-cash benefits (inc. Food Stamps)  
- Work expenses (inc. childcare) | **Family Unit**  
= Census family + Unmarried partner & foster children |
<p>| <strong>Family considered</strong> | |</p>
<table>
<thead>
<tr>
<th>Threshold</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>$19,200</td>
<td>WPM, Adjusted for owners with no mortgage</td>
</tr>
<tr>
<td>$21,800</td>
<td><strong>Official poverty line</strong></td>
</tr>
<tr>
<td>$24,600</td>
<td>Wisconsin SPM-like threshold</td>
</tr>
<tr>
<td>$26,800</td>
<td>National SPM-like threshold</td>
</tr>
<tr>
<td>$27,300</td>
<td>WPM, Adjusted for med. expenses for elderly in fair/poor health</td>
</tr>
<tr>
<td>$45,600</td>
<td>What the typical American thinks a family of four needs to get by</td>
</tr>
<tr>
<td>$50,400</td>
<td>Median household income in WI</td>
</tr>
</tbody>
</table>
Methods: Family Resources

- Family Resources = Cash income +/- Taxes & credits (federal, state, payroll) + FoodShare/SNAP + energy assistance + public housing - work expenses (including child care)

- State-level (ACS) estimates require *imputing* taxes, SNAP benefits, energy assistance, housing, work and child care expenses.
Poverty in Wisconsin, by Public Use Microdata Area (PUMA), 2009

Source: IRP Tabulations of 2009 ACS Data (IPUMS-USA)
Poverty Rates: 2008 & 2009

<table>
<thead>
<tr>
<th>Year</th>
<th>Official</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008</td>
<td>10.2</td>
</tr>
<tr>
<td>2009</td>
<td>12.4</td>
</tr>
</tbody>
</table>
Poverty Rates: 2008 & 2009

What is Going On?

- Earnings & cash income fell between 2008 & 2009
- Government benefits rose between 2008 & 2009
  - the stimulus package (ARRA) was more successful than people realize
  - It, combined with automatic responses to recession built into programs like food stamps, raised tax credits and non-cash benefits enough to keep family resources steady, as measured by WPM
- Effects of tax credits/non-cash benefits captured in WPM
Marginal Effects of Public Policies

- Taxes: -0.8, 2008; -1.9, 2009
- SNAP: -0.9, 2008; -1.2, 2009
- Housing Programs: -0.2, 2008; -0.5, 2009
- Energy Assistance: -0.2, 2008; -0.3, 2009
- Work Expenses (including Child Care): 2.1, 2008; 2.0, 2009
- Medical Out-of-Pocket Expenses: 1.7, 2008; 1.4, 2009
Marginal Effects of Public Policies

- Taxes: -0.8
- SNAP: -0.9
- Housing Programs: -1.2
- Energy Assistance: -0.2
- Work Expenses (including Child Care): 2.1
- Medical Out-of-Pocket Expenses: 1.7

Change in Poverty Rate (Percentage Points)

Source: IPUMS-USA Tabulations of 2008 and 2009 ACS Data

Source: IRP Tabulations of 2008 and 2009 ACS Data (IPUMS-USA)
Child & Elderly Poverty Rates: 2008 & 2009

Source: IRP Tabulations of 2008 and 2009 ACS Data (IPUMS-USA)

Source: IRP Tabulations of 2008 and 2009 ACS Data (IPUMS-USA)
Marginal Effects on Elderly Poverty

Change in Poverty Rate (Percentage Points)

- Taxes: -0.6
- SNAP: -0.3
- Housing Programs: -0.2
- Energy Assistance: -0.4
- Work Expenses (including Child Care): 0.4
- Medical Out-of-Pocket Expenses: 3.8

2008: Dark Blue
2009: Light Blue
Marginal Effects of Public Policies

- SNAP and EITC have big poverty *reduction* effects (in 2008, and bigger in 2009)
- Work-related expenses and medical expenses tend to *increase* poverty
- State and federal policies that either increase resources or reduce costs for basic needs are both important aspects of anti-poverty policy
Taxes & Non-cash Benefits are Important – but so are Cash Benefits!

Change in Poverty Rate (Percentage Points)

- All
  - Taxes/Non-Cash Benefits: -3.7
  - SS/SSI: -7.0

- Children
  - Taxes/Non-Cash Benefits: -7.8
  - SS/SSI: -0.9

- Elderly
  - Taxes/Non-Cash Benefits: -1.7
  - SS/SSI: -38.7

Source: IRP Tabulations of ACS, 2009 (IPUMS-USA)
Child Poverty Rates by Income Definition, in 2009

Note: All poverty rates measured with WPM thresholds and include adjustments for work expenses. Source: IRP tabulations of 2009 ACS data. (IPUMS)
Poverty Rates in 2009 by Income Definition and By Age, in 2009

Note: All poverty rates measured with WPM thresholds and include adjustments for work expenses. Source: IRP tabulations of 2009 ACS data. (IPUMS)
Poverty Rates in 2009 by Income Definition and By Age, in 2009

Note: All poverty rates measured with WPM thresholds and include adjustments for work expenses. Source: IRP tabulations of 2009 ACS data. (IPUMS)
Poverty Rates by Income Definition, 2008 and 2009

Note: All poverty rates measured with WPM thresholds and include adjustments for work expenses. Source: IRP tabulations of ACS 2008 and 2009 data (IPUMS)
Anti-Poverty Policies Were Effective in Avoiding Rise in Poor in 2009

- Official statistics show increase in poverty
- WPM demonstrates that public policies offset the declines in earnings/cash income.
  - Built-in responses to recession (e.g., rise in SNAP caseloads)
  - Stimulus Package/ ARRA (tax credits, SNAP)
  - State’s actions (e.g., success in enrolling families on SNAP)
- Net effect was that poverty did not increase, under our more comprehensive measure…..HOWEVER,
Not to overstate the good news

- Losing earnings is stressful, even with increases in food stamps & tax credits to alleviate poverty
- Our report looks EARLY in the recession.
  - What will happen in 2010 & 2011 & 2012?
- Cuts to government spending may reduce the effectiveness of the safety net
  - Cuts to the state EITC
  - Threats to privatize enrollment in FoodShare
For More information

- The American Community Survey provides data on official poverty statistics, including statistics by (large county), city, etc. [http://www.census.gov/acs/www/](http://www.census.gov/acs/www/)
- Reports on Wisconsin Poverty Measure is on IRP web site (2010 results next spring) [http://www.irp.wisc.edu/research/wipoverty.htm](http://www.irp.wisc.edu/research/wipoverty.htm)
- My email is jisaacs@brookings.edu