

WISCONSIN POVERTY REPORT FOR 2016: A Brief Summary

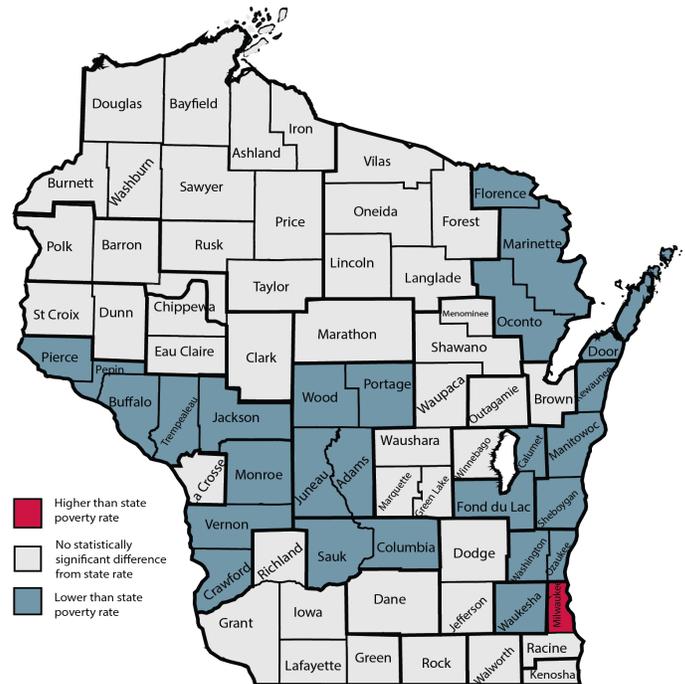
The 10th Annual Report of the Wisconsin Poverty Project

Progress Against Poverty Stalls in 2016

Although overall employment expanded in Wisconsin during the period of this report, poverty as measured by the Wisconsin Poverty Measure (WPM) increased. In fact, overall poverty rates in Wisconsin rose significantly in 2016, to 10.8 percent compared to 9.7 in 2015. Market income poverty (which reflects employment levels and is therefore a helpful gauge of economic health) also rose slightly, even as jobs expanded.

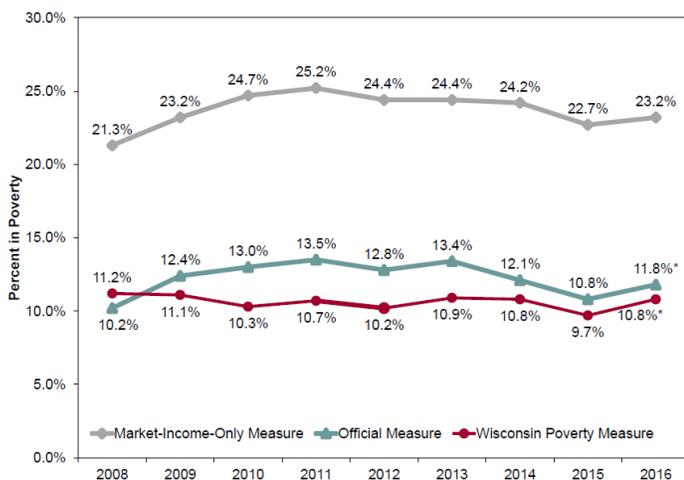
Both the WPM and the official poverty rate for families with children rose by significant amounts in 2016, as the child poverty rate for the WPM reached 12.0 percent, two points higher than in 2015. The WPM for children, which takes into account resources from tax credits and noncash benefits as well as earnings, remains almost 5 percentage points below the official poverty rate for children of 16.9 percent.

While the benefits from the safety net (especially food support and refundable tax credits) played a large role in poverty reduction, changes in participation in the Supplemental Nutrition Assistance Program or SNAP (called FoodShare in Wisconsin) reduced these positive effects in 2016 compared to earlier years. Other trends that decreased resources over the past two years include rising childcare and other work-related expenses for families with children, and increasing medical out-of-pocket expenses, especially for the elderly.



This map shows Wisconsin counties and areas with 2016 WPM poverty rates in relation to the state rate of 10.8%

Figure 1. Overall poverty trends using three different measures



* = The difference between 2015 and 2016 was statistically significant.

Comparing Three Measures of Poverty

The Wisconsin Poverty Report compares the WPM, the official poverty measure, and the market-income poverty measures to provide a nuanced picture of economic hardship in the state. The WPM considers earnings, cash benefits, noncash benefits, and taxes. The official measure includes earnings and cash benefits. The market-income measure ignores government taxes and benefits and looks only at private earnings and income. The measure, which is a good way to gauge an area's job health ticked up in 2016 both overall (see Figure 1) and for families with children (see Figure 2), suggesting that the economic expansion is not reaching low-income families in our state. And indeed the WPM also rose but by significantly more than market-income poverty (Figures 1 and 2), suggesting that other factors were also at work.

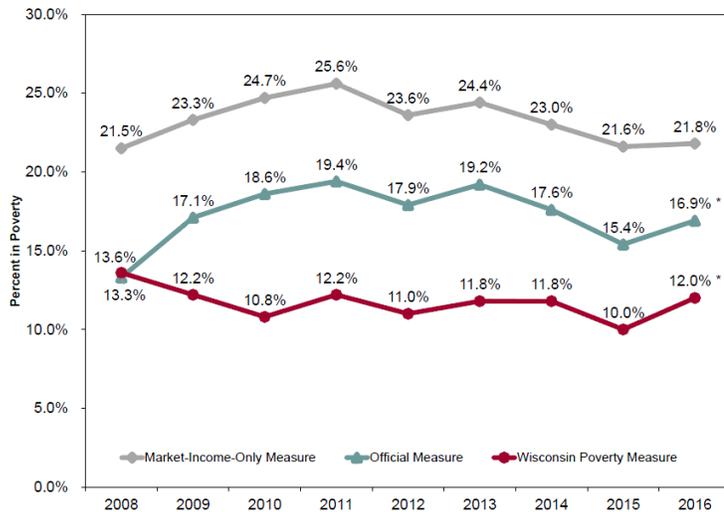
Timothy M. Smeeding and Katherine A. Thornton

From: *Wisconsin Poverty Report: Progress Against Poverty Stalls in 2016*, Institute for Research on Poverty, University of Wisconsin–Madison, June 2018. Read the full report online at www.irp.wisc.edu/research/wipoverty.htm.

Source for map and figures: Authors' tabulations of American Community Survey (ACS) data; figures use 2008–2016 ACS data.

Special thanks to the Wisconsin Community Action Program Association (WISCAP) for its support.

Figure 2. Child poverty rates in Wisconsin under different poverty measures



* = The difference between 2015 and 2016 was statistically significant.

Policies and Poverty

While the social safety net provided a buffer against poverty during the recession—and still makes a big difference in countering poverty—the effects are beginning to shrink because of falling enrollments in the SNAP program, and higher payroll taxes, medical expenses, and work-related expenses. This has left the WPM poverty rate about the same as the 2011 to 2014 years, showing little or no effect of a slowly expanding Wisconsin economy through 2016.

SNAP/FoodShare and refundable tax credits were the largest source of poverty reduction, especially for families with children. Housing programs helped reduce the WPM but did not serve enough of the poor to be a greater force in poverty reduction. Ever higher medical expenses and work-related costs worked in the opposite direction, increasing poverty, and for the first time, fully offsetting the effects of benefits on the WPM (Figure 3).

What to Do Next to Reduce Poverty in Wisconsin

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. But this report calls into question the effects of the recovering economy on market-income poverty for working-age adults, as well as for families with children. Given the strength of the labor market, now is the time to expand work opportunities for the underemployed, create apprenticeships, and, for the hard to employ such as the formerly incarcerated, implement proactive employment policies.

Given evidence that market-income poverty is not decreasing, and that the effects of work requirements for SNAP/FoodShare have reduced program rolls, the state should be careful in implementing mandatory work requirements. Even for adults without children in the household, work alone may not solve the poverty problem under current circumstances. Hence, the state needs to provide work supports, training, placement, and transportation, and in the case of families with children, child care, so that adults can fully participate in labor market. Even then, work alone is likely not enough to provide an escape from poverty.

About the WPM

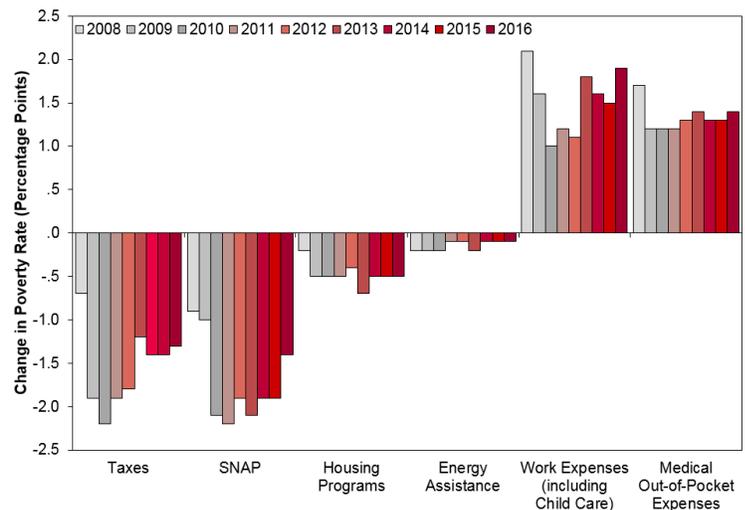
Researchers at the Institute for Research on Poverty at the University of Wisconsin–Madison designed the Wisconsin Poverty Measure to understand how and why anti-poverty programs work in the Badger State. The WPM provides information the official poverty measure cannot, such as the way that earned income alone affects poverty; how noncash benefits from food and housing programs and direct taxes, including refundable tax credits affect poverty; and how child care support and limits on medical out-of-pocket spending affect poverty in our state.

More Substate Areas Are Doing Well

The WPM allows researchers to examine poverty across regions within the state, revealing substantial progress, with 26 counties having poverty rates below the 10.8 percent state average, the highest fraction since our report began in 2008. This pattern suggests a somewhat promising, but uneven, recovery of jobs and incomes across regions within the state.

Only Milwaukee county has an overall poverty rates significantly higher than the state average, at 17.5 percent, but with some large intra-county variation. Within Milwaukee County, for example, overall poverty rates ranged from about 8 percent in southern and western subcounty areas to 38 percent in the central city of Milwaukee.

Figure 3. Effects of taxes, public benefits, and expenses on overall poverty in Wisconsin



¹The period covered in this report, 2016, is the most recent year for which data are available.