

WISCONSIN POVERTY REPORT FOR 2015: A Short Summary

The 9th Annual Report of the Wisconsin Poverty Project

May 2017

The Recovery from the Great Recession Lowers Poverty Rates in 2015

Wisconsin gained 70,000 jobs, leading to a significant reduction in poverty as measured by the Wisconsin Poverty Measure (WPM) for 2015.¹ The WPM overall rate fell from 10.8 percent in 2014 to 9.7 percent in 2015, marking the lowest rate recorded since the WPM began nine years ago. The WPM child poverty rate also reached an all-time low of 10.0 percent, more than 5 percentage points below the official poverty measure's rate for children of 15.4 percent. A major difference between the WPM and the official measure is that the WPM counts resources from tax credits and noncash benefits like Supplemental Nutrition Assistance Program or SNAP (called FoodShare in Wisconsin) in addition to earnings. Thus, these rates reflect both the improvement in Wisconsin's job market and the continued importance of the safety net in protecting Wisconsin families.

A major finding of this year's report is that market-income poverty, which measures resources from private earnings and investment income, fell by 1.5 percentage points from the previous year. Meanwhile, benefits from the safety net, especially food support and refundable tax credits, played an important role in poverty reduction. However, national and state changes in SNAP/Foodshare reduced these positive effects in 2015 compared to previous years. Rising childcare and other work-related expenses also led to decreased resources for Wisconsin families with children.

Map. Wisconsin counties and areas with 2015 WPM poverty rates in relation to the state rate of 9.7%

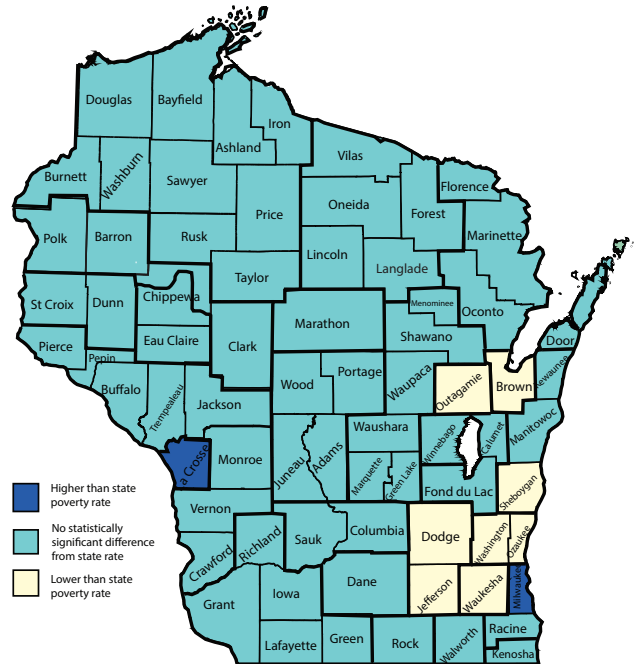
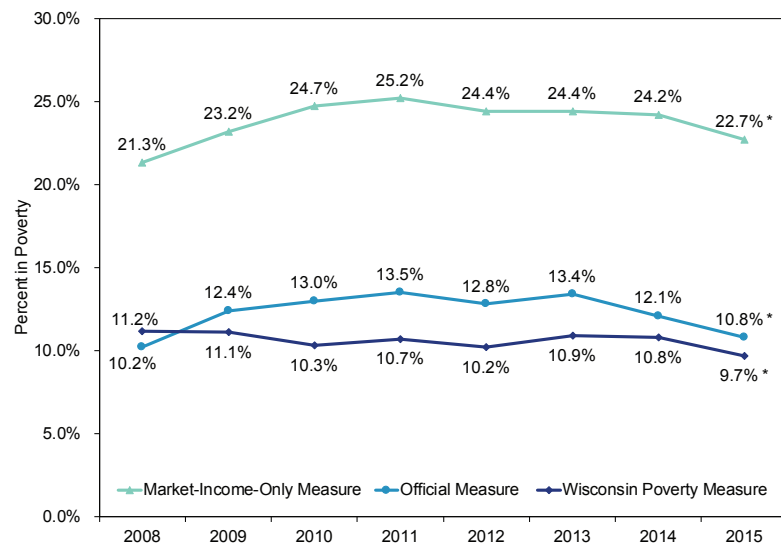


Figure 1. Overall poverty trends using three different measures



* = The difference between 2014 and 2015 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 market-income measure, which is a good way to gauge an area's job health, fell decisively in 2015 both overall (see Figure 1) and for families with children (see Figure 2), helping to propel the WPM to its lowest recorded values overall and for children.

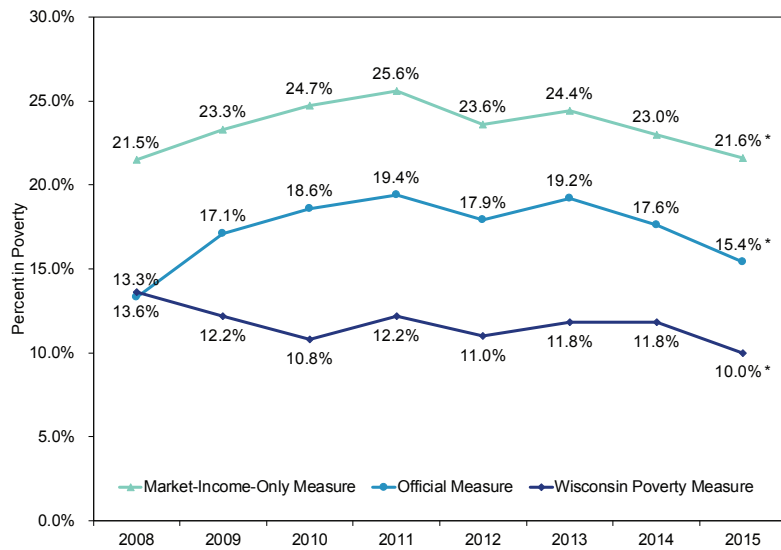
Timothy M. Smeeding and Katherine A. Thornton

From: *Wisconsin Poverty Report: The Recovery from the Great Recession Lowers Poverty Rates in 2015*, Institute for Research on Poverty, University of Wisconsin–Madison, May 2017. Read the full report online at www.irp.wisc.edu/research/wipoverty.htm.

Source for map and figures: Tabulations of American Community Survey (ACS) data; figures use 2008–2015 ACS data.

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

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



* = The difference between 2014 and 2015 was statistically significant.

The Economy Delivers

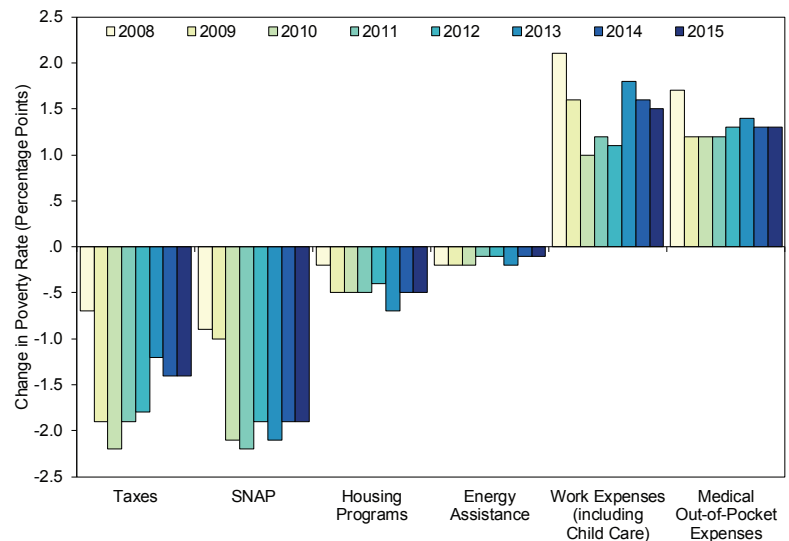
The WPM allows researchers to examine poverty across regions within the state, revealing deep poverty in just two counties, Milwaukee and La Crosse. Other substate areas north and west of Milwaukee and in the Green Bay-Appleton region are doing better than the rest of Wisconsin in terms of poverty levels, which are significantly below the overall state rate of 9.7 percent.

Poverty rates in subcounty regions show variations that are more dramatic within counties than across the larger county and multicounty areas in the state, as depicted in the map above. Within Milwaukee County, for example, overall poverty rates ranged from about 10 percent in southern and western subcounty areas to 37 percent in the central city of Milwaukee. This pattern suggests a steady, but uneven recovery of jobs and incomes across regions within the state.

Jobs, Policies, and Poverty

While the state added a good number of jobs in 2015, WPM poverty also fell because safety net programs enhanced incomes after earnings were counted. The first four sets of columns in Figure 3 show how programs and policies counted in the WPM reduce poverty. The last two sets show how work expenses and medical costs increase poverty by diverting money from food, clothing, and shelter to other necessary costs not budgeted in the WPM poverty line. Major food programs (SNAP/FoodShare) were the largest source of poverty reduction, and refundable tax credits also enhanced earnings for families with children. Housing programs helped reduce the WPM but did not serve enough of the poor to be more of a force in poverty reduction. Medical expenses and work-related costs worked in the opposite direction, increasing poverty, but by less than the benefit programs reduced it.

Figure 3. Effects of taxes, public benefits, and expenses on overall poverty in Wisconsin, 2008–2015



About the Wisconsin Poverty Measure

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 childcare support and limits on medical out-of-pocket spending affect poverty in our state.

¹The period covered in this report is that of the 2015 American Community Survey (ACS) and is the most recent year for which data are available. The survey is done monthly and asks about income for the past 12 months, with first interviews in January 2015 and continuing for 12 months. Income for the 2015 ACS is therefore measured on a rolling basis over the period from January 2014 through November 2015. The 70,000 job gains mentioned above took place over this 23-month period of the 2015 ACS. Wisconsin gained 43,000 jobs in calendar year 2014, and 32,000 jobs in calendar year 2015, consistent with the 70,000 jobs reported above.