

POVERTY, INCOMES, RACE AND ETHNICITY IN WISCONSIN AND MILWAUKEE: A SUPPLEMENT TO THE 2016 WISCONSIN POVERTY REPORT

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Introduction

For the last decade the *Wisconsin Poverty Report* has provided an accurate picture of the people and families who are not doing well financially in the state. This supplement to the full report examines poverty by race and ethnicity in our state and its most populous county, Milwaukee.

The *Wisconsin Poverty Report* uses the Wisconsin Poverty Measure (WPM), which was designed by researchers at the University of Wisconsin–Madison to inform policy by offering up-to-date and place-specific data that go beyond the official statistics for Wisconsin. The measure, based on the federal Supplemental Poverty Measure’s methodology, reflects expenditures on food, clothing, shelter, and transportation by lower-income families nationwide, adjusted for cost-of-living differences between Wisconsin and the nation. One of the important differences between the WPM and the official poverty measure is that the WPM considers noncash benefits and taxes, including refundable tax credits. The WPM uses a different survey than the federal Supplemental Poverty Measure, with a larger sample to produce reliable annual estimates and refines the federal measure to take account of other differences within Wisconsin such as cost of living differences across areas within the state.¹

This year’s report, released in June 2018, found that the declines in poverty in 2014 and 2015 stalled in 2016 (Smeeding and Thornton, 2018). This overall trend was masked by considerable variation across the state. In 29 Wisconsin counties, poverty was below the state average in 2016, while 42 counties had poverty rates not significantly different from the state average. Only one county had a substantially statistically higher poverty rate—Milwaukee, at 17.5 percent. While the overall poverty rate in Wisconsin rose from 9.7 to 10.8 percent from 2015 to 2016, the comparable change in Milwaukee County was from 16.3 to 17.5 percent.

Larger counties like Milwaukee also allow one to look at poverty rates within the county because the sample is large enough to break down the data within Milwaukee into eight separate sub-county areas. In these areas poverty rates varied from 8.4 to 38.2 percent, with an even wider range of rates for children. Child poverty rates in Milwaukee County in 2016 were also much

¹The Federal Supplemental Poverty Measure (SPM, at <https://www.census.gov/topics/income-poverty/supplemental-poverty-measure.html>) uses a slightly different methodology and a smaller survey which necessitates that state estimates be based on three-year samples lumped together, with no sub-state areas available. These reports show declines in poverty in Wisconsin, with poverty by this measure falling from 11.8 percent in 2015 to 10.4 percent in 2016 to 8.9 percent in 2017, where 2017 is based on data from 2015, 2016, and 2017 pooled together. Our measures using the larger ACS survey show comparable poverty rates of 9.7 percent in 2015 and 10.8 percent in 2016 each using one-year samples.

higher at 21.0 percent, compared to the state average of 12.0 percent. Highlights of the original June 2018 *Wisconsin Poverty Report* are included in an appendix to this supplement.

We know from national data that people of color—blacks, Hispanics, and people of other races and ethnicities—frequently have poverty rates above those of white Americans. We also know that people of color make up a relatively small fraction of the Wisconsin population.

Recent attention to racial segregation in Milwaukee, poor economic, educational, and social outcomes for black children in Wisconsin, and large racial differences in incarceration rates suggests that populations of color are not faring well in the state and especially not in Milwaukee.²

In this supplement to the *Wisconsin Poverty Report*, for the first time we look at racial and ethnic poverty in Wisconsin and within Milwaukee County using the Wisconsin Poverty Measure (WPM). The population in these analyses is from the 2016 ACS sample (as described in Smeeding and Thornton, 2018, pp.7–8) and is divided into three groups: black non-Hispanics (7.2 percent of the Wisconsin population), Hispanic and other ethnicities and races, including Asians and mixed races (10.2 percent), and white non-Hispanics (82.7 percent).³ Milwaukee County is the main area we focus on in this report and in 2016 it included 69.0 percent of all blacks and 70.3 of all black children in our state.

We measure the economic status of children by the incomes of their families. Family units with black children accounted for 11.8 percent of all Wisconsin families in our 2016 ACS sample, but 39.5 percent of all families with children in Milwaukee County. Factoring in other children of color, 65.4 percent of all families with children in Milwaukee County are black, Hispanic, or other groups including those of Asian descent and American Indians.

Racial and ethnic poverty and incomes in Wisconsin

1. Levels and trends in poverty

Figure 1 shows racial and ethnic trends in overall poverty according to the WPM for all of Wisconsin. The patterns are clear, and the lines do not cross anywhere from 2008 to 2016. The black poverty rate is more than two-and-a-half times the overall Wisconsin poverty rate, and

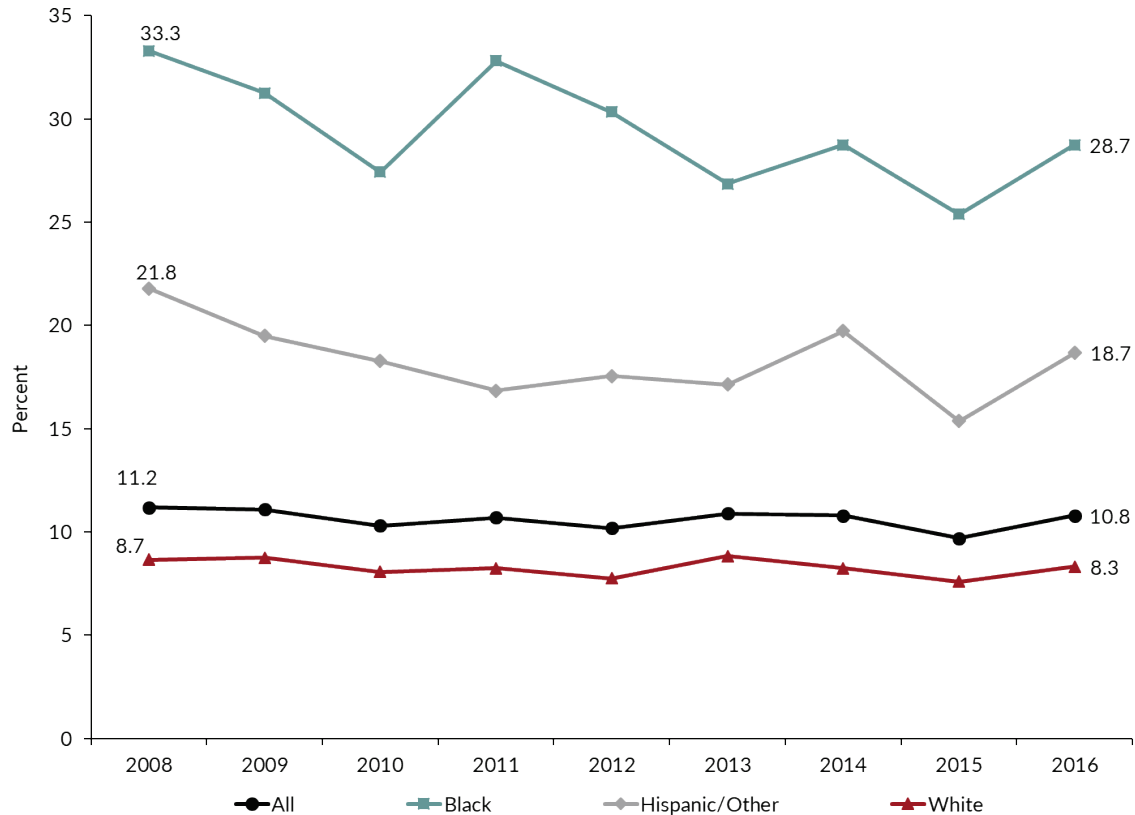
²See AECF (2017), which reports that, of 44 states for which data was available, Wisconsin ranked 41st in child well-being for African-American children, with a well-being score of 279. Across all states, white Wisconsin children ranked 10th, with a well-being score of 762. The 483-point difference was the largest among the 44 states with data for white and black children. See also Nellis (2016) on sentencing and prison population differences, where Wisconsin has the second highest rate of black incarceration among the 50 states. It should be noted that the prison population is not counted in any of the poverty populations in this report or by the US Census Bureau. Disparities such as these are especially acute in Milwaukee County where more than two-thirds of black children in the state reside. Reeves and Rodrigue (2016) report that, according to the American Community Survey (ACS), Milwaukee is the most segregated metropolitan area in the United States, especially in terms of concentrated poverty using the Official Poverty Measure (OPM). The Greater Milwaukee Foundation (2018) corroborates the segregation findings in their most recent report.

³Racial and ethnic self-identification is determined by respondents in the ACS. Hispanics are grouped with other minorities to provide a large enough sample to detect meaningful differences within state subareas.

three to four times the white poverty rate. Hispanics and other races have poverty rates between blacks and whites, but these rates are still more than twice the rates of poverty among whites.

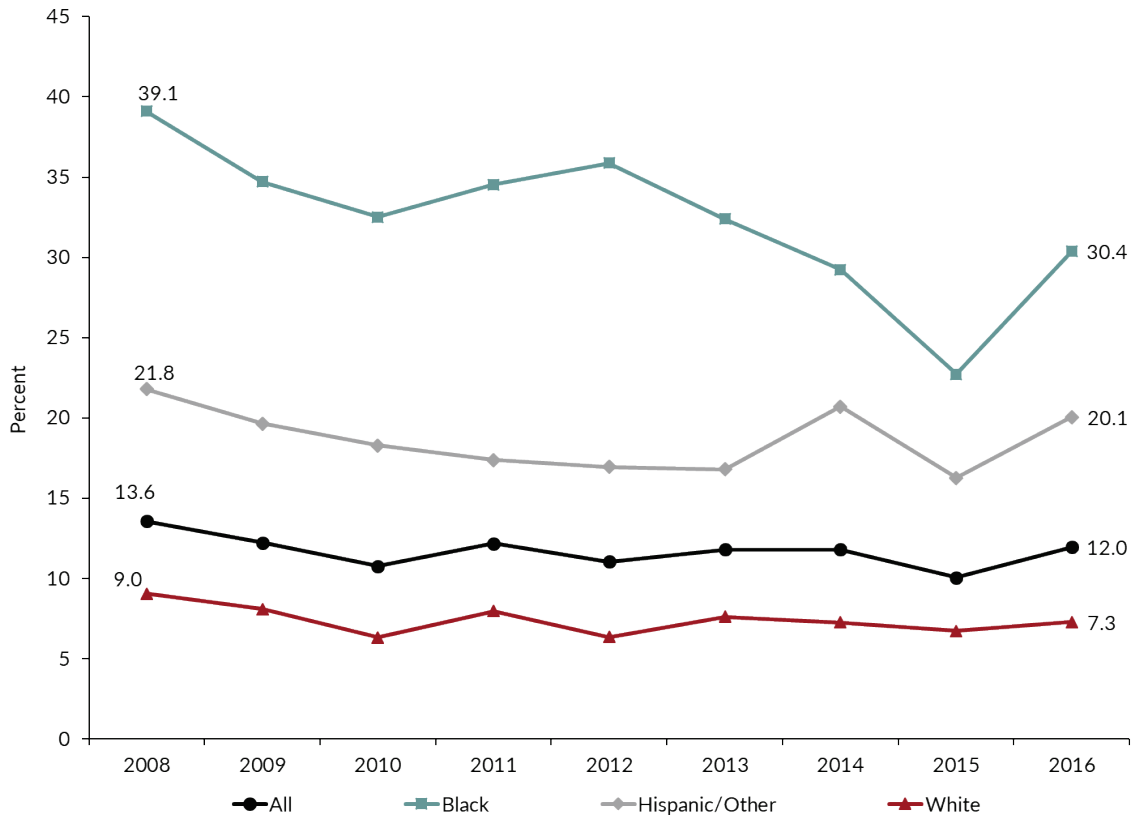
Child poverty largely follows the same trends (Figure 2). While child poverty rates are above overall poverty rates, once again the lines do not cross. Although there appears to be some progress in reducing child poverty in Wisconsin—especially black child poverty, which has fallen from 39.1 percent in 2008 to 30.4 percent in 2016—the rates for children of color remain multiple times higher than those for white children.

Figure 1. Wisconsin Poverty Rates by Race & Ethnicity Using the WPM



Source: IRP tabulations using 2016 American Community Survey public use data as described in Smeeding and Thornton (2018).

Figure 2. Wisconsin Child Poverty Rates by Race & Ethnicity Using the WPM



Source: IRP tabulations using 2016 American Community Survey public use data as described in Smeeding and Thornton (2018).

Figures 3a (overall poverty) and 3b (child poverty) compare poverty rates for the state and Milwaukee County in 2016. The poverty rates by race and ethnicity in Milwaukee are similar to those in the state as a whole, with roughly 30 percent of blacks, 20 percent of Hispanics and others, and 10 percent or below of whites in poverty. The Milwaukee black poverty rates in particular are very similar to those in the state as a whole, as the majority of blacks in the state live in Milwaukee County. In some segregated areas within the city of Milwaukee, black children have poverty rates of more than 40 percent according to the WPM, as we see below. The consistency of the trends and the large differences year after year suggest that there are deep structural differences that create gaps in poverty and income by race and ethnicity.

Figure 3a. Poverty by Race/Ethnicity for the State and Milwaukee County Using the WPM

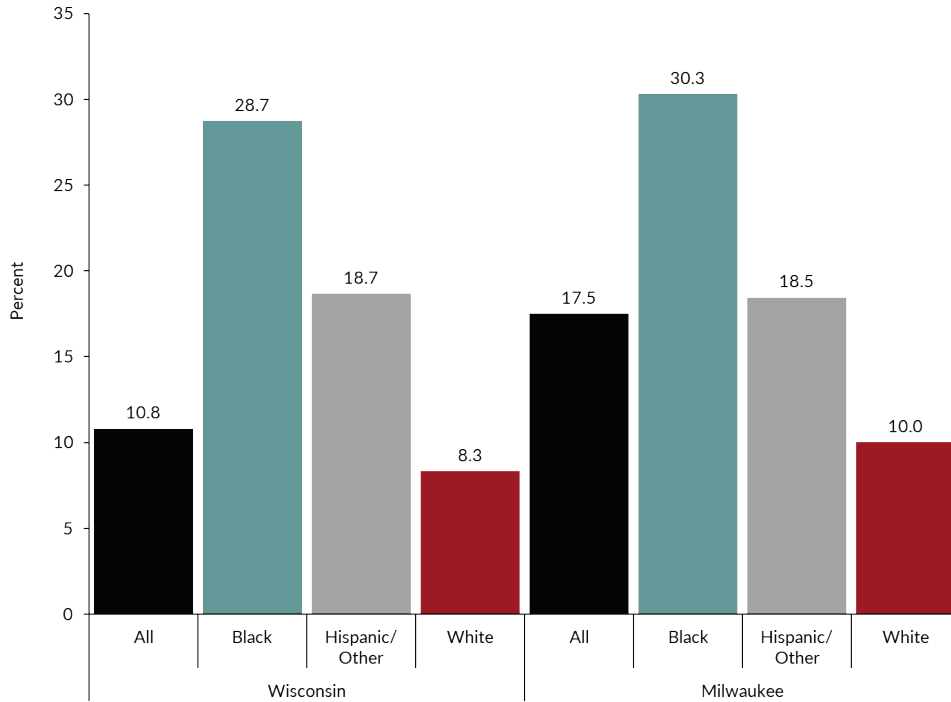
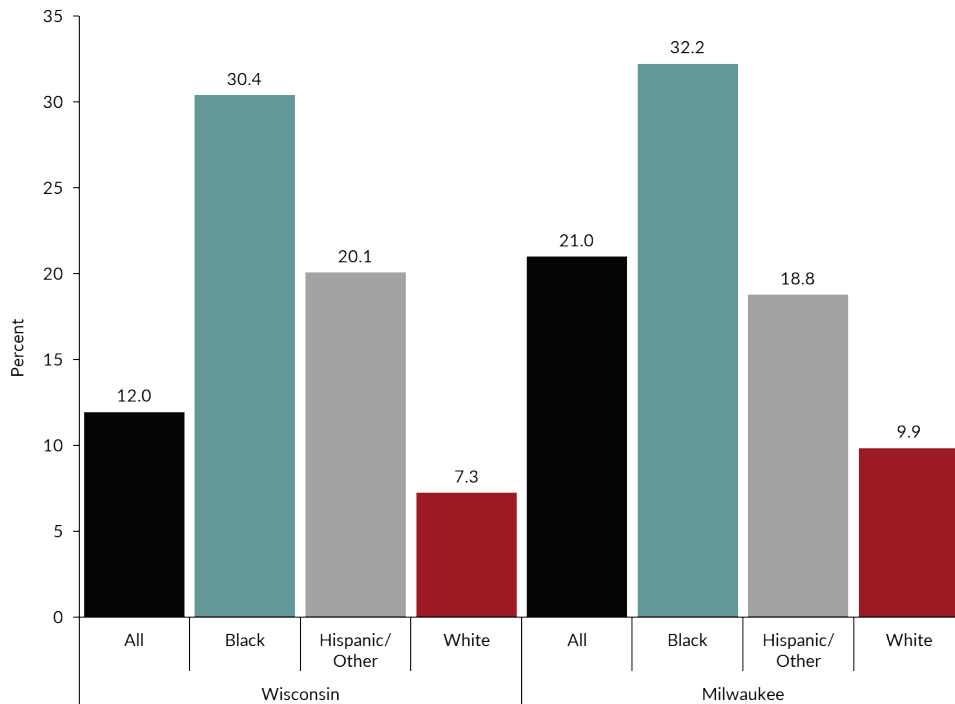


Figure 3b. Child Poverty by Race/Ethnicity for the State and in Milwaukee County Using the WPM



Source: IRP tabulations using 2016 American Community Survey public use data as described in Smeeding and Thornton (2018).

2. Incomes: Poor, Lower Middle Class and Above

The WPM poverty line was about \$26,500 per year for a family of four in Wisconsin in 2016.⁴ Families with incomes below this line are considered to be “poor.” The WPM poverty line is similar to that used by the Supplemental Poverty Measure of the U.S. Census Bureau (Fox, 2017). The line is determined by expenditures on necessities (food, clothing, shelter, and transportation) between the 33rd and 40th percentile of the income distribution (Smeeding and Thornton, 2018, page 8). The WPM poverty line, like the federal SPM poverty line, takes into account differences in family size and composition, and whether one owns or rents their own dwelling. The WPM also takes account of differences in the cost of living within the state while the SPM does not.

Many income support and targeted health care and social service programs serve more than the poor population as defined here, often up to twice the poverty line (or 200 percent of poverty) or more. For a family of four, 200 percent of poverty is about \$53,000 annually. In Wisconsin, several programs targeted at individuals and families with low incomes—including subsidized child care, health care, the Supplemental Nutrition Assistance Program (SNAP, also known as FoodShare), and school lunch subsidies—have eligibility guidelines between 100 and 200 percent of poverty. This suggests that these families are also in need of aid even if not they are not poor, per se. Here we call these families “lower income”—essentially the lower middle class.

A comfortable middle-class living standard can be approximated by looking at families with incomes above twice the poverty line. The ALICE (Asset Limited, Income Constrained, Employed) budgets developed by the United Way suggest that a “minimum” household survival budget for Wisconsin would be just above twice the poverty line, about \$60,000 for a family of in 2016 (United Way, 2018). We call those with incomes above 200 percent of the poverty line “comfortable”—that is, middle class or above. Tables 1 and 2 show how families stack up according to these ratios of income-to-poverty-line needs at three levels—poor, low income and comfortable—for blacks, whites, and all residents of the state and in Milwaukee County.⁵ Table 1 includes all families, Table 2 only families with children.

Both tables suggest that black families are clearly disadvantaged. Black families have higher poverty rates and are much less likely to have incomes above 200 percent of the poverty line, as shown in Table 1. Overall, about 24 percent of all blacks in the state and only 21 percent of blacks in Milwaukee enjoy a comfortable living standard, compared to 63 percent of whites across the state and 61 percent in Milwaukee. Both tables show that blacks are about 20 percentage points more likely to be poor and 20 percentage points more likely to be low income

⁴The WPM line can be compared to the 2016 official poverty line of \$24,340 for the United States as a whole. The official poverty line is an absolute poverty line, based on a multiplier of food shares in the family budget in the early 1960s and has been adjusted only for consumer prices since 1963. In contrast the WPM like the SPM is a semi-relative line meaning that it is determined by 5-year average expenditures on food, clothing, shelter, and other expenses. For additional detail, see Fox (2018, page 15) and Smeeding and Thornton (2018, pages 7–8).

⁵For example, a family of four with an annual income of \$40,000 would be in the “low income” category, as that income is between one and two times the \$26,500 poverty line. A single person with the same \$40,000 income would be classified as “comfortable” if their poverty line were less than \$20,000.

than whites. In both Milwaukee and Wisconsin overall, whites are 40 percentage points more likely to be comfortable, with incomes more than twice the poverty line.

Table 1. All Black and White Families By Ratios of Their Income to Needs, 2016

	Wisconsin Overall			Milwaukee County		
	Black	White	All	Black	White	All
Poor:						
In Poverty (<100%)	28.7	8.33	10.8	30.3	10.0	17.5
Low Income:						
100–200% of Poverty	47.6	28.67	31.5	48.7	28.7	38.1
Comfortable:						
200%+ of Poverty	23.7	63.0	57.7	21.0	61.3	44.4
(% of all persons in WI/ Milwaukee County)	(7.2)	(82.7)	(100.0)	(29.0)	(52.0)	(100.0)

Source: IRP tabulations using 2016 American Community Survey public use data as described in Smeeding and Thornton (2018).

Notes: Hispanic and others included in “All” columns, but not shown separately. Terms “poor”, “low income”, and “comfortable” defined in the text.

Table 2. All Black and White Families with Children By Ratios of Their Income to Needs, 2016

	Wisconsin Overall			Milwaukee County		
	Black	White	All	Black	White	All
Poor:						
In Poverty (<100%)	30.4	7.3	12.0	32.2	9.9	21.0
Low Income:						
100–200% of Poverty	52.5	36.1	39.7	55.3	32.5	47.0
Comfortable:						
200%+ of Poverty	17.1	56.6	48.4	12.5	57.7	32.0
(% of all persons in WI/ Milwaukee County)	(11.8)	(72.9)	(100.0)	(39.5)	(34.6)	(100.0)

Source: IRP tabulations using 2016 American Community Survey public use data as described in Smeeding and Thornton (2018).

Notes: Hispanic and others included in all columns, but not shown separately. Terms “poor”, “low income”, and “comfortable” defined in the text.

Among families with children the differences are even greater, as shown in Table 2. Only 17 percent of black children live in families that have attained a comfortable living standard statewide. In Milwaukee, that percentage is only 12.5, meaning only one in eight black children live in economically comfortable families in Milwaukee County, compared to 56 to 57 percent of white children. Black child poverty rates in the state and in Milwaukee alone are three to four times those of whites, and 53 to 55 percent of black children are low income, far above the proportions of white children in that category. These findings are consistent with those in the Annie E. Casey Kids Count report, which regularly shows a wide gulf between black and white child well-being in Wisconsin (AECF, 2017). A random draw of children anywhere in our state

and especially in Milwaukee is therefore much more likely to find a black child than a white child in an economically perilous state.

Poverty and place: Economic segregation within Milwaukee County

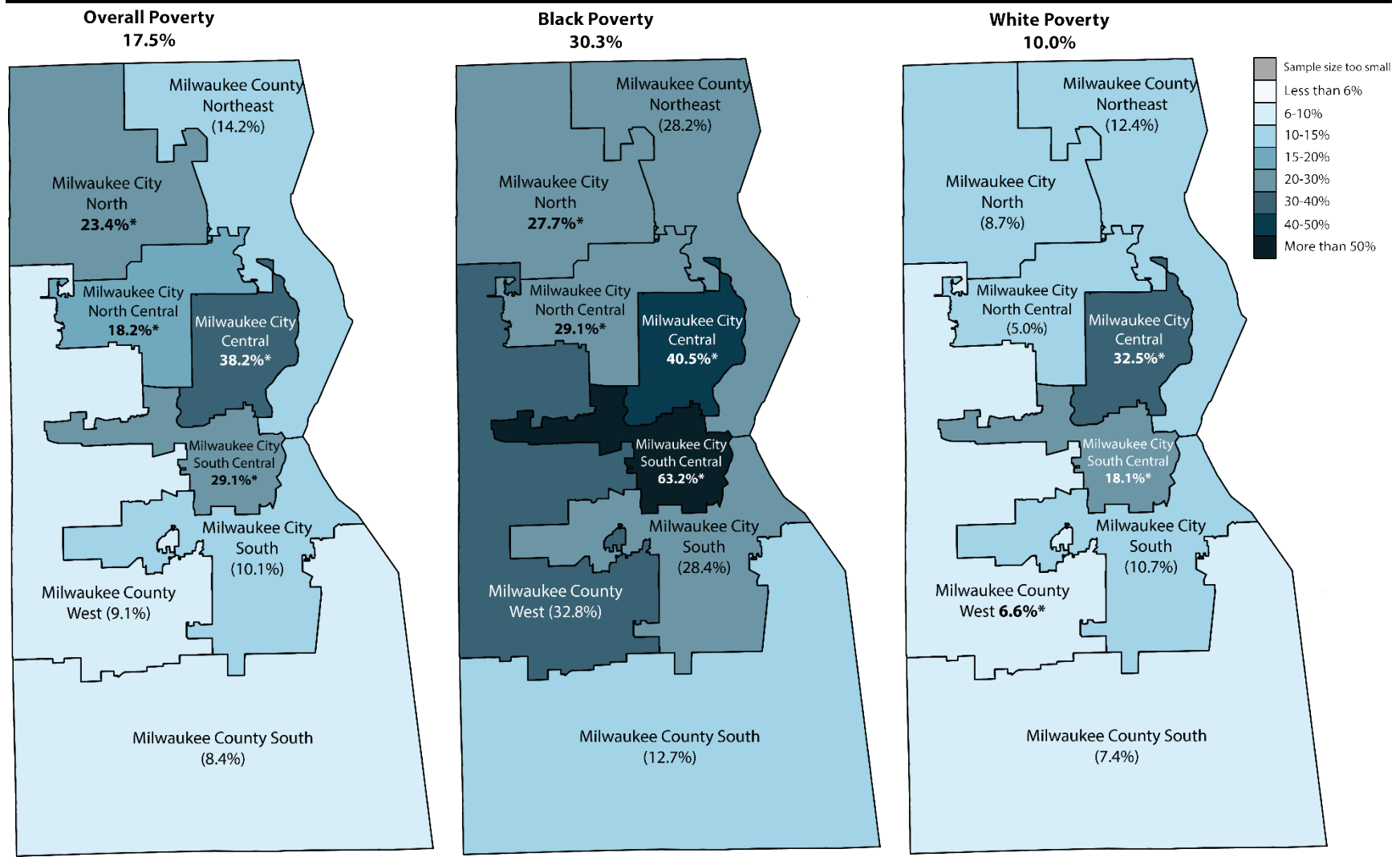
Milwaukee has been identified as one of the most racially segregated counties and cities in America (Reeves and Rodrigue, 2016; Williams, 2018). Blacks live separately from whites in high poverty areas, census tracts, and zip-codes. While the WPM data do not permit such detailed distinctions, we do have the advantage of being able to look at eight distinct sampling areas within the county, each having at least 100,000 residents as determined by the Census Bureau and as defined by the ACS data sample. Figures 4 and 5 each contain three maps of Milwaukee County. In each figure there are maps for overall, black, and white poverty (Figure 4) and child poverty (Figure 5). The maps are color coded to show levels of poverty from lowest (light shading) to highest (darker shading).⁶ In some cases the samples of blacks or whites in one area or another are so small that the estimate is imprecise. In these cases, the maps show the estimate in parentheses, suggesting we cannot be confident that the estimates are not statistically different from the state average. In most cases, the estimates are more precise and the poverty rates are in bold with an asterisk.⁷ But even when the estimates are imprecise, the general pattern suggests great variation in poverty rates within the county by sampling area regardless of race or ethnicity.

The overall poverty rate in Milwaukee of 17.5 percent is distinctly higher than in any other area that we can separately identify within the state and is significantly higher than the state average of 10.8 percent in 2016. The southern and western regions of Milwaukee County (shown in Figure 4) have lower overall poverty (8.4 to 10.0 percent). The northeast region of the county has a slightly higher poverty rate (14.2 percent) as does the north central region (18.2 percent). Poverty rates are highest in the city of Milwaukee: north (23.4 percent), south central (29.1 percent) and especially the central city area (38.2 percent), where the poverty rates are three times the state average.

⁶Hispanic and other populations are included in the totals but not separately shown in the figures. Separate estimates are available from the authors.

⁷We test statistical significance using a two-tail 90 percent confidence interval. If the bounds around the specific area estimate lie below or above the state-wide poverty rates of 10.8 percent overall and 12.0 percent for children, the estimate is statistically significant, and that estimate is in bold. When the statewide rates are between the 90 percent boundaries of the specific area estimate, that estimate is not statistically different from the state average and is placed in parentheses.

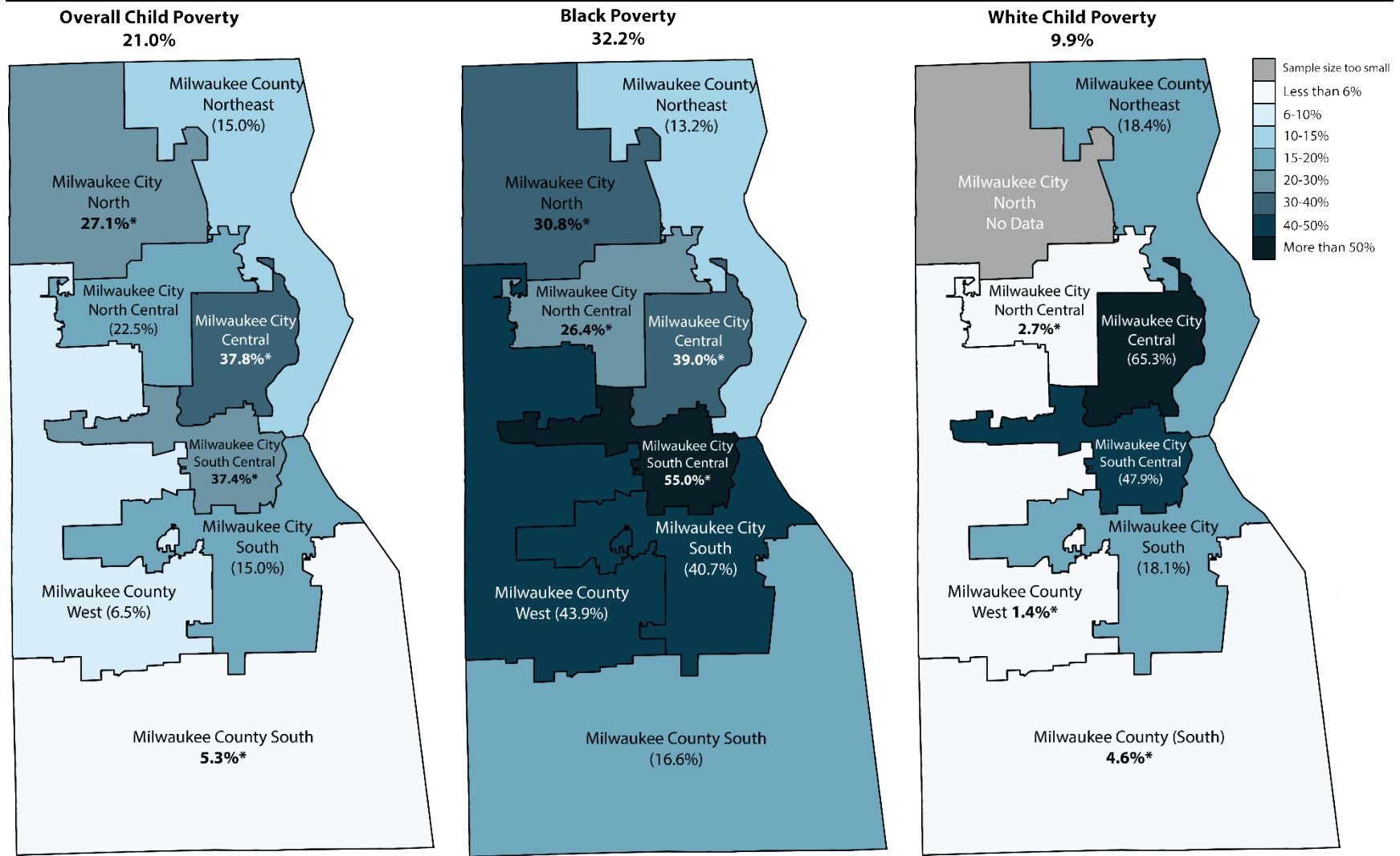
Figure 6. Milwaukee County 2016 WPM Poverty Rates: Overall, Black, and White



Source: IRP tabulations using 2016 American Community Survey public use data as described in Smeeding and Thornton (2018).

Notes: Area estimates that are bold with asterisk are estimates that lie outside the 90% confidence interval compared to the overall state Wisconsin Poverty Measure of 10.8 percent, meaning that they are statistically different from the state average, either higher or lower. Area estimates in parentheses are those with 90% confidence intervals that include the state Wisconsin Poverty Measure of 10.8 percent, meaning that they are not statistically different from that average due to small sample sizes.

Figure 7. Milwaukee County 2016 WPM Child Poverty Rates: Overall, Black, and White



Source: IRP tabulations using 2016 American Community Survey public use data as described in Smeeding and Thornton (2018).

Notes: Area estimates that are bold with asterisk are estimates that lie outside the 90% confidence interval compared to the overall state child poverty rate according to the Wisconsin Poverty Measure of 12.0 percent, meaning that they are statistically different from the state average, either higher or lower. Area estimates in parentheses are those with 90% confidence intervals that include the state Wisconsin Poverty Measure of 12.0 percent, meaning that they are not statistically different from that average due to small sample sizes.

White poverty rates are 10.0 percent overall in Milwaukee County, which is not very different from the statewide overall rate of 10.8 percent. However, there is also a wide range of white poverty rates within Milwaukee County, below 10 percent in some areas, but up to 32.5 percent in central Milwaukee and 18.1 percent in the south central region. In some areas, like the north central, west, and south parts of the county, white poverty rates are in the single digits and are significantly below the state average. Black poverty rates in the county average 30.3 percent, far above the overall state rate of 10.8 percent. Black poverty is lowest in the south area at 12.7 percent, but rates exceed 40 percent in central city Milwaukee, and reach 63.2 percent in the south central city area. These central city numbers are surprisingly high given that the WPM includes cash and near-cash benefit programs that help bring the WPM poverty rate slightly below that of the official poverty measure in Wisconsin.⁸

Child poverty rates show even more diversity from the overall state rate of 12 percent, as shown in Figure 5. Overall child poverty rates are under 7 percent in the south and west part of the county. The rates are twice that in the northeast and city south, though at 15 percent they are still far below the county average of 21 percent. In the central and south central regions of the city, they rise to over 37 percent.

White child poverty is only 9.9 percent on average, which is below the overall state child poverty rate of 12 percent. In some areas of the county, the white child poverty rate is far below that level, including the north area where there were not enough white children who were poor to make an estimate. White child poverty was higher, though still below the county average of 21.0 percent, in the northeast county (18.4 percent) and south city (18.1 percent) regions, though these areas had high error bounds. Poverty rates for white children rise to 47.9 percent in the south central part of the city and to 65.3 percent in the central city area. Both estimates include large margins of error and are shown in parentheses as few white children live in these areas but still they suggest that race matters less than place in these troubled areas of the city.

Black child poverty in Milwaukee County averages 32.2 percent. While it can run to as low as 13 to 16 percent in some county areas, it is about 40 percent or higher in most of the rest of the county, including 43.9 percent in the western county area, 40.7 percent in the south city and 55.0 percent in the south central area of the city.

The concurrence of high black and white poverty in central Milwaukee suggests that place matters for all races, and that whites who live in poor places do as poorly as blacks. However, there are more blacks than whites in these poor places so these estimates are more precise.

⁸For instance, the most recent official poverty measures for Wisconsin based on the 2017 ACS were released on September 13, 2018. These estimates show 11.3 percent overall poverty rates for Wisconsin and 29.3 percent rates for blacks in our state (Murphey et al., 2018). The 2016 WPM estimates are 10.8 percent overall and 28.7 percent for blacks. The official poverty measure may produce different outcomes in Wisconsin because the official income measure is more limited and because the official poverty line is lower than that in the WPM (see footnote 5).

Discussion: What do these data show and what can we do about it in Wisconsin?

Recent research by Raj Chetty, Nathaniel Hendren, and others (2014, 2018) investigates the sources of racial and ethnic disparities in incomes and upward mobility for children using national data that contain great detail on education, family structure, location and other sources of differences between black and white families. We cannot replicate their data for Wisconsin or Milwaukee, but it is still instructive. Their research suggests that differences in family structure, educational attainment, race and location are all important in determining poverty and mobility across and within racial and ethnic groups. But their data also allows one to separate these effects. They find that black Americans have substantially lower rates of upward mobility with the black-white income gap mainly accounted for by differences in wages and employment rates between black and white men, even after adjusting for differences in education and family structure.

But they also find that these gaps are smaller for boys who grow up in neighborhoods with low poverty rates, low levels of racial bias among whites, and high rates of father presence among low-income blacks. Black boys who move to such areas at younger ages have significantly better outcomes, demonstrating that racial disparities are dependent on location and employment and family structure, and that desegregation, better jobs, and higher wages also improve outcomes for blacks.

Our analysis suggests that there are clear racial and ethnic differences in economic status across the state and within its largest county. Milwaukee County is the only county to have a poverty rate that is higher than the state average by a statistically significant amount. Milwaukee County is also home to the largest numbers of people of color who, on average, are economically disadvantaged compared to whites. Furthermore, Milwaukee is a segregated city and county with some consistently high poverty rates in the central city for both whites and blacks living in those areas, and especially for children. These areas are also marked by high rates of violence and physical danger (Joseph, 2016). These differences raise several concerns.

One issue of concern in Milwaukee is housing affordability, especially for renters. Matthew Desmond's recent Pulitzer Prize-winning book, *Evicted*, argues that poor families in Milwaukee could not afford their rents and were being evicted in large numbers (Desmond, 2016). A recent complementary study of Milwaukee renters suggests that rent burdens affect black households at twice the rate of white households in Milwaukee County (Cancel Martinez, Peterangelo, and Henken, 2018). In the Milwaukee metro area, approximately 40 percent of black households spent at least half of their income on rent compared with 21 percent of white households (Cancel Martinez, Peterangelo, and Henken, 2018). But this same report shows that the median cost of renting a home in Milwaukee County is not particularly high compared to other areas, and moreover, there is a sufficient supply of available rental units to meet the overall demand. Still, the study finds a sizable gap in the supply of units that would be deemed affordable for the county's predominantly low-income renter population, indicating that the primary challenge may be lower incomes (and higher unemployment rates) among blacks, not high housing prices per se. Indeed, the Moving to Opportunity studies conducted in several large cities suggest that low-income families with children have a strong aversion to violence and overwhelmingly prefer to move to safer areas. Higher incomes would allow these families, white and black, to make such

moves (Ludwig, 2018). Indeed, black unemployment rates are consistently double or triple those of whites in Wisconsin regardless of overall economic conditions, and black median incomes lag far behind those of whites (Cornelius, 2018). More and better jobs and training, affordable and high-quality child care, and a higher minimum wage could help move blacks and other people of color, especially young adults and parents, up the income ladder and out of poverty (Smeeding and Thornton, 2018).

Reasons for high unemployment in central city Milwaukee include the lack of family-sustaining jobs inside the city areas, as well as high incarceration rates for black men, many of whom are fathers of black children whom they cannot afford to support (Cancian and Meyer, 2018). Better employment and higher earnings would allow for greater payment of child support and less dependence on public programs for family support. Charging absent fathers only what they can afford to pay would also give them more incentive to work in the formal instead of the informal economy.

More than half of all black men in their thirties and early forties in Milwaukee County have been incarcerated in state correctional facilities at some point, according to a 2014 University of Wisconsin–Milwaukee study (Joseph, 2016; Pawasarat and Quinn, 2014). As of 2010, Wisconsin had the highest incarceration rate of black males nationwide, locking up 12.8 percent of black male residents compared to the country’s 6.7 percent average at that time (Pawasarat and Quinn, 2014). The incarcerated are not counted in the WPM or in any poverty figures; hence, the high poverty rates we see are likely underestimates. Those who have been released from prison and are on parole or pardon are included in the sample but face a job market that discriminates against them and increases joblessness amongst them (Mueller-Smith, 2015).

The sum of the research evidence suggests that reducing incarceration and recidivism rates could help reduce poverty rates for black families in Wisconsin. A recent Council of Economic Advisors (CEA, 2018) report finds bipartisan agreement that mass incarceration is a costly drain on budgets and people’s lives, and that well-designed investments in reducing recidivism should pay off for everyone. Wisconsin has very low unemployment rates, and jobs are available if employers are willing to give second chances to those who have been paroled, released, or pardoned. The development of the FoxConn campus in southeastern Wisconsin—and its accompanying needs for infrastructure, roads, and buildings—might provide a good opportunity for those who want to work and better themselves, including the less educated and least employable, especially the formerly imprisoned (Thompson, 2018).

Additional work to reform the juvenile justice system and avoid bringing first time non-violent offenders into the prison system, instead emphasizing community-based solutions, has worked well in other states (Moore, 2018; Doleac, 2018). These could work in Wisconsin as well. More work and higher earnings also make men better marriage prospects and can help reduce family dependence on income support programs and child poverty (Kemple, 2008).

Despite overall declines in teenage pregnancy across the nations, Wisconsin also has a very high black teen pregnancy rate, leading to births that are unplanned and unintended, especially among unmarried women, and that contribute to higher child poverty rates. Access to effective birth control devices like long acting reversible contraceptives (LARCS) can help avoid unintended pregnancy and reduce child poverty and infant mortality as well (Sawhill, 2017). Recent efforts

in Louisiana also suggest use of LARCS and better access to care can substantially reduce the infant mortality rate and unplanned pregnancies (Quinn, 2018).

Conclusion

In this report we examine poverty among groups of color in Wisconsin. We find that black poverty is higher than white poverty overall and for children, with Hispanic and other groups' poverty in the middle. The differences are consistent from 2008 up to the most recent data for 2016. We also find that blacks have consistently lower incomes than whites with only one in eight black children in Milwaukee County residing in families with incomes of more than twice the poverty line.

While there are differences in family structure and educational attainment, across and between races, the higher overall poverty rate we find in Milwaukee County is largely explained by the greater concentration of people of color in poor areas in that city. Within Milwaukee County, we find great variation in poverty by area within the central city, especially in highly racially segregated areas. These data suggest that improving economic and social outcomes for individuals and families in Milwaukee, especially for blacks, would reduce poverty rates within the county and overall in the state. If we are to solve the poverty problem in our state, especially for minorities, now is the time to begin and central city Milwaukee should be ground zero in that effort.

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WISCONSIN POVERTY REPORT FOR 2016: A Brief Summary

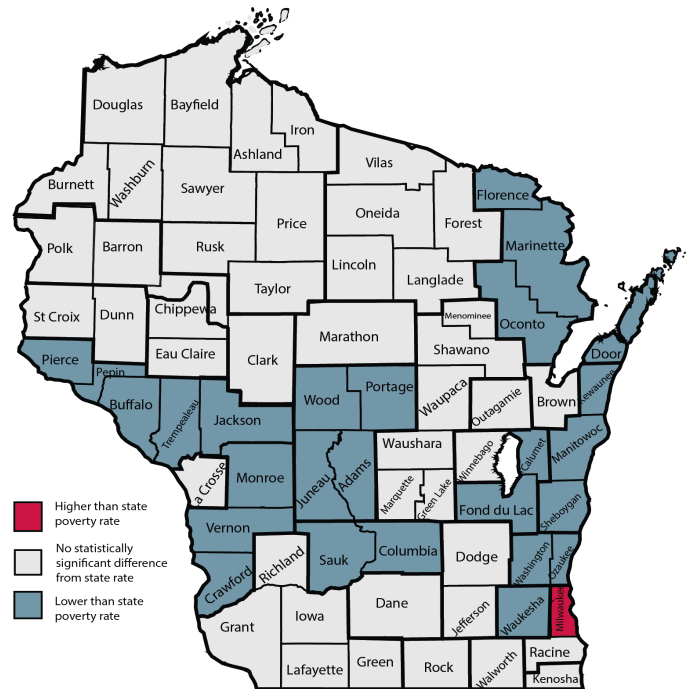
The 10th Annual Report of the Wisconsin Poverty Project

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.

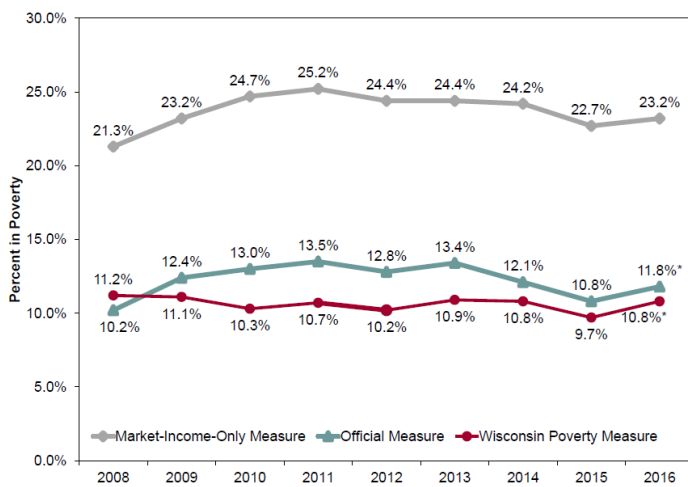
Both the WPM and the official poverty rate for families with children rose by significant amounts in 2016, as the child poverty rate for the WPM reached 12.0 percent, two points higher than in 2015. The WPM for children, which takes into account resources from tax credits and noncash benefits as well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

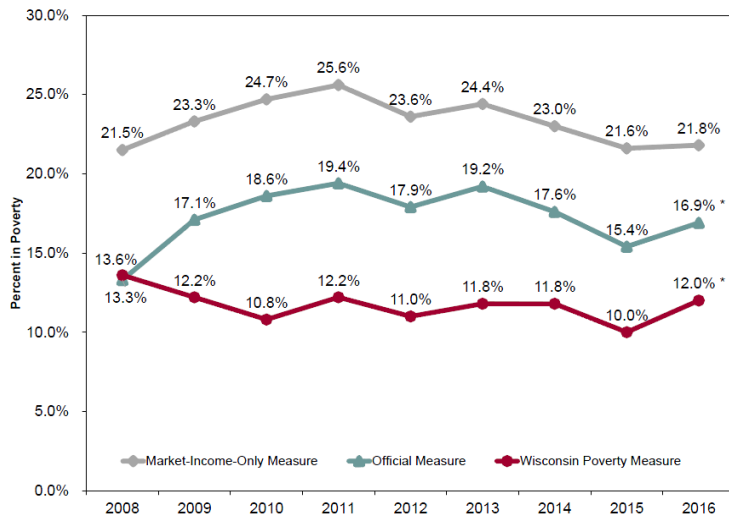
Timothy M. Smeeding and Katherine A. Thornton

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

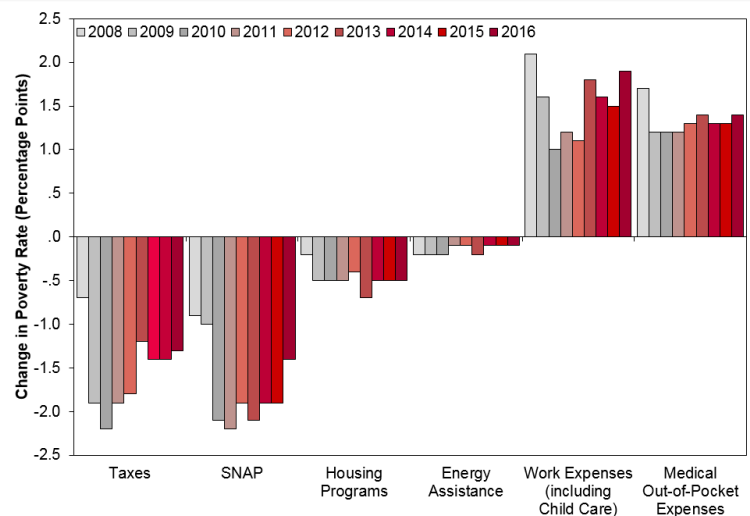
Researchers at the Institute for Research on Poverty at the University of Wisconsin–Madison designed the Wisconsin Poverty Measure to understand how and why anti-poverty programs work in the Badger State. The WPM provides information the official poverty measure cannot, such as the way that earned income 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.