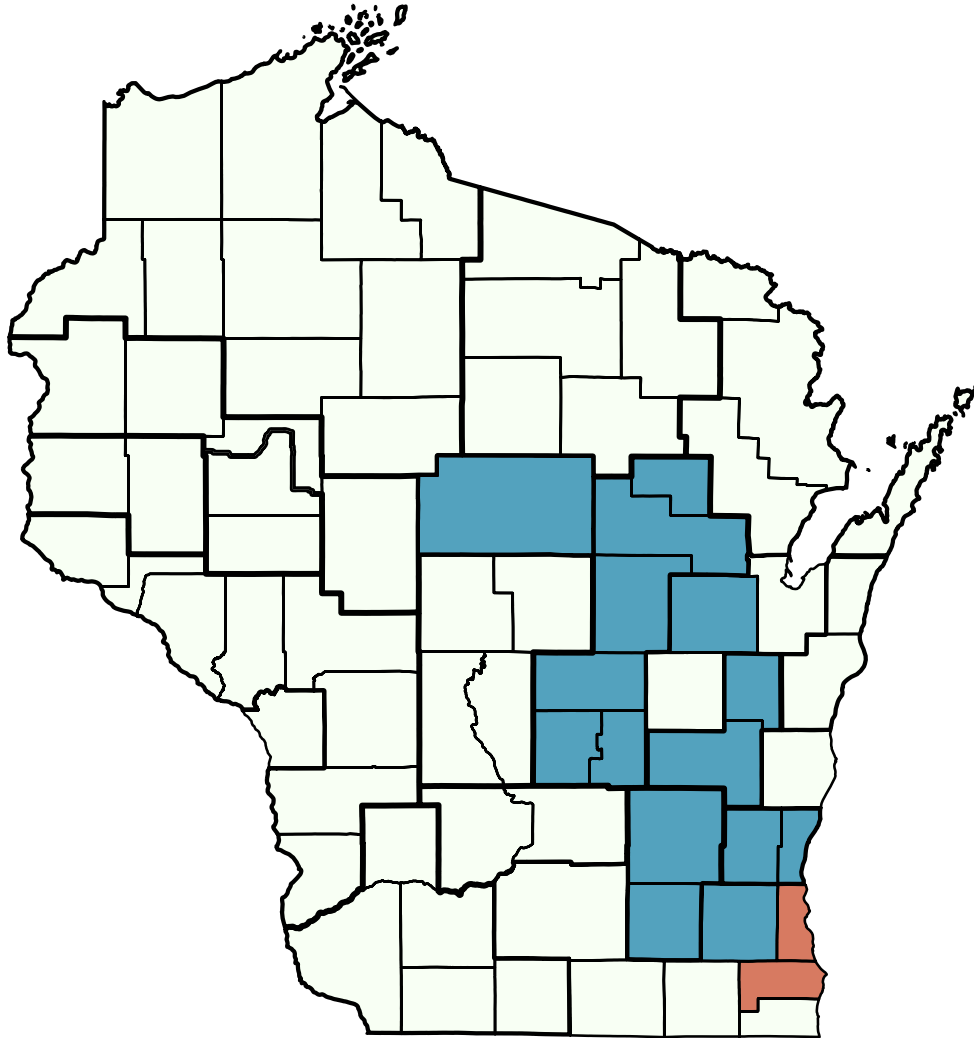


# Wisconsin Poverty Report 2018: Still in the Doldrums

The Twelfth Annual Report of the Wisconsin Poverty Project



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University of Wisconsin–Madison

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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 twelfth—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/>.

## Acknowledgments

The authors thank several sponsors while taking full responsibility for the conclusions and analyses in this report. We thank 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; the Wisconsin Department of Health Services; and the University of Wisconsin–Madison for their support. We thank several past and present Wisconsin public servants for input and background materials, including Brad Wassink, Brad Paul, Bob Jones, Julie Kerksick, Rebecca Blank, Rebecca Boldt, Bradley Caruth, John Finger, and Kris Hebel. We would also like to thank Jon Peacock at Kids Forward. Special thanks are given to David Chancellor, Hilary Shager, Rebecca Schwei, Yonah Drazen, Erik Thulien, Dawn Duren, Mitchell McFarlane, and Anna Sucsy for comments and editorial and manuscript preparation. Finally, we thank Julia Isaacs, John Coder, Dan Ross, and Lynn Wimer for assistance with data analysis; Steve Cook, Russell Dimond, and Doug Hemken for statistical consultation; and Laura Dresser and Javier Rodriguez for assistance with employment data. The American Community Survey data we use is from the Integrated Public Use Microdata Series (IPUMS).<sup>i</sup>

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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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<sup>i</sup>See 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 2018 poverty rates using the Wisconsin Poverty Measure. Areas below the state average of 10.6 percent are teal, pale green areas have no statistically significant difference from 10.6 percent, and the orange areas are significantly higher than 10.6 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-2018/](http://www.irp.wisc.edu/resource/wisconsin-poverty-report-2018/)



## Executive Summary

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Poverty rates did not change significantly from 2017 to 2018 in Wisconsin. This report uses three measures of poverty. Depending on the measure, poverty either slightly increased or decreased without registering a statistically significant change. Market income poverty, which reflects employment levels and is a gauge of economic health, fell slightly from 22.5 percent to 22.1 percent from 2017 to 2018. The official poverty rate, which adds the value of public cash benefits, fell from 10.9 percent in 2017 to 10.8 percent in 2018. The Wisconsin Poverty Measure (WPM) poverty rate, which takes into account resources from tax credits and noncash benefits as well as earnings and public cash benefits, rose to 10.6 percent in 2018, a statistically insignificant increase from 10.2 percent in 2017. The 2018 WPM rate of 10.6 percent is essentially unchanged from 2011—a year in which Wisconsin was just beginning to recover from the Great Recession.

Both children and the elderly saw increases in some of the poverty rates discussed in this report. Both the WPM and official rates for families with children rose in 2018, though only the WPM's rise was significant. The child poverty rate for the WPM reached 11.1 percent, 4 percentage points below the official poverty rate for children of 15.1 percent. Elderly poverty in Wisconsin as measured by the WPM continued its steady rise, from 7.8 percent in 2015 to 9.7 percent in 2018.

The WPM is based on the federal Supplemental Poverty Measure (SPM) methodology. It 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 the SPM for a two-child, two-adult household was \$30,924. Our Wisconsin threshold of \$27,904 reflects Wisconsin's lower cost of living. However, that Wisconsin threshold is \$2,439 a year higher than the Census Bureau's official poverty line, because it reflects actual spending on necessities by lower income families.

The social safety net continued to provide an important buffer against poverty in the state—and still makes a big difference in countering poverty. However, 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, rising medical expenses and increased 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 higher than in 2015, despite a slowly expanding Wisconsin economy through 2018.

Our report examines poverty rates across regions of the state, revealing high poverty rates in Milwaukee and Racine Counties, but with many more substate areas doing better than the rest of Wisconsin. A full 22 of 72 total Wisconsin counties had 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 parts of the state, and especially counties north and west of Milwaukee County saw poverty rates significantly below the 10.6 percent statewide average.

Poverty rates across subcounty regions *within* Milwaukee County, the state's largest, showed more dramatic variation than across the 28 county and multicounty areas in the state used in this report. Overall poverty rates ranged from 6.9 percent in one southern subcounty area to 31.6 percent in the central City of Milwaukee, suggesting a significant segregation of the poor and the rich within the county.

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-income occupations in Wisconsin barely climbed in 2018 and were only slightly higher than they were in 2010. Because we believe that the long-term solution to poverty for the able-bodied non-elderly is a secure job that pays well, these findings are discouraging. Rising costs of childcare, other rising work expenses like transportation and medical care became more widespread, offsetting increased earnings and low unemployment in our state. 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, we need to do more to share the benefits of economic growth in Wisconsin.

## Looking Toward the Future: A Note

This report is being issued during a time of unprecedented social and economic upheaval due to the ongoing COVID-19 pandemic. While this report concerns 2018 and reflects a period of sustained economic growth, the pandemic has introduced disruptions to the market that will have profound effects on poverty. These effects include historic rates of unemployment and closure of schools and child-care facilities, but also significant intervention by the federal government spending trillions of dollars to stabilize the economy. 2020 has seen the disappearance of low-income jobs that largely affect small businesses, low-skill services, the less educated, women, and people of color.<sup>2</sup> Without doubt, the factors that contribute to poverty in Wisconsin—jobs, wages, taxes, and antipoverty programs—will not escape the pandemic without significant changes. The ultimate effect of COVID-19 on poverty in Wisconsin is not yet known, but we anticipate that the challenges imposed by the economic slowdown will interrupt a decade of rebuilding since the Great Recession.

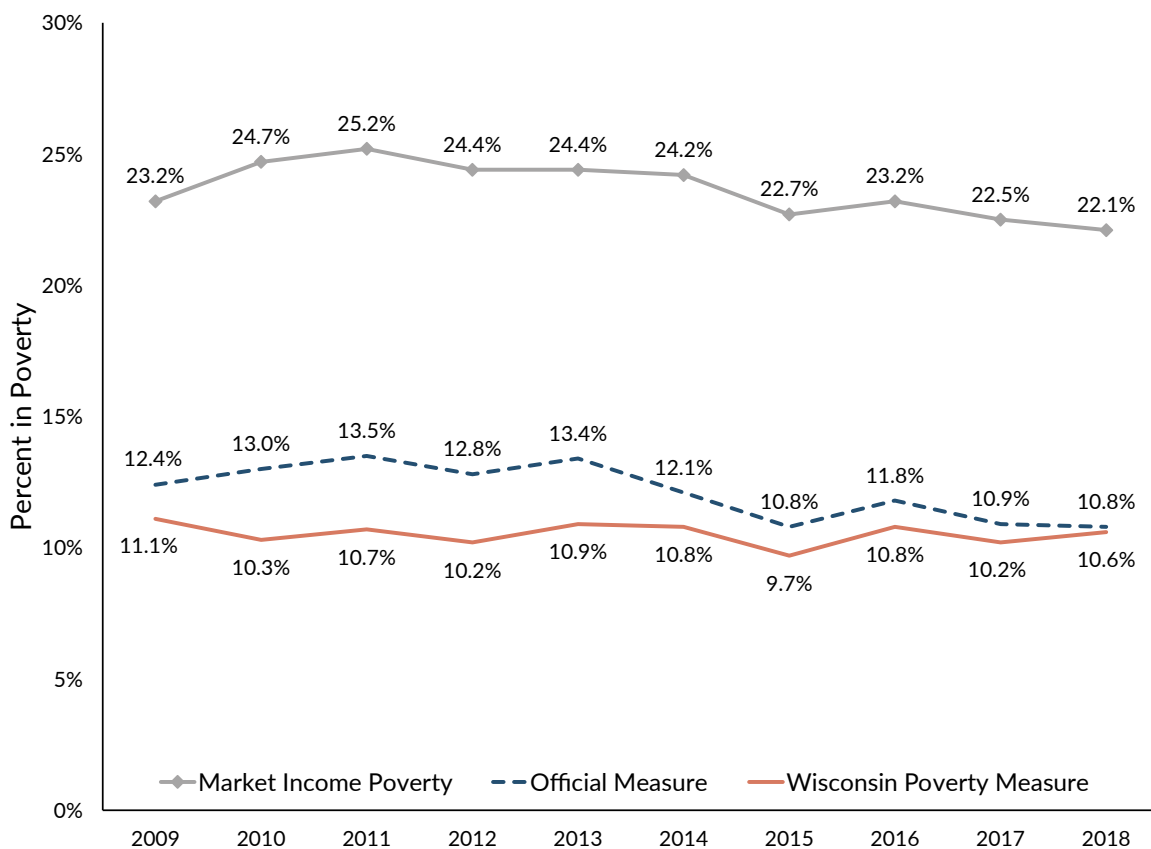
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<sup>2</sup>See: David Autor and Elisabeth Reynolds, 2020, "[The Nature of Work after the COVID Crisis: Too Few Low-Wage Jobs](#)," The Hamilton Project, July; Alexander W. Bartik, Marianne Bertrand, Feng Lin, Jesse Rothstein, Matt Unrath, 2020, "[Measuring the Labor Market at the Onset of the COVID-19 Crisis](#)," National Bureau of Economic Research, July; Heather Long, 2020, "[The Recession Is Over for the Rich, But the Working Class Is Far from Recovered](#)," *The Washington Post*, August 13; Heather Long, et al., 2020, "[The COVID-19 Recession is the Most Unequal in Modern U.S. History](#)," *The Washington Post*, September 26; Noah Williams, 2020, "[The Wisconsin Economy During COVID-19: Lockdown and Reopening](#)," Center for Research on the Wisconsin Economy, August.

## 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.<sup>3</sup> We employed three different measures for estimating poverty in Wisconsin 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.

**Figure 1. Wisconsin Poverty Rates Under Three Measures, 2009–2018**



**Source:** IRP tabulations using 2009–2018 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.

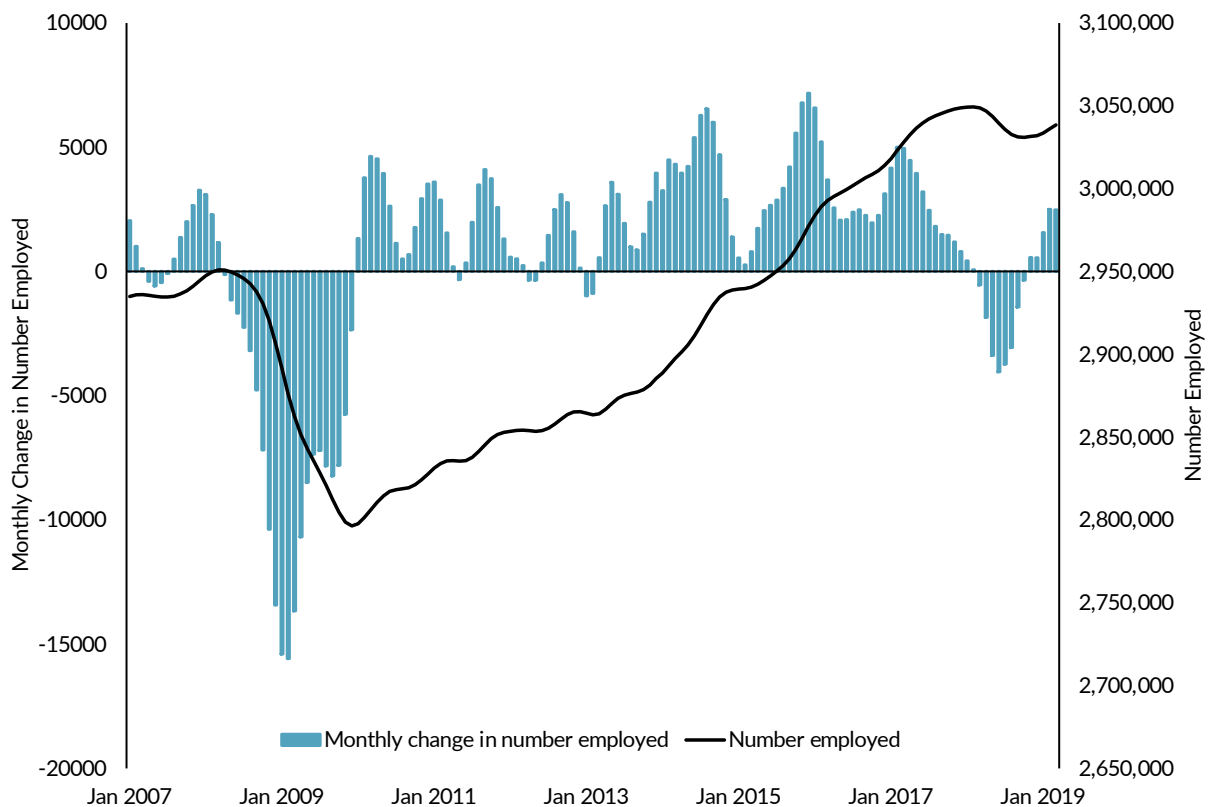
**Notes:** Market income includes earnings, investment income, private retirement income, child support, and other forms of private income. Both the market income measure and the Wisconsin Poverty Measure (WPM) are based on the WPM thresholds, definition of family unit, and treatment of work and medical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

<sup>3</sup>For 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.

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, until 2018. 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. By 2018, the OPM and MIP had fallen significantly below the 2016 rates, but the WPM remained near the 2016 rate.

We examined recent employment trends in Wisconsin in Figure 2 to help understand these changes, especially since jobs and earnings best explain market income. While the unemployment rate was historically low during the 2016 to 2018 period, it is much better to look at actual employment rates which can change when people who are not in the labor force take a job. 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 people employed in 2014 and 2015 as the economy recovered. But there was a decline from 2017 to 2018. The total number of people employed peaked in February 2018. Job growth as measured by nonfarm employment stalled in 2018 and this could have contributed to the small and insignificant decline in the MIP from 2017 to 2018 seen in Figure 1. WPM poverty rates remain at levels seen at the end of the Recession.

**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 2018 WPM poverty rate is based on economic conditions from January 2017 through November 2018 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.



Safety net programs had less of a poverty-reducing effect in 2018 than in the past as policies which expanded during the Great Recession expired. One of the important differences between the WPM and the OPM is that the WPM accounts for 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, as the economy recovered, many of the short-term program expansions tied to the Great Recession ended.

Wisconsin remains in the doldrums in 2018. Wisconsin's long period of job growth ended in early 2018 as a decade of increasing jobs slowed that year. Jobs were lost throughout much of 2018. While the loss in jobs was somewhat offset by slowly increasing wages and hours, poverty as measured by the WPM has stagnated. Further, poverty in Milwaukee remains stubbornly high and poverty in neighboring Racine county climbed substantially since last year.

## 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 2009 to 2018, the years of the slow recovery from the Great Recession. Second, we discuss the methodology of the Wisconsin Poverty Measure (WPM) and how it differs from the official poverty measure (OPM). Third, we examine 2018's results and trends for the 2009 to 2018 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) affect poverty. Finally, we present poverty rates across local regions in Wisconsin using the WPM.

## Wisconsin's Economy and Program Participation since the Great Recession

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The decline in poverty in the recovery after the Great Recession mirrored the 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 during the recession, 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 more than 16,000 in 2018 (Figure 2). During the modest but steady increase in jobs over the recovery, MIP remained stubbornly high from 2012 to 2014 before declining in 2015, only to increase in 2016, then turn down again through 2018. 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 such as retail or fast food.

We used a 23-month period from January 2017 to November 2018 to calculate the 2018 poverty rates. During this period, job growth slowed to 20,000 from the 64,000 gained in January 2016 to November 2017, the period used in the 2017 poverty rates. MIP fell by 0.4 points from 2017 to 2018, to reach its lowest rate since 2009.

Although MIP fell to 22.1 percent in 2018, Wisconsin seems to have hit a floor in overall market income poverty at around 22 to 23 percent. What’s behind this floor? One reason is that real wages in 2018 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 (including the District of Columbia).<sup>4</sup> In 20 of these states, the 2018 minimum wage was \$10 per hour or more. Real wages for many low-wage jobs in Wisconsin—personal services, including elder and child care, food preparation workers, retail salespersons, janitors and cleaners—were all lower in 2018 than in 2002.<sup>5</sup> Hourly wages for the food preparation sector, with 240,000 workers, took until 2018 to return to 2010 levels. 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.<sup>6</sup> Without the benefit of higher wages, the working poor are not making enough 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 629,000 by November 2018, the last month for which SNAP benefits affect the 2018 WPM rate.

Over the January 2017 to November 2018 period covered in this report, Wisconsin’s SNAP count fell by 60,000 cases or 13 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.<sup>7</sup> 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 16,000 cases, a smaller percentage drop (6.8 percent) than in the state as a whole. This is consistent with Milwaukee’s significantly higher poverty rate.

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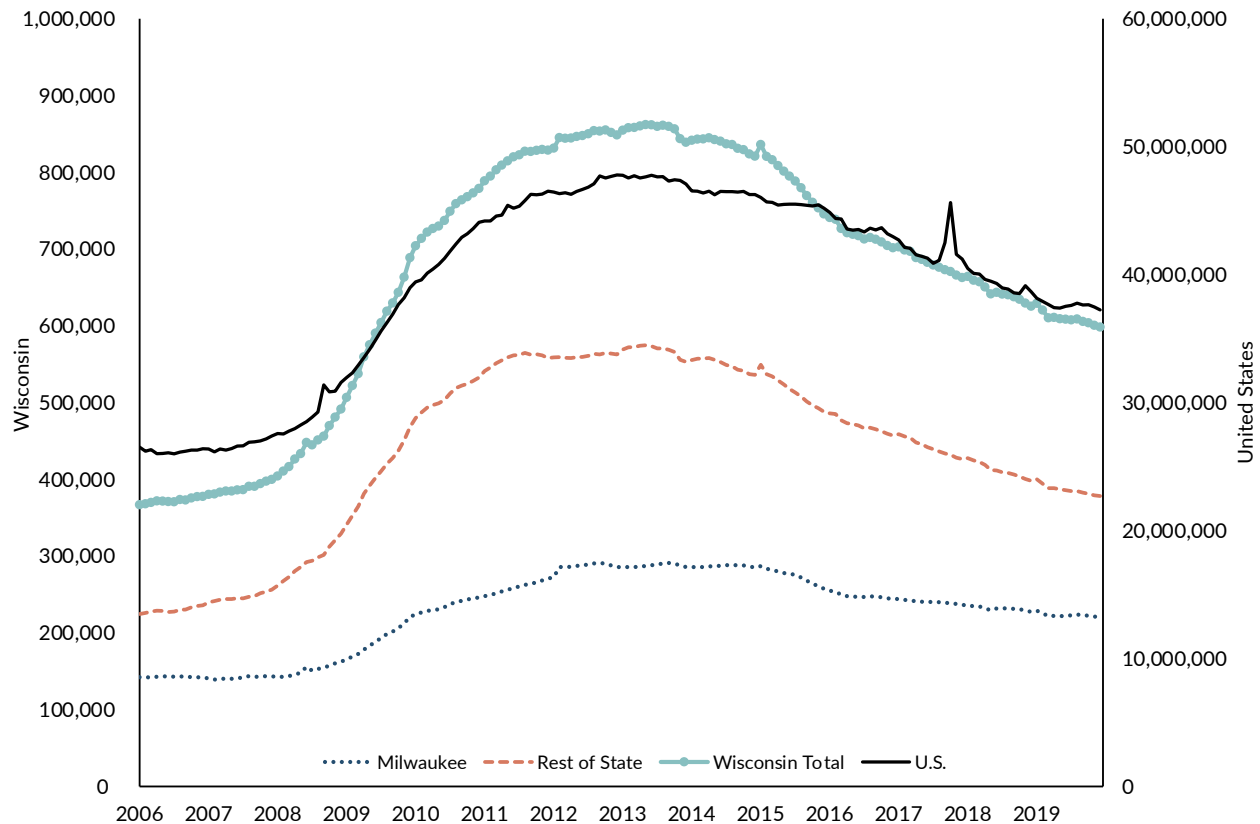
<sup>4</sup>See <https://www.dol.gov/agencies/whd/mw-consolidated> for state minimum wage information.

<sup>5</sup>Source: authors’ calculations based on Occupational Labor Statistics Data, Bureau of Labor Statistics 2010–2018, [https://www.bls.gov/oes/current/oes\\_wi.htm](https://www.bls.gov/oes/current/oes_wi.htm) Adjusted for Inflation using the CPI URS.

<sup>6</sup>Anna 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>.

<sup>7</sup>The 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, 2006–2019**



**Source:** Data on SNAP participation are from the FoodShare data website of the Wisconsin Department of Health Services and the United States Department of Agriculture.

**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. Data for the January and February 2019 U.S. total caseload are adjusted to smooth an aberration in the data due to a U.S. Federal Government shutdown.

The reasons for SNAP caseload declines in Wisconsin since 2014 are not clear. In the first few months of 2014, SNAP caseloads fell slightly. This reflected a 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 contributed to the 75,000-case decline in the Wisconsin SNAP caseload we see during the period of this report. These include 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.<sup>8</sup>

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.

<sup>8</sup>Molly 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?

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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.<sup>9</sup>

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.<sup>10</sup>

## Methods and Data for Measuring Poverty under the WPM

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We use an analytical approach consistent with that used 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, we use a 66-percent public use sample data extract from the Integrated Public Use Microdata Series (IPUMS) to analyze the 2018 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.<sup>11</sup>

We examine poverty in 28 areas in Wisconsin, including 13 more densely populated counties and 15 multicounty areas that encompass less densely populated counties. An advantage of the data is the inclusion of detailed housing information drawn from the ACS. The data set used in our analysis is the

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<sup>9</sup>In 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](#).

<sup>10</sup>For 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.

<sup>11</sup>Differences 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.

best available data set for examining poverty at the state and local levels . However, it 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. 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 sources 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.<sup>12</sup>

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 2018, the national threshold was \$30,924. Our baseline poverty threshold (i.e., the threshold for a two-child, two-adult family) for Wisconsin in

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<sup>12</sup>In 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.

2018 was \$27,904, \$663 more than the 2017 level of \$27,241. 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 2018 in the United States (including Wisconsin) was \$25,465. 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 \$2,439.

To refine the measures of need, we calculated poverty thresholds for families of different sizes using equivalence scales. These 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, 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 2.2 percent in 2018, outpacing the overall rise in consumer prices. 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 2018. 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 2009 through 2018.

## Poverty and the Effectiveness of the Safety Net in Wisconsin, by Measure and Population

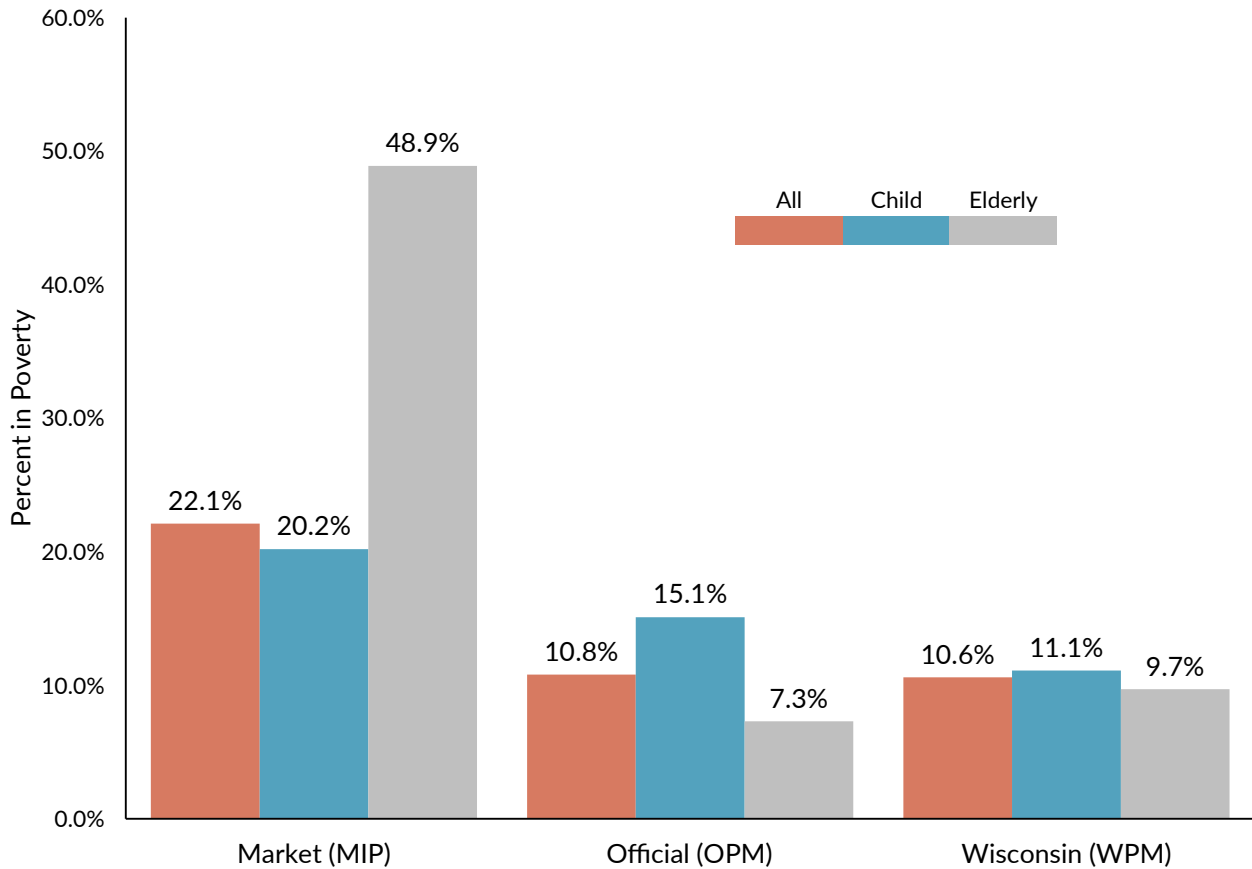
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### Wisconsin Poverty in 2018

In 2018, 22.1 percent of the state population was considered poor under the market income measure of poverty. This measure of poverty counts only earnings and other private income and ignores government benefits and taxes. A smaller percentage of families with children (20.2 percent) was poor, while almost half (48.9 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 accounts for the effect of cash benefits such as Social Security and unemployment insurance, elderly poverty dropped dramatically to 7.3 percent, mainly due to Social Security benefits. Child poverty under the official measure was also lower than under the market income measure, but much higher than for other age groups, at 15.1 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 10.8 percent in 2018. These are shown in the middle three bars of Figure 4.

**Figure 4. Poverty in Wisconsin in 2018 by Measure: Overall and for Children and the Elderly**



**Source:** IRP tabulations using 2018 American Community Survey public use data.

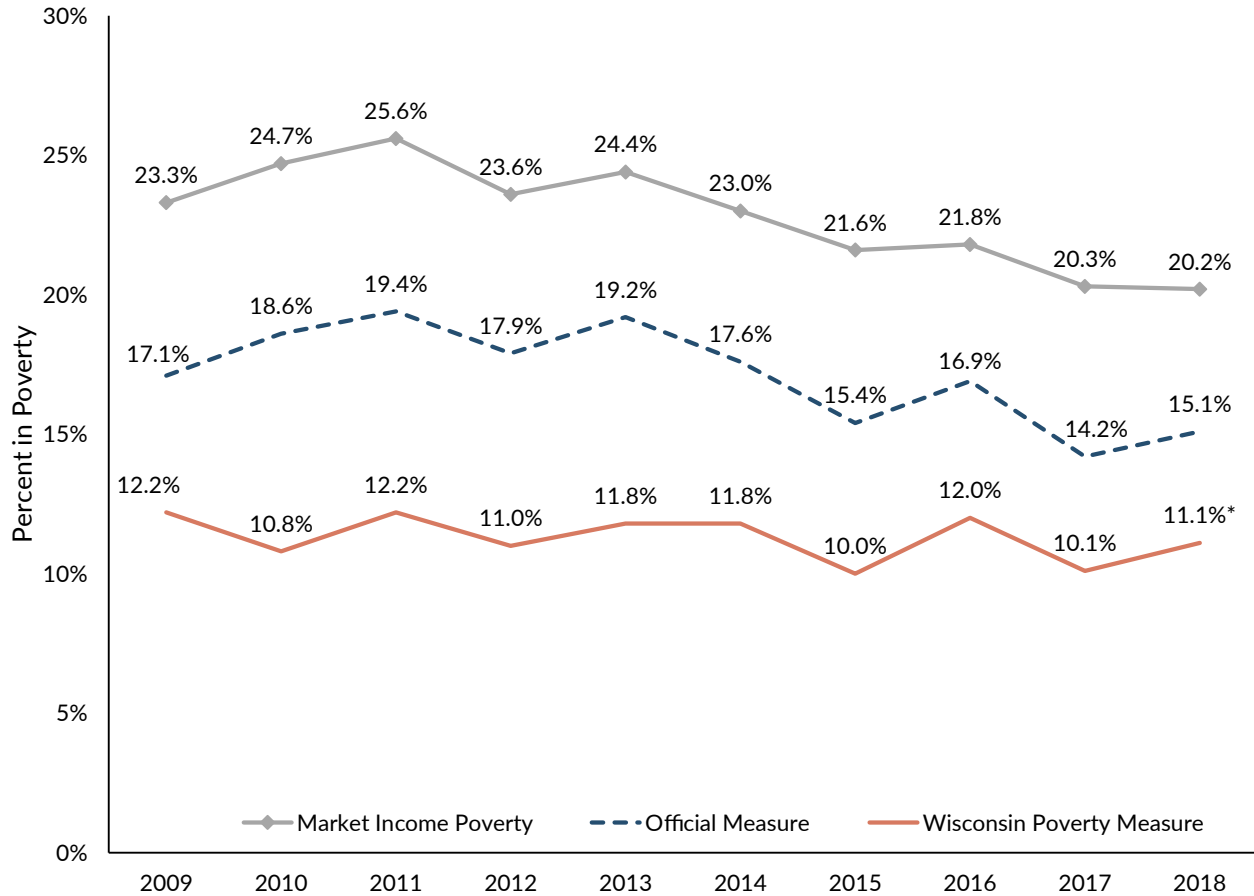
**Notes:** Market income poverty (MIP) includes earnings, investment income, private retirement income, child support, and other forms of private income. Both the MIP measure and WPM are based on the same thresholds, definition of family unit, and treatment of work and medical expenses, which differ 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 11.1 percent for children and 9.7 percent for the elderly. Overall WPM poverty was at 10.6 percent.

There are several reasons that child poverty was 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 EITC 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 individuals without children. Second, the MIP for families with children in Wisconsin was 20.2 percent (Figure 5), significantly below the overall MIP of 22.1 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.

The WPM child poverty rate was similar to the overall WPM poverty rate, suggesting that higher earnings, refundable tax credits, and noncash benefits all helped reduce poverty for children. 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).

**Figure 5. Child Poverty Rates in Wisconsin under Different Poverty Measures, 2009–2018**



**Source:** IRP tabulations using 2008–2018 American Community Survey public use data.

**Note:** \* = The difference between 2017 and 2018 was statistically significant for the WPM.

### Trends in Wisconsin Poverty, 2009 to 2018

As shown in Figure 1, poverty as measured by the WPM was higher in 2018 than in 2017, despite a small decrease in the OPM. The market income poverty rate also ticked down by 0.4 points to 22.1 percent. The WPM overall poverty rate of 10.6 percent was nearly the same as the official level and was back at about the same level it was in 2011. 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 throughout most previous reports.

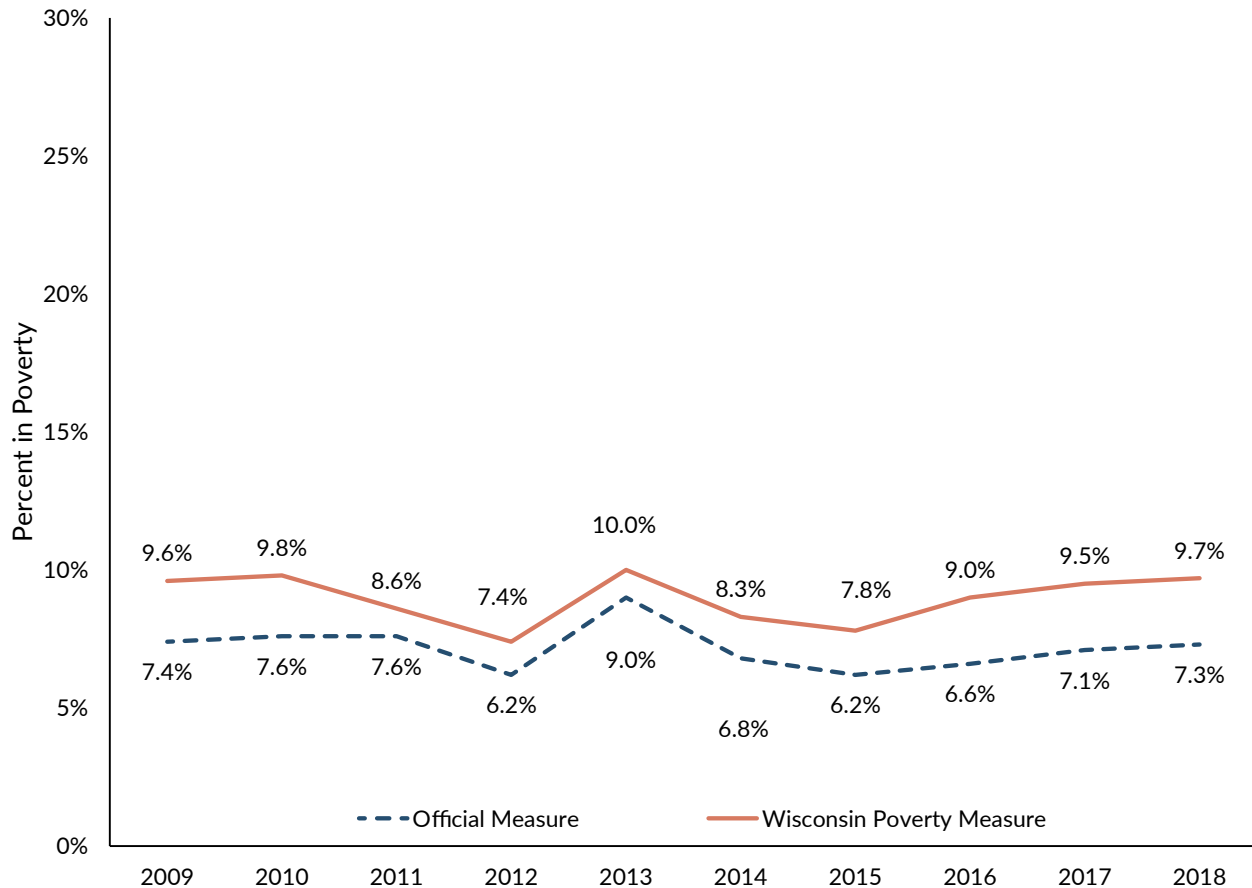
The child poverty rate under the OPM and WPM rose in 2018, though only the WPM’s change was statistically significant. Figure 5 shows child poverty under all three measures. MIP for children declined slightly, though this change was not significant. Public programs cut child poverty by a little under half in Wisconsin in 2018. The 2018 WPM rate for children of 11.1 percent is about the same as it was in 2012.

Between 2017 and 2018, elderly poverty in Wisconsin rose from 9.5 to 9.7 percent under the WPM and from 7.1 to 7.3 percent using the official poverty measure, as shown in Figure 6. The increase in elder Wisconsin poverty in the WPM, up 1.9 percentage points from 2015 to 2018, 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 6. Elderly Poverty Rates in Wisconsin under Different Poverty Measures, 2009–2018**



**Source:** IRP tabulations using 2009–2018 American Community Survey public use data.

**Note:** While the changes in elder poverty from 2016 to 2018 under the OPM and WPM were not statistically significant, the overall increase from 2015 to 2018 was significant.

Because they have little to no market income, Social Security benefits keep many elders out of poverty. Each year, Social Security benefits are adjusted to keep up with annual inflation. Between 2017 and 2018, inflation adjustments for the expense-based poverty line for the WPM and the Consumer Price Index increased by less than the cost-of-living adjustments for Social Security.<sup>13</sup> Because there are many 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 seen in the OPM as well as the WPM. In addition, the increases in medical out-of-pocket expenses are higher than the Social Security benefit increases in many years, taking up a larger portion of elder incomes for medical costs. These factors contribute to the WPM elder poverty

<sup>13</sup>The Consumer Price Index increased 2.1 percent in both 2016 and 2017, but Social Security benefits rose by only 0.3 percent in 2016 and 2.0 percent in 2017. In 2018, the Consumer Price Index increased by 1.9 percent and Social Security benefits rose by 2.5%. See [https://www.bls.gov/news.release/archives/cpi\\_01112019.pdf](https://www.bls.gov/news.release/archives/cpi_01112019.pdf) and <https://www.ssa.gov/OACT/cola/colaseries.html>.

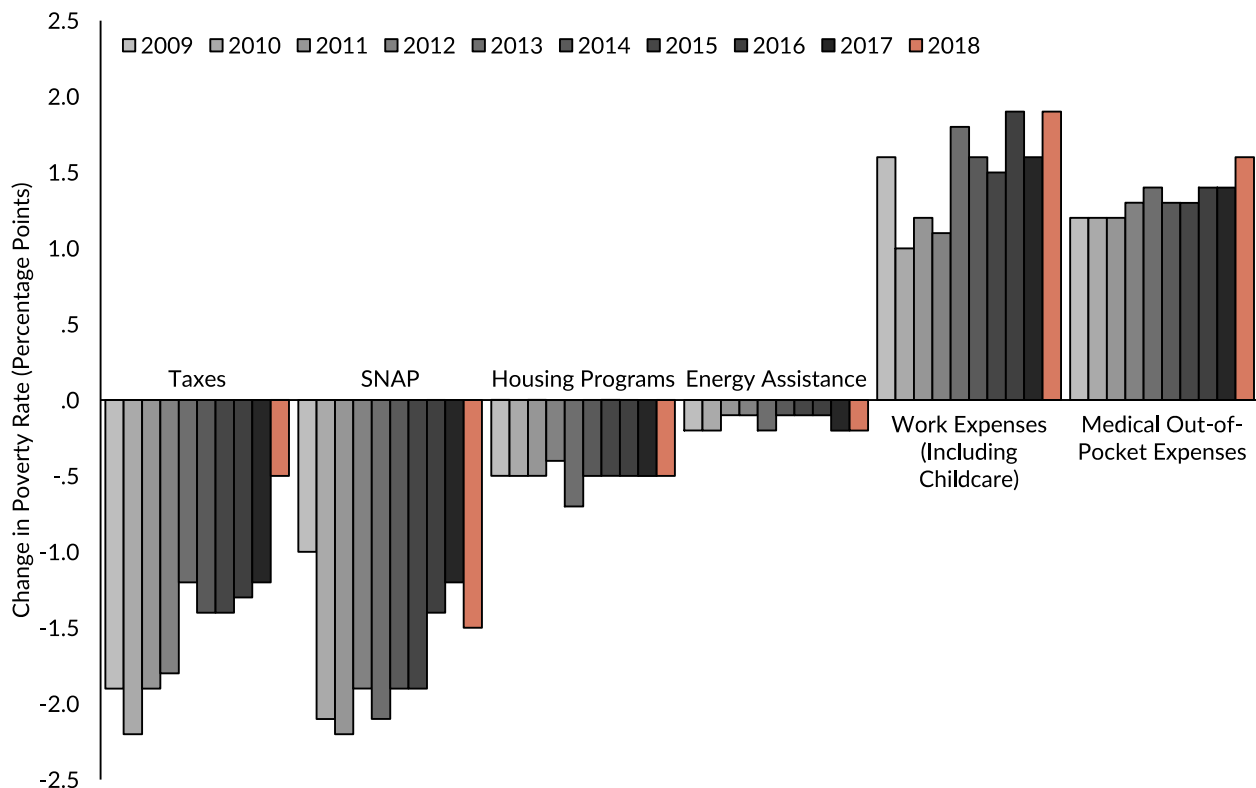
rate's climb since 2015, as shown in Figure 6. In all cases, the WPM rate for elders is higher than the OPM, but lower than child and overall poverty rates using either measure.

### 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 2018 were in the form of noncash programs and tax-related benefits tied to work activities, rather than cash transfer programs.<sup>14</sup> 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 2018 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 (net of payroll taxes paid) 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 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, 2009–2018**

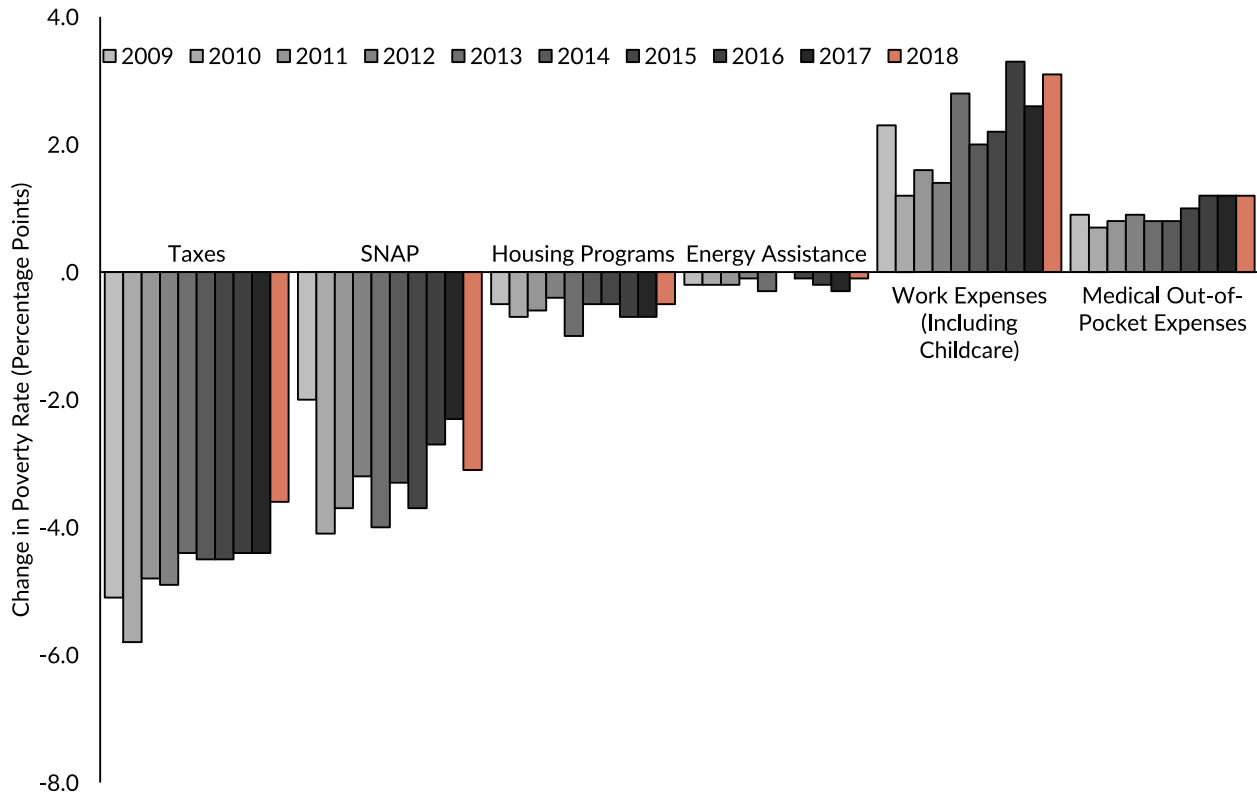


**Source:** IRP tabulations using 2008–2019 American Community Survey public use data.

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

<sup>14</sup>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 (including the District of Columbia) and some localities have increased their minimum wage since that time.

**Figure 8. Effects of Taxes, Public Benefits, and Expenses on Child Poverty in Wisconsin, 2009–2018**



**Source:** IRP tabulations using 2008–2018 American Community Survey public use data.

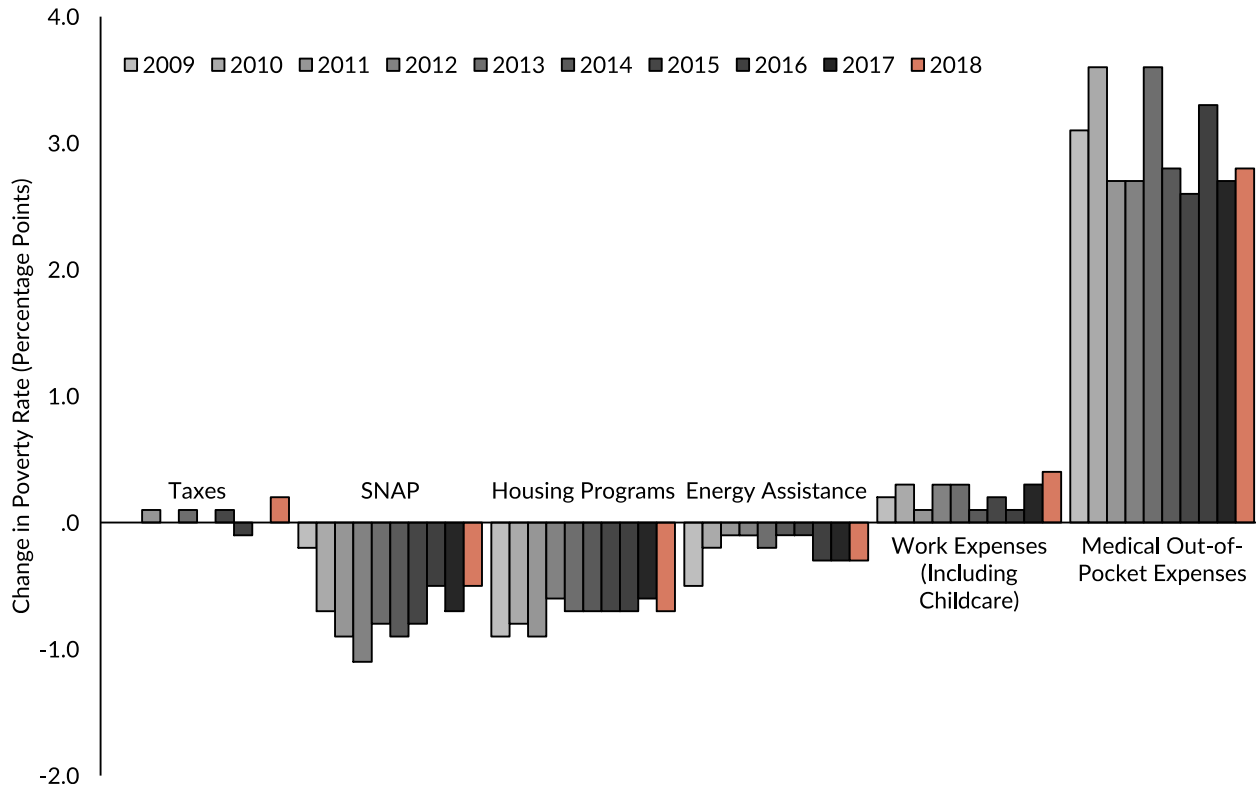
**Note:** SNAP = Supplemental Nutrition Assistance Program, also known as “FoodShare” in Wisconsin.

Among benefit programs examined in this analysis, SNAP benefits had the greatest impact on reducing overall poverty in 2018. SNAP reduced the percentage of people in poverty by approximately 1.5 percentage points. SNAP’s antipoverty impact has fallen over the previous few years, as SNAP benefits contracted in Wisconsin (Figure 3 above), but in 2018 the effect of SNAP grew.

The net effect of refundable tax credits such as the EITC over and above payroll tax (labeled as “Taxes” in Figure 7) provisions was smaller in 2018 than in any year since 2009. 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. Also, as earnings rise, payroll taxes increase, reducing the effect of EITC refunds.

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 2018, where tax-related provisions reduced child poverty by 3.6 percentage points and SNAP benefits reduced child poverty by 3.1 percentage points compared to 0.5 points and 1.5 points, respectively, 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.

**Figure 9. Effects of Taxes, Public Benefits, and Expenses on Elderly Poverty in Wisconsin, 2009–2018**



**Source:** IRP tabulations using 2008–2018 American Community Survey public use data.

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

Taxes had a small effect in driving up elderly poverty and SNAP benefits reduced elderly poverty by 0.5 percentage points during 2018, 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 who are parents of minor children, and SNAP benefits are also more generous to larger families. Housing benefits for the elderly reduced poverty by 0.7 percentage points in 2018.

Housing and energy assistance provide modest help 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 half a percentage point, 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 homelessness.<sup>15</sup>

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 continued to be high in 2018 (Figure 8). We would expect that the effects of work-related expenses like childcare should be larger as the economy

<sup>15</sup>For instance, see Desmond, M. (2016). *Evicted: Poverty and Profit in the American City*. Crown Publishing. 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.

recovers and more families have earnings and associated work expenses.<sup>16</sup> 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 can be a worry for any family, 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.<sup>17</sup> 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.<sup>18</sup> 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 were confident they could pay for an emergency—medical or otherwise—costing \$2,000 or more.<sup>19</sup> These types of medical expenses increased the overall WPM rate by 1.6 percentage points in 2018.

While medical expenses increased poverty for all groups, the elderly felt the effects of medical expenses more acutely because they are more likely to need costlier and sustained medical care. 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 2.8 percentage points in 2018 (Figure 9).

Altogether, the net poverty-increasing effects of work and medical expenses for the entire state were more than the poverty-reducing effects of noncash benefits in 2018 (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 7.3 percentage points. On the other hand, work and medical expenses added 4.3 percentage points to child poverty in 2018 (Figure 8). The net effect was to reduce child poverty by 3 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 7.3 percent to 9.7 percent in 2018). 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., 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 2018 are shown in Table 1.

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<sup>16</sup>Our 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.

<sup>17</sup>Liz Hamel, Cailey Muñana, and Mollyann Brodie, 2019, "[Kaiser Family Foundation/LA Times Survey Of Adults With Employer-Sponsored Insurance](#)," May 2.

<sup>18</sup>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.

<sup>19</sup>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.

**Table 1. Wisconsin WPM Poverty Rates by County or Multicounty Area with Upper and Lower Bounds, 2018**

	Wisconsin Poverty Measure (%)	Confidence Interval: Lower Bound (%)	Confidence Interval: Upper Bound (%)	Difference from State Average
<b>County</b>				
Milwaukee	16.2	14.2	18.1	Higher
Dane (Madison)	12.0	10.1	13.8	NS
Waukesha	6.8	5.2	8.4	Lower
Brown (Green Bay)	8.0	5.5	10.6	NS
Racine	14.2	11.2	17.3	Higher
Kenosha	13.4	9.8	17.1	NS
Rock (Janesville)	10.6	7.6	13.7	NS
Marathon (Wausau)	7.2	5.2	9.3	Lower
Sheboygan	10.3	6.5	14.0	NS
La Crosse	11.8	8.9	14.8	NS
Outagamie (Appleton)	6.1	4.2	8.0	Lower
Winnebago (Oshkosh)	11.4	8.4	14.4	NS
Walworth (Whitewater)	10.6	7.9	13.2	NS
<b>Multicounty Area</b>				
Washington & Ozaukee (West Bend)	4.0	2.4	5.6	Lower
Sauk & Columbia (Baraboo)	9.5	6.9	12.1	NS
Dodge & Jefferson	6.8	5.2	8.5	Lower
Manitowoc & Kewaunee	10.8	6.8	14.8	NS
Fond du Lac & Calumet	6.4	4.3	8.5	Lower
St. Croix & Dunn	8.3	6.1	10.4	NS
Eau Claire & Chippewa (South)	13.9	10.3	17.4	NS
Barron, Polk, Clark & Chippewa (North)	10.4	8.2	12.6	NS
Marinette, Oconto, Door & Florence	10.5	7.7	13.4	NS
Central Sands—Wood, Portage, Juneau & Adams	8.6	6.8	10.4	NS
Oneida, Lincoln, Vilas, Langlade & Forest	9.0	7.1	10.8	NS
Grant, Green, Iowa, Richland & Lafayette	9.5	7.6	11.4	NS
East Central Wisconsin	8.1	6.6	9.7	Lower
West Central Wisconsin—Northern Mississippi Region	10.7	8.7	12.6	NS
Northwest Wisconsin	9.7	8.2	11.3	NS
<b>State Total</b>	<b>10.6</b>	<b>10.0</b>	<b>11.1</b>	

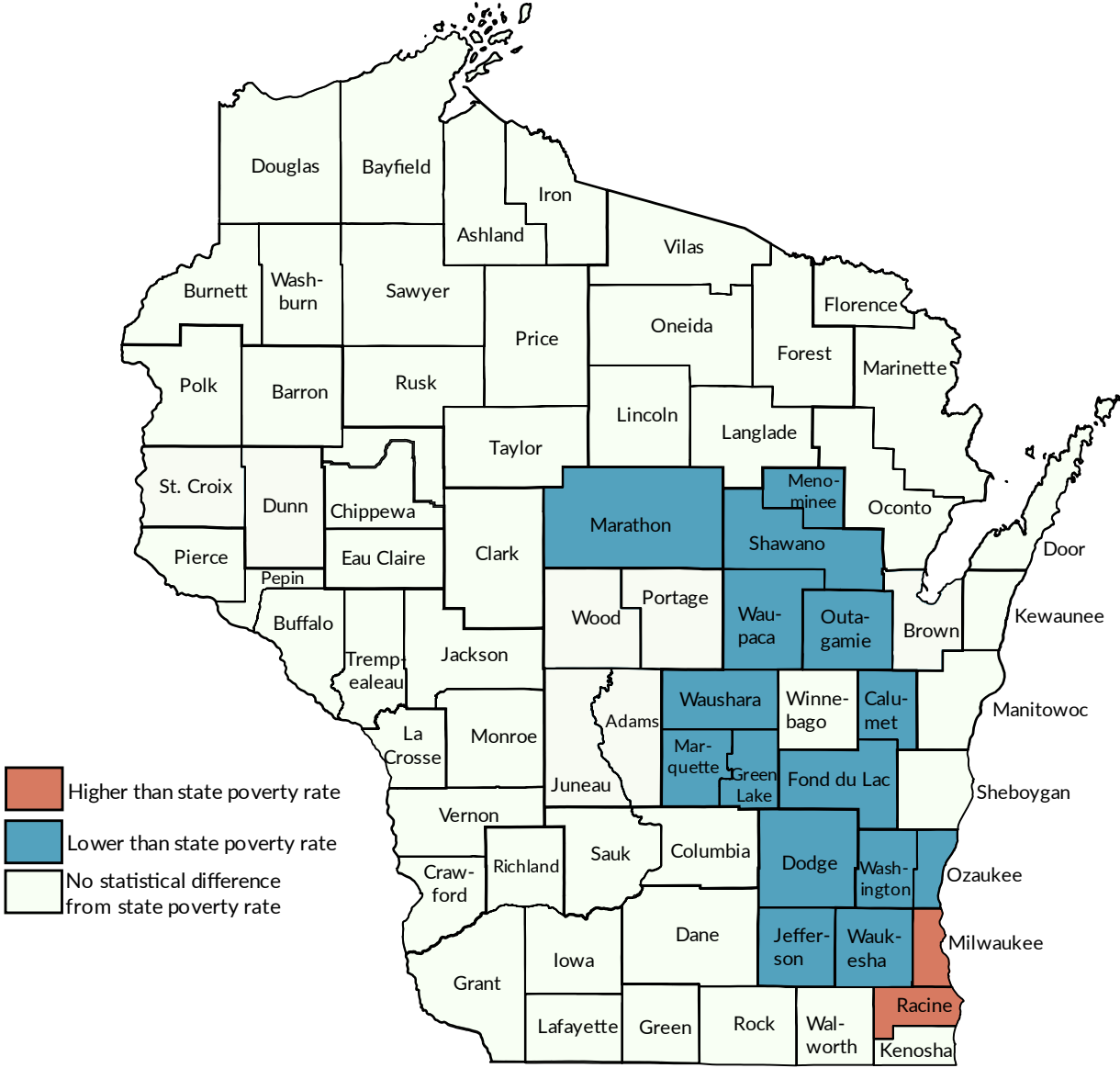
**Source:** IRP tabulations of 2018 American Community Survey public use data.

**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 4.0 percent in Washington and Ozaukee Counties. On the other hand, the WPM was 16.2 percent in Milwaukee County and 14.2 percent in Racine County. As shown in Map 1, these were the only places with rates significantly higher than the state average of 10.6 percent.

For 2018, 15 counties in 7 county and multicounty areas were significantly below the state average WPM of 10.6 percent. Areas with below average poverty include the counties of Waukesha, Marathon, Outagamie, Washington/Ozaukee (West Bend), Dodge and Jefferson, Fond du Lac and Calumet, and the East Central region of less populous counties. It is important to note that within even these multicounty areas doing better than the state average, there can be significant variation in poverty at more localized levels within each area.

**Map 1. Wisconsin Counties and Multicounty Areas with 2018 WPM Poverty Rates Above or Below the State Rate of 10.6 Percent**



Source: IRP tabulations of 2018 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. Map 2 shows poverty in Milwaukee county by subregion. Overall poverty rates ranged from 6.9 percent in one western subcounty area to 31.6 percent in the central city of Milwaukee in 2018, suggesting significant economic segregation within that county. Milwaukee is surrounded by wealthy suburban counties to the north and west (Map 1) where overall poverty rates are notably below the state average. These include Waukesha County and Washington/Ozaukee counties, which had the lowest county poverty rates in all of Wisconsin in 2018.

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.

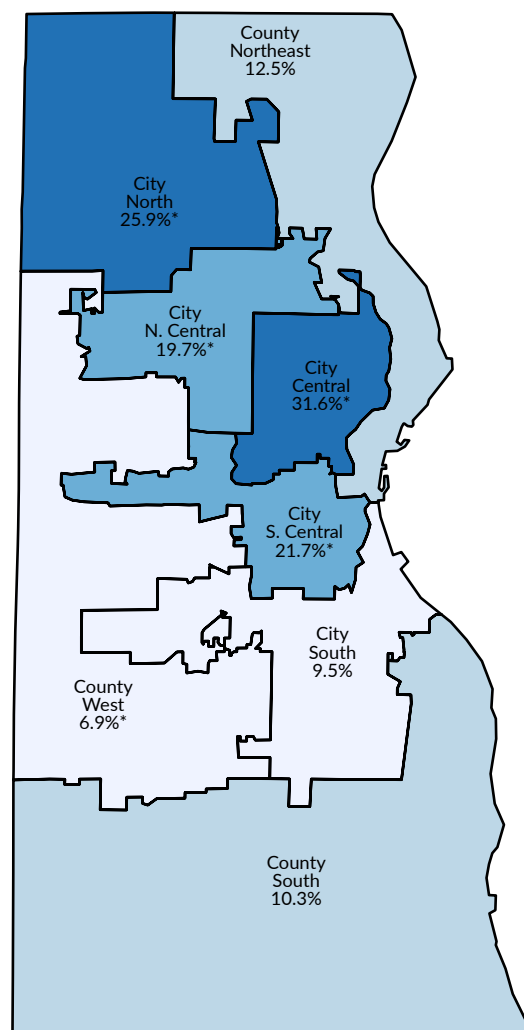
## Conclusion

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 and more people working more hours led to a slight decline in market income poverty to 22.1 percent, the lowest rate since 2009. But decreased safety-net support led to a small increase in the WPM. Under the WPM, poverty rose to 10.6 percent—a 0.4 percentage point increase from 2017. However, these averages mask large regional differences in poverty across Wisconsin. While the long economic recovery has especially helped 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 has increased for the elderly each year since 2015, rising to 9.7 percent as health care costs rose faster than consumer prices and Social Security cost of living increases. The WPM rate rose for families with children, despite the lowest Market Income Poverty rate for children since our report began. The modest increase in employment in

**Map 2. Milwaukee County WPM poverty by Public Use Microdata Area (PUMA), 2018**



Source: IRP tabulations of 2018 American Community Survey public use data.



Wisconsin has not translated into markedly lower poverty rates, suggesting that nearly a decade into a sustained economic recovery, we are in the doldrums with the WPM poverty rate in 2018.

Why is the economy not doing more for the poor? Slow growth in 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, 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 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. From 2015 to 2018, work among single parents increased—especially for the non-college-educated—in states with strong economic growth, increased minimum wages, and available childcare and parental leave.<sup>20</sup> Further, young single mothers’ work participation increased 4 percentage points more in states that expanded Medicaid in 2014 versus those that did not. 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.<sup>21</sup> 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.<sup>22</sup>

In addition to an increase in the state minimum wage to \$10.50<sup>23</sup>, key income and work supports could include an increased federal and state EITC<sup>24</sup>, 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.<sup>25</sup> We could also expand work opportunities for the underemployed and the hard to employ, such as the

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<sup>20</sup>C. C. Miller and E. Tedeschi, 2019, “[Single Mothers are Surging into the Workforce](#),” *New York Times*, May 28.

<sup>21</sup>Scott, Dylan, 2019, “[The Striking Evidence that Medicaid Expansion Can Help Single Moms Get Jobs](#),” *Vox*, May 31.

<sup>22</sup>Matthews, 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; 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>.

<sup>23</sup>A 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.

<sup>24</sup>T. Cornelius, 2019, “[Impact of Earned Income Tax Credit](#),” Wisconsin Budget Project, June 7.

<sup>25</sup>Wisconsin SHARES state childcare 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 2017–2019 Budget for Early Care and Education](#), September 2017.

formerly incarcerated.<sup>26</sup> 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.

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 bring Wisconsin out of the doldrums and substantially reduce the WPM poverty rate. The onset of the COVID-19 recession will only increase these pressures.

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<sup>26</sup>H. J. Holzer, 2017, "Labor Market Pump is Primed—We Must Take Advantage," Brookings, August 29.

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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