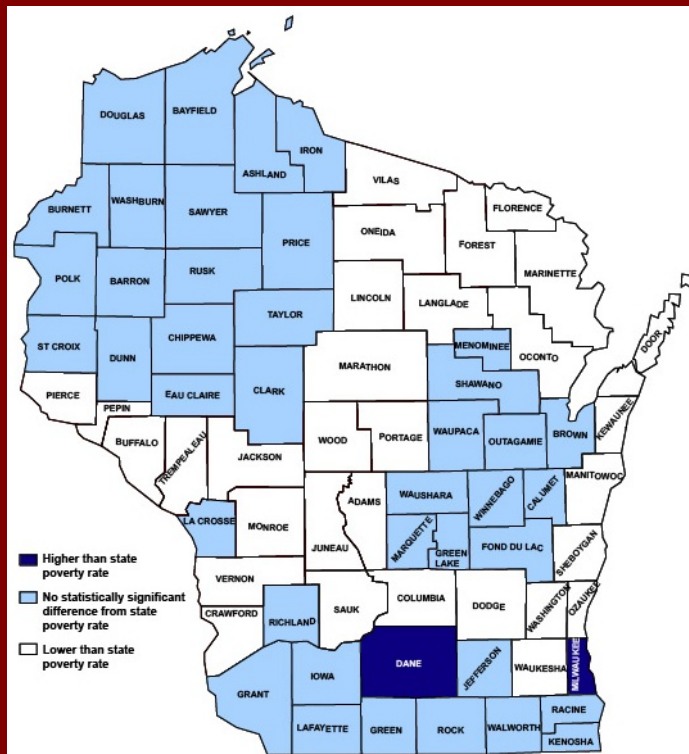




Faces of Poverty in Wisconsin

October 26, 2011

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Institute for Research on
Poverty (IRP)

Overview

I. Who is Poor in Wisconsin?

- Official Poverty Statistics for 2010

II. *Were Anti-Poverty Policies Effective in 2009?*

- The Wisconsin Poverty Measure
- Findings in report by Marks, Isaacs, Smeeding, Thornton (2011)

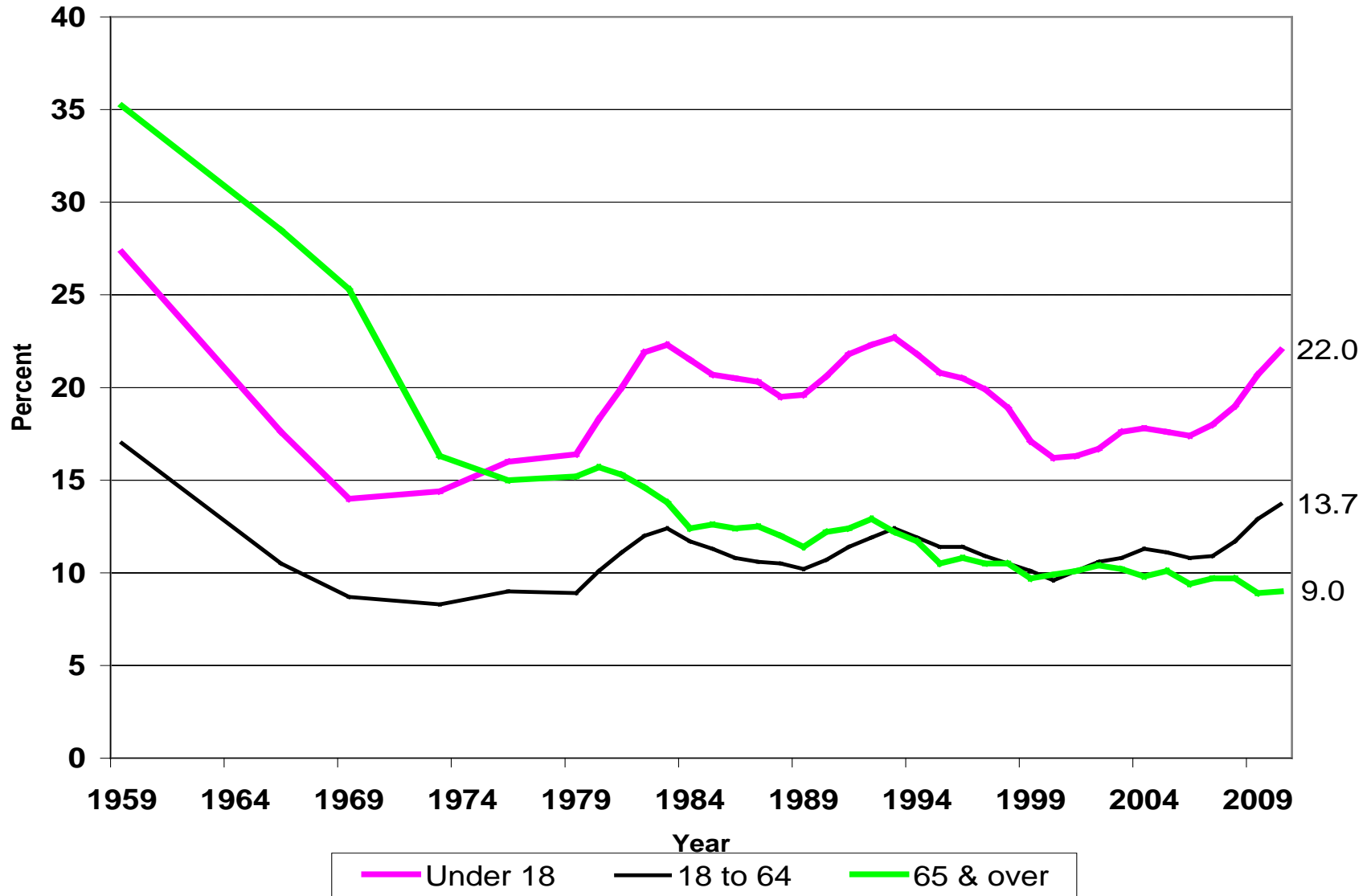
Acknowledgements

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

I. Who is Poor in Wisconsin?

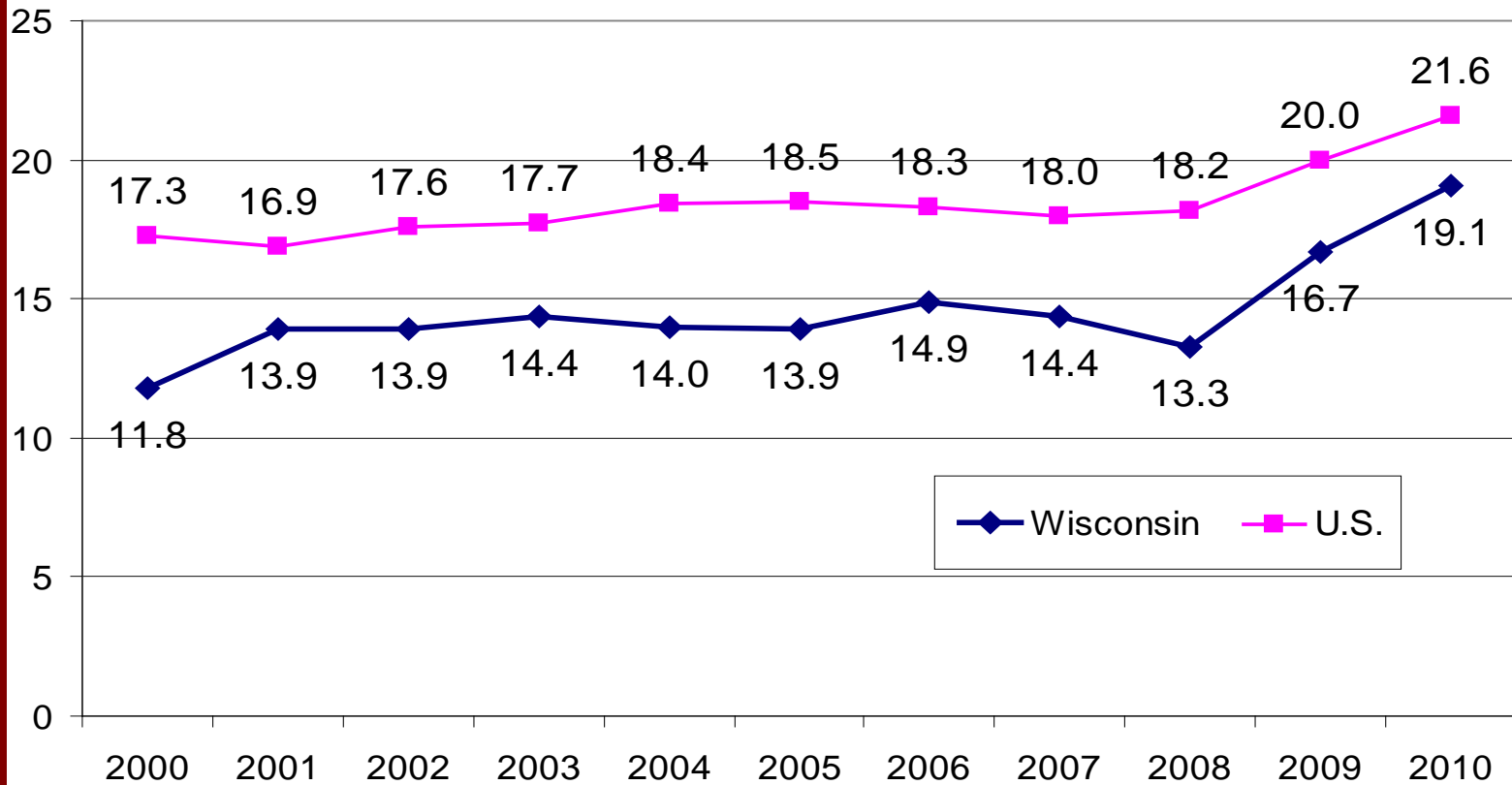
- National Context
 - Poverty Rates in Wisconsin
 - Composition of Poor in Wisconsin
 - Local Poverty Rates
- All based on official poverty statistics for 2010, released in September 2011.

U.S. Poverty Rates, 1959-2010



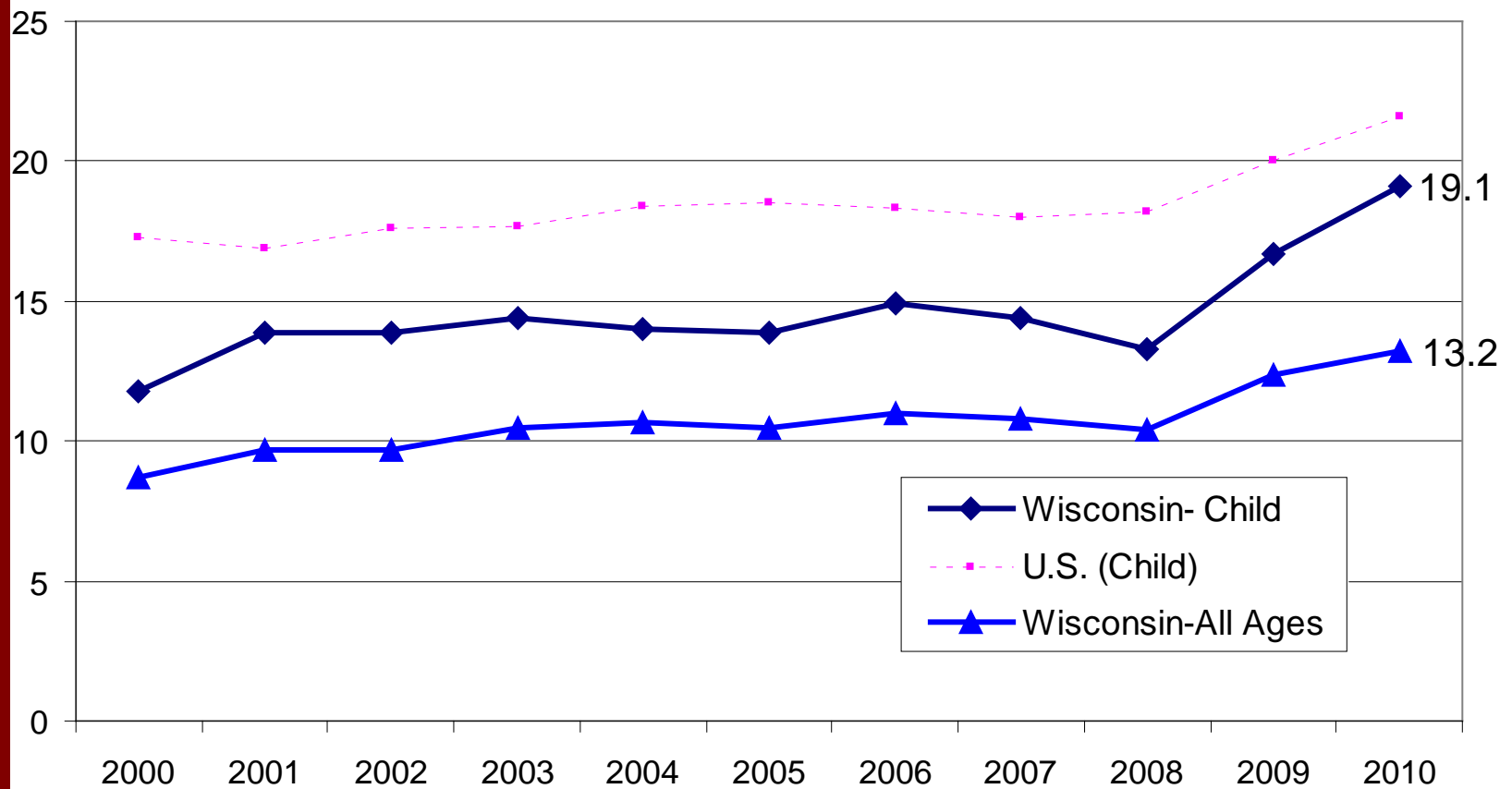
Source: US Census Bureau, Current Population Survey

Child Poverty Rates 2000-2010

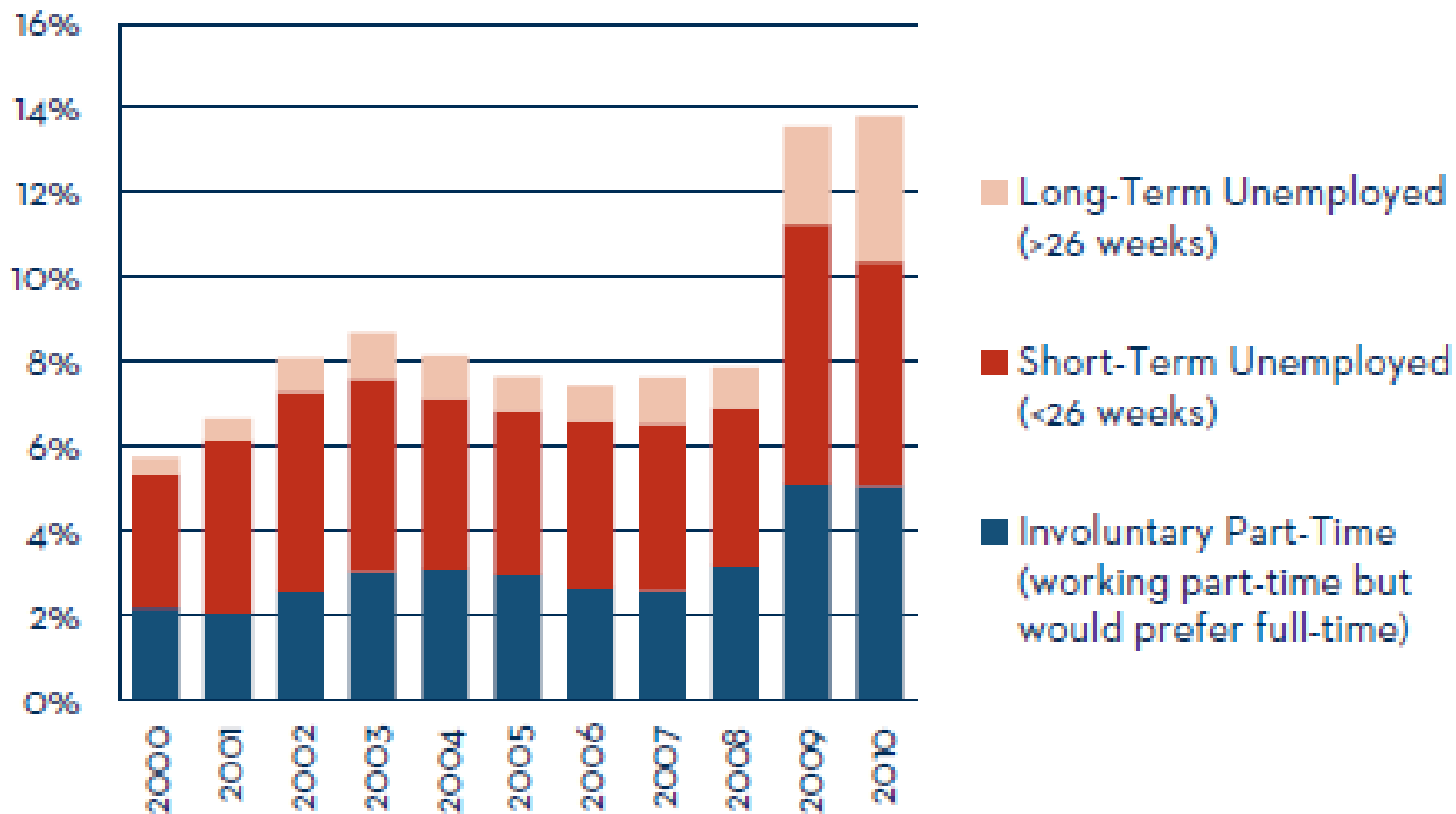


Source: Wisconsin Council on Children and Families (ACS data)

Wisconsin Poverty Rates 2000-2010

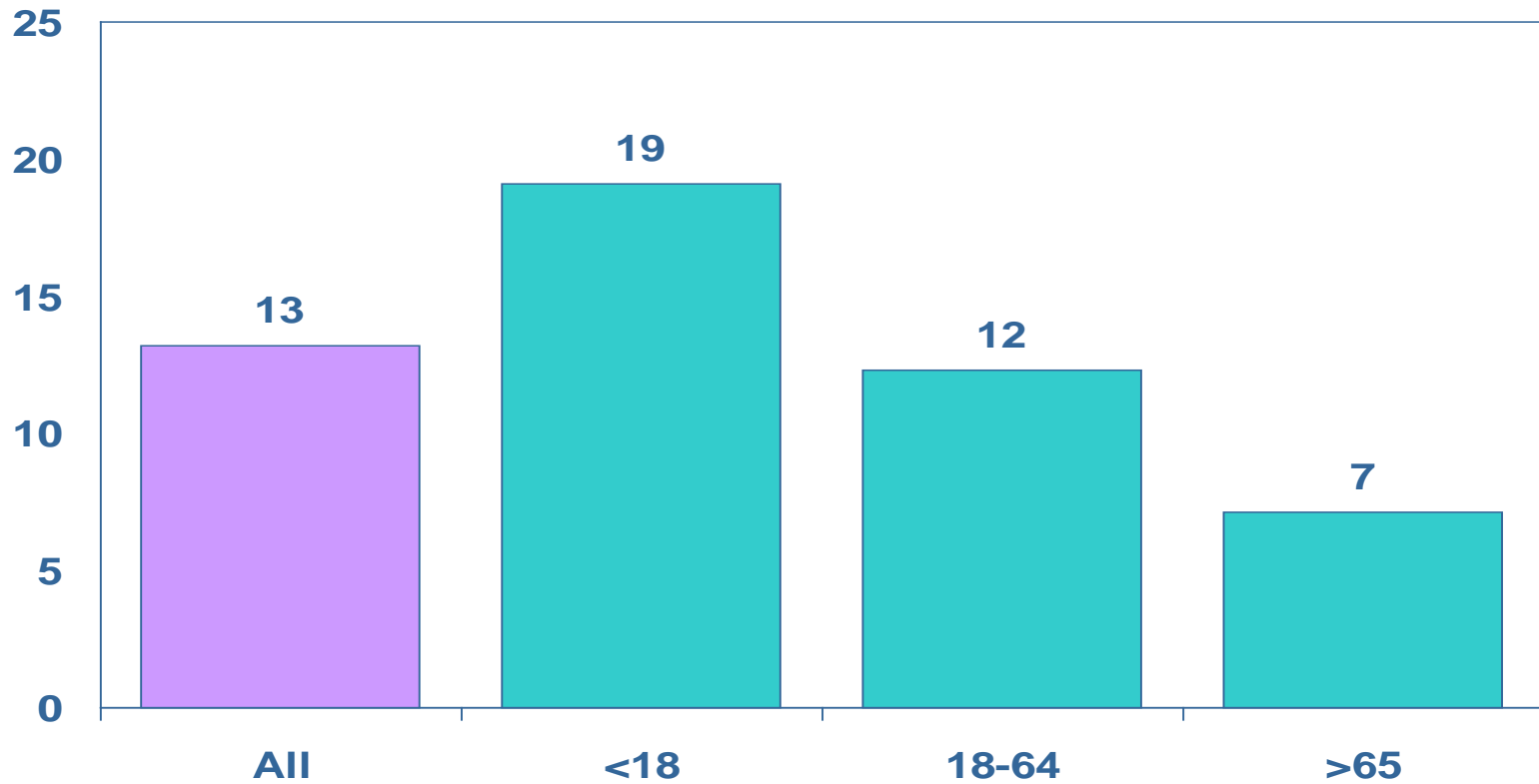


UNEMPLOYMENT, LONG-TERM UNEMPLOYMENT, AND INVOLUNTARY PART-TIME WORK IN WISCONSIN, 2000-2010



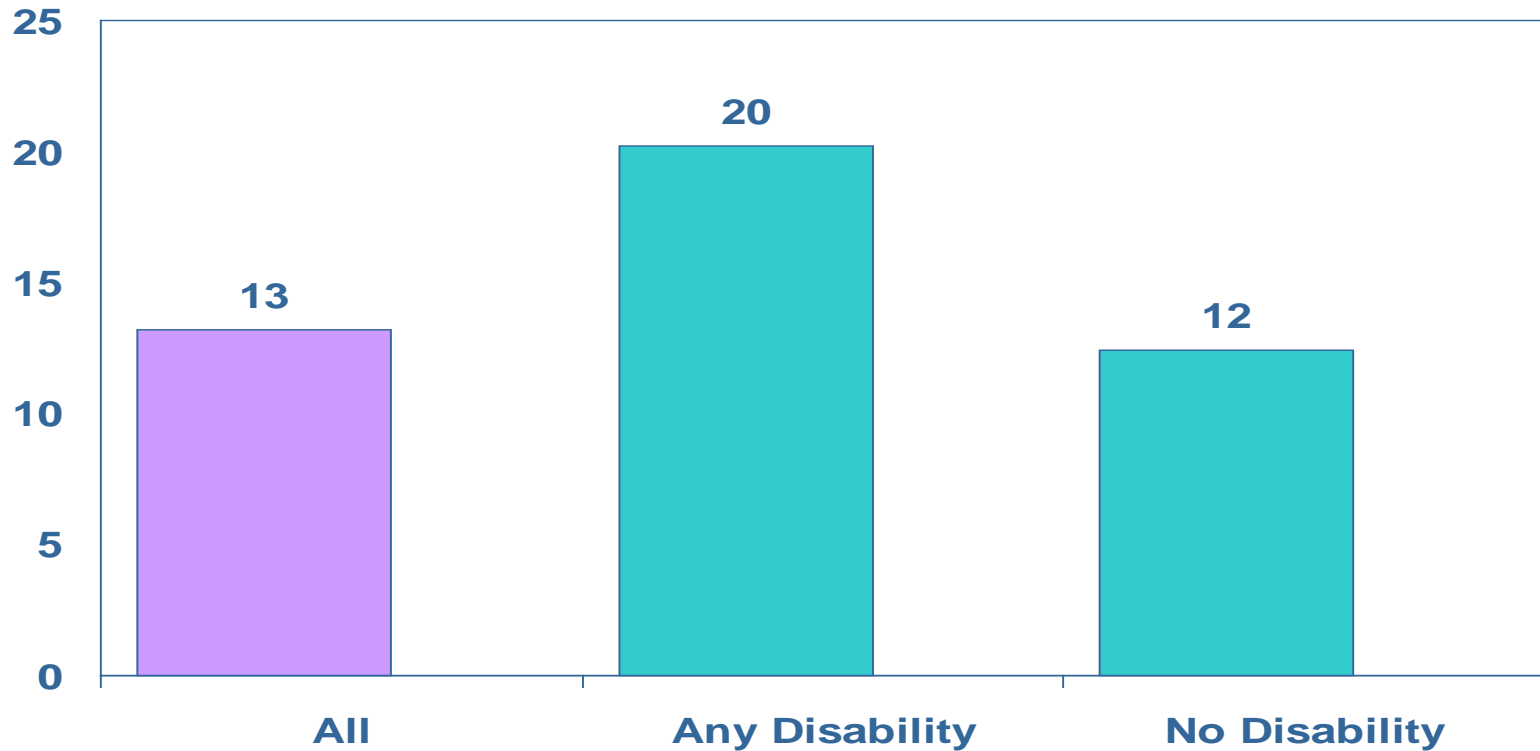
Source: EPI analysis of Current Population Survey data.

Poverty Rates in Wisconsin, by Age



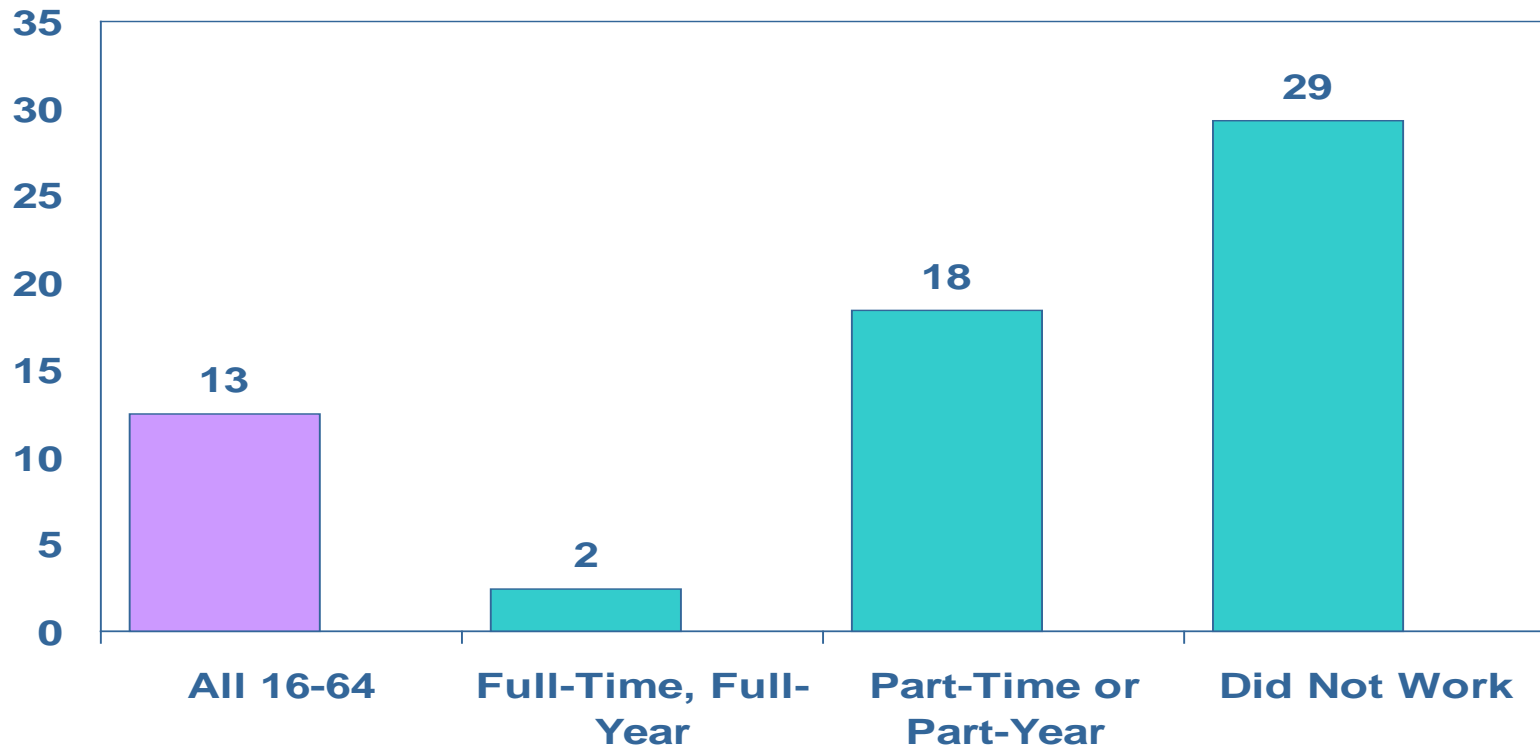
Source: American Community Survey, 2010.

Poverty Rates in Wisconsin, by Disability Status



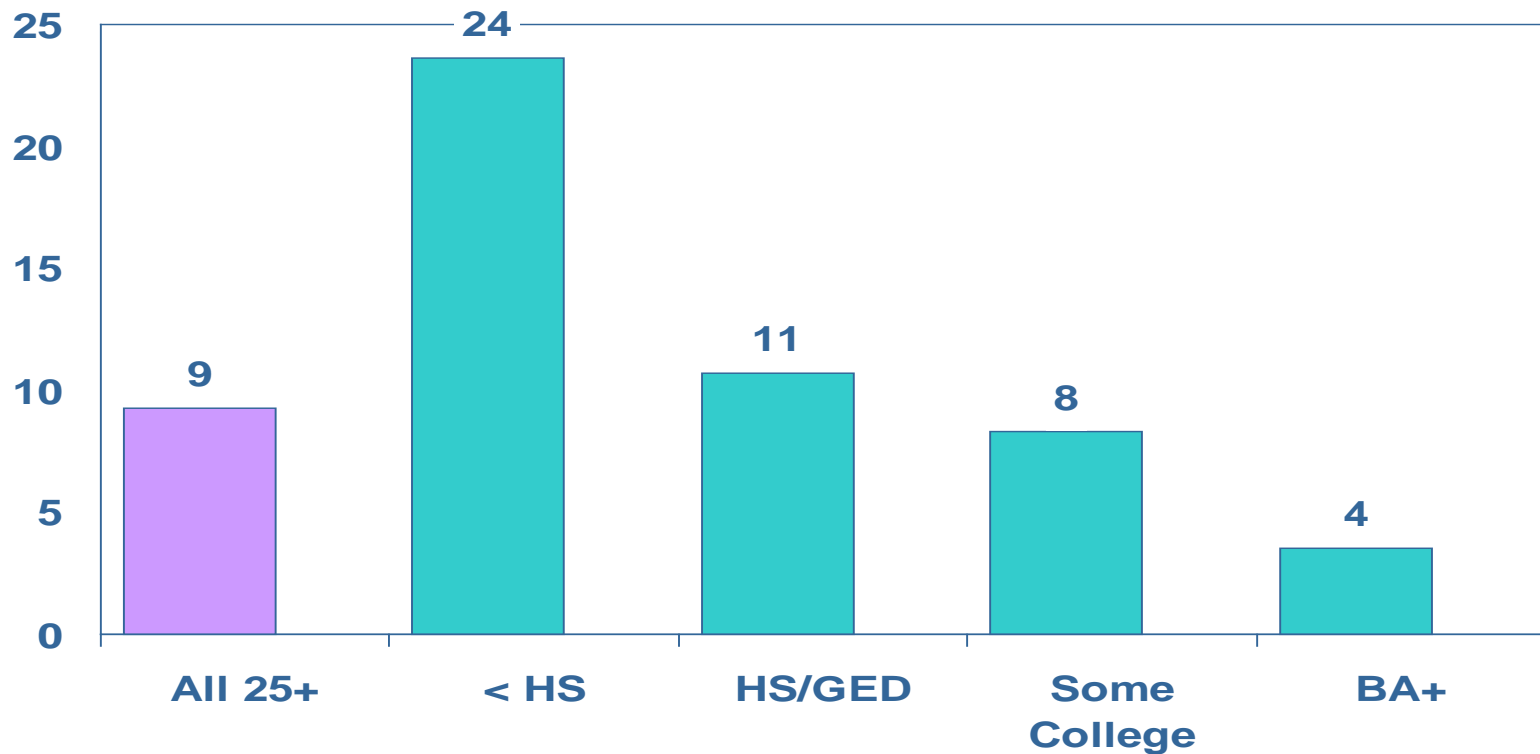
Source: American Community Survey, 2010.

Wisconsin Poverty, by Work Status



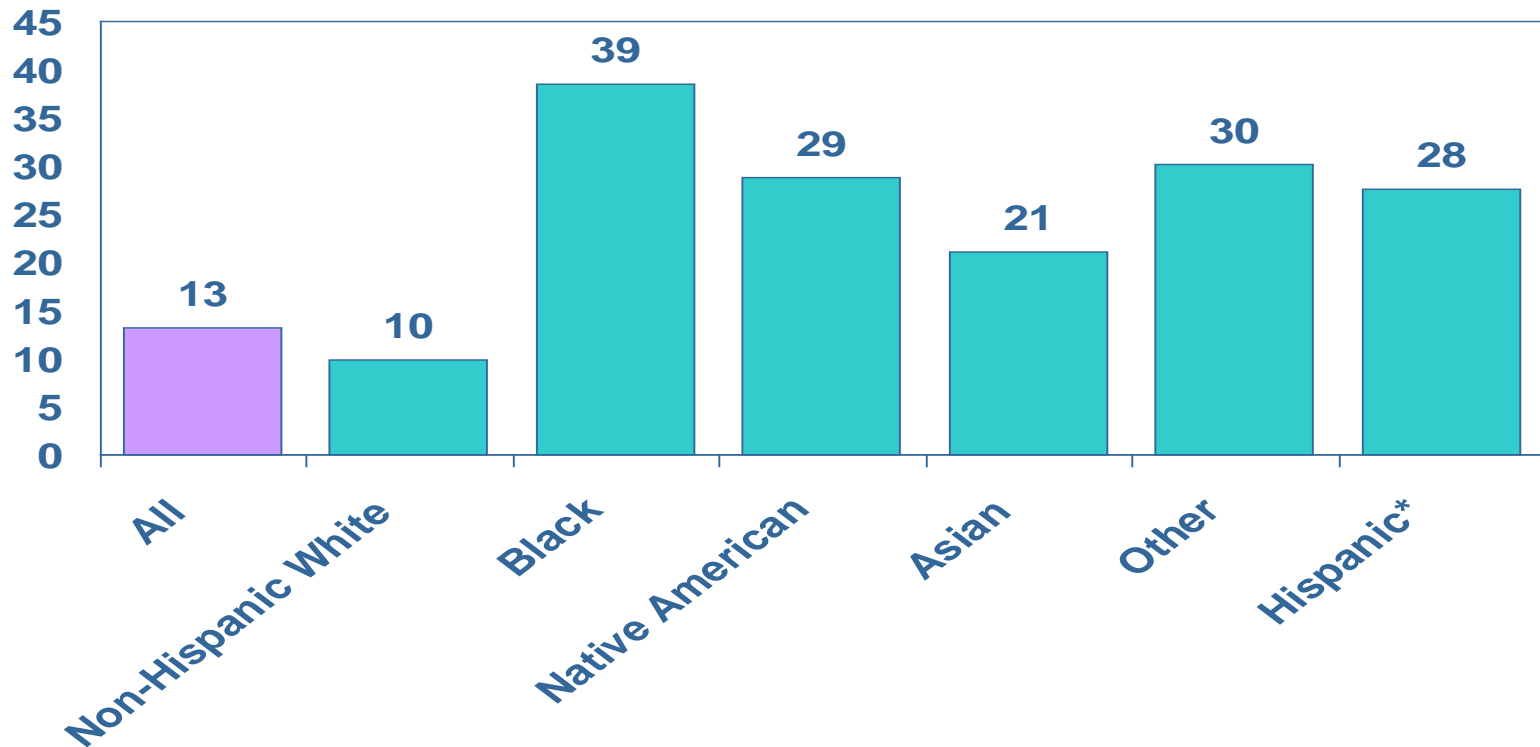
Source: American Community Survey, 2010. Limited to those 16 to 64 Years.

Poverty Rates in Wisconsin, by Education



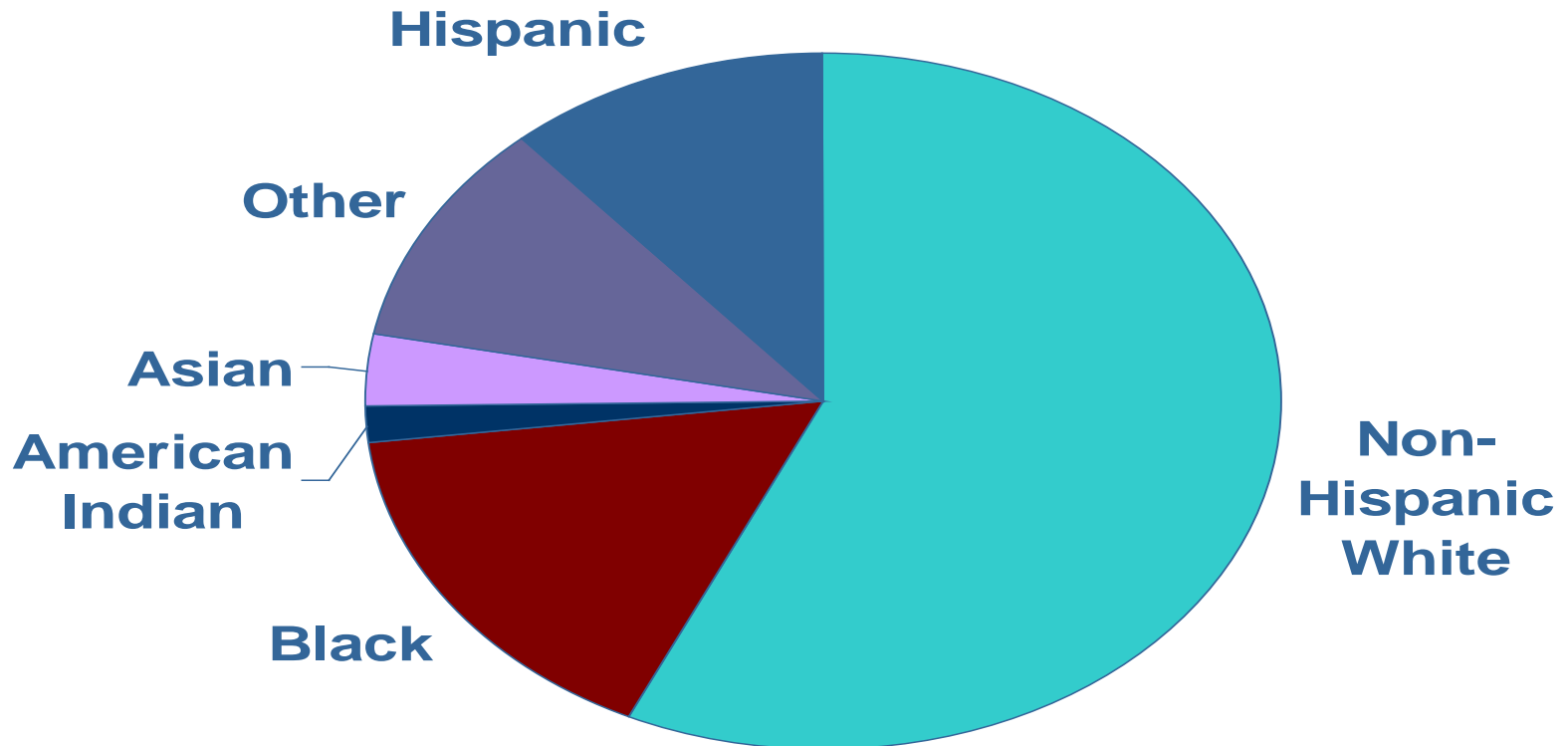
Source: American Community Survey, 2010. Limited to those 25 Years and Older

WI Poverty Rates, by Race/Ethnicity



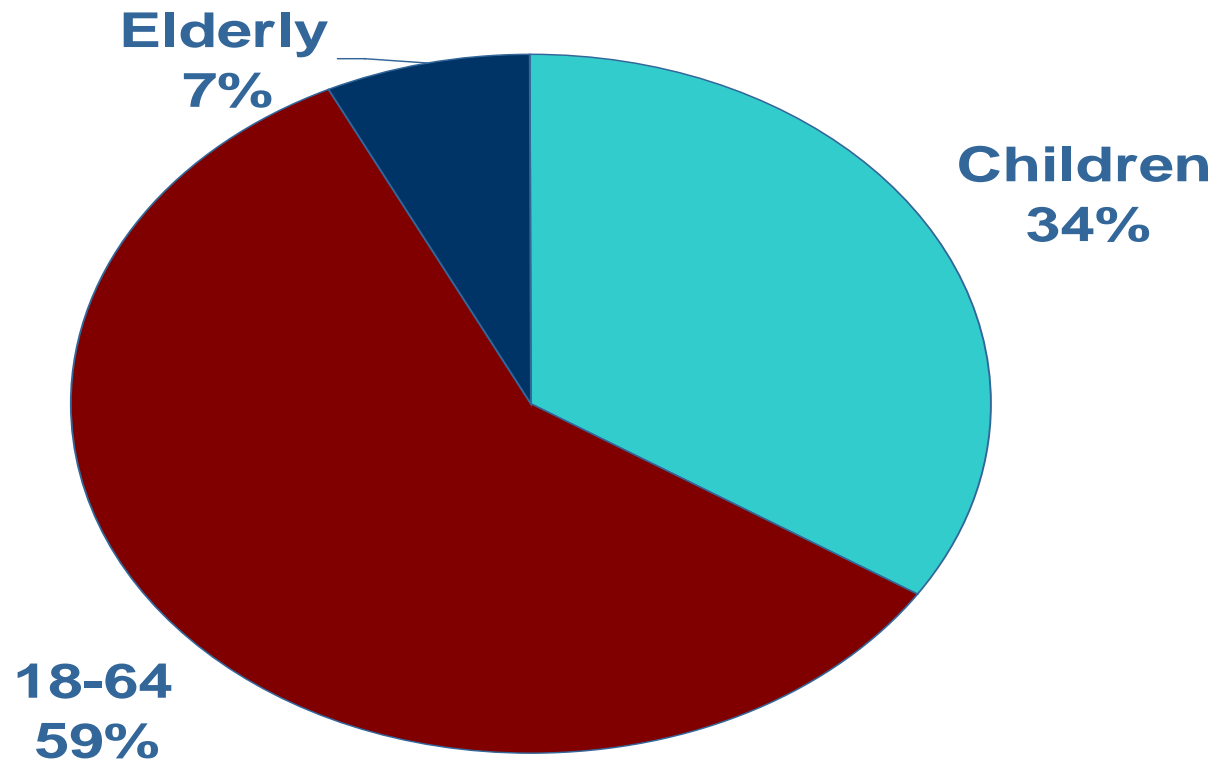
Source: American Community Survey, 2010. Other includes persons of other races or two races. Hispanics can be of any race.

Composition of Poor, by Race/Ethnicity



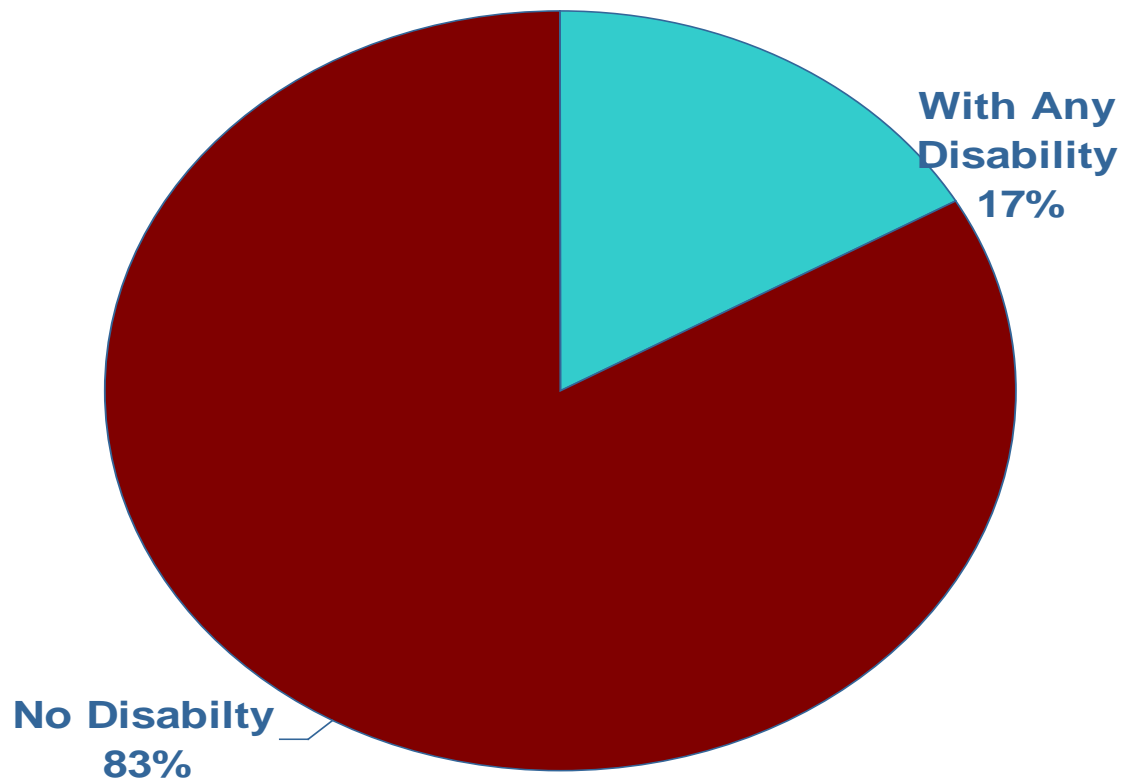
Source: American Community Survey, 2010. Other includes persons of mixed race. Hispanics can be of any race (and so may be double counted, particularly with “other race”.....so the pie is > 100 %).

Composition of Poor in Wisconsin, by Age



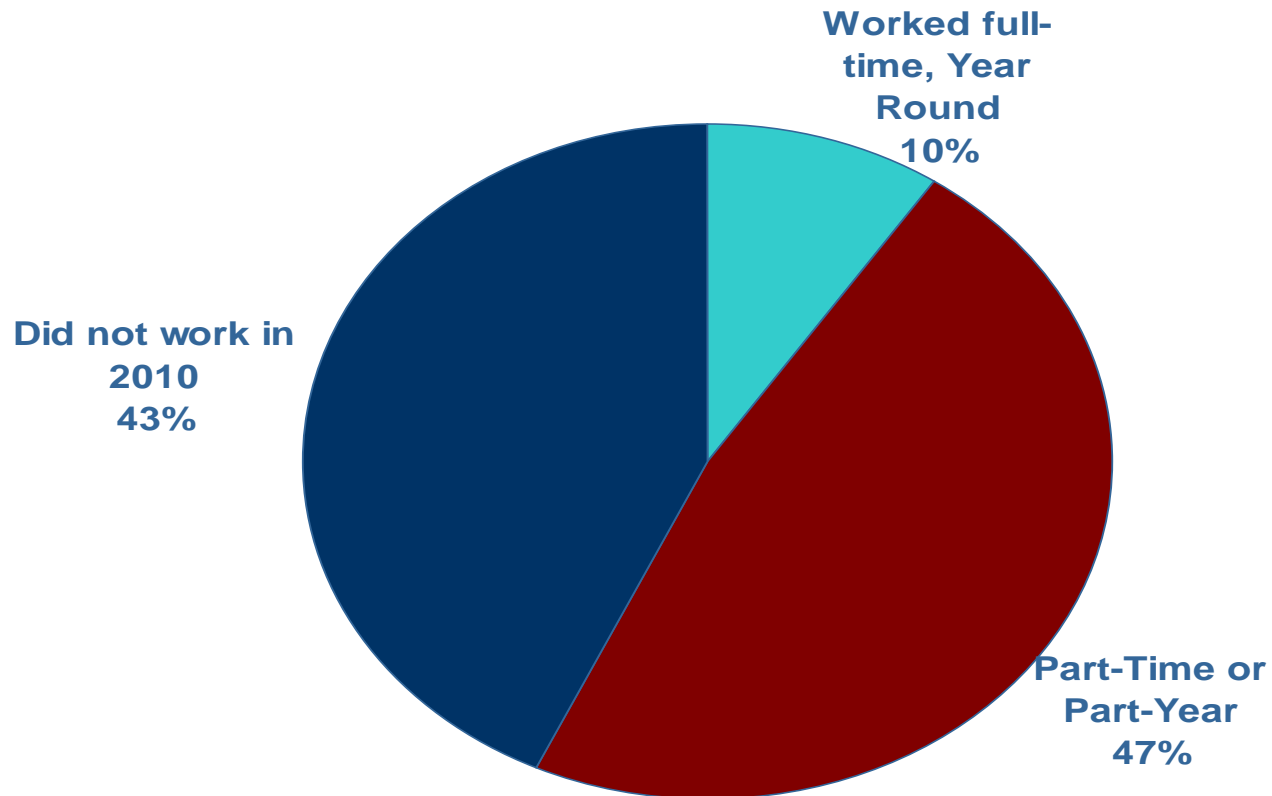
Source: American Community Survey, 2010.

Composition of Wisconsin Poor, By Disability Status



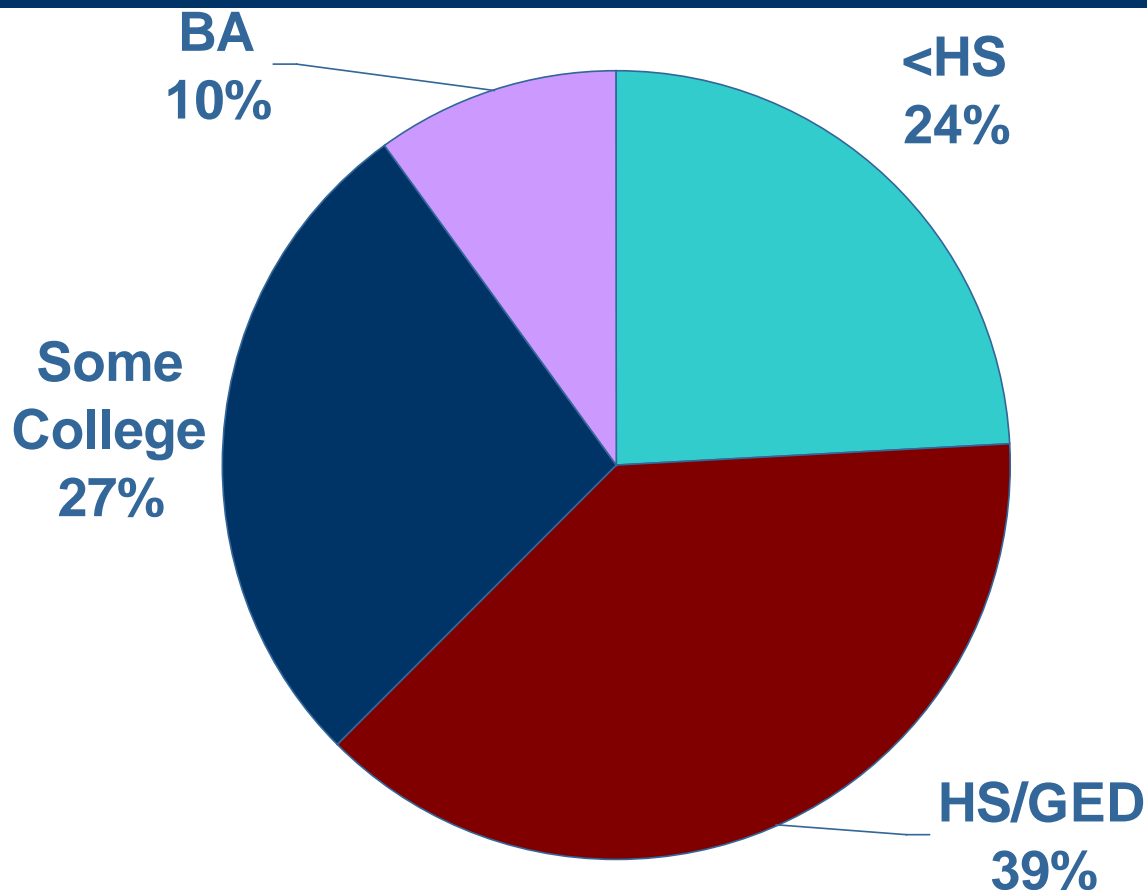
Source: American Community Survey, 2010.

Composition of Poor 18 to 64, by Work Status



Source: American Community Survey, 2010.

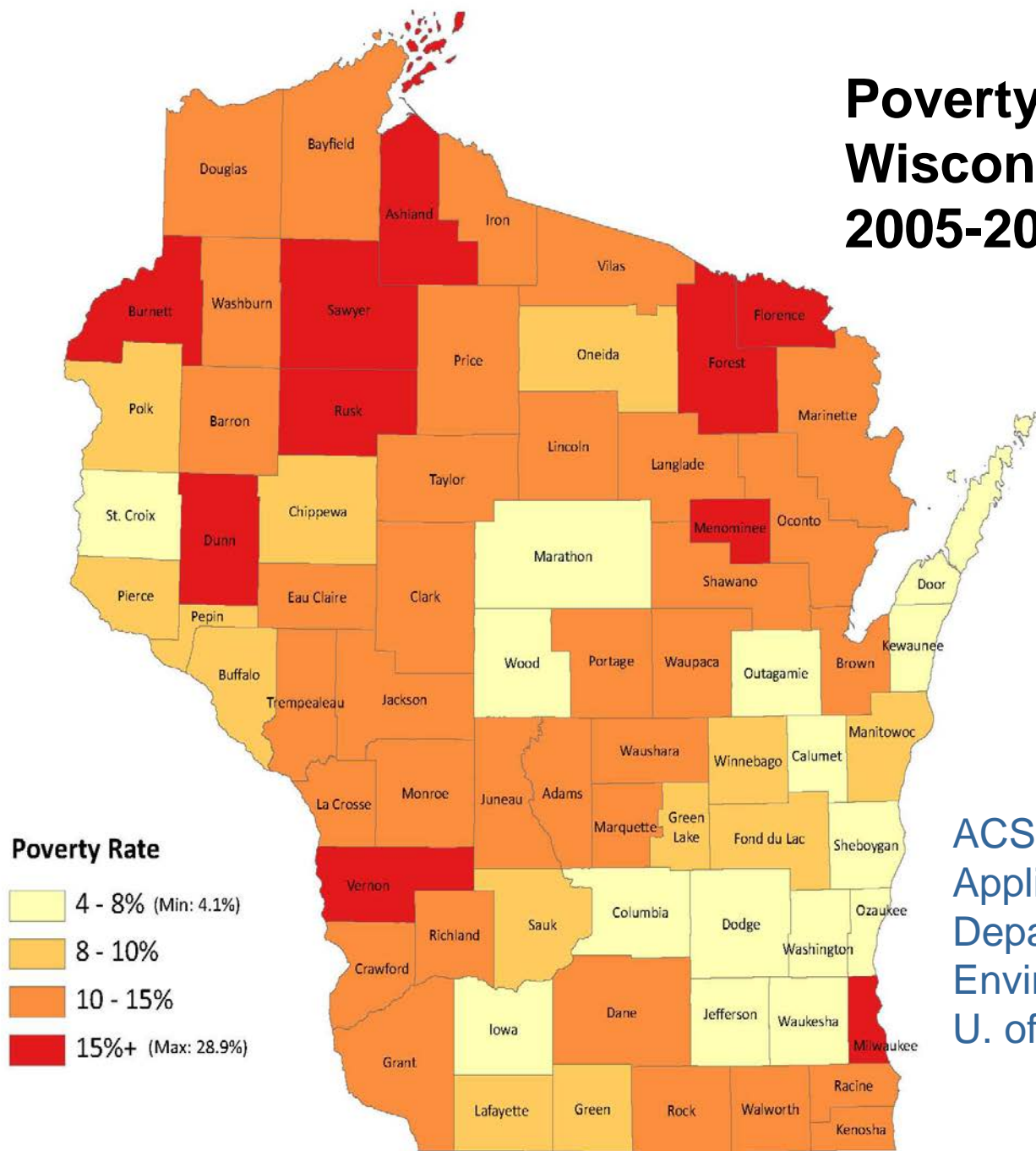
Composition of Poor 25 and Older in Wisconsin, by Education



Source: American Community Survey, 2010.

| County | Poverty Rate, 2010 |
|------------------|---------------------------|
| Brown | 9.8 |
| Dane | 12.2 |
| Eau Claire | 18.0 |
| Fond du Lac | 12.5 |
| Jefferson | 12.0 |
| La Crosse | 12.7 |
| Milwaukee | 21.5 |
| Outagamie | 9.4 |
| Racine | 14.7 |
| Rock | 14.1 |
| Sheboygan | 9.4 |
| Waukesha | 6.3 |
| Wisconsin | 13.2 |

Poverty Rates for Wisconsin Counties, 2005-2009



ACS Data for 2005-2009,
Applied Population Laboratory,
Department of Community and
Environmental Sociology,
U. of Wisconsin-Madison

II. Were Anti-Poverty Policies Effective in 2009?

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

About the Wisconsin Poverty Project

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

Methods of Poverty Measurement: An Overview

Official Measure

IRP's Wisconsin Measure

Threshold
(Economic
need)

Official poverty line

Developed in 1960s,
based on food costs and
expected share for food
budget, since that time
adjusted for prices only

SPM-Like Threshold

Basic expenses food, clothing,
shelter, utilities (FCSU)
Adjusted for Wisconsin cost of
living, housing tenure, & medical
expenses

Resources

Cash income (pre-tax)

Family Resources

=Cash income
+/- Taxes & tax credits
+ Non-cash benefits (inc. Food
Stamps)
- Work expenses (inc. childcare)

Family
considered

Census "family" unit

Family Unit

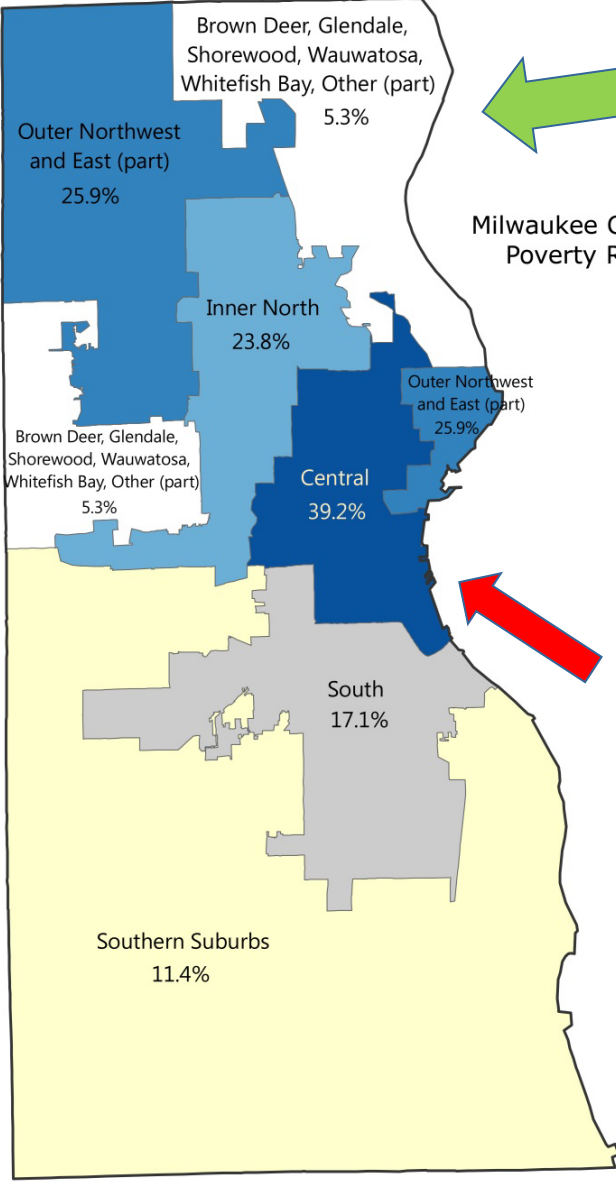
= Census family + Unmarried
partner & foster children

Various Thresholds (Family of Four, 2009)

| | |
|------------------|---|
| \$19,200 | WPM, Adjusted for owners with no mortgage |
| \$21, 800 | Official poverty line |
| \$24,600 | Wisconsin SPM-like threshold |
| \$26,800 | National SPM-like threshold |
| \$27,300 | WPM, Adjusted for med. expenses for elderly in fair/poor health |
| \$45,600 | What the typical American thinks a family of four needs to get by |
| \$50,400 | Median household income in WI |

Methods: Family Resources

- Family Resources = Cash income +/- Taxes & credits (federal, state, payroll) + FoodShare/SNAP + energy assistance + public housing - work expenses (including child care)
- State-level (ACS) estimates require *imputing* taxes, SNAP benefits, energy assistance, housing, work and child care expenses.

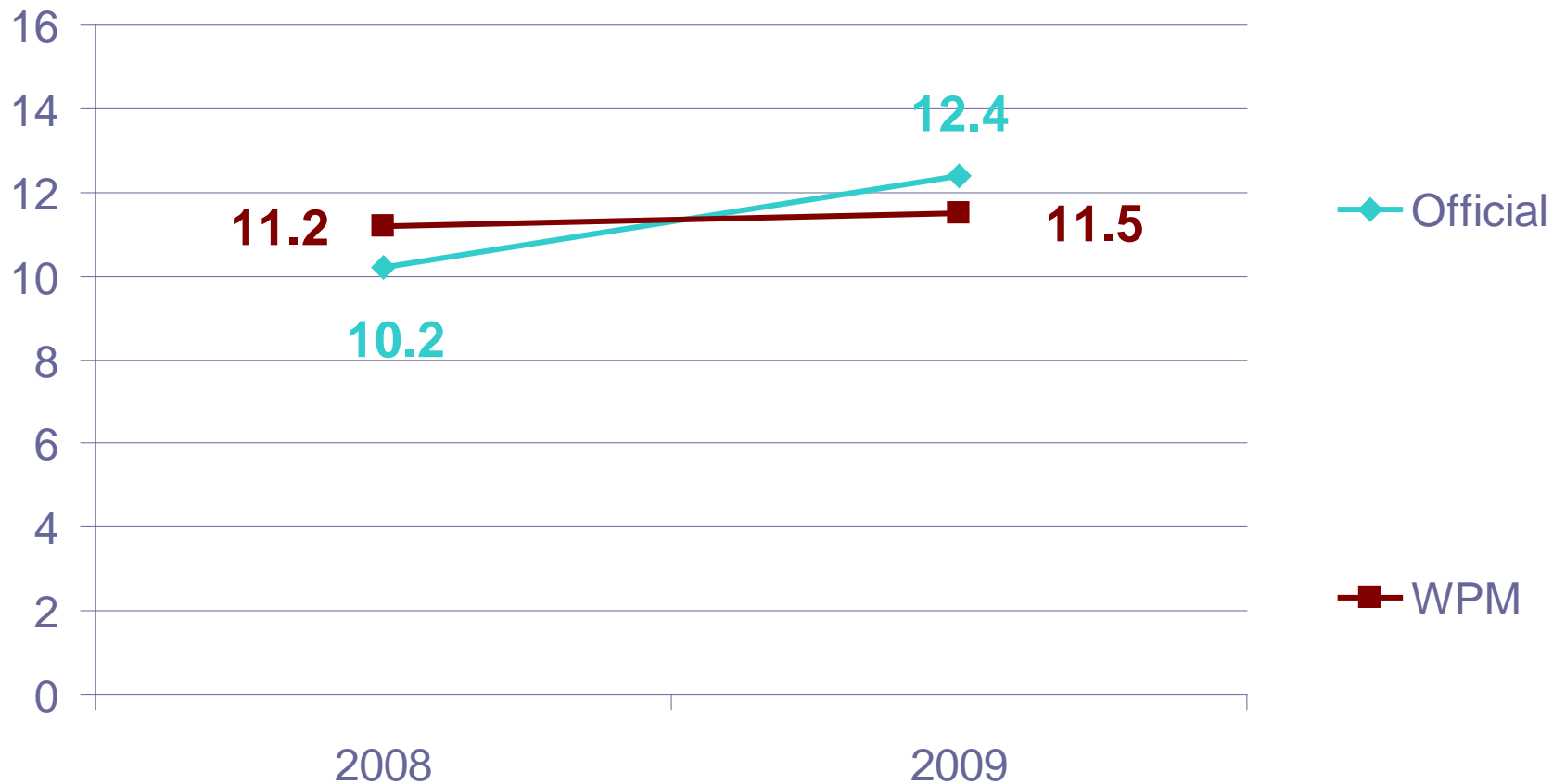


Milwaukee County Overall Poverty Rate: 19.6%

Poverty Rates: 2008 & 2009



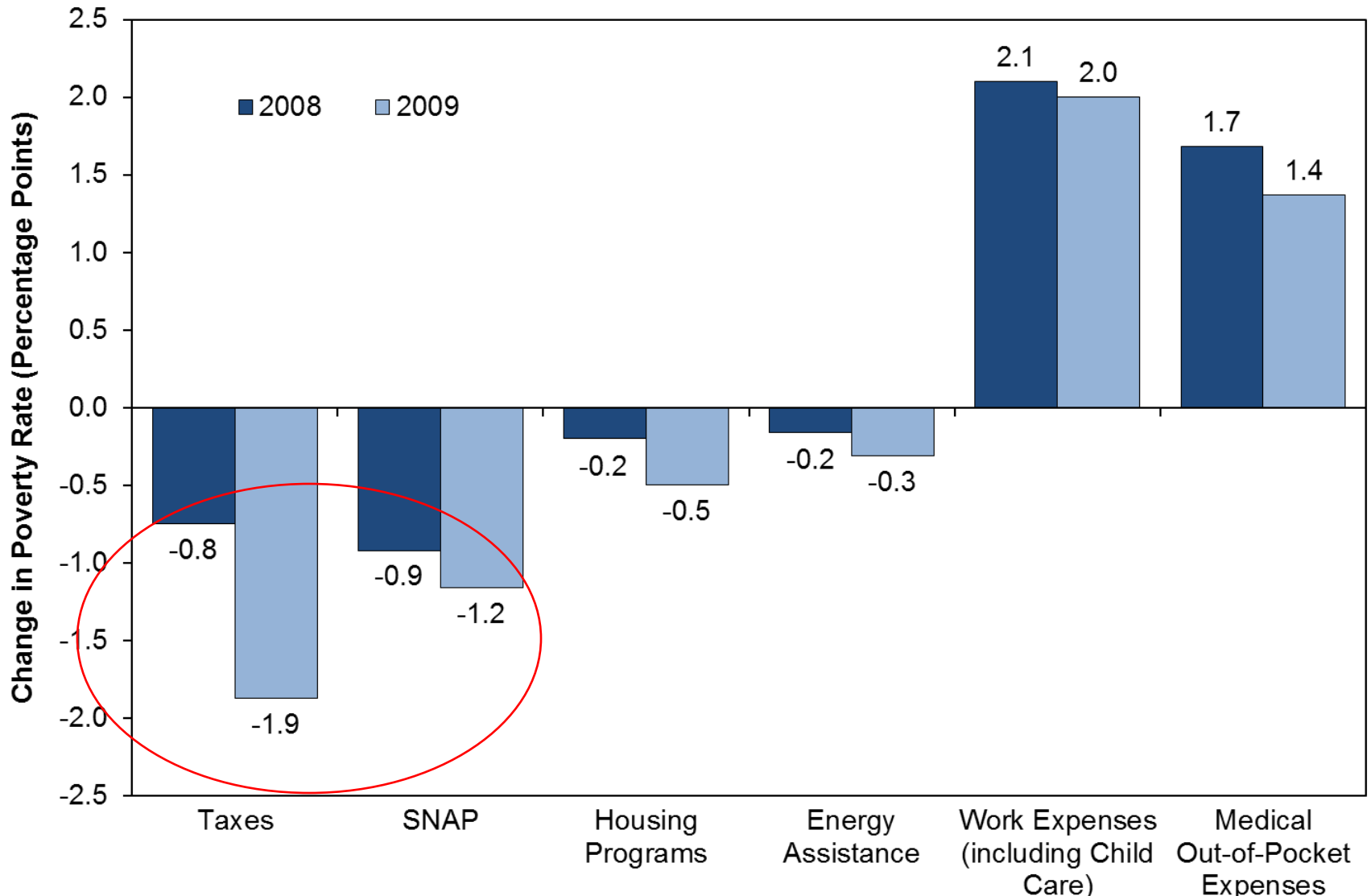
Poverty Rates: 2008 & 2009



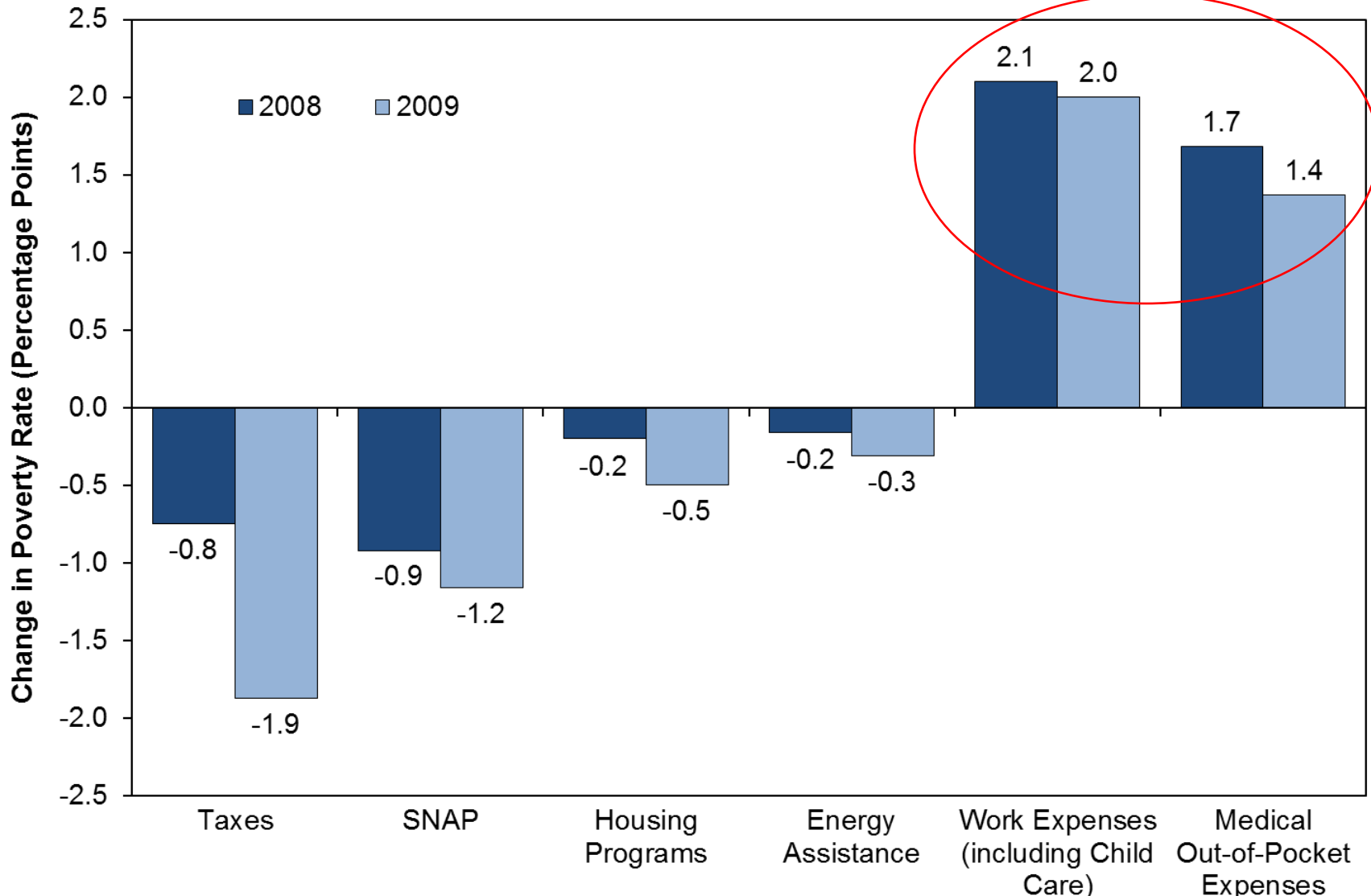
What is Going On?

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

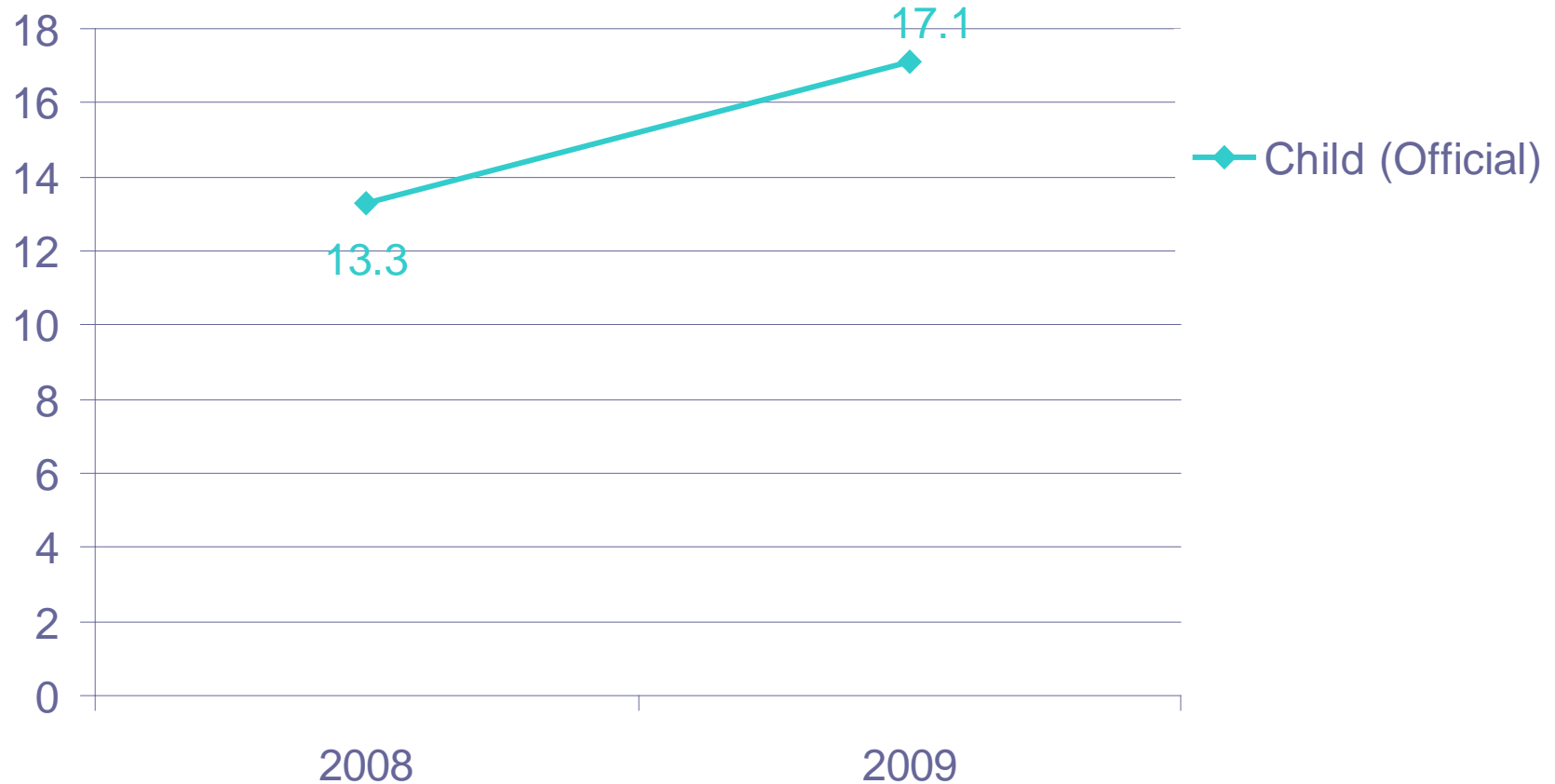
Marginal Effects of Public Policies



Marginal Effects of Public Policies

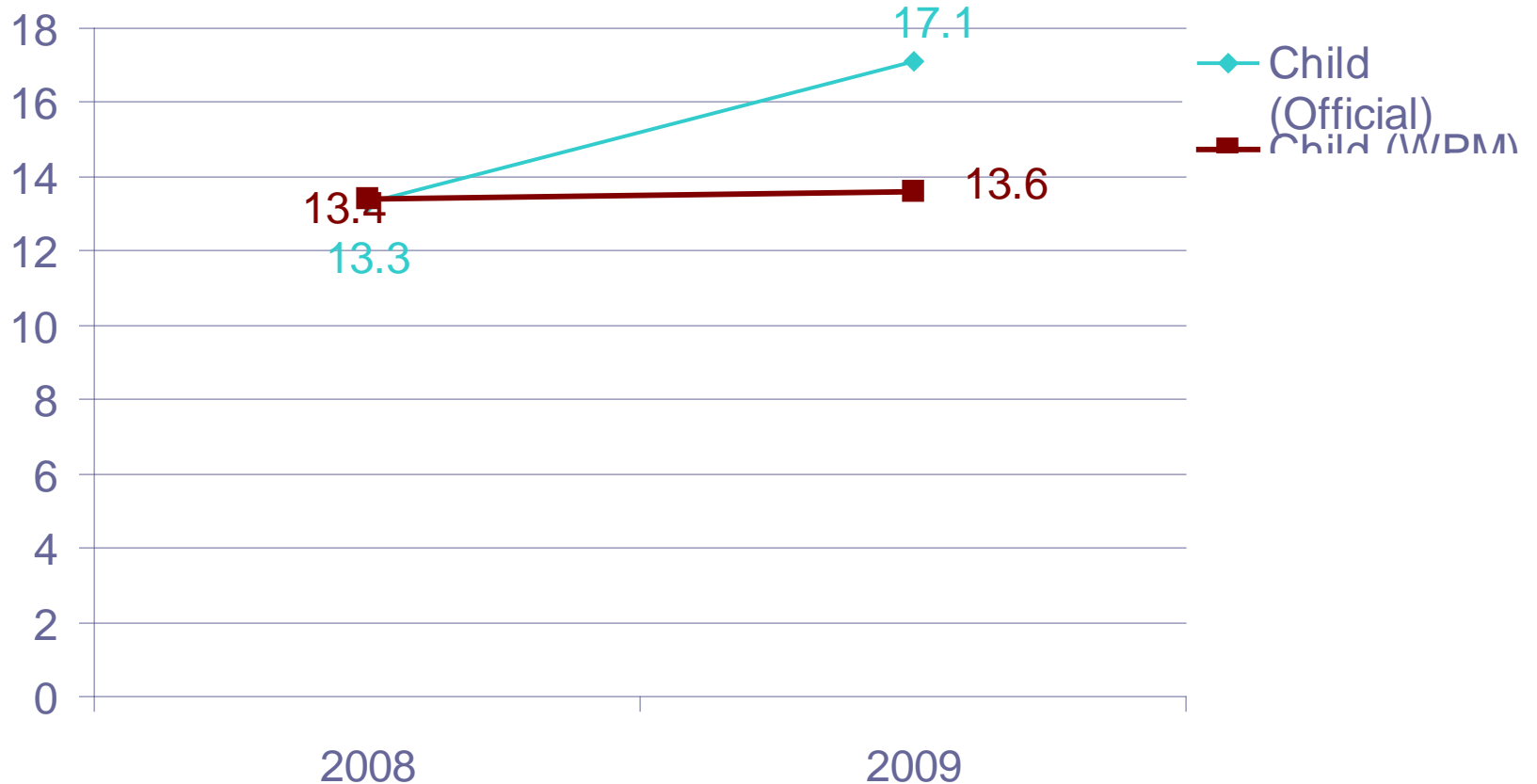


Child Poverty Rates: 2008 & 2009



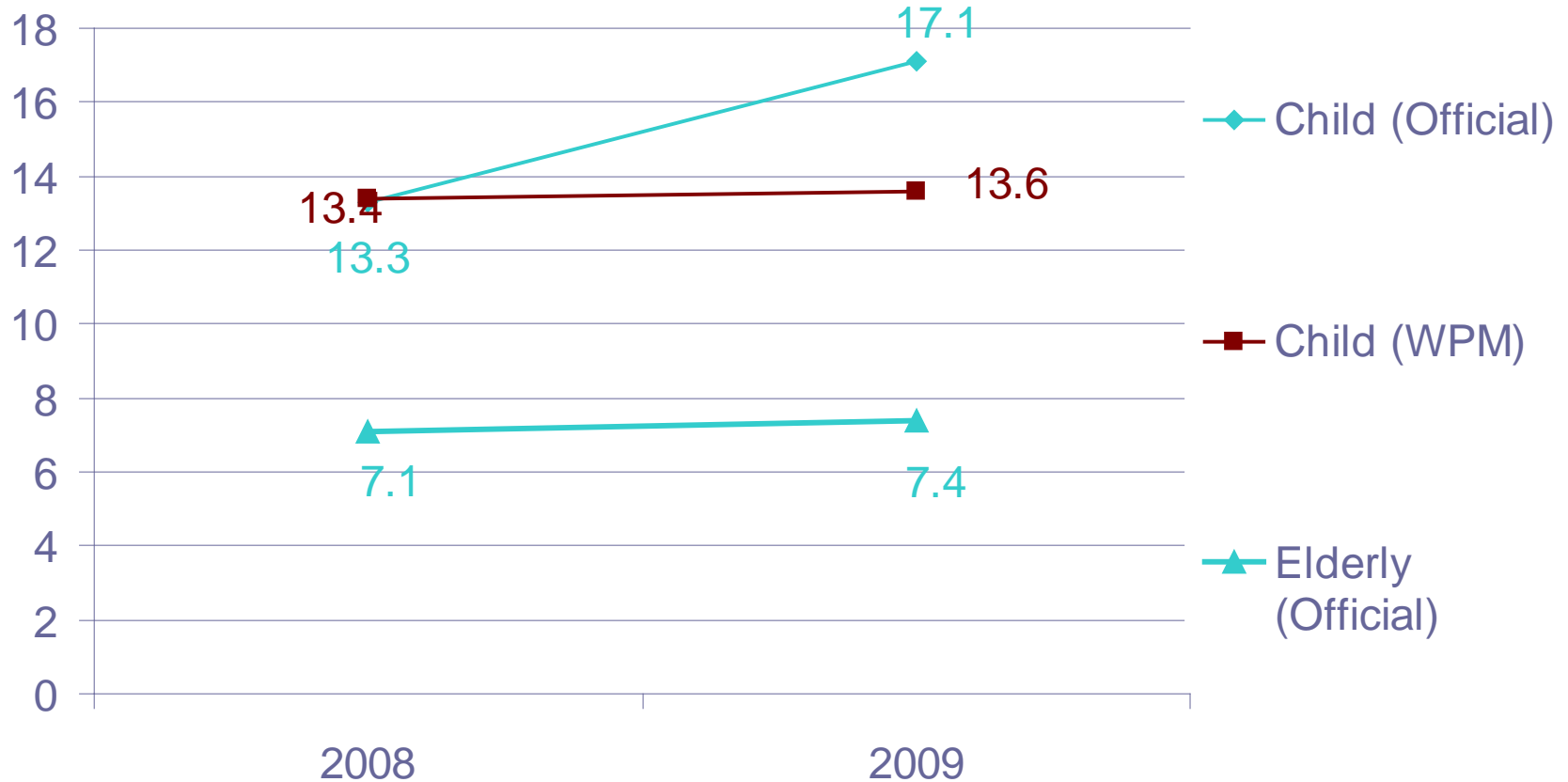
Source: IRP Tabulations of 2008 and 2009 ACS Data (IPUMS-USA)

Child Poverty Rates: 2008 & 2009



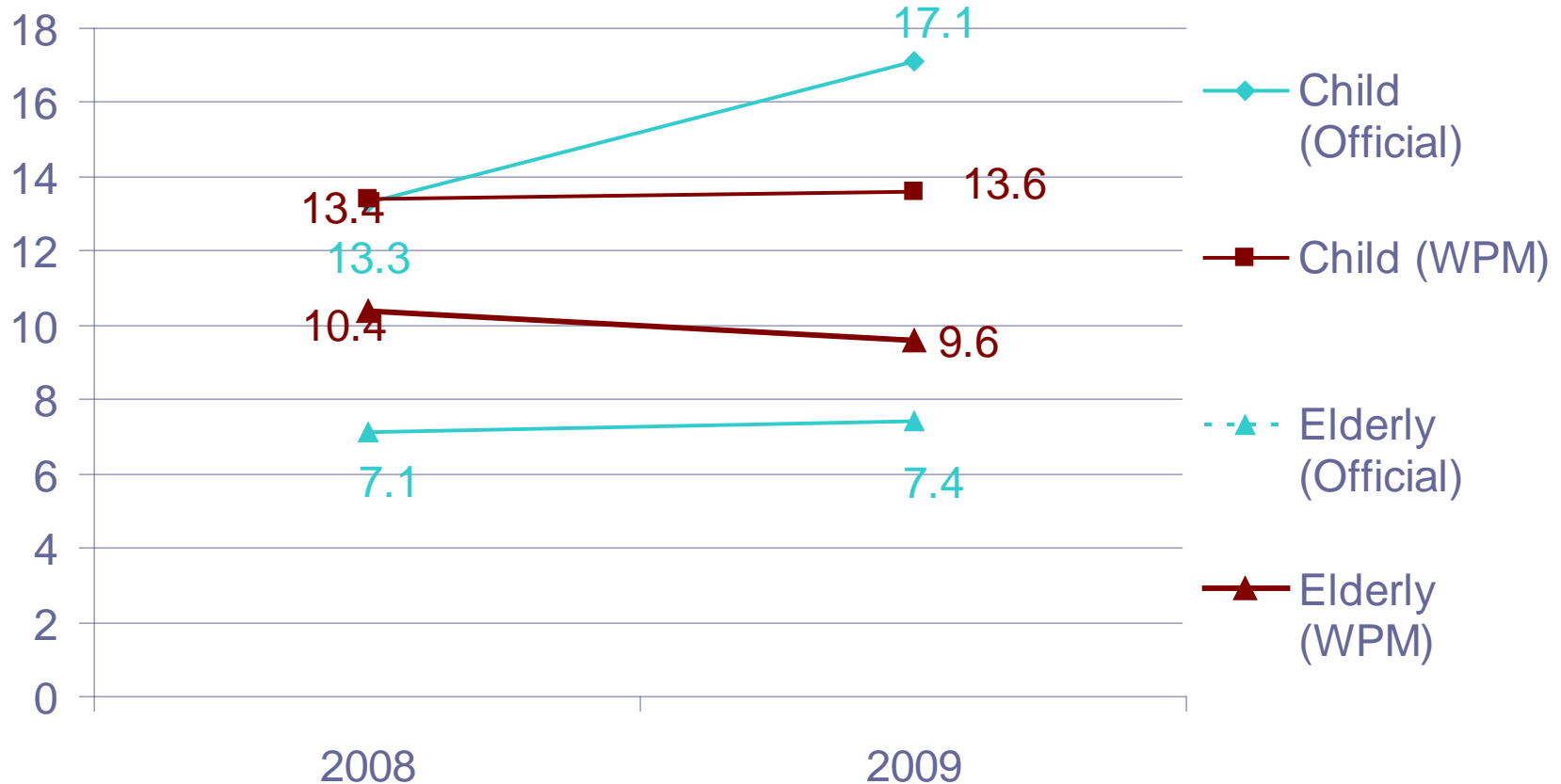
Source: IRP Tabulations of 2008 and 2009 ACS Data (IPUMS-USA)

Child & Elderly Poverty Rates: 2008 & 2009



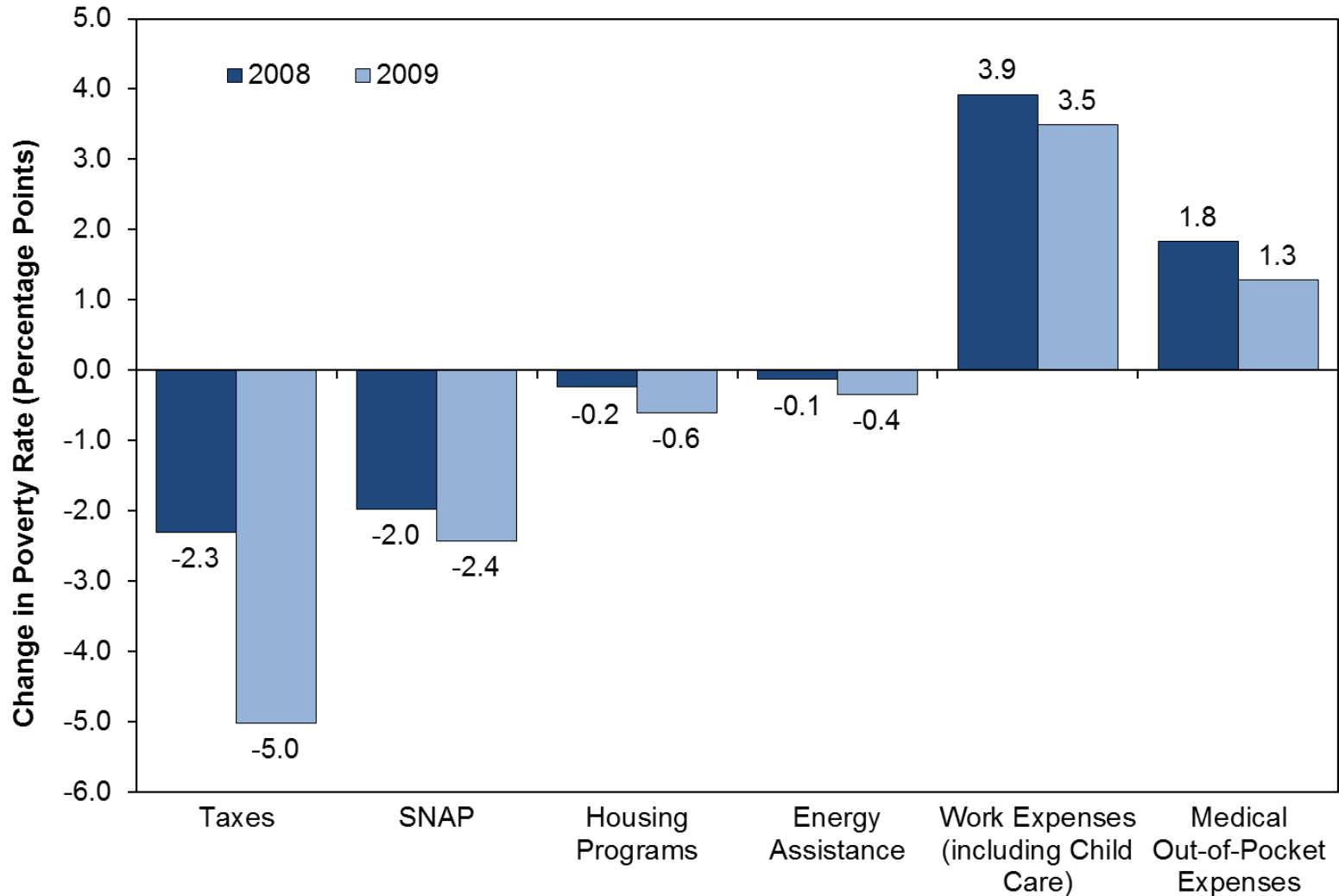
Source: IRP Tabulations of 2008 and 2009 ACS Data (IPUMS-USA)

Child and Elderly Poverty Rates: 2008 & 2009

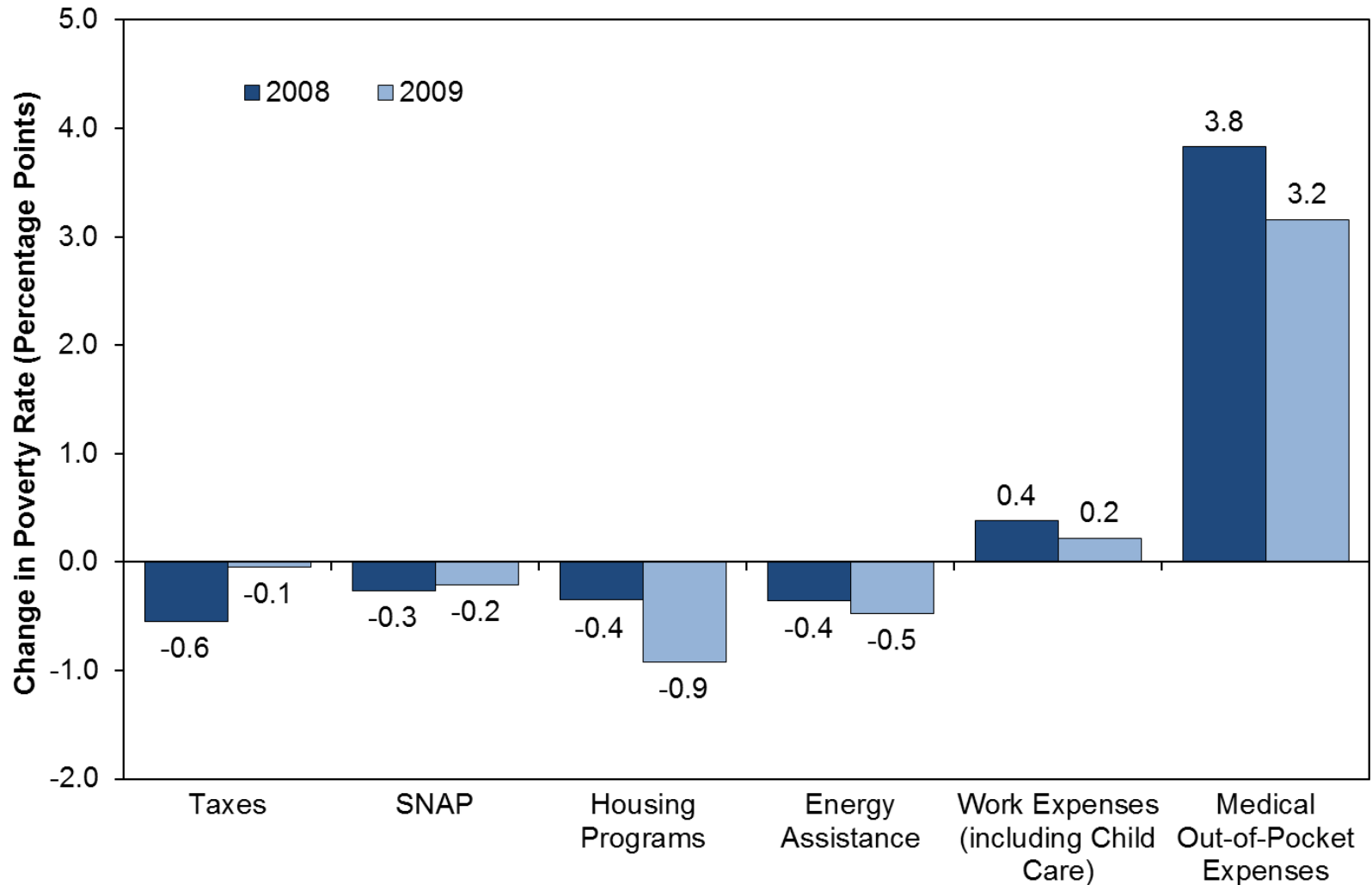


Source: IRP Tabulations of 2008 and 2009 ACS Data (IPUMS-USA)

Marginal Effects on Child Poverty



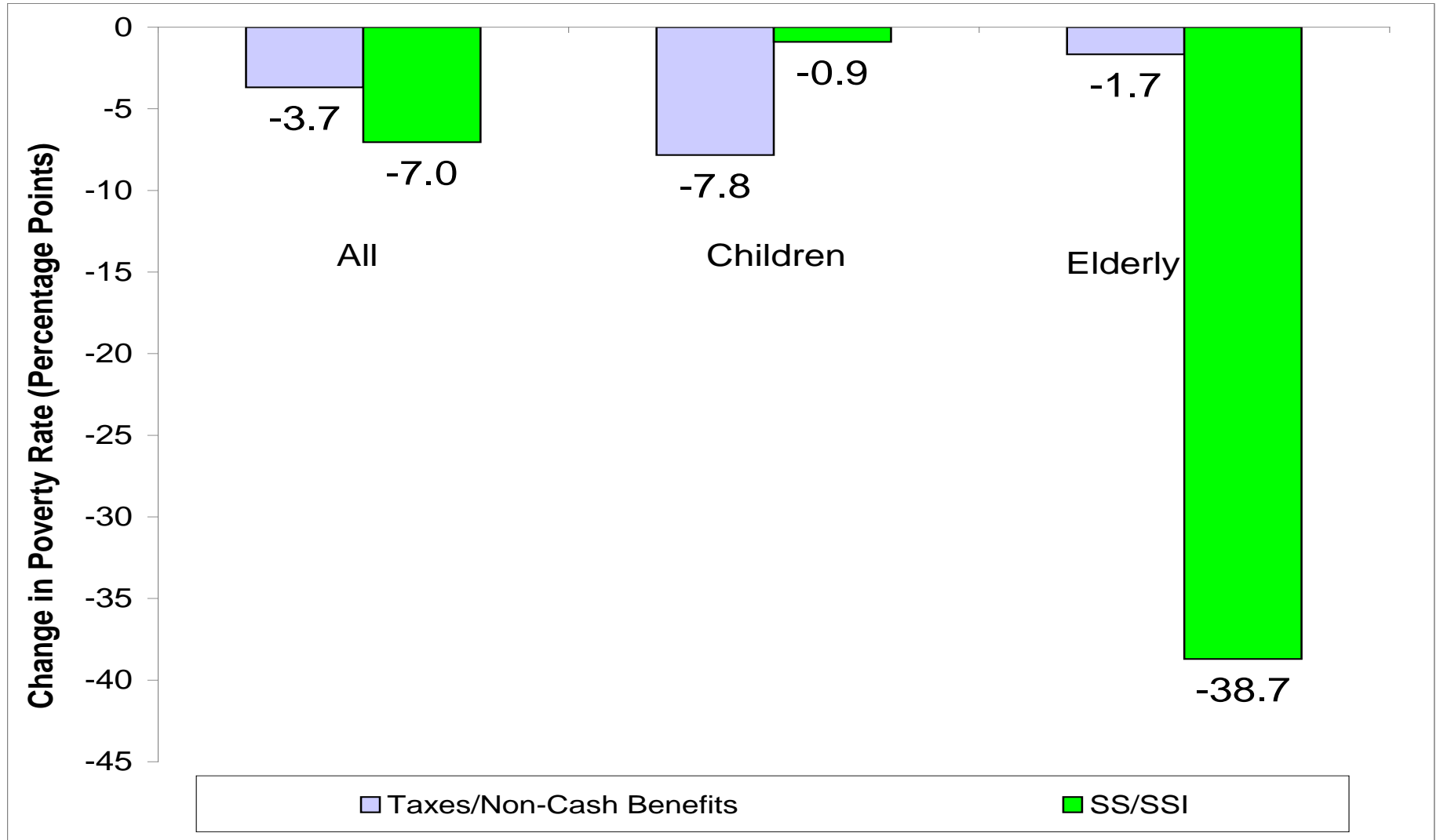
Marginal Effects on Elderly Poverty



Marginal Effects of Public Policies

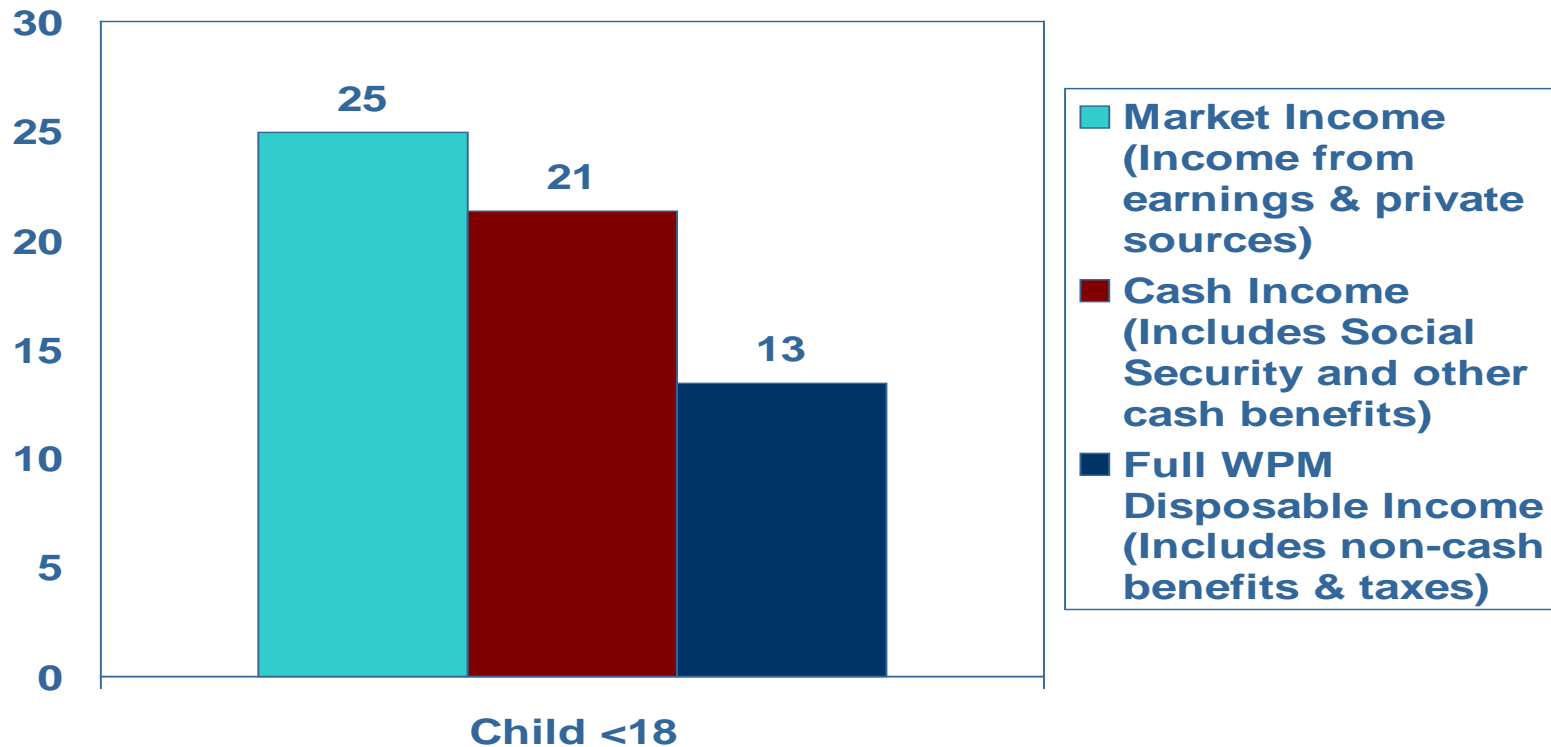
- SNAP and EITC have big poverty *reduction* effects (in 2008, and bigger in 2009)
- Work-related expenses and medical expenses tend to *increase* poverty
- State and federal policies that either increase resources or reduce costs for basic needs are both important aspects of anti-poverty policy

Taxes & Non-cash Benefits are Important – but so are Cash Benefits!



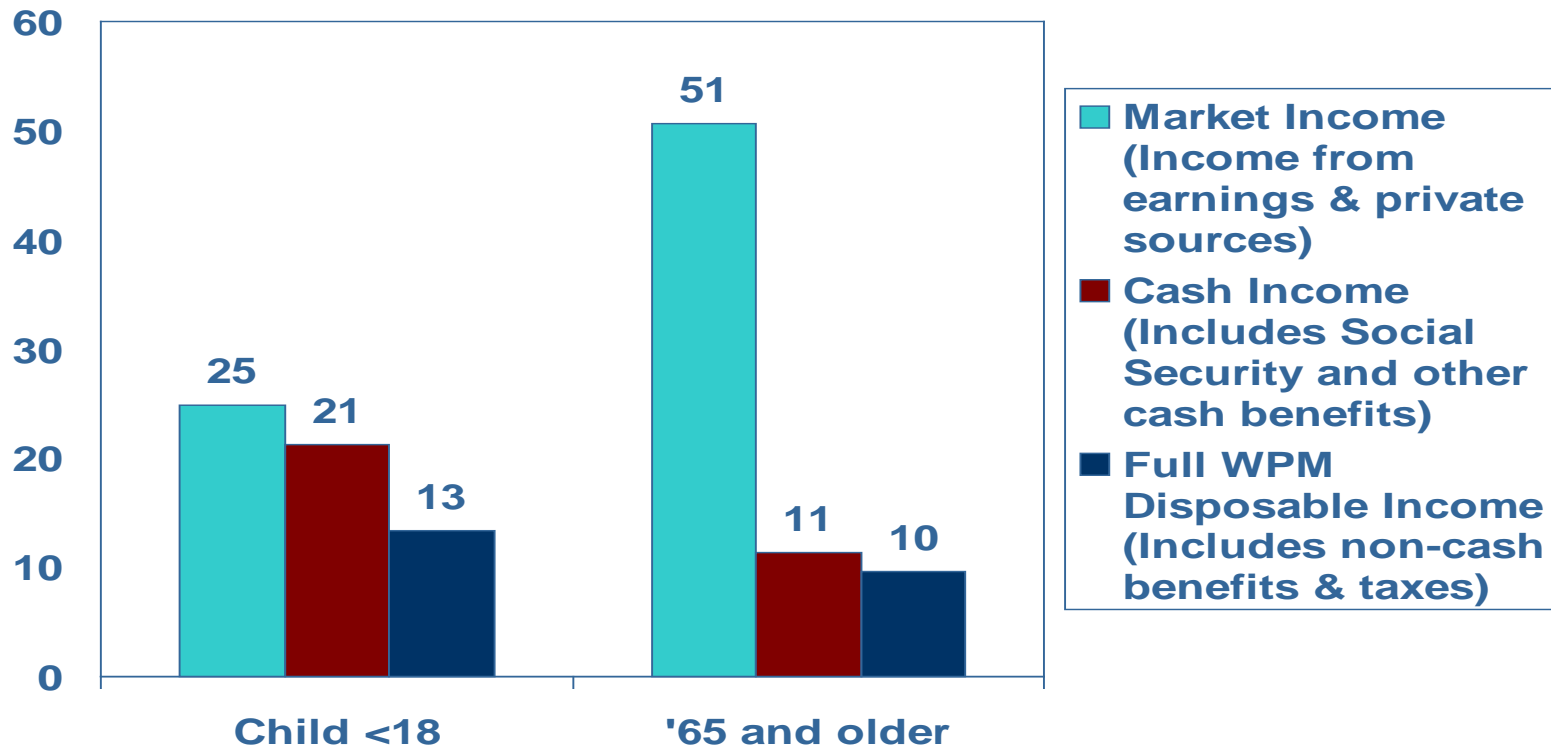
Source: IRP Tabulations of ACS, 2009 (IPUMS-USA)

Child Poverty Rates by Income Definition, in 2009



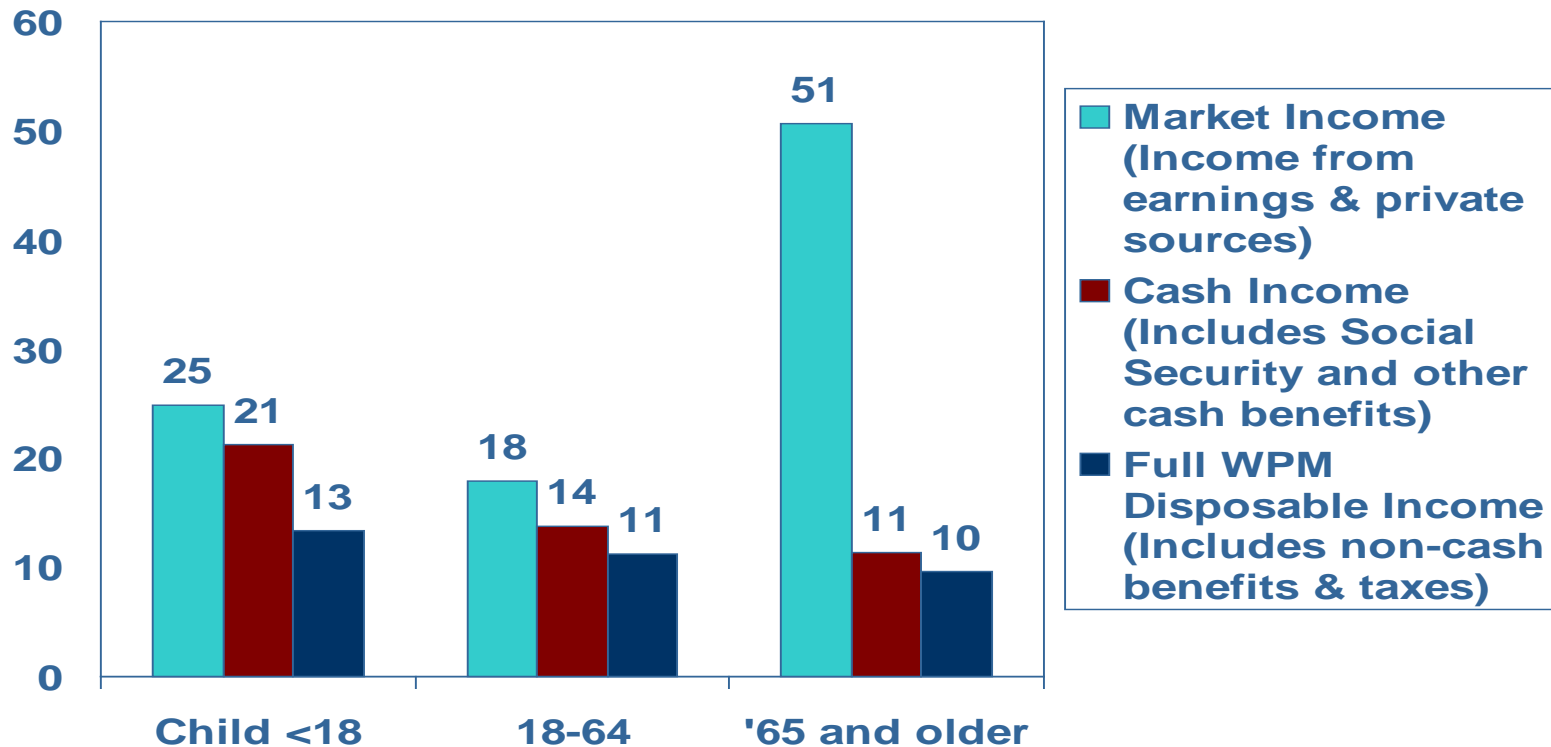
Note: All poverty rates measured with WPM thresholds and include adjustments for work expenses. Source: IRP tabulations of 2009 ACS data. (IPUMS)

Poverty Rates in 2009 by Income Definition and By Age, in 2009



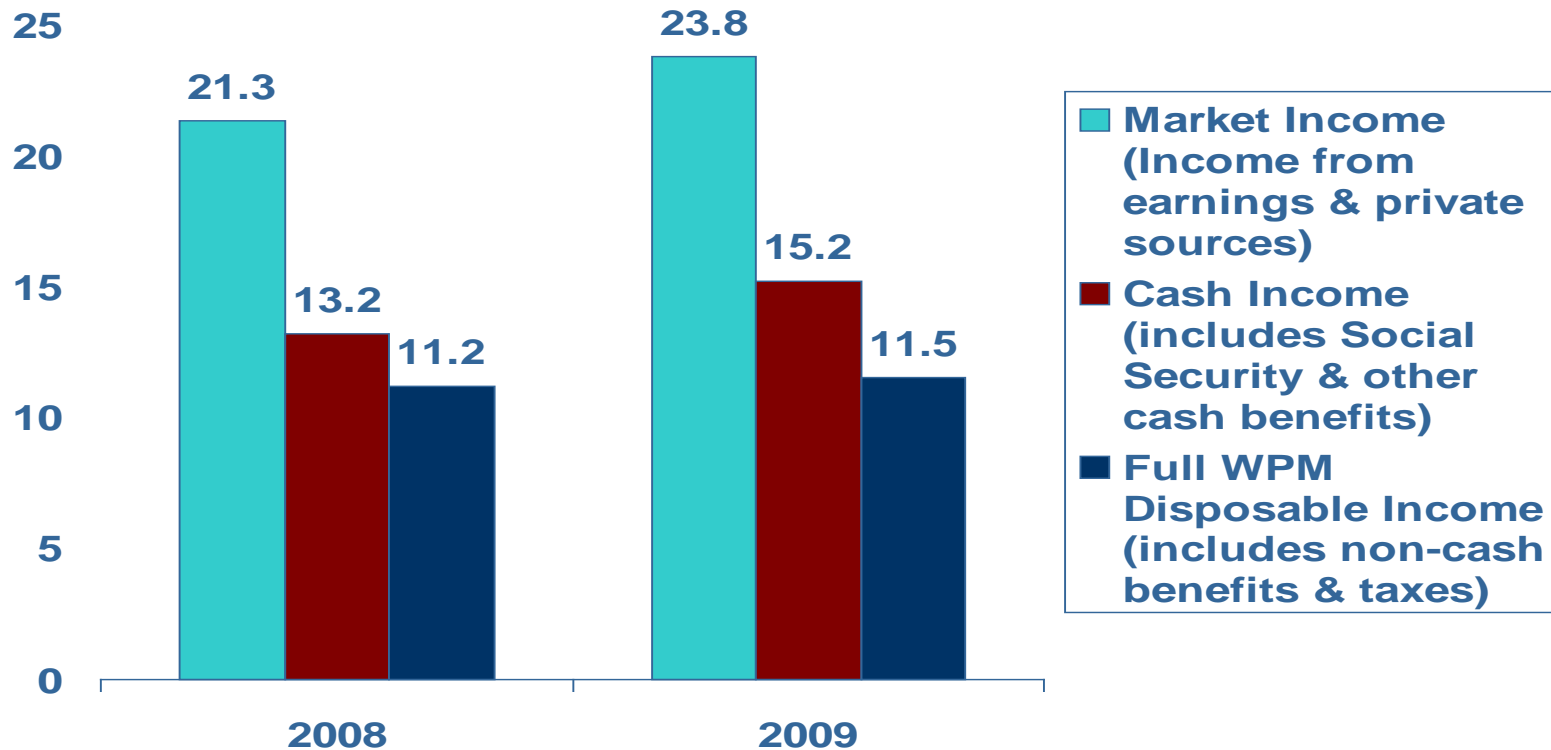
Note: All poverty rates measured with WPM thresholds and include adjustments for work expenses. Source: IRP tabulations of 2009 ACS data. (IPUMS)

Poverty Rates in 2009 by Income Definition and By Age, in 2009



Note: All poverty rates measured with WPM thresholds and include adjustments for work expenses. Source: IRP tabulations of 2009 ACS data. (IPUMS)

Poverty Rates by Income Definition, 2008 and 2009



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

Anti-Poverty Policies Were Effective in Avoiding Rise in Poor in 2009

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

Not to overstate the good news

- Losing earnings is stressful, even with increases in food stamps & tax credits to alleviate poverty
- Our report looks EARLY in the recession.
 - With ACS data, “2008” covers 2007-2008, and “2009” covers “2008-2009.”
 - What will happen in 2010 & 2011 & 2012?
- Cuts to government spending may reduce the effectiveness of the safety net
 - Cuts to the state EITC
 - Threats to privatize enrollment in FoodShare

For More information

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