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Thank you for inviting me here today to present on the Wisconsin Poverty Report. I am here on behalf of Professor Tim Smeeding who is the primary author of the annual report. Tim is unable to make it today due to a prior conflict but wanted me to express his gratitude for his partnership with WISCAP on producing and publicizing the annual Wisconsin Poverty report.

I'll be talking off our Executive Summary of the 11th Annual Wisconsin Poverty Report published in June 2019 using data from 2017. The full report is available on our website irp.wisc.edu. The next report, using 2018 data will be available early this summer.

The key takeaways from the 2017 data are that

- **Poverty in Wisconsin fell** from 10.8% in 2016 to 10.2% in 2017.
- **The state's growing economy has had little effect on the poverty rate** as rising costs of living, especially in the areas of childcare and medical care, offset gains in wages and employment. This left Wisconsin's poverty rate in 2017 about the same as it was in 2010.
- **Child poverty fell while poverty for elders rose** in 2017. Child poverty fell from 12.0% in 2016 to 10.1%, and poverty among elders rose from 9.0% to 9.5%, continuing a climb begun in 2015.

Tim entitled the report *Treading Water* as he wanted to highlight that the growth in the state's economy is not having as big of positive affect as one would expect. Poverty remains at the same levels as in the immediate recovery from the Great Recession, despite an improving economy. You can see this in the graph at the bottom of the front page which shows the 2017 WPM rate of 10.2% is essentially unchanged from 2010 and 2012, the years of the immediate recovery from the Great Recession.

It is important to note that the Wisconsin Poverty Report uses a Wisconsin-specific measure of poverty called the Wisconsin Poverty measure. The measure identifies whether families have the necessary income to meet their basic needs. It counts families' market income and public cash benefits, in addition to noncash benefits (such as FoodShare) and tax credits. It also deducts necessary expenses such as childcare and medical expenditures and adjusts for geographic differences in prices.

The full report compares the Wisconsin poverty measure to the

- **Market-Income Poverty**, which measures poverty before taxes and transfers – *represents private income only*, earnings, income from investments, private pensions, private transfers like child support. This measure tells us generally how people are faring with their wages alone.
- **Official Poverty Measure**, which counts Market-Income Poverty *plus all cash income including cash transfers, but no taxes* are taken out. This is the measure used by the federal government to establish poverty rates across the U.S..

In 2017, the Market-income poverty rate declined to 22.5% from 23.3% in 2016. While lower than many of the previous years, especially those during the Great Recession, the 2017 rate was about the same as it was in 2015 and was higher than it was 2008. We hope to see that rate come down again in 2018 which would mean more people are either going back to work, working more hours or making higher wages.

The Official Poverty Rate has been slightly higher than the WPM since 2009 and has had a fairly similar pattern as the WPM since 2014. In 2017, the OPM was 10.9%.

The Wisconsin Poverty Report examines poverty rates for families with children and for the elderly – two important subgroups. The poverty rate for families with children fell from 12% to about 10% between 2016 and 2017. This improvement appears to reflect a boost that families with children received from the economy, with parents possibly taking advantage of lower unemployment rates. However, you'll see that poverty rates for families with children is about the same in 2017 as it was in 2015 and while lower than the years during the great recession, has not had the steady decline one would like to see in a growing economy.

Meanwhile, older Wisconsin residents (aged 65+), who are more likely to be out of the workforce, saw their poverty rates rise from 9% to 9.5% in 2017. This increase may be in part due to growing costs of living, including out-of-pocket medical expenses such as insurance premiums, co-payments for medical services, prescription and over-the-counter drugs, and uninsured medical expenses that present a significant challenge for the low-income elderly. More concerning is that the poverty rates for elders has been climbing since a low in 2015.

Tax credits and food assistance had a significant antipoverty impact in 2017, as shown on the graph on the top of page 2. Each lowered the poverty rate by 1.2 percentage points. Housing programs and energy assistance also had a protective effect and reduced the overall WPM poverty rate in the state by a total of 0.7 percentage points. Yet, the overall antipoverty impact of these programs was largely negated by work expenses (including childcare) and medical out-of-pocket expenses. In past years, particularly during the Great Recession, the safety net provided an important buffer against poverty, but its effects have shrunk over time as fewer people apply for and receive benefits. Benefit changes such as work requirements for single people in FoodShare have also reduced the number of people eligible to receive assistance. The full report has a more robust discussion on the impact of safety net programs by subgroup and over time. Families with children are particularly supported by tax credits and SNAP. The large impact of these programs on children can be seen in 2017, where tax-related provisions reduced child poverty by 4.4 percentage points and SNAP benefits reduced child poverty by 2.3 percentage points.

To understand how poverty varies across Wisconsin, the report estimates poverty for a number of counties and substate areas. Estimates for poverty rates are as low as 3.6% in Washington and Ozaukee counties and 4.2% in Waukesha County. On the other hand, the WPM rises to 17.2% in Milwaukee County and 14.4% in the area made up of Eau Claire and south Chippewa counties. These are the only places with rates significantly higher than the state average of 10.2%. These findings suggest that the economy is not benefitting workers and families evenly across our state. The full report includes a table that provides the WPR measure for each county/substate area examined.

Tim's conclusion is that after more than eight years of nationwide recovery since the end of the Great Recession, we should see better poverty outcomes. While the long-term solution to poverty for the able-bodied non-elderly, especially parents, is a secure job that pays well, falling income supports, the rising costs of childcare and medical care are offsetting the economic recovery in our state, despite our low unemployment rate. Even under the best of economic conditions, work alone does not solve the poverty problem for families with children, and increases in medical costs for older residents are outstripping increases in Social Security. Tim argues in the report that if we want to lower poverty rates for vulnerable populations and do more than tread water, we need to maintain and even increase income support benefits and thereby better share the gains from economic growth in Wisconsin.