

Kids Forward: Despite some good news, racial disparities remain

Posted on Tuesday, Oct 11, 2022

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COVID-19 relief measures have given us a strong blueprint for addressing poverty for millions. New data from the 2021 American Community Survey (ACS) shows that fewer individuals in Wisconsin lived in poverty than we might have expected during the global COVID-19 pandemic. Despite the severe economic impact of COVID-19 across the world, Wisconsin's Official Poverty Measure (OPM) rate increased only slightly to 10.8% in 2021, up from 10.4% in 2019. Among youth, poverty eased. More than 1 in 8 children in Wisconsin were living in poverty in 2021 (13.4%), a rate that dropped slightly from 13.5% in 2019.

"Given the COVID-19 pandemic, we might have expected to see the greatest *increase* in poverty ever for Wisconsin children and families, but that was not the case," said Michele Mackey, Kids Forward CEO, "Federal and state COVID-19 relief measures and other investments literally saved families."

The Official Poverty Measure (OPM)—which measures just pre-tax cash income—only tells part of the story for Wisconsin families. In 2009, the Census Bureau began producing the Supplemental Poverty Measure (SPM), which accounts for not just cash income, but also the benefits families receive from economic security programs. These include refundable tax credits, stimulus payments, social security, SNAP (or food assistance), housing assistance, and more. The SPM also accounts for geographic variation in the cost of living.

Using the SPM, poverty decreased across the state. SPM data shows that 5.4% of individuals in Wisconsin were living in poverty from 2019 – 2021, a 2.1% reduction from the 2017 – 2019 percentage (7.5%).

"Simply put, the SPM shows us that policy levers, from refundable tax credits and

expansions to food assistance, made a significant impact on children and families in Wisconsin; therefore, we should be using these strategies to combat poverty permanently,” stated Cartecia Lawrence, Senior Racial Equity Policy Analyst at Kids Forward.

Nationally, individuals, children, and families experienced the [largest decrease in poverty in 50 years](#), when analyzed using the SPM. In 2021, 7.8% of the nation identified as living in poverty. This represents a 3.9% decrease from 2019 when 11.7% of the nation lived in poverty. In other words, 50 million people were lifted out of poverty nationwide in 2021 due to COVID-19 relief.

Despite this seemingly good national news, the new OPM data on Wisconsin also show that:

- 3 in 10 Black residents in Wisconsin were living in poverty in 2021 (29.5%) – a rate that was more than three times higher than white residents (8.4%).
- Nearly 1 in 5 Native Americans in Wisconsin struggled to make ends meet (19.2%) – a poverty rate that was more than 2 times higher than white residents;
- Hispanic/Latinx residents in Wisconsin were more than twice as likely than white residents to live in poverty – 18% compared to 8.4%; and
- Wisconsin residents identifying as Multiracial were nearly twice as likely to live in poverty than white residents (16.7%).

“While we’re glad to see many Wisconsin families kept afloat last year, the fact still remains that families of color face disproportionate levels of poverty,” stated Mackey, “Wisconsin needs to prioritize children and families of color and those furthest from opportunity. Economic support modeled after the programs initiated in 2020 and 2021 can be a big part of the solution.”

The tax credits that helped keep Wisconsin families stay afloat include the increased Earned Income Tax Credit (EITC), refundable Child Tax Credit (CTC) and the Child and Dependent Care Credit. Nationally, temporary expansions to the EITC and CTC helped 9.6 million people stay afloat in 2021. However, the improvements to those tax credits have expired and need to be extended by Congress. Unlike nine other states, Wisconsin legislators did *not* enact a state-level refundable child tax credit as a result of the pandemic, leaving thousands of families struggling again as costs of living skyrocketed.

“Let’s not miss the opportunity to implement similar policies for direct economic support on a permanent basis. These data show which policies can be highly effective at combating poverty,” stated Lawrence, “Absent long-term federal and state investments, we can expect improvements in poverty to disappear in the coming years.”