Poverty in Wisconsin declined during the 1990s. On average, Wisconsin families are better off than those in the country as a whole. Nonetheless, close to half a million people in Wisconsin are poor — almost 9 percent of the population. Unemployment has risen in recent years, and even working families struggle to make ends meet.

What is "poverty"?
Although poverty is a subjective term, the federal poverty line is intended to indicate the minimum resources families need for an adequate standard of living. This poverty line varies according to number of household members and their ages. The poverty threshold increases each year to account for inflation.

Poor families
People are considered officially poor if their household income is below the poverty line. In 2002, the federal poverty line for a family of four was $18,100.

Near-poor families
People are often considered near poor when their household income is between 100 percent and 185 percent of the federal poverty level. In 2002, a near-poor family of four made between $18,100 and $33,485.

How many people are poor?
The most accurate poverty data are from the 2000 U.S. Census. These data describe poverty during the previous year. According to the 2000 U.S. Census, during 1999 in Wisconsin:

- More than 450,000 people were officially poor — yearly income below the federal poverty line. This represents 8.7 percent of the state population — about 1 in 11 people.
- Another 640,000 — 1 in 8 people — can be considered near poor — yearly income between 100 percent and 185 percent of the poverty level (12.2 percent).
- Adding these together, 1 in 5 people in Wisconsin can be considered low income — yearly income below 185 percent of the federal poverty level (20.9 percent).

Wisconsin income distribution

Low income 20.9%
up to 185% of poverty level

12.2% near poor
100-185% poverty level

8.7% poor
below poverty line

Other 79.1%
above 185% of poverty level
Poverty rates vary greatly around the state, from a low of 2.6 percent in Ozaukee County to highs of 15.3 percent in Milwaukee County and 28.8 percent in Menominee County.¹

**Who is most at risk?**

There is no single face of poverty. Some groups with above-average risk of poverty in Wisconsin include the following:

- **One in 3 African Americans** lives in poverty (31.8 percent).
- **One in 4 single mothers** lives in poverty (28.4 percent).
- **One in 5 American Indians** lives in poverty (21.7 percent).
- **One in 5 Latinos** lives in poverty (21.7 percent).
- **One in 7 people with disabilities** lives in poverty (14.1 percent).
- **One in 9 children** lives in poverty (10.8 percent).

**The working poor**

Increasingly, the face of poverty is that of the working poor. From 1989 to 1999, the share of poor households in Wisconsin with at least one employed worker grew from 50.2 percent to 53 percent. Increased employment among poor households came about for various reasons:

- **A strong labor market** during much of the 1990s offered new opportunities to many low-income families.
- **Changes in welfare policies** made it more difficult for single parents to receive public assistance.
- **Changes in the tax system** created more incentives for low-income parents to work for pay.

Although increased work during the 1990s created employment opportunities for many families, these families still face the problem of **low wages**.

- **To earn above the poverty line**: A full-time worker with two children would need **more than $7.50 per hour**. This is substantially more than the **minimum wage** of $5.15 per hour.
- In 2001, more than **1 in 5 Wisconsin workers earned poverty-level wages**, or wages too low for a full-time worker to support a family of three above the poverty line.²

**Poverty despite work** is widespread among families that left welfare for work. Research shows that Wisconsin single mothers who left welfare for work during the last 3 months of 1999 earned an average of only $7,286 for the next year. More than two-thirds of the mothers who left welfare (69 percent) had family incomes below the poverty line.³

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**Poverty in Wisconsin**

Percent of population living below the poverty line in Wisconsin in 1999, *U.S. Census 2000*

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**Faces of poverty**

Percent of groups most in poverty in Wisconsin in 1999, *U.S. Census 2000*
In recent years, layoffs have increased and jobs vanished as the economy faltered. The 1990s trend of increasing work among low-income families has reversed:

- The Wisconsin **unemployment rate** increased in the past few years — from 3 percent in 1999 to 5.5 percent in 2002. The unemployment rate only includes unemployed people in the labor force who are actively seeking work. See how your county fares on page 5.

- The Wisconsin **underemployment rate** increased from 6.3 percent in 2000 to 9 percent in 2002. The underemployment rate includes those who:
  - Are unemployed.
  - Have given up looking for work.
  - Work part time but would prefer to work full time.
  - Are not working due to child care or transportation barriers.

Wisconsin underemployment is most severe among these groups:4

- **One in 4 African Americans** is underemployed (24.2 percent).
- **One in 5** of those who have not completed high school is underemployed (22.5 percent).

**How much income does a family need?**

Even families with incomes above the poverty line may have trouble making ends meet.

National research shows that families with incomes between 100 percent and 200 percent of the federal poverty level experience **critical economic hardships** — like missing meals or going without **needed medical care** — almost as often as do those who are poor.5

**Why does this happen?**

Part of the problem has to do with how the federal government defines poverty.

**Federal poverty line**

The federal poverty line was originally set at three times the cost of a family's basic food needs. When the poverty line was established in the 1960s, a typical family spent about one-third of its budget on food. Therefore, families were considered poor if they could not afford an adequate diet with one-third of their income.

Now, a typical family spends only about one-sixth to one-fifth of its budget on food. Compared to the 1960s, a larger share of the family budget is devoted to other expenses such as housing, transportation and health care.

**Other poverty measures**

One way to think about whether a family has enough money is to compare income with the cost of meeting basic needs.

The family **self-sufficiency standard** is an estimate of how much income a family would need to cover basic costs such as housing, food, child care, health care, transportation and taxes — without needing help from government programs such as welfare and Food Stamps.
Statewide, a third of renters pay 30 percent or more of their income for rent.

The self-sufficiency standard has been calculated for a variety of household types, for each Wisconsin county. For a Wisconsin single parent with a school-age child and a teenager, the county self-sufficiency standard ranged from $16,671 to $34,129 in 2003.6

Another way to think about whether a family has enough money is to compare income to housing costs. Many financial planners recommend that families spend no more than 30 percent of their income on housing.

The fair market rent is an indicator of the typical rent in an area. In Wisconsin, monthly fair market rent for a two-bedroom apartment is $605.7

To pay this amount while using no more than 30 percent of household income on rent, a family needs a yearly income of at least $24,000 — considerably higher than the poverty line for a four-person household ($18,100 in 2002).

According to the 2000 U.S. Census, a third of Wisconsin renters (32.3 percent) paid 30 percent or more of their income for rent in 1999. Statewide, this rent burden ranged from a low of 18.3 percent in Calumet County to the Dane County high of 38.4 percent paying 30 percent or more of their income for rent. One in 7 Wisconsin renters (14.5 percent) paid 50 percent or more of their income for rent. See how your county fares on page 5.

For more information, see Accessing Affordable Housing in this series.
How does Brown County fare?

Poverty and other economic indicators vary from county to county. You can find detailed county data like the following examples and more on the Wisconsin Food Security Project web site: http://www.uwex.edu/ces/fsp/cfs

Population figures for these tables are based on the 2000 U.S. Census unless noted. County rank is among 72 Wisconsin counties.

**Poverty rate**
Percent of population with incomes below the federal poverty line, 1999

<table>
<thead>
<tr>
<th></th>
<th>Brown County</th>
<th>Wisconsin</th>
<th>County rank</th>
</tr>
</thead>
<tbody>
<tr>
<td>Poverty rate</td>
<td>6.9%</td>
<td>8.7%</td>
<td>52</td>
</tr>
<tr>
<td>Total population in poverty</td>
<td>15,123</td>
<td>451,538</td>
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</tr>
</tbody>
</table>

**Earnings for men and women**
Median earnings for male and female full-time, full year workers, 1999

<table>
<thead>
<tr>
<th></th>
<th>Brown County</th>
<th>Wisconsin</th>
<th>County rank</th>
</tr>
</thead>
<tbody>
<tr>
<td>Males</td>
<td>$37,525</td>
<td>$37,062</td>
<td>11</td>
</tr>
<tr>
<td>Females</td>
<td>$25,460</td>
<td>$25,865</td>
<td>14</td>
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</tbody>
</table>

**Housing affordability**
Median monthly rent for a two-bedroom apartment, and percent of renters paying 30 percent or more and 50 percent or more of their income for rent, 1999

<table>
<thead>
<tr>
<th></th>
<th>Brown County</th>
<th>Wisconsin</th>
<th>County rank</th>
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</thead>
<tbody>
<tr>
<td>Median monthly rent*</td>
<td>$520</td>
<td>$540</td>
<td>15</td>
</tr>
<tr>
<td>Percent paying 30% or more of income for rent</td>
<td>29.4%</td>
<td>32.3%</td>
<td>25</td>
</tr>
<tr>
<td>Percent paying 50% or more of income for rent</td>
<td>13.2%</td>
<td>14.5%</td>
<td>19</td>
</tr>
</tbody>
</table>

* Although fair market rents are updated annually, nearly all rural Wisconsin counties are assigned the same fair market rent. This does not reflect variations among rural areas. While less current, median rent (mid-range), does capture variation among rural areas.

**Unemployment rate**

<table>
<thead>
<tr>
<th></th>
<th>Brown County</th>
<th>Wisconsin</th>
<th>County rank</th>
</tr>
</thead>
<tbody>
<tr>
<td>Percent of the labor force who are unemployed and actively seeking work, 2002</td>
<td>5.0%</td>
<td>5.5%</td>
<td>56</td>
</tr>
</tbody>
</table>

For how the rest of the state fares, see the "Wisconsin rent burden" map on page 4 and "Unemployment rate" on page 3.
Why is poverty a problem?
Poor and near-poor families are much more likely to experience material hardships than are higher income families.

Nationally, data indicate that low-income families are more likely to experience at least one critical hardship such as missing meals or going without necessary medical care due to lack of money:
- More than a fourth (29 percent) of poor families experience critical hardships.
- One-fourth (25 percent) of near poor families experience critical economic hardships.
- In contrast, 11 percent of all other families experience these kinds of hardship.

In Wisconsin, low-income families are more likely to be considered food insecure. These families have uncertain or limited access to food due to lack of money, and do not always have enough food for an active, healthy life:
- Nearly a third (31 percent) of poor families are food insecure.
- Of near-poor families, 15 percent are food insecure.
- Only 5 percent of all other households are food insecure.

Poor households often have less access to supermarkets than do higher income households. The poor tend to face higher food prices, and fewer healthy food options.

For more information, see Hunger Close to Home in this series.

Children in poverty
Poverty has been linked to greater risk of various negative outcomes, especially for children. These include:
- Poor health outcomes such as asthma, stunted height, and even death during childhood.
- Poor cognitive outcomes such as learning disabilities.
- Poor school outcomes such as grade repetition and low test scores.
- Emotional and behavioral problems.

Poor children are more likely to have children outside of marriage when they grow up, and less likely to be employed. Because of these patterns, poor children are more likely to grow up to be poor adults.

How can you help?
Communities can explore many ways to reduce poverty and its harmful effects.

Communities can:
- Invest in schools, and ensure that all children have support to succeed in school. A good education is one of the best ways for children to avoid poverty when they grow up.
- Promote training and education for adults. The risk of poverty drops as education levels increase.
- Explore strategies to offer higher wages. Higher wages help working families escape poverty. Some communities and states have passed living wage laws requiring certain employers to pay wages higher than the national minimum. Other communities have pursued economic development plans to attract better paying jobs.
- Help ensure that supports are available to working families. Family-friendly employer policies — such as parental leave and flexible scheduling — can help working parents succeed at their jobs. Quality child care during nonstandard hours helps as well.
Help low-income families save money and build assets. A variety of programs are available to help low-income children and families plan for spending, get the most value for the money they have, reduce debt, increase savings and build assets. Your county University of Wisconsin-Extension office is a good source of information. For making ends meet, some useful resources from UW-Extension are available at: www.uwex.edu/ces/ftp/economics/management.cfm

Help ensure that families are aware of and can access the public and private programs available to help them. Research shows that many eligible families do not use available programs such as Food Stamps, tax credits, subsidized child care, and more. Information about such programs is available from UW-Extension at: www.uwex.edu/ces/connections www.uwex.edu/ces/econ

In some counties, communities have worked to ensure that families get information about these kinds of programs from schools, employers, nonprofit agencies, county, tribal and interfaith social services, the media and other sources.

Community resources
Community and web-based resources provide information, educational programs and direct services. Most libraries have a free computer connected with the Internet.

Your county UW-Extension office provides educational resources through classes, publications and web sites. To locate your county UW-Extension office, consult: www.uwex.edu/ces/city

Notes
1 Poverty data are based on the 2000 U.S. Census unless noted. Census data are available online at: http://www.census.gov