

(Large Data)

Example – Oral Papers (individual papers and papers within a symposium) and Posters

How the Safety Net Protected Families From Poverty During the Great Recession: A Report From the Wisconsin Poverty Project

Abstract

Background/Purpose: Researchers and policymakers have criticized the Census Bureau's official poverty measure (OPM) for failing to consider government-provided non-cash benefits and tax credits, which increased nationally and locally as the government sought to address economic hardship and its repercussions during the recession. Critics also assert that the OPM uses an outdated (and substantially lower) poverty threshold, omits work-related expenses, and fails to adjust for geographic differences in prices. The implementation of place-specific alternative poverty measures to supplement the OPM is a significant but understudied topic.

To provide poverty estimates that more accurately account for the needs and resources of Wisconsin families and consider the antipoverty impact of policies, we have developed and implemented an alternative poverty measure, the Wisconsin Poverty Measure (WPM). In this study, we use the WPM to estimate the poverty trends between 2008 and 2010, overall and for children and the elderly, and discuss the WPM's policy implications, including its use for estimating the antipoverty effects of public programs.

While our study is in line with broader efforts to implement alternative poverty measures, including the federal-level implementation of the Supplemental Poverty Measure, we contribute to the field by applying these measures to a local area (Wisconsin) in ways that reflect the characteristics of the state, and by serving as a national model for other states and localities seeking to develop their own place-specific alternative poverty measurements.

Methods: *Data and samples:* We use the 2008-2010 American Community Survey samples, supplementing them with Wisconsin's administrative data. Each year's sample includes over 50,000 individuals.

Measures (the intricacies of our WPM): First, in the WPM, we expand the definition of family used in the OPM (restricted to married couples and their families), by including unmarried partners and their families and foster children in our poverty unit. Second, while the OPM considers only pre-tax cash income as resources, the WPM additionally considers tax credits and noncash benefits (including food assistance and housing subsidies) and adjusts for work-related and medical-care expenses. Our poverty thresholds are constructed based on updated food, clothing, shelter, and other expenses, adjusted for Wisconsin's relative living costs.

Results: Using the WPM, we find that state poverty actually dropped between 2009 and 2010 from 11.1 percent to 10.3 percent (following essentially no change in poverty between 2008 and 2009), while the OPM reveals continued poverty increases in the state during the time considered. Behind this surprising story is the impact of tax-related provisions and near-cash

benefits from programs that government augmented to offset increased economic hardship due to the recession. For example, in 2010 in Wisconsin, tax credits and food assistance benefits reduced poverty by more than 2 percentage points respectively.

Conclusions and Implications: Our findings are not to ignore the negative effects of the recession on the lower middle class. However, using the WPM, our study testifies to the effectiveness of safety net programs in Wisconsin following the recession, and such a finding supports continued and expanded efforts to improve the well-being of residents in the state.