

Safety net programs kept families from poverty, report finds

June 20 2013

(Phys.org) —Is the social safety net still working in Wisconsin? In a word, yes (but not quite as well as it worked in 2010). Tax-related provisions and near-cash benefits provided a buffer against poverty for many working families in 2011, a new report by the University of Wisconsin–Madison finds.

In the fifth annual [Wisconsin Poverty Report](#), researchers at the UW's Institute for Research on Poverty (IRP) share the results of their annual re-crunching of the poverty numbers using the Wisconsin Poverty Measure (WPM). The measure is designed for Wisconsin's policy issues and needs and so more refined than the one employed by the U.S. Census Bureau for the annual official poverty statistics.

The official measure considers only pre-tax cash income as a resource, failing to capture the effects of government efforts to stimulate the economy and ease economic adversity caused by the recession through temporary increases in safety net programs and other policies.

The WPM, which was developed by IRP [social scientists](#) in conjunction with IRP data programmer analysts, uses state and local administrative data to paint a more locally meaningful picture of poverty and to provide policymakers with a yardstick for progress or regress in the effort to protect Wisconsin families from economic downturns. In determining poverty status, the WPM considers cash resources, but also tax credits and noncash benefits, and costs such as child care and health care that reduce available resources.

Largely owing to the recession and to our weak economic recovery through the end of 2011, the [poverty rate](#) based on earnings alone rose from 21.3 to 25.2 percent from 2008 to 2011. Hence the labor market had not recovered enough to begin to bring the poverty rate down in our state.

Using the WPM, researchers found that although the safety net's impact lessened in 2011 due to policy changes at the state and federal levels and the still weak economy, state poverty rates were nonetheless lower than those reported by the U.S. Census Bureau in the official poverty statistics, rising by only 0.4 percentage points from 2010 to 2011.

Federal official poverty statistics for Wisconsin showed that poverty increased from 2008 to 2011, from 10.2 to 13.3 percent; but the WPM found that state poverty was actually stable over that period, falling slightly from 11.2 to 10.7 percent, but still remaining about 2.6 percentage points below the official rate in 2011.

One significant change in this year's report is the increase in Wisconsin's child poverty rate, which had fallen to 10.8 percent in 2010, but rose again to 12.2 percent in 2011. Here, parents' earned incomes declined from 2010 to 2011, increasing child poverty, and shrinkages in the safety net during that period also led to the higher child poverty rate.

The takeaway, according to lead researcher Timothy Smeeding, Arts and Sciences Distinguished Professor of Public Affairs at the La Follette School of Public Affairs and IRP director, is that "while the long-term solution to poverty is a secure job that pays well, in times of need, a safety net that enhances low earnings for families with children, puts food on the table, and encourages self-reliance—as Wisconsin's safety net does—can alleviate market-driven poverty. But even small reductions in the [safety net](#) in a still weak economy can push poverty rates higher in Wisconsin."

Wisconsin is an excellent site for a case study of alternative poverty measures such as the Wisconsin Poverty Measure because of the state's historic importance as an experimental site for national policies, and due to the provision of resources for this research by the University of Wisconsin–Madison. Wisconsin sees rich interactions of research and community life, largely because of the University of Wisconsin System's adherence to the "Wisconsin Idea," which is the principle that university research should improve people's lives beyond the classroom.

In that same spirit of extending the reach of university scholarship to benefit the people of the state and beyond, IRP provides technical resources about the methodology used to create the Wisconsin [Poverty Measure](#) on its website for researchers in other states who are looking to devise their own place-specific [poverty](#) measures.

Provided by University of Wisconsin-Madison

Citation: Safety net programs kept families from poverty, report finds (2013, June 20) retrieved 12 May 2024 from <https://phys.org/news/2013-06-safety-net-families-poverty.html>

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