

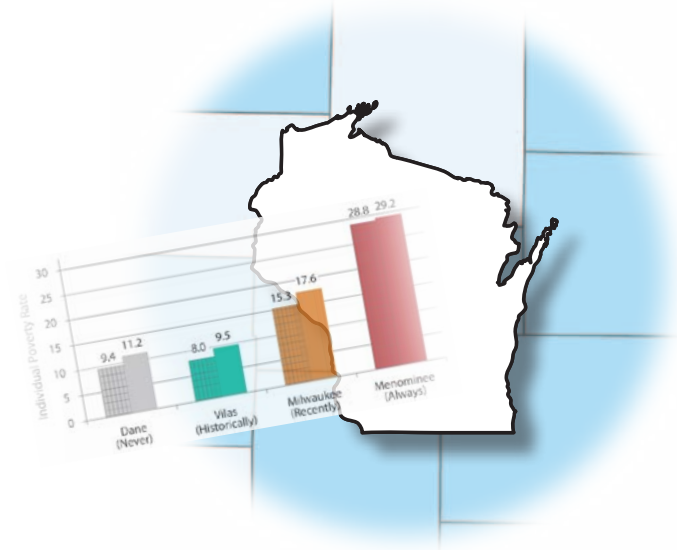
Wisconsin Poverty Projections through 2020

Katherine J. Curtis, Heather O'Connell

This report is the fourth in a series of briefings on the results of recent research on the historical, geographic and racial aspects of family poverty in the state of Wisconsin.

We present projections of future poverty based on recent trends. Working from the distribution of poverty in 2000, we report poverty projections for specific race groups and household types for all counties. Wisconsin is experiencing considerable change in the racial composition of its population, most dramatically through migration, with potential consequences for poverty. Similarly, poverty rates vary significantly by household type. Expected changes in household composition, such as an increase in the number of single parent families, are likely to affect future poverty as well.

Previous briefings demonstrated that poverty has been disproportionately experienced by racial minorities in the state since at least 1970. As the minority population of the state increases, poverty rates may also be expected to increase. The estimates reveal that current racial disparities in poverty, and the structural factors contributing to such inequality, will be exacerbated in the future unless recent trends change.



The impacts of the recent recession do not factor into our estimates since the projections are based on poverty reported in 2000. Our estimates assume that poverty for the specific race categories and household types will remain the same through 2020. Poverty has been on the rise in recent years, as reported by the American Community Survey (ACS) and the Small Area Income and Poverty Estimates (SAIPE) Census programs.¹ Therefore, these projections provide a conservative estimate of future poverty in Wisconsin.

The projected poverty estimates are intended to arm local area service providers with information vital to preparing for what may lie ahead if recent trends in Wisconsin poverty persist. Building from our earlier briefings, we examine future poverty estimates for selected counties that represent different historical poverty trends. Projections for all Wisconsin counties are available at <http://www.apl.wisc.edu/povertyprofiles.php>

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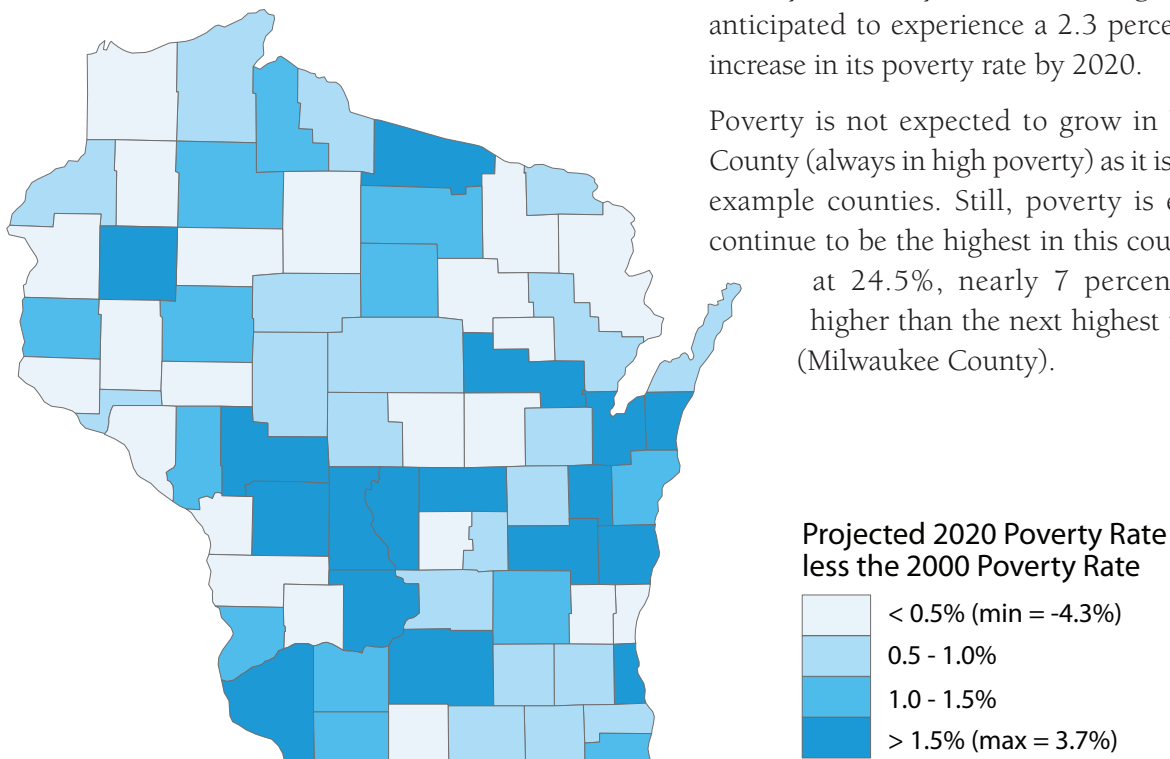
Projected Poverty Across the State

Previous briefings in this series have addressed family poverty exclusively. In this report, we focus on individual poverty as well as the household types in which the individuals live. Nearly all counties will experience an increase in the size of the impoverished population by 2020 if county poverty rates by race/ethnicity from 2000 remain stable over the subsequent 20 years (see the call out box on Methods Behind the Projections for details on how the estimates were calculated).

Figure 1 shows the projected change in county poverty rates for 2000-2020. If recent trends continue, 33 Wisconsin counties will experience a .5 to 1.5 percentage-point increase in poverty rates by 2020, and an additional 17 counties will experience a more than 1.5 percentage point increase.

Figure 1

Percentage-Point Difference in Individual Poverty Rates, 2000-2020



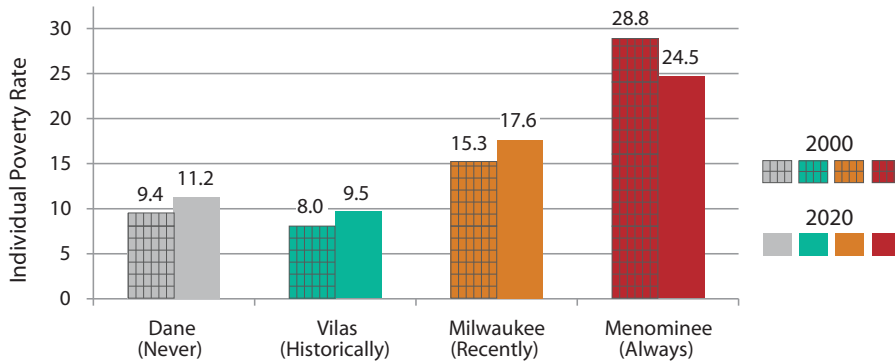
The largest increase in poverty is estimated for Waushara County, where a 3.7 percentage-point increase is projected. The next highest increases in poverty rates are projected for Shawano and Jackson Counties (2.6 and 2.3 percentage-points, respectively). A comparison of Census 2000 to ACS 2006-08 data for Waushara County shows that poverty increased by 2.5 percentage-points by the half-way mark of the projected period. Waushara and Jackson Counties have a correctional institution, which affects the types of jobs available in the community as well as the social and economic composition of the local area population, and the highest concentration of employment in Shawano County is in manufacturing.

Poverty is projected to grow in each of the selected counties that represent the historical poverty trends reported in the first briefing in the series with the exception of Menominee County. Figure 2 shows that poverty in Dane County (never in high poverty) is projected to grow from 9.4 percent to 11.2 percent between 2000 and 2020. Similarly, Milwaukee County (a county with recent high poverty) is anticipated to experience a 2.3 percentage-point increase in its poverty rate by 2020.

Poverty is not expected to grow in Menominee County (always in high poverty) as it is in the other example counties. Still, poverty is expected to continue to be the highest in this county in 2020 at 24.5%, nearly 7 percentage-points higher than the next highest poverty rate (Milwaukee County).

Figure 2

Poverty Rates for Representative Historical Poverty Type Counties, 2000 and 2020



Household Poverty, 2020

Poverty rates are expected to increase for all counties based on our estimates, yet there is considerable variation in the extent to which poverty will increase for different household types. Figure 3 illustrates the difference in the number of people living in poverty for family and non-family households in the selected counties.

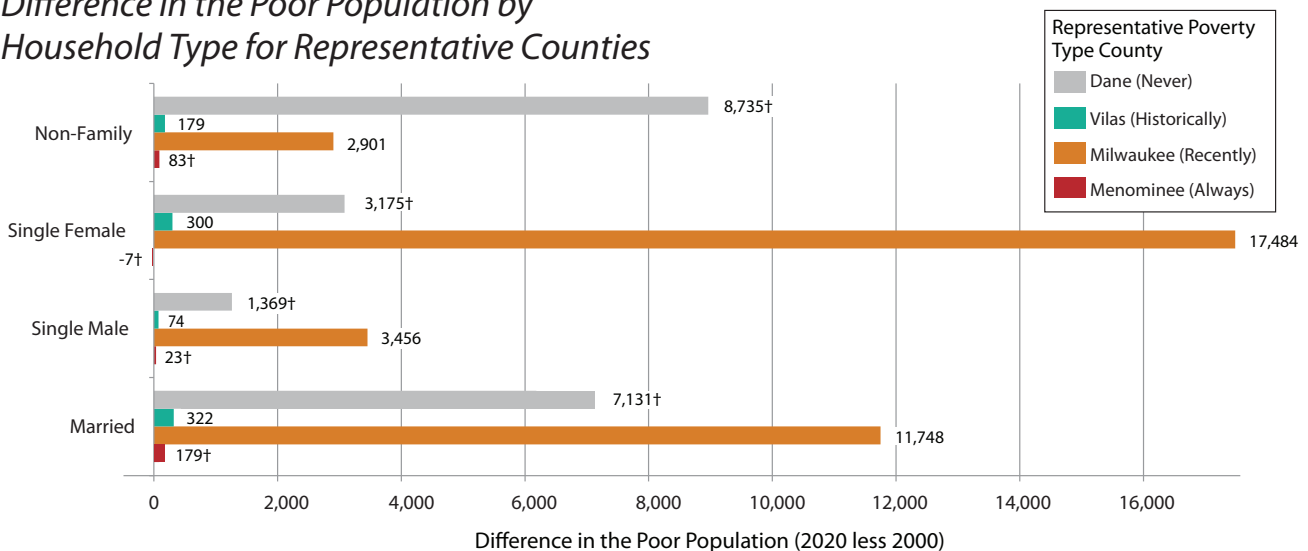
The largest overall increase in the number of impoverished people is found for those living in single-female headed households in Milwaukee County; the impoverished population will grow by more than 17,000 people for single-female

households alone.² The next largest increase is found for people in married households in Milwaukee County, followed by non-family households in Dane County. The number of impoverished people living in non-family households will grow by more than 8,000 in Dane County. This estimate most likely reflects young adults in or transitioning out of college.

Our estimates of growth in poverty demonstrate that economic vulnerability is a burden felt by all household types, including those considered traditional family households. For example, a projected 7,000 more people in married-couple households in Dane County and nearly 12,000 more people in married-couple households in Milwaukee County will be living in poverty in 2020.

Figure 3

Difference in the Poor Population by Household Type for Representative Counties



Please note: Although the x-axis refers to the same outcome, the scale is not consistent across the race-specific family decomposition figures.

†Growth for the highlighted cases was tempered by reducing growth rates to approximate projections reported by the Wisconsin Department of Administration.

Racial Distribution of Poverty, 2020

As elaborated in previous briefings, poverty has disproportionately affected racial minority families in Wisconsin for as long as data on race and poverty have been available. Racial disparities in poverty will grow through 2020 if historical trends persist. The estimated increase in racial inequality is a product of existing differential poverty rates and projected population growth since the size of the different race groups is expected to change over the next 10 years at different rates. If the race groups that experience the brunt of poverty are growing at a faster rate than less impoverished race groups, then the racial divide in poverty will expand.

The difference in the number of people living in poverty between 2000 and 2020 for each of the five dominant race groups in Wisconsin is reported in Figure 4. The largest increase is estimated for the Hispanic population, most especially in Milwaukee County. Growth among the Hispanic population through migration (and, ultimately fertility when settlement is permanent) has received much public,

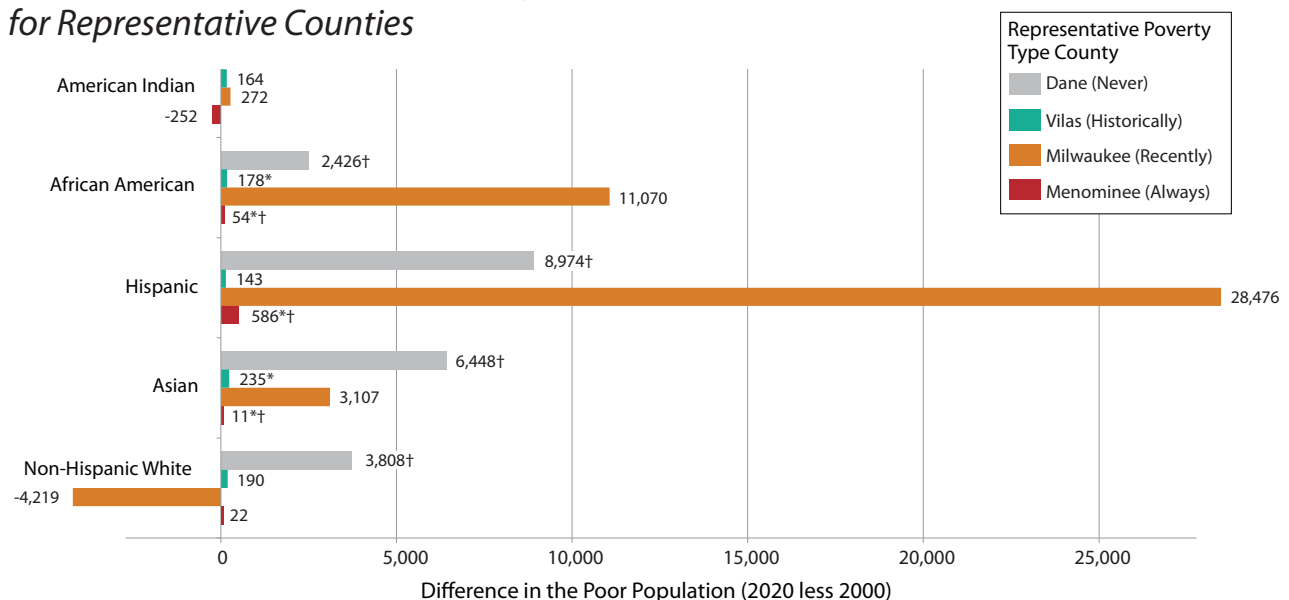
scholarly, and political attention throughout the state and Upper Midwest region in recent years.³

There are two exceptions to the general trend of growth in poverty over the period. Poverty among the American Indian population is estimated to decrease in Menominee County between 2000 and 2020. Similarly, the number of non-Hispanic whites living in poverty in Milwaukee County is expected to decline. American Indians and whites comprise the largest relative race group in the respective counties in 2000. The negative growth in poverty reflects the lower rate of population growth for the two groups as compared to other race groups living in the county.

Despite these exceptions, overall the number of people living in poverty is expected to increase for all racial categories regardless of household type, as shown in Figures 5 through 9. Because the rate of poverty is held constant over the period (the 2000 poverty rate is applied to future populations), the increase reflects the magnitude of growth in the population of the corresponding race group.

Figure 4

Difference in the Poor Population by Race for Representative Counties



*Highlighted projections were calculated using the race-specific state poverty rate since data on poverty were not available in 2000 for the corresponding category. Therefore, these projections may not as accurately capture the local area poverty conditions for the specified groups.

†Growth for the highlighted cases was tempered by reducing growth rates to approximate projections reported by the Wisconsin Department of Administration.

Figure 5

Difference in the Poor Population for Asians by Household Type for Representative Counties

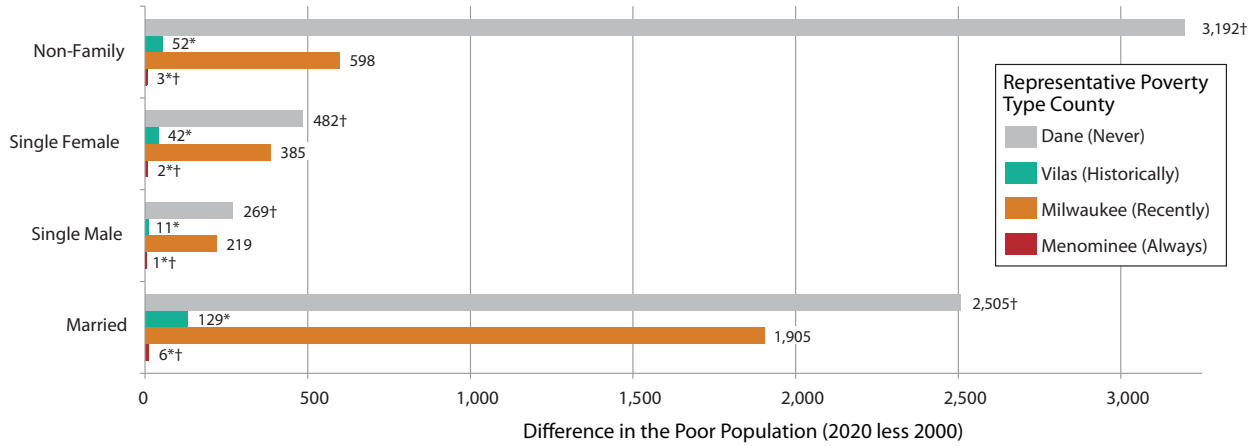


Figure 6

Difference in the Poor Population for African American by Household Type for Representative Counties

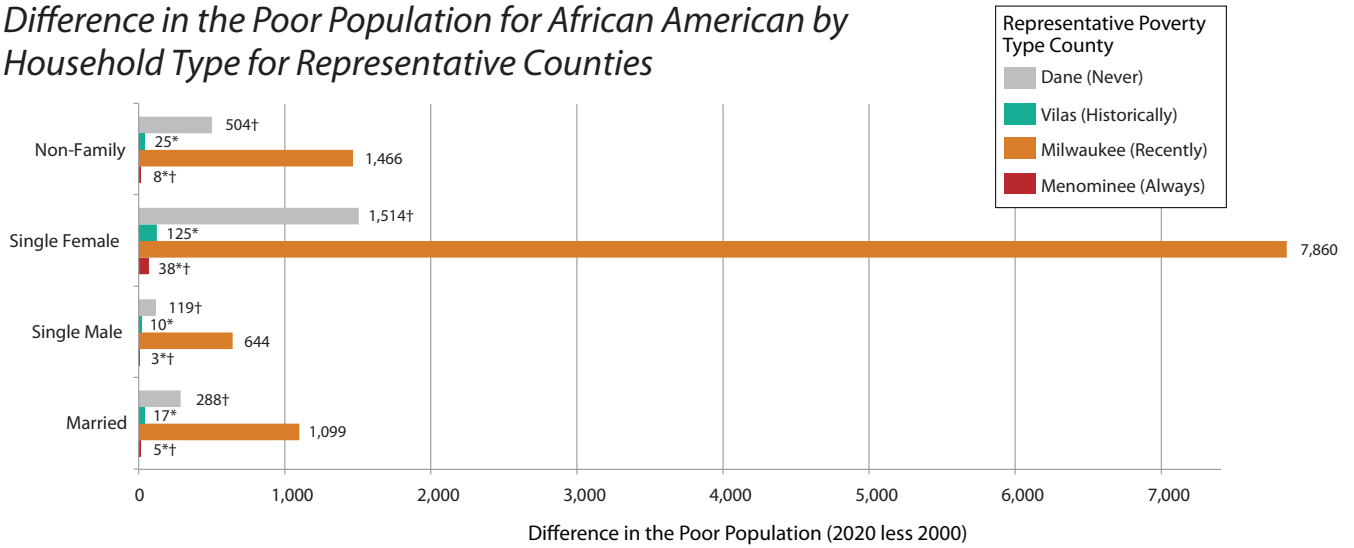
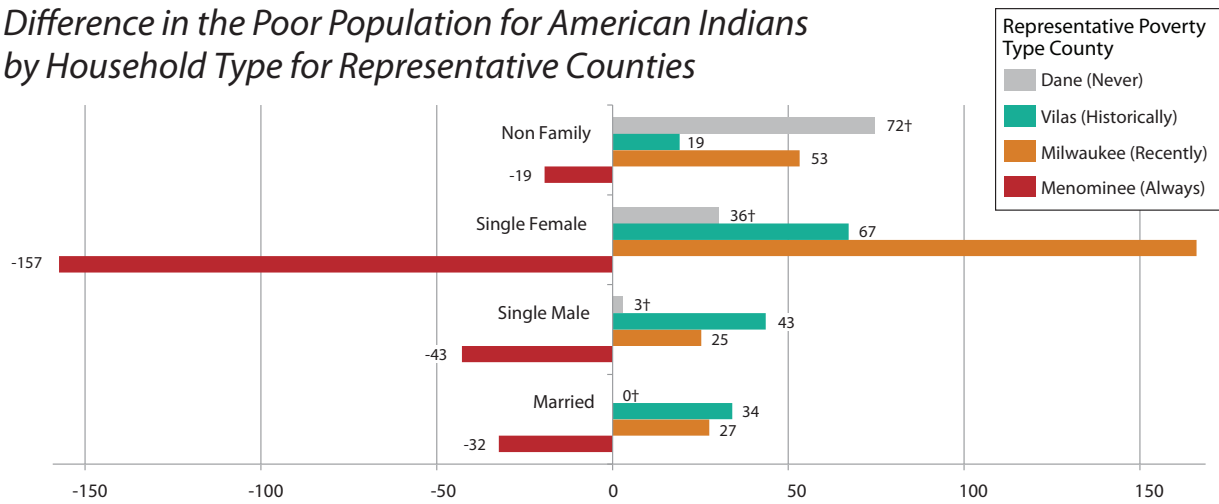


Figure 7

Difference in the Poor Population for American Indians by Household Type for Representative Counties



Please note: Although the x-axis refers to the same outcome, the scale is not consistent across the race-specific family decomposition figures.

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†Growth for the highlighted cases was tempered by reducing growth rates to approximate projections reported by the Wisconsin Department of Administration.

Figure 8

Difference in the Poor Population for Hispanics by Household Type for Representative Counties

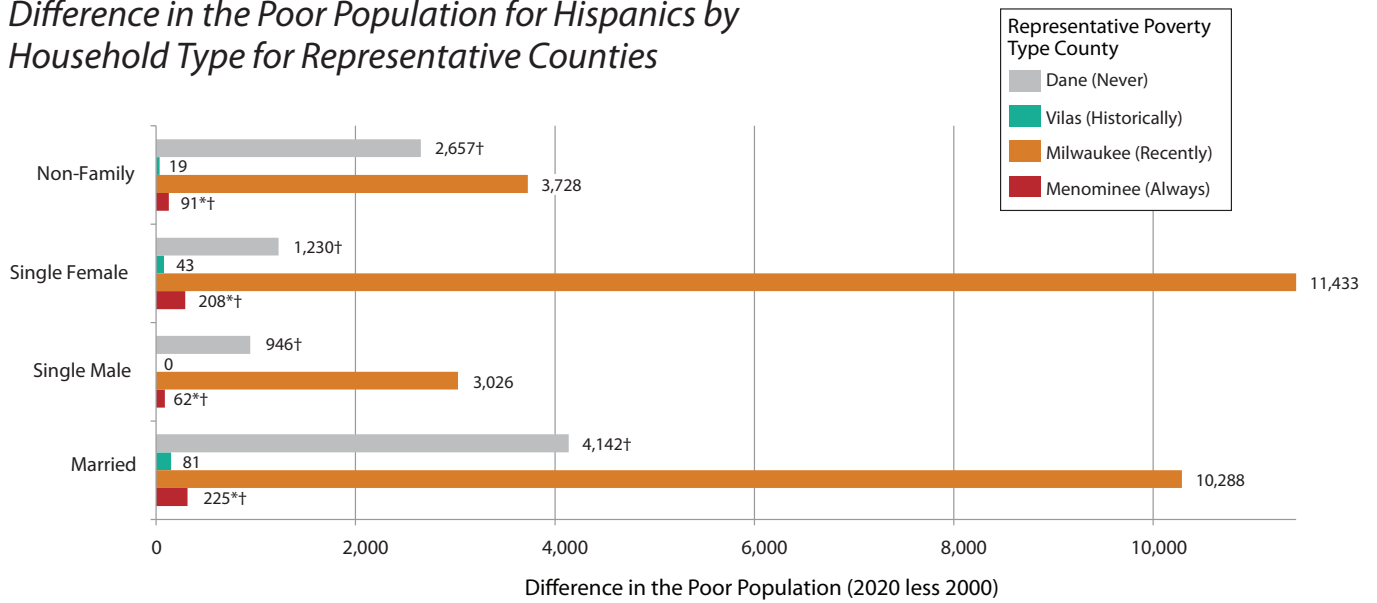
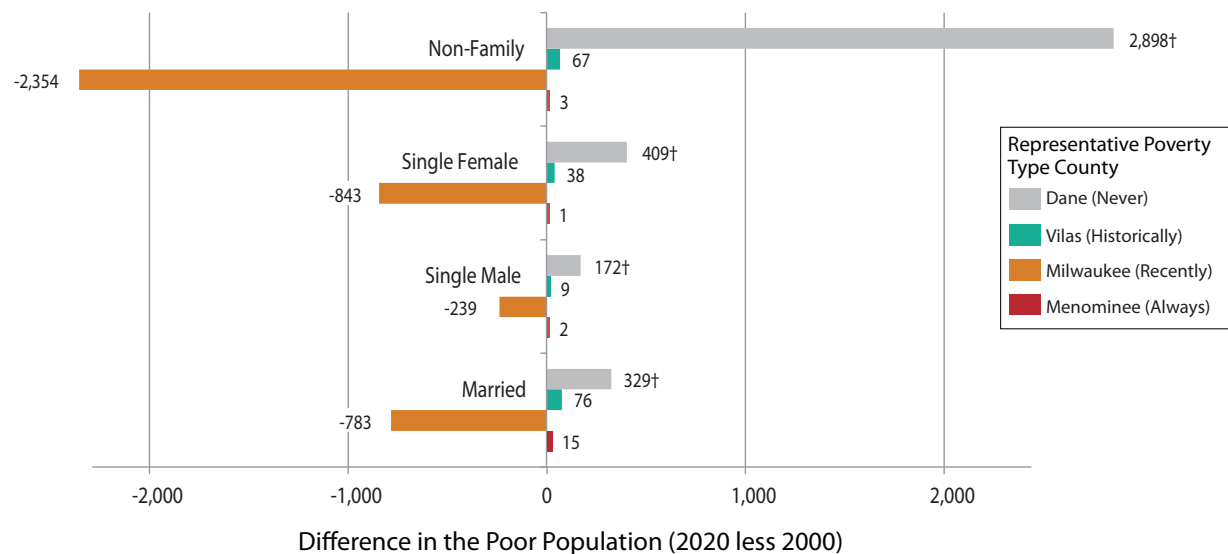


Figure 9

Difference in the Poor Population for Whites by Household Type for Representative Counties



Please note: Although the x-axis refers to the same outcome, the scale is not consistent across the race-specific family decomposition figures.

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†Growth for the highlighted cases was tempered by reducing growth rates to approximate projections reported by the Wisconsin Department of Administration.

Which household has the highest growth in poverty differs across the racial categories in the selected counties. Among Asians in Wisconsin, non-family and married-couple households are estimated to have the largest increase in poverty. In contrast, for the African American and American Indian populations, poverty is expected to grow the most among single-female headed households. Different still, the highest growth in poverty among Hispanics is found for both married-couple and single-female headed households. Unlike any other group, the largest increase in poverty among whites is projected for non-family households with only modest growth in poverty for other households.

These detailed projections are only suggestive of future trends whereas the separate projections for race and households are more reliable. The reliability of the projections is affected by the size of the base population. This makes interpreting estimates by race and by household type tenuous. We report these projections with a caution that one should view them as unstable and merely suggestive, especially for the racial categories with small populations (i.e., American Indians outside of Menominee County, and Asians throughout the state).

Implications

The reported poverty estimates demonstrate the diversity in future economic vulnerability. All race groups and household types are anticipated to experience poverty, although to varying degrees. Overall, the pattern of racial inequality in poverty will persist and, in some cases, become magnified in future years. The reported projections are but one possible scenario that is subject to change. Factors that can affect future poverty include changes in demographic processes, including lower or higher migration, fertility and mortality rates in the next few years relative to the period between 2000 and 2005.

Changes in structural factors can also affect future poverty. Drawing on research reported in the third briefing, an increase in unemployment will likely result in higher poverty estimates in areas experiencing economic downturns. This is especially pertinent given the recent recession. We

turn to this issue in the next briefing, where we take a closer look at plant closings and layoffs in recent years and the implications for poverty in Wisconsin.

Social factors can also alter the face and the extent of future poverty. Changes in policies and effective programs implemented today can have important consequences for future trends. Indeed, the reported estimates are intended to assist local organizations and governments in Wisconsin as they plan for and, it is our hope, develop programs to reduce economic vulnerability in the future. Such information is particularly relevant given the changing demographic composition of the state and the implications for the persistent injustice of poverty that affects Wisconsin residents and communities.

Recent Trends

Methods Behind the Projections

Recent estimates on impoverished populations were projected forward to estimate the size of the impoverished population for Wisconsin counties in 2020. Using population estimates for 2000 and 2005 reported by the U.S. Census Bureau, we created a ratio reflecting the growth of the population over the observed five-year period. This was done for each county and for Wisconsin's five major racial categories (African Americans, American Indians, Asians, Hispanics, and non-Hispanic whites).

We then applied the county-specific ratios to the 2005 observed population to project forward the size of the total population in five-year intervals through 2020 (i.e., 2005 to 2010, 2010 to 2015, and 2015 to 2020). The race-specific growth rates were also applied to the different household types, based on the proportionate representation of the specific households for the respective racial category in 2000. The proportion of the population living in the specific households was assumed to remain constant. The size and the proportionate representation of the households for each race group could change (grow or decline) over the projected period through differences in the population growth rates that were estimated for each racial category.

Next, we applied the 2000 poverty rates to the total population projections to calculate the size of the poor population through 2020. Specifically, the proportion of the total population that was impoverished in 2000 was multiplied by the estimated population size in 2020. This was done for each race group and for each family household type (non-family, single-female, single-male, and married households). For example, we estimate the total number of impoverished Asian individuals in addition to the number of poor Asian individuals within married households.

To estimate the size of the total impoverished population, we summed the race-specific projections for the separate family types. This allowed us to estimate each county's poverty rate in 2020, assuming that race- and household-specific poverty rates remain the same and that current trends in a county's race-specific population growth will continue through 2020. Differences between the projected poverty rates and the reported 2000 poverty rates reflect changes in a county's racial composition (through deaths, births, and migration).

In cases where there was no population of a specific race category in a county in 2000 (e.g., Hispanics in Lafayette County), we used the race-specific poverty rate averaged across all counties as a base estimate from which the population was projected forward.

Endnotes:

¹ Information, including data on poverty, from the American Community Survey (ACS) can be accessed on-line at: <http://www.census.gov/acs/www>
Information on the Small Area Income and Poverty Estimates (SAIPE) can be accessed at: <http://www.census.gov/did/www/saipe>

² Although poverty rates are higher in Menominee County, the estimated population difference is considerably smaller for this and Vilas County. The relatively low number is a result of reporting estimated population counts rather than proportions. Menominee and Vilas Counties have significantly smaller populations than Milwaukee and Dane Counties. Therefore, a larger number of people may be living in poverty in highly populated counties, yet a larger proportion of people may be living in poverty in counties with smaller populations.

³ For an analysis of growth in the U.S. Hispanic population through immigration versus births, see Tienda, Marta. "Hispanics at the Age Crossroads: Opportunities and Risks." *Focus*. Madison, WI: Institute for Research on Poverty, University of Wisconsin.

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