

## Living Income

A living income – income that allows a household to maintain a decent standard of living for all members<sup>1</sup> – is essential for family stability and wellbeing. Solid financial footing doesn't only ensure that parents and caregivers can meet their families' basic material needs. It also facilitates their ability to be emotionally and mentally present, provide a nurturing and enriching environment, and support children's long-term wellbeing.

Unfortunately, too many families in Wisconsin are struggling to make ends meet. One in five working families with children across Wisconsin and one-third of working families in Milwaukee live on a low income<sup>3</sup> (earning less than twice the federal poverty guideline, or \$34,480 per year for a family of two<sup>2</sup>). The economic fallout from Covid-19 has driven an increase in families relying on public programs like FoodShare and a decrease in buying power due to inflation<sup>4</sup>, but wages and public assistance benefits were lagging behind cost of living even before the pandemic.

We can make changes that ensure everyone, regardless of job type or ability to work, can meet their basic needs. By increasing the minimum wage for Wisconsin residents, increasing public assistance payments, and removing bureaucratic barriers to enrollment that unjustly withhold much-needed assistance, we can improve immediate conditions for individuals and families, divert families from unnecessary child welfare system involvement, and help set them up for long-term stability.

## LOW INCOME AND THE CHILD WELFARE SYSTEM

Poverty is a serious issue for the child welfare system. Without intervention, the stressors that accompany living on a low income can negatively impact children's development and long-term outcomes:

- Research has shown that living in chronic poverty can affect children's development and do long-term damage to their physical and mental health.<sup>5</sup>
- Fluctuations in family income cause changes in children's home learning environment and can negatively impact their cognitive and language development.<sup>5</sup>
- On the other hand, cash assistance of even \$300/month has been shown to significantly boost infant brain activity in their first 12 months.<sup>6</sup>

Signs of poverty can be hard to differentiate from signs of neglect. Child neglect, the cause of a majority of all child welfare cases, is defined in Wisconsin as “failure, refusal or inability on the part of a caregiver, *for reasons other than poverty*, to provide necessary care, food, clothing, medical or dental care or shelter” (emphasis added).

While the statutory definition of neglect excludes poverty, many neglect reports are nevertheless based on signs of insufficient income, like dirty clothes, malnutrition, and homelessness.<sup>7</sup>

- *Unsubstantiated* neglect reports are significantly more frequent than unsubstantiated reports of other kinds of maltreatment, which may indicate that many children are exhibiting signs of possible neglect due to poverty conditions.
  - In 2019, there were over 20,000 unsubstantiated neglect reports in Wisconsin (and about 3,000 substantiated reports). There were about 8,000 unsubstantiated reports of physical abuse, 3,800 sexual abuse, and 700 emotional abuse reports.<sup>7</sup>
- 64% of all *substantiated* child maltreatment reports are for neglect.<sup>7</sup> Even in these cases, our experience suggests that many could be diverted from the child welfare system with preventative material assistance and other supports (see below).

Significant resources go to screening neglect reports that are based on signs of poverty. **Diverting more families experiencing the effects of poverty through material and financial support would free up resources for child welfare interventions for those who truly need it.**

**48% of Wellpoint Care clients make less than \$15,000/year.**

**12% of Wellpoint Care clients make more than \$30,000/year.**

More than 60% of child welfare clients at Wellpoint Care are with us for a neglect case. Their primary problem is often an inability to afford basic necessities, not parents' disregard for their children.

- We sometimes work with parents who sought material help (such as childcare or housing assistance) but were reported for neglect instead. By the time they get to us, they must meet court-ordered conditions to close their case.
- When a child is removed from their home, it can take two years or longer to meet conditions of reunification, whereas access to prevention services and income supports could reduce or even eliminate child welfare system involvement.

# LOW INCOME AND CAREGIVING

Low income has a significant impact on caregivers' mental health, ability to engage with parenting, efforts to build their skills, and even ability to find work:

- When caregivers don't have enough money, a great deal of their attention goes to meeting basic daily needs. Planning ahead and providing a nurturing environment are difficult in survival mode.
  - When we can provide gift cards for immediate material assistance (groceries, gas, bus passes, etc.) we see how being able to meet those needs frees parents up mentally and practically to focus on addressing the big picture.
- Many parents and caregivers would need regular childcare to be able to work, but can't afford to pay for childcare without a job.
- Mental health treatment and other professional services are typically a requirement of child welfare court orders. In these cases, if a parent does not complete the requirements their case won't be closed. If the child is in foster care they are not reunified.
  - Many caregivers work multiple jobs, take gig work, and/or work at jobs with inconsistent schedules and no paid time off (such as retail). This makes scheduling and keeping appointments difficult.
  - About 40% of Wellpoint mental health clinic patients seek services because of a court order, 40% are "strongly encouraged" by judges or other professionals, and 20% are self-referred.

# COST OF LIVING

A major driver of poverty in Wisconsin is wages that are too low to cover the cost of living. An individual with just one child, working full time, would need to earn \$31.95/hour (\$66,456/year) to be able to afford average living expenses (housing, childcare, food, health care, transportation, etc.) in Milwaukee County. Two adults with one child, both working full-time, would each need to make \$17.39/hour.<sup>8</sup> However:

- The Wisconsin minimum wage is \$7.25/hour, the same as it was in 2009.
- There is a significant racial income gap. In 2019, the Wisconsin median hourly wage for workers of color was \$17, compared to \$22 for white workers.<sup>9</sup>
- The median annual income is around \$30,000/year for Black and Indigenous families with children, compared to over \$90,000/year for white families with children.<sup>10</sup>
- There are significant racial disparities among Wisconsin children living below the federal poverty line: 36% of Black children, 25% of Hispanic/Latinx children, 17% of Asian & Pacific Islander children, and 8% of white children live below the poverty line.<sup>10</sup>
- In Milwaukee County, a low income is the greatest barrier to finding affordable housing, more than availability of units or median rent price.<sup>11</sup>
- In the Milwaukee area, many jobs that provide the most reliable income are located in the suburbs and can take up to two hours to reach by bus from the city.

# BUREAUCRACY AND BENEFITS CLIFFS

Low payment amounts, bureaucratic obstacles, and strict requirements for public assistance benefits make it difficult for people to achieve economic stability. Many working people aren't paid enough to cover their living expenses, so they turn to public assistance programs like Temporary Assistance for Needy Families via Wisconsin Works (W2), FoodShare, and Wisconsin Shares (childcare subsidy). Meanwhile, people with disabilities that make them unable to work often rely on Supplemental Security Income (SSI).

- Onerous application requirements often require people to go to multiple offices and obtain extensive documentation. This takes significant time and energy for parents and caregivers who are already overstretched.
- Insufficient staffing, especially in SSI administration, means that qualified applicants sometimes wait months for money that they urgently need.

Work requirements and low payments can make it hard to make ends meet even when recipients are using public assistance to supplement low wages (rather than relying solely on benefits).<sup>12</sup> At the same time, income and asset limits can trap people in low-paying jobs or fully dependent on SSI with no option to save because they can't afford to lose benefits like BadgerCare and Wisconsin Shares. This is known as the "benefits cliff."

- Some parents can't take higher-paying jobs or more work hours because they would end up with a *lower* net income without access to essential services like health insurance and childcare.
  - Wisconsin Shares caps applicant eligibility at 185% of the federal poverty line.<sup>13</sup> Because "low income" is below 200% of the poverty line, parents can be considered low income but make too much money for childcare assistance.
- People relying on SSI due to a disability cannot have more than \$2,000 in assets for an individual or \$3,000 for a couple.<sup>14</sup>

## WELLPOINT RECOMMENDS

Making sure everyone has a living income will improve many caregivers' capacity to provide nurturing care for their children, and has the potential to reduce unnecessary involvement with the child welfare system. By ensuring every family can afford their basic needs, we can help set up families and children to thrive.

- **Raise the state minimum wage to at least \$15/hour and set it to adjust with inflation.**
- **Improve the extent and reliability of public transit** within and around Milwaukee to increase access to higher paying jobs.
- **Implement prevention referrals as a standard part of the child welfare neglect report screening process**, to ensure people who need material assistance receive it.
- **Streamline public benefits applications, reduce bureaucratic barriers and raise income and asset limits** to allow people become financially stable and independent.
- **Invest in subsidized jobs and job training programs** that pay trainees for their time to connect more people to jobs in understaffed fields.

## REFERENCES

- <sup>1</sup>The Living Income Community of Practice, "[The Concept](#)."
- <sup>2</sup>US Department of Health and Human Services, "[2020 Poverty Guidelines](#)," 2020.
- <sup>3</sup>Kids Count Data Center, "[Low-income working families with children in Milwaukee](#)," 2020.
- <sup>4</sup>Wisconsin Policy Forum, "[Rise in FoodShare Another Indicator of Pandemic's Toll](#)," 2020.
- <sup>5</sup>American Heart Association, "[Mitigating the Effects of Adverse Childhood Experiences \(ACEs\) by Strengthening Income Support for Families](#)," 2019.
- <sup>6</sup>Center for Budget and Policy Priorities, "[Cash Assistance Boosted Infants' Brain Development, Study Shows](#)," 2022.
- <sup>7</sup>Wisconsin Department of Children and Families, "[Wisconsin Child Abuse and Neglect Report](#)," 2019.
- <sup>8</sup>Massachusetts Institute of Technology Living Wage Calculator, "[Living Wage Calculation for Milwaukee County, Wisconsin](#)."
- <sup>9</sup>National Equity Atlas, "[Milwaukee Data Summary](#)," 2020.
- <sup>10</sup>Kids Count Data Center, "[Median family income among households with children by race and ethnicity in Wisconsin](#)," 2020.
- <sup>11</sup>Wisconsin Policy Forum, "[The Cost of Living: Milwaukee County's Rental Housing Trends and Challenges](#)," 2018.
- <sup>12</sup>Center on Budget and Policy Priorities, "[Chart Book: Temporary Assistance for Needy Families \(TANF\) at 25](#)" 2021.
- <sup>13</sup>Wisconsin Department of Children and Families, "[How to Apply for the Wisconsin Shares Program](#)."
- <sup>14</sup>Social Security Administration, "[SSI Spotlight on Resources](#)," 2022.

### *Additional Resource:*

- First Focus on Children, "[Issue Brief: How Tax Credits Could Provide Transition-Age Youth Greater Financial Stability](#)," 2022.
- Kids Count Data Center, "[Median Income Report for Counties in Wisconsin](#)," 2020.
- Georgetown Law Center on Poverty and Inequality, "[Lessons From New Hope: Updating the Social Contract for Working Families](#)," 2021.

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## ABOUT WELLPOINT CARE NETWORK

Wellpoint Care Network is an evolving, community-facing human services organization based in Milwaukee, Wisconsin. As a national leader in recognizing and addressing the impact of trauma, Wellpoint has been caring for children for more than 170 years.

Championing families, Wellpoint Care offers a comprehensive array of prevention, intervention and crisis resources to facilitate equity, learning, healing and wellness by restoring the connections that help children and families thrive.

Learn more at [wellpointcare.org](https://wellpointcare.org).

