

F A C T



S H E E T

**2019 federal spending
on safety net in Wisconsin**

\$9.1
BILLION

**2019 state spending
on safety net programs**

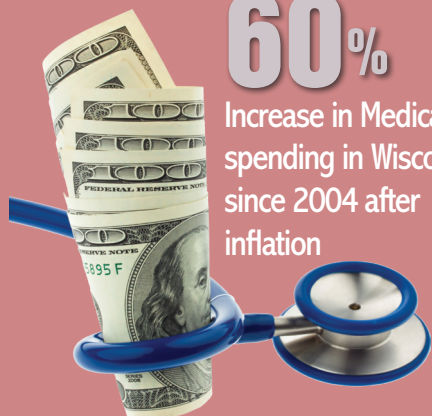
\$3.6
BILLION

+39%

**Per-person public welfare
spending by Wisconsin since
2004 after inflation**

60%

**Increase in Medicaid
spending in Wisconsin
since 2004 after
inflation**



Altering Wisconsin's Safety Net to Encourage Upward Mobility

Wisconsin residents receive at least \$9 billion in federal assistance through means-tested programs, and the state contributes another \$3 billion. Can more money dedicated to a flawed federal safety net effectively reduce poverty and increase upward mobility? Without addressing the underlying causes of poverty, namely limited employment and unmarried parenthood, the answer is no.

TRENDS

Federal and state spending on these programs has increased dramatically over the past few decades, with Wisconsin's Medicaid expenditures alone increasing over 60% in constant dollars since 2004.

Spending on other safety net programs also has risen. Federal expenditures on major means-tested safety net programs across all states, including food assistance, Supplemental Security Income, family support (mainly Temporary Assistance for Needy Families, or TANF) and refundable tax credits have almost doubled in constant dollars since 1995.

Expenditures at the state level on safety net programs can be difficult to obtain because of their complex financing. The best analysis shows large increases in spending per capita on public welfare by Wisconsin: Since 2004, per capita spending on public welfare by the state increased 39%.

AID AND POVERTY

The best measure of poverty trends in the context of safety net programs is the supplemental poverty measure (SPM), which counts most government assistance as household resources. Trends in the SPM show large declines in poverty in Wisconsin in recent decades, with growing public expenditures and declining poverty rates.

However, research shows that those at the bottom of the income distribution are no more likely to climb the ladder to the middle class than previous generations. When government expands safety net programs without considering the unintended behavioral consequences, it can make situations worse for families in the end and for states trying to foster a strong economy and high quality of living.

INNOVATION

Wisconsin's leaders can change safety net policies to improve the underlying conditions that cause poverty, including employment and family structure. →

29.8%

Share of
Wisconsinites
not working
who are poor



27.8%

Share of
Wisconsin
single-mother
families that
are poor



4.0%

Share of
Wisconsin
married-couple
families that
are poor



2.2%

Share of
Wisconsinites
working full time
year-round
who are poor



Officials can take advantage of existing opportunities to waive program requirements or to use TANF's flexibility to innovate. Additionally, state elected leaders will need to lobby Congress to gain more flexibility and authority over federal safety net funding. Wisconsin leaders took both approaches in reforming the welfare system in the 1980s and '90s.

To address employment disincentives, states need flexibility to restructure programs with things such as time limits and work requirements, and to coordinate benefit phase-outs in ways that minimize benefit cliffs. Federal program rules generally prohibit such flexibility; to achieve it, Congress needs to authorize "superwaivers" through demonstration projects.

With such flexibility, Wisconsin could consolidate funding streams from programs into a Unified Family Assistance Program, offering money and services to low-income families in a coordinated way that sets clear goals for employment and self-sufficiency. The program could address marriage penalties by setting income eligibility requirements higher for married families, while officials could impose reasonable work and education expectations as a condition of receiving assistance and set time limits for cash support.

With this flexibility, however, Wisconsin would need to assume more financial responsibility for safety net programs while being held accountable for positive outcomes. This would introduce a new financial burden on Wisconsin, which could propose Congress allow it to offset some of these new costs if it meets employment and poverty-reduction benchmarks.

SUCCESS SEQUENCE

Wisconsin can do other things to encourage two-parent families. One is to promote the success sequence: Messages to young people about finishing high school, working and waiting until marriage to have children, traditionally instilled by parents, can be reinforced through programs at schools and youth centers. Similar to the National Campaign to Reduce Teen Pregnancy, philanthropic leaders can support nonprofits aimed at promoting the success sequence by collaborating with faith-based organizations and private charities on a statewide campaign.



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