

# Strengthening the Safety Net



## How to strengthen the climb from the safety net

By Angela Rachidi



**BADGER  
INSTITUTE**

Free Markets • Opportunity • Prosperity

# 2026

## EXECUTIVE SUMMARY

# How to strengthen the climb from the safety net

Wisconsin has long benefited from low poverty rates and relatively high labor force participation relative to the national average. But the state's safety net faces important challenges.

There has been little progress in reducing child poverty since roughly the turn of the century. Further, economic mobility remains a problem. The evidence shows the limitations of safety net programs and policies that redistribute income without sufficient regard for work incentives, program integrity or long-term upward mobility.

The next governor and Legislature should strengthen Wisconsin's safety net by focusing it on work, family stability and upward mobility.

### Key findings:

- After substantial declines throughout the 1990s, Wisconsin has made little progress on child poverty in recent years. Child poverty rates in Wisconsin have generally hovered between 10 and 15 percent since 2000.
- Upward mobility remains a problem despite Wisconsin's relatively low poverty rate. Research from Opportunity Insights suggests that children born into low-income families in more recent cohorts have experienced lower income growth as adults than similar children born earlier, including in both urban and rural Wisconsin counties.
- These problems remain despite the fact safety net spending and participation have grown substantially.
- Work remains the most reliable path out of poverty. In 2024, only 2.1 percent of Wisconsinites who worked full time year-round were poor, compared with 18.6 percent of those with no work. Reforms to Wisconsin's safety net should focus on promoting work.

### Recommendations:

- Wisconsin should effectively implement new federal work requirements for FoodShare and BadgerCare.
- The next governor should set a clear vision for reducing barriers to work and family formation, including the elimination of benefit cliffs and marriage penalties that can discourage employment, earnings growth and marriage.
- The state should back federal efforts to give states flexibility to coordinate safety net programs, address benefit cliffs and test reforms that promote long-term self-sufficiency.
- Wisconsin should move toward a more integrated "One Door to Employment" model. Better coordination across FoodShare, BadgerCare, Wisconsin Works and employment training programs would focus the safety net more directly on work and upward mobility.
- Wisconsin should maintain strong program integrity measures to ensure low FoodShare error rates.
- Wisconsin should teach the success sequence in schools. State leaders should incentivize instruction on the importance of graduating from high school, working full time and having children within marriage, a sequence strongly associated with lower poverty rates.

Wisconsin does not need a safety net agenda built around simply expanding benefits. It needs one that helps low-income residents meet immediate needs while also supporting work, family stability and long-term economic independence.

# How to strengthen the climb from the safety net

By Angela Rachidi

## Introduction

**T**he Badger State remains among the lowest in the nation for poverty overall and among children.

As I highlighted in the 2022 “Mandate for Madison,” Wisconsin has a strong economy, low cost of living, and high labor force participation relative to many other states, which translates into lower poverty and higher median household income, adjusted for price parity.<sup>1</sup>

However, Wisconsin is not without challenges with respect to poverty and upward mobility. Although overall poverty rates in Wisconsin are low, research suggests that low-income families struggle to move up the income ladder.<sup>2</sup> An aging population heightens the need to maximize labor force participation among prime-age residents and, more crucially, to prepare the next generation for the demands of the future economy. Additionally, pockets of rural and urban poverty present important challenges to Wisconsin’s safety net policies, which evidence suggests successfully meets families’ short-term material needs but fails to help families achieve upward mobility.

In 2026, many of the same challenges remain with Wisconsin’s social safety net that existed in 2022. However, the COVID-19 pandemic altered the policy

landscape and revealed some important lessons. The government’s response to the pandemic highlighted the risks associated with policies that redistribute income without considering the tradeoffs of higher inflation and work disincentives. In the aftermath of the pandemic, untargeted and expansive government relief increased inflation and hurt the very individuals and families whom this relief was intended to help. Costs were further increased as government policies waived work requirements in food assistance programs, suspended Medicaid recertifications, and expanded the government’s reach into a greater share of households. Six years after the pandemic started, the state is still dealing with the consequences of those policy choices.

Like the 2022 “Mandate for Madison,” the focus of this report is a safety net approach for Wisconsin that promotes employment and family as a permanent path out of poverty toward upward mobility. As I wrote in the 2022 Mandate, employment is crucial to helping families escape poverty. According to Census data, only 2.1 percent of people in Wisconsin who worked full time year-round in 2024 were poor, according to the official poverty rate (that is, without fully considering government benefits), compared to 18.6 percent of those with no work.<sup>3</sup> Research shows that safety net policies in the United States that promote

employment, such as welfare reform and the earned income tax credit, have led to increased employment, lower poverty rates and improved family well-being.<sup>4</sup>

The purpose of this chapter is to provide Wisconsin's next governor and state leaders with an agenda for strengthening the social safety net so that it better promotes work, family stability and upward mobility. The chapter first reviews key measures describing Wisconsin's population, including the demographic opportunities and challenges facing the state in coming years. I then describe the structure of the current social safety net, including temporary and permanent changes implemented during the pandemic and through major federal legislation in recent years. Finally, I examine key challenges facing Wisconsin policymakers in light of federal policy changes enacted in July 2025 through the One Big Beautiful Bill Act. I conclude with policy recommendations focused on program consolidation, reduced barriers to employment and marriage, and strengthened work and training requirements for program participants.

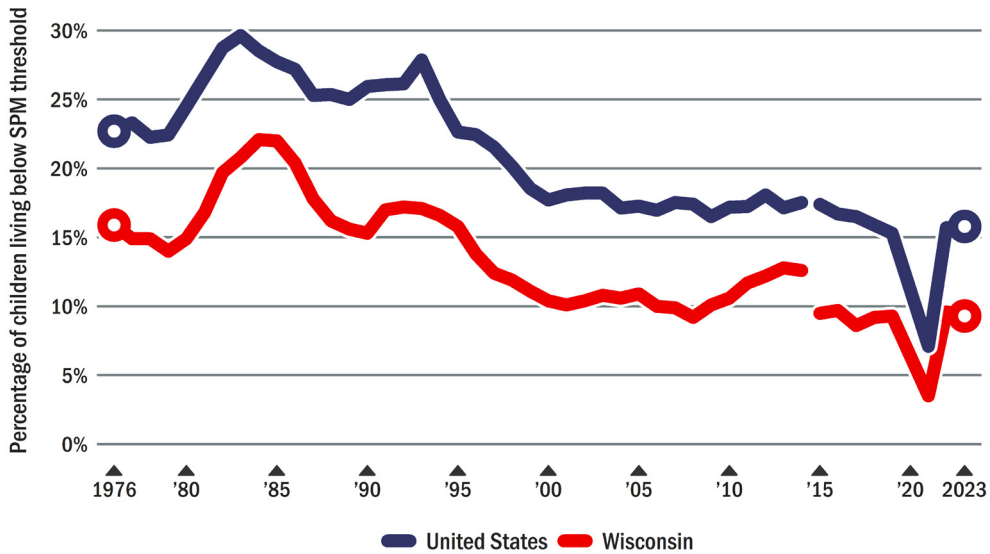
## **Wisconsin's population: opportunities, challenges**

Historically, Wisconsin has maintained relatively low poverty rates compared to the United States. Figure 1 reflects the supplemental poverty measure for children, which fully counts government benefits as resources, unlike the official poverty rate.<sup>5</sup> By this measure, poverty has declined for children both nationally and in Wisconsin over the past several decades, but children in Wisconsin have

consistently experienced a lower poverty rate than U.S. children overall. These long-term declines are driven by several related factors, including welfare reform's effect on increasing employment rates among single mothers in the 1990s, coupled with a large increase in federal spending on safety net programs tied to work in the subsequent years, such as the earned income tax credit.<sup>6</sup>

During the pandemic, child poverty rates remained at an all-time low in Wisconsin. The downward spike in 2021 resulted from pandemic-related economic relief, including a temporary expansion to the Child Tax Credit (see details in the next section).<sup>7</sup> However, once these policies expired, the child poverty rate returned to historical norms, and by 2023 child poverty in Wisconsin was at the same level as pre-pandemic 2019.

Poverty rates are influenced by a variety of factors, including age, education level, labor force participation and birth trends. The interaction of these factors with safety net policies has further implications for poverty rates. For example, expanding the reach of certain safety net programs will increase low-income household resources and lower poverty rates, which is what happened during the pandemic. However, safety net policies can also alter behavior and indirectly affect poverty rates by negatively influencing decisions around work, education, marriage, and family formation. These decisions have implications for labor force participation and the overall performance of the economy, potentially resulting in higher poverty rates and lower economic mobility.

**Figure 1: Child supplemental poverty measure**

Source: For 1976-2014, the figure reflects the historical supplemental poverty measure produced by Columbia University's Center on Poverty and Social Policy (CPSP), <https://povertycenter.columbia.edu/historical-spm-data>. The CPSP series ends in 2014. For 2015-2023, the figure reflects the U.S. Census Bureau's supplemental poverty measure for Wisconsin using one-year estimates from the American Community Survey (ACS). The series from 1976-2014 is not directly comparable to 2015-2023. The 2020 SPM was omitted due to data issues resulting from the pandemic.

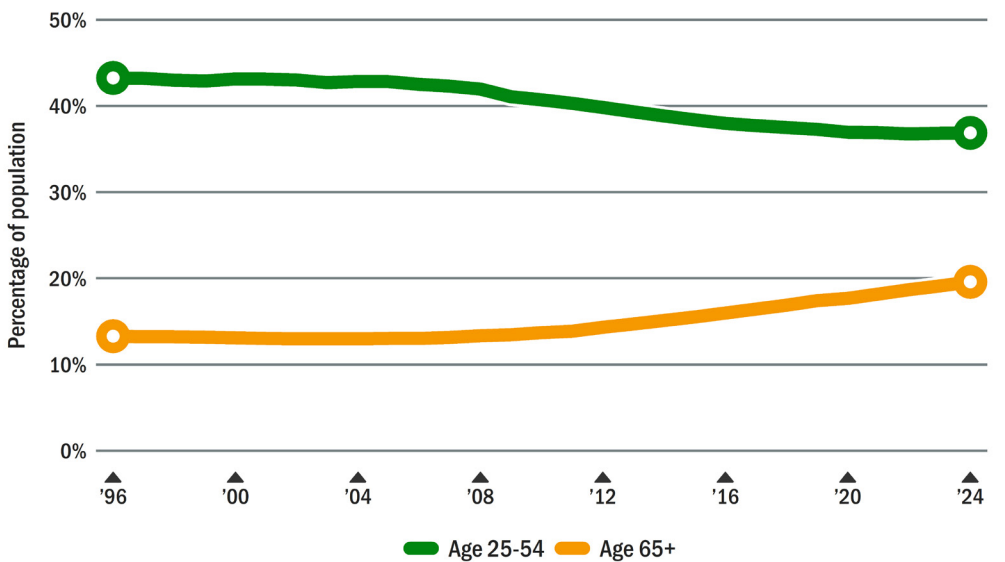
In Wisconsin, the general aging of the population has influenced labor force participation and poverty rates over the past several decades. Wisconsin has consistently had a slightly older population than the United States nationally, with nearly 20 percent of the population aged 65 or older compared with the national figure of 18 percent in 2024.<sup>8</sup> This problem has further increased with population growth among the elderly dramatically outpacing growth among the prime working age population. As shown in Figure 2, the share of the population age 65 and older in Wisconsin has increased more than 6 percentage points since 1996, while the prime-age population has declined at a similar rate. This trend accelerated around 2010 as the first baby boomers aged into this category, suggesting that these trends are likely to

persist.

These demographic shifts will influence Wisconsin's labor force participation and, in turn, the state's long-term economic growth and competitiveness, as well as poverty rates and upward mobility. While Wisconsin has historically maintained lower poverty rates than the United States overall due in part to its higher labor force participation, this is changing. Since 1997, labor force participation rates in Wisconsin have declined at a steeper rate than the U.S. average, and this decline has accelerated since the pandemic (Figure 3). As a result, the gap between labor force participation in Wisconsin compared to the United States overall has narrowed.

Two other trends are notable: nonmarital births and education levels. Poverty

Figure 2: Wisconsin population trending older



Source: Wisconsin Department of Health Services, Division of Public Health, Office of Health Informatics. Wisconsin Interactive Statistics on Health (WISH) data query system, <https://www.dhs.wisconsin.gov/wish/index.htm>. Population Module, accessed June 11, 2026.

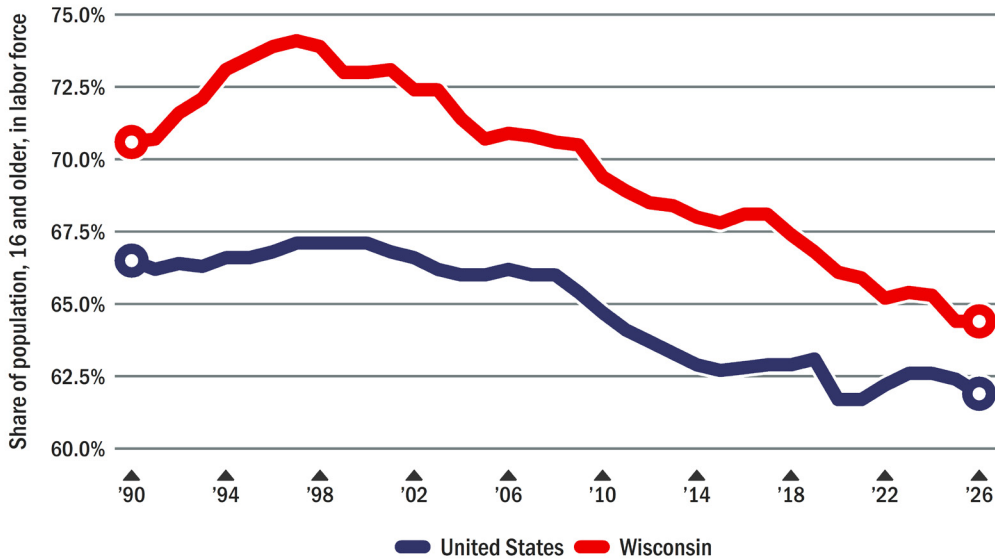
rates are elevated among single parent households compared to married households,<sup>9</sup> and higher education levels are strongly correlated with lower poverty rates.<sup>10</sup>

As in the United States overall, nonmarital births in Wisconsin as a percentage of total births have increased dramatically over the past several decades through 2010.<sup>11</sup> However, the percentage has since leveled off (largely attributable to a decline in births to teenage mothers). Yet still in 2023, 36.7 percent of births in Wisconsin were to unmarried parents, putting upward pressure on child poverty rates.<sup>12</sup>

A bright spot over the past few decades has been improving education levels among Wisconsinites, following a national trend. The percentage of Wisconsinites

25 and older with at least a high school diploma has steadily increased since 2000, reaching 94 percent by 2023.<sup>13</sup> Since higher education levels are strongly correlated with lower poverty rates, this trend has likely aided in keeping the poverty rate in Wisconsin relatively low compared to other states.

Overall, Wisconsin leaders should continue to monitor these key drivers of opportunity for Wisconsin residents — demographics, labor force participation, nonmarital births and educational attainment — while fostering a strong, competitive economy that creates employment opportunities for Wisconsin residents of all skill levels.

**Figure 3: Labor force participation rate, age 16 and older**

Source: U.S. Department of Labor, Bureau of Labor Statistics, LAUS, <https://fred.stlouisfed.org/series/LBSSA55#>.

## Social safety net in Wisconsin

These trends present both challenges and opportunities. On one hand, Wisconsin's relatively low poverty rate and strong labor force participation ease pressure on policymakers to make dramatic reforms to the social safety net. On the other hand, as shown in Figure 1, child poverty rates in Wisconsin have hovered between 10 and 15 percent since 2000 with little additional progress, except for the unprecedented federal relief efforts during the pandemic. Furthermore, research suggests that upward mobility remains a challenge for Wisconsin's low-income families.

Studies on upward mobility suggest mixed results for low-income families in Wisconsin seeking to climb the income ladder. In the project called Opportunity Insights out of Harvard

University, researchers analyzed tax data over time and assessed changes in income as different birth cohorts aged into adulthood (i.e., children born in 1978 compared to children born in 1992).<sup>14</sup> The project assessed upward mobility at the county level for all states. According to the project, children from low-income families in the 1992 birth cohort experienced lower rates of income growth as adults compared to similar children in the 1978 birth cohort for all counties in Wisconsin. For example, children born into low-income households in 1992 in Milwaukee had 3.3 percent lower income growth by the time they were adults than children born in Milwaukee in similar circumstances 15 years earlier; however, this was only true for White and Hispanic children, not Black children. A similar trend also emerged in Wisconsin's more rural Iowa County, with the 1992 birth cohort experiencing 8.7 percent less income

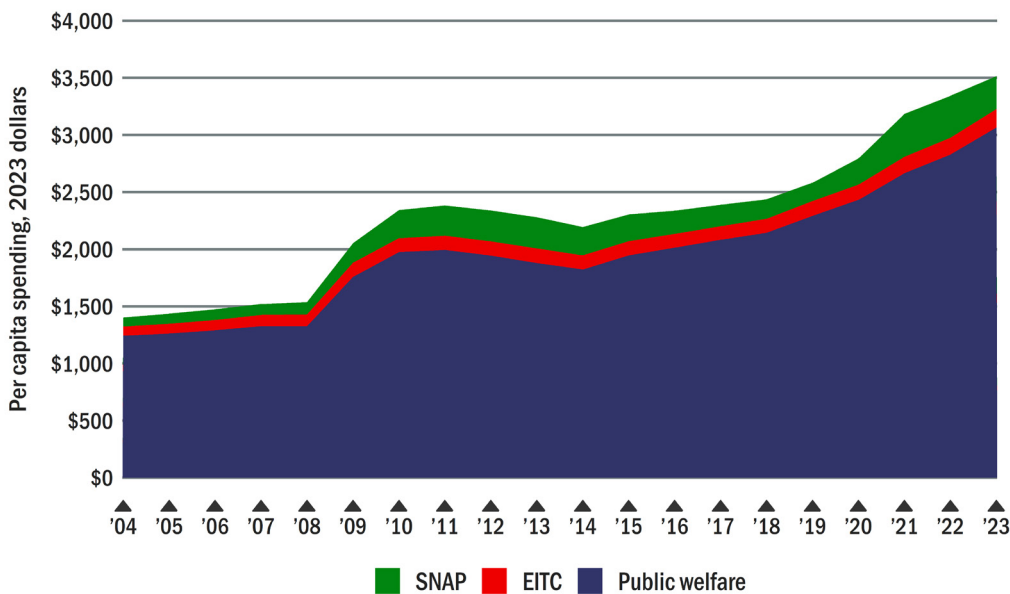
growth than similar children from the 1978 birth cohort. This shows that even though Wisconsin benefits from relatively low poverty rates, upward mobility remains a challenge. Policymakers must resist the urge to simply redistribute more safety net funding toward low-income families. They should instead address the underlying causes of poverty and limited upward mobility, including lagging labor force participation and a relatively large share of births to unmarried parents.

The social safety net in Wisconsin operates through a variety of federally funded and county administered programs, with oversight through state agencies and the governor’s office. Even though the federal government authorizes nearly 100 different safety net programs, the core programs offer food, housing, healthcare and other income assistance to

families. Individuals and households must document their resources, expenses and household composition to be eligible, and state (or county) caseworkers must assess their eligibility based on federal guidance.

Some programs, such as food assistance and public health insurance, are entitlements, meaning everyone who is income-eligible and applies will receive assistance. Other programs, such as childcare assistance, cash welfare (that is, the Temporary Assistance for Needy Families or TANF program), and housing assistance, have limited funding and must navigate federal appropriation limits. Appendix 1 summarizes the largest income support, public health insurance, and nutrition, housing and energy assistance programs operating in Wisconsin.<sup>15</sup>

Figure 4: Safety net expenditures per capita



Source: Public welfare spending comes from the Tax Policy Center using data from the U.S. Census Bureau Annual Survey of State and Local Government Finances, Earned Income Tax Credit spending for Wisconsin comes from the IRS. Statistics of Income, and Supplemental Nutrition Assistance Program spending for Wisconsin from the U.S. Department of Agriculture Food and Nutrition Administration SNAP data tables. All figures reflect 2023 dollars, adjusted using the CPI-U.

Figure 4 shows federal and state spending per capita on public assistance programs since 2004 in constant 2023 dollars. The largest driver of increased expenditures in Wisconsin is Medicaid (included in public welfare), with the total public assistance costs more than doubling to \$3,500 per capita in 2023.

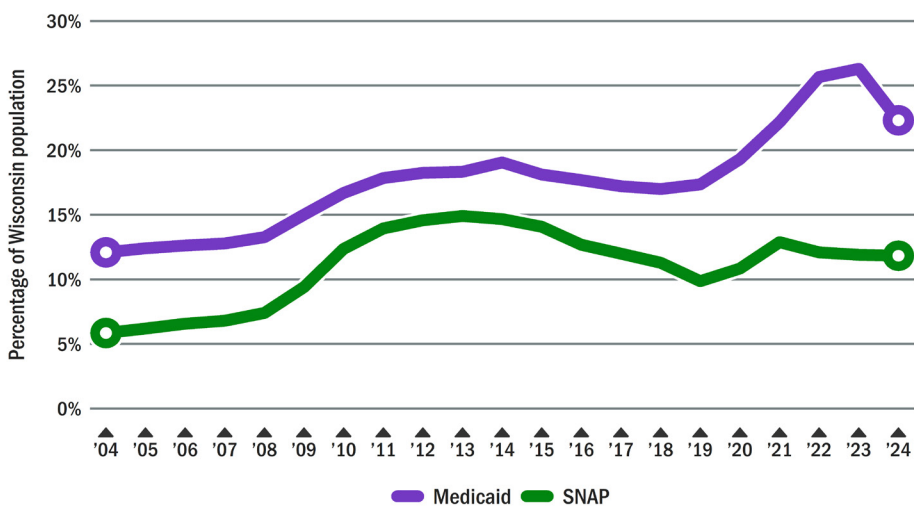
Public welfare costs spiked in 2008 while the nation was grappling with the Great Recession. However, even after the economy started to recover, public welfare spending per capita continued to increase in Wisconsin, driven by Medicaid costs. Higher Medicaid costs stemmed from a variety of sources, including expanded coverage to childless individuals under the federal poverty limit and an aging population with increasing long-term care costs.<sup>16</sup>

Figure 5 depicts growth in participation as a share of the total population in the two largest safety net programs in Wisconsin,

Supplemental Nutrition Assistance Program (SNAP) and Medicaid. Consistent with expenditure trends, participation growth in both programs accelerated after the Great Recession started in 2008 and spiked again in the aftermath of the pandemic. By 2025, SNAP and Medicaid participants as a share of the population remained above pre-pandemic 2019 levels.

Participation and expenditure growth has been largely due to policy changes to the safety net that lingered for several years after the initial pandemic shock. Temporary pandemic-related measures were largely tied to the declaration of a public health emergency by the federal secretary of Health and Human Services. The secretary maintained a public health emergency declaration until May 2023, which affected several temporary enhancements to safety net programs. Table 1 summarizes major federal and state changes to safety net programs during the pandemic.

**Figure 5: Percentage receiving SNAP and Medicaid**



Source: Centers for Medicaid and Medicare, <https://data.medicare.gov/> and U.S. Department of Agriculture Food and Nutrition Administration Data Tables, SNAP Participation by State, <https://www.fna.usda.gov/pd/supplemental-nutrition-assistance-program-snap>.

**Table 1: Major safety net program changes since 2020**

| <b>Program area</b>                    | <b>Temporary pandemic-related changes</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
|----------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Medicaid</b>                        | <ul style="list-style-type: none"> <li>Continuous coverage requirement prevented states from disenrolling beneficiaries during the public health emergency (ended April 1, 2023).</li> <li>The federal government offered enhanced federal matching funds (FMAP) to states (ended between April and December 2023).</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                       |
| <b>SNAP</b>                            | <ul style="list-style-type: none"> <li>Early in the pandemic administrative flexibilities were allowed, and recertifications suspended (ended July 2020).</li> <li>Emergency allotments increased benefits to the maximum regardless of other income in the household (ended March 1, 2023).</li> <li>Able-bodied adults without dependents work requirements were suspended during the public health emergency (ended July 1, 2023).</li> <li>Temporary increase (15 percent) in benefits (from January to September 2021).</li> <li>A reevaluation of the Thrifty Food Plan permanently increased the maximum SNAP benefit by 21 percent on average in October 2021. This was an administrative action.</li> </ul> |
| <b>Child Tax Credit (CTC)</b>          | <ul style="list-style-type: none"> <li>American Rescue Plan temporarily increased benefit amounts, made the credit fully refundable, and provided monthly advance payments (ended December 2021).</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| <b>Earned Income Tax Credit (EITC)</b> | <ul style="list-style-type: none"> <li>Expanded benefits for childless adults and relaxed eligibility rules temporarily (ended December 2021).</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| <b>Housing assistance</b>              | <ul style="list-style-type: none"> <li>Eviction moratoriums, emergency rental assistance, and mortgage forbearance programs were implemented (moratoriums ended by late 2021).</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| <b>Childcare</b>                       | <ul style="list-style-type: none"> <li>Large increases in Child Care and Development Fund funding, which could be used for vouchers (ended by September 2024) and stabilization grants to providers (ended September 2023).</li> <li>Wisconsin created the Child Care Counts program to provide COVID-19 supplemental payments to childcare providers. The state utilized unused pandemic funds to extend the program into 2026 (ended June 2026).</li> </ul>                                                                                                                                                                                                                                                        |
| <b>School meals</b>                    | <ul style="list-style-type: none"> <li>Universal free school meals and broad waiver authority for meal distribution (ended June 2022).</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| <b>TANF</b>                            | <ul style="list-style-type: none"> <li>Additional federal funding and administrative flexibility for states.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |

Source: Author summary of authorizing legislation, including Families First Coronavirus Response Act (March 2020), CARES Act (March 2020), Paycheck Protection Program and Health Care Enhancement Act (April 2020), Coronavirus Response and Relief Supplemental Appropriations Act (December 2020), and the American Rescue Plan (March 2021).

**Table 2: Permanent Changes, 2023 Inflation Reduction Act (IRA) and 2025 One Big Beautiful Bill Act (OBBBA)**

|                 |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
|-----------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Medicaid</b> | <ul style="list-style-type: none"><li>• Mandatory 12-month child continuous coverage provision (effective Jan. 1, 2024).</li><li>• Community engagement requirements for adults aged 18-64 (effective 2028).</li><li>• Medicaid expansion enrollees must recertify every six months (effective January 2027).</li></ul>                                                                                                                                                                                                                                                                                                            |
| <b>SNAP</b>     | <ul style="list-style-type: none"><li>• Able-bodied adults without dependents work requirements expanded to individuals 18-64 and parents of children over age 13 (effective July 2025).</li><li>• Criteria by which states can waive the ABAWD work requirement narrows substantially, effectively limiting waivers to areas with unemployment rates 10 percent or higher (effective July 2025).</li><li>• Increase administrative cost-share match for states from 25 percent to 50 percent (effective July 2025).</li><li>• Cost-sharing requirement for payment error rates over 6 percent (effective Oct. 1, 2027).</li></ul> |
| <b>Housing</b>  | <ul style="list-style-type: none"><li>• Comments accepted on federal rule change to allow local housing authorities to implement work requirements, time limits, or both. No planned implementation date.</li></ul>                                                                                                                                                                                                                                                                                                                                                                                                                |

Source: Authors summary of key provisions in the Inflation Reduction Act (2023) and the One Big Beautiful Bill Act (2025).

Although these pandemic-related expansions largely expired by 2023 (with a few exceptions), two key pieces of federal legislation in 2023 and 2025 made permanent changes to safety net programs. These changes aimed to control federal spending growth while strengthening work requirements and program integrity. Table 2 summarizes recent reforms to safety net programs from both the Inflation Reduction Act (2023) and the One Big Beautiful Bill Act (2025), which have implications for the future of safety net programs in Wisconsin.

## Recommendations for Wisconsin

In the 2022 Mandate, I identified three priority areas for Wisconsin policymakers to reduce poverty and support upward mobility for low-income households: education, employment and family structure. These remain the central focus areas, and recent federal policy changes have provided additional support for advancing them — provided state leaders implement them effectively. Below I highlight five safety net focus areas for a new legislature and governor.

### *Effectively implement new SNAP (FoodShare) and Medicaid (BadgerCare) work requirements*

After the passage of OBBBA in July 2025 (see Table 2), by the end of 2027 all non-disabled and work-capable adults aged 18-64 who are without dependents younger than age 14 will be required to work or volunteer for at least 20 hours per week (on average) to maintain their federal SNAP and Medicaid benefits (called FoodShare and BadgerCare in Wisconsin). SNAP recipients must already meet this requirement, and the Medicaid requirement becomes effective in October 2027.

Wisconsin already has a workforce development infrastructure for benefit recipients through its Wisconsin Works (W-2) program and FoodShare Employment and Training program.<sup>17</sup> The new governor and administration must build upon this infrastructure to ensure that all FoodShare and BadgerCare recipients in Wisconsin who are subject to the federal work requirements understand them and have access to support services. State officials must also ensure that households participating in both FoodShare and BadgerCare experience coordinated requirements and services. This requires data sharing between programs, and a coordinated service approach: For example, satisfying the FoodShare requirement should also seamlessly satisfy the BadgerCare requirement. Currently, both programs operate through the Wisconsin Department of Health Services, which should facilitate coordination. However, some of the same households might also receive benefits under the W-2 program, which operates through the Department of Children and

Families. This will require state officials across agencies to work together to ensure a seamless experience for participating households.

As part of this effort, Wisconsin policymakers should explore reforms to their administrative delivery system. One promising approach is the One Door to Employment model, which has been used by Utah since the 1990s.<sup>18</sup>

The One Door to Employment model consolidates program administration across social assistance and workforce development programs, which increases administrative efficiencies. Perhaps more importantly, consolidating approaches across programs more effectively focuses safety net programs on employment and opportunities for upward mobility.

As Wisconsin officials implement expanded work requirements for FoodShare and BadgerCare, they should also work toward the One Door to Employment model for administering their safety net programs.

### *Keep FoodShare error rates low*

With the recent passage of OBBBA, beginning in October 2027, states with a SNAP payment error rate above 6 percent will be required to contribute to a portion of SNAP benefit costs. Before, SNAP benefit costs had been fully federally funded. If Wisconsin's SNAP payment error exceeds 6 percent, this would place a tremendous cost burden on the state. For the purposes of the cost sharing requirement, states are allowed to use their payment error rates from fiscal years 2025 or 2026. Fortunately, Wisconsin has long maintained a SNAP payment

error rate below 6 percent, and for 2025, the payment error rate was 5.72 percent, exempting Wisconsin from the cost sharing requirement.<sup>19</sup>

However, the OBBBA also requires that states contribute a larger share of SNAP administrative costs and offer work support to those newly subject to work requirements. This will require additional state funding to support the FoodShare program. In March 2026, Gov. Tony Evers signed<sup>20</sup> Assembly Bill 180 to provide the necessary state funds to support these new federal requirements.<sup>21</sup> Moving forward, state officials must ensure the SNAP payment error rates remain below 6 percent and find efficiencies to keep administrative and workforce service costs low.

### *Teach the success sequence in schools*

The “success sequence” is a concept that describes a series of milestones that, when achieved, dramatically reduces the likelihood of poverty and increases the chances of entering the middle class. A synthesis of the literature shows that when young people graduate from high school, work full-time and have children within marriage, the chances of poverty are below 3 percent.<sup>22</sup> Given Wisconsin’s poor record on upward mobility, the success sequence offers a path forward.

Like Tennessee and Alabama, the Wisconsin Legislature should require (or at least incentivize through education funding) teaching the success sequence as part of its K-12 curriculum.<sup>23</sup> In both states, legislation requires the principles of the success sequence to be incorporated

into its family life curriculum in public schools. Advocates argue that teaching students these basic life steps aids in reinforcing important societal values and helps students on a path toward success. Teaching these values can help young people achieve success, and publicly funded schools are in the best position to reach the largest number of young people with this important life lesson.

### *Establish an upward mobility vision: Coordinate and consolidate safety net programs*

One of the primary goals for Wisconsin’s new governor and administration should be to establish a vision and strategy for opportunity and upward mobility for Wisconsin’s low-income families. This vision must rest on the need to support people in their pursuit of employment and self-reliance. Part of this vision should be a coordinated state effort to reduce barriers to opportunity, such as reducing benefit cliffs and marriage penalties.

Benefit cliffs are a situation in which a household faces an abrupt drop in benefits when adults work and earn more — making them, at best, only marginally better off financially. Research shows that the median household with children making poverty-level wages and receiving government assistance can stand to lose upwards of half of any new earnings to benefit losses, and in some scenarios can lose all of their new earnings to benefit reductions.<sup>24</sup> Evidence suggests that these high effective marginal tax rates influence employment decisions among participating households.<sup>25</sup> Additionally, many safety net programs maintain the same income eligibility standards for

unmarried and married families, which creates a penalty to getting married when both spouses work — because the second spouse’s income is counted toward eligibility when married, but not when unmarried.

Although states are limited in what they can do to address these problems on their own, Wisconsin leaders can set a clear vision and strategy to advocate for federal changes and, where possible, enact state changes to address these issues. Some options for consideration by state leaders include reforming state income tax policy to reduce marriage penalties (revisiting the married couple credit) and offering a larger refundable Wisconsin earned income tax credit for married families to offset other benefit cliffs.

### *Support the federal Upward Mobility Act*

As part of an upward mobility agenda, Wisconsin leaders should support federal efforts to address benefit cliffs. U.S. Sen. Jon Husted (R-Ohio), along with bicameral co-sponsors, introduced the Upward Mobility Act in January 2026.<sup>26</sup> The bill would authorize a five-state pilot program to address benefit cliffs and other federal safety net coordination problems.

The five states could combine funding across 10 federal safety net programs, including food, energy, housing and childcare assistance (it excludes Medicaid), and alter program rules. Participating states would receive the same level of funding as they would outside the pilot program, but they’d have flexibility to change safety net program rules and better serve constituents. Wisconsin’s new governor

should direct his or her administration to engage federal policymakers in support of this bill and then begin planning an application for a pilot program.

## **Conclusion**

Like in 2022, Wisconsin faces several opportunities and challenges in the coming years in addressing the needs of low-income families. Although Wisconsin benefits from one of the lowest poverty rates in the nation, research suggests that too many of Wisconsin’s low-income families fail to climb the economic ladder. Safety net policies are partly to blame, with their focus on income redistribution instead of addressing the root causes of poverty and limited upward mobility. Even though safety net assistance can help families meet their basic needs, design flaws can also disincentivize employment and penalize marriage, holding Wisconsin’s low-income families back.

Wisconsin’s next governor will inherit an evolving federal safety net landscape that demands more from states toward implementing work requirements and controlling payment errors. While Wisconsin is relatively well positioned to meet these challenges, state leaders must establish a vision that supports upward mobility through self-reliance and economic opportunity. This demands an emphasis on education, employment, and family formation to ensure every Wisconsin family can achieve long-term prosperity.

About the author



**Angela Rachidi** is a senior fellow at the American Enterprise Institute (AEI), which is a free-market focused public policy research organization based in Washington D.C. She is the founder and principal of Rachidi Research and Consulting LLC. In her work, Rachidi studies the impact of safety net programs on low-income families and individuals. She researches the effects of government policies and programs on employment, child wellbeing, family income, and economic mobility. Before joining AEI, she was the deputy commissioner for policy research at the New York City Department of Social Services. Rachidi holds a doctorate in public policy from the New School University in New York City, a master’s degree in public administration from Northern Illinois University, and a bachelor’s degree from the University of Wisconsin-Whitewater. She lives and works from Middleton, Wisconsin.

Appendix: Description of income, nutrition, housing and public health insurance programs

| Program                                                                                | Description                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
|----------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Earned Income Tax Credit (EITC)</b>                                                 | <ul style="list-style-type: none"><li>Administered by the federal government through the Internal Revenue Service.</li><li>Provides a lump sum benefit at tax time, which can range from a few hundred dollars to over \$8,046 depending on other income in the household and family size, including to those who have no federal income tax liability.<sup>27</sup></li><li>The EITC phases in at different rates depending on family size, starting with the first dollar earned, increasing as earnings rise.</li><li>The EITC phases out completely for families with three or more children at \$61,555 (unmarried) and \$68,675 (married) in annual income (in 2025), and at lower amounts for families with fewer children.</li><li>Some states and cities have their own EITC, which they provide in addition to the federal EITC. Wisconsin provides 4 percent, 11 percent, and 34 percent of the federal credit to households with one, two and three qualifying children, respectively.</li></ul> |
| <b>Refundable Child Tax Credit (CTC) (also called the Additional Child Tax Credit)</b> | <ul style="list-style-type: none"><li>In tax year 2025, the federal CTC provided up to \$2,200 per child for families with income tax liability, including up to \$1,700 per child for families without income tax liability (refundable portion), limited to 15 percent of earnings above \$2,500.<sup>28</sup></li><li>The CTC fully phases out at \$200,000 for a single tax filer and \$400,000 for a married tax filer.</li><li>Wisconsin does not provide a state CTC.</li></ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |

|                                                         |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
|---------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Supplemental Security Income (SSI)</b>               | <ul style="list-style-type: none"> <li>• Monthly cash payment from the federal government for low-income adults unable to work due to age, being blind, or otherwise disabled; with benefits ranging from \$967 per month for an individual to \$1,450 for an eligible couple (in 2025).<sup>29</sup></li> <li>• Requires an application to the Social Security Administration and working-age recipients must demonstrate a severe disability that prevents gainful employment, while children are assessed based on the severity of their physical or mental impairments.</li> <li>• Eligibility is generally limited to individuals below the federal poverty threshold, which was \$15,960 for a one-person household in 2026.</li> <li>• Wisconsin provides an exceptional expense supplement for recipients of federal SSI who need full-time in-home care. Wisconsin also provides a caregiver supplement.<sup>30</sup></li> </ul>                                                                                          |
| <b>Temporary Assistance for Needy Families (TANF)</b>   | <ul style="list-style-type: none"> <li>• Federal block grant administered by the states.</li> <li>• States can use funds to provide various benefits and services, including cash assistance, to low-income families with children.</li> <li>• Direct cash assistance comes with federal time limits and work requirements.</li> <li>• Wisconsin offers several TANF programs, including Wisconsin Works (or W-2), which provides cash assistance and job search and training assistance to eligible participants.<sup>31</sup></li> <li>• As part of W-2, participants in a paid placement receive up to \$653 per month depending on the type of placement and hours. They also receive childcare and other support, such as SNAP and Medicaid.<sup>32</sup></li> </ul>                                                                                                                                                                                                                                                          |
| <b>Supplemental Nutrition Assistance Program (SNAP)</b> | <ul style="list-style-type: none"> <li>• SNAP, known as FoodShare in Wisconsin, provides a monthly benefit from the federal government to low-income households for food and beverages.</li> <li>• Non-working able-bodied adults without dependents under age 14 are subject to time limits for benefits. They can receive FoodShare benefits for three months in every three-year period unless they work or volunteer for 20 hours per week on average to maintain benefits.</li> <li>• SNAP benefits range from \$298 per month for a one-person household to \$1,183 per month for a family of five (fiscal year 2026).<sup>33</sup></li> <li>• Gross income must be below 130 percent of the federal poverty threshold for most household types to be eligible, although many states, including Wisconsin, allow up to 200 percent of the federal poverty threshold.</li> <li>• Wisconsin provides employment and training for FoodShare recipients through the FoodShare Employment and Training program (FSET).</li> </ul> |

|                                                                         |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
|-------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Housing<br/>(Housing Choice<br/>Vouchers and<br/>Public Housing)</b> | <ul style="list-style-type: none"> <li>• Provides assistance in two forms: tenant-based assistance, which is vouchers to eligible families used for housing costs, and project-based assistance, with recipients assigned an apartment in public housing.</li> <li>• Administered by state/local housing authorities.</li> <li>• Voucher amounts vary by state and follow fair market rent guidelines. Public housing assigns apartments to eligible recipients. Both programs generally require families to contribute 30 percent of income towards housing costs.</li> <li>• Funding is limited and not all eligible families receive assistance.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| <b>Medicaid</b>                                                         | <ul style="list-style-type: none"> <li>• Medicaid is a joint federal and state program that provides health insurance to low-income individuals and families who lack coverage. It also funds long-term care services for the elderly with low income.</li> <li>• States design their own coverage programs within federal guidelines and share in the financing of services. States determine what their Medicaid program covers (under federal guidelines) and enroll eligible participants.</li> <li>• The federal government requires each state to contribute toward total Medicaid costs according to a formula, the Federal Medicaid Assistance Percentage or FMAP. Wisconsin covers approximately 35 percent of Medicaid costs, with the federal government covering the remainder.</li> <li>• Wisconsin provides several different Medicaid programs called BadgerCare, including for children, adults, and people with disabilities.<sup>34</sup> Generally, children and pregnant women are eligible for BadgerCare when income is below 300 percent of the federal poverty line (FPL); adults are eligible with income below 100 percent of the FPL. Some families must provide a copay for services, and a range of services are covered.<sup>35</sup></li> </ul> |

Source: Author's summary of safety net programs.

## ENDNOTES

- 1 <https://www.bea.gov/data/prices-inflation/regional-price-parities-state-and-metro-area>
- 2 Chetty, Raj, John N. Friedman, Nathaniel Hendren, Maggie R. Jones, and Sonya R. Porter. 2018. “The Opportunity Atlas: Mapping the Childhood Roots of Social Mobility.” NBER Working Paper 25147. <https://doi.org/10.3386/w25147>.
- 3 U.S. Census Bureau, American Community Survey, 1-year estimates, Table S1701.
- 4 See Meyer, Bruce D., and James X. Sullivan. “The Consumption, Income, and Well-Being of Single Mother Headed Families 25 Years After Welfare Reform.” NBER Working Paper No. 29188. Cambridge, MA: National Bureau of Economic Research, 2021. <https://doi.org/10.3386/w29188>; Kleven, Henrik Jacobsen. “The EITC and the Extensive Margin: A Reappraisal.” NBER Working Paper No. 26405. Cambridge, MA: National Bureau of Economic Research, 2019 (revised 2024). <https://doi.org/10.3386/w26405>.
- 5 For an explanation of the Official and Supplemental poverty measures, see Creamer, John, and Kalee Burns. 2024. “The Difference Between Supplemental and Official Poverty Measures.” Random Samplings Blog, U.S. Census Bureau, September 2024. <https://www.census.gov/newsroom/blogs/random-samplings/2024/09/difference-supplemental-and-official-poverty-measures.html>.
- 6 See National Academies of Sciences, Engineering, and Medicine. A Roadmap to Reducing Child Poverty. Washington, D.C.: The National Academies Press, 2019. <https://doi.org/10.17226/25246>, Chapter 1 Introduction and Chapter 3 Consequences of Child Poverty. See also Burkhauser, Richard V., and Kevin Corinth. Poverty and Dependency in the United States, 1939–2023. NBER Working Paper 34759. Cambridge, MA: National Bureau of Economic Research, 2026. <https://doi.org/10.3386/w34759> and Thomson, Dana, Renee Ryberg, Kristen Harper, James Fuller, Katherine Paschall, Jody Franklin, and Lina Guzman. Lessons From a Historic Decline in Child Poverty. Bethesda, MD: Child Trends, September 11, 2022. <https://doi.org/10.56417/1555c6123k>.
- 7 National Academies of Sciences, Engineering, and Medicine. 2025. “Pathways to Reduce Child Poverty: Impacts of Federal Tax Credits.” Washington, D.C.: The National Academies Press. <https://doi.org/10.17226/29163>
- 8 U.S. Census Bureau, Current Population Survey, WI and US Population by Age, 2024. Downloaded from USAfacts, <https://usafacts.org/answers/how-many-people-live-in-the-us/state/wisconsin/>.
- 9 U.S. Census Bureau. Poverty in the United States: 2024. Current Population Reports P60-287. Washington, D.C.: U.S. Census Bureau, 2025. See Table A-2, Number and Percentage of Families and People in Poverty by Type of Family.
- 10 Center for Poverty & Inequality Research. “How Does Level of Education Relate to Poverty?” University of California, Davis, Oct. 30, 2015 (updated with current Census data).
- 11 Michelle J. K. Osterman, Brady E. Hamilton, Joyce A. Martin, Anne K. Driscoll, and Claudia P. Valenzuela. “Births: Final Data for 2024. National Vital Statistics Reports 75, no. 2.” Hyattsville, MD: National Center for Health Statistics, June 9, 2026.
- 12 Wisconsin birth data come from the Wisconsin Interactive Statistics on Health (WISH) system, <https://www.dhs.wisconsin.gov/wish/index.htm>. In 2023, 36.7 percent of births were to unmarried parents in Wisconsin.

- 13 U.S. Census Bureau, American Community Survey, 2000-2023 for Wisconsin. Reflects education level for all adults 25 and older. Table S1501: Educational Attainment.
- 14 Opportunity Insights is a research group based at Harvard University and led by economist Raj Chetty, which studies upward mobility in the United States at the county level. It uses large-scale administrative data, including tax record and Census data to measure income changes over time for different birth cohorts. A searchable database, as well as a map of the United States, of income changes by birth cohort and county are available here: <https://www.opportunityatlas.org/>. The published research is available in: Chetty, Raj, Will S. Dobbie, Benjamin Goldman, Sonya R. Porter, and Crystal S. Yang. 2026. "Changing Opportunity: Sociological Mechanisms Underlying Growing Class Gaps and Shrinking Race Gaps in Economic Mobility." *The Quarterly Journal of Economics* 141 (2): 1137–1210. <https://doi.org/10.1093/qje/qjaf057>.
- 15 Childcare assistance is also a means-tested program that is part of the safety net. However, the government's system of childcare and early learning assistance is covered in another report in this series.
- 16 See DHS Medicaid waiver page and related documents for Medicaid coverage expansions, <https://www.dhs.wisconsin.gov/medicaid/waiver-badgercare1115.htm>, and Mathematica Medicaid Managed Care and Long-Term Care Services enrollment reports, <https://www.mathematica.org/publications/medicaid-managed-care-enrollment-and-program-characteristics-2018>.
- 17 See information about Wisconsin Works (W-2) Program <https://dcf.wisconsin.gov/w2/parents/w2> and FoodShare Employment and training [https://www.dhs.wisconsin.gov/fset/index.htm?gad\\_source=1&gad\\_campaignid=23224680177&gbraid=0AAAAB-Bo40dZcBh5KNPoiXSCbnEZ526UFe&gclid=Cj0KCQjw3K7RBhDJARIsAKRtP5RsW7wxY5zqRE0TRMWg5qz4VndJwAv2ERb1M4QYL\\_3FtCoUSRH880aAkGXEAw\\_wcB](https://www.dhs.wisconsin.gov/fset/index.htm?gad_source=1&gad_campaignid=23224680177&gbraid=0AAAAB-Bo40dZcBh5KNPoiXSCbnEZ526UFe&gclid=Cj0KCQjw3K7RBhDJARIsAKRtP5RsW7wxY5zqRE0TRMWg5qz4VndJwAv2ERb1M4QYL_3FtCoUSRH880aAkGXEAw_wcB). And a review of Wisconsin Works in Rachidi, Angela. 2022. "Wisconsin's Missing Rung: Policies Linked to Work Are Critical to Lifting People Out of Poverty." Milwaukee, Wis.: Badger Institute. <https://www.badgerinstitute.org/wp-content/uploads/2022/08/WI-MissingRung.pdf>.
- 18 See Bishop, Mason M. 2020. "Utah Department of Workforce Services: A System Integration Model." Washington, D.C.: American Enterprise Institute. Published August 24, 2020 and Bishop, Mason M. 2023. "The Utah Model." Washington, D.C.: American Enterprise Institute. <https://www.aei.org/wp-content/uploads/2023/08/Bishop-The-Utah-Model-Final.pdf>.
- 19 See FY 2025 SNAP Payment Errors by State, <https://fna-bwbufwdzbabpezgc.z01.azurefd.us/sites/default/files/resource-files/snap-qcfy25-per.pdf>.
- 20 See <https://www.weau.com/2026/03/23/gov-evers-signs-bill-support-snap/>
- 21 See a summary of legislation, <https://legiscan.com/WI/bill/AB180/2025>.
- 22 Goesling, Brian, Hande Inanc, and Angela Rachidi. 2020. "Success Sequence: A Synthesis of the Literature." OPRE Report 2020-41. Washington, D.C.: Office of Planning, Research, and Evaluation, Administration for Children and Families, U.S. Department of Health and Human Services.
- 23 See text of the Tennessee bill <https://www.billtrack50.com/billdetail/1783467> and Alabama bill <https://www.billtrack50.com/billdetail/1880385>.

- 24 See Chien, Nina, and Suzanne Macartney. “What Happens When People Increase Their Earnings? Effective Marginal Tax Rates for Low-Income Households.” Brief #2 in the ASPE Marginal Tax Rate Series. Washington, D.C.: Office of the Assistant Secretary for Planning and Evaluation, U.S. Department of Health and Human Services, March 2019; Ilin, Elias, Alvaro Sánchez, Alexander Ruder, and Ellyn Terry. “Mitigating Benefits Cliffs for Low-Income Families: District of Columbia Career Mobility Action Plan as a Case Study.” Federal Reserve Bank of Atlanta Community and Economic Development Discussion Paper 2023-01. Atlanta, Ga.: Federal Reserve Bank of Atlanta, 2023. <https://doi.org/10.29338/dp2023-01>; and Angela Rachidi et al., “Stranded by the Safety Net: How to Fix the Benefit Cliff Problem” (Washington, D.C.: American Enterprise Institute, Dec. 2, 2025), <https://www.aei.org/research-products/report/stranded-by-the-safety-net-how-to-fix-the-benefit-cliff-problem/>.
- 25 Nina Chien et al., “Safety Net Programs and Marginal Tax Rates: Perspectives of Working Parents” (Washington, D.C.: ASPE, U.S. Department of Health and Human Services, September 2021), <https://aspe.hhs.gov/>; and Sutherland Institute, “Sutherland launches Work & Opportunity Initiative with new research,” Nov. 13, 2024, <https://sutherlandinstitute.org/sutherland-launches-work-opportunity-initiative-with-new-research/>
- 26 See the bill text <https://www.congress.gov/bill/119th-congress/senate-bill/3583/text>.
- 27 Robert Bellafiore, “The Earned Income Tax Credit, A Primer,” Tax Foundation, May 2019, <https://taxfoundation.org/earned-income-tax-credit-eitc/>.
- 28 Tax Policy Center, “Briefing Book,” May 2022, <https://www.taxpolicycenter.org/briefing-book/what-child-tax-credit>.
- 29 Social Security Administration, “2025 Cost-of-Living Adjustment (COLA) Fact Sheet”; Social Security Office of Policy, “A Primer: Social Security Act Programs to Assist the Disabled,” 2006, <https://www.ssa.gov/policy/docs/ssb/v66n3/v66n3p53.html>.
- 30 Wisconsin Department of Health Services, “Social Security Income (SSI) Eligibility,” March 2026, <https://www.dhs.wisconsin.gov/ssi/eligibility.htm>.
- 31 Wisconsin Department of Children and Families, Combined WIOA and TANF State Plan, 2024-2027, <https://wioa.wisconsin.gov/pdf/2024-2027-wioa-state-plan.pdf>.
- 32 Wisconsin Department of Children and Families W-2 Policy Manual, <https://dcf.wisconsin.gov/manuals/w-2-manual/Production/default.htm>.
- 33 U.S. Department of Agriculture Food and Nutrition Service, “SNAP Eligibility,” October 2021 <https://www.fns.usda.gov/snap/recipient/eligibility>.
- 34 See Wisconsin Department of Health Services for details on Wisconsin’s Medicaid program, <https://www.dhs.wisconsin.gov/medicaid/children.htm>.
- 35 See the Wisconsin Department of Health Services, “Enrollment and Benefit Handbook,” for income eligibility and covered services, <https://www.dhs.wisconsin.gov/publications/p0/p00079.pdf>