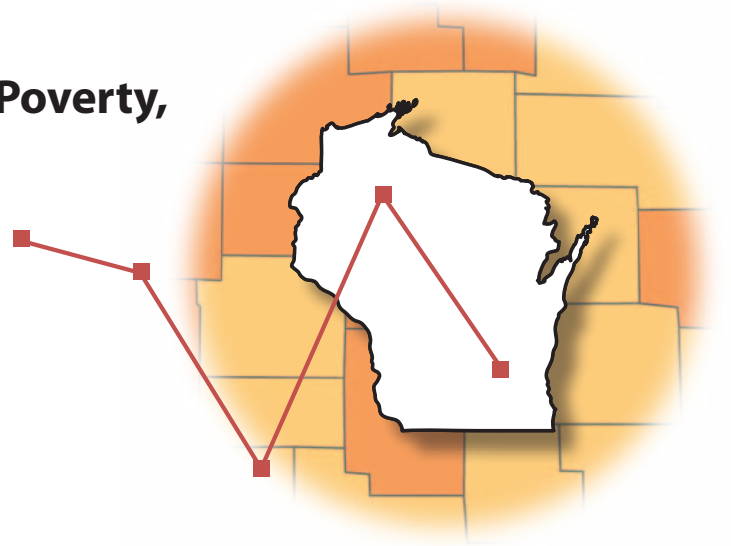


Historical Trends in Wisconsin Poverty, 1900-2000

Katherine J. Curtis
Heather O'Connell



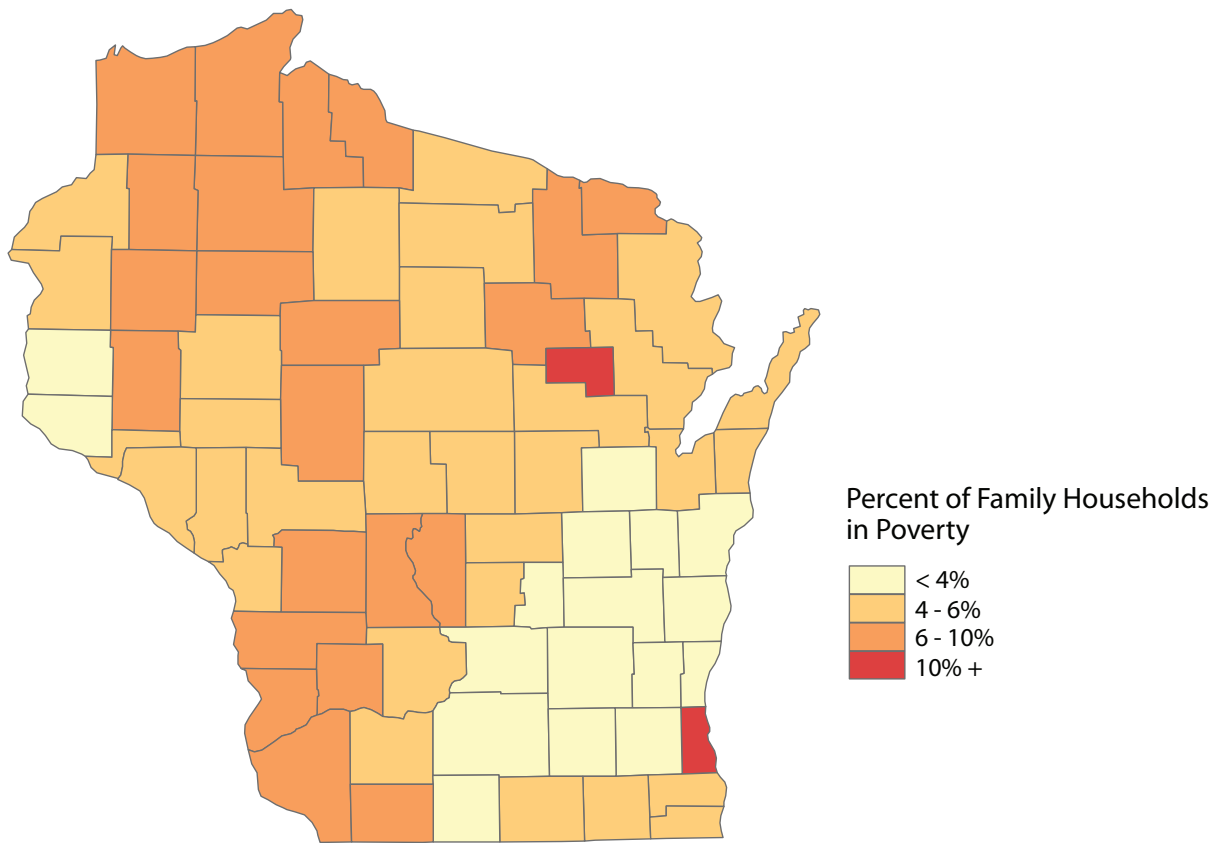
This report is the first in a series of briefings on the results of recent research on the historical, geographical and racial aspects of family poverty in the state of Wisconsin.

In this briefing, we provide an overview of the trends in family household poverty for all Wisconsin counties over the course of the 20th century.¹ We identify counties in which family poverty has been a problem, and differentiate between those where poverty has been a persistent concern and those where poverty has only recently become an issue. Finally, we discuss the implications of poverty for the state and its residents.

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Figure 1

Family Household Poverty Rates for Wisconsin Counties, 2000



Poverty in Wisconsin Counties

Wisconsin has one of the lowest poverty rates within the United States, yet there is a wide range in the degree of poverty. Figure 1 shows the geographic distribution of poverty among family households in Wisconsin according to the most recent decennial census.^{2,3} The majority of the state's counties had poverty rates below the national average of 9.6 percent in 2000. Still, more than a third of the counties reported a poverty rate higher than the state average of 5.6 percent. Northern and southwestern counties typically showed the highest poverty levels. One notable exception is Milwaukee County,

with a poverty rate of 12 percent. The highest rate was in Menominee County, where nearly 25 percent of all family households had incomes below the poverty line. Poverty was lowest among households in the southeastern part of the state, as well as in Pierce and St. Croix Counties in the west. At 1.7 percent, Waukesha and Ozaukee Counties had the lowest poverty rates in the state. These results demonstrate the range in the severity of poverty across Wisconsin, and emphasize that certain communities within the state are at a disadvantage.

Long-Run Trends

Most research on Wisconsin's poverty has focused on more recent decades. Although an understanding of the current conditions is essential, it is vital to understand the broader trends in poverty in order to develop effective anti-poverty programs and policies. Some counties have experienced relatively high levels of poverty in all decades of the 20th century, thus putting these counties and their residents at an historical disadvantage at the state, regional and even national level. Other counties have only recently begun to experience an increase in poverty, prompting questions about whether such changes are due to new forms of economic vulnerability.

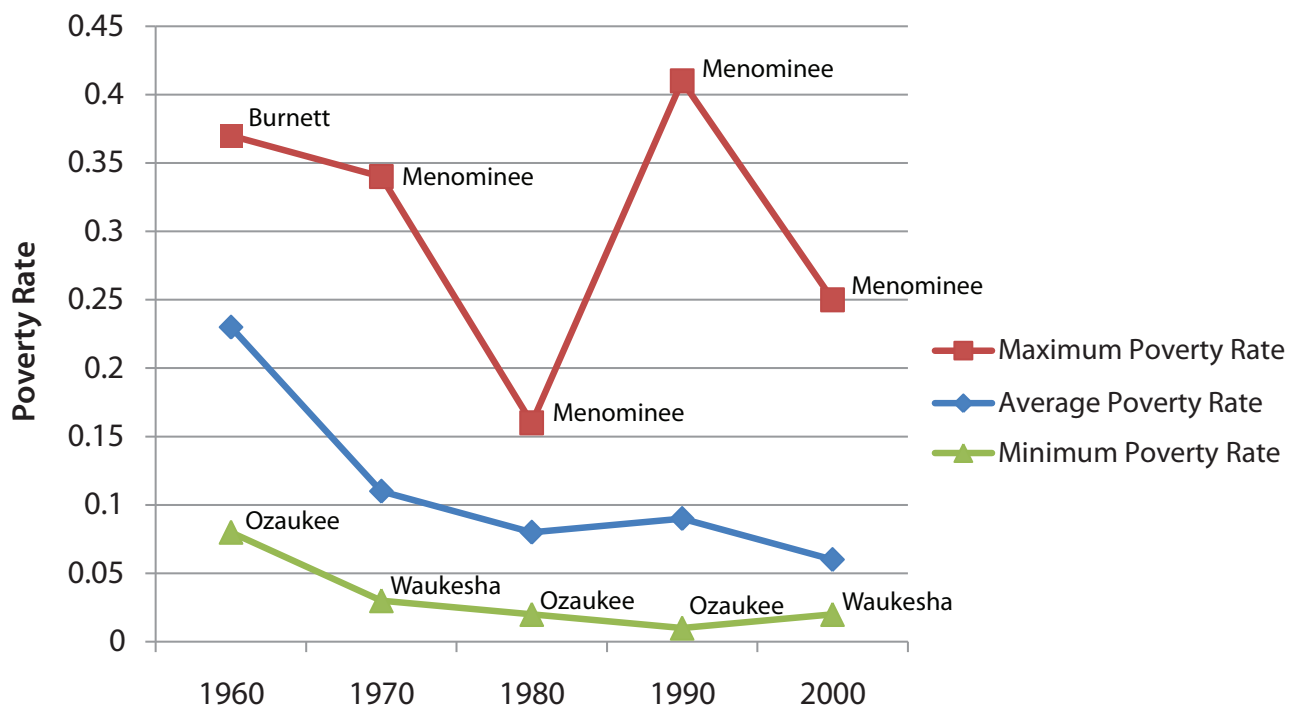
Figure 2 shows the minimum, maximum, and average county-level poverty rates for family households in Wisconsin since 1960, the first decade in which poverty data were available (see the callout

box on *Measuring Poverty*).⁴ Average household poverty declined from just under 25 percent in 1960 to slightly more than 5 percent in 2000. Although the average county-level poverty rate has declined, there has been relatively little change in terms of which counties lie at the extremes. Menominee County has had the highest poverty rate in all decades since being established in 1970, while Ozaukee and Waukesha counties have consistently reported the lowest levels of poverty in the state during the forty-year period.⁵

Although official poverty measures are not available before 1960, income data prior to that time provide insight into the economic health of Wisconsin counties. Using data on household and industry income, we estimate an inflation-adjusted measure of family household income (also described in the callout box on *Measuring Poverty* on page 7).⁶ As

Figure 2

Poverty Trends for Wisconsin Counties by Decade, 1960-2000



illustrated in Figure 3, family income in Wisconsin increased throughout the 20th century. Family income remained relatively stable until 1940, then grew dramatically between 1940 and 1970, a period of continuous expansion in the manufacturing industry. The high point came between 1950 and 1960 when median family income is estimated to have increased by nearly 200 percent. Family income leveled off in the 1970s and 1980s as a result of job losses associated with the decline of manufacturing throughout the northern United States, a trend sometimes referred to as deindustrialization.⁷ After increasing by only 7 percent between 1980 and 1990, median family income grew by nearly 20 percent between 1990 and 2000.

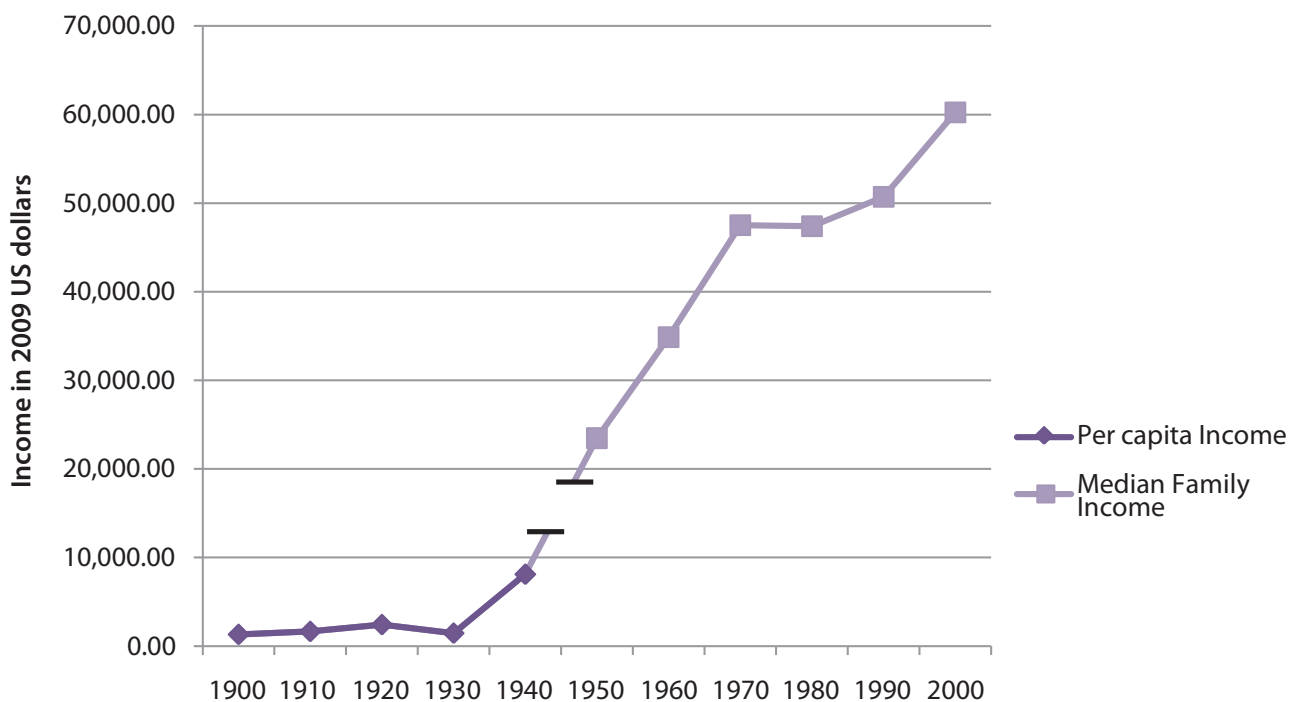
The association between family income and poverty is especially clear when comparing Figures

2 and 3. Poverty declined during the 1960s and 1990s, decades in which there was a clear increase in median family income. In contrast, poverty rates were relatively stable in the 1970s and 1980s, decades in which income growth was notably stagnant.

There is evidence that the relationship between income and poverty has continued into the early 2000s. The most recent poverty estimates show that approximately 7 percent of Wisconsin family households were living in poverty in 2008 compared to 5.6 percent just eight years earlier. Over the same period, median family income grew by only 9 percent compared to 19 percent between 1990 and 2000.^{8,9} In short, family poverty rises as income expansion declines.

Figure 3

Average County Income for Wisconsin Counties by Decade, 1900-2000



The average county income for Wisconsin is based on the per capita income up to 1940 since median family household income is not available until 1950. Given the differences in estimates based on per capita income and median income, the change in average county income between 1940 and 1950 is not directly comparable.

Persistence in Poverty

So far, we have described the distribution of county-level poverty in contemporary Wisconsin and the long-run trends in county-level poverty over the past century. Another factor in poverty trends is the persistence of severe poverty in specific places within the state.

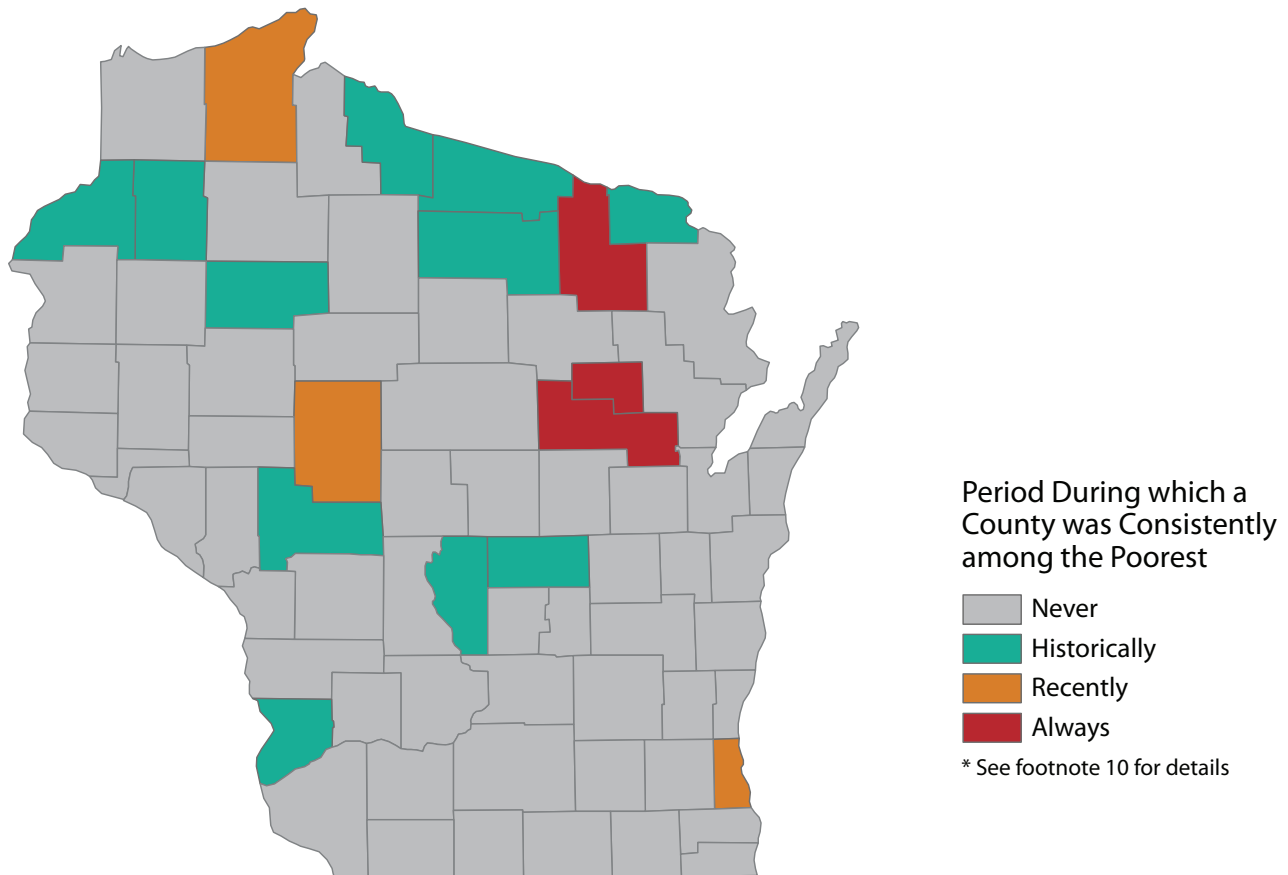
Comparing the characteristics of areas with different poverty trajectories can help inform the development of policies and programs aimed at combating poverty. For example, the factors underlying poverty are likely different between places experiencing recent poverty versus places that have been impoverished for decades; therefore, different anti-poverty measures may be needed in these dissimilar areas. Moreover, lessons can be learned from places that have lowered their poverty in recent years. The economic and demographic

factors contributing to lower and higher poverty are examined in later briefings. Here, we identify four poverty trajectories to describe Wisconsin's counties: those that have never experienced high poverty; those that have always had high poverty; those that have only recently reported high poverty; and those that have historically had but no longer have high poverty.

Figure 4 shows which Wisconsin counties were among the poorest 10 percent of counties in the state.¹⁰ Although the majority of counties in Wisconsin have been classified as never poor, roughly 24 percent have experienced high and persistent poverty at some point during the past century. Throughout this 100-year period, Forest, Menominee and Shawano counties (highlighted in red) have almost always been among the most

Figure 4

Persistently Poor Counties in Wisconsin, 1900-2000



impoverished counties in the state with family poverty rates as high as 35 percent (Shawano County in 1960). These counties rely largely on low-paying industries such as forestry and transportation, and have little in the way of higher-paying industries such as manufacturing.

High poverty has recently emerged in Bayfield, Clark, and Milwaukee counties (highlighted in gold). While Bayfield and Clark counties have historically experienced moderate levels of poverty, Milwaukee County is unique in that it has had low poverty rates over much of the 20th century. Around 10 percent of family households in the county were living in poverty in 1960 when the state average was roughly 23 percent. By 1980, however, this advantage disappeared as both the county and the state shared a poverty rate of 8 percent. While the state average declined through 2000, poverty in Milwaukee County continued to grow, reaching 12 percent in 2000, a year in which the state average was under 6 percent. Milwaukee County has exper-

enced economic difficulty associated with declines in manufacturing, as well as a decrease in the wealthier population through out-migration in recent years. In contrast, Bayfield County has a high seasonal population and a large population on reservations. Clark County is one of two farm-dependent counties in Wisconsin.¹¹

Finally, several counties are no longer classified as severely poor, despite having historically fallen into that category (highlighted in green).¹² Many of these counties are located in the northern part of the state, an area that has undergone considerable growth as both a recreation destination and a popular retirement location. In 1960, the average poverty rate among these 11 counties was 31 percent, which was 8 percent higher than the state average that year. This difference narrowed to just 2 percent in 1980 and 1990, and disappeared altogether in 2000 when the average poverty rate for these counties and the state was 5.6 percent.

Implications

Poverty affects both individuals and communities. The most immediate effects include inadequate food, clothing and housing. However, material deprivation and lack of adequate access to basic human needs also have long-term effects. For individuals, the long-term consequences of poverty include poor health and cognitive skills and, as a result, poor educational achievement.¹³ These consequences can further increase an individual's chance of living in poverty, thus contributing to a cycle of poverty that includes transmitting economic instability to future generations. With respect to communities, the long-term impacts of poverty include crime, economic underdevelopment and greater public health costs, each of which perpetuates poverty.¹⁴

Our research shows that family poverty is present in the state of Wisconsin and that it has increased since 2000. Moreover, it is especially severe and

persistent in certain communities. This research is a wake-up call and helps point the way to develop programs, policies and investments geared toward reducing poverty in Wisconsin's communities.

This information is aimed at assisting program developers to make informed decisions about the level and type of service needed for their local area. The broad overview contextualizes the current experiences of Wisconsin counties and is intended to be paired with existing community and program knowledge to better understand the effectiveness of public and private programs that address poverty, including access to affordable housing and food. In the remaining briefings within this series, we examine the racial distribution of poverty in Wisconsin and assess the factors that promote racial disparity in economic instability at the local scale to further aid the most vulnerable areas and populations within the state.

MEASURING POVERTY

Poverty in the United States is most often measured by the official poverty threshold. The federal measure was created in the 1960s and is based on the assumption that one-third of the average three- to four-person family budget went toward food. Thus, three times the minimum dollar amount required for an adequate diet became the basis for the poverty threshold.¹⁵ This absolute measure of poverty is appealing because it is the same across time and communities, which allows researchers and policymakers to compare poverty rates and to evaluate policies that have been implemented at different times and places.¹⁶

However, the measure is limited primarily because American families no longer spend one-third of their budgets on food. The bulk of family income now goes toward childcare and housing expenses. As a result, poverty today is underestimated by the official measure. In addition, family living expenses are not the same in all locations in the United States, but the absolute measure does not take into account such differences.¹⁷ Also, the official measure of poverty relies on household earnings only, and does not include income from other sources such as in-kind payments or benefits.

Alternatively, poverty can be measured in relative terms. Relative measures consider the average standard of living in a specific time or place so that poor people or places are those that fall below the average.¹⁸ We use this approach in our research when we examine poverty in historical periods. Specifically, we estimate county poverty as the relative value of production including manufacturing, farming and livestock when available, for each county compared to the median value of production for Wisconsin as a whole. Counties with values below the median are considered poor because they are economically disadvantaged relative to the state average.

Endnotes:

¹ The U.S. Census reports poverty separately for non-family households and family households. Non-family households include individuals who live together but are not related by birth, marriage, or adoption, as well as households in which one person lives alone. Family households are defined as households in which individuals living in the house are related by birth, marriage, or adoption. In our research, we analyze family households and report poverty rates that reflect the proportion of families that have incomes below the poverty line. Details on poverty measurement are discussed in the callout box on *Measuring Poverty*.

² Family household poverty rates are estimated by dividing the number of all family households with an income below the official poverty threshold in a county by the total number of family households in a county. These numbers are taken from table P92 from the Census 2000. The poverty rates are represented on the map according to the degree to which poverty is experienced in the county. Representing these data as distinct categories assumes counties within one category are different from counties within the other categories and, therefore, may require additional or alternative policy interventions when compared to counties in other categories. Although the classification scheme is based on natural breaks found in the data and intuitively important thresholds, counties with values found near the cut-off points in this scheme may actually be more like counties near the cut-off points in the neighboring category; all counties within a category are not necessarily exactly the same.

³ The Census 2000 provides the most recent complete data on all Wisconsin counties. More recent data are available for counties with a population of 20,000 or more and for the Census Bureau's Public Use Microdata Areas (PUMAs) through the American Community Survey (ACS). Yet these data are available for only a limited number of counties or for aggregated units that do not reflect county boundaries. Our research uses the 2000 estimates to provide information for all counties while preserving their political boundaries since program development occurs at the county level. Data for all Wisconsin counties will become available in late 2010.

⁴ Data are from table P92 from the Census 2000 (U.S. Census Bureau, <http://factfinder.census.gov>); table P123 from the Census 1990 (U.S. Census Bureau, <http://factfinder.census.gov>); the County Statistics database for 1980 (U.S. Census Bureau, <http://dx.doi.org/10.3886/ICPSR09168>); the County and City Data Book for 1970 (U.S. Census Bureau, <http://dx.doi.org/10.3886/ICPSR07735>); and the Economic Research Service, U.S. Department of Agriculture for 1960. All poverty estimates are for family households. The average poverty rate for each decade is calculated by averaging the poverty rates for all available counties in Wisconsin.

⁵ Menominee County was a part of Shawano County until 1970. Shawano County had the 23rd highest poverty rate in the state in 1960, with 29 percent of family households receiving incomes below the poverty line.

⁶ Median family income data are not available until 1950 so we use the value of production to estimate the median income of a place in 1900-1940. We divide the value of agricultural products made in a county by the number of families in that county. The agricultural production values were taken from the Historical, Demographic, Economic, and Social Data file (Inter-University Consortium for Political and Social research study number 2896, <http://dx.doi.org/10.3886/ICPSR02896>). The median family income values for 1950-1970 are from the County and City Data Book (U.S. Census Bureau, <http://dx.doi.org/10.3886/ICPSR07735>); the values for 1980 are from the County Statistics database (U.S. Census Bureau, <http://dx.doi.org/10.3886/ICPSR09168>); the values for 1990 are from table P107A of the Census 1990 (U.S. Census Bureau, <http://factfinder.census.gov>); and the values for 2000 are from table P77 of the Census 2000 (U.S. Census Bureau, <http://factfinder.census.gov>).

(continued on back page)

Endnotes (continued from page 7)

⁷ The following are some key academic books and chapters on deindustrialization in the United States: *The Deindustrialization of America: Plant Closings, Community Abandonment, and the Dismantling of Basic Industry* (Barry Bluestone and Bennett Harrison. 1982. New York, NY: Basic Books), *The Anatomy of Job Loss: The How, Why, and Where of Employment Decline* (Doreen Massey and Richard Meegan. 1982. New York, NY: Metheun & Company), and “Industrial Restructuring and the Changing Location of Jobs” (John D. Kasarda. 1995. Pp. 215-67 in *State of the Union: America in the 1990s. Volume One: Economic Trends*, edited by Reynolds Farley. New York, NY: Russell Sage Foundation.)

⁸ Estimates are derived from the 2006-2008 American Community Survey, tables B17010 and B19113 (U.S. Census Bureau, <http://factfinder.census.gov>). We adjust the median family income reported in 2008 dollars to reflect the value in 2009 dollars using the Bureau of Labor Statistics on-line inflation calculator (<http://data.bls.gov/cgi-bin/cpicalc.pl>) which uses the average Consumer Price Index for a given calendar year and represents the change in prices of all goods and services produced for consumption by urban households.

⁹ The Institute for Research on Poverty report on poverty in Wisconsin presents estimates from 2007 for individuals, children, and PUMAs (combined county units). See *The First Wisconsin Poverty Report* (Julia B. Isaacs and Timothy M. Smeeding, prepared by the Institute for Research on Poverty, April 2009).

¹⁰ Production values are used to estimate relative poverty in decades when the official poverty threshold is not available (pre-1960). The monetary values of manufacturing production (when available), agricultural production and livestock products (when available) are summed for each county in the decades 1900-1950. The lowest seven (10%) counties in summed production values are considered high poverty. In 1960-2000, when the official poverty estimates are available, the top 10% counties in poverty rates are considered high poverty. A county is considered “historically” persistently poor if it was among the poorest 10% at least four times prior to 1980, but was not among the poorest counties in 1980-2000. “Recently” persistently poor counties were among the poorest seven counties in 1980-2000 at least twice, but with no or inconsistent representation among the poorest in 1900-1950. “Always” persistently poor counties were among the poorest 10% and had consistently high poverty rates throughout the century. “Never” persistently poor counties were not consistently among the poorest 10% in either the historical or recent periods of the 20th century.

¹¹ The USDA Economic Research Service (ERS) constructed typology codes to indicate county economic dependence. The typology is intended to reflect differences in economic and social characteristics to inform policymakers, public officials and researchers about the diverse conditions across U.S. counties. More information is available on the ERS website (<http://www.ers.usda.gov/Data/TypologyCodes>).

¹² Counties with persistently high poverty rates in historical periods but no longer in high poverty include Burnett, Washburn, Rusk, Iron, Vilas, Oneida, Florence, Jackson, Crawford, Adams and Waushara counties.

¹³ Some academic research on poverty outcomes includes “Mobility, Persistence, and the Consequences of Poverty for Children: Child and Adult Outcomes” (Mary Corcoran. 2001. Pp. 127-161 in *Understanding Poverty*, edited by Sheldon Danziger and Robert Haveman. New York, NY: Russell Sage Foundation and Harvard University Press), *Duration and Developmental Timing of Poverty and Children’s Cognitive and Social Development from Birth through Third Grade* (prepared by the National Institute of Child Health and Human Development Early Child Care Research Network, August 2005) and “Relationship Between Poverty and Psychopathology: A Natural Experiment” (E. J. Costello, S. Compton, G. Keeler and A. Angold, 2003. *Journal of American Medical Association*).

¹⁴ See the following books and chapters for research oriented toward community poverty: “Poverty and Opportunity Structure in Rural America” (Ann R. Tickamyer and Cynthia M. Duncan. 1990. *Annual Review of Sociology*), “Community Revitalization, Jobs, and the Well-being of the Inner-City Poor” (Ronald F. Ferguson. 2001. Pp. 417-446 in *Understanding Poverty*, edited by Sheldon Danziger and Robert Haveman. New York, NY: Russell Sage Foundation and Harvard University Press), and “Poverty, Health Services, and Health Status in Rural America” (Donald L. Patrick, Jane Stein, Miquel Porta, Carol Q. Porter and Thomas C. Ricketts. 1988. *The Milbank Quarterly*).

¹⁵ This threshold is adjusted for family size and composition. For instance, the amount of money required to support the dietary needs of a family of three would differ depending on whether the family is comprised of two adults and one child or one adult and two children. See “Counting the poor: Another look at the poverty profile” (Molly Orshanksy. 1965. *Social Security Bulletin* 28:3-29) for the original discussion of the federal measure.

¹⁶ The fact that the method for calculating poverty has not changed over time is what makes it comparable, which is not to say that the same income level has been applied to families of the same size and composition since the 1960s. The poverty threshold is annually updated using the Consumer Price Index to adjust for inflation.

¹⁷ See *Poverty in America: A Handbook* (John Iceland. 2003. Berkeley, CA: University of California Press) for a more complete discussion of poverty measures.

¹⁸ In addition to Iceland cited above, see “Measures for Studying Poverty in Child and Family Research” (M. Rossa, S. Deng, R. L. Nair and G. L. Burrell. 2005. *Journal of Marriage and Family*).

Briefing 1

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