



Increasing Economic Security for Every Wisconsin Family

While it may seem cliché, it remains true that children are the future. They are the future caretakers, teachers, doctors, and political leaders. To create a vibrant and economically competitive future for Wisconsin, we must provide the opportunity for every child, every family, and every community in our state to thrive.

The emerging science about the brain offers critical insight into how children develop. This knowledge has important implications for how we help children succeed at home, in school, and throughout their lives. This provides impetus to take action now, because too many children in Wisconsin are growing up in families that struggle to make ends meet, which has negative long term implications for child development. There are significant racial and ethnic disparities when it comes to income and wealth. Wisconsin needs to

make sure that every child has access to the opportunities they need to build a secure future, and the most effective way to do this is to support children and their families together.

It is also essential that this challenge and what it's going to take to address it is looked at holistically. All too often focus is on the individual and on what they did or didn't do. And, while personal responsibility should not be removed from the equation, there are systemic, societal, and economic dynamics at play. Realizing a vision of dramatically decreased childhood poverty in Wisconsin is a responsibility that must be shared by everyone across all sectors of society (businesses, government, non-profit organizations, and faith communities). We're all in this together.

The Ongoing Challenge of Childhood Poverty

According to the most recent data available, in 2015 Wisconsin had a child poverty rate of 16.4%. On the one hand, this means that Wisconsin has a child poverty rate lower than the national average, which is positive. However, it is clearly unacceptable that

nearly one in six children in the state (over 200,000) is growing up poor. The data also reveals that although the state is another year removed from the Great Recession and the unemployment rate has fallen, childhood poverty rate is still higher than it was pre-recession.

State Childhood Poverty Data

		2011	2012	2013	2014	2015
Wisconsin	Number	237,000	235,000	237,000	235,000	207,000
	Percent	18%	18%	18%	18%	16%
US	Percent	23%	23%	22%	22%	21%

Source: U.S. Census Bureau, 2011-2015 American Community Survey 5-Year Estimates



Defining Poverty

It is important to be clear about what we mean when we say that a family or a child is living in poverty or is low income. The US Census Bureau calculates poverty rates annually. Their calculations are based on the pre-tax incomes reported by families throughout the US and the poverty line varies based on the number of people in a household. For example a family of four making less than \$24,250 in 2016 is identified as in poverty.⁶⁷ The term “low-income” is used to capture families making less than twice poverty level wages.

As the section discussing of Wisconsin Poverty Measure highlights, the official poverty level is often criticized as not reflecting more current costs than when it was created in the 1960s or taking into account the impact of important economic supports available to families that help keep the family together.

Moreover, poverty and the hardships it causes families are not uniformly distributed. There are areas across Wisconsin that are experiencing high levels of childhood poverty just as there are other areas doing fairly well. Additionally, the data shows that while overall childhood poverty levels are lower in the state for children as a whole when compared with national averages, the same cannot be said for poverty levels among the state’s children of color. In Wisconsin, children from Black, Latino, Native American, and Asian families all have poverty rates well above the national average. In particular, for Black children, Wisconsin’s poverty rate is among the highest in the nation.

The Impact of Poverty

Decades of research on childhood poverty have highlighted its negative consequences. Children’s experiences, starting in the womb, affect the way they develop over time. Children who face environments with excessive levels of stress in utero and during early childhood develop in ways that make them more likely to face both mental and physical health challenges later in life. Indeed, children facing “toxic stress” may develop impaired immune responses, anxiety disorders, and a lowered ability

to concentrate.¹ Children who experience poverty are four times as likely as their peers to become pregnant as teenagers and are only half as likely to complete high school.² One study found that children living in poverty were nearly 10 times as likely to suffer from food insecurity at home than their peers who are not poor.³ And, children who grow up poor are less likely to be steadily employed as adults. The research paints a clear picture that children growing up in a family living in poverty are faced with challenges that can negatively impact their future.

Childhood poverty is not just hard on those who directly experience it. In the long run, everyone ends up paying the costs of childhood poverty in the form of reduced economic productivity, increased dependence on social programs, challenges to our educational systems, and higher crime rates. Wisconsin will not be successful, economically or otherwise, if a significant proportion of children and families are left behind. Moreover, there is a moral imperative to better support children living in poverty. Wisconsin cannot claim to be a caring, compassionate, and responsible state if it fails to take action to support its most vulnerable kids.

Disaggregated Data on Race and Poverty in Wisconsin

		2015	US
American Indian	Number	5,000	
	Percent	41%	34%
Asian and Pacific Islander	Number	7,000	
	Percent	16%	13%
Black or African American	Number	48,000	
	Percent	44%	36%
Hispanic or Latino	Number	48,000	
	Percent	33%	31%
Non-Hispanic White	Number	89,000	
	Percent	10%	12%
Two or more races	Number	18,000	
	Percent	25%	21%
Total	Number	207,000	
	Percent	16%	21%

Source: Annie E. Casey [KIDS COUNT Data Center](#)

Reason for Hope

There is no doubt that decreasing childhood poverty and racial disparities in child poverty has proven to be difficult, but there is good reason to be optimistic that progress can be made. First, the U.S. has one of the highest childhood poverty rates among industrialized nations.⁴ This is certainly not good news, but given that nations with far less wealth and resources are able to maintain lower rates of childhood poverty than the U.S., certainly the U.S. should be able to lower its childhood poverty rates.

Second, recent experiences in the United Kingdom (U.K.) highlight how quickly a determined nation can make progress in reducing childhood poverty. In 1999 the U.K. set a goal of ending childhood poverty by 2020. Over the course of ten years the U.K. was able to cut child poverty by 50% and sustained this reduction in spite of the recession⁵ and changes in political leadership.

Third, it's been done before (but with a different age group). Before the "War on Poverty," senior citizens were the most impoverished portion of the U.S. population. However, thanks mainly to social programs put in place (Medicaid and Social Security) senior citizens are now the segment of our population least likely to be impoverished.⁶

Finally, there is increasing understanding across all sectors of our society that poverty, income inequality, and racial inequality have serious negative

consequences for everyone. There must now be movement beyond talk to action, action that not only decreases the likelihood a child is poor, but also mitigates the impact of poverty. Childhood poverty will not be ended without sustained effort, but with the proper scope and scale of investments real progress can be made, and the investments will pay large dividends down the road. The U.S. will not be a just nation until ones race, ethnicity, or zip code does not predict ones likelihood to thrive.

Setting a Goal as a First Step

Efforts to combat childhood poverty would be aided by setting bold childhood poverty and racial disparity reduction goals. If people can work together (public sector, private sector, communities, faith communities, and others) to set a poverty reduction goal, it can serve as a guide to help inform policy action for years to come. Such a move not only sends the message that childhood poverty should be taken seriously and needs to be reduced, but it also can act as a catalyst to help coordinate efforts in pursuit of the goal. While individual policy initiatives can and do help to reduce poverty, major inroads will not be made without aligning efforts.

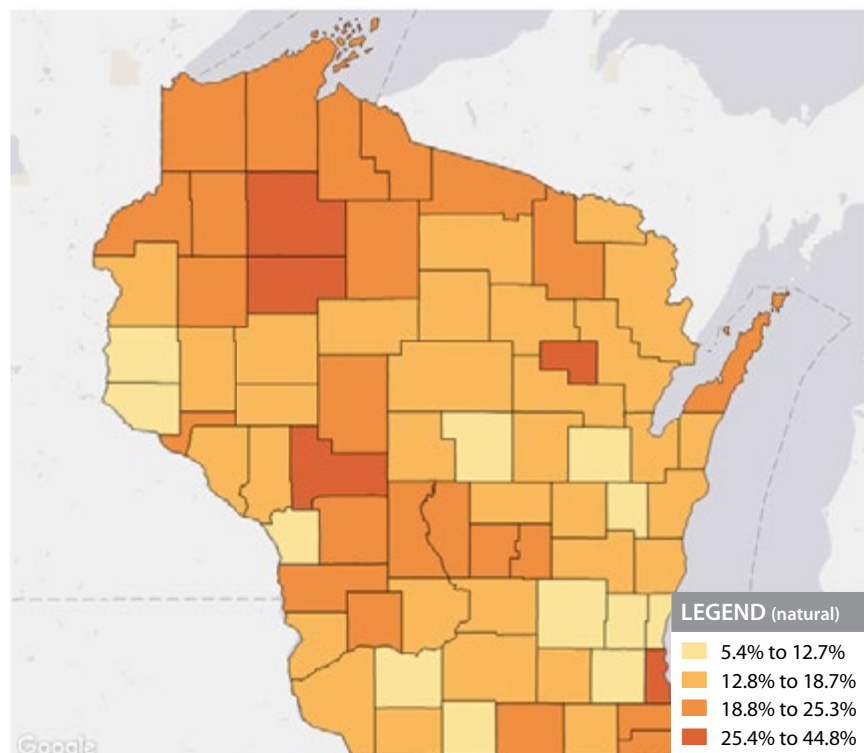
Fortunately, such a goal has been proposed. [Faithful Citizenship](#) is a collaborative initiative launched in the spring of 2014 by the [Wisconsin Council of Churches](#), [WISDOM](#), [Citizen Action](#), and the [Wisconsin Council on Children and Families](#) (WCCF) to mobilize

Income, Race and Place Matter for Family Stability

Wisconsin's future success depends on the ability of all of our children to thrive. Growing up in a financially stable family allows children to avoid the threats caused by poverty. The likelihood and implications of growing up poor vary by income, race and place. Poverty is defined by income (or its lack thereof). But the effects of poverty are more complex than simply living below or above the poverty line. The depth of poverty a child experiences, the age at which they experience poverty, and the amount of time they spend in poverty, all impact poverty's effects on the child. We also know that race and ethnicity matter. As can be seen

in chart on page 3, Wisconsin's children of color are much more likely than our White children to be poor, and they are also more likely to be poor than children of color across the country. And finally, how income and race interact varies by place. Wisconsin's rural and urban communities both have areas of significant poverty. Some of the solutions need to be implemented so that every child, family and community can thrive apply across income, race and place. And, some of the solutions need to be tailored for the specific dynamic unique to the communities in which children live. To be successful we need to do both.

Children Living in Poverty (percent) — 2010-2014



Source: WISCONSIN COUNCIL ON CHILDREN AND FAMILIES [KIDS COUNT Data Center](http://datacenter.kidscount.org), datacenter.kidscount.org, A project of the Annie E. Casey Foundation

Wisconsin's faith communities to address the growing reality of poverty in our state. Eighteen regional forums with over 800 local religious leaders raised awareness about the breadth and depth of Wisconsin's poverty, looked at root causes, and gathered grassroots input on messaging, policy solutions and long-range poverty reduction goals for Wisconsin. The goal of the project is as follows: *The faith community believes that the people of Wisconsin need to set a goal of cutting childhood poverty in half in the next ten years. To guarantee greater equity, we also need to cut racial disparities in childhood poverty in half. These goals need to be accompanied by a commitment to evidence-based evaluation of progress.* While this project is starting with the faith community, these goals should be adopted by all Wisconsinites.

Children in Context

It is also important that children are considered in the context of their families and interventions are focused on creating supportive environments for families as a whole. While such an approach seems obvious, too often institutions and resources are structured to help either children or their parents, not both at the same time. As a result, efforts are often less effective than hoped.

Getting to the goal of ending childhood poverty requires focus on the whole family and taking a two-generation approach. Such an approach recognizes that when families are invested in today, it is less likely that their children will endure poverty as adults and less likely that the next generation of children will experience poverty and the harms that come from growing up poor.

The Annie E. Casey Foundation has outlined three critical components to ending childhood poverty:

- Providing parents with pathways and support to earn family-supporting wages.
- Providing children, especially poor children, with high quality early childhood education to ensure they are kindergarten ready.
- Supporting parents to support and care for their children.⁷

This report outlines policies in each of these areas that Wisconsin can adopt or enhance to help reduce poverty. While each of these policies is described, it is critical to remember that the key to successfully utilizing a two-generation strategy lies in finding ways to simultaneously serve children and adults in order to substantially reduce poverty in Wisconsin.

Pathways to Family-Supporting Wages

Given the long-term harmful impacts of growing up in poverty, it is vitally important that ways to improve the economic health of families living in or on the edge of poverty are found.

There is widespread consensus across the political spectrum that the best source of income for families, and the most sustainable way to reduce poverty, is to “make work pay.” That means promoting opportunities, investments, and policies that support families through stable and family-supporting work.

It must be ensured that all working parents make enough money to take care of their families and create opportunities for them to grow their skills in sustainable ways.

According to a study by the Working Families Project released in 2014-15⁸, almost 3 in 10 Wisconsin working families (based on 2013 data) still fell below the low-income standard (200% of poverty level), but for communities of color 6 in 10 working families remain below that standard. While parents in the state show a strong desire to work, too many parents are

A Better Way to Measure Poverty

While aiming to move families above the poverty line is an important goal, it is also important to acknowledge the limitations of the federal poverty measure. How the poverty status is evaluated has important implications for setting policy agendas and evaluating the impact of efforts.

In recent years the official poverty measure has been criticized for underestimating the cost of living, failing to account for the ways that public aid programs support low-income families, failing to account for the ways that the cost of living varies throughout the country, and overlooking costs associated with working.⁶⁶ In 1995 the National Academy of Sciences issued recommendations that have helped drive efforts to find more accurate ways of measuring poverty.

Several groups, including the Census Bureau, have attempted to create more accurate measures of poverty in the United States. Wisconsin has the good fortune of being home to the Institute for Research on Poverty (IRP), which has invested considerable time and energy in generating an alternative measure focused on this state, the Wisconsin Poverty Measure (WPM). This measure takes into account the local cost of living, the effects of costs such as child care and taxes on working families, and also the effects of social support programs such as food stamps (SNAP), and tax credits such as the Earned Income Tax Credit (EITC). These efforts are important in helping to develop

a more accurate picture of what it costs to raise a child and understand the ways that aid programs affect families living at the margin.

The Institute’s most recent report performed calculations using data from 2014. Their analysis found that 17.6% of Wisconsin children lived in poverty during 2014 using the official Census Bureau measure, but that this rate dropped to 11.8% using the Wisconsin Poverty Measure. The findings of IRP highlight the critical role played by social aid programs in supporting children in the state and demonstrate that social policy can play a role in alleviating poverty. Given the long-term impact growing up in poverty can have on a child’s development, it is encouraging to see that public policy interventions can reduce the hardship poor families face. Indeed, as the graph on page 7 illustrates in the harshest years of the recession, while child poverty was rising according to federal measures, it actually fell according to the Wisconsin measure, as the federal government increased access to such programs as SNAP and the Earned Income Tax Credit.

However, this report also suggests that the reverse can be true. While moves such as cutting the EITC or restricting access to SNAP may not immediately affect the Census Bureau poverty rate in the state, their effect will be seen as an increase in poverty using the Wisconsin Poverty Measure. The impact on the WPM reminds us that defunding such programs is not only short sighted in its failure to prepare Wisconsin for a prosperous future, but it also escalates the hardships faced by children throughout the state.

unable to find work that is steady enough or pays enough to ensure financial stability for their children. Wisconsin needs to make sure that working parents are taking home enough pay to care for their families.

There are a number of policies that, together, can create pathways to family supporting wages. These include:

- Restoring the Wisconsin Earned Income Tax Credit (EITC) to 2010 levels
- Increasing the minimum wage
- Increasing state support for workforce development in Wisconsin Technical Colleges
- Expansion of Transitional Job programs

Earned Income Tax Credit

The Earned Income Tax Credit (EITC) provides tax credits to working parents making low incomes. There is both a federal EITC and also a supplementary Wisconsin Earned Income Tax Credit⁹ that families may be eligible for.¹⁰ Wisconsin’s EITC is refundable, meaning that if families make so little money that they owe no income tax, the state issues the family a refund check for the credit.

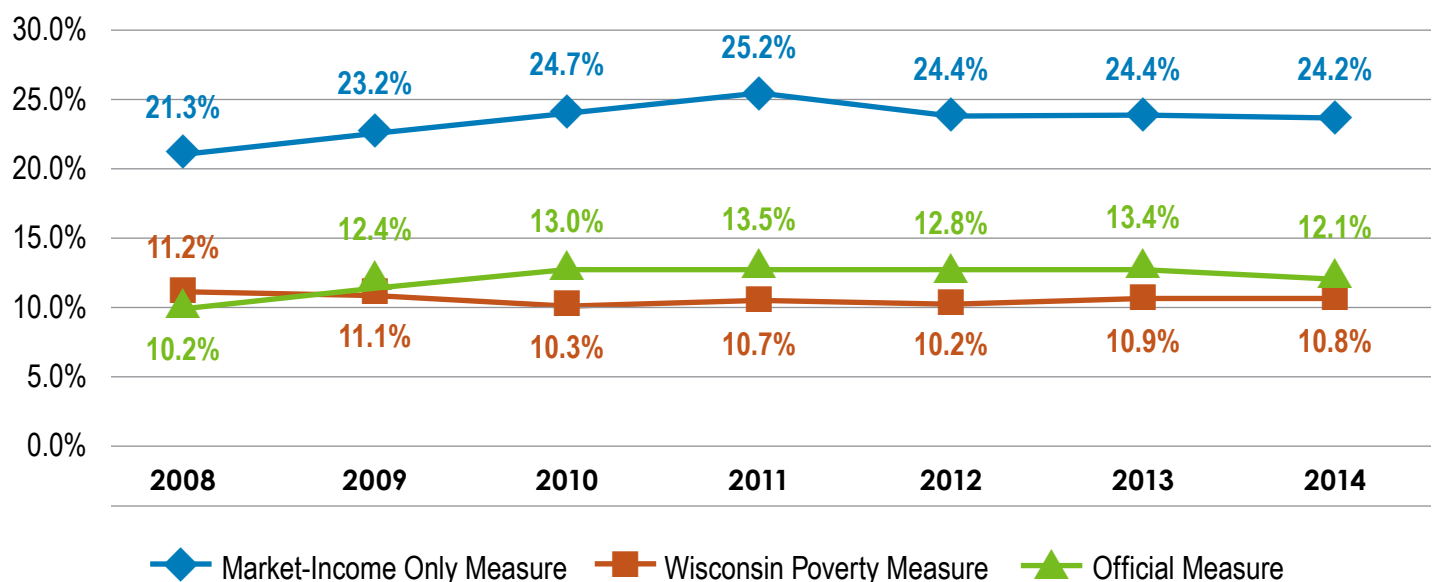
The EITC has a variety of benefits. First and foremost it has been shown to boost participation in the workforce.¹¹ By boosting workforce participation, the EITC also boosts family income giving parents additional resources to meet basic needs and care for

their kids. Additionally, the tax credit has been shown to have a positive impact on children’s academic performance.¹² The EITC has historically benefited from support across the political spectrum for its ability to promote work and simultaneously alleviate poverty.

However, in 2011 Wisconsin lawmakers made structural changes to the EITC that reduced tax credits for low- and modest-income working families by \$27 million in fiscal year 2012.¹³ This move was, in effect, a tax increase on working parents, discouraging lower income families from working and making it harder for families to escape poverty. The changes meant that a single mother who had three children and worked full-time at the minimum wage had her tax credit reduced by more than \$500.¹⁴ The map on page 8 highlights how families all across Wisconsin benefit from the EITC. Increasing its benefits would be a boost to the economy in all areas of the state. Additionally, given that the state legislature has shown a strong desire to cut taxes, restoring the EITC would provide a tax cut to many of Wisconsin’s most vulnerable families and provide them with vital income.

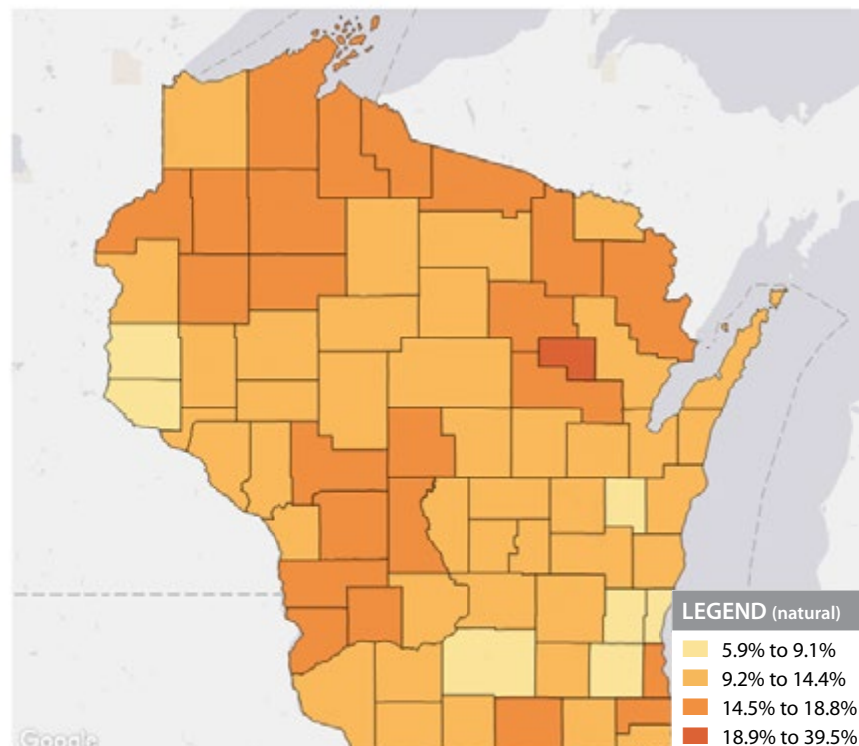
The impact of the EITC on Wisconsin’s economy could be further enhanced through an outreach campaign to encourage families who are likely eligible for it to apply for the benefit. The IRS estimates that roughly 20% of eligible individuals do not take advantage of the credit,¹⁵ and one study found that for less than a

Wisconsin Poverty Rates under Three Measures (2008-2014)



Source: Wisconsin Institute for Research on Poverty using 2008-14 American Community Survey data

Population Benefitting from Earned Income Tax Credit (percent) — 2014



Source: WISCONSIN COUNCIL ON CHILDREN AND FAMILIES [KIDS COUNT Data Center](http://kidscount.org), datacenter.kidscount.org, A project of the Annie E. Casey Foundation

dollar per eligible family, a state could increase the number of individuals using the EITC.¹⁶ Policies that increase utilization would be very cost-effective in terms of providing important income to working families as well as an overall boost to the economy.

Raising the Minimum Wage

Another policy that would help build a more solid foundation for working families would be increasing the state's minimum wage. While many think of minimum wage workers as teenagers trying to make some extra spending money, close to 80% are over the age of 20 and nearly half currently work 35 hours or more a week. A boost in the minimum wage to \$12 an hour would mean a boost to the family income of 284,000 children in our state.¹⁷ This increase would provide additional money to parents who are working, provide an incentive for more parents to work, and serve as a long-term investment in children.

Additionally, a boost in wages would have positive outcomes in helping close gaps in racial equity in Wisconsin. In 2015, white workers made a median wage of \$18.11 an hour, while Latino workers made \$13.16 an hour, and Black workers made

\$12.96 an hour. Because they are more likely to be making low wages, Black and Latino workers would be particularly positively affected by a raise of the minimum wage.¹⁸

Opposition to raising the minimum wage often invokes the fear of job losses that could result. However, there is good reason to believe that job loss would be minimal.¹⁹ In fact, such a move could lead to additional spending which would create even more jobs.²⁰ Elevating wages not only boosts family income in the short run, but also has long-term benefits beyond just the obvious financial ones. As stated previously, by putting families in a better economic position, it can lower the stress kids are facing and help better position them to succeed.

Finally, a boost to the minimum wage has an added benefit of not requiring any additional government spending. And, by elevating family income, such a policy change would reduce spending on social support programs. For example, raising the minimum wage to \$10.10 an hour would reduce the number of Wisconsinites using the Supplemental Nutrition Assistance Program (SNAP) by nearly 70,000 and save over \$87 million each year.²¹

Enhancing Workforce Development through Technical Colleges

A key factor in any strategy to reduce poverty through work is education. There is a large gap in wages between those who do not finish high school and those who graduate from college. College graduates in Wisconsin had a median hourly wage of \$24.87 in 2015. However, the median hourly wage for Wisconsin workers without a high school diploma was only \$10.19.²² Seven percent of Wisconsin residents, ages 25 to 34, fail to finish high school, severely limiting their economic opportunity. Additionally, 53% of the state's residents, ages 25 to 34, have not completed more than a high school degree.²³ The impact of limited education disproportionately affects people of color in our state. While 4% of non-Hispanic White children fail to graduate from high school on time, 16% of Latino children, 27% of Native American kids, and 32% of Black children are not graduating on time because of high levels of poverty and increased system barriers.²⁴ This means that the lower wages that stem from less education are disproportionately falling on people of color in Wisconsin.

Levels of Educational Attainment in Wisconsin, Adults age 25 to 34

Education	2015
Not a high school graduate	7%
High school diploma or GED	47%
Associate's Degree	12%
Bachelor's Degree	26%
Graduate Degree	8%

Median Wages by Education in Wisconsin

Education	2015
Less than High school	\$10.19
High school Degree	\$14.88
Associate Degree	
Vocational	\$19.17
Academic	\$17.98
Bachelor's Degree or Higher	\$24.87

Source: [The State of Working Wisconsin 2016](#). COWS UW-Madison





Fortunately, Wisconsin has a strong community college system. Those graduating with a technical degree in the state earn roughly \$9 an hour more than those who fail to finish high school.²⁵ Supporting more Wisconsin residents' efforts to increase their earning capacity through technical education would be an important step in the right direction.

The community college system has taken critical steps to meet this need through the development of robust career pathways programs. The career pathways framework provides a way of organizing and supplementing existing technical college programs so that adult learners can gain skills to allow them to find employment in a specific field. Often these programs are paired with bridge programs that allow adult learners in need of remedial education to quickly ready themselves to pick up the skills to enter a career pathways program.²⁶ Bridge programs provide a rapid way to give participants remedial skills, and they can also be paired with English learning classes to help the students who lack key language skills.

Another program that offers considerable promise for helping increase the skills of Wisconsin's work force is the [Wisconsin Fast Forward](#) program.²⁷ The Fast Forward program, initiated in 2013, provided \$15 million to create a cutting edge labor information system to connect jobseekers with employers. The program provides firms with grant-funding to increase the training levels of employees in return for a commitment to pay a minimum of \$11.05 to those who complete training. By the end of 2014 the program had awarded \$12.5 million in grants, which helped 260 employers train 13,800 workers, a big win for Wisconsin.²⁸

Continued state support for Wisconsin Fast Forward and the community college system is critical to ongoing workforce development. The impact of the career pathway programs and Wisconsin Fast Forward could be enhanced by expanding each of the programs and by having the programs work together more explicitly. Such a move will enhance the skills and salaries of workers, allowing families to be in more

secure economic positions, and put the state in a better position to compete in the global economy in the years ahead.

Transitional Jobs

While overall unemployment has fallen since the end of the recession, and Wisconsin has an overall unemployment rate below the national average, unemployment rates for people of color is above the national average.^{29,30} In fact, Wisconsin's unemployment rate for Blacks is the worst in the nation. In order to help families take steps toward getting out of poverty, jobs must be created, specifically for areas and populations that are most likely experiencing poverty.

Transitional Jobs programs use state, county, or city funds to pay businesses to subsidize short-term work opportunities — which can include placement and training as well as pay — for previously unemployed individuals. When that period ends the participant may either be hired at the current business, or seek work in the broader job market.

Wisconsin had a federally funded transitional jobs program between 2010 and 2013. The program was initially financed with funds from the American Reinvestment and Recovery Act (ARRA) and Temporary Assistance for Needy Families (TANF) block grant. During its first round, the program cost \$24 million and created work for about 4,000 Wisconsinites, over one-half of whom were then able

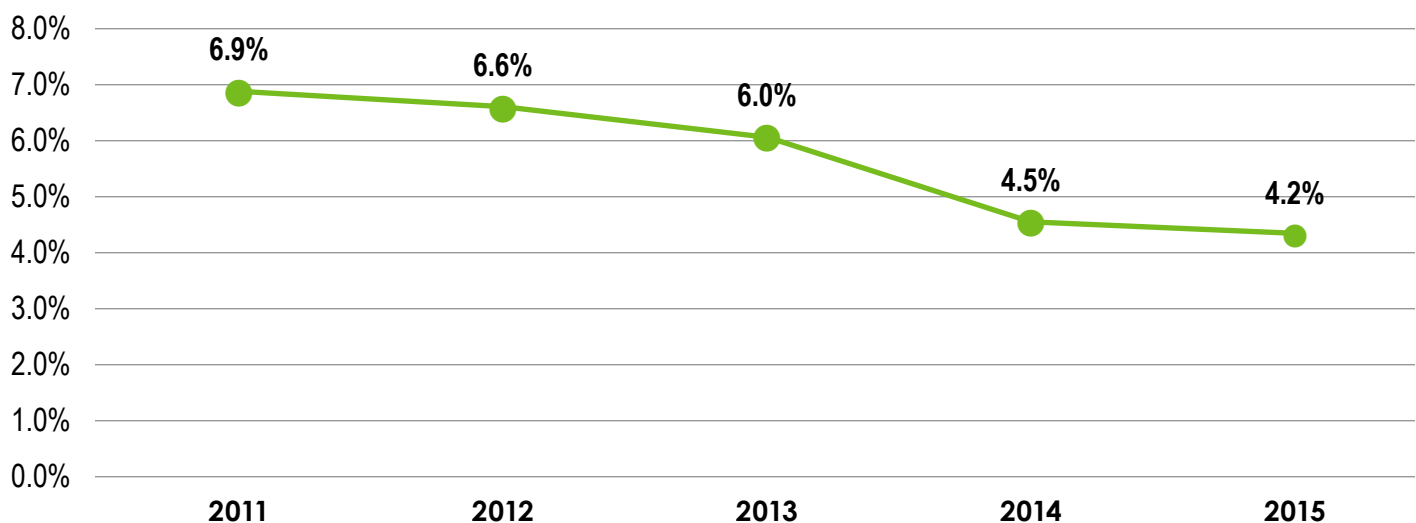
to find more permanent positions after leaving their transitional job.³¹ Additionally, participants reported positive health outcomes, and many reported that their children were doing better in school. Ensuring that parents have the opportunity to work not only positively affects them as individuals, it also helps them to be parents who are better positioned to raise thriving children.³²

The transitional jobs program was modified in 2013 and became the Transform Milwaukee program. In 2014, it served 587 participants in Milwaukee.³³ Under the most recent biennial budget the annual funding level will increase to \$7 million in the 2016-17 fiscal year and the program is being expanded to the Beloit and Racine areas.³⁴

The City of Milwaukee also operates a transitional jobs program, known as Compete Milwaukee, which in 2015 had a budget of \$2.1 million. The program is a joint project of City of Milwaukee, the Wisconsin Department of Children and Families (DCF), UMOS, and the Milwaukee Area Workforce Investment Board (MAWIB).³⁵

Increasing support for transitional jobs offers the immediate benefits of income to struggling families. Maintaining a robust Transitional Jobs program will require commitment both on the part of the state as well as employers. It is an investment that has great returns for families, children, and the economy.

Wisconsin Unemployment Rate (percent)



Source: [KIDS COUNT Data Center](#). A project of the Annie E. Casey Foundation

Summary: Work Matters

Work is important for many reasons, including being the best tool for alleviating poverty. What remains is to create an economy where working parents are paid enough to provide for their family. Simultaneously, parents should be provided with the opportunities to increase their skills and income through well-supported workforce development programs. Doing so, will support working families' efforts to set their children on the path to opportunity.

Improving Early Childhood Education

It is broadly agreed that a child's first few years are their most formative. The learning and social skills that children develop in their early years serve as the foundation upon which they build for the rest of their lives. Children who grow up in supportive environments where learning is actively encouraged are better positioned to succeed when they enter school. Children who do not grow up in such environments, children who face the stress of low quality or crowded housing, food insecurity, or persistent poverty, grow up at a disadvantage.³⁶ Less than half of poor children are school ready at age five, while three quarters of high-income children are

prepared to enter kindergarten.³⁷ Nationally, 22% of children who grow up in poverty fail to graduate from high school, compared with only 6% of those who have never experienced poverty.³⁸

Based on a WCCF analysis of available child care data, Wisconsin has significant racial disparities when it comes to early care and education. While there is higher utilization for subsidized child care programs by children of color, Black children are underrepresented in high-quality care. The disparities in education become even more stark when children reach school. While 59% of White fourth graders in our state are not reading at grade level, 83% of Latino fourth graders, and 89% of Black fourth graders are reading below grade level.³⁹ This, in turn, contributes to the dynamic where the percentage of Black youth graduating from high school "on time" is significantly lower than for White children. Specifically, only 64% for Black youth compared to 93% for White youth graduate "on-time."⁴⁰

High quality early childhood education is a critical component of an integrated strategy aimed at narrowing and eliminating education gaps.⁴¹ Seventy-four percent of Wisconsin children under six have

Key Components of High Quality Child Care

Studies about quality child care, generally agree that the categories below are the main components of quality:

Effective and Well-Trained Staff

The most important element in quality child care is the relationships between the teacher and children and their families. Effective teachers/caregivers understand children's development, stimulate learning and imagination, and provide warm and nurturing interactions with children. Personnel costs are by far the greatest cost for child care programs.

Enriching Learning Experiences

A quality child care program should have a curriculum that helps each child grows in physical, social, emotional and cognitive skills. A quality child care program includes learning

though active play and structured activities, helping children solve problems, make decisions, and explore the world.

Parent Involvement

High quality child care programs engage with parents, working together to support each child's growth. Good programs work hand-in-hand with parents and families, sharing information, and work out approaches to children's challenges together.

Healthy and Nurturing Environments

Quality child care programs ensure a healthy and safe environment, good hygiene, regular exercise, and nutrition.

It is important to note that there are likely to be cultural and geographic differences in how best to achieve the various components of quality.



all of their available parents in the workforce.⁴² This means that three quarters of the state’s youngest kids need a safe place to be while their parents work. Supporting high-quality early learning provides children a better opportunity to succeed, and allows parents to be better employees because they can be confident that their kids are learning and being well cared for. Historically, Wisconsin has been a leading state in utilizing its resources to create high-quality education opportunities for children before they enter kindergarten. For example, Wisconsin has one of the nation’s highest rates of four-year-old kindergarten enrollment, with two-thirds of children enrolled.⁴³

However, in recent years this forward thinking approach to early childhood education has been scaled back, with cuts to early child care funding and a dramatic decline in both the number of child care providers statewide and use of the [Wisconsin Shares](#) child care subsidy program by poor families. This section focuses on strategies that the state can employ to increase the number of low-income families accessing quality child care, and to increase the overall quality of child care statewide. Policy recommendations include:

- Strengthening the Wisconsin Shares early learning subsidy program.
- Incentivizing quality improvements through the YoungStar program.
- Improving teacher training and increasing the salaries and benefits of early care teachers.
- Creating a statewide kindergarten readiness assessment.

Strengthening Wisconsin Shares

Over the past decade, despite rising unemployment during the recession, there has been a steady increase in the number of families with all available parents working.

Number and Percent of Wisconsin Children age 6 and under with All Available Parents Working

	2005	2015
Number	265,000	297,000
Percent	68%	74%

Source: WISCONSIN COUNCIL ON CHILDREN AND FAMILIES
[KIDS COUNT Data Center](#), datacenter.kidscount.org, A project of the Annie E. Casey Foundation

This trend has increased the need for quality child care across the state. But providing quality early learning services is quite expensive. Recent estimates suggest that child care for an infant in Wisconsin costs between \$9,000 and \$11,000 a year, about the same or more than the price of college tuition.⁴⁴ For parents with limited resources it can be difficult to afford such a program. This challenge is made even more difficult given that low-income parents often work jobs with unpredictable schedules and hours outside of the 9-5 workday. The combination of cost and scheduling difficulties can make it particularly challenging for poor parents to access high quality child care.

Wisconsin Shares is a child care subsidy system that provides support for working families whose income is beneath 185% of the poverty line to place their child in child care.⁴⁵ This vital program has suffered a series of setbacks in recent years. While the number of families eligible to use Wisconsin Shares has been relatively constant for the last five years, there has been a precipitous drop in the number of families gaining access to the program, with 21% fewer children benefitting from the program statewide in fiscal year 2015 compared to 2008, including 50% declines in many rural areas.

The decline in the use of WI Shares subsidies has occurred as the supply of regulated child care programs has also decreased. Between 2010 and 2015 the number of regulated child care providers decreased by 37%.

While there are a range of factors contributing to this decline, it is clear that funding cuts are not helping. Between 2008 and 2015, Wisconsin Shares payments to child care providers declined by \$131 million, or 36%. This is happening despite the clear and convincing evidence that investing in high quality early learning is one of the best public investment we can make (see Pay Me Now – or Pay More Later). Additionally, between 2006 and 2013 reimbursement

rates to providers were frozen. This meant that state reimbursement rates failed to keep pace with rising costs, forcing providers to charge parents additional money out of pocket. Increases in the co-pays charged to parents put additional strain on vulnerable families and makes it less likely that their children will experience high quality child care. This in turn makes it less likely that they will arrive at school ready for kindergarten, which then makes them less likely to graduate high school. An initial goal of Wisconsin Shares was to offer families a subsidy that would make 75% of child care programs affordable for them. However, following this lengthy rate freeze less than 50% of the programs are affordable for Shares clients.

Studies show that every dollar invested in early childhood education yields \$4-\$16 dollars later in life,⁴⁶ making quality early childhood education a great investment. Conversely, current cuts and rate freezes hurt working families today, hurt children’s school performance tomorrow, and will hurt Wisconsin’s competitiveness in years to come. Cutting investment in children, who are our future human infrastructure, is similar to allowing roads to fall into disrepair and bridges to rust. Such decisions may look good on a balance sheet today, but result in major problems in the future.

To help rectify this situation the state needs to re-invest in Wisconsin Shares. A key first step is to reinvest some of the funds that have been cut from the program over the past four years. The state should return to the practice of setting rates that allow children receiving Shares to afford 75% of the child care programs. This will help ensure that Wisconsin Shares pays enough money to actually allow families to access high quality child care in the future. Putting money into this program now will pay considerable long-term dividends for both families that are struggling to make ends meet and the state as a whole.

Decline in Use of Wisconsin Shares

Fiscal Year	2010	2011	2012	2013	2014	2015
Average Monthly Use	56,720	54,055	52,812	49,147	46,601	46,131

Source: WISCONSIN COUNCIL ON CHILDREN AND FAMILIES. *Are we at the crossroads for Wisconsin Child Care?*. August 2016.

Pay Me Now — or Pay More Later

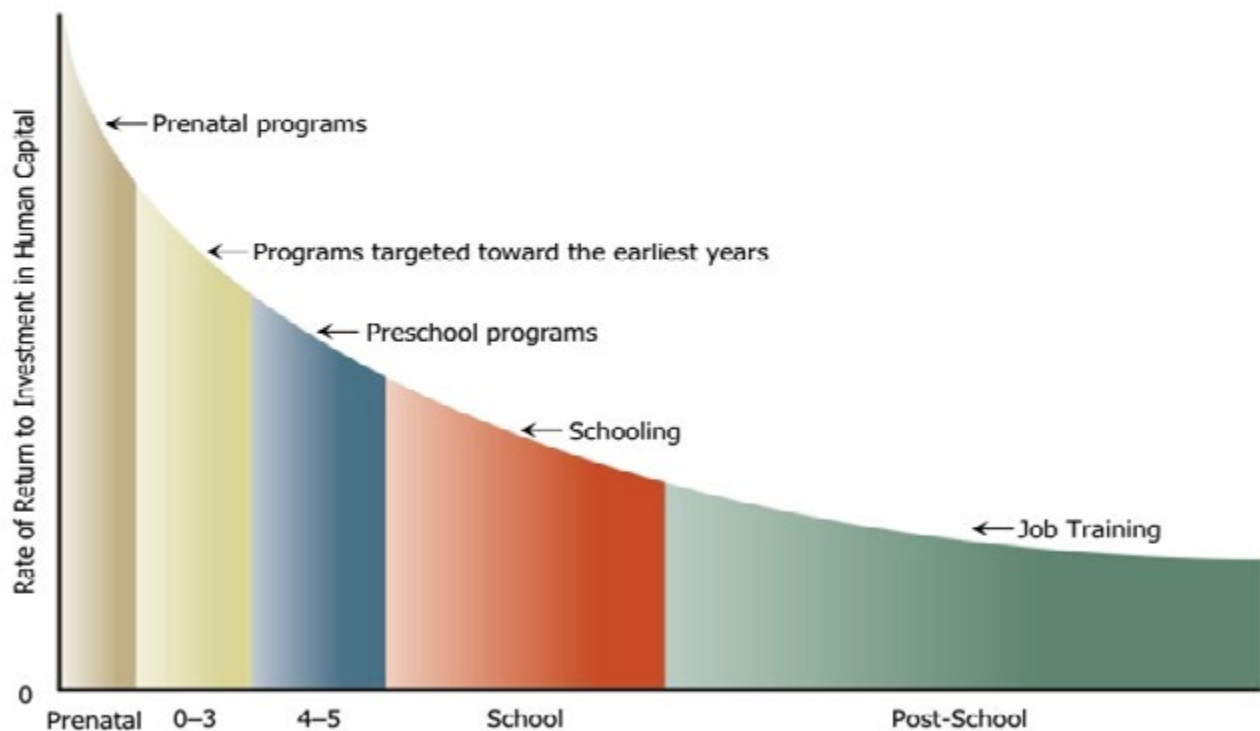
Professor James Heckman, a Nobel Prize winning economist from the University of Chicago, concluded after extensive research, that investing in Early Childhood education is one of the best investments society can make. Based on his analysis Heckman argues that both social skills and intelligence are set early in life. Nurturing experiences from birth to age five are critical to setting children on the right path, and it is more affordable and more efficient to invest in children when they are young than to try and correct their course later in life. This led Heckman to the conclusion that one of the best investments that a society could make with its money is to invest in economically disadvantaged children early in their lives. Based on his research, Heckman concluded that dollars

invested in early childhood education delivered a 7-10% annual percentage return.⁶⁸ A graph below outlines how Heckman envisions the declining returns if we wait to invest in as people age. The graph points out that investing in early childhood education is a fantastic use of both public and private resources that pays dividends in the form of more economically productive, healthier citizens who are less likely to run afoul of the law and more likely to live productive lives.

As Heckman observed, "Quality early childhood programs for disadvantaged children are not entitlements or bottomless wells of social spending. They foster human flourishing and they improve our economic productivity in the process. There is no trade-off between equity and efficiency..."⁶⁹

Early Childhood Development is a Smart Investment

The earlier the investment, the greater the return



Source: James Heckman, Nobel Laureate in Economics

Promoting Quality Improvement

Child care programs should not only be safe places to leave young children while their parents work, but they should also help prepare children to be ready for school. To do this, programs must be high quality. This is the goal of the [YoungStar](#) program. YoungStar is Wisconsin’s quality rating and improvement system for child care providers.⁴⁷ The program rates providers on a scale of one to five stars based on a variety of criteria, with more stars indicating a higher quality educational environment. This system allows parents to learn about the quality of the program where they leave their child and helps providers identify what is considered a high-quality learning environment for children.

YoungStar has been successful in encouraging child care providers to reach four or five star levels. As of July 2015, 13% of the providers, serving 23% of children, were four or five star programs (compared to 7% of providers in 2012). All YoungStar providers are required to accept Wisconsin Shares clients, and reimbursement is tiered based on the number of stars a program receives. Four and five star programs receive more money per child than two and three star programs.

The Governor’s Early Care Advisory Council (ECAC) set a goal to double the number of children in four and five star programs in Wisconsin over the next five years. In working to attain this goal, it is important that it is done in a way that decreases racial and

geographic disparities in the provision of high quality child care. For example, efforts must be made to promote more children of color accessing high-quality care compared to white children so that disparities do not actually become greater. Assessment must also be done to understand the differences in how child providers (based on geography, race or ethnicity, or other factors) contribute to differences in becoming four of five star providers, which impacts the quality of child care provided in certain communities. Finally, assessment must also be done to determine what cultural differences should be taken into account when determining what is considered “high-quality.” This is clearly a complex set of challenges, and increasing the quality of Wisconsin’s child care services will require ongoing program improvement. While current grants available through YoungStar are a good start, there needs to be an increase of investments to create a child care system that ensures Wisconsin children arrive at school ready to learn.

One of the ways the 2015-17 state budget seeks to “encourage” improvement is by reducing payments to two star programs. Given that reimbursement rates already lag far behind market rates, this is a counter-productive strategy. While pushing providers to increase program quality is a laudable goal, it would be more effective to increase payments to higher quality programs rather cutting already low payments to two star providers. Cutting payments will make

Child Care Providers by YoungStar Level — Count and Proportion of Providers

Star Level	2012	2013	2014	2015	2016
One Star	39 1%	23 0%	27 1%	14 0%	6 0%
Two Stars	2,710 78%	3,102 67%	2,617 59%	2,312 56%	2,014 56%
Three Stars	488 14%	1,055 23%	1,239 28%	1,267 31%	1,292 31%
Four Stars	44 1%	139 3%	180 4%	184 4%	193 4%
Five Stars	206 6%	285 6%	342 8%	372 9%	396 9%
Total	3,487 100%	4,604 100%	4,405 100%	4,149 100%	3,901 100%

Source: [KIDS COUNT Data Center](#). YoungStar Quality Ratings for Providers.



it even more difficult for these providers to increase quality and threatens to push more providers out of an already shrinking market. In combination, this is an outcome that would not increase the quality of child care, and would make it harder for families to find safe, high quality places for their children to learn while parents work.

**Improving Teacher Training:
Better Teachers Lead to Better Results**

Another factor that deserves attention is hiring and retaining effective teachers. Research suggests that teachers have the single greatest impact on student achievement of any in-school factor.⁴⁸ Higher levels of training are correlated with higher quality teaching and care in the field of early childhood education.⁴⁹ YoungStar recognizes this fact by rewarding child care providers with higher ratings when their personnel are more highly trained.

It is important to create avenues for early learning teachers to gain the skills necessary to better educate young children. Wisconsin has recognized this by creating a scholarship program to help early childhood educators gain additional education. It is also important to recognize the expertise some providers have developed outside of the formal training system.

WCCF has worked with the technical college system to provide credit for this type of prior learning. Support for the education of child care providers is an excellent investment. But additional education does little if teachers feel that they cannot afford to continue teaching and must seek other, higher paid work. According to a 2015 Wisconsin child care workforce study by COWS and the University of Wisconsin Survey Center, teachers with an associate degree can expect a starting wage at \$10.00 per hour and will rarely make more than \$13.00, and there is a 30 percent annual turnover rate of child care teachers. This is yet another reason why there must be an increase in pay rates to child care providers. Such an increase would allow providers to pay their more effective teachers higher wages, which would make it easier for child care providers to retain staff and decrease turnover.

Kindergarten Readiness Assessments

A final step that Wisconsin can take to help children start school on the right foot is implementing a kindergarten readiness assessment. Nearly a decade ago Wisconsin participated in the National School Readiness Indicators Initiative.⁵⁰ This initiative laid out ways of assessing a child's kindergarten



readiness that not only measured a child's academic skills but also included an assessment of a child's health, family, home, and community environment. However, a statewide readiness program has yet to be implemented.

Currently, some parts of the state make use of the Phonological Awareness Literacy Screening (PALS) program to assess kindergarten readiness. While this is a good start to assessing readiness, PALS assesses just one of the five core competencies (language development) that educators have long agreed are key to child readiness. PALS does not assess physical well-being and motor development, social and emotional development, approaches to learning, or cognition and general knowledge.⁵¹

Wisconsin frequently tests children throughout their school lives, and it must acknowledge that there are concerns about over-testing children. However, there is no established baseline when they enter school, making it more difficult to identify which children can benefit from additional support, and which schools are

struggling or excelling. Establishing statewide criteria for child readiness for kindergarten and evaluating every kindergartener would be an excellent way to identify how children are doing when they enter school, help ensure they get the support they need, and be better able to understand both student and school progress over time.

Summary: Education Matters

Research consistently shows that, on average, individuals with higher levels of education live longer, are more engaged in civic life, and make more money over their lifetime than their less educated peers.⁵² Education fuels a virtuous cycle: more educated parents are better able to provide for their offspring, who in turn do better for themselves and have increased ability provide for their own children. Because early childhood education lays the groundwork for all that follows, it is critical that Wisconsin supports early childhood education. By offering additional support to teachers, Wisconsin Shares and YoungStar are an investment that will pay dividends for decades to come.

Supporting Parents to Support Kids

In addition to helping families succeed economically and helping kids develop in their earliest years, the next important piece in alleviating child poverty is supporting parents and children simultaneously. This has become known as taking a two-generation approach.

As has been stated previously, one of the recent developments in brain science is the increasing understanding of the role of stress. For stress to play a positive role in a child's life it is important that the stress be limited, and that children have supportive caregivers to help them manage that stress.⁵³ However, too much stress can have negative effects on a child's development.

Stress can begin to affect a child's development even before they are born.⁵⁴ Research has highlighted how high levels of maternal stress, anxiety, or depression are associated with negative brain development for fetuses. Children born to mothers who are severely stressed during pregnancy are more likely to experience lower levels of mental development as babies and are more likely to have problems with Attention Deficit Disorder (ADD) and conduct disorder later in life.⁵⁵ In addition to increasing maternal stress, poverty is associated with a host of negative birth outcomes including increased likelihood of low birth weight and increased levels of child mortality. As shown in the table below, the number and % of low birthweight babies born in Wisconsin has been relatively consistent over the past few years.

Because stress is a force that can help a child thrive or

make it more difficult for them to succeed, it is critical to help parents give their children the best chance possible. The policies below, including expanded home visits, family paid leave, and repealing the ban on paid time off, focus on giving parents both the skills to be the best parents possible and the opportunity to spend time with their children helping them grow. This is the essence of a two-generation strategy, supporting children by supporting the whole family.

Expansion of Home Visiting

One strategy that has proven successful in supporting working families is comprehensive home visiting programs. Home visits partner expecting families with trained home visitors, often nurses, who visit homes and work with parents to help set and reach goals around having a happy, healthy family. These visits help to coordinate effective prenatal care, and help parents develop positive, effective parenting skills.

Home visits have an array of positive benefits for parents and children and can reduce the harms associated with being born into poverty. Home visiting by nurses is associated with lower rates of abuse and neglect, lower rates of subsequent pregnancies, decreased use of social support programs, and increased parental workforce participation.⁵⁶ A home visiting program in Milwaukee demonstrated increased use of prenatal care, an important factor in promoting healthy birth outcomes. It is interesting to note that there is significant variability in the adequacy of prenatal care across Wisconsin counties, ranging from as low as 57% all the way up to almost 100%.⁵⁷



Low Birthweight Babies Born in Wisconsin

Low birthweight means less than 2,500 grams, or 5.5 pounds

	2011	2012	2013	2014	2015
Number	4,877	4,810	4,665	4,925	4,889
Percent	7.2%	7.2%	7.0%	7.3%	7.3%

Wisconsin Births with Adequate Prenatal Care (Kotelchuk Index)

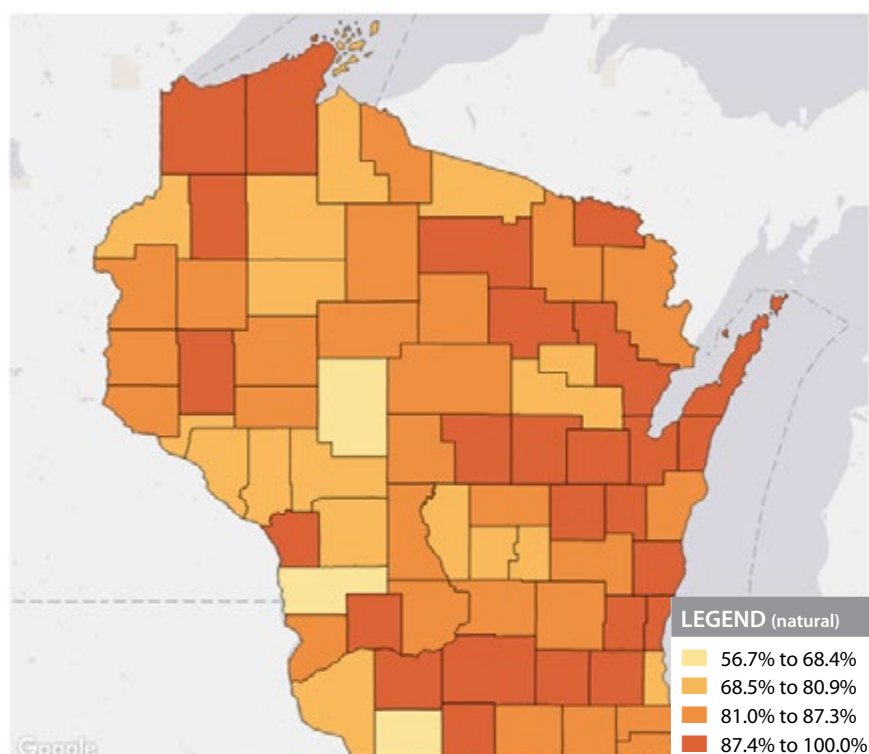
	2011	2012	2013	2014	2015
Number	65,193	64,905	64,161	64,717	64,681
Percent	84.9%	85.0%	84.6%	84.6%	84.8%

Source: [KIDS COUNT Data Center. Wisconsin Health Indicators.](#)

Since 2011, Wisconsin has received federal funding to significantly expand its home visiting program across the state. In 2016, the [Wisconsin Family Foundations Home Visiting Program](#), administered by the Department of Children and Families and largely federally funded, served 1599 caregivers and 1365 children in 17 counties and four tribes. This is an excellent example of what can be accomplished when our state makes use of available federal funds to promote a healthy population and offers a good

starting point for continued development of home visit programs. That is why the Governor’s Early Learning Advisory Council’s recommendation that the number of children receiving home visiting services is doubled is very important. However, federal funding for the program was reduced by 20% recently, so additional state investments are needed to maintain the current program and to double the number of children and caregivers receiving home visiting services.

Adequacy of Prenatal Care (percent) — 2015



Source: WISCONSIN COUNCIL ON CHILDREN AND FAMILIES [KIDS COUNT Data Center](#). datacenter.kidscount.org, A project of the Annie E. Casey Foundation

There are More Champions in Green Bay than just the Packers

The Brown County Community Partnership for Children (CPC) is a shining example of what can be accomplished when a community dedicates the energy and resources necessary to serve its kids. During a community evaluation in the early 2000s, Brown County identified a number of gaps in its early childhood services. The county decided it needed to develop a proactive, evidence-based plan to achieve lasting changes in community conditions, with the goal of ensuring that all Brown County children are safe, healthy, and ready for kindergarten.

The Community Partnership was publicly launched in 2005 with the first action teams formed and the first community-based agency and hospital on board. By 2009, three key community-based agencies and all area hospitals were established as the coordinated system of care that continues to exist today. As a first step toward reaching the ultimate goal of kindergarten readiness, the CPC set a goal that every child should have the best chance at a healthy and successful life. The Community Partnership for Children gives parents the tools they need to be successful and connects them to resources that will help them become self-sufficient. Core services of the CPC include short and long-term home visitation, coordinated referrals to various support services, wrap around services, and parent education. Through the CPC, most families in Brown County receive a “Welcome Baby” visit from a CPC Family Resource Specialist either during prenatal care or in the hospital when the baby is born. During the visit families are screened to see if they are “at risk” and, if needed, are linked with important supports to help make sure that their newborn receives the care that they need and that each family is connected to individualized resources based on their circumstances and eligibility.

The program is remarkable in a number of ways. First, the Brown County Community Partnership for Children leverages community resources through collaboration and commitment, a true public private partnership. For example,

the program draws its funding from diverse sources. In 2014, the Brown County United Way provided 25%, the state provided 54%, and Brown County provided 19% of all funding. Rather than building a new organization to serve the needs of children in the county, much of the capacity of the Community Partnership comes from coordinating resources and services of the nearly 40 organizations who make up the CPC, including Head Start, the county health department, schools, hospital systems, early education and care systems, specialized social services, and school age care programs in Brown County.

Secondly, the program is impressive for the scope of its vision. Every baby in Brown County receives a Welcome Baby visit regardless of risk factors and those that do have needs are connected to appropriate resources. While the program continues to identify ways to improve, it already has demonstrated success. In 2014, “Welcome Baby” visits reached 89% of all births in the county, 2,973 births in total. When follow-up home visits occurred as an early intervention strategy for families identified as “at-risk,” the program was able to eliminate safety concerns in 80% of homes they visited. Home visitation services have proven effective in helping parents feel more prepared to raise their children and in enhancing school readiness in Brown County.

The children in the intensive home visitation program are demonstrating readiness to move on as well. According to the Ages and Stages Questionnaire, 65% of participating children scored at or above age-appropriate developmental levels, 92% scored at or above age-appropriate developmental levels, and 90% of the children with identified developmental delays received appropriate early intervention services within two months of being measured.

Brown County’s Community Partnership for Children demonstrates how much ground can be covered, and how quickly, when a community shows broad collective support, a coordinated effort, and a real commitment to serving children and their families.



Paid Family Leave

Family leave provides new mothers and fathers with time away from work to care for their newborn or adopted child. While federal law currently mandates that employers of 50 or more provide employees with the opportunity take 12 weeks of unpaid leave from work, this can be a tremendous challenge for families living in poverty. For many families, taking time off of work without being paid is a luxury they cannot afford.

Weeks of Paid Maternity Leave by Country

US	0
Australia	6
Mexico	12
Germany	14
Spain	16
Canada	17
Chile	18
Lithuania	30

The U.S. is the only economically developed nation, and one of only four countries in the world, that does not offer paid family leave.⁵⁸ Three states (California, New Jersey, and Rhode Island) have taken on this challenge by implementing family leave policies that allow parents to take paid time off when children

are born.⁵⁹ The programs are run through the states' temporary disability insurance administrative structures and are funded by a slight increase in the payroll tax.⁶⁰ Such leave has numerous benefits for parents and children. In addition to strengthening parental bonds, these policies are associated with decreased infant mortality and increased breastfeeding as well as improved academic performance.⁶¹ By giving children a strong start, family leave can help families move towards economic stability and support their children thrive.

Such leave also helps new mothers maintain their connection to the workforce. Women who are able to take paid leave when children are born are more likely to return to work, are more likely to receive raises in the future, and are substantially less likely to need public assistance.⁶² Combined with access to jobs that pay family-supporting wages, such leave can help a family chart a course out of poverty. Wisconsin could position itself as national leader in child health and family well-being by implementing a family leave policy.

Paid Time Off

It seems like common sense that it would be good for parents to be able to participate in things like parent-teacher conferences and doctor's appointments. This is why paid time off, time that workers can take off of work without losing compensation or risking losing their job, is so important. Studies show that only 21% of our lowest paid workers have paid time off available compared with 90% of our top wage earners. This means that workers who can least afford to have their paycheck reduced are the ones most likely to be penalized for missing work.⁶³

Access to Paid Leave by Wage Level

Wage Level	% of workers with access to paid time off
Lowest 10 percent	21
Lowest 25 percent	34
Second 25 percent	68
Third 25 percent	78
Highest 25 percent	87
Highest 10 percent	90

A recent survey found that 42% of parents had to miss work in the last year due to a child's illness and that over a quarter of all working parents missed three or more days of work due to a child's illness last year. This report also found that roughly a third of parents fear losing their job or pay for taking time off to care for their kids.⁶⁴ In 2011, Wisconsin's state legislature passed a law prohibiting municipalities from requiring businesses to give employees paid time off. Wisconsin's current ban preventing municipal governments from passing paid time off regulations puts pressure on low-income working parents by preventing them from staying home with sick children, or missing work when they are ill. This means that parents who don't have this benefit are forced to choose between sending sick kids to school and risking their jobs to take care of their children.

In overturning existing local ordinances requiring paid sick leave and time off, legislators argued that the existence of local ordinances would lead to patchwork legislation across the state. An alternate way to prevent this patchwork (and support working parents at the same time) would be to support a statewide policy encouraging more employees paid sick leave. Such a law was proposed in 2014 through the Earned Sick Days Act, which would provide workers the chance to earn paid leave.⁶⁵ Passing this act, or a similar bill, would help working parents be there for their children. It would help provide families with critical job security and the opportunity for parents to attend to the critical work of raising their children when that means staying home with a sick child, attending school conferences, or taking a sick day so they can recover and get back to work. Such a situation is a win for families and for the state's long-term economic security.

Conclusion

Wisconsin has historically made investments in children and families that have made the state a great place to grow, learn, and raise a family. Unfortunately, over the past few years that has been less the case. For example, there have substantial cuts in government funding for education at every level. At the same time, the middle-class has been hollowed out, with most of the benefits of the economic recovery accruing to the best off and the growth in jobs coming almost exclusively in low-wage work.

As stated in the preceding pages, implementing a two-generation approach through focused investments and opportunities that support both children and families in reaching their potential is the best way to increase the economic security of every Wisconsin family.

It is not strategies that are lacking, but rather the public and political will to prioritize the investments needed for the future of the state and the persistence to implement them. Increasing the minimum wage, providing the opportunity for paid family/sick leave, improving the quality of child care, improving access to prenatal care, and promoting skill development and career pathways, are all examples of investments that have proven to pay dividends for families and communities. Therefore, public and political will must be developed to shape a thriving future, not just for the few, but for every resident of Wisconsin.

Kids Count Data Center

Much of the data used to create this report is drawn from the Kids Count Data Center. The Data Center provides a wealth of information that allows users to quickly and easily find data about their county, the state as a whole, and national trends. It also allows a user to easily create graphs and maps to communicate this data to an audience. Whether you're a local policy maker, a student, a grant writer, or a citizen wanting more information, the Data Center presents a user friendly, extremely informative way to get a better understanding of how kids and families are doing in your geography of interest. The Data Center can be found at: <http://datacenter.kidscount.org/> and a quick guide on how to use it is available at: http://www.wccf.org/assets/data_center_pres.pdf.

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- ⁵⁵ <http://www.psychiatry.emory.edu/PROGRAMS/GADrug/Feature%20Articles/Mothers/The%20effects%20of%20maternal%20stress%20and%20anxiety%20during%20pregnancy%20%28mot07%29.pdf>
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- ⁶⁵ Learn more about the act at: <http://legis.wisconsin.gov/assembly/mason/Documents/Fact%20sheet%20WI%20Earned%20Sick%20Days%2003%2011%2014.pdf>
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