

Child Poverty – Talking Points 2021 State Budget

Child poverty damages children and leads to social inequity. About 1 in 6 children in Wisconsin live in poverty based on the outdated federal poverty rate. The United Way ALICE report, which measures poverty based on the actual cost of living, estimates the poverty rate to be 1 in 3 children, or about 200% higher than federal standards. Although many WI programs use multiples of fed levels there are severe shortfalls in family support for quality child care, health care, housing, food, and education.

These shortfalls in family support are especially consequential in the first five years of childhood leading to slower brain development, and poor physical and mental health, leaving children unprepared for their formal education and their transition to a successful adulthood. These children start their education at a significant disadvantage that compounds in every passing year. The reduced experiences and opportunities to learn and progress through adolescence lead to very poor adult outcomes, another generation of poverty, and just as important, high public costs that drastically exceed the cost of prevention.

The consequences of child poverty have been studied for decades. Numerous long term studies of children living in poverty support the above conclusions. In addition, investing in children and families and the high societal return of those investments has been demonstrated in numerous countries throughout the world and in many states in our own country.

Both studies and actual global and state program results show that investments in childhood have resulted in huge returns to children, their families, and society at large. The greatest returns have been shown to result from direct investments in support of families with children such as Temporary Assistance for Needy Families (TANF) and nonrefundable Earned Income Tax Credit (EITC) programs.

Other programs with a high return on investment are quality child care and healthy child care. For example, it is estimated that if Wisconsin had expanded BadgerCare when the federal Affordable Care Act first passed, the state could have saved \$2.1 billion in taxpayer funding. The 2018 Wisconsin ALICE report from United Way also estimates that if the income of families with children was raised to about two times the federal poverty rate, the Wisconsin GDP would increase by \$52.3B. Investment in healthy families pays high dividends. Wisconsin currently ranks 21st of all states in EITC funding and 24th of all states in public health spending.

Please support the EITC Expansion in FY22 and FY23 by increasing the percentage of the federal credit from 4% to 6% for families with one child and from 11% to 25% for families with two children. These costs can be more than paid for by reducing the Manufacturing and

Agricultural Tax Credit for income earners over \$1M, another recommendation of the Ever's biennium budget.

Please support creating the Create the Child Strong program, expanding the REWARD program, and providing additional funds for TANF programs. These funds will also support quality early childhood social emotional training, homeless case management, and availability of internet and monthly subscription costs.

P8

Please support the expansion of BadgerCare to 138% of the federal poverty level to ensure affordable health care for an additional 90,900 Wisconsinites.