

How Cost of Living Impacts Poverty in Dane County

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(Note this is a work in progress- research is not completely done and the election will significantly change some of these figures next year)

The state has provided a unique tool to better understand not only poverty issues in Dane County but also issues of child care teacher retention and other issues.

It is called the 2015 self-sufficiency standard https://dwd.wisconsin.gov/wioa/pdf/wi16_sss_report.pdf it is an updating of a 2004 study by the Wisconsin Women's Network that looked at the income level at which different types of families are able to live without any form of government subsidy. It is essentially a cost of living study using specific figures from each county in the state – basically benchmarks for when different types of families leave poverty. The child care figures for 4-C's counties seem to be very accurate

What is immediately apparent is that the cost of living varies widely across the state. Here are results for specific families in three counties including Dane.

	Dane	Dane	Columbia	Columbia	Lafayette	Lafayette
2015 Monthly Costs	Single Adult	Adult with Preschooler	Single Adult	Adult with Preschooler	Single Adult	Adult with Preschooler
Housing	\$780.00	\$ 936.00	\$ 575	\$ 769	\$505	\$658
Child Care	\$ -	\$ 1,115.00	\$ -	\$ 747	\$ -	\$ 623.00
Food	\$253.00	\$ 383.00	\$ 254	\$ 385	\$ 234.00	\$ 354.00
Transportation	\$227.00	\$ 235.00	\$ 228	\$ 236	\$ 228.00	\$ 236.00
Health Care	\$162.00	\$ 377.00	\$ 169	\$ 398	\$ 168.00	\$ 393.00
Misc	\$142.00	\$ 305.00	\$ 123	\$ 253	\$ 113.00	\$ 226.00
Taxes	\$243.00	\$ 823.00	\$ 157	\$ 583	\$ 134.00	\$ 415.00
EITC	\$ -	\$ -	\$ -	\$ (9)	\$ -	\$ (103.00)
CCare Tax credit	\$ -	\$ (50.00)	\$ -	\$ (58)	\$ -	\$ (50.00)
Child Tax Credit	\$ -	\$ (83.00)	\$ -	\$ (83)	\$ -	\$ (83.00)
Monthly Total	\$1,807	\$4,041	\$ 1,506	\$ 3,221	\$1,382	\$2,669
Annual Total	\$21,684	\$48,492	\$ 18,072	\$ 38,652	\$16,584	\$32,028
Hourly wage	\$10.43	\$23.31	\$ 8.69	\$ 18.58	\$7.97	\$15.40

What it shows a woman with a preschool age child in Dane needs \$9,840 more than a similar family in Columbia county and \$16,464 more than one in Lafayette to be free of poverty- that is \$820 more a month than Columbia and \$1081/month than Lafayette. Housing and child care costs play the main role in the cost differences

Where the difference becomes problematic is when statewide formulas related to poverty are compared against each county's cost of living.

My goal was to look at the economics surrounding the child care co-pay from when it starts at 70% of federal poverty level to where it ends at 200%. The election this week changes those charts drastically as a major change at 100% of poverty are health care costs. With the probable loss of the Affordable Care Act and BadgercarePlus having a waiting list- it is hard now to determine how to make the system work until those are resolved. This paper will look at the lower

income ranges at and under 100% of poverty and the other attached paper looks at the cliff effect and how it plays out in Dane and two other counties.

In terms of co-pays and cost of living here is a summary of how it works in Columbia, Dane and Lafayette counties. 70% of poverty is when the child care parent share begins. 100% is when families begin losing food share dollars and begin paying for health care for adults.

	70% FPL			100% FPL		
	Dane	Columbia	Lafayette	Dane	Columbia	Lafayette
Income left after rent and child care co-pay	\$ (51.00)	\$ 141.00	\$ 252.00	\$ 260.00	\$ 463.00	\$ 574.00
Other costs phone, Transportation, food. but <u>not</u> health care	\$ 729.00	\$ 680.00	\$ 622.00	\$ 729.00	\$ 680.00	\$ 622.00
Shortage	\$ 780.00	\$ 481.00	\$ 428.00	\$ 469.00	\$ 159.00	\$ 106.00

One thing to remember with childcare is that if the family can control their fertility until the child reaches school age, their childcare costs drop precipitously as does the amount of income they need to be self-sufficient. Here is the amount of hourly wage needed in each county just to cover the cost of child care for a 3 year old child.

Dane- \$6.72/ hour, Columbia \$4.64/ hour Lafayette \$3.88/hour

As such eliminating child care is major change in terms of what salary is needed to support the family. If you include child care costs all of the families would need more than \$15 a hour to cover all living costs. Once child care costs are removed, only Dane at \$16.59 is above the \$15 mark and the other two counties are quite below it.

Once I have a better sense of where health care is going I will complete the charts and report on the results. I have also asked the state for a dataset that includes where each child on Wisconsin Shares in Dane County is on the federal poverty level scale. Once obtained this will enable me to estimate what may be needed to help more families transition to self-sufficiency under Wisconsin Shares.