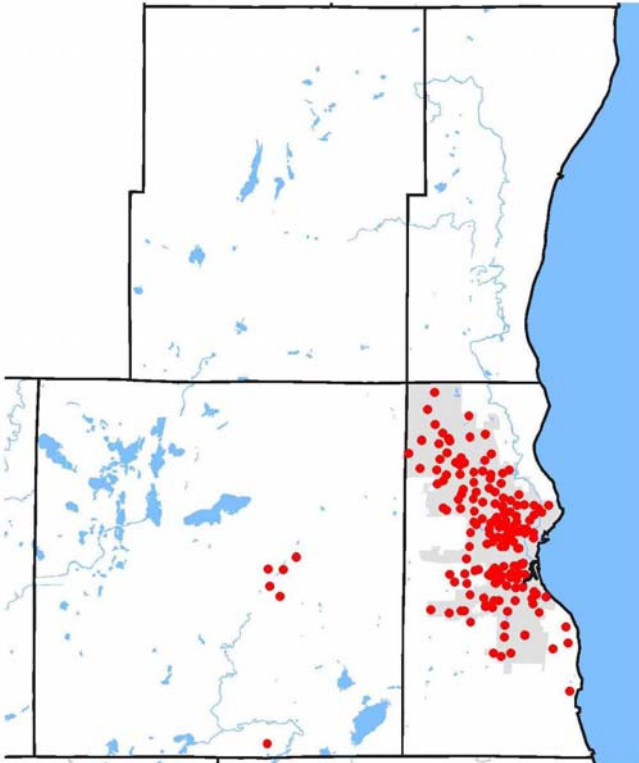


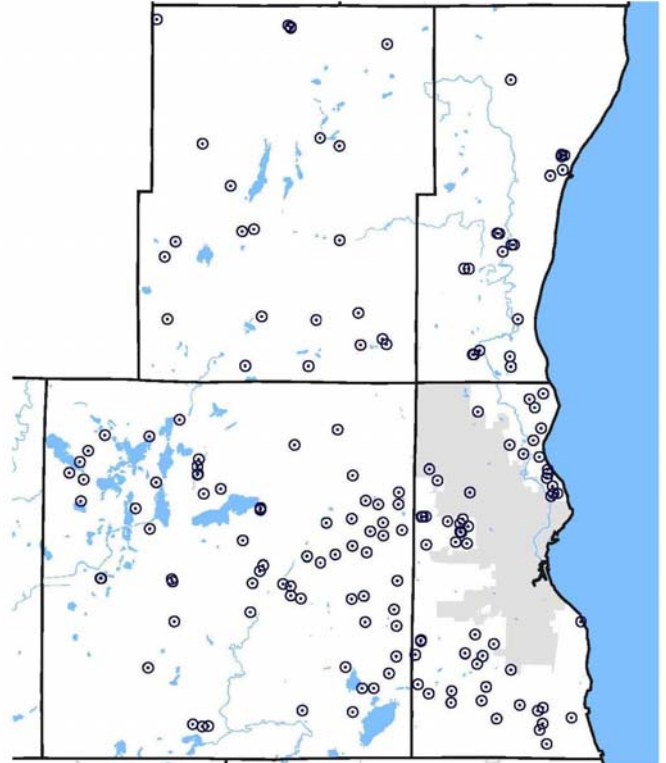
Children Most Impacted by the Economic Recession

High Poverty Schools with 50% or More Poor Children



The Milwaukee Public Schools district is shaded in grey.

Schools with Less than 25% Poor Children



*Prepared by the
Employment and Training Institute
University of Wisconsin-Milwaukee
2009*

We start 2009 in the midst of a crisis unlike any we have seen in our lifetime, a crisis that has only deepened over the last few weeks. Nearly 2 million jobs have been now lost. And on Friday, we're likely to learn that we lost more jobs last year than at any time since World War II. Just in the past year, another 2.8 million Americans who want and need full-time work have had to settle for part-time jobs. Manufacturing has hit a 28-year low. Many businesses cannot borrow or make payroll. Many families cannot pay their bills or their mortgage. Many workers are watching their life savings disappear. And many, many Americans are both anxious and uncertain of what the future will hold.

-- President-elect Barack Obama, January 8, 2009

The United States was formally declared to be in an economic recession in late 2008, but the effects of child poverty were seen far earlier in Milwaukee Public Schools, where a majority of children come from families with very low incomes. This report examines levels of income by neighborhood for employed parents and analyzes levels of child poverty among schools in the Milwaukee metro area. Data on federal and state safety nets are tracked to help establish priorities for the use of federal stimulus funds to meet needs of low-income youth populations.

The following databases are used for the analysis:

- Wisconsin Department of Revenue (DOR) data on employed families' income and earned income tax credits by number of dependents, tax filings in 1994 – 2008.
- Wisconsin Department of Public Instruction (DPI) data on numbers of public and private students certified as eligible for free and reduced price meal programs, by school district and school building, 2001-02 – 2008-09.
- Neighborhood indicators collected by the University of Wisconsin-Milwaukee Employment and Training Institute (ETI) on central city Milwaukee, 1993 – 2009.

Findings

1. Milwaukee Public Schools now educates 25% of all Wisconsin students (public and private) from low income families (at or below 130% of poverty), but only 3% of middle income children of the state, according to school meal program certification data.
2. Over the last six years, MPS has seen a decline in total students but a **net increase in numbers of poor children** (due to loss of middle income students under open enrollment, new enrollments of very poor children, and families sinking deeper into poverty). The poorest children (with family incomes at or below 130% of poverty) have increased from 62% of the total MPS enrollment in 2001-02 to 68% by 2007-08.
3. Within the Milwaukee metropolitan area, MPS and a network of “city choice” and City/UWM charter schools have become largely responsible for educating the poor (with 88% of their students eligible for free or reduced price lunches) while the rest of the public school districts and suburban private schools educate the middle class (with 86% of their students not eligible for subsidized meals).

4. The **concentrations of poverty within the school building** have reached unprecedented levels in MPS. In the 2008-2009 school year, 92% of MPS students attend a school where **over half of the children are poor**. (Only 4% of suburban and outer ring public school students in the four-county area are in a building where over half of the children are poor.) In MPS, 67% of students now attend school in buildings with **extreme concentrations of poverty** (that is, where over 75% of the students are poor), while in the suburban districts, less than 1% of students are in high-concentration poverty schools.

5. The poverty in MPS results from both **high unemployment in the City of Milwaukee** (where the official unemployment rate has exceeded 7% since 2002 and reached 9.1% in January 2009) and the large number of **employed families with insufficient income** to support their families. According to 2008 state tax returns (filed for 2007 income), over 60% of employed Milwaukee families with dependents earned less than 185% of the poverty level.

6. Lack of jobs in the City is a serious problem, particularly for the densest inner city areas. Even before the latest economic downturn the job gap between unemployed job seekers and welfare recipients expected to work and available full-time jobs located in central city neighborhoods was 7 to 1 (according to the last Milwaukee area job openings survey conducted in May 2006).

7. Government safety nets for families show mixed results. The federal and state Earned Income Tax Credits now help over half of employed families with children in the City of Milwaukee. At the same time in the inner city neighborhoods hardest hit by the economic recession, the number of families receiving “W-2” TANF income support has dropped in half since 2004 (from 6,609 to 3,054 families).

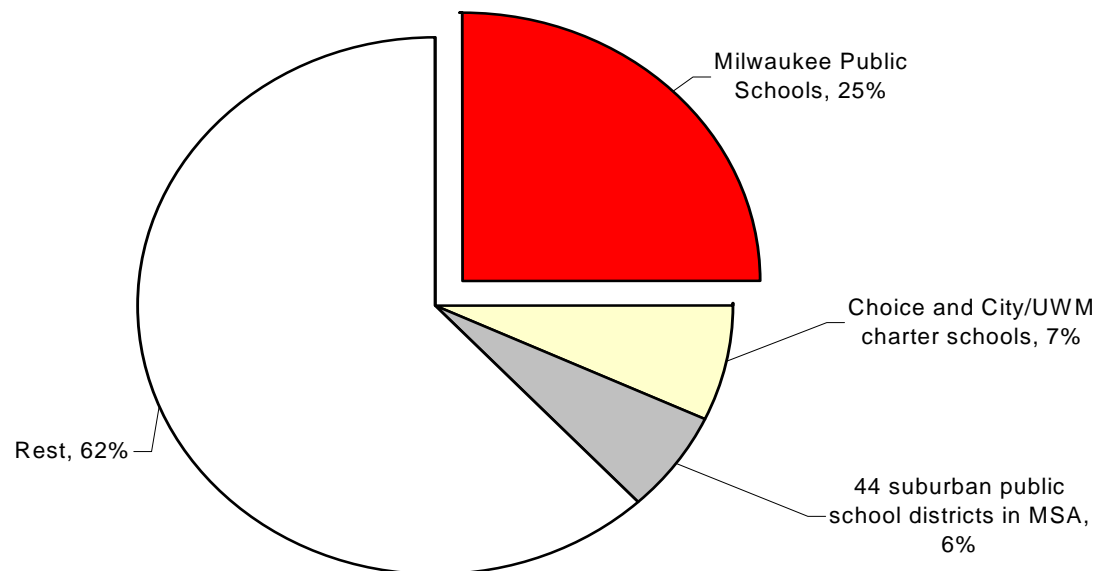
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Wisconsin's Student Poverty Is Concentrated in Milwaukee

Concentration of poverty at the school building level can be measured in Milwaukee and throughout the U.S. by state and federal data on the number of families eligible for the National School Lunch and School Breakfast Programs administered by the U.S. Department of Agriculture. Families are deemed eligible for the free meal programs if their income is at or below 130% of poverty (or \$22,880 in 2008-09 for a mother and two children). Other families with income at or below 185% of poverty (or \$32,560 for a family of three) are eligible for reduced price meals. Since nearly all school districts in Wisconsin participate in the meal programs, data are available for MPS and for neighboring school districts in the Milwaukee metro area.

- MPS students are singularly economically disadvantaged among Wisconsin's children. While MPS students comprise 9% of the state's school population (public and private), they make up 25% of all students in low-income families (at or below 130% of poverty).

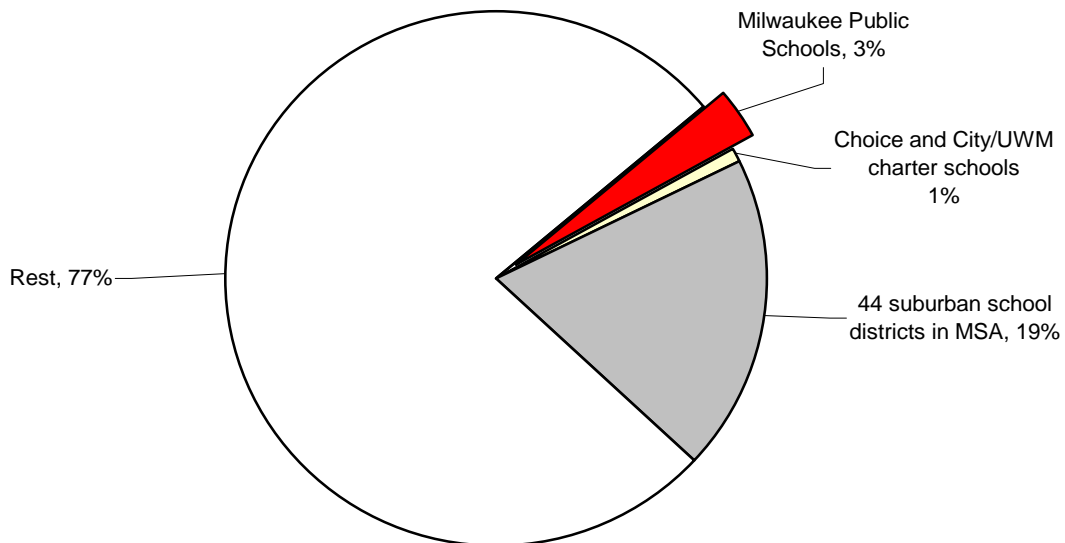
Figure 1: Who's educating Wisconsin's poor children?



Source: Wisconsin Department of Public Instruction data on students with family income at or below 130% of poverty, as certified by the school meal program, October 2007.

- The problems of poverty faced by Milwaukee Public Schools dwarf those of all other areas of the state. At the same time, MPS has only 3% of the **non-poor** children of the state, according to school meal program certification data.

Figure 2: Where do regular-income students (not certified as poor) attend school in Wisconsin?



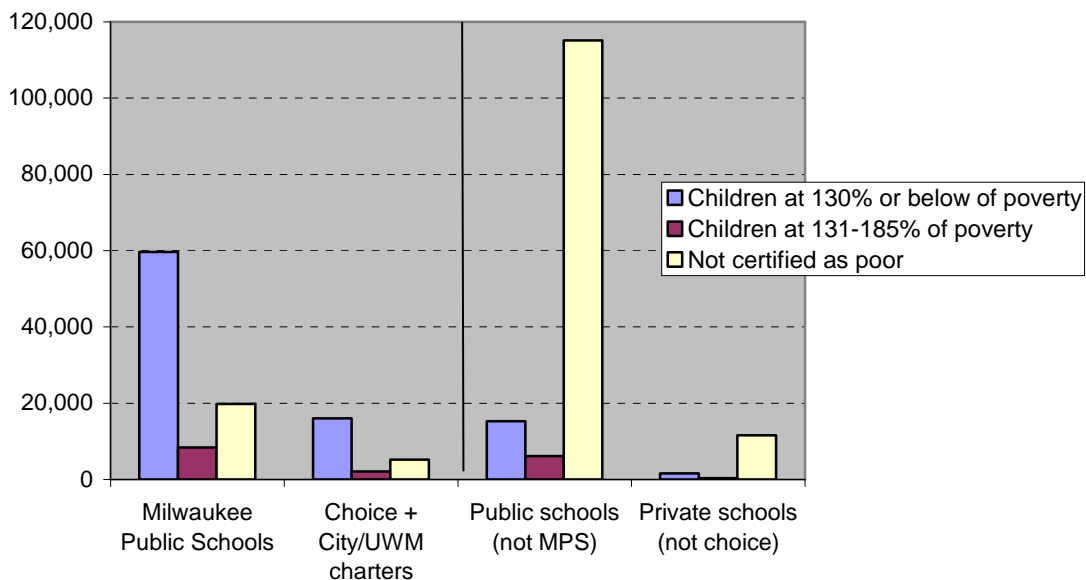
Source: DPI data on students participating in the school lunch program with regular-price meals, October 2007.

- The concentration of school children in poverty has increased in Milwaukee Public Schools even as MPS has experienced overall enrollment declines. The poorest children (i.e., those certified for free meals) have increased from 62% of the total MPS student population in the 2001-02 to 68% in 2007-08.
- Even though MPS had a net enrollment decline of 6,069 children in its city schools over a six year period, it experienced a net **increase** of 1,862 children with family incomes at or below 130% of poverty. This net increase results from poor children coming into the schools and middle income students transferring to other districts under open enrollment, as well as families dropping further into poverty over the last six years.

- MPS now educates over 59,000 of the lowest income children in the state (with income at or below 130% of poverty) while all of the remaining school districts in the four-county metro area combined educate less than 16,000 lowest income children. The suburban schools' task of providing services for low-income students is lightened by their high concentrations of middle class children. The suburban and outer ring public schools in the Milwaukee area enroll an estimated 115,000 middle income children, while MPS has under 20,000 middle income students.

Within the Milwaukee metropolitan area, MPS and a network of “city choice” and City/UWM charter schools are largely responsible for educating the poor while the public schools outside Milwaukee in Milwaukee, Ozaukee, Waukesha and Washington counties have majority middle class student populations.

Figure 3: School systems for the poor, school systems for the middle-class



Source: DPI data on students certified for free and reduced price lunch programs, Milwaukee MSA, October 2007.

High-Poverty School Buildings in MPS

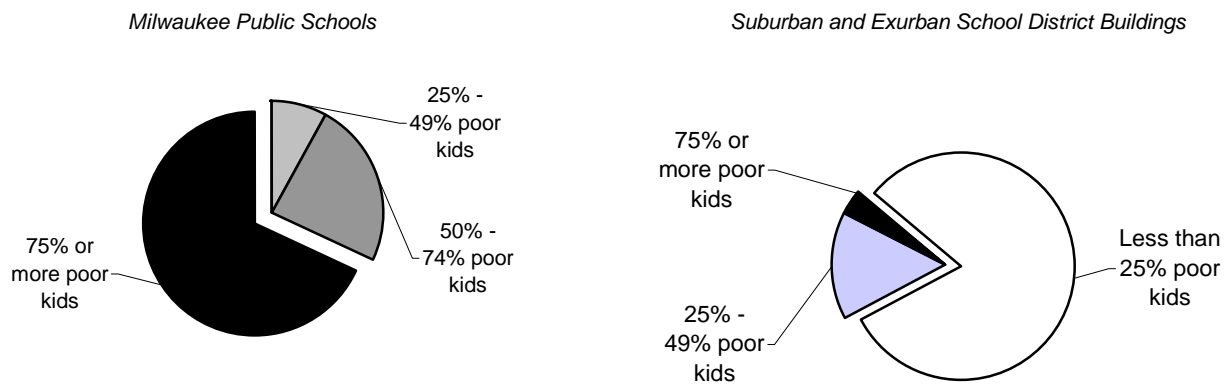
The growing imbalance between children from impoverished families and those from middle class families reaches nearly every public school building in Milwaukee, according to an examination of the numbers of children eligible for free and reduced price meals **by MPS school building**. The effects of poverty are intensified in buildings where most of the students are from families in great financial need. Parents face income limitations on their ability to meet their children's basic food needs, clothe children as they grow, secure safe housing with adequate space for the children, meet rent and heating costs, afford a working vehicle for transportation, support elderly members of the household, and meet health needs of themselves and their children – let alone providing financial resources for school trips, educational materials, computers and other supports for their children. Stresses placed on parents struggling to obtain or maintain jobs or working multiple jobs in a deteriorating economy may be transferred to the children, and students' problems of lack of food, inadequate housing, unsafe neighborhoods and even homelessness are immediately seen in the classroom. Long-term, the unemployment and underemployment experienced by many Milwaukee parents may dampen the educational aspirations of their children, particularly when such underemployment is heavily concentrated in inner city neighborhoods.

What makes Milwaukee unique in the State of Wisconsin, according to the DPI data, is its **concentration of poverty** in the schools. Where suburban schools – even those with open enrollment and Chapter 220 transfer students -- typically have less than 25% of their students from impoverished families (whether that poverty is recent or long-term), the city most typically has schools where a substantial majority of students are impoverished (and have been so for long periods of time).

- The 2008-09 school year data on the free and reduced price meal programs by individual public school buildings show that 92% of MPS students now attend a school where **over half of the children are poor**. At the same time, only 4% of suburban and outer ring public school students in the four-county area are in a building where over half of the children are poor.

- School buildings were identified with **extreme concentrations of poverty**, that is, where over three-fourths of the students in the building are poor. In MPS, 67% of all students attend such schools, while in the suburban and exurban public school districts of the four-county metro area, less than 1% of students are in high-concentration poverty schools. At the other end of the spectrum, 81% of suburban public school students attend schools where less than a fourth of the students are poor, while less than 1% of MPS students attend a school where less than a fourth of children are poor.

Figure 4: Concentrations of children in poverty by public school building



Source: DPI data (see table below).

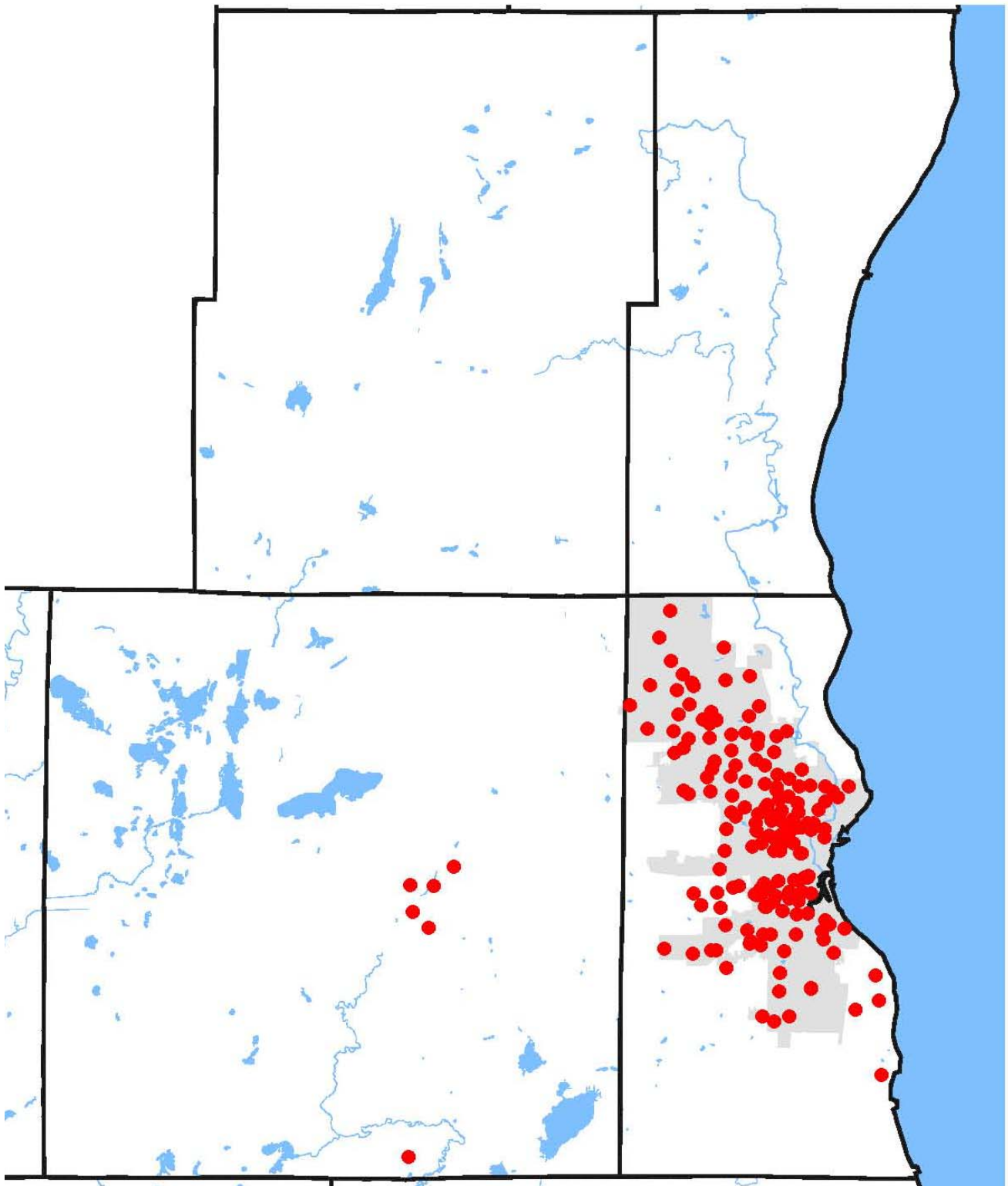
Table 1: School buildings with high and low concentrations of poverty

Concentration of poor children by school building	Milwaukee Public Schools:		Suburban/exurban public schools in the 4-county area Milwaukee area:	
	Students	% of total	Students	% of total
Less than 10% [low poverty]	41	0%	59,223	41%
10% - 24%	0	0%	57,951	40%
25% - 49%	7,032	8%	22,139	15%
50% - 74%	20,746	25%	4,835	4%
75% - 89%	35,067	41%	0	0%
90% and above [extreme high poverty]	<u>22,136</u>	<u>26%</u>	<u>404</u>	<u>0%</u>
TOTAL	85,022	100%	144,552	100%

Source: DPI report on students eligible for the free and reduced lunch program by public school building in Milwaukee, Ozaukee, Washington and Waukesha counties, October 2008. Buildings are excluded with less than 40 students.

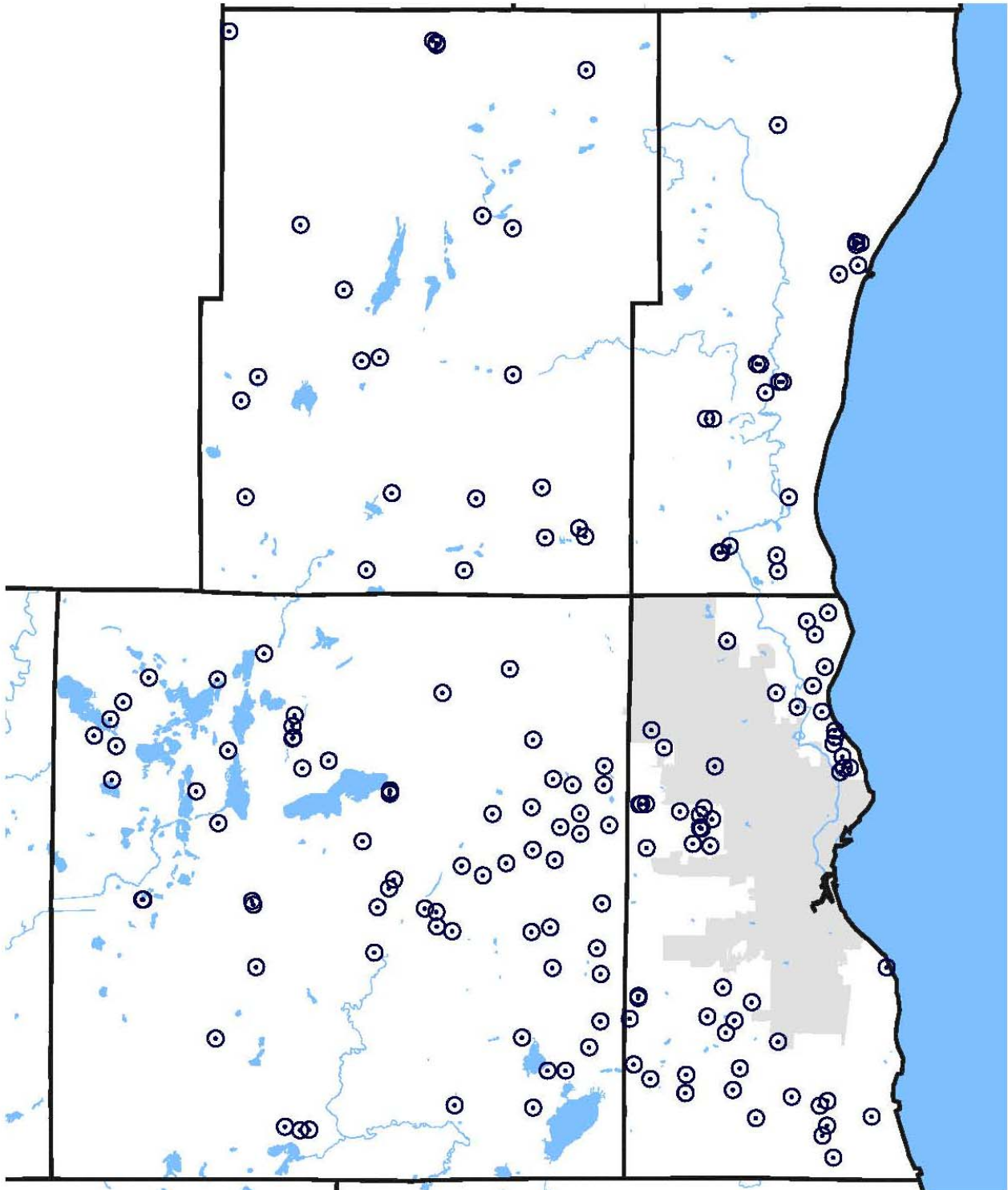
The maps below show the location of school buildings with high concentrations of poverty and those with fewer students with income below poverty (as measured by eligibility for free and reduced lunches).

High-Poverty Schools in the Four-County Milwaukee Metro Area
(School buildings where 50% or more of the students are poor)



Source: DPI data on students certified for free and reduced price lunch programs, Milwaukee MSA, October 2008. The Milwaukee Public Schools district is shaded in grey.

Low-Poverty Schools in the Four-County Milwaukee Metro Area
(School buildings where less than 25% of the students are poor)



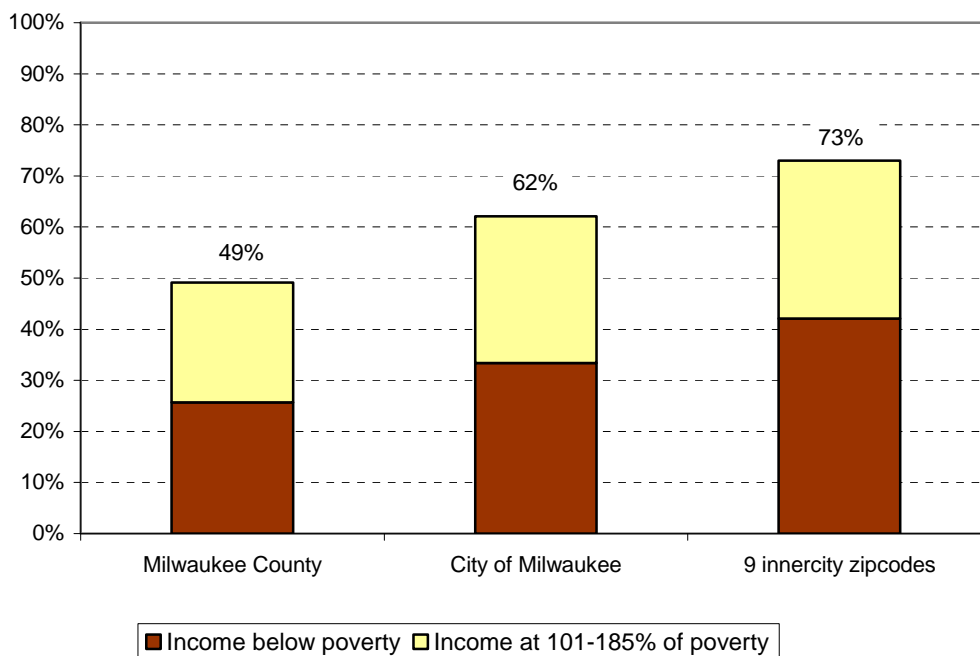
Source: DPI data on students certified for free and reduced price lunch programs, Milwaukee MSA, October 2008.
The Milwaukee Public Schools district is shaded in grey

Over 60% of Employed Milwaukee Parents Have Income below 185% of Poverty

The Employment and Training Institute annually examines Wisconsin Department of Revenue data on income tax filers in Milwaukee County, the City of Milwaukee (using predominantly-city ZIP codes), and in nine central city neighborhoods (ZIP codes 53204, 53205, 53206, 53208, 53210, 53212, 53216, 53218, and 53233) targeted by the City of Milwaukee's Community Development Block Grant programs. These tax records provide valuable data on the economic condition of **employed families** with dependents by neighborhood and the ability of parents to support their children. (See www.eti.uwm.edu/#research for the neighborhood indicators methodology.)

- According to tax filings in 2008 (for 2007 income earnings), of 103,970 single and married tax filers with dependents (in predominantly-city Milwaukee ZIP codes), an estimated 34,700 families had income below the poverty level and another 29,900 had income below 185% of poverty. In some cases other household members (including non-married partners and non-custodial parents) may help support the children; in other cases, the adults may be responsible for supporting other family members in addition to their children.

Figure 5: A majority of employed Milwaukee families with children have income below 185% of poverty



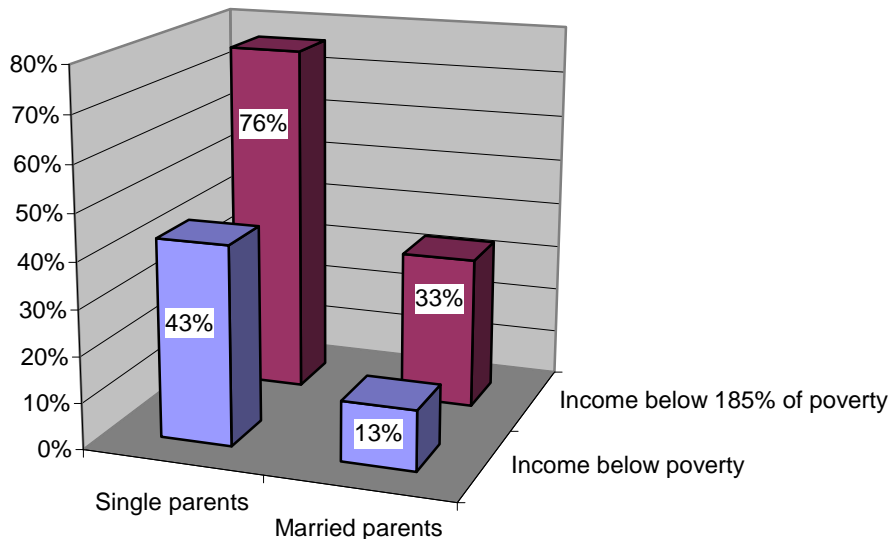
Source: Analysis of Wisconsin Department of Revenue tax filings for single and married filers with dependents, 2008 filings for 2007 income year.

- The population of “working poor” families lives throughout the city, but with highest concentrations in the inner city neighborhoods (where an estimated 33,900 of the 46,500 employed families with dependents have income below 185% of poverty).

The difficulty of supporting a family on a single parent’s wages can be seen in the tax returns for City of Milwaukee filers with dependents.

- Given their more limited income, single parents are far more likely to live in the City of Milwaukee than in the suburbs. In Milwaukee County, 84% of single tax filers with dependents live in the City of Milwaukee while only 50% of married tax filers with dependents are City residents.
- A majority of employed single parents in Milwaukee are low-income. According to state tax returns, 43% had income below the poverty level and 76% had income below 185% of poverty. Married couples with dependents, although fewer in number, were less likely to be poor. 13% had income below the poverty level and 33% had income below 185% of poverty.

Figure 6: Most employed single parents with children in Milwaukee are poor



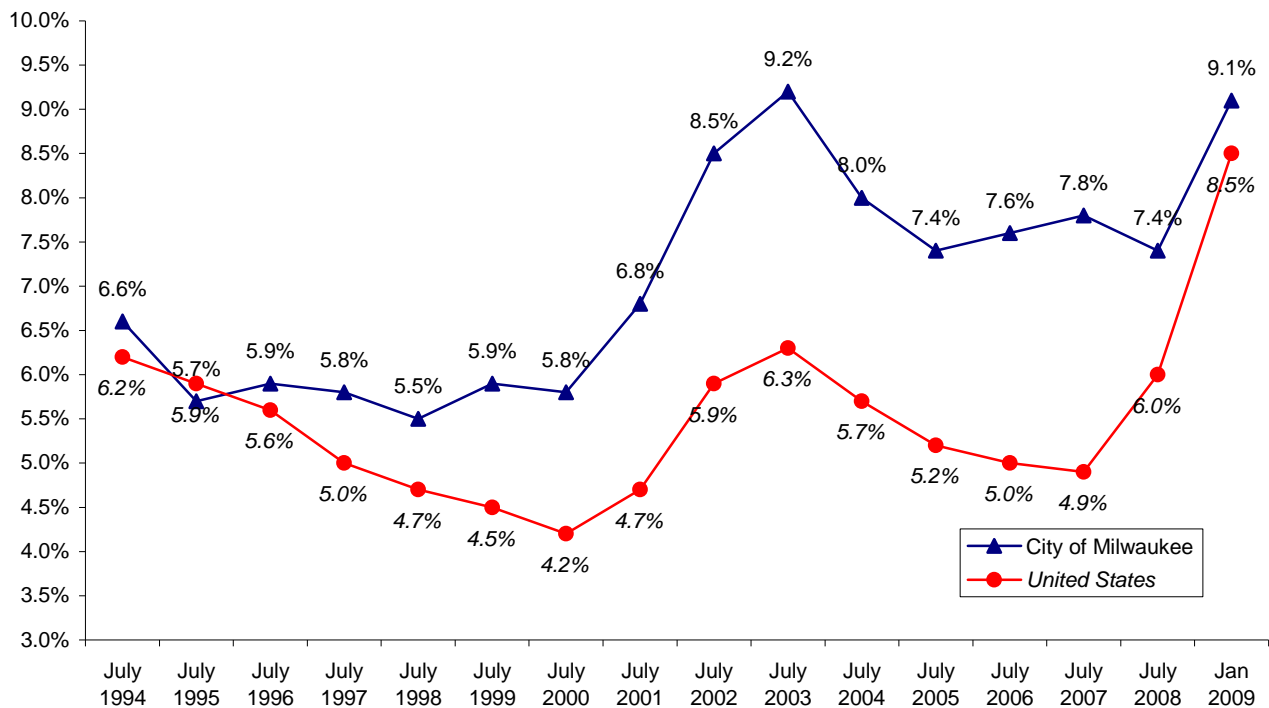
Source: Analysis of Wisconsin Department of Revenue tax filings for City of Milwaukee single and married filers with dependents, 2008 filings for 2007 income year.

Milwaukee's Unemployment Rate above National Average: Acute Job Shortages in Central City Milwaukee

One of the most serious challenges facing MPS parents is the lack of employment opportunities in Milwaukee. Parents with low-paying jobs or intermittent work, or who have been laid off face a very difficult labor market for finding new or better jobs, particularly in inner city Milwaukee neighborhoods.

In December 2008 the U.S. unemployment rate passed 7% for the first time in more than a decade, but the City of Milwaukee has had unemployment rates exceeding this level since 2002. In January 2009 the U.S. unemployment reached 8.5% (unadjusted) while the City rate was 9.1%. Unemployment in inner city neighborhoods, not currently measured, is significantly higher – suggesting that these areas have been in a long-term economic recession for some time.

Figure 7: Milwaukee's unemployment rates are above the U.S. average

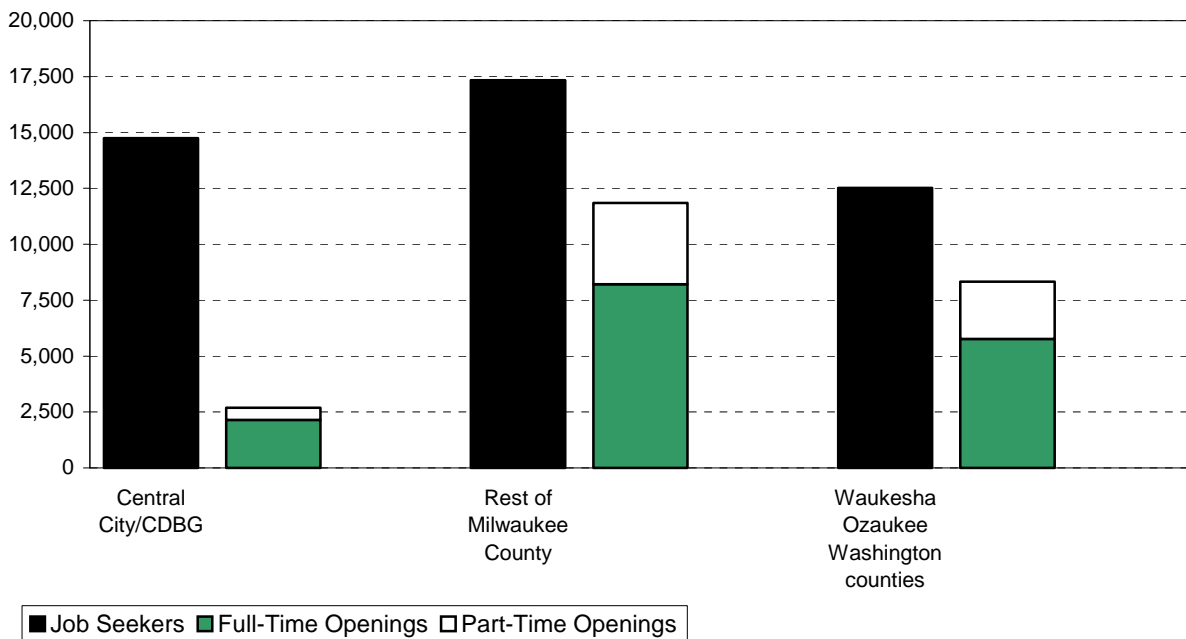


Source: U.S. Department of Labor and Wisconsin Department of Workforce Development, unadjusted rates.

Since the early 1990s the Employment and Training Institute has conducted annual surveys of thousands of employers to determine what jobs are currently open for hire and to gauge education and training needed for youth and others entering the workforce or upgrading their skills. The most recent survey was conducted in May 2006. (The surveys were temporarily discontinued in 2007 and 2008, but expected to resume in 2009.)

Many central city residents, including MPS parents, are limited in their access to jobs by lack of private transportation and dependency on public transportation for access to job opportunities. The May 2006 survey found that the **job gap** between workers seeking employment and available job openings was most acute in the central city Milwaukee Community Development Block Grant (CDBG) neighborhoods, where job openings (2,143 full-time and 550 part-time) fell far short of the estimated 11,085 unemployed persons considered actively seeking work in May 2006 and the 3,670 cases receiving "W-2" welfare payments. **Even before the latest economic downturn the job gap between unemployed job seekers and welfare recipients expected to work and available full-time jobs located in central city neighborhoods was 7 to 1 in May 2006.**

Figure 8: Inner city residents face at least a 7 to 1 gap between job seekers and available jobs

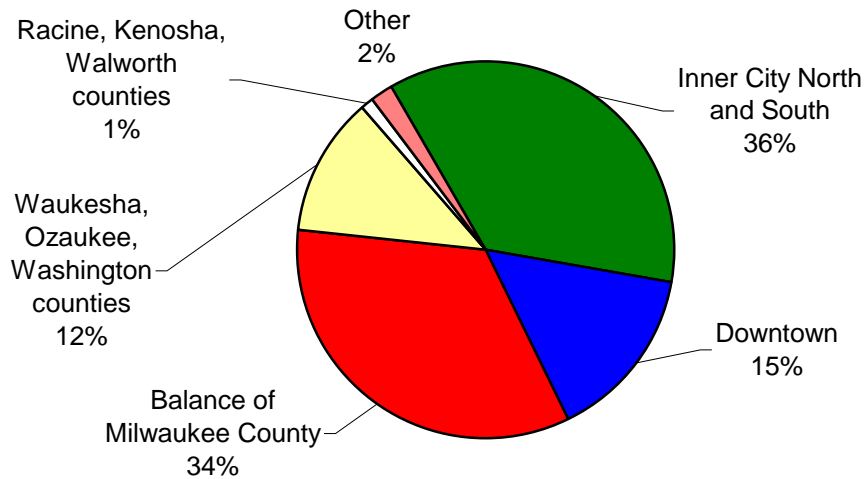


Source: UWM Employment and Training Institute Survey of Job Openings in the Milwaukee Metropolitan Area: Week of May 24, 2006.

While increasing federal job training and economic development resources have focused on a seven-county Milwaukee “**regional** labor market” (including Milwaukee, Ozaukee, Waukesha, Washington, Racine, Kenosha and Walworth counties), the 2000 U.S. Census showed that only 1% of City of Milwaukee residents work in the 3 southern counties (Racine, Kenosha, and Walworth) of the “Milwaukee 7,” while 84% of City residents work within Milwaukee County and 15% work in Waukesha, Ozaukee or Washington counties. (Likewise, only 1% of Milwaukee County residents work in Racine, Kenosha or Walworth counties.)

The 2000 Census data for the Milwaukee inner city north and southside area (PUMS #2003) show the jobsites where residents work by census tract. (See map below) Among inner city residents, 36% worked in the immediate inner city areas (north and southside), 15% were employed in Milwaukee’s central business district, and 34% worked at jobsites in other areas of Milwaukee County. Nine percent of inner city workers were employed in Waukesha County and 2% in Ozaukee County, but almost none (1%) worked in Racine, Kenosha and Walworth counties.

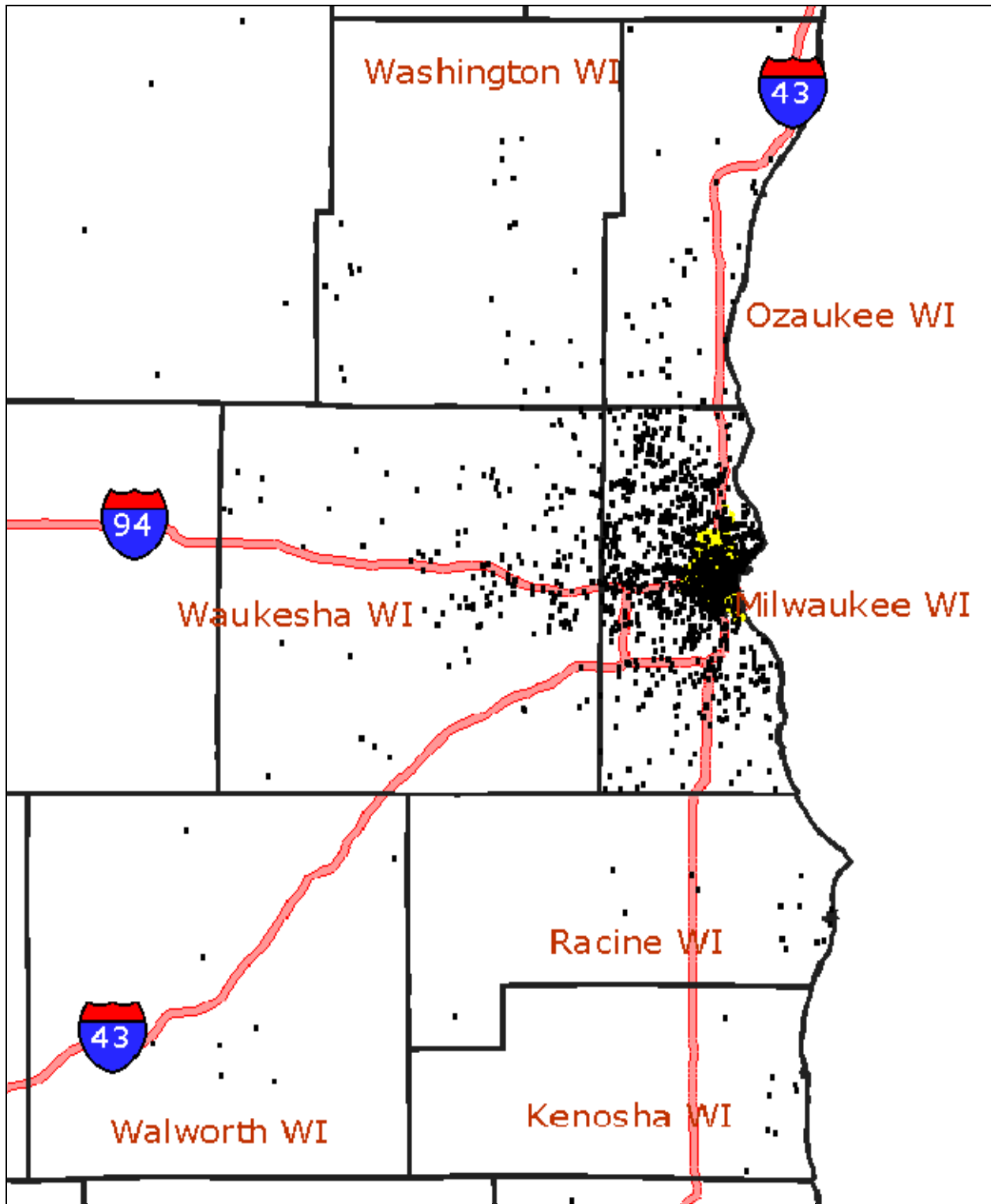
Figure 9: Where do residents of Milwaukee’s inner city north and south work?



Source: Analysis of the 2000 Census Transportation Planning Package (CTPP) data files.

Where Residents of Milwaukee's Inner City North and South Work

(1 square = 25 workers. Squares are distributed randomly within census tracts and do not show the exact work address of individual workers.)



Source: 2000 Census Transportation Planning Package (CTPP) data files

Further handicapping central city residents is the shortage of full-time **entry-level** work in their neighborhoods.

- Only 8% of the full-time entry-level jobs available in the metro area for workers with no education beyond high school and not requiring occupation-specific training were located in the inner city CDBG neighborhoods. For part-time openings, only 4% of entry-level jobs were in the CDBG neighborhoods.
- Most of the entry-level jobs available for workers with no education beyond high school and not requiring occupation-specific training were **part-time** rather than full-time.
- Most of the higher skilled full-time jobs were located outside the City of Milwaukee.

Stimulus Safety Nets

Earned Income Tax Credits Reach 53,832 City Families with Children

One of the most effective anti-poverty measures adopted by the federal and state governments has been the earned income tax credit which provides a substantial boost to working families at the lower end of the pay scale. The earned income tax credit (EIC) offers a tax benefit to help reduce the payroll and social security tax burdens and to supplement wages for low and moderate income working families and single persons, and Wisconsin has been a leader in adding a state credit to the federal EIC. (The state adds 4% to the federal credit for 1 child, 14% for 2 children, and 43% for 3 or more children, with federal TANF funds helping support these payments.) The federal stimulus package provisions increasing the earned income credit should provide an immediate economic gain for lower-income Milwaukee families.

An analysis of earned income tax credits received by families in the City of Milwaukee and in 9 central city ZIP codes shows the importance of the credits to working families at lower income levels. Wisconsin Department of Revenue data was analyzed for tax filers with dependent children who received the Wisconsin earned income tax credit. Federal EIC payments were estimated based on Wisconsin usage ratios.

- The EIC helps over half of employed families with children in the City of Milwaukee. In the last tax year (2008 filings for 2007 income), 53,832 City of Milwaukee families with children received \$24.9 million in state earned income tax credits and approximately \$151 million in federal earned income credits.
- These credits raised the annual income of 47,990 single-parent families by an average of \$3,200 and moved an estimated 8,770 very poor families above the poverty line.
- The credits also raised the income of 5,842 married parent families by an average of \$3,270 and moved an estimated 920 very poor 2-parent families above the poverty line.

Table 2: \$175.9 million in earned income tax credits to Milwaukee families with children

	<u>Single and married filers with dependents</u>	<u>Families receiving the EIC</u>	<u>Total state EIC claims</u>	<u>Est. federal EIC claims</u>	<u>Federal and state EIC claims</u>	<u>% of employed families helped</u>
Milwaukee County	150,369	62,025	\$27,470,503	\$166,487,897	\$193,958,400	41%
City of Milwaukee	103,970	53,832	\$24,921,801	\$151,041,218	\$175,963,019	52%
53204 ZIP code	8,233	3,353	\$1,668,819	\$10,114,055	\$11,782,874	41%
53205 ZIP code	1,924	1,457	\$768,294	\$4,656,327	\$5,424,621	76%
53206 ZIP code	5,317	4,299	\$2,297,417	\$13,923,739	\$16,221,156	81%
53208 ZIP code	5,388	3,461	\$1,775,804	\$10,762,448	\$12,538,252	64%
53210 ZIP code	5,648	3,854	\$1,968,130	\$11,928,061	\$13,896,191	68%
53212 ZIP code	4,281	3,057	\$1,491,479	\$9,039,267	\$10,530,746	71%
53216 ZIP code	6,498	4,006	\$1,768,536	\$10,718,400	\$12,486,936	62%
53218 ZIP code	8,314	5,317	\$2,544,601	\$15,421,824	\$17,966,425	64%
53233 ZIP code	886	650	\$257,550	\$1,560,909	\$1,818,459	73%
9 CDBG ZIPcodes	46,489	29,454	\$14,540,630	\$88,125,030	\$102,665,660	63%

Source: Wisconsin Department of Revenue income tax filing data, tax forms filed in 2008 for 2007 income.

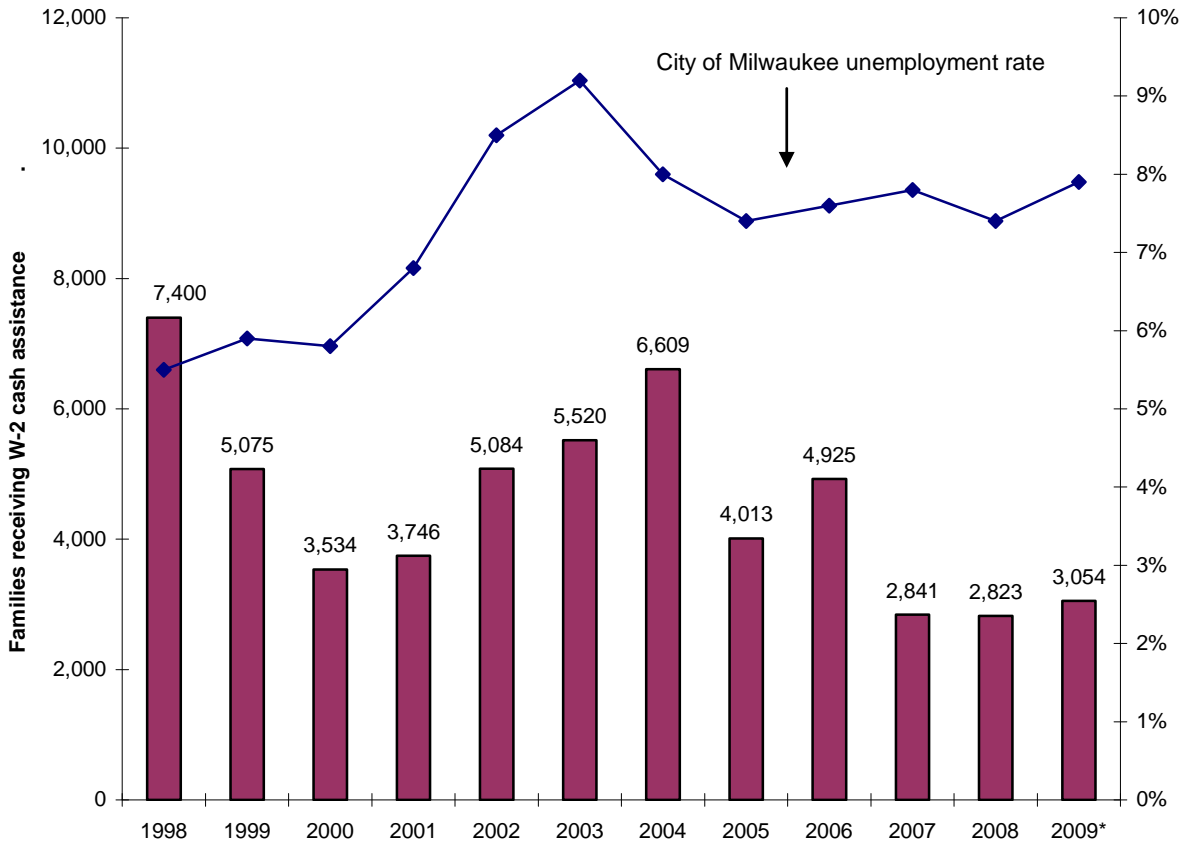
Few Inner City Families Receive “W-2” Income Aid

Prior to 1998, long-term unemployed and underemployed parents with children and few assets were eligible for cash income support through Aid to Families with Dependent Children (AFDC), and possibly a third of families receiving AFDC were employed at least part-time. Since the Temporary Assistance for Needy Families (TANF) program was adopted nationally and “W-2” (Wisconsin Works) was passed in Wisconsin, most families deemed employable are denied aid or limited in the time they can receive income support or community service employment. Consequently, the “W-2” program is not designed to address the financial needs of families unable to find sustained employment and ineligible for unemployment compensation.

- While the unemployment rate (for persons continuing to actively seek employment) has risen from 5.5% in July 1998 to 7.9% as of December 2008, the number of inner city families receiving “W-2” cash assistance dropped from 7,400 to 3,054 families.

- In the last six months of 2008, the City’s unemployment rate jumped from 7.1% to 7.9%, but the “W-2” payment cases in the inner city rose by only 231.

Figure 10: In spite of rising unemployment, few inner city families receive W-2 cash assistance



Source: DWD/DCF cash assistance data for selected months for 9 inner city Milwaukee zipcodes; DWD estimates of unemployment in the City of Milwaukee (as of July for 1998-2008, and *December 2008).

Very few unemployed single parents or discouraged mothers not looking for jobs are served by “W-2.” The table below compares the concentrations of “working poor” single parents in the labor force at least some time during the year to the number of families receiving cash assistance through “W-2,” including parents employed in community service jobs. Data are not available on the number of unemployed single parents or parents no longer searching for employment.

Table 3: “W-2” payment cases decreased as the economy worsened

	Employed single parents with income below 185% of poverty (2007 earnings)	% of employed single parents who are poor (income below 185% of poverty)	Families receiving “W-2” cash assistance:	
			July 2004	January 2009
53204 ZIP code	4,956	89%	670	456
53205 ZIP code	1,397	85%	430	165
53206 ZIP code	4,220	87%	1,347	633
53208 ZIP code	3,243	82%	896	351
53210 ZIP code	3,629	80%	860	297
53212 ZIP code	2,929	82%	770	360
53216 ZIP code	3,630	71%	603	328
53218 ZIP code	4,746	74%	841	353
53233 ZIP code	667	87%	192	111
9 CDBG ZIPcodes	29,417	81%	6,609	3,054

Source: DWD/DCF cash assistance data for selected months for 9 inner city Milwaukee zipcodes; analysis of DOR tax returns filed in 2008 for 2007 income by single filers with dependents.

This report was prepared for Milwaukee Public Schools as a planning supplement to the annual count of school children in the City of Milwaukee, required under state statute.

The Milwaukee community indicators reports were initially developed by the University of Wisconsin-Milwaukee Employment and Training Institute with funding from the Greater Milwaukee Foundation and the City of Milwaukee to provide independent, timely and ongoing assessment tools to measure short-term and long-term progress toward improving economic and employment well-being of families in central city Milwaukee neighborhoods. Indicators track changes by neighborhood since 1993, prior to the beginning of state and federal welfare reform, and demonstrate the advantages of using administrative and institutional databases to measure dimensions of urban life.

Other indicators studies are available at www.eti.uwm.edu/#research. For more information, contact Lois Quinn, Sr. Scientist, Employment and Training Institute, University of Wisconsin-Milwaukee, 161 W. Wisconsin Avenue, Suite 6000, Milwaukee, WI 53203. Phone 414-227-3380. Email: lquinn@uwm.edu.