

**Date:** February 15, 2025

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**From:** Carly Holmes, Bureau of Analytics and Research (BAR)

**Re:** DCF 150 Guidelines Review – BAR Analysis

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## Background

Federal regulations require states review their child support guidelines every four years to determine whether current guidelines result in appropriate child support orders. The Bureau of Analytics and Research (BAR) was charged with providing input addressing the following federal guidelines for setting child support orders:

Pursuant to 45 CFR § 302.56, states should consider economic data on the cost of raising children, labor market data (such as unemployment rates, employment rates, hours worked, and earnings) by occupation and skill-level for the state and local job markets, the impact of guidelines policies and amounts on custodial and noncustodial parents who have family incomes below 200 percent of the federal poverty level, and factors that influence employment rates among noncustodial parents and compliance with child support orders.

For this report, BAR gathered socio-economic data, including labor market conditions to help assess the cost of raising children compared to the time of the last review of Wisconsin's child support guidelines. (See the Appendix for tables of data sources and details.)

## Research Questions

1. How has the labor market changed since the last guidelines review?
2. How has the incidence of poverty changed since the last guidelines review?
3. How has the cost of raising children changed since the last guidelines review?

## Key Findings

1. A rise in wages and low unemployment rates suggest some improvement in economic conditions overall. However, for individuals with lower educational attainment and/or sporadic work experience, the unemployment rate and income outcomes suggest worsening conditions.
2. Most poverty indicators suggest worsening economic conditions, except the percentage of children in poverty, which suggests improvement. This improvement for children living in poverty is an artifact of the temporary child tax credit.
3. Cost of raising children indicators suggest worsening economic conditions for families.
4. While there is some improvement in labor market indicators, incidence of poverty and cost of raising children indicators suggest these improvements in the labor market are not enough for low-income workers who disproportionately encounter instability in hours and income.

## Labor Market

**Research Question One:** How has the labor market changed since the last guidelines review?

Wages and unemployment rates suggest some improvement in labor market conditions. Looking at the labor force participation rate, however, workers have not returned to pre-pandemic levels of employment, men and women alike. For individuals with lower educational attainment, median weekly earnings and unemployment rates suggest worsening impacts (Bauer et al., 2025).

Even with a strong labor market, families with children have difficulty maintaining employment that provides economic security (Gould & Cid-Martinez, 2023). This reality is especially salient in low-income households with single parents, young parents, families with young children, and multiple generation families (Wildsmith & Alvira-Hammond, 2023). Low-income households experience greater work hour volatility and earnings instability, decreasing their overall financial stability and ability to pay bills (Bauer et al., 2025). This study also noted low-income households with additional earners still face economic challenges in terms of work hours and income volatility, despite additional earners. These impacts reflect the unfortunate realities of the low-wage labor market.

**Table 1. Change and impact for labor market indicators, Wisconsin data**

Labor market indicator	2019	2023	Impact
<b>Change in median wages<sup>1</sup></b>	\$23.00	\$23.90	\$0.90
<b>Unemployment rates<sup>2</sup></b>	3.2%	3.0%	-0.2%
<b>Unemployment rates<sup>3</sup></b>	3.2%	2.8%	-0.4%
<b>Labor force participation rates<sup>3</sup></b>	65.9%	65.2%	-0.7%

<sup>1</sup>Working Wisconsin, 2019, 2023

<sup>2</sup>Bureau of Labor Statistics, 2019, 2023

<sup>3</sup>US Census, American Community Survey, 2019, 2023

**Table 2. Change and impact for labor market indicators, national data**

Labor market indicator	2019	2023	Impact
<b>Median weekly earnings by educational attainment status<sup>1</sup></b>			
<b>Less than high school diploma</b>	\$592.00	\$707.00	\$115.00
<b>High school diploma</b>	\$747.00	\$899.00	\$152.00
<b>Some college or associates</b>	\$857.00	\$1019.00	\$162.00
<b>Bachelor's or higher</b>	\$1,368.00	\$1,609.00	\$241.00
<b>Unemployment statistics by educational attainment status<sup>1</sup></b>			
<b>Less than high school diploma</b>	5.4%	5.5%	0.1%
<b>High school diploma</b>	3.6%	3.9%	0.3%
<b>Some college or associates</b>	3.0%	3.0%	0.0%
<b>Bachelor's or higher</b>	2.1%	2.1%	0.0%

<sup>1</sup>Bureau of Labor Statistics, 2019, 2023

## Incidence of Poverty

**Research Question Two:** How has the incidence of poverty changed since the last guidelines review?

Most poverty indicators suggest worsening economic conditions, except the percentage of children in poverty, which suggests improvement. However, this suggested improvement for children living in poverty is an artifact of the temporary child tax credit associated with COVID-19 stimulus payments/Child Tax Credit and the American Rescue Plan's expansion of this Child Tax Credit for tax year 2021 (partially paid to families in 2022).

The overall population living below the poverty level increased. An increasing share of individuals spend 30% or more of their income on housing and receive food assistance, relative to the last guidelines review. Additionally, income requirement limits to participate in economic assistance programs in Wisconsin remain much lower than standards require for an individual to achieve self-sufficiency (Bureau of Analytics and Research, 2025), leaving many individuals ineligible for economic assistance but unable to meet their own sustenance needs (Trisi, 2024).

The COVID-19 pandemic and subsequent economic support packages had unique impacts on poverty in the United States. Poverty decreased slightly during the pandemic recession, however, later increased to a level higher than before the pandemic, partly due to lingering inflation and the expiration of the COVID-19 safety net supports (Gould & Cid-Martinez, 2023; Trisi, 2024; Ybarra et al., 2024). Despite gains in median household income, inflation and rising housing/rental costs reduced purchasing power, outweighing the gains of a strong labor market (Gould & Cid-Martinez, 2023). This is especially true for individuals with low-income, who experience a considerable impact on their purchasing power that is essential for buying necessities (Führer, 2024).

**Table 3. Change and impact for incidence of poverty indicators, Wisconsin data**

Incidence of poverty indicator	2019	2022	Impact
Percentage of population below the poverty level <sup>1</sup>	10.4%	10.7%	0.3%
Households with 30% or more of their income spent on housing <sup>1</sup>	25.0%	27.0%	2.0%
Measure of income inequality (Gini index) <sup>1</sup>	0.44 units	0.45 units	0.01 units
Percentage of children in poverty <sup>2</sup>	13.5%	13.0%	-0.5%
Percentage of individuals who received assistance at least once during the calendar year <sup>3</sup>	14.4%	15.9%	1.5%

<sup>1</sup>US Census, American Community Survey, 2019, 2022

<sup>2</sup>US Census, Small Area Income and Poverty Estimates Program, 2019, 2022

<sup>3</sup>FoodShare Wisconsin, 2019, 2022

**Table 4. Change and impact for incidence of poverty indicators, national data**

Incidence of poverty indicator	2019	2022	Impact
Department of Workforce Development self-sufficiency standard <sup>1</sup>	\$58,767.00	\$77,610.00	\$18,843.00

<sup>1</sup>Poverty Line and Wisconsin Income Standards, 2019, 2022

## Cost of Raising Children

**Research Question Three:** How has the cost of raising children changed since the last guidelines review?

Cost of raising children indicators suggest worsening economic conditions. Families spend a larger share of their income on children and the amount of income needed to cover basic household expenses increased.

When utilized, child care requires a substantial percentage of household income. On average, child care costs more than a typical monthly rent payment (Dopsoy, 2023). Child care is also difficult to access. In Wisconsin, 50% of the state is characterized as a child care “desert,” rising to 70% in rural areas (Raising Wisconsin, 2022). When care child is accessible, many facilities report significant waitlists, especially for infants (Shager et al., 2024).

Since the last guidelines review, housing/rental prices have increased considerably. For example, the fair market rent for a two-bedroom apartment in Milwaukee County increased by \$78 last year and by \$93 the year before, increasing about 17% over the last two years (Office of Policy Development and Research, 2025).

Specific to non-custodial parents (NCPs), housing is a common barrier for NCPs with difficulty paying their child support order and are seeking employment assistance (Costanzo et al., 2024). An inadequate supply of housing to meet demand increases housing costs and leads to a lack of affordable housing (Patel et al., 2024).

**Table 5. Change and impact for cost of raising children indicators, Wisconsin data**

Cost of raising children indicator	2021	2023	Impact
Percentage of income spent on childcare <sup>1</sup>	26.0%	31.0%	5.0%
Hourly wage needed to cover basic household expenses <sup>1</sup>	\$39.10	\$49.27	\$10.17

<sup>1</sup> Wisconsin County Health Rankings, 2021, 2023

## Limitations

First, due to the lag of timing for data elements, some indicators encompass slightly different time frames. Second, we report on statewide or nationwide statistics. There may be important county- and region-wide differences that are not represented in this report.

## Conclusion

While there is some improvement in select labor market indicators, incidence of poverty and cost of raising children indicators suggest these improvements in the labor market are not enough for low-income workers who disproportionately encounter instability in hours and income.

## Appendix

### Data Notes

**Table 1. Data elements by resource for research question one**

Resource	Indicator	Years	Level of detail
Working Wisconsin	Change in median wages	2019 & 2023	Wisconsin
Bureau of Labor Statistics	Local area unemployment statistics	2019 & 2023	Wisconsin
Bureau of Labor Statistics	Median weekly earnings by educational attainment status	2019 & 2023	Nationwide
Bureau of Labor Statistics	Unemployment statistics by education attainment status	2019 & 2023	Nationwide
US Census, American Community Survey	Unemployment rates	2019 & 2023	Wisconsin
US Census, American Community Survey	Labor force participation rates	2019 & 2023	Wisconsin

**Table 2. Data elements by resource for research question two**

Resource	Indicator	Years	Level of detail
US Census, American Community Survey	Percentage of population below the poverty level	2019 & 2022	Wisconsin
US Census, American Community Survey	Households with 30% or more of their income spent on housing	2019 & 2022	Wisconsin
US Census, American Community Survey	Measure of income inequality (GINI index)	2019 & 2022	Wisconsin
US Census, Small Area Income and Poverty Estimates Program	Percentage of children in poverty	2019 & 2022	Wisconsin
Foodshare Wisconsin	Percentage of individuals who received food assistance at least one month during the calendar year	2019 & 2022	Wisconsin
Poverty Line and Wisconsin Income Standards Dashboard	Supplemental Poverty Measure	2019 & 2022	Nationwide

**Table 3. Data elements by resource for research question three**

Resource	Indicator	Years	Level of detail
Wisconsin County Health Rankings	Percentage of income spent on childcare	2021 & 2023	Wisconsin
Wisconsin County Health Rankings	Hourly wage needed to cover basic household expenses	2021 & 2023	Wisconsin

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