

The State Budget is an Opportunity to Reduce Income Inequality

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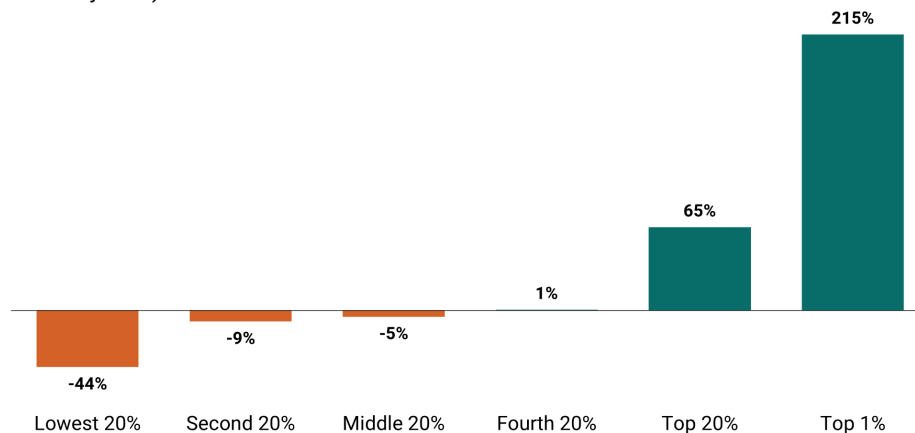
Whether Black, Brown, or white, rural or city, we all can thrive when state leaders invest in our children, families, and communities. The 2023-25 state budget provides an opportunity to leverage the state’s strong fiscal position to create a solid foundation for everyone. But many state leaders are proposing to cut taxes for the wealthy and well-connected instead of paying for programs and services that help those who need it most. [Tax cuts for the rich are not the path to prosperity and will only make income inequality in Wisconsin worse.](#)

Explosive Growth for the Wealthy

In the last four decades, the wealthiest residents of the state have seen explosive growth in their incomes, while everyone else has seen little income growth—or even a precipitous drop. From 1980 to 2021, the average adjusted gross income—income reported for tax purposes—for the top 1% increased by 215%, after adjusting for inflation. Wisconsinites with middle incomes saw their average adjusted gross income decrease by 5%. And, taxpayers in Wisconsin with the lowest incomes saw their average adjusted gross income decrease by 44% over the past 40 years. [Growing income inequality hurts all of us](#), but [it particularly hurts people of color](#) because the concentration of wealth for the richest 1% benefits a group that is disproportionately white.

Only the Wealthiest Wisconsinites Have Seen Their Incomes Grow Over the Past 40 Years

Percent Change in Average Adjusted Gross Income by Income Bracket, 1980-2021
(Inflation Adjusted)



Note: Data for the top 20% also include the top 1%.
Source: Kids Forward analysis of Wisconsin Department of Revenue data

A Regressive Tax System

To make matters worse, in addition to existing income inequality, poor families in Wisconsin pay a greater share of their income in state and local taxes than the richest 1%. This regressive tax system doubles down on income inequality by limiting the after-tax resources that [families with low incomes have to pay for necessities](#).

[Cutting individual income tax rates](#) even more could result in:

- either deep cuts to schools, housing, and infrastructure, and other opportunity-building investments, or
- higher sales taxes and property taxes to make up the difference and balance the state budget.

Increasing sales taxes and property taxes would hit families with low incomes the hardest and benefit Wisconsin's wealthiest, further widening the gap between the rich and poor.

Paying Their Fair Share

[Tax cuts for the wealthy and well-connected are not how you create economic growth](#) or build strong families and communities. Instead, state leaders should craft a state budget that seeks to address income inequality by providing [adequate resources for schools and teachers](#), [supporting children and families](#), and making sure everyone has [access to health care](#). We need [the rich and corporations to pay their fair share](#) so we can invest in a Wisconsin where everyone can thrive—no exceptions.

Contact

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About Kids Forward

Kids Forward inspires action and promotes access to opportunity for every kid, every family, and every community in Wisconsin, notably children and families of color and those furthest from opportunity. We envision a Wisconsin where every child thrives. Using a research- and community-informed approach, we advocate for effective, long-lasting solutions that break down barriers to success for children and families.