

WHY THIS MATTERS

Kids living in financial hardship are significantly more likely to be bullied, have anxiety and depression, and develop substance use problems. Children who experience poverty in their early years and those who face chronic financial hardship are especially at risk. Because childhood poverty can alter brain architecture, these mental health risks could follow children into adulthood if early intervention and prevention are not prioritized.



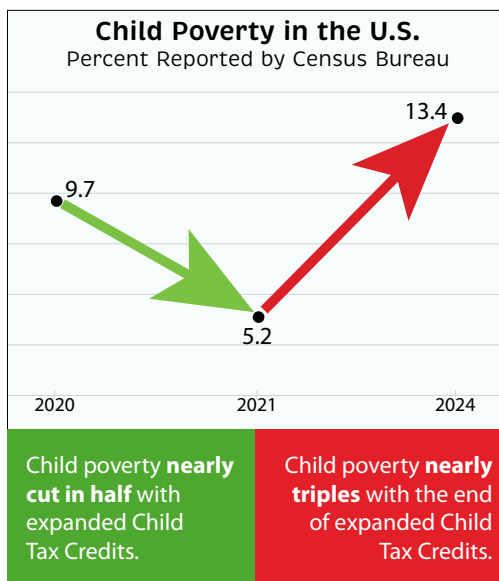
WHAT THE RESEARCH SAYS

Child poverty in the U.S. has increased 158% in three years. Economic policies from the pandemic -- mainly the expanded Child Tax Credit -- swiftly reduced child poverty to a historic low of 5.2% in 2021. Since the expiration of these expanded credits, child poverty jumped to 13.4% in 2024.¹

Researchers continually find the programs and policies that reduce financial insecurity for parents lead to a wide range of positive outcomes for children, including improved health outcomes.² Refundable tax credits like the Child Tax Credits (CTCs) and Earned Income Tax Credit (EITC) are particularly powerful.³ Because financial insecurity is linked with poorer academic, cognitive, and social outcomes, safety net programs that alleviate hardship are long-term investments in kids. The impacts are long-term and intergenerational.⁴

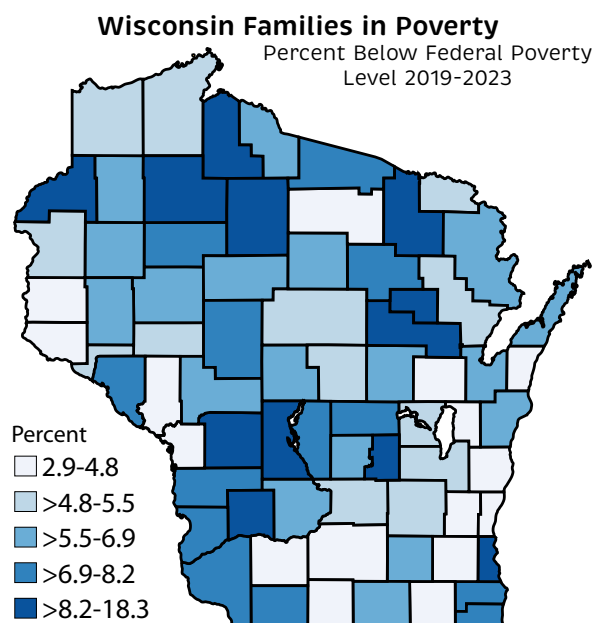
Due to the sharp rise of out-of-pocket costs for behavioral health in recent years, having a child who needs mental health care increases a family's risk of financial hardship.⁵

Research also finds young people are not hopeful for their financial future -- 70% believe they will be worse off financially than their parents -- which also impacts their mental health.⁶



WHAT'S HAPPENING IN WISCONSIN?

Financial hardship exists throughout Wisconsin. Four in 10 Wisconsin children (40%) live in low-income families.⁷ A third of rural (32%) and urban (33%) children get their health care from BadgerCare Plus, the state's Medicaid program.⁸ **Many Wisconsin families have earnings above the federal poverty level, but low enough that they cannot afford the basics of daily life.**⁹ Both these families and those living in poverty are dispersed throughout the state, as show in the map.¹⁰



Though low-income families are common in Wisconsin, poor kids are twice as likely to be bullied.¹¹

FINANCIAL HARDSHIP AND CHILDREN'S MENTAL HEALTH



WHAT HELPS

Researchers are uncovering how malleable the brain is, finding many opportunities to intervene during childhood and remedy damage that chronic stress can have on the brain.

Given the plasticity of the brain, providing [Positive Childhood Experiences](#) (PCEs) as early as possible and through young adulthood makes a difference. Reading and singing to your baby helps create a strong bond; playing games and talking with children and teens creates essential connections. Being a trusted listener and resource to young adults deepens a supportive relationship. At all stages, these practices build connectedness and resilience, which are critical to mental health.

WHAT WE CAN DO

➤ PARENTS & CAREGIVERS

- Nurture a warm and supportive connection with your child.
- Be aware that your stress impacts your child. Model healthy coping skills to handle stress.
- Be a listener. Ask your child about their life at school and with friends just to listen. Ask them about their feelings and opinions. Talking can release stress and worries.

➤ POLICYMAKERS

- Support policies that reduce child poverty and financial stress, including but not limited to CTC, EITC, universal free school meals, and fee reduction for children's mental health services. Such policies lessen financial strain; increase access to mental health care; improve school climate; and reduce stigma and bullying.^{12, 13, 14}
- Support funding for proven preventative practices, including safety net programs that help families cover basic needs like housing, food, and child care costs.¹⁵

➤ PROVIDERS

- Explain how Positive Childhood Experiences protect kids, even those who grow up in financial hardship.
- Help parents with their coping skills so they manage their own stress in healthy ways, especially those with financial hardship.

➤ SCHOOLS

- Provide a welcoming school climate with a focus on belonging for every student.
- Use relationship mapping to ensure each student has a supportive adult to talk to.
- Advocate for universal free school meals.
- Create a strong anti-bullying culture.
- Support families in financial hardship and connect them to local resources.



➤ COMMUNITIES

- Provide affordable and welcoming after-school options. Include anti-bullying programming.
- Advocate for more low-income, high-quality housing.
- Help schools solve transportation problems for kids.
- Cultivate a strong local food system to address rising food insecurity.

Sources:

¹ Institute on Taxation & Economic Policy, [Blog](#), 2025.

² Child Trends, [Research Brief](#), 2024.

³ AECF, [Blog](#), 2025.

⁴ Aizer et al. American Economic Review. [The Long-Run Impact of Cash Transfers to Poor Families](#), 2016.

⁵ Foster et al. JAMA Pediatrics. [Expenditures for Pediatric Behavioral Health Care Over Time and Estimated Family Financial Burden](#), 2026.

⁶ Harvard Kennedy School, [Harvard Youth Poll](#), 2025.

⁷ Kids Count Data Center, [Children Below 250% Poverty in Wisconsin](#), 2025.

⁸ Georgetown University McCourt School of Public Policy, [Medicaid's Role in Small Towns and Rural Areas](#), 2025.

⁹ United for ALICE, [Mapping Financial Hardship](#), 2023.

¹⁰ National Institutes of Health, HDPulse: [Poverty for Wisconsin by County](#), 2023.

¹¹ Wisconsin Department of Public Instruction, [2021 YRBS Comparison Tables](#), 2023.

¹² Toossi. USDA, Economic Research Service. [Cost of School Meals and Households' Difficulty Paying for Expenses](#), 2023.

¹³ Food Research & Action Center, [The State of Healthy School Meals for All](#), 2025

¹⁴ Gutierrez. Annenberg Institute at Brown University. [The Effect of Universal Free Meals on Student Perceptions of School Climate](#), 2021.

¹⁵ Stanford Center on Early Childhood, [RAPID Survey Project](#), 2025.



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