Report finds deepening poverty in Illinois

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21 May 2010

A new report released May 5 identifies growing levels of poverty in Illinois that point to the existence of an unfolding social catastrophe. The Illinois non-profit advocacy Heartland Alliance report calls for an end to budget cuts and for an increase in funding for the social services that more people now rely upon to survive, including disability payments, school health care, elder care, food aid, mental health care, child care, and supportive housing.

The state of Illinois currently faces a budget deficit of $13 billion, one of the worst state funding crises in the country. The Democratic Party-dominated state government has already imposed mass layoffs, school closures, deep cuts to health and social services, and public transit, with many more cuts certain to follow in the coming years. Local governments, including the Democratic administration of Richard Daley in Chicago, have enacted additional cuts to basic public infrastructure.

The Heartland Alliance report commands attention to the critical situation that will result from dismantling the human services infrastructure even as need increases: "The implications of massive service cuts to those experiencing poverty—many of whom rely on state-funded services in their communities literally for survival, particularly those in extreme poverty—will be nothing short of devastating. Without leadership to enact a responsible budget, Illinois can expect to see deepening hardship and further entrenchment of social problems."

Democratic Governor Pat Quinn and the state's legislative assembly, where Democrats hold a super-majority, are pursuing precisely the opposite course, slashing vital programs and cutting human resources employees. Hardly a program has been left unscathed. Illinois' Preschool for All program is set to expire this year, eliminating preschool to 20,000 children. The Low Income Housing Tax Credit, which finances more affordable rental units for poor families, has seen its funding tank in the wake of the financial crisis.

The report presents the huge numbers of Illinoisans who utilized other public services that are presently on the state's chopping block. Over 11,600 households at risk of homelessness received help from the state Homeless Prevention Program in fiscal year 2009; 44,329 people were supported by developmental disabilities community-based services. Over half a million elderly people received services that helped them remain independent in their homes in 2008. In fiscal year 2007, 179,000 people used community mental health programs. Such figures give some sense of the scale of the social crisis in the state.

The state is consistently behind in disbursements to universities, hospitals, homeless shelters, and other crucial public agencies. Consequently, the state's credit rating has suffered, making it increasingly expensive to borrow to cover funding areas.

The tightening of credit has redoubled the impact of the crisis on the poorest sections of the populations who depend on state services. Many service providers under contract to the state—like health clinics, nursing homes and pharmacies—have stopped taking Medicaid patients altogether because they cannot afford to wait the hundreds of days it takes to receive reimbursement. Other agencies primarily serving the poor have had to reduce services or staff, or cease their operations altogether for lack of funds.

In 2008, when the recession began, more than 1.5 million people in Illinois already lived in poverty. An additional two million people were considered at risk of falling into poverty, measured as those living within between 100 to 200 percent of the federal poverty threshold. The state's poverty population in 2008 included over 535,000 children.

Like the rest of the so-called Rust Belt of the industrial Midwest, Illinois has been subject to decades of deindustrialization, marked by the eradication of higher paying work and the introduction of low-wage jobs, a trend that has continued through the recession. Between 2000 and 2008, Illinois shed 203,000 better-paying jobs in manufacturing, 8,600 construction jobs, and 5,100 higher-wage service jobs. Virtually all of the 168,500 that were created in the same period were in the poor-paying and job-insecure service sector, according to 2008 data from the Center for Tax and Budget Accountability.

Since 2008, 63 of 102 counties have seen widespread increases in poverty, not restricted to one or even a few localities. Hardships faced by those in rural areas are compounded by the problem of access to information and to services, in many cases due to very poor or absent public transit systems.

The Heartland Alliance's report noted that personal bankruptcy filings have skyrocketed in the Chicago metropolitan area. DuPage and Kane counties report increases of 249 percent and 266 percent, respectively. Personal bankruptcies in Chicago's Cook County were up 163 percent from 2006.

Rounding out this staggering loss of wealth is the rash of foreclosures that placed Illinois tenth in the nation, and the negative net worth affecting 1 in 7 households. Average individual debt in Illinois stood at more than $11,300 in 2009, and fully a quarter of households had no savings, checking, or other financial account whatsoever.

According to the non-profit Housing Action Illinois, the lack of affordable housing and the foreclosure rate are worsening precipitously. Nearly all subsidized housing agencies are operating at full capacity, foreclosures in 2009 increased more than a 100 percent over 2007, and very few homeowners have had any help modifying their mortgages from the Obama administration's so-called Home Affordable Modification Program.

Illinois has only 53 affordable units available for every 100 extremely low-income renter households. Full-time workers must earn $17.44 per hour in order not to be rent-burdened under federal standards. In addition, Housing Action Illinois notes that renters have been some of the "many hidden victims of the foreclosure crisis," especially in Chicago, where 6,560 apartment buildings were foreclosed in 2009 alone—affecting over 20,000 units. The devastation that the housing market's collapse has had on the poorest sections of society can hardly be overstated.

Heartland Alliance details the pernicious effects of unemployment, underemployment, and grossly inadequate wages. The report notes that 20 percent of working age people who live in extreme poverty—less than half the poverty line, or $9,100 for a family of 3 or $5,400 for an individual—are employed at least half the year.

Unemployment rates among men of working age, youth and less educated workers are several percentage points above the state average. Black workers have an average unemployment rate of 17 percent, and households in the federally determined lowest income group, making $12,500 per year, reported a 27 percent unemployment rate.

The report also calls attention to the high cost of living in Chicago, noting that 2008 Census Bureau data suggests that, "Around 40 percent of Chicago region households have annual incomes below $50,000, which is near the amount it takes for a one-parent family with two kids to make ends meet." Yet 11.8 percent of the region's population were living below the poverty in 2008—983,744 people, 429,428 of whom were subsisting in extreme poverty. Over 1.2 million more lived within 200 percent of the poverty threshold.

Such figures help illustrate just how the demand for basic services like food, health and housing have grown to such tremendous proportions.

The portion of Illinois public school students qualifying for free or reduced lunch, long an indication of low family income, has swelled to 52 percent. From one school year to the next, 2006-07 to 2007-08, the number of homeless public school students in Illinois increased by a shocking 32 percent.

An unprecedented level of food insecurity for Cook County has been reported by the Greater Chicago Food Depository. Forty-four percent of households with children face low food security or hunger, while nearly 680,000 people in the area receive emergency food assistance per year. Forty-four percent of those surveyed by the GCFD reported having to choose between budgeting for food, or for rent or mortgage. Six percent of GCFD clients are homeless.

The report cites food assistance advocates in Illinois, who report that food bank clients are forced to make "untenable trade-offs" between food and other basic needs. Half said they had to choose between buying food and paying for gas or utilities. Forty-four percent said they had to make a choice of paying for either food or rent or mortgage; 36 percent faced either going hungry or missing car payments or going without gasoline. One in three were forced to choose between food and medical care or medicine.