

Record Illinois budget impasse deepens social crisis and increases homelessness

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As Illinois approaches an unprecedented full year without a budget, higher education and critical social services have been on the chopping block with sharp spending cuts to the social safety net. Working class families, the elderly and the poorest layers face dire circumstances, with increasing numbers threatened with homelessness due to the budget impasse.

Since July 1, 2015, the fifth-largest US state has been without a budget. Both Democratic and Republican politicians agree that an austerity budget will be adopted, disagreeing only about the scope of the cuts in services. Republican Governor Bruce Rauner insists a budget can only be passed if Democrats accept his so-called “Turnaround Agenda,” which includes cuts to worker’s compensation, restrictions on lawsuits against corporations, restrictions on collective bargaining, cuts to property taxes, and other anti-worker laws that Rauner terms “reform.”

The Democrats in the Illinois House of Representatives led by Michael Madigan recently passed a spending plan that Republicans claim has a \$7 billion spending shortfall. If the spending bill passes the Democratic-controlled Illinois Senate, it will face a likely veto from Rauner. The plan does not include spending for pensions, debt payments or social services.

Throughout the year, spending to keep state government offices running and to make payments has largely been conducted through a series of court orders and consent decrees, which require that the state fund government services at the levels appropriated in the previous fiscal year.

But many social services have not been funded for the current fiscal year, now in its 12th month, including homeless shelters, charities, and other social service providers that have been starved by the state

government of critical financial resources for multiple programs. These services are owed a combined \$6 billion in unpaid bills, a number that is expected to grow to over \$10 billion by July 1. If the budget impasse continues into the next fiscal year, the backlog of unpaid bills could grow as high as \$15 billion owed to hospitals and various agencies.

Both parties are allowing critical social safety programs to hemorrhage as a result, and funding for various programs is likely to be eliminated or significantly reduced in the coming months. In the middle of May, the Democratic-controlled legislature passed a \$700 million emergency funding bill, which could still be vetoed by Rauner. However, that amount is only equivalent to about 46 percent of what such services normally expect from the state.

Programs affected by the drastically reduced funding include youth employment, mental health services, HIV services, affordable housing funding, programs for children and senior citizens and more. A coalition of social service agencies are currently suing the state for more than \$100 million in unpaid bills and have filed an emergency motion to compel the state to pay any bills that are late by more than 60 days.

As Governor Rauner has not signed the \$700 million spending bill for social services, over \$255 million is still required for homeless shelters, supportive housing groups, rental subsidies and housing construction to maintain even minimal services. The cuts and freezes in spending for social services are likely to have long-lasting impacts on the behavioral health and social service infrastructure provided by the state.

The homeless crisis in Illinois has only worsened with the budget impasse. An increasing number of people are unable to find affordable or temporary housing, in addition to coping with mental health

issues. According to Housing Action Illinois policy director Bob Palmer, “The state budget impasse has been causing people to become homeless.”

Homelessness is increasingly on the rise in various parts of Illinois, including in the Chicago suburbs. Tent cities are also growing across the city of Chicago, with homeless encampments forming in bridge underpasses and other areas around the city. The cuts to affordable housing funds in the course of the last year’s budget impasse have worsened the situation for those that relied on subsidies for transitional and temporary housing assistance.

While those that live on the streets and in shelters are the most visibly homeless, they make up a small percentage of the actual homeless population in Chicago and other parts of the state. The US Department of Housing and Urban Development uses a conservative and inaccurate measure of homelessness called the “point-in-time” count. The Chicago Coalition for the Homeless (CCH) notes that the point-in-time count methodology accounts for a partial census, as it only registers those who can be identified on the streets or outside of shelters on a specific winter night—when most homeless persons are least likely to be visible.

According to the CCH, more than 130,000 people in Chicago live with their family and friends because of economic hardship and do not have any kind of permanent residence. Families make up more than 50 percent of Chicago’s homeless population, 35 percent of them children. Last October, the Illinois Department of Human Services reported that public schools identified 54,638 homeless students during the course of the 2014-2015 school year, doubling the number counted six years earlier. Many of those who are homeless in Chicago and in the state have a job, either full-time or part-time, but still do not make enough to afford a permanent home.

A major factor in the rise of homelessness is the impact of the financial crisis of 2008, which has thrown millions more into poverty and increased the gap between the rich and the poor. The official poverty rate in Illinois has risen from 11.9 percent to nearly 15 percent, the highest figure since 1960, according to a report by the Social Impact Research Center. More than 20 percent of children in the state live in poverty, many of them in food-insecure homes.

Housing costs in Illinois, and across the country, have accelerated as well, making it hard to afford housing. A new report called “Out of Reach” by the National Low Income Housing Association shows that that rising rents have not kept up with stagnating wages. According to the report, the Fair Market Rent (FMR) price for a two-bedroom apartment in Illinois rose to \$1,039, up from \$977 last year. In other words, a household in Illinois would have to earn nearly \$20 an hour, or make more than \$41,567, to even afford rent without paying more than 30 percent of their income.

The state of Illinois has only 28 affordable rental units for every 100 extremely low-income renters. More than 26 percent of these households are severely cost-burdened. The crisis of affordable housing is only one part of the broader social crisis affecting millions of workers across the country. A survey released earlier this year found that more than 63 percent of Americans are one paycheck away from the street, if they incur a job loss or a major emergency.

Many who are homeless also face enormous challenges in mental health. Even though funding for Medicaid services provided by community health centers has continued during the Illinois budget impasse, other critical mental health service payments have not gone out since last year. Psychiatric care grants have been caught in the crosshairs and multiple mental health agencies have had to reduce or completely eliminate psychiatric services and shed jobs.

Whatever the outcome of the budgetary conflict between the Democrats and the Republicans, critical social services and programs have been dramatically reduced or eliminated. The eventual funding that may come in the future will likely be significantly lower or nonexistent. The financial aristocracy in the state of Illinois, which includes figures such as billionaire Ken Griffin (who had an income of \$1.7 billion last year alone), are making the working class pay for the financial crisis, even as the living conditions for the vast majority deteriorate sharply.



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