



Struggling Despite Hard Work: Illinois and Chicago

APRIL 2007

Child poverty is a growing problem in Illinois. Since 2000, child poverty rates have increased from 15 to 17 percent, and there are approximately 54,000 more poor children in the state.¹ In Chicago, the nation's third largest city, the child poverty rate is 33 percent, and a striking 59 percent of Chicago's children live in families that are low income, defined as twice the official poverty level, or \$34,340 a year for a family of three in 2007.²

According to the Family Resource Simulator (see box below), it takes somewhat more than that—about \$36,000 a year—for a single parent with two children to afford basic necessities in Chicago.³ Work support programs—such as child care subsidies and public health insurance—can help close the gap between low earnings and what it takes to make ends meet. But not all low-income families receive the benefits for which they are financially eligible. And even families who receive multiple work supports can lose assistance before they reach self-sufficiency.

This fact sheet examines employment among low-income families as well as their use of work support benefits. It presents information for Illinois as a whole and for Chicago, where 31 percent of the state's low-income children live. Findings show that while most low-income children have parents who work, many do not receive assistance from the supports designed to help low-income families make ends meet.

NCCP's Family Resource Simulator—A Tool for Assessing Work Support Policies

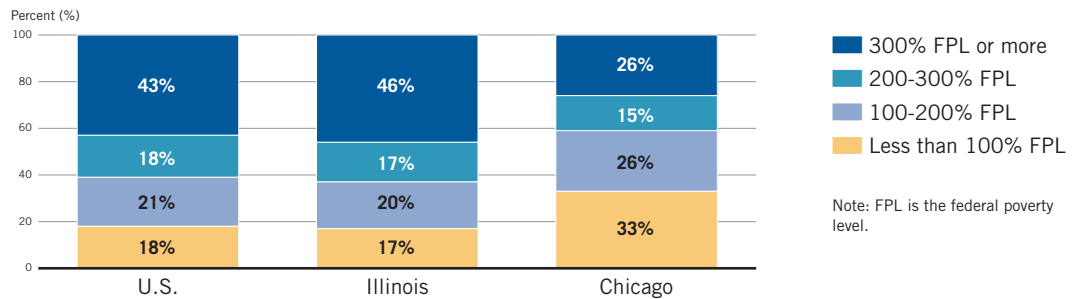
The Family Resource Simulator is an innovative policy analysis tool that simulates the impact of federal and state work support benefits on the budgets of low- to moderate-income families. The results illustrate how a hypothetical family's resources and expenses change as earnings increase, taking public benefits into account. The Family Resource Simulator makes it easy to assess how effective a state's policies are at encouraging and rewarding work.

Developed by the National Center for Children in Poverty (NCCP), the Family Resource Simulator is currently available for Alabama, Colorado, Connecticut, Delaware, Georgia, Illinois, Maryland, Massachusetts, Michigan, New York, Pennsylvania, Texas, and the District of Columbia. Each state Simulator can profile families in up to seven localities. To use the Family Resource Simulator, see NCCP's web site at www.nccp.org.

More than a third of Illinois' children live in low-income families. In Chicago, nearly *three in five* children are low income.

- There are approximately 3.2 million children living in Illinois.
 - 37%—1.2 million—live in low-income families.
 - 17%—546,000—live in poor⁴ families.
- There are approximately 617,000 children living in Chicago.
 - 59%—366,000—live in low-income families.
 - 33%—204,000—live in poor families.

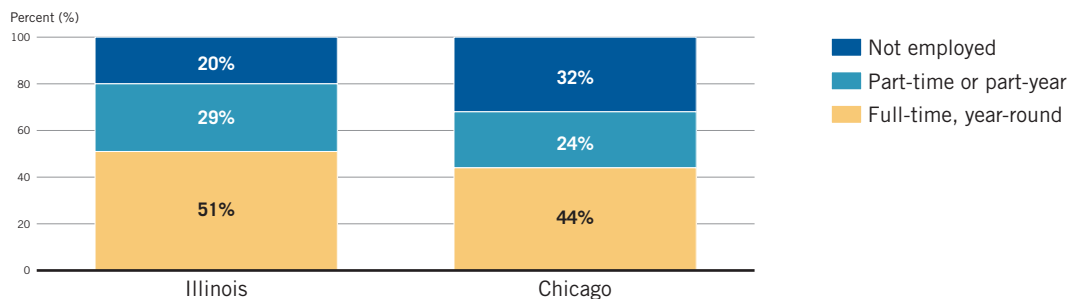
Children by family income, 2005



Most children in low-income families have at least one parent who is employed.

- 80% of children in low-income families in Illinois have at least one employed parent—68% in Chicago. Half of children in Illinois' low-income families have parents employed full-time, year-round.⁵
- Among low-income parents with no employment in Illinois, a fifth (19%) reported having an illness or disability that prevented them from working—22% in Chicago.⁶

Parental employment among low-income children in Illinois, 2005



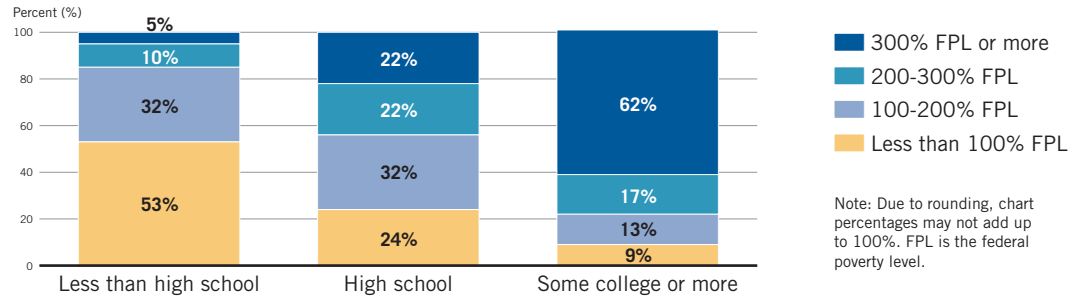
Low-income working parents are more than twice as likely as higher-income parents to be employed in service occupations.⁷

- 25% of low-income working parents in Illinois work in service occupations—26% in Chicago.
- Only 11% of working parents in Illinois who are *not* low income work in service occupations—14% in Chicago.
- The opposite pattern holds for management and professional occupations—working parents who are *not* low income are three times more likely to work in these occupations than their low-income counterparts (44% vs. 14%).

Low education levels may hinder parents from engaging in job opportunities with higher earnings.

- 85% of children in Illinois whose parents do not have a high school degree live in low-income families—92% in Chicago.
- 56% of children in Illinois whose parents have a high school degree, but no college education, live in low-income families—73% in Chicago.
- 22% of children in Illinois whose parents have at least some college education live in low-income families—36% in Chicago.

Children in Illinois by parental education and income, 2005



Work supports can help low-wage workers make ends meet.

- Without work supports, a full-time job at \$8 an hour leaves a single parent with two children in Chicago facing a staggering gap of nearly \$18,000 a year between income and the cost of basic expenses.
- Work supports can make a critical difference. For example, with food stamps, public health insurance, a child care subsidy, and federal and state Earned Income Tax Credits (EITCs), a full-time worker can cover her family's basic needs, with a small annual surplus of about \$900 over her basic budget.

Family resources and expenses for a single parent with two children in Chicago*

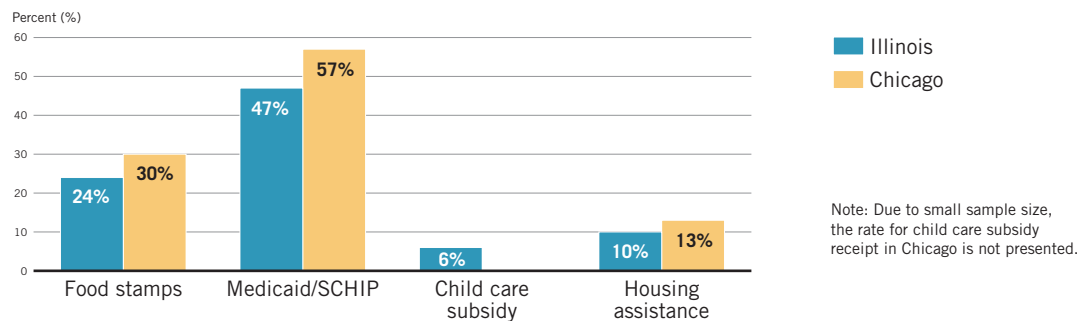
	Full-time employment at \$8/hour (no work supports)	Full-time employment plus work supports (food stamps, public health insurance, child care subsidy, EITCs)
Annual resources		
Earnings	\$16,640	\$16,640
Federal EITC	\$0	\$4,158
State EITC	\$0	\$208
Food stamps	\$0	\$3,005
Total resources	\$16,640	\$24,011
Annual expenses		
Rent	\$10,812	\$10,812
Food	\$5,302	\$5,302
Child care	\$9,924	\$962
Health insurance	\$2,212	\$0
Transportation	\$900	\$900
Other necessities	\$4,351	\$4,351
Payroll and income taxes	\$791	\$791
Total expenses	\$34,292	\$23,118
Net resources after expenses	– \$17,652	\$893

*Analysis assumes one preschool-aged child and one school-aged child who are cared for in a center-based setting while parent works (school-aged child in after-school care). Analysis without work supports assumes that the family has access to health insurance through an employer.

Among low-income children with employed parents, very few receive the multiple supports needed to close the gap between low wages and the cost of basic family expenses.⁸

- Just under half (47%) of low-income children with an employed parent in Illinois live in households in which at least one family member receives public health insurance (Medicaid/SCHIP)—57% in Chicago.⁹
- 24% of low-income children with an employed parent in Illinois live in households that report receiving food stamps—30% in Chicago.
- Only a small fraction of low-income children with an employed parent receives child care subsidies or housing assistance.

Household public benefit receipt among low-income children with employed parents in Illinois, 2005



Endnotes

This fact sheet was prepared by Kinsey Alden Dinan, Sarah Fass, Michelle Chau, and Ayana Douglas-Hall.

Estimates were prepared by NCCP staff based on the U.S. Current Population Survey, Annual Social and Economic Supplements, March 2004, 2005, and 2006, representing information from 2003, 2004, and 2005.

1. Chau, M.; Douglas-Hall, A.; & Koball, H. (2006). *Low-income children in the United States: National and state trend data, 1995-2005*. New York: NY: National Center for Children in Poverty, Columbia University Mailman School of Public Health <www.nccp.org/media/nst06a_text.pdf>.
2. More information about federal poverty measures is available from the U.S. Department of Health and Human Services <aspe.hhs.gov/poverty/07poverty.shtml>.
3. This analysis assumes a single-parent family with one preschool-aged child and one school-aged child who are cared for in a center-based setting while the parent works (school-aged child in after-school care). It also assumes that the family has access to health insurance through an employer. For more information, see the Family Resource Simulator User Guide at <nccp.org/modeler/modeler.cgi>.
4. Poor is defined as below the federal poverty level, or \$20,650 for a family of four in 2007.
5. These statistics refer to the employment level of the parent in the household who maintained the highest level of employment in the previous year, with “full-time” defined as working at least 50 weeks and for at least 35 hours during the majority of those weeks. “Part-time” is defined as working less than that.
6. Figures include reasons for lack of employment for both parents in families with two nonworking parents.
7. Figures include occupations for both parents in families with two working parents.
8. Figures for household public benefit receipt are based on self-reported usage during the previous calendar year in the U.S. Current Population Survey’s Annual Social and Economic Supplement. These figures may differ from administrative program data reported by federal and state government agencies. Data on receipt of the federal Earned Income Tax Credit, which generally has higher participation rates than other benefit programs, are not available from this source.
9. These figures are based on data from calendar years 2003 through 2005 and do not reflect the impact of recent expansions in Illinois’ public health insurance programs.