



2009 Report on Illinois Poverty

Today, in the midst of a recession, our apprehension and insecurity grow as we watch people close to us lose jobs, health insurance, homes, and with it pieces of dignity and self-respect. We begin to understand how forces, including those beyond our control, can negatively impact our well-being despite our best efforts to make things turn out otherwise. And concepts like “poverty” and “hardship” are no longer abstract—they are tangible realities.

In a 1964 speech, Martin Luther King, Jr. said, “There is nothing new about poverty.”¹ It has been true that poverty and hardship are not just concepts for millions of our neighbors in Illinois. **Even before this recession, 3.5 million Illinoisans were struggling in poverty or near poverty, having difficulty finding jobs after getting laid off, experiencing homelessness after losing their house, being held back by low education levels, and finding it next to impossible to save for a brighter future.** The traditional stepping stones to a better life—gainful employment, quality education, stable and decent housing, access to health care and proper nutrition, and opportunities to build assets—have *always* been out of reach for some, not just in these difficult economic times.

As President Obama stated in his inaugural speech, “The nation cannot prosper long when it favors only the prosperous. The success of our economy has always depended not just on the size of our gross domestic product, but on the reach of our prosperity, on the ability to extend opportunity to every willing heart—not out of charity, but because it is the surest route to our common good.”² As discussions continue on the best way to help the nation weather and emerge from the recession, the focus must be on meaningful policy changes that truly lift all boats and make us collectively a much stronger nation. **If solutions do not specifically address the needs of those whose lives and hardships are reflected in this report, millions will be left behind, and we will *all* be left weaker and more vulnerable.**

In 2009, a family of four that is poor by the federal government's definition has an annual income below \$22,050. A family that is extremely poor has an income less than half the poverty line for their family size—under \$11,025 for a family of four.

A downloadable Data and Definitions Supplement is available at www.heartlandalliance.org/research/, containing: the County Well-Being Index; local data related to income, poverty, employment, housing, health, and education; and more detailed explanations of poverty definitions, data sources, and terms used throughout the report.

Shaded data points throughout this report indicate forecasts of future hardship.

¹ *The quest for peace and justice*, Nobel Lecture delivered on December 11, 1964. Retrieved January 28, 2009, from http://nobelprize.org/nobel_prizes/peace/laureates/1964/king-lecture.html

² *Inaugural address*, delivered on January 20, 2009. Retrieved January 29, 2009, from <http://www.whitehouse.gov/blog/inaugural-address/>

State Poverty Profile & Projections



Recessions have a disproportionate impact on lower-income families because they cause rising unemployment, a reduction in work hours, and the stagnation of family incomes—all of which have the greatest impact for those with the least income.⁵ Year-to-year changes in the poverty rate are correlated (rise and fall) with the unemployment rate.⁶ In short, **a bad economy means more people fall into poverty.**

The most current poverty data reflect the year 2007 and therefore do not capture current economic realities. Estimates suggest that if the national unemployment rate reaches its expected level of 9.0% by the end of 2009, the ranks of the poor will swell. Already in early 2009, Illinois unemployment neared 9.0%, meaning that since 2007 as many as:⁷

405,000 more Illinoisans may have become poor—132,000 of them children.
257,000 more Illinoisans may have become extremely poor—82,000 of them children.

The organizations that people in need rely on in tough times—food pantries, housing providers, mental health centers, treatment services, health clinics, and others—are experiencing a much greater demand for their services. Yet even in the years prior to the recession, human services in Illinois had been increasingly overburdened, suffering from a crumbling infrastructure and lack of resources. **As more people continue to join the ranks of those experiencing joblessness and homelessness, these human services providers will not be able to meet the increasing demand, leaving thousands of Illinoisans without the help they need to get by.**

The ability of the state to invest in human services and address growing need is severely undermined by the state budget's structural deficit. **Without revenue growth and the corollary investments into human services, the service delivery system will continue to disintegrate and the growing number of Illinoisans in need will bear the brunt of it.**



State Policy Opportunity

Enact comprehensive, progressive reform of Illinois' revenue system to ensure that the state's priorities can be funded in a sustainable way. Promote tax fairness through an increase in the state Earned Income Tax Credit and other strategies that target those with low incomes.

³ Author's analysis of U.S. Census Bureau, 2007 American Community Survey.

⁴ Ibid.

⁵ Iceland, J., Kenworthy, L., & Scopilliti, M. (2005, May). *Macroeconomic performance and poverty in the 1980s and 1990s: A state-level analysis*. (Discussion Paper, 1299-05). Madison, WI: University of Wisconsin-Madison, Institute for Research on Poverty.

⁶ Hoynes, H.W., Page, M.E., & Stevens, A.H. (2005). Poverty in America: Trends and explanations. *Journal of Economic Perspectives*, 20(1), 47-68.

⁷ Author's analysis of Parrott, S. (2008, November). *Recession could cause large increases in poverty and push millions into deep poverty: Stimulus package should include policies to ameliorate harshest effects of downturn*. Washington, DC: Center on Budget and Policy Priorities; U.S. Census Bureau, 2007 American Community Survey.

Employment

Economic security is essential to human dignity and is the backbone of a strong community and economy. The current economic reality underscores the need for a strong and responsive safety net that helps jobless workers, low-wage workers, and those unable to work support their families and for development of quality jobs that allow individuals to work and not live in poverty.

Unemployment Rate, Feb 2009⁸
8.6%

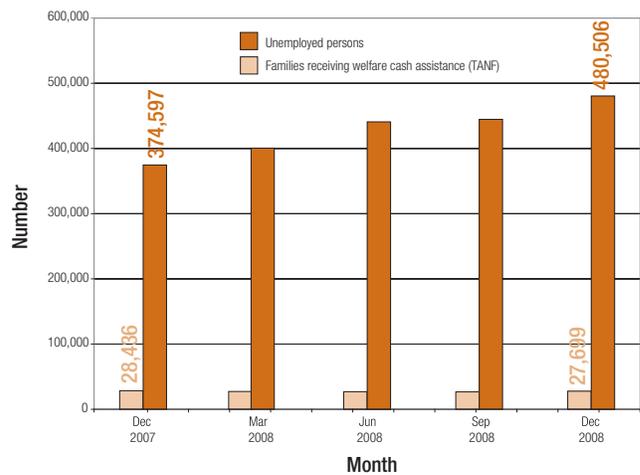
There was **1 job opening** available for every **5 Midwesterners seeking a job** in February 2009.⁹



The **February 2009 unemployment rate** in Illinois is the **highest level** since December 1991.¹⁰ **63.5%** of unemployed Illinoisans did not receive unemployment insurance benefits in 2008.¹¹

The number of **workers in part-time jobs** because they cannot find full-time work has **nearly doubled** nationally since mid-2006.¹²

Illinois' welfare cash assistance program **has not been responsive** to skyrocketing unemployment.¹³



State Policy Opportunity

Leverage federal resources provided through the American Recovery and Reinvestment Act to address the unique employment and training needs of people in poverty and those with barriers to employment—including the Temporary Assistance for Needy Families and Workforce Investment Act programs—to help get families and our economy back on track.

⁸ Illinois Department of Employment Security, Local Area Unemployment Statistics: LAUS. (n.d.). *Unemployment rate: Seasonally adjusted*. Retrieved April 8, 2009, from <http://lmi.ides.state.il.us/laus/lausmenu.htm>

⁹ Author's analysis of U.S. Department of Labor, Bureau of Labor Statistics. (n.d.). *Create customized tables. Job Openings and Labor Turnover Survey*. Retrieved April 8, 2009, from <http://data.bls.gov/cgi-bin/dsrv?jt>; U.S. Department of Labor, Bureau of Labor Statistics. (n.d.). *Create customized tables. Local area unemployment statistics*. Retrieved April 8, 2009, from <http://www.bls.gov/data/>. Midwest includes: IL, IN, IA, KS, MI, MN, MO, NE, ND, OH, SD, and WI. Seasonally adjusted data.

¹⁰ U.S. Department of Labor, Bureau of Labor Statistics. (n.d.). *Create customized tables. Local area unemployment statistics*. Retrieved April 8, 2009, from <http://data.bls.gov/cgi-bin/dsrv?la>. Seasonally adjusted data.

¹¹ U.S. Department of Labor, Employment & Training Administration. (n.d.). *Unemployment Insurance chartbook*. Retrieved March 4, 2009, from <http://www.doleta.gov/unemploy/chartbook.cfm>

¹² U.S. Bureau of Labor Statistics. (2008, December). *Issues in labor statistics*. (Summary 08-08). Washington, DC: Author. Reflects change from April 2006 to November 2008.

¹³ U.S. Department of Labor, Bureau of Labor Statistics. (n.d.). *Create customized tables. Local area unemployment statistics*. Retrieved March 4, 2009, from <http://data.bls.gov/cgi-bin/dsrv?la>. Seasonally adjusted data; Illinois Department of Human Services, Bureau of Research & Analysis. (2008). *Just the facts December 2007-December 2008*. Chicago: Author.

Non-Graduation Rate, 2007-2008¹⁴
13.5%

Education

Quality and equitable education is the foundation for economic mobility. To ensure academic success, disadvantaged students must be fully supported. Family supports, access to health care, and evidence-based education models maximize each student's learning potential, positioning us for global advantage.

Illinois students with economic and social barriers to learning are less likely than the general high school population to graduate in 4 years.¹⁵

2007-2008 graduation rates for...

Entire student body.....	86.5%
Students with disabilities.....	81.2%
Students with low family incomes.....	78.2%
Students with limited English proficiency.....	57.2%
Students in migrant families.....	36.4%

Employers need an educated workforce, yet **12.9%** of Illinoisans age 16 and over **lack basic literacy skills, severely limiting their job prospects and earnings potential.**¹⁶



While education predicts future earnings, **38.9%** of 25 to 64 year old Illinoisans have only a high school diploma or less.¹⁷



The State of Illinois ranks **worst** in the nation on education funding, contributing **only 26.9%** of the total revenue for K-12 education.¹⁸



State Policy Opportunity

Increase funding to expand the effective community schools model. This will provide a range of services to support students to succeed in school and life, including out-of-school learning, comprehensive school health services, family supports, and community activities.

¹⁴ Illinois State Board of Education. (n.d.). *2007-2008 state school report cards*. Springfield, IL: Author. The non-graduation rate is the inverse of the graduation rate, which is 86.5%.

¹⁵ Illinois State Board of Education. (n.d.). *2007-2008 state school report cards*. Springfield, IL: Author.

¹⁶ U.S. Department of Education, Institute of Education Sciences, National Center for Education Statistics. (2008). *National Assessment of Adult Literacy, state and county estimates of low literacy, 2003*. Retrieved January 15, 2009, from <http://nces.ed.gov/naal/estimates/StateEstimates.aspx>

¹⁷ Author's analysis of U.S. Census Bureau, 2007 American Community Survey Public Use Microdata; Center for Tax and Budget Accountability, & Northern Illinois University. (2008). *State of working Illinois 2008*. Chicago & DeKalb, IL: Author. Wage data are for all workers.

¹⁸ Author's analysis of National Education Association. (2008). *Rankings and estimates 2008*. Retrieved February 2, 2009, from <http://www.nea.org/home/29402.htm>. Reflects 2007-2008 school year. Excludes District of Columbia.

Health & Nutrition

Health care and nutritious food are essential for individual and family stability and success. Sufficient, accessible, and affordable food and medical care should be available for all ages regardless of income level or work status.

Health
Uninsurance
Rate Ages
0 to 64, 2007¹⁹
15.2%

Food Insecurity
Rate, 2007²⁰
9.5%

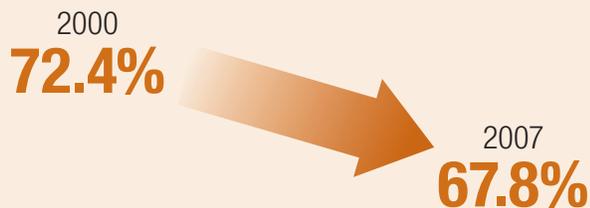
Many Illinoisans are unable to afford enough food for their families without assistance:

- >> Over **900,000** Illinoisans get food from **food pantries** each year.²¹
- >> **663,016** Illinois households received **Food Stamps** in February 2009.²²

Reversing a long-term trend of decline, Illinois' **teen birth rate has risen**, increasing in 58 of Illinois' 102 counties.²³



The percent of non-senior Illinoisans covered by **employer-based health insurance has steadily declined** this decade.²⁴ Rising unemployment will likely accelerate the decline.



For many who become unemployed, the loss of income is often compounded by the loss of health insurance.

55% of low-income unemployed Illinois workers were also **uninsured** in December 2008.²⁵



State Policy Opportunity

Expand funding for new and existing school health centers in the state's capital budget. This will help build Illinois' health care infrastructure and will also increase access to health care and prevention services, reduce costs associated with hospitalizations and emergency room visits, and decrease risky behaviors and student time lost from school.

¹⁹ Author's analysis of U.S. Census Bureau, Current Population Survey 2007-2008 Annual Social and Economic Supplement, Microdata.
²⁰ Nord, M., Andrews, M., & Carlson, S. (2008, November). *Household food security in the United States, 2007*. (Economic Research Report Number 66.) Washington, DC: U.S. Department of Agriculture Economic Research Service.
²¹ Illinois Food Bank Association. (n.d.). *Food for families*. Chicago: Author.
²² Illinois Department of Human Services, Bureau of Research & Analysis. (2009, February). *Just the facts*. Chicago: Author.
²³ Author's analysis of Illinois Department of Public Health. (n.d.). *Illinois teen births by county 2005-2006*. Retrieved March 5, 2009, from <http://www.idph.state.il.us/health/teen/teen0506.htm>; U.S. Census Bureau, Population Estimates. Illinois rates from U.S. Department of Health and Human Services, Centers for Disease Control and Prevention, National Center for Health Statistics. (n.d.). *VitalStats, Births*. Retrieved March 4, 2009, from <http://www.cdc.gov/nchs/vitalstats.htm>
²⁴ Author's analysis of U.S. Census Bureau, Current Population Survey 1999-2008 Annual Social and Economic Supplement, Microdata.
²⁵ McAndrew, C. (2009, February). *Special report: Unemployed and uninsured in America*. Washington, DC: Families USA. Reflects workers with incomes below twice the poverty line.

Severely
Rent-Burdened
Households,
2007²⁶
24.4%

Housing

Safe, decent, and affordable housing is the cornerstone of economic security. With investments into affordable housing and protections for renters and owners, people can pull through economic crises and remain stably housed.

An estimated
50,000 Illinois renter households
had their housing stability compromised
when their landlord went into
foreclosure last year.²⁷

Illinois had the
**9th highest foreclosure rate
in the nation in 2008,**
with foreclosures up 54.7% since 2007.²⁸



**70% of low-income
Illinois children**
are living in unaffordable housing, with
their families spending over 30 percent of
income on housing costs.²⁹



As a result of the recession, approximately
**34,500 additional Illinoisans may
experience homelessness** by the end
of 2010, absent effective interventions.³⁰



State Policy Opportunity

Include significant investments in affordable housing in the state's capital budget. Affordable housing is a critical part of our infrastructure, provides needed jobs and tax revenue, and ensures that the most vulnerable have a home.

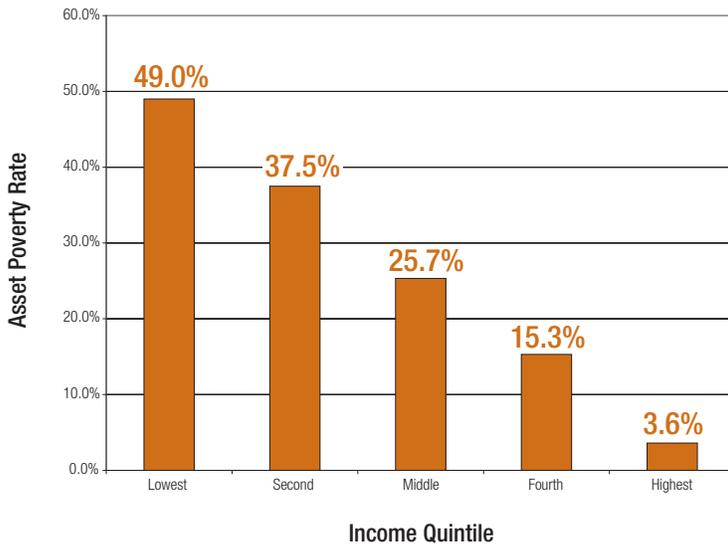
²⁶ Author's analysis of U.S. Census Bureau, 2007 American Community Survey. Households experience severe rent burden when they spend over half their income on housing costs.
²⁷ Author's analysis of U.S. Census Bureau, 2007 American Community Survey; Woodstock Institute. (2008, May). *Foreclosure crisis impacts Chicago's rental housing market*. Chicago: Author.
²⁸ RealtyTract. (2009, January 15). *Foreclosure activity increases 81 percent in 2008*. Retrieved January 15, 2009, from <http://www.realtytrac.com/ContentManagement/pressrelease.aspx?ChannelID=9&ItemID=5681&acct=64847>. Reflects total properties with filings.
²⁹ Annie E. Casey Foundation. (2008). *2008 Kids Count data center*. Retrieved March 10, 2009, from <http://www.kidscount.org/datacenter/databook.jsp>. Reflects children in families with incomes below twice the poverty line.
³⁰ Author's analysis of National Alliance to End Homelessness. (2009, January 15). *Homelessness looms as potential outcome of recession*. Washington, DC: Author; U.S. Census Bureau, 2007 American Community Survey.

Assets

Assets are essential resources that help families weather crises and invest in future opportunities such as education or starting a small business. Policies that protect and promote asset accumulation ensure future generations' economic advancement.

Asset Poverty Rate, 2004³¹
26.9%

Asset poverty affects families in every income bracket.³² Families are asset poor when they do not have enough saved to subsist at the poverty level for 3 months if they lose their income.



Nearly 1 out of every 2 low-income tax filers in Illinois received a **predatory refund anticipation loan or check** in 2006,³³ collectively costing working families millions of dollars to expedite their tax refunds by only a few days.



Illinois households headed by someone with only a high school diploma are **2.3 times more likely to be asset poor** than those headed by someone with a bachelor's degree.³⁴

Over 1 in 5 low-income families with annual incomes below \$25,000 **are unbanked**³⁵ and are subject to higher fees for routine financial transactions such as check cashing and bill paying.



State Policy Opportunity

Create financial products, such as Children's Savings Accounts, to meet the needs of families at all income levels and expand opportunities for savings across the lifespan. Incorporate savings mechanisms and incentives to encourage asset building and financial education among low-income families.

³¹ Wertheim, S. (2008). *Local Asset Poverty Index for Illinois*. San Francisco & Chicago: Asset Policy Initiative of California & Illinois Asset Building Group.

³² Author's analysis of Wertheim, S. (2008). *Local Asset Poverty Index for Illinois*. San Francisco & Chicago: Asset Policy Initiative of California & Illinois Asset Building Group.

³³ Author's analysis of Brookings Institution. (2009). *EITC interactive*. Retrieved April 1, 2009, from <http://www.brookings.edu/projects/EITC.aspx>. Low income reflects families receiving the Earned Income Tax Credit.

³⁴ Author's analysis of Wertheim, S. (2008). *Local Asset Poverty Index for Illinois*. San Francisco & Chicago: Asset Policy Initiative of California & Illinois Asset Building Group.

³⁵ Barr, S. (2003, July). *Banking the poor*. Washington, DC: The Brookings Institution.

Create Economic Stability for All Illinoisans

1.5 million Illinoisans experience violations of their human rights due to the impact of poverty on their lives. Poverty limits people's ability to put a roof over their heads, feed and clothe their children, and access equal educational and job opportunities that could help them get ahead. In these uncertain economic times, the threats to human rights increase.

Greater hardship, spiraling unemployment, increased poverty and homelessness, and weakening financial security for the coming years are *not* inevitable. Federally, there is a promise of change that has potential to alleviate need and open doors for people with low incomes. The State of Illinois must stand ready to seize these opportunities and wisely take advantage of any federal changes. Additionally, the State Policy Opportunities identified throughout this report highlight promising policies to be acted on this year by the state legislature. During this time of economic crisis, it is more important than ever that our state and nation prioritize assisting those with immediate needs to make ends meet, prevent families from losing stability and falling into poverty, and shore up human services infrastructure to respond to rising demand.

With swift and wise actions from state policymakers that specifically address the needs of the most vulnerable, we can create economic stability, promote future prosperity, and ensure human rights for all Illinoisans.

Dedication

This report is dedicated to Joe Dunn, whose unwavering, lifelong commitment to disadvantaged people created and continues to inspire change across Illinois.

Acknowledgements

We gratefully acknowledge The Chicago Community Trust and an anonymous donor whose generous support made this report possible. This report was also made possible through the in-kind support of Roosevelt University.

Our thanks to Joseph A. Antolin, Chris Giangreco, Gina Guillemette, Sid Mohn, Andrew Roberts, and Doug Schenkelberg of Heartland Alliance for Human Needs and Human Rights; John Bouman of the Sargent Shriver National Center on Poverty Law, Alicia Huguelet of the Greater Chicago Food Depository; and Valerie Denney Communications for lending their expertise to various aspects of this report.

The Report on Illinois Poverty is a project of the Heartland Alliance Mid-America Institute on Poverty, which provides dynamic research and analysis on today's most pressing social issues and solutions to inform and equip those working toward a just global society.

Authors: Amy Terpstra & Amy Rynell

Suggested Citation: Terpstra, A., & Rynell, A. (2009). *2009 report on Illinois poverty*. Chicago: Heartland Alliance Mid-America Institute on Poverty.

This report can be downloaded from <http://www.heartlandalliance.org/research/>