

BUILDING A PATHWAY TO DIGNITY & WORK

ILLINOIS COMMISSION ON THE ELIMINATION OF POVERTY

ANNUAL PROGRESS REPORT

SEPTEMBER 2011

TABLE OF CONTENTS

LETTER FROM THE COMMISSION CO-CHAIRS.....	3
INTRODUCTION.....	4
EXTREME POVERTY IN ILLINOIS.....	5
PROGRESS TOWARD STAGE ONE RECOMMENDATIONS.....	6
OTHER RECOMMENDATIONS WITH POLICY MOVEMENT IN 2011.....	12
PROPOSED STRATEGIES FOR TURNING THE CURVE.....	17
CONCLUSION.....	18

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LETTER FROM THE COMMISSION CO-CHAIRS

September 2011

Dear Members of the Illinois General Assembly,
In 2008 the State of Illinois made a commitment to cut extreme poverty in half by 2015 and formed the Illinois Commission on the Elimination of Poverty to create a strategy for meeting this goal. This report fulfills the statutory directive that the Commission report annually on the implementation of its poverty elimination strategy and on progress the state has made toward the 2015 goal as outlined in the Commission report *Building a Pathway to Dignity & Work* released in December of 2010.

The Illinois Commission on the Elimination of Poverty is an independent body focused on eliminating poverty in our state in a manner consistent with international human rights standards. As such, the Commission's charge is twofold:

- To create and monitor a specific, substantive, measurable strategic plan for cutting extreme poverty in half by 2015 in Illinois; and
- To offer advice and comment on state matters that may positively or negatively impact the state's goal of ending poverty.

Enclosed you will find an overview of the state's progress toward the implementation of the Commission's poverty elimination strategy. This year we saw devastating state budget cuts and a lack of real solutions for individuals and families experiencing extreme poverty. As a state, we will continue to face tough decisions about our priorities. We urge you to work with us to ensure that our state budget decisions and policy priorities in the coming year will protect the most vulnerable and uphold human rights.

We encourage you to review the attached report and identify ways that you can advance our common goal to reduce extreme poverty and improve the lives of the hundreds of thousands of men, women, and children in our state who are struggling to survive.

Finally, we ask that you always keep in mind that the Illinois Constitution calls on the people of the state to eliminate poverty and inequality. This core outcome is embedded in our foundational document, and we should not lose sight of this attainable goal as we get our financial house in order.

Sincerely,

Rev. Dr. Sid L. Mohn
Co-Chair, Commission on the Elimination of Poverty
President, Heartland Alliance for Human Needs & Human Rights

Dr. Toni Irving
Co-Chair, Commission on the Elimination of Poverty
Deputy Chief of Staff, Office of the Governor

INTRODUCTION

The past year has been tough for individuals and families living in extreme poverty. The Great Recession has crumbled economic stability for millions of Illinois families in the form of massive job loss, cutbacks in hours, the elimination of workers' benefits, skyrocketing foreclosures and bankruptcies, and the eroding value of retirement investments. And people who had the least to start with before the recession were hit first, hit hardest, and will recover slowest. Consider, for example, that workers in the lowest income group in Illinois had a 1930's-like unemployment rate of 25.1% in the 2nd quarter of 2011 while workers from higher income groups had a unemployment rate of 7.3%.¹

At this moment of unprecedented challenges, strong and responsive public benefits and human services are crucial to keeping families afloat until recovery reaches Main Street. Long-term economic shifts, which have left millions in low-wage jobs that do not pay family-supporting wages, also point to the need for constant and responsive income supports to help families bridge the gap between what they are paid and what it takes to make ends meet.

Yet years of disinvestment in Illinois' safety net, combined with the effects of the recession, have resulted in an erosion of human services across the state. The implications of substantial service cuts to those experiencing extreme poverty—many of whom rely on state-funded services in their communities to meet their basic needs—will be nothing short of devastating.

In addition to state policymakers passing a state budget with significant cuts to programs and services that support individuals and families experiencing extreme poverty, little progress was made in the last year in advancing substantive policies that will help the state reach the 2015 extreme poverty reduction goal. A number of bills were introduced during the 97th General Assembly Session that align with the Poverty Commission's recommendations. Yet, most of those bills failed to gain the support needed to advance out of committee. Without leadership to prioritize investment in proven poverty reduction interventions, Illinois can expect to see deepening hardship, further entrenchment of social problems, and movement away from the achievable goal of cutting extreme poverty in half.

The Commission on the Elimination of Poverty recognizes that Illinois will not be able to achieve this goal without collaboration from various levels of government, the private sector, individual citizens, and state policymakers. All of these groups have a role to play; however, the onus is on state policymakers to take a leadership role. For that reason, this annual progress report focuses on state legislative actions that align with or run counter to recommendations in the Commission's Plan. This report provides an overview of the Stage One Recommendations identified in *Building a Pathway to Dignity & Work*², summarizes the action taken over the past year in relation to the recommendations, and evaluates progress or lack thereof.

¹ Social IMPACT Research Center's analysis of the U.S. Census Bureau's Current Population Survey Basic Survey Public Use Microdata Sample.

² Building a Pathway to Dignity & Work, the Commission's Poverty Elimination Strategy, can be accessed online at: <http://www.heartlandalliance.org/poverty/building-a-pathway-to-dignity-work-poverty-elimination-strategy.pdf>.

MEASURING PROGRESS: INCREASES IN EXTREME POVERTY

A number of national surveys provide estimates of poverty; estimates from each vary slightly due to differences in the survey timing, sample, and reference time period. While the American Community Survey has become the go-to source for data on characteristics of the American people, the long-standing Current Population Survey's Annual Social and Economic Supplement offers more flexibility to create customized definitions of poverty. A customized definition of poverty is important in the context of the Commission's work because the impact of many of its recommended policy and programmatic changes would not be reflected in the traditional poverty measure (since its definition of income does not include supports like the Earned Income Tax Credit, the Supplemental Nutrition Assistance Program (food stamps), and rent subsidies). Two extreme poverty estimates are presented here: 1.) the traditional poverty measure, and 2.) a customized poverty measure that uses the same poverty threshold as the traditional measure, but with an expanded definition of income as recommended by the 1995 National Academy of Sciences report³ on poverty measurement.

A Snapshot of Extreme Poverty in Illinois and Progress Toward the 2015 Goal

Poverty Measure	2008* Base Year	2015 Goal	2010* Current Situation	Assessment
Traditional Poverty Measure	607,247	303,624	X	XXX,XXX more people are in extreme poverty now than in 2008, moving in the wrong direction
Customized Measure (Expanded Income Definition)	462,551	231,276	X	XXX,XXX more people are in extreme poverty now than in 2008, moving in the wrong direction

*Social IMPACT Research Center's analysis of the U.S. Census Bureau's Current Population Survey's Annual Social and Economic Supplement, Microdata. Based on Census Bureau recommendations on proper data use, these estimates are 2-year averages (2008 includes 2007 and 2008; 2010 includes 2009 and 2010) to help smooth out variation due to small sample size. 2010 data will be released on September 13, 2010.

Whether using the traditional poverty measure or a measure that includes an expanded definition of income, the situation is clear: Illinois is moving in the wrong direction when it comes to its goal of halving extreme poverty by 2015.

³ For more information on the NAS report, visit <http://www.census.gov/hhes/povmeas/methodology/nas/report.html>.

PROGRESS TOWARD STAGE ONE RECOMMENDATIONS

- INCOME SUPPORTS RECOMMENDATIONS -

RECOMMENDATION – Increase the percentage of Temporary Assistance for Needy Families (TANF)-eligible individuals who utilize the program to 30% through targeted outreach, beginning with those families only utilizing SNAP (Supplemental Nutrition Assistance Program).

RATIONALE – Many individuals and families who are eligible for TANF do not receive its benefits. Increasing the number of TANF-eligible individuals who actually access the program is key to linking individuals into a system that will provide them with the fundamental supports and access to skill-building and work opportunities that will allow them to move beyond TANF eligibility in the future.

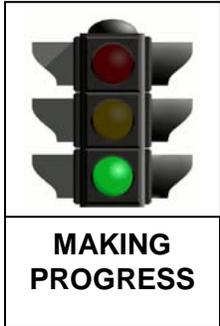


2011 OUTCOME – TANF sustained a \$1.9 million (2%) cut in General Revenue Funds. However, \$44 million in federal funds that was allocated to TANF to cover recession-driven, unbudgeted caseload growth in FY11 has been allocated to other purposes in FY12. Since the demand for TANF shows no signs of slackening, the unavailability of these federal funds in FY12 is cause for great concern. Unless the funding allocated to TANF in FY12 is increased by a mid-year supplemental appropriation or the re-programming of funds allocated to other Illinois Department of Human Services (IDHS) programs, the TANF program will suffer significant cuts that have not yet been identified.

In addition to programmatic cuts, there were deep cuts to personnel and operations within the Illinois Department of Human Services. It is unclear what the impact of those cuts will be but it is likely that TANF eligible families will have greater difficulty in accessing cash assistance.

RECOMMENDATION – Become a 1634 State under the federal Medicaid statute.

RATIONALE – This change would allow people with disabilities who are found eligible for Supplemental Security Income (SSI) by the Social Security Administration to be automatically eligible for a Medicaid card. By establishing this linkage, those with severe disabilities will be able to access the complement of physical and mental health supports needed to allow them to live a life with dignity. This change would also reduce some of the administrative work for the Department of Human Services.



2011 OUTCOME - HB 1662 requires the Department of Healthcare and Family Services (IDHFS) to conduct an analysis and deliver a report to the General Assembly by January 1, 2012, to evaluate the feasibility of changing Illinois' Medicaid State Plan from its current status to the federal 1634 eligibility determination status for applicable individuals as provided in the Social Security Act. HB 1662 was introduced by Representative Patricia Bellock and passed both houses of the General Assembly. The bill was signed into law by the Governor on July 22, 2011. The passage of the Affordable Care Act and subsequent efforts to implement healthcare reform in Illinois will have an impact on this recommendation and should be reflected in the analysis and report conducted by IDHFS.

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RECOMMENDATION – Support the Supplemental Security Income/Social Security Disability Insurance (SSI/SSDI) Outreach, Access and Recovery (SOAR) Initiative in Illinois.

RATIONALE – SOAR is a strategy that helps states increase access to SSI/SSDI for people who are homeless or at risk of homelessness and have a disability. Through support and broader implementation of this strategy, the number of eligible individuals who are actually able to enroll in SSI/SSDI will increase, providing them with critical support that will bring them out of extreme poverty.



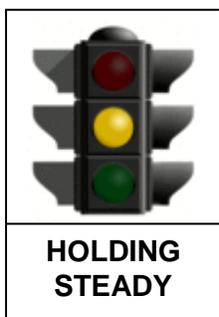
2011 OUTCOME – The State of Illinois previously funded some training for service providers for the SOAR initiative, but for fiscal year 2012, there is no funding available. The State of Illinois is losing ground.

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- ACCESS TO WORK RECOMMENDATIONS -

RECOMMENDATION – Adopt statewide “Ban the Box” legislation, which prohibits state job applications from asking if an individual has a criminal background, and use the state’s leadership to encourage and promote the hiring of individuals with criminal backgrounds.

RATIONALE – Those re-entering society after incarceration need true opportunity after paying their debt to society. Unfortunately, many employers outright deny employment opportunities to anyone with a criminal record. With reasonable limits on some sensitive positions, eliminating a litmus test that automatically precludes people with criminal records from being considered for employment in the state would have a dramatic impact on securing gainful employment and reducing recidivism in the correctional system.



2011 OUTCOME –HB 1210, the “Ban the Box” bill, creates the State Employment Application Act. The bill provides that an application for State employment may not contain any question as to whether the applicant was convicted of or placed on supervision for a non-violent criminal offense but must contain a question as to whether the applicant for State employment has ever been convicted of a violent offense that is classified as a felony. The Act will not prohibit state agencies from conducting criminal background checks of applicants for State employment.

HB1210 was introduced by State Representative La Shawn Ford, assigned to the State Government Administration Committee, and before any action was taken on the bill re-referred to the Rules Committee.

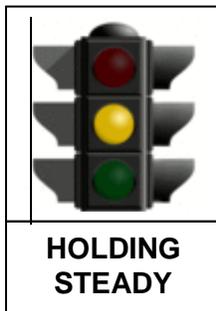
- CHILD CARE RECOMMENDATIONS -

RECOMMENDATION – Permanently eliminate co-pays for Child Care Assistance for families living in extreme poverty.

Other Relevant Recommendations:

- Increase access to affordable child care for all low-income working families, with a special emphasis on those in extreme poverty.

RATIONALE – Families receiving state-funded child care assistance are required to pay a co-pay based on monthly income, family size and the number of children in care. Co-pays create an unneeded barrier for households experiencing extreme poverty while engaged in work. The elimination of co-pays will help these families use their limited resources for other needs and better allow them to stay employed.



2011 OUTCOME –SB1236 streamlines the child care co-payment scale and aligns Illinois' statute with federal guidelines to waive co-payments for those whose income is at or below the poverty line. The bill simplifies the formula of figuring a co-payment by going to a "family fee" structure (based on family income and family size and on other factors as appropriate). SB1236 was introduced by Senator Toi Hutchinson, passed both houses of the General Assembly and is awaiting the Governor's signature.

With the passage of SB1236, IDHS now has the authority to eliminate co-pays for families in extreme poverty. Unfortunately, child care sustained a \$2.8 million or 1% cut in the 2012 fiscal year state budget. Given the cuts to early childhood programs in the state budget as well as the rising child care caseload, it is unlikely that IDHS will use this authority to eliminate co-pays and there is a chance that co-pays could increase again this year.

STATE BUDGET UPDATE⁴

Individuals and families will be faced with harmful cuts to essential programs and services under the state budget that was passed by the General Assembly and approved by the Governor for the new fiscal year.

The fiscal year 2012 budget requires state agencies to make cuts of over 6% on average over fiscal year 2011 (excluding pension and debt service expenses). The Illinois Department of Human Services and Department of Education received disproportionate cuts of 17% and 8% respectively. In addition to programmatic cuts, there were cuts to personnel and operations.

Specific program areas targeted for spending cuts include programs to address homelessness, workforce development, and income assistance programs.

Homeless Services (\$6 million in cuts)

- \$4.7 million (a 52% cut) from Emergency and Transitional Housing Program
- \$915,000 (a 38% cut) from the Homeless Prevention Program

Income Assistance Programs (\$59.6 million in cuts)

- \$12.9 million (a 100% cut, resulting in the elimination of the program) from Transitional Assistance
- \$1.7 million (a 100% cut, resulting in the elimination of the program) from Child and Family Assistance
- \$45 million (a 32% cut) from Temporary Assistance for Needy Families (TANF)

Workforce Programs

- \$9.2 million (a 54% cut) from Employability Development Services
- \$4.9 million (a 56% cut) from Food Stamp Employment and Training

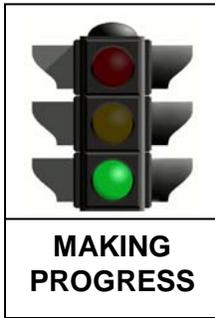
⁴ Voices for Illinois Children's Budget & Tax Policy Initiative analysis of the Illinois Department of Human Services, FY2012 GRF Grants in Governor's Budget, House Bill, and Senate Bill.

OTHER RECOMMENDATIONS WITH POLICY MOVEMENT IN 2011

- ACCESS TO WORK RECOMMENDATIONS -

RECOMMENDATION - Establish a statewide transitional jobs program that will engage 40,000 individuals each year when at full scale.

RATIONALE – Access to work is dependent on having real opportunities that meet a person’s current barriers and challenges. Transitional jobs are time-limited, wage-paying positions with supportive services that provide those who have been detached from the labor market with the opportunity to build a work history and be successful on the job so they can move to being permanently in the workforce.

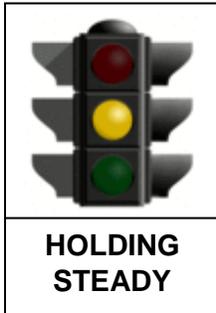


2011 OUTCOME –HB 2927 establishes a subsidized jobs program (subject to appropriations) that provides a 50% wage subsidy to for-profit businesses and a 75% subsidy to nonprofits for workers hired as part of the program. The program would be administered by the Illinois Department of Commerce and Economic Opportunity and overseen by the 21st Century Workforce Development Fund Advisory Committee, and funds would be distributed throughout the state based on a formula related to the area’s unemployment levels. Wages would account for 75% of the funds for the program; the remaining 25% of funds would go to support services and a small percent toward administrative costs. For-profit employers are expected to retain workers at the end of the subsidized period and adhere to an anti-displacement clause. The bill includes a provision for a work incentive demonstration project to explore available resources that could be used in concert with this program for a full transitional jobs program. HB 2927 was introduced by Representative Sidney Mathias, passed both houses of the General Assembly and is awaiting the Governor’s signature.

- INCOME TAX RECOMMENDATIONS -

RECOMMENDATION - Triple the state Earned Income Tax Credit (EITC) amount. (The EITC is a refundable income tax credit for low to moderate income working individuals and families. When EITC exceeds the amount of taxes owed, it results in a tax refund to those who claim and qualify for the credit.)

RATIONALE – The EITC is a critical work support for low-wage households. Working individuals in extreme poverty could see their Illinois EITC rise from \$200 to \$600 with this change.

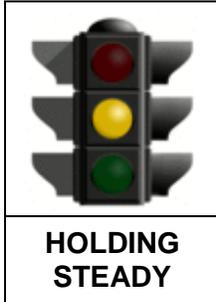


2011 OUTCOME – HB1947 was introduced by Representative William Davis and was assigned to the Revenue & Finance Committee, but action was not taken on the bill prior to the necessary legislative deadlines. HB 1947 amends the Illinois Income Tax Act by increasing the earned income tax credit from 5% of the federal credit to 10% in 2011, 15% in 2012, and 20% in 2013 and thereafter.

SB0118 was introduced by Senator Martin Sandoval and was assigned to the Revenue Committee, but action was not taken on the bill prior to necessary legislative deadlines. SB 0118 amends the Illinois Income Tax Act by providing that, for taxable years beginning on or after January 1, 2011, the Earned Income Tax Credit will be 20% (instead of 5%) of the federal tax credit.

- WORK RECOMMENDATIONS -

RECOMMENDATION – Eliminate categories of low-wage workers not covered by minimum wage, such as those receiving tips, race track handlers, and sub-age workers (younger than 18).



2011 OUTCOME –SB 0068 amends the Illinois Human Rights Act to provide that the employment discrimination Article of the Act applies to domestic workers. The bill amends the Minimum Wage Law and provides that the overtime provisions of the law apply to domestic workers. SB0068 was introduced by Senator Ira Silverstein, passed out of the Senate Labor Committee, and failed to pass on the floor of the Senate with a vote of 19 yays, 35 nays, and with one legislator voting present.

SB 1565 amends the Minimum Wage Law and provides for fewer limitations on the definition of "employee." SB1565 was introduced by Senator Kimberly Lightford. The bill was assigned and held in the Senate Executive Committee. No further action was taken on the bill.

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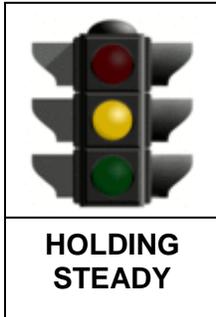
RECOMMENDATION –Improve workplace compensation by increasing minimum/living wage and benefit standards.



2011 OUTCOME –SB 1565 amends the Minimum Wage Law and provides for fewer limitations on the definition of "employee." The bill provides a procedure for increasing the minimum wage annually to restore the minimum wage to its historic level and thereafter increases the minimum wage by the increase in the cost of living during the preceding year. SB1565 was introduced by Senator Kimberly Lightford. The bill was assigned and held in the Senate Executive Committee, and no further action was taken on the bill. July 1, 2011, marked the first time in 5 years that minimum wage workers did not receive a raise.

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RECOMMENDATION – Adopt the Illinois Healthy Workplace Act, which allows employees who traditionally do not have a right to paid sick leave (e.g., part-time employees) to accrue sick days.



2011 OUTCOME –HB 2871 Creates the Healthy Workplace Act which requires an employer to provide an employee up to 7 sick days with pay during each 12-month period. The bill provides that an employee may use sick days to care for physical or mental illness, injury, medical condition, professional medical diagnosis or care, or a medical appointment of the employee or a family member. HB2871 was introduced by Representative Elizabeth Hernandez and was assigned to the House Executive Committee, but no action was taken on the bill prior to necessary legislative deadlines.

A Senate version of the bill, SB 0128, was introduced by Senator Martin Sandoval and was assigned to the Senate Labor Committee but no action was taken on the bill prior to the necessary legislative deadlines.

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PROPOSED STRATEGIES FOR TURNING THE CURVE

- In implementing “Budgeting for Results,” state policymakers should take into consideration not only whether a particular program investment results in cost savings; they must also consider how that investment impacts poverty reduction. A recent study by the Urban Institute shows that when safety net programs are factored into the poverty rate, the Illinois safety net lifts 8 out of 10 Illinoisans out of extreme poverty.⁵ This tangible, substantive outcome is the type of data the General Assembly should take into account, in addition to cost data, when determining where to allocate funds.
- Policymakers should re-introduce and pass bills that align with the Commission on the Elimination of Poverty’s recommendations that failed to pass this past legislative session, including “Ban the Box,” the bill to triple the EITC, the Minimum Wage bill, and the Healthy Workplace Act.
- The state should prioritize and invest in proven poverty reduction strategies modeled by national experts at the Urban Institute. Illinois can reduce extreme poverty if we:
 - Increase the amount of rental subsidies available to those in extreme poverty, including seniors and people with disabilities, through expansion of Illinois’ Rental Housing Support Program.
 - Ensure the state meets or exceeds the goal of expending 10% of its affordable housing development resources on housing for those with extremely low-incomes.
 - Increase comprehensive scholarships to low-income community college students that combine “last dollar” financial aid with student support services, including academic advising, mentoring, and tutoring.
 - Establish a statewide transitional jobs program that will engage 40,000 individuals each year when at full scale.
 - Increase Temporary Assistance for Needy Families (TANF) grants by 15% each year until they reach 50% of the federal poverty line, thereby moving families out of extreme poverty.

⁵ Giannarelli, L., Martinez-Schiferl, M., Wheaton, L., & Zedlewski, S. (2001, April 1). *How do States’ Safety Net Policies Affect Poverty?* Urban Institute.

CONCLUSION

In 2011 Illinois fell behind in its efforts to cut extreme poverty in half by 2015. Faced with difficult decisions about state budget cuts and policy priorities, policymakers failed to prioritize funding for programs and services and substantive bills that would meet the needs of the most vulnerable. Only by refocusing and reprioritizing in the coming year will our state be able to decrease the number of individuals and families living in extreme poverty.

The Commission on the Elimination of Poverty is focused on ending poverty in Illinois, and it fully recognizes that this feat cannot be accomplished without collaboration with and strong leadership from various levels of government, the private sector, and individual citizens. All of the aforementioned parties have valuable ideas and resources that the state government will need to draw on in order to halve extreme poverty by 2015 and to continue down the path to fully eliminate poverty in Illinois in the future. We can all do more to uphold human rights and eliminate poverty.

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