

**ILLINOIS FAMILIES FIRST:
THE CASE FOR INVESTING IN
ILLINOIS FAMILIES**

PREPARED FOR

United Power for Action and Justice

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I. INTRODUCTION

United Power for Action and Justice is an independent, non-partisan, broad-based citizens' organization with over 300 institutional members in northeastern Illinois. Its membership includes religious congregations of all faiths, non-profit health centers, community organizations, labor unions, and hospitals. United Power believes strongly that citizens, acting through their institutions, can have a positive impact on the wider society.

Since its founding in 1997, United Power has mobilized local citizens and their elected leaders to address the health care needs of the uninsured and to provide affordable single-family homes for working families. Mindful of the important role that state government plays for its members, in the fall of 1999 United Power turned its attention to the wider challenges facing families in Illinois. It commissioned this working paper to explore the social and economic challenges confronting families in Illinois.

United Power defines “family” broadly in this paper: to include extended families, couples without children, nuclear families, single-parent families and even those individuals currently estranged from their families

After highlighting a set of trends affecting family life in Illinois, the paper explores specific areas of concern, including

- Children's Issues
- Health Care
- Housing
- Living Wages for Families
- Elderly Issues.

II. A CHANGING LANDSCAPE FOR FAMILIES

In many ways Illinois is enjoying economic good times. Our \$417 billion gross state product is fourth among states. We rank third in the nation as home to 39 of the largest corporations in the country. And Illinois added nearly 30,000 new high-tech jobs in 1998, making us fourth in the country.¹

The unemployment rate in Illinois of close to four percent is the lowest we have known for over twenty years. The state's poverty rate has fallen to 10.1 percent in 1999 compared to levels as high as 15.6 percent in the early nineties. Tens of thousands of persons have left the welfare roles in Illinois in recent years.

Yet the road to prosperity is not entirely smooth. Illinois families are coping with a host of new challenges brought on by changes in the economy, public policy and society in general. Some of these changes have been occurring for decades, some have happened within the last several years. Together, they suggest the need for new thinking and new resources to help families – children and parents – thrive in the next century.

Consider the impact of the following, well-documented changes in the social, economic and political landscape in which families live:

Entry of women, including mothers, into the workforce: In the 1970 to 1990 period, women entering the metro Chicago labor force outnumbered men two to one. In particular, the percent of mothers with small children who are in the workforce has skyrocketed. In 1969 only 23 percent of women with children under the age of 3

were in the labor force in the U.S. By 1998 the percent had grown to 63 percent - a majority of such women.²

A two-tiered labor market: The U.S. economy has become increasingly split into well-paying and poorly-paying jobs. Most well-paying occupations, such as computer programmers and health professionals, require a high level of formal education. Other jobs, including many in the service sector, require little formal education and pay low salaries in return. The pool of jobs that pay good salaries and benefits to workers with just a high school education, meanwhile, has been shrinking. The gap in wages paid to workers compared to management has been growing. One study found that the average top executive makes 400 times more than the average worker.³

White collar jobs – more work, less security: White collar workers, once the backbone of the middle class, also face changed circumstances. Like many Americans, they are working more. The average work week for Americans has lengthened from 43 to 47 hours in the last twenty years. And fully 37 percent of Americans put in 50 hours or more a week, up from 24 percent in the late 70's.⁴ Workers at all income levels are less likely than ever to have important benefits like

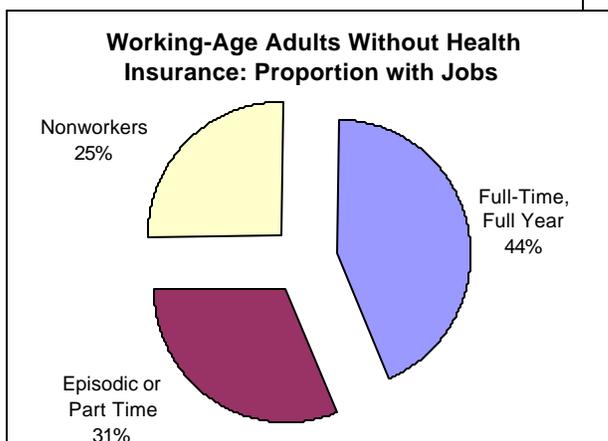
health insurance and retirement pensions.

Increasing housing costs: While the Midwest has historically had some of the country's most affordable housing stock, that is changing. Rising home prices are pushing homeownership beyond the reach of many working families. And in recent years rents have increased at double the rate of inflation.⁵

Welfare reform: Thousands of poor persons have left welfare in recent years. Whether they have left poverty is another matter. While 314,650 people left welfare from 1996 to 1999, the number of people who left poverty during this time was 195,000.⁶ And since most of those leaving welfare are women with children, the demand for childcare has grown proportionally.

Aging population: The life expectancy for Illinois residents has been climbing steadily. Across the nation, life expectancy at birth increased from 70.8 years in 1970 to 76.1 years in 1996. While people are living longer, they are also requiring more care in the last years of their lives. Who provides this care and who pays for it are emerging issues.

In the face of these wide-ranging changes, some incremental progress has been made. But much more is needed to help families cope with the realities of life at the turn of the century. What are the major unmet human needs in Illinois? We highlight five areas below that require expanded commitment and investment by the state.



III. CHILDREN

Our society extols the value of employment. Yet for many Illinois parents, entering the workforce presents a serious challenge in terms of finding child care arrangements that permit children to thrive while their parents are at work. More than 1.4 million Illinois children have parents that work or are involved in education or training activities, yet many of their families make relatively little income and have little to spare to pay for quality child care. Some 326,000 children are in families that make less than \$25,000 per year in Illinois.⁷

Ironically, our success in removing parents from the welfare rolls and placing them into jobs has led to a problem of finding child care for the children of the former welfare recipients, many of whom earn roughly \$7.00 per hour and continue to be strapped financially.⁸ Illinois provides subsidies to low- and moderate-income parents who require child care, yet the large numbers of parents leaving welfare for work have cost the system \$70 million more than expected this year.⁹ Some experts estimate that each family leaving welfare translates into 1.3 children in need of child care subsidies.¹⁰

Well-publicized recent research on child development has highlighted the importance of brain development in the preschool years. Yet low-income parents are often forced to place their children in environments that provide inadequate intellectual stimulation and challenge. National research has shown that only about 14 percent of all child care promotes child development.¹¹ Low- and moderate-income parents may be forced to rely on overburdened relatives or on child-care centers with high rates of staff overturn and overall institutional instability. Low-

quality early childhood settings can place the child at a disadvantage to his or her peers once the elementary school years begin.

Along with helping parents pay for the cost of child care, the child care system needs to improve the pay scales of child care professionals, who make on average \$16,400 in child care centers in Illinois,¹² and who are often induced to leave their occupation for more lucrative industries. Requiring and in some form subsidizing accreditation of child care centers would also benefit children and their parents by improving the professionalism of child care.¹³

After their children's years of infancy and toddlerhood end, working parents face new worries about providing a safe environment for their sons and daughters. The afterschool hours can leave kids alone at home or out on their own, vulnerable to negative influences, and needing good-quality, supervised activities.

Low-quality early childhood settings can place a child at a disadvantage once the elementary school years begin.

IV. HEALTH CARE

Some 15 percent of Illinois residents are unable to regularly visit a doctor or pay for medical prescriptions because they do not have health insurance.¹⁴ These 1.8 million persons lacking health insurance are less productive at work and have diminished ability to care for their loved ones.

In a recent year, some 344,000 persons joined the ranks of the uninsured in Illinois.

Children without health insurance suffer in educational achievement by missing days of school and by having less ability to focus attention on their studies. Workers without health insurance can lose workdays and productivity.

Among states, Illinois residents without health care are one of the fastest growing groups in the country. Our state recently added 344,000 persons to the ranks of the uninsured in a one-year period¹⁵

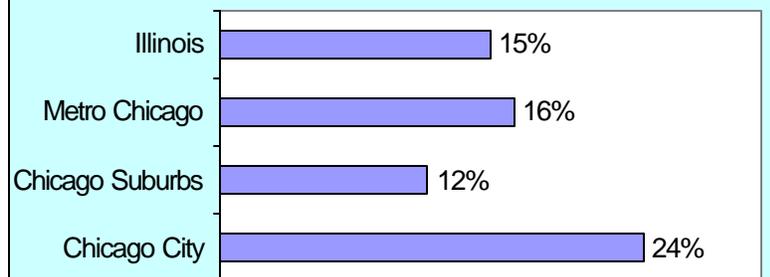
The lack of health insurance affects Illinois residents at all social and economic levels in all parts of the state. Nearly one in ten of all persons without insurance live in households with median incomes over \$50,000. In the Chicago suburbs one in eight people are uninsured, representing 550,000 persons.

In thousands of individual meetings and hundreds of house meetings, members of United Power for Action and Justice organizations have told United Power leaders that having adequate health care is among the most pressing problems facing families today. These person tell of confronting

unexpected medical needs that cost them the equivalent of months of salary.

Many Illinois residents are eligible for Medicaid-funded health care yet are unaware of the availability of this insurance. Some citizens leaving welfare have not continued to be enrolled in Medicaid even though they meet the program requirements. Thousands of eligible children have not yet been enrolled in KidCare, the state medical program for children living in households with incomes up to 185 percent of poverty. Working-age disabled and elderly Illinoisans may have incomes below the poverty level yet still be ineligible for Medicaid to help pay their prescription costs. Other states have raised Medicaid eligibility limits to provide health insurance to more residents.

Pct. of Persons w/o Health Insurance



V. HOUSING

Despite the boom in residential construction, decent, affordable housing continues to elude thousands of Illinois residents. Many housing markets in our state are expensive, with few vacancies for renters, and high prices for home buyers. Often there is a mis-match of where people can afford to live compared to where they work. This contributes to traffic congestion and higher commuting times, and limits the choices people have in finding an area to live in with adequate governmental services, commercial amenities such as shopping districts, and good schools for their children. Government policies promoting low-density sprawl and lengthy travel times between work, home and recreational facilities foster social isolation and segregation.

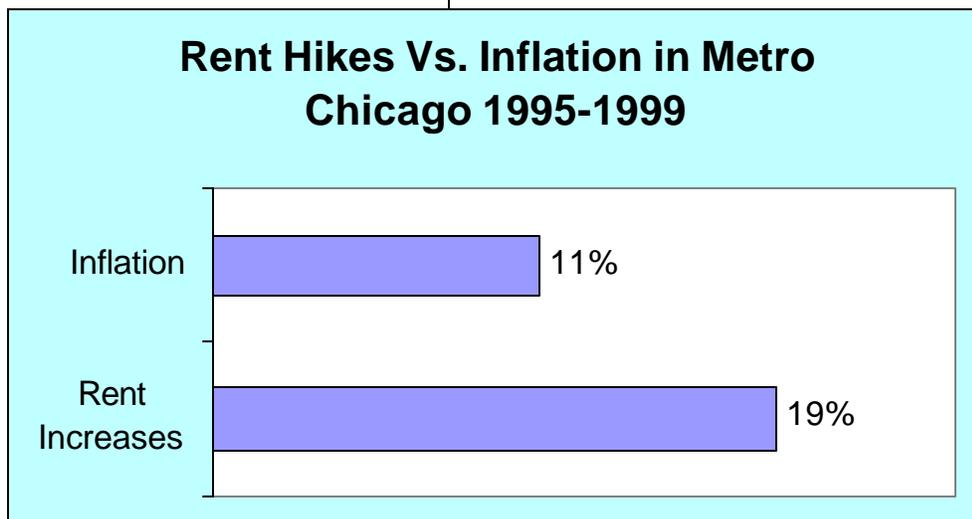
Housing is a major cost for working families. Some 37 percent of Chicago renters have to devote over 30 percent of their income to rent payments.¹⁶ The average metro-area rent, meanwhile, increased significantly faster than the rate of inflation in the 1990s.¹⁷

The torrid pace of condominium conversions in the city of Chicago and

some suburbs has allowed some renters to become homeowners, but has pushed other renters out of neighborhoods that they have sunk roots in for years. In suburban areas, numerous exclusionary zoning practices are biased in favor of single-family housing while they tightly constrain the development of apartment buildings for renters.

Government policies such as the tax deduction for homeowner mortgage interest payments promote homeownership, yet working families of moderate incomes still find that many of the homes for sale are priced for and marketed to relatively well-off buyers. In DuPage County, for example, only half the demand for moderately priced for-sale housing is currently being met.¹⁸

Thousands of persons experience homelessness in the Chicago area. Homelessness is increasingly visible in suburbs and middle-class areas. Rising rents, lack of housing for low-income single persons as well as for families suffering distress such as spousal abuse, and diminishing income support programs have been causing the homeless population to grow.



VI. LIVING WAGES FOR FAMILIES

Steady, full-time employment is good for families. Illinois is fortunate to be home to companies that are creating many new jobs. Indeed, many employers cannot satisfy their needs for certain types of workers, and economists report that labor shortages have slightly increased the wages paid to employees. But almost one in twelve full-time Illinois workers lives in a family whose income is below 150 percent of poverty (or about \$25,000 for a family of four).¹⁹

The truth is that many jobs, including many of the jobs created in the current booming economy, pay low wages. A single parent with two children in Cook County needs to earn \$16.21 per hour to meet basic needs without having to rely on government or private subsidies.²⁰ This is more than twice the average \$8.18 per hour earned by a service-sector worker. That same service-sector worker is also unlikely to have a job providing employer-subsidized pension or stock-purchase plans.

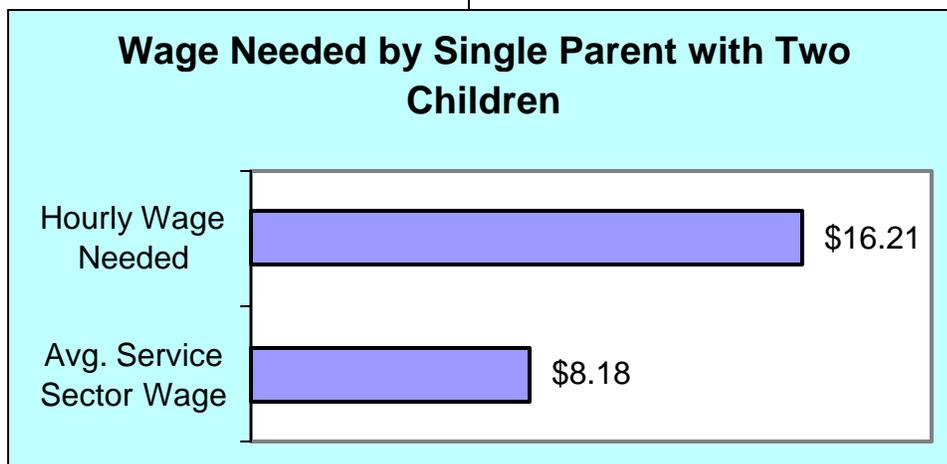
To make ends meet, more and more families require more than one person to hold down a job, or require working family members to spend more

hours on the job. Nationally, among married-couple families with children under six years of age, the collective amount of hours worked by the couple grew from 52.3 hours per week in 1969 to 68.3 hours in 1998 -- an increase of 16 more hours per week at work.²¹

There is an acute shortage of jobs in Illinois for persons with low skills, including the currently unemployed and those persons leaving welfare reform. In 1997 there were only 85,014 low-skilled job openings available in Illinois for the 367,631 unemployed workers and adult welfare recipients who are seeking jobs and who are qualified only for low-skilled work.²² In other words, there were 4.3 persons seeking low-skilled employment for every job available.

In 1997, there were only 3,220 job openings requiring low skills and paying a livable wage.²³ For these jobs, there were 114 workers for every job opening available.

Government agencies play a role in the low wages of workers in some sectors. Employees in state-funded jobs in managed-care facilities, for example, often earn low wages.



VII. ELDERLY

One of eight Illinois residents -- 12.5 percent of the state -- is 65 years of age or older. One major human service need of these elderly persons is health care. With increased age the need for medical care and treatment increases. Our federal government recognized this fact when it developed the Medicare and Medicaid programs to pay for many health care needs of the elderly.

Unfortunately, even the major governmental health-care programs fail to provide comprehensive medical assistance to the elderly. For elderly individuals of moderate to low income, paying for health care expenses can mean difficult choices in stretching their household budgets and protecting their savings. The great majority of older persons, for example, are ineligible for assistance in paying for chronic, long-term medical care in an institution. To receive governmental help, the typical older person needs to expend their savings and liquidate most assets until they are virtually indigent.

There is a rapidly growing number of pharmaceutical drugs available today. But our increasing reliance on prescription drugs is placing a financial burden on the elderly who must pay for them. Illinois has recognized the burden that prescription drug costs place upon the elderly by instituting the Circuit Breaker program that subsidizes a portion of the cost of selected medicines for the elderly, and by recently relaxing eligibility for Medicaid for elderly persons below poverty. Many older persons who are just above the poverty line, however, still do not receive assistance with drug costs.

But health-related problems are by no means the only issues encountered by older persons striving to maintain independence and mobility. Older persons may become unable to drive a car and so they become reliant on public transportation, which is often inadequate to permit easy trips for shopping, entertainment and other purposes. As it is not an option for many older persons to hold a job, their fixed incomes are forced to cover increases in housing, food and other costs.

Nearly a third of all older persons in the U.S. live by themselves. Not having family members in their household often leads to social isolation and increases the challenges they face in navigating public transportation, shopping, taking care of themselves at home, etc. Families that care for their elderly relatives face their own challenges in juggling caregiver commitments with the need to nurture their own careers. Family caregivers to older relatives may sacrifice as much as \$695,000 in lost wages, reduced opportunities for promotion, and other income, according to a recent Brandeis University study.²⁴

Some elderly persons spend their last years in nursing homes and, unfortunately, some of these facilities provide inadequate care. The quality of nursing-home care and home health care is partly the result of the salaries paid to workers in those settings. These employees work in difficult conditions yet may earn only \$7.50 an hour.

VIII. A RENEWED COMMITMENT TO ILLINOIS FAMILIES

This short paper describes many of the challenges facing Illinois families. These challenges are not confined to one part of the state; nor are they limited to a particular class or ethnic group. Addressing these issues and creating the conditions for the state's families to grow and thrive will take action on a number of fronts.

United Power and its allies have identified a set of promising initiatives that will be brought into public debate over the course of the next 12 months. These initiatives form an agenda for an **Illinois Families First** program of investment in our human resources.

Some of the values underlying the Illinois First program should inform an Illinois Families First program. Namely, a state's infrastructure requires investment and new innovation. In this case, we are talking about social infrastructure, which needs attention just the same as the physical infrastructure of our roads and bridges. The time is right given the substantial funds available including natural revenue growth and the \$9 billion Tobacco Settlement. What's needed are commitment and action on the part of our leaders to seize a unique opportunity in the state's history to make meaningful change for families.

- ¹ Source: Illinois Department of Commerce and Community Affairs, at www.commerce.state.il.us.
- ² U.S. Department of Labor 1999 *Report on the American Workforce*.
- ³ Study by the Institute for Policy Studies, cited by Thomas McCarthy in “America” magazine, December 18-25 edition, 1999.
- ⁴ *U.S. News and World Report* December 20, 1999.
- ⁵ Metropolitan Planning Council 1999 *For Rent: Housing Options in the Chicago Region*.
- ⁶ Based on authors comparison of data from Illinois Department of Human Services and the Current Population Survey of the U.S. Commerce Department.
- ⁷ U.S. Department of Health and Human Services press release *Only 10 Percent of Eligible Families Get Child Care Help, New Report Shows* available at www.acf.dhhs.gov.
- ⁸ A stratified random sample of 477 persons leaving TANF found that the current median wage of these individuals was \$7.11 in the fall of 1998. See Institute for Public Affairs, University of Illinois at Springfield; and School of Social Work, University of Illinois at Urbana-Champaign *When Families Leave Welfare Behind* published by the Illinois Department of Human Services.
- ⁹ National Center on Poverty Law *Illinois Welfare News* December 1999
- ¹⁰ November 3, 1998 conversation with Jerome Stermer, Executive Director, Voices for Illinois Children.
- ¹¹ Source: Voices for Illinois Children.
- ¹² *ibid.*
- ¹³ Some progress was made on this issue in spring 2000 when the Illinois General Assembly passed the Great Start program, which will offer bonuses at six-month intervals to child care teachers who remain in their jobs and attain specified levels of job-related professional education. The program, however, requires higher funding, and is faced with a “sunset” provision after four years.
- ¹⁴ Seifert, Robert and Sokol, Kara 1999 *The Uninsured in Illinois and Chicago: Close to 2 Million Face Barriers to Health Care* The Access Project, Brandeis University.
- ¹⁵ *ibid.*
- ¹⁶ U.S. Census Bureau *American Housing Survey for the Chicago Metropolitan Area in 1995*
- ¹⁷ Metropolitan Planning Council 1999 *For Rent: Housing Options in the Chicago Region*.
- ¹⁸ Johnson, Elmer W. 1999 *Chicago Metropolis 2020: Preparing Metropolitan Chicago for the 21st Century* The Commercial Club of Chicago and The American Academy of Arts and Sciences
- ¹⁹ Illinois took an initial step toward helping working families by passing a state earned income tax credit in the spring 2000 legislative session. The new EITC, however, is modest, equaling only 5 percent of the federal EITC, and it is not refundable, i.e., if the credit amount is larger than the family’s tax bill, they do not get a refund.
- ²⁰ Fact sheet “The Self-Sufficiency Standard for Illinois: How Much Money Does It Take for Families to Survive?” published by Women Employed Institute.
- ²¹ U.S. Department of Labor *Report on the American Workforce 1999*
- ²² Kleppner, Paul and Theodore, Nik *Work After Welfare: Is Illinois’s Booming Economy Creating Enough Jobs?* Office of Social Policy Studies, Northern Illinois University 1998.
- ²³ *ibid.*
- ²⁴ National Center on Women and Aging *The MetLife Juggling Act Study -- Balancing Work and Caregiving* Brandeis University 1999.