



EMBARGOED UNTIL
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MORE THAN 400,000 MORE ILLINOISANS PROJECTED TO FALL INTO POVERTY AS A RESULT OF THE RECESSION, REPORT FINDS

Would Represent a 27 Percent Increase in the Number of State's Poor

CHICAGO – As many as 405,000 more Illinoisans—132,000 of them children—are likely to have been pushed into poverty as a result of the recession, according to a new report released today by the Heartland Alliance Mid-America Institute on Poverty. The projected increase, based on expectations that national unemployment will reach 9 percent this year, would represent a 27 percent jump in the number of people living in poverty in the state over the past two years.

In its *2009 Report on Illinois Poverty* – the 9th annual comprehensive analysis of poverty indicators in Illinois – Heartland Alliance explains that unemployment and poverty are correlated; rising unemployment precipitates an increase in poverty. With the Illinois unemployment rate already more than 9 percent, the ripple effect on Illinoisans will be severe, according to researchers.

Nearly 1.5 million Illinoisans, almost 12 percent of the state's population, were in poverty in 2007—before the recession began—the most recent year for which poverty data are available. More than 667,000 Illinoisans lived in extreme poverty in that year on an annual income of less than half of the poverty line (below \$11,000 for a family of four). An additional 16.2 percent—more than 2 million people—were on shaky financial ground with incomes between the poverty line and twice the poverty line.

“Poverty is not a new phenomenon. While more and more families are now finding themselves in harder times, a significant number of residents were already struggling long before this current economic crisis,” said Sid Mohn, President of Heartland Alliance for Human Needs & Human Rights. “We need to seize this moment as an opportunity to enact specific programs to both relieve and prevent poverty across Illinois and the country as a whole.”

Signs of increasing poverty are seen throughout the state. The report found that poverty worsened in many areas of the state even before the recent economic crisis, increasing in 58 of Illinois' 102 counties. A total of 24 counties were placed on the report's Poverty Warning List, an indication that poverty trends in these counties are the most alarming in Illinois. Another 46 counties appeared on the Poverty Watch List, which accounts for counties where poverty indicators need to be monitored closely.

The lists were compiled based on an evaluation of four factors reflecting a county's susceptibility to pronounced poverty: high school graduation rates, teen birth rates, unemployment rates, and poverty rates. Counties in Illinois are evaluated using a point system, with the higher number of points indicating a worse score.

"Illinois was in a vulnerable state before this recession and that poses a challenge for us as we seek to provide the services needed by struggling families," said State Representative Eddie Jackson Sr. (D-East St. Louis). "State leaders must work in unison with national efforts to develop comprehensive plans to revitalize our communities. We cannot afford to let the future of our state's prosperity be jeopardized."

The report includes other key figures that indicate a growing poverty crisis for the state:

- **Projected increases in homelessness:** The economic crisis is projected to push more people at risk of homelessness over the brink. Absent effective interventions, approximately 34,500 additional Illinoisans may experience homelessness by the end of 2010.
- **Families have fewer savings to rely on in tough times:** Assets are crucial in helping families weather crises and also to invest in future opportunities. Unfortunately, the most recent data indicate that over 1 out of every 4 Illinois households are asset poor. Families are asset poor if they do not have enough saved to subsist at the poverty level for three months if they lose their income—so that a crisis (such as job loss, illness, or divorce) can push a household into poverty or homelessness.
- **Senior citizens have to work past retirement age to make ends meet:** The Chicago region saw increasing numbers of area seniors working past retirement age. While the growth in overall senior population in the area from 2000 to 2007 was just 3.4 percent, the number of seniors in the labor force grew 14.6 percent.
- **As unemployment increases, jobs become more scarce and the ripple effect hits families hard:** In February of 2009, there was 1 job for every 5 job seekers in the Midwest. The Illinois unemployment rate for February 2009 was 8.6 percent—its highest level since December 1991. For many who become unemployed, the loss of income is often compounded by the loss of health insurance. Fifty-five percent of low-income Illinois workers who recently lost their jobs were also uninsured in December 2008.

The report concludes that despite the seemingly bleak outlook, greater hardship, spiraling unemployment, increased poverty and homelessness, and weakening financial security for the coming years are *not* inevitable. With swift and wise actions from state policymakers that specifically address the needs of the most vulnerable, Illinois can create economic stability, promote future prosperity, and ensure human rights for all. Specifically, the report recommends that state legislators:

- **Enact comprehensive reform of Illinois' revenue system.** This will ensure that the state's priorities can be funded in a sustainable way, especially anti-poverty measures and adequate funding for human services. Additionally, the legislature should promote tax fairness through an increase in the state Earned Income Tax Credit and other strategies that target those with low incomes.
- **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.

- **Increase funding for school health centers and to expand the community schools model.**
Increased access to health care will reduce costs associated with hospitalizations and emergency room visits, and decrease risky behaviors and student time lost from school. Community schools will provide a range of services, including out-of-school learning, comprehensive school health services, family supports, and community activities, to give students the skills to succeed throughout their lives.
- **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.

The Heartland Alliance Mid-America Institute on Poverty provides dynamic research and analysis on today’s most pressing social issues to inform and equip those working toward a just global society.

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**TO DOWNLOAD THE REPORT AND OBTAIN DATA ON EACH OF ILLINOIS’ 102
COUNTIES, PLEASE VISIT THE “PRESS ROOM” AT
WWW.HEARTLANDALLIANCE.ORG/POVERTYREPORT**