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## 2009 Report on Chicago Region 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.”<sup>1</sup> It has been true that poverty and hardship are not just concepts for millions of our neighbors in Illinois. **Even before this recession, 2.2 million Chicago area residents were struggling in 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.”<sup>2</sup> 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/](http://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.

<sup>1</sup> *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](http://nobelprize.org/nobel_prizes/peace/laureates/1964/king-lecture.html)  
<sup>2</sup> *Inaugural address*, delivered on January 20, 2009. Retrieved January 29, 2009, from <http://www.whitehouse.gov/blog/inaugural-address/>

# Chicago Region Poverty Profile & Projections

**416,119**

or 5.0% of Chicago area residents live in extreme poverty, below 50% of the federal poverty threshold



**520,140**

or 6.3% of Chicago area residents live between 50% and 100% of the federal poverty threshold



**936,259 (11.3%)**

of the region's population living in poverty<sup>3</sup>

**615,989**

or 7.4% of Chicago area residents live between 100% and 150% of the federal poverty threshold



**661,871**

or 8.0% of Illinoisans live between 150% and 200% of the federal poverty threshold



**1,277,860 (15.4%)**

of the region's population at risk of falling into poverty<sup>4</sup>

## Chicago Region Poverty by County, 2007<sup>5</sup>

Geography	Poverty (under 100% FPL)	Extreme poverty (under 50% FPL)	Low income (100%-199% FPL)
Chicago	20.5%	9.1%	20.6%
Suburban Cook	8.3%	3.7%	14.2%
DuPage	4.5%	2.2%	11.3%
Kane	7.6%	2.9%	15.0%
Lake	6.1%	2.6%	11.9%
McHenry	5.7%	2.6%	9.6%
Will	5.8%	2.8%	11.5%

Unless otherwise noted, data on the Chicago region/area include Cook, DuPage, Kane, Lake, McHenry, and Will Counties. When data are presented for all counties, Cook County data are broken out into Chicago and Suburban Cook, if possible.

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.<sup>6</sup> Year-to-year changes in the poverty rate are correlated (rise and fall) with the unemployment rate.<sup>7</sup> 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, local unemployment topped 9.0%, meaning that since 2007 as many as:<sup>8</sup>

**253,000** more Chicago area residents may have become poor—**87,000** of them children.

**160,000** more Chicago area residents may have become extremely poor—**54,000** of them children.

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

<sup>4</sup> Ibid.

<sup>5</sup> Ibid.

<sup>6</sup> 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.

<sup>7</sup> Hoynes, H.W., Page, M.E., & Stevens, A.H. (2005). Poverty in America: Trends and explanations. *Journal of Economic Perspectives*, 20(1), 47-68.

<sup>8</sup> 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 Rates, February 2009<sup>9</sup>

**Kane 9.8%, Chicago 9.7%, Lake 9.6%, Will 9.6%, McHenry 9.2%, Suburban Cook 8.6%, DuPage 7.4%**

Chicago area seniors age 65 and over increasingly must work past retirement age to make ends meet.



In the Chicago region, over **half a million people** work in service occupations,<sup>12</sup> with an average wage of **only \$10.75 an hour.**<sup>13</sup>

Median household incomes have declined dramatically across the region, leaving families with less money to make ends meet.<sup>14</sup>

Geography	2000 (in 2007 dollars)	2007	Dollar change
Cook	\$57,144	\$52,564	-\$4,580
DuPage	\$84,477	\$73,472	-\$11,005
Kane	\$73,855	\$68,484	-\$5,371
Lake	\$83,340	\$77,834	-\$5,506
McHenry	\$80,668	\$73,286	-\$7,382
Will	\$77,448	\$71,384	-\$6,064



In 2008, initial unemployment claims in the Chicago region **increased by 29.3%**, exceeding 2007 claims by 107,329.<sup>15</sup>



### 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.*

<sup>9</sup> Illinois Department of Employment Security, Local Area Unemployment Statistics: LAUS. (n.d.). *Current monthly data*. Retrieved March 31, 2009, from <http://lmi.ides.state.il.us/laus/currentMonthly.htm>. Not seasonally adjusted.  
<sup>10</sup> Author's analysis of U.S. Census Bureau, Population Estimates.  
<sup>11</sup> Author's analysis of Northern Illinois University Center for Governmental Studies. (2008). *Northern Illinois market fact sheets*. DeKalb, IL: Author.  
<sup>12</sup> Author's analysis of U.S. Census Bureau, 2007 American Community Survey. Reflects all non-government employed workers.  
<sup>13</sup> U.S. Department of Labor, Bureau of Labor Statistics. (2008, June). *Chicago-Naperville-Michigan City, IL-IN-WI: National Compensation Survey, October 2008*. Washington, DC: Author. Reflects private industry workers.  
<sup>14</sup> Author's analysis of U.S. Census Bureau, 2007 American Community Survey and 2000 Decennial Census.  
<sup>15</sup> Author's analysis of Illinois Department of Employment Security, Local Employment Dynamics. (n.d.). *Unemployment Insurance (UI) program data*. Retrieved February 20, 2009, from <http://lmi.ides.state.il.us/insurance/insure.htm>. Also includes Grundy and Kendall Counties.

# 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.

## Non-Graduation Rates, 2007-2008<sup>16</sup>

**Chicago 31.0%, Kane 10.0%, Suburban Cook 9.9%, Will 8.3%, Lake 8.1%, McHenry 6.3%, DuPage 3.8%**

Employers need an educated workforce, yet approximately 612,000 Chicago region working-age adults do not have a high school diploma:<sup>17</sup>

$$\begin{array}{r}
 \mathbf{291,000} \\
 \text{adults with less than a} \\
 \text{9th grade education}
 \end{array}
 +
 \begin{array}{r}
 \mathbf{321,000} \\
 \text{adults with more than an} \\
 \text{8th grade education, but} \\
 \text{no high school diploma}
 \end{array}
 =
 \begin{array}{r}
 \mathbf{612,000} \\
 \text{adults without a} \\
 \text{high school diploma}
 \end{array}$$

### Education predicts future earnings.<sup>18</sup>

### Educational Attainment of Workers

	Less than high school diploma	High school diploma	Some college or associate's degree	Bachelor's degree	Graduate or professional degree
Cook	\$21,045	\$27,384	\$35,093	\$50,753	\$64,992
DuPage	\$21,638	\$31,546	\$40,303	\$52,296	\$77,461
Kane	\$21,123	\$30,528	\$40,359	\$55,624	\$68,223
Lake	\$20,393	\$32,307	\$39,857	\$57,591	\$79,957
McHenry	\$22,401	\$34,561	\$40,874	\$51,552	\$61,657
Will	\$26,972	\$33,313	\$40,657	\$51,866	\$65,708

**10,642 homeless students** were identified in Chicago Public Schools last school year, **a 35% increase** in just 5 years.<sup>19</sup>

Homeless children experience disruptions in their education, leading to irregular school attendance and poor academic achievement.

At the end of their freshman year **40.5% of Chicago Public School students were already not academically on-track to graduate.**<sup>20</sup>



*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.*

<sup>16</sup> Illinois State Board of Education. (n.d.). *2007-2008 state school report card data, by county*. On file with author. The non-graduation rate is the inverse of the graduation rate.  
<sup>17</sup> Author's analysis of U.S. Census Bureau, 2007 American Community Survey Public Use Microdata. Reflects those age 18 to 64. Also includes Grundy and Kendall Counties.  
<sup>18</sup> Author's analysis of U.S. Census Bureau, 2007 American Community Survey. Reflects those age 25 and over.  
<sup>19</sup> Chicago Coalition for the Homeless. (2008). *Homeward bound: A newsletter for people concerned with homelessness in Chicago*. Chicago: Author.  
<sup>20</sup> Chicago Public Schools Office of Research, Evaluation and Accountability. (2008). *High school freshman on track*. Retrieved January 24, 2009, from <http://research.cps.k12.il.us/cps/accountweb/Reports/allschools.html>. Reflects 2007-2008 school year.

# 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, 2005<sup>21</sup>

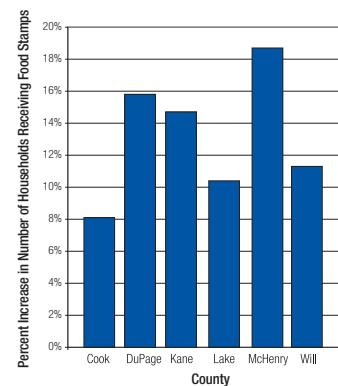
**Cook 16.9%, Kane 16.8%, Lake 15.9%, McHenry 14.2%, Will 13.5%, DuPage 12.8%**

**Many families in the region are unable to afford enough food for their families without assistance.**

Visits to food pantries in the Chicago region increased greatly from 4th quarter 2007 to 4th quarter 2008.<sup>22</sup>

Geography	Number served, 4th quarter 2008	Percent change from 4th quarter 2007
Cook	1,110,002	32.6%
DuPage	109,635	22.9%
Kane	72,232	40.4%
Lake	118,630	28.4%
McHenry	24,586	52.0%
Will	95,812	23.3%

The number of households receiving Food Stamps in the Chicago region greatly increased in each county in the last year.<sup>23</sup>



An estimated 2.0 million people under age 65 in the Chicago region are in need of health care safety net services,<sup>24</sup> yet the system only has the capacity to see 1.3 million people each year.<sup>25</sup>

Over **half a million full-time workers** in the Chicago region do not have health insurance.<sup>26</sup>



### 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.*

<sup>21</sup> U.S. Census Bureau, 2005 Small Area Health Insurance Estimates. Data not available for Chicago and Suburban Cook separately.  
<sup>22</sup> T. Del Vecchio, Greater Chicago Food Depository (personal communication, February 12, 2009); E. Donovan, Northern Illinois Food Bank (personal communication, February 12, 2009). Reflects duplicated numbers.  
<sup>23</sup> Author's analysis of Illinois Department of Human Services, Bureau of Research & Analysis, Net EBT Food Stamps Issuances. On file with author. Reflects change from Dec 2007 to Dec 2008.  
<sup>24</sup> Author's analysis of U.S. Census Bureau 2007-2008 Current Population Survey Annual Social and Economic Supplement Microdata; U.S. Census Bureau 2007 American Community Survey.  
<sup>25</sup> Author's analysis. On file with author.  
<sup>26</sup> Gilead Outreach & Referral Center. (2008, April). *The voice of the uninsured: A detailed description of Illinois' uninsured*. Chicago: Author. Also includes Grundy and Kendall Counties. Reflects full-time workers ages 16-64 in 2006.

# Housing

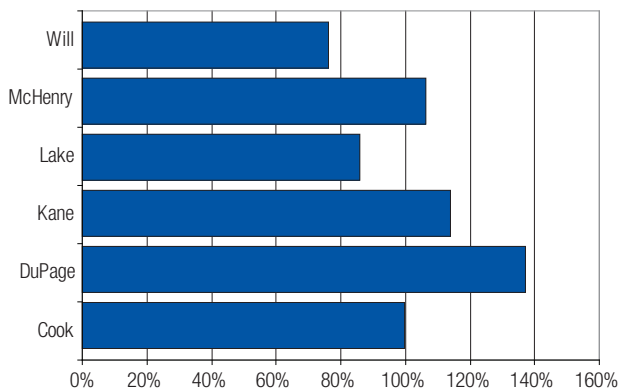
Safe, decent, and affordable housing is the cornerstone of economic security. With investments into affordable housing and protections for renters and owners, people can pull through economic crises and remain stably housed.

## Severely Rent-Burdened Households, 2007<sup>27</sup>

**Chicago 27.7%, Kane 24.6%, Suburban Cook 24.1%, Will 22.4%, Lake 21.9%, McHenry 19.3%, DuPage 17.8%**

Foreclosure filings increased at alarming rates across the Chicago region from 2006 to 2008.<sup>28</sup>

Percent Increase in Number of Filings



**77.1% of Chicago renters and 78.0% of suburban renter families** earning less than \$35,000 a year spend over one third of their income on housing.<sup>29</sup>

Federal housing assistance programs **only have the capacity to help an estimated 29% of eligible Chicago region households**, leaving nearly 385,000 households unable to access assistance they need.<sup>30</sup>

35% of residential foreclosures in Chicago are on 2- to 6-unit buildings, affecting between **9,600 and 28,900 units**, many of which house **renter families**.<sup>31</sup>



**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.*

<sup>27</sup> 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.

<sup>28</sup> Woodstock Institute. (2009, January). *The Chicago region's foreclosure problem continued to grow in 2008*. Chicago: Author.

<sup>29</sup> Author's analysis of U.S. Census Bureau, 2007 American Community Survey.

<sup>30</sup> Author's analysis of U.S. Census Bureau, 2006 American Community Survey Public Use Microdata. Also includes Grundy and Kendall Counties; U.S. Department of Housing & Urban Development. (n.d.). *Public Housing Authority (PHA) profiles for FY08*. Retrieved November 17, 2008, from <http://www.hud.gov/offices/pih/pha/approved/>; Chicago Rehab Network. (n.d.). *Preservation database*. Retrieved November 24, 2008, from <http://www.chicagorehab.org/crn/properties/index.aspx>

<sup>31</sup> Woodstock Institute. (2008, May). *Foreclosure crisis impacts Chicago's rental housing market*. Chicago: Author.



# 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 Rates, 2004<sup>32</sup>

**Chicago 42.5%, Suburban Cook 20.0%, Kane 16.0%, Lake 14.9%, DuPage 14.1%, Will 13.6%, McHenry 11.7%**

**260,000** low-income tax filers in the Chicago region received a **predatory refund anticipation loan or check** in 2006, collectively costing working families millions of dollars to expedite their tax refunds by only a few days.<sup>33</sup>



Chicago area households headed by someone with only a high school diploma are **2.5 times more likely to be asset poor** than those headed by someone with a bachelor's degree.<sup>34</sup>

Payday lenders proliferate in Chicago, trapping workers in cycles of debt.

### There is:

**1** payday lending license in Chicago for every **463** poor Chicago families<sup>35</sup> **vs.** **1** McDonald's in Chicago for every **780** poor Chicago families<sup>36</sup>



*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.*

<sup>32</sup> Wertheim, S. (2008). *Local Asset Poverty Index for Illinois*. San Francisco & Chicago: Asset Policy Initiative of California & Illinois Asset Building Group. Also includes Grundy and Kendall Counties. 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.  
<sup>33</sup> 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.  
<sup>34</sup> 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. Also includes Grundy and Kendall Counties.  
<sup>35</sup> Author's analysis of Illinois Department of Financial and Professional Regulations. (n.d.). *Search licenses*. Retrieved February 12, 2009, from <http://www.idfpr.com/dfi/LicenseeSearch/frmSearchLicensees.asp>; U.S. Census Bureau, 2007 American Community Survey.  
<sup>36</sup> Author's analysis of McDonald's. (2009). *McDonald's USA restaurant locator*. Retrieved February 12, 2009, from [http://www.mcdonalds.com/usa/rest\\_locator.html](http://www.mcdonalds.com/usa/rest_locator.html); U.S. Census Bureau, 2007 American Community Survey.

# Create Economic Stability for All Illinoisans

1.5 million Illinoisans—936,000 of them in the Chicago area—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 and leaders in the Chicago region 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 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.**

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