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CHICAGO COALITION FOR THE HOMELESS

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Supportive Housing  
Providers Association

## ***A Devastating Impact:*** **How More Budget Cuts and Delayed Payments Will Increase Homelessness in Illinois**

### Introduction

From February 22 to March 12, 2010, throughout the State of Illinois, state-funded social service providers for people who are homeless or at-risk of homelessness and/or who need affordable housing completed an online survey to document the impact of the state budget crisis on their ability to serve individuals and families. The results show that most providers are struggling to stay afloat in the wake of dramatic budget cuts, delayed state payments and the uncertainty of even more drastic cuts in the future. This report outlines the survey results and captures the devastating impact of the budget crisis on our efforts to end homelessness and ensure that all Illinoisans have safe, affordable housing.

The sixty-six agencies that completed the survey are funded by line items that receive a combined \$36.5 million in state funding in the current fiscal year—line items that have collectively seen a 23% decrease from previous high funding levels.

While \$36.5 million represents only a small portion of state funding—less than 1% of the \$4 billion in total General Revenue Funding for the Illinois Department of Human Services (IDHS)— these programs are an integral component of efforts to end homelessness and secure housing for our most vulnerable citizens.

The harm caused by cuts to these programs are also troubling examples of the larger impact of cuts to human services overall. For example, Governor Pat Quinn’s FY11 budget proposal for the IDHS’ Division of Mental Health includes cuts that could, according to IDHS, result in 4,000 people with severe mental illness losing their supervised or supported housing.

If Illinois continues to sacrifice homeless and housing programs, we will not only go backward in time, but we will also trigger an increase in homelessness.

The main messages from the survey are presented in the Key Findings section. Throughout this brief report, we also intersperse quotes from providers who responded to the survey to illustrate the key findings. At the end of the report, we present a longer list of statements from social service providers. Taken individually the impact of each statement is small compared to the scope of the overall crisis. Collectively, they make a significant point about the devastating implications of continued state budget cuts and delayed payments.

“This is what we are most afraid of. Homeless people face a myriad of issues that require specialized services.... If these services are cut, we anticipate a precipitous increase in homelessness.” – *Ryan Dowd, Hessed House/Public Action to Deliver Shelter, Inc. (PADS), Aurora*

## Key Findings

### **1. Agencies are already turning people in need of housing away due to state budget cuts.**

- Sixty-one agencies turned away 1,292 people in January 2010 because of prior year state budget cuts, representing 9% of the 13,720 people they were able to serve. This does not include additional people who were turned away for issues not related to state budget cuts, such as lack of bed space.

“The state budget crisis has forced us to reduce the number of shelter clients we are able to serve. As a result, we have a waiting list of over 50 young mothers and children who must remain homeless and cannot be served.” *Vikki Noe-Eltvedt, Executive Director Rockford MELD, Rockford*

## **2. Agencies are already owed a significant amount of money by the state and are taking on additional debt to manage the crisis.**

- In total, 54 agencies are owed \$10.2 million from the state in delayed payments, or about \$189,000 per agency. The average delay in state payments is slightly less than 3 months, with delays as high as 9 months.
- Forty-seven agencies have been forced to take on an average of \$44,000 in additional debt in order to stay afloat.

“It is harder to place clients into substance abuse treatment and mental health programs which have been hard hit by state payment delinquency.” – *John W. Pfeiffer, Executive Director and CEO, Inspiration Corporation, Chicago*

## **3. State-funded programs create jobs and provide matching funds for federal government resources.**

- State funding for 61 agencies supports more than 1,600 jobs across Illinois.
- Forty-nine agencies are leveraging \$47.7 million in federal funds every year that depend on a state match.

“We have had to pull from other resources to keep our program afloat and to pay the staff salaries. We will not be able to continue this for any length of time.” – *Deb Carr, Residential Programs Director, NCO Youth and Family Services, Naperville*

## **4. More budget cuts will result in fewer people receiving services and the loss of state-funded jobs.**

- Based on the responses of 66 agencies, if homeless programs are cut substantially in the FY11 budget, 79% of agencies would have to reduce services and 74% of agencies would have to lay off staff. Forty-one percent of agencies would have to eliminate programs.

“We have 48 service sites in 10 counties in southern Illinois. I do not know how we will provide services and/or pay mileage to provide supportive services to all families if we lose two of our three caseworkers.” – *Sharon Hess, Executive Director, Southern Illinois Coalition for the Homeless, Marion*

## A History of State Budget Cuts for Homeless Programs

The current state budget crisis has reduced funding for the following four homeless service line items by \$10.6 million or 23% between previous high funding levels and the Illinois Governor Pat Quinn's proposed FY11 budget.

State Budget Line Item	Previous High Funding Level	High Funding Year	FY10 Funding	FY11 Proposed Funding	\$ Change High/ FY11P	% Change High/ FY11P
<b>Emergency and Transitional Housing*</b>	9,700.0	FY03	9,123.6	9,104.9	(595.1)	(6%)
<b>Homeless Prevention Program</b>	11,000.0	FY09	2,400.0	2,400.0	(8,600.0)	(78%)
<b>Homeless Youth Program</b>	4,747.7	FY08	3,622.0	3,259.8	(1,487.9)	(31%)
<b>Supportive Housing Services^</b>	21,347.5	FY10	21,347.5	21,347.5	0.0	0.0%
<b>Total</b>	<b>\$46,747.5</b>		<b>\$36,493.1</b>	<b>\$36,112.2</b>	<b>(\$10,683.0)</b>	<b>(23%)</b>

Note: \$ in 1,000s

\* Formerly called the Emergency Food and Shelter Program. Primarily funds overnight emergency shelter and transitional housing programs. In Chicago, funds go through City of Chicago Department of Family and Support Services

^ Funds come from 2 line items: Mental Health Supportive Housing and Supportive Housing Services

While \$36.5 million represents only a small portion of state funding—less than 1% of the \$4 billion in total General Revenue Funding for the Illinois Department of Human Services (IDHS)—these programs are an integral component of efforts to end homelessness and secure housing for our most vulnerable citizens. Total state General Revenue Funding for the Illinois Department of Human Services in FY10 is \$4,036,884,000.

Governor Quinn released his FY11 budget proposal on March 10. He proposed over \$2 billion in cuts, including \$1.3 billion in education cuts. Elementary and secondary education could be slashed about 17%, overall, while state universities could be cut about 6%. Childcare for working families could be cut by 12% and substance-abuse prevention services by 10%, and the proposal would drastically slash mental health services.

The budget also relies on significant short-term borrowing and continued delayed payment of state bills. Although not included in his formal proposal, Governor Quinn is

advocating for a 1% increase in the income tax (from 3% to 4%) as a way to avoid the education cuts in his proposal.

The cuts to the four homeless service line items highlighted in this report could be even more significant than what is included in Governor Quinn's budget proposal depending on the final budget approved by the General Assembly, especially if the General Assembly does not support any revenue increases.

### Program Descriptions

**Emergency and Transitional Housing:** Formerly called the Emergency Food and Shelter Program, this program provides immediate and comprehensive shelter services to homeless persons and persons at risk of becoming homeless. Shelter programs in Illinois consist primarily of overnight shelters and transitional housing, where people can stay up to two years.

**Homeless Prevention Program:** This program provides rental assistance, utility assistance, and supportive services directly related to the prevention of homelessness to eligible individuals and families who are in danger of eviction, foreclosure, or homelessness, or are currently homeless. The program is designed to stabilize individuals and families in their existing homes, shorten the amount of time that individuals and families stay in shelters, and assist individuals and families with securing affordable housing.

**Homeless Youth Program:** Services are for youth who are 21 years of age or younger who cannot return home and lack the housing and resources necessary to live independently. The purpose of the program is to provide services that help homeless youth transition to independent living and become self-sufficient. The program strives to meet the immediate survival needs (food, clothing, and shelter) of youth and assist them in becoming self-sufficient.

**Supportive Housing Services:** Provides supportive services coupled with affordable housing to enable formerly homeless individuals and families, those in danger of becoming homeless, or persons with disabilities to be appropriately and cost-efficiently housed in the community. The program is designed to prevent people returning to or falling into homelessness. The supportive services enhance the ability of individuals to maintain their housing and increase their self-sufficiency.

## Detailed Survey Results

The following tables summarize the responses from the key survey questions.

<b>1. Which of the following state-funded programs does your organization operate? (Agencies can operate multiple programs.)</b>		
<b>Answer Options</b>	<b>Response Percent</b>	<b>Response Count</b>
Homeless Prevention Program	42.4%	28
Overnight or Emergency Shelter (in Chicago, state funding goes through Department of Family and Support Services)	25.8%	17
Transitional Housing (in Chicago, state funding goes through Department of Family and Support Services)	36.4%	24
Homeless Youth Program	15.2%	10
Permanent Supportive Housing	45.5%	30
<b>answered question</b>		<b>66</b>

<b>2. Please estimate the following numbers for your agency's housing and homelessness programs during January 2010.</b>			
<b>Answer Options</b>	<b>Response Average</b>	<b>Response Total</b>	<b>Response Count</b>
Number of Clients Served in January 2010	224.92	13,720	61
Number of People Not Able to Serve in January 2010 Due to State Budget Crisis	23.49	1,292	55
<b>answered question</b>			<b>61</b>

<b>3. Because of the state budget crisis....</b>			
<b>Answer Options</b>	<b>Response Average</b>	<b>Response Total</b>	<b>Response Count</b>
How much in delayed payments is due to your organization? \$	189,025.28	10,207,365	54
How many months long is the state delay in payments?	2.94	150 (Range of 0-9 months)	51
How much additional debt has your organization taken on in order to stay afloat? \$	44,425.57	2,088,002	47
<b>answered question</b>			<b>55</b>

**4 If your state funding is reduced by 50% starting July 1 what steps would you be likely to take? (Check all that apply.)**

Answer Options	Response Percent	Response Count
Lay off staff	74.2%	49
Reduce services provided	78.8%	52
Eliminate programs	40.9%	27
Close agency	6.1%	4
None of the above	4.5%	3
Don't know	18.2%	12
Additional Comments		17
<b>answered question</b>		<b>66</b>

**5. If you were to lose all your state funding next year, please attempt to quantify the impact on your agency in terms of...**

Answer Options	Response Average	Response Total	Response Count
Number of agency jobs terminated	26.72	1,630	61
Amount of leveraged federal funding that would be at-risk of loss (e.g., Medicaid reimbursement; rental subsidies, such as Section 8, Shelter Plus Care, HUD Supportive Housing Funding; HUD Section 811 subsidies, etc.)	912,907.80	44,732,482	49
<b>answered question</b>			<b>62</b>

Statements from Providers

The numbers in this report tell one part of the story. Another part of the story comes from the statements of social service providers about the impact of the state budget crisis. Taken individually the impact of each statement is small compared to the scope of the overall crisis. Collectively, they make a significant point about the devastating implications of continued state budget cuts and delayed payments.

#	Provider Statement
1	We do not have the same level of Homelessness Prevention Funding available, so we end up serving less clients.
2	Referrals have become more difficult. Accessing longer-term housing is tough and accessing LINK benefits is not as fluid as it has been in the past. For youth who do not have a medical card, accessing mental health services has been very difficult.
3	The greatest impact to clients has been the reduction in services due to the elimination in direct care staff, i.e. case worker and supervisors.
4	1) Reduced our residential capacity from 24 to 18 beds. 2) Restructure staff, lay off two full time employees and create a part time position. 3) Unable to provide as

	many services.
5	In our Mental Health and Substance Abuse programs served 32% less people in 1st 6 months compared to same time last year. More people on waiting lists, not able to get them into programs when they need them most.
6	Clients have had less contact with staff due to cutting positions down to bare bones. We have not been able to provide the same intensity and quality of services to the people we serve.
7	With the reduction in funding for the Homeless Prevention Funding, we may be able to serve half of the clients we served in our 2009 funding year.
8	Some cannot get into transitional programs in the community because the State is paying to them what was promised; their overflow comes to us, who can only provide the very basics (shelter and socks, community).
9	1. Shortened length of stays in treatment. 2. Two FTE layoffs 3. Fewer clients served annually.
10	The reduction in state homeless prevention dollars has directly decreased the number of families we are able to help stay out of or leave homelessness. This year we are only able to assist approximately 33 families compared to the 141 families we were able to help one year ago before the program suffered a 70% funding cut.
11	Limited resources - accessibility to social workers, nurses, after school help, due to staff reductions. The number of students served varies from day to day. Those living in shelters move in and out. We have seen a drastic increase in homelessness especially those doubling up. Delay of funds - 3 to 5 months depending upon the funding source.
12	Lack of funding resulted in delaying in funding for Round 4 of the Bridge Subsidy Program. This funding is needed for clients needing Permanent Supportive Housing.
13	We were unable to serve a number of households in January due to delayed payments from the state for the homeless prevention program. Payment was finally made in mid-January after 6 1/2 months without any homeless prevention funding. Shelter turnaways is also up. In January, we had to deny 109 nights of shelter (a duplicate number) due to our shelter limits.
14	With the rise of unemployment in Vermilion County, people were getting close to being evicted if not already evicted. Many of the landlords extended time for them to pay because they knew there just wasn't any money to help.
15	Over 20% of the 11,000 clients we serve annually are clients supported through IDHS grants.
16	No food vouchers, no bus cards etc.
17	Using volunteers and interns, we are able to meet most requests for services. However, clients must wait a long time for services. Also, we have reduced staff by 10 positions and therefore have reduced shelter capacity of 40 to 30. And we will



	reduce further as necessary.
18	Our major state funding source worked very hard and the cuts that were expected in FY 2010 did not happen. The funds were delayed. We had to get a loan. After much work and a desperation letter to the comptroller's office, we were able to get the funds the state owed us.
19	Clients who have substance abuse issues have no residential rehab in Williamson County or nearby to work on becoming sober. 60-bed residential rehab (after 20 years of service) closed at in the fall. Low and very low-income students at John A. Logan College in danger of losing childcare subsidies, would affect their continuing education.
20	We have reduced on-site programs and services available, increased case manager case loads and even reduced case management onsite availability.
21	We are aware that the state will cut its non-Medicaid funding (funding for MH services for people who have no insurance). We are seeing fewer non-Medicaid consumers as a result, and these are people who are homeless and indigent and need services to achieve stability.
22	With not having homeless prevention funds available we had to turn away clients request for assistance.
23	Our clients are our members who have had to cut staff, programs and hours and borrow money to make payroll.
24	We have had to pull from other resources to keep our program afloat and to pay the staff salaries. We will not be able to continue this for any length of time.
25	It is harder to place clients into substance abuse treatment and mental health programs, which have been hard hit by state payment delinquency.
26	We had been waiting 6 months for some funding but have received all funding by January 2010.
27	We had to close 3 units of family housing in June 2009, due to delays in payments and anticipated budget reductions. This reduced the number of families we could serve, and lengthened the wait for families to get into our program.
28	Delayed payments to mental health agencies have caused a backlog in appointments and services to our clients.
29	52 families in danger of eviction.
30	We have been impacted by the crisis because other organizations that offer fare cards, counseling, etc. to the women in our housing, can no longer offer those services. We have been picking up the slack, but if there are cuts we will not be able to do that in FY'11.

## Agencies Responding to Survey

Sixty-six agencies responded to the survey. Agencies that responded included:

AIDS Foundation of Chicago	Madison County Community Development
Alcoholic Rehabilitation Community Home	MCS Community Services
Austin's Place, First United Methodist Church, Champaign, IL	Mercy Housing Lakefront
Call for Help	Mid Central Community Action, Inc.
Christian Community Health Center	NCO Youth and Family Services
CDBG Operations Corporation	Outreach Community Ministries
Center Of Concern	PADS of Elgin
Community Counseling Center of Northern Madison County	Pioneer Center
Community Counseling Centers of Chicago	Renaissance Social Services
Community Crisis Center	Respond Now
Cornerstone Services	Rockford MELD
Crosspoint Human Services	Salvation Army - Danville
Deborah's Place	Shawnee Development Council
DuPage PADS	Shelter Care Ministries
EdgeAlliance	Southern Illinois Coalition for the Homeless
Fifth St. Renaissance/SARA Center	SWAN
Glen-Ed Pantry	Teen Living Programs
Granite City School District	The Inner Voice Inc.
Hesed House/Public Action to Deliver Shelter, Inc. (PADS)	The Night Ministry
Home of the Sparrow	Thresholds
Hope Haven	Tri-County Opportunities Council
Human Resources Development Institute	Two Rivers Regional Council of Public Officials
Illinois Valley PADS	Union County Counseling Service
Inspiration Corporation	Vital Bridges
Kendall County Health Department	West Suburban PADS
La Casa Norte	Williamson County Family Crisis Center
Light The Way, Inc.	Homeless Shelter
	YWCA - Quincy

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