

Poverty and Inequality in Illinois

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By Elizabeth T. Powers and Emilie Bagby

In the 1960s, the concentrated efforts of the 'war on poverty' were based on the goal of extinguishing poverty in the United States. After some impressive gains among certain groups in the 1960s and 1970s, U.S. poverty has experienced a long period of drift. The poverty rate of 12.3 percent in 2006 differs little from 1996's rate of 13.7 percent or 1986's rate of 13.6 percent and is identical to 1975's rate.¹ In fact, one has to reach back to the mid-1960s to find poverty rates substantially higher than today's rate. It is a stubborn feature of the last three decades that more than one out of every 10 Americans lives in a very low income household.

Opinion polls reflect discouragement over the seeming intractability of poverty in the United States. On the one hand, most Americans acknowledge that poverty remains a legitimate public concern. When asked directly about poverty, 55 percent of people in the 2001 "Poverty in America" survey by NPR, the Kaiser Family Foundation and the Kennedy School of Government at Harvard University² indicated that poverty is an "important" problem facing government.

On the other hand, when considered as one issue among many for government to address, public opinion typically assigns the poverty problem a low priority. When respondents in the 2001 poll were asked which issues were *most* important for government to address, poverty ranked below education, taxes, health care, Social Security, and the economy. In fact, 'don't know' was a more popular response than poverty. Only 6 percent of respondents reported "poverty, more help for the poor, or homelessness" among the top two issues government ought to tackle. More recently, the 2006 Gallup Poll Social Series on Work and Education³ found that less than 4 percent of respondents ranked poverty, hunger, or homelessness as the country's most important problem.

Why doesn't the general public view poverty as an important *policy* problem? It may be in part due to Americans' strong belief in self-determination; that a person's well-being – or lack of it – is largely of their own creation. In a 2006 NBC News/Wall Street Journal/Hart and McInturff Research Companies poll,⁴ nearly 40 percent of respondents attributed poverty to the poor person's lack of effort, rather than the result of circumstances largely beyond the person's control. Similarly, those who believe they are doing well financially are quick to attribute their success to their own effort and abilities rather than, for example, society, the efforts of others, or luck.⁵ In the 2001 "Poverty in America" poll, 86 percent of those reporting good financial health claimed direct responsibility for the situation, as opposed to 43 percent of those who thought they were doing poorly.

Given this strong belief by many Americans that they control their own economic destinies, it is not surprising that poverty is perceived in many quarters as a problem of 'self-help.' Nearly 70 percent of respondents in the "Poverty in America" survey believed that jobs are readily available to anyone who wants to work, for example. Correspondingly, many also took a dim view of government programs aimed at poverty relief. In the same survey, nearly half the respondents agreed with the statement that poor people "have it easy" because they can get government help.

While public sympathy for the poor is clearly not overwhelming, public views on poverty are somewhat nuanced. For example, the problem of the 'working poor' seems to be generally understood by the public. In the 2001 "Poverty in America" poll, 61 percent of respondents believed the majority of poor families have workers, which is true. Americans also appear to have strong concerns about specific problems that

¹ US Census Bureau, Historical Poverty Tables: Table 2, Poverty Status of People by Family Relationship, Race, and Hispanic Origin: 1959 to 2006. <http://www.census.gov/hhes/www/poverty/histpov/hstpov2.html>.

² <http://www.npr.org/programs/specials/poll/poverty/summary.html>

³ <http://brain.gallup.com/documents/questionnaire.aspx?STUDY=P0608031>

⁴ The survey results reported here were obtained from searches of the iPOLL Databank and other resources provided by the Roper Center for Public Opinion Research, University of Connecticut. <http://www.ropercenter.uconn.edu>.

⁵ Presidential candidate Fred Thompson expressed this worldview succinctly in an Autumn 2007 debate when he said "People who play by the rules and work hard can expect to live the American dream...If they need help in this country, they get help. And those who can help themselves are expected to do so." (Transcript available at <http://www.cfr.org/publication/14459/>).

are closely associated with the larger issue of poverty, such as the low quality of some public schools and a lack of access to good health care by low-income people.

If poverty persists as an important feature of American society, why is it that we appear to care less about its solution today than in the distant past? It is evidently not because the poverty problem is perceived to have been solved, as the public continues to recognize the significance of this issue. However, many perceive the poor as responsible for their own situation and may hold the corollary belief that government anti-poverty programs are part of the problem, not the solution. Others may prefer to tackle the poverty problem with policies that work through the indirect channels of improving public schools and public health, as opposed to providing direct relief to the poor. While beliefs about the causes of poverty are diverse, there is clearly a strong current in public opinion that favors 'self-help' as the chief anti-poverty strategy.

In this chapter, we discuss the characteristics of poverty in Illinois and contrast the situation in Illinois with those of the nation and Illinois' neighboring states. We also discuss current Illinois policies that help to fight poverty. In the conclusion, we return to the question of whose 'fault' poverty is and the topic of effective anti-poverty policies.

Poverty in Illinois

The poverty rate is based on official federal income thresholds that vary according to family size and composition (children and adults). For example, in 2006 the federal poverty line was \$13,896 for a single mother with one child, \$16,242 for a single mother with two children, and \$20,444 for a two-parent, two-child family. Every member of a family is considered poor if the family's

annual income – counting cash transfers such as Temporary Assistance to Needy Families (TANF) and Social Security benefits but excluding in-kind transfers and the Earned Income Tax Credit (EITC) – falls below the appropriate threshold.

Demographic Factors

Table 1 (pg.52) contrasts the characteristics of the poor and non-poor in Illinois. The columns indicate both the share of the poor with the particular characteristic and the ratio of the share of poor with the characteristic to the share of non-poor with the characteristic. The latter is an indication of the degree of over-representation of that characteristic in the poor population (the degree of over-representation is higher the more the ratio exceeds one). The first two columns compute these statistics for Illinois, while the last two do so for the entire United States. For instance, the first row reports that 29 percent of poor households in Illinois have children under 15, that the concentration of that characteristic is 1.5 times as high in the poor as non-poor population, and that the corresponding figures for the U.S. are 30 percent and 1.6.

The first rows of Table 1 indicate the age distributions of the poor and non-poor in Illinois and the U.S. Children are disproportionately in poverty. The incidence of poverty steadily declines with age; those younger than 25 are over-represented in poverty, while those older than 25 are under-represented. Part of this age pattern has to do with the typical life cycle of education, training, and work. For instance, college students are transitorily poor because their primary activity (going to school) generates no income, but their earnings rise dramatically when they enter the workforce. While some children's poverty status is due to residing in households led by younger adults,



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Table 1
Characteristics of the poor relative to the non-poor in Illinois and the U.S.

	Illinois		US	
	Poor persons	Ratio of poor to non-poor	Poor persons	Ratio of poor to non-poor
Children under 15	29.3%	1.46	30.0%	1.57
All Children	35.3%	1.47	35.2%	1.50
18-24	13.7%	1.30	13.8%	1.54
25-44	26.4%	0.95	24.6%	0.87
45-64	15.4%	0.89	17.1%	0.64
65 and older	9.3%	0.80	9.3%	0.74
White	40.7%	0.60	43.9%	0.63
Black	35.9%	2.94	23.7%	2.26
Hispanic	18.3%	1.46	25.4%	1.85
Native born	89.8%	1.04	84.4%	0.96
Foreign born	10.2%	0.73	15.6%	1.28
Worked full-time year round	7.5%	0.19	8.0%	0.20
Did not work last year	45.1%	1.89	44.8%	1.88
No H.S. diploma	23.7%	1.88	26.8%	1.88
H.S. or equivalent	23.2%	1.03	22.6%	0.95
Some college	15.2%	0.67	14.4%	0.67
B.A. or higher	8.7%	0.39	6.3%	0.29
White (non-Hispanic) children	10.9%	0.76	11.5%	0.79
Black (non-Hispanic) children	14.0%	4.18	9.9%	3.57
Hispanic (all races) children	8.0%	2.01	11.2%	2.62
Children in married couple families	9.7%	0.51	11.5%	0.63
Children in female headed families	23.2%	6.28	20.2%	5.17

Source: US Census Bureau. Current Population Survey, Annual Social and Economic Supplement. 2007.

because childhood is brief and formative, even transitory poverty may have an adverse impact on children. We demonstrate below that the relatively low poverty among the aged, formerly among the poorest of demographic groups, is due in large part to direct government income support in the form of Social Security.

The incidence of poverty also varies across racial and ethnic groups. Whites are under-represented in poverty in Illinois, while blacks are grossly over-represented. African-Americans comprise only 12 percent of the non-poor Illinois population but more than one-third of the poor, while whites make up 65 percent of the Illinois population as a whole and only 40 percent of the poor. Hispanics are also substantially over-represented in the poverty population. Illinois'

distribution of racial minorities over the poor and non-poor populations differs from the nation at large. For example, while the share of blacks in the U.S. and Illinois populations is reasonably similar (at 11 and 12 percent, respectively), blacks make up 24 percent of the poor population in the United States but 36 percent in Illinois. The situation of the foreign born is quite different in Illinois than the rest of the country. The foreign born are under-represented in the poverty population in Illinois, but over-represented nationally.

The next rows of Table 1 show that employment is highly correlated with poverty. Just 8 percent of poor families contain a year-round, full-time worker, in contrast to 39 percent of non-poor families. On the other hand, only 45 percent of poor households lack any worker. Thus, in most poor families someone worked either part-year and/or part-time during the past year. Because more-skilled workers generally earn higher wages and are better attached to the labor force, it is not surprising that those with low educational attainment are over-represented in the poverty population while those with high educational attainment are under-represented.

As noted, child poverty is a special concern, both because those under 18 comprise 35 percent of all poor individuals and because children may be particularly vulnerable to any adverse effects of poverty on lifetime potential. The last few rows of Table 1 provide more detail on childhood poverty in Illinois. Among children, poverty is particularly concentrated according to race and family structure. While there are more white children in poverty in Illinois, white children's poverty is roughly proportionate to their representation in Illinois' population, while black children's poverty is grossly disproportionate to their presence in the population as a whole. Comprising just 3 percent of Illinois' non-poor population, black children comprise 14 percent of Illinoisans in poverty. Finally, it is evident that child

poverty is strongly associated with family structure. Children in married-couple families are under-represented in poverty. In contrast, more than 1 in 5 of Illinois' poor residents is a child living without his or her father, while children in this living arrangement make up only 4 percent of Illinois' non-poor population.

Regional Variation

There are two distinct landscapes of poverty in Illinois; highly urbanized areas and sparsely populated and/or depopulating areas. Figure 1 (pg. 54) provides a county map of Illinois. Each county is color-coded to indicate the major economic activity taking place there. The poorest 14 counties (those with a 2004 poverty rate above 14 percent) are indicated with stars.

Densely populated counties such as Cook and Peoria have high poverty rates. Despite a backdrop of vibrant area economic activity, high poverty persists in dense concentrations in these areas. The question here is why deep poverty persists in such close proximity to abundance. In other areas in Illinois, it appears that those unable to flee an eroding regional economic base remain behind in poverty. Counties such as Vermilion, McDonough and Macon, for example, are experiencing population declines and high rates of poverty. The southern counties of Illinois are also characterized by a high level of poverty.

The figure also reveals a relationship between the type of economic activity in an area and its poverty level. Several counties do not have a strong private economic base and rely primarily on federal and state government activity – either direct transfers or government institutions such as prisons – for economic support. These counties tend to have high poverty rates.⁶ Reliance on mining activity is associated with high poverty along the Kentucky border, and reliance on manufacturing activity is associated with higher poverty in some central and southern

counties. Both sectors have shrunk rapidly over the last 20 years.

Poverty Trends

Figure 2 (pg. 55) shows the poverty trends in Illinois, the region, and the nation since 1980. Poverty is a counter-cyclical phenomenon (i.e., robust economic growth tends to reduce poverty rates), and this generates year-to-year variation in the poverty rate as the overall strength of the economy waxes and wanes. In most years, Illinois tends to have a lower poverty rate than the entire United States but a high poverty rate for the Midwest region. Michigan has followed a similar historical pattern to Illinois, but Wisconsin and Minnesota tend to have lower poverty rates most of the time. Overall, there is little evidence in Illinois or the United States that much progress has been made in reducing the overall poverty rate since 1980.

Using information from the Decennial Censuses, it is possible to look at even longer-range poverty trends. Substantial declines in the poverty rate occurred between 1959 and 1969 both nationally and regionally. However, since 1969, poverty rates have remained quite static for the nation and Illinois. In fact, Illinois' child poverty rates actually increased between 1989 and 1999 from 11 to 14 percent. There have been steady declines in poverty rates of whites both nationally and in the state (from 17.9 percent to 8.2 percent and 12 percent to 6.3 percent over the period 1959-1999, respectively). Corresponding to national trends, the white poverty rate was cut almost in half in Illinois between 1959 and 1999. In contrast, the poverty rate for blacks in Illinois, while down from higher rates in 1979 and 1989, is similar in 1969 and 1999 at 26 percent. This runs counter to national trends of a strong decline in black poverty rates of 10 percentage points over the period 1969-1999, although other states in the region also show a similar lack of progress in the black poverty rate.

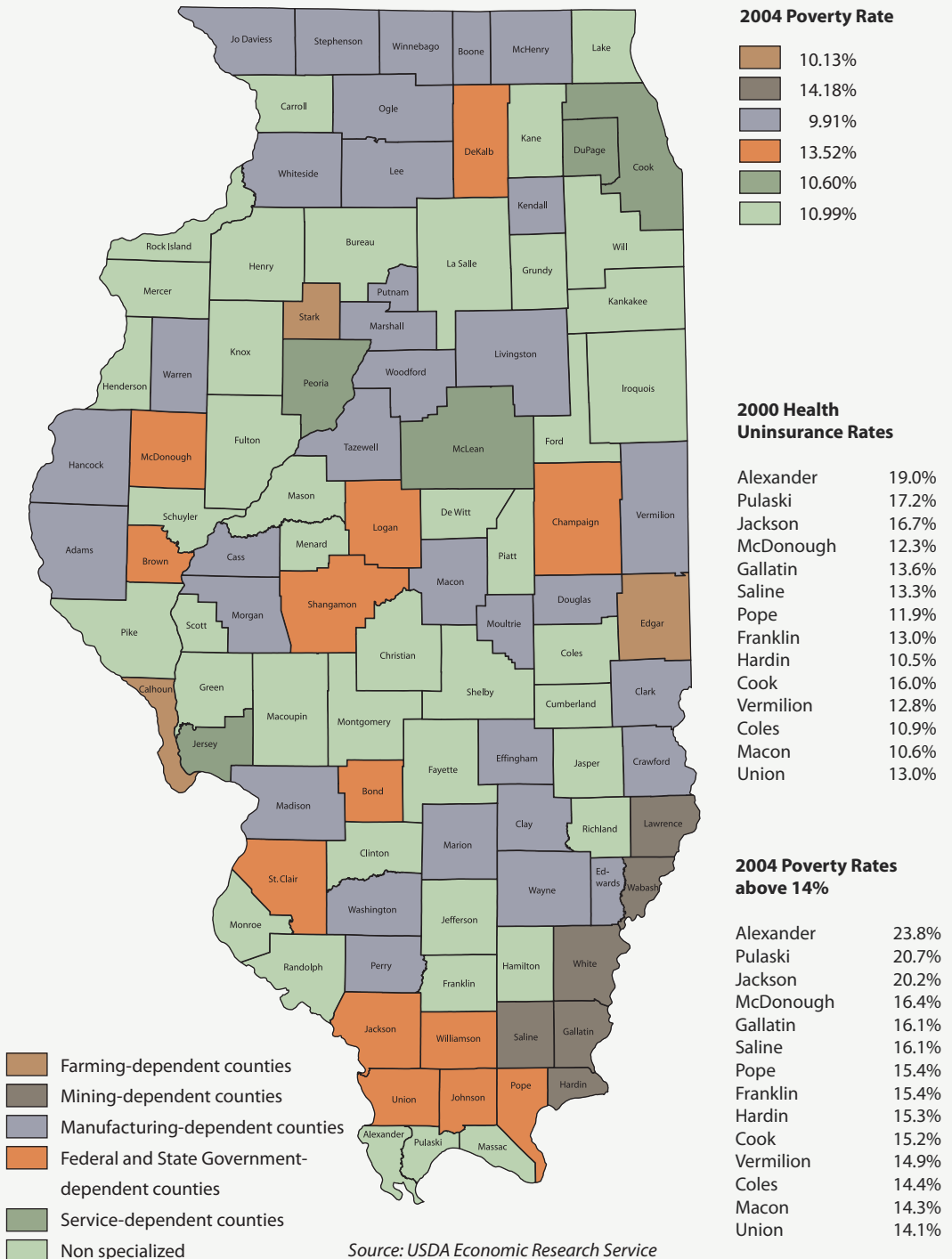


⁶ In counties classified as government dominated, government-source income exceeds 15 percent of income and also exceeds the county's earnings from manufacturing and mining. Note that several counties in the 'government' category have strong economies. For example, Champaign County is the site of the University of Illinois, a state and federally-funded entity that dominates area economic activity but provides many high-skilled, well-paying jobs.



In the 2001 “Poverty in America” poll, 86 percent of those reporting good financial health claimed direct responsibility for the situation, as opposed to 43 percent of those who thought they were doing poorly.

Figure 1
Illinois county typologies and poverty rates



Sources: USDA, SAIPE, Census Population Estimates, Census 2000 Health Insurance

Anti-Poverty Policy in Illinois

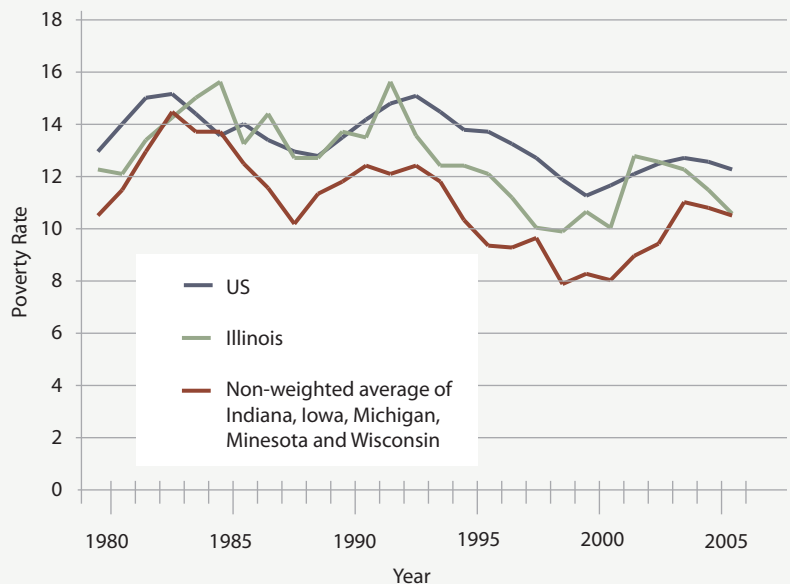
There are two basic approaches to fighting poverty. Direct income assistance addresses the immediate concern of insufficient income. It may or may not effectively address the long-term poverty problem. In fact, many believe this approach encourages dependency on government assistance and inadvertently reinforces individual choices associated with poverty. Alternatively, policies that address the root causes of poverty may have a more lasting impact on reducing poverty. However, the impact of today's spending on these programs is not reflected in today's poverty rates, and their eventual impact can be difficult to assess.

Direct Income Assistance

There are several categories of programs providing economic support to poor families. First, means-tested income support such as TANF and Supplemental Security Income (SSI) programs provide cash benefit payments to families with children, elderly persons, and the disabled. The Earned Income Tax Credit (EITC), which subsidizes the earnings of workers in families with low adjusted gross incomes, is also a means-tested program. In addition, the social insurance programs (Old Age, Survivors and Disability Insurance), while not explicitly designed to reduce poverty, in fact have a major poverty-reducing impact on the aged. There are also in-kind programs such as Food Stamps and Medicaid that provide means-tested in-kind support, and Medicare, a universal program, provides valuable health benefits to the aged.

Table 2 (pg. 56) presents poverty rates calculated with and without various transfers. The first column presents the poverty rate when government cash and in-kind transfers are excluded from income. While children in female-headed households still have the highest poverty rate, when government transfers are ignored, aged poverty rates are similar, at around 50 percent. The next col-

Figure 2
Poverty Rate 1980 - 2006



Source: US Census Bureau. Historical Poverty Tables, Table 21. Number of Poor and Poverty Rate by State: 1980 to 2006. <http://www.census.gov/hhes/www/poverty/histpov/hstpov21.html>

umn re-computes the poverty rate when means-tested transfers are added back into household income. It is evident that the 'welfare' programs have very little effect on the poverty rate. This is not surprising, as benefits are not intended to be generous enough to lift a family out of poverty. In contrast, non-means-tested transfers have a major poverty-reducing effect overall through their dramatic impact on elderly poverty rates. The difference in poverty rates between columns 3 and 2 is very large for those 65 and older. Note that the poverty rates reported in Column 3 correspond to the official definition. Column 4 presents the poverty rates with in-kind transfers 'cashed out' at face value. Poverty rates of children, particularly children in female-headed households, decline several percentage points due to the value of Food Stamps assistance they receive.

It is important to note that the U.S. government defines income for poverty purposes as pre-tax, post-transfer cash income. Because the EITC is part of the tax system, this source of means-tested income is not counted for purposes of the official poverty

Illinois tends to have a lower poverty rate than the entire United States but a high poverty rate for the Midwest region.

⁷For more on this topic, see Behrman, Jere R., and Paul Taubman. 1990. "The Intergenerational Correlation between Children's Adult Earnings and their Parents' Income: Results from the Michigan Panel Survey of Income Dynamics." *Review of Income and Wealth* 36 (2), 115-27 and more recently, Mazumder Bhashkar, 2005. "Earnings Mobility in the US: A New Look at Intergenerational Inequality." *Review of Economics and Statistics* 82 (2, May), 235-55.

rate, overstating poverty. The last column of the table presents poverty rates when income is counted 'after tax.' While some households appear poorer after subtracting their tax liability, the EITC uses the tax system to subsidize the wage earnings of low-AGI households with children. Therefore, while there is a slight increase in the overall poverty rate and a fairly large increase in the elderly poverty rate, if income is measured on a post-tax basis in targeted households with children, the tax system has a noticeable net poverty-reducing impact.

Indirect Policies

Despite clichés that the United States is a "Horatio Alger" society that presents broad opportunities for individuals to leap across the income distribution, rigorous research from long-range longitudinal studies finds a very high degree of intergenerational correlation of both income and earnings.⁷ The children of high earners have a strong tendency to replicate their parents' economic success, while children of low earners tend to follow in their parents' less fortunate footsteps. More generally, higher-income families beget higher-income families. This high degree of *immobility* between economic classes in U.S. society, in fact, helps to

explain the intransigency of poverty rates over lengthy periods. Given this reality, long-run solutions to the poverty problem must directly attack this link between generations and break it down for those at the low end of the income/earnings spectrum. Policies to increase human capital by focusing on the early years of life offer the most promise for reducing poverty in future generations.

It is well documented that poverty can be avoided through education. The extensive economic literature on the returns to education indicates that an additional year of schooling in the U.S. has a real financial return (in earnings) of 8-10 percent per year.⁸ Figure 3 helps illustrate the link between income inequality and education for the U.S. and the Midwest region.

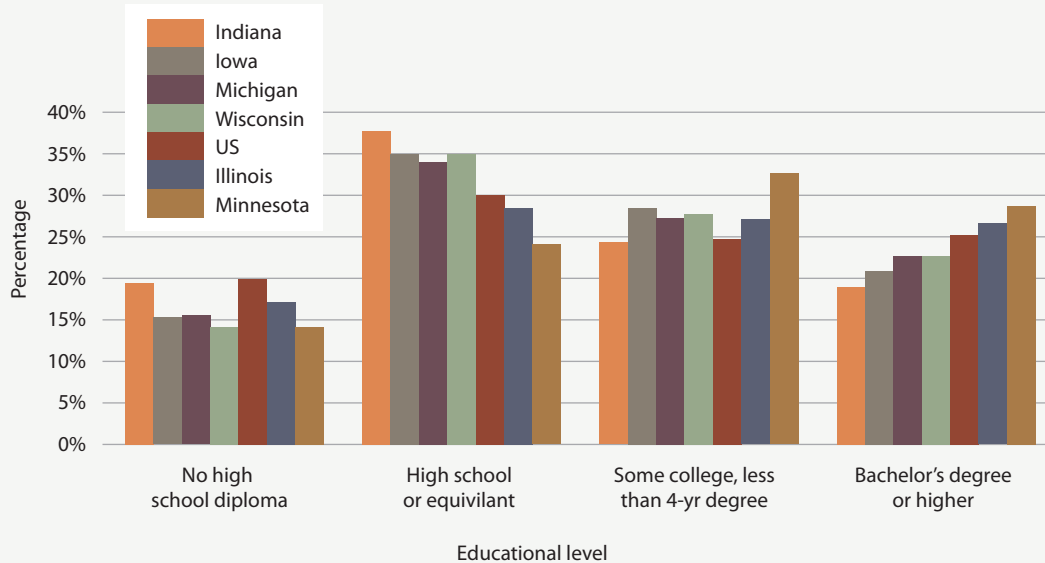
While Illinois has an above-average share of citizens with at least a Bachelor's degree (second in the region only to Minnesota), it also has a fairly high share of individuals without a high school diploma (within the region, only Indiana's dropout rate is higher). Recall that Illinois consistently has above-average poverty rates for its region, which makes sense given the relationship between education and poverty.

Table 2:
Illinois 2004 poverty rates under alternative income definitions

Illinois Poverty Rate 2004	Selected Cash Market Income Sources except capital gains + Educational Benefits + Contributions from Outside the Household and Other (1)	First Column + Government Means-tested Cash Income Sources except Federal EITC (2)	Second Column + Government Non-means-tested Cash Income Sources = Official Definition (3)	Official Definition + Government Means-tested Noncash Benefits (in-kind transfers) (4)	Official Definition + Government Means-tested Noncash Benefits (in-kind transfers) + Taxes Deducted from Income and Federal EITC (5)
Illinois					
All persons	19.90%	19.60%	12.30%	11.00%	11.10%
Children (0-17)	20.40%	20.20%	18.10%	15.60%	
Children in Female Headed Households					13.40%
Adults 18-64	52.00%	51.20%	47.60%	41.00%	35.50%
Aged (65+)	13.70%	13.40%	10.60%	9.80%	10.20%
	49.80%	49.70%	8.80%	7.60%	10.70%

Source: US Census Bureau. Current Population Survey, Annual Social and Economic Supplement. 2005.

Figure 3
Percentage of population over age 15 with each level of education



Source: US Census Bureau. Current Population Survey, Annual Social and Economic Supplement, 2007.



⁸ Note that this is not a spurious effect of more talented people succeeding in school and being rewarded in the labor market for this 'talent,' independent of education. Nor is it the result of the fact that individuals facing a higher earnings return to schooling should rationally choose more education. Estimates in the 8-10 percent range are from studies that actually *take account* of both ability and return biases. That is, if we randomly selected someone from the population and sent them back to school for a year, we would expect their earnings to rise by this amount.

⁹ In fact, a large share of subsidized child care is provided by non-licensed family care providers.

Unfortunately, a very large body of research indicates that remedial education of youth or adults, such as programs to help people get a GED or to retrain displaced workers, yield small or no earnings gains. If anything, the accumulation of evidence on child development and learning increasingly suggests that it is imperative to intervene *very* early in life. Even by kindergarten, children in low-resource households are significantly disadvantaged in ways that may permanently diminish their lifetime learning potential. Illinois' extensive child care subsidy program is helpful in making it possible for children in low-resource households to be cared for part of the day in settings with trained staff and developmentally age-appropriate materials. However, it still falls to parents to choose the mode of child care, and there is no guarantee that the most developmentally beneficial environment is chosen.⁹ Evaluations of the Head Start program, which has been in place for three decades, suggest that a rigorous preschool program has long-lasting beneficial effects on children's later learning and eventual economic outcomes as young adults. Given this evidence, Illinois' eventual implementation of a universal preschool program (a movement

begun by the Ryan administration) may prove to be one of its most effective poverty prevention strategies.

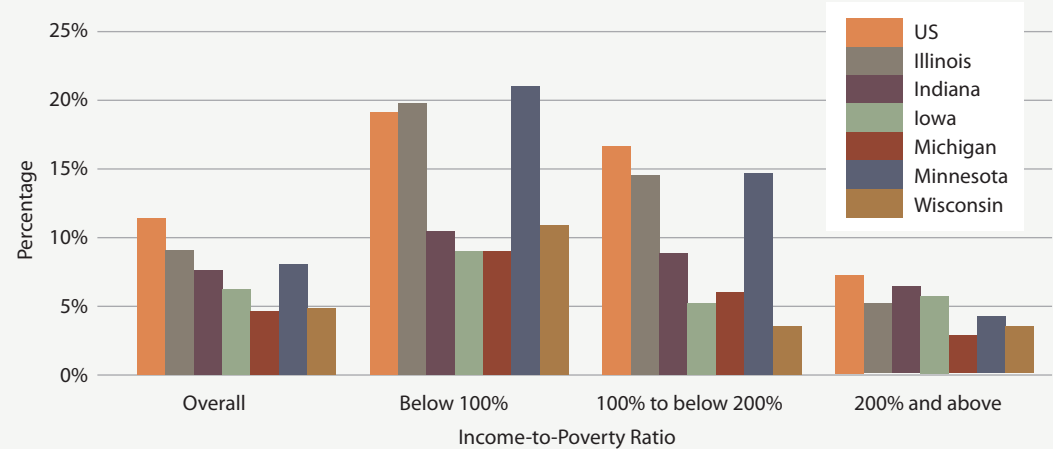
An area in which Illinois has moved aggressively under the Blagojevich administration is in providing state-subsidized health insurance to children. Figure 4 indicates that children below 100 percent of the FPL have the highest rates of health insurance coverage in the region, with the exception of Minnesota. Illinois has also achieved relatively good coverage of the 'near-poor.' Recall that Figure 1 also provides information on the degree of overall health insurance coverage in the Illinois counties with the highest poverty rates. Clearly the correlation between poverty and non-insurance is high. Those in poor health have a much weaker attachment to the labor force and this contributes to immediate poverty. While there is little evidence that poverty is reduced by increasing *adult* access to health care, this is an intuitively appealing idea. An emerging concern among health experts, however, is that the stress of poverty is felt very intensely during the perinatal and early childhood periods, potentially influencing gene expression and setting the stage for



African-Americans comprise only 12 percent of the non-poor Illinois population but more than one-third of the poor, while whites make up 65 percent of the Illinois population as a whole and only 40 percent of the poor.

¹⁰ "Early-Life Conditions And Mechanisms of Population Health Vulnerabilities," by Alice Furumoto-Dawson, Sarah Gehlert, Dana Sohmer, Olufunmilayo Olopade and Tina Sacks. *Health Affairs*. 2007. V 26. No 5. pp 1238-1248.

Figure 4.
Percentage of children in each poverty range with health insurance coverage



Source: US Census Bureau. Current Population Survey, Annual Social and Economic Supplement, 2007.

adult health problems.¹⁰ Again, it may be possible to break the long-run 'health-wealth' cycle with policy interventions that effectively target the very young.

Policy Options

As evidenced by welfare reform, political support is strongest for programs that support low-resource working families. In 2000, Illinois finally adopted a state EITC to augment the longstanding federal EITC (20 state tax systems currently offer the EITC). In 2003, Illinois expanded its EITC by making the credit fully refundable, meaning that those with no tax liability receive a cash payment. However, the Illinois EITC is extremely low, valued at just 5 percent of the federal level; the lowest state EITC rate offered. The Illinois credit would have to be raised to 20 percent (a policy advocated by the Center for Tax and Budget Accountability, the Center for Economic Progress, Voices for Illinois Children and the Shriver Center on Poverty Law) for example, in order to effectively exempt poor families from the state income tax. While minimum wage increases have been politically popular in Illinois, their anti-poverty impact is simply not as effective as that of the EITC.¹¹ Whereas minimum wage workers are often second earners or young people in families

with other earners, the EITC is tied to a household's adjusted gross income.

While there is a strong political preference for helping families with children, most poor individuals are working-aged adults. "General Assistance" aimed at such individuals was once fairly widespread around the country, but over the course of the 1980s, many states ended their programs. For nonelderly childless adults who have not been deemed 'work disabled,' Illinois offers little formal assistance. The General Assistance program, administered by townships and counties, and the "Transitional Assistance" program for Chicago residents, are meager programs that can pay as little as a maximum of \$100 per month to individuals who are indigent. The fact that these programs are funded entirely by state and local government (often through a special earmarked local tax) may help explain their limited nature. They are truly emergency aid programs and are not intended as a solution to the poverty problem. Nevertheless, they are critical to the extremely needy individuals who may be awaiting a change in living arrangement, re-employment, a disability program determination, or who have simply exhausted all other options such as friends and relatives. The status of these programs within the safety net should be systemati-

cally evaluated and their funding requirements and sources reassessed.

Lasting reductions in poverty in the population require intervention early in the life cycle. Illinois is currently on track to be the first state to implement universal guaranteed availability of (voluntary) preschool to every 3- and 4-year-old child.^{12, 13} Funding will support 10 hours per week of preschool on a 180-day (not year-round) school-year calendar. While formal staff training requirements are clear, programs in a wide range of settings, from school districts to family home-care networks, may apply for funding. It is not clear that limited-hours programs in such diverse settings are all equally or highly effective.¹⁴ As the program goes forward, these parameters ought to be modified to ensure that children, particularly those from needy families, are benefitting from best practices supported by rigorous evaluation.

The Nobel Laureate James Heckman has argued that early interventions such as preschool programs targeted to at-risk children are most effective at promoting long-run economic self-sufficiency when interventions are repeatedly undertaken throughout childhood and into young-adulthood. This requires the consistent availability – geographically and over time – of a variety of developmentally appropriate programs to promote both cognitive and noncognitive skill development throughout early life. Illinois' inequitable school funding system is an obvious obstacle to such a measured, long-run, and broad approach to education, as those in under-funded districts who could benefit most do without the resources needed to support quality instruction and supportive programs.

Conclusions

It is unreasonable to attribute the 'fault' for poverty to the poor themselves for several reasons. First, it is hard to argue that children, who comprise a substantial share of the poor, are responsible for both their



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¹¹ Of course, minimum wage policies are popular because they are not portrayed as a 'tax.' Even though they impose social costs similar to those of taxes, these costs are obscure to voters.

¹² "Leadership Matters: Governor's Pre-K Proposals, Fiscal Year 2007. May 2007 Report by Pre-K Now. http://www.preknow.org/documents/LeadershipReport_May2006.pdf.

¹³ Since the 2001 welfare reform, Illinois has offered a child care subsidy program to working families. Over half of those using the program are poor.

¹⁴ While the Perry Preschool program, for example, has been shown to be an effective intervention is a 10-hour-per-week, 7-months-per-year program, it provides many additional supports, such as home visits, meals, social service referrals, ongoing monitoring of students and teachers, and follow-ups (<http://www.colorado.edu/cspv/publications/factsheets/blueprints/pdf/FS-BPP11.pdf>).



existence and their current economic situation. Second, in Illinois, poverty is often worst in economically moribund areas. At the same time that policymakers bemoan the loss of the rural way of life, those left behind are likely to continue to face daunting economic challenges and high poverty rates. Third, individuals with low educational attainment have greatly diminished earnings capacity and hence are likely to fall into poverty many times during their lives. In fact, a fairly large share of Illinois' population lacks a high school diploma, which helps to explain a poverty rate that is high relative to the region. To the extent that low educational attainment is due to lack of

opportunity rather than lack of effort, 'self-help' is not a realistic solution for such individuals.

As discussed, there are two broad types of anti-poverty policies that have either immediate or long-run impacts. Immediate relief in the form of assistance explicitly targeted to the poor is quite limited in scope and scale, as evidenced by the relatively few individuals lifted from poverty by these programs. Immediate relief from the social insurance (i.e., non-welfare) programs, on the other hand, has been extremely effective, but only for the very narrow groups (chiefly the elderly but also the disabled) who do not bear the stigma associated with the working-age poor and their children.

Long-run policies are aimed at poverty prevention. Both policies to increase education and preserve and enhance health are promising, as education and health are strongly linked to earnings. In both cases, however, the empirical evidence increasingly suggests that it is essential to intervene at very young ages in order to have a discernable impact. Implementing such policies requires a long-term and steady commitment to poverty reduction that focuses realistically on the conditions facing children born into low-resource families.



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