



## Dwindling Resources For Low-Income Illinois Parents

Matthew Blake Tuesday May 8th, 2012, 6:10pm

*Illinois Gov. Pat Quinn wants lawmakers to financially rescue Illinois child care providers, one week after 40,000 state-subsidized providers were told the state ran out of money to pay them for the rest of the fiscal year. At stake is whether 85,000 low-income parents who work or attend school can continue to access child-care.*



Gov. Pat Quinn wants lawmakers to financially rescue Illinois child care providers, one week after the Department of Human Services told the 40,000 state-subsidized providers that Illinois ran out of money to pay them for the rest of the fiscal year, which ends June 30.

At stake is whether 85,000 low-income parents who work or attend school can continue to access child-care. The livelihoods of many providers are also on the line.

State Rep. Sarah Feigenholtz (D-Chicago) filed a bill yesterday that would shift \$73.6 million to pay child care providers. It would cover providers' April reimbursements and also payments for May and June.

The state's predicament is partly due to mismanagement in writing their annual budget.

But the bigger issue – and one that will linger even if the current impasse is resolved – is limited federal and state money for low-income parents in economic hard times, thanks to the continued impact of the 1996 federal welfare reform act, which created the Temporary Assistance for Needy Families, or TANF, program.

### **The Current Impasse**

The Feigenholtz [bill](#) takes money from state Medicare Part B payments, which provide medically necessary and preventive services. This was money from the 2012 budget the state was not going to spend, according to Feigenholtz.

The federal government has changed how it pays Medicare Part B, and because of that transferring funds will not hurt Medicare Part B patients, the lawmaker asserts. “Hopefully we found a solution,” Feigenholtz added.

The bill comes as Quinn is “continuing to work closely with the General Assembly to make certain these payments are made,” according to Quinn spokeswoman Brooke Anderson.

But Speaker of the House Mike Madigan (D-Chicago) sees no particular urgency. Madigan spokesman Steve Brown says that all “budget matters are interrelated.” In other words, Madigan does not necessarily see these child care payments as more urgent than a number of other bills, including next year's proposed budget.

Quinn and the General Assembly miscalculated the money it would have for child care in the 2012 budget, and then did not publicly address the shortfall until they already failed to pay providers. Feigenholtz said that she was not aware of the extent of the problem until last week.

“This was not smart budgeting,” says Dan Lesser, director of economic justice at the Shriver National Center on Poverty Law, which is headquartered in Chicago.

### **The Rise In TANF Recipients**

But if advocates like Lesser scold Quinn, they also acknowledge that the missing money is partly because Quinn got the state to become relatively more generous in its TANF payments, begetting a higher case load – which strained funding for child care.

The way welfare reform works is that the federal government gives each state an annual block grant. In 1997, the Clinton administration allotted \$585 million to Illinois. In 2012, the Obama administration designated the same \$585 million to the Land of Lincoln. The figure has not been adjusted for inflation, which means the block grant is worth [almost 30 percent less today](#) than it was in 1997, according to the Center for Budget and Policy Priorities, a liberal research group in Washington, D.C.

Also, the block grant is not adjusted for need: It is \$585 million, regardless of the number of Illinois parents in poverty.

States use the block grants to make TANF payments to parents living below the poverty level, while also contributing their own state money.

However, states may divert the block grant money to a number of social service programs, like work training and child-care.

For years, Illinois was an extreme in doing this diversion – They manipulated the block grant to pay for other social services, while denying direct assistance to the most vulnerable parents. “Illinois has been a dismal outlier,” says Liz Schott, senior fellow at the Center for Budget and Policy Priorities.

The state restricted payments to parents with an income of 25 percent of the federal poverty level. Also, according to Lesser, the Department of Human Services, “was aggressive in reducing its caseload – there was an effort at local offices to discourage people from applying to TANF.”

Quinn altered this practice in 2010, [shepherding a law](#) through the General Assembly that eased the threshold from 25 percent to 50 percent. Along with the law, came a needed change in the way in which the governor's office handled TANF applicants.

“Under the new administration, we no longer have a hostility toward people applying,” Lesser contends.

Quinn's changes combined with the the recession's damage meant a surge in TANF caseloads: from 65,000 individuals in March 2009 – the start of Quinn’s term – to 127,000 in March 2012.

### **A Zero-Sum Game**

Yet even today, Illinois ranks low among state in how much money they give to TANF recipients. “They spend a pittance on direct payments, and now they are spending two pittances,” Schott says.

That means even if the state can act to save its child care program this spring, it must make painful choices in the future about either cutting child care – or other programs the block grant money is diverted to, like work training programs – or rolling back its TANF caseloads. “With a fixed block grant, there are winners and losers,” Schott says.

For Illinois progressives, there are alternatives to this fiscal austerity, like broadening the sales tax base, ending certain corporate tax breaks and, most ambitiously, rewriting the state constitution to allow for a [graduated income tax](#).

But with the economy [recovering](#) at a glacial pace, and federal and [state government focused](#) on deficits, the child-care funding crisis may be a harbinger of future budget conflicts.

*Image: SEIU Healthcare Illinois, Indiana, Missouri, Kansas*