

# State Budget Cuts Will Guarantee More Households Becoming Homeless this Winter

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A report by the Chicago Alliance to End Homelessness, Chicago Coalition for the Homeless  
and Housing Action Illinois

## Introduction

Deep cutbacks in state funding have jeopardized two high-need programs that help Illinois households that are at immediate risk of becoming homeless, or already homeless and trying to get re-housed.

**Illinois' Homeless Prevention Grant program has had yearly funding cut by 87% (\$9.5 million) since FY 2008, and Emergency and Transitional Housing was cut by 52% (\$4.7 million) in the FY 2012 state budget.**

An October 2011 survey shows that because of these cuts, as we head into the winter months:

- **Half of the Illinois agencies that distribute homeless prevention grants to households will have no funds remaining by the end of December – so no new funds will be available until July 2012.**
- **Across Illinois, 62% of state-funded emergency shelters and transitional housing programs have already reduced vital services, some of them laying off staff and reducing available beds.**

## Program Descriptions

**The Illinois Homeless Prevention Program** was created in 1999 as a result of the *It Takes a Home to Raise a Child Campaign*. More than 95,000 Illinois households have been helped during the past 11 years, with grants that averaged \$916 in FY 2010. The program provides one-time rental assistance grants, utility assistance grants, 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 who are currently homeless).

**The Emergency and Transitional Housing Program** gives immediate, comprehensive shelter services to homeless people and those at risk of becoming homeless. The program provides funding for shelter, and support services to the City of Chicago and nonprofit organizations in others parts of the state.

## Severe Funding Cuts to Programs

In FY 2008, the Illinois Homeless Prevention Program received \$11 million. This amount has decreased significantly over the last four years. In FY 2011, the Program was given \$2.4 million and in FY 2012 only \$1.5 million has been allocated to the Homeless Prevention Program. This is an 87% reduction from FY 2008.

**The Federal Homelessness Prevention and Rapid Re-Housing Program (HPRP)** was created as a part of the American Recovery and Reinvestment Act of 2009 to increase funding for

homelessness prevention services during the recession. Illinois received \$71 million in HPRP funding, which supplemented Illinois Homeless Prevention funds after the state program received deep cuts. **Now, 56% of providers have already run out of HPRP funds. By federal mandate, all funds must be expended by September 2012, early in the state's next fiscal year (FY 2013).** With these funds no longer available, there will be a serious gap in homelessness prevention funds statewide.

**Funding for Emergency and Transitional Housing services was slashed by 52% in one year, from \$9.1 million to \$4.4 million** in the FY 2012 budget. On average, Emergency and Transitional Housing funds makes up 30% of a program's funding.

### Homeless Provider Survey Results

Chicago Coalition for the Homeless, Housing Action Illinois, and the Chicago Alliance to End Homelessness conducted a statewide survey of emergency and transitional housing, HPRP, and state homelessness prevention providers throughout the state. Fifty-four homelessness prevention providers responded, 59 HPRP providers responded, and 41 emergency and transitional housing providers responded. The survey results showed that service providers lack the funding necessary to serve the current need in Illinois.

### Homelessness Prevention Providers Running Out of Funds

- 55% of providers will exhaust state prevention funds by December 31
- 30% are portioning out their funds to last until June 2012. Hundreds of families are turned away each month. For example, in Chicago and suburban Cook County, 2,347 households were turned away in the first three months of FY 2012.
- 50% of providers will run out of all prevention funds by December 31
- **With only \$2.4 million in funding during FY 2011, an estimated 9,118 households** applying for a prevention grant had to be turned away in Illinois. The drastic **63% cut in FY 2012** to Homeless Prevention Funding will only increase the number of turn-aways this year.

### Findings for Emergency and Transitional Housing Providers

**62% of Emergency and Transitional Housing agencies have already taken one of these steps:**

- Staff layoffs
- Reduction in number of beds
- Reduction in number of clients served
- Open and/or close shelter weeks later or earlier
- Terminate programs

Last year, the program served 40,542 people across Illinois, one-third of them below the age of 18. However, people were turned away 45,673 times due to insufficient resources. The 52% cut to the Emergency and Transitional Housing Program could force an additional 6,746 people on to the streets this year.

**Examples of direct impacts of budget cuts:**

- Caseloads at one shelter will increase from 16 to 30
- Overnight staffing will need to be filled by volunteers
- Programs will close during daytime hours
- In Chicago, 18 shelter programs were cut by a total of \$600,000, with cuts to individual programs ranging from \$2,000 to \$110,000.
- One shelter system has reduced food portions and transportation assistance for clients.
- One shelter stopped serving single women, and now serves only families.

Overall Impact of Public and Private Funding Trends

All agencies completing the survey were asked what they would do in the coming year if current funding trends from all public and private sources continue as they have been. This was the response:

- 75% will reduce services
- 56% will lay off staff
- 52% will turn clients away
- 46% will eliminate programs

Success of Programs

Both of these programs have proven effective and are making a tangible difference in people's lives.

In 11 years, the Illinois Homeless Prevention Program has spent \$62 million to **prevent 96,231 households from becoming homeless**. An average of **85%** of households **did not** become homeless. We cite data from FY 2010 and FY 2008 as examples.

<b>FY2010 Homeless Prevention Outcomes</b>	
2,620	Total Households Served
2,322	Number of Households Still Housed Four Months After the End Of the Fiscal Year
<b>88.6%</b>	<b>% of Households assisted by the Homeless Prevention Program that Did Not Become Homeless</b>
\$916	Average Cost to the State Per Household to Prevent Homelessness

<b>FY2008 Homeless Prevention Outcomes</b>	
12,441	Total Households Served
10,754	Number of Households Still Housed Four Months After the End Of the Fiscal Year
<b>86%</b>	<b>% of Households assisted by the Homeless Prevention Program that Did Not Become Homeless</b>
\$884	Average Cost to the State Per Household to Prevent Homelessness

Illinois' Emergency and Transitional Housing Program supports the following types of programs:

- Overnight Shelters and voucher programs that provide people in crisis a place to stay.
- Transitional Shelters that provide up to 24 months of housing.
- Supportive Services, such as case management and counseling, in areas such as housing location, employment, mental health and substance abuse, are provided to all participants.

In recent years, the program has consistently served more than 40,000 people a year, about one-third of whom were under 18 years old. For comparison purposes, we present program outcomes from FY 2011 and FY 2010. The decline in the percentage of people who exit to permanent and transitional housing between FY 2010 and FY 2011 can be attributed to the negative impact of the economic environment on people's ability to find the employment necessary to pay for housing in the private market.

<b>FY2011 Emergency and Transitional Housing Outcomes</b>	
28,262	Total Adults Served
12,280	Total Children Under 18 Served
40,542	Total Number of Homeless Persons Served
37%	Percent of People Served that Exit to Permanent or Transitional (Two-Year) Housing
\$304	Average Cost to the State Per Household
<b>45,673</b>	<b>Number of Turn-Aways Due to Insufficient Resources</b>

<b>FY2010 Emergency and Transitional Housing Outcomes</b>	
29,717	Total Adults Served
12,351	Total Children Under 18 Served
42,068	Total Number of Homeless Persons Served
54%	Percent of People Served that Exit to Permanent or Transitional (Two-Year) Housing
\$304	Average Cost Per Household to the State to Serve in Illinois Emergency and Transitional Housing Program
<b>55,811</b>	<b>Number of Turn-Aways Due to Insufficient Resources</b>

### Conclusion

Providers report drastic implications due to these cutbacks, especially with winter coming and a continuing recession. Illinois is facing record high unemployment and foreclosures. Homeless service providers are struggling to maintain adequate services with inadequate funding while facing increased need. Now is not the time to be decreasing our investment in programs that provide a basic safety net for people experiencing a financial crisis. Illinois must restore funding for these critical services.