



Illinois Supportive Housing Providers Urge Lawmakers to Appropriate the Funds Necessary to Pay the Higher Minimum Wage

Providers Anticipate an Additional Expense of \$1.72 Million, Resulting from the State's New Minimum Wage Mandate, in the Second Half of FY 2020

Illinois supportive housing providers respectfully urge lawmakers to appropriate \$34.42 million, as part of the state's FY 2020 budget, for supportive housing services. This sum represents:

- Flat funding (relative to FY 2019) of \$32.7 million in general funds. This will support the baseline of critical services necessary for more than 16,500 individuals who are formerly homeless or at risk of homelessness and/or experiencing mental health challenges or other chronic disabilities to access and maintain stable housing.
- An additional \$1.72 million to cover the estimated growth in providers' personnel costs that will result from implementation of a higher minimum wage on Jan. 1, 2020.

Those lacking stable housing, a prerequisite for good health, have vastly diminished health outcomes that cost taxpayers more in emergency room and hospitalization costs. Supportive housing reduces homelessness and unnecessary institutionalization in Illinois, while improving quality of life for vulnerable men, women and children, reducing demands on local first responders, and saving state and local taxpayer dollars.

Dedicated state support for supportive housing services also helps the state:

- Generate matching funds from the federal government.
- Ensure compliance with federal consent decrees that require the availability of community-based housing options for individuals with a disability or mental illness.

Extensive Unmet Need for Supportive Housing Services

Providers would like to be able to expand our services to address the unmet need, in communities throughout the state, for supportive housing services. (More than 23,000 additional units of supportive housing are necessary, according to the most recent comprehensive assessment of demand published in 2017 by the Illinois Housing Development Authority.) Specifically, with respect to FY 2020, an additional appropriation of \$7.2 million – representing a 22% increase over FY 2019 funding – would be necessary to:

- Enable supportive housing providers to offer services to another 514 households of individuals who are homeless or at risk of homelessness and who suffer from a chronic disability.
- Help providers begin the process of restoring services to 4,080 persons in 2,800 units who lost those services due to the state's budget impasse during the previous administration.

However, we recognize the state's difficult fiscal challenge and, as such, are as part of the FY 2020 budget pursuing an increase in state funding to cover only the additional personnel cost that will result from the higher minimum wage mandate coming online midway through the fiscal year. These additional funds are necessary to ensure the basic integrity of supportive housing services; the absence of these additional funds to compensate for the higher minimum wage will necessarily impede the ability of providers to support the critical services upon which vulnerable Illinoisans already depend by resulting in layoffs and programming reductions.

We look forward to working closely with Illinois lawmakers to evaluate the state's unmet need for supportive housing services and to collaboratively develop a plan for addressing that need.

Contact: David Esposito, SHPA Executive Director
d.esposito@shpa-il.org / 217-321-2476 ext. 2
www.shpa-il.org



Walkup to \$1.72 Million in Additional FY 2020 Personnel Cost:

How We Estimated the Increased Cost to Supportive Housing Providers, During the Second Half of FY 2020, from the State’s Higher Minimum Wage

Illinois Partners for Human Service early this year conducted a survey of human service organizations to gauge the financial consequence, for service providers, of the state’s plan to gradually raise the minimum wage during each of the next several fiscal years.

Across Illinois, 37 supportive housing providers – 14 in Chicago, four in suburban Cook County, and 19 elsewhere in the state, with an average full-time equivalent (FTE) workforce of 58.9 – responded to that survey. Based on those responses, we estimate the total cost increase facing all 103 of the state’s supportive housing providers to be \$1.72 million during the second half of FY 2020. This cost, together with the additional minimum wage-related costs forecasted for future years, is depicted in the table below.

Calendar Year	Estimated Mandated Increase in Wages
2020*	\$1,718,474
2021	\$6,965,480
2022	\$5,386,887
2023	\$7,719,891
2024	\$16,467,155
2025	\$26,340,530
Total	\$64,598,416

** Dollar figure for 2020 depicts funds necessary for second half of FY 2020.*

Supportive housing providers in future years also expect to face additional costs associated with wage compression that will result from the state’s escalating minimum wage. In the short term, with respect to the state’s FY 2020 budget, we are focused on ensuring that providers will have the funds sufficient to pay the wages of individuals earning minimum wage. Going forward, we look forward to collaborating with Illinois lawmakers to assess the larger financial consequences, to supportive housing providers, of the growing minimum wage.



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