

New Neighbors, New Challenges, and New Opportunities in the Suburbs

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The Chicago area is constantly changing. From its early settlement, through its rise as an economic powerhouse, and including its transformation after the great Chicago fire, the Chicago region has been reinventing itself. Suburban development from the mid-twentieth century to today has been a key part of that history and a part of that continuous reinvention. This report primarily focuses on the last two decades of regional growth with a concentration on the suburbs. When we speak of the suburbs we are most generally speaking of suburban Cook County and the so-called “collar” counties of DuPage, Kane, Lake, McHenry, and Will, but we will also have a special focus on a portion of the region that includes the western suburbs of Chicago. To provide context, we will compare data from the city and suburbs, and we will refer to national trends and trends in other metropolitan areas. We will also be talking about the “new neighbors” in the suburbs, and they are loosely defined as the new residents that have come to the suburbs and who have added greatly to the diversity, economy, and social fabric of the suburbs. With these brief definitions in mind, we will cover the following four topics.

- How the suburbs have grown and changed: In fact, the term “suburbs” conjures up an image from the middle part of the twentieth century that is not applicable anymore in the western suburbs that we are focusing on. The new neighbors and the changing economy have transformed the suburbs into something that is not traditionally suburban, but it is not traditionally urban either.
- The disparities in education, prosperity, and health outcomes associated with this change and the importance of eliminating these disparities: Indicators of education, prosperity, and health for the general population in the suburbs are generally better than in the central city or in rural areas, but there are disparities in outcomes and many of the new neighbors are doing as well. Reducing these disparities is not only important to the new neighbors, but it will also be important to all of us.
- Why suburban communities are particularly challenged in addressing these local issues: The suburbs differ from the central city in organizational structure. The sheer number and small size of local jurisdictions place most health and human service issues beyond their scope. Additionally, the legacy of high need levels in the central city has drawn attention away from the suburbs. The changing needs of the suburbs are now demanding more attention.
- What we can do: Even though there are special challenges associated with working in a suburban environment, there is much being done and much we can do. We describe roles for philanthropy, the public sector, non-profit service providers, and the community, and we discuss the importance of these sectors working together.

Growth and Change in the Suburbs

The recent growth and change in the suburbs can be summarized by outlining three general trends. These trends emphasize a growing low-income population, greater ethnic and racial diversity, and a changing and maturing economy.

Trend 1: The numbers of low-income people in the suburbs have risen dramatically.

Figure 1: There are now larger numbers of the poor in the suburbs than in Chicago. We define poor as anyone below 200% of the Federal Poverty Level (FPL). For a family of four, that would be a maximum of \$44,700 per year in 2011. Figure 1 shows that the number of poor in suburbs has increased by 721,623 persons since 1990 (a 115% increase). At the same time, the increase in Chicago was 58,462 (a 5% increase). If we consider only those below 100% of the FPL (maximum income of \$22,350 for a family of four), the increases were 301,452 (139% increase) in the suburbs and 4,677 (less than 1% increase) in Chicago.

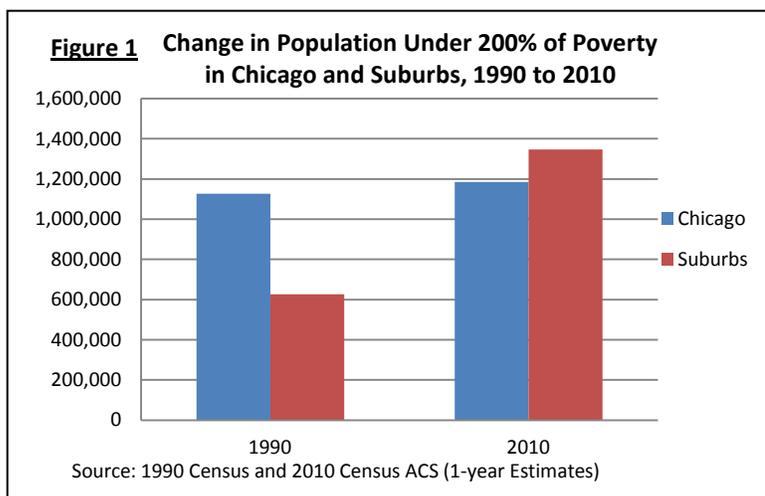


Figure 2: Poverty is increasing much faster than the general population in DuPage and West Cook. This figure shows the increase in the numbers of persons below poverty (less than 100% of poverty level) and near poverty or what we often refer to as the working poor (less than 200% of poverty level) in DuPage and West Cook. Although the total population of DuPage has seen only modest growth since 1990 compared to previous decades (16%), the number of persons in poverty has grown by 143%, and the number of working poor persons (below 200% of poverty) has grown by 111%. West Cook's population increased by only 6% since 1990, but poverty and working poor numbers increased by 69% and 65% respectively.

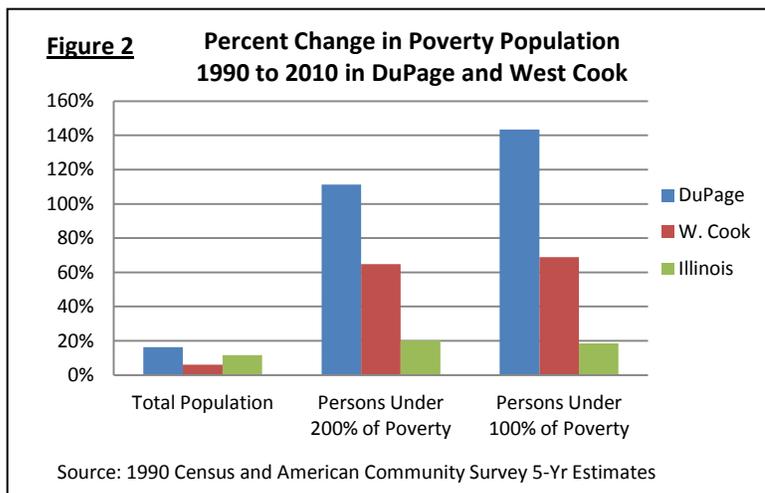
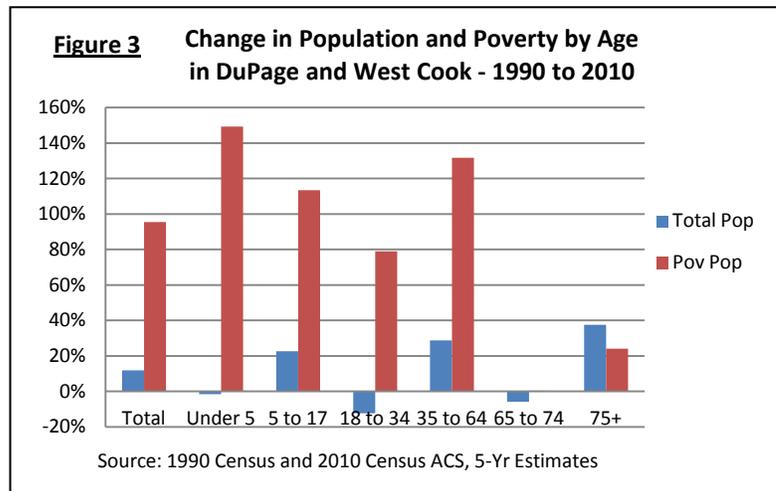


Figure 3: Poverty is disproportionately affecting children and working-age adults.

Figure 3 compares overall population growth with poverty population growth in the DuPage and West Cook area. Overall, this area saw 12% growth in its population but the poverty population grew by 96%. However, a small decrease in total early childhood numbers was accompanied by 149% growth in the poverty population. There was also disproportionate poverty growth in the school-age population as well as in young adults and older working-age adults. What this means is that poverty rates increased substantially for all of these age groups. Senior poverty rates stayed relatively constant.



Why this Rapid Growth in the Suburban Low-income Population is Important

- The capacity of the health and human services sector is not keeping up with increasing demands. Health and human service providers in DuPage, West Cook, and the suburbs have historically dealt with lower levels of poverty, except for a few concentrated areas in older suburban cities. However, the recent growth in the numbers of low income persons has occurred throughout all parts of the suburbs. This rapid growth in suburban needs requires rapid increases in the capacity of suburban service providers, and they have not been able to keep up. In fact, a 2010 study of larger suburban areas in the U.S., including the Chicago suburbs, reports significant strains on the social service networks in these areas in large part due to increasing levels of need (*Strained Suburbs: The Social Services Challenges of Rising Suburban Poverty*, Scott W. Allard and Benjamin Roth, Metropolitan Policy Program at Brookings, 2010). This, and other related issues, will be more fully in the section “Special Challenges and Opportunities in the Suburbs.”
- Policy makers and the public often view DuPage and many parts of West Cook as wealthy, so the needs in this area are often given lower priority. In reality, the U.S. Census estimates that there are 333,660 people in this area living on incomes below 200% of poverty. Of the 100 counties outside of DuPage and Cook County, only 3 counties in the State (Kane, Lake, and Will Counties) have a *total* population that exceeds this number. Only 13 of these 100 counties have a *total* population that exceeds the number of persons below 100% of poverty in DuPage and West Cook (115,710). This perception is one of several challenges discussed in the section “Special Challenges and Opportunities in the Suburbs.”

Trend 2: The suburbs are becoming much more ethnically and racially diverse.

Figure 4: Growth in ethnic diversity in the suburbs maintained the population since 2000, but the trend was much different in Chicago. This figure shows the change in the distribution of the population for these four groups. In other words, it's the “change that you will notice.” For example, in West Cook, the White population dropped from about 60% of the population in 2000 to 50% in 2010 for a loss of 10%, which is shown on the chart. Likewise, its Hispanic population increased from 24% of the population in 2000 to 34% in 2010 for an increase of 10%. What is striking about Figure 4 is how clearly it shows the change in the ethnic and racial makeup of the suburban population. It also clearly shows the loss of African American population in Chicago (a loss of over 181,000 during the decade).

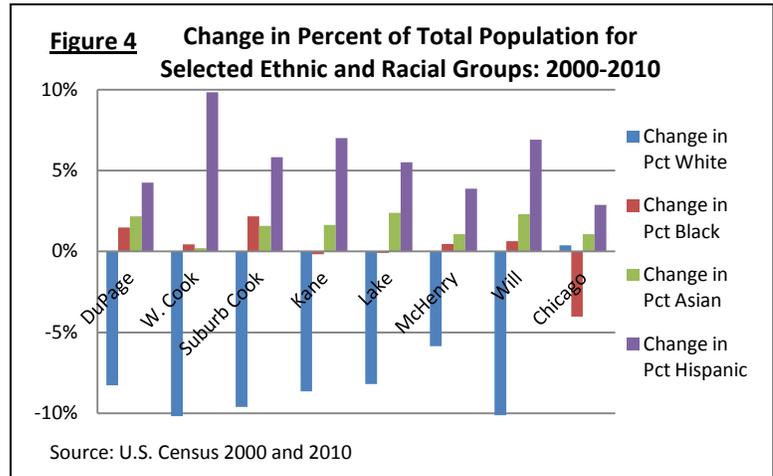
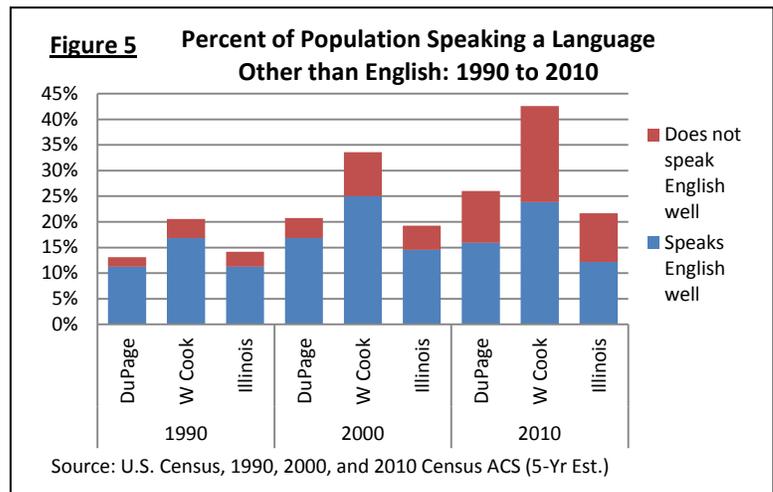


Figure 5: There are many more people speaking a language other than English, and most of this increase is in the numbers who do not speak English well. In both DuPage and West Cook, the percentage of other-than-English speakers doubled in the time between 1990 and 2010. The growth was much slower in Illinois overall (53% growth), and there was no growth in Chicago (actually, there was a slight drop in the percentage speaking another language). This suggests that the primary growth in the other-than-English population was in the suburbs, which is consistent with the ethnicity changes shown in Figure 4. Another feature of Figure 5 is that a large percentage of other-than-English speakers do not speak English well, and this is a much different situation than in 1990. Even in Chicago, where the numbers of other-than-English speakers did not change, a much higher percentage do not speak English well. This trend may be due to the growing percentages and numbers of ethnic populations in the region, which can bring greater opportunity for linguistic isolation.

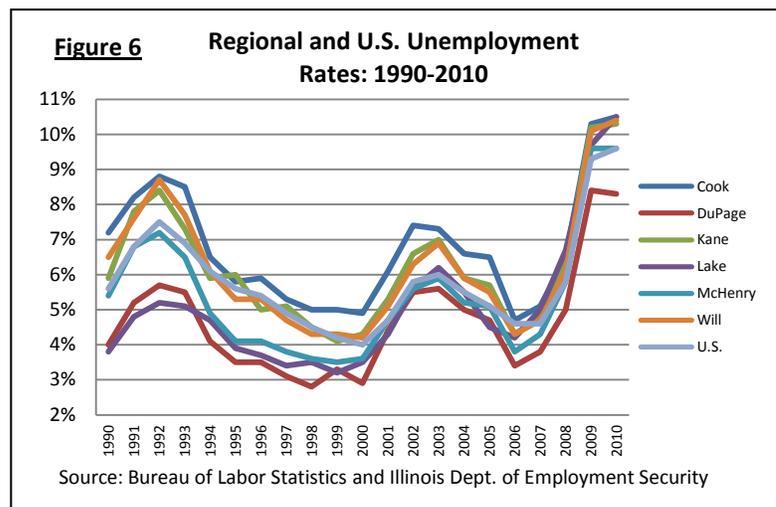


Why This Growing Diversity is Important

- Language and other training will help these new residents fully contribute to the local economy and achieve self sufficiency. Figure 5 shows that about 10% of the DuPage population and nearly 19% of the West Cook population does not speak English well.
- Organizations serving our population need to be culturally competent. Over 20% of the population in the DuPage and West Cook area is foreign-born (18% in DuPage and 24% in West Cook). All organizations, and particularly those serving vulnerable populations, need to build cultural competencies in order to be fully successful.
- There are a number of disparities that we describe later in this report that are associated with ethnic and racial minorities. Disparities in health outcomes, educational attainment, school performance, unemployment, income, and other factors are noted in this document. Because of the growing numbers of minority residents in the suburbs, addressing these disparities becomes increasingly important.

Trend 3: The current weak state of the economy is being felt in the suburbs more than in past recessions.

Figure 6: Suburban unemployment rates are higher and closer to national rates than they once were. No part of the Chicago region is immune to slumps in the national economy, but in earlier recessions, some counties had unemployment rates significantly below the national norm. In 1992, DuPage, Lake, and McHenry County unemployment rates were all below the U.S. rate. But, Figure 6 shows that in 2003, when the U.S. unemployment rate did not reach the level it did in 1992, DuPage and Lake Counties actually had higher rates than they did in 1992. In 2010, only DuPage County's rate was below the U.S. figure.



But, unemployment is not consistent in all communities. In the DuPage and West Cook areas, the three communities with the highest 2010 unemployment were Maywood (15.0%), Cicero (13.2%), and Berwyn (11.8%). Communities with the lowest unemployment are Oak Park (7.2%), Elmhurst (7.2%), and Wheaton (7.3%). Interestingly, and as would be expected, there is a very high correlation between unemployment in communities and lower levels of educational attainment (as defined by

the percent of persons who did not complete high school and the percent of persons without an undergraduate degree).

Figure 7: Suburban communities are seeing higher rates of foreclosures than in urban and rural areas. The mortgage crisis, which began in 2006 and 2007, continues to create new foreclosures, and is a unique and major contributor to the sluggish economy. So, another way to view the state of the economy is to examine foreclosures. Illinois' foreclosure rate is the tenth highest of all states. Throughout the country, the highest foreclosure rates are in areas where there were higher levels of real estate activity and higher price inflation in the last decade. Figure 7 shows that the suburban areas around Chicago have significantly higher rates than within the city itself and that these rates are about double that of the U.S. In other words, the Chicago suburbs have been affected greatly by this crisis.

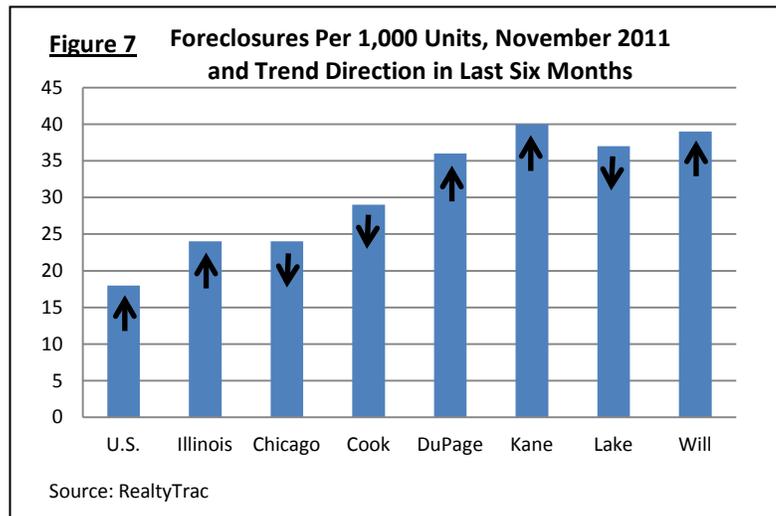
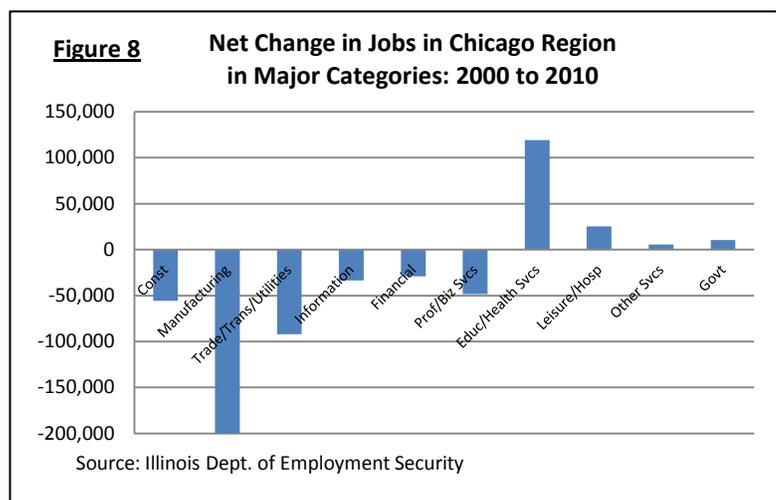


Figure 8: The greatest net losses in the region have been in value-added, higher wage jobs, and there were few gains in these types of jobs. The only category with significant job gains in the last ten years has been in education and health services. About two-thirds of this gain has been in health care and social assistance, which mostly are low-paying jobs. The other third was in educational services. The region lost over 50,000



construction jobs and 200,000 manufacturing jobs, and two-thirds of loss in manufacturing jobs was in the durable goods sector. Although there were some modest increases in wholesale agricultural trade, general merchandise retail, and transportation support, these were outweighed by losses in most other forms of wholesale and retail trade and in transportation and warehousing. Information and Financial services lost some jobs in essentially all subcategories. Interestingly, the net loss in professional and business services was made up of a combination of gains and losses. For example, there were some gains in computer systems design, management (particularly scientific and technical), and some building management, but there were losses in scientific research, accounting, business support services, and other categories. About two-thirds

of the education and health care increase was on the health care side. In government, there were significant gains in local government employment and significant losses in federal employment for a modest overall gain.

Why These Economic Trends are Important

- The key to success for our working age population is a good job with a good future. A good job takes care of most issues of meeting basic needs, housing affordability, health care, etc. However, the current economy is not yet producing jobs at a sufficient rate to significantly reduce the unemployment rate. Even though some parts of the economy are showing signs of a slow recovery (for example, the Chicago Federal Reserve Bank's Midwest Manufacturing Index and their Industrial Production Index have both been rising since their low in 2009), a strong economy needs to provide jobs to residents at all levels of the economic spectrum.
- More than ever, the workforce must be prepared to fill jobs that will compete in the global marketplace. The *2007 State of Working DuPage* report emphasizes that, for DuPage to continue to compete in the global market, its economy needs to generate high value-added business. These businesses will create the career-ladder jobs for the work force, but these jobs will have higher requirements for employability. The 2008 "The State of Working Illinois" report, which included information on the impacts of the deepening economic crisis, makes a similar point. Our education and social services sectors need to make sure that the workforce (with its changing demographics) is prepared.

Disparities and the Importance of Eliminating Them

A 2004 study (Zill, N., & O'Donnell, K. (2004), *Child Poverty Rates by Maternal Risk Factors: An Update*. Unpublished manuscript, WESTAT, Rockville, MD) evaluates the impacts of the factors of: (a) a mother giving birth as a teen; (b) the parents being unmarried when the child is born; and (c) the mother not receiving a high school diploma or GED. If one of these factors is present, there is a 27% likelihood that the child will grow up in poverty. If two of these factors are present, there is a 42% chance, and if all three are present, there is a 64% chance. But, if none are present, there is only a 7% chance of the child growing up in poverty. A 2009 book by Ron Haskins and Isabel V. Sawhill (*Creating an Opportunity Society*) makes a similar point. Their study noted that those who finished high school, got a job, and did not have children until they were age 21 and married had only a 2% chance of winding up in poverty. But, those who violated all three of these cultural norms had a 76% chance of living in poverty. Both of these studies demonstrate something that many people believe to be true – that it is possible to avoid poverty by making good choices. However, there are many factors affecting our life decisions, so promoting good decision making on a large scale is not easy.

This section describes disparities (that is, how some of our residents are not doing as well as others), and we make the further point that this struggling segment of the population is often our minority population – precisely the people who are sustaining the

population in the suburbs. We go on to present evidence that eliminating these disparities will not only benefit those who struggle, but will also benefit society as a whole.

Trend 1: Factors associated with poverty (teen parenting, single parenting, lack of a high school education, and unemployment) are disproportionately associated with our minority populations, thereby creating significant income disparities.

Figure 9: African Americans and Hispanic/Latinas are much more likely to give birth as a teen. In addition to this general observation, it is also interesting to note in this Figure that this trend played out differently in different parts of the region. Teen birth rates for Hispanics in DuPage were not much higher than for Whites, while in the suburbs outside of Cook and DuPage (in this case, Kane, Lake, and Will Counties), the teen birth rate among Hispanic/Latinas was very high.

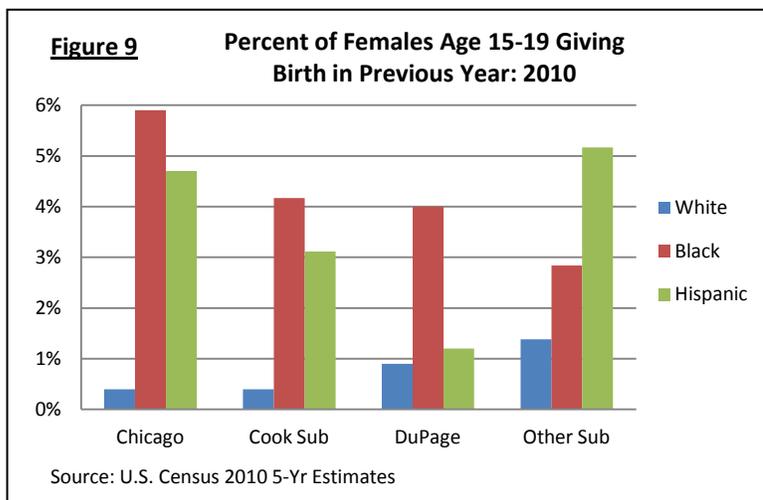
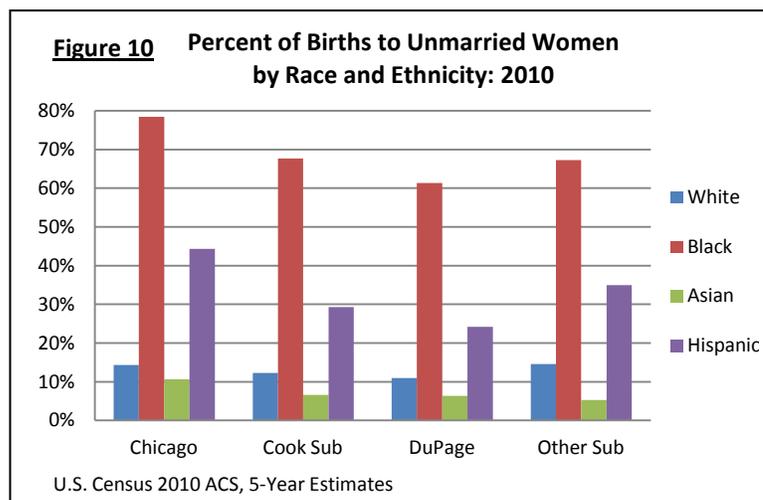


Figure 10: African American and Hispanic/Latina women are more likely to be unmarried when a child is born. This second factor (which is associated with poverty) also falls disproportionately on our minority residents. Region-wide, 32% of births are to single women, but for African American women that percentage is 74% and for Hispanic/Latina women it is 36%. What Figure 10 also shows us is that, although the trends for births to unmarried women are a bit lower in the suburbs, they are not substantially different than in Chicago.



Further analysis of Census data (2008 estimates) indicated an association between income, education, and being unmarried when giving birth. Of Illinois women giving birth who had no high school diploma or GED, 53% were unmarried, and of those below 200% of the poverty level, 57% were unmarried. This compares to only 34% for the

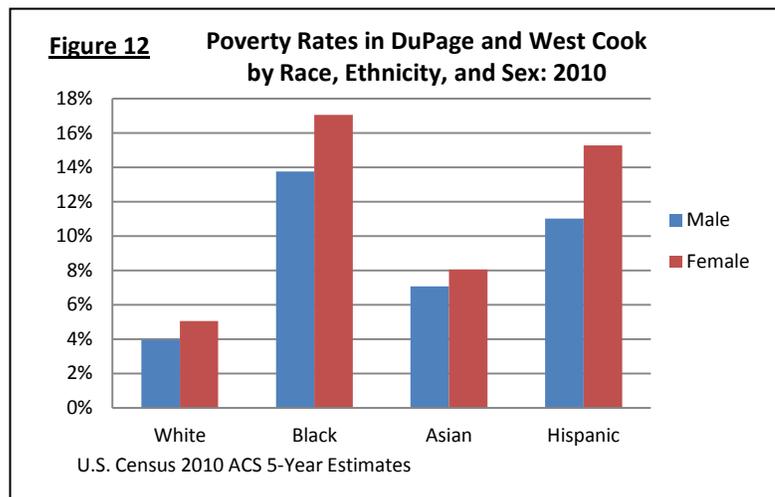
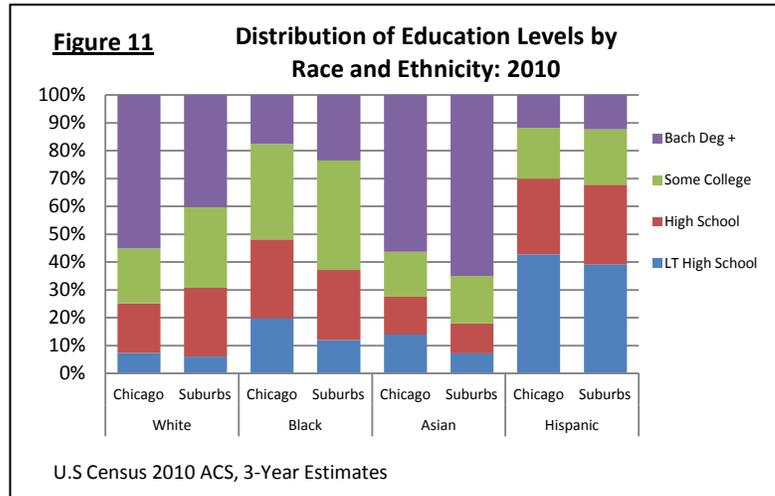
general population. Interestingly, only 22% of foreign-born women giving birth were unmarried, which is substantially below the statewide average.

Figure 11: There are major differences in educational attainment among racial and ethnic groups, and, of particular concern, too many Hispanic/Latinos did not complete high school. We are focused in this section on factors affecting poverty, and lack of a high school education is one of those significant factors. So, it is striking that roughly 40% of all Hispanic/Latinos 25 years old and above did not complete high school.

Analysis of dropout data in schools throughout the region indicates that both Hispanics and Blacks are many times more likely to drop out than Whites, and, in the suburbs, Black and Hispanic dropout rates are similar (at about three and a half times that of Whites). This suggests that the very high percentage of Hispanics without a high school education is due in part to the immigration of adults without this education. If immigration remains at its currently slower rate, some of this gap may naturally reduce as the next generation gains more schooling.

Still, the high percentage of persons without a high school diploma or GED is a concern that must be addressed, particularly because these impacts fall disproportionately on Hispanics and African Americans. For those who stay in school, a review of data on performance gaps in reading, math, and work skills indicates a gap in performance between Blacks and Hispanics and Whites. These gaps could also help explain the relatively low percentage of Blacks and Hispanics who are achieving a college degree as shown in Figure 11.

Figure 12: Poverty rates are significantly higher for African Americans and Hispanic/Latinos, particularly for women. Given the information in Figures 9, 10, and 11 above, and the study findings that relate these factors with poverty, the information in Figure 12 should not be surprising. What is hidden, but implied, in the statistics presented in figure 12 is final factor that increases the risk of poverty – unemployment.



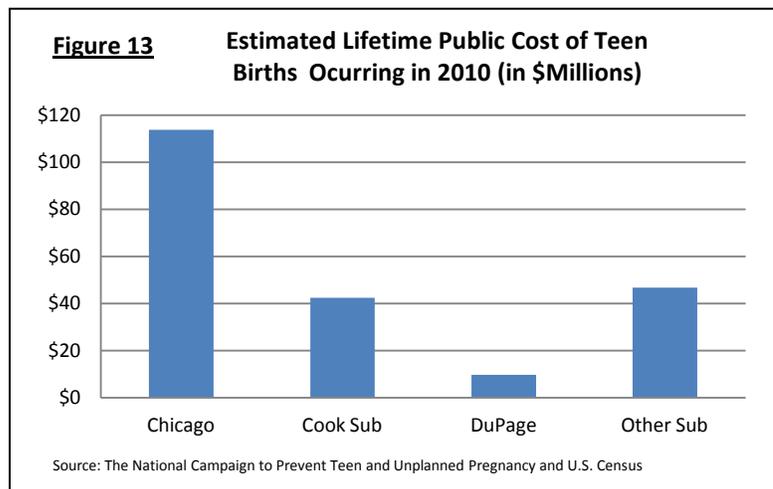
For 2010, when the overall Illinois unemployment rate was 10.2%, it was 17.8% for African Americans and 21.9% for African American men. For Hispanics, it was 12.7% with essentially the same rate for men and women. Also, according to 2010 Census data for Illinois, 55.1% of persons who did not complete high school were not working (either not in the labor force or unemployed). This compares to only 18.3% of college graduates who were not working.

Why These Disparities are Important

- The very groups that are falling behind in educational attainment, employment, and income are the people that have been sustaining, and will continue to sustain, our population and economy. The previous section described the changes in the demographics of the suburbs. Figure 4 particularly demonstrates that change. Suburban areas need the new residents to be contributing as much as possible to a high quality workforce and to be solid consumers of local goods and services. In other words, the new residents should be net contributors to the economic wellbeing of the community. We will discuss this more in the next section.
- For strategies to be successful in eliminating disparities and poverty, they must account for cultural differences. Figure 5 shows that over 10% of the DuPage population and nearly 19% of the West Cook population does not speak English well. Over 20% of the population in the DuPage and West Cook area is foreign-born (18% in DuPage and 24% in West Cook). All organizations, and particularly those serving vulnerable populations, need to build cultural competencies in order to be fully successful.

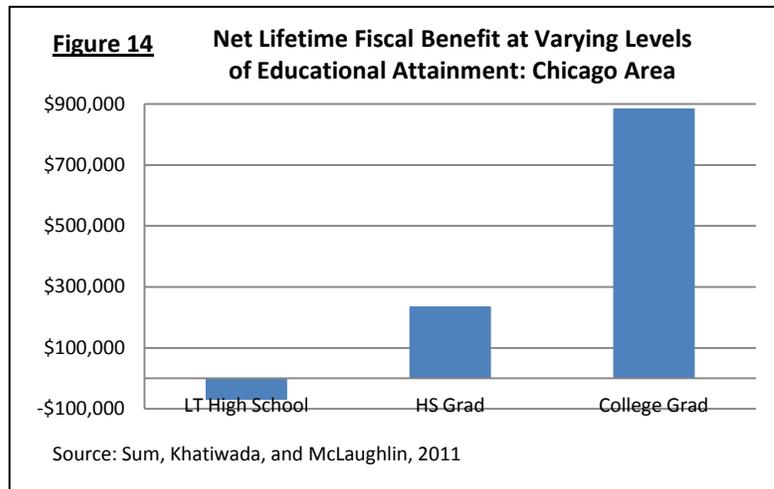
Trend 2: There is growing evidence of the value to society of reducing the kind of disparities that are described above.

Figure 13: The estimated public costs associated with teen births in the Chicago region in 2010 were over \$212 million. This estimate was developed out of research by the National Campaign to Prevent Teen and Unplanned Pregnancy. Nearly half of these costs (\$99 million) were attributed to suburban births. These public costs are made up of: (a) increased public sector health care costs (not including the cost of the actual birth); (b) increased child welfare costs; (c) increased costs of incarceration; and (d) lost revenue from lower taxes paid by the children of teen mothers because of lower education and earnings. This lost revenue is actually the largest contributor to public costs. The National Campaign cites several programs that have proven to be effective



in reducing teen and unwanted pregnancies, and a detailed review of some of these can be found in the document: Thomas, Adam, *Estimating the Effects and Costs of Three Pregnancy-Prevention Programs*, Center on Children and Families at Brookings, March 2011.

Figure 14: There is a net fiscal loss to the public when individuals fail to complete high school. These data come from a national study on the impacts of dropping out of high school (Sum, Andrew; Khatiwada, Ishwar; and McLaughlin, Joseph, "The consequences of dropping out of high school" (2009). Center for Labor Market Studies Publications. Paper 23. <http://hdl.handle.net/2047/d20000596>). These costs are



associated with various types of support, criminal justice, and incarceration costs. Reduced earnings (and thereby reduced taxes paid) result in a net fiscal loss of \$71,000 per dropout, whereas a high school graduate and college graduate will generate benefits that are \$236,000 and \$885,000 on the positive side respectively.

Additionally, high school graduates in DuPage and Cook Counties earn about 50% more per year than dropouts, and college graduates earn about two and a half times the amount of high school dropouts. So (based on these earnings levels and Census consumer surveys), every 10% decrease in the number of persons without a high school education in DuPage County (and corresponding increase in high school graduates) would add an estimated \$40 million per year to the economy. In suburban Cook, a 10% decrease in dropouts could add about \$170 million.

Why It Benefits Us to Reduce These Disparities

- Economies can be improved, and demands on government budgets can be reduced. We have cited only a few examples above of positive impacts to government budgets and to the economy of reducing the number of teen births or decreasing the number of high school dropouts. Some would suggest that we can reduce government impacts simply by reducing support for programs serving these populations. However, most costs are outside of government or are mandated government activities, including costs to the private healthcare system, costs associated with the criminal justice system, and the cost of reduced tax revenue from lower earnings. Benefits to the economy include more local earnings purchasing local goods and services and a more educated workforce for local jobs.

We only touched on a few examples relating to teen parenting and education. Another example is in the area of mental illness where the World Health

Organization estimated that untreated mental illness costs the U.S. about \$300 billion per year in public and private sector costs associated with related chronic health concerns, criminal justice, and public supports. In DuPage County alone, that would translate to about \$1 billion. There are many more studies that demonstrate positive impacts of addressing human service needs, including several return-on-investment analyses. A good summary of such studies has been done by the Social IMPACT Research Center in Chicago (see Rynell, A., Terpstra, A., Carrow, L., & Mobley, I. (2011, May). *The Social and Economic Value of Human Services. Chicago: Social IMPACT Research Center*).

- The wellbeing of our low-income population can be improved. Of course, not all of the benefits of tackling disparities are about the general economy and governmental budgets. If we improve the general health of a segment of the population, reduce the probability that they will encounter the criminal justice system or the child welfare system, and increase their earnings, we have improved the standard of living and the wellbeing of these individuals. These outcomes also make it worthwhile reduce disparities.

Special Challenges and Opportunities in the Suburbs

Above, we describe the major changes that have occurred in the suburbs with a particular focus on the western suburbs. These trends are not unique to the Chicago area, and a previously-cited Brookings study makes this point (Allard and Roth, *Strained Suburbs*, October 2010). This study examined the suburbs of Chicago, Los Angeles, and Washington DC, and found that: (a) although there was significant variation, the suburbs around Chicago and Washington DC showed substantial increases in the poverty population; (b) the social service networks of the suburbs are less dense and stretched further than the networks in their corresponding central cities; (c) suburban non-profits are seeing marked increases in demand for services due to demographic change and due to the effects of the “Great Recession;” and (d) almost half of suburban non-profits saw cuts revenue streams with more anticipated.

These challenges are embodied in the first of the two trends discussed below (the lagging resources), and we will present local data that demonstrate the challenge of resources in a changing environment. The second trend (which is not so much a trend as it is a fact of life in much of the suburbs) highlights the importance of working with local communities and why this is a particular issue in the suburbs.

We have already made the point that there are as many poor in suburbs as there are in the city, and we cite recent research stating that the suburbs are not as well equipped to deal with this growing need. Here we present some data as to why this is the case.

Trend 1: The legacy of sending resources to the large need populations in Chicago has created an imbalance because the growth in need has shifted to the suburbs. In other words, resources are now in shorter supply in the suburbs than in Chicago, and a greater percentage of needs are going unmet.

Figure 15: Federal programs are heavily weighted toward the central city of Chicago. This Figure displays data from the Consolidated Federal Funds Report for fiscal year 2009. The 17 programs shown here are all programs that are targeted to address a variety of needs of low-income and/or homeless people. A ratio of less than one in this chart means that DuPage programs are receiving a lower level of resources per unit of need than in Cook County. For example, DuPage received less than half the Community Development Block Grant (CDBG) dollars per person under 200% of poverty than in Cook County. For the Homeless Prevention and Rapid Rehousing (HPRP) program, DuPage received less than one-fourth the amount per person who is actually homeless. In fact, of the 17 programs shown on this chart, the balance is weighted significantly toward Cook in all but two cases.

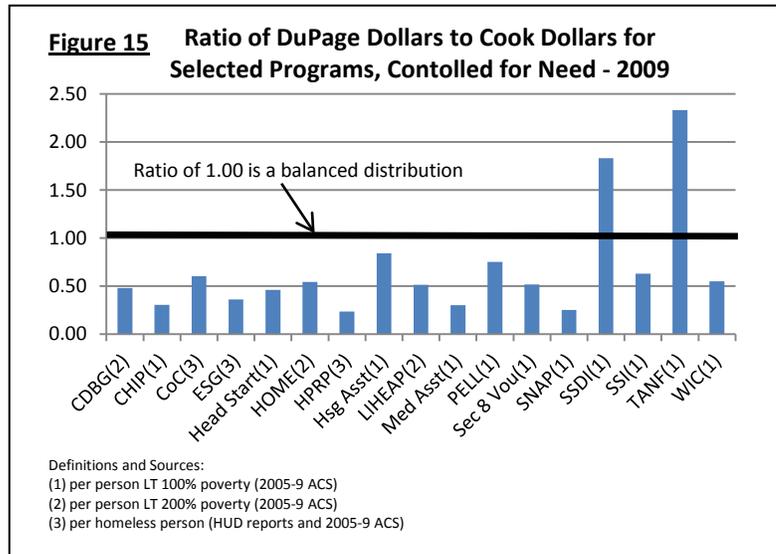


Figure 16: A child qualifying for Head Start is many times more likely to find a slot in Chicago than in the suburbs. This chart provides some detail about one of the programs in Figure 15. Head Start provides early childhood education to disadvantage children in order to improve school readiness and reduce performance disparities. A qualifying child in Chicago is about three times more likely to be able to get into such a program than in DuPage and almost four times more likely to find an opening than in Kane County. Other programs show a similar lagging of suburban resources. Data from the Illinois Department of Human Services suggest waiting lists for services that are almost four times as long in DuPage than in Cook. All of the collar counties have much longer waiting lists than in Cook.

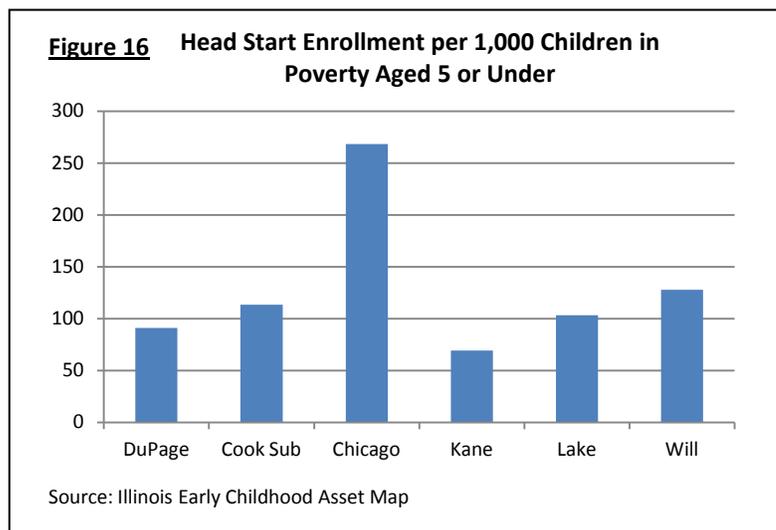
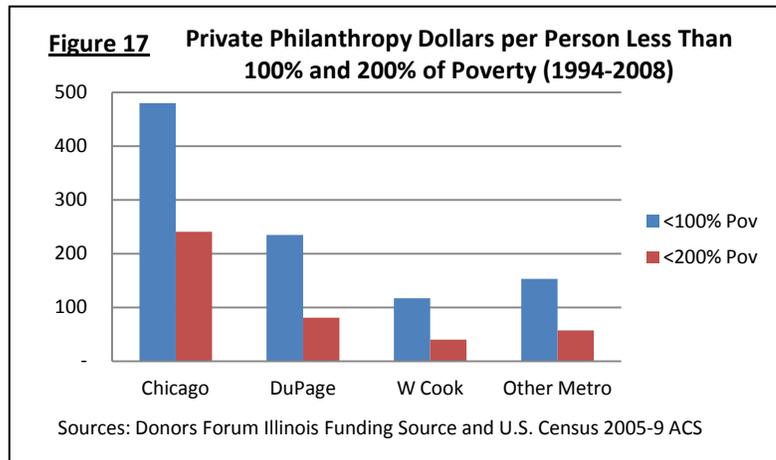


Figure 17: Private philanthropy is also heavily weighted toward the central city of Chicago. The lagging balance between resources in the city and in the suburbs is not just related to government funds. Figure 17 summarizes information about privately funded human services grants given over a number of years and the community to which each grant is attached (not the location of the grant maker).



The chart includes an evaluation of 15,775 grants from 1994 to 2008 totaling \$337 million. Grants attributed to Chicago were nearly \$277 million of the total and amounted to \$479.77 per person in poverty. West Cook had \$7.0 million (\$117.26 per person in poverty), and DuPage had \$11.3 million (\$234.86 per person in poverty). The rest of the region had \$42.2 million in grants (\$152.96 per person in poverty).

Admittedly, Figures 15 through 17 do not represent a comprehensive analysis of all public and private resources, and the data sources from which they were developed do have some inconsistencies in the information they contain. However, our discussions with many local organizations receiving public and private funding suggest that the general trends reflected in these figures do, in fact exist. Additionally, the trends we highlight for the Chicago area are occurring in most other metropolitan areas of the country.

As we are considering this imbalance of resources between the city and the suburbs, we have to put it in context.

Figure 18: The Illinois State Human Services budget is just one example of declining resources at a time when suburban needs are growing, which is a recipe for continuing this imbalance for a very long time. As we have previously said, *the needs in Chicago are not shrinking. It's just that the needs in the suburbs are growing.* So, the only way to address this imbalance of resources would be to send new resources to the places where the new needs are (i.e., the suburbs). But, there are no new resources. In fact, the situation is quite the opposite. Resources are declining.

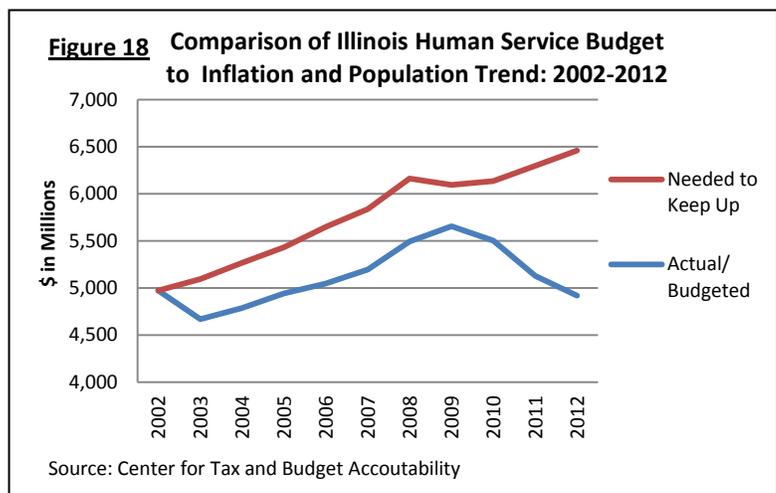


Figure 18 summarizes data from The Center for Tax and Budget Accountability (CTBA). Most of the data come from a special report they released in February 2010 that analyzed Illinois human services budgeting from 2002 to 2010 (for aging, children and family services, and human services). This analysis compared actual appropriations for this period with what these appropriations should be just to keep up with inflation and with population growth (and keep in mind that, based on our prior discussion, the population growth part of the upper trend line is occurring almost entirely in the suburbs). The data were updated to 2012 using annual budget analysis reports issued by CTBA. By 2010, the funding shortfall was over \$687 million, and by 2012 it will be over \$1.5 billion.

Regarding private giving, a December 2008 “Briefing on the Economy and Charitable Giving” by the Center for Philanthropy at Indiana University reported a 27% decline in their Philanthropic Giving Index (PGI), which gauges fundraisers’ confidence in the current climate for fundraising. This is the worst-ever decline in the PGI since it began in 1998 and much larger than the previous largest decline of 9% in 2001. Nearly 94% of fundraisers reported that the economy has had a negative or very negative effect on fundraising. Further, a Nonprofit Research Collaborative survey and analysis completed in December 2011 reported that there is continued pessimism among non-profits regarding the fundraising climate in 2012 (*Late Fall 2011 Nonprofit Fundraising Survey*, Nonprofit Research Collaborative, December 2011).

Discussion with local fundraisers and funders suggest that these national trends are much the same in the western suburbs. Fundraisers that rely on annual campaigns (e.g., the United Way and development staff of non-profit providers) are finding it difficult to raise funds because of the economy. This has significantly affected the availability of dollars to meet local needs.

Why the Lagging Funding in the Suburbs is Important

- This lag puts people in need in the suburbs at a disadvantage, and this disadvantage can negatively affect the economic and social sustainability of the suburbs. The suburban development is moving from an emphasis on high growth to and emphasis on sustainability, and much of this sustainability will revolve around a strong economy. Additionally, the new neighbors who are changing the suburbs must have the education and skills necessary to earn and be strong contributors to this economy. Therefore, we need to find the resources to reduce the disparities that will hold this new generation back.
- Because of the state of the economy, the condition of government budgets, and the growth in need, there are simply not enough resources to address this lag in funding. We need resources, but they are not likely to come from traditional sources. This makes it important to find new strategies, and we will discuss that in the final section of this document.

Trend 2: The needs we have been highlighting are dispersed throughout the suburbs. Decision making is also dispersed over a variety of independent and diverse communities, so addressing needs requires high levels of coordination and collaboration, and it requires sensitivity to local community and economic development priorities.

The suburbs are not governed by a single city council with a single mayor with a single school district like Chicago. While we can't say that Chicago's unified structure makes it easy to deal with its complexities, the geopolitical structure of Chicago does offer some options for creating and implementing policy that are just not available in the suburban setting. Above, we make the case that the human service needs of the suburbs are now essentially equal to Chicago, but the suburbs are governed by 413 separate and units of local government (6 counties, 114 townships, and 293 municipalities), and there are 294 school districts (whose boundaries do not coincide with municipalities or townships) and 12 community colleges. The complexity created by this array of jurisdictions has to be considered when implementing policies and programs in the suburbs. Below, we make two specific points.

Figure 19: Focusing on areas of the suburbs where there are perceived concentrations of need will miss a large portion of the need. This figure arbitrarily singles out 73 of the 293 suburban municipalities where poverty makes up at least 10% of the population. The Illinois statewide rate is 12.6%, so 10% is not a particularly high percent. Nonetheless, these "concentrated" areas only include 53% of the suburban poor. If we were to use the statewide poverty rate (12.6%) as our definition of a municipality with a concentration of poverty, the top 46 suburban municipalities would only cover 29% of the suburban poor. Programs that target geographic concentrations of need would (based on the two definitions we cite here) fail to cover 200,000 to 300,000 persons in poverty in the suburbs.

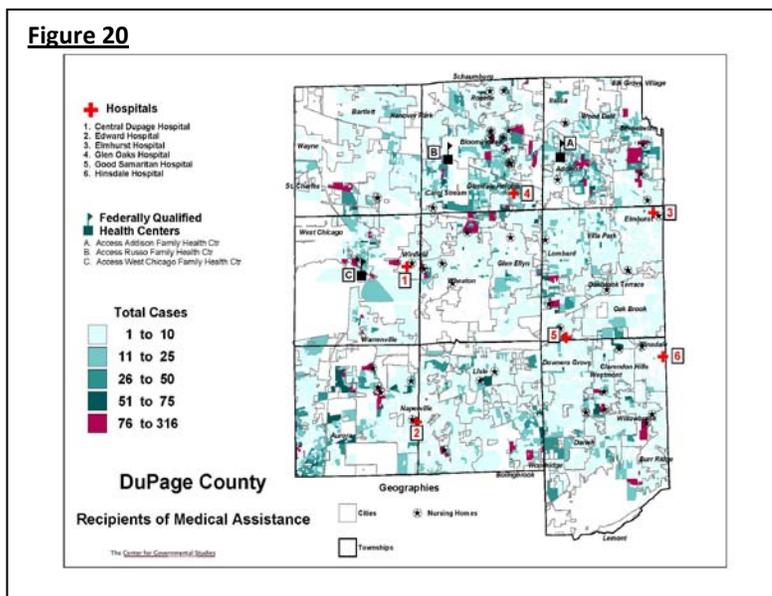
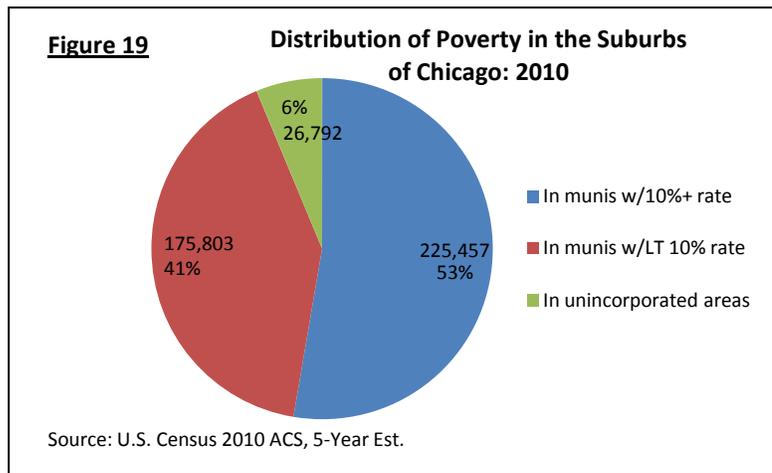


Figure 20: In DuPage (and this holds true in all of the suburbs) needs exist in every community. This map is too busy to read in detail, but it does show where the Medicaid population lives in DuPage (at the block level), and it demonstrates a small portion of the complexity of boundaries and jurisdictions. In addition to the Medicaid population, it shows municipal boundaries (of which there are 39 with some portion in DuPage) and the location of several health facilities. The important point illustrated in this map is that the blocks where low-income people live are located all over DuPage and in every community. But, municipalities are only one way to define communities. If we are focusing on education issues, communities could be defined by school districts, of which there are 43 in DuPage (each with different boundaries than the municipalities). Additionally, there are overlays of townships (which have statutory responsibility for addressing the needs of the poor) and counties that provide a variety of health and human services and are responsible for the unincorporated areas.

Why Dispersed Need and Fragmented Local Jurisdictions are Important

- A piece of the human service need exists in every suburban jurisdiction, but relatively few jurisdictions have a large enough piece to place these needs high on their list of priorities. There are many issues competing for the attention of local government budgets including public safety, various infrastructure demands, administration and enforcement of a number of codes and ordinances, economic development, and other services. Likewise, there are severe budgetary and performance demands on schools. Therefore, the kinds of human service needs described in this document are not given priority if the community need is perceived to be relatively small. And, as we have seen, that is the case in the majority of jurisdictions, so hundreds of thousands of people are not reached.
- Even if the need is proportionally large in a community, owning it and addressing it can be costly and can negatively affect the image of a community, particularly for smaller communities. The first challenge is that it takes resources to develop responses to the needs we describe above, including funding as well as staff time and attention that could be focused on other issues. Many smaller jurisdictions just do not have these resources. Second, local officials have told us that bringing in outside resources to address these needs often labels the community as having “problems” for which it requires outside help, and the community can be identified as a community in need (even though they don’t see themselves that way). Likewise, high stakes testing in schools can label a school as underperforming although administrators see it more as a measure of demographics than of the quality of the teaching and the curriculum. These issues are critical because communities compete for business growth and economic development in general. The image of a community with problems can affect the community’s development and finances in a tangible way.
- The combination of the two factors above, when seen in light of the lagging suburban resources previously described, creates significant challenges. Local community involvement in addressing many of the needs we describe is essential, but the structure of the suburbs creates barriers to such involvement. In the next

section, we discuss what we can do to not only overcome these barriers, but to take advantage of the assets that exist in the suburbs.

What We Can Do

When talking about what we can do to meet the challenges that are described above, it is important first to define the term “we.” The discussion below defines this term by outlining possible roles for four distinct sectors, which are: philanthropy, the public sector, the non-profit service providers, and the community. Although we refer to these sectors as distinct, you will note that there are many common and overlapping strategies that are recommended. This means that, for these strategies to be as effective as possible, it requires high levels of communication and cooperation among these sectors and within these sectors. Unfortunately, the level of communication and cooperation required is not a natural thing for organizations in these sectors to do. So, we will talk about that as a fifth set of recommendations.

Philanthropy’s Role: In addition to its role as a funder of services in the suburbs, philanthropy can play unique roles as a builder of capacity in the suburbs and as a unified voice of advocacy to government.

In discussing the philanthropic sector, we are referring to private foundations as well as the United Way and any other similar fundraising and grant-making organizations. A 2011 study examined the philanthropic sector in the regions of Atlanta, Chicago, Denver, and Detroit and particularly focused on the philanthropic grant making in addressing suburban needs (Sarah Reckhow and Margaret Weir, “Building a Stronger Regional Safety Net: Philanthropy’s Role,” Washington, Brookings Institution 2011). The study found: (a) that foundations serving the suburbs were newer and considerably smaller than those serving the central city even though most of the recent growth in poverty has been in the suburbs; (b) that, although there is variation in the patterns of grant-making, very little philanthropic dollars went to the suburbs; (c) that suburbs with higher numbers of persons in poverty received proportionately less in grants (that is, grant funds per person in poverty); and (d) that there are strategies for building capacity in the suburbs that are showing promise. Because this study highlights the same issues that we have been discussing above, the recommended strategies below draw from the Reckhow and Weir document as well as from our own analysis of the Chicago region.

- As a first step, philanthropic organizations throughout the Chicago region should more fully recognize the shift of poverty growth to the suburbs and develop fund development and grant-making policies accordingly. As we have noted in our analysis above, the level of need (as measured by persons in poverty or at 200% of poverty) is as large in the suburbs as in Chicago. Also, we also know that essentially all of the recent growth in that need has occurred in the suburbs. However, as noted in the Reckhow and Weir study and echoed in our analysis above, this does not mean that needs have appreciably diminished in Chicago. The oldest and the largest foundations in our region grew up with Chicago’s needs, and they are committed to many organizations in Chicago that address these needs. A pattern of directed

giving also limits their flexibility. Therefore, it is difficult for these large foundations to shift to the suburbs. Nonetheless, it is important that fundraising and grant-making patterns be changed to the extent possible as these organizations talk to potential donors and as resources become available.

- Philanthropic organizations should help build service capacity in the suburbs. The demands on the human service sector in the suburbs are expanding while resources are flat or decreasing. The Reckhow and Weir study describes four general strategies that show promise. These are: (a) to support regional service provider organizations that serve the suburbs; (b) to help establish new regional service provider organizations; (c) to foster new regional networks and collaborations of service provider organizations; and (d) establish new community foundations in the suburbs. In the Chicago suburbs, countywide community foundations exist in DuPage, Kane, Lake, McHenry, and Will Counties. There is also a Community Foundation of the Fox River Valley (serving the greater Aurora area, the TriCities area, and part of Kendall County), and there are community foundations in Evanston and serving Oak Park and River Forest. Suburban areas not covered by a community foundation would be the portion of suburban Cook County outside of these three municipalities.
- Philanthropic organizations should support efficiency improvements in the suburban human services sector. This is actually another way to build capacity by helping service providers accomplish more with the resources they have. Foundations and other funders can provide incentives and specific assistance to individual non-profit service providers to increase the internal efficiency of business processes in these organizations. Additionally, funders can encourage providers to implement programs with proven track records of success (evidence-based programs and best practices) and to collect and maintain data that demonstrate success, including return-on-investment analysis. The data on success and return-on-investment will be essential to gaining the broader support for human services that is discussed in other recommendations below. Finally, philanthropic organizations can work with public funders to improve the efficiency of the grant-making process, including, but not limited to, the development of common grant application and reporting procedures.
- Philanthropic organizations should work together and use their combined influence to advocate for government funding of human services. Federal, state, and local governments have all been pulling back on their support of human services activities at a time when demand is increasing. Also, our analysis above makes the case that governments will be burdened later by costs they could have avoided by investing in high quality programs now. Private funders, working together with a common message, can be strong advocates because they can be seen as funding partners with government and not as recipients.

The Public Sector's Role: The public sector in the suburbs is made up of organizations that can be funders as well as providers of services (but most are not) who are locally focused with autonomous governance structures and are generally small entities with limited resources. Therefore, the most critical need in this sector is to work together on complex issues.

The public sector is made up of tax-supported entities, and, in the suburbs, they come in many shapes and sizes. Local units of governments include counties (6 of them), townships (114 of them), and municipalities (293 of them). Our list also includes the public schools because of the critical role they play, not only in education, but also in the close connections they have with the people in local communities. There are 294 districts (with nearly 1,500 schools) and 12 community colleges in the suburbs. But, the public sector also includes Federal and State government, and we are particularly interested in the agencies within those governments that fund and interact with suburban human service networks.

- It is important that officials and policy-makers in the public sector develop a better understanding of the trends of growing needs in the suburbs, the importance of working with the new neighbors to enhance their success and prosperity, and the unique challenges of delivering human services in the suburbs. These are the issues that we have been discussing in this report. It is a complex environment, and not every challenge has a clear-cut solution. However, this report notes that we know quite a bit about the programs that work regarding issues like early childhood learning, reducing the dropout rate, treating mental illness, and others. We also know a lot about the societal return on investment in these programs. What we are struggling with is how to apply what we know in the complex suburban setting. Most programs were developed in urban settings, and Federal and State policies are often written with urban centers in mind and formulae often favor urban centers. Therefore, one of the first things we must do is to learn more about the new suburban neighbors and the suburbs themselves.
- Federal and State policy-makers need to take responsibility for funding of key services and understand that it is fiscally responsible to do so. In this report we note that Federal and State resources have been declining at precisely the time when we need to be addressing increasing demands in the suburbs. Because of the realities of the economy and the strain on government budgets, several strategies recommended in this report focus on creating capacity without additional support from Federal and State sources. However, Federal and State resources are critical to the network of services in the suburbs. While much of the responsibility for demonstrating the fiscal responsibility of services and strategies will fall with the services providers, Federal and State policy-makers have to be willing to use the data for informed decisions about priorities and take appropriate responsibility for funding key services.

- Government can work with providers of services and private funders to create new efficiencies in the human services system. In our prior discussion of the role of philanthropy, we talked about roles in assisting service providers to create capacity through efficiency improvements. Government agencies that are funding services can do the same things, and, in fact, should be working with private funders to promote these efficiencies.
- New roles for local governments and school districts as supporters of services in their communities should be developed, and, to be efficient with resources, many of these roles will likely be within a collaboration. One of the special challenges that we have noted in this report is the number and (mostly) small size of units of government and school districts in the suburbs. While some governments and school districts are developing some very good programs to address the challenges we discuss, more of the population could be reached with a strategy that makes it possible for wider application of these programs in other areas. A strategy that emphasizes collaboration on programs should make these programs more attractive and accessible to smaller jurisdictions.
- The public sector should encourage efforts to find new forms of support for human services. In the section below on the role of the non-profit service providers, the capacity building and revenue enhancement strategies can be implemented in cooperation with public sector entities. For example, some schools and local governments are contracting with non-profit providers to deliver services in the community or to students. The public sector can also participate in strategies that connect human services providers to the business community. A relatively new and innovative funding technique that encourages implementation of evidence-based programs is called “social impact bonds.” There has been some implementation in the UK, and some states in the U.S. are examining the use of such bonds. They have also been proposed (but not implemented) at the Federal level. These bonds use private capital investment to fund services, and the bonds are paid off by government from measured savings in government costs (or added revenues) attributed to these programs. In other words, the investor gets paid only if the programs perform as expected. Obviously, there are some limitations with this approach, but it is innovative.

The Role of Non-profit Service Providers: These providers should focus on maximizing efficiency, developing new forms of revenue, demonstrating the public value of their services, and reaching out to new partners for support.

Suburban non-profit service providers have to find new and innovative ways to support their services. A national survey of non-profits in the fall of 2011 by the Nonprofit Research Collaborative (NRC) found that 65% of non-profits saw an increase in demand for their services over the previous year. The prior year’s survey found that 68% saw an increase. In fact, 2011 marked the ninth year in a row that a majority of non-profits reported increases in demand. At the same time, fundraising has remained essentially flat. 2011 was somewhat better than recent years. However, the 2011 NRC report noted that only 41% of non-profits reported increases in fundraising while 28%

reported declines and 31% reported no significant change. These national trends are only heightened in the suburbs as suggested by both the Allard and Roth and the Reckhow and Weir studies cited earlier, by the information presented in our report, and by anecdotes and discussions with local non-profits. Below are suggested strategies for the non-profit service sector.

- Non-profits should work (individually and collectively) toward developing new forms of local support for what they do. One source of support with potential for expansion is the public sector (local government and schools, as outlined above). The rationale for this support is to see it as an investment in improving the income and self-sufficiency of the local population thereby improving the local economy and enhancing revenue. Support from the business community is another form of local support that could be based on the need to improve the local work force and the local economic climate for business. Developing these two sources of support (public sector and business) will require clear demonstrations of efficiency, effectiveness, and public value. A third source of support can come from entrepreneurial activities. Some non-profits have been able to develop income streams from programs and investments that provide some support for the organization.
- Non-profits should work together to build, maintain, and present information showing the public value of the work they do. This strategy is introduced as one that can be led and encouraged by the philanthropic sector with the cooperation of human service providers. It will be important to demonstrate that investments in providing efficient and effective human services now will reduce government expenditures on more costly interventions later on. For example, mental illness and addictions interventions are known to reduce criminal behavior, and they are much less costly than the impacts of crime. Further, social service programs that improve self-sufficiency have been shown to increase earning power and, consequently, the revenue (in the form of taxes) that these individuals provide to government. An organized effort to generate public value information and keep it in front of the public and policy makers will be essential to developing and maintaining resources.
- Non-profits should work (individually and collectively) toward increasing capacity by improving the efficiency of service delivery, and these improvements in efficiency should be made clear to the public and policy makers. One way to improve the efficiency of individual organizations is to employ tools that have been successful in the business and manufacturing world. Many non-profits are already using these tools but most are not. Additionally, we should look for opportunities to improve the efficiency and effectiveness of the human service delivery system including: (a) sharing information on best practices as well as enhancing systems to share client information where appropriate; (b) multi-agency and cross-sector coordination and collaboration on difficult issues; and (c) working with public and private funders to simplify the administration of the financial support received from these funders (including common application materials and consolidated reporting). Again, some of these efforts have begun, but there is much more to be done. Whether improving efficiency of individual agencies or making system-wide improvements, it will be

important to measure these improvements, the impact on increasing capacity, and the return on the investment in the improvements. This information is part of the public value argument that will be essential to increasing public support.

The Role of the Community: Because the people and the economy are what make up our communities, their participation and support are essential to the success of any strategies undertaken by government, philanthropy, and human service providers, and this participation and support will come from an understanding of the issues we have outlined above.

By the “community” we mean the people and its economy, but we have to be more specific than that to develop strategies. In fact, we have already covered some key parts of the community in discussing strategies for philanthropy, the public sector, and non-profit human service providers. So, what we are referring to in this section will be the local business community, the faith community, service organizations, the criminal justice system, and the general public (which could be defined as the electorate or general public opinion). It will be difficult to accomplish very much in any of the other three sectors without the support of the community at large.

- A shift in public knowledge and understanding must take place whereby the needs of the suburbs are given equal weight as those in Chicago. Probably most people in the suburbs realize that there has been a change in the make-up of the population and in the economy of the suburbs. However, many reports in the press and by urban scholars have noted that the suburbs are generally unprepared and lagging in their ability to respond to the needs created by these changes. While a first step is to increase the general level of knowledge about demographic change and the impacts, there must be simultaneous emphasis on the importance of responding in a positive way to the changes.
- The business community should see the services provided by human service agencies as an essential part of the infrastructure of the community and be willing to assist in ensuring the success of the human services sector. The business community understands the importance of the local infrastructure to their success, and businesses regularly advocate for improvements to systems such as the public school system, the transportation network, public utilities, and the technology grid. We have tried to make the case in this report that the human service delivery system is also beneficial to the community and to business because these services are key to creating better employees and reducing losses in productivity. The business community will be willing to invest its time and resources in an enhanced human service network if these advantages are made clear.
- The faith community, as well as service agencies in the community, should build stronger partnerships with professional human service agencies. Human service providers know that, for many people, a first contact to gain access to the human service system can take place with local clergy. For this reason, the faith community can be natural partners with human service agencies. Additionally, the faith community can be advocacy partners.

- The human services network should develop stronger partnerships with criminal justice professionals. This report makes passing reference to the relationship between criminal behavior and factors such as dropping out of school, mental illness, and substance abuse. In fact, these relationships are substantial and the resulting societal costs are substantial. In many communities, criminal justice professionals have become strong advocates for programs that address these concerns because they can explain their perspective on the outcomes if they are not addressed.

Bringing It All Together: In order to achieve the goal of success for the new neighbors in the suburbs, all four of the above sectors must be working together, and to do this will require strategic investment in building relationships, information sharing, cooperation, and collaboration.

In this report, we have described the demographic and economic changes that have transformed the suburbs, the impact of these changes, and the importance of responding in a positive way to this change. In formulating the response, we have also discussed the challenges relating to the current state of the economy as well the legacy of public and private support that has traditionally favored the central city of Chicago, and we describe the structural complexity of the suburbs and how that complexity affects the way we formulate our response. Finally, we present several strategies that are applicable to four major sectors, but, as you have probably already realized, there is a lot in common among these sectors. So, strategies relating to “bringing it all together” are as follows.

- All four of the major sectors (philanthropy, the public sector, non-profit service providers, and the community) must work at breaking down the barriers between themselves and the other three. Many successful initiatives and programs have been developed by teams that reach out to other sectors.
- We need to consider the importance of strategically promoting cross-sector coordination and collaboration and be willing to expend resources on the effort it takes to build a better system. Organizations in all four sectors resist expending resources on these efforts because such expenditures are seen as using precious resources on something that does not directly benefit a vulnerable population. Although the human services sector is beginning to form strong measures of the outcomes of direct services on the populations served, it is true that we are not as far along in measuring the tangible benefits of coordination, collaboration, and system change.

Conclusion

The suburbs are changing. In fact, they have changed. New neighbors have come to the suburbs to create more diverse communities, to add to and sustain the economy, and to contribute to the cultural and social richness of the population. Many are highly

skilled and educated, but, as this report shows, many are not achieving the prosperity of past generations of suburbanites. This report also notes that organizations in the suburbs that are tasked with addressing the needs of the new neighbors and reducing disparities in outcomes are strained by the fairly sudden increases in demand for their services during a time of dwindling resources. We make the case that the economy is partly to blame for the shortage of resources, but we also point out that a legacy of public and private resources being focused on central cities exacerbates the situation. While it is clear that the need for services in suburban Chicago has grown several-fold, it is equally clear that the need in the city of Chicago has not lessened.

This might sound like a bleak picture for the vulnerable population in the suburbs and the organizations that work with this population. However, it need not be. On the positive side, the human services profession is amassing more information everyday about what strategies and programs work, and this information is more readily available than ever before. We can also borrow tools from the business and manufacturing world that can enhance our efficiency. In other words, we can work smarter than we used to. The suburbs are also filled with organizations that are comfortable working across institutional boundaries. The institutions in the suburbs (school systems, healthcare, local government, and others) are strong and have a track record of success, so they expect to be successful.

What we are talking about in this report is the importance of being strategic as we cope with and benefit from the changing suburbs and the new neighbors. History is filled with examples of industries and companies that failed to adapt to a changing environment and the disastrous results of this failure. History is also filled with examples of getting ahead of the changes and prospering. With this in mind, it is our collective responsibility to make sure that our new neighbors are at least as successful as our old neighbors.