

In Illinois,
Care Can't Wait:
Prioritizing Our
Public Dollars for
Illinois' Families to
Live, Age, and

Live, Age, and Work with Dignity



ABOUT CARE CAN'T WAIT ILLINOIS

Care Can't Wait Illinois is a coalition of aging, disability, family caregiver, and worker advocates uniting to create an Illinois in which all Illinoisans have access to quality, affordable, and accessible care at every stage of life including aging and disability care, paid leave, and child care. We advocate to build a care economy for Illinois to ensure that disabled people and older adults have the resources to access care in the way they choose, family caregivers have the support they need, and care workers are paid family-sustaining wages and benefits with career advancement opportunities.

AUTHORS

Kathy Mendes, Senior Policy Associate, Jaimie Worker, Senior Director of Policy and Research, and Leela Berman, Policy Associate at Caring Across Generations authored this report.

DEDICATION

This report is dedicated to the Caring Majority in Illinois, the older adults, people with disabilities, family caregivers, and care workers whose lives are impacted by these policies every day and who are leading organizing and advocacy efforts to build an Illinois where everyone can live, age, and work with dignity.

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EXECUTIVE SUMMARY

Overview

The Illinois state budget, paid for using taxpayer dollars, reflects how policymakers prioritize public investments and value care. While Illinois has invested more in parts of its care economy in recent years, significant state and federal investments are still needed for communities to thrive and access care. Illinois families continue to struggle with the high costs of care and some are unable to access care entirely. Decades of underinvestment in care for older adults, people with disabilities, minimal support for family caregivers, and an undervalued and underpaid care workforce requires urgent action by state policymakers.

Today, Illinois' outdated and imbalanced policy choices impede funding for health care and education and entrench income and racial inequality by leaving many communities systematically underfunded and excluded.¹ Illinois must shift toward a progressive state and local tax system that requires the wealthiest to pay their fair share and utilize critical revenue to prioritize care as a public good. Without more progressive tax policies, the state will have to reduce funding and implement cuts to services or change eligibility rules to address its structural revenue deficit in the budget process, further complicated by recent federal actions reducing funding for states.

Federal funds make up nearly one-third of all funding in the Illinois state budget, and continue to be especially vital for investment in child care and early learning and aging and disability care. In July 2025, the majority in Congress passed legislation including massive cuts to federal dollars that Illinois and other states use for Medicaid and other care investments in order to pay for trillions in tax giveaways for the wealthiest and big corporations. This legislation, alongside other threats to federal funding, will severely curtail how Illinois supports care as a public good. Illinois is constitutionally required to pass a balanced budget each fiscal year, and would be unable to backfill these resources without reducing critical services that families rely on.



Nearly two-thirds (65.2 percent) of Medicaid dollars in Illinois are federal dollars. Medicaid is the primary payer for long-term care, including home- and community-based services (HCBS). Nearly 16,000 Illinoisans are on a waiting list to receive HCBS services through the Division of Developmental Disabilities. This number is likely to grow, in part due to Illinois' unique reliance on institutional care. Illinois can strengthen aging and disability care in the state by investing in homeand community-based services and ensuring good union jobs for direct care workers to respond to growing needs. However, those efforts will fall dangerously short unless the devastating cuts to federal Medicaid funding for states are reversed.

Illinois families also need a statewide, comprehensive paid family and medical leave program in order to prioritize care and caregiving needs without the risk of losing their job or essential income. The Paid Leave for All Workers Act, signed into law in 2023, allows employees who work for an employer of any size to earn one hour of paid time off for every 40 hours worked, but Illinoisans still don't have the support they need to maintain critical income and employment while taking longer-term leave for giving or receiving care. More than three in four (76 percent) Illinoisans lack longer-term paid family and medical leave, and 62 percent of Illinoisans are ineligible for unpaid leave under the federal Family and Medical Leave Act (FMLA). Paid leave is a foundation for healthier communities, more secure workers, and a stronger economy for all.

Illinois has made significant progress in child care and early learning infrastructure recently by expanding access to and lowering copays for the Child Care Assistance Program (CCAP), expanding access to public preschool and increasing funding for child care providers through the Smart Start Illinois program, and establishing a stronger collective bargaining agreement for home-based child care providers serving families using CCAP. However, infant care and child care are still unaffordable and inaccessible to many families in Illinois and early childhood educators remain underpaid. Without change, Illinois will continue to fail its children, push families to the brink, and perpetuate low pay for those who provide essential care.



POLICY RECOMMENDATIONS

State policymakers must prioritize policy solutions and state investments that value and support care and caregiving in Illinois' state budget. Significant, sustained state-level investments in aging and disability care as well as child care and early learning, a robust state paid family and medical leave policy, good jobs for care workers, and progressive revenue solutions would address pressing needs in Illinois' care infrastructure and make the state a national leader on care.



Aging & Disability Care for Illinoisans to Live and Age with Dignity

- **Strengthen Medicaid home- and community-based services** by eliminating the waitlist for services and addressing financial barriers that make it difficult for people to access care.
- Support good union jobs for direct care workers with family-sustaining wages and benefits, setting a wage floor of at least \$25 per hour and retirement benefits for this essential workforce to live, age, and work with dignity.
- Establish a statewide long-term care public insurance benefit so all Illinoisans have the
 freedom to choose where they live and age without having to impoverish themselves to qualify
 for Medicaid services.

Paid Leave for Illinois Families to Take Time to Care

• Pass a statewide, comprehensive paid family and medical leave program that would provide 18 weeks of leave; is inclusive of all workers regardless of where they work or who they work for; ensures affordability of taking leave for all workers; covers a broad range of care needs; and allows families of all kinds to be there for each other, including chosen family.

Child Care and Early Learning that Works for Illinois Families

- Make child care affordable and accessible for every family by significantly expanding state
 and federal investments to reach all families who need child care and support payments to
 providers that reflect the true cost of care.
- Support small businesses and workforce retention by paying early childhood educators familysustaining wages and benefits.

A Fair Tax Code to Raise Revenue and Prioritize Care

- Create a fairer state tax code for Illinoisans by shifting to a progressive revenue structure
 while avoiding additional burdens on low- or middle-income families and ensuring the
 wealthiest households and big corporations pay their fair share.
- Raise progressive revenue and reject tax cuts for the wealthiest and big corporations on the state and federal level. The state will struggle to meet the growing demands of its care infrastructure without robust revenue-raising policies, such as a millionaire tax, a wealth tax, or closing corporate tax loopholes.

In Illinois, Care Can't Wait:

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INTRODUCTION

Illinois' budget is funded by taxpayer dollars and it should reflect the public's highest values: investing in care, opportunity, and the future communities need and deserve. Everyone will need to provide or receive care at some point in their lives. While Illinois has led on investments in its care infrastructure in recent years in some areas, the high costs of care continue to leave many families struggling or unable to access the care they need. Decades of underinvestment also mean families continue to rely on unpaid family caregivers and an underpaid care workforce. Taking a closer look at budget trends and the state's level of investment in care can help policymakers take stock of what is most needed and understand where best to target public dollars. This is especially relevant given the current federal policy environment and recently passed legislation that cut trillions from essential programs to pay for tax cuts for the wealthiest and big corporations. State investments in care remain essential for Illinois' older adults and people with disabilities to live and age with dignity, children to have the care they need to thrive and grow, family caregivers to have the support they need, and care workers to be well-compensated with familysustaining wages and benefits.

This policy brief highlights state budget trends in Illinois across aging and disability care, paid leave, and child care and early learning, highlighting how Illinois' budget choices are already insufficient to meet the needs of family caregivers, children, older adults, people with disabilities, and care workers throughout the state. It also highlights how federal budget cuts could exacerbate disparities, and why Illinois' families need more investments in care, not less.



FEDERAL FUNDS REMAIN CRITICAL FOR VALUING CARE IN ILLINOIS' STATE BUDGET

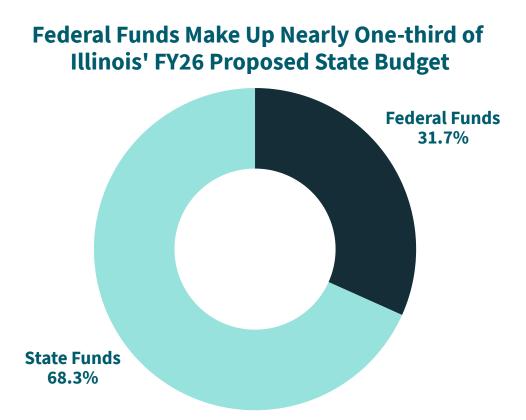
There is an inseparable link between state and federal budgets. Federal funds make up a significant portion of state spending. In Illinois, federal funds historically range from about one-quarter to one-third of the state's past budgets. In terms of revenue, or what the state collects from taxes, federal transfers, and other sources, almost 32 percent (\$37.2 billion) of Illinois' revenues for its proposed 2026 state budget comes from federal funds. In fiscal year 2025, Illinois allocated more state and federal funds toward agencies providing services in education (35 percent), human services (29 percent), and health care (24 percent) than any other services. Medicaid and other critical care services are housed within these agencies. Without critical federal support, Illinois would not be able to provide the services its residents rely on, like health care, aging and disability care, child care, food assistance, and more. Governor Pritzker's recent budget decision to effectively end the Health Benefits for Immigrant Adults program in June 2025 is illustrative of where state leaders often turn to "save" during challenging budget years and of an increasingly hostile environment for immigrant communities in the country broadly.



Illinois' flawed tax system further complicates its ability to make up for major potential cuts at the federal level. Historically, it has failed to generate sufficient revenue, constraining the General Fund's ability to cover the cost of core services like health care and education. Overall state appropriations in these areas, even after adjusting for inflation, have decreased by 9 percent over a period of 25 years. 15 State spending on health care and human services decreased by over 4 percent across the same time period. 16 Further, Illinois' income tax structure is flat, rather than graduated.¹⁷ Flat income tax structures are inherently regressive, meaning people with lower incomes pay a higher share of their income in income taxes than higher-income households. According to the Institute on Taxation and Economic Policy, Illinois' flat income tax system has exacerbated racial and ethnic income gaps: Black and Latinx tax filers with taxable income under \$250,000 effectively paid \$4 billion more in personal income taxes between 1999 and 2019 than they would have under a graduated tax system, while also allowing the wealthiest 3 percent of Illinoisans to pay \$27 billion less in taxes. 18

The state's sales tax structure is even more regressive – Illinoisans with the least resources pay nearly 8 percent of their income toward sales and excise taxes, while the state's wealthiest 1 percent pay just 0.7 percent of their income towards sales and excise tax. This is because lower-income households spend a larger share of what they earn to pay for day-to-day expenses and basic needs. Illinois' sales tax also reproduces racial and ethnic inequalities because households of color are disproportionately represented among low-income households, due to the compounding effects of historic and present-day racism. By clinging to a flat income tax, Illinois locks in a system where the most under-resourced families pay more while getting less—undermining families trying to make ends meet and depriving the state of necessary funding to prioritize care investments.

Notably, Illinois' Fiscal Year 2026 state budget included a combination of new revenue, cuts, and shifts in order to close a \$1.2 billion gap in the budget that was in part caused by a general slowdown in the country's economy and funding uncertainties created by the federal government. New revenue sources include taxing offshore tax shelter profits and closing loopholes for profit-shifting among corporate subsidiaries and investors. Tax policy choices like these highlight how invaluable taxes on the wealthiest households and wealthy corporations are to ensuring the state has sufficient resources to fund its public goods and services including essential care that communities across the state rely on. 22



Source: The Civic Federation. "Illinois Proposed FY2026 Budget Overview," March 21, 2025, based on Illinois State Proposed FY2026 Budget, p. 144.

Threats to change federal policies and actions to cut funding by the Trump Administration and the majority in the U.S. Congress, such as recently passed cuts to Medicaid, SNAP, and other essential programs in order to pay for trillions in tax cuts for the wealthiest and big corporations, will have serious repercussions for state budgets.²³ Illinois, which is constitutionally required to pass a balanced budget each fiscal year, would be unable to backfill these resources without reducing critical services.

In the case of cuts to Medicaid and the Affordable Care Act, more than 380,000 Illinoisans are at risk of losing their health care as a result of the Republican-led budget bill.²⁴ Implementing cuts and other harmful changes to Medicaid shifts costs to states, effectively forcing states to cut services, limit eligibility, decrease payments to providers, and take away essential care while also further eroding the direct care worker and early childhood educator workforce which is already stretched thin.²⁵ Cuts to Medicaid and the Affordable Care Act alone are estimated to cause a \$46 billion funding loss over 10 years for the state.²⁶ The same federal budget bill included historic cuts to the Supplemental Nutrition Assistance Program (SNAP), which would have similar effects on state budgets, families, and the care workforce.²⁷ Additional provisions in the legislation will make household energy bills more expensive and increase costs for student borrowers, making it even harder for families to be

able to afford basic necessities like rent and groceries.

Illinois' state-funded pre-kindergarten program and funding for child care assistance is supported by a mix of federal and state dollars and is also negatively impacted by federal funding threats and cuts. 28 For example, Head Start is a federally funded program that provides child care and early learning services to children from birth to age five from families with low incomes, and helps local communities build more robust preschool programs and early learning programs. The Trump administration has attempted to dismantle Head Start by delaying and disrupting funding, eliminating staff, attempting to exclude program participants based on immigration status, and closing regional offices, including the office located in Chicago.²⁹ Head Start makes up a significant share of early childhood and child care spending in the state, alongside federal funding from the Temporary Assistance for Needy Families program which can support child care for families with low incomes and the Individuals with Disabilities Education Act (also known as IDEA) part B and C funds which provide early intervention services for children with disabilities.³⁰ If these programs are dismantled, children will lose critical care, providers will be forced to shut their doors, and local economies could collapse under the strain. States like Illinois could see a decline in the number of children served in child care programs along with their state preschool programs and other state-based early care and education initiatives negatively affected as a result.31





AGING & DISABILITY CARE,
PAID LEAVE, AND CHILD CARE
IN THE ILLINOIS BUDGET

Increased State Investment in Aging & Disability Care Is Urgent in Light of Federal Legislation that Cut Medicaid

Nearly two-thirds (65.2 percent) – or more than \$21 billion – of all funding supporting Medicaid in Illinois is made up of federal dollars.³² The Illinois Department of Healthcare and Family Services primarily administers Illinois' Medicaid spending, though some Medicaid spending also occurs through the departments of Human Services and Aging.³³ Medicaid is a lifeline for more than 3 million people throughout the state, including 275,100 adults 65 years and older, 1.4 million children, and more than 390,600 people with disabilities.³⁴

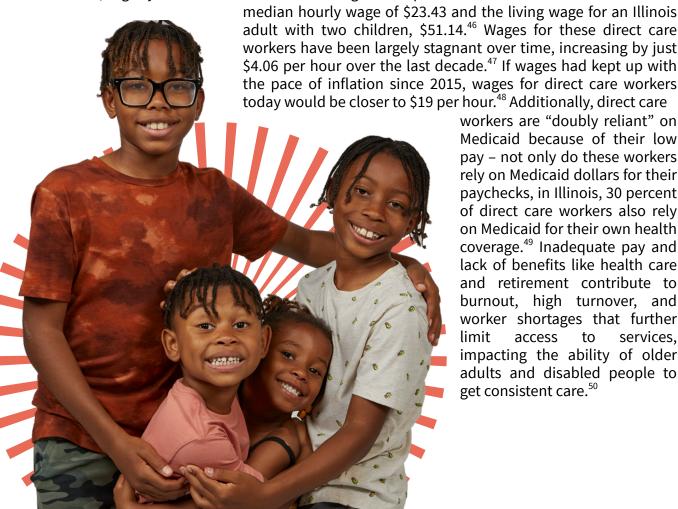
In addition to providing health care for children and families with the least resources, including care during pregnancy and childbirth, Medicaid is the primary payer for long-term care, both institutional care such as nursing homes and home- and community-based services (HCBS).³⁵ HCBS assist people with disabilities and older adults with day-to-day activities, providing critical support to family caregivers and support for care recipients to live and age with dignity in their own homes and communities.³⁶ HCBS are much less costly to provide than institutional care, creating an opportunity for the state to redirect funding to provide care that people overwhelmingly prefer to more people.³⁷

The Illinois Department of Healthcare and Family Services administers nine HCBS waiver programs that provide services that allow people to remain in their own homes or live in a community setting. ³⁸ This includes the Community Care Program (CCP) for older adults through its Department on Aging and the Home Services Program (HSP) for people with disabilities through its Department of Human Services. ³⁹ CCP and HSP are both state programs that are supported by waivers and require that participants need institutional-level care, with the main difference being that CCP allows both eligible Medicaid enrollees and those without Medicaid to receive services. CCP is the largest HCBS program for older adults in the state, serving nearly 78,000 people – representing more than half of Illinois residents who use any kind of long-term service or support, including institutional care. ⁴⁰ In 2021, the most recent year for which data are available, an estimated 198,400 Illinoisan Medicaid enrollees used some kind of home- and community-based service, with 78 percent of all long-term supports and services (LTSS) going toward home- and community-based services. ⁴¹

The need for care only continues to grow, even as nearly 16,000 Illinoisans are on a waiting list to receive HCBS services through the Division of Developmental Disabilities, though the number of people in need of or waiting to receive any kind of HCBS service is likely higher. 42 While CCP and HSP do not operate formal waitlists, waiting to receive services is a common experience across Illinois HCBS programs. Recent data shows that the length of the waitlist has decreased in recent years. 43 As demand for HCBS programs, especially CCP, continues to grow, further state investment is needed to ensure older adults and people with disabilities can receive services when they need them. 44

The reduction in the HCBS waitlist may reflect a significant loss of opportunity for people to remain in their homes and communities, driven not by choice, but by the state's failure to provide accessible services. Illinois has been trying to rebalance this bias toward institutions and meet the decrees laid out in Olmstead v. L.C., a 1999 U.S. Supreme Court decision which recognizes community living as a civil right and requires public agencies to provide services in the most integrated setting possible. While compliance with consent decrees under Olmstead have resulted in fewer people in stateoperated developmental centers, much more is needed to ensure Illinoisans have the freedom to live in the setting of their choice.⁴⁵

Access to aging and disability care for older adults and people with disabilities also relies on a wellsupported direct care workforce. Direct care workers, including direct support professionals, personal care aides, and home care workers, provide life-sustaining care for older adults and people with disabilities to live safely and independently in their own homes and communities. However, these workers remain vastly underpaid with little to no benefits. Workers, including those employed by agencies or as compensated family caregivers, are primarily paid using Medicaid dollars. The median hourly wage for the nearly 119,640 home health and personal care aides in Illinois was just \$17.46 in 2024, slightly above the state minimum wage of \$15 per hour but far short of the state's



workers are "doubly reliant" on Medicaid because of their low pay - not only do these workers rely on Medicaid dollars for their paychecks, in Illinois, 30 percent of direct care workers also rely on Medicaid for their own health coverage.49 Inadequate pay and lack of benefits like health care and retirement contribute to burnout, high turnover, and worker shortages that further access to services, impacting the ability of older adults and disabled people to get consistent care.50

Despite clear and ongoing needs, Illinois has not invested in workers in the ways they deserve. Yet, the state has taken some recent steps towards investing in care workers and care recipients. In 2024, the state budget allocated funds for a modest \$1/hour wage increase for direct care workers across its major HCBS programs effective in 2025, alongside establishing an \$18 per hour wage floor for workers serving CCP recipients. In the 2026 budget, workers serving CCP recipients and direct service providers won modest wage increases (\$.75 and \$.80 per hour, respectively), despite challenges closing a \$1.2 billion budget gap. While these wages fall short of the \$25 per hour wage floor advocates called for, the increases represent an important step toward providing direct care workers family-sustaining wages and benefits.

THE MEDIAN HOURLY WAGE FOR HOME HEALTH AND PERSONAL CARE AIDES IN ILLINOIS HAS INCREASED BY ONLY \$4.06 BETWEEN 2014 AND 2023.

Home Health and Personal Care Aides Median Hourly Wages Adjusted for Inflation, 2014 to 2023



Notes: Median hourly wages over time were adjusted for inflation to 2023 dollars using the Consumer Price Index for All Urban Consumers (Current Series).

Source: PHI National. Workforce Data Center: <u>Wage Trends for Illinois</u>, based on the Bureau of Labor Statistics (BLS) Occupational Employment and Wage Statistics (OEWS) program May 2014 to May 2023 State Occupational Employment and Wage Estimates.

Similarly, while the state makes some resources available, Illinois could do more to invest in family caregivers that provide life-saving, often unpaid care. The CCP program supports people with disabilities to self-direct their own care by hiring their care provider, including a family member or friend if they choose. This also provides additional critical income for families experiencing financial strain, ranging from significant caregiving costs to the impacts caregiving can have on a caregiver's employment. ⁵⁴ Medicaid HCBS in Illinois provide family caregivers with some additional support, such as training, support groups, and respite care. ⁵⁵

Still, family caregivers continue to fill in already enormous gaps in care for older adults and people with disabilities despite inadequate support, including the lack of a statewide paid family and medical leave program, as discussed in the following section. This includes nearly 1.3 million caregivers in Illinois, many of whom incur thousands of dollars in out-of-pocket caregiving costs. Their contributions are overwhelming: Illinois caregivers contribute \$21 billion worth of economic value in unpaid care to the state.

Recently passed federal legislation will significantly reduce dollars for states through cuts to Medicaid, SNAP, and other programs families who give and receive care rely on. These cuts further devalue care and will ultimately result in significant state budget shortfalls and have negative, downstream effects on existing care supports for all Illinoisans. 59 This is in part because Medicaid dollars are the single largest source of federal funding for states and are second only to education for overall Illinois expenditures. 60 States would be unable to make up for such a loss in funding without making cuts to critical goods and services, and home- and community-based services would be among the first services that states are forced to eliminate. 61 This is because, unlike institutional care, Medicaid HCBS are considered optional services under federal law.⁶² Such cuts would leave older adults and people with disabilities with even less freedom to choose where they live and age, continue to leave direct care workers underpaid, and further an over-reliance on family members to leave the workforce in order to provide uncompensated care. 63

The Absence of Paid Family and Medical Leave Forces Families to Make Impossible Choices Between Giving or Receiving Vital Care and Keeping the Jobs They Need to Make Ends Meet

Everyone will have to give or receive care at some point in their lives. Paid family and medical leave and paid sick leave policies make it possible for workers to do so without risking their jobs or paychecks and improve overall public health. Illinois has made some progress on improving access to paid leave in the state. In 2023, Illinois passed the Paid Leave for All Workers Act, administered by the state Department of Labor, which allows employees who work for an employer of any size to earn 1 hour of paid time off for every 40 hours worked, up to 40 hours, or 5 days, of paid time off.⁶⁴



Before this, Illinois had no paid time off policy that required all employers to provide a minimum number of days off, though some local communities, including the city of Chicago and Cook County, passed paid sick days policies of their own.⁶⁵

While a major improvement, the Paid Leave for All Workers Act still leaves many workers —especially the most underpaid workers, who are disproportionately women, Black, and Latinx⁶⁶ — with only five days of paid time off for an entire year. Illinoisans still don't have the support they need to work while taking longer-term leave for care, whether it's for themselves or a loved one, because Illinois has no statewide paid family and medical leave program. More than three in four Illinoisans (76 percent) lack longer-term paid family and medical leave, and even unpaid leave under the federal Family and Medical Leave Act is inaccessible for 62 percent of Illinoisans.⁶⁷ A statewide paid family and medical leave program is especially critical for family caregivers and underpaid care workers, who are less likely to be in jobs with employer-provided paid leave, and are often Black, Brown, and immigrant women.⁶⁸

Paid leave policies in other states have proven to be a critical support for both workers and employers: they improve workforce participation and support businesses and the economy by reducing turnover and strengthening retention. ⁶⁹ After initial start-up and administration costs, paid family and medical leave policies are generally financially self-sustaining. ⁷⁰ A worker would receive wage replacement through a statewide insurance pool, funded using modest, shared payroll contributions by workers and employers.

The absence of paid leave worsens Illinois' economic and care challenges, imposing significant costs on families. While progress at the state level is important, a strong nationwide system of paid family, medical, and sick leave is essential to ensure all workers, regardless of where they live or work, can take time off when they need it. Paid leave allows people—particularly women—to remain in the workforce while caring for their families or their own health, and ensures older adults and people with disabilities can access the care they require.



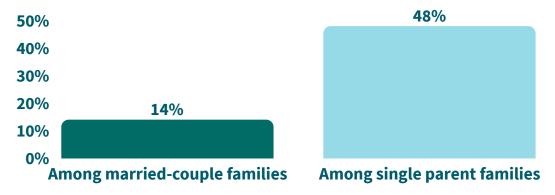
While Significant Recent Progress Has Been Made to Child Care and Early Learning Infrastructure, Unmet Needs Remain

About two-thirds – or around \$1.5 billion – of child care and early learning spending in Illinois consists of federal funding, sustaining services and programs like Early Head Start and Head Start, early intervention services for children with disabilities, subsidized child care assistance, and TANF, which in part helps fund child care services in the states. Including state budgetary contributions, child care and early learning programs serve approximately 188,000 children and families, or 22 percent of children ages 5 and under, in the state. In some cases, children and families participate in more than one program.

Investments in child care and early learning are critical for children's development, families' financial security, and the overall growth and health of Illinois' economy. Importantly, early childhood educators are foundational to supporting parents and family caregivers, women especially, in participating in the workforce. Yet, as a result of a patchwork of inadequate state and federal funding, families struggling to make ends meet are left straining to afford child care, while providers, mostly small businesses, do not receive the resources they need to keep the doors open, provide culturally responsive care, and support children to thrive in their earliest years.

The structure and inadequate funding of child care and early learning in Illinois historically contributes to ongoing trends seen today, where child care remains unaffordable and inaccessible, and providers and workers are underpaid and overworked, especially following the expiration of previous federal investments. According to the U.S. Department of Health and Human Services, child care is affordable if it costs no more than 7 percent of a family's income. Hy this standard, only 13.4 percent of Illinois families can afford infant care. In 2024, the average price of full-time center-based care for an infant in Illinois was \$19,807 per year, constituting 14 percent of the median income for a married couple and nearly half or 48 percent of the median income for a single-parent family.

Average Price of Center-Based Infant Care as a Percentage of Median Family Income in Illinois (2024), by Family Type



Notes: The median family income is based on single-parent and married-couple families with their own children under the age of 18 in Illinois, using the U.S. Census Bureau, <u>American Community Survey (ACS) 2023</u>, Table B19126. The ACS does not have income data on two-parent, non-married couple families with children.

Source: Child Care Aware of America, "Child Care Affordability in Illinois," 2024.

As discussed earlier, a mix of federal and state funding supports Illinois' subsidized child care program, the Child Care Assistance Program (CCAP), which allows some parents to access child care programs that they otherwise would not be able to afford. According to the most recent data available, CCAP serves nearly 200,000 children under the age of 13 with some fluctuation over the years but no significant shifts. With CCAP, families pay no more than 7 percent of their family income for child care, making it a critical resource for families with low incomes. Different types of early care and education providers who serve families using CCAP in Illinois provide a range of options to meet the diverse needs of families, including center-based and home-based child care. Importantly, licensed family child care homes and license-exempt family, friend, and neighbor providers offer home-based child care arrangements that provide care to families served by CCAP and can meet families where they are, providing non-traditional hours for care in settings with fewer children than centers. Providers, especially family, friend, and neighbor providers, often have low incomes themselves and report insufficient funding to cover children's care needs such as food. Their low pay does not reflect the essential role these providers play in meeting the high demand for child care that is culturally responsive and flexible enough to support parents who work in different sectors.



The consequences of the disparity between what families can afford and the true cost of care, combined with still-inadequate provider payment rates, fall on providers who are unable to offer their own workers family-sustaining wages and benefits and who cannot afford the increasing price of food and supplies while keeping their doors open. This disproportionately harms child care providers and workers, who are overwhelmingly women of color in Illinois, and contributes to the workforce crisis that makes it even harder for parents to get the child care they need. In 2022, the median wage for the early childhood education workforce was \$13.33, up 3.3 percent from 2019, after adjusting for inflation in 2022 dollars. Additionally, pay disparities exist between child care workers and early educators. In 2024, Illinoisan child care workers made an average hourly wage of \$16.62, for an average annual salary of \$34,560. In contrast, Illinois preschool teachers were paid an average annual salary of \$41,500. Pay remains so low for child care workers in Illinois that more than two in five (42 percent) early educator households participate in one or more public benefit programs and are 6.2 times more likely to live in poverty than elementary and middle school teachers.

Demand for child care in Illinois remains higher than supply, and federal child care funding sources have never been sufficient to serve all eligible children. However, the state made positive policy improvements in 2022, which included expanding income eligibility for the program, raising reimbursement rates by 8 percent, lowering copays to \$1 for CCAP-eligible families with a parent working in child care, and implementing a 3 percent cost-of-living adjustment to the reimbursement rate for Early Intervention services. However, the state made positive policy improvements in 2022, which included expanding income eligibility for the program, raising reimbursement rates by 8 percent, lowering copays to \$1 for CCAP-eligible families with a parent working in child care, and implementing a 3 percent cost-of-living adjustment to the reimbursement rate for Early Intervention services.

In addition to the policy changes described above, the Pritzker administration has made strides in recent years to address the inadequacy of the state's early childhood infrastructure, including the Governor's Smart Start Illinois program, which aims to improve child care access and affordability by expanding access to public preschool and increasing funding for child care providers. In the second year of the initiative, the state budget allocated \$14 million toward launching the Department of Early Childhood, which will make it easier for families to access services and reduce the administrative burdens placed on providers.⁸⁷ Investments were also made in CCAP, with \$36.5 million going toward supporting higher program participation. The administration also allocated \$200 million to fund Smart Start Workforce Grants, which provide funding to child care programs, enabling them to cover operational costs and invest in staff without increasing tuition or co-pays for families.⁸⁸ Notably, home-based child care providers serving families using CCAP also won a stronger collective bargaining agreement.89 The contract included a 25 percent cumulative increase in CCAP rates over the term of the agreement (2023-2027). Other highlights included a plan to work towards providing retirement benefits, rate add-ons according to seniority, more training resources, improvements to the CCAP application process, and stronger union protections. The Fiscal Year 2026 budget included appropriations for year three of Smart Start Illinois that will increase salaries through Smart Start Workforce Grants to recruit and retain early childhood educators, and also expand funding for CCAP to meet growing demand from families who need affordable child care.91



Efforts to improve early childhood educator compensation are impacted by stagnant, insufficient funding in other critical areas. The 2026 budget only maintained current levels of funding for the Early Childhood Block Grant at the Illinois State Board of Education, which supports Preschool for All, Preschool for All Expansion, and Prevention Initiative programs for young children.⁹⁴ After adjusting for inflation, maintaining funding in nominal dollars results in a real year-to-year cut of \$17.8 million.95 Inadequate funding becomes even more concerning when considered in the context of broader systemic underinvestment. According to a 2021 report by the Illinois Commission on Equitable Early Childhood Education and Care Funding, an adequately funded early childhood system would require an estimated annual public investment of no less than \$12.4 billion, compared to the combined state and federal investment of about \$2 billion in the same year. 96

The unmet need for child care in Illinois is an issue that requires state leaders' attention regardless of the cyclical ups and downs of state and federal budgets. This is especially crucial in the wake of threats to Head Start programs and cuts to federal funding for childcare in Illinois and across the country. ⁹⁷ More resources are needed across a host of early childhood and child care programs to build a robust pipeline of educators, strengthen the early childhood education workforce, and ensure that families and children receive affordable child care in the setting of their choice.



POLICY RECOMMENDATIONS FOR VALUING CARE AND CAREGIVING

Transformative investments in Illinois' care economy have the potential to make Illinois a national leader in enabling families to live, age, and work with dignity. The following state policy recommendations, paired with additional investments at the federal level, would provide desperately needed relief for families struggling with the high costs of care, pave the way for universal access to care at every stage of life, support children and family caregivers when they need it most, and create good jobs across the state in the care sector, especially as demand for care continues to grow. State investment in these areas will be even more crucial in the wake of the Republican-led budget bill, which made devastating cuts to federal funding for Medicaid, SNAP, and more.



Aging & Disability Care for Illinoisans to Live and Age with Dignity

- **Strengthen Medicaid home- and community-based services** by eliminating the waitlist for services and addressing financial barriers that make it difficult for people to access care.
- Support good union jobs for direct care workers with family-sustaining wages and benefits, setting a wage floor of at least \$25 per hour and retirement benefits for this essential workforce to live, age, and work with dignity.
- Establish a statewide long-term care public insurance benefit so all Illinoisans have the freedom to choose where they live and age without having to impoverish themselves to qualify for Medicaid services.

Paid Leave for Illinois Families to Take Time to Care

• Pass a statewide, comprehensive paid family and medical leave program that would provide 18 weeks of leave; is inclusive of all workers regardless of where they work or who they work for; ensures affordability of taking leave for all workers; covers a broad range of care needs; and allows families of all kinds to be there for each other, including chosen family.

Child Care and Early Learning that Works for Illinois Families

- Make child care affordable and accessible for every family by significantly expanding state
 and federal investments to reach all families who need child care and support payments to
 providers that reflect the true cost of care.
- Support small businesses and workforce retention by paying early childhood educators familysustaining wages and benefits.

A Fair Tax Code to Raise Revenue and Prioritize Care

- Create a fairer state tax code for Illinoisans by shifting to a progressive revenue structure
 while avoiding additional burdens on low- or middle-income families and ensuring the
 wealthiest households and big corporations pay their fair share.
- Raise progressive revenue and reject tax cuts for the wealthiest and big corporations on the state and federal level. The state will struggle to meet the growing demands of its care infrastructure without robust revenue-raising policies, such as a millionaire tax, a wealth tax, or closing corporate tax loopholes.

CONCLUSION

Every dollar allocated—or withheld—in Illinois' state budget carries consequences for real people. It can either build a fair, inclusive care system or deepen the hardships faced by communities already left behind. Unfortunately, for decades, Illinois has failed to adequately support public investments in care, resulting in too many families, older adults, disabled people, family caregivers, and more struggling to access and afford care that meets their needs.

Illinois' failure to support public care investments is due to the choices that state leaders too often make during tough budget years, choosing to cut from care programs across aging and disability care, paid leave, and child care to balance the budget, rather than raise revenues by requiring the wealthiest to pay their fair share. Federal and state budgets are inseparably linked, and federal funding cuts have serious repercussions for state budgets that support public goods and services that families rely on. In recent years, the Pritzker administration has taken steps to correct this course, including substantial investments in child care and early learning, establishing a paid time off policy for workers, and recent moves to raise revenue from more progressive sources. Federal funding cuts to Medicaid and other essential care programs in order to pay for trillions in tax cuts for the wealthiest households and big corporations add even more urgency to finding new progressive revenue sources. Ultimately, significant, sustained increased federal and state investments in aging and disability care, paid leave, and child care and early learning would make Illinois a national leader on care. State policymakers must prioritize policy solutions and state investments that value care and caregiving in Illinois' state budget moving forward to defend against the devastating consequences of cuts at the federal level and to meaningfully build the care economy.



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