

The Status of Working Families in Indiana, 2009



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By Sarah
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INDIANA INSTITUTE FOR
WORKING FAMILIES

A Program of

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INDIANA COMMUNITY
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About the Indiana Community Action Association (IN-CAA)

The Indiana Community Action Association, Inc. (IN-CAA) is a statewide not-for-profit membership corporation, incorporated in the State of Indiana in 1970. IN-CAA's members (Network) is comprised of Indiana's 24 Community Action Agencies (CAAs), which serve all of Indiana's 92 counties. IN-CAA envisions a state with limited or no poverty, where its residents have decent, safe, and sanitary living conditions, and where resources are available to help low-income individuals attain self-sufficiency.

IN-CAA serves as an advocate and facilitator of policy, planning, and programs to create solutions and share responsibility as leaders in the War Against Poverty. Therefore, it is IN-CAA's mission is to help the state's Community Action Agencies address the conditions of poverty through: training and technical assistance; developing models for service delivery; and providing resources to help increase network capacity. For more information about IN-CAA, please visit IN-CAA's web site at www.incap.org.

About the Indiana Institute for Working Families

The Indiana Institute for Working Families, a program of the Indiana Community Action Association (IN-CAA), was founded in 2004. The Institute is the only statewide program in Indiana that combines research and policy analysis on federal and state legislation, public policies, and programs impacting low-income working families with education and outreach. The goal of the Institute is to help Hoosier families achieve and maintain economic self-sufficiency. The Institute achieves its work by focusing its activities in the following areas: public policy research and analysis; advocacy, education, and information; and national, statewide, and community partnerships.

The Institute has completed a number of research reports and has become a reliable source for information on low-income workers in Indiana. The Institute furthers the debate that sometimes work alone is not enough to support a family and that the educational and training needs of Indiana's workforce must be addressed in order for Indiana to compete in a global economy. For more information about the Institute, please visit the Indiana Institute for Working Families section on IN-CAA's web site at <http://www.incap.org/iwfw.html>.

About the Author

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EXECUTIVE SUMMARY

THE STATUS OF WORKING FAMILIES IN INDIANA 2009

The bursting of the housing bubble in 2006 followed by crash of the stock market robbed Americans of \$15 trillion in personal wealth in a matter of months.¹ This rapid loss of wealth set off a nationwide domino effect. Homeowners became trapped in homes with mortgages they could no longer afford to pay. Foreclosures became all too common as working families found themselves evicted with nowhere to go. The demand for consumer goods declined, the economy began to slow, and unemployment rates climbed throughout the nation. The Hoosier state suffered great devastation as the manufacturing industry came to a near grinding halt. Elkhart, Indiana became the epitome of the national recession as the failed RV industry caused unemployment rates to reach double digits while the nation watched in disbelief. This national recession or the “Great Recession” as it has come to be known is the worst economic downturn the U.S. has experienced since the Great Depression.

However, even before the national recession took hold in 2007, Hoosier families were struggling to meet their families’ basic needs due to the lingering effects of the 2001 recession. Economic growth in Indiana had slowed since 2000 and Hoosier wages remained stagnant for many years. Meanwhile, the cost of everyday items such as gasoline, food, and housing continued to rise. Indiana’s families became increasingly vulnerable living paycheck to paycheck. Many families, once accustomed to a middle-class lifestyle, found themselves foregoing luxury items and utilizing food pantries for the first time to make every dollar count. Families who were already struggling to make ends meet reached for Indiana’s safety net of work supports for help. However, Indiana’s safety net was not enough to keep many Hoosier families from dipping below the poverty threshold. During 2008, poverty rates for all people, families, and children increased.

¹ Pollack, Ethan. “Dire States.” Economic Policy Institute: Washington D.C. 11 November 2009.

This report provides a statistical analysis on the status of working families in Indiana in 2008 and the economic conditions they faced. The report is organized into five chapters and highlights data pertaining to Indiana's jobs, wages, poverty rate, safety net of work support programs, and policy recommendations to improve the quality of life for Indiana's working families. The Indiana Institute for Working Families seeks to use this data to support changes in public policy that will create paths towards economic self-sufficiency for Indiana's working families. Highlights of the report include:

HOOSIER JOBS

- In 2008, Indiana had 41,800 fewer jobs than it did in 2000.
- Indiana lost an average of 142,300 manufacturing jobs between 2000 and 2008 – accounting for 71 percent of the state's total job losses during that time period.
- Job growth occurred in the health services industry sector with the addition of 77,100 new jobs since 2000 – creating 48 percent of the state's job growth since 2000.

HOOSIER WAGES

- Hoosiers workers earned less per hour in 2008 than they earned in 2000.
- Indiana's median wage of \$15.28 is less than the national median wage of \$15.74.
- African Americans earned a median hourly wage that was nearly \$2.00 less in 2007 than they did in 2003.²
- Those who have a Bachelor's Degree earned a median wage of \$23.10, which is \$8.66 more an hour than the median wage earned by someone with some college education and \$9.47 more than that of someone with a high school diploma.

HOOSIER INCOME

- Indiana's median household income of \$47,966 in 2008 was 6 percent lower than in 2000.
- In 2008, the gap between Indiana's median household income and the national median household income widened by 370 percent or \$4,063.
- In 2008, the median household income for female workers in Indiana was \$32,828 – \$13,188 less than the median household income for male workers at \$46,016. Hoosier women working full-time, year-round earned only 71 percent of what men working full-time year-round earned – 6 percentage points lower than the national average of 77 percent.

² Wage data was not available in 2000 or in 2008 for African Americans.

HOOSIER WORKFORCE

- In 2008, 66.5 percent of Indiana residents participated in the workforce, compared to the national rate of 66 percent.
- Workers age 55 years and older comprised a larger share of the workforce in 2008 than they have any time since 2000 – an increase from 15.8 to 18.8 percent.
- Nearly half of Indiana’s adult workers age 25 and older have not received education beyond high school, thus ranking Indiana 42nd in the nation for its share of Bachelor’s Degree holders.

UNEMPLOYMENT

- Younger workers experienced the highest levels of unemployment at 13.5 percent, far greater than unemployment rates for workers age 25-54 years and those 55 years and older, at 5.4 percent and 2.5 percent respectively.
- Unemployment was most prevalent among African American workers who experienced unemployment at a rate of 15.3 percent – nearly three times that of White workers. The average unemployment rate for White workers was 5.0 percent.
- Workers who possessed less than a high school diploma had the highest average unemployment rate at 13.5 percent. Bachelor’s Degree holders had the lowest rate at 1.8 percent – 650% less than those who had only a high school diploma.

POVERTY

- From 2000 to 2008, more than 39.1 million Americans were living in poverty – a 15.4 percent increase in the number of low-income people since 2000 and twice the growth rate of the population as a whole during this same time period.
- In 2008, Indiana’s poverty rate climbed 30 percent to reach a rate of 13.1 percent, nearly matching the national poverty rate of 13.2 percent.
- Nearly 1 out of every 10 Hoosier families lived in poverty.
- Eighteen percent of Indiana’s children lived in poverty.
- Nearly one out of every three female-headed households are impoverished.
- In Indiana, 22 percent of all families were asset poor – that is not having the resources to subsist at the Federal Poverty Guidelines for three months if loss of income were to occur.

WORK SUPPORT PROGRAMS

- Nationally, a significant increase in participation in the Supplemental Nutrition Assistance Program (SNAP), formerly known as the Food Stamp Program, took place between August 2008 and August 2009 with participation increasing by 24 percent.

- Approximately 39 percent of all unemployed Hoosier workers received unemployment insurance (UI) benefits.
- Forty-six percent of Hoosier workers who received UI exhausted their benefits in 2008.
- Over 38,000 unemployed Indiana workers became ineligible for unemployment insurance benefits in March 2010 because an extension of UI benefits was not passed by Congress. More than 160,000 unemployed Hoosiers will exhaust their regular state benefits by the end of June if UI benefits are not extended.
- Nationally, there are an estimated 10.5 million children under the age of 18 years old who live in families with an unemployed parent, putting them at risk of falling below the poverty threshold.³
- Nationally, the rate of those with employer sponsored health insurance dropped by nearly 5 percent in 2008.

As demonstrated by the data, Indiana must do more to help working Hoosier families. This report includes ten public policy recommendations that can help working families in Indiana reach financial stability. These ten policy recommendations are broken into three main areas:

- Improve Indiana's Safety Net of Work Support Programs;
- Promote Financial Security for Indiana's Working Families; and
- Invest in Indiana's Adult Workers to Create a Workforce Equipped for the Demands of the 21st Century Economy.

³ Lovell, Phillip and Julia B. Issacs. *Families of the Recession: Unemployed Parents and Their Children*. First Focus Campaign for Children.