INDIANA INSTITUTE FOR WORKING FAMILIES

A Program of INCAA — INDIANA COMMUNITY ACTION ASSOCIATION

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NEW STATUS OF WORKING FAMILIES REPORT HIGHLIGHTS WHAT A DECADE OF ECONOMIC DECLINE MEANS TO HOOSIER FAMILIES

Indianapolis, IN –The Indiana Institute for Working Families, a program of Indiana Community Action Association, releases *The Status of Working Families in Indiana: 2010 Update*. This report, researched and written by the Institute each year since 2004 provides an updated analysis on the status of working families in Indiana. The report highlights the most recent statistics and data pertaining to Indiana's job market, including unemployment and underemployment, wages, income, and poverty, as well as policy recommendations to improve the quality of life for Indiana's working families.

December 2010 marked 36 months since the onset of the national recession, or the "Great Recession" as it has come to be known—the worst economic downturn the U.S. has experienced since the Great Depression. These three years will forever be marked in history by record job losses, foreclosures, failures in the automobile and banking industries, interventions from the federal government, and growing numbers of unemployed workers. Looking back over the recession, a turning point came in February 2009 when President Obama signed into law the American Recovery and Reinvestment Act (ARRA) which stopped the rapid free fall of the economy. Even though job losses slowed and new jobs were created, 2009 continued to be a very harsh year marked by declining wages and incomes, a growing number of long-term unemployed, and increased poverty rates throughout the nation.

"Indiana has struggled for nearly a decade with stagnant wages, and growing numbers of families who are now considered low-income—that is they earn less than 200 percent of the Federal Poverty Guidelines (FPG) ($36,620 for a family of three in 2009). Meeting basic needs like food and housing is a challenge for nearly 1 in 3 Hoosiers," says Jessica Fraser, Research and Policy Analyst for the Institute. "Though the national recession has officially ended, Indiana has a long road to economic recovery and until then many Hoosier families will continue to experience hardships."

Among the report's most significant findings, data from the 2009 U.S. Census Bureau's Current Population Survey shows:

- Hoosier incomes have declined over the decade. In 1999, the median household income in Indiana was $50,896. By 2009 the median household income had fallen 15 percent to $44,305.

- Hoosier workers continue to earn a median wage lower than the average American and have throughout the past decade. Workers in Indiana earned 96 cents for every dollar earned by the average worker.

- Unemployment and underemployment have increased and have disproportionately affected Indiana's African-American and Hispanic workers. African-Americans have an unemployment rate of 18.7 percent and underemployment rate of 25.5 percent. While Hispanics have an unemployment rate of 17.3 percent and underemployment rate of 35.5 percent.

- National long-term unemployment—lasting longer than 26 weeks—is at its highest level since 1948. Long-term unemployment continues to plague Hoosier workers as Indiana's economy remains weak—58 percent of unemployed Hoosier workers have exhausted their 26 weeks of benefits in 2009.

- With each additional level of educational attainment, Hoosier workers are less likely to be unemployed, underemployed, and working part-time for economic reasons. Workers with a Bachelor's degree or higher are weathering this recession better than workers with lower levels of educational attainment.

- Poverty is more prevalent in Indiana than in the U.S., as 1 in every 6 Hoosiers lives below the FPG—$22,050 for a family of four in 2009.

The data reinforces the argument for strong investments in education for Hoosiers. "Though no groups have been left "untouched" by the recession, the workers who are best at weathering downturns are those with higher levels of educational attainment", said Fraser. "The rate of unemployment for Indiana workers in 2009 decreased at every level of educational attainment, proving that earning a high school diploma or gaining some college experience does make a difference. These workers earn a higher personal income which benefits the state economy through increased tax revenue and higher numbers of individuals with purchasing power."

As detailed in the report, median household incomes have fallen over the past decade, and annual average wages continue to decline relative to the U.S. The state's poverty rate has jumped dramatically to 16.1 percent. These facts and others highlighted in the report should sound the alarm for state policymakers; immediate and urgent action is required to meet the basic needs of our residents and, most important, assist families in achieving and maintaining economic self-sufficiency.

The State of Indiana, in partnership with private and non-profit sectors, has an important role to play in improving the conditions and opportunities of low-wage workers and their families. The Institute believes strongly that work is key to achieving economic self-sufficiency. However, many families will need a hand up to overcome the challenges confronting them. As stated in the Institute's first status report in 2004*: In its efforts to thrive in the 21st Century, Indiana cannot afford to leave low-income families behind. The true challenge is not whether Indiana can create a stronger economy; it's whether the state can create an economy that benefits each and every Hoosier.*

In order for Indiana to recover from the national recession's lasting effects and prepare for a more prosperous future, policymakers must choose to invest in Indiana's workers and their families by strengthening state policies that lead to opportunities for Hoosiers to achieve and maintain economic self-sufficiency. Special attention needs to be paid to the education and training needs of Indiana's low-income workers to ensure these most vulnerable workers have access to basic skills and postsecondary education opportunities that will increase their employability and earnings. These workers are the backbone of our families, communities, and economy. Opportunities must be expanded and policies strengthened for Indiana to maintain a strong and vibrant economy that is capable of reducing poverty and increasing economic self-sufficiency among its working families.

To view the Executive Summary or the full *Status of Working Families in Indiana: 2010 Update* which includes specific policy recommendations, please visit: http://www.incap.org/iiwfRandP.html.

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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) are comprised of Indiana's 23 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.

Indiana Institute for Working Families

The Indiana Institute for Working Families promotes data-driven policy that results in opportunities for Hoosier families to become self-sufficient. 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 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.