

**Indiana Institute for Working Families  
2011 Monitoring Agenda**

**1. Modernization of Indiana’s Unemployment Insurance System to make the Unemployment Insurance fund solvent.** The State’s unemployment insurance system needs to improve in a way that replenishes state coffers yet is also consistent with today’s labor market and the realities facing Indiana’s working families. Additionally, this would bring additional federal UI dollars to Indiana. The Institute will monitor all legislation regarding Unemployment Insurance and would support the following policy changes:

- **Adopting an Alternative Base Period;** the amount the worker earned during the last four completed calendar quarters prior to a job loss.
- **Index maximum benefit amount to wages;** Indexing the weekly benefit amount is the best way to ensure that unemployment benefits keep pace with current expenses of a state’s jobless workers. Average wages increase each year with much of the growth reflecting changes in the cost of living in a state. If weekly unemployment benefit amounts don’t increase along with worker pay, laid-off workers will have insufficient resources to meet even basic expenses
- **Index the Wage Base to State wages;** Sixteen states automatically increase their TWBs each year by “indexing” their wage bases to state annual wages.<sup>[1]</sup> All states with TWBs near or over \$20,000 have indexed taxable wage bases. None of the 30 states with taxable wage bases of \$10,500 or less has indexed taxable wage bases.
- **Adopt the reforms necessary for Indiana to qualify for funding under the “Unemployment Insurance Modernization Act;”** ARRA provides financial incentives to states with UI programs that have selected “modernization” elements that will increase access to UI benefits. Indiana’s portion of these incentives amounts to **\$148.5 million**. By putting some of these elements into its UI law, Indiana could assist more jobless workers and get added federal funding for its UI program.
- **Extending UI benefits to part-time workers.**

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<sup>[1]</sup> These states are AK, ID, IA, MN, NV, NH, NJ, NM, NC, ND, OK, OR, UT, VI, WA, WY.

- 2. Monitor policy changes proposed for the Healthy Indiana Plan.** The Healthy Indiana Plan is a program to provide health insurance to uninsured adults' ages 18-64 years old. However, all program slots have been utilized and the program is not accepting enrollees. Any changes to policy or increases in funding would be a step in the right direction and would reduce the number of individuals without health insurance and the burden they place on the health care system. Particularly in light of the new Federal Health Care Reform law, there may be important changes made to our state plans.
- 3. Monitor policy decisions that could affect the affordability of postsecondary education.** Due to high unemployment and the economic decline many workers are turning to the postsecondary education system to receive job training, certifications, or postsecondary degrees to make them better equipped to meet the needs of Indiana's economy. The Institute would object to any policy changes or funding decreases that would make this education pipeline unavailable to adult workers would be detrimental to Indiana's economic recovery.
- 4. Monitor reforms to the income tax system.** Due to decreasing state tax revenues, the state will need to find ways to balance its budget. The Governor is not willing to spend the State's reserve funds and has already issued state budget cuts. However, these measures may not be enough to balance the State's budget. If Indiana's income tax system were to be modified to increase state tax revenues the Institute would be in support of increasing the income tax threshold. Indiana currently taxes families comprised of three and four members earning less than three-quarters of the federal poverty guidelines (\$13,732 for a family of three in 2010). Indiana could make the state income tax system more progressive by raising the income tax threshold above the poverty guidelines (\$18,310 for a family of three and \$22,050 for a family of four in 2010). These families would no longer be paying state income taxes, but they would no longer be receiving state refunds either.