



# The Status of Working Families in Indiana: 2010 Update



By  
Sarah Downing

February 2011

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INDIANA INSTITUTE FOR  
WORKING FAMILIES

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*A Program of*



INDIANA COMMUNITY  
ACTION ASSOCIATION

## **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 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.

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](http://www.incap.org).

## **About the 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.

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/iwvf.html>.

## **About the Author**

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# EXECUTIVE SUMMARY

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## The Status of Working Families in Indiana: 2010 Update

Hoosier workers and their families are toiling to stay afloat while the effects of the national recession linger on. Using the best available data from 2009, the Indiana Institute for Working Families releases its 8th annual publication of *The Status of Working Families in Indiana*, an analysis of Indiana's economic conditions and its effects on Hoosier workers and their families.

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

- One in three Hoosiers are now 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). These individuals, despite their best efforts, are struggling to meet their most basic needs.
- 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.

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.

# The Status of Working Families in Indiana: 2010 Update

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## Preface

In March 2010, the Indiana Institute for Working Families completed *The Status of Working Families in Indiana, 2009* which was a comprehensive report on the economic challenges facing low-income, working families in Indiana. *The Status of Working Families in Indiana: 2010 Update* is the 8th annual publication of the annual Status report and uses the best available data from the 2009 U.S. Census Bureau to update the data contained in the Institute's 2009 Status report. This 2010 report analyzes Indiana's economic conditions and its effects on Hoosier workers and their families. To reference the 2009 report, visit: [www.incap.org/iwfrandp.html](http://www.incap.org/iwfrandp.html).

As detailed in the pages which follow, based on data released from the U.S. Census Bureau 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 pages that follow 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 the Institute stated in our 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.*

## Introduction

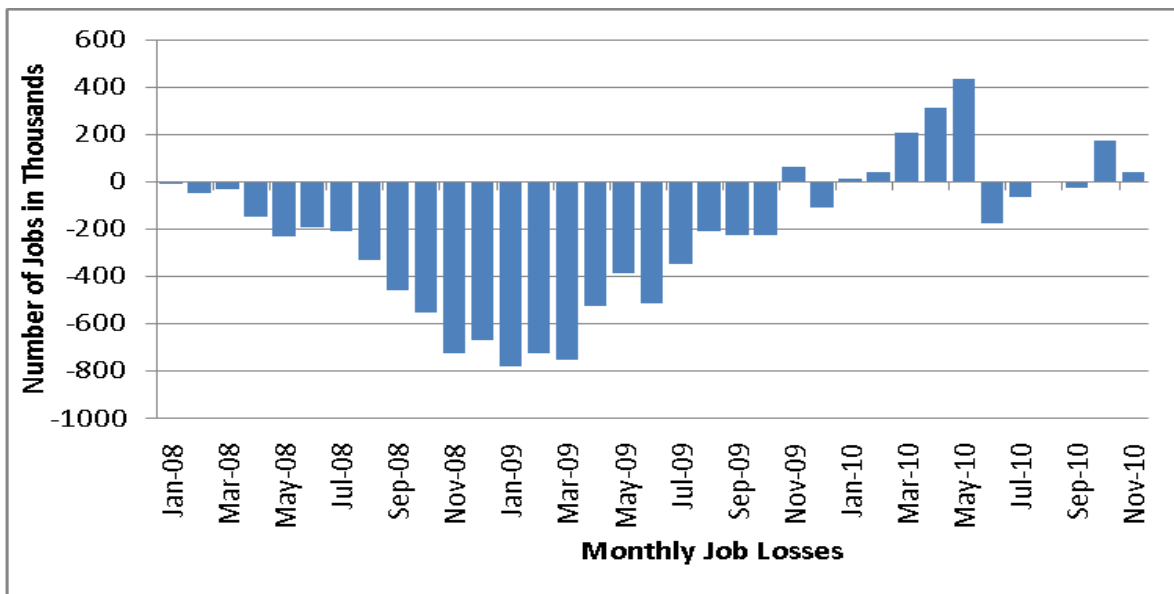
December 2010 marked 36 months since the onset of the national recession, or the "Great Recession" as it has come to be known—the worst economic downturn the U.S. has experienced since the Great Depression. These three years will forever be marked in history by record job losses, foreclosures, failures 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.

## Job Loss

Figure 1.1 illustrates national monthly job losses and gains beginning in January 2008. The greatest monthly loss occurred in January 2009, when the U.S. shed 779,000 jobs. After ARRA was enacted in February 2009 job losses slowed. By November 2009, 64,000 jobs were added to the national economy for the first time since the recession began. However, 2010 continued to be a bumpy year for the economy as employment gains were offset with losses. Since January 2008, the national economy experienced a net loss of 7,412,000 jobs.

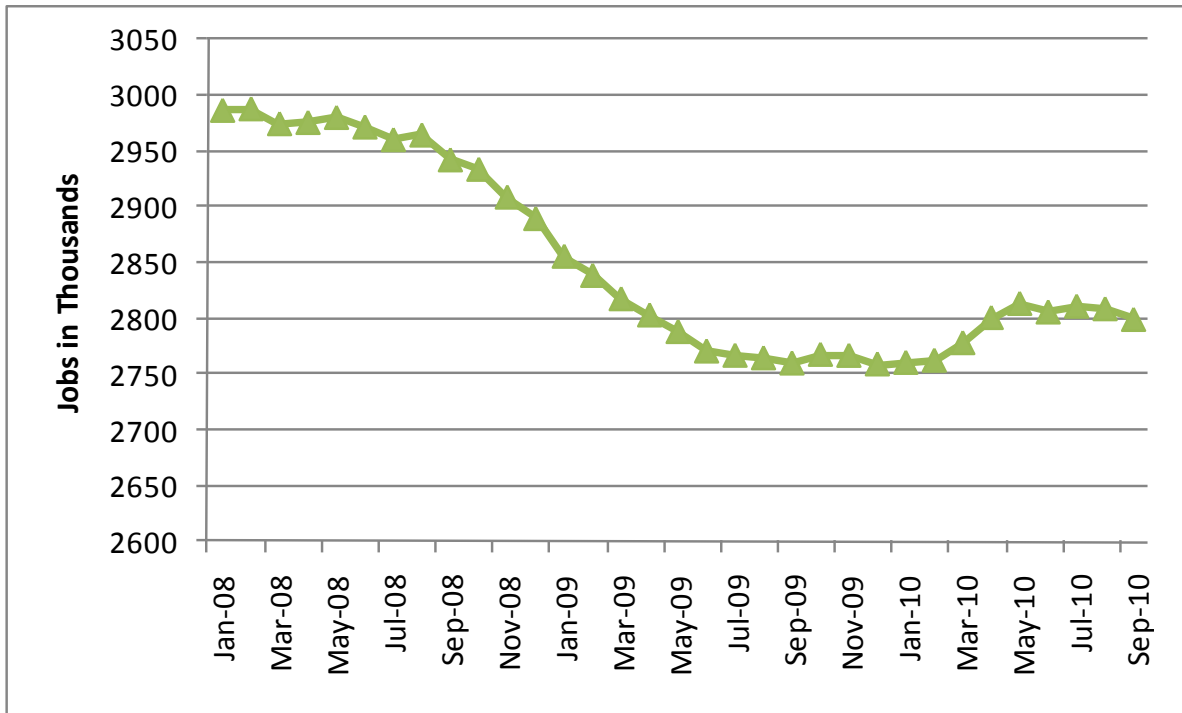
**Figure 1.1**  
**Total Nonfarm Employment, U.S., January 2008-November 2010**



Source: United States Bureau of Labor Statistics, Current Employment Statistics

In comparison, Indiana’s economy sustained a net loss of 188,000 jobs since January 2008. Figure 1.2 shows Indiana’s monthly employment. In January 2008, Indiana was home to 2.98 million nonfarm jobs, but by the end of the year, the state had lost a total of 97,300 jobs. Job losses continued throughout 2009 to reach a low of 2.76 million jobs in December. However, by September 2010, the number of jobs had rebounded slightly to rest at 2.79 million nonfarm jobs.

**Figure 1.2**  
**Jobs, Indiana, January 2008- September 2010**



Source: Economic Policy Institute Analysis of Current Population Survey Data

## Unemployment

Given the substantial job losses incurred, national unemployment levels neared highs not seen since the early 1980s. In October 2009, the national unemployment rate reached 10.1 percent. In Indiana, the unemployment rate topped 10 percent in March of 2009 and continued to hover around 10 percent throughout 2010. Long-term unemployment—lasting longer than 26 weeks—has been a lasting plague of this recession. National long-term unemployment is at its highest level since 1948 when record-keeping began. In Indiana, long-term unemployed workers represented 29 percent of all unemployed workers in 2009, up from 20 percent in 2008, and 17 percent in 2007.

Unemployment in Indiana more severely affected African-American workers than workers of other races. African-American workers experienced the highest rate of unemployment at 18.7 percent, followed closely by Hispanic workers at 17.3 percent. Meanwhile, White workers experienced a much lower rate of unemployment at 8.8 percent. Long-term unemployment was also most prevalent among African-American workers at a rate of 38.2 percent—10 percentage points greater than that of White workers. A long-term unemployment rate for Hispanic workers was not available.

**Figure 1.3**

**Unemployment by Demographic, Indiana, 2009**

ALL	GENDER		AGE			RACE		
	Male	Female	16-24	25-54	55 years +	White	African	Hispanic
10.0%	11.8%	8.0%	20.4%	9.4%	5.3%	8.8%	18.7%	17.3%

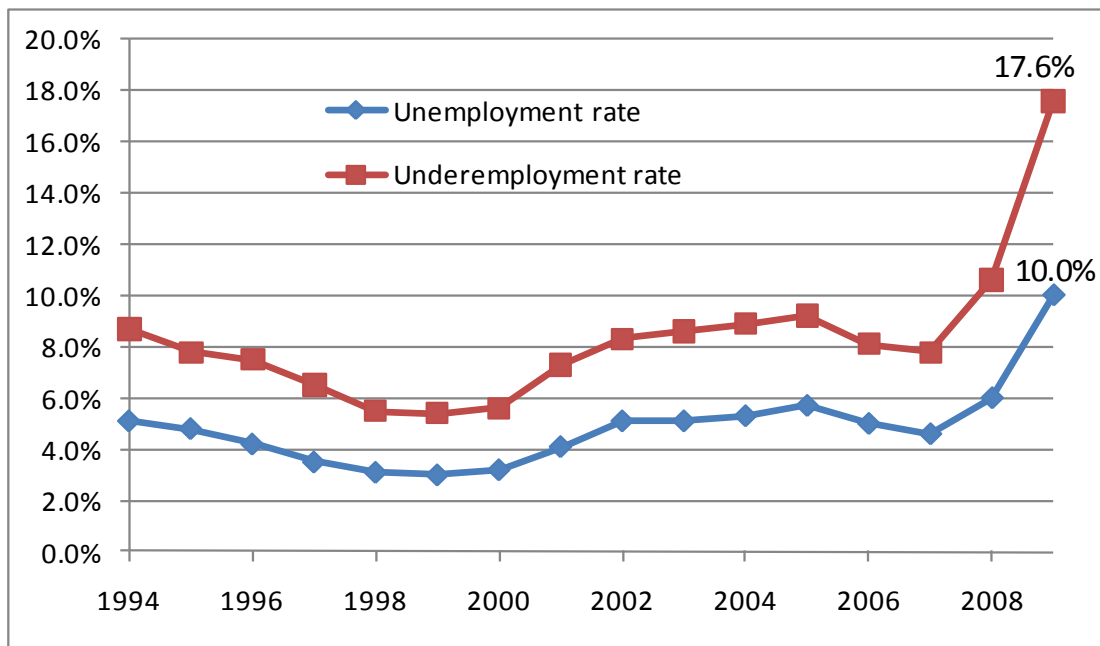
Source: Economic Policy Institute Analysis of Current Population Survey Data

**Unemployment**

The *unemployment rate* is the most common measure of the strength of the job market because it captures the share of unemployed persons in the workforce who are available for work and have actively sought employment in the last four weeks. Although this measure is valuable, it falls short of providing a complete picture of the labor force as it limits the accounting of unemployed workers to only those who have applied for work in the past four weeks. However, the *underemployment rate* provides a broader accounting of workers affected by the economy. It includes unemployed workers who have not actively sought work in the past four weeks, but are available and wanting to work, and who have sought work sometime in the previous twelve months. It also includes involuntary part-time workers—those who are working part-time due to inability to find full-time employment due to economic reasons. Notably, underemployment is always greater, even in times of economic prosperity. Since the onset of the recession underemployment in Indiana increased significantly jumping from 7.8 percent to 10.6 percent between 2007 and 2008, up to 17.6 percent in 2009 as shown in Figure 1.3.

**Figure 1.4**

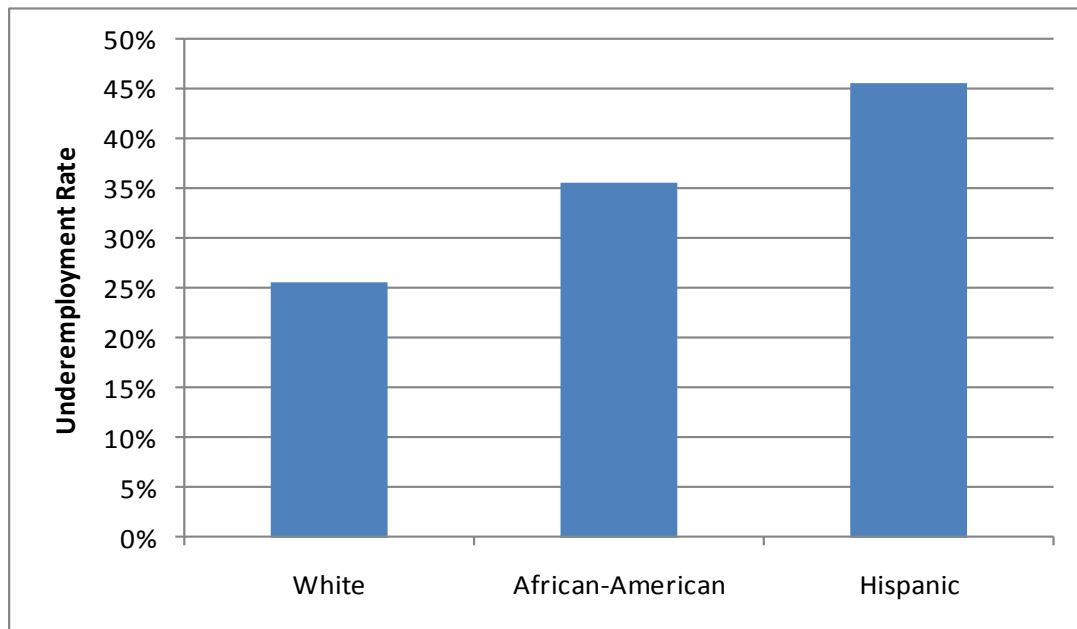
**Unemployment and Underemployment Rates, Indiana, 1994-2009**



Source: Economic Policy Institute Analysis of Current Population Survey Data

Similar to unemployment, underemployment rates were higher for non-white workers. White workers experienced an underemployment rate of 25.5 percent, while African-American and Hispanic workers faced underemployment rates of 35.5 percent and 45.7 percent respectively. Linked to underemployment, the *share of part-time workers for economic reasons* grew during 2008 and 2009 from 18 to 27 percent as an increased number of workers were unable to find full-time employment.

**Figure 1.5**  
**Underemployment Rate by Race, Indiana, 2009**



Source: Economic Policy Institute Analysis of Current Population Survey Data

## Educational Attainment

As unemployment and underemployment rates vary by gender, age, and race, these rates also vary by levels of educational attainment. The data continues to show that education matters, and 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. Conversely, workers who had less than a high school diploma experienced the highest levels of unemployment, long-term unemployment, underemployment, and working part-time for economic reasons.

Data on educational attainment supports the recommendation that Indiana continue to invest in the education and training of its workforce. Increased levels of educational attainment in Indiana's workforce would help to hasten economic revival and set the stage for long-term prosperity. As demonstrated in Figure 1.6, educated workers are weathering the economic downturn better than any other demographic of workers and consistently earn more. In 2009, workers with a Bachelor's degree or higher earned \$24.48 an hour—nearly twice as much as workers with only a high school diploma who earned \$13.75.

**Figure 1.6**

**Workforce Statistics by Educational Attainment, Indiana, 2009**

	Less than High School	High School	Some College	Bachelor's or higher
Unemployment rate	21.9%	11.4%	9.2%	3.9%
Long-term unemployment share	30.2%	28.5%	26.4%	(a)
Underemployment rate	33.8%	21.3%	15.9%	6.9%
Part-time for economic reasons share	28.0%	36.1%	24.4%	13.7%

\*(a) Not available due to insufficient sample size.

**Source:** Economic Policy Institute Analysis of Current Population Survey Data

## Unemployment Insurance Benefits

Unemployed workers in Indiana are eligible to receive 26 weeks of state Unemployment Insurance (UI) benefits. During times of high unemployment, the federal government provides extended UI benefits to unemployed workers after their state benefits are exhausted. Fifty-eight percent of unemployed Hoosier workers exhausted their 26 weeks of state benefits in 2009, up from 45.9 percent in 2008 and relied on emergency UI benefits provided by the federal government.

Due to Indiana's stubbornly high unemployment rate during the recession, the temporary federal Emergency Unemployment Compensation (EUC) program allowed unemployed Hoosier workers an additional 53 weeks of UI benefits to be used after the exhaustion of state benefits. However, due to the severity of the recession and continued high unemployment rates in Indiana, Hoosier workers who exhausted both state and EUC benefits were granted 20 additional weeks of unemployment benefits through the federal-state Extended Benefits program for a total of 99 weeks of UI benefits.

Both federal and state UI benefits provide a much needed lifeline to unemployed workers and their families. In Indiana, weekly UI benefits range from \$50 to \$390 and average around \$300.<sup>1</sup> This benefit replaced 41.5 percent of the weekly wage of the average employed worker in Indiana. UI benefits not only provide a safety net to working families but a much needed stimulus to the economy. These benefits are typically spent shortly after receipt to pay for basic needs such as food, rent, and utilities. Economists estimate that between \$1.40 and \$2.15 in economic activity is generated by every \$1 distributed through the UI program.<sup>2</sup>

<sup>1</sup> United States Department of Labor, Employment and Training Administration, Office of Unemployed Insurance. 2010.2 Data Summary for Indiana.

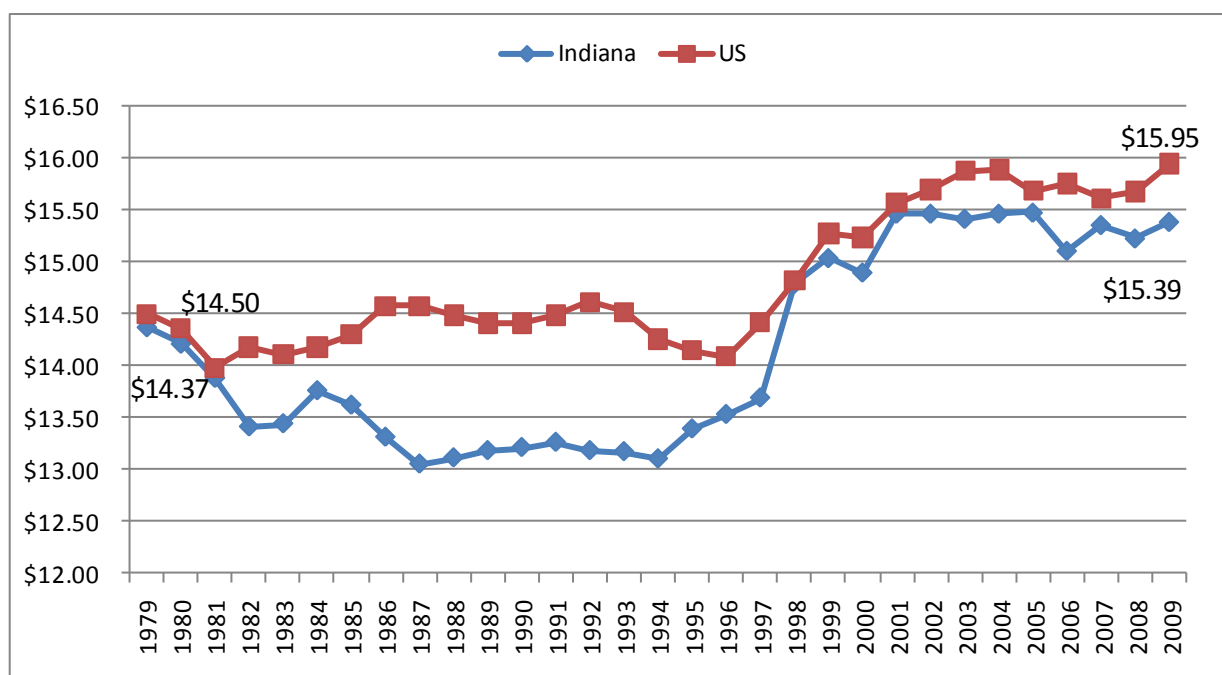
<sup>2</sup> Congressional Budget Office, "Policies for Increasing Economic Growth and Employment in 2010 and 2011," January 2010 and Wayne Vroman, "The Role of Unemployment Insurance As an Automatic Stabilizer During a Recession" (2010). Online: [http://wdr.doleta.gov/research/FullText\\_Documents/ETAOP2010-10.pdf](http://wdr.doleta.gov/research/FullText_Documents/ETAOP2010-10.pdf). Accessed 12/08/2010.

## Wages and Income

Wages and income are essential to any family to achieve and maintain economic self-sufficiency. However, overall Hoosier wages have not improved much over the past decade. Using 2009 real dollars, the median wage in Indiana was lower in 2009 than it was eight years earlier in 2001. During the last decade, the median wage in Indiana has not exceeded \$15.48. However, wages improved between 2008 and 2009 increasing by one percent.

Hoosier workers continue to earn a lower median wage than the average American and have throughout the past decade. Workers in Indiana earned 96 cents for every dollar earned by the average worker in the U.S. While workers in Indiana earned a median wage of \$15.39 in 2009, the average worker earned \$15.95, a difference of \$0.56. The gap between Indiana's median wage and U.S. median wage was the largest in 2006 before improving in 2007 only to fall again in 2008.

**Figure 1.7**  
**Median Wages, Indiana and U.S., 1979-2009**



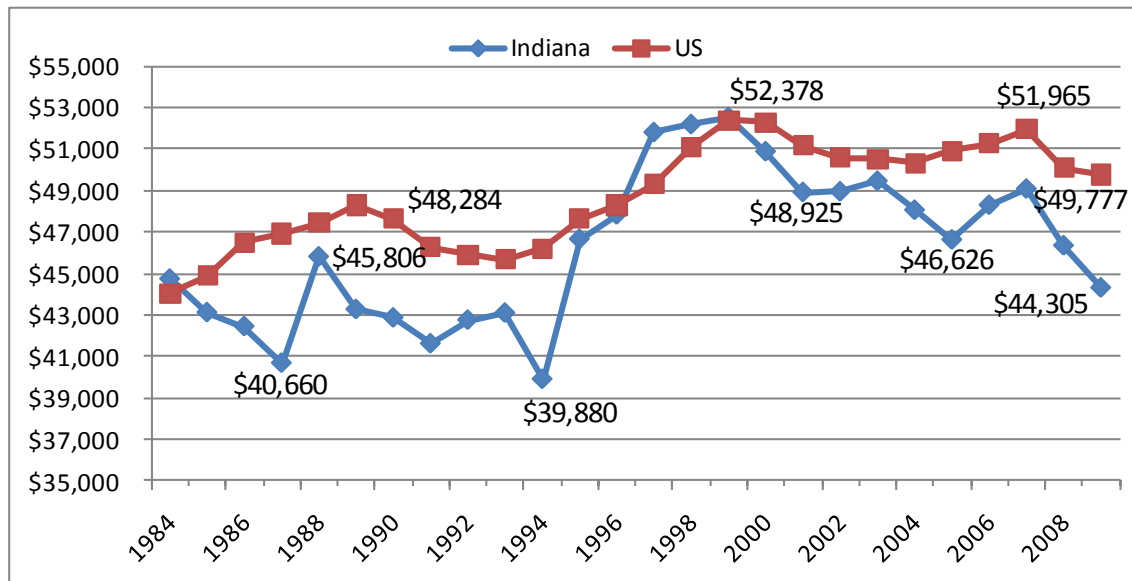
**Source:** Economic Policy Institute analysis of Current Population Survey data

In 2009, male workers continued to earn more than women at the median, though the gap narrowed in recent years. During 2009, female workers earned 81 cents for every dollar earned by a male worker with males earning a median wage of \$17.08 while females earned \$13.92.

While the gap between Hoosier and U.S. workers narrowed in 1999, Hoosier median incomes have not matched the median national income since that time. In fact, Hoosier incomes plunged dramatically. In 1999, working Hoosiers had a median household income of \$50,896, by 2009

the median household income had fallen fifteen percent to \$44,305. National median household incomes also decreased, but not as rapidly as that of Hoosier households. The national median income decreased by 5 percent between 1999 and 2009 to land at \$49,777. In 2009, the median income in Indiana was 89 percent of the U.S. median income, a decline from 2008 when it was 92 percent.

**Figure 1.8**  
**Median Household Income, Indiana and U.S., 1984-2009**



Source: Economic Policy Institute Analysis of Current Population Survey Data

## Poverty

Decreased wages and incomes for Hoosier workers lead to increased poverty in Indiana. The Federal Poverty Guidelines (FPG) is the official measurement used by the federal government to determine poverty status. Families are defined as “poor” when they earn less than the FPG and “not poor” if they earn more than the FPG. According to the FPG for 2009, a family of four was considered poor if their annual income was at or below \$22,050. Figure 1.7 displays the annual poverty rate—the percent of people living in poverty in Indiana and the U.S. each year as measured by the U.S. Census Bureau.

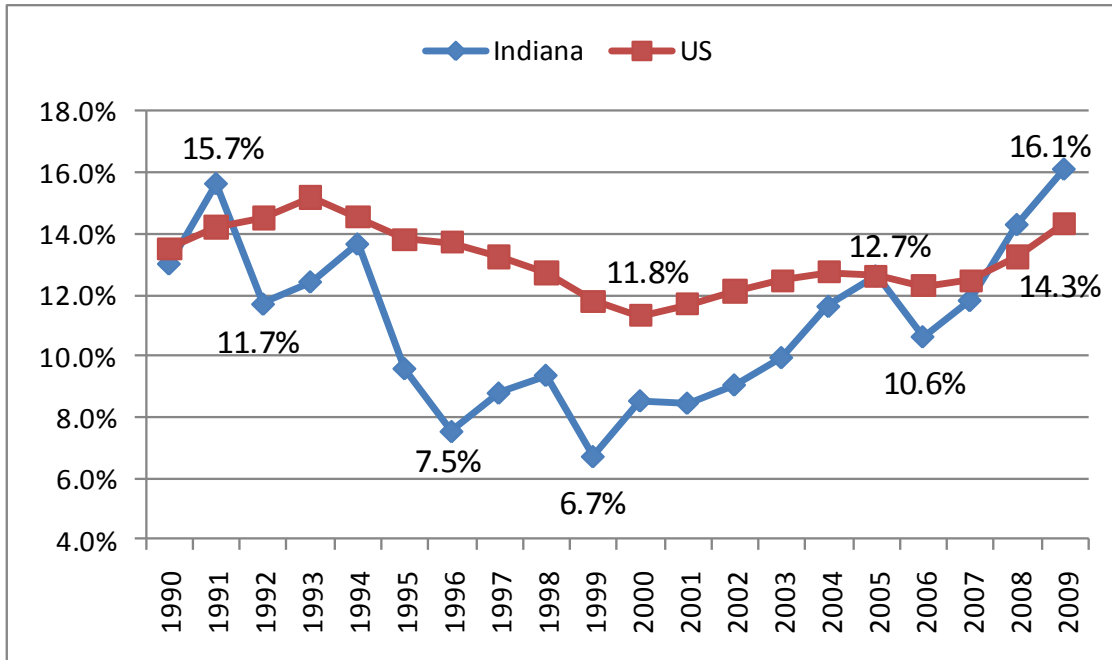
The number of Hoosiers living below the FPG has grown steadily since 1999. Then, 6.7 percent of the state’s population earned less than poverty level wages. Ten years later, the poverty rate skyrocketed nearly 10 percentage points to reach 16.1 percent. Poverty became more prevalent in Indiana than the nation as whole in 2009, as one in every six Indiana residents lived in poverty, up from one in 15 persons 10 years earlier.

Not only is the number of impoverished Hoosiers growing, so is the number of individuals earning incomes above the FPG but who still lack the sufficient resources to meet their basic

needs. For most families, in most places, the FPG are simply not enough to make ends meet. For a family to become economically self-sufficient, it generally requires 200 percent of the FPG(\$36,620 for a family of three in 2009).

**Figure 1.9**

**People Below the Federal Poverty Guidelines, Indiana and U.S., 1990-2009**

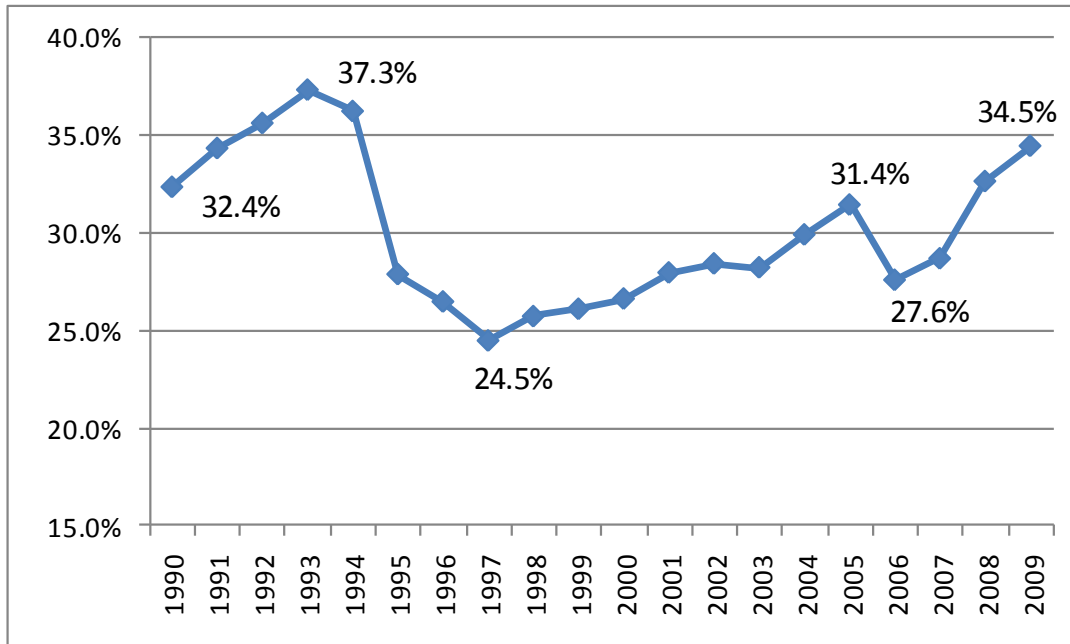


**Source:** Economic Policy Institute Analysis of Current Population Survey Data

The proportion of low-income individuals—those living below 200 percent of poverty has also grown steadily in recent years, though lower than the historic level reached in 1993. Even before the onset of the recession—Hoosier families struggled to meet their basic needs. At the beginning of the decade, one in four individuals (27 percent) were considered low-income—earning less than 200 percent of the FPG. However, by 2009, the number of low-income individuals ballooned by nearly eight percentage points as one in every three Hoosiers is now considered low-income.

**Figure 1.10**

**People Below 200 Percent of the Federal Poverty Guidelines, Indiana, 1990-2009**



Source: Economic Policy Institute Analysis of Current Population Survey Data

## **Policy Recommendations': Improving the Lives of Indiana's Working Families**

The updated analysis of 2009 U.S. Census Bureau data shows that the Great Recession has continued to take a toll on Indiana's economy and its working families. Priority must be given to ensuring that Hoosier workers and their families have viable opportunities to achieve economic self-sufficiency in order for the state to recover from the effects of the Great Recession and position itself for long-term prosperity.

Indiana's policymakers should enact public policies that:

- Promote financial stability for working families by improving wages, benefits and work supports; and
- Increase the number of low-skilled adults who enroll in postsecondary education and training programs.

Proactive policy actions are needed to align state workforce and education resources to better meet the labor market demands of the state and increase opportunities for residents who are unemployed, underemployed, or are working in low-wage jobs. Indiana's workers should have access to postsecondary education that leads to credentials that are valued in the labor market and lead to jobs that pay a self-sufficient wage. For those workers who do not have

postsecondary credentials, an emphasis on basic skills training and preparation needed to pursue postsecondary credentials must be a part of the equation.

Policy action is also needed to ensure that working families have access to work support programs are available to all individuals who need it. Benefits including Unemployment Insurance, Supplemental Nutrition Assistance Program, health insurance, and tax credits are vital to working families struggling to remain above the Federal Poverty Guidelines and advance toward economic self-sufficiency. These work support programs must be preserved for the advancement of Indiana's economy and its working families.

### ***Specific policy recommendations include:***

#### **Higher Education**

- **Use existing state dollars to create a state scholarship or tuition assistance program to help more adult workers upgrade their skills or further their education.** More students than ever before are so called "non-traditional" students. They are older than 24, (the cut-off for being considered a "traditional age student") have jobs, homes, and families. However, there remains a distinct disconnect between the State's economic goals of elevating the skill and educational attainment levels of its workforce and the financial aid dollars allocated for the same population. The solution to producing a workforce that is prepared to compete in the 21st century economy is dependent upon the state investing in education from kindergarten all the way through four-year postsecondary institutions.

Leveraging current public investments would provide additional financial state dollars dedicated to help Hoosiers already in the workforce pursue a postsecondary degree. The Institute supports the recommendations of Indiana Commission on Higher Education (ICHE) and the State Student Assistance Commission of Indiana (SSACI) regarding the repurposing of state dollars to meet the financial aid needs of adult students. As outlined in the report produced by ICHE and SSACI, *The Funding of Indiana's College Scholarship Programs: A Study Conducted Jointly by the Indiana Commission for Higher Education and the State Student Assistance Commission of Indiana*, freeing current public investments could be accomplished by: 1) moving fiscal responsibility for Veteran's scholarship programs over to the Department of Veteran's Affairs; or 2) considering the Pell Grant in the state financial aid calculation which would give the state the ability to serve more Hoosiers.

- **Encourage employers to offer Lifelong Learning Accounts (LiLAs) to assist their employees in financing educational and skills attainment opportunities.** LiLAs are a way to assist workers to achieve their career goals. LiLAs are employer-matched,

portable, employee-owned accounts used to finance education and training. LiLAs encourage the creation of a partnership between workers and employers to effectively leverage resources to increase productivity, improve recruitment and retention, and meet the changing needs of our economy. LiLAs are intended to supplement, not replace, existing employer-supported tuition assistance programs.

The Council for Adult and Experiential Learning (CAEL) launched a LiLA pilot project in 2001. The program consisted of a phased rollout in three different geographical areas and four different industries: the Chicago area's restaurant trade, the manufacturing and public sectors in northeast Indiana, and the health-care industry in San Francisco. The program ended in 2007. From 2001 to 2007, the program participants saved (with the matches from employers) almost half a million dollars that was used for education and training. As of June of 2005, 53 percent of the participants had taken at least one course. CAEL has helped to set up four other LiLA programs in: Maine, Illinois, San Francisco and Kansas City and would like to see LiLAs become a standard part of benefit and compensation packages.

- **Create an interagency council on middle-skill credentials.** Middle-skill jobs, which require more than a high-school diploma but less than a four-year degree, make up the largest part of Indiana's labor market. Despite the current economic downturn, key industries in Indiana are still struggling to find sufficiently trained workers to fill these jobs. The interagency council on middle-skills credentials would work in partnership with the State Workforce Innovation Council to examine existing national industry skills standards and the need for new skill standards for the Indiana's high-wage, high-demand occupations. These skill standards should emphasize the attainment of industry-recognized, objectively assessed credentials as opposed to institutionally granted certificates. This will ensure that public investments are: 1) closing industry skill gaps; 2) helping Indiana's workforce to receive the most up-to-date education and training that will qualify them for jobs in Indiana's longstanding and emerging industries; and 3) advance in their chosen fields.
- **Eliminate Indiana's March 10th application deadline for filing the Free Application for Federal Student Aid (FAFSA).** The FAFSA form requires a student or their parent to use a tax return to complete the application. However, Indiana's FAFSA deadline is before the deadline by which taxes must be filed. If a student does not meet the March 10th application deadline the student is disqualified from receiving state financial aid until the next academic year. This applies solely to Indiana's grant programs. However, students in Indiana may submit an incomplete FAFSA and have until May 15<sup>th</sup> to file amendments or changes to the document, but many are unaware of this fact.

Students who complete the FAFSA after the March 10<sup>th</sup> deadline are still eligible for both federal financial aid and subsidized and unsubsidized student loans. Due to the FAFSA being complicated for first-time college students and adult students, twenty-three states and the District of Columbia have set FAFSA deadlines later than March 10th. Several other states have created secondary deadlines later in the year for first-time college students and community college students. Setting a new deadline later in the year will provide more time for students to determine if they will enroll in college and to file their tax returns before filing their FAFSA. This could improve numbers of adult students who apply for and receive financial aid. However, if a successful education and outreach campaign about how to apply for state financial aid and the FAFSA were to be conducted, the imposition of the March 10th deadline could be negated.

## **Protecting Work Support and Asset Development Programs**

- **Indiana should invest in human capital and maintain current funding levels for work support programs and asset development programs.** Due to declining state revenues and state budget cuts many work support programs, such as Temporary Assistance to Needy Families (TANF), Supplemental Nutritional Assistance Program (SNAP), and public health care programs may see reductions in funding. However, during this recessionary period Hoosier families are having a difficult time simply getting by and these programs are crucial to keeping many working families above the Federal Poverty Guidelines (\$18,310 for a family of three in 2010). Additionally, many asset development programs including Indiana’s Earned Income Tax Credit and Individual Development Accounts, which help working families out of poverty, may also see reductions in funding at a time when Indiana’s asset poverty rate is increasing.

Asset poverty is a measure that expands the notion of poverty to establish a minimum threshold of wealth needed for household security. A household is asset poor if it has insufficient net worth to support itself at the Federal Poverty Guidelines (\$18,310 for a family of three in 2010) for three months in the absence of income. Even middle-income families face asset poverty. In the Indiana, 19% of those earning \$44,801-\$68,800 are asset poor. Significant cuts to work support and asset develop programs would be harmful to Hoosier families, especially as the State’s median household income has declined 5 percent and poverty has increased significantly during this recession.

## **A Standardized Definition of Self-Sufficiency**

- **Indiana should utilize the Indiana Self-Sufficiency Standard as the definition of “self-sufficient” or “economic self-sufficiency” in relation to its workforce development and work support programs.** Throughout both Indiana Code and Indiana Administrative Code, there are 20 references made to “self-sufficiency” and two

meanings of self-sufficiency discussed in Indiana law. One meaning, refers to the ability to care for oneself on a basic level (i.e. hygiene, dressing, living on one's own), is referenced nine times. The second meaning, that refers to "economic self-sufficiency" or the ability to support oneself and one's family without outside financial assistance, is alluded to 11 times. This latter connotation to self-sufficiency is not defined anywhere in Indiana Code.

Currently, policies pertaining to the State's Temporary Assistance for Needy Families program and various programs within the Department of Workforce Development list "promoting economic self-sufficiency" as program objectives. The Institute recommends that the *Indiana Self-Sufficiency Standard* be used as the official definition of economic self-sufficiency. The Indiana Self-Sufficiency Standard is a research-based, geographically-specific measure of the amount of income needed for a family to meet their basic needs without relying on government assistance. In addition to providing a formal definition for economic self-sufficiency, the Standard could be used more extensively in Work One centers as a part of job counseling and career exploration with clients. The State could also utilize the Standard in determining funding priorities for education and training grants. Career pathways that pay self-sufficient wages, as defined by the Standard, should be the goal of all training and employment initiatives in Indiana.





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For More Information:  
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