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PRESS RELEASE

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ECONOMIC RECOVERY IN INDIANA SLOWED BY WEAKENED LABOR FORCE, LOW WAGES, AND INCREASING POVERTY

Indianapolis, IN—The Indiana Institute (Institute) for Working Families, a program of Indiana Community Action Association, released its *Status of Working Families in Indiana, 2011* report. The report analyzes the general state of Indiana's economy as it relates to working families, its workforce, its struggle with maintaining livable wages, and subsequently, the state of poverty in Indiana. The report focuses on Indiana's status in a post-recessionary economy.

While national media often refer to Indiana as a model for economic recovery, Indiana's actual recovery, as measured by the economic health of Hoosier families, is inconsistent with these portrayals. To be clear, Indiana is not out of the woods. In fact, the data shows a recovery in Indiana marked by a weakening labor force, an unprecedented decline in wages, and dramatic increases seen in its poverty rates. Indeed, 2.25 million Hoosiers are poor, or near poor, as defined by the Federal Poverty Guidelines.

Indiana's job deficit, or the number of jobs needed to regain pre-recession employment is 231,500 jobs. Evidence of a weakening jobs market is seen through Indiana's labor force participation rate, which has steadily decreased since 1995. Additional indicators include the 23,681 Hoosiers who have left the labor force since the recession began (Indiana is among 17 states that have seen absolute declines), and record high unemployment rates for youth. Finally, postsecondary educational attainment rates of Hoosiers (42nd in nation for those over 25 who possess a bachelor's degree) threatens long-term sustainable recovery and the need for a skilled workforce.

The Institute has noted in previous reports that middle-skill jobs, those that require more than a high school diploma but less than a four year degree are currently the majority of jobs in Indiana. Unfortunately, employers are having difficulty finding skilled workers. According to Kris Deckard from the Indiana Chamber of Commerce and a member of the Institute's Advisory Committee, "Employers continue to express frustration in reviewing large numbers of applicants just to find people qualified to work in the jobs they need and still having to provide a significant amount of training post-hire."

The Institute believes that the state government of Indiana has an important role to play in improving the skill of our workforce. 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. A client of Work One in Lafayette, IN, states that, after losing her job of 9 years in pharmaceuticals "found [herself] making some really tough financial decisions. That's when [she] stumbled onto the classes offered at Work One. [She] truly believes [the classes] landed [her] new job with US Oncology."

Further exasperating the economic recovery of Hoosiers is the unprecedented decline in wages. Among other indicators, a rapid decrease in Median Household Income for Hoosiers presents a drag on economic recovery—a 13 percent decrease from \$51,650 to \$44,613 (2nd largest decrease in the nation). While Governor Daniels could not predict the Great Recession when he made raising disposable income for Hoosiers his number one goal as governor, it should not have been forgotten.

Finally, during the recession, restrictive policies for work support programs discouraged and unnecessarily placed tens of thousands of additional families into the lasting and devastating effects of poverty. For example, in 2010 and 2011, the average duration of Unemployment Insurance (UI) benefits (17.4 and 15.5 weeks, respectively) were some of the shortest in the nation. Indiana's Temporary Assistance to Needy Families (TANF) saw a 10 percent *decrease* in caseloads from December 2007 through December 2009—despite a 103 percent increase in unemployment.

According to Derek Thomas, policy analyst for the Institute, "It is by no accident that poverty rates in Indiana have increased at a faster rate than most of the nation. From 2000 to 2010, Indiana's poverty rate increased 52 percent—6th highest in nation. These setbacks to the economic well-being of working families in Indiana continue to undermine recovery efforts. The Institute believes that legislators should act swiftly in order to improve the employment outlook, increase access to postsecondary education and improve the economic health of Hoosiers."

In order to address these issues, the Institute has included a list of 16 policy recommendations. To see the report online with a full list of recommendations, please visit: <http://www.incap.org/statusworkingfamilies.html>

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Indiana Institute for Working Families

The Indiana Institute for Working Families (Institute) is a program of the Indiana Community Action Association, Inc. (IN-CAA). The Institute was founded in 2004. The Institute conducts research and promotes public policies to help Hoosier families achieve and maintain economic self-sufficiency. 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; Education and Outreach; and National, Statewide, and Community Partnerships. To learn more about the Institute, please visit: www.incap.org/iwvf.html.

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 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. IN-CAA serves as an advocate and facilitator of policy, planning, and programs to create solutions and share responsibility as leaders in the War on Poverty. IN-CAA's mission is to help the state's CAAs 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.