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**PRESS RELEASE**

**CONTACT:** Derek Thomas, Senior Policy Analyst, 317-638-4232 or [dthomas@incap.org](mailto:dthomas@incap.org)

**VISIT ONLINE:** [http://www.incap.org/documents/iwvf/2013/2013\\_ACS\\_Release.pdf](http://www.incap.org/documents/iwvf/2013/2013_ACS_Release.pdf)

## **NO PROGRESS: Slight Drop in Poverty Offset by Increase in Number of Low-Income Hoosiers**

**Indianapolis, IN** — The economy isn't working for most people around the nation, and particularly here at home in Indiana. For Hoosiers, the past decade saw significant declines in wages and sharp increases in poverty that often eclipsed not only the national average, but often surpassed our neighbors as well. The state unemployment rate has been above the national average for one full year, wages for far too many have continued their decade's long decline and educational attainment continues to be a barrier to high-wage growth. This stagnant trend was reconfirmed by today's U.S. Census Bureau's American Community Survey (ACS) data, in which a small decrease in poverty was offset by an increase in the number of low-income Hoosiers. While 2012 may have been a bottoming-out for the rapid poverty growth in Indiana, no progress has been made to bring Hoosier families into self-sufficiency. Here are the results:

### *Poverty Remains Flat*

- 15.6% (990,325) of all Hoosiers live in poverty – non-significant change from 2011.<sup>1</sup> This marks the first time that Indiana's poverty rate has been below the national average since 2008.
- From 2010 to 2012, only 8 states (including Indiana) saw poverty rate changes of 5 percentage points or greater.
- 22.4% of all Hoosier children live in poverty – a non-significant decrease from 2011.
- 27.2% of children under 5 live in poverty – a non-significant increase from 2011.
- More than one-third of Hoosiers (2,245,535 million) are low-income, or below 200% of the Federal Poverty Guidelines (\$46,100 for a family of four). This represents a slight, non-significant increase from 2011.
- 45.8% (716,156) of Hoosiers children are low-income – \$46,100 for a family of four – a small increase from last year.

### *Wages Continue Decades Long Decline*

- Continuing the decade's long decline, the Median Household Income (MHI) in Indiana saw a non-significant decrease – from \$47,214 in 2011 to \$46,974 in 2012 (2012 inflation adjusted dollars).
- Since the beginning of the recession, there *has* been a significant decrease in MHI – down from \$50,964 in 2008.

### *Educational Attainment Underperforming State Goals*

- Non-significant increase of those 25 years and older with a high school diploma or higher – from 87.3% in 2011 to 87.6% in 2012.
- Non-significant increase of those 25 years and older with a bachelor's degree or higher – from 23.0% in 2011 to 23.4% in 2012.
- The poverty rate among high school graduates is 12.2% compared to only 4.1% poverty among those with a bachelor's degree.

## **Simple Policy Choices Can Help Restore Economic Mobility**

- *Increase the Earned Income Tax Credit (EITC)* – The fully-refundable EITC is the undisputed champion of poverty reduction and should be strengthened. Indiana's EITC at 9% of the federal benefit is now modest compared to most other state EITC's.

<sup>1</sup> This is not a statistical significant change from last year as the margin of error (27,152) is greater than the decrease of Hoosiers in poverty (20,692).

- *Enact a \$25,000 No-Tax Floor* — Indiana is one of 15 states that tax the incomes of families in poverty. Enacted in 1963, the basic personal exemption was set at \$1,000 per family member — where it remains today. Since then, inflation has eroded the value of \$1,000 substantially.
- *Fix the “Cliff Effect”* — The current design of Indiana’s work-support programs act as a poverty trap and a disincentive towards economic mobility. Smoothing out the benefit cliff provides the most basic incentive to work hard; a raise that increases net resources.<sup>2</sup>
- *Increase the Minimum Wage and Index to Cost of Living* — An increase to \$10.10 per hour has the potential to impact the pocketbooks of nearly 700,000 Hoosiers. Currently 17 states have minimum wages (ranging from \$7.40 to \$9.04 an hour) that are higher than the federal minimum wage rate of \$7.25 per hour. Nine of these states have also guaranteed tipped workers 60 to 70 percent of the state minimum wage.
- *Increase Skills Attainment*: In order to become more economically competitive and fill the skills gap, Indiana must advance the skill attainment of its workforce, especially amongst adults, by increasing access to education and training that results in the qualifications needed to fill Indiana’s 550,000 middle-skill job openings.<sup>3</sup>

### **Policy-makers Risk Stalling the Already Slow Recovery**

- *\$40 Billion Cuts to Supplemental Nutrition Assistance Program (SNAP)* — With nearly a million Hoosiers still in poverty, cutting hunger relief resources would undermine Indiana’s tenuous progress for its most vulnerable citizens. The current House bill to cut benefits by \$40 billion would translate into about 1.5 billion lost meals for hungry families every year for the next 10 years. According to Feeding Indiana’s Hungry: “*Food Hardship 2008-2012: Geography and Household Structure*, released by the Food Research and Action Center (FRAC), found that in surveys from 2008-2012, 26.5 percent of households with children in Indiana said there were times in the prior year when they did not have enough money to buy food that they needed for themselves or their family. 17 percent of households without children in Indiana said they faced the same struggle. Indiana is ranked 16<sup>th</sup> worst in the nation in both categories.”<sup>4</sup>
- *Sequester* — Indiana has sustained significant reductions to essential programs. For example, as early childhood education access gaps exist, 700 Hoosier children have witnessed the face of lost opportunity as a result of sequester cuts to Head Start programs. These reckless cuts have also affected meal-delivery programs for vulnerable seniors, affordable housing, unemployment benefits and food bank dollars.<sup>5</sup> Unfortunately, Congress appears to be heading towards yet another self-inflicted crisis that would continue disinvestment in these programs and continue to endanger Hoosiers’ prosperity. Unless Congress reverses the sequester cuts by finding new revenues, a new round of cuts will go into effect as part of the fiscal year 2014 appropriations. These new cuts will hurt even more people. The cuts would also cost jobs, whereas canceling the cuts would create around 900,000 new jobs, according to the Congressional Budget Office. If Congress fails to complete the appropriations process or pass a continuing resolution and the government shuts down, even more jobs will be lost.
- *Medicaid* — Indiana could make great strides to provide medical coverage to the estimated 300,000 uninsured Hoosiers by extending Medicaid under the Affordable Care Act. Recently, the state was granted a one-year extension of the Healthy Indiana Plan, a move that will result in pushing 11,000 current enrollees off the plan. At the end of the extension, Indiana should act to cover as many vulnerable Hoosiers as possible, as decision that will help ensure that the most vulnerable Hoosiers don’t slide into poverty.

<sup>2</sup> See our Cliff Effect report for policies that would ameliorate this barrier: <http://bit.ly/1eUlk3O>

<sup>3</sup> SEE MEDIA ADVISORY: Indiana Skills2Compete Coalition to Unveil New Data & Solutions for the Skills Gap <http://conta.cc/14mGlrM>

<sup>4</sup> Joint Statement from Anti-Hunger Groups on \$40 Billion Cuts to SNAP: <http://bit.ly/18bKraU>

<sup>5</sup> See our blog post for up-to-date Indiana-specific sequester impact: <http://bit.ly/11SY252>

Over the next few months, Congress will make choices that determine whether the nation prospers together, or continues to exacerbate inequality. For state lawmakers, the 2014 Legislative Session will be an opportunity to turn around the sinking ship that is Indiana's economy and the economic health of Indiana's families so that the next generation of Hoosiers is not witness to another lost decade. In order to better prepare Indiana's working families for a more secure economic future, state policies and investments that reflect the economic reality of low- and middle-income Hoosiers are more critical than ever. Policy makers should begin to provide a toolbox for families to restore the promise of economic mobility. This toolbox should: **reward** hard working Hoosiers by ensuring they share in economic growth; **strengthen** work support programs for our most vulnerable citizens and ultimately; **equip** all Hoosiers with the opportunity to obtain the skills necessary in order to attract high-paying, quality jobs that are necessary for a family's economic self-sufficiency.

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## **ABOUT THE INDIANA INSTITUTE FOR WORKING FAMILIES**

The Indiana Institute for Working Families – a program of the Indiana Community Action Association (INCAA) – 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. The Institute achieves its work through advocacy and education, and through national, statewide, and community partnerships. The Institute was founded in 2004. To learn more about the Institute, please visit: [www.incap.org/iiwf.html](http://www.incap.org/iiwf.html)

## **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 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 Against 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: [www.incap.org](http://www.incap.org)