

THE STATUS OF WORKING FAMILIES IN INDIANA: 2006 UPDATE

September 2006



Indiana Coalition on Housing and Homeless Issues

INDIANA
INSTITUTE FOR
WORKING FAMILIES



Indiana Coalition on Housing and Homeless Issues

The Status of Working Families in Indiana: 2006 Update

September 2006

Indiana Institute for Working Families, ICHHI

324 W. Morris St., Suite 202, Indianapolis, IN 46225

Phone: (317) 636-8819 Fax: (317) 636-8383

Email: info@ichhi.org Website: www.ichhi.org

Indiana Institute for Working Families, ICHHI

The Indiana Institute for Working Families is a program of the Indiana Coalition on Housing and Homeless Issues (ICHHI). ICHHI is a statewide, non-partisan, non-profit organization that believes everyone in Indiana deserves safe, decent, affordable housing; employment; income; and resources for self-sufficiency. ICHHI is committed to building stronger individuals, families, and communities through planning, research, education, and advocacy.

The Indiana Institute for Working Families was founded in 2004 with generous support from the Joyce Foundation located in Chicago, Illinois. The goal of the Institute is to help Hoosier families achieve and maintain economic self-sufficiency. The Institute conducts research and analysis of public policy issues important to working families, engages in advocacy and education campaigns on policy issues, and works through national, statewide, and community partnerships to promote progressive policies in Indiana.

Public Policy: Research and Analysis

The Institute's research focuses on a range of policy issues affecting low-wage workers, including work support programs such as the Earned Income Tax Credit, Food Stamps, child care, health insurance programs, and the unemployment insurance system. In addition, the Institute is interested in policies and programs that involve job placement, retention, and advancement for low-wage workers, and is currently conducting research within these areas.


Some of the Institute's recent research reports include: *Ensuring A Hunger-Free Indiana*. (November 2005); *The Status of Working Families in Indiana, 2005 Update*. (September 2005); *Indiana's TANF Budget Priorities: Past, Present and Future*. (September 2005); *The Self-Sufficiency Standard for Indiana: Where Economic Independence Begins, 2005 Edition*. (September 2005); and *Is Indiana Getting its Fair Share, 2005: Federal Programs Available to Help Working Hoosier Families* (June 2005).

Advocacy, Education, and Information

The Institute engages in a range of activities that inform our constituents about pressing issues and assist with our advocacy efforts. The Institute publishes a monthly e-newsletter, *The Networker*, which focuses on pressing federal and state legislation and policies as well as highlighting research relating to low-wage workers in Indiana. The Institute also publishes *Inside the Statehouse*, a weekly e-newsletter that highlights relevant legislation and is published when the Indiana General Assembly is in session. In addition, the Institute has founded *Invest In Hoosiers*, a statewide, grassroots advocacy campaign comprised of organizations and citizens who are concerned about issues affecting low-income working Hoosier families and Indiana's most vulnerable citizens. The Institute also works with many partners on the *Contract with Hoosier Children*, an advocacy campaign that focuses on thirteen planks that need to be addressed in order for children to be raised in families that are healthy, self-sufficient, and caring. The Institute also issues periodic *Action Alerts* to inform Hoosier advocates of pending federal and state legislative issues and actions that need to be taken. Individuals can subscribe to both publications on our website at www.ichhi.org. The Institute also hosts multiple conferences and seminars across the state as well as giving presentations through its Speaker's Bureau.

National, Statewide, and Community Partnerships

ICHHI is seen as a statewide leader on public policy and poverty issues. This has allowed the Institute to build upon existing partnerships as well as develop new partnerships with workforce service providers, national research and advocacy organizations, and local service providers and advocates. Some of our national partners include Center on Budget & Policy Priorities, Economic Policy Institute, National Employment Law Project, The Workforce Alliance, The Hatcher Group, Food Research and Action Center, and Wider Opportunities for Women.



HIGHLIGHTS

The Status of Working Families in Indiana: 2006 Update

Employment

- From May 2000 to July 2003, Indiana lost 128,700 jobs due to the national economic slowdown and recession. Since September 2003, Indiana has been on the road to recovery but, as of June 2006, it was still 38,500 jobs below the May 2000 level.
- Three industrial sectors have shown considerable growth: professional and business services; educational and health services; and leisure and hospitality. These service industries created over 71,200 jobs from May 2000 to May 2006.
- For the first time ever, manufacturing was no longer the largest sector of Indiana's economy in 2005. Trade, transportation, and utilities exceeded manufacturing by 12,100 jobs.
- Indiana has lost 96,300 manufacturing jobs since 2000.
- Indiana's unemployment over the past six years had been consistently below the United States rate, yet in 2005, Indiana's rate of 5.7 percent exceeded the national unemployment rate of 5.1 percent.
- From 2004 to 2005 Indiana was the only state in the East North Central region (Ohio, Illinois, Indiana, Michigan, and Wisconsin) to see an increase in its unemployment rate. The United States and all other states in this region saw a decline.
- Hoosiers are strongly attached to the labor force, as can be seen in Indiana's higher rates of labor force participation and an employment-to-population ratio that has continued to be greater than the U.S. ratio since 1999.

Wages

- Indiana wages have been stagnant for the past several years and have not kept pace with average wages in the U.S. By 2005, the average annual wage in Indiana had fallen to just over 90 percent of the U.S.
- As high paying manufacturing jobs have disappeared, wages overall have declined. In Indiana, the average earnings per job in manufacturing was \$66,300 compared to \$34,080 for all jobs.
- The median wage (50th percentile) of Indiana workers was \$14.09 per hour, compared to \$14.28 per hour nationally. Indiana's median wage was also significantly lower than the median wage for East North Central states (Ohio, Illinois, Indiana, Michigan, and Wisconsin).
- Indiana workers at the median and in all decile categories above the 50th percentile earn less than U.S. workers.
- Indiana lacks high-wage jobs due in part to the increasing dominance of service sector industries in its economy.

Incomes

- Economic conditions for Hoosier families have worsened as evidenced by a sharp rise in the state's poverty rate and a continued decline in household incomes.
- Based on two-year averages, Indiana's Median Household Income has declined steadily since 1998-1999, when it was \$47,679. By 2004-2005, it had fallen to \$43,091.

Poverty Rates

- Poverty data released by the U.S. Census Bureau on August 30, 2006 estimated Indiana's poverty rate for 2004-2005 at 12.1 percent. While still lower than the U.S. rate of 12.6 percent, it is a substantial increase over Indiana's 1999 single year poverty rate of 6.7 percent.
- The 2005 single year poverty rate estimate for Indiana is 12.2, percent which means that over 740,000 Hoosiers were living in poverty.
- The poverty rate for children in Indiana has jumped sharply, from 10.5 percent in 2002 to 18.6 percent in 2005.
- In 2005, 334,800 of the 1.8 million children in Indiana were living in poverty.
- In 2005, almost 42 percent of Indiana's children were living in families with incomes that were less than 200 percent of the Federal Poverty Guidelines.

Union Membership

- The percentage of Indiana workers who are union members increased in 2005 to 12.4 percent, this is 1 percent higher than 2004.
- Nationwide union membership remained the same, 12.5 percent from 2004 to 2005.

Health Insurance

- There has been a fairly significant decrease in the percent of workers covered by private-sector, employer-provided health insurance in Indiana: 64.2 percent covered in 1998-2000 and 57.7 percent in 2003-2005.
- Indiana's record in providing health insurance for low-income children is fairly good with only 14.8 percent without coverage compared to 18.5 percent in the U.S.
- Private sector health insurance coverage of all children in Indiana, however, has declined substantially from 79.5 percent in 1999 to 67.6 percent in 2005.
- Overall, 14.2 percent of Indiana residents are without health insurance.
- The continuing decline in health insurance coverage for Hoosiers is especially troubling given the poor ratings the state has on important health indicators.

Table of Contents

About the Indiana Institute for Working Families, ICHHI

Highlights: The Status of Working Families in Indiana: 2006 Update

Index of Charts and Tables		i
Introduction		1
SECTION ONE	Jobs in Indiana	3
SECTION TWO	Labor Force and Employment	7
SECTION THREE	Wages	11
SECTION FOUR	Incomes	15
SECTION FIVE	Poverty Rates	19
SECTION SIX	Union Membership	23
SECTION SEVEN	Health Insurance	25

Index of Charts and Tables

Charts

CHART	PAGE
<u>SECTION ONE</u>	
1 Non-Farm Employment, Indiana, 2000 to 2006	3
2 Major Sectors, Percentage of Total Non-Farm Employment, May 2000 & May 2006	5
<u>SECTION TWO</u>	
3 Labor Force Participation Rate, Indiana and U.S., 1999 to 2005	8
4 Employment to Population Ratio, Indiana & U.S., 1999 to 2005	9
<u>SECTION THREE</u>	
5 Annual Average Wages, Indiana and as a Percent of U.S., 1999-2005	11
6 Median Wages, Indiana, East North Central States & U.S., 1999-2005	12
7 Wages by Decile, Indiana & United States, 2005 in Real Dollars	13
8 Percentage of Workers Earning Below Poverty Wage, Indiana & U.S., 1999-2005	14
<u>SECTION FOUR</u>	
9 Median Household Incomes, Two-Year Averages, Indiana & U.S.,	15
10 Median Household Incomes, 2004-2005, U.S. and East North Central States	16
11 Percentage Distribution of Family Income, Indiana & United States, 2005	17
<u>SECTION FIVE</u>	
12 Poverty Rates, Indiana & United States, 1995 to 2005	19
13 Poverty Rates, Children, 2005, East North Central States & U.S.	20
<u>SECTION SIX</u>	
14 Union Membership, Indiana & United States, 1995 to 2005	23
<u>SECTION SEVEN</u>	
15 Private Sector, Employer-Provided Health Insurance Coverage, 1998 to 2005	25

Tables

TABLE	PAGE
<u>SECTION ONE</u>	
1 Employment by Major Sector, Indiana, May 2000 and May 2006	4
<u>SECTION TWO</u>	
2 Unemployment Rates, U.S. and East North Central States, 1999 to 2005	7
3 Long-Term Unemployment Rates, U.S. and East North Central States, 2001 to 2005	7
4 Underemployment Rates, 2005, U.S. and East North Central States	9
<u>SECTION THREE</u>	
5 Median Wages, Indiana and the United States, 2000 to 2005 (inflated to 2005 real dollars)	12
<u>SECTION SEVEN</u>	
6 Percent of Residents Not Covered by Health Insurance, Indiana and United States, 1999 and 2005	26

INTRODUCTION

The Status of Working Families in Indiana: 2006 Update

This is the third edition of *The Status of Working Families in Indiana*, published by the Indiana Institute for Working Families, ICHHI. This report analyzes the key economic indicators for the state and its residents and identifies issues, that if addressed could improve the status of working families. Since this is the third edition, we are able to compare data from the last three years and look at changes to families in Indiana over time.

The data in this report shows that Indiana families continue to struggle in a changing state economy and face many challenges such as increases in poverty numbers, stagnant median wages (50th percentile), and increased numbers of uninsured. Despite these issues we have also seen some positive changes including a slight increase in union membership and an increase in job creation in several industrial sectors.

It is hoped that as you read this report you will gain a better understanding of the direction Indiana is heading and that the information will motivate you to become active in your community and share this information with others.

As has been stated in earlier versions of this report: *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.*

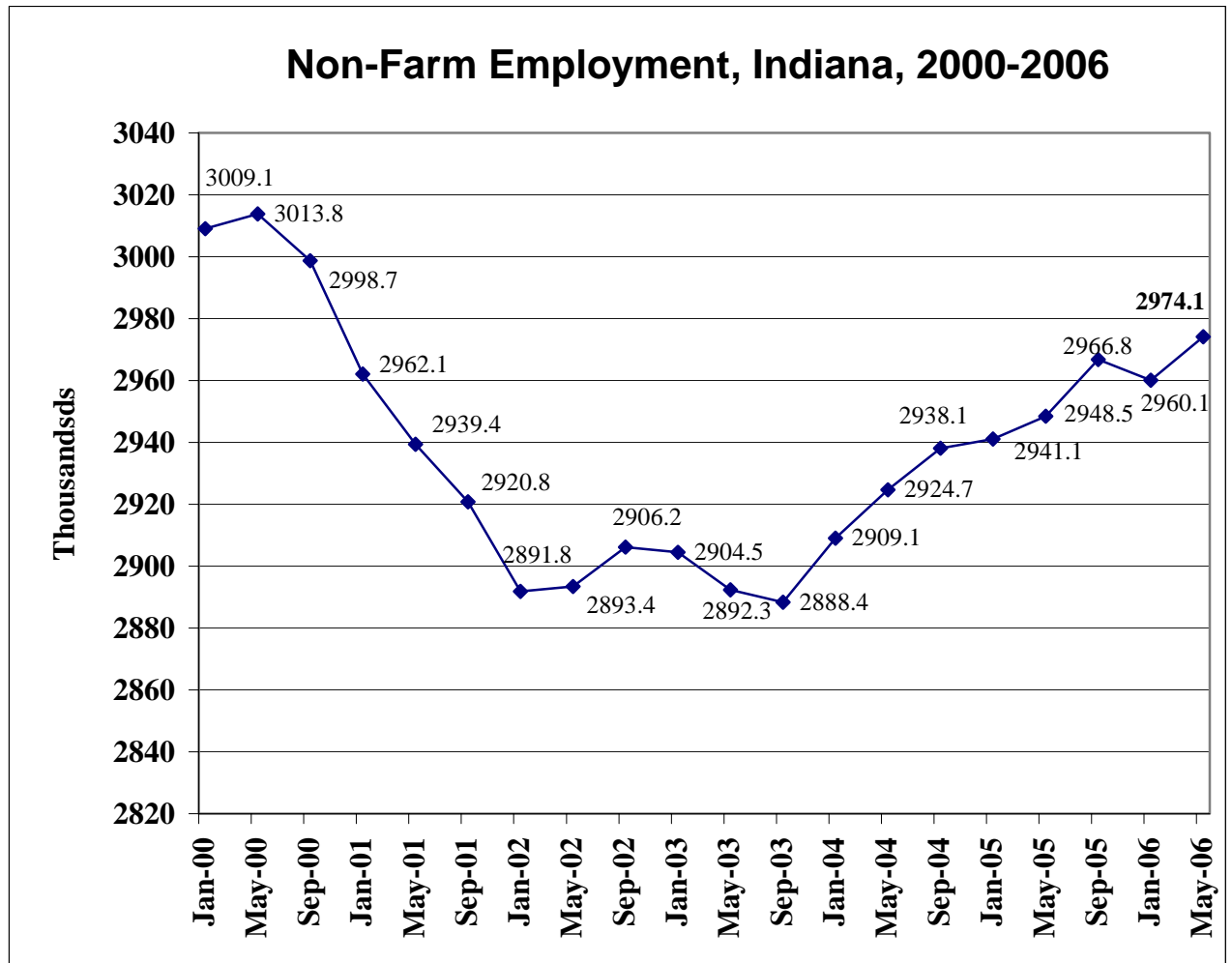
SECTION ONE



Jobs in Indiana

Indiana was the first state to be hit by the recession and is finally showing signs that the state is on the road to economic recovery. The numbers of jobs in Indiana are steadily increasing and more industry sectors are showing signs of growth. Non-farm, industry employment reached its peak in Indiana in May 2000, at 3,013,800 but then employment losses began to accelerate towards the bottom, with a total loss of 128,700 jobs in July of 2003. As shown in **Chart 1**, by May 2006 the total of non-farm jobs had climbed back to 2,974,100 – a gain of 85,700 since the all-time low in October 2003. Yet, as of June 2006 employment statewide remained 38,500 jobs below the May 2000 level.

Chart 1



Source: Economic Policy Institute Analysis of Current Employment Statistics Survey Data

While the state's employment picture is clearly improving, the composition has changed dramatically over the past six years (See **Table 1**). During the last recession, Indiana faced an additional challenge, a shift in its economic base from manufacturing to a more service and knowledge-based economy. For the first time ever, manufacturing was no longer the largest sector of Indiana's economy as of 2005. Trade, transportation, and utilities exceeded manufacturing by 12,100 jobs. In addition, Indiana lost 1,300 manufacturing jobs in 2006.

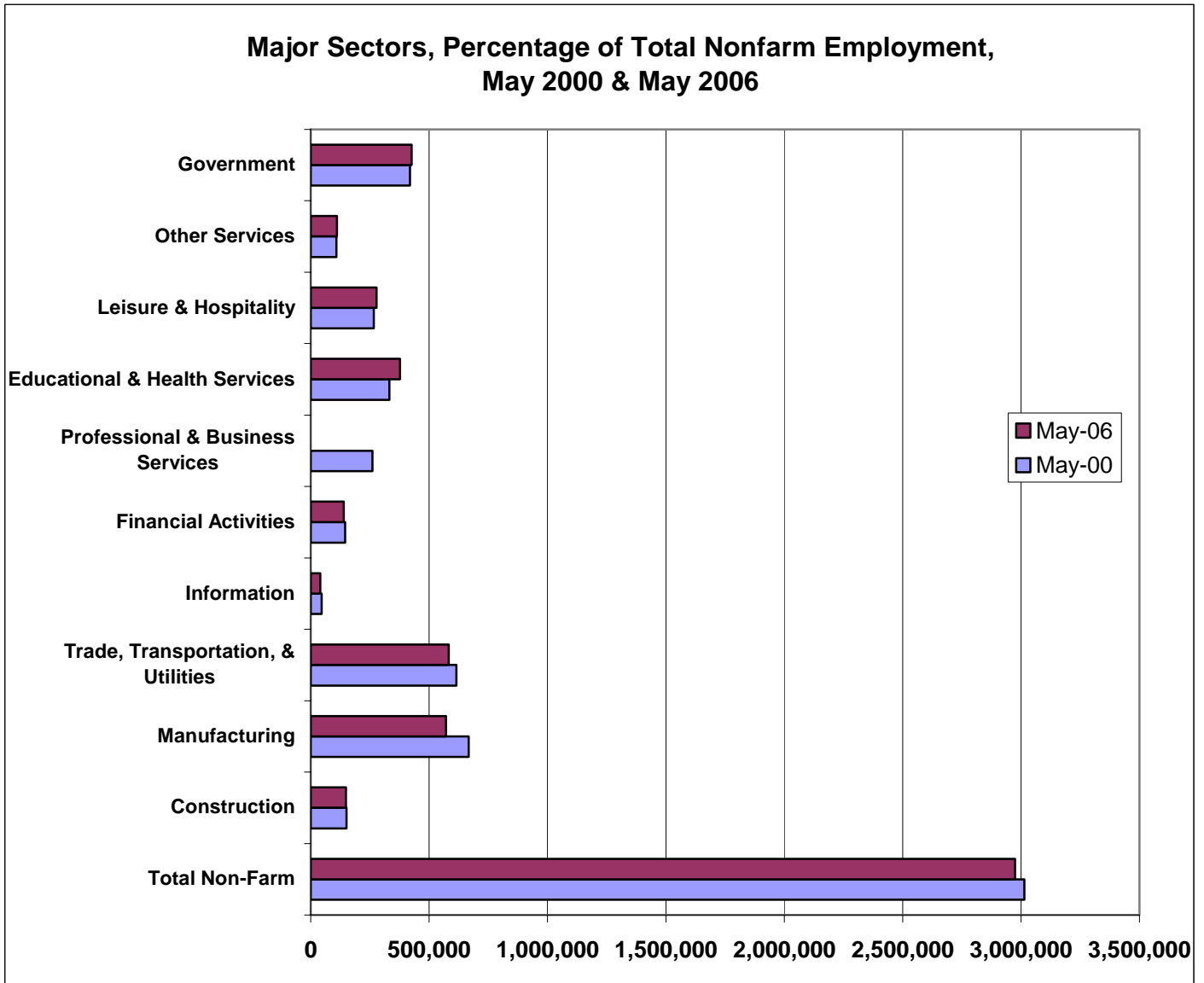
Table 1

Employment by Major Sector, Indiana, May 2000 and May 2006				
	May 2000	May 2006	Number Change	Percent Change
Total Non-Farm	3,013,800	2,974,100	-39,700	-1.3%
Construction	151,400	151,100	-300	-.2%
Manufacturing	667,500	571,400	-96,100	-%14.4
Trade, Transportation, & Utilities	614,700	584,800	-29,900	-4.9%
Information	45,700	41,100	-4,600	-10.1
Financial Activities	144,800	141,400	-3,400	-2.3%
Professional & Business Services	260,800	275,200	14,400	5.5%
Educational & Health Services	331,500	382,200	50,700	15.2%
Leisure & Hospitality	265,800	282,300	16,500	6.2%
Other Services	108,500	111,100	2,600	2.4%
Government	418,800	426,500	7,700	1.8%

Source: Economic Policy Institute Analysis of Current Employment Statistics Survey Data

However, these industrial sectors – professional and business services, educational and health services, and leisure and hospitality – have shown considerable strength in job creation (See **Chart 2**). These service industries added over 71,200 jobs from May 2000 to May 2006. This demonstrates the major transformation of Indiana's economy from industrial based toward a service and knowledge-based economy.

Chart 2



Source: Employment, Hours & Earnings (CES), Bureau of Labor Statistics

SECTION TWO

Labor Force and Employment



In 2005, the United States and many of Indiana's neighboring states saw unemployment rates decrease, however Indiana was not that fortunate and actually experienced rising unemployment rates from 2004 to 2005. **Table 2** provides the unemployment rates for the East North Central region and surrounding areas over the past six years (annual averages).

Table 2

Unemployment Rates, U.S. and East North Central States, 1999 to 2005							
	1999	2000	2001	2002	2003	2004	2005
UNITED STATES	4.2%	4.0%	4.7%	5.8%	6.0%	5.5%	5.1%
<i>East North Central</i>	3.8%	3.8%	4.8%	5.9%	6.3%	6.1%	5.8%
Ohio	4.3%	4.0%	4.2%	5.7%	6.1%	6.3%	6.0%
Indiana	3.0%	3.2%	4.1%	5.1%	5.1%	5.3%	5.7%
Illinois	4.3%	4.3%	5.4%	6.5%	6.7%	6.1%	5.6%
Michigan	3.8%	3.5%	5.3%	6.2%	7.3%	7.0%	6.6%
Wisconsin	3.0%	3.6%	4.6%	5.5%	5.6%	5.0%	4.7%

Source: Economic Policy Institute (EPI) Analysis of Current Population Survey Data

Only two states in the East North Central region, Michigan and Ohio, had higher unemployment rates than Indiana. Even though these states had higher unemployment rates than Indiana, these rates decreased from 2004 to 2005. Although Indiana is showing signs of economic recovery, increase in unemployment rate is a growing reason for concern.

Indiana has seen a decrease in the long-term unemployment rate (unemployed workers who have been seeking work for six months or longer) to 17.7 percent in 2005. This is lower than the national percentage of 19.6 and much lower than the 28 percent long-term unemployment rate Indiana experienced in 2003 (See **Table 3**).

Table 3

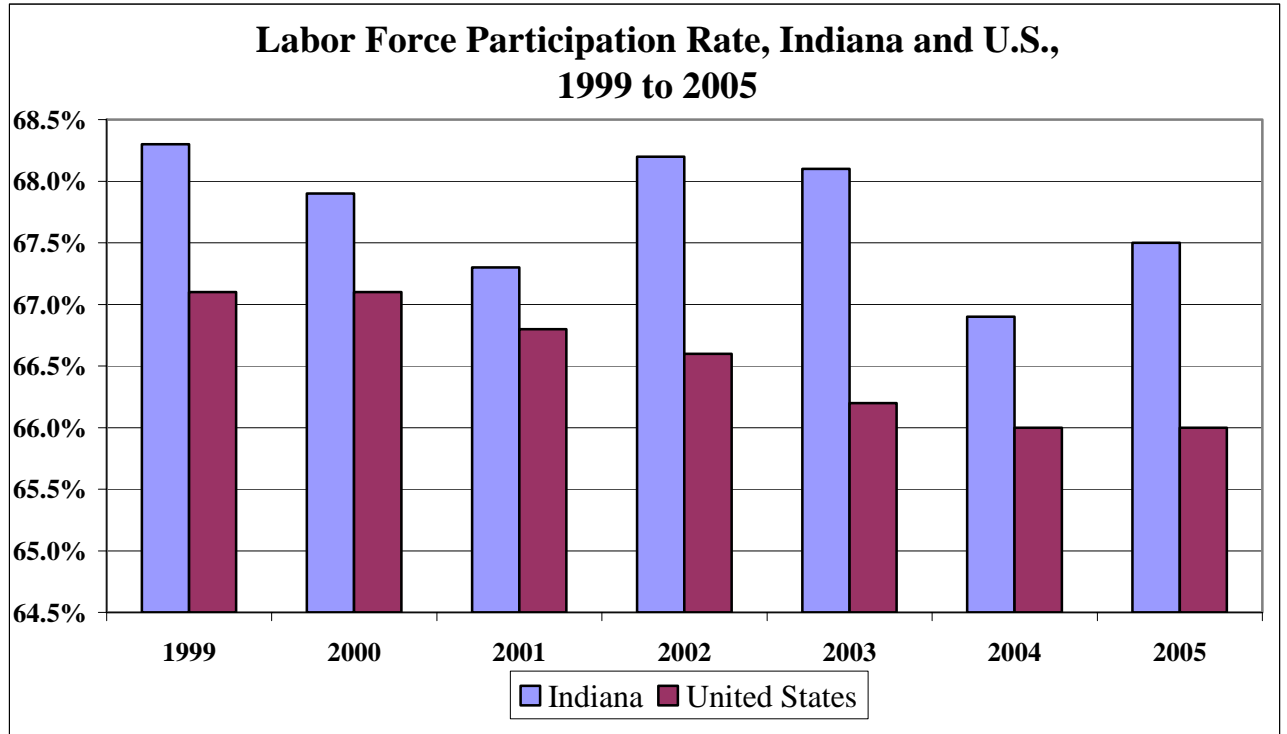
Long-Term Unemployment Rates, U.S. and East North Central States, 2001 to 2005					
	2001	2002	2003	2004	2005
UNITED STATES	11.8%	18.3%	22.1%	21.8%	19.6%
<i>East North Central</i>	10.5%	17.2%	23.8%	24.0%	21.0%
Ohio	8.7%	16.5%	20.9%	21.4%	17.8%
Indiana	*	17.1%	28.0%	21.1%	17.7%
Illinois	14.0%	19.7%	25.8%	26.0%	27.0%
Michigan	9.0%	16.5%	24.5%	27.7%	21.4%
Wisconsin	11.4%	14.2%	19.4%	20.1%	17.3%

* Does not meet standards for sample size.

Source: Economic Policy Institute analysis of Current Population Survey Data

In addition, the labor participation data shows that Hoosiers are strongly attached to the labor force (See **Chart 3**). For the past seven years (1999 to 2005), the percentage of Hoosiers in the labor force has exceeded the United States percentage.

Chart 3

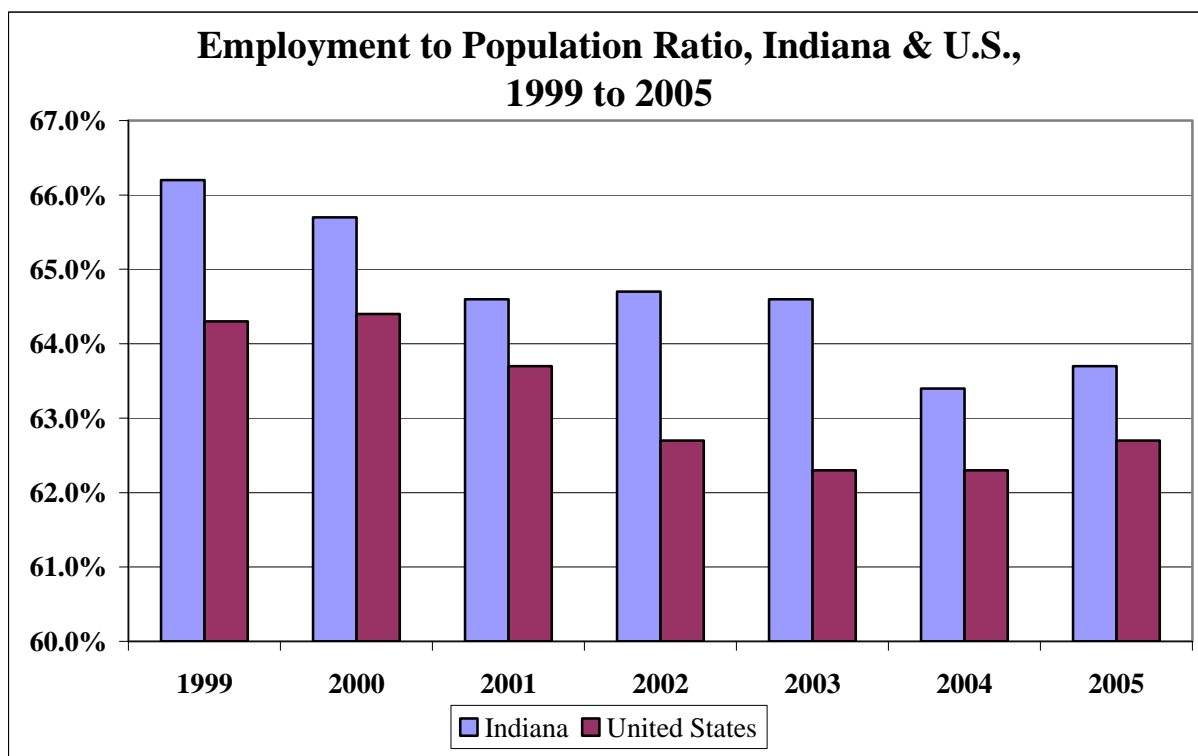


Source: Economic Policy Institute Analysis of Current Population Survey Data

The strong attachment of Indiana workers to the labor force can also be seen in a comparable statistic, the employment to population ratio (i.e., the number of employed persons divided by the total population). As shown in **Chart 4**, the Indiana percentage of employed persons has exceeded the U.S. percentage in each of the past seven years.

Indiana also has a slightly lower percentage of part-time workers in its labor force than does the United States, with 21.9 percent part-time workers in Indiana compared to 23.3 percent nationally (EPI).

Chart 4



Source: Economic Policy Institute analysis of Current Population Survey Data

Indiana's underemployment rate is higher than the national rate. However, it is lower than most of the states in the East North Central region (See **Table 4**). Underemployment in this instance includes not only those who are officially counted as unemployed, but also adds those workers who are marginally attached to the labor force and those who work part-time for economic reasons but would prefer full-time work.

Table 4

Underemployment Rates, United States and East North Central States, 2005	
UNITED STATES	8.9%
<i>East North Central</i>	10.0%
Ohio	9.9%
Indiana	9.2%
Illinois	9.6%
Michigan	12.0%
Wisconsin	8.3%

Source: Economic Policy Institute Analysis of Current Population Survey Data

Looking at the percentage of workers that have exhausted Unemployment Insurance (UI) benefits from 1999 to 2005, the picture is even bleaker for these workers. In 2005, 39.3 percent of Hoosier exhausted their UI benefits. This is higher than the U.S. rate of 38.1 percent, but below the peak Indiana reached in 2003 of 44 percent.

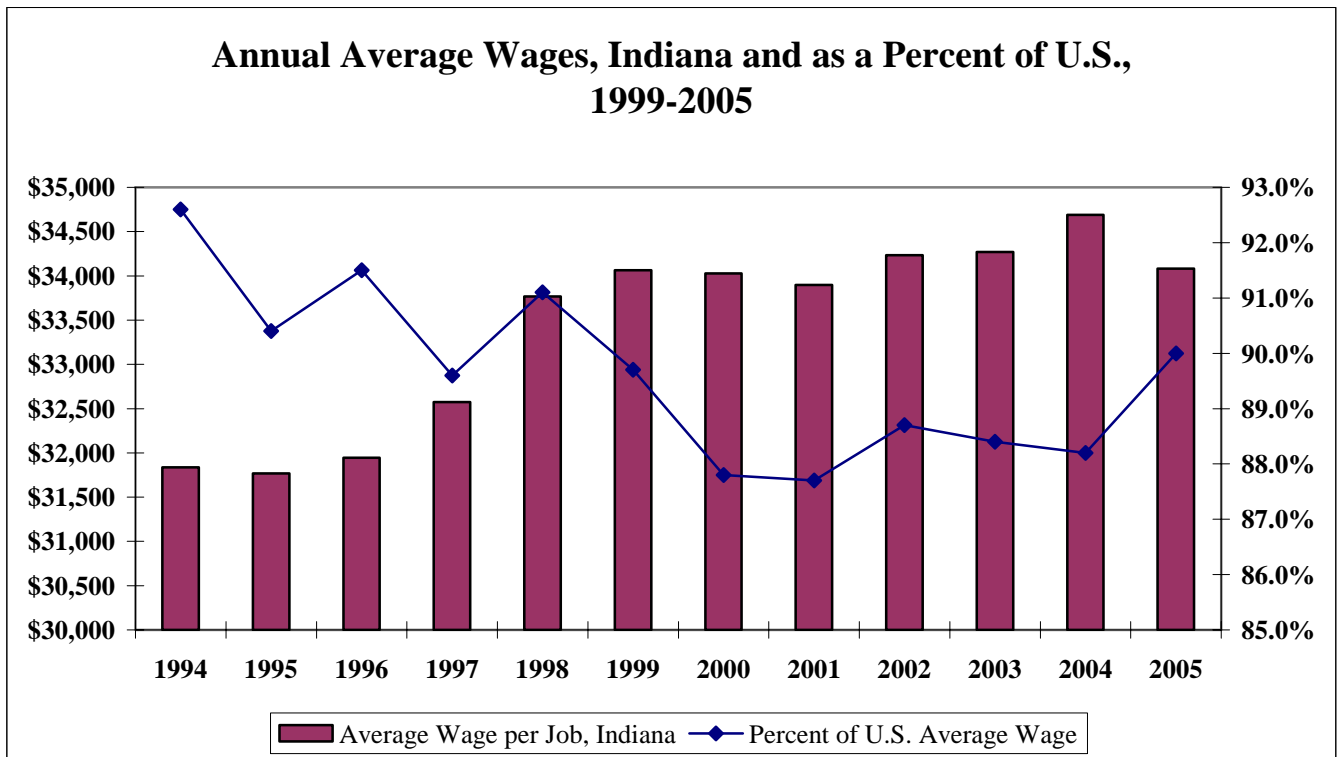
SECTION THREE

Wages



Indiana wages have generally been stagnant over the past several years, and have not kept pace with average wages in the United States as a whole. The mean annual wage listed for all occupations in Indiana in May 2005 was \$34,080. The comparable United States wage was \$37,870 (Occupational Employment Survey (OES), Bureau of Labor Statistics). Since 1994, the average annual wage for Indiana workers covered by unemployment insurance has fallen from 92.6 percent of the United States average to 88.2 percent in 2004. In 2005 Indiana finally began to regain ground, and wages were 90 percent of the United States average wage (See **Chart 5**).

Chart 5

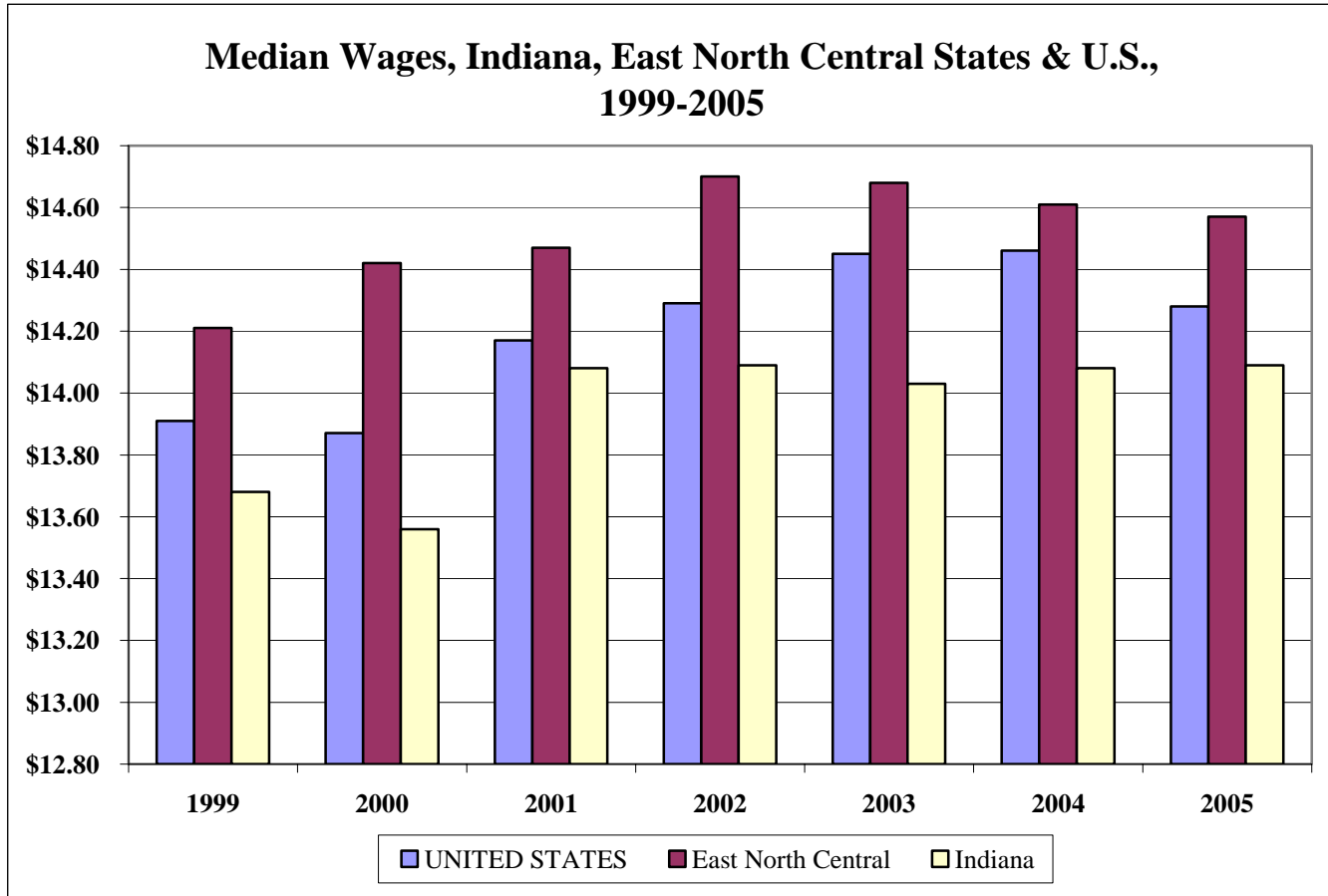


Source: Occupational Employment Survey (OES), Bureau of Labor Statistics

The poor earnings performance of Indiana workers can be attributed in large part to the dramatic loss of manufacturing jobs in recent years. As noted earlier, Indiana lost almost 95,000 jobs in the manufacturing sector since 2000. In 2005, manufacturing accounted for 16.3 percent of total employment, but produced 27.8 percent of total earnings. Nationally, the average earnings per job in manufacturing was \$68,940 compared to \$37,870 for all jobs. In Indiana, the average earnings per job in manufacturing was \$66,300 compared to \$34,080 for all jobs (Bureau of Economic Analysis, 2005). As high-paying jobs have disappeared, wages overall have declined statewide.

Median Wage. In 2005, the median wage (50th percentile) of Indiana workers was \$14.09 per hour, compared to \$14.28 per hour nationally. The median wage for Indiana was significantly lower than the U.S. median, and was also below the median for the East North Central states (Ohio, Illinois, Indiana, Michigan, and Wisconsin) (EPI) (See **Chart 6**).

Chart 6



Source: EPI Analysis of Current Population Survey Data

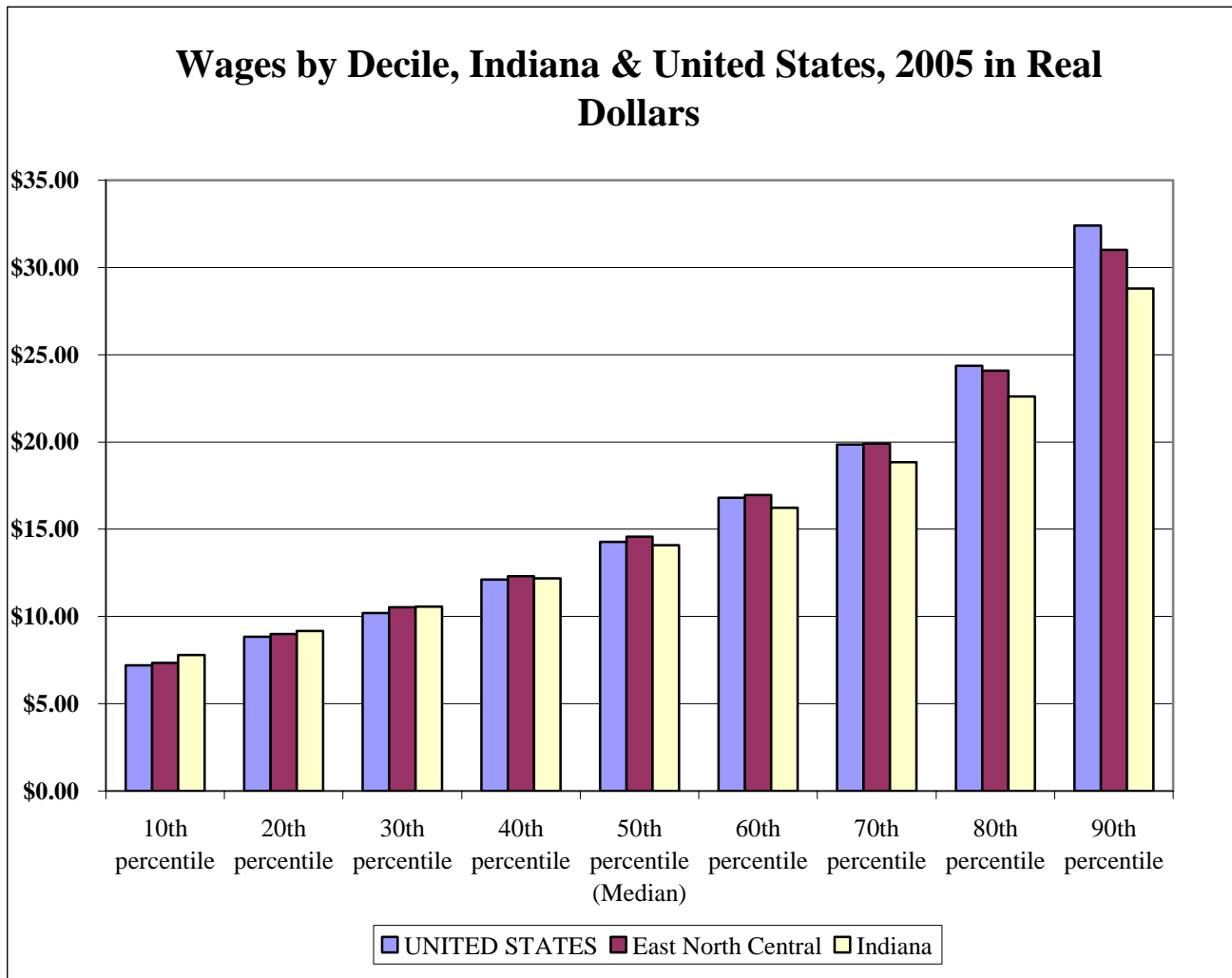
Table 5 shows the median wage amount for Indiana and the U.S. over the past six years, 2001 to 2005. The stagnation of Indiana wages can be seen clearly in this table with a median wage which only increased by one cent from 2004 to 2005 and has remained relatively flat from 2000 to 2005 (dollar amounts are adjusted for inflation).

Table 5

Median Wages, Indiana and the United States, 2000 to 2005 (inflated to 2005 real dollars)		
	Indiana	United States
2000	\$13.56	\$13.87
2001	\$14.08	\$14.17
2002	\$14.09	\$14.29
2003	\$14.03	\$14.45
2004	\$14.08	\$14.46
2005	\$14.09	\$14.28

Source: EPI Analysis of Current Population Survey Data

Chart 7

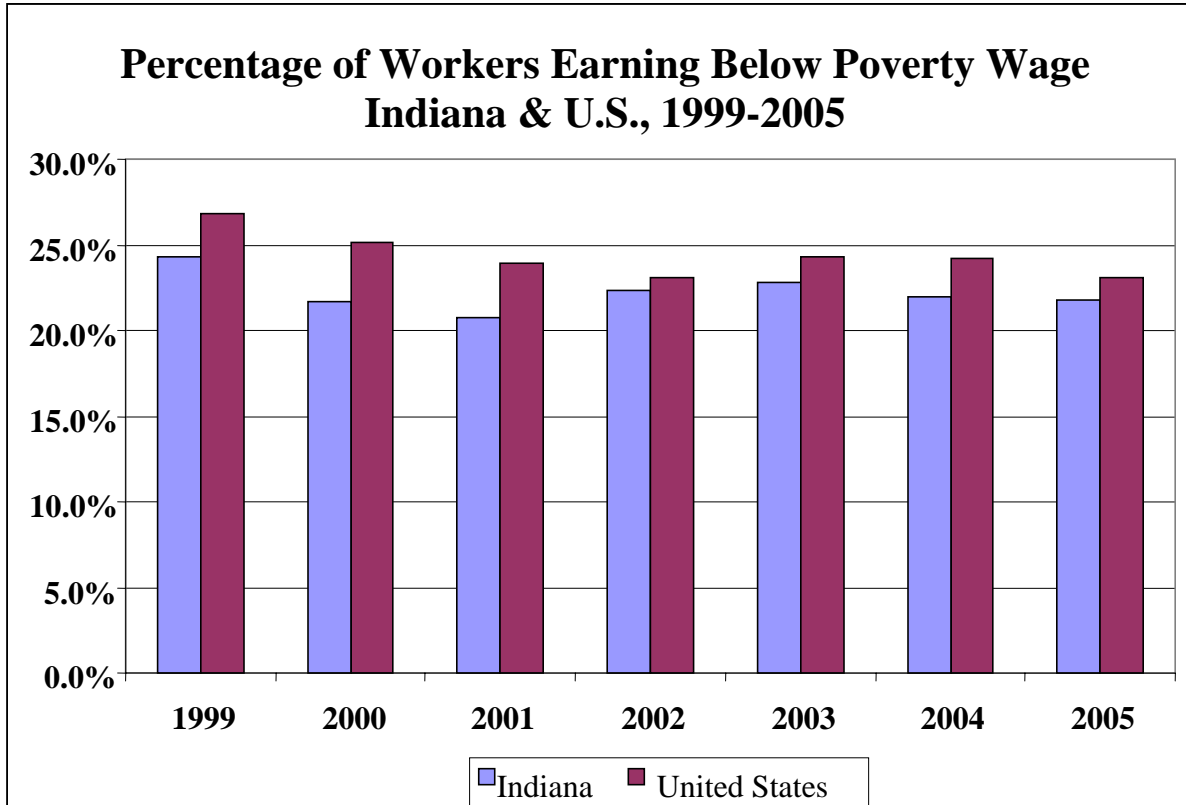


Source: EPI Analysis of Current Population Survey Data

Chart 7 reveals a great deal about the Indiana economy and how its workforce and wages compare to the United States. This chart divides Indiana’s wage earners into ten equal groups and shows the average wage for each percentile or tenth of workers. Indiana’s low-wage workers, those in the 10th through the 30th decile, earn wages that are higher than comparable low-wage workers in the United States. At the 40th percentile, Indiana and U.S. wages are almost comparable. Beginning at the 50th percentile and continuing for each decile thereafter, Indiana workers earn progressively less than their U.S. counterparts. In other words, low wage workers in Indiana are doing relatively well. Indiana’s median and higher wage workers lag well behind the rest of the United States.

The fact that low-wage workers are relatively better off in Indiana is also supported by another statistic: the percent of workers earning below poverty wage. In 2005, according to analysis by EPI, 23.1 percent of U.S. workers earned wages that were less than the Federal Poverty Guidelines (\$19,350 for a family of four); only 21.8 percent of Indiana workers earned wages that were below poverty (See **Chart 8**).

Chart 8



Source: EPI Analysis of Current Population Survey Data

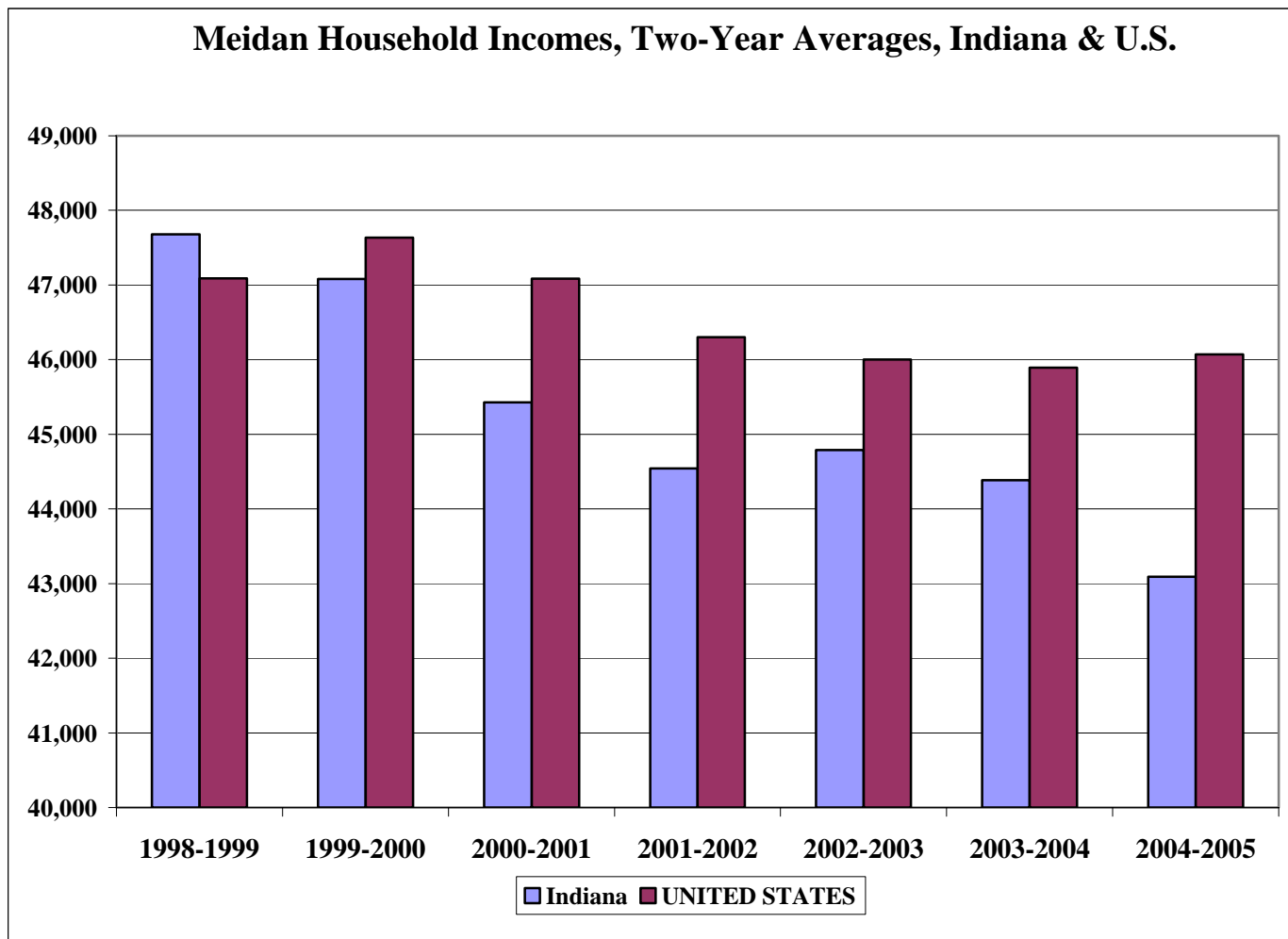
SECTION FOUR

Incomes



The Median Household Income (MHI) in Indiana for 2004-2005 (2-year average) was \$43,091. This is a decline of \$1292 from the 2003-2004 MHI of \$44,383 (See **Chart 9**).¹

Chart 9

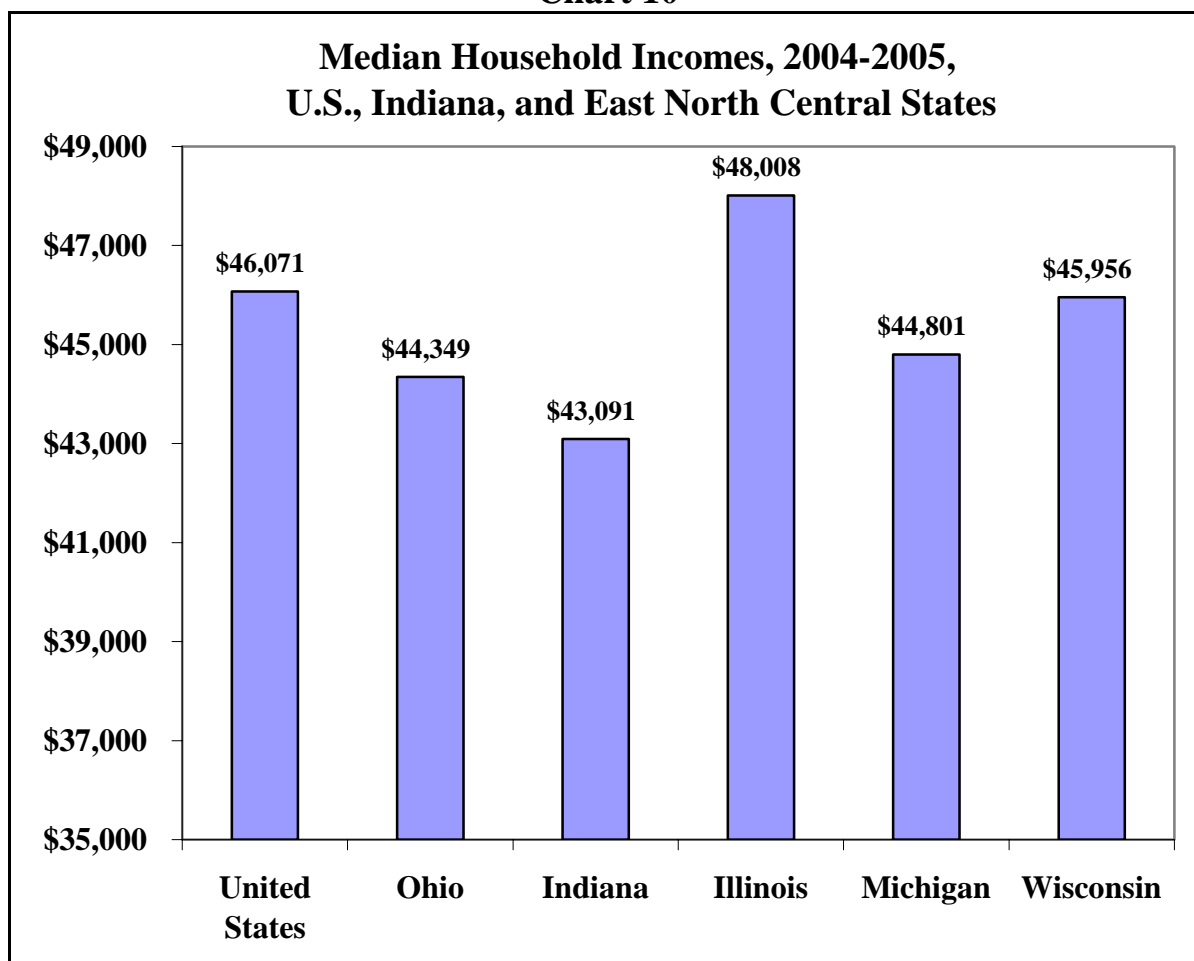


Source: U.S. Census Bureau, Current Population Survey 2006

Chart 10 compares Indiana's MHI with the U.S. and that of the other states in the East Central region. As can be seen, Indiana has the lowest MHI of the states included in this region (in 2005 real dollars).

¹ Source: <http://www.census.gov/hhes/www/income/histinc/h08a.html>.

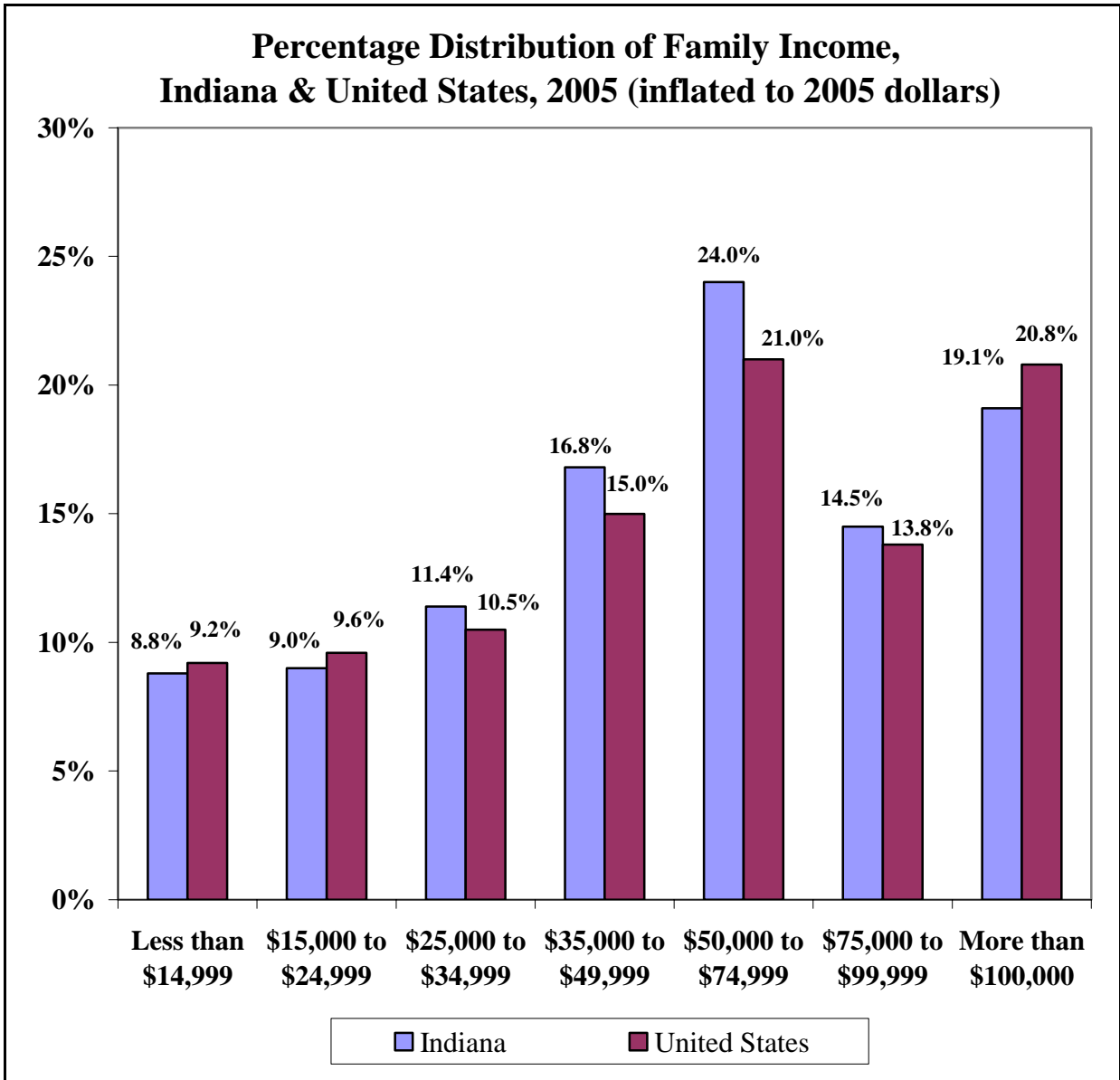
Chart 10



Source: EPI Analysis of Current Population Survey Data,
<http://www.census.gov/hhes/www/income/histinc/h08a.html>

Recent results from the annual American Community Survey (August 30, 2006) provide a detailed picture of the distribution of family incomes in the United States. **Chart 11** compares the percentage distribution of family incomes in Indiana across seven income classes. Overall, the picture is that of a state whose families are predominately middle-income with relatively fewer families in the lowest income classes and a substantially smaller percentage of families with high incomes (that is, above \$100,000). In the highest income category shown, only 19.1 percent of Hoosier families earn \$100,000 or more compared to one in five or 20.8 percent of all U.S. families. About 17 percent of Indiana families fall within the income categories below \$25,000, which compares to 19 percent in the U.S. **Chart 11** clearly shows that about 55 percent of Hoosier families have incomes that fall between \$35,000 and \$75,000.

Chart 11



Source: American Community Survey, 2005

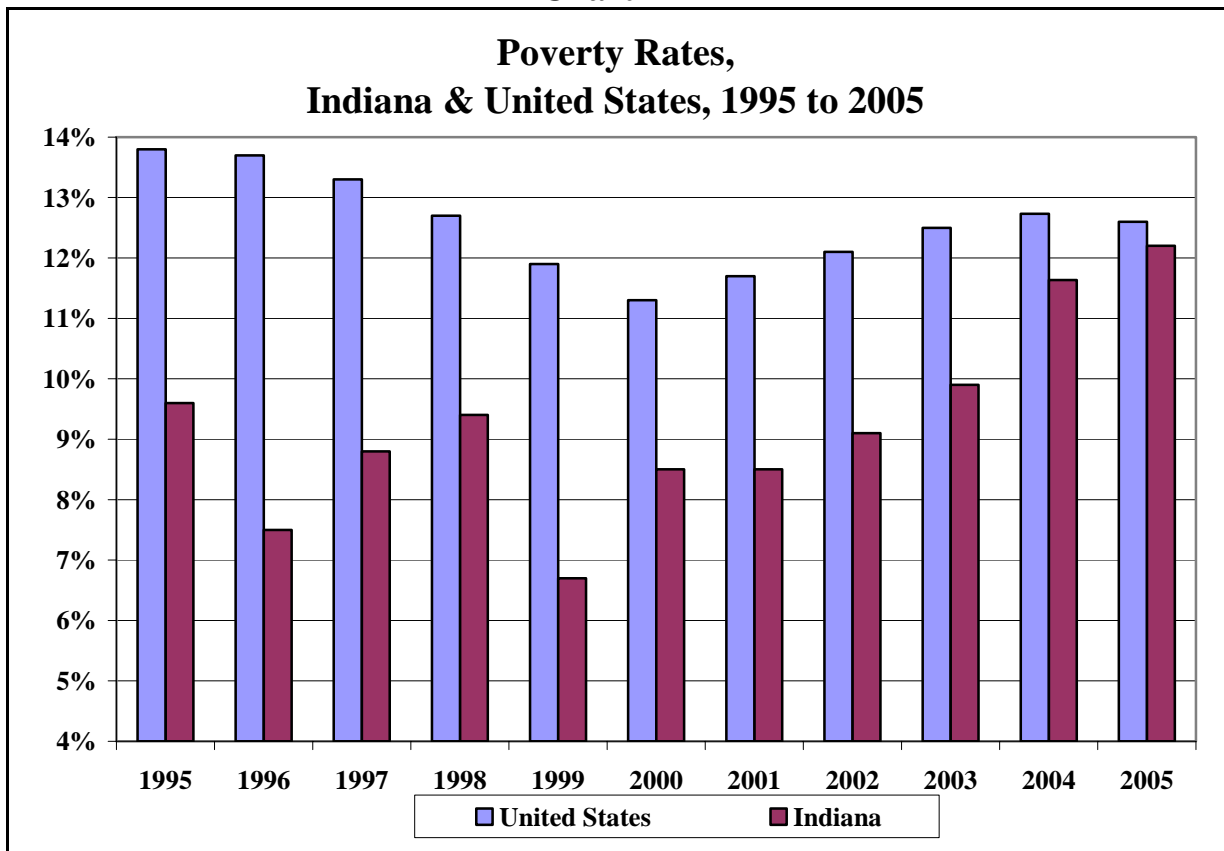
SECTION FIVE

Poverty Rates



On August 30, 2006, the U.S. Census Bureau released new data on national and state poverty rates. The 2004-2005 two year average poverty rate for Indiana was estimated at 12.1 percent (U.S. Census Bureau, Current Population Survey). According to the newly released Census data, 37 million Americans were living in poverty in 2005. In Indiana, approximately 740,000 Hoosiers were living in poverty out of an estimated population of 6,093,372 by the American Community Survey (ACS) in 2005. **Chart 12** shows the one year poverty estimates over the past ten years, and compares Indiana's poverty rates to the United States. As can be seen in the chart, Indiana has had much lower rates of poverty than the United States, but its rate has been steadily increasing since 1999 when Indiana reached an all-time low of 6.7 percent. Indiana's 2005 (single year estimate) is reported to be 12.2 percent, an increase of 88,000 persons.

Chart 12



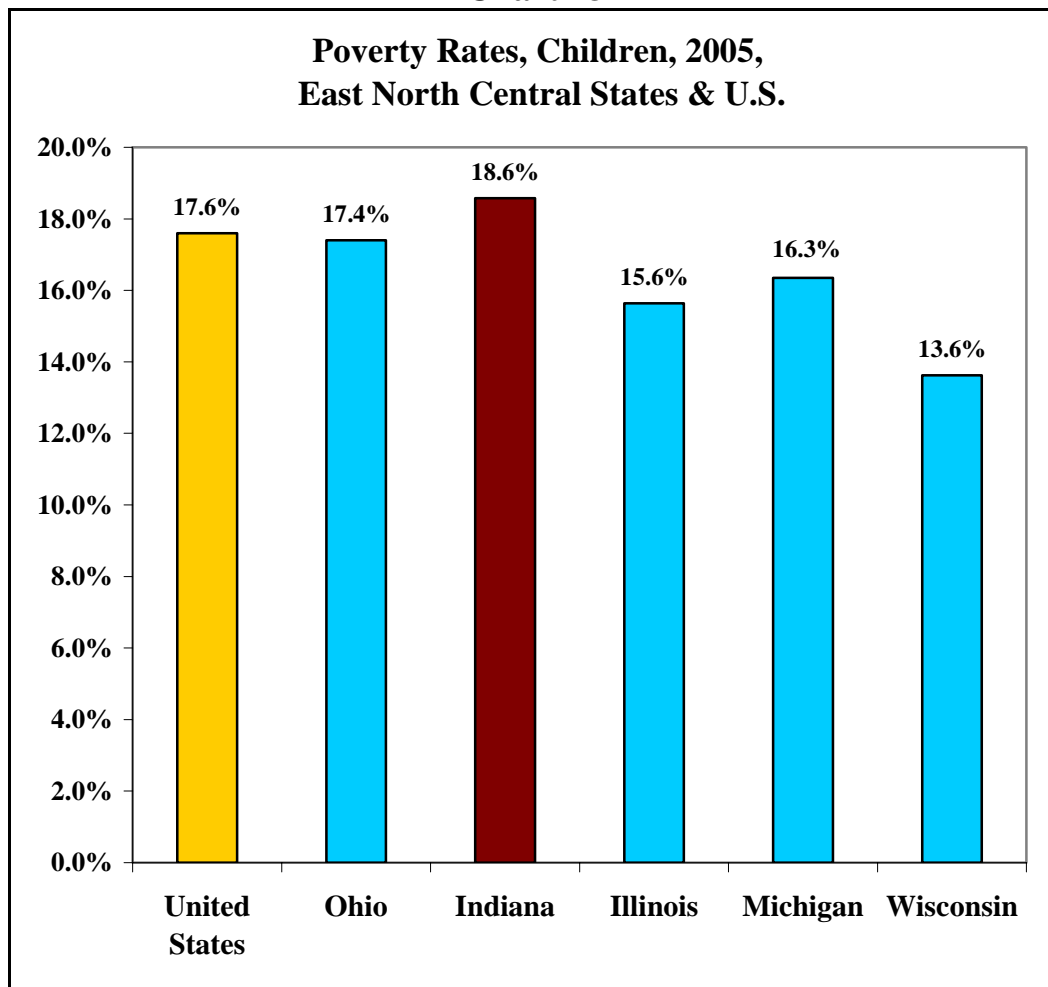
Source: EPI Analysis of American Community Survey Data

Although Indiana's poverty rate for all persons remains slightly below the U.S. average, the poverty rate for children (people under age 18) has jumped sharply increasing from 10.5 percent in 2002 to 18.6 percent in 2005 – a rate that exceeded the U.S. child poverty rate at

17.6 percent in 2005 (EPI Analysis of Current Population Survey Data). The United States saw another increase in child poverty from 17.8 percent in 2004 to 18.5 percent in 2005.

Perhaps no other statistic is more alarming than that of childhood poverty. The Census Bureau estimates that 17.6 percent of children in the U.S. were living in poverty in 2005. The Current Population survey estimates the Indiana childhood poverty rate to be 18.6 percent in 2005; this means that 334,800 children were counted as poor. **Chart 13** below shows the childhood poverty rate for Indiana, the East North Central states, and the U.S. in 2005.

Chart 13



Source: EPI Analysis of Current Population Survey Data

The 2005 Federal Poverty Guidelines published by the U.S. Department of Health and Human Services, a family of three is in poverty if their income is less than \$16,090, and is below 200 percent of poverty if their income is less than \$32,180. The comparable numbers for a family of four are \$19,350 and \$38,700, respectively.

According to the Economic Policy Institute (Current Population Survey), 42.0 percent of Indiana children in 2005 were living in families with incomes below 200 percent of the Federal Poverty Guidelines. This compares to 38.9 percent in the United States as a whole. Once again, this translates into approximately 756,000 children in Indiana who are living below 200 percent of poverty. That means that these children and their families have incomes

that are less than is required to meet the self-sufficiency standard for Indiana. According to our 2005 report, *The Indiana Self-Sufficiency Standard: Where Economic Independence Begins*, a family of four living in Marion County would need an annual income of \$42,850 to meet their basic budget needs. The self-sufficiency standard for a family of three in Marion County is \$37,835.

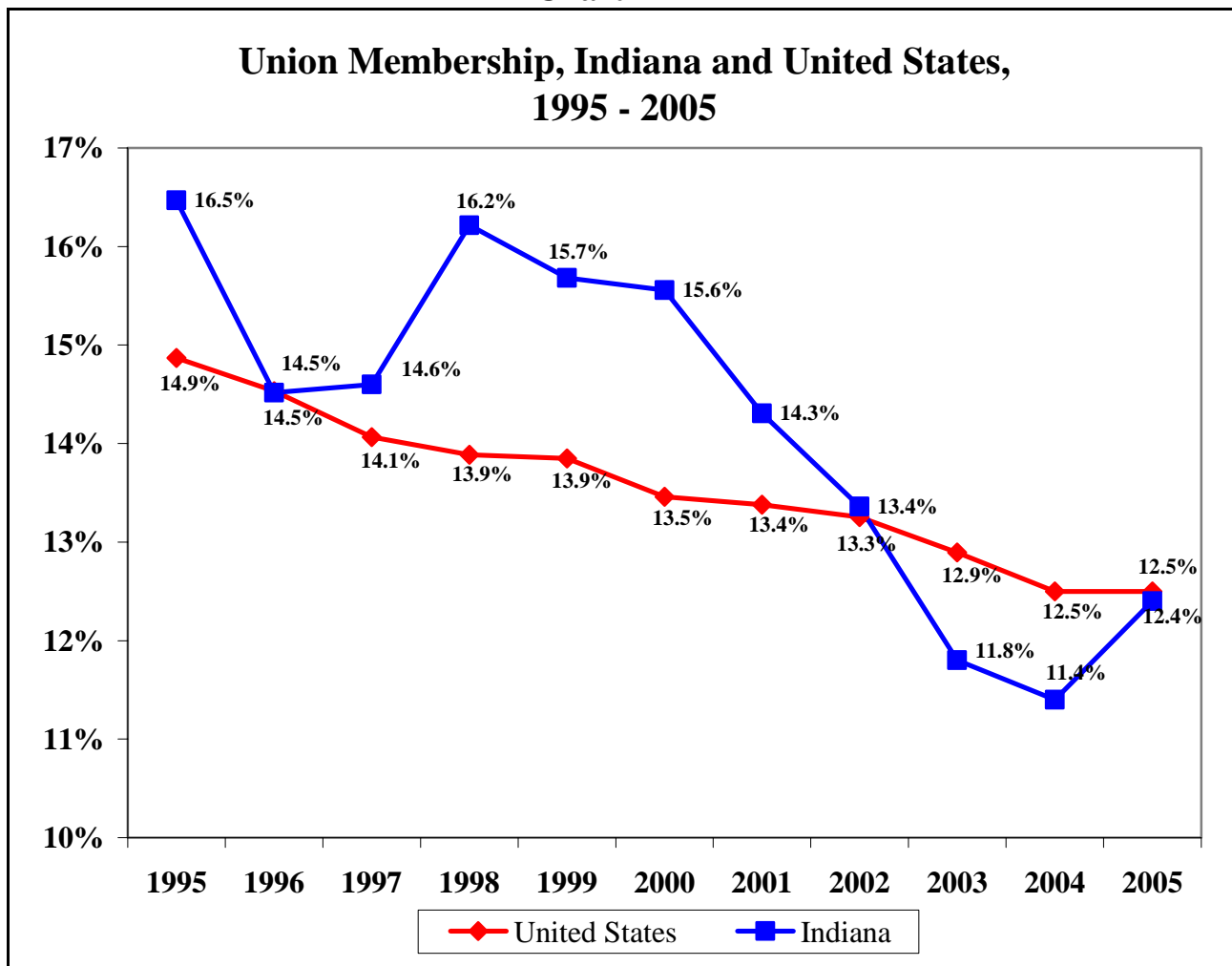
SECTION SIX

Union Membership



The percentage of workers in unions in Indiana had long exceeded the national average. However, beginning in 2002, Indiana union membership declined and remained below the national average for four years. While the percentage of labor union members in the United States remained at 12.5 percent in 2004 and 2005 (See **Chart 14**), Indiana saw a one percent increase in union membership from 2004 to 2005 and is only 0.1 percent below the national average. However, Indiana still has a long way to go and must increase union membership to address many of the challenges facing Indiana workers such as declining wages, overtime pay, and, most importantly, benefits such as health insurance and pension coverage. Labor unions can play a vital role in improving work conditions for workers in the developing service and knowledge-based sectors of Indiana's economy that tend to pay lower wages.

Chart 14



Source: Economic Policy Institute, Bureau of Labor Statistics

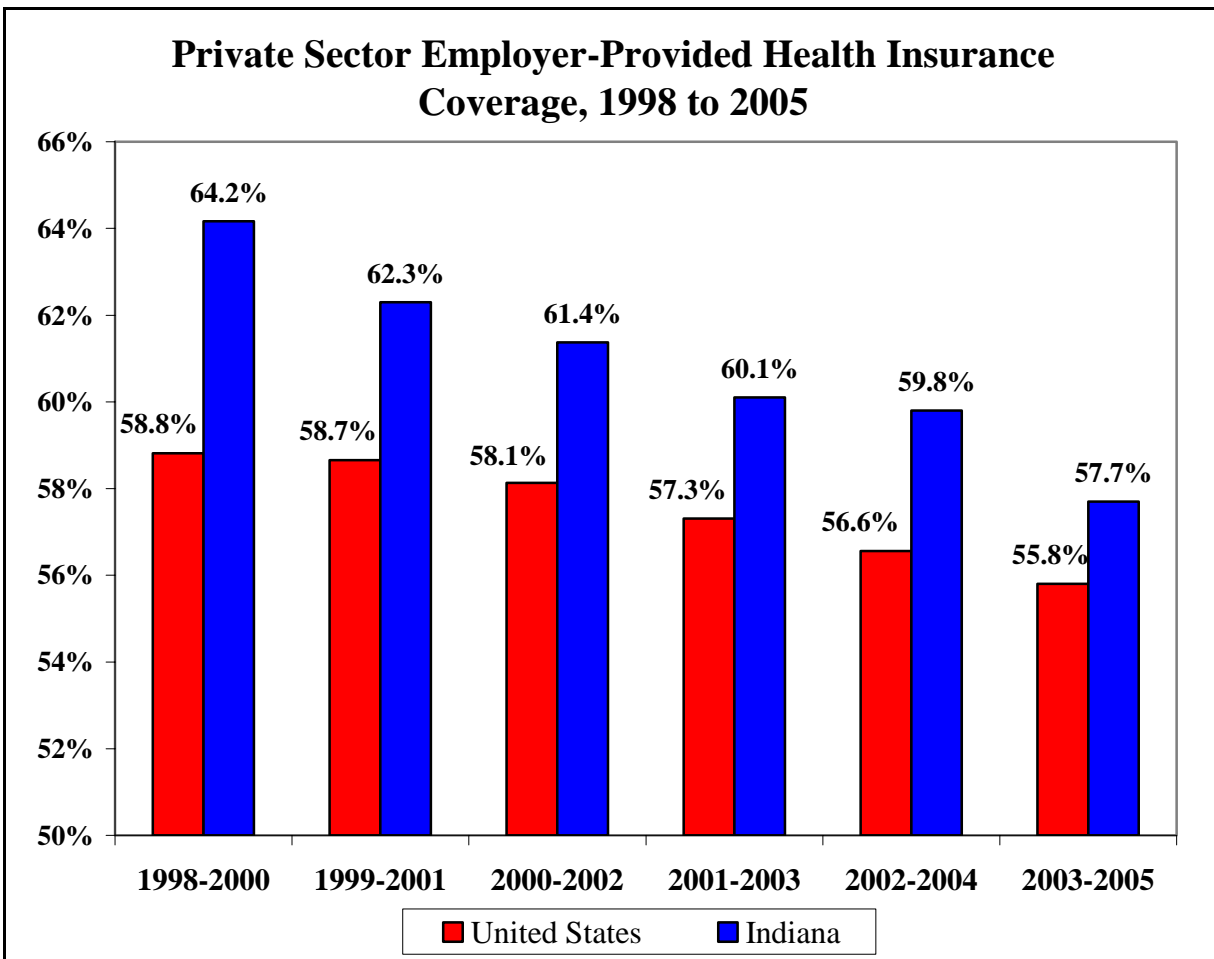
SECTION SEVEN

Health Insurance



There has been a fairly significant decrease in the percent of workers who are covered by private-sector, employer-provided health insurance. As can be seen in **Chart 15**, the percentage has decreased by over six percentage points from 64.2 percent to 57.7 percent.² We believe that this decline in health insurance coverage reflects the shift in job growth to lower-wage sectors, such as the service industries and temporary employment agencies and the growing costs of health care making coverage unaffordable for many Americans. Fortunately, Indiana continues to remain above the United States on this important indicator of job quality.

Chart 15



Source: EPI Analysis of Current Population Survey Data

² The data is from the Current Population Survey and is reported in three-year moving averages.

Indiana has a relatively good record in providing health insurance coverage to low-income children (those below 200 percent of the Federal Poverty Guidelines). For the years 2003-2005, 14.8 percent of low-income children in Indiana were without health insurance coverage in Indiana, compared to 18.5 percent in the United States. Overall, 67.6 percent of all Indiana children were covered by private sector health insurance in 2005, and while this is slightly higher than in the U.S. (65.4 percent), private sector coverage for children has declined substantially from the 79.5 percent that were covered in 1999 (U.S. Census Bureau).

For all people, just over 14.2 percent of Indiana residents are without health insurance coverage. **Table 6** compares Indiana and the United States in the percentage of persons who lack health insurance coverage.

Table 6

Percent of Residents Not Covered by Health Insurance, Indiana and United States, 1999 and 2005		
	Indiana	United States
1999	9.4%	14.5%
2005	14.2%	15.9%

Source: EPI Analysis of Current Population Survey Data

The significant decline in health insurance coverage of Indiana residents, both adults and children, is especially worrisome, given the fact that on a number of important indicators, for example, obesity rates, deaths by heart disease and by strokes, Indiana rates exceed those of the United States (www.statehealthfacts.org).

FOR MORE INFORMATION CONTACT:
INDIANA INSTITUTE
FOR WORKING FAMILIES, ICHHI
324 W. Morris St., Suite 202, Indianapolis, IN 46225
Phone: (317) 636-8819, Fax: (317) 636-8383
Email: info@ichhi.org Website: www.ichhi.org

