the status of working families in indiana

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The Indiana Institute for Working Families

a program of the Indiana Coalition on Housing and Homeless Issues

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, 501(c)(3) non-profit organization that believes everyone in Indiana deserves safe, decent, affordable housing, as well as employment, wages, and resources that enable 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.

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Definitions And Key Terms

American Community Survey (ACS)

Data on poverty, income, and health insurance coverage come from this survey conducted by the U.S. Census Bureau. The ACS covers a large sample population and is a good source for state and local data.

Current Population Survey (CPS)

The CPS is the main source of information on the labor force, including employment data, wages, hours worked, and earnings. Most of the data in the report comes from the Current Population Survey of the U.S. Census.

East North Central Division

The Economic Policy Institute analyzes data from the CPS and divides states into regions for comparison purposes. Indiana is part of the East North Central Division, which includes the states of Illinois, Michigan, Ohio, and Wisconsin.

Median

The median is the midpoint of a sample, where half of the sample falls above and half below. In a group of 101 workers, the median wage is the dollar amount at which 50 workers earn below that amount and 50 workers earn less. Averages are often avoided because they can be distorted by just a few very large or very low numbers.

Percentiles

The report divides workers into 10 equal groups, or percentiles, to get a better sense of the distribution of wages. For example, workers in the 10th percentile earn more than 10 percent of all workers. Workers at the 90th percentile earn more than 90 percent of workers.

Real Dollars

Monetary values have been converted to 2007 real dollars, meaning the value has been adjusted for inflation to its 2007 equivalent. Nominal dollars are not adjusted for inflation. For example, the nominal median hourly wage in 1979 was $5.22, but in 2007 real dollars that is the equivalent of $13.89.

Executive Summary

There are events that become benchmarks against which everything else is measured. In Indiana, the recession of 2001 became just such a benchmark. Before 2001, things were going along pretty well. Employment rates were strong. Jobs were relatively plentiful. Wages, especially in the manufacturing sector, were relatively high. The year 2001 can now be seen as the beginning of a steady decline for Indiana's working families. Although they continued to work hard, Hoosiers' wages remained flat. In the years following 2001, many Indiana workers saw earnings fall. More workers earned poverty-level wages in 2007 than during each of the past seven years.

The shift in Indiana from a manufacturing, goods-producing state to a services and knowledge-based economy has hurt low-skilled workers. Manufacturers provided high-paying jobs with wages that were adequate to support a family. As Indiana lost the manufacturing jobs that had been the backbone of our economy for so many years, the state's poverty rate climbed from less than seven percent to 12 percent in the span of nine years. Where once Indiana's thriving manufacturing sector insulated us from the higher poverty rates and unemployment that plagued other states, now our poverty rate is equal to that of the national rate. Hoosiers with lower education levels are feeling the pinch most acutely.

This report will highlight trends in Indiana since the economic peak of 2000. Unfortunately, in many areas the trends are moving in the wrong direction. The report is divided into seven sections covering data related to jobs, labor force and employment, wages and income levels, poverty rates, union membership, and health insurance coverage.

Summary of Findings

Jobs In Indiana: The number of jobs has rebounded, but they are not the same as before

The number of jobs has rebounded from 2000 to near peak levels, but this gives a false impression of a full economic recovery. The number of jobs may be up, but today's jobs do not pay as well as in 2000.

- In July 2008, total Non-farm employment equaled 2.97 million jobs, an overall decline of one percent since 2000, but still 46,300 less than the peak of 3.01 million in May 2000,
- The Manufacturing industry experienced the highest number of job losses; the sector had 142,000 fewer jobs in July 2008 than in July 2000.
- The industry sector with the largest growth was education and health services.

Labor Force and Employment: Fewer Hoosiers are in the labor force

Fewer Hoosiers are working today than in years past. Male workers and those with a high school education or less had the most difficult time finding a job. Younger workers and those with less than a college education are less represented in the labor force than in prior years. Unemployment rates were down in 2007, but more Hoosiers who were unemployed exhausted their unemployment insurance benefits.

- Indiana's labor force is more ethnically diverse. The number of workers who are Hispanic more than doubled since 2000 and comprised more than four percent of Indiana's total labor force in 2007.
- Indiana lags behind the nation and region in the percent of the workforce with a college education. More than 30 percent of the nation's workers in 2007 had a Bachelor's degree or higher, compared to only 25 percent in Indiana.
- The yearly average unemployment rate in 2007 was 4.6 percent, the lowest average annual rate since 2001. However, the unemployment rate among African-American workers was 10.4 percent, more than double the rate of 4.1 percent for Whites.
- 13 percent of workers without a high school degree were unemployed in 2007 and 14 percent were working part-time because they were unable to find full-time jobs.

Wages: Median hourly wages remained flat and more workers earned poverty level wages

Median wages have stagnated since 2001 and increased only slightly in 2007. More workers earned poverty level wages and low-wage workers saw their relative standing fall. There remains a strong education gap. Workers with a high school education or less did not experience the same wage gains as those with post-secondary experience.

- Indiana's median hourly wage was $14.85 in 2007, below that of neighboring states and below the national median of $15.10. The 2007 wage was just 45 cents higher than in 2000.

- Median wages have fallen for all demographic groups compared to 2003. African-Americans experienced the largest drop – 13 percent, nearly $2.00 per hour.
- Low-wage earners fared worse than the top wage earners. The bottom third of workers saw wages decline between 3.5 and 6 percent since 2000, while the top 20 percent saw wages increase by nearly three percent. Historically, low-wage earners in Indiana fared better than their national counterparts.
- More workers earned poverty level wages. A total of 27 percent of Hoosier workers in 2007 earned wages that would not lift a family of four above the federal poverty threshold, a significant increase from 22 percent in 2000. Indeed, the median wage for workers without a high school diploma was $9.82 per hour, $0.46 less than the poverty threshold of $10.28 per hour.
- Wage inequality is still an issue. Women earned 75 cents for every dollar earned by their male counterparts in 2007. African-Americans earned 83 percent of median wages for Whites. The gap between earnings by education also grew. High school educated workers in 1979 earned 76 percent of the median wage of their college educated counterparts. In 2007, the same worker earned only 44 percent of the median wage for someone with a Bachelor's degree or higher.

Income: Median household income remains below pre-recession levels, despite six years of economic recovery

Indiana remains below the national average for median household incomes. The state had the lowest median household income of any of the four states in the East North Central region in 2007.

- Indiana's two-year average median household income in 2006-2007 was $47,074, an increase of nearly $1,200 over 2005-2006, but nearly $3,000 below 1999-2000 in real dollars.
- The gap between Indiana's median household income and that of the nation continues to grow. In 2002-2003, the state's median household income was nearly 99 percent of the nation. Indiana's households earned just 94 percent of the national median in 2005-2006.
- Family incomes in the state were below the national and regional levels. The state's median family income in 2007 was $57,734. Indiana ranked 23rd in median family income in 2002, but saw that ranking slip to 33rd in 2007.

Poverty Rates: More families and children were living in poverty in 2007

Indiana has historically had lower poverty rates than the rest of the nation, but the state's rate has steadily worsened since 1999. Indiana's poverty rate improved very slightly in 2007, dropping to 12.3 percent from 12.7 percent in 2006.

- There were slightly fewer children in poverty in 2007 compared to 2006 – the rate decreased to 17.3 percent from 17.9 percent. However, there are still significantly more children in poverty in Indiana today than there were in 2003, when the child poverty rate was a much lower 13.5 percent. Between 2003 and 2007 Indiana's ranking on child poverty slipped from 29th in the country to 36th.
- On the other hand, elderly poverty remains well below the national rate. In 2007, Indiana had the seventh lowest poverty rate for persons over the age of 65 at seven percent.

Union Membership: Union membership equaled the national rate, despite historically higher levels

Union workers typically earn more than non-union workers and are more likely to have health benefits and paid leave. When there was a high concentration of manufacturing jobs in Indiana, unions had a strong presence in the state. However, union membership has declined in recent years. The loss of manufacturing jobs has meant a decrease in the number of workers belonging to collective bargaining units, but the largest decrease in union membership is among construction workers.

- Union membership in Indiana stood at 15.6 percent of workers in 2000. Since that time, union membership declined by more than three percentage points and in 2007 equaled the national rate of 12 percent of all workers.
- Union workers still earn higher wages than non-union workers. In 2007, the median wage for union workers was $19.90 per hour compared to $14.07 for non-union counterparts.

Health Insurance: Fewer Hoosiers were uninsured, in contrast to national trends

The number of Hoosiers insured by employer-provided plans remained steady in 2007.

- Indiana saw a significant drop in the uninsured rate. In 2007, 11.4 percent of Hoosiers were not covered by health insurance, down by more than two percentage points from the peak of 13.8 percent in 2004.
- Fewer low-income children in Indiana were uninsured in 2007. Just over 10 percent of low-income children had no health insurance, compared to 18.1 percent nationally. A greater percentage are covered by government insurance, 31 percent in 2007 compared to just 14 percent in 2000.

Conclusion and Recommendations

The data underscore the importance of analyzing all aspects of the economy and not relying on one statistic as the sole indicator of economic health. The number of jobs alone does not give any information on the quality. The unemployment rate does not indicate how long people are unemployed or how many may have become discouraged and dropped out of the labor force altogether. Median wages are a poor indicator of economic well-being if taken out of context. Poverty rates capture only a portion of the families who struggle to meet basic needs. And not all demographic groups experience the same results. The full economic picture includes many moving parts.

Indiana's economy has changed since the last recession. Manufacturing is no longer the leading industry sector. The labor force is more diverse. More jobs require post-secondary education and training. Median wages and incomes are not keeping pace with national levels. African-Americans are experiencing even higher unemployment rates and lower wages. Workers who lack post-secondary education are falling behind. The trends in poverty rates, wages, incomes, and union membership indicate that working families in Indiana are having an ever harder time making ends meet. The numbers make it apparent that the post-2001 economic recovery has not reached all Hoosiers.

Aligning Indiana programs and policies to better serve workforce training needs can have a positive effect on the economic data presented here. In particular, the state should focus on these broad policy areas:

- **Racial disparities deserve more attention.** Across many indicators, African-Americans fare much worse than their White counterparts. The state cannot afford to leave behind this segment of our workforce and must reach out and target resources to the African-American community in order to reverse these trends.
- **Education and training programs are vital.** Workers with a high school education or less are seeing their economic standing continue to decline. The state has fewer college-educated workers than the rest of the nation, yet more jobs require post-secondary training. The state must ensure its current workforce has access to educational opportunities that will lead to higher paying jobs.
- **New jobs must be quality jobs.** The fact that more than one-quarter of all Hoosier workers earn wages that would not lift a family of four above the federal poverty threshold is a disturbing statistic. This is not consistent with the American promise that hard work will lead to success. Indiana must support job growth and an economy that provides family-supporting wages.
- **Work supports continue to play a vital role.** As Hoosiers strive to reach higher rungs on the economic ladder, work supports, such as unemployment benefits, tax credits, child care assistance, affordable health insurance and a safety net for unemployed workers are critical. Providing these supports helps families stay on track and move forward. Without such assistance, many will continue to live paycheck to paycheck.

The data show erosion in the areas of adequate wages, health insurance benefits, and general protection of worker rights during the last recession and recovery period. The recent increase in the minimum wage, state efforts to offer health insurance to low-income families through its Healthy Indiana Plan, and education and training programs targeted to current workers are positive steps for improving economic outcomes for families. The state's strategic economic development plan, *Accelerating Growth*, articulates many policy objectives to improve the state's economic conditions. The public needs to hold the state accountable for its broad goals to meet the national average in annual wages by 2020 and to move every Hoosier up one level on the talent scale. The data will bear out the consequences of achieving these goals. It is clear that there is room for improvement in ensuring the economy works for all Hoosiers.

Introduction

Indiana's economy has experienced dramatic changes in the last decade, largely due to the job losses in the manufacturing sector and the rise of service and knowledge-based employment. Indiana still has a larger share of jobs in manufacturing than does the rest of the country, but manufacturing is no longer the leading industry in the state.

The Institute for Working Families first compiled a comprehensive review of the economic conditions facing Indiana's working families in 2004. That report helped establish a set of priorities and guiding principles for the Institute's research into policies affecting low-income families. The 2005 and 2006 updates synthesized data on seven main elements of the economy. This 2008 update attempts to not only provide the most recent data, but to interpret those numbers and identify trends that have occurred during the business cycle from 2000 to 2007.

The report is divided into seven sections covering data related to jobs, labor force and employment, wages and income levels, poverty rates, union membership and health insurance coverage. Each section describes a different aspect of the economy and what it means for working families. The report ends with summary conclusions and broad recommendations for policymakers to consider to ensure Indiana's economy works for all Hoosiers. This document is not a policy report; for more specific recommendations on state policies and programs, see the Institute's report, "Investing in Indiana's Working Families to Build a 21st Century Economy" and the shorter policy briefs on our web site, www.ichhi.org.

As has been stated in earlier versions of this report: *In its efforts to thrive in the 21st Century, Indiana cannot afford to leave behind low-income families. 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

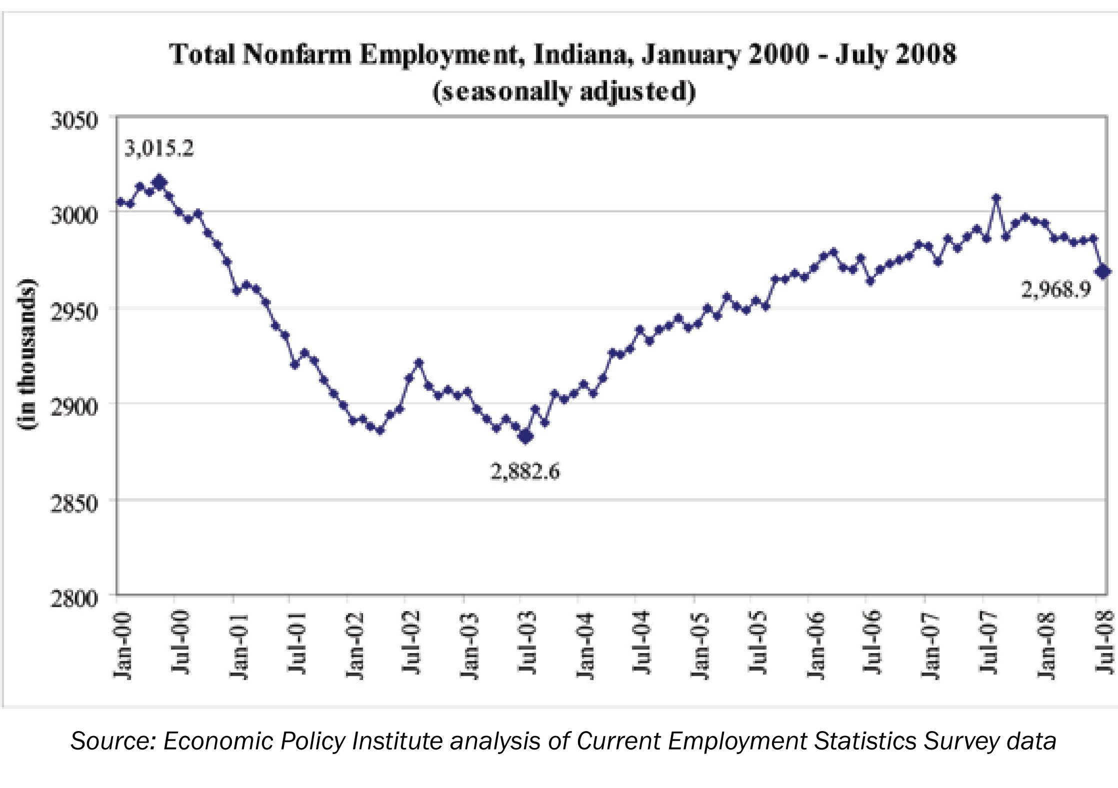
The number of jobs held by Hoosiers is an important indicator of economic health. However, this statistic must be examined alongside other factors. The types of jobs available, wages paid, benefits offered, and industry sectors provide important insights into the overall outlook for Indiana's economy.

Today, the total number of jobs in Indiana remains below the peak levels of 2000, but has rebounded from the lows of 2003. Non-farm employment in Indiana reached its highest levels in May of 2000, at 3,015,200 jobs. With the recession that occurred at the beginning of the decade, however, came three years of job losses. Indiana hit bottom in July of 2003. By then, Indiana's economy had shed 134,000 jobs. The biggest losses were seen in the Manufacturing sector.

As shown in Chart 1.1, between July of 2003 and July of 2008, Indiana began to finally see gains in the total number of Non-farm jobs. By July 2008 the total number of Non-farm jobs had climbed back to 2,968,900 – leaving Indiana with a net loss of 46,300 jobs over the last eight years. Even as the job numbers climbed, however, the Manufacturing sector continued to lose jobs. By July of 2008, the number of Manufacturing jobs in Indiana was 142,000 fewer than in July of 2000.

The rise in total number of Non-farm jobs in spite of continuing job losses in the Manufacturing sector clearly indicates there has been a significant shift in the types of jobs held by Hoosiers. In the year 2000, 22 percent of Indiana's total Non-farm employment consisted of Manufacturing jobs – the highest percentage of Manufacturing jobs of any state economy in the nation. In 2007, that percentage had dropped to just over 18 percent of the state's jobs, a percentage that was still nearly double the national average of 10.1 percent. This high concentration of Manufacturing jobs made Indiana's economy especially vulnerable to the recession that hit the nation early in the decade.

CHART 1.1



Source: Economic Policy Institute analysis of Current Employment Statistics Survey data

As the Manufacturing sector lost more than 142,000 jobs, the Service sectors were adding more than 120,000 positions. As indicated in Table 1.1, the largest increase in number of jobs occurred in the Education and Health services sector, which grew by 73,000 jobs, an increase of more than 22 percent. Additionally, the Professional and Business Services sector grew by 27,700 jobs, a 10 percent increase, and the Leisure and Hospitality industry added nearly 22,000 jobs, a jump of eight percent over the 2000 level. Government and Other Services also grew during this period. These increases mitigated the large decrease in Manufacturing employment, resulting in a net employment decline of one percent since 2000.

Today, Indiana's jobs picture looks very different than it did before the recession. In June of 2000, more than 27 percent of all Non-farm jobs were in industries that produced goods. These industries included Manufacturing, Construction, and Mining, with 22 percent of jobs in Manufacturing alone. By 2005, the Manufacturing sector had dropped from its long-standing ranking as Indiana's largest supplier of jobs. By 2008, the number of jobs in goods producing industries dropped more than 17 percent. While the Manufacturing sector remains the second largest provider of Indiana jobs, the real job growth is occurring within service providing industries. Today, more than 76 percent of all Indiana jobs are in service providing industries.

TABLE 1.1

Employment By Major Sector, Indiana, July 2000 And July 2008

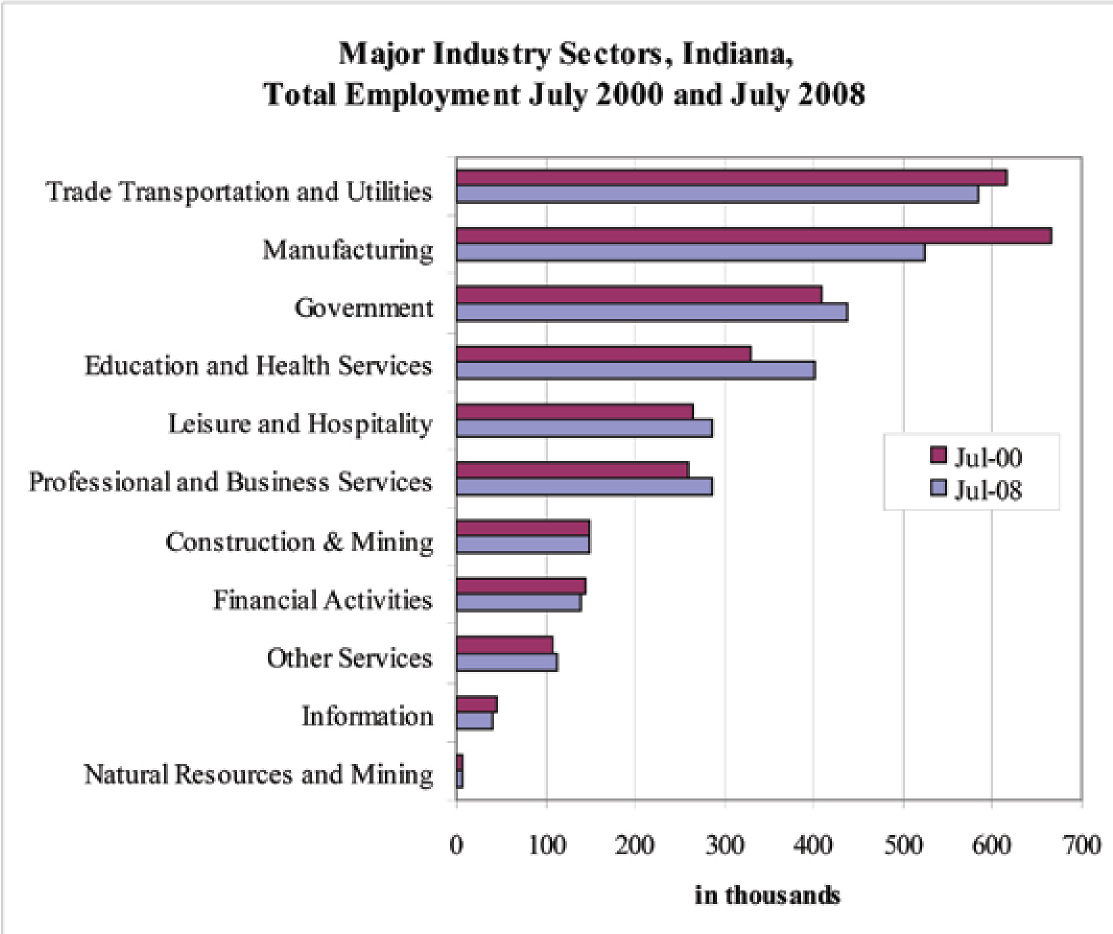
	July 2000	July 2008	Number Change	Percent Change
Total Non-farm	3000.4	2968.9	-31.5	-1.0%
Natural Resources and Mining	6.7	7.0	0.3	4.5%
Construction and Mining	150.1	149.4	-0.7	-0.5%
Manufacturing	666.2	524.1	-142.1	-21.3%
Trade Transportation and Utilities	616.5	583.8	-32.7	-5.3%
Information	45.8	40.6	-5.2	-11.4%
Financial Activities	144.6	138.8	-5.8	-4.0%
Professional and Business Services	259.1	286.8	27.7	10.7%
Education and Health Services	328.5	401.9	73.4	22.3%
Leisure and Hospitality	265.2	287.0	21.8	8.2%
Other Services	108.5	112.9	4.4	4.1%
Government	409.2	436.6	27.4	6.7%

Source: Economic Policy Institute analysis of Current Employment Statistics Survey data

Why should Hoosiers keep an eye on the shifting industry sectors? Because such changes are reshaping Indiana's economy, affecting all aspects of the labor market, from wages to unemployment trends. Higher-paying jobs are decreasing in number and lower-paying jobs are growing. Manufacturing is the second-highest paying sector, with average weekly earnings of $889, but it is the sector with the greatest decline in job numbers. The growing industries of Health and Education, as well as Professional and Business Services pay much less, at $719 and $670 per week respectively. The Leisure and Hospitality industry, which experienced the third largest growth since 2000, pays substantially lower wages at $284 on average per week.[1] This is well below the poverty threshold for a family of four. The decrease in jobs is occurring within the high-paying Manufacturing sector, while job growth is occurring within the lower-paying services sectors. These changes should not be seen as trivial or temporary.

[1] *Bureau of Labor Statistics, Current Employment Statistics State and Metro Area Employment, Hours and Earnings data for July 2008, http://www.bls.gov/sae/experimental/sae18.htm.*

CHART 1.2



Source: Economic Policy Institute analysis of Current Employment Statistics Survey data

Labor Force and Employment

Section One described the number of jobs in Indiana and in what industries they can be found. Here we provide an overview of employment, including who is employed, who is not, and who is under-employed.

Labor Force Demographics

Indiana's labor force has become more diverse in the last six years, reflecting the overall changes in the state's population. As noted in Table 2.1, Indiana has seen small, but significant shifts in the make up of its workforce. The number of workers who are Hispanic has doubled since 2000 and Hispanics now make up more than four percent of the labor force. Workers who are African-American or Asian also saw their share of the labor force increase over the last eight years.

While Indiana's labor force is more diverse now than in previous years, workers who are White still comprise more than 85 percent of all workers.

TABLE 2.1

Change In Indiana's Labor Force By Ethnicity, 2000 To 2007			
	2000	2007	Percentage Point Change
White	89.5%	85.9%	-3.6
African-American	6.7%	8.2%	1.5
Hispanic	2.7%	4.4%	1.7
Asian/ Pacific Islander	0.6%	0.7%	0.1

Source: Economic Policy Institute analysis of Current Population Survey data

Share Of Labor Force

Indiana's work force closely resembles that of neighboring states. The greatest and most alarming difference between Indiana and other East North Central states is Indiana's lower percentage of workers who hold a bachelor's degree or higher. Less than one-fourth of Hoosier workers have a college degree, compared to 28 percent in the East North Central region overall and more than 30 percent nationally.

TABLE 2.2

Share Of The Labor Force By Demographic, 2007	Indiana	East North Central	United States
Gender			
Male	54.0%	53.0%	53.6%
Female	46.0%	47.0%	46.4%
Age			
16 to 24 years old	13.4%	15.3%	14.5%
25 to 54 years old	69.8%	68.1%	68.1%
55 years old and older	16.8%	16.7%	17.3%
Race/Ethnicity			
White	85.9%	80.4%	68.5%
African-American	8.2%	10.1%	11.0%
Hispanic	4.4%	5.9%	14.1%
Asian/Pacific Islander	0.7%	2.4%	4.5%
Education			
Less than High School	10.4%	9.4%	11.7%
High School	35.8%	32.5%	29.5%
Some College	28.9%	29.9%	28.5%
Bachelor's degree or higher	24.9%	28.2%	30.3%

Source: Economic Policy Institute analysis of Current Population Survey data

Labor Force Participation and Employment Rates

The labor force participation rate describes the percentage of the adult population that is employed or actively seeking employment. It does not include those who are retired, going to school full-time, or discouraged and no longer seeking work. The employment rate, on the other hand, includes only those workers who are currently working. Examining both statistics together provides a more clear picture of the Indiana labor force.

Historically, Indiana had consistently exceeded the national labor force participation percentage. However, in 2007, the number of Hoosiers who were working or actively looking for work dropped from the 2000 rate of 68 percent of the total population to 66 percent, matching the national labor participation rate. The demographic group with the largest decline in participation was younger workers. Only 57 percent of workers between the ages of 16 and 24 were working or looking for work in 2007, compared to more than 70 percent in 2000. This drop of 13 percentage points is significant. Workers with less than a college education also experienced significant declines in labor force participation.

When you subtract the people who are looking for work, but who are not yet working from the equation, the numbers are even more grim. Indiana, the East North Central region, and the nation have all experienced a significant drop in the employment rate. In 2007, 63 percent of Indiana workers were on the job, essentially the same percentage as in the nation as a whole.

Table 2.3 illustrates how employment rates varied by demographics. Only 51 percent of young workers were employed in 2007, a significant drop from the nearly 65 percent of young workers employed in Indiana in 2000. This is below the regional and national rates. Workers age 55 and older, on the other hand, have seen their employment rates increase significantly by two percentage points. This was the only age group to experience an increase. Recent evidence points to the increasing pressures placed on older workers, including more grandparents raising grandchildren, that are forcing older workers to remain in the labor market.[2]

For all workers who lack a high school diploma or equivalent, employment rates went down by nearly six percentage points, a significant decrease. Those with a high school diploma also slipped – they saw their employment rates decrease by more than five percentage points. The only workers to see even a slight increase were those with a bachelor's degree or higher, a fact that reinforces the need for Indiana to have a more educated workforce.

Employment rates for men overall have dropped by five percentage points since 2000, although they remain relatively high at 69 percent. African-Americans also saw a statistically significant decrease in employment rates, down nearly five percentage points.

TABLE 2.3

Employment Rates by Demographic, 2000 And 2007

	2000	2007	Percentage Point Change
All	65.7%	62.7%	-3.0
Gender			
Male	74.4%	69.4%	-5.0
Female	57.5%	56.4%	-1.0
Age			
16 to 24 years old	64.5%	50.8%	-13.6
25 to 54 years old	83.0%	79.9%	-3.1
55 years old and older	34.5%	36.6%	2.1
Race/Ethnicity			
White	65.9%	62.7%	-3.2
African-American	63.3%	58.7%	-4.7
Hispanic	70.3%	70.9%	0.6
Asian/Pacific Islander	49.4%	58.9%	9.4
Education			
Less than High School	41.2%	35.4%	-5.8
High School	65.7%	60.6%	-5.1
Some College	74.2%	71.1%	-3.1
Bachelor's degree or higher	77.1%	78.3%	1.2

Source: Economic Policy Institute analysis of Current Population Survey data

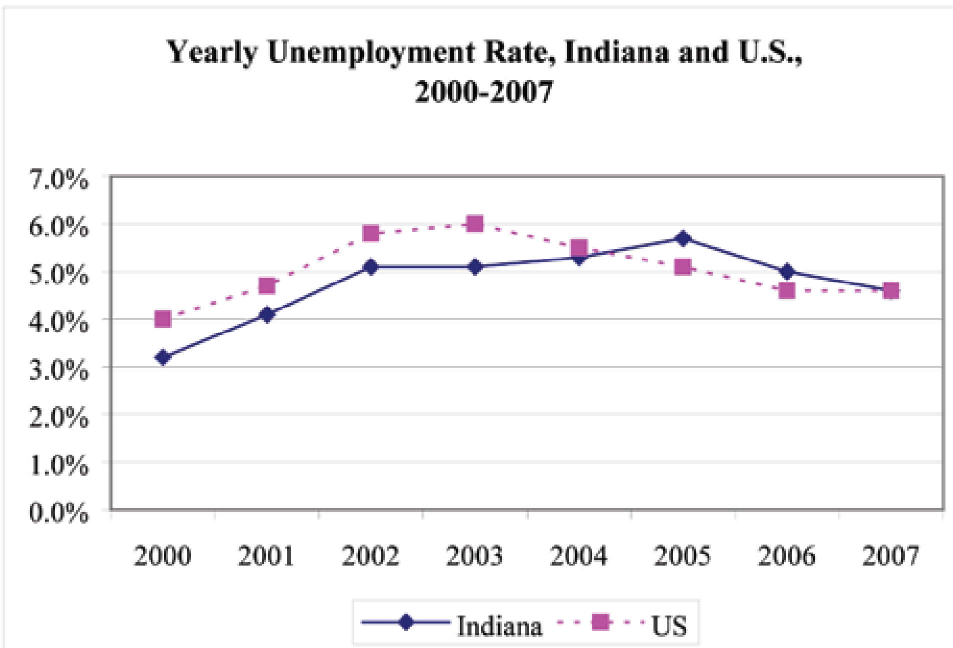
[2] *Center for Retirement Research, Boston College. http://ccr.bc.edu/.*

Unemployment

In 2007, Indiana's average yearly unemployment rate decreased to 4.6 percent, placing it at the lowest average annual rate since 2001 and matching the national rate. As illustrated in Chart 2.1, unemployment rates in Indiana have tended to be lower than the national average, but in 2005 and 2006 Indiana's unemployment rate rose above the national rate and remained even with the country through 2007. 2008 is not looking as positive, as monthly unemployment rates have steadily increased in the state. The unemployment rate for August of 2008 rate was 6.4 percent, which was higher than the national rate of 6.1 percent.

Indiana's long-term unemployment rate, which measures workers who have been seeking employment for six months or longer, decreased slightly in 2007 to 17.3 percent, matching the lower levels experienced earlier in the decade. The state rate is now roughly the same as the national percentage of 17.6 and lower than the 21.1 percent long-term unemployment rate for the East North Central region. Compared to our regional peers, unemployed workers in Indiana appear to be able to find work more quickly.

CHART 2.1



Source: Economic Policy Institute analysis of Current Population Survey data

Under-employment increased significantly above 2000 levels. Nearly eight percent of Hoosier workers in 2007 were under-employed, meaning they experienced sporadic employment or worked part-time, but would have preferred working full-time. As indicated in Table 2.4, Indiana's under-employment rate continues to be lower than the states in the East North Central region and the country as a whole. However, the 2007 rate rose more than two percentage points above the 2000 rate, a statistically significant difference. This increase means more Indiana workers who want full-time employment failed to secure a job that fit that need.

Indiana's labor force statistics depict a conflicting employment picture. Hoosiers remain strongly attached to the labor force, yet fewer are actually working, especially younger and less educated workers.

TABLE 2.4

Under-employment Rates, Indiana, East North Central States, And U.S., 2000 and 2007

	2000	2007
United States	7.0%	8.3%
East North Central States Combined	6.6%	9.6%
Ohio	6.8%	9.7%
Indiana	5.6%	7.8%
Illinois	7.2%	8.5%
Michigan	6.3%	12.8%
Wisconsin	6.4%	8.4%

Source: Economic Policy Institute analysis of Current Population Survey data

More working Hoosiers are in jobs that are sporadic in nature or offer fewer hours than they would prefer.

Employment Picture Not The Same For All Demographic Groups

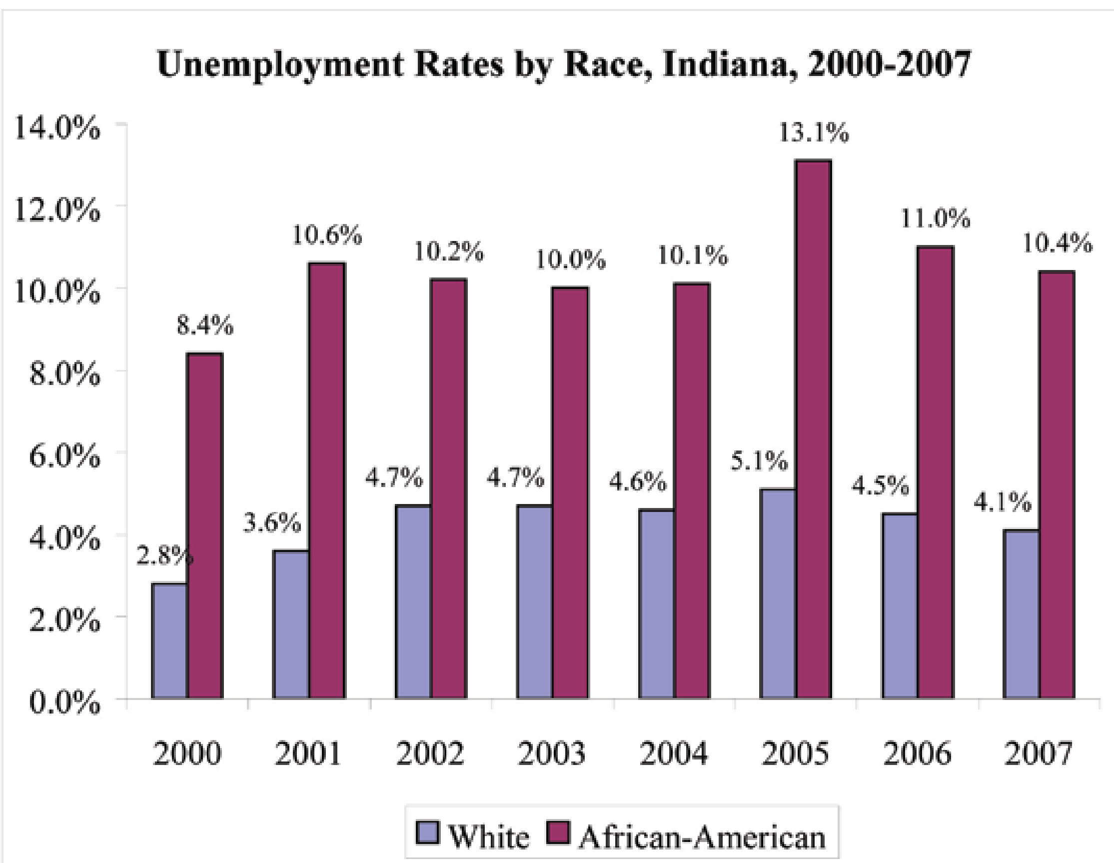
While the overall employment picture is less than ideal for all Indiana workers, it is especially bad for minorities in the state. Workers who are African-American experience unemployment and under-employment rates that are twice as high as those of their White counterparts. While African-Americans struggle to make economic gains in the state, other minorities appear to be faring much better. It is clear the labor market experience is not the same for all groups.

Education also makes a difference. Those without a high school degree are having the hardest time in the current economy. They are less likely to be working and they experience unemployment rates that are nearly three times the state rate: 13.0 percent compared to 4.6 percent statewide. Nearly 20 percent of workers without a high school diploma are under-employed, meaning they are unable to find full-time or permanent jobs. This may be due in part to the challenge of finding an equal replacement for a manufacturing position. These data match closely with the East North Central region and the nation.

For those with a high school diploma, the indicators are not much better. They are more likely to be unemployed or under-employed. They are also more likely to be working part-time because they are unable to find a job offering full-time hours.

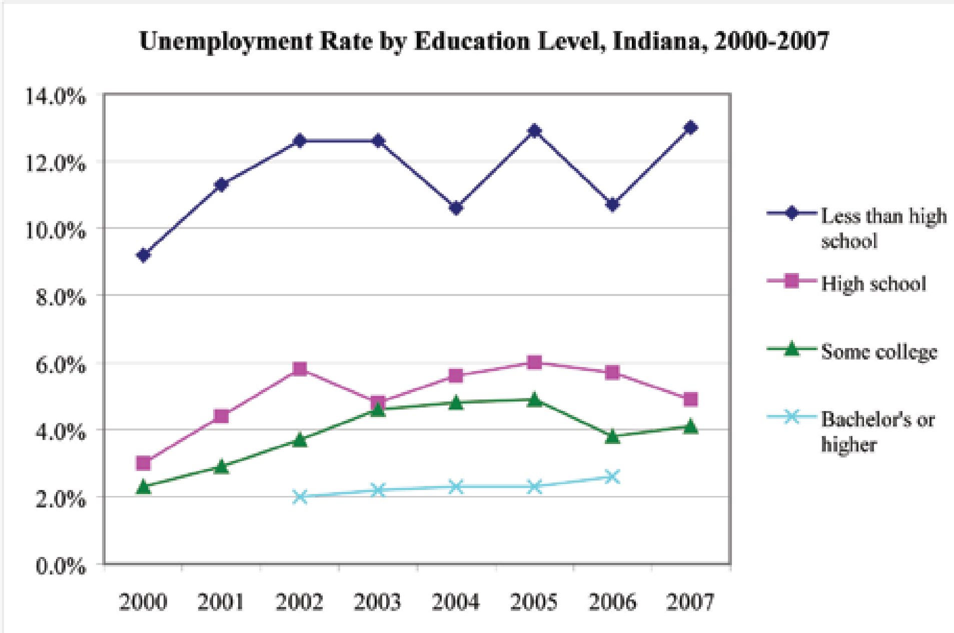
Unfortunately, Indiana's workforce is less educated than the national average – more than 46 percent of Indiana's labor force has a high school diploma or less, compared to 41 percent nationally. The outcomes get increasingly better for workers with at least some college education. Unemployment and under-employment rates are lower for those with post-secondary experience. It is clear that increasing education and skill levels pays off in the current economy.

CHART 2.2



Source: Economic Policy Institute analysis of Current Population Survey data

CHART 2.3



Source: Economic Policy Institute analysis of Current Population Survey data
Note: Data missing for Bachelor's or higher due to small sample size

Unemployment Insurance

Another indicator of labor market health is the number of workers receiving unemployment insurance (UI), and more specifically, the number who have exhausted their benefits due to prolonged periods of unemployment. Indiana workers can receive up to 26 weeks of unemployment benefits, however, not all unemployed workers are eligible for UI benefits. Just 39 percent of unemployed Hoosiers received UI benefits in 2007 compared to 37 percent of all U.S. workers. Forty percent of Hoosiers who received unemployment insurance in 2007 exhausted their UI benefits according to the U.S. Department of Labor. This is higher than the U.S. rate of 35.6 percent, and of the neighboring states of Ohio, Illinois, Michigan and Wisconsin. Unemployment insurance is an important safety net for workers. The high percentage of workers who use up their benefits illustrates the often lengthy time it takes to find employment.

In summary, Indiana's labor force remains a strong and vital contributor to the economy, however fewer Hoosiers are in the labor force and still fewer are actually employed compared to 2000. Only 39 percent of unemployed Hoosiers access unemployment benefits and many of those who receive unemployment insurance exhaust their benefits before finding a new job. Younger, less educated workers are being left out of the economy as significantly fewer numbers are working. African-Americans are more likely to be unemployed or under-employed. Their overall economic conditions are much less favorable than their White counterparts. The other main factor contributing to employment rates and participation in the labor force is education. Those with post-secondary experience are more likely to be employed. Workers lacking a high school diploma fare the worst in terms of employment.

section three

Wages

Wages are an important economic indicator, as well as a useful benchmark for how Hoosiers are doing compared to our counterparts in neighboring states and the country as a whole. Table 3.1 shows the median hourly wage (adjusted for inflation) has remained essentially flat over the course of the last recession and recovery for both Indiana and the country as a whole. In 2007, the median hourly wage (50th percentile) for Indiana workers was $14.85 per hour, an increase of only 45 cents per hour in eight years. This increase was very slightly better than the increase for the country as a whole, which went from $14.73 per hour in 2000 to $15.10 in 2007, an increase of 37 cents per hour.

Chart 3.1 below illustrates that while flat wages have been the trend for Indiana, the East North Central States of Ohio, Illinois, Indiana, Michigan, and Wisconsin, as well as the country as a whole, Indiana's wages remain below neighboring states and the rest of the country.

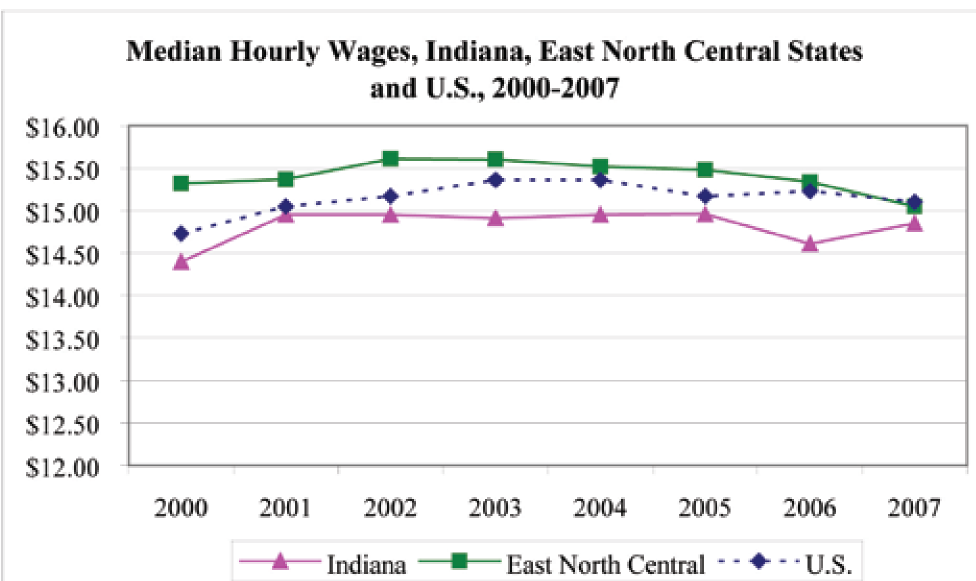
TABLE 3.1

Median Hourly Wages, Indiana And The U.S., 2000 To 2007 (In 2007 Dollars)

	Indiana	U.S.
2000	$14.40	$14.73
2001	$14.95	$15.05
2002	$14.95	$15.17
2003	$14.91	$15.36
2004	$14.95	$15.36
2005	$14.96	$15.17
2006	$14.61	$15.23
2007	$14.85	$15.10

Source: Economic Policy Institute analysis of Current Population Survey data

CHART 3.1



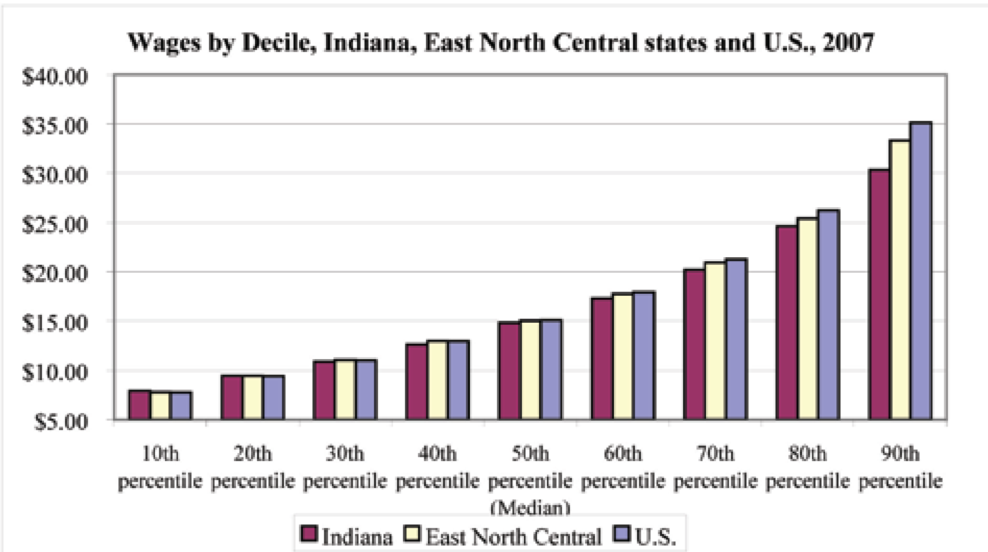
Source: EPI Analysis of Current Population Survey Data

Wages By Percentile

Chart 3.2 reveals how Indiana's workforce and wages compared to the United States as a whole in 2007. This chart divides Indiana's wage earners into ten equal groups and shows the average wage for each decile, or one-tenth, of workers. In 2007 Indiana's low wage workers, those in the 10th through the 30th percentiles, earned wages that were comparable to low wage workers throughout the U.S. Beginning at the 40th percentile and continuing for each percentile thereafter, Indiana workers earned progressively less than their U.S. counterparts. In other words, low wage workers in Indiana did about the same as others in the country, however, Indiana's median and higher wage workers lagged well behind the rest of the United States.

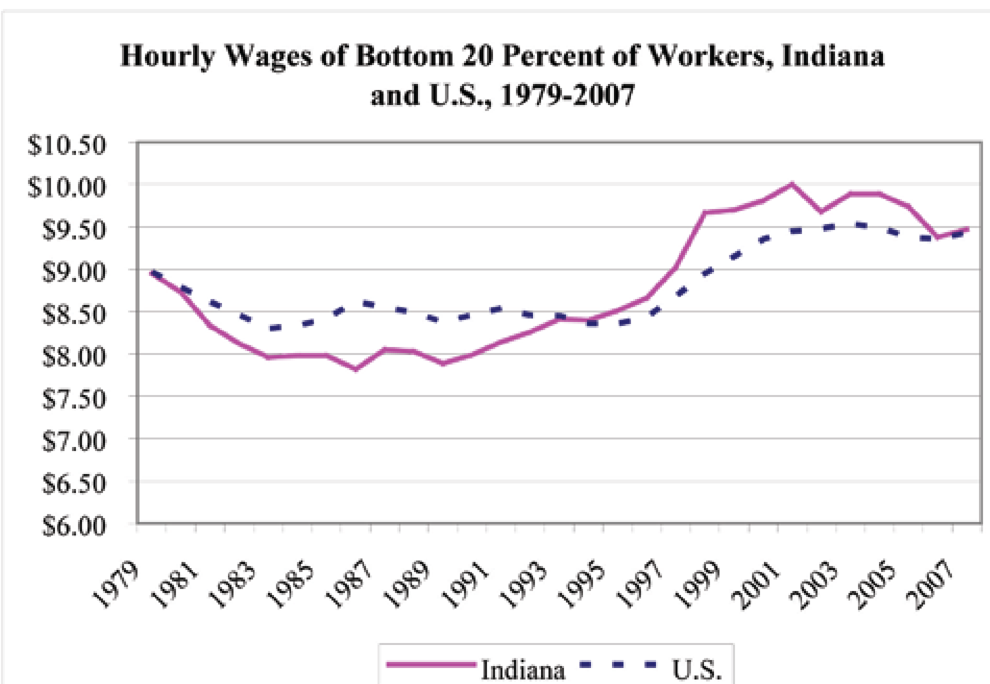
And while it may seem like good news that Indiana's low wage workers did no worse than low wage workers nationally, Chart 3.3 illustrates how far Indiana's low wage workers have declined. Between 1995 and 2005 Indiana's low wage workers were consistently earning more than low wage workers around the U.S., but now have dropped to about the same wage level.

CHART 3.2



Source: Economic Policy Institute analysis of Current Population Survey data

CHART 3.3



Source: Economic Policy Institute analysis of Current Population Survey data

As indicated in Table 3.2, the bottom one-third of Indiana's workers have seen their wages decline between 3.5 and 6 percent since 2000 as the top 20 percent saw a slight increase in wages. While wage gains for the top tiers are not overly large, the fact remains that lower wage earners are faring worse in the current economy. Workers in the top 90th percentile now earn nearly four times the amount of workers in the 10th percentile. In 1979, the ratio was just over three times the amount. The data point to a growing disparity between low wage earners and those at the high end of the wage scale.

TABLE 3.2

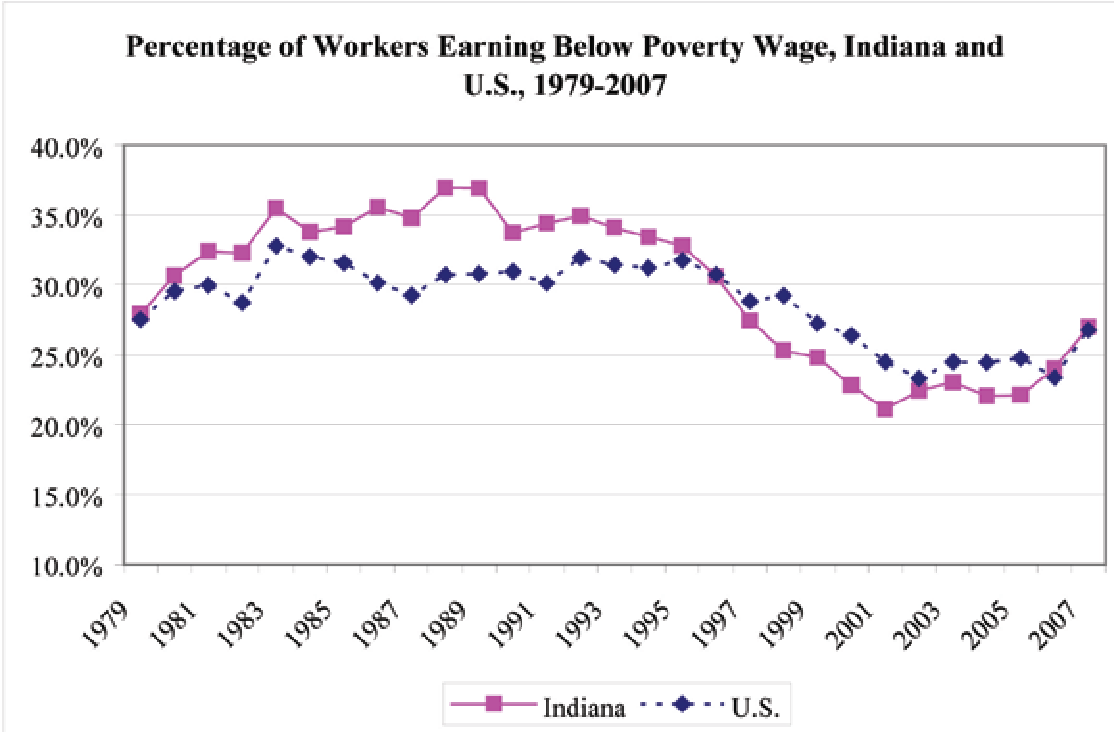
Hourly Wages By Percentile, Indiana 2000 And 2007 (In 2007 Dollars)			
Percentile	**2000**	**2007**	**Percent Change**
10th	$8.26	$7.91	-4.2%
20th	$9.81	$9.47	-3.5%
30th	$11.60	$10.90	-6.0%
40th	$12.80	$12.61	-1.5%
MEDIAN	$14.40	$14.85	3.1%
60th	$16.66	$17.31	3.9%
70th	$19.86	$20.19	1.7%
80th	$23.92	$24.60	2.8%
90th	$30.07	$30.32	0.8%

Source: Economic Policy Institute analysis of Current Population Survey data

Many are working but remain poor. The percentage of workers earning below poverty wages (assuming full-time, year-round work earning $10.28 per hour or $21,386 annually) has increased by a statistically significant margin since 2000, up by nearly five percentage points. Twenty-seven percent of all Hoosier workers earn wages below the poverty level. The national rate is just under 27 percent, roughly the same as it was in 2000.

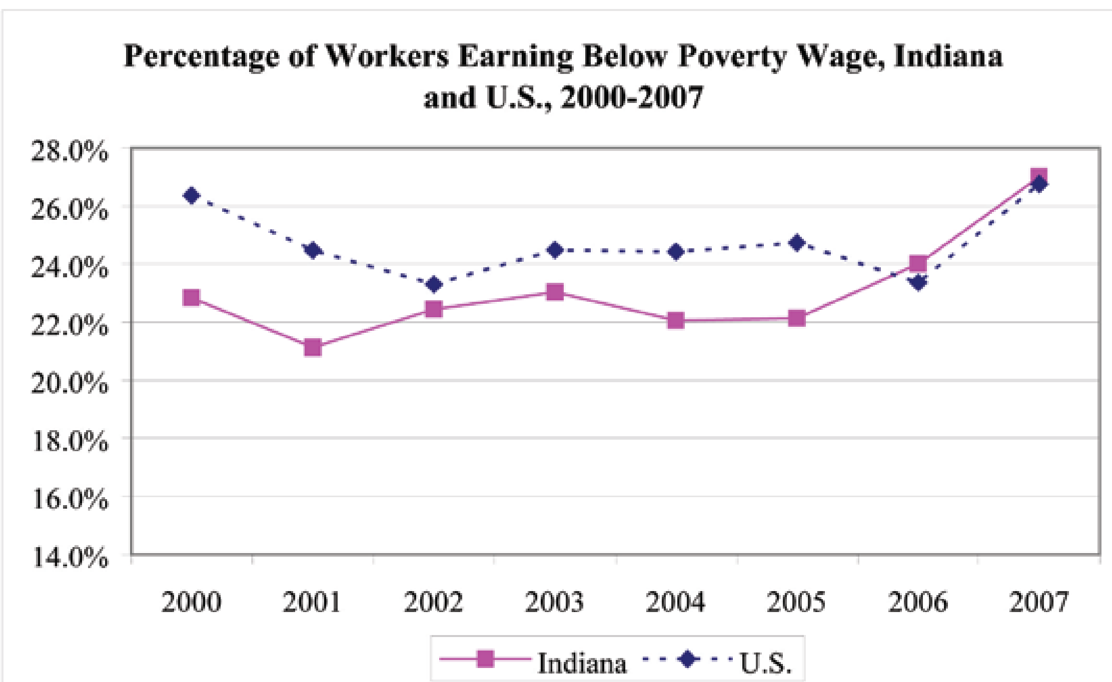
The share of workers earning poverty wages had been steadily decreasing since its peak in 1988 at 37 percent to the lowest point in 2001 of 21 percent of workers. Since 2001, the rate has been gradually moving upward, reaching its current rate of 27 percent. Indiana now has a larger share of workers earning poverty wages than the national average. This is a disturbing statistic that will need to be monitored. The following two graphs show the historical trend and the changes in the last eight years.

CHART 3.4



Source: Economic Policy Institute analysis of Current Population Survey data

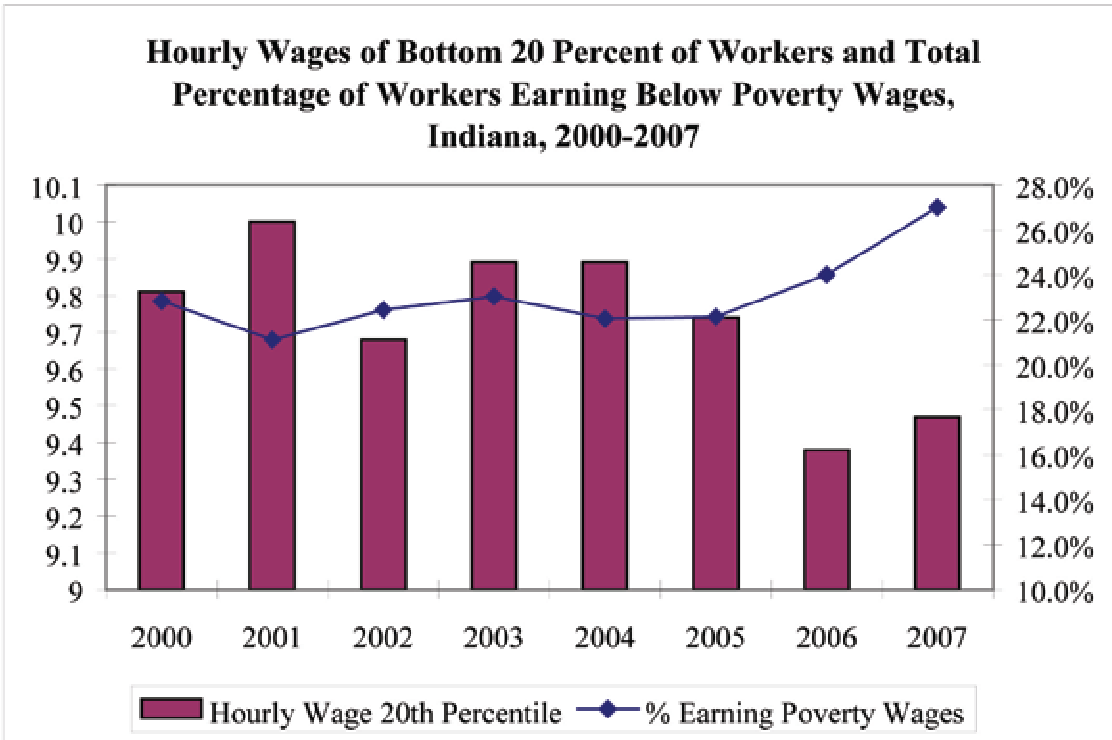
CHART 3.5



Source: Economic Policy Institute analysis of Current Population Survey data

The percentage of workers earning poverty wages is not surprising given the general trends in wages for the bottom half of workers. As wages have stagnated or fallen for these groups, it is understandable that many more would fit into the category of those earning wages below the threshold necessary to lift a family of four above poverty. Workers are struggling in this economy to earn enough to support a family. The chart below illustrates the growing share of workers earning poverty wages illustrated by the blue line compared to the wage levels for the bottom 20 percent of workers. As wage levels have declined, the percent falling below the poverty threshold increases.

CHART 3.6



Source: Economic Policy Institute analysis of Current Population Survey data

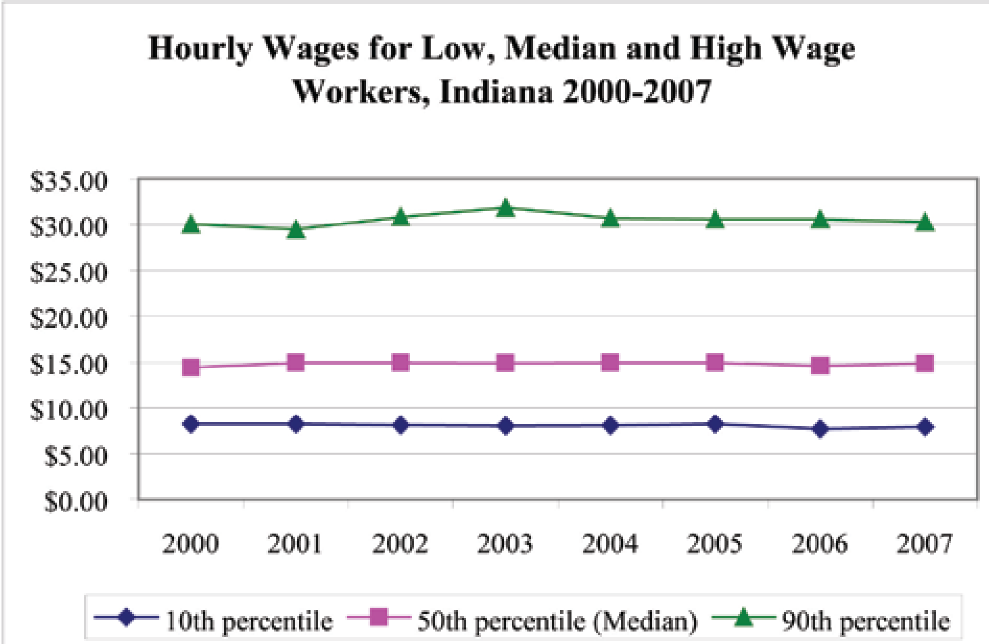
Wage Inequality

The growing disparity between the "haves" and "have-nots" has been receiving more attention on the national level as the gap between high-wage and low-wage earners widens. The Economic Policy Institute points to three elements of wage inequality: 1) the gap between the low wage (10th percentile) earners and median wage (50th percentile) earners; 2) the gap between top wage earners (90th percentile) versus median wage earners; and 3) the growth of wages at the very top. An examination of these three elements within the Indiana economy shows that the difference between earnings groups has widened, but not as much as the national gap.

In 1979, low wage worker wages equaled 31 percent of those in the top 10 percent of earners. In 2007, the bottom ten percent of workers earned just one-fourth the wages of the highest wage earners. Part of the reason for the widening gap is the increase in wages at the top while wages have remained flat for those in the bottom 10 percent. Since 1979, wages dropped by nearly two percent for the bottom 10 percent of workers while wages for the top 10 percent have increased by nearly 20 percent.

While the gap between high wage and low wage worker earnings has grown over time, Chart 3.7 shows that since 2000 wages have remained flat for all three groups in Indiana: low-wage, median-wage and high-wage earners. The unfortunate fact is that all wage groups in the state are stagnating at about the same rate. Not even the 90th percentile wage earners saw wages increase much more than their low-wage counterparts.

CHART 3.7



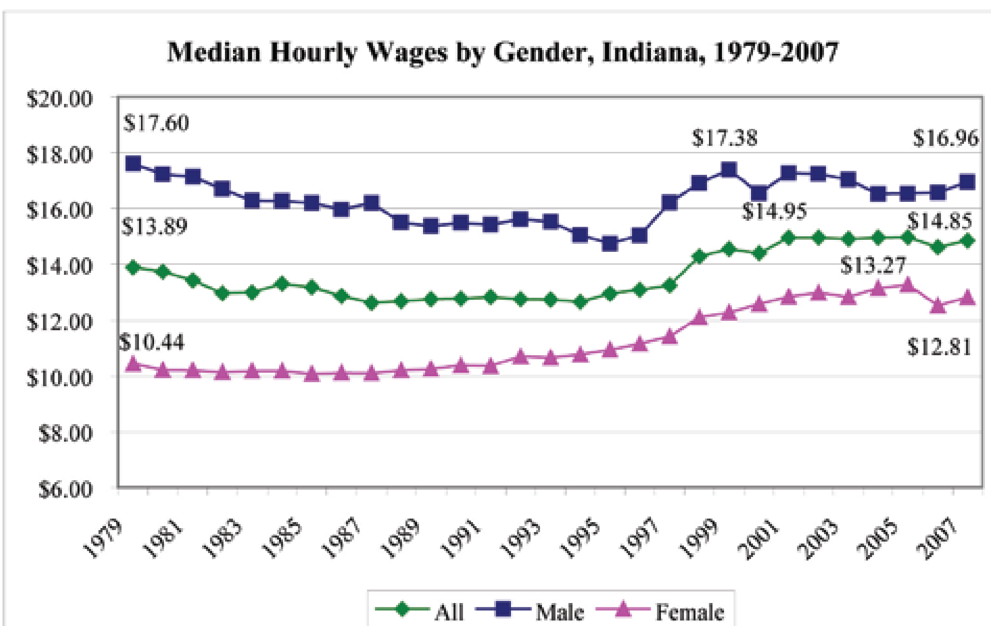
Source: Economic Policy Institute analysis of Current Population Survey data

Gender Gap

Historically, women have earned much less than their male counterparts. Chart 3.8 shows that although this trend is continuing, the gender gap is narrowing.

Women saw their median wages increase during the 1990s through 2005. Today, their wages are just slightly above the 2000 level. Hoosier women made progress in closing the wage gap until recently, but they remain considerably below their male counterparts.

CHART 3.8

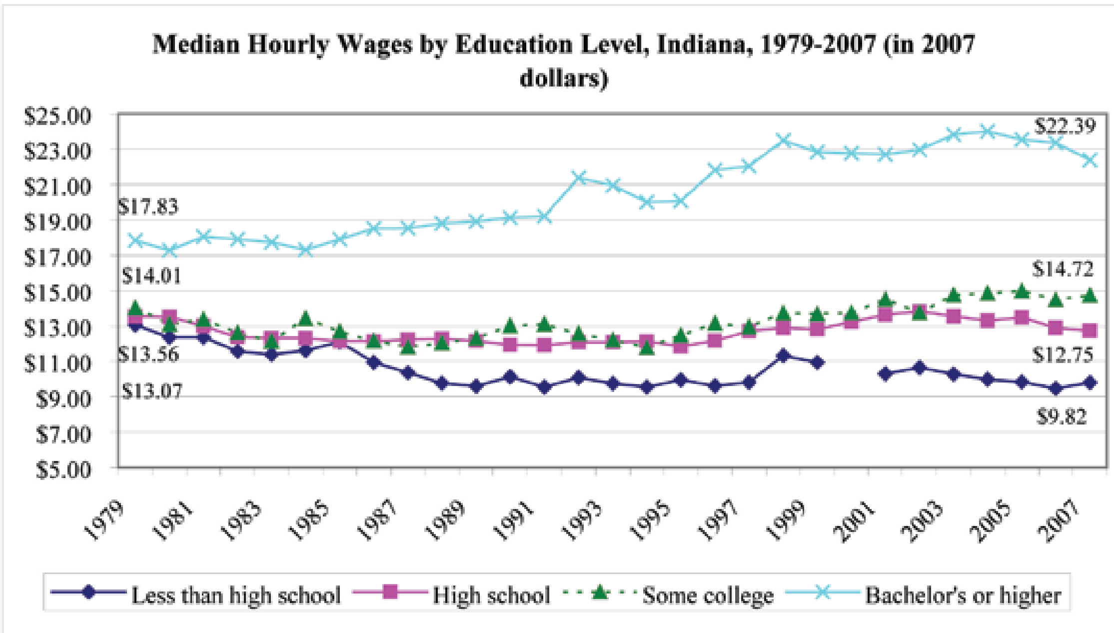


Source: Economic Policy Institute analysis of Current Population Survey data

Education Gap

Higher levels of education are associated with higher wages. Those with less than a high school education have experienced the greatest decrease in wages over time. Their median hourly wage in 2007 would not lift a family of four above the poverty threshold. On the other hand, those with a bachelor's degree or higher saw wages go up by 12 percent since 1995, but have seen wages flatten and even fall slightly over the last three years. Workers with some college experience, but no degree, saw the largest wage gains since 2000. Median wages for workers with some college increased by seven percent over this period, while wages for bachelor's degree holders went up by 2.3 percent.

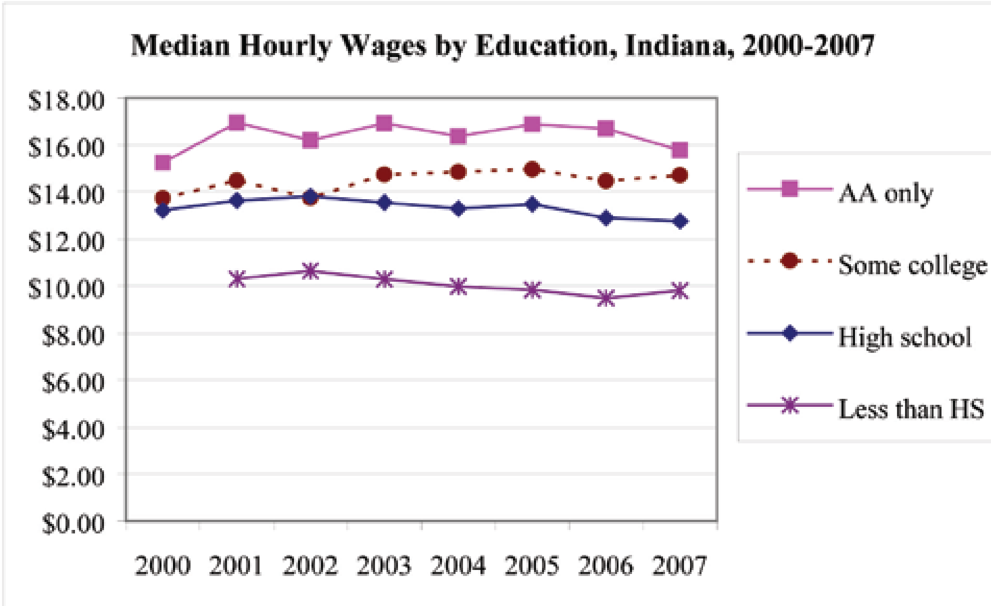
CHART 3.9



Source: Economic Policy Institute analysis of Current Population Survey data
Note: Data is missing for those with less than a high school diploma for 2000 due to small sample size

One of the striking changes that has occurred over time is the wage differential for workers with less than a college degree. In 1979, wages were very similar for those who did not have a high school diploma, those who completed high school, and those with some college. Fast forward to 2007 and the story is much different. Wages for those without a high school diploma have fallen below the poverty wage threshold to just $9.82, more than $3 below their wage rate in 1979. Wages have dropped $0.75 for those with a high school diploma and only increased slightly for those with some college. It is clear that workers need more education if they want wages to keep pace. The following chart breaks down the lower educational levels even further and illustrates the changes between high school educated workers and those with some college or an associate degree over the last eight years.

CHART 3.10

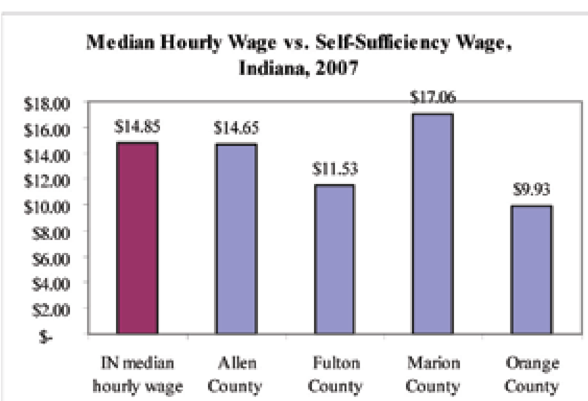


Source: Economic Policy Institute analysis of Current Population Survey data

Putting Hoosier Wages In A Context

To better understand how wages relate to the cost of living in Indiana, we can compare median hourly wages to the self-sufficiency standard, which is defined as the minimum income needed for a family to survive without public or private assistance. The self-sufficiency wage varies based on family size and composition (number of parents present and ages of children) and is adjusted for geographic differences. Often the cost of living is lower in rural areas than in urban centers, such as Indianapolis or Gary. Chart 3.11 shows the median hourly wage in 2007 compared to the self-sufficient wage in four counties for a single parent family with one preschooler and a school age child. It is clear that the state's median hourly wage is sufficient for smaller, rural counties but less than adequate in medium sized cities and the Indianapolis metropolitan area.

CHART 3.11



Source: The Self-Sufficiency Standard for Indiana: Where Economic Independence Begins

Overall, Indiana has experienced no real wage growth since 2000. Wages did not fully recover from the economic downturn that started in 2001. Data show overall stagnation for all wage groups. Low wage workers, who used to enjoy higher status compared to low-wage earners in other states, have lost ground. More workers are earning poverty-level wages. Those with only a high school education experienced substantial wage losses. These statistics are cause for concern. Indiana needs to focus on generating higher paying jobs in the state and to assure that the current workforce attains the skills needed to gain access to higher paying jobs.

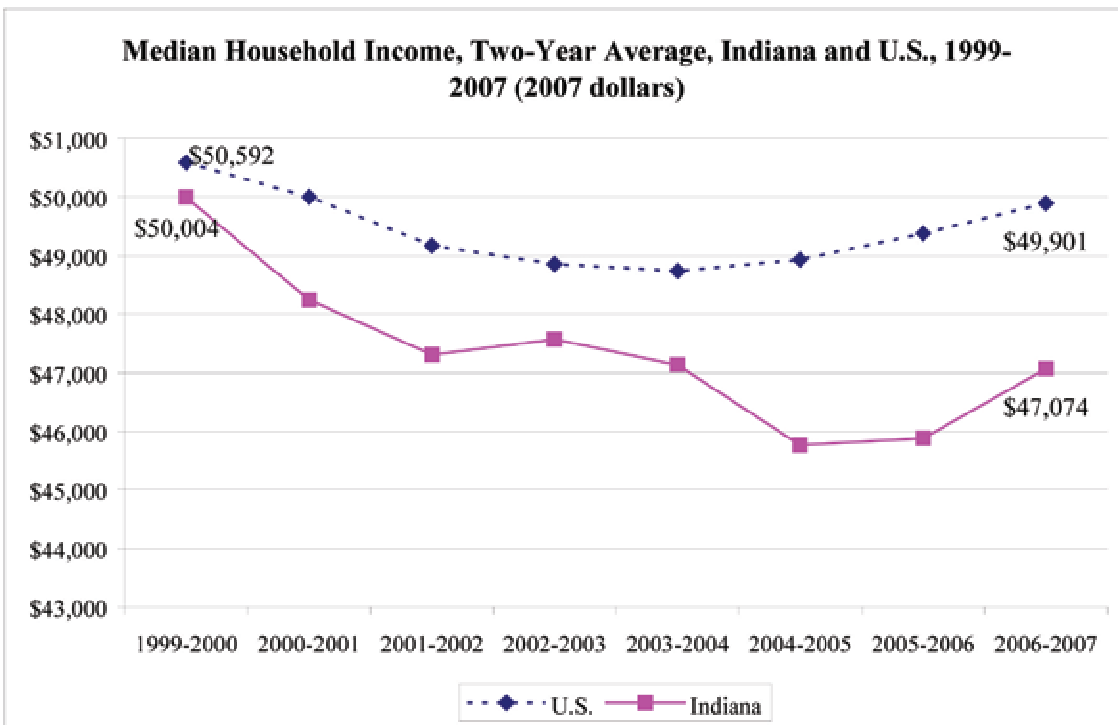
section four

Incomes

This section goes beyond hourly wages earned through employment and examines median incomes for households and families in Indiana. Median household income includes all pre-tax money received, including wages and salary, plus any other cash income received, such as unemployment insurance, disability payments, or child support. A household consists of all persons in a housing unit, including families with related members, two or more unrelated persons, or single individuals. Family median income levels will be discussed later in this section and will describe only those households with two or more related family members.

The Median Household Income (MHI) in Indiana for 2006-2007 (2-year average) was $47,074, ranking the state 34th in the nation (with 1 being the state with the highest MHI). This is an increase of nearly $1,200 over the 2005-2006 level, but nearly $3,000 below the 1999-2000 value. Chart 4.1 illustrates the growing gap in median household income. Indiana's median was nearly 99 percent of the national median in 1999-2000. The 2006-2007 average has fallen to just 94 percent of the national level.[3] While the national median household income rose slightly in 2006 to $48,023, it also remains below the 1999-2000. Current median incomes for Indiana and the nation are also below that of 2000-2001, the beginning of the recession.

CHART 4.1

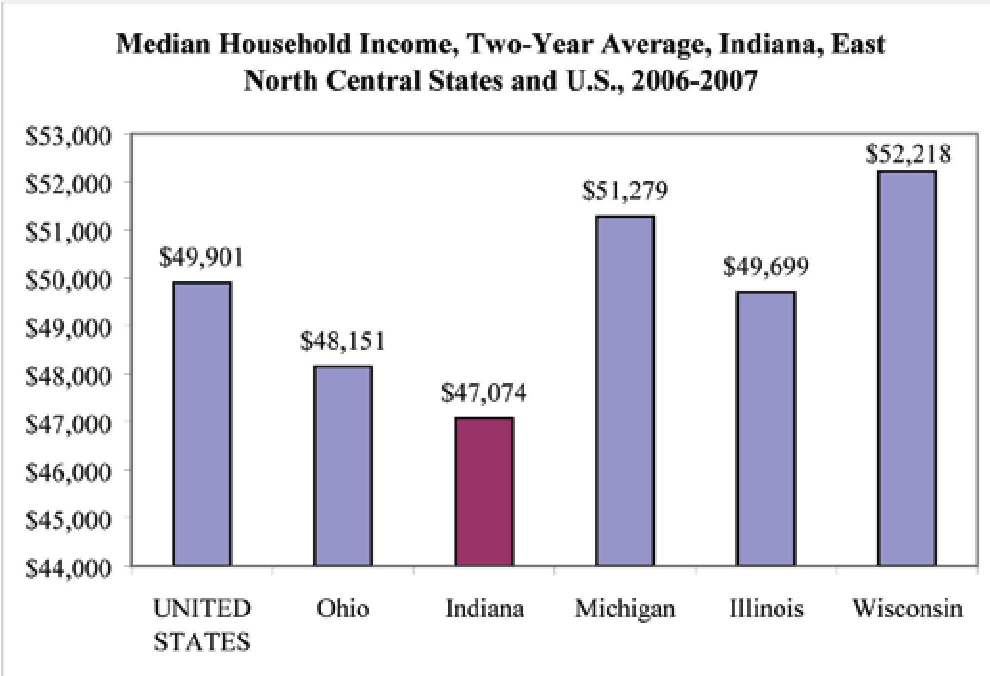


Source: U.S. Census Bureau, Current Population Survey 2007

[3] *Source: http://www.census.gov/hhes/www/income/histinc/h08a.html.*

Indiana's median household income is not only below the national level, but remains below neighboring states in the region. Chart 4.2 compares Indiana's MHI with the U.S. and that of the other states in the East North Central region. As can be seen, Indiana has the lowest MHI (in 2007 real dollars) of the states included in this region.

CHART 4.2



Source: U.S. Census Bureau, Current Population Survey 2007 at http://www.census.gov/hhes/www/income/histinc/h08a.html.

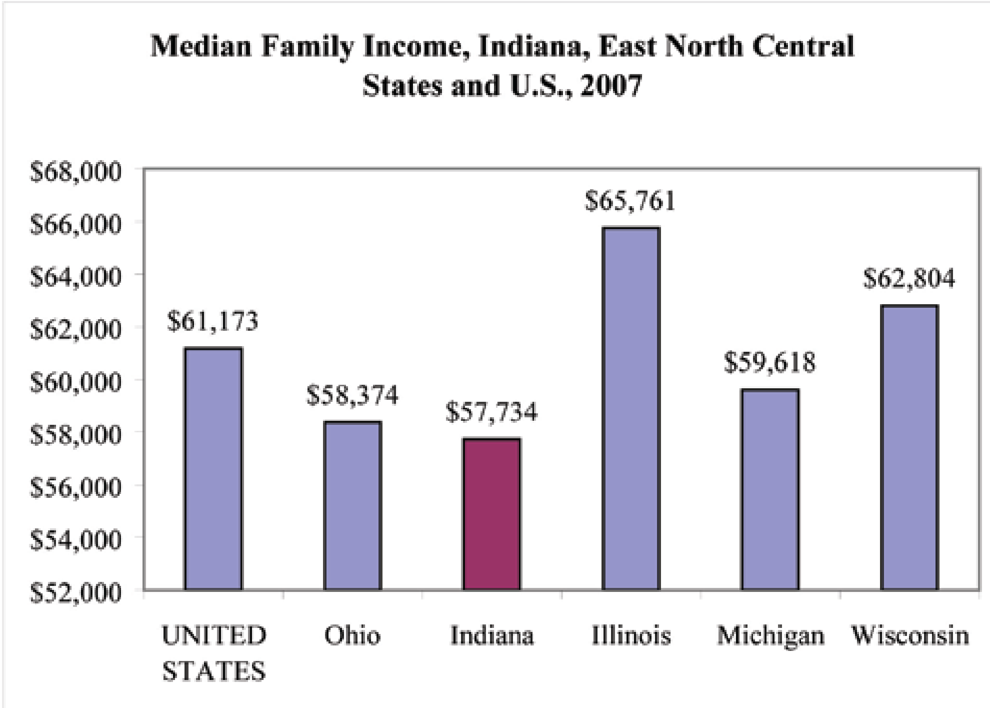
It is not surprising that Indiana's median household incomes are below national and regional levels when viewed in the context of Indiana's flat wage rates and declining number of high-paying manufacturing jobs. Given the widening gap between Indiana and the rest of the nation, it is clear that Indiana has fallen behind. Indiana households remain below the income levels experienced prior to the 2000s.

Median Family Income

The previous section focused on household income, which includes families, households of unrelated persons and single individuals. A family household includes two or more persons related through blood, marriage or adoption. This household type is examined separately in order to gauge how well families and children are faring in the state.

Chart 4.3 compares the median family incomes in Indiana to the national median family income and those of the East North Central region. Again, Indiana has a lower median family income than neighboring states and the nation.

CHART 4.3



Source: American Community Survey, 2007

Indiana's median family income compares a bit more favorably than does the household median to national and regional levels. Indiana's median family income stands at 94 percent of the national median and 99 percent of Ohio's median. However, the gap has grown over the last five years. In 2002, Indiana's median family income was at 98 percent of the national median and ranked 23rd among all states. Indiana ranked 33rd in 2007 and the median family income was at 94 percent of the national level. Family incomes seem to be keeping up slightly better than overall household incomes, but the gap continues to widen. Indiana's families are losing ground as their median income rankings continue to drop.

Income levels are important to monitor alongside wage data as they provide perspective on how Indiana households and families are faring economically. Household and family incomes may be more cushioned from the full impact of stagnant wages when both parents work outside the home.[4] In 56 percent of Indiana households, both parents are working, compared to 53 percent nationally. Families are likely working more to compensate for lower wage rates.

It is important to analyze family incomes separately, given the varied outcomes of children born into families with greater financial resources. Unfortunately, Indiana has seen wages and incomes remain flat or fall during the last business cycle. These are disturbing trends as the economy continues to struggle into 2008. Next year's data could be even worse.

[4] *2008 American Community Survey, U.S. Census Bureau*

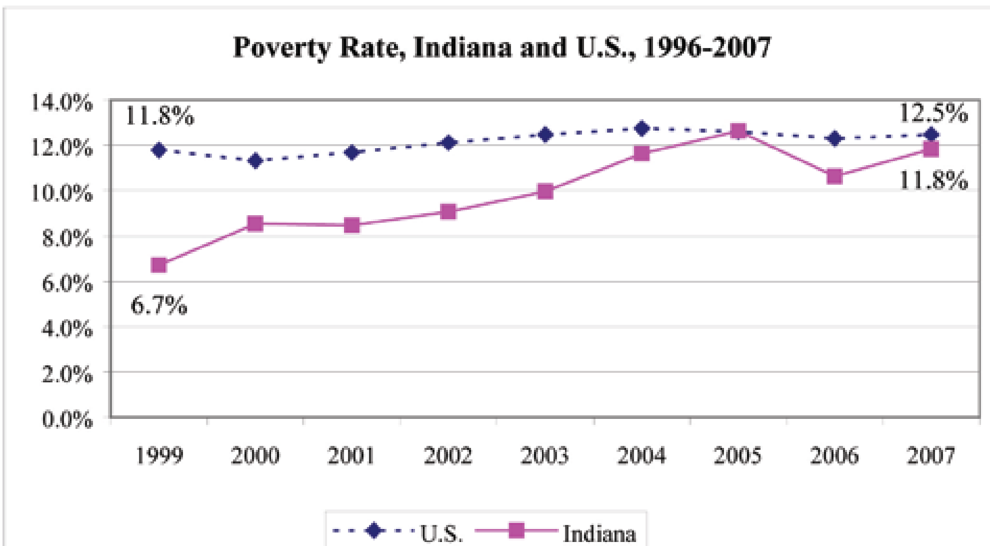
Poverty Rates

Another important indicator of economic well-being is the percentage of people living in poverty. For purposes of this report, the official definition used by the federal government is the benchmark. In 2007, the federal poverty level for a family of four was $21,386.

In August of 2008, the U.S. Census Bureau released new data on national and state poverty rates for 2007. According to the Current Population Survey (CPS), the nation experienced a slight increase in poverty rates, up from 12.3 percent to 12.5 percent. Roughly 37.3 million Americans were living in poverty in 2007.

Chart 5.1 shows the one-year poverty estimates over the past seven years and compares Indiana's poverty rates to the United States. Although Indiana has historically had much lower rates of poverty than the country as a whole, our rate has been steadily increasing since 1999.

CHART 5.1



Source: Economic Policy Institute analysis of Current Population Survey data

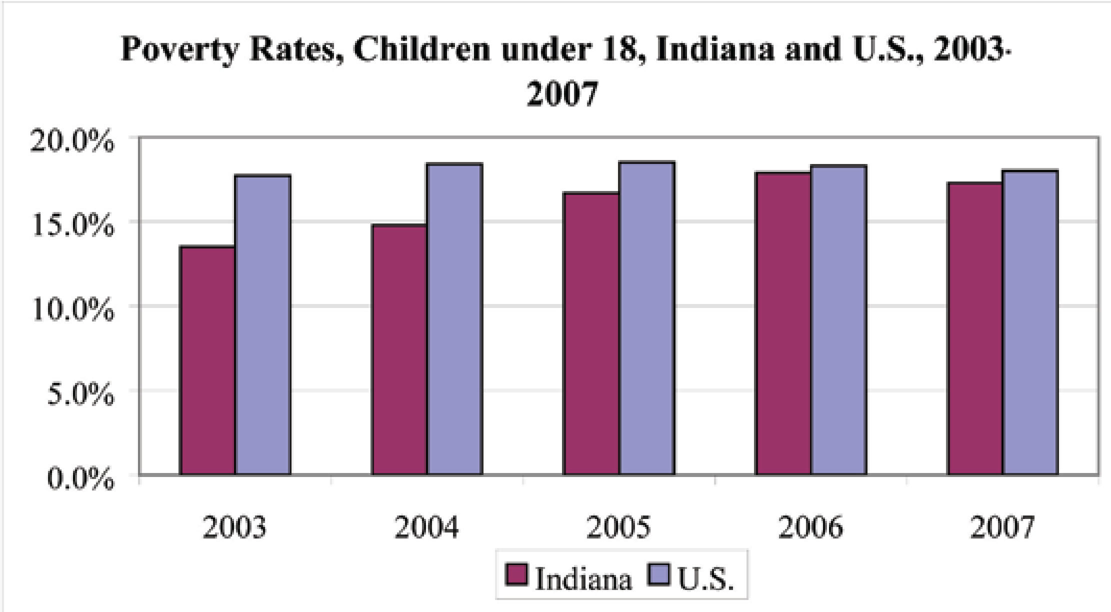
State poverty rates by the American Community Survey (ACS) may offer an even more accurate picture, due to that survey's larger sample size. According to 2007 ACS data, Indiana's poverty rate was 12.3 percent in 2007, slightly below the 12.7 percent rate in 2006. According to the ACS data, approximately 758,000 Hoosiers were living in poverty in 2007. Unlike the CPS data, the ACS shows the national poverty rate dropped slightly from 13.3 percent to 13.0. Like the CPS data, the ACS data shows that Indiana remains below the national poverty rate, but the gap has narrowed in recent years.

Poverty rates for the elderly also remain well below the national average. In 2007, 7.0 percent of Hoosiers over the age of 65 were below the poverty threshold, making Indiana the state with the 13th lowest poverty rate. This compares to 9.7 percent for the nation. The national decline in overall poverty has been attributed in part to lower poverty rates among the elderly.

Child Poverty

Indiana saw child poverty decrease slightly in 2007 to 17.3 percent from 17.9 percent in 2006. This is the first year to see the rate decrease according to ACS data, which goes back to 2003. The current child poverty rate is significantly higher than the 2003 rate of 13.5 percent. On the rankings of child poverty, with one being the state with the highest level of child poverty, Indiana ranked 22nd in 2007, compared to a much more favorable ranking of 36th in 2003. While still below the national child poverty rate, Indiana has been edging closer to the national rate. The United States rate went down slightly to 18.0 percent in 2007 compared to 18.3 percent in 2006.

CHART 5.2



Source: U.S. Census Bureau, American Community Survey

The data indicate that poverty remains a challenge for many families in Indiana. The poverty rates continued to edge upward during the course of the economic recovery. Child poverty continues to grow. This growth in poverty is not surprising given the flat wages and falling income levels in the state, but these are indeed troubling statistics.

Alternative Measure of Poverty

The 2007 federal poverty threshold as defined by the federal government for a family of four is an income of $21,386 or less. Researchers have argued that the federal definition is outdated and does not adequately measure what it takes to support a family. Self-sufficiency standards are gaining more attention due to their regional focus and breakdown of a bare bones budget for different family types. Self-sufficiency standards examine the major aspects of family budgeting, including housing costs, taxes, health insurance, child care, and food.[5] For many families, self-sufficiency levels equate to roughly 200 percent of the federal poverty threshold, or $42,772 for a family of four. Given this fact, it is believed by many that poverty rates understate the number of families that work hard and still struggle to meet basic needs.

In 2006, more than 1.7 million Hoosiers – 27.6 percent of the population – fell below 200 percent of the poverty threshold. Nearly 34 percent of children were living in families with incomes below 200 percent of poverty. While a significant percentage, it was lower than the 39 percent in the United States as a whole. These children and their families had incomes that are less than is required to meet the self-sufficiency standard for Indiana. According to the 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 budgetary needs.

Poverty rates remain higher than pre-recession levels and only begin to tell the story of families who struggle to provide for their children. Indiana had historically lower levels of poverty than the rest of the nation. This was not the case in 2007, as overall poverty and child poverty rates continued to edge closer to the national rate. These data coincide with the falling wages at the low end of the spectrum and should be monitored carefully.

[5] *For Indiana's self-sufficiency standards by county and family size, please see the report,* The Self-Sufficiency Standard for Indiana: Where Economic Independence Begins*, Indiana Institute for Working Families, 2005. See also the Self-Sufficiency Calculator at www.ichhi.org.*

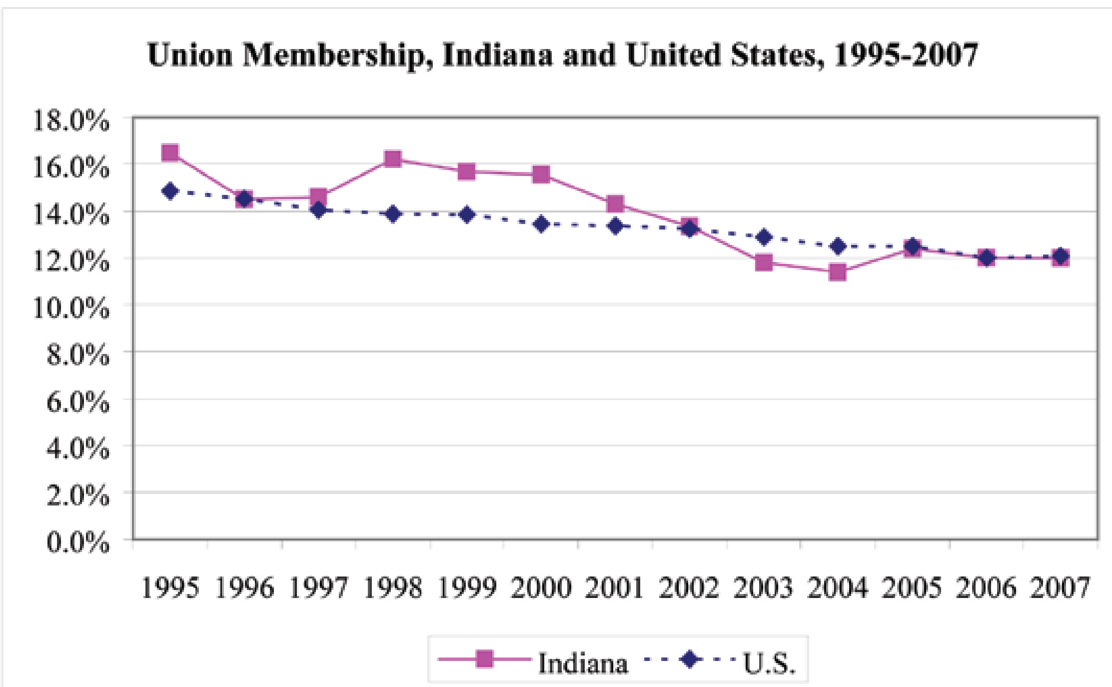
section six

Union Membership

Unionized workers earn higher wages and are more likely to have health insurance, pension coverage, and paid leave benefits. The median wage in 2007 for union workers was forty percent higher than the median wage for non-union workers ($19.90 per hour compared to $14.07 per hour). The percentage of workers belonging to unions is an indicator of the quality of jobs in the state. Unfortunately, union membership in Indiana has been declining in recent years.

The percentage of workers belonging to unions in Indiana had long exceeded the national average. In 1989, more than 20 percent of Hoosier workers belonged to unions, compared to just over 16 percent in the United States. However, beginning in 2002, Indiana union membership declined and remained below the national average for the next three years. The percentage of labor union members in the United States remained steady from 2004 to 2005, but dropped by a half point in 2006 to 12 percent, where it remained in 2007. (See Chart 6.1) Indiana saw a similar decline and is now at the same level as the national average.

CHART 6.1



Source: Economic Policy Institute, Bureau of Labor Statistics

Belonging to a union usually means higher pay and more benefits. The decline in union membership may also be a contributing factor to stagnant wages and falling income levels. Unions are not the only avenue to ensure wages and benefits are in place, but employee bargaining power has historically played a strong role in maintaining job quality.

section seven

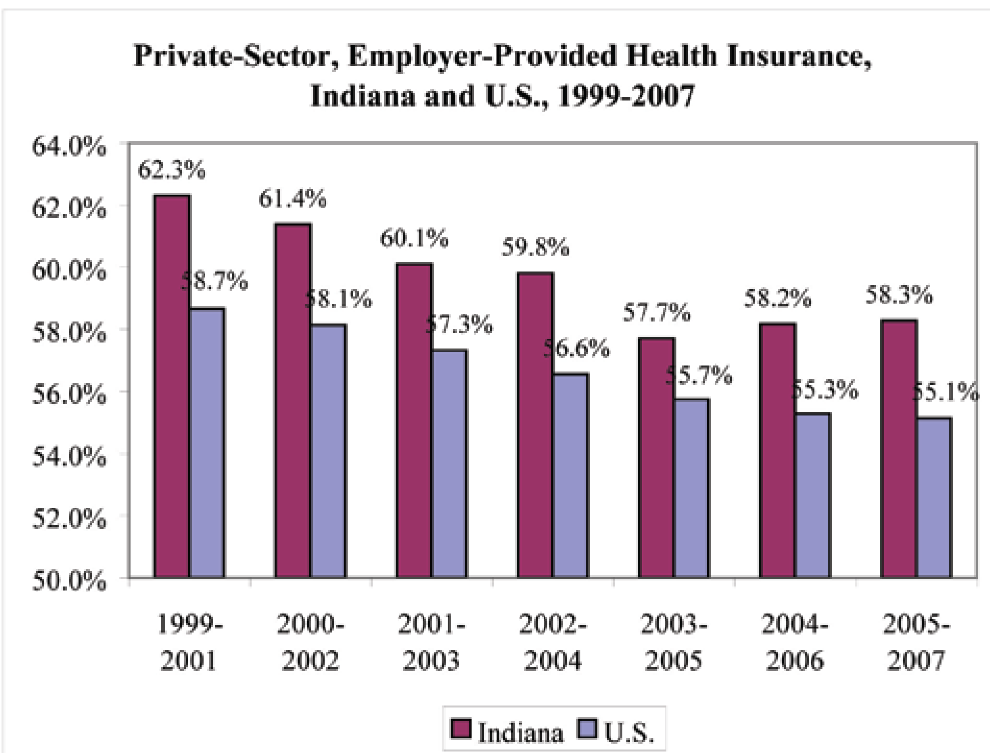
Health Insurance

Private-sector, employer-provided health insurance is a coveted benefit for workers in today's economy. However, health care costs are rising and many employers are finding it difficult to keep up with the costs. As a result, the share of workers covered by employer-provided plans has been declining. Indiana has recognized the role of health insurance coverage in assuring economic and social well being and taken steps to help fill the gap left by the decline in employer-provided plans.

For the purposes of this report, private health insurance is defined as a plan provided through an employer or union or a plan purchased by an individual from a private company. Government health insurance includes the federal programs Medicare, Medicaid, and military health care, as well as the State Children's Health Insurance Program (SCHIP) and individual state health plans. People are considered to have been "insured" if they were covered by any type of health insurance for part or all of the previous calendar year. People are considered to have been uninsured if they were not covered by any type of health insurance at any time in that year.

As illustrated in Chart 7.1, the percentage of workers covered by employer-provided health insurance stabilized in the last period measured, after a steady decline in the last decade. In the two-year period ending in 2007, 58.3 percent of Indiana workers were covered by employer-provided health insurance.[6] While the change in the downward trend is good news, the percentage of Indiana workers covered remains well below the 62 percent average in 2001.[7] The decline in employer-provided health insurance coverage likely reflects the growth in lower-wage service jobs. Fortunately, Indiana continues to remain above the United States on this important indicator of job quality.

CHART 7.1



Source: Economic Policy Institute analysis of Current Population Survey data

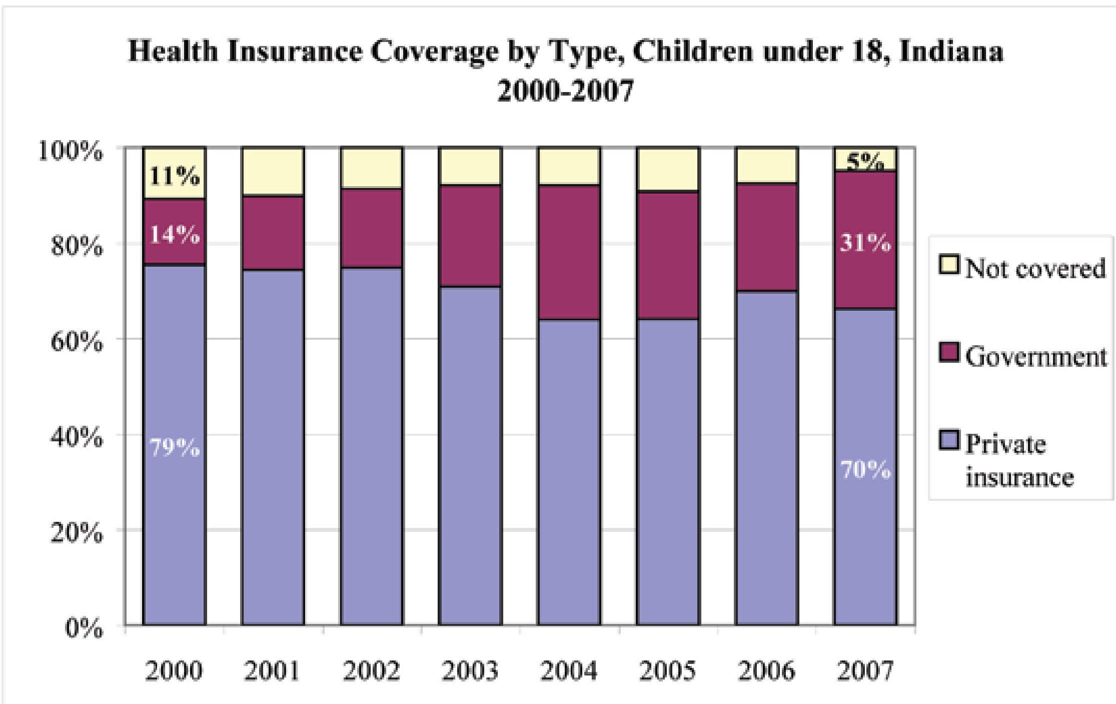
[6] Private sector, employer-provided health insurance refers to private-sector wage and salary workers age 18-64, who worked at least 20 hours per week and 26 weeks per year.
[7] The data is from the Current Population Survey and is reported in three-year moving averages.

Children's Health Insurance

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 2005-2007, 10.5 percent of low-income children in Indiana were without health insurance coverage in Indiana, compared to 18.3 percent in the United States. Overall, 70.3 percent of all Indiana children were covered by private sector health insurance in 2007, a percentage that is considerably higher than the national figure of 64.2 percent. While Indiana has a higher percentage of children covered by private sector insurance, the figure remains well below 1999 levels when 80 percent of children were covered by private plans (U.S. Census Bureau).

As illustrated in Chart 7.2, the percentage of Indiana children covered by government insurance has gone up in recent years. A total of 31 percent of children were covered by government plans in 2007, compared to just 14 percent in 2000. The uninsured rate is at the lowest level during the last eight years, mostly due to higher rates of government coverage. The state has made considerable effort to enroll eligible children in the Hoosier Healthwise program. The type of coverage has changed during the last few years, but overall uninsured rates are significantly less; five percent in 2007 compared to 11 percent in 2000.

CHART 7.2



Source: Economic Policy Institute analysis of Current Population Survey data

TABLE 7.1

Percent Of Residents Not Covered By Health Insurance, Indiana and United States, 2000 to 2007			
	Indiana	United States	Percentage Point Difference
2000	10.8%	13.7%	-2.9
2001	11.2%	14.1%	-2.9
2002	12.3%	14.7%	-2.4
2003	12.9%	15.1%	-2.2
2004	13.8%	14.9%	-1.1
2005	13.6%	15.3%	-1.7
2006	11.8%	15.8%	-4.0
2007	11.4%	15.3%	-3.9

Source: Economic Policy Institute analysis of Current Population Survey data

Uninsured Rates

More than 11 percent of Indiana residents, roughly 717,000 individuals, were without health insurance coverage in 2007. Indiana has consistently had lower uninsured rates than the rest of the country and both the national and state rate decreased slightly in 2007. Table 7.1 compares Indiana and the United States in the percentage of persons who lacked health insurance coverage.

Compared to 2000, Indiana has seen an overall drop in private sector health insurance coverage and a slight increase in the percent of residents who are uninsured. The data have been improving over the last two years. It is likely that overall uninsured rates will continue to go down as a result of the Healthy Indiana Plan passed in 2007.

Conclusion

Indiana's economy has changed over the last eight years. Manufacturing is no longer the leading industry sector. The labor force is more diverse. More jobs require post-secondary education and training. Median wages and incomes are not keeping pace with the national levels. African-Americans are experiencing even higher unemployment rates and lower wages. Workers who lack post-secondary education are also falling behind. Poverty rates, wages, incomes, and union membership are all trending in a negative direction. Taken together, it is apparent that the economic recovery that followed the recession of 2000 did not benefit all Hoosiers.

The data underscore the importance of analyzing all aspects of the economy and not relying on one statistic as the sole indicator of economic health. The number of jobs alone does not give any information on the quality. The unemployment rate does not indicate how long people are unemployed or how many may have become discouraged and dropped out of the labor force altogether. Median wages are a poor indicator of economic well-being if taken out of context. Poverty rates capture only a portion of the families who struggle to meet basic needs. And not all demographic groups experience the same results. The full economic picture includes many moving parts.

Recommendations

The purpose of this report is to present and analyze various economic indicators in order to foster better understanding of the Indiana economy and its impact on working Hoosiers. The data in this report support the recommendations of an earlier study by the Institute, *Investing in Indiana's Working Families to Build a 21st Century Economy*, and highlights areas of concern. Some broad recommendations can be made to bolster economic outcomes for Hoosier workers. The following suggestions are not meant to be a comprehensive review of economic policy, but rather a starting point for further research and discussion around effective policies and programs.

Racial disparities deserve more attention. The data uncover some recurring gaps or disparities along racial lines. Across many indicators, African-Americans fare much worse than their White counterparts in Indiana. The numbers alone do not indicate the cause, thus further research is necessary. The state cannot afford to leave behind this segment of its workforce. Workforce training programs and educational offerings must reach out and target resources to the African-American community in order to reverse these trends.

Education and training programs are critical. Hoosiers with a high school education or less are seeing their economic standing continue to fall. The high-paying jobs that required only a high school diploma are disappearing. The need for more education in this new economy has been documented in various reports and cannot be understated. The state has fewer college-educated workers than much of the rest of the nation. Indiana cannot wait for our youth to graduate and fill this need. The state must step up and ensure the current workforce has access to educational opportunities that will result in positive economic gains.

Recent education and training initiatives targeted to working Hoosiers, such as the state Chamber of Commerce efforts to promote workplace literacy through its Ready Indiana project, can help bridge the education gap. Ivy Tech's College for Working Adults is another avenue for increasing the skill levels of working adults. The state Department of Workforce Development has restructured its WorkOne centers to be more efficient and effective at serving the needs of workers and businesses. Together, these efforts can help improve the economic standing of workers who lack post-secondary education. The Shifting Gears project funded by the Joyce Foundation is helping state leaders align various education and training initiatives to better meet the needs of the adult population. Efforts such as these are positive steps in the right direction and should be continued.

Job quality must be the goal. The fact that more than one-quarter of all Hoosier workers earn wages that would not lift a family of four above the federal poverty threshold is a disturbing statistic. One of the basic tenets of the American Dream is the belief that hard work leads to success. However, many Hoosiers work hard – many working the equivalent of 1.25 full-time jobs – yet they continue to struggle to meet basic needs. Indiana must work to support job growth and an economy that provides family-supporting wages.

Work supports continue to play a crucial role. As workers strive to reach higher rungs on the economic ladder, work supports such as unemployment benefits, tax credits, child care assistance, affordable health insurance and a safety net for unemployed workers are critical. With only 39 percent of unemployed workers receiving unemployment insurance benefits and more than 40 percent of those who do receive benefits exhausting their coverage, steps need to be taken to ensure more workers have a safety net available to them, particularly in these times of rising unemployment. The recent increase in the minimum wage should help low-wage workers increase their earnings. State efforts to offer health insurance to low-income families through its Healthy Indiana Plan are to be commended. The positive data on insureds in the state is a testament to the impact of state investment in this area. Providing these supports helps families stay on track and move forward. Without such assistance, many will continue to live paycheck to paycheck.

The overarching concern for Indiana is job quality, including adequate wages, health insurance benefits, and general protection of worker rights. The number of jobs in Indiana has rebounded to near-peak levels, however, the data show some erosion in the areas of job quality over the last recession and recovery period. The state's strategic economic development plan, *Accelerating Growth*, articulates many policy objectives to improve the state's economic conditions. The public needs to hold the state accountable for its broad goals to meet the national average in annual wages by 2020 or to move every Hoosier up one level on the talent scale. The data will bear out the consequences of achieving these goals. It is clear that there is room for improvement in ensuring the economy works for all Hoosiers.

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