

The News-Sentinel

Study: Hoosier kids feeling economic pinch State not doing enough to help, group says.

By Doug LeDuc
The Fort Wayne News Sentinel, Indiana
October 19, 2005

Using a formula it says is more accurate than federal income standards for poverty, a statewide nonprofit organization found 41 percent of Indiana children live in families that can't make ends meet.

Indiana must upgrade its work force, bring more low-income individuals into it and attract or grow more employment that can provide a decent living, said Charles Warren, research manager for Indiana Coalition on Housing and Homeless Issues.

"We're in a world of hurt and we're not doing enough to get out of it," Warren said.

ICHHI is a nonprofit organization advocating for low-income families. Warren and other officials with the coalition spoke Tuesday at Indiana University-Purdue University Fort Wayne to about 40 representatives of businesses and agencies that serve area poor. The presentations were part of a fall forum on The Status of Working Families in Indiana sponsored by Community Action of Northeast Indiana and the Mike Downs Center for Indiana Politics at IPFW.

Then and now

Warren showed a statewide rise in poverty by comparing employment and

income figures from 2004 or later with data taken prior to the most recent recession, which started for Indiana in March 2001. The coalition found:

◆ At \$46,136, Indiana's median household income was higher than the nation's in 1998 and 1999. By 2004, the state's median household income had fallen to \$42,946, "far below the (\$44,389) U.S. average," Warren said.



Status of Working Families forum on Tuesday afternoon at IPFW, Walb Student Union.

◆ In the late 1990s, unemployment reached a decade low of 2.6 percent, and with only 86,000 Indiana residents out of work, it was difficult to find workers to fill many jobs.

Indiana's August 2005 unemployment rate of 5.2 percent is not high compared to nearby states such as Michigan, but with 168,000 unemployed, "we've doubled the number of people out of work."

◆ Unions represented 16.2 percent of the work force and 64.2 percent of private sector workers had employer-sponsored health insurance. Average annual wages for Indiana workers were about 91 percent of the U.S. average, and Indiana's poverty rate was 6.7 percent.

Unions now represent only 11.4 percent of workers in 2004, and only 59.8 percent of private sector workers receive employer-sponsored health insurance. Average annual wages for Indiana workers in 2004 were about 88 percent of the U.S. average.

◆ Indiana's poverty rate was 11.6 percent last year, but the percentage of Indiana children living in families with incomes at or below the poverty level jumped to 18.5 percent in 2004 from 10.5 percent in 2002.

A different measure of income

ICHHI considers the federal income standard for poverty unrealistic because it simply triples the estimated cost of feeding a family and updates the food costs each year.

The coalition uses a **self-sufficiency standard** developed in the 1990s by Diana Pearce, a University of Washington sociologist. The standard calculates income required to meet basic needs using data from government and industry trade association sources.

The self-sufficiency standard estimates what it would take to cover basic living

costs such as housing, child care, food, transportation, health care and taxes. Pearce developed a 2005 version for Indiana, and using it for a family of four, "we're telling people it takes about \$35,000 to \$38,000 per year," Warren said. "That does not allow savings, that does not allow entertainment, there's no 401(k) (retirement plan); it's a no-frills budget."

Under 2004 federal guidelines, a family of four with an income of \$18,850 or less was considered living in poverty.

That was about half the income required under the Indiana Self Sufficiency Standard. The coalition checked to see how many Indiana children lived in families with incomes that were less than 200 percent of federal poverty guidelines.

It found 735,000, or 41 percent, fell into that category.

"How big does it have to get before we start getting excited?" Warren asked. "This, to me, is absolutely astounding."

The formula for the standard can be used to arrive at living wage estimates for specific counties, and based on it, an adult in Allen County would need \$15,552 per year to get by. So a family of three — with one adult, an infant, a preschooler and a school-age child — would need an income of \$42,025 to pay for basic needs.