

# The News-Sentinel

## Hoosiers: Jobless, Hungry Realities in northeast Indiana belie the rosy numbers crunched in the federal statistics

By Doug LeDuc  
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With almost four years to bounce back from the last recession, poverty in Allen County has decreased by federal standards. The unemployment rate is not as low as it was, but at 5 percent it's low enough to compare with other periods of prosperity.

But a nonprofit advocate for low-income families says those numbers don't show the true economic reality facing Indiana families. The percentage of working families living in poverty may have grown dramatically. Government figures show a Fort Wayne family of four should have been able to live on \$18,850 last year.

The Indiana Coalition on Housing and Homeless Issues said it took an annual income of more than \$38,000 to support a family of four in Allen County in 2004.

The group considers federal income standards for poverty out of touch. Whether it's low-paying jobs replacing higher-wage employment or workers lacking the education to land those jobs, residents with full-time jobs are increasingly turning to charities to help supplement the food needs for their families.

The coalition said loss of manufacturing jobs – a major source of employment here – has caused a sharp rise in poverty in Indiana. Just working hard is no longer the key to prosperity, as previous generations have been told. With those jobs unlikely to be replaced, many local families are trying to figure out how to earn more without taking on additional jobs.

### Manufacturing in decline

The most recent data from the Community Research Institute at Indiana University Purdue University Fort Wayne shows manufacturing employed 36,800 people in the metro area's April labor force of 177,050. At 21 percent, the proportion of workers here in manufacturing is about twice the national average.

But, manufacturing for the Fort Wayne metro area peaked in May, 1998, at 47,400 jobs. Since then, the metro area has lost 10,600 manufacturing jobs, or 22 percent of the total. That's important to the area economy, because the most recent U.S. Bureau of Economic Analysis data showed manufacturing was the highest-paying of 11 private-sector employment categories in 2003 in Allen County.

Manufacturing paid average annual wages of \$65,496 that year; the next highest category, information technology, averaged \$61,583.

"It's no secret that manufacturing has been under pressure," said John Stafford, institute director.

As the number of higher-paying manufacturing jobs in the county declines and employment increases "on the other end of the wage spectrum, something has to give," Stafford said. "Where that gives is increasingly in household income that falls in or below that **self-sufficiency standard**," he said.

"As these changes have taken place in this economy, they're more than just statistics; they have real consequences in real households, and it shows up in those numbers."

The Fort Wayne-Allen County Economic Development Alliance is working to grow the area economy in a way that will increase household incomes.

And it is doing that in a county that is twice as dependent as the nation on manufacturing for employment at a time when the country is transitioning from a production to an information-based economy.

Manufacturing is decreasing in the United States as a result of automation and outsourcing to countries such

as China and India, which have less regulation and lower wages and benefits. Indiana and Allen County have felt the impact on income levels.

"We're doing our part to reverse that, but it's a long process," said Rob Young, alliance president.

The alliance works to grow employers already here and attract employment that sells products or services to customers out of the immediate area. It works with all kinds of companies, but "there are programs and incentives that do focus in on those employers creating the highest-quality jobs," Young said. It also focuses on business clusters that show the most promise for the area.

In its five-year history, the alliance has been the lead or a key economic development group in nearly 100 projects. Those have retained 8,700 jobs and brought 3,700 additional jobs to the area, he said. The average annual wage associated with those jobs has been \$37,000.

Since the recession, some segments of manufacturing have been under pressure to outsource production to low-wage countries, and automation has continued to contribute to manufacturing job losses, he said.

Steve Corona is president and chief executive officer of JobWorks, which provides training assistance for displaced workers. He said many workers can improve their circumstances through commitment to continual study and training to improve skill and education levels.

The first job a retrained factory worker takes "may not be that high-wage job, but there's that expectation that they're going to continue that education," Corona said.

At a number of employers in town, that approach offers entry-level workers a good "chance of bumping up your wages \$2 to \$3 per hour," he said.

### **Are federal data skewed?**

Using the coalition's self-sufficiency standard, the most recent data on household income shows 42 percent of the county's households were not earning enough to support a family of four last year, because they earned less than \$35,000.

The income data is from an annual U.S. Census Bureau survey, which is not as accurate as the census taken every 10 years. It showed 8.7 percent of Allen County residents met federal income standards for poverty in 2004, down from 9.6 percent in 2001.

The coalition considers federal income standards for poverty unrealistic because they simply triple the estimated cost of feeding a family and update the food costs each year.

At the Family Social Services Administration in Indianapolis, "we don't take a stance on that," said spokesman Brian Carnes. U.S. "Health and Human Services kind of dictates to us what their standards have to be, and we're at their mercy."

Some programs administered by the agency, such as Hoosier Healthwise, serve low-income families earning up to 200 percent of the income level established as the federal poverty standard, he said.

The coalition favors 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. It estimates what it would take to cover basic living costs such as housing, child care, food, transportation, health care and taxes.

Pearce developed a version for Indiana, and applying it to 2004 income data, for a family of four in the state, "we're telling people it takes about \$35,000 to \$38,000 per year," said Charles Warren, research manager for the coalition. "That does not allow savings, that does not allow entertainment, there's no 401k (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**, so the coalition checked to see how many Indiana children lived in families with incomes that were less than twice the federal poverty guidelines. It found 735,000, or 41 percent, fell into that category.