

## **Indianas wage landscape charted Study shows money needed to make living**

**By Lesley Stedman Weidenbener**

**September 19, 2005**

INDIANAPOLIS -- An adult living alone in New Albany could not begin to make ends meet -- without public assistance -- earning the minimum wage of \$5.15 an hour in a 40-hour-a-week job.

A single parent with a young child in Clark County would need to earn about twice the minimum wage to pay for housing, food, child care and other necessary costs.

A family of four -- two adults and two children -- needs an annual income of more than \$34,000 to make it in Harrison County.

Those are among the findings of a report released last week by the Indiana Coalition on Housing and Homeless Issues.

The group aims to persuade policy-makers to think about the real costs of self-sufficiency as they set standards and eligibility guidelines for job training, economic-development incentives and social services.

The group has three priorities for the report -- called "The Self-Sufficiency Standard: Where Economic Independence Begins" -- which updates a study released three years ago.

It wants to encourage the Department of Workforce Development to incorporate the report's findings in its job-training programs, said Jill Nielsen, senior policy analyst for the housing coalition. And it wants the agency to use the standard to determine whether companies receive training grants.

In addition, the coalition wants to create an online calculator so families and the agencies that work with them can quickly assess their economic situations.

"It makes perfect sense," Nielsen said. "The governor has stated over and over again that one of his priorities is to raise the personal income of all Hoosiers. You have to know what income you're shooting for."

Coalition officials will present their findings next week to Indiana Workforce Development Commissioner Ron Stiver and others at a meeting scheduled to talk about ways to help low-skilled workers get better jobs.

Anne Valentine, deputy commissioner of communications for workforce development, said Stiver is interested in what the coalition has to say.

The Southern Seven Workforce Investment Board -- which provides state and federal job-training programs and services in Clark, Floyd, Harrison and four other counties -- already uses the self-sufficiency numbers released three years ago as a tool in helping its customers, said its executive director, Ron McKulick.

"That's the primary tool we use, and it's a good one," McKulick said. "What people can buy with what they earn is becoming more and more a significant issue."

But he said he wouldn't want the self-sufficiency standard to become the only guide for who receives training and services. Other studies -- such as one released recently by the

Metropolitan Housing Coalition in Louisville -- also are valuable, he said.

The report finds a disparity in what it takes to live in Southern Indiana, with the highest numbers in more urban and suburban counties and lower numbers in rural areas.

In Floyd County, a single adult with a young school-age child and a teenager needs an hourly wage of \$10.35, or an annual salary of \$21,849, to make ends meet without public assistance, according to the report.

The parent of that same family in Orange County would need to earn \$7.83 an hour, or about \$16,530 a year.

"This is a conservative estimate," Nielsen said of the self-sufficiency standard, which is adjusted for eight types of families in every Indiana county.

"It covers just the most basic needs, such as housing," she said. "But it's a more accurate measure of need than the federal poverty level because it covers the broad range of costs that families are facing."

The federal poverty guidelines are set by the U.S. Department of Health and Human Services, largely to determine assistance for federal programs including food stamps, Medicaid and energy assistance. For example, families whose income is 125 percent of the federal poverty guideline or less are eligible for the Low Income Heating Energy Assistance Program.

But Diana Pearce, director of the University of Washington Center for Women's Welfare and author of the self-sufficiency study, said the federal guidelines "are way below adequate," in part because they don't take into account the cost of child care or the age of children.

She acknowledged her report's self-sufficiency numbers are "pretty high." She said many families in transition -- from marriage to divorce, for example -- earn much less but pay their bills because they receive state and federal help with health care, food and other needs.

For example, a single adult raising an infant and a preschooler in Indianapolis would have to earn

about \$18 an hour to be self-sufficient, according to the report.

But if that same family received child-care assistance, food stamps and low-income tax credits and participated in the state's Hoosier Healthwise program -- a health insurance program for poor children -- the parent would need to earn only about \$10.50 an hour. Still, that's about double the minimum wage.

"Costs have gone up considerably across Indiana," Pearce said. "That has put a real squeeze on families."

That's one reason the coalition also wants the state to consider using the self-sufficiency standard as a test for whether companies locating or expanding in Indiana can receive incentives. If a company paid wages that were high enough to sustain a family, for example, it could receive tax breaks or other incentives.

House Commerce Committee Chairman Randy Borrer, R-Fort Wayne, said last week that he hasn't seen the coalition's study but is interested in whether it could help the state improve its economic development programs.

The state and local governments that approve incentives for economic development are conscious of the need to be especially attentive to companies that pay higher wages, he said. And some of the state's programs already require some minimum pay scale for a company to be eligible, he said.

Still, Borrer said he's open to hearing about the coalition's ideas.

"We need to raise the wages of Hoosiers from 88 cents on a buck now to the national average," Borrer said. "The impact to that is exponential when you talk about just sheer personal wealth as well as the tax base and our ability to provide social programs."