

Senate Tax and Fiscal Policy Committee

Opposing HB 1019, Repeal of Common Construction Wage – Public Testimony

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Good morning Chairman Hershman, members of the committee: thank you for providing me with the opportunity to testify at today's hearing. My name is Derek Thomas. I am a senior policy analyst for the Indiana Institute for Working Families. We are a program of the Indiana Community Action Association, and combine research and analysis of federal and state legislation, public policies, and programs to help low-income Hoosier families achieve and maintain economic self-sufficiency.

To inform this goal, our biennial Status of Working Families Report¹ examines data on poverty, the labor market, wages and taxes. In the report, we find that from the time the recession started, the rate of poverty, child poverty, and the share of low-income Hoosiers have all increased at rates greater than all neighbor states and the U.S. Moreover, while in all states around us, poverty is declining, it's still rising in Indiana, as is the share of low-income Hoosiers. Inevitably, this means that Indiana's middle-class is shrinking *(Slide 1)*.

We also find that:

- Median household income has been on the decline since the beginning of the century – down by nearly \$8,000 since 2000, and still declining as of last count. Again, while all neighbor states' median household incomes are growing, ours is still declining *(Slide 2)*.
- Median hourly wages and 20th percentile wages – which are still declining - are down by about \$0.80 each since 2007 *(Slide 3)*.
- Of the half-million jobs in the top three industries, 74% pay below \$13.00 per hour *(Slide 4)*.
- During the growth period from 2001 – 2007, Indiana netted only around 18,000 jobs, while the population grew by hundreds of thousands. Only the low-wage category experienced a net gain (97% of which pay less than \$13.00 per hour) *(Slide 5)*.
- Or, since the recession started, only the low-wage category experienced a net gain. Of the jobs lost in mid-wage industries during the recession (2007 – 2010), 43% were manufacturing jobs and 38% were construction and contracting jobs. Despite a strong comeback in manufacturing, both of these middle-class jobs are still well below pre-recession levels *(Slide 6)*.

Given these trends, it's no surprise that only two other states saw larger increases in income inequality last year. This growing divide works against a growing middle class and a sustainable economy.

By maintaining the common wage – especially at a time when middle-to high-skill jobs are in demand – local governments can enhance the welfare of Hoosier families and communities who desperately need quality, middle-class jobs that pay well enough to meet their most basic needs.

Thank you for your time and consideration.

¹ Status of Working Families, 2015 Report: <http://goo.gl/VLK7R0>