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# Welfare and Homelessness in Indianapolis: Populations at Risk and Barriers to Self-Sufficiency, Indianapolis

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## *Welfare and Homelessness in Indianapolis:* **Populations at Risk and Barriers to Self-Sufficiency**

Who are the homeless in Indianapolis? How has welfare reform affected Indianapolis families who rely on public support? What barriers are preventing these populations from becoming self-sufficient?

Two recent studies help answer these questions for policy-makers and service providers. This issue brief summarizes the studies' demographic findings, and the problems that erect barriers to self-sufficiency among the poor in Indianapolis.

The Indianapolis Homeless Project, led by researchers from Butler University and the University of Indianapolis, has produced the first baseline study of poverty and homelessness in Indianapolis. Some of its findings:

- Homelessness is the result of four factors working against an individual or family: poverty, lack of affordable housing, personal disabilities, and lack of social networks or public/private supports. While one factor alone does not cause homelessness, all four factors working against a person or family create a very high risk of homelessness.
- The hidden homeless, living doubled-up with friends or family, constitute a far larger and more significant portion of the homeless population than previously thought.
- Those at risk of homelessness include the extremely poor who face one or more hardships, such as falling behind in rent or mortgage payments, having utilities shut off, paying

50 percent or more of their income for housing, or going without food, clothing, or medical care to stay housed.

A second study, by researchers at Indiana University—Purdue University Indianapolis and Indiana University Bloomington, analyzes Indiana's published welfare reform statistics and makes recommendations for future policy. Its findings include:

- Although welfare reform has been successful at reducing caseloads and returning people to work, a large share of Indiana's welfare caseload still resides in the nine-county Indianapolis metropolitan area, and particularly within the city of Indianapolis itself.
- Approximately half of the families who were receiving public assistance when welfare reform began continue to do so today.
- Many who have just entered the workforce face a high risk of losing their jobs and perhaps returning to public assistance rolls

### **Who are the Homeless in Indianapolis and Who is at Risk of Becoming Homeless?**

A one-night shelter/street count to estimate the number of homeless people in Indianapolis and document who they are, which included 10-minute interviews with a random sample of homeless people both in shelters and on the street, found:

- On any given night, the number of homeless people in Indianapolis likely falls between 1,872 and 2,808, including about 940 people in shelters and the rest on the street. Approximately 15 percent are children.

#### **Data Sources:**

The Indianapolis Homeless Count and Survey Project was conducted during a one-and-a-half year period beginning in early 1999 on behalf of the Coalition for Homelessness Intervention and Prevention in Indianapolis.

The Welfare Beyond Welfare Reform study was based on the state's official evaluation and covers the 1995-97 period. Fein, D. J., et al. (1998, November). *The Indiana Welfare Reform Evaluation: Program Implementation and Economic Impacts After Two Years*. Cambridge, MA: Abt Associates, Inc.

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- Each year, somewhere between 5,616 and 14,040 Indianapolis residents become homeless at least once.
- The homeless are predominantly adult (85 percent), African American (62 percent), and male (67 percent). The average education was 11.7 years. Forty-three percent reported working in the last month, with an equal number reporting they did not work.
- According to some of those interviewed, the most common reason for leaving their last home was “couldn’t pay the rent” (14.3 percent).
- The homeless stay in a variety of places in their struggle for shelter. Interviewees reported using the following locations the previous night: shelter (42 percent), transitional housing (21 percent), friends or family (13 percent), on the streets (11 percent), abandoned buildings (4 percent), public building (4 percent), in car (3 percent), city park/woods/fields (2 percent), and by the river (1 percent).

A public opinion survey among three target populations in Marion County—the general population, low-income households, and very low-income people receiving social services at shelters, food pantries, community centers, and similar organizations—documents the demographics of poverty and homelessness, and uncovers the hidden homeless and those at risk of becoming homeless.

A large number of the general population expressed concern that they might someday be homeless, and a surprising number (one out of four) reported moving in with others or having others move in with them. Among the poor, researchers estimate between 19,774 and 41,093 people had doubled up with others during the past year because they were homeless. While they would not have been found in shelters or on the street, these people illustrate the huge but hidden reality of homelessness in Indianapolis.

Some 8.5 percent of the general population—an estimated 68,930 people in Marion County—reported being in danger of losing their place to live in the past year. Falling behind in rent and losing a job were the primary reasons for this danger.

People living in poverty are more likely to go without needed food, medical care, clothing, or other necessities to pay their

rent or mortgage. The extent of these hardships appears to increase along with the percent of income spent on housing. Among the very poor, multiple hardships were common, with 63.8 percent reporting two or more hardships within the past year.

## **Social Networks are Crucial to Survival**

Even among the very poor, few rely in any significant way on government sources of support. Only 14.6 percent of the sample living below poverty received public assistance. Instead, the poor appear to survive through personal, social networks and private sources of support. Most respondents said they would turn to family or friends if they needed money or housing (see Figure 1, page 3). During face-to-face interviews, 62.3 percent of respondents reported seeking help from a church for food and meals, clothing, rent/utilities, shelter, and even money, furniture, and medicine. The very poor seek services from a wide variety of community service programs (see Figure 2, page 3).

Very low incomes increase the risk of homelessness, and the struggle to be housed depends in part on a person’s social networks and the availability of private charities. If these networks evaporate or diminish, the likelihood of becoming homeless increases.

## **Preventing Homelessness Requires Societal and Individual Action**

The Indianapolis research confirmed national studies showing that homelessness results from the interplay of four factors: (1) the level of poverty, (2) the availability of low-income housing, (3) the prevalence of personal disabilities, and (4) accessibility of supports, both personal and public. Individuals have little influence over the first two factors, while the second two are more dependent on individual backgrounds and circumstances.

- (1) Level of Poverty. About 12.7 percent of the Indianapolis population (102,990 people) live below the poverty level.
- (2) Affordable Housing Supply. Low-income housing is in very short supply in Indianapolis, declining about 30 percent in

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Table 1: Homelessness Concerns and Risks, Marion County

	General Population <sup>1</sup>	Poverty Population <sup>2</sup>	Very Poor but Not Currently Homeless <sup>3</sup>
Have had to live in a shelter or public place at some point in their lives	6.8%	8.6%	57.6%
Had to move into someone else's home because they had no place to live at some point in their lives	26.8%	19.2%	39.9%
Have had someone else move in with them because they were homeless or had no place to stay	25.8%	22.6%	44.9%
Very or somewhat concerned that they might someday be homeless	31.9%	43.5%	52.8%

Notes:

<sup>1</sup>Based upon a telephone survey of a random sample of 411 Marion County residents. The survey was scientifically representative of the overall population of Marion County and had a maximum margin of error of 4.9 percent.

<sup>2</sup>Based upon a random telephone survey of 215 low-income households, based upon the U.S. Census Bureau definition of poverty. This sample was skewed slightly toward the retired elderly and females, who apparently were more likely to be home and available for telephone interviews. The maximum margin of error is 6.8 percent.

<sup>3</sup>Based upon face-to-face interviews with 165 low-income residents who were not currently homeless. Interviews were conducted at food pantries, community centers, shelters, and other social services agencies.

Table 2: Hardships Faced Within the Past Year

	General Population	Poverty Population	Very Poor <sup>1</sup>
Gone without a meal because they couldn't afford one	10.5%	16%	57.8%
Gone without medical care when needed	16.5%	13.2%	31.5%
Gone without medicine when needed	15.8%	16.8%	35.5%
Gone without dental care when needed	20.2%	24%	46.8%
Have had utilities shut off	5.1%	8.1%	25.2%
Gone without clothing	6.6%	15.7%	21.4%

Notes:

<sup>1</sup>Based upon face-to-face interviews with 223 low-income people in food pantries, soup kitchens, community centers, and homeless providers. The sample included both homeless and non-homeless people.

Figure 1: Social Networks Among Very Poor (Where would you go if you were without a place to sleep today?)

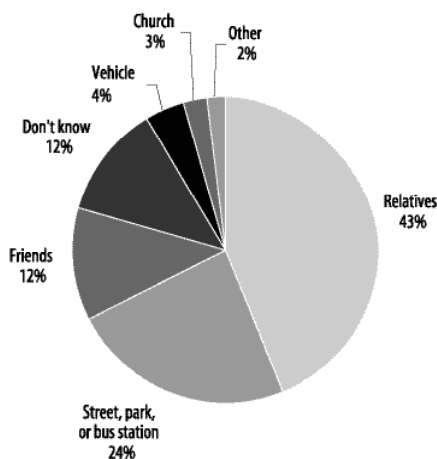
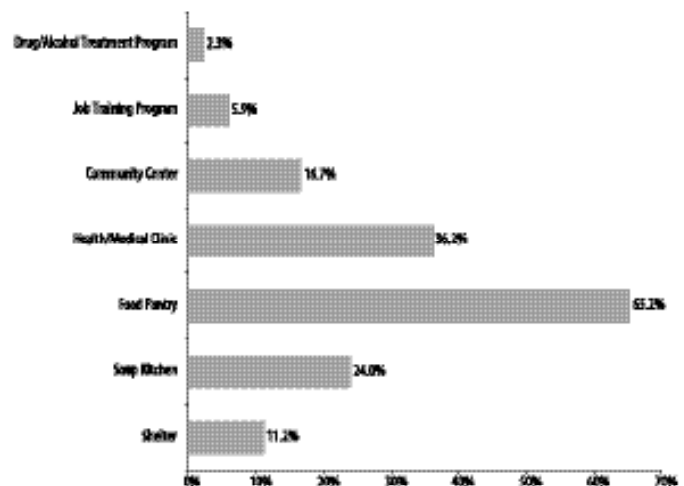


Figure 2: Community Services Used by Very Poor In the Past Month





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the past decade. The city estimates it has only 17,453 rental units available for a population of 26,217 extremely low-income households. Some 14,500 Indianapolis households spend 50 percent of their income on housing and are at risk of homelessness.

- (3) Personal Disabilities. Individual choice, responsibility, and events can have a cumulative impact on a person’s housing situation. These include educational achievement, job training, age at first marriage and first child, mental illness, and chemical dependence, such as alcohol or drug addiction.
- (4) Accessibility of supports, both personal and private. These include social networks of family and friends as well as the availability of government support and private services, such as food pantries.

Homeless intervention and prevention must be addressed in light of these four factors, and at both the societal and individual levels.

## Welfare Beyond Welfare Reform

In May 1995, under waivers granted by the U.S. Department of Health and Human Services, Indiana began a “Work First” approach to its Aid to Families with Dependent Children program (now Temporary Aid to Needy Families or TANF). Among other provisions, welfare recipients deemed able to work—essentially any parent with a child older than three—were limited to two years of public assistance and were required to participate in job placement efforts. In addition, family benefits would no longer increase if another child were born ten months or more after the family began receiving welfare. The enactment of federal legislation in 1996 further tightened these rules, including requiring job placement for parents with children as young as one.

In 1995, as Indiana began implementing its welfare reforms, 53,000 of the state’s 187,000 welfare recipients (approximately 28 percent) resided in Marion County and the eight surrounding counties in the Indianapolis metropolitan statistical area (MSA). Five years later, the Indianapolis MSA

Table 3: Indianapolis Metropolitan Area TANF Fair Share Index

County	1995 Index	2000 Index
Marion	1.47	1.59
Madison	1.08	0.92
Shelby	0.46	0.37
Morgan	0.38	0.43
Johnson	0.32	0.28
Hancock	0.23	0.19
Hendricks	0.15	0.11
Boone	0.17	0.14
Hamilton	0.16	0.11

caseload had dropped to 29,192, roughly 27.5 percent of the 106,000 Hoosiers still receiving public assistance in Indiana.

Although welfare reform has been as successful in Indianapolis as in the rest of the state, a large share of Indiana’s welfare caseload still resides in the region, and in the city of Indianapolis itself.

A “Fair Share Index” measures whether a geographic area has a disproportionate share of welfare cases. Marion County, which contained 84.2 percent of the Indianapolis MSA’s welfare cases and 52.8 percent of the MSA’s total population in 2000, receives a Fair Share Index of 1.59. In other words, Marion County contained 1.59 times as many cases as its population would have predicted. This compares to a 1995 Fair Share Index of 1.47. This demonstrates that Marion County’s share of the region’s welfare recipients has increased since the 1995 welfare reforms began. The 1995 and 2000 Fair Share Index for all nine counties in the Indianapolis MSA is shown in Table 3.

The best information on welfare reform impacts comes from an ongoing Abt Associates, Inc. evaluation. However, this study measures the impact of welfare reform across the entire state, and not specific counties or regions. The Abt study shows:

- Participants in the “Work First” program earned, on average, \$377 more from 1995-97 and received \$191 less in welfare benefits.
- Among job-ready clients without young children, the differences were even greater, averaging \$1,374 in higher earnings and \$582 in lower welfare payments.



These findings suggest that welfare reform is returning people to work, but has not made even the most job-ready participants self-sufficient. One reason appears to be the low earning power of welfare recipients. Based on an Abt survey of 1,593 clients after the first year of welfare reform, the median wage for all employed participants in the “Work First” program was only 85 cents above the minimum wage. Moreover, 43 percent of those holding jobs worked less than full time, and high job turnover is a common problem.

Table 4 illustrates the kinds of obstacles welfare recipients face in the job market. According to Abt survey results, almost 75 percent of clients reported at least one barrier to work, with childcare, transportation, and health problems among the most common.<sup>1</sup>

These findings are early ones. A new Abt report, covering the first four years of the program, is due later in 2001. In addition, the statewide assessment of welfare reform may not reflect the impact on welfare recipients in the Indianapolis MSA and Marion County. The clients in the statewide study are better educated, less likely to be African American, and more likely to be married than welfare recipients in the Indianapolis region.

Suggestions for continuing welfare reform and improving the lives of low-income families in the Indianapolis area:

- Enhance welfare-to-work efforts by adopting other states’ innovative approaches, such as Minnesota’s Family Investment Program.
- Restructure Indiana’s Earned Income Credit to more closely match federal model so that it supplements earnings rather than merely offsetting taxes.
- Change eligibility requirements for the state’s unemployment insurance program to include workers who have recently left the welfare rolls, or whose job histories have been intermittent.
- Create work-related training programs and career ladders for low-level workers.

- Create easier access to the Children’s Health Insurance Program (CHIP) and child care by mobilizing local resources of government, nonprofit, and business groups.
- Continue to support food pantries, homeless shelters, and other organizations that provide a safety net for needy families, and consider a special tax credit for donations to organizations that assist the poor or advance the goals of welfare reform.
- Invest in local programs that teach self support through pregnancy prevention, fatherhood programs, and faith-based counseling.

Table 4: Barriers to Work for Welfare Reform Group, by Employment Status

	<i>Worked Since Random Assignment?</i>		
	No	Yes	All Respondents
<b>Percent reporting that, as of random assignment, their ability to work was limited by:</b>			
Lack of adequate child care	46.2	38.5	41.0
Lack of adequate transportation	36.6	40.3	39.1
Health problem or disability	35.5	16.9	22.8
Health problem or disability of a family member	24.5	12.3	16.2
Drug use or excessive use of alcohol	2.9	2.0	2.3
Other family problems	19.2	17.3	17.9
<b>Percent reporting:</b>			
None of the barriers above	15.3	30.5	14.9
One barrier	36.3	29.0	31.8
More than one barrier	48.4	40.5	43.0
<b>For clients who have not worked since random assignment, percent reporting as the main reason:</b>			
Need to stay home with children	22.1		
Disability	20.2		
Problems with child care availability or cost	16.4		
Unable to find a good job	9.8		
Need to care for sick relative	4.3		
Transportation problems	2.0		
Other	20.8		
<b>Sample size (total = 826)</b>	279	547	826

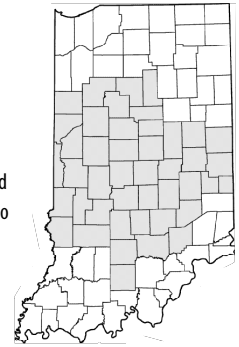
<sup>1</sup> Survey respondents were interviewed on average 17 months after enrolling in the demonstration. Observations are weighted to be representative of the entire Welfare Reform group enrolling by December 1995. Sample sizes vary somewhat across outcomes due to missing observations.



## Central Indiana's Future: Understanding the Region and Identifying Choices

Central Indiana's Future: Understanding the Region and Identifying Choices, funded by an award of general support from the Lilly Endowment, is a research project that seeks to increase understanding of the region and to inform decision-makers about the array of options for improving the quality of life for Central Indiana residents. The Center for Urban Policy and the Environment faculty and staff, with other researchers from several universities, are working to understand how the broad range of investments made by households, governments, businesses, and nonprofit organizations within the Central Indiana region contribute to quality of life. The geographic scope of the project includes 44 counties in an integrated economic region identified by the U.S. Bureau of Economic Analysis.

This issue brief represents findings from two studies in Indianapolis on populations at risk. The most comprehensive empirical study undertaken to estimate the number of the literal homeless and those who are doubled-up, resulted in the first baseline study of poverty and homelessness in Indianapolis. In Indiana, as in the rest of the United States, welfare reform programs have resulted in dramatic social policy changes. Notwithstanding declines in welfare caseloads in the Indianapolis MSA, approximately half of the families who were receiving public assistance when welfare reform began continue to do so today. In addition, judging from other studies, many who have just entered the workforce face a high risk of losing their jobs and returning to the public assistance rolls.



*Central Indiana Region*

The Center for Urban Policy and the Environment is part of the School of Public and Environmental Affairs at Indiana University-Purdue University Indianapolis. For more information about the Central Indiana Project or the research reported here, contact the center at 317-261-3000 or visit the center's Web site at [www.urbancenter.iupui.edu](http://www.urbancenter.iupui.edu).

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