

For Immediate Release

February 10, 2021

Contact: Erin Raftery

MetroMediaRelations@brookings.edu

Report: <https://brook.gs/2Lw348P>

Indiana has experienced a relatively rapid economic recovery, but long-term growth and equity challenges remain, new report from Brookings finds

Washington, D.C. – Indiana, like other states, is facing a critical moment as it contemplates its post-pandemic future after a year of historic tumult, quarantines, and recession.

While it has managed, by some measures, one of the stronger recoveries from the initial COVID-19 crisis among states, Indiana must now address a set of “preexisting conditions,” including multiyear productivity slippages in its advanced-industry sector, recurrent struggles with industry and labor market shifts, and a shortage of quality employment.

A new report from the Brookings Metropolitan Policy Program, in partnership with the Central Indiana Corporate Partnership (CICP), titled “[State of renewal: Charting a new course for Indiana’s economic growth and inclusion](#),” draws a number of conclusions about the Indiana economy as it emerges from the COVID-19 crisis and considers how to catalyze a new era of prosperity.

The report argues that while the state possesses significant strengths—as it continues the ninth-best pandemic job recovery among states—it still faces underlying challenges that require attention. Among the pre-Covid conditions that warrant special concern are the state’s modest rate of employment growth and slow real median wage growth—which at 0.5% a year ranked Indiana 46th among states.

Underlying these conditions, meanwhile, are challenges affecting three key success factors identified by Brookings that point to areas of needed response:

- Advanced-industry sector competitiveness—reflected in productivity trends—has been slipping, in part due to firm and industry underinvestment in IT.
- Over time, Indiana has struggled more than other states to adjust to economic shocks, creating “reallocation” challenges for its industries and workers.
- Like many states, Indiana has been providing too few “good jobs,” defined by Brookings as sustainable jobs that pay at least a locally adjusted \$40,700 a year and provide employer health insurance. In addition, access to a good job is highly uneven, with just 30% of Black workers and 25% of Latino or Hispanic workers holding such a job, compared to 44% of white workers.

“As the pandemic wanes, the desire to ‘get back to normal’ will be understandable, but the state would do well to see if it can also make moves now to emerge from the Covid year in better, more competitive and inclusive shape than before,” said Mark Muro, a Brookings senior fellow who led the yearlong analysis. “Our hope is that the state, businesses, civic leaders, and regional organizations will find our work helpful to efforts to ensure Indiana emerges from the pandemic recession stronger than it was before it.”

Envisioned as part of the “Indiana GPS Project”—a comprehensive research and analysis effort spearheaded by the Central Indiana Corporate Partnership and assembling research from Brookings as well as the American Enterprise Institute (AEI) and its partner Economic Innovation Group (EIG), both in Washington, D.C.—the Brookings assessment began before the COVID-19 crisis, but has inevitably reflected it.

In-person focus groups in most regions gave way to video conferences with leaders in all 11 state regions that informed the project’s focus on three main strategy priorities reflecting the challenges underlying the state’s “preexisting conditions.”

In that vein, the report advises the state and its regional, civic, and business partners to take steps in the immediate future to:

- **Accelerate digital adoption** to drive economic dynamism, productivity, and competitiveness
- **Promote favorable job creation and worker transitions** to allow for a beneficial “rewiring” of the economy
- **Do more to support workers who aren’t in good jobs** so as to promote economic justice, inclusion, and broadly shared prosperity

Arrayed across those priorities are a number of detailed recommendations, including to: support firms’ tech awareness and modernization; encourage digital skills development; begin to solve a lack of broadband; promote advanced-industry growth in the state’s regions; enhance entrepreneurship; promote worker adjustment; enlarge the state’s earned income tax credit; explore a Medicaid buy-in program; address child care shortages; and support greater retirement savings.

“The Brookings work shows us that Indiana’s economy is at an inflection point. Fortunately, our state has a solid foundation on which to build. There are, however, challenges that need to be addressed with urgency and intentionality,” said David L. Johnson, president and CEO of CICP. “The Indiana GPS Project reports provide us with incredibly valuable data and strategies for charting our path forward. Hoosiers at all levels of government, in all sectors of the economy, and at home in both urban and rural communities across our state, must commit to working together to build upon our great legacy and move forward to ensure growth and prosperity in our state.”

The report is available here: <https://brook.gs/2Lw348P>.

###

About Brookings Metro

The Brookings Metropolitan Policy Program delivers research and solutions to help metropolitan leaders build an advanced economy that works for all. To learn more, please visit brookings.edu/metro. Follow us on Twitter at twitter.com/brookingsmetro.

About the Indiana GPS Project

Coordinated by the Central Indiana Corporate Partnership (CICP), the [Indiana GPS Project](#) is a series of multidimensional reports on Indiana’s economy. It is designed to inform public policy and business priorities that will spur economic growth in Indiana, including through recommendations about how to increase the number of good jobs available to Hoosiers. The research project, which began in August 2019, has been spearheaded by CICP and conducted in collaboration with the Brookings Metropolitan Policy Program and the American Enterprise Institute.