

Poverty and Underemployment in the Phoenix Metro Area 2011

Analysis of the 2010 American Community
Survey provided by the US Census Bureau



Major Findings:

- **Persisting Poverty:** More than 672, 299 people in the Phoenix area are living below the federal poverty threshold
- **Poverty in Phoenix is Deepening:** The number of Phoenix Metro residents living in poverty has increased last year by 25,000, raising the region's poverty level to 16.2%.
- **Racial Disparity:** With a poverty rate between 25% and 28%, African Americans and Latinos are 2-3 times more likely to experience poverty than whites in Phoenix (10%).
- **More Working People Slipping into Poverty:** 40.2% of adults living below the poverty line have held a full or part time job over the past year.

Summary of Census Data for the Phoenix Metro Area

Indicator	2007	2008	2009	2010	2010 %
People living below the poverty line ¹	536,849	568,413	647,028	672,299	16.2%
People living in economic hardship (200% FPL)	811,830	1,317,620	1,434,373	1,521,459	36.8%
Families living in poverty	91,697	88,510	105,086	119,193	11.8%
Children living in poverty	200,807	215,682	250,537	243,596	22.3%
Working age adults without health Insurance	-		623,190	563,216	22.2%
People in poverty who are working			172,651	180,189	40.2%
Median household Income	\$54,250	\$55,887	\$52,796	\$50,385	N/A

¹ The federal poverty level (FPL) is set nationally according to family size. In 2009 the FPL is \$11,161 for a single adult under 65 years and \$21,954 for a family of four with two children

1. The number of Phoenixians living below the federal poverty line continues to increase from 647,028 in 2009.

- 1 in 6 Phoenix Metro Area residents lives below the federal poverty line (672,299 or 16.2%).²
- A more realistic measure of economic disadvantage is 200% of the Federal poverty threshold. A total of 1,521,459 (36.8%) in the region were economically disadvantaged by this measure.
- 203,579 households in the region live in poverty.
 - 119,113 families³
 - 84,466 other households⁴

2. Underemployment is an increasing problem in metropolitan Phoenix.

Defined as the inability to pay for the basic necessities of life *despite* having full- or part-time work, *underemployment* is an increasingly prevalent—and increasingly dispiriting—reality for residents of the Phoenix Metro region.

- An estimated 180,186 Phoenix Metro Area residents--or more than 40% of adults living below the federal poverty line—worked either full or part time jobs during the previous 12 months.
- **Median Household income for all racial groups declined in 2010.** The decline for African Americans in the region was more than 3 times the decline for white families.
- According to the most recent Bureau of Labor Statistics data (from 2009), the basic cost of living for American families is \$49,608 in 2010. **With a median household income of \$50,385, the Phoenix Metro Area has an underemployment rate approaching 50%.**

	Median Household Income 2009	Median Household Income 2010	% Decline
White (non-Hispanic)	\$58,878	\$55,879	5%
Hispanic or Latino	\$40,368	\$37,048	8%
Black or African American	\$42,643	\$35,232	17%

² The federal poverty level (FPL) is set nationally according to family size (in 2010: \$11,161 for a single adult under 65 years and \$21,954 for a family of four with two children).

³ Defined by the Census Bureau as two or more people are reside together and who are related by marriage, birth/ adoption

⁴ Defined by Census Bureau as single adults and people living together who are not related by marriage, birth/adoption

3. Underemployment has left an increasing number of Arizonans without health insurance

- 709,156 Metropolitan Phoenix residents (17%) have no health insurance
- 22% of adults in the Phoenix metro area (563,216) have no health insurance

4. Underemployment leaves more than a 1/4 of Phoenix households with children in need of public assistance.

- Of 1,108,617 families with children in metropolitan Phoenix, 301,437 (27%) received supplemental security income, cash public assistance income, or food stamps.

5. Underemployment in Phoenix is leading to a shrinking middle class

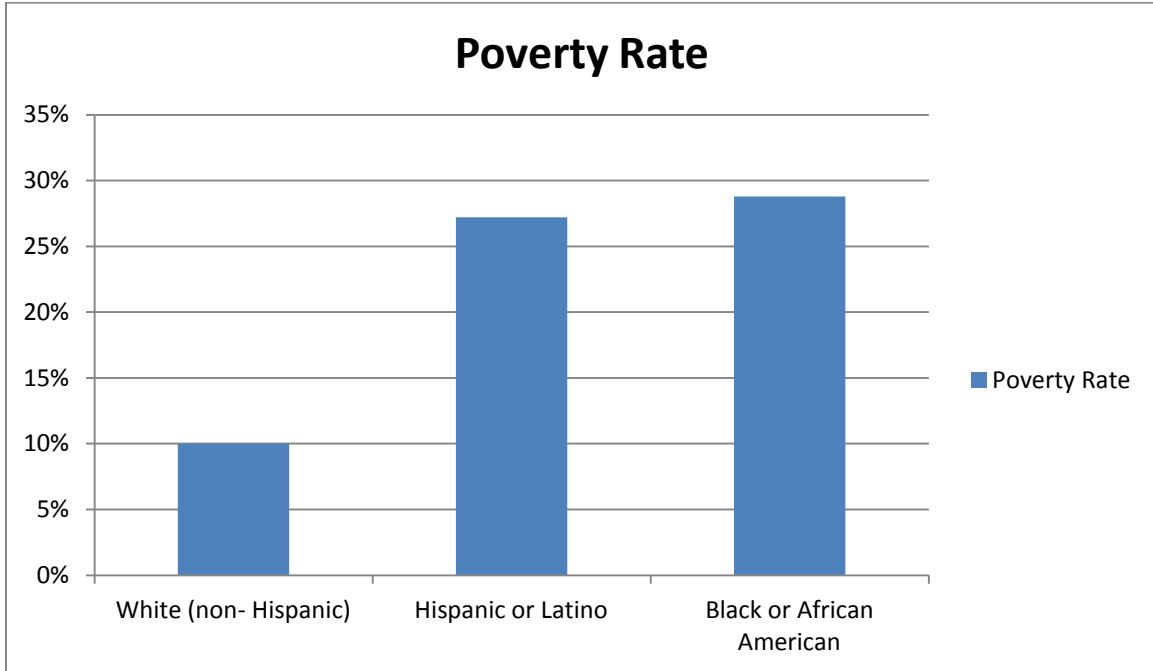
- In 2010, the proportion of Phoenix Metro households with low incomes grew, while the proportion of middle and upper income households shrank.
- There are 1,281,383 full-time year round workers over 16 years old earning a living in the region. 421,385 (32.8%) of those full time workers earned less than \$25,000 a year.
 - Income in the region is distributed in a teardrop shape. Among the region's households, 744,799 (49.5%) have an annual household income less than \$50,000.

Household Income in 2010	
Households with less than \$15,000 (\$7.21/hr)	184,138 (18%)
Households with less than \$35,000 (\$16.83/ hr)	566,588 (38%)
Households with less than \$50,000 (\$24.04/ hr)	744,799 (50%)
Total Number of Households	1,503,107

- Income inequality in the region is characterized by a gender gap. For full-time, year-round work, males earned \$45,628 a year, whereas females earned \$37,354.

6. Both poverty and underemployment in the Phoenix Metro Area are characterized by a racial disparity

- African-Americans and Latinos are 2-3 times more likely to be living in poverty than are white residents of Phoenix.



- With median incomes of \$37,048 and \$35,232, respectively, a significant majority of Latino and African American families suffer from *underemployment* and do not make enough money to meet basic household needs.
- Whereas 10.7% of white Phoenix metro residents have no health insurance, 16% of African-Americans and 29.4% of Hispanic residents do not have any form of health insurance.

RECOMMENDATIONS

Much of the focus on eliminating poverty in Phoenix and in Arizona has focused on job creation. Certainly bringing more and better jobs to metropolitan Phoenix and diversifying the economy in the area is a top priority. However policy-makers in Phoenix also need to focus on reversing the erosion of job-quality in the region, particularly in the region's growing service sector. Some concrete steps in this direction are:

- Making sure that as local and state government seek to cut costs to meet budget requirements, they are not contracting out to firms that will pay workers poverty wages.
- Limit tax breaks and other incentives to companies that demonstrate an ability and willingness to create, not just jobs, but good jobs that pay a living-wage and offer access to health-insurance benefits.
- Protect the rights of workers to organize labor unions in both the private and public sectors.
- Create incentives for employers in sectors that employ large numbers of women and people of color to raise wage and benefit standards.