

Underemployment, Poverty, and Racial Disparities in the Phoenix Metro Area¹

Analysis of Regional Data from the US Census Bureau
2009 American Community Survey



MAJOR FINDINGS :

- **Persistent Poverty throughout the Phoenix Metro area:** more than tenth of people live below the federal poverty threshold ² (15%, or 647,028 individuals).
- **Many Working but still in Poverty:** two in five adults, or 41% those in poverty worked full or part-time.
- **The Latino population in Phoenix has the lowest income level and the highest poverty rate:** 26% of Latinos are under the poverty line, almost triple that of the general population.

Summary of Census Data for the Phoenix Metro Area

| Indicator | 2007 | 2008 | 2009 | Percentage of total in 2009 |
|---|----------|-----------|------------------|-----------------------------|
| People living below the poverty line ² | 536,849 | 568,413 | 647,028 | 15% |
| People living in economic hardship (200% FPL) | 811,830 | 1,317,620 | 1,434,373 | 33.3% |
| Families living in poverty | 91,697 | 88,510 | 105,086 | 9.1% |
| Children living in poverty | 200,807 | 215,682 | 250,537 | 21.4% |
| Working age adults without health Insurance | - | | 623,190 | 23.6% |
| People in poverty who are working | | | 172,651 | 41% |
| Median household Income | \$54,250 | \$55,887 | \$52,796 | N/A |

Summary of Census Data for the City of Phoenix

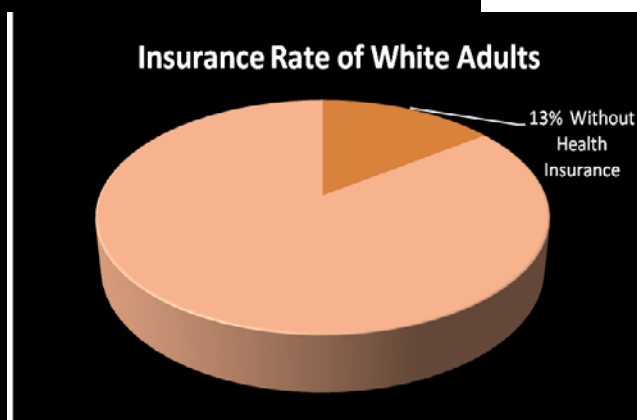
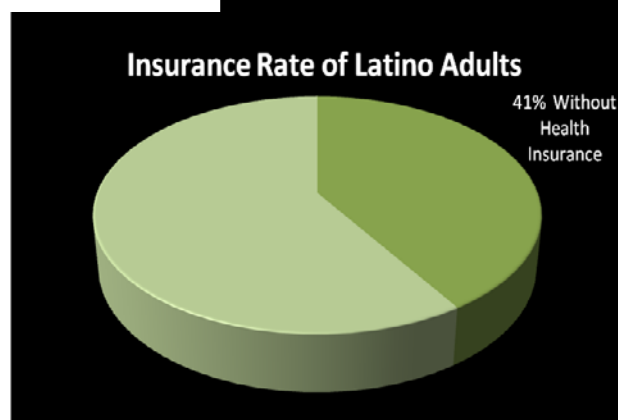
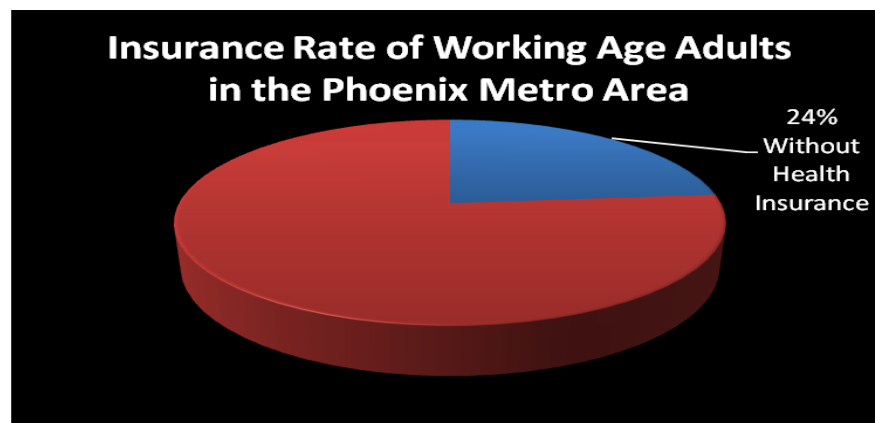
| Indicator | 2009 | Percentage of total in 2009 |
|---|----------|-----------------------------|
| People living below the poverty line | 331,893 | 21% |
| People living in economic hardship (200% FPL) | 652,902 | 41% |
| Families living in poverty | 53,616 | 16% |
| Children living in poverty | 139,834 | 30.5% |
| Working age adults without health insurance | 296,850 | 18.7% |
| People in poverty who are working | 78,805 | 38.5% |
| Median household Income | \$47,085 | N/A |

¹ Phoenix Metro Area, also known as the Arizona Metropolitan Statistical Area is a designation given by the United States Census Bureau, it includes all of Maricopa and Pinal counties. It has a combined population of 4,295,518 people, and 1,929,881 workers over age 16 in 2009.

² 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

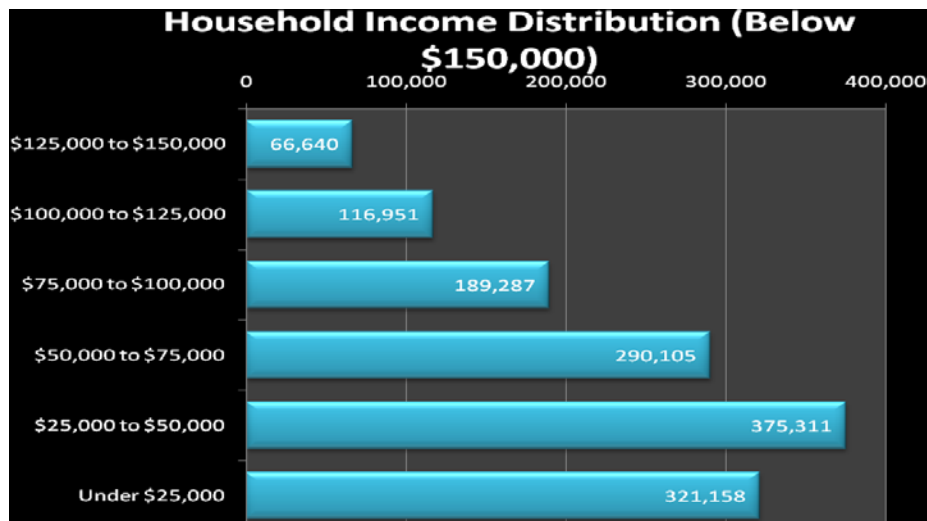
1. A significant percentage of individuals and families in Phoenix continue to live in poverty.

- In 2009, nearly one in four individuals (331,893 or 21%) in the City of Phoenix lived in poverty according to Federal poverty measures, which was \$10,830 for a single adult under 65 years of age, and \$22,050 for a family of four with two children. In the larger Phoenix Metro area, 647,028 (15%) lived below the federal poverty threshold, an increase of 110,179 from 2007.
- 652,902 (41%) of residents in the City of Phoenix live in economic hardship, below 200% of the federal poverty line. These residents earn below \$22,322 for an individual, \$43,908 for a family of four. In the Phoenix Metro, 1,434,373 (33%) lived in economic hardship last year.
- 623,190 adults, (23.6%) of working age adults (18-65 years) in the Phoenix Metro Area, lacked health insurance last year. Significantly more Latino Phoenicians lacked health insurance compared to the general public; with 41% of working age Latinos lacking public or private coverage last year.

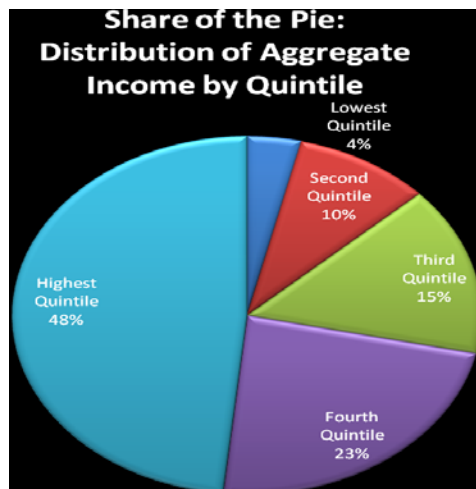


2. Underemployment is at the root of poverty in the Phoenix Metro Area

- Two in five (41%) adults in the Phoenix Metro Area living under the federal poverty threshold actually worked full- or part-time last year.
- Almost half, 69,6479 (47%) of households in the Phoenix Metro Area lived on less than \$50,000 a year. 321,158 (21.8%) of household income was less than \$25,000 a year.



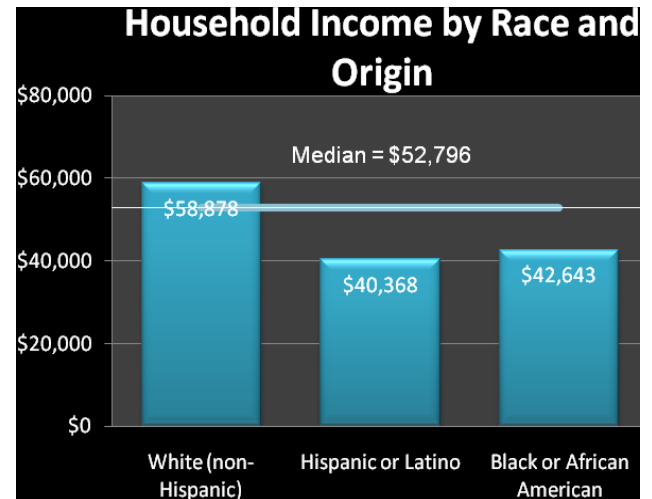
- The top-earning fifth of households received 49% of all income in the region, while the bottom fifth of households got only 4% of the pie.



3. Racial disparities in income and poverty loom large over the Phoenix Metropolitan Area.

There are significant economic disparities between races. The median income for Hispanic households was 72% of the overall median, and Black households was 76% of the overall median. This racial inequality in earnings meant that African Americans and Latinos in the Phoenix MSA were more likely to live in poverty than the overall population.

| Race | Median Household Income | Poverty Rate |
|---------------------------|-------------------------|--------------|
| White (non-Hispanic) | \$58,878 | 8.3% |
| Hispanic or Latino | \$40,368 | 26.1% |
| Black or African American | \$42,643 | 21.7% |
| Total Population | \$52,796 | 15% |

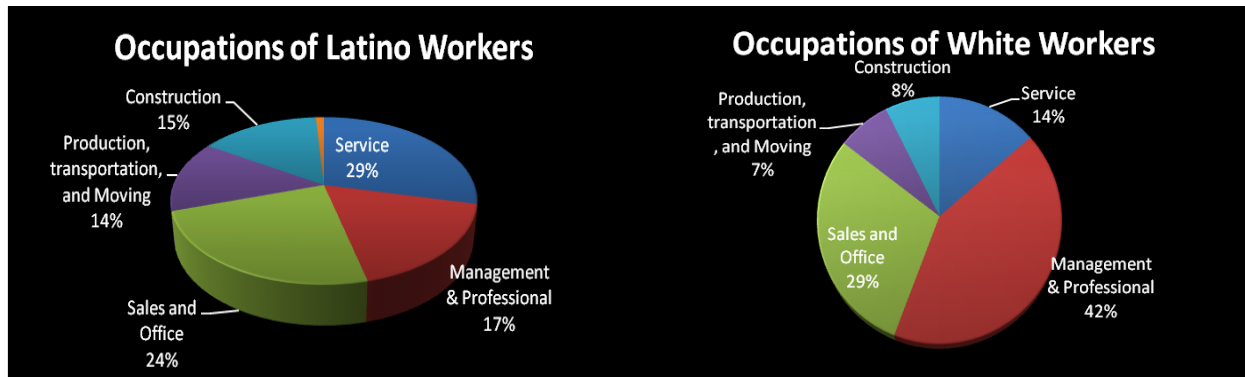


4. Low Wages in the minority-dominated industries contribute to higher poverty rates

Nearly a quarter (21%) in the Phoenix Metro Area (civilian employed population 16 and over) is concentrated in the five lowest-wage job categories. These lowest paying occupations include food preparation, personal care and services, and buildings and grounds cleaning.

| Phoenix Metro Area Lowest Paying Occupations (2009, 16 yrs and older) | | |
|---|-------------------|--------------|
| Occupation | Number of workers | Median Wages |
| Food preparation and serving related occupations | 119,421 | \$13,314 |
| Personal care and service occupations | 70,067 | \$16,712 |
| Building and grounds cleaning and maintenance occupations | 83,756 | \$18,278 |
| Healthcare support occupations | 35,244 | \$24,699 |
| Transportation and material moving occupations | 102,083 | \$26,266 |

The income and earnings disparities are likely due to the ongoing concentration of African Americans and Latinos in traditionally lower paying occupations. Latinos are concentrated and over-represented in traditionally lower-paying Service occupations, while African Americans are over-represented in Sales and Office jobs, which includes many jobs in the Retail industry, one of the lowest paying industries.



| Phoenix Metro Area Largest Number of Occupations (2009, 16 yrs and older) | | |
|--|-------------------|--------------|
| Occupation | Number of workers | Median Wages |
| Management, professional, and related | 675,013 | \$49,768 |
| Construction, extraction, maintenance, | 178,008 | \$32,114 |
| Sales and office occupations | 534,294 | \$29,497 |
| Production, transportation, and material moving occupations | 179,781 | \$27,472 |
| Service occupations | 356,549 | \$18,088 |

Recommendations:

The most dominant industries in our state, service, sales and construction, pay low, poverty sustaining wages.. Although a great deal of urgency has been placed on diversifying and investing in the growth of new green industries, we cannot ignore the low wage industries that provide work for the majority of Arizonans, in which a disproportionate number of people of color are employed. Improving the wages and provision of health benefits in service and sales occupations as well as promoting full-time employment of the lowest paid industries is vital to improving the lives of working Arizonans.

About the Data

This data summary is based on American Community Survey data released on September 28, 2010 for January to December 2009. The American Community Survey is an annual survey of the U.S. Census Bureau that is conducted year-round for areas of population of 65,000 or above. Household incomes and earnings are reported for the past 12 months, and earnings are reported for the civilian employed population 16 years and over.