Many families struggle economically, and more than 250,000 children are growing up in poverty.

Call it the ultimate investment. Arizonans are shaping their futures by how successfully they raise healthy, capable children and help others do the same. Most people agree this is best done in stable family units able to meet children’s many needs. The majority of Arizona children are growing up in at least adequate family situations, but many statistics suggest that a large minority is not.

Why? A major underlying reason is the state’s low level of income. Per capita personal income (PCPI) is one of the most commonly used measures of economic well-being. Arizona’s 2003 PCPI places it 38th in the nation. Arizona’s per capita income increased moderately during the past decade, but did not keep pace with higher rates of growth in other states. Arizona gained 23.1% compared to 23.3% nationally. The state placed 7th among western states.
Financing the Family

Related numbers paint a similar picture. The median income of Arizona families with children is just over $43,000, placing the state 36th nationally. Compared with other states, Arizona has a high percentage of children under 18 with parents who are not full-time, year-round workers, and is 12th in the nation in the percentage of children living in poverty. In addition, the state has a high proportion of mothers with less than 12 years of education, placing 49th (50 is lowest) nationally on this measure. These state-level figures mask marked differences among specific portions of the population. American Indian, Hispanic, and African-American families in Arizona are far more likely to experience unemployment, poverty, and a lack of health insurance than are non-Hispanic White families. The state’s rural areas suffer more from poverty than do its urban centers. For example, over half of Arizona counties have more than 25% of their children living in poverty. Even with the state’s Arizona Health Care Cost Containment System, many working parents cannot provide health insurance. A 2003 Census Bureau estimate ranked Arizona 4th in the nation on the percentage of low-income children without health insurance.

On the plus side, jobs are relatively plentiful in Arizona. In September 2004, Arizona’s seasonally adjusted unemployment rate stood at 4.8% compared to 5.4% for the nation. The states’ big cities fared even better: metro Phoenix had 4.5% unemployment and Tucson had 4.0%. Unfortunately, rates in rural Arizona were much higher. Arizonans who lose their jobs are especially unlucky. Until legislative action in 2004, the state offered the nation’s lowest level of unemployment compensation. Since the state’s maximum benefit level was increased, Arizona may move out of 50th place.

BIRTHS, FAMILY SIZE, AND HOUSEHOLDS

- In 2002, 87,837 births were registered in Arizona. The state’s birth rate that year was 16.1 per 1,000 population, third to Utah and Texas and above the national average of 13.9.
- In 2001, Arizona’s fertility rate or births per 1,000 women ages 15-44 stood at 84.0 compared to 66.9 for the U.S.
- In 2000, Arizona’s average family size was 3.18 compared to 3.14 nationally. Arizona’s under-5 population is growing rapidly compared to many other states.

For years, Arizona has counted on “the sunshine factor” to compensate for relatively low wages. Another oft-noted selling point has been a low cost of living. But contrary to a common perception, living costs – which are best measured at the local level – are just barely below the national average in the Phoenix and Tucson metro regions.

Finances are not the only source of stress for Arizona families. Nearly one of every two marriages ends in divorce, and nearly a quarter of Arizona children live in single-parent households, a level that ranks 20th in the nation. And many Arizona parents are themselves young. Despite a decline in recent years, Arizona’s 2002 teen birth rate was among the nation’s highest; too often teen-headed families tend to perpetuate the cycle of disadvantage that is so costly to cities and states as well as individuals.

Policy Choices Here and Now

With Arizona’s relatively high fertility and birth rates, the state will continue to have many young families. This is good news for the workforce and the state – if these families are not mired in poverty. Family well-being, family economics, and overall state prosperity are inseparable; workforce skills determine which jobs parents can qualify for. Increasingly, family advocates and other leaders are making common cause on improvements that will serve the workforce, children, and families. Here and now the policy talk is about:

> Increasing workers’ skills to qualify them for higher-paying jobs and to create and attract high-value jobs.

> Expanding opportunities for affordable, quality child care to provide greater work and education options for parents and a good start for children.

> Expanding health insurance coverage, one of the greatest concerns for low-income workers and a substantial barrier to entering the labor force.

> Increasing access to affordable housing, again to support stable employment and career development.

> Creating more preschool opportunities for low-income children.

In the public opinion survey done for this project, more than 4 respondents in 10 (44%) said Arizona was not as good as other states in terms of the well-being of children in low-income families. This 44% was the highest “not as good” rating in the entire survey. With low incomes at the root of so many public policy issues, Arizona’s workforce and incomes should have no place to go but up.
Data Notes

The U.S. Bureau of Economic Analysis defines “personal income” as the income that is received by persons from all sources. It is calculated as the sum of wage and salary disbursements, supplements to wages and salaries, proprietors’ income with inventory valuation and capital consumption adjustments, rental income of persons with capital consumption adjustment, personal dividend income, personal interest income, and personal current transfer receipts, less contributions for government social insurance.

The U.S. Bureau of Economic Analysis (BEA) defines the per capita personal income of an area as income received from all sources, including wage and salary disbursements, proprietors’ income, dividend and interest income, etc., divided by the resident population of the area. BEA defines average wage and salary disbursements as the monetary and in-kind remuneration of employees, including compensation of corporate officers, commissions, tips and bonuses, received during a given year, divided by the total wage and salary employment.

ACCRA, originally named the American Chamber of Commerce Researchers Association, bases its rankings on data collected by members in 400 U.S. cities. Its index reflects cost differentials for households with earnings in the top one-fifth of all household incomes.
**METRO FOCUS**

**Dollars and Children** > As every parent knows, raising a child is an expensive undertaking. The U.S. Department of Agriculture annually estimates the dollars spent to support children from birth through age 17 at various income levels. The costs of housing, food, transportation, clothing, health care, child care, education, and various goods and services are taken into account for husband-wife families and single parent families. For husband-wife families in 2003, low-income families (earning < $40,700) spent 28% of their before-tax income per year on a child. This percentage reflected $6,820-$7,840 per child, depending on age. The middle-income group (earning $40,700-$68,400) devoted 18% (from $9,510-$10,560). The highest income families (earning > $68,400) spent 14% or $14,140-$15,350. On average, the highest income husband-wife families spent approximately twice the amount spent by families in the lowest income group.

**Young Children and Low Incomes** > In metro Phoenix in 1999, 21% of families are headed by single female parents, with 38% of those with children under age 5 living in poverty. In Tucson, 28% of families are headed by single women, and 47% of these families with children under 5 live in poverty. In addition, a reported 2.3% of metro Phoenix households had public assistance income in 1999. In Tucson, the proportion was slightly higher at 3.1%.

**Hispanic Hot Spots** > Jobs and dollars are important for every family, but they are not the only way to rank places. With metropolitan Latino populations growing rapidly, it is interesting to see the “Top 10 Cities for Hispanics” done in 2002 by Hispanic Magazine.com. In addition to traditional factors such as population density and language, the research included the “vibrancy and hipness of the Latin cultural scene” in the mix. Tucson placed 7th on the list; Phoenix did not appear. The other 9 in rank order from top to bottom were: San Diego, Austin, Miami, San Antonio, El Paso-Las Cruces, Albuquerque, Los Angeles, New York, and Raleigh-Durham-Chapel Hill.