Working Families in the Valley of the Sun

By

Rachel Sulkes

with

Corinne Widmer

March 2009
"Phoenix has long been a City on the Rise, leading the nation in job creation and growth. Our goal now is to become the first "21st Century Sustainable City". This excellent report, from our friends at CASE, will help us get there."

Phoenix Mayor Phil Gordon

“High-quality, high-paying jobs are critical to the future of the region,” Chandler Mayor Boyd W. Dunn said. “Our long-term success as a community of families will be determined by our success in the continued attraction of a diverse and sustainable employment base.”

Chandler Mayor Boyd Dunn

Acknowledgments

I would like to express sincere thanks to those who helped make this report possible. The Information Market kindly shared data not generally accessible. Lee Strieb and Derek Smith were instrumental in the conception and early execution of the report. Ruth Yabes generously spent time and effort and was a helpful sounding board. Murtaza Baxamusa patiently reviewed my statistical analysis. I am also indebted to Kathleen Mulligan Hansel whose line editing and eagle eye were critical to the report’s completion.

Rachel Sulkes
Executive Director
Foreword

As the Chair of the Board of Directors for Central Arizonans for a Sustainable Economy (CASE), I am pleased to release this report, which launches a discussion that is near to my heart; it is the story of working families in the Valley of the Sun.

I have lived here my whole life, and worked thirteen of those years as a firefighter in Mesa. Firsthand, I have watched the Valley grow from a few small cities to the fifth-largest metro-area in the country. As a firefighter, I have seen what impact growth has on the public infrastructure. I have also watched first-year firefighters now struggle to keep up with the cost of living here.

People often talk about the phenomenal growth that has come to Arizona. We hear about the new people and the new jobs that are coming to the region, and now we hear about the recession that has slowed those down. In this report, CASE asks who has benefitted from that growth, what is happening now, and what jobs are being created in the Phoenix Valley.

CASE is a non-profit organization founded in December 2007 to advocate for socially-responsible development so that Phoenix’s workers and families can live and work in the same communities. Our goals include helping families get access to good jobs, affordable housing, quality public services, and public transportation. We believe that the long-term well-being of our region depends on having strong advocacy for sustainable development. Our philosophy is that good jobs are essential to strong communities. The one begets the other.

CASE endeavors to partner with elected leaders, community representatives, developers, faith-based organizations, and labor leaders to shape development and growth in Phoenix. We are in a unique position in that our region has historically been attractive to growth. We should take advantage of the fact that overwhelmingly, people want to come here.

In order to effectuate change, CASE conducts research on the trends that shape our local economy, and uses that research to organize and advocate for public policies that can improve the quality of life for everyone in the Valley.

We will advocate for smart and progressive development, and help to actualize those projects. As a part of that endeavor, we work to educate the greater public about sustainable growth so that more people may knowledgeably get involved in the process. CASE is committed to bringing together different constituencies to have the most inclusive and thoughtful vision for the Valley’s future. Our coalition work is based on sustaining, deep-rooted ties to communities and leaders throughout the Valley.

It is our intention that this report foster discussion here in the Valley around sustainable growth and quality jobs to ensure that Phoenix’s working families prosper.

Bryan Jeffries
President of Local 2260 Mesa Firefighters, Executive Vice President of Professional Fire Fighters of Arizona.
Purpose of this Report
This report comes at a time of great flux in our local and national economy. The challenges that we face now hit working families when they are already vulnerable. This report documents the growth we have experienced in Phoenix, the negative consequences of growth in low-wage industries, and what tools we have at our disposal to foster positive economic development. While new residents have flocked to the region to soak up the sun and enjoy the beauty of the mountains, the cost of living has gone up, and our local economy has become dependent on development. In this report, we focus on job quality, asking what kinds of jobs have been created in the midst of Phoenix’s phenomenal growth, and what is the impact of job quality on the long-term sustainability of our regional economy?

New data reviewed in this report suggests that Phoenix’s economic growth is concentrated in low-wage industries that fail to provide family-supporting wages and benefits, leaving them especially vulnerable as the economy has foundered. Families of workers in these industries face multiple hurdles to self-sufficiency. Wages did not keep up with the rising housing costs of much of the last eight years; many who were successful in purchasing their home now are in danger of losing them to foreclosure. Additionally, many employers in typically low-wage industries fail to provide health insurance for their workers. Low-wage workers and their families must choose to go without health care, pay exorbitant premiums out of their own paychecks, rely on public programs, or risk losing their homes. In any case, the costs to the taxpaying public are significant. Phoenix’s over-dependence on growth as the fuel for our local economy has left many unemployed, or in danger of losing their jobs, as the real estate market has contracted.

The current economic crisis that Phoenix has found itself in presents local leaders with an opportunity to institute bold new strategies to ensure that we build our region in a different way post-recession. Often discussions of development create false choices between uncontrolled growth and no growth at all. Instead, local leaders and residents have an exciting opportunity to implement development policies that generate growth to serve the community we want to build. Other communities have faced these same challenges, using local government to mold and shape economic development to deliver better returns for local residents. They focus growth in industries that tend to provide higher-quality jobs and establish minimum development standards that ensure development contributes to raising the quality of life for everyone.

Phoenix finds itself at a crossroads; are we prepared to make fundamental changes to how we grow, or are we going to commit the same mistakes that lead us to where we are now? The conclusion of this report presents recommendations to make the most of the opportunities ahead.

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1 Phoenix in this report shall refer to the Phoenix-Mesa-Scottsdale Metropolitan Statistical Area. When referring to the city of Phoenix, it shall be so noted.
Introduction
The Greater Phoenix metropolitan area has grown dramatically over the last few decades—both in population and geography. The Valley is virtually unrecognizable from even 1980. In fact, the population of metropolitan Phoenix more than doubled between 1980 and 2006, growing from 2.8 million to 6.2 million people, making Phoenix the fifth-largest city in the country. In 2006, Arizona overtook Nevada as the fastest-growing state in the union, and with 44,000 new residents, Phoenix’s growth outpaced all other cities. The recent recession has dampened new growth; new growth slowed to 2% last year.

Many of us came here to buy a home and find a good-paying job—in short—to realize the American Dream. Historically, Phoenix offered abundant affordable housing and a reasonable cost of living. With Phoenix now caught in a boom-bust cycle, much of that life has changed.

- Prices for single-family homes in Phoenix doubled between 2000 and 2006.
- The exuberance of the local housing market has left thousands of families in financial ruin. Almost half of all home sales in 2008 were foreclosures.
- Many people are coming to Phoenix, but they are not finding high-paying jobs. The fastest-growing jobs in the metropolitan area are low-skilled and low-paying.
- 91% of the jobs that Phoenix is now losing are concentrated in three industries: construction, retail trade, and professional and business services.
- Low-quality jobs incur costs for all residents, especially when workers who do not have access to health insurance rely on publicly-funded health care programs. In 2007, a majority of births in the state were paid for by Arizona Health Care Cost Containment System (AHCCCS), our state’s Medicaid program.
- Because health insurance has become costlier, Phoenix’s children bear an undue burden. One in three children has no health care.
- Arizona has been hit especially hard by the national recession. Our state added food-stamp requests at twice the national rate in January 2009.

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2 Table 1: Estimates of Population Change for the United States and States, and for Puerto Rico and State Rankings: July 1, 2005 to July 1, 2006. 2006 Population Estimates. U.S. Census Bureau, Population Division. 12/22/06.
Rather than dragging down the quality of Phoenix’s economy, economic growth should provide opportunities for workers and their families to make ends meet. We also need to recognize the dangers of hinging our economic health solely to growing. Good economic growth provides:

- Family-supporting, quality jobs with benefits
- Quality public services, such as fire and police service, and safe parks
- Good public education
- Quality affordable housing
- Access to public transportation
- A voice for residents and workers on important issues

In this report, we will first look at the jobs and their wages that are being produced in Phoenix’s regional economy. Then we will look at the factors that face many working families: housing affordability and the cost of health care. Lastly, we review policy approaches that can generate more sustainable growth for Phoenix’s future.

**Jobs in Phoenix**

Over the past decade, economic growth has generated thousands of new jobs for Phoenix’s market, many of which are being shed at an alarming rate in our current recession. Jobs grew by 18% between 2000 and 2007, or from 1,596,360 to 1,891,210. Phoenix’s economy is characterized by a high concentration of low-wage, low-skilled jobs, from the service sector. Many of these jobs come from industries that are now suffering the biggest job losses.

Our dependence on growth as a major driving force in our local economy has become apparent in the last year. Construction, an industry that tripled in size between 1990 and 2005, has shrunk by 22.3% between December 2007 and December 2008. The downturn in the housing market has precipitated a general recession locally, triggering a corresponding 8.6% drop in employment in retail and a 7.2% drop in employment in Professional and Business services. These three industries combined account for 91% of the jobs lost this year in Phoenix MSA—79,400 of 86,800. The region’s unemployment rate hit 6.3% in December 2008.

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5 Calculated from data provided by the US Department of Labor, Bureau of Labor Statistics, Department of Labor from the Occupational Employment Statistics (OES) Survey. www.bls.gov/oes. (refer to TABLE 15)
7 Ibid.
The industries that predominate in our region are retail and food service, such as cashiers and servers. Table 1 lists the fastest-growing jobs in Phoenix, and shows their wages grew moderately between 2000 and 2007.

<table>
<thead>
<tr>
<th>TABLE 1: TOP TEN JOBS IN PHOENIX</th>
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<tr>
<td></td>
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<tr>
<td></td>
</tr>
<tr>
<td><strong>Median Wages (U.S. dollars)</strong></td>
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<tr>
<td><strong>Numbers of Employees</strong></td>
</tr>
<tr>
<td><strong>% Change in Median Wages</strong></td>
</tr>
<tr>
<td><strong>% Change in Job Growth</strong></td>
</tr>
<tr>
<td><strong>2000</strong></td>
</tr>
<tr>
<td>Retail Salespersons</td>
</tr>
<tr>
<td>Customer Service Reps</td>
</tr>
<tr>
<td>Cashiers</td>
</tr>
<tr>
<td>Office Clerks</td>
</tr>
<tr>
<td>Laborers and Freight/Stock Movers</td>
</tr>
<tr>
<td>Combined Food Prep, Fast Food</td>
</tr>
<tr>
<td>Waiters and Waitresses</td>
</tr>
<tr>
<td>Carpenters</td>
</tr>
<tr>
<td>Janitors</td>
</tr>
<tr>
<td>Sales reps, wholesale and manufac-</td>
</tr>
<tr>
<td>turing</td>
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<tr>
<td><strong>TOTAL EMPLOYEES IN THESE JOBS</strong></td>
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</tbody>
</table>


Not only are the most plentiful job opportunities available in low-wage industries, but Phoenix’s new growth is skewed towards low-wage jobs. Of the 294,860 new jobs that were created between 2000 and 2007, 106,610 of them were in these top ten positions—36% of all new positions created. In 2007, low-wage jobs represented 21% of jobs overall in the Phoenix metropolitan area. Phoenix has followed the same trend as the state: Motorola was the largest private employer in the state in 1996; today it is Walmart.

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As metropolitan Phoenix has grown, there has been an increasing demand for services. Phoenix’s economy has been dominated by service-sector jobs for some time, but over the past twenty years, the service economy has boomed while the goods-producing economy has stagnated (Table 2).  

Tables 3a-3c illustrate this shift in greater detail. Between 1990 and 2005, manufacturing—which has traditionally provided better-paying jobs with more benefits—shrank from 13% of all non-farm jobs to 8%. Professional and business services grew from 11% to 18% of non-farm jobs in Phoenix.

The bulk of growth in that sector comes from increases to administrative and waste services (Appendix, Table 18). Trade continues to represent 1 in 5 jobs in the economy from 1990 to 2005 where the growth in retail jobs allows it to keep pace (Appendix, Table 19). Many of the jobs from Table 1 fall into this sector.

Motorola was the largest private employer in the state in 1996; today it is Walmart.


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All data included here and in the following charts are based on annual averages of employment.
As of December 2008, service-providing industries accounted for 86% of all jobs in Phoenix MSA.¹¹

Not only has job growth tended to be concentrated in low-wage industries and job classifications, but per capita income in Phoenix as a whole has failed to keep pace with national trends. Even in a strong growth climate, Phoenix’s workers did not do as well as their counterparts across the country. Arizona had the lowest per capita income growth of all fifty states from 2006 to 2007, only 3.4%, whereas the average was 5.2%. And when the economy lags, Phoenix’s workforce takes a harder hit. Tables 4a-b show per capita income for Phoenix, compared to the national average.

![Graph showing per capita income 1990-2007 in US dollars]

Source: Bureau of Economic Analysis, US Department of Commerce¹²

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In a report from the Morrison Institute, researchers posed the question of how individuals were faring as the state in the aggregate enjoyed unprecedented growth. According to the report, Arizona’s annual average growth in real aggregate income from 1970 to 2003 was second in the nation. Yet, when individual personal income is considered in the context of inflation and population growth, Arizona’s growth ranking in that same time period was 46th of the 50 states. Higher-than-average growth hasn’t lifted workers up.

The only two industries that have thus far remained somewhat unscathed by the precipitous fall in our local economy have been educational and health services and the government. Educational and health services grew 4.4% in 2008, and the government shrank 0.1% over the same period of time. Government’s numbers will change in the next year due to the dramatic cuts to university education that have already begun.

**Housing in the Valley**

The current economic crisis in Arizona is the result of a local economy overly-dependent on the unhealthy residential construction industry. For the past several years the valley’s leading industry has been housing; accounting for one out of every three dollars spent. In 2008, the housing bubble burst, affecting every sector of the economy. Real estate values dropped while foreclosures and bankruptcies skyrocketed. Now, thousands of jobs have been slashed, our state and city budgets face severe shortfalls, and thousands of families have lost their homes. Among the major problems with the housing market during the population boom are inflated housing prices and predatory lending practices.

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14 Ibid p.5.


Historically, people have come to the Valley in search of a decent job and a home. For many who moved here fifteen or twenty years ago, the dream was achievable because housing was comparatively cheap.\textsuperscript{18}

However, from 2000 to 2006, home prices in the Valley soared. As Table 5 indicates, median home prices in Phoenix increased 104\% between 2000 and 2006.\textsuperscript{19}

During the housing bubble, the price of homes skyrocketed throughout the metropolitan area, as many homebuyers looked to newer suburbs. Consequently, housing prices in suburbs like Surprise experienced a similar surge over 2000 to 2006 (Table 6).\textsuperscript{20}

\begin{table}[h]
\centering
\begin{tabular}{|c|c|c|c|c|c|c|c|}
\hline
\hline
Price & $150,000 & $160,000 & $170,000 & $200,000 & $230,000 & $250,000 & $280,000 \\
\hline
\end{tabular}
\caption{Table 5: Phoenix median home prices}
\end{table}

\begin{table}[h]
\centering
\begin{tabular}{|c|c|c|c|c|c|c|c|}
\hline
\hline
Price & $100,000 & $110,000 & $120,000 & $150,000 & $250,000 & $300,000 & $350,000 \\
\hline
\end{tabular}
\caption{Table 6: Surprise median home prices}
\end{table}

\textsuperscript{18} Please see appendix Table 16 for Median Home Values 1980-2000.
\textsuperscript{19} From the Information Market, www.theinformationmarket.com. The Information Market generously shared historical data for the years 2000 to 2002 that are not available online.
Various economic trends over the past few years have made home ownership harder to achieve. Real-estate prices have shot through the roof, and wages have not moved at the same pace as housing costs. These factors added together mean that it is harder to buy a first home.

The inflated housing prices also created a sense of urgency to buy quickly, and many homeowners jumped at the opportunities presented by banks to purchase homes. At the same time that housing prices spiraled, predatory-lending schemes have caught many people in mortgages that they cannot now afford. Now, families across the Valley are in financial ruin, as the housing values have been cut in half. In June, 2008, the median price for a house in Phoenix metro was $225,000. By October 2008, the prices dropped back to 2005 levels. Now, housing prices in Phoenix are almost half that of the peak in the housing market (Table 7-A).

Foreclosures are reaching record numbers, depressing local home values. Foreclosures were up 150% in 2007 in Arizona (Table 7-B) and are continuing to rise. In September 2008, foreclosures represented about 44% of Phoenix-area home sales.

Hard-working people are finding themselves caught in homes they can no longer afford, and are no longer valued at what they paid.
In addition to foreclosures, bankruptcies in the Valley are skyrocketing. At the beginning of 2008, the Arizona Republic reported that bankruptcies were up 78% over the rates in January 2007 in Phoenix. Bankruptcies in Arizona increased 63% over the same period, as compared to the 30% increase the US as a whole was experiencing. Food stamp requests in 2008 grew at twice the national rate in Arizona. By December 2008, 721,318 residents were receiving food stamps. There is little cushion to protect working families in Arizona when families in the region are living off of low-paying jobs.

The crash of the housing market has financially snarled many first-time buyers who bought thinking that they could borrow against the value of their home only to see their houses valued at less than their mortgage.

Of course, many workers and their families rent housing rather than make a home purchase. How are renters faring in Phoenix’s economy? The US Department of Housing and Urban Development calculates fair market rents (FMRs) for metropolitan areas throughout the country. Using the FMR, one can calculate an annual “housing wage” (see footnote). For example, the FMR for a two-bedroom apartment per month for 2008 has been calculated at $862 in Phoenix. The annual wage to support that FMR is $34,486.40. Table 8 contains the annual housing wage for a two-bedroom apartment at the FMR.

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<thead>
<tr>
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<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>25,680</td>
<td>27,320</td>
<td>30,400</td>
<td>32,240</td>
<td>33,400</td>
<td>32,680</td>
<td>30,800</td>
<td>31,280</td>
<td>34,480</td>
</tr>
</tbody>
</table>

Source: Department of Housing and Urban Development

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27 Hansen, Ronald J. “Arizona food-stamp requests rising at twice the U.S. rate”. Arizona Republic. 2/8/09.
28 The FMR reflects the 50th percentile of rent in a given city. The ideal percentage of income that renter should pay for housing is 30%. The housing wage is calculated assuming someone works 52 weeks in the year, at 40 hrs. a week. Ex. $862 divided by 30% times 12 comes to $34,480.
As Table 9 shows, annual salaries in the top ten jobs in Phoenix fall far below the housing wage: it is clear that incomes of families have not kept pace with the rising cost of living in the Valley. Only two of these jobs—carpenters and sales representatives—keep up with the housing wage, or even come close. Wages in the top ten jobs do not cover basic needs like rent, let alone other, costlier necessities like health insurance. Table 10 makes the gap between the housing wage and the actual income of a worker in a top ten job even clearer. Cashiers come up short—40% short—time and time again.

![Table 9: Annual Salaries in Top Ten Jobs vs Housing Wage](image)

Source: US Department of Labor Statistics

![Table 10: Percent Difference Between Wage and Housing Wage](image)

Source: US Department of Labor Statistics

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30 Annual salaries were calculated using the median salaries as recorded by the US Department of Labor Statistics and multiplied by 52 weeks at 40 hrs. a week. Ex. A cashier made $8.78 an hour in 2006, times 2080 (52 weeks times 40 hrs.) comes to $18,262.40. US Department of Labor, Bureau of Labor Statistics, OES Survey. www.bls.gov. Retrieved 2/10/09. Refer to Tables 15 & 17
An obvious by-product of rising housing prices is the move outward in search of cheaper housing. Looking at particular cities, the changes are dramatic. The City of Phoenix is not the location of the most significant percentage change, although it has grown as well. As more people have come to the area, the metropolitan environs have expanded farther out into the desert.

With all this growth it is hardly surprising that Phoenix moved from being the ninth-largest city in the country in 1980 up to fifth-largest city in 2006. Buckeye, Surprise, Goodyear, Avondale, Gilbert, and Chandler all were listed in Forbes’ top 100 fastest growing suburbs in the nation in 2007—the first four were in the top 10 on the list. Now, these cities are in crisis, as they are some of the worst hit by the collapse of the housing market. Foreclosure rates in these rapidly growing cities ranged from 5% to 9%. The highest foreclosure rate in the fall of 2008 was in the town of El Mirage, in zip code 85335, with 9.4% through September 2008. Buckeye has been forced to lay off workers and eliminate dozens of positions with the city to make up the $7 million shortfall in their 2008-2009 budget. The foreclosure rate in 85326, one of two Buckeye zip codes, was 8% from January 2007 to October 2008. During that time, 1,186 houses were foreclosed on, representing significant tax shortfalls.

TABLE 11: TEN FASTEST GROWING CITIES IN PHOENIX METROPOLITAN AREA, ALONG WITH TWO LARGEST CITIES IN REGION

<table>
<thead>
<tr>
<th></th>
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</thead>
<tbody>
<tr>
<td>Maricopa City</td>
<td>32,157</td>
<td>2,069.80%</td>
</tr>
<tr>
<td>Queen Creek</td>
<td>31,363</td>
<td>626.70%</td>
</tr>
<tr>
<td>Buckeye</td>
<td>40,467</td>
<td>376.30%</td>
</tr>
<tr>
<td>El Mirage</td>
<td>33,583</td>
<td>341.40%</td>
</tr>
<tr>
<td>Surprise</td>
<td>104,895</td>
<td>240%</td>
</tr>
<tr>
<td>Goodyear</td>
<td>55,954</td>
<td>195.90%</td>
</tr>
<tr>
<td>Avondale</td>
<td>75,256</td>
<td>109.80%</td>
</tr>
<tr>
<td>Gilbert</td>
<td>203,656</td>
<td>85.70%</td>
</tr>
<tr>
<td>Litchfield Park</td>
<td>5,055</td>
<td>32.70%</td>
</tr>
<tr>
<td>Casa Grande</td>
<td>42,422</td>
<td>68.2%</td>
</tr>
<tr>
<td>Phoenix</td>
<td>1,538,568</td>
<td>16.50%</td>
</tr>
<tr>
<td>Mesa</td>
<td>456,344</td>
<td>15.10%</td>
</tr>
</tbody>
</table>

Source: Arizona Workforce Informer

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33 Formula= Actual TD Foreclosures/ Foreclosures on the ground.. Enterline, Max. January 2006-September 2008 Foreclosures by Zip Code Map Maricopa County found at the City of Phoenix Website, Retrieved 2/16/09.
34 Creno, Glen. “Some Valley cities tap rainy-day funds”. Arizona Republic. 2/16/09.
35 Enterline, Max. “Foreclosure TD-Status Count 1106 through 9/29/08”. This information was used to prepare January 2006-September 2008 Foreclosures by Zip Code Map Maricopa County found at the City of Phoenix Website, Retrieved 2/16/09.

Buckeye, Surprise, Goodyear, Avondale, Gilbert, and Chandler all were listed in Forbes’ top 100 fastest growing suburbs in the nation in 2007—the first four were in the top 10 on the list.
The Tab for Health Insurance

At the same time that housing costs have mushroomed, health care has become more expensive and less available for working families in Phoenix. In this section, we will look at three categories: workers with insurance, workers without insurance, and residents who rely on publicly-subsidized health insurance (working and not). Workers who currently have insurance are facing higher premiums. Instead of opting to pay those premiums, or because there is no insurance plan provided by the employer, many workers choose to forego insurance altogether. When they fall ill and seek care, they become reliant upon a system that taxpayers provide. As more individuals without insurance seek healthcare, both hospitals and the taxpayers foot the bill, causing further financial crisis.

Overall, workers in Arizona have seen their out-of-pocket expenses for health insurance increase 21-41% since 2002 (Table 12). For the insured Arizona worker employed by a smaller employer (those with 50 or fewer employees), the share that he or she pays for health insurance as a percentage of household median income has gone up from 8.1% in 2002 to 11.4% in 2008. That share is projected to rise to 12.2% in 2010.36

In a response to the rising costs of health insurance, smaller employers are putting more of the burden for health-care costs onto their employees. While small employers’ coverage accounts for 6% of the Arizona population, the shift in cost has influenced large employers—who account for 31% of Arizona’s population—to follow suit (Table 13).

Almost one of every 5 Arizonans is uninsured—659,100 people, or 17% (Table 14). Currently 550,500 children, or one third, in the state are on AHCCCS (the state Medicaid program) as compared to 1 in 5 nationally.37 We as taxpayers shoulder the cost of care for the uninsured and for those on AHCCCS—a full 33% of Arizona’s population in 2006, or over 1.2 million people.

The percent of Arizona firms that offer health insurance has been dropping since 2000, according to the findings of the St. Luke’s Health Initiatives—so much so that by 2005, almost half of all firms didn’t even offer health benefits to their employees.

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Out of pocket costs are projected to increase by 25% from 2002 to 2010 for employees in large companies.

TABLE 13: PERCENT OF ARIZONA FIRMS THAT OFFER HEALTH INSURANCE

<table>
<thead>
<tr>
<th>NUMBER OF EMPLOYEES</th>
<th>2000</th>
<th>2004</th>
<th>2005</th>
</tr>
</thead>
<tbody>
<tr>
<td>ALL</td>
<td>62.9%</td>
<td>56.1%</td>
<td>55.0%</td>
</tr>
<tr>
<td>FEWER THAN 10</td>
<td>43.9%</td>
<td>33.2%</td>
<td>33.6%</td>
</tr>
<tr>
<td>10-24</td>
<td>64.3%</td>
<td>53.2%</td>
<td>45.5%</td>
</tr>
<tr>
<td>25-99</td>
<td>85.2%</td>
<td>63.8%</td>
<td>64.7%</td>
</tr>
<tr>
<td>100-999</td>
<td>91.9%</td>
<td>90.3%</td>
<td>97.2%</td>
</tr>
<tr>
<td>MORE THAN 1000</td>
<td>100.0%</td>
<td>98.4%</td>
<td>99.8%</td>
</tr>
</tbody>
</table>

Source: St. Luke’s Health Initiatives

TABLE 14: ARIZONA POPULATION BY HEALTHCARE COVERAGE, 2008

Source: Kaiser State Health Facts

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What does it mean when fewer companies offer benefits at all, and when those that do charge more and more for that coverage? At the end of July 2005, the Arizona Republic reported that more than half of the one million recipients of AHCCCS were employed. The corporations that topped the list for employees on AHCCCS were Walmart (2,800), McDonald’s (1,000), and Basha’s (700). The State itself employed 500 AHCCCS recipients. In 2007, the Arizona Daily Star reported that a majority of births in Arizona were paid for by AHCCCS—53,121 babies at a price tag of $223 million. That is up from 42% of births in 2000.

As more Arizonans now rely on the Medicaid system, both the state and hospitals have been financially burdened. The state and federal government pay 82 cents for every $1 of the cost to patient care. Arizona hospitals provided $312 million in uncompensated care in 2007. Now, many hospitals face layoffs and other cost cutting measures. In January of 2009, Banner Healthcare announced plans to cut 334 jobs due to bad debt and uncompensated care. Uncompensated care, called “charity care” at Banner rose $19 million, to $79 million in 2008. The hospital system also had $68 million in medical debt, mainly people who are unable or unwilling to pay their health-care bills. Taxpayers pay in the end when health insurance becomes too expensive for working people to afford. In the year 2006, $2 billion of taxpayer money went to covering the uninsured in Arizona, which represents 11% of all money spent in the state on health care. That is a significant increase from 2002 when taxpayers spent $1.2 billion caring for the uninsured, and it is projected to hit $3 billion in 2010.

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Conclusion and Final Recommendations

Ensuring that economic growth is concentrated in sectors and job classifications that provide better wages and benefits, and that are diversified enough to weather economic storms, can deliver a higher standard of living for Phoenix’s working families. Working families would have more disposable income, broadening our tax-base and increasing the wealth in our communities. People could support their families working one job, rather than working multiple ones that keep them from their families and neighborhoods. Better-quality jobs mean that employers in the region stop shifting the burden of care onto the public.

Around the country, metropolitan regions coping with similar challenges have found ways to use public policy to ensure that economic growth and development lift up the standard of living rather than depressing it. These regions have chosen to implement policy mechanisms that require major development projects to comply with standards to have a broad-based, positive impact on the community as a whole. Among these policy mechanisms are:

- **Job training opportunities that help workers get better jobs.** A coalition of community partners led by the Center on Policy Initiatives in San Diego recently negotiated with JMI/Lennar, the developer of Ball Park Village, to provide job training opportunities to help workers get jobs in the construction of the project and to prepare for the new jobs that would be made available when entertainment, service and retail venues in the development open.  

- **A first-source hiring program.** First source hiring programs provide a structure for helping local residents take advantage of newly-created jobs, keeping job centers close to housing to alleviate commuting concerns. As part of the construction of Denver’s new light-rail line, a developer there signed an agreement that, among other things, pledges to hire from the communities adjacent to the development.

- **Stable housing.** It should be a top priority in our community to keep people from losing their homes. In the long run, we must move towards a secure housing market, which allows families to own and keep their homes.

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• **Good public transit.** Phoenix has already taken a huge step forward by investing in light rail and linking it to our existing bus service. Not only does public transit link job centers to housing, but it does so in a way that will be affordable to many. Given the amount of time before light rail serves the entire Valley, we need to continue to fund our bus system.

• **Quality public services.** As we push farther out into the desert, we have to ensure that we properly fund and protect goods that everyone depends on, such as fire, police, and libraries.

• **Investment in education.** One of the top priorities for companies to locate in a particular community is the level of education of the potential workforce. Arizona’s higher education system just weathered devastating cuts in January 2009. More cuts are anticipated for 2010. We will inherit the consequences of those cuts as we seek to lure high tech companies to the region. Every effort should be made to protect education in the next round of budget negotiations.

• **Better-paying jobs.** In the development projects that we choose to support and invest in, we can encourage employers who provide jobs that meet the housing-wage demands in our market. In 2003, the city of San Jose and a coalition of community partners agreed to living wages for parking attendants and future grocery or hotel workers in a large mixed-use project the city helped build. Employers and the greater community benefit with such an arrangement; workers can afford to live near their workplace, thereby providing a steady workforce, and with more income, those workers can buy into employer-based health insurance.

• **Affordable health insurance.** Large corporations should not rely on taxpayer-subsidies to provide health insurance. AHCCCS is intended for the truly needy—not for employees of corporations that can afford to pay their share.

• **Transparency in the development process.** We have an opportunity in the Valley to partner in the development process to grow in the direction we want to go: sustainable jobs. We can only do that if the general public understands and can participate in the development process and understand how public resources are being used.

It is important that as we grow, we advocate for smart and progressive development, and continue to educate all the constituencies involved in growth so that the greater public may knowledgeably get involved in the process.

Smart growth is the kind of growth that communities benefit from, and the kind of growth that sustains the Valley’s working families.

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47 Pitz, Mary Jo. “State erases $1.6 billion budget deficit”. Arizona Republic. 2/1/09.
## Appendix

<table>
<thead>
<tr>
<th>TABLE 15: MEDIAN WAGES FOR TOP TEN JOBS IN PHOENIX 1999-2007 IN US DOLLARS</th>
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<tr>
<td>Retail Salesperson</td>
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<td>Cashier</td>
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<td>Office Clerk</td>
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<td>Combined Food Prep, Fast Food</td>
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<td>Waiters &amp; waitresses</td>
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<tr>
<td>Carpenter</td>
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<tr>
<td>Janitor</td>
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<tr>
<td>Sales Rep, Wholesale and Manufacturing</td>
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<tr>
<td>Total Mean Hourly Wage</td>
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<td>Total Employees in These Jobs</td>
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*for these years, the data for number of employees was incomplete

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<tr>
<th>TABLE 16: MEDIAN HOME VALUES FOR U.S. NEIGHBORING STATES 1980-2000 IN U.S. DOLLARS</th>
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<tbody>
<tr>
<td>1980</td>
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<td>U.S.</td>
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<td>Arizona</td>
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The following two tables contain information taken from “Phoenix-Mesa-Scottsdale Metropolitan Area Labor Force and Non-farm Employment”, prepared in cooperation with the U.S. DEPARTMENT OF LABOR, Bureau of Labor Statistics by the Arizona Department of Commerce, Research Administration. 

www.workforce.az.gov

All data included here and in the following charts are based on annual averages of employment.
Board of Directors for CASE:

Bryan Jeffries, Chair of Board, President of United Mesa Firefighters
Randy Parraz, Vice Chair, Political Director for LIUNA
Ruth Yabes, Secretary, Planning Professor at Arizona State University
Hector Yturralde, President of Somos America
Gail Gabler, Director of Representation for SEIU
Dave Siebert, Consultant and former Phoenix City Councilmember
Mike Vespoli, Consultant
Brendan Walsh, Director of Organizing for Unite HERE

Central Arizonans for a Sustainable Economy (CASE) is a nonprofit organization that seeks to educate the broader public on issues related to new development and a sustainable infrastructure for public services. We bring together labor organizations, community groups, elected leaders, faith-based communities, developers, and environmental groups to enact sustainable growth. Our organization uses various tools to that end; they include policy, research, and grass-roots mobilization.

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