

Supporting Arizona Women’s Economic Self-Sufficiency An Analysis of Funding for Programs that Assist Low-Income Women in Arizona – and the Impact of those Programs

Report Produced for the Women’s Foundation of Southern Arizona
by the Grand Canyon Institute

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ARIZONA FOUNDATION FOR WOMEN

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1 Executive Summary

The Women's Foundation of Southern Arizona has endeavored to catalogue the state-funded and/or state-implemented programs in Arizona that have the effect of supporting the economic self-sufficiency of low-income women. Our aim was to analyze both funding for those programs and their impact, as measured in economic terms (return on investment).

In order to determine which programs to include in our analysis, we sought first to gain a deep understanding of the economic status of women in Arizona. We looked at variables in five categories: workforce participation; education; occupation; responsibility for children; and homeownership.

Workforce participation

- Women are more likely to be out of the workforce than men: **59 percent of individuals not in the labor force are women**. And being out of the workforce is a contributing factor to poverty: the poverty rate of women not in the labor force is 24 percent; the poverty rate of women in the labor force (working or looking for work) is 13 percent.
- In addition, women are less likely than men to work full-time, year-round: 43 percent of all full-time, year-round workers are women. Yet working full-time, year-round is an important determinant of economic self-sufficiency: **the poverty rate among women who only work part-time or part-year is five times higher than the poverty rate among women who work full-time, year-round** (21 percent versus 4 percent).

Education

- Education, from the very beginning, is a critical determinant of women's economic self-sufficiency. At every level of educational attainment – high school graduation/GED, technical certification, Associate's degree, Bachelor's degree, and above – increases in educational attainment present an opportunity for increased economic self sufficiency.
- **The poverty rate among women with less than a high school degree (35 percent) is six times higher than among women with a bachelor's degree or higher (6 percent)** and almost three times higher than among women with some college (including an associate's degree).

Occupation

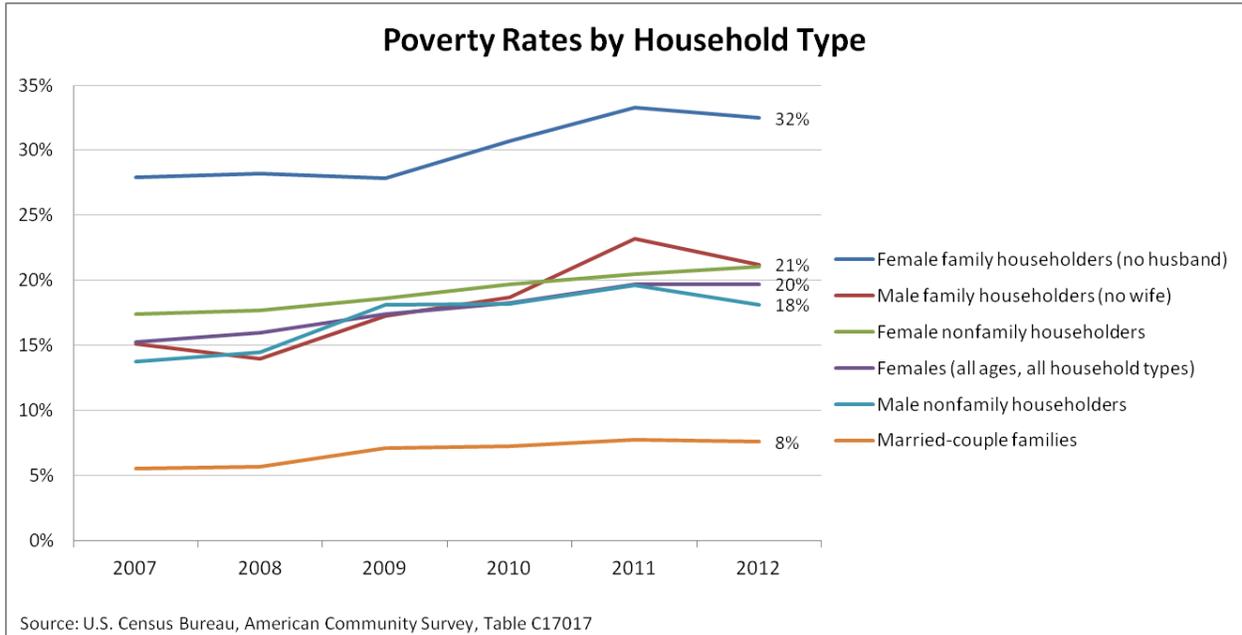
- Women are more likely than men to work low-paying jobs: **55 percent of all people employed in one of the five lowest paying jobs are female**; among people employed in one of the five highest paying jobs, 40 percent are women.
- **Even within the same occupational categories, women earn less than men do**. Some of the gap is explained by occupational choice: women often choose lower-paying occupations, such as healthcare and professional support occupations, rather than higher-paying jobs even within those same fields.
- **None of the five most common occupations for women in Arizona pay enough to meet the self-sufficiency standard** for a woman in Maricopa County with a preschooler and a school-aged child. Two don't even pay enough to meet the self-sufficiency standard for a single adult.¹

¹ Self-sufficiency standard as defined in Women's Foundation of Southern Arizona (2012).

Responsibility for children

- Women are more likely than men to be singularly responsible for children: **79 percent of low-income single-parent households are headed by women.** The incidence of poverty is dramatically higher among women with children than without: **32 percent of all single-mother households are low-income;** 21 percent of single women without children are.

Figure 1: Poverty Rates by Household Type

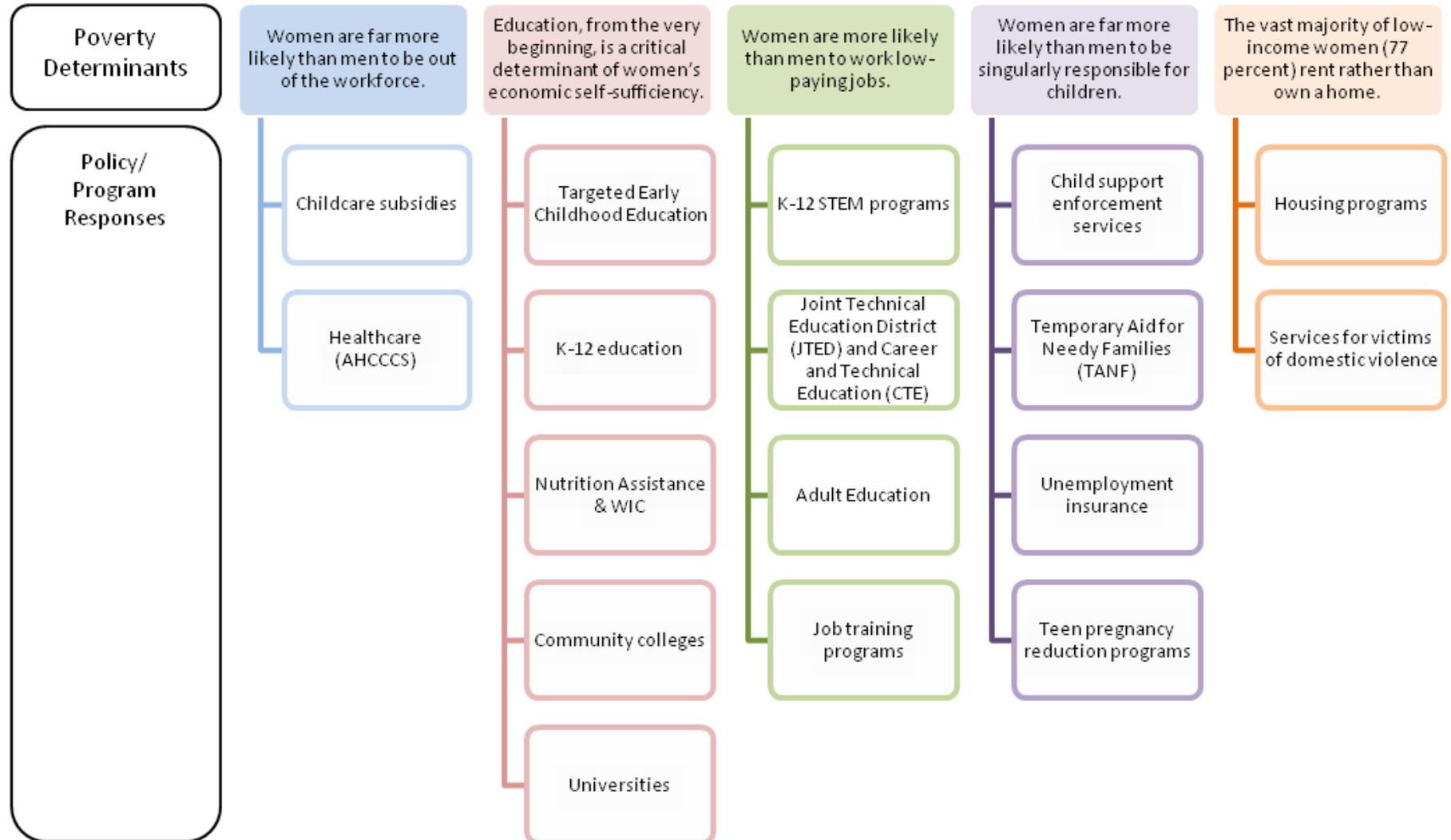


Homeownership

- **The vast majority of low-income women (77 percent) rent rather than own a home.** Furthermore, women are far more likely to be renters than any other demographic.

After analyzing the economic status of Arizona women across those five categories, we then took what we learned about determinants of poverty for women in Arizona and mapped to those potential policy responses or programs that might help address each issue. That map is depicted in [Figure 2](#).

Figure 2: Mapping Determinants of Poverty to Policy Responses/Programs



In nearly every program we analyzed, the state deeply cut funding, sometimes eliminating funding, passing responsibility on to the federal government, to local governments, and in many cases to the individuals served by the programs themselves. Changes to state funding for the programs listed in [Figure 2](#) over the period 2007-2012 have been:

- 🔴 Childcare subsidies: State funding **eliminated**; program frozen
- 🔴 Healthcare (AHCCCS): Some programs **eliminated**; others **frozen**²
- 🔴 Targeted early childhood education: State funding **eliminated**
- 🔴 K-12 education: **17% per-student cut** in state funding
- 🔴 Community colleges: **58% cut** in state funding
- 🔴 Universities: **29% cut** in state funding
- 🔴 Joint Technical Education District (JTED) programs: **7.1% per-student cut** in funding
- 🔴 Career and Technical Education (CTE) programs: **10% per-student cut** in funding
- 🔴 Adult Education: State funding **eliminated** 2010-2013³
- 🔴 Child support enforcement services: **14% cut** in state funding
- 🔴 Temporary Aid for Needy Families (TANF): **20% cut** to Cash Assistance benefits and lifetime limit reduced to 24 months
- 🔴 Unemployment insurance: **Only 28%** of unemployed received unemployment insurance in 2012Q4
- 🔴 Housing programs: Funding rose 53% but 93% of low-income renters are “housing stressed”
- 🔴 Services for victims of domestic violence: **10% fewer** victims served
- 🟢 Job training programs: Federally funded
- 🟢 Nutrition Assistance & WIC: Federally funded
- 🟢 K-12 STEM programs: New program
- 🟢 Teen pregnancy reduction programs: Teen pregnancy rates at lowest level since 1980

Driving these cuts were significant budget deficits driven in large part by the bust of the housing bubble in Arizona as well as the economic impact of the Great Recession. Like Arizona, many states enacted deep spending cuts as revenues declined sharply. **But many states have since restored funding at least to pre-recession levels. In most cases, Arizona has not.**⁴

Now that the economy is recovering, further growing the economy will require being smart about how Arizonans' tax dollars are allocated to maximize the economic return on our investment. As the research detailed here shows, supporting programs for women and their children, in many cases, does exactly that.

This study reveals the specific programs where investment generates pay-off for the state as a whole.

² Beginning in January 2014 Medicaid in Arizona will be expanded.

³ State funding for Adult Education programs was reinstated in 2013.

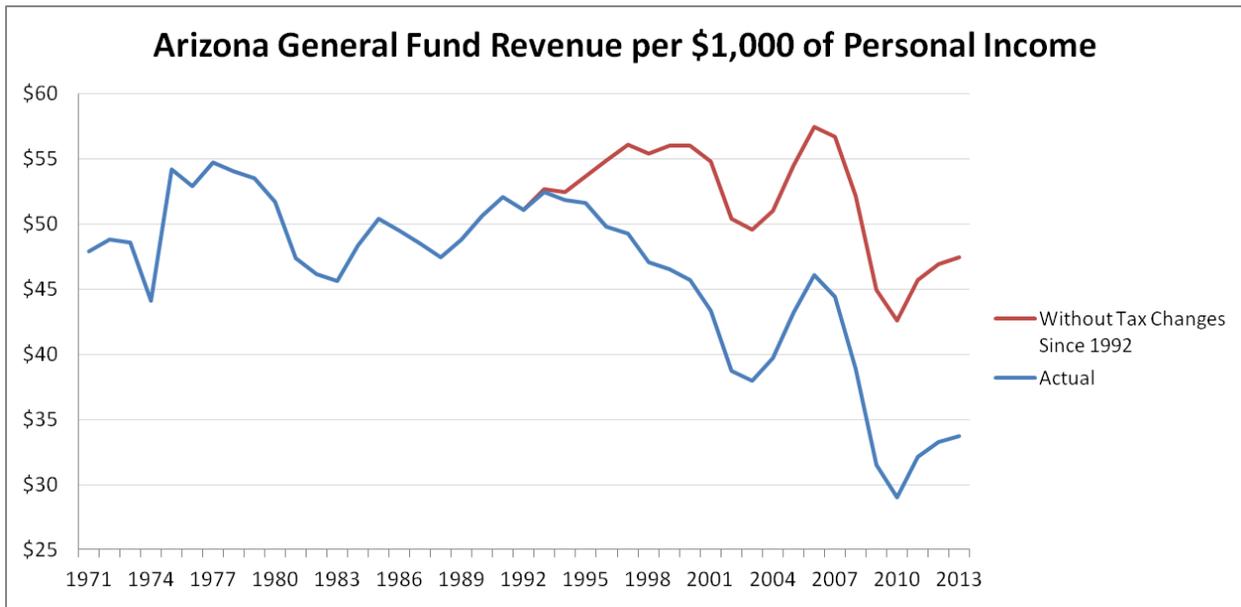
⁴ For example, state general fund expenditures in 14 states are at or very near pre-recession levels, including in Nevada, which like Arizona was one of the hardest-hit states in the recession. General fund expenditures in Arizona, in contrast, remain far below pre-recession levels; only four states, including Michigan, have recovered general fund expenditures to a lesser extent than Arizona.

Can Arizona afford it?

That is a fair question; there are many programs, or levels of funding, that may be ideal but are simply not attainable (not affordable, not politically feasible, etc.). In the case of the programs we assess here, seeking even the low bar of simply restoring funding to pre-recession levels, the answer to the question “Can we afford it?” is resoundingly “yes.”

We answer that question in part by turning to analysis by Grand Canyon Institute research fellow Tom Rex that shows there would be no adverse effect on the Arizona economy were we to revert to pre-1992 levels of taxation, and that would have generated \$3.15 billion for the state in 2012.

Figure 3: Arizona State Government General Fund Revenue per \$1,000 of Personal Income⁵



Increasing revenues may not be on the current legislative agenda. Yet when faced with a potential loss of jobs, the legislature in 2011 enacted a large series of business tax reductions that will ultimately cost the state half a billion dollars a year. Why? Because the legislature believed that the tax cuts would provide a positive return on investment.

Indeed, seeing revenue increases and program funding increases from the perspective of the return enables us to answer the “Can we afford it?” question. In the case of programs that have clearly demonstrated returns on investment well in excess of \$1 for every \$1 spent, **the answer is not “Yes, we can afford to fund these programs” but rather “We can’t afford to not fund them.”**

⁵ Grand Canyon Institute (2013). *The Effects of Tax Reductions In Arizona: Significantly Reduced Government Revenue and No Apparent Impact on Economic Growth.*