

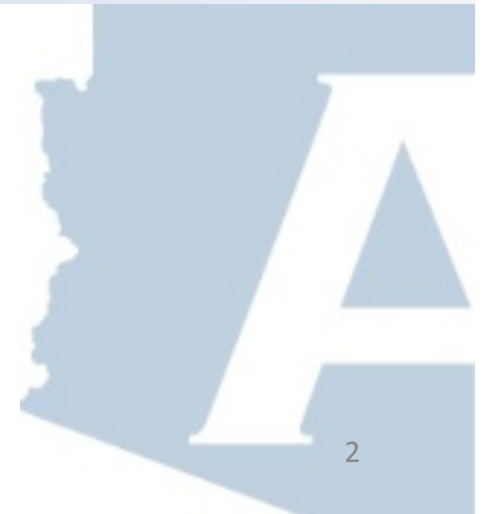
# ~~Great~~ Poor by Choice: The Power of Leadership

STEVE SELEZNOW | PRESIDENT & CEO



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# POVERTY IN ARIZONA



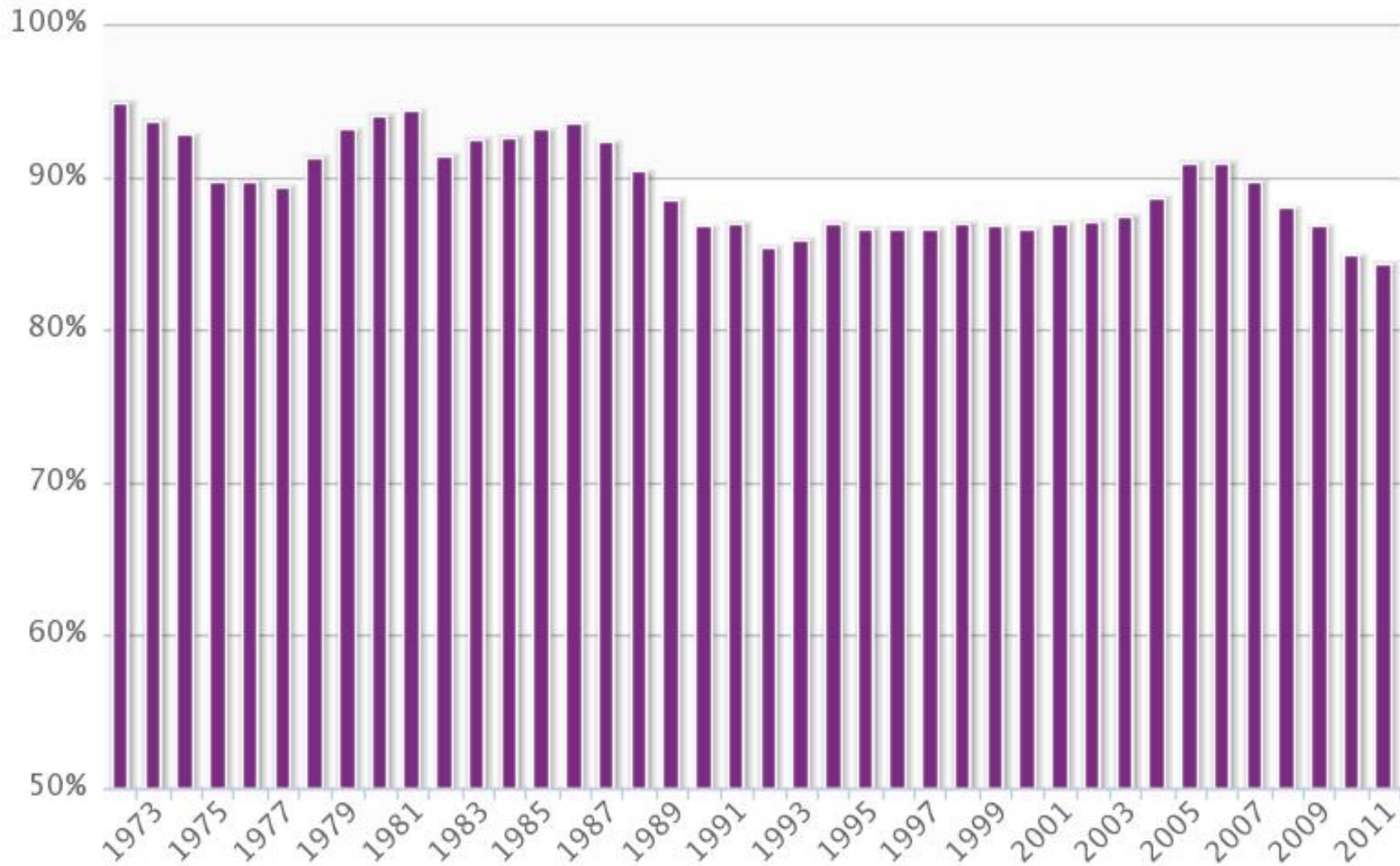
# Per-Capita Income: AZ vs. US

- Arizona's per-capita personal income is 13.9 percent less than the national average.
- Arizona's ratio to the U.S. average for per-capita income dropped for the fifth consecutive year in 2011.



# Per Capita Personal Income in Arizona as a Percentage of the National Average

Last Updated: 1/3/2013



Source: U.S. Department of Commerce, Bureau of Economic Analysis

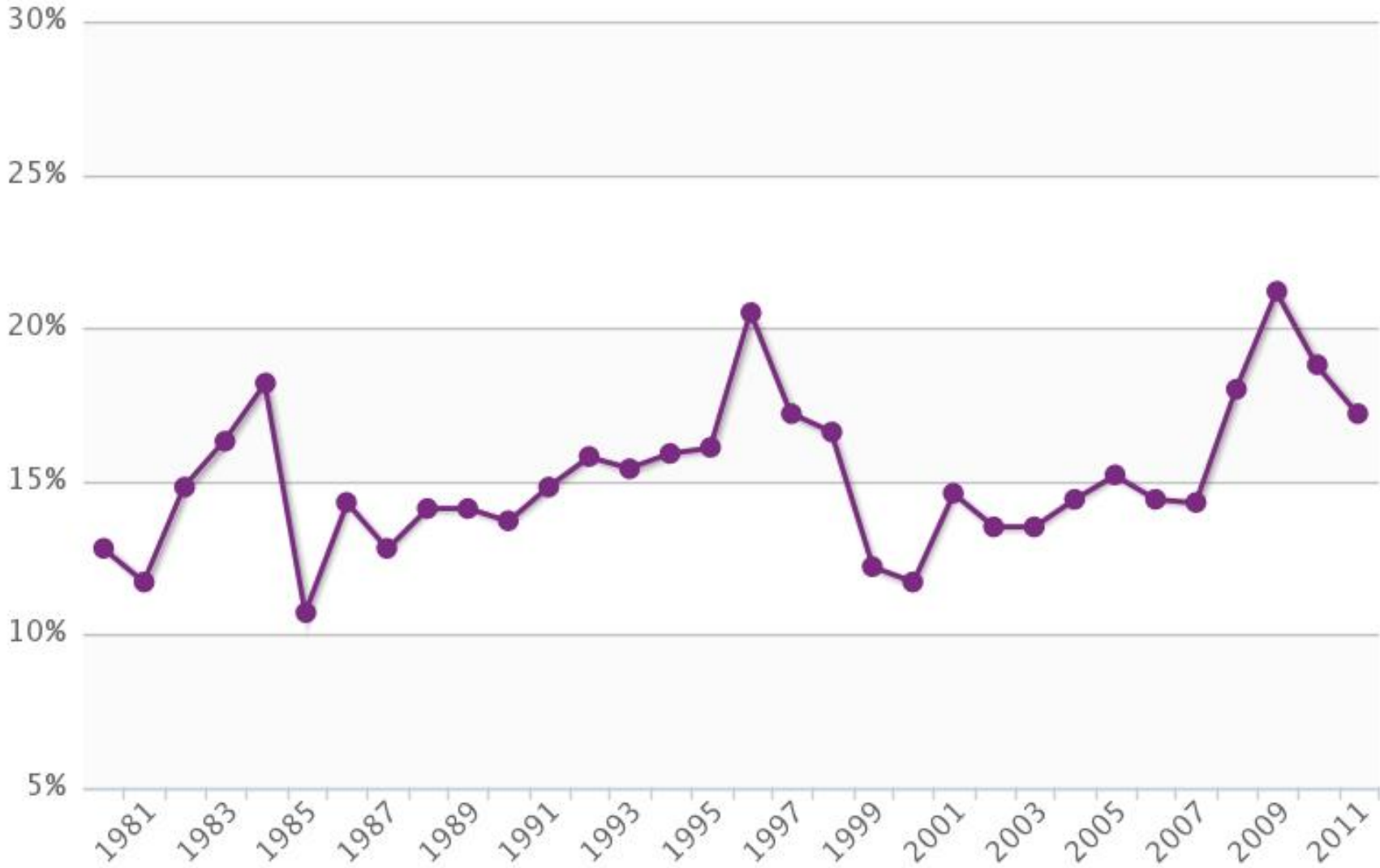
# Poverty Rate: AZ vs. US

- Arizona has the 5<sup>th</sup>-highest poverty rate in the nation.
- Arizona's poverty rate has been rising since 1999, hitting a peak in 2009, at 21%.
- Arizona's number of children living in poverty is 29%, compared with 22% for the U.S.



# Percent of Arizona Population Living in Poverty (CPS)

Last Updated: 10/3/2012



Source: U.S. Bureau of the Census, Current Population Survey, Annual Social and Economic Supplements

# Conditions for AZ Children

- Arizona has 5<sup>th</sup>-worst conditions for children and families in the country.
  - 3<sup>rd</sup>-highest percentage of children affected by foreclosure since 2007.
  - 43% of Arizona children live in households with a high housing cost burden.
  - 2<sup>nd</sup>-highest rate of children ages 3 to 4 who are not enrolled in preschool.
  - 44% of Arizona 4<sup>th</sup> graders have difficulty reading.

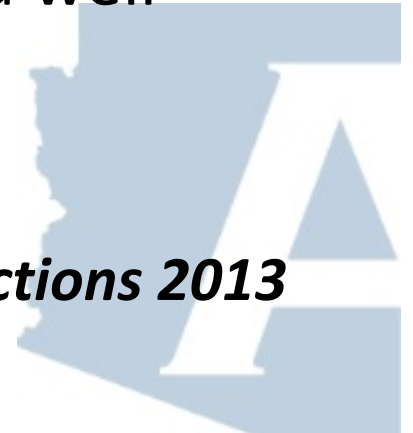


# Poverty in the Future

## POVERTY MAY RISE AS REVENUES DECLINE

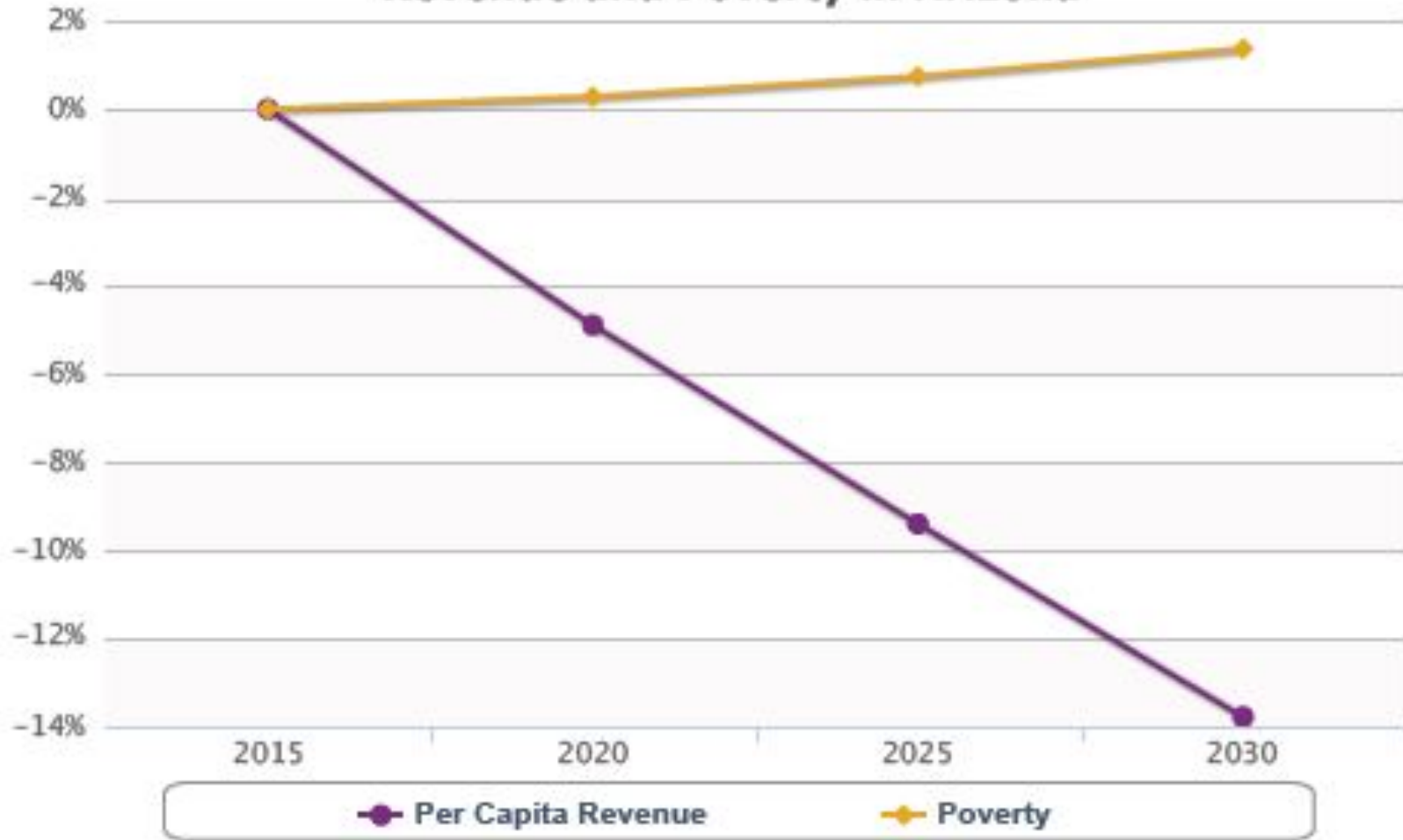
“...statistical projections suggest that these [poverty] trends could be aggravated in Arizona’s future by a brisk decline in per capita income tax revenues. This decline, spurred by a growing population share of lower-income, undereducated residents, could well make a bad situation – a rise in the state’s poverty rate – worse.”

*- Arizona Directions 2013*





## Percent Change in Projected Per Capita Income Tax Revenue and Poverty in Arizona



Source: U.S. Department of Commerce, Census Bureau; Data projections from Geolytics

Source: Arizona Directions 2013

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# INVESTMENTS IN EDUCATION

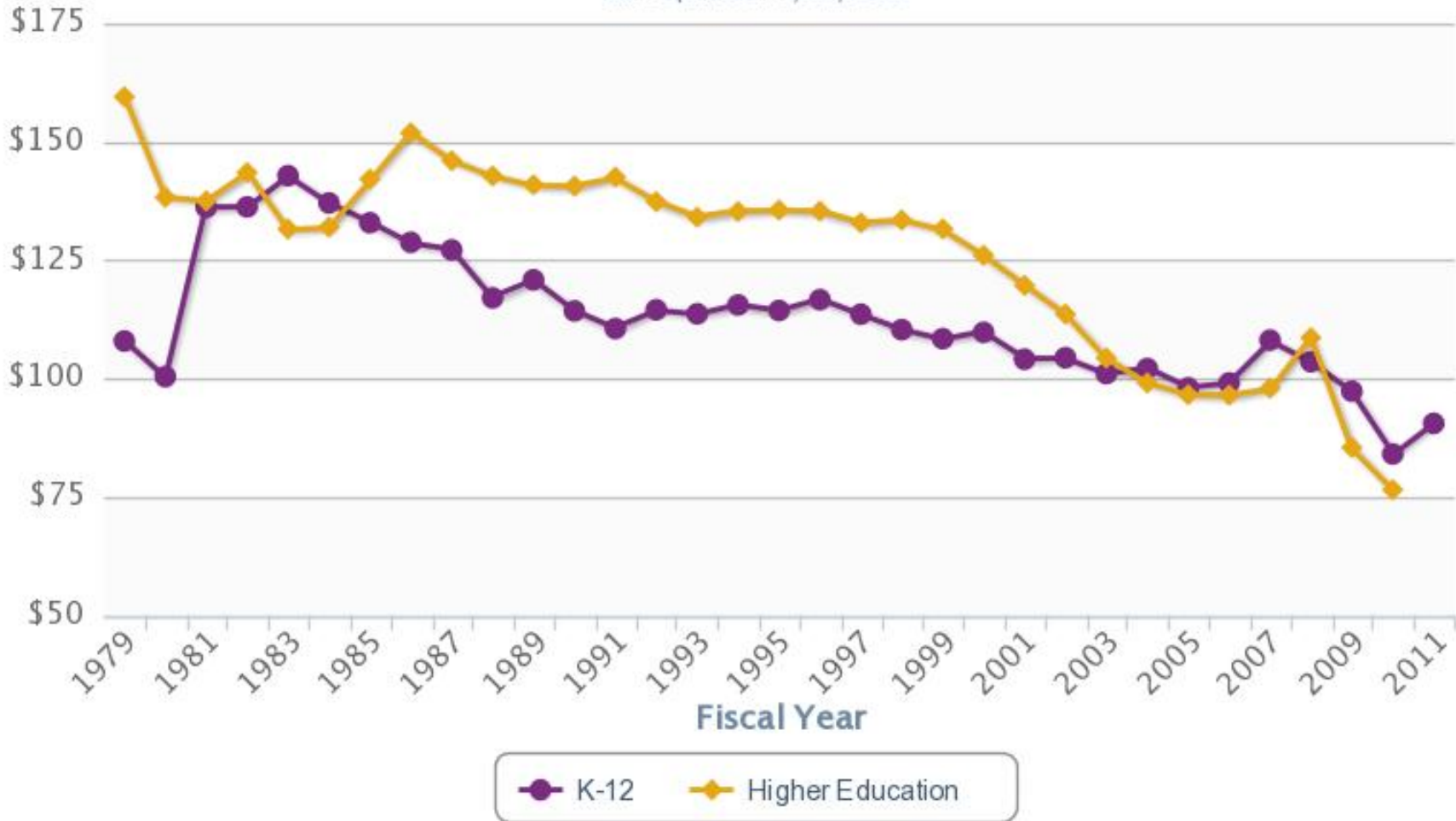
# General Fund Appropriations

- Education funding in Arizona has been on the decline for decades.
- Arizona consistently ranks at the bottom of the 50 states for funding of public education.
- For the 2012-2013 school year, Arizona was one of three states to reduce per-pupil funding to K-12 schools by more than 20 percent.



# Education Appropriations Per Student Per \$1,000 of Per Capita Personal Income, Arizona State Government General Fund

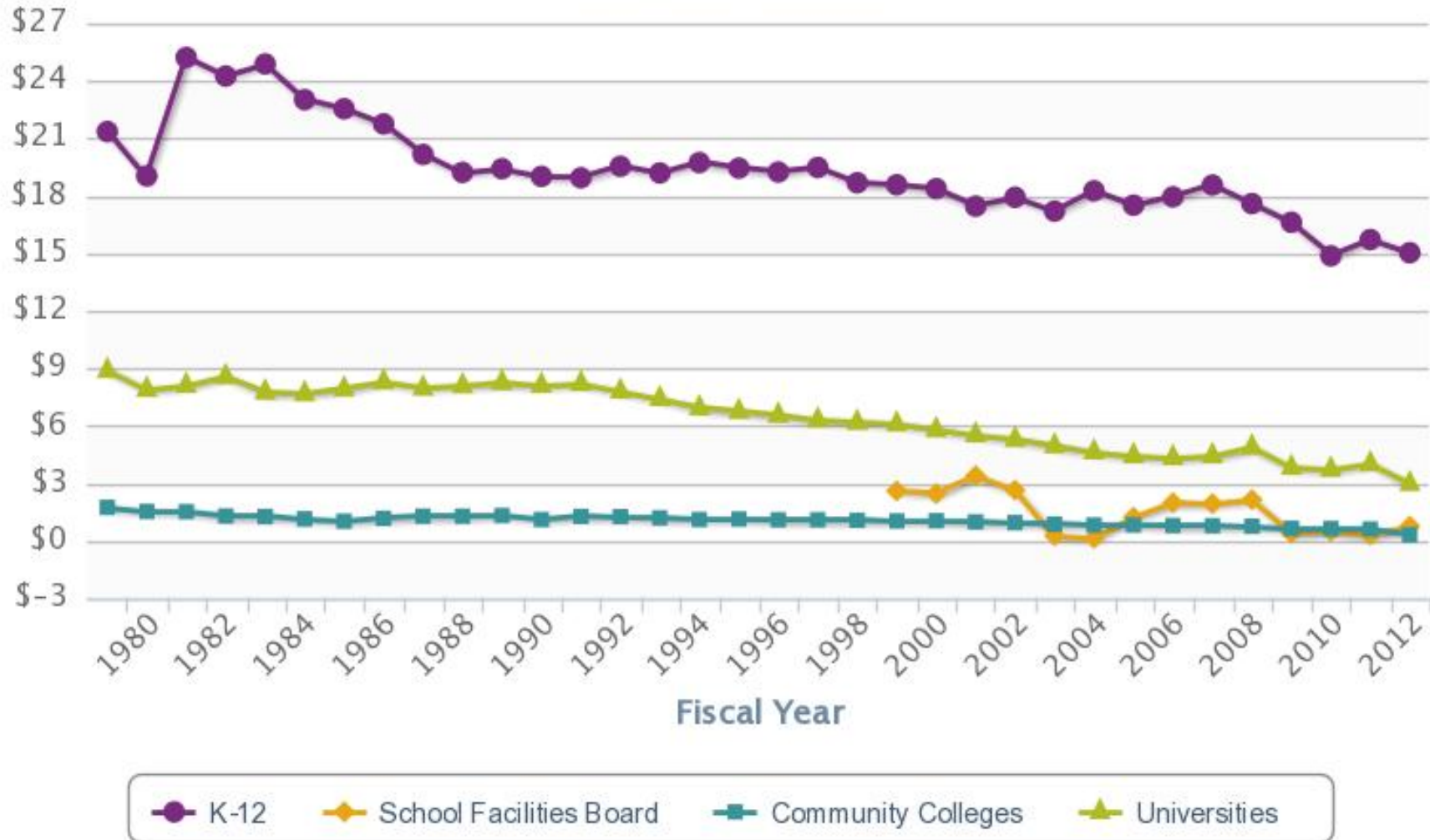
Last Updated: 6/12/2011



Source: Arizona Joint Legislative Budget Committee, U.S. Department of Education, National Center for Education Statistics and the U.S. Department of Commerce, Bureau of Economic Analysis

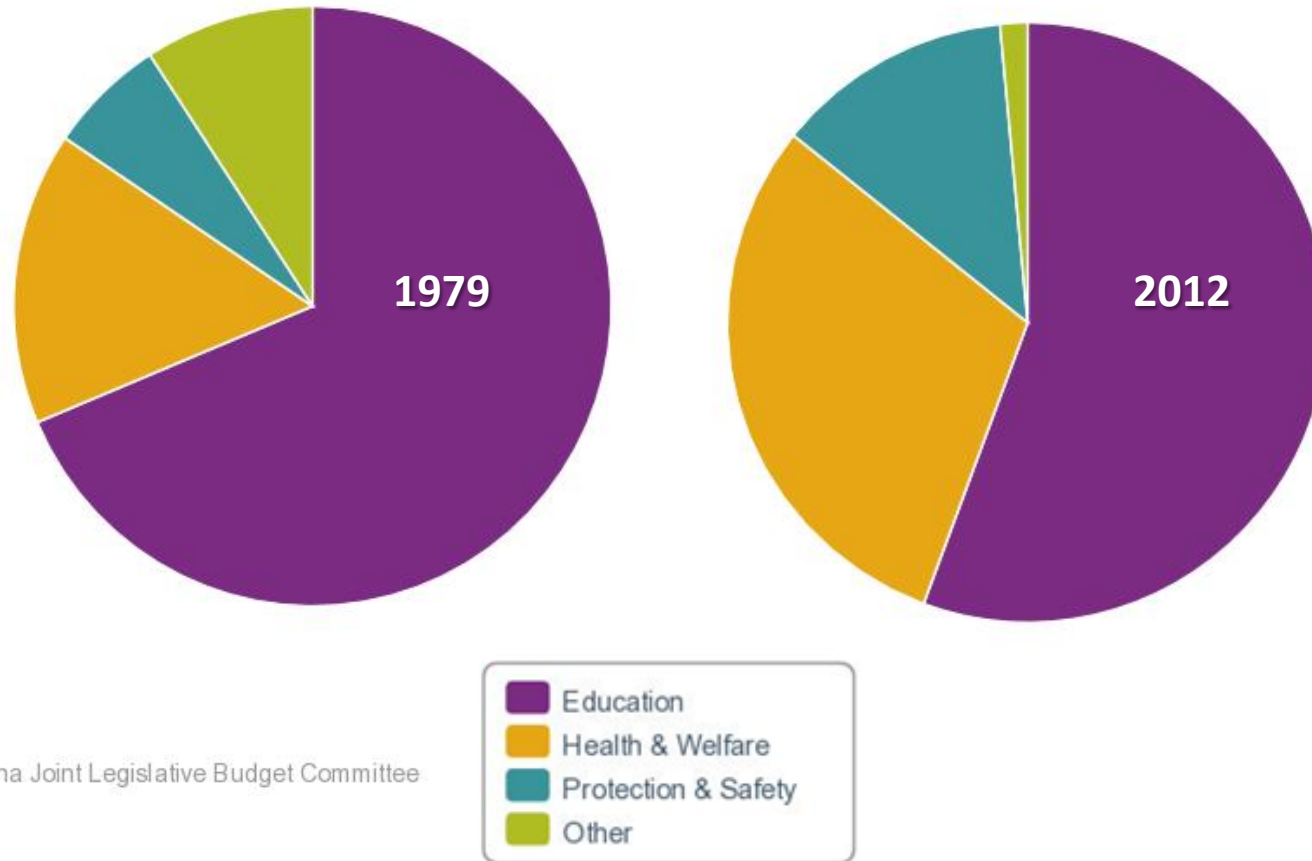
## Education Appropriations by Type Per \$1,000 of Personal Income, Arizona State Government General Fund

Last Updated: 1/3/2013



Source: Arizona Joint Legislative Budget Committee and the U.S. Dept of Commerce, Bureau of Economic Analysis

# Appropriations by Type as a Share of the Total, Arizona State Government General Fund



Source: Arizona Joint Legislative Budget Committee

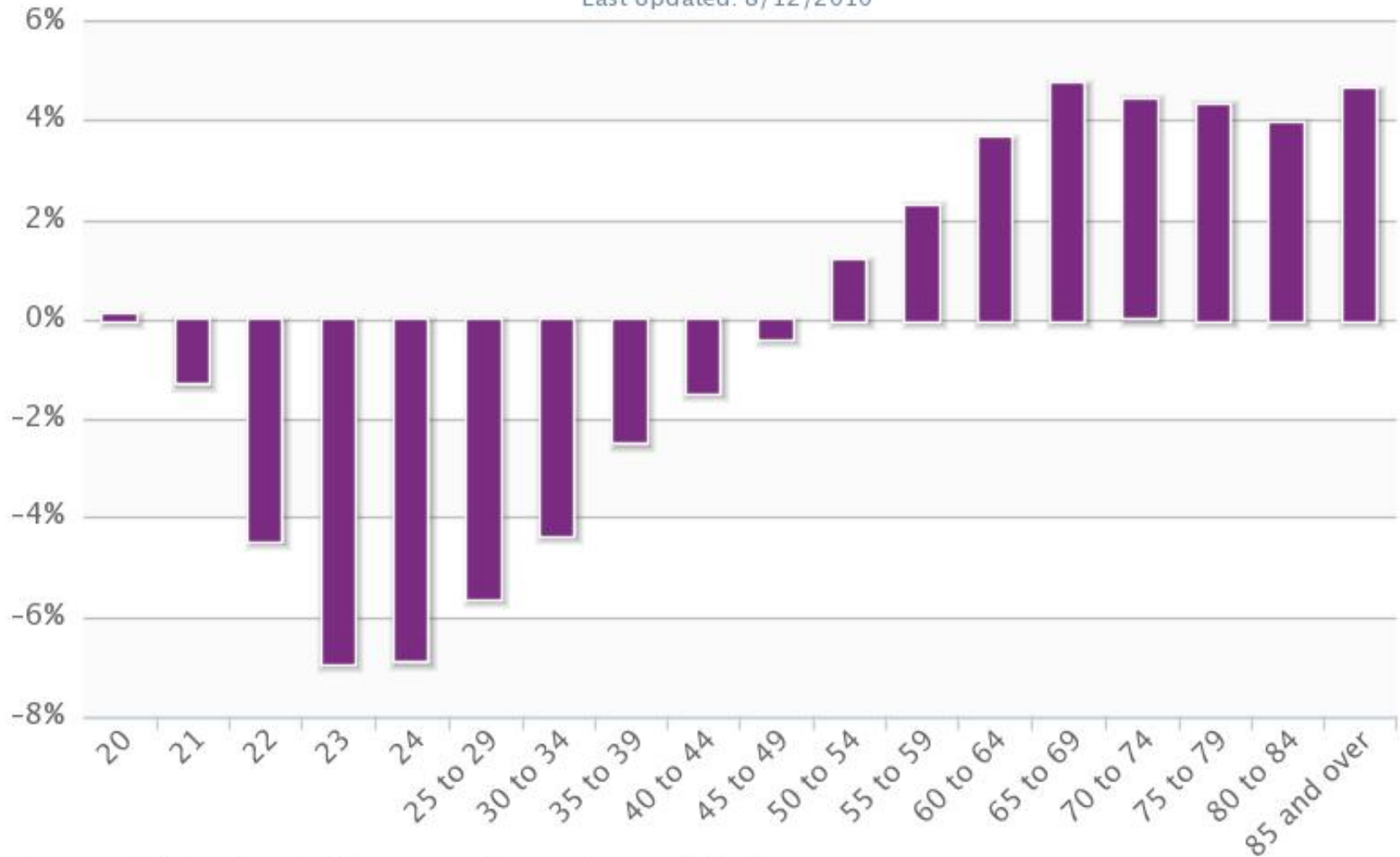
# Under-Educated Workforce

- Too few young people are attaining the education needed for high-paying jobs.
- Arizona's percentage of science and engineering degrees, relative to all degrees granted in Arizona, has declined since 2000.
- Less than one-fifth of all college degrees granted in Arizona are science or engineering degrees (18.6%), the lowest in the nation.



## Percentage Point Difference Between Arizona and the U.S. in the Age Groups Having Earned an Associate's Degree or More

Last Updated: 8/12/2010

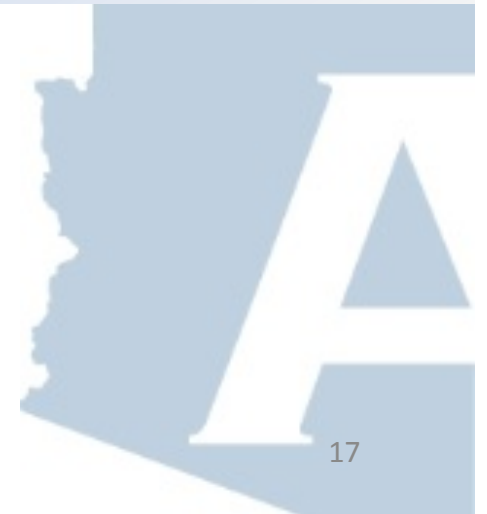


Source: U.S. Department of Commerce, Census Bureau, 2000 Census



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# INCOME INEQUALITY



# Poverty Matters; Income Inequality Matters More

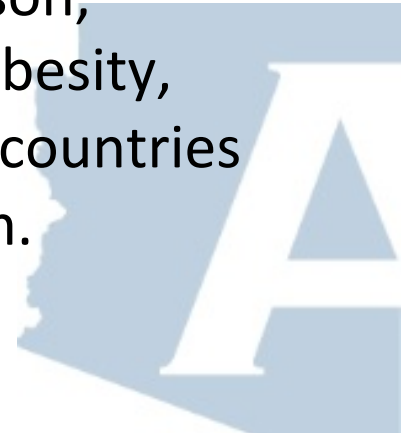
“Countries with greater equality between rich and poor —meaning the smallest gaps between the highest and lowest earners—are happier and healthier across nearly ever relevant social measure, while those with the greater inequality between the richest and the poorest fare worse on all of those same measures.”

***- Richard Wilkinson, author and  
co-founder of The Equality Trust***



# Greater Income Gaps = Greater Social Problems

- In the more equal countries (Japan, Finland, Norway, Sweden), the top 20 percent are about **3.5 to 4 times** as rich as the bottom 20 percent.
- In the United States, the top 20 percent are **8 times** as rich as the bottom 20 percent.
- When looking at measures of social health (life expectancy, children's math and literacy scores, infant mortality rates, homicide rates, proportion of the population in prison, teenage birth rates, levels of trust among people, obesity, mental illness, social mobility)... the more **unequal** countries are doing worse across every type of social problem.





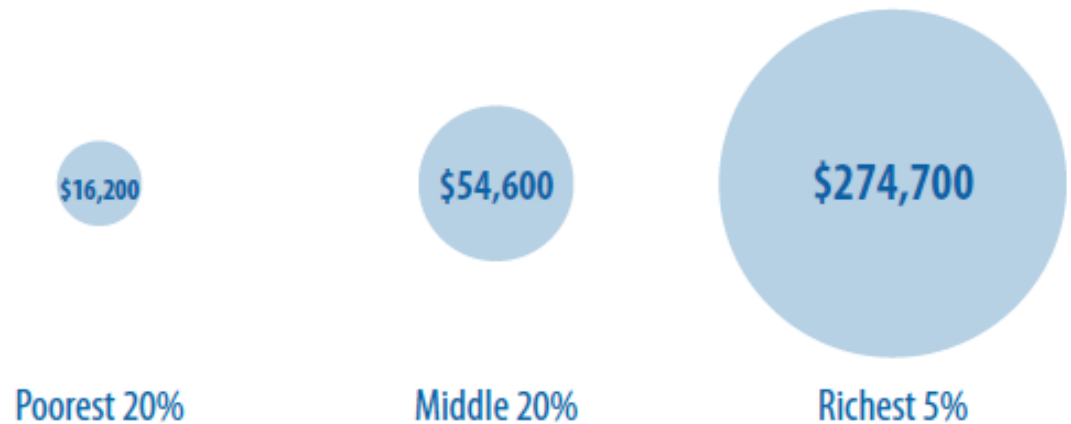
Source: Drawn from “The Spirit Level – Why Equality is Better for Everyone” (Penguin, revised edition 2010) by Professors Richard Wilkinson and Kate Pickett; Produced by members of My Fair London in association with The Equality Trust.

# Income Inequality in AZ

## Incomes of Arizona's Richest Households Dwarf Those of Its Poorest

After decades of widening inequality, Arizona's richest households have dramatically bigger incomes than its poorest households.

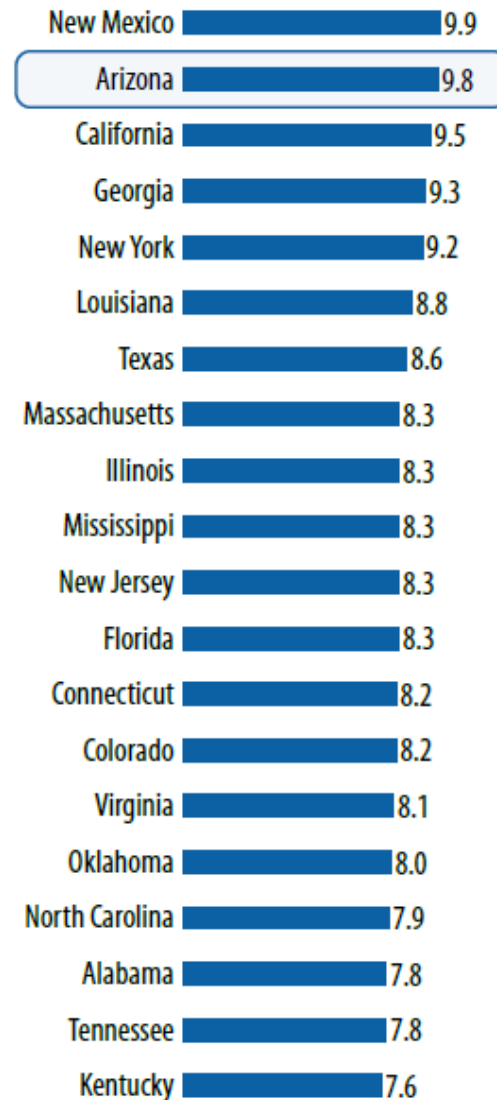
The richest 5 percent of households have average incomes 17.0 times as large as the bottom 20 percent of households and 5.0 times as large as the middle 20 percent of households.



# Arizona: 2<sup>nd</sup> highest income gap in the U.S.

## Arizona Among States with Highest Income Inequality

Ratio of average household income for the richest 20% of households to the poorest 20% of households, 2008-2010

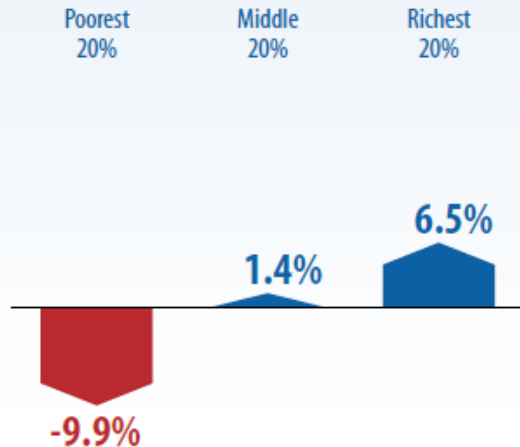


# AZ Inequality: A Growing Problem

## A Lost Decade for Arizona's Low- and Middle-Income Households

**-9.9%**

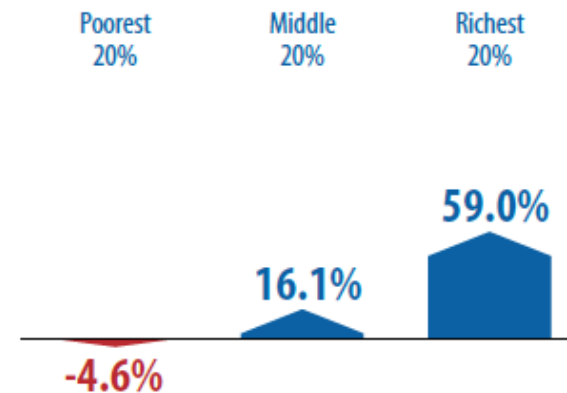
Change in income by household income group, late 1990s to mid-2000s



The average drop in incomes among the bottom 20 percent of households over the last decade.

## Inequality Worsening Since the 1970s

Change in income by household income group, late 1970s to mid-2000s



Looking Forward:

# WHAT IS OUR LEADERSHIP CHALLENGE?

