

ARIZONA'S VULNERABLE POPULATIONS

APRIL 2014



Newcomer to area,
lacks support system
of family or friends

Will find out today he has
been laid off from work

Does not have Internet access
for job search, other connections

Single mother trying
to balance work and
child-rearing

Uninsured, with
\$24,000 in unexpected
medical bills

Low-wage seasonal
job is about to end

Cannot afford to finish college
degree and is already hampered
by student loan debt

Struggling to find
a job to match skills,
training or degree

Has no savings to weather
a temporary emergency –
and considering a payday
loan to make ends meet

104TH ARIZONA TOWN HALL RESEARCH COMMITTEE

Warren Prostrollo, *Chair*

Jay Kittle, *Vice Chair*

Arlan Colton

Kim Demarchi

Darryl Dobras

Susan Goldsmith

Billie Fidlin

Jim Holoway

Tara Jackson, *Ex Officio*

Jonathan Koppell

Rita Maguire

Elizabeth McNamee

Patrick McWhortor

Ray Newton

Pat Norris

Steve Pedigo

Scott Rhodes, *Ex Officio*

Fred Rosenfeld

Chad Sampson

David Snider

Bob Strain

Marissa Theisen

Devan Wastchak

Terri Wogan

Larry Woods

CONTRIBUTING AUTHORS

Antonia Adams-Clement

Mesa Community College

Nina Babich

Senior Fellow

Corporation for a Skilled Workforce

Andrea Banks

Rio Salado College

Eric Bjorklund

Ph.D. Student in Sociology

University of Arizona

Luke Black

Arizona Community Action Association

Luis de la Cruz-Parra

Maricopa Community College District

Dr. Richard Fabes

Founding Director

T. Denny Sanford School of Social and Family Dynamics
College of Liberal Arts and Sciences, Arizona State University

Felicia Ganther

Maricopa Community College District

Joseph Garcia

Morrison Institute for Public Policy

Arizona State University

Dr. Maria Harper-Marinick

Executive Vice Chancellor and Provost

Maricopa Community College District

Kevin Hengehold

Energy Program Director

Arizona Community Action Association

Dr. Lane Kenworthy

Professor of Sociology and Political Science

University of Arizona

Julie Knapp

Scottsdale Community College

Kelly McGowan

Strategic Initiatives Manager

Arizona Community Action Association

Dr. Ray Ostos

Maricopa Community College District

Kathleen Perales

Mesa Community College

Suzanne Pfister

President and Chief Executive Officer

St. Luke's Health Initiatives (SLHI)

Dr. Michael S. Shafer

Professor

School of Social Work

College of Public Programs

Arizona State University

Julia Grace Smith

Ph.D. Student in Sociology

University of Arizona

Ed Strong

Senior Fellow

Corporation for a Skilled Workforce

Cynthia Zwick

Executive Director

Arizona Community Action Association

ARIZONA'S VULNERABLE POPULATIONS

APRIL 2014

PREPARED BY



Dr. Jonathan Koppell
Dean, College of Public Programs

Dr. David B. Daugherty **Joseph Garcia** **Andrea Whitsett**
Morrison Institute for Public Policy

SPONSORS OF THE 104TH ARIZONA TOWN HALL

PREMIER PARTNER



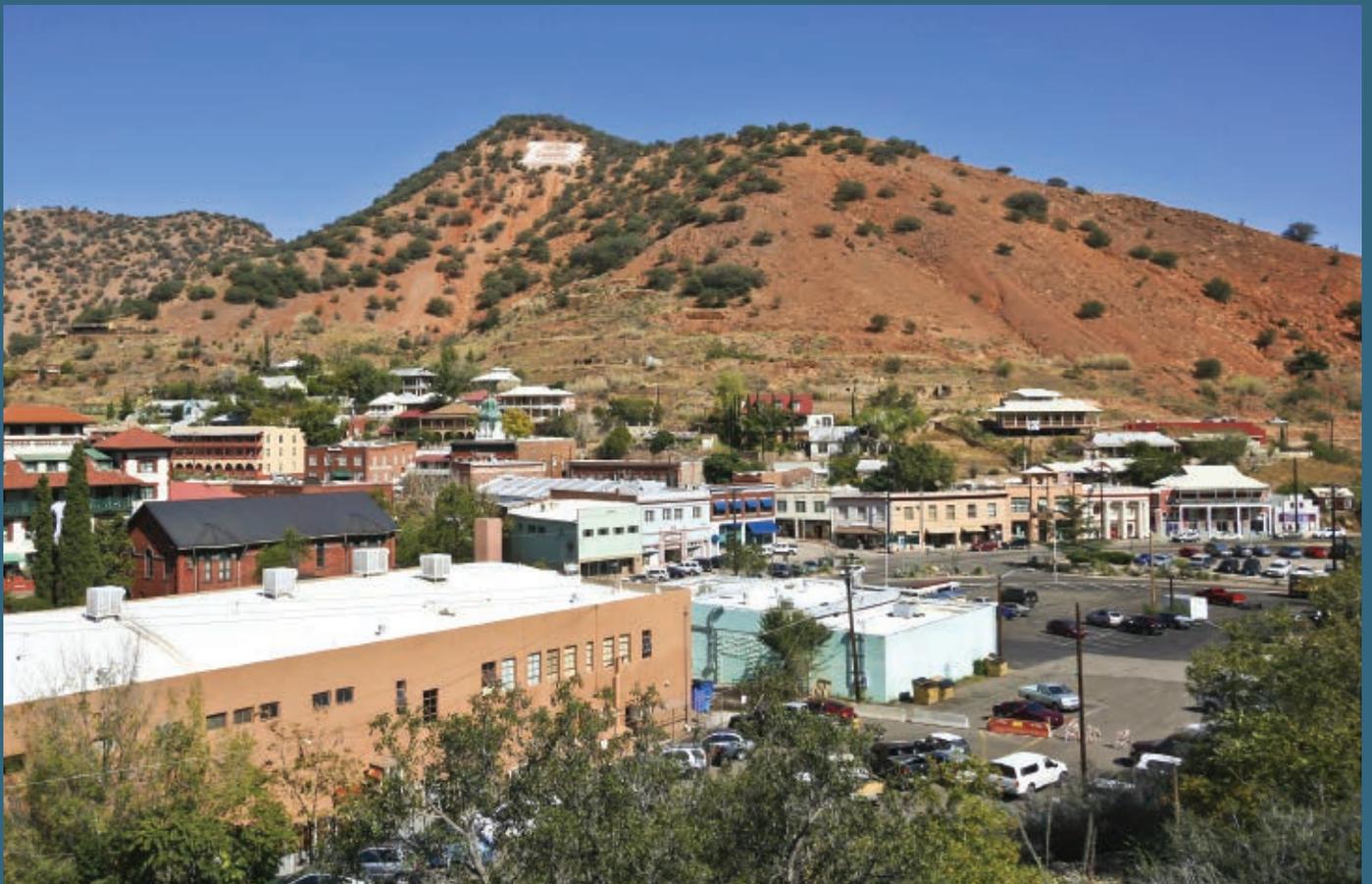
CIVIC LEADER



ONE EAST CAMELBACK RD., SUITE 530, PHOENIX, AZ 85012
602-252-9600 | WWW.AZTOWNHALL.ORG

CONTENTS

Overview	6
Chapter 1: Access to Resources/Finances.	8
Chapter 2: Family Dynamics	20
Chapter 3: Health Care	30
Chapter 4: Education.	38
Chapter 5: Employment	48
Conclusion.	58





We thank you for making the commitment to participate in the 104th Arizona Town Hall to be held in Tucson on April 27-30, 2014. You will be discussing and developing consensus with fellow Arizonans on the topic of Arizona's Vulnerable Populations.

An essential element to the success of these consensus-driven discussions is this background report that is provided to all participants before the Town Hall convenes. Arizona State University has prepared a detailed and informative report that will provide a unique resource for your Town Hall panel sessions.

Special thanks go to the following individuals from ASU's Morrison Institute for Public Policy for spearheading this effort and marshaling many talented professionals to write individual chapters: Joseph Garcia, Director of Latino Public Policy Center and Director of Communication; and Andrea Whitsett, Special Projects Manager, Arizona Indicators.

For sharing their wealth of knowledge and professional talents, our thanks go to the authors who contributed to the report. Our deepest gratitude also goes to Arizona State University President, Michael Crow; and Dean of the College of Public Programs, Jonathan Koppell, who made great efforts to ensure that the university could provide this type of resource to Arizona.

The 104th Town Hall could not occur without the financial assistance of our generous Professional Partners, which (at the time of this printing) include Premier Partner APS, and Civic Leader Snell & Wilmer.

When the 104th Town Hall ends, the background report will be combined with the recommendations from the Town Hall into a final report. This final report will be available to the public on the Town Hall's website and will be widely distributed and promoted throughout Arizona. The Town Hall's report of recommendations and background report will be used as a resource, a discussion guide and an action plan to increase resiliency for Arizona's vulnerable populations.

Sincerely,

J. Scott Rhodes
Board Chair, Arizona Town Hall

DEFINING AND UNDERSTANDING 'ARIZONA'S VULNERABLE POPULATIONS'

Nearly 1.25 million Arizonans live in poverty – or about 19 percent of the population, according to recent Census Bureau data.

They are individuals and families who live in an almost constant state of distress, not knowing where the next meal will come from; juggling financial obligations against meager incomes (the federal poverty line is \$15,510 annually for a family of two, \$23,550 for a family of four); choosing between electricity and prescription medication; struggling to navigate a maze of public programs and bureaucracies intended to serve as a safety net.

They are our poor.

But there is another population – or *populations*, really – not so easily identifiable, rarely studied and seldom a topic of discussion by policy makers or community leaders. They are Arizona's vulnerable populations.

Like the poor, vulnerable populations are struggling on a daily basis but usually do so in silence, undetected by traditional radar and rankings, often unaware themselves of their high risk for being pushed or pulled into full crisis. Ineligible for financial assistance under strict eligibility guidelines, they don't qualify as poor because vulnerable populations are not yet in full crisis.

To be clear, this report is not about the “poor,” at least not in the limited sense of the word.

Arizona's Vulnerable Populations, prepared for the 104th Arizona Town Hall, is about our underemployed wage earners, our single-parent households, our deployed or returning military members, our undereducated and unskilled workforce, our debt-ridden neighbors, our uninsured friends, our family members with no savings for an emergency, much less retirement.

To various degrees these vulnerable populations are at high risk of sliding into outright financial disaster, perhaps due to a sudden loss of job or a reduction in work hours, a blown car engine, a near-paralyzing bout with depression, subprime credit scores or garnished wages for a defaulted student loan.

An estimated 43.5 percent of U.S. households do not have a basic safety net to weather emergencies or prepare for future needs, such as a child's education or homeownership, according to the 2014 Assets & Opportunity Scorecard by the Corporation for Enterprise Development. The numbers are even higher for Arizona with 45.7 percent of all Arizona households – and an alarming 67.4 percent of Arizona households with people of color – at high risk of falling into abject poverty.

The poor have a safety net (with its extensiveness of coverage the usual topic of debate and discussion). But since most of our social services apparatus is modeled after a hospital emergency room and not a family physician, at-risk conditions experienced by vulnerable populations often go undetected and untreated until they reach full crisis, when the prognosis for recovery is at its worst.

BY JONATHAN KOPPELL, PH.D.
 DEAN, COLLEGE OF PUBLIC PROGRAMS
 ARIZONA STATE UNIVERSITY

Also noteworthy is that this report, assembled and managed by Arizona State University’s Morrison Institute for Public Policy, is a departure from the traditional Town Hall publication in that it’s more of a sample summary of various topics to better understand *vulnerability* in a more inclusive way.

Built around five major factors of vulnerability – access to resources, family dynamics, health care, education and employment – this report and complementary website are designed to provide Town Hall participants and eventually other Arizonans with the framework for discussing vulnerable populations.

For some, this will be the first of what we hope will be many such conversations. As a society, we should continue to talk about addressing our poor, of course. But we should also include deliberation about vulnerable populations to find ways to keep more individuals, families and communities from slipping into poverty as the gap between the haves and have-nots widen and the middle class constricts.

We thank the many authors and contributors to this report and accompanying website, which will be offered to the general

public after the Town Hall discusses, deliberates and digests the topic of vulnerable populations and forms its important recommendations and conclusions.

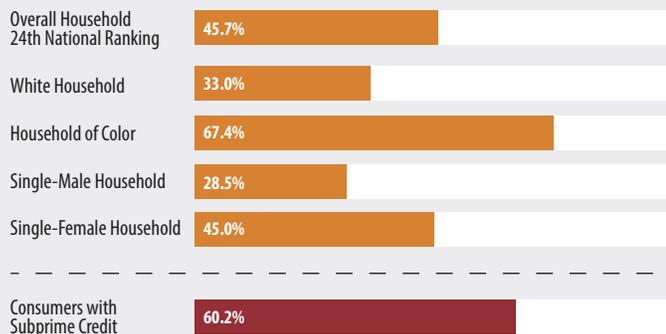
There are a lot of numbers in this report, but it’s important to remember that numbers represent people – each with a story to tell, each with a potential to achieve. Another key understanding is that if we have vulnerable populations, (and we do), then we also have a vulnerable state, and thereby a vulnerable future for Arizona. If the Great Recession has taught us anything, it’s that we are only beginning to truly appreciate just how collectively vulnerable we are, regardless of our individual and present financial standing.

It makes far more sense to address this fragility in a preemptive manner than attempting to pull somebody from the depths of poverty after the shock of some unfortunate episode leaves him or her reeling. This is the challenge before the Town Hall, and we hope this report on Arizona’s vulnerable populations provides the necessary background and framework that will lead to productive discourse and positive outcome.

2014 Liquid Asset Poverty Report Card

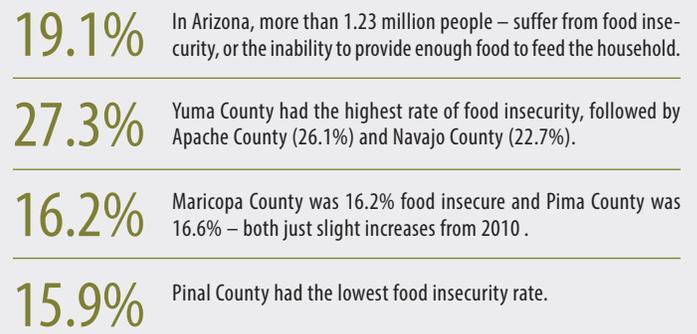
There is poverty (those already in crisis) and liquid asset poverty (those at high risk of falling into abject poverty). Nearly half (43.5 percent) of U.S. households in the United States do not have a basic safety net to weather emergencies or prepare for future needs, such as a child’s college education or homeownership. They are among the nation’s high-risk, vulnerable populations living in Liquid Asset Poverty.

Liquid Asset Poverty for Arizona Households



Source: Assets & Opportunity Scorecard, 2014 CFED – Corporation for Enterprise Development.

Food Insecurity



Source: Association of Arizona Food Banks, 2013.

ACCESS TO RESOURCES / FINANCES

BY ERIC BJORKLUND, JULIA GRACE SMITH,
LANE KENWORTHY AND CYNTHIA ZWICK

INTRODUCTION

INCOME BUT ONE DETERMINING FACTOR FOR VULNERABLE POPULATIONS

Researchers and government agencies have long relied on income in gauging living standards. Income is a resource that allows households to acquire the sorts of things – food, housing, medical care, transportation, etc. – that are needed for a decent standard of living. Yet the focus on income has important drawbacks.

The poor often are defined by federal poverty standards based on individual or family annual income. But vulnerable populations are not as easily defined by income measured over a single year. That's partly because in an given year the incomes of many surveyed households will be atypical due to illness, temporary unemployment, a large bonus, overtime work, or reduced work hours.

Access to resources plays an important role in their ability to overcome an unexpected dip in income. Some lower-income households have assets (savings or an owned home) and/or access to credit, which enhances their ability to consume; others have debt, the financing that often determines their consumption ability.

Access to such services does not always translate well on financial spreadsheets but can have a major impact on an individual's or family's bottom line in terms of quality of life and sustainability.

It is impossible to discuss Arizona's vulnerable populations without also discussing finances and access to monetary resources, as will be done toward the end of this chapter. Income measures, however, seldom take into account the services provided by governments, nonprofits and other organizations.

We also should consider direct indicators of vulnerability, such as whether people have access to medical care, reliable and affordable transportation, the Internet, a full grocery store, banking institutions, a library, parks and other services.

In many instances, lack of access is a result of a spatial mismatch between where resources are located and where individuals live. Arizona has 15 counties, with two of them – Maricopa County (which includes the Phoenix metro area) and Pima County (which includes the Tucson metro area) – containing nearly 90 percent of the state's population. There are mid-sized cities sprinkled throughout Arizona (Flagstaff, Kingman and Prescott for example), but much of the state is rural with limited resources for its area residents.

In order to identify who in Arizona is vulnerable, we need to look at areas and at individuals (or households) within regional and geographical areas. Lack of access to a library, for instance, will tend to matter more for those with limited income who traditionally would rely on libraries for free books, movies, and Internet.



KEY FINDINGS

- Vulnerability goes beyond finances.
- Rural and remote areas lack essential services.
- Transportation is key to accessibility issues.
- Underbanking undermines financial stability.
- Predatory lending practices remain widespread.
- 30 percent of Arizona households are considered 'asset poor'.

RURAL ISOLATION / TRANSPORTATION ISSUES

Isolated Rural Populations and Transportation Limitations

- Eleven percent of Arizona's population (650,000 individuals) is rural, well below the average of all states. Arizona has the 10th lowest rural population density in the nation (6 people per square mile). What's more, our state is geographically complex, containing formidable high country regions and arid deserts. This means we have a rural population highly susceptible to inadequate access to public and community resources. Health care is a prime example.
- Two things exacerbate access difficulties in rural areas. First, because these are areas with little public transportation, lack of access to a car impedes access to other goods and services. Apache and Navajo counties – two heavily rural counties – have above-average shares of occupied housing units without a car (12 percent and 9 percent, respectively).¹ Second, Arizona's rural population includes above-average shares of the elderly, veterans, the very young (below age 5), first-generation immigrants, non-English speakers, the unemployed, the very poor and the disabled. These disadvantaged groups suffer disproportionately from inadequate access because they require elevated levels of resources and because their ability to access resources is limited.

Urban Sprawl and Inadequate Transportation

- The spatial layout of resources within major metropolitan areas in Arizona, particularly Phoenix and Tucson, also puts

Arizonans at risk. Just like in rural areas, spatial dynamics interact with demographic factors, and inadequate transportation to create vulnerability. In modern metro areas there frequently is a mismatch between where low- to medium-wage jobs are and where working-age individuals can afford to live. A similar story can be told for public and community resources. While Maricopa and Pima counties contain the vast majority of banks, credit unions, medical facilities, physicians, supermarkets, parks and libraries, there are spatial inequities in their placement throughout the area.

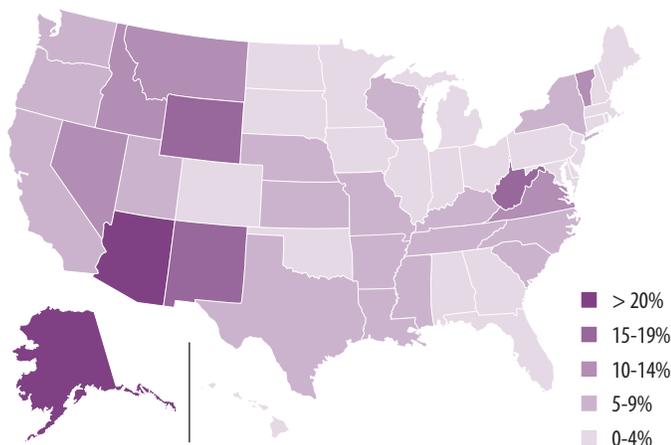
- Access to quality transportation is paramount. A recent Brookings Institution report notes that while the Phoenix area has above-average public transit coverage,² its suburban coverage is sparser, and job accessibility is weak. This intensifies the vulnerability of classically disadvantaged populations, but also of less common, yet growing, populations such as low- to moderate-income suburbanites – especially given the increase in suburban poverty following the Great Recession.³

WHAT ARE THE DEMOGRAPHICS?

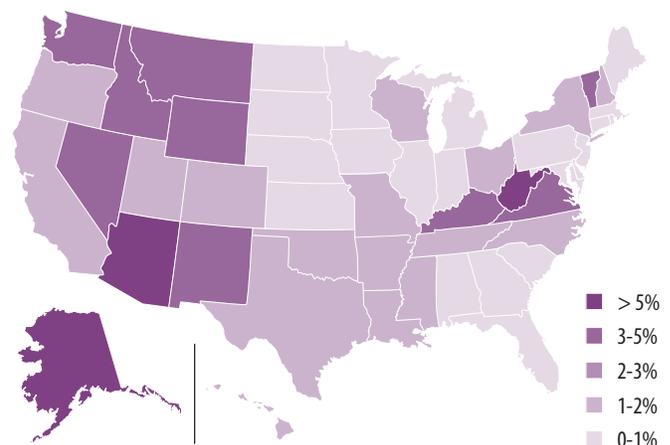
Various populations are susceptible to inadequate access to specific resources.

- Arizona's rural population is prone to inadequate Internet access – in both general availability and quality. Compounding this, many rural areas, such as La Paz and Gila counties, are disproportionately elderly and thus tend to be technologically disadvantaged.

Urban vs. Rural - Difference in Speed Availability (DL > 3mbps, UL > 768 kbps), Percent Population

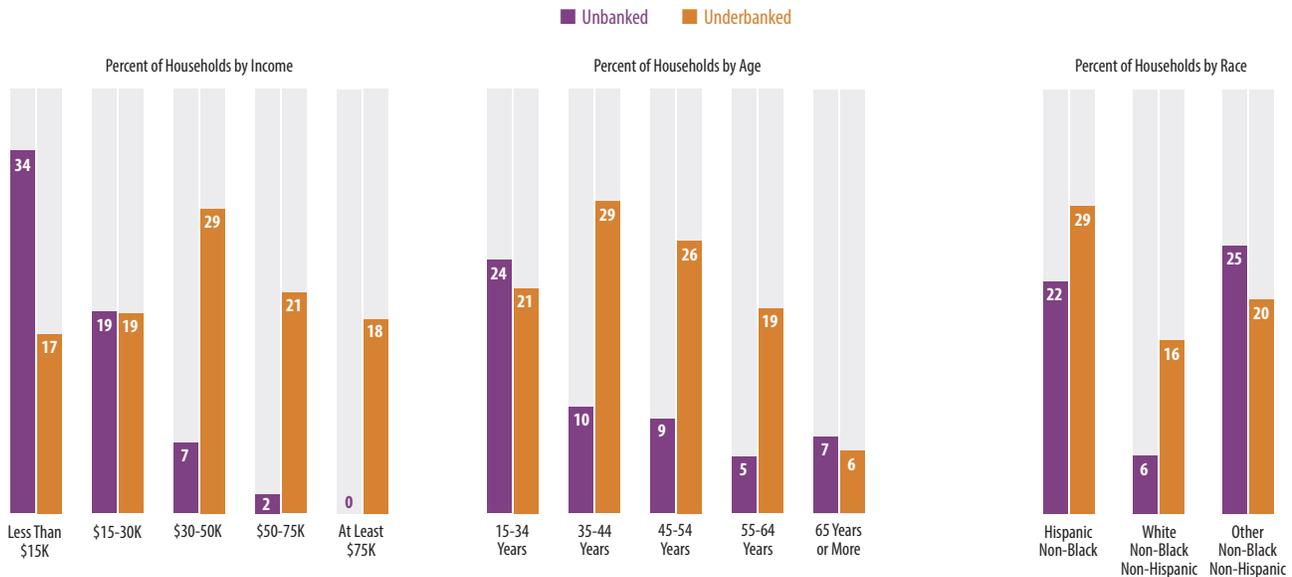


Urban vs. Rural - Difference in Technology Availability (Wireline or Wireless), Percent Population



Source: "Broadband Availability in Urban vs. Rural Areas." 2014. Report for National Broadband Map. NTIA State Broadband Initiative, U.S. Commerce. Washington D.C. <http://www.broadbandmap.gov/download/Broadband%20Availability%20in%20Rural%20vs%20Urban%20Areas.pdf>

Many Lack Access to Traditional Financial Systems



Source: 2011 National Survey of Unbanked and Underbanked. Washington, DC: USA. Federal Deposit Insurance Commission, 2011. Data collected by the U.S. Census Bureau as supplement to 2011 Current Population Survey. Available at: <http://economicinclusion.gov/surveys/place-data.html?where=Arizona&when=2011>

- Underbanking is pronounced among prime-working-age adults (aged 35-54), Hispanics and low- to-median income individuals (\$30,000-\$50,000 per year).⁴
- Rural areas suffer from a lack of medical professionals and facilities – particularly specialty care. This vulnerability is acute among rural Native American and Hispanic populations. And it’s exacerbated by poverty, old age, a large number of young children and disability, all of which are disproportionately prevalent among non-White rural populations.
- In metro areas, including Phoenix, inadequate healthcare access tends to occur in unusually high-need areas as opposed to areas with high population-to-provider ratios. These high-need areas typically are low-income, non-White, foreign-born and/or non-English speaking.⁵ This is why the bulk of primary care health professional shortage areas (HPSA) in Phoenix are defined by their low-income populations.⁶

Those who live in rural areas – as well as non-Whites (particularly Native Americans), the elderly, the foreign-born, the poor and working poor and the disabled – are at higher risk for inadequate access to resources. Many of these demographics overlap and are geographically clustered, thus reinforcing each other. The spatial inequities of libraries, parks, and banks and the diffuse nature of “food deserts” demonstrate this point.



“As more tasks move online, it hollows out the offline options. A lot of employers don’t accept offline job applications. It means if you don’t have the Internet, you could be really isolated.”

John B. Horrigan, a senior research fellow at the Joint Center for Political and Economic Studies

Edward Wyatt, New York Times, <http://www.nytimes.com/2013/08/19/technology/a-push-to-connect-millions-who-live-offline-to-the-internet.html>

WHAT ARE THE EMERGING ISSUES AND TRENDS?

Emerging trends allow us to delve further into the demographic differences between types of resources.

INTERNET QUALITY GAP

- On one level the digital divide has shrunk, in that most people now have access to the Internet. However, digital inequality is far from dead. In fact, a potentially more pernicious gap is emerging. As Larry Ortega argues, “the problem is that large swaths of the population, groups that are predominantly poor and non-White, are largely relying solely on smartphones for Internet access. It’s created a two-tiered system where the rich have access to expensive, high-speed broadband Internet at home and everyone else is relegated to slower connections on mobile devices that seriously limit users’ ability to contribute to the digital conversation.”⁷
- Lack of quality Internet access in the home forces individuals to depend on outside sources, such as schools and libraries. This is problematic because there are clear spatial inequities and because there may be restrictions on access even if one lives near an Internet source.

PRIMARY AND MENTAL HEALTH SHORTAGES AND VETERAN MENTAL HEALTH

- An above-average share of Arizonans (around 30 percent) live in a primary care Health Professional Shortage Area (HPSA) as of 2012. More than 80 percent of Arizonans live in a mental health HPSA, which is the second-highest percentage in the nation. Many HPSAs are located in Arizona’s most disadvantaged counties. Comprehensive measures of medical underservice such as “primary care areas scores” (PCA scores) reinforce this story.⁸ Rural, frontier and American Indian PCAs tend to have the highest scores, meaning greater medical underservice. Perhaps most troubling, frontier PCAs have, on average, only 0.2 hospital beds per 1,000 people, compared to 1.7 beds for rural PCAs and 2.5 beds for urban PCAs.⁹
- Medical shortages and underservice, particularly in the field of mental health, is an emerging concern in Arizona, not just for classically disadvantaged or vulnerable populations, but also for veterans. Veterans are 11 percent of Arizona’s adult population. Compared to the national profile, our veterans are more racially/ethnically diverse and older; 78 percent are 55 years or older, while the national average is just 30 percent.¹⁰ A sizeable portion of veterans lives in rural areas, but the three hospitals and veteran centers in the state are located in three urban centers of the state. This presents obstacles, including doctor care and prescriptions.¹¹
- These realities have created a veteran population highly susceptible to inadequate physical and mental health care. Long-distance travel for care poses a significant barrier for older individuals, limiting their access to care in general but also the specialized care they sometimes need as result of age and veteran status. In addition, it is often tough to get access to routine non-emergency checkups through the Veterans’ Hospital.

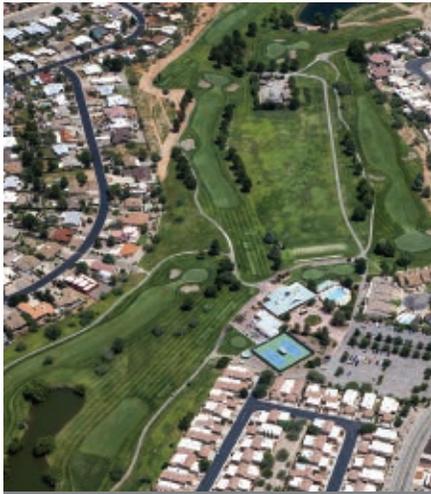
FOOD DESERTS

- Food deserts, and general lack of access to supermarkets, are problems in rural and suburban areas. The bulk of food desert tracts are urban; however, food deserts affect vulnerable populations throughout the entire state, and throughout entire urban regions.

“A 2009 study by the U.S. Department of Agriculture found that 23.5 million people lack access to a supermarket within a mile of their home. A recent multistate study found that low-income census tracts had half as many supermarkets as wealthy tracts... and a nationwide analysis found that there are 418 rural ‘food desert’ counties where all residents live more than 10 miles from a supermarket or supercenter – this is 20 percent of rural countries. (Finally), nationally, low-income zip codes have 30 percent more convenience stores, which tend to lack healthy items, than middle-income zip codes.”

Sarah Treuhaft and Allison Karpyn, “The Grocery Gap: Who Has Access to Health Food and Why it Matters”

http://thefoodtrust.org/uploads/media_items/grocerygap.original.pdf



ARIZONA
COMPLETED
19,831
FORECLOSURES
IN 2013.



30% OF
ARIZONA
HOUSEHOLDS
ARE ASSET
POOR.



60.5% OF
ARIZONA
CONSUMERS
HAVE
SUBPRIME
CREDIT.

- The effect of living in these “deserts” is further compounded by lack of access to a vehicle and/or a weak public transportation system. These realities of food deserts and tenuous transportation encourage vulnerable individuals and families to miss meals, eat out, or utilize convenience stores for foods, each of which may limit options for an affordable healthy diet.

FINANCES

When considering the vulnerability of our communities, the role of finances cannot be ignored. Access to money, banking and lending products and financial management skills or guidance often separates secure families from those who are vulnerable, whether they live in rural or urban areas.

Historically, the financial services industry has not been a neutral social system, with practices such as red lining and predatory and subprime lending for minorities and low-income communities.^{12,13} The Great Recession provided further example of such actions, most evident in the housing/mortgage sector where millions of middle-income borrowers were faced with payments they couldn't afford and imminent foreclosure, many of which later were determined to have been done illegally and without due process.

FINANCES: HOW ARE ARIZONANS AT RISK?

The Great Recession hit Arizonans especially hard. Because Arizona's economy relied heavily on the housing market and the financial services sector that supported it, the bursting of the housing bubble had far-reaching effects.¹⁴ As a result, more Arizona families have had to recover from greater depths of financial crisis. Those in Arizona who were already vulnerable have fallen further behind. Arizona currently ranks 45th among the nation's worst poverty rates, child poverty and assets and savings.¹⁵ The Arizona unemployment rate hovers at 8.3 percent¹⁶ while the national unemployment rate is 6.7 percent.¹⁷ Together these numbers illustrate a highly vulnerable population at imminent risk of sliding into poverty.

Traditionally, most struggling families could turn towards financial systems for assistance by receiving or restructuring loans, reasonable interest rates on lines of credit, and extensions on mortgage payments. Instead, these families find a financial services sector that has dually tightened its lending and service criteria in the wake of the recession and implemented practices that mirror the exploitative nature of predatory lending. This has left families with relatively low assets and low-paying jobs, few viable resources for preventing catastrophic fallout from financial emergencies or financial stress.

As these families find themselves unable to rely on traditional financial systems, they often turn to predatory financial services. Once in the predatory market sector, vulnerable families spend their limited resources on exorbitant interest rates bound to unreasonable fee schedules and payback dates. Rarely do these families return to a point of building savings, paying down loans, and establishing good credit. This cycle impacts everything from access to quality education for their children and good housing to steady jobs that provide a living wage.

In Arizona, communities of color continue to be at a greater risk of vulnerability. The housing market for Black-owned and Latino-owned homes continues to stagnate as

it did before the Great Recession¹⁸ and the wealth gap of White households to Black and Latino households has grown 20 times and 18 times higher, respectively.¹⁹ The erosion of wealth in communities of color creates higher risks for denial of traditional financial services and feeds an increase in dependency on predatory lending practices.

WHAT ARE THE DEMOGRAPHICS?

ASSET POVERTY

As a measure, asset poverty determines a household's ability to utilize its savings and assets to weather an unexpected financial crisis for up to three months. In 2013, 30 percent of Arizona households would have been unable to do this and are therefore considered asset poor. The asset poverty rate for households of color was double that of White households.

SUBPRIME CREDIT

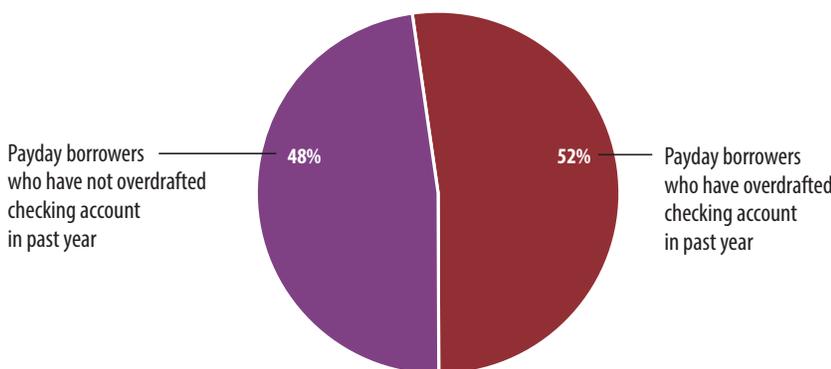
According to the Corporation for Enterprise Development, "credit is an important asset, and good credit opens the door to safe and affordable capital, which helps consumers weather emergencies, build assets and climb the economic ladder. Without good credit, consumers pay higher interest rates than other consumers on everything from credit cards to car loans to mortgages. Credit scores also play a major role in setting home and auto insurance premiums and are increasingly checked as part of applications for jobs and rental housing."

PREDATORY LENDING

In 2012, the FINRA Investor Education Foundation found that 36 percent of Arizonans had utilized non-bank borrowing methods at some point over the last five years. Methods utilized included: auto title loans, short-term payday loans, pawn shops, rent-to-own stores, and tax-refund advances. The rates of use are higher in Arizona than the national average.

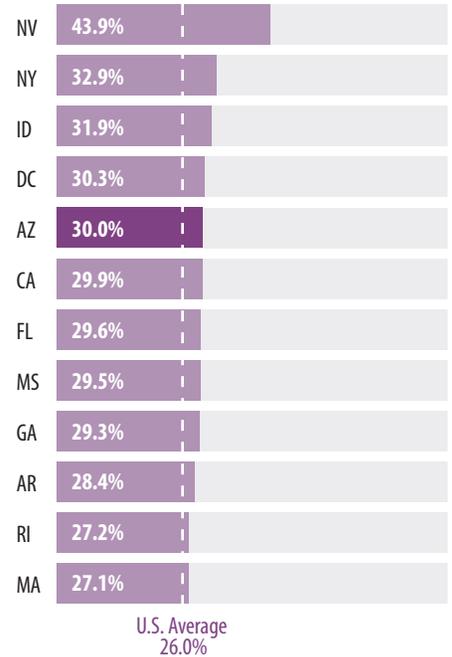
27% OF BORROWERS SAY A WITHDRAWAL BY A PAYDAY LENDER CAUSED AN OVERDRAFT.

Most Payday Loan Borrowers Do Not Eliminate Checking Account Overdrafts



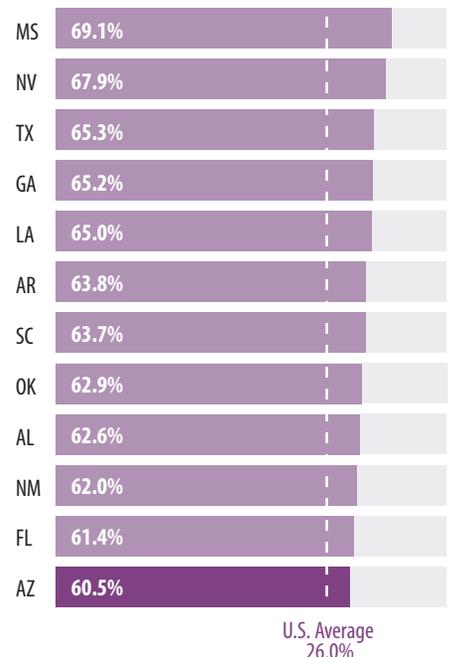
Source: The Pew Charitable Trusts, "How Borrowers Choose and Repay Payday Loans," 2013.

Asset Poverty Rate, Twelve Worst Ranked States



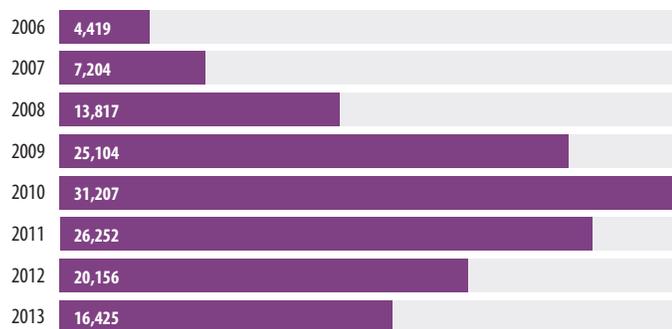
Source: Survey of Income and Program Participation, 2008 Panel, Wave 7. Washington, DC: U.S. Department of Commerce, Census Bureau, 2010. Data calculated by the Bay Area Council Economic Institute.

Consumers with Subprime Credit, Twelve Worst Ranked States



Source: Trend Data. Chicago, IL: TransUnion, 2012.

Bankruptcy Filings in Phoenix Metro Area



Source: U.S. Bankruptcy Court, Phoenix District / azcentral.com

WHAT ARE THE EMERGING ISSUES AND TRENDS?

In more and more states, including Arizona, payday loans are being outlawed. That hasn't prevented predatory lenders from finding new ways to package their services to skirt such laws, including title loan outlets. Predatory loans are big business across the board – including directly and indirectly for mainstream U.S. banks, which in the second quarter of 2013 reported earnings of \$42.2 billion, up 23 percent compared with the same quarter in 2012.²⁰

Until the end of 2013, a growing number of the most widely utilized bank chains in the U.S. had begun offering payday advances to their customers. These loans were marketed differently than the negatively seen and increasingly outlawed payday loans but came with the same exorbitant interest rates and also required access to borrower's checking accounts to ensure full dues were recouped.^{21,22}

The Consumer Financial Protection Bureau recently took a large step in ending this banking practice. However, it is estimated that each year, mainstream banks finance 38 percent of the payday lending that occurs in the United States. In 2009 alone, banks reaped profits upwards of \$70 million from interest paid by the alternative lending industry.^{23,24} This relationship is also expanding to the less-regulated online banking market, where mainstream banks are providing payday lenders access to customer bank accounts for withdrawals. Profit is realized by mainstream banks when the withdrawal results in overdraft charges. Recent estimates suggests that 27 percent of those receiving a payday advance also incurred overdraft fees; equating to a significant percentage of the \$31.5 billion banks realized in such fees in 2012.^{25,26, 27}

ACCESS TO RESOURCES: WHAT SYSTEM BARRIERS NEED TO BE ADDRESSED?

A variety of system barriers affect vulnerability. We focus here on four concerning access to resources:

LOW POPULATION DENSITY

- Many of these resources are provided by private organizations (some publicly subsidized), and cost-efficient provision of these resources hinges on a certain level of population density. In low-density communities, resources will either be relatively scarce or relatively expensive. For these communities, improved access to transportation will tend to improve access to other services and goods as well.

AWARENESS OF SERVICES

- Genuine access to a service requires awareness of that service and how to get it. Marketing matters here. An example comes from Dylan, a 24-year-old musician living in Prescott, who, when asked about transportation, said, "Well, to be honest I've always been able to get where I needed to be either from Chelsea [girlfriend] or somebody else. I did feel pretty restricted to the downtown area, though. Biking is a pretty good option here, but not if you have to pick up a week's worth of groceries or cart guitars and amps around all the time. If it was raining or snowing or too hot, then I was pretty much stuck until I could get a ride." When asked why he didn't mention public transportation, Dylan responded, "Wait, there's public transit in Prescott? I thought it was just the old-person shuttles." The point here is not that Prescott does or doesn't have affordable, reliable public transportation options; it's that public transport, like other services, isn't very helpful if people don't know about it.

ATTITUDES AND CULTURAL ORIENTATIONS

- Limited use of banking within the Hispanic community is partly a function of having less money to save and partly a function of a lack of trust in financial institutions and the government's ability to guarantee deposits as a result of experiences in other countries.²⁸ Further, allegations of discrimination by major financial institutions against Latinos in Arizona, such as the recent allegation of housing discrimination leveled against Bank of America,²⁹ exacerbates this orientation.

LOW INCOME

- Many of the areas with low access to resources are also low-income areas. Subsidized housing tends to be clustered within certain low-income neighborhoods. And housing policies that target higher-income but still at-risk populations, such as the Low Income Housing Tax Credit (LIHTC) program, also tend to be clustered in poor areas as a result of the program

feature that grants additional tax credits to projects constructed in low-income neighborhoods.³⁰ Thus, an unintended consequence of housing policy is the further concentration of poverty. This accentuates the relationship between having low income and having limited access to resources.

FINANCES: WHAT SYSTEM BARRIERS NEED TO BE ADDRESSED?

It's important to reiterate that predatory lending practices target vulnerable populations, which include many middle-class individuals who unexpectedly and suddenly find themselves in a temporary financial fix that – without readily available access to monetary resources to resolve the situation – can quickly escalate into a prolonged or even permanent crisis.

Also of note, rather than addressing short-term emergencies, as they are marketed, payday loans often are used to cover recurring basic expenses and essentials, such as mortgages, utilities, or groceries. These short-term loans can result in triple-digit interest rates, locking borrowers in a cycle of debt.

But predatory lending goes beyond payday loans. The 2007 housing market collapse could not have happened without predatory lending of subprime loans especially targeting underserved and vulnerable populations – including people of color – who once were systemically denied credit.³¹

As the U.S. Department of Treasury notes: “Many of those served by the subprime market are creditworthy borrowers who are simply stuck with subprime loans or subprime lenders because they live in neighborhoods that have too few credit or banking opportunities.”³² Hundreds of thousands of African-American and Hispanic borrowers were steered into subprime or higher-fee loans as a result.^{33,34}

Without systemic change, reform or increased regulation, the financial sector will continue to profit from vulnerable populations. In the traditional sense, loan availability is the principle avenue for families to secure financial stability, acquire goods and education, and, through mortgages, accumulate wealth. Predatory lending, of course, is counter to these positive outcomes.

Addressing this systemic barrier could begin in two directions: First, efforts by all financial services to use predatory practices to extract profit from communities through every available outlet could be curtailed; second, alternate banking and lending systems that are designed to serve vulnerable and at-risk communities and provide financial stability could be adopted.

The alternative is to keep the present model, which puts entire communities and populations at risk for borrowing in a highly precarious system, with the effects of a financial misstep increasingly resultant in a cycle of high-interest rate payments and possible financial crisis or disaster.

ACCESS TO RESOURCES: WHAT ARE POSSIBLE COMMUNITY AND POLICY RESPONSES?

Improving access is a multi-dimensional challenge that requires action at various levels and by various players – local, county, state, public, private, profit, non-profit.

TRANSPORTATION

- A key constraint on movement in Phoenix is immense urban sprawl. In concert with the grid-like shape of public transit, sprawl makes movement through the urban space difficult. This is problematic in a space such as Phoenix, with its disjointed layout where many individuals might have to move from, say, Chandler to Peoria. Expansion of the light rail system, specifically to the south and west of Phoenix, and an analysis of public transit routes to better ensure they fully connect the urban space might facilitate movement through the urban area, and allow disadvantaged populations better access to resources.
- Currently, public transit services, such as Valley Metro in the Phoenix area and Sun Tran in Tucson, only offer reduced fares to those who are 18 years or younger, are older than 65, have very low income, or are disabled.³⁵ One idea is to extend this option to young employed adults and/or families, thereby reducing the cost of access and thus facilitating movement within the metro area.
- Ride sharing can be another way to help overcome inadequate access to transportation. Currently there are local online services, including sharetheride.com, which are sponsored by Valley Metro, the Arizona Department of Transportation and Arizona Department of Environmental Quality. These sites match commuters based on proximity. Individuals can choose numerous travel options, such as carpooling, vanpooling, or public transit. In metro zones like Phoenix and Tucson, which have been designed and developed around car traffic, this could greatly reduce the price and time for transportation. It might be useful to extend this service into isolated rural areas in order to help alleviate geographic barriers to adequate transportation.

FOOD

- An increased number of food banks, and increased funding for food banks, are ways to approach the problem of food deserts. In many areas affected by food deserts, including lower-income suburban neighborhoods, there are typically few food banks or sources for food other than supermarkets.



“Health care is not a zero-sum game where there’s a limited amount of care to be given. If there’s more care needed than we can deliver in the world, we have to decide who else can provide quality care.”

Polly Bednash, the head of the American Association of Colleges of Nursing

Michael Ollove, Pew Charitable Trusts
<http://www.pewstates.org/projects/stateline/headlines/are-there-enough-doctors-for-the-newly-insured-85899528912>

- Farmer’s markets are another possibility, yet often not economically feasible. Beyond bridging the food access gap, farmer’s markets can have the potential to bring local and/or fresher foods into vulnerable communities that often depend on convenience stores and fast food for nutrition. However, other than roadside stands, food items at farmer’s markets often are more expensive than mass-distributed fruits and vegetables found in supermarkets.

HEALTH CARE

- Technology can help. Healthcare professionals can potentially serve more patients via Skype or other telemedicine technologies. Patients can be fitted with devices that help them remember when to take medications, or that help monitor their general condition. These measures might be especially beneficial for elderly populations, young families, and, if coupled with ample language support, for non-English speaking populations.
- “Medical homes” and “accountable care organizations” are possible ways to address primary care shortages, in particular for young children, the elderly, and the chronically ill. Medical homes are designed under the model of a multi-layered partnership between patients, families, and practitioners. A team of practitioners cares for the patient, coordinating their efforts across the broader healthcare system and trying to maximize access. Similarly, an accountable care organization (ACO) “is a network of doctors and hospitals that shares responsibility for providing coordinated care to patients in hopes of limiting unnecessary spending. At the heart of each patient’s care is a primary care physician.” Built into Medicare, this program effectively tries to incentivize practitioners to give better care.
- Finally, the state could allow pharmacists, nurse practitioners, dental aides, and physician assistants to perform tasks typically carried out by doctors and dentists. This could increase the number of health professionals available to communities and thereby increase access to comprehensive medical coverage. Several states, such as Minnesota, have done this for dentistry.³⁶

FINANCES: WHAT ARE POSSIBLE COMMUNITY AND POLICY RESPONSES?

CREATION OF A STATE BANK

The creation of a state bank could help vulnerable populations have greater access to financial resources without having to turn to predatory lenders, and in the process help them build or rebuild their financial portfolios for a sustainable future. Another positive outcome would be stabilizing Arizona’s overall economy, with the state bank prioritizing the state’s long-term well-being over a private bank’s mandate for short-term profits.³⁷ North Dakota has created a state bank³⁸ and many other states are considering the prospect.³⁹ State banks result in more banks per citizen⁴⁰ and offer consumer credit at lower rates^{41,42} to more people than private banks, while being able to respond to community needs,^{43,44,45} sometimes in extreme situations,^{46,47} and return a sizable profit to the home state.^{48,49} In 2012, a bill was introduced in the Arizona legislature to create such a bank⁵⁰ but failed. Meanwhile, several states have undertaken studies to determine the feasibility of a bank for their state.^{51,52,53}

USE OF CREDIT REPORTS

Arizonans have weathered great financial storms in past years, yet many are still reeling from the Great Recession. To get through those tough times, many people overextended their credit, while others were laid off or lost work due to the tough

economic climate. Now that they are attempting to improve their financial lot in life, their past has become a significant and unnecessary impediment. So often, the tumble from economic security to financial precarity can be the result of being laid off or losing a job, exorbitant medical bills, divorce, or other unexpected hardships.

Rarely does a poor credit score indicate that a person will perform poorly at a job; not even the companies providing credit checks make such a claim.^{54,55,56} And yet, people looking for work with poor credit are often rejected because of the information in their credit report.^{57,58,59} Additionally, credit reports are often inaccurate, with one in five containing incorrect information.⁶⁰ Ironically, people with low credit scores are often those in most need of employment; rather than being able to earn income and address the issues in their credit history, this practice traps vulnerable populations in a cycle of borrowing and increased debt. Moreover, demographic research suggests that incorporating credit scores into employment decisions would result in racially biased practices, since many Latinos, Blacks and Native Americans are considered at high risk, perpetuating systems of racism, oppression, and segregation that created such financial instability in those communities.^{61,62}

Also noteworthy, victims of domestic abuse often have their credit ruined by their abuser,^{63,64} and people with disabilities have often overextended their finances to cover costly medical procedures.

WHAT CAN WE LEARN FROM NEW RESEARCH AND BEST PRACTICES?

TELECOMMUNICATION TO OVERCOME HEALTH SHORTAGES FOR VETERANS

- “A study by the Department of Health and Human Services estimates that half of the adults living in rural areas suffer from a chronic health condition. Some rural veterans may experience additional health complications associated with combat expo-

sure, such as posttraumatic stress disorder, depression, or traumatic brain injury. The VA is working hard to help make sure rural veterans can access the same high quality care as their urban counterparts. Dr. Skupien notes that (the Department of Health and Human Services) ‘spent about 95 million dollars in the last two years improving access to care with the use of telehealth services, such as telerehabilitation services, primary care telehealth services, telemental health, teledermatology, and the Tele-MOVE weight loss support program. We have over 300 projects throughout the United States.’ Providing access to health care for rural veterans is an ongoing priority with VA. There are currently more than 800 VA community-based outpatient clinics (CBOCs). Almost half of these clinics are located in rural areas.” To what degree can this be applied to other vulnerable populations?

<http://www.va.gov/health/NewsFeatures/20120816a.asp>

BOOSTING INTERNET ACCESS AND LITERACY

- “Some programs, like the federally financed Smart Communities, have shown promising results. Smart Communities, a \$7 million effort in Chicago that was part of the administration’s \$7 billion investment, provided basic Internet training in English and Spanish for individuals and small businesses. Between 2008 and 2011, the Smart Communities participants registered a statistically significant 15 percentage-point increase in Internet use compared with that in other Chicago community areas.
- “The Federal Communications Commission and some Internet providers have started programs to make Internet service more affordable for low-income households. Comcast’s two-year-old Internet Essentials program, which offers broadband service for \$10 a month to low-income families, has signed up 220,000 households out of 2.6 million eligible homes in Comcast service areas.”

http://www.nytimes.com/2013/08/19/technology/a-push-to-connect-millions-who-live-offline-to-the-internet.html?pagewanted=2&_r=0

KEY REPORTS AND WEBSITES

FDIC economic inclusion project – <http://economicinclusion.gov/>

“Missed Opportunities,” The Brookings Institution, Metropolitan Policy Program report

http://www.brookings.edu/~media/research/files/reports/2011/5/12%20jobs%20and%20transit/0512_jobs_transit.pdf

The Food Empowerment Project – <http://www.foodispower.org/food-deserts/>

The Food Trust. “The Grocery Gap: Who Has Access to Healthy Food and why it Matters”

http://thefoodtrust.org/uploads/media_items/grocerygap.original.pdf

The National Broadband Map – <http://www.broadbandmap.gov/>

PEW Charitable Trusts, Stateline Project – <http://www.pewstates.org/projects/stateline>

ABOUT THE AUTHORS

Eric Bjorklund and **Julia Grace Smith** are Ph.D. students in sociology at the University of Arizona. **Lane Kenworthy** is professor of sociology and political science at the University of Arizona.

Luke Black serves as equal voices facilitator at the Arizona Community Action Association (www.azcaa.org). He holds an MA in Transformational Leadership and is currently pursuing an MS in Justice Studies. **Kevin Hengehold** serves as ACAA's Energy Program Director and holds a Professional Science Master in Solar Energy Engineering and Commercialization. **Kelly McGowan** serves as ACAA's Strategic Initiatives Manager and holds a Master's in Social Work.

Cynthia Zwick serves as Executive Director of Arizona Community Action Association.

ENDNOTES

- 1 These differentials are statistically significant at the 0.05 level. Source: 2012 American Community Survey, five-year estimates. U.S. Census.
- 2 Defined as the share of working-age residents near a transit stop. Source: <http://www.brookings.edu/~media/Series/jobs%20and%20transit/PhoenixAZ.PDF>
- 3 <http://confrontingsuburbanpoverty.org/wp-content/uploads/metro-profiles/Phoenix-AZ.pdf>
- 4 "Underbanked households are defined as households that have a checking and/or a savings account yet have used non-bank money orders, non-bank check-cashing services, non-bank remittances, payday loans, rent-to-own services, pawn shops, or refund anticipation loans (RALs) in the past 12 months." This is a form of inadequate financial access because although these households have bank accounts, they are still using alternative financial services, such as payday lenders, likely due to a combination of economic insecurity and a lack of consistent access to traditional banks in the community. Source: http://www.fdic.gov/householdsurvey/2012_unbankedreport_execsumm.pdf
- 5 To be sure, these same populations are at great risk in rural settings; however, these are the populations that tend to most define lack of access in the Phoenix metro area.
- 6 "A Health Professional Shortage Area (HPSA) is a geographic area or population group with too few healthcare providers to serve people's medical needs. Under federal guidelines, there should be no more than 3,500 people for every one primary care provider; no more than 5,000 people for every one dental provider; and no more than 30,000 people for every one mental healthcare provider. The graphs below show the percentage of the population in each state that lives in an HPSA." <http://www.pewstates.org/projects/stateline/headlines/are-there-enough-doctors-for-the-newly-insured-85899528912>
- 7 http://www.salon.com/2013/11/23/internet_access_wont_fix_inequality_partner/
- 8 A primary care area is "a geographic area in which most residents seek primary health services from the same place(s). The PCA is meant to depict the 'primary care service seeking patterns' of the residents" Source: <http://www.azdhs.gov/hsd/data/profiles/documents/datadocu.pdf>
- 9 <http://www.azdhs.gov/hsd/data/documents/reports/frontier.pdf>
- 10 http://factfinder2.census.gov/faces/tableservices/jsf/pages/productview.xhtml?pid=ACS_12_1YR_S2101&prodType=table
- 11 <http://www.va.gov/health/NewsFeatures/20120816a.asp>
- 12 Woods III, L.L. (2012). The Federal Home Loan Bank board, redlining, and the national proliferation of racial lending discrimination, 1921-1950. *Journal of Urban History*, 38 (6), 1036-1059.
- 13 Glasberg, D.S., & Casey, C. (2010). Whiteness as property: Predatory lending and the reproduction of racialized inequality. *Critical Sociology*, 37 (27), 27-45.
- 14 Tulumello, K. (2011). Arizona's middle class in crisis: Many are barely hanging on. *azcentral.com*. Retrieved from http://www.azcentral.com/business/articles/2011/01/23/20110123-arizona-middle-class-decline-economy-essay.html?nclick_check=1
- 15 Arizona. (2013). *Half in Ten*. Retrieved from <http://halfinteneducation.org/indicators/?y=2013&state=AZ>
- 16 Arizona. (2013). *Half in Ten*. Retrieved from <http://halfinteneducation.org/indicators/?y=2013&state=AZ>
- 17 Bureau of Labor Statistics. (2014). Employment situation summary. *United States Department of Labor*. Retrieved from <http://www.bls.gov/news.release/empstat.nr0.htm>
- 18 Carr, J.H., Anacker, K.B., & Hernandez, I. (2013). State of housing in black America: Official report. *National Association of Real Estate Brokers*. Retrieved from <http://nlihc.org/article/report-shows-african-americans-lost-half-their-wealth-due-housing-crisis-and-unemployment>
- 19 Rooney, B. (2011). Recession worsens racial wealth gap. *CNNMoney*. Retrieved from http://money.cnn.com/2011/07/26/news/economy/wealth_gap_white_black_hispanic/
- 20 Reuters. (2013). U.S. bank industry profits hit record \$42.2 billion in second quarter. *Reuters*. Retrieved from <http://www.reuters.com/article/2013/08/29/us-financial-regulation-earnings-idUSBRE97S00520130829>
- 21 Sa, R. B. (2013). Banks come under fire for filling in the payday loan gap. *National Public Radio*. Retrieved from <http://www.npr.org/2013/12/05/247182721/banks-fill-in-the-payday-loan-gap>
- 22 Feldman, R.E. (2013) Guidance on deposit advance products. *Consumer Federation of America*. Retrieved from <http://www.consumerfed.org/pdfs/CFA-FDIC-OCC-Proposed-Guidance-Comment.pdf>
- 23 Bianchi, N. (2012). American profiteers: How the mainstream banks finance the payday lending industry. *National People's Action*. Retrieved from http://npa-us.org/files/Payday_Lender_Financing_Facts_FINAL_4-26-10.pdf
- 24 Connor, K. & Skomarovsky, M. (2011). The predator's creditors: How the biggest banks are bankrolling the payday loan industry. *National People's Action*. Retrieved from <http://public-accountability.org/wp-content/uploads/2011/09/payday-final-091410.pdf>
- 25 Silver-Greensberg, J. & Protess, B. (2013). New York tells online lenders to abide by state's interest rate cap. *The New York Times Online*. Retrieved from <http://dealbook.nytimes.com/2013/08/05/>
- 26 Silver-Greensberg, J. (2013). Major banks aid in payday loans banned by states. *New York Times Online*. Retrieved from <http://www.nytimes.com/2013/02/24/business/major-banks-aid-in-payday-loans-banned-by-states.html>
- 27 Harris, K.K. (2013). Big banks engaging in payday lending. *The Shriver Brief*. Retrieved from <http://www.theshriverbrief.org/2013/04/articles/asset-opportunity/big-banks-engaging-in-payday-lending/>
- 28 Newcomb, Alyssa. November 17, 2010. Often wary of banks, Latinos face cultural, structural barriers to saving. *Cronkite News*. <http://cronkitenewsonline.com/2010/11/latinos-face-cultural-structural-barriers-in-building-wealth/>

- 29 Bregel, Emily. September 26, 2013. Housing discrimination alleged in Tucson foreclosures. *Arizona Daily Star*. http://azstarnet.com/news/business/realestate/housing-discrimination-alleged-in-tucson-foreclosures/article_2653735b-d59b-5297-bacd-cf445d794a87.html
- 30 Dawkins, Casey J. February 2011. Exploring the Spatial Distribution of Low Income Housing Tax Credit Properties. Prepared for U.S. Department of Housing and Urban Development. Office of Policy Development and Research.
- 31 Rugh, J.S. & Massey, D. S. (2010). Racial segregation and the American foreclosure crisis. *American Sociological Review*, 75 (5), 629-651.
- 32 Fishbein, A. & Bunce, H. (Accessed 2014). Subprime market growth and predatory lending. *U.S. Department of Housing and Urban Development*. Retrieved from <http://www.huduser.org/Publications/pdf/brd/13Fishbein.pdf>
- 33 The United States Department of Justice. (Accessed 2014). Justice Department reaches \$335 million settlement to resolve allegations of lending discrimination by Countrywide Financial Corporation. *The United States Attorney's Office: Central District of California*. Retrieved from <http://www.justice.gov/usao/cac/countrywide.html>
- 34 Department of Justice: Office of Public Affairs. (2012). Justice Department reaches settlement with Wells Fargo resulting in more than \$175 million in relief for homeowners to resolve fair lending claims. *The United States Department of Justice*. Retrieved from <http://www.justice.gov/opa/pr/2012/July/12-dag-869.html>
- 35 http://www.valleymetro.org/paying_your_fare/reduced_fare_program;
http://www.suntran.com/fares_reduced.php
- 36 <http://www.pewstates.org/projects/stateline/headlines/are-there-enough-doctors-for-the-newly-insured-85899528912>
- 37 Canova, T. A. (2011). The Public Option: The Case for Parallel Public Banking Institutions. *Next Social Contract Initiative*. Retrieved from <http://growth.newamerica.net/sites/newamerica.net/files/policydocs/Canova - Public Option revised 5 July.pdf>
- 38 The Bank of North Dakota. (Accessed 2014). *The Bank of North Dakota*. Retrieved from http://banknd.nd.gov/about_BND/prairie_public_history_of_BND/index.html
- 39 State activity, resource and contact info. (2012). *Public Banking Institute*. Retrieved from <http://publicbankinginstitute.org/home.htm>
- 40 Mitchell, S. (2011). Impact of the Bank of North Dakota (graphs). Institute for Local Self-Reliance. Retrieved from <http://www.ilsr.org/charts-bank-north-dakota/>
- 41 Bank of North Dakota is providing lower interest rates. (2012). WDAY. Retrieved from <http://www.wday.com/event/article/id/72510/>
- 42 Carlson, T. (2004). Lower interest rates to benefit student loan borrowers (Press release). Bank of North Dakota. Retrieved from https://ssl.banknd.nd.gov/about_BND/press_releases/pdfs/lower_rates061404.pdf
- 43 Pace program-(partnership in assisting community expansion). (2009). BND Lending Services. Retrieved from http://banknd.nd.gov/lending_services/business_financing_programs/PACE_program.html
- 44 Brown 45. Brown, E. (2011). North Dakota's economic "miracle" – it's not oil. *Yes! Magazine*. Retrieved from <http://www.yesmagazine.org/new-economy/the-north-dakota-miracle-not-all-about-oil>
- 45 Bank of North Dakota. (2011). Institute for Local Self-Reliance. Retrieved from <http://www.ilsr.org/rule/bank-of-north-dakota-2/>
- 46 Weather related disaster relief loans from Bank of North Dakota. (2011). BND Exchange. Retrieved from http://banknd.nd.gov/about_BND/pdfs/BNDx11web-9-1.pdf
- 47 Harkinson, J. (2009). How the nation's only state-owned bank became the envy of Wall Street. *Mother Jones*. Retrieved from <http://www.motherjones.com/mojo/2009/03/how-nation-s-only-state-owned-bank-became-envy-wall-street>
- 48 Lemov, P. (2012). The case for a state-owned bank. *Governing: The States and Localities*. Retrieved from <http://www.governing.com/columns/public-finance/col-case-state-owned-bank-north-dakota.html>
- 49 Canova, T. A. (2011). The Public Option: The Case for Parallel Public Banking Institutions. *Next Social Contract Initiative*. Retrieved from <http://growth.newamerica.net/sites/newamerica.net/files/policydocs/Canova - Public Option revised 5 July.pdf>
- 50 Arizona House of Representatives, (2012). An act amending title 6, Arizona revised statutes, by adding chapter 18; relating to the bank of Arizona. Retrieved from http://www.azleg.gov/DocumentsForBill.asp?Bill_Number=HB2104&Session_ID=107
- 51 Public banks. (Accessed 2014). Demos. Retrieved from <http://www.demos.org/category/tags/public-banks>
- 52 Niles, H. (2013). Public banking advocates release economic study. *VT Digger*. Retrieved from <http://vtdigger.org/2013/11/05/public-banking-advocates-release-economic-study/>
- 53 Vekshin, A. (2011). North Dakota's state-run bank adds millions to treasury, spurs imitators. *Bloomberg News*. Retrieved from <http://www.bloomberg.com/news/2011-11-17/north-dakota-s-state-run-bank-adds-millions-to-treasury-spurs-imitators.html>
- 54 Martin, A. (2010). As a hiring filter, credit checks draw questions. *The New York Times*. Retrieved from <http://www.latrobeconomicmanagement.com/Academic/SBH-Academy/ArticlesandResearch/EnergyArticles/CareerServices/AsaHiringFilterCreditChecksDrawQuestions.pdf>
- 55 Koppes Bryan, L. & Palmer, J. K. (2012). Do job applicant credit histories predict performance appraisal ratings or termination decisions?. *The Psychologist-Manager Journal*, 2012(15), 106-127.
- 56 Traub, A. (2013). Discredited: How employment credit checks keep qualified workers out of a job. Demos. Retrieved from <http://www.demos.org/discredited-how-employment-credit-checks-keep-qualified-workers-out-job>
- 57 Nissim, S. G. (2010). Stopping a vicious cycle: The problems with credit checks in employment and strategies to limit their use. *Selectworks*. Retrieved from: http://works.bepress.com/sharon_nissim/1
- 58 SHRM. (2012). Background checking – the use of credit background checks in hiring decisions. *Society for Human Resource Management*. Retrieved from <http://www.shrm.org/Research/SurveyFindings/Articles/Pages/CreditBackgroundChecks.aspx>
- 59 Traub, A. (2013). The problem with employment credit checks: Why America needs Senator Warren's equal employment for all act. Demos. Retrieved from http://www.demos.org/sites/default/files/publications/EqualEmploymentAllAct-Demos_0.pdf
- 60 Leibowitz, J., Rosch, J. T., Ramirez, E., Brill, J., & Ohlhausen, M. (2012). Report to congress under section 319 of the fair and accurate credit transactions act of 2003. *Federal Trade Commission*. Retrieved from <http://www.ftc.gov/sites/default/files/documents/reports/section-319-fair-and-accurate-credit-transactions-act-2003-fifth-interim-federal-trade-commission/130211factareport.pdf>
- 61 Avery, R. B., Brevoort, K. P., & Canner, G. (2008). Credit scores, race, and the life cycle of credit: Evidence from credit records. *Board of Governors of the Federal Reserve System*. Retrieved from <http://www.uta.edu/economics/workshop/CreditScoringPaper1forUTA.pdf>
- 62 Wiles, R. (2007). Demographics weigh on credit scoring. *USA Today*. Retrieved from Peterson, A. (2013). Predatory payday lending: Its effects and how to stop it. *Center for American Progress*, Retrieved from <http://www.americanprogress.org/wp-content/uploads/2013/08/PredatoryLending-brief-1.pdf>
- 63 http://usatoday30.usatoday.com/money/perfi/credit/2007-03-30-creditscores_n.htm
- 64 Traub, A. (2013). The problem with employment credit checks: Why America needs Senator Warren's equal employment for all act. Demos. Retrieved from http://www.demos.org/sites/default/files/publications/EqualEmploymentAllAct-Demos_0.pdf

FAMILY DYNAMICS

BY RICHARD FABES

INTRODUCTION

FAMILY RELATIONSHIPS: KEY INGREDIENTS TO OUTCOMES

Research has consistently shown that caring, nurturing and secure family relationships are the foundations of healthy growth and development. In addition, when individuals grow up in families where there are positive family relationships, they are more likely to have positive family relationships when they form their own families. Unfortunately, the reverse is also true. For example, in Arizona boys who witness domestic violence are twice as likely to abuse their own partners and children when they become adults.¹

At one time or another, all families face difficulties that make them vulnerable to stress and maladjustment. Even families not considered to be “at risk” often face difficulties that make them vulnerable to poor outcomes. Research has shown that children from wealthy families fare more poorly than their low-income peers on several fronts. Affluent children, for example, report much higher levels of cigarette, alcohol, and marijuana use as well as significantly greater anxiety. In addition, affluent girls report startlingly high levels of depression.²

Although financial resources may not assure that families are healthy, financial strain and underemployment place families at risk for poor health and adjustment. In Arizona, as is the case elsewhere, family income and family structure are highly related. For example, family income is considerably less in households where there is only one parent (see chart below).

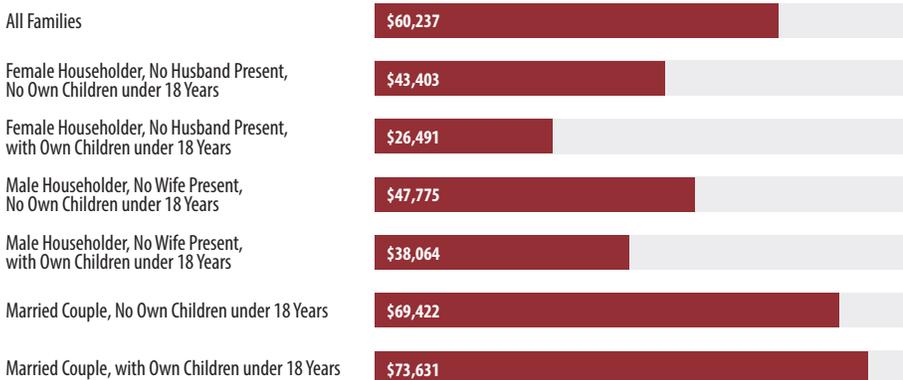
Thus, living in a single-parent household places families at risk for greater vulnerability to stress and poor family relationships. And where a person lives is related to the likelihood that children will grow up in a single-parent household. In Arizona, the percent of children living in single-parent households generally has increased since 2007. But if children lived in the central urban area of Phoenix or in rural areas of Arizona they were more likely to live in single-parent households than if they lived in suburban areas of Arizona.



KEY FINDINGS

- Family relationships are key ingredients to outcomes.
- Resilience to adversity is a key to family health and well being.
- Family stress undermines positive parenting.
- Public policy changes can affect vulnerability.
- Global and national trends lead to increased vulnerability.
- Early intervention and the promotion of positive relationships and healthy relationship skills are keys to building family resilience.

Arizona Median Income by Family Type, 2007-2011



Source: Children’s Action Alliance, KIDS COUNT Data Center, datacenter.kidscount.org

Although economic conditions place many families at risk, there are many other family risk factors that make Arizona families vulnerable. Other factors that increase family vulnerability include:

- **Teenage motherhood:** In Arizona, 10 percent of all births were to women less than 20 years of age and 20 percent of teen births were to women who were already mothers.³
- **Low Maternal Education:** In Arizona, 22 percent of births were to mothers with less than 12 years of education.⁴
- **Parent Incarceration:** Arizona leads the Western states in rate of incarceration, resulting in more than 176,000 children with a parent in jail or prison, or on probation or parole.⁵
- **Domestic Violence:** In Arizona in 2011, there were over 28,000 calls to crisis shelters for domestic violence.⁶
- **Lack of Access to Health Care:** Prior to the Affordable Care Act, 20 percent of parents in Arizona did not have health insurance.⁷
- **Having a Child with a Developmental Condition:** In Arizona in 2012, 17 percent of children have one or more emotional, behavioral or developmental conditions.⁸
- **Parental Mental Health Problems, Substance Use, or Addiction:** In Arizona, in 2012 over 5,500 parents were referred to Arizona Families First recovery programs in which allegations of child maltreatment were associated with parents' abuse of substances.⁹

Public Investments in Children Matter

Since the Great Recession, children now receive considerably less federal government support and what support they do get is highly influenced by the state and local districts in which they live. Key findings from this study were:

- **States that have higher tax rates generate higher revenues and have higher child well-being values than states with lower tax rates.**
- **State investments are related to child well-being.** The amount of state investments in programs is strongly related to child well-being values among states. Specifically, higher per-pupil spending on education, higher Medicaid child-eligibility thresholds, and higher levels of Temporary Assistance for Needy Families (TANF) benefits show a substantial correlation with child well-being across states.
- **A child's well-being is strongly related to the state where he or she lives.** Child well-being varies tremendously from state to state, ranging from a 0.85 index value for New Jersey, the highest ranked state, to a negative 0.96 index value for New Mexico the lowest-ranked state. Arizona's rating was negative 0.68 (45th ranking).

Sources: Investing in Public Programs Matters: How State Policies Impact Children's Lives. William O'Hare, Mark Mather, and Genevieve Dupuis. Foundation for Child Development, 2012.

Voices from Families: Perceptions of Family Strengths

Daily, we hear the negative stories about families, with few accolades about what's going well. We have all seen the news stories about school violence, children living in poverty, divorce, and many other problems attributed to the decline of families. But perhaps families are stronger than we think. An ongoing classic study confirms this. Some 78 percent of the 2,100 families surveyed in Minnesota described their family as "very strong" or "exceptionally strong." They also reported that their current families are stronger than their families of origin – a good sign for the future of families and our nation. How do the strong families do it? Here's what they had to say:

What characteristics do families report as indicators of family strength? For the whole sample, the top five answers were:

- We communicate about what's going on; we talk about our lives.
- We spend time together; we do things together as a family.
- We're supportive of each other, we help others; we try to be there for each other.
- Our faith, our religion; we attend religious services.
- We love each other; we have a loving relationship; we care about each other; we're close.

There also were strengths unique to families of color. These included:

- Respect – intergenerational and interpersonal
- Unity – a sense of pulling together
- Cultural traditions – customs, behaviors, and values that reflect cultural heritage
- An extended sense of self – a sense that family extends beyond the household

Source: The Minnesota Family Strength Project Research Report. John Everett Till, Family Children's Service, 2006.

“A family is a place where minds come in contact with one another.”

Buddha

ARIZONA
RANKED 23RD
IN THE NATION
FOR OVERALL
WELL-BEING



FAMILY STRESS, VULNERABILITY, AND RESILIENCE

Despite the stress and vulnerabilities that families face, many families are able to overcome these threats and function very positively. The term “resilience” has been commonly used by psychologists and psychiatrists who are interested in how children overcome significant adversity in their lives.¹⁰

Although resilience has been studied for almost 30 years, the terrorism events of Sept. 11, 2001, the wars in Afghanistan and Iraq, and the Great Recession of the past decade have heightened interest in the notion of resilience. Most research has focused on the resilience of individuals, but families also can be considered resilient as they deal with challenges in their lives.¹¹ What factors help families overcome the adversity they face, and help them maintain family relationships and prevent them from suffering poor outcomes? Resiliency is composed of two sets of factors:¹²

1. Protective factors – qualities of families that provide them strength so that the family is ready when change, challenge, or conflict arises. These factors help families be flexible and adaptive.

- Sense of family togetherness and commitment
- Healthy and hardy family members
- Quality family time
- Family traditions

2. Recovery factors – qualities of families that help them cope with serious life events (death, illness, job loss, natural disaster, etc.). These qualities help families have a sense of control and optimism in the face of adversity.

- Family support
- Positive communication
- Spirituality
- Emotional closeness

In addition, in the 21st century, families are characterized by increased diversity, which could be experienced as stressful. Because of this, family resilience will become increasingly important. A resilience framework helps us understand that all families have inherent strengths and the potential for growth.

RESILIENCY IN ARIZONA FAMILIES: PERCEPTIONS OF WELL-BEING

Resiliency helps to protect families from adversity and promotes a positive sense of well-being. In turn, a positive sense of well-being enhances the hardiness of families and their ability to be resilient in the face of difficulties.

Findings from annual assessments of well-being in the U.S. found that Arizona ranked 23rd in the nation in overall well-being.¹³ In terms of specific areas of well-being, Arizona ranked from 9th to 34th. Thus, compared to the entire U.S., Arizona families are above average in having a positive sense of purpose, and in emotional health, including depression and daily sadness. Arizonans are among the highest in the country in the enjoyment they receive from their jobs, but are below average in the degree to which they carry reduced disease burden, including high blood pressure, high cholesterol, and chronic physical pain in their physical health; they are considerably below average in access to basic services such as access to clean water, safe places to exercise, or feeling safe in one’s community.

THE EFFECTS OF CUMULATIVE RISK

Although Arizona families are relatively resilient in their well-being, this resilience only goes so far. At some point, stress and adversity can detrimentally affect even the most hardy and resilient families. Thus, family resilience has a breaking point.¹⁴

More impactful are the cumulative effects on families of multiple stressors. That is, any single disruptive event or adversity may have only a small effect, but multiple disruptions and risks may accumulate to interfere with positive family functioning and well-being. For example, in a study examining health risks in adulthood, the number of risk factors that reflect childhood trauma (poverty, parental alcohol use, domestic violence, parental incarceration, etc.) was related to risky adult health behaviors. Increasing scores on the Adverse Childhood Experience (ACE) scale were related to riskier health behaviors, and the accumulation of these childhood risk factors led to worse outcomes for these adults.

PUBLIC POLICY CHANGES CAN AFFECT VULNERABILITY

As family relationships and responsibilities have shifted over recent decades, many families find themselves marginally vulnerable because they often find themselves caught between the competing pressures of paid work and family responsibilities, especially when they become parents or when serious illness strikes a family member. “Work-family balance” has become an urgent but elusive goal for Arizona families, driven by high labor force participation rates among mothers and the caregiving needs of an aging population. Yet the United States and Arizona are lacking in public policies that support workers who need time off to attend to themselves or to family needs.

In Arizona (and elsewhere), the Federal Family and Medical Leave Act (FMLA) of 1993 guarantees up to 12 weeks of job-protected leave, with continuing fringe benefits, for both men and women who need time off from work to attend to their own medical conditions or for family care.¹⁵ However, FMLA’s coverage is limited to only about half of all workers, and less than 20 percent of all new mothers.¹⁶ And because FMLA provides only unpaid leave, even workers who are covered often cannot afford to take advantage of it. But such demands on families cause stress and leave families vulnerable when they cannot meet these demands or when something unexpectedly happens.

In Arizona:

More than 570,000 family members provide care for a chronically ill, disabled or aged family member and these family members provide 620 million hours of caregiving to their loved ones.¹⁷

- The proportion of Arizona’s population that is over 60 is growing at a rapid pace and will continue to do so. By 2030, 27 percent of Arizona’s population will be 60 or older, an increase of 37 percent from 2012.¹⁸
- Professional home-health-care assistance, though not as expensive as nursing homes and assisted-living facilities, can be staggering. Home-health aides can cost over \$3,800 a month.¹⁹
- It is not just the aged who need family caregivers. For example, grandparents are raising about 150,000 grandchildren. There are another 50,000 children living in households headed by other relatives.²⁰

Cumulative Risk in Arizona Families

The effects of risk and stress on families often occur because they disrupt positive family relationships. For example, stress can undermine parents’ ability to effectively parent their children. But how at risk are families in Arizona and what effects might these risks have on family functioning?

These questions were addressed in a study of risk factors of Arizona mothers of toddlers. An index of sociodemographic risk was created – income, parent education, number of children in the home, marital status, mothers’ ethnicity, parental work status, parents’ age at birth of child, occupation, and job role.

It was found that:

- 49 percent of families had no risk factor
- 31 percent of families had one risk factor
- 13 percent of families had two risk factors
- 9 percent of families had three or more risk factors

Mothers also were observed interacting with their toddlers. Based on these observations, mothers who had more risk factors were found to be:

- Less responsive to their infants
- Less likely to acknowledge their children’s interests
- More intrusive and more likely to interfere with their children’s activity

The findings showed that although most Arizona families did not experience any sociodemographic risks, those that did had mothers who were less responsive and more controlling in their interactions with their young children. There also was a longitudinal relation between risk and mothers’ responsiveness, suggesting the risk may account for decreases in responsiveness over time.

Source: Popp, T.K., Spinrad, T.L., & Smith, C. L. (2008). The relation of cumulative demographic risk to mothers’ responsiveness and control: Examining the role of toddler temperament. *Infancy*, 13,496-581.

“The family. We were a strange little band of characters trudging through life sharing diseases and toothpaste, coveting one another’s desserts, hiding shampoo, borrowing money, locking each other out of our rooms, inflicting pain and kissing to heal it in the same instant, loving, laughing, defending, and trying to figure out the common thread that bound us all together.”

Erma Bombeck, family-based humorist

The United States is the only advanced industrialized country without a national law providing workers with entitlements to paid family leave (PFL). FMLA provides unpaid leave. The effects of unpaid leave policies are largest for advantaged women, who are more likely to be eligible for leave under such policies and able to afford unpaid time off work.

To date, however, three states have implemented paid leave programs, the first of these being California, where PFL took effect in 2004. Analysis of the effects of California’s PFL show that the overall use of maternity (but not paternity) leave increased by an average of 3 to 4 weeks. The increase may have been especially large for Black, non-college educated, unmarried and Hispanic mothers. These groups used only an average of around 1 to 2 weeks of leave prior to the enactment of PFL, compared to between 3 and 5 weeks for their advantaged counterparts.

PFL in California has helped hundreds of thousands of workers – especially in low-wage jobs – balance the costs and challenges of tending to family and work, and it has begun to close the gap in access to paid leave benefits. Studies have shown the PFL in California does not impose any undue costs on employers and actually may help them in terms of employee retention, job satisfaction and productivity. The lack of PFL in Arizona is one reason that many families remain marginally vulnerable.

GLOBAL AND NATIONAL TRENDS LEAD TO INCREASED VULNERABILITY

WHEN PARENTS ARE IN THE MILITARY: THE CASE OF MILITARY FAMILIES

When a parent goes to war or is reassigned in the military, family relationships are deeply affected. Currently, there are over 1.4 million active duty service members in the U.S. and almost that many reservists. There are now more than 214,000 women in the active-duty military, with another 73,000 in the reserve and Coast Guard.²¹ Arizona is home to more than 625,000 service members and veterans from all eras, with more than 48,000 of these being women.²² Over 60 percent of these troops have family responsibilities.²³ For example, it is estimated that nearly 30,000 single mothers have deployed to Iraq and Afghanistan.

Military families deal with issues common to all families, but they also are subjected to unique stress that potentially puts them at risk for poor adjustment and negative relationships. Frequent relocations that sometimes include international locations separate family members for long periods of time. Even reunions can be stressful as they involve reorganization of family life. Military mothers face particularly challenging situations in balancing work and family issues. For example, as more single and divorced mothers serve in the military, there are a growing number of military mothers who face court battles to retain or regain custody of their children upon redeployment. Although the military requires service members to complete a Family Care Plan when they are responsible for family members who cannot care for themselves, these are not legal documents that are binding for a civilian. Although Servicemembers Civil Relief Act of 2003 provides protection to servicemembers related to credit card debt, job loss, evictions, and loan repayment, it does not protect soldiers’ custody rights and puts many children and families at risk due to the stress involved in these difficult situations.²⁴

CHILD SUPPORT AND ENFORCEMENT

Child support is vital to the well-being of many children and families, and often is the difference in the amount of stress and risk they face. Child support payments increased during the past 30 years and income from child support appears to have beneficial effects on children over and above income from other sources.²⁵ This is because:

- Child support income is more likely to be spent on children and family needs than other types of income.
- Child support alters the quality of relationships between mothers and fathers in a positive way.
- Child support reduces mothers' reliance on welfare and increases employment.
- Mothers invest more in their children as a signal to absent fathers as a way to obtain continuing support in the future.
- Child support is positively related to father involvement and commitment to the child.
- Child support enforcement creates incentives to have fewer children outside of marriage.

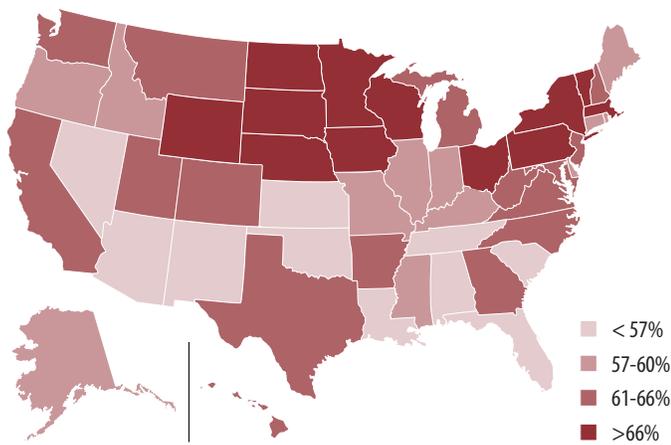
However, states have considerable discretion in how they calculate child support. In Arizona, the Arizona Child Support Guidelines follow the *Income Shares Model* that was developed by the Child Support Guidelines Project of the National Center for State Courts. The total child support amount approximates the amount that would have been spent on the children if the parents and children were living together. Each parent contributes his/her proportionate share of the total child support amount.²⁶

States also differ considerably in their efforts to enforce child support. Most child support is paid through direct withholding of income. Parents who fall behind in child support payments face serious repercussions, including liens on property, suspension of driver's license, seizing of bank accounts, arrest warrants, etc. However, a considerable amount of child support goes unpaid – only about 63% of all child support in the U.S. is actually collected and there is considerable variation from state to state.²⁷

- Only one state has collected child support in more than 80 percent of the caseload (Pennsylvania).
- Only four states have collected child support for more than 70 percent to 75 percent of their caseloads (Minnesota, Iowa, Wisconsin, North Dakota).
- Arizona ranks 46th in collection of child support (52.29 percent).
- Florida is the lowest in percent of child support collections (51 percent).

Despite the fact that the child support enforcement system is quite automated and failure to pay child support has repercussions for all members of the family, half of fathers do not pay child support in full.²⁸ Research suggests that a significant proportion of non-full payers have limited economic resources or limited capacity to meet their child support obligation. Thus, it may be necessary not only to improve the enforcement system, but also to provide noncustodial fathers who have unstable employment or who had been incarcerated with services, such as job-training programs or job-search services, to improve their capacity to meet their child-support obligations.

State Child Support Collection 2012



Source: U.S. Office of Child Support Enforcement (2013). FY2012 preliminary report to Congress. <http://www.acf.hhs.gov/programs/css/resource/fy2012-preliminary-report.pdf>

“CALL IT A CLAN, CALL IT A NETWORK, CALL IT A TRIBE, CALL IT A FAMILY: WHATEVER YOU CALL IT, WHOEVER YOU ARE, YOU NEED ONE.”

Jane Howard, author

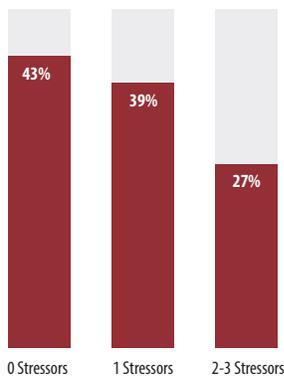
ECONOMIC TRENDS AND CHANGING FAMILY RELATIONSHIPS I: MARRIAGE AND DIVORCE

The Great Recession we have just experienced has had a significant impact on the quality and stability of married life in the U.S. and in Arizona. It is clear that the recession has brought economic hardship to many married Americans. As seen in the figure to the left, married Americans who have been relatively unaffected by the financial downturn are the most likely to report have a very happy marriage.²⁹ Those who have experienced one stressor (e.g., trouble paying their bills, losing a job, etc.) do not lag far behind. But those who experience two or three financial stressors are far less likely to report a happy marriage. In addition, those couples that experience two or three financial stressors are more likely to be at high risk for divorce (20 percent) than are those who have no stressors (7 percent) or those who have only one financial stressor (10 percent). Such data are consistent with the previous discussion about the impact of cumulative stressors, and reflect the fact that no single financial stressor in itself puts families at risk but it is the accumulation of stressors that undermines families' abilities to be resilient and manage difficult circumstances.

In Arizona, divorce rates are among the highest in the U.S. (by some counts, we rank No. 10; see below).³⁰ In addition, some local Arizona communities have some of the highest rates in the country. Because Arizona was one of the hardest hit states in the country by the recent financial crisis, financial stress and crisis are greater in Arizona than in many other parts of the country. In addition, rates of divorce tend to be higher when one lives in areas where divorce is relatively concentrated.³¹

Marriage rates also have dropped during the recession. In 1990, the marriage rate in Arizona was 10.0 (per 1,000 population). This rate has dropped since then by almost half (5.4 per 1,000 population) in 2009 and is below the U.S. average of 6.8 per 1,000.³² Thus, divorce (and marriage) might be considered a type of social contagion whereby it promotes divorce in others by providing support and a model to others considering ending their marriage; a state's cultural and political identity may influence residents' marriage and divorce patterns.³³

Percentage of Married Americans in a Very Happy Marriage by Number of Financial Stressors

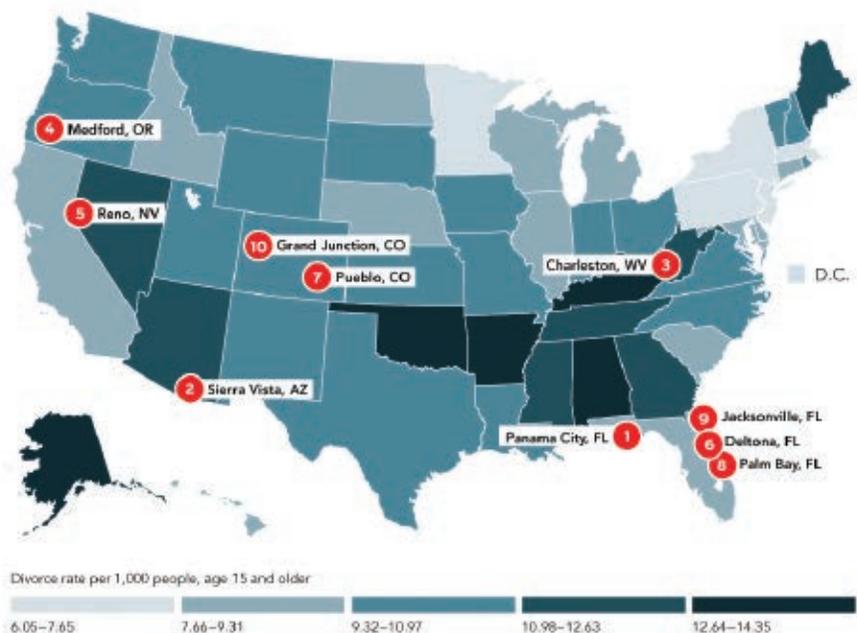


Source: Children's Action Alliance, KIDS COUNT Data Center, datacenter.kidscount.org

“All happy families resemble one another; every unhappy family is unhappy in its own way.”

Leo Tolstoy

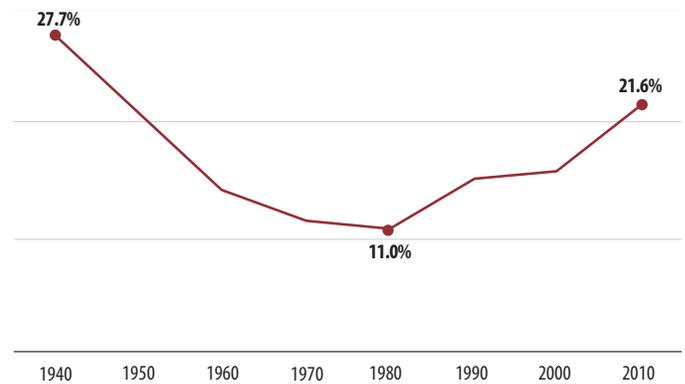
The Divorce Capitals of the U.S.



Source: American Community Survey, Centers for Disease Control and Prevention, The Daily Beast and The Huffington Post.



Rising Share of Young Adults Living in Multi-Generational Households, Percent Ages 25-34



Source: Pew Research Center analysis of U.S. Decennial Census data, 1940-2000 and 2010 American Community Survey (IPUMS).

ECONOMIC TRENDS AND CHANGING FAMILY RELATIONSHIPS II: BOOMERANG CHILDREN

Changes in national and international economies affect family structure and family relationships; these changes can in turn affect family vulnerability. For example, the term “empty nest” is a familiar one for many families and is used to describe the home after children have grown up and left. However, in today’s economy, many young adults are unable to find jobs that pay adequate wages to support them living on their own. As a result, many grown children are returning home to live with their parents following a period of independence. Today, about 3 in 10 adults ages 25 to 34 years of age are “Boomerang Children” – adult children who live with their parents.³⁴ Unless planned for, which often is not the case, these re-formed families can be extremely stressful for parents and their adult children. Some facts about of Boomerang children and their families:

- **Reasons for moving home**
 - Divorce or marital separation
 - Health issue or illness
 - Job layoffs or inability to find jobs
 - Alcohol and other substance abuse problems
 - To help raise a grandchild
- **Living with parents**
 - 13 percent of parents with grown children say one of their adult children is still living at home.
 - The percent of adult children living at home is the highest since 1950s and has increased significantly since 2000.

- **Length of stay**
 - 58 percent of returning adults expect to live with their parents for at least 7 months.
 - Most Americans believe that four years is too long for Boomerang children to live at home.
 - 20 percent of Americans feel it is OK for adult children to live at home as long as they want.
 - 13 percent of Americans believe that adult children should never live at home with their parents.
- **Impact on family relationships**
 - 57 percent of Americans feel that when adult children return home, it prevents their parents from moving on with their lives.
 - More than 70 percent of Americans feel that too many adult children are living at home with their parents to avoid adult responsibilities.
 - Adult children who moved home because of economic necessity have a more negative view of their relationship with their parents than those who move home for other reasons.³⁵

The family’s reactions to the adult child’s return home can range from joyous to stressful. Some parents are happy to help their children get back on their feet and genuinely enjoy their company in their home. Other parents go through a rough transition of losing their privacy by accepting their children into their homes once again. These diverse reactions can cause stress that puts the family at risk; how parents and their adult children adapt to these changes affects the stress and strain they experience.

Changing Federal and State Legislation

The Supplemental Nutrition Assistance Program (SNAP, formerly known as the Food Stamp Program) is the nation's most important anti-hunger program. In 2013, it helped more than 47 million low-income Americans to afford a nutritionally adequate diet. Nearly 72 percent of SNAP participants are in families with children and more than 25 percent are in households with seniors or people with disabilities.

In November 2013, cuts in SNAP went into effect as the 2009 Recovery Act's temporary boost ended. Congress did not enact legislation to remedy this, and as a result there was a cut in SNAP benefits for nearly every household.

In Arizona:

- There were over 1.1 million SNAP recipients in 2013-2014 who were all affected by the cuts.
- 423,000 were children
- 157,000 were elderly or people with disabilities
- SNAP recipients represent about 17 percent of the total Arizona population.
- The total SNAP benefit cut to Arizona was \$109 million.
- \$84 million in lost benefits to households with children
- \$18 million in lost benefits to household with elderly or people with disabilities
- The average cut in SNAP benefits was about 5 percent, amounting to about \$36/month for an Arizona family of four.
- These benefits do not go only to unemployed Arizonans – 36 percent of Arizona families receiving SNAP were working.
- In 2013, Arizona ranks among the lowest average monthly SNAP benefit in the U.S.
- Arizona = \$123/person
- Lowest = New Hampshire; \$115.76
- Highest = Hawaii; \$217.49
- Average U.S. = \$133

These cuts put families who were already vulnerable more at-risk and forced those families who were marginally vulnerable into more stressful and risky family circumstances.

Source: Center on Budget and Policy Priorities. (2014). November 1 SNAP cuts will affect millions of children, senior, and people with disabilities. <http://www.cbpp.org/cms/?fa=view&id=4036>

WHAT ARE POSSIBLE COMMUNITY AND POLICY RESPONSES?

Although there are large and significant challenges to addressing the issues presented, there are some potential courses of action that can help decrease vulnerability for families and their family members. These include:

- **Focus on early intervention** – intervening as soon as possible to tackle problems that have already emerged for families. Early intervention helps prevent problems from becoming entrenched and thus prevent families from experiencing unnecessarily enduring or serious stress. Early intervention is also much more economically effective, reducing the financial burden on families and society.
- **Focus on protective factors** – promoting strengths and focusing on the assets of children and families rather than their deficits can be an effective way to enhance family well-being. Research has shown that these protective actions promote safe and healthy family relationships that are optimal for successful growth and development:³⁶
 - Promote caring and secure parent-child relationships
 - Build parental resilience
 - Help families develop social connections
 - Provide concrete support in times of need
 - Build knowledge of parenting and development
 - Foster social and emotional competencies of parents and children
- Invest in programs that teach healthy relationship skills – just as we teach people to learn academic skills, relationship skills are also teachable. Investment in programs that teach positive relationship skills can help families build resilience and strength. Children also can learn these skills early in development and carry them forward into adolescence and adulthood. Arizona is home to one of the most innovative of these programs – the Sanford Harmony Program at ASU, which promotes positive relationships between girls and boys, while also promoting respect and understanding among all children.³⁷ Investment in programs such as this can bring about important positive changes.

KEY REPORTS AND WEBSITES

Arizona Department of Economic Security: <https://www.azdes.gov/Default.aspx>

Annie E. Casey Foundation, Kids Count: <http://www.aecf.org/>

Sanford Harmony Program: <http://sanfordharmonyprogram.org>

National Council on Family Relations: <http://ncfr.org>

Society for Research on Child Development: <http://srcd.org>

Military Family Research Institute: <https://www.mfri.purdue.edu/>

ABOUT THE AUTHOR

Dr. Richard Fabes is the John O. Whiteman Dean's Distinguished Professor of Child Development and the Founding Director of the T. Denny Sanford School of Social and Family Dynamics, College of Liberal Arts and Sciences, Arizona State University.

ENDNOTES

- 1 Arizona Department of Health Services, Office of Women's Health, <http://www.azdhs.gov/phs/owch/women/domestic-violence/>, January 2014.
- 2 Luthar, S.S., & Latendresse, S.U. (2005). Children of the affluent. *Psychological Science*, 14, 49-53.
- 3 Kids Count, 2013.
- 4 Kids Count, 2013.
- 5 Arizona Children's Association (2011). Arizona family members behind bars. <http://www.azdjca.gov/FamilyServices/Behind%20Bars%20-%20English.pdf>
- 6 Arizona Department of Economic Security, Division of Aging and Adult Services, 2011. <https://www.azdes.gov/landing.aspx?id=7432>
- 7 Kids Count, 2013.
- 8 Kids Count, 2013.
- 9 Arizona Department of Economic Security, Division of Children, Youth, and Families. Healthy Family Arizona annual evaluation report FY2012. https://www.azdes.gov/uploadedFiles/Children_Youth_and_Families/Promoting_Safe_and_Stable_Families/sfy2012_annual_evaluation_report_hf.pdf
- 10 Luthar, S.S., Cicchetti, D., & Becker, B. (2000). The construct of resilience: A critical evaluation and guidelines for future work. *Child Development*, 71, 543-582.
- 11 Patterson, J. M. (2002). Integrating family resilience and family stress theory. *Journal of Marriage and Family*, 64, 349-360.
- 12 McCubbin, H.I., M.A. McCubbin, A.I. Thompson, S.V. Han, and C.T. Allen (1997). Families under stress: what makes them resilient." *Journal of Family and Consumer Sciences*, 89, 2-11.
- 13 Gallup Inc. (2012). State of well-being. <http://cdn1.hubspot.com/hub/162029/2012WBI-Composite.pdf>
- 14 Forehand, R., Biggar, H., & Kotchick, B.A. (1998). Cumulative risk across family stressors: Short- and long-term effects for adolescents. *Journal of Abnormal Child Psychology*, 26, 19-128.
- 15 Arizona Department of Administration. 2013. http://www.hr.state.az.us/PDF/ADDA-HRD_Leave_FMLA.pdf
- 16 Waldfogel, J. (2001). Family and Medical Leave: Evidence from the 2000 Surveys. *Monthly Labor Review*, 17-23.
- 17 Feinberg, L.F., Newman, S.L., Gray, L., & Kolb, K. N. (2004). *The state of the states in family caregiver support: A 50 state study*. San Francisco, CA: Family Caregiver Alliance. http://www.caregiver.org/jsp/content_node.jsp?nodeid=1220
- 18 US Department of Health and Human Services, Administration on Aging. Arizona's Population. http://www.aoa.gov/AoARoot/AoA_Programs/HPW/Behavioral/docs2/Arizona.pdf
- 19 Genworth. (2013). Arizona state-specific data from the Genworth 2013 Cost of Care Survey. https://www.genworth.com/dam/Americas/US/PDFs/Consumer/corporate/Arizona_gnw.pdf
- 20 AARP (2014). GrandFacts. <http://www.aarp.org/relationships/friends-family/grandfacts-sheets/>
- 21 Women in Military Service for American Memorial Foundation, INC (2014). Statistics on women in the military. <http://www.womensmemorial.org/Press/stats.html>
- 22 Arizona Coalition for Military Families (2014). <http://arizonacoalition.org/>
- 23 Drummet, A., Coleman, M., & Cable, S. (2003). Military families under stress: Implications for family life educators. *Family Relations*, 52, 279-287.
- 24 Scott, J. (2010). Mothers in the military: Punishing mothers who serve. <http://www.pbs.org/pov/regardingwar/conversations/women-and-war/mothers-in-the-military-punishing-mothers-who-serve.php>
- 25 Aizer, A., & McLanahan, S. (2006). The impact of child support enforcement on fertility, parental investments, and child well-being. *The Journal of Human Resources*, 61, 28-45.
- 26 Arizona Supreme Court. (2011). Arizona child support guidelines. <http://www.azcourts.gov/Portals/31/GuideSched10072011.pdf>
- 27 Ha, Y, Cancian, M., Meyer, D.R., & Han, E. (2008). Factors associated with nonpayment of child support. <http://www.irp.wisc.edu/research/childsup/cspolicy/pdfs/2007-09/T7-FactorsNonPayCS-Report.pdf>
- 28 Ha, Y, Cancian, M., Meyer, D. R., & Han, E. (2008). Factors associated with nonpayment of child support. <http://www.irp.wisc.edu/research/childsup/cspolicy/pdfs/2007-09/T7-FactorsNonPayCS-Report.pdf>
- 29 Wilcox, B.W. (2011). The Great Recession and Marriage. National Marriage Project Report Web Release. Charlottesville, VA: National Marriage Project. <http://nationalmarriageproject.org/wp-content/uploads/2013/05/NMP-GreatRecession.pdf>
- 30 Elliott, D.B., & Simmons, T. (2011). Marital events of Americans: 2009. U.S. Census Bureau. <http://www.census.gov/prod/2011pubs/acs-13.pdf>
- 31 Huffington Post (February 16, 2014). Divorce capitals of the US. http://www.huffingtonpost.com/2013/11/04/us-divorce-rate_n_4184261.html
- 32 Centers for Disease Control. (2013). Divorce rates by state: 1990, 1995, and 1999-2011. http://www.cdc.gov/nchs/data/dvs/divorce_rates_90_95_99-11.pdf
- 33 McDermott, R., Fowler, J.H., & Christakis, N.A. (2013). Breaking up is hard to do, unless everyone else is doing it too: Social network effects on divorce in a longitudinal sample. *Social Forces*, 92, 419-519.
- 34 Parker, Kim. (2012). The Boomerang Generation. Pew Research. <http://www.pewsocialtrends.org/2012/03/15/the-boomerang-generation/>
- 35 Coldwell Banker. (2013). Boomerang kids among American adults and parents. http://blog.coldwellbanker.com/wp-content/uploads/2013/08/Boomerang-Kids-Survey_Final.pdf
- 36 Heckman, J.J. (2008). Schools, skills, and synapses. *Economic Inquiry*, 46, 289-324.
- 37 <http://sanfordharmonyprogram.org>

“What can you do to promote world peace?
Go home and love your family.”

Mother Teresa

HEALTH CARE

BY MICHAEL S. SHAFER, PH.D. AND SUZANNE PFISTER

INTRODUCTION

BEHAVIORAL HEALTH VULNERABILITIES AMONG THE PEOPLE OF ARIZONA

Good health isn't just the absence of disease, and it isn't exclusive to the traditional healthcare system. Health is created in the places we live, work, learn and play. It includes behavioral health and integrated care that connects hospitals, community physicians, other local health providers and even the local retail pharmacy. To fundamentally improve health takes a paradigm shift, which looks at health in all policies, places, practices and lifestyles – including in our most vulnerable populations.

There is a national movement, led by federal health reform, toward more coordinated, affordable and accountable care. Toward ensuring access to care in the right place at the right time. Away from “food deserts” and into a future where residents can safely walk or bike to get healthy foods. Away from streets designed solely for moving cars to “complete streets” that create a prosperous and healthy space for businesses, pedestrians, cyclists and public transit in concert with cars.

To help our most vulnerable Arizonans, these new strategies need to be incorporated into policies and practice of all sectors (education, health care, the economy, etc.) Chronic illnesses, increasing healthcare costs, health inequities and other challenges are highly complex and intertwined. Solving them requires a shift in perception, and challenging what “good health” actually is and where it comes from.

Also important is where good health goes, so rural Arizonans have access to quality health care and healthy living even in remote locations. And the devastating impact of undiagnosed or untreated mental illness and substance abuse on vulnerable populations cannot be ignored when discussing delivery of vital health services to all Arizonans.

HEALTHCARE REFORM

The largest single policy change in four decades has been federal healthcare reform. As a result of the implementation of the Patient Protection and Affordable Care Act (PL 11-148), it is estimated that more than 32 million Americans will become insurable. Of those an estimated 6 million to 10 million will present with some form of mental illness or substance use disorder. When all the provisions of healthcare reform are fully implemented, these many individuals will be enrolled with an accountable care organization (ACO), comprised of a network of healthcare providers that include traditional physical health, along with psychiatric treatment and psycho-social rehabilitation, and linked by a common electronic health record (EHR) or a common Health Information Exchange (HIE).

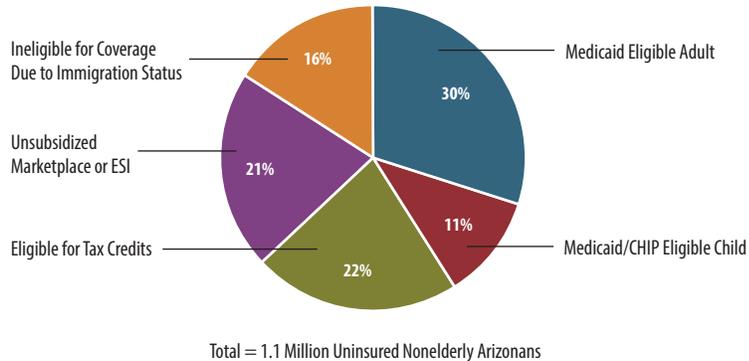
As a result of this legislation, states and local communities across the country are initiating major systems change strategies to integrate mental and medical healthcare systems and providers. This will culminate in unique organizational and agency alignments and configurations, new patterns of provider interactions and practice patterns, and innovative approaches to utilizing risk stratification and clinical information to target specific population groups and monitor the impact of interventions.



KEY FINDINGS

- Good health isn't just the absence of disease.
- National healthcare reform is driving the integration of mental and medical healthcare systems and providers.
- The Arizona Department of Health Services identified insurance coverage for behavioral health care and access to behavioral health care to be the top health priority facing the people of Arizona at this time.
- Mental illness and substance abuse are among the most devastating health conditions that vulnerable populations are at risk of experiencing.
- Access to behavioral health services, especially for children and those in early stage onset, is woefully inadequate.
- When left untreated, mental illness and/or substance abuse disorders can lead to: loss of employment, loss of familial and social support networks, residential instability leading to homelessness, and all too frequent involvement with law enforcement officials and the criminal justice system.
- The continuing revision and exploration of our country's drug policies will have significant impacts upon behavioral health care in the future.
- As safety net programs are shrunk, the potential for psychiatric conditions including mental illness and substance use disorders increases significantly.

Eligibility for Coverage as of 2014 Among Currently Uninsured Arizonans



Notes: People who have an affordable offer of coverage through their employer or other source of public coverage (such as Medicare or CHAMPUS) are ineligible for tax credits. Unauthorized immigrants are ineligible for either Medicaid/CHIP or Marketplace coverage.

Source: Kaiser Family Foundation.

Innovation on this front is even occurring in Arizona. For example, Banner Health has implemented a Pioneer Accountable Care Organization (ACO) that helps to coordinate care for 57,000 Arizona Medicare patients. Banner also has partnered with Humana and Cigna to improve care coordination and focus more on preventive care in an effort that will impact more than 220,000 patients.

John C. Lincoln and Scottsdale Healthcare have developed ACOs, as well as Dignity Health in partnership with Vanguard Health Systems. Similarly, St. Joseph's Hospital and Medical Center has partnered with Mercy Care Plan (one of the AHCCCS providers) to institute a patient-centered medical home. Within two years it has helped more than 5,500 chronically ill patients and achieved amazing results. The hospital has seen a 33 percent reduction in emergency department visits and a 28 percent reduction in inpatient admissions. This means savings to the Arizona Health Care Cost Containment System (AHCCCS) and better care for patients.

Even the new behavioral health contract being administered by the Arizona Department of Health Services has created a major shift in the quest for more coordinated care, because it combines – for the first time – behavioral health and physical health services under one delivery system. This is clearly the best way to treat patients in a more holistic manner, and should improve the overall quality of life for tens of thousands of patients throughout the state.

Government-subsidized healthcare coverage for the poor has varied greatly by year and administration in Arizona, which adopted its version of Medicaid with the 1982 launch of AHCCCS. Such pendulum-like variations have involved coverage and non-coverage related to pregnant women, adults with children, and individuals with no children; the number of individuals and family covered, which largely has been based on state budget surplus or deficits rather than need; organ transplants; and behavioral health, which seemingly remains as invisible to policy makers as vulnerable populations themselves.

Arizona Had 13th Highest Rate in the Nation for Uninsured

19.6%
of Arizonans under age 65
are uninsured

17.3%
of Americans under age 65
are uninsured

14.4%
uninsured in Greenlee County
Arizona's lowest rate

26.2%
uninsured in both La Paz and
Santa Cruz counties, Arizona's
highest rate

Source: Census Bureau's Small Area Health Insurance Estimates, 2011 / Cronkite News Service.

The new Affordable Care Act is expected to increase subsidized private health care or AHCCCS coverage for Arizona's vulnerable population. A U.S. Department of Health and Human Services report released in February identified Arizona as one of five states with the largest number of uninsured Latinos who may be eligible for "Obamacare." There are an estimated 10.2 million uninsured Latinos in California, Texas, Florida, New York and Arizona. According to the HHS report, perhaps 367,000 of 1.6 million Arizona Latinos are uninsured but eligible for ACA coverage.

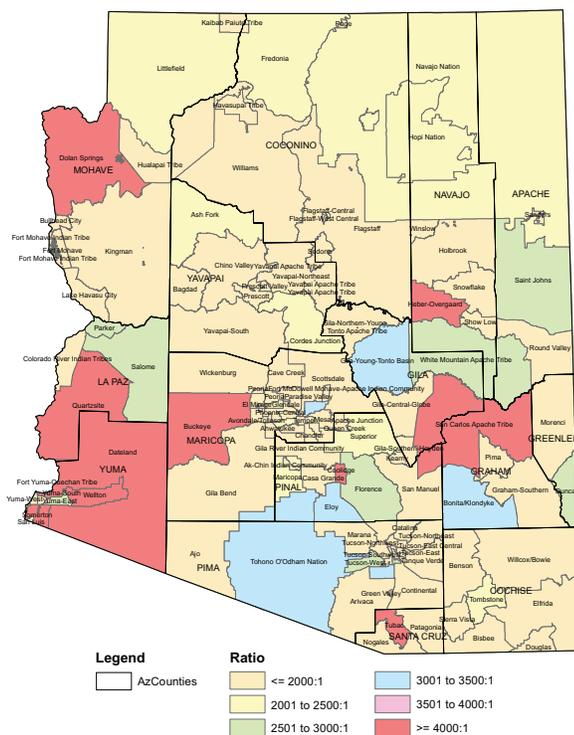
The Affordable Care Act had open enrollment through March 31. While news media and community leaders understandably focused on ACA eligibility and enrollment among its continuing developments, mental illness remains a largely underdiagnosed and undertreated malady affecting Arizona's vulnerable population. Related stress only adds to this population's confusion, oftentimes preventing an overwhelmed individual from overcoming the many obstacles en route to both fiscal and mental stability and sustainability.

HEALTH CHALLENGES

The Arizona State Health Assessment report, released in December 2013 by the Arizona Department of Health Services, chronicled the challenges for health care in the state. Among the noteworthy findings:

- In 2010, 18.5 percent of adults had no health insurance coverage.
- More than 18 percent of adults indicated they could not afford needed health care; a dramatic increase from 11.8 percent in 2003 and more than the national rate of 16.9 percent.
- In 2011, 11.3 percent of Arizona children did not have health insurance (more than 200,000). More than 22 percent of Arizona adults reported they did not have a personal doctor or healthcare provider.
- One in four Arizona adults (25.2 percent) is obese, with income a driving factor in the rate of obesity. The rate of obesity in low-income children has increased from 12 percent in 2004 to 14.5 percent in 2011.
- Since 1993, Arizona has seen a 19 percent increase in individuals who are overweight or obese, which is the largest increase in the nation.
- There were 30,000 children born to mothers younger than age 20 from 2008 through 2010.
- 20 percent of Arizonans indicated they have no social-emotional supports.
- The percentage of adults told by a doctor they have diabetes increased from 7.5 percent in 2005 to 9.1 percent in 2010. In 2010, American Indians in Arizona were 4 times more likely to die from diabetes than the average Arizonan.

Arizona Population to Provider Ratios 2012



Source: Bureau of Health Systems Development, Arizona Department of Health Services.

Medical Shortage by County

	Total HPSA	Primary Care	Dental	Mental Health
Apache	34	12	12	10
Cochise	28	11	11	6
Coconino	34	11	14	10
Gila	19	6	9	4
Graham	16	6	6	4
Greenlee	4	1	2	1
La Paz	12	3	6	3
Maricopa	80	32	31	17
Mohave	18	7	8	3
Navajo	34	12	14	10
Pima	53	20	20	13
Pinal	48	18	17	13
Santa Cruz	8	2	4	2
Yavapai	23	9	10	4
Yuma	19	4	11	4

Source: <http://datawarehouse.hrsa.gov>

- The rate of intentional self-harm as a leading cause of death has continued to increase from 14.6 per 100,000 in 2000 to 16.7 per 100,000 in 2010.
- The population age 65 and older has a significantly higher rate of suicide at 21.2 percent.

The Arizona State Health Assessment report also noted: “Parts of metropolitan Phoenix and Tucson, Tribal communities, and rural areas of the State represent the geographic areas and populations most at risk. Much of Central Phoenix, from Deer Valley to South Mountain, and a major portion of Metropolitan Tucson are defined as high risk.” In other words, impoverished urban areas (with its large number of Latino residents) and rural areas (with its limited healthcare access) are most at risk.

BEHAVIORAL HEALTH

Among the plethora of health risks and conditions that vulnerable individuals are at risk of experiencing, few are as pervasive or devastating when left untreated than mental illness and substance use disorders. According to the World Health Organization, neuropsychiatric conditions, including mental illness and substance abuse, are the leading contributors to the burden of disability that people face worldwide, more than twice that of cardiovascular diseases and cancer.

Nationwide, 46 percent of all Americans exhibit symptoms of a diagnosable mental illness during some point in their life. Twenty-six percent of the general population experiences mental illness each year, with just fewer than 6 percent of them displaying symptoms considered “severe.”

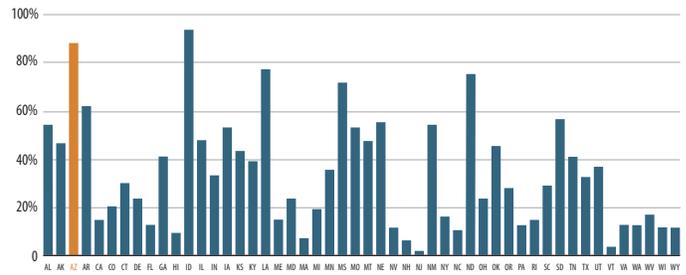
In contrast, 10 percent of all Americans will experience difficulties in their abuse of alcohol (8 percent) and illicit drugs (3 percent), during their lifetime. Still, that translates to upwards of 24 million Americans age 12 or older in need of treatment for drug or alcohol abuse.

A cautious estimate places the direct and indirect financial costs associated with mental illness in the United States at well over \$300 billion annually, and it ranks as the third most costly medical condition in terms of overall healthcare expenditure, behind only heart conditions and traumatic injury. Even more concerning, the burden of illness for mental disorders is projected to sharply increase, not decrease, over the next 20 years.

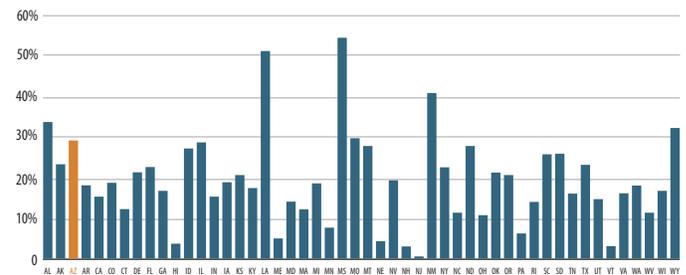
Researchers at Columbia University estimate the total cost of substance use disorders, above and beyond the cost of treating mental illness, at \$81.3 billion. Of this amount, only a small fraction (less than 4 percent) actually go toward treating substance abusers or prevention campaigns, in contrast to the 96 percent spent on law enforcement, prosecution and incarceration.

Patients Living in a HPSA as Percent of Total Population

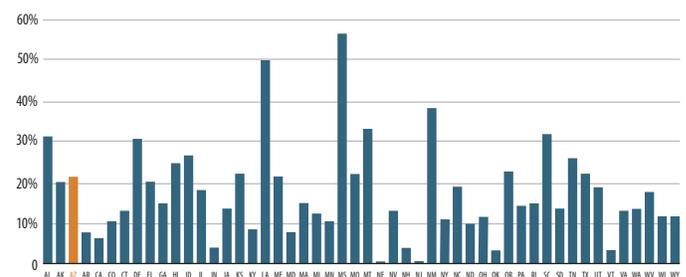
Mental Health



Primary Health



Dental



Source: Stateline (December 30, 2013). “Are There Enough Doctors for the Newly Insured?” <http://www.pewstates.org/projects/stateline/headlines/are-there-enough-doctors-for-the-newly-insured-85899528912>



MENTAL
HEALTH COST
EXPENDITURES
REFLECT
APPROXIMATELY
6% OF ALL
HEALTHCARE
SPENDING IN
THE U.S.



ONLY 1 IN 10
ADULTS WITH
SUBSTANCE
ABUSE
DISORDERS
RECEIVE
TREATMENT.

Mental health cost expenditures reflect approximately 6 percent of all healthcare spending in the United States. Mental (including mental illness) and trauma-related disorders represent two of the five most costly health conditions, according to the Agency for Health Care Research & Quality.

Between 1996 and 2006, the number of individuals with healthcare expenditures for mental disorders increased 88 percent, to 36 million individuals – the single largest increase among the top 5 health conditions. During this same period of time, total healthcare expenditures for mental disorders jumped 63 percent to \$57.5 billion.¹

For the family dealing with their young adult child’s increasingly bizarre and troubling behavior, finding the medical *and* social support services needed is virtually next to impossible. The lack of accessible, affordable and effective treatment of mental illness and substance abuse can be attributed to a variety of factors. Nationwide, only 1 in 10 adults with substance use disorders receive any treatment, and while significantly more individuals reporting a major depressive disorder reported receipt of treatment (66 percent), access to effective assessment and treatment services, especially for children, and those in early stage onset are woefully inadequate.²

The historic stigma and ignorance associated with both the causes and the treatments for these conditions have led many to believe, incorrectly, that these conditions were self-inflicted and that they were non-treatable. We now know that there are biological and genetic bases for many of these health conditions, which often predispose individuals to an increased susceptibility for mental illness or substance abuse secondary to a traumatic event, or a childhood exposure to what are identified as “adverse conditions.” Likewise, there are now a small and growing roster of evidence-based treatments that when applied appropriately, can allow patients to recover a fulfilling and socially productive life, while managing what is now viewed as a chronic health condition, just like diabetes, arthritis, or cardiovascular disease.

HOW ARE ARIZONANS AT RISK

While the state of Arizona has long been recognized as having a relatively well-developed system of care for individuals with more significant levels of behavioral health disorders (most notably, individuals with serious mental illness), other aspects of the behavioral healthcare delivery system are grossly inadequate and underdeveloped, often leading to catastrophic consequences.

In the most recent assessment of the state’s health needs, the Arizona Department of Health Services identified insurance coverage for behavioral health care and access to behavioral health care to be the top health priority facing the people of Arizona at this time.

Corroborating evidence of the behavioral health risks facing Arizonans are the findings of the Arizona Citizen’s Review Panel, a federally mandated citizen-involved review of the state’s child welfare and child protective system. Among the risk factors affecting family stability and child welfare, parental substance abuse, mental health and/or trauma exposure are commonly identified characteristics of these families. Access to mental health and/or substance abuse treatment for both the parents and the children have been chronically and woefully inadequate in our state and the focus of ongoing litigation.

For Arizonans with untreated mental illness and/or substance use disorders, interaction with the criminal justice system is an all too common experience. Self-reported rates of lifetime arrests and/or incarceration are as high as 60 percent among persons



Risk Levels

Individuals who have elevated risk include:

- Female
- Unmarried
- Lower economic status

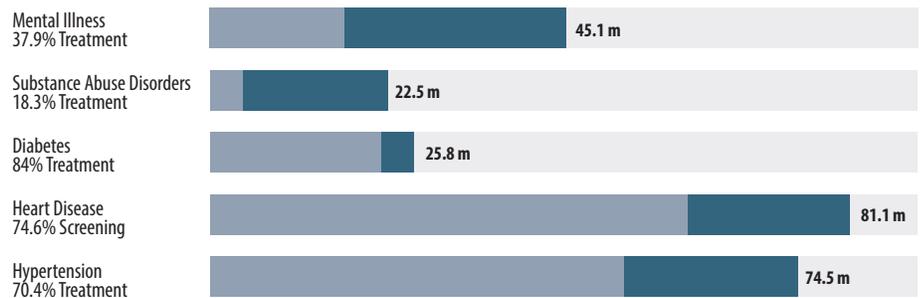
Individuals who have lower risk include:

- Married
- College educated
- Higher income
- Living in a rural area

By this time, the symptoms of the disease have typically created devastating impact upon the individual, including loss of employment, loss of familial and social support networks, residential instability leading to homelessness, and all too frequent involvement with law enforcement officials and the criminal justice system. Consequently, efficacious treatment leading to recovery and long-term management of these chronic health conditions is much more difficult and costly with much lower probability of positive treatment outcomes.

While mental illness and substance use disorders are experienced by a significant portion of Americans, access to treatment remains elusive.

Overall Health Risk by Community Health Analysis Area (CHAA), 2008-2010



Source: Arizona Department of Health Services.

WHAT ARE THE DEMOGRAPHICS?

Researchers who study the rate of occurrence of various health conditions have repeatedly found that individuals from more vulnerable segments of our society are more susceptible to experience mental illness, substance use disorders, or other behavioral health conditions.

Surprisingly, these same researchers and others have replicated findings to suggest that African Americans and Hispanics are at lower risk of experiencing a psychiatric condition, as compared to their White counterparts, even when controlling for the various factors of vulnerability noted in the table.

Not only do vulnerable individuals have a higher risk of experiencing a disabling behavioral health condition, these same individuals will frequently encounter differential access to treatment and care.

Analysis of medical expenditures nationwide has repeatedly demonstrated that persons of African American and Hispanic heritage are less likely to receive mental health treatment than their White counterparts. Similar to predictors of psychiatric problems, socioeconomic status and acculturation have been found to affect service utilization patterns and could mediate racial-ethnic disparities in behavioral health care.

POLICY TRENDS & DRIVERS

EROSION OF POVERTY NET AND SAFETY NET PROGRAMS

Continued erosion of various social safety net programs, such as food stamps, unemployment benefits, and Temporary Assistance to Needy Families (TANF) all have a net effect of magnifying the vulnerabilities of individuals and families that are already on a precipice. As Americans continue to struggle with a weakened labor market and a widening income disparity, many become scared by the anxiety, stress and depression that are natural reactions to prolonged periods of unemployment, inability to meet the basic resource needs of themselves and their families. As safety net programs for these individuals and families are shrunk, the potential for psychiatric conditions including mental illness and substance use disorders increases significantly.

DRUG POLICY

The continuing revision and exploration of our country's drug policies will have significant impacts upon behavioral health care in the future. The continuing implementation of state-level policies regarding the medicalization of cannabis (marijuana) and indeed its authorized recreational sale and use now in two states, will have a number of impacts affecting persons experiencing mental illness and substance abuse.

Most notably, the arrest and prosecution of individuals in possession of and use of cannabis can be expected to decrease over time as states systematically move toward controlled authorized use and/or decriminalization. This shift in policy could impact criminal justice systems' involvement for some individuals who may be abusing the substance and/or persons with mental illness who may be self-medicating themselves with cannabis.

As decriminalization of cannabis continues to grow, the use of drug courts and other coercive legal means of compelling individuals into substance abuse treatment may be reduced, or more ideally, focused more clearly upon individuals abusing more harmful and dangerous substances (most notably, alcohol and prescription medications).

ENDNOTES

- 1 http://meps.ahrq.gov/mepsweb/data_files/publications/st248/stat248.pdf
- 2 <http://www.samhsa.gov/data/2k9/163/SusUseRaceEthnicityHTML.pdf>
- 3 http://www.cdc.gov/nationalhealthyworksites/docs/nhwp_mental_health_and_chronic_disease_combined_3.pdf

1 IN 2
WHITES WHO NEEDED
AND RECEIVED
BEHAVIORAL HEALTH
CARE SERVICES

1 IN 3
HISPANICS WHO NEEDED
AND RECEIVED
BEHAVIORAL HEALTH
CARE SERVICES

1 IN 4
AFRICAN-AMERICANS
WHO NEEDED
AND RECEIVED
BEHAVIORAL HEALTH
CARE SERVICES

1 IN 5
ASIAN-AMERICANS WHO
NEEDED AND RECEIVED
BEHAVIORAL HEALTH
CARE SERVICES

Sources: According to the 2011 Medical Expenditures Panel Survey (MEPS), only half of Whites get care, and that number falls to 1 in 3 among Hispanics, 1 in 4 among Blacks, and 1 in 5 among Asians. <http://idihealtheconomist.com/he000077.shtml>; The mental healthcare system continues to provide less care to persons of African-American and Hispanic minority groups than Whites <http://www.psychservices.psychiatryonline.org/article.aspx?articleid=98852&RelatedWidgetArticles=true>

ABOUT THE AUTHORS

Michael S. Shafer, Ph.D. is a professor (FSC) in the School Of Social Work, College of Public Programs, Arizona State University. **Suzanne Pfister** is President and Chief Executive Officer at St. Luke's Health Initiatives (SLHI).

Contributor: **Joseph Garcia**, Morrison Institute for Public Policy

EDUCATION

BY MARIA HARPER-MARINICK

INTRODUCTION

A DREAM DERAILED BY POVERTY

At about 6:30 a.m. one dark November day, Scottsdale Community College's journalism director arrived on campus and recognized a car in the parking lot. It belonged to one of her most promising students. As she approached the vehicle, she saw the young man asleep in the front seat.

Later that day, the student explained that he couldn't pay both rent and tuition so he chose tuition and began "couch-surfing" (staying at friends' apartments). When he ran out of couches, he slept in his car. He confessed he couldn't afford to eat more than once a day.

Two weeks later, the student drove away from campus but didn't return, leaving his education behind and becoming part of a growing group of students – those who want a college education but have to let go of their dreams when the financial obstacles become insurmountable.

His situation is not unique.

According to the National Center for Education Statistics, 29 percent of all community college students live at the poverty level (household incomes below \$20,000) while pursuing their education.¹ This summer, the Census Bureau found that in college towns with populations between 20,000 and 65,000, students made up at least 50 percent of the poverty-level or below population.² While the overall percentage of poverty in the United States is 15.2 percent, the percentage of poverty level or below poverty level college students who live off campus and don't live with relatives is 51.8 percent (university and community college students combined).

There are other populations in our state who can be considered especially vulnerable and/or at high risk of not completing a college credential or degree due to financial obstacles, homelessness, and other challenges.

RETURNING MILITARY

The American Council on Education reports that since 2009, more than 2 million service members have returned from deployment in Afghanistan and Iraq.¹ Of these, approximately 1.4 million have left active duty and began their transition to civilian life. Most of them are planning to get a college degree and new jobs. Medical issues such as post-traumatic stress disorder (PTSD) and brain injury may make it difficult for veterans to find jobs.

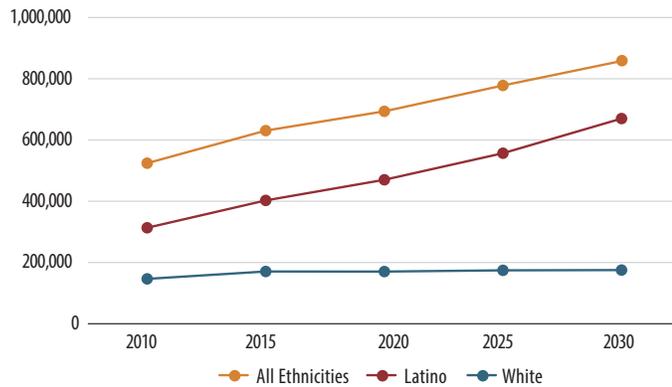
As with any other population, when unemployment increases, there tends to be a corresponding increase in college enrollment. Approximately, 36 percent of veterans have applied to use their GI Bill for education, which means that about 720,000 veterans are planning to enter higher education institutions after deployments.² Unfortunately, many veterans face challenges adjusting to civilian life, including navigating postsecondary institutions, and are at risk for unemployment, homelessness, and medical issues.



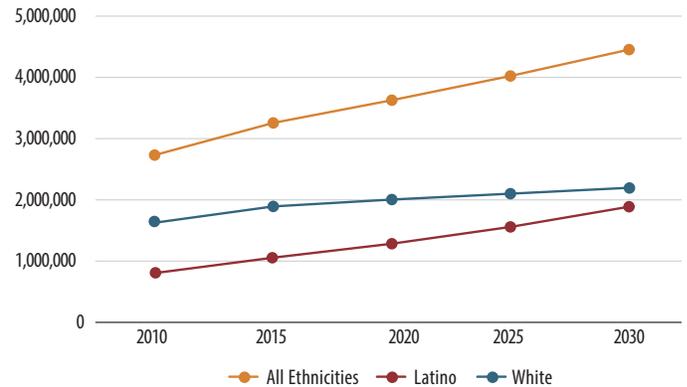
KEY FINDINGS

- Education is the key to employment opportunity.
- According to the National Center for Education Statistics, 29 percent of all community college students live at the poverty level (household incomes below \$20,000) while pursuing their education.
- Many veterans face challenges adjusting to civilian life, including navigating institutions of post-secondary institutions.
- The path to post-secondary education is especially challenging for children exiting the foster care system. Foster care students in institutions of higher education frequently are experiencing financial hardship; emotional and physical challenges; academic readiness deficiencies; and a lack of family support and social capital to support them.
- Arizona's median income will decline in future years if the Latino education gap isn't addressed.

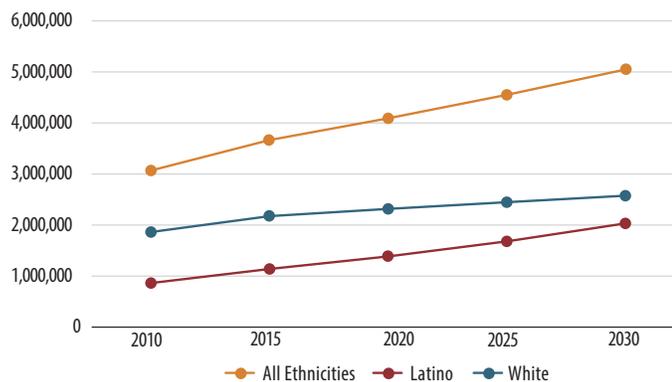
Adults 25 Years and Older Not Completing a High School Degree



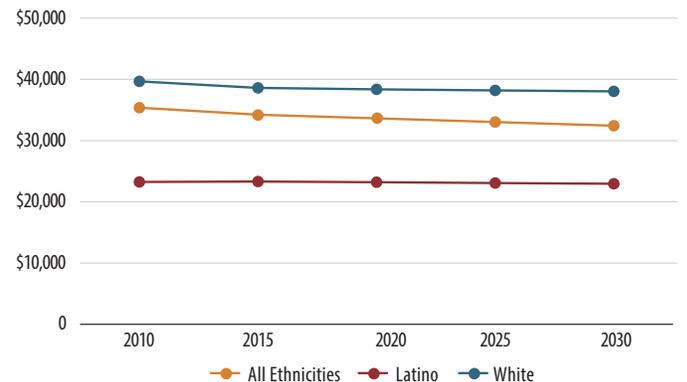
Adults 25 Years and Older Not Completing a 2-Year Degree



Adults 25 Years and Older Without a College Degree



Average Individual Incomes



Source: *Dropped? Latino Education and Arizona's Economic Future*. Morrison Institute for Public Policy, ASU. 2012.

According to Joan Serviss with the Arizona Coalition to End Homelessness, “On average, there are about 2,000 veterans experiencing homelessness in Arizona,” and 60 percent of those are in Maricopa County.³ Veterans experience homelessness for various reasons, and the number can only be estimated because many veterans take up to 10 years to report homelessness due to pride and appearing weak.⁴

Andre Williams, a former Marine, moved to Arizona after returning from Iraq and pursued housing based on his Post

9/11 GI Bill benefits gained from attending college. Williams’ life was going as planned until an unexpected change in his certification caused an interruption in his monthly housing allowance, which in turn caused Williams to seek another source of income. “The only thing is,” he explained, “I couldn’t really find anything, so that ended up causing me to lose my place, and enter MANA house,” which is a veteran homeless shelter.⁵

Williams’ education would have to wait.

FOSTER CARE

For many younger Arizonans in foster care, education isn't at the top of the list for their aspiring goals. That's because their foremost thought is on simply surviving the day.

Currently, more than 14,000 abused or neglected children are in Arizona's foster care system.¹ These are children who have been removed from the custody of their parents for abuse or neglect and placed in out-of-home care.² When Child Protective Services removes children from their home, placement with relatives is preferable but not always possible. Family reunification is also always a preferred outcome but often not the best option for the child's wellbeing.

Children in the foster care system in Arizona are more likely to be placed in group homes, foster homes, or other types of out-of-home placements. On average, a child in the foster care system will experience more than three changes in placement.³ Many never arrive at a permanent placement that will endure past their 18th birthday, when they "age-out" and leave the system.⁴ Young adulthood is a time during which decisions are made about educational, occupational, and social aspirations that launch the creation of a life worth living.

Unfortunately, young adults who have been in foster care many times experience poor outcomes at a much higher rate than their peers in the general population. They face increased possibilities of homelessness, dropping out of high school, no path to post-secondary education, unemployment, and involvement with the criminal justice system.⁵

LATINO EDUCATION GAP

Other young people at high risk for education vulnerability are Latinos. For the first time, there were more Latino children in Arizona's K-12 education than non-Latino Whites last year. Meanwhile, Arizona continues to experience a Latino educational attainment gap that threatens not only Latinos as individuals and a community, but also Arizona's ability to compete economically as a state.

The Morrison Institute for Public Policy 2012 report *Dropped? Latino Education and Arizona's Economic Future* points out that – without a game changer – Arizona's median income actually will decline in future years as a result, given our state's demographic shift.

According to the *Dropped?* report, in 2010 the average income for Arizona Hispanics age 25 and older was \$23,242, and for White residents it was \$39,667, making a combined average income of \$35,339. Income projections show, however, that by 2030 (measuring in 2010 dollars), the combined average income for Latinos and Whites will have dropped to \$32,423 – "another impact of the larger proportion of undereducated and unskilled residents in the state."

Despite some laudable individual and collective efforts, there is much to be done to improve education in Arizona to reduce vulnerable populations and thereby reduce the state's vulnerability. But even if the Latino education gap were closed, Latinos would only have been moved to the mediocre category, joining Arizona's overall K-12 population in its consistently poor academic ranking nationally. Post-secondary education, whether it be in college studies or certified trade skills, is essential to making individuals and the state less vulnerable and more economically competitive.

Education is the key to employment opportunity, with unemployment rates tending to be higher among Latinos than Whites, largely based on academic achievement levels. Those without postsecondary education often are among those who are first to be let go and last to get hired during tough economic times.

Within five years, more than 60 percent of jobs in Arizona will require some form of education beyond high school. Yet just over one quarter (26 percent) of Arizonans over the age of 25 have obtained a bachelor's degree or higher.

HOW ARE ARIZONANS AT RISK?

HOMELESSNESS

- According to the National Center for Homeless Education, 31,178 homeless children and youth were enrolled in local education agencies (LEAs) in SY11-12 in the state of Arizona. On a national level, the number is in excess of 1.1 million children and youth.
- U.S. Department of Education reports from institutions in Arizona indicate that 10,450 of these homeless youth are in high school and therefore likely eligible candidates for enrollment in colleges and universities.
- According to a report by the USC Center for Higher Education Policy Analysis³ "The unstable and chaotic nature of homelessness has a substantial adverse effect on a student's education, emotional, and social well-being." The study provides the following information:
 - Approximately 40 percent of homeless adults do not have a high school diploma and less than 2 percent have a post-secondary degree.
 - Nearly two-thirds of homeless youth in high school are not proficient in math and English.
 - Homeless youth tend to repeat grades and have poor attendance when compared to their peers who have a residence.
 - More than half of homeless youth report being suspended four or more times for rules infractions that likely arise out of their homelessness: tardiness, not wearing a proper school uniform, excessive absences, etc.

FOSTER CARE YOUTH

- Casey Family Programs reported in 2010 that more than 500,000 children and youth are in foster care in the United States, which includes a disproportionately high number of children of color. A 2013 report showed that the state's Child Protective Services had 14,314 children in foster care, an increase of 40 percent since March 2010.
- Estimates from Casey Family studies suggest that only 7 percent to 13 percent of students from foster care enroll in higher education and only about 2 percent achieve a bachelor's degree.
- Foster care youth have lower high school graduation rates when compared to other at-risk groups including: low socioeconomic status, English learners and students with disabilities.⁶
- According to research by Unrau, et al (2011):
 - Only 15 percent of foster youth are likely to enroll in college-prep classes in high school compared to 32 percent of non-foster care youth.
 - Only 20 percent of college-qualified youth attend college compared to 60 percent of their non-foster counterparts.
 - Studies indicate that the degree-completion rate for foster youth ranges from 1 percent to almost 11 percent while the degree-completion for their non-foster peers is approximately 24 percent.
 - In Arizona, only 16 percent of students formerly in foster care last year decided to pursue a post-secondary education. Most of these students attend community colleges but only one in four students who enrolled will complete their program of study.

- Research has shown that nearly half of all foster youth fail to complete high school and approximately one-quarter end up homeless in the 12 to 18 months after being legally emancipated. (Zetlin, MacLeod, and Kim, 2012)
- Over the past decade, the number of children turning age 18 and leaving the foster care system without permanent and lasting adult relationships to support them post-foster care has been on the rise. Each year, 20,000 youth "age out" of the foster care system nationally. For every young person aging out of foster care, taxpayers and communities pay an average of \$300,000 in social costs such as public assistance, incarcerations, and loss of wages to a community over that person's lifetime.⁷

VETERANS

- According to the Arizona Department of Economic Security 2012 Annual Report on Homelessness, veterans accounted for 13 percent of the adult homeless population in Arizona in SFY2012 (state fiscal year), a significant decrease from 20 percent in SFY2011.
 - The majority of homeless veterans are from the Vietnam era, but veterans from the conflicts in Iraq and Afghanistan continue to replenish the ranks of homeless veterans.
 - Female veterans from combat zones are four times more likely to be homeless than their civilian counterparts.
- In a study of Iraq and Afghanistan veterans, Prudential Financial Services found that education was a priority for many veterans.
 - 44 percent of veterans reported that they were either a full-time (30 percent) or part-time (14 percent) student with two-thirds of these students using the Post-9/11 GI Bill.
 - Among veterans with a high school degree, almost three-quarters (74 percent) hope to achieve a college degree.

NEARLY HALF
OF ALL FOSTER
CHILDREN FAIL
TO COMPLETE
HIGH SCHOOL.



WHAT ARE THE DEMOGRAPHICS?

- Approximately 4,004 families (made up of 4,807 adults and 5,809 children) experienced homelessness during SFY 2012 in Arizona. Twenty-three percent of the adults in families were between the ages of 18 and 24 years old with the mean age between 25 and 34 (AZ DES 2012 annual report).

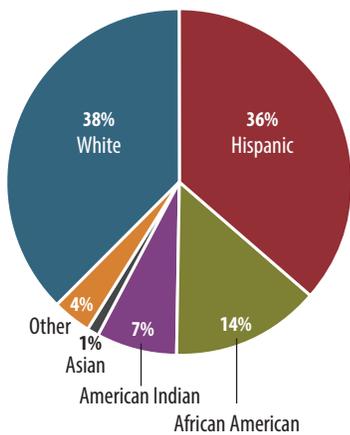
https://www.azdes.gov/InternetFiles/Reports/pdf/des_annual_homeless_report_2012.pdf

- 31,682 children (pre-kindergarten through 12th grade) were reported throughout the state as homeless during SFY 2012, which represents a 4.4 percent increase over 2011.

Seventy-three percent of the children were reported as doubled-up, or living temporarily with another family; 22 percent were living in shelters; two percent were living in unsheltered situations, such as cars, parks, campgrounds and abandoned buildings; and three percent were temporarily residing in hotels or motels due to lack of alternative adequate accommodations. Approximately 75 percent of the students experiencing homelessness attended schools in urban areas while 25 percent attended school in the rural counties that make up the Balance of State (AZ DES 2012 annual report).

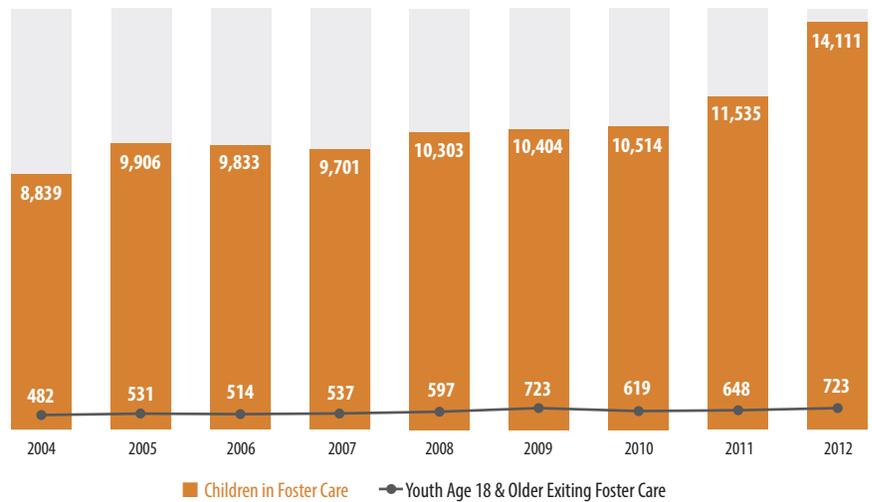
https://www.azdes.gov/InternetFiles/Reports/pdf/des_annual_homeless_report_2012.pdf

Arizona Children in Foster Care by Ethnicity on September 30, 2012



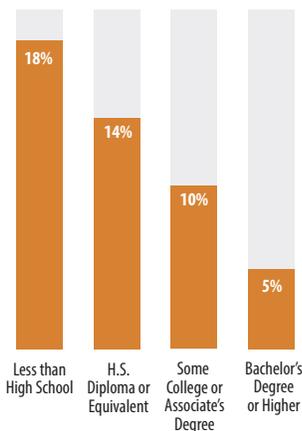
Source: Arizona Youth Opportunities Initiative Environmental Scan. Children's Action Alliance. 2013. http://azchildren.org/wpcontent/uploads/2013/10/AZ_Youth_Opportunities_Initiative_Environmental_Scan_FinalJI10.7.2013.pdf

Arizona Children in Foster Care on September 30, 2004-2012



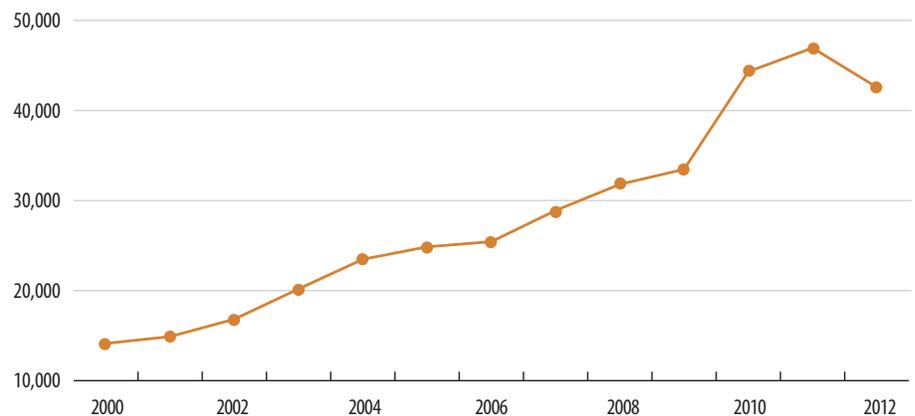
Source: Arizona Youth Opportunities Initiative Environmental Scan. Children's Action Alliance. 2013. http://azchildren.org/wpcontent/uploads/2013/10/AZ_Youth_Opportunities_Initiative_Environmental_Scan_FinalJI10.7.2013.pdf

Arizona Unemployment, 2010



Source: Census Bureau.

Department of Veterans Affairs Arizona Education Program Beneficiaries



Source: <http://www.va.gov/vetdata/utilization.asp>

WHAT ARE THE EMERGING ISSUES AND TRENDS?

- Lack of coordination and collaboration across agencies and institutions of higher education. Students who experience foster care require more coordination than others. However, the mobility of these students makes coordination across multiple settings challenging because it reduces accountability and discourages relevant programming across multiple settings. Identifying the structure, policies, and capacities within each system is a critical element to addressing the comprehensive educational needs of children and youth in our foster care system.
- Post-secondary institutions are not prepared to address the unique needs of students formerly in foster care. The lack of awareness among faculty, service personnel, and leadership on our foster care student population and the unique issues that they encounter presents a major barrier for properly supporting the educational needs of these students. Foster care students in institutions of higher education frequently are experiencing financial hardship, emotional and physical challenges, academic readiness deficiencies, and a lack of family support and social capital to support them.⁸
- Institutions of post-secondary education may be unprepared to deal with the unique needs of former service members. Many veterans face a difficult transition to civilian life, ranging from readjustment issues to recovery from physical and mental injuries. Without special attention, many will fail to graduate.
- Research and national and local data on homeless youth is limited. According to the National Alliance to End Homelessness, there is no easy way to identify youth who are homeless and living on the streets. They seem to be less likely to spend time in the same places as older homeless individuals, are often less willing to disclose that they are homeless, and may not even identify themselves as homeless.
- Since there has been a dramatic increase in the number of veterans who are seeking medical assistance for PTSD, institutions of higher learning need to be able to accommodate these veteran students as they enter the campuses. It has been reported that roughly 20 percent of veterans who were deployed to Afghanistan and Iraq suffer from symptoms of PTSD which can ultimately lead to suicide. Also, the Veterans Administration (VA) reports that 22 percent of female veterans have experienced sexual trauma during their military service. Female veterans tend to keep these experiences a secret in fear of retaliation, and ultimately suffer emotionally. This presents a problem for female veterans entering higher education as issues may not be resolved.

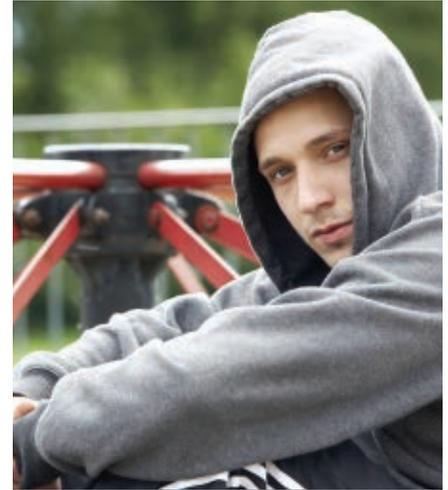
WHAT SYSTEM BARRIERS NEED TO BE ADDRESSED?

HOMELESSNESS

- Safe and affordable housing and support systems are limited. According to the Arizona Coalition to End Homelessness, while poverty, domestic violence, chronic health conditions, mental health issues, and substance use may be factors in an individual becoming homeless, the primary reason that people become and remain homeless is their inability to secure a safe, stable, and affordable house. The need for affordable housing in Arizona far exceeds the supply, especially for those with extremely low incomes.

FOSTER CARE YOUTH

- Welfare agencies such as Child Protective Services act as the parental authority for children in our foster care system. In this capacity, these agencies often manage the educational placements and resources for the children and youth under their care.



610,042
PEOPLE ARE
EXPERIENCING
HOMELESSNESS
ON ANY GIVEN
NIGHT IN THE
UNITED STATES.

■
222,197 ARE
IN FAMILIES.

■
387,845 ARE
INDIVIDUALS.

■
57,849 ARE
VETERANS.

Source: http://www.endhomelessness.org/pages/snapshot_of_homelessness

However, these same agencies are not designed nor equipped to monitor the educational and academic progress of students. Additionally, most school systems are not designed to serve children who are highly mobile. Often, this systematic and institutional insufficiency poses a significant barrier to the academic success and educational attainment of students in foster care.⁹

- Laws and policies intended to protect the privacy of school children and children in foster care often serve as a systematic barrier to the kind of cross-agency collaboration and information sharing that is required to meet the educational needs of children in the foster care system.¹⁰ To build systems that facilitate having the right information in the right hands, we must also address other interrelated systematic barriers that limit information sharing. Confidentiality of juvenile education records is mandated by the Family Education Rights Privacy Act (FERPA). However, this legislation designed to limit the unauthorized disclosure of school records is frequently misinterpreted and is cited as a reason why agencies and higher education institutions fail to transfer school records; at times, this results in the incorrect placement of programs and classes.

VETERANS

- **Training for college personnel.** College counselors need to be trained on issues such as depression, anxiety, and PTSD that veteran students deal with so they can best serve the population.⁶
- **Transition assistance.** Veterans come from a very organized and structured environment that dictates where they should be, and what they should be doing, and enter a world of independence on the college campus. Vacchi states, “If a veteran chooses to go to college after military service, this may be the most difficult leap for a veteran, as the campus is not the highly structured, team-based environment of the military.”⁷
- **Credit for military service.** Military members receive college credit while serving in their respective branches. Oftentimes, however, the credit is not accepted at colleges and universities. All three of Arizona’s state universities are seeking to improve accepted course credit for veterans. However, there seems to be no consistent method for awarding credit to student veterans who have completed academic work while serving in the military.
- **Certifying GI Bill benefits in a timely manner.** The result of a veteran student not being certified or registered in time can result in a delayed payment to both the school and the student, which can cause housing issues for the student. As with the general homeless population, rapid re-housing and homelessness prevention strategies are critical for many veterans experiencing homelessness.

IDEAS FOR POSSIBLE COMMUNITY AND POLICY RESPONSES

HOMELESSNESS

Possible corrective actions and solutions by communities to end homelessness for all populations (<http://www.endhomelessness.org/pages/youth>):

- Improve crisis response
- Prioritize family reunifications or support as the initial intervention
- Expand the reach and effectiveness of transitional living programs
- Improve data collection and performance measurement
- Collaborate with mainstream systems such as child welfare and juvenile justice

FOSTER CARE YOUTH

1. Improving, Expanding and Sustaining Innovative and Evidence Based Informed Practice

- a. Support children of immigrants in the foster care system through investments that support welfare practitioners in navigating complex federal and state policies that affect children of immigrants, such as their ability to access special relief options like Special Immigrant Juvenile Status before aging out of care*
- b. Support professional development through investments for those working with older youth and young adults, including both those in the workforce and caregivers (foster, kin, adoptive and residential facilities)*

2. Policy and Advocacy

- a. Effective youth-led transition planning that begins much earlier than 90 days before emancipation required under the Fostering Connections Act of 2008*
- b. Ensuring access to extended Medicaid coverage to 26 in alignment with the Affordable Care Act*
- c. Ensure young people have access and are given all important personal records prior to aging out of the system*
- d. Implement processes to expedite applications and determinations for subsidized/supportive housing for youth formerly in foster care
- e. Ensure post-secondary institutions offering campus housing provide foster youth with the option to keep the same housing arrangements during school breaks
- f. Require group-homes to make a good-will effort to provide increased support to youth who choose to engage in community or educational activities

- g. Revisit current tuition waiver policy to ensure students who choose to attend community colleges also benefit
- h. Explore options regarding the expansion of Title IV-E funding for extended foster care and transition services for youth 18-21

3. Community Support and Opportunities

- a. Ensure access and opportunities to build passions and participate in healthy social networks. Reassess group-home or congregate care policies governing visitation that often make it difficult for youth to meet with mentors and support systems*
- b. Designate liaisons on college campuses that specialize in existing resources and supports
- c. Provide community engagement and service opportunities. Focus on linking youth in foster care with community organizations offering service, volunteer and leadership development opportunities. Also offer capacity-building for community organizations to better support youth with foster care experience*
- d. Implement a continuous cycle of data-driven interventions to ensure every Arizona foster child has at least one educational champion with the characteristics proven to support educational success
- e. Expand financial literacy programs and provide foster care youth with financial coaches
- f. Invest in transportation partnerships to provide foster care youth with viable transportation options that allow them to travel to work and school

4. Cross-Systems Investments

- a. Build infrastructure and data systems (including integrated or cross-system data-sharing systems)*
- b. Develop strategic partnerships with specific youth serving systems*
 - i. Dependency, juvenile and family courts
 - ii. Education and workforce systems
 - iii. Healthcare systems
 - iv. Mental health, behavioral health and wellness providers
 - v. Housing and transportations systems
- c. Invest in research and evaluation

* Strategies and advocacy opportunities taken from "Connected by 25: Information and Strategies for Youth Leaders Working Toward Increased Social, Emotional and Physical Well-being of Older Youth in Foster Care." Jim Casey Youth Opportunities Initiative 2013.

HELPING VETERANS SUCCEED IN HIGHER EDUCATION

The Obama Administration, the U.S. Department of Education, and the Department of Veterans Affairs, in conjunction with more than 100 education experts, have developed "8 Keys to Success on Campus." Nationally 250 community colleges and universities have committed to implementing the eight keys including the 10 Maricopa Community Colleges and Arizona State University:⁸

1. Create a culture of trust and connectedness across the campus community to promote well-being and success for veterans.
2. Ensure consistent and sustained support from campus leadership.
3. Implement an early alert system to ensure all veterans receive academic, career, and financial advice before challenges become overwhelming.
4. Coordinate and centralize campus efforts for all veterans, together with the creation of a designated space (even if limited in size).
5. Collaborate with local communities and organizations, including government agencies, to align and coordinate various services for veterans.
6. Utilize a uniform set of data tools to collect and track information on veterans, including demographics, retention and degree completion.
7. Provide comprehensive professional development for faculty and staff on issues and challenges unique to veterans.
8. Develop systems that ensure sustainability of effective practices for veterans.



WHAT CAN WE LEARN FROM NEW RESEARCH AND BEST PRACTICES?

- **California College Pathways:** Through strategic philanthropic investments, dedication, and support from California's three public post-secondary education systems, the California College Pathways Initiative is increasingly helping foster youth achieve college success. The initiative focuses on ensuring quality education reviews are conducted at key life and education transition periods are performed for students in foster care. School districts have access to school based data as well as child welfare data that equips educators and key welfare personnel with the right information at the right time. California College Pathways also engages a team of adults to serve as educational champions to frequently review the student's needs and progress.

<http://www.cacollegepathways.org/>

- **FosterEd:** The FosterEd Initiative, developed by the National Center for Youth Law, is being piloted in Pima County. In partnership with state and local agencies, FosterEd is in the process of implementing a continuous cycle of data-driven interventions to ensure every foster child in Pima County has at least one educational champion with the characteristics proven to support success.

<http://www.foster-ed.org/>

- **H.E.R.O. Initiative:** A program that began due to the high unemployment rate of veterans. The City of Phoenix has begun working with numerous companies throughout Phoenix to promote the hiring of veterans. The City of Phoenix has held many intimate job fairs for veterans and teaches interview

skills, career readiness, and how to translate veteran's military skills into civilian job skills.

- **Arizona Veteran Supportive Campus Certification:** Approved in late Spring 2011, Senate Bill 1373 established the certification criteria by which the Arizona Department of Veterans' Services (ADVS) can designate an institution as an Arizona Veterans Supportive Campus. The guidelines aligned with Arizona's Guidelines for CARE, which is the common standard for all military, government and community organizations that serve and interact with service members, veterans and their families.

To be an "Arizona Veteran Supportive Campus," an institution must offer:

1. A campus survey of veterans to identify needs, issues, and suggestions of veterans
2. A campus steering committee consisting of student veterans, faculty, and staff to share information and to develop programs to establish or strengthen a veteran supportive campus based on best practices
3. Sensitivity and awareness of military and veterans' culture
4. Student veteran orientation programs
5. Peer mentoring and peer support programs
6. Outreach strategies to local military bases
7. One-stop resource and study centers
8. Community-based collaborations to allow the private sector to support veteran resource centers through financial and in-kind gifts

KEY REPORTS AND WEBSITES

FOSTER YOUTH

Arizona Youth Opportunities Initiative, Environmental Scan: http://azchildren.org/wpcontent/uploads/2013/10/AZ_Youth_Opportunities_Initiative_Environmental_Scan_FinalJI10.7.2013.pdf

Jim Casey Youth Opportunities Initiative: <http://jimcaseyyouth.org/>

VETERANS

<http://www.azceh.org/veteran> - Arizona Coalition to End Homelessness

[http://www.azdvs.gov/Departments/Homeless%20Vets%20Division/Arizona%20Action%20Plan%20to%20End%20Homelessness%20Among%20Veterans\(1\).pdf](http://www.azdvs.gov/Departments/Homeless%20Vets%20Division/Arizona%20Action%20Plan%20to%20End%20Homelessness%20Among%20Veterans(1).pdf) – Arizona Action Plan to End Homelessness Among Veterans

http://www.azdvs.gov/services/Homeless_Veterans.aspx - homeless vets

HOMELESSNESS

Arizona Coalition to End Homelessness, <http://www.azceh.org>

Homelessness in Arizona- 2012 Annual Report-Department of Economic Security, https://www.azdes.gov/InternetFiles/Reports/pdf/des_annual_homeless_report_2012.pdf

ABOUT THE AUTHORS

Lead Author: **Dr. Maria Harper-Marinick**, Executive Vice Chancellor and Provost, Maricopa Community College District
Veterans: **Andrea Banks** (veteran), Rio Salado College and **Antonia Adams-Clement**, Mesa Community College
Foster Youth: **Luis de la Cruz-Parra**, Maricopa Community College District and **Kathleen Perales**, from Mesa Community College
Latino Education Gap: **Joseph Garcia**, Morrison Institute for Public Policy, Arizona State University
Homelessness: **Julie Knapp**, Scottsdale Community College
Others: **Felicia Ganther and Dr. Ray Ostos**, Maricopa Community College District

ENDNOTES FOR FOSTER YOUTH

- 1 Arizona Department of Economic Security (ADES-DCYF) Children Welfare Reporting Requirements Semi-Annual Reports (2003-2012) compiled by the Children Action Alliance.
- 2, 4, 9, 10 Leone, Peter and Lois Weinberg. "Addressing the Unmet Educational Needs of Children and Youth in the Juvenile Justice and Child Welfare Systems." *Georgetown Center for Juvenile Justice Reform*. (2010): n. page. Web. 19 Nov. 2013. <http://jimcaseyouth.org/sites/default/files/documents/Georgetown%20educational%20needs%20paper.2010.pdf>
- 3 Environmental Scan. Youth Opportunities Initiative. Children's Action Alliance, 07 Oct 2013. Web. 31 Oct 2013. http://azchildren.org/wpcontent/uploads/2013/10/AZ_Youth_Opportunities_Initiative_Environmental_Scan_Final110.7.2013.pdf
- 5 "Investing in the Future of Young People." Jim Casey Youth Opportunities Annual Convening 15 Nov 2013.
- 6 "From Dreams to Degrees: Educational Success for Foster Youth." California College Pathways. Jim Casey Youth Opportunities Initiative Annual Convening. 16 Nov 2013.
- 7 *Aging out of Foster Care in America: The costs of doing nothing, versus the benefits of doing it right*. Jim Casey Youth Opportunities Initiative.
- 8 Framework of Well-Being for Older Youth in Foster Care. Jim Casey Youth Opportunities Initiative Annual Convening. 16 Nov. 2013.

ENDNOTES FOR VETERANS

- 1, 2 "Only 36% of Veterans Utilizing GI Bill's Free Tuition" - Omaha.com. N.p., n.d. Web. 25 Nov. 2013.
- 3 "More than 2,000 Homeless Veterans in Arizona." <http://ktar.com>. N.p., n.d. Web. 25 Nov. 2013.
- 4 "Veterans at Greater Risk for Homelessness." - *News21*. N.p., n.d. Web. 25 Nov. 2013.
- 5 Catey Traylor and Peter Haden, "Veterans at Greater Risk for Homelessness." *Cronkitenewsonline.com- News21*. Sept. 6, 2013, <http://cronkitenewsonline.com/2013/09/news21-veterans-at-greater-risk-for-homelessness/> Web. 25 Nov. 2013.
- 6, 7 David Vacchi, "Considering Student Veterans on the Twenty-First-Century College Campus," *About Campus*, 17(2), 2012.
- 8 "8 Keys to Success: Supporting Veterans, Military and Military Families on Campus." *EDgov Blog*. N.p., n.d. Web. 25 Nov. 2013.

ENDNOTES FOR HOMELESSNESS

- 1 Gonzales, Jennifer. Antipoverty Group Works With Community Colleges to Graduate More Students, *The Chronicle of Higher Education*. (Sept. 4, 2011). <http://chronicle.com/article/Antipoverty-Group-Works-With/128874> (taken from the National Center for Education Statistics).
- 2 U.S. Census Bureau, Economic & Housing Statistics Division, Poverty Statistics Branch. Examining the Effect of Off-Campus College Students on Poverty Rates, <http://www.census.gov/hhes/www/poverty/publications/bishaw.pdf> (May 1, 2013).
- 3 William G. Tierney, *Transitions to Adulthood for Homeless Adolescents: Education and Public Policy*, 2008: http://www.uscrossier.org/pullias/wp-content/uploads/2012/02/2008_CHEPA_Transitions_to_Adulthood_for_Homeless_Adolescents.pdf

Early education and its relevance to vulnerable populations was covered in depth during the 103rd Arizona Town Hall on early education. Accordingly, this chapter focuses primarily on higher education.

For a complete treatment of the subject of early education, view the full report from the 103rd Arizona Town Hall at http://www.aztownhall.org/Resources/Documents/103rd_AzTownHall_Report_links.pdf

EMPLOYMENT

BY NINA BABICH AND ED STRONG

INTRODUCTION

EVERYONE IS EMPLOYMENT VULNERABLE

Who is employment vulnerable?

Essentially, everyone, although vulnerability is impacted by educational attainment; urban/suburban versus rural living; availability of child care; legal history; health; skin color; gender; age; and importantly, social networks.

An ex-offender, minority male under the age of 24 in Yuma County who is a high school dropout and has a disability has very little hope of achieving self-sufficiency through employment.

A White, urban female with a bachelor's degree in a health occupation specialty and several years experience can be nearly assured of being able to find a high wage job at any time, anywhere.

But as we said – everyone is vulnerable. Nursing has been touted as recession-proof, yet even that occupation experiences shortages and surpluses that wax and wane over time (see sidebar on facing page).

The risk of poverty and unemployment is very real for the **majority** of the population, not just the people we traditionally think of as vulnerable:

- Between the ages of 20 and 75:
 - 58% of Americans will experience at least one year below the official poverty line.
 - 75% will experience at least one year below 150% of the poverty level.
- Between the ages of 20 and 65;
 - Two-thirds of Americans will rely on a means-tested safety net program.
 - 40% will use a safety net program in five or more separate years.¹

PUBLIC POLICY CHANGES CAN INCREASE VULNERABILITY

1. **Health Care.** The ultimate impact of the Affordable Care Act on the economy is yet to be determined. Pundits spout data, theories, and opinions for both sides of the argument. But undeniably, many employers are responding in advance of the Act's implementation with "rationale, informed self-interest." They are doing so by reducing the hours of individual employees. Through no fault of their own, previously full-time workers are now part-time. Lowe's and Home Depot are among the major employers reducing employee hours.
2. **Federal Sequestration.** Arizona has 2,000 defense firms with 43,000 workers. Austerity cuts total \$500 billion over 10 years on the defense side. "Phoenix's top business recruiter warns the closure of Lockheed Martin's plant in Goodyear (set for 2015, cutting 600 jobs) could be just the tip of the iceberg when it comes to federal sequestration austerity cuts. And more cuts could do to Arizona's defense and aerospace sectors what the decline of Motorola did to the state's semiconductor industry." (<http://www.bizjournals.com/phoenix/blog/business/2013/11/lockheeds-arizona-closure-could-be.html?page=all>)



KEY FINDINGS

- Virtually everyone who is employed is vulnerable.
- Public policy changes can increase vulnerability.
- Global and national trends lead to increased vulnerability.
- Industry trends can increase vulnerability.
- Under-employment can leave people as vulnerable as unemployment.
- Vulnerability is impacted by where you live, what opportunities you have, and the career choices you make.

HOW ARE ARIZONANS AT-RISK?

- More Arizonans are out of work than the official unemployment figures suggest. The published unemployment rate, the “U-3,” reflects people without jobs who have actively looked for work within the past four weeks. The “U-6,” which also includes part-time workers, is a broader measure. It counts people actively looking for work, but adds those who gave up looking in the past year and part-timers who can’t find full-time work. In 2012, the U-3 rate for Arizona was 8.25%, while the U-6 was 15.9%.² Nationally, the U-3 rate was 8.1% and the U-6 rate was 14.7%.
- Arizonans have not experienced the recession and recovery the same way as the rest of the country. While the U.S. has regained 78 percent of the jobs lost since the pre-recession peak, Arizona has only regained 47 percent.
- Arizona has a large percentage of jobs funded through federal government resources. The sequestration and continued fiscal uncertainty inhibits economic growth.

UNDER-EMPLOYMENT VULNERABILITY: TOO MANY LOW WAGE JOBS

Employment vulnerability should not be thought of as just the difference between employed or not employed. Many individuals work full time, but their jobs do not allow them to be self-sufficient.

Arizona does not yet have enough high wage jobs in its economy. It is in the bottom half of the nation. Nearly a quarter of all jobs in the state would put a family of four below the poverty level.

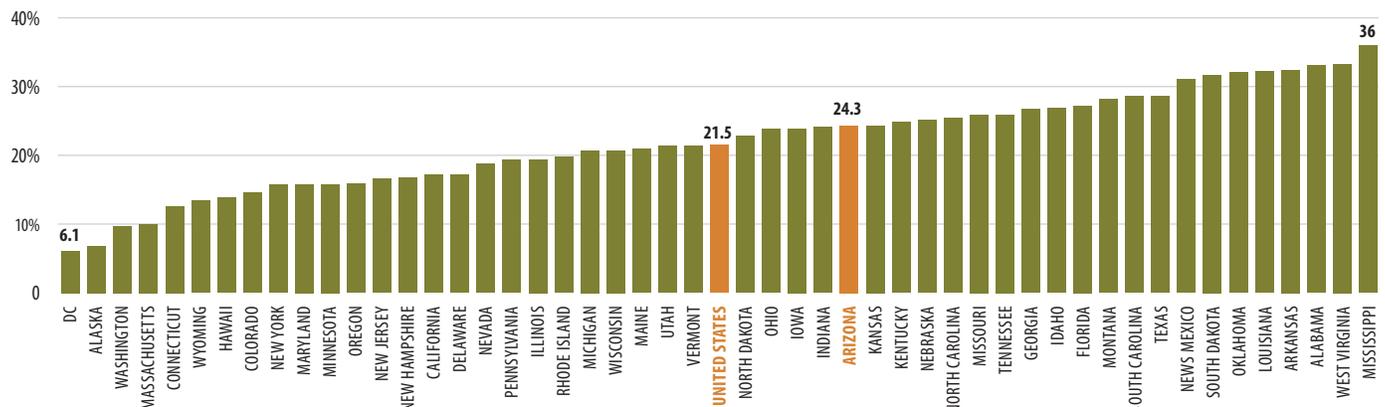
From Shortage to Surplus...

Dire predictions of nursing shortages made over the last decade did not take into account all the factors that can affect demand. The Great Recession was among the unexpected game-changers. A recent report on the Arizona nursing market explained many of the market influences:

- A rapid decline in population growth in Arizona.
- An increased percentage of RNs remaining in the labor force beyond ages of eligibility for retirement pensions (+).
- A shift among employed RNs from part time to full time work (an increase in the supply of nursing services but a reduction, all else equal, in the number of employed RNs) (-).
- Re-entry into the nursing profession of RNs with expired licenses (+).
- Above average proportion of RNs who did not renew licenses 2007-2008 (-) with lower proportions in subsequent years (-).
- ‘Added worker effect’ licensed but inactive RNs returning to work because members of their households lost their jobs (+).
- Reduction in demand for health care from persons who lost health insurance coverage because of unemployment or shrinkage in AHCCCS coverage (-).
- Increased demand for hospital-based outpatient care (ED etc.) rather than primary care among newly uninsured persons (+).

What Happened to the Shortage of Registered Nurses: The Arizona Experience 2008-2012; William G. Johnson, Professor, Biomedical Informatics; Gevork Harootunian, Statistical Programmer. December 2012.

Low Wage Jobs: Percentage of Jobs in Occupations with Median Annual Pay Below 100% Poverty Threshold for a Family of Four (\$22,314), 2010.



Source: CFED Assets and Opportunities Scorecard.

“We went into the hole earlier than other economic markets, we went in deeper and we’re taking longer going out.”

Barry Broome, CEO, Greater Phoenix Economic Council, quoted in AZCentral article on the state's economic recovery, September 1, 2013.

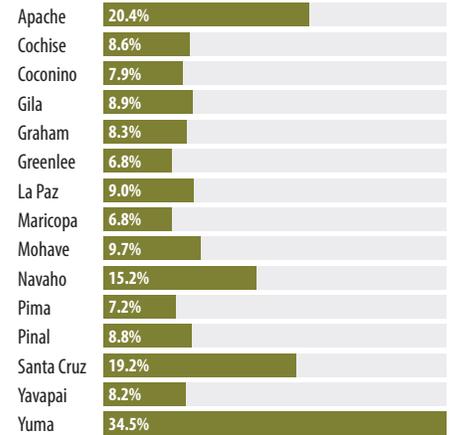
VULNERABILITY IS IMPACTED BY WHERE YOU LIVE, WHAT OPPORTUNITIES YOU HAVE, AND THE CAREER CHOICES YOU MAKE

In Arizona, there are fewer jobs available per job seeker than nationally. *The Conference Board Help Wanted OnLine®* Data Series (HWOL) measures the number of new, first-time online jobs and jobs reposted from the previous month for over 16,000 Internet job boards, corporate boards and smaller job sites that serve niche markets and smaller geographic areas. The Supply/Demand rate is the number of Unemployed persons divided by the number of total ads and reflects the latest month for which unemployment data is available. The ratio in October 2013 for AZ was 2.52, meaning there were 2.5 persons looking for work for every 1 job posted. This was higher than the national ratio of 2.29.

Individuals in rural areas have fewer opportunities than those within commuting distance of an urban core. The unemployment rate in Yuma County is substantially higher than Maricopa County. In May, 2013, the city of Yuma had the highest unemployment rate among metropolitan areas in the nation at 30.8%.

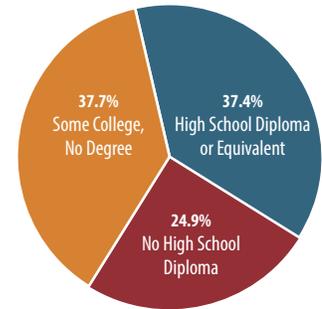
A career choice may wisely be made for a career in high demand within your local area, but if many other people make the same choice based on demand information, you may still face under or unemployment. In Maricopa County, there are an average of 563 openings annually for computer support specialists; but there were 2,678 computer support specialist training completers in the county in 2010 alone.

Unemployment Rate, Not Seasonally Adjusted, Arizona Counties, July 2013



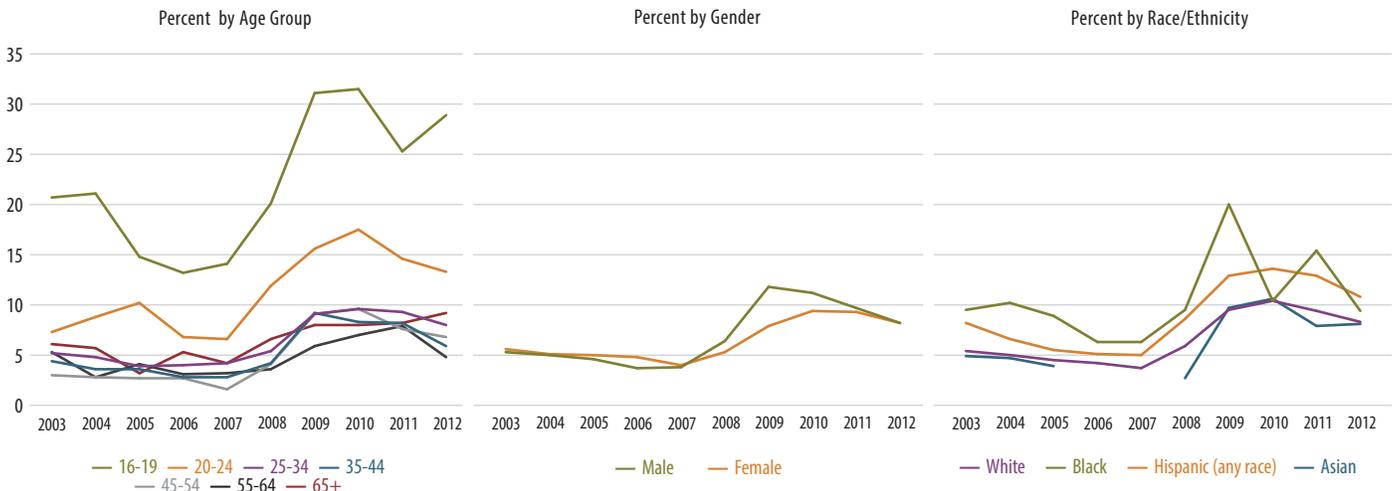
Source: Arizona Department of Administration, Office of Employment and Population Statistics.

Most Vulnerable Arizona Workers Have No Education Beyond High School



Source: Center for Postsecondary and Economic Success and the Center on Wisconsin Strategy.

Unemployment Rates by Age, Gender and Race/Ethnicity, 2003-2012



Source: U.S. Department of Labor, Bureau of Labor Statistics.

WHAT ARE THE DEMOGRAPHICS?

Young people are much more likely to face unemployment than older individuals. The 13.3% rate for those 20-24 years of age is particularly distressing, since those are the years when careers are being established and skills are being built. This generation will take much longer to reach the income level of their parents – if ever.

Males were most heavily affected by the recession, mostly due to losses in the construction industry. Because males comprise the majority of the workforce in manufacturing and construction, industries that are sensitive to downturns, they are more vulnerable than women in many respects.

Other than Asians, minorities are more likely to suffer unemployment than Whites. For Blacks in particular, the rate is more volatile than for Whites or other minorities.

Native Americans endured double-digit unemployment between 2005 and 2013, peaking at 15.2 percent nationally in 2010, compared to 9.1 percent for Whites, according to the Economic Policy Institute.

For Arizona, the state average for reservation unemployment in 2012 was 24.4 percent, but ranged from 4.7% (Yavapai-Prescott Reservation) to 46.7% (Fort Yuma Reservation, Arizona-California). These figures do not include Native Americans living outside reservation boundaries.

BECOMING DISABLED GREATLY DECREASES OPPORTUNITIES TO WORK.

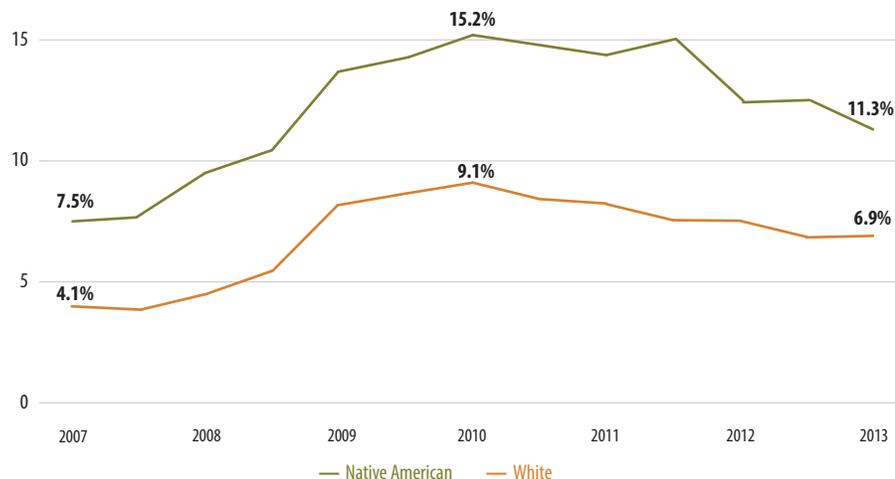
EVEN MILITARY VETERANS FACE DISCRIMINATION IN THE WORKPLACE.

Sam Croop: An Entry from His Blog

January 24th, 2012 - 22:47

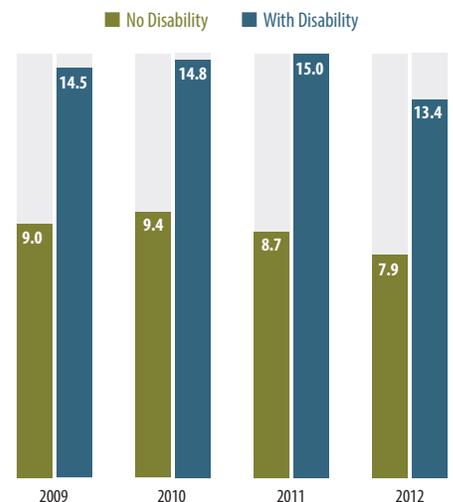
I'm a disabled vet. I was a soldier. Now I am a man who can't get a job or take care of his family. It's enough to drive a man towards suicide. I know several Veterans who feel discriminated against for hiring. I do a few different group therapy sessions, and I'm active on veteran forums. In Arizona there are a lot of vets who can't get a job with State or federal government even as a janitor. If you're a vet who gets a job interview you're a lucky guy because most vets can't even get in the door. The only thing that keeps me going is seeing and talking to the disabled vets who keep trying even though they are just getting kicked when they are down. I have an associate's degree and I can't even get a job, I don't know how them guys are going to make it. Nearly half of the vets are looking for full time work in Arizona. 206,000 out of 525,000 is a way higher discrimination percentage than women, LGBT, or minorities.

Unemployment Rates for Native Americans and Whites, 2007-2013



Source: Economic Policy Institute analysis of Current Population Survey data from the U.S. Bureau of Labor Statistics.

National Unemployment Rates, With and Without Disability, Age 16+



Source: U.S. Department of Labor Bureau of Labor Statistics.

WHAT ARE THE EMERGING ISSUES AND TRENDS?

GLOBAL AND NATIONAL TRENDS LEAD TO INCREASED VULNERABILITY

The global and national trend toward increased automation of tasks formerly performed by people has made many workers vulnerable. Technology both creates jobs and destroys them, although destruction has been outpacing creation since 2011, according to Erik Brynjolfsson at the MIT Sloan School of Management and his collaborator Andrew McAfee. Up until 2011, the authors of *Race Against the Machine* explain, employment and productivity rose together. But after 2011, the economy has been growing without any increase in job growth. Gross domestic product is rising, but median income is falling.

Robots have been used in manufacturing for decades to replace workers doing routine, repetitive jobs, but technology is now also impacting clerical work, retail, financial services, education, and even medicine. It is primarily the middle class jobs that are affected; high intellect jobs requiring creativity and problem-solving are growing, as are low skill jobs that can't be automated, such as janitors, waitresses, and home health aides. The loss of middle skill jobs and middle class income is a significant contributor to income inequality and sluggish recovery.⁴ "Whole employment categories, from secretaries to travel agents, are starting to disappear," claims an article in the Associate Press. The AP researched employment trends across 20 countries and reached the same conclusions as Brynjolfsson and McAfee. The most vulnerable workers, they found, are those doing repetitive work that programmers can write software for, and that includes a wide range of tasks within nearly every industry.⁵

Global competition, particularly from China, exacerbates vulnerability for thousands of jobs.

Structural Economic Change is the New Normal

"Workers find themselves in an economy that is characterized by these factors:

- "Expanding global competition and integration among developed and developing economies in a growing number of industries;
- "Rapid shifts in technologies and markets, creating both new and unpredictable opportunities and threats to individuals, businesses, and entire industries;
- "Rising demand for advanced skills, driven by the increasing complexity of information, technology, and business environments; and
- "Growing economic insecurity for workers in lower-paid, lower-skilled jobs, which is enhanced by slow growth in their incomes.

"Today, structural economic change is much more the norm. This requires a redesign of the approach to economic security to foster a more resilient workforce. Such a workforce would be able to build on its assets, preempt problems, rebound from setbacks, and take risks."³

Trade Deficits with China Decrease both Jobs and Wages

- Net job displacement since China entered the World Trade Organization in 2001 cost the economy \$37.0 billion in lost wages in 2011 alone.
- The increase in the U.S. trade deficit with China between 2001 and 2011 eliminated 2.7 million U.S. jobs, over 2.1 million (76.9 percent) of which were in manufacturing.
- Minorities suffered large trade-related wage losses of \$10,485 per worker in 2011. For the 958,800 minority workers displaced by growing China trade deficits, net wage losses totaled \$10.1 billion per year.
- U.S. trade deficits with China also displaced disproportionately large numbers of workers at both the top and the bottom of the educational ladder. Growing U.S. trade deficits with China also displaced nearly 1 million (997,700) good jobs with excellent benefits for workers without any college education (36.4 percent of total jobs displaced, and 0.5 percentage points more than their share of the nontraded labor force). In addition, workers with a bachelor's degree or more education lost 1.057 million jobs, 4.7 percentage points more than their share of the nontraded labor force.

Source: Trading away the manufacturing advantage: China trade drives down U.S. wages and benefits and eliminates good jobs for U.S. workers; Robert E. Scott, Economic Policy Institute. September 30, 2013.



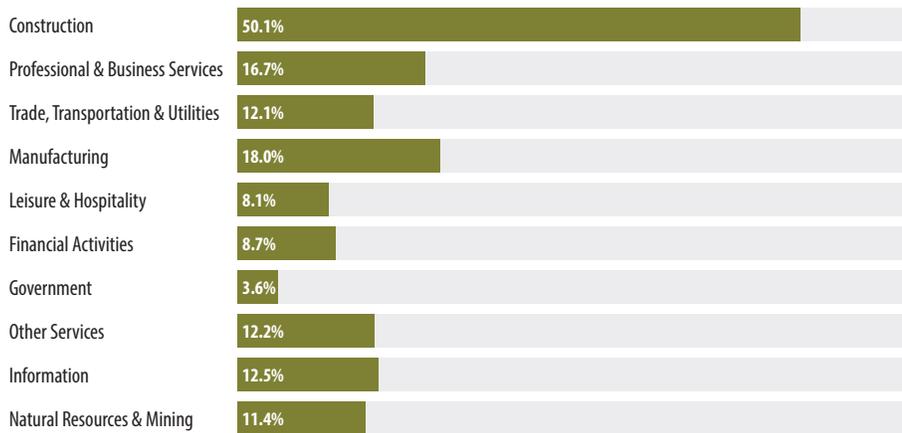
INDUSTRY TRENDS CAN INCREASE VULNERABILITY

Employers are increasingly seeing their workforce as a short-term, expendable resource. Even healthy, profitable firms may lay-off employees to increase returns for shareholders.⁷ Perpetual fear of lay-off leads to workers taking fewer professional risks, which may hurt long-term career prospects.⁸

Arizona is seeking ways to diversify its economy and move away from traditional low-wage jobs in services and manual labor. Presently, however, Arizona remains known for its cyclical housing and tourism markets, adding to the state's vulnerability due to seasonal and economic conditions.

Employers can be choosy when unemployment is high. Why fill a position that only requires a high school diploma with a high school graduate when there are plenty of college graduates looking for work? Low-skill workers are being crowded out and left to linger on the safety net.⁹

Employment Losses from Peak to Trough by Industry, Seasonally Adjusted



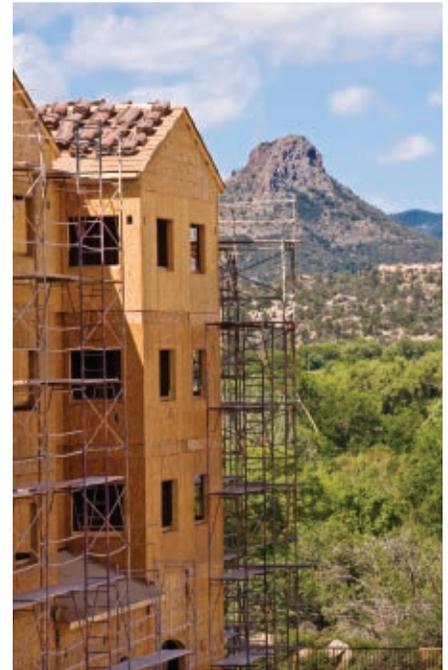
Source: U.S. Department of Labor, Bureau of Labor Statistics.

SYSTEM BARRIERS

EMPLOYER HIRING PRACTICES

Professor Peter Cappelli of The Wharton School at the University of Pennsylvania in his recent book, "Why Good People Can't Find Jobs – The Skills Gap and What Companies Can Do About It" (Cappelli, 2012) argues that employer practices are the primary cause of the perceived skills gap, in which employers say they can't find adequate candidates to fill positions. Automated screening tools and inappropriately high qualifications within job listings unnecessarily screen out many worthwhile candidates.

Cappelli cites the ultimate example of one company finding a near perfect match for a position with the exception of the fact that the candidate had never held the job title the company was seeking to fill. In fact, that job title only existed within the recruiting company. Therefore they could never find a "fully qualified" candidate. Indeed large organizations use automated screening tools that match for key skills in a resume and companies tend to over-state the qualifications they are looking for in an applicant. This process makes screening easier for companies but makes it hard for candidates to get past the first step and into an interview.



CONSTRUCTION
SHED MORE THAN
HALF OF ITS
JOBS (50.1% OR
109,800) FROM
OCTOBER 2007 TO
SEPTEMBER 2010.

GOVERNMENT
EXPERIENCED
THE SMALLEST
PERCENTAGE JOB
LOSS, REPORTING
A 3.6% LOSS FROM
OCTOBER 2007 TO
SEPTEMBER 2010.

While the anecdote is an extreme, it is an example of how technology has taken the human element out of the hiring process and is preventing good candidates from being considered. Employers should perhaps examine their own hiring practices to determine if they are indeed using processes that screen out too many otherwise qualified candidates.

EMPLOYER INVESTMENTS IN TRAINING

Further, Cappelli argues that employer training investments have declined such that most employers now expect applicants to come fully prepared to do the job to be filled. Employers, in general, have cut training investment to the bone and provide little introductory training to new employees. Employers might examine their training investment processes to determine if they could reduce the length of time positions remain vacant by re-introducing training for new workers to acquire the company specific skills they need to be competent on the job. This investment recommendation applies to incumbent workers as well as new workers. Incumbent worker training is typically the first line item reduced when hard times come, as they did during the recent recession. For employers to remain competitive, they might examine their investments in their current workforce, especially in the face of the increasing impact of new technologies that require new skills to survive in the work environment.

RE-DEFINING THE HUMAN SERVICES SAFETY NET

Investments in training and skills development have also been reduced dramatically by government over many years prior, during, and after the recent recession. Further, states and the national government spend billions of dollars on safety net programs that are typically means-tested and aimed at maintaining an individual or family at a subsistence level as opposed to focusing on growing their capacity to its maximum potential. In Arizona, the Department of Economic Security (DES) is spearheading an effort to redefine the safety net so that its purpose is to help users of safety net resources to achieve their full potential; for many this will mean freeing them from public supports entirely.

This is a large-scale challenge but one that is fundamentally reshaping the provision of services within DES. For this effort to be truly successful, it will require alignment of other government and private resources to support the same outcome. This level of alignment is not found in many places. A fully aligned system in Arizona would replace the current disparate series of individual program measures that characterize siloed programs with common measures that drive a common vision of maximizing individual potential.

WHAT ARE POSSIBLE COMMUNITY AND POLICY RESPONSES?

While the implications of foreign trade and technology advances are outside the scope of anyone's hands, there are some potential courses of action that can help decrease vulnerability for existing and new workers. We see elements of these already sprouting up in Arizona. Town Hall participants may wish to consider how these might be expanded or built upon to create even greater impact within the state.

- Use a combination of historical trends, labor market projections, and real time labor market information (LMI) to help inform student and worker choices in career pathways. Annually vet the information with bell-weather employers to ensure it is locally relevant and meets employer needs. Make this an ongoing process that involves employers in shaping how current and future workers are prepared to meet ever-changing employment demand.
- **Scenario:** Before embarking on a training program at a community college, an employed worker who wants to change careers has access to a full range of data about the impact of her/his choice of courses of study so that informed decisions can be made about the investment to be made. Consider making this process an “opt-out,” meaning the prospective student must actively chose not to participate.
- Further encourage the growth of sector strategies by bringing like employers in growth industry sectors together. Allow them to drive decisions about programs of study, government training content, and other relevant issues important to that sector, such as supply chain management. Sector approaches strengthen the growth of these industries and ensure there is an adequate and qualified workforce to meet their needs.
- **Scenario:** Employers in the wine industry in Yavapai County (who are already beginning to talk to each other through an Arizona Commerce Authority sector strategy initiative) are leading the direction for how a workforce can be developed to support their further growth. They are overcoming the natural competitiveness that drives them apart and are actually stronger together than as separate entities.



“THE MOST IMPORTANT PROBLEM THAT WE ARE FACING NOW TODAY, I THINK, IS RISING INEQUALITY IN THE UNITED STATES AND ELSEWHERE IN THE WORLD.”

Robert Shiller, Nobel Prize Winner for Economic Science quoted in The Washington Post GovBeat, “In many states the recovery is making the income gap worse”, November 18, 2013.

- It is clear that Arizona has a higher proportion of low wage jobs than other states. Many such jobs pay at or just slightly above the federal minimum wage, which last increased in July 2009, when it rose from \$6.55 to \$7.25 per hour. The increase was the last step of a three-step increase approved by Congress in 2007. However, before 2007, the minimum wage had remained at \$5.15 per hour for 10 years.
- Most low wage jobs typically don't have career growth potential and certainly don't provide family sustaining wages. Parents in such jobs typically don't have access to the kinds of supports necessary to allow them more time to be involved in their children's development. Exploring an increased minimum wage is one way other jurisdictions are addressing this issue.
- **Scenario:** There is an open and bi-partisan examination of the pros and cons of creating a floor minimum wage that allows families to go beyond meeting their very basic needs. The examination is data driven – free of biases that are not supported by the data. Conclusions are based on the data findings and an open dialogue with employers, workers, and other impacted groups.
- To build on the vision of maximizing potential currently being developed with the Department of Economic Security, other players must be at the table. As a start, economic development, education, and the safety net structure have great potential to work together to grow Arizona. A large factor in location or expansion decisions by prospective employers looking to start-up, re-locate, or expand their business is the availability of a skilled workforce that meets their needs. Perhaps it is time to bring the entities together that direct economic development, control education resources, and have a large pool of potential workers (instead of people to be maintained at low levels of subsistence) to create the skilled workers employers need.
- **Scenario:** There is an alliance between the Arizona Commerce Authority, the Arizona Department of Education, local community colleges, the four year universities, and the Department of Economic Security focused on helping Arizona grow by ensuring there is a prepared workforce for new employers. That alliance uses the labor market forecasting methods described above, including employer involvement in sector strategies and vetting data, to create a prepared workforce, reduce dependency, and foster economic growth within the state.

WHAT CAN WE LEARN FROM NEW RESEARCH AND BEST PRACTICES?

SELF-DEVELOPMENT TO AVOID OR WEATHER A LAY-OFF

“Continue to educate yourself by looking for opportunities at your company and elsewhere to learn new and diverse skills. This can only help you at your current job as well as down the road when you are looking for a new one...You don't want to wait until you need help finding a job to network. Make a special effort to reconnect in a meaningful way with past bosses, former colleagues, academic advisors, and other potential advocates. Reaching out to them only in times of distress can be a turn-off. Also, make sure to offer yourself as a resource to your contacts.”

Wall Street Journal Guide to Avoiding a Layoff
<http://guides.wsj.com/careers/how-to-start-a-job-search/how-to-avoid-a-layoff/>

WORK SHARING AS MEANS TO AVOID LAYOFFS

Work sharing is not a new idea. The idea of shortening work time to create more work has a long history. In the context of an economy that is at full employment, this approach can be seen as misguided, since legislated reductions in work time can lead to increased inflationary pressure and economic distortions. However, in an economy that is operating well below its potential – and projected to remain so for much of the next decade – work sharing may be the most viable way of bringing the economy back closer to full employment.

<http://www.cepr.net/documents/publications/work-sharing-2011-06.pdf>
Arizona is one of 25 states that permit work sharing. Can its use be expanded within the state?
<https://www.azdes.gov/main.aspx?menu=234&id=2196>

WORKER RETRAINING STRATEGIES

“The most powerful recent innovation in government is where states aggressively use community colleges for re-training. In Michigan, when large numbers of workers were displaced from the manufacturing industry, we created a wildly successful program: No Worker Left Behind. NWLB's unique configuration resulted in worker placements at four times the national average. We received federal waivers to reconfigure our workforce training dollars and used the business community to identify specific skills needs. The first 100,000 unemployed workers who enrolled received two years' tuition at their community college or approved training school – \$5,000 per year. The catch: They had to be trained in any area of demand.”

Jennifer Granholm, former Governor of Michigan
<http://www.businessweek.com/articles/2012-08-23/my-bright-idea-jennifer-granholm-on-worker-retraining>

ABOUT THE AUTHORS

Nina Babich and **Ed Strong** are both Senior Fellows at Corporation for a Skilled Workforce, which is based in Ann Arbor, Michigan. CSW is a national nonprofit organization that helps government, business and community leaders create good jobs so that families and firms can thrive in the changing and turbulent marketplace.

ENDNOTES

- 1 *Asset Building and Low-Income Families*; edited by Signe-Mary McKernan and Michael Sherraden; Urban Institute Press; 2008.
- 2 Office of Employment and Population Statistics, Arizona Department of Administration, Labor Market Information Overview Presentation, August 21 and 22, 2013.
- 3 *The Cornerstones of Economic Security for Resilient Workers; A Policy Framework for Shared Action*; National Governors Association Center for Best Practices; April 2013.
- 4 *How Technology Is Destroying Jobs*, David Rotman, MIT Technology Review, June 12, 2013.
- 5 *AP Impact: Recession, Tech Kill Middle-Class Jobs*; Bernard Condon And Paul Wiseman; AP; Jan. 23, 2013.
- 6 *Trading away the manufacturing advantage: China trade drives down U.S. wages and benefits and eliminates good jobs for U.S. workers*; Robert E. Scott | Economic Policy Institute. September 30, 2013.
- 7 <http://www.forbes.com/sites/knowledgewharton/2012/05/10/182012/>
- 8 http://www.azcentral.com/arizonarepublic/news/articles/2011/06/19/20110619middle-class-employer-loyalty-decline.html?nclick_check=1#ixzz2lgyhTWc
- 9 *Employment Gap Between Rich, Poor Widest On Record*; Hope Yen; Detroit News; September 16, 2013.

KEY REPORTS AND WEBSITES

Arizona Department of Administration, Employment Forecast (2012 – 2014)
http://www.workforce.az.gov/pubs/labor/Forecast_Slides_05-09-13.pdf

Why Good People Can't get Jobs; The Skills Gap and What Companies Can Do About It, Peter Cappelli, The Wharton School, University of Pennsylvania, 2012, book available through Wharton Digital Press or downloadable from Kindle, eBooks or other digital sources.
<http://wdp.wharton.upenn.edu/books/why-good-people-cant-get-jobs/>

Recovery: Job Growth and Education Requirements through 2020, Anthony P. Carnevale, Center on Education and the Workforce, Georgetown University, June 2013
<http://www9.georgetown.edu/grad/gppi/hpi/cew/pdfs/Recovery2020.FR.Web.pdf>

Summary Article in AZCentral on the state's economic recovery, AZCentral, September 1, 2013
<http://www.azcentral.com/business/news/articles/20130901arizona-economic-recovery-lags.html>

Summary of Income Inequality in Arizona and by State, Center on Budget and Policy Priorities, Economic Policy Institute
<http://www.cbpp.org/files/pullingapart2012/Arizona.pdf>

“Most of what he’s (speaking of President Obama’s recent housing recovery visit to Arizona) talking about makes sense to me. I’m just rather skeptical on how much can actually be implemented, given the balance of politics.”

Michael Orr, director of the Center for Real Estate Theory and Practice and ASU’s W.P. Carey School of Business, cited in the Arizona Capitol Times, August 12, 2013



ARIZONA'S VULNERABLE POPULATIONS: CONCLUSIONS

Key points to keep in mind when discussing vulnerable populations include:

- Vulnerable populations are not identified as “poor” since the poor already are in full crisis. Vulnerable populations are at high risk for slipping into crisis due to one or more factors or stressors.
- Incomes are only one factor contributing to vulnerable populations. There often are more than one stressor or contributing factor, including family status, education levels and geographical region.
- Ethnic minorities – especially Arizona’s burgeoning Latino population – are among those most vulnerable due to several factors. With Arizona’s changing demographics, especially troubling is the state’s educational attainment gap for Latinos, who represent Arizona’s future majority workforce and population.

Other segments of Arizona’s general population who are most vulnerable include:

- Developmentally disabled individuals
- Single-parent families
- Workers with seasonal jobs, fluctuating hours or temporary employment
- Workers not earning a livable wage or receiving employee benefits
- Individuals or those unable to withstand a temporary financial emergency
- Those who use “payday loans” or similar high-interest loans
- Those who have subprime credit and pay high banking fees
- Those who do not use traditional financial services such as banks
- Those without healthcare insurance or with a costly medical bill
- Those who are underemployed or whose jobs are especially susceptible to economic ebbs and flows
- Those who are undereducated and those without marketable skills, certificates or degrees
- Those with little or no family support system, especially newcomers
- Those who live in rural areas or depressed urban areas without close proximity to financial, healthcare and community services
- Those without access to resources, including Internet and public libraries
- Those without access to reliable transportation, including mass transit
- Those suffering from health problems, including behavioral health

This report is not intended to ignore the poor, but rather include vulnerable populations in such discussions by community leaders and policy makers to prevent vulnerable populations from slipping into full crisis – a hole that has proven to be difficult to escape, given the stubborn syndrome of abject poverty.

This somewhat new conversation also should note that with such a large segment of Arizona’s population as vulnerable, this in turn makes Arizona as a whole vulnerable. There is an economic case to address triggers of vulnerability, with lessons of the domino effect experienced by Arizona at a disproportionate level in the recent Great Recession. The sliding scale that makes up Arizona’s vulnerable populations shows the connectivity of all economics. There is no “them,” just “us.”

WWW.AZVP.ORG





ONE EAST CAMELBACK RD., SUITE 530
PHOENIX, AZ 85012
602-252-9600 | WWW.AZTOWNHALL.ORG