Participation in federal and state programs has contributed to welcome progress in the fight against poverty over the last several years, and Arizona is beginning to see poverty rates edge downwards. This is good news. But poverty in Arizona remains higher than it was before the Great Recession, and actions by Congress and the Trump administration threaten to weaken the very programs that have contributed to progress made so far.

Data released in September by the Census Bureau show that Arizona’s poverty rate has steadily declined over the past few years. In 2014, 18.2% of Arizonans were poor, compared with 17.4% in 2015 and 16.4% in 2016. Nationally, the poverty rate also showed a slight decline in 2016. The American Community Survey shows that 14.0% of all Americans lived below the poverty line in 2016, down from 14.7% in 2015 and 15.9% in 2012, the highest rate in recent years.1

Additional data from the Census Bureau and other sources show how progress is being made in the fight against poverty. A stronger economy, higher incomes and more jobs, and an array of federal programs and policies have helped to lift poor and near-poor families out of poverty. In fact, the new Census Bureau data show that anti-poverty programs like housing assistance, the Supplemental Nutrition Assistance Program, (SNAP, formerly known as food stamps), low-income tax credits, and assistance for people with disabilities have succeeded in lifting millions of Americans out of poverty.

However, the poverty rate in Arizona has yet to fall to pre-2007 levels – an indication that the economic impact of the Great Recession persists. Continued job growth and strong investment in federal and state programs that serve low-income Arizonans will accelerate the pace of poverty reduction even more, and decrease poverty to pre-Recession levels.

More than 1.1 million Arizonans are still suffering under poverty’s weight, and the progress we have made thus far is under threat. Proposed budgets and spending bills from leadership in the House, Senate, and White House would slash billions from the programs that have enabled this progress. These cuts would cause millions more Americans to suffer in poverty and near poverty.
Progress to Build On: The Data

The poverty rate in Arizona dropped 1 percentage point from 2015 to 2016. This means 51,500 fewer Arizonans lived below the poverty line in 2016 than the year before. But this progress must be viewed in context.

County-level data
Poverty has been increasing in many Arizona counties (see table below). In Cochise, Coconino, Graham, Maricopa, Mohave, Navajo, Pima, and Pinal counties, the poverty rate increase between 2007 and 2016 was statistically significant. The U.S. Census Bureau will not publish 2016 county-level poverty data for Greenlee or La Paz counties until December, 2017.

<table>
<thead>
<tr>
<th>County</th>
<th>2016 (%)</th>
<th>2015 (%)</th>
<th>2007 (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Apache</td>
<td>33.4</td>
<td>39.4</td>
<td>33.8</td>
</tr>
<tr>
<td>Cochise</td>
<td>22.6*</td>
<td>17.0</td>
<td>15.5</td>
</tr>
<tr>
<td>Coconino</td>
<td>17.9*</td>
<td>20.0</td>
<td>16.1</td>
</tr>
<tr>
<td>Graham</td>
<td>25.0*</td>
<td>22.6</td>
<td>18.9</td>
</tr>
<tr>
<td>Maricopa</td>
<td>15.0*</td>
<td>16.3</td>
<td>13.1</td>
</tr>
<tr>
<td>Mohave</td>
<td>17.8*</td>
<td>16.2</td>
<td>12.6</td>
</tr>
<tr>
<td>Navajo</td>
<td>28.8*</td>
<td>28.2</td>
<td>22.8</td>
</tr>
<tr>
<td>Pima</td>
<td>18.4*</td>
<td>18.9</td>
<td>15.0</td>
</tr>
<tr>
<td>Pinal</td>
<td>15.6*</td>
<td>15.8</td>
<td>12.3</td>
</tr>
<tr>
<td>Santa Cruz</td>
<td>18.4</td>
<td>18.6</td>
<td>18.6</td>
</tr>
<tr>
<td>Yavapai</td>
<td>12.9</td>
<td>15.1</td>
<td>13.1</td>
</tr>
<tr>
<td>Yuma</td>
<td>18.0</td>
<td>20.5</td>
<td>17.6</td>
</tr>
</tbody>
</table>

*Denotes statistically significant change from 2007 rate
^Denotes statistically significant change from 2015 rate

Deep Poverty and Near Poverty
In 2016 the official poverty line for a family of four was $24,563. According to the Census Bureau, 525,600 Arizonans live in deep poverty, meaning they live on less than half of the federal poverty level, including 176,000 children. That’s relatively the same as the previous year, but it’s higher than in 2007, before the Great Recession.

The number of near-poor Arizonans – those living on less than twice the poverty level – was 2.5 million in 2016, no change from 2015, but higher than the number who were near-poor in 2007.

Individuals aged 65 and Older
Arizona’s aging adults have not seen substantive economic progress since the Great Recession. The poverty rate for Arizonans aged 65 and older has remained statistically unchanged between 2016 and 2015 (9.0% both years), and from 2007 (8.6%).

<table>
<thead>
<tr>
<th>Poverty Rates in Arizona</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
</tr>
<tr>
<td>Overall Poverty</td>
</tr>
<tr>
<td>Senior Poverty</td>
</tr>
<tr>
<td>Child Poverty</td>
</tr>
<tr>
<td>Poverty for People with Disabilities</td>
</tr>
</tbody>
</table>

*Denotes statistically significant change from 2007 rate
^Denotes statistically significant change from 2015 rate
People with Disabilities
One in five people with disabilities in Arizona live in poverty. The poverty rate of individuals living with disabilities did not change between 2015 and 2016, and has increased since 2007.

Ethnic and Racial Disparities
Communities of color, as a whole, remain disproportionately affected by poverty. Arizona’s Latino population saw improvements in poverty rates: 23.5% of Latinos in Arizona were poor in 2016, down from 26.3% in 2015. But for most racial or ethnic groups, there has been little statistically significant change since before the Great Recession. The poverty rate for African Americans in 2016 was 22.1%, showing little or no change since 2007. One in three Native Americans (33.3%) in Arizona lived at or below the federal poverty level in 2016, also unchanged since 2007. Individuals identifying as “some other race” experienced poverty at a rate of 25.8% in 2016, a statistically significant increase from 22.5% in 2007. Arizonans identifying as Asian experienced poverty at the same rate (13.3%) in both 2015 and 2016. Arizonans identifying as “two or more races” saw a similar increase in poverty between 2007 and 2016, from 13.6% to 19.3%.

<table>
<thead>
<tr>
<th>Poverty Rates in Arizona by Race/Ethnicity and Year</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
</tr>
<tr>
<td>White</td>
</tr>
<tr>
<td>African American</td>
</tr>
<tr>
<td>Native American</td>
</tr>
<tr>
<td>Native Hawaiian / Pacific Islander</td>
</tr>
<tr>
<td>Asian</td>
</tr>
<tr>
<td>Some other race alone</td>
</tr>
<tr>
<td>Two or more races</td>
</tr>
<tr>
<td>White alone, not</td>
</tr>
<tr>
<td>Hispanic or Latino</td>
</tr>
<tr>
<td>Hispanic or Latino of any race</td>
</tr>
</tbody>
</table>

*Denotes statistically significant change from 2007 rate
^Denotes statistically significant change from 2015 rate

Child Poverty
Children are more likely to be poor in America than any other age group. Nearly one in five kids under the age of 18 live in poverty nationwide. In Arizona, the situation is far worse: nearly a quarter of children in this state are growing up in poverty. In 2016, 23.6% of children in Arizona lived at or below the poverty line, a statistic that remained essentially unchanged from 2015. Children of color experience poverty at higher rates that their white peers. African American and Latino children are more than twice as likely to be poor than white children. In 2016, 12.7% of non-Hispanic white children in Arizona lived in poverty, while 30.6% of African American and 32.1% of Latino children were
In 2016, 41.4% of Native American children, 13.4% of Asian children, 37.4% of children identified as “some other race,” and 20.5% of children identified as “two or more races” were poor. Children in Arizona remain in poverty at higher rates than before the Great Recession.

Health Insurance Coverage
The Affordable Care Act and Arizona’s decision to expand Medicaid coverage for low-income adults have greatly reduced the number of individuals without health insurance. In 2016, the nation’s uninsured rate stood at 8.6%, down from 9.4% in 2015. In Arizona 10% of people were uninsured in 2016, a reduction of 7.2 percentage points from 2013 when many ACA provisions were enacted. However, the number of uninsured in Arizona remained fairly static from 2015.

Food Security
Nearly 16 million American households are food insecure. The number of American households that are food insecure has continued a slight downward trend. In 2016, nearly a third (31.6%) of low-income families (those with incomes below 185% of the poverty line) were food insecure. In 2016, 12.3% of American households weren’t always able to provide enough food for all family members. That figure is down from a Recession-era high of 14.9% in 2011. However, the proportion of Americans struggling with food insecurity is higher than the pre-recession level of 11.1%.

In Arizona, an average of 14.6% of households were food insecure between 2014 and 2016. This is relatively unchanged from mid- and pre-Recession levels. Over 1 million Arizonans do not know where their next meal will come from.

Effective Programs Reduce Poverty and Expedite Progress
The Census Bureau’s Supplemental Poverty Measure (SPM) is a more accurate measure of poverty and its changes over time than the official poverty rate. Unlike the official poverty rate, the SPM counts income sources such as federal tax credits and food and housing assistance as well as expenses like out-of-pocket medical costs. The SPM shows that federal programs increase incomes for millions of Americans, lifting them out of poverty and reducing the burdens of poverty for millions more. Since President Lyndon B. Johnson announced his “War on Poverty” in the 1960s, programs that enhance quality of life have played an increasingly important role in community development and in reducing poverty nationwide. Using the SPM and other data, researchers have found that poverty has decreased by more than one-third since 1967. In 2014, the national poverty rate would have been 12.0 percentage points higher without government programs. These programs lifted more than 50 million people above the poverty line that year. In Arizona, the poverty rate would have been 12.6 percentage points higher in 2014 without government programs; child poverty would have been 13.6 percentage points higher, and poverty among the elderly would have been 34.7 percentage points higher in 2014 without government programs.

Safety net programs were shown to have lifted 46 million Americans, including 12 million children, out of poverty each year between 2009 and 2012, on average. In Arizona, 1 million people, including 290,000 children, were lifted out of poverty by basic living standard programs each year between 2009 and 2012, on average. Their impact is as follows:

- Supplemental Security Income (SSI), federal support for people with very limited resources who are elderly or with disabilities, or families caring for children with severe disabilities, lifted 3.4 million Americans and 73,000 Arizonans out of poverty
- 220,000 fewer Arizonans and 3.6 million fewer Americans were poor because of SNAP
• Low-income tax credits lifted an average of 280,000 Arizonans out of poverty each year between 2011-2013
• Nationally, more than 8.1 million people were lifted out of poverty by low-income refundable tax credits in 2016
• 98,000 Arizonans are helped by housing subsidies, which lifted 3.1 million individuals in the United States out of poverty
• 1.3 million people nationwide were lifted from poverty as a result of the school meals program
• 10.5 million more Americans would be counted in the official poverty measure if out-of-pocket medical costs were included. This demonstrates the importance of quality, affordable health insurance.

Programs that help our neighbors achieve basic living standards do more than lift people out of poverty. Medicaid allows low-income individuals to address health issues and live healthier lives, even improving health outcomes across generations. A recent study found that the grown children of women who had received Medicaid during their pregnancies were more likely to have healthier babies.\(^9\) The Affordable Care Act (ACA) and Arizona’s decision to participate in Medicaid Expansion has succeeded in reducing the number of uninsured Arizonans by 437,000 since 2013. However, more than 28 million Americans, including 681,000 Arizonans, remain uninsured.

Arizona’s Children’s Health Insurance Program (CHIP), known as KidsCare, was frozen during in 2009 due to Recession-era budget constraints but was reinstated in 2016 with federal funding stipulations. For years, Arizona was the only state in the nation without an operational CHIP. Congress failed to reauthorize CHIP by the September 30\(^{th}\), 2017 deadline. If Congress does not take swift action to renew CHIP, KidsCare will run out of funding by December 2017. This means that tens of thousands of working Arizona families living below 200% of the federal poverty level will once again lose access to low-cost children’s health insurance.

Housing vouchers sharply reduce housing instability and homelessness, as well as other hardships like food insecurity, domestic violence, and child separation for recipients – 68% of whom are seniors, children, or people with disabilities.\(^{11}\)

SNAP is our nation’s largest child nutrition program. One in four children in the U.S. live in families that receive SNAP benefits. The program has been shown to improve the health and educational outcomes of children in the near- and long-term, as well as the health of their parents. Families participating in SNAP are 28% more likely to be able to afford medical expenses without forgoing basic necessities like food, rent and utilities.\(^{12}\) Researchers estimate that in a weak economy, every $1 spent on SNAP translates to $1.70 in economic returns.\(^{13}\)

Federal assistance programs help people get and keep good jobs. Child care subsidies, for example, allow parents to go to work or school and provide children with quality educational experiences in their early years. Single mothers were more likely to be employed, more likely to be employed full time, and
more likely to have stable employment when receiving child care subsidies. Only one out of seven families eligible to receive federal child care assistance is receiving it, and more than 373,000 children in need have lost access to child care since 2006, including 5,800 children in Arizona. Arizona lawmakers have been unwilling to invest in affordable childcare. As a result, the state’s affordable childcare program is out of compliance with federal requirements and is at risk of losing federal funding.

Many anti-poverty programs do not reach enough of the people they are designed to help, and others, like SNAP, could do more good if their benefits were higher. The average SNAP benefit in Arizona is only $1.35 per person per meal. Similarly, only one in four qualifying renters receives rental assistance due to insufficient funding. Between 2004 and 2015, the number of families with children receiving rental vouchers declined by 13%. This is despite the fact that 64% of poor Arizona households earning less than $20,000 a year spend more than half of their income on housing.

The Earned Income Tax Credit (EITC), an extremely effective anti-poverty and pro-work tax credit, provides far less help to low-income workers who aren’t raising children. Expanding the EITC to these workers would benefit up to 16.2 million people. Similarly, families with children earning less than $3,000 a year are excluded from claiming the Child Tax Credit (CTC), denying help to children because their parents, despite working, are too poor. Expanding the CTC to these poorest children and families would benefit millions of Americans every year.

A comprehensive commitment to reduce poverty requires strategies to increase access to jobs and to raise wages for those who are able to work, and effective administration of public benefits programs for those who need a hand. Though many programs and initiatives have effectively raised individuals above the federal poverty level, policy change and investment in addressing the systemic contributors to poverty are needed to ensure everyone has an opportunity to succeed.

Plants to Make Arizona Poorer

Proposals from the Administration and leadership in Congress to cut successful anti-poverty programs like Medicaid, SNAP, housing assistance, and others would harm individuals and families and turn back the progress we’ve made in reducing poverty.

Budget

As the House and Senate have not yet agreed upon detailed spending bills for Fiscal Year 2018 (which began October 1) most government programs are operating at FY17 funding levels. While in the short term this averts disastrous cuts to critical low-income programs, it does not account for the erosive impact of inflation and denies these programs the additional investments they need to be able to expand to serve more people.

The FY18 budget passed by the House and Senate in October would slash programs serving low- and moderate-income people by trillions of dollars over a decade. The budgets assume over a trillion dollars in Medicaid and related health program cuts. And the Trump Administration and some in Congress will continue efforts to repeal the Affordable Care Act, or separately attempt to cap Medicaid. Even without legislation, the Administration has been undermining the ACA by ending certain payments to insurers, refusing to advertise open enrollment or to approve requests by states to improve their programs.

The FY18 budget calls for about $5 trillion dollars in cuts through 2027 to the full range of services the federal government provides, except for allowing increases in military spending. It would cut Medicaid,
the Affordable Care Act (ACA), and other health programs by $1.3 trillion over that ten-year period. Medicare would be cut by $473 billion. Programs in the “income security” category (which includes SNAP/food stamps, Supplemental Security Income for poor seniors and people with disabilities, Temporary Assistance for Needy Families, unemployment insurance and low-income tax credits) would drop by $653 billion. The plan calls for $800 billion in cuts to domestic appropriations, threatening further cuts to housing, education, and substance abuse treatment, to name just a few. By 2027, the budget would slash these programs to 29 percent below their levels in FY 2010, taking inflation into account. If these cuts are made proportionally, by 2027 900,000 low-income households would lose their rent subsidies, despite their success in lifting millions of families out of poverty.

Spending bills passed by the House in July and September for Fiscal Year 2018 would continue and worsen years of cuts, totaling more than $8 billion to non-defense programs. This includes slashing or eliminating multiple education programs, apprenticeship and employment services, low-income housing, community development programs, mental health and substance abuse treatment, programs to remove lead and other harmful toxins from homes, and other programs vital to low-income communities.

While not everything in the budget is expected to become law, the proposals reflect the vision of our nation’s leadership: gut critical programs for low-income families to fund tax cuts for the most wealthy.

**Tax Cuts**

Numerous studies have shown that tax cuts for the wealthy and corporations create few jobs or economic growth, despite the fact that these claims are often used as excuses for such cuts. The tax cut framework devised by House and Senate leaders and the Trump administration and released in September would largely benefit those at the top. Estimates suggest that, under the framework, taxpayers in the top 1% would receive roughly 50% of the plan’s net tax cuts in 2018, with taxpayers in the top 0.1% receiving roughly 30% of the plan’s net tax cuts. More than 60% of Arizona’s tax cuts would go to the richest 1% of Arizonans. By 2028, those at the top nationwide would receive even more, with the top 1% getting 80% of the total benefit, and those in the top .01% getting 40% of the total benefit. Taxpayers in the bottom 80% would only receive 13%.

All told, this framework would lead to revenue losses of $2.4 trillion over the next decade – money that could instead be invested in improving the lives of low- and middle-income Americans.

**Work Requirements**

Additional proposals in Congress would add work requirements to SNAP or Medicaid. This could harm families and individuals in need. Studies have shown that work requirements don’t reduce poverty, and in some cases actually increase it.

Work requirements tied to Medicaid would likely increase the number of uninsured and leave behind individuals who can’t work because they are caring for a family member, have a behavioral health issue,
are without access to child care or transportation, or are working but do not have enough hours.26

Adding work requirements to SNAP is also misguided, as the vast majority of SNAP recipients are either already working, are looking for work, are unable to work, or are not expected to work (children or the elderly). More than 50% of households with at least one working-age adult without a disability worked while receiving SNAP. More than 80% worked in the year prior to or after receiving SNAP. In families with children, more than 60% of recipients worked while receiving SNAP; almost 90% worked in the year prior to or after receiving benefits.27

The Census Bureau data also show that in 2016, in 67% of poor families in Arizona at least one person worked at least part time or part of the year.

Progress Means Policy Change

Eliminating poverty should be a top priority for Congress. While evidence shows that anti-poverty programs like SNAP, housing assistance, and low-income tax credits are effective at lifting millions of people out of poverty and building family economic security, we must move beyond addressing the emergency situations that individuals experiencing poverty might face and truly address the root causes of income inequality. Congress and the Trump Administration have an opportunity to challenge the status quo and fight poverty in a new way, and we challenge them to do so.

But systems change takes time, and while one in four Arizona children live in poverty, we simply cannot cut programs for those in need to give tax cuts to the wealthy. Our leadership must build on and accelerate the progress we’ve made by investing in real change that will provide everyone in our nation an equal opportunity to succeed.

We can – and should – do more to further reduce poverty for the millions of Americans still struggling. To achieve this goal, Arizona Community Action Association and the Coalition on Human Needs recommend the following actions for Congress and President Trump:

- **Reject cuts to proven anti-poverty programs;** instead protect funding for programs including SNAP, Medicaid, housing subsidies, and others.
- **Reject tax cuts for the wealthy and corporations that will lead to further cuts in domestic programs.** Paying for tax cuts for the rich while cutting programs for the poor, infrastructure investments, and public health protections is simply wrong. Corporations and the wealthy need to pay their fair share.
- **Lift sequester caps for domestic discretionary programs to boost investments in education and many other programs.** A bipartisan deal, similar to those reached in past years, is needed to lift the austere sequester-level spending caps for FY18 and beyond.
- **Reject funding cuts that are eroding housing and child care subsidies.** As Congress continues its FY18 appropriations process, it should protect funding that provides millions of low-income Americans in need with access to safe, stable housing and quality, affordable child care.
- **Expand the Earned Income Tax Credit to workers not raising children and expand the Child Tax Credit to families making less than $3,000 a year.** A bipartisan group of members of Congress has previously shown support for expanding the EITC, so helping workers without dependent
Children should be a top priority for Congress. Congress should also act to ensure all low-income children benefit from the CTC.

- Reject funding cuts to LIHEAP, CSBG, WAP, and other programs that serve low-income Americans. In the heat of the summer, weatherization assistance can mean the difference between life and death for low-income Arizonans. Utility assistance might mean a family doesn’t have to choose between paying for medication and keeping the lights on. These programs are vital to the success and often survival of low-income Arizonans and should not be scrapped.

- Reject harsh time limits and work requirements for SNAP, Medicaid, and subsidized housing recipients. Congress should end the harsh time limits on SNAP benefits for certain jobless adults willing to work.

- Congress should once and for all abandon efforts to repeal the Affordable Care Act and instead stabilize the law’s insurance markets. Governor Ducey should respect the wishes of his predecessor, the state legislature, and his constituents by upholding Medicaid Expansion in Arizona.

- Congress should work to address the root causes of poverty, including low wages, economic exploitation, discriminatory employment practices, and barriers to wealth building.

This report was prepared by Arizona Community Action Association and the Coalition on Human Needs.
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