

WHAT IS THE REAL COST TO LIVE IN MARICOPA COUNTY?

REQUIRED ANNUAL INCOME, AS THE SUM OF BASIC EXPENSES (2014, Maricopa County)

Annual Expenses	1 Adult	1 Adult 1 Child	1 Adult 2 Children	1 Adult 3 Children	2 Adults (One Working)	2 Adults (One Working) 1 Child	2 Adults (One Working) 2 Children	2 Adults (One Working) 3 Children	2 Adults	2 Adults 1 Child	2 Adults 2 Children	2 Adults 3 Children
Food	\$3,594	\$5,289	\$7,939	\$10,543	\$6,589	\$8,193	\$10,556	\$12,862	\$6,589	\$8,193	\$10,556	\$12,862
Child Care	\$0	\$6,458	\$12,665	\$18,872	\$0	\$0	\$0	\$0	\$0	\$6,458	\$12,665	\$18,872
Medical	\$2,004	\$6,470	\$6,271	\$6,239	\$4,611	\$6,271	\$6,239	\$6,354	\$4,611	\$6,271	\$6,239	\$6,354
Housing	\$6,984	\$10,896	\$10,896	\$16,056	\$8,820	\$10,896	\$10,896	\$16,056	\$8,820	\$10,896	\$10,896	\$16,056
Transportation	\$3,885	\$7,669	\$8,690	\$10,235	\$7,669	\$8,690	\$10,235	\$10,331	\$7,669	\$8,690	\$10,235	\$10,331
Other	\$2,237	\$4,059	\$4,880	\$5,514	\$4,059	\$4,880	\$5,514	\$5,225	\$4,059	\$4,880	\$5,514	\$5,225
Required annual income after taxes	\$18,704	\$40,841	\$51,341	\$67,460	\$31,748	\$38,929	\$43,440	\$50,828	\$31,748	\$45,387	\$56,105	\$69,701
Annual taxes	\$2,938	\$6,443	\$8,252	\$11,020	\$4,870	\$6,114	\$6,891	\$8,155	\$4,870	\$7,226	\$9,073	\$11,407
Required annual income before taxes	\$21,642	\$47,283	\$59,593	\$78,480	\$36,618	\$45,043	\$50,331	\$58,983	\$36,618	\$52,613	\$65,178	\$81,107

SOURCE: <http://livingwage.mit.edu/counties/04013> and <http://livingwage.mit.edu/resources/Living-Wage-User-Guide-and-Technical-Notes-2015.pdf>

A Living Wage is a wage that is high enough to allow a household to be financially independent, not reliant on public assistance. However, it does not allow for savings, investments, or extras such as restaurant meals. Living Wages for various types of households are shown below.

LIVING WAGE BY TYPE OF HOUSEHOLD (2014, Maricopa County)

Hourly Wages	1 Adult	1 Adult 1 Child	1 Adult 2 Children	1 Adult 3 Children	2 Adults (One Working)	2 Adults (One Working) 1 Child	2 Adults (One Working) 2 Children	2 Adults (One Working) 3 Children	2 Adults	2 Adults 1 Child	2 Adults 2 Children	2 Adults 3 Children
Living Wage	\$10.40	\$22.73	\$28.65	\$37.73	\$17.61	\$21.66	\$24.20	\$28.36	\$8.80	\$12.65	\$15.67	\$19.50

See the complete living wage calculator results for Maricopa County at: <http://livingwage.mit.edu/counties/04013>

The Arizona state **minimum wage** was **\$7.90 in 2014**. The minimum wage is the same regardless of the number of dependents a worker has. Note that the minimum wage is lower than a living wage, even for 1 worker with no dependents. The current AZ minimum wage of \$8.05 is also lower than the real cost of living.

Each Living Wage above is calculated as the wage needed for **full-time workers to cover basic household expenses** for food, child care, medical, housing, transportation, and other (clothing, etc.) plus all relevant taxes. The value of each expense is taken from geographically specific expenditure data, from several federal government and professional organizations. The annual expenses and total required annual income appear below.

MARICOPA COUNTY RESIDENTS WHO STRUGGLE TO MEET THE REAL COST OF LIVING

	Total %	1Adult	2Adults (both working)	1Adult 1Child	1Adult 2Children	1Adult 3Children	2Adults (both working) 1Child	2Adults (both working) 2Children	2Adults (both working) 3Children
Federal Poverty Level		\$11,880	\$16,020	\$16,020	\$20,160	\$24,300	\$20,160	\$24,300	\$28,440
% of population Income < RCM	36	5	7	5	2	1	6	6	4
Population with Income < RCM	1,351,259	175,587	251,929	198,490	64,890	57,256	217,575	232,844	152,684

RCM = Real Cost Measure

SOURCES: www.factfinder.census.gov and <http://livingwage.mit.edu/metros/38060> and <http://www.ncsl.org/research/health/2014-federal-poverty-level-standards.aspx>

OBSERVATIONS:

- **Over 1 million people in Maricopa County are economically insecure.**
- Those who struggle are not only the working poor. For families with children, income levels considered “middle class” are no longer sufficient to provide necessities and savings for education or retirement. Families are assumed to be making sufficient income that they carry a tax burden.
- According to the Federal Poverty Level calculations for the US Census and American Community Survey, 17.1% of Maricopa County residents are at or below the poverty level. This underestimates families who struggle by one half. The Real Cost Measure indicates 36% of Maricopa County residents struggle to feed house and clothe their families. Note that this discrepancy is similar to that reported by California’s Real Cost Measure assessment. (See for example, *Struggling to Get By: The Real Cost Measure in California 2015* at www.unitedwayca.org/realcost)
- One third of Maricopa County residents are economically insecure. **The median income in the county is \$53,689, which is less than the real cost of living for 1 adult and 2 children and very close to the real cost of living for 2 working adults and 1 child.** This has significant potential risk for future society safety net programs at the state county and local level.
- The cost of child-care for 3 children in an accredited center or home exceeds the annual earnings of many full-time wage earners. The cost of child care for 1 or 2 children exceeds the annual earnings of many part-time wage earners. This means that children from many working, single adult households and 2 adult households, both working, are in unregulated childcare. In other 2 adult households the unaffordability of childcare is a significant influence on the second adult’s decision as to whether to seek work outside the home.
- **The only family configuration that the current 2016 minimum wage supports at the Real Cost Measure level is two working adults in the same household.** Raising the minimum wage to \$12/hour would support families with 1 child when both adults in the household work.

METHODOLOGY: The percent of population at or below the Real Cost Measure above was calculated from various summary spreadsheets for Maricopa County on the US Census website using the US Census 2010 database and the American Community Survey estimates for 2014.

Assumptions

- In households with more than 1 adult, both were assumed to be working age and holding fulltime jobs. Seniors were not included. This overestimates the number of children affected. In terms of poverty levels, however, seniors on fixed income would not be contributing to the overall income stream of the family, so the total number of dependents is expected to be a fairly good estimate.
- The percentage of household sizes are distributed evenly across all income levels. While higher income families tend to have smaller size households (1 or 2 children), the number of retirees on fixed incomes living in Maricopa County and throughout Arizona is expected to offset this effect.
- All non-single adult households are “families.” This ignores young adult & college roommate situations, but that is expected to be a very small percentage of the population.
- According to census data, 18.2% of the population in Maricopa County is in 1 adult + n children households. This configuration of household is assumed to be evenly distributed across household sizes.