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Brief is based on a report, "Opportunity in Tucson," by Jim Kiser and Shirley Kiser

INTRODUCTION

When children who grow up in Tucson reach adulthood and form households of their own, their childhood in Tucson turns out to have been a serious economical handicap: They earn several thousand dollars per year less than the average for boys and girls who grow up in 10 of the 11 cities used for comparison by researchers at the UA Economic and Business Research Center. The cities to which researchers compare Tucson are Albuquerque, Austin, Colorado Springs, Denver, El Paso, Las Vegas, Phoenix, Portland, Salt Lake City, San Antonio, and San Diego.

The differences in income between Tucson and these cities are significant. Although kids who grow up in Albuquerque and Las Vegas have annual household incomes roughly similar to Tucson's, the other nine cities see children who grow up there with significantly higher household incomes in adulthood than children who grow up in Tucson in similar-income households. In some cases, the differences are surprisingly large. Boys who grow up in Salt Lake City, for instance, have household incomes of \$13,000 more per year in adulthood than boys who grow up in Tucson. On average, boys and girls who grow up in Tucson have household incomes \$3,000 to \$4,000 less than children who grow up in the other cities.

Tucson's lack of opportunity for young people who grow up here is a serious problem for a community trying to create a healthy, vibrant economy while also lowering the high rate of poverty that afflicts so many of its residents.

This brief is based on research by Harvard economist Raj Chetty and his colleagues who used federal income tax returns and Census Bureau reports to gather information on 20 million children born between 1978 and 1983. The researchers were able to determine how much these children earned when they were in their 30s and to compare that to their parents' income when they were in their 30s. More than 25,000 of these children grew up in Tucson.¹

A key finding is that the chance of making more money than your parents has declined sharply in the nation since 1940. Children born in the 1940s and 1950 almost always earned more money than their parents. However, only 50 percent of children born in the 1980s grew up to earn more than their parents.² This decline in opportunity raises the question of whether the American Dream today is more myth than reality.³



Photo by NeONBRAND on Unsplash

A TALE OF TWO TUCSONS

Opportunity in Tucson is unevenly distributed, with some children having many more opportunities than other children.

In Tucson, four factors other than a child's innate ability affect the opportunity available to him or her, and they play a large role in determining the child's economic success in adulthood. These factors are:

This brief is based on a report, "Opportunity in Tucson," by Jim Kiser, which relied on the Opportunityatlas.com website to analyze opportunities in Tucson and other cities. The report is available online at <https://economicintegrity.org/wp-content/uploads/2019/12/2019-10-30-Jim-Kiser-Opportunity-in-Tucson-Report.pdf>. A companion report which discusses inequality and reducing poverty also is available at the same website.

¹ The researchers' findings are publicly available on the website opportunityatlas.com.

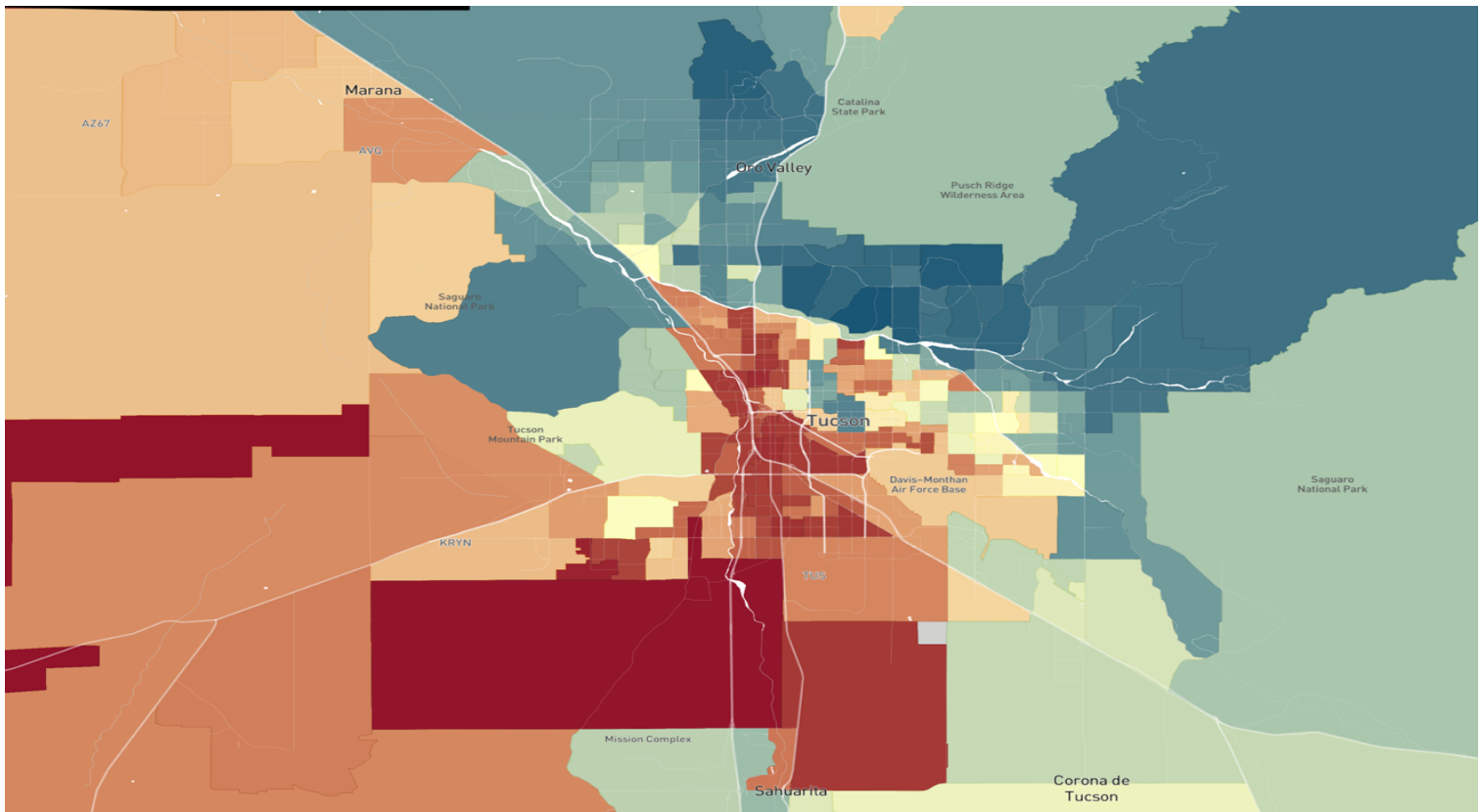
² "The Fading American Dream: Trends in Absolute Income Mobility since 1940" by Raj Chetty, David Grusky, Maximilian Hell, Nathaniel Hendren, Robert Manduca, and Jimmy Narang. Stanford Center on Poverty & Inequality, Dec. 2016.

³ A core concept in this brief is that both upward mobility and comparative earnings in adulthood are proxies for how much opportunity was available to young people as they grew up.

- the part of town in which the child grows up,
- the amount of money the child's parents earn,
- the child's gender, and
- the child's race or ethnicity.

Neighborhood Economic Segregation

These differences in opportunity in effect have created two Tucsons. The first Tucson consists of low- and median-income neighborhoods largely south of River Road. Children who grow up here frequently have to struggle in adulthood to avoid poverty and to provide for themselves and their families. The second Tucson is clustered largely in higher-income neighborhoods in the Foothills and in the city's northwest. Children who grow up here generally earn higher incomes in adulthood.



The color coding in this map reveals the variation in household incomes in adulthood of children who grow up in Tucson. The red and green tones in the top half of the map show where children who grow up in Tucson earn household incomes in adulthood higher than the region's median, while the red and green tones in the map's bottom half reveal areas where children in adulthood earn incomes lower than the median. The darker the blue, the higher the income, and the darker the red, the lower the income. The yellow tones are at the median.

Racial and Ethnic Discrimination

Tucson compounds the damage by providing very different opportunities to racial and ethnic groups. For instance, children who grow up in middle-income households earn dramatically different amounts in adulthood based on their race or ethnicity. Compared to Whites, Hispanics earn \$6,000 a year less in household income, Blacks earn \$14,000 less, and Native Americans earn \$18,000 less. On the other hand, Asians earn more than all the other groups, an average of \$7,000 more per year than Whites.

Such economic, racial, and ethnic segregation presents a serious obstacle to any attempt to provide equality of opportunity. ***It also has resulted in Tucson's poverty rate of 16.8% in 2019 – a rate higher than the national average or the Arizona average, and higher than the rate in 10 of the 11 cities with which UA researchers compare Tucson.***⁴

⁴ The poverty rate is from University of Arizona researchers at mapazdashboard.arizona.edu.

TUCSON'S POVERTY HURTS THE WHOLE COMMUNITY

Poverty's toxic effects include poor physical and mental health, joblessness, lack of education and skills, developmental difficulties in children, crime, homelessness, racial discrimination, and other issues.

Poverty also has very substantial economic and social effects on the entire community. There are indirect costs to society, such as for the high use of hospital emergency departments, additional expenditures for law enforcement and the courts system, remedial education, and other expensive services. And there are direct costs arising from programs of government assistance to the poor as well as foregone economic opportunity.

Consequently, poverty is costly for Tucson. Poverty costs about 5.5% of a region's gross domestic product (GDP), according to studies in Canada and elsewhere in the United States.⁵ Apply that percent to Tucson's 2019 GDP of \$42.2 billion and the resulting estimate is that Tucson's cost of poverty is about \$2.3 billion per year!

This means that poverty causes Tucson businesses, large and small, to forego billions of dollars in sales for goods and services. These businesses not only sell fewer goods and services, but the lower economic activity means they create fewer jobs. ***This depressed economic activity affects virtually every person in Tucson.***

WHAT CAN WE DO?

The first thing to note is what we cannot do. Tucson cannot grow its way out of its poverty. Half of the jobs in Tucson are low-wage jobs⁶, which means those who hold them are in or near poverty. Adding high-paying jobs would be good for the city's economy, but it would do nothing to eliminate this large number of low-wage jobs.

Better education for Tucson's children is also not a silver bullet. Even if high-quality education helps a child to be prepared to move into a better paying job in adulthood, it still doesn't change the fact that 50% of the jobs in Tucson are low-wage jobs, and whoever holds them likely will live in poverty or near the poverty level.

The methods for increasing opportunities for young people already are well established. Here are some:

- ✓ High quality preschool for every child,
- ✓ Improving school funding so it no longer is at the nation's bottom and is distributed equitably across districts,
- ✓ Improving neighborhoods,
- ✓ Adopting family-friendly workplace practices,
- ✓ Providing additional income to families through such things as a higher minimum wage, an Arizona Earned Income Tax Credit, and a better safety net.
- ✓ Increasing the pay for low-wage jobs, including those just above the minimum wage, so that everybody who works full-time is paid enough that they do not live in poverty. This may require some businesspeople to make less money, and consumers to pay higher prices for some goods and services, but it will be worth it to significantly reduce – and to eventually eliminate poverty.

Not making these adjustments will be destructive not only to those with fewer opportunities, but to the entire community. Moreover, there is a large social cost to not doing anything. People who have fewer opportunities for education or who feel increasingly estranged from the political process will not develop a respect for our process of self-government and cannot fully contribute to our economy or to our democracy.

If we want Tucson to be a great and compassionate city, it is urgent that we find – and implement – ways to allow all Tucsonans an equal chance to realize the American Dream for themselves and their children. A healthy, vibrant future for Tucson demands it.

⁵ The Canadian and other studies are briefly summarized in "Opportunity in Tucson," pages 19-21.

⁶ Pima County Economic Development Plan Update Through 2018, Chapter 13, page 8, and in a personal email from Martha Ross, co-author of "Meet the Low-Wage Workforce," Brookings Metropolitan Policy Program, November 2019.