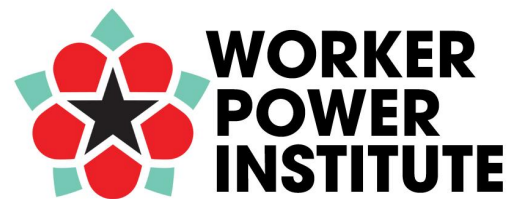


# **One Job is Not Enough:**

## **Working Poverty at Sky Harbor International Airport**

October 16, 2023



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## Executive Summary

The remarkable rise in housing costs in metropolitan Phoenix over the last seven years has caused a crisis for workers in many industries, but especially for hospitality workers. From 2016 to 2021, real estate brokerage firm Colliers noted Metro Phoenix residential rents jump 80%, while the federal reserve found median household incomes increased only 22%<sup>1</sup>. Workers continue to lose ground. With the most recent data since 2021, rents have risen 10% annually, but wages only 4%.<sup>2</sup>

This crisis of working poverty, which includes housing affordability, food insecurity and other daily struggles, is a difficult one that will demand the attention and focus of all of our elected leaders. As this study will show, the City of Phoenix, and the concessionaires with whom they contract for services face a situation where hundreds, if not thousands of workers at Sky Harbor Airport, while working full time jobs, are struggling to feed and house themselves and their families. Rather than following the trend of creating poverty jobs and leaving hard working members of our community struggling to make basic ends meet, the City of Phoenix and its contractors should improve employment opportunities at Sky Harbor Airport, one of the largest employers and economic drivers in Arizona to raise the standards for working people in Arizona and offer fair living wages for these important city workers.

Sky Harbor International Airport generates economic output worth \$45.1 billion for the Greater Phoenix region, with an average of 125,000 passengers traveling through the airport daily. Owned by the City of Phoenix, Sky Harbor leases space to companies as concessionaires that provide food and beverage (F&B), retail, ATM, advertising and rental car services. The 66 F&B and 49 retail outlets employ thousands of concession workers at the airport. Employers include billion-dollar, multinational companies like Host International and SSP America, as well as smaller businesses. These employees are on the frontline providing customer service for weary travelers, making them critical contributors to the Sky Harbor Airport economy. SSP and Host operate well-known brands such as Starbucks, Pita Jungle, and Four Peaks. Retail concessions include contracts with Hudson Group, Paradies Lagardère, and Stellar Partners, all owned by large national and international corporations.

The vast majority of concession workers at the airport work in airport F&B outlets in positions that include baristas, bartenders, food servers, cooks, utility workers, and hosts among others. These positions start as early as 4 am in the morning to ensure that F&B outlets are open and prepared to serve passengers at least 90 minutes before the first flights depart each day. Some

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<sup>1</sup> Reagor, Catherine (2022), “‘We have a problem’: \$800 rent hikes squeezing metro Phoenix tenants,” Arizona Republic, March 15, [Phoenix rents have been rising as much as 50%. Who can afford them? \(azcentral.com\)](https://www.azcentral.com/story/news/politics/economy/2022/03/15/phoenix-rent-hikes-squeezing-metro-phoenix-tenants/7045112002/).

<sup>2</sup> Brophy, Thomas (2022), Colliers 2022 Q3 Phoenix MSA Multifamily Review, Nov. 9, [Q3 2022 Phoenix MSA Multifamily Review | Colliers](https://www.colliers.com/en/insights/multifamily/q3-2022-phoenix-msa-multifamily-review) and for wages see chart 3, U.S. Bureau of Labor Statistics, “Changing Compensation Costs in the Phoenix Metropolitan Area—June 2023,” [Changing Compensation Costs in the Phoenix Metropolitan Area – June 2023 : Western Information Office : U.S. Bureau of Labor Statistics \(bls.gov\)](https://www.bls.gov/news.release/ncs/2023/06/20230601.pdf).

employees are required to stay until after the last flight departs and these hours will vary depending on flight delays. Most employees are provided with free parking, but for those who do not have a car, traveling to work can pose challenges related to the availability and reliability of public transportation and the cost of alternative options. While F&B employees work for concessionaires, the terms of the employment are partly defined by their employers' contracts with the City of Phoenix.

In Summer 2023, the Worker Power Institute funded research to better understand the financial circumstances of F&B airport concession workers at Sky Harbor Airport. It contracted the Grand Canyon Institute to analyze survey findings and conduct interviews with a cross-section of survey respondents. This report has been written in collaboration with the Worker Power Institute.

Survey respondents included 273 of 1,200 F&B concession workers at HMSHost and SSP America, the two largest airport concessionaires and were weighted to match their actual distribution across employers and occupations, leading to a margin of error of 5.2%.<sup>3</sup> Employees at both of these companies are represented by the hospitality workers union UNITE HERE Local 11. Those 273 F&B workers answered questions about their positions, length of employment, income and their ability to meet their financial needs.

Demographics of survey respondents include that:

- More than half are female.
- More than half are under 40 years old.
- White workers were about one-third of workers
- Hispanic/Latino workers were about 30% of employees
- African-American workers comprised 27% of SSP America and HMSHost employees, a share that is four times greater than the metro Phoenix workforce.

The survey and subsequent interviews found that the financial challenges facing airport workers result in insecurities related to meeting their basic needs including making rent/mortgage payments as well as affording food, transportation, and health insurance. The greatest concern expressed by workers during interviews was paying their rent or mortgage, to the point of foregoing other expenses, to ensure they could keep a roof over their head. Almost half of respondents started their jobs this year, indicating a high rate of turnover among concession workers which is likely a reflection of the financial challenges workers experience. In August of 2022, the City of Phoenix introduced an airport worker child care scholarship program, subsidized by \$4 million in federal funds from the American Rescue Plan Act, to help workers afford childcare. However, based on survey and interview responses, much more is needed to stabilize the airport concessions workforce and relieve the financial insecurity that full-time employees, who are critical to the operation of the airport, currently experience.<sup>4</sup> This is inline

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<sup>3</sup> More details in Methodology section.

<sup>4</sup> City of Phoenix. (2022, June 15). *Airport Concessions Relief and American Rescue Plan Act (Ordinance- S48797)*. City of Phoenix.

with comments by City of Phoenix Mayor Kate Gallego, who stated in a tweet in April 2023 that “workers deserve a living wage.”<sup>5</sup>

The following is an overview of the findings from this research:

### **Airport concessions workers struggle to meet their basic needs**

- 60% of airport employees working at least 30 hours per week have gross earnings under \$800 per week. This includes 80% of African-American workers and 70% of Hispanic/Latino workers.
- Almost half of workers working at least 30 hours per week report not being able to meet basic expenses.
- White workers are far more likely to report more than \$1,000 per week in pre-tax income while Hispanic and African-American workers are far more likely to report less than \$800 per week in pre-tax income.
- While nonHispanic white workers are one-third of the concessions workforce, they make up half the portion of workers in the highest paying jobs at the airport. These positions have lower turnover, representing more stable, longer tenured workers.
- Workers of color, especially African American workers, are concentrated in the much-lower paid job classifications amongst airport concession outlets; they reported significant economic insecurity and work in jobs where there is heavy turnover, comparatively speaking.

### **Making timely rent/mortgage payments is a struggle and a financial burden relative to overall pay**

- Almost half of workers at the airport who are solely responsible for their rent pay more than 30% of their pre-tax income in rent—above the marker of affordability—and one-fourth pay more than 40% of their pre-tax income.
- One third of respondents live in a residence where the rent has been paid late sometimes or more frequently.
- More than half of respondents expressed varying degrees of uncertainty about their ability to pay their monthly rent/mortgage.

### **Airport workers are food insecure, in spite of working in the F&B industry**

- Half of respondents often or sometimes in the last 12 months have run out of food and not been able to afford more.
- 1 in 4 respondents reported having many months where they had to cut the size of meals or skip meals.

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<https://apps-secure.phoenix.gov/PublicRecordsSearch/Home/RenderPDF/?id=eUCorO0YzhOPNzWDQAIKGgYKkdYy2eEVAY0nf1kWQ6w=>

<sup>5</sup> Gallego, K [@MayorGallego]. (2023, April 20). *Workers deserve a living wage—and we can deliver that through a robust, public process that doesn't put the city* [Tweet; thumbnail link to article]. X (formerly Twitter). <https://twitter.com/MayorGallego/status/1648846744858562560>

- 60% of respondents who earn less than \$800 per week have low or very low food security, with most of this group having very low food security despite being employed at the airport for 30+ hours per week for 2 or more years.

**Affording car maintenance is a common challenge among airport workers who own a vehicle**

- Employees utilize a variety of means to get to work with two-thirds relying on a personal vehicle. Others carpool, take the bus, light rail, Lyft or Uber, bicycle, skate or walk.
- Among employees who had worked at the airport for at least 2 years AND used a personal vehicle to get to work, nearly half cannot afford proper car maintenance.
- Employees who drive to work and cannot afford proper car maintenance were significantly more likely to report missing shifts due to a lack of reliable transportation.

**While almost 80% of employees have health insurance, only half of those insured are covered by their employer's healthcare plan.**

- Due to high turnover and variable hours, only 40% of employees report being on the employer's healthcare plan.
- 25% of employees rely on Medicaid, via the Arizona Healthcare Cost Containment System, for health insurance.
- 22% of employees do not have health insurance.

**Based on the findings of this report we recommend:**

- Raising the wages of concessions workers at Sky Harbor Airport
- Expanding and extending the City of Phoenix's program of free on-site childcare options for Airport Workers
- Extending hours and routes, or otherwise providing enhanced public transport for workers at Sky Harbor
- Requiring that companies who win future contracts for concessions services at Sky Harbor pay a living wage that includes affordable quality health care to their employees at the airport
- That the City of Phoenix conduct a study regarding wage discrimination against African American workers in concessions at Sky Harbor Airport, and include protections against such wage discrimination in future Airport concessions contracts. Such safeguards could include the implementation of paid job training for African American workers, and the implementation of uniform and standardized systems for promotions and applications for promotion.



*"I have to stretch my budget really well. Most of the time, I would just have to eat at work and then not eat again when I get home. They provide one meal at work. We get lunch at work and that's it. Then I won't eat again until the next day. That's what my budget is right now."*

Cynthia, Cook, \$19.20  
SSP America, Less than one year

## Background on Phoenix Sky Harbor Airport

Phoenix Sky Harbor International Airport is the nation's 12th busiest airport with about 1,200 flights daily.<sup>6</sup> In 2022, 44.4 million passengers flew through Phoenix on 418,856 flights to more than 120 domestic and international destinations. Arizona's economy registers \$45.1 billion in sales linked to airport activities.<sup>7</sup> The airport employs 57,000 full- and part-time staff working with the City of Phoenix, directly with airlines, and vendors including F&B, retail, security, among others.<sup>8</sup>

Sky Harbor serves Greater Phoenix, the nation's 10th largest metropolitan area with 5 million residents.<sup>9</sup> The entire population, including people identifying across racial or ethnic categories, is 56.1% white, 7.4% Black, 4.0% American Indian, and 5.6% Asian or Pacific Islander, with

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<sup>6</sup> FAA. (2023, September). *Final CY22 Enplanements at Commercial Service Airports, by Rank order*. FAA Air Carrier Activity Information System.

<https://www.faa.gov/sites/faa.gov/files/2023-09/cy22-commercial-service-enplanements.pdf>

<sup>7</sup> ADOT. (2021, October 1). *\$121.4 Billion Phoenix Sky Harbor International*. Arizona Department of Transportation.

[https://azdot.gov/sites/default/files/media/2021/10/Arizona%20AEIS%20Airport%20Brochure\\_PHX.pdf](https://azdot.gov/sites/default/files/media/2021/10/Arizona%20AEIS%20Airport%20Brochure_PHX.pdf)

<sup>8</sup> Phoenix Sky Harbor International Airport, n.d.

<sup>9</sup> Statista, 2023

31.9% of the population identifying as Hispanic or Latino.<sup>10</sup> The median income in the region is \$75,731<sup>11</sup> with 11.1% of the population living below poverty level.<sup>12</sup>

Phoenix's travel industry has demonstrated a strong recovery after being devastated by the pandemic. In 2022, 44,397,854 passengers traveled through Sky Harbor, compared to 46,288,337 passengers in 2019.<sup>13</sup> In early 2023, the airport passenger travel surpassed pre-pandemic levels while breaking several travel records including the busiest day ever (Feb. 13), the busiest month ever (March), and the busiest quarter ever (Jan.-March).<sup>14</sup>

## Sky Harbor Concessions

F&B concessions at Sky Harbor generated \$23.4 million in rent revenue for the City of Phoenix's Aviation Department in 2022.<sup>15</sup> Rent payments are equal to a Minimum Annual Guarantee (MAG) or a percent of gross sales if they exceed the MAG. Concessionaires lease agreements stipulate operating hours, menu offerings and prices, among other things.

The City of Phoenix Aviation Department has F&B concession contracts with two globally-owned corporations and several small businesses in Terminal 3 and 4 at Sky Harbor. The globally owned corporations specialize in airport concessions; Host International is owned by Swiss-based Dufry and SSP America is a division of UK-based SSP Group. Respectively, the global operations had revenues of \$7.3 billion<sup>16</sup> and \$2.6 billion in 2022.<sup>17</sup> Prior to the

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<sup>10</sup> United State Census Bureau. (2021). *American Community Survey Table S0201: Selected Population Profile*. United States Census Bureau.  
<https://data.census.gov/table?t=-00:-01:-02:-03:001:Race+and+Ethnicity&g=310XX00US38060&y=2021&tid=ACSSPP1Y2021.S0201>

<sup>11</sup> United State Census Bureau. (2021). *American Community Survey Table S1901: Income in the past 12 months (in 2021 inflation-adjusted dollars)*. United State Census Bureau.  
[https://data.census.gov/table?q=Income+\(Households,+Families,+Individuals\)&g=310XX00US38060&y=2021](https://data.census.gov/table?q=Income+(Households,+Families,+Individuals)&g=310XX00US38060&y=2021)

<sup>12</sup> United States Census Bureau. (2021). *American Community Survey Table S1701: Poverty status in the past 12 months*. United States Census Bureau.  
<https://data.census.gov/table?q=Income+and+Poverty&t=Income+and+Poverty&g=310XX00US38060&y=2021&tid=ACSST1Y2021.S1701>

<sup>13</sup> Phoenix Sky Harbor International Airport, n.d.

<sup>14</sup> Salerno, M. (2023, May 1). *How the Phoenix airport smashed 3 records in 2023, and what summer travelers should know*. AZCentral.

<sup>15</sup> City of Phoenix Aviation Department. (2020, March 27). *Annual Comprehensive Financial Report*. Phoenix Sky Harbor. <https://www.skyharbor.com/media/whynnlh/annual-report-2022.pdf>

<sup>16</sup> GTR Magazine Staff. (2023, March 7). *Dufry smashes 2022 targets with US\$7.3 billion turnover*. Global Travel Retail Magazine.  
<https://www.gtrmag.com/business-news/retailers/2023/03/07/dufry-delivers-2022-targets-with-turnover-of-us7.3-billion/>

<sup>17</sup> Dun & Bradstreet. (n.d.). *SSP GROUP PLC Company Profile*. Dun & Bradstreet. Retrieved September 13, 2023, from  
[https://www.dnb.com/business-directory/company-profiles.ssp\\_group\\_plc.1abbfd320a9d97341b81330614c2a98c.html](https://www.dnb.com/business-directory/company-profiles.ssp_group_plc.1abbfd320a9d97341b81330614c2a98c.html)



pandemic, the companies paid more than \$800,000 in rent each per month, in excess of their Minimum Annual Guarantee.<sup>18</sup>

Concessionaires experienced the economic impact of the COVID-19 pandemic along with the broader airport ecosystem when passenger travel at Sky Harbor decreased by 53% in 2020.<sup>19</sup> This resulted in businesses temporarily and in some cases permanently closing, with staff furloughed and laid-off. As federal assistance was made available, the City of Phoenix negotiated rent relief agreements with concessionaires, waiving Minimum Annual Guarantees and instead allowing concessionaires to pay rent based on a percent of sales.

In 2020, all airport concessionaires received \$34.7 million<sup>20</sup> in rent relief, with an additional \$19.2 million in further assistance provided in 2021.<sup>21</sup> These funds were accompanied by stipulations that concessionaires must be operating to receive rent relief, must call back furloughed and laid-off employees, and that returning employees should immediately qualify for employer provided health insurance plans despite having fallen below the number of hours necessary to qualify for such plans.

By June 2021, Sky Harbor passenger traffic reached 80% of total enplanement traffic for two consecutive months as compared to 2019, a key milestone defined in City of Phoenix ordinances providing rent relief.<sup>22</sup> This marked the point at which concessionaires would once again be responsible for paying the Minimum Annual Guarantee or percentage rent based on gross sales according to their lease agreements.

While passenger traffic and concession sales were rebounding, many concession businesses operated below pre-pandemic staffing levels. In August 2021, HMSHost reported that it

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<sup>18</sup> Yeager, M., & Boehm, J. (2020, May 7). *Phoenix airport restaurants, stores beg for coronavirus rent relief*. AZCentral.  
<https://www.azcentral.com/story/travel/airlines/2020/05/07/phoenix-airport-restaurants-stores-beg-city-council-for-coronavirus-rent-relief-cares-act/3011666001/>

<sup>19</sup> Reynolds, C. (2021, April 21). *Written statement of Ms. Charlene Reynolds Assistant Aviation Director City of Phoenix Aviation Department- Phoenix Sky Harbor International Airport on "Prepare for takeoff: America's safe return to air travel"*. Senate Commerce Committee.

<sup>20</sup> Reynolds, 2021

<sup>21</sup> Estes, C. (2022, January 4). *Arizona airports get millions more in federal relief funds*. KJZZ.  
<https://kjzz.org/content/1745190/arizona-airports-get-millions-more-federal-relief-funds>  
FAA. (2023, September). *Final CY22 Enplanements at Commercial Service Airports, by Rank order*. FAA Air Carrier Activity Information System.  
<https://www.faa.gov/sites/faa.gov/files/2023-09/cy22-commercial-service-enplanements.pdf>

<sup>22</sup> City of Phoenix. (2022, June 15). *Airport Concessions Relief and American Rescue Plan Act (Ordinance- S48797)*. City of Phoenix.  
<https://apps-secure.phoenix.gov/PublicRecordsSearch/Home/RenderPDF/?id=eUCorO0YzhOPNzWDQAiKGgYKkdYy2eEVAY0nf1kWQ6w=>

employed 569 airport employees, 70% of the 819 staff employed in 2019.<sup>23</sup> In September 2021, union workers went on a brief strike due to understaffing and stressful work conditions.<sup>24</sup>

*"It's difficult to make ends meet; groceries, basic necessities like diapers - they're so expensive. Buying clothes—I have to go to second hand stores for that. I can't just buy brand new clothes for him. I have a sister, too but I hate relying on my family."*

April, Barista, HMSHost, 6 years, \$16.95

This worker has a \$700 monthly car payment, as well as car insurance, plus gas. Their car tires are bald and need to be replaced.

## The Economics of Concessionnaires

HMSHost and SSP America have contracts with the City of Phoenix to operate F&B concessions within Sky Harbor Airport. While a traveler might be considering whether to go to a Pita Jungle, Joe's Real BBQ or Pei Wei among many other restaurants also operated by SSP America, the traveler is not going to find price competition, since the city has effectively contracted for a regulated monopoly. Concessionnaires cannot exceed similar area prices outside the airport by more than 10 percent, but within the airport they have a captive audience that includes about 22 million passengers annually boarding planes from the airport. The latest Sky Harbor comprehensive financial report for the city indicated the airport received \$23.4 million in rent from F&B concessionnaires. Based on SSP America financials and rent provided in the 2017 HMSHost lease agreement, GCI estimates that total gross sales in 2022 were \$172 million.<sup>25</sup> GCI estimates total labor costs for those 1,200 workers employed by HMSHost and SSP America at about \$48 million<sup>26</sup> and the cost of goods sold (food ingredients) at \$50 million<sup>27</sup> with rent at \$23.4 million. While there are additional F&B workers who are subcontracted out as well as a small third concessionaire, collectively, it suggests a highly profitable enterprise.

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<sup>23</sup> Yeager, M. (2021, September 15). *"We're sick and tired": Restaurant workers at Phoenix airport strike over understaffing*. AZCentral. <https://www.azcentral.com/story/travel/airlines/2021/09/15/phoenix-airport-restaurant-workers-go-on-strike/8347198002/>

<sup>24</sup> Yeager, 2021

<sup>25</sup> Rent is calculated as 13% of food and beverage sales except for 16% of alcohol sales which typically exceeds the guaranteed minimum rent

<sup>26</sup> GCI uses \$16.50 as a base wage (based on the distribution of wages in the survey) for 1,200 employees, who work on average 37 hours (average of the mean & median in the survey) with a 1.25 multiplication factor for employer related expenses.

<sup>27</sup> At 29% (Cost of Food relative to Sales), this is slightly above what fast food restaurants aim for and below what sit-down restaurants usually attain. Because prices are 10% higher at the airport (based on the lease limit on prices relative to restaurants outside the airport) and the predominance of fast food, this is a reasonable aggregate assumption. [Infographic: Understanding Restaurant Food Cost Percentage \(spoton.com\)](https://spoton.com/infographic-understanding-restaurant-food-cost-percentage)

## Financial Sustainability: What it takes for metro Phoenix residents

The metro Phoenix area has reported relatively high levels of inflation, rent increases, and evictions over the past several years. Inflation reached an annual high of 13% in August 2022, decreasing to 4.4% this June.<sup>28</sup> Metro Phoenix median rents, which were already outpacing wage growth, increased by 33.7% from September 2019 to July 2023, with prices peaking in May 2022 and easing slightly since.<sup>29</sup> Increasing Metro Phoenix rent prices were regularly in the news over the past several years due to population growth. Meanwhile, Maricopa Justice Courts reported 6,976 eviction filings in June on par with rates in 2008 in the midst of the Great Recession.<sup>30</sup> The end of the pandemic eviction moratorium in July 2021 combined with record increases in rental prices have been particularly challenging for Phoenix renters, as evidenced by a 30% increase in Maricopa County's unhoused population, according to the January 2023 point-in-time count.<sup>31</sup>

The Massachusetts Institute of Technology has developed the Living Wage Calculator to provide information about the wage needed to cover basic costs for a full-time worker based on local expenses.

Workers have a multitude of living arrangements but nearly half of airport workers are the sole payers of housing costs in their household among those working at least 30 hours per week.

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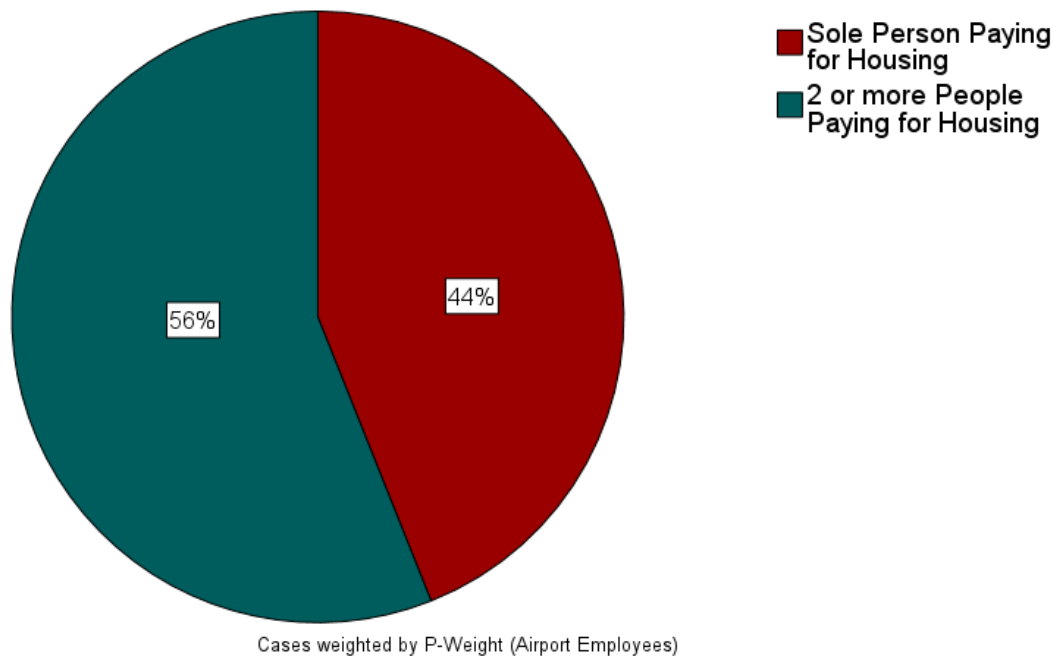
<sup>28</sup> U.S. Bureau of Labor Statistics. (2023, September 13). *Consumer Price Index, Phoenix area- August 2023*. Bureau of Labor Statistics

<sup>29</sup> Rent.Research. (n.d.). *Phoenix-Mesa-Chandler, AZ CBSA*. Rent.com. Retrieved September 13, 2023, from <https://www.rent.com/research/market-reports/phoenix-mesa-chandler-az-cbsa/>

<sup>30</sup> Reagor, C. (2023, July 13). *June sees second-highest number of metro Phoenix eviction filings in 15 years*. AZCentral. <https://www.azcentral.com/story/news/local/phoenix/2023/07/13/metro-phoenix-eviction-filings-hit-second-highest-peak-in-15-years/70407700007/>

<sup>31</sup> Rihl, J. (2023, May 3). *Homelessness in Maricopa County is still on the rise, count shows*. AZCentral. <https://www.azcentral.com/story/news/local/phoenix/2023/05/03/homeless-population-rose-in-metro-phoenix-over-the-past-year/70177209007/>

### Number Contribute to Rent/Home Payment (30+ hrs/wk)



The median household size among sole people paying for housing is two, with that split between those with another adult in the household and those with a child. Evaluating the [MIT Living Wage Calculator for the Phoenix-Mesa-Scottsdale Metropolitan area](#), the gross weekly earnings range from \$1,150 for households with 2 adults with 1 working to \$1,406 adults with 1 child.

### Airport Worker Gross Earnings Among Those Employed 30+ Hours/Week

Gross Earnings Per Week	1 Adult, 1 child	2 Adults (1 working)
MIT Living Wage	\$1,406	\$1,150
25th Percentile Airport	\$680	
Median Airport	\$740	
75th Percentile Airport	\$1,080	
83rd Percentile Airport	\$1,150	
90th Percentile Airport	\$1,400	

As the table indicates only 10% of airport concession employees earn a living wage if they have a child and have no additional income, and only 17% of airport concession employees earn a living wage if they are the only person working in a two adult household. The failure to pay a living wage creates financial hardship of a significant portion of airport workers.

*"For most places [landlords] want you to make double or more than the rent and the places that are like \$900 are like the bad roach coach motel places. I barely scrape by with \$1800 a month. Most really good places charge \$1200 in rent."*

Shay Goodson, Utility, \$18.20 p/hr  
SSP America — 1 year



## Research Methodology

F&B concession employees of HMSHost and SSP America at the airport were surveyed in June and early July 2023 followed by interviews with a cross section of workers in August. Of the 1,200 workers at Sky Harbor employed by concessionaires SSP America and HMSHost, 273 airport food service workers responded. The survey has a margin of error of 5.2% with a confidence level of 95% (meaning there is a 95% chance the survey results match actuals within 5.2%). Respondents were weighted by occupation at each employer so that the survey replicates the distribution of the 1,200 members by occupation at SSP America and HMSHost.

See the [Technical Appendix](#) for more detailed information regarding the research methodology.

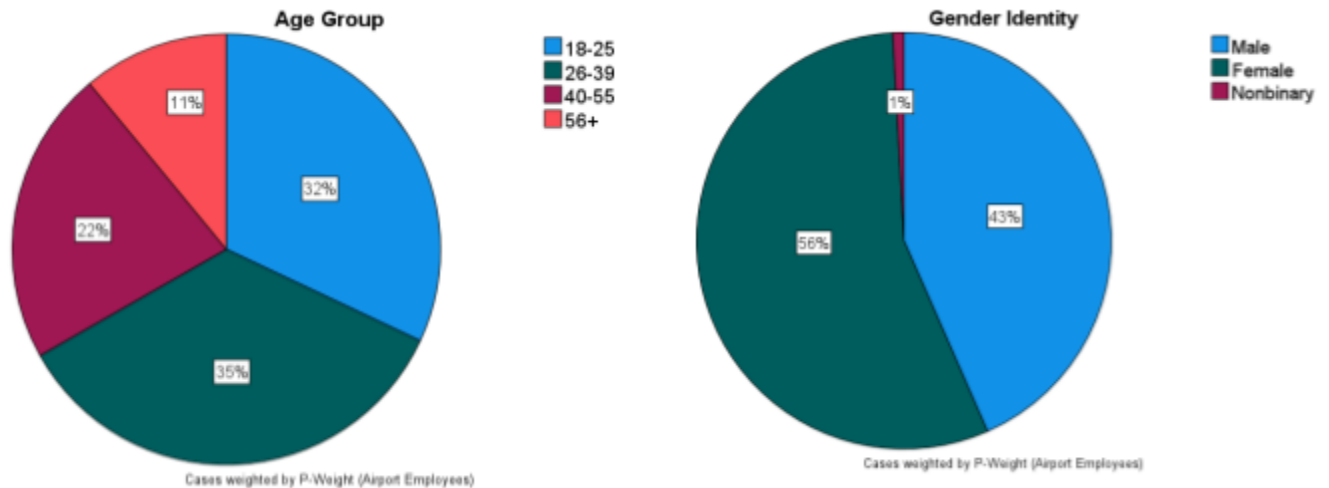
## Demographics

Airport F&B concession workers tend to be younger, women, and people of color.

While employees tend to be under 40 years of age, a significant portion are older.

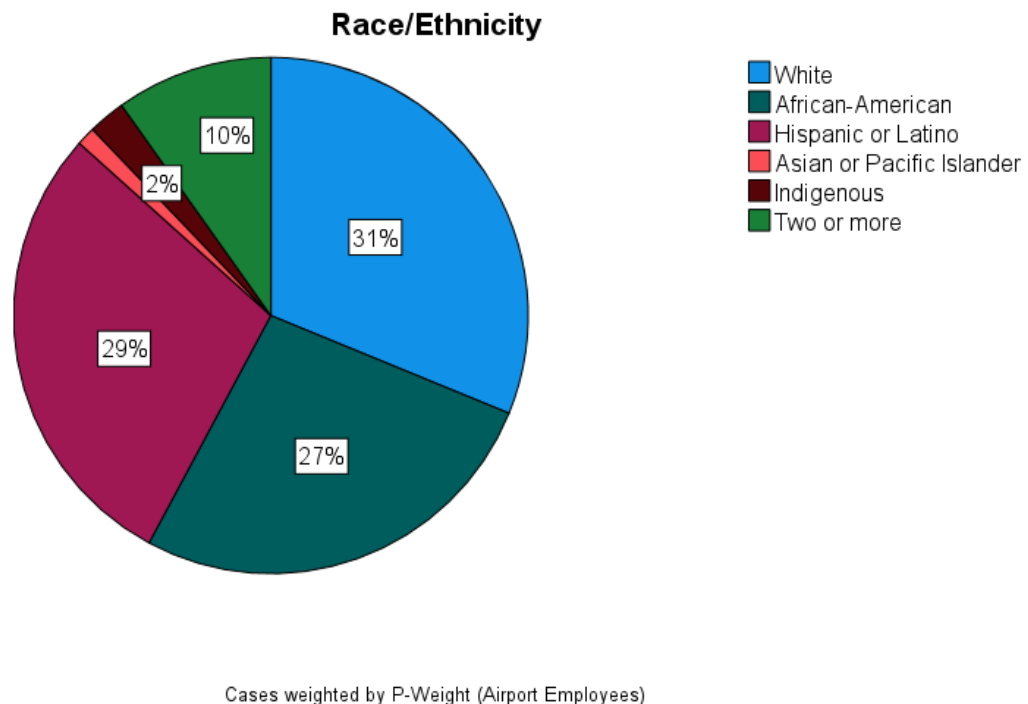
Slightly more women than men are employed by HMSHost and SSP America at the airport.

# *One Job is Not Enough: Working Poverty at Sky Harbor International Airport*



Concessions workers at SSP America and HMSHost, compared to the general workforce of the Phoenix metro area, are disproportionately African-American and Hispanic/Latino. While fairly similar percentages of White, African-American and Hispanic workers are employed at the airport, this is different from their distribution in the metro Phoenix workforce, based on data from the [American Community Survey](#) for the Metro Phoenix area.

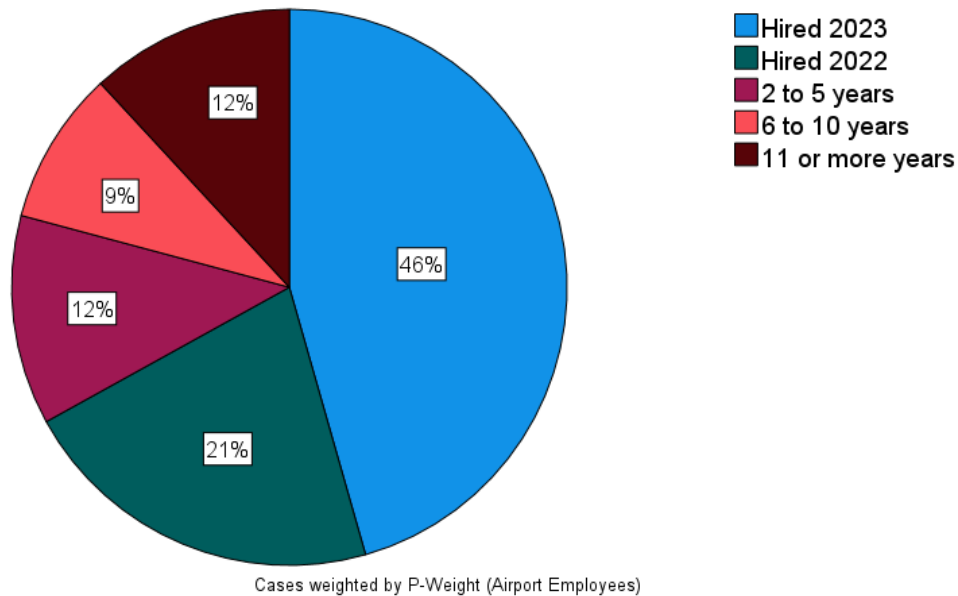
- White workers comprise 53% of the greater Phoenix workforce but only one-third of the workers at F&B airport concessions.
- Hispanic workers are 31% of the workforce and a similar percent at the airport.
- While African-Americans constitute only 6% of the labor force in the Phoenix metro area, 27% of F&B concession workers are African-American, a figure over 4 times greater.

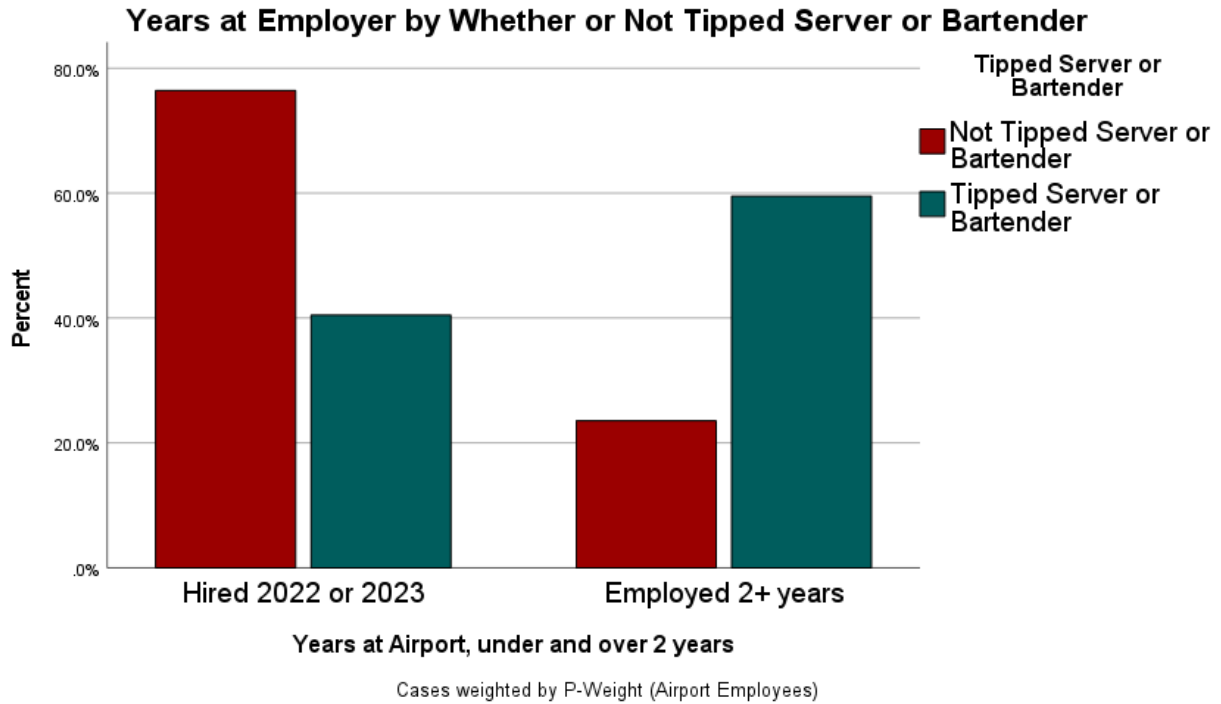


While some employees have worked at the airport for a considerable amount of time, The jobs at SSP America and HMSHost have high turnover, an indicator usually of challenging work relative to the compensation, though some employees have worked at the airport for a considerable amount of time.

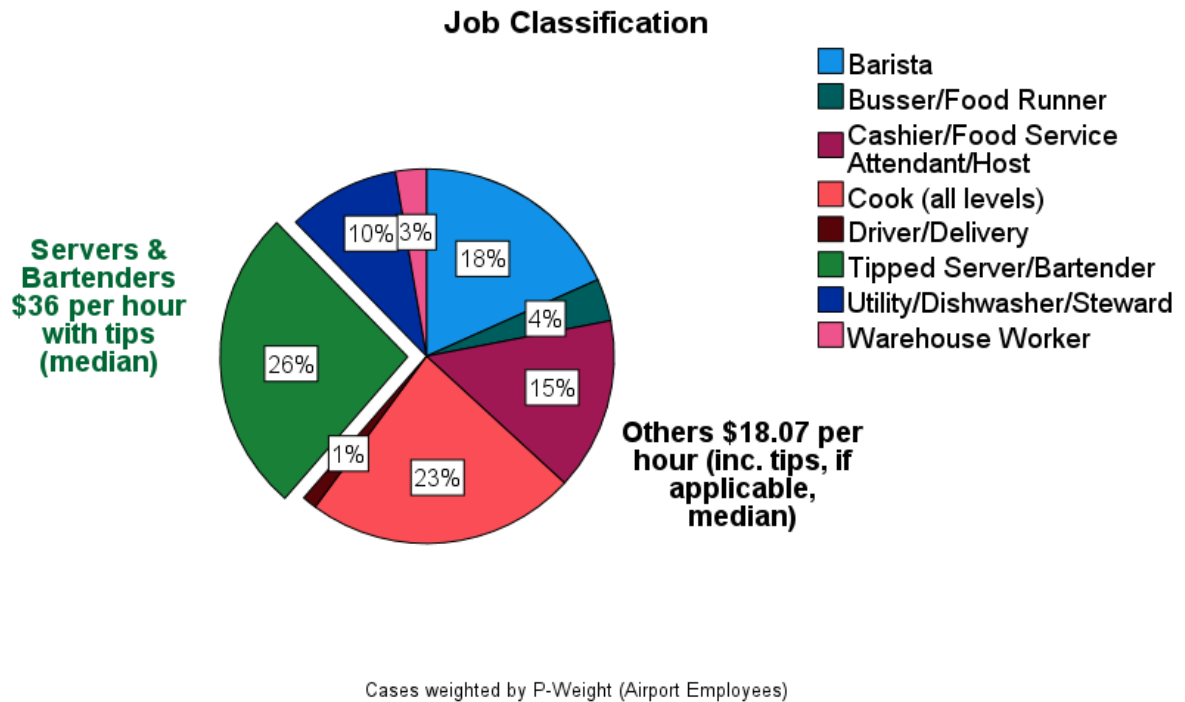
Length of time with the airport highly correlates with the pay received. The highest paid workers are tipped servers and bartenders, 60% of them have been at SSP America or HMSHost for 2 or more years. In sharp contrast, almost 80% of the lower paid employees were hired in 2022 or 2023, as they typically struggle to make ends meet and do not stay.

**Years Employed at Airport (with current employer)**





Lower paid workers make up three-quarters of those employed.





## FINDINGS

Results indicate that workers struggle to meet basic expenses. This struggle is fueled by the challenge of making rising rent payments. Consequently, many workers, even though many receive a meal at the airport as part of their job, do not have sufficient money for food and are forced to skip meals or cut them back. A disproportionate share have very low food security as measured by a 6-question USDA questionnaire included in the survey.

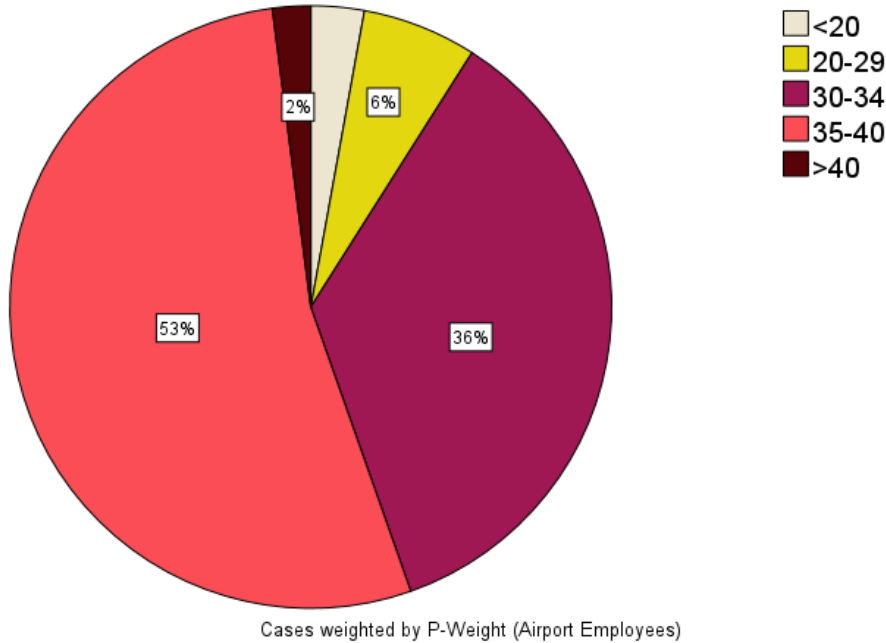
Many workers cannot afford vehicles to get to work and those that do have personal vehicles frequently cannot maintain them. Likewise, many people cannot afford health insurance despite being employed a sufficiently long period of time or have inconsistent hours so they do not qualify.

This section includes

- Hours and Pay
- Basic Expenses
- Housing Security
- Food Security
- Transportation
- Health Insurance

## Hours and Pay

**Hours per Week for Airport Concession Workers**



Almost all airport F&B employees reported working 30 or more hours per week.<sup>32</sup> While some of the employees working less than 30 hours indicated it was an issue where the employer many of the workers scheduled for 30 or more hours per week are frequently sent home early. In other cases, employees may be students and purposely choosing to work fewer hours. To be conservative in the analysis, GCI excluded those workers reporting less than 30 hours in survey results going forward.

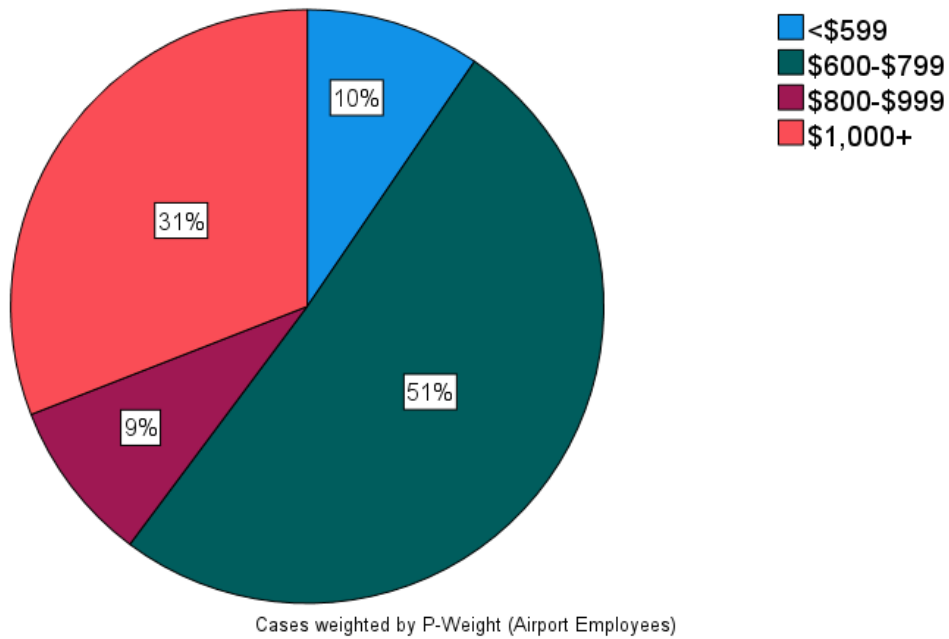
Sixty percent of airport F&B employees working at least 30 hours per week have gross earnings under \$800 per week. The next two graphs show the distribution of gross weekly earnings which are derived from reported wages plus, if applicable tips, over the number of hours reported.<sup>33</sup>

Those earning \$1,000 or more tend to be tipped servers and bartenders.

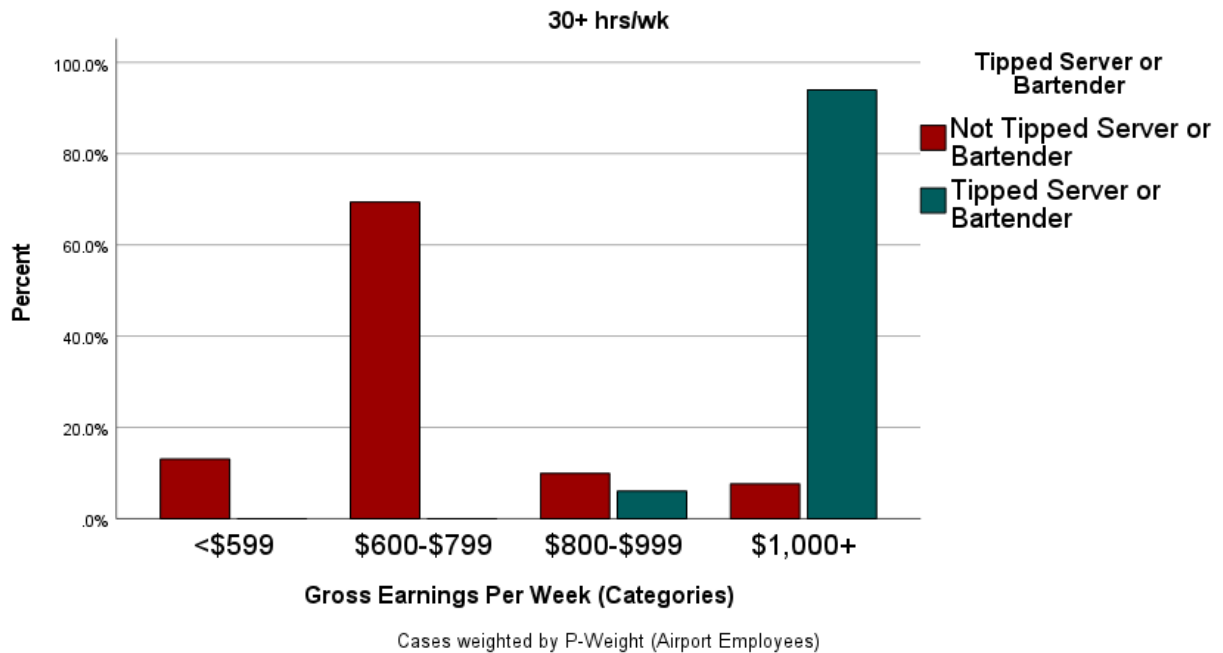
<sup>32</sup> Follow up interviews revealed discrepancies between scheduled and worked hours with some employees reporting being sent home early. It appeared from the consistency of the hours responses that many respondents answered with scheduled hours, so there may be some upward bias compared to worked hours.

<sup>33</sup> Some data was interpolated, if for instance, a worker who received tips did not report it, the estimated amount from workers who did receive tips was utilized. Respondent entries that were incomplete or appeared erroneous were, if possible, corrected by contacting the respondent or inferred from other income questions on the survey as well as what similar workers reported.

### Gross Earnings Per Week for Airport Concession Workers (30+ Hrs/wk)

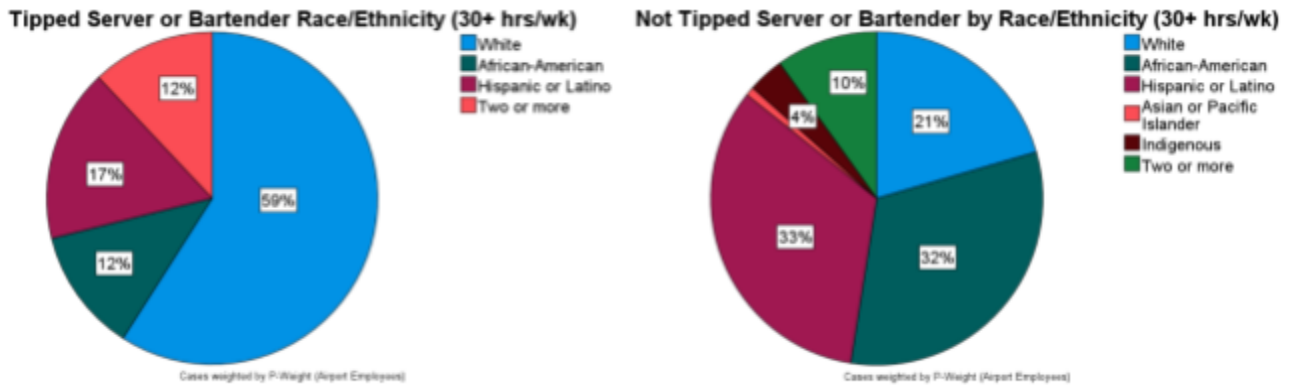


### Gross Weekly Earnings by Whether or Not Tipped Server or Bartender

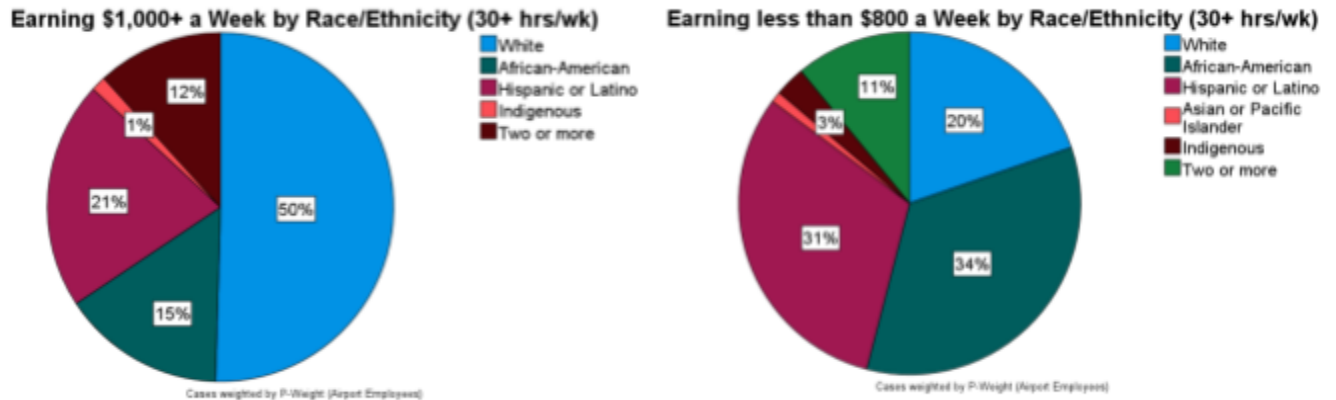


*One Job is Not Enough: Working Poverty at Sky Harbor International Airport*

White workers are far more likely to be employed in the higher-paid positions of tipped server and bartender roles, representing 60% of these employees but just 20% of those employed elsewhere. The situation for Hispanic workers is the reverse: while Hispanic or Latino workers make up 33% of SSP and HMSHost F&B workers, their share of the tipped server and bartender positions is just 17%. The situation for African-American workers is even more disproportionate, as African-Americans represent a similar portion of those employed elsewhere (32%), but are only 12% of those employed as a tipped server or bartender.

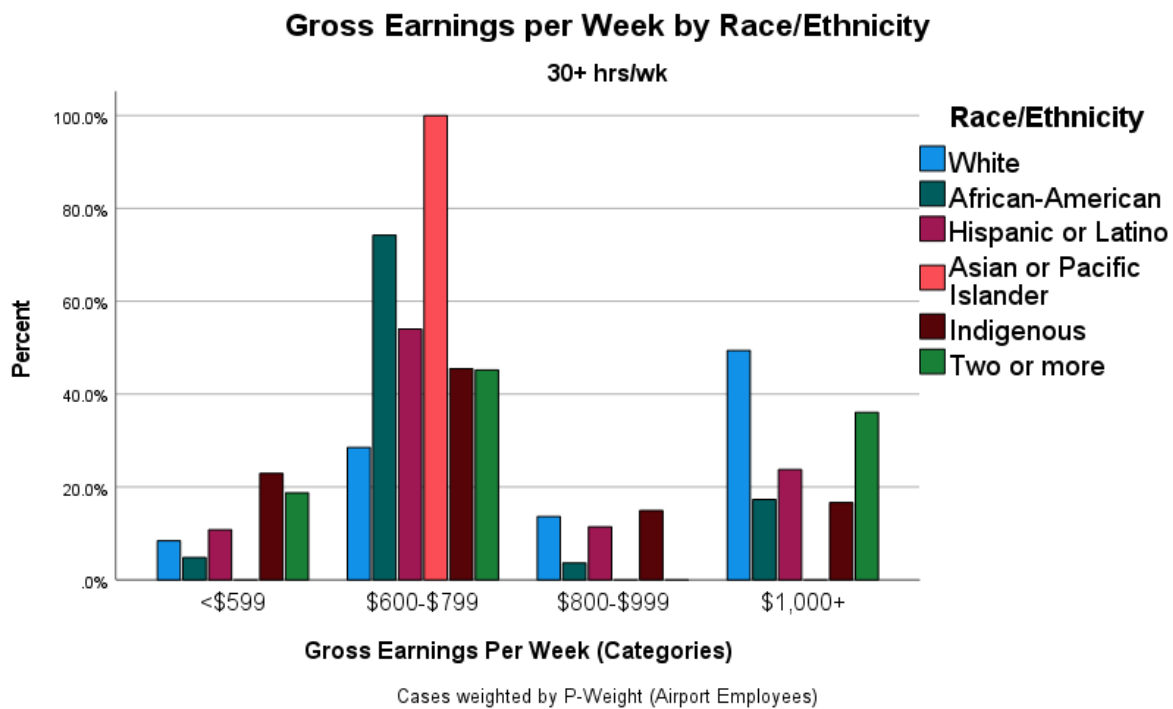


Likewise, employees who are white are far more likely to report more than \$1,000 per week in gross earnings while Hispanic and African-American employees are far more likely to report less than \$800 per week in gross earnings. The difference is particularly stark for African-American workers.



Looking at the distribution of earnings across race/ethnicities (each race/ethnic group adds to 100% below), half of white (nonHispanic) workers earn \$1,000+ per week and slightly less than 40% earn less than \$800 per week (adding <\$599 and \$600-\$799). In sharp contrast, about 80% of African-Americans earn less than \$800 per week. More than 70% of Hispanic/Latino

workers also earn less than \$800 per week.



*"99% of the people I work with are barely making it. With inflation I can't even afford to pay my bills and rent. Everything is going up but wages no. If I wasn't married I couldn't afford to pay rent."*

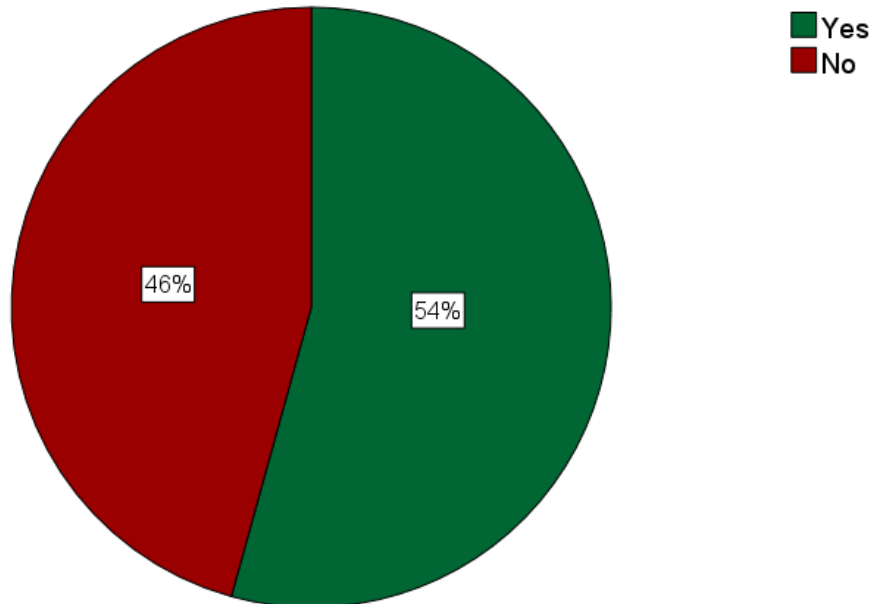
Anonymous, Cook, 11 years, \$18.95 p/hr

## Basic Expenses

Research participants were asked the question, "Do you earn enough money to pay for basic expenses every month?"

**Finding:** Almost half of workers report not being able to meet basic expenses, even among those working at least 30 hours per week.

**Do you earn enough money to pay for basic expenses every month? (30+ hrs/wk)**

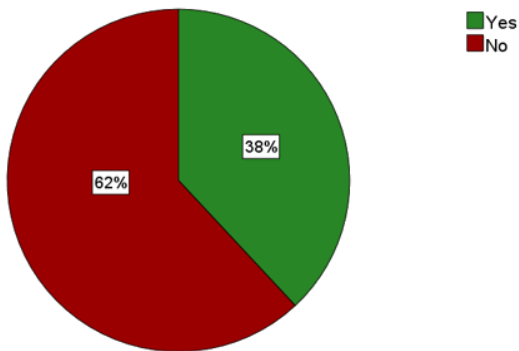


Cases weighted by P-Weight (Airport Employees)

The ability to meet basic expenses correlates with gross weekly earnings. While nearly 90% of those earning \$1,000 or more per week report being able to meet basic expenses, less than 40% of those earning less than \$800 per week report being able to do so.

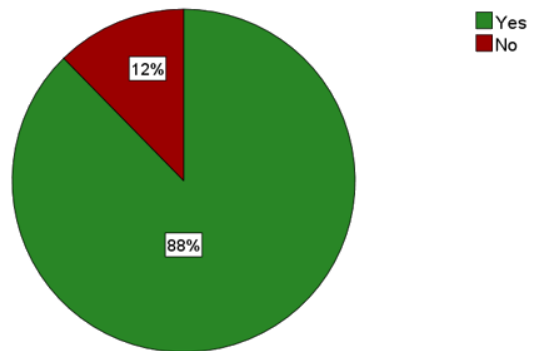
### Inability to Meet Basic Expenses

**<\$800/week (30+ hours)**



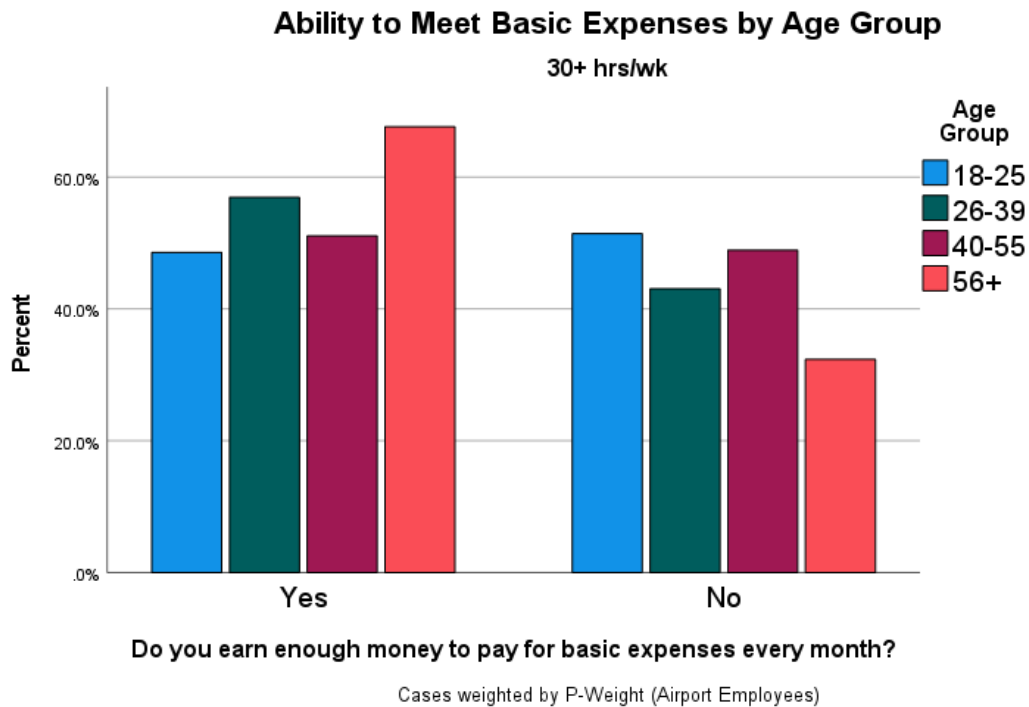
Cases weighted by P-Weight (Airport Employees)

**>\$1,000/week (30+ hours)**



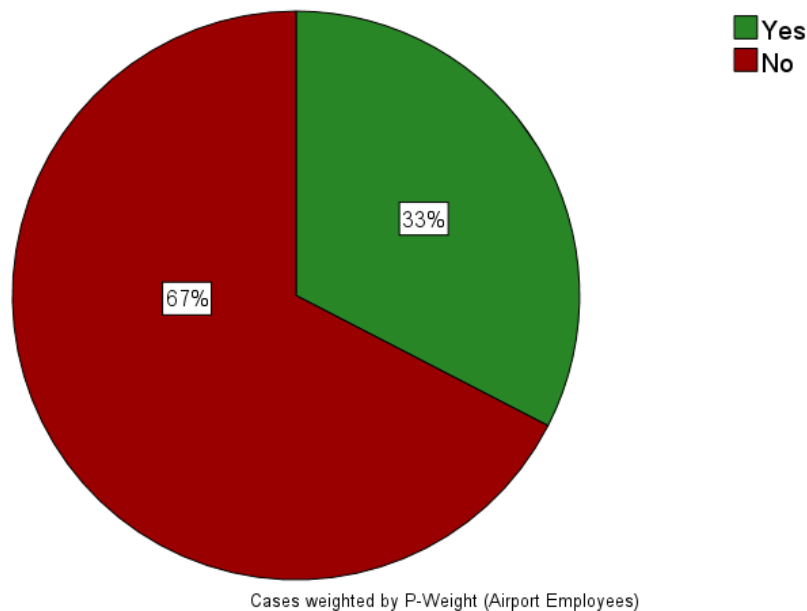
Cases weighted by P-Weight (Airport Employees)

The challenge of meeting basic expenses is found across all age groups with older workers being slightly more stable.



African-American workers were particularly vulnerable with two-thirds indicating they could not meet basic expenses.

**African-Americans ONLY Enough for basic expenses (30+ hrs/wk)**





*"I don't even have furniture in my apartment. I literally have no furniture in my apartment because I can't afford to buy it and then it doesn't make sense to do it off of credit because I won't be able to pay that bill."*

Cynthia, Cook, \$19.20  
SSP America, hired in 2023

## Housing Security

Rising housing costs are at the heart of challenges faced by workers at the airport. The inability to meet basic expenses correlates strongly with the portion of pre-tax income allocated to rent/mortgage payments.

In the 1960s and 1970s federal housing assistance programs used a 25% income standard for housing affordability, based on a historical notion dating to the late 1800s that one week's pay ought to cover rent. In the early 1980s, this standard was increased to 30%, and 30% remains the income standard for measuring affordability. An alternative measure is a residual income approach, which estimates the cost of all other living expenses given a household's makeup and income level and determines what residual they have to pay rent. A 2018 report from the Joint Center for Housing Studies at Harvard University compared the 30% standard across three cities (Los Angeles, Phoenix, and Cleveland) to a residual income standard. The report found while, for different income levels and housing compositions the standards produced slightly different results, "the fact that the 30-percent standard provides a reasonably accurate measure of the share of households for whom housing costs are creating a financial hardship, coupled with the simplicity of its calculation and its ready availability over time for broad geographic areas, supports its continued use as the go-to benchmark for assessing the overall extent of housing affordability problems."<sup>34</sup>

To provide an indication of the rents paid, focusing only on household sizes of 3 or fewer who were renting and working 30 or more hours per week, the median reported rent (independent of

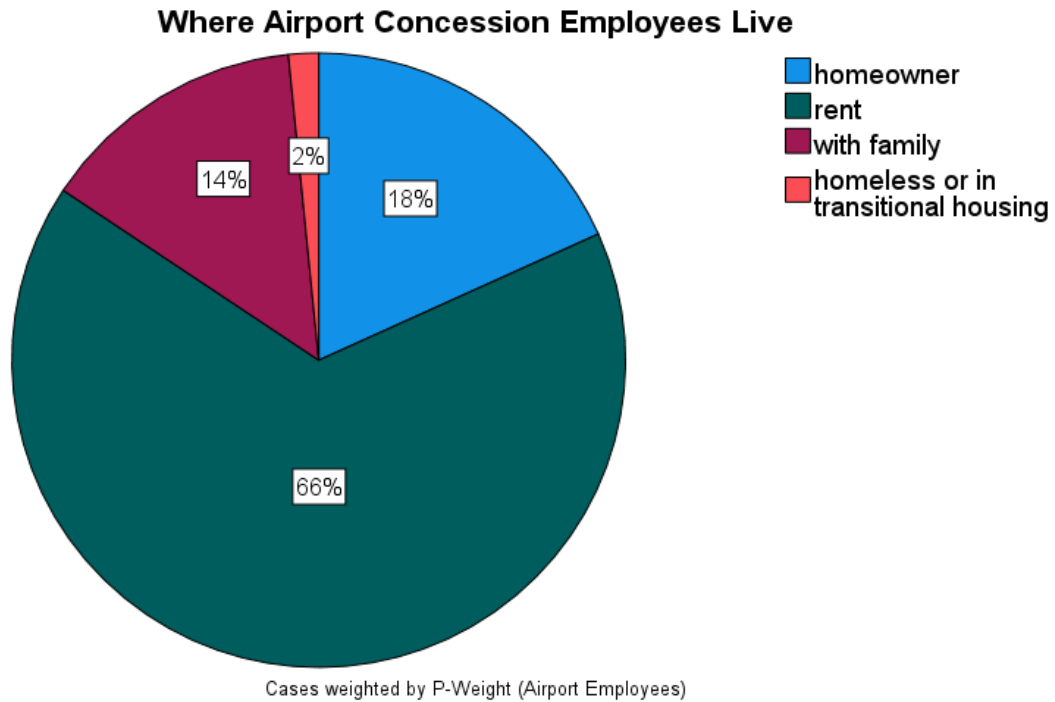
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<sup>34</sup> Herbert, C., Hermann, A., & McCue, D. (2018, September). *Measuring Housing Affordability: Assessing the 30 Percent of Income Standard*. Harvard Joint Center for Housing Studies. [https://www.jchs.harvard.edu/sites/default/files/media/imp/Harvard\\_JCHS\\_Herbert\\_Hermann\\_McCue\\_measuring\\_housing\\_affordability.pdf](https://www.jchs.harvard.edu/sites/default/files/media/imp/Harvard_JCHS_Herbert_Hermann_McCue_measuring_housing_affordability.pdf)



some utility costs) was \$1,300. The average was slightly higher. When this group was narrowed to cases where the airport concession employee was the sole payer of the rent, the median was \$1,260 with the average slightly higher.

The U.S. Department of Housing and Urban Development (HUD) [calculates a fair market rent for each market as part of its affordability guidelines](#). For the Phoenix-Scottsdale-Mesa metro area for 2023, the fair market values, which includes utilities, exceed what these workers are paying which suggests that workers need to economize as much as possible to find a place they can afford, even if it lacks desired amenities. Others are living with family because they cannot afford a place of their own.

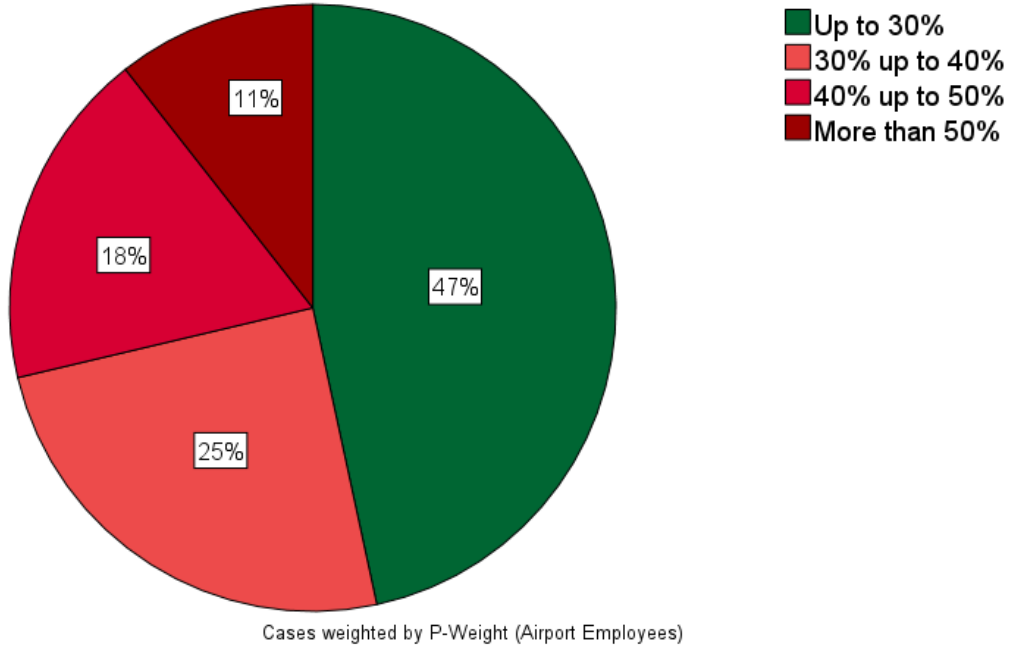


#### Fair Market Rents Compared to Rents Paid by Airport Concession Employees

	Efficiency	One-Bedroom	Two-Bedroom
HUD 2023 Fair Market Rents for Phoenix Metro	\$1,344	\$1,467	\$1,760
Employee Reported Rents <u>sole payer (median)</u>	\$1,330		
Employee Reported Rents <u>(est. contribution by employee, median)</u>	\$1,074		

To facilitate the measure of how rent-stressed workers were, GCI focused just on those workers who reported being solely responsible for paying the rent. It found that a majority of workers at the airport who are solely responsible for their rent pay more than 30% of their pre-tax income in rent—above the marker of affordability and more than one-fourth pay above 40% of their pre-tax income toward rent/mortgage.<sup>35</sup>

**Est. Housing Costs as Portion of Gross Pay (sole payers of rent, 30+ hrs/wk)**



Workers expressed during interviews that paying their rent or mortgage was their priority and that they would forego other expenses to ensure this expense was paid.

### **Findings—Housing Security:**

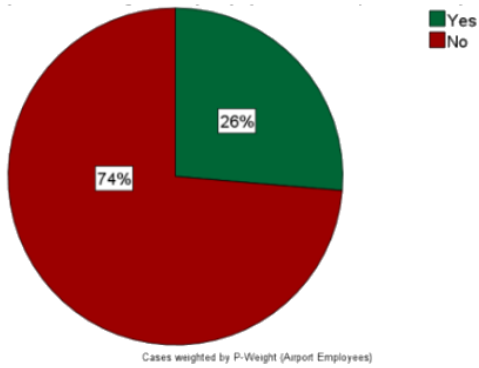
- The inability to meet basic expenses correlates strongly with the portion of pre-tax income dedicated to paying rent. When more than 40% of pre-tax income is needed to cover housing, three-quarters of sole payers of rent cannot meet basic expenses. A similar pattern follows for not just sole payers of rent, but all households (not graphed).
- One-third of respondents live in a residence where the rent has been paid late sometimes or more frequently.
- More than half of respondents expressed varying degrees of uncertainty about their ability to pay their monthly rent/mortgage.
- 1 in 5 respondents have a fairly acute concern about being evicted.

<sup>35</sup> Utility costs were conservatively estimated and added to the reported monthly housing payment (unless where utilities were all or partially included). For homeowners additional maintenance costs and in rare cases property taxes were also added. Details in [Technical Appendix](#).

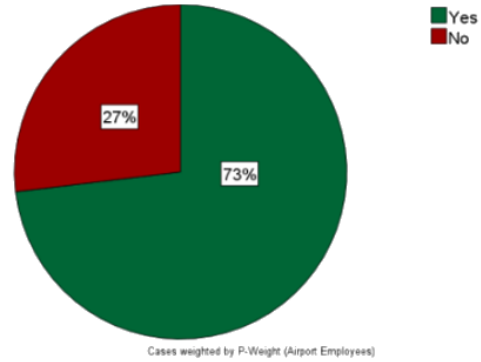
## Earn Enough to Pay Basic Expenses

(sole payers of rent, 30+ hrs./wk.)

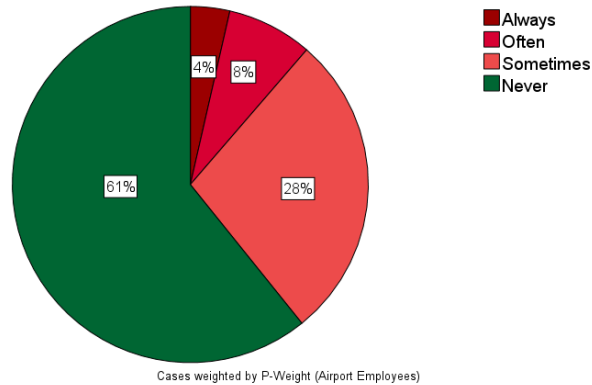
>40% of Gross Income on Housing



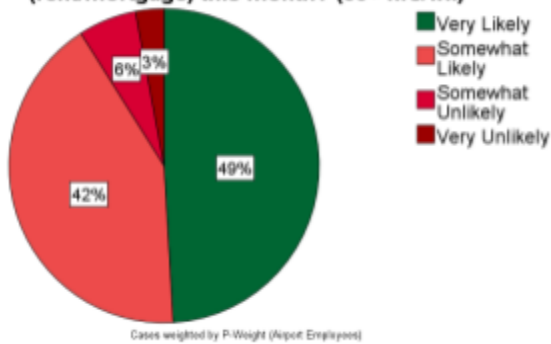
<40% of Gross Income on Housing



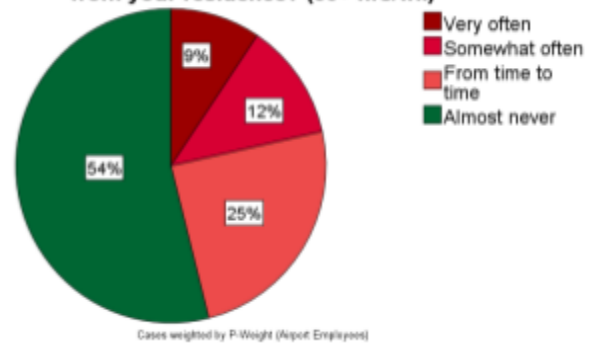
Since living at your current residence, how often have you or the people you live with been late with a rent payment? (30+ hrs/wk)



How likely is it that you will be able to pay for your housing (rent/mortgage) this month? (30+ hrs/wk)



How often do you personally worry about being evicted from your residence? (30+ hrs/wk)



*"I try my hardest to stay away from credit cards. I make sure that the rent is taken care of and the utilities are good. And after that, some things I just have to live without."*

Scott, Barista, \$17.55  
HMSHost, 5 years



## Food Security

A USDA six-question component of the survey measured food insecurity. Scores of 0 to 1 indicate high or marginal food security, 2 to 4 indicate low food security and 5 to 6 indicate very low food security. Questions from the survey included:

- "The food that (I/we) bought just didn't last, and (I/we) didn't have money to get more." Was that often, sometimes, or never true for (you/your household) in the last 12 months?
- In the last 12 months, since last (name of current month), did (you/you or other adults in your household) ever cut the size of your meals or skip meals because there wasn't enough money for food?
- In the last 12 months, since last (name of current month), did (you/you or other adults in your household) ever cut the size of your meals or skip meals because there wasn't enough money for food?
- If the preceding answer was yes, How often did this happen—almost every month, some months but not every month, or in only 1 or 2 months?
- In the last 12 months, did you ever eat less than you felt you should because there wasn't enough money for food?
- In the last 12 months, were you ever hungry but didn't eat because there wasn't enough money for food?<sup>36</sup>

Because these questions were asked in reference to the last 12 months, GCI excluded anyone hired in 2022 or 2023, since that time period might include time before being employed at the airport.

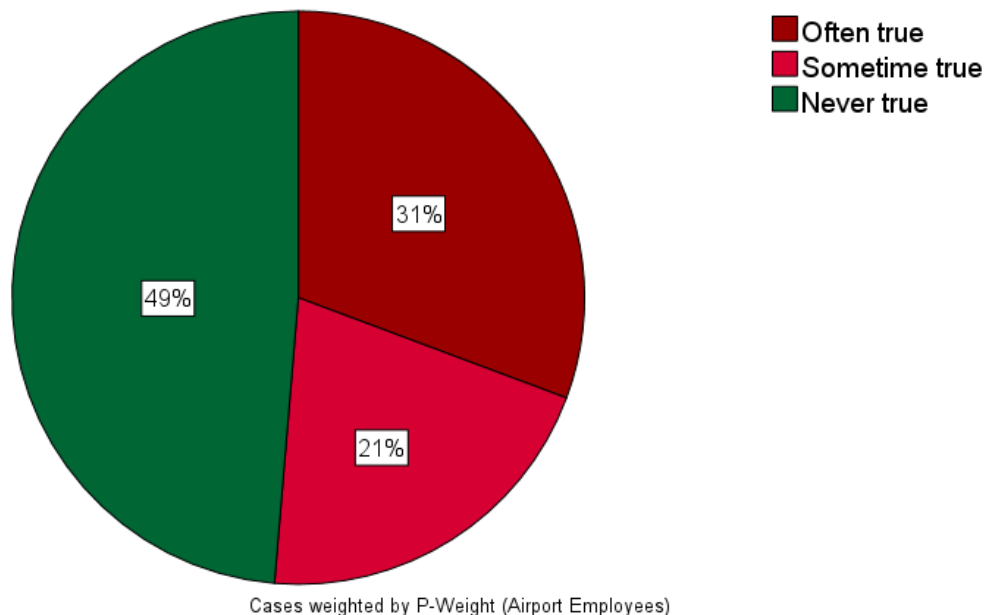
<sup>36</sup> Economic Research Service, USDA. (2012, September). *U.S. household food security survey module: Six-item short form*. USDA ERS. <https://www.ers.usda.gov/media/8282/short2012.pdf>

One question is illustrated below along with the overall score. In this section only employees who had been employed more than 1 year were included since the food insecurity questions referred to the last 12 months. Consequently, these findings indicate food insecurity that occurred while working at Sky Harbor.

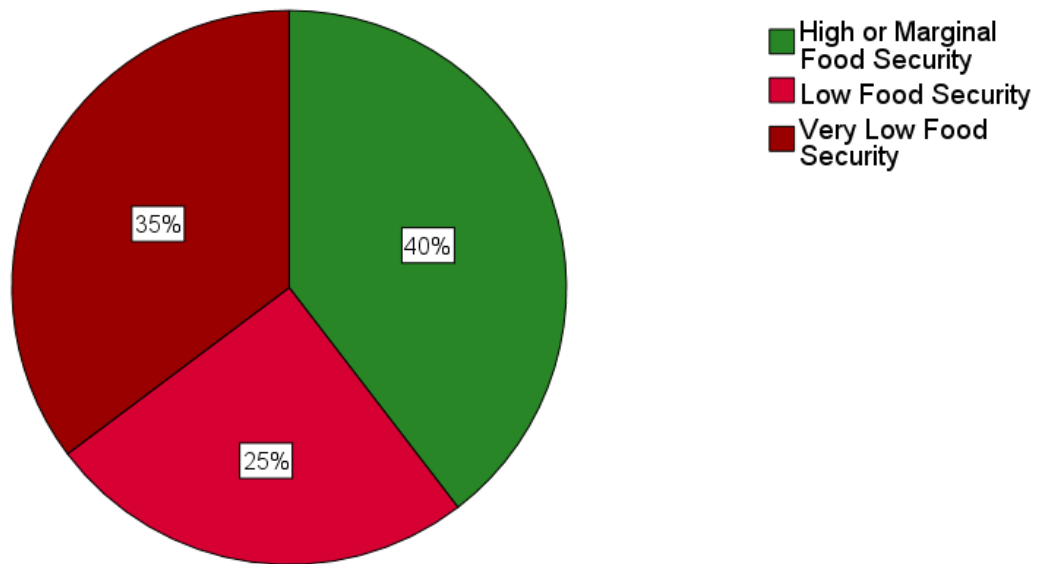
**Findings—Food Security:**

- Half of respondents often or sometimes in the last 12 months have run out of food and not been able to afford more.
- 1 in 4 respondents reported having many months where they had to cut the size of meals or skip meals.
- 60% of respondents who earn less than \$800 per week have low or very low food security, with most of this group having very low food security despite being employed at the airport for 30+ hours per week for 2 or more years.
- The issue of food security is particularly acute for households with children that are paying more than 40% of their income for housing.

**“The food that I bought just did not last, and I didn’t have enough money to buy more.” (2+ years at airport, 30+ hrs/wk)**



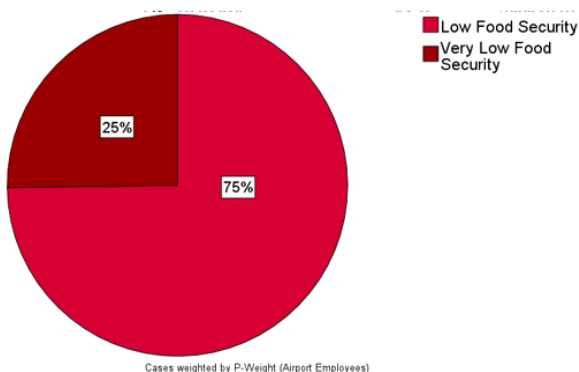
### Food Insecurity Among Employees earning less than \$800 per week (employed 2+ yrs & 30+ hrs/wk)



Cases weighted by P-Weight (Airport Employees)

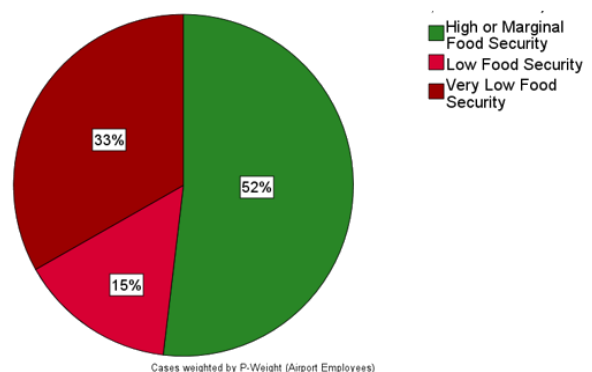
### Food Insecurity (children under 18, employed 2+ yrs., & 30+ hrs./wk.)

#### >40% of Gross Income on Housing



Cases weighted by P-Weight (Airport Employees)

#### <40% of Gross Income on Housing



Cases weighted by P-Weight (Airport Employees)

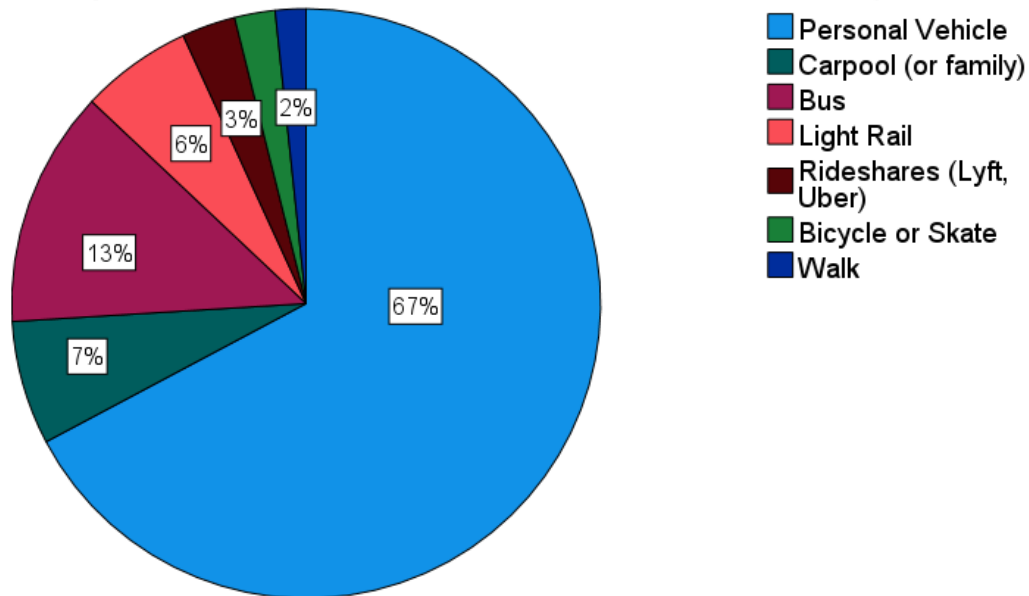
## Transportation

Employees utilize a variety of means to get to work with two-thirds relying on a personal vehicle. Others carpool, take the bus, light rail, Lyft or Uber, bicycle, skate or walk.

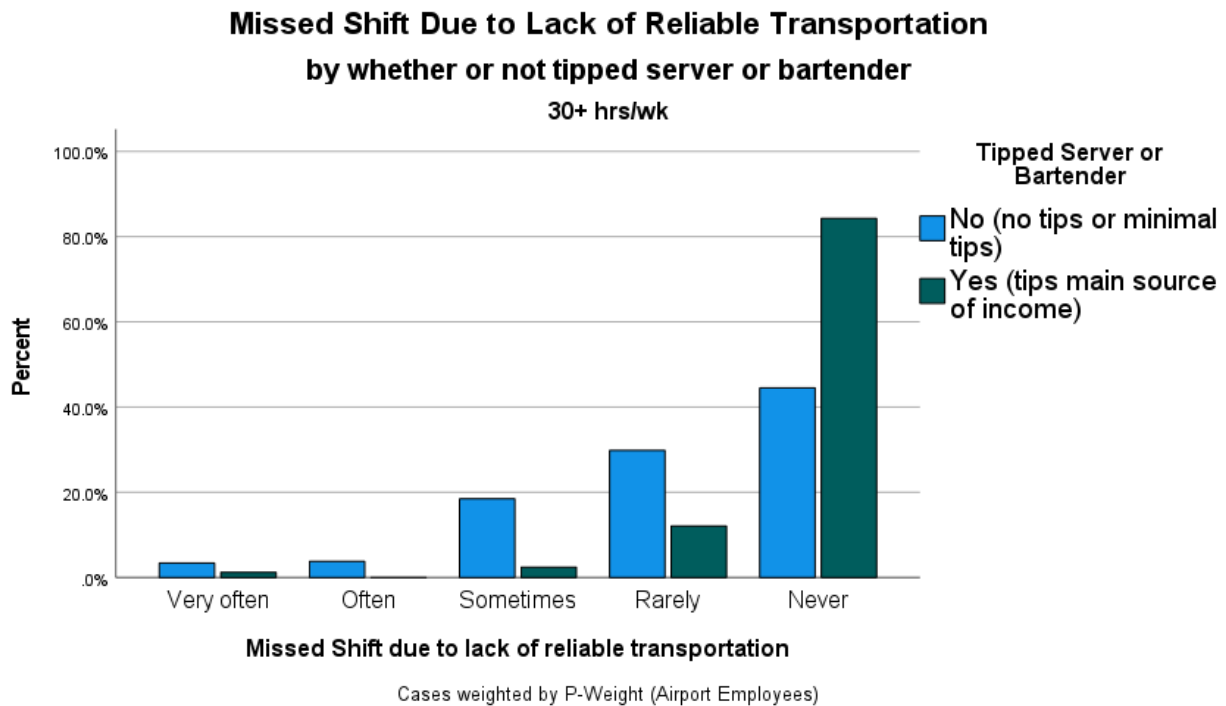
### Findings—Transportation:

- High turnover in lower paid occupations may occur, because those who are not tipped servers or bartenders tend to struggle more with reliable transportation to get to work. These findings may underestimate the issue, as people who have chronic challenges are likely fired, so would not have been surveyed..
- Nearly half of employees who had worked at the airport for at least 2 years AND used a personal vehicle to get to work could not afford proper car maintenance.
- Employees who drive to work and cannot afford proper car maintenance were significantly more likely to report missing shifts due to a lack of reliable transportation.

**How did you usually get to your job last week? If you used more than one mode of transportation, please select the one used for most of the distance. (30+ hrs/wk)**



Cases weighted by P-Weight (Airport Employees)



*"There are always tons of people sleeping on the benches at the bus stop. I got told at one point, 'You don't belong at this bus stop. Go away because you're not a homeless person.' So from that point on, I just started catching Uber home. When it's not hot I can walk, I live two miles from the airport. I used to walk to work. But then I started getting kind of harassed on my way into work. It's not a good idea to be walking the streets that early in the morning."*

Ginger, Cashier/Food Service Attendant, SSP America, 10 years, \$17.05 p/hr

Ginger spends about \$30 a day taking Uber to and from work. She starts work at 4:30 am which is before buses start running and due to a large homeless population that hangs out at her local bus stop takes Uber home as well.

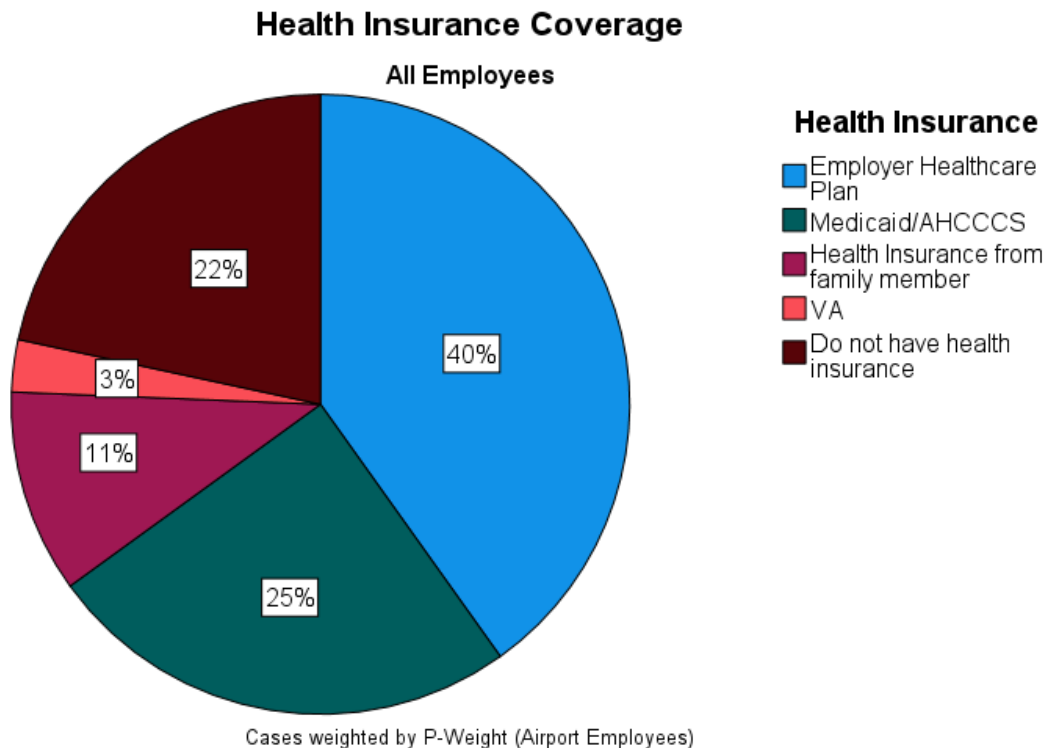


## Health Insurance

SSP America and HMSHost have each signed collective bargaining agreements that mandate that the companies pay a certain portion of their employees' health insurance premiums. SSP America pays 95% of health care cost for an individual worker (but a lower percentage of plus-one or family coverage), while HMSHost pays 95% of the cost for an individual worker.

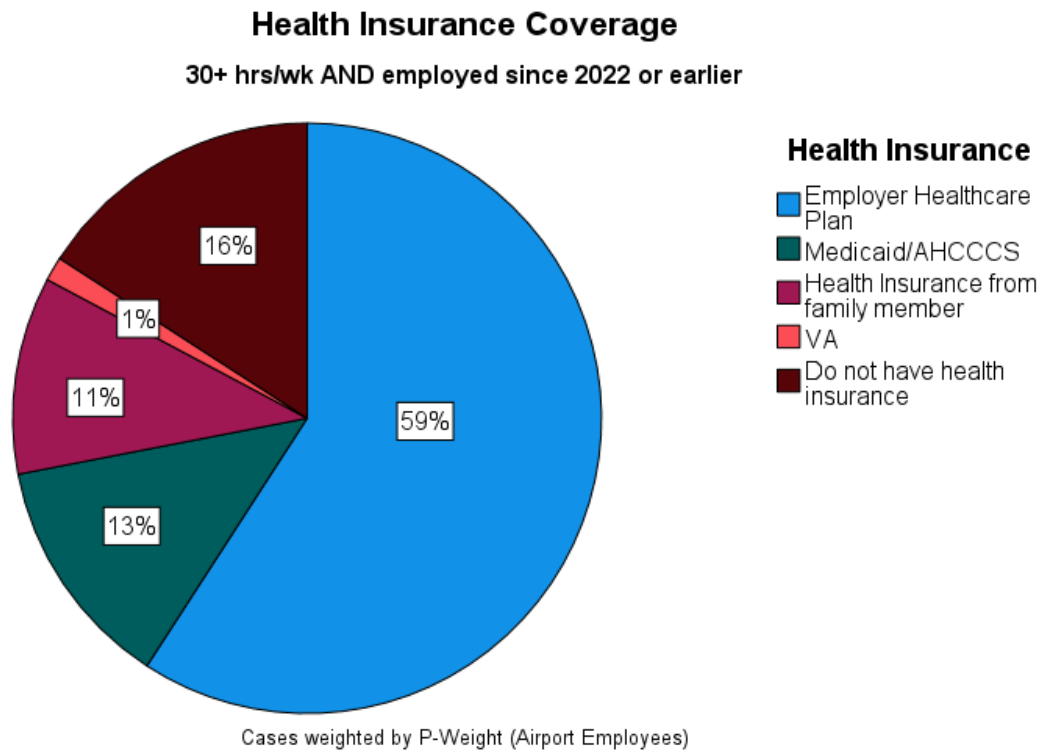
### Findings—Health Insurance:

- Only 40% of workers report being on the employer's healthcare plan.
- One quarter of workers rely on Medicaid/AHCCCS.
- 22% of workers do not have health insurance.
- Enrollment in employer health insurance plans varies considerably between the two companies with HMSHost enrolling 28% of their workers relative to SSP America at 69%.



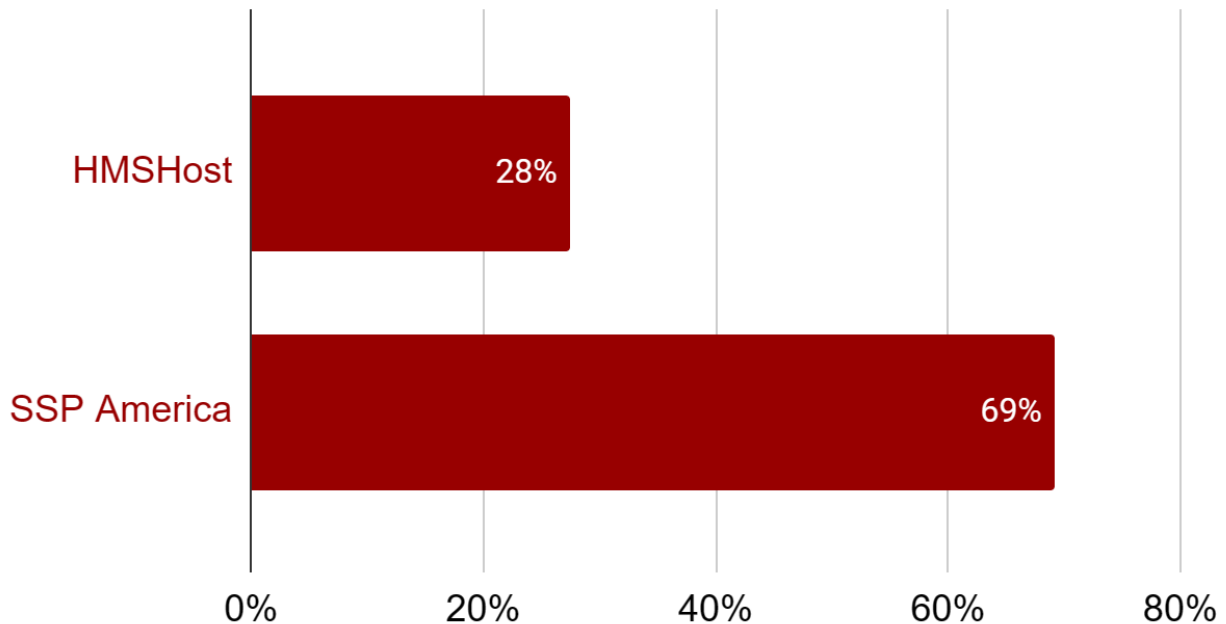
Looking at the employees who could be covered by the employer's healthcare plan because they qualify (in other words, they report typical work weeks of 30 or more hours AND have been

employed there since at least 2022), 13% report that they rely on AHCCCS and 16% do not have health insurance.



GCI also had enrollment data for plans offered by employers. Enrollment rates vary considerably between HMSHost and SSP America, which enroll 28% and 69% of their airport workers respectively. These two employers both have a collective bargaining agreements that mandate that the company pay a certain portion of the health insurance premium.

## Health Insurance Enrollment Rates



*"If I didn't have health insurance I'd be dead already."*

Anonymous, Cook, 11 years, \$18.95 p/hr

A worker who is immune-compromised and requires regular injections, blood work and doctors visits to monitor their health.

## Recommendations

Based on the findings of this report we recommend:

- Raising the wages of concessions workers at Sky Harbor Airport
- Expanding and extending the City of Phoenix's program of free on-site childcare options for Airport Workers
- Extending hours and routes, or otherwise providing enhanced public transport for workers at Sky Harbor
- Requiring that companies who win future contracts for concessions services at Sky Harbor pay a living wage that includes affordable quality health care.

- That the City of Phoenix conduct a study regarding wage discrimination against African American workers in concessions at Sky Harbor Airport, and include protections against such wage discrimination in future Airport concessions contracts. Such safeguards could include the implementation of paid job training for African American workers, and the implementation of uniform and standardized systems for promotions and applications for promotion.

*Dave Wells holds a doctorate in political economy and public policy and is the Research Director for the Grand Canyon Institute. He can be reached at [DWells@azgci.org](mailto:DWells@azgci.org) or by contacting the Grand Canyon Institute at (602) 595-1025 ex. 2.*

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Grand Canyon Institute  
P.O. Box 1008  
Phoenix, Arizona 85001-1008  
[GrandCanyonInsitute.org](http://GrandCanyonInsitute.org)

*Brendan Walsh holds a doctorate in American Studies and is the Executive Director of Worker Power Institute and the Co-Political Director for UNITE HERE Local 11. He can be reached at [bwalsh@workerpower.com](mailto:bwalsh@workerpower.com).*

Worker Power Institute is a (501c3) multi-racial, multigenerational organization dedicated to achieving economic, social, and racial justice through community education, direct services, civic engagement, and policy advocacy.

Worker Power Institute  
1021 S. 7th Ave, Suite 202  
Phoenix, AZ 85007  
[info@workerpower.com](mailto:info@workerpower.com)