

Advancing Arizona's Economy - Investment in Workforce Development

Special Report by Rounds Consulting Group, Spring 2022

Since 2008, the Arizona economy has become more diversified. Efforts made by public and private sector stakeholders to implement aggressive economic development policies and initiatives led to expansions in high value industries including manufacturing, financial activities, health care and professional and business services.

However, Arizona's education system is struggling to keep pace with the demands of our rapidly evolving economy. Arizona trails the national average in key measures of educational attainment. While the public university system has scaled up quickly to educate and train more students — especially in STEM fields vital to the New Economy — it is apparent that growth will not meet the workforce demands now required.

Arizona continues to outperform the national economy in both population and job growth. Overall, since 2020, Arizona employment has grown at three times the national rate. Despite strong economic growth in terms of volume, Arizona has yet to reach its full potential.

Arizona continues to trail the national economy in key quality measures such as per capita GDP, and unless Arizona sees significant improvements in degree production either through in-state education or through in-migration, current economic output levels are at risk.

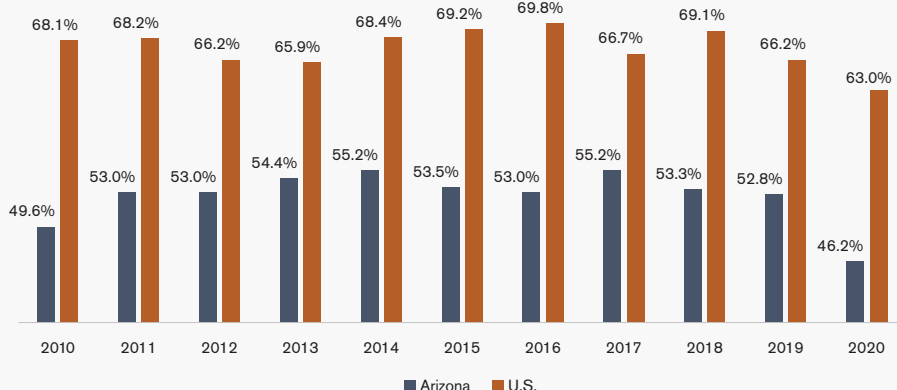
With additional targeted investment in workforce development, including post-secondary education, Arizona will be well-positioned to attract competitive industries with high pay and

opportunity for advancement. The reason is twofold — a better-educated citizenry not only earns more and generates greater economic growth, it also utilizes social services and government welfare at a much-reduced rate.

Simply by reaching the U.S. average for educational attainment, Arizona would benefit by nearly **\$5 billion in additional state and local tax revenues** over 10 years.

Furthermore, fully resolving the bachelor's degree shortage would result in a 10-year cumulative **state and local fiscal impact of \$8 billion.**

Figure 11: College enrollment rates in Arizona and the U.S.



Source: Postsecondary Attainment Report, Arizona Board of Regents, 2020; Conditions of Education: U.S. Department of Education's Center for Education Statistics, 2020.

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Closing the bachelor's degree gap

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High school graduation rates, college enrollment rates, and college completion rates in Arizona need to be improved as the share of total available jobs that require at least a bachelor's degree has increased since 2010 and is expected to grow over the next ten years.

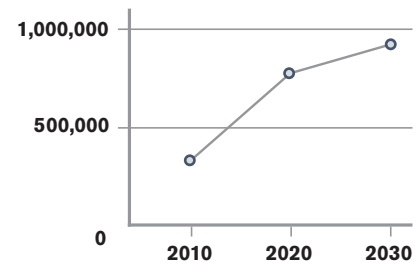
As of 2020, 46.2% of Arizona high school graduates enrolled in a college degree program. Of all Arizona high school students, only 19% ultimately complete a bachelor's degree.

From 2010-2020, the share of Arizona jobs that require a bachelor's degree or higher increased from 16.1% (or 380,900 jobs) to 26.5% (or 751,100 jobs). By 2030, it is estimated that 27.6% (or 920,800 jobs) of Arizona's jobs will require a bachelor's degree or higher.

In order to develop the workforce Arizona needs, efforts are necessary across postsecondary education — and earlier, through enhanced emphasis on skills development in high school. The consequences of inaction are equally stark. Between now and 2030, Arizona will experience an annual shortfall of 26,300 bachelor's degrees. This translates into reduced capital investment, fewer quality jobs and less economic opportunity for Arizona families.

Between now and 2030, Arizona will experience an **annual shortfall of 26,300 bachelor degrees** creating a workforce shortage that will limit Arizona's economic growth.

Number of Jobs in Arizona requiring a bachelor's degree



Source: U.S. Bureau of Labor Statistics; Arizona Office of Economic Opportunity

Find Full Report at: bit.ly/AZWorkforceReport

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