

Doubling Arizona's Economic Growth

The Potential Fiscal and Social Gains From Increasing Postsecondary Attainment

Increasing Arizona's education attainment rates, across all levels, will be essential to our state's continued economic competitiveness. Education is one of the most important drivers of economic development and growth, and Arizona has the opportunity to benefit tremendously from increasing attainment rates across all levels, and especially at the postsecondary level.

Research by Clive R. Belfield and Russell W. Rumberger—leading scholars in education economics, education and the workforce, and education policy—shows that raising education attainment in Arizona has the potential to provide our state with economic gains of more than \$7 billion every year.

These gains correspond to one-fifth of the entire state budget and would more than double Arizona's annual economic growth rate. Moreover, they equate to \$660,000 per college graduate, which represents an outstanding return on investment, as the majority of programs and reforms designed to increase attainment will likely cost significantly less.

Encouragingly, these gains are well within our reach. Arizona needs only modest increases to its attainment rates in order to benefit from significant economic gains stemming from increased tax revenues, decreased government spending and greater economic competitiveness, among other factors.

The charts on the following pages demonstrate the clear economic gains associated with four strategic opportunities to increase attainment, as well as the attainment increases across all levels that would enable Arizona to take advantage of these opportunities.

Arizona's Economic Growth Potential

Arizona's Gross State Product is \$290 billion and grows at a rate of 1-2 percent each year. By taking advantage of strategic opportunities to increase educational attainment in our state, we can, at a minimum, double our economic growth rate.

Equalize college-going rates

Equalizing college-going rates by race would lead to a four percent increase in economic activity annually, doubling our current economic growth rate

Meet national average for attainment

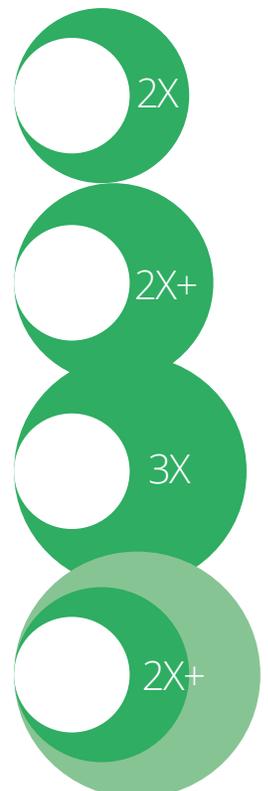
Meeting national average for attainment would lead to a 10 percent increase in economic activity annually, more than doubling our current economic growth rate

Meet future labor market needs

Meeting future labor market needs would lead to a 12 percent increase in economic activity annually, tripling our current economic growth rate

Meet peer state attainment rates

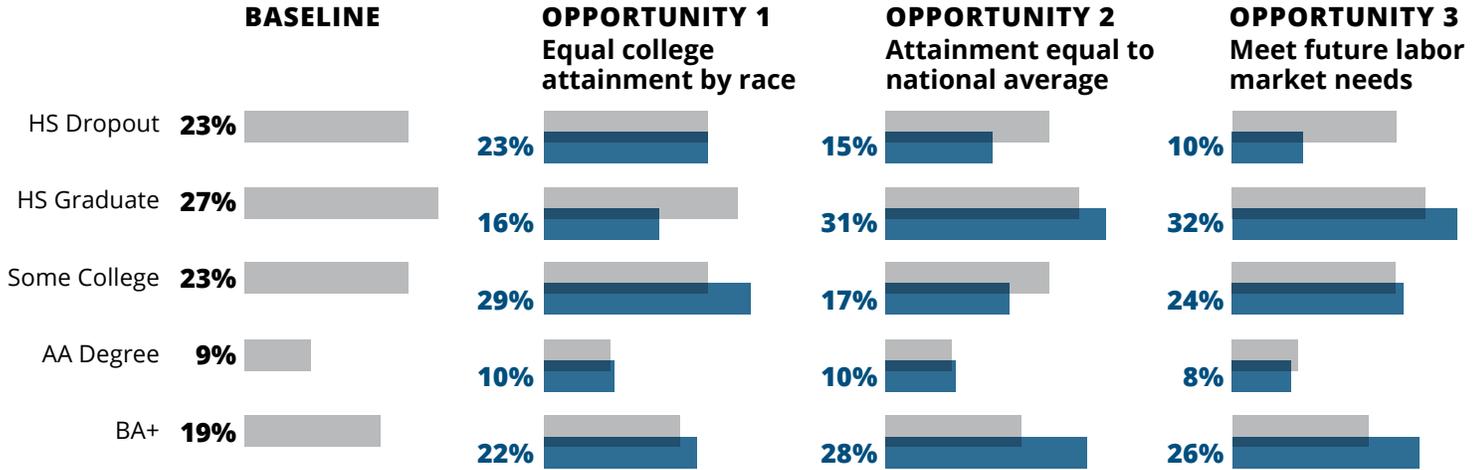
Meeting peer state attainment rates would lead to between four and 20 percent increases in economic activity annually, at a minimum doubling our current economic growth rate



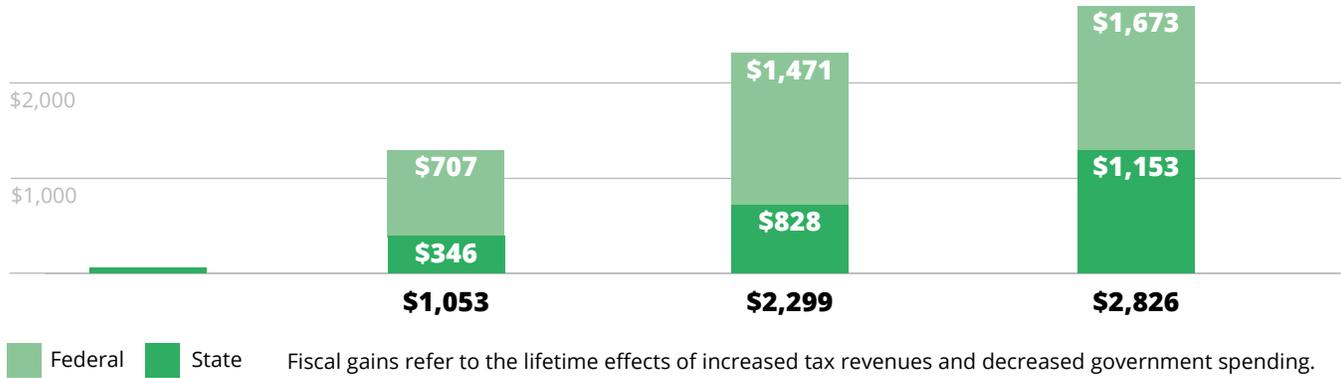
The Economic Benefits of Increasing Educational Attainment in Arizona

The clear economic benefits of increasing educational attainment in Arizona are demonstrated in the charts that follow. Based on a commonly used cohort model of economic impact, the charts show the fiscal and social gains associated with equalizing college-going rates by race, meeting the national average for attainment, meeting future labor market needs and meeting the attainment rates in five peer states.

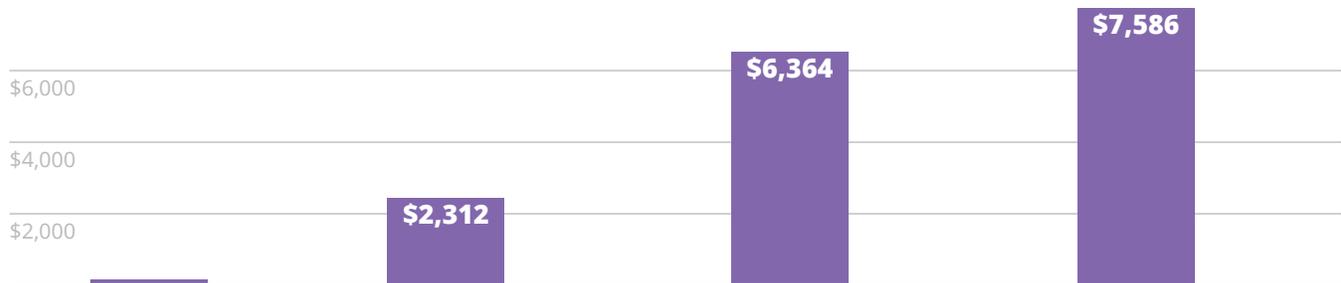
ATTAINMENT



FISCAL GAINS (\$ in millions)



SOCIAL GAINS (\$ in millions)



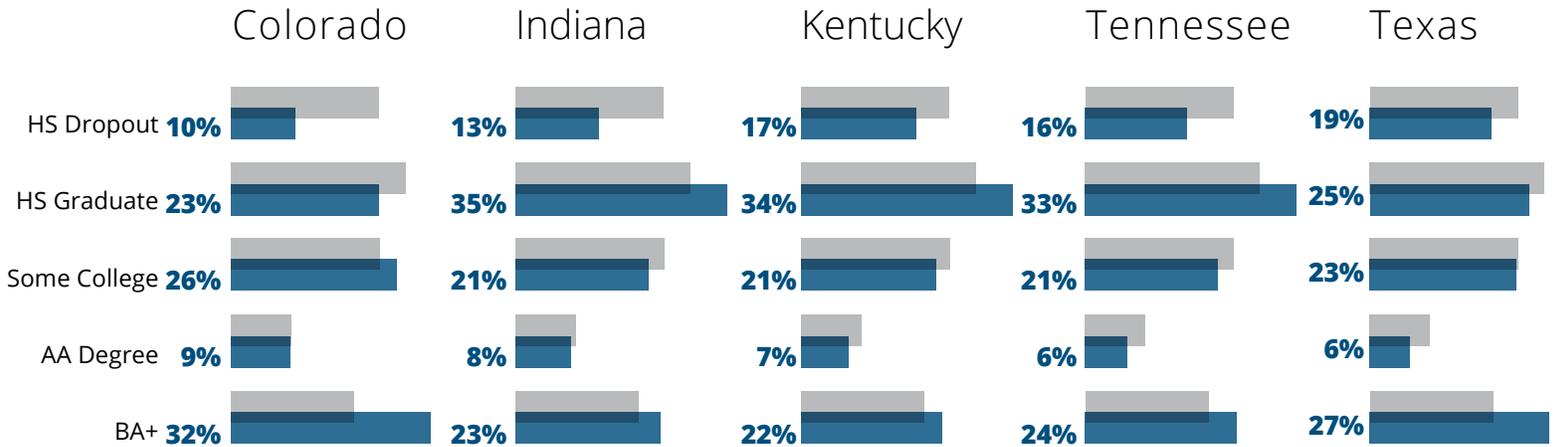
Social gains refer to the lifetime effects of increased earnings; better health; reduced crime and welfare dependence; and improved economic competitiveness.

The model used by Belfield and Rumberger is predicated on changes to the distribution of educational attainment within a single cohort of 87,505 students. Consequently, the baseline postsecondary attainment rate for the model is 28 percent, not the 36 percent attainment rate in Arizona in 2013.

For a more detailed overview of the study methodology, see the full report *Doubling Arizona's Economic Growth*, available from College Success Arizona.



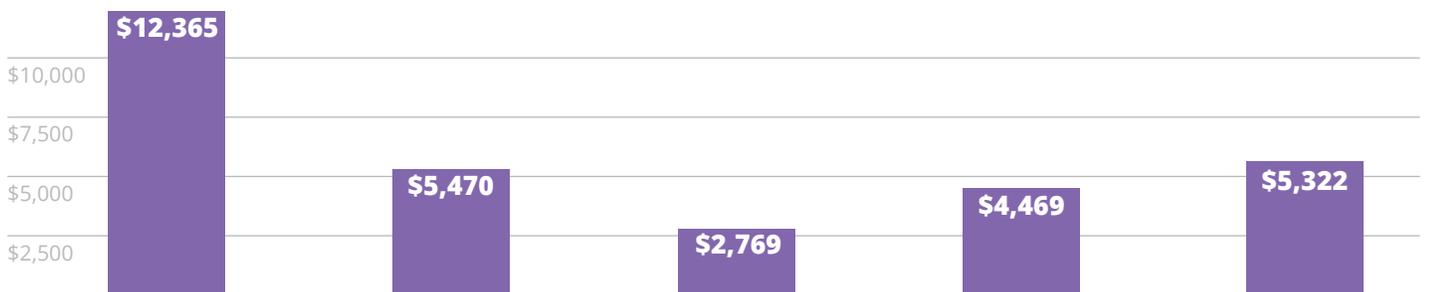
ATTAINMENT



FISCAL GAINS (\$ in millions)



SOCIAL GAINS (\$ in millions)



Social gains refer to the lifetime effects of increased earnings; better health; reduced crime and welfare dependence; and improved economic competitiveness.

Ways Arizona Can Increase Postsecondary Attainment

Given the tremendous return on investment that each of the strategic opportunities presented represents—and with the potential to, at a minimum, double our annual economic growth rate—Arizona should be ambitious in its design of policies and programs that lead to higher postsecondary attainment rates statewide. There are many approaches that Arizona can take to increase postsecondary attainment and reap the economic benefits.

Improve the K-12 pipeline. Key reasons for Arizona’s relatively low education attainment levels include inconsistent school quality in Arizona, state/local K-12 per-student spending levels that are among the lowest in the country and persistent achievement gaps between minority students and their white counterparts. To address these key issues, Arizona will need to enact reforms all along the PK-12 spectrum that ensure quality preschool learning, better elementary education strategies and high school reform. Other specific reforms—such as those that lead to smaller class sizes, expand the number of higher quality teachers, support students at risk of dropping out and encourage the implementation of dual enrollment programs—have been shown to improve school quality, student achievement and college readiness.

Enact Policies That Increase Access to Postsecondary Education. Many students, particularly those who are the first in their families to go to college, do not have sufficient information on how to apply and get in to college, or how to choose the best college for their needs. Fortunately there are concrete steps that have been shown to increase access. For example, research indicates that pre-college counseling can have a powerful impact, helping students enroll and persist in college. Another proven approach is to simplify the college application process.

Address attainment gaps between majority and minority populations. There are substantial economic benefits that Arizona stands to gain by implementing reforms that specifically seek to reduce attainment gaps between races, with a particular focus on Latino students. In addition to the economic benefits, reducing attainment gaps can also help to create a college-going culture for all Arizonans.

Support policies and programs that help postsecondary students persist to completion. Arizona could significantly increase its attainment rate by providing supports and programs that help more students persist to completion of their programs of study. A substantial body of research has found that counseling and mentoring services, as well as other supports such as academic planning and advising, can lead to significantly higher completion rates.

Make college more affordable for all students. Effective financial aid is sufficient to meet costs, flexible, and timely. Too often low-income students do not claim or receive the financial aid they need to be able to afford a college education. Latino students, in particular, receive the least amount of financial aid of any population group. In Arizona, Latino students are often those also living in poverty. Implementing a state-financed financial aid program that is narrowly targeted to raise postsecondary awareness, incentivize low-income students to perform well in high school, and then apply to and attend a state college or university would be a game-changer in encouraging access and success for all Arizonans.