

Unlocking Potential: Turn Arizona's Priorities into Economic Gains

The Arizona Voters' Agenda Economic Analysis

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FOREWORD

by Center for the Future of Arizona

Arizonans agree more than they disagree on big, important issues. And that agreement holds powerful value – politically, socially, and economically.

The [Arizona Voters' Agenda](#), developed by Center for the Future of Arizona (CFA), reveals something meaningful: a strong consensus on the priorities voters want leaders to address. In a state often painted as highly partisan and divided, this level of agreement is striking. It's also a roadmap.

What if we built the future around what brings Arizonans together?

Voters overwhelmingly agree on the importance of education and the need for greater investment, housing that is affordable, reliable transportation, childcare that supports working families, and more pathways to opportunity. These aren't partisan talking points; they're everyday priorities that most people agree on, no matter their party affiliation or age.

What would it mean if the priorities of Arizonans were realized? This project begins to answer that question.

CFA commissioned Rounds Consulting Group to analyze five of the many priorities in the 2024 Arizona Voters' Agenda through the lens of economic return: dual enrollment, post-secondary education, childcare access, housing affordability, and transportation infrastructure. Taken together, these five issues represent key building blocks for the future and a foundation on which to build Arizona's success.

When we turn shared priorities into action, we unlock benefits that ripple across families, neighborhoods, and the entire state.

When childcare is reliable, parents and guardians can work. When housing is affordable, families and workers stay rooted, and communities remain stable. When students gain access to education and training beyond high school, they advance faster and build skills employers need. When roads connect people and jobs, economies grow. These priorities deliver a measurable return and make Arizona work for everyone. Together, they reveal a picture of what Arizona could be if we act on what voters already agree on.

We're cutting through the noise to help leaders focus on what voters truly want.

This work is part of CFA's broader mission to connect leaders with what Arizonans agree is important to them and their communities, and what they want for a prosperous and successful future for our state. Our goal is to provide decision-makers with sound data and a clear sense of what's possible. Investments will need to be made, and this report shows the potential for strong returns. By starting with the long-term return on investing in voters' priorities, we can make smart investments for the future.

Step back, look ahead, and build the prosperous future Arizonans want.

Voters have already told us what matters. The return on acting is real. It's measurable. And it's within reach.

Let's use that to move forward.



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EXECUTIVE SUMMARY

Arizona's long-term economic health hinges not just on job creation or population growth, but on the strength of the systems that support individuals, families, businesses, and communities. A resilient and competitive economy is rooted in strong *economic fundamentals*.

Key economic fundamentals include workforce development, transportation and infrastructure, education, childcare, and housing. These fundamentals are core attributes that enable economic growth, not just in quantity, but in quality.

This report focuses on five voter-identified priorities that are building blocks of a healthy economy:

- | | |
|-------------------------------------|------------------------------|
| 1. Childcare Access & Affordability | 4. Housing Affordability |
| 2. Dual Enrollment | 5. Transportation Investment |
| 3. Post-Secondary Attainment | |

Arizonans across political affiliations strongly agree on the need for action in these areas, as highlighted in CFA's 2024 Arizona Voters' Agenda. By analyzing the five issues through a return-on-investment (ROI) lens, the findings in this report help answer a central question: What would it mean for Arizona's economy if the outcomes voters want were realized?

Each voter-identified issue area offers an independent ROI, but the greatest economic benefits come when these areas are advanced together in a coordinated and strategic manner. By quantifying those returns, this report aims to guide data-driven policymaking and mobilize broad, cross-sector support for strengthening Arizona's economic foundation.

For instance, families cannot access education or jobs without reliable transportation and affordable housing; workers cannot fully participate in the economy without accessible childcare; and employers cannot thrive without a skilled and stable workforce.

Like any economy, Arizona operates with finite public resources – requiring strategic choices. While it may not be possible to simultaneously maintain a low tax burden and achieve a high level of investment in infrastructure, workforce, and support systems, it is possible to prioritize investments that deliver the strongest economic returns. That is why it is critical to assess these public policy areas based on the economic returns they deliver.

While this analysis does not evaluate specific policies, initiatives, or program costs, it provides a data-driven foundation to inform discussions, evaluate potential solutions, and guide decision-making focused on maximizing economic returns.

What Happens When Arizona Invests in What Voters Prioritize? Key Takeaways by Topic Include:

Childcare Access & Affordability

Arizona's lack of affordable, reliable childcare limits workforce participation, which costs the state nearly \$5 billion annually.

Expanding access and affordability could generate over \$12 billion in annual economic output and support over 115,000 jobs, while giving families an extra \$9,300 per year in household income.

Dual Enrollment

Dual enrollment programs help high school students earn college credit while in high school, significantly lowering the time and cost of earning a degree.

These programs increase post-secondary completion rates and lifetime earnings, with each new cohort delivering more than \$47 million in economic output and over \$3 million in new state and local tax revenues each year.

Post-Secondary Attainment

Arizona has a significant opportunity to better prepare its residents for the future workforce. Each year, the state is projected to have about 81,700 job openings requiring post-secondary education. Yet the state produces only about 10,400 post-secondary graduates annually,

leaving an opportunity for roughly 71,300 additional Arizonans to step into high-paying jobs. Seizing this opportunity, rather than leaving jobs unfilled or relying on out-of-state talent, could generate \$20 billion in economic output, \$8 billion in wages, and \$740 million in tax revenues annually.

Housing Affordability

One in three Arizona households is cost-burdened by housing. On average, these households would gain an extra \$8,900 per year to spend on necessities, savings, or local purchases if the burden were reduced.

Collectively, that would unlock nearly \$7 billion in annual consumer spending, support over 126,000 jobs, and generate more than \$13 billion in economic activity, while stabilizing communities and reducing pressure on public services.

Transportation Infrastructure

Investments in transportation pay long-term dividends by improving mobility, reducing congestion, and supporting business growth.

Local and national case studies show that every \$1 invested in infrastructure yields \$1.60–\$3.70 in return, with tens of thousands of jobs supported annually and billions generated in business sales and tax revenues.

Investing in Arizona's Economic Foundation Promises Substantial Returns

Arizona's economic future will be determined by the willingness of the public, private sector, and elected leaders alike to invest in the fundamentals that make the economy “tick.” The findings in this report make clear that these issues are not only widely supported but also foundational to long-term success. Together, they form the groundwork for sustainable growth, increased productivity, and a more inclusive economy that benefits all Arizonans.

This analysis demonstrates that targeted investments in these areas yield substantial returns: higher earnings for families, stronger labor force participation, more competitive businesses, and increased public revenues. In contrast, failing to act risks undermining Arizona's growth potential, widening opportunity gaps, and leaving billions in economic value unrealized.

As Arizona charts its path forward, data-driven solutions that reflect voter priorities will be essential. By investing in the fundamentals, Arizona can build a more resilient, inclusive, and prosperous economy – one that delivers for every community across the state.

ECONOMIC ANALYSIS OF FIVE VOTER PRIORITIES





CHILDCARE ACCESS & AFFORDABILITY

What Voters Are Saying Loud and Clear

Arizona voters recognize the critical role that dependable childcare plays in supporting families, strengthening the workforce, and ensuring the state's long-term economic success.

Findings from the 2024 Arizona Voters' Agenda survey reveal that 77% of voters, including 64% Republicans, 90% Democrats, and 79% of independent/unaffiliated voters, agree with the following statement:

- "Arizona families are struggling to find affordable and reliable childcare. Without dependable access to childcare, caregivers may miss work or leave the workforce altogether. Arizona should invest more in childcare assistance programs for qualifying families."

These findings underscore a strong consensus across all political affiliations on the importance of investing in childcare to support Arizona's workforce and long-term growth. With such broad voter

support, there is an opportunity for state policymakers and stakeholders to advance policies and initiatives that expand access to and improve the affordability of childcare.

The Economic Impact of Realizing the Priorities of Arizonans

To quantify the economic benefits of expanding access to and improving the affordability of childcare in Arizona, we applied a data-driven approach using Arizona-specific socioeconomic and demographic data, as well as publicly available reports and national data sets.¹

It is important to note that this analysis serves as an initial step in a broader effort to address childcare access and affordability, and that this analysis does not evaluate specific policies, strategies, or costs for achieving this.

Rather, it focuses solely on quantifying the potential economic implications that could result if childcare access and affordability were improved in Arizona, providing a quantitative foundation for policymakers and stakeholders as they consider potential solutions.

What's Driving Childcare Access & Affordability Challenges & Why it Matters

Childcare, defined as any service that provides care for children under age 6, including infant care, daycare centers, preschools, and other early learning environments, is a foundational component of a functioning economy.

Access to childcare is generally defined as the ability of families to find reliable, high-quality care for their children at an affordable cost, enabling parents and guardians to work, pursue education, or participate in the labor force without undue financial strain.²

When childcare costs become unaffordable or unavailable, families are often forced to make difficult trade-offs, such as reducing work hours, leaving the workforce, or sacrificing other essential

¹ See Appendix for a full description of the methodology used to calculate economic impacts.

² U.S. Department of Health & Human Services, *Defining and Measuring Access to Child Care and Early Education with Families in Mind*, 2024, <https://www.acf.hhs.gov/opre/report/defining-and-measuring-access-child-care-and-early-education-families-mind>.

expenses on items like housing, healthcare, and savings.³ This limits workforce participation, reduces productivity, and hinders economic mobility.⁴

Arizona families face multiple and compounding challenges when it comes to accessing and affording childcare. These challenges are driven by a combination of economic, geographic, and structural barriers, including:

- **Limited Availability of Childcare Providers** – The demand for childcare in Arizona exceeds the available supply, especially for infants and toddlers. In 2024, an estimated 298,000 children aged 5 and under likely needed childcare (based on surveys and estimated children under age 6 in Arizona that have all parents/guardians in the labor force), yet only 254,000 licensed openings were available. This translates to a shortage of 44,000 openings, or a 17% gap between supply and demand.⁵
- **Geographic Disparities** – Rural and lower-income communities face some of the steepest challenges. Many rural communities lack sufficient licensed facilities, requiring families to travel significant distances or turn to informal arrangements that may not meet quality or safety standards.⁶ The childcare shortage in rural parts of Arizona is estimated at 37%, more than double the statewide average.⁷
- **Workforce Shortages in Childcare** – Low wages and limited benefits for childcare workers have contributed to staffing shortages.⁸ In Arizona, the median annual wage in 2023 for childcare workers (\$35,680) was less than the wage for customer service workers (\$39,620) and workers in sales and related occupations (\$36,600).⁹ These low wages make it difficult to recruit and retain staff, suppressing capacity even when demand is high.
- **High Turnover and Rising Costs** – Low compensation contributes to high turnover. According to the National Survey of Early Care and Education (NSECE), 33% of childcare providers experience high workforce turnover (a provider is characterized as high turnover if more than 20% of their staff left their job in the last 12 months).¹⁰ This instability forces

³ U.S. Census Bureau, *Estimated Revenue for Child Day Care Services Climbed as Child Care Options Declined in 2021*, January 9, 2024, <https://www.census.gov/library/stories/2024/01/rising-child-care-cost.html>.

⁴ American Institutes for Research, *Expanding Child Care in Arizona*, May 31, 2024, <https://osi.az.gov/sites/default/files/2025-01/expanding-child-care-in-arizona-aca-final-report-5-31-2024.pdf>.

⁵ American Institutes for Research, *Expanding Child Care in Arizona*, May 31, 2024.

⁶ First Things First, *Arizona Taking Action on the State's Child Care Crisis*, August 2024, <https://www.firstthingsfirst.org/2024/08/arizona-taking-action/>.

⁷ American Institutes for Research, *Expanding Child Care in Arizona*, May 31, 2024.

⁸ National Association for the Education of Young Children, *State Data Report: Arizona*, August 2021, https://azchildren.org/wp-content/uploads/2021/08/NAEYC_State_Data_Report_-_August_2021.pdf.

⁹ Arizona Office of Economic Opportunity in cooperation with the U.S. Department of Labor, Bureau of Labor Statistics, April 2024 <https://oeo.az.gov/>.

¹⁰ The National Survey of Early Care and Education, *Turnover in the Center-Based Child Care and Early Education Workforce: Findings from the 2019 NSECE*, March 2023, https://acf.gov/sites/default/files/documents/opre/workforce_turnover_snapshot_apr2023.pdf.

providers to increase fees to cover the operational costs of constant hiring and training, driving up prices for families.¹¹

- **High Costs Relative to Income** – On average, childcare in Arizona costs \$14,995 per year (or about \$1,250 per month).¹² The U.S. Department of Health and Human Services (HHS) considers childcare affordable if it does not exceed 7% of household income.¹³ Yet for a married couple earning the state median household income (\$107,900), childcare represents 14% of income – double the affordability threshold. For single parents earning a median income of \$49,500, the burden is even greater, consuming 30% of their income.¹⁴

The Burden of Limited Childcare Access & High Costs

Limited access to affordable childcare is not solely a challenge for families – it is a broader economic issue with significant ripple effects across Arizona’s workforce, businesses, and the public sector. When childcare is unaffordable or unavailable, it constrains labor force participation, reduces productivity, and increases reliance on public assistance programs.

- **Reduced Workforce Participation** – Without affordable and dependable childcare, many parents, particularly women, are forced to reduce work hours, forgo job opportunities, or leave the workforce entirely. A statewide survey of Arizona households with children aged 5 and under found that about 3 in 10 parents/guardians experienced such employment disruptions due to childcare challenges.¹⁵ This reduces Arizona’s labor supply, contributes to shortages in key industries, and lowers overall economic output.¹⁶
- **Barriers to Education and Training** – Childcare challenges not only affect parents’ employment but also their ability to pursue further education and skill development. According to a statewide survey of Arizona households with children aged 5 and under, 33% of parents reported disruptions to their education due to childcare.¹⁷ This includes 14% who

¹¹ Arizona Children's Action Alliance, *Arizona Ranks 39th in Child Well-Being but Inaccessible, Unaffordable Child Care Pushes Parents to the Breaking Point*, July 2023, <https://azchildren.org/news-and-events/arizona-ranks-39th-in-child-well-being-but-inaccessible-unaffordable-child-care-pushes-parents-to-the-breaking-point/>.

¹² Child Care Aware of America, *Child Care at a Standstill: 2023 Affordability Analysis*, 2023, https://info.childcareaware.org/hubfs/2023_Affordability_Analysis.pdf.

¹³ U.S. Department of Health & Human Services, *Improving Child Care Access, Affordability, and Stability in the Child Care and Development Fund (CCDF)*, 2024, <https://www.federalregister.gov/documents/2024/03/01/2024-04139/improving-child-care-access-affordability-and-stability-in-the-child-care-and-development-fund-ccdf#citation-20-p15368>.

¹⁴ U.S. Census Bureau, *Median Income in the Past 12 Months (in 2023 Inflation-Adjusted Dollars)*, American Community Survey, ACS 5-Year Estimates Subject Tables, Table S1903, 2023, <https://data.census.gov/table/ACSST5Y2023.S1903?q=Arizona&t=Income and Earnings&moe=false>.

¹⁵ U.S. Chamber of Commerce Foundation, *Untapped Potential in AZ: How Childcare Impacts Arizona’s Workforce and Economy*, 2021, https://chamber-foundation.files.svdcn.com/production/documents/EarlyEd_ARIZONA_2021_DIGITAL.pdf.

¹⁶ U.S. Chamber of Commerce, *Understanding America’s Labor Shortage: The Impact of Scarce and Costly Childcare*, July 2023, <https://www.uschamber.com/workforce/understanding-americas-labor-shortage-the-scarce-and-costly-childcare-issue>.

¹⁷ U.S. Chamber of Commerce Foundation, *Untapped Potential in AZ: How Childcare Impacts Arizona’s Workforce and Economy*, 2021.

reduced their course load from full-time to part-time, 13% who stopped attending school or training before completion, 11% who dropped from a class roster, and 3% who declined opportunities to move from part-time to full-time programs.¹⁸ These disruptions limit parents' opportunities to advance their careers, increase earnings potential, and contribute more fully to the workforce.

- **Long-Term Earnings Penalties for Women** – Because women are more likely than men to leave the workforce to manage childcare responsibilities, the long-term financial impacts can be severe. According to the Institute for Women's Policy Research, women who took just one year off from work resulted in a 12% cut in earnings and earned 39% less annually over a 15-year period compared to those who remained continuously employed.¹⁹
- **Business Challenges** – Employers bear the burden of childcare gaps as well. Workers without stable childcare are more likely to experience absenteeism, reduced productivity, unpredictable schedules, and higher turnover – all of which drive up recruitment and training costs and disrupt business operations. Each year, businesses lose approximately \$2,020 in reduced revenue and in extra recruitment costs per Arizona parent with children.²⁰
- **Economy-Wide Losses Due to Access Issues** – According to the Council for a Strong America, Arizona's lack of accessible childcare results in an estimated \$4.7 billion in annual economic losses. This includes \$2.9 billion in lost wages (due to reduced participation in the labor market), \$958 million in business losses (due to reduced revenue and extra hiring costs), and \$725 million in reduced tax revenues (due to lower workforce participation and reduced consumer spending).²¹
- **Affordability-Driven Financial Strain** – Assuming the state's 254,000 available childcare openings are fully utilized at the average cost of \$14,995 per year, Arizona families collectively spend \$3.8 billion annually on childcare. If these costs were reduced to align with the federal affordability benchmark (7% of income), families would save an estimated \$2.4 billion per year (about \$9,300 per family).²² This figure represents a significant opportunity cost – dollars that could otherwise support savings, homeownership, education, or local spending.

¹⁸ U.S. Chamber of Commerce Foundation, *Untapped Potential in AZ: How Childcare Impacts Arizona's Workforce and Economy*, 2021.

¹⁹ Institute for Women's Policy Research, *Women Earn Just Half of What Men Earn Over 15 Years*, November 2018, <https://iwpr.org/women-earn-just-half-of-what-men-earn-over-15-years/>.

²⁰ Council for a Strong America, *The Economic Value of Early Education for Arizona*, November 2023, <https://strongnation.s3.amazonaws.com/documents/1741/ab48786d-de4c-4cea-9f7d-0ca95be7baad.pdf?1701287355&inline;filename=%20The%20Economic%20Value%20of%20Early%20Education%20for%20Arizona.pdf%220ca95be7baad.pdf?1701287355&inline;filename=%20The%20Economic%20Value%20of%20Early%20Education%20for%20Arizona.pdf%22>

²¹ Council for a Strong America, *The Economic Impacts of Insufficient Child Care Cost Arizona \$4.7 Billion Annually*, December 2023, [https://strongnation.s3.amazonaws.com/documents/1740/5678dd3f-a838-4e54-9654-8db30c7bac34.pdf?1701287345&inline;filename=%20The%20Economic%20Impacts%20of%20Insufficient%20Child%20Care%20Cost%20Arizona%20\\$4.7%20Billion%20Annually.pdf%22](https://strongnation.s3.amazonaws.com/documents/1740/5678dd3f-a838-4e54-9654-8db30c7bac34.pdf?1701287345&inline;filename=%20The%20Economic%20Impacts%20of%20Insufficient%20Child%20Care%20Cost%20Arizona%20$4.7%20Billion%20Annually.pdf%22).

²² Author's calculations, based on comparing the average annual childcare cost in Arizona (\$14,995) to the federal affordability benchmark of 7% of household income. Using average household income, the analysis estimates that aligning childcare costs with the benchmark would save families about \$9,300 annually.

- **Increased Reliance on Public Assistance** – Families priced out of the childcare market are often forced to lean more heavily on government support programs such as food stamps, housing subsidies, or emergency financial assistance. This increases demand for already-stretched social safety nets and creates long-term fiscal pressures on state and local governments. In Arizona, childcare assistance is limited, and a waitlist is in place for most families. As of May 2, 2025, there are 2,690 families and 4,439 children on the waiting list.²³

What Arizona Stands to Gain from Expanding Childcare Access & Affordability

Investing in childcare access and affordability has the potential to yield transformative economic benefits across Arizona. When families can access reliable, high-quality, and affordable care, parents/guardians are better able to participate in the workforce or pursue education – leading to higher household incomes, greater economic mobility, and more financial stability.

At the same time, reducing the financial burden of childcare frees up income that families can reallocate toward housing, healthcare, education, and local spending – strengthening communities and stimulating economic growth.

Quantifying the Economic Opportunity of Improving Affordability and Reducing Burdens

Arizona’s current childcare challenges are estimated to cost the state \$4.7 billion annually in lost wages, diminished business productivity, and reduced tax revenues.²⁴ By expanding access, Arizona stands to reclaim this lost economic potential.

Additionally, improving affordability could unlock \$2.4 billion in annual discretionary income for Arizona families.²⁵ Lower childcare costs would allow parents to redirect spending to other essential needs and consumer purchases, supporting local businesses and fueling broader economic activity.

Together, these two components represent \$7.1 billion in direct economic benefits. The direct gains from higher wages, increased labor force participation, and improved affordability stimulate further economic activity across the state. As families and businesses spend more, demand increases across multiple sectors, from retail to entertainment to professional services.

²³ Arizona Department of Economic Security, *How to Apply for Child Care Assistance*, May 2025, <https://des.az.gov/services/child-and-family/child-care/how-apply-for-child-care-assistance>.

²⁴ Council for a Strong America, *The Economic Impacts of Insufficient Child Care Cost Arizona \$4.7 Billion Annually*, December 2023.

²⁵ Author’s calculations, based on comparing the average annual childcare cost in Arizona (\$14,995) to the federal affordability benchmark of 7% of household income. Using average household income, the analysis estimates that aligning childcare costs with the benchmark would save families about \$9,300 annually.

These ripple effects lead to job creation, high labor income, increased business revenues and supply chain activity, and enhanced state and local tax collections (including sales, income, and property taxes).

Using IMPLAN multipliers and economic modeling, the estimated \$7.1 billion in direct gains is expected to generate \$12.4 billion in total economic output, support 115,400 jobs, \$4.9 billion in labor income, and contribute \$464.9 million in additional state and local tax revenues each year.²⁶

The additional tax revenue generated by this economic expansion strengthens Arizona’s fiscal foundation – providing policymakers with more resources to invest in public services, infrastructure, education, and economic development. These gains are not one-time boosts but recurring annual benefits that compound over time.

Estimated Annual Economic Gains from Improving Childcare Affordability and Reducing Economic Burdens

115,400 Jobs Annual jobs supported through increased workforce participation and spending.	\$4.9 Billion Labor Income Total annual wages, salaries, and benefits generated.	\$12.4 Billion Economic Output Overall annual economic activity added across all sectors.	\$464.9 Million Tax Revenues State and local taxes generated each year from increased economic activity.
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Note: Figures are based on an estimated \$7.1 billion in direct annual economic gains from improving childcare affordability and access, comprising \$4.7 billion in increased labor force participation and \$2.4 billion in reduced childcare costs. Broader economic impacts were calculated using input-output modeling to capture the full effects across the Arizona economy, including indirect and induced impacts.

The Ripple Effects of Expanding Childcare Access

While the immediate economic benefits of expanding childcare access are significant, the long-term impacts on child development and educational attainment offer additional benefits. High-quality early childhood programs lay the foundation for lifelong learning, improved academic performance, and greater economic opportunity.

Research shows that children participating in early learning programs, such as childcare or preschool, are 8% less likely to be held back a grade or placed in special education programs and

²⁶ Author’s calculations, based on modeling the direct gains in labor income to calculate jobs, economic output, and tax revenue generation.

11% more likely to graduate from high school.²⁷ These outcomes have profound implications for both individual success and broader economic growth.

One of the most direct ways to measure the long-term value of education is through earnings potential. On average, individuals who graduate high school earn over \$500,000 more over their lifetime than those who do not.²⁸ These higher earnings translate into greater consumer spending, increased labor force participation, and higher tax contributions.

Arizona currently faces a shortfall of 44,000 licensed childcare openings for children aged 5 and under (i.e., the number of available spaces within childcare programs where a child can be enrolled and receive care), based on surveys and data of children with working parents/guardians.²⁹ Closing this access gap would mean that an additional 44,000 children could benefit from early childhood education (i.e., infant care, preschool, and other learning environments).

Applying the research-based estimate that 11% of those children are more likely to graduate high school, it is estimated that approximately 4,800 additional students would graduate compared to the current baseline.³⁰

If each high school graduate earns an average of \$39,200 per year – roughly \$6,900 more than their peers without a diploma – then those additional graduates would collectively earn \$33.3 million more annually.³¹ This difference represents new income circulating within the economy, driving local spending, savings, and long-term economic stability.

When modeled using Arizona-specific multipliers, this added income generates 500 new jobs, \$55.3 million in additional labor income, \$141.7 million in total economic output, and \$14.3 million in additional state and local tax revenues each year.³²

It is important to note that these estimates only reflect the impact of increased high school graduation rates. The long-term benefits are likely much higher when considering that a portion of these students will go on to pursue post-secondary education. Individuals with a college degree earn, on average, approximately 65% more than high school graduates.³³

Moreover, the impacts compound over time. Each year, the childcare access gap remains closed, and a new cohort of approximately 4,800 additional students is likely to graduate. By the second year,

²⁷ McCoy, D. C., Yoshikawa, H., Ziol-Guest, K. M., Duncan, G. J., Schindler, H. S., Magnuson, K., ... & Shonkoff, J. P., *Impacts of Early Childhood Education on Medium-and Long-Term Educational Outcomes*, 2017, <https://pmc.ncbi.nlm.nih.gov/articles/PMC6107077/>.

²⁸ U.S. Census Bureau, 5-Year American Community Survey, *Median Earnings by Educational Attainment*, 2023, <https://www.census.gov/programs-surveys/acs/data.htm>.

²⁹ American Institutes for Research, *Expanding Child Care in Arizona*, May 31, 2024.

³⁰ Author's calculations, estimated based on applying an 11% increase in high school graduation likelihood to the 44,000 additional children who could be served if Arizona's childcare slot gap were closed.

³¹ U.S. Census Bureau, 5-Year American Community Survey, *Median Earnings by Educational Attainment*, 2023.

³² Author's calculations, based on economic modeling for the additional labor income circulating throughout the regional economy.

³³ U.S. Census Bureau, 5-Year American Community Survey, *Median Earnings by Educational Attainment*, 2023.

9,600 additional graduates would be contributing to the economy, and by year five, that number would reach 24,000. Over a decade, this sustained improvement could generate hundreds of millions in new income, economic output, and tax revenues.

Key Takeaways – Childcare Access & Affordability

Affordable and accessible childcare is a critical economic factor in Arizona, influencing workforce participation, business productivity, and overall economic growth. This analysis examines how improved childcare access and affordability impact individuals, businesses, and public revenues, highlighting its broader economic implications.

Key takeaways include:

- **Increased Workforce Participation** – Expanding access to affordable childcare enables more parents/guardians to enter or remain in the workforce.³⁴ If families had access to reliable childcare, Arizona’s labor force could see a significant boost, enhancing economic productivity.
- **Expanding Opportunities for Parental Education** – 33% of Arizona parents/guardians with young children reported disruptions to their education due to childcare challenges, including cutting back coursework or leaving programs. Affordable childcare helps them pursue education and training, improving career advancement and long-term earnings.³⁵
- **Increased Business Competitiveness and Workforce Retention** – Reliable childcare improves worker productivity, reduces absenteeism, and strengthens employee retention. Businesses benefit from a more stable workforce, reducing hiring and training costs.³⁶
- **Significant Gains Through Investment** – Improving affordability could unlock an additional \$2.4 billion in discretionary income annually for Arizona families (approximately \$9,300 per family on average). Together, expanding access and improving affordability present a combined \$7.1 billion in direct annual economic gains.³⁷
- **Job Creation and Economic Growth** – Increased workforce participation and higher household incomes support additional jobs, particularly in sectors such as retail, healthcare, and professional services, driving broader economic growth. Expanding access and improving affordability would create 115,400 new jobs, support \$4.9 billion in labor income,

³⁴ U.S. Chamber of Commerce, *Understanding America’s Labor Shortage: The Impact of Scarce and Costly Childcare*, July 2023.

³⁵ U.S. Chamber of Commerce Foundation, *Untapped Potential in AZ: How Childcare Impacts Arizona’s Workforce and Economy*, 2021.

³⁶ Council for a Strong America, *The Economic Impacts of Insufficient Child Care Cost Arizona \$4.7 Billion Annually*, December 2023.

³⁷ Author’s calculations based on childcare costs and the number of families paying more than what is considered affordable.

generate \$12.4 billion in economic output, and produce \$464.9 million in state and local tax revenues.³⁸

- **Long-Term Educational and Economic Returns** – Beyond immediate benefits, expanding access to childcare improves long-term educational outcomes. Children who attend early learning programs are more likely to graduate high school and earn higher lifetime wages. Closing the 44,000 childcare shortage would yield \$141.8 million in new economic activity each year, which would compound over time.³⁹
- **Significant Economic Losses Without Action** – Arizona currently faces an estimated \$4.7 billion in annual economic losses due to inadequate childcare access, stemming from lost wages, business disruptions, and reduced tax revenues.⁴⁰

The Economic Case for Action on Expanding Childcare Access & Affordability

Childcare access and affordability are major issues for Arizona families, and voters are aligned in calling for solutions. Across age and party lines, they want leaders to prioritize investments that help working parents/guardians and strengthen the state’s economy. That level of consensus is powerful.

Expanding access to affordable childcare is an economic necessity. When childcare is accessible, families gain stability, parents/guardians can fully participate in the workforce, and businesses benefit from more reliable, productive labor. Improving affordability unlocks billions in household spending power, supports job creation, and generates tax revenues that strengthen Arizona’s future.

This analysis offers a clear, data-backed calculation of the return on action. While it does not assess specific policies, initiatives, or costs, it provides a solid foundation for further discussion and solution-building. By advancing childcare policies that reflect the priorities of Arizonans, the state can improve family well-being, strengthen the workforce, and build the economic foundation needed for long-term stability. It’s a chance for Arizona’s leaders to respond to what voters are asking for and deliver long-term gains for families, employers, and the broader economy.

³⁸ Author’s calculations based on increased household income and workforce participation, modeled using IMPLAN.

³⁹ Author’s calculations based on expected improvements in high school graduation rates and lifetime earnings for children with access to early learning programs, applied to the estimated 44,000 additional childcare openings needed in Arizona.

⁴⁰ Council for a Strong America, *The Economic Impacts of Insufficient Child Care Cost Arizona \$4.7 Billion Annually*, December 2023.



DUAL ENROLLMENT

What Voters Are Saying Loud and Clear

Findings from the 2024 Arizona Voters' Agenda reveal a strong consensus across all party affiliations on the need to support tangible actions to improve educational quality and outcomes for Arizona students – both in high school and beyond.

- 85% of voters, including 76% of Republicans, 82% of independent/unaffiliated voters, and 97% of Democrats, support increasing the number of students who pursue and complete education or training beyond high school, whether through a university, community college, or technical/trade school.

As a tangible action for improving high school outcomes:

- 93% of voters, including 91% of Republicans, 94% of independent/unaffiliated voters, and 95% of Democrats, support ensuring every student can access dual enrollment or other early college opportunities to earn college credit while in high school.

This level of agreement presents a compelling case for expanding access to and participation in dual enrollment programs. With such broad voter support, state policymakers and stakeholders have a clear opportunity to advance policies and initiatives that encourage more students to enroll in these programs.

The Economic Impact of Realizing the Priorities of Arizonans

To quantify the net economic gains associated with participation in dual enrollment programs in Arizona, we applied a data-driven approach using Arizona-specific socioeconomic and demographic data, as well as publicly available reports and national data sets.⁴¹

What Arizona Students Stand to Gain from Dual Enrollment

Dual enrollment programs allow high school students to take post-secondary courses (often through their high school or at a local community college), earning both high school and post-secondary credits simultaneously. Credits earned are typically transferable to colleges and universities with the goal of giving students a head start on higher education.

Successful participation in dual enrollment is correlated with a wide range of academic, financial, and economic benefits, including:

- **Faster and More Affordable Pathways to Post-Secondary Attainment** – Dual enrollment enables students to earn college credit in high school, helping reduce both the time and cost of earning a degree or credential.⁴² On average, students shorten their time to completion by 0.5 to 1.8 years.⁴³ Across Arizona, dual enrollment credits are typically offered at up to a 75% lower cost than university tuition. For example, students in Maricopa County pay \$97 per credit hour at community colleges compared to \$406 at universities.⁴⁴ Cutting a year off a four-year degree translates to an average of \$12,800 in tuition savings.⁴⁵
- **Higher Post-Secondary-Going Rates** – Students who participate in dual enrollment are twice as likely to enroll in post-secondary education, increasing their lifetime earnings and

⁴¹ See Appendix for a full description of the methodology used to calculate economic impacts.

⁴² Arizona Department of Education, *Dual Enrollment*, <https://www.azed.gov/improvement/programs/giftedadvanced-learning/dual-enrollment>.

⁴³ National Student Clearing House, *Time to Degree: A National View of the Time Enrolled and Elapsed for Associate and Bachelor's Degree Earners*, 2016, <https://nscresearchcenter.org/wp-content/uploads/SignatureReport11.pdf>.

⁴⁴ Mesa Community College, *Dual Enrollment*, https://www.mesacc.edu/early-college-programs/dual-enrollment?utm_

⁴⁵ Arizona Board of Regents, *Quick Facts*, 2025, <https://www.azregents.edu/data/university-system-quick-facts>.

upward economic mobility.⁴⁶ While 48% of all Arizona high school graduates pursue post-secondary education, that figure jumps to around 90% for dual-enrolled students.⁴⁷ Although these students may already be more inclined to attend college, research shows dual enrollment has a positive impact even after controlling for factors like individual attributes of the students who choose to participate.⁴⁸

- **Improved Post-Secondary Retention and Persistence** – Nationally, 23% of first-time, full-time post-secondary students drop out within the first academic year.⁴⁹ However, dual enrollment participants are 1.2 times more likely to persist into their second year and beyond.⁵⁰ Applying this factor reduces the first-year dropout rate for dual-enrolled students to 8%.
- **Higher Post-Secondary Completion Rates** – In Arizona, approximately 42% of students who participated in dual enrollment completed a post-secondary credential, compared to 30% of the overall student population. This significant difference highlights the positive impact of dual enrollment on increasing educational attainment.^{51 & 52}
- **Higher Lifetime Earnings** – Individuals who obtain post-secondary certificates, associate's degrees, or bachelor's degrees and higher earn up to \$1 million more than high school graduates over the course of their lifetime.⁵³

Ripple Effects of Expanded Participation in Dual Enrollment

Dual enrollment allows Arizona high school students to take post-secondary-level courses while still in high school. These programs lower the financial burden of higher education by enabling students to earn credits in advance and take fewer classes once enrolled, reducing time to completion and tuition expenses.⁵⁴

Successful participation in dual enrollment not only benefits students and families directly – it creates measurable ripple effects across Arizona's economy. By reducing dropout rates and

⁴⁶ Helios Education Foundation, *Dual Enrollment in Arizona High Schools*, 2023, <https://www.helios.org/media/m5oegog2/brief-dual-enrollment-in-az-update-date-february-2023.pdf>.

⁴⁷ Arizona Board of Regents, *Post-secondary Attainment Report*, 2023. <https://www.azregents.edu/sites/default/files/reports/2023-Post-secondary-Attainment-Report.pdf>.

⁴⁸ The High School Journal, *Does Dual Enrollment Improve Progression Through College and Earnings?*, Spring 2022, https://files.eric.ed.gov/fulltext/ED627697.pdf?utm_.

⁴⁹ Education Data Initiative, *College Dropout Rates*, 2024. <https://educationdata.org/college-dropout-rates#az>.

⁵⁰ Helios Education Foundation, *Dual Enrollment in Arizona High Schools*, 2023.

⁵¹ Community College Research Center, *Post-secondary Outcomes of High School Dual Enrollment Students: A National and State-by-State Analysis*, 2024, https://www.luminafoundation.org/wp-content/uploads/2024/12/post-secondary-outcomes-dual-enrollment-national-state.pdf?utm_.

⁵² Arizona Board of Regents, *Post-secondary Attainment Report*, 2023.

⁵³ U.S. Census Bureau, *American Community Survey 2023 5-Year Estimates*, 2025, <https://www.census.gov/programs-surveys/acs/data.html>.

⁵⁴ Southeastern University, *8 Reasons Dual Enrollment Students Enjoy Success & Financial Savings in College*, 2023, <https://seu.edu/news/academics/8-reasons-dual-enrollment-students-enjoy-success-financial-savings-in-college/#:~:text=Dual%20enrollment%20programs%20provide%20high,choosing%20their%20courses%20during%20college.>

increasing post-secondary attainment, dual enrollment contributes to a more educated and productive workforce. This leads to job creation, higher lifetime earnings, and greater tax revenues.

Approximately 24% of Arizona's high school graduates take at least one dual enrollment course.⁵⁵ Based on the state's 2022 high school graduation cohort of 71,000 students, this translates to approximately 17,300 students annually.⁵⁶

Dual enrollment students are twice as likely to pursue post-secondary education.⁵⁷ While 48% of all high school graduates enroll in post-secondary programs, the rate for dual enrollment graduates enrolling in post-secondary programs is around 90%, resulting in about 15,600 dual-enrolled graduates pursuing further education each year.⁵⁸

Though these students may already be more inclined to attend college, research has shown that dual enrollment increases college enrollment and completion even after accounting for factors like GPA, parental education, student background, and income. This demonstrates that dual enrollment does not just reflect existing college-going intentions; it reinforces them through early exposure, academic confidence, and smoother transitions into higher education.⁵⁹

Retention and readiness are additional critical benefits. Nationally, 23% of first-year post-secondary students drop out before their second year.⁶⁰ Research shows that dual enrollment students are 1.2 times more likely to persist through their first and second years due to college readiness.⁶¹ Applying this factor lowers the dropout rate to 8%, meaning an estimated 2,000 additional Arizona students who would have dropped out are retained and continue their education.

Using Arizona's post-secondary completion rate for dual enrollment students, of those 2,000 students, approximately 40% (roughly 800 students) are expected to complete a post-secondary credential or degree.⁶² It is estimated that 77% of these students (about 600) will earn a bachelor's degree, and 23% (about 200) will earn an associate degree or professional certification.⁶³

These improved outcomes – more students enrolling, persisting, and completing a degree – ultimately translate into higher earnings. Dual enrollment is a critical entry point on the pathway to economic mobility. By enabling more students to reach credential and degree milestones, dual enrollment helps unlock higher wages and long-term financial stability that would otherwise be out of reach for many.

⁵⁵ Helios Education Foundation, *Dual Enrollment in Arizona High Schools*, 2023.

⁵⁶ Arizona Department of Education.

⁵⁷ Helios Education Foundation, *Dual Enrollment in Arizona High Schools*, 2023.

⁵⁸ Arizona Board of Regents, *Post-secondary Attainment Report*, 2023.

⁵⁹ The High School Journal, *Does Dual Enrollment Improve Progression Through College and Earnings?*, Spring 2022.

⁶⁰ Education Data Initiative, "College Dropout Rates," 2024. <https://educationdata.org/college-dropout-rates#az>.

⁶¹ Helios Education Foundation, *Dual Enrollment in Arizona High Schools*, 2023.

⁶² Community College Research Center, *Post-secondary Outcomes of High School Dual Enrollment Students*, 2024.

⁶³ Arizona Board of Regents, *Post-secondary Attainment Report*, 2023.

The median annual income in Arizona for those with only a high school diploma is \$39,200.⁶⁴ Those with some college, an associate degree, or certification earn \$45,800 annually, and those with bachelor's degrees earn a median annual income of \$65,100.⁶⁵

Over a 45-year career, estimated lifetime earnings for those with a high school diploma, associate degree/certification, and bachelor's degree equate to \$2.8 million, \$3.3 million, and \$4.7 million, respectively.⁶⁶ This means the incremental lifetime earnings gains compared to high school diploma holders are over \$474,400 per associate degree or certificate earner and \$1.9 million per bachelor's degree earner.⁶⁷

These additional 600 bachelor's and 200 associate degree/certificate earners result in an estimated \$1.2 billion in total increased lifetime labor income due to improved post-secondary outcomes facilitated by dual enrollment.⁶⁸

These gains extend far beyond the individuals earning the degrees. Increased earnings drive household spending, stimulate demand for goods and services, and create jobs in local communities.

Using economic modeling, the annual economic impact of one cohort of dual-enrolled students who complete a post-secondary credential creates 160 additional jobs, \$18.9 million in labor income, \$47.8 million in total economic output, and \$3.5 million in state and local tax revenues.⁶⁹

Moreover, these benefits compound over time. With each new graduating cohort, another group of dual enrollment students enters the workforce with improved credentials – laying year-over-year economic gains and strengthening Arizona's long-term economic outlook. For instance, over a 45-year career, a single cohort of 800 students would generate \$849.5 million in labor income, \$2.2 billion in economic output, and \$155.5 million in state and local tax revenues.⁷⁰

Key Takeaways – Dual Enrollment

Completion of dual enrollment courses while in high school is associated with higher post-secondary attainment, workforce readiness, and long-term income growth. The analysis examines how dual enrollment programs impact individuals, communities, and public revenues – highlighting their broader economic implications for the state.

⁶⁴ U.S. Census Bureau, *American Community Survey 2023 5-Year Estimates*, 2025.

⁶⁵ U.S. Census Bureau, *American Community Survey 2023 5-Year Estimates*, 2025.

⁶⁶ Author's Calculation based on U.S. Census Median Wages and assume a constant 2% annual growth.

⁶⁷ Author's Calculation based on U.S. Census Median Wages and assume a constant 2% annual growth.

⁶⁸ Author's Calculation based on U.S. Census Median Wages and assume a constant 2% annual growth.

⁶⁹ Author's Calculations based on IMPLAN modeling.

⁷⁰ Author's Calculations based on IMPLAN modeling.

Key takeaways include:

- **Improved Post-Secondary Outcomes** – Dual enrollment participants are twice as likely to pursue post-secondary education and significantly more likely to persist through the first year and complete a credential or degree. In Arizona, 42% of dual enrollment students complete a post-secondary credential or degree, compared to 30% of the overall student population.^{71 & 72}
- **Accelerated and More Affordable Pathways** – Dual enrollment students can reduce time to degree completion by up to 1.8 years and save thousands in tuition costs – making higher education more affordable and accessible.⁷³ For context, reducing the time to complete a four-year university degree by a year translates into an average of \$12,800 in tuition savings.⁷⁴
- **Higher Lifetime Earnings** – Those who complete a degree through the dual enrollment pathway can earn up to \$1 million more over a lifetime compared to high school graduates.⁷⁵
- **Statewide Economic Benefits** – Dual enrollment participation leads to higher education attainment, resulting in increased labor income, job creation, economic output, and tax revenues. For one annual cohort, the annual economic net gains include the creation of 160 jobs, \$47.8 million in economic output, and \$3.5 million in state and local tax revenues.⁷⁶
- **Compounding Impact Over Time** – With each new high school graduating class, the economic benefits of dual enrollment grow, reinforcing the long-term value of investing in early access to post-secondary education.

The Economic Case for Action on Expanding Dual Enrollment Access

Dual enrollment is a powerful tool for advancing student success and economic opportunity, and Arizonans overwhelmingly support expanding access to it. As reflected in the Arizona Voters' Agenda, voters across the political spectrum agree that every student should have the opportunity to get a head start on college while still in high school.

Expanding access to dual enrollment is a smart economic strategy. Participation leads to higher post-secondary enrollment and completion, faster degree attainment, and greater lifetime earnings.

⁷¹ Community College Research Center, *Post-secondary Outcomes of High School Dual Enrollment Students: A National and State-by-State Analysis*, 2024.

⁷² Arizona Board of Regents, *Post-secondary Attainment Report*, 2023.

⁷³ National Student Clearing House, *Time to Degree: A National View of the Time Enrolled and Elapsed for Associate and Bachelor's Degree Earners*, 2016.

⁷⁴ Arizona Board of Regents, *Quick Facts*, 2025, <https://www.azregents.edu/data/university-system-quick-facts>.

⁷⁵ U.S. Census Bureau, *American Community Survey 2023 5-Year Estimates*, 2025.

⁷⁶ Author's calculations based on increased postsecondary attainment among dual-enrolled students and associated wage gains, modeled using IMPLAN multipliers.

These gains ripple throughout the economy, increasing labor income, job creation, economic output, and public revenues.

The quantifiable benefits of this present an opportunity for Arizona leaders to align policy with public will and secure lasting economic impacts.

This analysis provides a clear case for action. While it does not assess specific policies, initiatives, or costs, it provides a data-driven foundation for understanding the real return on investment when more students complete college-level coursework in high school. By advancing policies that reflect the priorities of Arizonans, the state empowers students, supports families, and drives economic growth.



POST-SECONDARY ATTAINMENT

What Voters Are Saying Loud and Clear

CFA's long-standing research on Arizona's [Shared Public Values](#) shows that Arizonans across political and generational lines overwhelmingly agree that a highly educated and skilled population is vital for Arizona's long-term success.

Findings from the 2024 Arizona Voters' Agenda survey reflect a broad consensus among voters that Arizona must do more to increase post-secondary attainment and prioritize investments in higher education.

- 85% of all voters (76% of Republican, 82% of Independent/unaffiliated, and 97% of Democrat voters) support increasing the number of students who pursue and complete education or training beyond high school, whether through a university, community college, or technical/trade school.
- 79% of all voters (63% of Republican, 81% of Independent/unaffiliated, and 95% of Democrat voters) agree that public universities and community colleges are critical to ensuring

Arizona's success now and in the future, and state investments in public higher education should be a priority.

These findings underscore a strong consensus across all party affiliations on the importance of expanding access to post-secondary education and ensuring that public investment in higher education remains a priority. With such broad voter support, there is an opportunity for state policymakers and stakeholders to advance policies and initiatives that drive post-secondary enrollment, completion rates, and long-term economic benefits for Arizona.

The Economic Impact of Realizing the Priorities of Arizonans

To quantify the economic impact of increasing post-secondary education enrollment and completion rates in Arizona, we applied a data-driven approach using Arizona-specific socioeconomic and demographic data, as well as publicly available reports and national data sets.⁷⁷

What Arizona Stands to Gain from Post-Secondary Attainment

Expanding post-secondary education enrollment and completion yields significant advantages at both the individual and statewide levels.

Individuals who earn a certificate or degree typically experience higher wages, greater career opportunities, and improved financial stability. Collectively, these personal gains translate into broader economic benefits, including increased consumer spending, a more skilled workforce, and more substantial fiscal contributions through higher tax revenues.

The financial advantages of post-secondary achievement are significant at the individual level. According to the U.S. Census Bureau, a worker in Arizona with only a high school diploma earns an estimated median annual wage of \$39,200 (as of 2023).⁷⁸

Workers in Arizona with some college or an associate's degree (including certificate holders) earn a median annual wage of \$45,800.⁷⁹ Those with a bachelor's degree or graduate degree earn a median annual wage of \$65,100 and \$82,000, respectively.⁸⁰

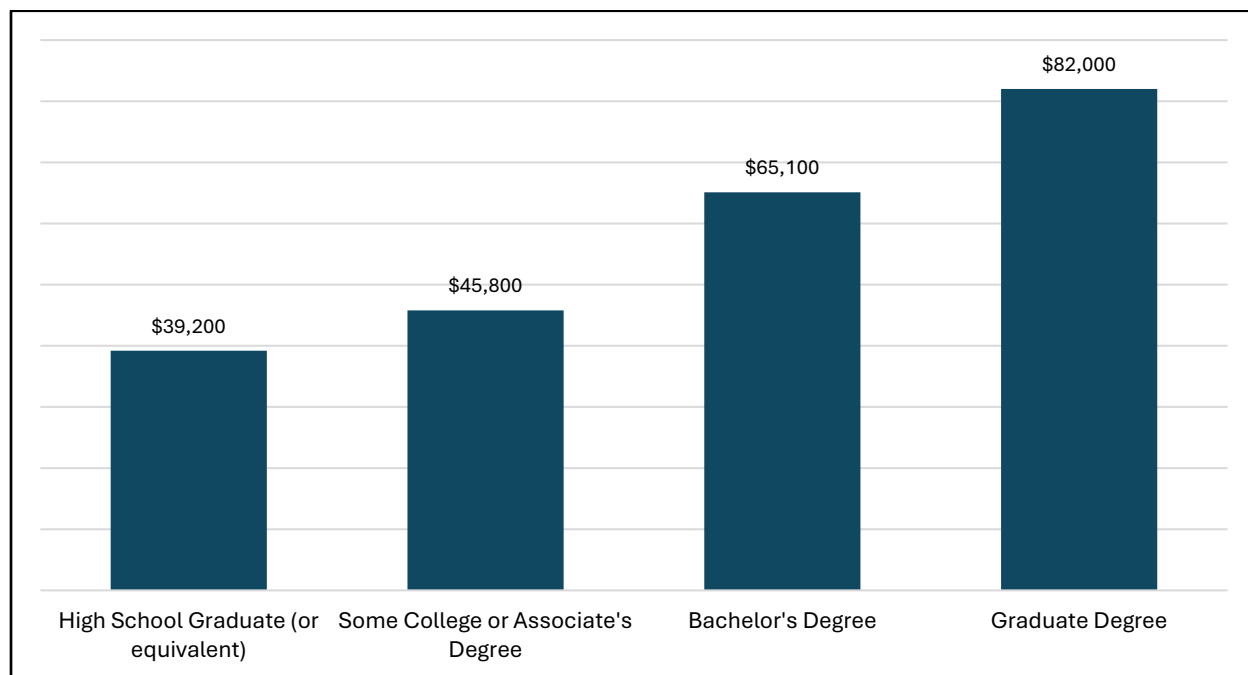
⁷⁷ See Appendix for a full description of the methodology used to calculate economic impacts.

⁷⁸ U.S. Census Bureau, American Community Survey, ACS 5-Year Estimates, *Earnings in the Past 12 Months (in 2023 Inflation-Adjusted Dollars)*, 2023, <https://data.census.gov/table/ACSST5Y2023.S2001?q=Arizona&t=Earnings>.

⁷⁹ U.S. Census Bureau, *Earnings in the Past 12 Months (in 2023 Inflation-Adjusted Dollars)*, 2023.

⁸⁰ U.S. Census Bureau, *Earnings in the Past 12 Months (in 2023 Inflation-Adjusted Dollars)*, 2023.

Median Annual Wage by Educational Level in Arizona (2023)



Source: U.S. Census Bureau, American Community Survey, ACS 5-Year Estimates, *Earnings in the Past 12 Months (in 2023 Inflation-Adjusted Dollars)*, 2023.

Over the course of an individual's lifetime, the differences in earnings by educational attainment are significant. In Arizona, a worker with only a high school diploma can expect to earn approximately \$2.8 million over a 45-year career, assuming modest annual wage growth.⁸¹

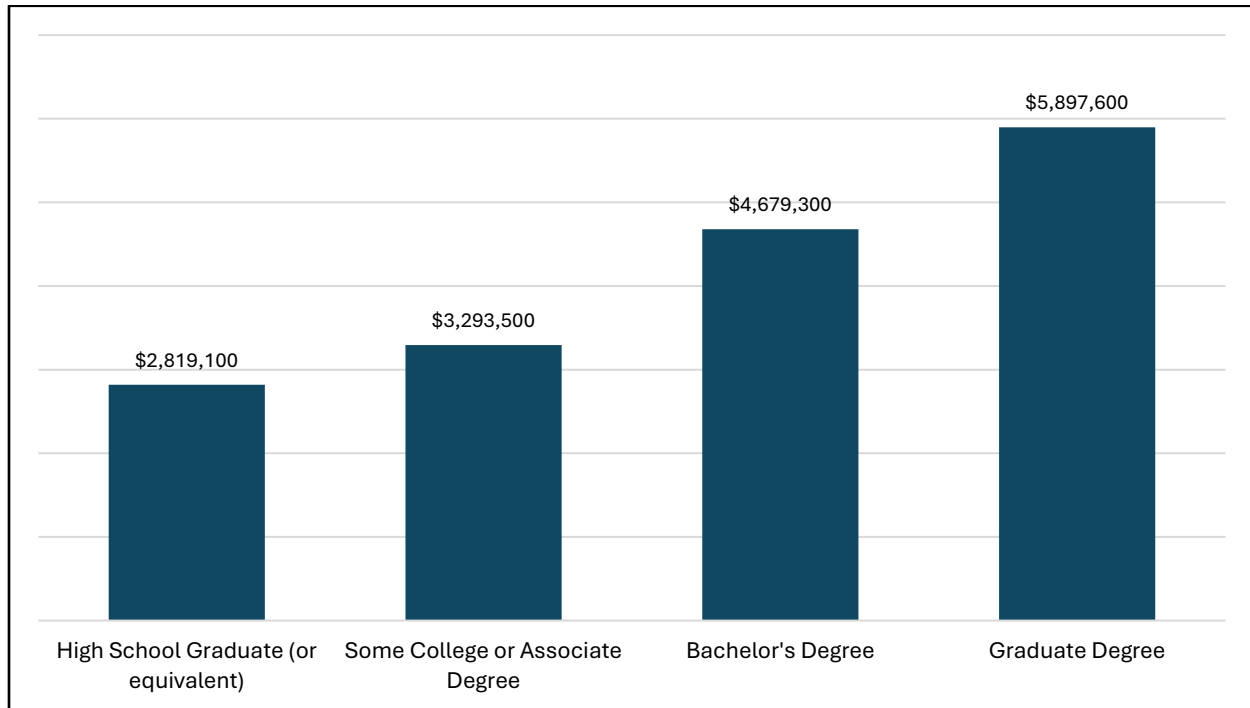
In contrast, those with some college or an associate degree (including certificate holders) earn an estimated \$3.3 million over the same period.⁸² Bachelor's degree holders in Arizona can expect lifetime earnings of roughly \$4.7 million, while individuals with a graduate degree can earn about \$5.9 million.⁸³

⁸¹ Lifetime earnings estimates are based on a 45-year career span and assume a constant 2% annual wage growth (expressed in non-inflation adjusted dollars).

⁸² Lifetime earnings estimates are based on a 45-year career span and assume a constant 2% annual wage growth (expressed in non-inflation adjusted dollars).

⁸³ Lifetime earnings estimates are based on a 45-year career span and assume a constant 2% annual wage growth (expressed in non-inflation adjusted dollars).

Estimated Lifetime Earnings by Education Level



Source: Rounds Consulting Group, Inc.

Note: Lifetime earnings estimates are based on a 45-year career span and assume a constant 2% annual wage growth. Figures represent the cumulative sum of projected annual wages over the working lifetime and are expressed in nominal (non-inflation-adjusted) dollars.

The Ripple Effects of Expanding Post-Secondary Attainment

Beyond individual financial gains to individuals, a more educated workforce leads to stronger business competitiveness, the attraction of higher-paying industries, and long-term fiscal benefits to the state.

Two recent studies conducted by the Arizona Board of Regents (ABOR) and Helios Education Foundation (Helios) in partnership with Education Forward Arizona underscore the long-term benefits to the state of a robust higher education system that produces graduates needed to fill jobs and attract new employers.^{84 & 85}

⁸⁴ Arizona Board of Regents, Arizona Chamber of Commerce & Industry, Greater Phoenix Chamber, Northern Arizona Leadership Alliance, and Southern Arizona Leadership Council, *Advancing Arizona's Economy: The Economic Benefits of Investing in Workforce Development*, Spring 2022, <https://www.azregents.edu/sites/default/files/reports/2022-advancing-arizonas-economy-investment-in-workforce-development.pdf>.

⁸⁵ Helios Education Foundation and Education Forward Arizona, *Billions to Gain: The Economic Benefits of Investing in a More Educated Arizona*, March 2023, <https://www.helios.org/media/lwbpv4uc/brief-the-economic-benefits-of-investing-in-a-more-educated-arizona.pdf>.

Advancing Arizona's Economy: The Economic Benefits of Investing in Workforce Development

The 2022 ABOR report highlights the relationship between educational attainment and economic prosperity, finding that even small increases in college enrollment and completion can generate substantial financial gains for the state.

Key findings of the report include:

- A more educated workforce enhances Arizona's competitiveness, making the state more attractive to high-wage industries that rely on skilled labor.
- Higher education is associated with reduced reliance on public assistance programs, leading to potential cost savings for the state budget.
- Post-secondary attainment increases workforce participation and productivity, fueling economic resilience and long-term stability.
- Workers with post-secondary degrees, certificates, and training are more resilient to economic contractions. During the most recent recession in 2020, the number of jobs in Arizona that required at least a high school diploma declined by 11% compared to a 0.2% decline in jobs that required at least a bachelor's degree.
- Arizona lags national averages in both post-secondary enrollment and completion rates. According to estimates, 53% of Arizona's high school students enroll in a 2- or 4-year college, while 66% of high school students across the country enroll in college (as of 2019).
- Within 6 years of enrollment, approximately 54% of students in Arizona complete a 2- or 4-year college degree (as of 2021). This compares to 62% of students nationwide.
- If Arizona's post-secondary educational achievement (i.e., increasing enrollment and completion rates) is raised to match national averages, the additional economic activity produced by a more educated workforce would produce \$1.4 billion in earned income annually. This would yield an additional \$500 million in state and local tax revenues annually.
- Over a 10-year period, raising Arizona's post-secondary educational achievement to national averages would produce over \$5 billion in additional state and local tax revenues.

The findings in the ABOR analysis emphasize that increasing post-secondary attainment is a key factor in strengthening Arizona's economy. By expanding access to higher education, the state can generate significant economic gains, create a more competitive workforce, and reduce long-term public costs.

Billions to Gain: The Economic Benefits of Investing in a More Educated Arizona

The Helios report quantifies the broader economic and fiscal advantages of increasing post-secondary enrollment and completion, emphasizing the collective impact of educational investment on earnings, tax revenues, and economic mobility.

Key findings of the report include:

- Higher education correlates with lower unemployment rates and higher homeownership, contributing to economic stability and community development.
- Employers benefit from a stronger talent pipeline, ensuring Arizona remains competitive in attracting and retaining businesses.
- Arizonans who enroll in college can expect significant gains, including increased lifetime earnings and more economic opportunities. Those who complete college stand to gain even more.
- Increasing the post-secondary enrollment rate in Arizona by 20% would lead to gains, including lifetime earnings, improved health, reduced crime and welfare spending, and increased workforce productivity, that exceed \$5 billion in social gains per cohort.
- A 10% increase in college completion across the state would generate \$1.4 billion in social gains per cohort.
- The state could gain an estimated \$1.8 billion in additional tax revenues if the post-secondary enrollment rate increased by 20%, which is more than double the amount the state allocates for its public universities (\$0.9 billion).
- A 10% increase in the college completion rate in Arizona would result in \$500 million in additional state tax collections per cohort.

The report highlights how increasing educational achievement in Arizona leads to widespread economic benefits, including higher individual earnings, greater tax revenue, and business growth. The information reinforces the importance of investing in post-secondary education as a long-term strategy for fostering economic stability and prosperity.

The Opportunity Ahead: Preparing Arizonans for Future Job Openings

In addition to presenting the benefits of increasing post-secondary achievement, this report examines the potential economic opportunities Arizona stands to gain by strengthening its talent pipeline. With a stronger pipeline of educated workers, Arizona can ensure that more jobs created here are filled by Arizonans, rather than relying on importing talent from other states.

This represents a major opportunity. By expanding post-secondary attainment, Arizona can prepare more residents to step into high-value jobs, strengthening the state's workforce and unlocking billions in economic growth and new tax revenues.

Between 2023 and 2033, Arizona is projected to have approximately 444,000 total job openings per year.⁸⁶ The state's Office of Economic Opportunity (OEO) defines "job openings" as positions available to be filled at a particular point in time and tracks them to understand labor market dynamics. These openings come from three sources:

- Exits – When workers permanently leave the labor force, such as through retirement.
- Transfers – When workers leave one job to take another job. This turnover represents the natural level of job openings that exist in any health labor market.
- Net Growth – When new jobs are created due to overall economic expansion.

Definitions of exits, transfers, and net growth are taken from the U.S. Bureau of Labor Statistics Employment Projections Data Definitions.⁸⁷

Of the 444,000 annual openings, about 233,700 are transfers. Excluding these transfers, Arizona is projected to have approximately 210,200 job openings per year stemming from exits and net growth.

Within this total, around 81,700 openings annually will require an associate degree or higher.⁸⁸ These jobs represent a significant opportunity for Arizona residents to move into high-paying careers if the state can prepare enough people with the right credentials.

While the demand for post-secondary educated workers is clear, Arizona's current education pipeline is not yet positioned to meet it. The state experiences substantial drop-offs at every stage of

⁸⁶ Arizona Office of Economic Opportunity, *Occupation Projection Trends*, 2024, <https://oeo.az.gov/labor-market/employment-projections#eptrends>.

⁸⁷ U.S. Bureau of Labor Statistics, *Employment Projections Data Definitions*, 2025, <https://www.bls.gov/emp/documentation/definitions.htm>.

⁸⁸ Arizona Office of Economic Opportunity, *Occupation Projection Trends*, 2024.

the education continuum (from high school completion to college enrollment and degree attainment), limiting the number of residents prepared to step into these roles.

Arizona's 4-year high school graduation rate for the 2023-2024 cohort was 78%, meaning roughly 1 in 4 students did not complete high school.⁸⁹ Among those who did graduate, only 48% enrolled in a 2- or 4-year college in 2022 (latest available information).⁹⁰

Of those who pursue higher education, many do not complete a degree. Approximately 30% of Arizona high school graduates from the 2016-2017 cohort (latest available information) had earned a post-secondary credential within 6 years.⁹¹

With approximately 91,000 12th-grade students in 2024, the drop-off at each stage of the education pipeline results in just 10,400 students completing a post-secondary program annually, far below the 81,700 in job openings each year requiring an associate degree or higher.^{92 & 93}

This gap between projected demand and current supply can be considered a missed opportunity. Roughly 71,300 higher-paying job openings each year could be filled by Arizonans if more residents were supported through the post-secondary pipeline. While this estimate excludes some limited job openings that naturally occur in the labor market each year, as well as impacts tied to changing economic conditions, it represents a reasonable upper-end benchmark.

It should be noted that Arizona's post-secondary institutions do produce graduates from out of state who may choose to stay in Arizona. However, this effect is largely canceled out by the number of Arizona high school graduates who leave the state after earning their diplomas.

⁸⁹ Arizona Department of Education, AZ Report Cards, *State Report 2023-2024 School Year*, <https://azreportcards.azed.gov/state-reports>.

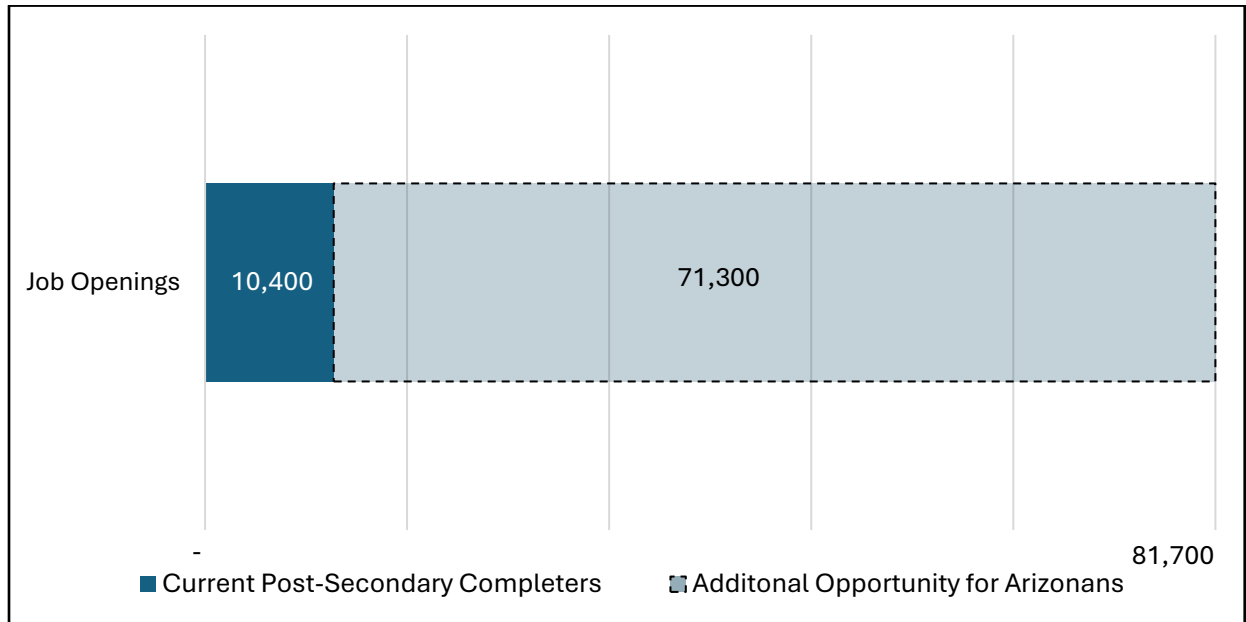
⁹⁰ Arizona Board of Regents, *Post-secondary Attainment Report*, 2023, <https://www.azregents.edu/sites/default/files/reports/2023-Post-secondary-Attainment-Report.pdf>.

⁹¹ Arizona Board of Regents, *Post-secondary Attainment Report*, 2023.

⁹² Arizona Department of Education, 2023-2024 School Year.

⁹³ Author's calculations based on 12th-grade enrollment data, postsecondary enrollment and completion rates, and projected annual job openings in Arizona requiring an associate degree or higher.

Annual Post-Secondary Credentials Needed in Arizona to Replace Exits and Growth



Source: Arizona Office of Economic Opportunity, *Occupation Projection Trends*, 2024.

Note: Annual job openings reflect the sum of net growth and exits. Net growth represents the projected increase in employment due to new job creation in a given occupation. Exits reflect the projected number of workers permanently leaving the labor force.

Quantifying the Opportunity

To illustrate what Arizona could gain by filling these openings with homegrown talent, an economic impact model was developed using Arizona-specific industry and wage data. This process involved several key steps:

- **Estimating Potential Wages** – The median earnings for individuals with an associate degree or higher in Arizona were used to estimate the labor income that could be generated if these jobs were filled by Arizona residents. Multiplying the 71,300 projected jobs by the median wage provides an estimate of the additional labor income that could be gained by Arizona residents each year.
- **Modeling the Ripple Effects** – Using IMPLAN multipliers, the indirect and induced effects of filling these jobs and generating new wages were calculated.
- **Estimating Additional Economic Output** – The total economic output gain reflects both the direct labor income generated and the additional business activity stimulated through the ripple effects.

- **Assessing Fiscal Benefits** – More Arizonans in higher-paying jobs translates into stronger state and local revenues from income taxes, sales taxes, and other sources.

Based on economic modeling, closing this workforce preparation gap could generate: \$20 billion in additional economic output annually, \$7.9 billion in wages each year, and \$743.6 million in annual state and local tax revenues.⁹⁴

These gains represent a significant opportunity to strengthen Arizona’s economy and expand prosperity for residents. By investing in higher rates of post-secondary enrollment and completion, Arizona can ensure that tomorrow’s high-paying jobs are filled by Arizonans – keeping both talent and economic benefits in the state.

Key Takeaways – Post-Secondary Attainment

In addition to presenting the benefits of increasing post-secondary achievement, this report highlights the significant economic opportunities Arizona stands to gain by strengthening its talent pipeline. By preparing more Arizonans to complete post-secondary education, the state can ensure thousands of high-paying jobs are filled locally, fueling economic growth and enhancing business competitiveness.

The state has the opportunity to strengthen its homegrown talent pipeline. By increasing post-secondary attainment, Arizona can reduce reliance on out-of-state workers and position its own residents to capture high-value jobs and the economic benefits they generate.

Education is not only a pathway to individual success but also a fundamental driver of Arizona’s economic future. The findings from this analysis illustrate that increasing post-secondary achievement generates significant financial and economic gains, including higher earnings, increased tax revenues, and a more competitive workforce.

Conversely, failing to expand post-secondary enrollment and completion means many of these opportunities will be left on the table or taken by out-of-state talent – translating to foregone wages for Arizona residents, slower economic growth, and reduced state and local tax revenues.

Key findings from the analysis include:

- **Educational Attainment is Correlated with Higher Earnings** – A worker in Arizona with only a high school diploma earns an estimated median annual wage of \$39,000, compared to workers with some college or an associate degree (including certificate holders) who earn

⁹⁴ Author’s calculations based on estimated annual job openings requiring postsecondary credentials, median wages for degree holders, and IMPLAN multipliers.

\$45,800, workers with a bachelor's degree who earn \$65,100, and workers with a graduate degree who earn \$82,000.⁹⁵

- **Lower Unemployment and Greater Job Security** – Higher education levels are linked to lower unemployment rates and greater resilience during economic downturns. During the most recent recession, jobs requiring at least a high school diploma in Arizona declined by 11.4%, compared to only 0.2% for jobs requiring a bachelor's degree or higher.⁹⁶
- **Post-secondary Enrollment and Completion Rates Lag National Averages** – Arizona's post-secondary enrollment and completion rates are lower than the national average.⁹⁷
- **Broad Social and Economic Benefits from Increased Post-secondary Achievement** – Expanding post-secondary enrollment by 20% and increasing completion by 10% would lead to significant economic and social benefits, including higher lifetime earnings, improved health outcomes, lower crime rates, and reduced reliance on public assistance. These combined benefits are estimated to exceed \$5 billion and \$1.4 billion per cohort, respectively.⁹⁸
- **Higher State and Local Tax Revenues** – Increased post-secondary enrollment and completion contribute to greater tax revenues. Both the ABOR and Helios analyses demonstrate, through different methodologies, that the additional tax revenues generated by a more educated workforce exceed the public costs associated with higher education.
- **Tens of Thousands of High-Paying Jobs Could Be Filled by Arizonans** – Arizona is projected to have 81,700 annual job openings (exits + net growth) requiring post-secondary education through 2033. Yet the state currently produces only 10,400 new post-secondary graduates per year.⁹⁹ This leaves an opportunity for approximately 71,300 additional Arizonans annually to move into high-paying careers.¹⁰⁰
- **The Economic Value of Seizing this Opportunity is Significant** – If Arizona strengthens its education pipeline to prepare residents for these jobs, the state could capture: \$20 billion in additional economic output annually, \$7.9 billion in wages per year, and \$743.6 million in additional state and local tax revenues.¹⁰¹

⁹⁵ U.S. Census Bureau, Earnings in the Past 12 Months (in 2023 Inflation-Adjusted Dollars), 2023.

⁹⁶ Arizona Board of Regents, *Post-secondary Attainment Report*, 2023.

⁹⁷ Arizona Board of Regents, *Post-secondary Attainment Report*, 2023.

⁹⁸ Helios Education Foundation, *Billions to Gain: The Economic Benefits of Investing in a More Educated Arizona*, March 2023.

⁹⁹ Author's calculations based on projected occupational openings data and current post-secondary completion rates in Arizona.

¹⁰⁰ Author's calculations based on the difference between projected annual job openings requiring post-secondary education and the number of graduates produced each year in Arizona.

¹⁰¹ Author's calculations using wage data and IMPLAN modeling to estimate the direct, indirect, and induced economic and fiscal impacts of 71,300 unfilled jobs requiring post-secondary credentials.

The Economic Case for Action on Boosting Post-Secondary Attainment

Education is a path to personal success and a foundation for Arizona's future economic strength. Arizona voters across party lines overwhelmingly support greater access to post-secondary education, and that consensus is backed by data showing powerful economic returns. The economic benefits associated with higher education – including increased earnings, a stronger workforce, and fiscal gains – highlight its relevance to the state's long-term economic growth and stability.

At the same time, Arizona has a significant opportunity: nearly 71,300 higher-paying job openings per year that could be filled by Arizonans if more residents are supported in completing post-secondary credentials. Without action, many of these opportunities will go to out-of-state talent or remain unfilled – limiting growth.

This analysis offers a data-driven case for bold action. While it does not assess specific policies, initiatives, or costs, it underscores what Arizona stands to gain. By expanding educational opportunities that reflect voter priorities, state leaders can help unlock widespread economic growth and ensure Arizona remains competitive in a knowledge-based economy.



HOUSING AFFORDABILITY

What Voters Are Saying Loud and Clear

As Arizona continues to grow faster than much of the country, housing affordability and accessibility have become critical issues.

The 2024 Arizona Voters' Agenda survey findings show that a significant 71% of voters view homelessness as either a "serious issue" or "crisis," with 84% finding rental prices and 80% finding home prices "too high." These concerns are shared broadly across political affiliations, emphasizing the universal urgency of these issues.

More than three-quarters (78%) of all Arizona voters, including 70% Republicans, 78% independent/unaffiliated voters, and 89% Democrats, believe more affordable housing is needed in their own communities.

The vast majority of voters believe their state and local government must do more to address housing affordability and accessibility:

- 82% of all voters say, "State and local government must do more to ensure that housing options are affordable and available to middle and low-income earners throughout the state."

- 81% of all voters say, “State and local government must do more to make sure people who experience homelessness can access safe, affordable housing.”

There is a clear voter consensus on the need for increased state and local efforts to address housing affordability. This presents an opportunity for leaders to work across party lines and find solutions to address this issue.

The Economic Impact of Realizing the Priorities of Arizonans

To quantify the economic impact of increasing housing affordability, we applied a data-driven approach using Arizona-specific socioeconomic and demographic data, as well as publicly available reports and national data sets.¹⁰²

What’s Driving Housing Affordability Challenges and Why It Matters

Housing affordability is generally defined as the ability of a household to secure housing – whether through renting or homeownership – without spending more than 30% of its gross income on housing-related expenses, including rent or mortgage payments, utilities, taxes, and insurance.¹⁰³

When housing costs exceed this threshold, households are considered cost-burdened, meaning they may struggle to afford other essential needs such as food, healthcare, transportation, and savings for the future.

Arizona has experienced significant housing affordability challenges in recent years due to broad macroeconomic trends and local market conditions, including rising home prices, increasing rental costs, and a lag in housing supply relative to demand. Several key factors have contributed to these issues:

- **Rapid Population Growth** – Arizona’s strong job market and attractive climate have fueled population growth, increasing demand for housing faster than supply can keep up.¹⁰⁴

¹⁰² See Appendix for a full description of the methodology used to calculate economic impacts.

¹⁰³ U.S. Department of Housing and Urban Development (HUD), *Glossary of Terms – A*, https://archives.huduser.gov/portal/glossary/glossary_a.html

¹⁰⁴ Rounds Consulting Group, Inc., *Peer Review: Analyses of Housing Affordability in Arizona*, Prepared for the League of Arizona Cities and Towns, March 2023, <https://www.azleague.org/DocumentCenter/View/23843/032223-Housing-Peer-Review>.

- **Rising Home Prices and Rents** – Home prices and rental rates in Arizona have outpaced wage growth, making it increasingly difficult for middle- and low-income households to afford housing.¹⁰⁵
- **Supply Shortages** – Limited housing inventory, coupled with high construction costs and zoning policies, has constrained the availability of affordable housing options.¹⁰⁶
- **High Interest Rates** – The Federal Reserve’s interest rate hikes have led to significantly higher mortgage rates, discouraging existing homeowners from selling because they do not want to give up their low-interest loans. At the same time, higher mortgage rates combined with elevated home prices have priced many potential buyers out of the market.¹⁰⁷

The Burden of High Housing Costs

According to the latest data (2023), an estimated 30% or 823,100 of Arizona’s households are cost-burdened, meaning they spend more than 30% of their income on housing.¹⁰⁸ This burden is particularly severe among low- and moderate-income households (e.g., young families, essential workers, and seniors living on fixed incomes).

Approximately 86% of households earning less than \$20,000 are cost-burdened, along with 68% of those earning between \$20,000 and \$35,000, and 55% of those earning between \$35,000 and \$45,000.¹⁰⁹ While the burden declines as income rises, it still affects 35% of households earning between \$50,000 and \$75,000.¹¹⁰ Among households earning more than \$75,000, only 7% are cost-burdened.¹¹¹

When housing costs exceed 30% of household income, families must make difficult trade-offs, often sacrificing other essential needs like savings for the future, which can have lasting effects on financial security, educational opportunities, and health outcomes.

- **Financial Strain** – High housing costs force families to allocate a significant portion of their income to housing, leaving less for essentials like food, healthcare, and education. This financial burden can lead to increased debt and reduced economic mobility.¹¹²

¹⁰⁵ Rounds Consulting Group, Inc., *Peer Review: Analyses of Housing Affordability in Arizona*, 2023.

¹⁰⁶ Rounds Consulting Group, Inc., *Peer Review: Analyses of Housing Affordability in Arizona*, 2023.

¹⁰⁷ Rounds Consulting Group, Inc., *Peer Review: Analyses of Housing Affordability in Arizona*, 2023.

¹⁰⁸ U.S. Census Bureau, *Financial Characteristics*, American Community Survey, ACS 5-Year Estimates Subject Tables, Table S2503, 2023, <https://data.census.gov/table/ACSST5Y2023.S2503?q=arizona housing cost by income&moe=false>.

¹⁰⁹ U.S. Census Bureau, *Financial Characteristics*, American Community Survey, ACS 5-Year Estimates Subject Tables, 2023.

¹¹⁰ U.S. Census Bureau, *Financial Characteristics*, American Community Survey, ACS 5-Year Estimates Subject Tables, 2023.

¹¹¹ U.S. Census Bureau, *Financial Characteristics*, American Community Survey, ACS 5-Year Estimates Subject Tables, 2023.

¹¹² Enterprise Community Partners, *Impact of Affordable Housing on Families and Communities*, 2014, https://homeforallsmc.org/wp-content/uploads/2017/05/Impact-of-Affordable-Housing-on-Families-and-Communities.pdf?utm_source.

- **Health Challenges** – Unaffordable housing is linked to negative health outcomes, including increased stress and mental health issues. Families may also reside in substandard conditions, exacerbating health problems.¹¹³
- **Educational Disruptions** – Housing instability can cause frequent relocations, disrupting children’s education and leading to lower academic achievement.¹¹⁴
- **Risk of Homelessness** – Unaffordable housing is one of the key contributors to homelessness. Even individuals or families who can afford housing are often spending more than half of their income on housing each month. As a result, they have less money available for other essentials. Many of them are only one unexpected bill away from becoming homeless.¹¹⁵

Housing affordability is not just an individual, family, or social issue; it has major economic consequences. High housing costs reduce disposable income for consumer spending, increase financial insecurity, and make it harder for businesses to attract and retain workers.¹¹⁶

- **Reduced Workforce Stability** – High housing costs can make it difficult for employers to attract and retain workers, particularly for lower-wage roles (e.g., food servers, entry-level workers, teachers, and other service-related workers). This reduces productivity and competitiveness.¹¹⁷
- **Increased Demand for Public Assistance** – When housing is unaffordable, households are more likely to become homeless and may rely more heavily on government programs for housing subsidies, food assistance, and healthcare.¹¹⁸
- **Slower Economic Growth** – Decreases in housing affordability have a statistically significant negative effect on economic growth.¹¹⁹

¹¹³ Center for Housing Policy, *The Impacts of Affordable Housing on Health*, April 2015, https://nhc.org/wp-content/uploads/2017/03/The-Impacts-of-Affordable-Housing-on-Health-A-Research-Summary.pdf?utm_source.

¹¹⁴ Center for Housing Policy, *The Impacts of Affordable Housing on Health*, April 2015.

¹¹⁵ U.S. Interagency Council on Homelessness, *The Importance of Housing Affordability and Stability for Preventing and Ending Homelessness*, May 2019, <https://www.usich.gov/sites/default/files/document/Housing-Affordability-and-Stability-Brief.pdf>.

¹¹⁶ Rounds Consulting Group, Inc., *Peer Review: Analyses of Housing Affordability in Arizona*, 2023.

¹¹⁷ Urban Institute, *Meeting the Washington Region’s Future Housing Needs*, September 2019, https://www.urban.org/sites/default/files/publication/100946/meeting_the_washington_regions_future_housing_needs_2.pdf

¹¹⁸ U.S. Interagency Council on Homelessness, *The Importance of Housing Affordability and Stability for Preventing and Ending Homelessness*, May 2019, <https://www.usich.gov/sites/default/files/document/Housing-Affordability-and-Stability-Brief.pdf>.

¹¹⁹ Jerry Anthony, *Housing Policy Debate*, University of Iowa, May 2022, https://nlihc.org/sites/default/files/Housing_Affordability_Economic_Growth.pdf.

What Arizona Stands to Gain from Improving Housing Affordability

Increasing housing affordability not only addresses a social need – it has significant economic benefits that can strengthen Arizona’s economy. Expanding access to affordable housing stimulates economic growth, enhances financial security for residents, and strengthens local communities.¹²⁰

Impact of Increasing Housing Affordability on Household Spending Power

Increasing affordable housing can reduce the financial strain on families and enable them to allocate more resources toward essentials like education, healthcare, and transportation.¹²¹ This reallocation not only improves the quality of life but also contributes to a healthier and more productive workforce.¹²²

Renters are more likely to be cost-burdened due to generally lower incomes and faster rent growth, especially in high-demand markets.¹²³ Mortgage holders, particularly those with fixed-rate loans, tend to have more stable housing costs and higher incomes. While some homeowners are cost-burdened – especially recent buyers facing high home prices and interest rates – the overall cost-burdened rate is typically lower than among renters.¹²⁴

A National Equity Atlas report estimates that cost-burdened households across the U.S. would have an additional \$8,400 (in 2025 dollars) per year, on average, if their housing costs were reduced to 30% of their income.¹²⁵ & ¹²⁶ This represents the amount these households currently pay above the affordability threshold, highlighting the financial burden placed on families struggling with high housing costs.

Arizona is on par with the national average in terms of consumer expenditures, reinforcing the relevance of these figures locally. According to the U.S. Bureau of Economic Analysis, Arizona’s Regional Price Parities (RPPs) index for consumer expenditures stands at 101% of the U.S. average

¹²⁰ Jenn Steinfeld, *Why Local Governments Should Make Housing Part of Their Economic Development Plans*, National League of Cities, January 16, 2024, <https://www.nlc.org/article/2024/01/16/why-local-governments-should-make-housing-part-of-their-economic-development-plans/>.

¹²¹ Ellen, Ingrid Gould, and Katherine O’Regan. *Why Housing Matters for Upward Mobility: Evidence and Indicators for Practitioners and Policymakers*, 2020, <https://www.urban.org/sites/default/files/publication/103472/why-housing-matters-for-upward-mobility-evidence-and-indicators-for-practitioners-and-policymakers.pdf>.

¹²² EconDev, *Affordable Housing for Workforce Attraction and Retention*, <https://www.ecodevo.com/affordable-housing-for-workforce-attraction-and-retention/>.

¹²³ Airgood-Obrycki, Whitney, Alexander Hermann, and Sophia Wedeen, *Deteriorating Rental Affordability: An Update on America’s Rental Housing* 2024, Joint Center for Housing Studies of Harvard University, December 2024, https://www.jchs.harvard.edu/sites/default/files/research/files/harvard_jchs_rental_affordability_airgo.

¹²⁴ Freddie Mac. *Economic, Housing and Mortgage Market Outlook – December 2024 | Spotlight: Homeowner vs. Renter Spending*, <https://www.freddiemac.com/research/forecast/20241220-us-economy-remains-robust-with-strong-q3-growth>

¹²⁵ National Equity Atlas, *Renters Rise, Cities Thrive*, 2017, <https://nationalequityatlas.org/find-resources/renters-rise-cities-thrive>.

¹²⁶ National Equity Atlas, *Eliminate Rent Burden*, 2022, <https://nationalequityatlas.org/indicators/Eliminate-rent-burden>.

(i.e., Arizona's cost of living is 1% higher than the national average).¹²⁷ The RPP index accounts for personal income and a wide array of costs, including housing, food, healthcare, and apparel, providing a comprehensive measure of the relative cost of living.

This suggests that the financial relief from reducing housing costs in Arizona would be similar to the national estimate. To put \$8,400 into perspective, this money could cover 84% of a typical household's annual food expenses, 64% of annual transportation costs, or nearly an entire year of health insurance.¹²⁸

With increased financial flexibility, households can spend more in their local communities, support local businesses, pay down debt, and gain access to essential services (e.g., healthcare, childcare, and education). This shift fuels individual and household economic well-being.

Impact of Increasing Household Spending on the State's Economy

The economic effects of increased housing affordability extend far beyond individual households. As consumer spending rises, businesses experience greater demand, leading to expansion, higher wages, and job creation across multiple industries, including retail, healthcare, education, and professional services.

Additionally, increased economic activity results in higher sales tax collections and property values, further strengthening the fiscal health of local and state governments.

If all of Arizona's 823,100 cost-burdened households had an additional \$8,400 per year to spend across the state, direct consumer spending and economic activity would increase by approximately \$6.9 billion per year.^{129 & 130} As this spending circulates through the economy, it creates a ripple effect across multiple industries, amplifying its impact.

Using economic multipliers, we estimate that the \$6.9 billion in direct spending and economic activity translates to a total of \$13.6 billion in total economic output, reflecting the full scope of business revenues, wages, and supply chain effects generated by increased affordability.

The influx of additional dollars circulating throughout the state economy would support approximately 126,400 jobs and generate nearly \$600 million in state and local tax revenues throughout Arizona annually.¹³¹

¹²⁷ U.S. Bureau of Economic Analysis, *Regional Price Parities for States*, 2023, <https://www.bea.gov/news/2024/real-personal-consumption-expenditures-state-and-real-personal-income-state-and>.

¹²⁸ U.S. Bureau of Labor Statistics, *Consumer Expenditures Survey*, 2023, <https://www.bls.gov/cex/tables.htm>.

¹²⁹ U.S. Census Bureau, *Financial Characteristics*, American Community Survey, ACS 5-Year Estimates Subject Tables, 2023.

¹³⁰ National Equity Atlas, *Renters Rise, Cities Thrive*, 2017.

¹³¹ Author's calculations based on the number of cost-burdened households, estimated annual discretionary income gains, and IMPLAN multipliers.

This revenue boost comes from higher sales taxes driven by consumer spending, as well as increased income and property taxes resulting from job creation. These tax gains strengthen the state's fiscal health, providing additional resources for public services, infrastructure, and community development.

By increasing housing affordability, Arizona can unlock substantial economic benefits, fostering stronger communities, expanding economic opportunities, and reinforcing the state's long-term economic growth.

The Ripple Effects of Housing Affordability

Additionally, states with access to affordable housing are better positioned to retain and attract workers across all sectors.¹³² More affordable options allow individuals to live closer to job centers, reducing transportation costs and improving access to employment opportunities.¹³³

Stable and affordable housing plays a critical role in a child's educational success. High school graduation rates for students facing housing insecurity range from 43% to 52%, compared to 76% to 94% for students with stable housing.¹³⁴

Moreover, when increasing housing affordability is prioritized, individuals are less likely to rely on government assistance programs, reducing the demand for public welfare spending.¹³⁵

For instance, a study by the National Center for Healthy Housing found that providing affordable housing led to a 12% decrease in healthcare expenses for Medicaid recipients and an 18% reduction in emergency department visits.¹³⁶

With reduced government assistance costs, the state can reallocate funds to infrastructure and public services, bolstering long-term fiscal stability.

Beyond financial benefits, access to affordable housing also supports community cohesion and resilience. Neighborhoods with affordable housing options tend to have stronger social ties and greater civic participation, contributing to safer and more vibrant communities.¹³⁷

¹³² Forbes Business Council, *Why Employers Must Lead on Attainable Housing*, *Forbes*, August 27, 2024, <https://www.forbes.com/councils/forbesbusinesscouncil/2024/08/27/why-employers-must-lead-on-attainable-housing/.com>.

¹³³ Center for American Progress, *Expanding the Supply of Affordable Housing for Low-Wage Workers*, <https://www.americanprogress.org/article/expanding-supply-affordable-housing-low-wage-workers/>.

¹³⁴ Minnesota Office of Higher Education, *The Impact of Housing Insecurity on Educational Outcomes*, 2018, https://www.ohe.state.mn.us/pdf/Impact_Housing_Insecurity_%26_Educational_Outcomes.pdf?utm_.

¹³⁵ Deloitte, *Homelessness and Housing Insecurity: Challenges and Opportunities for Reform*, *Deloitte Insights*, <https://www2.deloitte.com/us/en/insights/industry/public-sector/health-human-services-innovations-reform/homelessness-housing-insecurity-challenges.html>.

¹³⁶ North Carolina Housing Finance Agency, *The Health Cost Savings of Quality Affordable Housing*, 2024, https://www.nchfa.com/sites/default/files/2024-05/TheHealthCostSavingsofQualityAffordableHousing.pdf?utm_.

¹³⁷ Keene, Danya, Michael Bader, and Jennifer Ailshire, *Length of Residence and Social Integration: The Contingent Effects of Neighborhood Poverty*, *Health & Place* 21, May 2013, <https://www.ncbi.nlm.nih.gov/pmc/articles/PMC3873868/>.

Key Takeaways – Housing Affordability

Housing affordability is a key economic consideration for Arizona, influencing consumer spending, workforce stability, and overall economic growth. This analysis highlights how housing cost burdens impact individuals, businesses, and public revenues, providing insights into their broader economic implications.

Key findings from this analysis include:

- **Increased Consumer Spending and Economic Activity** – Reducing housing cost burdens would give households greater financial flexibility, enabling them to not only spend more in their local communities but also strengthen their financial security. If Arizona’s cost-burdened households each had an additional \$8,400 per year, the resulting increase in disposable income could inject \$6.9 billion annually into the state’s economy.^{138 139}
- **Job Creation and Economic Growth** – The \$6.9 billion surge of money circulating throughout the economy from increased housing affordability would stimulate business growth, support the creation of approximately 126,400 jobs, and generate \$13.6 billion in broader economic benefits across Arizona.¹⁴⁰
- **Workforce Retention and Business Competitiveness** – Housing affordability affects where workers can live and work, impacting labor availability in key industries. Lower housing costs can improve employee retention, reduce turnover costs, and strengthen workforce participation.
- **Reduced Demand for Public Assistance** – When households spend less on housing, they are less likely to rely on government assistance programs, such as housing subsidies and food assistance, potentially reducing state and local fiscal burdens. For instance, a study by the National Center for Healthy Housing found that providing affordable housing led to a 12% decrease in healthcare expenses for Medicaid recipients and an 18% reduction in emergency department visits.¹⁴¹
- **Higher State and Local Tax Revenues** – Greater housing affordability means more disposable income, leading to higher sales tax collections. Increasing housing affordability in Arizona could generate nearly \$600 million in state and local tax revenues annually.¹⁴² These additional funds can be used to help offset shelter-related costs or be invested in programs that boost income and economic mobility.
- **Thriving Communities** – When families can afford to stay in one place, children experience fewer school disruptions, teachers are more likely to remain with their districts, and workers can live

¹³⁸ U.S. Census Bureau, *Financial Characteristics*, American Community Survey, ACS 5-Year Estimates Subject Tables, 2023.

¹³⁹ National Equity Atlas, *Renters Rise, Cities Thrive*, 2017.

¹⁴⁰ Author’s calculations using IMPLAN multipliers to estimate job creation and total economic output resulting from \$6.9 billion in increased household spending.

¹⁴¹ North Carolina Housing Finance Agency, *The Health Cost Savings of Quality Affordable Housing*, 2024.

¹⁴² Author’s calculations using IMPLAN multipliers to estimate state and local tax revenue generated from increased household spending tied to improved housing affordability.

closer to job centers. These kinds of stability ripple across a community, reinforcing better educational outcomes, stronger local economies, and deeper civic ties.

The Economic Case for Increasing Housing Affordability

Housing is a major issue for Arizonans, and voters are aligned in calling for change. Across demographics and party lines, they want leaders to act on housing affordability. That level of consensus is powerful.

This analysis shows that when housing is affordable, families are more financially secure, communities are more stable, and businesses are better equipped to attract and retain talent. Expanding access to affordable housing unlocks billions in consumer spending, supports job creation, and strengthens the public resources that benefit everyone.

This analysis offers a straightforward calculation to illustrate the real return on action. While it does not evaluate specific policies or costs, it serves as a starting point for further discussion, providing leaders with a data-driven foundation as they explore solutions to strengthen Arizona's economy and long-term prosperity. It is an opportunity to lead with foresight and deliver results that resonate with every corner of the state.

If we want a stronger Arizona, start where Arizonans agree, making housing affordability part of the foundation.



TRANSPORTATION INFRASTRUCTURE

What Voters Are Saying Loud and Clear

As Arizonans consider strategies to ensure sustainable economic growth, stable revenue, and effective long-term planning, there is strong voter support for investing in critical infrastructure – particularly transportation.

Findings from the 2024 Arizona Voters' Agenda survey show planning for the future resonates strongly with voters, as 88% of voters agree that Arizona needs “a long-term investment strategy based on stable revenue and better planning” to sustain growth.

Additionally, 52% of voters are not confident that Arizona is prepared for future growth, and 87% of voters support the statement that “It will take higher levels of planning and preparedness to ensure we have the resources and infrastructure to support growth and maintain our quality of life.”

Transportation infrastructure, in particular, stands out as a top priority:

- 90% of all voters agree that “A robust transportation infrastructure system, including investments in our freeways, streets, and transit throughout the State of Arizona, is critical

to moving people, goods, and services throughout the state and essential to our long-term economic success.”

These findings demonstrate a strong consensus across all political affiliations on the need to strengthen Arizona’s transportation network as a foundation for economic development and quality of life. This presents a timely opportunity for policymakers to work collaboratively across party lines to develop and implement long-range infrastructure investment strategies.

The Economic Impact of Realizing the Priorities of Arizonans

To quantify the economic impact and ROI associated with investments in Arizona’s highway, road, and public transit infrastructure, we applied a data-driven approach using Arizona-specific socioeconomic and demographic data, as well as publicly available reports and national data sets.¹⁴³

What Arizona Stands to Gain from Transportation Infrastructure Investment

Investments in transportation infrastructure generate wide-ranging economic benefits that go far beyond the movement of goods and people.

Key areas of impact include:

- **Public Safety** – Well-maintained roads reduce accident risk, improve emergency response times, and enhance safety for drivers, cyclists, and pedestrians. Studies show crash rates can be reduced by 33% to 50% when pavement conditions are preserved below critical deterioration thresholds.¹⁴⁴ Additionally, public transit improves safety by reducing vehicle miles traveled and lowering the overall incidence of crashes.¹⁴⁵
- **Vehicle Maintenance Costs** – Poor road conditions can cause damage to vehicles, leading to higher vehicle maintenance and repair costs. Pothole-related issues alone cost the average driver \$600 in repairs annually, totaling over \$3 billion nationwide.¹⁴⁶ Additionally, public transit has the ability to reduce household transportation costs by approximately \$1,100 per month.^{147 & 148}

¹⁴³ See Appendix for a full description of the methodology used to calculate economic impacts.

¹⁴⁴ National Transportation Center, University of Maryland, *Effect of Pavement Conditions on Accident Rate*, June 2017, https://mti.umd.edu/sites/mti.umd.edu/files/documents/NTC2016-SU-R-2%20Michael%20Mamlouk.pdf?utm_.

¹⁴⁵ American Public Transportation Association, *Public Transportation Gets Us There*, <https://www.publictransportation.org/transit-benefits/grows-communities/>.

¹⁴⁶ American Automobile Association (AAA), *AAA: Potholes Can Be a Black Hole for Your Wallet*, March 2024, <https://news.eastcentral.aaa.com/news/releases-20240308>.

¹⁴⁷ American Public Transportation Association, *Public Transportation Gets Us There*.

¹⁴⁸ American Public Transportation Association, *Economic Impact of Public Transportation Investment*, 2020, https://www.apta.com/wp-content/uploads/APTA-Economic-Impact-Public-Transit-2020.pdf?utm_.

- **Labor Market Efficiency** – Public transit expands access to employment across a broader geographic area, allowing employers to tap into a wider talent pool and helping workers reach jobs they might otherwise be excluded from due to distance or lack of car access.¹⁴⁹
- **Traffic Flow & Congestion** – Well-maintained roads ensure efficient traffic flow, reducing delays and improving overall mobility. In contrast, deteriorating road conditions force drivers to slow down or take detours, leading to increased congestion and longer travel times. In metro Phoenix, congestion costs drivers an estimated \$1.5 billion annually in lost time and wasted fuel.¹⁵⁰ Expanded public transit capacity helps alleviate congestion by reducing the number of single-occupancy vehicles on the road.
- **Economic Growth** – Efficient transportation networks improve business logistics, facilitate commerce, and attract private investment. Infrastructure projects generate employment during construction and operations while improving long-term business performance. Case studies from Arizona and elsewhere demonstrate measurable gains in tax revenue, job creation, and economic output from targeted infrastructure investments.
- **Environmental Impact** – Improved infrastructure reduces traffic congestion and emissions, while public transit produces significantly fewer emissions per passenger mile. Well-maintained roads also support better stormwater drainage, preventing pollutants from entering waterways and improving public health outcomes related to air quality.¹⁵¹
- **Cost Efficiencies** – Investing in regular maintenance is more cost-effective in the long run than paying for extensive repairs and overhauls due to neglect. Preventive maintenance helps to extend the lifespan of roads, saving public funds.¹⁵² Public transit investments can also reduce long-term infrastructure costs by lowering the demand for new road construction and parking facilities.
- **Quality of Life** – Areas with well-maintained roads are often more desirable to individuals and families, leading to higher property values, the creation of additional job opportunities, higher wages, improved safety and emergency response times, and improvements in the overall quality of life for residents.¹⁵³ High-quality public transit contributes by enhancing mobility for all income levels, reducing commute stress, and supporting walkable, connected communities.

¹⁴⁹ Urban Institute, *How Policymakers Can Analyze Public Transit Investments to Increase Equity and Access*, March 2024, <https://www.urban.org/urban-wire/how-policymakers-can-analyze-public-transit-investments-increase-equity-access>.

¹⁵⁰ Bureau of Transportation Statistics, *Annual Highway Congestion Cost*, 2021, <https://www.bts.gov/content/annual-highway-congestion-cost>.

¹⁵¹ National Institute of Health, *What are the Health Costs of Air Pollution, and What can We Do About It?*, March 2024, <https://magazine.medlineplus.gov/article/what-are-the-health-costs-of-air-pollution-and-what-can-we-do-about-it#:~:text=Over%20time%2C%20exposure%20to%20air,Heart%20disease%20and%20stroke>.

¹⁵² Federal Highway Administration, *Information: Preventative Maintenance Eligibility*, 2001. <https://www.fhwa.dot.gov/preservation/memos/011126.cfm>.

¹⁵³ California State Government, *Transportation Effects on Property Values*, 2011, <https://dot.ca.gov/-/media/dot-media/programs/environmental-analysis/documents/ser/f0003658-appendixd-propertyvalues-21102011-a11y.pdf>.

Transportation Infrastructure Investment Case Studies

Examining real-world case studies helps provide insights into how investments influence economic conditions at the local, regional, and national levels. The following case studies provide generalized estimates of the effects of investing in and the costs of neglecting transportation infrastructure improvements.

Case Study – Proposition 400(e) in Maricopa County

Arizona’s Proposition 400 (Prop 400), originally approved by Maricopa County voters in 2004, was extended by voters in the November 2024 general election (Prop 400e). The proposition continues a half-cent sales tax that funds transportation projects in Maricopa County, including highways, public transit, and multimodal infrastructure. The distribution of the \$24 billion transportation investment fund over the 20-year period is estimated to allocate 41% to freeways and highways, 37% to public transit, and 23% to roads and intersections.¹⁵⁴

The investment plan is expected to reduce congestion by 51,000 hours per day on key transportation routes, improving mobility (e.g., lower traffic delays) and operational inefficiencies (e.g., reduced fuel costs).¹⁵⁵

According to a study published by the Maricopa Association of Governments (MAG), the extension of Prop 400 is projected to have a significant impact on the regional economy, generating \$59 billion in Gross Regional Product (GRP), \$112.9 billion in increased local business sales, and \$40.2 billion in net-new local income.¹⁵⁶

Roadway and transit improvements create construction-related jobs as well as employment in industries that benefit from enhanced transportation access. The investment is also projected to support 31,600 net-new jobs annually from 2026 to 2050.¹⁵⁷

Overall, the MAG projections expect a total benefit-cost ratio (BCR) of 3.7 on the local economy.¹⁵⁸ This indicates that for every dollar invested, the regional economy is expected to gain \$3.70 in economic benefits.

Case Study – Economic Evaluation of the Pima RTA

In March 2026, Pima County voters will decide whether to extend the region’s half-cent sales tax for transportation projects for another 20 years under the Pima County Regional Transportation

¹⁵⁴ Arizona Public Health Association, *Maricopa Transportation Tax Makes it to the November 2024 Ballot After All*, August 2023, <https://azpha.org/2023/08/09/maricopa-transportation-tax-makes-it-to-the-november-2024-ballot-after-all/>.

¹⁵⁵ Maricopa Association of Governments, *Economic Analysis of the Proposition 400 Extension*, February 2023, <https://azmag.gov/Portals/0/Transportation/RTP/2023/Economic-Analysis-of-the-Proposition-400-Extension.pdf>.

¹⁵⁶ Maricopa Association of Governments, *Economic Analysis of the Proposition 400 Extension*, 2023.

¹⁵⁷ Maricopa Association of Governments, *Economic Analysis of the Proposition 400 Extension*, 2023.

¹⁵⁸ Maricopa Association of Governments, *Economic Analysis of the Proposition 400 Extension*, 2023.

Authority's *RTA Next plan*.¹⁵⁹ The tax, in effect since 2006, has funded infrastructure improvements aimed at enhancing mobility and supporting economic growth.

This ballot measure is distinct from Proposition 414, which voters recently rejected in March 2025. While both involve transportation, Prop 414 included additional provisions beyond transportation funding. The upcoming vote focuses specifically on extending the transportation sales tax aligned with the existing Regional Transportation Authority framework.

Economic analyses of previous investments can provide useful insights into how extending or discontinuing the tax may influence the region's long-term economic trajectory.

In 2006, Pima County approved a \$2.1 billion Regional Transportation Authority (RTA) plan, which funded projects such as roadway widening and improvements, new road construction, highway interchanges and intersections, pedestrian crossings, bike lanes and bus pullouts, and drainage infrastructure enhancements.

Past infrastructure investments have supported temporary construction jobs while also contributing to long-term employment growth. Estimates suggest that without the original RTA plan, Pima County could have 60,000 fewer jobs due to reduced competitiveness in economic development.¹⁶⁰

Looking ahead, the County's job growth projections between 2025 and 2045 suggest a potential gain of 87,600 new jobs under current conditions.¹⁶¹ Economic modeling suggests that transportation investment decisions could impact this trajectory.

- Without an Extension – If the tax is not extended, reduced funding for transportation projects could result in the loss of 54,000 jobs from projected gains, leading to a net job growth of only 33,600 jobs instead of 87,600. Additionally, the region could see a cumulative loss of \$3.5 billion in state, county, and city tax revenues by 2045 due to lower economic activity.¹⁶²
- With an Extension – If the tax is extended, continued investment in transportation infrastructure could lead to a net increase of 102,000 jobs and generate an additional \$6.5 billion in tax revenues, assuming the County invests aggressively in its transportation infrastructure and prioritizes high-ROI projects.¹⁶³

Overall, it is estimated that an extension of the tax and the County's RTA plan would have an ROI of 1.6:1. This means that for every dollar spent, the County is projected to gain \$1.60 in tax revenues.¹⁶⁴

¹⁵⁹ Pima County Regional Transportation Authority, *About RTA Next*, 2025, <https://rtanext.com/what-is-rta-next/>.

¹⁶⁰ Author's calculations, based on historical business development patterns.

¹⁶¹ Based on the Arizona Office of Economic Opportunity estimates.

¹⁶² Author's calculations, based on the economic modeling of lower business activity.

¹⁶³ Author's calculations, based on the economic modeling of enhanced business activity.

¹⁶⁴ Author's calculations, based on the economic modeling of enhanced business activity.

The economic evaluations are based on various economic modeling scenarios, including a baseline projection based on current conditions, a conservative scenario (no extension) where funding declines, and an optimistic scenario (tax extension) where continued investment and proper planning lead to stronger economic outcomes.

These values, along with additional details regarding the economic impacts of transportation infrastructure investment in Pima County, are available in reports published by the County. These reports, along with voter information packets, provide further insight into the potential outcomes associated with the tax extension.

Key Takeaways – Transportation Investment

Policy decisions related to investments in transportation infrastructure – including roads, highways, and public transit – can have significant implications. The analysis and case studies highlight how increases or reductions in transportation infrastructure affect job creation, business growth, and growth trajectories. Key findings from the economic analysis include:

- **Reliable transportation infrastructure is a cornerstone of economic growth.** High-quality road networks, including connectivity to major interstates, enhance business operations, attract investment, and support sustained regional development. As demonstrated in the Pima RTA case study, continued investment in transportation infrastructure could lead to an increase of 102,000 new jobs by 2045 – 14,400 jobs above current projections.¹⁶⁵
- **An efficient transportation system influences business growth.** A well-developed system ensures efficient product distribution, affordable delivery of materials, and safe, timely commutes for workers – critical factors in company location and expansion decisions. Efficiency improvements can also lead to increases in business sales. Based on estimates from MAG, transportation improvements in Maricopa County are projected to increase local business sales by \$112.9 billion.¹⁶⁶
- **Strategically planned infrastructure investments can yield economic benefits that exceed their costs.** Properly sequenced projects can generate a net-positive economic impact, reinforcing the long-term value of transportation funding. For example, MAG projections indicate that for every dollar invested in transportation infrastructure, the regional economy is expected to gain \$3.70 in economic benefits.¹⁶⁷
- **A positive ROI occurs when public infrastructure investments generate net increases in tax revenue.** This ensures that taxpayer dollars contribute to economic expansion and improved public services. For instance, the extension of the Pima RTA tax plan is projected to

¹⁶⁵ Pima County RTA Case Study.

¹⁶⁶ Maricopa Association of Governments, *Economic Analysis of the Proposition 400 Extension*, 2023.

¹⁶⁷ Maricopa Association of Governments, *Economic Analysis of the Proposition 400 Extension*, 2023.

generate \$1.60 in tax revenues for every dollar invested – meaning the investment has a positive ROI of 1.6:1.¹⁶⁸

- **Public transit investment generates broad-based economic returns.** According to the American Public Transportation Association (APTA), every \$1 billion invested in public transportation supports approximately 17,900 jobs and produces \$5 billion in economic output.¹⁶⁹ Additionally, individuals who switch from driving to public transit can save over \$13,000 annually by reducing expenses related to fuel, maintenance, insurance, and vehicle depreciation.¹⁷⁰
- **While infrastructure projects require significant investment, the cost of neglecting existing assets far exceeds the expense of new development and ongoing maintenance.** Deteriorating infrastructure leads to higher long-term costs, reduced economic competitiveness, and diminished quality of life for residents and businesses.

The Economic Case for Action on Accelerating Transportation Investment

Transportation infrastructure is a foundational component of a strong economy. Strategic investments reduce travel costs for residents and businesses, enhance productivity, improve access to jobs, attract private investment, and ultimately support stronger tax revenue collections. These benefits are not abstract – they are well-documented across both national and Arizona-based studies.

The vast majority of voters across party lines are supportive of maintaining and investing in infrastructure that contributes to Arizona’s prosperity. As reflected in the Arizona Voters’ Agenda, voters recognize that a robust infrastructure network is essential to supporting growth, enhancing mobility, and improving quality of life.

This analysis offers a clear, data-driven foundation for understanding the return on investment from strengthening Arizona’s transportation systems. While it does not assess specific funding strategies or policy mechanisms, it lays the groundwork for future planning and solution-building. By aligning with public priorities, Arizona leaders can unlock economic growth and build the infrastructure needed to support a prosperous and resilient future.

¹⁶⁸ Pima County RTA Case Study.

¹⁶⁹ Illinois Road & Transportation Builders Association, *Federal Transportation Investment Benefits the United States*, 2024, <https://www.irtba.org/advocacy/where-we-stand/federal-transportation-investment-benefits-united-states>.

¹⁷⁰ American Public Transportation Association, *Economic Impact of Public Transportation Investment*, 2020.

APPENDIX: ANALYSIS METHODOLOGY

This report provides a data-driven analysis of five voter-identified priorities – childcare access and affordability, dual enrollment, postsecondary education attainment, housing affordability, and transportation infrastructure – selected from the Center for the Future of Arizona’s 2024 Voters’ Agenda.

Each analysis quantifies the potential economic benefits associated with achieving improved outcomes in these areas. Importantly, this report does not evaluate specific policies, program designs, or implementation costs. Rather, it focuses on estimating the scale and nature of economic gains that could result if the priorities of Arizona voters were realized.

To model the potential economic impacts, the following standardized approach was applied across each issue area:

- **Arizona-Specific Data Inputs:** Each analysis draws from local and regional datasets, including U.S. Census Bureau statistics, state wage data, education outcomes, labor force participation metrics, and household cost burdens. Where appropriate, national research and datasets were used to supplement state-level data.
- **Issue-Specific Model Inputs:** Unique assumptions were made for each topic to reflect the specific drivers of economic change:
 - Childcare: Number of families needing care, average annual costs, and lost wages from reduced workforce participation.
 - Dual Enrollment: Postsecondary enrollment and completion differences, wage gains by education level, and number of students affected.
 - Postsecondary Education: Wage differentials by educational attainment, lifetime earnings estimates, and degree completion rates.
 - Housing Affordability: Number of cost-burdened households, estimated discretionary income gains, and statewide consumer spending impacts.
 - Transportation Investment: Modeled outcomes from actual investment scenarios (e.g., Proposition 400e in Maricopa County), published benefit-cost ratios, and regional productivity data.
- **Economic Impact Modeling with IMPLAN:** To estimate the broader economic effects of each issue area, this analysis used IMPLAN, a nationally recognized input-output modeling system widely regarded as the industry standard for economic and fiscal impact studies.

IMPLAN is commonly used by economists, academic institutions, and government agencies to model how changes in economic activity, such as increased wages or household spending, ripple through an economy.

Arizona-specific IMPLAN multipliers were applied to estimate the total economic impact, which includes:

- Direct Effects – The immediate economic activity generated by the modeled change (e.g., increased earnings or reduced costs).
- Indirect Effects – Economic activity in industries that support affected sectors (e.g., increased business-to-business activity).
- Induced Effects – Household spending by workers whose income increases as a result of the direct and indirect effects.

Results are expressed in the following standard impact categories:

- Jobs – The estimated number of full-time and part-time positions supported by the modeled activity.
 - Labor Income – The total wages, salaries, and benefits earned by workers in the directly, indirectly, and induced affected sectors.
 - Economic Output – The total value of goods and services produced in the economy as a result of the activity (similar to how GDP is estimated).
 - State and Local Tax Revenues – Estimated revenues generated for state and local governments through various taxes, including sales, income, property, and other applicable levels.
- **No Policy Recommendations:** This report does not recommend specific actions or funding mechanisms. Instead, it is intended to provide neutral, evidence-based economic estimates that can inform future decision-making.

This consistent and straightforward methodology allows for a clear understanding of the economic value associated with addressing widely supported voter priorities. While each issue area presents unique dynamics, this common framework allows policymakers, stakeholders, and community leaders to compare outcomes and weigh the return on investment across multiple areas critical to Arizona's long-term success.

**Voter-backed priorities offer a high return for Arizona
and a strong foundation for long-term prosperity.**

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