

BUILDING ARIZONA'S WORKFORCE

OVERVIEW

Arizona's economy is growing—emphasizing the need for skilled and qualified talent to meet the demand. As Arizona continues to grow and evolve, addressing how to build a skilled workforce to meet its future demands will be essential to the state's ongoing success.

Workforce development is not the same as economic development. Economic development often serves as the precursor to workforce development and is designed to encourage business and job growth. Workforce development ensures individuals have the education, skills, and training needed to obtain employment opportunities. The two are closely intertwined but rely on unique structures and have different needs.

A successful workforce ecosystem involves collaboration among business and industry, government entities, economic development stakeholders, community-based organizations, and educational institutions.

DEMOGRAPHIC AND STRUCTURAL CHANGES—PROFOUND SHIFTS AND LABOR FORCE TRENDS

Recent demographic shifts have upended the once employer-dominated U.S. labor market. A shrinking workforce—driven by declining birth rates and retirements—has led to critical shortages in technical and trade jobs, as well as among essential workers.

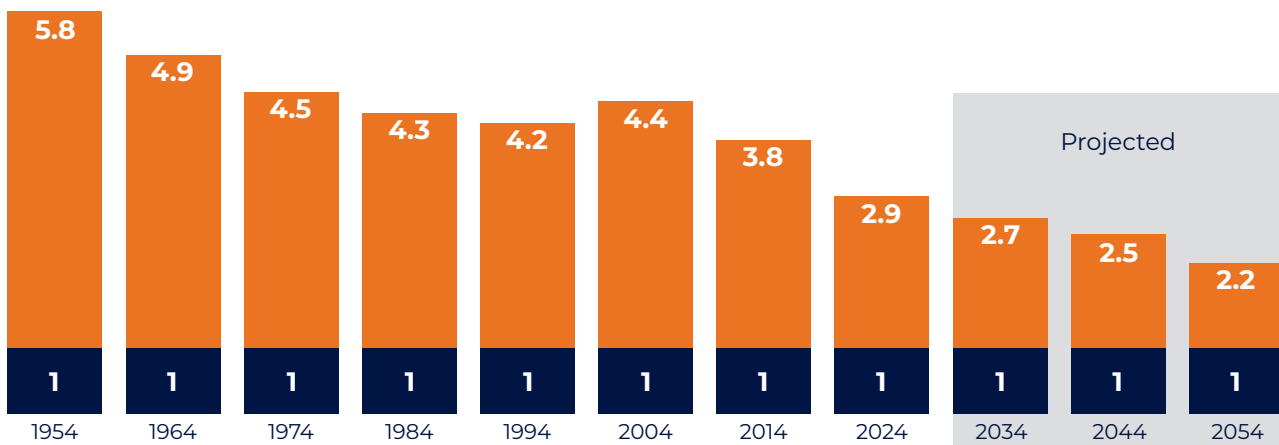
Total Arizona employment is forecasted to grow 14.2% by 2033, adding 486,348 jobs. With declining birth rates, migration has now become the primary driver of labor force growth.

Arizona's key industry sectors—including healthcare, construction, and manufacturing—are experiencing substantial growth alongside critical workforce challenges. Regional differences and uneven county growth also influence industry priorities and labor shortages statewide.

EVERY YEAR THERE ARE FEWER WORKING-AGE PEOPLE TO SUPPORT THE OLDER POPULATION. (Ratio of 65+ Population to 25-64 Population)

Source: Congressional Budget Office

■ 25-64 ■ 65 or Older



source of growth into the foreseeable future.

The natural birth rate in Arizona will not replenish the death rate, and the number of persons turning 18 (as a percentage of the total population) is projected to decrease through 2050—meaning that the population is aging, and **migration of an adult population will be the sole**



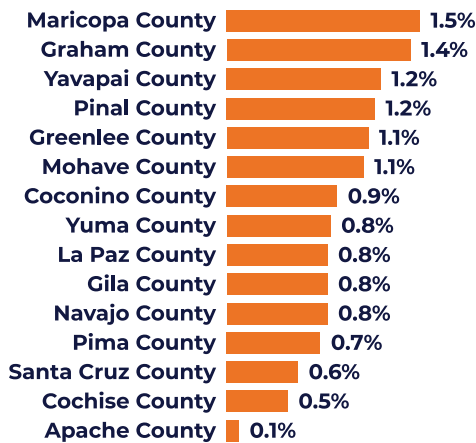
states. **Net domestic migration over the past 10 years is responsible for 99% of Arizona's population growth.**

ARIZONA'S CURRENT POPULATION IS THE PRODUCT OF DECADES OF RAPID GROWTH.

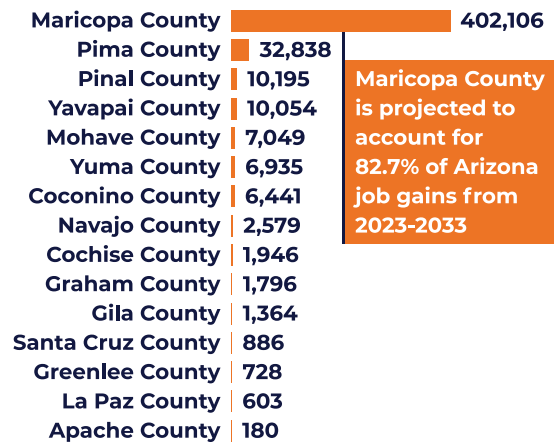
Arizona is among the top 10 states for overall growth percentage and a top four state for increase by sheer number of new citizens. The source of growth is migration from other

PROJECTED COUNTY EMPLOYMENT CHANGES

Arizona County Employment 2023-2033 Annualized Percent Change



Arizona County Employment 2023-2033 Total Numeric Change



Produced by the Arizona Office of Economic Opportunity in Cooperation with the U.S. Dept. of Labor, BLS.



EDUCATION & TRAINING

Many of Arizona's education and training models now emphasize flexible, skill-specific programs, such as short-term certificates, apprenticeships, and online courses, to directly address workforce demands at all skill levels. Integrating these types of credentials and traditional degrees offers accessible, continuous career advancement opportunities. Strong partnerships between educators and employers align curricula closely with industry needs, benefiting both workers and businesses.

Arizona faces a severe educator shortage characterized by low wages, poor working conditions, and high turnover, which undermines overall workforce development. Recruitment efforts—including hiring teachers internationally—are not keeping pace with demand. Strategies such as performance-based, differential, and experience-based pay offer promising solutions.

HOUSING, TRANSPORTATION & CHILDCARE

Access to affordable housing plays an essential role in creating a diverse, productive, and stable workforce. Limited housing supply and increasingly high housing costs are substantially impacting workers' ability to buy, rent, or maintain secure housing in Arizona. Innovative solutions and affordable housing policies that address Arizona's short-term and long-term housing needs, such as employer-assisted housing programs and housing subsidies, can help ensure Arizona's employers have access to the talent they need to drive the state's economy forward.

Arizona faces workforce challenges due to inadequate transportation infrastructure, affecting both urban and rural communities. Promising initiatives—like the expansion of the job training program, Workforce 2 You, and broadband technology investments—offer solutions by improving accessibility and enabling remote opportunities. Additionally, addressing Arizona's child care crisis through efforts such as Bright Futures AZ helps to reduce economic losses and supports workforce participation.

TALENT PIPELINE—HIDDEN WORKERS AND QUALITY JOBS

Employers facing labor shortages can fill jobs by tapping into the overlooked "hidden workforce"—including caregivers, veterans, immigrants, retirees, and formerly incarcerated individuals. This may include adopting different hiring practices and job conditions like flexible, remote work. Upskilling current employees and thoughtfully integrating AI can further address talent shortages and boost workforce retention.



The information summarized on this handout is sourced from the "Building Arizona's Workforce" Background Report edited by Daniel Barajas and Jennifer Kaufman Fourness with Maricopa Community Colleges. You can download and read the background report by using the QR code, or visit our website at www.aztownhall.org.

