



ARIZONA'S ECONOMY

Highlights of the 105th
Arizona Town Hall

November 2-5, 2014
Grand Canyon, Arizona





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Key Priority 1:

Increase education funding to at least pre-recession levels, and better align educational curricula with the needs of Arizona businesses.

- From the 105th Arizona Town Hall Report of Recommendations

For over 50 years, Arizona Town Hall has engaged, educated and empowered Arizonans to create solutions to critical policy issues.

As Arizona pulls itself out of the deepest recession that it has faced since the Great Depression, a diverse cross-section of Arizona residents from various communities and walks of life, all interested in supporting a thriving economy for Arizona's future, met at the 105th Arizona Town Hall for three days of facilitated discussions.

Prior to the Town Hall, participants from throughout the state reviewed a comprehensive background report developed by Arizona State University's Morrison Institute. Meeting in facilitated small groups for two days, the participants addressed a common set of discussion questions. Trained recorders captured points of consensus and the entire group gathered for a plenary session on the third day to adopt a report of findings and recommendations. Although not every Town Hall participant agrees with every conclusion and recommendation, their report reflects the overall consensus achieved by the 105th Arizona Town Hall.

This publication is a summary of the complete report that includes the background research and the report of recommendations. Complete Town Hall reports are published and made available to Arizona Town Hall members, elected officials including the Arizona Legislature, public libraries, and the general public. Download copies online at www.aztownhall.org, or call 602-252-9600 to request a printed copy.

Key Points from the Background Report



ECONOMY OVERVIEW

- Regional economies are driven by “basic” economic activities that bring money into the region that would otherwise not be present, by selling goods and services to customers who do not live in the region.
- To become more prosperous, a region must be economically competitive, as determined by a long list of location factors.
- The most important business location factors are the quality and availability of the workforce, the quality and availability of the physical infrastructure, and cost factors, of which labor costs are the most important.

ARIZONA'S ECONOMY

- The “5Cs” copper, cattle, cotton, citrus, and climate still have a presence in Arizona’s economy, especially the rural areas of the state.
- Climate is an important factor to Arizona’s past and future economic prosperity.
- Natural resources, including the natural areas and water, are important aspects of Arizona’s future viability. Conservation and wise use need to be carefully considered.
- Arizona is positioned to take advantage of trade opportunities between California, the world’s eighth largest economy, and Mexico.
- The proposed International Trade Corridor and Interstate 11 could be important elements of Arizona’s economic future.

- Solar energy has emerged as a new industry for Arizona. Smart planning and investments could allow the state to capitalize on this opportunity.

ECONOMY & EDUCATION

- Funding for education in Arizona is consistently near the bottom on most national metrics and rankings.
- Multiple analyses and studies in recent years conclude that Arizona should substantially increase funding for education, from preK-12 to career and technical education and college.
- Education is the No. 1 economic driver for the state in terms of growing existing commerce and attracting and retaining new businesses and industry.
- Building better partnerships between business and education is important for developing a strong workforce for the future economy.

ECONOMIC DEVELOPMENT

Economic development is a process through which the quality of life and standard of living for a community’s residents are improved. Important elements include: (1) providing the foundation essential to new business formations, (2) new job creation, and (3) investment of private capital.

The most important factors for business locations are: (1) the availability of skilled human capital, (2) access to markets, (3) information technology and communications infrastructure, (4) a favorable and competitive business environment, and (5) the availability of shovel-ready sites.

PERSPECTIVES FROM THE LEGISLATIVE FRONT

Interview with Glenn Hamer, President and CEO, Arizona Chamber of Commerce

Q: What are the most important issues for strengthening Arizona’s economy that have yet to be effectively addressed by the legislature?

A: The most important issues that have yet to be effectively addressed are, in this order of importance:

1. PreK-12 Education
2. Tax reform
3. Water
4. Addressing issues in a manner that includes all of Arizona (especially areas outside of Maricopa County)

Q: Which important legislative issue is the hardest to resolve?

A: PreK-12 education

Q: What is the biggest challenge Arizona faces in attracting high wage manufacturing jobs?

A: Having the right workforce in place (which is related to our education system).

For specific resources and links, download the full report from the “Past Town Halls” page of our website:

www.aztownhall.org



Participants have the opportunity to talk with others from around the state and make lasting connections during the intense three-day discussions.

Key Priority 2:

Maintain and expand infrastructure where the economic return on investment is high.

- From the 105th Arizona Town Hall Report of Recommendations

Report of Recommendations

The 105th Arizona Town Hall gathered at the Grand Canyon on November 2-5, 2014, to consider Arizona's opportunities for a vibrant economic future.

EDUCATION AND WORKFORCE DEVELOPMENT

- Increase education funding by the Arizona Legislature and the Governor for preK-12, community colleges and universities to above pre-recession levels and search for new funding sources, including comprehensive tax reform.
- Support a comprehensive education improvement plan to include a robust "cradle to career" educational system and college and career ready standards that places Arizona in the top tier in educational achievement.
- Promote career technical education opportunities, trade schools, and vocational opportunities to school districts, high schools, parents, those who do not complete high school and adult workers.
- Conduct a comprehensive study of the workforce needs of Arizona businesses as a tool for the development of new curriculum and training programs, including bilingual education and adult learning.
- Implement programs to help retain "home-grown talent" within Arizona with a focus on millennials and consider incentives to retain graduates, such as loan payment assistance and loan forgiveness programs.
- Ensure that a liberal arts curriculum and critical thinking skills are a substantial component of the education system across the entire age spectrum, including an emphasis on teaching the skill of engaging in respectful civil dialogue with people of different perspectives.

INFRASTRUCTURE

- Index Arizona's gas tax to inflation or another measure to adequately fund increasing costs for road construction and maintenance and to expand the financial capabilities of counties, cities and towns to develop roads and provide transportation maintenance.
- Improve and expand our air, rail and road transportation systems, including the proposed I-11 corridor from Nogales to Las Vegas and onward to Canada and inward ports.
- Expand rural and tribal broadband to promote business growth and strengthen education.
- Create a plan for future infrastructure and find ways to fund it through the cooperative efforts of local councils of governments, tribal communities and local and county governments.
- Expand water-related infrastructure in rural areas to support business attraction and expansion.

TOURISM

- Through a coordinated effort, promote Arizona's geographic and cultural diversity and location to enhance tourism, sports and business development opportunities.
- Continue to promote our natural resources, climate and geography to enhance the state's image as a welcoming, culturally diverse place for people to live, work and play.
- Reinstate the Arizona Film Office to promote our state within the entertainment industry.



Student participant Matt Clemens gets an opportunity to speak with Monday's lunch speaker, Dr. James Crupi.

Key Priority 3:

Continue current coordinated efforts to promote Arizona's unique assets and reinstate Arizona's Film Office.

- From the 105th Arizona Town Hall Report of Recommendations

Keynote speakers at this Town Hall were Dr. James Crupi, President and founder of Strategic Leadership Solutions, Inc.; and Mary Murphy, Senior Researcher, The Pew Charitable Trusts.

- Utilize existing mechanisms to better promote regional arts and culture, fostering perceptions and relationships as well as generating tourism revenue.

ENTREPRENEURSHIP, LOCAL BUSINESS AND EXPANSION OF TRADE

- Have the Arizona Commerce Authority take the lead in collaborating with other trade groups, including, but not limited to, the Arizona-Mexico Commission and the Canada/Arizona Business Council, to restore or enhance strong trade relations with Mexico, Canada and California, including the expansion of programs to allow for quicker Arizona/Mexico border crossings.
- Encourage Arizona's federal representatives to prioritize immigration reform.
- Support and develop the "entrepreneurial ecosystem," which includes the expansion of statewide entrepreneurship and the expansion of incubators and accelerators where advising, mentorship, and other resources could be made available.
- Promote procurement practices for state and local governments, universities, and community college districts that remove barriers to competition for small and medium-size businesses.
- Support financial resources for entrepreneurship by increasing accessible venture capital and the availability of small business loans, changing state laws to permit loans to businesses by municipalities, researching the benefits of establishing a state preference for Arizona companies, and providing tax increment funding.
- Protect usage of water resources through measures such as state, regional and local water budgets, clarification in the state statute of the connectivity of surface and ground water, and the adjudication of water claims.
- Engage Arizona entrepreneurs and inform voters and elected officials of the potential of legal cannabis such as the creation of new

opportunities in industrial agriculture, biofuel, biotechnologies, specialty foods, and medical research.

- Create an office within the Arizona Department of Agriculture to support and develop sustainable small farms and provide low cost organic certification for Arizona farmers.
- Enhance and use existing airport facilities to capture excess air cargo capacity to and from off shore.
- Preserve and expand Arizona military installations by engaging federal, state and local elected officials and business communities.

ESTABLISH ARIZONA AS A WELCOMING, CULTURALLY DIVERSE PLACE

- Mobilize all business, cultural, educational, social and media resources to support, publicize and reward positive behavior consistent with 21st century norms.

CALL TO ACTION FOR INDIVIDUALS

- Emphasize the importance of respectful civic involvement and make that a part of our daily life.
- Within our families and our communities, instill in Arizona's children the desire to learn, plan for the future, and foster an entrepreneurial spirit.
- Support efforts and make ourselves available to educate and inform the Governor and the Legislature on current issues and consensus on economic development.
- Make a special effort to support Arizona businesses through a "buy local, grow local" campaign.
- Share the conclusions reached at this Town Hall with our peers, family, friends, community leaders, and business and community organizations.
- Take steps to promote Arizona's image, including the use of social and traditional media.



Participants of the Future Leaders Town Hall held in Peoria.

Key Priority 4:

Support local entrepreneurs and small business. Recommended actions include removing barriers to financing, and use of tax increment financing.

- From the 105th Arizona Town Hall Report of Recommendations

Future Leaders Town Hall locations throughout the state:

Tempe - Rio Salado Conference Center
Peoria - Rio Vista Recreation Center
Prescott - Yavapai College
Yuma - Arizona Western College
San Luis - Arizona Western College
Tucson - Pima Community College, Community Campus
Flagstaff - NAU
Sierra Vista - Cochise College
Cottonwood - Yavapai College

Future Leaders Town Hall on Arizona's Economy

On October 7, 2014, the Arizona Town Hall, in partnership with Maricopa Community Colleges and other organizations, held a Future Leaders Town Hall on Arizona's Economy that drew high school and college students from around the state. Following are some of the key points developed from the gathering.

IMPACT OF THE ECONOMY ON OUR COMMUNITY

- Small and family owned businesses were forced to close their doors during the recession.
- Tourism is a major source of income in Arizona, particularly winter visitors.
- The state of the economy affects the quality of life, especially for working families.
- A weak economy impacts housing development, job opportunities, and agricultural production.
- The vibrancy of the economy affects the availability of funds to invest in education and community services.

ARIZONA'S STRENGTHS AND CHALLENGES

- Our cost of living is lower than many other areas.
- Being located near the border and within easy access of large populated areas encourages tourism.
- The natural environment is attractive along with the milder climate.
- We need to increase the number of qualified people to do the jobs available.
- Our education system needs improvement to attract new corporations.

BEST WAYS TO SUPPORT A VIBRANT AND SUSTAINABLE ECONOMY

- Invest in our education system at all levels and make it more accessible.

- Encourage more trade and commerce across the border.
- Research more ways to utilize our natural resources, like solar energy.
- Improve Arizona's reputation through a state appreciation campaign.
- Support our local businesses through incentives and purchasing.

MESSAGES TO ARIZONA'S ELECTED LEADERS

- Focus on long-term education.
- Invest in our infrastructure to attract businesses and enhance mobility.
- Pay attention to the needs and aspirations of the middle class.
- Leaders at the community, state and tribal level all need to work together for the betterment of all.
- Create a receptive business climate with competitive pay.

COMMITMENTS TO ACTION

- Become engaged with our representatives in local and state government.
- Shop locally and support local businesses.
- Speak up for what we want to see changed and be part of advocacy groups.
- Educate ourselves and others on economic issues.
- Share what I have learned at the Future Leaders Town Hall at my school and in my community.

Arizona's Economy Quick Links

- ***www.localfirstaz.com*** Local First Arizona is a statewide non-profit organization working to strengthen Arizona's communities and local economies through growing, supporting, and celebrating locally owned businesses.
- ***www.azcommerce.com*** The Arizona Commerce Authority is an economic development organization with a mission to grow and strengthen Arizona's economy.
- ***www.aaed.com*** The mission of the Arizona Association of Economic Development is to serve as Arizona's unified voice advocating for responsible economic development through an effective program of professional education, public policy, and collaboration.
- ***www.azchamber.com*** The Arizona Chamber exists to represent the interests of commerce and industry in a way that enhances Arizona's economy.
- ***www.azsba.org*** The Arizona School Boards Association is a private, non-profit, non-partisan organization that provides training, leadership and essential services to public school governing boards statewide.
- ***www.azsfdc.net*** Small Business Development Center is a statewide source of assistance for small businesses in every stage of development.
- ***www.asba.com*** Arizona Small Business Association is a statewide resource which supports small businesses through an active and connected community.

How You Can Have An Impact

- Share your knowledge and the work of Town Hall participants with family, friends and coworkers.
- Use available resources, such as those referenced in the background report for the 105th Arizona Town Hall, to partner with existing organizations and develop ideas that will ensure the vitality of Arizona's economy. Download the background report at <http://www.aztownhall.org>.
- Keep up to date on relevant programs in your community and action you can take through the Arizona Town Hall (<http://www.aztownhall.org>).
- Arrange a program in your community. Arizona Town Hall can provide resources, speakers, and printed materials. Use social media and personal networks to share information.
- To join existing efforts to pursue recommendations from the 105th Arizona Town Hall, contact the Arizona Town Hall office.
- Be the change. Model the behavior you expect from others.



After amendments were presented at Wednesday's plenary session, participants give the "thumbs up" for amendments to be included in the final report.

Key Priority 5:

Businesses, individuals and government leaders need to support actions that show Arizona as a culturally diverse state.

- From the 105th Arizona Town Hall Report of Recommendations



We welcome your involvement,
questions, and perspectives.

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Since 1962, Arizona Town Hall has been educating, engaging and empowering Arizonans. Town Hall recommendations are a valuable resource for policymakers because they do not represent the agenda of a particular group or political perspective. Instead, Arizona Town Hall reports contain the informed consensus of Arizonans from different political parties, professions, and geographic areas of the state. A private, non-profit civic organization, Arizona Town Hall has served as a catalyst for conversations and recommendations that have influenced significant changes in Arizona's public policy. Countless local, state, and national leaders have cited Arizona Town Hall as an important factor in educating people about complex issues, and fostering the development of civic and community leaders.

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