

# Arizona's Human Capital: Latino Students and their Families

## INTRODUCTION

Arizona's economy as part of today's information-driven and global marketplace requires human capital and continual development of a skilled and competitive workforce. Increasing the numbers of students who attain a college education is critical to addressing Arizona's skilled workforce.

In Arizona, as throughout the country, the Hispanic\* community is a large and growing vital source of human capital. Latinos are the second largest ethnic group, the fastest growing population, and the most undereducated group both in Arizona and in the U.S. At a time when "baby boomers" are planning to retire, growing numbers of young Latinos are preparing to enter the job market. Latinos will become a growing percentage of the workforce, both nationally and in the state of Arizona.

Although researchers have examined this convergence of trends in population, workforce and education, resulting in studies that quantify the magnitude of the impact in distinct geographic regions, the question of how best to respond is still unanswered. Policy-makers in Arizona have the opportunity to respond to the convergence of these powerful trends by addressing the practices and capacities of higher education in preparing Hispanic students to join the future workforce as skilled and competitive employees.

The aim of this brief is to support the work of Arizona policy-makers by highlighting trends in educational attainment, and college affordability affecting Latino students and their families. This information is offered against the backdrop of current, salient research and data to serve as the foundation for further dialogue and policy-making about growing the skills of Arizona's current and future workforce.

\*Hispanic and Latino are used interchangeably throughout this brief.

## CONVERGING TRENDS IN ARIZONA

### **The population in Arizona continues to grow rapidly.**

Arizona is the second fastest growing state in the country. The population in Arizona grew 50 percent from 1990 to 2004 (from 3.6 to 5.6 million). By 2015, the Arizona population is projected to increase by more than 30 percent (to 7.9 million).

### **The Hispanic population continues to grow in Arizona.**

The Hispanic population represents a large portion of the population growth in Arizona. From 1990 to 2000, the Hispanic population in Arizona grew 88 percent (0.7 million to 1.3 million). Furthermore, from 2000 to 2004, the Hispanic population in Arizona grew 22 percent (1.5 million), and is expected to continue its growth.

### **The Hispanic population in Arizona is young.**

The average age of Hispanics in Arizona is 24. In comparison, the average age of White, non-Hispanics in Arizona is 38. This difference in age means that Arizona will increasingly need to rely on the Hispanic community for its workforce needs.

The population growth is especially evident in high school graduates. Despite the high dropout rates for Hispanics in Arizona, Hispanics will still represent a large proportion of those who graduate from high school. By 2013-14, Hispanics are projected to represent more than 40 percent of all public high school graduates.

### **Hispanics are overrepresented in low-paying occupations in Arizona.**

Hispanics in Arizona currently represent 22 percent of the civilian workforce. This group is overrepresented in low-level occupations, however. For example, Hispanics represented 50 percent of laborers, 30 percent of service workers, but only 8 percent of professionals and 10 percent of officials/managers.

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### Hispanics have low levels of educational attainment in Arizona.

Although the Hispanic population is growing quickly, its levels of educational attainment have not kept pace. As stated earlier, the Hispanic community has grown more than 100 percent from 1990 to 2004. In contrast, the percentage of Hispanics with bachelor's degrees has only increased 3 percent. From 1990 to 2004, the percentage of Hispanics in Arizona earning bachelor's degrees only increased from 7 to 10 percent.

In comparison, 28 percent of the total population 25 and over in Arizona had at least a bachelor's degree in 2004.

### Arizona reaps public and private benefits of higher education.

A variety of studies have shown that going to college has many broad and specific benefits for the workforce. For state policy-makers, an understanding of the benefits of higher education helps to justify the investment of state tax dollars.

In Arizona, the public benefits of higher education are numerous. Those who attained at least a bachelor's degree were less likely to receive public assistance, much more likely to vote and to volunteer, and more likely to describe their health positively. The private benefits for higher education are more generally recognized. In Arizona, the population with a bachelor's degree was much less likely to be unemployed and had average total personal income more than twice that of those with high school diplomas and more than three times the income of those who lack high school diplomas.

### Hispanic students are going to college but are concentrated in a few institutions in Arizona.

Although not in numbers that are proportionate to their share of the state's population, Hispanics are going to college in Arizona, and in higher numbers than ever before. They represent about 16 percent of students enrolled in Arizona. A small number of institutions in Arizona are

enrolling a large proportion of Hispanics in Arizona, however.

In 2003-04, 64 percent of Hispanic undergraduate students were enrolled in community colleges, 19 percent were enrolled in public four-year colleges/universities, and 17 percent were in private institutions. Furthermore, 42 percent of Hispanic undergraduates in Arizona were enrolled in just 11 percent of institutions known as Hispanic-Serving Institutions (HSIs)<sup>1</sup>.

### Higher education is less affordable in Arizona.

Compared with other states, higher education is less affordable in Arizona. This lack of affordability is especially true for those with lower and middle- incomes in Arizona, many of whom are Latino. In fact, Arizona received a grade of 'F' on the affordability of its higher education in a recent national report. This grade was the result of three measures: family ability to pay, strategies for affordability, and reliance on loans.

A family's ability to pay for higher education in Arizona is limited. The lowest income population in Arizona uses the highest percentage of its income to pay for the net cost of college. For example, the net cost of college for the 40 percent of families from the lowest income levels would require 37 percent of their family income to pay for community college and 46 percent of their income to pay for a public four-year college/university.

Moreover, Arizona's investment in need-based aid is much lower than other states', which may limit the college options of low-income students in the state. In 2003, the average student loan amount for

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<sup>1</sup> Hispanic-Serving Institutions (HSIs) are defined in federal law as accredited and degree-granting public or private nonprofit institutions of higher education with 25 percent or more total undergraduate Hispanic full-time equivalent student enrollment.

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undergraduates in Arizona was about \$3,620.

### **Hispanics are more likely to pay for college with federal grants than loans.**

In 2003-04, about 70 percent of undergraduate students in Arizona received financial aid to pay for college. National data shows that Hispanics are more likely to pay for college with grants than loans, and this is consistent with data from Arizona. The average federal grant in Arizona was similar to the average nationally.

The starkest difference between Hispanics nationally and in Arizona is the receipt of state/local aid. Overall, Hispanic students in Arizona were five times less likely to receive state/local aid to pay for college than Hispanics nationally.

### **ADDRESSING ARIZONA'S CONVERGING TRENDS**

The Latino community is a critical component of Arizona's current and future workforce. Given the converging trends in Arizona's population, workforce and education, policies that improve Latino educational attainment in Arizona also enhance the state's human capital and the skills required of a competitive workforce. Arizona reaps public benefits from this investment.

Although policy agendas are generally influenced by statewide fiscal constraints and shifting priorities, the need for a skilled and educated workforce in Arizona remains a constant priority. Thus, policy-makers are

compelled to examine the impact of today's policies and legislation on the state's higher educational system and its capacity to prepare the future workforce.

The following policy recommendations target higher education and are offered as a means to address the converging trends in Arizona.

- Increase state aid, especially need-based aid, to help students pay for college. Given the lower income status of Hispanics in Arizona, and how they pay for college, this increase can improve their college access, choices, and preparation for a skilled workforce.
- Develop a predictable tuition policy for public institutions so that families can more accurately plan for paying for college. The perception of high and growing college costs can limit the college options of Hispanic students.
- Provide incentives to improve transfer from community colleges to four-year institutions.
- Invest in the quality of education provided by the institutions that enroll large numbers of Hispanics.
- Offer a semester-long high school elective course on how to choose and pay for college to accompany a rigorous college preparation program.

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**Excelencia in Education** aims to accelerate higher education success for Latino students by providing data-driven analysis of the educational status of Latino students, and by promoting education policies and institutional practices that support their academic achievement. A 501(c)(3) organization, *Excelencia* is building a network of results-oriented educators, including university and community-based professionals and policymakers, adding value to their individual efforts with the means and momentum to address the U.S. economy's need for a highly educated workforce. For more information please visit [www.EdExcelencia.org](http://www.EdExcelencia.org)