Florida's Economic Future & the Impact of Aging

FLORIDA ALFA

Florida Assisted Living Federation of America

March 17, 2014

Presented by:

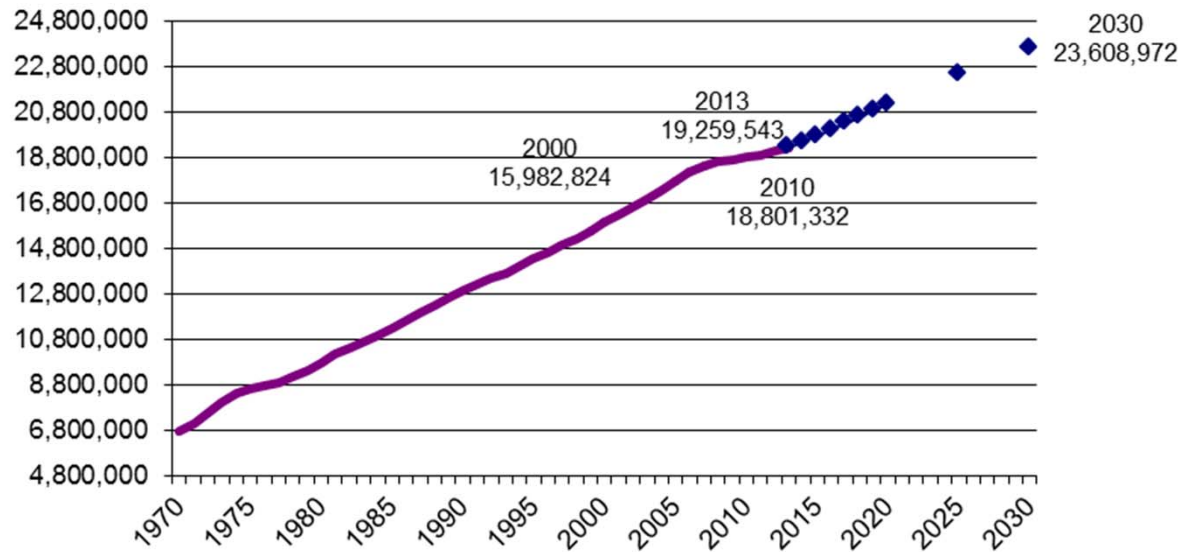

The Florida Legislature
Office of Economic and
　　Demographic Research
850.487.1402
http://edr.state.fl.us

Population Growth Recovering

- Population growth is the state's primary engine of economic growth, fueling both employment and income growth.

- Population growth is expected to continue its recovery, showing increasing rates of growth over the next few years. In the near-term, growth is expected to average 1.3% between 2013 and 2015 – and then strengthen to a slightly higher 1.4% between 2015 and 2020. Most of Florida's population growth through 2030 will be from net migration (90.0%). Nationally, average annual growth will be about 0.74% between 2013 and 2030.

- The future will be different than the past; Florida's long-term growth rate between 1970 and 1995 was over 3%.

- Florida is on track to break the 20 million mark during 2016, becoming the third most populous state sometime before then – surpassing New York.
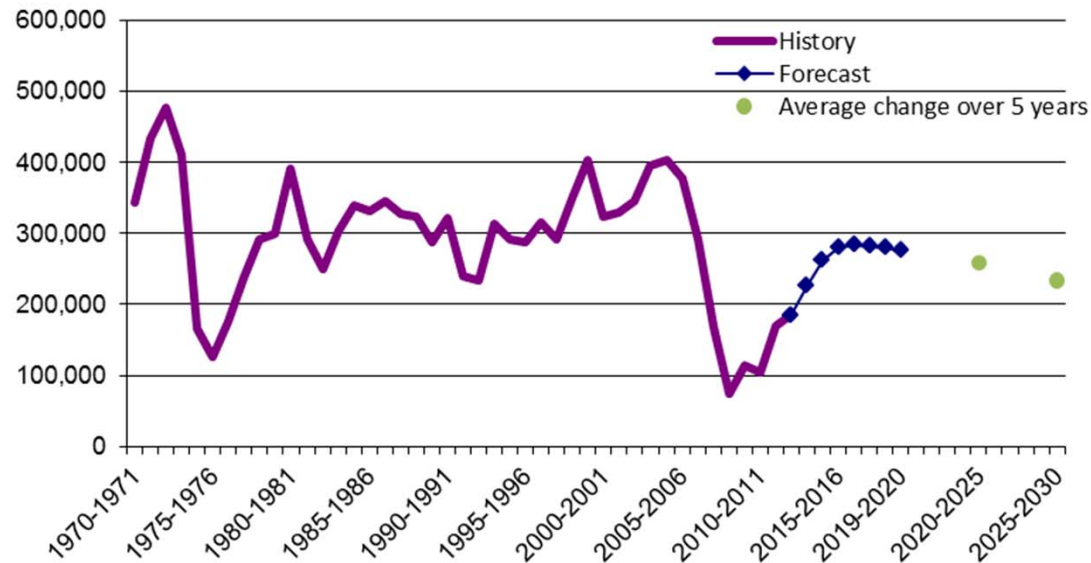
Florida's April 1 Population

Florida's population:
- was 15,982,824 in 2000
- was 18,801,332 in 2010
- is forecast to grow to 23,608,972 by 2030

Florida's Population Growth

Population:
- Average annual increase between 2000 and 2006 was: 361,942
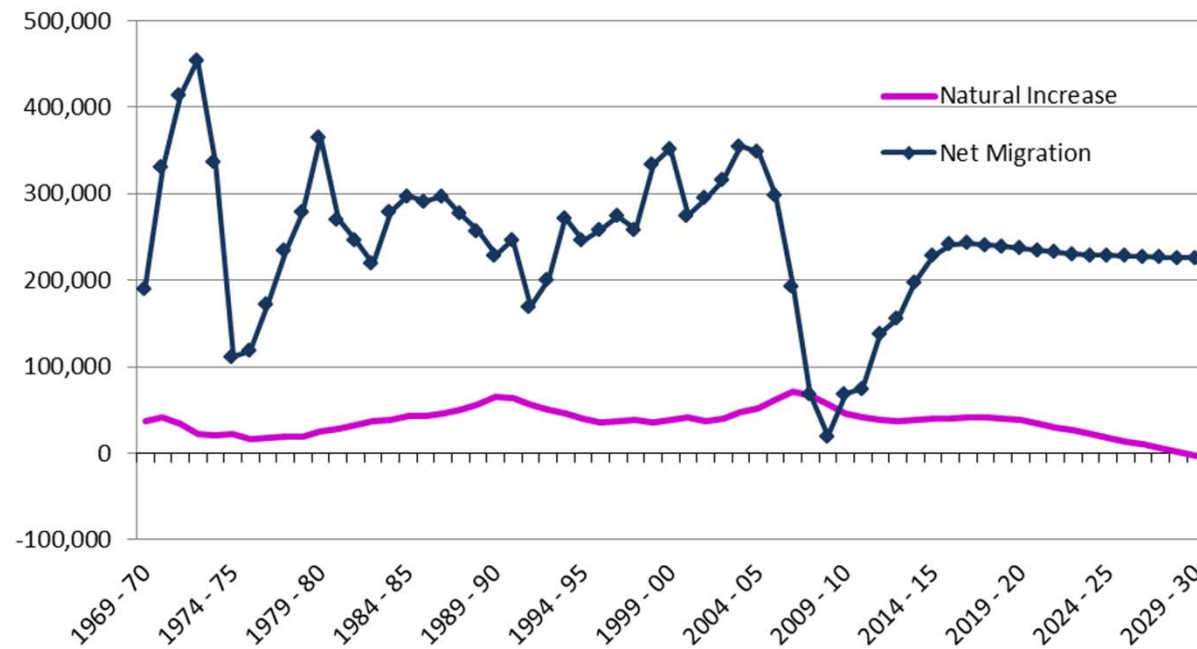- Average annual increase between 2007 and 2013 was: 135,463

Population is forecast to increase on average by:
- 243,845 between 2013 and 2015 --- a gain of 668 per day
- 280,493 between 2015 and 2020 --- a gain of 768 per day
- 258,655 between 2020 and 2025 --- a gain of 709 per day
- 233,200 between 2025 and 2030 --- a gain of 639 per day

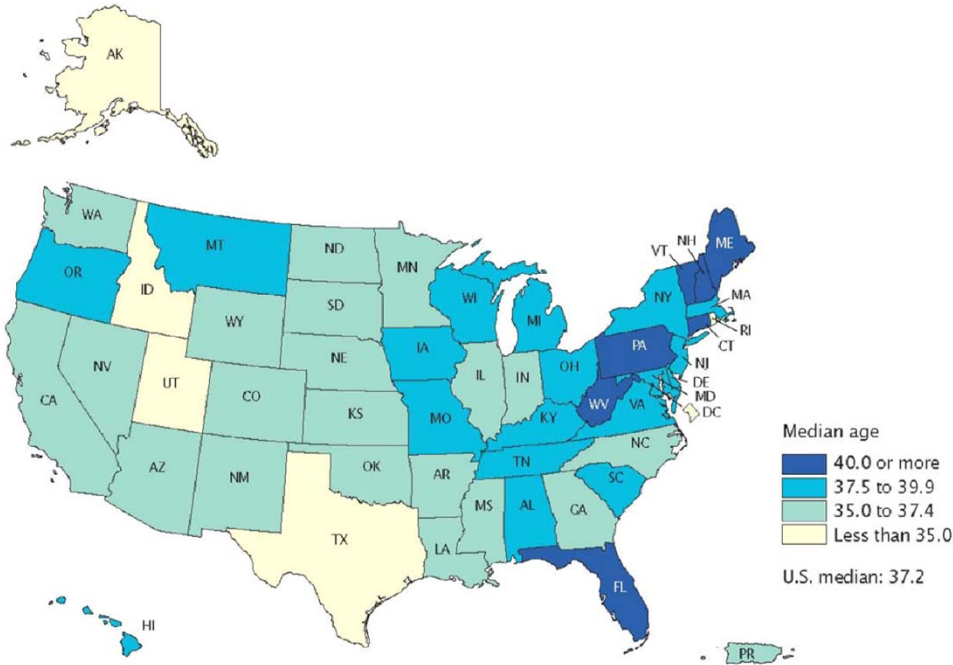| 2013	
Orlando	250,415
St. Petersburg	249,704
Hialeah	229,766

Florida's Population Growth

- Typically, most of Florida's population growth is from net migration.

- In 2030, net migration is forecast to represent all of Florida's population growth.

- For the future aging population, it's not just the Floridians that are here today who are aging in place, but it is also the people who have yet to move to Florida.

Median Age

Source: U.S. Census Bureau, *2010 Census Summary File 1.*

Median age
- 40.0 or more
- 37.5 to 39.9
- 35.0 to 37.4
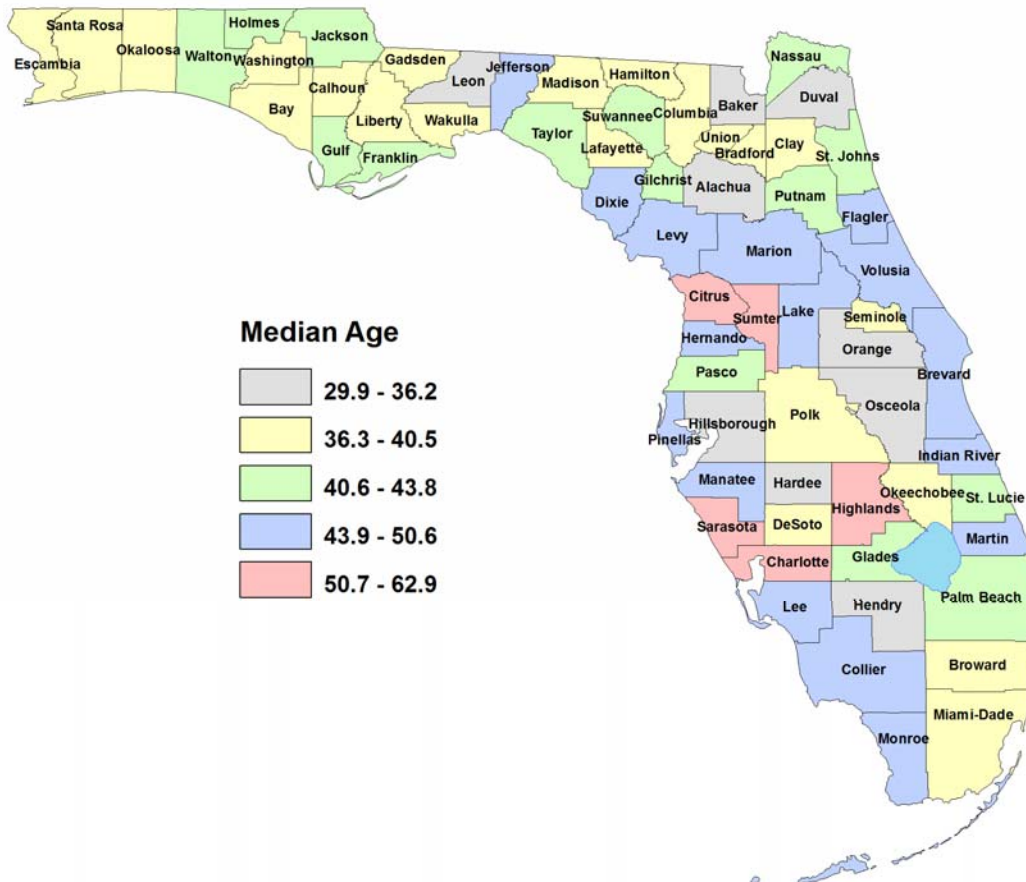- Less than 35.0

U.S. median: 37.2

- In 2010, Florida did not have the highest median age, but compared to other states that also had a median age of 40 or above, Florida had the greatest number and percentage of residents age 65 and over.

- Four of the nation's top ten places with the highest percentage of population age 65 and over were in Florida:
  - Clearwater (19.8%)
  - Hialeah (19.1%)
  - Cape Coral (17.0%)
  - Miami (16.0%)

- Median age of Florida's population age 65 years and older was 74.3

State	Total Population	Population 65 years and over		Median Age
		Number	Percent	
Connecticut	3,574,097	506,559	14.2	40.0
Florida	18,801,310	3,259,602	17.3	40.7
Maine	1,328,361	211,080	15.9	42.7
New Hampshire	1,316,470	178,268	13.5	41.1
Pennsylvania	12,702,379	1,959,307	15.4	40.1
Vermont	625,741	91,078	14.6	41.5
West Virginia	1,852,994	297,404	16.0	41.3

Median Age of Floridians
(April 1, 2012)

Median Age

- 29.9 - 36.2
- 36.3 - 40.5
- 40.6 - 43.8
- 43.9 - 50.6
- 50.7 - 62.9
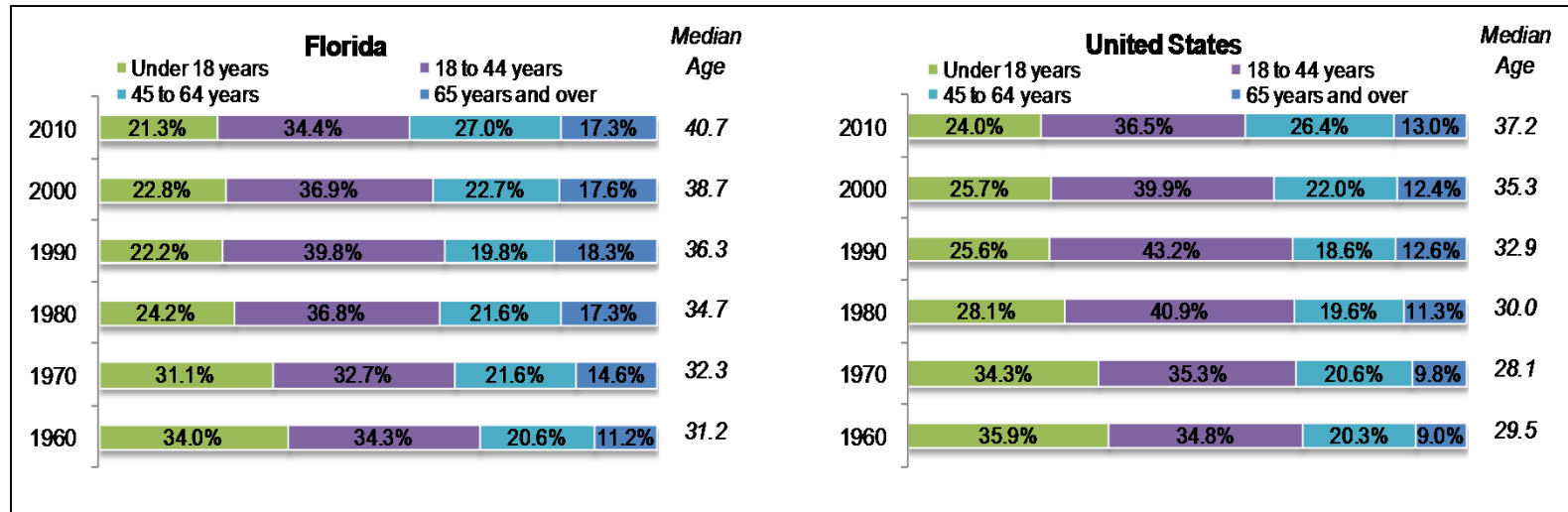
- The median age of Florida residents was estimated to be **41** years as of April 1, 2012.

- There was 1 county with a median age below 30: Leon (29.9).

- There were 6 counties with a median age of 50 and older: Sumter (62.9), Charlotte (56.1), Citrus (54.5), Sarasota (53.1), Highlands (52.2), and Martin (50.6).
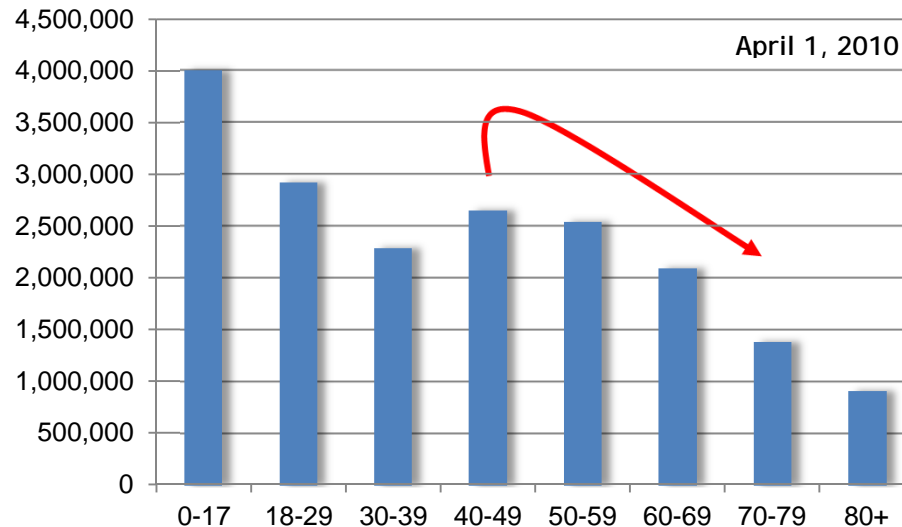
Median Age Distribution

The aging of the Baby Boom population into the older age groups has been contributing to the increase in the median age in both the United States and Florida.
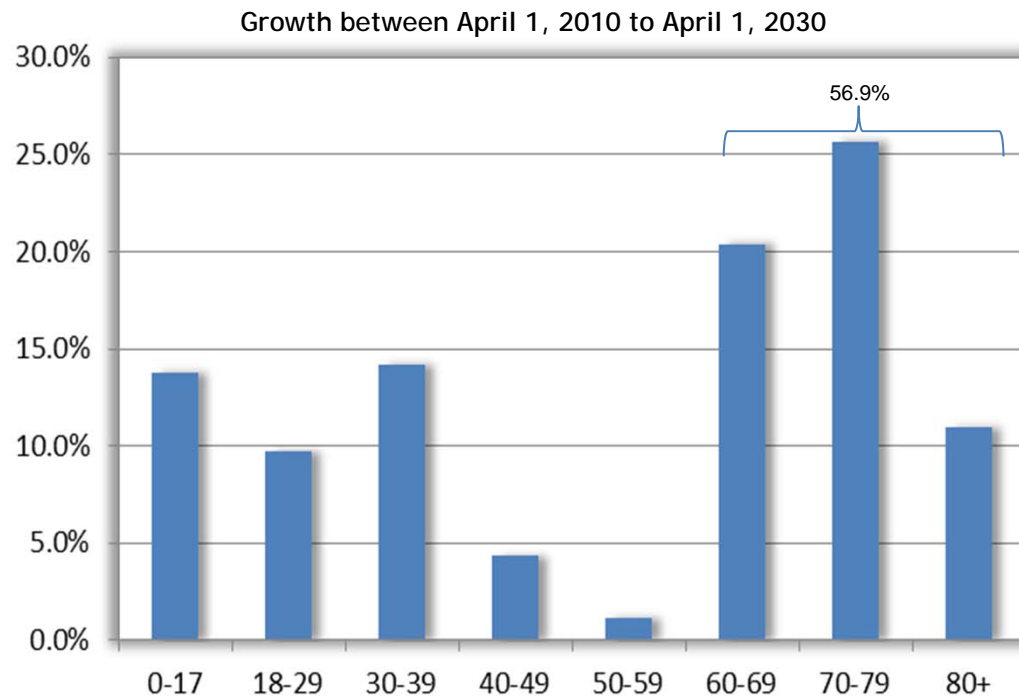
Population by Age Group: Snapshot

As of April 1, 2010, there were:
- 4.0 million Floridians under the age of 18
- 2.9 million Floridians between 18 and 29
- 2.7 million Floridians in their 40s
- 2.5 million Floridians in their 50s
- 2.3 million Floridians in their 30s
- 2.1 million Floridians in their 60s
- 1.4 million Floridians in their 70s
- Almost 1.0 million Floridians 80 or older

Population Growth by Age Group

Growth between April 1, 2010 to April 1, 2030
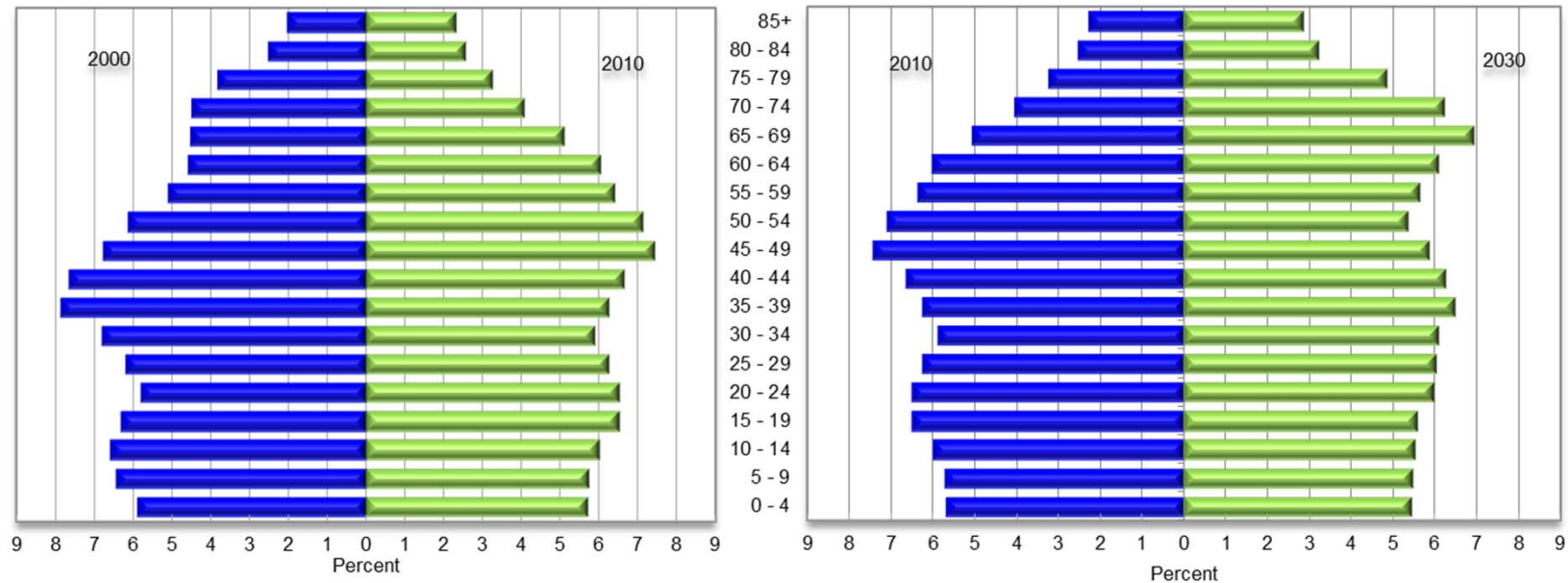

- Between 2010 and 2030, Florida's population is forecast to grow by almost 4.8 million.

- Florida's older population (age 60 and older) will account for most of Florida's population growth, representing 56.9 percent of the gains.

- Florida's younger population (age 0-17) will account for 13.8 percent of the gains.

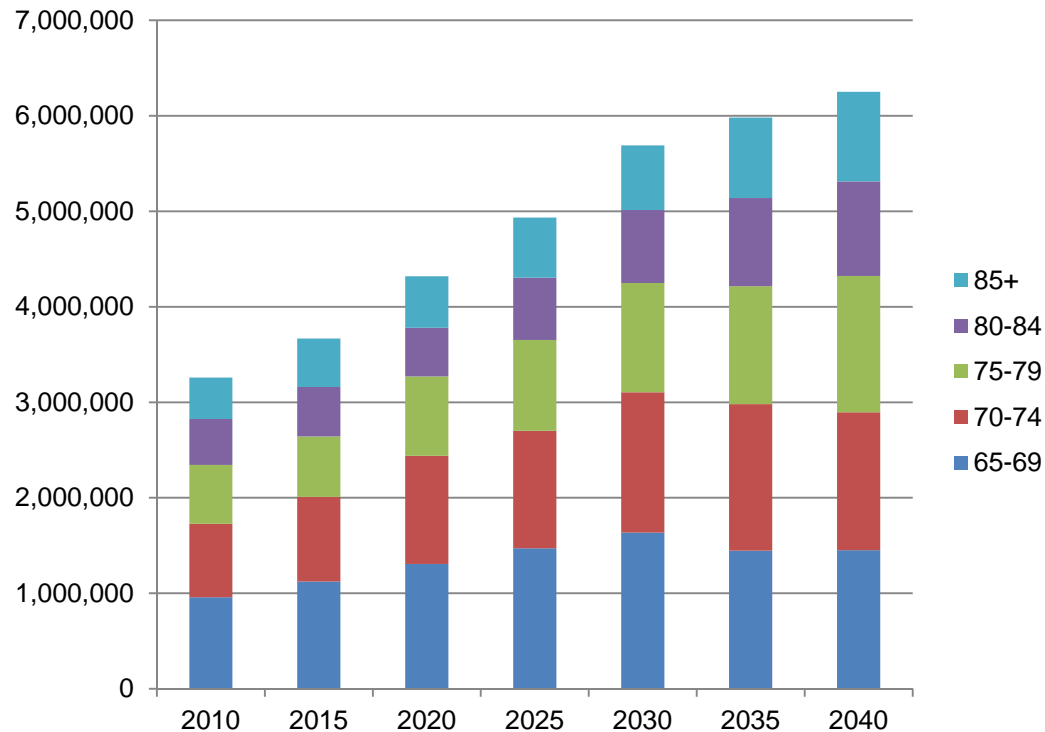# Total Population by Age Group

- In 2000, Florida's working age population (ages 25-54) represented 41.5 percent of the total population. With the aging Baby Boom generation, this population now represents 39.1 percent of Florida's total population and is expected to represent 36.1 percent by 2030.

- Population aged 65 and over is forecast to represent 24.1 percent of the total population in 2030.
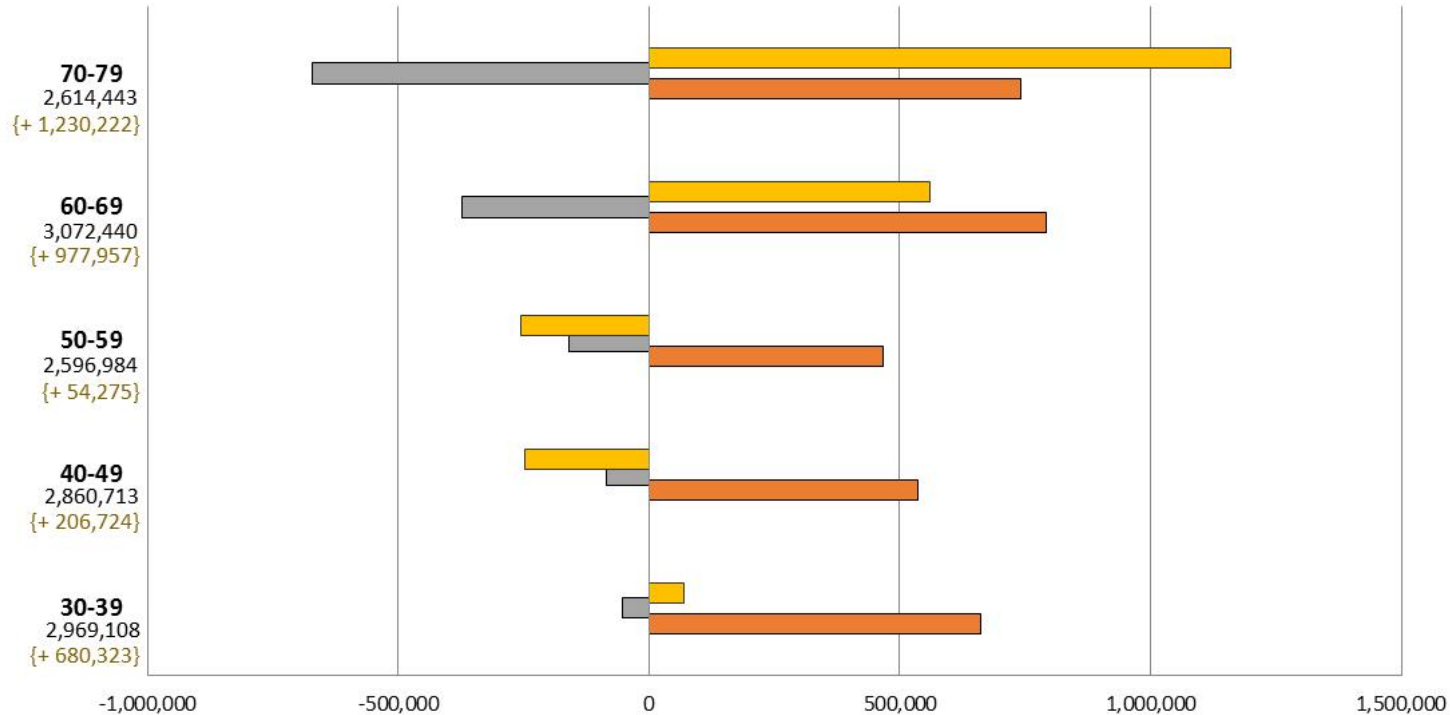
Florida's Older Population

- Between 2010 and 2040, Florida's older population is expected to almost double.

- The 75-79, 80-84, and 85+ age groups will more than double over this time horizon.

- Population aged 75 and over currently represents about one-third of the 65 and over age group and is expected to increase to slightly over half of that age group by 2040.

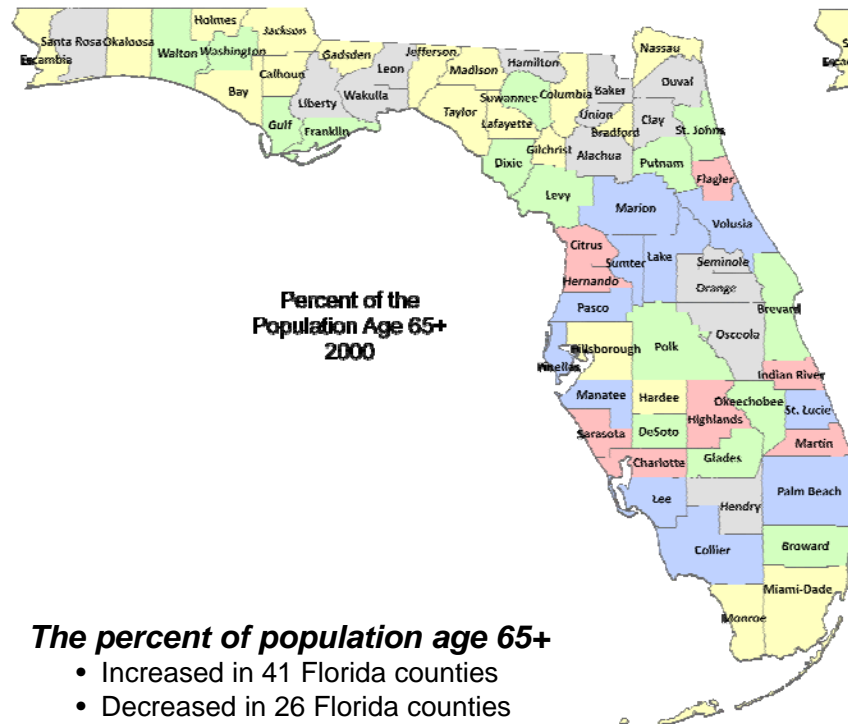## Component Change in Age Group Size in 2030
Relative to 2010

	30-39	40-49	50-59	60-69	70-79
resident cohort	70,444	-246,004	-253,924	559,506	1,158,488
deaths	-51,496	-83,853	-158,924	-373,620	-670,709
migration	661,375	536,581	467,123	792,071	742,443

70-79
2,614,443
{+ 1,230,222}

60-69
3,072,440
{+ 977,957}

50-59
2,596,984
{+ 54,275}

40-49
2,860,713
{+ 206,724}

30-39
2,969,108
{+ 680,323}

	2010		2030		change in age group
70-79	1,384,221		2,614,443		1,230,222
60-69	2,094,483	31.7%	3,072,440	40.3%	977,957
50-59	2,542,709	23.2%	2,596,984	18.4%	54,275
40-49	2,653,989		2,860,713		206,724
30-39	2,288,785	45.1%	2,969,108	41.3%	680,323
Total	10,964,187		14,113,688		3,149,501

The change in population is a net number. The future senior population will be composed of not just the Floridians aging in place who are here today (minus people who move and deaths), but also the people who have yet to move to Florida.

Percent of Florida's Population Age 65+

Percent of the Population Age 65+ 2000

Percent of the Population Age 65+ 2010

Legend

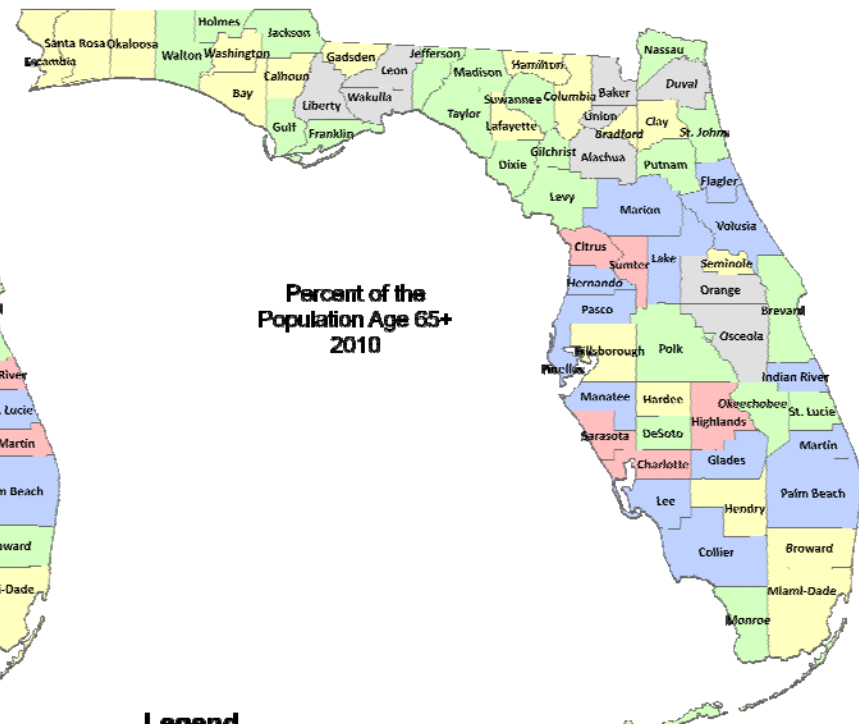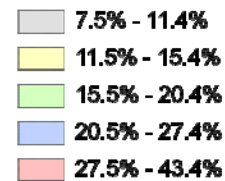|	
▨	7.5% - 11.4%
▨	11.5% - 15.4%
▨	15.5% - 20.4%
▨	20.5% - 27.4%
▨	27.5% - 43.4%

The percent of population age 65+
- Increased in 41 Florida counties
- Decreased in 26 Florida counties

Statewide, the percent of population age 65+
- Was 17.6% in 2000 and 17.3% in 2010

Compared to the US
- In 2010, 51 of Florida's 67 counties exceeded the US percent of population 65 years and older (13.0%)

Hispanic Population

Florida Population			
	2000	2010	Percent Change
Total	15,982,378	18,801,310	17.6%
Hispanic	2,682,715	4,223,806	57.4%
Hispanic as a % of total population	16.8%	22.5%	
Age 65 and older	2,807,597	3,259,602	16.1%
Age 65 and older as a % of total population	17.6%	17.3%	
Hispanic	278,653	436,198	56.5%
Hispanic as a % of population age 65 and older	9.9%	13.4%	

- Florida's Hispanic population increased from representing 16.8% of total population in 2000 to 22.5% in 2010.

- Florida's Hispanic population also increased its share of the population age 65 and older from 9.9% in 2000 to 13.4% in 2010.

Language and Foreign Born

Language Spoken at Home	Estimate
Population 5 years and over	18,247,223
English only	13,156,749
Language other than English	5,090,474
Speak English less than "very well"	41.4%
Spanish	3,733,476
Speak English less than "very well"	43.0%
Other Indo-European languages	960,096
Speak English less than "very well"	36.2%
Asian and Pacific Islander languages	284,245
Speak English less than "very well"	43.6%
Other languages	112,657
Speak English less than "very well"	26.5%

Language Spoken at Home	Estimate
Population 65 years and over	3,508,827
English only	2,815,886
Language other than English	692,941
Speak English less than "very well"	65.2%
Spanish	463,071
Speak English less than "very well"	73.7%
Other Indo-European languages	179,366
Speak English less than "very well"	46.5%
Asian and Pacific Islander languages	36,013
Speak English less than "very well"	59.7%
Other languages	14,491
Speak English less than "very well"	39.9%

- In 2012, 5 million Floridians (age 5 or older) spoke a language other than English at home, of which 41.4% spoke English less than "very well".

- In comparison, around 690,000 Floridians aged 65 or older spoke a language other than English at home, of which 65.2% spoke English less than "very well".

- Statewide, 19.4% of the population is foreign born; whereas for the population aged 65 or older this percentage increases to 20.7%.

Dual Florida Challenges...

- **Aging State** – more intense in Florida than elsewhere because the population share (over 24.1% in 2030)

- **Growing State** – all of the same problems as we've had in the past, only more so
  - Greater Need for Services
  - Allocation of Increasingly Scarce Natural Resources (especially water)
  - Provision of Needed Infrastructure (new and replaced)
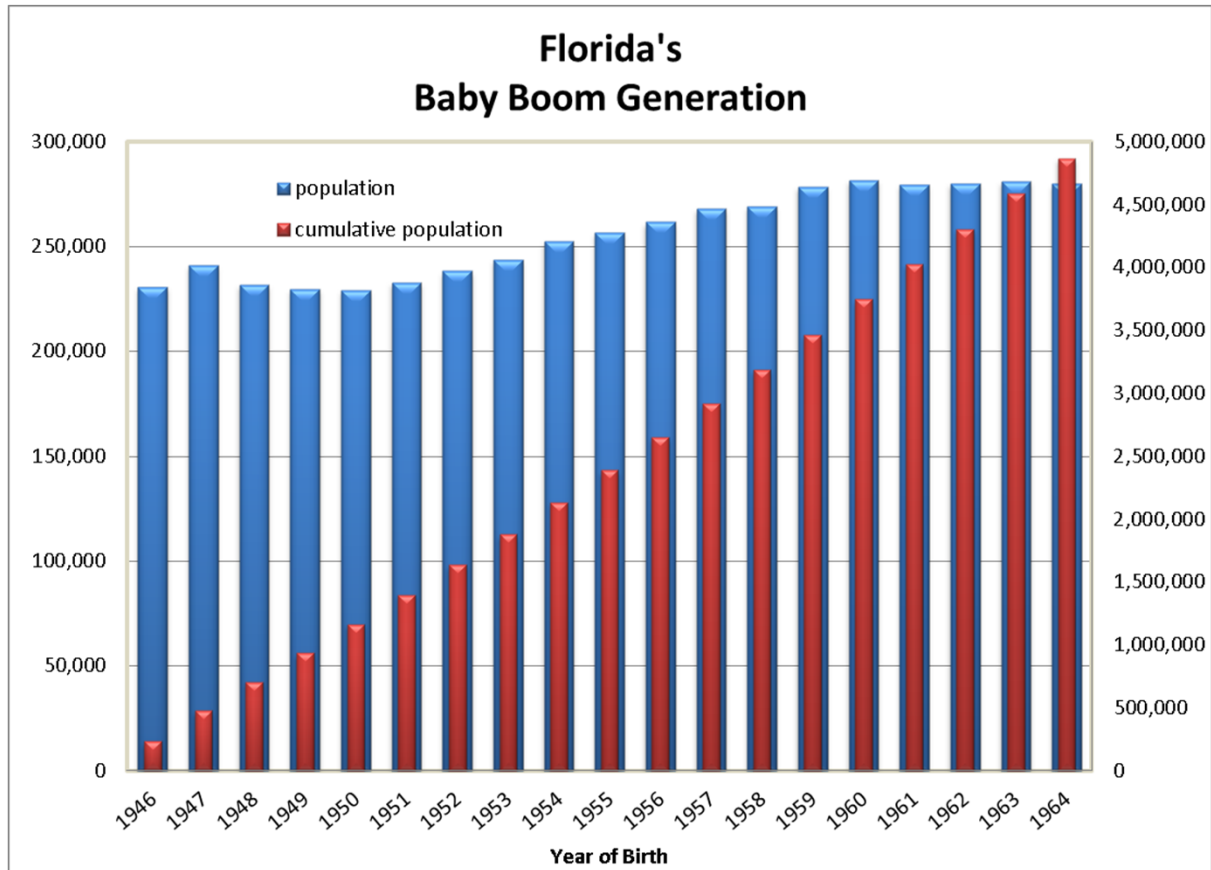
Baby Boom Cohort

- Birth Cycle: 1946 – 1964
- 2010 Census count of 46-64 year olds:
  - US: 77.0 million
  - FL: 4.8 million
- Entry into the Workforce: 1967 – 1985
- Entry into Retirement: 2011 – 2029

2050

Florida Baby Boom Cohorts

Only three cohorts have entered the retirement phase: 2011, 2012 and 2013.

Global Trends

- By 2025, the world will be:
  - Much Older (the US will largely look like FL today)
  - Far Less Caucasian
  - Far More Concentrated in Urban Areas

- The aging population is a function of:
  - The Baby Boom Cohort
  - Falling Fertility Rates
  - Rising Longevity (life expectancy: 78.7 in 2011)
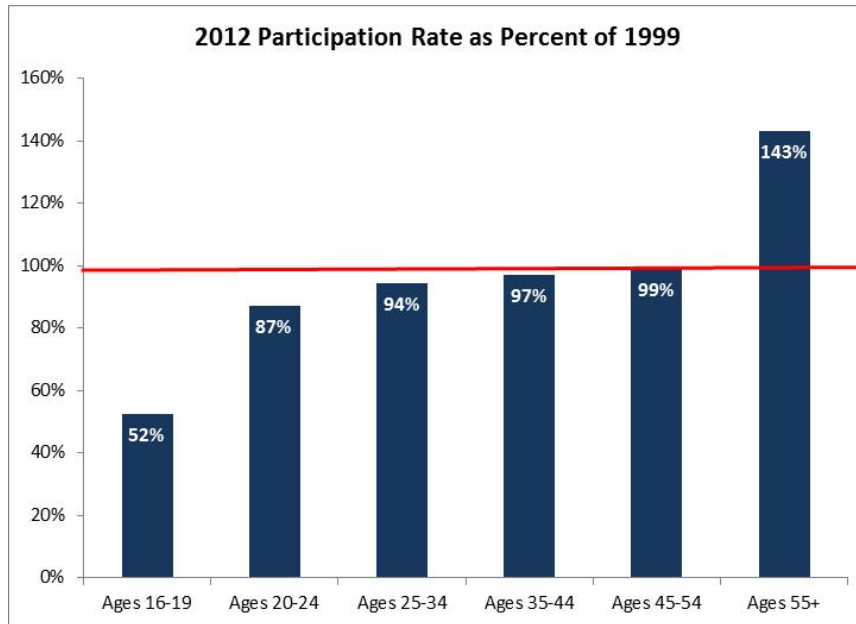
Long-Term Workforce Trends

- The ratio of taxpaying workers to retirees will fall as baby boomers age:
  - US today, 4:1
  - FL today, 3:1
  - FL in 2030, 2:1

- Pool of workers will shrink: new retirees will not be fully replaced by younger workers.

- Worker shortages (especially among highly educated and skilled) will become the norm.

Florida Labor Force Participation Rates

2012 Participation Rate as Percent of 1999

Older workers are staying in the workforce longer. Participation rates for older workers aged 65+ have increased from 10.3% in 2000 to a high of 16.5% in 2010, while the participation rates of all workers fluctuated between 61.7 and 63.8 during that time period.
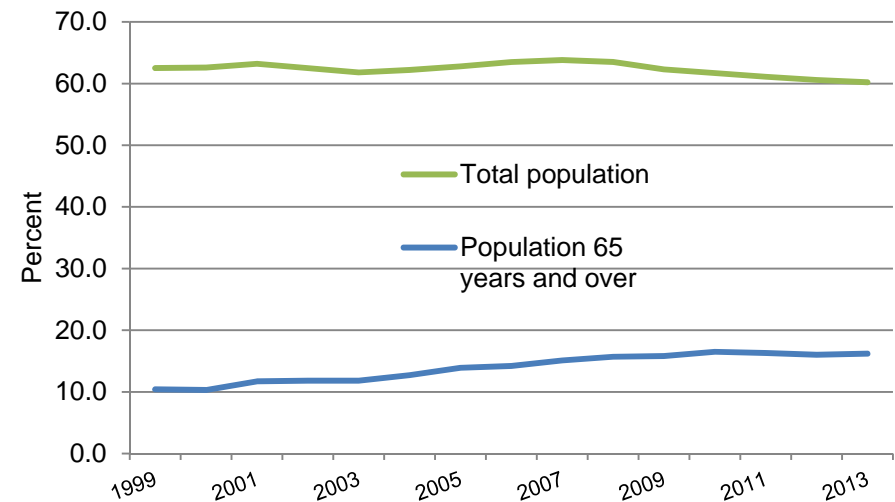
The Great Recession, which reduced the value of retiree savings and home values, is contributing to this trend.

More Ramifications

- Labor force contraction could significantly depress economic output and boost inflation as wages increase to attract skilled-workers from other areas.

- Long-term economic slowdown and larger retirement population will further lead to a decline in consumer spending and changes in investment patterns as the senior population spends down its savings.

- Lower standard of living could become the norm for some, especially for those seniors living on fixed incomes for 20 or more years, and the estimated one-third of boomers with limited retirement assets (mainly single women).

Implications for Services

- Labor-intensive jobs (firefighters, police, construction) will be harder to fill.

- Today's elderly prefer face-to-face interaction. In the future, people will become more technologically savvy and more comfortable working over the internet.

  - Less reliance on physical space

  - Fewer employees as the use of technology increases

Housing

- 65.6% of Florida's occupied housing units were owner occupied. For those householders age 65 and over, 82.8% were owner occupied units. (2012 ACS)

  - 61.1% of Florida's owner occupied housing units had a mortgage. However for those householders age 65 and over, 36.0% had a mortgage. (2012 ACS)

- 1.9% of Floridians age 65 and over lived in nursing facilities / skilled-nursing facilities, compared to 3.1% nationally. The majority of these Floridians age 65 and over in these facilities (69.2%) were females, although the split between males and females in the total population is roughly equal. (2010 Census)

  - As age increases, the share of the older population in a skilled-nursing facility also increases (2010 Census).

- The first Baby Boomers will hit 85 in 2031.

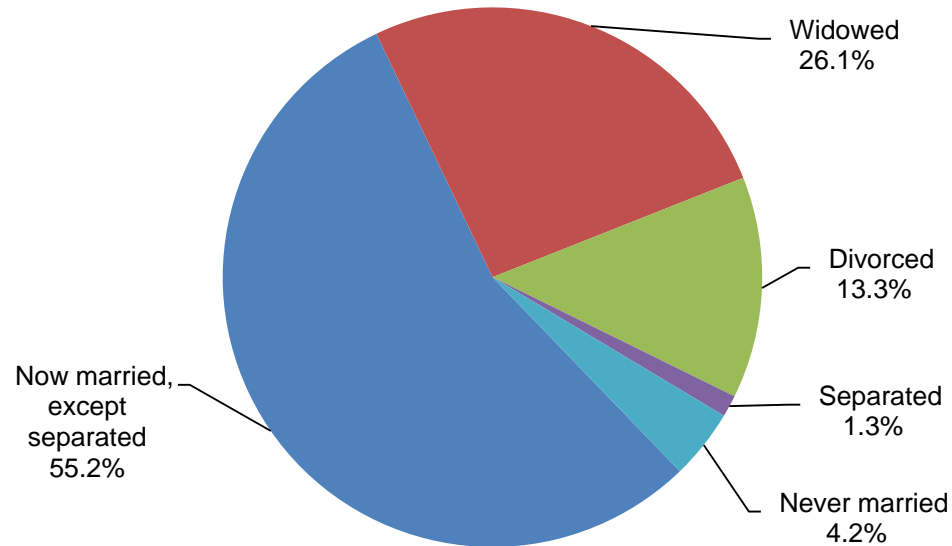| Percentage of Age Group Population in a Skilled-Nursing Facility		
Age	US	Florida
65 to 69 years	0.7%	0.5%
70 to 74 years	1.2%	0.7%
75 to 79 years	2.3%	1.4%
80 to 84 years	4.4%	2.7%
85 and over	11.6%	7.1%

Marital Status

- 55.2% of Florida's population 65 years and over was married in 2012 compared to 46% in the general population 15 years and over. (2012 ACS)

- 26.1% of Floridians age 65 and over were widowed in 2012.

- 14.6% of people 65 years and over were divorced or separated. The divorce rate among the elderly is very close to the divorce rate in the general population 15 years and over.

Florida
Marital Status of the Population 65 Years and over
2012

Widowed
26.1%

Divorced
13.3%

Separated
1.3%

Never married
4.2%

Now married,
except
separated
55.2%

Health Care

- About one-fourth of Florida residents age 65 and over live alone.

- Today, elderly and disabled Medicaid recipients account for an estimated 31.72% of the total caseload -- but 58.12% of Medicaid spending.

  - Use of acute and long-term care services is high.

  - The majority of nursing home residents rely on Medicaid support after the cost of their care exhausts their savings and they qualify for assistance.

  - An increasing array of new services, procedures and drugs prolong life – but also the potential for chronic problems.

  - The number of available family caregivers will diminish in relation to the number who need care.

Disability Characteristics

	Total Population	With a Disability	Percent with a Disability
Population 65 years and over	3,441,314	1,147,240	33.3%
With a hearing difficulty	(X)	473,056	13.7%
With a vision difficulty	(X)	210,102	6.1%
With a cognitive difficulty	(X)	309,235	9.0%
With an ambulatory difficulty	(X)	727,675	21.1%
With a self-care difficulty	(X)	266,077	7.7%
With an independent living difficulty	(X)	488,090	14.2%

- About one-third of Florida residents age 65 years and older have a Census-defined disability. (2012 ACS)

  - 21.1% reported having an ambulatory difficulty
    - Serious difficulty walking or climbing stairs

  - 14.2% reported having an independent living difficulty
    - Due to a physical, mental, or emotional condition, they had difficulty "doing errands alone such as visiting a doctor's office or shopping"

  - 13.7% reported having a hearing difficulty
    - Deaf or … had serious difficulty hearing

Transportation

- In order to accommodate the transportation needs of the elderly, consideration could be given to:

  - Programs that offer dignified transportation for the elderly

    - Providing more public transportation for the elderly and for caregivers

    - Providing more private sector transportation from businesses that serve the elderly

  - Improving mass transit and the image of mass transit

  - Improved signage and reduced need for night driving

Criminal Justice

- Propensity to commit crime diminishes over time; however, Florida has been increasing the classification of crime.

- Prisons will have an increasing share of older and infirm inmates.
  - As of June 30, 2013, there were 19,600 inmates aged 50 or older in prison, which represented 19.4% of the total inmate population.
    - 5.1% of Florida's inmate population was 60 or older, while 2.3% were 65 or older.
  - During FY 2012-13, there were 3,613 older inmate admissions.
  - During FY 2012-13, the oldest male inmate admitted was 88 and the oldest female was also 88.

Revenues

- One implication of the declining working-age population is that government tax structures which rely heavily on this age-group will have to be reevaluated.

- An increasingly smaller percentage of individuals will assume the bulk of the tax burden as the number of elderly increases and the demand for services continues to grow.

- The states that will be hardest hit are those that rely on personal income and payroll taxes as their largest revenue sources.

Sales Tax

- Studies have found that the elderly tend to spend less than younger persons on goods and more on services.

- The state's current sales tax structure with its dependence on the sale of goods will ultimately come under pressure from this fact.

- If this risk is not addressed, then the state will likely see much lower growth rates for sales tax receipts than it has normally seen in the past.

- Services make up 66% of personal expenditures.

Property Taxes

- Traditionally, senior citizens have opposed property taxation to a greater extent than the rest of the population.

- Not only do many live on fixed incomes, but they also have no school-age children. As their connection to providing this type of funding diminishes, they are more apt to oppose property tax increases of any kind.

- Conversely, Florida offers several income-based exemptions and tax advantages for senior citizens that will become increasingly expensive as the baby boomers hit their retirement years. While today's elderly have the lowest poverty rates of any group, this will not be true in the future. An estimated one-third of boomers are projected to have limited financial assets or private pensions when they retire.

Strategies

- Attracting migration from other states and countries which have greater youth populations will become an important relief valve for worker shortages.
  - On average, immigrants are younger than native Americans, are more inclined to work and have more children per family (Federal Reserve).

- Designing incentive programs to keep workers in the workforce longer.

- Fostering the development and application of:
  - Age-sensitive technologies.
  - Productivity-enhancing skills and technologies.
  - Affordable health care services over the entire spectrum of retirement.