

Florida Demographic In-Depth Analysis

Taxation & Budget Reform
Commission
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Presented by:



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Economy

- Population growth continues to be the state's primary engine of economic growth, fueling both employment and income growth.
- This means that “demographics” is key to understanding Florida's future economic health.

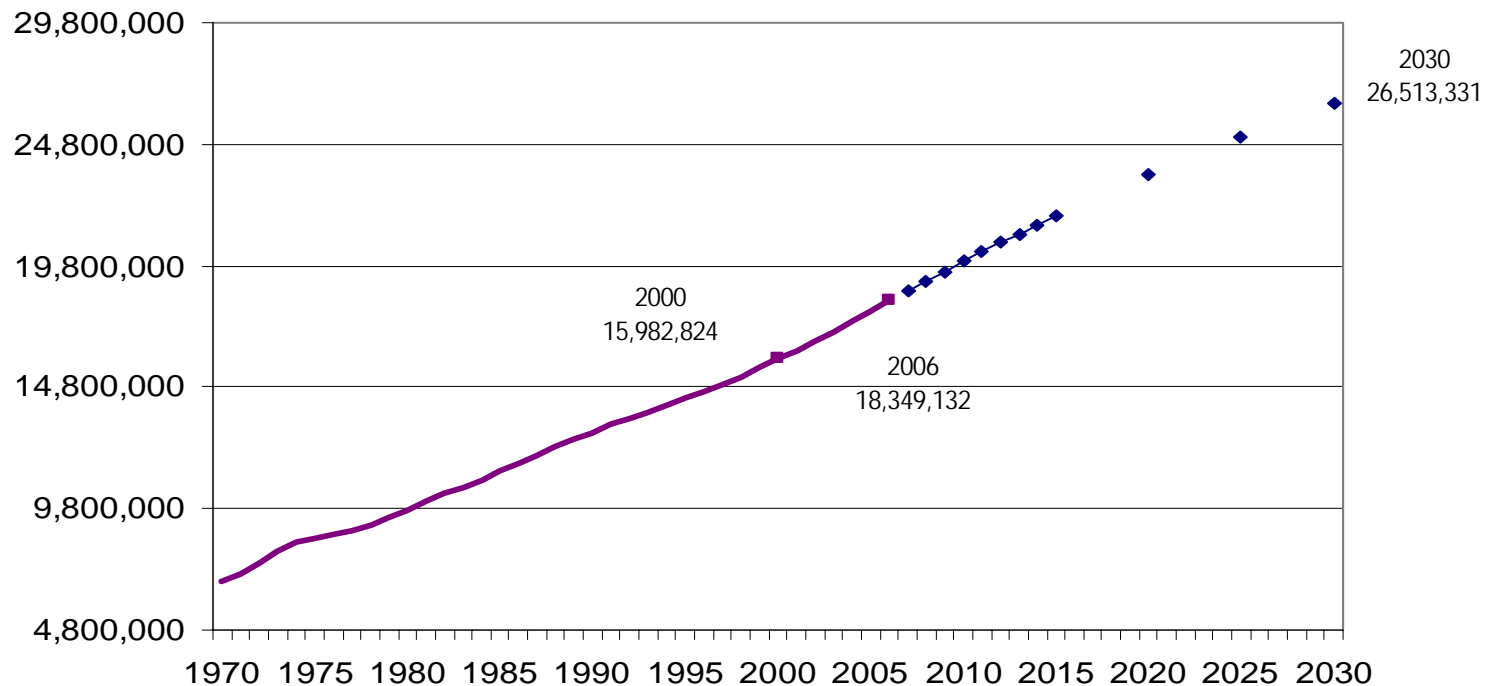


Population

- Population growth has hovered between 2.0% and 2.6%, since the mid 1990's. Over the forecast horizon, population growth will slow – averaging just 1.1% between 2025 and 2030.
- Florida is still on track to break the 20 million mark and become the third most populous state – surpassing New York – shortly after 2010.
- In the next decade, almost one-half (46%) of U.S. population growth will come from three states: California, Texas and Florida.



Florida's April 1 Population

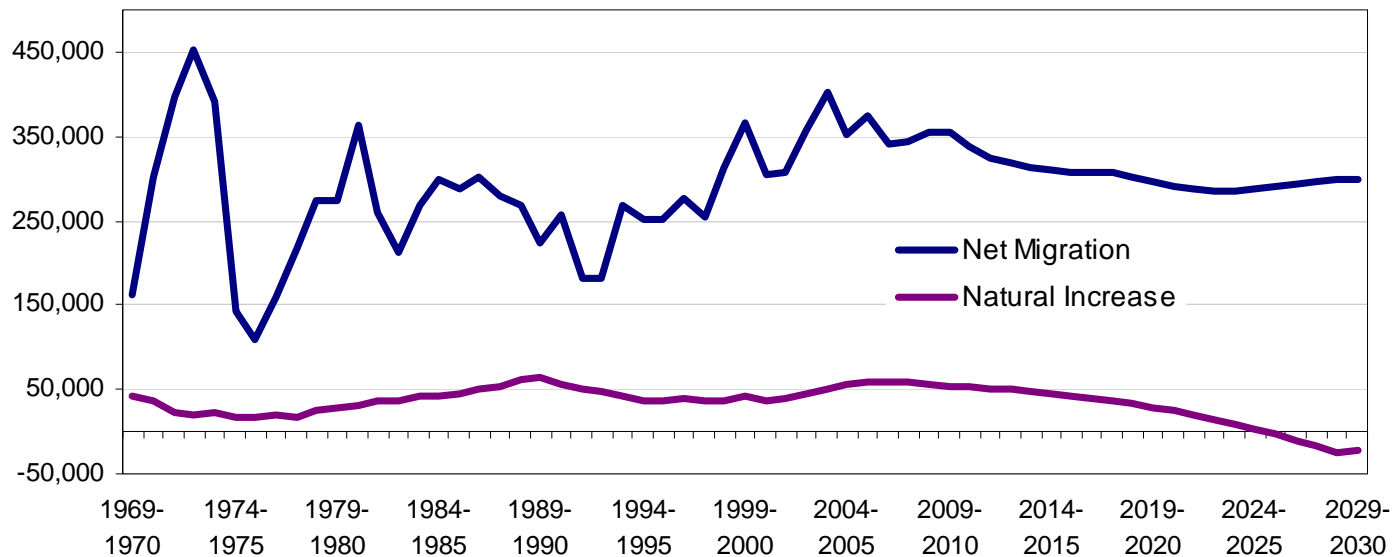


Florida's population:

- was 15,982,824 in 2000
- was 18,349,132 in 2006
- is forecast to grow to 26,513,331 by 2030



Florida's Population Growth

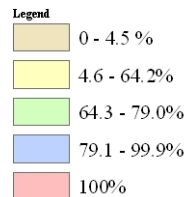
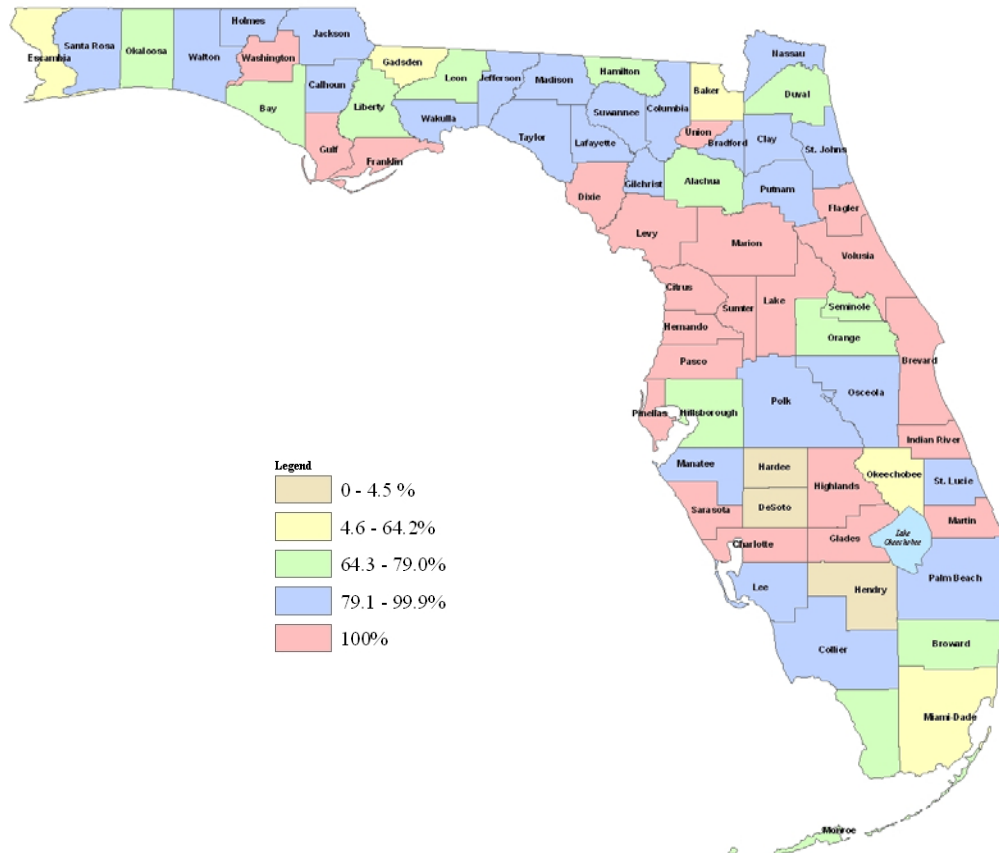


- Most of Florida's population growth is from net migration, representing about 87 percent of Florida's population growth between 2005 and 2006
- By the mid-2020s, all of Florida's growth is forecast to be from net migration



Net Migration by County

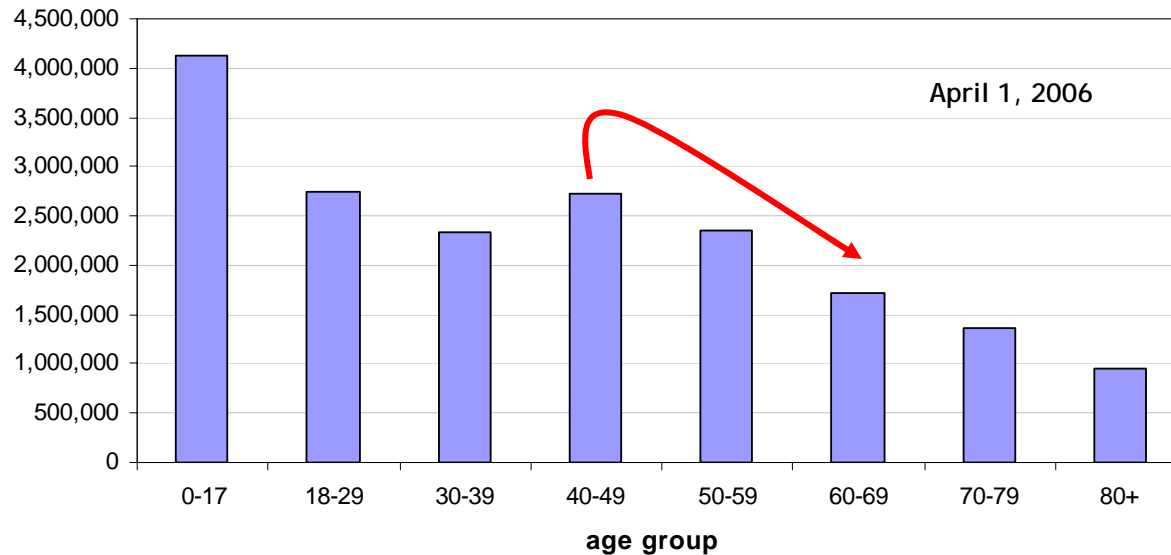
(April 1, 2000 to April 1, 2006)



- Statewide, net migration accounted for 88.7% of the population growth between April 1, 2000 and April 1, 2006.
- There were 22 counties in the state, where all the growth between April 1, 2000 and April 1, 2006 has been due to net migration.



Population by Age Group

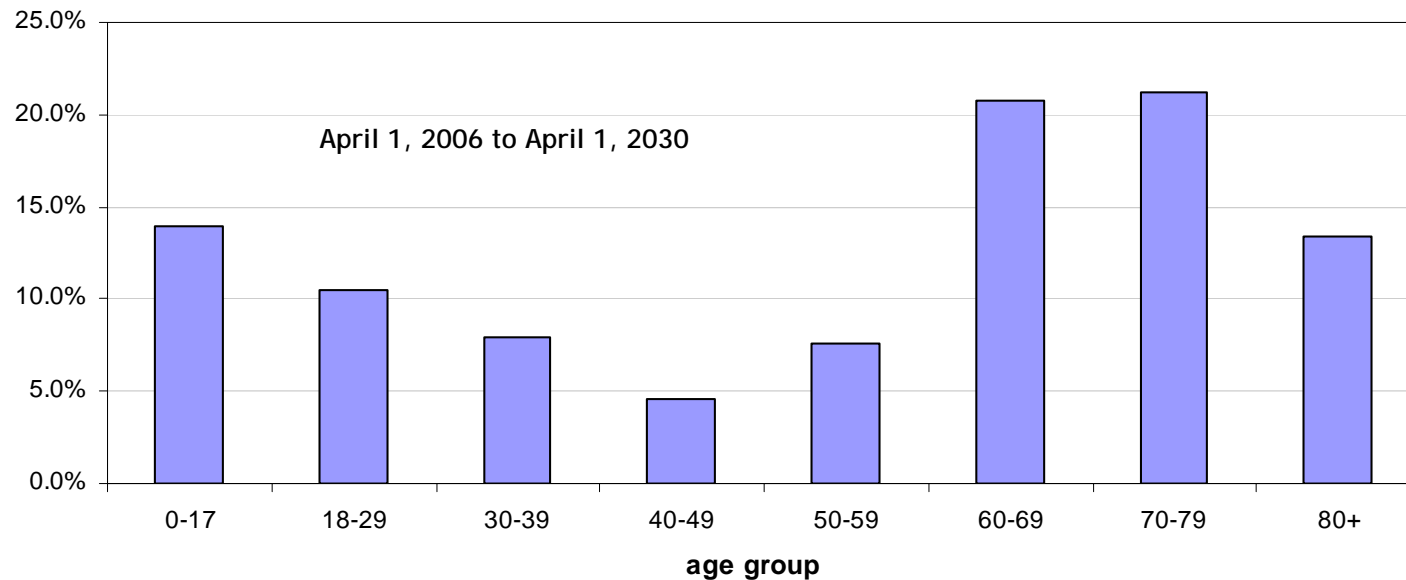


As of April 1, 2006, it was estimated that there were:

- 4.1 million Floridians under the age of 18
- 2.7 million Floridians between 18 and 29
- 2.7 million Floridians in their 40s
- 2.4 million Floridians in their 50s
- 2.3 million Floridians in their 30s
- 1.7 million Floridians in their 60s
- 1.4 million Floridians in their 70s
- just under 1 million Floridians 80 or older



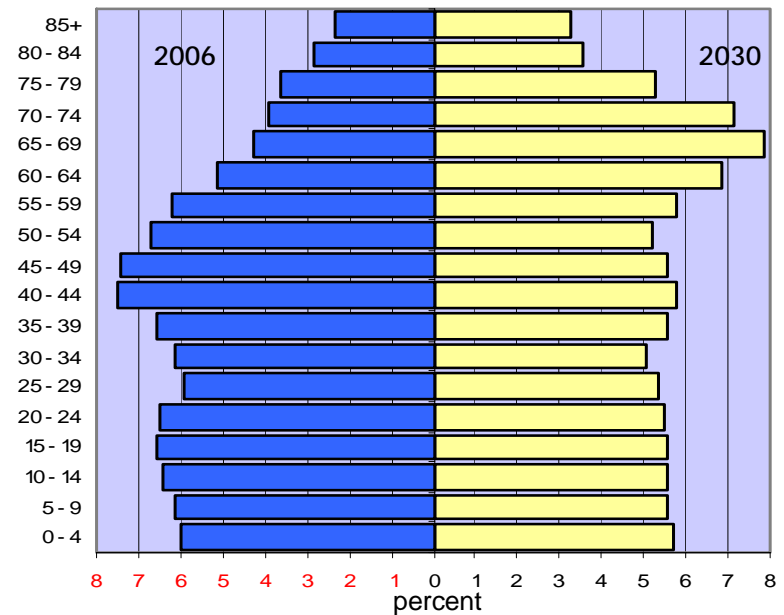
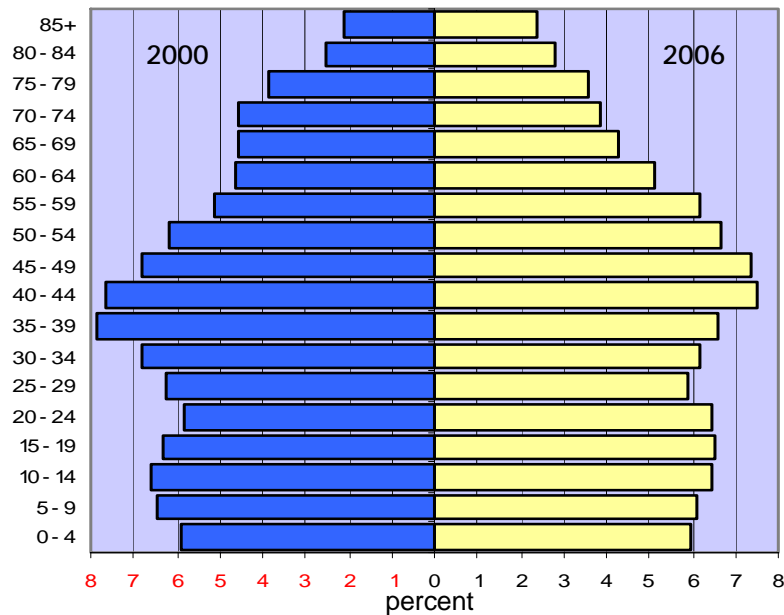
Percent of Population Growth by Age Group



- Between 2006 and 2030, Florida's population is forecast to grow by over 8 million
- Florida's older population (age 60 and older) will account for most of Florida's population growth, representing 55.3 percent of the gains
- Florida's younger population (age 0-17) will account for 14 percent of the gains



Percent of Total Population by Age Group



- In 2000, Florida's prime working age population (ages 25-54) accounted for 41.5 percent of total population. With the aging baby boom generation, this percentage is estimated to have fallen to 40.2 percent in 2006 and by 2030 is projected to represent 34.1 percent
- Population aged 65 and over is forecast to represent 26.1 percent in 2030, compared to 17.6 percent in 2000 and 16.9 percent in 2006



Baby Boom Cohort

- Birth Cycle: 1946 – 1964
- Entry into the Workforce: 1967 – 1985
- Entry into Retirement: 2011 – 2029

2050



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)



National Workforce Trends

- The ratio of taxpaying workers to retirees will fall:
 - Today, 4:1
 - 50 Years from Now: 3:1 (Florida 2:1)
- Pool of native 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



More Ramifications

- Labor force contraction could depress economic output and boost inflation (GNP...1.5% growth in the future compared to 4.5% in recent times)
- 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, especially for those seniors living on fixed incomes for 20 or more years.



Florida Challenges

- **Aging State** – more intense in Florida than elsewhere because population share (26.1% 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)



Strategies

- Attracting migration from 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)
- Incentive programs to keep workers in the workforce longer will also be important



Implications for Services

- Overall, the state will face the need for more costly services with less revenue.
- 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



Health Care

- Today, elderly and disabled Medicaid recipients account for an estimated 23% of the total caseload – but almost 70% 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.

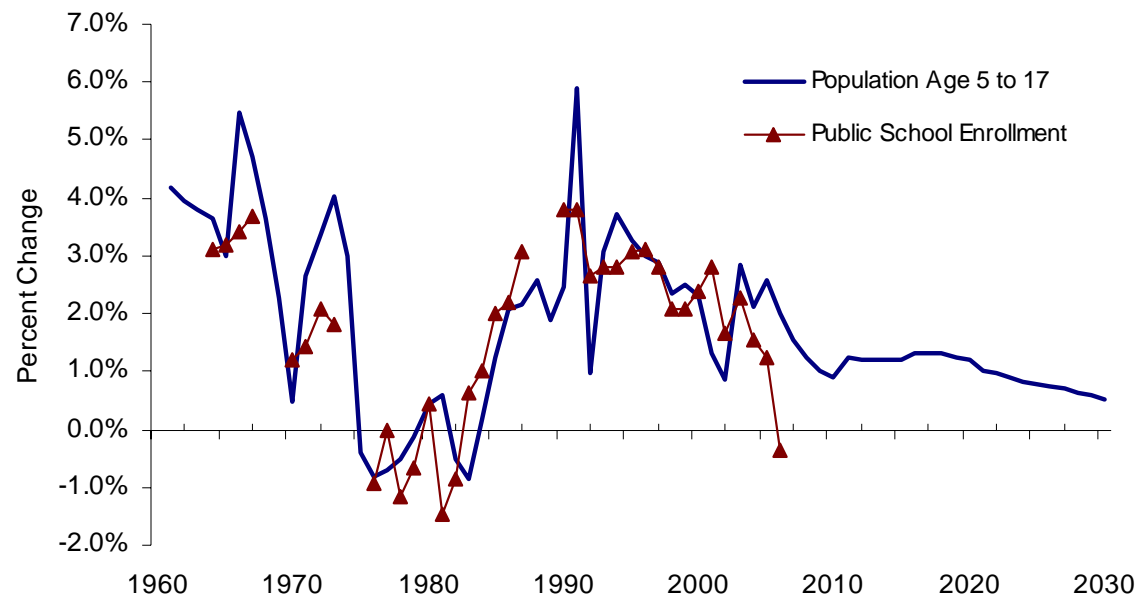


Criminal Justice

- 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.
- Likelihood of increased crimes and acts of fraud against the elderly will stress the system.



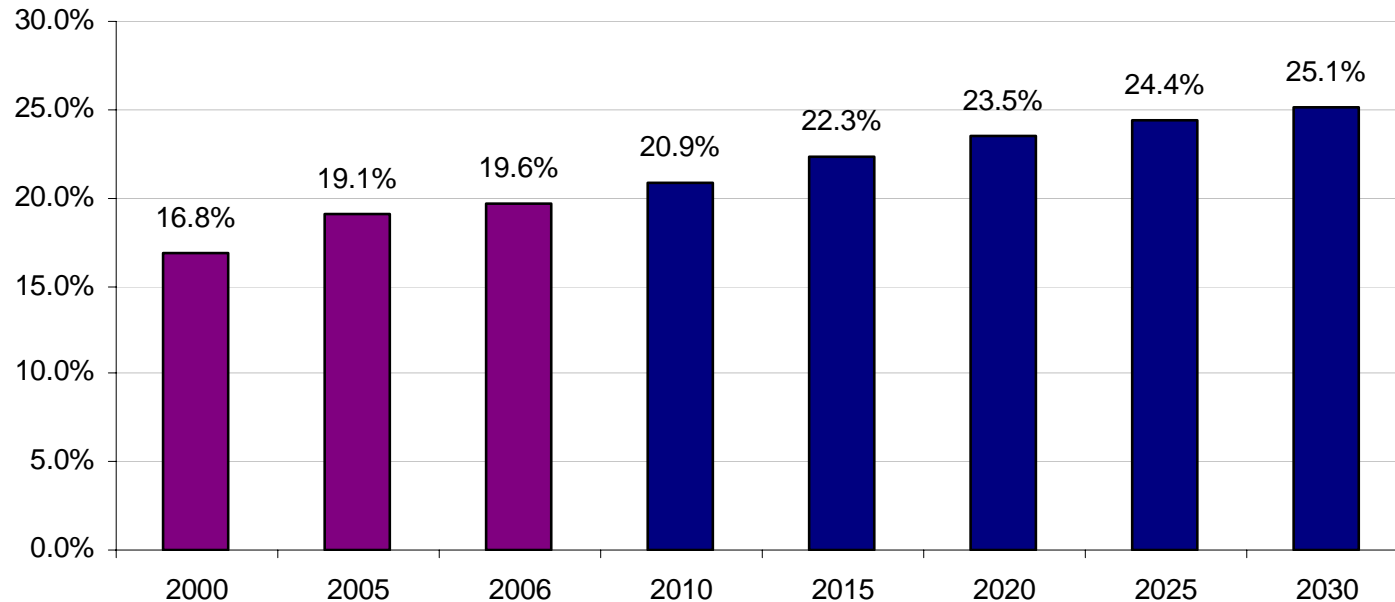
Education: School-Age Population and Public School Enrollment



- Florida's school-age population (ages 5-17) currently represents about 16.5% of the total population. This age group is forecast to represent 14.7% of total population by 2030.
- School-age population has been slowing in growth, but is not expected to decline over the forecast horizon.
- Growth in public school enrollment has slowed from a recent peak of 2.8% in 2001 to a decline of 0.4% in 2006.



Florida's Hispanic Population



- Currently Hispanics represent about 19.6 percent of Florida's population
- Florida will become increasingly more Hispanic; as Hispanics are forecast to represent just over 25 percent of Florida's population in 2030



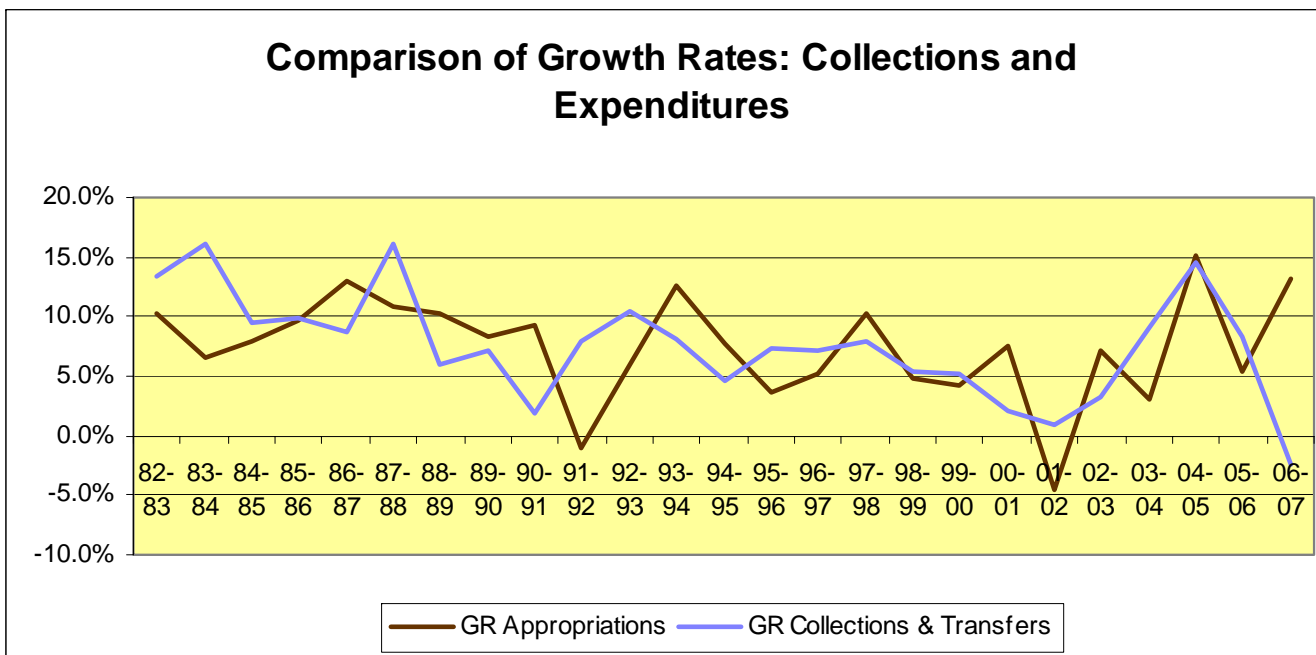
Language and Foreign Born

Language Spoken at Home	Floridians in households (age 5 or older) 2005
Total	16,270,161
Speak only English	12,141,842
Speak another Language	4,128,319
Speak English “very well”	2,271,250
Speak English “well”	820,066
Speak English “not well”	664,748
Speak English “not at all”	372,255

- In 2005, over 4.1 million Floridians (age 5 or older) did not speak only English at home; 1 million of which spoke English “not well” or “not at all”. If this relationship continues, by 2030, over 6.4 million Floridians (age 5 or older) will speak another language possibly in addition to English at home, of which almost 1.6 million will speak English “not well” or “not at all”.
- In 2005, 18.7% of Florida’s household population was foreign born.



Revenues vs. Expenditures



GR Collection Growth	GR Expenditure Growth
7.6% over 25 years	7.4% over 25 years
6.6% over 20 years	6.9% over 20 years
6.1% over 15 years	6.7% over 15 years
5.4% over 10 years	6.6% over 10 years
6.6% over 5 years	8.8% over 5 years



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 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 60% 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 age 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.

