Florida’s Economic Future & the Impact of Aging

Senate Committee on Children, Families, and Elder Affairs

February 5, 2015
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
Population by Age Group: A 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
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

<table>
<thead>
<tr>
<th>State</th>
<th>Total Population</th>
<th>Population 65 years and over</th>
<th>Median Age</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Number</td>
<td>Percent</td>
</tr>
<tr>
<td>Connecticut</td>
<td>3,574,097</td>
<td>506,559</td>
<td>14.2</td>
</tr>
<tr>
<td>Florida</td>
<td>18,801,310</td>
<td>3,259,602</td>
<td>17.3</td>
</tr>
<tr>
<td>Maine</td>
<td>1,328,361</td>
<td>211,080</td>
<td>15.9</td>
</tr>
<tr>
<td>New Hampshire</td>
<td>1,316,470</td>
<td>178,268</td>
<td>13.5</td>
</tr>
<tr>
<td>Pennsylvania</td>
<td>12,702,379</td>
<td>1,959,307</td>
<td>15.4</td>
</tr>
<tr>
<td>Vermont</td>
<td>625,741</td>
<td>91,078</td>
<td>14.6</td>
</tr>
<tr>
<td>West Virginia</td>
<td>1,852,994</td>
<td>297,404</td>
<td>16.0</td>
</tr>
</tbody>
</table>

Source: U.S. Census Bureau, 2010 Census Summary File 1.
The median age of Florida residents was estimated to be **41.1** years as of April 1, 2013.

The county with the lowest median age was Leon County at 30.2.

There were 6 counties with a median age of 50 and older: Sumter (63.3), Charlotte (56.2), Citrus (54.6), Sarasota (53.3), Highlands (52.4), and Martin (50.8).
The first cohort of Baby Boomers became eligible for retirement (turned age 65) in 2011. Only four cohorts have entered the retirement phase: 2011, 2012, 2013 and 2014. This represents 19.4% of all boomers in Florida today.

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 38.8 percent of Florida’s total population and is expected to represent 36.2 percent by 2030.
Between 2010 and 2030, Florida’s population is forecast to grow by almost 5 million.

Florida’s population aged 60 and older will account for most of Florida’s population growth, representing 55.4 percent of the gains.

Population aged 65 and over is forecast to represent 24.0 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 slightly under half of the 65 and over age group and is expected to increase to slightly over half of that age group by 2040.
In 2013, 5 million Floridians (age 5 or older) spoke a language other than English at home, of which 41.9% spoke English less than “very well”.

In comparison, over 700,000 Floridians aged 65 or older spoke a language other than English at home, of which 64.7 % 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 20.9%.
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.
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 and have stayed above 16% since then, while the participation rates of all workers fluctuated between 61.8 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.
Health Care...

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

- Today, elderly and disabled Medicaid recipients account for an estimated 29.83% of the total caseload -- but 63.12% 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...

About one-third of Florida residents age 65 years and older have a Census-defined disability. (2013 ACS)

- 21.7% reported having an ambulatory difficulty
  - Serious difficulty walking or climbing stairs
- 13.6% reported having an independent living difficulty
  - Because of 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

<table>
<thead>
<tr>
<th>Total Population</th>
<th>With a Disability</th>
<th>Percent with a Disability</th>
</tr>
</thead>
<tbody>
<tr>
<td>Population 65 years and over</td>
<td>3,578,397</td>
<td>1,219,925</td>
</tr>
<tr>
<td>With a hearing difficulty</td>
<td>(X)</td>
<td>491,831</td>
</tr>
<tr>
<td>With a vision difficulty</td>
<td>(X)</td>
<td>230,244</td>
</tr>
<tr>
<td>With a cognitive difficulty</td>
<td>(X)</td>
<td>317,136</td>
</tr>
<tr>
<td>With an ambulatory difficulty</td>
<td>(X)</td>
<td>776,857</td>
</tr>
<tr>
<td>With a self-care difficulty</td>
<td>(X)</td>
<td>266,589</td>
</tr>
<tr>
<td>With an independent living difficulty</td>
<td>(X)</td>
<td>487,743</td>
</tr>
</tbody>
</table>
Housing...

- 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)

- 64.8% of Florida’s occupied housing units were owner occupied. For those householders age 65 and over, 82.5% were owner occupied units (2013 ACS).

- 59.1% of Florida’s housing units had a mortgage. However for those householders age 65 and over, 36.0% had a mortgage (2013 ACS).

- The first Baby Boomers will hit 85 in 2031.

<table>
<thead>
<tr>
<th>Age</th>
<th>US</th>
<th>Florida</th>
</tr>
</thead>
<tbody>
<tr>
<td>65 to 69 years</td>
<td>0.7%</td>
<td>0.5%</td>
</tr>
<tr>
<td>70 to 74 years</td>
<td>1.2%</td>
<td>0.7%</td>
</tr>
<tr>
<td>75 to 79 years</td>
<td>2.3%</td>
<td>1.4%</td>
</tr>
<tr>
<td>80 to 84 years</td>
<td>4.4%</td>
<td>2.7%</td>
</tr>
<tr>
<td>85 and over</td>
<td>11.6%</td>
<td>7.1%</td>
</tr>
</tbody>
</table>

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

- Based on ACS data for 2013 …
  - 55.7% of Florida’s population aged 65 years and over identified themselves as married, compared to 45.9% in the general population (Floridians aged 15 years and over).
  - Widows represented 25.3% of Florida’s population age 65 and over, while only 7.1% of the general population.
  - 13.4% of Floridians aged 65 years and over were categorized as 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 2013

- Now married, except separated 55.7%
- Widowed 25.3%
- Divorced 13.4%
- Separated 1.3%
- Never married 4.2%
Sources of Income...

- Nationally, Social Security represents 37.7 percent of income for persons aged 65 and older.
- Florida had more than 800,000 seniors relying on Social Security for 90 percent or more of their family income.
- A preliminary estimate for 2030 would indicate nearly 1.7 million Floridians will rely on Social Security for 90% or more of their income.

<table>
<thead>
<tr>
<th>Area</th>
<th>Social Security is 50% or More of Family Income</th>
<th>Social Security is 90% or More of Family Income</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Number of Americans Aged 65 and Older</td>
<td>Percent</td>
</tr>
<tr>
<td>Florida</td>
<td>1,688,399</td>
<td>51.6%</td>
</tr>
<tr>
<td>United States</td>
<td>21,040,681</td>
<td>49.4%</td>
</tr>
</tbody>
</table>

Note: Numbers do not sum to 100 percent because other cash income, such as family financial assistance, is not shown.
*Government cash transfers include unemployment compensation, workers' compensation, veterans' benefits, SSI, TANF, and education assistance.
**Income quintiles are based on personal total income. Quintile limits are as follows: $10,080, $16,043, $24,274, and $43,259.

OVER THE SHORTER-TERM ... (between now and 2020)
The Baby Boomers retiring to Florida will generally be financially better off than the average retiree; most will come with assets (at least from the sale of their homes).

Many will buy new homes in Florida and then outfit them --- generating additional tax revenues, largely as a result new money coming in to Florida from outside the state (earned elsewhere). New infusion of dollars has the greatest multiplier effect.

They will also tend to be younger retirees, and therefore healthier and more active --- meaning their demand for consumer services will be higher, strengthening the economy, while their demand for government services will be at its minimum.

OVER THE LONGER-TERM ... (between now and 2030)
As the Baby Boomers retire, they will be leaving vacant more jobs than there are workers to fill them.

The ability to create new jobs will be constrained by the numbers of qualified workers available to fill those jobs.

Both of these factors will lead to increased demand for workers and upward pressure on wages as the skilled supply of workers fails to keep pace with the demand.

Inflated wages will hurt economic growth, as well as make government services more costly to provide—just as the Boomers increase their need for government-supported services.

The increased cost of government services (due to higher prices and larger caseloads) and suppressed economic growth will make budget gaps worse (diminished revenues and higher costs for the same services and more services being demanded). This situation will be exacerbated by the fact that retirees tend to spend more on services and less on taxable goods.