Diversity and Aging in America

Shifting demographics provide a new opportunity for planning leadership.
By Dowell Myers

Planners have long recognized the importance of demographic change because successful plans require an accurate assessment of who resides in a community, not just a vague notion of the average citizen. Changes have occurred so quickly in recent years that we must guard against the tendency to plan for yesterday's people, the ones counted by an old census or the ones we remember from days gone by. These days we must pay attention to the evolving racial makeup of cities and suburbs as well as the nation's aging population.
Why?

Because planning strategies require data, not only on environmental impacts and resource efficiencies, but also on the changing types of residents and their different needs and behaviors.

Whether expressed through visioning or sustainability or technical projections for housing, transportation, or regional development, demographic changes lie at the core of future trends. Demographic analysis provides some indispensable clues to knowing that future.

**Sea change**
The advent of the annual American Community Survey provides added impetus to this exercise. Before 2005, planners received new rounds of local data only once every 10 years. They would gear up for two years of intensive data analysis and then might put it on the shelf for the rest of the decade, meanwhile forgetting their new skills or shifting to new assignments in other agencies.

Now that data are being delivered annually, there is heightened demand to regularize demographic analysis, to sustain the attention in each agency, and to accumulate the required skills.

Diversity is the rightful focus of many programs, because it leads us to better define our program clientele and to keep our eye on the goal of achieving greater equity.

Age trends, on the other hand, may provide an especially strong guide to needs and impacts, especially because they play out differently for older whites and younger emerging groups.

And in the next 20 years, these two areas of demographics form a sort of partnership. As a mostly white population ages, requiring more services and paying fewer taxes, a younger and more ethnically diverse group (including recent immigrants) must be welcomed and encouraged as wage earners and taxpayers.

Further, planning has become a profession that puts a lot of stress on public participation as well as data.

By combining the two, planners are in an excellent position to lead community discussions that will help residents develop a shared perspective on who they are and how they are changing.

---

**Mounting Diversity Across the Nation**

Diversity percentage of states, by subgroup, 2010

*U.S. Nation* | **West** | **Midwest**
---|---|---
Hawaii | 70% | 50% | 30%
California | 60% | 40% | 20%
New Mexico | 30% | 20% | 10%
Nevada | 20% | 10% | 5%
Arizona | 10% | 5% | 3%
Alaska | 5% | 3% | 2%
Colorado | 3% | 2% | 1%
Washington | 1% | 1% | 0%
Oregon | 1% | 1% | 0%
Idaho | 1% | 1% | 0%
Wyoming | 1% | 1% | 0%
Montana | 1% | 1% | 0%
Illinois | 0% | 0% | 0%
Michigan | 0% | 0% | 0%
kansas | 0% | 0% | 0%
Ohio | 0% | 0% | 0%
Indiana | 0% | 0% | 0%
Nebraska | 0% | 0% | 0%
Minnesota | 0% | 0% | 0%
Wisconsin | 0% | 0% | 0%
South Dakota | 0% | 0% | 0%
Iowa | 0% | 0% | 0%
North Dakota | 0% | 0% | 0%

---

12 | Planning March 2013
Diversity across the nation

Diversity has been increasing in the U.S. for many years, but a lasting legacy of the 2012 presidential election may be the demographic awakening among political leaders and the public at large. Many minority groups and age groups, particularly the young, played decisive roles.

Even planners who have long acknowledged diversity may be startled at how much it has increased in different parts of the nation. It is now clear that virtually all of the growth in the nation is taking place among non-Caucasians.

Over the last decade, the non-Hispanic white population continued its slow decline in the share of the total population, falling from 69.1 percent to 63.7 percent of the total. (Note: These figures apply only to groups who identify with a single racial group.) New projections by the Census Bureau (issued in December 2012) show that the number of white residents will continue to increase slowly, growing by 2.3 million from 196,817,552 in 2010 to a number just short of 200 million in 2025, after which there is a slow decline to 186 million in 2050. All the other groups are growing more rapidly, and as a result their share of the total is also rising.

Latinos, the second largest group, reached 50,477,594 (16.3 percent of the total), with a projected share of 27.9 percent in 2050. African Americans' share is projected to rise only slightly from today to 2050 (from 12.2 to 13 percent), but Asian and Pacific Islanders, with a 4.8 percent share of the total in 2010, are projected to grow their share to 7.6 percent.

Throughout the decades the American Indian and Alaska Native population has remained very small, with a constant 0.7 percent share of the total. A remaining category consists of all the non-Hispanic residents who identify with more than one race, a group that rose from 1.6 percent to 1.9 percent of the total between 2000 and 2010, and is projected to be 4.1 percent in 2050.

The prevalence of diversity is often summarized by a single percentage, namely people of color, i.e. Latinos and all racial groups other than white. This diversity share ranges widely across the nation, from a high of 77.3 percent in Hawaii to 5.6 percent in Maine.

Each state also has a different racial mix. A national portrait of state-by-state diversity in 2010 can be displayed as a west-to-east graph, as shown in the accompanying chart. The diversity mix of the nation as a whole, summing to 36.5 percent, is given at the far left, providing a rough yardstick for assessing individual states.

Diversity is higher in the South overall, with 12 states exceeding 30 percent diversity, because so many African Americans live in that region. Texas and Florida also have many Latinos, and Oklahoma has many American Indians. In the West, we generally find the lowest African American and the highest Latino presence in the nation. Texas is both southern and western, with a high proportion of both Latinos and African Americans. The Northeast has the greatest extremes, including the very high diversity of the New York region and the ultra-low diversity of northern New England.

It is striking how widely Latinos are dispersed, comprising at least five percent of the population in all but 16 states. Asian and Pacific Islanders are also widely dispersed, highly concentrated in the western
Age-driven trends

Age-driven trends could prove even more momentous than growing racial and ethnic diversity. The aging baby boom generation has begun to reach retirement age, shifting the balance of contributions and demands, while the "baby bust" that trails behind is upsetting other patterns.

A new generation, the Millennials or Generation Y, born between 1981 and 2003, is revitalizing the younger age groups, but are their numbers sufficient to fill the gaps?

Age changes will be felt most directly through housing demands because of the traditional housing life cycle launched when children reach their 20s. First in apartments and starter homes, often in singles areas of cities, for decades afterward the cohorts march toward larger and more expensive housing. Today the baby boom generation has arrived at the stage of downsizing for retirement needs, with results yet to be determined, but one might speculate that the suburbs could lose their attraction, even becoming the new slums in some areas. Local citizens and planners will struggle to guard against this decline.

Equally important are the economic impacts in the workforce, as cohorts enter during their 20s and exit in their 60s, or in taxpaying and service-receiving. The massive baby boom generation occupied its peak earning and taxpaying years in the 1990s and 2000s, but now that is subsiding. In 2010 the boomers were ages 45 to 64 and beginning to enter retirement.

The future base of workers, earners, and taxpayers will depend heavily on the Millennials, the generation aged roughly 10 to 29 in 2010.

Growth pressures lose steam

When an age group is growing, its influence has an expansive effect on the activities it most engages in, while the opposite is true when the numbers shrink. The direct impacts of aging are best shown by changes in the absolute numbers of residents in each period, rather than by age group shares of the total.

These trends are readily quantified because census data are available for every town in America. Here we examine the national trends, first comparing the growth of the 20-year period between 1990 and 2010 with the growth of the new era we have entered, 2010 to 2030 (Exhibit 2). In fact, most age groups are expected to reverse their growth patterns, something demographic analysis can reveal well in advance and which planners must heed.

Over the last 20 years, the nation experienced tremendous growth in the age range of 45 to 64, marking the arrival of the large baby boomer cohorts. The net growth of some 35 million people in late middle age represented the dominant growth context of the era.

What makes the baby boomers stand out is that very little growth occurred above or below their ages at the time. For example, the nation added only five million people spread over the entire age range from 25 to 44 during the recent decades. The Millennial generation is highlighted for growth of more than 10 million at ages 10 to 29, with four million concentrated at ages 15 to 19.

The era we are now entering couldn't be more different. All the generations are shifting forward 20 years, with the boomers now flooding the elderly years (growth of some 29 million, compared to six million in the same age range in the previous era). Meanwhile, the late middle-age sector has virtually no growth, which reduces expansion of the highest earners and biggest taxpayers. Instead, growth is revived in the age range of 25 to 44, the locus of the new workers, new home buyers, and younger families. However, the previous growth among teens and youthful adults has been eliminated, slowing their expanding demand for youth-related activities and services.
In effect, nearly every age group is undergoing a reversal of growth pressures from one period to the next. This situation creates a whirlwind of change with wrenching repercussions: Service accommodations that were expanding now must shrink, and vice versa. Meanwhile, our cities are being turned inside out, with population boom and gentrification in more central areas that appeal to young adults and the start of decline in areas attractive to shrinking middle-age groups.

**Crisis of a soaring senior ratio**

Simply put, the aging of the massive baby boom generation is throwing the nation into an epic crisis. We face the growth of an extremely top-heavy age structure for the first time in our history. This has happened so suddenly that the nation is ill-prepared, and yet our future could not be more clear.

Consider the simple “senior ratio” that contrasts the number of elders, ages 65 and older, with prime working-age residents, assumed to be ages 25 to 64. The senior ratio captures the main relationship between the entitlement and retiree ages, on the one hand, and the age groups that are their principal supporters. As this ratio rises, it will tip the scales toward more emphasis on behaviors that older people are likely to engage in—not simply retirement but consumption of public entitlements, reduced taxing-paying, and increased home selling.

What makes the ratio’s rise so powerful is that, after holding constant for four decades, the ratio is suddenly beginning to escalate. What had been 24.6 seniors per 100 working-age residents is projected to climb to 32.6 in 2020 and then to 41.6 in 2030, a greater than two-thirds increase in the ratio of seniors to working age Americans; this is certain to impose enormous pressure on state and local governments and taxpayers.

The Social Security Administration already has determined that the payroll tax will need to increase from 10.4 percent in 2000 to 16.7 percent in 2030 in order to support retirees, but Medicare expenses are likely to rise even more. Less well known at this point is how state and local finances will be affected, although federal discretionary funds available to support state and local projects will surely diminish.

Then there is the prospect of housing markets disrupted by an excess of older sellers who will be competing for a smaller pool of potential buyers, creating a situation I have described as the “generational housing bubble.” For long-term planning, the many impacts of population aging create a crisis as consequential as climate change.

**Putting it all together**

It will be stressful to revamp old budget assumptions, established practices, and working goals. But because the expected changes cut across both public and private sectors, planners have an opportunity to work with community leaders on a comprehensive blueprint that can help bring many actors into alignment.

Happily, demographic change is not a zero-sum contest, with winners and losers, but it is a reminder of intergenerational dependence and mutual support. Seen in the context of a soaring senior ratio, the growth of a diverse younger population warrants our very strongest support.

In communicating this to citizens and local officials, it is important to convey the demographic story in its most consensual form. On the one hand, it may be necessary to arrest attention with some shocking facts concerning demographic change. Yet, on the other hand, we don’t want to discourage the public or drive people into a self-interested retreat.

The best strategy for planners is to find commonalities of interests and rays of hope. Avoiding depictions of winners and losers, growth or decline, the more welcome explanations would emphasize the promising contributions that newcomers can make.

Young people are absolutely vital to all community functions, and if residents perceive those critical needs, most will be thankful for the contribution no matter their racial or ethnic makeup.

The chief lesson of my book, *Immigrants and Boomers: Forging a New Social Contract for the Future of America*, is that demographic change produces an implicit partnership that can be mutually beneficial. Planners need to get that story across in their local communities. The crisis of the aging baby boomers is the most favorable starting place.

---

**The soaring senior ratio**

Elderly per 100 prime working (age 25–64)

- Seniors per 100 working age
- Social Security assets % of annual costs

Source: Source: Dowell Myers, Census Bureau 2012 population projections, 2012 Social Security Trustees Report; Table IV.B3.—Trust Fund Ratios, Calendar Years 2012–2045—Figure IV.B3.—Long-Range OASI and DI Trust Fund Ratios.

---

**Resources**

**From the Census**


U.S. Census Bureau, 2010: Census tables on age, race, and Hispanic origin. Available through American FactFinder, factfinder2.census.gov.

**Reading**


