

ADAPTING TO REGIONAL DEMOGRAPHIC CHANGES: THE GRAYING AND BROWNING OF AMERICA

The Graying and Browning of America



- “Graying of America”: Aging of the population
- “Browning of America”: Demographic structure shifting to a “majority minority” population

Addressing the Graying and Browning of America



- Regional solutions and cooperation is critical to addressing the challenges and opportunities of the “Graying” and “Browning” of America:
 - Transportation
 - Economic Development
 - Environment
 - Public Safety
 - Emergency Management

Purpose



- 1) To inform: the demographic structure of the U.S. is changing
- 2) What does this mean for the future of regions?

Big Picture



The future of your region:

- Economic Factors
- Demographic Factors

Regional Change



Economic Factors

	Industry Growth	Industry Clusters	Pay	Productivity	Business Cost
Favorable	Growing	Strong	High-paid industries	High	Low
Unfavorable	Declining	Weak	Low-paid industries	Low	High

Demographic Factors

	Population Age	Retirees	Immigration	Amenities	Housing Cost
Favorable	Younger	Gains retirees	Immigration gateway	High	Low
Unfavorable	Older	Loses retirees	Low internat'l immigration	Low	High

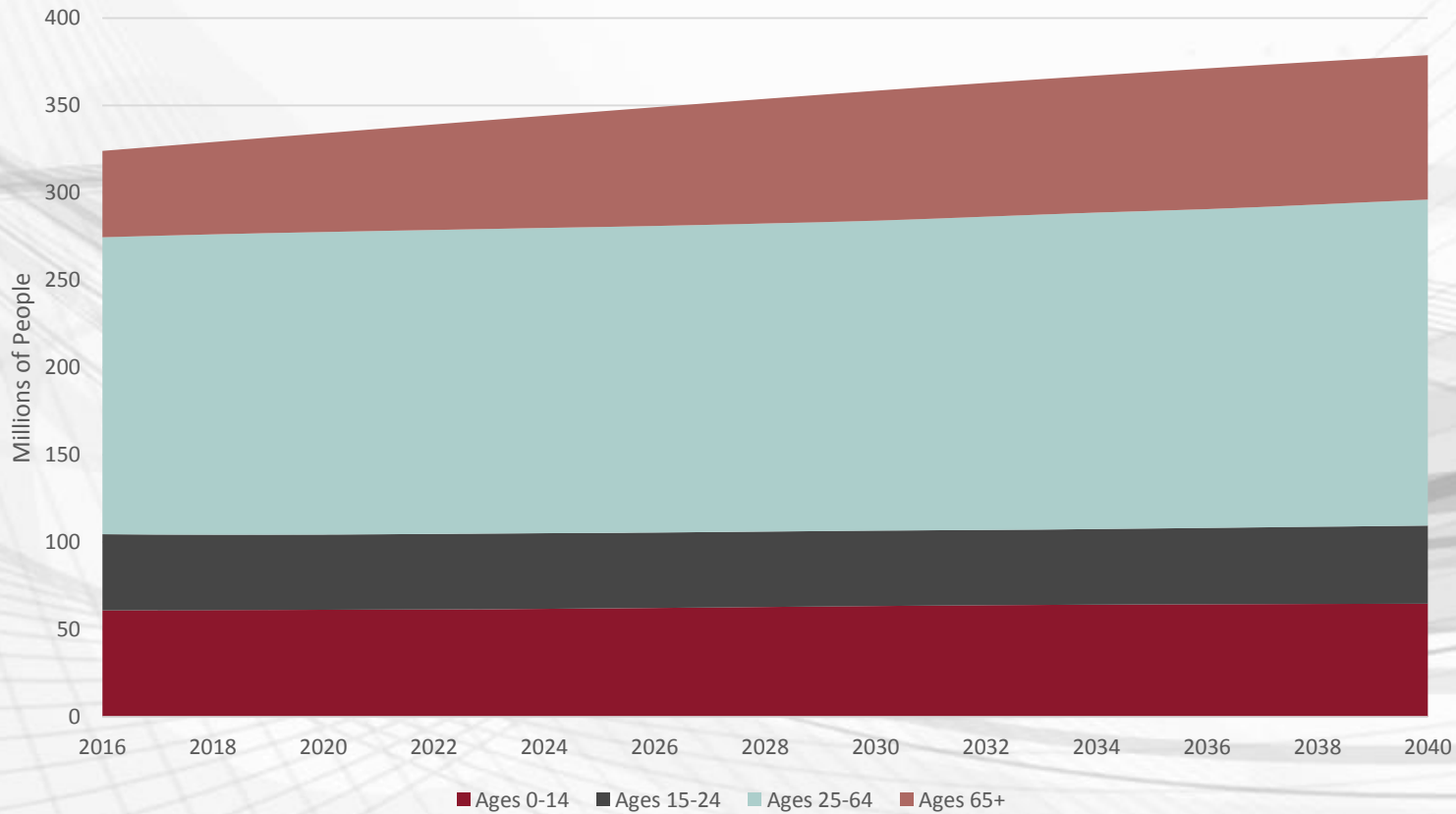
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“Graying of America”



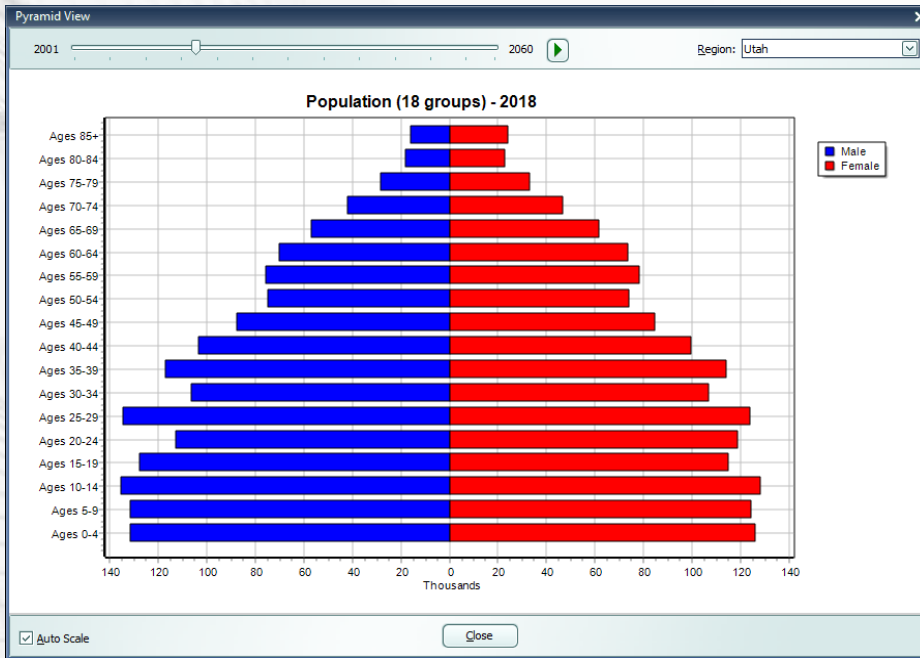
- Almost All Future Population Growth in Over 65 Group
- Labor Force Growth Slow; Projection of Labor Force Growth Depends on Higher Labor Force Participation for Over 60 Category
- Challenge and Opportunity Differs by Regions

US total to 2040, Population by 4 age groups



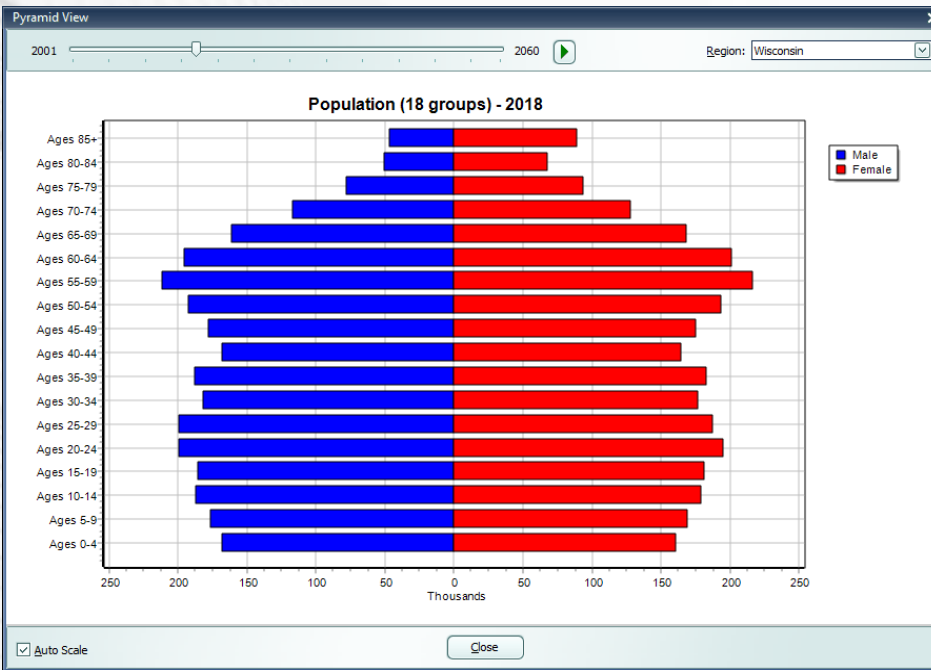
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Population Pyramids: 2018, 2030; Utah



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Population Pyramids: 2018, 2030; Wisconsin



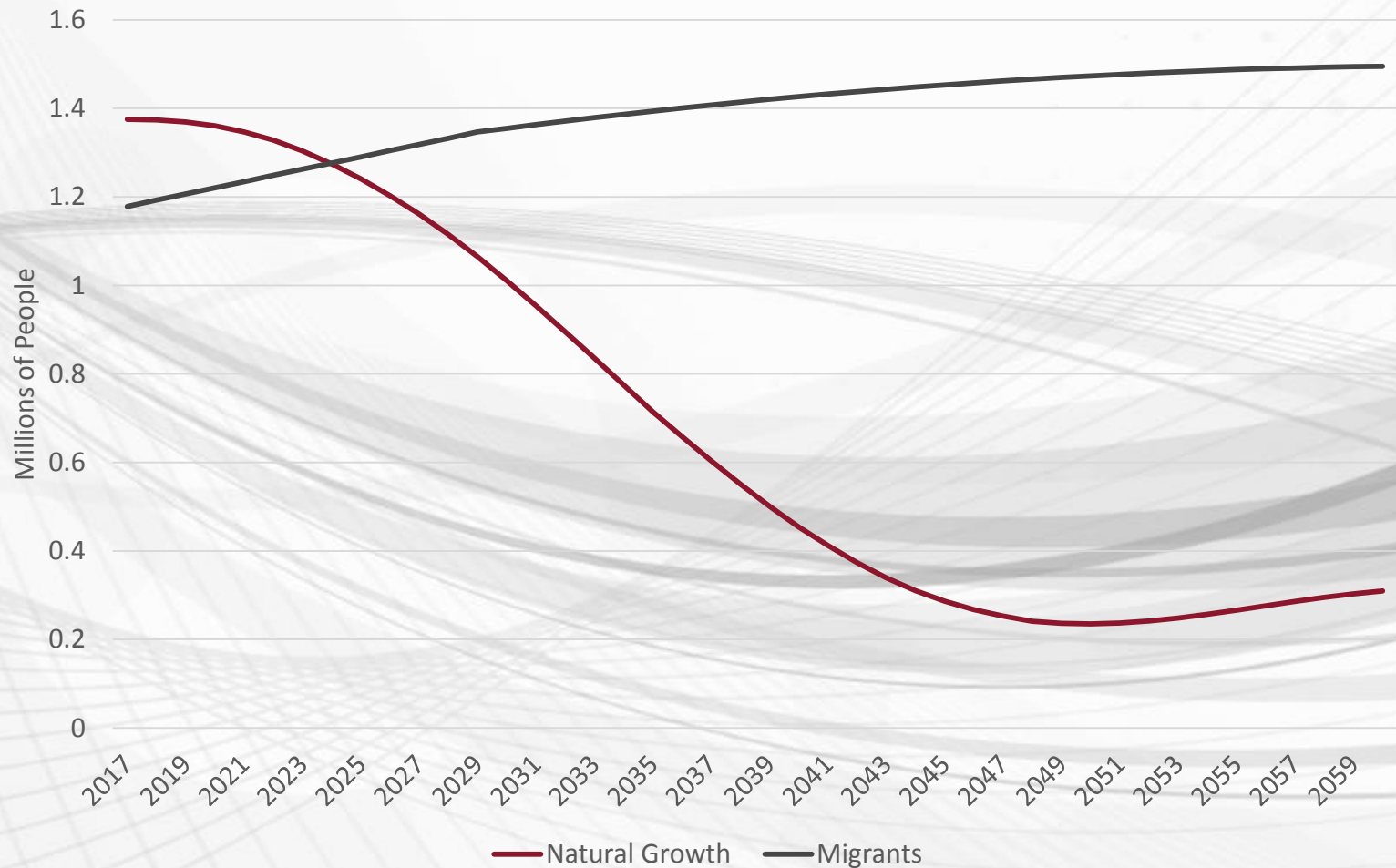
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Population

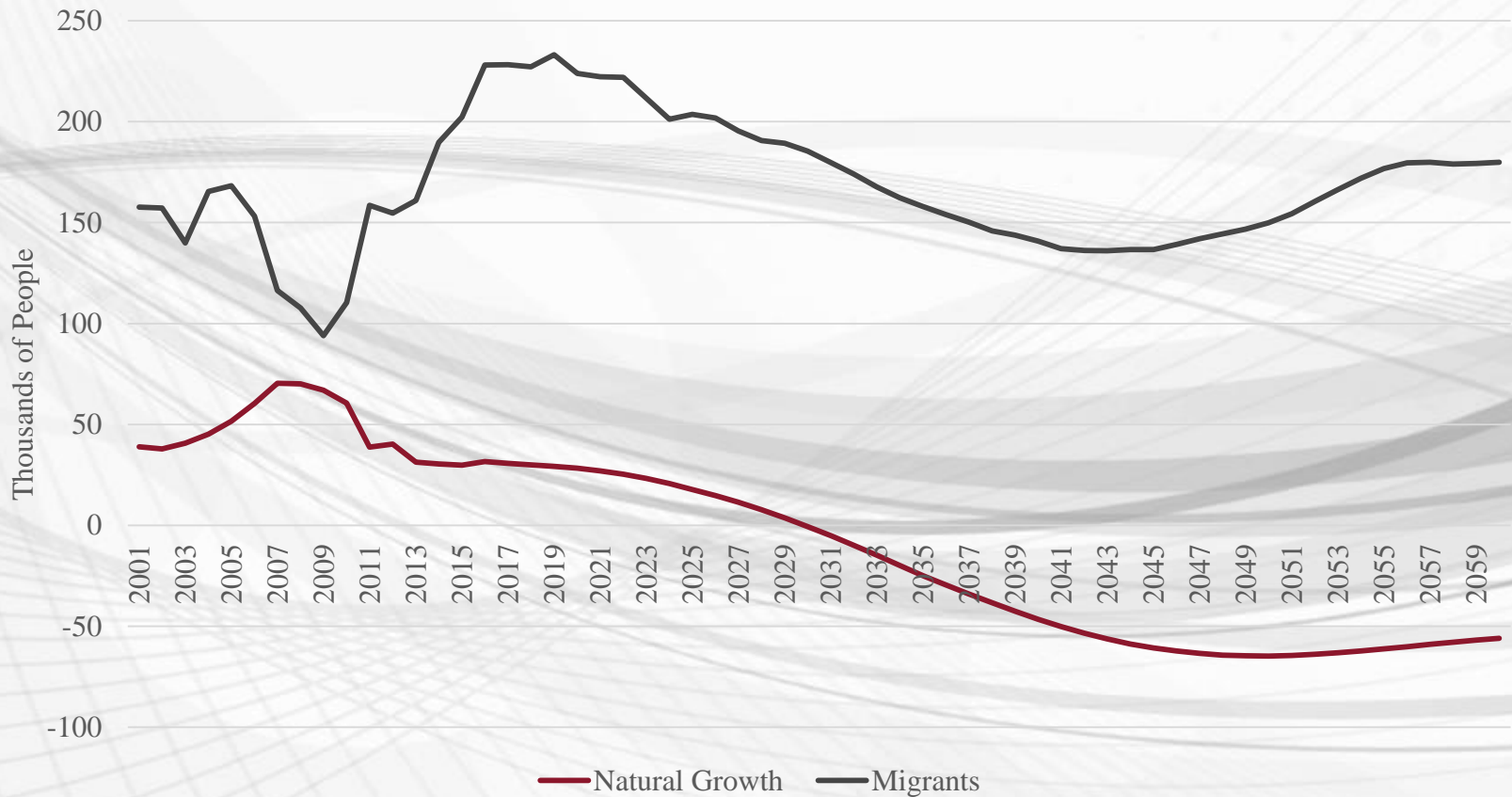


- Starting Population
- Natural Growth (Births-Deaths)
- Immigration (International, Retirement, Economic)

U.S. Baseline Natural Growth and Migrants (Levels)



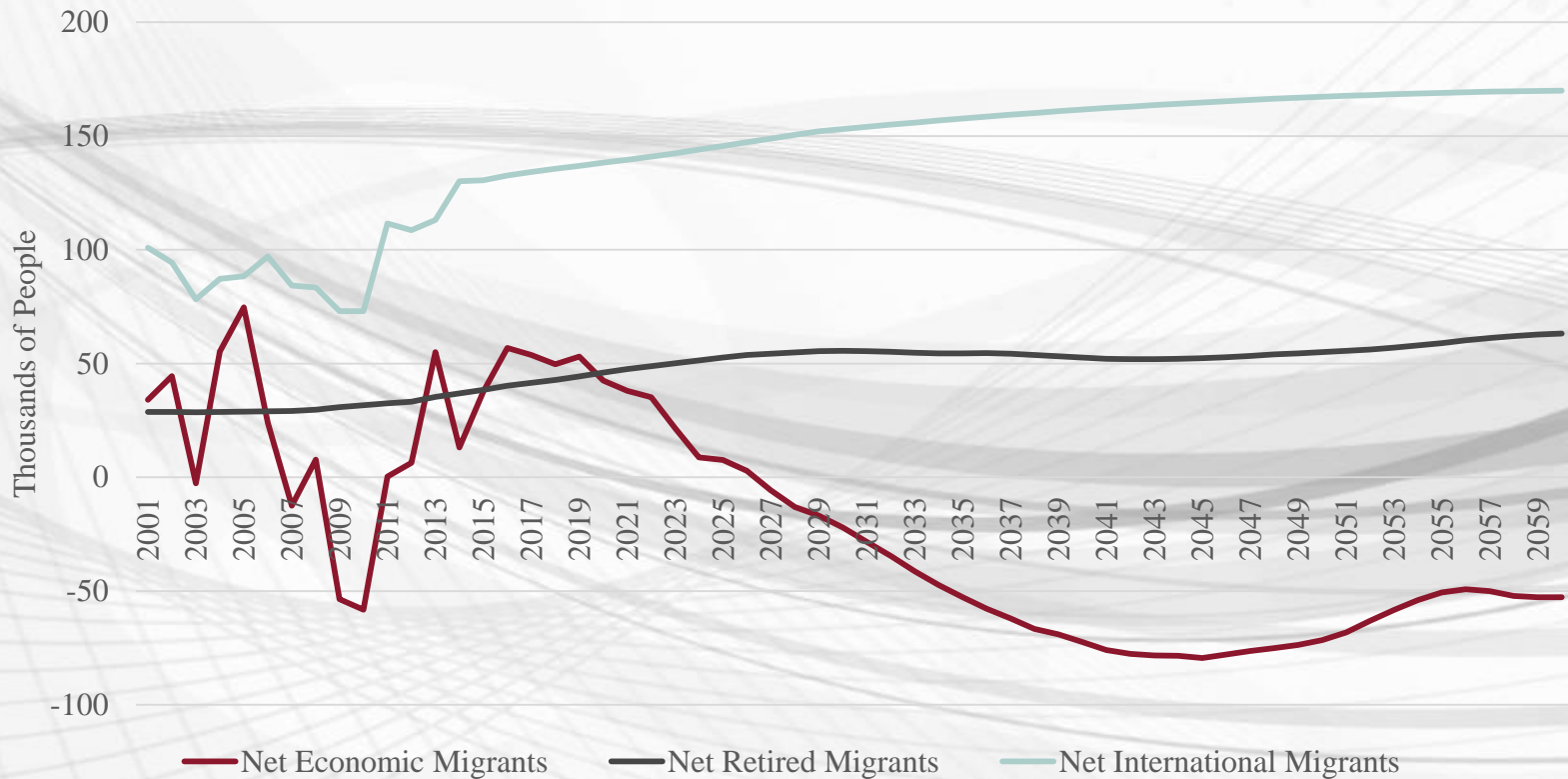
Florida Change in Population: Natural Growth and Migrants



Florida Migration: Economic, Retired and International



Figure 5: Florida Baseline Net Economic, Retired, and International Migrants



More Cities will be Shrinking or Slow Growth

Problem:

Economic and demographic (loss of population) decline as a “vicious cycle”

Blight

Out-Migration

Fiscal

Managing Demographic Transition



- Reassess Growth-Oriented Policies:
- What Planning and Policies are Best for Stable Regions?

Growth-Oriented Policies



- New Housing Developments
- New Roads, Schools, Water and Sewer Systems
- Housing Affordability Issues, Congestion
- Growth Begets Growth: new housing means construction jobs, leading to more growth

Stable Planning and Policies



- Maintaining and Supporting Existing Housing
- Maintaining Existing Roads, Schools, Water and Sewer Systems
- Existing Housing and Infrastructure is (Usually) Less Expensive to Maintain than New
- Housing Affordability: Slow growth cities have the most affordable housing in the country
- Economic Opportunities Remain

Stable Planning Do's and Don'ts

DO

- ❑ Support local workforce development, particularly community colleges, bringing working-age population into the labor force
- ❑ Address rural and urban blight, maintain safe neighborhoods and quality of life
- ❑ Address challenges with meaningful participation of regional stakeholders: businesses, communities, institutions, local, state, and federal.
- ❑ Look for economic development opportunities in unexpected places: retiring-in-place supports service industries; strengthen existing firms and competencies

DON'T

- ❑ Chase after growth with extravagant business development incentives
- ❑ Subsidize new development to the detriment of existing taxpayers

Stable Growth: Economic Theory

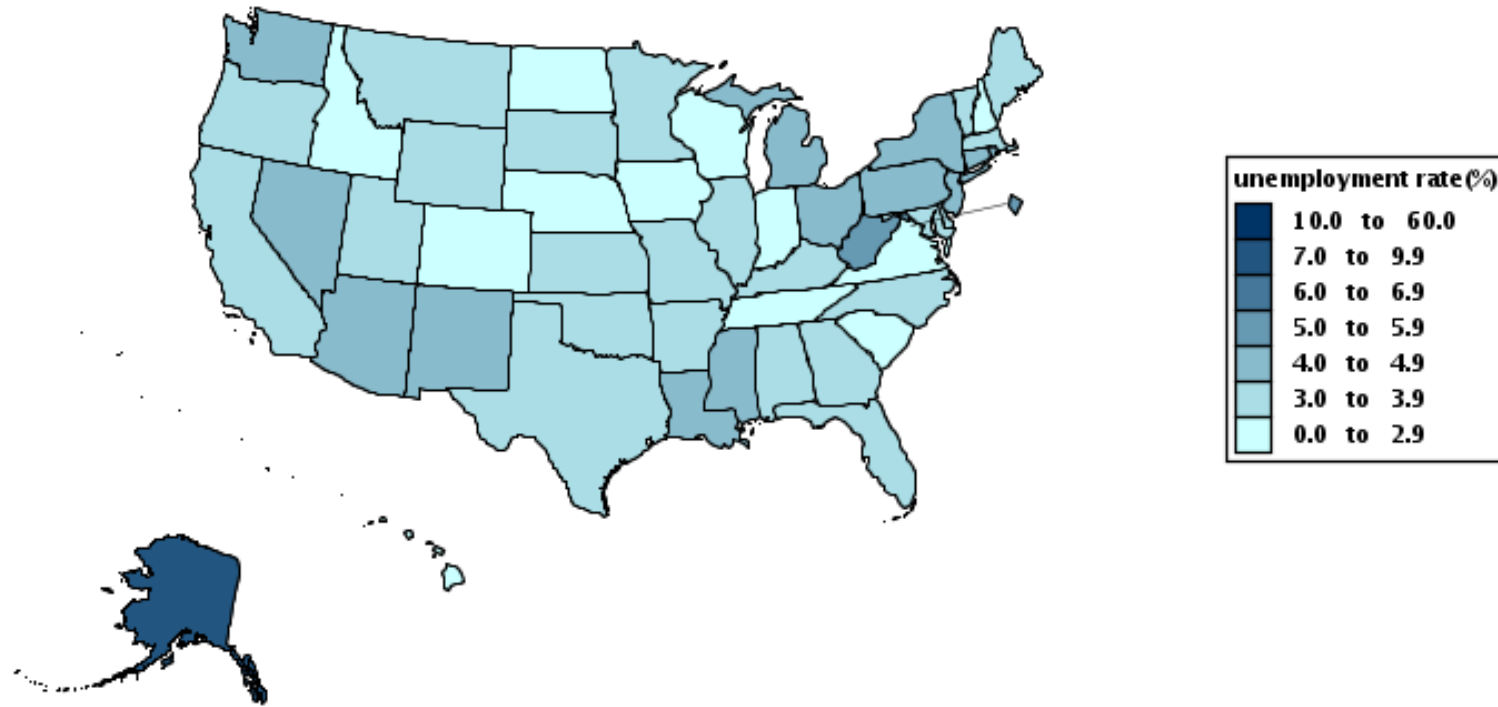


- Regions have Always Been in Transition...but life goes on
- “Equilibrium” tendency: people will move to where they are better off, until they aren’t better off by moving.
- For example, San Francisco is a desirable city (if you like fog) with excellent job opportunities. But, the median price of a house is 1.6 million dollars! So, most people will be better off with lower take home pay that is balanced by a shorter commute and lower cost of living.
- Also, there is often a premium to attract a worker to move from outside of the region, when local residents often have family and social connections that makes their home region attractive.
- Regions have always been in transition—many cities, including Houston, New York, and Los Angeles, have seen periods of decline as well as growth. Currently, across the U.S., state-level unemployment rates are almost all below 5% after a long adjustment cycle following the great recession.

Unemployment rates by state



Unemployment rates by State, not seasonally adjusted, April 2018

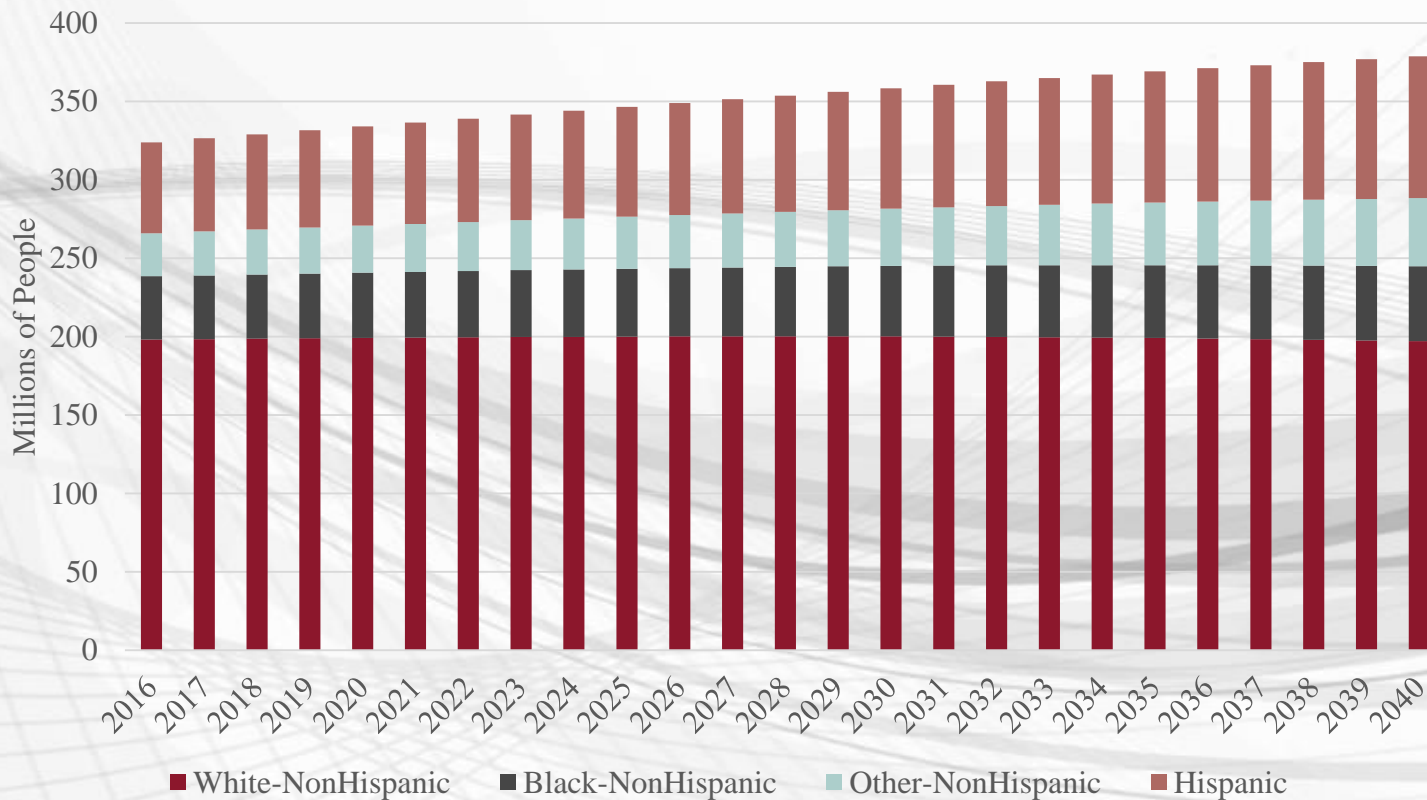


“Browning of America”



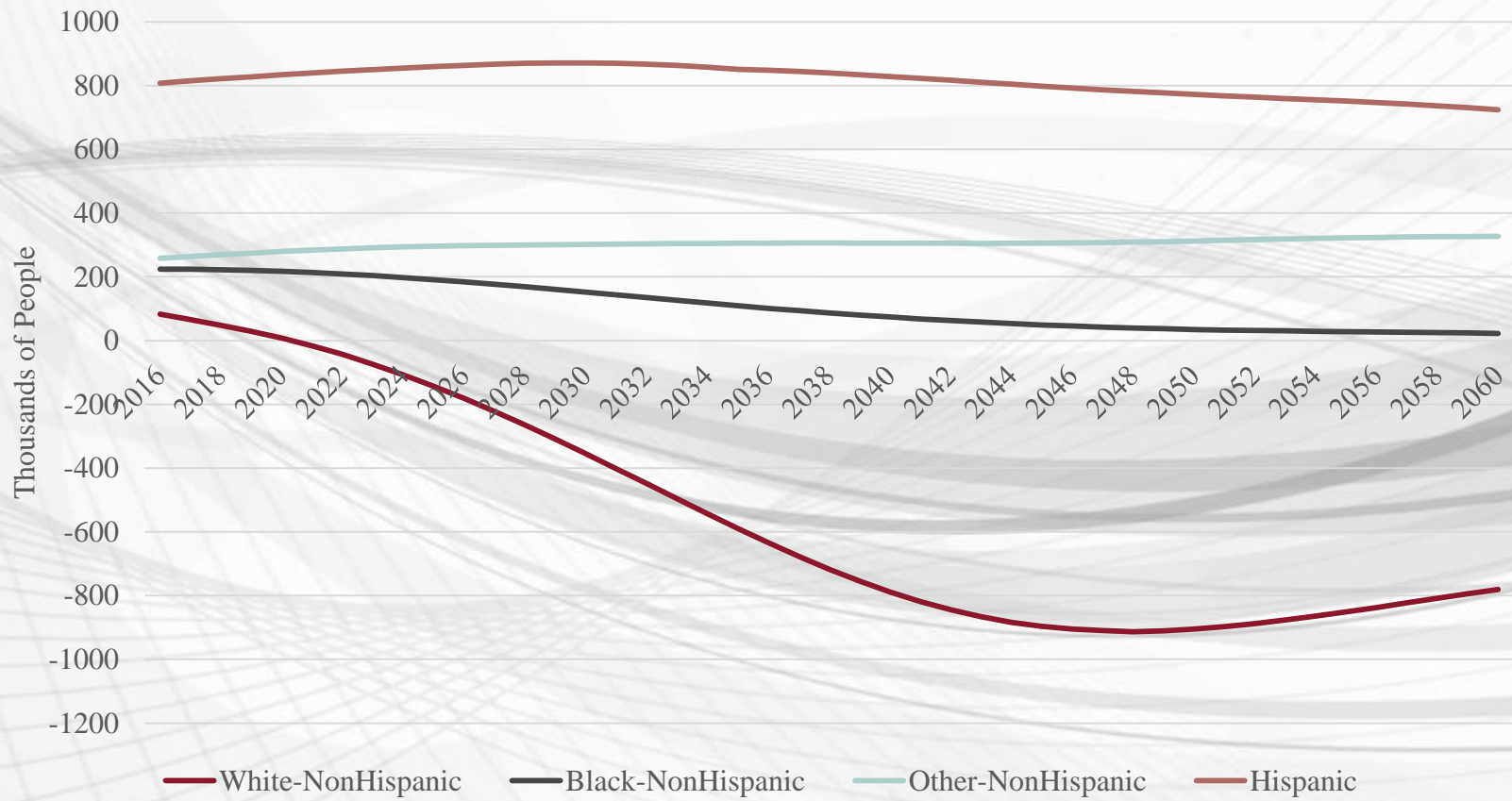
- Shift to a “Majority Minority” Population
- Continuation of American history of demographic change (ethnic/racial, religious, national origin)
- Political and Economic Transition

US 4 Race/Ethnic Groups, to 2040



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US Natural Change (4 Race/Ethnic Groups to 2060)



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Diversity and Regions



- Ethnic and racial diversity can create regional problems with conflicts between groups, including racism, political disruption and instability. While there is a broad consensus in the U.S. that racism is wrong, many people, from all racial and ethnic groups, perceive unfair racial and ethnic bias in all aspects of our economic and social lives—job opportunities and hiring practices; educational resources and opportunities; housing and community life.
- Yet, racially and ethnically diverse cities, often with intense political and social conflict—Los Angeles, New York, Dallas, Chicago, Miami—are some of the most innovative, productive, and dynamic regions of the country.

Diversity Policy



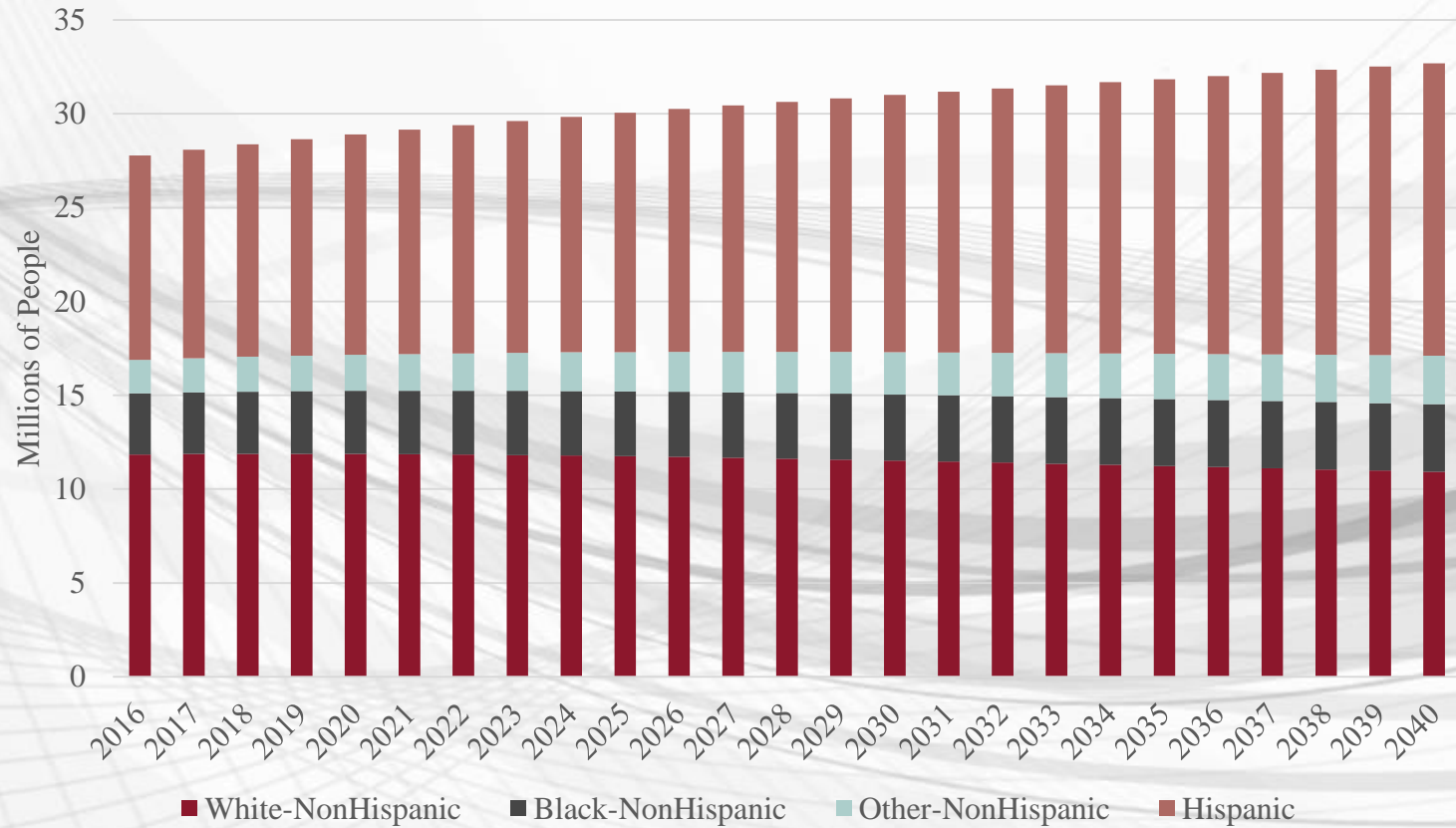
- Diversity itself may provide economic and cultural benefits
- Diverse Regions May be Attractive to Migrants
- Diversity in increasing Hispanic and non-White Population is the Future Demographic Trend

Diversity and “Amenities”



- Workers tend to move to areas based on real wages, employment opportunities, and “amenities”
- “Amenities” are soft factors that attract workers to a region, even if real wages are lower (e.g. warm weather, sunny days, recreational opportunities, cultural resources)
- Regions that attract people of diverse racial, ethnic backgrounds have a labor force advantage
- Houston, Atlanta, Los Angeles, Denver, New York

Texas 4 race/ethnic groups to 2040



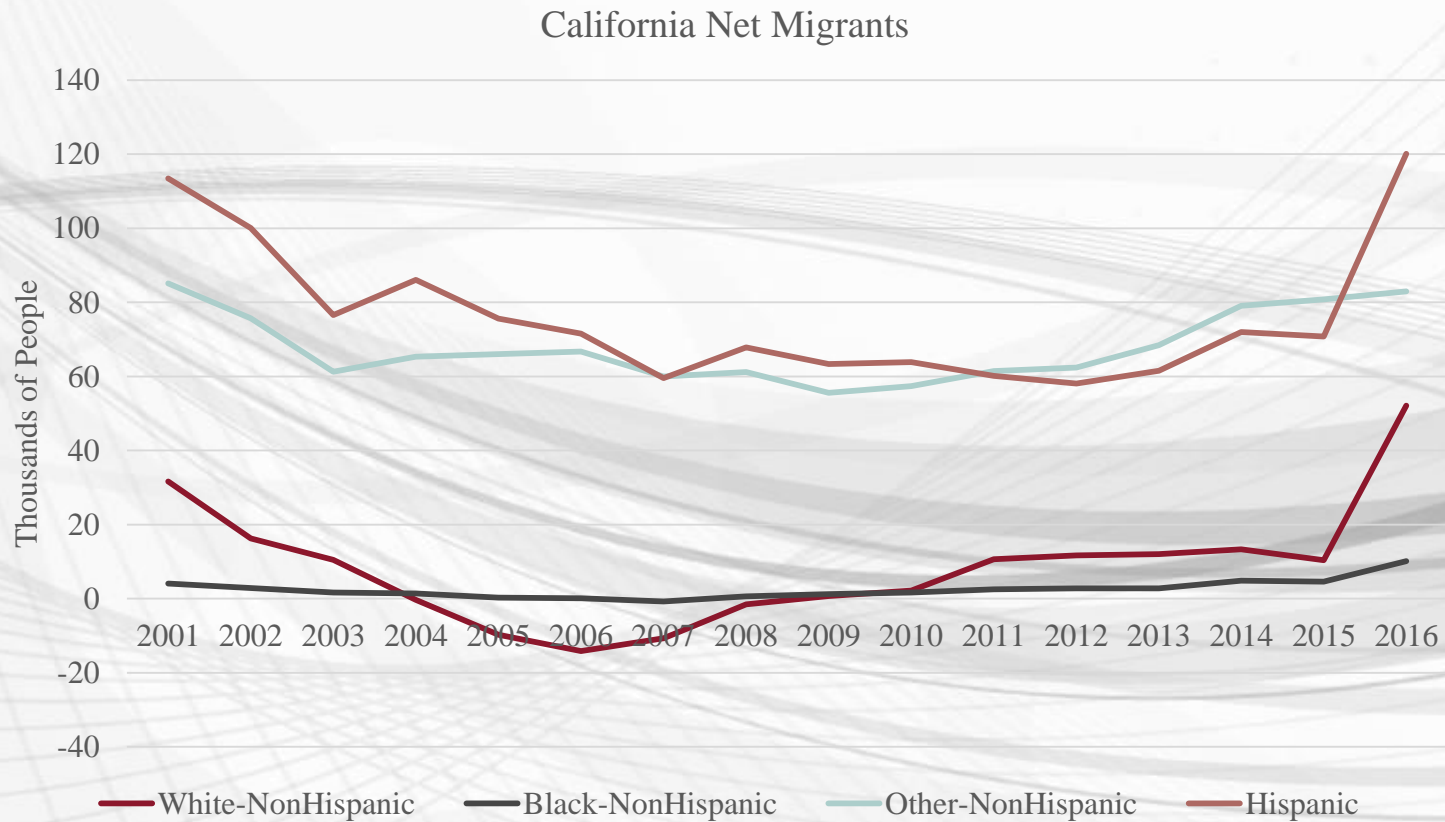
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Equilibrium...again



- Texas has a large and growing Hispanic population, which drives economic and labor force growth
- But people tend to migrate to where they are “better off” until wages, cost of living, and quality of life balance out.
- California gains international migrants (especially Hispanic and Asian); has seen out-migration of white population
- Washington gains migrants from California and elsewhere

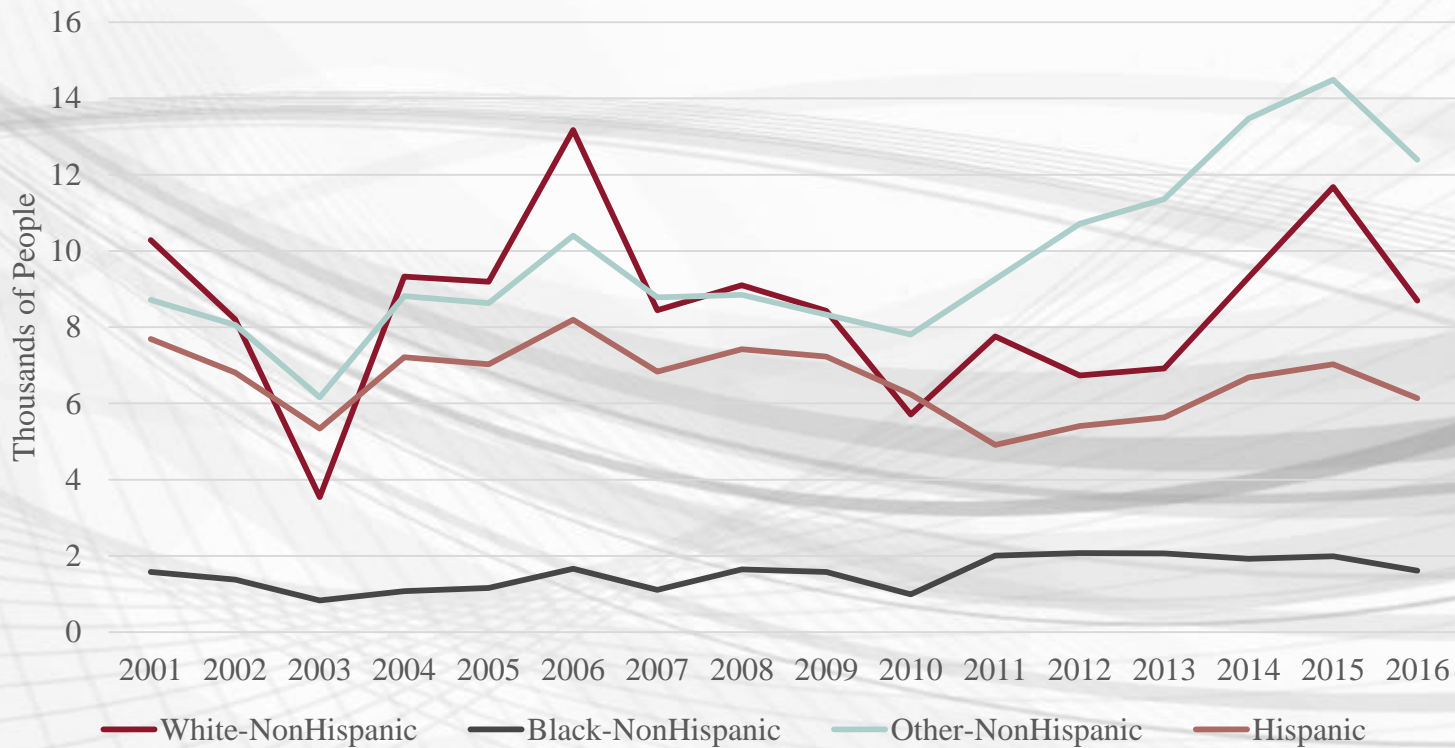
California Net Migrants: 2001-16



Washington State Net Migrants: 2001-16



Washington Net Migrants



Diversity and Change



- Positives: labor force, dynamic regions
- Negatives: political conflict, economic and social tension

Generally, U.S. adaptive to demographic change (political and economic)

U.S. Constitution:

Free speech, freedom of religion, Federal system, protection of life, liberty, property and equal protection under the law.

Demographics: Why Does It Matter?



- Regions Need to Know Where They're Going to Plan for the Future
- Demographic Factors are Just as Important as Economic Factors

Regional Change



Economic Factors

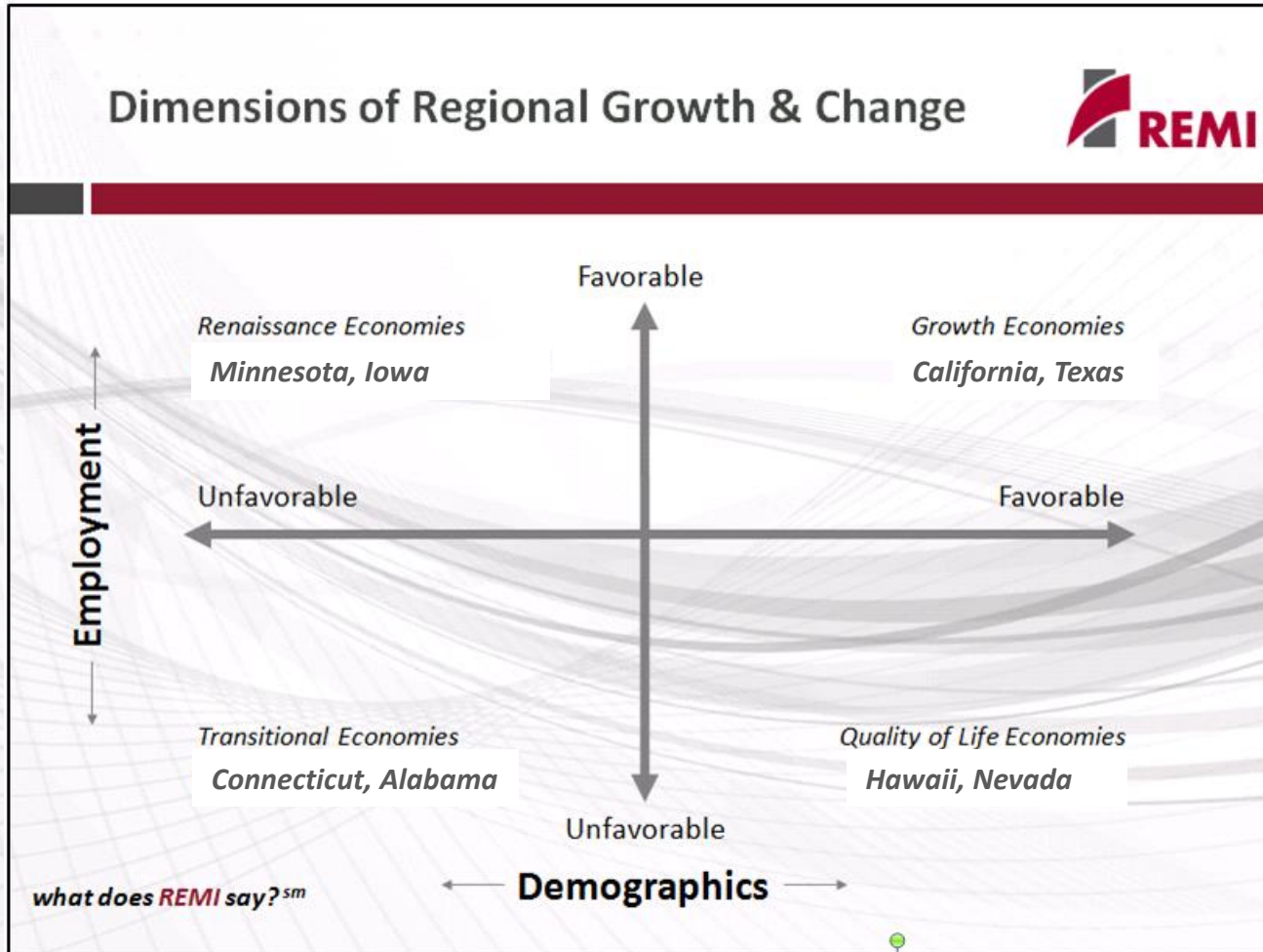
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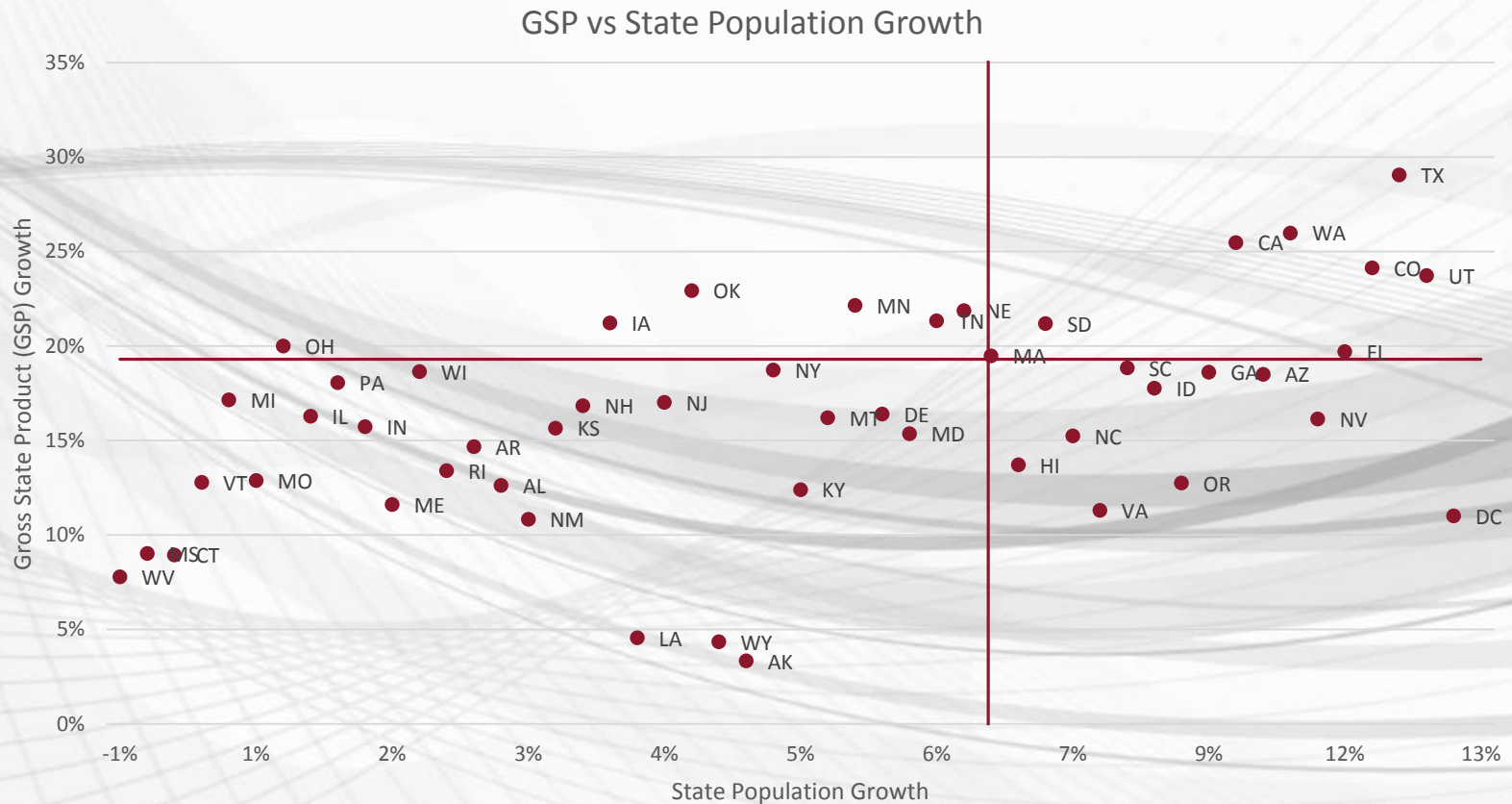
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Regional Growth Matrix



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Gross State Product vs. State Population Growth

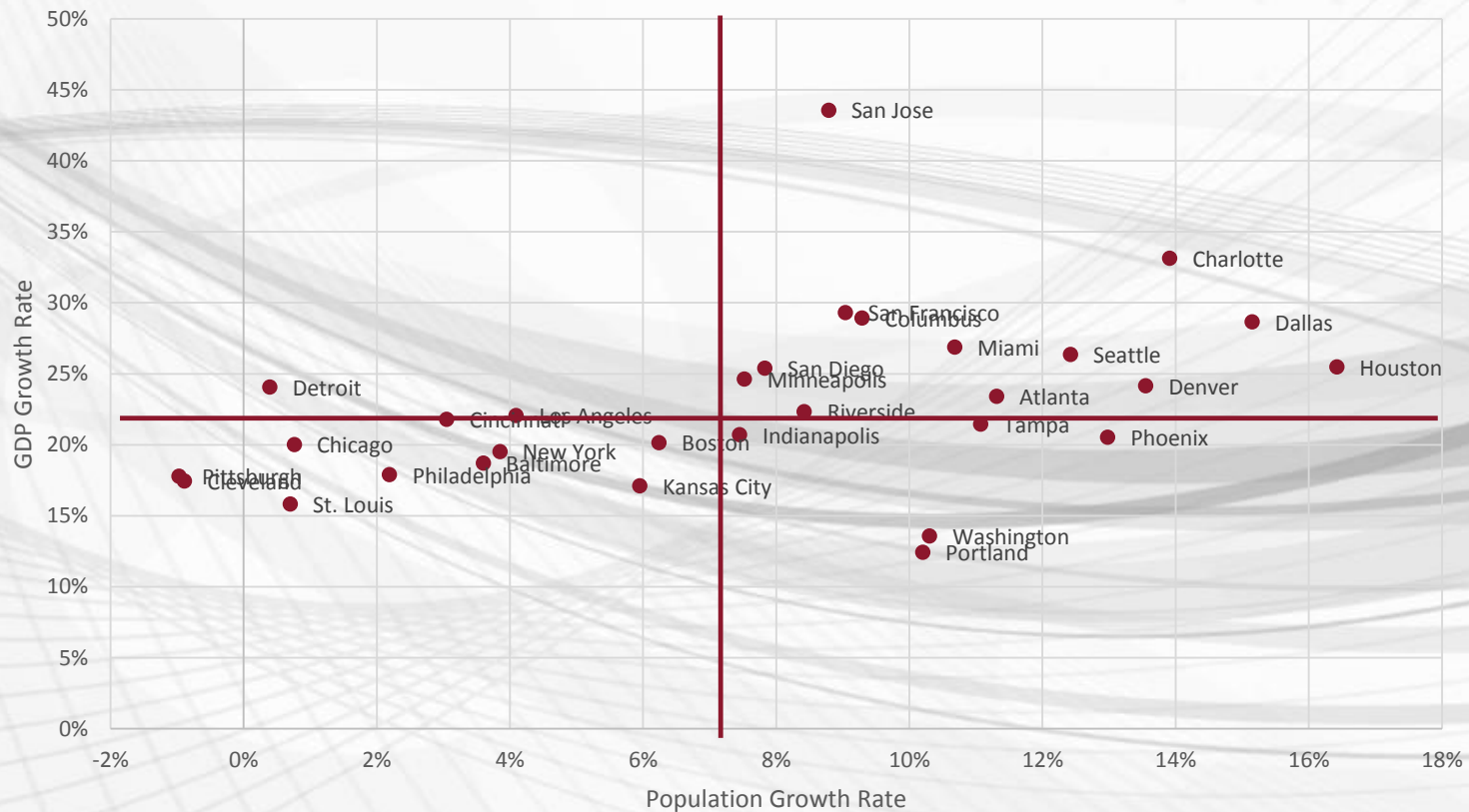


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MSA GDP Growth vs. Population



Top 30 MSA GDP Growth Rate vs Population Growth Rate



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Regional Policy



- Growth Economies: Problems of Housing Affordability and Transportation Congestion
- Quality of Life Economy: Problems of Low Wages and Low Educational Attainment
- Renaissance Economies: Problems of Attracting Workforce
- Transitional Economies: Problems of Attracting and Retaining Workforce, Problems of Economic Opportunity

Regional Policy: Solutions



- Growth Economies: More accommodative housing policy; improve transportation system
- Quality of Life Economies: Strengthen Education and Skills
- Renaissance Economies: Develop regional attractiveness and amenities
- Transitional Economies: Strengthen Existing Housing and Infrastructure, Develop Local Labor Force, Support Regional Businesses, Core Quality of Life Factors (public safety, institutions, recreational opportunities)