



# The Future is Here: Aging PA Taxpayers and Voters Affect Education Funding

Maureen W. McClure (Ed)  
Vera Krekanova (GSPIA)

University of Pittsburgh  
October 21, 2014

The Future We Knew Was  
Coming  
Is Here ...

Now...

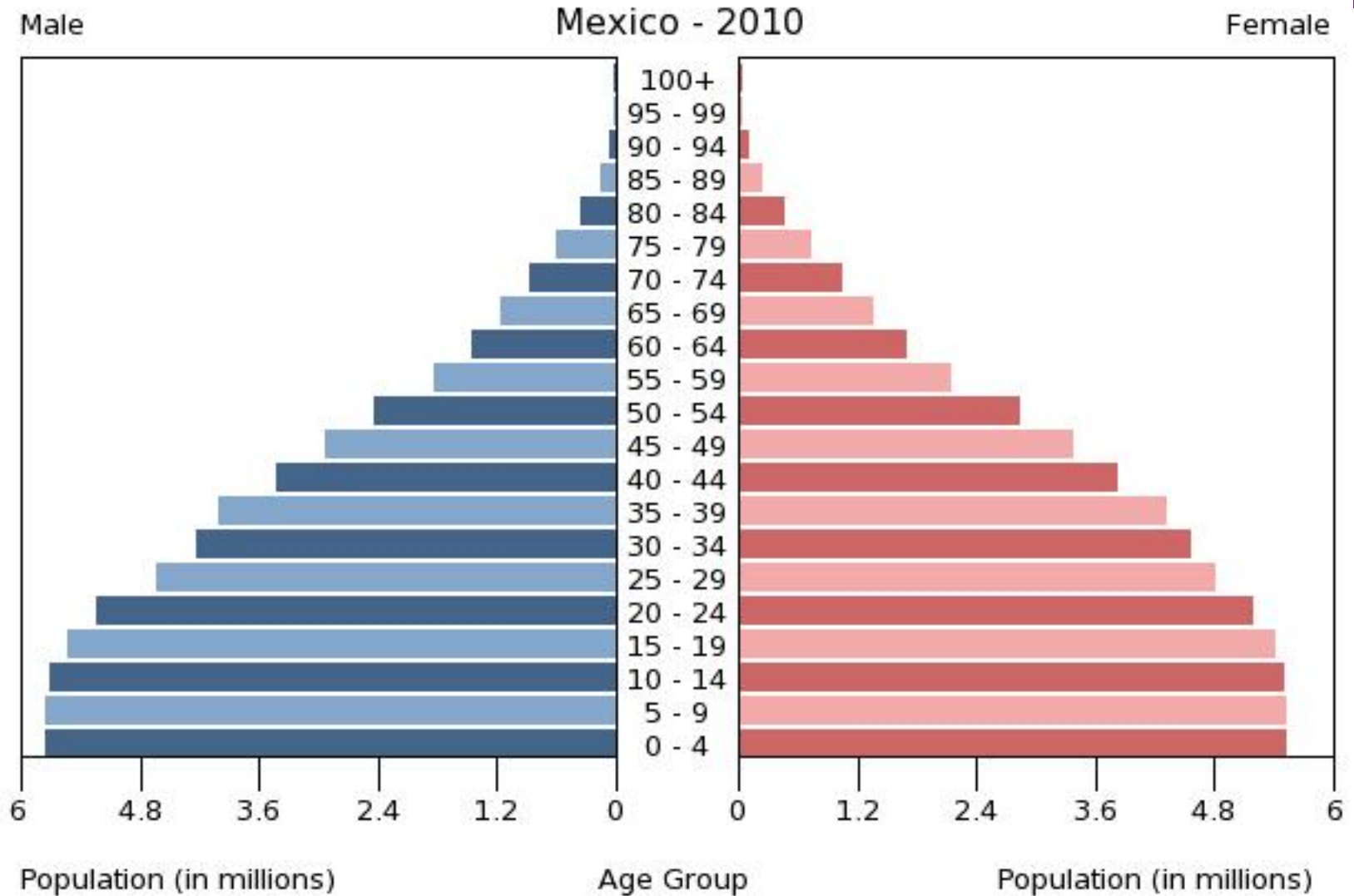
# Education is Dependent on All Ages

- **Education is not an isolated sector** – Need to look at the whole population over time
- The *shape* of a population can be important for government policy and planning because it forces us to think about the dependencies of generations – **Population pyramids** can help
- First - **Demographic dependency** - These measures indicate those who are too young or too old to work, relative to the number of people of working age
- Second - **Economic dependency** - These measures indicate the employment status of those who are, who are not, and who are unable to be employed

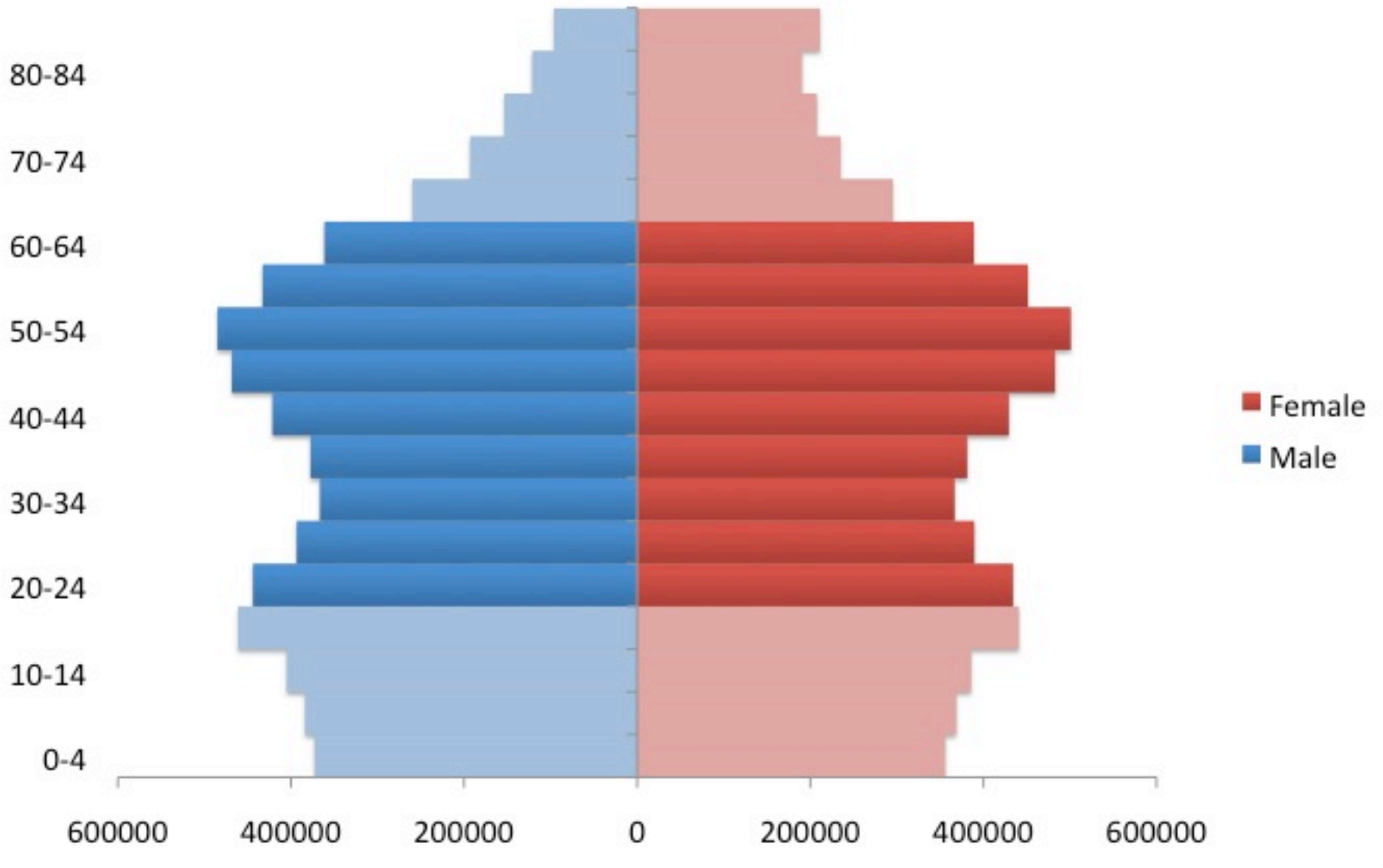


# Mexico vs PA

Population Pyramids



# Pennsylvania Potential Dependency



Source: US 2010 Census McClure and Krekanova, School of Education, University of Pittsburgh, Basic Education Funding Commission, October 21, 2014

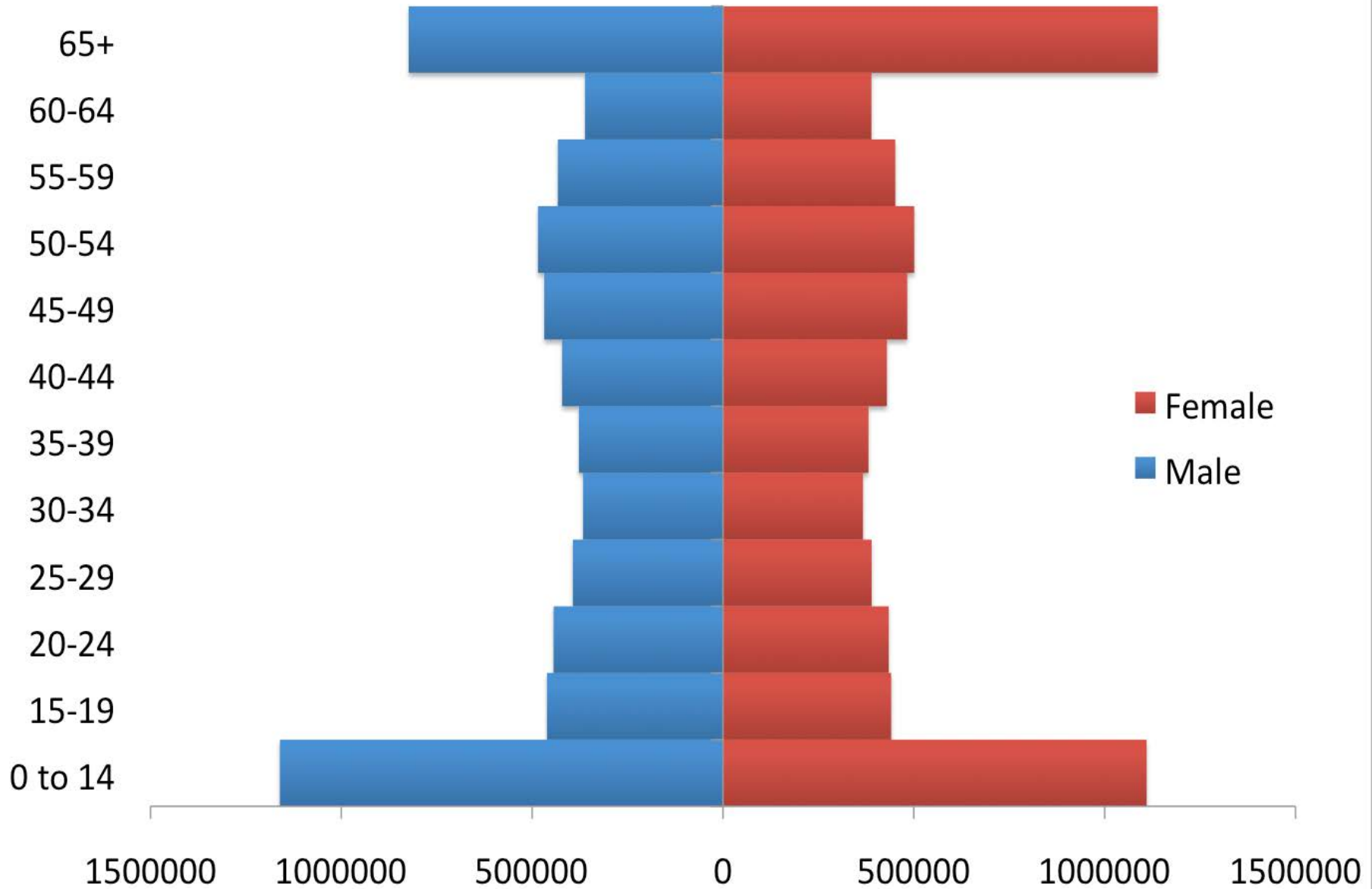
# What Does This Mean For PA Taxpayers?

- PA is a rapidly aging state ... more to come....
- Taxable salaries are being replaced by non-taxable income, e.g.,
  - Pension income (where PA taxes paid up front)
  - Social Security
- Boomers leaving higher income (45-64) age cohorts brackets are being replaced by smaller cohorts – means fewer people to tax

# How Big A Problem Is It For School Tax Bases?



# Pennsylvania Population



Source: US 2010 Census McClure and Krekanova, School of Education, University of Pittsburgh, Basic Education Funding Commission, October 21, 2014

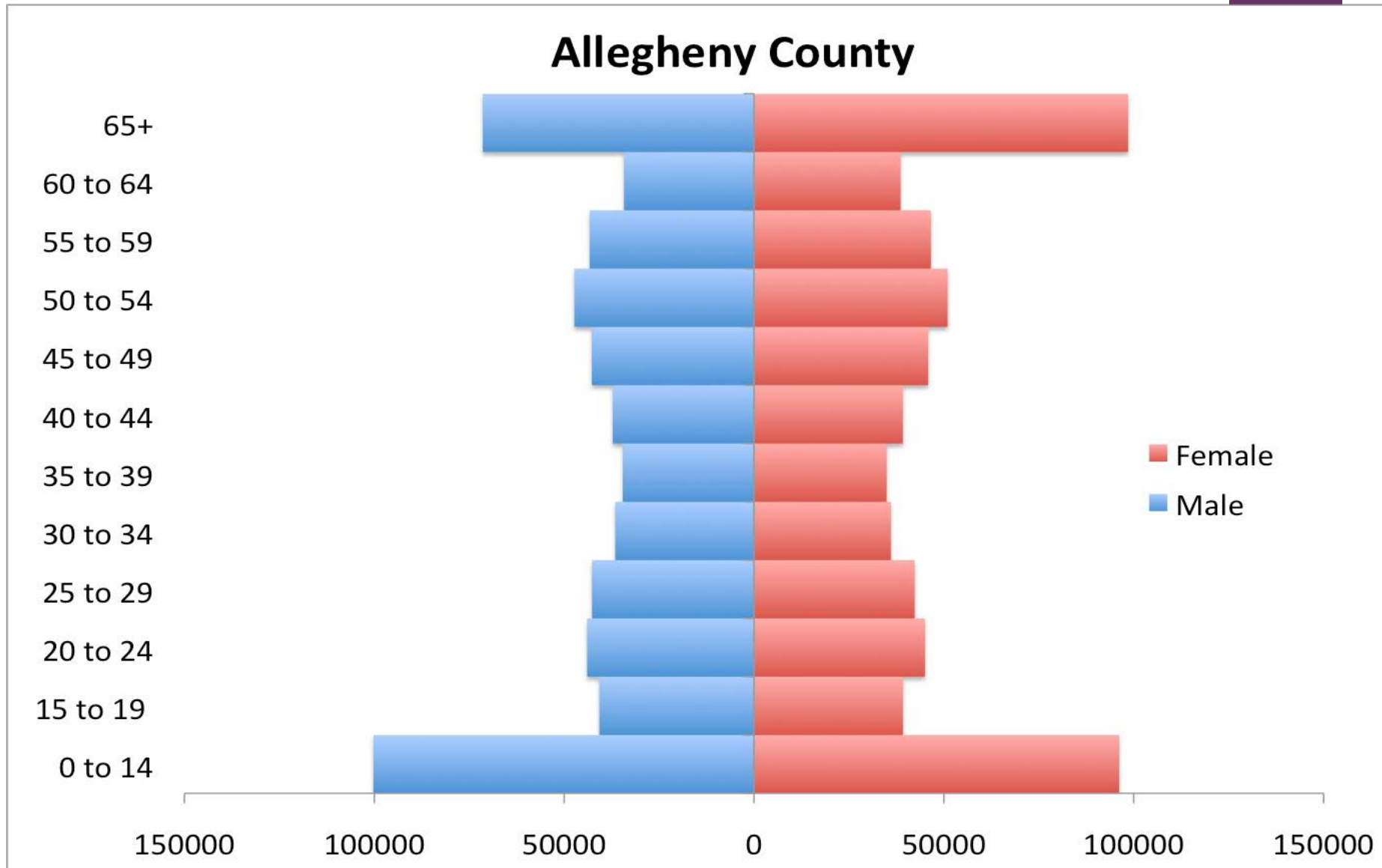
## PA Population's Shape Is Shifting Faster Than It's Growing

	2010	2015	2020	Chg 2010- 15	Chg 2015- 20	Chg 2010- 20	% Chg 2010- 20
Total Pop	12,711,308	12,962,624	13,230,170	251,316	267,546	<b>518,862</b>	<b>4.08%</b>
65+ Pop	1,962,950	2,209,819	2,535,935	246,869	326,116	<b>572,985</b>	<b>29.19%</b>

Source: Center for Rural Pennsylvania

## Allegheny County: Slow Total Growth, Rapid Generational Shift

	2010	2015	2020	Chg 2010-15	Chg 2015-20	Chg 2010-20	% Chg 2010-20
Total Pop	1,223,840	1,244,699	1,265,919	20,859	21,220	<b>42,079</b>	<b>3.4%</b>
65+	204,803	223,529	255,179	18,726	31,650	<b>50,376</b>	<b>24.6%</b>

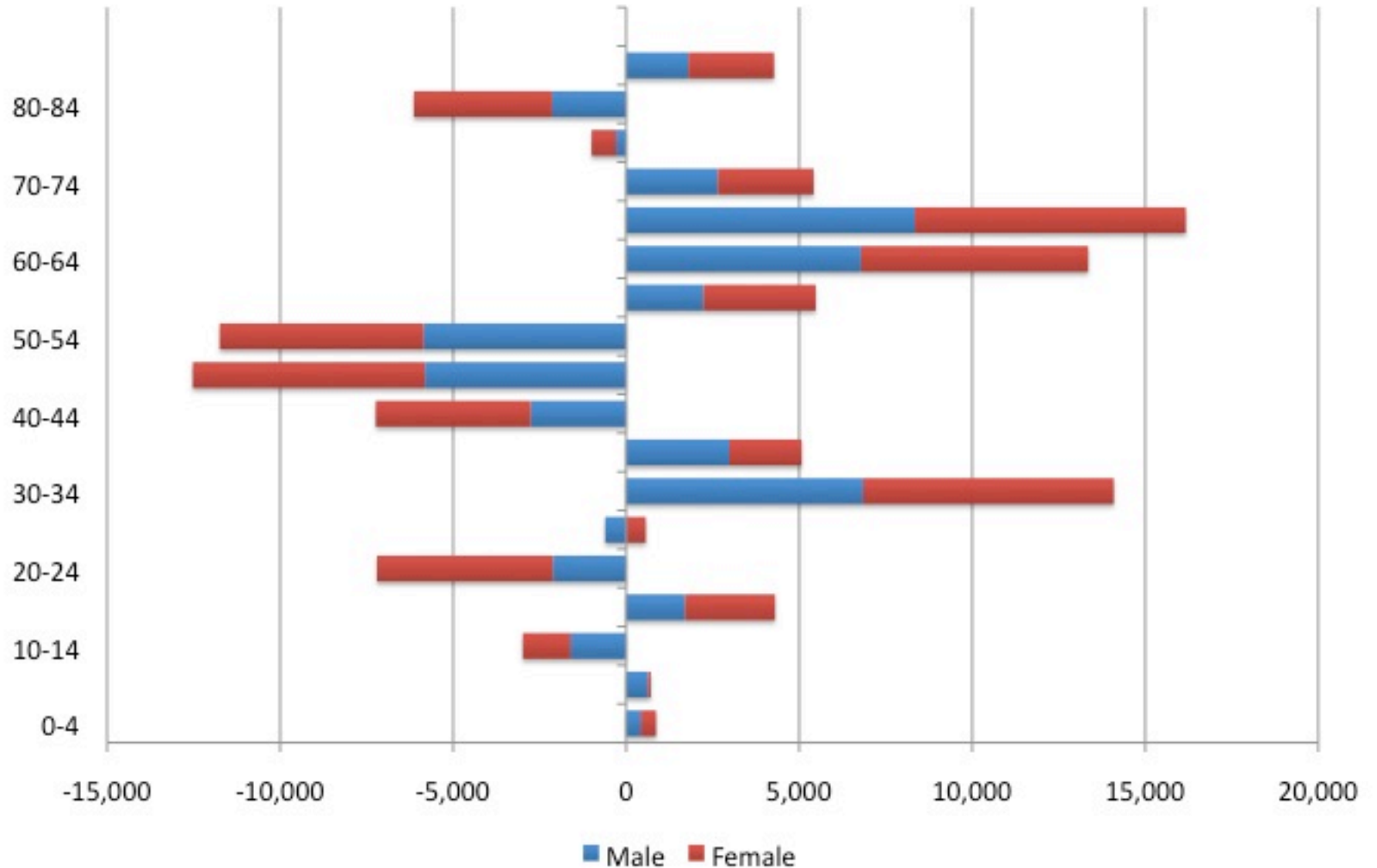


Source: US 2010 Census McClure and Krekanova, School of Education, University of Pittsburgh,  
Basic Education Funding Commission, October 21, 2014

And Then  
There Is ...

The Volatility of  
Age Cohort Shifts...

## Allegheny County Population Change 2010 to 2015



Source: US 2010 Census McClure and Krekanova, School of Education, University of Pittsburgh, Basic Education Funding Commission, October 21, 2014

# What Do You See?

- School districts hit twice
  - First by larger numbers of taxpayers with non-taxable income
  - Second by the loss of taxpayers in higher income age cohorts

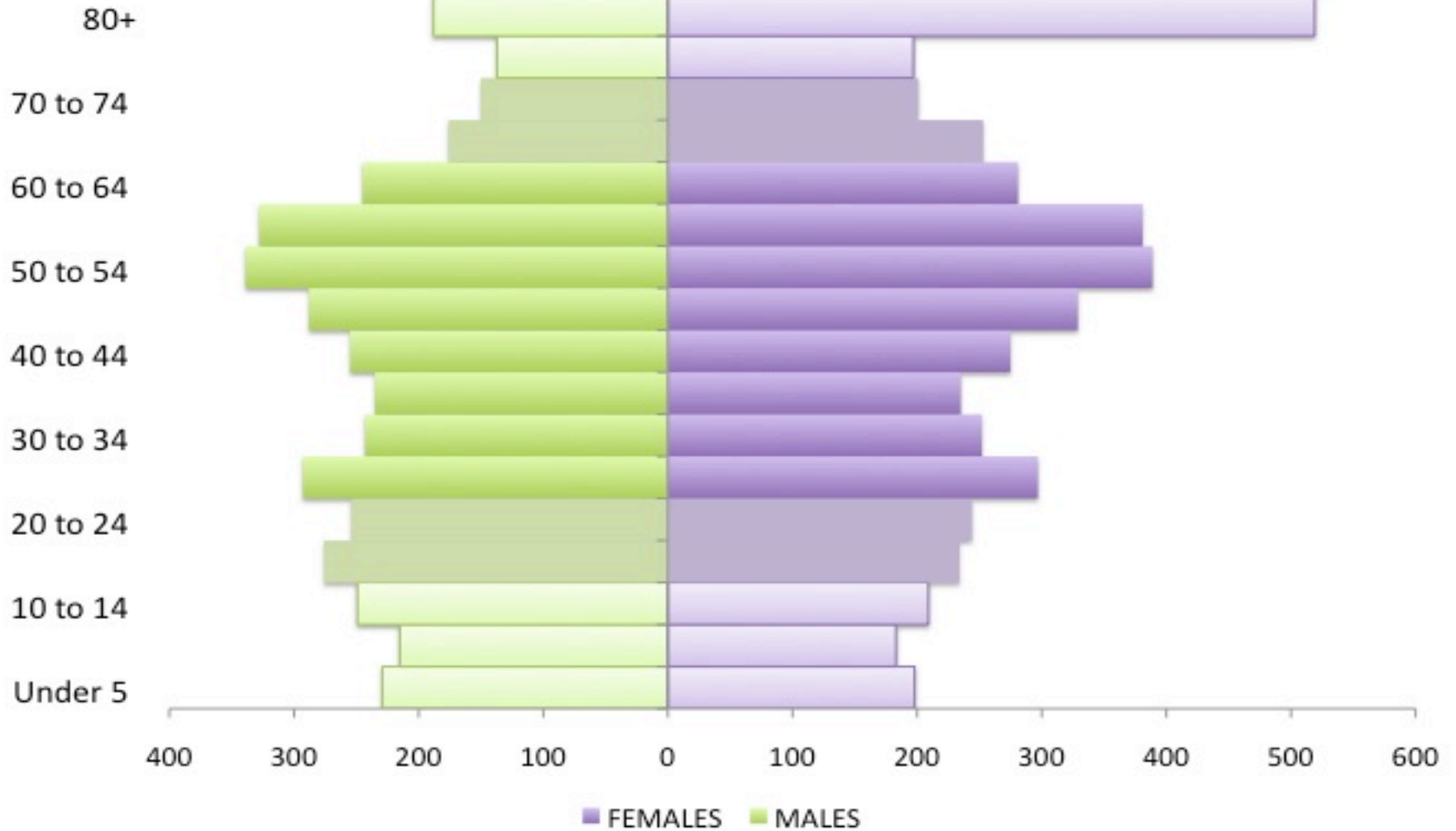
# How Will These Changes Affect School Districts?

16

- Scale problems - Districts may be more prone to financial instability because most are relatively small
- Elderly may now support education, but it may diminish as taxes increase



### RIVERVIEW SCHOOL DISTRICT: POTENTIAL DEPENDENCY

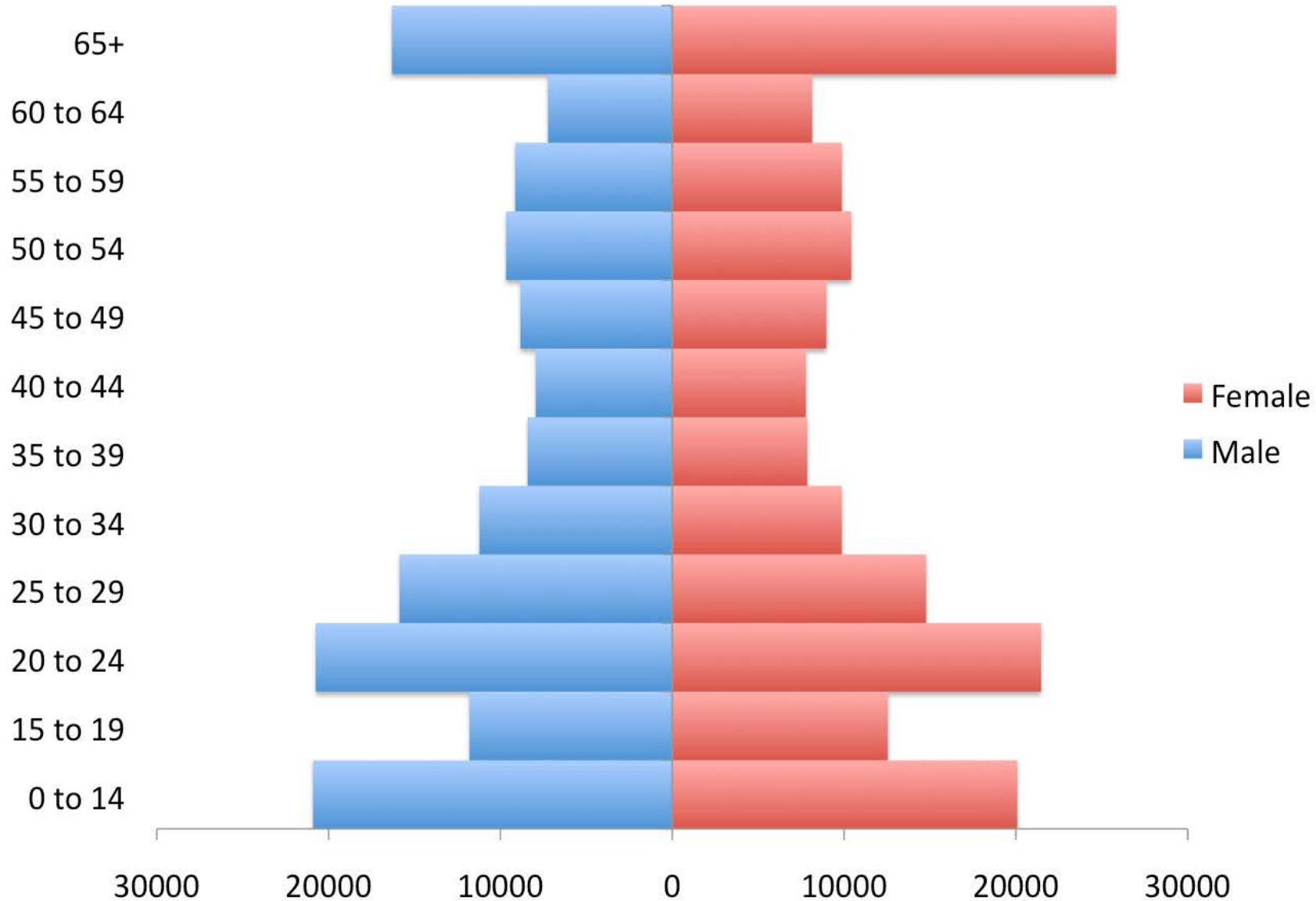


Source: US 2010 Census McClure and Krekanova, School of Education, University of Pittsburgh, Basic Education Funding Commission, October 21, 2014

# Poor Districts Take Biggest Hit

- Because:
  - Not only do districts have children who need more services
  - District elderly are more to have limited access to Social Security and pensions
  - They also live longer, and they vote...

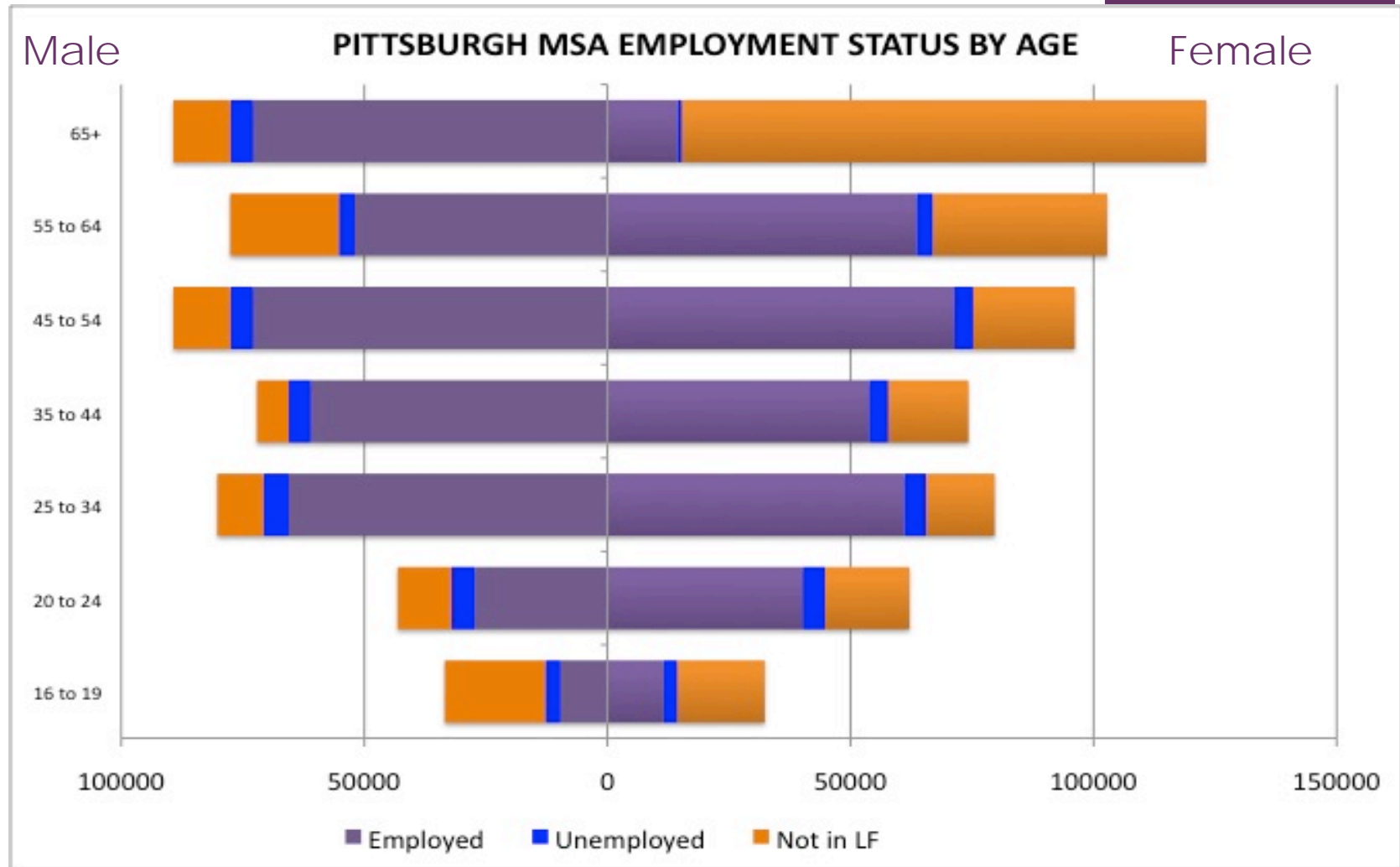
# Pittsburgh City



# Look at Four Economic Dependency Indicators

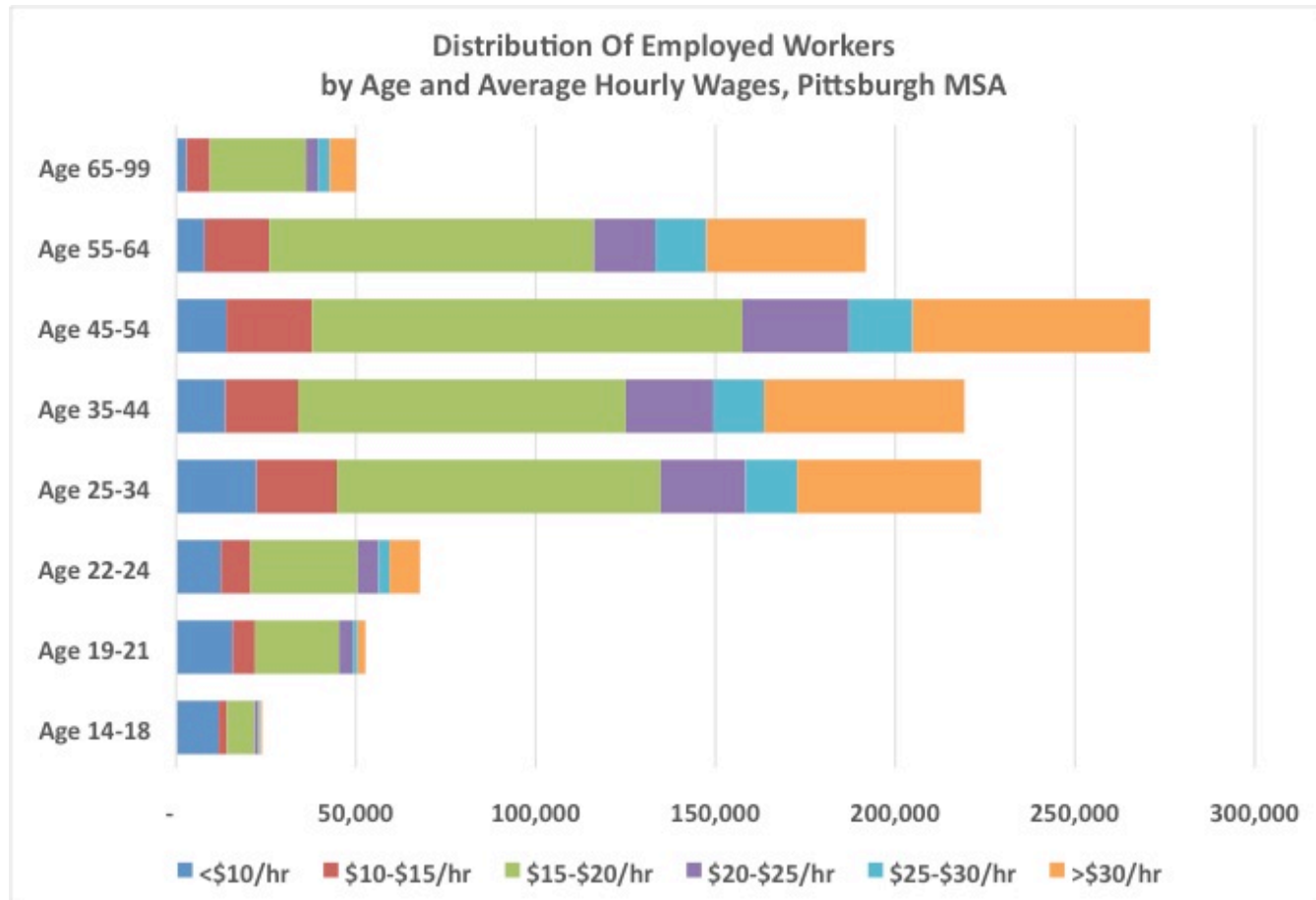
- Unemployed
- Low-wage employed
- Not in labor force

# Employment Status by Age



Source: (2014) Three Rivers Workforce Investment Board McClure and Krekanova, School of Education, University of Pittsburgh, Basic Education Funding Commission, October 21, 2014

# Employed: Hourly Wages



Source: Source: (2014) Three Rivers Workforce Investment Board McClure and Krekanova, School of Education, University of Pittsburgh, Basic Education Funding Commission, October 21, 2014

# So What Does This Mean?

- “Shape shifting” of generational cohorts matter to the state’s education funding and strategic planning functions
- Rising dependency rates may financially destabilize some school districts – gain of elderly + loss of income earners
- Seniors should be at the table now – because they *will* vote later
- So should younger cohorts who might otherwise leave the state

# Demographic and Economic Dependency Indicators Should Be Accounted For

- State education funding formula needs to better account for generational shifts
- State-mandated strategic planning needs to account for shifting tax capacities at both local and state levels
- Need for generational fairness on all sides to avoid competing interests



# Education is An Essential Solution

To the Rapidly Growing Complex  
and “Wicked” Problems of  
Successful Generational Transitions

# Thank You

Maureen W. McClure  
Associate Professor  
Administrative and Policy Studies  
School of Education  
University of Pittsburgh  
Pittsburgh, PA 15260

Phone: 412.648.7114

E-mail: [mmcclure@pitt.edu](mailto:mmcclure@pitt.edu)

Data Sources: The Center for Rural Pennsylvania,  
Three Rivers Workforce Investment Board, and US  
2010 Census Summary File 1: QT-P1



# APPENDIX

McClure and Krekanova, School of Education, University of Pittsburgh,  
Basic Education Funding Commission, October 21, 2014

# Education for Whom?

- What kinds of jobs does the next generation need to be successful?
- PA business is not a monolith and education funding policies need to better recognize these differences
- PA has different kinds of industries with different kinds of jobs
  - High Wage – High Employment/ High Wage – Low Employment
  - Low Wage – High Employment/ Low Wage – Low Employment
- Will older workers with good jobs be replaced by younger workers? Or will many current good jobs disappear?
- Not only a “skills gap,” also a “good jobs gap” ?

# Are Good Jobs Aging Out?

About 1/5 on high wage  
jobs will age out soon

## All Businesses Are Not Created Equal: Higher Wages = More Older Workers

Description of PA Industry	2014 Earnings	2014 Jobs	2010-2014 Change	Male %	Female %	Age 55-64 %
<b>High Wages – High Employment</b>						
Construction	\$66,506	215,104	9,541	88%	12%	15%
Educational Services	\$64,315	168,757	(10,472)	40%	60%	20%
Finance and Insurance	\$96,915	242,042	(2,290)	37%	63%	17%
Government	\$79,035	681,998	(47,677)	44%	56%	20%
Health Care and Social Assistance	\$54,993	926,751	40,121	21%	79%	18%
Manufacturing	\$72,370	561,366	935	74%	26%	21%
Transportation and Warehousing	\$51,826	210,749	14,710	71%	29%	18%
Wholesale Trade	\$75,795	198,155	1,915	72%	28%	19%
<b>High Wage – Low Employment</b>						
Information	\$86,343	82,253	(7,575)	57%	43%	17%
Mining, Quarrying, and Oil and Gas Extraction	\$94,643	33,054	9,463	91%	9%	15%
Management of Companies and Enterprises	\$137,728	131,410	16,632	51%	49%	19%
Utilities	\$139,149	21,298	(434)	80%	20%	25%

# Good Jobs Gap

Many young people in low wage industries... how many will be able to overcome a “skills gap” and make the leap to higher paying industries?

## All Businesses Are Not Created Equal: Lower Wages = More Younger Workers

Description of PA Industry	2014 Earnings	2014 Jobs	2010-2014 Change	Male %	Female %	Age 55-64 %
<b>Low Wage - High Employment</b>						
Accommodation and Food Services	\$19,278	444,725	34,774	43%	57%	7%
Administrative and Support and Waste Management	\$39,082	268,456	23,205	60%	40%	13%
Retail Trade	\$31,618	632,611	8,082	48%	52%	14%
<b>Low Wage – Low Employment</b>						
Arts, Entertainment, and Recreation	\$36,574	99,165	10,823	54%	46%	13%
Agriculture, Forestry, Fishing and Hunting	\$37,010	22,898	282	70%	30%	10%
Other Services (except Public Administration)	\$33,852	185,346	4,771	46%	54%	17%



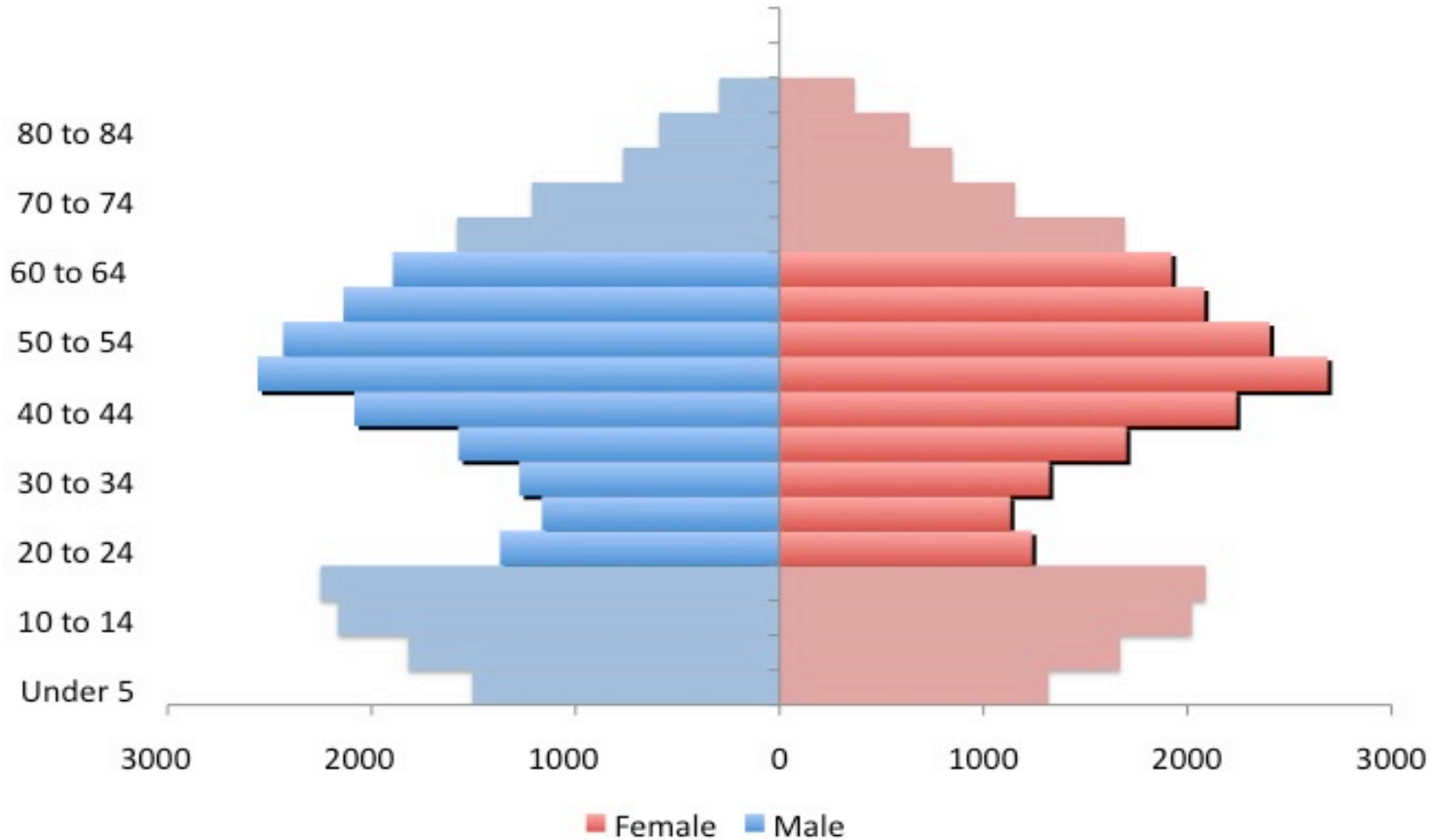
# Counties: Building Regional Economic Growth

- Counties are likely to face problems as the costs of generational transitions rise with aging populations
- Older workers retiring later out of concerns for economic stability... Are they shutting out younger workers?
- Younger workers with education debt and limited access to jobs may leave
- Let's look at counties around the state with some growth potential: Allegheny County, Pike (rapid growth), Bucks (wealthy suburban) and Lycoming (Marcellus Shale)- Do they face generational issues? If so, are they enough to limit capacities for additional taxation to share with other, poorer counties?

# Pike County

## What happened? Hollow core....

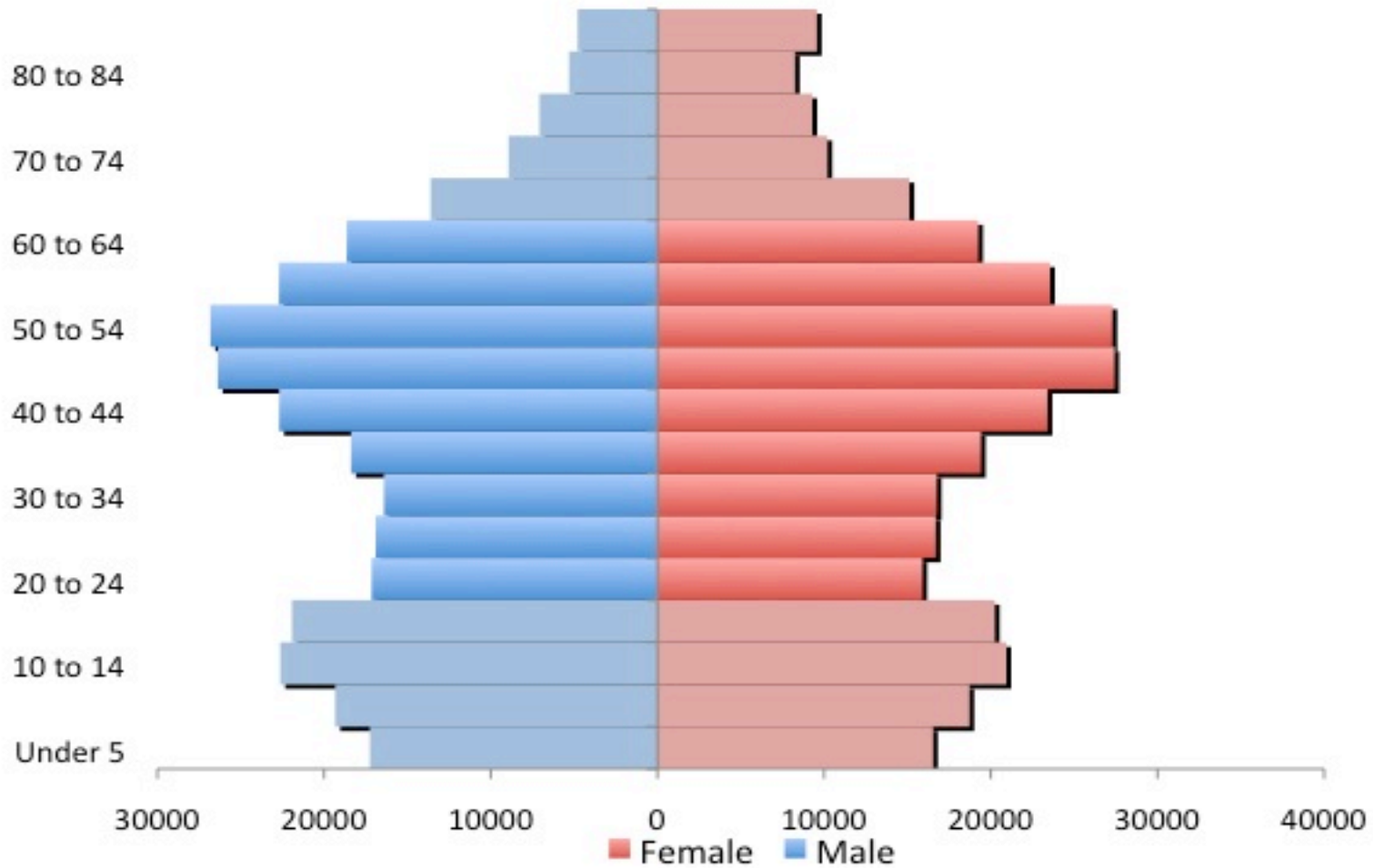
### Pike County: Dependency Potential



# Bucks County

Now too expensive  
for young people to move in?

### Bucks County Potential Dependency

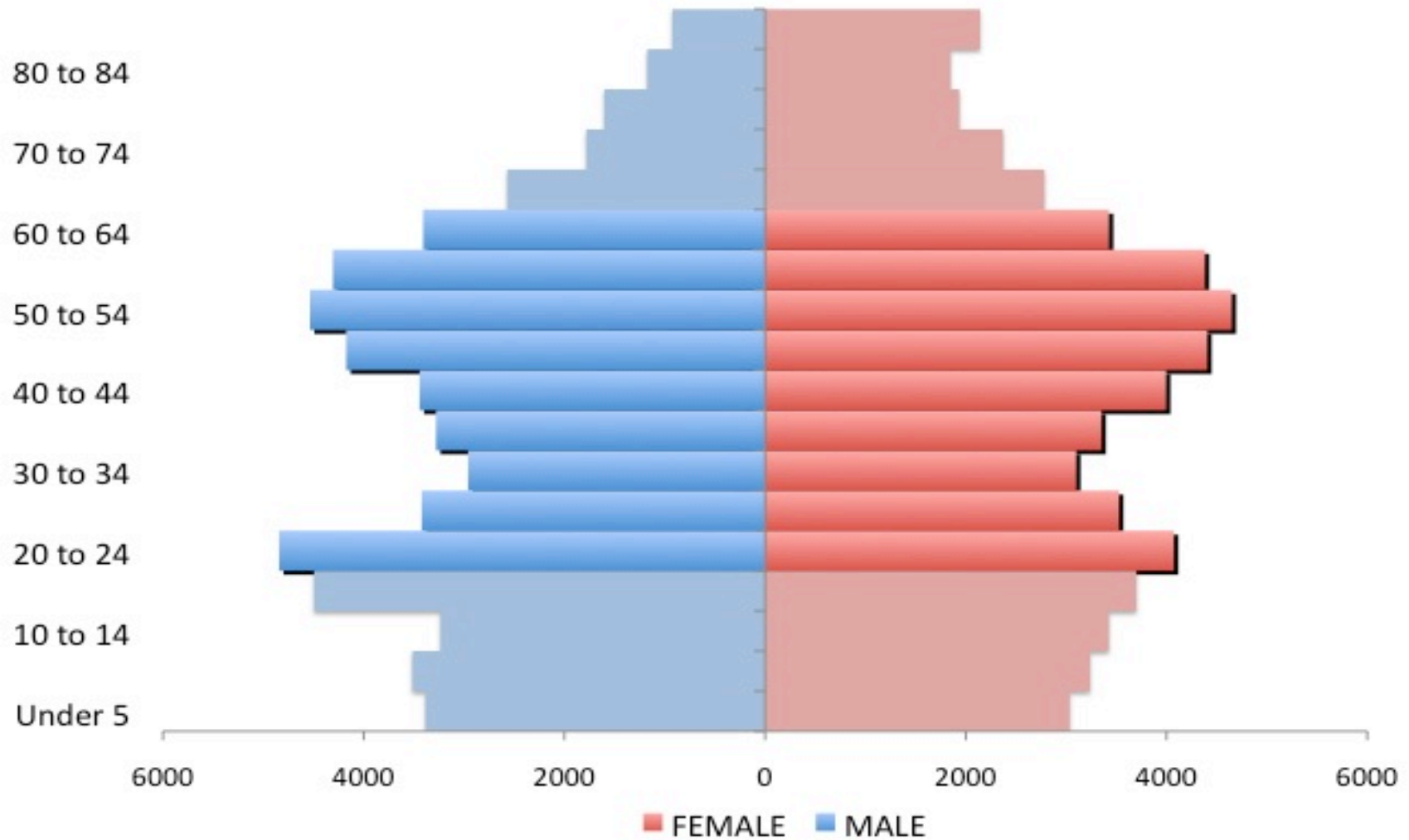


# Lycoming County

Marcellus Shale country...

Notice skewed growth of young males

## LYCOMING COUNTY POTENTIAL DEPENDENCY



Source: US 2010 Census McClure and Krekanova, School of Education, University of Pittsburgh,  
Basic Education Funding Commission, October 21, 2014

# Generational Transition Problems are “Super Wicked”

- Defined as a mega-wicked problem where in addition to being wicked (can't be “solved,” but must be dealt with)...
- Time is running out
- Weak or no central authority
- Those seeking solutions are causing the problem
- Policies discount the future irrationally (Levin et al 2012)