



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

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The Future We Knew Was  
Coming  
Is Here ...

Now...

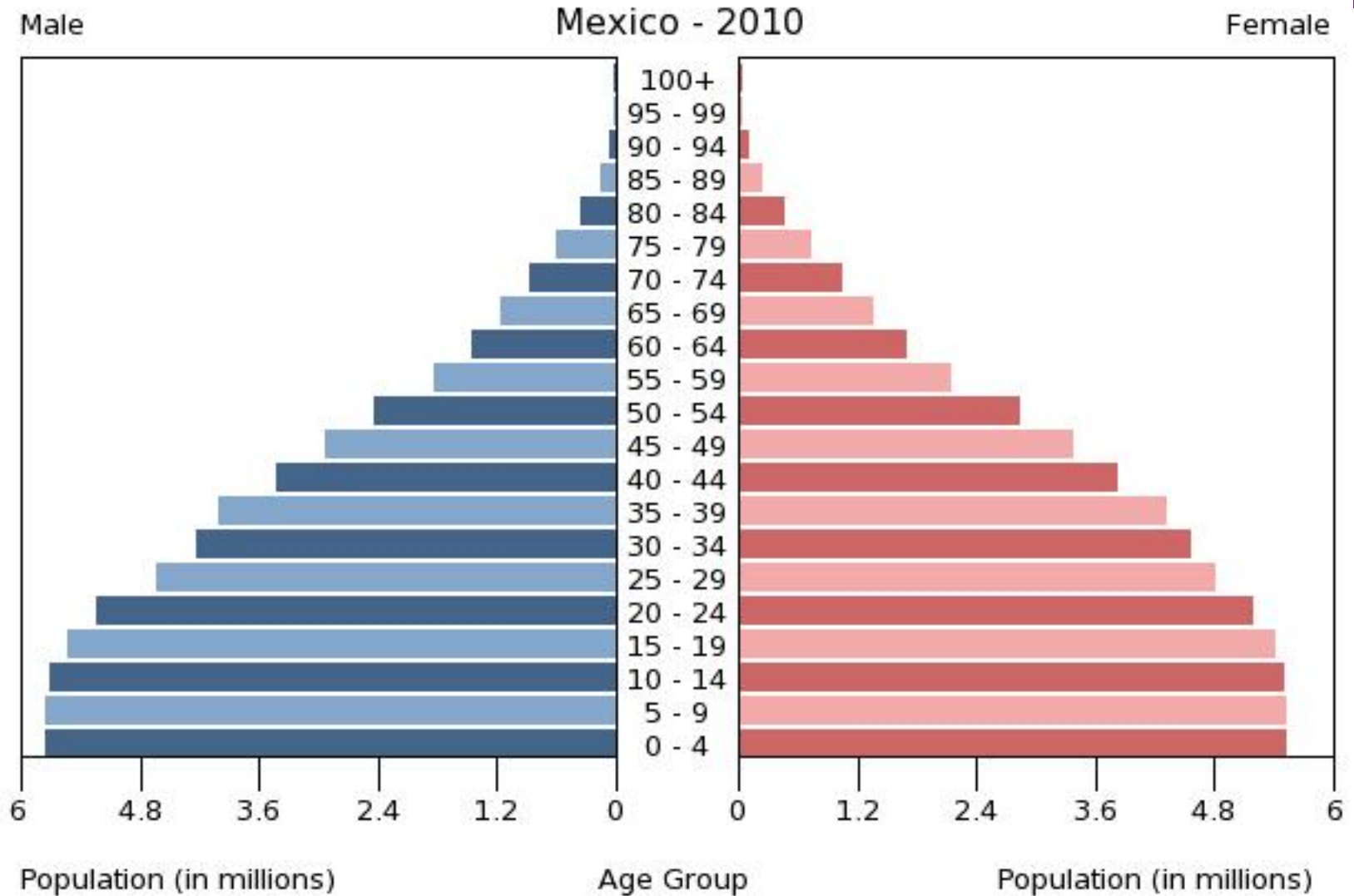
# Education is Dependent on All Ages

- **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



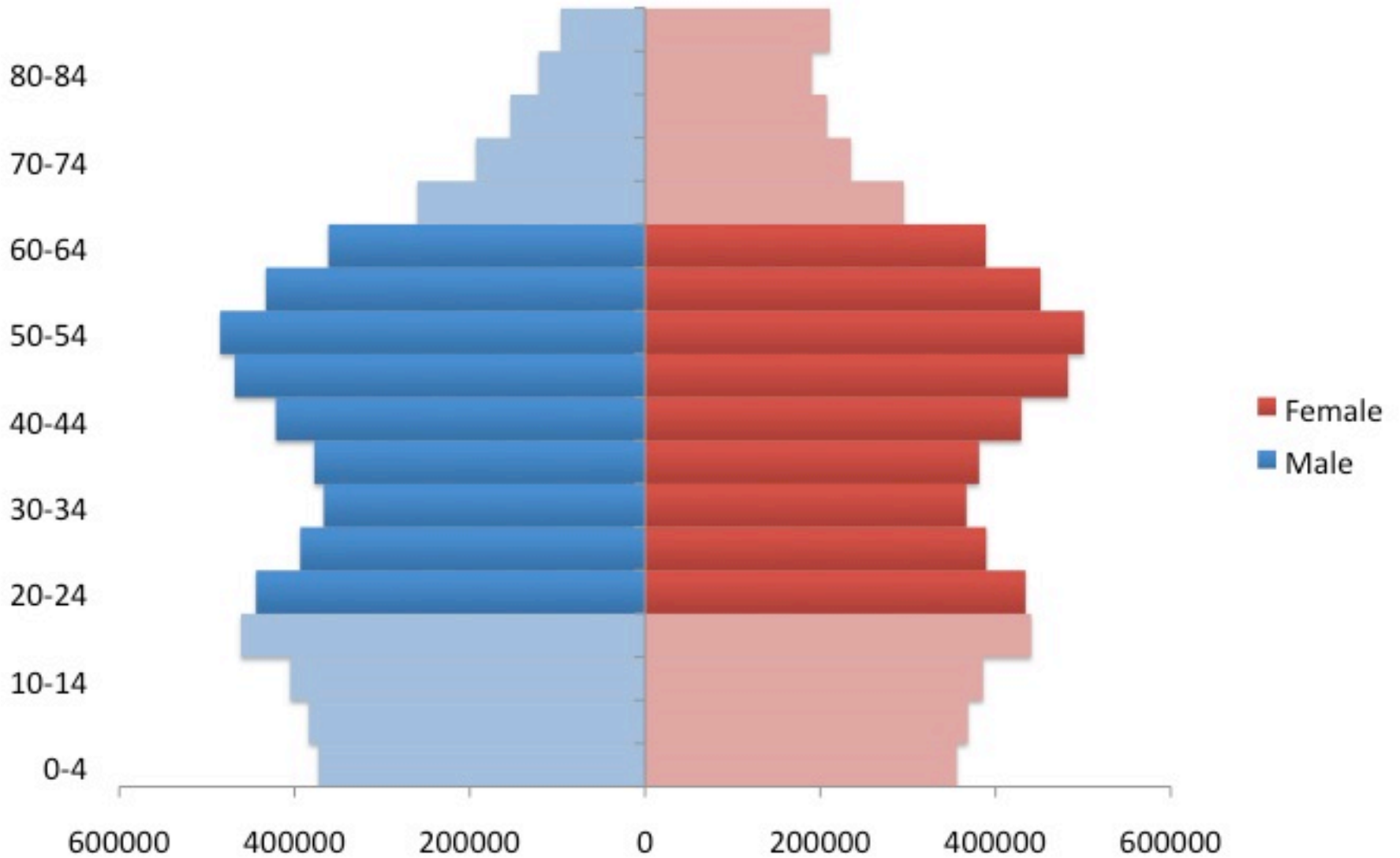
# Mexico vs PA

Population Pyramids



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

# Pennsylvania Potential Dependency



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

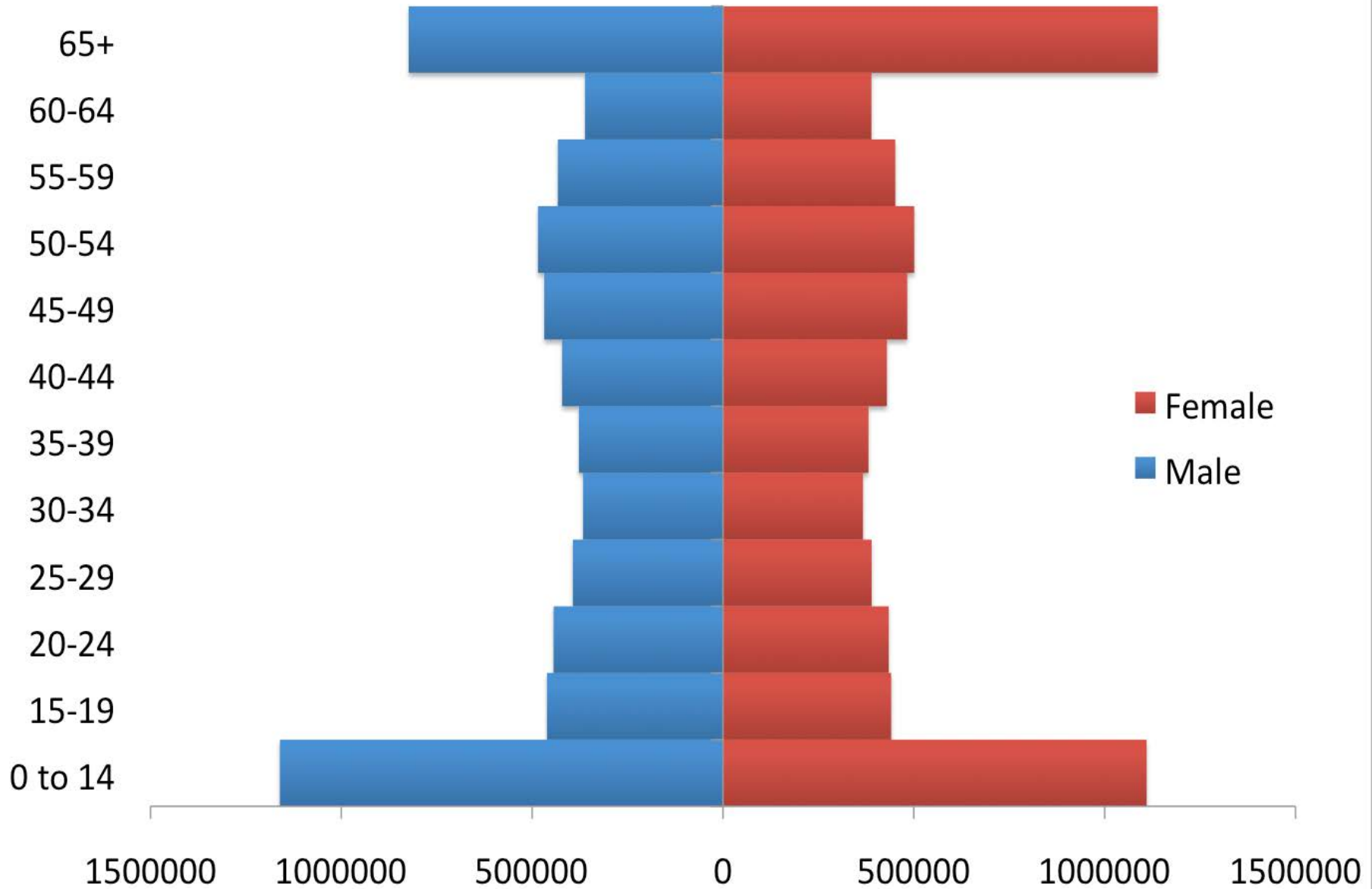
# What Does This Mean For PA Taxpayers?

- 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

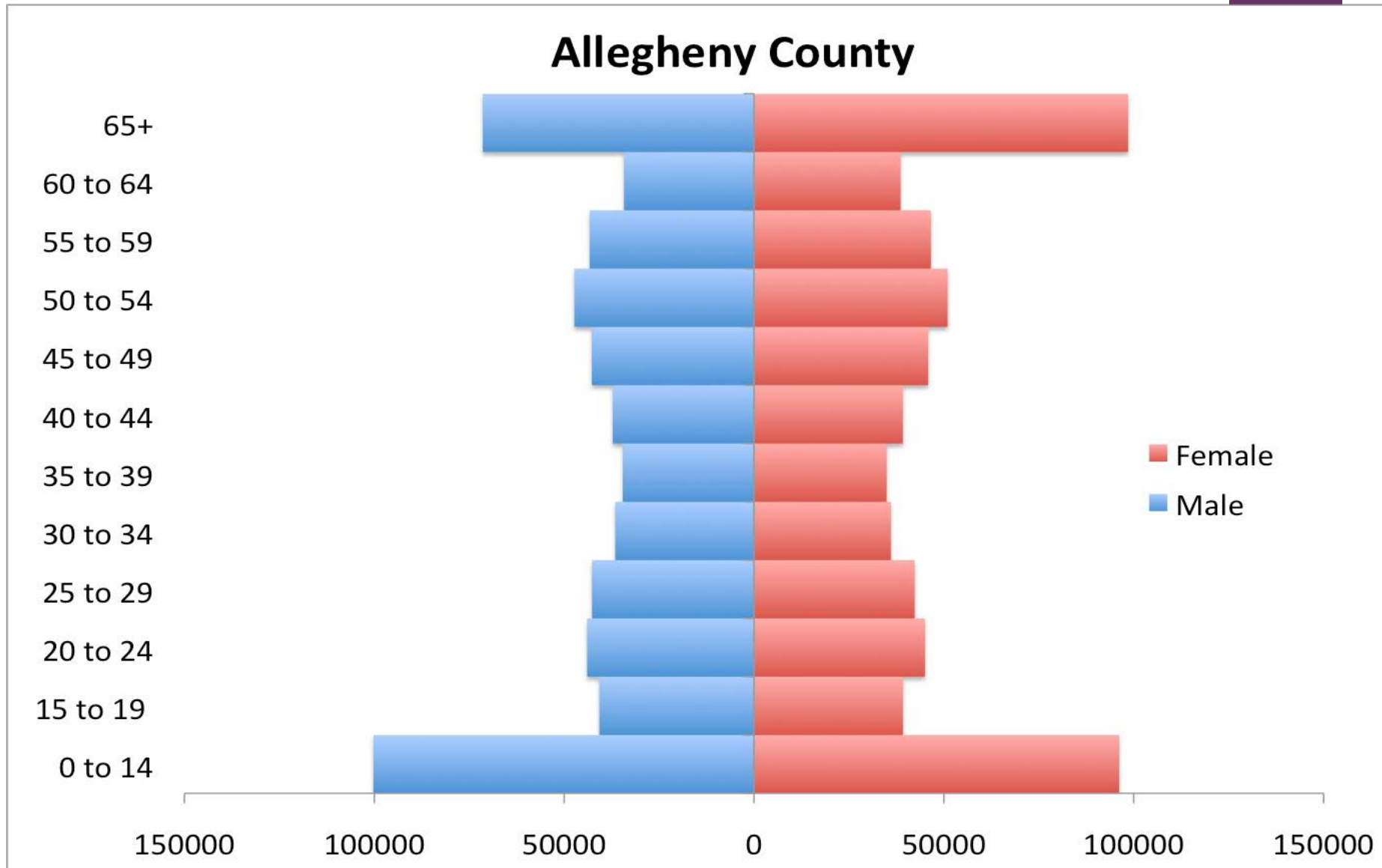
## PA Population's Shape Is Shifting Faster Than It's Growing

	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>

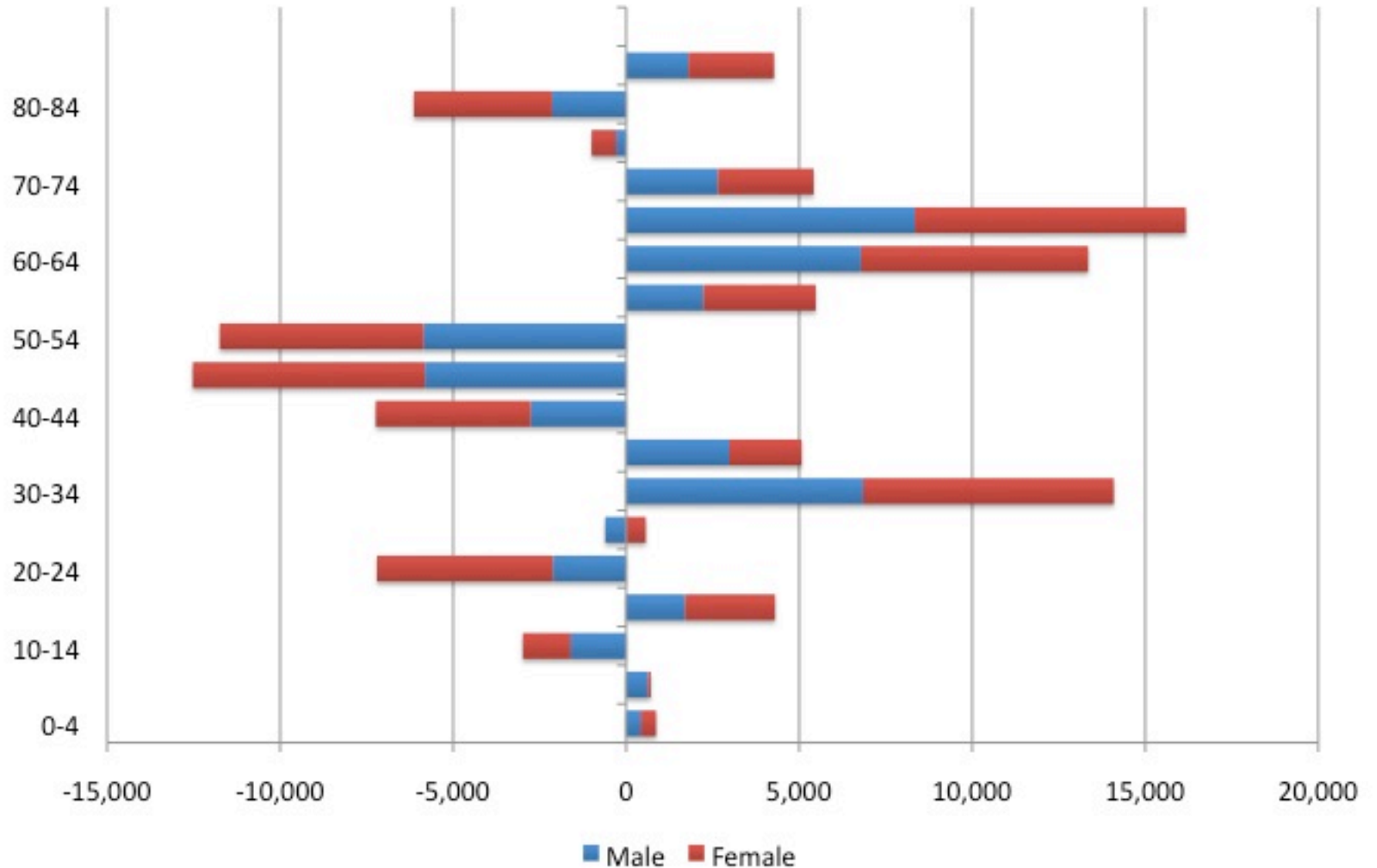


Source: US 2010 Census McClure and Krekanova, School of Education, University of Pittsburgh,  
Basic Education Funding Commission, October 21, 2014

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?

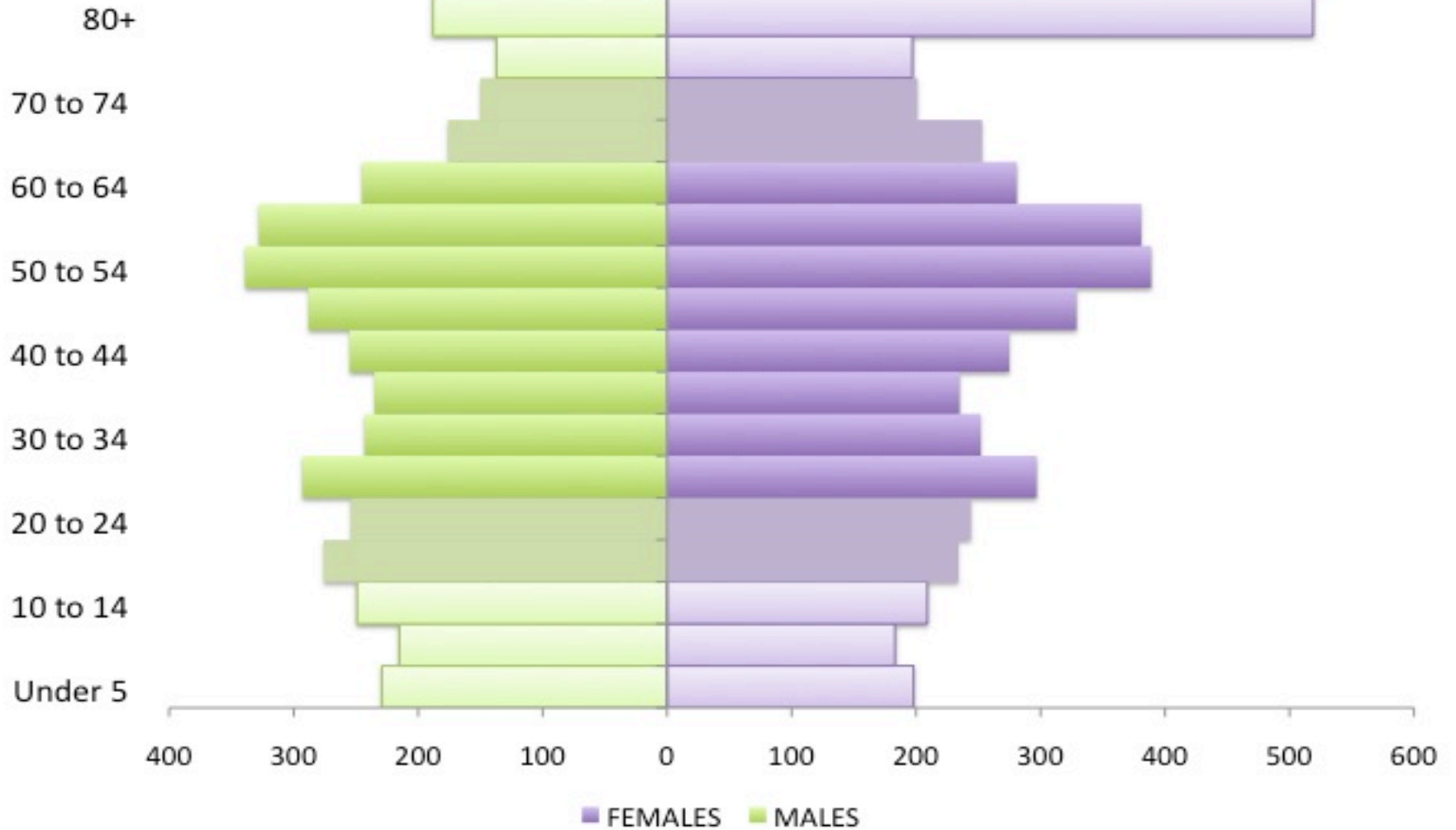
- School districts hit twice
  - First by larger numbers of taxpayers with non-taxable income
  - Second by the loss of taxpayers in higher income age cohorts

# How Will These Changes Affect School Districts?

- 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



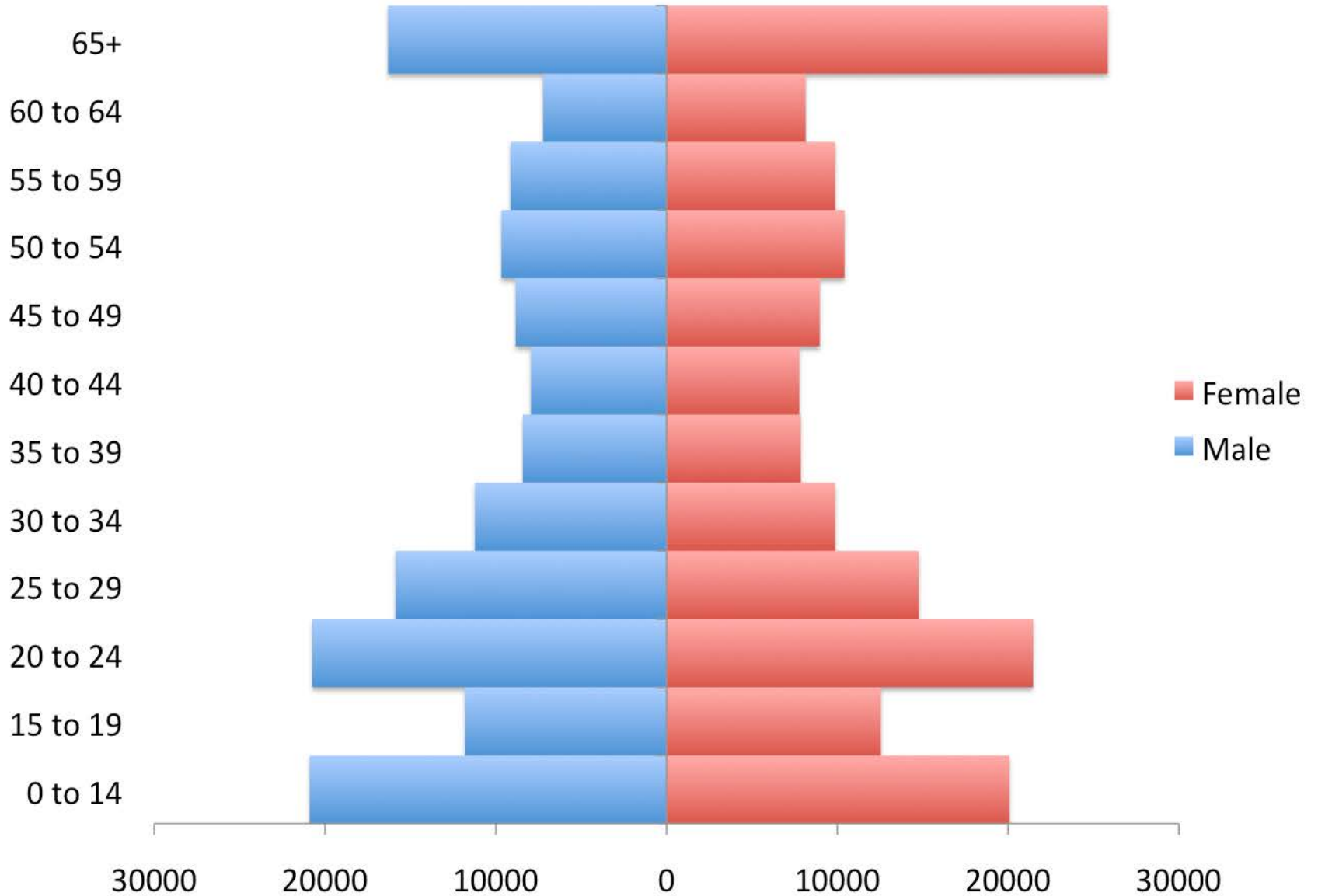
### RIVERVIEW SCHOOL DISTRICT: POTENTIAL DEPENDENCY



# 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...

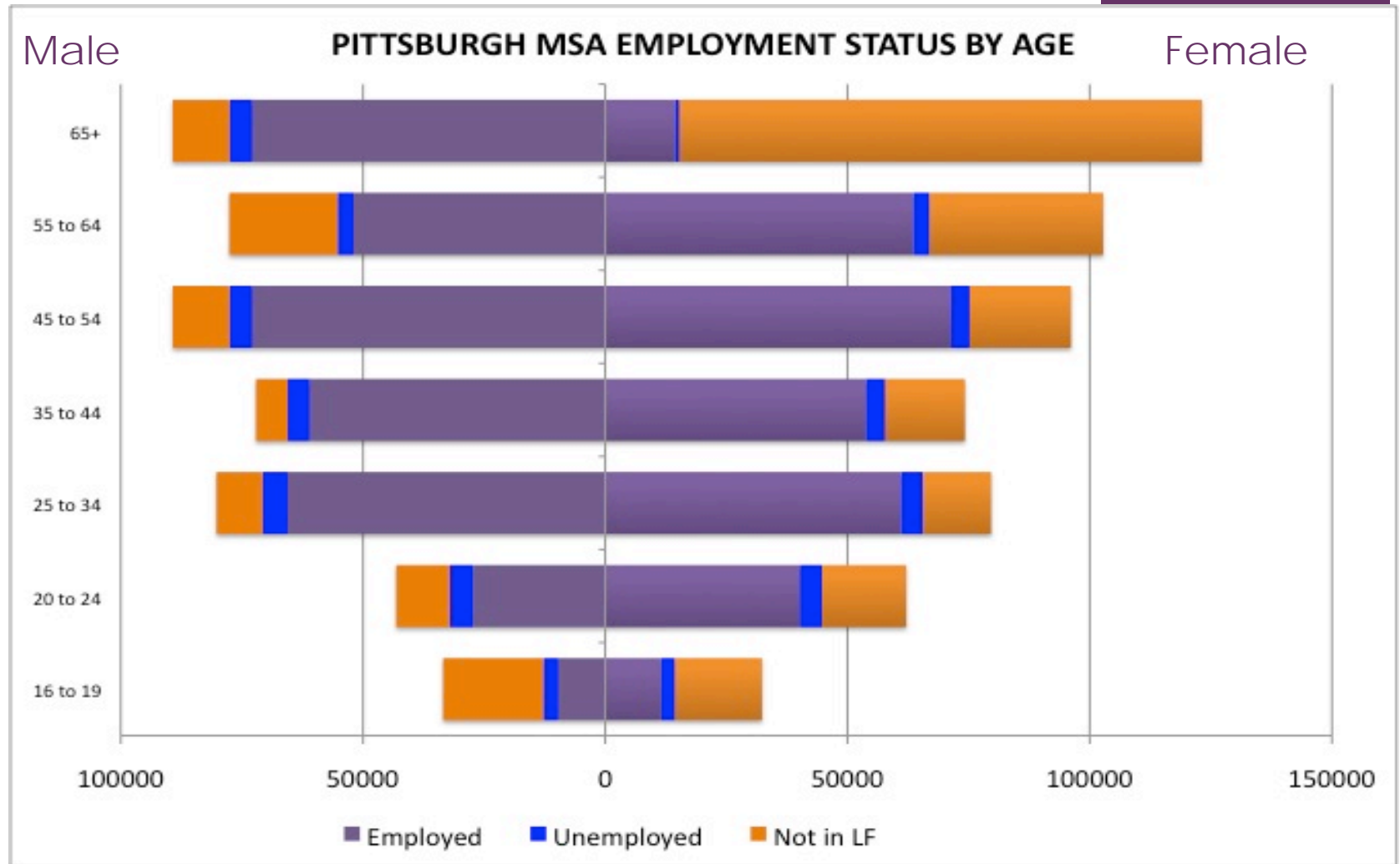
# Pittsburgh City



# Look at Four Economic Dependency Indicators

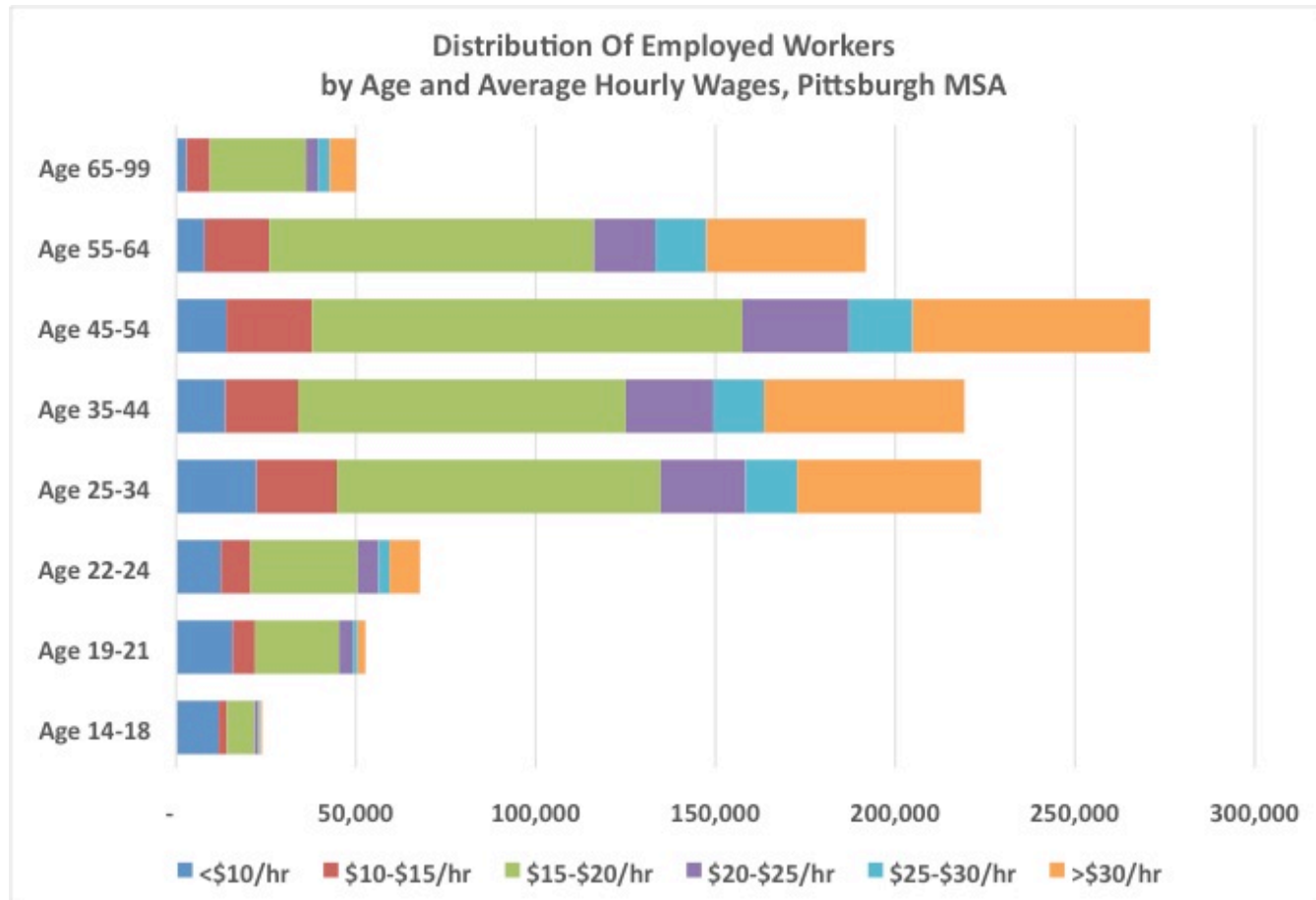
- Unemployed
- Low-wage employed
- Not in labor force

# 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

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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%



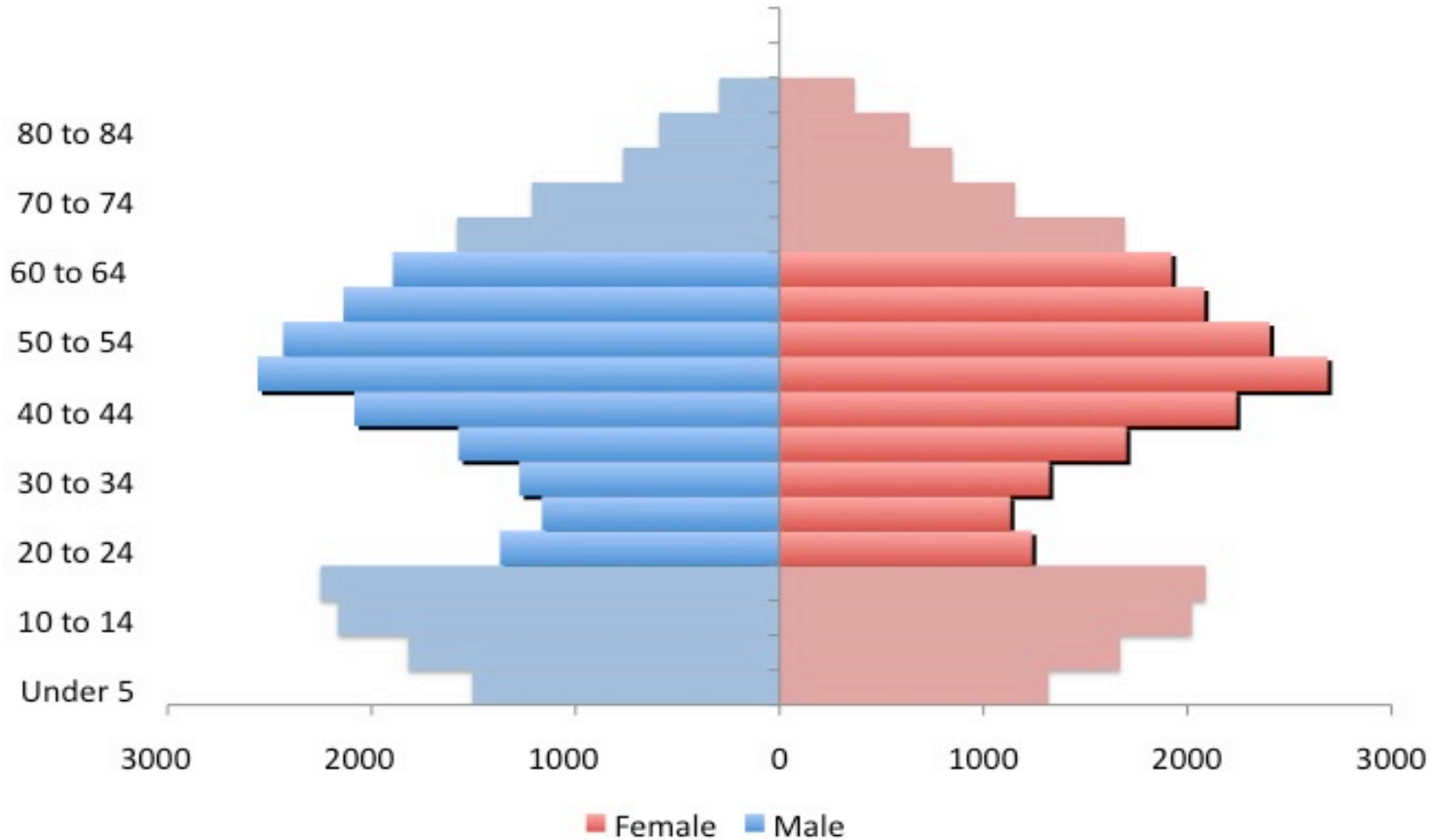
# Counties: Building Regional Economic Growth

- 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....

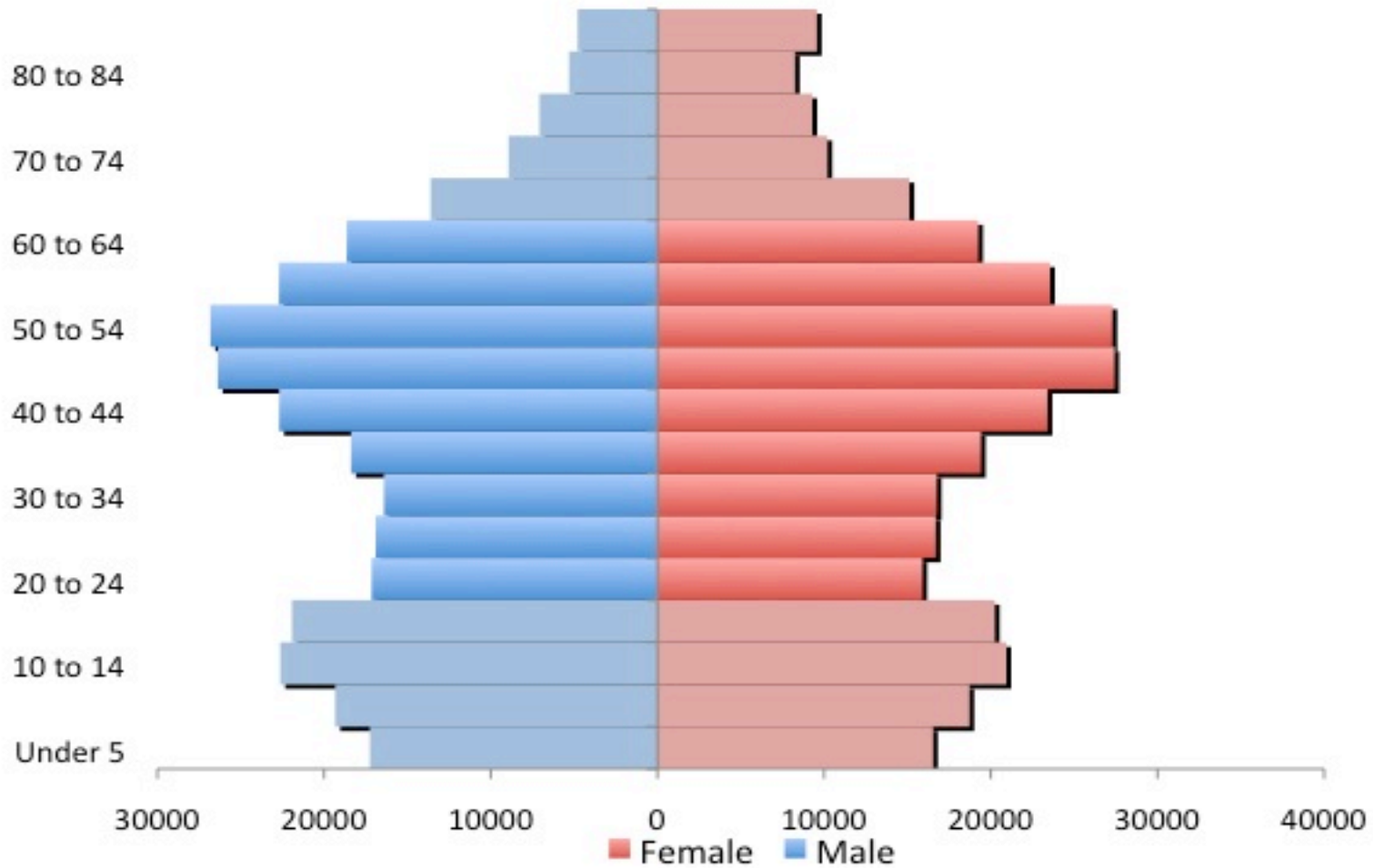
### Pike County: Dependency Potential



# Bucks County

Now too expensive  
for young people to move in?

### Bucks County Potential Dependency

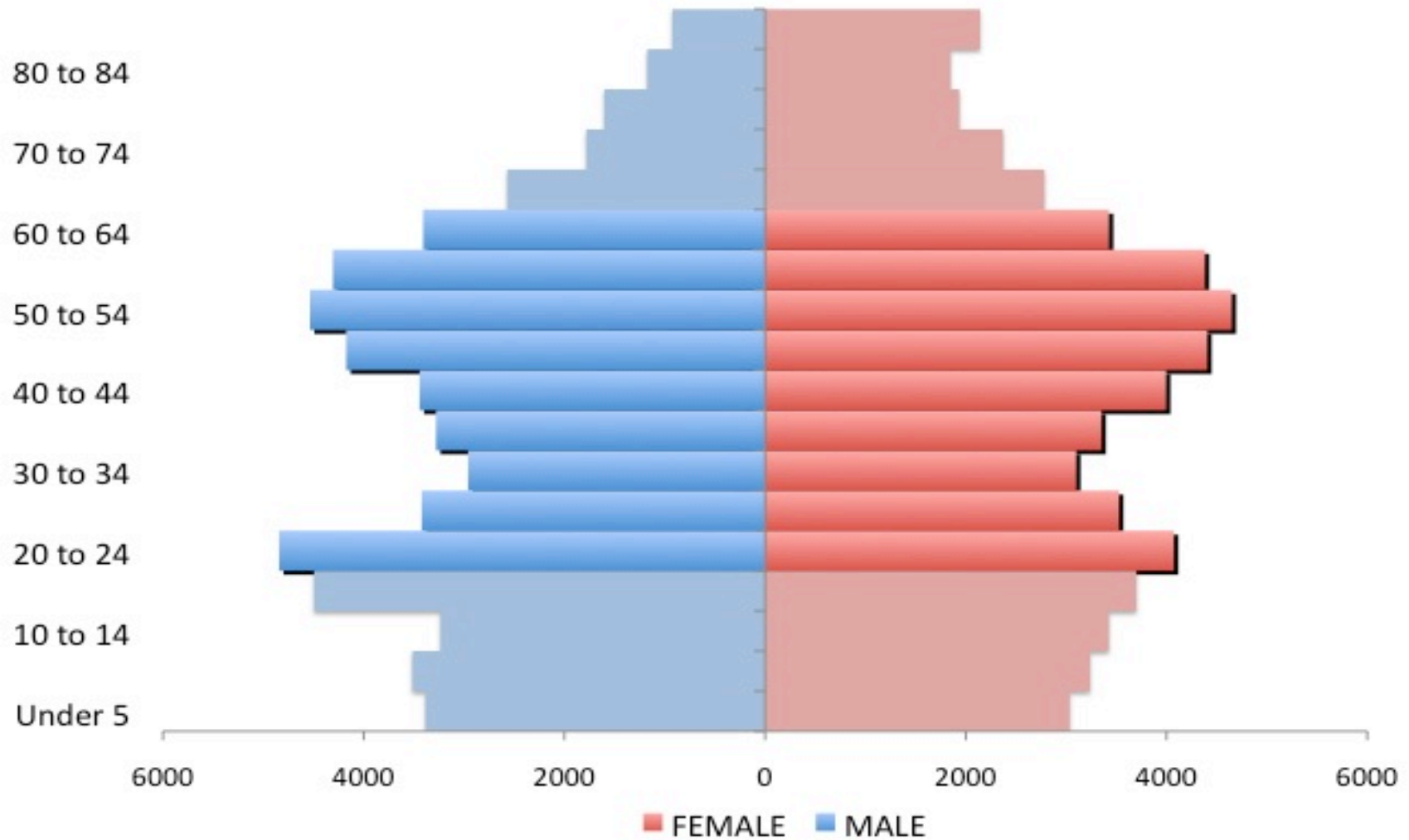


# Lycoming County

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)