

# Generational Change and Its Potential Impact on Governments

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# Now What?

- ❖ In many parts of Pennsylvania, demographic shifts are adding 21<sup>st</sup> Century problems to policymakers' plates
  - ❖ Growing demand for services for growing numbers of elderly
  - ❖ Shrinking age cohorts with skills gaps
  - ❖ Many adults at the margins of the workforce
  - ❖ Growing poverty among the young
- ❖ Where are tomorrow's tax dollars going to come from?
  - ❖ Doable, but not going to be an easy ride

# Disruptive Age Cohorts

- ❖ Historically unique
- ❖ Generational hiccup – not indefinite
- ❖ Disrupts traditional ways of thinking about sector-based policy
- ❖ Current - almost exclusive focus on strategic planning for institutional sustainability
- ❖ Soon - need to add an additional layer of interest in generational sustainability

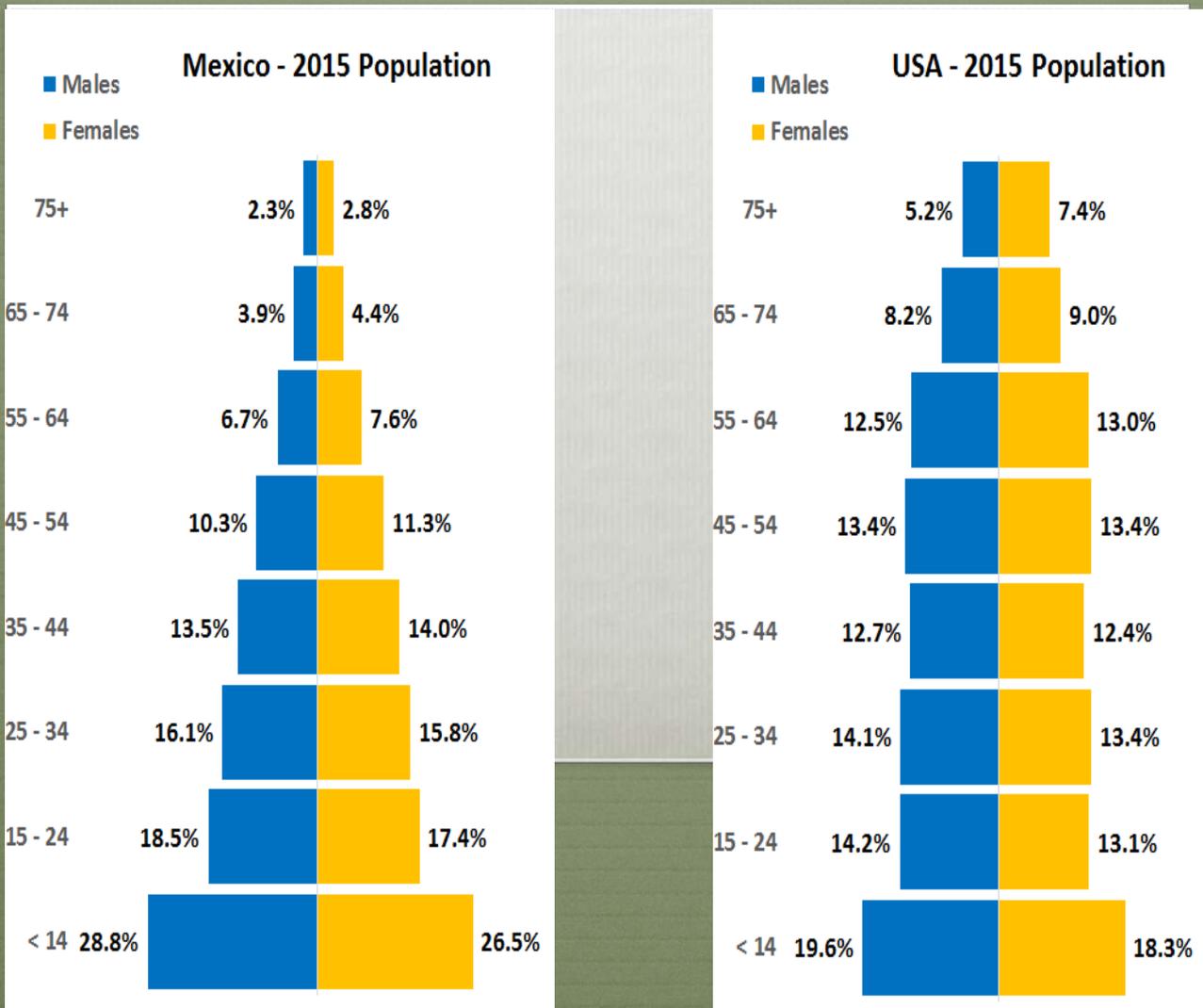
# Disrupts Education

- ❖ 20<sup>th</sup> century strategic planning was sector based and centered on institutional institutional sustainability
- ❖ Since the mid-1990s, an almost exclusive focus on classroom instruction, achievement and accountability
- ❖ Two major policy drivers: Access and consumer choice – economic and civility development relegated to the margins
- ❖ Demographic disruptions in workforce quantity and quality contributing to increased pension obligations, and growing fragility in revenue sources.

# Education for Development

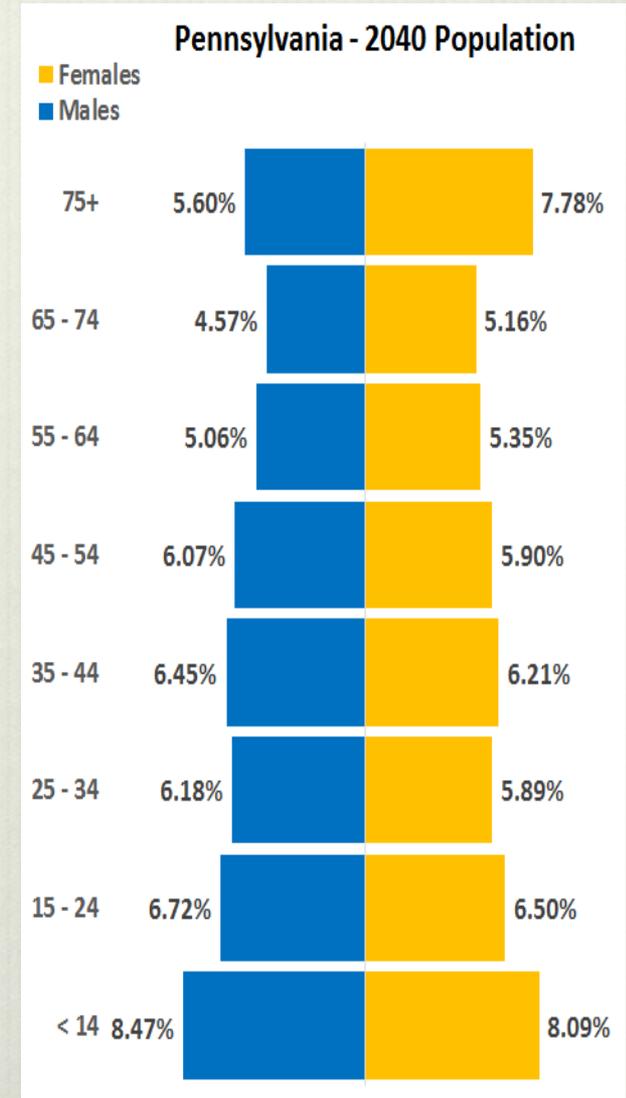
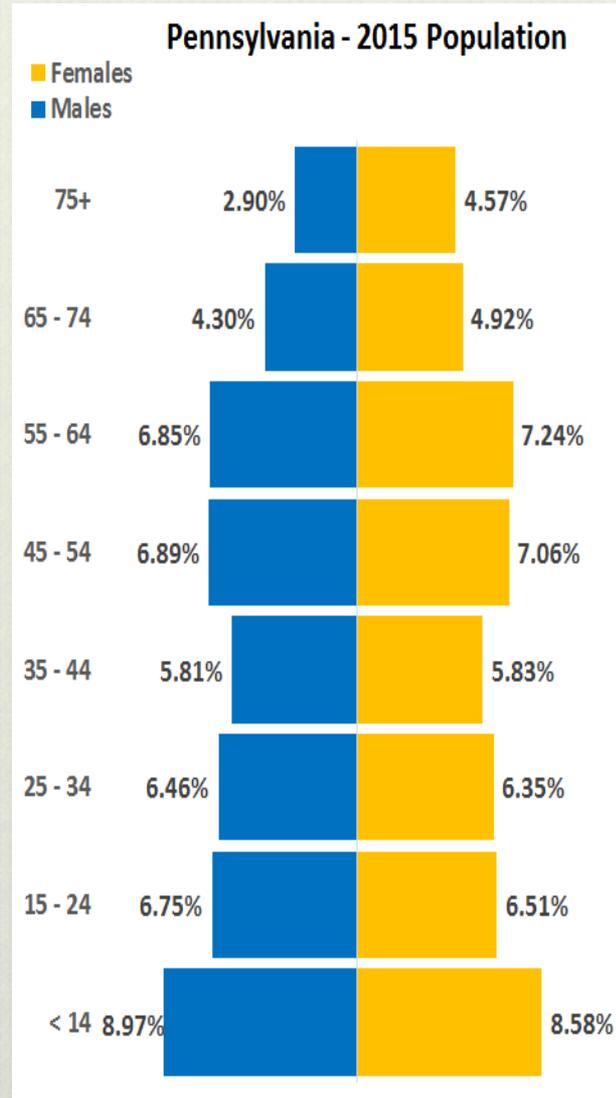
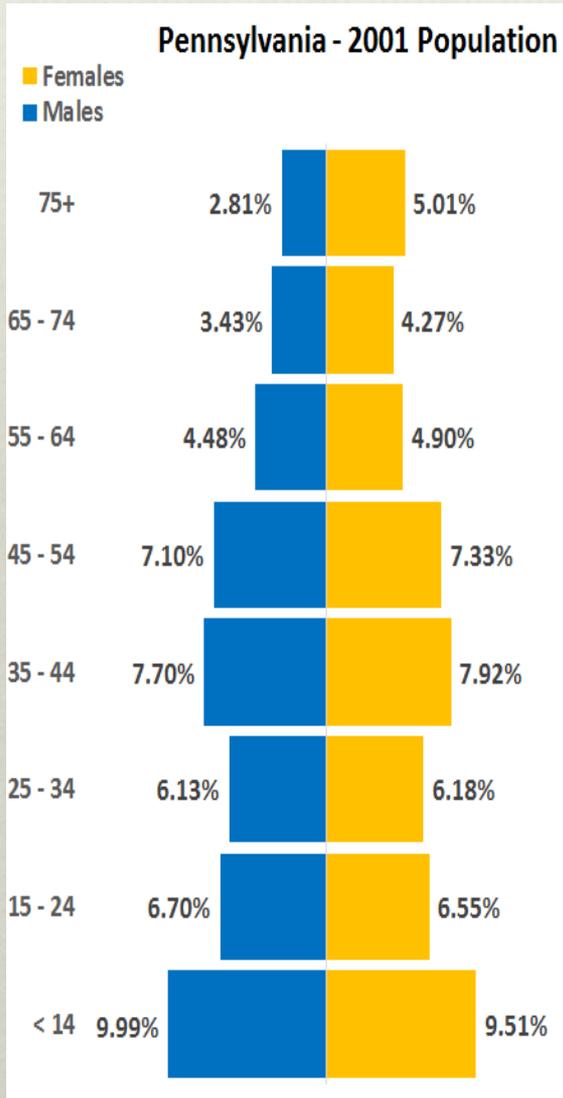
- ❖ Useful data are available in other areas but not often used at local levels for planning (LEAs and HEIs)
- ❖ Can address cross-sectoral issues
  - ❖ Census
    - ❖ Age distributions, including gender (women tend to be more economically fragile)
  - ❖ Workforce development
    - ❖ Quantity: Age-related labor force participation rates
    - ❖ Quality: Types of employment: low wage, low volume, low wage, high volume, high wage low volume and high wage, high volume
    - ❖ Skills gap

# WE NEED MAPS!



Data Source: U.S. Census Bureau, 2015

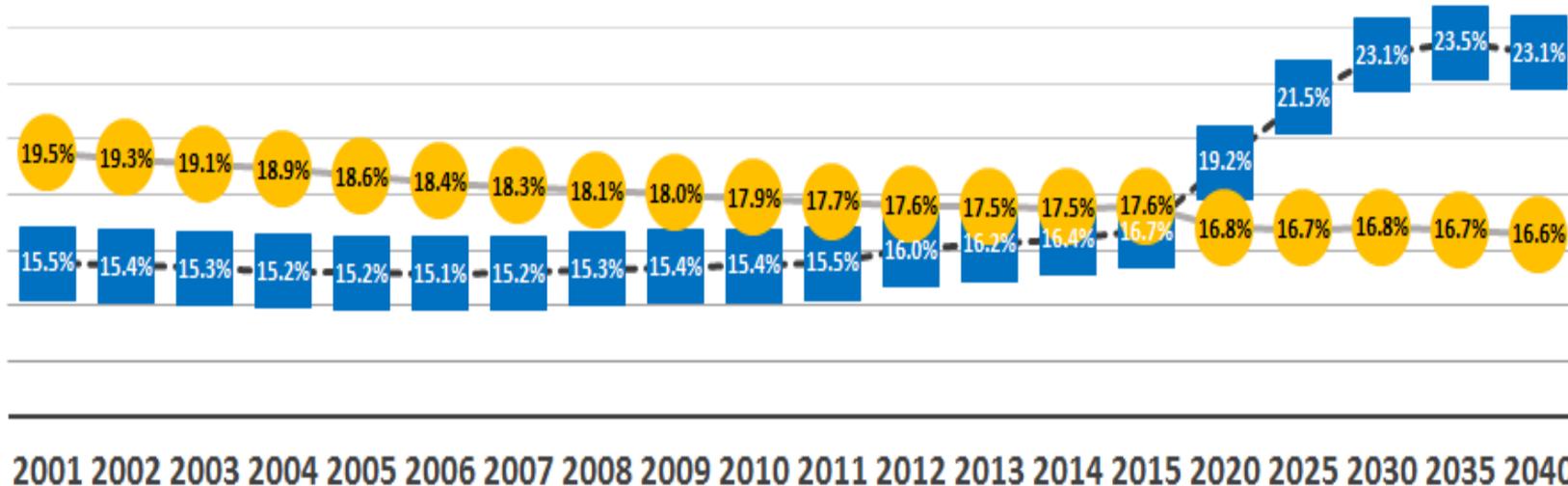
# PA Population Pyramids



# Aging Trends in Fourth Oldest State

Share of Population by Age Cohorts (PA 2001-2040)

■ Population 65+    ● Population 0-14

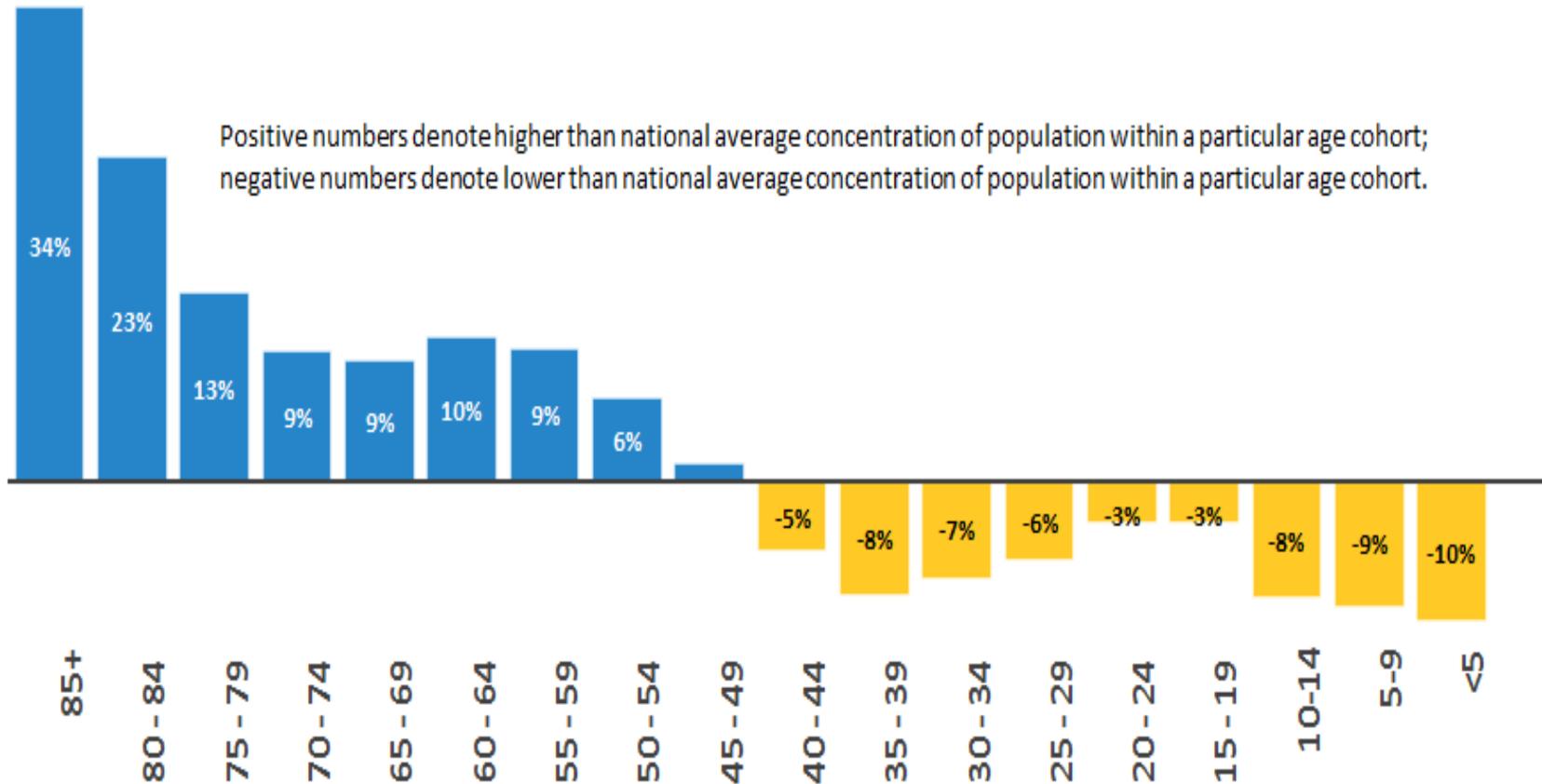


Data Source: U.S. Census Bureau, 2015; PA State Data Center/Center for Rural Pennsylvania, 2015

# More Older Workers and Fewer Younger Ones

PA Population Compared to U.S. Population by Share of Age Cohorts (2015)

Positive numbers denote higher than national average concentration of population within a particular age cohort; negative numbers denote lower than national average concentration of population within a particular age cohort.



Data Source: U.S. Census Bureau, 2015.

# Great Variance Across the State

- ❖ So important that local and regional governments have better access to multi-sector data for analysis
- ❖ Otherwise may make decisions without critical information
- ❖ Better dissemination needed for existing data and reports
  - ❖ Harrisburg (e.g., IFO)
  - ❖ Colleges and Universities
  - ❖ Other local and regional governments

# Analyzing Disruption

- ❖ Access to big data for decision making
- ❖ Map age cohort conditions
- ❖ Revisit planning frameworks to include a generational interest
- ❖ Secure generational transitions

# What is a Generational Interest?

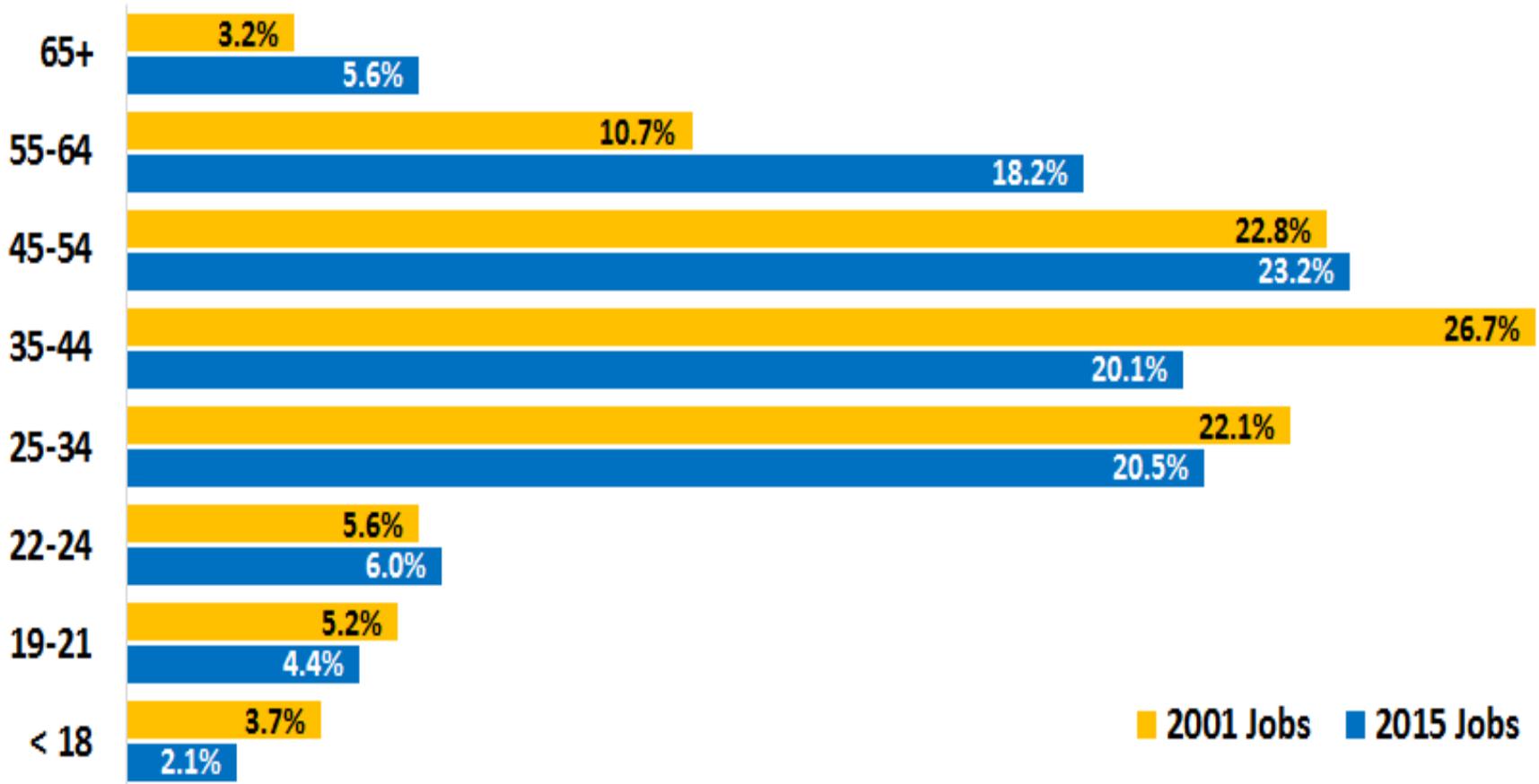
- ❖ The state has a compelling interest in generational sustainability
- ❖ Governments need to lead in protective efforts in cooperation with other parts of civil society (families, businesses, non-profit organizations, religious organizations, etc.)
- ❖ Generational investments pay forward for future return
- ❖ Generational returns too complex to be easily measured, but too important to be ignored

# Workforce Quality Issues

- ❖ Requires multilevel government cooperation: Also too complicated for any one sector, including governments
- ❖ For example, PA labor force participation rates already low
- ❖ For every ten people who work, six do not
  - ❖ Age (too young, too old)
  - ❖ Unemployed or discouraged workers
  - ❖ Disabled
  - ❖ Voluntarily not in the labor force (home-based caregivers)

# Age Cohort Shifts and Jobs

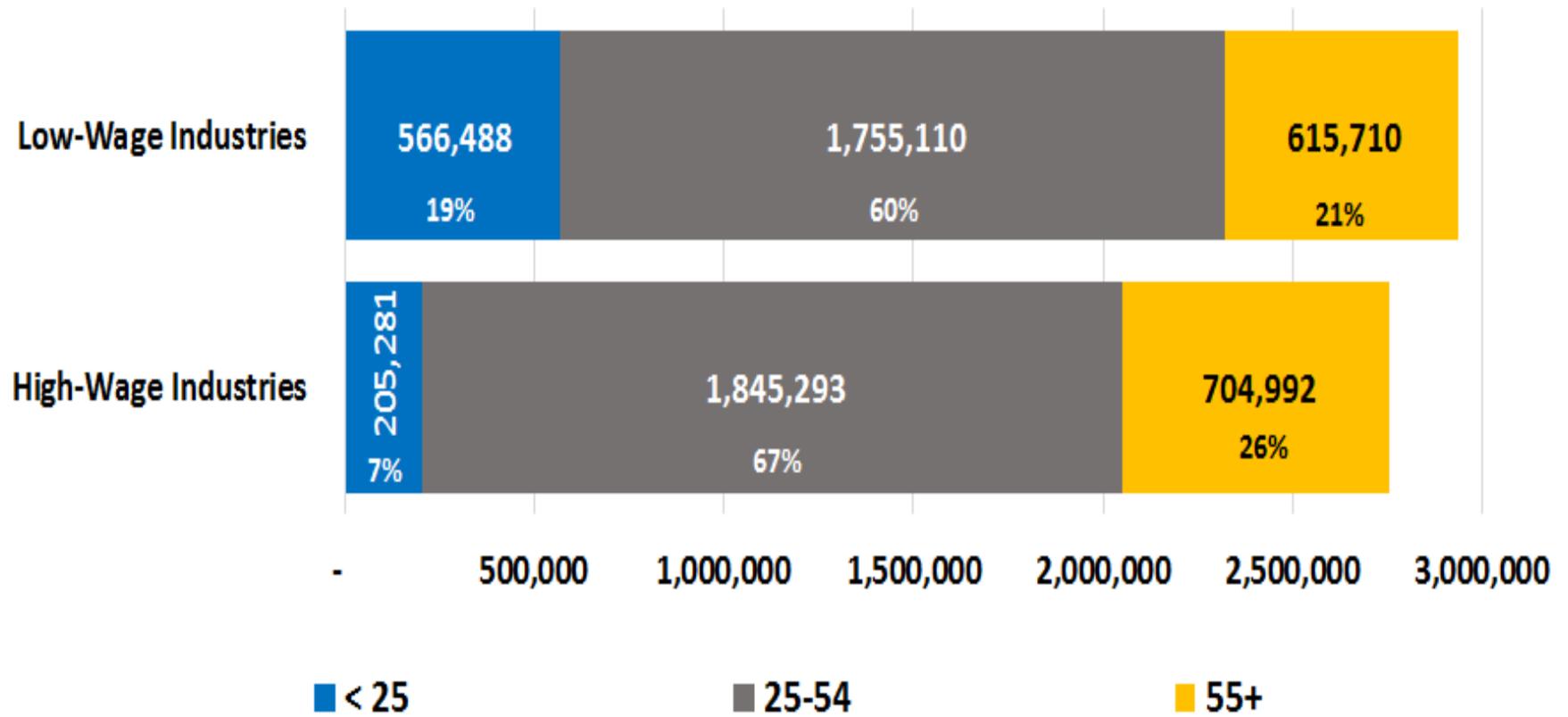
Distribution of Jobs by Age Cohorts (PA, 2001-2015)



Data Source: U.S. Bureau of Labor Statistics, Quarterly Census of Employment and Wages; EMSI, 2015.

## Age and Wage

### Jobs by Age of Workers and Wage Sector (PA, 2015)



# Big Picture

- ❖ Can't apply 20<sup>th</sup> century institutional solutions to 21<sup>st</sup> century generational problems
- ❖ Economic growth and political stability require taking demographic thinking into account
- ❖ State has a compelling interest in successful generational transitions
- ❖ Governments can also act as broker for generational investments in sustainability

# Bottom Line

- ❖ PA governments need to consider shifting toward multi-sector analyses and generational investments by mapping conditions and using big data
- ❖ Also need to shift planning resources toward greater consideration of investments in fair and successful generational transitions
- ❖ Good news is the state has great resources not only in Harrisburg, but also in its great colleges and universities, in the private sector, etc.
- ❖ Better off than many states facing demographic concerns

# Thank You

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