

*Policy Paper Brief:*

# HURRICANE GRAY SWIRLS TOWARD SOUTH CAROLINA:

## AGE DEMOGRAPHIC CHANGE AND THE NEAR FUTURE OF SOUTH CAROLINA EDUCATION

BY DR. MATTHEW LADNER, SENIOR ADVISOR FOR POLICY AND RESEARCH, FOUNDATION FOR EXCELLENCE IN EDUCATION & SENIOR FELLOW, FRIEDMAN FOUNDATION FOR EDUCATIONAL CHOICE

The first Baby Boomer qualified for federal retirement benefits in 2008. Nationwide an average of 10,000 Baby Boomers per day will reach retirement age between now and 2030, when the last one will reach age 65. While many are unsettled about how this will play out at the federal level, they have yet to give a thought to how this will impact state governments, much less their local schools. *The Baby Boom generation is retiring and, at the same time, sending their grandchildren to school. State governments, including South Carolina, are not prepared to deal with either phenomenon, much less both.*

### HOW MANY PEOPLE ARE IN THE CART AND HOW MANY PEOPLE ARE PUSHING IT?

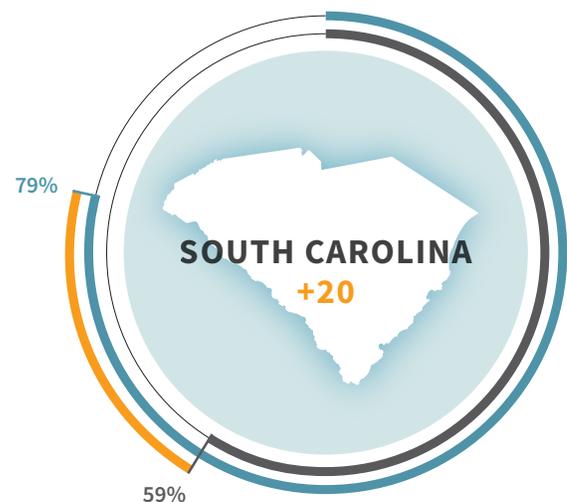
Demographers and economists agree that age demography has a significant impact of the rate of economic growth. Broadly speaking, when you have a large number of working-age people supporting a relatively small number of young and elderly people, your economy tends to progress quickly. *When you have many elderly and young people and relatively few working-age people you have problems—such as slower economic growth and higher demands for health and education spending.*

The figure to the right shows the total age dependency ratio for South Carolina in 2010 and 2030. A total age dependency ratio is simple to calculate. Just take the under 18 population, add the 65 and older population and divide that sum by the number of working-age people (aged 18 to 64). The easiest way to think of this: in 2010 South Carolina had 59 elderly and young people riding in the societal cart for every 100 working age people

pushing the cart. *The Census Bureau projects an additional 20 people—so 79 in the cart for every 100 pushing—by 2030. Just for the sake of perspective, Florida, a national retirement destination, had an age dependency ratio of 63 in 2010.*

- The Census Bureau projects South Carolina will see increased elderly and youth populations.
- Between 2010 and 2030, the Census projects an increase of 72,837 residents aged 5-17 (a 10 percent increase).
- During that same period, South Carolina projects to add 528,853 residents aged 65 or older.
- This means an 87 percent increase in South Carolina's elderly population from 2010.

#### SOUTH CAROLINA AGE DEPENDENCY RATIO\* (2010 VS 2030)



Author calculation using [U.S. Census Bureau, Population Division, Interim State Population Projections, 2005](#)

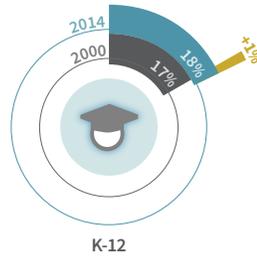
\* The age dependency ratio is derived by dividing the combined under 18 and 65-and-over populations by the 18-to-64 population and multiplying by 100.

# THE SOUTH CAROLINA BUDGET & UNCLE SAM'S BALANCE SHEET

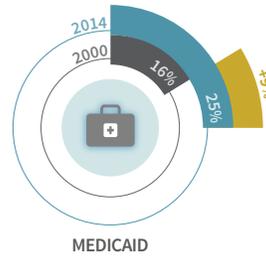
While an aging population will have a variety of impacts on state budgets, the most worrisome comes from the Medicaid program – financed jointly by South Carolina and the federal government. South Carolina has already begun to witness Medicaid crowding out other state funding priorities – including education and what the National Association of State Budget Officers calls “All Other” spending. “All Other” includes everything from the state police to parks and recreation. Medicaid consumes a quarter of South Carolina’s spending – more than K-12 at 18 percent or “All Other” at 24 percent spending.

*The fact is, education funding has stagnated and programs many South Carolinians care very deeply about have suffered significantly. All while funding for Medicaid continues to rise.*

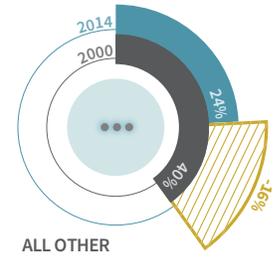
## CATEGORIES OF MAJOR CHANGE IN SOUTH CAROLINA STATE BUDGET FROM 2000 TO 2014



K-12



MEDICAID



ALL OTHER

National Association of State Budget Officers, [State Expenditure Report: Examining Fiscal 2013-2015 State Spending, 2015](#) and [State Expenditure Report, Summer 2001](#)

## INNOVATION NEEDS TO START RIGHT AWAY

In order to secure a brighter future, South Carolinians must take action now. *The keys to surviving and thriving through Hurricane Gray lie in expanding economic growth and improving the bang for the buck in the delivery of vital public services—most critically in health and education.* In education, this innovation needs to start right away. To support both the young and elderly, the working-age South Carolinians of the future who are sitting in today’s classrooms, must be educated, skilled, efficient and innovative.

## CHOICE OPTIONS FOR A CHANGING DEMOGRAPHY

Public education is a permanent feature of life in South Carolina—guaranteed by the constitution and supported by the public. Enrollment growth however means the state can expect plenty of students to go around, and a dire need for innovative approaches. Some of these must come through districts themselves. South Carolina’s policy leaders should consider:

### DIGITAL LEARNING & COURSE ACCESS

Expanding digital learning and course access through existing programs, such as VirtualSC, help districts stretch already limited budgets, reach the rising demand for different types of courses and provide expanded offerings from diverse, accountable providers.

### HIGH PERFORMING CHARTER SCHOOLS

Pursue policies to help high-quality charter school operators expand the number of seats they can offer to parents.

### EDUCATION SAVINGS ACCOUNTS

Put private education within the reach of a larger number of South Carolina parents through Education Savings Accounts.

### COLLEGE & CAREER READINESS INCENTIVES

Consider awarding school bonuses for the earning of college credit by exam and/or high-demand professional certifications.

*South Carolina faces a challenge that will steadily grow more acute, but the state controls its own destiny. Past generations faced far greater challenges and left behind a better country than the one they found. South Carolina owes it to the young and to the yet unborn to do the same.*