

Policy Paper Brief:

AT THE INTERSECTION OF EDUCATION AND AGING:

BABY BOOMER RETIREMENT, STUDENT ENROLLMENT GROWTH AND THE FUTURE OF GEORGIA EDUCATION

BY DR. MATTHEW LADNER, SENIOR ADVISOR FOR POLICY AND RESEARCH, FOUNDATION FOR EXCELLENCE IN EDUCATION

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. So we will see more*

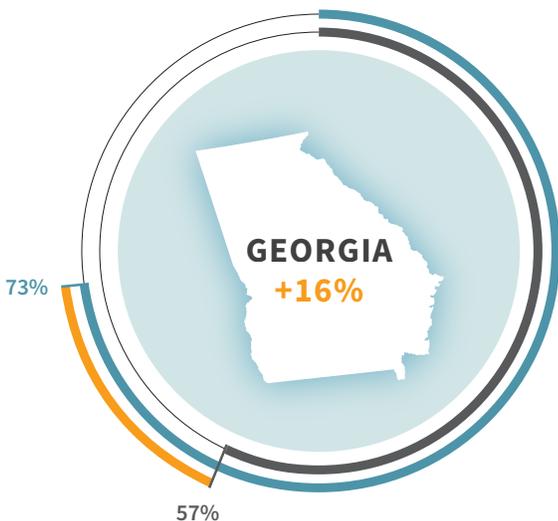
grandparents and more grandchildren, with fewer people in-between. State governments, including Georgia, are not prepared to deal with either phenomenon, much less both.

REDUCED SPEED AHEAD

Demographers and economists agree that age demography has a significant impact on the rate of economic growth. In fact, the relationship between three main age groups – young, elderly and working-age – is used to predict economic growth, or lack thereof. Broadly speaking, when you have low age dependency ratio there are a large number of working-age people supporting a relatively small number of young and elderly people, resulting in an economy that tends to progress quickly. *Problems arise when you have a high age dependency ratio - many elderly and young people and relatively few working-age people - resulting in slower economic growth and higher demands for health and education spending.*

As you can see in the adjacent figure, Georgia's age dependency ratio is predicted to increase 16 percent, to an age dependency ratio of 73 percent, by 2030. *Just for the sake of perspective, Florida, a national retirement destination, had an age dependency ratio of 63 percent in 2010.* This increase is based on the Census Bureau's projection that Georgia will see a 26 percent increase in 5-17 year olds and an elderly population that is predicted to nearly double. Unfortunately, the working-age population likely can't keep up and is only projected to grow by about half that many residents (approx. 850,000) – an overall increase in that group of just 14 percent.

GEORGIA AGE DEPENDENCY RATIO* (2010 VS 2030)



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

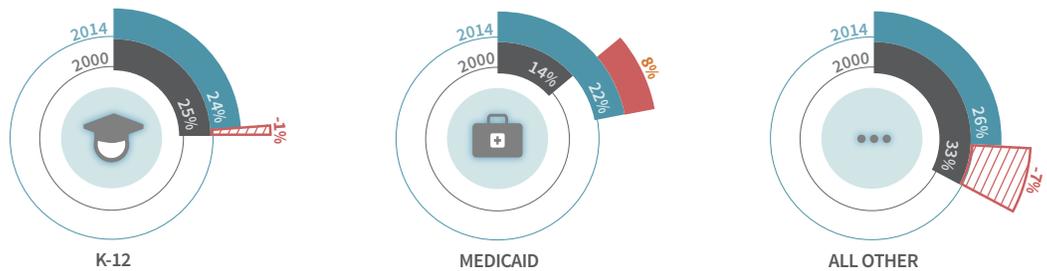
* The age dependency ratio is derived by dividing the combined under 18 and 65-and-over populations by the 18-to-64 population and multiplying by 100.

WHO'S PAYING THE GEORGIA TOLLS?

While an aging population will have a variety of impacts on state budgets, the most worrisome comes from the Medicaid program – financed jointly by Georgia and the federal government. Georgia has already witnessed Medicaid increasing at the fastest rate of any state funding priority, crowding out other categories – 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. From 2000 to 2014, Medicaid has jumped 8 percent, while K-12 and “All Other” spending dipped.

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

CATEGORIES OF MAJOR CHANGE IN GEORGIA STATE BUDGET FROM 2000 TO 2014



National Association of State Budget Officers, [State Expenditure Report: Examining Fiscal 2011-2013 State Spending, 2013](#) and [State Expenditure Report, Summer 2001](#)

EXIT NOW TO INNOVATION AVENUE

In order to secure a brighter future, Georgians must take action now. *The keys to mapping an alternate route 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 Georgians 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 Georgia—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. Georgia’s policy leaders should consider:

HIGH-PERFORMING CHARTER SCHOOLS

Pursue policies to help high-quality charter school operators scale the number of schools in the state.

OPPORTUNITY SCHOOL DISTRICTS

Turn around persistently underperforming public schools to encourage higher performance and larger academic gains for students.

EDUCATION SAVINGS ACCOUNTS

Put private education within the reach of a larger number of Georgia 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.

Georgia faces a challenge that will steadily grow more acute, but the state controls its future. Past generations faced far greater challenges and left behind a better state than the one they found. Georgia owes it to its youngest generation, and those yet to come, to do the same.