...to raise new ideas and improve policy debates through quality information and analysis on issues shaping New Hampshire’s future.”
Takeaways

• Well documented story of aging.
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• Potentially intergenerational conflict → how to make this a conversation about demographics, not aging.
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• Strategic plan for the state as it ages
  – Development of an aging caucus in the legislature.
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• Engaging in a conversation about housing
  – Zoning
  – Land Use
  – Spacial Distribution of Aging
  – The village movement
The Cost of Germany’s Graying Managers

Aging Managers

The aging population of small- and medium-size business owners in Germany means uncertainty in succession and investment.

Entrpreneur by owner age group

| Age 55-59  | 96%  |
| Age 60-64  | 84%  |
| Age 65+    | 16%  |

Succession planning up to 2017

<table>
<thead>
<tr>
<th>Years</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Familys</td>
<td>25%</td>
</tr>
<tr>
<td>Non-family</td>
<td>75%</td>
</tr>
</tbody>
</table>

Companies with older managers

| Under 44 | 40% |
| Under 49 | 40% |
| Under 54 | 20% |
| Under 64 | 10% |

Investor Gerd Fricke last year took over PEKU Föllken, a Bavarian printing and packaging material business, from its octogenarian owner. In recent years, he said, PEKU skimmed on spending that could have boosted productivity, such as having replacement tools ready when worn ones required servicing.

About 73% of senior managers advised by Germany’s industry and trade groups haven’t assembled the basic documents needed for a handover, such as a power of attorney, supplier and client information, bank-access data or a will, according to business-chamber association DHB.

When companies change hands after the owner dies or heirs aren’t familiar with the company, they “can’t make the best decisions,” said Mr. Koeberle-Schmid at KPMG. When heirs disagree on strategy, they don’t agree on money or power either, he added.

Handovers can be tricky even when a family member is involved.

By the time Caspar Brockhaus took over management of Brockhaus Group from his father six years ago, suppliers of the roughly 150-employee steel, environmental and measurement-technology company had become some of its keenest competitors. With guidance from his father, he shed operations that accounted for half the company’s sales and staff. Within four years, sales at the remaining operations had risen roughly 50%.

“In retrospect, you could say we should’ve done it earlier,” Mr. Brockhaus said. But succession “has to be cleaned up first, so my father waited to implement and invest in the new strategy.”
Aging Is Everywhere

Percent Change in Population: National Projections 2015-2035

- 85 years and over: 89%
- 65 years and over: 66%
- 45 to 64 years: 2%
- 25 to 44 years: 15%
- 18 to 24 years: -1%
- 14 to 17 years: 3%
- 5 to 13 years: 5%
But more so in NH

Percent Change in Population: NH Population Projections 2015-2035

- 85 Years and Over: 127%
- 65 years and over: 85%
- 55 to 64 years: -22%
- 45 to 54 years: -13%
- 35 to 44 years: 15%
- 25 to 34 years: -7%
- 20 to 24 years: -15%
- 16 to 19 years: -9%
School Aged Population

303,638 → 283,156

2015 → 2035
Working Aged Population (20-64)

809,886 → 738,266

2015 → 2035
Population Over 85

2015: 28,354
2035: 64,312
Labor Force

- Increasing labor force? Only in the population over 65.
- Job – Skills Mismatch (e.g. caregiver crunch)
- Aging population is a resource, but job demand (support services) don’t match skills (experience, wisdom)
- Affordable Housing availability
- Caregiver Productivity Implications (aging parents, partners)
Timing: Are we old? Not yet, but getting there …

The Largest Impact of Aging will occur after 2020
Geography Matters
Geography Matters Now
Vulnerability can be VERY localized
A Model: Economic Impact of Aging

Negative

• Declining workforce
• Declining savings rate
• Increasing dependency ratio → higher taxes
• Change in spending from higher return to lower return industry
• Lower levels of spending due to retirement savings issues
• Opportunity costs/Productivity of caregivers.
• Public Finance Impacts?

Positive

• Increase in healthcare industry and wages
• Housing development/redevelopment opportunities
• Evolving service needs/models and increase in wages
• Amenity community economic growth/boomer travel
• Access to retired human capital (longevity)
• Public Finance Impacts?
Talkin' 'bout my generation: The economic impact of aging US baby boomers. The Boomers' aging also will be felt throughout the economy. As the Boomers grow older, they will work and spend less, slowing real US GDP growth to a more modest pace than in recent decades: from the 3.2 percent average annual rate enjoyed since 1965 to 2.4 percent over the coming three decades.
Change in Consumer Spending

Change In Consumer Spending
Age Impact

- Healthcare
- Housing
- Income Before Taxes
- Personal Insurance And Pensions
- Vehicles
- Transportation

2010-2020  2020-2030  2030-2040
NH vs US

Household Income

Social Security Income
What does aging have to do with pontoon boats?
Public Finance
The Common Burden

Distribution of Public Service Appropriations by Level of Government (2011)

- State: 56%
- Municipal: 16%
- Schools: 23%
- County: 5%
State Revenues

FY2013 General Fund Revenue Sources

- Business Profits Tax: 18.9%
- Meals and Rooms Tax: 16.9%
- Tobacco Sales: 8.7%
- Insurance Tax: 6.7%
- Interest & Dividends Tax: 6.5%
- Business Enterprise Tax: 5.5%
- Other Revenues: 5.2%
- "Medicaid Enhancement" Revenue: 5.4%
- Tobacco Settlement: 1.6%
- Securities Revenue: 2.7%
- Communications Tax: 4.0%
- Real Estate Transfer Tax: 4.4%
- Other Revenues: 1.9%
- Board and Care Revenue: 0.9%
- Business Enterprises: 0.9%
- Utilities Tax: 0.4%
- Court Fines & Fees: 0.9%
- Liquor Sales: 0.9%
- Tobacco Tax: 8.7%
- Insurance Tax: 6.7%
- Interest & Dividends Tax: 6.5%
State Revenue Implications

• NH’s major taxes will grow more slowly than they have been →
  – Slower economic growth → slower growth in business taxes
  – Changing demand for tourism → slower growth (and different demand!) in tourism
  – Spending decreases as one ages, so all consumption taxes that aren’t on healthcare, will likely decline.

• Structural Deficit – the gap between how state spending naturally grows and revenue grows – will increase, making additional trade-offs necessary
Every state agency is touched by aging but understanding the relationships are difficult.
Corrections?

Percent of Inmates Over 60

Forecast

- 2000
- 2010
- 2020
- 2030

<table>
<thead>
<tr>
<th>Year</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>2000</td>
<td>4%</td>
</tr>
<tr>
<td>2010</td>
<td>6%</td>
</tr>
<tr>
<td>2020</td>
<td>8%</td>
</tr>
<tr>
<td>2030</td>
<td>10%</td>
</tr>
</tbody>
</table>
Public safety improves?

![Bar chart showing trends in violent crimes, property crimes, and drug-related crimes from 2010 to 2040.](chart_image.png)
Simulating Changes in Medicaid Spending

2010 Medicaid Spending by Age
(Using Most Recent PMPM Data)

- 85+ 11%
- 75-84 8%
- 65-74 6%
- 45-64 22%
- 0-19 28%

2030 Aged (2010) Spending
Using Updated Population Projections

- 85+ 17%
- 75-84 16%
- 65-74 14%
- 45-64 10%
- 20-44 18%
- 0-19 10%
- 20-44 25%

2030 Aged (2010) Spending
Using Updated Population Projections
Very Fractured Long Term Care Safety Net for financially or physically frail elders
County Expenditures

- General Government, $62,482,896
- Public Safety, $27,860,878
- Corrections, $79,014,400
- County Nursing Home, $192,835,657
- Human Services, $111,108,507
- Interfund Operating Transfers, $1,104,000
- Intergovernmental Transfers, $0
- Capital Outlay, $5,471,907
- Debt Service, $20,913,847
- Cooperative Extension, $5,072,883

Total Expenditures: $402,368,400
Enrollment in All Medicaid Funded Long Term Care Services by County

County LTC Medicaid Enrollment - 2015

- Belknap, 233
- Carroll, 267
- Cheshire, 379
- Coos, 351
- Grafton, 351
- Hillsborough, 1,767
- Merrimack, 733
- Rockingham, 807
- Strafford, 564
- Sullivan, 281
- Strafford, 564
- Coos, 351
- Grafton, 351
- Merrimack, 733
- Hillsborough, 1,767
What happens to county spending?

Total Potential Expenditures for County Nursing Home Care Including Impact of Population Projections

Actual
Trend Line
Forecast Models (Age Only)
Fewer school kids in older households
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