

Indiana's Median Age Is Pushing Forty

Latest Population Projections for Indiana Counties and Regions

New population projections released by the Indiana Business Research Center (IBRC) at Indiana University's Kelley School of Business portray big changes on the horizon in the size, geographic distribution, and age composition of Indiana's population.

Labor Force

A potential labor shortage may hinder economic development efforts across much of Indiana over the next twenty years, according to new projections issued by the IBRC. Population in the prime working ages of twenty-five to fifty-four can be expected to shrink in seventy-three of Indiana's ninety-two counties between 2000 and 2020. This twenty-five to fifty-four age range could be considered the most economically productive in the entire life span, since labor force participation is typically highest at these ages. A large share of the population under age twenty-five is still focusing on education, while at age fifty-five and older, the impacts of early retirement and disability result in lower labor force participation rates.

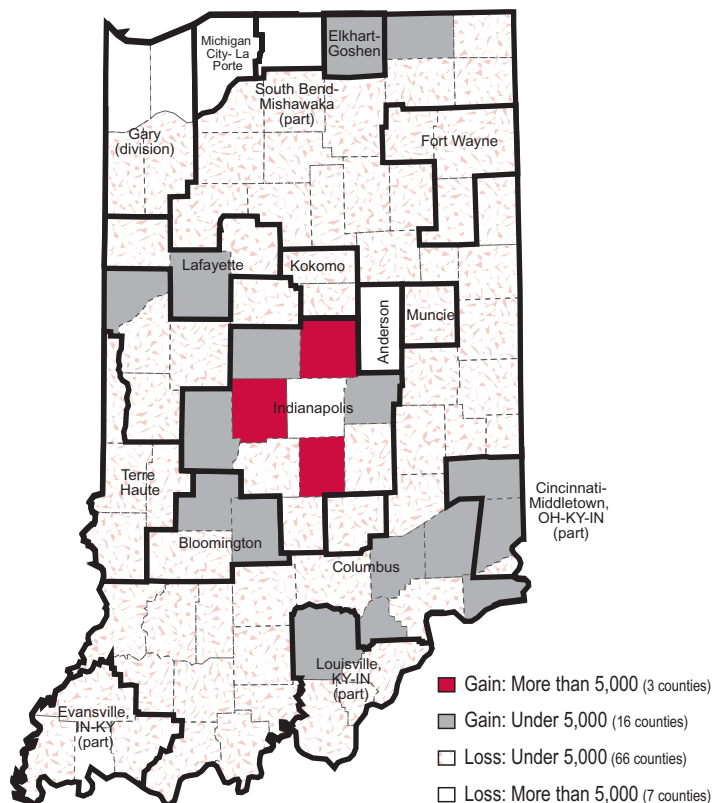
The relatively few counties that can be expected to gain population in the twenty-five to fifty-four age group are concentrated mainly in the center of the state, near Indianapolis, as seen in **Figure 1**. The ten-county Indianapolis Metropolitan Statistical Area (metro) is expected to gain approximately 86,000 people in the twenty-five to fifty-four age group in the twenty years after 2000, while the rest of the state will lose 140,000. Even within the metro, change in this age group will be geographically uneven, with strong growth in Hamilton, Hendricks, and Johnson counties overcoming

The most economically productive segment of the population in 2020—those age twenty-five to fifty-four—are between the ages of eight and thirty-seven today.

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Figure 1
Numeric Change in Population Age 25 to 54, 2000 to 2020



a large loss in Marion County. In addition to Marion, six other counties are expected to lose more than 5,000 people in the prime working ages over the twenty-year period.

These findings raise doubts about the prospects for future economic development in the areas that are projected to lose population in the twenty-five to fifty-four age group. Losses in this age group would almost certainly reduce the labor force in the impacted areas, unless labor force participation rises substantially among the older population, or those under twenty-five. Keeping older workers active in the labor force could have multiple benefits for Indiana and the nation, but increased participation at younger ages would probably have a negative effect on educational attainment.

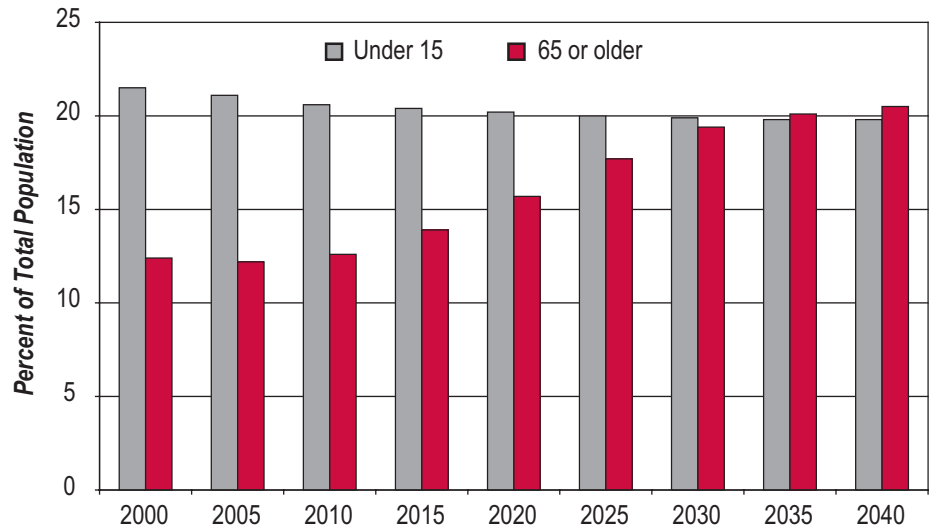
Although it may seem that migration alone accounts for the growth or decline in this coveted age group (with large numbers of people from outlying areas of the state presumably moving to the Indianapolis metropolitan area), this is not the case. While job opportunities in the Indianapolis metro may exercise a pull on people in the prime working ages, most counties across the state would inevitably experience a decline in this age group even if all county borders were closed and no migration were permitted. The large

baby boom generation outnumbers subsequent generations in most counties, and this uneven age structure is responsible for much of the decline in the prime working ages through 2020. By the time the last boomer passes out of the twenty-five to fifty-four age span in 2020, losses in that age group will certainly be mitigated. In the most current set of national population projections, released in January 2000, the twenty-five to fifty-four age group is expected to decline by 2.4 percent between 2000 and 2020.

Elderly

Just as aging boomers will have a huge impact on the labor force, their entry into the traditional retirement age of sixty-five will also transform the state. **Figure 2** depicts the changing population shares in two age groups at opposite ends of the age spectrum: under fifteen and sixty-five or older. By 2035, Indiana is expected to have more residents age sixty-five or older than those under fifteen. At the beginning of the projection period, about one in eight Hoosiers had reached their sixty-fifth birthday. This proportion is expected to remain stable through 2010, but it will climb steadily after that point, reaching 21 percent in 2040. The population share under fifteen, by contrast, remains relatively stable throughout the entire projection period.

Figure 2
Population Share, 2000 to 2040



The population growth among the elderly is perhaps even more impressive than the change in share. The number of people age sixty-five or older will virtually double from about 753,000 in 2000 to 1.5 million in 2040 (see **Table 1**). A marginal increase of 8,000 is expected statewide in the initial 2000 to 2005 projection interval, but the increase from 2010 to 2015 will jump to 108,000. Between 2020

and 2025, the state can expect to add another 162,000 senior citizens.

Median Age

Median age grew dramatically in most Hoosier counties between 1970 and 2000, and it will continue to increase, although at a slower pace. By 2040, Indiana's median age is projected to be 39.4 years of age. In **Figure 3**, a distribution of the ninety-two Hoosier counties is presented across four ranges of median age for the census years from 1970 through 2000, along with projected data for each decade up to 2040. In 1970, only one county had a median age over thirty-five, and by 1980, there was not a single county in that range. Twenty years later, however, a total of seventy-seven counties had experienced population aging to such an extent that their median age was thirty-five or higher. Another twenty years later, it is expected that eighty-seven of ninety-two Indiana counties will have a median age of thirty-five or older. By 2030, median age will exceed forty years in sixty-two counties.

At the other end of the distribution, median age in 1970 was under thirty years old in sixty-nine counties—that is three of every four. Results of Census 2000 left only three Hoosier counties—Lagrange, Monroe, and Tippecanoe—with such a young median age. By 2030, only Lagrange County is expected to have half of its population under age thirty. ◀

Figure 3
Distribution of Counties by Median Age
Historical 1970 to 2000 and Projected 2010 to 2040

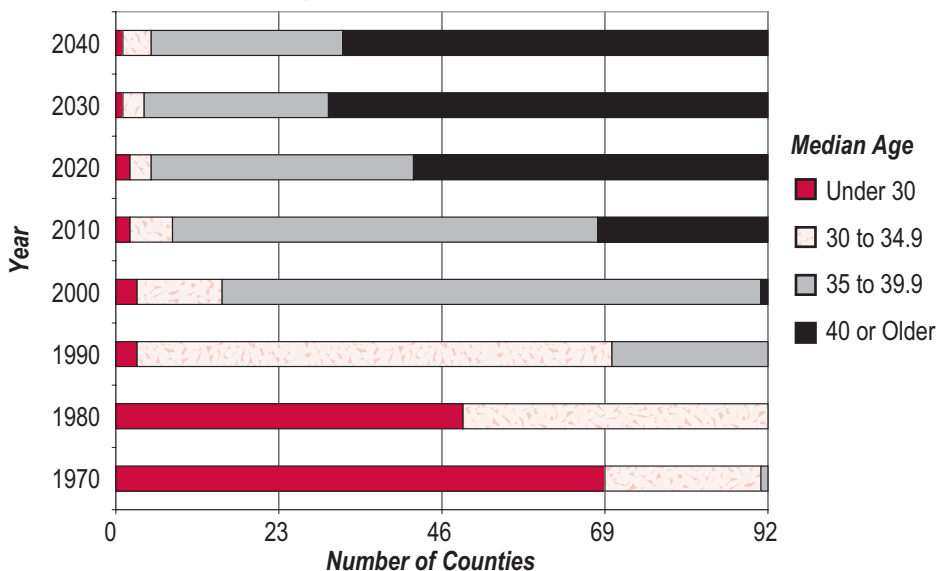



















Table 1
Population Projections for Metropolitan Statistical Areas, 2000 to 2040

Region	Year	Total Population	Preschool Age 0 to 4		School Age Age 5 to 19		College Age Age 20 to 24		Young Adult Age 25 to 44		Older Adult Age 45 to 64		Seniors Age 65 or Older	
		Number	Number	% of Total	Number	% of Total	Number	% of Total	Number	% of Total	Number	% of Total	Number	% of Total
 Indiana	2000	6,080,485	423,215	7.0%	1,340,171	22.0%	425,731	7.0%	1,791,828	29.5%	1,346,709	22.1%	752,831	12.4%
	2040	7,227,402	481,462	6.7%	1,427,087	19.7%	444,676	6.2%	1,750,462	24.2%	1,644,180	22.7%	1,479,535	20.5%
 Anderson	2000	133,358	8,507	6.4%	26,860	20.1%	8,532	6.4%	37,753	28.3%	31,808	23.9%	19,898	14.9%
	2040	121,114	7,146	5.9%	21,421	17.7%	6,506	5.4%	27,623	22.8%	28,872	23.8%	29,546	24.4%
 Bloomington	2000	175,506	9,568	5.5%	38,056	21.7%	25,578	14.6%	48,543	27.7%	34,830	19.8%	18,931	10.8%
	2040	213,725	11,280	5.3%	41,309	19.3%	26,892	12.6%	48,957	22.9%	45,208	21.2%	40,079	18.8%
 Cincinnati-Middletown	2000	73,883	5,023	6.8%	17,265	23.4%	3,770	5.1%	21,971	29.7%	17,153	23.2%	8,701	11.8%
	2040	86,263	4,842	5.6%	15,643	18.1%	3,832	4.4%	19,997	23.2%	21,319	24.7%	20,630	23.9%
 Columbus	2000	71,435	5,260	7.4%	15,182	21.3%	4,000	5.6%	21,181	29.7%	17,160	24.0%	8,652	12.1%
	2040	76,881	5,191	6.8%	14,457	18.8%	3,822	5.0%	19,006	24.7%	18,070	23.5%	16,335	21.2%
 Elkhart-Goshen	2000	182,791	14,800	8.1%	43,113	23.6%	12,300	6.7%	54,482	29.8%	38,255	20.9%	19,841	10.9%
	2040	240,474	19,958	8.3%	53,460	22.2%	14,553	6.1%	61,141	25.4%	51,254	21.3%	40,108	16.7%
 Evansville	2000	283,866	17,942	6.3%	60,289	21.2%	19,352	6.8%	80,797	28.5%	65,084	22.9%	40,402	14.2%
	2040	308,173	19,602	6.4%	60,413	19.6%	19,813	6.4%	71,912	23.3%	69,491	22.5%	66,942	21.7%
 Fort Wayne	2000	390,156	29,376	7.5%	89,171	22.9%	25,118	6.4%	116,128	29.8%	84,708	21.7%	45,655	11.7%
	2040	477,974	34,763	7.3%	99,376	20.8%	28,193	5.9%	119,014	24.9%	105,413	22.1%	91,215	19.1%
 Gary	2000	675,971	47,106	7.0%	152,715	22.6%	43,309	6.4%	192,076	28.4%	155,952	23.1%	84,813	12.5%
	2040	731,706	49,502	6.8%	150,786	20.6%	44,846	6.1%	175,097	23.9%	158,650	21.7%	152,825	20.9%
 Indianapolis	2000	1,525,104	114,250	7.5%	332,318	21.8%	95,770	6.3%	495,074	32.5%	325,304	21.3%	162,388	10.6%
	2040	2,106,188	138,269	6.6%	392,534	18.6%	102,333	4.9%	529,552	25.1%	511,672	24.3%	431,828	20.5%
 Kokomo	2000	101,541	6,991	6.9%	21,411	21.1%	5,740	5.7%	28,629	28.2%	25,023	24.6%	13,747	13.5%
	2040	106,054	7,224	6.8%	20,911	19.7%	5,650	5.3%	25,611	24.1%	23,767	22.4%	22,891	21.6%
 Lafayette	2000	178,541	10,765	6.0%	40,753	22.8%	27,683	15.5%	48,805	27.3%	32,720	18.3%	17,815	10.0%
	2040	223,312	13,631	6.1%	46,660	20.9%	29,288	13.1%	50,560	22.6%	45,208	20.2%	37,965	17.0%
 Louisville	2000	228,843	15,151	6.6%	48,683	21.3%	13,898	6.1%	69,195	30.2%	54,096	23.6%	27,820	12.2%
	2040	256,600	15,285	6.0%	46,560	18.1%	13,637	5.3%	61,270	23.9%	60,581	23.6%	59,267	23.1%
 Michigan City-La Porte	2000	110,106	7,116	6.5%	22,606	20.5%	6,720	6.1%	32,735	29.7%	26,017	23.6%	14,912	13.5%
	2040	115,460	7,467	6.5%	21,539	18.7%	6,145	5.3%	27,525	23.8%	26,772	23.2%	26,012	22.5%
 Muncie	2000	118,769	7,009	5.9%	25,365	21.4%	14,005	11.8%	30,431	25.6%	25,970	21.9%	15,989	13.5%
	2040	133,982	8,277	6.2%	27,521	20.5%	14,838	11.1%	30,534	22.8%	27,872	20.8%	24,940	18.6%
 South Bend-Mishawaka	2000	265,559	18,673	7.0%	59,939	22.6%	21,114	8.0%	74,310	28.0%	55,422	20.9%	36,101	13.6%
	2040	308,290	21,957	7.1%	65,743	21.3%	22,234	7.2%	73,280	23.8%	67,363	21.9%	57,713	18.7%
 Terre Haute	2000	170,943	10,478	6.1%	36,091	21.1%	14,287	8.4%	47,471	27.8%	37,836	22.1%	24,780	14.5%
	2040	186,167	11,616	6.2%	36,578	19.6%	14,540	7.8%	43,964	23.6%	41,193	22.1%	38,276	20.6%