

Perspectives on the Projections

The recent population projections for Indiana released by the Indiana Business Research Center contain two features that deserve special attention: the aging of the state's population and the continuing concentration of the state's population in a few counties. Both of these are subject to extreme and inappropriate responses.

The Aging of Indiana's Population

There is no question that the aging of the baby boom will mean more older people in Indiana, as well as in the nation. Between 2000 and 2040, the population sixty-five or older in Indiana will nearly double, from about 753,000 to nearly 1.5 million. As a share of the state's population, as seen in **Figure 1**, this group will move from about 12 percent (one in eight people) to more than 20 percent (one in five people).

By 2040, nearly half of the state's population will be over age 40. However, while the median age of Indiana's population rose by eight years (from approximately twenty-seven in 1970 to just above thirty-five in 2000), the gain between 2000 and 2040, will be less than five years (see **Figure 2**).

Of the 1.1 million people added to the state's population between 2000 and 2040, 63 percent will be sixty-five years of age or older.

In **Figure 3**, we see the impressive number of people added to the population in the higher age groups and the decline in the number of people in the important twenty-five to forty-nine year old age group.

This overwhelming growth of the older population occurs at the county level as well. As seen in **Figure 4**, the growth of the population sixty-five or older exceeds the combined growth of all other age groups in twenty-eight counties. In thirty-one counties, the growth of the sixty-five or older group offsets the decline in the balance of the population, and leads to population growth for the county as a whole. However, the growth of the sixty-five or older group cannot offset the decline of population in the other age groups for nineteen counties.

The growth in the population age sixty-five or older could be taken as a threat to the fiscal wellbeing of the state. Reporters have asked, "How do we stop this trend?," as if we might want to move our senior citizens to someplace else. Most of these reporters do not realize that they will be among the sixty-five or older population in 2040.

Yes, one could be frightened by the prospect of huge numbers of people dependent on Medicare, limited in mobility, and requiring special attention in specialized facilities. But that scenario misses the point.

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Figure 1
Indiana Population Age 65 or Older, 2000 to 2040

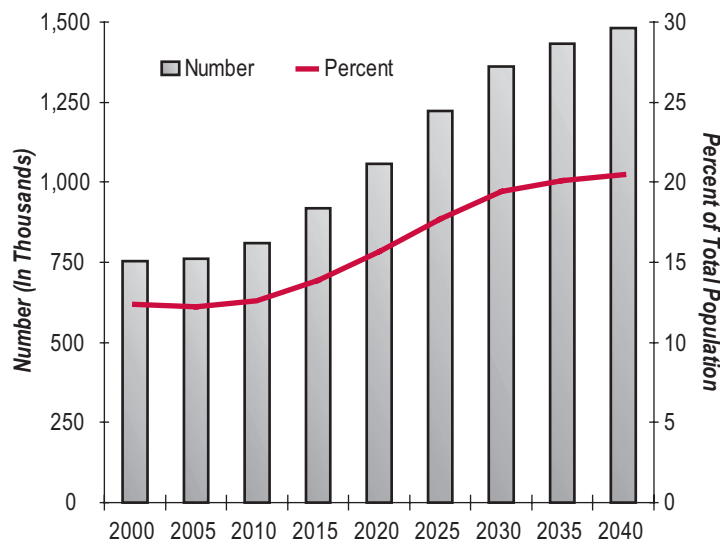


Figure 2
Median Age, Historical 1970 to 2000 and Projected 2010 to 2040

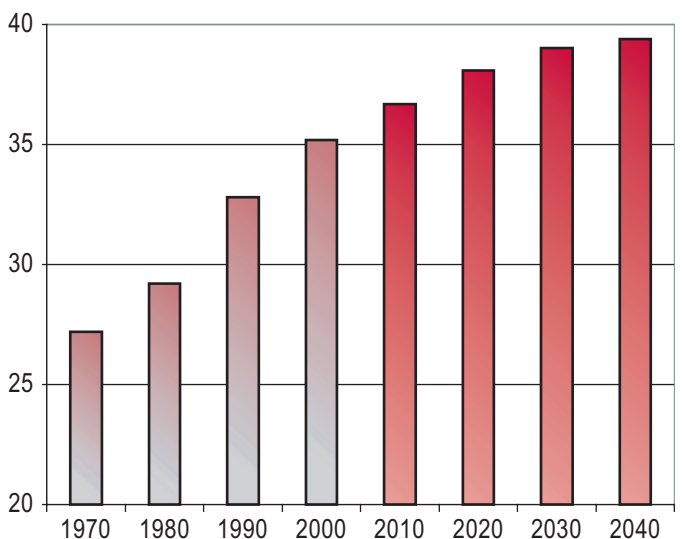
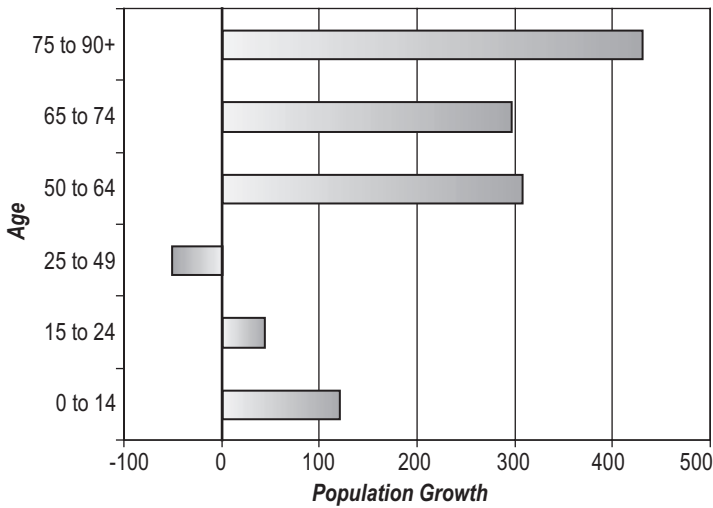


Figure 3
Population Change by Major Age Groups, 2000 to 2040



Between now and 2040, citizens (and the state) have an opportunity to create an environment where our older population is neither dependent nor decrepit. This can be done by

- ▶ Working hard to secure good incomes for Hoosiers in the years ahead
- ▶ Encouraging them to save for the future
- ▶ Educating them about good health practices

Those who will be sixty-five or older in 2040 are twenty-eight or older today in 2003. They are beyond college age. Most have established households and families. Do they have the skills to learn as the job market changes in the years ahead? Is the state prepared to work with them so that they can earn good incomes before they become eligible for retirement?

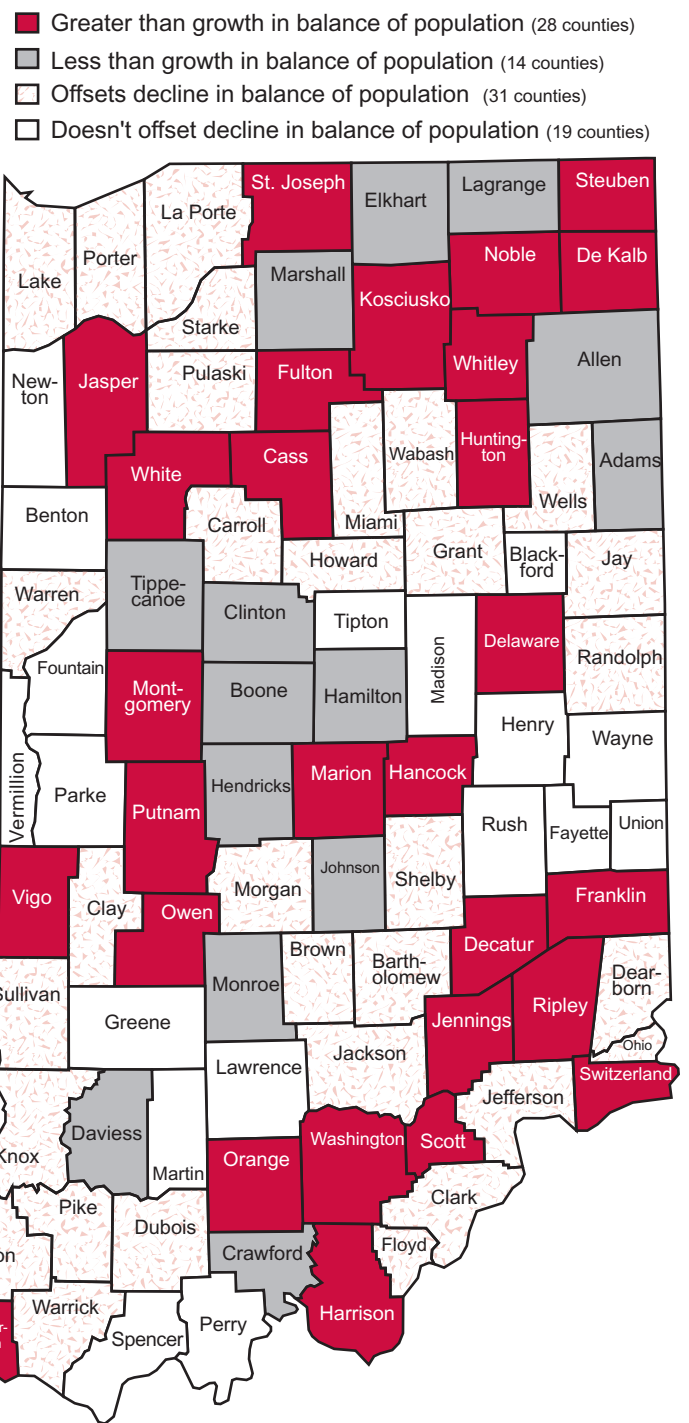
And, if they earn good incomes, will they have the resources to retire with comfort and security? Government and private programs are not dependable. Only a balanced private savings program, not just stock market speculation, can provide security. Today, our citizens invest heavily in their homes, but real estate is not a liquid asset, and people do not want to sell their homes to pay for their retirement. Hence, federal, state, and local subsidies for home owners tend to trap people into illiquid circumstances. Savings must be based on a broad portfolio, protected from inflation, and reasonably liquid.

Economic education is not one of the state's high priorities, but it should be if we are going to help Hoosiers be successful in their later years.

Similarly, health education is important if we are to avoid the massive costs of avoidable illnesses. Diabetes, heart disease, and other ailments could be reduced in a statewide campaign to curb obesity. Illnesses that are the result of environmental factors (lead toxicity, for example) also could be reduced by public investment in clean-up programs.

Tomorrow's population lives here today. A healthy, economically secure population over sixty-five is possible if we address the basic issues of economic development, economic education, health education, and environmental clean-up in the years ahead.

Figure 4
Growth of Population Age 65 or Older, 2000 to 2040



Increasing Concentration

Figure 5 shows the percent change in population indicated by the projections. Four of the five fastest growing counties are neighbors of Marion County.

In 2000, the ten most populous counties in Indiana had 47.8 percent of the state's population; by 2040, that number will be 50.5

percent, an increase of 2.7 percent. Eight counties—Marion, Lake, Hamilton, Allen, St. Joseph, Elkhart, Tippecanoe, Vanderburgh (in their 2040 rank order)—were in the top ten in both 2000 and 2040. Porter and Madison counties slip out of the top ten while Hendricks and Johnson enter during the projection period. The top ten in 2040 will account for 69.6 percent of the growth since 2000.

Looking only at Marion County and its seven contiguous counties, the share of the state's population increases from 24.2 percent to 28.3 percent, an increase of 4.1 percent, which is greater than the increase for the state's top ten noted above. In fact, half of the state's entire growth occurs in those eight contiguous counties.

Political power follows population. The Indianapolis area will become stronger in the General Assembly. It will become an even greater target for the enmity of other parts of the state.

Is this something that should be a subject of public policy? Some will argue that the state should not intervene, but should allow market forces to operate. If this is the area where people choose to live, then let them. But if this area becomes more congested and there is excess capacity in other areas, would it not be best to encourage population growth elsewhere?

Many would answer no, saying that a policy designed to encourage population growth in other areas would be expensive because it would have to overcome market forces. In addition, they would argue, many people in Indiana want low population densities. To attempt a redistribution of population would be contrary to their preferences.

There is no clear evidence that increasing concentration of the population is good or bad. It may be little more than an interesting talking point. However, if there are serious costs to society from having so much growth concentrated in one region, the subject deserves meaningful discussion. ◀

Projections data are available for counties, regions, metros, and customized areas at www.stats.indiana.edu

Figure 5
Percent Change in Total Population, 2000 to 2040

