

# TURN AND FACE THE STRAIN:

## AGE DEMOGRAPHIC CHANGE AND THE NEAR FUTURE OF AMERICAN EDUCATION

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**A fierce battle between the needs of public health care and education looms.** A crisis is fast approaching that makes comprehensive improvement of America's public schools more important than ever. The United States has entered into an extraordinary and unprecedented era of change in age demographics. Faced by rapidly expanding populations of the young and the old, working age taxpayers will experience the growing strain of insufficient tax revenue to fund public services from now until the foreseeable future. One solution to the crisis: an American education system that leads to a college and career-ready generation prepared for high-wage job earnings in a competitive global economy.

## HURRICANE GRAY MAKES LANDFALL IN ALL 50 STATES.

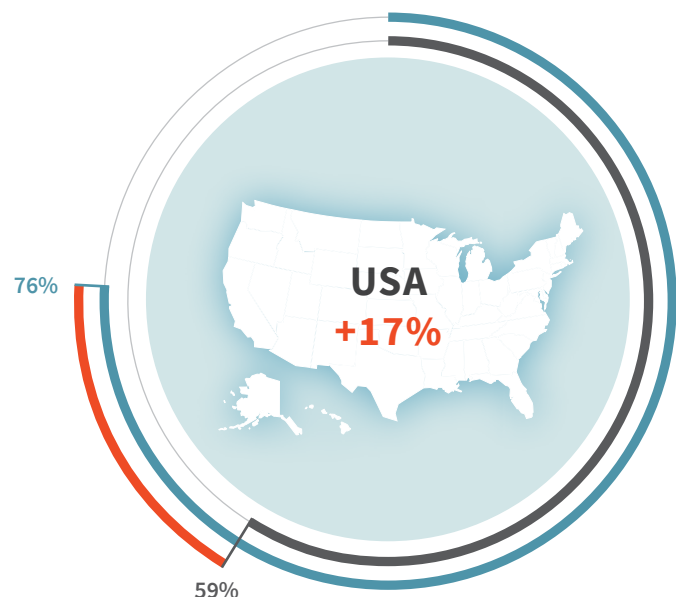
**"Hurricane Gray" is coming ashore in all 50 states. Every day for the next 15 years, 10,000 Baby Boomers will reach retirement age. By 2030, all Baby Boomers will have reached retirement age, increasing the elderly population of every state.**

Compounding the aging of America, many states are facing large increases in the K-12 population as the children of millennials begin school.

Discussions of age demography tend to focus on the imbalances in federal programs such as Social Security and Medicare. These same changes, however, will greatly impact the ability of state governments to fund health care services and education.

The Baby Boom generation is retiring and, at the same time, sending their grandchildren to school. State governments are not prepared to deal with either phenomenon, much less both.

## UNITED STATES AGE DEPENDENCY RATIO 2010 VS 2030\*



\*U.S. Census Bureau, Population Division, Interim State Population Projections, 2005

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

Economists use "age dependency ratios" as a measure of societal strain. The ratio adds people old enough to exit the workforce with those too young to have entered it, and divides the sum by the number of working age people. Young and elderly people depend upon public spending for education and health care, respectively. **High total age dependency ratios lead to slower economic and tax revenue growth while creating higher demands for public health and education spending.** The Census Bureau projects age dependency ratios to increase in all 50 states. In 2010, the age dependency ratio of the United States stood at 59 people elderly or young for every 100 working age people. In 2030, the Census Bureau projects the cart to carry 76 people for every 100 pushing it. Some states will have much larger challenges than others.

# OUR TOMORROW IS SITTING IN THE CLASSROOMS OF TODAY.

The taxpayers of 2030 are sitting in American classrooms today. State governments face a future in which a vise of increased demands for health care and education spending steadily tightens year by year. Future taxpayers are ill prepared overall to face this challenge.

The central challenge to this generation will be to contain costs and increase the return on investment in education and health care spending. Without significantly improving student achievement and preparing future taxpayers for higher earnings, we should anticipate funding to be in short supply.

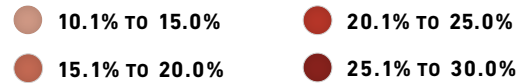
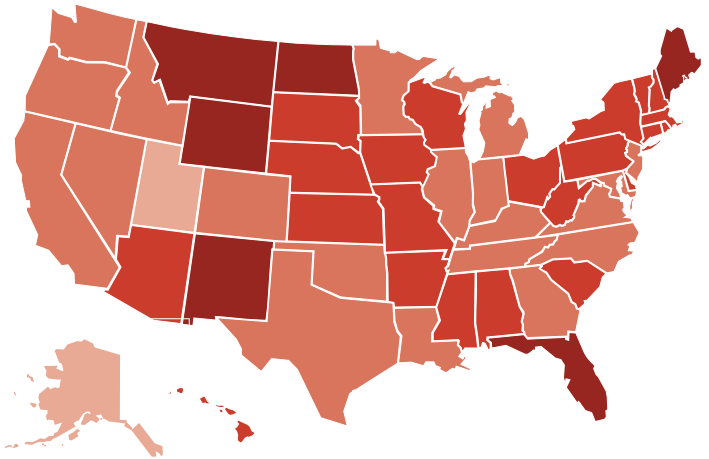
# WE NEED OUR POLICYMAKERS TO BE MUCH MORE DARING.

This growing financial crisis demands stronger education reforms to prepare the K-12 students of today with the academic knowledge and skills necessary to succeed in life, secure high-wage jobs, and help tackle the societal challenges that lie ahead.

*Today's K-12 reforms do not begin to match the urgency of our growing need for improved results.*

Now more than ever, it is critical to improve public schools through all possible means/policies, as the students in the system now will be the workers in the future crisis. State government policies, if skillfully leveraged, can incentivize

## AGE DEPENDENCY RATIO PROJECTED INCREASE BY STATE 2010 TO 2030\*



\*U.S. Census Bureau, Population Division, Interim State Population Projections, 2005

higher levels of achievement and discourage abject failure in education. One of most the cost-effective ways is through school choice. Many difficulties and adjustments lie ahead. Policymakers must substantially improve both the academic and the cost effectiveness of the K-12 system as part of the solution – the sooner the better. A mind has always been a terrible thing to waste, and the cost of lost potential will skyrocket in the near future.

## CHOICE OPTIONS FOR A CHANGING DEMOGRAPHY

### DIGITAL & BLENDED LEARNING

**Blended learning models of education** leverage the power of technology to accelerate learning and reduce costs. These models and online learning can provide for greater efficiencies in delivering education to students.

### OUTCOME-BASED FUNDING

Develop policies to **reward schools and teachers** for academic success rather than simply seat time. Policymakers should pay for success, not just for promises.

### CHARTER SCHOOLS

**Charter schools** have displayed the ability to return higher levels of return on investment than district schools. Charter schools have also reduced the need for district facility spending on new buildings.

### EDUCATION SAVINGS ACCOUNTS (ESAs)

**ESA programs** give parents choices not just between schools, but also between methods of education.

*Turn and Face the Strain: Age Demographic Change and the Near Future of American Education* was developed through a partnership between the Foundation for Excellence in Education and the Friedman Foundation for Educational Choice, two of the foremost leaders in education reform policy and research.