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ECONOMIC & SOCIAL POLICY INSTITUTE

THE ROUNDTABLE FOR LONG ISLAND'S FUTURE

**THE AGING OF LONG ISLAND:
A CRISIS IN ITS INFANCY**

by

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in collaboration with

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INTRODUCTION

It is clear that the global economy and a more diverse population have brought Long Island to an economic and sociological crossroad. The workforce is aging with the largest component, baby boomers, nearing retirement age. The young people who would normally fill the vacated jobs are decreasing. To maintain the regional economy, young people must sustain the workforce. However, that future workforce is leaving Long Island for other lower cost regions of the country.

Housing is more expensive than young people can afford and the dichotomy of the immigration issue has to be addressed - that of becoming a growing element of the Long Island workforce - while also requiring government intervention to provide safety, health services and education. To do otherwise eliminates an important workforce asset to replace the retiring baby boomers.

Energy costs, higher mortgage, consumer borrowing interest rates and rising property taxes are becoming such a burden that they are becoming a drag on the regional job growth and expansion of the regional economy. These crushing economic factors are resulting in young people moving off of Long Island and making it very difficult to attract a new workforce.

The Island's baby boomers have begun to enter the traditional years while birth rates are falling with workforce shortfalls attempting to be filled by immigrant groups and their offspring. How these groups fare economically will have a big impact on the Long Island economy, perhaps particularly health care delivery. Meanwhile, the Island is facing a housing shortage and "brain drain" that prevents many of its educated younger people from remaining on Long Island. In fact, recent data from the U.S. Census in its American Population Survey reported that Long Island lost 120,000 young people since 2000. This does not bode well for the Long Island economy and the workforce necessary to sustain it.

A factor that may ease the workforce shortfall is that seniors are living longer, and the effect of greater longevity on retirement and seniors. More are opting for 2nd and 3rd careers due to the need for their retirement funds to last longer. That is if they have retirement funds. With the collapse of the dot-com era and with many companies investing retirement funds in their own stock rather than diversifying, many baby boomers approaching retirement have indicated that they don't have enough to retire.

Playing an important role in the productivity of seniors is their continued activity in health, work, hobbies and quality of life satisfaction that keep them mentally sharp.

With living longer comes quality of life, financial and legal issues that seniors must deal with. These issues have become more complex in recent years and now include competency, pre-nuptials, conflicts between two sets of families when they remarry, health proxies, will preparation, providing for long term healthcare, asset preservation and life estates. Additional is the experience that seniors are having with Medicare Part D. Despite the paperwork and bureaucratic maze it is a financial benefit for most.



The public policy options that Long Island needs to address are inextricably intertwined with each other, with the resolution of each going a long way in deciding what Long Island, America's first suburb, will look like in the 21st century. One goal of many for the Long Island Economic and Social Policy Institute at Dowling College, in collaboration with Intergenerational Strategies, Inc. is to begin shedding some light on these issues and public policy options. This white paper "The Aging of Long Island" is part of the process.

The Aging of Long Island: The Unfolding of an Economic and Sociological Crisis

Long Island, with its rapidly growing over-55 year old population (currently over 680,000), includes more than 368,399 residents age 65 years and older. The Island's younger population consists of 791,166 children and youth under age 21. Thus, the population of people age 75+ and under age 21, often called the "bookend" or dependent population amounts to 1,159,565 people or 42% of Long Island's total population. The percent of these dependent Long Islanders as a percent to those of working age is cause for concern since the former relies on the latter to pay the rising costs of education, health care and pension benefits. As Long Islanders continue to age, these relationships continue to deteriorate.

Table 1, which follows, reflects how Long Island will age during the next 20 years as Long Island's baby boomers leave their youth behind. In striking fashion, between the years 2005 and 2025, those in the region over age 65 increase their representation in the regional population from 13 percent in 2005 to 19 percent by 2025, a percentage increase 46.2 percent. In vivid contrast, those in ages up to 20 years decrease from 27 to 24 percent of the population, or a 11.1 percent drop, while those between 20 to 59 years of age reflect a 5 percent decrease from 60 to 57 percent.

Should these trends continue, Long Island would be in the dire economic and sociological situation of not being able to insure the sustainability of its economy, the viability of its ability to raise tax dollars to maintain its infrastructure, and the fabric of its society.

Table 1: The Aging of Long Island: Projected By Age and Gender

	<u>2005 (%)</u>	<u>2010 (%)</u>	<u>2015 (%)</u>	<u>2020 (%)</u>	<u>2025 (%)</u>
Male	1,348,634	1,333,288	1,328,461	1,369,410	1,314,927
Female	<u>1,406,084</u>	<u>1,435,073</u>	<u>1,438,472</u>	<u>1,395,664</u>	<u>1,439,355</u>
Total	<u>2,754,718</u>	<u>2,768,361</u>	<u>2,766,933</u>	<u>2,765,074</u>	<u>2,754,282</u>
<u>Age Group</u>					
<u>Under 5</u>					
To 20	746,640 (27)	705,238 (25)	675,765 (24)	667,768 (24)	672,367 (24)
20 to 59	1,649,093 (60)	1,669,675 (61)	1,662,277 (60)	1,629,336 (59)	1,571,346 (57)
65 to 85+	<u>358,985</u> (13)	<u>393,448</u> (14)	<u>428,891</u> (16)	<u>467,970</u> (17)	<u>510,569</u> (19)
Total	<u>2,754,718</u>	<u>2,768,361</u>	<u>2,766,933</u>	<u>2,765,074</u>	<u>2,754,282</u>

Source: Long Island Association Annual Business Fact Book 2007-2008. From Cornell University Institute of Social and Economic Research, Program on Applied Demographics: www.cisercornel.edu/PAD



These trends appear to be reasonable when reviewed in perspective of the recently released 2006 American Community Survey (ACS) by the U.S. Census Bureau. The ACS reported that between the years 2000 and 2006, the number of Long Island residents between 25 and 34 years old fell by 72,650 and another 49,827 workers between 35 and 44 years of age for a total of 122,447 workers. This puts an added strain on the workforce because these are the very Long Islanders needed to sustain the economy at the very time that baby boomers will be leaving the workforce.

Table 1 also reflects that the situation only worsens during the next 20 years. In what is a clear example of two demographic categories headed in opposite directions are those Long Islanders between 20 to 59 years of age and those 65 years of age and older. Those between 20 to 59 years of age will continue to decline by over 77,747 people between now and the year 2025, while those over age 65 will increase by 151,584, more than twice the decrease of the 20 to 59 year olds who will increase by nearly 5 percent, while those retired will increase by over 42 percent. That is a dramatic swing of over nearly 230,000 people, or 8.3 percent of Long Island's current population, which clearly illustrates how fast Long Island will age.

Table 1 also shows that those up to the age of 19 will decline by 74,273 or 2.7 percent by year 2025 which indicates that the new generation of Long Islanders will not be sufficient to sustain the economy and support those between the ages of 20 to 59 as they begin to retire.

The Importance of Long Island's Senior Population to the Economy and Society

Longer Workforce Participation

What Table 1 illustrates is that three powerful forces – increasing longevity, declining fertility, and the disproportionate size of the “Baby Boom” generation – together drive an unprecedented and relentless shift in the age distribution of the population and the workforce in industrialized countries. As workforce growth slows, there are not enough young workers to replace the population and skills of baby boomers as they reach the traditional retirement age, and labor and skills shortages will become chronic. Among the fastest growing sources of new “labor” will be older people, including those already retired. The workforce is growing increasingly diverse, not only in terms of age, but also in terms of gender, ethnicity, background, education, lifestyle and other variables.

While some older adults will choose to engage in community service and volunteerism, which are discussed in the following section, others will wish to continue in the workforce due to: economic necessity; a lack of financial planning; a decrease by employers in the utilization of defined benefit pension plans; a rise in the use of 401k plans; and, the vagaries of the stock market.

Working during the traditional retirement years will also likely increase because of changes in public policy. Older adults are now able to collect Social Security while working. In addition, the U.S. Supreme Court recently decided that pensioners are permitted to continue to collect their pensions if they continue in the workforce. Others may continue to work due to non-economic reasons such as a desire to remain productive or a sense that retirement will lead to the loss of social connections and purpose in life.



Another factor, as illustrated in Table 1, is the likelihood that employers faced with labor shortages caused by the retirements of baby boomers, and a decline in the 20 to 59 year old age group, will increasingly create incentives for older adults to remain, or re-enter, the work force by offering part-time and contract employment, flexible schedules, health benefits and other incentives.

Community Service and Volunteerism

One sociological factor often overlooked is that retirement for many people is no longer a time for only rest and relaxation. It is also a time for community service. A 2002 national study by Peter D. Hart Research Associates supports this idea in a report that found that the number of retirees who consider volunteering an important part of their retirement life has increased by 9% in the past three years. The study also reports that retirees' sense of enjoying good times has dropped while their enthusiasm for public service has risen. Other studies indicate that community service in retirement tends to improve the physical and mental health of those involved.

For a substantial segment of the current and coming older adult population, many of the traditional attitudes towards retirement no longer apply. These men and women may not be content to spend a third of their lives jogging in place on the sidelines or playing bingo at a senior center. They are prepared to swap a lifestyle for a life. They want more than the "busy" ethic. With respect to volunteerism among older adults, a 1999 Independent Sector study, *America's Senior Volunteers* indicates that 47.5% of the age 55+ population does volunteer work. However, the study also reports that less than one-third of older adults over age 65 *are asked* to volunteer while they are *five* times more likely to volunteer if they are asked.

A missed opportunity for Long Island is that it fails to do what counties and other municipalities throughout the nation do. That is to deploy older adults as mentors, health care practitioners, educators, crime prevention aides, environmental educators, tour guides, human rights advocates, recreation program aides, advisors in the development of small businesses, code enforcement aides, court monitors, tutors and in countless other capacities. RSVP (Retired Senior Volunteer Programs), Senior Companions, Foster Grandparents and other non-profit programs also involve thousands of older adults in community service work. According to the International Longevity Center's 2000 study "*Productive Lives: Paid and Unpaid Activities of Older Americans*," an average of 18.9% of persons ages 55 to 74, volunteer in formal organizations (such as schools, civic organizations, and non-profit service organizations).

These mature, motivated and skilled older adult volunteers are especially important in this time of economic challenges to county government and the taxpayers that pay the bills. They present a talent pool that can augment the work of full-time employees, in both the public and private sectors, and enable government and its contract agencies to expand and enrich existing services and reduce the need to curtail valuable services. Existing volunteerism programs are invaluable and need to be expanded but they are just scratching the surface of the potential of an organized mobilization of retirees. According to a 2004 study conducted by the Long Island Volunteer Center, volunteer recruitment is cited as a concern of two-thirds of Long Island organizations.



What can't be overlooked is that the region could enjoy substantial economic benefits from the deployment of older adults in community service and employment opportunities both in the public and private sectors. Numerous studies report that older adults remain healthier for longer periods of time when they volunteer. Thus, volunteering may reduce the costs of medical care of this population. In addition, there is a good likelihood that more of this population would choose to maintain their homes on Long Island rather than moving elsewhere.

The Next Twenty Years: Trends and Concerns

1. There is likely to be a substantial transfer of wealth from one generation to the next.
2. There may be many vacant jobs as baby boomers retire.
3. Many retirees can be retrained so that they can fill vacancies in other careers.
4. Many baby boomers will want to work after they leave their career jobs.
5. Some baby boomers want to volunteer in meaningful public service.
6. "Aging as decline" infiltrates throughout society, passing from adults to their children as well as indirectly through media and technology.
7. There are sub-populations whose numbers may grow including separated, widowed, single and divorced older adults who may need housing as they sell their homes and seek smaller quarters. Housing developments that accommodate people who want to share housing may be an issue.
8. Some older people are being forced to sell their homes against their wishes because they are spending over half their incomes on housing-related costs.
9. There is growth in the number of grandparents raising grandchildren. Research indicates that this group is vulnerable to health and mental health problems in raising young children and teenagers during their retirement years.
10. The growing crisis in health care for older people partially concerns the fact that long term care workers such as Home Health Care Aides, Home Companions and Nurses Aides are paid low salaries and poor benefits. These staff people provide a great deal of the hands-on care in our health care system and are, thus, invaluable.
11. Employers will increasingly cancel retiree health coverage, increase co-payments, deductibles and retiree contributions to health insurance premiums.
12. There is a growing older adult market for age-restricted housing development. There are 156 age-restricted communities on Long Island right now and 60 more proposed or under construction, most in Suffolk County. Along with the housing shortage, this raises a cause for concern since this type of housing isolates generational groups from contact with one another. The distancing of generational groups from each other can lead to age discrimination and age stereotyping and is considered to be an unnatural societal phenomenon.
13. Employees generally feel their employers have an obligation to provide some retirement education and planning tools.
14. Employees generally do not perceive their employers as supporting their needs or desires to continue working past traditional retirement age.



Many older Long Islanders live in poverty conditions in sub-standard housing or reside, often prematurely, in institutional settings. Single and widowed older women and men on small fixed incomes are often at-risk when living alone while assisted living facilities are beyond the reach of large numbers of older adults. One third of Long Island householders age 65+ have a disability either sensory, physical, or mental that limits their ability to leave home.

Action Plan: Keeping Seniors Involved

Older Adult Employment

As noted in Table 1, there is a growing imbalance between the number of older workers and younger workers on Long Island. Along with the loss of older workers comes the potential loss of institutional memory when too many people retire in a short period of time. Steps to encourage older adult employment should include, but not be limited to:

1. Expand and promote the Departments of Labor's one-stop employment services structures to accommodate older adults seeking part-time and full-time work. A 1% increase in the number of part-time older adult workers could produce over millions of dollars in new payroll.
2. Establish guidelines for employers about how to effectively hire, retain and train older adults; assist middle-age and older workers to develop life plans; and provide incentives to employers to hire and retrain older adults.
3. Establish a pre-retirement planning orientation program to assist Suffolk employees to plan for the next phase of their lives and encourage their continued employment and community service.
4. Encourage partnerships between local colleges and universities and long-term care providers to recruit and train long-term care workers, with salary incentives, career advancement and affordable training as part of the package. A number of models exist for such partnerships and should be studied.

Older Adult Volunteerism

As discussed, there are numerous studies that indicated the willingness and effectiveness of older adult volunteerism. Other reports note that 40%-50% of older adults plan to engage in public service work and volunteerism during the traditional retirement years. Other studies indicate that, through continued employment or volunteering, older people maintain a sense of purpose and meaning in their lives. These people possess many skills and talents and represent vast social capital that's needed by our governments and not-for-profit organizations. Therefore, it is important that public policy be developed to tap into these resources. Steps that should be implemented are:



1. Organize annual county-wide volunteerism recruitment campaigns in both counties encouraging employees and retirees in the public and private sectors to volunteer. Placing 1,000 new volunteers in public service work could produce over millions of dollars worth of human services to the government and the not-for-profit sector.
2. In addition to assessing how this growing aging population will impact on programs and services provided by each department of government or not-for-profit agency, each should consider how to better utilize retired older adults both as volunteers and in part-time employment.
3. Promote the establishment of municipal Senior Property Tax Work-off Programs for older adults who volunteer to work in government doing work that otherwise would not get completed (*a good investment since this would not take away jobs from civil servants*). These programs, successfully operating in other states, enable older citizens to remain in their homes longer due to the reductions of their property tax. The small reduction in county property tax revenues from these programs is more than offset by the value of the services rendered.

Aging in Place

When questioned about where they want to spend their older adult-years, over 90% of Americans indicate they wish to remain in their homes as long as possible. Making it easier for older taxpayers to continue to reside in their own homes rather than relocating from Long Island or entering a long-term care facility is in the public interest. The majority of those negatively affected by current conditions are single and widowed older women. To begin to address aging in place should be policies that:

1. Promote and support social entrepreneurial projects that enable older adults to age in place replicating successful models such as HomeShare Long Island, Beacon Hill Village, Natural Occurring Retirement Communities and other similar programs.

Prologue: Intergenerational Strategies: A New Focus on Long Island Generations

Often on Long Island we draw distinctions between the generations by separately addressing issues concerning seniors, aging and young people. However, there are becoming more instances where the concerns of each group require an intergeneration focus. Specifically, Long Island's economic and social issues should be looked at through an intergenerational lens with a commitment to create a series of practical projects and workable solutions in regard to some of the regional challenges facing Long Island.

There has to be a greater understanding among generational groups, stronger ties between them, generational groups working together and public policies that meet the needs of all age groups. The Long Island Economic and Social Policy Institute at Dowling College sees elder adults, especially its enormous baby boomer population, as vast social capital that can benefit all generations. Through ongoing education, training, and support, the LIESP believes that these talented, educated individuals can continue to make meaningful contributions to their communities.



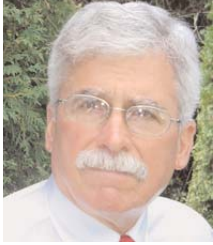
LIESP and Intergenerational Strategies believe that the following objectives must be addressed for Long Island to weather the retirement of the baby boomers as well as preparing the region for what may be a diminished workforce.

1. Promote a deeper understanding of the capacities of people of all ages to be contributing members of society.
2. Influence national, state, and local public policy regarding the current and future needs of Long Island's younger and aging populations.
3. Promote a better understanding of how society can meet the challenge of financing long-term care services for its frail elders.
4. Promote the development of new home and community-based, supportive programs for older adults wishing to remain in their homes as long as possible.
5. Promote housing alternatives that enable generations to live together in pedestrian-friendly neighborhoods.
6. Contribute to the growing regional, national, and international intergenerational field.
7. Promote the civic engagement of people of all ages.

CONCLUSION

What is very clear is that Long Island will face some serious economic and sociological challenges at it approaches the year 2030. Table 1 illustrates that there is no denying the demographic issues confronting the region and that it will take a clear understanding of what lies ahead to begin implementing policies that insure the sustainability of the region. The time to begin the process is now. Twenty years passes very quickly.





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Mr. Cantor has served as Suffolk County (New York State's largest suburban county) Economic Development Commissioner, brought Computer Associates to Suffolk County, and created over 23,000 jobs with an estimated \$1.4 billion annual payroll economic impact. He has served as: Chief Economist, New York State Assembly Subcommittee for the Long Island Economy; Senior Fellow at the White Plains, New York-based Institute for Socio-economic Studies - a public policy think tank concentrating on poverty in America and senior citizens' quality of life; Chair of the Long Island Development Corp; a building trades labor/management arbitrator; a consultant to the Nassau Interim Financial Authority; a faculty member in the Brooklyn College Department of Economics; Executive Director of the Patchogue Village Business Improvement District; and, most recently, as Director of Economic Development and Chief Economist for Sustainable Long Island and the Long Island Fund for Sustainable Development, providing financial and technical assistance to businesses and not-for-profit organizations.

His work is included in the *National Tax Rebate-A New America With Less Government*, and has prepared downtown revitalization plans for Long Island and New York City neighborhoods featuring art districts, economic restructuring, waterfront projects and community organizing. He was the architect of the Nassau County Comptroller's debt restructuring plan for resolving Nassau County's fiscal crisis; has been a columnist for *Long Island Business Journal* and *LI Pulse*; and has authored federal, state and local legislation; economic impact analyses; socio-economic profiles of the New York City and Long Island economic, employment and educational bases; annual reports on the State of the Long Island Economy; and a convention center feasibility study.

A Certified Public Accountant in private practice, Mr. Cantor is also a consulting economist and economic development and planning consultant to counties, towns, villages, industrial development agencies, and communities; an economic development advisor to the Suffolk County Executive; chairman of the Suffolk County Legislatures Downtown Revitalization Advisory Panel; Chief Economist for the Long Island Development Corporation; and Chairman of the Suffolk County Judicial Facilities Agency which financed the acquisition of the Cohalan State Court Complex.

Mr. Cantor provides economic and business commentary on television and radio; is a columnist for the *Long Island Business News*, Long Island's largest business weekly, and the *LI Pulse*; has appeared in *The New York Times* and *Newsday*, and has been syndicated nationally by *Newsday*, *Bridge News* and *Knight-Ridder/Tribune News Service*. He is an Honorary Member of Delta Mu Delta - The National Honor Society in Business Administration, and has been recognized by the National Association of Counties for innovative uses of Industrial Revenue Bonds, international trade promotion initiatives, and downtown revitalization. He was invited by Dr. William Julius Wilson of Harvard University's John F. Kennedy School of Government to present his paper entitled *Race Neutral Sustainable Economic Development*. He is the author of the recently published *Long Island, The Global Economy and Race: The Aging of America's First Suburb*.
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