

PA House Aging & Older Adult Services Committee

Addendum to Prepared Statement

Ira S Wolfe

January 30, 2008

1. *"We are about to face a demographically driven shortfall in labor that will make the late 1990's seem like a minor irritation.*

Anthony Carnevale,

Former Chairman of the National Commission for Employment Policy

2. An analysis by McKinsey & Company identified *four* distinct economic segments of roughly equal size within the Baby Boom generation:

- "Affluent" Boomers, with an average net worth of \$1.2 million, who are prepared for their retirement years.
- "Unprepared but aware" Boomers, who have an average net worth of \$180,000, spend more than they earn, and know they will have to make changes to retire in comfort.
- "Unprepared and unaware" Boomers, who are in the same financial shape as the "aware" segment but do not realize they won't be able to maintain a high standard of living if and when they retire.
- "Disadvantaged" Boomers, with an average net worth of \$75,000 and an average income of just \$15,000 a year, who are worried about their ability to support themselves at all when they retire.

What all four segments have in common is that they either need, or want to keep working past the traditional retirement age. ***McKinsey found that 84 percent of the Boomers it surveyed planned to keep working even after they formally retired, and two of every three Boomers admitted they can't imagine ever retiring completely.***

McKinsey's analysis revealed that ***60 percent of Boomers will need to work*** to maintain 80 percent of their current consumption, and that more than 40 percent, or 29 million people, will be working at age 65. By comparison, only half as many members of the Silent Generation — 14 million people, or 30 percent — were working at the same age.

Source: *McKinsey Quarterly*, November 2007, "Serving Aging Baby Boomers"

3. Of public high school students who entered 9th grade in Pennsylvania during the 2001-02 school year, **22 percent failed to graduate** four years later. Nationally, research puts the graduation rate between 68 and 71 percent, which means that almost one-third of all public high school students in America fail to graduate. Breaking it down even further, **every 29 seconds another student gives up on school**, resulting in more than one million American high school students who drop out every year.



**Impact of Aging Baby Boomers
on the PA Workforce**
House Aging & Older Adult Services Committee

Presented by Ira S Wolfe
Success Performance Solutions
January 30, 2008



Perfect Labor Storm

*Convergence of trends and events
that is reshaping the way
employers will do business.*

*Ira S Wolfe
Author, Perfect Labor Storm 2.0*

What are the trends?

- *Globalization*
- *Technology*
- *Aging Demographics*

Globalization

If Dorothy (Wizard of Oz) lived in PA today, she'd be telling Toto:

"We're not in PA anymore!"

Technology Requires Skills

- *Over 60% of all manufacturing jobs in 1950 required unskilled labor.*
- *Today, less than 15% of all manufacturing positions are unskilled.*
- *Even as recently as 1973, blue-collar workers represented over 60% of the workforce.*
- *Shortly, just 10% of the workforce will be blue-collar.*

Technology Requires Skills

- *As recently as 1991, fewer than 50 percent of U.S. jobs required skilled workers.*
- *By 2015, 76 percent of American jobs will demand highly skilled employees.*

Aging Demographics

- *Starting in 2012, nearly 10,000 Americans will turn 65 every day. That's 330 every hour!*
- *The number of workers age 55 and over is growing four times faster than the workforce as a whole.*
- *Baby boomers, who in 2006 ranged in age from 42 to 60, currently represent one-half of the U.S. workforce.*

Total PA Population

	Census 2000	Census 2030
Population	12,281,045	12,768,184
Ranking by size	6	6
Ranking by growth (state to state)	NA	45th

Source: U.S. Census Bureau, Projections of the Population, by Age and Sex, of States

Median Age by State

1	Maine	41.1
2	Vermont	40.4
3	West Virginia	40.2
4	Florida	39.6
5	Pennsylvania	39.5

Source: U.S. Census Bureau, Projections of the Population, by Age and Sex, of States

Age Dependency Ratio (Under 18 & Over 65/Age 18-64)

1	Florida	66.3
2	Arizona	65.6
3	Utah	63.7
4	South Dakota	62.6
5	Arkansas	62.2
6	Mississippi	62.1
7	Indiana	61.5
8	Pennsylvania	61.3
	United States	58.9

Source: U.S. Census Bureau, Projections of the Population, by Age and Sex, of States

Old Age Dependency Ratio (Over 65/Age 18-64)

1	Florida	27.6
2	West Virginia	23.7
3	Pennsylvania	23.6
	United States	19.7

Source: U.S. Census Bureau, Projections of the Population, by Age and Sex, of States

Resident Population in PA

Ages	July 1, 1995	July 1, 2005	July 1, 2025	Change 1995-2025
0-4	784,000	730,000	750,000	-0.4%
5-17	2,125,000	2,115,000	2,034,000	-0.40%
18-24	1,070,000	1,116,000	1,045,000	-0.28%
25-64	6,177,000	6,453,000	6,195,000	0.00%
65 and up	1,916,000	1,867,000	2,659,000	12.00%

Source: U.S. Census Bureau, Projections of the Population, by Age and Sex, of States

Resident Population 60 and over

Ages	Census 2000	Census 2005	Census 2025	Change 1995-2025
60 and over	2,430,821	2,483,154	3,515,45	44.60%
60 and over	19.80%	20.00%	27.50%	
60 and over	3 rd oldest state	3 rd oldest state	11 th oldest state	

Source: U.S. Census Bureau, Projections of the Population, by Age and Sex, of States

Resident Population 65 and over

Ages	Census 2000	Census 2005	Census 2025	Change 1995-2025
65 and over	1,919,165	1,896,510	2,688,781	40.1%
65 and over	15.6%	15.3%	21.0%	
65 and over	2 nd oldest state	2 nd oldest state	15 th oldest state	

Source: U.S. Census Bureau, Projections of the Population, by Age and Sex, of States

PA Dilemma: Growth with an Aging Population

- Traditional PA jobs (blue-collar) being out-sourced or eliminated
- State economy moving from agrarian-industrial to service-technology
- Many of the jobs require experience and wisdom of older workers but physical wherewithal of youth (roofers, nurses)

PA Dilemma: *Replacement Workers Lack Knowledge Skills*

- 8 percent of PA schools are “dropout factories” – lower than 60 percent graduation rate
- High percentage of High School grads and GEDs in the workforce

Gray Ceiling

- Retaining aging workers longer blocks up and coming Gen X and Gen Y resulting in high turnover and mobility
- Generational clashes raging in the workplace – for the first time in history, four generations working together

Aging Workers Cost More

- Active adults (adults over 60) account for 60% of all healthcare spending.
- Active adults purchase 70% of all prescriptions.
- Active adults purchase 51% of all over-the-counter drugs.



What Must Happen?

- We need to train business owners and managers how to compete on a global basis.
- We need to train business owners and managers how to manage and retain Boomers, Gen X and Gen Y.
- We need to educate our youth and re-educate our adults.
- We must create incentives to retain and hire older workers while we recruit and develop young workers.



Contact Information

Ira S Wolfe

Success Performance Solutions

www.super-solutions.com

www.perfectlaborstorm.com

Email: iwolfe@onlinehiringsolutions.com

Mobile: 717-333-8286

Office: 717-291-4640