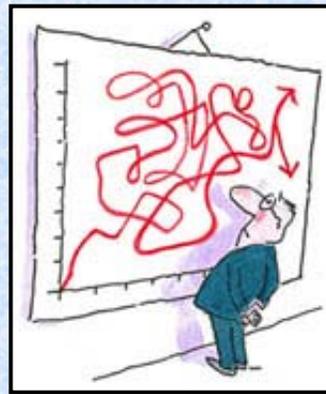


The Economic Impact of Our Aging Population



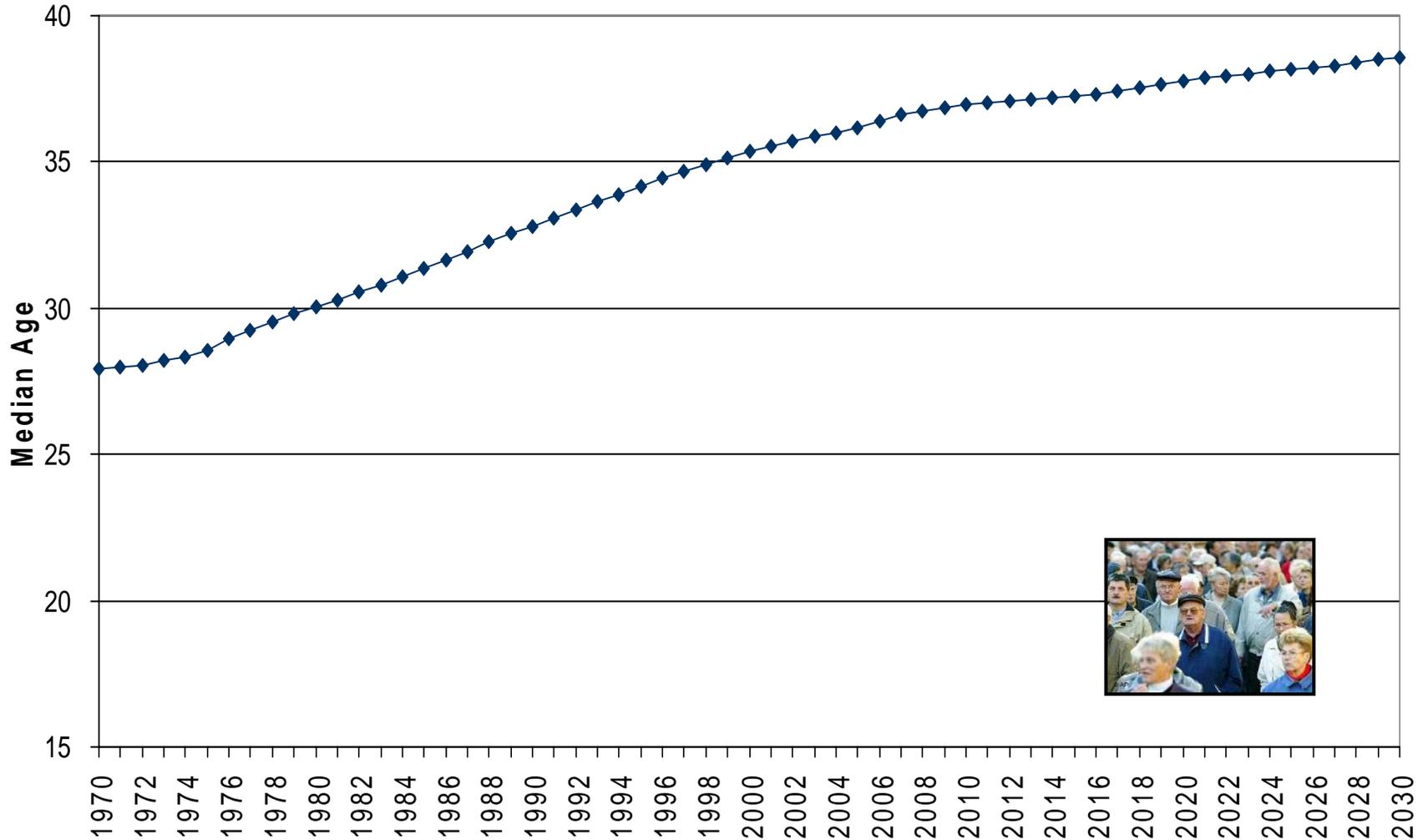
By John W. Whaley
Deputy Executive Director, Economics
Hampton Roads Planning District Commission
December, 2006

The Problem



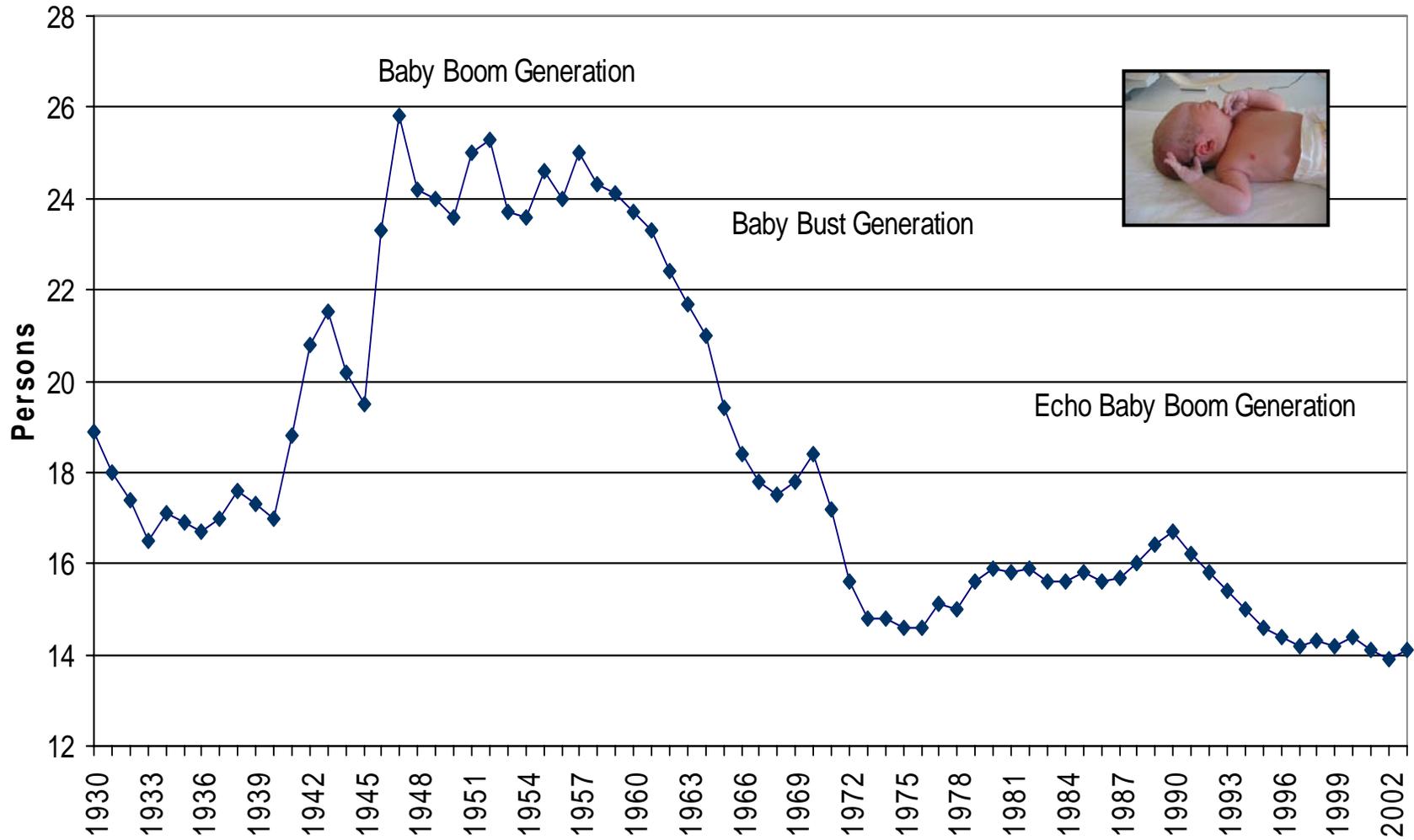
The Nation's Population is Aging

Median Age of the U.S. Population



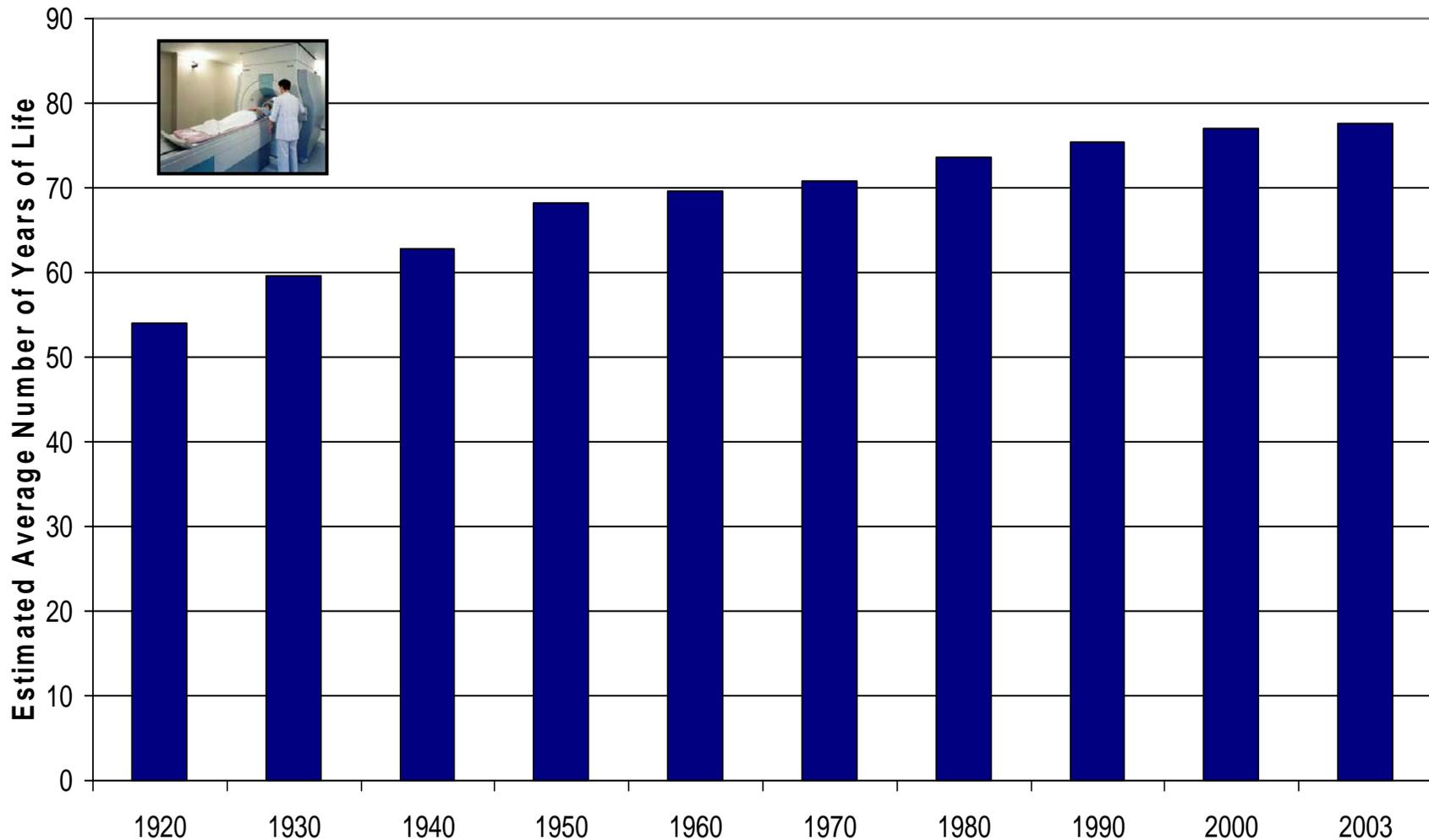
Birth Rates have been Falling

U.S. Births Per One Thousand People in the Population



Life Expectancies are Increasing

U.S. Life Expectancy at Birth



Implications of Population Aging

- **Increasingly difficult to find an adequate supply of labor at current wages**
 - Baby Boomers will retire
 - Baby Busters will attempt to replace them but there are fewer of them
 - Female labor force participation rate will stop rising
- **Failing to cope with impending labor shortages will**
 - Slow growth
 - Threaten the standard of living
 - Increase inflation





Over the Past 50 Years

U.S. labor force more than doubled in size



Over the Next 50 Years

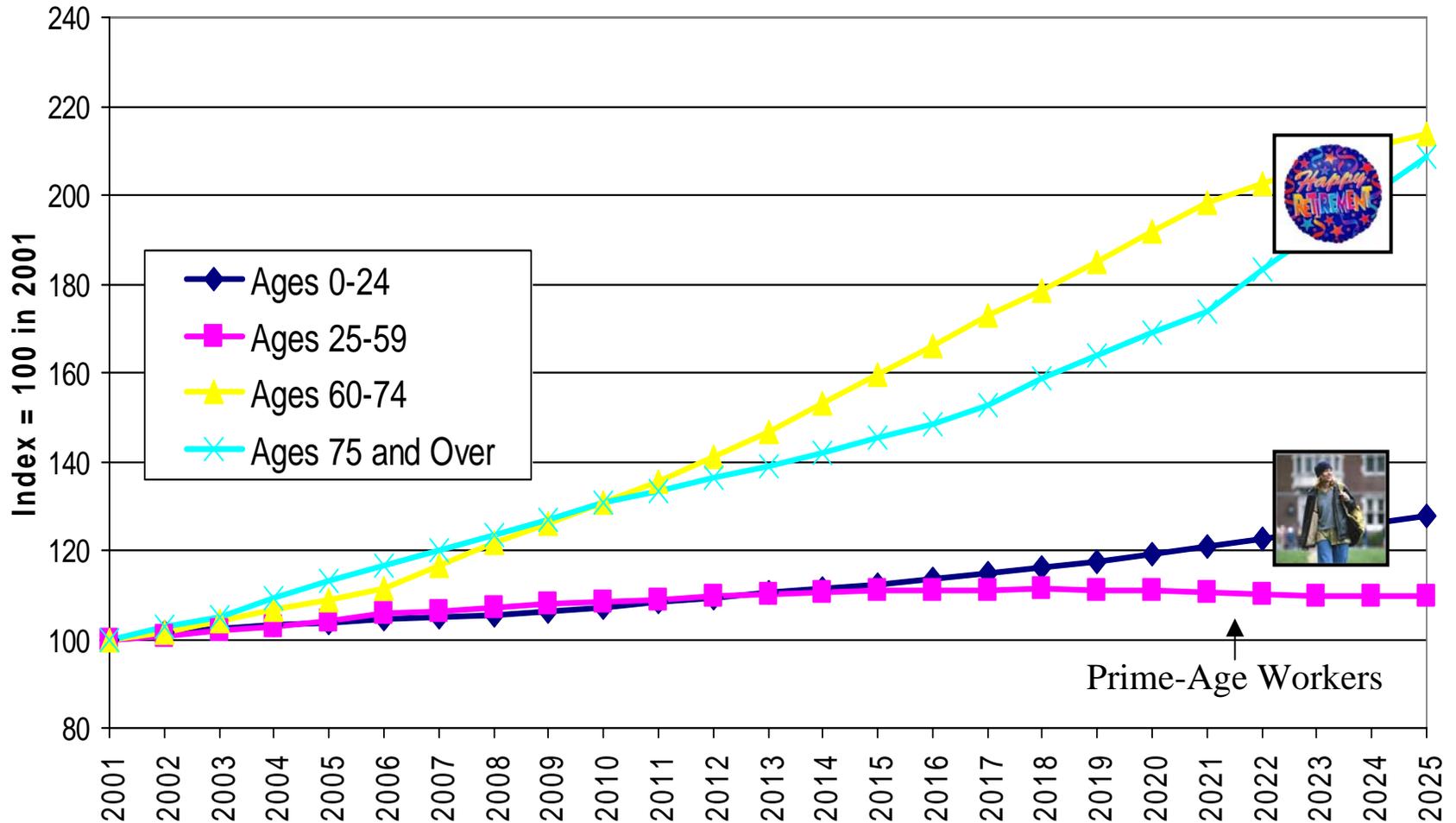
**U.S. labor force will grow at one-third the
previous rate**

The Aging of the Population in Hampton Roads



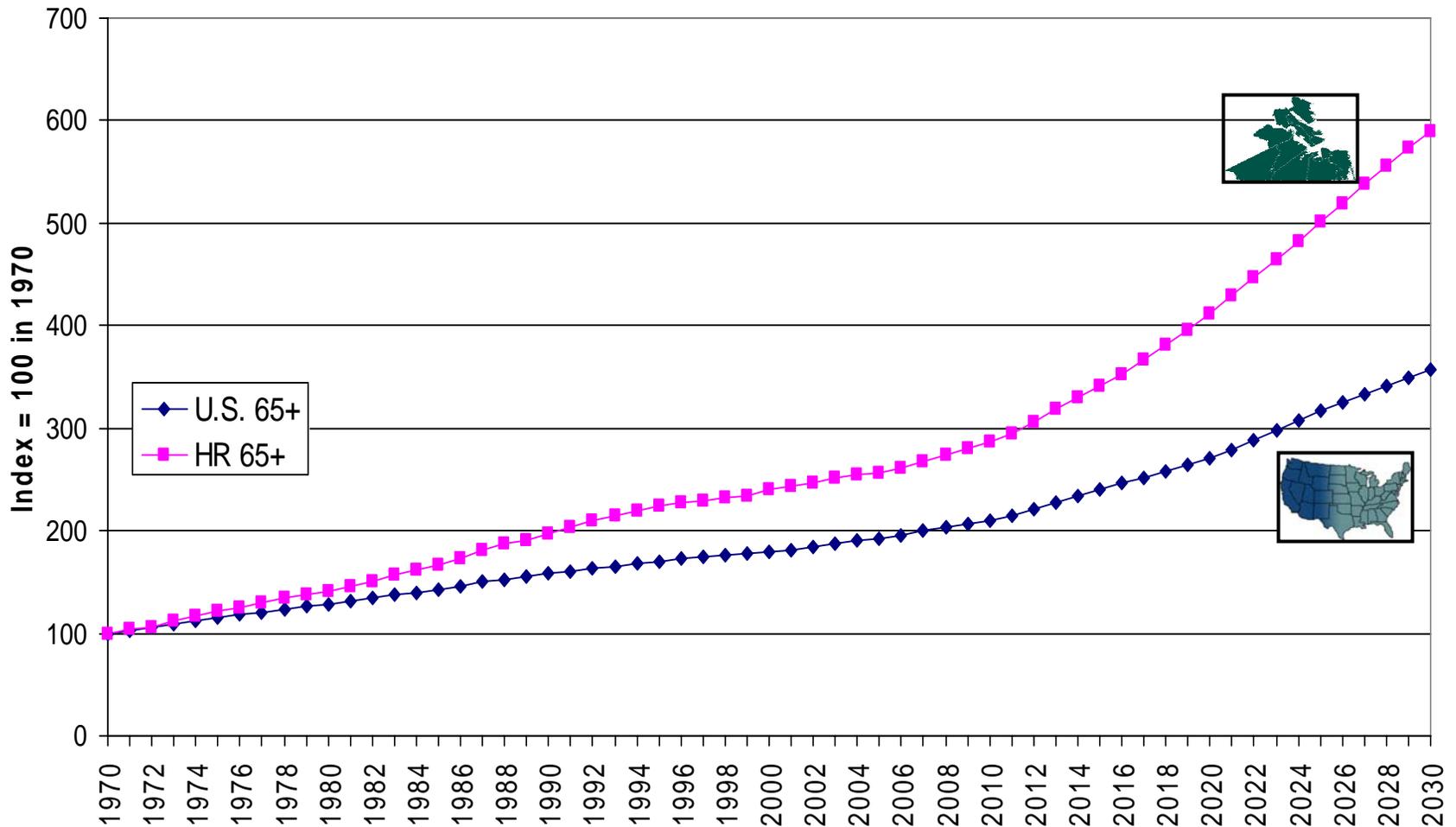
The Sixty and Over Age Cohort Will Grow Faster than the Below Sixty Age Group

Projected Growth in Hampton Roads Population Age Cohorts



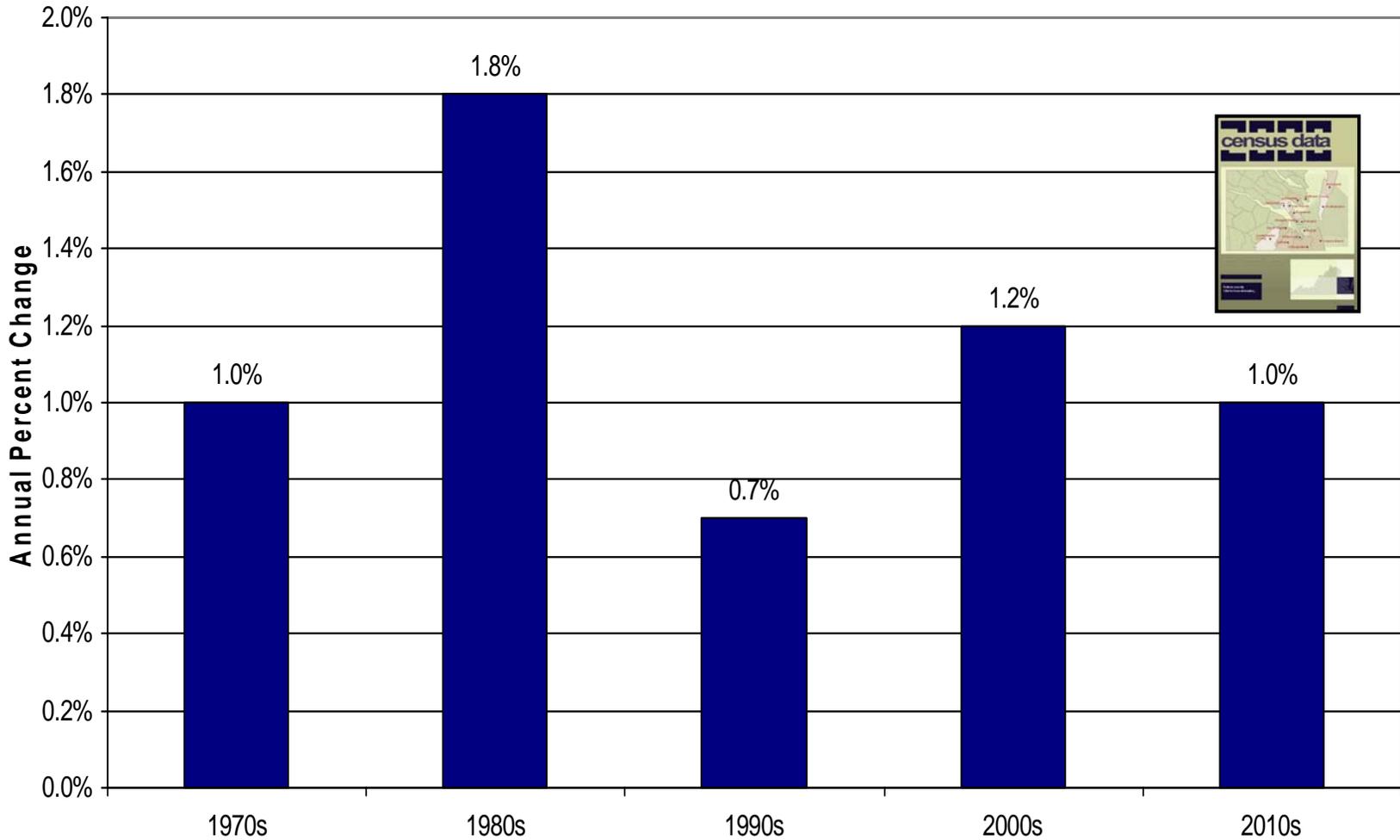
The Elderly Population will Grow Faster in Hampton Roads

Growth in the Elderly Population : U.S. and Hampton Roads



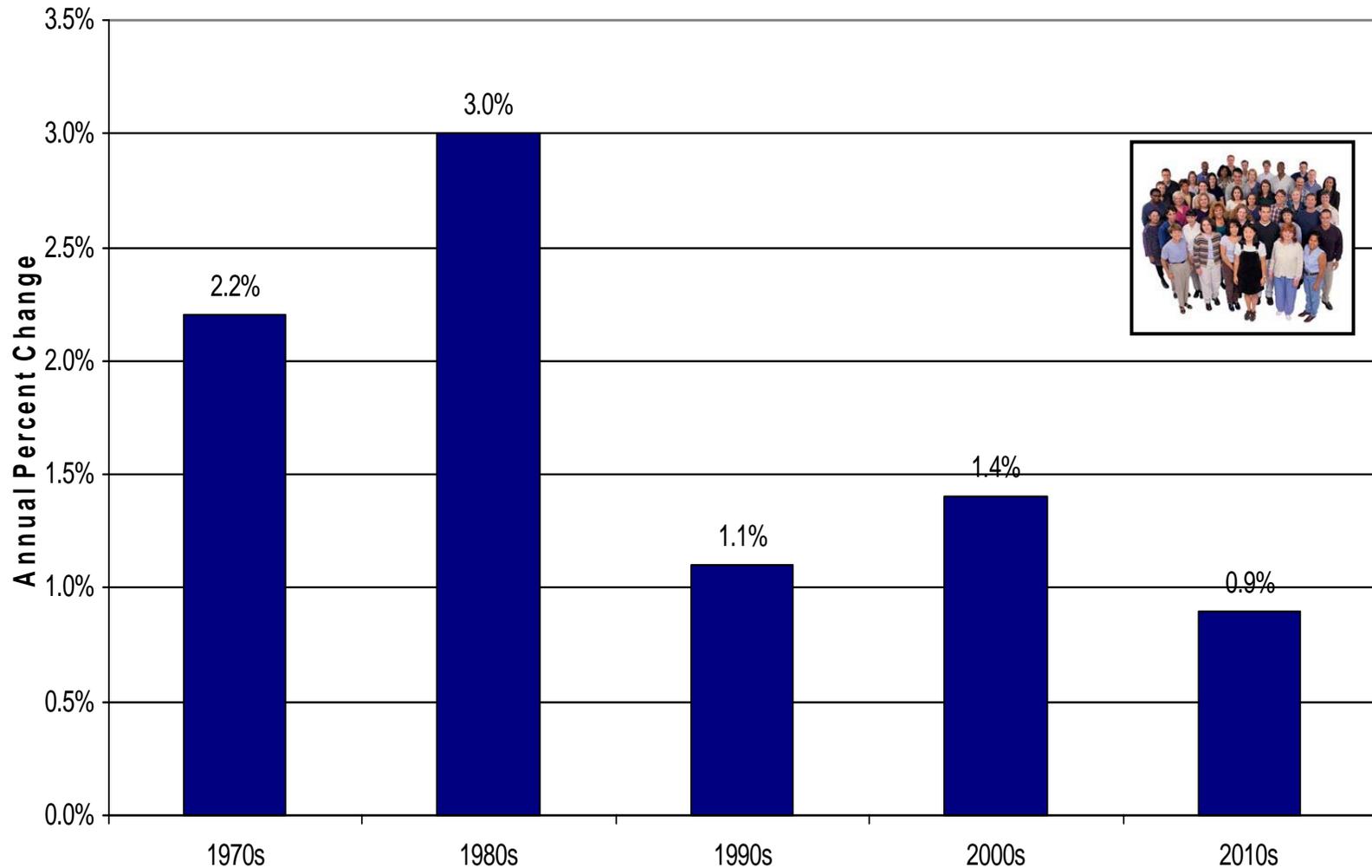
Population Growth will Decelerate

Annual Percent Change in Hampton Roads Population



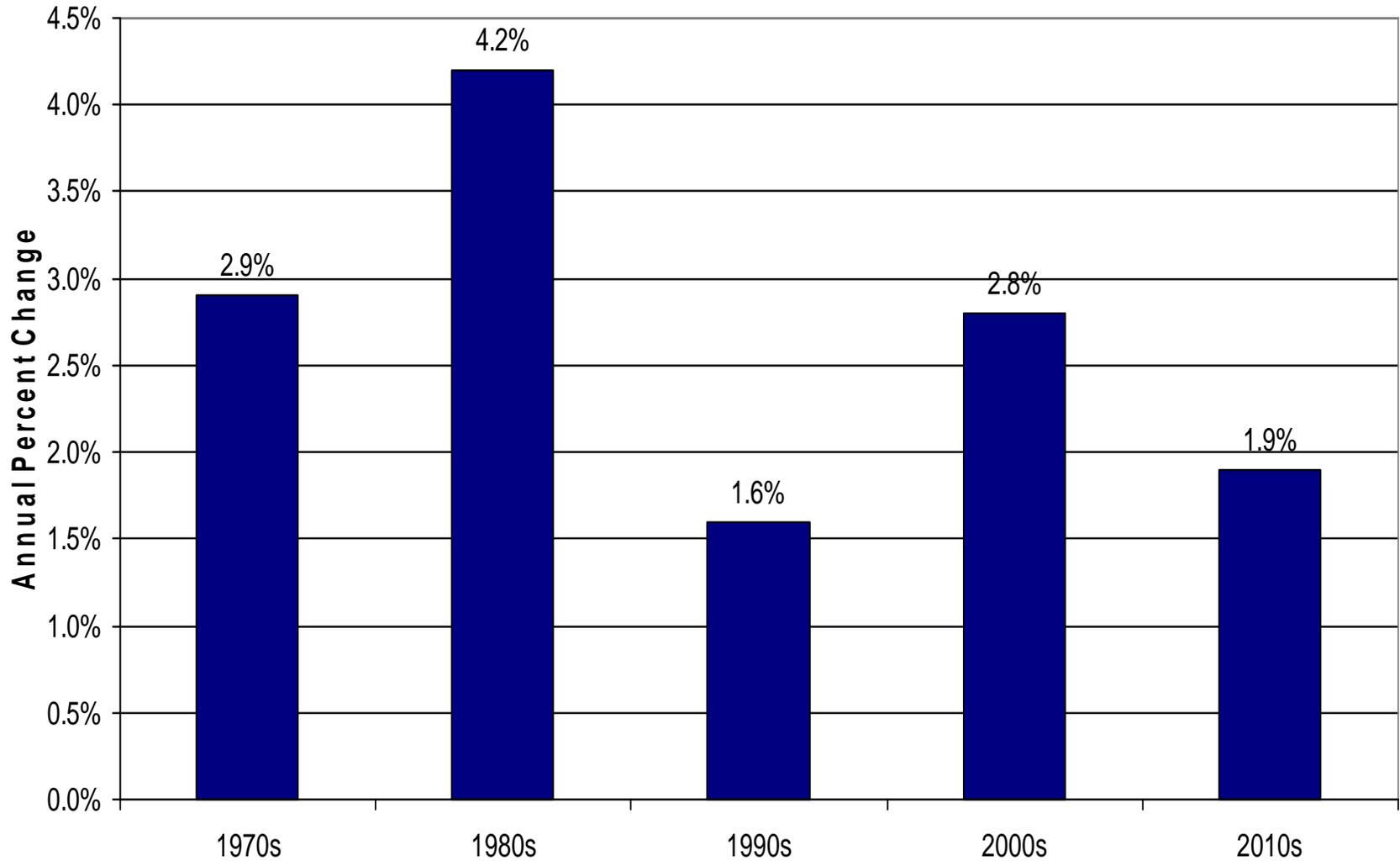
Employment Growth Will Decelerate

Annual Percent Change in Hampton Roads Employment



GRP Growth Will Decelerate

Annual Percent Change in Hampton Roads Real Gross Regional Product



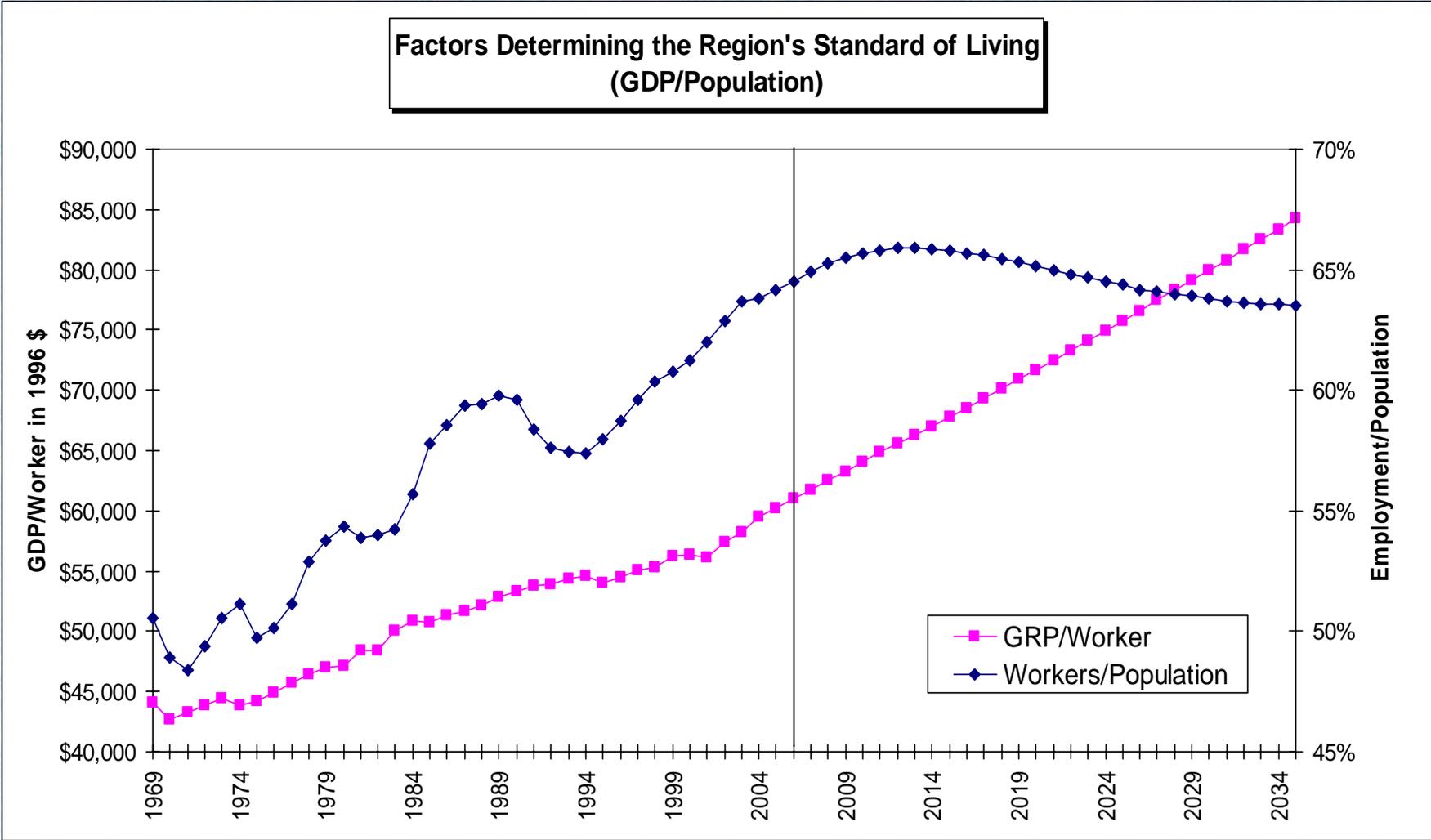
**Standard of Living =
GRP/Person**



**GRP/Person =
(GRP/Worker) x (Workers/Population)**

The Decline in the Labor Force Participation Rate will Slow the Increase in the Region's Standard of Living

Factors Determining the Region's Standard of Living (GDP/Population)



**There is Currently No National
Plan to Deal with Impending
Labor Shortages**

However



Hampton Roads Policy Options

- Find ways to retain older workers in the workforce
- Increase the labor force participation rate among minorities, the poor, and high school dropouts
- Expand workforce development efforts
- Increase productivity
 - Highways
 - New Technologies
- Encourage the in-migration of young people
- Other
 - Outsource work abroad
 - Increase international migration
 - Increase wages



The End