MAINE'S AGING POPULATION
A SURVEY OF POTENTIAL ECONOMIC IMPLICATIONS

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TABLE OF CONTENTS

EXECUTIVE SUMMARY

The U.S. population is aging and Maine is ahead of the curve. Maine has the highest median age of any state in the United States and can reasonably expect the pattern of aging to continue. Maine's proportion of elderly residents is projected to almost double between 2000 and 2030, while the number of Mainers of traditional working-age will essentially remain unchanged. Maine's lack of diversity may play a role in the state's declining youth population; Maine is not only the country's oldest state, but also the nation's "whitest."

There are essentially two groups of aging individuals in Maine: those who age in place, and wealthier retirees who can choose where to live. These groups present different opportunities and challenges.

Retirees could confer a number of economic benefits to the state, including importation of wealth, demand for new service, new job opportunities, and increased rates of volunteerism. Amenities that appeal to older populations, such as walkable communities and cultural attractions, could also attract younger people.

Maine has marketable amenities to attract retirees to the state, but should not rely on a new retirement 'industry' to drive economic growth. Maine's strong quality of place, its reputation as a tourist destination, and its well-developed network of senior colleges all play important roles in attracting retirees. However, Maine is not the only state attempting to market itself as a retirement destination, and should not expect an influx of retirees to drive economic growth.

Population aging will influence labor force growth and government funding. As the ratio of working-age individuals to elderly residents falls, income tax revenues may also decline. Nationally, this could render Social Security and Medicare unsustainable at current levels. In Maine, the percentage of income subjection to tax exemptions may increase. Maine's aging population could also influence its economic growth rate, unless Maine undertakes initiatives to increase the growth or productivity of its labor force. Increasing productivity is generally accomplished through training, education, and capital investments.

Many of the challenges of population aging are predictable; Maine employers, educators, and service providers, both public and private, can take steps to prepare for them. There are a number of issues Maine will need to address including encouraging and enabling older workers to continue in the workforce; improving public services for the elderly, especially transportation and health care; and developing more 'elderly-friendly' communities and workplaces. Other states, most notably New York and Pennsylvania, have developed and undertaken initiatives that respond to anticipated demographic changes.

INTRODUCTION

The phenomenon of Maine's aging population is often wondered about, but seldom thoroughly investigated. As the impending demographic change approaches, it becomes increasingly important to identify potential implications for Maine's economy. On a broad scale, this report represents an integrated collection of the research that various academic scholars and policymakers have already done on the issue of population aging, both in the U.S. and Maine. It does not offer any new analysis, but rather serves to catalogue the ideas people have already begun thinking about in the hope that it will aid others to recognize areas that will require additional attention as Maine prepares to age successfully.

MAINE'S AGING POPULATION

Maine and the world's populations are aging. According to United Nations population expert Joseph Chamie, the average age of a global citizen today is 27 years old and is projected to increase by 9 full years by 2050 (2007). Countries such as Great Britain, China, Japan, India, as well as the United States, face an increasingly older population in the coming decades due partially to decreased fertility rates and longer life expectancies.

In the United States in particular, the population aged 65 and over is projected to increase by over 7% by 2030[1]. The aging of the sizable baby boomer generation (post-WWII children born between 1946 and 1964) largely explains the increase of the 65 and over demographic. Many boomers can expect to live much longer and lead healthier lives than their ancestors. The average life expectancy in the U.S. is almost 10 years

[1] All demographic figures from the U.S. Census Bureau unless otherwise noted.

higher today than it was in 1950.[2] Thus, as the large boomer cohort grows older and lives longer, it increases the average age of the population. The anticipation of an older population raises many economic questions. What will the effects be on the labor pool? Will the younger, smaller generations be able to support the growing number of retirees? Will the older generation require new services?

These questions, among others, are particularly applicable to Maine. Maine, with a median age of 41.2, is the United States' oldest state. Maine's median age is almost 5 full years above the United States' and about 13 years higher than the country's youngest state, Utah. As of 2000, Maine was one of only 4 states in the country where each county's median age at or above the national median. The pattern of aging does not seem to be slowing down in Maine either. Maine is another of just 4 states with a baby boomer population of 30% or more, and as the boomer generation ages, it is inevitable that Maine's population will follow suit. According to the 2000 census, Maine placed 12th out of the 50 states based on the percentage of its population age 65 and above with 14.4%. By 2030, however, the Census Bureau projects that Mainers age 65 and over will constitute 26.5% of the state's population – a 12.1% increase that would catapult Maine to second in rank, just a half of a percent behind Florida. To even further complicate the situation, as Maine's older population increases, its younger population is simultaneously decreasing. At the same time that the older population is projected to increase its share from 14.4% to 26.5% of the population, the proportion of Mainers under 18 will fall from

[2] Based on data from the National Center for Health Statistics.

23.6% to 18.1% (figure 1).

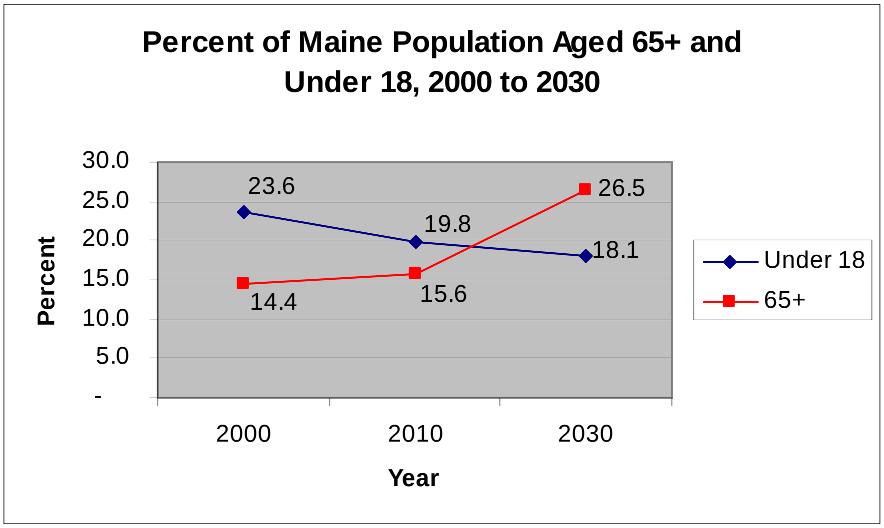

Figure 1

Source: U.S. Census Bureau Interim Projections: Population Under Age 18 and 65 and Older: 2000, 2010, and 2030

Between 2000 and 2030, the Census Bureau projects an absolute increase of 1.0% for Maine's 25-64 working-age population compared to a national growth rate of 18.3%. Upon further decomposition, the Maine population aged 25-44 is actually expected to decline by about 13.5% during that time period. The growth rate for Maine's 45-64 year old population is expected to be close to the national rate, however, causing the resulting modest growth overall. A logical explanation for Maine's slowed growth lies once again with the baby boom generation. As the baby boomer women age past the years of fertility, the birth rate will likely fall due to the smaller size of subsequent generations. If women have fewer children today, then there will be fewer working-age individuals in the future. The effects could be especially noticeable in Maine given the state's large proportion of baby boomers. In fact, the Center for Disease Control and Prevention announced in 2003 that the national birth rate had fallen to its lowest level ever: 2.0 births per woman in 2002, below the population replacement rate of 2.1. Maine's birth rate is about 25% below the national average: 1.7 births per woman in 2000. An alternative birth rate measurement is the number of birth's per 1,000 women, which clearly illustrates the growing disparity between the U.S. birth rate and Maine's over the past decade (figure 2). Furthermore, in the decade between 1990 and 2000, Maine was one of just 5 states that saw a decline (about 3%) in its under-18 population. Thus, as the baby boomers age, there are not as many young people being born to balance the older population, which could lead to fewer working-age Mainers in the upcoming years.

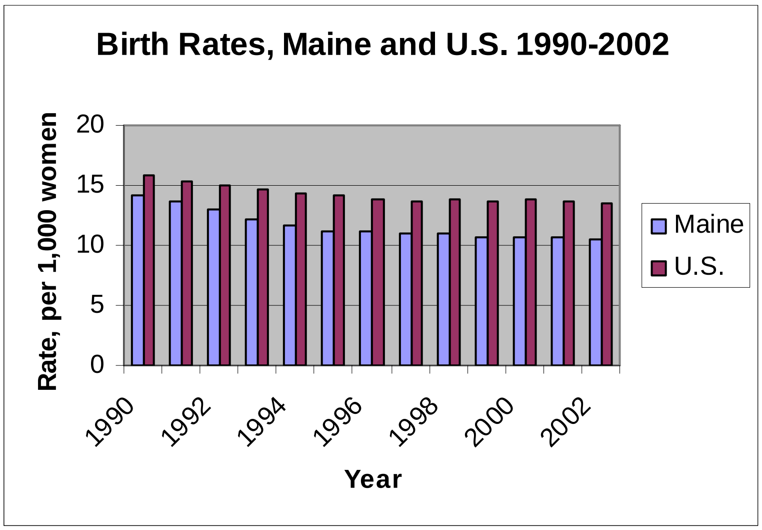

Figure 2

Source: Maine Health Data, Fast Facts 2002

According to David N. Weil, who studied the aging trend for the National Bureau of Economic Research, "population aging itself may feed back to affect fertility." The number of dependent children a family supports is within its realm of control, but the proportion of elderly dependents the family supports through taxes is not. The ratio of the working-age populace to the elderly will decrease as a consequence of the youth population decline and the projected increase in the elderly population, resulting in a depleted taxable cohort but a growing number of dependents. Working-age families could thus elect to have fewer children in order to compensate for the higher tax burden likely needed to support the retired boomers (Weil 2006). As stated in a Deloitte Research study on serving an elderly population: "children have become more of an economic cost than an asset" (2007). Historically there were economic incentives to have children, because children provided labor and were expected to care for their parents later in life. Presently, however, children spend the majority of their childhood attending school and are less available to work on a family farm or for a family business. Many parents will also face the additional cost of providing higher-education for their children so that they will be able to compete for jobs in today's highly skilled labor pool. It may therefore become prudent to have fewer children in order to alleviate some financial pressure, which could, in turn, prevent a rebounding of Maine's currently low birth rate.

As a result of decreased fertility, and a number of other commingled factors, Maine's entire population is not growing as fast as the rest of the nation. The United States population is projected to grow by about 29% by 2030, and Maine is only expected to see just over a third as much growth in that time period. In contrast, states located in the increasingly popular "Sunbelt" expect much larger than average growth rates. The Census Bureau projects that both Nevada and Arizona will more than double in population by 2030, for instance. Florida, Texas, and Utah round out the top 5 states with the highest projected growth, all of which expect growth rates greater than 50% (figure 3). Upon further investigation, even though every region of the United States expects an increase in the over 65 population (mostly aging baby boomers), the Western and Southern regions of the country are the only regions projected to see increases in their population of 18-44 year olds. Every other region in the United States, including Maine's Northeast region, expects declines in the 18-44 population between 2000 and 2030.

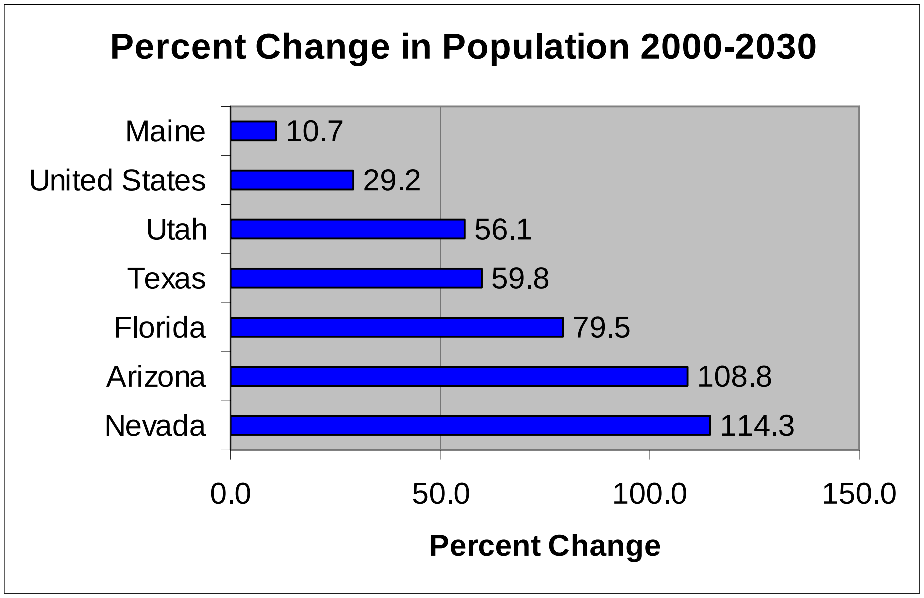

Figure 3

Source: U.S. Census Bureau Table 1: Interim Projections: Ranking of Census 2000 and Projected 2030 State Population and Change: 2000 to 2030

Maine is certainly not the only state in the nation facing a diminishing proportion of youth and an aging population, but the state's high percentage of baby boomers is one factor that contributes to increasingly evident effects. The lack of a minority population also heightens the visibility of a lack of younger residents. Maine is the "whitest" state in the nation; 97% of the Maine population reported a race of "White alone" in 2000. No other race could claim even 1% of the total Maine population. Maine is also suffering from a lack of immigrants. Even though the decline in foreign immigration into Maine could simply be a geographical mishap (as many immigrants arrive from South of the U.S.), this is an unfortunate statistic for Maine today in regards to the aging population. According to demographers Richard Sherwood and Deirdre Mageean, "minority populations contribute disproportionately to population growth, because they have higher birth rates and lower death rates than the non-Hispanic white population" (2004). Maine is therefore missing out on a potential population boost. A number of other U.S. states, most notably California, Texas, and Florida, are quickly becoming attractive destinations for immigrants from Mexico and South America. As a result of the higher birth rates associated with diversity and their proximity to the Mexican border, these southern states are expecting net population growth (births minus deaths plus net immigration) much higher than the rest of the country.

POTENTIAL ECONOMIC IMPLICATIONS

It is clear that the demographics in Maine, as well as in the rest of the United States, are shifting toward an older population, but what are the implications of this change? Is an economic collapse imminent as younger generations struggle to support the large number of retirees, or are there benefits to an older society? In brief, scholarly research suggests that the potential economic implications of Maine’s aging population are both positive and negative. Challenges certainly will arise, but can be overcome by sound planning efforts.

TOMORROW’S “RETIREES”

The upcoming batch of retirees – baby boomers begin turning 65 in 2011 – is not the stereotypical group of older individuals. Most boomers will enjoy longer, healthier lives than their parents. Members of the baby boom generation value their independence, are technologically inclined, and are avid consumers. Maine, along with the rest of the U.S., should begin its preparation for the economic challenges resulting from an aging population with the notion of the unique attributes of the baby boomer generation in mind.

In Maine, preparation will require recognizing that Maine essentially faces two distinct groups of aging individuals: those Mainers who age in place, and wealthier, more mobile individuals who move into or out of the state for retirement. Thus far, most retirees who have migrated to Maine have settled primarily in Southern and Coastal areas. Although the exact number of new retirees in unknown, we do know that between 2001 and 2002, Cumberland County had a net immigration of 1,473 people all of ages, and York County had a net influx of 2,932. On the other hand, northern Aroostook and Piscataquis counties had immigration of just 73 and 93, respectively. Retirees who select Maine as their retirement destination are most likely choosing to settle along Maine's southern coast. Retirees aging in place are spread throughout the state and represent a high proportion of retirees in Northern Maine.

This creates a geographic as well as economic divide between the two groups of aging Mainers. Many retirees who age in place face a lack of resources, while retirees moving into Maine from away are often financially secure. The poverty rates for the demographic aged 65 and over in most southern counties are significantly lower than the poverty rates in the northern part of the state. In 2000, the poverty level of the above 65 population in Aroostook County more than doubled that of Cumberland County (16% compared to 7%).

WEALTH IMPORTATION

The characteristics of retirees within a given region influence the degree to which that region captures some of the economic benefits of retirees. Richard Sherwood and Deirdre Megeean write in *Changing Maine: 1960-2010* that the retirement industry "brings new money into the state from the pensions and Social Security and health insurance benefits migrant retirees have earned elsewhere. And the expansion of retirement services [in Maine] is likely to dissuade some Mainers from taking their retirement income and benefits elsewhere when they retire" (2004). Enhancing the retirement industry in Maine could be a viable way to utilize the assets of the baby boomer generation. In *A Golden Opportunity II*, the Maine State Planning Office found that "because the folks who tend to move in retirement are of above-average means, the ripple effects of their presence are more far reaching. One study estimated that the economic value of 1 new retiree household is equal to that of 3.7 factory jobs" (1999). Economic development sometimes comes from unexpected sources, and retirees could have positive implications for the state as a result of their retirement expenditures. Richard Sherwood and Deirdre Mageean also assert that retirees "reduce volatility in the local economy because pensions and Social Security benefits provide a stable flow of cash unaffected by the economic cycle" (2004). Retirees could therefore induce economic prosperity without, as the State Planning Office points out, putting great pressure on Maine's state resources. One of Maine's greatest expenses is K-12 education, and the majority of retirees will not have school-age children and therefore will not increase education costs (if anything, they will be putting additional money into the education system through their taxes).

DEMAND FOR NEW SERVICES

Retirees bring not only their retirement income to the state, but also the possibility of new job creation and a sizeable volunteer pool. The retirement community requires age-specific services which have the potential for creating new jobs and attracting people to fill them. Frank O'Hara described the development of the retirement community as the potential beginning of a natural progression toward attracting young people and new families to the state (2007). Young people and immigrants are the most mobile demographics in the country, and they tend to locate where job opportunities are readily available. Deloitte Research maintains that "immigrants have always followed jobs and family connections. As the demand for jobs to serve the elderly increases in 'aging-in-place' states such as Maine, Ohio, Pennsylvania, and West Virginia, immigration levels could rise in these states" (2007). Additionally, any new services or community development designed to benefit an older population would almost certainly appeal to other demographics as well. The elderly are not the only people who enjoy such amenities as walkable towns, reliable public transportation networks, and cultural attractions. Thus, as an added benefit younger populations may also be attracted to areas developed with retirees in mind.

VOLUNTEERISM

A large portion of retirees also contribute to their communities through volunteering. The Corporation for National and Community Service indicates that about 25% of Maine's over 65 population volunteers, and those who volunteer spend a median of 100 hours volunteering in a year. Combined with Independent Sector Research's estimate of $14.29 as the value of one volunteer hour in Maine in 2005, Maine's older residents would have donated $68.7 million worth of volunteer time.

ATTRACTING RETIREES TO MAINE

It is clear that the retirement community offers potential benefits to the state, but Maine must prepare itself to seek out this demographic and ready itself for its arrival. Maine could utilize its 'quality of place' to attract retirees and market itself as a retirement destination. The Maine State Planning Office suggests that Maine's "natural endowments, its rivers and oceans, its mountains and forests, the beauty of its relatively unspoiled environment are powerful attractions to retirees and contribute mightily to its quality of life" (1999). Maine also enjoys rich cultural and historical landmarks, a variety of outdoor recreational opportunities, and safe neighborhoods – all attractive attributes to an older population. Furthermore, Catherine Reilly, Maine's State Economist, points out that "Maine's identity as a tourist destination is an important strategic asset. It introduces Maine to a large number of visitors and seasonal residents who may later move here in retirement" (2007).

Another asset Maine has in marketing itself to the retirement community is its network of senior colleges across the state. There are 16 colleges in the Maine senior college network, and the network boasts over 6,000 members. Judith Healy, senior research fellow at the European Observatory on Health Care Systems, believes "lifelong learning is important, not only for staving off cognitive decline and furthering personal development, but also for upgrading knowledge and skills that can be used in paid employment, voluntary work or in managing one's own affairs" (2004). The senior colleges provide benefits not only to the participants themselves but also to the towns in which they are located. According to Kali Lightfoot, the coordinator of the Maine senior college network, the senior colleges offer unlimited benefits to Maine communities (2007). For instance, the senior college in Augusta sponsors a monthly concert series while the college at Machias set up an historical society within the town. Senior colleges are essential to attracting more affluent retirees to the state, because that demographic is the type that would place the highest value on continued education in that it would tend to be more highly educated in the first place.

Maine is certainly not the only state that would benefit from an influx of retirees, and is consequently not the only state looking to competitively market its assets to the retirement community. Maine must thus be realistic in terms of how many retires it expects to attract. According to 2000 Census data, a rather small portion of retirees, about 5%, actually move across state lines upon retirement. There is, therefore, a small pool of people to draw from in the first place. In addition, economists Catherine Reilly and Henry Renski of the Maine State Planning Office have noted that empirical evidence shows that most retirees are attracted to warmer climates, placing Maine at a competitive disadvantage compared to southern states (2007). Thus, though attracting retirees to the state could certainly help tackle some economic consequences of aging, it would be unrealistic to assume that Maine's retirement industry will be a principle driver of future economic growth. States such as Florida and Arizona which sustain profitable retirement industries gain considerably greater numbers of older residents than Maine could expect to attract. Catherine Reilly and Henry Renski have noted that while Maine experienced a net gain of 1,650 residents age 65 and above between 1995 and 2000, "Maine's gain was negligible compared to Florida's gain of 150,000 retirees and Arizona's gain of more than 50,000" (2007).

POTENTIAL CHALLENGES

Population aging will undoubtedly create new opportunities for Maine businesses, non-profit organizations, and communities at large. However, there are still a number of issues for which Maine, along with the rest of the country, will have to prepare. Population aging leads to concerns over labor pool shortages, declines in output, increased demand for elder services, and funding for public services and benefits.

LABOR FORCE IMPLICATIONS

Some scholars have speculated that changes to the nation's labor force growth will slow growth of economic output. Vice Chairman of the Federal Reserve Board, Donald L. Kohn, testified before U.S. Senate Special Committee on Aging that "because total output is equal to output per worker times the number of workers, a slowdown in the rate of labor force growth will, all else equal, tend to slow the growth of output" (2007). In the absence of productivity gains, if the growth of the labor force decreases, growth will inevitably fall as well. According to former Chair of the Federal Reserve Board Alan Greenspan, "over the next thirty years, the growth rate of the working-age population in the United States is anticipated to slow, from about 1 percent per year today to about ½ percent per year by 2030" (2003). Since the U.S. is currently facing a decline in the growth rate of its labor force, questions regarding how to offset a potential decline in output are naturally emerging.

Maine may be particularly susceptible to this potential output decline due to the advanced stage of population aging. As already noted, Maine expects absolute declines in its age 25-44 population by 2030. Donald L. Kohn's statement regarding output accurately pinpoints Maine's most crucial obstacle: unless initiatives are taken to either increase labor force growth or impact the "all else equal" component, Maine's long-term economic growth may slow. Investments meant to impact Kohn's "all else equal" clause, which is undoubtedly comprised of labor productivity as a main component, will therefore become increasingly important. Labor productivity refers to the rate at which workers make and deliver goods and services. In the last few decades, productivity in the U.S. has increased considerably, in part because of technological advances and increased levels of educational attainment. As workers obtain more training and education, they can perform their jobs with greater skill and efficiency; they are better able to identify ways to improve and streamline the development or delivery of goods and services.

Alan Greenspan stated before the Senate aging committee that “one of the more direct ways to raise growth in output per hour is to increase saving and investment, which augment the capital stock available to workers. Another is to increase the incentives for innovation; efficiency gains, broadly defined, currently account for roughly half the growth in labor productivity” (2003). Higher education attainment and capital investments will thus be crucial factors in increasing worker productivity and moderating the effects of population aging, especially in Maine.

Some U.S. states may be able to tackle a prospective decline in output by attracting innovative, capital-intense industries that require less labor inputs. Most of these businesses are attracted to areas with diverse, high-skilled workforce, and fast growing population that help to attract new business starts. Alan Greenspan noted that without a growing labor force, even increases to capital could be insufficient for sustaining growth, since “the amount of new equipment that can be used productively will be more limited” (2003). Thus, encouraging continuous growth of the state’s labor force will be vitally important to economic prosperity in Maine. Without some fundamental change that would attract new workers or industries to the state, or investments that would significantly increase productivity, Maine could face difficulties sustaining current growth levels in the long-run.

A popular response to a shrinking labor pool is increasing labor force participation, especially among older workers. Louise Sheiner, Daniel Sichel, and

Lawrence Slifman found in their study of the macroeconomic implications of population aging that, "using 2005 values, adding those aged 65 and 66 is equivalent to increasing the size of the labor force by 2.4 percent" in the United States (2007). Encouraging older workers to participate in the labor force longer, either by raising the retirement age, offering added benefits to working, or reducing barriers to work, could help ease the transition of the baby boomers into retirement by lessening some of the pressures of a shrinking labor pool. Donald H. Kohn suggested to the Senate committee on aging incentives through which employers could attract older workers. He recommended that employers not only pay higher wages, but offer flexible work schedules, part-time work, opportunities to telecommute, as well as additional health care coverage (2007). Telecommuting represents a particularly viable option for Maine given the state's proximity to the Boston area. Part-time work is another practical alternative, because it offers older employees the opportunity to enjoy more time off while continuing to earn additional income.

David A. Wise, director of the Economics of Aging Program, found that part-time work among men is already on the rise and that "part-time work appears to be an increasingly important approach to phasing into retirement." He presents statistics detailing that between 1980 and 1997, the percentage of part-time workers increased 3.2% among men aged 55-59, 8.1% among men 60-64, and 1.3% among men 65-69 (1996). Therefore, an interest in working longer may already be apparent among older workers. In his report on the aging economy for the Blaine House Conference on Aging in 2006, Charles Colgan pinpoints three reasons why older individuals may wish to remain in the workforce into their retirement years. He details that while there are fewer physically demanding jobs there are more service and trade jobs better suited to an older workforce. Furthermore, Colgan questions whether some individuals will be able to afford to discontinue working due to inadequate retirement savings. Colgan lastly describes that many individuals foster a connection to their communities through their jobs. Those retirees who move to Maine from away may turn to work as a mechanism to meet new people and assimilate (2006).

GOVERNMENT FUNDING

At the national level, one of the most discussed issues relating to the aging of the population and the imminent retirement of the baby boom generation is the potential lack of tax revenue to fund social security. Tax revenues are expected to peak while boomers are in their prime earning years (age 50-55) from approximately 1996 to 2019. However, once the baby boom generation moves into retirement, the ratio of the working age population to the elderly population will fall, as will the revenue generated from income taxes largely used to fund retirement benefits such as social security and Medicare. David Weil describes the extent of the situation in his study on population aging: in 2005, 6.5% of U.S. GDP went to funding transfer payments to the 65 and older population, and if just an additional 10% of the working populace goes into retirement, federal funding would go up an additional 4.7% of GDP (Weil 2006). That would equate to about $585 billion in monetary terms, based on the Bureau of Economic Analysis' 2005 estimate of $12.456 trillion for U.S. GDP. Tax revenue at current levels may simply not be able to continue covering the increase in cost. In fact, Alan Greenspan testified that "the level of social security contributions under current law begins falling short of legislated benefits by approximately 2017" (2003). Clearly alternative sources of revenue will be needed to fund current programs as the baby boomers pass into retirement, or eligibility and benefit levels will need to be adjusted.

Deloitte Research recommended several courses of action to finance services to the elderly in its 2007 study entitled *Serving the Aging Citizen*. Lessening tax preferences, diversifying the tax structure, increasing the implementation of user fees as a supplement to taxation, and increasing the retirement age could all represent feasible methods of generating revenue that could be used in funding elderly services, according to Deloitte (2007).

There is a general consensus among scholars of the aging trend regarding the arbitrary nature of 65 as the designation of old age and thus the inception point of retirement benefits. The Federal Reserve Bank of Boston held a conference on demographic change at which participants concurred that the "notion of when old age begins may have changed, but policymakers generally have made only minor adjustments to the ages used to determine eligibility for social insurance programs and to calculate benefit amounts" (Little, Triest 2001). An increase in the age at which retirees could receive federal benefits would encourage older workers to remain in the workforce longer, which would increase the base of taxable income and alleviate some issues of labor pool shortages across the country.

Like the federal government, Maine may be particularly vulnerable to long-term decreases in its income tax base as the population ages. As the baby boomers retire they may earn less income overall as they opt to live off of savings or retirement benefits. Given the state's shrinking workforce, boomer retirement could reduce Maine's tax base and consequently its revenues. However, even if income overall remains steady through the boomer's retirement, the shift from income earned from salaries or wages to income from social security or pensions would be enough to decrease revenues in Maine. Michael Allen, the Director of Economic Research at Maine Revenue Services, explains that Maine currently exempts all social security income from taxation, and offers a $6,000 pension exemption (2007). Therefore, even if total income does not change, Maine's tax base will likely decrease as the population ages and these exemptions become more prevalent.

To combat its potential losses, Maine could start taxing social security benefits or repeal the pension deduction, but neither option would be politically easy. Furthermore, there is a current push in the legislature for tax reform to decrease the existing tax burden in Maine. While a reduction in the tax burden, including a decrease in the property tax, could help the state attract retirees, it may exacerbate potential long-term revenue declines.

At the local level, an increase in property owners on fixed incomes could further increase pressure for local governments to reduce property taxes or provide targeted relief programs. Maine's state "Circuit Breaker" program, which reimburses property owners whose taxes exceed 4% of income, is one example of such a program. Nearly two-thirds of Maine's property tax revenues fund local schools. As the relative size of the school-age population shrinks, the percentage of revenues used to fund other services, especially for the elderly, may increase.

RECOMMENDATIONS

In coming years, various combinations of desire, ability, and necessity may prompt older workers to continue their careers past traditional retirement age, and possibly venture into new ones. Realizing the benefits of older workers, and implementing programs to support and attract them, could mitigate the potential negative effects of population aging. Younger workers, especially working parents, may also increase their participation rates as an added benefit and result of incentives such as more flexible work hours, the ability to work from home, more reliable transportation, etc.

The degree to which future elders continue to work may depend as much on removing barriers as creating incentives. Transportation is one of those barriers. Most older residents live outside of designated retirement communities, and require mechanisms through which they can quickly, safely, and easily reach their places of work as well as other service establishments. In their 2007 study of elderly service needs, Deloitte Research explains that "aging in place will increase the demand for mobility choices so that elderly people can remain independent and in control of their lives as they age."

Driving becomes more difficult as a person ages, and despite desires to remain self-sufficient, many people must ultimately relinquish that activity. Gerry Audibert of the Maine Department of Transportation (Maine DOT) notes that as people age their cognitive abilities change. Older drivers may be able to discern the speed of another vehicle or its distance away, but generally not both, which could cause an accident. Maine currently lacks a system of public transportation that is well connected across the entire state. Additional efforts may be needed to ensure that transportation and infrastructure inefficiencies do not stifle opportunities for economic gain.

The Maine State Planning Office also recognized housing as a potential impediment to attracting the retirement community to the state in its 1999 report *A Golden Opportunity II*. Isolated rural homes lacking access to essential services are not conducive to aging in place successfully. Thoughtful community development, including housing and infrastructure, could enhance Maine's attractiveness to both current and future residents. In his article *Getting Creative About Elderly Housing*, Frank O'Hara describes a project in Augusta that "explored how existing neighborhoods could be made more 'elderly friendly,' and thus satisfy the needs of middle-class elderly for affordable housing near to services and cultural outlets." The West Side Neighbors project found that the neighborhood could be made more attractive to the elderly population by reducing traffic; adding paths, benches and parks; stressing public safety; locating crucial services, such as a health center, and cultural attractions within walking distance; ensuring access to public transportation; and by varying the housing stock (2003).

An aging population may simply require different service mixes and amenities than are currently demanded, and Maine will need to prepare itself to adapt to such new and evolving needs. Rather than lobbying for the construction a new playground in the middle of town, or a new school building, there will be greater support for a health facility or a walking trail. William D. Novelli, Executive Director and CEO of AARP, affirms that the older population wants "products, services, and experiences that relate to them; that speak to their values and lifestyles, and that demonstrate an understanding of – in fact, an empathy for – their wants and needs" (2002). Public budgets may, therefore, need to be directed away from educational concerns and more toward elderly services in order to better reflect the aging of Maine as a whole.

Another pressing service need that Maine will face as the state ages is health care. Helen B. Miltiades and Lenard W. Kaye write in their article *The Aging Imperative in Maine: Present Realities and Future Prospects* that “shortages in Maine in professions such as nursing and long-term care workers are already severe” (2003). As the population ages, and the proportion of elderly residents in the state increases, the number of individuals in need of health care services will also rise. Despite current and future advances in medical technology, health care costs should still be expected to go up simply as a result of the sheer volume of the aging baby boomer cohort. Moreover, health care needs will affect all Mainers alike, regardless of their economic status. The Maine State Planning Office explains in *A Golden Opportunity II* that “wealth doesn’t matter if there are no primary care physicians schooled in geriatrics available to care for you” (1999). If Maine is facing shortages of professional workers to meet the needs of its current population, then the situation may worsen as the aging population increases its demand for long-term care services. Maine will need to discern the most cost efficient and effective ways to ensure that its residents have access to health care.

Funding health care programs could pose a problem, however. If absolute costs rise as long-term health care services are more greatly demanded, then current budgeted health care contributions may no longer suffice. Paul Saucier and Julie Fralich recommend in their article *The Changing Nature of Long-Term Care in Maine* three options that Maine could consider to allocate more funding to long-term care services (2003). Saucier and Fralich’s first option would be to allot a larger portion of the state budget to long-term care by allowing it to grow faster than other components of the budget. This may represent a challenging task, however, considering the vast amount of other programs that would enjoy increased funding or that could see their funding decreased as a result. The second option Saucier and Fralich recommend is to “identify ways that new public revenue can be raised and used to finance long-term care needs.” They suggest creating dedicated revenues for long term care such as lottery proceeds, or sales taxes on currently exempted goods and services. Their final recommendation is to reduce per-person public care costs through mechanisms such as directing recipients to lower levels of care (such as home services) and increasing service effectiveness (2003).

It is clear the aging population presents challenges as well as opportunities to both Maine and the United States as a whole. These challenges cannot be overcome nor can the opportunities be capitalized upon without thorough planning. A number of other states have already begun comprehensive planning efforts. New York and Pennsylvania, for example, have already developed medium-run planning objectives centered on the states’ changing demographics.

Project 2015 in New York, developed in 2002, and *2020 Vision* in Pennsylvania, adopted in 2006, focus on preparing various state agencies for the impending change. While *2020 Vision* is still in its early stages, *Project 2015* has been underway for over 5 years now and in 2005 issued a status report of the agencies involved in the project. New York’s Department of Environmental Conservation started a universal access program as a result of *Project 2015*, and reported that 140 accessibility projects designed to provide outdoor recreational opportunities to the states aging population had been completed by 2005. The state’s Department of Insurance has added a senior citizens resource page to its website to educate seniors on insurance options, including long-term care insurance, and has partnered with a number of other state agencies to analyze long-term care offerings in the state and their affordability. Maine could benefit greatly by following in New York and Pennsylvania's footsteps and encouraging businesses, organizations, and governments to begin planning for the quickly-approaching demographic changes.

CONCLUSION

Regardless of whether the state is sufficiently ready or not, Maine's population *is changing*. Questions will naturally accompany the prospect of change, but those who seek to understand its implications will be most successful in overcoming its challenges. Alan Greenspan stated before the U.S. Senate Special Committee on Aging that "early initiatives to address the economic effects of the baby-boom retirements could smooth the transition to a new balance between workers and retirees. If we delay, the adjustments could be abrupt and painful" (2003). Early preparation and an understanding of the key issues seem to be the most important aspects of handling the projected demographic change and making the most of Maine's aging population. If Maine begins planning in a timely manner to recognize both the opportunities and concerns linked with an aging population, it will have a much higher chance of not simply surviving the change, but utilizing it to the state's advantage.

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