

# Strategic Action Planning Group on Aging



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# Discussion

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## **Overview of Historical Trends: U.S. and Colorado**

- Economic Variables
- Demographic Variables

## **Demonstrate Colorado Economy Model**

- Show effects of alternative demographic assumptions

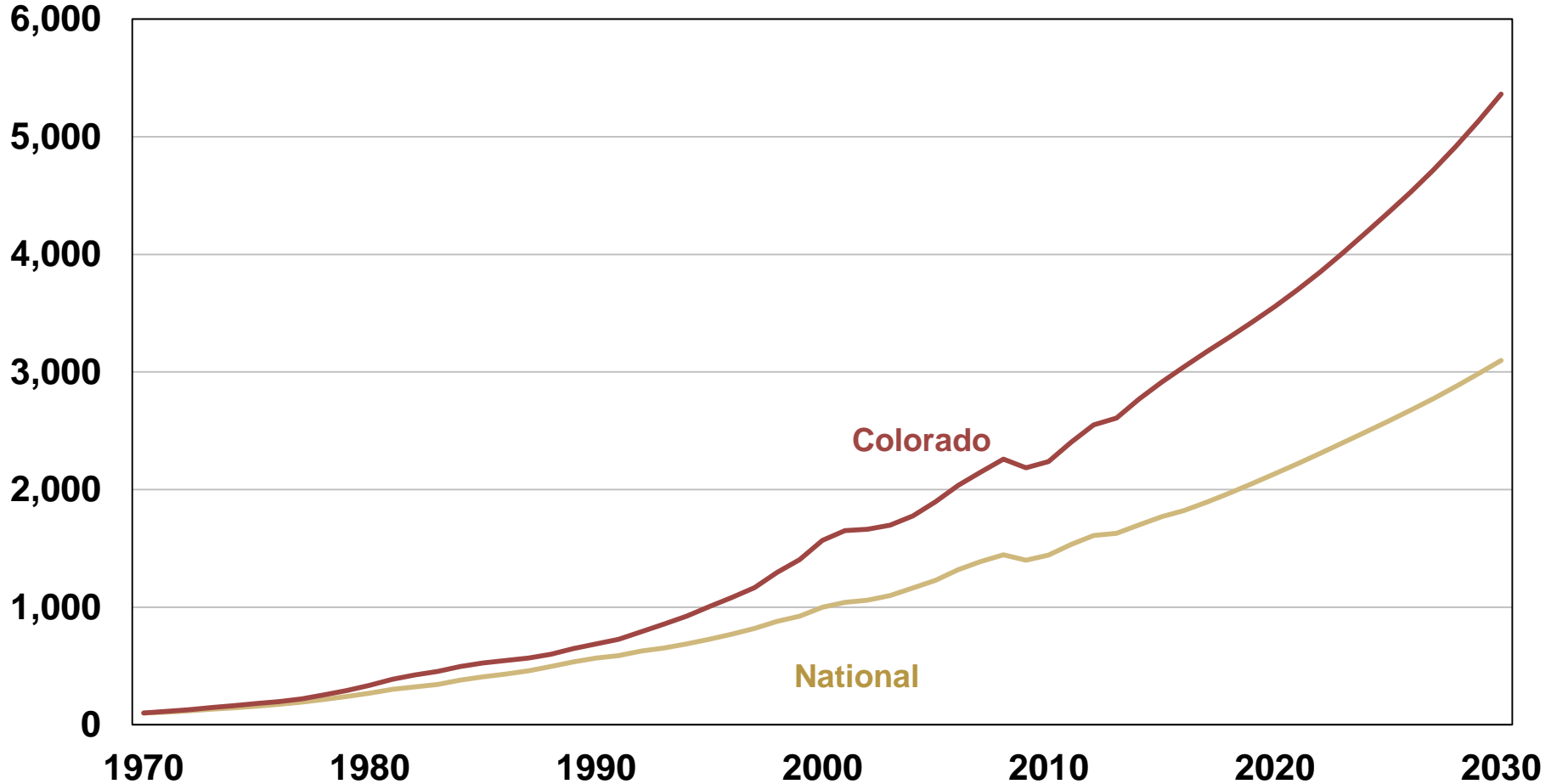
## **Preliminary Findings for Further Research**

- Relationship between aging and the economy

# Personal Income Growth

## National and Colorado

Indexed, 1970=100

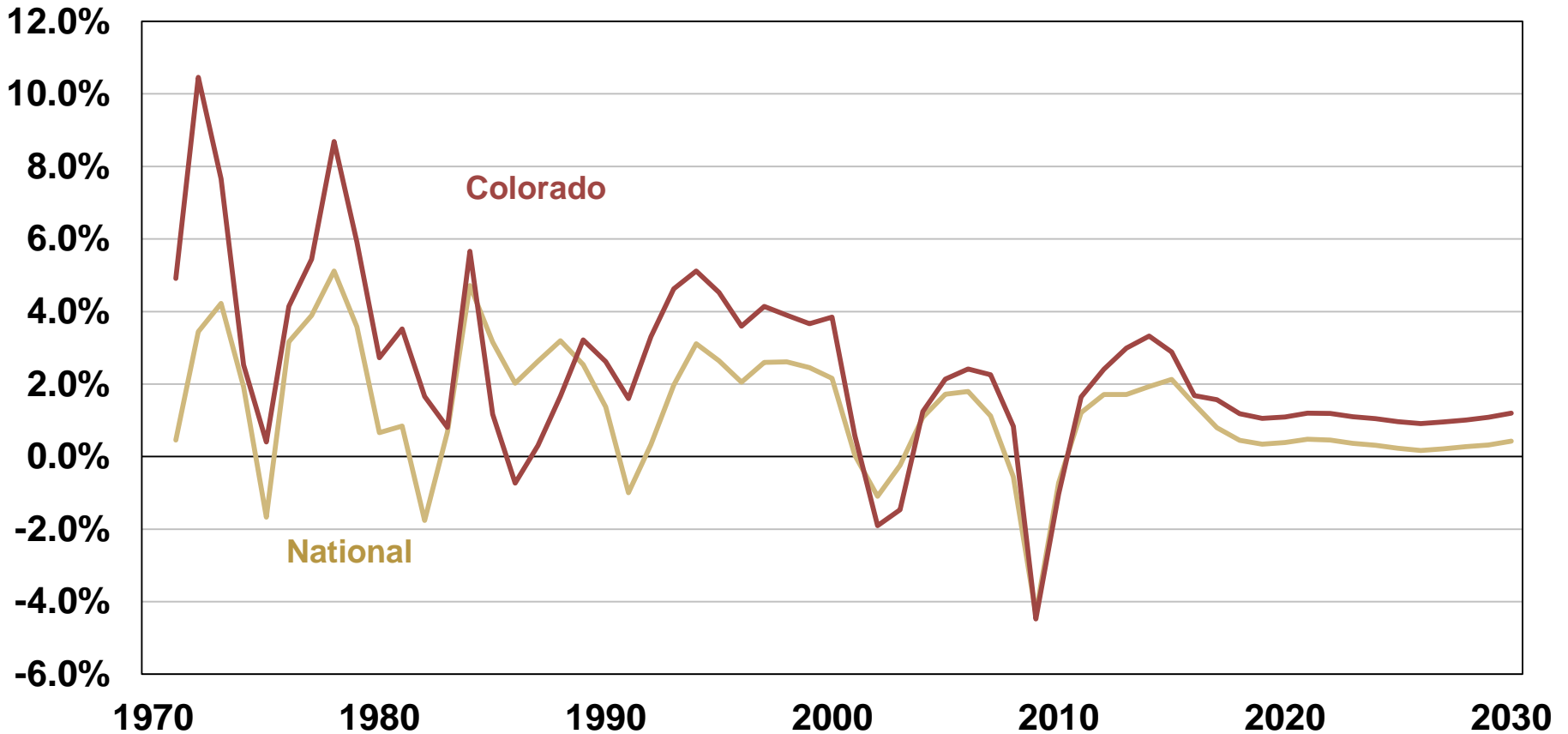


Sources: U.S. Census Bureau, Colorado Department of Local Affairs, SDO.

# Employment Growth

## National and Colorado

Annual Percentage Change

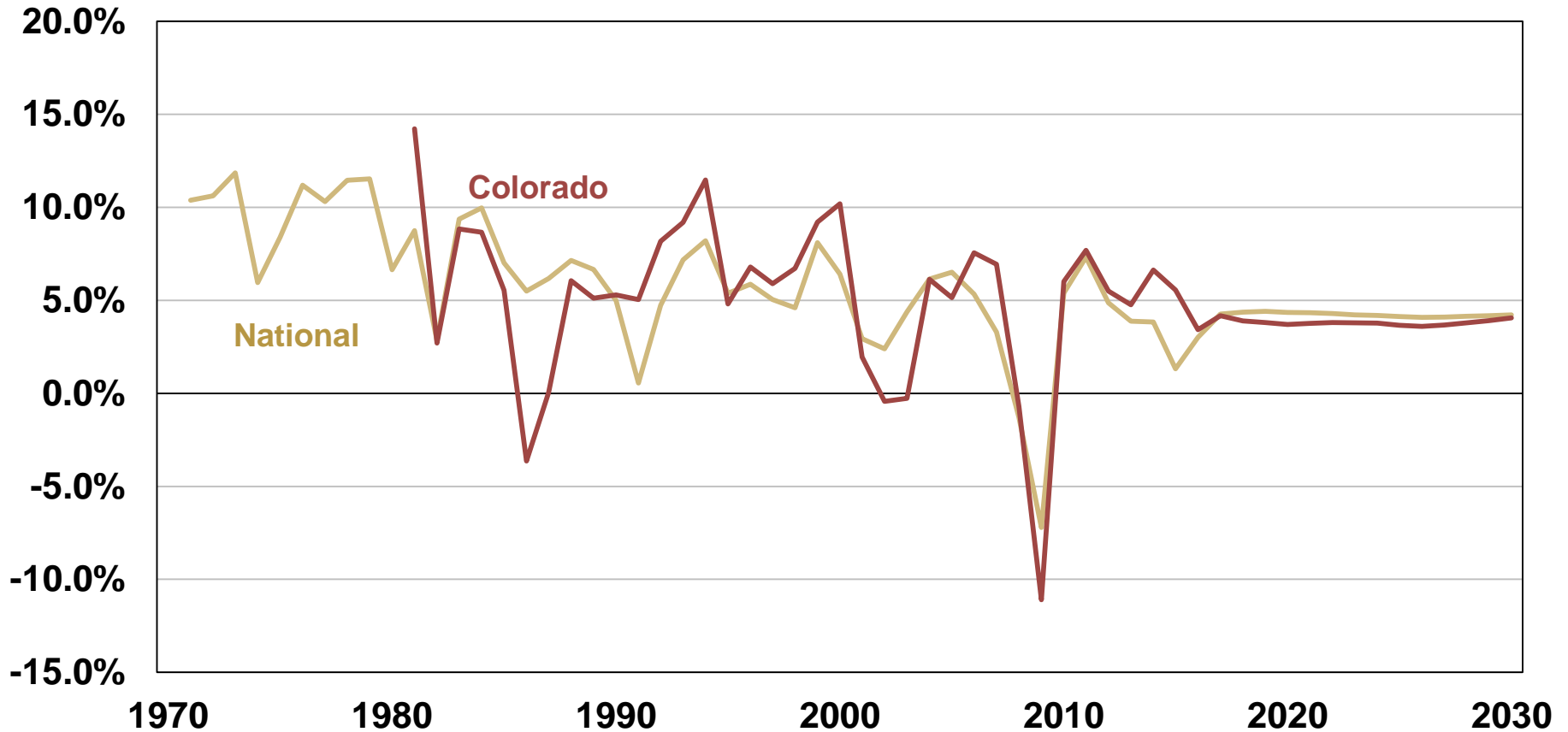


Sources: U.S. Census Bureau, Colorado Department of Local Affairs, SDO.

# Retail Trade

## National and Colorado

Annual Percentage Change

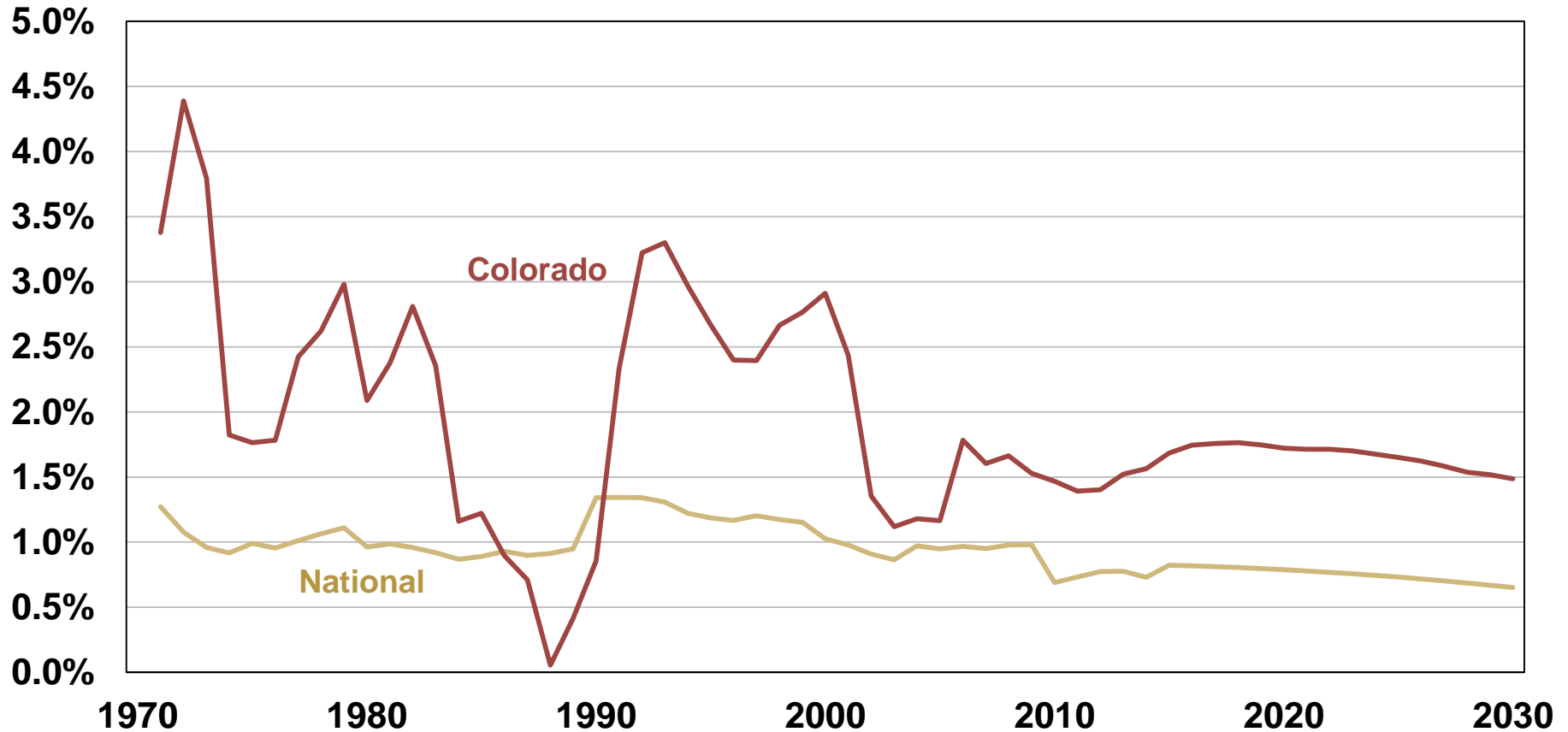


Sources: U.S. Census Bureau, Colorado Department of Local Affairs, SDO.

# Total Population

## National and Colorado

Annual Percentage  
Change

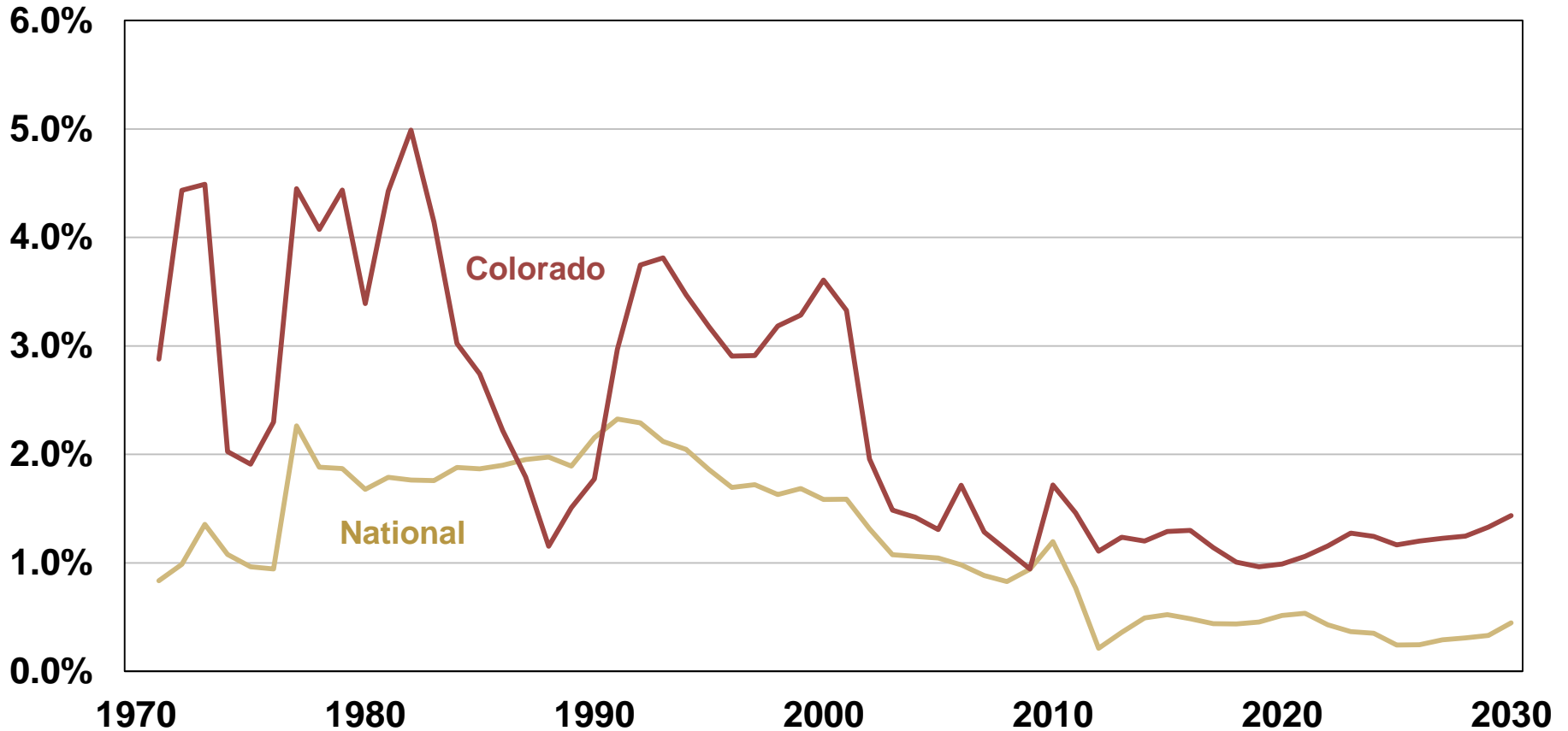


Sources: U.S. Census Bureau, Colorado Department of Local Affairs, SDO.

# Population Ages 30-64

## National and Colorado

Annual Percentage Change



Sources: U.S. Census Bureau, Colorado Department of Local Affairs, SDO.

# Demographic effects on macro-economy, tax revenues

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Slower growth in working age population => lower employment, output, incomes, expenditures

=>reduced income tax and sales tax collections

Aging population reduces aggregate savings as elderly dis-save:

⇒Reduced investment in physical capital, R&D => lower productivity growth

=> lower incomes, expenditures =>

⇒Reduced income tax and sales tax revenues

Changing expenditure shares with changing age distribution

⇒Elderly spend higher proportion on non-taxable items => reduced sales tax revenues

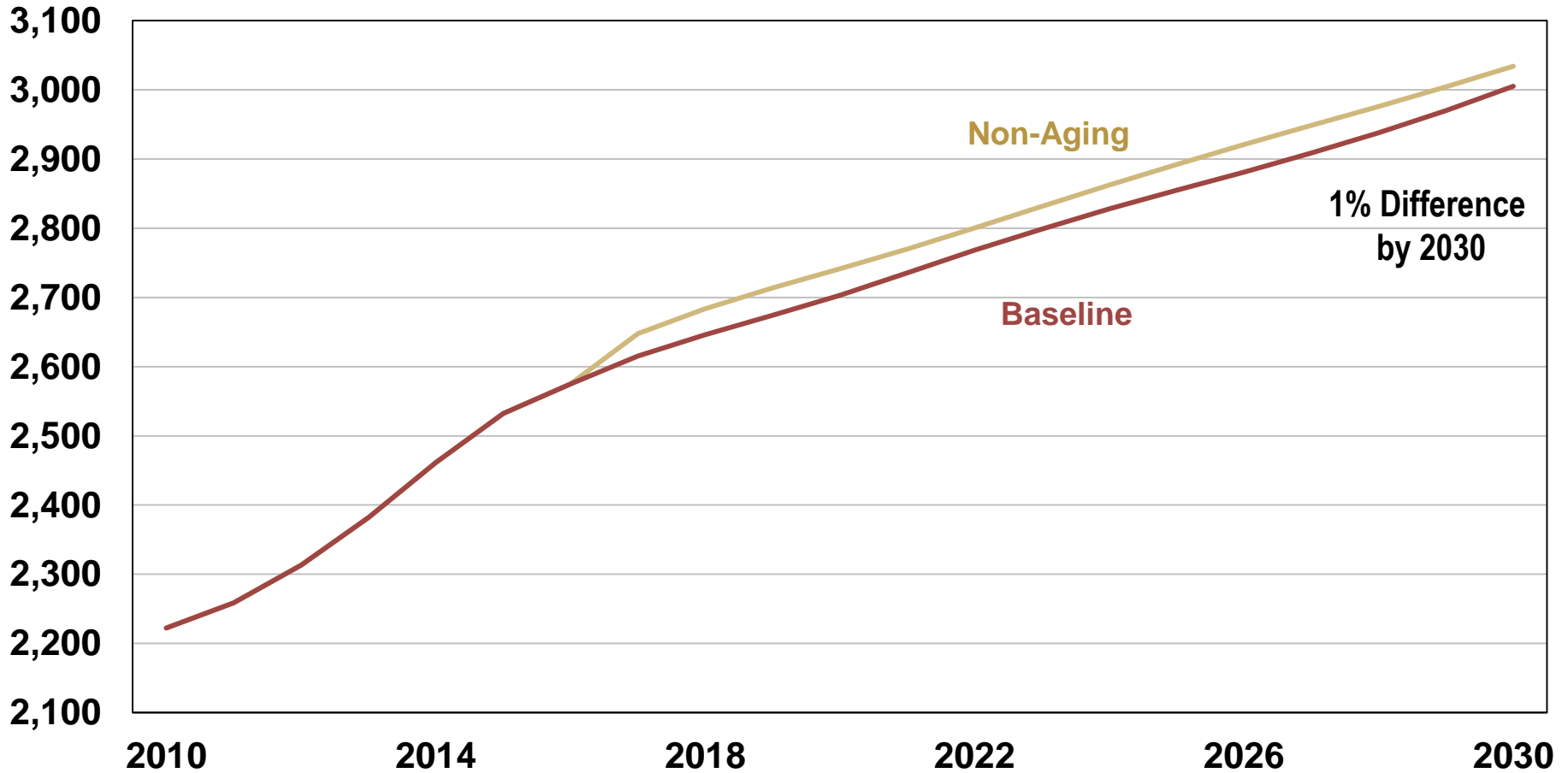
⇒Lower incomes of retired households => lower expenditures => lower income tax and sales tax revenues



# Colorado Employment Totals

Under Aging and Non-Aging Scenarios

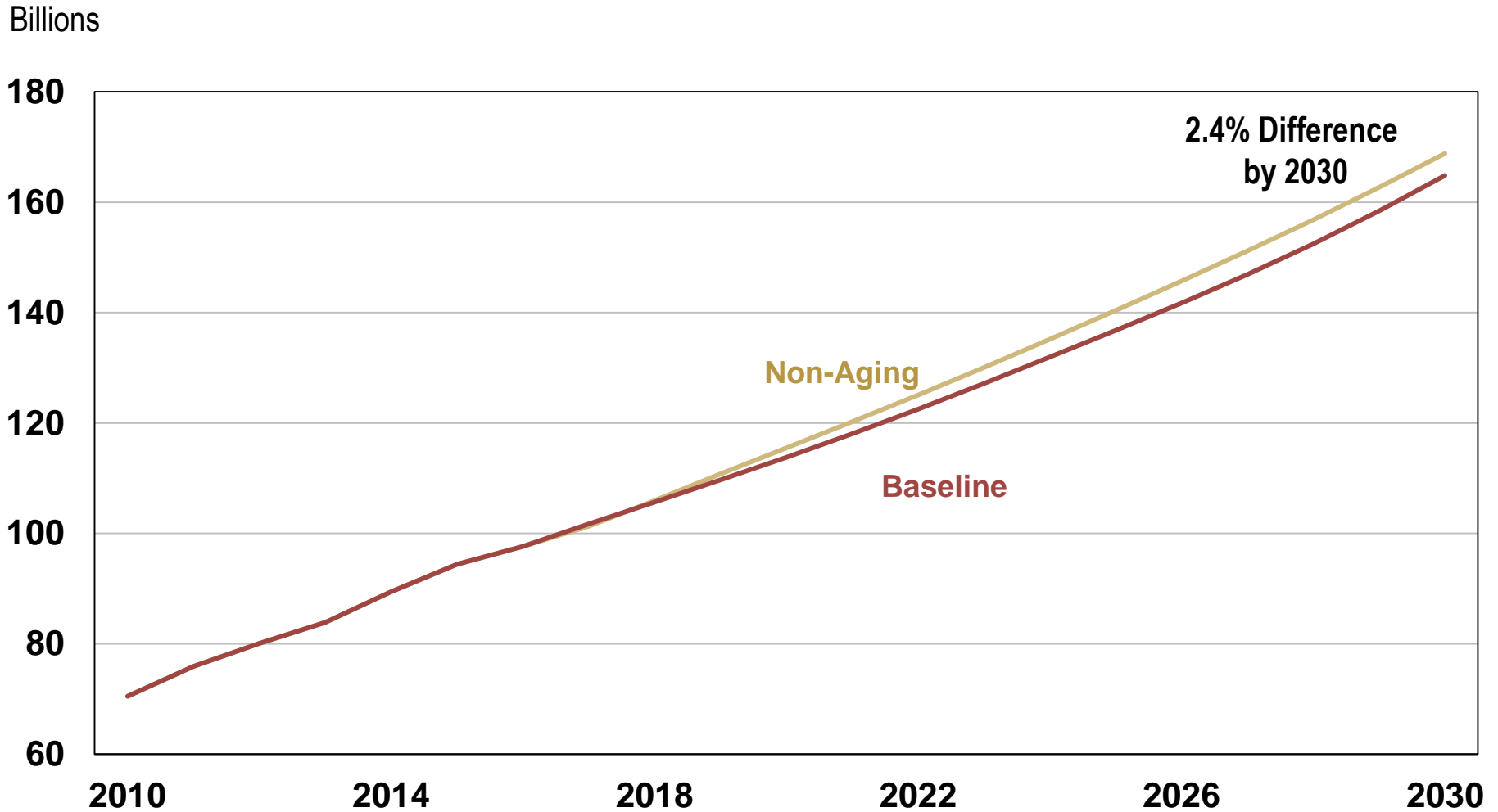
Thousands



Sources: U.S. Census Bureau, Colorado Department of Local Affairs, SDO.

# Colorado Retail Trade

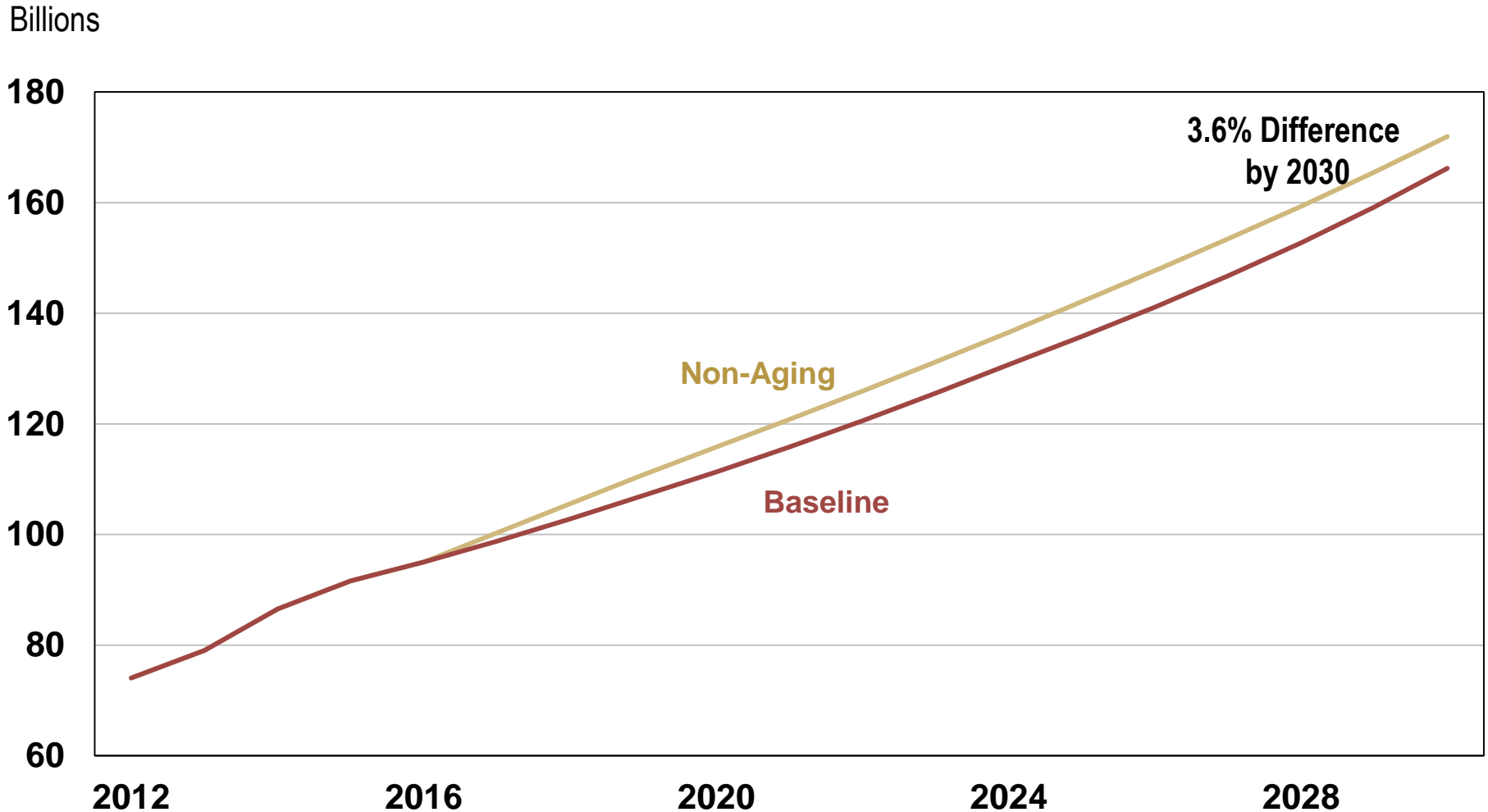
Under Aging and Non-Aging Scenarios



Sources: U.S. Census Bureau, Colorado Department of Local Affairs, SDO.

# Colorado Taxable Sales

Under Aging and Non-Aging Scenarios

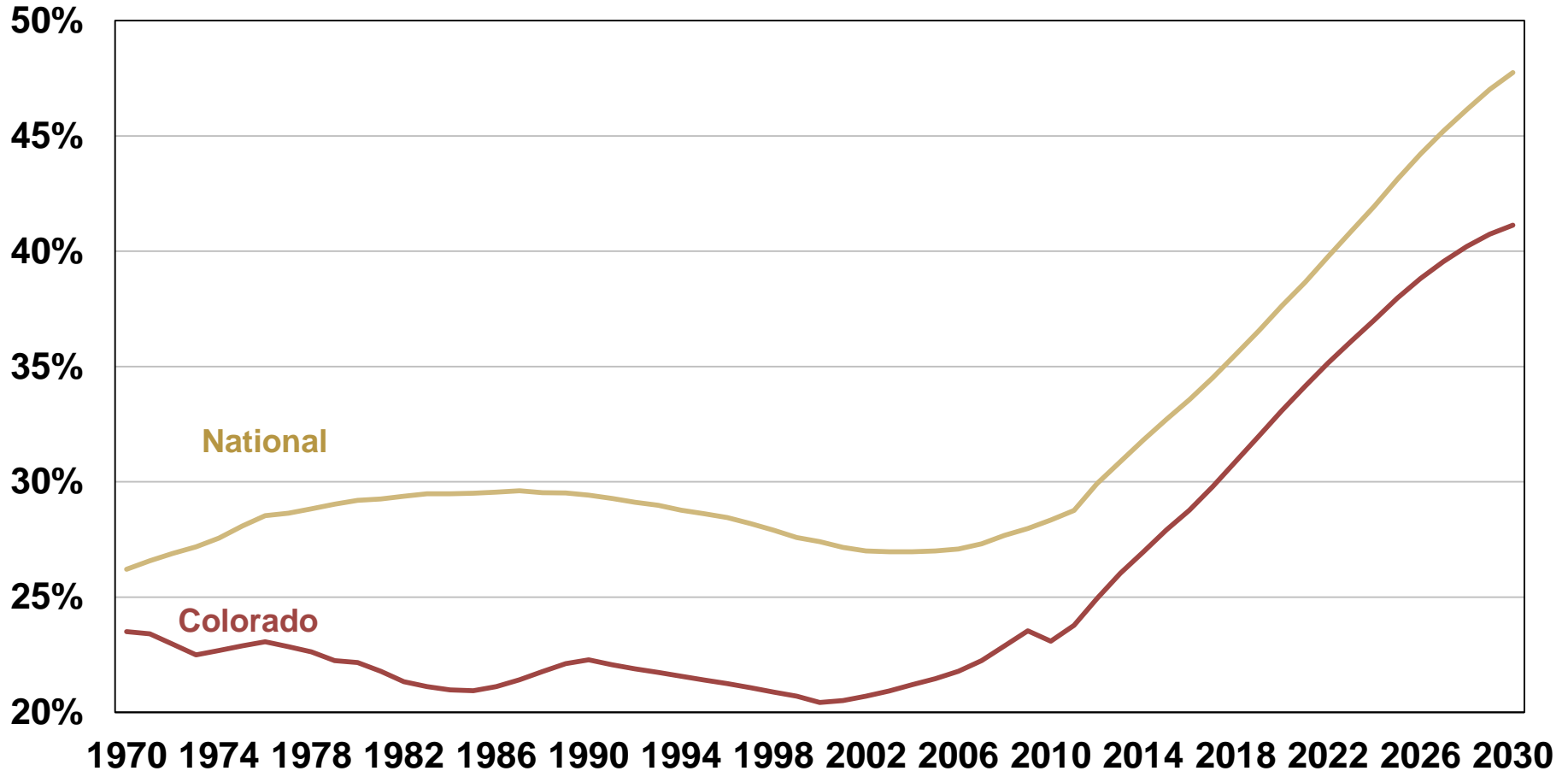


Sources: U.S. Census Bureau, Colorado Department of Local Affairs, SDO.

# Old-Age Dependency Ratio

Age 65+ as a Percentage of the Population

Share of Population



Sources: U.S. Census Bureau, Colorado Department of Local Affairs, SDO.

# National Consumer Expenditures by Age

## Portion of Taxable Expenditures in Colorado

Percent of Taxable Expenditures

38%

36%

34%

32%

30%

28%

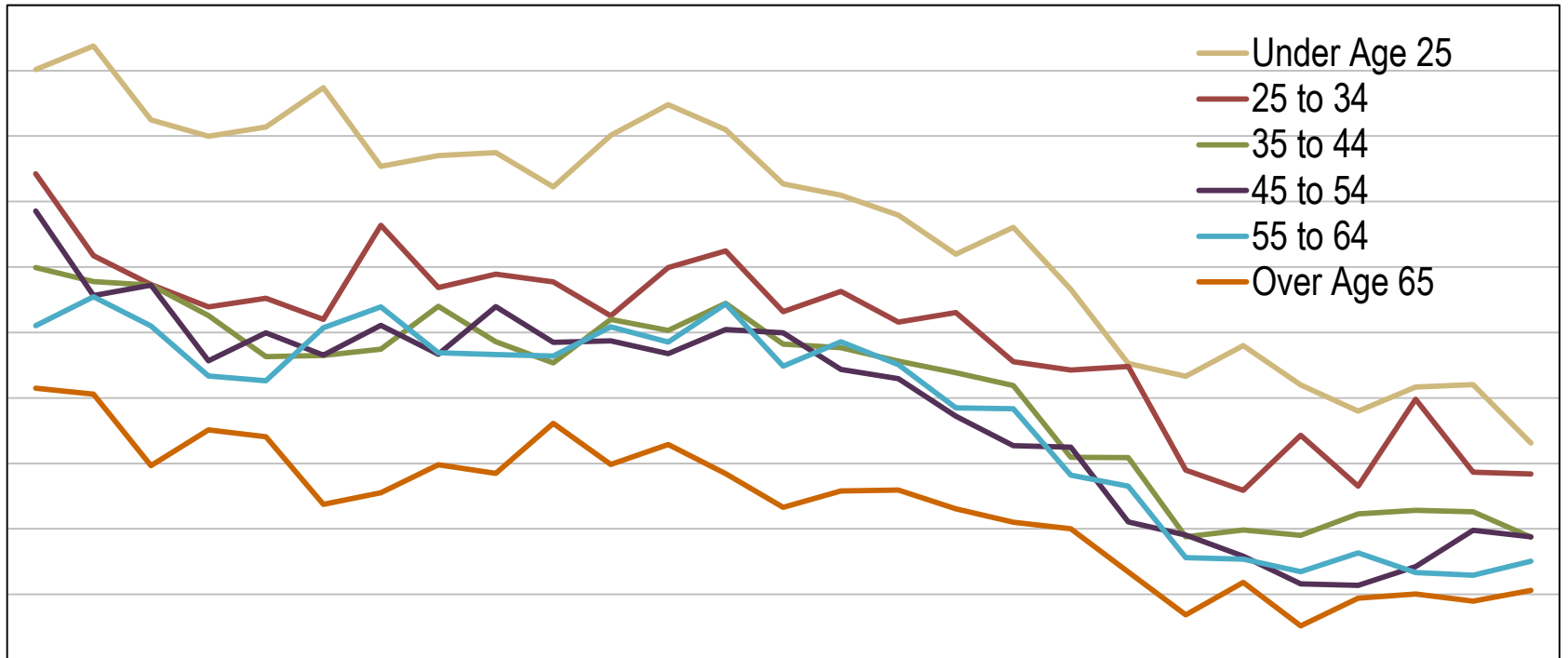
26%

24%

22%

20%

18%

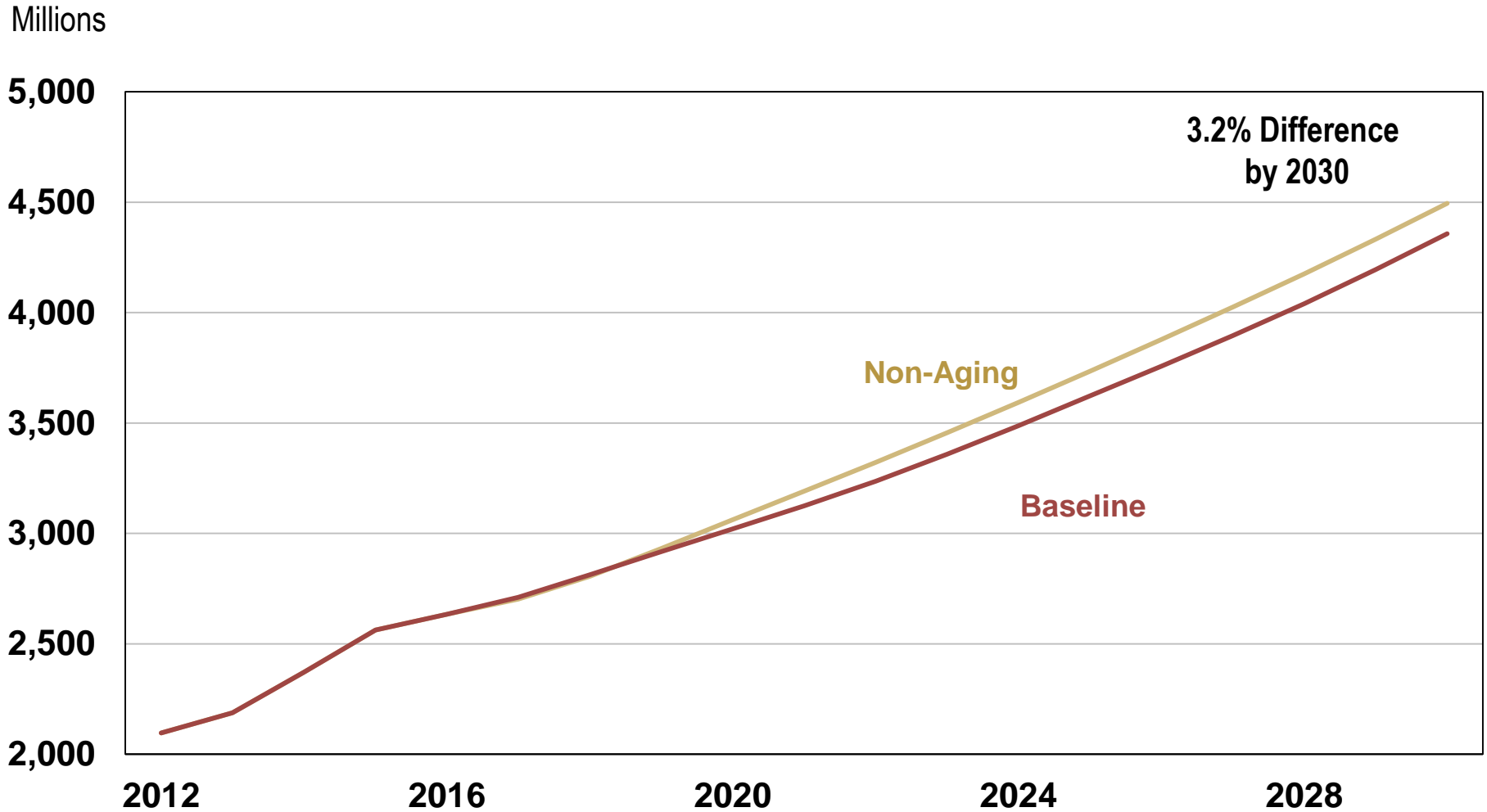


1988 1990 1992 1994 1996 1998 2000 2002 2004 2006 2008 2010 2012 2014

Source: Based on data from the Bureau of Labor Statistics, Consumer Expenditure Survey, 2004-2014. Calculations based on Colorado Taxable goods and includes Alcoholic Beverages, Apparel and Services, Food Away from Home, Household Furnishings and Equipment, Housekeeping Supplies, Personal Care Products and Services, Reading, Tobacco Products and Smoking Supplies, and Vehicle Purchases (net outlay) divided by Total Average Annual Expenditures

# Colorado Sales Taxes

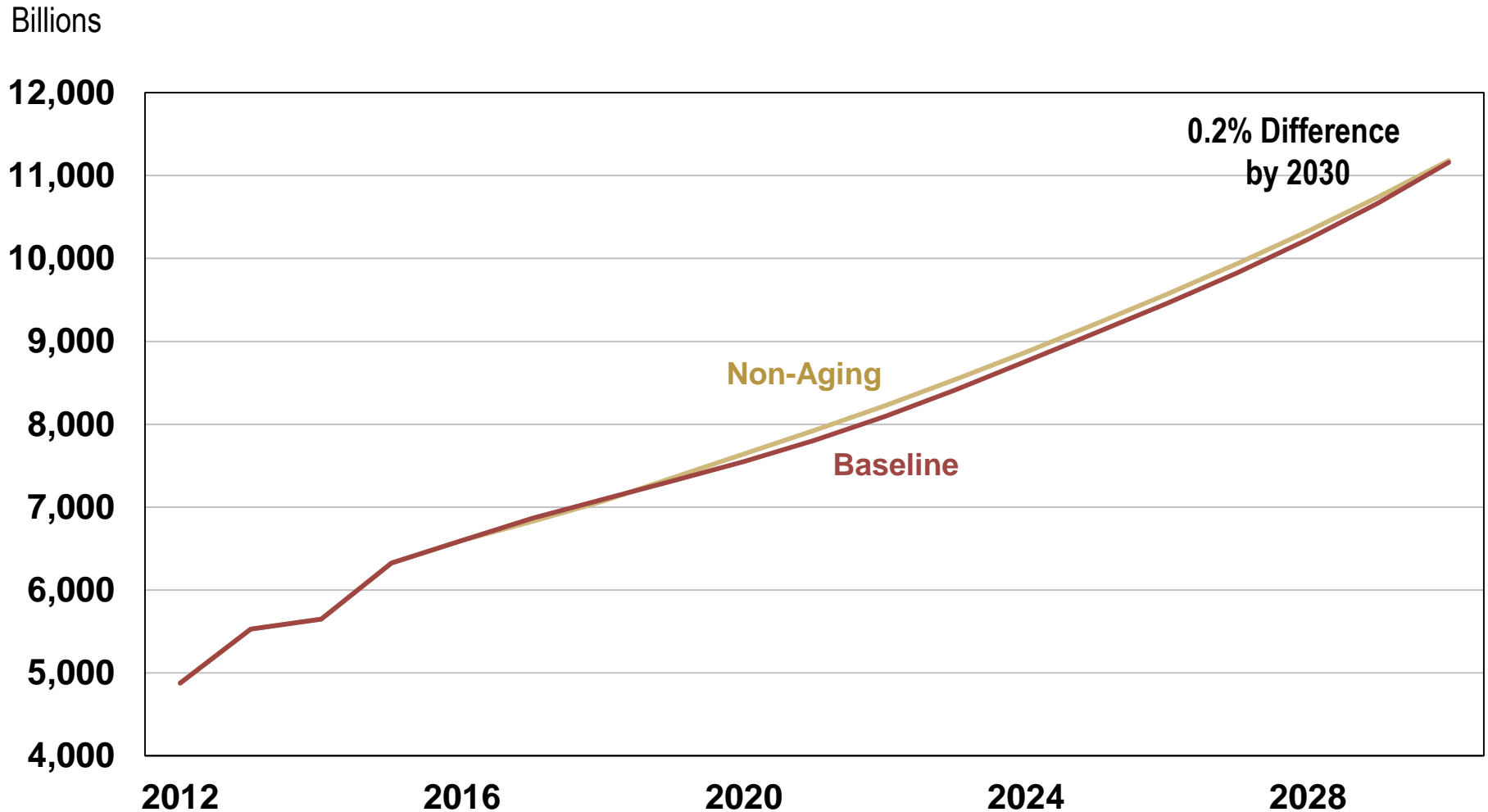
Under Aging and Non-Aging Scenarios



Sources: U.S. Census Bureau, Colorado Department of Local Affairs, SDO.

# Colorado Income Taxes

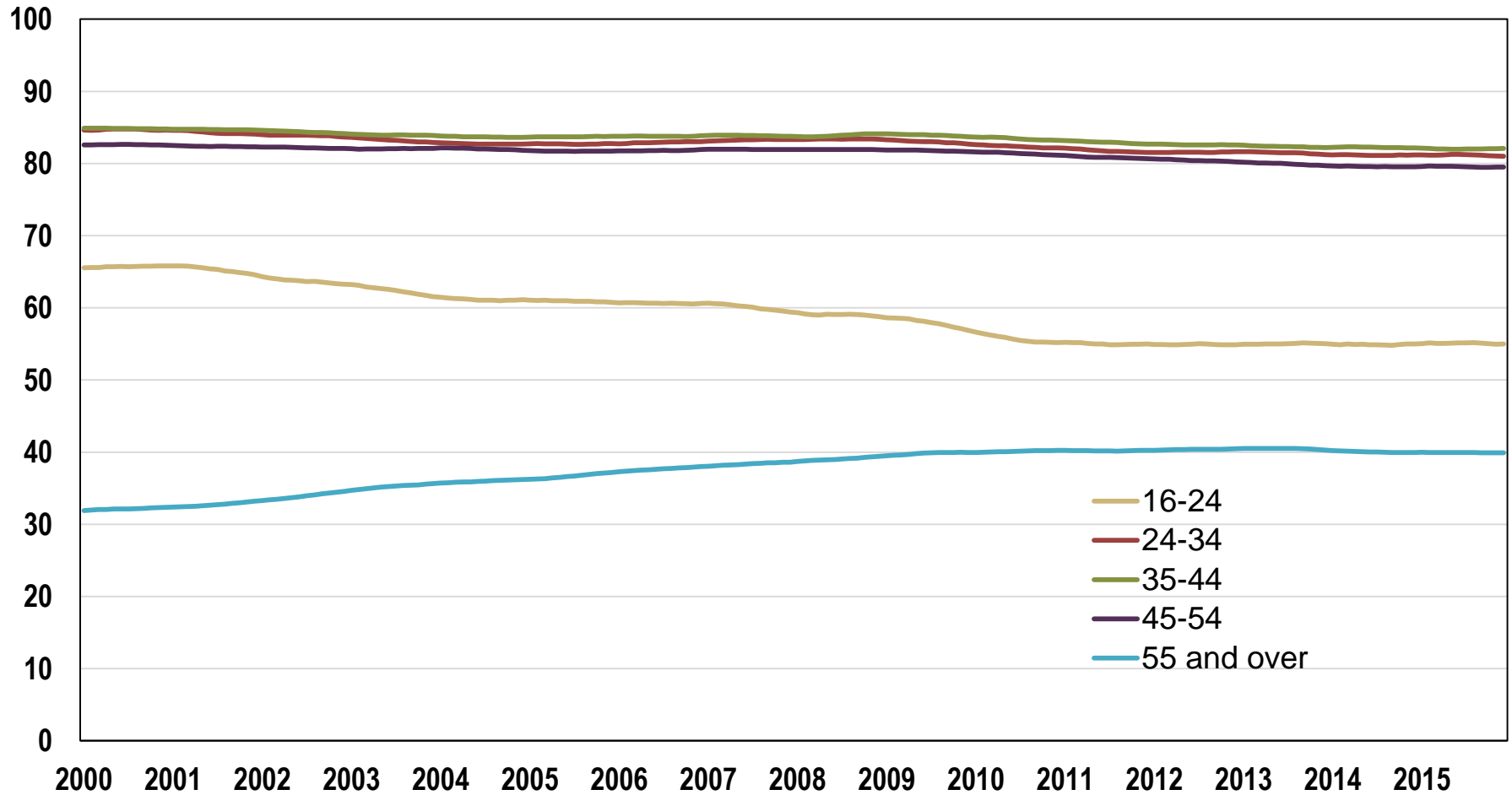
## Under Aging and Non-Aging Scenarios



Sources: U.S. Census Bureau, Colorado Department of Local Affairs, SDO.

# Labor Force Participation Rate

National, by Age Cohort, December 2015



Sources: Bureau of Labor Statistics.



# Thank You

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