

**Report on the Response of the
Virginia Economic Development Partnership
to the Impact of the Aging of Virginia's Population**

November 15, 2007

**Pursuant to legislation enacted by the Virginia General Assembly of Virginia of Virginia,
the Virginia Economic Development Partnership submits this report of its progress in
addressing the impact of the aging of Virginia's population.**

A handwritten signature in black ink that reads "Jeffrey M. Anderson". The signature is written in a cursive style with a long horizontal line extending to the right.

Jeffrey M. Anderson, Executive Director

November 15, 2007

Executive Summary

The Virginia Economic Development Partnership provides services directly to businesses, in support of new investments and expansions that provide job opportunities for Virginia's citizens and enhance the revenue stream for Virginia's state and local governments. As such, this report focuses on the aging of Virginia's population in terms of the implications for industries located both inside and outside of the state. The primary impact is the effect on the workforce as aging Virginians retire. Secondly, an aging population will demand a mix of products and services to which businesses will surely respond.

Agency Description

In 1995, the General Assembly created the Virginia Economic Development Partnership (VEDP) to foster increased expansion of the Commonwealth's economy. As a state authority, the Partnership is governed by a 21-member Board comprised of businesspersons from around Virginia: 15 appointed by the Governor, four by the Speaker of the House, and two by the Senate Rules Committee. The six citizens appointed by the General Assembly must reside in regions of the Commonwealth that have a higher unemployment rate than the statewide average. The Executive Director is employed by the Board to oversee the fulfillment of VEDP's mission.

VEDP's mission is to enhance the quality of life and raise the standard of living for all Virginians, in collaboration with Virginia communities, through aggressive business recruitment, expansion assistance, and trade development, thereby building the tax base and creating higher income employment opportunities. As a business development and marketing organization, VEDP encompasses the following aspects of economic development: business recruitment and expansion, international trade, research, and promotion.

**AGING OF VIRGINIA'S POPULATION:
IMPACT ON ABILITY OF VEDP TO DELIVER SERVICES**

1. Population Trends and Projections for Virginia:

The aging of the population is directly tied to the “baby boomer” generation, those people born between 1946 and 1964, who are now between the ages of 43 and 61. The 60-64-year age group will grow by an annual average rate of 6.2% from 2006 to 2010 and 3.3% from 2006 to 2020. The fastest growing age group is, and will continue to be, the 85+ age group. For Virginia as a whole, population growth is expected to average 1.2% from 2006 to 2010 and 1.1% from 2006 to 2020.

Virginia Population by Age Group for Selected Years			
	Estimated	Projection	Projection
Age Groups	2006	2010	2020
0 - 4	526,158	539,097	603,832
5 - 9	504,316	524,128	591,437
10 - 14	537,893	490,909	564,632
15 - 19	529,434	540,430	559,095
20 - 24	521,247	595,445	579,191
25 - 29	473,136	556,828	619,100
30 - 34	516,417	520,236	622,010
35 - 39	561,795	528,957	589,158
40 - 44	633,678	562,198	544,858
45 - 49	603,504	617,667	541,757
50 - 54	533,436	591,544	563,208
55 - 59	473,118	515,073	600,908
60 - 64	351,439	446,837	552,522
65 - 69	262,799	325,583	464,264
70 - 74	212,965	230,355	375,935
75 - 79	178,707	169,756	241,232
80 - 84	134,664	127,746	145,943
85+	88,177	127,450	158,314
Total State	7,642,884	8,010,239	8,917,396
Sources: Weldon Cooper Center for Public Service and Virginia Employment Commission			

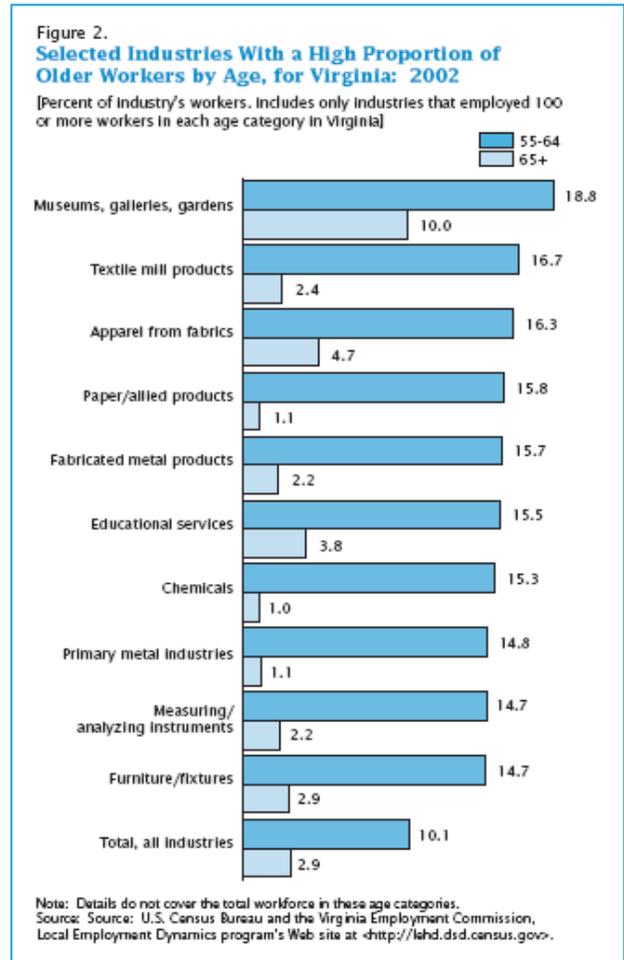
Average Annual Percentage Change for Age Groups for Selected Periods		
Age Groups	2006 to 2010	2006 to 2020
0 - 4	0.6	1.0
5 - 9	1.0	1.1
10 - 14	-2.3	0.3
15 - 19	0.5	0.4
20 - 24	3.4	0.8
25 - 29	4.2	1.9
30 - 34	0.2	1.3
35 - 39	-1.5	0.3
40 - 44	-2.9	-1.1
45 - 49	0.6	-0.8
50 - 54	2.6	0.4
55 - 59	2.1	1.7
60 - 64	6.2	3.3
65 - 69	5.5	4.1
70 - 74	2.0	4.1
75 - 79	-1.3	2.2
80 - 84	-1.3	0.6
85+	9.6	4.3
Total State	1.2	1.1

In 2006, about 24 million or 17 percent of all adult U.S. workers were over 55, compared with a projected 38 million or 24 percent by the year 2017, according to the Bureau of Labor Statistics. The 65-plus work force will almost double to 10 million, or 6.4 percent of the total, in 10 years; and those toiling away at age 75 and over will make up about 1.2 percent of the workforce, or 2 million strong. (MSNBC)

2. Age Profile of Workforce by Industry:

In July 2004, the US Census Bureau published *A Profile of Older Workers in Virginia*, using Local Employment Dynamics data to show the industries in Virginia with the greatest share of workers in the age group 55-64 years and 65+ years. The chart shows that although Museums, galleries, and gardens has the highest percentage of workers in this age group, many of the industries are in the manufacturing sector, including the traditional (and declining) Textile mill products and Apparel from fabrics sectors. The table on the following page offers more recent data (3rd quarter, 2006) by broader industry groups.

The movement of the baby boomers into older age groups and out of the workforce will lower the overall labor force participation rate and precipitate other changes in the workplace. Since there will be more 55-plus employees in the workforce, large-screen computers with large letters will be needed for workers with diminishing eyesight, and so will devices to help those who are hard of hearing. Demand for video conferencing is also likely to rise as older workers find it hard to travel for business trips. Other examples of physical equipment include additional lifting devices for employees in the health care industry, and more motorized carts to help older workers in the hospitality industry get around large spaces quickly. (MSNBC)



AGE OF WORKERS BY INDUSTRY

	NUMBER OF WORKERS			SHARE WITHIN INDUSTRY		
	45-54	55-64	65+	45-54	55-64	65+
Total, All Industries	794,871	446,394	123,695	22.7%	12.8%	3.5%
Agric., Forestry, Fishing & Hunting	2,882	1,640	1,028	22.6%	12.8%	8.1%
Mining	3,090	1,279	208	31.9%	13.2%	2.1%
Utilities	6,848	2,724	300	37.2%	14.8%	1.6%
Construction	54,375	26,739	9,065	22.7%	11.2%	3.8%
Manufacturing	89,201	47,543	7,920	29.2%	15.6%	2.6%
Wholesale Trade	32,048	16,466	4,312	25.5%	13.1%	3.4%
Retail Trade	79,425	47,069	18,379	18.3%	10.9%	4.2%
Transportation and Warehousing	29,918	15,514	3,758	26.6%	13.8%	3.3%
Information	22,911	10,872	1,848	22.3%	10.6%	1.8%
Finance and Insurance	30,642	15,642	2,531	21.8%	11.1%	1.8%
Real Estate and Rental and Leasing	12,993	8,072	3,363	20.7%	12.9%	5.4%
Professional and Technical Services	80,291	45,230	9,724	22.4%	12.6%	2.7%
Mgt. of Companies and Enterprises	21,586	11,534	2,275	26.0%	13.9%	2.7%
Administrative and Waste Services	42,299	21,654	8,312	19.9%	10.2%	3.9%
Educational Services	86,704	62,994	13,664	28.1%	20.4%	4.4%
Health Care and Social Assistance	86,368	48,056	12,525	25.5%	14.2%	3.7%
Arts, Entertainment, and Recreation	11,686	7,220	3,479	15.6%	9.6%	4.6%
Accommodation and Food Services	38,497	17,345	8,701	12.7%	5.7%	2.9%
Other Services, Ex. Public Admin	28,906	18,288	7,585	21.7%	13.7%	5.7%
Public Administration	34,202	20,514	4,720	28.5%	17.1%	3.9%

Source: U.S. Census Bureau, Local Employment Dynamics (LED) Program, 3rd quarter 2006

As workers in the 55-64-year age group retire in the coming years, companies may suffer a loss of skills and knowledge. Increased training will be required to make up for the institutional knowledge and skills that will leave the workplace. Other alternatives for companies include increased outsourcing or investment in automation and labor-saving technology.

3. Demand for Products and Services by an Aging Population:

As the population ages, the demand for goods and services will change as well, reflecting differing needs and preferences. Some of the industries that will benefit from baby boomers now and as they get older are:

- Health care
- Assisted living facilities, senior care services, and nursing homes
- Financial advisory services
- Hair dye and cosmetic surgery

At approximately 78 million people, baby boomers are one of the largest buying groups in America, representing a potential \$43 billion growth opportunity for today's retailers. Over the next decade, an enormous share of consumer packaged goods spending growth will be generated by those currently in their 50s - moving into their 60s. Spending is expected to decline for shoppers in their 40s due to large-scale demographic shifts. Propensity to purchase private label products is closely linked to age, representing a large retailer opportunity as each boomer segment ages in the coming decade. (Source: *The IRI Baby Boomers Report: Understanding the Emerging Trends in Baby Boomer Spending*. 2006. Information Resources, Inc. (IRI).

4. Summary of Implications and Action Required by the VEDP:

The VEDP continually monitors growth projections for industries and targets industries that have good growth potential and are a good match for Virginia's resources. By continuing this type of analysis, the VEDP will continue working with existing Virginia companies and potential newcomers to the state that are in a good position to benefit from the market forces generated by an aging population.

The effect of aging of the Partnership's own workforce will have minimal impact on its ability to carry out its mission. VEDP continuously looks for efficiencies to get the job done as well as ensuring that staff are cross trained in other functions.