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# The Demand for Local Services and Infrastructure Created by an Aging Population

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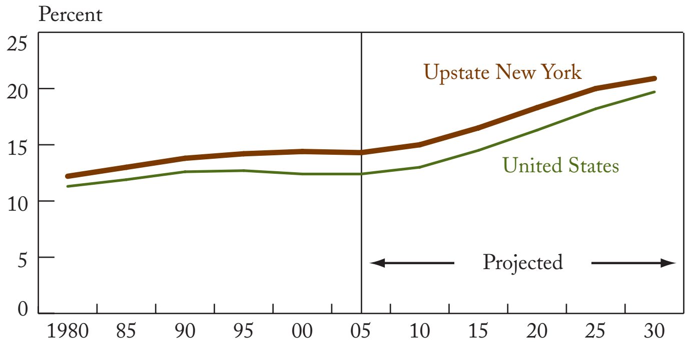
Upstate New York, with a growing senior population, is seeing an increase in the number of frail and disabled elderly who rely on local services and infrastructure and are concentrated in the inner cities and older suburbs. While local governments and institutions will face greater pressure to provide services and infrastructure to this expanding segment, the challenge may prove especially difficult for many upstate communities, given their environment of slow economic growth and fiscal stress.

The United States is in the midst of a significant and challenging trend: the aging of its population. In 1950, only 8 percent of the total population was sixty-five and over. Fifty years later, that share had grown to 12 percent. By 2030, once the large baby-boom generation has reached retirement age, nearly 20 percent of the U.S. population is expected to be sixty-five and over (Chart 1).[1] From 2005 to 2030, upstate New York is expected to see a 40 percent increase in the number of its older people—more than twice the rate of the previous twenty-five years and far above the rate expected for the population under sixty-five.

As the nation and the region prepare for this age shift, meeting the needs of the most vulnerable seniors—the frail, disabled, and poor or near poor—will become increasingly important. This group is a heavy user of age-related services and infrastructure, including health care and accessible housing. State and federal governments finance most public support for seniors through programs such as Social Security, Medicare, and Medicaid, as well as through grants for aging-related services. At the community level, local governments and institutions provide key components of the supportive services and infrastructure used by the older population. As the population ages, the demand for services and infrastructure for vulnerable seniors has the potential to grow significantly, although its full effect is uncertain. Much depends on trends in the health, life expectancy, and family patterns of that generation.

There is evidence that disability rates have been declining among seniors, which would reduce the share of older adults requiring assistance.[2] In contrast, increasing life expectancies would raise the number of very old individuals beyond what is currently projected and fuel the demand for locally provided support. Moreover, baby-boomers may have fewer family resources available to them in their old age

Chart 1
**Percentage of Population Aged 65 and Over**
Upstate New York and United States, 1980-2030




Sources: U.S. Census Bureau, 1980, 1990, and 2000 decennial censuses, Population Estimates Program, and Population Projections Program; Cornell University, New York State Information System; economy.com.

Note: Upstate New York refers to forty-nine counties in New York; it does not include New York City; Dutchess, Orange, Putnam, Rockland, Ulster, and Westchester counties; and Nassau and Suffolk counties on Long Island.

because they have higher divorce rates and fewer (and more mobile) children than do today's seniors.[3] Nonetheless, current trends suggest that boomer aging will result in an increase in the demand for supportive services and infrastructure—especially after 2020, when the share of boomers seventy-five and over begins to rise rapidly.

In this issue of *Upstate New York Regional Review*, we examine the effect of these trends on the region's ability to meet an aging population's demand for locally provided services and infrastructure. Our analysis suggests that such demand is currently higher in upstate New York than is typical nationwide and that demand is concentrated in the region's large cities and old suburbs. Consequently, concentrations of vulnerable seniors are likely to increase at these locations as the current populations continue to age.[4] Local governments, community-based organizations, and other institutions that serve this population therefore will face a growing demand for supportive services and infrastructure. Unfortunately, many of these localities already face challenges brought on by relatively unfavorable economic conditions. This phenomenon suggests that as the baby-boom generation ages in the years to come, the growing demand for supportive services in upstate New York may take place in a context of fiscal stress for local governments and limited resources for community-based organizations and other local institutions.

## Local Services and Infrastructure for the Vulnerable Elderly

Local governments and other institutions in the community play a key role in providing care for seniors, either through funding and administering services or by providing them directly. Counties fund a portion of in-home personal care (such as assistance with bathing and dressing) and other health services supplied through Medicaid. A variety of local governments—counties, towns, and cities—as well as community-based organizations provide social services to help frail older adults remain in the community. These services range from nutrition programs and adult day care to special vans that provide transportation for nondriving older adults. They may also support older homeowners with programs that provide assistance with household chores and subsidize home improvements. In addition, hospitals and clinics, particularly those that are publicly financed, often provide services free to indigent seniors.

Local governments are also responsible for making affordable housing more available for lower income seniors. For example, county governments act as conduits for federal and state financing of affordable senior housing, and they may offer property tax exemptions or incentives to developers of such housing. Through zoning codes, city and town governments regulate the development of affordable housing alternatives such as accessible apartment buildings and the accessory apartments attached to single-family homes that seniors often occupy. Zoning codes also govern the location of senior housing and its proximity to the commercial and public services that seniors need. Access to services is an important concern for nondriving older adults—especially in suburban and rural areas, where trips tend to be longer and public transportation is often lacking.

## The Demand for Services and Infrastructure for Upstate's Vulnerable Elderly

The degree of response called for by local agencies directly reflects the size of the vulnerable elderly population. Upstate New York has a relatively high concentration of older adults who are likely to rely on locally provided services and infrastructure. To gauge their demand, we identified four characteristics of the senior population that are most associated with using public and nonprofit support: being disabled, having a low income, living alone, and being age seventy-five and over.

*Disabled* seniors often rely on publicly provided services and infrastructure, such as accessible transportation and special forms of housing. *Low-income* seniors are more likely to rely on the public sector for income support and may be eligible for programs such as Medicaid. They are also more likely to use lower priced services provided by the public and nonprofit sectors—for example, health clinics and nutrition programs such as Meals on Wheels. Older adults *living alone* are more likely to use public and nonprofit support than those living with a spouse or other family members because they are less likely to have family assistance. In addition, they often have worse health outcomes following hospitalizations, compounding the need for assistance.[5] Those *seventy-five and over* are more likely to have experienced such aspects of aging as declining health, the loss of a spouse, and diminished income and assets—all of which may cause them to turn to public and nonprofit institutions for support.

Table 1 compares profiles of the older populations in upstate New York and the United States in 2000. The table shows values for seniors living in the community, excluding those in nursing homes and other institutions. While the profiles present a mixed picture of the potential level of need, they generally suggest a greater reliance on the public and nonprofit sectors in upstate New York than elsewhere in the nation. The disability rate upstate is lower than the national average, suggesting that a

Table 1
**Percentage of Older Population with Selected Characteristics**
Upstate New York and United States, 2000

| | Population Aged 65 and Over[a] | |
|---|---|---|
| | Upstate New York | United States |
| Disability | 38.3 | 41.9 |
| Low-income[b] | 39.5 | 37.8 |
| Living alone | 32.8 | 29.5 |
| 75 and over | 49.5 | 47.4 |

Source: U.S. Census Bureau, Census 2000.

Note: Upstate New York is defined in Chart 1.

[a]All values are for the percentage of elderly for whom the characteristic is determined; the exception is the low-income category, which is a percentage of elderly households rather than persons.

[b]Household income was less than $20,000 in 1999.

Table 2
**Percentage of Population Aged 65 and Over in Large Metropolitan Statistical Areas (MSAs), and Ranking**
Upstate New York and U.S. Median, 2000

| | Population Aged 65 and Over | Ranking Out of 81 MSAs |
|---|---|---|
| Buffalo MSA | 15.8 | 8 |
| Albany MSA | 14.3 | 14 |
| Syracuse MSA | 13.3 | 17 |
| Rochester MSA | 12.9 | 23 |
| U.S. median | 11.4 | — |

Source: U.S. Census Bureau, Census 2000.

Note: Populations are greater than 500,000; the U.S. median includes MSAs with populations greater than 500,000.

smaller share of the region's seniors require some kind of assistance. However, the region shows larger shares of seniors who have low incomes and live alone, suggesting that, if they do require help, they will have fewer personal resources to turn to. Moreover, upstate's seniors are older than the national average; there is a larger proportion who are seventy-five and over.

The higher share of low-income seniors is notable because the poverty rate among older people is substantially lower in upstate New York than it is nationwide: 7.4 percent compared with 9.9 percent.[6] However, the region's near-poor seniors may be worse off than those with incomes below the poverty line because they are often ineligible for federal entitlement programs such as Medicaid. Consequently, they are even more likely to rely on other forms of public and nonprofit assistance.

Profiles of the population suggest that the need for public and nonprofit support may be greater among the region's elderly than is typical nationwide. Local governments and institutions provide key components of the supportive services and infrastructure used by the older population; since policy is, in part, developed and carried out at the local level, it is important to understand the strength of demand in the region's metropolitan areas.

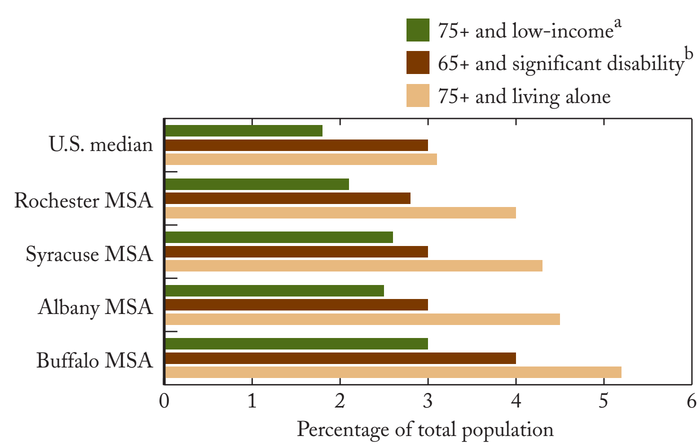
## The Demand for Services and Infrastructure in the Region's Large Metros

Over the past twenty-five years, upstate New York's four largest metropolitan areas—Albany, Buffalo, Rochester, and Syracuse—have all experienced moderately growing senior populations in combination with slowly growing or even declining nonsenior populations. This pattern largely reflects the region's weak economic growth in recent decades coupled with an out-migration of younger adults.[7] As a result, these areas had some of the highest shares of seniors in the nation in 2000 (Table 2).

To investigate the demand for supportive services and infrastructure in these four metropolitan areas, we reclassified our aforementioned categories of vulnerable seniors into three high-needs groups: 1) seventy-five and older with low income, 2) seventy-five and older living alone, and 3) sixty-five and older with a significant disability. We then determined the concentration of these high-needs groups as a share of the total population to proxy relative levels of need for supportive services and infrastructure. To obtain a benchmark, we compared the values for upstate areas with the U.S. median value for large metro areas.

All four upstate metropolitan areas have concentrations of high-needs seniors that are larger than the national median in virtually all categories—sometimes considerably so (Chart 2). Concentrations of high-needs seniors are especially large in Buffalo, likely reflecting its slower economic and population growth compared with its upstate counterparts. Even Rochester—the area with the lowest concentration of high-needs seniors—has values for two of our three categories that are measurably higher than the median for large U.S. metro areas.

Chart 2
**Concentration of High-Needs Elderly in Large Metropolitan Statistical Areas (MSAs)**
Upstate New York and U.S. Median, 2000




Source: U.S. Census Bureau, Census 2000.

[a]Income was less than $20,000 in 1999; the value is for elderly households.

[b]Includes those who characterize themselves as unable to care for themselves, unable to leave home without assistance, or having two or more disabilities.

These patterns suggest that the region's history of out-migration and its economic performance have resulted in metropolitan areas with a large share of high-needs seniors. Consequently, the relative demand for supportive services and infrastructure in these areas is likely to be greater than in the typical U.S. metro area.

However, the vulnerable segments of the older population are not distributed evenly within the region's large metropolitan areas; they tend to concentrate in cities and older suburbs. As a result, the demand for supportive services and infrastructure among upstate New York's cities and suburbs varies considerably.

### Demand in the Region's Cities and Suburbs

Like upstate New York's regions and metropolitan areas, the cities and suburbs upstate have grown and developed in ways that have had different effects on the concentrations of high-needs seniors. To investigate these differences, we divided the cities and suburbs of the region's large metropolitan areas into four community types according to distinguishing features:[8]

- *Primary cities*–Each metropolitan area's largest city and urban core: Albany, Buffalo, Rochester, and Syracuse.
- *Old suburbs*–Densely populated suburbs with the majority of residential growth occurring before 1960; these are usually inner-ring suburbs (adjacent to primary cities) or secondary cities located away from the urban core.
- *New suburbs*–Densely populated suburbs with the majority of residential growth occurring after 1960; these include some inner-ring suburbs and many second-ring suburbs.
- *Rural suburbs*–Sparsely populated suburbs, typically located on the periphery of metropolitan areas.

Among the different community types, the old suburbs have the highest share of seniors (Table 3). These locations experienced their most rapid growth decades ago, driven largely by an influx of baby-boomers' parents, who have now aged. Families with children have since tended to move to newer neighborhoods located further out from the urban core, contributing to lower shares of seniors in the new and rural suburbs. The relatively low share of seniors in primary cities is likely due, in part, to the cities' relatively large minority populations, which tend to be younger than nonminority populations.[9]

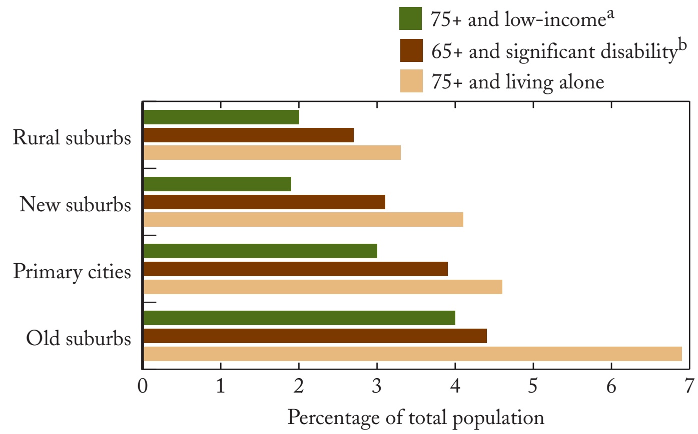
Table 3
**Percentage of Population Aged 65 and Over by Community Type**
Large Metropolitan Areas in Upstate New York, 2000

| Community Type | Population Aged 65 and Over |
|---|---|
| Old suburbs | 18.2 |
| New suburbs | 14.5 |
| Rural suburbs | 12.3 |
| Primary cities | 12.3 |

Source: U.S. Census Bureau, Census 2000.

Notes: Community types are defined in the text. Large metropolitan areas are Albany, Buffalo, Rochester, and Syracuse.

Chart 3
**Concentration of High-Needs Elderly by Community Type**
Large Metropolitan Areas in Upstate New York, 2000




Source: U.S. Census Bureau, Census 2000.

Note: Large metropolitan areas are Albany, Buffalo, Rochester, and Syracuse.

[a]Income was less than $20,000 in 1999; the value is for elderly households.

[b]Includes those who characterize themselves as unable to care for themselves, unable to leave home without assistance, or having two or more disabilities.

The concentrations of high-needs seniors reflect these shares as well as the characteristics of older adults in the different community types (Chart 3). For all three high-needs groups, old suburbs have concentrations that are nearly twice those for new and rural suburbs. This gap is partly attributable to the high share of seniors in old suburbs. In contrast, the lower share of high-needs seniors in the new and rural suburbs reflects the aging of the many affluent residents who moved to these places earlier in their lives as well as the preponderance of upscale retirement communities.

Despite their relatively low shares of seniors, the primary cities have greater concentrations of high-needs seniors than do the newer and rural suburbs, suggesting a high level of need. Still, the concentrations of high-needs seniors in the primary cities are somewhat lower than they are in the old suburbs. Overall, these findings suggest that the relative demand for locally provided services and infrastructure varies substantially among the different community types—with the highest need existing in the region's older suburbs and large cities.

In upstate New York, high-needs seniors tend to be concentrated in metropolitan areas, cities, and suburbs with sluggish economic and population growth. More often than not, these places face such challenges as shrinking working-age populations, the loss of businesses and jobs, and stagnating property values. As the baby-boomers reach retirement age over the next few decades, this correlation will have even greater implications for the local governments and institutions serving seniors.

### Challenges of an Aging Population

Given upstate New York's relatively poor economic performance in recent years, the growing demand for supportive services may take place in a context of fiscal stress for local governments and limited resources for community-based organizations and other local institutions. We found that the demand for services and infrastructure tends to be greatest in those parts of upstate New York that are already experiencing fiscal stress because of rising expenditures and eroding tax bases—its large cities, the inner-ring suburbs, and the large urban counties that contain them.[10] This finding is not surprising, because eroding tax bases and an above-average demand for services and infrastructure for the elderly are each attributable to slow economic and population growth.

In and of itself, an aging population is not likely to cause a substantial rise in local public expenditures, as it tends to represent a relatively small share of those costs.[11] In addition, the potential impact that growing numbers of older adults have on Medicaid spending at the county level has been mitigated by a cap on the annual increase in the county contribution, and the local share could be eliminated in the future.[12]

However, in many upstate New York communities, where the increasing demand for services and infrastructure takes place in an environment of fiscal stress, local governments will likely face difficult decisions. Moreover, many community-based organizations that serve the region's older population may find it hard to satisfy demand because they often rely on local governments for resources. Some local governments and institutions in the region therefore may face significant challenges meeting the growing needs of an aging population.

## Notes

1. Authors' calculations, based on data from the U.S. Census Bureau, 1950 and 2000 decennial censuses and Population Projections Program.
2. See Himes (2002).
3. See Treas (1995).
4. See Frey (1999).
5. See Johnson and Weiner (2006) and Mahoney et al. (2000).
6. Authors' calculations, based on data from the U.S. Census Bureau, Census 2000.
7. See Deitz (2005).
8. The typology used is a modified and simplified version of those found in Frey (1999) and Orfield (2002). Divisions by density are at 500 persons per square mile. The timing of residential growth is determined by the percentage of housing units built before or after 1960.
9. See Frey (1999).
10. See Office of the New York State Comptroller (2006a).
11. See Serow (2001).
12. See Office of the New York State Comptroller (2006b).

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