

TAPPING THE





Seniors Market

The U.S. is in the early stages of a demographic development that will bring about radical changes in the higher education population. As the result of two phenomena—the retiring of the baby boomers (those born in the decade immediately following WW II) and the steadily increasing life expectancy—we are going to see a sharp and unprecedented increase in the size of the retirement-age population. That development offers a major growth opportunity to institutions of higher education in general, and to community colleges in particular. ▶

IT APPEARS THAT MANY PEOPLE RETIRE, NOT BECAUSE THE WORK IS BECOMING A PHYSICAL BURDEN OR BECAUSE THEIR HEALTH IS FAILING, BUT BECAUSE THEY HAVE DONE THE SAME THING FOR TOO LONG AND ARE SIMPLY BORED OR BURNED OUT.

Figure 1.

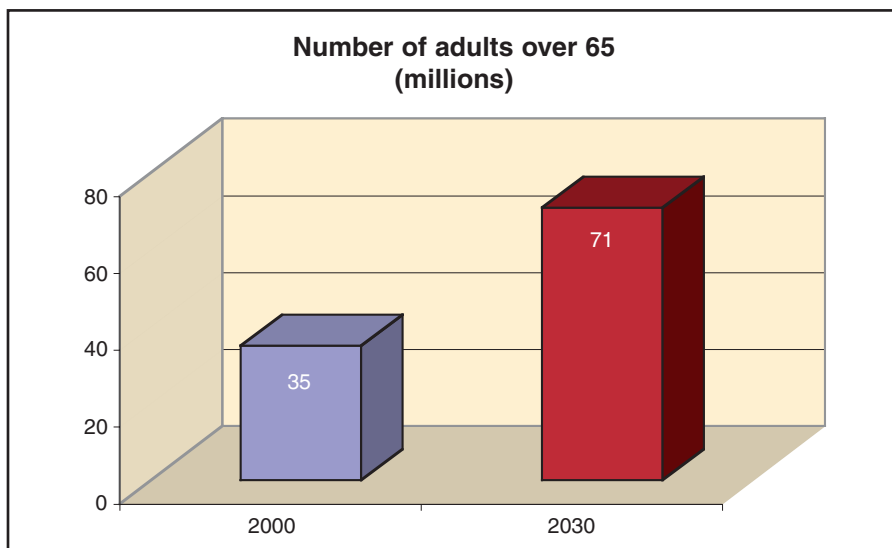
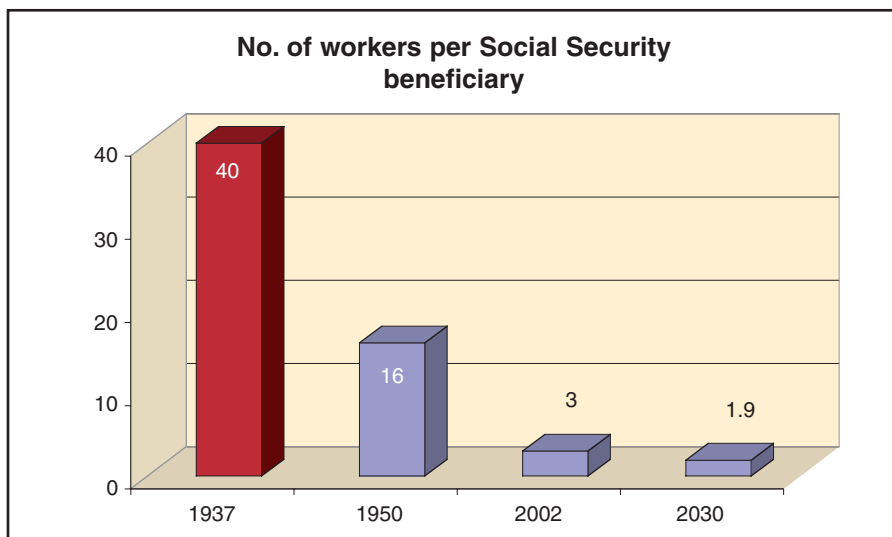


Figure 2.



This new seniors market will consist of three groups:

- College-educated people who have been in careers for three or four decades and are ready for a change—but not for retirement;
- Blue-collar workers with little or no college education who also need a change, or who, although generally healthy, are no longer able to do manual work requiring considerable physical strength and stamina;
- People, who at the end of successful careers, have sufficient retirement income and little interest in pursuing new careers, but have a strong interest in education as recreation.

These three groups will change the look of our classrooms, and they represent a major opportunity for community colleges that position themselves to take advantage of it.

Some statistics to consider:

Right now, there are about 35 million adults over age 65 in the United States. In 2030, that number will have more than doubled, to about 71 million.

When the Social Security system was established, the average life expectancy in the United States was about 63. (In other words, by the time you became eligible to collect Social Security, you would have

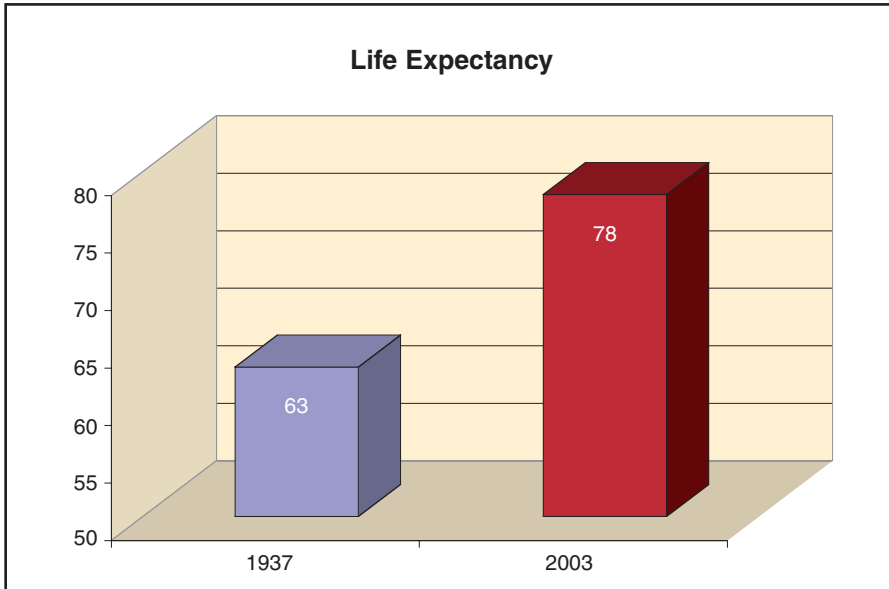
already been dead for two years). Today the average life expectancy is 78 and rising.

In 1937, when people first started receiving Social Security checks, approximately 40 tax-paying workers supported each beneficiary. By 1950 that number had declined to 16, and in 2002 it had further declined to about three. By 2030, it is projected that the number will be less than two.

There are at least two major implications of these projections:

Most people will live well past the current retirement age.

Figure 3.



The current Social Security system will not be able to support those retirees without huge tax increases.

The current administration believes tax cuts represent a major key to reelection. However, these tax cuts come in the face of some of the most rapidly rising federal deficits in history, and in the near future some big bills are going to come due. Projections for Social Security and other support services for retired people are especially dire:

Between 2010 and 2030, the size of the 65+ age population will grow more than 75 percent, while the population paying payroll taxes will rise by less than 5 percent. In 2013, the current account of Social Security goes negative on a cash flow basis, and by 2030, the combined demands of Social Security, Medicare, Medicaid and federal pension benefits will exceed total treasury inflows. To rectify the imbalance would require payroll taxes for Social Security and Medicare to rise from 15+ percent to over 40 percent. That is in addition to income taxes.

One obvious consequence of these developments is that the eligibility age for Social Security will have to rise significantly. This is not a prediction, of course, it is already fact.

As a result of changes enacted in 1983, the eligibility age for full benefits is sched-

uled to begin gradually rising to age 67. If you were born in 1938, you must wait until you are 65 and two months for full benefits. Anyone born after 1959 must wait until age 67.

All of this demographic analysis means that we are experiencing steady and rapid growth of a retirement age population that is not going to retire for three reasons:

- Society cannot afford to support their retirement
- They will still be healthy and vital, looking forward to several more years of active participation in society and the economy
- Their expertise will be required because

the rate at which they are replaced in the marketplace is dropping sharply.

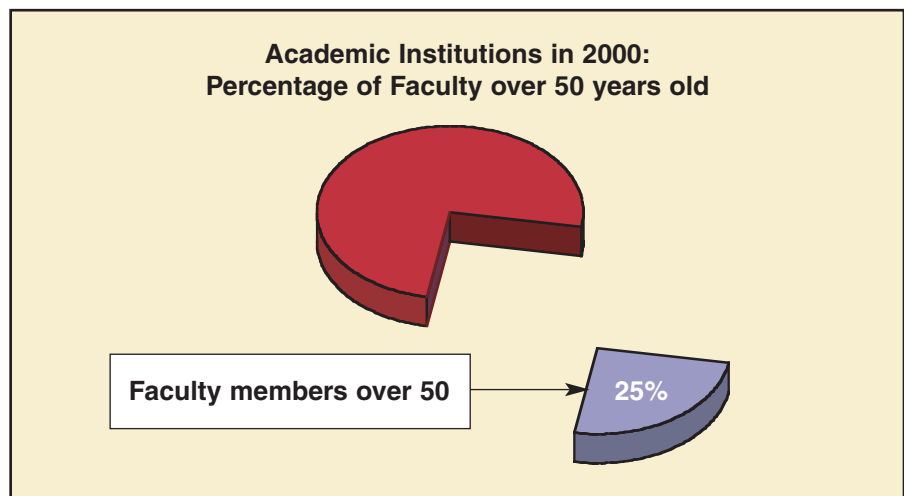
The implications for community college markets are clear and exciting. We are going to be looking at a different mix in our classrooms. Day classes will start to look more like evening classes, with many more students who are older, experienced, and motivated.

This new student cohort will consist of three general groups:

- A college-educated, career-change group;
- A high-school-educated blue-collar retraining group;
- An educated, financially secure retired group that views education as recreation.

A friend told me that years ago, when he would complain to his father about not liking his job, his father would say, "You're not supposed to like it. That's why they call it a job." It appears that many people retire, not because the work is becoming a physical burden or because their health is failing, but because they have done the same thing for too long and are simply bored or burned out. What they need is not retirement but a new direction, new challenges, new knowledge and skills to acquire, a new workplace, perhaps a new geographic location. They are already highly educated, but need additional schooling to enable them to turn in a new direction. (The members of this group obviously represent a potential market for four-year colleges and graduate schools. However, since many are strongly

Figure 4.



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place-bound by families, friends, real estate, etc., they are likely to look to a nearby education solution: the local community college.)

Members of this second-career cohort will be looking forward to that other “thing” they’ve always wanted to do: study the Civil War, work with a veterinarian, write travel articles, follow the stock

market, master a second language, open a restaurant. In addition, they will be the kind of students we love: motivated, world-wise, clear about why they are in school, learning for pleasure.

The second group of potential new recruits will comprise students with little postsecondary education. They will be carpenters, highway construction workers,

cable-splicers, farmers, truck drivers, masons, machine operators, tailors, and assembly-line workers who can no longer do strenuous physical work, even though they are generally healthy. On the other hand, they are in jobs made obsolete by new technologies. They need training to move in a new direction, get specialized certification, acquire new skills, and catch up with evolving technologies. In addition, the boredom/burn-out factor applies to these folks, too.

An example of the opportunity represented by this population is an experiment called Next Step that has been going on since 1995 under the joint sponsorship of the Communications Workers of America, the International Brotherhood of Electrical Workers, and the Verizon Corporation. Launched as an attempt to prevent worker obsolescence and job loss and to keep the company at the forefront of an industry with rapidly evolving technologies, the program has already put over 4,300 employees through a program leading to the A.A.S. degree in Telecommunications. Most of these employees have years of seniority in the company and little college education. The company allows them to attend classes one day a week,

provides them with a new laptop computer, and gives them promotions and raises when they enter the program. They take 12 credits per semester at one of a consortium of 26 community colleges in New York and New England that has collaborated with the company and the unions in the program.

When the employees/students complete the five-year program, they have new degrees, new jobs, and a new view of the future. They are enthusiastic students, earning a mean GPA of 3.42. Several have been valedictorians of their graduating classes. While Next Step participants do not constitute a precise example of the retirement-age cohort discussed here, they illustrate the potential community college market for educating and re-directing mature adults.

A third group in this rapidly-expanding population segment is made up of financially comfortable retirees with years of time on their hands and little interest in or need for employment. They will take courses in subjects they have always wanted to pursue, and consider education as recreation. The Elderhostel organization, whose promotional literature describes the group as "America's first and the world's largest educational travel organization for adults 55 and over," is just one example of the potential in this market. They claim to serve "nearly 200,000 older adults each year," offering "nearly 10,000 programs a year in more than 90 countries."

And who is going to hire these new, superannuated graduates? Why would employers want to consider as potential employees applicants likely to have truncated careers with their organizations rather than blooming young tyros whose contributions can be imagined over decades?

Part of the answer is in some other demographic facts:

By 2010, 80 million baby boomers will begin to reach the age of 65. Today, one in three workers is over age 45, and by 2006, the median age of America's workforce will rise to 40.6, up from 30 in the early 1960s. Industries such as nursing and manufacturing are already facing a tremendous loss of expertise because of

downsizing and a rapidly aging workforce, and other industries will soon follow.

We also expect to be coping with a labor shortage. The population 65 and up will

double by 2030, but the working-age population will grow by only about 15 percent during the same period. This projection assumes that birth rates hover indefinitely

around 1.9 births per woman rather than following the downward trend seen in 19 of the 22 other most developed countries.

Here is an example from the academic world:

In 2000, 83 percent of academic institutions reported that 25 percent or more of their faculty were over the age of 50, according to a William M. Mercer study. Of all the industries covered in the study, universities had the oldest employee populations. "If everyone who was eligible retired at once, it would have devastating consequences," says Betsy Brown, associate vice president of academic affairs at the University of North Carolina, where more than half of the staff is over 55.

The answer to who will hire older graduates is everybody—because their expertise and experience are needed in the workplace, because they bring an established work ethic with their maturity, because they have positive and eager attitudes toward their new pursuits. To forward-looking community colleges, they represent tremendous potential for 21st century growth.

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