

Pennsylvania Intergovernmental Cooperation Authority



The Adverse Consequences of Philadelphia's Continuing Population Loss

**White Paper
(No. 6)**

November 8, 1999

**PENNSYLVANIA INTERGOVERNMENTAL
COOPERATION AUTHORITY**

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The Adverse Consequences of Philadelphia's Continuing Population Loss

The City of Philadelphia continues to lose population rapidly. The U.S. Census Bureau estimates that as of July 1, 1998, the City had 1,436,287 residents. The City disputes that estimate contending that 60,000 residents were not counted in the 1990 Census.¹ Using the City's 1990 estimate, the Delaware Valley Regional Planning Commission (DVRPC) estimates that as of July 1, 1997 (the latest date for which DVRPC has an estimate), the City had approximately 105,000 more people than the Census Bureau estimates. Despite this difference, the two agencies agree that the City's population has declined precipitously from 1990 to 1997, by 5.5% according to DVRPC and 8.2% according to the Census Bureau.

The latest Census Bureau estimates indicate that, except for college-age students (20-24), people of all ages are leaving the City. From 1993 to 1998, the greatest loss has occurred among those who in 1998 were aged 25-39, the primary childbearing ages, and 5-9, suggesting that the quality of the City's public schools is a major reason people leave the City. Interestingly, DVRPC projections indicate that despite the outflow of children aged 5-9 and the continuing decline in total population, the number of public school-age children in the City is not expected to change dramatically due to higher birth rates of City residents, a situation that will further strain already scant School District resources.

In developing total population estimates, the Census Bureau estimates births, deaths, net domestic migration and net international migration. Census Bureau figures indicate that Philadelphia is less successful than other major cities in attracting foreign immigrants. If it were able to attract a greater number of foreign immigrants, the City would be better able to offset the economic consequences of domestic outmigration.

DVRPC projects that while the City will continue to lose population, the total number of residents aged 40-54 will rise through 2005, potentially helping to stabilize the resident portion of City Wage Tax collections. At the same time, increased longevity can be expected to multiply the demands for City services to those aged 85 and over.

Over the past two years, the City has benefited from the prolonged national economic expansion. The resulting revenue growth has masked the underlying economic erosion indicated by the continuing decline in population. The available population projections indicate that the City's economic base will continue to erode even as service demands, particularly for children and those over 85, continue to grow. Philadelphia needs to act decisively now to ameliorate these adverse population trends. Failure to do so will make for a much more difficult task in the coming years.

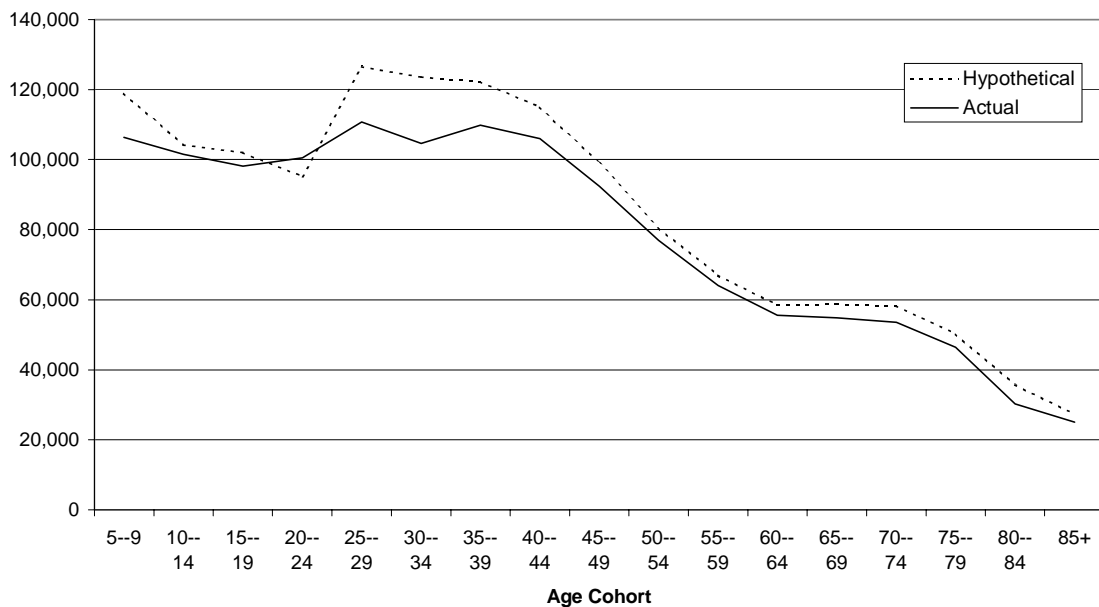
¹ The City further claims that problems with the estimation technique used by the Census Bureau contribute to a total underestimate of at least 85,163 in 1998.

Who is Leaving the City and Why?

While residents of all ages are leaving the City, the greatest decline occurs among those aged 25-39. Individuals in these age ranges are the most mobile. In many cases, although not the majority, these are individuals who choose to attend college here, but then leave the City after completing their studies. Individuals aged 25-39 are willing to move for jobs, for higher education, for families and for a perceived improvement in their quality of life. These age ranges are also the primary childbearing years, indicating that many of these individuals probably move to access higher quality public schools.

Supporting this conclusion is the fact that Philadelphia saw one of the largest population declines among children who would have started elementary school over the past five years. As the chart below illustrates, the total number of residents aged five to nine in 1998 was 10.6% less than what would be expected given the 1993 population of zero to four year olds. Despite this loss, enrollment in the Philadelphia public schools has increased since 1990.

Philadelphia's Population in 1998 Compared to the Population in 1993 Aged Five Years and Adjusted for Deaths



Sources: U.S. Census Bureau, Pennsylvania Department of Health

A November 1998 survey by Greater Philadelphia First (GPF) ranked five reasons that City and suburban residents believe most likely contributed to the City's population loss in the 1990s. Significantly, "quality of the public schools" ranked fourth.

**“Which one is the most important reason
that people left the city in the 1990s?”**

	Region	City	All Suburbs
Crime Rate	32%	32%	31%
City Wage Tax	23%	25%	22%
Lack of Jobs	18%	16%	20%
Public Schools	11%	12%	11%
Housing Quality	11%	11%	10%
Other	3%	2%	3%
Don't Know	2%	1%	3%

Note: Asked of City and New Jersey and Pennsylvania suburban residents.
Source: Greater Philadelphia First, November 1998 telephone survey, 800 respondents.

On the other hand, a recent independent poll found that 27% of all likely mayoral election voters believe that schools are “the most important issue facing Philadelphia,” second only to crime and drugs.

**“What do you think is the most important problem
facing Philadelphia today?”**

Crime, Drugs	37%
Education	27%
Employment, Economy	8%
Taxes	5%
Environment	2%
Government	1%
Population, Sprawl	1%
Other	15%
Don't Know	4%

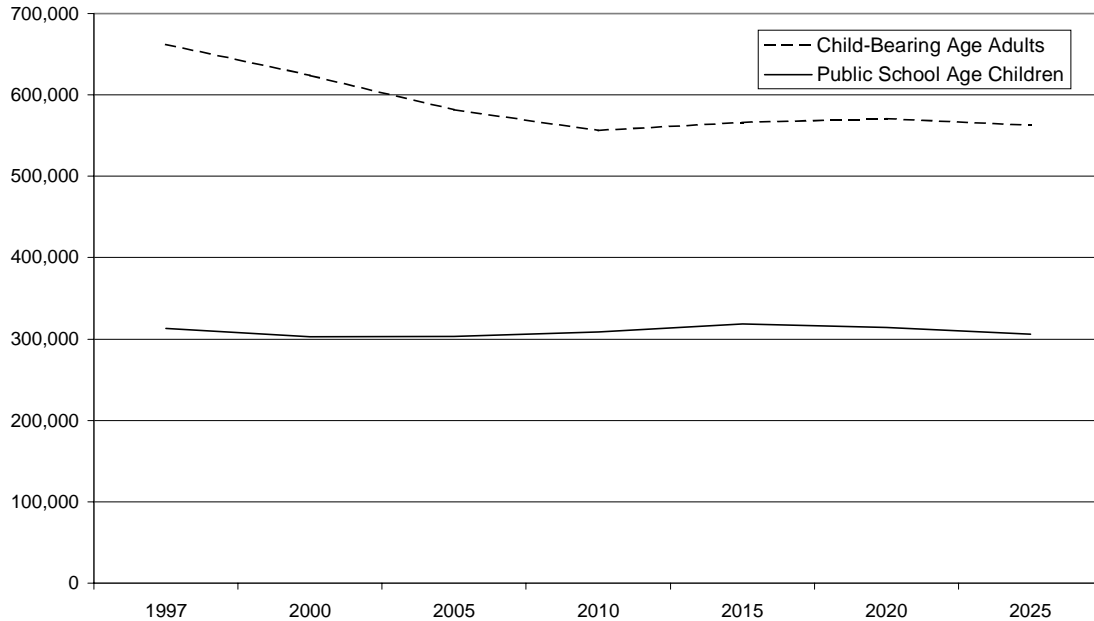
Note: Asked of likely mayoral general election voters.
Source: Center for Opinion Research, Millersville University,
October 1999 telephone survey, 520 respondents.

Given the age of those leaving the City, it would seem that the quality of the City’s public schools contributes more to continuing population loss than the GPF survey indicates. A definitive determination of why people choose to move out of the City requires a survey of those who have actually made that choice.

Over the past few years, the City has attempted to address some of the issues noted in the two surveys. Yet, each of these areas needs continued attention.

Significantly, DVRPC projects that even though the total number of child-bearing age adults (15-44) in Philadelphia will decline by 15% between 1997 and 2025, the number of school age children will not fluctuate by more than 5% due to higher birth rates among the remaining population. As PICA has noted in the past, poor residents are less likely than the non-poor to move out of the City. Thus, in the future, a reduced and more impoverished City population will need to support a school system of roughly the same size as today, further straining the School District's limited resources.

**While the Number of Child-Bearing Age Adults will Decline 15%,
the Number of School Age Children will not Fluctuate more than 5%**

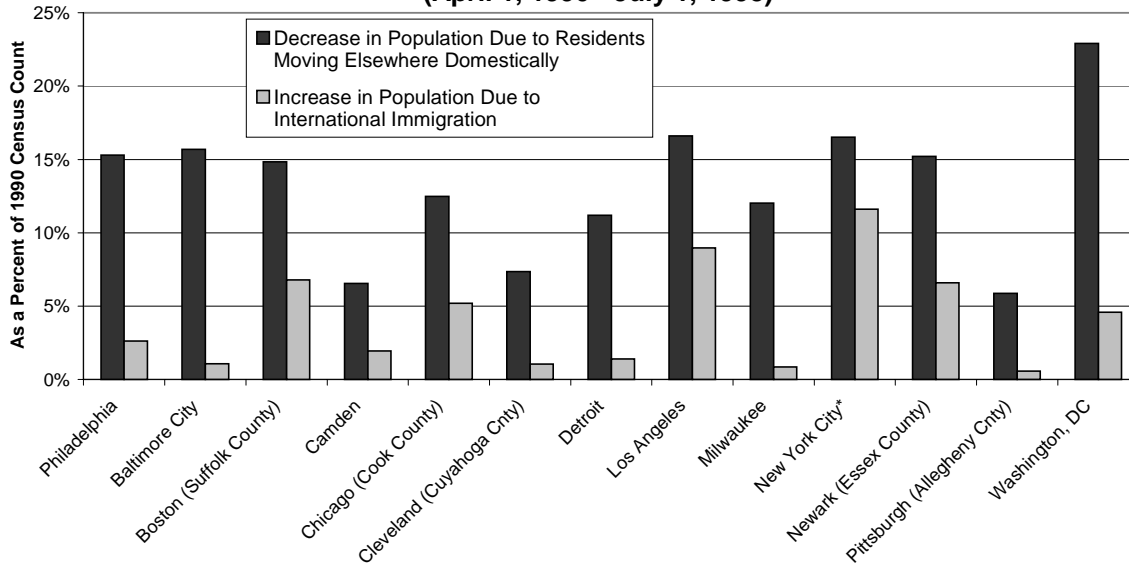


Source: Delaware Valley Regional Planning Commission

Philadelphia Needs to Attract a Greater Share of Immigrants

Census Bureau population estimates indicate that Philadelphia is not as successful as many other large urban counties in attracting foreign immigrants who help urban areas maintain a stable population base. Compared to similar counties, Philadelphia has been losing residents to other domestic locations at a slightly higher than average rate. However, international immigration has not offset that loss in Philadelphia as significantly as it has in many other large urban counties.

**Since 1990, Compared to Other Large Urban Counties,
Philadelphia Lost Residents Domestically at a High Rate
and Gained Foreign Immigrants at a Low Rate
(April 1, 1990 - July 1, 1998)**



* New York City includes the five boroughs/counties of the Bronx, Brooklyn (Kings County), Manhattan, Queens and Staten Island (Richmond County).
Source: U.S. Census Bureau

**Philadelphia Does not Offset its Domestic Outmigration of Residents
with a Significant Number of Foreign Immigrants**

	Net Domestic Outmigration	Net Foreign Immigration	Foreign Immigration as % of Domestic Outmigration
Philadelphia	242,557	41,700	17%
Baltimore City	115,493	7,970	7%
Boston (Suffolk County)	98,495	45,075	46%
Camden	32,990	9,812	30%
Chicago (Cook County)	636,796	266,044	42%
Cleveland (Cuyahoga Cnty)	103,911	14,814	14%
Detroit	236,273	29,807	13%
Los Angeles	1,472,228	795,208	54%
Milwaukee	115,264	8,259	7%
New York City	1,209,925	850,159	70%
Newark (Essex County)	118,325	51,347	43%
Pittsburgh (Allegheny Cnty)	78,555	7,818	10%
Washington, DC	139,048	27,883	20%

Source: U.S. Census Bureau

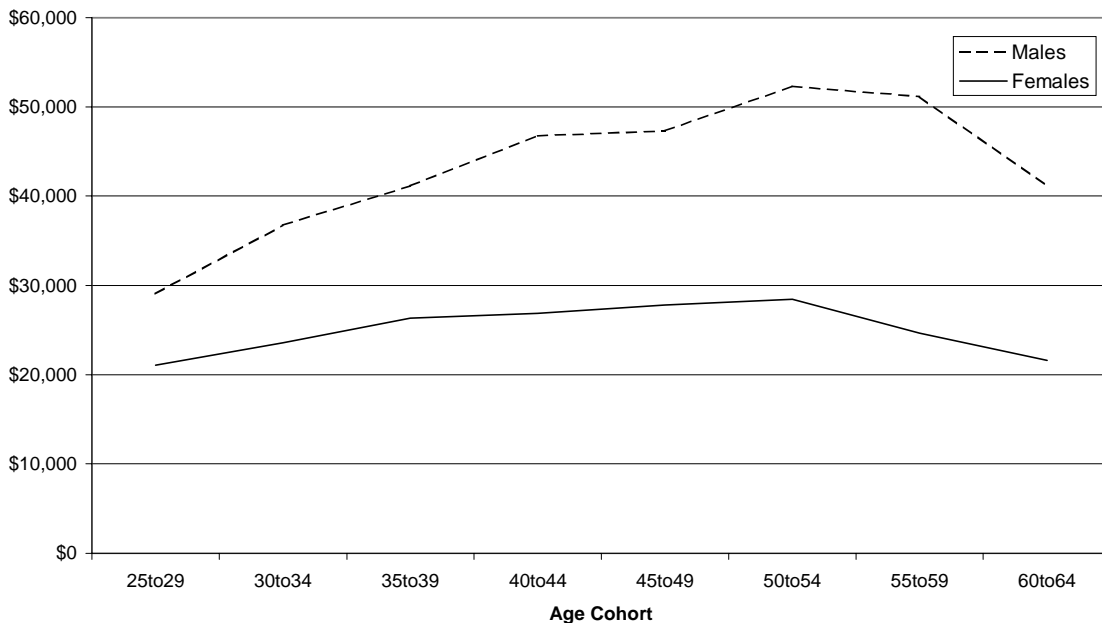
As the Philadelphia City Controller has noted, New York City and Boston have each established special offices to serve the unique needs of their immigrant communities.² By doing so, they not only engage foreign immigrants in civic life, but they make their cities more attractive for new foreign immigrants choosing where to reside. Philadelphia needs to act promptly, perhaps through targeted marketing efforts, special services or neighborhood programs, to attract a greater number of immigrants who can replace the economic contributions of households that leave the City, without accelerating that outflow.

The Baby Boom Generation will Benefit Wage Tax Collections until 2015

There are two major dynamics affecting Philadelphia’s age demographics: population loss and the baby boom. As the baby boom generation (those born between 1946 and 1964) ages, it cushions the resident portion of the City’s Wage Tax from the full effects of a declining population.

According to the Census Bureau, the prime earnings years for employed adults are 40-54. Although earnings for males remain high for those between 55-59 years of age, the number of males remaining in the workforce at that age begins to diminish.

Mean Earnings for U.S. Workers Peak Between Ages 40 and 54



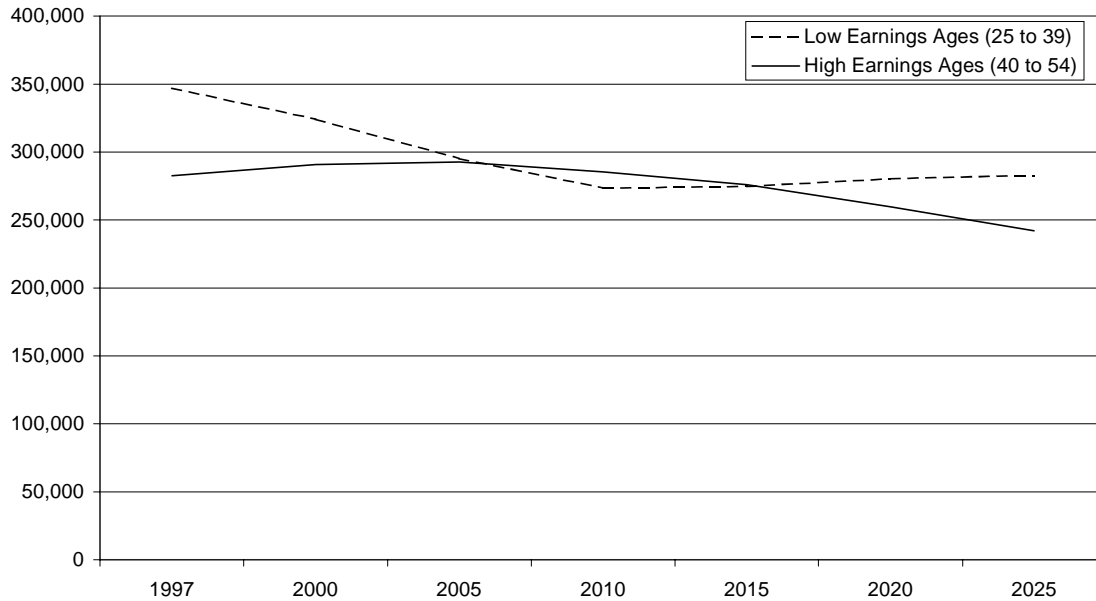
Source: U.S. Census Bureau, Current Population Survey, March 1999

According to the Census Bureau, as the City was losing 145,000 residents from 1990 to 1998, the number of residents aged 40-54 grew by almost 31,000. DVRPC projects that, despite a continuing decline in overall population, the number of City residents aged 40-

² Philadelphia: A New Urban Direction, Office of the City Controller, City of Philadelphia. (1999: Saint Joseph’s University Press), pp. 72-73.

54 will increase by another 10,000 through the year 2005. Then, as the baby boom generation begins to drop out of the labor force, the number of Wage Tax-paying residents in their prime earnings years will begin to decline.

The Number of Young, Low Income Earners Will Fall While the Number of Older, High Income Earners Will Remain Steady Through 2010



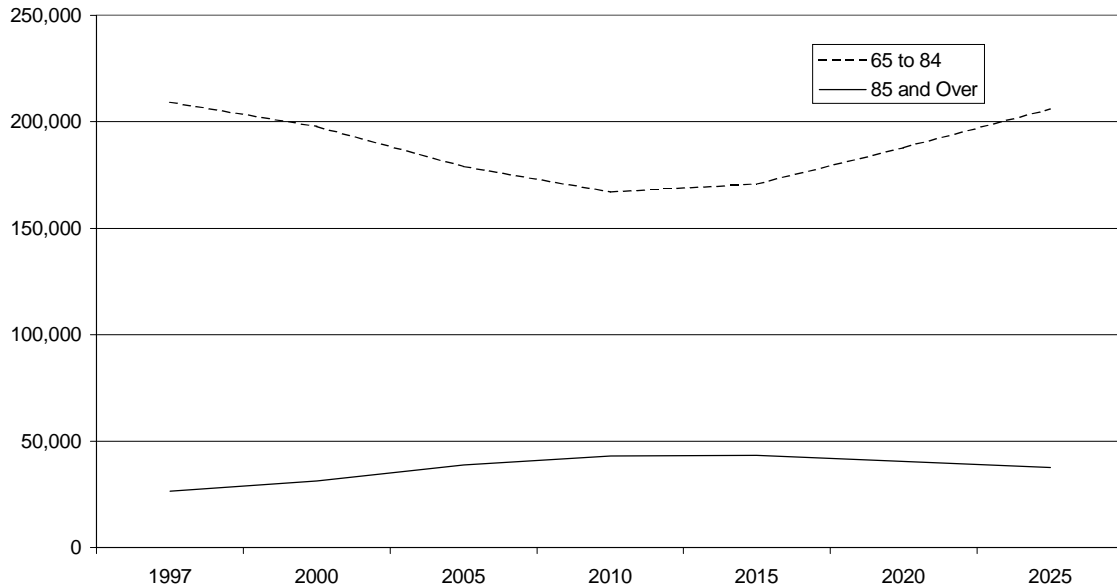
Source: Delaware Valley Regional Planning Commission

Assuming that earnings by age in Philadelphia mimics the national structure outlined above, as the baby boom generation ages, it helps to maintain the current average earned income in Philadelphia, thereby helping to stabilize the resident portion of City Wage Tax collections. Reducing the City's reliance on the Wage Tax over the next five years is thus vital because soon thereafter it will become more difficult for the City's General Fund to absorb revenue losses emanating from tax rate reductions.

The Number of Residents Over 85 Years Old Will Increase 60% Through 2010

Interestingly, DVRPC projects that the number of residents over the age of 85 will grow by over 60% between 1997 and 2010 due to the large number of City residents currently aged 70 or older. As the baby boom generation begins to retire in 2010, the total number of residents over 65 will begin to grow, but the number of residents over the age of 85 will remain relatively flat over the subsequent two decades. The City needs to prepare itself for a much larger population of residents over the age of 85.

**The Number of Residents Aged 65 to 84 Will Drop While
the Number of Residents over 85 will Grow by 60% Through 2010**



Source: Delaware Valley Regional Planning Committee

Conclusion

It is widely recognized that the City’s population continues to decline. However, this decline has not been evenly distributed across all age groups. It is mostly young adults who are leaving the City, draining Philadelphia of its future wage earners. A large decline among the youngest elementary school-age children supports the theory that young families are leaving the City to avoid the public school system. Even as families are fleeing the City’s public schools, the number of school age children in the City is projected to remain fairly stable over the next two decades. Thus, in the near future a smaller and poorer population will need to support a school district of roughly the same size as today.

Philadelphia does not presently attract foreign immigrants at the same rate as other large cities, leading to a more rapid decline in population than in other cities. The City needs to work at better attracting foreign immigrants to replace the domestic population now leaving the City.

Over the next five years the aging of the baby boom generation will increase the number of City residents in their prime earnings years. This may help partially offset the decline in the resident portion of Wage Tax collections that can be expected as a result of a declining total population. At the same time, the total number of residents over 85 years of age will grow tremendously over the next 15 years, leading to a sharp increase in the demand for services to that population.

The City needs to act now to plan for and ameliorate these projected demographic changes. If the economy remains strong, the next several years pose a rare opportunity for the City to take on major structural changes. Delay of such action will diminish the City's ability to affect these adverse trends, particularly since these trends indicate that action will only become more difficult with time.