



Shifting Demographics and the Accounting Profession

By James H. Johnson Jr., Ph.D.

Introduction

America's shifting demographic make-up is dramatically transforming the nation's workforce, workplaces, and consumer markets, as well as other social, economic, and political institutions. The changes are evident in every region and all 50 states. Our ability to thrive, prosper, compete, and co-exist as an increasingly diverse nation will hinge on the extent to which we effectively understand and adapt to our own demographic change.

This article draws upon the latest U.S. census data to illustrate how shifting demographics will change our nation. Based on the revealed trends, we then outline steps the accounting profession will have to take to remain an attractive career option in a future labor market that will be far more diverse than its current workforce.

By the Numbers

In 2017, the U.S. population totaled 323 million, representing a 5.6 percent increase of 16.7 million since 2010. Continuing a more than two-decade trend, a profound change in the race/ethnic composition of the population undergirded this growth.

Figure 1 disaggregates U.S. population growth rates by race, ethnicity, and nativity to illustrate the nature and magnitude of the change. While the native born, not Hispanic, and white populations grew *much slower*,

the Asian, Hispanic, Native Hawaiian/Pacific Islander, foreign born, and black populations all grew *much faster* than the nation as a whole between 2010 and 2017.

What this means is people of color made up nearly all of the net growth of 16.7 million, a trend referred to as the "browning" of America, which is driven by immigration to the United States, especially from Asia, Latin America, and the Middle East. Non-Hispanic whites accounted for less than one percent (688,000) of the net growth. Moreover, as Figure 2 illustrates, sharp increases in intermarriage rates among foreign- and native-born individuals of various race/ethnic backgrounds further contributed to the browning of America.

Figure 1

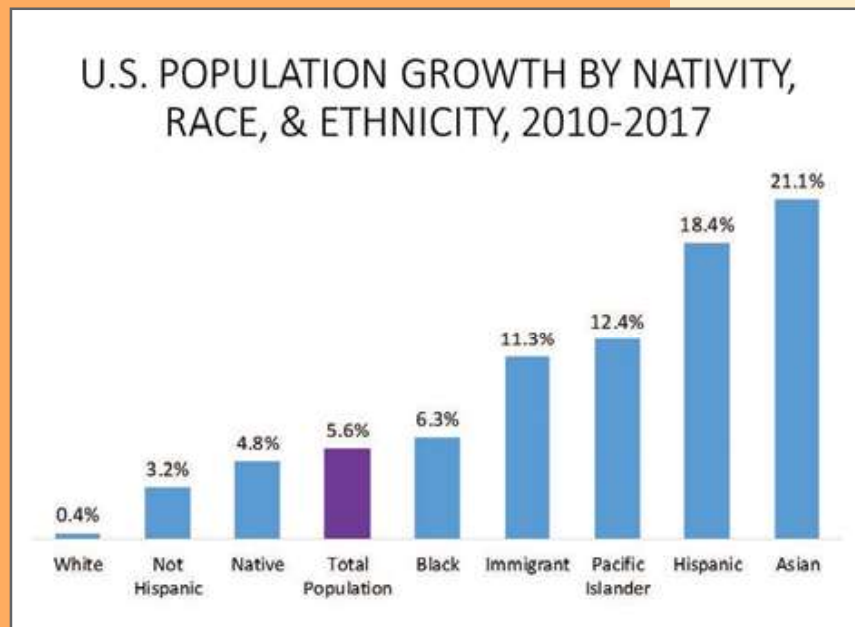
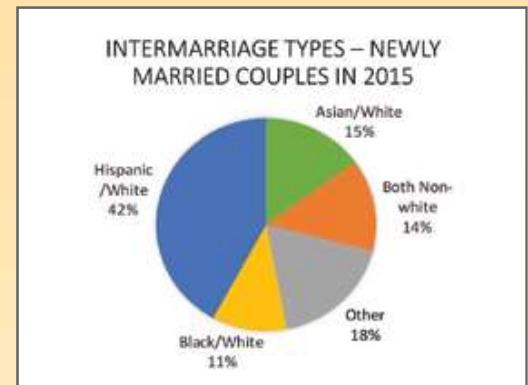
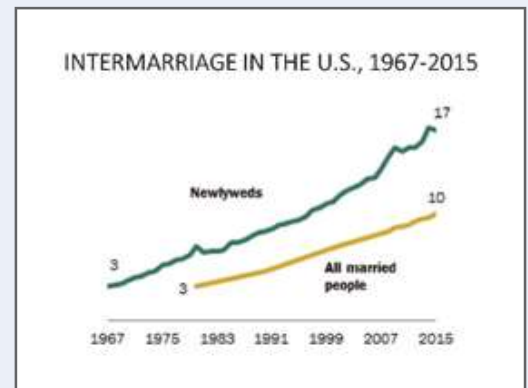


Figure 2: A and B



The impacts of immigration-driven population change and growing rates of intermarriage are most apparent in the shifting demography of the under 18 or school-age population. Driven in large measure by a decrease in white (-1.4 million or -2.9 percent) and black (-345,000 or -3.2 percent) youth, the

U.S. under age 18 population declined between 2010 and 2017 (-0.7 percent or -501,326). However, as Figure 3 reveals, much of this decline was offset by rapid growth in the mixed race (+857,766 or 21 percent), Asian (+344,957 or 10.6 percent), and Hispanic (+1.3 million or 7.9 percent) youth, a pattern consistent with the browning of America thesis. This signals the U.S. labor force of the future will be far more diverse than the current workforce.

Figure 3

ABSOLUTE & PERCENT CHANGE IN THE UNDER AGE 18 POPULATION BY RACE/ETHNICITY, 2010-2017

2017 Population	Race/Ethnicity	Absolute Change 2010-2017
73,403,167	All Races	- 501,326
48,959,912	White	-1,442,956
18,497,598	Hispanic	+1,351,755
10,276,443	Black	- 344,804
3,596,755	Asian	+ 344,957
5,725,447	Some Other Race	+ 34,801
4,844,609	Mixed Race	+ 857,716

Figure 4

U.S. POPULATION CHANGE BY AGE, 2000-2010

2010 Population	Age Group	Absolute Change 2000-2010
308,745,538	All Ages	27,323,632
104,853,555	<25	5,416,289
82,134,554	25-44	-2,905,697
81,489,445	45-64	19,536,809
40,267,984	65+	5,276,231

Shifts in the composition of the school-age population are also driven in part by the second colorful demographic process that is transforming our nation: the greying of America. We are a greying nation as a consequence of the maturing of the post-WWII baby boom cohort, increased life expectancy among the nation's senior population, and declining fertility rates, especially among white females.

Boomers—a group that is disproportionately white—are defined as the 81 million people born between 1946 and 1964 (Figure 4). Boomers began turning 65 at the rate of 10,000 per day in 2011 and will continue to do so at that rate through 2029. Moreover, they will live on average another 18.7 years from age 65. Despite this extending life expectancy at 65, deaths exceeded births among whites between 2010 and 2017, setting the stage for the major race/ethnic transition in the American population that is currently underway.

In part, deaths now exceed births among whites because fertility rates have declined for the past quarter century, especially among native born, white women. For a number of reasons, including an increasing proportion of women focusing on their careers, the numbers show that the percentage of women between the ages of 40 and 44 who have chosen not to have children doubled between 1976 and 2006, rising from 10 percent to 20 percent, and has likely continued to grow.

As a consequence of this demographic dynamic, the white total fertility rate—a statistical measure of the expected number of births each woman will have—has been below the replacement level (2.1 births per woman) for almost two decades and is currently at 1.7 births (Table 1). Further, white females (median age 45) are aging out of the childbearing years much more rapidly than black, Hispanic, Asian, and other women of color—who are much younger with larger proportions still in their childbearing years.

Differences in the median ages of white women versus women of color creates a huge white/non-white fertility gap, which means that children of color constitute an increasing share of births and by extension an increasing share of the school age population (Table 2).

In part as a function of shifts in race/ethnic mix, age composition, marriage patterns, and fertility rates, we are also witnessing a profound shift in living arrangements in the United States. Nowhere is this more apparent than in households where children are present (Table 3). An increasing number of youth are growing up in households where one or both grandparents are present and oftentimes responsible for their wellbeing.

In 2017, 7.6 million children lived in a household where one or both grandparents were present. Slightly over one-third (2.7 million) lived in a household where one or both grandparent(s) were present but not solely responsible for their care and wellbeing. One or both of the biological parents were also present in these households (Table 3).

But nearly two-thirds (4.9 million) were in households where one or both grandparents were present and solely responsible for their care and wellbeing. Close to half were being raised by both grandparents, 42 percent by their grandmother only, and 7 percent by their grandfather only (Table 3). →

Tables 1 and 2

TOTAL FERTILITY RATES FOR U.S. WOMEN BY RACE/ETHNICITY, 2016

Race/Ethnicity	Total Fertility Rate
All Races	1.8
Hispanic	2.1
Non-Hispanic White	1.7
Blacks	1.8
Asian	1.7
Native American	1.8

MEDIAN AGE OF U.S. POPULATION BY RACE, HISPANIC ORIGIN & GENDER, 2017

Race	Total	Male	Female
United States	38.1	36.8	39.4
White Alone	40.7	39.4	42.1
White, Non-Hispanic	43.5	42.0	45.0
Black Alone	34.2	32.3	35.9
AI/AN Alone	33.5	34.5	35.5
Asian Alone	37.1	35.6	38.3
NH/PI Alone	32.2	31.5	33.1
Two or More Races	20.2	19.6	20.7
Hispanic	29.2	28.7	29.8

Between 2010 and 2017, children raised in grandmother only and grandfather only households increased by 7 percent and 10 percent, respectively, while the number raised by both grandparents declined by -4.5 percent. Children raised by one or both of their biological parents with no grandparent present decreased by 1.1 million (-1.6 percent) during this period (Table 3).

Table 3

ABSOLUTE & PERCENT CHANGE IN LIVING ARRANGEMENTS OF CHILDREN, 2010-2017 (in thousands)

Living Arrangement	2017 Population	Absolute Change 2010-2017	Percent Change 2010-2017
All Children	73,781	-937	-1.2
No Grandparent Present	66,114	-1,095	-1.6
Grandparent Present	7,646	137	+1.8
➤ Not Responsible for grandchildren	2,755	96	+3.6
➤ Responsible for grandchildren	4,891	41	+0.8
✓ Grandmother & Grandfather	2,491	-119	-4.5
✓ Grandmother only	2,051	129	+6.7
✓ Grandfather only	349	31	+9.7

The geography of grandparents raising grandchildren illustrates shifts in children's living arrangements (Figure 5). More than half of grandparents in 22 states and more than 40 percent of grandparents in 10 additional states were responsible for raising their own grandchildren in 2017. In all but five of the remaining states, at least one-third of grandparents were raising their own grandchildren.

Notably, more than half of these grandparents were between the ages of 30 and 59. As Figure 6 shows, this was the case for grandparents in all race/ethnic groups, except Asians. Moreover, close to half had been responsible for their grandchildren for five or more years (Figure 7). Only 40 percent fit the stereotypical image of a grandparent, that is, someone who is over 60 and taking care of their grandchildren (Figure 6).

Figure 5

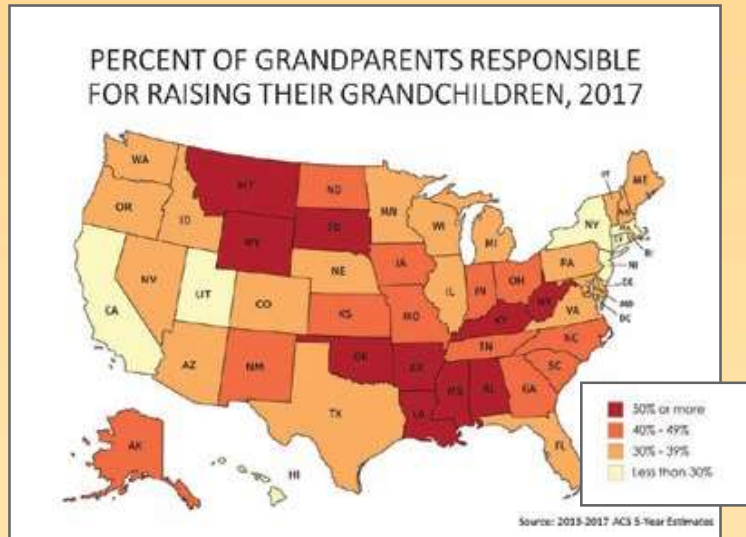


Figure 6

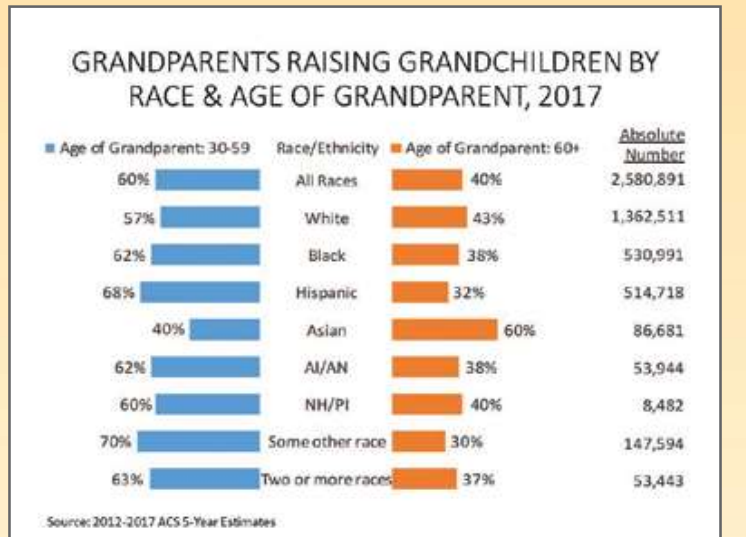


Figure 7

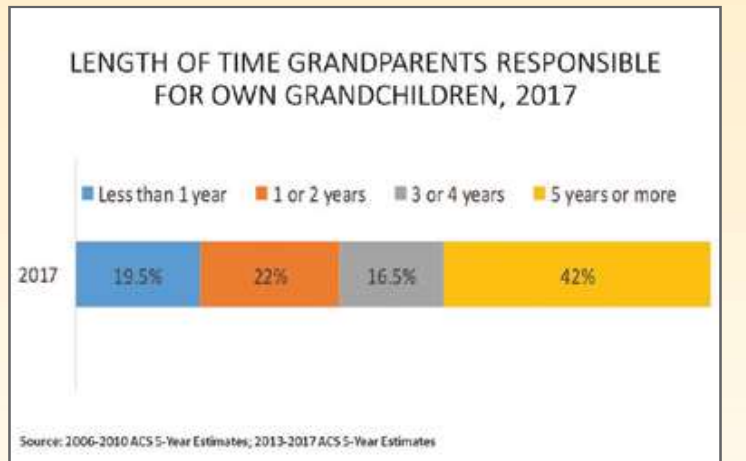
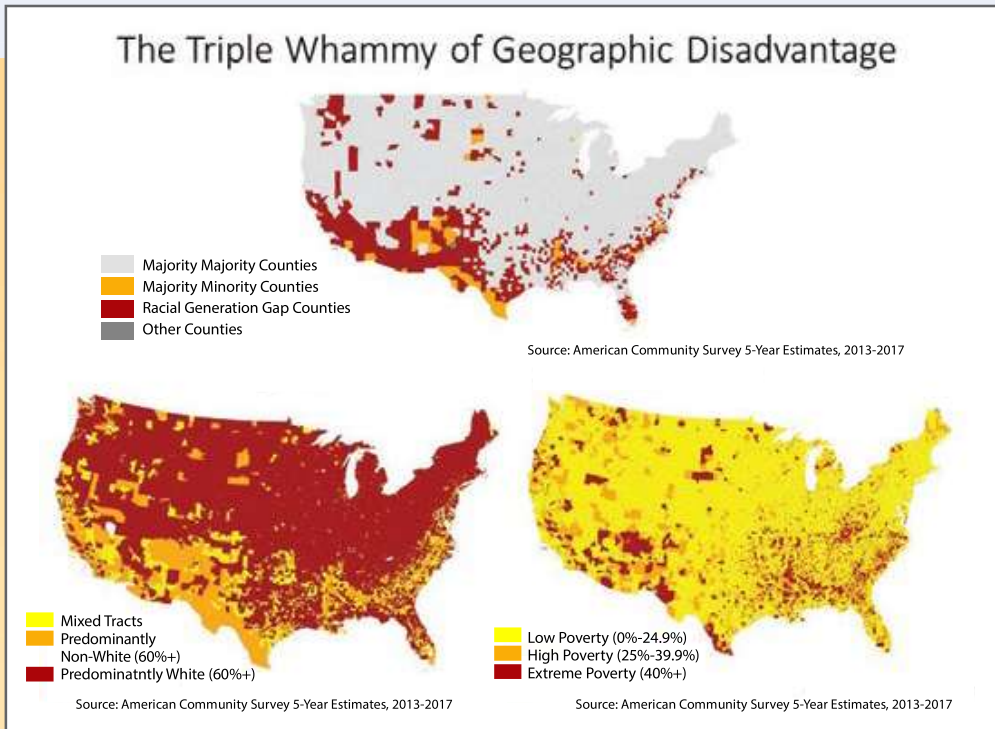


Figure 8



Implications for the Accounting Profession

Failure to recognize and respond to these disruptive demographic trends could potentially create both recruitment and retention challenges for the accounting profession in the years ahead. To retain existing and recruit new diverse talent, accounting firms must re-evaluate their workforce recruitment and development strategies. They must also reassess how they manage talent and employee relations within their firms.

As shown above, the next generation of talent will be far more diverse than preceding generations. For many black, brown, and mixed-race youth (the new majority in the future talent pool), accounting is not a familiar professional career choice, especially compared to law and medicine.

Today, moreover, many of these young people of color are concentrated in public school districts where there is inadequate financial support for their education, and they live in residential neighborhoods characterized by hyper-racial segregation and concentrated poverty (Figure 8). Owing to this “triple whammy” of geographical disadvantages, most of these young people—an estimated 14 million—are at risk of falling through the cracks of the nation’s K-12 education system, reducing their odds of qualifying for admission to college and acquiring the requisite skills to compete in the unsparing global economy of the 21st century.

Given these conditions, a propitious opportunity exists for the accounting profession to be more engaged in K-12 education as a form of enlightened self-interest. Taking action can help ensure that a steady flow of talent from these disadvantaged environments not only qualifies for college admission but also successfully matriculates and graduates into careers in the accounting profession.

Activities can range from firm-sponsored outreach programs designed to improve the quality of instruction to professional development for school administrators and teachers that address the barriers that children from disadvantaged circumstances face. Accounting firms might also consider sponsoring lab schools that serve as beta test sites for potentially scalable innovations that can transform entire K-12 education systems.

Within accounting firms, major effort is required to reinvent the employee experience with an eye toward ensuring that existing staff from diverse cultural backgrounds and “triple whammy” environments feel a sense of inclusion and belonging in the accounting workforce. Helping existing partners, managers, and staff recognize and deal with their own implicit biases

and establishing and enforcing a zero-tolerance policy for overt acts of discrimination will all go a long way toward creating a sense of inclusion and belonging for the next and succeeding generations of staff—current and future recruits.

In the current era of white nationalism and anti-immigrant sentiment, training also is required to help accounting firm personnel engage in courageous conversations around issues of diversity, inclusion, and belonging. Firms must create a culture and climate where those conversations are encouraged, embraced, and anchored in mutual respect for diverse opinions and perspectives that span the political and ideological spectrum.

Finally, accounting firms must review existing HR policies to effectively respond to two demographically driven issues: the caregiver challenges that existing personnel may face; and the impending wave of boomer partner and staff retirements. Work-life integration policies likely will be in great demand moving forward as some accounting firm personnel will have caregiving responsibilities not only for their grandchildren but also increasingly for aging family members as in the general population. And given the significant shift in the composition of future generations of college graduates, succession plans to replace retiring partners and other staff must be fully rooted in a demographically-based firm understanding that the next generation of talent to fill critical positions in the accounting profession must be more diverse than the current generation. □



James Johnson Jr. is the William Rand Kenan Jr. Distinguished Professor of Strategy and Entrepreneurship and Director of the Urban

Investment Strategies Center in the Kenan-Flagler Business School at UNC-Chapel Hill.

✉ JohnsonJ@kenan-flagler.unc.edu