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S&P: Changing Demographic Trends Could Affect U.S. Public Finance Issuers' Creditworthiness In Varying Ways

Key Takeaways

- Slowing U.S. population growth, exacerbated by an aging society, could have varying impacts on the creditworthiness of U.S. public finance issuers.
- The U.S. Census Bureau projects that by 2035 the number of people aged 65 and over will outnumber those under the age of 18 for the first time. This could lead to economic strain, absent improved productivity.
- States with decreasing populations may face economic pressures and need to reprioritize financial resources while others, particularly in the Mountain and West regions, could experience growth opportunities.
- We believe that the long-term credit implications of demographic trends could be offset by management's long-term planning, technological advancement to improve productivity, and state and federal policy changes.

For decades, significant economic growth in the U.S. was spurred in part by the country's growing population. However, the U.S. Census Bureau believes a demographic shift within the next three decades is inevitable and is projecting that, by 2050, the population growth rate will fall to about 0.2% annually compared with 0.6% during the last 10 years (chart 1). In addition, U.S. Census Bureau baseline population projections show multiyear population declines will start by 2085.

Population aging is a global trend that can have credit impacts through multiple channels. As discussed in "Credit Implications Of Global Aging: A Complex Interplay," June 23, 2025, although the related credit dynamics can be complex, we identify five key credit impact drivers associated with aging populations: age cohorts, labor force participation, productivity, migration, and public policies.

S&P Global Ratings believes that for many U.S. public finance issuers, the slowdown in population growth has long-term implications, including changing service delivery needs and a smaller workforce, which together, could lead to slower economic growth.

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