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THE U.S. FERTILITY FORECAST™ 2018-2020

1st QUARTER EDITION

Demographic
Intelligence
Forecasting the Future of Fertility

THE VALUE OF THE U.S. FERTILITY FORECAST™

Demographic projections of future U.S. births are valuable for at least three reasons. First, detailed data on births by key characteristics of the mother are usually released by the National Center for Health Statistics (NCHS) several years after the date to which they apply, making official data of limited usefulness in anticipating the demand for baby products among distinct demographics in the near future.¹ Second, increased uncertainty about the economy in recent times may be pushing U.S. fertility in new directions. Finally, virtually no academic research designed to project near-term fertility in the United States, and based on the economic, social, and cultural sources of fertility, has been published in recent years. Thus, the U.S. Fertility Forecast™ provides valuable and innovative demographic insights into the future of fertility in the United States over the next two years, along with more predictions out to 2027.

RECENT BIRTH AND FERTILITY TRENDS

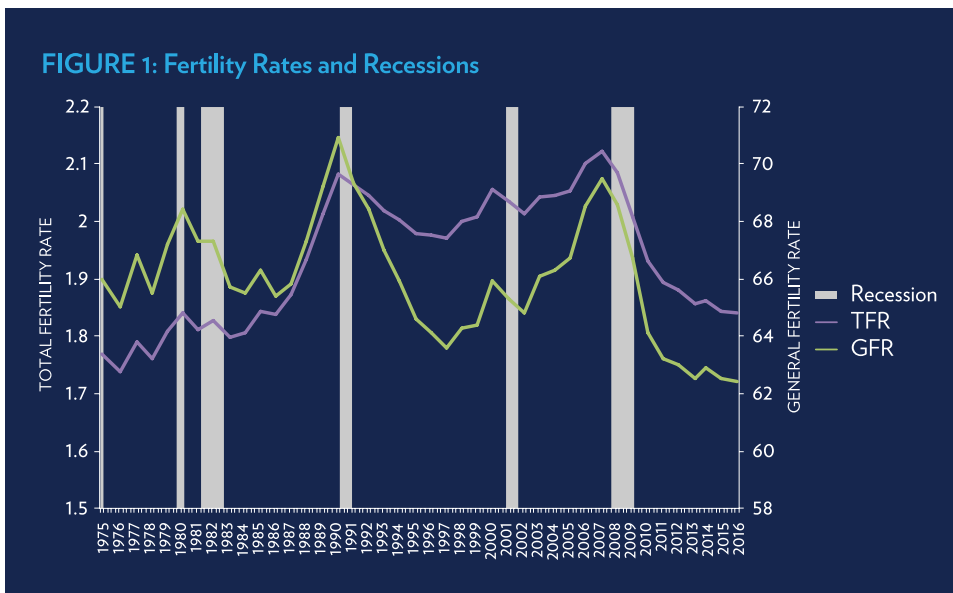
THE DIAGNOSIS

It's no surprise that fertility fell in the immediate years after 2008. In the wake of the Great Recession, the total Fertility Rate (TFR) and births declined as young adults grew cautious about parenthood [see Figure 1].¹ For instance, the TFR fell from a high of 2.12 children per woman in 2007 to a then 30-year low of 1.86 in 2014.

But what is striking about birth trends since 2014 is that the **economy has improved, and employment rates for young adults have increased [see Figure 2], even as birthrates among young adults have kept falling [see Figure 3].** This, in turn, has led to continuing **declines in the overall birthrate and in the number of babies born** in the United States. This is not what standard demographic theory would predict, both because the economy is improving and because the number of women in their prime childbearing years continues to increase. We should be seeing a modest baby boom now. But we're not. Why?

We attribute declines in the TFR and births in the United States to five factors:

1 – Although the job picture in America has improved of late, the labor force participation rate for young adults is still lower than it was prior to the recession [see Figure 2b and Figure 2c]. This means fewer young adults are gainfully employed than was the case prior to the Great Recession; this is important because women are more likely to have a child when they or their partner/spouse are employed in a full-time job.



Source: National Vital Statistics Reports

¹ The Total Fertility Rate (TFR) is a synthetic measure of fertility that represents the hypothetical number of children who would be born to a woman during her entire life if she had children at the same rate at every age as was measured that year for all women of various ages. The TFR inherently accounts for the changing age structure of the population, unlike counts of births or crude birth rates (births per 1,000 women).

FIGURE 2A: Quarterly Unemployment Rate by Age 1990-2017

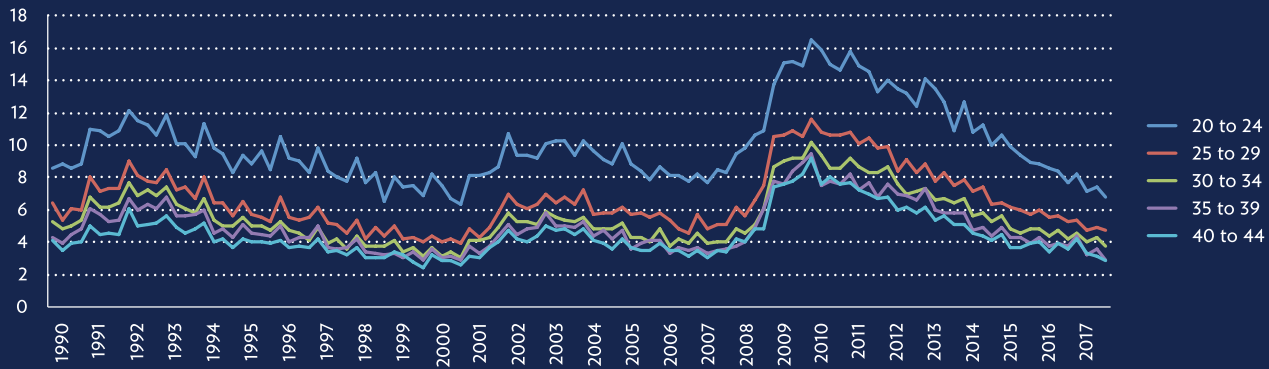


FIGURE 2B: Labor Force Participation Rate 1990-2017

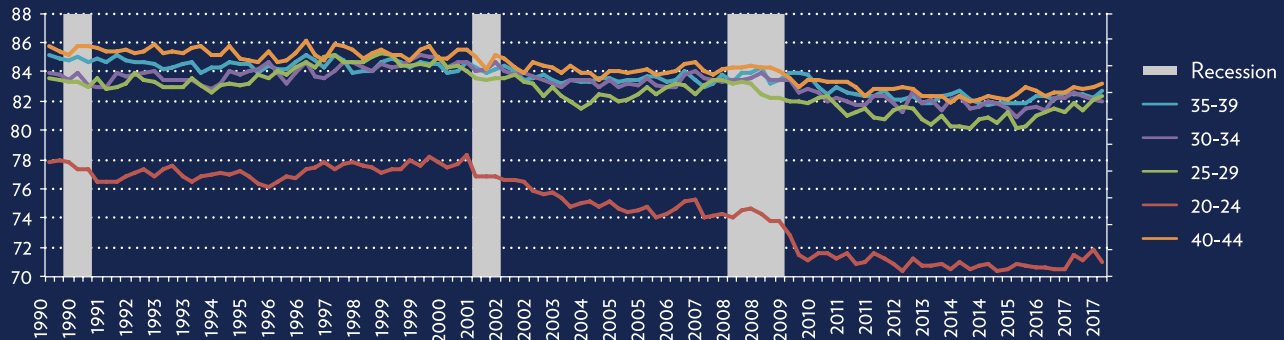
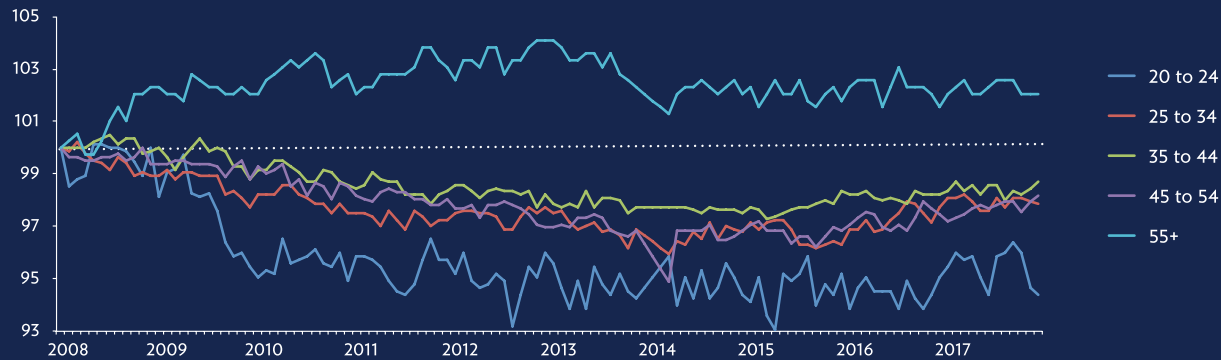


FIGURE 2C: Relative Labor Force Participation Rate by Age (Seas. Adjusted, Jan. 2008 = 100)



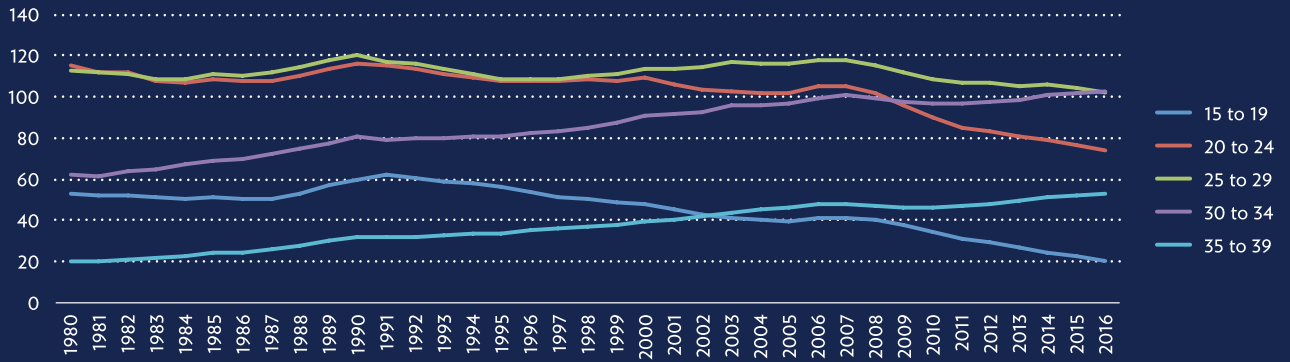
Source: Bureau of Labor Statistics

Note here also that recent employment and income gains are concentrated among better-educated, relatively older, and married adults. This means that births are rising most in this group but have fallen among less-educated, younger adults. In sum, while general economic trends are improving, they have not provided enough lift to younger, less-educated workers to foster pre-Great Recession levels of fertility.

2 - The use of the most effective forms of contraception—long acting reversible contraception (LARC)—is up. One recent estimate reports that the use of LARCs—IUDs and implants—rose from 6% in 2008 to 14% in 2014. The increase in LARCs has been particularly marked among women under 30 since 2008.² Shifts in contraceptive use, then, probably account for some of the decline in births among women under 30.

² See Megan Kavanaugh and Jenna Jerman, “Contraceptive method use in the United States.” *Contraception*: [http://www.contraceptionjournal.org/article/S0010-7824\(17\)30478-X/pdf](http://www.contraceptionjournal.org/article/S0010-7824(17)30478-X/pdf).

FIGURE 3: Age-specific Birthrates 1980-2016



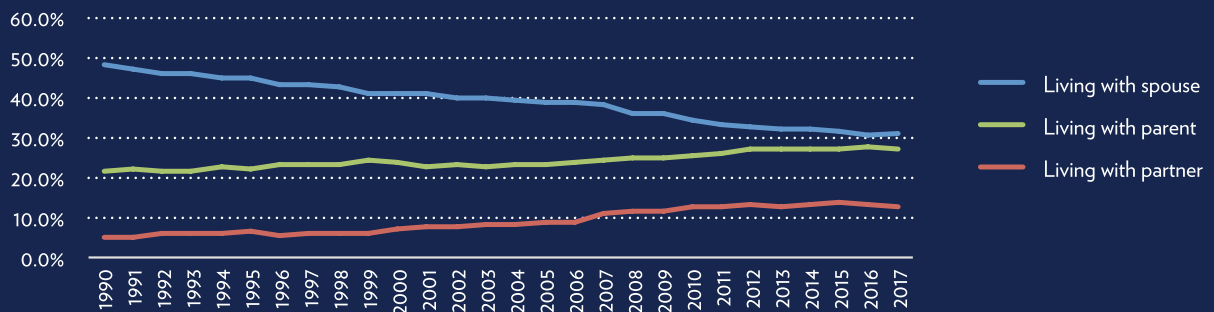
Source: National Vital Statistics Reports

3 – For a range of economic and cultural reasons, including increasingly individualism and a fear of commitment among Millennials, today’s young adults are more reluctant to embrace the transition to adulthood than earlier generations. One sign of this is that more young adults are living with their parents. Another is that more of them are foregoing or postponing marriage. **Figure 4** indicates a marked increase in these two trends, with about one-third of young adults now living with their parents and more than two-thirds unmarried. Young adults who are living with their parents, unmarried, are less likely to have children.

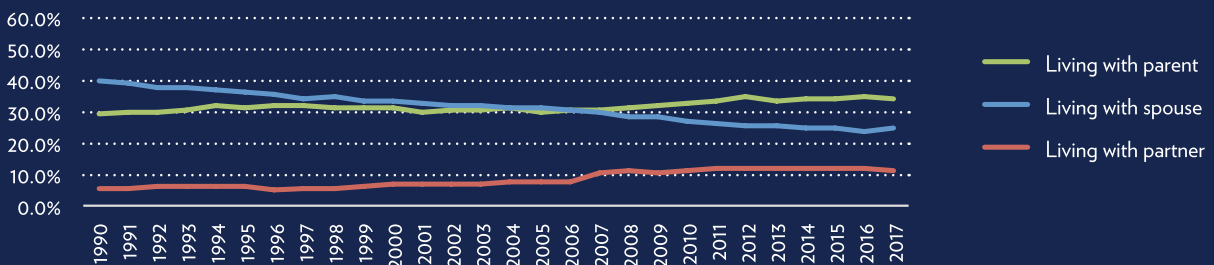
4 – A related cultural point is that young adults are also having more difficulty forming romantic relationships than they used to. For instance, the U.S. is witnessing declining rates of sexual activity among young adults [see **Figure 5**] and teenagers [**Figure 6**]. We attribute declines in coupled sexual activity in part to the effect that smartphones and social media are having on relationships. The psychologist Jean Twenge argues that the growing presence of

FIGURE 4

Living Arrangements of Women Ages 18-34

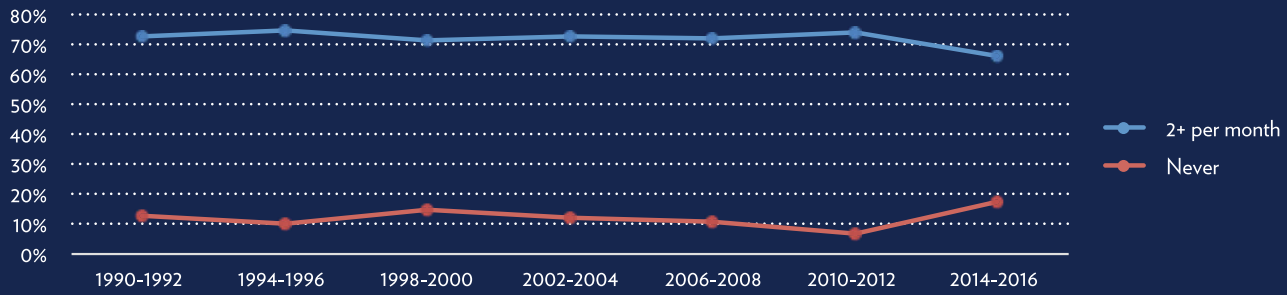


Living Arrangements of Men Ages 18-34



Source: Current Population Survey

FIGURE 5: Frequency of Sex during the Previous Year All Respondents Ages 18-30



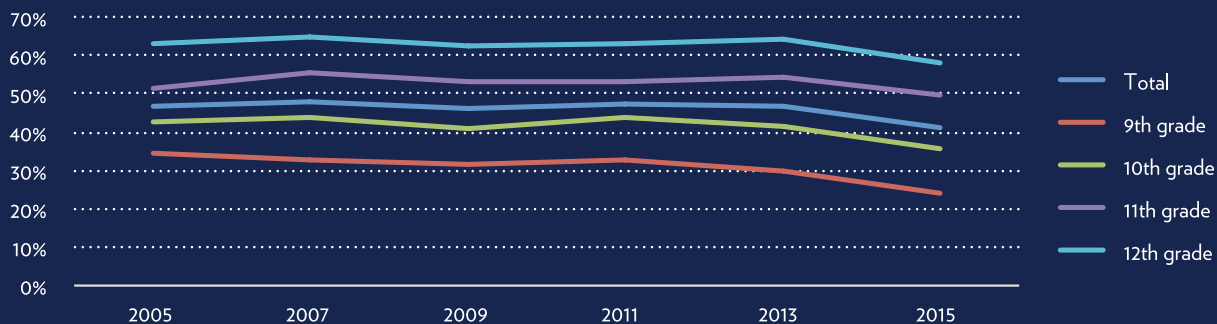
Source: General Social Survey

smartphones [Figure 7], screens, and social media in young adult lives are discouraging investments in in-person relationships—including sex—among young adults.³ Skeptics of this theory should note that teenage dating, and young adult happiness, has declined rapidly in the wake of widespread adoption of smartphones.⁴ So, young adults are spending more time in virtual worlds, less time in the real world, and investing less in romantic relationships, including sexual ones. Declines in young adult sex have obvious implications for births.

5- Finally, the administration of President Donald Trump is also driving down immigration to the United States. This, in turn, is leading to lower levels of births, including among Hispanic women. The best evidence we have of this comes from California, as illustrated in Figure 8. Looking at births from January to October in 2016 and in 2017 in California, births fell 3.2% for children of native-born mothers but fell 4.5% for children of foreign-born mothers. The impact of Trump administration policies on immigrant births was modest in 2017 but is likely to grow, as the administration advances policies designed to discourage immigration, especially illegal immigration.⁵ Currently, 23% of births in the U.S. come from immigrant mothers.

Taken together, these factors—especially shifts in technology, culture, relationships, and immigration—help explain why standard demographic approaches to predicting fertility are having a difficult time accounting for declines in the birth rate at a time when both the economy and the young adult employment rate are improving.

FIGURE 6: Percent of High School Students Who Have Ever Had Sex by Grade 2005-2015



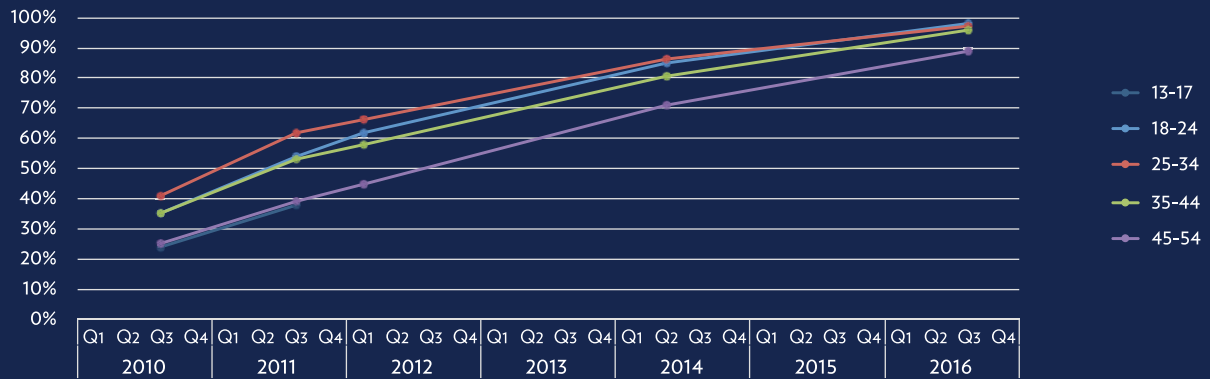
Source: National Youth Risk Behavior Surveys

³ See Jean Twenge, "Have Smartphones Destroyed a Generation?" *The Atlantic*: <https://www.theatlantic.com/magazine/archive/2017/09/has-the-smartphone-destroyed-a-generation/534198/>

⁴ Twenge, "Have Smartphones Destroyed a Generation?" *The Atlantic*.

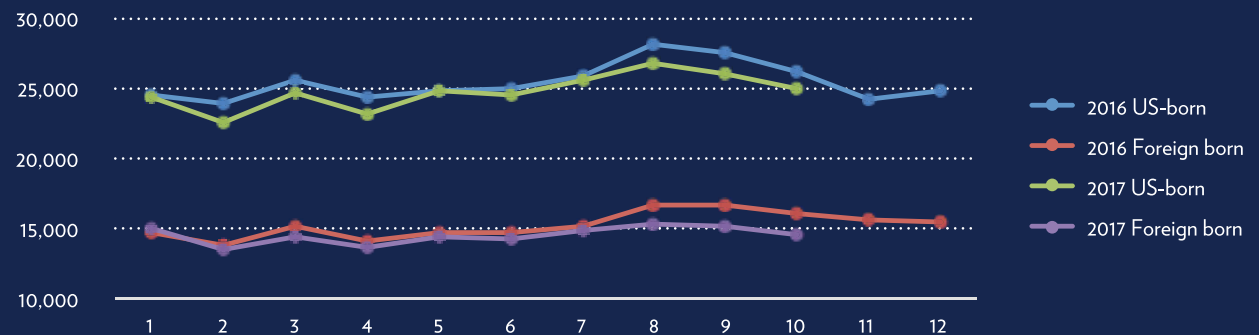
⁵ Jon Burnett, "Arrests for Illegal Border Crossing Hit 46-Year Low." *NPR*: <https://www.npr.org/2017/12/05/568546381/arrests-for-illegal-border-crossings-hit-46-year-low>

FIGURE 7: Smartphone Ownership, by Age (2010-2016)



Source: Nielson

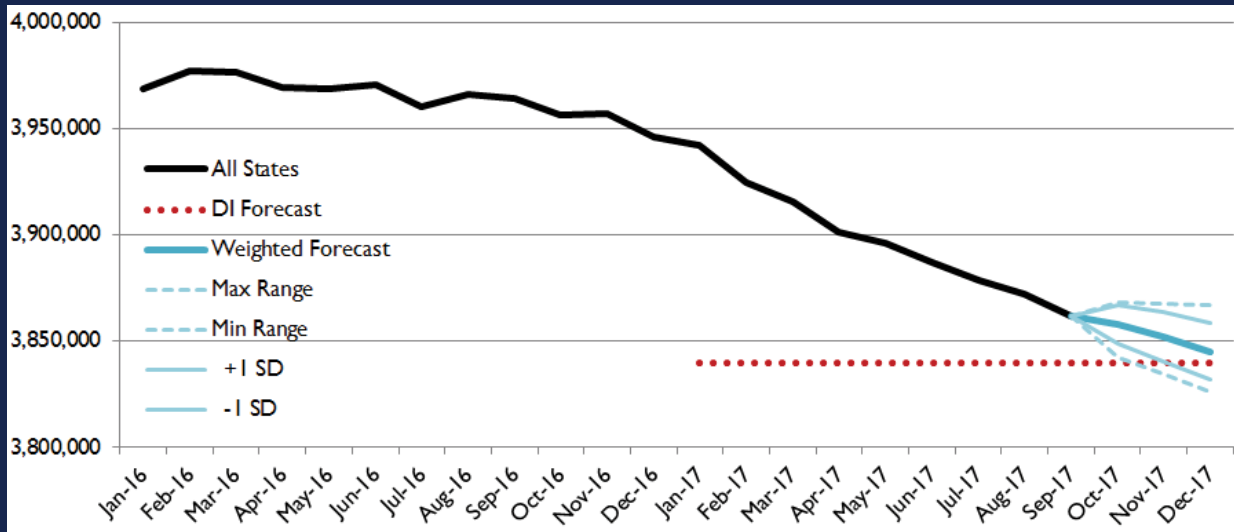
FIGURE 8: Births by month/nativity: California, 2016-17



Source: California Department of Public Health Vital Records.

FIGURE 10: Forecast Trajectories for Annual Births

Each month-line reflects a forecast based on states with preliminary or provisional data available through that month, high and low trajectories show different scenarios of that state-group's share of national births



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Demographic Intelligence

Forecasting the Future of Fertility

Demographic Intelligence provides consulting services to companies, governments, and NGOs interested in learning more about the fundamental drivers of fertility in the United States. Our experts provide insight into current and future fertility trends. **Demographic Intelligence** employs experts in sociology and demography from leading public and private universities in the United States. These experts are available to discuss fertility trends and the economic, cultural, political, and religious drivers of those trends.

President

SAMUEL STURGEON

The president of Demographic Intelligence is Samuel Sturgeon. He received his doctorate in human development and family studies and demography from Penn State University in 2009 and has contributed to a range of publications, including *The Sustainable Demographic Dividend: What Do Marriage & Fertility Have To Do With The Economy?* Dr. Sturgeon is quoted regularly on demographic matters in such venues as *The Wall Street Journal*, *USA Today*, and *Bloomberg*.



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