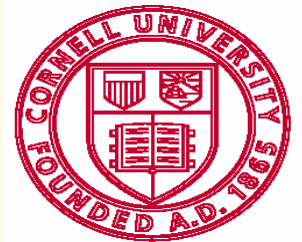


Challenges & Opportunities Associated with the Baby Boom

David L. Brown
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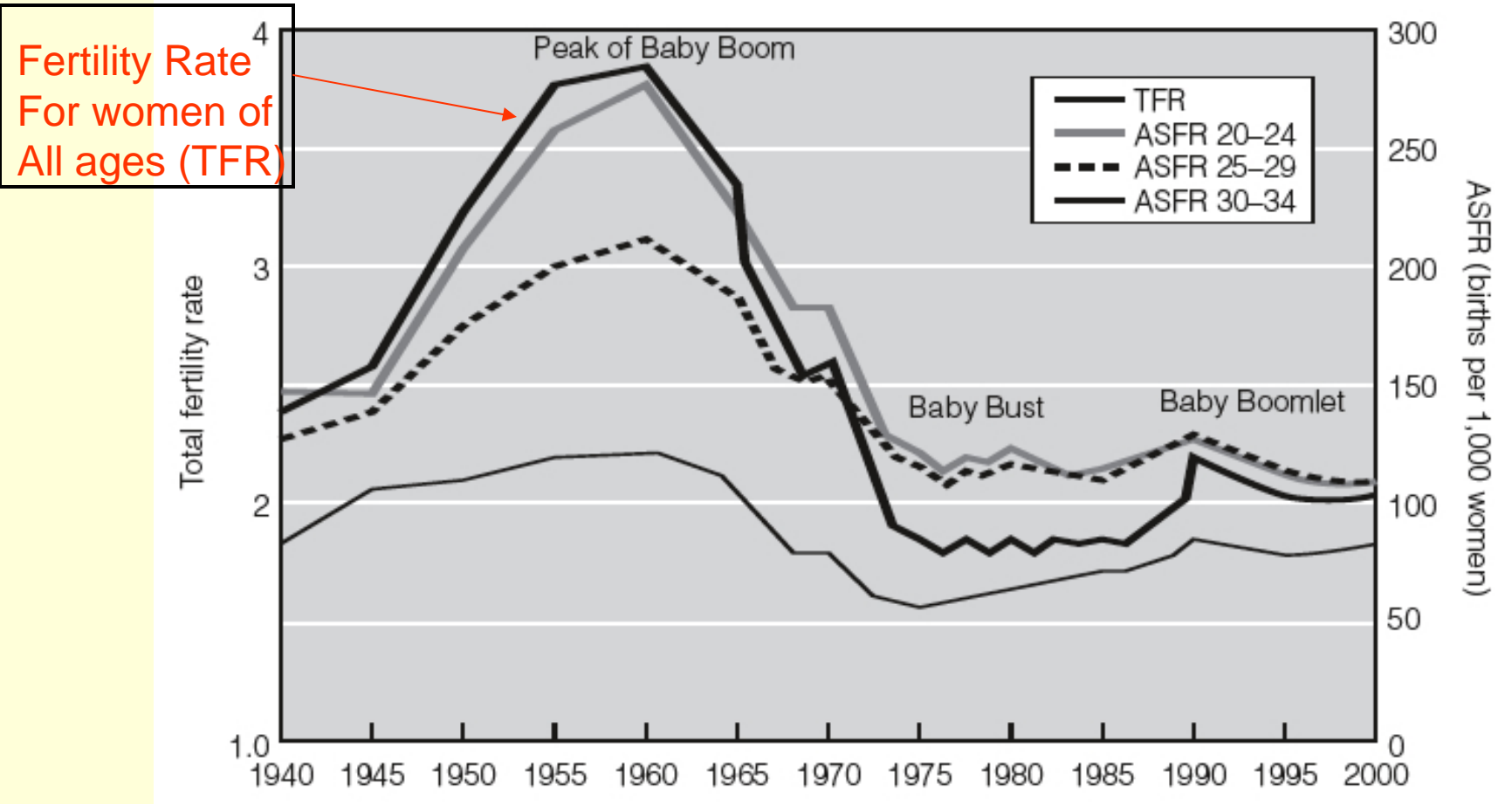
Presentation to the
New York State Association of Counties
2008



What Is the Baby Boom?

- Dramatic Rise in the birth rate following World War II
- The Numbers
 - Women born in 1915 began their childbearing during Depression and completed it in 1959
 - **2,429** births per 1000 women
 - Women born in 1930 began their childbearing after WWII and completed it in 1974
 - **3,153** births per 1000 woman
 - 30% higher than the 1915 cohort
 - 76 million births from 1946 to 1964

The Baby Boom, Baby Bust, & Baby Boomlet



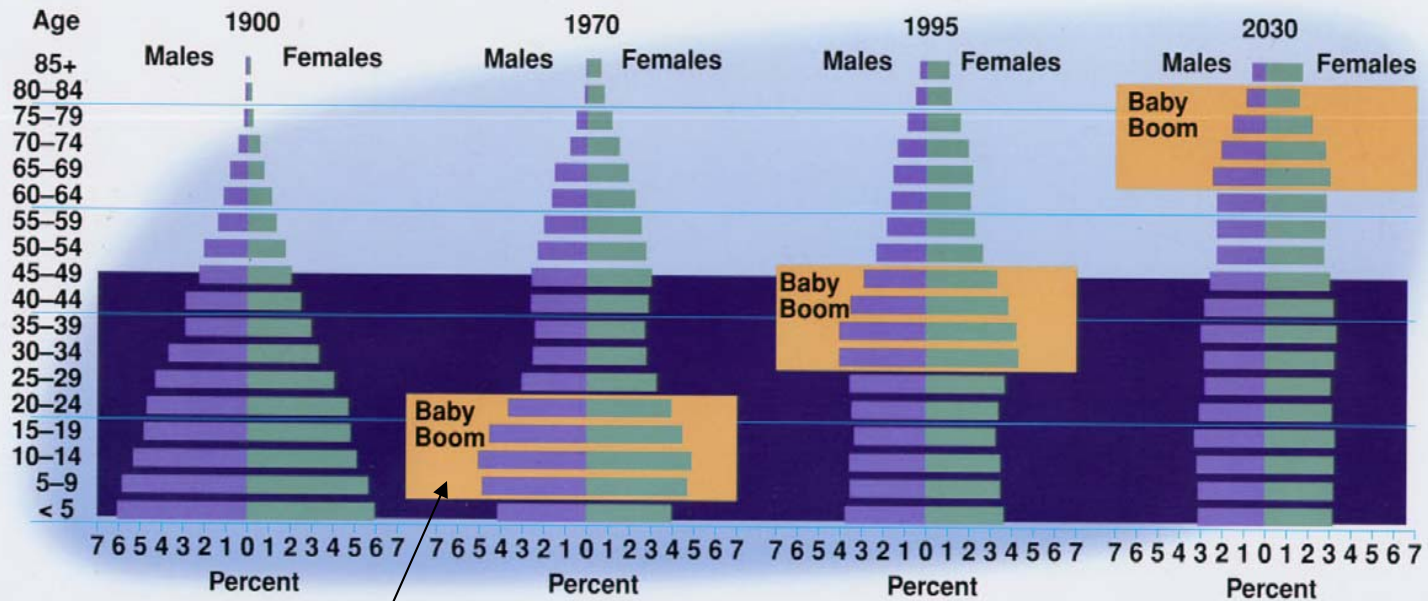
Why Did the Baby Boom Occur?

- **Making up for lost time** after WWII
 - If this was the main reason, the Baby Boom would have only lasted until the mid 1950s
 - The peak of the Baby Boom was in 1957, 12 years after the war ended
- After WWII, women **married earlier** and **had kids sooner**
 - Average age of first child in 1940 = 21.8
 - Average age of first child in 1960 = 23.2
 - Earlier one begins having kids, the more one usually has
- Couples had more children because they **expected their kids to be in high demand** in the tight post-War labor market
 - Economy was growing rapidly, but workers were relatively scarce in post-War labor market
 - Small birth cohorts of 1920's & 1930s
 - restrictions on immigration
 - Women withdrew from paid labor
 - This accounts for the persistence of the Baby Boom
- African American women had more kids partly because of **improvements in their health**
 - Control of VD and TB

Aging of the Baby Boom

Year	Millions age 60-64	% change since 2000	Year When Born	Baby Boom
2000	10.8m	NA	1936-40	No
2005	12.8m	19%	1941-45	No
2010	16.3m	51%	1946-50	YES
2015	18.5m	71%	1951-55	YES
2020	20.7m	92%	1956-60	YES
2025	20.8m	93%	1961-65	YES

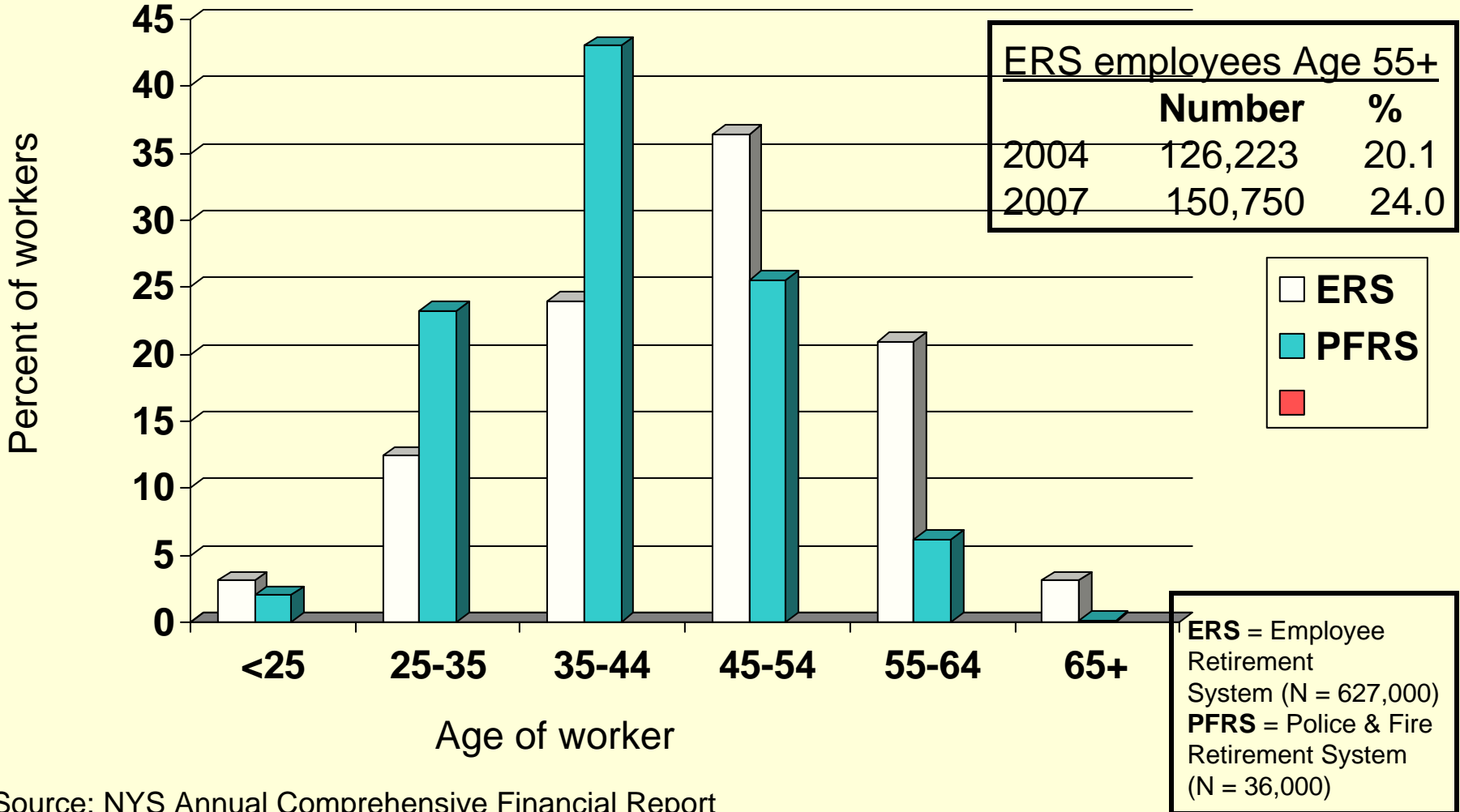
Aging of the Baby Boom



Births to women
During 1946-64

SOURCE: U.S. Bureau of the Census. 1975. *Historical Statistics of the United States: Colonial Times to 1970* (Washington, DC: U.S. Government Printing Office); U.S. Bureau of the Census. 1993. *Current Population Reports, Series P-25-1104*. (Washington, DC: U.S. Government Printing Office).

Age Distribution of NYS Government Employees, 2007



Source: NYS Annual Comprehensive Financial Report

Will the Baby Boom be Replaced?

The Baby Bust

- Women born after the Baby Boom had many fewer births than their mothers
 - Only 66 million births between 19 years after Baby Boom
 - Even though the number of “mothers” was much larger than during 1946-64
 - Compared with 76 million births during the Baby Boom
- Women delayed their marriage and childbearing
 - Average age at marriage = 25.1 (highest in US history)
- Why?
 - Rate of economic growth slacked off
 - No longer a labor shortage
 - Women entered paid labor force
 - Women’s educational attainment rose

Retirement of the Baby Boom

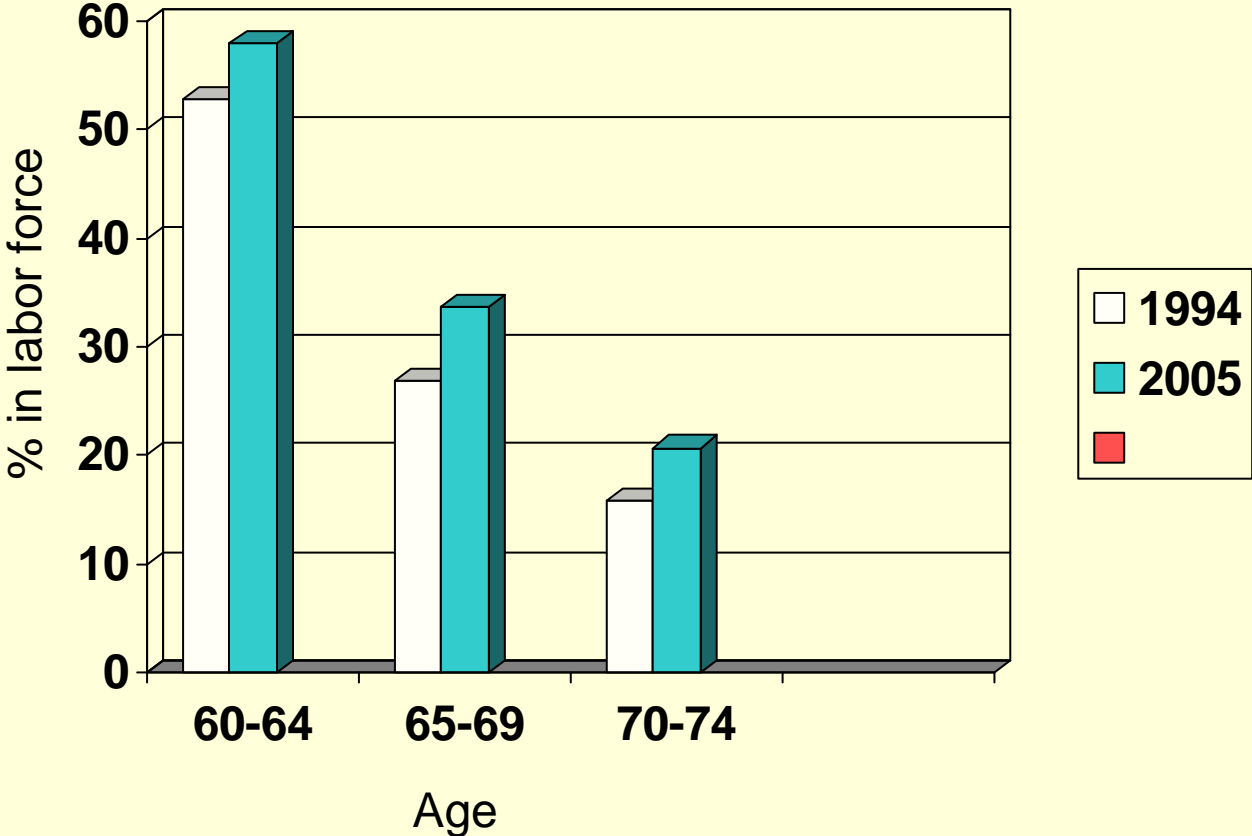
	Mean Age of Exit from Labor Force	
interval	Men	Women
1950-1955	66.9	67.6
1960-1965	65.1	64.6
1970-1975	63.4	62.9
1980-1985	62.8	62.7
1990-1995	62.4	62.3
1995-2000	62.0	61.4

Source: BLS

New Evidence Indicates that the picture might be changing

- Labor force participation rate among older persons has increased since 1995
 - Why are older workers staying in their jobs longer than before?
 - Changes in Social Security benefits and rules
 - Full benefit 65→67
 - Abolished limits on amount of work one could do while receiving full benefits
 - Mandatory retirement ended in 1986
 - Defined contribution (DC) pension plans began to replace defined benefit (DB) plans
 - DC are funded and managed by worker not employer
 - Concerns about solvency of Social Security
 - Rapid increase in cost of health care resulted in reduced employer coverage of retirees

Labor Force Participation of Older Men

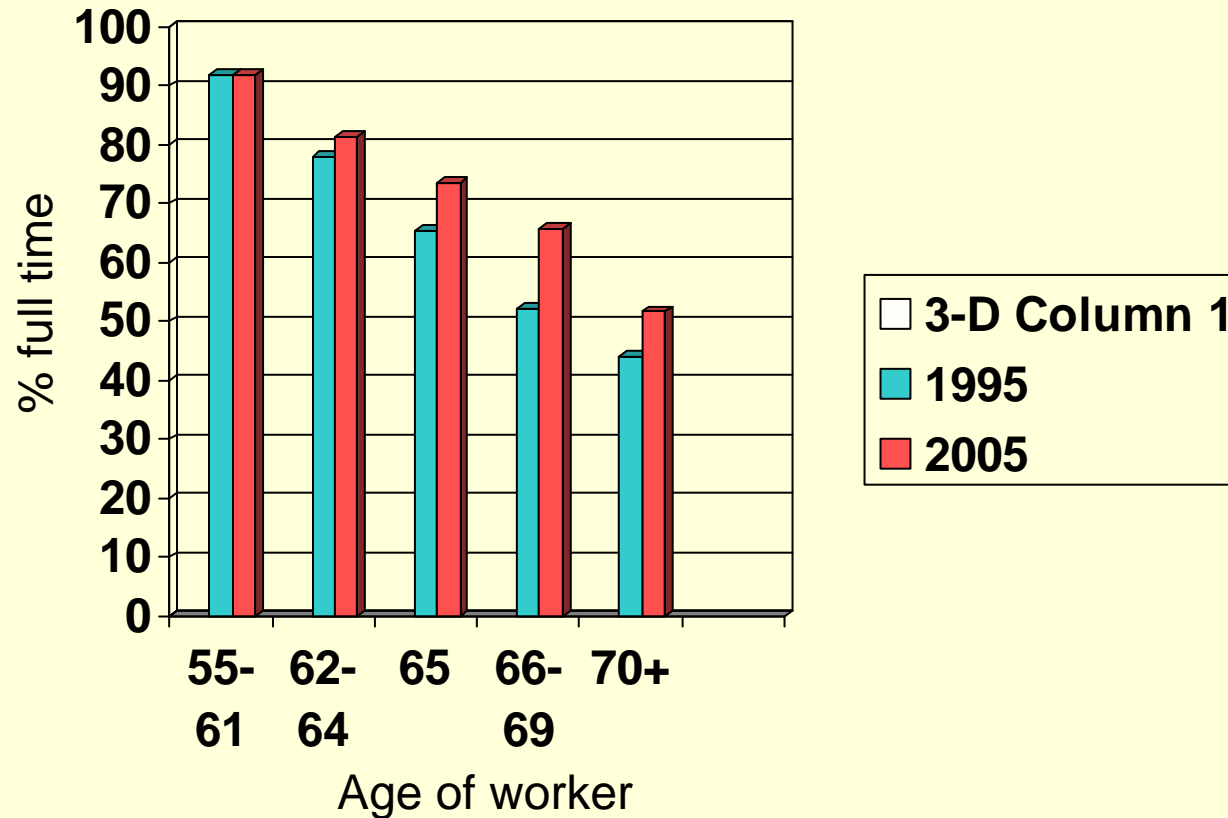


Source: BLS

New Evidence Indicates that the picture might be changing

- Pct. of older workers working full time has increased

Pct of Older Workers Working Full Time



Source: Gendell (2006)

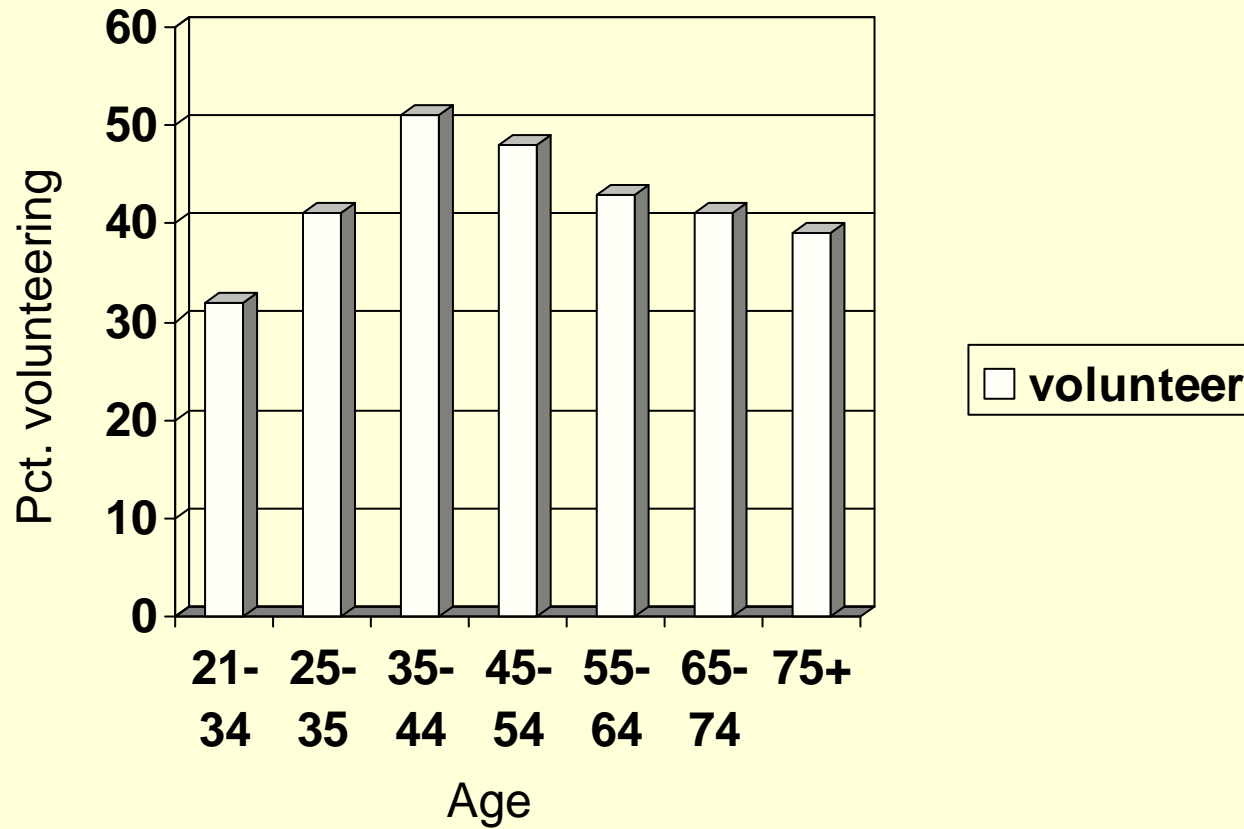
- Longer working life could dampen the projected decrease in the rate of labor force growth resulting from the *baby bust* replacing the *baby boom*

—	<u>Growth of US labor force</u>	
	» 1970' & 80's	2.1%
	» 1980s – 2003	1.2%
	» Projected 2003—2014	0.9%

Regardless of this Somewhat Brighter Scenario

- A very large share of current workers will retire in the near future, and younger replacements will be relatively scarce
 - Including NYS state and local government employees
- What to do?
 - Encourage workers to remain in the labor force longer
 - Accommodate part-time work and staged retirement
 - Modify workplaces to accommodate needs of older workers
 - Utilize volunteer workers
 - Retirees are big volunteers
 - Volunteering tends to be an extension of one's family, **work** and social life, not something apart from it

Volunteering by Age



Source: "Reinventing Aging" Harvard University

Thank You!