

# The Demographic Challenge of Declining US Fertility

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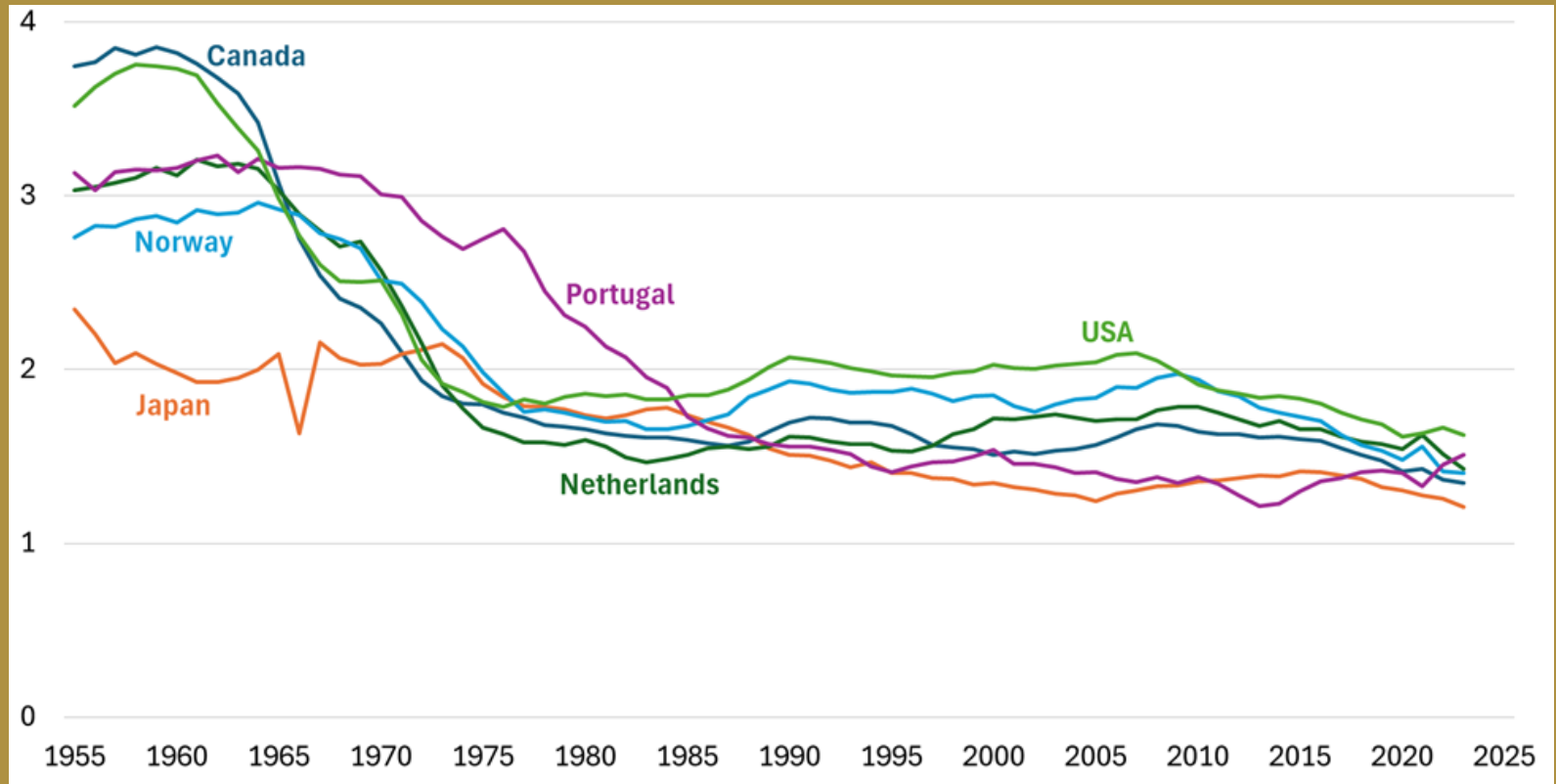
A cohort-based, international perspective

Why is this happening

Why does it matter

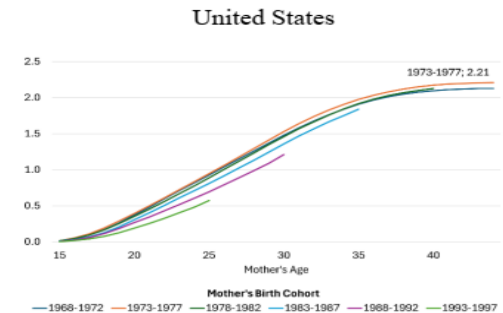
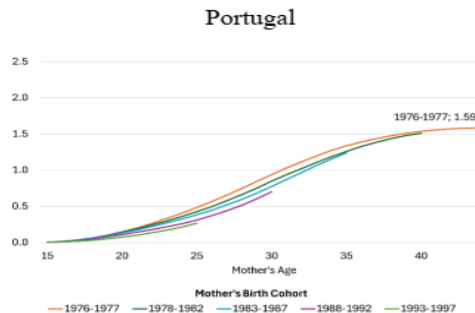
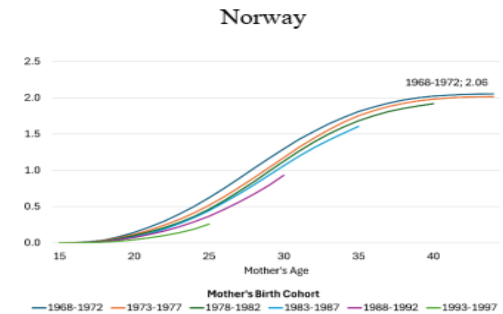
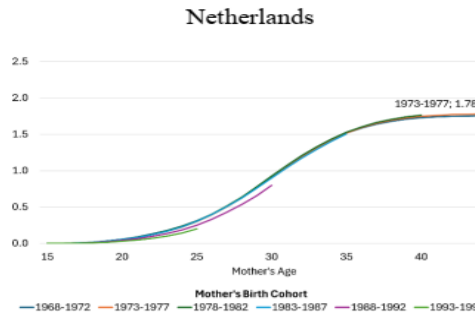
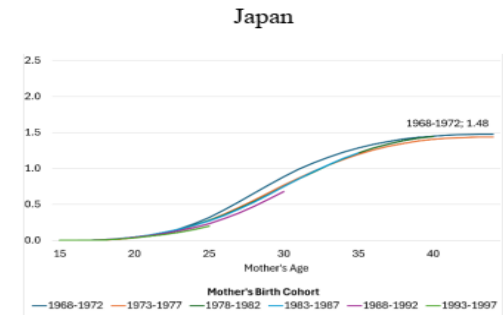
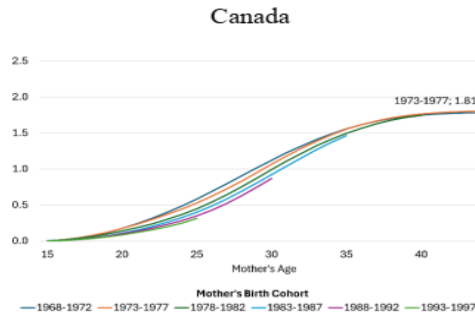
What can be done

The fall in TFR to below replacement level is not unique to the U.S.



There has been a decline in children ever born throughout the lifecycle, across recent cohorts

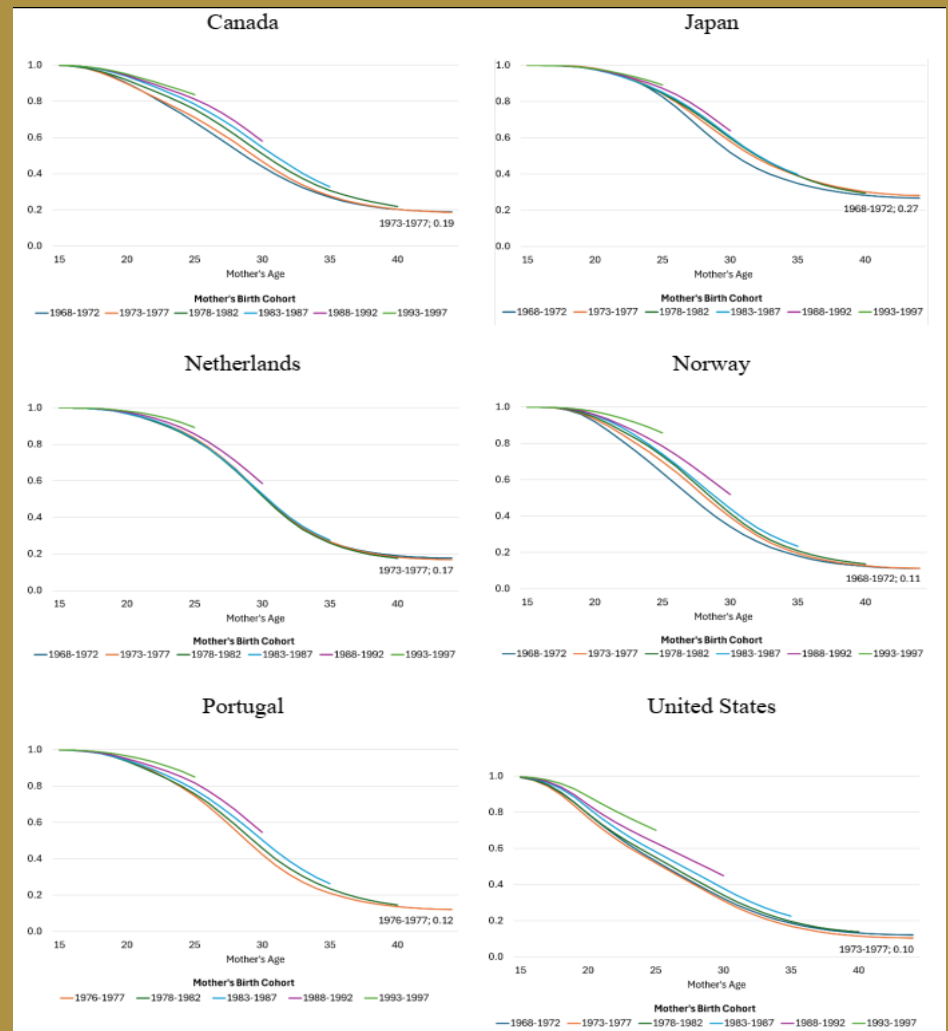
- Not just in the US



There has been a rise in share of women with no child throughout the lifecycle, across recent cohorts

-- Recent decline in fertility reflects rise in childlessness, not a conditional decline in higher parity births

- Not just in the US



Why is this happening

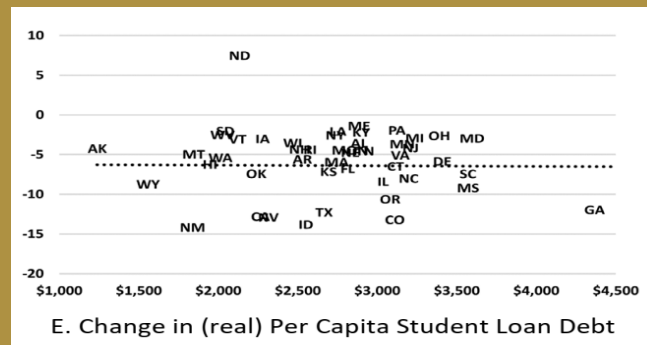
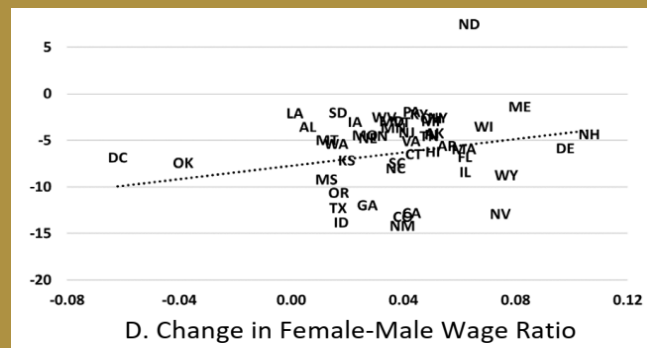
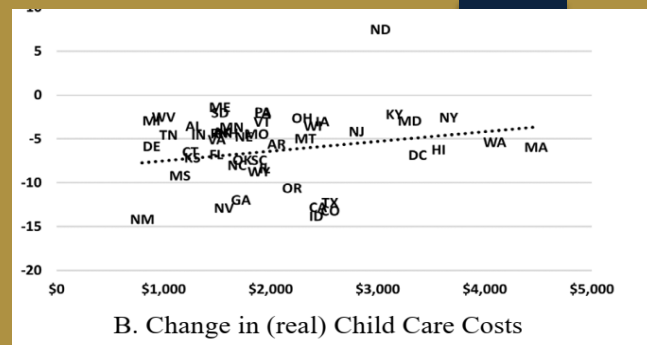
Simple explanations focused on period-specific economic conditions and policy factors do not explain the US decline over the 2000s

*(Kearney, Levine, Pardue, JEP 2020)*

It is thus productive to move away from standard explanations focused on immediate and direct prices & costs.

Something more universal is happening.

- Recall decline is widespread across groups in the US, and is happening in other countries





## More likely: A complex mix of factors pushing toward a low fertility social equilibrium

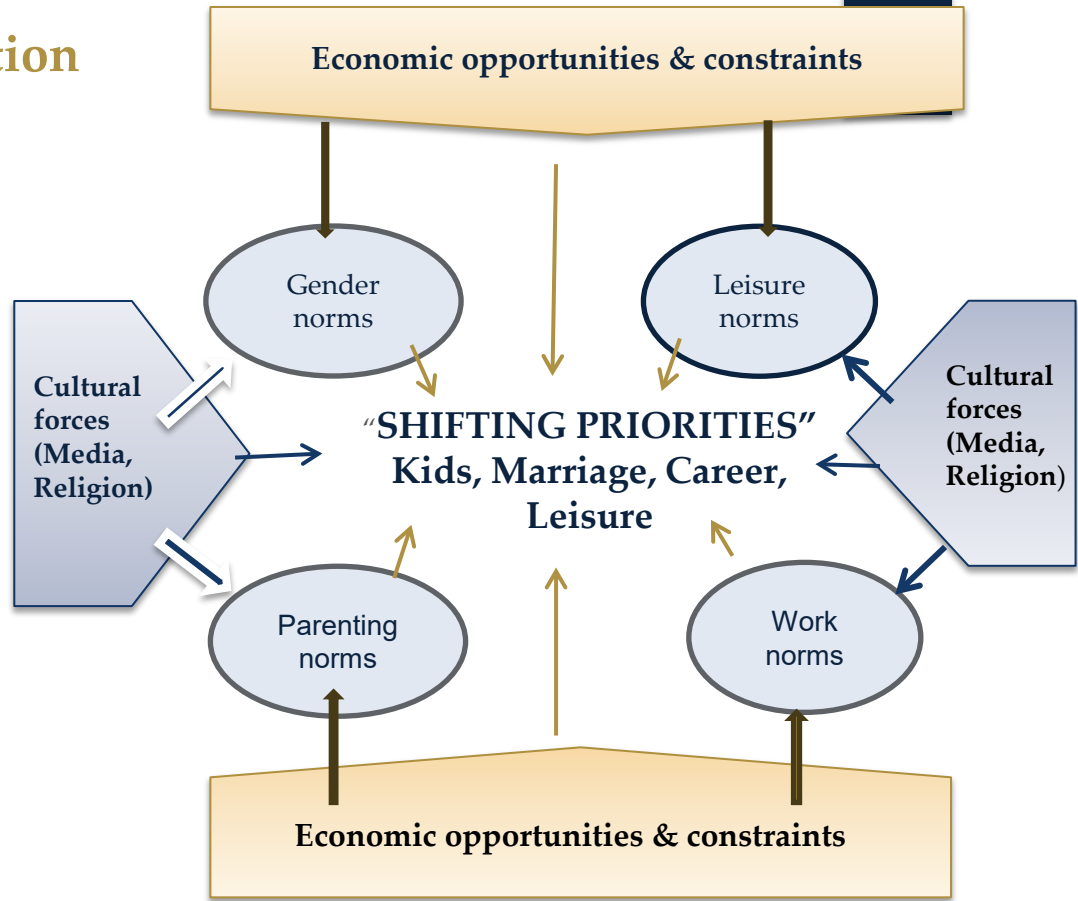
*“The evidence points to a broad reordering of adult priorities with parenthood occupying a diminished role. We refer to this phenomenon as “**shifting priorities**” and propose that it likely reflects a complex mix of changing norms, evolving economic opportunities and constraints, and broader social and cultural forces.”*

*- Kearney & Levine, July 2025*



## Lifetime constrained optimization

- **Economic opportunities & constraints** affect **norms**, and also directly affect costs.
- **Norms and expectations** affect priorities through effects on utility function, choice set, and opportunity costs.
- **Cultural forces** affect norms by affecting the desirability/acceptability of choices



Why does it matter

# Potential challenges

- People still say they want children.
  - Raises concerns about individual happiness and well-being

## **Societal impacts:**

- Fiscal pressures on social insurance programs (SS, Medicare)
- Shrinking communities: limited support for schools, hospitals, local tax base
- Enrollment declines in K-12 and higher education sectors
- Aging, shrinking workforce: less dynamic, less innovative economy
- Potential for secular stagnation

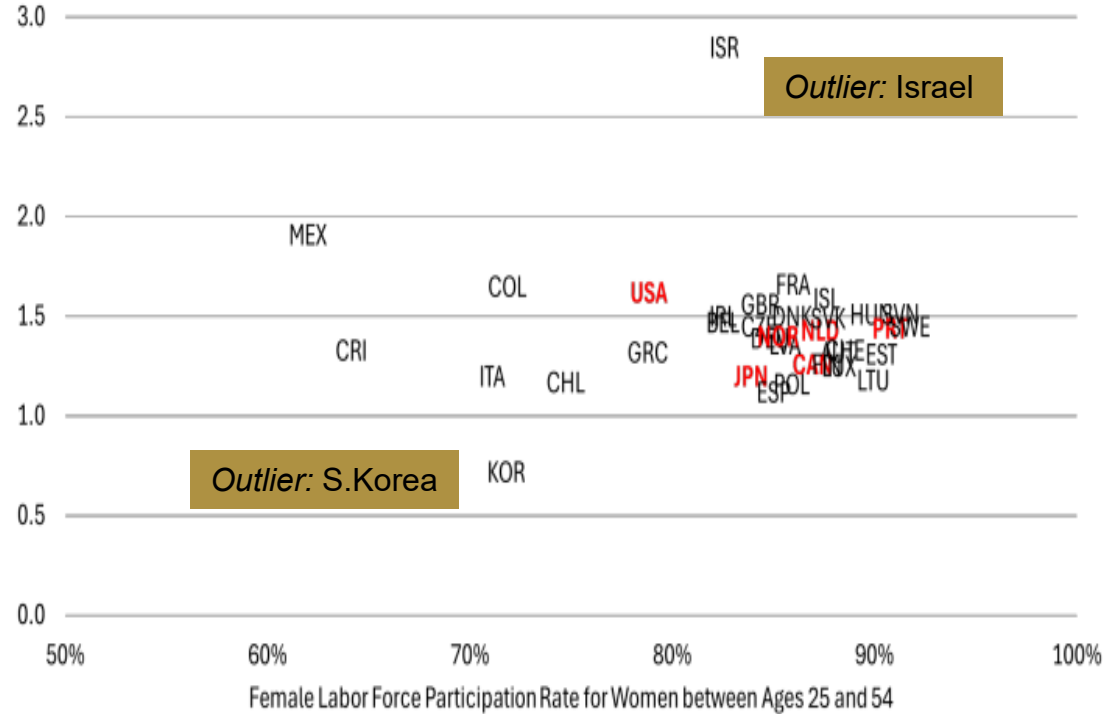
*\* Demographics need not be destiny, but these trends do pose potential headwinds*

What can be done

## Fertility and female labor force participation, across countries

Policy response  
should consider  
modern reality:  
high rates of  
female labor force  
participation

-- Demands of  
career/workplace  
and demands of  
parenting likely  
conflict



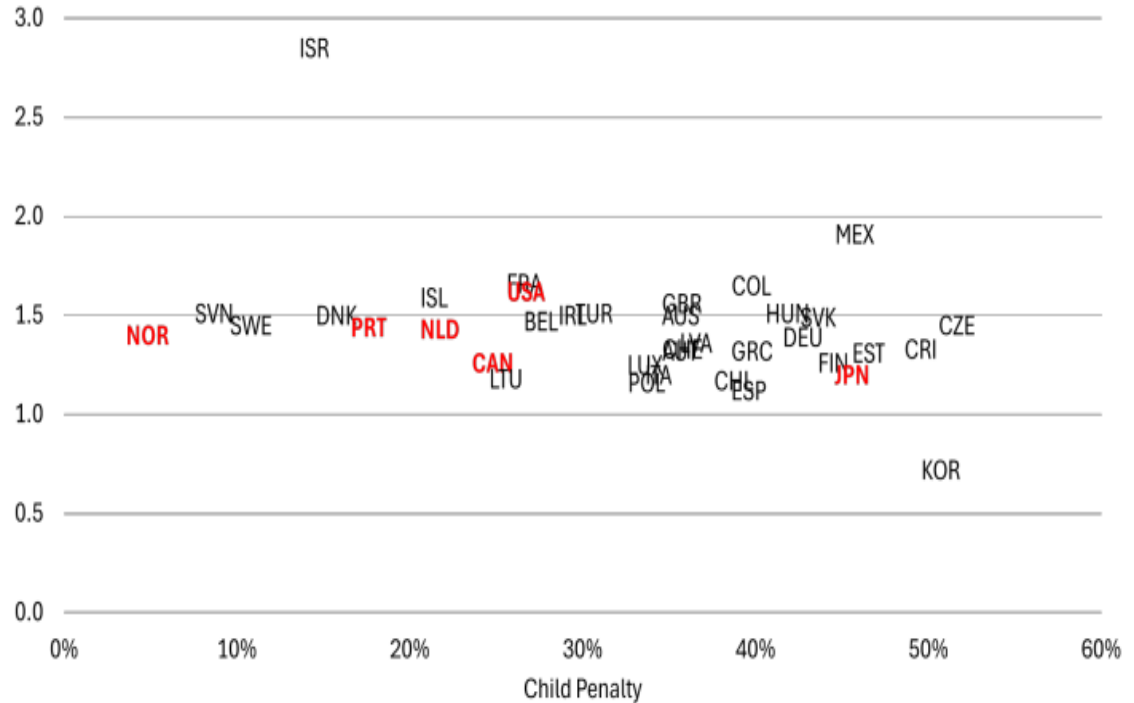
## Fertility and child “penalty” in earnings, across countries

But it's not as simple as addressing drop in earnings for mothers after births.

- The data show no link

Even places with generous parental leave and publicly provided childcare have low fertility.

- Studies have found small/null causal effects of such policies on fertility



**Large, sustained increases in fertility will likely require major changes that affect major life choices of future cohorts of young adults.**

- Increased access to home ownership?
  - E.g., GI Bill/low-downpayment mortgages>earlier childbearing>baby boom
- Much more flexible careers/schedules?
  - Conflict between career and parenting is not a short-term challenge
- Less intensive parenting?
  - Parenting has become more demanding
- *Much* more income support to parents?
  - Evidence from other countries shows that incremental changes (paid leave, tax credits) do not have large, sustained effects on fertility

# Take policy steps to adapt to new demographics reality



Increased numbers of immigrant workers (including elderly caregivers)



Leverage AI to enhance productivity



Technological, managerial advances



Invest (more!) in skills and education



Invest in our nation's youth