CURRENT DEMOGRAPHIC TRENDS AND FEDERAL POLICY:
AN OVERVIEW

Peter A. Morrison

August 1983

N-2030-NICHD

Prepared for

The National Institute of Child Health and Human Development
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This Note is a revised and expanded version of a briefing presented to the U.S. House of Representatives Democratic Caucus on April 27, 1983, in Washington. The briefing was organized by the Population Resource Center with technical assistance from the Population Association of America. It draws on research supported by Center Grant P50-HD123639 from the Center for Population Research, U.S. Department of Health and Human Services. The author thanks Rand colleagues Will Harriss, Frances E. Kobrin, Ira S. Lowry, Kevin F. McCarthy, Anthony H. Pascal, and Steven Schlossman for comments on an earlier draft.
SUMMARY

Demographic change continually reshapes the nation's political agenda, creating constituencies for new legislation and altering the consequences of existing laws. It bears heavily on contemporary legislative issues of great importance: the financing of Social Security, meeting education and health care needs, managing the nation's housing stock, and promoting the well-being of children who live in diverse family settings.

This Note considers several key demographic trends and what they may imply for legislation: the population's reconfiguration into smaller household units, particularly one-parent families and persons living alone; changes in the population's age composition; the shift of married women into paid employment; the changing geographic locations of growth and decline; and the concentration of illegal immigrants in a few jurisdictions. Selected policy implications of these demographic shifts are listed below:

Employment

- The growing proportion of working women will intensify the drive to correct remaining inequities in the workplace.
- The recent surplus of young workers will dissipate over the next several years and may give way to a shortage sometime after the late 1980s.

Health Care

- Rapid growth of the elderly population in future decades will intensify health care needs, particularly those that accompany the chronic and disabling conditions of old age.
- In areas with heavy concentrations of illegal immigrants, public health risks will increase as immigrants' unmet health care needs continue to mount.
Education

- Nationally, enrollment levels will continue to fluctuate as the elementary, high school, and college-age populations change in size.
- In areas with heavy concentrations of refugees and immigrants, public schools will continue to be burdened with problems associated with language and cultural assimilation (rendered more difficult by cutbacks in federal support for bilingual and multicultural education).

Welfare and Social Services

- The increasing numbers of children who live in one-parent families (a circumstance likely to touch the lives of nearly half of today's young children) will intensify a variety of concerns: unmet obligations for child support by absent fathers, and unmet childcare needs and other social services for women who are the family's sole breadwinner and parent.

Housing

- Housing markets will vary widely as inventories of surplus housing build up in declining regions and in central cities.
- Managing the nation's existing housing inventory (which will largely determine how well people are housed for the rest of this century) will call for separate kinds of policies in declining and growing areas.
INTRODUCTION

The population of the United States changes constantly: in absolute numbers; in where people choose to live and work--urban, rural, North, South; and in composition--young and old, single, married, divorced, in or out of the work force, and so forth. Such demographic change continually reshapes the nation's political agenda. It creates constituencies for new legislation and alters the consequences of existing laws. It bears heavily on contemporary legislative issues of great importance: the financing of Social Security, meeting education and health care needs, managing the nation's housing stock, and promoting the well-being of children who live in diverse family settings.

Information that demographers can supply on current population shifts and projections of future trends can therefore be valuable to legislators. Accordingly, this Note offers a general picture of what has been going on demographically in recent years, and considers what several key demographic trends may imply for legislation. Those trends are:

- The population's reconfiguration into smaller household units, particularly one-parent families and persons living alone;
- Changes in the population's age composition;
- The shift of married women into paid employment;
- The changing geographic locations of growth and decline;
- The concentration of illegal immigrants in a few jurisdictions.

RECONFIGURATION OF HOUSEHOLDS

It is striking how small the "average" American household has become. In 1910 it consisted of 4.5 persons; that number has now dwindled to 2.7--fewer than ever before--and is projected to decline still further (see Fig. 1).

Smaller households are not merely shrunken versions of larger ones, however; they also consist of an array of social configurations that have been known in the past but never before in such large numbers--for example, the lone elderly widow, the unmarried mother with a child, and the childless working couple.
The altered demography of families and households has profound implications. Consider the changing family situations in which children are raised. In 1982, fully 21 percent of all families with children were one-parent families, which contained 22 percent of all children under 18 (compared with 12 percent as recently as 1970). The trend will continue upward in the future: Demographers estimate that 46 percent of children born in the late 1970s will spend some part of their youth in one-parent families.\(^1\)

Obviously, legislation that seeks to promote children's well-being should be responsive to the more diverse (and sometimes vulnerable) family settings in which children now live. Day care for the children of working mothers (especially mothers who are unmarried) is a pressing need. Also, programs for delivering health care to children in one-parent families may be most effective if they are devised to suit the convenience of working parents.

The new legislative proposals that mandate "family responsibility" further illustrate the need for legislation to be sensitive to changing demography. Laws already enacted in Virginia and Idaho (and under consideration in 14 other states) require the children of Medicaid recipients to help pay for nursing home care provided to their parents. Not surprisingly, these actions have touched off intense debate over children's responsibility to their parents and the government's role in enforcing such responsibility. Inevitably, the realities of contemporary families will confound that debate, what with the increased prevalence of "reconstituted" families that contain stepchildren, half brothers, and half sisters. What will be their filial responsibilities—and to which parents—under a family responsibility law? Clearly, our conception of family life must allow for its growing diversity.

We also are witnessing a rapid proliferation of "nonfamily" households—people who live alone or with persons they are not related to (see Fig. 2). These households consist mainly of young people not yet married, persons between marriages, and, most often, the elderly. They account for 23 percent of all households currently, and are projected to approach 30 percent by 1995. Here, too, legislation can

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Fig. 2—"Nonfamily" households will become more prominent

be more effective if designed to accommodate the greater diversity of contemporary and future households being formed--particularly by the elderly, for whom living alone has become especially commonplace.

THE SHIFT OF WIVES INTO PAID EMPLOYMENT

Slightly over half of married women are now in the work force, and those with preschool children have paced the trend (Fig. 3). Fully half of these mothers now work for pay; in 1950 only 12 percent did.
Fig. 3—The labor force trend: Enter wives and mothers

Fig. 4—Working lives of women: Changes across generations

Wives have also changed the way in which they order their careers as mothers and income earners. They now go to work earlier in life and are back at work sooner after children arrive. Equally noteworthy, successively younger generations of women display progressively higher labor force participation rates at a given age (Fig. 4). For example, nearly two-thirds of women currently in their late 20s and mid-30s are in the labor force, and better than half the members of this generation were already at work in their early 20s. These rates are substantially higher than those registered at the same age by the generation of women who are currently in their late 30s and mid-40s. The next generation (women now in their early 20s) have started their working lives at even higher rates, which implies that two-thirds or perhaps even three-quarters of them may be in the labor force by middle adulthood. In short, older generations of women who joined the labor force later in life, if at all, are being replaced by younger generations, most of whom entered the work force early in adulthood and, to date, have remained at work.

As successive cohorts of young women join the work force and remain committed to it, they and their supporters will form a constituency likely to militate strongly against inequities in the workplace. They will continue to press for women's access to better-paying jobs (and to the requisite training for such jobs), comparable pay for comparable worth, career advancement opportunities, flexible work schedules and day care, and unisex pension allotments and insurance rates.

THE UNEVEN AGE PROFILE

A third important demographic shift is going on in the population's age distribution. Because of past fluctuations in the birthrate, there are many more people at some ages than others. Fully one-third of the population is currently crammed into an 18-year age-span extending from the late teens to the mid-30s. This baby-boom generation is sandwiched between older and younger generations, both of which are smaller.

As the baby-boom generation has matured into adulthood, the numbers of people in various age-brackets have expanded and then contracted. As a result, various social institutions have to cope with rapid growth and
then adjust to decline. The shrinkage of the school-age population is familiar, of course, but we are now witnessing some of its second-order effects. These effects include disequilibrium in labor markets for educators and disrupted teacher recruitment, which are leading now to teacher shortages in some fields. One sign of this is a sharp erosion of interest in teaching as a career: As of 1982, fewer than 5 percent of college freshmen planned on becoming schoolteachers, compared with over 22 percent in the mid-1960s.

Second, as these different-sized generations mature into successively older ages, there will be modest impacts on the economy, the wage structure, and prospects for employment at different ages. During the 1970s, labor markets were overwhelmed by record numbers of entering workers as the baby-boom generation attained working age and as the women among them joined the labor force at record rates. The labor market now has absorbed this bumper crop of entering workers, and the age distribution is changing in directions favorable to national productivity. For example, the proportion of workers in their late 30s and early 40s—the years of peak productivity, experience, and earnings—will rise during the 1980s.

Looming on the horizon, however, is a possible shortage of workers at the entry-level ages. Beginning sometime late in the 1980s, young workers in their early 20s will command higher wages as their numbers shrink.

Looking still farther ahead, we can foresee a sharp expansion in the ranks of the elderly when, commencing in the year 2012, the baby-boom generation starts turning 65. The over-65 population will increase from 12 percent currently to between 18 and 24 percent by the year 2030. (Florida, with 17 percent of its population presently over 65, illustrates concretely what the nation's age makeup will be like by the third decade of the next century.)

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6 See, for example, Nathan Keyfitz, "The Impending Crisis in American Graduate Schools," The Public Interest, No. 52, 1976, pp. 85-97.

Within this over-65 group, an increasing proportion will be persons in their late 70s and 80s--mostly women, many of whom will be widowed. This disproportionate shift toward the very old ages (which have the highest prevalence of chronic and disabling conditions) will greatly accentuate the health care needs and costs peculiar to old age. Indeed, if the age distribution of 2030 prevailed in today's population, Americans would generate (at current utilization rates) roughly 25 percent more days in hospitals.

CHANGING LOCATIONS OF GROWTH AND DECLINE

The fourth demographic trend is seen in the changing locations of growth and decline, as the population redistributes itself geographically. The resulting shifts among regions, population stasis and decline in large metropolitan areas, and renewed growth in small cities and towns foreshadow new fiscal strains and service-delivery burdens at the local scale.

Population growth and decline have always been troublesome for localities. Decline is not a graceful process: As a community's population shrinks, so does its tax base. As a result, the per capita costs of maintaining existing services may rise faster than the capacity of remaining residents to cover these costs. Also, a community that is losing taxpayers still remains obligated to pay the costs of pensions, debt service, and other uncontrollable expenditures that were incurred in earlier years.

Conversely, rapid growth strains existing facilities, putting pressure on communities to construct new ones and otherwise finance higher service levels. Owing to the wave of fiscal limitation measures in recent years, however, growing communities in some states will be formally restricted in how much they are allowed to increase revenues or expenditures to service their growing populations.

Growth and decline also pose issues of national concern. One major concern is the nation's stock of roughly 87 million habitable dwellings--which, according to Rand estimates, will still house fully three-fourths of the nation's population in the year 2000. Consequently, how well Americans are housed over the next two decades will hinge more on the
manner in which the existing stock of housing units is managed than on how many new units are constructed.\textsuperscript{7} Housing markets operate differently in areas undergoing rapid population growth and those experiencing decline, and distinctly different policies are needed in each. In fast-growing Houston or San Diego, the aim should be to promote the fullest use of the existing inventory, and add to it as demand grows. In declining Buffalo or St. Louis, the aim should be to manage the surplus of housing by encouraging the removal of some excess dwellings in order to restore market equilibrium.\textsuperscript{8}

For the various reasons suggested above, legislators will readily appreciate the importance of distinguishing static or declining regions from growing ones. "Frostbelt" and "sunbelt" are too large and too loosely defined to be meaningful; they can become conceptual and semantic traps, because they mask a surprising amount of diversity. It is more informative to view the nation as a composite of the subregions shown in Fig. 5. As their names suggest, these subregions divide the nation into 26 economically and culturally distinct groupings of counties, irrespective of state boundaries.\textsuperscript{9} These groupings reflect distinct regional resource endowments, economic activities, and forms of human settlement. They reveal more clearly the distinctive contemporary patterns of subregional population change. For example:

- The continuing relocation of industries seeking lower costs for land, labor, energy, and transportation, which attracted workers and other support business to various subregions in the South and Southeast.

\textsuperscript{7} Ira S. Lowry, \textit{Managing the Existing Housing Stock: Prospects and Problems}, The Rand Corporation, P-6731, February 1982.

\textsuperscript{8} For further elaboration, see Lowry, 1982, from which this discussion is drawn.

\textsuperscript{9} Further detailed descriptions of these individual subregions are given in Calvin L. Beale, "Characterization of Types of Nonmetropolitan Areas," in A. H. Hawley and S. M. Mazie (eds.), \textit{Nonmetropolitan America in Transition}, University of North Carolina Press, Chapel Hill, 1981.
Fig. 5—Rate of population change, 1970-80

(U.S. average = +11.4%)

Source: Unpublished tabulations from Calvin L. Beale, U.S. Department of Agriculture
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- The rapid growth of amenity-rich areas (in subregions 6, 20, and 24, for example) as people moved there seeking tourism, recreation, or a better return for their retirement dollar.
- The cessation of growth in parts of the Northeast as people moved to the South and West.

Another facet of change (see Table 1) is the slowing or disappearance of growth in many of the nation's large metropolitan areas and its resurgence in smaller and less-crowded communities, particularly those with under a quarter-million population. These are places like Bismarck, North Dakota; Richland, Washington; Fort Collins, Colorado; Fayetteville, Arkansas; and Nashua, New Hampshire, to cite a few.

In nonmetropolitan areas (Table 2), population growth has sprawled outward beyond metropolitan boundaries, creating widening zones of growth in counties lying adjacent to Standard Metropolitan Statistical Areas (SMSAs). Still farther out, people are concentrating in small, free-standing nonmetropolitan cities and towns that are not adjacent to SMSAs and hence lie beyond commuting distance from them. This growth of small communities foreshadows increased service demand—oftentimes by newcomers who expect urban standards of service. Under the New Federalism, it also means broader local responsibility for meeting those demands.

FUTURE UNCERTAINTIES ABOUT IMMIGRATION

The demographic outlook invariably contains uncertainties. A major one now centers on the potential costs of the immigration reform legislation presently before the Congress.¹⁰ Legislators particularly need to know the potential costs of amnesty and which levels of government are to bear them, but large gaps in our knowledge pose the risk of large cost misestimates. The unknowns include:

Table 1
THE SHIFT TOWARD SMALLER METROPOLITAN AREAS

<table>
<thead>
<tr>
<th>Size of area (millions)</th>
<th>Percent change in population 1960-70</th>
<th>Percent change in population 1970-80</th>
<th>Aggregate 1980 pop. (millions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>3+</td>
<td>11</td>
<td>-1</td>
<td>39.9</td>
</tr>
<tr>
<td>1—3</td>
<td>24</td>
<td>12</td>
<td>50.5</td>
</tr>
<tr>
<td>0.5—1</td>
<td>17</td>
<td>12</td>
<td>28.6</td>
</tr>
<tr>
<td>0.25—0.5</td>
<td>17</td>
<td>17</td>
<td>24.9</td>
</tr>
<tr>
<td>0.1—0.25</td>
<td>16</td>
<td>18</td>
<td>18.5</td>
</tr>
<tr>
<td>Under 0.1</td>
<td>15</td>
<td>20</td>
<td>3.6</td>
</tr>
<tr>
<td>United States</td>
<td>13</td>
<td>11</td>
<td>226.5</td>
</tr>
</tbody>
</table>


Table 2
THE ACCELERATION OF POPULATION GROWTH IN NONMETROPOLITAN AREAS

<table>
<thead>
<tr>
<th>Size of largest settlement</th>
<th>Percent change in population 1960-70</th>
<th>Percent change in population 1970-80</th>
<th>Aggregate 1980 pop. (millions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>COUNTRIES ADJACENT TO SMSAs</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>25,000+</td>
<td>9</td>
<td>15</td>
<td>4.1</td>
</tr>
<tr>
<td>10-25 thou.</td>
<td>5</td>
<td>14</td>
<td>7.1</td>
</tr>
<tr>
<td>Under 10 thou.</td>
<td>-3</td>
<td>14</td>
<td>14.8</td>
</tr>
<tr>
<td>COUNTRIES NOT ADJACENT TO SMSAs</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>25,000+</td>
<td>11</td>
<td>12</td>
<td>5.6</td>
</tr>
<tr>
<td>10-25 thou.</td>
<td>9</td>
<td>18</td>
<td>12.5</td>
</tr>
<tr>
<td>Under 10 thou.</td>
<td>3</td>
<td>17</td>
<td>16.4</td>
</tr>
<tr>
<td>United States</td>
<td>13</td>
<td>11</td>
<td>226.5</td>
</tr>
</tbody>
</table>

• How many illegal aliens are there, and where do they live?\textsuperscript{11}
• Under an amnesty, how many would qualify to legalize their status, and of those qualified how many would do so?
• How many spouses and children of these newly legalized immigrants would eventually become eligible to enter the U.S.?
• How do currently illegal immigrants use public services, and how would an amnesty affect that service usage?

The long-run costs nationally of immigration reform can only be guessed. If the past is any guide to the future, though, immigrants and refugees will continue to congregate heavily in particular locations in this country. Those several states and few dozen cities where the majority of illegal immigrants now reside therefore would bear the brunt of an amnesty's immediate costs.

SUMMARY OF POLICY IMPLICATIONS

The following paragraphs summarize and enlarge upon the major policy implications of these demographic changes.

Employment

• The growing proportion of working women will intensify the drive to correct remaining inequities in the workplace. Women and their supporters will press for women’s access to better-paid jobs and the requisite training for such jobs, comparable pay for comparable worth, career advancement opportunities, flexible work schedules and day care, equalization of employee benefits, and the like.
• The recent surplus of young workers will dissipate over the

\textsuperscript{11} Responsible estimates for 1978 have ranged from 3.5 to 6 million nationally. The number as of 1980 has been placed at a minimum of 2.05 million, but that establishes only a lower boundary. See Jeffrey S. Passel and Robert Warren, "Estimates of Illegal Aliens from Mexico Counted in the 1980 United States Census," revised version of paper presented at the 1983 Population Association of America meetings, Pittsburgh, Pennsylvania.
next several years and may give way to a shortage sometime after the late 1980s.

- There will be continuing mismatches between regions with unfilled jobs and regions with surplus labor.

**Health Care**

- Rapid growth of the elderly population in future decades will intensify health care needs, particularly those that accompany the chronic and disabling conditions of old age.
- Counties with declining central cities will bear the increasing financial brunt of meeting the health care needs of the disadvantaged persons who accumulate within their boundaries. Such counties will continue to witness confrontations between large public hospitals that are forced to close their doors and hostile inner-city residents for whom they are the sole source of care.
- In areas with heavy concentrations of illegal immigrants, public health risks will increase as immigrants' unmet health care needs continue to mount.

**Education**

- Nationally, enrollment levels will continue to fluctuate as the elementary, high school, and college-age populations change in size. At the local scale, however, the effects will depend on whether a locality attracts young families or loses them to other areas.
- Declining higher educational enrollments will continue to disrupt educational planning and pose difficult choices about which higher education programs or facilities to close down.
- Labor markets for schoolteachers and professors will be out of equilibrium. Certain fields will be plagued by shortages: mathematics and science and, perhaps, foreign languages at the secondary level; computer science and engineering at the university level.
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- In areas with heavy concentrations of refugees and immigrants, public schools will continue to be burdened with problems associated with language and cultural assimilation (rendered more difficult by cutbacks in federal support for bilingual and multicultural education).

Welfare and Social Services

- The increasing numbers of children who live in one-parent families (a circumstance likely to touch the lives of nearly half of today's young children) will intensify a variety of concerns: unmet obligations for child support by absent fathers, and unmet childcare needs and other social services for women who are the family's sole breadwinner and parent.
- The growth of the elderly population will increase requirements for supportive services--homemaker assistance and visiting nurses, for example--to help those who are living alone in declining health and on low incomes.

Housing

- Nationally, housing demand will rise as the population continues to group itself into more households, each containing fewer people. That demand could be satisfied by smaller dwellings than in the past.
- Housing markets will vary widely, however, as inventories of surplus housing build up in declining regions and in central cities.
- Managing the nation's existing housing inventory (which will largely determine how well people are housed for the rest of this century) will call for separate kinds of policies in declining and growing areas.
Perpetual change is a fact of life, of course, but recent demographic change has been extraordinary, assuming new forms and veering off in startling directions. The fertility rate drops to an historic low—but the out-of-wedlock birthrate rises; life expectancy edges upward faster than was predicted; as mothers fill jobs outside the home, fewer nonemployed adults remain at home to care for young children; young people postpone or shun marriage; more people live alone.

Legislators need foresight on these changes. Demographers (in the Bureau of the Census, universities, and research organizations) continually monitor demographic change and stand ready to provide legislators with timely data on, and interpretations of, current and projected trends. I hope this brief overview has afforded some new insights into how future population shifts impinge on your areas of legislative responsibility, and a clearer sense of the importance they will eventually take on.