

The Conference Board Policy Watch

Growing the American Workforce

February 27, 2020



Some of the critical questions and issues we will be answering today

- How will demographic change affect the nation's economic outlook?
- How can we strengthen and expand the US workforce in the face of these challenges?
 - ✓ What is the role of employers in addressing these issues?
 - ✓ What are CED's public policy recommendations for tackling our demographic challenge?



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Today's Presenters



Paul Decker
President and Chief
Executive Officer
Mathematica



Howard Fluhr
Chairman Emeritus
Segal

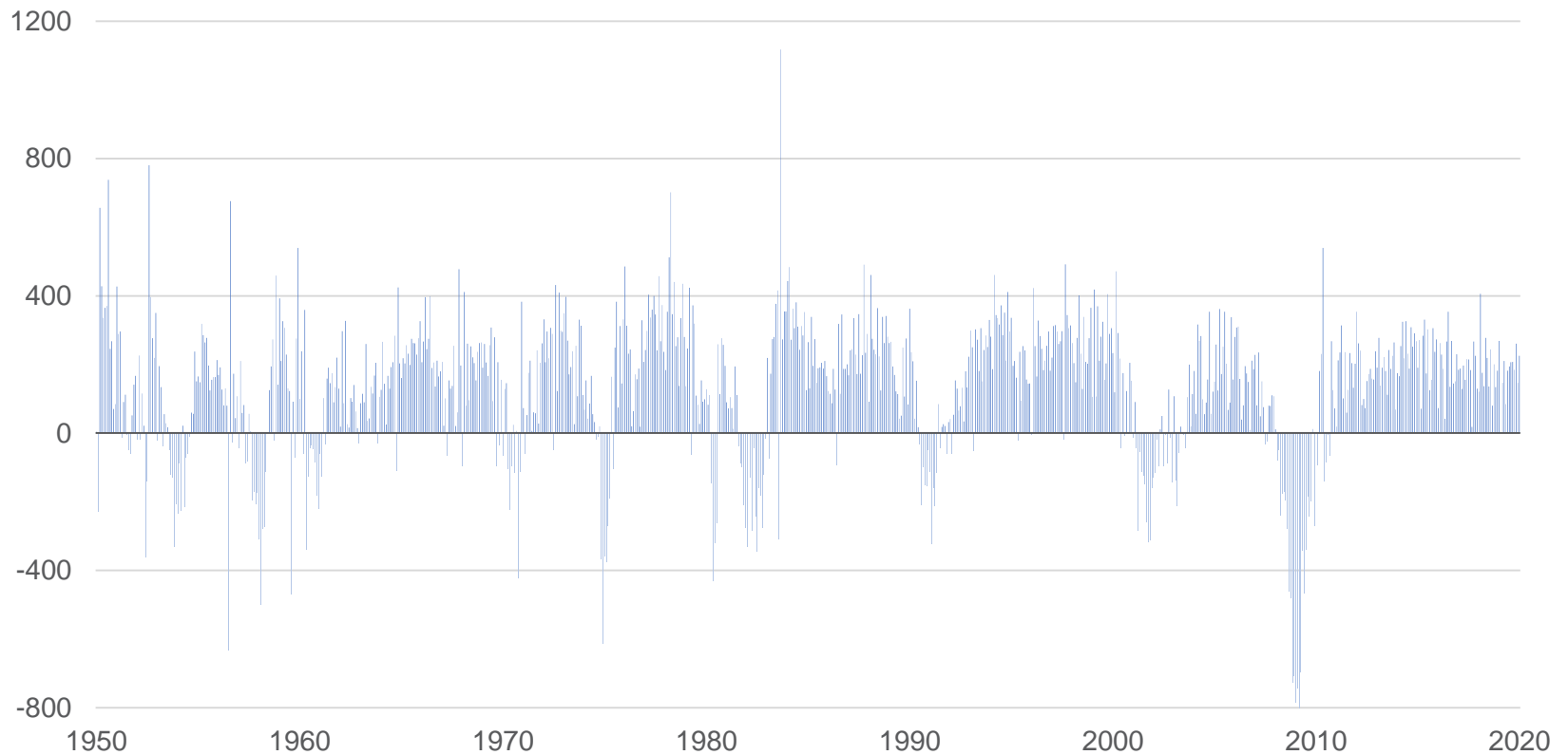


Devin O'Connor
(Moderator)
Deputy Director, Economic
Research
*Committee for Economic
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Conference Board*



US experiencing the longest uninterrupted streak of monthly job gains since WWII (112 months and counting)

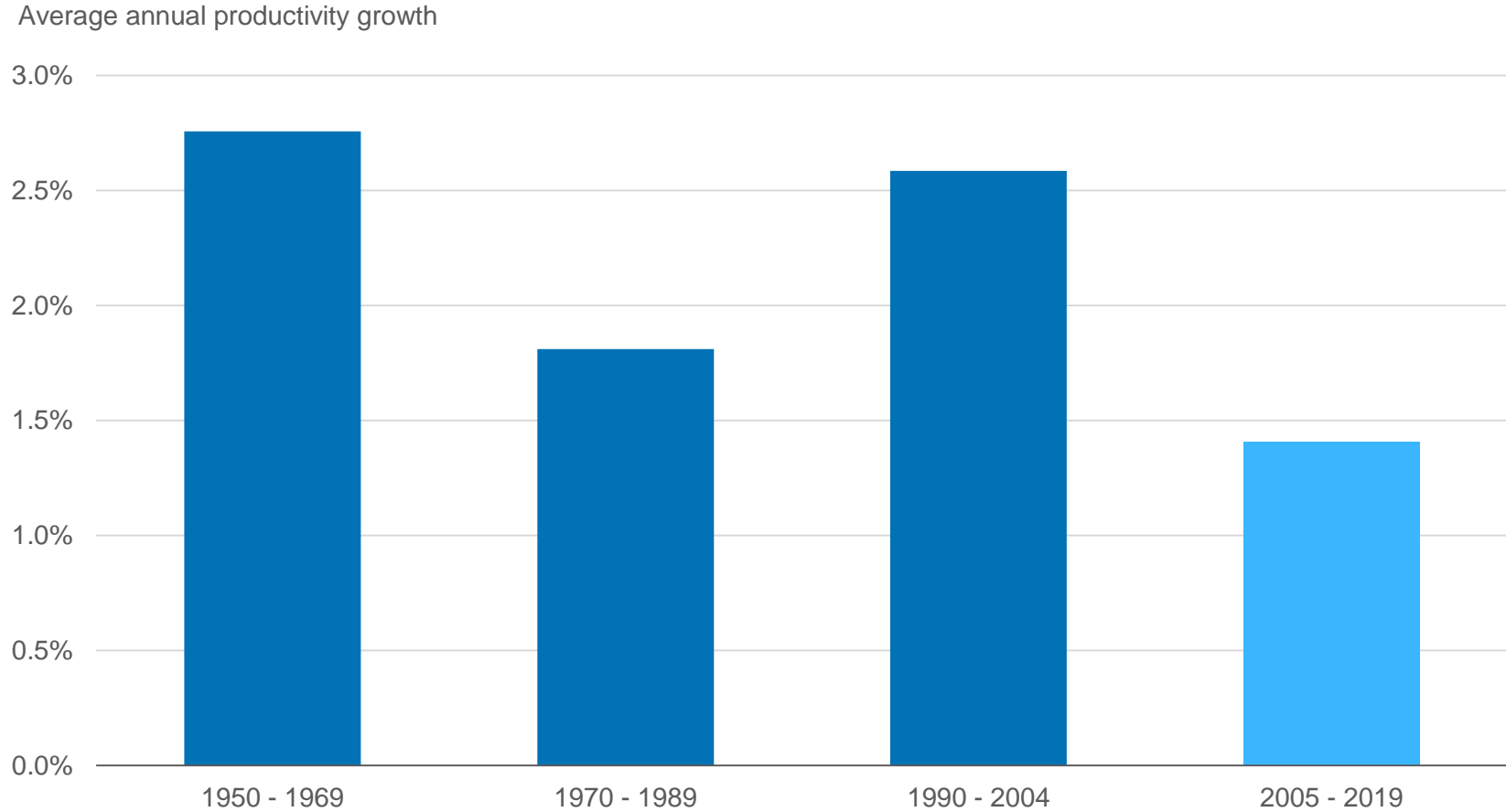
Net monthly job gains/loss, in thousands



Source: US Bureau of Labor Statistics



Productivity growth has slowed in recent years

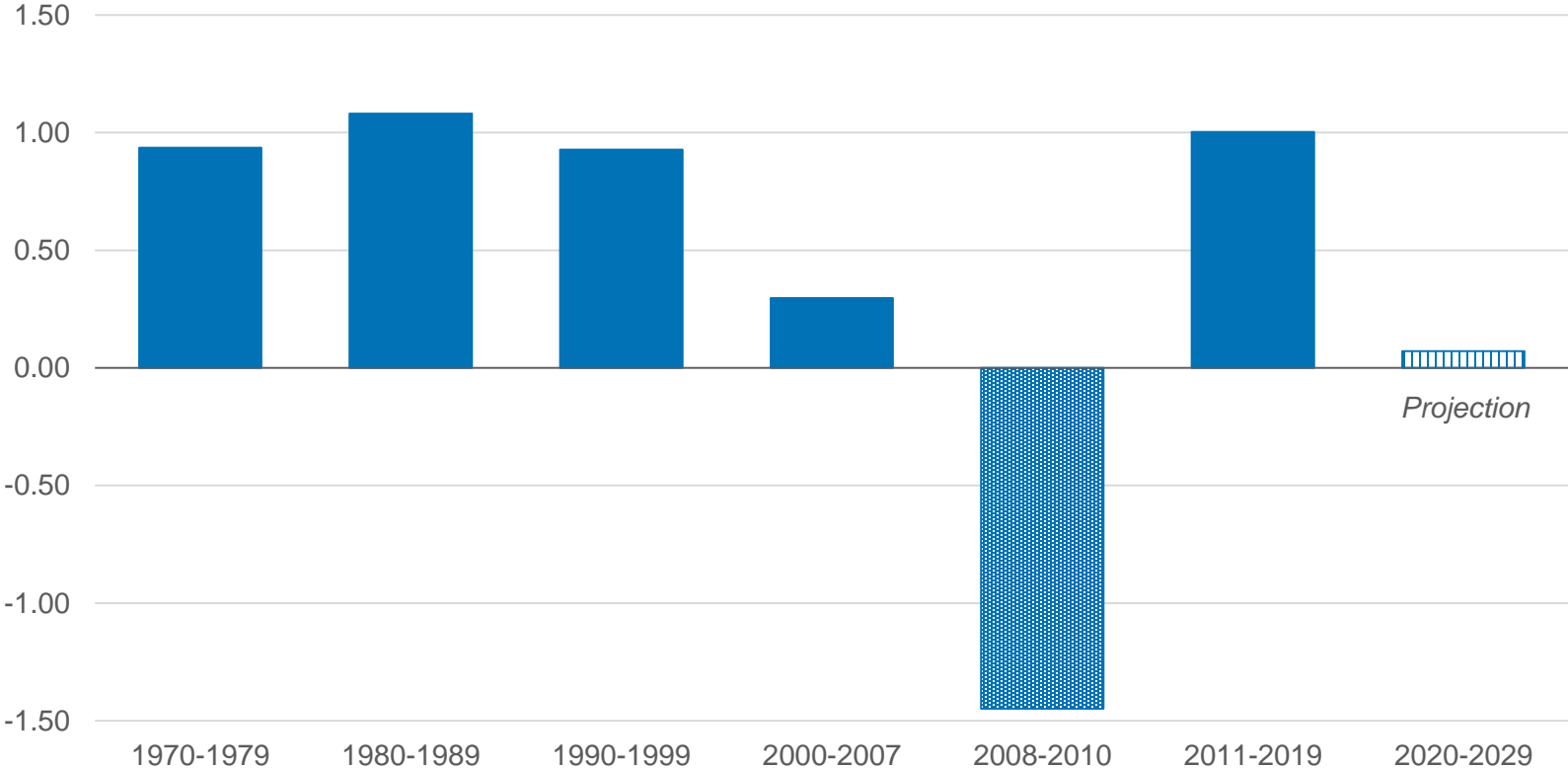


Source: US Bureau of Labor Statistics



Labor force growth expected to play smaller role in future economic growth

Contribution of labor quantity to average annual GDP growth



Source: The Conference Board Global Economic Outlook



The Aging Workforce: Tackling the Challenge



2020 SOLUTIONS BRIEF

CED
THE PUBLIC POLICY CENTER OF
THE CONFERENCE BOARD

SUSTAINING CAPITALISM

A series focused on nonpartisan, reasoned solutions in the nation's interest to the central challenges we face in order to provide prosperity for all Americans.

The Aging Workforce: Tackling the Challenge

America's longest economic expansion on record—and one of its tightest labor markets in recent decades—has resulted in widespread benefits for American workers and the United States' lowest unemployment rate in 50 years.¹ But tightening labor markets are shining a spotlight on demographic challenges that could threaten continued growth and shared prosperity in the future.

Going into 2020, US CEOs cited the attraction and retention of talent as the number one internal risk they face in the "C-Suite Challenge" 2020, a survey of risks and opportunities released by The Conference Board in January.² This challenge, intensified by tight labor markets, is set against a backdrop of a significant demographic transition—as the US continues towards what some have described as an "inescapable" greying of America.³ Retaining existing workers and drawing more potential workers into the labor force—including through better supporting or developing existing talent—is a concern not just for individual businesses but for the nation as a whole.

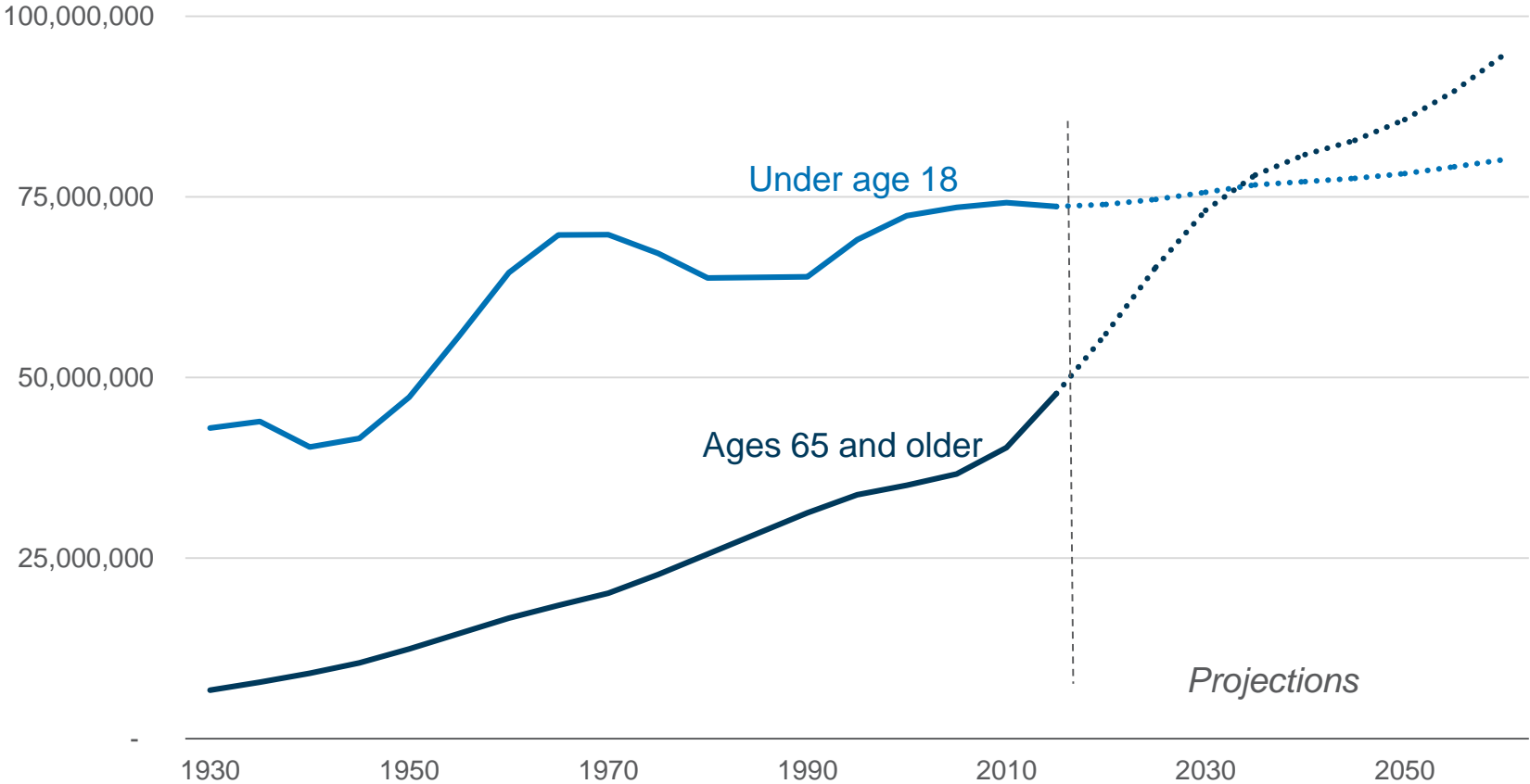
The demographic transition itself, and its implications for the US labor force, is no surprise. It has been projected by government and policy analysts for decades. But even if these changes are not surprising, policymakers and business leaders have erred in not seeking ways to more aggressively ameliorate the challenges of an aging and very slow growing population, which could be a significant barrier to future economic expansion.

Business leaders and policymakers must make expanding the overall US labor force a top-tier public policy issue. This report is a step in that direction. It highlights reasoned solutions aimed at urgently addressing these challenges by: 1) helping Americans who would like to work more to do so; and 2) drawing upon available talent abroad to deliver more widely shared prosperity for families, a deeper and more highly skilled pool of talent for American businesses, and economic growth and fiscal stability for all.

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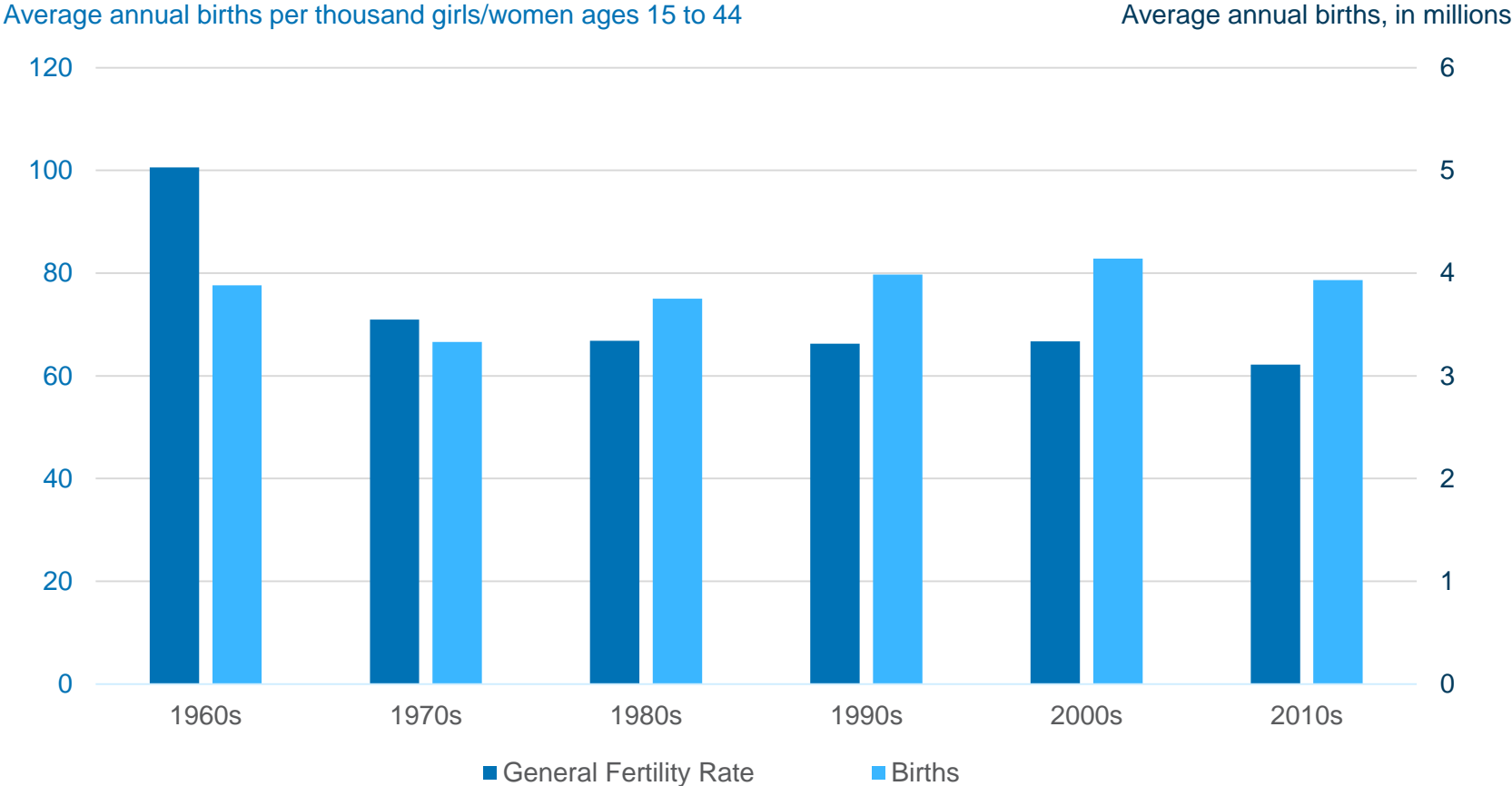
By 2035, Americans ages 65 and over are expected to outnumber those under age 18



Source: US Census Bureau



Declines in US fertility rates slow workforce growth

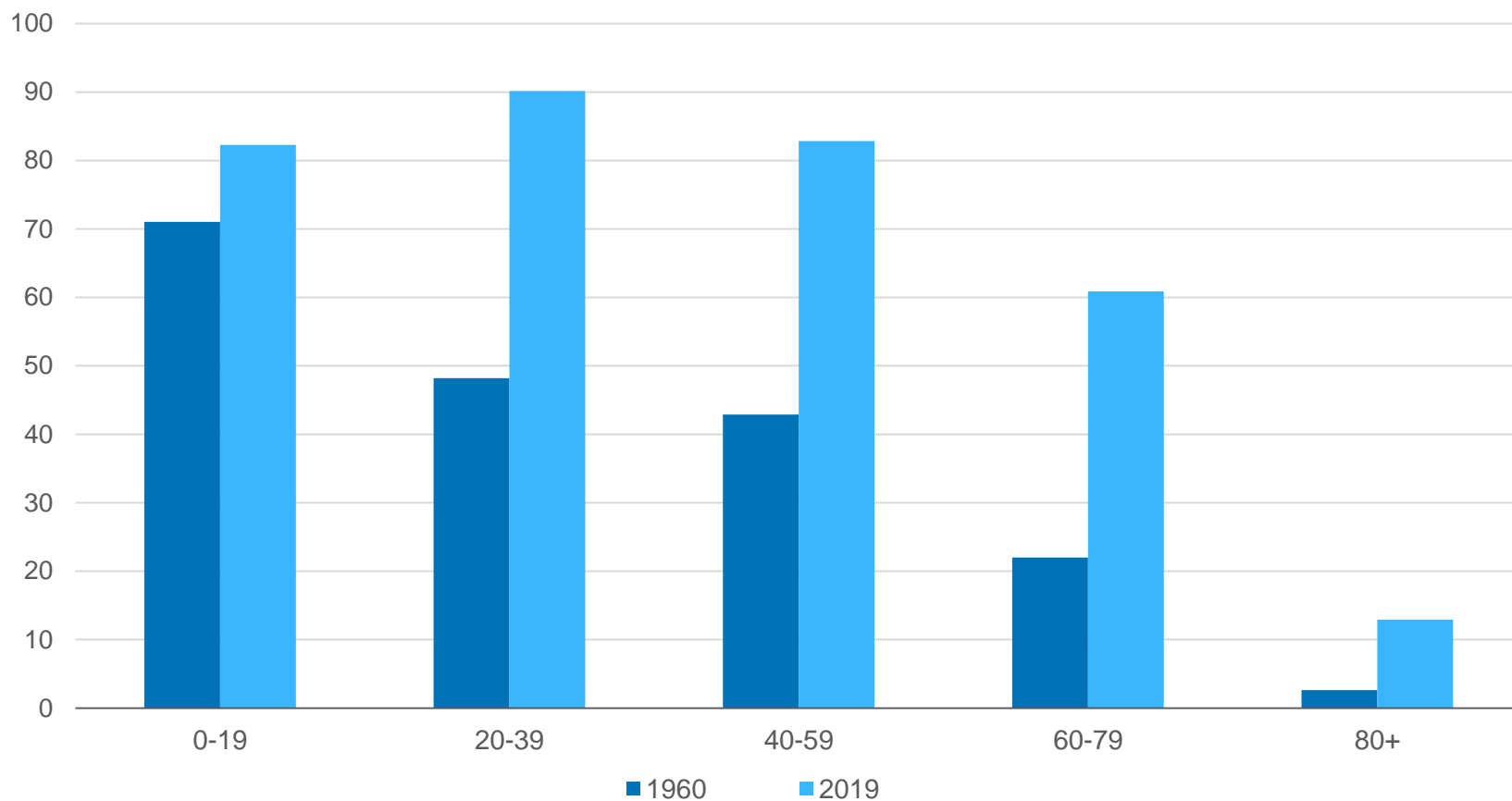


Source: NCHS - Births and General Fertility Rates (CDC)



The age-structure of the US population has shifted older

American population, by age group, in millions

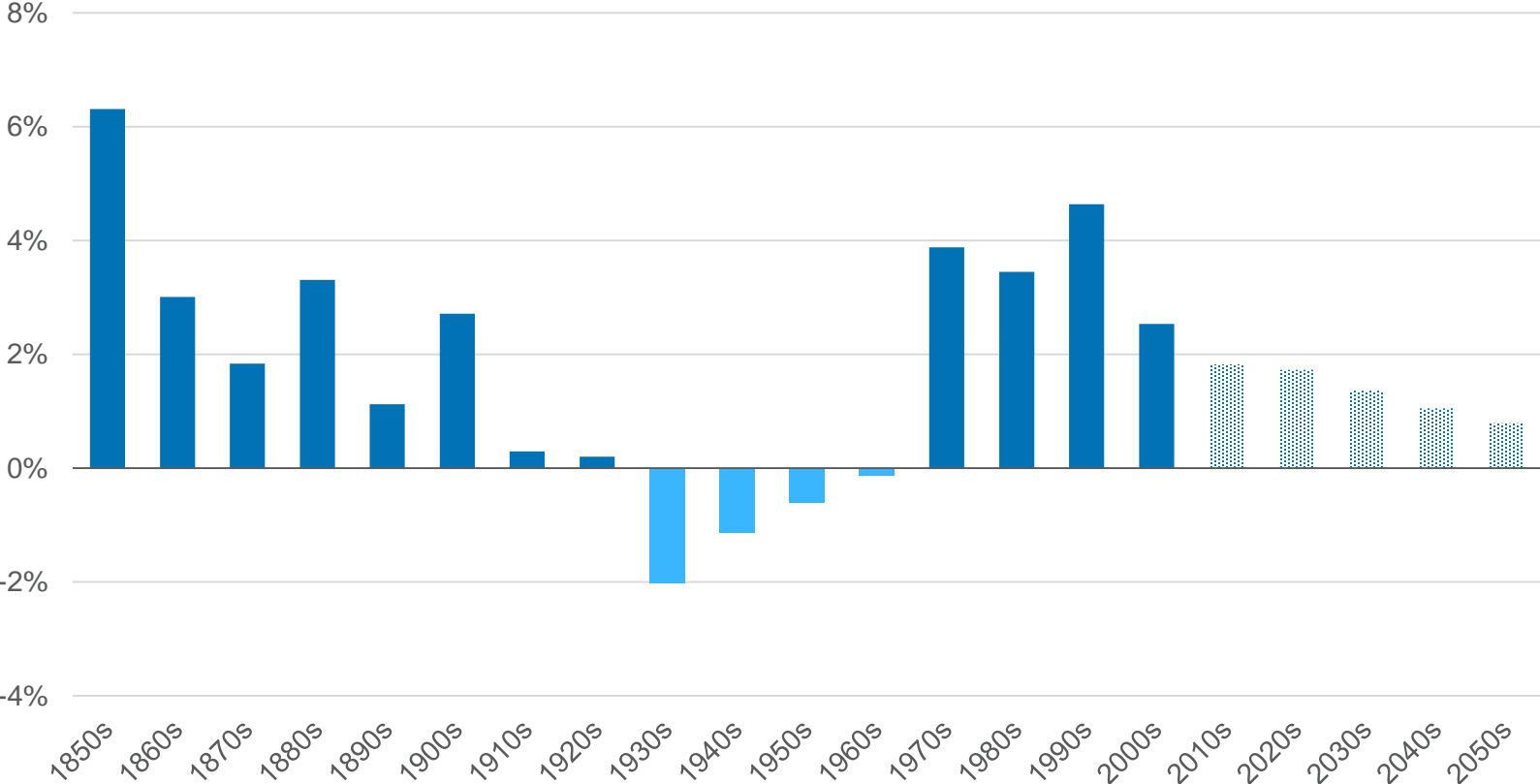


Source: United Nations, Department of Economic and Social Affairs, Population Division (2019)



Growth in the size of the foreign-born population is expected to continue slowing

Average annual change in net foreign-born population, by decade

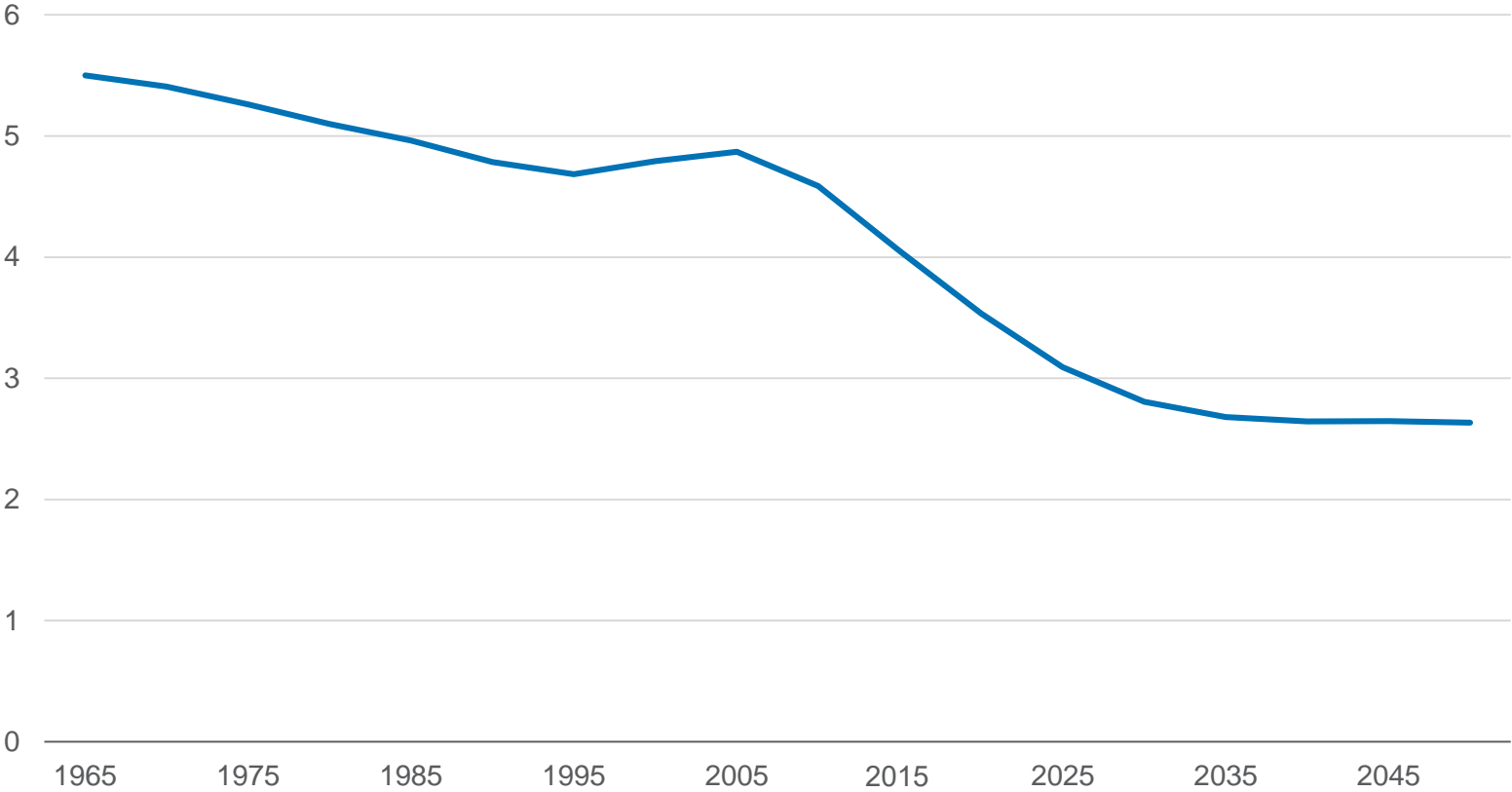


Source: Migration Policy Institute and US Census Bureau 2014 National Projections



Fiscal burden on working age population is increasing

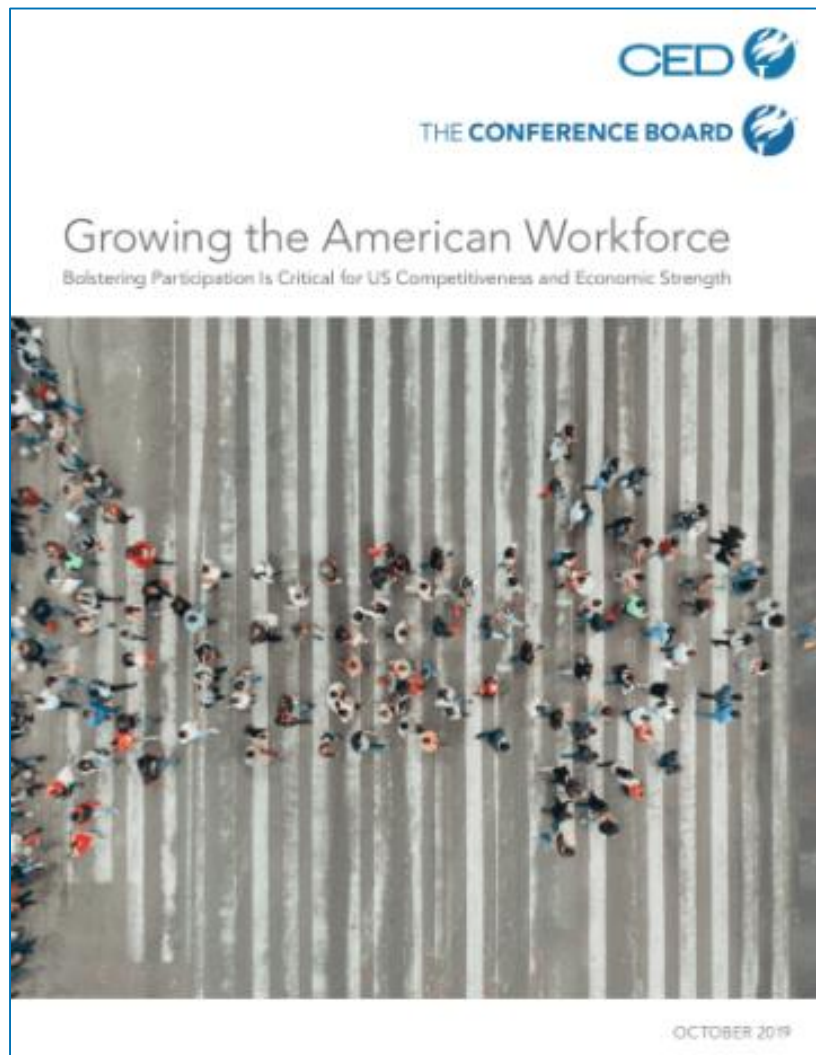
Number of Americans ages 20 to 64 years old for each American 65 years old and over



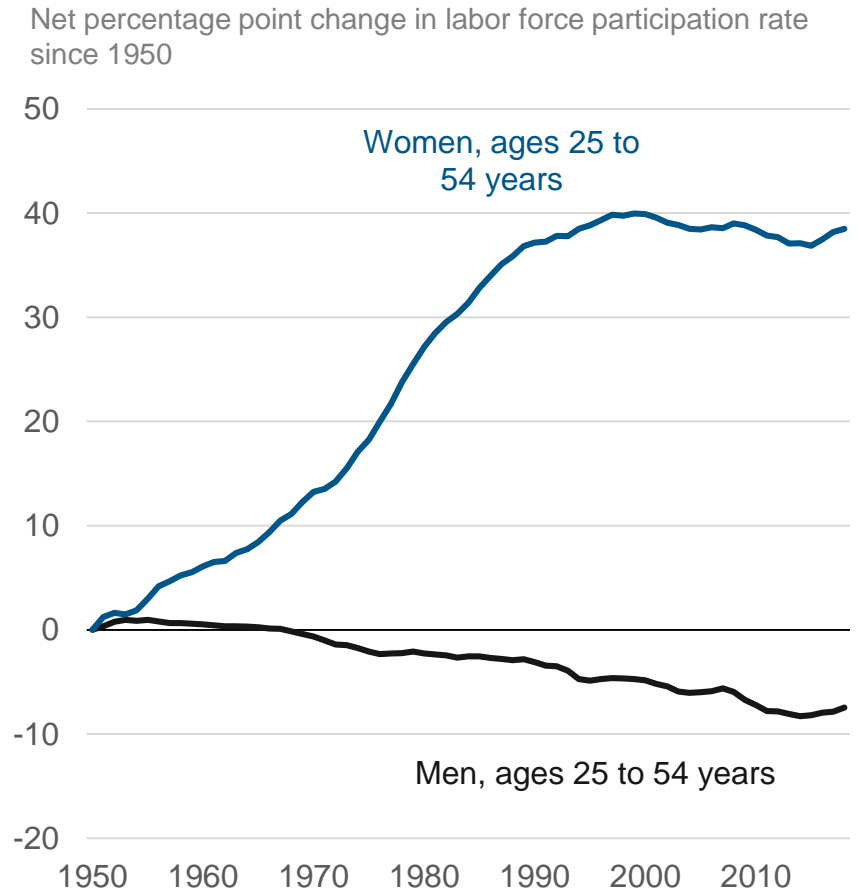
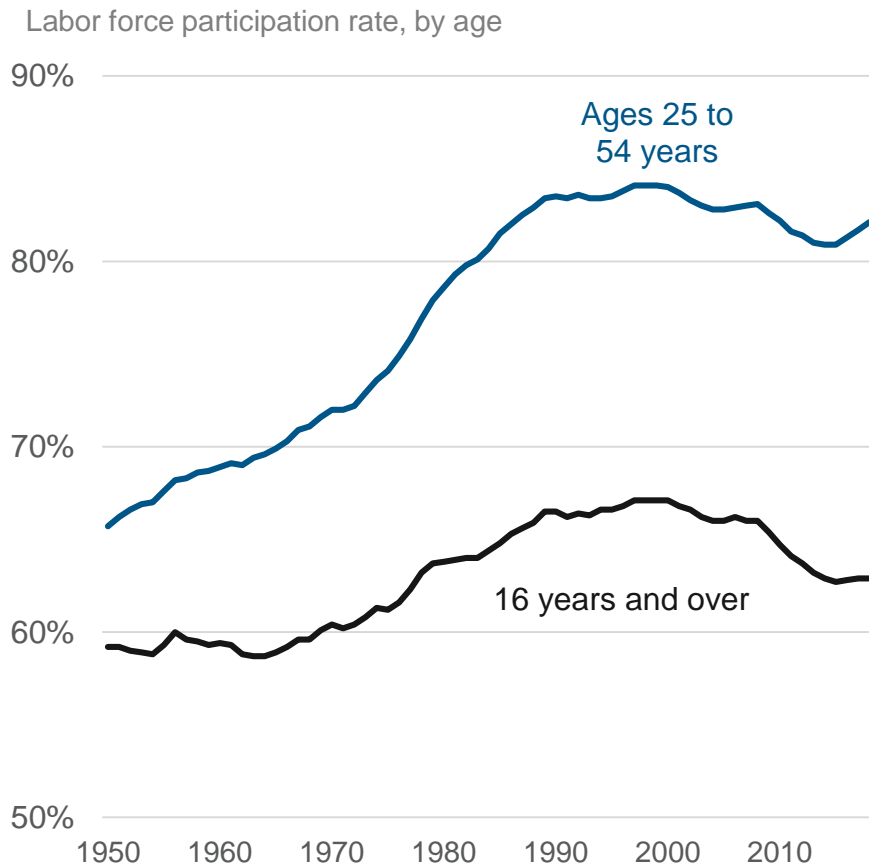
Source: Social Security Administration, Office of the Chief Actuary, 2019



Growing the American Workforce: Bolstering Participation is Critical for US Competitiveness and Economic Strength



The share of Americans working or looking for work has declined since 2000



Source: Bureau of Labor Statistics



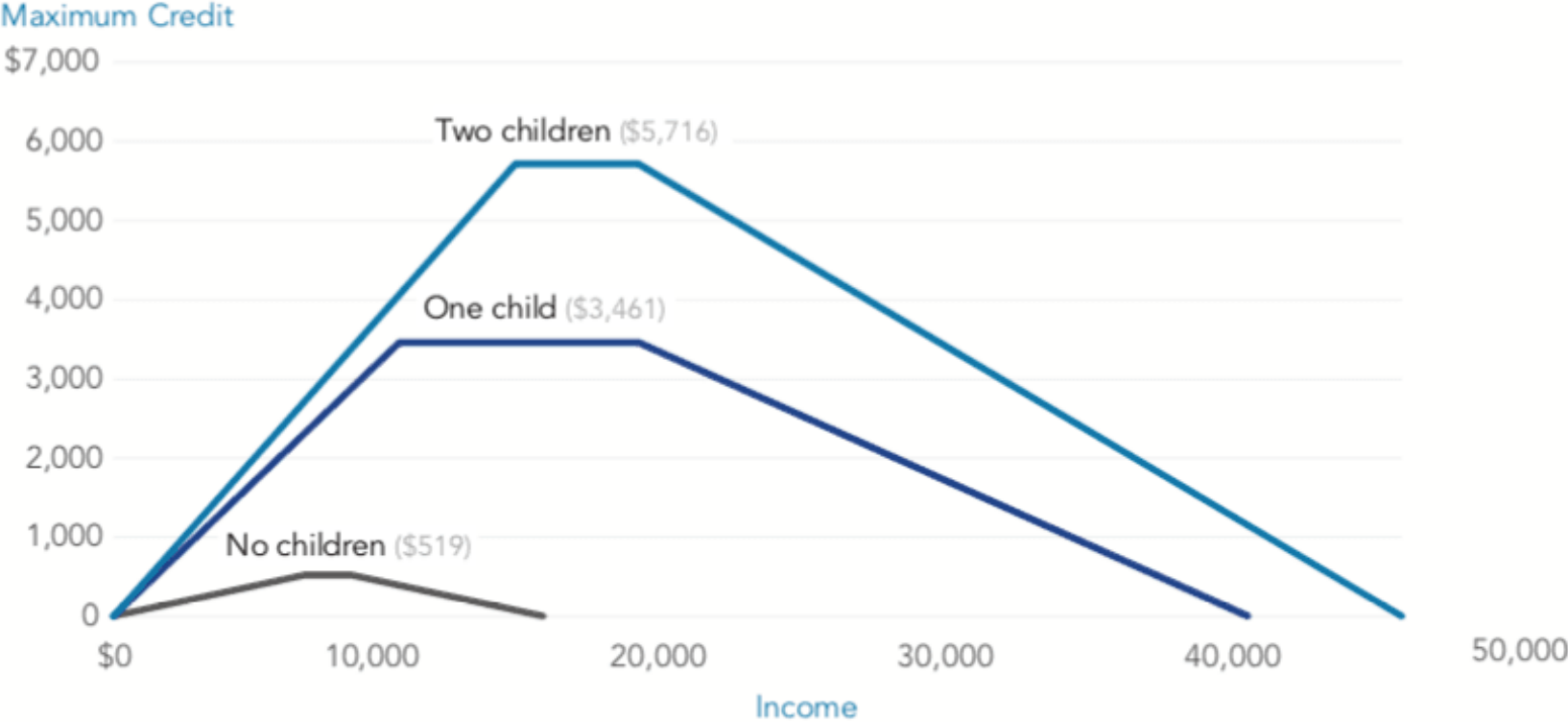
Four ways business leaders and policy makers can improve labor force participation

1. Strengthen the Earned Income Tax Credit (EITC) for adults without qualifying children
2. Lessen barriers to participation through improved employee-employer matching and increased mobility
3. Help parents remain connected to the workforce and meet family responsibilities
4. Support older workers who wish to remain working



EITC benefits are heavily tilted to households with children

Earned Income Tax Credit maximum benefits for a single/head of household adult

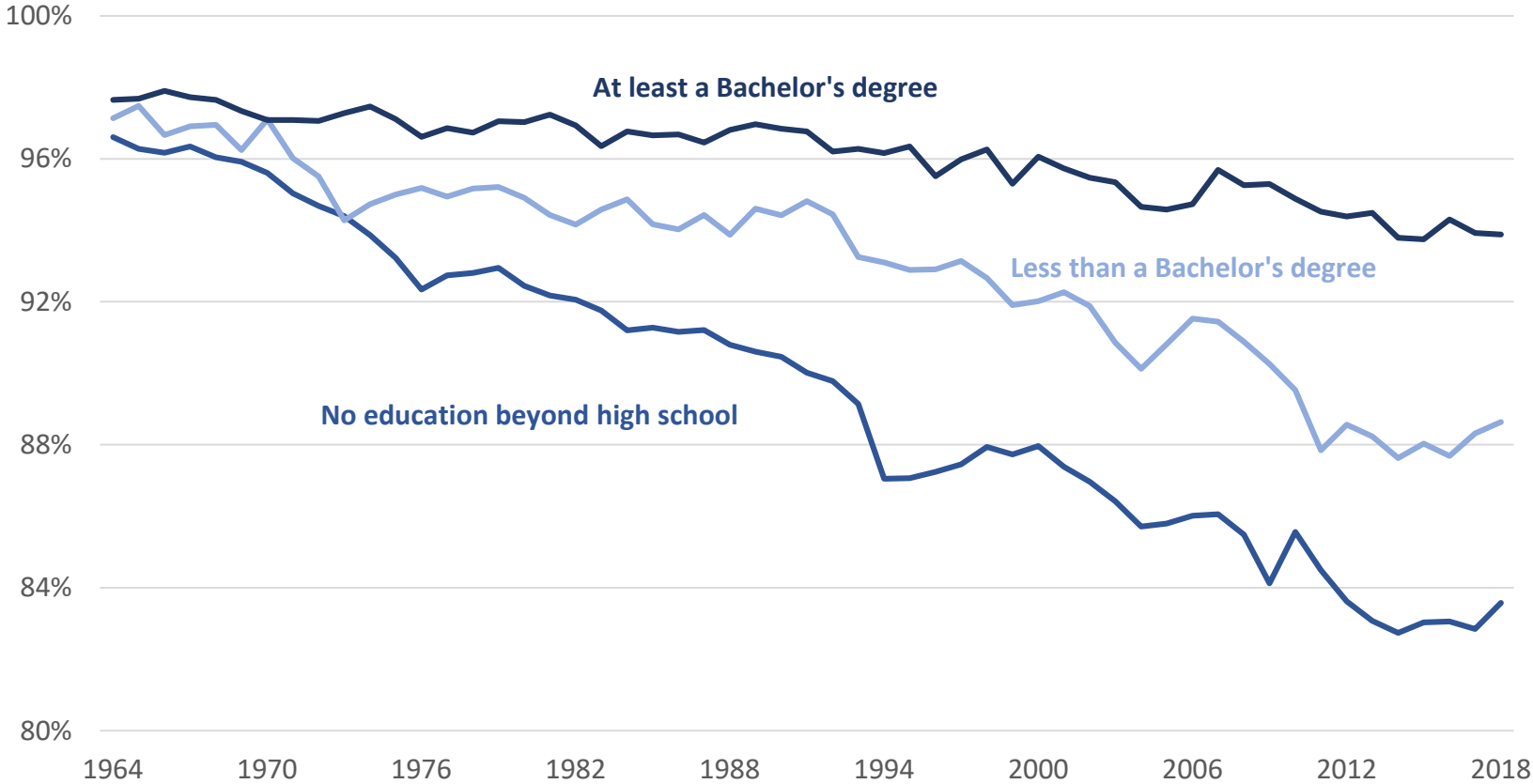


Source: Internal Revenue Service



Education has become a much stronger predictor of whether men are working or looking for work

Labor force participation rate of men, ages 25-54, by educational attainment

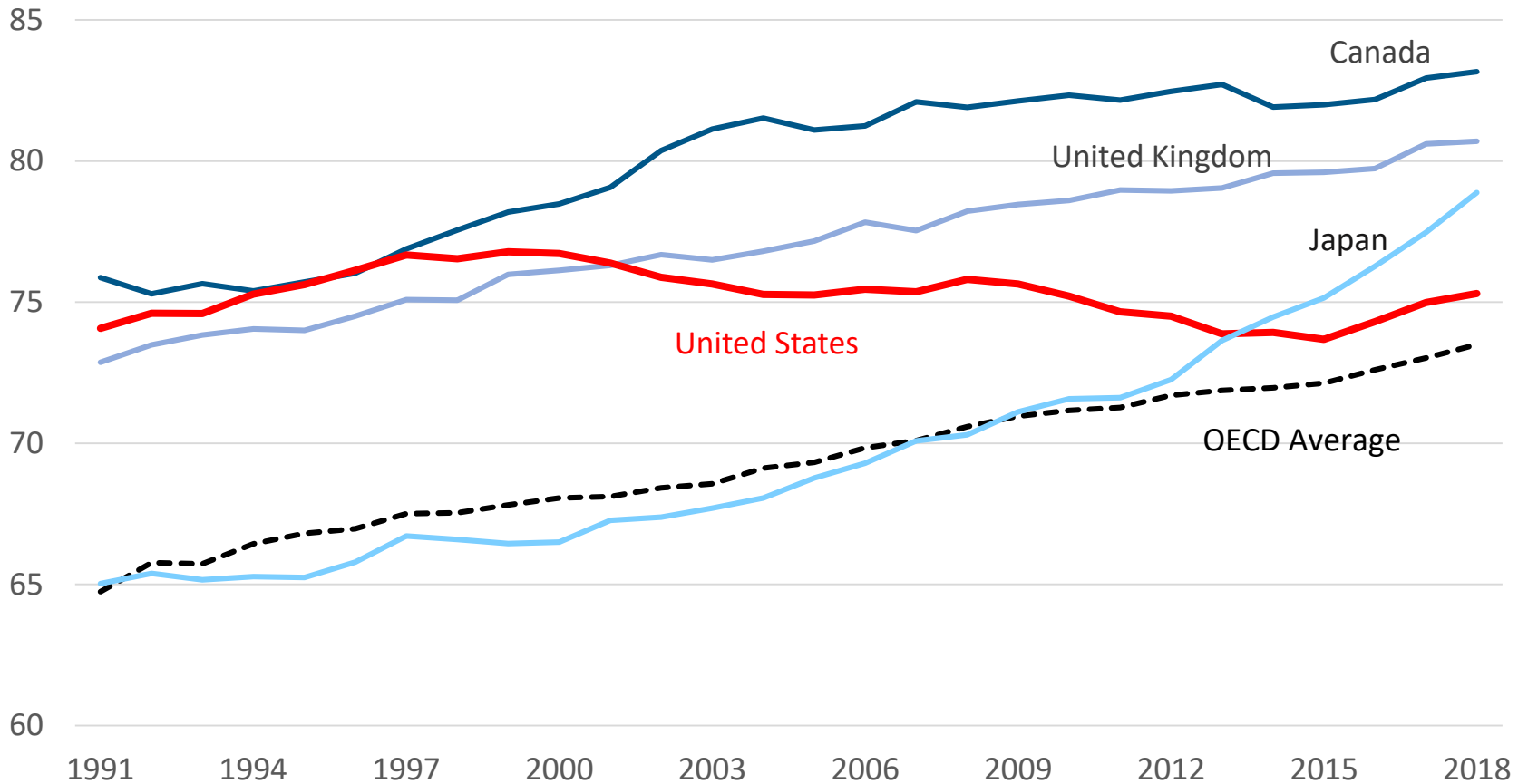


Source: IPUMS-CPS, University of Minnesota



American women have not kept pace with international peers

Labor force participation rates of women, ages 25-54, by country

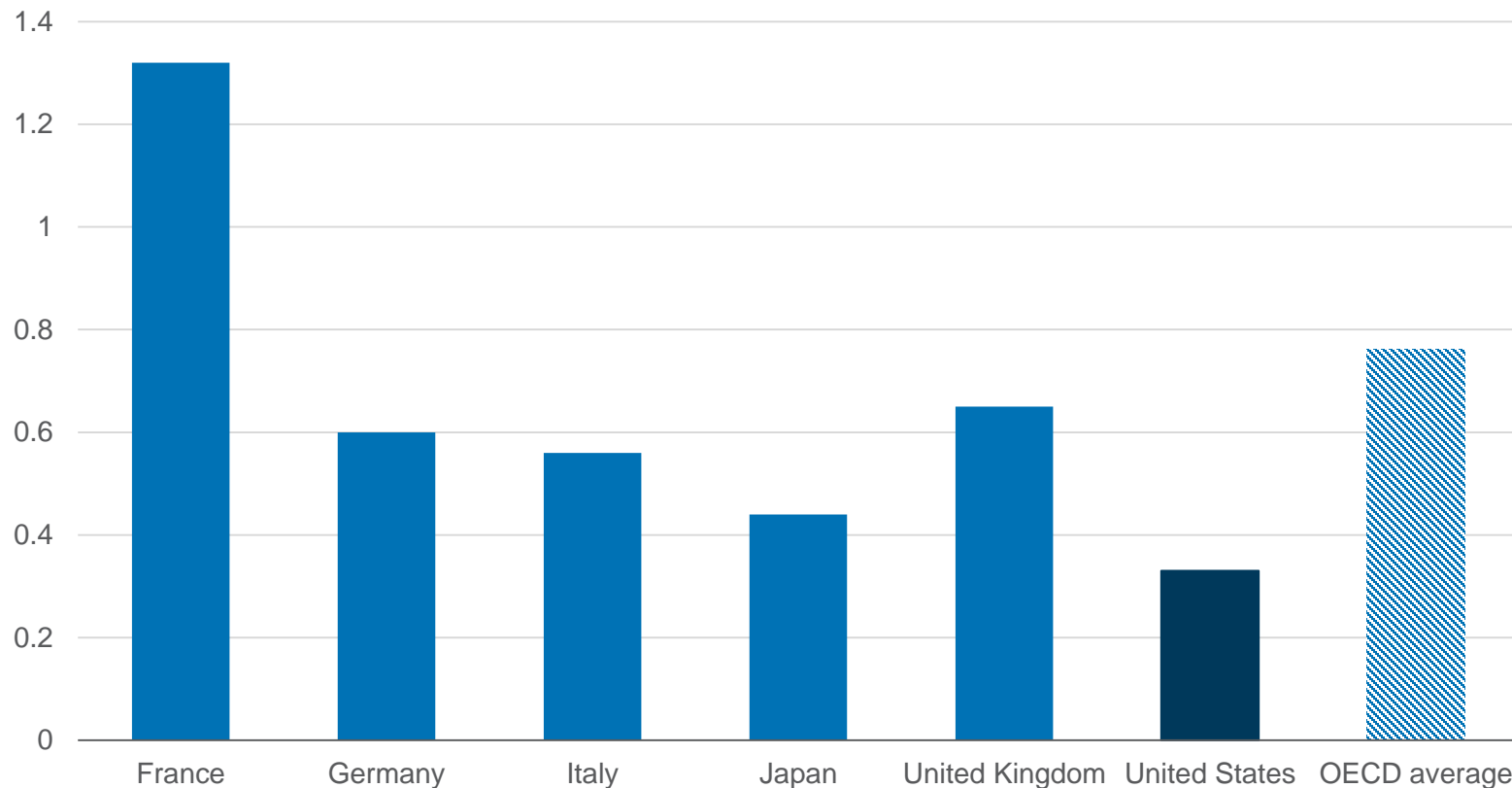


Source: OECD.stat



The US spends less on early childhood education and care than most advanced economies

Public spending on childcare and early education, as a share of GDP, 2015

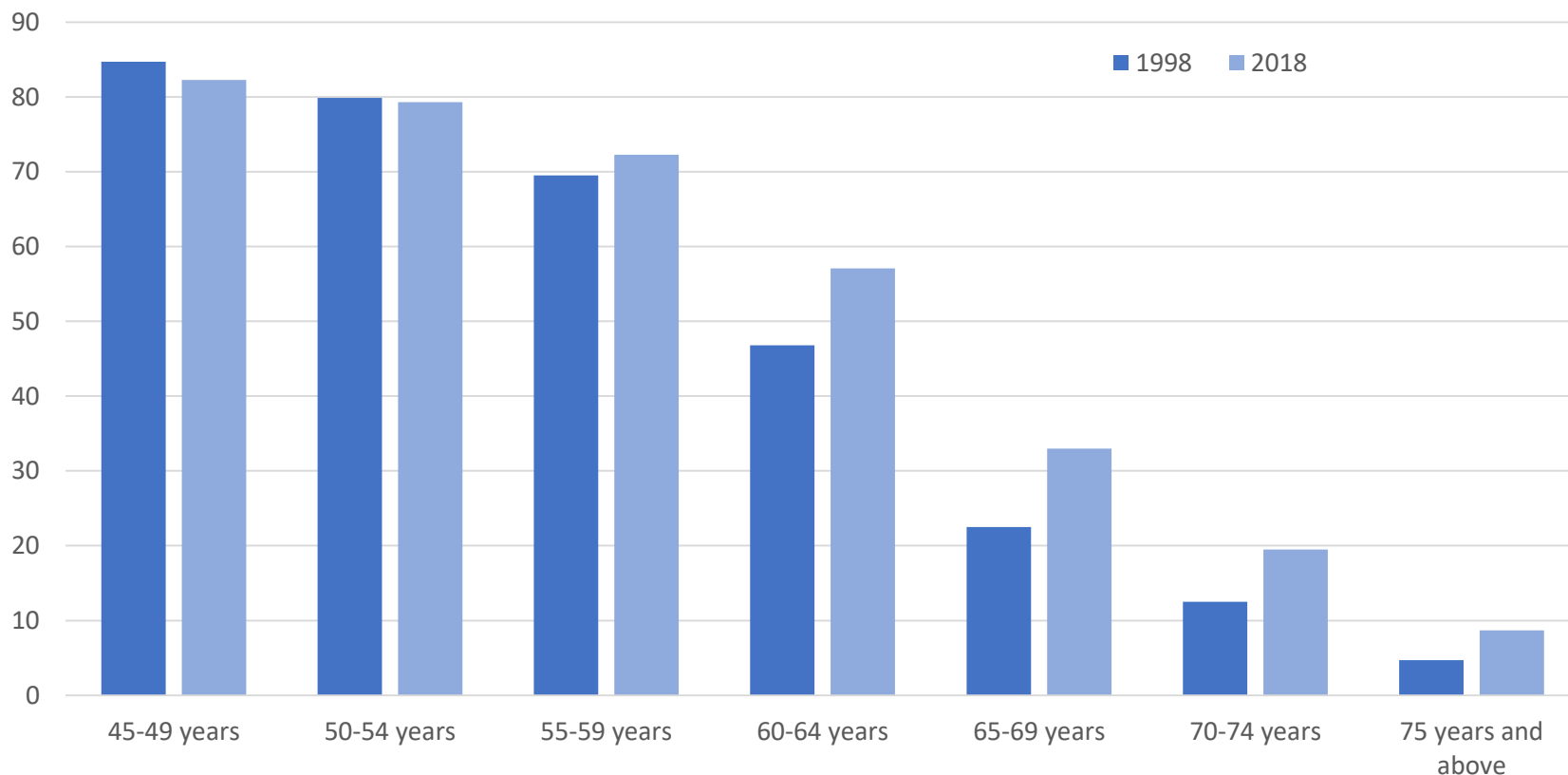


Source: OECD Family Database.



Americans are more likely to work at older ages than in the past, but population aging is still reducing participation

Labor force participation rates of workers by age, 1998 vs 2018



Source: Bureau of Labor Statistics

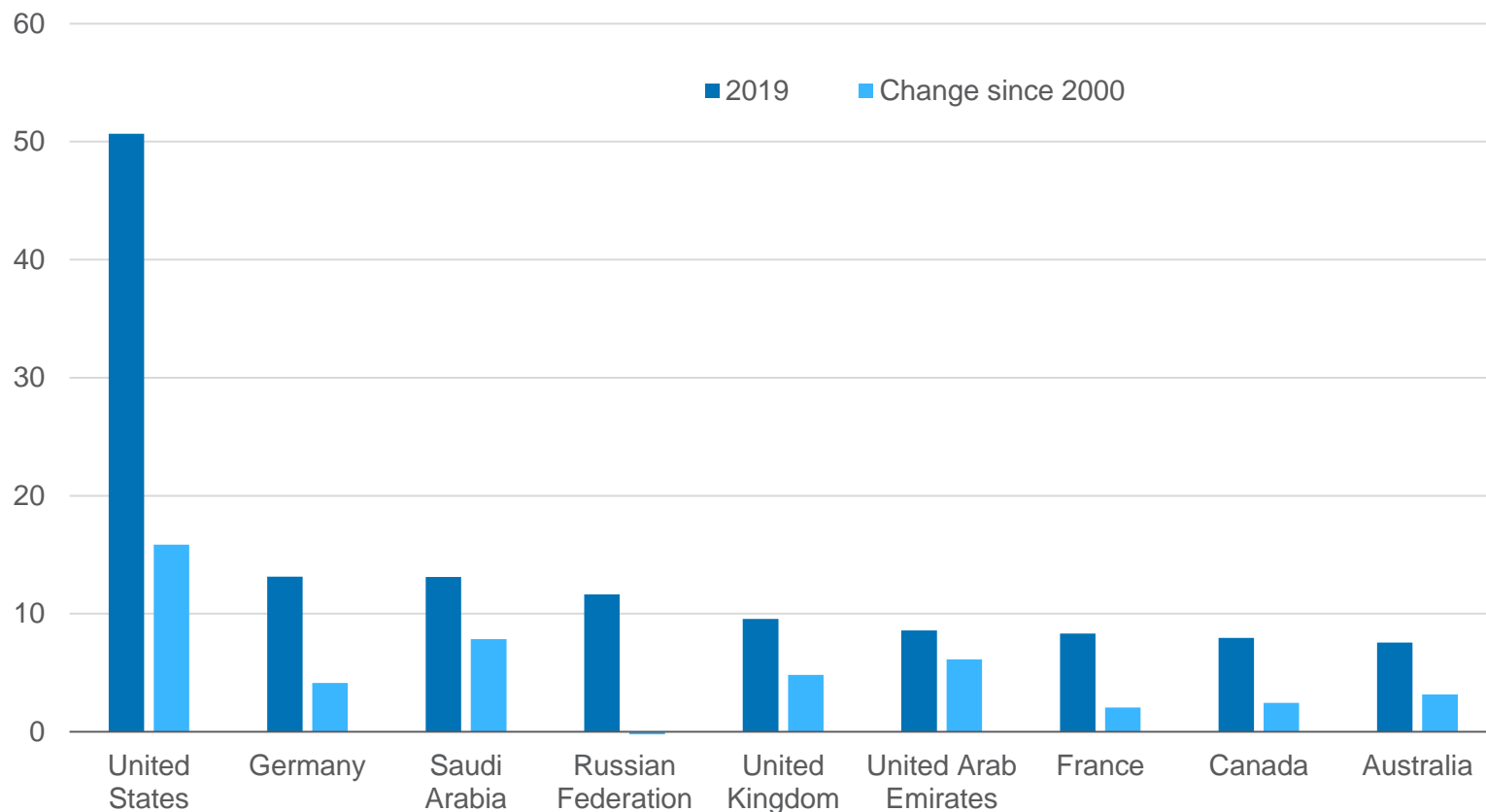


Boosting Immigration: Harnessing global talent to increase US competitiveness, innovation, and prosperity



The US hosts more foreign-born residents than other nations do

International migrant stock, 2019 midpoint estimate, in millions

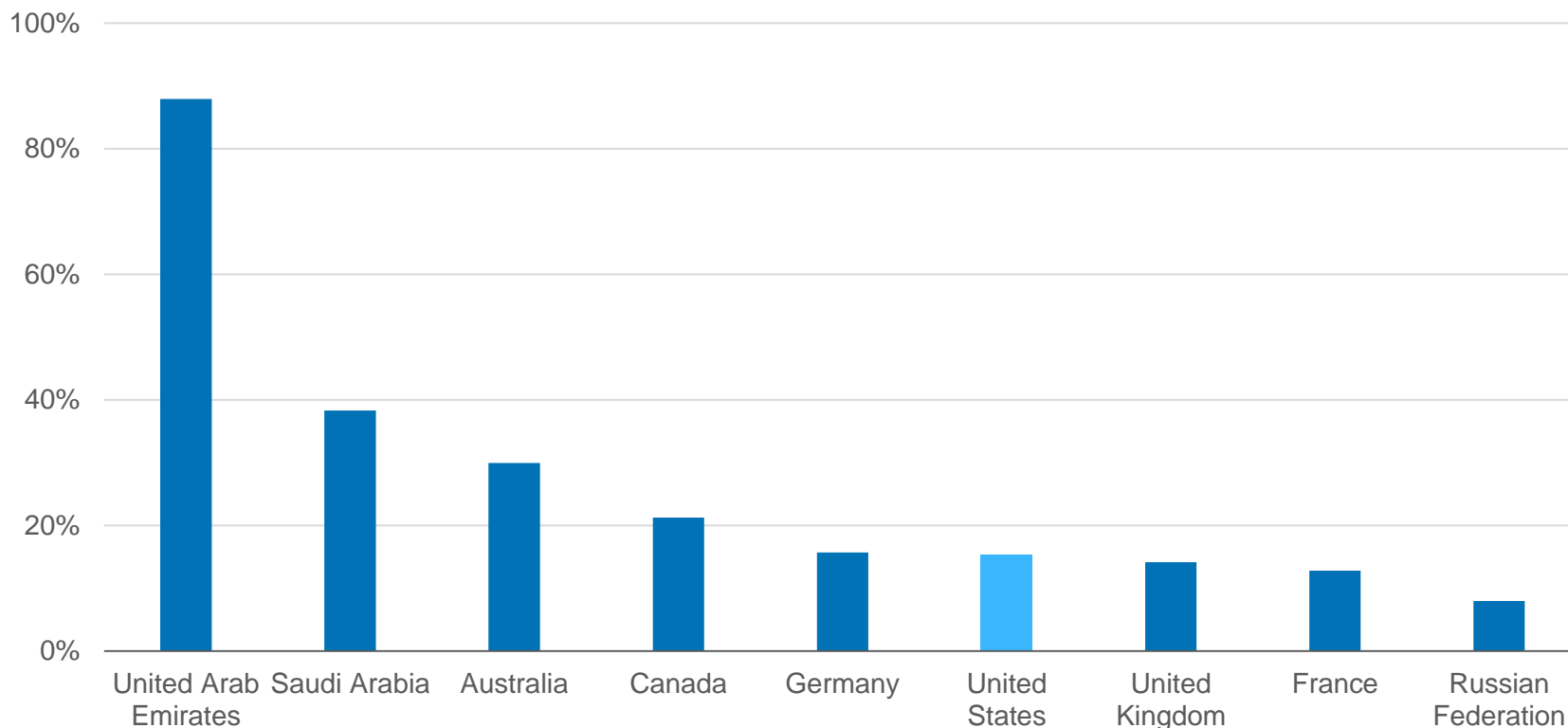


Source: United Nations, Department of Economics and Social Affairs, Population Division



Adjusted for population size, the US share of foreign-born residents is similar to Germany and the UK

Share of population that is foreign born, 2019 midpoint estimate



Source: United Nations, Department of Economics and Social Affairs, Population Division



Four ways to modernize immigration policies to achieve long-run economic goals

1. Increase economically motivated offers of permanent residence
2. Experiment with new economically motivated pathways to permanent residence including a “fast-track” entry program for top international recruits or “place-based” employment visas
3. Reform the H-1B visa application and approval process for in-demand, highly educated immigrants
4. Improve the H-1B visa pathway to permanent residence





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