

LONG-TERM DYNAMICS OF THE EMPLOYMENT-TO-POPULATION RATIO: PANEL DISCUSSION

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NBER Summer Institute
SI 2023 Economics of Social Security
Cambridge, MA
July 26, 2023



Outline of Remarks

- Reasons for the decline in EPOP 1999-2018
- Population aging and the economy
- Groups on margin of labor force entry/exit
- Troubles ahead

THE DECLINE IN EPOP

Reasons for 3.8 pp Decline in EPOP 1999-2018 (Abraham & Kearny 2020)

Changes in pop. shares (aging)	-3.8 pp
EPOP among ages 16-54	-2.7 pp
EPOP among ages 55+	+1.6 pp
Interactions (rising share 55+)	+1.0 pp
Total	-3.8 pp

• Major Reasons for 16-54 Decline

- Adverse shifts in labor demand
 - Import competition (-0.92)
 - Industrial robots (-0.43)

• Modest Reasons

- DI programs (-0.17)
- Higher minimum wages (-0.10)
- Increased incarceration (-0.12)

• Not Important

- SNAP, Medicaid, EITC expansions
- Immigration, lack of family leave

• Needs More Study

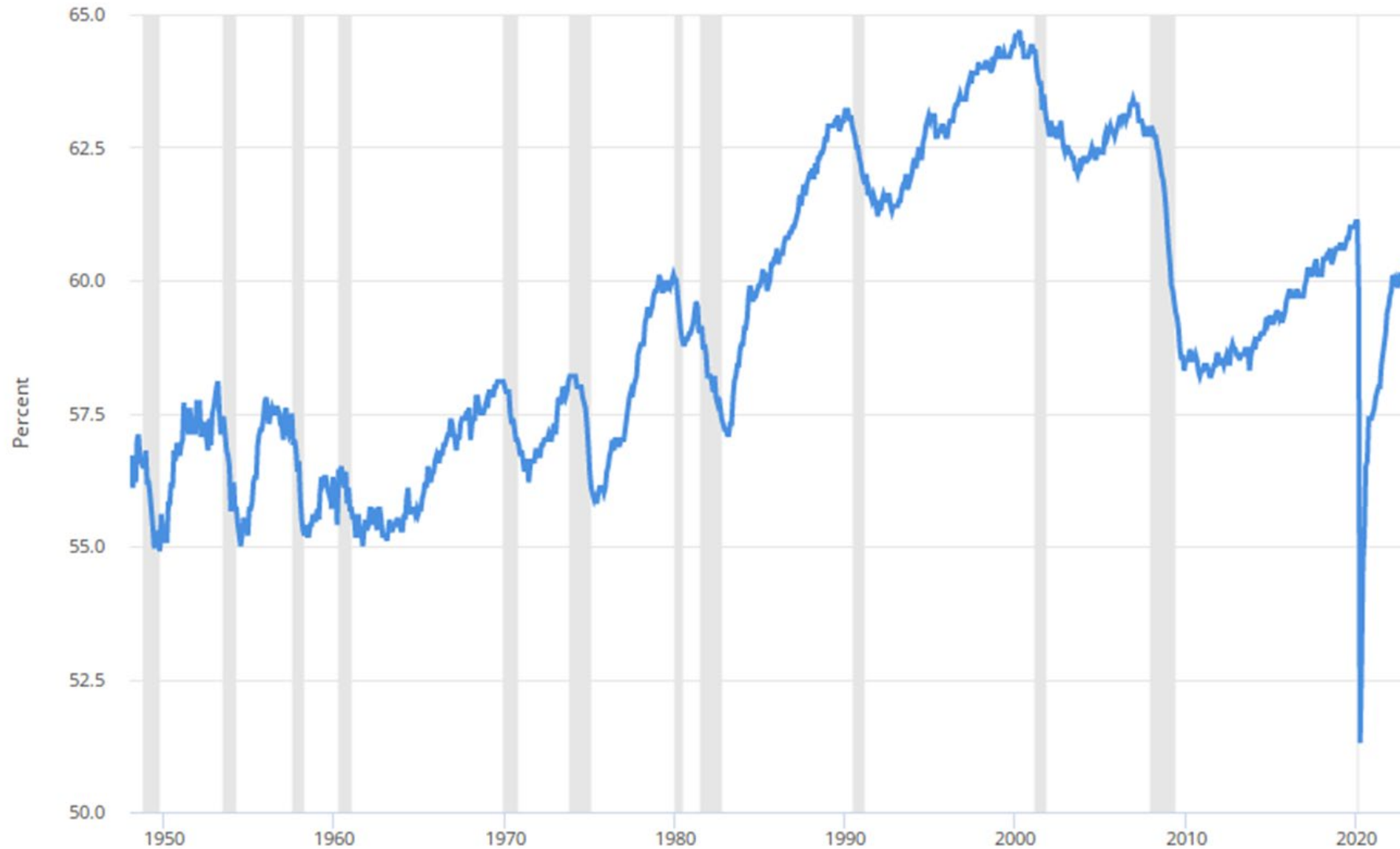
- Opioids, occupational licensing, social norms, value of leisure, etc.

• Offsetting factor

- Rising education (+)

POPULATION AGING

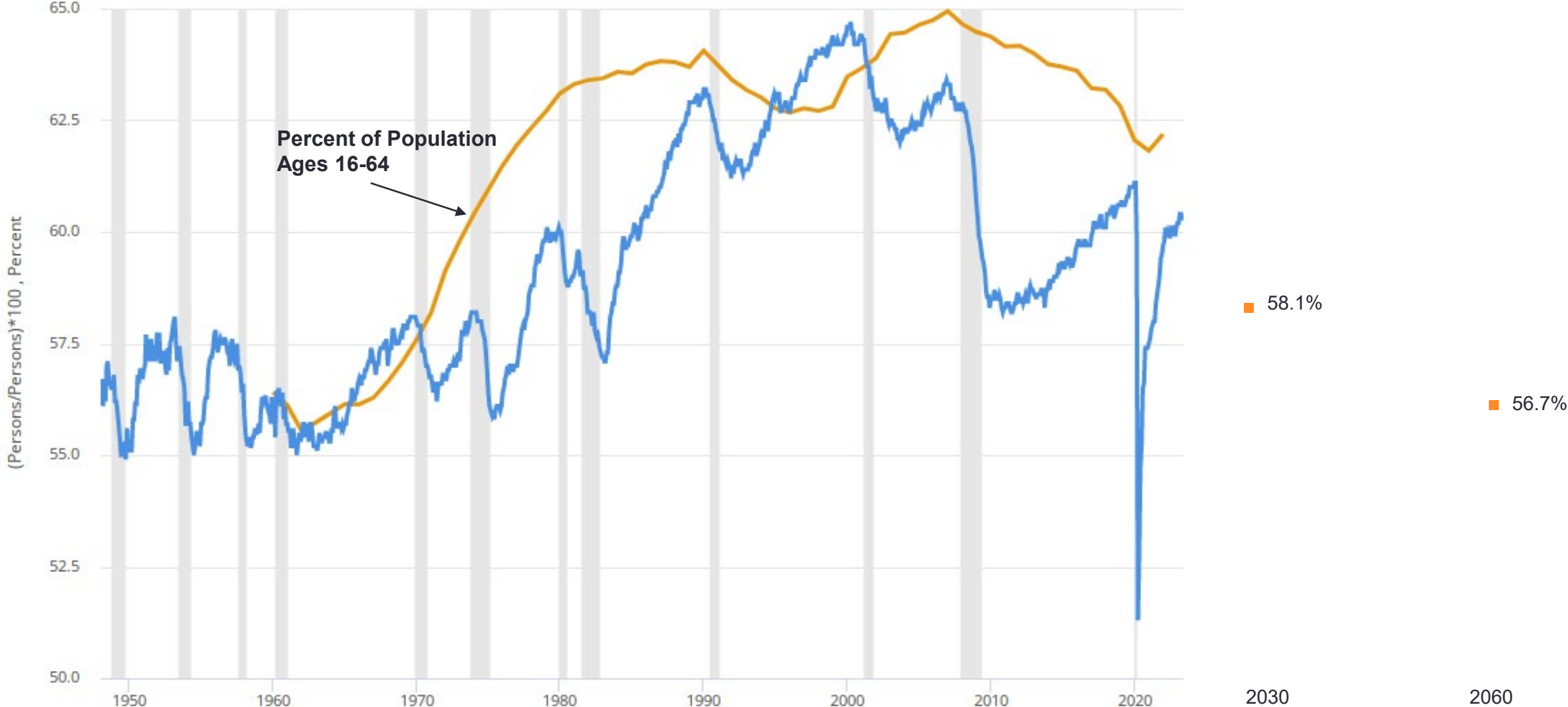
Employment-to-Population Ratio (EPOP) Since 1946



Source: U.S. Bureau of Labor Statistics

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Employment-to-Population Ratio (EPOP) Since 1946



Sources: OECD; BLS; World Bank

Strong Headwinds from Population Aging

- Median age in US in 2022: 38.9 years old (Census 2023)
 - Wide variation across states, over time (Utah 32 v. Maine 45)
 - Japan 48, Europe ~44
- US 65+ share rising fast: 17% now, 21% in 2030, 25% in 2060
- Economic impacts (Maestas, Mullen, and Powell 2023)
 - Pop aging --> Slower labor force growth + Slower productivity growth → Slower GDP growth
 - Annual GDP loss of 0.3 pp from 1980-2010, 1.2 pp from 2010-2020, 0.6 pp this decade
- Technology could make it easier for some older people & people with disabilities to work, but so far, more employment displacement than productivity enhancement (Acemoglu & Restrepo 20217)

GROUPS ON MARGIN OF LABOR FORCE ENTRY/EXIT

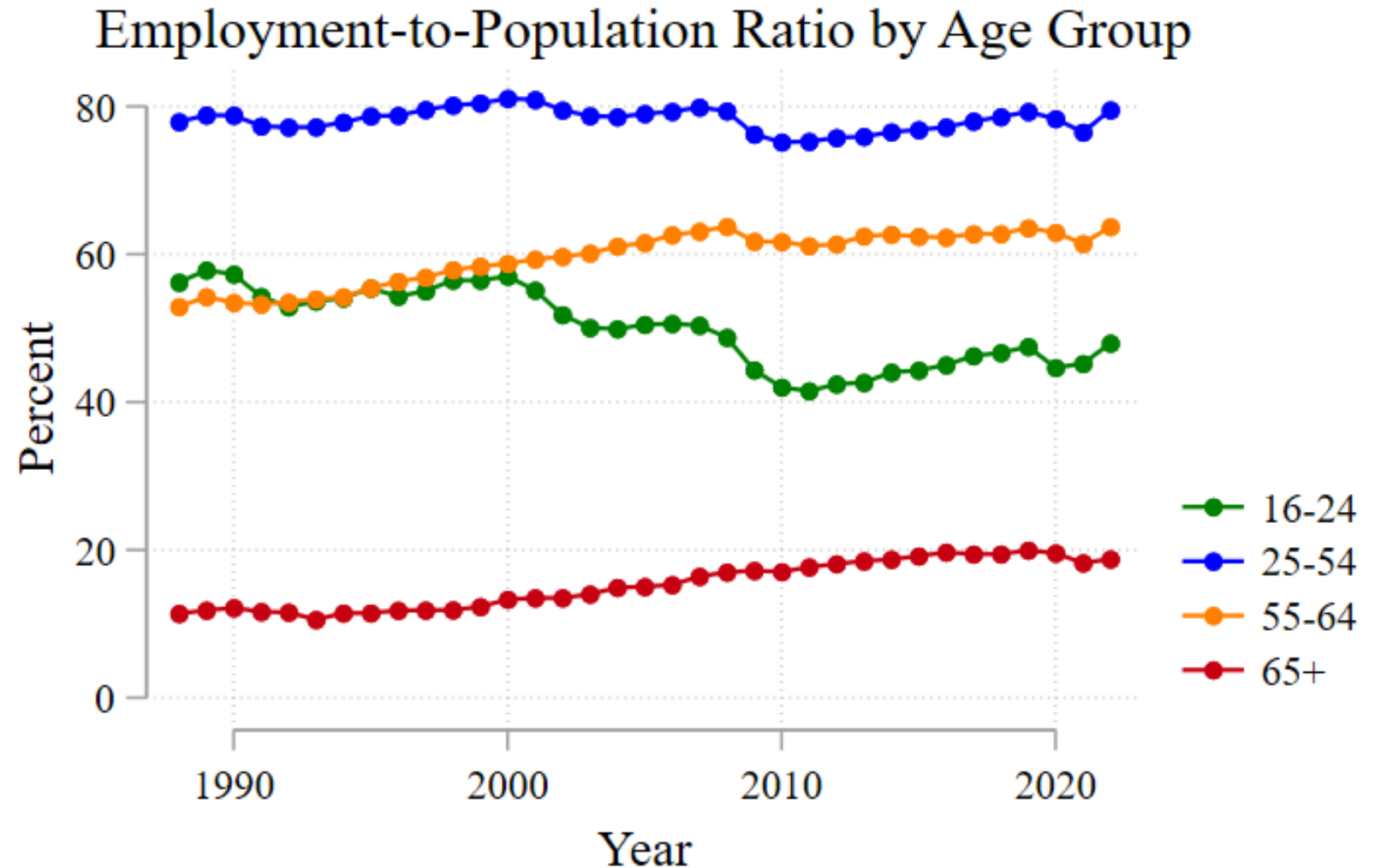
Older Workers

EPOP declining within younger age groups

But EPOP rising within 55+ for nearly 30 yrs

Substantial work capacity among older people; modest decay with age (Cutler, Meara, Powell, Richards-Shubik 2014; Coile, Milligan, Wise 2016; Berger et al. 2022)

Caveat—working longer not a possibility for everyone (Berkman & Truesdale 2022)



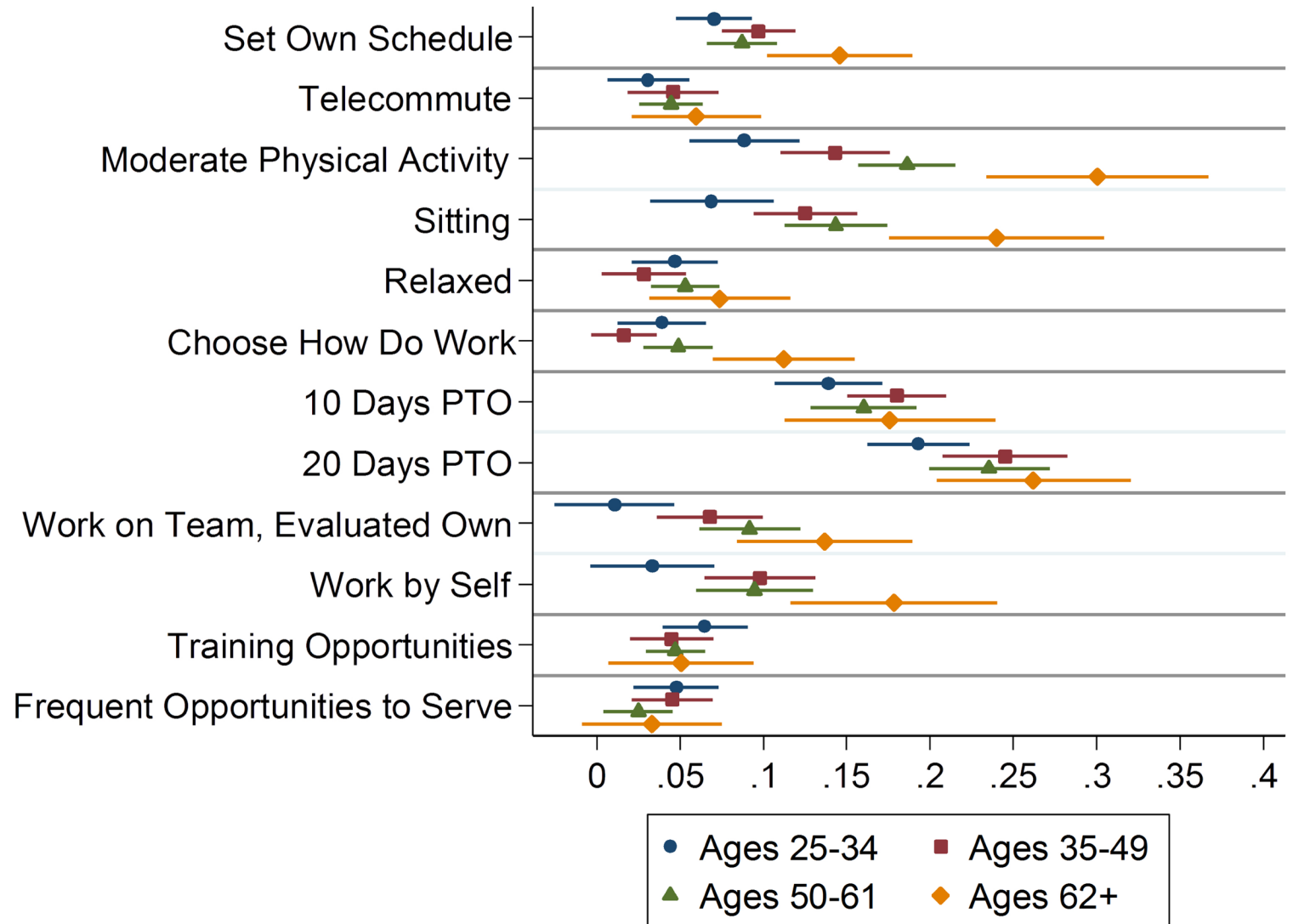
Older Workers Sensitive to Working Conditions

38% of older non-workers would work if the “right” opportunity

Older workers value (% of wage):

- Schedule flexibility (15%)
- Paid time off (17% for 10 days)
- Less physical work (30% for moderate v. heavy, 24% sitting)
- Working alone v. team (18%)
- Autonomy (11%)
- Relaxed pace (6%)

They also value telecommuting, training opportunities and meaningful work, the same as younger people



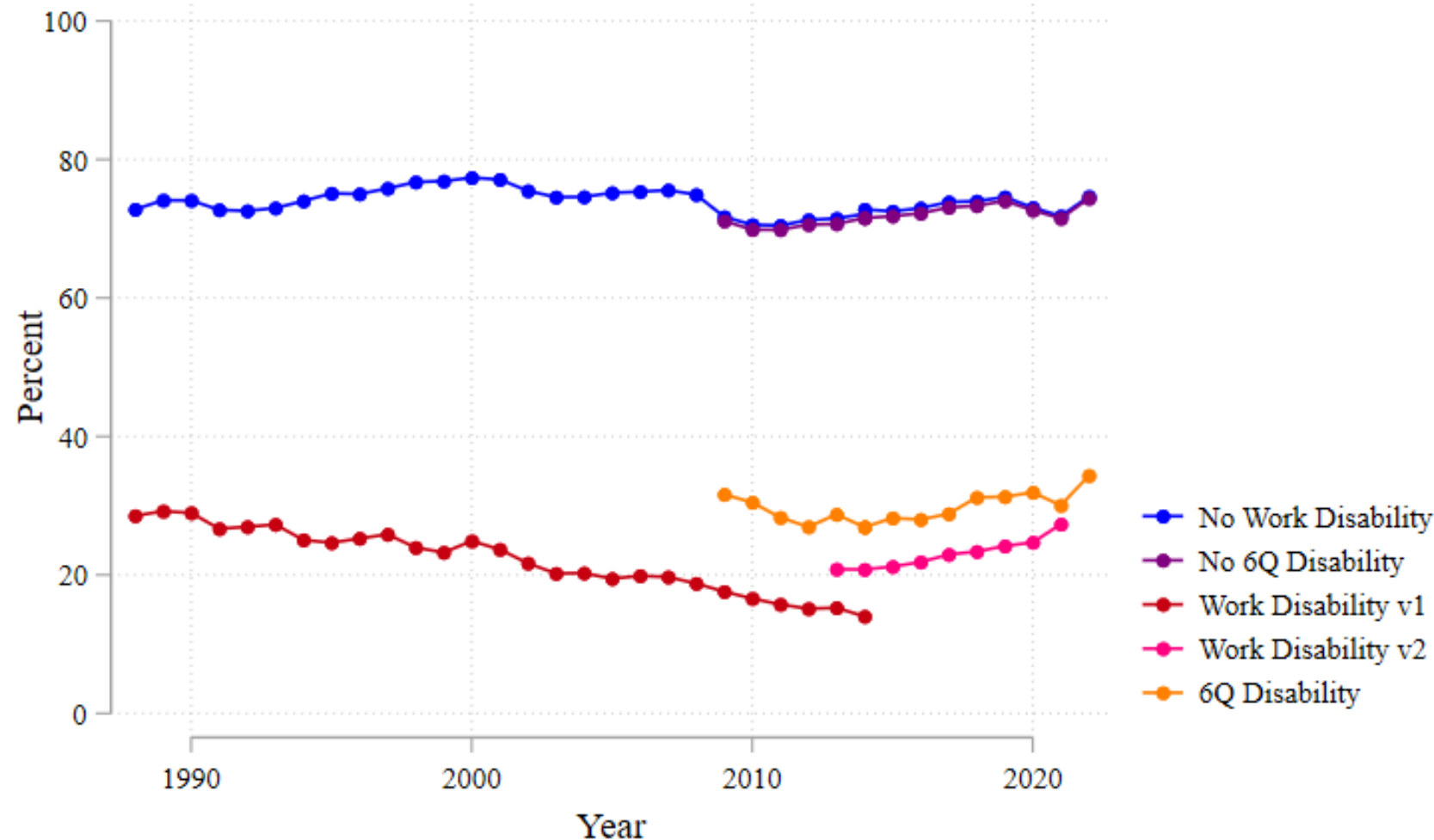
Rise in Disability Employment

Long-running decline in employment of people with disabilities

SSDI growth an explanation for decline in EPOP (Parsons 1980, 1982 Bound 1989, Autor & Duggan 2003; Abraham-Kearney 2020)

Recently, historic turnaround in disability employment as SSDI caseload has declined; aggregate EPOP has continued to decline

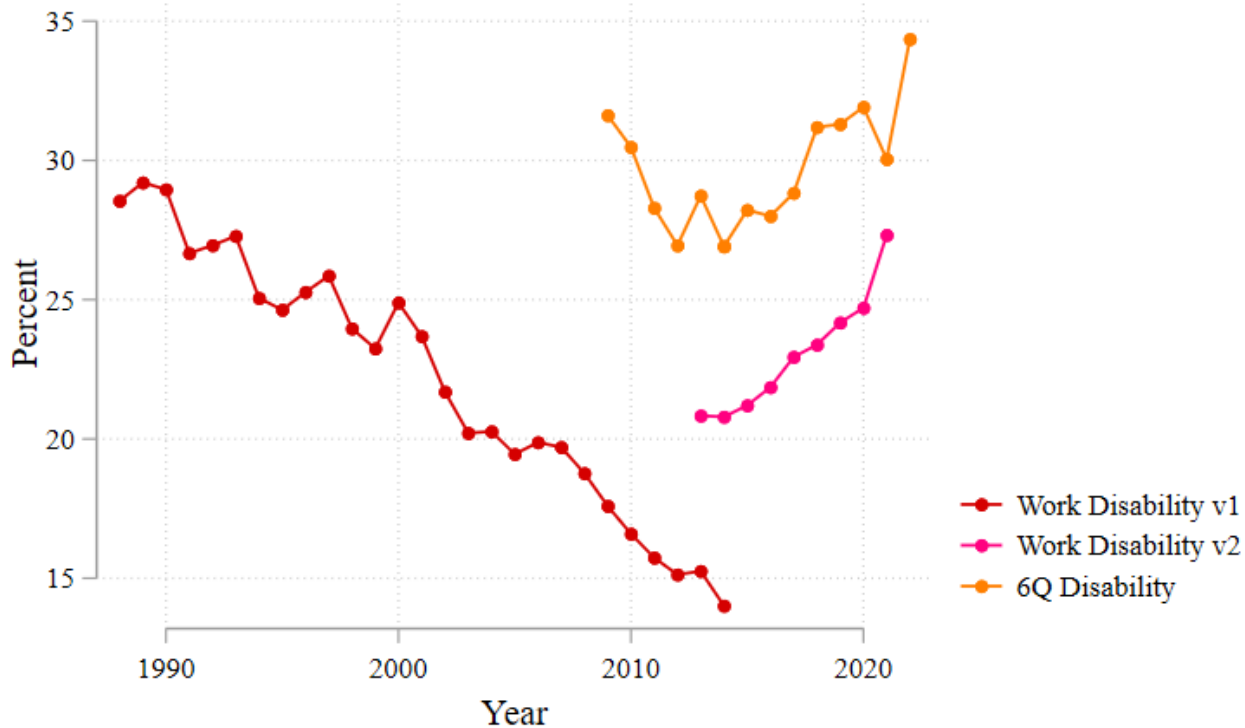
Employment-to-Population Ratio for People with and without Disabilities



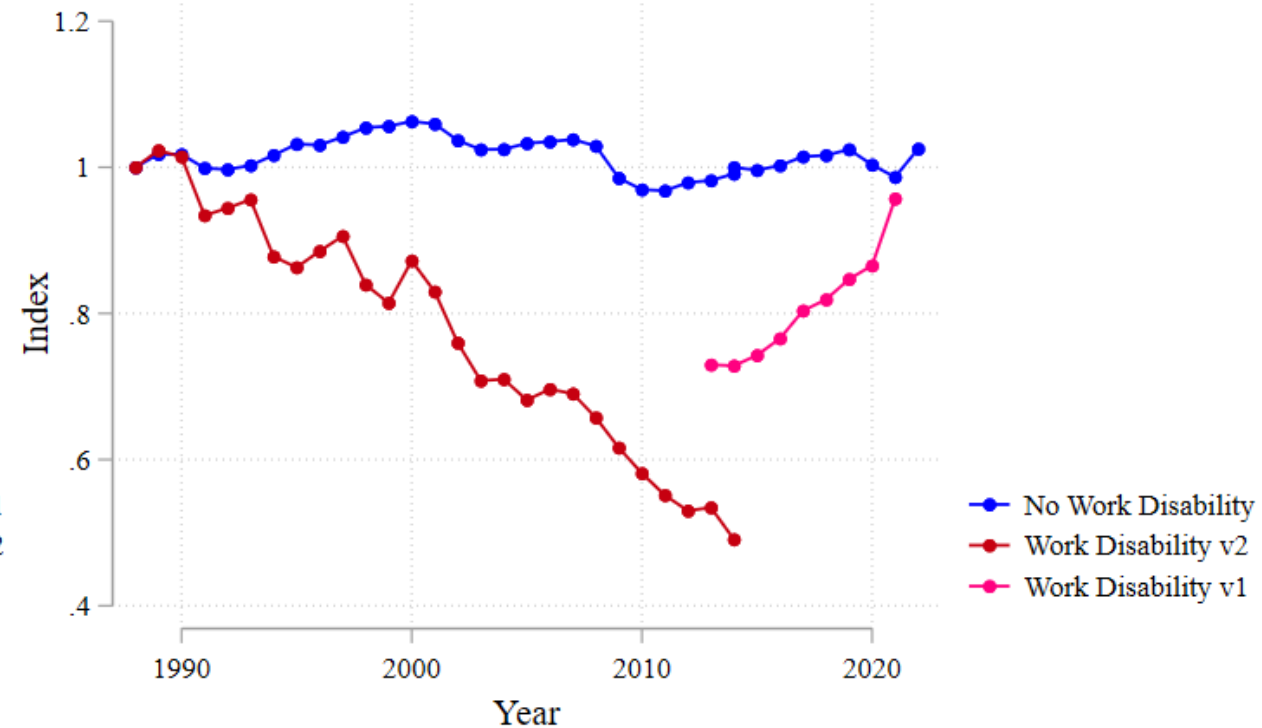
Source: Current Population Survey

Rise in Disability Employment, Absolute & Relative

Employment-to-Population Ratio for People with Disabilities



Employment-to-Population Index for People with Disabilities



Work Disability: Health problem or disability which prevents from working or which limits the kind or amount of work. Changed in 2014/2015 to include temporary disabilities (“even for a short time”) and switch from “currently” to “any time in last year.”

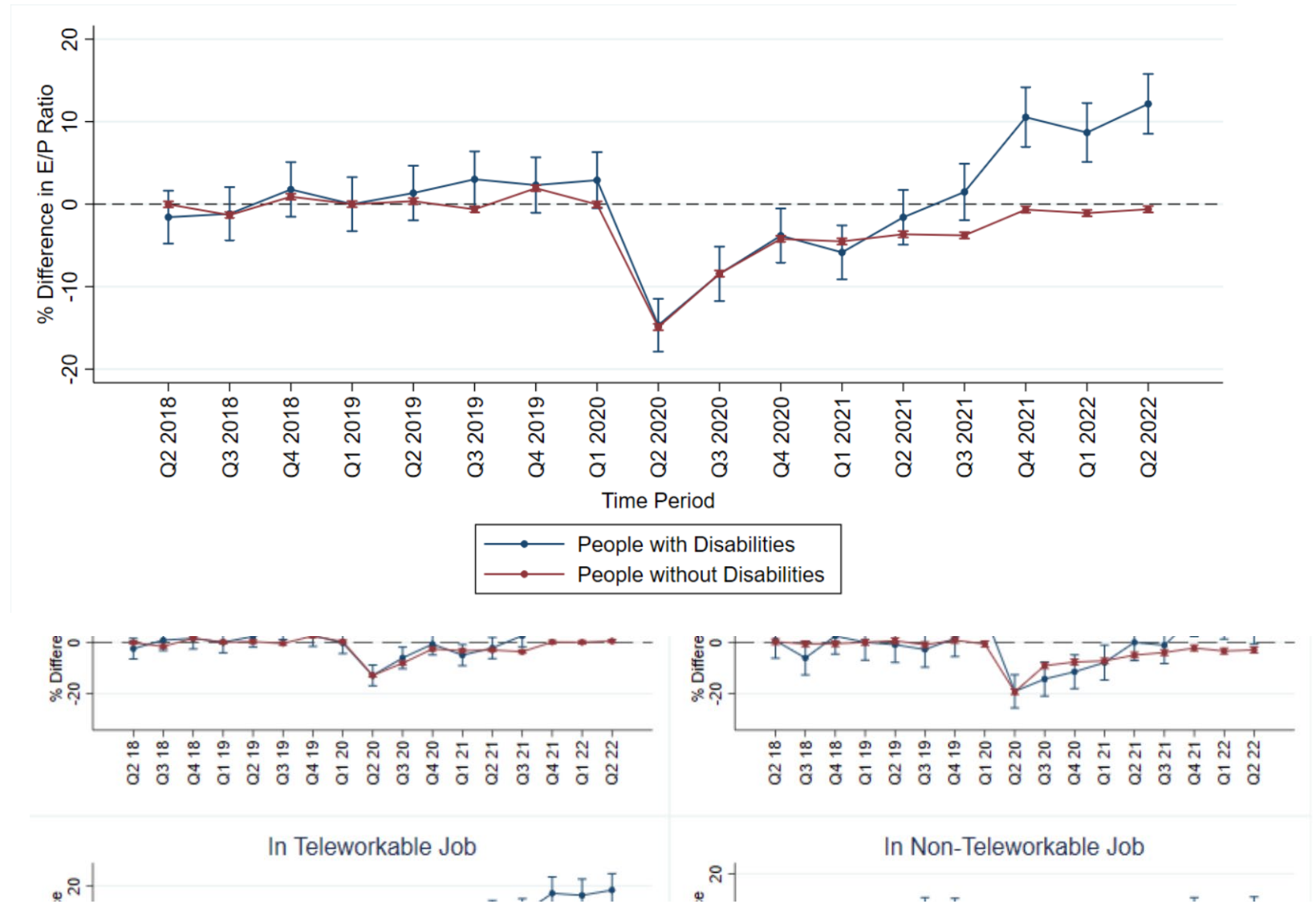
6Q Disability: Hearing, vision, cognitive, ambulatory, self-care, or independent living difficulty

Gains Not Erased by Pandemic

Exceptionally strong recovery from pandemic for people with disabilities

Concentrated in “teleworkable” occupations

Figure 1. Percent Difference in Employment-to-Population Ratio, Rel. to Q1 2019



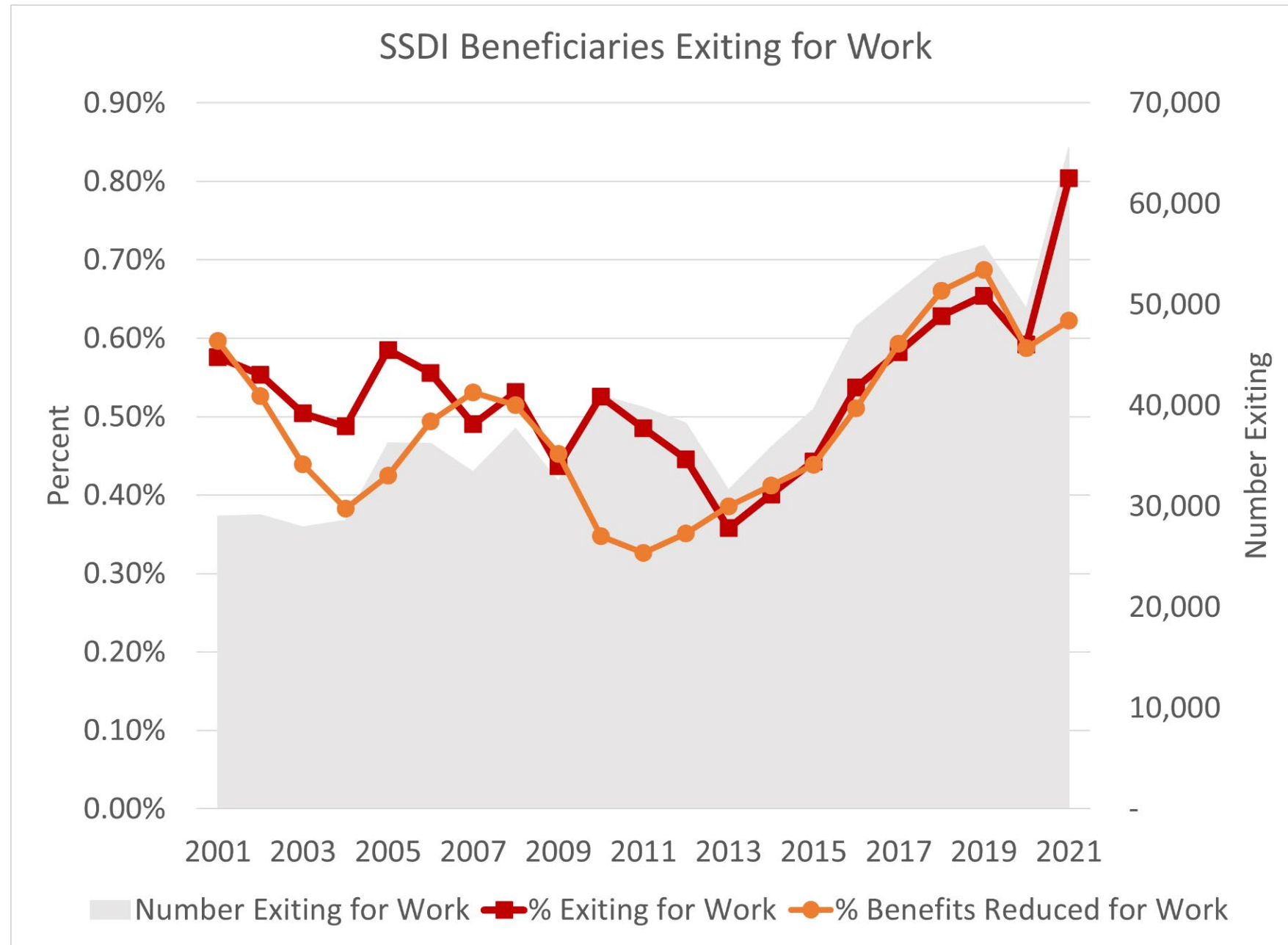
Source: Nee'man and Maestas 2023.

Rise in SSDI Work Exits & Working on SSDI

Steady increase in number and % of SSDI beneficiaries returning to work since 2013

About 30K people left SSDI for work

Similar increase in % with benefits withheld for work above SGA since 2011

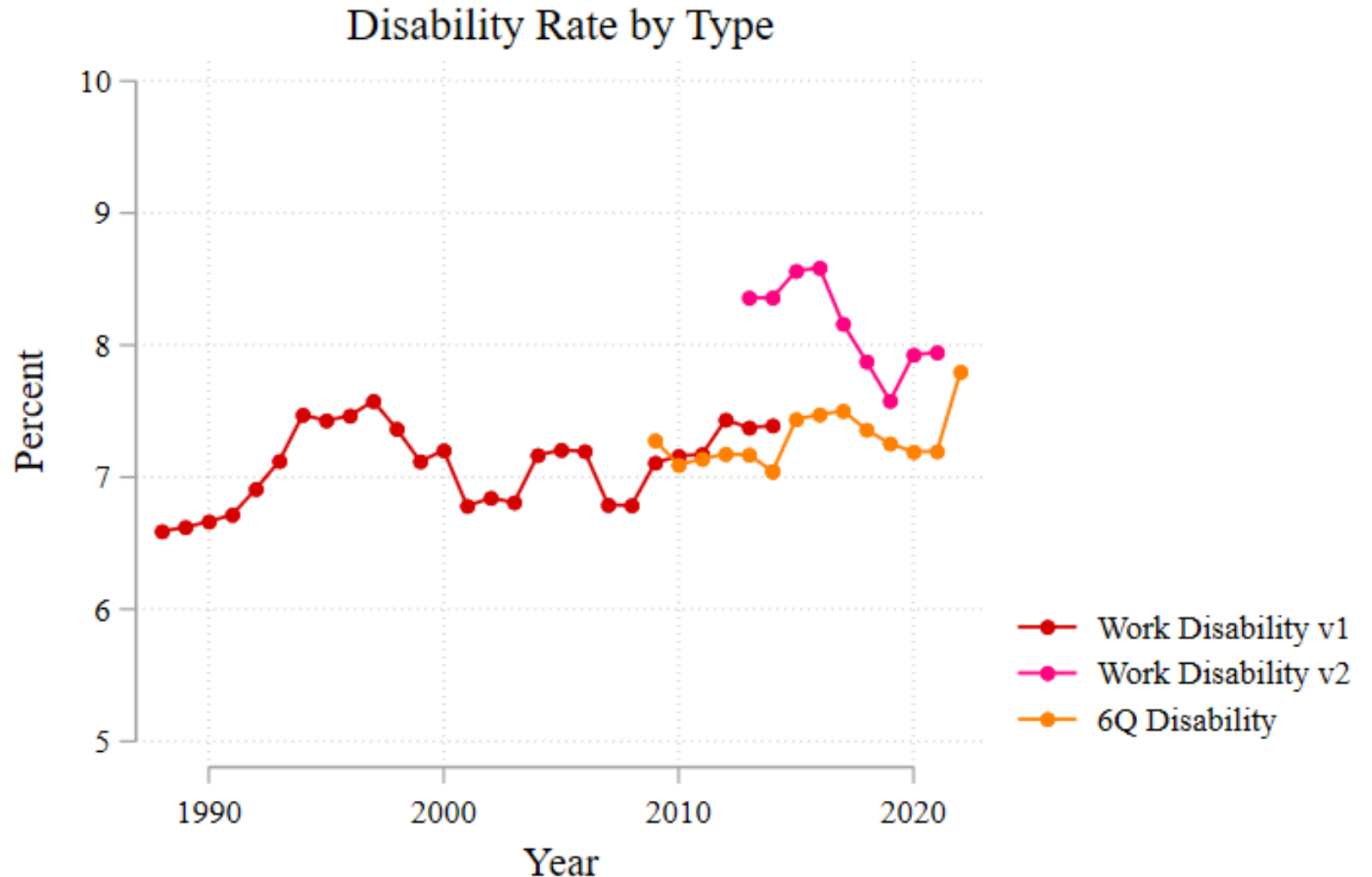


TROUBLES AHEAD

Rise in % Reporting Disability, Post-COVID Uptick

Work disability rising over time

Post-COVID uptick, due to increase in concentration difficulties

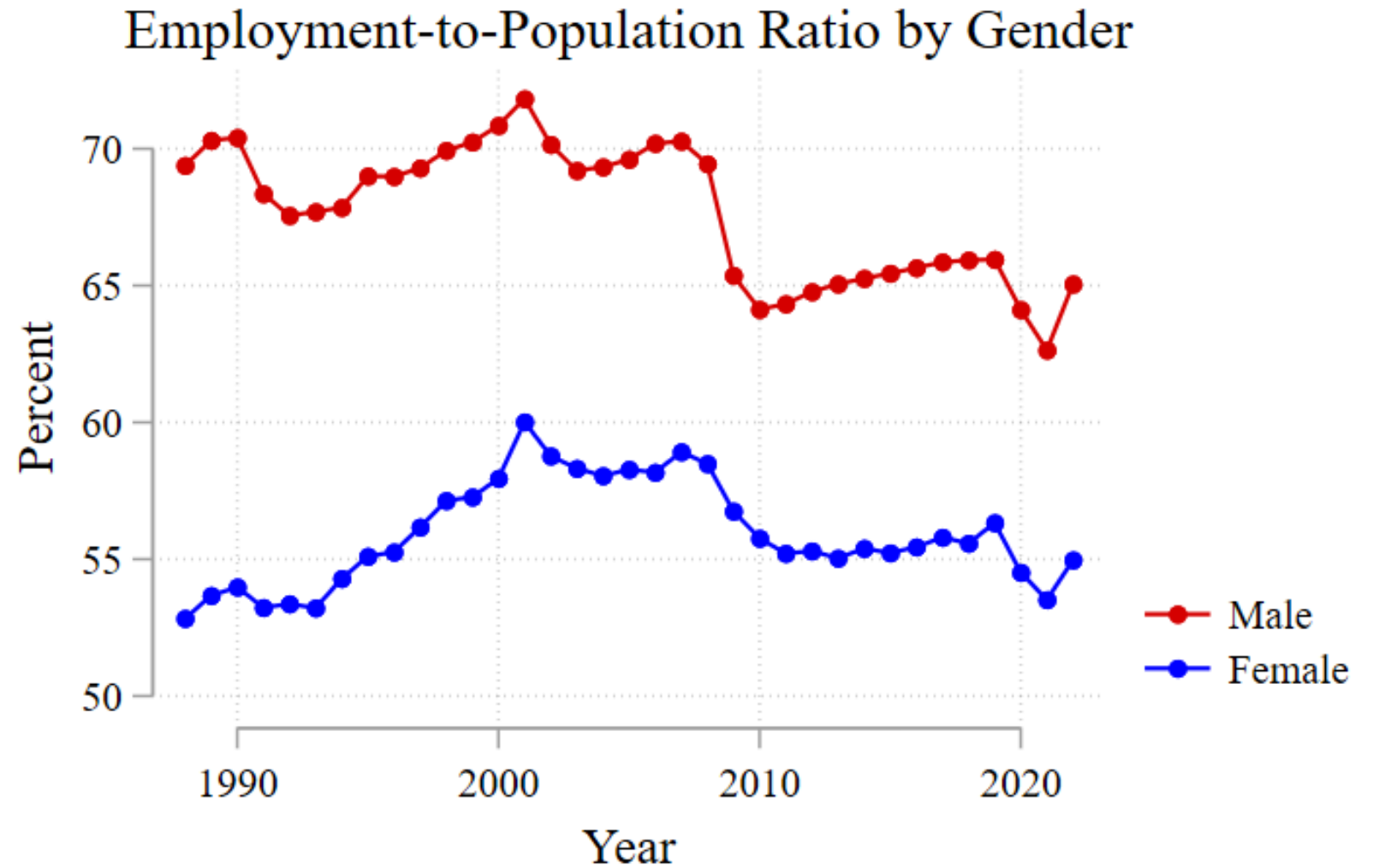


EPOP by Gender

Pronounced decline among men since 2000

Decline among women since 2000, after period of strong growth

Many hoped upward trend among women would have continued



Caregiving

Population aging → rising need for LTC of elders

70% of 65+ will need assistance with basic functions at some point (LongTermCare.gov)

Over half of all LTC is informal, provided by family & friends (Weber-Raley & Smith 2015)

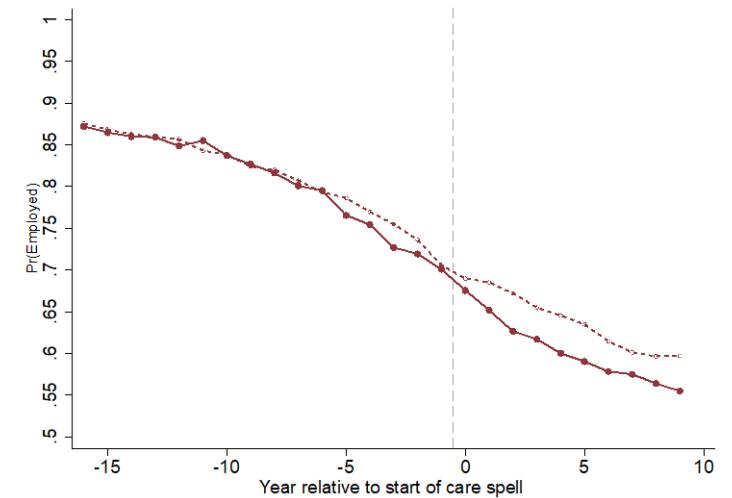
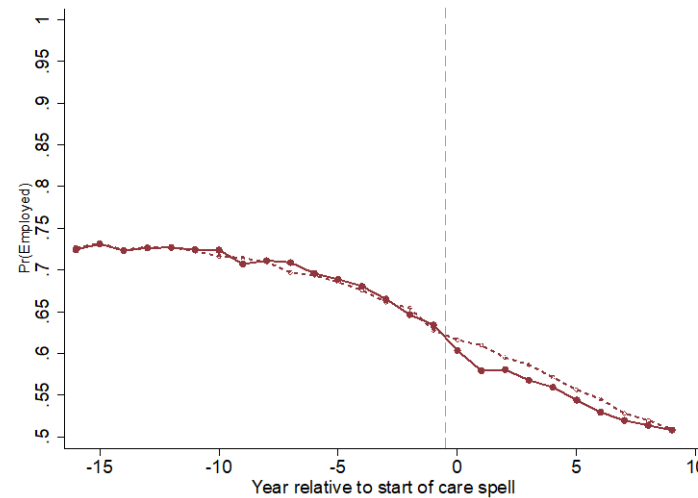
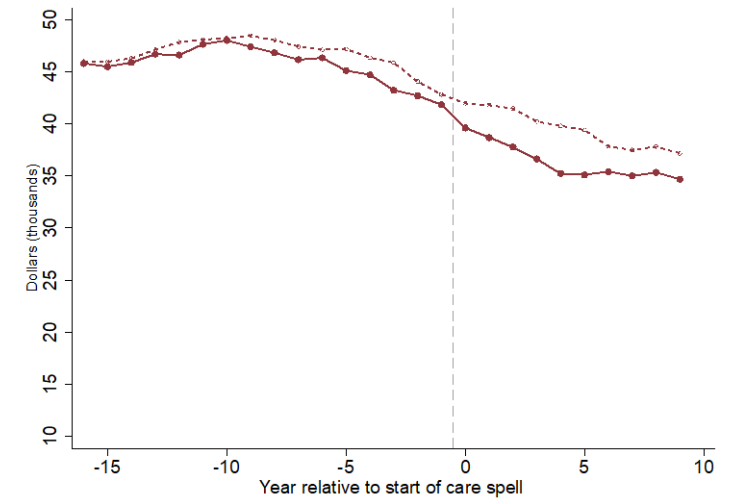
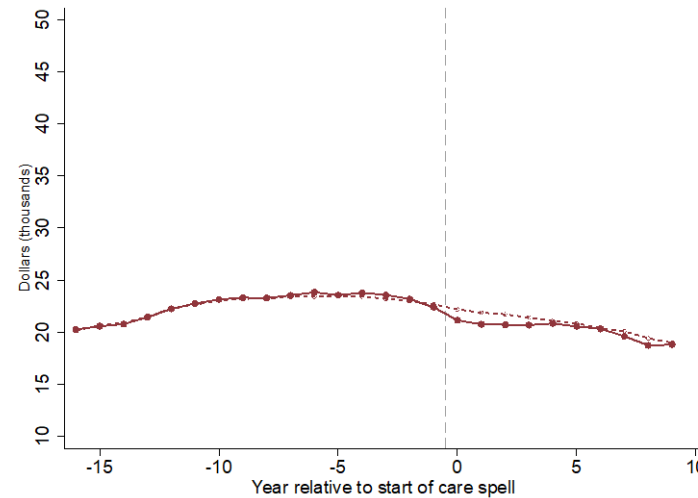
Caregiving reduces work (Fahle and McGarry 2017; Van Houtven et al. 2013; Skira 2015; Ettner 1996)

Lifecycle patterns:

- Women leave work to take on caregiving
- Men take on caregiving when already out of work
- 40% of caregivers are men

Need for policy solutions

Figure 2: Earnings and Employment Trajectories of Caregivers by Gender



THANK YOU

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Historic gains in disability employment not erased by pandemic

Figure C1. Percent Difference in Labor Force Participation Rate, Rel. to Q3 2008 by Disability Status

