



# ***Rodney's Take***

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## **A Pandemic Baby Bust... No “Coronials”**

Some social behaviors get stuck in our brains, even if they don't play out in reality. Full moons and crime come to mind. For whatever reason, we associate full moons with increased criminal and generally crazy behavior, even though police and emergency records don't support the theory. Another one calls for higher births nine months after hurricanes and widespread electrical blackouts, explained by people having not much else to do but...get busy.

Which brings us to the pandemic.

In many states, citizens were required to stay home except for running essential errands for food and medicine. We still had creature comforts such as electricity, and we also had access to plenty of alcohol, because many jurisdictions allowed restaurants to deliver spirits to increase revenue. This created the perfect social setting for an increase in what is now euphemistically called “Netflix and chill,” which means getting busy. Baby boom in 2021, here we come!

Or not.

The Brookings Institute just released its birth rate estimate for the U.S., and the news is decidedly not good. The group dispels the myth of people having more kids when stuck inside, and then lays out the historical case that birth rates are tied to the economic cycle. You see where this is going. With unemployment jumping to almost 15% (and almost 20% if people were classified correctly) and second-quarter GDP expected to drop at a 45.5% annualized rate, the birth rate should take a serious hit.

[From Brookings:](#)

*“Based on the findings presented above, this economic shock alone implies a 7 to 10 percent drop in births next year. With 3.8 million births occurring in 2019, that would amount to a decline of between 266,000 and 380,000 births in 2020.”*

Not content with this piece of bad news, the organization estimated that if the economy remains weak past this year, the birth rate could drop by a full half million.

We all know why this happens. Raising kids is expensive. The U.S. Department of Agriculture estimates that a child born in 2015 (the latest figures available) will cost \$233,000 to raise, and that doesn't include college.

Which brings up an interesting, and concerning, question. How fast will the economy and birth rates bounce back?

If it takes the economy several years to recover, then we could lose one million or more potential births to economic concerns, which will affect everything from housing choices to schools. Eventually, the smaller cohorts of children will reduce the size of the labor force, which will affect tax revenues and social safety nets.

Here's looking at you, Social Security.

The present drop in FICA tax receipts should lead to Medicare running out of money in a mere three years and will pull the date that Social Security runs out of money from 2036 to 2033. Both entities will continue to receive tax revenue, so it's not as if they go to zero, but we'll have to make adjustments to keep them running at current levels. With this ominous news about birth rates, the adjusted requirements could be bigger than we anticipated just a few short months ago.

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*Got a question or comment? You can reach us at [info@hsdent.com](mailto:info@hsdent.com).*