The Public Costs of Teen Childbearing
Frequently Asked Questions

Q: Who did the research?

A: The analysis was conducted by Dr. Saul Hoffman of the University of Delaware, building on methodology developed by Dr. Rebecca Maynard of the University of Pennsylvania, and published by the National Campaign to Prevent Teen Pregnancy, a nonprofit, nonpartisan organization based in Washington, DC. Dr. Maynard initially developed the model and published national cost estimates in the widely-cited book *Kids Having Kids: Economic Costs and Social Consequences of Teen Pregnancy (1996).* This research is being updated and a new version of *Kids Having Kids* will be published by the Urban Institute in 2007.

Q: Who funded the research?

A: The cost analysis was made possible by a generous contribution from the William T. Grant Foundation (*www.wtgrantfoundation.org*). Dissemination of the research was made possible in part with generous support from Pfizer Inc (*www.pfizer.com*).

Q: Why did you do this analysis?

A: There are many compelling reasons to care about teen pregnancy and childbearing, including the economic costs that taxpayers shoulder as a result of increased use of public programs by the children of teen parents and reduced tax revenue associated with lower earnings by teen mothers, their partners, and their children. The previous national cost estimates published in *Kids Having Kids* in 1996 proved to be very powerful, and have been cited often by policymakers, practitioners, researchers, and the media in the intervening years. However, much has changed over the past decade so it was important to update the national estimates. In addition, there is a strong interest in having state specific figures. While some states have developed their own estimates over the years, some building on the *Kids Having Kids* figures, the new analysis is the first-ever set of consistent state-by-state numbers.

Q: How were the national costs calculated?

A: The methodology compares the public costs associated with a birth to a teen (19 and younger) to the costs that would have been incurred if the birth were delayed until age 20 or 21. It captures only the *net* or *additional* costs associated with a teen birth—that is, the costs over and above what would have happened if a person with the same characteristics delayed childbearing until age 20 or 21.

The analysis starts by examining how specific outcomes for teen mothers, their partners, and their children compare to outcomes for similarly-situated mothers, fathers, and children if childbearing is delayed until age 20-21. Specifically, it looks at: 1) the likelihood that children born to teen mothers will use public systems (child welfare, criminal justice, and health) compared to children born to mothers who are 20-21; 2) the likelihood that teen mothers will use public assistance compared to mothers who delay childbearing until 20-21; and 3) how teen childbearing affects the education and earnings of teen mothers, their partners, and their children compared to delaying childbearing until age 20-21, and, in turn, how this affects income and sales taxes paid.

The analysis then attaches costs to the differential use of public systems and payment of taxes. The estimate captures costs incurred by federal, state, and local taxpayers in 2004. The costs measured are annual costs as if they were incurred in 2004. All characteristics of government programs and taxes that are used to compute costs are based on data for 2004, unless otherwise noted.

The costs reflect the actual number of births in 2004 to girls 19 and younger. Most of the information available to measure the costs of early child bearing examines these costs over a number of years following a birth (typically over the first fifteen years). In order to measure the costs of those births as of a single calendar year rather than over a fifteen year time period, it is assumed that the number of births is constant at the 2004 levels; this is equivalent to assuming a "steady-state" of the world exactly like 2004. Thus, for example, the cost analysis of early teen births assume there are 140,761 young teen mothers age 17 in their first year of motherhood, 140,761 young teen mothers age 18 in their second year of motherhood, and so on through the first fifteen years of motherhood. The analysis examines the costs contributed by 15 cohorts of teen mothers, identical to the 2004 birth cohort and distributed across the first fifteen years following a birth. The underlying information on costs over each year of a teen mother's life-cycle is then used to measure the costs of these 15 cohorts of young women. This procedure is identical to the approach taken in Maynard (1996).

For a more complete explanation, please see Appendix 7 in *By the Numbers*, available at ***www.teenpregnancy.org/costs***.

Q: How were the state costs calculated?

A: The state costs are based on the national cost estimates and were calculated using three factors: 1) the state share of teen births; 2) the per client cost of a particular program relative to the national average; and 3) the utilization rate for a particular program relative to the national average and scaled to reflect the state's share of teen births. The latter two factors adjust the pro-rated costs for differences across states in the cost or generosity of particular programs and the rate of utilization of those programs—which can vary quite a bit. Put another way, a state with cost and enrollment rates equal to the national average would have state costs strictly proportional to their share of teen births.

To identify how costs are allocated between different levels of government (i.e., federal, state, and local taxpayers), the match or actual cost-sharing rates for each program were applied to the total costs for each program. Specifically, the analysis identified the share of costs for each program within a state that is borne by the federal government and federal taxpayers, and the share that is borne by state and local government and taxpayers. In some states, public assistance (specifically TANF and Food Stamps), health programs (specifically Medicaid and SCHIP), and child welfare are administered at the county level (see table below for a list of county-administered states). In these cases, local government typically pays a share of the non-federal costs that would be borne entirely at the state level in states that are non-county administered.

Table 1: States that are state-run and/or county-administered for TANF programs (as well as Medicaid and Food Stamps) and for Child Welfare

TANF (11 states)	Child Welfare (13 states)
• California	• California
• Colorado	• Colorado
• Maryland (Montgomery County only)	• Georgia
• Minnesota	• Maryland
• New Jersey	• Minnesota
• New York	• Nevada
• North Carolina	• New York
• North Dakota	• North Carolina
• Ohio	• North Dakota
• Virginia	• Ohio
• Wisconsin	• Pennsylvania
	• Virginia
	• Wisconsin

On the tax side, the methodology incorporates the income and sales tax structure for each state and reflects the fact that some states do not have income taxes. For a more complete explanation, including sources for the state information, please see Appendix 8 in *By the Numbers*, available at ***www.teenpregnancy.org/costs***.

Q: Why did you only include certain costs? What about things like special education and juvenile justice?

A: In order to estimate costs for specific programs associated with teen childbearing, the analysis first identifies the increased likelihood that a teen mother, their children, or their partners use such a program, controlling for other risk factors. This depends on having solid data, preferably national, with enough detail on other risk factors. Unfortunately, no such research was identified for such things as special education or juvenile justice even though there may be anecdotal evidence that children of teen parents are more likely to end up in both systems.

Q: Why do you characterize the costs of teen childbearing as conservative?

A: While no estimate of the cost of teen births can ever be perfect, this analysis incorporates the latest research techniques to capture only those costs *clearly* associated with a teen birth rather than other associated risks. Even so, not all costs can be measured and included. For example, the children of teen mothers may have educational issues that cause them to disproportionately use costly public school services for special education, but there are no reliable national estimates of the net impact of teen childbearing on this particular outcome. Therefore, it is certain that the full costs of teen childbearing are greater than the cost estimates presented in this analysis.

Q: Has the cost of teen childbearing gone up or gone down?

A: The last national estimate of teen childbearing was done in the 1996 volume, *Kids Having Kids*. At the time, the national cost of teen childbearing to those 17 and younger was estimated to be $7 billion. The data presented in this analysis for the costs of teen childbearing to mothers 17 and younger is $8.6 billion. The total costs for younger teen mothers increased even while the number of births to teens decreased over this period. In addition, the new analysis adds 18-19 year olds; however, the greatest costs are to younger teens.

Q: Are you suggesting that all teen mothers and children burden taxpayers equally?

A: Of course, each teen parent, her partner, and her children are unique. The cost estimates presented here are based on the average cost of teen childbearing. Certainly some teen mothers and their children will fare much better than the average and some much worse.

Q: Are the actual cost of a birth (i.e. delivery) included?

A: No. The health care costs captured in this analysis are for the children born to teen mothers, not the costs for the mother themselves. In addition, since the analysis is focusing on net costs, i.e. above and beyond what would have happened if a mother had delayed childbearing until 20 or 21, delivery costs would be incurred regardless of the age of the mother.

Q: Why are there no public assistance costs for the children? Why are public assistance costs for the mothers negative?

A: Most public assistance actually goes to the parent (and in the case of single parents, typically, to the mother), not directly to the child, so the analysis examined public assistance received by mothers who had their first birth as a teen. The three main forms of public assistance included in the analysis are: Temporary Assistance for Need Families (TANF) – cash assistance only; Food Stamps – benefits and administration; and Housing assistance.

Researchers do find large *gross* differences in the amount of public assistance used by mothers who have their first birth as a teen compared to mothers who delay their first birth until 20-21 (specifically, teen mothers use considerably more public assistance). However, the analysis used a range of estimates to examine the *net* impact on public assistance associated with teen

childbearing in order to isolate the impact of the age of the mother at birth independent of other risk factors (such as income, race/ethnicity, and family background) that might affect her likelihood of using public assistance. The most conservative approach (called a "natural experiment", which compares mothers who gave birth as a teen to similar mothers who got pregnant as a teen but had miscarriages) found that a teen's age at birth is not the cause of the differences in public assistance use between teen mothers and those who delay birth until 20-21. In fact, those who have a birth as a teen use *less* public assistance than those who delay childbearing until 20-21. (The one exception is younger teens, 17 and under, do use more housing assistance.) Researchers are not certain what accounts for these counterintuitive results. It may be that mothers who delay childbearing until age 20-21 are more likely to access public assistance because they have less support from their own families.

Q: Are you implying that the most important reason to care about teen childbearing is the cost to taxpayers?

A: There are many reasons to care about teen childbearing, including increased likelihood of poverty, reduced educational achievement for teen mothers and their children, poorer health outcomes for children born to teen mothers, increased interaction with the child welfare and criminal justice system, and the list goes on. In addition to the impacts on individuals and society, some of these consequences result in increased public sector costs borne by federal, state, and local taxpayers. The progress this country has made in reducing teen pregnancy resulted in public sector savings of $6.7 billion in 2004 alone. Additional progress in reducing teen pregnancy rates has the potential to result in additional substantial savings.

Q: This indicates taxpayers spend a lot of money on services for children born to teen parents. Are you implying policymakers should cut such services to save money?

A: No. The major costs reflected in the analysis are for important services such as health care, child welfare, and criminal justice. The most important thing policymakers can do is help reduce teen pregnancy further, which will in turn reduce these costs.

Q: Do the costs you show include programs to prevent teen pregnancy or programs to help teen parents?

A: No.

Q: Why is there so much difference among states?

A: There are wide variations among states in the number of teen births, the teen birth rate, and the rate of decline in teen birth rates over time. In addition, there is considerable variation among states in enrollment or participation rates in different public programs (which reflects a combination of state policies and perhaps demographics as well), in the costs of those programs, and in how the costs are shared by federal, state, and local taxpayers.

Q: Why did you only compare to mothers who delay having a baby until age 20 or 21?

A: The researchers chose the 20-21 comparison group because they felt it was the fairest, most defensible, and policy-relevant approach. It is a length of time that is ambitious but feasible and long enough to make a difference in outcomes for the mother, her partner, and her child. Expecting interventions to delay childbearing even farther into the 20s could be considered unrealistic and unattainable. If the analysis had compared the costs of a birth to a teen to the costs to a woman who delayed beyond age 21, it is likely that the net costs would have been even greater than those included in the analysis. Again, the methodology took a cautious approach so the numbers presented are very likely on the conservative side.

Q: What are the incarceration costs and why are they only for the sons of teen mothers?

A: These costs reflect the fact that sons born to teen mothers are significantly more likely to spend time in prison when they are adults compared to children whose mothers delay birth until 20 or 21 (specifically, 2.2 times more likely for sons born to teen mother 17 and younger and 40 percent more likely for sons born to teen mothers aged 18 – 19). The analysis tracks the sons of teen mothers through their early 40s. The analysis did not track the incarceration rates for the daughters of teen mothers because of the relatively small size of this particular cohort. Since incarceration is so costly, even relatively small differences in rates of incarceration results in sizable cost impacts. The analysis only captured the costs for state prisons, which is where most people are incarcerated. We were not able to apportion costs for federal prisons back to each state. This also means that, for the most part, the costs only reflect prisoners who are residents of a particular state (whereas residents of many other states may go to a federal prison housed in a particular state).

Q: How many years did you track costs for the mothers? What about for the children?

A: Typically costs were measured for 15 years following a birth, although different time periods were used for some components of the analysis depending on what made most sense and on available data. Exceptions include: health care costs for the children were tracked for 14 years after birth; child welfare costs for the children reflect foster care placement rates and abuse/neglect reports for the first five years after birth (but costs are calculated through age 18); incarcerations costs for the sons were tracked over the adult's lifetime; lost tax revenue for the children is tracked over their adult careers (age 22 – 65); lost tax revenue for the mothers is tracked for 15 years following the birth and lost tax revenue for the fathers is tracked for 15 years following the birth.

Q: Are the state/local costs the only thing taxpayers in a particular state shoulder?

A: No. Since people in a given state all pay federal income taxes too, and those taxes support the programs such as Medicaid, SCHIP, and child welfare, some portion of the total federal costs for these programs is borne by taxpayers in each state. However, there is not a one-to-one relationship between the amount of federal taxes paid by taxpayers in a particular state, and the amount of federal funds coming back to the state. Therefore, state taxpayers certainly shoulder at least some portion of the federal costs shown here.

Q: Can you break down state versus local costs?

A: No. The analysis looked at how much each state spends on public programs such as Medicaid and child welfare. In some states (known as county-administered states – see Table 1 on page 2), where county governments actually operate programs such as Medicaid, public assistance, and child welfare, local governments typically pay a share of the non-federal costs (in other words, they help the State meet its match for some Federal funding streams or may supplement the amount the State funds for a program such as child welfare). In states that are not county-administered, where the state is responsible for these programs, the costs shown in our analysis as "state and local" are primarily state costs.

Q: Why did you make regional comparisons? How did you decide how to define the regions?

A: The decision to include regional comparisons is based on feedback from our state partners—many told us there was value in knowing how their state compares to other states, particularly those in their region. The tables in the *By the Numbers* appendices list all states, but we thought it was most relevant to show how states compared to their immediate neighbors on the state fact sheets. Regions were defined using the U.S. Department of Health and Human Services' geographic regions.