



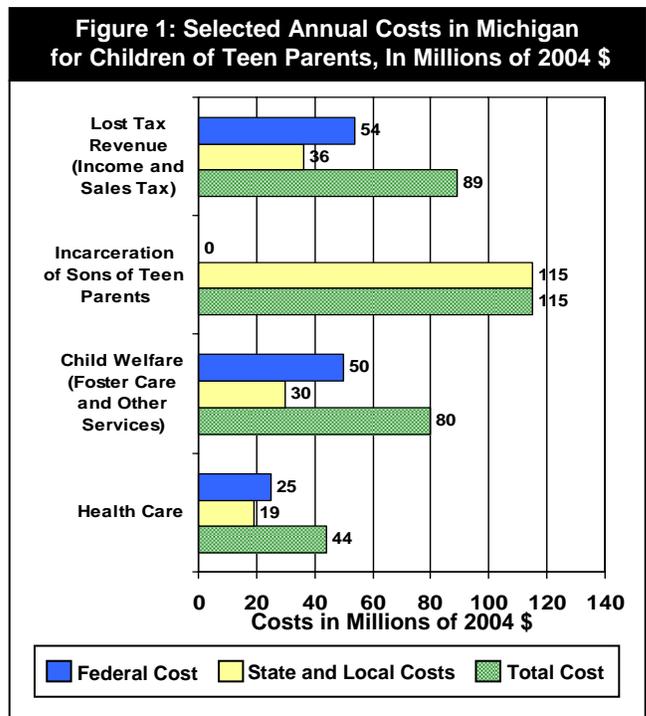
By the Numbers: The Public Costs of Teen Childbearing in Michigan November 2006

Highlights

- A new analysis from the National Campaign to Prevent Teen Pregnancy shows that teen childbearing (teens 19 and younger) in Michigan cost taxpayers (federal, state, and local) at least \$302 million in 2004.
- Of the total 2004 teen childbearing costs in Michigan, 35% were federal costs and 65% were state and local costs.
- Most of the costs of teen childbearing are associated with negative consequences for the *children* of teen mothers. In Michigan, in 2004, annual taxpayer costs associated with children born to teen mothers included: \$44 million for public health care (Medicaid and SCHIP); \$80 million for child welfare; \$115 million for incarceration; and \$89 million in lost tax revenue, due to decreased earnings and spending.*
- The costs of childbearing are greatest for younger teens. In Michigan, the average annual cost associated with a child born to a mother 17 and younger is \$4,951.
- Between 1991 and 2004 there have been more than 218,000 teen births in Michigan, costing taxpayers a total of \$5.8 billion over that period.
- The teen birth rate in Michigan declined 42 percent between 1991 and 2004. The

progress Michigan has made in reducing teen childbearing saved taxpayers an estimated \$297 million in 2004 alone.

- Nationally teen childbearing costs taxpayers at least \$9.1 billion a year.
- For more information, including a national report and state-by-state comparisons, please visit www.teenpregnancy.org/costs.



* Careful readers will note that the cost breakdown for the *children* of teen mothers does not match the total costs. This is because the total costs include costs associated with both teen *parents* and their *children*. Also note that because we cannot measure and include all outcomes and all costs, the analysis should be considered conservative; that is, it is likely that the full costs of a teen birth are greater than the figures presented here. Due to rounding, federal and state and local costs may not add to the totals presented in Figure 1 and throughout.

Teen Childbearing

Despite impressive declines in teen pregnancy and a 33 percent decline in teen birth rates between 1991 and 2004, the United States still has the highest teen pregnancy and birth rates in the industrialized world. One in three teenage girls becomes pregnant at least once before the age of 20. More than 400,000 children are born to teen mothers in the United States each year. Approximately 80 percent of teen births are to unmarried teen mothers.

In Michigan, there were 12,454 births to teens in 2004. The Michigan teen birth rate in 2004 was 34.1 per 1,000 girls aged 15 – 19 (the national rate was 41.1 per 1,000 girls aged 15 – 19). Among all states, the 2004 teen birth rate in Michigan ranks 18th (50 = highest).

Consequences of Teen Parenting

Research closely links teen parenthood to many negative consequences for mothers, fathers, and their children. For example, compared to those who delay childbearing, teen mothers are more likely to drop out of school, remain unmarried, and live in poverty; their children are more likely to be born at low birth weight, grow up poor, live in single-parent households, experience abuse and neglect, and enter the child welfare system. Daughters of teen mothers are more likely to become teen parents themselves and sons of teen mothers are more likely to be incarcerated (Hoffman, SD (2006). *By the Numbers: The Public Costs of Teen Childbearing*. The National Campaign to Prevent Teen Pregnancy: Washington, DC.)

What This Analysis Measures

This new analysis by the National Campaign documents the economic costs of teen childbearing by measuring the participation of the children of teen mothers in public health care systems, primarily Medicaid and SCHIP, the child welfare system (foster care and child protective services), and the criminal justice system. The analysis also measures the participation of teen mothers in public assistance programs.

Additionally, the analysis measures lost labor market activity (which translates into lost tax revenue) of the children of teen mothers when they become adults and reduced earning capacity for teen mothers and their partners. This reflects the decreased educational attainment of teen mothers and their children. Specifically, the analysis compares costs associated with teen mothers, their partners, and their children with the same costs for women who delay childbearing until they are 20 – 21 years old. That is, the analysis takes many steps to isolate the net costs associated with teen childbearing rather than just the gross costs. There are many ways in which teen childbearing has a negative effect on the life prospects of teen mothers and their families; however this analysis only focuses on the economic costs to taxpayers.

Key Michigan Findings

In Michigan, the cost to taxpayers (federal, state, and local) associated with teen childbearing is estimated to be at least \$302 million in 2004, of which \$105 million (35%) are federal costs and \$197 million (65%) are state and local costs. Put another way, the average annual cost in Michigan of teen childbearing is \$1,616 per teen birth. However, it is important to note that costs of births to young teens are much greater than costs of births to older teens, and the average annual cost associated with a child born to a mother 17 and younger is \$4,951. Figure 2 shows the average annual costs for births to younger teens in Michigan as compared to neighboring states and the nation.

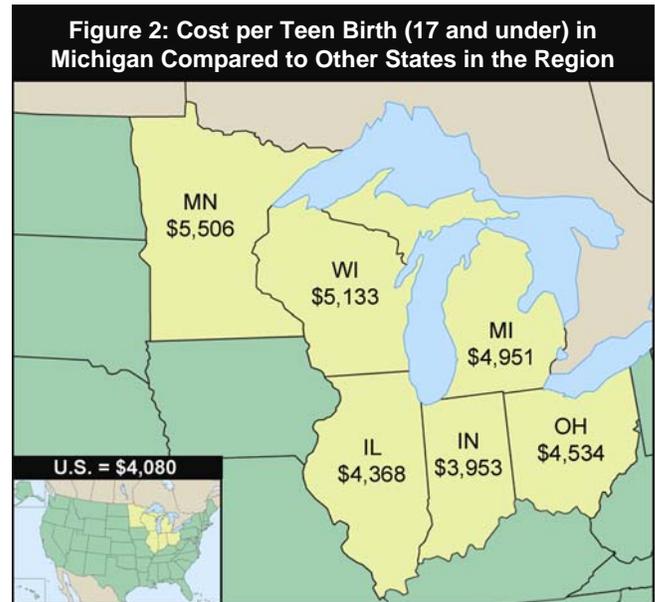
Nationally, the overall cost to taxpayers is estimated to be at least \$9.1 billion a year. The total costs include those attached to teen mothers, their partners, and children born to teen mothers. The most significant costs are associated with poorer outcomes for the children of teen parents as compared to the outcomes for children born to mothers who are 20-21 years old. Please see figure 1 for detailed information on specific costs.

Between 1991 and 2004 there have been more than 218,000 teen births in Michigan, costing taxpayers a total of \$5.8 billion over this period. However, the state has made significant progress in reducing teen childbearing, leading to significant annual savings. Specifically, the progress Michigan has made in reducing teen childbearing (as noted previously, the teen birth rate in the state actually declined 42 percent between 1991 and 2004) has saved taxpayers an estimated \$297 million in 2004 alone, of which \$109 million represent federal costs and \$188 million represent state and local costs.

What does this all mean?

Teen pregnancy and child-bearing have significant economic and social costs. Making further progress in reducing teen pregnancy will both benefit the national and state economies as well as improve the educational, health, and social prospects for this generation of young people and the next.

Despite the impressive strides all states have made in reducing teen pregnancy and childbearing, there is still much work to be done. The new cost data presented in this fact sheet makes a powerful case for investing additional resources, attention, and effort in reducing teen pregnancy. Prevention offers a terrific return on investment and represents sound fiscal policy. If states are able to sustain the progress in reducing teen pregnancy and childbearing, they will not only improve the well-being of children, families, and communities, but will also reduce the burden on taxpayers, thereby freeing up funds that could be invested in other priority areas as policymakers see fit.



In order to maintain a focus on this important health and social issue, a number of states have set goals to reduce the teen pregnancy and/or birth rates. For more information on state goals, please see www.teenpregnancy.org/stategoals.

Related Information

These first-of-their-kind state estimates are part of a larger National Campaign project on the costs of teen childbearing. Those who want to learn more about the national costs of adolescent parenting are encouraged to read, *By The Numbers: The Public Costs of Teen Childbearing* (available at: www.teenpregnancy.org/costs).

A related analysis by the National Campaign shows that declining teen birth rates have significantly improved overall child well-being in all 50 states and the District of Columbia (see www.teenpregnancy.org/whycare/whatif.asp). According to the *What If* analysis, between 1991 and 2002 (the most recent year available at the time the analysis was done), the teen birth rate for girls aged 15-19 had declined 41 percent in Michigan. If the teen birth rate had not improved in the state:

- Over 47,000 additional children (under age 18) in the state would have been born to teen mothers between 1991 and 2002, and
- Fully 76 percent of these children would have been under age six in 2002.

Focusing specifically on children in Michigan under age six in 2002:

- 12 percent more of these children would have been living in poverty, and
- 17 percent more of these children would have been living in single mother households.

Methodology

The total costs of a teen birth are based on three factors: 1) the best current estimates from the research literature of the impact of a teen birth, adjusted for other risk factors, on each of the outcomes that generate public sector costs; 2) the cost of providing a particular public sector service in 2004; and 3) the number of teen births in 2004. For most analyses, the costs are those associated with the first fifteen years of motherhood, beginning either with a teen birth or, in the case of the comparison group, if the birth were delayed to ages 20 or 21. The only costs included in the analysis are those for which there are reliable national estimates of the net impact of a teen birth and for which there are explicit dollar costs associated with that outcome. For example, the analysis does not include special education or juvenile justice costs for children of teen parents, which may be sizable but for which there are no national impact estimates. **Because we cannot measure and include all outcomes and all costs, this costs analysis should be considered conservative; that is, it is likely that the full costs of a teen birth are greater than the figures presented here.** In addition, the analysis does not isolate factors that may be of significant interest to policymakers such as the citizenship or marital status of teen parents. Further information on the methods used can be found in Hoffman (2006). www.teenpregnancy.org/costs

For more information

To read a technical description of the analysis, detailed cost tables, or citation information, go to *By the Numbers: The Public Costs of Teen Childbearing* at www.teenpregnancy.org/costs. For more information about teen pregnancy prevention generally or the National Campaign in particular, please visit www.teenpregnancy.org.

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About the National Campaign to Prevent Teen Pregnancy

The National Campaign is a nonprofit, nonpartisan organization supported largely by private donations. Our mission is to improve the well-being of children, youth, and families by reducing teen pregnancy. Our goal is to reduce the teen pregnancy rate by one-third between 2006 and 2015.

