

Health Policy Brief:

Public Costs of Teen Childbearing: 1990

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Inside:

This brief analyzes the public costs associated with women bearing their first child before the age of 20. The applied model isolates costs that are directly attributable to births not being delayed until the age of 20.

- 1990 costs for all 1971-1990 births
- 1991-2010 costs for all 1990 births
- 1991-2010 costs for each 1990 birth
- Comparison data for 1986-90
- Potential savings by delayed births

Raw data sources included the Oklahoma Department of Human Services Annual Reports and data provided by the State Department of Health Division of maternal and Child Health.

This methodology was developed by the Center for Population Options, Washington, D.C., and adapted for Oklahoma by the staff of the OMRF Center for Health Policy Research.

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A Perspective

About a third of families begun by teen mothers will require public assistance. For those fully using public programs, the public costs will be about \$45,000 over the next 20 years. It is estimated that \$45,000 will buy:

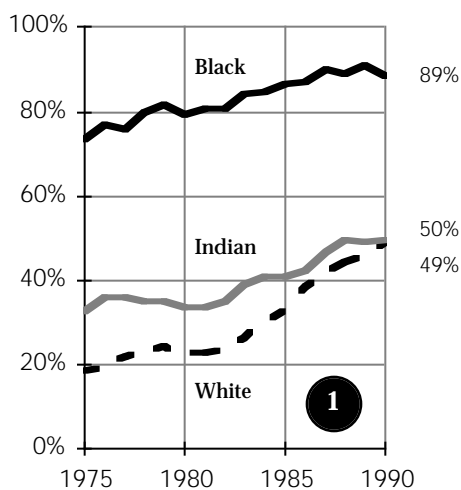
- 12 years of full-coverage private family health insurance.
- 11 years of groceries for a family of four.
- 10 years of an executive level retirement annuity benefit.
- 9 years of 30-year mortgage payments for a \$60,000 home.
- 8 years of daily dinners and wine at an exclusive restaurant.
- 7 years of one hardcover book per weekday (1,800 books).
- 6 years of educational and living expense at the University of Oklahoma or Oklahoma State University (undergraduate and master's degrees).
- 5 years of monthly roundtrip airfares to Paris or Honolulu.
- 4 years of educational expense at the University of Tulsa; or the average debt of graduating medical students at the University of Oklahoma.
- 3 years of medical school educational and living expense at the University of Oklahoma.
- 2 years of nursing home care.
- 1 initial investment for almost any franchise or small business.

Purpose

Childbearing by teenage mothers, and the associated poverty it tends to create, has a direct bearing upon health policy issues. The consequences of teen childbearing impact the health care system in terms of Medicaid eligibility and expense as well as public health care system cost and utilization. Also there is a price in infant morbidity and mortality that result from poor prenatal care and poor health habits of mothers.

Access to privately rendered health care in the United States is inextricably linked to income and private health insurance. Ac-

Percent of Births To Teen Mothers That Were Out-of-Wedlock, Oklahoma, 1975-90



Families, Marriage and Poverty

"There is a growing consensus that the root of poverty is a failure to create families. More than one-third of the 10.4 million female headed families [in the United States] are poor. When couples marry they overwhelmingly tend to escape poverty. About 94% of married couples are not poor."

John Naisbitt and Patricia Aburdene, Megatrends 2000

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cess to public health care systems is enhanced by public health insurance that is an inverse function of income and employment, and is provided at public expense. The failure to fully fund public programs results in "cost shifting" to the paying health care system user and/or the limiting of access and services to public patients.

In all cases, any reduction of poverty related public assistance is to the advantage of all sectors of society. One of the most powerful tools for reducing poverty could be inducing teen mothers to delay their first births until age 20.

Writing Checks Against Public Funds

There are many public costs related to families and children. All of these costs are not associated with teen childbearing. But an estimated 40% are directly related to beginning families before the age of 20.

Few Oklahoma teenagers could expect to have a \$15,000 check cashed against their personal checking account. By starting families as teenagers, individual Oklahoma teens are writing checks of this amount against the public treasury each time a teen mother gives birth. As a group, all Oklahoma teen families begun since 1971 have resulted in a SFY 1991 public cost of almost \$211 million.

Since 1986 Oklahoma has expended almost \$865 million in public assistance funds as a result of families begun by teenage parents. An estimated 40% of that amount (\$346 million) could have been saved if all births to teen mothers were delayed until age 20.

Potential Savings:

This is the cost model estimate of public funds savings if all women delayed their first birth until they are 20 years old. Only 10% of women who so delay will utilize public assistance programs. This delay will not eliminate all public expenditures for family support, but will make a significant savings.

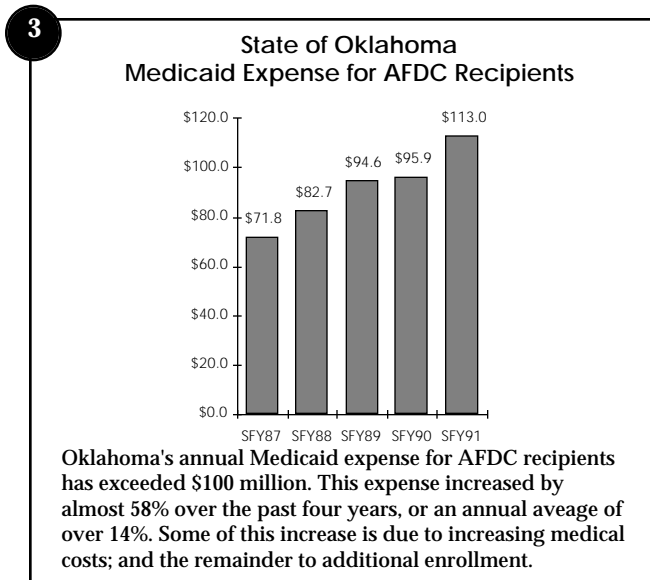
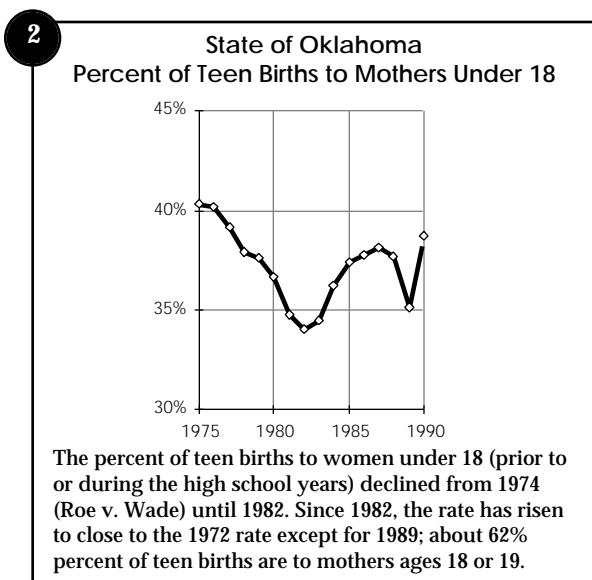
A GOAL: Delay of First Births Until Mother Is Age 20

The DELAY of first births to teen mothers in a specific year has a measurable reduction in future public expenditures ... a potential \$34.1 million dollars per year in Oklahoma. This delay also presumably has quality of life and other non-cash positive outcomes for society.

Public funds expended are a combination of federal and state dollars. Public program costs include Aid to Families with Dependent Children (AFDC), Food Stamps, Medicaid, social services, housing, and associated administrative costs.

The average cost per birth is a statistical abstraction. Many teenage mothers will not utilize any public funds. An estimated 33% of teen births will result in public costs. But those that do will cost three times the average cost per birth.

AFDC eligibility determines additional categorical entitlement costs. AFDC and Medicaid will account for 75% of these public costs. This is an issue to be addressed by all Oklahomans, particularly whites in rural counties and blacks in urban counties.



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Families Begun (First Births) By Teen Mothers

<u>Group</u>	<u>1986</u>	<u>1987</u>	<u>1988</u>	<u>1989</u>	<u>1990</u>
Ages 11-14	127	139	137	114	107
Ages 15-17	2,326	2,379	2,289	2,205	2,115
<u>Ages 18-19</u>	<u>3,071</u>	<u>3,221</u>	<u>3,177</u>	<u>3,419</u>	<u>3,518</u>
All Teens in Oklahoma	5,524	5,739	5,603	5,738	5,740

There has been a slight shift in the ages of teen mothers delivering first births. The number of mothers below age 18 are decreasing somewhat, and the age 18-19 group is increasing. The overall numbers of first births have been fairly constant during the past four years. The first order teen births for 1987, 1989 and 1990 are almost identical.

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Costs Per First Birth Over Following 20 Years

<u>Group</u>	<u>1986</u>	<u>1987</u>	<u>1988</u>	<u>1989</u>	<u>1990</u>
Ages 11-14	\$17,674	\$18,809	\$20,033	\$20,155	\$20,903
Ages 15-17	\$15,433	\$16,402	\$17,467	\$17,594	\$18,246
Ages 18-19	\$10,803	\$11,507	\$12,208	\$12,229	\$12,658
All Teens in Oklahoma	\$12,910	\$13,713	\$14,548	\$14,448	\$15,143

These are per birth public costs for a family begun by a teen birth. These are all public costs, related to an individual teen birth, from pregnancy through the time the child is twenty years old. The average per birth cost for all 5,740 first births to teen mothers in 1990 was \$15,143.

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Costs For Annual First Teen Births Over Following 20 Years

<u>Group</u>	<u>1986</u>	<u>1987</u>	<u>1988</u>	<u>1989</u>	<u>1990</u>
Ages 11-14	\$2,244,596	\$2,614,451	\$2,744,537	\$2,297,643	\$2,236,620
Ages 15-17	\$35,896,285	\$39,020,358	\$39,982,025	\$38,794,376	\$38,589,589
<u>Ages 18-19</u>	<u>\$33,176,655</u>	<u>\$37,064,047</u>	<u>\$38,785,832</u>	<u>\$41,812,577</u>	<u>\$44,352,504</u>
All Teens in OK	\$71,317,536	\$78,698,683	\$81,512,394	\$82,904,595	\$85,358,714

These are future public costs for all families begun by all Oklahoma teen births in the indicated year. They are for the next twenty years that the mother and her family may be dependent upon public support. This amount is the single birth cost multiplied by the number of first births to Oklahoma teenagers in 1990 (see above). There were 5,740 first order births to teens in Oklahoma during 1990. These births will cost the public over \$85 million (in SFY1991 dollars) over the next 20 years. The cohort totals are slightly off due to rounding.

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Annual Costs Incurred for All Teen Births In Preceding 20 Years

<u>State of Oklahoma</u>	<u>1986</u>	<u>1987</u>	<u>1988</u>	<u>1989</u>	<u>1990</u>
All Prior Births	\$143,411,798	\$158,165,831	\$171,108,714	\$181,893,511	\$210,716,440
Potential Savings	\$57,364,719	\$63,226,332	\$68,443,486	\$72,757,404	\$84,286,576

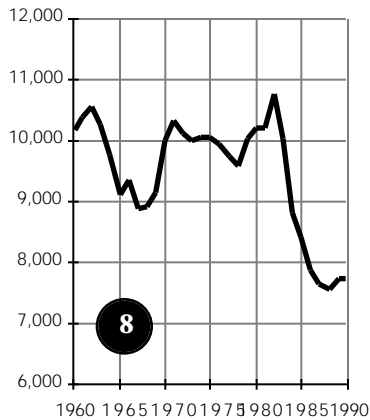
These are public funds expended in a single fiscal year for all mothers who bore their first child as a teenager in the 20 years prior to the year indicated. Oklahoma SFY1991 single year costs for all prior year first order teen births was almost \$211 million. This amount is paid by the federal (70%) and state (30%) taxpayers. An estimated \$84 million in total cost could have been saved if all teen mothers had delayed their first birth until the age of 20. If all teens in the 20 years prior delayed births until age 20, then savings of the indicated amount could have occurred in each of the listed years.

It is estimated that one-third (34%) of all teen births will receive AFDC and associated Medicaid and Food Stamp entitlements; this percentage drops to 10% of first births are delayed until age 20, and to 3% if delayed until age 30.

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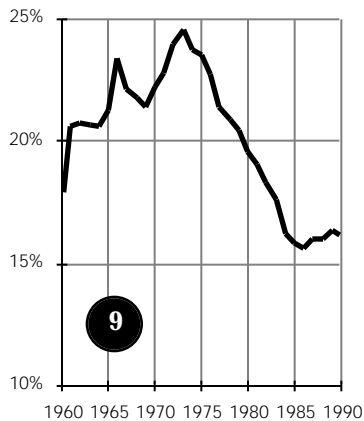
Number of Births to Teen Mothers in Oklahoma, 1960 - 1990



The number of teen births has declined in 1963 and 1973 (Roe v. Wade); increased at the start of the "oil boom" in 1977 and declined again starting in 1982, the beginning of the "oil bust" period.

These recent changes mirror the Oklahoma changes in per capita income.

Percent of Teen Births to All Births in Oklahoma 1960 - 1990

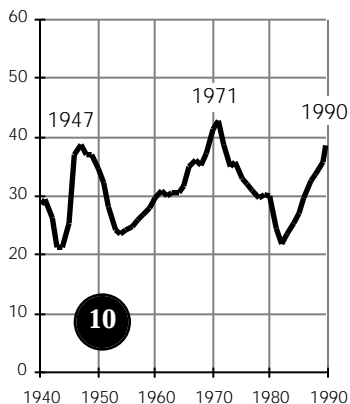


The proportion of Oklahoma births that are to teenage mothers has declined sharply and steadily since 1973, the year that Roe v. Wade legalized abortion in the United States. There has been a slight increase since 1985. This overall decline should have translated into fewer families on AFDC. It did not. (see charts at right and below)

Historical Birth Data for 1960 - 1990
Total Births, Births to Teen Mothers and Teen Out-of-Wedlock Births in Oklahoma, 1960 - 1990

Year	Births in Oklahoma			Teen Births Out-of-Wedlock		
	Total	Teens	Pct	No.	Pct	
1960	59,481	10,151	17.1%	1,060	10.4%	- +10%
1961	50,420	10,390	20.6%	1,076	10.4%	
1962	51,010	10,569	20.7%			
1963	49,699	10,270	20.7%			
1964	47,351	9,773	20.6%			
1965	42,806	9,111	21.3%	1,441	15.8%	
1966	39,993	9,340	23.4%	1,591	17.0%	
1967	40,049	8,868	22.1%			
1968	40,933	8,912	21.8%			
1969	42,714	9,157	21.4%	1,977	21.6%	- +20%
1970	44,973	10,006	22.2%	2,312	23.1%	
1971	45,353	10,325	22.8%	2,554	24.7%	
1972	42,303	10,127	23.9%	2,598	25.7%	
1973	40,765	9,998	24.5%	2,603	26.0%	
1974	42,363	10,052	23.7%	2,702	26.9%	
1975	42,704	10,061	23.6%	2,883	28.7%	
1976	43,655	9,930	22.7%	2,967	29.9%	
1977	45,449	9,740	21.4%	3,067	31.5%	- +30%
1978	45,883	9,574	20.9%	3,172	33.1%	
1979	49,007	10,032	20.5%	3,476	34.6%	
1980	52,065	10,192	19.6%	3,319	32.6%	
1981	53,620	10,210	19.0%	3,307	32.4%	
1982	58,748	10,752	18.3%	3,445	32.0%	
1983	56,859	10,014	17.6%	3,587	35.8%	
1984	54,323	8,807	16.2%	3,469	39.4%	
1985	53,100	8,410	15.8%	3,580	42.6%	- +40%
1986	50,536	7,894	15.6%	3,679	46.6%	
1987	47,701	7,648	16.0%	3,877	50.7%	- +50%
1988	47,279	7,561	16.0%	3,998	52.9%	
1989	47,238	7,736	16.4%	4,197	54.3%	
1990	47,725	7,718	16.2%	4,339	56.2%	

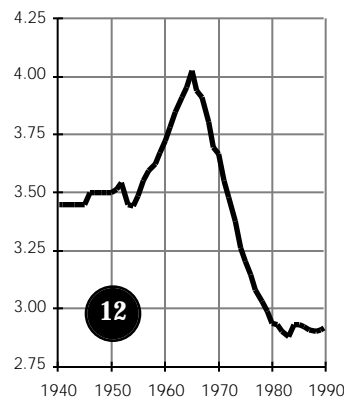
AFDC Recipients per 1,000 Population in Oklahoma 1940 - 1990



The number of families on AFDC per 1,000 population is an accurate measure of social reliance on the program. It is more meaningful than the historical number of recipients.

The chart shows that enrollment is very cyclical. The 1990 ratio matches the reliance in 1947 and 1971.

AFDC Family Size in Oklahoma, 1940 - 1990



It is a misconception that mothers on AFDC to have larger families in order to receive additional public assistance.

This chart shows a sharp decline in Oklahoma AFDC family size since 1965, the year that marked the advent of the "Great Society" social programs of the Johnson Administration.