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THE ECONOMIC IMPACT OF TEEN PREGNANCY IN MEMPHIS/SHELBY COUNTY, TN

WHAT ARE WE TRYING TO DO?

- ✘ Look at the problems of Teen Pregnancy in Memphis
- ✘ Calculate an economic impact of teen pregnancy for the business community
- ✘ Develop an individual look at teen pregnancy
- ✘ Review the costs of pregnancy for the individual mother
- ✘ Look at the benefits of investment in contraception for teens
- ✘ Compute cost/benefit ratios
- ✘ Calculate the lost earning capacity of teen mothers

THE PUBLIC COSTS OF TEEN PREGNANCY

- ✘ \$11 billion in taxpayer money in 2008.
- ✘ Public assistance funds over half the cost for the first 13 years of the child's life.
- ✘ Over half of teen mothers do not have a high school diploma
- ✘ Many teen mothers have difficulty completing job training

CHARACTERISTICS OF TEEN PREGNANCY IN MEMPHIS, TN

- ✘ In 2009, there were 14,409 live births in Shelby County
- ✘ 2,181 of these babies were born to mothers aged 10 to 19.
- ✘ Over 80 percent were unintended pregnancies
- ✘ Almost all were to unmarried mothers

Immediate Cost/Benefit Ratio

Costs to deliver a child for a teenager = \$4,688

Investment for contraception = \$267 per year

Cost/Benefit Ratio of Teen Pregnancy Prevention Relative to Teen
Pregnancy in Shelby County -- Part 1

Immediate Cost/Benefit Ratio

Cost/Benefit Ratio:
17.5 to 1

	<u>Individual</u>	Shelby County Total <u>for One Year</u>
Pregnancy Prevention	\$267	\$581,600
Hospital Delivery Costs	\$4,668	\$10,179,826
Cost-Benefit Ratio	17.5	17.5

Early Childhood Cost/Benefit Ratio

Three year cost to raise a child in Memphis = \$33,344

Investment for contraception = \$800 for three years

Cost/Benefit Ratio of Teen Pregnancy Prevention Relative to Teen Pregnancy in Shelby County -- Part 2

Early Childhood Cost/Benefit Ratio

Cost/Benefit Ratio
41.7 to 1

	<u>First Year</u>	<u>Individual Total for 3 yrs</u>	<u>Shelby County Total for 3 yrs</u>
Pregnancy Prevention	\$267	\$800	\$1,744,800
Hospital Delivery Costs	\$4,668	\$4,668	\$10,179,826
Costs to Raise Child	\$9,559	\$28,677	\$62,543,883
Total Cost for Child	\$14,226	\$33,344	\$72,723,709
Cost-Benefit Ratio	53.3	41.7	41.7

EARLY PREGNANCY AND THE EARNINGS GAP

Teen pregnancy

- +impairs educational progress
- +slows job skill development
- +results in dependence on public assistance
- +reduces Earning Capacity life long**

COMPARATIVE WOMAN'S EARNINGS

Starting yearly incomes

- ✘ No High School diploma \$ 6,657
- ✘ High School only \$13,070
- ✘ Associate's degree \$17,327
- ✘ Bachelor's degree \$22,052

Lost Earning Capacity to Age 24

\$51,304 without
a High School
diploma

\$85,352 without
an Associate's
degree

\$123,160 without
a Bachelor's
degree

Total Value in 2011 of a Lifetime of Lost Earnings for a 17 Year Old High School Dropout Relative to a HS Graduate, an Associate's Degree, and Bachelor's Degree

	HS Graduate incl GED	Associate Degree	Bachelor's Degree
18 to 24 years	\$51,304	\$85,352	\$123,160
25 to 34 years	\$59,960	\$142,010	\$243,250
35 to 44 years	\$87,460	\$159,360	\$306,020
45 to 54 years	\$78,540	\$188,750	\$301,750
55 to 64 years	\$64,850	\$147,870	\$245,720
65 to 74 years	\$67,950	\$184,850	\$180,920
Total Worklife Loss	\$410,064	\$908,192	\$1,400,820

Note: In each age range, total lost earnings in that age range for a female worker relative to the total earnings of a high school dropout.

Source: PINC-04 Educational Attainment -- People 18 Years Old and Over, by Total Money Earnings in 2009, Work Experience in 2009, Age, Race, Hispanic Origin, and Sex. Current Population Survey, Annual Social and Economic Supplement, [Http://www.census.gov/hhes/](http://www.census.gov/hhes/)

A LIFETIME OF LOST EARNING CAPACITY

No High School diploma	\$410,064
No Associate's degree	\$908,192
No Bachelor's degree	\$1,400,820

Overall Impact on Consumption

- ✘ What she didn't earn, she cannot spend
- ✘ Local economy is smaller

TEEN PREGNANCY

- ✘ Increased probability of poverty
 - ✘ Reduced earning capacity
 - ✘ Reduced spending on raising children
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- ✘ **All for the lack of investment of \$267 per year**

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Author: David H. Ciscel is emeritus professor of economics at the University of Memphis. He earned his doctorate from the University of Houston. He has written many professional articles on labor issues related to the MidSouth. He is also Director of Memphis Forensic Economics. The author wishes to thank many others for their assistance and help in producing this document: Owen Philips, Rebecca Pope, Rebecca Terrell, Lynda Sagrestano, Cyril Chang, Teresa Diener, Allison Stiles

