

Impact on Education and the Economy

Teen pregnancy and childbearing affect the economic wellbeing of teen parents, their children and the state.

Having a child in adolescence makes it more difficult for young people to achieve their educational, career and other life goals and affects the future prospects of their children—at considerable cost to taxpayers. While many of the statistics below specifically refer to the effect on teen mothers, research shows that becoming a teen parent also has significant repercussions for teen fathers.

Education

In an economy that increasingly demands higher levels of educational achievement, teen pregnancy can interrupt or derail education, with lasting consequences. Nationally, only about half of teen mothers earn a high school diploma by age 22, compared to 89 percent of women who do not give birth in their teen years. Teens who have a child before age 18 are even less likely to graduate; only 38 percent earn a diploma and another 19 percent get a GED. Less than 2 percent of teen moms finish college by the time they are 30.

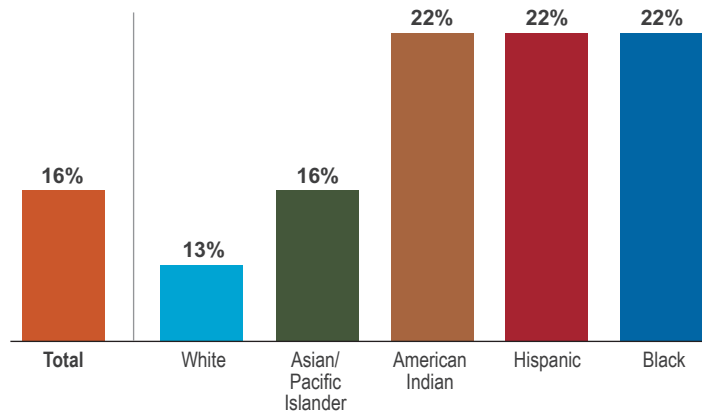
Even if teens complete high school, unplanned pregnancy can still disrupt higher education goals. The birth rate among 18- and 19- year-old Arkansans is nearly four times higher than that of younger teens. Nationwide the birth rate among these older teens is more than three and a half times their younger peers.

In Arkansas...

- 16 percent of the 2008-2009 freshman class did not complete high school within four years.
- 22 percent of black, Hispanic and American Indian students of the 2008-2009 freshman class failed to complete high school in four years.
- In 2011, 19 percent of young adults ages 18 to 24

Arkansas High School Students Not Graduating Within Four Years, by Race/Ethnicity

Source: ED Data Express, ED.gov



were not in school or working, and did not have a degree beyond high school.

- About 20 percent of babies born to Arkansas teens are not the teen's first. Having multiple children as a teen further impedes a young person's ability to finish school, keep a job or escape poverty.

Implications for Economic Wellbeing

Employment and Earnings. Low levels of educational attainment among teen parents reduce employment opportunities and earnings later on in life. The state, in turn, loses out on purchasing power, collects fewer taxes and may experience reduced worker productivity. Business and community leaders in states and cities, such as Mississippi and Milwaukee, identified high rates of teen pregnancy as a workforce competitiveness issue and include teen pregnancy prevention as part of their economic development strategy.

- The Alliance for Excellent Education estimates that if 90 percent of students from the class of 2012 in Arkansas had earned a high school diploma, the state economy would benefit from approximately \$64 million in increased annual earnings, and nearly \$5 million in increased annual state and local tax revenues.
- Over the course of a lifetime, a college graduate will earn, on average, \$1.3 million more than a high school dropout, according to a study by the Georgetown University Center on Education and the Workforce.
- While the disparity in future earnings between teen parents and their peers cannot be attributed solely to teen childbearing, research suggests that even after controlling for many factors, teen parenting has a negative effect on income.

Poverty. Teen childbearing is both a cause and a consequence of poverty. Nationally, nearly half of teen mothers live with incomes below the poverty line. And the likelihood that they will live in poverty increases as their child grows. More than 40 percent of teen moms live in poverty within the first year of giving birth; by the time the child is three, that increases to 50 percent. While some low-income mothers may face poverty no matter when their children are born, having a child so young compounds the difficulties they face. In 2012:

- Nearly one in five Arkansans lived with an income below the federal poverty level, \$23,492 for a family of four. This rate was higher among youth; more than one in four Arkansans under age 18 lived in poverty.
- Black children were seven times as likely to live in areas of concentrated poverty as white children. Latino youth were nearly four times as likely to live in such areas.

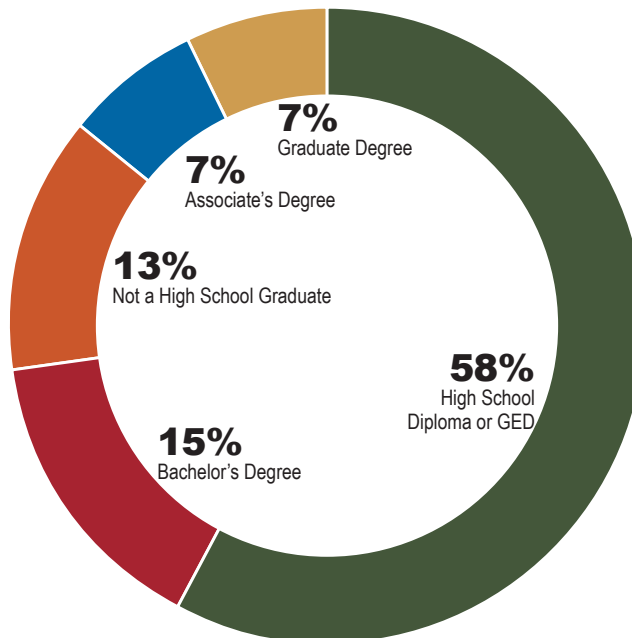
Financial Support. Because so many teen parents live below the poverty level, many rely on public assistance. According to the Census Bureau's most recent analysis in 2004, 63 percent of teen moms nationwide received some public benefits in the first three years of their child's life, including 55 percent who received Medicaid in the first year. A smaller portion of teen moms receive food stamps and Temporary Assistance for Needy Families (TANF). In addition, nearly nine in 10 teen mothers are not married, and only about a quarter receive any child support from the child's father.

Implications for Future Generations

The economic consequences of dropping out of school contribute to a cycle of economic hardship that continues for generations. For the state, this means a less educated, less prepared and less competitive workforce. Children born to teen moms often do not perform as well as children of older mothers on early childhood development indicators and school readiness measures. They

Educational Attainment of Arkansas Working Age Population 25 to 64, 2012

Source: Kids Count Data Center, The Annie E. Casey Foundation



typically have lower educational performance, score lower on standardized tests, and are twice as likely to repeat a grade as their peers. Only some two-thirds of children born to teen mothers earn a high school diploma, compared to 81 percent of children born to older parents. And these trends often continue for generations: nearly one third of the daughters of teen mothers become teen mothers themselves, further perpetuating a cycle of low educational achievement, economic hardship, poverty and reliance on public assistance.

Resources

Teen Pregnancy Prevention, National Conference of State Legislatures: <http://www.ncsl.org/default.aspx?tabid=23141>

The National Campaign to Prevent Teen and Unplanned Pregnancy

- Why it Matters: Teen Childbearing, Education, and Economic Wellbeing: <http://www.thenationalcampaign.org/why-it-matters/pdf/Childbearing-Education-EconomicWellbeing.pdf>
- Teen Pregnancy & High School Dropout: What Communities Can Do to Address These Issues
 - Report Summary: <http://www.thenationalcampaign.org/resources/pdf/teen-preg-hs-dropout-summary.pdf>
 - Report: <http://www.thenationalcampaign.org/resources/pdf/teen-preg-hs-dropout.pdf>

- Nationally, 30 percent of teen girls who have dropped out of high school cite pregnancy or parenthood as a key reason. Rates are even higher for Latino and African American girls – 36 percent and 38 percent, respectively.

- It works both ways: Teen pregnancy often contributes to a teen's decision to drop out, and youth who drop out are more likely to become pregnant.
- School involvement, attendance and achievement help reduce the risk of teen pregnancy.