

A Summary of Research on Economic Factors Affecting Women's Decision Making in Crisis Pregnancy Situations

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The following report is a synopsis of a fuller report written by Farrell Grant Sparks consulting in association with Professor Gerry Boyle of the Department of Economics, NUI Maynooth. FGS is a leading Irish independent firm of business advisers and consultants.

The views expressed in this report are those of the authors and do not necessarily reflect the views or policies of the sponsors.

1.0 Introduction and background to the report

In November 2003, FGS Consulting (in association with Professor Gerry Boyle of the Department of Economics, NUI Maynooth) was commissioned to conduct research for the Crisis Pregnancy Agency (CPA). The objective of the project was to incorporate into one analysis the range of economical and policy factors that potentially affect women's decision-making in crisis pregnancy and quantify such data in financial and "societal value" terms.

It is important to note that the report recognises that there are both emotional costs and benefits attached to crisis pregnancy decisions but, as these cannot be readily generalised and are not amenable to quantification, the focus in this report is on the financial (or economical) costs and benefits. The research findings presented in this report should, therefore, be considered in conjunction with other reports being generated under the research strand of the CPA's Strategy's which, through a combination of qualitative and quantitative analyses, aims to give a greater understanding of the full range of factors which mediate choice in a crisis pregnancy situation.

This document summarises some of the key findings emerging from this report. The summary takes the following structure:

- **Section 2:** Reviews the data on crisis pregnancy in Ireland, trends in fertility patterns and associated data on reproductive outcomes, and attempts to answer the question: Do economic factors affect decision-making in a crisis pregnancy situation?
- **Section 3:** Provides an overview of a model which can be used to analyse factors that affect fertility decisions.
- **Section 4:** Examines signifiers of the value of a child in Irish society.
- **Section 5:** Examines the range of economic costs that might be involved in a crisis pregnancy decision, and examines at a high level the system of supports available to Irish women, which may have the effect of offsetting some of these costs.
- **Section 6:** Sets out the conclusions.

2.0 Do economic factors affect decision-making in a crisis pregnancy situation?

It is evident (from the research conducted) that a set of factors, broadly construed as “economic,” result in many women perceiving their pregnancies as crises. For example, we know from consultations carried out by the CPA (which have subsequently been backed up by quantitative and qualitative research),¹ that there is a socio-economic “undercurrent” to all aspects of the reproductive process.² While immediate, purely “financial” considerations - such as “unemployment” - appear to be less important overall, wider sets of economic considerations - such as the “impact on school or college” to “being too young” and the pregnancy being “not planned” (the latter reasons are the two dominant reasons contributing to the pregnancies being perceived as crises) - feature in the experiences of large proportion of women in crisis pregnancy situations.³

In an attempt to better understand how these “economic” factors might affect decision-making in a crisis pregnancy situation, the report examined - in detail - trends in the data on fertility and key findings in relation to parenthood, adoption and abortion.

2.1 Fertility trends

Fertility data generally reflects both male and female pregnancy decisions. Data on fertility trends is, therefore, interesting, as it provides insight into the major factors influencing a woman's decision-making process in a crisis pregnancy. The most pertinent trends in relation to Irish fertility data are outlined in the following table.

Table 2.1 Fertility trends

- Birth rates have fallen from a high of 22.7 per 1000 of population in 1971/72 to 13.9 in 2003.
- The Total Period Fertility Rate (TPFR)⁴ has declined from an average of 3.23 in 1979 to 1.91 in 1999, rising marginally again to 1.98 in 2003, but still representing a decline of 40% since 1979.
- The average age of mothers has increased only marginally from 28.8 in 1980 to 30.6 years in 2003.
- There has, however, been a gradual increase in age of mothers giving birth for the first time over the last twenty years (this is now 27 years versus 25 in the early 1970s).
- In 1992, the number of births to single mothers comprised 13.56% of all births. It currently accounts for 31% of all births.

¹ *Irish Contraception and Crisis Pregnancy Study (ICCP Study) (2004), Crisis Pregnancy Agency.*

² *This relates to contraceptive choice and sexual behaviour, as well as to decisions about family formation, when to have children, and how many children to have.*

³ *ICCP Study, op. cit.*

⁴ *The TPFR for a given year indicates the number of children a woman could expect to have if the age-specific fertility rates for that year applied throughout her fertile years. A TPFR value of 2.1 is regarded to be the level at which the population would replace itself. Despite the decline experienced in Ireland, it still has amongst the highest TPFRs in the EU.*

Table 2.1 Fertility trends *continued*

- There has been strong growth in families with one or two children, while the number of families with four or more children has almost halved over the twenty-one year period 1981-2002.
- Households made up of couples (married or cohabiting) with no children are now the fastest growing type of family household. This type of household increased from 169,300 in 1996 to 228,600 in 2002 - a rise of nearly 35%.

Source: CSO Census Figures

The most pertinent of these trends are the increasing age of mothers at first birth, the decline in family size and the growth in the number of childless couples. These suggest that many women are delaying childbirth, either until childrearing becomes more affordable (for women who are in employment or women working in the home) or other life goals have been achieved. To develop a fuller understanding of what might underlie trends in fertility, the data should be read in conjunction with statistics on family formation.

2.2 Pregnancy outcomes

Most of the literature on crisis pregnancy suggests that there are three choices available to a woman in a crisis pregnancy situation:

- Have the baby
- Place the baby for adoption
- Have an abortion.

A vast majority of respondents in the ICCP study indicated that parenthood/live birth would be the most likely option for women who have experienced crisis pregnancy (it was the outcome for 76% of all women surveyed). It is also evident that adoption is no longer seen as an option for the vast majority of women in crisis pregnancy situations, and, finally, abortion has become the second choice after parenthood according to UK figures⁵ (1 in 5 pregnancies in the 20-24 year age bracket and 1 in 5 of all pregnancies amongst women aged 45 + ended in abortion).

It seems that factors such as growing materialism, women's perceptions of other women and how women manage work and family life, are also influencing their decisions in crisis pregnancy situations and, as such, are just as important as calculations about the direct and indirect financial costs associated with childbirth.⁶

2.2.1 Parenthood

The data on crisis pregnancy outcome by relationship status (see Table 2.2 below) indicate that most married women and those living with the father will give birth. What is not known is whether it is the emotional and psychological supports available within marriages/or stable relationships or the increased potential for ongoing financial support that influences that decision.

⁵ UK Department of Health.

⁶ Mahon, Conlon & Dillon. (1998). *Women and Crisis Pregnancy*. Department of Health and Children.

Table 2.2 Crisis Pregnancy Outcomes by Relationship Status

- 99% of those who were “married or engaged” at the time of conception gave birth.
- 93% of those who were “living together” gave birth.
- 84% of those who were in a “steady relationship” gave birth.
- 69% of those who had “just met or met recently” or “known each other for a while” gave birth.

Source: ICCP Study

As illustrated in Table 2.3 below, despite the economic hardship and poverty risk that can be associated with parenthood, one-parent families are a significant and growing proportion of all Irish “families.” The research indicates that the majority of one-parent families depend on social welfare as their main (or only) source of income, and one-parent families face a greater risk of poverty than most other families.

Table 2.3 Lone Parent Statistics

- 11% of the Irish population live in a one-parent family (between 1996 and 2002 the number of households containing a lone parent with children increased from 105,400 to 131,200, an increase of 25,800 households (24.5%)).
- In 2001, 42.9% of persons at risk of poverty (60% of median income) lived in lone - parent-headed households in comparison with 21.9% of the overall population.
- Just under a quarter (23.7%) of persons in the State experiencing consistent poverty live in lone parent-headed households.⁷
- In 2002, there were 79,195 recipients of the One-Parent Family Payment (OFP) - an increase of 2.7% on 2001, of which 97.5% of recipients were female and 2.55% were male.

Source: CSO Census Data

2.2.2 Adoption

There has been a significant decline in the number of domestic adoptions in Ireland, from a high of 1,443 in 1975 to 523 in 1992. In 2002, of a total of 60,521 births, just 99 children were placed for adoption (where a baby is placed with another, unknown family). It is thought that attitudes to adoption have shifted over time, and economic factors are believed to have contributed to this.⁸

⁷ Nolan B., Gannon B., Layte, R., Watson D., Whelan C.T, William, J., *Monitoring Poverty Trends and Exploring Poverty Dynamics in Ireland (2001)*, The Economic and Social Research Institute.

⁸ Mahon et al (1998) & Loughran, H.; & Richardson, V.; *Mixed Method Adoption Research, Crisis Pregnancy Agency Report, (No.13; June 2005); Pgs 63 & 69.*

2.2.3 Abortion

Between 1980 and 2002, at least 105,136 Irish women had abortions in Britain.⁹ The greatest proportion of abortions, with respect to the total number of Irish pregnancies, occurred within the 20-24 age range and to women under 20 years of age. In 2000, approximately 22% of all pregnancies within these age ranges resulted in abortion. This contrasts with 11% of all pregnancies aborted in the 25-29 age range and 20% of all pregnancies aborted for women aged 45 and over in the same year.

In a cross-country comparative analysis¹⁰ of the reasons why women choose abortion, "economic reasons" or women saying that they could "not afford to properly care for a child" came second overall in importance.

2.3 Summary

The relationship between economic factors and pregnancy decision-making, as outlined above, is complex. What is clear is that women and men are making choices about when to have children and how many children to have, and economic factors appear to be mediating those choices in a number of ways. Despite this, of the high proportion of respondents in the ICCP study that cited "broadly economic reasons" as the reason why their pregnancies were perceived as crises, 75% of those went on to give birth, and only a very small minority expressed any regret about the decision. This suggests that, despite concerns about the financial implications of a crisis pregnancy, the majority of women still chose to parent, i.e. 75%. The Crisis Pregnancy Agency notes, however, that many still require ongoing support.¹¹

These findings would, therefore, seem to indicate that there is a role - not just for improving the economic circumstances of women who may find themselves in crisis pregnancy situations (where this is a determining factor) - but for providing information about the benefits available and demonstrating how possible it is to balance the economic dimensions of childrearing with other aspects of living. Finally, if couples are delaying childbirth until other life goals have been achieved, and if there is a perception that an unplanned pregnancy will delay or prevent their achievement, there may be a role for support and information to reconcile these goals with childrearing.

⁹ IFPA, 2004.

¹⁰ Council of Europe research (1999).

¹¹ ICCP Study 2004; Pg 150.

3.0 Decision-making context

One way of analysing the factors that affect fertility decisions is to focus on supply- and demand-side variables, as set out in Fahey's *Model for the Interpretation of Aggregate Fertility Outcomes in Ireland*.¹² (Please see illustration of model in Figure A1 in the Appendix). Fahey considers that there is clearly a range of factors that result in couples/women becoming pregnant and having children. He depicts these as "supply side" factors, which include contraception, couple formation and abortion. There is also a range of variables that affect the desirability of having a child, which he depicts as "demand side" factors. This relates to the societal value of children and motherhood, and the financial cost of a child.¹³ It is the interplay between these variables at different times and at different stages in a woman's life that, Fahey believes, impacts on decision-making about fertility and, by extension, about decisions taken in a crisis pregnancy situation.

While much of the Crisis Pregnancy Agency's work is focused on the "supply side," i.e. factors such as sexual activity, contraception and couple formation, it is clear that there is also a role for interventions that focus on the demand side i.e. the societal value of a child and the affordability of a child. In the following two sections, we use Fahey's model as a mechanism for looking at the demand-side factors. We look firstly at the value of a child in societal terms and then, in the following section, at the financial cost of a child.

¹² Fahey, T., *Trends in Irish Fertility Rates in Comparative Perspectives*, ESRI, Vol. 32, No.2 July 2001, pg 153-180. See Appendix for model.

¹³ Additional background variables influence both the demand and supply sides, and include levels of economic development, education, religion and family policies.

4.0 Societal value of children and motherhood

If the societal value of a child outweighs the financial cost of a child, then it is likely that women will want to have children, regardless of affordability. Thus, economic factors are likely to be less important than other factors in a crisis pregnancy situation. As such, this section focuses on socio-economic signifiers of the "value of a child." It outlines issues in relation to the persistence of child poverty, pregnancy and early motherhood in the workplace, childcare issues and labour force participation. It is important to state that this analysis is by no means comprehensive or exhaustive, and is only meant to capture some of the more salient trends in the literature and recent policy developments, which might indicate how society values children and motherhood.

4.1 Persistence of child poverty

Parental unemployment has been identified as the single biggest factor in child poverty, with non-working households accounting for a significant proportion of children in poverty.¹⁴ Although Child Benefit has more than trebled in value since 1997 and the Government has set a Child Benefit target of €149 per month by 2005 (equivalent of €34.40 per week), progress towards the target figure has been slow in the last two budgets. Child Benefit in Ireland as a percentage of the average production worker's wage in 2000 was amongst the lowest in Europe.¹⁵

4.2 Pregnancy and early motherhood in the workplace

Despite the existence of comprehensive legislation¹⁶ preventing discrimination in the workplace on the basis of gender or family status, there is still evidence of de facto discrimination in the workplace. This may contribute to a woman perceiving pregnancy as a crisis from the outset and may, as a result, affect the decision-making process. In relation to employment equality, in its 2001 Annual Report, the Equality Authority stated that discrimination on gender grounds still constitutes the largest category of cases (41%), and discrimination on grounds of pregnancy is the biggest area of gender casework. In addition, a recent study¹⁷ on family-friendly and work/life balance issues in Ireland found that family care supports, relating mainly to childcare, were available to employees in less than 10% of the organisations that responded to the survey (n=912). Despite the above, there have been positive changes towards expectant and new mothers in the workplace in the *Maternity Protection (Amendment) Act 2004*. The main provisions are highlighted in Table 4.1.

14 OECD, *Babies and Bosses - Reconciling Work and Family Life (Vol. 4): Canada, Finland, Sweden and the United Kingdom identified the need for additional public investment in childcare, especially for low-income families in order to increase work opportunities for mothers.*

15 *ibid.*

16 There are a number of pieces of legislation, which expressly forbid either discrimination or dismissal, or both, on the basis of pregnancy. Both are protected against under equality legislation, which forbids the discriminatory treatment of anyone on the basis of their gender, and since only a woman can become pregnant, discrimination on this basis is contrary to the gender ground. Under the *Maternity Protection Acts, 1994 to 2001*, discrimination against a woman on the basis of her pregnancy is outlawed, and dismissal during the period in which she is on maternity leave is also not allowed. The *Unfair Dismissals Acts, 1977 to 2001*, also state that a dismissal made on the basis of a female's pregnancy will be deemed unfair. Under the *Unfair Dismissals legislation*, the minimum service requirement of one year is waived in cases regarding pregnancy.

17 *Off the Treadmill; Achieving Work Life Balance (2004)*, National Framework Committee for Family-Friendly Policies.

Table 4.1 Maternity Protection (Amendment) Act 2004 - Key Provisions

- Maternity leave of not less than 18 consecutive weeks
- Entitlement to time off from work without loss of pay for the purpose of attending one set of antenatal classes other than the last three
- Employees who are breastfeeding are entitled to either breastfeed in the workplace or to a reduction of working hours for its purpose elsewhere.

Source: Maternity Protection (Amendment) Act 2004

In addition, under the Parental Leave Act, 1998, unpaid parental leave of an aggregate of 14 weeks is also available to both parents.¹⁸

4.3 Childcare

The Quarterly National Household Survey Special Module on Childcare, published in the fourth quarter of 2002, provided some interesting statistics on childcare; these are summarised in Table 4.2 below.

Table 4.2 Childcare Statistics

- Over 73,000 families, or 42.5% of all families with pre-school children, regularly rely on non-parental childcare arrangements for minding these children during normal working hours.
- Usage of non-parental childcare facilities is less common for primary school-going children, with 67,500 (25.3%) of all families availing of it on a regular basis.
- Couples with both partners at work had the greatest need for regular non-parental childcare facilities. Over three-quarters (55,300) had childcare arrangements for their pre-school children, and nearly half (50,100) required it for their primary school-going children.
- Lone parents with pre-school children used non-parental childcare arrangements to a lesser extent than average (42.5%), with just over 30% (7,600) having regular arrangements. The reverse was true in the case of lone parents with primary school-going children, with over 28% (12,800) having regular arrangements, compared to the average of 25.3%.
- Parents who paid for childcare for their children spent on average €97.47 per week in 2002 on the main type of childcare, and this varied from €79.42 in the Border region to €118.96 in Dublin.

Source: CSO, QNHS 2002

¹⁸ Research conducted by the Department of Justice, Equality and Law Reform in 2001 found that only 20% of eligible employees had taken this leave since it was introduced in December 1998, with absence of payment being the biggest impediment to workers availing of such leave.

Under the Equal Opportunities Childcare Programme, as part of the current National Development Plan, a significant investment (€499m)¹⁹ is being made in pre-school childcare to expand and improve quality in the sector. It is not evident, however - even with the significant funding involved - that the programme will provide an adequate solution in relation to after-school childcare.

4.4 Labour force participation

Despite the fact that mothers are participating in the labour market in higher numbers than ever before,²⁰ there is some evidence of attrition (*see Table 4.3*).

Table 4.3 Female Workplace Attrition²¹

- The number of women working *full-time* decreases as their children increase in age. The number of women working part-time increases up to their second children, then begins to decline with three children or more.
- The number of women absent from the labour force was approximately 40% of women with one child and 66% of women with four or more children.
- Regardless of educational attainment, women with children were less likely to work full-time than women without children.
- In the labour force, the number of women with pre-school children, aged under 3, is decreasing.

Source: Gender Equality Unit, *Women and Men in Ireland, Facts and Figures*²²

These figures highlight the vulnerability of many Irish mothers' attachment to the labour force.²³ In particular, maternity and paternity have been shown to influence employment rates of men and women in opposite directions, decreasing for women while increasing for men.²⁴

4.5 Accommodation costs

In terms of accommodation costs, research indicates that an increase in the minimum wage would be needed to afford a house in Dublin. For example, while the average Dublin house costs €343,562,²⁵ the average mortgage available to a person on the minimum wage is €110,000.²⁶ In addition, the ESRI found that, in 2003, the private rented

¹⁹ Notwithstanding, Irish investment in childcare is low by international comparison (*see OECD Review of Early Childhood Education, 1998*).

²⁰ Labour force participation by women (up to the age of 60) has been rising consistently from a low base. Increasing numbers of women now combine full, or part-time work with raising children. The employment rate for women in Ireland rose by 40 per cent over the period 1994-2003, compared with a 15% increase for men.

²¹ *Ibid.*

²² Department of Justice, *Equality and Law Reform*.

²³ The effect on mothers is largest in Ireland, when compared with other European countries.

²⁴ Jacques le Cacheux, Síle O Dorcha, Helene Pervier, Jerome de Henau & Daniele Meulden: *The Rationale of Motherhood Choices: Influence on Employment Conditions and Public Policy (2004)*; Chapter 5: *To what extent do labour markets across Europe accommodate to parenthood?* Oxford Press.

²⁵ Permanent TSB/ESRI House Index (May 2005 Edition).

²⁶ A person on a minimum wage in Dublin earns on average €15,912 per year (based on an hourly rate of €7.65). His or her net take-home pay would, therefore, be €15,200 (allowing for tax and PRSI).

sector and non-house purchasers faced the greatest affordability problems. According to its research, "private sector tenants are burdened with higher housing expenditures than any other tenure category and experience considerable financial strain as a result." This issue places an additional burden on a woman faced with a crisis pregnancy situation, as the unplanned nature of many such pregnancies may mean that there is neither the time nor the capacity to set aside money for pregnancy or maternity. Accommodation and the risk of homelessness are key considerations and a reality for women facing crisis pregnancy. There are several barriers to lone parents who wish to live in private rented accommodation. These include inadequate supply of such accommodation, unaffordable rent levels, discrimination against lone parents, lack of security of tenure and inadequacy of amount received on the Rent/ Mortgage Interest Supplement. There is also no guaranteed rent support if you find yourself pregnant and have to move into rented accommodation (to qualify for Rent Supplement a woman has to be living in existing rented accommodation).

4.6 Summary

While it is evident that progress is being made on lots of fronts - in reducing child poverty, increasing Child Benefit, resourcing childcare, improving legislative protections for maternity, facilitating parental leave, etc., it is also evident that - despite the protections - women are still experiencing discrimination as a result of pregnancy/motherhood. In addition, there are still constraints in relation to the affordability and accessibility of childcare and accommodation, and, although mothers may avail of family-friendly initiatives, they do so at a risk to their career progression and at a cost to other (non-family, non-work-related) aspects of their lives.

5.0 Economic costs associated with pregnancy decisions

In this section, we focus on monetising the financial costs that women in crisis pregnancy situations might factor into their decision-making processes. The focus of this section is on the cost implications of a woman's choice. These include indirect financial costs associated with pregnancy, maternity and childbirth, as well as direct financial costs, in terms of the provision of basic necessities and the costs associated with childcare. Both long-term and opportunity costs are also examined.

5.1 Costs of various outcomes

5.1.1 Financial costs of pregnancy and birth

There is no Irish data on the costs of pregnancy. In the UK, some very limited guidance on the costs of pregnancy comes from the legal sector. In *Rees v Darlington Memorial Hospital NHS Trust*, the court awarded £10,000 (€13,000) for pain, suffering and any financial losses arising from unplanned pregnancy and labour.

In Ireland, the financial costs of childbirth are covered largely by medical insurance or the State and, as such, this cost is unlikely to be factored into the decision-making process. Usually, a woman relies on maternity benefits provided by the State, unless the employer decides to supplement these benefits. This amounts to 70% of the employee's gross earnings - subject to a statutory earning ceiling, and is payable during the first 18 weeks of maternity leave. As such, maternity leave represents a 30% loss of earnings over the duration of the leave for women whose employers do not contribute to the payment. The employee is also entitled to take up to 8 weeks' additional unpaid maternity leave.

5.1.2 Financial costs of adoption

As the financial costs of rearing a child are effectively passed onto the adoptive parents at birth (or shortly afterwards),²⁷ the only additional financial costs that should be attached to an adoption are those relating to the cost of pregnancy and the cost of giving birth. There may also be a cost associated with a woman wishing to conceal a pregnancy, which should, perhaps, also be factored into the range of financial costs for this option. For example, a woman may have to leave employment or low-cost accommodation with her parents/partner in order to conceal a pregnancy from the family and/or co-workers.

5.1.3 Financial Costs of Abortion

For the purpose of this summary, the cost of an abortion is described in terms of the financial costs associated with private procurement of the abortion in the UK and the costs associated with travel to and from the UK. The medical costs vary significantly, depending on the stage in the pregnancy, and range from the region of €665 for a medical abortion, to the region of €1,000 for a surgical abortion (up to 12 weeks). Travel (which includes taxis and flights) and accommodation (which includes food) can range between €100 and €250 per person per day. Thus, the total estimated costs associated with abortion range between €965 and €1,750.

²⁷ Adoption Board statistics indicate that, in recent years, the age of a child at placement for adoption has primarily been under 9 months; in many instances, the child is placed with pre-adoptive foster parents in the period before the Adoption Order.

5.2 Financial cost of a child

5.2.1 Possible proxies

Where there is no current source of data on the cost of a child in Ireland, there is data from research in Ireland and other jurisdictions, presenting a range of financial costs that could be used as proxies.²⁸ For example, in terms of Irish proxies, the costs range from €35.40 to €44.33 per week (depending on the number of children) for Child Benefit, to €289.50 to €316 per week (from less than 12 years to more than 12 years) for Foster Carer's Allowance.²⁹ In terms of the international proxies, the costs range from €96.16 (Small Fortunes Research) to €183.65 per week (US Department of Agriculture (USDA)). Please see Table A:1 for this data.

5.2.2 Combat Poverty Agency (CPA) - Budget Standard Approach

In determining the cost of a child, the Combat Poverty Agency used a "budget standard approach" in 1994 (See Table A:2 in the Appendix), which was based on "costed basket" items in order to establish an estimate³⁰. The research develops the financial costs of having a child under two different scenarios: a "basic minimum approach" and a "modest but adequate budget approach."³¹ Based on these approaches, the weekly cost of having a child in 2004 ranged from €39.32 (aged under 1 year) to €87.38 (aged 15-16 years), depending on the approach used, while the costs per year vary from €2,045 (for a child aged under 1 year) to €4,544 (for a child aged 15-16 years), again, depending on the approach used. (See Table 2.3)

5.2.3 Childcare

Childcare significantly adds to the financial costs associated with children.³² The main impact of factoring childcare costs into the cost estimations is to increase the total weekly financial costs associated, in particular, with younger children. In order to examine the impact of childcare on the cost of a child, the Combat Poverty Agency has used two different hourly rates: the higher hourly rate of childcare in the Dublin area (€5.47), cited in the CSO research,³³ and the modal hourly rate of €3.81, as reported in the ICTU survey.³⁴ We have assumed an average of 20 hours' childcare per week until

28 Example of Irish proxies include Child Benefit, Child Benefit together with One-Parent Family Payment, and Foster Carer's Allowance, while data from other jurisdictions includes research from the Centre for Research on Social Policy at Loughborough University UK (Small Fortunes) and from the Family Budget Unit, King's College London, the Family Finance Unit of the Canadian Council on Social Development (CCSD), and the US Department of Agriculture (USDA) (using data from the Consumer Expenditure Survey). It is important to note that research conducted in other jurisdictions is useful, but has limitations - either because childcare financial costs are not included or, where they are included, affordability and availability mean that they amount to a lower proportion of the relevant costs.

29 Neither Child Benefit nor Foster Carer's Allowance are based on an analysis of the direct financial costs of having a child.

30 The "costed basket" includes cost estimations for food, clothes, education, personal care, etc.

31 The cost in the basic minimum approach does not include the cost of transport to school, medical costs and additional housing costs. The modest but adequate approach provides for a more varied diet, additional education expenses, such as pre-school, one Gaeltacht holiday, and some additional spending on toys and presents.

32 Research conducted by the Expert Group on Childcare indicated that, at 20% of average earnings, Irish childcare costs are the highest in Europe.

33 According to CSO data, the higher hourly rate childcare cost per child per hour in Dublin (last quarter 2002) ranged from €4.09 to €5.47, i.e. €159.51 to €213.33 per week, for parents engaged in full-time employment. The higher cost of childcare, at €5.47 per hour, compares to a minimum wage of €7.00.

34 Research conducted by ICTU in 2002 [Congress Report on Survey of Childcare Practices Identifying Members Childcare Needs, ICTU, March 2002] indicated that the modal hourly cost of childcare was €3.81, and the average weekly expenditure on childcare ranged between €102 and €126 for two children receiving a total of 40 hours' childcare (20 hours, per week each).

the child is 12 years old. Table data in the appendix highlight the cost of a child, including and excluding childcare, based on the above figures.

The *weekly* cost of a child, including childcare costs, ranges from €118.32 (for a child aged under 1 year) to €154.08 (for a child aged 12 years), depending on the approach used and applying the *lower hourly rate* for childcare. This rises to €148.72 (for a child aged under 1 year) and €184.48 (for a child aged 12 years), depending on the approach that is used and applying the *higher hourly rate* for childcare. The costs per year would, therefore, vary from €6,153 (for a child aged under 1 year) to €8,012 (for a child aged 12 years), depending on the approach that is used and applying the *lower hourly rate* for childcare, and from €7,733 (for a child aged under 1 year) to €9,593 (for a child aged 12 years), depending on the approach used and applying the *higher hourly rate* for childcare (see *Figures A:2 and A:3*).

5.2.4 Affordability of a child

In terms of influence on a woman's decision-making process, the cost of a child may not be as important as the affordability of a child, i.e. the proportion of income that will be spent on a child. In this regard, it is useful to examine the data presented on the cost of a child in Ireland, the United States, Canada and the UK as a proportion of average weekly earnings (AWE). For example, in Ireland, the cost of a child (including childcare) accounts for a greater proportion (28.36%) of average weekly earnings than it does in all but one of the countries reviewed.³⁵

5.2.5 Long term financial costs of having a child

The extent to which women factor the longer-term financial costs of having a child into the decision-making process is not known. We have seen in earlier sections, how assessments of opportunity costs influence fertility behaviour. In this context, it is also worth examining the cost of children over the longer term. Looking at the figures on a cumulative basis (see *Table A:3*), the cost of bringing up a child to age eighteen ranges from €47,056 to €62,575 (without childcare) to €94,605 to €134,959 (with childcare).³⁶ Adjusting those prices for inflation i.e., the Net Present Value (NPV), the range decreases from €27,196 to €36,188 (without childcare) to €50,514 to €91,809 (with childcare).³⁷

5.2.6 Opportunity costs

The above estimation of direct expenditure on children neglects the non-financial cost of parenting (this can include occupational downgrading, qualification inflation etc.), which often results in lower labour force participation and reduced earnings for mothers. These indirect costs can be estimated by asking how much a mother would have earned had she not reduced her labour force participation, an exercise that yields varying estimates depending on the assumptions made regarding the opportunity cost of women's time.

³⁵ *New Earnings Survey, Office for National Statistics, US Department of Labor, Ontario Ministry for Finance, CSO Ireland (based on AWE 2003).*

³⁶ *We have assumed an average of 20 hours, childcare per week until the child is 12 years old.*

³⁷ *The Net Present Value Calculation is $Cost/(1+5\%)$ to the power of years.*

Research carried out by the ESRI found that on average women earnings were 84.5% of men's earnings in 1997³⁸ and that when women return to work from a period of full-time childcare they often experience occupational downgrading, reduced earnings and fewer promotion opportunities. In the US, Calhoun and Espenshade³⁹ found that mothers' forgone earnings amounted to about 20% of the total cost of raising children. This indirect opportunity cost grows, however, as levels of education increase, and the literature suggests that it is highest for women with good qualifications engaged in well-paid employment types and that the costs are further increased for women in careers where there is a high rate of return to on-the-job experience and tenure.⁴⁰

5.2.7 Social welfare and tax regime

There has been repeated criticism of the complexity of the system of social welfare supports (and in particular the system of Supplementary Welfare Allowances, which depends heavily on the discretion of the Community Welfare Officers) as it applies to families and lone parents.⁴¹ For example, only an estimated 35% of those entitled to the *Family Income Supplement* are currently availing of it. There have also been repeated criticisms of the *Homemakers Scheme*, (which allows a woman that gives up work to care for a child aged under 12 the capacity to qualify for an Old Age (Contributory) Pension when she reaches age 66), due to the fact that she must be at home for a year to qualify. Similarly, the qualification criteria for the *Back to Education Allowance* (to allow a lone-parent (OFP recipient) with 1 child return to education/training) have become increasingly difficult following the 2005 Budget. Finally, many of the other social welfare benefits available to mothers of young children are means tested, and dependent on family income.

5.3 Summary

In summary, it seems that the "economics" of the options available to women in crisis pregnancy situations are most evident at the extremes, as outlined in the following table. The most substantial costs are indirect and, at present, there is no compensation for the loss of earnings and career opportunities associated with caring for a child in the home. While the Homemaker's Scheme provides a mechanism for softening the long-term penalties associated with caring, and the Spousal Tax Credit may assist with the loss of earnings, there are no other protections or supports for mothers who leave the workplace to look after children.

38 Barrett (ed) et al (2000) *How Unequal? Men and Women in the Irish Labour Market*
The One Parent Family Association, One, is also currently conducting research in this area.

39 Calhoun, Charles A. and Thomas J. Espenshade. 1988. *Childbearing and Wives' Foregone Earnings*. *Population Studies* 42:5-37.

40 Joshi, Heather. 1990. *The Cash Opportunity Cost of Childbearing: An Approach to Estimation Using British Evidence*. *Population Studies* 44:41-60.

41 See NESF 2001, *I Hadn't A Penny*. Department of Health, Reports from the Citizens Information centres Comhairle website.

Table 5.1 Economics of the Options Available to Women in Crisis Pregnancy Situations

- There is virtually no dedicated assistance to expectant mothers until a child is born. The lack of provision for pregnancy is in contrast to the payment now made in France (€800 to all mothers in the 7th month of pregnancy) and the UK's Sure Start maternity grant of £500.
- There is no recognition in the social welfare/insurance system that childbirth brings with it additional costs that at a time when most mothers need access to additional funds their incomes are reduced by as much as 30%.⁴²
- There is a paucity of supports available to dual-income families, apart from Child Benefit, and shortfalls in relation to this are likely to have the greatest proportional effect on those on low levels of income.
- At present, women seeking part-time work are ineligible for unemployment assistance, as they are unable to prove that they are available for full-time work, and there is no compensating mechanism available to a woman who can only engage in part-time work.
- Childcare adds significantly to the financial costs associated with children, and the lack of any compensating mechanism within either the tax or social welfare system means that women must have access to relatively well-paid work in order to yield an adequate net benefit from working.
- The qualifying period for the Back to Education Allowance increased from 6 to 15 months for third-level education (as a result of Budget 2004); however, Budget 2005 saw this qualifying period reduced again to 12 months, as of September 2005.
- The anomalies and inequities in the treatment of cohabiting couples in the tax code and social welfare systems have been repeatedly highlighted by organisations representing and working for and with lone parents.

⁴² Treoir, the organisation representing one-parent families, has highlighted difficulties for women on Maternity Benefit who cannot meet the high costs of their rents while in receipt of this payment.

6.0 Conclusion

Economic factors appear to affect the decision-making process in different ways, reflecting the differing circumstances of women in Irish society. In economic terms, the balance between the “value” and the “cost” of a child is important in shaping fertility decisions and, although planned and unplanned fertility decisions are different in many ways, there is a role for considering both cost and value issues in determining how best to support women in crisis pregnancy situations.

In this study, we examined the evolving policy and legislative contexts as signifiers of the “value of a child” and, although the rhetoric of both policy and legislation is strongly supportive of family, children and equity, the research indicates that practice is often at odds with intent. In terms of “financial costs,” both short - and long-term costs seem likely to exert a greater or lesser influence on the decision-making process, and the outcome depends on the age and social status/educational attainment level of the mother. Despite this, however, other research⁴³ shows that considerations such as time, money, childcare costs, career opportunities and housing costs are all strongly influential in informing decisions about motherhood - for all young women.

In conclusion, given the Agency's dual objectives of reducing the incidence of crisis pregnancy and reducing the number of abortions, it is very important to find a way of providing information that is both truthful about the high financial costs of parenthood for mothers, but also reflects the fact that - despite the high costs - most mothers manage financially. In addition, it appears that more could be done by the Agency and others to alter the “cost/value” ratio in favour of motherhood, including:

- Lowering the financial cost of all children by increasing Child Benefit and providing some compensation for the high cost of childcare.
- Fulfilling existing policy commitments in relation to child poverty.
- Creating a cultural shift in the way in which pregnancy and motherhood are regarded and accommodated within the workplace and elsewhere, and creating initiatives to reconcile work and family life.
- Reducing the long-term opportunity costs associated with pregnancy and motherhood.

⁴³ Murphy, Lawless et al. (2004) *understanding how sexually active women think about fertility, sex and motherhood*. Crisis Pregnancy Agency, Dublin.

Appendix

Figure A:1 Fahey's model for the integration of aggregate fertility outcomes in Ireland

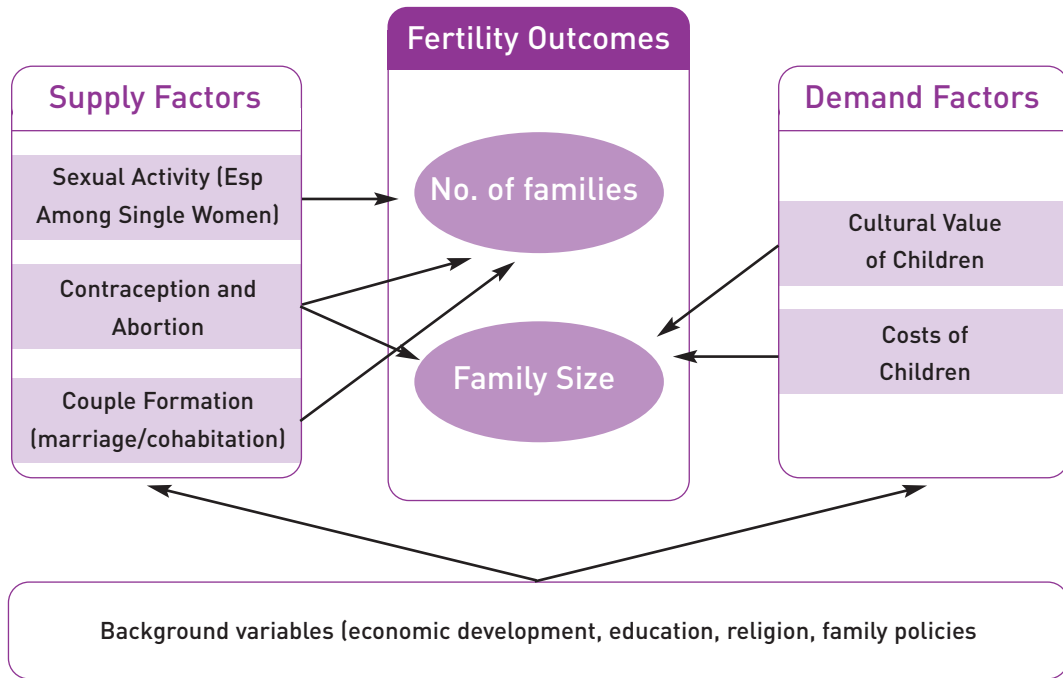


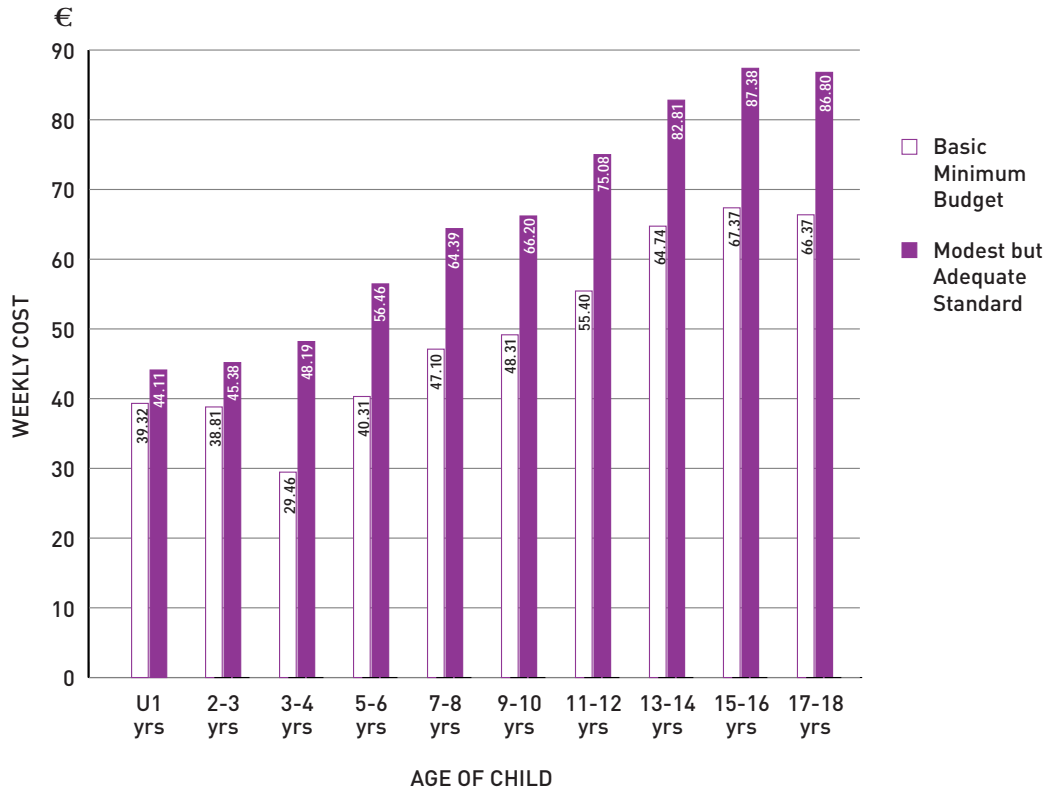
Table A:1 Possible proxies - the financial cost of a child

Proxy/research finding	Weekly amount €	Data Source
Child benefit	€35.40-€44.33 depending on number of children	DSFA
Child Benefit + One Parent Family payment ¹	€154.1 (variable) + €35.40	DSFA
Foster Carer's allowance ²	€289.50 – Child <12 Years €316 - Child →12 Years	DSFA
Small Fortunes – 1995 data updated –costs for a typical child.	€96.16	Centre for research on Social Policy Loughborough University UK
Low Cost but Acceptable (LCA) – poverty threshold costed basket Lower figure = food for a girl aged four, higher figure includes child minding costs of 45 hours a week.	€43.10 - €142	Family Budget Unit King's College London
The Canadian Council on Social Development (CCSD) – average cost for a child all ages - includes the cost of childcare which is equal to 60%of the total costs associated with a one year old to 35% of the total costs associated with an 11 year old.	€99.03	Family Finance unit of the CCSD 2003
US Department of Agriculture (USDA) average cost across income levels	€183.65 – average all ages	USDA using data from the Consumer Expenditure Survey

¹ The OFP reflects costs for mother and child including maintenance payments by "Liable Relatives". Maintenance is payable for children up to 18 years and for OPF and Deserted Wife's payments up to the age of 21 years if in full time education. An unmarried parent used to only have liability in respect of his/her children and was not required to maintain the other parent. Since May 1997 however a liable relative may be asked to contribute up to the level of the whole payment. The DSFA maintain that by supporting the mother, the other parent is supporting the child. Maintenance payments are equivalent to OFP payments. The contribution due cannot be greater than the appropriate social welfare payment being paid to the family under the Deserted Wife's or One Parent Family Payment Scheme.

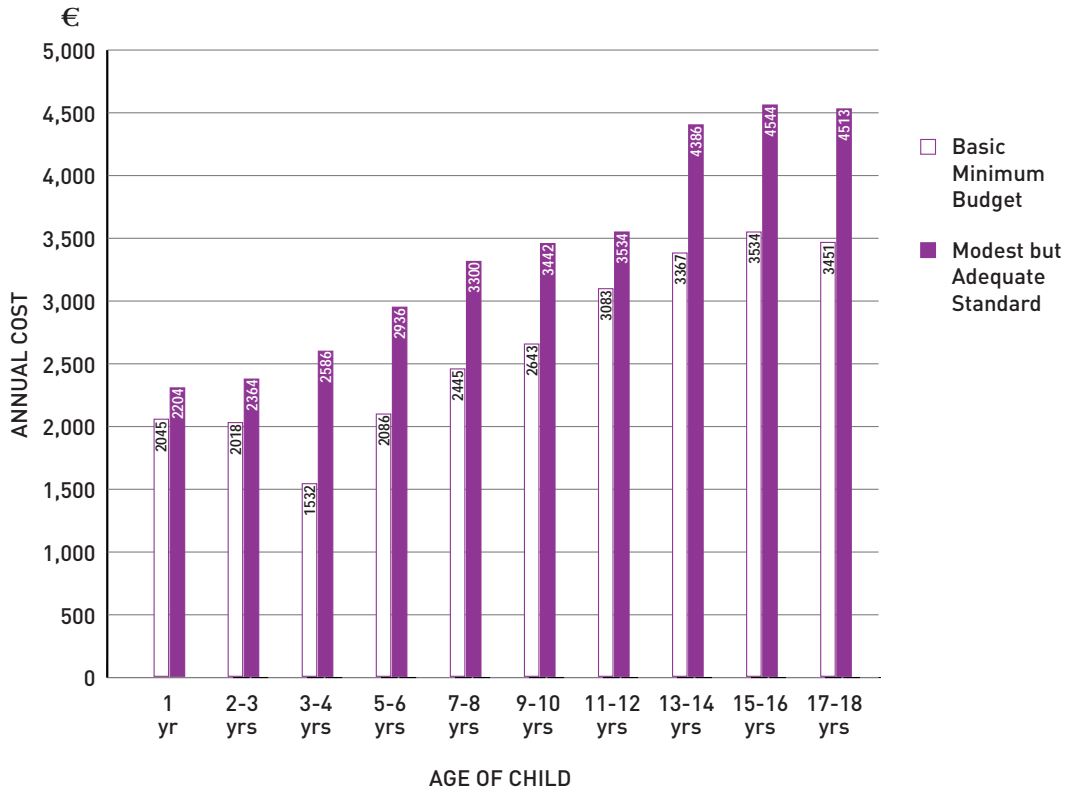
² In the UK, Foster Carers allowance is related to research on the cost of a child.

Figure A:2 CPA Cost of a child €(weekly) adjusted for CPI (1994)



Note: CPI adjusted using 1992 as base rate; source of data, Cost of A Child; Combat Poverty Agency

Figure A:3 CPA Cost of a child €(per year) adjusted for CPI (1994)



Note: CPI adjusted using 1992 as base rate; source of data, Cost of A Child; Combat Poverty Agency

Table A:2 Financial Cost of a Child (Including the Cost of Childcare)

Age/basis	1yr old Cost	Childcare Cost	Total	12yr old cost	Childcare Cost	Total
Basic minimum approach including childcare costs at lower rate (1)	39.32	79	118.32	55.44	79	134.44
Basic minimum approach including childcare costs at higher rate (1)	39.32	109.4	148.72	55.44	109.4	164.84
Modest but adequate standard including childcare costs at lower rate (2)	44.11	79	123.11	75.08	79	154.08
Modest but adequate standard including childcare costs at higher rate (2)	44.11	109.4	153.51	75.08	109.4	184.48

Table A:3 Cumulative long-term costs of having a child (0-18 years)

	Column 1 Cumulative – today's prices €	Column 2 Cumulative adjusting for Net Present Value (NPV) €
Basic Minimum Approach	47,056.5	27,195.90
Modest But Adequate Standard	62,575.5	36,188.26
Basic Minimum Approach 1 including childcare costs (lower rate) 20 hours childcare until age 12	94,605.3	50,514.97
Modest But Adequate Standard 1 including childcare costs (lower rate) 20 hours childcare until age 12	110,124.3	56,688.63
Basic Minimum Approach 2 including childcare costs (higher rate) 20 hours childcare until age 12	121,241.8	83,096.82
Modest But Adequate Standard 2 including childcare costs (higher rate) 20 hours childcare until age 12	134,959.5	91,809.70

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