



Fact Sheet

IWPR #B382

September 2019

The Economic Effects of Contraceptive Access: A Review of the Evidence

A recent IWPR report examines the relationship between contraceptive access in the United States and a number of economic outcomes, based on a body of research that identifies causal impacts—rather than associations—of contraceptive access.¹ Unlike associations, causal relationships isolate the impact of contraceptive access itself, and eliminate factors that might be associated with both economic outcomes and use of contraception. To do this, researchers examined legal access to contraception for young women, which was granted at different times throughout the 1960s and 1970s. Several of the studies reviewed here also look at access to publicly funded contraception, which became available to women with low incomes over the same time period.

Key Findings from the Literature

Educational Attainment

- Expanded contraceptive access for young women in the 1960's increased women's college enrollment by an estimated 12 to 20 percent.
- By the year 2000, one study estimated that over 250,000 women were able to obtain bachelor's degrees as a result of contraceptive access.

Labor Force Participation

- Access to the pill allowed women to delay childbirth and increase their human capital investment in education and their careers.
- Contraceptive access is responsible for 15 percent of the increases in women's labor force participation that occurred from 1970 to 1990.

Career Outcomes

- Contraceptive access is responsible for nearly one-third of the increases in the proportion of women in professional fields, such as medicine and law, that occurred between 1970 and 1990.
- In particular, women from more selective colleges may have experienced greater labor market benefits from the pill.

Earnings

- Contraceptive access in her early reproductive years increased a woman's annual earnings in her early 40's by 11 percent. Most of this is driven by increased labor force participation, but one-third is driven by increases in education and changes in occupational choice.

¹ For complete details of the studies reviewed and a summary of their key findings, please see the full report, *The Economic Effects of Contraceptive Access: A Review of the Evidence* (IWPR #B381) at <https://iwpr.org/publications/economic-contraceptive-access-review/>.

- According to one study, these benefits were concentrated in women with middle- and higher scores on IQ tests. These test scores may be indicative of privilege more generally, as there is some evidence of cultural bias in IQ testing.

Poverty

- Having access to contraception by age 20 reduced the probability that women (aged 16 to 44) lived in poverty by 8 percent.
- Only half of this effect is driven by changes in fertility and educational attainment, suggesting that changes in women's expectations, occupational choice, intensity of labor market participation, or other factors, played a large role.

Effects on the Next Generation

- Access to federally funded family planning programs reduced the share of children living in poverty during childhood by 7.4 percent and the probability that children would live in poverty as an adult by 2.4 percent.
- Legal changes to contraceptive access resulted in more highly educated women delaying births. As births were retimed, children were 4.5 percent more likely to have a college-educated mother as a result of contraceptive access.
- Children whose mother gained legal access to contraception had family incomes during their adulthood that were increased by two percent.

Implications for Contraceptive Access Today

Despite changes in access to contraception since the 1950s, several factors continue to threaten access, especially among low-income and uninsured women. Meanwhile, other contemporary policies offer opportunities to expand access to contraception. Findings summarized below demonstrate the impact of these changes to access on births, suggesting that subsequent impacts on economic indicators are also possible.

- **Program Funding:** Legislation passed in Texas from 2011 to 2014 cut the state's family planning funding by 67% and forced clinics to close; as a result, the teen birth rate rose by 3.4 percent. These policies inherently target lower-income women who are eligible for these programs, making economic implications particularly relevant.
- **Medicaid:** The expansion of state Medicaid family planning programs through waivers and amendments was implemented by 25 states between 1993 to 2007. These changes led to an almost nine percent reduction in births to women ages 20-44 who became eligible for coverage.
- **Accessibility:** Requiring insurance companies to cover a 12-month supply of a contraceptive prescription has been associated with a 30 percent reduction in the odds of unintended pregnancy. If oral contraceptives were made available over-the-counter without out-of-pocket costs, studies have shown that there would be an estimated 7 to 25 percent decrease in unintended pregnancies.
- **Insurance Coverage Mandates:** Even seemingly small out-of-pocket costs can reduce use of services and medication. The majority of Americans are insured through their employer, so zero-copay mandates for employer-provided insurance coverage of contraception are important for

ensuring contraceptive access, even though their economic effects may be hard to measure. Although the Patient Protection and Affordable Care Act (ACA) included a mandate that private plans cover contraception without a copay, various changes to the rule since its implementation in 2012 have allowed exemptions under certain circumstances.

- **Long-acting reversible contraceptive (LARC) methods:** LARCs have lower failure rates than oral contraceptives and can last for up to 12 years. They are often promoted as a solution to teen pregnancy or as a cost-saving measure, but the up-front costs are higher, which can be a barrier—particularly for adolescents. A Colorado initiative that increased LARC access reduced the teen birth rate by 6.4 percent over five years in funded counties, with a 20 percent reduction over seven years for 15-17 year olds living within seven miles of a participating clinic. Not all women desire LARC methods, however, and method effectiveness is not the most important factor for all women in choosing contraception. A key piece of programs expanding access to LARC is ensuring that they use a patient-centered framework—meaning they respect and support individuals’ autonomy, preferences, and needs.

Conclusion

Historic changes to contraceptive access demonstrated a number of benefits for women and later generations. Access to contraception allowed women to pursue further education, participate in the workforce at higher rates, and increase their earnings. Publicly funded contraception reduced poverty rates for women who had access. As a result of contraceptive access, women experienced changes to both actual fertility and expectations about childbearing. These changes in turn allowed women to invest more heavily in their own human capital and enhance their economic security.

Given the success that some present-day programs have had in reducing unintended pregnancies, policymakers should be looking towards these models for potential economic benefits. These economic motivations, however, must be balanced with women’s own needs and preferences so that their reproductive autonomy is respected. Increased legal and financial access to reliable contraception will undoubtedly have significant implications for women—including improving their economic outcomes.

This Fact Sheet was written by Kelly Jones and Anna Bernstein, with support provided by the William and Flora Hewlett Foundation.

For more information on IWPR reports, please visit www.iwpr.org.

The Institute for Women's Policy Research (IWPR) conducts and communicates research to inspire public dialogue, shape policy, and improve the lives and opportunities of women of diverse backgrounds, circumstances, and experiences. The Institute's research strives to give voice to the needs of women from diverse ethnic and racial backgrounds across the income spectrum and to ensure that their perspectives enter the public debate on ending discrimination and inequality, improving opportunity, and increasing economic security for women and families. The Institute works with policymakers, scholars, and public interest groups to design, execute, and disseminate research and to build a diverse network of individuals and organizations that conduct and use women-oriented policy research. IWPR's work is supported by foundation grants, government grants and contracts, donations from individuals, and contributions from organizations and corporations. IWPR is a 501(c)(3) tax-exempt organization that also works in affiliation with the Program on Gender Analysis in Economics at American University.