



**national
healthy marriage
resource center**

NHMRC May 2008 Webinar Frequently Asked Questions

The Taxpayer Costs of Divorce and Unwed Childbearing

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The National Healthy Marriage Resource Center broadcasted a webinar entitled “The Taxpayer Costs of Divorce and Unwed Childbearing” on May 28, 2008. This Frequently Asked Questions (FAQ) document is a follow-up to many of the questions posted during the webinar.

1. What were the original goals of the research?

The idea for the report was formulated by David Blankenhorn of the Institute for American Values and members of the Georgia Family Council. The original goal was to look at the costs of divorce and out of wedlock births to taxpayers in the state of Georgia. However, the study evolved to estimate the costs to taxpayers for all 50 states and for the nation as a whole. In this respect, the goals of the research have been met and exceeded. One notable limitation, though, is that the study uses conservative estimates and the actual costs to taxpayers are probably much larger than is estimated in the study.

2. Is it realistic to believe that marriage could eliminate \$112 billion dollars of taxpayer costs?

Although the report estimates the cost of divorce and births outside of marriage to be \$112 billion dollars annually, it does not suggest that it is reasonable to assume every single-parent household could become a married household. But, the bottom line is that even a small increase in the stable marriage rate could lead to large gains for taxpayers. If the federal marriage initiative, for example, succeeds in reducing family fragmentation by just 1 percent, U.S. taxpayers will save an estimated \$1.1 billion each and every year.

3. ACF (the Administration for Children and Families) makes it clear that healthy marriage programs are voluntary. What is the realistic percentage of single-parent families that could benefit from these programs and see marriage as a feasible option?

The report doesn't estimate how many single-parent families could realistically become married households. However, in 1970, 85% of children resided in two parent families, while today only 68% of children do so. Though it may not be possible to reach the number of two-parent families that existed only 30 years ago, the percentage of children raised in two parent families could likely be increased from what it is today.

4. Does the report break down the costs by state and race?

The figures are broken down by state on pages 36-38 of the report. You'll find that the last column on page 38 provides the total estimates of state and local taxpayer costs of family fragmentation. However, the numbers in this column do not include federal taxes paid by state residents. Due to the limitations of the data, the estimates are not broken down by race.

5. The report refers to the term “transfer program.” What does this term mean?

A transfer program is a government sponsored program that provides services to individuals who qualify. Examples of transfer programs include Head Start, food stamps, Medicaid, and SCHIP.

6. How can healthy marriage programs use the findings from this report? How can state or local governments become more aware of the cost to taxpayers of divorce and its implications for healthy marriage education?

The healthy marriage community should learn how to incorporate the findings of the study into their programs' community outreach efforts and use this information to their advantage. Local governments can gain more of an understanding of this issue if they are made aware of the existing research and data. In addition to sharing this report with state and local policymakers, it is important to show government officials the percentages of participants in various transfer programs who reside in single-parent families.

7. The cost to taxpayers allocated to the Justice system seems low. Are the actual costs likely higher than those estimated in the report?

Yes. The assumptions utilized in these cost calculations are extremely conservative and, in all likelihood, the taxpayer costs of divorce that are associated with the justice system are higher than reported.

8. How has the study been received thus far? What criticism, if any, have you received from this report have you responded?

Almost all of the feedback has been very positive. One criticism of the report is that the estimated costs are too low. For instance, the estimates do not include the economic impact that would result from single fathers getting married, only single mothers. An increase in marriage for both single fathers and single mothers would likely lead to even greater savings to taxpayers. Another factor driving the conservative es-

timate of costs is the effect of family fragmentation on the public education system. These costs are omitted due to limitations in the available data. However, data suggests that, in general, students who reside in single-parent homes are more likely to face difficulty in school.

9. Since the estimated costs of divorce and unwed childbearing were based on extremely conservative assumptions, what would a more realistic estimate of costs to taxpayers be?

It is unclear what the actual number would be. However, we know that by factoring in the EITC (earned income tax credit) would increase the taxpayer costs by \$12 billion or more. Also, a less conservative approach to estimating the costs associated with the justice system would result in an additional \$10 billion.

10. Are there remaining questions that need to be answered or studied to advance the groundbreaking research on this topic? What are the next steps in this field of research?

More research is needed to show if, and in what capacity, marriage is causally related to societal factors such as crime and poverty. When no causal research was available, this study was forced to assume there is zero link between the two. It also is necessary to determine at the state level what percentage of government transfer program participants reside in single-parent families. These numbers would facilitate the calculation of a "cost per family" of divorce and unwed childbearing to taxpayers.