

The Taxpayer Costs of Divorce and Unwed Childbearing

First-Ever Estimates for the Nation and All Fifty States

Executive Summary

This study provides the first rigorous estimate of the costs to U.S. taxpayers of high rates of divorce and unmarried childbearing both at the national and state levels.

Why should legislators and policymakers care about marriage? Public debate on marriage in this country has focused on the “social costs” of family fragmentation (that is, divorce and unwed childbearing), and research suggests that these are indeed extensive. But marriage is more than a moral or social institution; it is also an economic one, a generator of social and human capital, especially when it comes to children.

Research on family structure suggests a variety of mechanisms, or processes, through which marriage may reduce the need for costly social programs. In this study, we adopt the simplifying and extremely cautious assumption that all of the taxpayer costs of divorce and unmarried childbearing stem from the effects that family fragmentation has on poverty, a causal mechanism that is well-accepted and has been reasonably well-quantified in the literature.

Based on the methodology, we estimate that family fragmentation costs U.S. taxpayers *at least \$112 billion each and every year*, or more than \$1 trillion each decade. In appendix B, we also offer estimates for the costs of family fragmentation for each state.

These costs arise from increased taxpayer expenditures for antipoverty, criminal justice, and education programs, and through lower levels of taxes paid by individuals who, as adults, earn less because of reduced opportunities as a result of having been more likely to grow up in poverty.

The \$112 billion figure represents a “lower-bound” or minimum estimate. Given the cautious assumptions used throughout this analysis, we can be confident that current high rates of family fragmentation cost taxpayers *at least \$112 billion per year*. The estimate of \$112 billion per year is the total figure incurred at the federal, state, and local levels. Of these taxpayer costs, \$70.1 billion are at the federal level, \$33.3 billion are at the state level, and \$8.5 billion are at the local level. Taxpayers in California incur the highest state and local costs at \$4.8 billion, while taxpayers in Wyoming have the lowest state and local costs at \$61 million.

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If, as research suggests is likely, marriage has additional benefits to children, adults, and communities, and if those benefits are in areas other than increased income levels, then the actual taxpayer costs of divorce and unwed childbearing are likely much higher. How should policymakers, state legislators, and others respond to the large taxpayer costs of family fragmentation? We note that even very small increases in stable marriage rates as a result of government programs or community efforts to strengthen marriage would result in very large savings 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.

Because of the modest price tags associated with most federal and state marriage strengthening programs, and the large taxpayer costs associated with divorce and unwed childbearing, even modest success rates would be cost-effective. Texas, for example, recently appropriated \$15 million over two years for marriage education and other programs to increase stable marriage rates. If this program succeeds in increasing stably married families by just three-tenths of 1 percent, it will be cost-effective in its returns to Texas taxpayers.

This report is organized as follows: Section I explains why policymakers may have an interest in supporting marriage. Sections II and III explain the methods used to estimate the taxpayer cost of family fragmentation by using evidence about the relationship between family breakdown and poverty. Section IV reveals the national estimate of the taxpayer cost. Estimated costs for individual states are found in appendix B.

Finally, a note to social scientists: Few structural estimates exist of the relationships needed to estimate the taxpayer costs of family fragmentation. Therefore, we have used indirect estimates based on the assumption that marriage has no independent effects on adults or children other than the effect of marriage on poverty.