

Fact Sheet

(Embargoed until April 15, 2008)

The Taxpayer Costs of Divorce and Unwed Childbearing First-Ever Estimates for the Nation and All 50 States *

Long-standing Research Shows:

- Over the last forty years, marriage has become less common and more fragile. Between 1970 and 2005, the proportion of children living with two married parents dropped from 85 percent to 68 percent, according to Census data. (page 7*)
- More than a third of all U.S. children are now born outside of wedlock, including 25 percent of non-Hispanic white babies, 46 percent of Hispanic babies, and 69 percent of African American babies. (page 7*)
- Potential risks to children raised in fragmented families have been identified to include poverty, mental illness, physical illness, infant mortality, lower educational attainment, juvenile delinquency, conduct disorders, adult criminality and early unwed parenthood. (page 9*)
- To the extent that family fragmentation causes negative outcomes for children and adults, it also leads to higher costs to taxpayers through higher spending on antipoverty programs and throughout the justice and educational systems, as well as losses to government coffers in foregone tax revenues. (page 9*)
- Marriage can help to reduce poverty because there are two potential wage earners in the home, because of economics of scale in the household, and possibly also because of changes in habits, values, and mores that occur when they get married. (page 10*)
- The idea that family fragmentation contributes to child poverty has been studied extensively and is widely accepted. (page 10*)
- Earlier studies conclude that marriage would reduce poverty among single mothers substantially, between 65 to 80 percent. (page 10-11*)

Calculating the Taxpayer Costs

- This report adopts the simplifying and extremely cautious assumption that all of the taxpayer costs of divorce and unmarried childbearing stem solely from the negative effects family fragmentation has on poverty in female-headed households. (page 12*)
- Several calculations are used to estimate the taxpayer costs—foregone tax revenue in income taxes, FICA (commonly called social security) taxes, and state and local taxes as a result of family fragmentation, as well as direct costs to the taxpayers from increased expenditures on local, state, and federal taxpayer-financed programs, driven by increases in poverty, (page 12*), and costs to the justice system (page 16*).

- **Assumption 1:** Marriage lifts zero households headed by a single male out of poverty. **Assumption 2:** Marriage lifts 60 percent of households headed by a single female out of poverty. **Assumption 3:** The share of expenditures on government antipoverty programs that is due to family fragmentation is equal to the percent of poverty that results from family fragmentation. (page 13*) *These assumptions err on the side of caution, derived from earlier studies (among others, the Thomas and Sawhill study “For Richer or For Poorer.”) These assumptions are more likely to lead to an underestimate than an overestimate of actual taxpayer costs of family fragmentation. Details, footnotes, and graphs are located on pages 13-14 of the report.*
- Family fragmentation costs U.S. taxpayers at least \$112 billion each year, or over \$1 trillion dollars per decade. This estimate includes the costs of federal, state, and local government programs and foregone tax revenues at all level of government as seen itemized in Table 7. (pages 17*)

Report Conclusions

- Public concern about the decline of marriage need not be based only on the important negative consequences for child well-being or on moral concerns, as important as these concerns may be. High rates of family fragmentation impose extraordinary costs on taxpayers. Reducing these costs is a legitimate concern of government, policymakers, and legislators, as well as civic leaders and faith communities. (page 20*)
- Even very small increases in stable marriage rates would result in very large returns to taxpayers. For example, a mere 1 percent reduction in rates of family fragmentation would save taxpayers \$1.1 billion annually. (page 20*)
- Texas, for example, recently appropriated \$15 million over two years for marriage education and other programs to increase stable marriage rates. If such a program succeeded in increasing stably married families by just three-tenths of 1 percent, it would still save Texas taxpayers almost \$9 million per year. (page 20*)
- Because of the very large taxpayer costs associated with high rates of divorce and unwed childbearing, and the modest price tags associated with most marriage-strengthening initiatives, state and federal marriage-strengthening programs with even very modest success rates will be cost-effective for taxpayers. (page 21*)
- For total poverty, child poverty, family structure and cost estimates **by State** (see Report* pages 39, 40 and 41).

Table 7. Estimated Costs of Family Fragmentation for U.S. Taxpayers*

* These costs include federal, state, and local costs.

	in billions
Justice System	\$19.3
TANF – Cash Assistance	\$5.1
Food Stamps	\$9.6
Housing Assistance	\$7.3
Medicaid	\$27.9
SCHIP	\$2.8
Child Welfare	\$9.2
WIC	\$1.6
LIHEAP	\$0.7
Head Start	\$2.7
School Lunch and Breakfast Program	\$3.5
Additional U.S. Income Taxes Paid	\$6.1
Additional FICA Taxes Paid	\$9.4
Additional State & Local Taxes Paid	\$6.8
Total U.S. Taxpayer Cost of Family Fragmentation	\$112.0

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