



GEORGIA FAMILY COUNCIL

Executive Summary ***The Taxpayer Cost of Divorce and Unwed Childbearing***

The Taxpayer Cost of Divorce and Unwed Childbearing provides the first rigorous study 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 the study, the cautious assumption was made 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, the study estimates that family fragmentation costs U.S. taxpayers *at least \$112 billion each and every year*, or more than \$1 trillion each decade.

For the state and local taxpayers of Georgia, the study estimates that the cost of family fragmentation is *at least \$1.46 billion each and every year*.

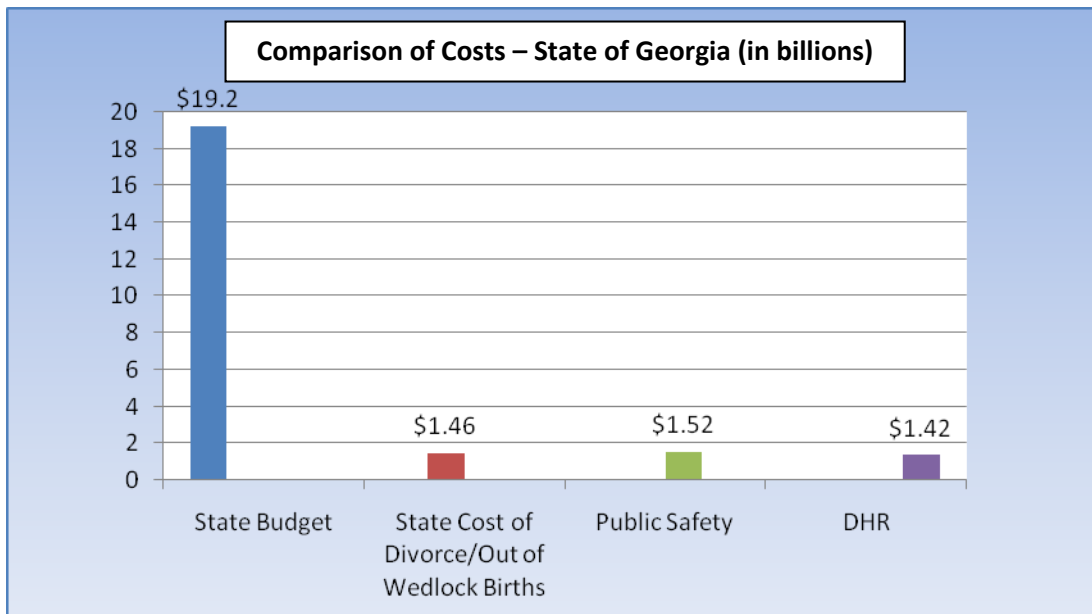
These costs arise from increased taxpayer expenditures for antipoverty, criminal justice, and school nutrition programs, and through lower levels of taxes paid by individuals who, as adults, earn less because of reduced opportunities as a result of having been more likely to grow up in poverty.

The \$112 billion figure represents a “lower-bound” or minimum estimate. Given the cautious assumptions used throughout the study, it can be confidently asserted that current high rates of family fragmentation cost American 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.

The \$1.46 billion in costs incurred by the state of Georgia make it the 9th highest of all fifty states. Just like the national figures, the \$1.46 billion figure for the state of Georgia represents a very cautious estimate of the actual cost to the state. To put this figure in perspective, \$1.46 billion represents almost 8 percent of the 2007 state budget of \$19.2 billion.

As the chart below demonstrates, \$1.46 billion is almost equal to the annual budget for the entire Georgia state Department of Human Resources. The annual cost to the state is also roughly equivalent to the annual budgets for all of the public safety efforts at the state level in Georgia (which include annual funding for the Departments of Corrections, Defense, Juvenile Justice, Public Safety, the GBI, and the State Board of Pardons and Paroles).¹ The annual average cost of divorce and out of wedlock births is \$439.72 per household in Georgia.²



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? What is clear is 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 percentage point, U.S. taxpayers will save an estimated \$1.1 billion each and every year. A similar marriage initiative in Georgia, if it were to

¹ Based on 2007 state budget figures at http://www.opb.state.ga.us/Budget/AFY07_FY08BIB_Complete.pdf

² In terms of a typical Georgia household's share of state antipoverty and justice programs and foregone taxes paid. Household numbers are based on the US Census Bureau's 2005 estimate of number of households in Georgia.

achieve a similar 1 percentage point reduction in family fragmentation, would result in savings to the state of nearly \$15 million annually.

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 \$4.9 million over five years for marriage education and other programs to increase stable marriage rates. If this program succeeds in increasing stably married families by just two-tenths of 1 percent, it will be cost effective in its returns to Texas taxpayers. A similar investment in Georgia would need to produce just three-tenths of 1 percent increase in stably married families to be cost neutral. Any improvement beyond three-tenths of 1 percent would represent an annual net savings for the state.