

The Financial Impact of Divorce

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INTRODUCTION

Israeli society has long been characterized by stable communities anchored by families in which parents live in harmony, and their children reap the benefits of growing up in a stable family. But there are increasing signs of discord, with potentially devastating impact throughout many components of society. Increasing divorce rates are correlated with significantly increased costs of social services needed by families who experience divorce and have a significant impact on personal and public resources, both local and national. This white paper, one of a series of four, excerpted from a 45-page document entitled *The Case for Marriage Education*, will explore the financial impact of divorce, and the potential of Marriage Education as a means for strengthening families and ameliorating these costs.

Some 2.3 million Israelis, including over one million children¹ (26.5% of the entire population) live below the poverty line, according to Latet's 2018 Alternative Poverty Report.² Included in the population living below the poverty line are single parents for whom poverty is high,³ even if they work full-time and have only one child. According to the 2016 Annual Report⁴ on Poverty and Social Gaps of the National Insurance Institute of Israel, a single mother with a single child will live in poverty even if she works full-time for minimum wage. This same report states that among single parent families, the incidence of poverty rose sharply from 21.7% in 2015 to 26.0% in 2016 (an almost 20% increase), and the proportion of single parent families in the poor population increased by approximately 33%.

According to the National Council for the Child,⁵ 24% of children living in single-parent households are living under the poverty line. Grants from National Insurance have mitigated this poverty for 36% of these families.

A study conducted in Israel⁶ by Lewin and Stier found that divorce has proportionally greater adverse consequences on women than on men:

“Divorced women had a higher tendency than all other groups to be poor: about 23% of the recently divorced and 25% of the long-term divorce women lived in households with low income per capita, as against 6% of recently divorced men and 10% of long-term divorced men.”

Additionally, divorced mothers in Israel work more hours and earn less than married women.⁷ For example, divorced women with one child work an average of 38.8 hours a week and earn an average of 50.8 NIS an hour, whereas married women with one child work an average of 36.6 hours a week and earn 52.7 NIS per hour, representing gains for the married mothers both in terms of their income and their available free time. One reason for this discrepancy is the

¹ <https://www.jpost.com/Israel-News/Start-up-Nations-underbelly-Israels-child-poverty-rate-tops-OECD-states-560331>

² December 13, 2018.

³ https://brookdale.jdc.org.il/wp-content/uploads/2018/02/Facts_and_Figures_Poverty_in_Israel_2018.pdf

⁴ https://www.btl.gov.il/English%20Homepage/Publications/Poverty_Report/Documents/oni2016-e.pdf

⁵ <https://www.children.org.il/wp-content/uploads/2019/01/%D7%9C%D7%A7%D7%98-1.7.19.pdf>

⁶ <https://www.sciencedirect.com/science/article/pii/S1040260818300030?via%3Dihub>

⁷ <http://www.macro.org.il/images/upload/items/33231091121240.pdf>

economic pressure on divorced mothers to take jobs with lower salaries and benefits, often necessitated because of their overall lower educational attainment.

COSTS OF DIVORCE

Government Poverty-Related Expenditures

One of the government agencies responsible for addressing the state of poverty for single parent families is the Ministry of Labor and Social Welfare, whose budget, according to the *State of the Nation Report: Society, Economy and Policy 2017* published by the Ministry of Labor and Social Welfare, showed “a significant increase” in the last decade, rising to NIS 5.5 billion in 2014. This figure represents a significant increase from the NIS 2 Billion research findings of MK Michael Malkieli for single headed households, the majority of whom were divorced.⁸

Government expenditure for social issues is continuously increasing and these statistics can be attributed to family breakdown as well as other factors:⁹

- Health: From 10.4% in 1995 to 13.1% of the total expenditure in 2016;
- Public order: From 2.9% in 1995 to 4.0% of the total expenditure in 2016;
- Education: From 15.2% in 1995 to 17.5% in 2016;
- Social protection: From 22.3% in 1995 to 27.3% in 2016 (including expenditures for family and children) out of a total 478,641 NIS million;
- Family and children: From 11,672 NIS million in 2014 to 13,564 NIS million in 2016, a 16% increase over 2 years alone, with the historical increase expected to continue, based on the trends cited above.

Additional Economic Impacts of Divorce

A study shows that in Israel,¹⁰ divorce affects women more negatively than men in the experience of poverty and economic hardship. Women are in a more vulnerable economic position, since they are generally economically subordinate in both marriage and the labor force, and they experience high rates of poverty paralleled with high levels of hardship. Israel's high fertility level may also be a cause of hardship, since it results in a heavier burden on women's shoulders after divorce. The low level of state support further increases women's vulnerability. Divorced men are less likely to suffer from poverty but are more likely to experience hardship in medical necessities.¹¹

Another contributing negative economic factor is the impact on the workplace because of burgeoning divorce rates. According to international research conducted by Henry Potrykus and Patrick Fagan¹² in March 2012, the divorce revolution more than tripled the rate of divorce for the most important agent for economic growth and labor market activity: the working head-of-household. Divorce has reduced that head's productivity by 25-33%. Divorce in the U.S., having become acculturated, results in what is called “presenteeism,”

⁸ Figure cited by MK Michael Malkieli (Shas MK) in his speech delivered at the Knesset Seminar for Pre-Marriage Education.

⁹ https://www.cbs.gov.il/he/publications/doclib/2018/1717/e_print.pdf

¹⁰ <https://www.sciencedirect.com/science/article/pii/S1040260818300030>

¹¹ Alisa C. Lewin, Haya Stier, Marital status, gender, and material hardship: Evidence from Israel, *Advances in Life Course Research*.

¹² <https://www.afterdivorcesupport.com/effects-of-divorce-in-the-workplace/>

which the Harvard Business Review estimates costs businesses an estimated \$150 billion annually due to distracted employees whose work falls short due to their personal concerns. Others estimate that stress from relationship-related issues costs American companies up to \$300 billion a year.

Married families, on the other hand, generally earn higher incomes than stepfamilies, cohabiting families, divorced families, separated families, and single-parent families. According to one study,¹³ the median household income of married families is twice that of divorced households and four times that of separated households.

Additional testimony presented at the Knesset Seminar on Pre-marriage Education by Michael Humphries, MA Economics, Deputy Chair, Business Administration Touro College Israel, addressed the fact that “the economic costs of divorce have been difficult to monetize or put a dollar figure on them precisely because they are so vast. They come in the form of reduced education and life-time income for the children of divorced parents, reduced income for divorced males as well as reduced incomes for women that become single parents of young children. The costs also come in the form of high administrative costs for social service agencies that deal with the down-stream consequences of divorce. Those are the dollar costs. Then there are the emotional costs to the children of divorced parents: children made to choose between one parent or the other, living in two homes (shared custody), or used by one parent to take vengeance on the other. Putting a dollar figure on these costs has so far proven unattainable, though economists are convinced that they exist.”¹⁴

¹³ Joseph Lupton and James P. Smith, “Marriage, Assets, and Savings,” Labor and Population Program, Working Paper Series 99-12 (November 1999): 16-17.

¹⁴ Testimony by Micheal Humphries, MA Economics, Deputy Chair, Business Administration, Touro College Israel at the Knesset Seminar on Pre-marriage Education co-hosted by Together in Happiness/B’Yachad B’Osher and MK Yehudah Glick on November 8, 2017.

THE POTENTIAL OF MARRIAGE EDUCATION

The good news about the disintegration of marriage in contemporary society is that it is not a decree from heaven. Rather, it is both preventable and relatively easy to change. The Marriage Education movement, virtually unknown in Israel, works to counteract these alarming, painful and expensive statistics by helping to stabilize marriages and families and prevent divorce.¹⁵

Because prevention is always less expensive and simpler than a cure, we believe it makes tremendous sense for the State of Israel to invest lesser sums in preventing divorce and the devastation that results from it, rather than investing in pulling single-parent households out of poverty.

Marriage Education programs are relatively inexpensive and easy to implement, especially because the infrastructure for Marriage Education already exists in Israel. Many agencies have goals that align with this work and there is a general consensus in society about the importance of happy families.

Additionally, Marriage Education taps into the deepest intentions which couples have for their lives and their families. They are ready and willing to learn how to achieve that. Premarital education is particularly effective when couples are first starting out. Young people are quick learners and at this stage in their relationship, they don't have years of embedded habits and resentments which need to be counteracted.

The logic of learning effective relationship skills is irrefutable. We send children to school to learn numerous skills and find employment, yet for life's greatest achievement, living successfully with another person and building a home, there is no training. This lack of preparation can lead many to stumble, resulting in troubled marriages that have a significant negative effect on society.

According to Howard J. Markman, premarital education is very effective at counteracting the dynamics of negative communication and mismanaged conflict, because we can help couples improve their communication and improve their conflict management, thereby improving their satisfaction over time and preventing divorce.¹⁶

Prof. Howard J. Markman stated that premarital education deals directly with issues of conflict and commitment, as well as helping to protect the positives in relationships that bring people together in the first place.¹⁷ In point of fact, pre-marriage Education

¹⁵ <http://blogs.timesofisrael.com/marriage-education-matters/>

¹⁶ Howard J. Markman is Professor and co-director of the Center for Marital and Family Studies at the University of Denver (Colorado, USA). He is President of PREP, Inc. (Prevention and Relationship Education Program). He served as keynote speakers for both conferences sponsored by Together in Happiness/B'Yachad B'Osher (The First International Conference on Marriage Education in Israel, May 17, 2011 and the Knesset Seminar for Pre-Marriage Education on November 8, 2017 co-hosted in the Knesset with MK Yehudah Glick).

¹⁷ Ibid, Howard J. Markman

counteracts what was cited by couples as the last straw - which included infidelity, domestic violence and loss of that loving feeling.

There is significant positive evidence on the effectiveness of Marriage Education, so the logic of bringing Marriage Education to the forefront of Israeli culture, both as individual units and as citizens is compelling. In addition to reducing divorces and the wear and tear on couples and their children, Marriage Education brings a range of compelling byproducts of increased productivity, happiness and success of our children, as well as for their parents.

What is Marriage Education?

Marriage Education consists of a variety of classroom-based curricula that teach couples the characteristics of a healthy relationship and the communication and conflict management skills that will equip them to achieve this. The goal of Marriage Education is to increase the chances of couples having a happy, healthy, stable and successful relationship and long-term marriage. Numerous studies show this to be a potent means of increasing relationship satisfaction and preventing divorce.¹⁸

Marriage Education addresses the relationship distress factors that lead to divorce and helps couples protect the positives in their relationship that bring them together in the first place.

Marriage Education helps both spouses have a voice in the relationship, have the skills to find solutions to their problems and increase their capacity for intimacy.¹⁹

Marriage Education teaches couples alternatives to the negative behaviors which lead to divorce. Instead of being silent, obnoxious or downtrodden, the couple learns to express their needs in ways which are likely to promote cooperative behavior change. They learn that instead of taking on each other's problems, they can understand their partner's thoughts and feelings and help them find a solution. Instead of resenting each other, they problem-solve in ways that meet the needs of both spouses.

Mechanisms:

- Teaching couples communication skills and principles associated with a healthy relationship
- Identifying characteristics of healthy marriages
- Identifying characteristics of unhealthy marriages
- Providing the opportunity to slow down, explore, and talk more about marriage and the couples' personal goals for their marriage
- Individualized assessments of potential relationship flashpoints
- Identification of predictable relationship challenges and skills for dealing with them
- Identification of impact of child rearing on the marital relationship and skills for coping with these challenges
- Providing options for support such as parenting and relationship resources, including couples therapy

¹⁸ Nock, S., Sanchez, L., & Wright, J. (2008). *Covenant marriage: The movement to reclaim tradition in America*. New Brunswick, NJ: Rutgers University Press; Stanley, S., Amato, P., Johnson, C., & Markman, H. (2006).

¹⁹ Women: Why Marriage?! Luncheon Plenary, Smart Marriages, Orlando, FL—July 8, 2010, Patty Howell, California Healthy Marriages Coalition.

ESTIMATED RETURN ON INVESTMENT

Social Capital Valuations, LLC has provided a unique perspective on how Marriage Education programs are not only highly cost-effective, but they deliver a Return on Investment that is many times greater than the costs associated with running them. The organization's specific focus is on monetizing the ROI from Marriage Education and related social programs and this perspective is uniquely valuable.

Social Capital Valuations studied the results for over 5,000 couples in Ohio, Indiana and Texas who participated in marriage strengthening programs. The actual rate of divorce over the five-year period following the Marriage Education intervention was 13.7% lower than the projected rate of divorce. This resulted in a return of \$14.42 in taxpayers' benefit for every dollar invested in the Marriage Education programming.

Benefits of these programs accrued to taxpayers in the form of higher employment rates and higher household income resulting in an incremental \$4,187 in state and federal taxes collected per household per year. About 2/3 of the 685 saved marriages would have resulted in 452 additional single mothers with children requiring public assistance at an average of \$28,750 per year.²⁰

Divorces also affect the next generation where twenty-seven percent of children with divorced parents had a bachelor's degree or higher, compared to 50 percent of those with married parents. 78% of children from two-parent households graduated from high school, while the graduation rate for children of divorce is 60%.²¹ Differences in educational attainment affect the life trajectory of the next generation, lowering lifetime income by \$10,000 per year for high school dropouts,²² or close to \$500,000 over a lifetime.

From these Social Capital Valuations, we can see that Marriage Education programs in Israel bring the promise of saving State budgets considerable costs and increasing individual and workplace productivity, in addition to all the personal and family benefits that accrue for the individuals involved.

²⁰ Parental Divorce, Social Capital, and Post Baccalaurate Educational Attainment Among Young Adults by Camron Devor, Susan Stewart and Cassandra Dorius, published March 12, 2018 in the Journal of Family Issues. <https://journals.sagepub.com/doi/10.1177/0192513X18760349>

²¹ In 2009, a research project identified correlations between major changes in family structure and high school completion rates. Researchers encapsulated their findings in "Family Structure Histories and High School Completion: Evidence from a Population-based Registry," published in the Canadian Journal of Sociology.

²²<https://www.bls.gov/careeroutlook/2016/data-on-display/education-matters.htm>

SUMMARY

The financial costs of divorce are tremendous at every level—for the individuals and their family, the government bears a tremendous burden as well because of the impact of divorce on a variety of social resources. These costs, however, are not inevitable.

Research increasingly shows the value of Marriage Education in equipping couples with the skills they need to form and sustain healthy marriages. Because marriages are the backbone of society, investing in helping couples learn skills that correlate with stable marriages offers considerable value as a preventive approach. Additionally, preliminary Return on Investment (ROI) calculations are highly encouraging about the cost-effectiveness of this approach.

APPEAL FOR SUPPORT

If you are excited about this vision of strengthening families and strengthening Israeli society, we welcome your support. To achieve this vision will take the contributions of many: It will take the voice of government officials to articulate and elevate this work as a national priority; it will take government funding, as well as support from foundations, philanthropies, and individual donors. It will take local leaders opening the doors of their temples, schools, and social agencies to sponsor Marriage Education classes. It will take media support to educate and excite the public about how every person who learns and utilizes these research-based relationship skills in their daily lives is making a contribution to bettering our society. It will take creative thinking; it will take dedicated involvement; it will take all of us working together to create this vision. B'Yachad B'Osher/Together in Happiness welcomes you to join us in this vision in whatever ways you can contribute.

Contact info for B'Yachad B'Osher/Together in Happiness:

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For more information, see: The Case for Marriage Education