

Spouse and child support payments: A way to compensate women's financial loss after separation?

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Extended abstract

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Marital separations and divorces have dramatically increased during the last decades. The literature emphasized the gendered economic consequences of union dissolution, showing a worsening of women's living standard after separation, whereas the men's one remains stable or increases (Smock 1993 on U.S. data, Poortman 2000 on Dutch data, Jarvis and Jenkins 1999 on U.K. data, Finnie 1993 on Canadian data, Uunk 2004 and Andress et al. 2006 comparing European data). Uunk (2004) emphasizes the greater dependence of separated or divorced women on public transfers, due to their lesser investment in human capital compared with men during the partnership and to their family duties after separation (on average, mothers have child custody more often).

However two points remain unexplored so far. First of all, private transfers such as alimony transfers (spousal and child support) have received relatively scant attention in the economic⁴ and demographic literature, doubtless for lack of suitable data. They may however represent a significant amount of household post-divorce income. Ignoring them could lead to an overstatement of the income decline of women, and symmetrically to an overstatement of income increase for men (Kalmijn and Alessie, 2008). In France, alimonies payment are widespread. According to Chaussebourg (2007), in 75% of divorces, mothers get an alimony, fathers are concerned in 3%, and in 22% of divorces, none alimony is paid. On average, according to a survey made by the French Ministry of Justice, the average amount is roughly 188 euros per child to be compared to an average monthly income of mothers of 1,114 euros.

Second, in case of divorce and separation, it is difficult in usual surveys to recover both former partners after union dissolution because of their likelihood to move after this dissolution. These moves may not be random since the decision to move or not to move after divorce might be linked to financial constraints. This attrition bias, combined with a relatively low occurrence of the event "divorce" or "separation" between two yearly waves of a panel, induce small sample size of separated people in surveys.

This paper aims at analysing **to what extent the private transfers (child support and spouse support) attenuate the inequalities between man and woman after divorce**. How does the whole income (sum of both former partners income) after divorce split between former partners? Do non married and married couples differ? Alimony transfers may reduce living standard inequalities between former spouses. The spouse with the highest living standard may support the other by a regular payment. The amount is fixed by a settlement agreement between former spouses or/and a court decision in France. It takes into account the child(ren) custody arrangements, i.e. the residence and time spent by the childr(en) with each parent, which is assumed to be positively correlated with the child cost.

The use of a French comprehensive administrative income tax dataset enables us to overcome the main drawbacks of usual surveys we previously highlighted. We rely on a population composed of all the divorcees and separated of the year 2009 in France— roughly 260,000 couples *ie* 480,000 partners. We matched them with the previous year and the year after in order to compute the living standards before and after. This data has four main advantages. The first one is the big sample size. The second one is the reduced attrition bias due to moves after separation since individuals continue to fill a tax return. Third, the dataset gives information about the paid amount of child and spouse alimony and compensatory

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⁴ With the noticeable exception of Del Boca (2003) who adopts a theoretical point of view.

allowances. Finally, relatively to surveys data in which income are declared and might be subject to imprecise responses, incomes in tax-income dataset are already filled by administrative instance and then more reliable. We can recover some public transfers such as lone parent allowance. The family composition (number and age of household children) is also known. The drawback, typical of administrative datasets, is that no other information that those needed by the fiscal administration is available. For instance, we do not know anything about the family background or the education.

Our variable of interest is **the living standard after divorce and separation**. To obtain comparable living standards between men and women, we have to take into account whether post-divorce households include or not children. In most cases, mothers retain sole custody of their children, even if the percentage of joint physical custody is increasing. We analyze how do (?)child support payments modify the distribution of living standards for both men and women.

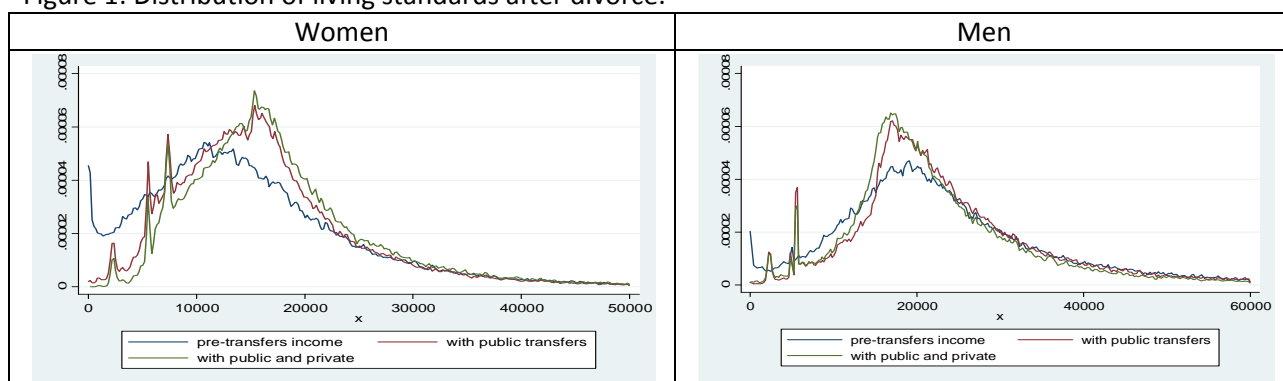
Living standard is defined as the sum of Incomes, Net Public Transfers and Private Transfers, divided by the number of consumption units within the household. Incomes covered labour market incomes (wage, self-employment income) and replacement incomes (unemployment benefits, old-age pension). Net Public Transfers includes all social benefits: Family benefits (family allowances, parental leave benefit, childcare benefit), Housing benefit (APL), Welfare benefits (Minimum income RSA, PPE), for which we deducted income and some capital taxes. Private transfers are child and spouse support payments (only for formerly married couples. We use different equivalent scales (the “OECD-modified scale”, the square root scale). We pay a particular attention to joint (or shared) custody and the way to compute consumption units in an alternating residence framework.

First results

The first results presented here concern only 2009 divorcees but will be extended to separated partners from non married unions soon since they represent mostly half of marital dissolution involving children in France. Figure 1 shows the raw income of women after divorce before any transfers (blue line). A significant proportion of women has no income at all after divorce (mainly those who had opted for a traditional model of specialization and were housewives during marriage). These women are going to receive public transfers and welfare benefits because they are alone or single parent (post-government income distribution). The distribution moved to the right and (that there are no more zeros : je n’ai pas bien compris ce début de phrase) but some “mass points” at the beginning of the distribution, which corresponds to some welfare minimum payments for a single, a single parent with one child and a single parent with two children. The last curb includes also private transfers (here only child support payments for the moment). The curb also shifts to the right. Then transfers play their role in diminishing the likelihood of being very poor.

For men, the same shift to the right is observed for public transfers. But as they are more often the giver of the child support payment, when including the private transfers, it makes the distribution come back on the left. Men and women distributions have not a very large common support, women seem to support the great part of the loss in scale economies. When we take into account both public and private transfers, the two distributions are getting closer, the gender gap is still there but less pronounced.

Figure 1: Distribution of living standards after divorce.



All divorcees from 2009

Up to now, we have studied living standards after divorce whatever the level before. The variation of living standard before (when the couple was still married) and after divorce is also interesting. Our results are in line with the literature: a positive median variation of 9% for men, and a decrease of 36% for women. However, when public and private transfers are taken into account, the male median becomes null, and the median loss for women states at 20%. Transfers then offset inequalities between two post-divorce households at least at the middle of the distribution, but they do not erase them. The picture continues to differ for men and women.

If we represent the whole distribution (figure 2) of the before/after variation without transfers, we still see that the women's distribution is on the negative part (of Living standards losses), and the male distribution is both on the negative and positive part. The post-transfers distribution is more concentrated around the mode for the men. Transfers offset the largest magnitude variations (either negative or positive). For the women, the fact of including transfers has shifted the distribution toward the right but not enough to reach 0 except for a little proportion of women.

Figure 2: Living standard variation (after –before)

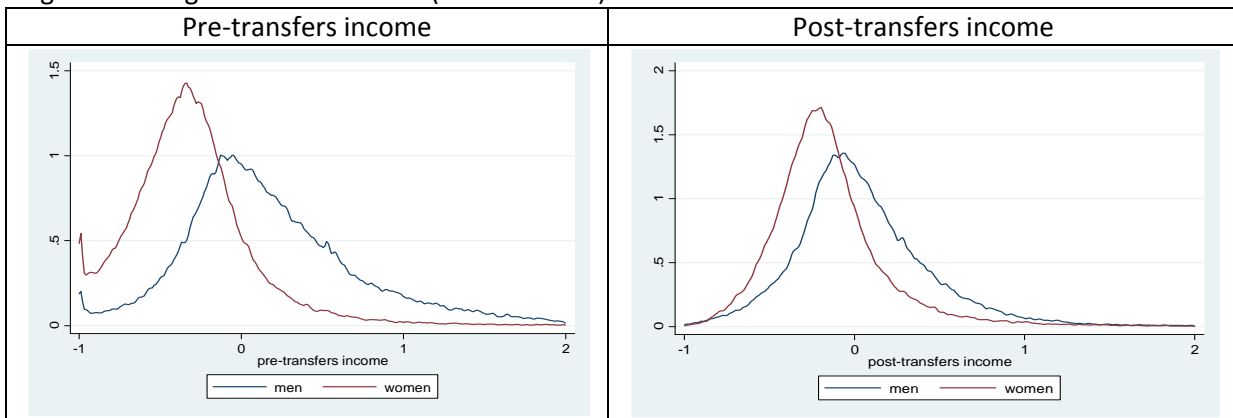
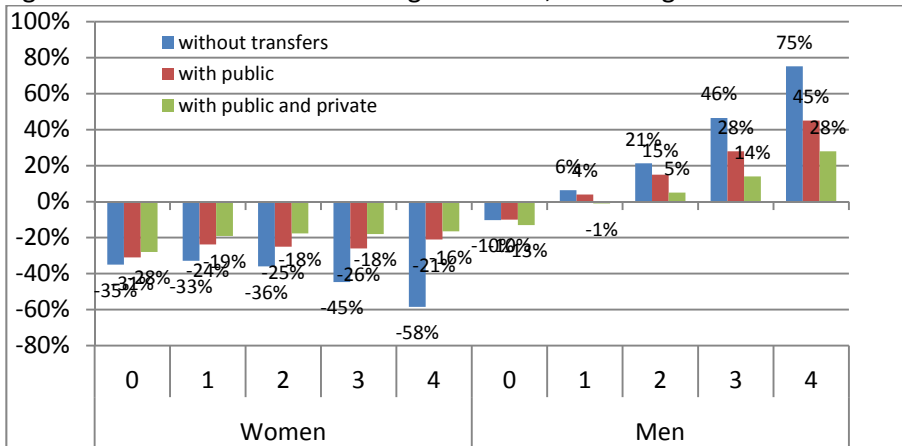


Figure 3 represents the median variation of pre-transfers living standards according to the number of children the married couple had. Results show a loss in the number of children for women and almost a symmetrical increasing effect for men (euh... cette phrase veut dire qu'on perd des enfants, non ? est-ce que "Results show that the larger the number of children is, the larger the loss" ou "Results show that the loss is increasing with the number of children" ne serait pas plus adapté ?). Since they are less likely to keep children with them, they keep their full income for themselves after divorce, whereas they were sharing it before. When public transfers are added, the picture changes. It offsets the increasing effect in family size for women. For men, public transfers decrease their gain since they have to pay more taxes from the moment they have no more dependent children at home. In France, there is a huge income deduction for households with many children called "quotient familial". Finally, the addition of child support payments helps more divorced women with several children and it tends to diminish more the gain for the men. But the decrease in living standards is mainly supported by women than men since women have more often primary custody. Other result also shows that women in « Male breadwinner » couples are the ones who are more affected by a living standard depreciation.

Figure 3 Median variation in living standards, according to the number of children



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