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Divorce Devastates: Do State Divorce Laws Have an Effect on Women's Economic Well-Being?

Ann Cantwell

Union College - Schenectady, NY

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**DIVORCE DEVASTATES:
DO STATE DIVORCE LAWS HAVE AN EFFECT ON
WOMEN'S ECONOMIC WELL-BEING?**

by

Ann E. Cantwell

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Of the requirements for
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ABSTRACT

CANTWELL, ANN E. “Divorce Devastates: Does No-Fault State Divorce Law Have an Effect on Women’s Economic Well-being?” Department of Economics, June 2015.

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Divorce devastates a family, and with over 40% of first marriages ending in divorce in the United States, it is important to analyze the effect divorce has on each member of the family. This paper aims specifically at the economic effect of divorce on women, and furthermore, if the implementation of a no-fault divorce clause in state law has negatively impacted women’s well-being. Women’s well-being is determined by annual income divided by annual need.

The study looks at three different state divorce laws surrounding fault—fault-based, no-fault as the only option, and no-fault as grounds for divorce—as well as variance due to age, education, number of children, and race. The data is compiled from the Panel Study on Income Dynamics, which allows observations ranging from 1968-2011 of over 5,000 families in the United States. Panel data allows this study to trace a family’s well-being over time. Further research at the website of the American Bar Association was needed to find each state’s divorce law and the date of any changes surrounding fault.

This paper finds that a no-fault divorce law has a significant effect on women’s well-being, as women under such a state divorce law face a decline in well-being greater than that of a fault divorce law. It appears that women under a fault divorce law are more likely to receive a larger portion of assets in the form of child support and alimony than women under a no-fault divorce law; these additional assets allow for a woman’s well-being to be considerably higher under a fault divorce scheme.

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CHAPTER ONE

INTRODUCTION

Although marriage trends have shifted in the United States, with more marriages beginning later in an individual's life, divorce rates are still dramatically high. It is commonly noted that almost half of marriages end in a divorce (Kennedy and Ruggles, 2014). With divorce affecting so many Americans, it is crucial to analyze the impact of such a tragedy. Individuals are undoubtedly affected emotionally, but the focus of this paper is the economic effect of divorce.

Economists have revealed that there are economic benefits of marriage due to economies of scale: a married couple paying for a home is less expensive per person than if a single man was paying for the same home by himself. An additional person in a home does not double the cost per person. It is not plausible to say that the economic benefits are the cause of marriage, but there are noticeable advantages. Now, one might wonder if the opposite is true? If a couple gets a divorce what is the economic effect? Do both man and woman experience the same financial burden of a divorce, or is the burden felt more so on one individual?

Unfortunately for women, the economic burden of divorce, on average, is felt more so by women than men, with divorced women seeing a decline in their standard of living by 6.7 percent whereas men see it rise by 16.5 percent (Espenshade, 1979)

There have not been many economists to research the economic effect divorce has on women within the last thirty years, so updating the data and then analyzing it with a law-based lens will provide great insight for economists and lawyers alike. What can law-makers do to minimize such economic burdens? Are these burdens felt nationally? Is there a longitudinal shift? Has the economic welfare of a woman post-divorce shifted over time? Does a second

divorce have the same economic effect as a first divorce? Previous studies have conclusively seen that women, post-divorce are fiscally worse off.

Prior to the 1960s the United States viewed divorce as a fault-based system, where one partner must be to blame for a dissolving marriage. Aspects of fault include adultery, abuse, and imprisonment. Under the California Family Law Act of 1969, the state did not need to find fault in one party to grant a divorce. The state of California believed that it was not the role of government to impede on an individual's desire to divorce (Wardle, 1991). With California's new no-fault divorce, other states throughout the United States decided to follow suit and abandon traditional fault divorce laws. There were states that decided not to radically change their divorce laws, and as a compromise, they implemented no-fault as *grounds* for divorce. This distinction is critical: to add fault to grounds for divorce means that there is still an option to pursue a fault-based divorce, and often only available after a given amount of separation, whereas no-fault divorce law does not require any explanation to the courts. Aware of the fact that women suffer more from divorce in the traditional sense, it is necessary to examine if the change in state divorce law practices have an additional effect on women's well-being.

The economic welfare of the family is defined by the family's income divided by its need. A divorce will cause the income and needs to be altered; for example, if the woman gains full custody of the children, which is often the case, the woman's income will now include alimony and child support and the needs of the children, whereas the male's income will decrease due to the previously mentioned payments and his needs will also greatly decrease. The econometric model of this study focuses on the economic well-being of the family and its relationship with the employment status of the parents, its residential state, state divorce law,

marriage status, number of children, educational level of parents, length of marriage, religion, and race.

This study attempts to build off of the previous research completed by Wardle (1991), Singer (1993), and Gray (1998) by updating the national data and ultimately find a statistical connection between state divorce law regulations and women's well-being. This paper will first examine the scholarly conversation surrounding divorce and women's well-being, followed by the scholarly conversation surrounding the implementation of no-fault divorce and its effect on women's well-being. The next section of this paper reveals the econometric model and a description of the variables used in the model. The paper then explains the sample selection process, an explanation of the statistics presented in the tables, and finally concludes with a summary of the findings, policy implications, limitations, and suggestions for future research.

CHAPTER TWO

EXISTING LITERATURE

This chapter examines existing literature surrounding the topic of the economic effect of divorce on women and the effect of no-fault divorce laws. Multiple authors have commented on this topic and the following chapter includes their findings.

A. The Effect of Divorce on Women

Espenshade (1979) reveals that in 1960 there were 4.51 million female-headed families and just eighteen years later, in 1978, there were 8.24 million female-headed families. This trend is believed to result from an increase in divorce rates that simultaneously took place during this time period. With the rise of female-headed families, it is necessary to examine how they fare economically. Espenshade illuminates that female-headed families are at a high risk of becoming poor. He refers to the statistic that divorced women see a decline in their standard of living by 6.7 percent whereas men see a rise in 16.5 percent.

Espenshade (1979) highlights the shortcomings of child support. Women often receive full custody of the children after a divorce disrupts a family, but the amount the court determines acceptable to care for the children is typically not enough. Furthermore, Espenshade reminds his audience of a practical matter associated with child support: often the full amount is not received. The lack of income for the head of household causes a decline in the well-being, as well-being is defined by (income/family needs). McLindon (1987) also highlights a reason for the steep decline in women's well-being post-divorce to be a lack of adequate child support received. McLindon uses Sweden as an example of a potential reform: Sweden mandates that all child support be paid by the government with the responsible spouse then indebted to the government,

thus eliminating the risk of unpaid support parents with custody in the United States face. The Swedish government takes all of the risk away from the custodial parent. If the noncustodial parent does not pay, he or she faces federal offenses. Unfortunately, the lack of child support is not the only problem associated with the decline in economic well-being a female faces post-divorce.

Duncan and Hoffman (1985) published one of the most read and respected study on the economic effect of divorce using PSID data, which acts as a guide for this research. Their analysis includes data from 1969-1975. The findings of Duncan and Hoffman reveal that a white woman sees an 11% decline in well-being a year after divorce and a black woman sees a 29% decline in well-being the first year after a divorce. Simultaneously, Duncan and Hoffman see a rise in men's well-being one year after a divorce.

A lack of a balance between assets is justifiable if the alimony is therefore comparable, but as McLindon, and Espenshade have pointed out this is not the case. Women, on average, receive less, causing their economic welfare to diminish. Espenshade and Duncan and Hoffman illuminate that frequently the level of income post-divorce is so low some women are not able to meet the family needs and are forced to receive government assistance.

B. No-Fault Divorce and Women's Well-Being

Weitzman (1985) distinguishes her research from similar research by focusing on the effect divorce had on women economically in a no-fault divorce society. California was the first state in the United States to enact a no-fault divorce law under its California Family Law Act of 1969. No-fault divorce came into effect in California according to Wardle (1991) as an attempt to minimize the public's animosity towards divorce court. People began pointing out that the

state's desire to pry into someone's private life to find fault in their marriage caused more problems than necessary. In an attempt to find fault, lawyers were encouraging their clients to file unjust claims, causing people to lie under oath just to receive a divorce. The public consensus was that receiving a divorce should not be as difficult as fault divorce deemed appropriate. In order to make the public happy and maintain legal credibility the state of California, California in 1969 amended its divorce law to allow no-fault divorce on the grounds of irreconcilable differences. The notion of no-fault divorce spread throughout the nation, and by 1989 forty-nine states and Washington, D.C. implemented some form of the no-fault divorce reform. There was not a uniformed provision, although organizations like the American Bar Association attempted to create such reform, believing that it was important for states to agree on a divorce regulation. Some states implemented clauses such as a separation period before a no-fault divorce can be filed, while others left its citizens with only one option: no-fault. The differences between state divorce laws make it difficult to find the economic effect of divorce on women in the United States because it might vary by state.

Weitzman's findings reveal that, as an effect of California's no-fault divorce law, women's economic well-being decreases by 73 percent post-divorce whereas men's well-being increases by 42 percent post-divorce. These figures are shocking and caused much controversy within the United States, as many states implemented similar policies without considering how women and children would be financially affected.

C. Errors within Weitzman's Study

It is important to note that researchers found numerous faults with Weitzman's report.¹ Therefore any conclusions Weitzman drew should not be determined factual. Weitzman's sample was too small. Her study was focused on the state of California, but she only examined

¹ Peterson (1996) and Hoffman and Duncan (1988)

divorced individuals from Los Angeles, which is not necessarily representative of the whole state (Peterson, 1996). There are regional differences, even within a state, that have an impact on financial well-being; for example, the differences between cost of living within an urban area and a rural area. To draw a conclusion on the state of California using only an urban sample creates an unrealistic description of the state as a whole. Furthermore, because her sample was too specific, and therefore biased, she did not receive a plethora of participants from each income class. She admits that the financial elite responded to her survey request in much higher volumes than the other economic classes (Weitzman, 1985). To not have a reasonably well distributed participants from each economic class, leaves the data following the trend of the elite and losing the significance of any variance amongst the middle and lower class citizens. Another issue with her sample was the high magnitude of long-married couples versus short-married couples (Peterson, 1996). Long-married couples naturally acquire more assets, and therefore, a long-married couple feels the economic effect of divorce more so than a short-married couple who does not lose much during a divorce because they have not gained very much throughout the marriage. It is not accurate to have a study with a lop-sided representation of the public population.

Hoffman and Duncan (1988) reveal the discrepancies within Weitzman's (1985) findings; it is essential to properly define and calculate variables throughout the study. One issue noted is the difference between the amount of child support deemed appropriate by the court and the amount of child support the spouse received. The amount paid is the more accurate indicator of the true economic position the husband and wife are in post-divorce. Furthermore, post-divorce, it is likely that the family size will alter due to a cohabiter or even a new spouse—such changes must be represented in both the income and the need. Duncan and Hoffman's evaluation of

Weitzman's data reveals that she added the new members of the household to the need side of the equation, but eliminated them to the added income, which leads to an unrealistic value of the family welfare. Peterson (1996) also reveals the general errors within Weitzman's data; she used graduate students to conduct the interviews and the paper documents of those interviews do not align with the computer file created to express the data. When he recreated a computer file from the original interviews, Peterson explains that there was at least one error in 27 of Weitzman's 228 observations. Peterson also notes that income data was missing for 66 men and 67 women within Weitzman's data. Weitzman's data was drawn based on phone conversations, and often only one spouse was interviewed. Men cannot accurately describe their ex-wives' income, neither can women accurately describe their ex-husbands' income. Hoffman and Duncan (1988) and Peterson (1996) illuminate the numerous flaws of Weitzman's data set. The average decline in well-being post-divorce for female-headed families according to Hoffman and Duncan (1988) is 33 percent, which is much smaller than Weitzman's 73percent decline.

D. Nationally No-Fault Divorce Law Leads to a Decline in Women's Well-Being

Smock, Manning, and Gupta (1996) categorize the data by region and find that divorced women living in the south have worse economic well-being than women living in other parts of the United States. Does the south have a divorce law that places women in a relatively worse state than women elsewhere in the country? Questions like these encourage researchers to not only look at the economic effect of divorce on women, but also to see if there are certain state divorce laws that have an effect on the financial livelihood of a woman after a divorce.

Wardle (1991) reveals that in California, the first society to implement a no-fault divorce law, women received less alimony, child support, and portion of family assets, while

simultaneously receiving a higher relative share of the couple's debt than when the state acted under a fault based divorce system.

Commonly women chose, in a marriage, to focus their efforts on home production and allow the husband to work in the labor field. At the moment of a divorce, women lose the income of their previous husbands and some are required to enter the labor market. After being out of the labor force for years, it is very difficult to receive a suitable job. Experience affects wage, and therefore, if a woman does not have experience in the field, she is likely to receive a lower wage. Women already face a wage gap due to their sex, but the lack of experience only further inhibits their income. Singer (1993) believes that men and women contribute equally to the family's success, and therefore at the time of a divorce each spouse should receive an equal division of income and assets. Singer sees the validity in the economic advantages of marriage and thinks the economic burden of a divorce should be equally shared.

Wardle (1991), Singer (1993), and Gray (1998) emphasize the lack of equitable division of marital assets under a no-fault divorce system. Gray states that under a common-law jurisdiction the men often receive the assets in the event of a divorce. Some states, according to Gray, in an attempt to minimize the gap between the economic well-being of men and women post-divorce are considering implementing community-property laws. Community-property jurisdictions under the no-fault divorce law tend to give the wife more of the family assets. Unfortunately no one knows the future economic effect of such a policy, although it appears it would help more accurately divide the economic burden of divorce. The effects in California have been felt nationally according to McLindon (1987), as he sees women receiving less alimony in no-fault divorces and believes it is necessary to re-evaluate fault to some level to more accurately divide the financial burden of divorce. The intentions of no-fault divorce law

seemed justifiable, but legislators did not perceive the economic effect such regulation would have on women.

E. *The Opposing View: No-Fault Divorce Does Not Decrease Women's Well-Being*

Although a majority of the research shows that there is a negative impact on women's well-being due to the implementation of no-fault divorce, Weiss and Willis (1993) reveal just the opposite effect. Their research yields a large, positive effect associated with no-fault divorce and women's well-being, although the coefficients are not significant. This is the first mention of a disagreement on the effect of no-fault divorce law on women's well-being and is cause for speculation. Weiss and Willis agree that women suffer more so than men economically after a divorce, but they do not believe that there is any direct link with divorce laws. They believe that women post-divorce due to the no-fault laws gain from an increase in monetary transfers and favorable division of marital property. Jacob (1989) concludes that a woman's income is very weakly affected by no-fault divorce laws. Gray (1998) and Espenshade (1979) make it very clear that it is the well-being of a woman that is affected the most by divorce as she receives less assets, alimony, and child support than needed to cover her expenses. Jacob focuses his argument on income, which is just a piece of economic well-being. Furthermore, Sweezy and Tiefenthaler (1996) use Jacob's findings to explain that the economic effect of divorce on women does not correlate with no-fault divorce law but rather other state characteristics such as religious tendencies. Sweezy and Tiefenthaler believe that a woman's economic fall correlates with her society's morals. Although I believe a variable like religion might have an effect on a woman's well-being, I do not think that it is a variable that can significantly explain the decline in all women's well-being. Furthermore, using the fixed-effect model individual aspects, like

religious tendencies, are taken into consideration. Therefore this paper does not include the findings of Sweezy and Tiefenthaler.

F. *Purpose of Paper*

Effects of a policy change are not always felt immediately. Most of the research done involving state divorce laws affecting the economic effect of divorce on women was done in the late eighties/early nineties, and there does not seem to be a definitive answer. Updating the data using the PSID from 1968-2011 allows for more divorce cases in the United States to be included in the study. Furthermore, the state divorce laws have varied over the years ranging from fault divorce to unilateral no-fault divorce law; each variation could affect women's welfare differently. With a large data pool it is possible to test state law differences that economically affect divorced women. Using the available literature, this paper intends to assess the fiscal impact of state legislation on women's well-being post-divorce.

CHAPTER THREE

ESTIMATING THE EFFECT OF NO-FAULT DIVORCE

ON WOMEN’S WELL-BEING

This chapter examines the econometric model of this paper, an explanation of the variables chosen, and the models used to express the data.

A. Econometric Model

Model:

$$\text{WELL-BEING}_{it} = \beta_{0i} + \beta_1 \text{NO-FAULT} \times \text{DIVORCED}_{it} + \beta_2 \text{NO-FAULT}^2 \times \text{DIVORCED}_{it} + \beta_3 \text{DIVORCED}_{it} + \beta_4 \text{NO-FAULT}_{it} + \beta_5 \text{NO-FAULT}^2_{it} + \beta_6 \text{EDUCATION}_{it} + \beta_7 \text{AGE}_{it} + \beta_8 \text{BLACK}_i + \beta_9 \text{HISPANIC}_i + \beta_{10} \text{OTHER_RACE}_i + \beta_{11} \text{CHILDREN}_{it} + \beta_{11} \text{STATE}_{it} + \beta_{12} \text{YEAR}_{it} + \gamma_i + \varepsilon_{it}$$

Dependent Variable

- WELL-BEING which is defined as INCOME/NEED
 - INCOME is total annual income
 - NEED is determined by an annual poverty threshold set by U.S. Census Bureau

Independent Variables

- NO-FAULT×DIVORCED An interaction term between no-fault and divorced women
- NO-FAULT²×DIVORCED An interaction term between no-fault as grounds for divorce and divorced women
- DIVORCED* Dummy variable that indicates the woman is divorced
- NO-FAULT** Dummy variable to reveal no-fault is the only divorce law
- NO-FAULT²** Dummy variable that indicates no-fault was added as a grounds for fault-based state divorce law
- EDUCATION Years of education completed
- BLACK*** Dummy variable to distinguish Black women
- HISPANIC*** Dummy variable to distinguish Hispanic women
- OTHER_RACE*** Dummy variable to encompass all other racial categories
- CHILDREN Number of children in family unit
- STATE Dummy variable, which is defined by state of residence
- YEAR Year of the observation
- γ Unobserved variable (Individual Fixed-effect)
- ε Error term

*The reference group is married women.

**The reference group is fault-based divorce law.

***The reference group is non-Hispanic White.

B. Variable Explanation

The economic WELL-BEING is the dependent variable of the study and defined by the annual income divided by the U.S. Census Bureau's national need standard, calculated yearly. WELL-BEING is therefore a ratio, which will be calculated annually per household and can be compared pre-divorce and post-divorce for each individual household, as well as compared to other households in the same state, enduring the same divorce law regulations.

The most influential independent variables are the dummy variables surrounding divorce law's, NO-FAULT, NO-FAULT2, and its reference group of fault-based divorce. These three categories encompass the different national divorce laws present in each state. To test the significance these divorce laws have on the well-being of women post-divorce is the sole purpose behind this study. The state divorce law variables must interact with the marital status dummy variable, DIVORCED, in order to see the true effect of the law on divorced women. It is important to note that the variable DIVORCED includes women separated, and for the purpose of this paper every time the variable is mentioned it refers to women separated and/or divorced. The interaction terms between the state divorce law and whether or not the women were divorced shows the effect of the specified divorce law on a divorced woman's well-being; whereas the individual terms reveal just the effect of the state's divorce law on the woman's well-being and the effect of a divorce on the woman's well-being. It is inferred that the interaction between NO-FAULT and DIVORCED will have the greatest impact on the well-being of divorced women, as this divorce law is believed to leave women with less alimony and child support, and more financial liabilities than the other forms of divorce-law. The reference group, fault-based divorce, is believed to more generously side with the woman, and therefore leave her in a better, although not great, financial position than the other divorce laws.

The independent variable EDUCATION is used to test the effect of a woman's ability to earn income. It is a common trend that the higher level of education a woman has, the better career, wage, and salary she will receive. With this notion in mind, it is therefore necessary to test the relationship EDUCATION has on a woman's well-being. Some women post-divorce are financially stable because of their high degrees and steady employment, whereas some women have not been in the labor force for years and are consequently at a disadvantage economically. Similarly, it is important to test whether or not aspects of the marriage have an effect on the woman's well-being post-divorce; therefore the variable CHILDREN is included in the model. Critics note that the more children the family has the more likely it is for the woman to fair better economically during the divorce. The woman is likely to receive majority of custody of the children, causing the ex-husband to pay child support; the more children the family has, the more child support the woman is awarded. Child support is an aspect of a divorced woman's income when she is the head of the household. Another aspect of income, alimony, also increases when the number of children increases.

Regional differences, which this study covers with the independent dummy variables for the state the family resides in, are believed to have an impact on a divorced woman's well-being due to societal tendencies. For example, southern women fare the worst post-divorce because of stricter societal expectations of a woman's role to maintain a marriage (Sweezy and Tiefenthaler 1996).

Another independent variable the study examines is race. It is possible that a woman's welfare is impacted by her race. It is expected that each race fares differently post-divorce, and therefore the race of the woman should be analyzed against her well-being. Year is also an independent variable, to track the time of a divorce and the state divorce law present that year.

The final independent added to the econometric model is individual fixed effects, which encompasses any individual time-invariant unmeasurable characteristics that a woman might have that has an impact on her economic well-being.

C. Estimation Methods

This paper uses the ordinary least squares (OLS) method and the fixed effect model to interpret the effect of no-fault divorce on women's well-being. Incorporating the fixed effect model was crucial to account for unobserved individual factors that could affect an individual's well-being. An example of a factor corrected for using the fixed effect model is a woman's drug abuse: if a woman has a history of drug abuse and is still using harmful drugs, it is likely that her well-being will be low during her marriage and after her divorce. With this specific case the drug abuse would be a fixed effect on her well-being. There are also fixed effects that place an individual at a higher level of well-being that will be accounted for using the fixed effect model.

CHAPTER FOUR

SELECTING THE SAMPLE FROM THE PANEL STUDY OF INCOME DYNAMICS

This chapter reveals the characteristics of the data set including why observations were included and excluded from the study, and a brief overview of statistics present in the regression tables.

A. Overview of the Panel Study of Income Dynamics

This study utilizes the data available from University of Michigan's compilation referred to as the Panel Study of Income Dynamics (PSID). The PSID data contains very specific information on 5,000 families in the United States from 1968-2011. PSID is a reliable database that many economists studying the economic effect of divorce on women used during their research, such as Espenshade (1979), Duncan and Hoffman (1985), Hoffman and Duncan (1988), Weiss (1984) and Gray (1998). To determine the economic effect, there must be data prior to the divorce and for the years after the divorce. PSID is superior to any other study because of its continuous data on a random sample of American families from repeated surveys. PSID follows the offspring of the original 1968 sample. With forty-three years of data and a large sample size, PSID incorporates a multitude of observations, which allows specific research to be conducted.

All of the variables in the econometric model of this study were compiled from PSID, with the exception of the divorce law data, which was found using the American Bar Association's publication. The American Bar Association's data contained numerous clauses for each divorce law, so it was necessary to simplify the data. Using fault, no-fault, and fault as grounds, it was possible to remove the presence of stipulations, such as, in order for a couple to

file for divorce with grounds of no-fault, the couple must be separated for six months.² Minor details that vary by each state are deemed too tedious for this study. Table 1 shows each state's divorce law and the date it was implemented.

The full PSID survey contains over 18,000 individuals, and this study analyzes 60,987 observations from 5,772 individuals of which 1,048 individuals are divorced. People were eliminated from the study due to primarily sex and marital status, as men and singles were not needed for this study. There are two types of women observed: women that were married throughout the length of the study and women who were married and then faced a divorce or separation throughout the study. Women who were remarried and or women who moved to a different state after their divorce were not included in this study. The survey was conducted annually from 1968-1997 and then biannually from 1999-2011, with participants from around the United States.

B. Selection of the Sample

Unfortunately there are errors within the data set that cannot be explained, which lead to the removal of participants within the study. For example, there were 68 individuals who PSID classified as a male but also as the wife; our study just focuses on females who are either the head-of-the-household or the wife. These few observations could not be explained and were therefore removed. Regarding the race of the individuals, from 1993 to 2011 the conductors of

² I classified the states that had no-fault as grounds for divorce based off of the length of separation required prior to filing a no-fault divorce—less than one year, from one to two years, and more than three years—regressions. I ran regressions with these additions, but those coefficients turned out to be insignificant; therefore it was determined to remove the stipulation and keep the grouped variable of NO-FAULT2 as representative of all states that have an option of filing for a no-fault divorce as grounds for a divorce.

the survey recorded the first mentioned race, which allowed for variance within an individual's race record.³ All individuals with varying race responses were eliminated from the study.

Beginning in 1997 the survey is only administered every two years, which allows for some discrepancy within when major changes took place. Furthermore, the survey accounts for changes within the year but does not ask for specific dates. In order to code the data from the American Bar Association regarding the change in state divorce laws, a distinction needed to be made. For every change in divorce law from the beginning of May through the end of December of each year it was coded as happening in the next year. For every change in divorce law from January through the end of April it was coded as taking place in that specified year. Finally, participants remained within the study if they were from 25-55 years of age, aware that changes in employment before and after this range can have a large impact on well-being. Acquiring a job, in this study presumably before the age of twenty-five, would greatly increase a woman's well-being as well as retiring, in this study estimated after the age of fifty-five years old, would greatly decrease a woman's well-being (Duncan and Hoffman 1985).

C. Descriptive Statistics

Table 2 shows the descriptive statistics for the women observed in this study. The first set of numbers correlate to the full sample, whereas the second only observes the first two years after the divorce, and the third incorporates the first five years after the divorce. There were multiple samples within this study to eliminate issues associated with the forty-four year time span. The first two years examined after the separation or divorce was too short and the results were not significant, so the time frame was expanded to the first five years after a separation.

³ Interracial marriages were not common in the United States before 1985, although this does not mean that they were not present. There was also an issue with race: prior to 1985 the PSID survey did not include the wife's race because it was assumed that the race of the head was the race of the wife.

Weiss (1984) inspired the addition of a restricted time frame. This regression, the first five years after separation, is the best time frame to examine the effect of no-fault divorce on the economic well-being of women. The average participant age is just over thirty-nine years old, with 63.4% of the sample being White, 28.3% being Black, 6.4% being Hispanic and 1.9% categorized as other. The average number of children is 1.6, and the average well-being of the woman is 3.989. The average number of years of education for the women in the sample is just over twelve, referring to the traditional length of a high school diploma. The statistics vary little from the full sample to the other limited samples.

Table 3 is the regression table for all of the women within the study. The dependent variable in Table 3, as it is in all regressions in this study, is well-being. The full sample regression takes into consideration the Ordinary Least Squares model (1) and OLS with the individual Fixed-Effects (2). The fixed-effect model takes into consideration potential unobserved or constant factors that would have an effect on a woman's well-being, and therefore was needed in this study to incorporate individual characteristics of participants that impact her well-being. Examples of individual factors covered by the fixed-effect model include addictions, morals and belief systems. Race is removed from a fixed-effect model because it does not change over time. In Table 3 the data reveals that a woman under a no-fault scheme, holding all other variables constant, faces a decline in her well-being by 0.43, whereas a woman under a no-fault as grounds for divorce or in this study labeled as no-fault2, holding all other variables constant, faces a decline in her well-being by 0.28. This distinction supports the hypothesis that women under a strict no-fault state divorce law see a larger decline in well-being than women under a fault-based divorce system. Although no-fault2 does allow for no-fault divorce, it is not the only option: women under no-fault2 are able to argue their stance within the marriage and the

divorce, often placing blame on the men, and allowing women to receive more of the marital assets than under a no-fault divorce law. The reference group for no-fault and no-fault2 is fault, in which a state requires fault to be placed on one party for the dissolution of the marriage. Impacts such as a decline in a woman's well-being while there is a rise in number of children are to be expected due to the expenses associated with children. Furthermore, the idea that an increase in a woman's age will lead to a rise in her well-being also can be expected, as the older a person becomes the more financial stability he or she is expected to have. The Fixed-Effect model (2) within this table reveals similar data, but places less importance on the effect of education than the OLS model (1) does: for every additional year of education a woman's well-being only increases by 0.17 in the OLS model that includes fixed effects and 0.54 in the OLS model that does not include fixed effects. The other striking difference between the two models shown in Table 3 is the effect of a divorced woman under the no-fault as being grounds for divorce state regulation, as it, holding all other things constant, diminished a woman's well-being by 0.40, which is much higher than the OLS model statistic of 0.28. The full sample regression includes a varying amount of time for each divorced woman, which could have an effect on a woman's well-being. For example, a woman divorced in 1972 remains in the sample until she reaches the age of 55 which could be thirty years or it could be three years. Furthermore, a long period after divorce loses the effect of the divorce and the state's divorce law. Setting a time restriction to the sample will make the results more dependable.

Table 4 presents the regression table for women who have been divorced or separated for up to two years.⁴ The effect of education, children, and race in Table 4 is comparable to that of Table 3. It is revealed once again that a woman's well-being declines by 1.55 when she is

⁴ The table contains up to two years because the PSID survey was only conducted every other year beginning in 1997. To unify the regression the time period must contain up to two years because one year after the divorce is not available for observations between 1997-2011.

divorced or separated, holding all other variables constant, but what is interesting about this regression table is the lack of significance present with a woman who is divorced under a no-fault2 scheme—where no-fault is grounds for divorce within the state she resides in. In a state that holds a NO-FAULT2 divorce law, the average woman's well-being is seen to have declined by miniscule amounts under both OLS and Fixed-Effect models 0.04 and 0.05 respectively. On the contrary, Table 4 shows that under a no-fault scheme a divorced woman faces a 0.40 decline in well-being. The one common distinction between this regression and the others is the fact that it contains the lowest value of loss of well-being under the no-fault state divorce law and under the no-fault2 divorce law, revealing that the time period of only two years may not account for the whole effect of divorce, as divorce's effect is not, on average, felt immediately. Because some of the coefficients are not significant in Table 4, the time elapsed since the divorce or separation is expanded in Table 5.

Table 5 presents the regression table for women who have been divorced or separated for up to five years. Again the data does not show a significant relationship between the well-being of a divorced or separated woman under the no-fault2 state divorce laws. A woman's well-being does appear to decline when she is divorced or separated, in this regression by 1.81 under the OLS model and 1.70 under the Fixed-Effect model, but the no-fault2 aspect does not have a significant effect. The no-fault as the only divorce law does have a significant effect, as a woman, holding all other variables constant, that is divorced or separated in a state that abides by a no-fault divorce law sees a decline in her well-being by 0.43 under the OLS model and 0.42 under the Fixed-Effect model.

Adding a time limitation was deemed necessary, as Sterling (1989) raised the idea that errors in Weitzman (1985) did not account for aspects that could improve a woman's well-being,

such as remarriage. Many women, facing the financial burden of being divorced, seek a new relationship that can provide them with the financial luxuries of economies of scale. This study does not examine any women that were remarried. Table 3, which contains the full sample, without restricting the observations due to the amount of time that elapsed since the divorce, has the most coefficients that are deemed significant. Therefore, it is apparent that significant interpretations of the effect of the no-fault divorce law need to include sufficient time post-divorce for the economic effect to be felt.

These statistical findings reveal that a woman's well-being relative to women facing fault divorce significantly declines. Women are not susceptible to the same judicial treatment during a divorce under the two schemes. It is more beneficial for a woman seeking a divorce to live in a state that complies with a fault divorce law.

CHAPTER FIVE CONCLUSION

A. Summary of the Findings

Using data from the Panel Study of Income Dynamics from 1968-2011, this study investigates the effect state divorce laws surrounding fault have on the well-being of divorced women. In contrast to previous studies in the field, this study contains observations from many years, which allows the true effect of no-fault divorce laws to be visible.

This study finds that women that underwent a no-fault divorce saw, on average, holding all other factors constant, a decline in well-being of 0.42 relative to women who filed for divorce under a fault divorce scheme. This value was found under a fixed-effect model that specifically looked at women that were divorced or separated for up to five years. Women who face a divorce in a state where no-fault is considered as grounds for divorce but is not the only means for filing a divorce also face, on average holding all other factors constant, a decline in well-being of 0.24 relative to women who are divorced under a fault regime; this figure is not deemed statistically significant within the five year designated period. Women faced with a no-fault divorce due to state regulations fare considerably worse than women under a fault based divorce system.

B. Policy Implications

The results of this study can be used by policy makers as they analyze the effectiveness of state divorce laws. As many have pointed out, the fault divorce law caused the legal system to lose its validity, and a change needed to be made, but allowing individuals to become divorced without placing blame on one party allows for the division of assets and debt to be less than they otherwise would be, which further diminishes women's well-being. Divorce is a sensitive

subject, but the United States court system needs to reanalyze the divisions of assets and liabilities in order to protect women from such a large decline in well-being relative to others. None of the divorce schemes are perfect; in order to improve the effect of fault and no-fault divorce laws, the standards for the division of assets needs to be re-evaluated. Divorce lawyers need to educate themselves in the grave position a woman under a no-fault divorce law faces and fight harder for more for their female clients, and judges, aware of the position women face post-divorce, need to be more generous in their final rulings when it comes to alimony and child support payments.

C. Limitations of this Study

Within the study, a woman who moved to a new state could not be accounted for as the effect of their well-being could not be separated from the new state of residency and the state divorce law that she faced in her original state. Finally, this study only analyzes fault aspects of divorce law; there are many other aspects of divorce law that could be examined in order to narrow in on what else is causing women's well-being to diminish.

D. Suggestions for Future Research

In a progression of this study, researches should categorize additional aspects of state divorce law such as unilateral divorce and equitable division of assets to see what combination of state divorce laws result in the best well-being of divorced men and women. Such data could give policy makers a clear direction of where state divorce laws need to go in order to protect the men, women and children of the United States who are affected by divorce.

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TABLES

Table 1. Effective Date and Type of Divorce Laws Present in Each State

	No- Fault Divorce	No-Fault as Grounds for Divorce
Alabama		10/1/1971
Alaska		1/1/1963
Arizona	5/14/1973	
Arkansas		1991
California	Jan-70	1963
Colorado	Jan-72	
Connecticut		May-73
Delaware	1968	
Florida	Jul-71	
Georgia		Apr-73
Hawaii	Apr-72	
Idaho		Feb-71
Illinois		1984
Indiana		Sep-73
Iowa	3/20/1970	
Kansas		4/18/1969
Kentucky	Mar-72	
Louisiana		1979
Maine	Oct-73	
Maryland		1983
Massachusetts		12/30/1975
Michigan	Jan-72	
Minnesota	Mar-74	
Mississippi		May-76
Missouri		Jan-74
Montana	Mar-73	
Nebraska	Apr-72	
Nevada		1967
New Hampshire		1971
New Jersey		1971
New Mexico		Apr-73
New York		Sep-67
North Carolina		May-65
North Dakota		Mar-71
Ohio		1982
Oklahoma		May-53
Oregon	Oct-71	
Pennsylvania		1980

Rhode Island		1975
South Carolina		Feb-79
South Dakota		1985
Tennessee		Apr-77
Texas		Jan-70
Utah		1987
Vermont		1972
Virginia		1975
Washington	Apr-73	
West Virginia		1977
Wisconsin	Feb-78	
Wyoming		May-77

Source:

“Family Law in 50 States: Grounds for Divorce and Residency Requirements.” *Family Law Quarterly*, Vol. 46 No. 4 (2013): 530-533.

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Table 2. Descriptive Statistics

	(1) Full Sample		(2) First 2 Years Divorced		(3) First 5 Years Divorced	
	Mean	Standard Deviation	Mean	Standard Deviation	Mean	Standard Deviation
Well-Being	3.989	(4.292)	4.090	(4.382)	4.158	(4.432)
Divorced	0.127	(0.333)	0.068	(0.251)	0.035	(0.184)
No-Fault	0.260	(0.439)	0.259	(0.438)	0.258	(0.438)
No-Fault2	0.618	(0.486)	0.607	(0.488)	0.603	(0.489)
Education	12.325	(2.657)	12.325	(2.683)	12.330	(2.689)
Age	39.361	(8.720)	38.970	(8.724)	38.945	(8.768)
White	0.634	(0.482)	0.650	(0.477)	0.658	(0.475)
Black	0.283	(0.451)	0.269	(0.444)	0.263	(0.440)
Hispanic	0.064	(0.246)	0.061	(0.240)	0.060	(0.238)
Other Race	0.019	(0.135)	0.019	(0.137)	0.019	(0.137)
Children	1.610	(1.550)	1.650	(1.560)	1.654	(1.560)
N	60,987		57,109		55,183	

Note: Within the PSID 5,772 women were selected of which 1,048 women were divorced within the sample period of 1968-2011. Also individual weights were assigned in PSID.

Table 3. Regression Table of Full Sample

VARIABLES	(1) OLS	(2) Fixed effect
No-Fault × Divorced	-0.43*** (0.112)	-0.42*** (0.148)
No-Fault2 × Divorced	-0.28*** (0.107)	-0.40*** (0.127)
Divorced	-2.07*** (0.109)	-1.91*** (0.136)
No-Fault	-0.11 (0.096)	-0.28*** (0.083)
No-Fault2	-0.50*** (0.080)	-0.26*** (0.072)
Education	0.54*** (0.014)	0.17*** (0.024)
Age	0.11*** (0.032)	-0.09* (0.050)
Black	-1.06*** (0.040)	
Hispanic	-0.45*** (0.115)	
Other Race	-0.60*** (0.194)	
Children	-0.61*** (0.018)	-0.56*** (0.026)
Constant	-4.64*** (0.554)	3.34*** (1.139)
Observations	60,987	60,987
R-squared	0.177	0.532

Standard errors in parentheses

*** p<0.01, ** p<0.05, * p<0.1

Note: State and Year are included in the model but not in the table. PSID assigned individual weights.

Table 4. Regression Sample of Women Divorced or Separated for 2 Years

VARIABLES	(1) OLS	(2) Fixed effect
No-Fault × Divorced	-0.40** (0.190)	-0.26 (0.213)
No-Fault2 × Divorced	-0.04 (0.183)	-0.05 (0.195)
Divorced	-1.55*** (0.171)	-1.46*** (0.177)
No-Fault	-0.13 (0.100)	-0.30*** (0.084)
No-Fault2	-0.57*** (0.087)	-0.27*** (0.076)
Education	0.55*** (0.015)	0.17*** (0.027)
Age	0.08** (0.036)	-0.13** (0.056)
Black	-1.14*** (0.046)	
Hispanic	-0.48*** (0.132)	
Other Race	-0.62*** (0.205)	
Children	-0.62*** (0.019)	-0.58*** (0.030)
Constant	-4.29*** (0.605)	4.11*** (1.258)
Observations	55,183	55,183
R-squared	0.168	0.529

Standard errors in parentheses

*** p<0.01, ** p<0.05, * p<0.1

Note: State and Year are included in the model but not in the table. PSID assigned individual weights.

Table 5. Regression Table of Women Divorced or Separated for up to 5 Years

VARIABLES	(1) OLS	(2) Fixed effect
No-Fault × Divorced	-0.43*** (0.136)	-0.42** (0.176)
No-Fault × Divorced	-0.17 (0.129)	-0.24 (0.154)
Divorced	-1.81*** (0.123)	-1.70*** (0.145)
No-Fault	-0.12 (0.098)	-0.29*** (0.084)
No-Fault2	-0.53*** (0.085)	-0.26*** (0.074)
Education	0.54*** (0.015)	0.17*** (0.026)
Age	0.08** (0.035)	-0.13** (0.054)
Black	-1.11*** (0.044)	
Hispanic	-0.49*** (0.126)	
Other	-0.63*** (0.200)	
Children	-0.61*** (0.019)	-0.57*** (0.028)
Constant	-4.20*** (0.593)	4.07*** (1.227)
Observations	57,109	57,109
R-squared	0.171	0.531

Standard errors in parentheses

*** p<0.01, ** p<0.05, * p<0.1

Note: State and Year are included in the model but not in the table. PSID assigned individual weights.