OUT-OF-WEDLOCK BONUS

THE 1996 LAW:

The “Bonus to Reward a Decrease in Illegitimacy”, one provision in the 1996 Temporary Assistance to Needy Families (TANF) welfare program, awards $100 million each year to states that demonstrate that they have decreased rates of both “illegitimacy” and abortion. The bonus is divided equally among the top five states that qualify. The rates apply to the entire state’s population, not only TANF recipients, and not only teens.

KEY DEVELOPMENTS:

Bonus awards have been made for three years. Five states “won” $20 million each in the first two years. Three states “won” $25 million each in the third year; these three states—Alabama, the District of Columbia, and Michigan—received a bonus in all three years:

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<th>Year</th>
<th>AL</th>
<th>DC</th>
<th>MI</th>
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<tr>
<td>1999</td>
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<td>2000</td>
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<td>2001</td>
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It is unclear what makes a winning state a winner. From a statistical perspective, the formula could reward a state even if its number of out-of-wedlock births stays the same. This might happen if the number of marital births in the state increased. From a programmatic perspective, a survey of Maternal Child Health Directors conducted by Columbia University found that in 1999, the Maternal and Child Health official in 3 of 5 winning states indicated that no special program had been undertaken at that point to address out-of-wedlock births. From a TANF perspective, it appears that the rules some states have established related to fertility are not contributing to the “win”: neither Alabama, DC, nor Michigan has a “family cap” policy under which a child born to a TANF recipient is excluded from the grant; and, none of the winning states have individual responsibility agreements on family planning.

Ron Haskins of the Brookings Institution, formerly the staff director of the House of Representatives subcommittee responsible for welfare, asserts there is a problem and notes, “There is good reason to doubt that the bonus enacted in 1996 for states that reduce their illegitimacy and abortion are operating effectively. In fact, there is no discernable reason why some states win the bonus and others don’t; states that win do not seem to have operated special programs of any type.”
**Bonus funds are not targeted.** When a state is awarded a bonus, those funds are treated like any other TANF dollar and may be spent on any allowable TANF activity. States decide whether they will reinvest their winnings in activities related to reducing non-marital births. While Alabama and D.C. are spending a portion of their bonus funds in this area, Michigan has reinvested its full bonus towards this purpose.

A forthcoming analysis by The Lewin Group explores the experiences of a diverse sample of nine states—including three that have won the bonus—regarding their efforts to reduce nonmarital births, and whether the availability of the bonus influenced the development or funding of state policies.

**SOME REAUTHORIZATION OPTIONS:**

- Retain current provisions
- Refine formula utilizing different statistics
- Refine formula to add in a new measure, e.g. teen pregnancy prevention
- Divide bonus so some funds reward out-of-wedlock decline and some funds reward a new measure, e.g. teen pregnancy prevention
- Redirect funds for new purposes related to out-of-wedlock births, teen pregnancy prevention, and family formation.

**CLASP RECOMMENDATION:**

In establishing the “illegitimacy” bonus, Congress sought to prompt states to undertake activities that otherwise they might not. However, it appears that a bonus that singles out a state based on its statistical outcome does not necessarily reward a state based on increased programmatic activity.

CLASP believes that the $100 million awarded annually in “illegitimacy” bonuses should be redirected and the monies should instead be tapped for research and demonstrations, technical assistance, and the promotion, funding, and replication of proven best practices related to teen pregnancy prevention (first and subsequent births) and strengthening of two-parent families (married and unmarried).

Investments in teen pregnancy prevention are investments in prevention of out-of-wedlock births: 80% of the nearly half-million teen births each year are out-of-wedlock. About half of all first births that are out-of-wedlock are to teenagers.

With respect to teen pregnancy prevention programs that might be replicated or adapted, a comprehensive program evaluation report by Douglas Kirby for The National Campaign to Prevent Teen Pregnancy has identified a number of different approaches that reduce sexual activity and/or teen pregnancy. For example, the TOP program (community service); the Carrera model (a comprehensive after school program); and, a nurse home visitation program have all demonstrated their ability to reduce sexual risk-taking. These and other proven programs provide an array of choices for communities that wish to replicate strategies known to work. Other promising approaches deserve further research, such as early childhood education interventions.