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Social Services Block Grant (Title XX of the Social Security Act)

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Summary

The Social Services Block Grant (SSBG) is a flexible source of funds that states may use to support a wide variety of social services activities. States have broad discretion over the use of these funds. In 2000, the largest expenditures for services under the SSBG were for child protective services and children's foster care. Funding for the SSBG has been reduced considerably from its FY1995 peak of \$2.8 billion. The Consolidated Appropriations Resolution, 2003 (H.J.Res. 2/P.L. 108-7) includes \$1.7 billion for the SSBG in FY2003 and maintains states' authority to transfer up to 10% of their TANF block grants to the SSBG. This superseded prior law that would have reduced the allowable transfer amount to 4.25%. The \$1.7 billion appropriation for FY2003 mirrors the President's requests for FY2002, FY2003, and FY2004. The House-passed appropriations bill for FY2004 (H.R. 2660) would maintain the \$1.7 billion funding level for the SSBG, but would decrease the transfer authority to 5.5%. The Senate Appropriations Committee has approved a bill (S. 1356) with the same funding (\$1.7 billion), but no reference to the transfer authority. This report provides SSBG background information and tracks relevant legislation and appropriations measures.

Recent Developments

The House passed its version of a Labor/HHS/ED FY2004 appropriations bill (H.R. 2660) on July 10, 2003, which includes \$1.7 billion for the SSBG. The bill also proposes to reduce the percentage of TANF block grant funds that states may transfer to the SSBG from 10% to 5.5%.

On June 26, 2003, the Senate Appropriations Committee reported S. 1356, a Labor/HHS/ED FY2004 appropriations bill that would provide \$1.7 billion for the SSBG. The bill makes no reference to the transfer authority.

On April 9, 2003, the Senate passed the CARE Act of 2003 (S. 476), which contains provisions to: 1) restore funding at \$2.8 billion for FY2004; 2) maintain states' authority to transfer up to 10% of their TANF allotments to the SSBG in FY2003 and beyond; and 3) require an annual data report to Congress for program activity in FY2002 and beyond.

Introduction

Title XX of the Social Security Act permanently authorizes the SSBG as a “capped” entitlement to states. In other words, states are entitled to their share, according to a formula, of a nationwide funding ceiling or “cap,” which is specified in the statute. Although social services for certain welfare recipients have been authorized under various titles of the Social Security Act since 1956, the SSBG in its current form was created in 1981 (P.L. 97-35). A special SSBG program for enterprise communities and empowerment zones was authorized in 1993 (P.L. 103-66). At the federal level, the SSBG is administered by the Department of Health and Human Services (HHS), and legislation amending Title XX is reported by the House Ways and Means Committee and the Senate Finance Committee.

Recent Funding History

Funding for FY2003 is maintained at the \$1.7 billion level, (P.L. 108-7), and the President’s budget requests that same amount for FY2004. The appropriations measures passed by the House (H.R. 2660) and reported out of the Senate Appropriations Committee (S. 1356) both include \$1.7 billion for the SSBG.

The FY2002 bill making appropriations for the Departments of Labor, HHS, and Education (H.R. 3061/P.L. 107-116) included \$1.7 billion for SSBG funding in FY2002, as had been requested by the President’s in his FY2002 budget, and the House and Senate in their versions of H.R. 3061. This amount marked a \$25 million decrease from the prior year’s funding, which was included in the Consolidated Appropriations Act of 2001 (P.L. 106-554). The law maintained states’ authority to transfer up to 10% of their TANF allotments to the SSBG. In his budget for FY2003, the President again requested \$1.7 billion for the SSBG (as did H.R. 5320, introduced in the House, without committee action, and S. 2766, passed by the Senate Appropriations Committee on July 22, 2002).

The Senate Finance Committee’s welfare reform reauthorization measure (H.R. 4737), which failed to reach the floor in 2002, proposed to authorize SSBG funding at \$1.952 billion for FY2005, and to permanently restore states’ authority to transfer up to 10% of their annual TANF allotments to the SSBG. Also during the 107th Congress, the same committee passed the Charity Aid Recovery and Empowerment Act (a substitute for H.R. 7) which would have increased SSBG funding by a total of \$1.3 billion above the FY2002 level over the 2-year period of FY2003-FY2004.

Table 1 shows SSBG funding levels tracing back to 1990, including the high of \$2.8 billion, which was provided annually from FY1989 through FY1995, and the more recent lower level of \$1.7 billion. Although \$2.8 billion was the originally authorized entitlement ceiling for FY1996, Congress reduced funding to \$2.38 billion in that year. Welfare reform legislation (P.L. 104-193) subsequently set the annual SSBG entitlement ceiling at \$2.38 billion in each of fiscal years 1997 through 2002. Under the welfare reform law, the ceiling was scheduled to return to a permanent level of \$2.8 billion in FY2003.

After welfare reform was enacted, Congress passed an appropriations measure for FY1997 (P.L. 104-208) that contained \$2.5 billion for the SSBG, which actually exceeded

the ceiling established in the welfare reform law. For FY1998, President Clinton requested that the amount authorized by welfare reform — \$2.38 billion — be appropriated. However, Congress approved an FY1998 appropriations bill (P.L. 105-78) containing \$2.299 billion for the SSBG. The Senate Appropriations Committee explained the reduction by stating that funding is provided for social services through other federal programs (S.Rept. 105-58). The House Appropriations Committee expressed concern that HHS lacks information on the effectiveness of SSBG-funded activities (H.Rept. 105-205).

On June 9, 1998, President Clinton signed the Transportation Equity Act (TEA) into law (P.L. 105-178), which permanently reduced the SSBG entitlement ceiling to \$1.7 billion, beginning in FY2001. However, the entitlement ceiling has not always reflected the actual appropriation. For example, the \$1.725 billion appropriation level for FY2001 (H.R. 4577) exceeded the \$1.7 billion ceiling by \$25 million.

In addition, the TEA contained a provision that would have limited the ability of states to transfer TANF funds into SSBG beginning in FY2001. However, this was superseded by the FY2001 Consolidated Appropriations Act (H.R. 4577) as described below (see **Welfare Reform Amendments: Transfer of TANF Funds to SSBG**).

Table 1 shows SSBG *entitlement ceilings and appropriations* in FY1990-FY2003. Also shown for FY1997-FY2002 are the amounts transferred from TANF to SSBG.

Table 1. SSBG Funding, FY1990-FY2003
(\$ in billions)

Fiscal year	Ceiling	Appropriation	Fiscal year	Ceiling	Appropriation	Transfer from TANF
1990	2.8	2.8	1997	2.380	2.5	0.6
1991	2.8	2.8	1998	2.380	2.299	1.2
1992	2.8	2.8	1999	2.380	1.909	1.0
1993	2.8	2.8	2000	2.380	1.775	1.1
1994	2.8	2.8	2001	1.700	1.725	0.92
1995	2.8	2.8	2002	1.700	1.700	1.0
1996	2.381	2.381	2003	1.700	1.700	not available

Source: Table prepared by CRS based on budget documents and data from HHS.

Welfare Reform Amendments: Transfer of TANF Funds to SSBG

The 1996 welfare reform law replaced Aid to Families with Dependent Children (AFDC) with a block grant to states, called Temporary Assistance for Needy Families (TANF), under Title IV-A of the Social Security Act. The law allowed states to transfer up to 10% of their annual TANF allotments into the SSBG. Under provisions of the Transportation Equity Act of 1998 (P.L. 105-178), the amount that states could transfer into SSBG was to be reduced to 4.25% of their annual TANF allotments, beginning in FY2001. However, this provision was superseded in FY2001 by the FY2001 Consolidated Appropriations Act, which maintained the 10% transfer authority level.

Likewise, the FY2002 appropriations bill ultimately presented to the President maintained the 10% transfer authority for FY2002. Earlier, the House had passed its version of a Labor/HHS/Ed appropriations bill (H.R. 3061) proposing to maintain the 10% transfer authority, while the Senate's amended version proposed a 5.7% transfer level. (The Senate Appropriations Committee had recommended a 5.9% transfer authority level in S. 1536, however the full Senate, in passing an amended H.R. 3061, would have reduced it to 5.7% as a partial offset to funding proposed in S.Amdt. 2084, which provides increased funding for Hispanic education programs.)

Over the course of FY1997-FY2002, states transferred over \$5 billion of TANF funds to the SSBG (\$1 billion in FY2002 alone). P.L. 108-7 maintains states' transfer authority at 10% for FY2003. Funds transferred from TANF to SSBG can be used only for children and families whose income is less than 200% of the federal poverty guidelines. Under the welfare reform law, states also may use SSBG funds for vouchers for families who are not eligible for cash assistance because of time limits under the welfare reform program, or for children who are denied cash assistance because they were born into families already receiving benefits for another child.

Allocation of SSBG Funds

SSBG funds are allocated to states according to each state's relative population size. Grants to Puerto Rico, Guam, the Virgin Islands, and Northern Marianas are based on their share of Title XX funds in FY1981. No match is required for federal SSBG funds, and federal law does not specify a sub-state allocation formula. In other words, states have complete discretion for the distribution of SSBG funds within their borders.

Use of Funds

There are no federal eligibility criteria for SSBG participants. Thus, states have total discretion to set their own eligibility criteria (except, as described above, the welfare reform law established an income limit of 200% of poverty for recipients of services funded by TANF allotments that are transferred to SSBG.) States also have wide discretion in the use of SSBG funds. Federal law establishes the following broad goals toward which social services must be directed:

- achieving or maintaining economic self-support to prevent, reduce, or eliminate dependency;
- achieving or maintaining self-sufficiency, including reduction or prevention of dependency;
- preventing or remedying neglect, abuse, or exploitation of children and adults unable to protect their own interests, or preserving, rehabilitating or reuniting families;
- preventing or reducing inappropriate institutional care by providing for community-based care, home-based care, or other forms of less intensive care; and
- securing referral or admission for institutional care when other forms of care are not appropriate, or providing services to individuals in institutions.

The law also provides the following examples of social services that may relate to these broad goals:

child care, protective services for children and adults, services for children and adults in foster care, home management, adult day care, transportation, family planning, training and related services, employment services, information, referral and counseling, meal preparation and delivery, health support services, and services to meet special needs of children, aged, mentally retarded, blind, emotionally disturbed, physically handicapped, alcoholics and drug addicts.

SSBG funds also may be used for administration, planning, evaluation, and training. States may transfer up to 10% of SSBG funds to block grants for health activities and low-income home energy assistance. However, the law also contains certain prohibitions on the use of SSBG funds. Specifically, SSBG funds *cannot* be used for capital purchases or improvements; cash payments to individuals (except that welfare reform allows vouchers for certain families, as described above); payment of wages as a social service; medical care; social services for residents of institutions; public education; child care that does not meet applicable state or local standards; or services provided by anyone excluded from participation in Medicare or other Social Security Act programs. In addition, SSBG funds may not be used for items or services related to assisted suicide (this provision was added in 1997, under P.L. 105-12.)

States are required to report their annual SSBG expenditures in each of 29 service categories using a standard post-expenditure reporting form. HHS published regulations to implement this requirement and to provide states with a uniform set of service category definitions on November 15, 1993. The most recent compilation of national data (50 states and the District of Columbia) on the use of SSBG funds is found in a report of 2000 SSBG Expenditures, released by HHS in the summer of 2002.

Table 2 shows the percentage of the *total SSBG expenditures* made (in 2001) for providing services in each category, on a national basis. (Note: A percentage of *expenditures* differs from a percentage of the *SSBG appropriation*.) Of SSBG expenditures made by states in 2001, almost 12% (\$314 million) were for protective services for children, 10% (\$270 million) for foster care services for children, over 8% (\$221 million) for special services for the disabled, over 7% for both prevention and intervention (from abuse and neglect) services (\$206 million), and for child day care (\$201 million).

An extra \$1 billion was authorized and appropriated in FY1994 for SSBG grants to enterprise communities and empowerment zones, in addition to the amount shown in **Table 1** as the FY1994 appropriation for the SSBG. The program is administered by the Departments of Housing and Urban Development (HUD) and Agriculture (USDA). These funds remain available for expenditure for 10 years.

Table 2. Use of Title XX Funds, by Expenditure Category, 2001

Service category	Percentage of SSBG expenditures
Adoption services	1.3
Case management	6.5
Congregate meals	0.3
Counseling services	1.6
Day care — adults	0.9
Day care — children	7.6
Education/training services	0.3
Employment services	0.8
Family planning services	1.6
Foster care services — adults	0.3
Foster care services — children	10.1
Health-related services	0.9
Home-based services	7.6
Home-delivered meals	0.7
Housing services	0.3
Independent/transitional living services	0.1
Information and referral services	2.6
Legal services	0.6
Pregnancy and parenting	0.2
Prevention/intervention	7.7
Protective services — adults	5.7
Protective services — children	11.8
Recreation services	0.1
Residential treatment	4.0
Special services — youth at risk	2.3
Special services — disabled	8.3
Substance abuse services	0.6
Transportation	0.7
Other services	4.3
Administrative costs	10.1

Source: Table prepared by the Congressional Research Service (CRS) based on data in Social Services Block Grant Program: Annual Report on Expenditures and Recipients 2001.