

## **Chapter 10 – Social Services Block Grants (SSBG)**

### ***Legislative History***

Social services for recipients of public aid were not funded under the original Social Security Act of 1935, although it was later argued that cash alone would not sufficiently address the needs of the poor. State social services expenditures for welfare recipients became eligible for 50% federal funding in 1956, but many states chose not to participate at that time. In 1962, states were given additional incentives to provide social services, especially preventative and rehabilitative services, to poor families when Congress increased the federal matching rate to 75%. The 1962 amendments also expanded eligibility for social services to both former and potential welfare recipients. No limit was placed on the federal expenditure level.

In 1967, the Social Security Act was again amended to authorize funding for so-called “hard” social services, such as job training and child care, in a more aggressive effort to move people from welfare to work. The new legislation also required states to establish a single organizational unit in the state agency responsible for administering social services, and provided an enhanced match of 85% for social services provided during the first year after the law took effect.

Administration of the federal social services program was formally separated from administration of the Federal Cash Assistance Program in 1967, as part of a reorganization within the Department of Health, Education, and Welfare. In 1972, states were required by regulation to separate the administration of cash assistance and social services.

Federal spending for social services increased from \$281.6 million in FY1967 to \$1.688 billion in FY1972, prompting legislation (P.L. 92-512) which placed a ceiling on federal expenditures for social services of \$2.5 billion and directed that funds be divided among states according to their relative populations. The law also limited to 10% the amount of funds that could be spent on services to former or potential welfare recipients.

Legislation signed into law on January 4, 1975, established title XX of the Social Security Act. Under title XX, the \$2.5 billion ceiling on federal social services expenditures was retained, along with the population-based allocation formula. The legislation was designed to give maximum flexibility to the states in designing their social services programs, but included public participation planning requirements, limitations on the use of funds for certain activities, and certain eligibility requirements.

By FY1981, the entitlement ceiling for the title XX social services program was \$2.9 billion. An additional \$16.1 million was available apart from title XX for social services expenditures by the territories, and \$75 million was available to the states for staff training costs related to title XX activities, bringing the total for all federal social services

expenditures to \$2.991 billion. Under P.L. 96-272, enacted in 1980, the title XX entitlement ceiling was scheduled to increase to \$3.3 billion in FY1985.

However, the Omnibus Budget Reconciliation Act (OBRA) of 1981 (P.L. 97-35) amended title XX to establish a block grant, under which funds for social services and for staff training for those providing social services were combined. The legislation reduced the title XX entitlement ceiling to \$2.4 billion for FY1982 and provided for increases to \$2.45 billion for FY1983, \$2.5 billion for FY1984, \$2.6 billion for FY1985, and \$2.7 billion for FY1986 and years thereafter. The law also eliminated federal mandates regarding priority recipients, and eliminated provisions relating to the targeting of services to low-income individuals and families.

The emergency jobs bill (P.L. 98-8), enacted in March 1983, appropriated an additional \$225 million for the title XX block grant for FY1983-FY1984. These additional funds were allocated to the states on the basis of a formula intended to respond to the needs of the unemployed served by the jobs bill. Half of the funds were allocated on the basis of population; one-third based on the number of unemployed individuals in the state; and one-sixth among states with an average unadjusted unemployment rate from June 1982 through November 1982 of 9.4% or higher. In October 1983, as part of legislation to extend the Federal Supplemental Compensation Program (P.L. 98-135), the title XX ceiling was increased by \$200 million for FY1984 to \$2.7 billion and by \$100 million for FY1985 to \$2.8 billion.

Because of congressional concern about reports of child sexual abuse in day care centers, a \$25 million increase in title XX funding for FY1985 was appropriated for use by the states in providing training to child day care staff, state licensing and enforcement officials, and the parents of children in child day care. The earmarked funds were included in the continuing resolution for FY1985 (P.L. 98-473). States were required to have in effect by September 30, 1985, procedures for screening and conducting background and criminal history checks of child care staff, or one-half of the child day care training allotment was to be deducted from the regular state title XX allocation in FY1986 or FY1987. According to HHS, only six states enacted such procedures by the required date. As required by P.L. 98-473, in January 1985, the Secretary of HHS distributed to states a Model Child Care Standards Act that addressed staff training and supervision, employment history checks, and parent visitation.

The 1987 Budget Reconciliation Act (P.L. 100-203) included a \$50 million increase in the title XX entitlement ceiling for FY1988, but these funds were not appropriated. This law also extended eligibility for title XX funds to American Samoa (previously, only four territories were eligible for title XX funding: Guam, the Northern Mariana Islands, Puerto Rico, and the Virgin Islands).

The Medicare and Medicaid Patient and Program Protection Act of 1987 (P.L. 100-93) amended title XX to exclude individuals and entities that committed acts of fraud or abuse under the Medicaid, Medicare, Maternal and Child Health, or the title XX programs from receiving title XX funds.

OBRA 1989 (P.L. 101-239) included a permanent \$100 million increase in the title XX entitlement ceiling to \$2.8 billion, beginning for FY1990.

OBRA 1993 (P.L. 103-66) made \$1 billion available on an entitlement basis under title XX for the Secretary of HHS to make grants to States for social services in qualified empowerment zones and enterprise communities (the legislation also provided certain tax incentives for zones and communities). On December 21, 1994, President Clinton selected 105 designees to participate in this program (six urban and three rural empowerment zones, 60 urban and 30 rural enterprise communities, two supplemental empowerment zones and four enhanced enterprise communities). These funds remained available for expenditure for 10 years. The Taxpayer Relief Act of 1997 (P.L. 105-34) authorized a second round of enterprise zone and community designations, but no title XX funding was included for the second round. (For more information on this prior use of title XX funding for social services in empowerment zones and enterprise communities, see previous editions of the Green Book.)

The Omnibus Consolidated Rescissions and Appropriations Act (P.L. 104-134) appropriated only \$2.381 billion for title XX in FY1996, roughly \$419 million less than the permanently authorized entitlement ceiling of \$2.8 billion at that time. The Personal Responsibility and Work Opportunity Reconciliation Act (P.L. 104-193) subsequently set the annual entitlement ceiling for title XX at \$2.38 billion in each of fiscal years 1997-2002. Under this legislation, the entitlement ceiling was scheduled to return to the permanent level of \$2.8 billion in fiscal year 2003. (Enactment of P.L. 105-178 in 1998 subsequently lowered this ceiling—see below.) Despite the newly established ceiling of \$2.38 billion, Congress appropriated \$2.5 billion for title XX in fiscal year 1997, in the Omnibus Consolidated Appropriations Act (P.L. 104-208).

The FY1998 appropriations measure, the Department of Labor, Health and Human Services and Education and Related Agencies Appropriations Act (P.L. 105-78) decreased title XX funding to \$2.299 billion, once again falling below the \$2.38 billion ceiling established under the welfare reform law of 1996.

In June 1998, the Transportation Equity Act (TEA, P.L. 105-178) was enacted. The law included a provision which scheduled the title XX ceiling to be reduced to \$1.7 billion beginning in FY2001. In addition to reducing the ceiling, the TEA contained a provision to reduce the percentage of a state's annual TANF allotment may be transferred to title XX, beginning in FY2001, from 10% to 4.25%. (Subsequent appropriations laws have superseded the TEA transfer authority provision for each of FY2001-FY2011.)

Funding for title XX continued to decline with a \$1.909 billion appropriation under the Omnibus Consolidated Appropriations Act for FY1999 (P.L. 105-277). For FY2000, the Consolidated Appropriations Act (P.L. 106-113) set title XX funding at \$1.775 billion.

The Consolidated Appropriations Act of 2001 (P.L. 106-554) included \$1.725 billion for title XX (\$25 million above the entitlement ceiling) and maintained the 10% transfer authority from TANF (superseding the TEA provision which called for the transfer

authority to be lowered to 4.25% in that year). The following year, Congress appropriated \$1.7 billion for title XX in FY2002, and once again maintained the transfer authority at 10% in the Departments of Labor, Health and Human Services, and Education Appropriations Act (P.L. 107-116).

Since FY2002, annual appropriations laws have maintained SSBG funding at \$1.7 billion. These laws have also maintained states' ability to transfer 10% of their TANF block grants to the SSBG. There has been some confusion about whether or not the Deficit Reduction Act (DRA, P.L. 109-171) permanently reinstated the 10% transfer authority. This law reauthorized TANF, through the end of FY2010, *in the manner authorized for FY2004*. In that fiscal year, the Social Security Act capped states' authority to transfer TANF funds to the SSBG at 4.25%, but this law was superseded by the FY2004 Consolidated Appropriations Act (P.L. 108-199), which maintained the practice of allowing 10% transfers from TANF to the SSBG. In the wake of the DRA, Congress has continued to ensure that the transfer ceiling stays at 10% by including language to that effect in appropriations legislation.

Total funding for title XX in fiscal year 2006 exceeded the \$1.7 billion level that had been appropriated for each of the prior four years. As in prior years (but following three continuing resolutions in an extended appropriations process), an appropriations bill was enacted into law (P.L. 109-149), which included \$1.7 billion for title XX and maintained the 10% transfer authority. However, in addition to the \$1.7 billion appropriated through the act providing funding for HHS programs, the FY2006 Defense Appropriations Act (P.L. 109-148) included supplemental title XX funding in the amount of \$550 million for use in covering expenses related to the consequences of the Gulf Coast hurricanes of 2005.

The Act containing the supplemental funding for title XX expanded the potential services for which the additional \$550 million could be used to include "health services (including mental health services) and for repair, renovation and construction of health facilities (including mental health facilities)." Factors used to allocate these supplemental funds among states included the number of Federal Emergency Management Agency (FEMA) registrants from hurricanes Katrina, Rita, and Wilma, as well as the percent of individuals in poverty in each state. HHS distributed funds to all states that took in evacuees, not just the states that were directly affected, but five states – Louisiana, Mississippi, Texas, Florida, and Alabama – received the bulk of the supplemental funds (roughly 94%). States were initially given until the end of FY2007 to expend the supplemental funds; however, on May 25, 2007, a supplemental appropriations act for FY2007 was signed into law (P.L. 110-28), extending the availability of these funds for expenditure through September 30, 2009. According to HHS, states failed to spend approximately \$28.7 million (or about 5%) of the \$550 million in supplemental funds prior to the revised expenditure deadline. Unspent funds reverted to the U.S. Treasury.

The process for determining the full FY2007 appropriation of regular title XX funding extended into the second quarter of the fiscal year, and included several continuing resolutions. Ultimately, the fourth continuing resolution was signed into law (P.L. 110-5),

maintaining regular title XX funding at the annual level of \$1.7 billion. This mirrored the level (of regular funding) that had been appropriated in the previous year, as well as the level that had been approved by the House and Senate Appropriations Committees (H.R. 5647 and S. 3708 respectively), but deviated from the President's FY2007 budget proposal to provide only \$1.2 billion for title XX. In the Administration's budget justification, it contended that "while the Social Services Block Grant provides State flexibility, as the Congress intended, it fails to ensure that funds are directed towards activities that achieve results." In addition, it argued that "the purposes of the Social Services Block Grant overlap substantially with other categorical and flexible Federal social service programs."

The President's proposed budget for FY2008 again requested a decrease in title XX funding to a level of \$1.2 billion. However, following another lengthy appropriations process, the Consolidated Appropriations Act of 2008 was signed into law (P.L. 110-161), maintaining both the \$1.7 billion in funding and states' authority to transfer up to 10 percent of their TANF block grants to title XX. In addition, the Disaster Relief and Recovery Supplemental Appropriations Act of 2008 (enacted into law as Division B of the first continuing resolution for FY2009, P.L. 110-329) provided \$600 million in supplemental funds for the SSBG in FY2008. These funds were appropriated on the last day of FY2008 and were not allotted to states by HHS until FY2009. The supplemental funds were appropriated for necessary expenses resulting from "major disasters" (as declared by the President and defined in title IV of the Stafford Act) occurring during 2008, including hurricanes, floods, and other natural disasters. The law also made these funds available for necessary expenses resulting from Hurricanes Katrina and Rita.

The Act containing the \$600 million in supplemental funds specified that in addition to other uses permitted by title XX of the Social Security Act, states could use their supplemental SSBG funds to provide social and health services (including mental health services) for individuals, as well as to support the repair, renovation, or construction of health care facilities, mental health facilities, child care centers, and other social services facilities affected by related disasters. The Act explicitly required HHS to distribute the supplemental SSBG funding to eligible states based on "demonstrated need in accordance with objective criteria that are made available to the public." According to a memorandum issued by HHS in January 2009, states experiencing a qualifying disaster were allocated funding based on relative population size and each state's proportional share of FEMA registrants for Individual Assistance (that is, individuals from affected communities who had submitted a valid registration with FEMA after the natural disaster).

States receiving funds from this supplemental initially had until the last day of FY2010 (September 30, 2010) to spend their allotments. However, most states were not on track to spend all of their funds by then and ultimately Congress passed a bill (S. 3774), which the President signed into law (P.L. 111-285) on November 24, 2010, extending the expenditure deadline for these funds by one fiscal year (to September 30, 2011). According to HHS, states had spent more than \$501 million (or nearly 84%) of the \$600 million in supplemental funds as of July 28, 2011.

The President's proposed budget for FY2009 originally called for \$1.2 billion in funding for the SSBG. This was the same amount the President had proposed for FY2007 and FY2008, and would have reflected a \$500 million decrease from the authorized funding level. However the Bush Administration subsequently submitted to Congress two amendments to the initial budget request, which combined to reduce the proposed FY2009 SSBG funding level to \$0. Ultimately, Congress rejected the proposed cuts to the SSBG and, following two continuing resolutions for FY2009, President Obama signed into law the Omnibus Appropriations Act (P.L. 111-8), which provided \$1.7 billion in SSBG funding for that fiscal year. This law also maintained states' authority to transfer up to 10% of their TANF block grants to the SSBG.

In addition to annual appropriations contained in the FY2009 Omnibus, many programs also received FY2009 funding from the American Recovery and Reinvestment Act (ARRA), signed into law by President Obama on February 17, 2009 (P.L. 111-5). The original Senate-passed version of this bill (H.R. 1) would have appropriated \$400 million in SSBG funds, to be obligated to states within 60 calendar days from the date at which they become available for obligation. The original House-passed version of H.R. 1, meanwhile, included no funds for SSBG. Ultimately, the enacted version of this legislation adopted the House position on this and, as a result, the SSBG received no supplemental funds from the ARRA.

The Consolidated Appropriations Act, 2010, was signed into law (P.L. 111-117) in December 2009 and provided \$1.7 billion for the SSBG for FY2010. This law also maintained the states' authority to transfer up to 10% of their TANF funds to the SSBG. No supplemental funds were appropriated to the SSBG in FY2010. However, health reform legislation enacted during that year did include provisions affecting title XX of the SSA.

On March 23, 2010, President Obama signed into law a comprehensive health care reform bill, the Patient Protection and Affordable Care Act (PPACA; P.L. 111-148). This law included three provisions that amended the SSBG's authorizing legislation, title XX of the SSA. These provisions created new programs related to elder justice, the health care workforce, and environmental health hazards. Although these changes did not substantively amend provisions governing the SSBG itself, they did affect title XX as a whole. For instance, the health reform law re-titled title XX as *Block Grants to States for Social Services and Elder Justice* (formerly, title XX was entitled *Block Grants to States for Social Services*). The law also divided title XX into two subtitles: subtitle A retained provisions related to the SSBG, while subtitle B comprised a series of new provisions related to elder justice. The elder justice provisions established (1) an Elder Justice Coordinating Council; (2) an Advisory Board on Elder Abuse, Neglect, and Exploitation; (3) a new grant program for stationary and mobile forensic centers to develop forensic expertise pertaining to elder abuse, neglect, and exploitation; and (4) several new grant programs (and other activities) to promote elder justice.

In addition, the health care reform law also included provisions establishing two new sections within subtitle A of title XX. The first created two demonstration projects related to the health care workforce. The second called for HHS to establish a competitive grant program for the early detection of medical conditions related to environmental health hazards. The health reform law established these new programs within the SSBG subtitle of title XX and subjected their funding to the same prohibited uses as SSBG funds (though the new law made two exceptions to this rule). However, these new programs do not substantively alter the SSBG itself. The funding for these programs was provided separately in the health reform law (through mandatory pre-appropriations) and is not subject to the SSBG allocation formula.

Congress passed eight continuing resolutions for FY2011. The final full-year FY2011 continuing resolution, P.L. 112-10, maintained SSBG funding at \$1.7 billion and also maintained states' ability to transfer 10% of their TANF block grants to the SSBG.