

CRS Report for Congress

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Social Service Provisions in the CARE Act and the Charitable Giving Act

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Domestic Social Policy Division

Summary

The CARE Act of 2003 (S. 476), passed by the Senate on April 2, 2003, and the Charitable Giving Act of 2003 (H.R. 7), passed by the House on September 17, 2003, would authorize an initial annual appropriation of \$150 million (and needed sums for four years) for “compassion capital” grant funding. The bills contain some other social service provisions — regarding the Social Services Block Grant and maternity group homes — summarized in a table below. (Both bills concentrate on tax changes to promote charitable giving, which are *not* discussed in this report. For these tax provisions, see CRS Report RS21144.) On December 9, 2003, H.R. 7 was referred to the Senate Finance Committee. This report will be updated to reflect legislative action.

The faith-based initiative of President Bush, announced in January 2001, included establishment of a compassion capital fund and tax incentives to promote charitable giving. President Bush said the compassion capital fund was to provide technical aid and start-up costs for small groups serving as providers of social services. Congress has acted on the compassion capital fund, appropriating \$30 million for FY2002 and \$35 million for FY2003, and providing \$48 million in the conference agreement on the consolidated appropriations act for FY2004 (H.R. 2673).

The CARE Act and the Charitable Giving Act would enlarge the compassion capital funding, but in different ways. Both bills propose an initial \$150 million annual appropriation (and such sums as needed for four years). The Senate bill would divide the funds among three Cabinet departments — the Department of Health and Human Services, (HHS), the Department of Justice, and the Department of Housing and Urban Development (HUD) — and the Corporation for National and Community Service for distribution to community-based organizations that provide social services. The House bill would appropriate all funds to HHS for grants to private entities that operate promising social service programs.

Both bills would enlarge tax incentives for donations to charitable organizations, and these provisions (not discussed in this report) make up the bulk of the legislation. Both bills have provisions regarding the Social Services Block Grant and maternity group homes (shown in the table below).

Social Service Provisions in S. 476 (the CARE Act) and H.R. 7 (the Charitable Giving Act)

	S. 476 (The CARE Act of 2003) as passed by the Senate	H.R. 7 (The Charitable Giving Act of 2003) as passed by the House
Expedited review of applications of social service organizations		
— Application fee	Requires the Secretary of the Treasury or his delegate to adopt procedures expediting consideration of applications for tax-exempt status by organizations whose primary purpose is providing social services and which are seeking funding under a contract or grant that requires them to obtain exempt status. [Section 304]	No provision.
— Definition of social service	Waives the application fee for these organizations if average annual gross receipts for the preceding 4-year period are not more than \$50,000. [Section 304]	No provision.
	Defines social services as helping people in need, reducing poverty, improving outcomes of low-income children, revitalizing low-income communities, and services empowering low-income people to become self-sufficient. The term “social services” does not include programs delivering educational assistance under the Elementary and Secondary Education Act or the Higher Education Act. [Section 304]	Defines social services programs as programs providing benefits or services of any kind to persons and families in need. [Section 301]
Social Services Block Grant (SSBG)		
— Funding	Sets the entitlement ceiling for FY2003 at \$1,975,000,000 and for FY2004 at \$2,800,000,000. (The FY2003 appropriation was \$1,700,000,000.) [Section 401]	No provision.
— Transfer of funds from program of Temporary Assistance for Needy Families (TANF)	Permits states to transfer a maximum of 10% (current limit is 4.25%) of their TANF funds to the SSBG, effective for FY2003 and thereafter. [Section 402]	Same provision. [Section 305]

	S. 476 (The CARE Act of 2003) as passed by the Senate	H.R. 7 (The Charitable Giving Act of 2003) as passed by the House
— Annual report	Requires Secretary of Health and Human Services (HHS) to compile information from states on SSBG activities and to submit it to Congress annually; effective with state reports for FY2002. [Section 403]	No provision.
Compassion capital fund		
— Funding	Authorizes appropriations totaling \$150 million for FY2003, and such sums as needed for FY2004 through FY2007, for the Department of HHS (\$85 million of the total) [Section 801], the Department of Justice (\$35 million) [Section 803], the Department of Housing and Urban Development (\$15 million) [Section 804] and the Corporation for National and Community Service (\$15 million) [Section 802]. Appropriations are to be used for grants and cooperative agreements to provide technical assistance and information to community-based organizations that provide social services.	Authorizes appropriations of \$150 million for FY2003, and such sums as needed for FY2004 through FY2007, for HHS to make (1) grants to private entities that operate promising social services programs, and (2) grants, contracts, or cooperative agreements with entities providing technical assistance to another entity to operate a social services program. [Section 301]
— State offices of faith-based initiatives	Allows the HHS appropriation to be used for “seed money” to establish state and local offices of faith-based and community initiatives. [Section 801]	No provision.
— Technical assistance to states	Requires the Secretary of HHS to provide technical assistance to states and their political subdivisions in administering the Act. [Section 801]	Allows HHS to use up to 25% of appropriation to provide guidance and technical assistance to states and political subdivisions in implementing social services programs. [Section 301]
— Definition of CBO	Defines community-based organization (CBO) as a nonprofit corporation or association that has no more than six full-time equivalent employees engaged in providing social services and a current annual budget for social services of less than \$450,000. [Section 801-804]	No definition. (Term is used only in relation to maternity group homes.)
— Types of technical assistance	Identifies a range of allowable technical assistance activities, including grant writing and grant management assistance, legal assistance, and information and referrals on accounting, law, tax issues, and program development; also information on capacity building, identifying and using best practices, using regional intermediary organizations, replicating effective social service programs, and encouraging research on best practices. [Sections 801-804]	Identifies a range of allowable activities, including legal assistance and other business assistance, information on capacity building, information and assistance in identifying using best practices for serving the needy, help in replicating effective programs, and supporting research on best practices. [Section 301].

	S. 476 (The CARE Act of 2003) as passed by the Senate	H.R. 7 (The Charitable Giving Act of 2003) as passed by the House
— Coordination	Requires the Secretaries of HHS and HUD, the Attorney General, and the Corporation for National and Community Service to coordinate compassion capital fund activities to ensure nonduplication of activities and equitable distribution of resources. [Section 805]	No provision.
Maternity group homes		
	<p>Permits Runaway and Homeless Youth Act funds to be used for maternity group homes and authorizes appropriations of \$33 million for them for FY2003 and such sums as needed for FY2004. [Section 901]</p> <p>Defines a maternity group home as a community-based, adult-supervised group home that provides young mothers and their children with a supportive living arrangement in which the mothers are required to learn parenting and other skills in order to promote their long-term economic independence and their children's well-being. [Section 901]</p> <p>Requires the HHS Secretary to contract for an evaluation of the maternity group homes supported by funds under the Act. The report must include characteristics of individuals who benefit from the homes and which services are most beneficial. Requires the Secretary to submit a report to Congress within two years after entering into the contract and biennially thereafter. [Section 901]</p>	<p>Same as CARE Act. [Section 304].</p> <p>Adds to the CARE Act's definition a proviso that a home also provide pregnant women with information regarding the option of placing children for adoption, with assistance with prenatal care and childbirth, and with pre- and post-placement adoption counseling. [Section 304]</p> <p>Same as CARE Act. [Section 304]</p>
Sense of Congress regarding corporate donations to faith-based organizations		
	<p>No provision.</p> <p>No provision.</p>	<p>Expresses the sense of Congress that corporations are important partners with government in efforts to overcome difficult societal problems and that no corporation should adopt policies prohibiting contributions to an organization that is successfully advancing a philanthropic cause merely because the organization is faith-based. [Section 303]</p> <p>Calls on corporations to make greater contributions to faith-based organizations. [Section 303]</p>

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