



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 2006, the most recent year for which expenditure data are available, the largest expenditures for services under the SSBG were for foster care services and special services for the disabled. The FY2008 Consolidated Appropriations Act (P.L. 110-161) maintains SSBG funding at \$1.7 billion and maintains states' authority to transfer up to 10% of their Temporary Assistance for Needy Families (TANF) block grants to the SSBG. The \$1.7 billion in regular funds mirrors funding included in both the FY2007 and FY2006 laws, but exceeds the \$1.2 billion that the President proposed for FY2008, and most recently, for FY2009. The FY2009 budget also includes a proposal to eliminate the SSBG in FY2010. This report provides SSBG background information and tracks relevant legislation and appropriations measures.

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), but is not currently funded. 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.

Funding

President’s FY2009 Budget Proposal

The President’s FY2009 budget, released on February 4, 2008, proposes \$1.2 billion in funding for the SSBG in FY2009, and an elimination of the SSBG in FY2010. The Administration contends that the grant’s flexibility and lack of state reporting requirements make it difficult to measure its performance, and that the broad array of services funded through the SSBG often overlap with other federal programs.

FY2008 Appropriations

The FY2008 appropriations process extended almost a full quarter into the fiscal year, with continuing resolutions providing temporary funding during the time it took the House, Senate, and President to come to agreement on a bill. Ultimately, the President signed the Consolidated Appropriations Act of 2008 (P.L. 110-161) on December 26, 2007, which includes \$1.7 billion for the SSBG (\$500 million more than the President’s FY2008 request) and maintains states’ authority to transfer up to 10% of their TANF block grants to the SSBG.

Appropriations History

On February 15, 2007, a fourth continuing resolution was signed into law (P.L. 110-5), making appropriations for the remainder of FY2007 and maintaining regular SSBG funding at \$1.7 billion. This reflected the same amount approved earlier in 2006 by the House and Senate Appropriations Committees (H.R. 5647 and S. 3708, respectively). The President’s budget for FY2007 proposed to provide \$1.2 billion for the SSBG, a \$500 million decrease from the FY2006 appropriation. The Administration contended that “while SSBG 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 SSBG overlap substantially with other categorical and flexible Federal social service programs.”

Following three continuing resolutions, a bill (H.R. 3010) making FY2006 appropriations for the Departments of Labor, HHS, and Education was signed into law (P.L. 109-149) on December 30, 2005. It included \$1.7 billion for SSBG and maintained states’ authority to transfer up to 10% of their TANF block grants to the SSBG. Both the funding and transfer provisions mirrored those included in the appropriations laws for FY2002-FY2005.

In addition to the \$1.7 billion appropriated through the aforementioned HHS appropriations bill, the FY2006 Defense Appropriations Act (P.L. 109-148) included SSBG funding in the amount of \$550 million for use in covering expenses related to the consequences of the Gulf Coast hurricanes of 2005. The Defense Appropriations Act 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.” Factors used to allocate these supplemental funds included the number of FEMA registrants from hurricanes Katrina, Rita, and Wilma, as well as the percentage of states’ poor population. All states received a portion of the funding, with Louisiana (\$221 million), Mississippi (\$128 million), Texas (\$88 million), Florida (\$54 million), and Alabama (\$28 million) receiving the bulk. The allocations were announced by HHS in a February 8, 2006, press release. See <http://www.hhs.gov/news/press/2006pres/20060208a.html>. On May 25, 2007, an FY2007 supplemental appropriations act was signed into law, extending the availability of these funds for expenditure through FY2009. (According to HHS, a balance of approximately \$135 million remains unspent as of June 4, 2008.)

Table 1 shows SSBG funding levels from 1985 on, including the high of \$2.8 billion, which was provided annually from FY1991-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, exceeding 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).

In 1998, the Transportation Equity Act (TEA, P.L. 105-178), 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, a TEA provision 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).

Table 1 shows SSBG entitlement ceilings and appropriations from FY1985-FY2008. Also shown for FY1997-FY2006 are the amounts transferred from TANF to SSBG.

Table 1. SSBG Funding, FY1985-FY2008

(\$ in billions)

Fiscal Year	Ceiling	Appropriation	Fiscal Year	Ceiling	Appropriation	Transfer from TANF
1985	2.7	2.725 ^a	1997	2.380	2.5	0.6
1986	2.7	2.584 ^b	1998	2.380	2.299	1.2
1987	2.7	2.7	1999	2.380	1.909	1.0
1988	2.750 ^c	2.7	2000	2.380	1.775	1.1
1989	2.7	2.7	2001	1.700	1.725	0.92
1990	2.8	2.762 ^d	2002	1.700	1.700	1.0
1991	2.8	2.8	2003	1.700	1.700	0.93
1992	2.8	2.8	2004	1.700	1.700	0.77
1993	2.8	2.8	2005	1.700	1.700	0.92
1994	2.8	2.8	2006	1.700	1.700+0.550 ^e	0.97
1995	2.8	2.8	2007	1.700	1.700	data not available
1996	2.381	2.381	2008	1.700	1.700	data not available

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

- Amount includes \$25 million earmarked for training of daycare providers, licensing officials, and parents, including training in the prevention of child abuse in child care settings (P.L. 98-473).
- The entitlement ceiling for FY1986 was \$2.7 billion. However, the Gramm-Rudman-Hollings legislation sequestration of funds for that period reduced the funding by \$116 million.
- The 1987 Budget Reconciliation Act (P.L. 100-203) included a \$50 million increase in the Title XX entitlement ceiling for FY1988; however, these additional funds were not appropriated.
- The FY1990 appropriation included a supplemental appropriation of \$100 million (P.L. 101-198). The Gramm-Rudman-Hollings legislation sequestration of funds for FY1990 reduced funding by \$37.8 million to \$2.762 billion.
- The FY2006 Labor-HHS-Education Appropriations Act maintained regular SSBG funding at \$1.7 billion. The FY2006 Defense Appropriations Act (P.L. 109-148) provided an additional \$550 million in SSBG funding, for necessary expenses related to the consequences of hurricanes in 2005.

Legislation

Other than appropriations legislation, no bills in the 109th Congress, and none thus far in the 110th Congress, proposing changes to the SSBG have been enacted into law. Proposals to increase funding for SSBG were included as part of welfare reauthorization bills in the 109th Congress that were introduced, but not passed. (S. 667 would have increased funding for the SSBG by \$1 billion over five years, and both H.R. 751 and S. 6 would have provided \$1.975 billion for the SSBG in FY2006 and \$2.8 billion in FY2007.) Instead, a scaled-back version of welfare reauthorization was encompassed in reconciliation legislation signed into law (P.L. 109-171) on February 8, 2006. That legislation does not include any of the previously proposed SSBG provisions.

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.) The transfer authority has been maintained at 10% in FY2003-FY2008 as well.

Over the course of FY1997-FY2006, states transferred more than \$9 billion of TANF funds to the SSBG (\$974 million in FY2006 alone). 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 welfare reform law, states also may use SSBG funds for vouchers for families that 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. *For tables showing state-by-state allocations of regular SSBG funds since FY1998, see the HHS website at <http://www.acf.dhhs.gov/programs/ocs/ssbg/docs/allocs.html>.*

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 following are 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 (November 15, 1993) to implement this requirement and to provide states with a uniform set of service category definitions. **Table 2** shows SSBG expenditures—separated into those made from the SSBG allocation and those made from funds transferred from the TANF block grant—by service category, on a national basis.

Table 2. Title XX (SSBG): Expenditures by Service Category, 2006

Service Category	SSBG Expenditures Made From		Total SSBG Expenditures (\$)	% of Total
	SSBG Allocation (\$)	Funds Transferred from TANF (\$)		
Adoption Services	19,961,779	14,535,149	34,496,928	1.2
Case Management	126,539,650	57,675,811	184,215,461	6.7
Congregate Meals	5,780,763	109,729	5,890,492	0.2
Counseling Services	20,851,525	3,020,250	23,871,775	0.9
Day Care—Adults	15,830,355	19,081	15,849,436	0.6
Day Care—Children	152,847,840	67,639,377	220,487,217	8.0
Education and Training Services	19,375,361	1,064,298	20,439,659	0.7
Employment Services	13,953,128	182,937	14,136,065	0.5
Family Planning Services	19,528,430	18,114,412	37,642,842	1.4
Foster Care Services—Adults	31,307,238	6,749,197	38,056,435	1.4
Foster Care Services—Children	153,283,667	259,979,194	413,262,861	14.9
Health-Related Services	17,302,496	1,536,588	18,839,084	0.7
Home-Based Services	158,591,743	23,484,670	182,076,413	6.6
Home-Delivered Meals	26,524,499	204,279	26,728,778	1.0
Housing Services	9,322,162	6,581,101	15,903,263	0.6
Independent/Transitional Living	7,654,399	1,532,654	9,187,053	0.3
Information and Referral	13,554,211	4,488,037	18,042,248	0.7
Legal Services	15,497,959	1,001,871	16,499,830	0.6
Pregnancy and Parenting	5,007,501	2,573,260	7,580,761	0.3
Prevention and Intervention	43,729,958	90,930,394	134,660,352	4.9
Protective Services—Adults	198,261,217	5,533,267	203,794,484	7.4
Protective Services—Children	133,013,954	179,235,758	312,249,712	11.3
Recreation Services	970,056	489,321	1,459,377	0.1
Residential Treatment	67,071,742	51,282,375	118,354,117	4.3
Special Services—Disabled	308,671,101	79,140,810	387,811,911	14.0
Special Services—Youth at Risk	12,853,218	3,673,300	16,526,518	0.6
Substance Abuse Services	5,024,905	757,564	5,782,469	0.2

Service Category	SSBG Expenditures Made From		Total SSBG Expenditures (\$)	% of Total
	SSBG Allocation (\$)	Funds Transferred from TANF (\$)		
Transportation	17,439,205	1,429,620	18,868,825	0.7
Other Services	95,629,183	30,626,077	126,255,260	4.6
Administrative Costs	110,800,517	30,258,411	141,058,928	5.1
Total SSBG Expenditures	1,826,179,762	943,848,792	2,770,028,554	100

Source: Table prepared by the Congressional Research Service (CRS) based on data included in the Department of HHS' Social Services Block Grant Program Annual Report 2006. Full report available at <http://www.acf.hhs.gov/programs/ocs/ssbg/annrpt/2006/index.html>.

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