

## **THE SOCIAL SERVICES BLOCK GRANT (SSBG) (TITLE XX OF THE SOCIAL SECURITY ACT)**

### INTRODUCTION

The Social Services Block Grant (SSBG) is a federal block grant that provides dollars to all fifty states and the District of Columbia every year. States have flexibility to use these dollars to invest in 29 different human service programs ranging from elderly services such as home delivered meals, to children's services such as child protection or child care to disability services such as transportation or home chore services. States determine eligibility standards and can move dollars from year to year between their most pressing needs. States are not required to match federal funds with their own revenue but in most instances states do use SSBG dollars to supplement their own funding of programs and in some instances dollars are used to supplement other federal programs.

### JOURNEY FROM ENTITLEMENT TO BLOCK GRANT

The origins of the Social Services Block Grant date back to 1956. In 1956 amendments to the Social Security Act (PL 84-880) were approved that created federal funding for the cost of services provided to welfare families. The goal was to help families on welfare or families who were receiving what was then called Aide to Dependent Children (ADC). These new federal funds were created by congress to help move adults off public assistance.

In 1962 further changes (PL 87-543) were enacted making the funding more flexible as a way to assist states in their efforts to help families on Aid to Families with Dependent Children. The federal match rate was increased to 75 percent—one dollar of state money would be matched by three federal dollars. The funds could still be used for adults receiving AFDC as well as those who were former recipients or those who might become recipients of AFDC. Categories of families and vulnerable people eligible included unmarried parents, families experiencing "desertion" and children experiencing special problems or needing protection. Disabled and aged adults were also eligible for these federally funded services. The funds could be used to help address the welfare of the child, to improve home conditions, to assist families in the care and guidance of their children, and to help families manage their financial resources. The changes eventually led to more states drawing down federal funds.



Starting in 1970 the Nixon administration attempted to place a ceiling on spending both through the appropriation process and legislative changes. By 1972 projections were that expenditures would rise to \$4.7 billion by fiscal year 1973<sup>4</sup>. The same estimate indicated that 10 states were drawing down 74 percent of all funding. Those ten states included 55 percent of the public assistance population.

Reacting to these trends and projections, Congress in 1972 (PL 92-512) placed new restrictions on social services spending requiring that most of the dollars be spent only on those who were receiving cash assistance. They did allow for a few exceptions such as spending on child care, family planning, drug treatment and foster care.

Through the efforts of Senator Walter Mondale and others, in 1974 legislation would be enacted recreating the social service spending under a new Title XX of the Social Security Act<sup>5</sup>. As a way to address the concerns over cost and use of funds a list of permissible services was created. Eligibility standards allowed for free services to those people at 85 percent of state median income. Services for a fee were available to individuals from 85 to 115 percent of state median income. Goals were also incorporated for the first time. Goals that are still a part of today's block grant: self-support, self-sufficiency, preventing or remedying abuse of children or adults, prevention of inappropriate institutionalization, and referral and admission services when necessary for institutional care. The 1974 changes also require that at least one service must address each of the goals.

#### TITLE XX OF THE SOCIAL SECURITY ACT

The new Title XX was intended "to establish a consolidated program of federal financial assistance to encourage provision of services by the states." Title XX was intended to reorganize the social services that had been scattered through various titles of the Social Security Act to assist the blind, disabled, senior citizens and children both in and outside of the AFDC system. After the 1975 signing of the new act, Title XX was viewed as an opportunity to re-design social service programs, spending and planning throughout the states.

#### TITLE XX BECOMES THE SOCIAL SERVICES BLOCK GRANT

In his 1981 budget, President Ronald Reagan signed in to law a new Title XX. with the enactment of the Omnibus Budget Reconciliation Act, PL 97-35. All matching fund requirements on states were eliminated and most requirements such as planning, requirements to spend dollars on

specific categories and eligibility standards were eliminated. In return for the new state flexibility was a reduction in Title XX funding from what the Congressional Budget Office had projected to be a fiscal year 1981 total of \$3.099 billion to a capped total of \$2.4 billion. Title XX now became the “Social Services Block Grant” now referred to as “SSBG”.

Since its conversion to a state block grant SSBG has been funded at varying levels and it has been used as a vehicle to fund certain priorities in a given year such as enterprise zones or job training. The last twenty-year trend in funding however can be divided in two: 1982 through 1995 slow increased funding and from 1996 to the present steady decreases.

#### SSBG ON THE DOWNSIDE

In 1995 and 1996 SSBG became a target to obtain some of those savings for the welfare reform proposal. Much of the savings in the welfare reform bill came from cuts in the Food Stamps and the Supplemental Security Income (SSI) programs (or as some would call it, “slowing the rate of growth” in SSI and Food Stamps) reductions in SSBG would also contribute. By the time of final enactment in August 1996, SSBG had been reduced to \$2.38 billion annually. A budget cut of more than \$3 billion from 1996 through 2002.

The 1996 welfare act (PL 104-193) did increase SSBG back to \$2.8 billion in 2003 and beyond. That act also made one other change to SSBG. It allowed states to transfer 10 percent of their new TANF block grants into SSBG. For fiscal year 1997, the appropriations committees actually increased funding to \$2.5 billion but a year later, House and Senate appropriators did just the opposite and cut funding.

In 1998 the Clinton administration proposed a 1999 budget that ultimately used SSBG as an offset for a variety of programs in the Administration for Children and Families in the Department of Health and Human Services. The proposed cuts reduced funding to \$1.9 in 1999 and eventually to \$1.7 billion over the course of the next five years.

In 1998, Congress used the proposed cuts to the Social Services Block Grant to help offset the increased cost for the new “Transportation Equity Act for the 21<sup>st</sup> Century”. The Congressional Budget Office calculated that a severe cut to SSBG as included in the Transportation bill would mean that states would replace lost SSBG funds by drawing down more of their TANF funds and transferring them into SSBG. As a result CBO scorekeepers would only calculate the full cut to SSBG as a budget “savings” only if Congress also put a limit on just how much states could

transfer from TANF to SSBG. According to CBO formula, to get full credit for the reduction of SSBG to \$1.7 billion the state ability to transfer 10 percent of TANF into SSBG would have to be reduced to 4.25 percent transfer. After that point, each year Appropriations bills would extend the transfer authority for one fiscal year at a time. In the 2005 reauthorization of TANF included in the Deficit Reduction Act of 2005 (PL 109-362) the ability of states to transfer ten percent of their TANF funds into SSBG was restored.

In 2005 Congress used SSBG as one of its strategies to provide relief to Gulf Coast states hurt by that year's hurricanes. Five hundred and fifty million dollars was provided and awarded to states based on a formula that calculated how many people in a particular state were affected by the hurricanes.

Future cuts continued to threaten SSBG. In the federal budget proposal for FY 2007, FY 2008 and FY 2009, President Bush proposed a cut of 30%, or \$500 million, in SSBG funding. In 2007, the Department of Health and Human Services justified the cut by arguing that an assessment called the Program Assessment Rating Tool (PART) identified "several weaknesses of the block grant, noting that the flexibility of SSBG makes it difficult to measure performance." In 2009, Congress briefly considered using SSBG as one of the many fiscal vehicles to provide relief to states, but in the end other funding sources such as block grant education funds were provided instead. The first budget offered by the Obama Administration in the spring of 2009, dropped any proposed cuts to SSBG for FY 2010.

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<sup>4</sup> Pocket Guide to Title XX, Hecht Institute, Child Welfare League of America, 1976

<sup>5</sup> Public Law 93-647, 93<sup>rd</sup> Congress, H.R. 17045, January 4, 1975