



Shrinking the Safety Net

The Truth About Federal Block Grants

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Turning safety net programs into “block grants” has historically been a way for the federal government to cut program funding under the guise of increasing flexibility and innovation among states. The problem for those in Congress who are proposing block grants now is that many Americans, including governors on both sides of the political aisle, are familiar with this tired tactic and are unwilling to be duped.¹ What’s more, cutting programs that benefit the poor runs counter to the principles of most faith traditions, including Catholic social teaching.

Since the Trump administration took office and Congress returned to Washington in January, there has been growing discussion about turning Medicaid and the Supplemental Nutrition Assistance Program (SNAP) into block grants. Although these discussions are occurring in the context of a new administration, they are anything but new. Elected officials concerned with trimming federal spending have long advocated for turning entitlement programs into block grants. In some instances, they have been successful. By analyzing data and outcomes from programs converted into block grants in years past, one can project what might happen to existing entitlement programs should they meet the same fate.²

The Aid to Families with Dependent Children (AFDC) program offers the most illustrative example of what happens when an entitlement program is turned into a block grant. Congress converted AFDC to a federal block grant in 1996 and renamed it Temporary Assistance for Needy Families (TANF). The mission of AFDC was to provide financial relief to poor, single-parent families by guaranteeing cash assistance to all families who fell below a certain income threshold. In 1994, in a typical state, a one-parent family of three was eligible for TANF if they earned below \$938 per month.³ The average benefit level for a family of three was \$366 per month, the equivalent of \$566 today.⁴ In 1996 AFDC served 4.4 million families, and 68 of every 100 families who lived below the poverty line received AFDC cash assistance.⁵

Today TANF is a shell of the once robust and responsive safety net program that was AFDC. In 2014 TANF provided cash assistance to only 1.6 million families, despite higher rates of poverty than when the block grant was created.⁶ In 2015 just 23 of every 100 families living in poverty received TANF and the average monthly benefit was just \$429 per month.⁷ In Mississippi, the

maximum benefit is just \$170 per month for a family of three.⁸ Unlike AFDC funding, states are allowed to spend TANF funding on variety of activities rather than solely providing cash assistance to needy families. As states shifted their TANF dollars to the new programs they had less money for cash assistance. As a result, many states had to dramatically tighten eligibility criteria and/or lower benefit levels.

Poverty rates have not improved as a result of the new “flexibility” given to states. By 2011 the number of children living in extreme poverty (household income of less than \$2/day) had doubled, from 1.4 million in 1996 to 2.8 million in 2011.⁹ In sum, converting AFDC into the TANF block grant succeeded in only one way: reducing federal spending on a critical safety net program. TANF block grants to states were based on the level of funding provided to states through AFDC in 1996 and have not been increased since. When inflation is accounted for, the real value of TANF funding has decreased by 33 percent since 1996.¹⁰

Now, as Congressional leaders seek budget savings, they are again discussing block grants. House Speaker Paul Ryan has long been a proponent of turning both Medicaid and SNAP into block grants, and he is just one in a long line of fiscal conservatives who have advocated for the same. In fact, conservatives have unsuccessfully proposed legislation to block grant Medicaid in 1981, 1995, and 2003.¹¹ SNAP has been the target of block grant proposals in nearly every year since 1995.¹² Interestingly, Speaker Ryan has relied on Catholic principles to justify his position on block grants.¹³

One argument used to justify providing block grants to states is the principle of subsidiarity, a foundational concept of Catholic social teaching. Subsidiarity means that larger political entities should not assume the effective functions of smaller ones, but that higher level of governments should step in when problems are too large to be handled by smaller, local governments.¹⁴ While subsidiarity was used as an argument to turn AFDC into a block grant,¹⁵ it is clear that state governments have not been effective in using the funds to reduce child poverty. Still, the federal government has failed to intervene in the administration of TANF, despite poor outcomes in most states.¹⁶

If Congress were to turn SNAP or Medicaid into block grants they would be further sacrificing human life

and dignity in the name of fiscal savings. The two programs were incredibly important during the Great Recession, and it was their structure as entitlement programs that allowed them to grow and cover those who were experiencing temporary economic hardship.¹⁷ If funding for those programs had been capped, the human suffering would have been far more widespread and painful. Accordingly, leaders in Washington must acknowledge both the importance of the federal entitlement programs and the failure of previous block grants when making difficult budget decisions. Speaker Ryan also must remember that weakening the safety net runs counter to another fundamental principle of Catholic social teaching: a preferential option for the poor and vulnerable.

ENDNOTES

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- 3 Stephen B. Page and Mary B. Lerner. *Introduction to the AFDC Program*. The Future of Children: Welfare to Work. Vol. 7, No. 1. Spring 1997.
- 4 *Ibid.*
- 5 Center on Budget and Policy Priorities. *Chart Book: TANF at 20*. Updated August 5, 2016.
- 6 *Ibid.*
- 7 *Ibid.*
- 8 Gene Falk. *Temporary Assistance for Needy Families (TANF): Eligibility and Benefit Amounts in State Cash Assistance Programs*. Congressional Research Service. July 22, 2014.
- 9 Center for Poverty Research, University of California Davis. *What is “deep poverty”?* September 13, 2016.
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- 12 Miranda Everitt and Philip Rocco. *“Closing loopholes or eroding rights?” The politics of food stamps and “heat and eat.”* University of California at Berkeley Goldman School of Public Policy. January 16, 2014.
- 13 Paul Ryan. *Social Teaching and the Federal Budget: A Catholic Politician's Views*. July 11, 2011.
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- 15 Susan J. Stabile. *Subsidiarity and the Use of Faith-Based Organizations in the Fight Against Poverty*. St. John's University School of Law, Vincentian Center for Church and Society
- 16 *Chart Book: TANF at 20*. Opt. Cit.
- 17 Robert A. Moffitt. *The Great Recession and the Social Safety Net*. Annals of the American Academy of Political and Social Science. November 2013. Volume 650(1) pp. 143-166.