



SOCIAL ACTION LINKING TOGETHER

The justice of a society can be measured by how the most vulnerable are faring and treated.

FACT SHEET: The problem with Block Grants and why such grants should not be used in funding Medicaid.

Documentation supporting all the statements made in this Fact Sheet can be accessed via this link: <http://www.cbpp.org/research/federal-budget/funding-for-housing-health-and-social-services-block-grants-has-fallen>.

History shows that when social programs are merged into (or created as) broad block grants, funding typically contracts — often sharply — in subsequent years and decades, with the reductions growing over time.

In the study (see link above) by the **Center on Budget and Policy Priorities (CBPP)**, a study evaluating the current and historic funding for all 13 of the major housing, health, and social services block-grant programs created in recent decades, it was found that funding for 11 of the 13 programs has shrunk since their inception.

Only the Block Grants for Child Care and Development and Community Mental Health Services have grown since inception, and even they have shrunk since 2002.

Funding declines understate the drop in funding in another way: states often substitute federal block-grant dollars for state dollars they previously spent in these areas and then use the freed-up state dollars to plug state budget holes.

Consider TANF as the “poster child.” Federal TANF funding has fallen by 32 percent. In 1996, for every 100 poor families with children, 68 families received AFDC cash assistance. By 1998, TANF’s ratio had fallen to 51. By 2014, only 23 families with children received TANF cash assistance benefits for every 100.

Funding erosion is intrinsic to the block grant structure; policymakers seeking resources for their own priorities will routinely look to block grants for savings.

Experience suggests that the most predictable result of merging social programs into broad block grants is substantial erosion in funding over time, with negative consequences for efforts to assist people in need.

The statesman Edmund Burke reminds us: “Those who don’t know history are doomed to repeat it.” We know the history of Block Grants and the negative effects these grants have had on social programs. Let’s not repeat that history when considering Medicaid.