



## Block Grants: Details of the Bush Proposals

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*Legislative details give clues about what will happen if any of the Bush block grant proposals become law.*

President Bush's FY 2005 budget proposes converting a wide range of federal programs into block grants. Block grants are fixed sums of money given to state or local governments to support program activities and administration. Compared with other grants, block grants give state and local-level recipients more flexibility in program design and implementation with reduced federal oversight and requirements.

Most of Bush's block grant proposals affect existing social welfare programs, including Child Welfare, Head Start, Job Access and Reverse Commute, Job Training, Medicaid, and Section 8 Housing vouchers (table 1). The New Freedom proposal, the only one that provides new federal funding, promotes transportation services for individuals with disabilities. Other proposals streamline existing Justice Assistance and Surface Transportation programs.<sup>1</sup>

In addition to the Bush proposals, legislation for reauthorizing the Temporary Assistance for Needy Families (TANF) program passed by the House of Representatives in February 2003 authorizes a State Food Assistance Block Grant to replace the Food Stamp program in up to five states.<sup>2</sup> Also included in the House reauthorization bill is the Bush administration's proposed "superwaiver" provision that could effectively transform other specified programs into block grants upon application by a state and approval by the secretary of the administering department. The welfare reauthorization bill now on the Senate floor includes a more limited super-

waiver provision (Waller 2003; Greenstein, Fremstad, and Parrott 2002).

None of the Bush block grant proposals is entirely new. The proposed Job Access and Reverse Commute, New Freedom, and Surface Transportation block grants were included in the administration's 2003 proposal for reauthorizing surface transportation programs. The Child Welfare, Job Training, and Medicaid proposals were included in the FY 2004 Executive Budget. The Head Start proposal is also repeated from the previous year.<sup>3</sup> The proposal to transform the Section 8 Housing Voucher program into block grants to local Public Housing Authorities (PHAs) replaces an earlier block grant proposal that would have transferred program authority to the states. Also resurfacing from last year's budget, and FY 2003's, is a proposed Justice Assistance Grant that combines funding for the Local Law Enforcement Block Grant, the Byrne Grants, and the COPS Hiring Grants.<sup>4</sup>

A companion brief traces the history of block grants and the lessons that can be learned from them (Finegold, Wherry, and Schardin 2004). In this brief, we examine the design of the Bush block grant proposals. Legislative details provided by the administration give clues about what will happen if any of the current proposals become law.

### Initial Funding and Formula Adjustments

Provisions for initial funds and funding allocation among state and local-level

TABLE 1. Current Block Grant Proposals

Proposal	Status as of March 1, 2004	Initial funding	Estimated FY 2005 spending (thousands)	Inflation adjustments
<b>Child Welfare</b> State option to receive funding as flexible grant.	House subcommittee hearing held June 11, 2003. No bills introduced in House or Senate to date.	State allocations determined by expenditure history, in consultation with the states. State allocations fixed for five-year period. States may opt to receive five years of funding up front.	\$4,896,000 (Assumes maximum number of states participate.)	
<b>Food Stamps</b> Up to five states permitted to receive State Food Assistance Block Grant instead of food stamps.	Approved by House as part of TANF reauthorization bill (H.R. 4). Senate bill (S. 5) includes similar language but Senate Finance Committee's version of H.R. 4 does not include block grant provision.	Based on dollar value of food stamp benefits in FY 2003 or average for FY 2001–03 (whichever is greater), plus greater of amounts received for administrative costs and employment and training in FY 2003 or average for FY 2001–03. Funding levels would be frozen for five years.	\$2,621,400 (Since five states would participate, estimate is calculated as 10 percent of total funding.)	None in H.R. 4; S. 5 adjusts state grants each year by one-half the aggregate increase in the consumer price index.
<b>Head Start</b> Pilot program permits up to nine states to receive Head Start funding as flexible grant.	Passed House (H.R. 2210) but bill limits participation in block grant option to eight states for first five years. Reauthorization bill sent to floor by Senate Health, Education, Labor, and Pensions Committee (S. 1940) does not include block grant provision.	Under H.R. 2210, state would receive approximately same amount of funding as would otherwise be provided to grantees of Head Start program within the state, for up to five years.	\$1,274,760 (Since nine states would participate, estimate is calculated as the additional \$45 million specifically designated for states participating in the block grant program plus 18 percent of the remaining program funding.)	
<b>Housing</b> Replaces Section 8 vouchers with the Flexible Voucher Program, a block grant to public housing agencies (PHAs).	No bills for Flexible Voucher Program introduced yet. The Housing for Needy Families Act (S. 947 and H.R. 1841), is based on previous version of administration block grant proposal; no action yet.	Funding under block grant begins 2005. States would receive same proportion of funding as year before under Section 8, adjusted for inflation. Starting in 2006, new formula used to determine state allocations. Formula considers poverty, housing costs, administrative performance of PHAs, and number of families assisted.	\$18,466,000	None mentioned; authorizes appropriations of "such sums as may be necessary." Any funding increase would be distributed under the new formula.
<b>Job Access and Reverse Commute</b> Replaces current project-based program for provision and development of employment transportation services for low-income workers and reverse commuters.	Introduced in House (H.R. 2088). Senate-approved version does not include block grant provision.	Funding under block grant begins 2005. Formula used to determine state allocations considers the number of low-income people in each state.	\$153,000	Annual increases in appropriations for fiscal years 2004–09.

State matching/ maintenance of effort (MOE) requirements	Mandatory provisions/ restrictions on use	Public participation requirements	Data collection/ performance evaluation requirements	Other details
MOE for previous levels of state child welfare spending.	Requires maintenance of child safety protections under current law. Set-asides for program monitoring, research, and technical assistance, and for Indian tribes.		States required to conduct independent third-party evaluation of programs.	States must commit to full five-year period. States that do not opt to participate would continue operating under the current Title IV-E entitlement program. In a fiscal emergency, states may access TANF contingency fund if they meet determined criteria.
	Benefits must be made available throughout state. Individual has right to notice and hearing on adverse state action. States may place up to 10 percent of annual allotment in reserve, except that total reserved funds may not exceed 30 percent of allotment for a fiscal year. Prohibits use of funds to provide benefits to those ineligible under the regular Food Stamp Program's immigrant restrictions.		No data reporting or performance evaluation required, except an annual audit of state expenditures.	No selection criteria indicated, but states must apply for the block grant. States may change their minds and opt out of the block grant after election, but only once.
In H.R. 2210, MOE requires states to maintain current contributions to preschool programs. Separate from this MOE is a required state match of 5 percent. Also, federal financial assistance for Head Start programs is limited to 80 percent of program costs. H.R. 2210 also includes nonsupplantation provision.	H.R. 2210 states that administrative costs may not exceed 15 percent of program funding. State-provided services must be at least as extensive as under previous program and must serve at least as many low-income children and families. H.R. 2210 also appears to guarantee continued funding of current local grantees.	H.R. 2210 states that state plans must be developed in consultation with specified public and private representatives and professionals. State evaluation of progress under demonstration project must be made publicly available to all communities served by the program.	H.R. 2210 requires third-party evaluation of state demonstrations including quantitative description of state's program before and after demonstration project. Recipient states must provide data concerning nonfederal expenditures and number of children and families served.	States must apply to participate in the block grant. Under the House bill, the secretary would select participants based on statutory criteria.
	Not more than 7 percent of program funding may be used for administrative purposes. Project-based rental assistance is limited to 20 percent of total program funding. PHAs must continue assistance for any family receiving homeownership assistance under Section 8. Any units contracted under Section 8 will continue to receive assistance subject to the terms and conditions of the contract.	Annual performance reports must be made available to the public on the Internet.	Secretary to develop performance standards for PHAs and assessment system. PHAs required to submit annual performance reports; secretary to determine alternate administration of PHA if performance standards not met in two consecutive years. General reporting required of PHAs, including collecting data on families and individuals served.	PHAs that meet performance standards will be eligible to receive performance-based incentive bonuses based on the secretary's evaluation.
Federal share not to exceed 80 percent of net capital costs for capital projects, or 50 percent of net operating costs for operating assistance programs.	Not more than 15 percent of funds may be used for the administration, planning, and technical assistance of projects funded under the grant.	Requires public hearings, opportunity for public input, and the release of program information to the public to the extent the secretary considers appropriate.	Annual reviews and audits may be carried out by the recipient or secretary as considered appropriate by the secretary.	States would solicit applications for project grants from local authorities, private operators, and non-profit organizations. The subrecipients would be selected competitively; selection criteria remain at the discretion of the states.

(Continued)

TABLE 1. (Continued)

Proposal	Status as of March 1, 2004	Initial funding	Estimated FY 2005 spending (thousands)	Inflation adjustments
<b>Job Training</b> Combines the Adult, Dislocated Worker, and Employment Services State Grants to form single block grant.	Approved by House as part of Workforce Reinvestment Act re-authorization bill (H.R. 1261). Version approved by Senate does not include block grant provision.	Allotment formula based on number of unemployed individuals and disadvantaged adults in each state. Hold-harmless provision for FY 2003 levels of funding. Separate funding for one-stop infrastructures.	\$1,186,000	None mentioned; authorizes appropriations of "such sums as may be necessary."
<b>Justice Assistance Grant</b> Consolidates the Local Law Enforcement Block Grant, Byrne Formula [Block] Grant, Byrne Discretionary Grants, and Community Oriented Policing Services (COPS) Hiring Grants to form single block grant.	H.R. 3036 consolidates Byrne programs and Local Law Enforcement Block Grant, but excludes COPS. Reported by House Judiciary Committee and placed on calendar.	Consolidates funding at 51 percent of FY 2004 funding total. Legislation based on earlier version of administration proposal included formula to determine allocation to the states based on population and crime level.	\$508,937 (Approximately \$146,504 is newly appropriated block grant funding. Funding under the Local Law Enforcement Block Grant and the Byrne Formula Grant was already included in the overall share of federal aid in block grant form.)	None mentioned in H.R. 3036; authorizes appropriations of "such sums as may be necessary."
<b>Medicaid</b> State option to consolidate Medicaid and SCHIP funding into acute care and long-term care allotments.	No bills introduced in either House or Senate to date.	Acute care and long-term care amounts based on historical Medicaid and SCHIP spending. Funding increases over current funding in early years of block grant but decreases in later years to make block grant budget-neutral over 10 years.	\$187,385,000 (Assumes all states participate.)	According to FY 2004 budget, "State allotments would be based on 2002 spending, inflated annually by a specified trend rate." No further details currently available.
<b>New Freedom Program</b> Promotes access to alternative transportation methods for individuals with disabilities.	Passed Senate (S. 1072) and introduced in House (H.R. 2088).	Funding under block grant begins 2005. Formula used to determine state allocations. S. 1072 specifies base of formula as number of elderly individuals and individuals with disabilities in each state.	\$147,889	Annual increases in appropriations for fiscal years 2004–09.
<b>Surface Transportation</b> Pilot program permits up to five states to manage formula highway program funds as a block grant.	Passed Senate (S. 1072) and introduced in House (H.R. 2088). House bill specifies folding Interstate Maintenance, Surface Transportation (minus Transportation Enhancement), National Highway Safety Improvement, Highway Bridge, and Minimum Guarantee programs into a block grant. Senate bill says only that states may assume responsibility of "one or more highway projects."	No separate funding provided. Under H.R. 2088, states may use funds under the existing Interstate Maintenance, Surface Transportation (except for the Transportation Enhancement funds), National Highway Safety Improvement, Highway Bridge, and Minimum Guarantee programs.	\$2,613,400 (Based on H.R. 2088. Since five states would participate, estimate is calculated as 10 percent of total consolidated funding. Surface Transportation program is currently a block grant; approximate new block grant funding is \$1,975,100.)	Annual increases in appropriations for fiscal years 2004–09.

State matching/ maintenance of effort (MOE) requirements	Mandatory provisions/ restrictions on use	Public participation requirements	Data collection/ performance evaluation requirements	Other details
	Administrative costs may not exceed 10 percent of program funding. At least 50 percent of funds must be passed from states to localities, with the other half allocated to states. Of the state's 50 percent, half must be used to provide core services for localities.		Does not require data reports of the states. Requires annual performance reports.	
In H.R. 3036, states must assure that block grant funds will not be used to supplant state or local funds.	H.R. 3036 specifies that not more than 10 percent of funds can be used for administrative costs, and that at least 40 percent of funds have to be passed from states to localities.	H.R. 3036 requires states to make entire application public and provide the opportunity for public input before its submission.	H.R. 3036 requires program assessment for each program included and state data collection.	States must apply for funding under H.R. 3036. Grant is for four years with renewals and extensions granted at the secretary's discretion.
MOE requirement increases each year, but at a rate lower than federal growth.	Not more than 15 percent of funds may be used for program administration. Up to 10 percent of funds may be transferred between allotments for acute and long-term care. States are required to provide specified benefits to currently mandated recipients.			
Federal share not to exceed 80 percent of net capital costs for capital projects. House bill specifies federal share not to exceed 50 percent of net operating costs for operating assistance programs.	Not more than 15 percent of funds may be used for administration, planning, or technical assistance of projects.	S. 1072 specifies that state plan development include public participation. Both bills require public hearings, opportunity for public input, and the release of program information to the public to the extent the secretary considers appropriate.	Annual reviews and audits may be carried out by the recipient or secretary as considered appropriate by the secretary.	Under H.R. 2088, states solicit applications for project grants from subrecipients to be selected competitively; states determine criteria. S. 1072 allows reallocation to subrecipients with no guidelines for selection criteria; reallocations must be distributed on "a fair and equitable basis."
H.R. 2088 includes MOE that requires spending at or above average level of expenditures for preceding three years.	H.R. 2088 specifies that 10 percent of funds designated for surface transportation programs must be used in transportation enhancement activities.	State must give notice of intent to participate and solicit public comment at least 30 days prior to submitting application under S. 1072 (20 days prior under H.R. 2088). House requires entire application to be published and publicly made available. Senate requires audits be made available to public; secretary must respond to public comments.	H.R. 2088 requires states to meet performance measures. Annual accounts of state obligations and state assessments of program are mandatory. S. 1072 requires secretary to perform audits and submit an annual report to Congress on program administration. Both bills allow for termination of state participation by the secretary.	Pilot program to terminate six years following enactment. States must apply to participate. In H.R. 2088, selection based on state's proposed program goals and commitment to evaluate performance. S. 1072 requires recipient state and secretary to enter into written agreement.

recipients are important details in any block grant legislation. Congress may choose to base each on pre-block grant spending, as it did when it created TANF. Funding based on past spending patterns, however, may not match current and future needs and may inadequately reward state or local performance (Zedlewski et al. 2002).

Details of whether and how a block grant will respond to changes in the cost of living, population, or macroeconomic conditions are often overlooked when initial passage is debated but become more important with time. The TANF block grant, without formula adjustments, has lost about 15 percent of its value since 1996.

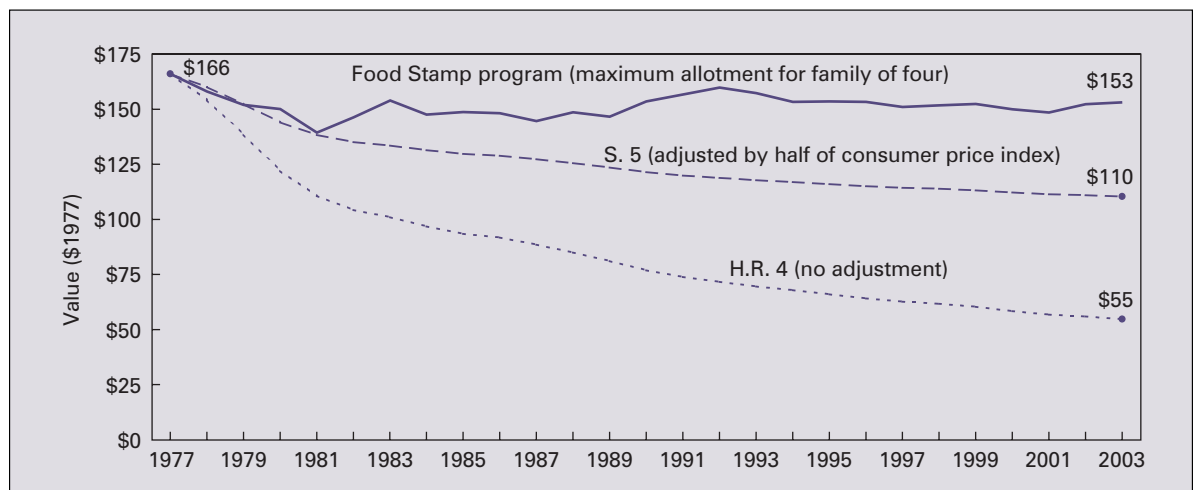
The potential impact of inflation on block grant funding can be seen in figure 1, which compares the real value of the Food Stamp program maximum allotment with the value that the proposed food assistance block grant would have had over the same period. The maximum allotment is revised annually in response to changes in the cost of a low-price diet. In 2003, the maximum allotment retained 92 percent of the value it had when the Food Stamp Act of 1977 gave the program its current form. The version of the Food Assistance block grant approved by the House (H.R. 4) bases the initial value of the block grant on the value of current benefits (plus administrative ex-

penses and the costs of employment and training programs) but has no provisions for subsequent adjustments in response to inflation. If the House version of the block grant had been adopted in 1977, it would now have less than one-third of its original value. The version of the block grant proposed in the Senate (S. 5) increases funding by half the annual increase in the consumer price index, but this formula would not keep up with inflation as well as the annual recalculations of the Food Stamp maximum allotment. If the Senate formula had been applied since 1977, the allotment would now have about two-thirds of its original value.<sup>5</sup>

Food Stamps, Medicaid, and Child Welfare (specifically, the Title IV-E Foster Care Program) are entitlements, which guarantee benefits to applicants that meet statutory criteria. By design, funding for entitlement programs responds automatically to macroeconomic and demographic changes. In the short run, enrollment in entitlement assistance programs tends to rise during and shortly after recessions. In the long run, enrollment may expand with the overall increase in the eligible population.

The Bush proposals transform these programs into block grants, which do not guarantee funds to all eligible applicants.

FIGURE 1. Real Value of Food Stamp Program Maximum Allotment and Proposed Block Grant Alternatives, 1977–2003



Sources: Author calculations from U.S. House of Representatives 2000; U.S. Department of Agriculture, Food and Nutrition Service, Food Stamp allotment data; U.S. Department of Labor, Bureau of Labor Statistics, Consumer Price Index for All Urban Consumers.

Under a block grant, funding remains fixed whether the population eligible for assistance increases or decreases. When the eligible population grows, as generally occurs during a recession, state policymakers must reduce the benefits per recipient, tighten eligibility requirements, or place some who meet eligibility requirements on waiting lists. When the eligible population decreases, states receive more money per recipient than under an entitlement. For example, the decline in the cash assistance caseload since 1996 has provided states with more money per recipient under the TANF block grant than they would have had under Aid to Families with Dependent Children (AFDC), the entitlement program that TANF replaced.

Block grant funding formulas can approximate the responsiveness of entitlements by tying funding to changes in the eligible population or in related measures of need such as unemployment or poverty rates. Another approach is to create a contingency fund from which states receive additional resources in periods of particular need. TANF includes such a fund, but the statutory criteria for drawing on it are so strict that the fund has almost never been used, even though states have faced severe fiscal pressures in the past few years. The Child Welfare proposal allows states to draw on the TANF contingency fund in periods of fiscal stress. No other current block grant proposals contain provisions of this kind.

### Matching and Maintenance of Effort

Matching and maintenance of effort (MOE) requirements are cost-sharing provisions intended to prevent state or local governments from using block grant dollars to replace funding from their own revenue sources. Under matching requirements, grant funds must be matched in some proportion by nonfederal funds. The House's version of the Head Start proposal, for example, requires a state match of 5 percent. Matching requirements for most current block grants are minimal and are often

exceeded by state and local funding (U.S. General Accounting Office [GAO] 1995).

By obligating states to maintain funding at pre-block grant levels (or a designated fraction of them), MOE requirements create minimum funding levels for each state. MOE provisions under TANF, for example, require state spending at 80 percent of AFDC funding, lowered to 75 percent if the state meets certain standards for the percentage of the caseload that is working. MOE requirements have protected the program against budget cuts during the current state fiscal crisis (Finegold, Schardin, and Steinbach 2003).

The proposed Child Welfare, Head Start, Medicaid, and Surface Transportation block grants all include MOE provisions based on current state spending.<sup>6</sup> Only the Medicaid proposal, however, adjusts the MOE for inflation; the MOE increases at the rate of the medical care consumer price index (Mann 2003). Without an adjustment, the real value of an MOE will decrease over time, lowering the floor that the MOE places under state program spending.

### Mandatory Provisions

Legislative details often include mandatory provisions and restrictions on the use of block grant funds. These provisions, designed by Congress to supervise new state and local flexibility, are unpopular among state and local officials, but they may increase Congress's interest in block grant programs and willingness to fund them (Advisory Commission on Intergovernmental Relations 1977).

Mandatory provisions may define populations to be served. Under the Medicaid block grant proposal, states are required to provide comprehensive health services to currently mandated recipients. The Housing block grant proposal requires PHAs to continue assistance to any family currently receiving homeownership assistance under the Section 8 voucher program, but does not offer the same protection to families participating in the much larger rental assistance program. Block grant restrictions may also define populations

that are *not* to be served, as with the Food Assistance block grant, which cannot be used to provide benefits for immigrants ineligible to participate in the standard Food Stamps program.

Congress can also set the minimum and maximum shares of block grant funds used for particular purposes. The Child Welfare proposal includes several set-asides, while the Justice Assistance Grant requires states to pass on at least 40 percent of block grant funding to local governments under the current House bill. The Housing Assistance proposal caps the proportion of funds PHAs may use for administrative costs and limits the proportion of funds used for project-based (as opposed to household-based) rental assistance.

### Public Participation

Public participation requirements are often included in block grant legislation to encourage public input in state or local decisions involving the expenditure of federal funds. For example, the legislation for the Justice Assistance and Surface Transportation block grants requires states to make program applications available to the public and provide opportunity for comment. The proposed Head Start block grant requires that states make evaluation reports publicly available to all communities served by the program. The Housing block grant proposal specifically calls for PHAs' annual performance reports to be made available to the public via the Internet. The JARC and New Freedom block grants leave it up to the secretary of transportation to decide how states must meet public participation requirements.

In principle, participation requirements create state or local accountability to the public as a substitute for federal supervision. The GAO stresses the importance of multiple forums for public input to increase access and participation, as each forum may attract a different demographic group (GAO 1985). A GAO assessment of state implementation of the Reagan block grants found that in 93 percent of the cases studied, states provided at least three

opportunities for public participation in the block grant process (GAO 1985). But another study described the overall quality of these efforts as poor, with little organization or room for public involvement, and cited instances in which states submitted their spending plans before the required public hearings were held (Roberts 1982).

### Data Collection and Evaluation

Along with new administrative and fiscal flexibility, block grants give states and localities new responsibilities, such as managing reporting systems. The Reagan block grants included some data collection and reporting requirements, but they were significantly reduced from those under categorical grants. The GAO found that in most states, the level of effort for data collection was the same under block grants as under the previous categorical programs. But without federal requirements for uniform data collection, procedures varied by state, limiting comparability and often rendering data unusable for monitoring progress at a national level. Dissatisfaction with information on national block grant performance led Congress to tighten data collection requirements for several programs (GAO 1985). Among the drafted block grant proposals, only the Head Start, Housing, and Justice Assistance proposals have specified data reporting requirements.

Provisions for evaluating block-granted programs vary. The Head Start proposal, as approved by the House, requires the secretary of health and human services to contract with an independent organization for an evaluation, specifies the content of the evaluation, and sets deadlines for the interim and final reports. The Child Welfare proposal places responsibility for evaluation on the states, an approach less likely to produce comparable data across states. The Food Assistance block grant, though described in H.R. 4 as a demonstration project, does not require any data collection or performance evaluation beyond an annual audit of state expenditures.



## Optional Block Grants

Five of the current proposals—for Child Welfare, Food Assistance, Head Start, Medicaid, and Surface Transportation—make block grant participation a state option. States have always been able to turn down grant money, and many block grants have allowed states a flexible timeline for changing from prior arrangements. Some block grants have also allowed states to choose whether to administer a program themselves or leave it under federal control. What makes the Child Welfare, Food Assistance, Head Start, and Medicaid proposals unusual is that they allow states to choose whether funding, as well as administration, would be governed under the new block grant rules or the entitlements or categorical grants already in effect. The Surface Transportation proposal allows states to combine funds from several different programs with related goals.

The impact of the optional block grants depends on how many states, and which states, participate. Several legislative details will likely affect state decisions. The number of participating states is capped for Head Start, Food Assistance, and Surface Transportation, but is unlimited under the Child Welfare and Medicaid proposals. The Surface Transportation and Head Start proposals include criteria for participating in the block grant; the Food Assistance block grant contains no selection criteria (Dean, Rosenbaum, and Greenstein 2003). States must commit to five years of participation in the Child Welfare and Head Start block grants. The Food Assistance legislation allows participating states to opt out of the block grant at any time, but does not allow them to opt back into it.

What would states gain by participating in the block grants? None of the proposals offers much new money, although some offer money in an alternate manner. The Child Welfare block grant allows states to receive five years of funding right away, while the Surface Transportation block grant gives them more flexibility in shifting funds among programs. A small amount of

Head Start money is designated specifically for administrative costs in block-grant states. Under the proposed Food Assistance block grant, states could charge all their administrative costs to the block grant; states currently split Food Stamp administrative costs with the federal government.<sup>7</sup>

Optional block grants can fail if the terms of participation do not generate sufficient interest among states. For example, when the Primary Care Block Grant was enacted in 1981, only West Virginia and the Virgin Islands found the new terms attractive enough to participate. Officials from other states disliked the matching provisions that accompanied participation, the requirement that states fund existing health centers, and the absence of funding for administrative costs. Following several years of state disinterest, the block grant was finally absorbed into another program (Peterson et al. 1986; Bowsheer 1982).

## Conclusion

Salient details within block grant legislation include initial funding and allocation among block grant recipients, of course, but also whether funding and allocation are fixed at the start or adjusted to changes in the cost of living. The Child Welfare block grant, which allows states to draw on the TANF contingency fund, is the only proposal that addresses the changes in need that might occur during a recession. Under the other proposals, states might cut services or narrow eligibility requirements to stretch fixed block grants during periods of fiscal stress.

Matching or MOE provisions can affect state and local-level funding decisions, while mandatory provisions may work against increased flexibility. Six of the 10 Bush proposals include matching or MOE provisions: the Child Welfare, Head Start, Job Access and Reverse Commute, Medicaid, New Freedom, and Surface Transportation block grants. All the proposed block grants include mandatory provisions or spending restrictions.

Experience suggests that state and local provisions for data collection and public participation will vary widely unless addressed in federal statutes or regulations. While nine of the 10 proposals address performance evaluation on some level, only the Head Start, Housing, and Justice Assistance proposals specify data reporting requirements. Six of the 10 proposals include requirements for public participation, although the nature varies from performance evaluation to application design.

In a new twist, several Bush administration proposals allow states to choose whether to participate in the block grants or continue under current programs. For these proposals, the legislative details become even more important in determining the outcome of the block grant. The attractiveness of each option, and the criteria states must meet to qualify for the block grants, will determine whether states choose to participate.

## Notes

1. Not all administration proposals are explicitly described as block grants. Each proposal discussed here, however, includes the defining characteristics of a block grant. See Coalition on Human Needs (2004) for further details regarding Bush administration initiatives in block granting social welfare programs.
2. For simplicity, references in this paper to the current block grant proposals will not distinguish between the Food Assistance block grant proposal and those proposals endorsed by the Bush administration.
3. The current version of the administration Head Start proposal, as discussed in the FY 2005 budget, does not include a provision in FY 2004's proposal that would have transferred program authority from the Department of Health and Human Services to the Department of Education.
4. As proposed in the FY 2003 and FY 2005 budgets, the Justice Assistance Grant included the COPS program, which funds officer hiring, in the list of programs to be consolidated. The FY 2004 version of the proposal did not include the COPS program in the list of consolidated programs. Other language in the FY 2004 budget indicated that the administration was requesting no new funding for the COPS program, but that the Justice Assistance Grants could be used for officer hiring.
5. Values calculated by authors from U.S. House of Representatives 2000; U.S. Department of Agriculture, Food and Nutrition Service, Food Stamp allotment data; U.S. Department of Labor, Bureau of Labor Statistics, Consumer Price Index for All Urban Consumers (1982–84 = 100).
6. The House version of the Surface Transportation block grant includes an MOE provision, but the Senate version does not (see table 1).
7. The Medicaid proposal in the FY 2004 budget increased program funding for the first few years of the block grant but cut funding in later years to be budget-neutral over a ten-year period. The discussion of Medicaid in the FY 2005 budget does not include this provision.

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