The Carleson Center for Welfare Reform

"Fulfilling the Reagan Agenda"

SECURE THE SAFETY NET

Repeal & Replace the Welfare State
Target Aid to the Truly Needy
Shrink the Federal Bureaucracy

Thirty years ago, Ronald Reagan had a plan . . .
Now it's time to fulfill it.

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SECURE THE SAFETY NET

Repeal and Replace the Welfare State

I can't help thinking that, while much of the 20th century saw the rise of the federal government, the 21st century will be the century of the states. I have always believed that America is strongest and freest and happiest when it is truest to the wisdom of its founders.

Ronald Reagan, August 8, 1988

We have found, in our country, that when people have the right to make decisions as close to home as possible, they usually make the right decisions.

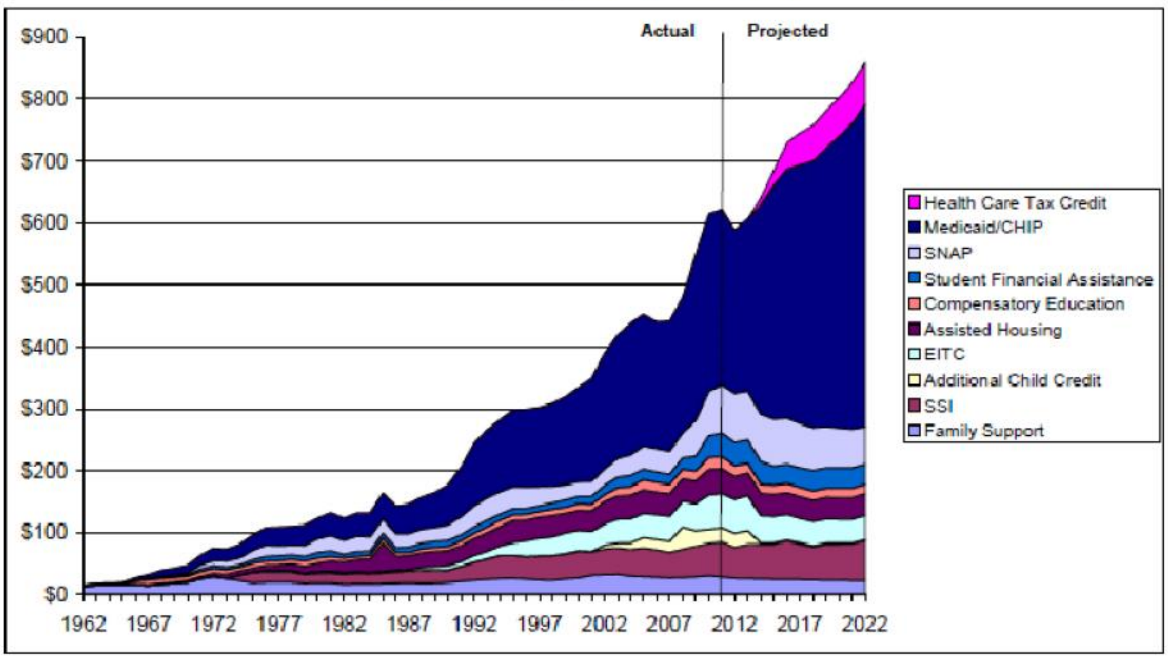
Ronald Reagan, September 17, 1990

OVERVIEW

The U.S. faces a fiscal crisis. The problem is not too many budget cuts, as suggested by recent talk of a "fiscal cliff," but too much spending. Looking into the future the Congressional Budget Office warned of an "explosive path of federal debt."[1] This rising debt threatens to increase interest payments, restrict policy options in response to

Figure 1. Federal Outlays for Selected Low-Income Assistance Programs: FY1962 through FY2022

(In billions of constant FY2011 dollars)



Source: Congressional Research Service (CRS), based on data from the U.S. Office of Management and Budget FY2013 Public Budget Database, and the Congressional Budget Office March 2013 baseline budget projections for FY2012 through FY2022.

Notes: Constant dollars were computed using the implicit price deflator for Gross Domestic Product (GDP).

Figure 1 shows federal outlays for the major low-income assistance programs in inflation-adjusted terms historically for FY1962 through FY2011, and shows CBO-projected outlays under current law for FY2012 through FY2022. The figure shows several periods of pronounced growth, with the most recent occurring from FY2007 through FY2011. This represents spending, both automatic (through increased enrollment) as well as legislated (e.g., benefit and funding increases through the American Recovery and Reinvestment Act of 2009, ARRA, P.L. 111-5), in response to the deep recession from 2007-2009. [2]

economic or financial crises, and "increase the probability of a sudden fiscal crisis, during which investors would lose confidence in the government's ability to manage its budget and the government would thereby lose its ability to borrow at affordable rates."[3]

The federal government simply spends too much. It also wastes far too much. Needless duplication and wasteful inefficiency permeate the federal bureaucracy. For instance, the Government Accountability Office issued a report in March 2011 detailing "34 areas for consideration related to duplication, overlap, or fragmentation" and 47 additional areas "describing other opportunities for agencies or Congress to consider taking action."[4] A year later, only five percent of the GAO's recommendations had been fully addressed. At that time the agency released a new study presenting "51 areas where programs may be able to achieve greater efficiencies or become more effective."[5]

The shocking refusal of federal officials to take responsibility for the pervasive and persistent misuse of taxpayer funds threatens Washington's ability to fund truly essential services authorized by the Constitution. This failure also threatens our national conscience. A measure of a country's character is how it treats its most vulnerable citizens – those who *must* turn to others for their basic needs. Today's ever-growing welfare state does more to enrich interest groups than uplift the poor.

Politicians who "spread the wealth" also increase dependence on government and threaten to run up unmanageable debt for generations to come. If left unchecked, this spending will destroy our economic health, preventing us from helping those who really require it. The inevitable response will be across-the-board spending cuts that will fall most heavily on the truly needy among us. Such a blunt approach will cut bone as well as fat and violate our moral obligation to secure the basic social safety net for those most in need.

It's time to take dramatic action to set our priorities in order and halt the profligate expansion of the welfare state. An informed government policy to protect the nation's safety net should begin by reining in the welfare state through a time-tested approach -- cutting spending on those who are <u>NOT</u> really in need.

Over thirty years ago, Ronald Reagan approved a blueprint to end welfare dependency not just for the benefit of federal and state taxpayers, but also for the long-term benefit of welfare recipients themselves. Unfortunately, the time was not right then. Progress was made in 1996, after Republicans took control of Congress. But more remains to be done. The time is right now.

This CCWR report proposes an achievable, common-sense plan – and model legislation to enact it – to end the hopeless bureaucratic overlap and fiscal abuse plaguing our nation's current welfare spending; assure that limited taxpayer funding is directed to benefit the truly needy; and permanently reduce the size and influence of the federal welfare bureaucracy.

The proposal is simple: federal welfare spending should be turned into block grants, which would pass directly to the states without conditions, other than annual audits. The design, reach, and benefits of government welfare would be subject to state control. Washington would be out of the welfare business, other than transferring the necessary funds to the states.

Background

The United States is unique with its 50 sovereign political entities, the states. Our Constitution provides us with an essential mechanism – federalism – to preserve and protect government by "We the People." Each state has an executive, legislative and judicial branch; each state has the ability, independently, to raise revenues; each has the authority to make laws. All of this is subject to the consent of an electorate. The same citizens who elect presidents, senators, and representatives at the federal level also elect governors, state legislators and local officials. Those are the people who are most accountable and trusted to protect truly needy residents.

Welfare once was the province of the states, but increasingly has been treated as a federal responsibility. Since the 1960s, when the concept of public welfare radically expanded, federal micromanagement and redistribution of income has grown out of control. The federal government has spawned a vast array of redundant, overlapping and poorly targeted assistance programs. This bureaucratic monstrosity spends $724 billion a year to provide medical care, food, shelter and other basic services to a growing number of people who increasingly are not "needy" by any rational definition.[6]

Ronald Reagan understood the nature of government bureaucracies when he said:

> The war on poverty created a great new upper-middle class of bureaucrats that found they had a fine career as long as they could keep enough needy people there to justify their existence.[7]

As Reagan recognized, the problem of welfare was not just expense but also dependency. The welfare bureaucracy had little if any incentive to boost people off of the federal rolls. Researcher Charles Murray later detailed the devastating impact of welfare on family and community in his book *Losing Ground: American Social policy 1950-1980*.

Elected governor of California in the midst of the Lyndon Johnson's "Great Society," Reagan became perhaps the most important advocate of genuine welfare reform. In doing so he had to battle Republicans as well as Democrats.

Bob Carleson, Reagan's welfare adviser in both Sacramento and Washington, detailed the bipartisan pressure to expand the federal welfare system in the 1960s and 1970s:

> "Welfare Reform": That's what Domestic Advisor Joe Califano labeled a comprehensive guaranteed income program that he presented to President Lyndon B. Johnson. Johnson rejected it. It was too big and too liberal.
>
> But, when Richard Nixon became president he bought into substantially the same plan. … The proposal was known as the Family Assistance Plan, or FAP. FAP would be an efficient income redistribution system: universal, simple, and uniform. Like the Califano plan, the FAP proposal promised "a single equitable system," "uniform national standards," "simplification of eligibility requirements," and other panaceas pushed by the welfare establishment. These proposals were aimed not at welfare reforms based on need, but at an efficient system for the redistribution of income. …
>
> [The plan] was killed in Senator Russell Long's Finance Committee after Governor Reagan effectively testified against it on February 1, 1972. Reagan labeled FAP a national guaranteed income plan. He recommended State solutions as an alternative, based on his successful California welfare reforms.[8]

Reagan's first reform principle was the most fundamental: "States are better equipped than the federal government to administer effective welfare reforms if they are given broad authority to utilize administrative and policy discretion." However, after he was elected president he was unable to win congressional assent for welfare reform since Democrats still controlled the House.

Genuine change of the kind envisioned by Reagan and Carleson had to wait another decade until after Republicans took control of Congress. But one of the most important results of that electoral upheaval was the welfare reform legislation signed into law in 1996, which reversed 61 years of U.S. welfare policy by ending a recipient's automatic entitlement to a cash welfare check. It was a good start, one on which Congress and the state legislatures can build a better future for millions of people still trapped by the incentives for dependency that remain in the remnants of the old welfare system.

The '96 law was revolutionary. It literally repealed the entrenched economic incentive for states to encourage welfare dependence by eliminating the federal matching formula under Aid to Families with Dependent Children (AFDC) – which paid states up to 80 cents for every welfare dollar they spent. AFDC was replaced with a system of defined block grants to the states with few federal strings attached under the new Temporary Assistance to Needy Families (TANF) program. For the first time, states were given the ability to solve their welfare problems in their own way and taxpayers benefited because the block grants were capped at 1996 spending levels.

The '96 legislation also provided the states with an important protection against federal encroachment. Section 417 states:

> No officer or employee of the Federal Government may regulate the conduct of States under this part or enforce any provision of this part, except to the extent expressly provided in this part.[9]

Section 417 was included in the bill at the urging of those who anticipated efforts by then President Clinton and his Executive Branch department heads to "repeal" welfare reform by Executive Order or by regulatory fiat after the 1996 election was over.

As important as the TANF work requirements have been, transforming the open-ended AFDC entitlement program into a capped and ***stable*** block grant to the states in 1996 was **THE** structural change that enabled the powerful economic incentives that states needed to transform their welfare offices into work-promotion centers[10] and gave the states opportunities to solve their welfare problems in their own way.

By ***NOT*** indexing the original block grant amounts, total annual federal spending on TANF has been reduced by 28 percent from 1997 to 2011 in real dollars, and ***is down by more than half of what it would have been under prior budget projections.***[11]

At the same time, increased work by former welfare dependents caused child poverty to decline every year, falling to levels that had not been seen since 1978. Under TANF, the welfare rolls dropped by nearly 65 percent to less than 2 million families — and from 12.2 million individuals in 1996 to 4.4 million in 2010.[12] Those are results that America can point to with pride.

As many commentators noted, including Ron Haskins at the Brookings Institution, by 2006, a decade after TANF's passage, the number of families receiving cash welfare was the lowest it had been since 1969; the percentage of children on welfare was lower than it had been since 1966; and the percentage of children on AFDC/TANF was reduced from over 14 percent in 1994 to less than 5 percent in 2006. A true American success story.

As Haskins summed it up in his book on the subject:

> [B]y 2000 the poverty rate of black children was the lowest it had ever been. The percentage of families in deep poverty, defined as half the poverty level…also declined until 2000, falling about 35% during the period.[13]

Unfortunately, advocates of expansive and expensive federal welfare programs never gave up. And the change in majorities in the House and Senate which took control in 2007, coupled with a new Administration taking office in 2009, marked the beginning of a concerted campaign to weaken the accomplishments of the '96 Welfare Reform. For the last few years, the federal government has been guided by a philosophy committed to increasing the number of Americans dependent on government. Like drug dealers handing out free samples in the schoolyard, the Obama administration's policies have lured tens of millions of people onto the food stamp rolls, while loosening eligibility requirements for welfare programs across the board.

Provisions in the 2009 Stimulus bill undermined the '96 Welfare Reform law, making it easier for states to increase cash welfare caseloads without having to meet federally mandated work requirements. Nevertheless, Section 417 was still largely operative until July 12, 2012 when the Obama administration issued an agency "Information Memorandum." It allows states to waive **ALL** federal requirements for able-bodied welfare recipients to work, or prepare for work, in exchange for receiving assistance from American taxpayers. Not only did the Executive Branch lack the authority to waive the work requirements under the 1996 reform, but such executive action was explicitly, affirmatively, and legally prohibited by Section 417.[14]

The GAO, in a legal opinion issued Sept. 4, 2012, concluded that the Obama administration had circumvented Congress because the HHS so-called "Information Memorandum constituted a rule under the provisions of the Congressional Review Act – and as such had to be submitted to Congress and the Comptroller General before it can legally take effect.[15]

At the same time, Food Stamps (now known officially as the Supplemental Nutrition Assistance Program – SNAP) have been turned into a stalking horse for a de facto national guaranteed income. Food Stamps are now being provided to more than 47 million Americans, 15 percent of the population. The program is primed for further expansion for two reasons:

1. It is the easiest low-income assistance program to expand because, unlike other welfare programs, it is funded with 100 percent federal money; and
2. Eligibility requirements are easily loosened by bureaucratic fiat without oversight from Congress.

Today, one in seven Americans receives Food Stamp benefits.[16] ***This is a national disgrace.***

Bob Carleson warned about this moment:

> Consider what would happen next, if such an income redistribution mechanism were set in place. The political dynamics of representative democracy would accelerate the redistribution process. Irresistible pressures would build on Congress to increase the centrally-set benefit levels. Millions of additional persons would receive cash benefits. More pressure then would build for more benefits from a greater number of constituents. Additional benefits would be added, and on and on, until most Americans would be receiving cash benefits. Eventually, the nation's economic system would collapse."[17]

We are clearly at the tipping point that Carleson warned about, and the possibility of reining in the welfare state by tinkering with it here and there has long passed. The only way to stop the unbridled growth of government welfare dependence is to ***repeal and replace*** the current low-income assistance programs with finite block grants to the states – and permanently disconnect the Washington welfare bureaucracy from its hegemony over the nations' welfare empire.

It is worth remembering Ronald Reagan's testimony about welfare before the U.S. Senate Finance Committee in 1972 as California's governor – more than 40 years ago:

> Welfare needs a purpose – to provide for the needy, of course – but more than that, to salvage these our fellow citizens, to make them self-sustaining and as quickly as possible, independent of welfare. There has been something terribly wrong with a program that grows ever larger even when prosperity for everyone else is increasing.
>
> We should measure welfare's success by how many people leave welfare, not by how many more are added.[18]

<u>The Federal Government Has No Idea</u>……

On June 1, 2011, Patricia A. Dalton, Chief Operating Officer of the General Accountability Office (GAO,) testified before a House subcommittee that the GAO could not identify all existing welfare programs in the various federal departments and agencies – or determine how much they cost.

Further, she admitted that the GAO could not even "hazard a guess" as to what percentage of the programs actually accomplish the purposes for which they were created. She agreed that it "would be good to have a number of how many programs there are, what exactly are we spending, and what are we getting for that money."[19]

These are astonishing assessments of programs which cost the American people more than $700 billion annually. Yet Washington is doing nothing to ensure that the taxpayers' money is well spent. Therefore we propose that comprehensive action be taken to eliminate duplicative and wasteful low-income assistance programs and assure that all welfare funding is targeted to the truly needy in the most effective and cost efficient way. But first we need to understand the size of the problem.

To that end, the Carleson Center for Welfare Reform (CCWR) conducted an exhaustive review and inventory of the 3,000+ page ***Catalog of Federal Domestic Assistance Programs*** (CFDA) to determine how many federal welfare programs there are, what department or agency oversees them, how much they cost, and who they were originally designed to help. While many other organizations and individuals have enumerated means-tested programs serving one purpose or another, we selected for inclusion in our proposals only programs designed to provide basic living amenities and services to means-tested or means-targeted populations. We compiled compatible programs into groups, categorizing them by their intended purpose, with the goal of accurately capturing the current universe of programs intended to provide assistance to the low-income needy – i.e. the "safety net."

The federal government now spends an average of $60,000 per household under the poverty line on welfare programs -- more than the median income of all American households in 2011, which was $50,054.[20] With welfare dependence at an all-time high and growing, it is obvious that today's patchwork of duplicative and wasteful welfare programs is not achieving the purposes the public rightly expects of it.

<u>Conclusion</u>

What would work? The answer is simple – expand and improve on what has worked already. Give the states stable, limited funding together with the maximum flexibility to design coordinated welfare systems that best suit the needs of their unique, low-income populations – subject to federally required and supervised annual audits.

And in light of the current administration's efforts to end run public assistance work requirements, make it clear this time that any avenue allowing federal bureaucrats to parse words in order to grant themselves the authority to meddle with – or even negate – Congressional intent regarding welfare block grants to the states is removed.

As soon as Welfare Reform passed in 1996, critics frantically searched for examples of negligence on the part of the states in addressing the needs of low-income citizens. None were found. Despite dire predictions, needy children by the millions, thousands or even dozens were not found hungry and impoverished on the streets. The state and local governments that are closest to the people in need of services are clearly qualified and competent to make sure their needs were met.

Over the last 15 years, funding under the TANF block grant has remained relatively stable at 1996 levels because the funding was specifically exempted from the automatic increases afforded most federal programs under Congress' annual budget process. This has saved federal taxpayers over $4.6 billion on TANF just in fiscal year 2012, and more than $42 billion since 1996.[21]The TANF program proves that fiscal accountability in federal welfare spending can be restored by not ***automatically*** indexing government programs to the inflation rate without harming citizens legitimately in need of government services.

NOT indexing the proposed welfare program block grants will break the link to the heretofore inexorable automatic spending increases for federal assistance programs. Of course, this does not mean spending on the programs cannot be increased, just that members of Congress will have to *vote each and every year* for or against any spending increase in specific programs -- and held accountable for those decisions by voters in their districts and states on Election Day.

In a similar vein, requiring regular audits and transferring funds to the states ***directly from the U.S. Treasury*** – would end federal, "Washington-knows-best" bureaucratic interference and overreach. Governors would be able to design unified welfare systems tailored to best meet the needs of their low-income citizens. The necessity for thousands of federal bureaucrats dictating to the states would be eliminated, as would the need for the thousands of state bureaucrats required to comply with the ocean of red tape emanating from Washington, D.C.

In addition, consolidating the byzantine array of government assistance programs would provide states with the flexibility to transfer funds from one category of assistance program to another as necessary to best serve the needs and demographics of their specific populations.

The time has come to dismantle the federal bureaucracy, and once and for all get Washington out of the welfare business – better serving the truly needy and taxpayers alike.

SUMMARY OF RECOMMENDATIONS

The Carleson Center's program-by-program review of the Catalog of Federal Domestic Assistance (CFDA), applying means-tested and means-targeted criteria, identified 127 programs that should be consolidated into seven distinct block grants: Medical Assistance, Nutrition, Supplemental Security Income for the Disabled (SSI-D), Housing, Cash Welfare Assistance (TANF), Employment and Training, and Community Development.

The review identified another 30 programs that should be eliminated rather than included in a block grant – including programs that merely provide funding for advocacy groups to network, coordinate, and lobby at federal taxpayer expense for increased funding for the vast array of federal welfare programs, instead of providing actual assistance to the needy.

The Carleson Center's CFDA review identified 157 specific programs that should be part of a broader block grant or eliminated:

- 127 Programs that cost $529.9 billion in FY 2011 could be redirected to states in the form of block grants:
  - Medical Assistance – 18 programs totaling $304.8 billion
  - Nutrition – 24 programs totaling $96.5 billion

- Supplemental Security Income for the Disabled – 1 program totaling $52.7 billion
- Housing – 46 programs totaling $35 billion
- TANF – 11 programs totaling $31.8 billion
- Employment and Training – 19 programs totaling $4.9 billion
- Community & Economic Development – 8 programs totaling $4.2 billion

- 30 programs costing $849 million should be eliminated.

Criteria for Selecting Programs Included in Report Recommendations

As of December 9, 2012, the online version of the Catalogue of Federal Domestic Assistance (CFDA) listed 2,187 federal assistance programs, across all federal agencies and departments that provide grants and awards to recipients.[22]

The Carleson Center for Welfare Reform (CCWR) conducted a program-by-program review of the CFDA to identify those that could be consolidated into seven major block grants to the states: Medical Assistance, Nutrition, Supplemental Security Income for the Disabled (SSI-D), Housing, Cash Welfare Assistance (TANF), Employment and Training, and Community Development.

All the programs chosen for inclusion in a block grant were identified as either "means-tested" or "means-targeted." Means-tested programs apply a specific income and/or asset test to determine an individual beneficiary's eligibility for program benefits; means-targeted programs provide funding to private organizations or state and local governments to deliver services or benefits to "low-income" populations or to provide economic or community development assistance for low-income or economically distressed areas or populations.

The CCWR also recommends that several welfare-related programs be eliminated because the programs either do not provide specific services to beneficiaries or the funding is focused on the needs of the welfare bureaucracy, public or private, and not on beneficiaries. Many of these programs provide money to train community organizers in how to grow their organizations; coordinate their federal, state, and local advocacy efforts; apply for federal grants; lobby for additional federal money, and even organize public housing tenants against their landlords. Many other programs pay for private organizations to upgrade computers, cell phones, and other technology at federal taxpayers' expense.

Several programs that received no funding in FY 2011 have been included in the list recommended for elimination or in the block grants. This was done to ensure their statutory authority is repealed to prevent the programs being used as an end-run around the proposed block grants – by serving as alternative conduits for increased federal welfare spending.

The review of the CFDA yielded almost 130 programs including Medicaid, TANF, Food Stamps, Public Housing, the Workforce Investment Act (WIA), the current Community Development Block Grant, and SSI-D, that we recommend be consolidated into seven streamlined block grants with funding going directly to the states from the Treasury Department – thus by-passing and rendering unnecessary the bloated federal welfare bureaucracy and the need for states to comply with its edicts.

Models for the block grants as proposed were introduced in the last (112th) Congress and again this Congress:

- HR 567, the *State Health Flexibility Act of 2012*, introduced by Rep. Rokita in the U.S. House on February 6, 2013, would combine Medicaid and the Children's Health Insurance Program (CHIP) into a single block grant to the states directly from the U.S. Treasury; and,

- HR 1355, the *State Nutrition Assistance Flexibility Act*, introduced by Rep. Huelskamp on March 23, 2013, would combine the Supplemental Nutrition Assistance Program (SNAP), The Emergency Food Assistance Program (TEFAP), Community Food Projects, Commodity Supplemental Food Program, Senior Farmers' Market Nutrition Program, and the Fresh Fruit and Vegetable Program (FFVP) into a single block grant sent to the states directly from the Secretary of the Treasury.

It should be noted that the CCWR intentionally ***did not include in its review*** federal programs that provide benefits to narrowly defined groups or targeted populations based on factors other than poverty. Specifically excluded were programs funded by employees through their paychecks, or programs for veterans, Native Americans, at-risk youth and other populations targeted on some basis other than income. Education programs at all levels, medical assistance for victims of specific chronic diseases, and juvenile justice and other justice system related services were also specifically excluded since taxpayer funding for such programs involves important considerations outside the scope of public policy involving welfare assistance for low-income individuals.

Temporary programs created and funded as part of the so-called 2009 Stimulus bill were also not included in any of the review recommendations because the majority of the programs and their funding have expired. Similarly, new "ObamaCare" programs were excluded because most have either not commenced or their funding and applicability in the future is in doubt.

In addition, while the CFDA lists numerous employment and training programs whereby the federal government provides grants and awards to state and local government and private non-profit entities, it does not list many other federal programs in which the federal government itself provides employment and training services by contracting directly with private entities and firms. Such direct contracting services are not listed as part of the CFDA and, thus, are not part of the review or specifically included in the recommendations. However, Congress should consider including such federal programs as part of any employment and training block grant proposal.

INDIVIDUAL BLOCK GRANT PROGRAM RECOMMENDATIONS

MEDICAL ASSISTANCE FOR THE NEEDY BLOCK GRANT

Medicaid is the primary federal means-tested program financing medical care for low-income elderly individuals, families, children, pregnant women and people with disabilities. In FY 2011, Medicaid funded services to more than 69 million people[23] at a combined federal and state cost of $434 billion.[24] The $274 billion federal share[25] is predicted to grow to $423 billion by FY2017.[26] Medicaid, not Medicare, finances most long-term (nursing home) care for America's elderly.

Each state designs and administers its own Medicaid program, but must comply with pervasive federal rules that set minimum eligibility standards; mandate coverage for specific health conditions, and prohibit most co-payments from beneficiaries as well as the use of federal funds to pay private insurance premiums for beneficiaries without a federal waiver. Like the old Aid to Families with Dependent Children (AFDC) program, Medicaid spending is open-ended. The federal government reimburses states from 50 to 80 percent of the amount each spends on its Medicaid program.[27] (Federal spending is based on state per capita income with poorer states reimbursed at a higher rate.)[28]

The so-called Stimulus bill (the American Recovery and Reinvestment Act of 2009) increased federal Medicaid spending by almost $34 billion in FY2009 (14 percent) and by almost $90 billion from 2009 to 2013 – primarily by increasing federal reimbursement rates to the states.[29]

The CCWR identified a number of other related federal programs that, combined with Medicaid, would create a consolidated block grant to deliver medical care for the needy. Most of these programs provide formula and project grants to supplement medical services to targeted low-income populations. Others provide cooperative agreements with state and local entities to support demonstration projects and coordination initiatives to enhance and improve delivery of medical services to the poor.

A total of 18 programs comprising the block grant proposal together cost over $290 billion at the federal level in FY2011 – not counting the federal government's administrative costs for the programs.

TABLE OF MEDICAL ASSISTANCE FOR THE NEEDY BLOCK GRANT PROGRAMS

CFDA#	Program Name	2008	2011	Change from 2008-2011
93.778	Medical Assistance Program	$211,212,633,000	$295,836,044,000	$84,623,411,000
93.767	Children's Health Insurance Program	$6,900,071,000	$8,479,294,000	$1,579,223,000
93.775	State Medicaid Fraud Control Units	$0	$215,319,000	$215,319,000
93.153	Coordinated Services and Access to Research for Women, Infants, Children, and Youth	$68,578,587	$70,559,321	$1,980,734
93.150	Projects for Assistance in Transition from Homelessness (PATH)	$50,968,000	$61,994,000	$11,026,000
93.339	Public Health Conference Support	$0	$32,297,100	$32,297,100
93.928	Special Projects of National Significance	$25,000,000	$25,000,000	$0
93.107	Area Health Education Centers Point of Service Maintenance and Enhancement Awards	$20,328,972	$21,849,541	$1,520,569
93.127	Emergency Medical Services for Children	$19,454,000	$19,013,532	-$440,468
93.130	Cooperative Agreements to States/Territories for the Coordination and Development of Primary Care Offices	$0	$11,000,000	$11,000,000
93.824	Area Health Education Centers Infrastructure Development Awards	$10,786,511	$9,275,405	-$1,511,106
93.267	State Grants for Protection and Advocacy Services	$2,947,590	$3,272,375	$324,785

93.055	PPHF 2012 – Applied Leadership for Community Health Improvement	$0	$1,000,000	$1,000,000
93.528	National Forum for State and Territorial Chief Executives	$0	$460,000	$460,000
93.056	Initiative to Educate State and Territorial Officials about Maintaining and Strengthening Public Health in a Changing Environment	$0	$75,000	$75,000
93.011	National Organizations of State and Local Officials	$0	$0	$0
93.256	State Health Access Program	$0	$0	$0
93.793	Medicaid Transformation Grants	$75,000,000	$0	-$75,000,000
Total		**$218,385,767,660**	**$304,786,453,274**	**$86,400,685,614**

NUTRITION ASSISTANCE BLOCK GRANT

The Food Stamp program (Supplemental Nutrition Assistance Program or SNAP) provides a monthly allowance of $134 per person (up from $96 in 2007) in each low-income household to purchase food.[30] Eligibility for the program has been greatly expanded since its inception in 1964 as an outlet for surplus agricultural products. It is now the fourth largest means-tested program for low income individuals just behind Medicaid, the Earned Income Tax Credit (EITC), and the Supplemental Security Income (SSI) program.

The federal government spent over $78.4 billion on the SNAP program in FY 2012, providing benefits to almost 46.6 million individuals in over 22.3 million households. This represents a 109 percent growth in funding, a 65 percent increase in individuals and a 72 percent increase in families receiving benefits compared to the 28.2 million recipients in almost 13 million households at a cost of $37.6 billion for the program in FY2008.[31, 32]

The almost 45 million individuals receiving food stamp benefits in 2011 represented almost 1 in 7 Americans.[33]

The Administration's own FY2013 Budget submitted in February, 2012, reported that total federal government spending on Food Stamps rose to $77.6 billion in FY2011 (an almost 98 percent increase from FY2008) and estimated spending would balloon to $85.2 billion for FY2012 (a 120 percent increase from FY2008.)[34] Between 2008 and

2012, the average SNAP/Food Stamp monthly benefit per person grew by over 30 percent — from $102.19 to $133.42.[35]

A variety of other federal food assistance programs also exist, including the Special Supplemental Food Program for Women, Infants and Children (WIC) (increased 10% from 2008 to 2011);[36] the Emergency Food Assistance Program (TEFAP) (increased 26 percent from 2008 to 2010); [37] and the School Lunch program (23.4 percent increase from 2008 to 2010). [38] The Food Distribution Program on Indian Reservations and separate nutrition assistance grants for Puerto Rico, American Samoa, and the Northern Marianas added another $2.75 billion in federal spending in FY2011.[39]

Eligibility for the program has exploded since its inception in 1964 as an outlet for distributing surplus agricultural products. It is now the fourth largest means-tested program for low-income individuals, just behind Medicaid, the Earned Income Tax Credit (EITC), and the Supplemental Security Income for the Disabled (SSI-D) program.

The last few years have seen unprecedented legislative and regulatory expansions of the cost and scope of SNAP. The American Recovery and Reinvestment Act of 2009 (ARRA) and other regulatory and administrative directives:

- increased the average household SNAP benefit by 13.6 percent;[40]
- expanded eligibility for the program by eliminating the 3-month time limit on benefits for able-bodied adults without children;[41]
- increased the household income dollar limits on eligibility, disregarding <u>all</u> refundable tax credit amounts and other sources of income for eligibility purposes;[42]
- increased the level of income disregards from the $2,000-$3,000 range in most states to a uniform $10,000 level nationally;[43] and in some cases completely eliminated any asset limit at all;[44]
- granted states greater discretion to skip the federal requirement for face-to-face interviews to determine initial eligibility and recertification for benefits;[45]
- encouraged states to use “broad-based categorical eligibility” authority[46] to automatically qualify households if they receive any TANF benefits – even if those benefits only include the receipt of an informational brochure or referrals to 800 numbers for assistance “**effectively allow[ing] states to make virtually any household eligible for the SNAP [program.]"**[47, 48]

While the SNAP program is the paramount federal nutrition program, our CFDA review identified several other ancillary programs that should be combined with SNAP in a consolidated nutrition-based block grant program.

Among the additional programs identified were formula grants to states and localities to provide supplemental nutrition to low-income pregnant/postpartum women, infants and children, and project grants that provide money to encourage healthy eating habits, and that cover costs associated with making donated food available.

A total of 24 programs comprise the proposed block grant that together cost over $96 billion at the federal level in FY2011 – not counting the federal government's administrative costs for the programs.

Table of Nutrition Assistance Block Grant Programs

CFDA#	Program Name	2008	2011	Change from 2008-2011
10.551	Supplemental Nutrition Assistance Program	$37,456,100,041	$71,765,696,186	$34,309,596,145
10.555	National School Lunch Program	$8,097,726,000	$10,320,844,000	$2,223,118,000
10.557	Special Supplemental Nutrition Program for Women, Infants, and Children	$6,006,400,000	$7,123,458,000	$1,117,058,000
10.553	School Breakfast Program	$2,393,028,000	$3,075,846,000	$682,818,000
10.558	Child and Adult Care Food Program	$139,715,100	$2,732,119,000	$2,592,403,900
10.559	Summer Food Service Program for Children	$312,203,000	$376,829,000	$64,626,000
10.569	Emergency Food Assistance Program (Food Commodities)	$189,935,658	$228,400,000	$38,464,342
10.560	State Administrative Expenses for Child Nutrition	$174,134,000	$208,646,000	$34,512,000
10.565	Commodity Supplemental Food Program	$140,806,821	$196,444,000	$55,637,179
10.578	WIC Grants To States (WGS)	$8,257,616	$175,022,690	$166,765,074
10.582	Fresh Fruit and Vegetable Program	$40,000,000	$115,481,000	$75,481,000
10.568	Emergency Food Assistance Program (Administrative Costs)	$49,650,000	$70,300,000	$20,650,000
10.579	Child Nutrition Discretionary Grants Limited Availability	$3,206,404	$29,821,000	$26,614,596
10.572	WIC Farmers' Market Nutrition Program (FMNP)	$19,860,000	$23,282,876	$3,422,876
10.576	Senior Farmers Market Nutrition Program	$206,000,000	$22,102,289	-$183,897,711

10.556	Special Milk Program for Children	$15,120,000	$12,381,000	-$2,739,000
10.583	Hunger Free Communities	$0	$4,978,000	$4,978,000
10.225	Community Food Projects	$4,800,000	$4,800,000	$0
10.577	SNAP Partnership Grant	$0	$2,500,000	$2,500,000
10.316	Healthy Urban Food Enterprise Development Center (HUFED)	$0	$900,000	$900,000
10.588	Assessment of Alternatives to Face-to-Face Interviews in SNAP	$0	$492,181	$492,181
10.575	Farm to School Grant Program	$0	$0	$0
10.584	SNAP Research Grants	$0	$0	$0
10.589	Child Nutrition Direct Certification Performance Awards	$0	$0	$0
Total		**$55,256,942,640**	**$96,490,343,222**	**$41,233,400,582**

SUPPLEMENTAL SECURITY INCOME FOR THE DISABLED (SSI-D) BLOCK GRANT

Supplemental Security Income for the Disabled (SSI-D) is a means-tested income assistance program (PL 96-603) that began in 1974 to provide monthly cash benefits to eligible low-income individuals with disabilities, including children under age 18 with *profound physical impairments* such as cerebral palsy and Down's Syndrome, as well as qualifying individuals who are aged or blind. It is funded through general revenues and is administered by the Social Security Administration (SSA). While initially well intended, SSI-D over time has become the welfare program of choice for far too many.

In 1984, Congress mandated the development of new disability standards for individuals with mental disorders. Then, in 1990, two important changes were made that exploded SSI-D eligibility for children: the SSA added impairments such as Attention Deficit Hyperactivity Disorder (ADHD) to the list of conditions it considers disabling; and, as a result of the U.S. Supreme Court decision in *Sullivan v. Zebley,* established "functional equivalence" as opposed to medical diagnosis as a basis for determining SSI-D eligibility for children.

These policy changes opened the door for severe abuse of the SSI-D program and the automatic eligibility it grants its participants for separate Medicaid and other welfare benefits. The number of children qualifying for benefits more than tripled from 265,000 in 1990 to almost 955,000 in 1996.[49] From 2000 to 2011, the total number of children with mental impairments on the SSI-D disability rolls grew by an astounding 60 percent, from 543,000 to almost 861,000.[50]

The SSI-D program is now often referred to as the “New Welfare” since many states have redirected much of their TANF cash welfare caseload to this 100 percent federally funded – and higher benefit – program once dependent children reach the five-year eligibility limit of the TANF program.[51]

In October 2011, the GAO conducted a critical review of children's benefits under SSI-D and reported that the use of “functional equivalence” as a basis for determining eligibility has steadily increased – with 71 percent of recipient children with ADHD qualifying under it in 2011 compared with 23 percent in 2000. Similarly, 81 percent of children who qualify due to speech and language delays were admitted using “functional equivalence” in 2011 – up from just 59 percent in 2000.[52]

SSA is generally required by law to perform Continuing Disability Reviews (CDRs) at least every three years on child recipients under age 18 if their impairments are likely to improve. However, the GAO found that between FY 2000 and 2010, the number of CDRs actually performed by SSA declined significantly, resulting in fewer children being removed from the program prior to age 18. During that time frame, all childhood CDRs fell 70 percent, from more than 150,000 to just 45,000, while CDRs for children with mental impairments fell by 80 percent, from 84,000 to 16,000. In addition, the GAO found that more than 400,000 CDRs are overdue for children with mental impairments – with some CDRs having been pending for 13 years or more.[53]

In 2011, SSA paid almost $50 billion in SSI-D benefits to about 8 million recipients, of which about $9.4 billion was paid to 1.3 million children.[54] According to the GAO, "SSA's process for issuing waivers from the CDR’s legal requirement lacks transparency, and without these reviews, SSA could continue to forgo significant program savings."[55]

It is readily apparent that SSA is not capable of adequately administering the SSI-D program and that it needs to be reformed along with other low-income assistance programs to prevent it from serving as an end run around the current TANF program and future welfare block grants.

The CCWR recommends that funding for the disability portion of SSI be provided to the states as a stand-alone block grant. This one program cost over $52 billion at the federal level in FY2011 – not counting the federal government’s administrative costs for the program.[56]

TABLE SUPPLEMENTAL SECURITY INCOME FOR THE DISABLED BLOCK GRANT

CFDA#	Program Name	2008	2011	Change from 2008-2011
96.006	Supplemental Security Income	$41,225,000,000	$52,700,000,000	$11,475,000,000
Total		**$41,225,000,000**	**$52,700,000,000**	**$11,475,000,000**

LOW-INCOME HOUSING ASSISTANCE BLOCK GRANT

The federal government funds numerous housing assistance programs that provide direct assistance to low-income individuals through the Department of Housing and Urban Development and the Department of Agriculture – primarily by subsidizing rental units in the private housing market. The largest housing assistance programs are Section 8 rental assistance, direct Public Housing for beneficiaries, HOPE VI public housing stock rehabilitation, and Homeless Assistance.

Section 8 housing vouchers and project-based rental assistance accounted for 43 percent of all housing and development spending in FY2009. The voucher component of Section 8 by itself is one of the 10 largest low-income programs.[57]

The Public Housing program – which pays the operating costs of publicly-owned housing and makes the units available to low-income individuals and families – accounted for 18 percent of spending in this category in FY2009.[58]

The HOPE VI program pays for the costs of demolishing, rehabilitating and replacing distressed public housing units. Other housing programs provide loans to state and local governments or private entities to build or finance low-income public housing or to otherwise support and expand the supply of housing for low-income elderly and disabled households.[59]

Homeless Assistance Grants target the needs of homeless individuals and families (including those with disabilities) for basic shelter, short-term and long-term housing, and related support services.[60]

Additional federal programs provide funding to rehabilitate, modify, repair and demolish individual low-income residences; provide services to public housing tenants; or provide emergency shelter.[61] However, programs that principally focus on providing loans to individuals to purchase housing or to refinance existing mortgages are ***not*** part of the funding or the programs proposed as a low-income housing block grant to the states.

A total of 46 programs, costing over $35 billion in FY2011, comprise the block grant as proposed. This does not include the federal government's costs to administer the programs.

TABLE OF LOW-INCOME HOUSING ASSISTANCE BLOCK GRANT PROGRAMS

CFDA#	Program Name	2008	2011	Change from 2008-2011
14.871	Section 8 Housing Choice Vouchers	$11,492,649,706	$13,814,910,567	$2,322,260,861

14.195	Section 8 Housing Assistance Payments Program	$8,726,262,525	$9,349,783,000	$623,520,475
14.881	Moving to Work Demonstration Program	$3,430,861,568	$3,849,410,082	$418,548,514
14.872	Public Housing Capital Fund	$2,080,803,138	$1,638,403,510	-$442,399,628
14.239	Home Investment Partnerships Program	$1,654,000,000	$1,590,712,200	-$63,287,800
14.235	Supportive Housing Program	$827,244,000	$1,167,559,198	$340,315,198
10.427	Rural Rental Assistance Payments	$479,000,000	$953,723,730	$474,723,730
14.238	Shelter Plus Care	$517,135,000	$444,351,646	-$72,783,354
14.157	Supportive Housing for the Elderly	$778,344,000	$411,247,318	-$367,096,682
14.241	Housing Opportunities for Persons with AIDS	$300,100,000	$330,986,700	$30,886,700
14.231	Emergency Shelter Grants Program	$160,000,000	$250,000,000	$90,000,000
14.856	Lower Income Housing Assistance Program – Section 8 Moderate Rehabilitation	$182,269,074	$218,886,002	$36,616,928
14.866	HOPE VI – Demolition and Revitalization of Severely Distressed Public Housing	$189,033,902	$153,229,750	-$35,804,152
14.889	Choice Neighborhoods Implementation Grants	$0	$122,270,000	$122,270,000
14.181	Supportive Housing for Persons with Disabilities	$255,779,000	$114,854,768	-$140,924,232
10.447	The Rural Development (RD) Multi-Family Housing Revitalization Demonstration Program (MPR)	$126,000,000	$81,355,314	-$44,644,686
14.169	Housing Counseling Assistance Program	$47,500,000	$79,036,966	$31,536,966
14.900	Lead-Based Paint Hazard Control in Privately-Owned Housing	$70,400,000	$66,000,000	-$4,400,000
14.879	Mainstream Vouchers	$95,479,095	$64,868,108	-$30,610,987
14.191	Multifamily Housing Service Coordinators	$0	$61,000,000	$61,000,000
10.417	Very Low-Income Housing Repair Loans and Grants	$59,000,000	$53,095,203	-$5,904,797
14.905	Lead Hazard Reduction Demonstration Grant Program	$48,000,000	$48,000,000	$0

10.420	Rural Self-Help Housing Technical Assistance	$38,000,000	$31,434,181	-$6,565,819
14.247	Self-Help Homeownership Opportunity Program	$26,500,000	$26,676,540	$176,540
10.415	Rural Rental Housing Loans	$0	$18,036,667	$18,036,667
14.880	Family Unification Program (FUP)	$0	$14,994,311	$14,994,311
10.448	Rural Development Multi-Family Housing Rural Housing Voucher Demonstration Program	$6,300,000	$12,000,000	$5,700,000
10.433	Rural Housing Preservation Grants	$9,593,704	$9,814,482	$220,778
14.249	Section 8 Moderate Rehabilitation Single Room Occupancy	$20,802,000	$9,569,144	-$11,232,856
14.892	Choice Neighborhoods Planning Grants	$0	$4,000,000	$4,000,000
14.914	Asthma Interventions in Public and Assisted Multifamily Housing	$0	$4,000,000	$4,000,000
10.862	Household Water Well System Grant Program	$0	$1,050,000	$1,050,000
14.421	Limited English Proficiency Initiative	$0	$649,099	$649,099
10.446	Rural Community Development Initiative	$8,259,539	$0	-$8,259,539
14.008	Transformation Initiative: Choice Neighborhoods Demonstration Small Research Grant Program	$0	$0	$0
14.103	Interest Reduction Payments – Rental and Cooperative Housing for Lower Income Families	$0	$0	$0
14.149	Rent Supplements – Rental Housing for Lower Income Families	$0	$0	$0
14.264	Neighborhood Stabilization Program	$0	$0	$0
14.266	Border Community Capital Initiative	$0	$0	$0
14.267	Continuum of Care Program	$0	$0	$0
14.268	Rural Housing Stability Assistance Program	$0	$0	$0
14.313	Dollar Home Sales	$0	$0	$0

14.326	Project Rental Assistance Demonstration (PRA Demo) Program of Section 811 Supportive Housing for Persons w/ Disabilities	$0	$0	$0
14.108	Rehabilitation Mortgage Insurance	$0	$0	$0
14.198	Good Neighbor Next Door Sales Program	$0	$0	$0
14.327	Performance Based Contract Administrator Program	$0	$0	$0
Total		**$31,629,316,251**	**$34,995,908,486**	**$3,366,592,235**

TANF AND WELFARE CASH ASSISTANCE BLOCK GRANT

The Aid to Families with Dependent Children (AFDC) program was repealed in 1996 and replaced by Temporary Assistance for Needy Families (TANF). It was the most dramatic reform of welfare ever and proves that changing incentives can save money while improving delivery of services and beneficiary outcomes.

Transforming the open-ended AFDC entitlement into a capped and stable block grant to the states was ***THE*** structural change that created the powerful economic incentives that states needed to transform their welfare offices into work-promotion centers. This, in turn, drove welfare reform's positive economic results for both low-income families and taxpayers. Federal strings, including time limits and work requirements, while symbolically powerful, played a much less important role in TANF's success.[62]

The achievements of the TANF block grant also clearly demonstrate the fiscal benefit of not indexing federal programs. Over the last 15 years, funding for TANF has remained relatively stable at 1996 levels because its funding level was specifically exempted in the Welfare Reform law from the automatic increases provided most federal programs as part of the Congressional budget process each year. As a result, federal taxpayers have saved over $4.6 billion on TANF in just the latest fiscal year, 2012, and more than $42 billion since 1996.[63]

Congress has on occasion separately provided additional funds for TANF benefits as an emergency measure based on economic conditions. This should be the template for **ALL** federal programs instead of the current system whereby most programs receive an automatic annual increase without Congress having to vote to approve it – allowing members of Congress to avoid being held individually accountable by voters for increases in federal spending.

While TANF is the only program providing cash welfare assistance to the states, our review of the CFDA identified a number of ancillary programs that should be combined with TANF in a consolidated block grant.

These include five formula grant programs that fund supplementary assistance for child and family social services as well as child care. Another four programs provide funding to promote school readiness (Head Start), special projects to improve child support enforcement and the creation of job opportunities through non-profits.

A total of 11 programs comprise the proposed block grant that together cost over $31 billion at the federal level in FY2011 – not counting the federal government's administrative costs for the programs.

TABLE OF WELFARE CASH ASSISTANCE BLOCK GRANT PROGRAMS

CFDA#	Program Name	2008	2011	Change from 2008-2011
93.558	Temporary Assistance for Needy Families	$18,202,467,000	$17,109,308,269	-$1,093,158,731
93.600	Head Start	$6,877,975,000	$7,558,967,000	$680,992,000
93.596	Child Care Mandatory and Matching Funds of the Child Care and Development Fund	$2,917,000,000	$2,917,000,000	$0
93.575	Child Care and Development Block Grant	$2,062,100,000	$2,223,000,000	$160,900,000
93.667	Social Services Block Grant	$1,700,000,000	$1,700,000,000	$0
93.645	Stephanie Tubbs Jones Child Welfare Services Program	$281,744,408	$281,181,000	-$563,408
93.597	Grants to States for Access and Visitation Programs	$10,000,000	$10,000,000	$0
93.593	Job Opportunities for Low-Income Individuals	$5,288,000	$1,640,709	-$3,647,291
93.601	Child Support Enforcement Demonstrations and Special Projects	$1,246,000	$300,000	-$946,000
93.075	Systems Interoperability – Health and Human Services	$0	$0	$0
93.076	TANF Program Integrity Innovation Grants	$0	$0	$0
Total		**$32,057,820,408**	**$31,801,396,978**	**-$256,423,430**

EMPLOYMENT AND TRAINING ASSISTANCE BLOCK GRANT

The federal government funds many employment and training programs – largely through the Departments of Labor, Education, and Health and Human Services – to help low-income and other job seekers obtain employment. In January, 2011, the Government Accountability Office (GAO) reported that in FY 2009, nine separate federal agencies spent approximately $18 billion to administer 47 employment and training programs, but that since 2004 only five programs had been assessed to determine whether job placements resulted from the program or some other cause.[64] The GAO also uncovered tremendous overlap in that *almost all* federal employment and training programs provide similar services to similar populations.[65]

The GAO could not determine the extent to which individuals receive the same employment and training services from the Temporary Assistance for Needy Families (TANF), Employment Service (ES), and Workforce Investment Act Adult (WIA Adult) programs, but did find that the programs maintain separate administrative structures to provide the <u>same services</u>. Florida, Texas and Utah have already consolidated their welfare and workforce agencies, and state officials report that doing so has reduced costs and improved services.[66]

The GAO noted that one obstacle to achieving administrative efficiencies is the lack of available information about incentives for states and localities to undertake such initiatives and their strategies and results.[67] Block granting these programs to the states would allow them to reap the benefits and savings from effectively training and placing their citizens in jobs.

While the CFDA lists employment and training programs for which the federal government provides grants and awards to state and local governments and private nonprofit entities, it does *not* list many other federal programs in which the federal government itself provides employment and training services by contracting directly with private entities and firms. Such directly contracted services thus are not part of this review or the block grant as proposed, but should be independently considered for inclusion in any proposed Employment and Training block grant to the states.

The block grant as proposed combines 19 programs that cost the federal government over $5.1 billion in FY2011 into a single block to the states. This does not include the federal government's costs to administer the programs.

TABLE OF EMPLOYMENT AND TRAINING ASSISTANCE BLOCK GRANT PROGRAMS

CFDA#	Program Name	2008	2011	Change from 2008-2011
84.048	Career and Technical Education – Basic Grants to States	$1,141,988,000	$1,105,434,533	-$36,553,467
17.278	WIA Dislocated Worker Formula Grants	$0	$1,055,000,000	$1,055,000,000
17.259	WIA Youth Activities	$910,000,000	$814,000,000	-$96,000,000
17.258	WIA Adult Program	$829,000,000	$766,000,000	-$63,000,000
17.235	Senior Community Service Employment Program	$390,000,000	$449,000,000	$59,000,000
17.277	Workforce Investment Act (WIA) National Emergency Grants	$0	$201,000,000	$201,000,000
20.516	Job Access – Reverse Commute	$157,346,731	$164,157,761	$6,811,030
17.274	Youthbuild	$60,000,000	$116,000,000	$56,000,000
17.270	Reintegration of Ex-Offenders	$63,000,000	$109,000,000	$46,000,000
17.264	National Farmworker Jobs Program	$80,000,000	$84,000,000	$4,000,000
17.268	H-1B Job Training Grants	$134,000,000	$18,000,000	-$116,000,000
84.191	Adult Education -- National Leadership Activities	$6,878,000	$11,323,808	$4,445,808
17.267	Incentive Grants – WIA Section 503	$10,000,000	$10,000,000	$0
84.051	Career and Technical Education – National Programs	$7,860,000	$7,844,280	-$15,720
17.260	WIA Dislocated Workers	$1,119,000,000	$0	-$1,119,000,000
10.465	Farmworker Training Grant Program	$0	$0	$0
17.275	Program of Competitive Grants for Worker Training and Placement in High Growth and Emerging Industry Sectors	$0	$0	$0
17.283	Workforce Innovation Fund	$0	$0	$0
84.331	Grants to States for Workplace and Community Transition Training for Incarcerated Individuals	$22,372,208	$0	-$22,372,208
Total		**$4,931,444,939**	**$4,910,760,382**	**-$20,684,557**

COMMUNITY & ECONOMIC DEVELOPMENT ASSISTANCE BLOCK GRANT

The Community Development Block Grant (CDBG) and other economic development programs target federal assistance to communities with high rates of poverty and aging housing stock. They help meet the housing needs of low-income homeowners, homebuyers and renters, expand the community's supply of affordable housing, and promote economic development. As programs for low-income housing are dealt with separately, this block grant proposal consolidates programs, such as the CDBG, that primarily provide assistance to enable poverty stricken communities to revitalize and upgrade their physical infrastructure to attract new industries, expand businesses, diversify their economies, and generate job and investment growth.[68]

Economic development activities most commonly associated with these programs include: planning and developing strategies for job creation and retention; developing new markets for existing products; constructing roads and sewer systems to attract industry to undeveloped areas; and establishing business "incubators" to provide facilities for new business operations.[69]

In a recent report, the GAO identified substantial overlap in economic development efforts at four agencies—the Departments of Commerce, Housing and Urban Development (HUD), Agriculture (USDA) and the Small Business Administration (SBA). Grants, loan guarantees and direct loans are also provided for "entrepreneurial efforts" such as helping employers to develop business plans and identify funding sources.[70] These efforts are often fragmented or overlap because of legislative or regulatory restrictions that target funding on the basis of characteristics such as geography, income levels, and population density (rural or urban). A shocking 60 percent of the programs fund only one or two activities while they simultaneously target similar geographic areas, leading to inefficiencies and duplication.[71]

Further, the GAO found that agencies lack key information about the programs they administer; do not consistently monitor or evaluate these programs; have few incentives and no guide for collaboration; and that federal statutory or regulatory authorities often impede agencies' ability to work with one another.[72]

Providing states with maximum flexibility to collaborate and coordinate activities with other anti-poverty efforts would enable them to conserve resources and consolidate or eliminate some programs – objectives the GAO report shows the federal government has been unable to achieve during the two decades covered by the report.[73]

The SBA and other programs that principally focus on providing loans to businesses rather than individuals are not included in the Carleson Center's recommendations. Nevertheless, the proposed Community Development block grant to the states would consolidate 8 other programs that altogether cost the federal government over $4.2

billion in FY2011. This does not include the federal government's costs to administer the programs, so the savings would go well beyond the grant totals themselves.

TABLE OF COMMUNITY & ECONOMIC DEVELOPMENT ASSISTANCE BLOCK GRANT PROGRAMS

CFDA#	Program Name	2008	2011	Change from 2008-2011
14.218	Community Development Block Grants/Entitlement Grants	$2,510,461,000	$3,303,000,000	$792,539,000
93.569	Community Services Block Grant	$653,799,000	$678,636,410	$24,837,410
14.252	Section 4 Capacity Building for Community Development and Affordable Housing	$33,500,000	$98,951,000	$65,451,000
14.703	Sustainable Communities Regional Planning Grant Program	$0	$67,160,165	$67,160,165
14.704	Community Challenge Planning Grants and the Department of Transportation's TIGER II Planning Grants	$0	$28,641,834	$28,641,834
93.570	Community Services Block Grant – Discretionary Awards	$39,326,000	$22,953,995	-$16,372,005
14.705	Capacity Building for Sustainable Communities	$0	$5,650,000	$5,650,000
21.014	Community Development Financial Institutions Bond Guarantee Program	$0	$0	$0
Total		**$3,237,086,000**	**$4,204,993,404**	**$967,907,404**

WELFARE PROGRAMS PROPOSED FOR ELIMINATION

The Carleson Center identified an additional 30 programs costing taxpayers more than $850 million a year that it recommends be eliminated rather than included in a block grant. Many of the programs merely provide funding for advocacy groups to network, coordinate and lobby at federal taxpayer expense for increased funding for the myriad of federal welfare programs under the rubric of so-called "capacity building." Others will no longer be necessary once funding is block granted to the states directly from the Treasury Department. The savings do not include the federal government's costs to administer these programs.

TABLE OF WELFARE PROGRAMS PROPOSED FOR ELIMINATION

CFDA#	Program Name	2008	2011	Change from 2008-2011
14.248	Community Development Block Grants – Section 108 Loan Guarantees	$200,000,000	$277,558,000	$77,558,000
93.796	State Survey Certification of Health Care Providers and Suppliers (Title XIX) Medicaid	$0	$215,826,290	$215,826,290
17.261	WIA Pilots, Demonstrations, and Research Projects	$14,000,000	$88,000,000	$74,000,000
14.870	Resident Opportunity and Supportive Services - Service Coordinators	$33,261,562	$66,457,095	$33,195,533
14.877	Public Housing Family Self-Sufficiency under Resident Opportunity and Supportive Services	$11,397,522	$30,050,474	$18,652,952
17.201	Registered Apprenticeship and Other Training	$23,000,000	$28,000,000	$5,000,000
93.648	Child Welfare Research Training or Demonstration	$7,206,858	$27,153,000	$19,946,142
93.602	Assets for Independence Demonstration Program	$24,023,000	$23,971,555	-$51,445
14.259	CPD's Transformation Initiative Technical Assistance	$0	$23,595,000	$23,595,000
93.595	Welfare Reform Research, Evaluations and National Studies	$20,990,518	$20,980,992	-$9,526
17.280	Workforce Investment Act (WIA) Dislocated Worker National Reserve Demonstration Grants	$0	$8,000,000	$8,000,000
17.281	Workforce Investment Act (WIA) Dislocated Worker National Reserve Technical Assistance and Training	$0	$8,000,000	$8,000,000
14.261	Homeless Management Information Systems Technical Assistance	$0	$7,000,000	$7,000,000
14.891	Public and Indian Housing Transformation Initiative (TI) Technical Assistance (TA)	$0	$6,525,660	$6,525,660
93.647	Social Services Research and Demonstration	$25,364,000	$5,754,782	-$19,609,218
14.316	Housing Counseling Training Program	$2,500,000	$5,125,000	$2,625,000
10.580	Supplemental Nutrition Assistance Program, Outreach/Participation Program	$5,970,709	$5,000,000	-$970,709

10.586	Special Supplemental Nutrition Program for Women, Infants and Children; Nutrition Education Innovations	$0	$997,759	$997,759
10.325	People's Garden Grant Program	$0	$725,000	$725,000
14.878	Affordable Housing Development in Main Street Rejuvenation Projects	$4,000,000	$500,000	-$3,500,000
14.265	Rural Capacity Building for Community Development and Affordable Housing Grants	$0	$0	$0
14.322	Tenant Resource Network Program	$0	$0	$0
14.534	Strong Cities Strong Communities (SC2) National Resource Network	$0	$0	$0
17.279	Green Jobs Innovation Fund Grants	$0	$0	$0
21.008	Low Income Taxpayer Clinics	$9,000,000	$0	-$9,000,000
21.011	Capital Magnet Fund	$0	$0	$0
93.009	Compassion Capital Fund	$0	$0	$0
93.091	Social Services and Income Maintenance Benefits Enrollment Coordination Grants	$2,000,000	$0	-$2,000,000
93.888	Specially Selected Health Projects	$28,159,003	$0	-$28,159,003
59.059	Congressional Grants	$0	$0	$0
Total		**$410,873,172**	**$849,220,607**	**$438,347,435**

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