



Brookings Institution Center on Urban and Metropolitan Policy



TANF Reauthorization 2003: Lessons from Block Grants

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New York City

The First Block Grant

- Legislation proposed to give states the option of combining some federal public assistance programs -with state flexibility to use the funds to design general programs of public welfare.

79th Congress
1945 - 46

Reagan Block Grants

- 1982 budget included 9 block grants consolidating 57 programs
- Cut funding levels: block grants - \$9.7 billion, 1981 programs - \$11.1 b
- Included LIHEAP, SSBG, CSBG, CDBG, health, and education

Lessons from the Reagan Block Grants

- Block grants are more vulnerable to funding cuts than categorical programs
- Congress tends to add strings and set-asides over time, reducing flexibility
- As states blend funds with state funds, block grants lose their reason for being

More Lessons

- Services with pre-existing "statewideness" benefited
- Cities were losers in reallocation of \$
- Where income targeting was maintained, eligibility tightened leaving out working poor
- States reduced standards to save \$

1996 Welfare Reform

- The Personal Responsibility and Work Opportunity and Reconciliation Act (PRWORA)
- Created Temporary Assistance for Needy Families (TANF) Block Grants and eliminated the Aid for Families with Dependent Children (AFDC) program and related programs



Major Changes in 1996 Bill

Funding

- End of entitlement
- Funding stream, not a program
- Flat funding to states

Strings

- Legal immigrants not eligible
- Work requirements
- Time limits



State Spending Changes

- As caseloads declined, spending shifted
- States now spend more on work supports than cash assistance
- 1996: 76 percent of block grant on cash assistance
- 2001: 38 percent on cash

Changing Priorities

- TANF is not just a cash assistance block grant
- TANF is also (and mostly) a block grant states use to fund services for families moving from welfare to work and other working poor families

Administration Reauthorization Proposal

- Level funding, no inflation increase
- New work requirements
- Cuts in services for working poor families
- Reduced state flexibility
- Set-aside for marriage proposal
- "Superwaivers"



“Even as Mr. Bush proposed devolution of Federal programs to the state level, governors were begging Washington to pay more of the cost of Medicaid, the fast growing health program for poor people.”

Robert Pear

New York Times

February 10, 1991

Margy Waller
Brookings Institution
Center on Urban and Metropolitan Policy
www.brookings.edu/urban
mwaller@brookings.edu
202-797-6466

