
January 6, 2016

Commentary: Merging Safety Net Programs Could Increase Poverty, Not Reduce It

By Robert Greenstein

When various Republican presidential candidates present their views on addressing poverty at a January 9 forum in South Carolina, some may seek to align themselves with House Speaker Paul Ryan’s proposal to combine funding for numerous safety net programs into what would essentially be a mega-block grant to states. Ryan laid out such a proposal — his “Opportunity Grant” proposal — in July 2014. Last month, he reiterated his call to merge many safety net programs.

His proposal raises serious questions, however. Our analysis¹ suggests it carries substantial risk of increasing poverty, rather than reducing it, for the following reasons:

- **Although Speaker Ryan has described the proposal as maintaining the same overall funding for anti-poverty programs, that would be a practical impossibility.** The proposal would convert SNAP (formerly the Food Stamp Program) — the nation’s basic food assistance safety net — from an entitlement that responds automatically to increases in need, such as during recessions, into part of a sweeping block grant that gives each state a fixed amount of funding for the year and doesn’t respond to changes in need as they occur. This would be a particularly serious problem during economic downturns or when states or localities experience events such as plant closings.

Adjusting states’ annual grant amounts to reflect changes in their unemployment rates, as Ryan has suggested as a possibility, wouldn’t solve the problem. Under such an approach, the block grant levels would apparently be set at the start of the fiscal year, using the latest unemployment data. But these data would already be a few months old at the start of the fiscal year, and would become increasingly out of date as the year progressed. Moreover, this approach wouldn’t respond to increases in poverty and need resulting from factors other than the unemployment rate, such as changes in wages or demographic changes.

- **Funds would likely be shifted away from direct assistance to needy families.** The large majority of Speaker Ryan’s proposed “Opportunity Grant” would consist of funding that

¹ Robert Greenstein, “Commentary: Ryan ‘Opportunity Grant’ Proposal Would Likely Increase Poverty and Shrink Resources for Poverty Programs Over Time, Center on Budget and Policy Priorities, July 25, 2014, <http://www.cbpp.org/commentary-ryan-opportunity-grant-proposal-would-likely-increase-poverty-and-shrink-resources-for>.

currently goes to SNAP and low-income rental assistance. This means that if some people were to receive more services, as Ryan has said he envisions, that would almost certainly require a state to *cut* direct assistance that helps poor families put food on the table or keep a roof over their head, in order to free up the resources for the added services. Moreover, some of the services programs to which the funds would likely be shifted use a larger share of their funds for administrative costs than do programs like SNAP and rental vouchers. (Many services programs also have mixed records of effectiveness.) As a result, fewer resources would remain for basic assistance to needy families and children to lessen or avert hardship.

Furthermore, in some cases, powerful state and local political forces could seek to corral more of the funding. For example, state and local officials could shift some SNAP benefit dollars — and low-income rental assistance funds — to uses favored by politically connected local real estate developers, who often make large campaign contributions. That’s because the Community Development Block Grant, which funds such development activity, would be merged with the funds now going to SNAP and rental assistance, enabling states to use the merged funds for a broad array of purposes including “development projects” in low-income communities.

- **The proposal would jeopardize basic nutrition assistance for poor children, which research has shown reduces child malnutrition and improves children’s long-term prospects.** As noted, poor families and children would no longer be entitled to food assistance in states operating under Ryan’s Opportunity Grant, and could be denied or put on waiting lists. This problem would worsen during economic downturns — since SNAP would no longer respond to changes in the economy — and if states shifted funds from SNAP to other programs.

Undercutting the basic nutrition assistance SNAP provides would be inconsistent with research in the field, which demonstrates SNAP’s long-term benefits. For example, a path-breaking study examined what transpired after food stamps gradually expanded nationwide in the early 1970s, and found that poor children who had access to food stamps in early childhood (and whose mothers had access during pregnancy) had an 18-percentage-point higher high school graduation rate — and were less likely as adults to have stunted growth or heart disease or to be obese — than comparable children who lacked access to food stamps.

Moreover, by eliminating SNAP’s national benefit standards, the Ryan proposal would risk a return in some areas to the conditions of the late 1960s, when some states ended food stamp eligibility at levels as low as 50 percent of the poverty line and researchers found rates of malnutrition and nutrition-related diseases among poor children in parts of the South and Appalachia rivaling those of some third-world countries. In response to such findings, President Nixon established national eligibility and benefit standards for the Food Stamp Program with bipartisan support. The Ryan proposal would essentially discard those standards.

- **Not only would food assistance funding likely decline, but *total* funding to assist low-income families would likely decline as well — because the block grant would afford state and local officials tantalizing opportunities to use some block grant funds to *replace* state and local funds now going for similar services.** Speaker Ryan has indicated that under his proposal, states and localities would have to use the federal block grant funds for programs or services for low-income people or projects in low-income areas. However, that wouldn’t prevent them from *substituting* some of the federal block-grant funds for state

and local funds now used for some of the same purposes — and shifting the freed-up state and local funds to *other* purposes such as plugging budget holes or cutting taxes. That’s what happened under the Temporary Assistance for Needy Families block grant, despite Congress’ efforts to prevent it. With broad block grants of this nature, some substitution by states and localities is almost impossible to prevent.

- **History shows that when federal policymakers merge programs into a broad block grant, federal funding typically declines over time, often dramatically.** Our analysis of all 13 of the major housing, health, and social services block grant programs created in recent decades found that all but one have shrunk in inflation-adjusted terms since their inception.² Between 2000 and 2015, combined funding for the 13 block grants fell by 27 percent, or \$14 billion in 2015 dollars. When a broad array of programs is merged into a block grant, policymakers generally find it nearly impossible to identify a specific level of federal funding that’s needed — or, for that matter, to identify the likely human impact of cutting funding. As a result, broad block grants have been easy to squeeze in the competition for federal dollars.

² Isaac Shapiro *et al.*, “Funding for Housing, Health, and Social Services Block Grants Has Fallen Markedly Over Time,” Center on Budget and Policy Priorities, revised November 20, 2015, <http://www.cbpp.org/research/federal-budget/funding-for-housing-health-and-social-services-block-grants-has-fallen>.