

A Rural Lens on Federal Block Grant Distribution

Casey P. Balio, PhD; Stephanie M. Mathis, DrPH, MPH; Margaret M. Francisco, DrPH, MPH; Michael B. Meit, MA, MPH; Kate E. Beatty, PhD, MPH

Block grants are a form of funding awarded to state and local governmental agencies by the federal government.¹ This funding is generally a fixed amount meant to assist these agencies and their partners in providing services and programs to address a range of needs and aims, such as public health, social services, and community development.² The first block grant was authorized by Congress in 1966. Over the next 40 years, block grants were developed to provide federal funding in new policy areas, and hundreds of smaller grant programs were consolidated into larger block grants.¹ As of FY2022, there were 22 federally funded block grants, totaling over \$59 billion.² Congress authorizes block grants with stipulations that outline both the parameters of the grant and the formula that will be used to allocate the funding.¹ Block grants are intended to be non-competitive and flexible, allowing recipients to allocate funds based on population needs. They also transfer fiscal and decision-making authority to state and local governments by allowing them to determine how they will use funds.² It has long been hypothesized that by allowing flexibility and providing decision-making authority to states, block grants may facilitate more appropriate and effective use of such funds. In contrast, there are concerns about how to balance flexibility with program accountability.²

Despite the benefits of flexibility and fiscal authority, it is unknown how funds are allocated within and across states, especially as it pertains to rurality. In general, block grant funding distribution from federal agencies to states is guided by population-based formulas and may not take into account geographic factors such as population density. Formulas for many long-standing block grants have been unchanged for decades, even as underlying factors in states and communities have changed.^{3,4} Ultimately, Congress, in consultation with the Executive Branch, determines how and when to revise the statutory authorities governing these grants. In providing flexibility in the allocation of funds, states have the ability to take a wide variety of factors into

Key Takeaways

- Block grant formulas were described as complex, unchanged since their establishment (often decades), and challenging to change.
- In most cases, rurality is not explicitly considered in block grant formulas and state allocations.
- The goals or intended outcomes varied by block grant and were generally described as broad and flexible, allowing states and local entities to adjust their activities to meet program goals.
- Opportunities may exist to improve rural considerations in block grant funding, such as exploring the role of rural carve-outs, encouraging states to consider rurality when planning for and using block grant funding, and encouraging collaboration with rural partners.

consideration, including rural concerns. To date, there has been limited focus on how individual block grants account for the needs of rural communities (i.e., lack of broadband, lack of transportation, higher poverty, etc.). One study found evidence of states concentrating block grant funds in urban areas in order to demonstrate more efficient use of the funds.³ At the same time, the statutory authorities for many block grant programs do not necessarily call out rural communities as a population of focus. Instead, in the interest of deference to states and the desire for flexibility, the statutory authorities defer to the awarding state to account for a broad range of needs unique to their populations.

The purpose of this study was to describe how funding for five block grants is allocated from federal agencies to states through a rural lens. These block grants play an important role in serving both rural and urban communities, and the programs selected are not meant to be representative of the full range of block grants federally. Ultimately, the selection of specific block grants was based on representing block grants administered under multiple Department of Health and Human Services (HHS) agencies that focus on various health, public health, and related activities. The following block grants were included: Preventive Health and Health Services (PHHS) Block Grant administered by the Centers for Disease Control and Prevention (CDC),⁵ Community Services Block Grant (CSBG) administered by the Office of the Administration for Children and Families (ACF),⁶ Child Care and Development Fund/Block Grant (CCDF, CCDBG) administered by ACF,^{7,8} Substance Abuse Prevention and Treatment Block Grant (SABG, now referred to as the Substance Use Prevention, Treatment, and Recovery Services Block Grant, SUBG) administered by the Substance Abuse and Mental Health Services Administration (SAMHSA),⁹ and Community Mental Health Services Block Grant (MHBG) administered by SAMHSA (Table 1).¹⁰ Results could inform future policy and program development.

Table 1: Purpose of Select Block Grant Programs

Block Grants	Purpose
Preventive Health and Health Services (PHHS) Block Grant^b	To address unique public health needs and challenges with innovative and community-driven methods. ¹¹
Community Services Block Grant (CSBG)^b	To provide funds to alleviate the causes and conditions of poverty in communities. ⁶
Child Care and Development Fund/Block Grant (CCDF, CCDBG)^b	To increase the availability, affordability, and quality of childcare services. ^{7,8}
Substance Abuse Prevention and Treatment Block Grant (SABG)^{b,c}	To help plan, implement, and evaluate activities that prevent and treat substance abuse. ⁹
Community Mental Health Services Block Grant (MHBG)^a	To support the entities receiving grant money in carrying out plans for providing comprehensive community mental health services. ¹⁰

^a All 50 states, District of Columbia, and U.S. territories eligible for funding

^b In addition to the above, tribal entities eligible for funding

^c SABG is now referred to as the Substance Use Prevention, Treatment, and Recovery Services Block Grant (SUBG)

Methods

Study Design

This study used a multi-pronged qualitative design consisting of two components, applied to each block grant of interest. First, five semi-structured interviews were conducted with representatives of federal agencies to describe the distribution process from federal agencies to states. Second, a document review

was conducted to review application materials released by federal agencies for states to complete, with an emphasis on elements that could have implications for geographic allocation, particularly to rural communities. Application materials included documents referred to as applications, work plans, or state plans. Findings were compared and combined as appropriate across components to generate a more robust understanding of the federal-to-state distribution of block grant resources. The Institutional Review Board at East Tennessee State University reviewed this study and determined it did not constitute human subjects research.

Federal Agency Interviews

Data Collection. From April-August 2022, five semi-structured interviews were conducted with representatives from federal agencies involved in the administration of the block grants. One interview was conducted per block grant, with each interview including up to two representatives (n=7 total participants). Perspectives from all five block grants were included; however, we were unable to conduct an interview with a representative from the prevention side of the SABG program. Interviews were conducted virtually using a semi-structured guide and limited to 60 minutes. The guide explored topics focused on the distribution of block grant funding from federal agencies to states, such as funding goals and intended populations, formulas, and application processes. Interviews were recorded with consent and transcribed. Transcripts were also supplemented by field notes.

Data Analysis. A rapid analytic approach was applied to the interview data by the research team.¹³⁻¹⁵ A template inclusive of domains aligned with each interview question was created in Excel to summarize each transcript. Using the summary template, two transcripts were independently reviewed and summarized by two researchers to evaluate the template and assess consistency.^{14,15} Differences were identified and resolved using consensus-based discussions. The template was subsequently used to summarize the remaining transcripts by one of those researchers.^{14,15} Summary templates derived from each transcript were combined to form a matrix reflective of all five transcripts.^{14,15} A team-based approach involving consensus was applied to develop concise summaries of each domain.¹⁴

Document Review

Data Sources. A total of four application documents were included for review across the five block grants. Blank application templates with instructions were obtained through online searches of publicly available information or upon request from federal agencies for four block grants (CSBG, CCDF, MHBG, and SABG). MHBG and SABG were addressed within the same document, yielding only one document for both block grants. A blank application template could not be identified for PHHS, resulting in the inclusion of a completed state application. Based on the availability of materials and differences in processes across block grants, materials represented a combination of plans and applications across the period of federal fiscal years 2018-2021.

Data Analysis. Similar to the interviews, the research team applied a rapid analytic approach to explore the documents.^{13,14} Based on preliminary review and study goals, a template was created in Excel to extract and summarize document elements. Characteristics (e.g., type and year) and elements with implications for geographic allocation, particularly regarding rural populations, were of primary interest. Examples included eligible recipients, intended populations, and partnerships. Using the summary

template, each document was independently reviewed and summarized by two researchers to evaluate the template and assess consistency.¹⁴ Differences were identified and resolved using consensus-based discussions, with the template modified as appropriate. While MHBG and SABG were addressed within the same document, separate summary templates were developed for each block grant to the extent possible. Templates derived from reviewing each document were combined to form a matrix.^{14,15} A team-based approach involving consensus was applied to develop concise summaries of each domain.¹⁴

Results

A total of five interviews were conducted with federal agency representatives. Representatives reported various responsibilities and levels of block grant experience and were generally in their position for at least five years. Representatives reported responsibilities that included: managing staff who oversee the grants; providing budget and financial oversight; conducting compliance reviews; and engaging with grantees. Representatives described various aspects of block grant distribution, including rural considerations in funding focus and allocation processes, as discussed below. A total of four application-related documents were reviewed. Multiple elements were extracted from each document, including rural considerations in funding focus, recipients, and partnerships.

Block Grant Funding Mechanisms. The block grant funding mechanism differs by program, but generally follows a similar process. For each block grant considered, the federal administering agency releases the application based on the statutory requirements set forth by Congress in the program authorization, typically annually. We generally use the term application to refer to an application, a required work plan, or a state plan submission. This is generally in lieu of a more traditional notice of funding opportunity (NOFO) or request for proposals (RFP). States are required to complete the application in order to receive funding. Applications may cover activities and budgets ranging from one to three years. The applications often include a description of how the state intends to use the funding, how it aligns with the requirements and goals of the block grant, and a budget. Applications go through a review process by the federal agency administering the block grant, and ultimately, the application serves as a plan for the state on how the funds will be utilized. Of note, applications often include how the funds may be distributed to local agencies or organizations, but the application is nearly exclusively from the states' perspectives and does not capture details on the local agencies or organizations that may receive funds and how they may utilize them. Further detail on the requirements of the applications is described below, in conjunction with insights from federal representatives.

Funding Allocation. For four block grants (all but CCDF), funding is allocated to state agencies and, if applicable, distributed to local agencies or organizations. Uniquely, the majority of CCDF dollars are directly allocated to families in need rather than to organizations or agencies. The amount of funding allocated to each state is guided by formulas, which differ by block grant. These formulas are written into statute and have remained the same since the establishment of the block grants. The number and type of factors considered differ, but generally reflect the goals or purpose of the funding. While most formulas include considerations for state population size and the percent of the population living below the federal poverty level, none considered rurality. Similarly, in two examples, state-level allocations were based on funding amounts from historic programs. Federal representatives described the historical formation of several block grants through modifications or combinations of previous categorical funding streams. The

funding amounts states receive through current block grants thus reflect these predecessor programs. For example, PHHS was created by combining various categorical funding streams from the 1970s to the 1980s. The current formula reflects these original funding amounts with a current population weight.

In general, most participants described these funding formulas as complex and outdated. Changing block grant funding formulas requires Congressional approval and has important implications for states. Given such implications, SABG, for example, has accommodations in the formula to ensure that it cannot significantly adjust the amount of funding that a state receives from year to year.

Recipients and Partnerships. Block grant applications generally require information on eligible recipients of the funding. Types of entities eligible to receive funding included legislatively defined organizations that meet various requirements (e.g., CSBG's Community Action Agencies), state and local agencies, non-profit organizations, including health care providers, and individuals or families (CCDF only). In addition, block grant applications included space for states to describe the partnerships leveraged to support the block grant. Commonly identified partners included: schools or departments of education; primary care associations; governmental public health agencies; state Medicaid agencies; social services agencies or departments (including SNAP, WIC, and TANF); law enforcement; and housing agencies. State Offices of Rural Health and state rural health associations were not explicitly included as options for partners in any of the reviewed documents.

Funding Focus. The goals and populations of interest for block grants are largely outlined in federal statute. The goals or intended outcomes varied by block grant and were generally described as broad and flexible, allowing states and local entities to adjust their activities to meet the goals of the program.

Regarding rural populations, application documents were mixed on whether rurality was explicitly considered as a possible priority population, and in most instances, rurality or rural populations were not described as a specific consideration in block grant formulas or application requirements. In three block grants, people residing in rural communities were listed as a potential priority population in at least one part of the document. In some instances, rural was presented as an optional population of focus. SABG and MHBG appeared to have the clearest considerations for rural individuals or communities overall. Similarly, documents varied on whether and how rurality was considered outside populations of interest. While rurality was specifically referenced at times, geographic area (e.g., covering all counties or regions, or describing service areas) was considered more generally at other times. An example of another reference to rurality outside of specific priority populations included the requirement to report on whether Planning/Advisory Councils are representative of the service area, with the potential to describe representation by rural/urban/suburban status (MHBG and SABG). Across block grants, CSBG contained the fewest considerations for rurality or geography, whether within the context of populations or elsewhere.

While rurality was often not an explicit focus in application materials, there are several ways in which rurality can be considered. In the context of CCDF, for example, individuals living in rural areas are not an explicit population of focus; however, states are required to focus on issues related to the lack of childcare access and how they will address them. This focus often indirectly creates a consideration of

parity in rural areas. Several representatives acknowledged that while rurality is not a block grant consideration, often states and localities could include a focus on rural populations.

Discussion

Block grants are an important federal funding mechanism that provides financial support for states for a variety of purposes.² Their flexibility at the federal and state levels has been viewed as valuable; however, they have potential limitations.² The purpose of this study was to describe how select federal block grant funding is allocated from federal agencies to states, and how those structures may influence funding for rural communities. Overall, we find that funding for these block grants focuses on meeting unmet population needs. While supporting rural communities is not an explicit purpose of these block grants, the importance of reaching populations based on needs supported by block grants was emphasized through federal interviews and document review.

While we find an emphasis on accounting for the needs of several unique populations, there is little federal focus on rural considerations within these funding mechanisms. Findings suggest the flexibility of block grants allows states to choose to focus on rural individuals or communities, but only if identified by states as an important population for focus, again deferring to the state and providing flexibility in making those determinations as a key part of the block grant approach.

Block grant funding is allocated from federal agencies to states by formula. We find that these federal formulas tend to be complex. They may not have been updated recently. Authorizers have emphasized flexibility but have not explicitly required accounting for rurality. Many of these formulas date back to when the block grants were established and are outlined in federal statute. Therefore, modifying block grant formulas is complex and requires Congressional authorization.

While this study adds to our knowledge of how block grants are structured and whether they consider rurality, it is not without limitations. First, at the federal level, SABG is divided into treatment and prevention, with different individuals overseeing each side of the funding. While multiple recruitment attempts were made, we were unable to schedule an interview with a federal representative for the prevention side. SABG interview findings reflect solely the treatment activities of this block grant. Second, we were unable to secure a blank application template with instructions from the federal agency for PHHS and therefore relied on a completed application. For all other documents reviewed, we were able to review federal guidance, response options, and the required structures of materials submitted by states. These materials also varied in terms of the time period reflected. Third, while federal interviews primarily focused on block grant structures and processes, sampling and response biases may have influenced findings. Lastly, we focused on the main component of the PHHS block grant. The findings related to PHHS may not be generalizable to the sexual assault set-aside.

Considerations

Across block grants, findings suggest that there are potential opportunities for policymakers (Congress, State Officials, and local community recipients) to encourage states to consistently and carefully consider the needs of rural communities in the distribution and use of these federal resources. Because block

grants are authorized by Congress and then administered by federal agencies, federal-level considerations are intended to inform decision-making at those levels.

- ***Examine the need for formula modifications or rural carve-outs.*** Rurality is generally not explicitly considered in the block grant formulas established by Congress. These findings, combined with the historical nature of the formulas, suggest that updated formulas may be warranted. Researchers and experts could develop draft formulas that reflect current state populations for consideration. Similarly, federal agencies and policymakers could consider rural carve-outs' potential role in ensuring block grant funding distribution to rural populations,¹⁶ as has been done with other federal funding, such as the Centers for Disease Control and Prevention's COVID-19 health disparities block grant. It is unclear if the block grants included in this study have the legal authority to do a rural carve-out. Further research is needed to better understand the impact of rural carve-outs and to identify exemplary ways of utilizing block grant funds in rural communities, through carve-outs or other mechanisms.
- ***Encourage states to consider rurality when planning for and using block grant funding.*** Application documents varied in how and to what extent rurality or geography were addressed. Federal agencies could review documents to identify areas where information on rurality or geography could be expanded, required, and/or encouraged. For example, when describing population needs or service gaps, geography could be listed as a characteristic for consideration. In addition, federal agencies could explore opportunities to provide, or enhance, rural-related guidance and resources (e.g., training or technical assistance) available to states when applying for and/or after receiving block grant funding.
- ***Include State Offices of Rural Health or state rural health associations as expected or encouraged state partners.*** Application documents request information on state partners, but State Offices of Rural Health or state rural health associations are not among those discussed. Federal agencies could consider including these or other rural-focused partners when listing examples, encouraged partners, or expected partners in documents. Meaningful engagement of rural partners could foster greater assurance that rural populations are considered as states distribute and use block grant funding.

This project was supported by the Health Resources and Services Administration (HRSA), U.S. Department of Health and Human Services (HHS) under the grant number U1CRH39978 Rural Health Research Grant Cooperative Agreement. The information or content and conclusions are those of the authors and should not be construed as the official position or policy of, nor should any endorsements be inferred by HRSA, HHS, or the U.S. Government.

References

1. Kenneth F, Laura W, Stephanie S. Block Grants: Historical Overview and Lessons Learned. Accessed December 15, 2022. <https://webarchive.urban.org/publications/310991.html>
2. Dilger, Robert Jay, and Eugene Boyd. Block grants: Perspectives and controversies. 2022 Update. *Block Grants Perspect Controv Wash DC Congr Res Serv*. Published online 2022.
3. Meit M, Ettaro L, Hamlin BN, Piya B. Rural public health financing: implications for community health promotion initiatives. *J Public Health Manag Pract JPHMP*. 2009;15(3):210-215. doi:10.1097/01.PHH.0000349738.73619.f5
4. Harris JK, Beatty K, Leider JP, Knudson A, Anderson BL, Meit M. The Double Disparity Facing Rural Local Health Departments. *Annu Rev Public Health*. 2016;37:167-184. doi:10.1146/annurev-publhealth-031914-122755
5. CDC - Home Page - Preventive Health and Health Services Block Grant (PHHSBG). Published December 1, 2022. Accessed December 15, 2022. <https://www.cdc.gov/phhsblockgrant/index.htm>
6. Community Services Block Grant (CSBG). Accessed December 15, 2022. <https://www.acf.hhs.gov/ocs/programs/community-services-block-grant-csbg>
7. What is the Child Care and Development Fund (CCDF)? Accessed December 15, 2022. <https://www.acf.hhs.gov/archive/occ/faq/what-child-care-and-development-fund-ccdf>
8. Theodos B, Christina Plerhoples Stacy, Helen Ho. Taking Stock of the Community Development Block Grant. *Wash DC Urban Inst*. Published online 2017.
9. Substance Abuse Prevention & Treatment Block Grant (SABG) | SAMHSA. Accessed December 15, 2022. <https://www.samhsa.gov/grants/block-grants/sabg>
10. Mental Health Services Block Grant (MHBG) | SAMHSA. Accessed December 15, 2022. <https://www.samhsa.gov/grants/block-grants/mhbg>
11. About | PHHS Block Grant Program. Published December 9, 2019. Accessed December 15, 2022. <https://www.cdc.gov/phhsblockgrant/about.htm>
12. Frequently Asked Questions | PHHS Block Grant Program. Published December 9, 2019. Accessed December 15, 2022. <https://www.cdc.gov/phhsblockgrant/faqs.htm>
13. Beatty K, Smith MG, Khoury AJ, et al. Contraceptive care service provision via telehealth early in the COVID-19 pandemic at rural and urban federally qualified health centers in 2 southeastern states. *J Rural Health*. Published online July 22, 2022:10.1111/jrh.12701. doi:10.1111/jrh.12701

14. Hamilton A. Qualitative Methods in Rapid Turn-Around Health Services Research. Presented at: December 11, 2013. Accessed January 24, 2023.
https://www.hsrd.research.va.gov/for_researchers/cyber_seminars/archives/video_archive.cfm?SessionID=780
15. Averill JB. Matrix analysis as a complementary analytic strategy in qualitative inquiry. *Qual Health Res.* 2002;12(6):855-866. doi:10.1177/104973230201200611
16. Michael Meit, Barter C, Buck S, Woodring M. Rural Carve-out Funding. Published online September 2021.