



Entitlements and Block Grants – What Are They, and Why It Matters

Background

When Congress creates a new program, such as the Child Care and Development Block Grant (CCDBG), Head Start, the Maternal, Infant, and Early Childhood Home Visiting (MIECHV), Medicaid, Individuals with Disabilities Education Act (IDEA), or the Higher Education Act (HEA), legislators make a decision about how to design and fund the program. They can create an entitlement, fund the program through mandatory funding streams, or fund the program with discretionary dollars that must be approved in the annual appropriations process.ⁱ Congress can also make decisions about the governance or management of programs, including creating block grants to give states wide discretion in the use of funds.

Entitlement:ⁱⁱ An entitlement program guarantees access to a program or services, often targeted at a specific group of people. Expenditures in these programs respond as the need for services grows or declines. Entitlement programs include Medicaid and Medicare, SNAP, Social Security, and unemployment insurance. These funds are not subject to the annual appropriation process and continue to flow even under a Continuing Resolution or government shutdown. Because entitlement programs grow with need, they are responsive to economic downturns or disasters.

Mandatory Funding: This is funding that is not subject to the annual appropriations process; Congress has passed legislation that creates permanent funding for these programs. Entitlement programs have mandatory funding, as do other programs, including a portion of the Child Care and Development Fund, MIECHV funds, and Temporary Assistance to Needy Families (TANF). When Congress creates a program with mandatory funding that is not an entitlement, it will often set a funding amount (or “cap”) for that program, creating limits on the reach of the program.

Discretionary Funding: About one-third of the government funding is allocated through an annual process known as Appropriations, through which Congress sets funding levels for individual programs. Funding is only available for the 12 months of the fiscal year, and Congress sets the amount available for these programs each year. If legislation funding the bills funding these programs is not passed by September 30 (which can include either a Continuing Resolutionⁱⁱⁱ or passage of regular Appropriations), the programs cannot operate. Discretionary funding includes a portion of the Child Care and Development Block Grant, Head Start, IDEA, ESSA, CCAMPIS, Preschool Development Grants, many housing programs, and other supports for low-income families.

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Block grants: For some programs, Congress decides to give states or other entities a set amount of funding for a set of activities, and allows states broad discretion in how the funding is used. Both the Child Care and Development Block Grant, TANF, and the Social Services Block Grant are block granted programs that support low-income families and their children. While block grants can be funded through mandatory or discretionary funding streams, they are often unresponsive to inflation or other economic pressures and lose value over time.

Why It Matters

How Congress designs and funds a program has significant impacts on the program operation and reach. An entitlement program is designed to serve all eligible applicants, while discretionary programs and programs with a cap are limited – when the funds run out, they cannot serve more people, even if the need exists.

In addition, entitlement programs can grow with need or as costs rise. If there is an economic downturn and more people need help, the funds will be available. In non-entitlement programs, there is no way to respond to growing needs or higher costs to provide health care, child care, or other supports.

ⁱ For more information, see: <https://crsreports.congress.gov/product/pdf/R/R44582>

ⁱⁱ All entitlement programs are funded through mandatory funding, but not all mandatory funded programs are entitlements.

ⁱⁱⁱ [What is a continuing resolution?](#)