Federal Funding Opportunities Related to California's Working Families

Program	State Department	Description	Potential Federal Funding Available to California	Federal Funding Available for Administration/ Staff Expenses?	Changes That Could Increase Program Utilization	Economic and/or Multiplier Effect
Federal Nutrition Assistance Programs						
Food Stamps (Supplemental Nutrition Assistance Program–SNAP)	Department of Social Services	Provides nutrition assistance to low-income individuals. In October 2009 about 3 million Californians received federal food stamp benefits. According to the federal government, California has typically ranked near or at the bottom among states in regard to the percentage of eligible persons who participate in the food stamp program. In federal fiscal year 2007, only 48 percent of eligible Californians participated in the program.	According to a 2009 report by the California Food Policy Advocates, California could receive $3.7 billion in additional federal food stamp benefits each year if every eligible individual participated in the program. This could mean that 2.8 million more Californians could receive food stamp benefits. The federal government pays 100 percent of the costs for food stamp benefits for all eligible individuals.	Yes. Federal government pays 50 percent of administration costs. Of the non-federal costs, the state pays 35 percent and the counties pay 15 percent.	Categorical eligibility: Department of Social Services (DSS) could extend categorical eligibility (eliminate the collection of asset information) to all food stamp households (not just those with children). Face-to-face interviews: Counties could be encouraged to adopt the current option to use telephone interviews in lieu of face-to-face interviews for program participants/applicants. Finger-imaging: The state could enact legislation to eliminate the finger-imaging requirement. Paperwork reduction: The federal government has required the state DSS to develop a plan by February 2010 to simplify income reporting by participants.	According to the U.S. Department of Agriculture (USDA), the food stamp program has an economic multiplier effect of $1.84. According to Moody's Economy.com, the economic multiplier effect is $1.73. Based on these estimates, every dollar that California could draw down in federally funded benefits could generate an additional $1.73–$1.84 into the economy.

Program	State Department	Description	Potential Federal Funding Available to California	Federal Funding Available for Administration/ Staff Expenses?	Changes That Could Increase Program Utilization	Economic and/or Multiplier Effect
National School Lunch Program	Department of Education	Provides free and subsidized school lunches to low-income students. (Students from families who earn less than 130 percent of the federal poverty level (FPL) qualify for free meals, and qualify for reduced priced meals if their families earn between 130 percent and 185 percent of FPL.) Approximately 69 percent of eligible California students participate in the program.	Schools receive $2.68 per free lunch served; the state provides approximately 22 cents per meal (based on availability of state funding). If 100 percent of those eligible participated, California could receive upward of $300 million more in federal money (with state costs of $25 million). Approximately 960,000 additional children could be served.	The state receives funding for administration from the federal State Administrative Expenses for Child Nutrition Fund, and state grants are based, in part, on the number of meals served in the state.	Encourage school districts to offer more attractive and universally available meals, close campuses during lunch, and restrict a la carte sales. Improve direct certification (which enables school districts to certify students' eligibility without an application from the household), primarily by increasing school districts' use of the state data match method. (In 2008 only 18 percent of school districts used this method.) In future state school facilities bonds, dedicate funds to the upgrade and repair of school facilities and equipment to improve or expand school lunch programs.	

Program	State Department	Description	Potential Federal Funding Available to California	Federal Funding Available for Administration/ Staff Expenses?	Changes That Could Increase Program Utilization	Economic and/or Multiplier Effect
National School Breakfast Program	Department of Education	Provides free and subsidized school breakfasts to low-income students. (Students from families who earn less than 130 percent of FPL qualify for free meals, and qualify for reduced priced meals if their families earn between 130 percent and 185 percent of FPL.) Approximately 28 percent of eligible California students participate in the program.	Schools receive $1.46 per free breakfast served; the state provides approximately 22 cents per meal (based on availability of state funding). According to a 2007 report by the California Food Policy Advocates, if the statewide participation rate for the breakfast program were the same as the current participation rate for lunch, the state could receive approximately $300 million more in federal funds for breakfasts (with state costs of up to $45 million). If 100 percent of those eligible participated, California could receive upward of $500 million more in federal money. Approximately 2.2 million additional children could be served.	The state receives funding for administration from the federal State Administrative Expenses for Child Nutrition Fund, and state grants are based, in part, on the number of meals served in the state.	Encourage more schools to offer breakfast programs. (According to California Food Policy Advocates, 1,500 schools don't even offer breakfast programs. Encourage schools to offer breakfast in creative ways, to increase participation (i.e., universal classroom breakfast—served to every child in the classroom; second-chance breakfast—offered at morning recess; grab-'n'-go breakfasts—all items are prepackaged; and breakfast on the bus—for those students with long morning commutes.) Improve direct certification (which enables school districts to certify students' eligibility without an application from the household), primarily by increasing school districts' use of the state data match method. (In 2008 only 18 percent of school districts used this method). In future state school facilities bonds, dedicate funds to the upgrade and repair of school facilities and equipment to improve or expand school breakfast programs.	Studies have found that participation in school breakfast programs is correlated with improvements in student achievement and attendance.

Program	State Department	Description	Potential Federal Funding Available to California	Federal Funding Available for Administration/ Staff Expenses?	Changes That Could Increase Program Utilization	Economic and/or Multiplier Effect
Federal Grants for Nutrition Access						
Summer Food Demonstration Grants	Department of Education	New funding for demonstration grants to increase access to food during the summer months—$85 million available nationwide. The California Department of Education (CDE) plans to apply for these funds.	Unknown.	Possibly.		
Direct Certification Grants	Department of Education	New grants to improve direct certification from SNAP to the National School Lunch Program—$22 million available nationwide. Funds are targeted to states with the lowest number of children certified. CDE plans to apply for these funds.	Unknown.	Yes.		
Child and Adult Care Food Program (CACFP) Health and Wellness Competitive Grants	Department of Education	New competitive grants to improve the nutrition and health of children in child care—$8 million available nationwide. USDA will award the grants on a competitive basis to state CACFP agencies, with CACFP sponsors eligible for subgrants. CDE plans to apply for these funds.	Unknown.	Yes.		

Program	State Department	Description	Potential Federal Funding Available to California	Federal Funding Available for Administration/ Staff Expenses?	Changes That Could Increase Program Utilization	Economic and/or Multiplier Effect
Federal Health Grant						
State Health Access Program	Department of Health Care Services	Grant program (federal Health Resources and Services Administration) to support states ready to implement a health insurance coverage program for the uninsured.	$2 million–$10 million per year for 5 years, unspecified matching funds and project sustainability funding beyond the five-year period required.	Not specified.		

Program	State Department	Description	Potential Federal Funding Available to California	Federal Funding Available for Administration/ Staff Expenses?	Changes That Could Increase Program Utilization	Economic and/or Multiplier Effect
Federal Homeless Assistance Grant						
McKinney-Vento Homeless Assistance Grants (Continuum of Care Program)	Department of Housing and Community Development	Local Continuums of Care (CoCs) apply directly to the U.S. Department of Housing and Urban Development (HUD) for grants for permanent and supportive housing, transitional housing, and services. For FY 2008 and FY 2009, California received 16 percent of total CoC funds awarded ($224.7 million in FY 2008 and $213.8 million in FY 2009). A 25 percent match is required, but it can be in-kind; many California CoCs use Mental Health Services Act (Proposition 63) funds. FY 2009 funds were awarded in December 2009. The application period was September 24, 2009, through November 25, 2009.	Housing California (HCA) argues that California should apply for "Balance of State" (BOS) funding under McKinney to cover small rural areas of California that do not have their own CoCs. (Thirteen California counties are not covered by CoCs: Alpine, Del Norte, Inyo, Lake, Lassen, Mariposa, Modoc, Mono, Nevada, Plumas, San Benito, Sierra, and Siskiyou.) Thirty-one states received a total of $124 million in Balance of State funds in FY 2008. The state Department of Housing and Community Development (HCD) claims that applying for funds would put the state in competition with local CoCs. However, the program does not specify a maximum limit per state.	Grants are available for technical assistance with HUD's Homeless Management Information System (HMIS). In FY 2008, $113.5 million (8 percent of total funds) was awarded to 44 states in HMIS grants. California received a total of $4 million. The Homeless Emergency and Rapid Transition to Housing (HEARTH) Act, passed last year, will make several changes to the program, including increasing the share for administration to 10 percent and authorizing another portion for HMIS. (Regulations are due out in May.)	States must have a lead agency apply (e.g., HCD), and are strongly encouraged to form an Interagency Council on Homelessness. California has an interagency task force that has never been made into an official council (this could be done through legislation and/or Executive Order). A statewide homeless count is also encouraged; the last homeless count by HCD was in 1997. According to HCD, in order to apply for BOS funding, any interested local governments that don't already have a CoC would need to form one, with HCD as the lead agency. It is questionable whether the rural counties that currently don't have CoCs have the resources to do so; for example, Mariposa recently asked HCD to take over its Section 8 program because it no longer has the capacity to administer it.	A 2009 study by United Way of Greater Los Angeles found that while living on the streets, the total cost of public services for two years was $187,288—compared to $107,032 while living in permanent supportive homes – a savings of $80,256, or almost 43 percent. A 2009 study by the Los Angeles Economic Roundtable and Los Angeles Homeless Services Authority found that average monthly costs for supportive homes were $605, as compared to average monthly public costs of $2,897 for a person who remained homeless. Of the savings, 69 percent was attributable to reduced health care outlays (hospital visits, etc.)

Program	State Department	Description	Potential Federal Funding Available to California	Federal Funding Available for Administration/ Staff Expenses?	Changes That Could Increase Program Utilization	Economic and/or Multiplier Effect
Federal Grant for Early Childhood Education						
Early Learning Advisory Council Funding	Department of Education	New grants to states to facilitate high-quality early childhood education services that support school readiness. Part of Head Start reauthorization.	Up to $10.6 million.	Yes.		
Federal Tax Credits						
Earned Income Tax Credit (EITC)	N/A	The federal EITC provides a wage supplement to low-income workers, especially those with children. The EITC is a fully refundable tax credit. Prior to tax year 2009, the EITC provided taxpayers with a credit for up to 40 percent of earnings, up to a maximum credit of $5,028 for a household with two or more dependents. The amount that couples could claim under the EITC peaked at an income of $19,540 and gradually phased out up to an income of $43,415. The 2009 American Reinvestment and Recovery Act (ARRA) expands the EITC for tax years 2009 and 2010. For households with three or more dependents, the credit percentage increases from 40 percent to 45 percent of earnings	The Legislative Analyst's Office (LAO) estimates that the national 10-year cost of the changes to the EITC under ARRA is $4.7 billion. According to the Internal Revenue Service (IRS), 10.6 percent of all EITC payments went to California. Therefore, the state impact of the new provision over that period could be about $500 million, with most of this tax relief coming in 2009 and 2010. A 2003 study—by UCLA professor J.Hotz and others—on trends in the EITC for California's welfare population estimates that in 1999, only 73 percent of eligible households in California claimed the federal EITC—thereby resulting in California forgoing as much as $14 billion in tax credits from the federal government.	N/A	The Center on Budget and Policy Priorities (CBPP) points out certain groups of workers who face barriers in claiming the EITC: ▪ Workers who earned too little to be required to file a tax return. These taxpayers need to know they have a reason to file: It's the only way they can claim the credits and get money earned. ▪ Workers who are eligible to claim the credits for the first time. These workers are just entering the labor force and may not know about the credits and may not be familiar with tax filing procedures. ▪ Workers who may mistakenly think the credits are not meant for them. Certain groups of people, such as foster parents, people serving in the military,	According to a study by the CBPP, the EITC lifted an estimated 6.6 million people out of poverty in 2009, including 3.3 million children. Studies have shown that the EITC generates large decreases in poverty and substantial increases in employment, as well as decreasing the number of single parents receiving cash welfare. It is estimated that every $1 paid out in the EITC generates $1.50 to $2.00 in local economic activity.

Program	State Department	Description	Potential Federal Funding Available to California	Federal Funding Available for Administration/ Staff Expenses?	Changes That Could Increase Program Utilization	Economic and/or Multiplier Effect
		and the maximum increases to $5,657. Also, for couples with dependents, the credit amount peaks at $21,420 of income and phases out up to $45,295.	The Internal Revenue Service (IRS) estimates that between 20 percent and 25 percent of eligible taxpayers are not taking advantage of the credit.		grandparents raising grandchildren, etc., can qualify for the EITC (or the Child Tax Credit as discussed below), but may not realize they can qualify for these credits, or that special rules apply to them. ▪ Workers who didn't know they could get their tax forms filed for free. These workers may have paid high fees in the past to get their tax forms completed, draining money away from the full amount of their tax credit. Financial education through taxpayer assistance initiatives and community-based outreach efforts could help remove some of these barriers.	

Program	State Department	Description	Potential Federal Funding Available to California	Federal Funding Available for Administration/ Staff Expenses?	Changes That Could Increase Program Utilization	Economic and/or Multiplier Effect
"Making Work Pay" Credit	N/A	This new, fully refundable federal tax credit introduced under ARRA is equal to 6.2 percent of earned income, up to $400 for an individual and $800 for a couple. The credit applies to joint, not individual, earnings. Thus, a married couple could qualify for an $800 credit, even if only one partner in the couple works.	The LAO estimates that the income gain to California taxpayers should be roughly $12.8 billion over 10 years, with most of the gain coming in 2009 and 2010.	N/A	Because this is a new tax credit, many workers may not know this credit exists and, therefore, may not benefit from it. Also, self-employed workers or contractors must file a tax return to claim this credit. As mentioned above for the EITC, these workers may have earned too little to be required to file a tax return. But these taxpayers need to know that the only way they can claim this credit and get money they've earned is by filing a tax return. Taxpayer awareness and assistance initiatives may help remove these barriers.	According to an Urban-Brookings Tax Policy Center report, because each payment would be small, recipients might be more likely to spend the added income rather than saving it or paying down credit card or other debts.

Program	State Department	Description	Potential Federal Funding Available to California	Federal Funding Available for Administration/ Staff Expenses?	Changes That Could Increase Program Utilization	Economic and/or Multiplier Effect
Child Tax Credit (CTC)	N/A	The federal CTC can be worth up to $1,000 per child for families with qualifying children under the age of 17 and is partially refundable. ARRA reduces the annual wage threshold for eligibility for the CTC in 2009 and 2010 from $12,600 to $3,000.	According to the LAO, the estimated national 10-year cost of the CTC change is $14.8 billion. According to the IRS, 11.1 percent of all child tax credit payments went to California. As a result, Californians could receive roughly $1.6 billion in tax relief from this provision over a 10-year period, with most of the relief coming in 2009 and 2010. A CBPP report estimates that changes to the CTC through ARRA will give approximately 1.8 million children under 17 in California either a new or larger CTC than they would have received under the 2008 rules.	N/A	Information and resource barriers exist for CTC-eligible families similar to those noted for the EITC above.	The Center for American Progress points out that the improved CTC is said to have a strong multiplier effect in providing additional help to low-earning families. This helps the economy because these families are likely to spend the funds quickly on basic necessities, causing a strong multiplier effect, as the spent funds circulate through the economy.

Program	State Department	Description	Potential Federal Funding Available to California	Federal Funding Available for Administration/ Staff Expenses?	Changes That Could Increase Program Utilization	Economic and/or Multiplier Effect
First-Time Homebuyer Tax Credit	N/A	The federal ARRA converts an existing incentive into a refundable credit for first-time homebuyers who purchase a home in 2009. First-time homebuyers in 2009 are allowed a refundable tax credit equal to the lesser of $8,000 ($4,000 for married-filing-separate returns) or 10 percent of the purchase price. This is an increase of $500 from the 2008 credit amount. Federal legislation enacted in November 2009 extended the ARRA homebuyer tax credit to April 30, 2010, and made some minor changes. In this new legislation, existing homeowners may take a $6,500 tax credit to go along with the $8,000 credit for first-time buyers. Also, the caps for income eligibility were increased to $125,000 for individuals and $225,000 for couples. In 2009, California offered a new homebuyer's tax credit available to qualified buyers who on or after March 1, 2009, and before March 1, 2010, purchased a new home. The credit was equal to the lesser of 5 percent of the purchase price or $10,000.	The estimated national cost of this credit is $6.6 billion over 10 years. According to the LAO, no data are available on the estimated state impact. However, if the state received 11 percent of these funds, it would reduce California's federal tax liabilities by about $700 million.	N/A	The Urban-Brookings Tax Policy Center suggests that taxpayer confusion has led to a significant number of qualified homebuyers in 2009 claiming less than they deserved under this expanded tax credit. Increased taxpayer education for new and prospective homeowners could help address this confusion.	A 2009 CBPP study points out that, while there is evidence that the homebuyer tax credit has stimulated some additional home-buying activity, the majority of tax credit benefits have gone to families that would have purchased a home anyway, even without the credit.

Program	State Department	Description	Potential Federal Funding Available to California	Federal Funding Available for Administration/ Staff Expenses?	Changes That Could Increase Program Utilization	Economic and/or Multiplier Effect
Child and Dependent Care Tax Credit (CDCTC)	N/A	The federal CDCTC is a tax benefit that helps families pay for child care they need in order to work or to look for work. The credit also is available to families that must pay for the care of a spouse or an adult dependent who is incapable of caring for himself or herself. Individuals who pay for day care expenses for their children or disabled adult dependents may be eligible for a federal tax credit of up to $3,000 for one dependent, or up to $6,000 for two or more dependents. California provides a refundable Child and Dependent Care Tax Credit that is computed as a percentage of the federal child and dependent care credit. This state tax credit is allowed for certain household and dependent care expenses incurred during the year that allowed the taxpayer to seek or maintain gainful employment.	A recent study by the Urban-Brookings Tax Policy Center estimates that in 2006, only 8 percent of the benefits of the CDCTC went to households with incomes less than $30,000. The study goes on to say that, if the CDCTC were made fully refundable—so that households with child care expenses could claim the credit regardless of their individual income tax liability—the distribution of the credit's tax benefits would become more progressive. The share of benefits going to the bottom 40 percent of households would increase from 4 percent to 33 percent.	N/A	A 2007 study by the Partnership for America's Economic Success indicates that a main barrier to families claiming tax credits like the CDCTC is not understanding the tax benefits and how to apply for the credits. Many families also need assistance in completing and filing tax returns in order to take advantage of these credits. Targeted outreach to these families may help to effectively implement these tax credits so that families can take full advantage of the tax benefits.	There is some evidence to suggest that the multiplier effect for the CDCTC is not as strong as for the EITC and for the CTC because the CDCTC is a non-refundable tax credit. Thus, it is not available to families that do not have federal income tax liability. Lower-income families, who in theory are eligible for the largest credit, may receive little or none of its benefit.