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February 25, 2010

Dear Colleagues/Friends:

California is experiencing an ongoing fiscal and budgetary crisis in the wake of the nation's recession. In spite of their best efforts, many working families are on the financial brink. As we work to restore our state's economic health, it is important to identify every resource available to help working families make ends meet and put them on a path to economic security.

I have requested the Senate Office of Research to prepare a report that catalogues available federal funding opportunities to assist working families to regain their footing. This document, *Federal Funding Opportunities Related to California's Working Families*, provides information on existing federal funding sources as well as new grant programs.

Specifically, the report presents:

- A list of untapped federal funding sources in the health and human services programs that require minimal or no state matching funds;
- Possible changes in legislation, regulation, or program practices that would increase program utilization and thus increase the flow of federal dollars to those programs; and
- Some of the economic and/or multiplier effects of drawing down these additional federal funds.

I hope you will find this information useful as we work together to maximize the flow of federal dollars to California and renew support and hope for our working families. For more information on breaking the cycle of poverty please visit our website at www.senate.ca.gov/Liu.

Sincerely,

A handwritten signature in cursive script that reads "Carol Liu".

CAROL LIU
Chair

Summary of Federal Funding Opportunities Related to California's Working Families

Program	Description
Federal Nutrition Assistance Programs	
Food Stamps (Supplemental Nutrition Assistance Program–SNAP)	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.
National School Lunch Program	If 100 percent of those eligible participated, California could receive upward of \$300 million more in federal money. Approximately 960,000 additional children could be served.
National School Breakfast Program	If 100 percent of those eligible participated, the state could receive approximately \$500 million more in federal funds for breakfasts. Approximately 2.2 million additional children could be served.
Federal Grants for Nutrition Access	
Summer Food Demonstration Grants	New funding for demonstration grants to increase access to food during the summer months.
Direct Certification Grants	New grants to improve direct certification from SNAP to the National School Lunch Program.
Child and Adult Care Food Program (CACFP) Health and Wellness Competitive Grants	New competitive grants to improve the nutrition and health of children in child care.
Federal Health Grant	
State Health Access Program	Grant program to support states ready to implement a health insurance coverage program for the uninsured.
Federal Homeless Assistance Grant	
McKinney-Vento Homeless Assistance Grants (Continuum of Care Program)	Grants for permanent and supportive housing, transitional housing, and services.
Federal Grant for Early Childhood Education	
Early Learning Advisory Council Funding	New grants to states to facilitate high-quality early childhood education services that support school readiness.

Summary of Federal Funding Opportunities Related to California's Working Families (continued)

Program	Description
Federal Tax Credits	
Earned Income Tax Credit	Equals a fixed percentage of earnings until the credit reaches a maximum; both the percentage and the maximum credit depend on the number of children in the family. Maximum credit amounts range from \$457 to \$5,657.
"Making Work Pay" Credit	This is new fully refundable tax credit in effect for 2009 and 2010. This credit is equal to 6.2 percent of earned income, up to \$400 for an individual and \$800 for a couple.
Child Tax Credit	The credit can be worth up to \$1,000 per child for families with children under the age of 17.
First-Time Homebuyer Tax Credit	First-time homebuyers who purchase a principal residence between January 1, 2009, and April 30, 2010, are allowed a refundable tax credit equal to the lesser of \$8,000 or 10 percent of the purchase price.
Child and Dependent Care Tax Credit	Individuals who pay for day care expenses for their children or disabled adult dependents may qualify for this federal tax credit of up to \$3,000 for one dependent, or up to \$ 6,000 for two or more dependents.

Other Federal Funding Opportunities That Require Greater State Matching Funds

While the programs listed above require minimal or no state matching funds to draw down the federal funds, there are a number of additional opportunities to receive matching federal dollars for every state dollar invested into the program. Investment of state dollars would thus leverage additional federal dollars to California. These programs include:

Program	Description
Medi-Cal	The program provides health care services to low-income individuals, including working families. Federal government provides, for the most part, 50 percent funding match for program costs.
Healthy Families	The program provides health care services to low-income children. Federal government provides, for the most part, 65 percent funding match for program costs.
Food Stamp Employment and Training Program	The program provides job search assistance, work experience, and supportive services to eligible food stamp recipients. Federal government provides 50 percent funding match for program costs.

February 19, 2010