

# Public Policy Institute of California

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## Memorandum

**To:** Editors and Reporters

**From:** Victoria Pike Bond, Public Affairs Associate  
Abby Cook, Director of Communications

**Date:** June 30, 2005

**Re:** Federal Formula Grants and California: Federal Child Care Programs

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As part of welfare reform, Congress created the Child Care and Development Fund (CCDF) in 1997 to be the principal source of child care funding for disadvantaged families. Although CCDF aids 103,000 California households, overall, the state ends up with a disproportionately low share of federal child care dollars because of its larger proportion of poor children. California is home to 13 percent of the nation's children in poverty, yet in 2004 received only 10.7 percent (\$516 million) of CCDF allocations. The formulas for allocating funds are constrained by language that ignores recent surges in child care demand, as well as by formulas that link funding to income – reducing money to states with high per capita incomes, like California, despite the fact that they also have high poverty.

*Federal Formula Grants and California: Federal Child Care Programs* outlines the structure of child care formula programs, compares California's funding levels with other states, explains how the formulas work, and discusses legislation in Congress that would affect future child care formulas. As California's list of children eligible for federal child care aid continues to exceed the supply of affordable child care, and more families "time out" of welfare assistance, limited federal resources could pressure state budget writers to further erode child care benefits. Despite this, it is important to consider how California fares in the context of the entire federal welfare umbrella: The state wins a generous 22 percent share of the nation's \$16.6 billion Temporary Assistance for Needy Families (TANF) grant, which dwarfs federal child care funding by more than three to one.

This report is the ninth in a series reviewing California's share of federal formula grant programs. The next edition will examine higher education programs. The series was developed at the request of the bipartisan leadership of California's congressional delegation and is produced by PPIC in collaboration with the California Institute for Federal Policy Research in Washington DC.

We hope you find this and future reports valuable, and we welcome your feedback as we seek to inform the public debate. If you have any questions, please contact us by phone (Victoria: 415/291-4412; Abby: 415/291-4436) or email (bond@ppic.org; cook@ppic.org). You can reach the authors, Tim Ransdell and Shervin Bolorian of the California Institute, at 202/546-3700 or ransdell@calinst.org.

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