

TANF REAUTHORIZATION AND THE NEEDS OF  
LOW-INCOME LATINO FAMILIES

STATEMENT FOR THE RECORD:

HEARING ON WELFARE REFORM REAUTHORIZATION  
MARCH 12, 2003

SUBMITTED TO:

COMMITTEE ON FINANCE  
UNITED STATES SENATE

SUBMITTED BY:

RAUL YZAGUIRRE  
PRESIDENT

NATIONAL COUNCIL OF LA RAZA  
1111 19th Street, N.W., Suite 1000  
Washington, D.C. 20036  
(202) 785-1670

## INTRODUCTION

**M**y name is Raul Yzaguirre, and I am President of the National Council of La Raza (NCLR), the largest national Latino<sup>1</sup> civil rights organization in the U.S. NCLR works to improve life opportunities for this nation's 40 million Hispanics living in the States and Puerto Rico through our network of more than 300 local affiliate community-based organizations and 33,000 individual associate members. Since the Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA) was passed in 1996, NCLR has closely monitored its impact on low-income Latino families and has since served as a voice in public policy debates related to reauthorization of the Temporary Assistance for Needy Families (TANF) block grant.

It is important to consider the reauthorization of TANF in the context of the new policy environment. First, the state of the economy and labor market is vastly different today from the seemingly boundless growth of the late 1990s. Second, the nation has undergone sweeping demographic changes. For instance, over the decade of the 1990s, the nation's Latino population increased by 57.9%. Finally, the ability of both federal and state governments to respond to changing dynamics is hampered by the troubling budget outlook.

At the same time, population growth among Latinos in the States has resulted in greater economic contributions both locally and nationally. The buying power of Latinos now surpasses \$580 billion and Hispanics constitute a growing share of American workers. The growing influence of Latinos has also been felt in political circles, particularly in key states and cities across the nation. Accordingly, it is more imperative today than in 1996 that policy questions about welfare reform and other related issues fully consider the perspective of Latinos.

## BACKGROUND

**T**he Personal Responsibility and Work Opportunity Reconciliation Act fundamentally altered the nation's primary cash assistance program for families. PRWORA's cuts in services and assistance to legal immigrants had a profound and adverse impact on immigrant and Latino families. By cutting legal immigrants off from the four major safety-net programs, PRWORA put the states in the position of spending their own funds to address the needs of these communities. While some programs have been restored, the fundamental inequity has not, leaving states on the front lines of providing a safety net to immigrants. Although the law permits states to provide TANF and related services to legal immigrants who arrived after 1996 using state funds, many states have not been able to serve legal immigrants.<sup>2</sup> Consequently, across the states, entire segments of communities are unable to access basic safety-net services should community members suffer unexpected job losses, as they are at the moment.

Over the decade of the 1990s Hispanic communities prominently emerged in states such as Arkansas, Georgia, and North Carolina – states that experienced greater than 300% growth in their Latino populations. Undoubtedly, large numbers of immigrant Latino workers joining the labor force can explain the bulk of this population growth in these particular states. However, the firms and industries that have employed many immigrant and Latino workers have tended to pay low wages. Therefore, while almost all Latino and immigrant families in the U.S. have at least one working parent, many Hispanic workers fail to earn enough to lift their families above poverty.

As a result of the growth of the Latino population and their concentration in low-wage work, roughly one-quarter of all poor families were Hispanic in 2001. In fact, high rates of poverty persisted despite the economic prosperity of the late 1990s; the number of Latinos living in poverty declined by only 8.0%

between 1996 and 2001. During that time of modest, yet significant, poverty reductions, the number of Latinos on the TANF rolls fell by 41.8%. Despite the dramatic decline in receipt of TANF, which outpaced the reduction in poverty, the share of all families receiving TANF assistance who are Latino increased from 20.8% to 26.0% between fiscal years 1996 and 2001, as White families left the TANF program more rapidly than Latinos.<sup>3</sup> These data may signal that Latino families face more difficulties accessing TANF and, for those in the system, navigating through the welfare-to-work process and living above the poverty line after exiting TANF.

In addition to the population trends of the past few years, the nation's bleak economic situation is integral to discussions related to reauthorization of the TANF block grant. While the economy is recovering from a recession the fiscal condition of states remains dire and many workers still search for employment. While nearly all states face budget deficits for fiscal year 2004, the budget shortfalls are deepest in the three states where the vast majority (79.5%) of Latinos live; California, New York, and Texas. Many states have resorted to drastic cuts to critical social programs and services in order to balance their budgets. In particular, California and New York have proposed budget reductions in health care, as well as tax increases. Another lingering effect of the economic recession is the high level of joblessness. The unemployment rate for Latinos has hovered between 7.5% and 7.9% for nearly the past year, roughly 2 percentage points above the national average (between 5.7% and 6.0% during the same period).

In many cases, unemployed Latinos face significant barriers to accessing the very programs that are designed to protect families and support their efforts to return to the workforce. For instance, many Latinos do not qualify for Unemployment Insurance due to the program's strict eligibility rules that exclude workers with seasonal and part-time work histories. Also, workers who happen to be legal immigrants are not eligible for basic safety-net services due to welfare reform's changes in eligibility for health and nutrition services. Therefore, entire segments of communities may be seeking aid but find themselves with no safety net or access to important work supports for which other Americans are eligible. Taken together, economic factors and barriers to safety-net programs indicate that Hispanic families are more likely to find themselves struggling long after the general economy has "recovered."

Given these factors, in 2003, states are facing new policy challenges. The TANF reauthorization debate will not result in good public policy so long as it fails to address the challenges facing poor Latino families.

## **LATINO PRIORITIES FOR TANF REAUTHORIZATION**

Over a year ago, the Bush Administration released a plan to reauthorize the Temporary Assistance for Needy Families (TANF) block grant. During the summer of 2002, the Senate Finance Committee approved a bill that was vastly different from the President's proposal. Recently, the U.S. House of Representatives passed a TANF reauthorization bill (H.R. 4) largely based on the President's initial proposal. In addition, numerous senators, including Senators Jeffords (I-VT), Bingaman (D-NM), and Snowe (R-ME), have sponsored legislation ranging in focus from expanded access for education and training to increased flexibility for states with high rates of unemployment. Not surprisingly, the President's plan and the numerous bills introduced in Congress, both last year and this year, have generated a good deal of debate which is helping to shape the political and policy parameters of the welfare reauthorization discussion in the Senate.

Thus far, proposals for TANF reauthorization have concentrated on several core issues such as funding for TANF, work requirements, and strengthening families. Although these issues have real implications for all families in the TANF system, no areas of the TANF reauthorization debate are likely to be more pivotal to the nation's Latino families than improving access to TANF, strengthening the welfare-to-work services, education and training available to TANF clients with limited English proficiency (LEP), and enhancing the ability of the Commonwealth of Puerto Rico to implement welfare reform.

## **1. Restoring Fairness to Legal Immigrants**

In response to current law's bar on providing legal immigrants who arrive after 1996 with TANF and other federally-funded safety-net services, the National Governors Association, the National League of Cities, and the National Conference of State Legislators appealed to Congress last year to give states the flexibility to choose to serve legal immigrants with federal TANF funds. Given the state budget crises, particularly in states with large Latino populations, the need for states to be allowed to use federal TANF, Medicaid, and State Children's Health Insurance Program (SCHIP) funds as well as state monies to serve legally-residing families who need temporary assistance is even more acute today.

Notwithstanding the practical needs of states, H.R. 4 does not expand flexibility for states to provide a safety net for even their most vulnerable populations – immigrant children and pregnant women – although there is bipartisan support for such provisions and the White House supported a provision allowing greater access for legal immigrants to Food Stamps. Last year, the Finance Committee approved a bipartisan TANF reauthorization plan that lifted current law's unfair restriction that prevents legal immigrants from accessing cash assistance programs. The Finance Committee's bill also improved access to health care services by providing legal immigrant children and pregnant women with access to the federal health care programs Medicaid and SCHIP. NCLR urges the Finance Committee to, again, provide immigrant parents who work hard and pay taxes with access to critical social programs.

## **2. Improving Welfare-to-Work Services for LEP Families**

Language barriers have constituted a major challenge to the efforts of states to communicate effectively with and provide TANF services to many Hispanic families. This issue has impacted both native-born<sup>4</sup> and immigrant Latinos who have a strong desire to get into the workforce but have not been able to access appropriate welfare-to-work services given their language barriers. Moreover, in many cases LEP Latino welfare "leavers" exit the TANF system unaware of the important transitional medical and work supports available to them.<sup>5</sup>

H.R. 4 does not comprehensively address the challenges states face in adequately serving LEP families. However, there are a few provisions that can bridge language barriers between service providers and LEP clients. First, a no-cost provision that would assist states in their efforts to serve LEP families adequately would be to request that states include as elements of state plans a goal and strategy for serving such families. Also, reliable data on the primary language of all who seek services from TANF offices would identify districts with specific language needs. Complete assessments of the needs and abilities of TANF recipients, including educational attainment and English proficiency, would aid caseworkers in providing effective services to LEP clients. Finally, given the number of states experiencing language challenges, a measure to channel resources to states for assisting them in building their capacity to serve LEP families would both provide relief to states and lead to better outcomes for Spanish-speaking parents. Elements of these measures are included in Senator Bingaman's "Self Sufficiency and Accountability Act of 2003" (S. 263).

## **3. Training LEP Persons for Jobs that Lead to Self-Sufficiency**

An important tool for improving the employment outcomes of LEP Hispanics is English-language instruction. However, the work-first philosophy and limits on what can count toward the work requirements of TANF have dissuaded many states from placing people in English-language programs. Despite claims that H.R. 4 increases flexibility, it is, in fact, more likely to straightjacket states and TANF recipients. The House bill increases the work participation requirement for states and essentially imposes a 40-hour workweek on recipients, requiring that at least 24 of the 40 hours be in "direct" work activities. It would also only allow participation in job training, possibly including English-language instruction, for up to three consecutive months within a two-year period. Aside from the provision for three months of job

training, TANF recipients would only be able to devote 16 hours per week to training activities such as English-language instruction.

The increased number of hours of participation has raised widespread concern over the increased need for child care that is not balanced by commensurate funding. Furthermore, these provisions are expected to limit the opportunities for LEP TANF recipients to participate in training activities, such as English-language instruction, by limiting participation in such programs to the hours remaining after completing the required 24 hours of "direct" work. In order to prepare LEP parents for employment opportunities that will provide for their families, TANF reauthorization should focus on education and skill barriers. While assessments would help professionals place LEP parents in programs that are appropriate to their skill levels, TANF's work requirements must provide states with flexibility and incentives to place recipients in education and training programs for a sufficient amount of time to ensure that the programs are effective.

#### 4. Reducing Funding Disparities in Puerto Rico

Puerto Rico's TANF program is severely underfunded due to a cap on welfare funding (Section 1108 cap). Furthermore, Puerto Rico's Medicaid program is statutorily capped, the Commonwealth may only access two of the four components of the Child Care Development Block Grant, and it is excluded from receiving the Supplemental Grants, although the Island otherwise meets the requirements. Since Puerto Rico and other territories comply with the same obligations and requirements as the States, they should be fully included in the funding of TANF programs to ensure that Puerto Ricans and other U.S. citizens are not disadvantaged by the block grant formula.

In order for Puerto Rico to meet the same mandates as other TANF grantees, it is essential that similar resources be provided to the Commonwealth as the States. One of the most significant funding limitations on Puerto Rico's TANF program would be addressed by taking IV-E Foster Care out of the Section 1108 cap.<sup>6</sup> Furthermore, Puerto Rico should have access to the same funding streams as the States, and such funds should be excluded from the Section 1108 cap.

The priorities that the National Council of La Raza has outlined for TANF reauthorization correspond directly with the intent of the law, and respond to the practical challenges facing states. To ignore wholly these issues in comprehensive TANF reauthorization plans, or to take steps that exacerbate these problems, is both bad policy and bad politics. NCLR urges the Finance Committee to address in a meaningful way the concerns and recommendations that I have presented today because the treatment of immigrants, families with limited English proficiency, and the residents of Puerto Rico will not go unnoticed by the broader Latino community. I appreciate this opportunity to submit comments related to these issues.

---

<sup>1</sup> The terms "Latino" and "Hispanic" are used interchangeably to refer collectively to Mexicans, Puerto Ricans, Cubans, Central and South Americans, and others of Spanish and Latin American descent. Hispanics can be of any race.

<sup>2</sup> Roughly half of the 50 states provide services to legal immigrants using state funds; however, the funding for such programs is particularly uncertain due to the budget shortfalls facing most states.

<sup>3</sup> Calculations based on data from Proctor, Bernadette D. and Joseph Dalaker, Current Population Reports, P60-210, *Poverty in the United States: 2001*, Washington, DC: U.S. Census Bureau, 2002, and *2002 TANF Annual Report to Congress*, Washington, DC: U.S. Department of Health and Human Services, 2002. For a more detailed assessment of TANF caseloads see: Rodriguez, Eric, and Kaydee Kirk, *Welfare Reform, TANF Caseload Changes, and Latinos: A Preliminary Assessment*, Washington, DC: National Council of La Raza, September 2000.

<sup>4</sup> Persons from the Commonwealth of Puerto Rico are native-born U.S. citizens, and many are limited-English-proficient.

<sup>5</sup> Numerous studies have documented language barriers between LEP clients and human and social service offices; e.g., Applied Research Center, Equal Rights Advocates, National Campaign for Jobs and Income Support, and the Office for Civil Rights of the Department of Health and Human Services. Analysis of the Food Stamp Program by the Food Research & Action Center has shown that over half of eligible Hispanic individuals fail to receive food stamp benefits. Also, analysis of both Medicaid and the Food Stamp Program by the Urban Institute has documented an exodus from both work support programs by families leaving TANF.

<sup>6</sup> The Section 1108 cap restricts total welfare funding because several unrelated programs currently fall under this cap: TANF, IV-E Foster Care, and Assistance for the Aged, Blind and Disabled (Puerto Rico's substitute for Supplemental Security Income, from which the Commonwealth is excluded).