

NCLR

NATIONAL COUNCIL OF LA RAZA

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January 16, 2002

The Honorable George W. Bush
The White House
1600 Pennsylvania Avenue NW
Washington, DC 20500

Dear Mr. President,

As you prepare your budget and legislative agenda for the coming year, I would like to make you aware of several important opportunities you have to materially improve the lives of the more than 35 million Hispanics living in the United States today. The nation's Latino population has steadily emerged as a more critical piece of America's social and economic fabric. Latinos can be found all across the nation – the new Census figures reveal growing and thriving Hispanic communities in states such as Alabama, Arkansas, Georgia, and North Carolina. The economic buying power of Hispanics now rests at more than \$450 billion, and the numbers of Latino voters and taxpayers continue to climb markedly each year.

However, Latinos have shared in America's hard times as well. Hispanic Americans were among the many victims of the World Trade Center and Pentagon disasters and, as a result of the slowing economy, over 240,000 Latino workers have lost their jobs since September 2001. At the same time, Latinos have heard the call to arms. Large numbers of Hispanics are currently serving overseas in our armed forces, and community advocates and groups across the country have been doing their part to assist families in weathering hard economic times. For these reasons, now, more than ever, is the time to invest in the future of the Hispanic community.

Last year your Administration began taking some steps in the right direction with regard to Hispanic priorities. The education package you signed into law has laid the groundwork for many programs that, if properly funded, will do a great deal to enable Latino parents and students to interact with and perform better in school. In addition, certain provisions, such as allowing community-based organizations to receive funding for after-school programs, will go a long way in helping Hispanic students achieve greater academic success and eventually realize their economic potential. Your Administration has made education a top priority, and NCLR looks forward to this continued commitment as we work with you to ensure that investments in education produce the intended results.

In addition to education, NCLR has made financial security and upward economic mobility for low-income Hispanic families a top priority. To this end, we saw improvements last year in the tax code via the partially refundable child tax credit and removal of the marriage penalty in the



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Earned Income Tax Credit (EITC), which both effectively returned thousands of dollars to low-income, working Hispanic families. Yet, the tax cut did not go far enough in helping low-income families, and we propose that in the next year the Administration introduce and support measures that will foster greater economic security for Hispanic families. Latinos continue to earn low wages, experience unemployment at higher rates than the general population, and have the lowest homeownership rate. However, greater support for a set of specific initiatives outlined below could improve the Hispanic community's financial standing by tapping into its economic potential. These investments would not only allow greater security for Latino families, but would be a boon for the entire society through enhanced workforce participation and increased tax revenues for federal and local governments.

ENHANCING EDUCATIONAL OPPORTUNITIES

The No Child Left Behind Act includes significant changes to federal education programs, including provisions establishing new school system accountability measures, changes to the federal bilingual education program, and parent assistance programs intended to prepare parents to hold their local schools accountable for appropriately implementing these important reforms. All of these changes constitute a stronger federal emphasis on standards-based reform, which, if adequately funded and properly implemented, could close the persistent achievement gap that exists between disadvantaged students and their more affluent peers.

The growing standards-based reform has rekindled hope in the Hispanic community that public schools can help Hispanic students meet higher academic benchmarks. NCLR believes that, provided with the opportunity, Latino students are capable of achieving at the highest levels, completing high school, and pursuing postsecondary education. We believe the following steps represent a strategic approach to helping Hispanic students meet these ambitious but attainable goals.

- **Provide full funding for bilingual education reforms.** The No Child Left Behind Act included significant reforms to the Bilingual Education Act. The new bilingual education legislation sets clear English language acquisition and academic achievement benchmarks for English language learner (ELL) students. In addition, the Act changes the way programs for ELLs are funded from being competitive-based to a state formula. This modification was designed to ensure that federal bilingual education funds reach more ELLs. However, unless the program is adequately funded, this policy shift could end up spreading federal monies too thinly and hampering states' efforts to improve schooling for ELLs. During floor consideration of bilingual education legislation, the Senate voted to increase authorization levels for ELL programs over the next six fiscal years in order to fund ELL programs fully. *NCLR recommends providing \$1.1 billion for Language Assistance State Grants for FY 2003.*
- **Fund parent assistance programs.** The No Child Left Behind Act authorizes Local Family Information Centers (LFICs) under Title V, "Providing Informed Parental Choice and Innovative Programs." Funding these centers would ensure that Hispanic parents are in a position to hold schools accountable for helping their children meet the rigorous academic

benchmarks delineated in the No Child Left Behind Act. The LFICs would help parents understand the school system, including how standards and assessments can be used to help improve student achievement. In addition, the LFICs can provide information about important educational options, including English language learner programs, college preparation assistance, and charter schools. *For FY 2003, NCLR recommends \$100 million for Parent Assistance programs, including \$50 million for LFICs.*

- **Evaluate effective financial literacy and education models.** An important factor in lower investment and asset-accumulation on the part of Latinos is low levels of financial literacy and education. There are many programs and initiatives currently operating. However, there is limited information concerning the scope of the issue with respect to Latinos, and even less with respect to the state-of-the-art in terms of effective programs. *NCLR recommends charging a Department, such as the U.S. Department of Education, to spearhead these efforts and authorize \$20 million in grants to community-based groups, firms, and other entities to design, implement, and evaluate model programs for particular populations including immigrants and families with limited-English-proficiency (LEP) challenges.*
- **Adequately fund GEAR UP.** NCLR fully supports the Gaining Early Awareness and Readiness for Undergraduate Programs (GEAR UP). Distinct from the TRIO programs, GEAR UP supports early college awareness for low-income youth starting in middle school and helps them complete high school. Another difference between the programs is that TRIO programs identify individual students with the talent to attend college, while GEAR UP identifies entire cohorts of students and helps them finish high school and get into college. This program is critical for Hispanic students, who are more likely than other students to drop out of high school and consequently less likely than others to attend and complete college. Among education programs, GEAR UP was one of very few that received a funding decrease for FY 2002. *For FY 2003, NCLR recommends \$425 million for GEAR UP.*

ENHANCING ECONOMIC OPPORTUNITY

A top priority of the Administration in the new year should be to foster economic recovery while addressing the needs of unemployed workers and their families. Latinos were hit hard by the economic downturn and events of September 11 – the Hispanic unemployment rate leaped over one and a half points between August and December to 7.9%, resulting not only in the loss of jobs, but the loss of health coverage, homes, and ability to meet basic nutritional needs. Latinos were in a precarious economic situation already, with low savings rates, little participation in employer-provided retirement plans, few asset holdings, and a small proportion of those with health insurance. The recession exacerbated these problems, making it critical that these concerns be addressed by Congress, as well as your Administration. In addition, other serious targeted provisions that put money in the pockets of low-income working families and help them save, build wealth, and move into the ranks of the middle class will go far in ensuring that Hispanics have the ability to weather tough times in the future. NCLR believes the following measures could materially improve the financial security for millions of low-income working American families.

- **Expand access to Unemployment Insurance.** The current recession, and the resulting leap in Hispanic unemployment, has brought to bear the inadequacies in the Unemployment Insurance (UI) system. Many Hispanic workers who lose their jobs through no fault of their own are ineligible for UI because their wages were too low or they had inconsistent work histories. *NCLR recommends that federal laws be changed to allow workers' most recent wages to be counted toward UI eligibility, as well as allow eligibility to expand to part-time workers. It is estimated that in order to support these changes at the state level, it would cost the federal government \$30 billion.*
- **Expand access to health care and nutrition assistance.** Current law prevents many lawfully-present immigrants and their children from participating in basic federal health and nutrition programs that are available to others in times of need, despite the fact that they pay taxes that support the very programs from which they are restricted. Latino households, often comprising both citizens and immigrants, are unduly impacted by immigrant restrictions to safety-net eligibility. The incidence of hunger and food insecurity in Hispanic households was almost three times that of White non-Hispanic households in 1999, and much of the high prevalence is related to cutting legal immigrants' access to Food Stamps. *NCLR applauds the Administration's recent proposal to restore legal immigrant eligibility to Food Stamps and recommends the Administration proactively support provisions to restore Medicaid access to low-income legal immigrants, including pregnant women and children who arrived in the U.S. after 1996.*
- **Expand the Individual Development Account (IDA) program.** The Individual Development Account (IDA) program is one strategy that holds the promise of improving the financial security of low-income families by improving their asset and personal savings levels, as well as increasing financial literacy. A matched savings program that allows accountholders to purchase their first home, pay for secondary education, or start a small business, IDAs have proven to be successful for Latino families. However, the program is currently very limited in scope and needs to be brought to scale to ensure that all families who qualify have access to a matched savings account. Representative Bill Thomas started to address this problem in the Community Solutions Act of 2001 (H.R.7) by proposing increased funding for the Assets for Independence Act (AFIA) to \$50 million for FY 2002 through FY 2008. *Similarly, NCLR recommends that the Administration work to increase gradually over a five-year period funding for IDAs through the AFIA grant program from \$25 million in FY 2002 to \$500 million, as well as include provisions that strengthen the link between IDAs and the EITC, and allow at least 15% of the funding to be used for program development, research, and evaluation.*
- **Expand and refine low-income taxpayer assistance programs.** In order for many low-income Latino workers to receive the tax credits for which they are eligible, as well as to avoid tax filing errors which tend to be reported as fraud, it is important that they have access to free taxpayer assistance. This can be achieved through the Low-Income Taxpayer Clinic (LITC) program, a relatively new program that provides matching grants for qualifying organizations to provide legal assistance to low-income taxpayers and to help inform individuals, for whom English is a second language, of their tax rights and responsibilities.

In addition, the IRS-sponsored Volunteer Income Tax Assistance (VITA) program provides this much-needed service to low-income communities. We believe these programs have the immense potential to serve and benefit the broader Latino community, as well as create the network necessary to begin to provide a range of financial literacy, homeownership counseling, and other types of asset-building – economic mobility – services. *NCLR recommends that the Administration work to expand the size of the LITC program from \$6.8 million currently to \$22 million for FY 2003, eliminate the match funds requirement, and modify the IRS rules to enable the LITC program to extend its reach and harmonize with VITA services.*

- **Expand pension coverage.** In 2000, only two in five (39.8%) Hispanic workers were offered pension plans at work, and only three in ten (28.3%) Latino workers participated in such a plan. Furthermore, Latino workers across all income categories are less likely to participate in employer-provided pension plans; for example, only half (50.3%) of Hispanic workers earning between \$25,000 and \$50,000 participated in 2000. With lower savings rates than other Americans, this leaves many Latino retirees with little income or security. Therefore, it is critical that more Hispanic workers are offered both the opportunity and incentives to participate in an employer-provided pension plan. *NCLR recommends that the adjusted gross income limits included in the small savers credit, one component of the 2001 tax cut legislation, be increased from \$25,000 for an individual to \$50,000 (with other limits adjusted accordingly). In addition, the credit should be made refundable, and NCLR requests that money be appropriated in the Department of Labor to study pension coverage issues for Latinos.*
- **Increase funding for homeownership counseling.** Less than half of Latinos own a home, and while the rate is consistently rising, it is still far below the national average. However, prepurchase homeownership counseling has proven to be an essential part of any strategy to increase Latino homeownership rates. The Department of Housing and Urban Development's HOME Investments Partnership Program helps fund, among other things, the Housing Counseling Assistance program, which offers comprehensive housing counseling services to potential buyers. *NCLR recommends increasing the amount of money appropriated for Housing Counseling Assistance from \$20 million in FY 2002 to \$25 million in FY 2003.*
- **Increase funding for fair housing programs.** The Fair Housing Initiative Program (FHIP) and Fair Housing Assistance Program (FHAP) are administered by the Department of Housing and Urban Development (HUD) in order to combat discrimination in housing. In FY 2002, these programs received a slight decrease in funding from FY 2001 to \$45.9 million. *NCLR recommends an increase in funding to at least a sum total of \$56 million for FY 2003.*
- **Increased funding for the Equal Employment Opportunity Commission (EEOC).** In recent years, the EEOC has tried to reduce the tremendous backlog of complaints filed against employers, an effort both the business community and civil rights groups have argued is necessary. Yet adequate funding is required to reach this goal. The EEOC received \$310

million for FY 2002, a mere 2% increase from FY 2001. *For FY 2003, NCLR recommends an increase of 20% to a total appropriation of \$372 million.*

- **Improve Welfare-to-Work for English-as-a-Second-Language TANF recipients.** Recent data suggest that Latinos with limited-English-proficiency (LEP) are having a more challenging experience in moving successfully from welfare to work. One important factor has been the relatively few programs that effectively tie English-as-a-Second-Language (ESL) training with effective work programs. *NCLR recommends reauthorizing the welfare-to-work block grants with a provision that prioritizes funding for projects that link ESL and work activities. NCLR also requests funding for evaluation of these programs to ensure their effectiveness in allowing Latinas to acquire meaningful jobs.*

We urge in the strongest possible terms to send a message to the Latino community that the Administration is willing to address the needs and concerns of Hispanic students, workers, and families. It is undeniable that ensuring a well-prepared Hispanic workforce is in the best interest of all Americans, and carrying out these recommendations will help to do just that. Investments in working families reflect this important commitment and communicate to all Americans that our futures are inextricably linked.

Respectfully,

Raul Yzaguirre
President and CEO

cc: Senate Majority Leader Thomas Daschle
Senate Minority Leader Trent Lott
Speaker Dennis Hastert
Minority Leader Richard Gephardt