

## Investing in Latino Families: Fiscal Year 2016 President's Budget Request

The president's budget request for fiscal year 2016 departs from years of deep budget cuts, known as sequestration, in favor of bold investments in our future as a nation. The National Council of La Raza (NCLR)—the nation's largest Hispanic civil rights and advocacy group—welcomes this essential change in priorities. For too long, children and working families, including millions of Latinos,<sup>1</sup> have endured the brunt of sequestration through significantly reduced funding for education, job training, nutrition, health, and other critical programs. While the national economy is improving, many working families are still struggling to regain financial stability. The president's vision of restoring investments in children and rewarding hard work is beneficial for Latino families and the nation as a whole.

### The Toll of Budget Cuts on Latino Families

The president's budget recognizes our economy is recovering and that a return to sequestration—the unbalanced and across-the-board budget cuts—threatens to undermine an entire generation of Americans' potential. The shrinking deficit in the federal budget is among the indicators of an improving economy. As a share of gross domestic product, the deficit is 2.8%, the lowest level since 2007.<sup>1</sup> However, this progress on deficit reduction has come at a steep cost to the most vulnerable Americans.

Program cuts affecting working families have accounted for 77% of the \$5.1 billion in deficit reduction achieved since 2010; by comparison, only 23% has come from new revenue.<sup>2</sup> Drastically reduced funding to programs with a substantial share of Latino enrollment has had a profound effect on the community. For example, due to sequestration, 57,000 children were dropped from Head Start—a program that provides comprehensive early childhood education to low-income children—in the last two school years.<sup>3</sup> These cuts disproportionately affected Latinos, who account for 37% of enrollment in that program. Programs like Head Start are essential to ensuring that children and working families have better opportunities to succeed.

The president's vision is to replace sequestration with an equitable budget that reinvests in young people and working families to ensure a more prosperous future for more Americans. The budget request contains many ideas worthy of bipartisan support; congressional leaders should view the plan as the starting point in the national discussion about ways to improve the lives of working families who are the backbone of the nation's economy and have already sacrificed so much.

This brief provides an analysis of key themes as they relate to the U.S. Latino population, included in the president's fiscal year 2016 budget proposal. NCLR will issue a more in-depth agenda of NCLR's policy priorities in the coming months. To learn more about NCLR's positions on issues affecting Latinos, visit [www.nclr.org](http://www.nclr.org) and consult NCLR's publications.

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<sup>1</sup>The terms "Hispanic" and "Latino" are used interchangeably by the U.S. Census Bureau and throughout this document to refer to persons of Mexican, Puerto Rican, Cuban, Central American, Dominican, Spanish, and other Hispanic descent; they may be of any race.

## Education: Investing in the Future

Latino children are our nation's future workers, taxpayers, and voters and the investments we make in today's youth will help ensure future prosperity for all Americans. Latino children now make up almost one-quarter of students enrolled in public schools<sup>4</sup> and by 2050, one in three American workers and taxpayers will be Latino.<sup>5</sup> Therefore, we must invest in children and new workers by funding—not slashing—education.

- **Building a strong foundation.** Access to early childhood education is essential for our youngest students and can positively affect their educational outcomes. As such, early childhood education programs are critical to ensuring that the growing population of young Hispanic children is able to build a strong educational foundation. Increases proposed by the president's budget will invest in our future by supporting our youngest learners. For example, investments in early childhood education, including over \$1 billion in additional funding to the Head Start program to make sure that young children are enrolled in quality programs that can provide them a strong foundation for success.
- **Ensuring equity of educational opportunity.** Equal access to a high-quality education is a crucial step in developing engaged citizens and a strong future workforce. Since 1965, the Department of Education has made grants under Title I to help support low-income schools with additional funding necessary to help ensure that all students have access to an excellent education. Even with such programs, Latinos continue to access programs at lower rates and lag behind their peers in several outcomes. The budget proposal provides a \$1 billion increase over 2015 funding for the Title I program. Increased investments in Title I will help to ensure that Latino and English language learner students' opportunity to learn at the highest levels and are better prepared to enter college and the workforce.

## Helping the Economy Grow: Tax Credits for Working Families

As wages have stagnated, working families have increasingly relied on the refundable Earned Income Tax Credit (EITC) and the Child Tax Credit (CTC) to stay out of poverty. These tax credits incentivize work, help families with the cost of raising children, and produce lifelong health and economic benefits for current and future generations.<sup>6</sup> Expansions to these credits were enacted in 2009 as part of the American Recovery and Reinvestment Act and provide relief to many working Latino families. Specifically, two expansions directly provide critical relief to millions of Latinos: an expansion in income eligibility for low-wage workers to qualify for a partial CTC and increasing the EITC for families with more than two children.

- **Making tax credits permanent.** Vital expansions to these credits are set to expire in 2017; if Congress fails to act, 3 million Latinos could lose access to the CTC and 16 million people could fall into or deeper into poverty.<sup>7</sup> The president's budget renews the administration's commitment to sustain, and in some cases further expand, vital relief for

low- and moderate-income working families. Expanded tax credits are an essential tool to help reduce poverty and financial hardship among working families. Investing in the future of this nation requires continued support, and making these credits permanent, so that working Americans can succeed.

## Endnotes

<sup>1</sup>U.S. Department of the Treasury, *Joint Statement of Treasury Secretary Jacob J. Lew and Office of Management and Budget Director Shaun Donovan on Budget Results for Fiscal Year 2014*, (Washington, DC: U.S. Department of the Treasury), <http://www.treasury.gov/press-center/press-releases/Pages/jl2664.aspx> (accessed February 2015).

<sup>2</sup>Richard Kogan and William Chen, "Projected Ten-Year Deficits Have Shrunk by Nearly \$5 Trillion Since 2010, Mostly Due to Legislative Changes Center on Budget and Policy Priorities" (Washington, DC: Center on Budget and Policy Priorities, 2014), <http://www.cbpp.org/cms/index.cfm?fa=view&id=4106> (accessed January 2015).

<sup>3</sup>U.S. Office of Management and Budget, *Fiscal Year 2016 Budget of the U.S. Government* (Washington, DC: U.S. Government Printing Office, 2015), <http://www.whitehouse.gov/sites/default/files/omb/budget/fy2016/assets/budget.pdf> (accessed February 2015).

<sup>4</sup>National Council of La Raza, *Latino Kids Data Explorer* (Washington, DC, National Council of La Raza) <http://www.nclr.org/index.php/latinokidsdata> (accessed February 2015).

<sup>5</sup>Mitra Toossi, *Projections of the Labor Force to 2050: a Visual Essay* (Washington, DC: U.S. Department of Labor, Bureau of Labor Statistics), [www.bls.gov/opub/mlr/2012/10/art1full.pdf](http://www.bls.gov/opub/mlr/2012/10/art1full.pdf) (accessed February 2015).

<sup>6</sup>Chuck Marr, Chye-Ching Huang, and Arloc Sherman, *Earned Income Tax Credit Promotes Work, Encourages Children's Success at School, Research Finds* (Washington, DC: Center on Budget and Policy Priorities, 2014), <http://www.cbpp.org/cms/index.cfm?fa=view&id=3793> (accessed February 2015).

<sup>7</sup>Chuck Marr, Bryann DaSilva, and Arloc Sherman, *Letting Key Provisions of Working-Family Tax Credits Expire Would Push 16 Million People Into or Deeper Poverty* (Washington, DC: Center on Budget and Policy Priorities, 2014), <http://www.cbpp.org/cms/?fa=view&id=4228> (accessed February 2015).