



NATIONAL COUNCIL OF LA RAZA

PRELIMINARY ANALYSIS OF THE PROPOSED FY 2008 FEDERAL BUDGET

The National Council of La Raza's (NCLR) initial analysis of the President's budget shows that it fails to invest in key areas which would provide significant return on investment for Latinos and the nation as a whole. The President's budget ignores Latino priorities by cutting or eliminating critical programs and failing to increase funding for specific key programs.

The President's Budget Would Decrease Access to Educational Opportunity for Latino Children

The President's budget ignores the educational needs of U.S. schoolchildren, nearly one out of every five of whom are Latino. The President's budget does not include NCLR's top priority for education, the "**DREAM Act**," which would provide immigrant children with access to higher education.

Early Childhood Education

- The budget would eliminate **Even Start**, which integrates early childhood education, adult literacy, and parenting education into a unified family literacy program. Currently, 50,000 families are served through the Even Start program; nearly half (46%) are Hispanic. Even Start is currently funded at \$99 million and has been cut by more than 50% in recent years.
- The budget would fund **Head Start** at its FY 2007 funding level of \$6.789 million. Adjusted for inflation, Head Start funding has declined by more than 10% since 2005.
- The budget does not include the proposal of the National Migrant and Seasonal Head Start Association – strongly supported by the National Head Start Association and NCLR – to increase the share of Head Start funding dedicated to **Migrant and Seasonal Head Start (MSHS)** from 4% to 5%. MSHS delivers critical educational and developmental services to the children of farmworkers. Unfortunately, MSHS, like the overall Head Start program, lacks sufficient funding to serve all eligible children.

No Child Left Behind Act (NCLB)

The President's budget would provide no increase for programs serving English-learning students and eliminates parental involvement programs.

- The budget would provide no increase in funding for **Language Acquisition State Grants** – funding provided under the No Child Left Behind Act to ensure that students who are English language learners (ELLs) learn English and are able to meet the same academic standards as other children. Despite continued growth in the number of ELL students, funding for Language Acquisition State Grants has declined in recent years. Such funding is of critical importance to Latinos, who make up nearly eight in ten of all ELLs.
- The budget would eliminate funding – \$39 million a year – provided under NCLB for **Parental Assistance and Local Family Information Centers**. This funding helps to ensure that parents have the information and support they need to make school work better. Eliminating this funding would undermine school reform by making it more difficult for parents to get information about important educational options.

The President's Budget Would Decrease Latinos' Access to Health Care and Nutrition Assistance

An estimated 47 million Americans lack health insurance, and the burden of uninsurance falls disproportionately on Latinos. One out of every three (32.7%) Latinos is uninsured. The President's budget includes cuts to **Medicaid** and the **State Children's Health Insurance Program (SCHIP)** which would exacerbate the nation's uninsurance problem. The President's proposal is a major setback in achieving affordable health insurance for all Americans. Further, it fails to make sound investments in the SCHIP program which would increase Latino children's health care coverage, a priority for NCLR because Latino children are the most uninsured population group in the nation. Instead, the President's budget proposes to deeply cut Medicaid, threatens access to SCHIP for hundreds of thousands of low-income children, and fails to provide outreach and enrollment resources which would ensure that many children who are eligible for health coverage could take advantage of available programs.

The President's budget also includes new tax-related health care proposals that have already been the subject of considerable controversy. The President's proposal would further erode employer-based coverage and force more workers to purchase health insurance on their own. NCLR believes that fundamental health insurance reform is necessary and that such reform must be designed to bring about universal coverage. Recent initiatives, including ones proposed by Republican governors in Massachusetts and California, suggest that universal coverage is a feasible goal at the national level.

Medicaid and the State Children's Health Insurance Program

The budget includes substantial cuts to Medicaid and SCHIP.

- The President's budget would cut Medicaid by \$11 billion over five years. These cuts are in addition to major benefit reductions that were enacted in the Deficit Reduction Act, just last year.
- The President proposes to prohibit states from using SCHIP funds to extend health insurance to working families with incomes over 200% of poverty.
- The President's budget does not include one of NCLR's top priorities: including lawfully-present immigrants in Medicaid and SCHIP on the same basis as U.S. citizens.

Food Stamps

As part of the reauthorization of the Farm Bill, the President proposes several changes to the **Food Stamp Program**:

- The budget would make many low-income working families ineligible for food stamps by narrowing a long-standing provision that gives states the option to simplify the application process for working families. Under the provision known as "categorical eligibility," states may provide food stamps to families who already receive benefits and services under the Temporary Assistance for Needy Families (TANF) program. Under the President's proposal, categorical eligibility for food stamps would be limited to families who receive TANF-funded cash assistance. States would no longer have the option to use categorical eligibility for working families who receive childcare and other work-related benefits and services. This proposal would cut food stamp benefits for working families by \$611 million over five years, affecting over 300,000 people.
- NCLR supports the President's proposals to exclude all retirement and education savings and all combat-related military pay when determining if a family is eligible for food stamps, improving the ability of many low-income Americans to prepare for the future. These two proposals would increase food stamp benefits by \$561 million over five years with \$556 million of the increase attributable to the proposal to exclude retirement and education savings.
- The President's budget does not include NCLR's top priority for food stamp reauthorization: including lawfully-present immigrants in the program on the same basis as U.S. citizens.

Community Health Centers

- The President's budget increases funding for **Community Health Centers (CHCs)** by approximately \$200 million over the FY 2006 amount. For many Latinos, CHCs serve as an important source of primary and preventive care.

Substance Abuse and Mental Health Services

- The President’s budget would cut funding for the **Substance Abuse and Mental Health Services Administration (SAMHSA)** by \$159 million from the funding level in 2007. Singled out for cuts are **Mental Health Programs of Regional and National Significance** and **Substance Abuse Prevention and Treatment Programs of Regional and National Significance**, funding that is often targeted towards community institutions.

The President’s Budget Fails to Invest in Latino Workers

More than 20 million Latino workers are currently striving to climb the economic ladder, achieve the American Dream, and provide financial security for their families. To ensure that Latinos have the job skills, language ability, and knowledge they need for upward mobility, the federal budget should invest in Latino workers. Unfortunately, the President’s budget includes cuts in several job training and workforce investment programs.

Job Training Programs

- The President’s budget would eliminate funding for the **National Farmworker Jobs Program (NFJP)**, which received \$80 million in FY 2006. NFJP provides English-as-a-Second-Language (ESL) instruction, skills training, and other services to migrant and seasonal farmworkers. NFJP’s 50 nonprofit and public agencies serve more than 25,000 hardworking, impoverished, and mostly Hispanic migrant and seasonal agricultural workers each year.
- The President’s budget would cut the three major **Workforce Investment Act** funding streams – for youth, adults, and dislocated workers – and consolidate them into a single “Career Advancement Account” program. Through consolidation, the President’s budget proposes to cut funding for both youth activities and adult job training services by more than \$100 million each. For example, adult services would drop from its current funding level of about \$860 million to \$712 million.
- The President’s budget provides no new targeted funding for skills training and other workforce services to limited-English-proficient workers. Such workers are currently underserved in the nation’s workforce development system.

The President’s Budget Inadequately Funds Homeownership, Fair Housing, and Community Development

Homeownership among Latinos grew by almost 15% over the last decade. As a result, nearly one out of every two Latino heads of households now owns a home. Yet, the gap between the homeownership rates of non-Hispanic Whites and Latinos remains wide – about 76% for non-

Hispanic Whites in 2005 compared to just under 50% for Latinos. The President's budget is insufficient for significantly increasing Latino homeownership.

- The President's budget increases funding for **housing counseling programs** from \$45 million in FY 2007 to \$50 million in FY 2008. Community-based organizations, often the first point of contact for Hispanic families, are uniquely positioned to assist first-time homebuyers through the homebuying process, and are in the best position to deliver community development and homeownership services. Community-based housing counseling agencies also reduce the probability of mortgage delinquency. Congress and the Administration must facilitate increased opportunities for training and capacity-building to support the work of existing counseling and community development organizations and expand existing funds for housing counseling at the local level.
- The budget provides no increase in funding to improve Fair Housing laws. The **Fair Housing Assistance Program** and the **Fair Housing Initiatives Program** provide critical resources to state and local agencies and community groups to enforce the Fair Housing Act. Latinos are underrepresented in fair housing cases nationally. Additional funding is needed to ensure that fair housing efforts adequately include Latinos.
- The budget would cut the **Community Development Block Grant** program by more than \$1 billion from the FY 2006 level.

The President's Budget Fails to Provide Opportunities for Immigrant Integration

U.S. citizenship is an important part of achieving the American Dream and full participation in civic society. Over the past year, the number of naturalization applications has increased as more long-term lawfully permanent residents take the last step toward U.S. citizenship. In addition, while a key component of becoming part of the American fabric is facility with the English language – and immigrants are working hard to acquire the language – little has been done by the federal government to help immigrants learn English. NCLR believes that now is the time to invest in immigrants so that they are well-prepared to fulfill their role as new Americans.

Support for Naturalization

- The President's proposal does not include funding to help eligible immigrants naturalize or to provide them with information about navigating the process.

Adult English-Language Acquisition and Civics

- The President's budget would provide no increase in funding, even before considering inflation, for ESL and adult basic education services. Funding dedicated to integrated English literacy and civics education services to immigrants and other persons with limited proficiency in English would remain flat at \$68 million. This amount is insufficient to meet the enormous need for ESL and integration services.