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Janet Murguía, President

December 21, 2006

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

Dear Mr. President:

On behalf of the National Council of La Raza (NCLR), I write to urge you to include major targeted investments for Latinos within your Fiscal Year 2008 budget plan. Along with the majority of the electorate, in the November 2006 midterm elections Latinos voted for change and sent a clear message that they want a Congress that puts forward real solutions, not symbolic ones, to pressing problems. This begins with the nation's budget blueprint.

Today there are more than 41 million Hispanics in the U.S., and the community is rich with diversity. Latinos are a growing share of the nation's workers, citizens, neighbors, taxpayers, and schoolchildren and count themselves among America's lawmakers, teachers, firefighters, and police officers, as well as construction and domestic workers.

While there is great diversity among Latinos, there are also common threads, experiences, and values. Polling conducted before and after the midterm elections shows that the economy and education were the top two issues for Latino voters. Like other Americans, Latinos want the economy and the federal government to work for everyone and not just for those with the most resources and advantages. Further, they want an economy and government that maintains, strengthens, and builds America's great middle class.

While Latinos are working hard to make ends meet and provide a better future for their children, far too many are struggling financially and face barriers to economic and educational success. The outcome of the midterm elections signaled an opportunity to direct the energy and motivation of Latino voters toward policy initiatives that can improve their lives. To achieve this, we believe it is important to increase policy attention in two key areas: 1) helping Hispanic workers to keep and build on their hard-earned economic gains and firmly establish themselves in the American middle class and 2) better integration of Latino immigrants into American society. NCLR believes that the strategic investments outlined below will support these goals.

Making Tax Policies More Inclusive and Fiscally Responsible

More than 20 million Latino workers pay taxes, and many are earning low wages. Recent tax policy changes have been targeted in ways that undermine the ability of many Latino taxpayers to receive direct tax benefit. A new direction in tax policy has at least two major elements. First,

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there should be no permanent extension of recent tax changes that favor the wealthy over working poor families. In particular, the repeal of the estate tax and the dividend tax cuts should not be permanently extended. Second, a “fairness” principle should be applied to tax deductions, credits, and other tax incentives – under this principle, the benefits provided by a tax deduction or credit should be equally available to middle- and low-income families and individuals. This can be accomplished by turning tax deductions into refundable credits, and by designing tax credits so that low-income families benefit. Specifically for Latinos, several tax measures and policy changes would be beneficial:

- **Extend the Child Tax Credit.** The Child Tax Credit, despite being refundable, excludes families with incomes under \$11,000. This exclusion falls disproportionately on Latinos and African Americans – some 19% of Latino families receive no Child Tax Credit because of this exclusion, compared to only 9% of Whites. *NCLR recommends that you extend the Child Tax Credit (and make it fully refundable) to all families with children.*
- **Expand the Earned Income Tax Credit (EITC).** The EITC is especially important for Latinos – more than a third of Latino families receive it, and it has played a crucial role in helping lower-income Latino parents make ends meet as they work their way into the middle class. The EITC, however, currently provides only a very modest credit for working individuals who are not caring for children, and no credit for such individuals if they are under the age of 25. *NCLR recommends that you expand the EITC by allowing workers under the age of 25 to receive it, and by increasing its value for all workers.*
- **Make the Saver’s Tax Credit Refundable.** Created in 2001 tax law, the Saver’s Credit has proven beneficial for low- and moderate-income workers by providing stronger incentives to save for retirement. Hispanics are disproportionately represented in the low- and moderate-income work category with half of Hispanic workers earning less than \$25,000 annually. The Saver’s Credit permits eligible taxpayers to contribute to specific IRAs or employer-sponsored plans. The credit was made permanent this year but is not refundable; therefore, it provides little incentive for low-wage workers to contribute to their retirement savings plans. *NCLR recommends that you make the Saver’s Credit refundable.*

Increasing Access to Educational Opportunity

Approximately 22% of children under the age of five are Latinos, and the number of Latino children is growing at a faster rate than the number of children in any other racial or ethnic group. Furthermore, nearly one out of every five U.S. schoolchildren (more than nine million) are Latino, and almost half of all Latino schoolchildren are classified as English language learners (ELLs).

Given that Latinos are a large and growing segment of the public school population, boosting their educational and long-term life prospects is critical for the nation as a whole. Achieving this will require new investments that 1) expand access to early childhood education and increase family literacy; 2) strengthen K-12 education by ensuring that adequate resources are available to meet the goals of No Child Left Behind (NCLB); 3) remove barriers that stand in the way of

equal access to postsecondary education for Latino high school graduates; and 4) place at-risk youth on the right path. NCLR recommends the following:

- **Preserve and Expand Even Start Family Literacy Services.** Even Start, the only federal reading program to involve both parents and children, has proven to be particularly effective for ELL students and their parents. In Texas, for example, more than half of the ELL parents enrolled in Even Start family literacy programs made significant educational gains, as measured by the National Reporting System for Adult Education. In California, Even Start third-graders (the vast majority of whom are ELLs) outperformed all third-graders as a group on the California Achievement Test, Reading (CAT-R). In previous budgets, the Administration recommended eliminating Even Start. This position appears to be based on a flawed evaluation of Even Start which understates the program's effectiveness, particularly for Latino and ELL parents and children. *NCLR recommends increasing Even Start funding by \$148 million in FY 2008. This increase would restore Even Start to its FY 2005 funding level, after adjusting for inflation.*
- **Increase Access to Head Start for Children of Farmworkers.** Migrant and Seasonal Head Start (MSHS) delivers critical education and developmental services to the children of farmworkers. The value of MSHS goes beyond ensuring that children of migrant farmworkers have the same access to early education as other children; by bringing the children of farmworkers out of the fields and into classrooms – away from pesticides and other hazards – MSHS also promotes public health and safety. *For FY 2008, NCLR urges you to restore overall Head Start funding to its FY 2005 level – with an adjustment for inflation between FY 2005 and FY 2008 – and devote 5% of overall funding to MSHS. This would result in \$104 million more for MSHS programs in FY 2008.*
- **Provide Sufficient Funding for Language Acquisition State Grants.** Nearly half of Latino students have limited proficiency in English. Title III of NCLB is designed to ensure that ELL students acquire English and are able to meet the same academic achievement standards as other children. Unfortunately, despite continued growth in the number of ELL students in our nation's schools, Title III funding has declined in recent years. *NCLR recommends a funding level of \$746 million in FY 2008.*
- **Support Parental Involvement.** Parents play a crucial role in making our schools work. Yet, many parents do not have the information they need to take a more active role in improving the schools their children attend. The Parental Assistance and Local Family Information Center provisions in Title V of NCLB provide an essential avenue to ensuring that parents have the information and support they need to make schools work better. Local Family Information Centers (LFICs) would help parents gain a better understanding of how the school system works, including how standards and assessments can be used to improve student achievement. These centers would also provide information about important educational options, including English language learner programs and charter schools. Unfortunately, only \$40 million in funding is currently dedicated to parental assistance programs, and no funds have been made available to establish community-based LFICs. *We recommend a funding level of \$100 million a year, including \$25 million for LFICs. Such funding would make it possible to establish LFICs in every state.*

- **Ensure that Immigrant High School Graduates Have Equal Opportunity to Pursue Higher Education.** Each year, 65,000 students who are undocumented immigrants graduate from our nation's high schools. These students have grown up in the United States and are part of our communities, but they lack the same higher education opportunities available to their peers who were born in the United States. The "DREAM Act," bipartisan legislation pending in Congress and included in the Senate-passed immigration reform bill, would help ensure that these students have equal opportunity to pursue higher education. The legislation would provide a path to citizenship for students and eliminate a provision in federal law that discourages states from providing in-state tuition to state residents who are undocumented. In addition, passage of the "DREAM Act" would allow these students to attain a college degree and contribute fully to our economy. *NCLR urges you to endorse the "DREAM Act."*
- **Support Prevention of Juvenile Delinquency and Reduction of Youth and Gang Violence.** The vast majority of young Latinos caught up in the criminal justice system are not violent and do not re-offend. Like other young people, most of them are struggling with social, education-based, emotional, or economic hardships that are beyond their control. Yet, funding for juvenile justice and delinquency prevention has been cut drastically in recent years. The Juvenile Delinquency Prevention Block Grant Program, created as part of the 2002 reauthorization of the Juvenile Justice and Delinquency Prevention Act and intended to fund treatment, rehabilitation, and prevention activities, currently receives no funding. Similarly, funding for the Title V Local Delinquency Prevention Grant Program is almost 33% below its 2002 level, even before adjusting for inflation. *NCLR recommends additional funding for delinquency prevention and provision of targeted funding for community-based programs in urban areas which address, prevent, and reduce gang-related crime.*
- **Support Reauthorization of the Juvenile Justice and Delinquency Prevention Act (JJDP) of 1974.** Congress should ensure that JJDP reauthorization contains provisions that ensure equity, fairness, and culturally/linguistically-appropriate programs, policies, and practices that address the needs of Latino children and reduce the overrepresentation of youth of color in the juvenile justice system – a phenomenon termed Disproportionate Minority Contact (DMC). *NCLR recommends targeted funding to support research efforts that evaluate the effectiveness of evidence-based programs for Hispanic youth and that the development, implementation, or modification of existing federal programs be based on these research findings.*

Providing Latinos with Equal Access to Quality Health Care

The number of Latinos without health insurance increased from 11.9 million in 2000 to 14.1 million in 2005. One out of every three Latinos lacks health insurance, a higher rate of uninsurance than any other racial or ethnic group. Yet, public policies – adopted primarily at the federal level over the last decade – have made it more difficult for Latinos to obtain health insurance and care. The Administration should eliminate federal policy barriers that exclude Latinos from public health insurance coverage and invest in services that improve health coverage and care among Latinos. In addition to ensuring that mandatory spending programs –

such as the Food Stamp Program and Medicaid – remain intact and available to all those who are need-eligible, NCLR believes the following priorities should be included in the FY 2008 budget, which would begin to address uninsurance within the Latino community in an effective manner:

- **Include Lawful-Resident Immigrants in Basic Health Care and Nutrition Programs on the Same Basis as U.S. Citizens.** Medicaid and the Food Stamp Program play a fundamental role in improving the health, well-being, and life opportunities of millions of children, workers, and seniors each year. The State Children’s Health Insurance Program (SCHIP) has helped to reduce the number of children who go without health insurance. Unfortunately, all three programs exclude substantial numbers of otherwise eligible Latinos by barring legal immigrants who have lived in the United States for less than five years from participation, and imposing other immigration-related restrictions that fall disproportionately on Latinos. These exclusionary bars and restrictions dramatically decrease the effectiveness of Medicaid, SCHIP, and the Food Stamp Program in reducing the health and nutritional disparities between Latinos and other groups. Reauthorizations of SCHIP and the Farm Bill provide an important opportunity to make these programs more inclusive. *NCLR recommends that – at a minimum – the Administration provide funds in its budget to lift the current SCHIP and Medicaid bans on providing health insurance to children and pregnant women who are lawfully residing in the United States. In addition, NCLR recommends that the Administration complete the process it began in the last Farm Bill by removing the remaining Food Stamp Program eligibility restrictions to full and equal inclusion of adults who are legal immigrants – a ban that denies food stamp eligibility to most adults who are legal immigrants and have lived here for less than five years.*
- **Promote Increased Health Coverage, Public Health, and Better Nutrition Through Community Health Worker Grants.** A great number of uninsured Americans, including Latinos, are eligible for federal health programs. Traditionally, states receive funding to conduct outreach for many of these programs. While some states have outreach efforts, many times materials are not culturally appropriate or translated and, therefore, racial and ethnic minorities are not reached. Further, there are insufficient bilingual staff to reach out to those who have language barriers. Currently, few federal programs have enough resources dedicated to outreach and enrollment efforts, and funding is often in direct competition with the provision of coverage to children. Community health workers (CHWs) provide a unique service within the health care system. CHWs are bilingual, bicultural individuals who serve as a bridge between the health care system and immigrant patients. They perform a variety of functions, including informal counseling and social support, health education, enrollment in health insurance programs, advocacy, and referral and follow-up services. Medical research shows that CHWs improve health outcomes among minority and immigrant populations. *NCLR recommends a new grant program to support community health workers. These grants should be modeled on H.R. 4469, the “Community Health Workers Act.” NCLR recommends a total funding level of \$24 million over five years, or \$4.8 million per year, for the funding of separate health coverage and food assistance outreach initiatives, using community-based health workers.*

Increasing Opportunities for Latinos to Own Homes

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 Latinos and non-Hispanic Whites remains wide – about 76% for non-Hispanic Whites in 2005 compared to just under 50% for Latinos.

NCLR recommends that your Administration set an ambitious but achievable goal of 55% homeownership among Latinos by the time you leave office in January 2009. Achieving such a goal will require helping 657,000 Latino households to become homeowners over the next two years. NCLR recommends the following:

- **Expand Housing Counseling Services.** Housing counseling is a critical tool in overcoming the barriers to homeownership experienced by first-time homebuyers, minorities, and immigrants. Housing counseling helps Latino families navigate the complex mortgage system and access local downpayment assistance. Research shows that homebuyer education and one-on-one counseling significantly reduce the likelihood of homebuyers missing mortgage payments. *For FY 2008, NCLR recommends increasing the U.S. Department of Housing and Urban Development's (HUD) budget for housing counseling to \$50 million to support the expansion of community-based housing counseling agencies.*
- **Retain and Strengthen the Community Development Block Grant.** The Community Development Block Grant program (CDBG) provides crucial funding for community infrastructure, affordable housing, and economic development projects. CDBG funding is targeted to low- and moderate-income neighborhoods, making it particularly important for Latinos. A substantial number of NCLR's community-based Affiliates use CDBG funds to provide housing counseling, develop affordable housing opportunities, create economic development, and attract private partners into their communities. In its 2007 budget, the Administration proposed to consolidate several HUD programs into CDBG and cut overall funding. NCLR opposed this proposal. *NCLR recommends that for FY 2008, the Administration fund CDBG at \$4.64 billion. This funding level would restore the value of CDBG to its FY 2005 level.*
- **Improve Enforcement of Fair Housing Laws.** In 2000, fair housing testers found that 27% of Hispanic renters and 20% of Hispanic home shoppers experienced some level of discrimination while looking for housing. Moreover, research shows that Latino families are among the least likely to report incidences of discrimination and are underrepresented in fair housing cases nationally. The Fair Housing Assistance Program (FHAP) provides crucial resources to state and local agencies to process and investigate complaints filed under the Fair Housing Act. The Fair Housing Initiative Program (FHIP) strengthens the ability of private fair housing community groups to enforce Fair Housing laws. *To combat housing discrimination more effectively, NCLR recommends increasing funding for enforcement of Fair Housing laws. In particular, we recommend that funding for FHAP and FHIP increase to \$50 million. In addition, to ensure that Latinos are included fully in efforts to decrease rates of discrimination, we recommend that \$10 million of the \$50*

million be dedicated to education and enforcement efforts in Latino and immigrant communities.

We also recommend that you take steps to expand Latinos' access to affordable rental housing. HUD's most recent report to Congress on affordable housing needs documents "rapid growth in worst case [housing] needs among Hispanic households." The report also found that Latinos were more likely than any other demographic group to experience severe problems with the quality of their housing.

Empowering Latinos with Financial Knowledge

For Hispanic families in particular, lack of access to quality financial information and advice is a roadblock to purchasing and preserving assets as well as building wealth. Latinos often pay too much for check-cashing, remittances, auto loans, and other financial services, and many are enticed into predatory or high-cost loans with exorbitant interest rates or fees. For those families who are not ready to buy a home, financial advice on issues such as budgeting, banking, saving, retirement security, buying a car, and filing income tax returns are in high demand. Despite the breadth of interest and activity in this area, little has been done to provide practical financial advice and information to low-income families in a meaningful way. One important reason is the lack of federal resources for targeted, community-based, one-on-one financial counseling programs. To remedy this NCLR recommends the following:

- **Introduce a New Initiative to Establish a Community-Based Financial Counseling Network.** Community-based organizations (CBOs) play a key role in increasing savings for low-income Latino workers. A new program could be administered through the U.S. Department of Health and Human Services or HUD which would: 1) manage grants to community-based organizations to support financial counseling services; 2) determine program eligibility; 3) manage and distribute resources to participating organizations; 4) develop personal finance case management software; and 5) conduct program evaluations. CBOs would use the resources to hire and train financial counselors, develop or obtain the necessary software to track client information, and build the capacity to expand the services they currently provide to include financial counseling services. *NCLR recommends that the Administration request \$100 million to launch a new effort to enable low-income workers to build wealth and assets.*
- **Increase Funding for Low-Income Tax Preparation Sites to Support a Financial Counseling Component.** The receipt of tax returns presents an opportunity for low-income families to connect to financial services and products and learn about investments and savings. Linking tax preparation with savings and/or investment tools, such as Individual Development Accounts (IDAs), would increase asset-building knowledge. Some low- and moderate-income workers seek out and receive free tax-preparation services administered by CBOs. In many cases, these organizations receive either grants or in-kind support from the U.S. Treasury Department. Unfortunately, the current level of funding is insufficient to support broader wraparound financial counseling. To facilitate this, tax preparation sites need resources to 1) hire and train financial counselors and 2) develop software to maintain client information. This service cannot be added to the community tax preparation sites

without providing additional and separate funding to the sites solely for this service, as well as preserving the same quality standards for funding and tax preparation for the sites. *NCLR recommends that the Administration request \$25 million in additional funding for IRS-supported community-based tax preparation sites to expand their work to include one-on-one financial counseling.*

Enhancing the Job Skills of Latinos to Facilitate Upward Mobility

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. Income is a key determinate of a worker's ability to build wealth and financial security. There is considerable work to be done to ensure that Latinos can advance in what is increasingly a "knowledge-based economy" – an economy in which, as Secretary Chao recently noted, "most new jobs require higher skills, more educational attainment, and some understanding of technology and computers." Latinos are concentrated in low-paying jobs with few benefits and earn less on average than African American or White workers. Absent substantially increased investment in their skills and education, they are at risk of falling even further behind. To ensure that Latinos have the job skills, language ability, and knowledge they need for upward mobility, NCLR recommends that the Administration:

- **Increase Investments in Job Training and Provide Increased Access to Workers with Limited Proficiency in English.** Nearly one in five participants in Workforce Investment Act (WIA) programs is Latino, yet the actual number of Latinos who receive training and workforce services is relatively modest because of the extremely low level of funding for WIA. Further, fewer than 10,000 limited-English-proficient (LEP) individuals receive training annually under WIA. Increasing access to training is vital to increasing the skill and language acquisition levels of Latinos, immigrants, and LEP persons, and to enhancing their economic advancement opportunities. Moreover, targeted investments in programs that integrate occupational training and English-language instruction are needed. Such integrated programs have had remarkable outcomes, but are rarely funded. *We recommend that you include in your 2008 budget at least \$977 million for WIA Adults, \$1.637 billion for WIA Dislocated Workers, and \$1.082 billion for WIA Youth. These funding levels would make it possible to deliver the same (still modest) level of services provided in FY 2005. We also oppose any consolidation of the WIA funding streams. In addition, we recommend including \$50 million in incentive grants for One-Stop Centers – increasing the provision of services and training to limited-English-proficient persons – and that \$100 million be set aside for competitive grants to fund integrated training programs in rural and urban areas. A portion of this funding should be used for evaluation, to determine which integrated strategies are most effective for persons with limited proficiency in English.*
- **Retain and Expand the National Farmworker Jobs Program.** The National Farmworker Jobs Program (NFJP) is the only program that serves the unique workforce needs of our nation's farmworkers. Farmworkers are among the lowest-paid workers in the United States, and more than 80% are Latino. NFJP grantees have been extremely successful in increasing job placement and educational attainment rates among migrant and seasonal farmworkers. By comparison, few One-Stop Centers have been effective at serving

farmworkers. *NCLR recommends that the Administration increase training and educational opportunities to migrant and seasonal farmworkers by funding the NFJP in FY 2008 at \$83.341 million.*

- **Support Skill-Building Training for Ex-Offenders Returning to Communities.** To reduce recidivism, increase public safety, and help states and communities to address the challenges associated with the growing population of ex-offenders returning to communities from jails and prisons, more investments are needed in reentry job training. *NCLR recommends that you provide \$100 million in funding for state and local reentry projects.*

Helping New Americans Become Part of the Social Fabric of the Nation

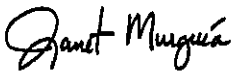
U.S. citizenship is an important part of achieving the American Dream and full participation in civic society. Over the past year, the number of naturalization applications has increased as more long-term lawful-permanent residents take the last step toward U.S. citizenship. In addition, some eight million lawful-permanent residents are eligible for citizenship but have yet to apply. NCLR is concerned that expected changes in the naturalization process could impose new roadblocks to citizenship for many individuals. NCLR believes that now is the time to invest in immigrants so that they are well-prepared to fulfill their roles as new Americans. We recommend the following:

- **Oppose Naturalization Fee Increases.** U.S. Citizenship and Immigration Services (USCIS) recently announced plans to raise the naturalization fee in 2007. The new fee may be as high as \$600 per application; there have been rumors that additional fee increases may drive the cost up to as much as \$1,000 per application. Such increases would discourage many immigrants from applying for citizenship and fail to take into account the broad social good of citizenship. *NCLR recommends sufficient operating funding for USCIS so that the agency does not need to resort to increases in fees to cover the cost of naturalization application processing and the provision of other services that have nothing to do with naturalization. Dedicated funding should also be dedicated to the Office of Citizenship to encourage eligible immigrants to naturalize and provide them with information about navigating the process.*
- **Support Citizenship.** Changes to the citizenship exam are now being considered. Modifications should be viewed as an opportunity to enhance citizenship and future civic engagement, not as a bar to individuals who are qualified and eager to apply for citizenship. *Changes to the citizenship exam must be approached with caution and should be designed to enhance, not deny, opportunities to achieve citizenship. NCLR recommends that changes to the citizenship exam be accompanied by funding for outreach and public education on explaining the changes to the test to immigrant communities. In addition, funds should be provided for study materials and resources for community-based organizations that help citizenship applicants prepare for the exam.*
- **Support English Language Acquisition.** A key component of becoming part of the American fabric is facility with the English language. While most Americans speak English and immigrants are working hard to acquire the language, too little has been done by the

federal government to help immigrants learn English. Limited-English-proficient (LEP) adults want to learn English, but are often denied the opportunity. A recent study by the National Association of Latino Elected and Appointed Officials (NALEO) Educational Fund showed that 57.4% of the English-as-a-Second Language (ESL) providers they surveyed had waiting lists of LEP persons seeking ESL services. Other providers were at capacity but did not keep waiting lists. There is no question of the desire of LEP persons to learn English. *NCLR recommends \$100 million for English Literacy and Civics for FY 2008. In addition, NCLR recommends an increased authorization of ESL programs in the Workforce Investment Act.*

We urge you in the strongest possible terms to send a message to the Latino community that the Administration understands the concerns and shares the views of Latinos on the issues that are important to them. Moreover, it is our belief that the time has come for specific policy proposals that would signify a level of seriousness that the community expects from the Administration about expanding opportunities for Latinos. It is clear that Latinos are deeply interested in doing the hard work it will take to climb the economic ladder and become solidly middle class. In addition, ensuring a healthy, well-prepared Hispanic workforce is in the best interest of the nation as a whole. Carrying out the proposals outlined above will achieve these goals.

Sincerely,



Janet Murguía
President and CEO

cc: Senate Majority Leader Bill Frist
Senate Minority Leader Harry Reid
House Speaker Dennis Hastert
House Minority Leader Nancy Pelosi
Rob Portman, Director, Office of Management and Budget