

Federal Programs Lift Latinos Out of Poverty: Spotlight on California

For more than 50 years, anti-poverty programs have helped ensure that working families are lifted out of poverty when times are tough or their wages are too low for them to be able to make ends meet. This fact sheet provides evidence of the strong anti-poverty effect of selected supports in California, including the number or share of California Latinos participating and lifted out of poverty.

Latinos* represent one in six Americans and are poised to shape the nation's future as one of the fastest-growing segments of the population¹ In California today, the Hispanic population stands at approximately 15 million, accounting for about two out of every five people in the state.² The Hispanic community's size, work ethic, and resilience have contributed to the state's economic resurgence following the Great Recession.³ Nevertheless, a considerable portion of Latinos continue to lag behind, struggling to put food on their tables and a

roof over their heads. In 2015, about 27% of Latinos in California were living under the supplemental poverty threshold,[†] compared to 19% of Californians overall.⁴

For more than 50 years, anti-poverty programs have helped ensure that working families are lifted out of poverty when times are tough or their wages are too low for them to make ends meet.[†] These programs are collectively known as the "social safety net" and are at risk. The current budget being

* 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 and South American, Dominican, Spanish, and other Hispanic descent; they may be of any race.

† In this analysis, the poverty rate and number of people in poverty is based on the U.S. Census Bureau's Supplemental Poverty Measure (SPM), which extends the official poverty measure by taking into consideration many of the government programs (i.e., tax credits and noncash transfers) designed to assist low-income individuals that are not included in the current official poverty measure. While the Census SPM provides a more complete view of the anti-poverty effect of government transfers than the official measure, the SPM still understates these effects because households in Census surveys tend to underreport their income from government programs. For more information about underreporting in the SPM, see Arloc Sherman and Danilo Trisi, "Safety Net More Effective Against Poverty Than Previously Thought," Center on Budget and Policy Priorities, May 6, 2015.

considered by the House of Representatives undermines these programs by imposing unprecedented cuts to fund tax breaks for both corporations and the extremely wealthy on the backs of the most vulnerable members of our communities.⁵ Proposed cuts to these programs would have a significant effect on the millions of Latinos who struggle to make ends meet, including the estimated 3.9 million Hispanics in California who live under supplemental poverty threshold.⁶ Using data from the U.S. Census Supplemental Poverty Measure, this fact sheet provides evidence of the strong anti-poverty effect of selected supports in California, including the number or share of California Latinos participating and lifted out of poverty.

Federal Refundable Tax Credits

The Earned Income Tax Credit (EITC) and Child Tax Credit (CTC) are federal tax credits for low- and moderate-income workers. The EITC encourages and rewards work—a worker's EITC grows with each additional dollar of earnings until their income qualifies for the maximum value of the credit. The CTC helps working families cover the cost of raising children.

Earned Income Tax Credit

In tax year 2015, approximately three million tax filers in California received \$7.3 billion worth of tax credits through the EITC, and the latest Census data show that 55% of EITC beneficiaries were Latino.⁷

EITC lifted approximately 678,000 California Latinos out of poverty in 2015, including an estimated 324,000 Latino children.⁸

Child Tax Credit

In tax year 2014, approximately 2.6 million tax filers in California received \$3.6 billion worth of tax credits through the refundable portion of the CTC, and the latest Census data show that 67% of CTC beneficiaries were Latino.⁹

CTC lifted an estimated 266,000 California Latinos out of poverty in 2015, including approximately 155,000 Latino children.¹⁰

Federal Anti-Poverty Programs

Every American family needs an adequate diet, decent home, and stable living environment. Federal programs that provide nutrition assistance, create, and preserve affordable housing, and help cover utilities are critical pillars of our nation's social safety net.

Supplemental Nutrition Assistance Program (SNAP)

In February 2017, approximately two million California households received food assistance through SNAP, and the latest Census data show that 52% of SNAP households were Latino.¹¹

SNAP lifted approximately 307,000 California Latinos out of poverty in 2015, including an estimated 164,000 Latino children.¹²

Rental Assistance

Of the approximately 457,000 California households receiving federal rental assistance in 2016, approximately 127,000 (28%) were Latino households.¹³

Rental assistance lifted approximately 182,000 California Latinos out of poverty in 2015, including an estimated 78,000 Latino children.¹⁴

Supplemental Security Income (SSI)

As of December 2016, there were approximately 1.3 million Californians receiving SSI benefits, and the latest Census data show that 28% of SSI households were Latino.¹⁵

SSI benefits lifted approximately 179,000 California Latinos out of poverty in 2015, including an estimated 44,000 Latino children.¹⁶

Temporary Assistance for Needy Families (TANF)

Of the approximately 1.2 million Californians receiving TANF in FY 2015, 61% were Latino.¹⁷

TANF benefits lifted approximately 139,000 California Latinos out of poverty in 2015, including an estimated 82,000 Latino children.¹⁸

Low Income Home Energy Assistance Program (LIHEAP)

Approximately 177,000 California households received federal help to pay their energy bills in fiscal year 2016.¹⁹

LIHEAP benefits lifted approximately 18,000 California Latinos out of poverty in 2015, including an estimated 6,000 Latino children.²⁰

Endnotes

The data in this report comes from the most complete data sets available. As such, data points and comparison years may vary throughout this report. All sources accessed October 2017.

- 1 U.S. Census Bureau, "American FactFinder: Selected Population Profile in the United States: 2016 American Community Survey 1-Year Estimates," https://factfinder.census.gov/faces/tableservices/jsf/pages/productview.xhtml?pid=ACS_16_1YR_S0201&prodType=table, Table S0201.
- 2 Ibid.
- 3 Renato Rocha, "Latinos in California: Protecting and Defending Progress in the Golden State" (Washington, DC: UnidosUS, 2017), <http://publications.unidosus.org/handle/123456789/1778>.
- 4 UnidosUS analysis of 2016 data from Census Bureau's Current Population Survey, Annual Social and Economic Supplement & Supplemental Poverty Measure public use files <https://www.census.gov/programs-surveys/cps.html>.
- 5 UnidosUS, "Fiscal Year 2018 Federal Budget: A Preliminary Assessment of the President's Request" (Washington, DC: NCLR), http://publications.nclr.org/bitstream/handle/123456789/1724/nclr_budgetassessment.pdf?sequence=4&isAllowed=y.
- 6 UnidosUS analysis of 2016 data from Census Bureau's Current Population Survey, Annual Social and Economic Supplement & Supplemental Poverty Measure public use files <https://www.census.gov/programs-surveys/cps.html>.
- 7 Internal Revenue Service, "Statistics for Tax Returns with EITC" (Washington, DC: IRS, 2017) <https://www.eitc.irs.gov/EITC-Central/eitcstats>; and UnidosUS analysis of 2016 data from Census Bureau's Current Population Survey, Annual Social and Economic Supplement & Supplemental Poverty Measure public use files (Washington, DC: Census, 2016).
- 8 UnidosUS analysis of 2016 data from Census Bureau's Current Population Survey, Annual Social and Economic Supplement & Supplemental Poverty Measure public use files (Washington, DC: Census, 2016) <https://www.census.gov/programs-surveys/cps.html>.
- 9 Internal Revenue Service, "IRS Statistics of Income Historical Table 2" (Washington, DC: IRS, 2017) <https://www.irs.gov/pub/irs-soi/14in54cmcsv.csv>; and Center on Budget and Policy Priorities (CBPP) analysis of 2013-2015 American Community Survey 3-Year Estimates.
- 10 UnidosUS analysis of 2016 data from Census Bureau's Current Population Survey, Annual Social and Economic Supplement & Supplemental Poverty Measure public use files (Washington, DC: Census, 2016) <https://www.census.gov/programs-surveys/cps.html>.
- 11 United States Department of Agriculture, "National and/or State Level Monthly and/or Annual Data" (Washington, DC: USDA, 2017) <https://www.fns.usda.gov/pd/supplemental-nutrition-assistance-program-snap>; and Center on Budget and Policy Priorities analysis of 2013-2015 American Community Survey 3-Year Estimates.
- 12 UnidosUS analysis of 2016 data from Census Bureau's Current Population Survey, Annual Social and Economic Supplement & Supplemental Poverty Measure public use files (Washington, DC: Census, 2016) <https://www.census.gov/programs-surveys/cps.html>.
- 13 CBPP tabulation of Department of Housing and Urban Development (HUD) 2016 administrative data, produced by arrangement with HUD.
- 14 UnidosUS analysis of 2016 data from Census Bureau's Current Population Survey, Annual Social and Economic Supplement & Supplemental Poverty Measure public use files (Washington, DC: Census, 2016) <https://www.census.gov/programs-surveys/cps.html>.
- 15 Social Security Administration, "Research, Statistics, and Policy Analysis" (Washington, DC: SSA, 2017) https://www.ssa.gov/policy/docs/factsheets/cong_stats/; and Center on Budget and Policy Priorities analysis of 2015 American Community Survey 1-Year Estimates.
- 16 UnidosUS analysis of 2016 data from Census Bureau's Current Population Survey, Annual Social and Economic Supplement & Supplemental Poverty Measure public use files (Washington, DC: Census, 2016) <https://www.census.gov/programs-surveys/cps.html>.
- 17 Department of Health and Human Services, "Characteristics and Financial Circumstances of TANF Recipients, FY 2015" (Washington, DC: HHS, 2016) https://www.acf.hhs.gov/sites/default/files/ofa/characteristics_and_financial_circumstances_of_tanf_recipients.pdf.
- 18 UnidosUS analysis of 2016 data from Census Bureau's Current Population Survey, Annual Social and Economic Supplement & Supplemental Poverty Measure public use files (Washington, DC: Census, 2016) <https://www.census.gov/programs-surveys/cps.html>.
- 19 National Energy Assistance Directors' Association, "LIHEAP Long Form Data Reports" (Washington, DC: NEADA, 2016); and NCLR analysis of 2016 data from Census Bureau's Current Population Survey, Annual Social and Economic Supplement & Supplemental Poverty Measure public use files.
- 20 UnidosUS analysis of 2016 data from Census Bureau's Current Population Survey, Annual Social and Economic Supplement & Supplemental Poverty Measure public use files (Washington, DC: Census, 2016) <https://www.census.gov/programs-surveys/cps.html>.