



**Latinos and Sequestration:
How are Automatic Cuts Affecting Latinos**
Updated April 5, 2013

A key issue in the November 2012 election was how best to reduce the federal budget deficit and still position our country for a bright future, a strong economy, and shared prosperity. Like all Americans, Latinos' top concern is the health of our economy. Yet, Congress has set in motion a set of irrational and arbitrary budget cuts—known as sequestration—that reduce spending in key areas such as education, job training, nutrition, healthcare as well as research and development, transportation and a host of other important areas. These spending cuts will also reduce job creation as government spending slows down and these cuts ripple across the economy. The sequestration cuts mandated by the Budget Control Act in 2011 were never meant to happen; it is a failure of our political leadership that these cuts are in effect and scheduled to continue at least through September 30, 2013.

We need to be smart about the budget challenges that our nation faces, but it is wrong to ask struggling working families to sacrifice health care, education, and their children's well-being to continue tax breaks that mainly benefit wealthy people and corporations. Our leaders must work together to protect the health of our economy instead of willfully inflicting more pain on workers and families who have already sacrificed so much.

Congress must stop the irrational, arbitrary and harmful budget cuts that are scheduled to take effect on March 1, 2013. Working families have already paid by taking [\\$1.5 trillion](#) in spending cuts in 2011 and 2012; by comparison we have only raised revenue by \$600 billion. This level of cuts already exceeds what was recommended by the [Simpson-Bowles Commission](#) chairmen and other commissions. If Congress insists on more deficit reduction this year, they should do it by closing tax loopholes that benefit the top 2% and wealthy corporations, *not* by further cutting federal programs that are crucial for children and working families.

Reducing the deficit should not increase the ranks of the unemployed. The automatic cuts that started in March are projected to reduce job creation by 750,000 this year according to the Congressional Budget Office. This is bad news for Latinos, who still face a 9.6% unemployment rate in 2013. The deficit will decline naturally as the economy improves and more people get jobs, resume paying taxes, and reduce their need for safety-net programs. If further deficit reduction is needed, this should occur when unemployment is low, not beforehand.

Latino children are our nation's future workers and taxpayers. The investments we make in today's youth will ensure future prosperity for all Americans. Latino children now make up [almost one in four students](#) enrolled in America's public schools. By 2050, one in three American workers and taxpayers will be Latino, an important consideration as our nation ages. It is imperative that our nation invests robustly in children and new workers—through education, health care, workforce development, housing, and other areas that underpin our long-term competitiveness. In particular, expansions to the refundable tax credits—such as the Earned Income Tax Credit and the Child Tax Credit—should be made permanent for the millions of hardworking families who receive this boost; these programs are known to increase educational achievement and earnings as children grow up. We reject attempts to use upcoming budget

deadlines to frighten the public into accepting even more cuts to programs critical to hardworking families.

We must not put low-income seniors and other vulnerable people at risk by using Social Security, Medicare, and Medicaid as bargaining chips in budget negotiations. Innovations that make government programs more efficient merit attention, but any changes to these programs should not hurt vulnerable people. Latino seniors depend heavily on these programs—more than half of Latino seniors rely on Social Security for almost all of their income and Latino seniors are the most likely to be eligible for both Medicare and Medicaid. Cuts to these programs that affect future beneficiaries mean that today’s diverse youth will be dealt a double hit: cuts to programs they need today and cuts to their safety-net in old age.

NCLR urges Congress to produce a fair and responsible long-term budget plan that grows the economy, invests in the future, protects vulnerable people, and reduces the deficit by raising revenue and asking the richest to pay their fair share. This plan should invest in federal programs that are critical to Latino children and working families.

Programs subject to sequestration cuts starting on March 1, 2013.

Federal Budget Items	Importance to Latinos	Effects of Automatic Cuts (5.1% cut across-the-board on 3/1/13)
Head Start	Over one-third of all Head Start preschoolers are Latino—over 300,000.	70,000 fewer children served, including 25,000 Latino kids
Child-Care Development Block Grant	20% of children who receive a child care subsidy are Latino.	52,000 fewer children served nationwide, including 10,500 Latino children
WIC (Women, Infants, and Children) nutrition assistance	42% of WIC participants—low-income pregnant women, infants and children—are Latino.	The Senate fixed the sequestration law to reduce the cuts to WIC by two-thirds. Currently, no participants are expected to be cut from WIC this fiscal year. Under the original sequestration law 600,000 WIC participants were to lose access to WIC nutrition assistance.
Title I Education	37% of Latinos kids attend high-poverty schools receiving extra Title I funding	1.2 million fewer low-income public school children receive reading and math help due to cuts in Title I funding
Job Training	30% of all youth enrolled in federal job training programs are Latino	270,000 fewer adults and youth receive job training and employment services
Rental Assistance	15% of people receiving federal rental subsidies are Latino	125,000 households lose tenant-based rental assistance, including 18,000 Latino families
Affordable Care Act	30% of Latinos now lack health insurance; six million Latinos gain access to care through the Affordable Care Act	Community health centers cut; options for newly insured scaled back. <i>ACA repeal eyed for larger budget deal.</i>
Social Security	53% of Latino seniors rely on Social Security for almost all of their income	<i>Exempt from automatic cuts but could be subject to cuts in a larger deficit reduction deal</i>
Medicaid	Half of Latino children and one-quarter of Latino adults are insured by Medicaid.	<i>Exempt from automatic cuts but could be subject to cuts in a larger deficit reduction deal.</i>

Medicare and Health Clinics cut by 2% in sequestration. This cut is to provider payments, not to services. In total this is a \$12 billion cut.