



Latinos and the Federal Budget: Stop the Cuts and Invest in Youth *Updated November 15, 2013*

Much is at stake for Latinos across the country as Congress renews its efforts to reach an agreement on the federal budget. The October 17, 2013 deal to reopen the government and avoid defaulting on the nation's debt charged a bipartisan group of lawmakers with developing a budget blueprint by December 13, 2013. Congress has a window of opportunity to put an end to the era of budget crises and chart a more balanced course for our federal budget that stops deep cuts, reinvests in youth and working families, and grows the economy.

Three important budget deadlines are looming. First, on January 15, 2014, government funding expires, setting up the possibility for another government shutdown. Second, unless Congress acts to change it, January will also mark the start of another year of budget cuts, known as sequestration. These irrational and arbitrary budget cuts were set in motion two years ago and have already disproportionately harmed Latinos. Finally, unless Congress acts to raise the debt limit by February 7, 2014, the U.S. economy could again face the risk of defaulting on our national debt, causing [permanent harm to our economy](#).¹

Fortunately, many in Congress have stated that they are unwilling to take the economy to the brink again, and some are willing to prevent another round of harmful budget cuts that are costing jobs and cutting investments in education, health care, and employment. Meanwhile, the deficit continues to drop dramatically with the improving economy—[it shrunk by more than half since 2009](#)—so the rationale for more spending cuts makes less and less sense.²

Congress must stop the irrational budget cuts known as sequestration. Unless lawmakers act on January 15, 2014, a second year of deep budget cuts will go into effect, cutting funding for programs such as education and job training, which help people rise out of poverty. Latinos have been disproportionately harmed by cuts to critical programs such as Head Start, where Latinos comprise 37% of participants. The Latino community opposes these harsh cuts; [three out of four \(75%\) Hispanics](#) oppose closing the deficit by cutting social programs that help the poor.³

Latino voters support a balanced approach to deficit reduction that does not rely solely on cuts to programs that have already experienced \$1.8 trillion in cuts since 2011. Program cuts affecting working families have accounted for 70% of deficit reduction achieved since 2011; by comparison, only 30% (\$600 billion) has come from new revenue.⁴ The federal budget should be a reflection of the highest priorities of our society. Yet, in 2013, our society chose to maintain tax deductions for corporations while cutting funds for kids enrolled in Head Start.⁵

Latino voters want jobs, not cuts. In the past two elections, Latinos placed the [economy as their number one concern](#), yet recent budget decisions have damaged our economy.⁶ When teachers and other public servants lose their jobs, they have less money to spend in the local economy, which causes small businesses to lay people off. This is bad news for Latinos, who have a 9% unemployment rate and are still recovering from the Great Recession.⁷ Ending sequestration would increase job creation by 800,000.⁸

Latino children are our nation’s future workers, taxpayers, and voters. 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 public schools.⁹ By 2050, one in three American workers and taxpayers will be Latino.¹⁰ Our nation must invest in children and new workers by funding—not slashing—education, health care, workforce development, housing, and tax credits that help hardworking families such as the Earned Income Tax Credit and the Child Tax Credit.

One way to solve our budget woes is to pass immigration reform because doing so will grow our economy and reduce the budget deficit. The [Congressional Budget Office](#) (CBO) found that enacting the Senate immigration reform bill will reduce the federal budget deficit by nearly \$850 billion over the next 20 years and increase economic growth by 5.4%.¹¹ In addition, the Social Security Trust Fund would see [increased revenues of \\$300 billion](#) over the next decade.¹²

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 changes to these programs should not hurt vulnerable people. Latino seniors depend heavily on these programs. Cuts which 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.

Impact of Sequestration Cuts on Programs Important to Latinos

Federal Budget Items	Importance to Latinos	Effects of Automatic Cuts ¹³ (5.1% cut across the board on March 1, 2013)
Head Start	37% of all Head Start preschoolers are Latino—over 300,000 ¹⁴	57,000 fewer children served, including 21,000 Latino kids ¹⁵
Child Care Development Block Grant	20% of children who receive a child care subsidy are Latino ¹⁶	30,000 fewer children served nationwide, including 6,000 Latino children
WIC (Women, Infants, and Children) Nutrition Assistance	42% of WIC participants—low-income pregnant women, infants, and children—are Latino ¹⁷	No participants have been cut in 2013, but cuts affecting program quality have occurred. ¹⁸ In 2014 approximately 600,000 participants could lose access to WIC. ¹⁹
Title I Education (Funding for Low-Income Schools)	42% of Latino elementary school children attend high-poverty schools ²⁰	1.2 million fewer low-income public school children receive reading and math help due to cuts in Title I funding
Job Training	32% of all youth enrolled in federal job training programs are Latino ²¹	290,936 fewer adults and youth receive job training and employment services ²²
Rental Assistance	15% of people receiving federal rental subsidies are Latino ²³	125,000 households lose tenant-based rental assistance, including 18,000 Latino families
Affordable Care Act*	30% of Latinos now lack health insurance; ²⁴ six million Latinos gain access to care through the Affordable Care Act ²⁵	Community health centers cut; options for newly insured scaled back; ACA exchange grants cut. ²⁶ <i>ACA repeal eyed for larger budget deal.</i>
Social Security Benefits	53% of Latino seniors rely on Social Security for almost all of their income ²⁷	<i>Exempt from automatic cuts but could be subject to cuts in a larger deficit reduction deal.</i> ²⁸
Medicaid	Half of Latino children and one-quarter of Latino adults are insured by Medicaid. ²⁹	<i>Exempt from automatic cuts but could be subject to cuts in a larger deficit reduction deal.</i> ³⁰

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

Endnotes

- ¹ United States Treasury Department, *The Potential Macroeconomic Effect of Debt Ceiling Brinksmanship*. Washington, DC, 2013. <http://www.treasury.gov/initiatives/Documents/POTENTIAL%20MACROECONOMIC%20IMPACT%20OF%20EBT%20CEILING%20BRINKMANSHIP.pdf> (accessed October, 2013)
- ² U.S. Department of the Treasury, “Joint statement of Secretary Lew and OMB Director Burwell on Budget Results for Fiscal Year 2013,” <http://www.treasury.gov/press-center/press-releases/Pages/jl2197.aspx> (accessed October 2013).
- ³ National Council of La Raza, *Latinos Opinions about Deficit Reduction, Summary of Surveys* (Washington, DC: NCLR, 2012) <http://www.nclr.org/images/uploads/pages/Latinos%20Opinions%20About%20Deficit%20Reduction.pdf> (accessed November 2013).
- ⁴ U.S. Senate Budget Committee, *Foundation for Growth: Restoring the Promise of American Opportunity* (Washington, DC: Senate Budget Committee, March 2013), 2, http://www.budget.senate.gov/democratic/index.cfm/files/serve?File_id=ee2613d9-cf20-402c-8a65-e1b670b21fa0 (accessed September 2013).
- ⁵ Americans for Tax Fairness, *The High Cost of Tax Loopholes* (Washington, DC: Americans for Tax Fairness, 2013) <http://www.americansfortaxfairness.org/files/The-High-Price-of-Tax-Loopholes.pdf>.
- ⁶ ImpreMedia and Latino Decisions, “ImpreMedia/Latino Decisions 2012 Latino Election Eve Poll,” <http://www.latinovote2012.com/app> (accessed September 2013).
- ⁷ U.S. Bureau of Labor Statistics, “Employment Status of the Hispanic or Latino Population by Sex and Age,” *Current Population Survey*, <http://www.bls.gov/webapps/legacy/cpsatab3.htm> (accessed June 7, 2013), Table A-3.
- ⁸ Congressional Budget Office, *Economic Effects in 2014 of Eliminating the Automatic Spending Reductions Specified in the Budget Control Act*. Washington, DC, 2013. <http://cbo.gov/publication/44630> (accessed October 2013).
- ⁹ National Council of La Raza, “Latino Kids Data Explorer,” <http://www.nclr.org/index.php/latinokidsdata> (accessed September 2013).
- ¹⁰ Mitra Toossi, “Projections of the labor force to 2050: a visual essay.” *Monthly Labor Review*. U.S. Department of Labor, Bureau of Labor Statistics, Washington, DC, 2012, www.bls.gov/opub/mlr/2012/10/art1full.pdf (accessed October 2013).
- ¹¹ Executive Office of the President, *The Economic Benefits of Fixing Our Broken Immigration System*. Government Printing Office, Washington, DC, 2013, <http://www.whitehouse.gov/sites/default/files/docs/report.pdf> (accessed September 2013).
- ¹² Letter from Stephen Goss, Chief Actuary, Social Security Administration, to Senator Marco Rubio, May 8, 2013, http://www.rubio.senate.gov/public/?a=Files.Serve&File_id=a50b5f91-a3b3-47bc-ac02-f5bf1f4f4abb (accessed September 2013).
- ¹³ Unless otherwise specified, all data in this column are from White House Office of the Press Secretary, “Fact Sheet: Examples of How the Sequester Would Impact Middle Class Families, Jobs and Economic Security,” February 8, 2013, <http://www.whitehouse.gov/the-press-office/2013/02/08/fact-sheet-examples-how-sequester-would-impact-middle-class-families-job> (accessed September 2013).
- ¹⁴ L. K. Hulsey et al., *Head Start Children, Families, and Programs: Present and Past Data from FACES* (Washington, DC: U.S. Department of Health and Human Services, 2011), http://eclkc.ohs.acf.hhs.gov/hslc/mr/opre/present_past.pdf (accessed August 2012).
- ¹⁵ U.S. Department of Health and Human Services, “The Numbers Are In: Sequestration Cuts 57,000 Kids from Head Start,” <http://www.hhs.gov/secretary/about/blogs/head-start-numbers.html> (accessed September 2013).
- ¹⁶ Hannah Matthews and Emily Firgens, *Child Care and Development Block Grant Participation in 2010* (Washington DC: Center for Law and Social Policy, April 2012), http://www.clasp.org/admin/site/publications/files/ccdbg-10-participation_final.pdf (accessed August 2013).
- ¹⁷ National Council of La Raza, *Profiles of Latino Health: A Closer Look at Latino Child Nutrition* (Washington, DC: National Council of La Raza, 2010), http://www.nclr.org/images/uploads/pages/Jan12_Profiles_Issue_9.pdf (accessed September 2013).
- ¹⁸ Email from Martelle Esposito, National WIC Association, to Zoila Sanchez, National Council of La Raza, August 20, 2013.
- ¹⁹ NCLR calculation using White House Office of the Press Secretary, “Fact Sheet: Examples of How the Sequester Would Impact Middle Class Families, Jobs and Economic Security.” Estimate based on original cut in 2013 before the Senate reduced the cut to WIC participants.

²⁰ Elizabeth Dabney, *State ESEA Title I Participation Information for 2003-04* (Rockville, MD: U.S. Department of Education, 2007), <http://www2.ed.gov/rschstat/eval/disadv/participation-2003-04/finalreport.pdf> (accessed September 2013).

²¹ Employment and Training Administration, *Workforce Investment Act Performance Highlights, Program Years 2006–2008* (Washington, DC: U.S. Department of Labor, 2010), http://www.doleta.gov/performance/results/pdf/WIA_Exit_Snapshots_PY2006_2008_WEB_Version_1227010.pdf (accessed September 2013).

²² National Skills Coalition, *Disinvesting in the Skills of America's Workforce: The Potential Impact of Sequestration on Key Federal Employment and Training Programs* (Washington DC: National Skills Coalition, February 2013), <http://www.nationalskillscoalition.org/resources/reports/federal-reports/disinvesting-in-the-skills-of.html>. Total includes WIA Title I Adult, Youth, and Dislocated Worker State Grants.

²³ U.S. Department of Housing and Urban Development, “Picture of Subsidized Households,” HUD USER Database, <http://www.huduser.org/portal/datasets/picture/yearlydata.html> (accessed September 2013).

²⁴ National Council of La Raza, *Fast Facts: Latinos and Healthcare* (Washington, DC: NCLR, 2011), http://www.nclr.org/images/uploads/publications/FastFacts_LatinosandHealthCare2012.pdf (accessed September 2013).

²⁵ National Council of La Raza, *A Profile of Latino Health Insurance Gains Under the Affordable Care Act* (Washington, DC: NCLR, 2011), <http://www.nclr.org/images/uploads/publications/profilelatinoinsurancegains.pdf> (accessed September 2013).

²⁶ Executive Office of the President of the United States, *OMB Report Pursuant to the Sequestration Transparency Act of 2012 (P. L. 112–155)*.

²⁷ Social Security Administration, “Income of the Population 55 or Older, 2010,” http://www.ssa.gov/policy/docs/statcomps/income_pop55 (accessed September 2013), Tables 9.A1 and 9.A3.

²⁸ Richard Kogan, *How the Across-the-Board Cuts in the Budget Control Act Will Work* (Washington, DC: Center on Budget and Policy Priorities, 2013), <http://www.cbpp.org/cms/?fa=view&id=3635> (accessed September 2013).

²⁹ National Council of La Raza, *The Meaning of Medicaid* (Washington, DC: NCLR, 2011) http://www.nclr.org/index.php/publications/the_meaning_of_medicaid_a_state-by-state_breakdown (accessed September 2013).

³⁰ Richard Kogan, *How the Across-the-Board Cuts in the Budget Control Act Will Work*.