

+ **ECONOMY:** New budget reconciliation law will pad the pockets of high-income households, while working-class families foot the bill.

Although lawmakers are promising economic relief for struggling families across the country, the Budget Reconciliation bill that was very narrowly passed by Congress will devastate the economic standing of millions of American households, shifting resources from low- and middle-income families to the wealthiest, and deeply harming working-class and Latino communities through cuts to jobs that people need and the cruel impacts of mass deportations on communities, workers, businesses and families.

The overall impact of the bill is to shift public resources towards the wealthiest households. Threats to the economic stability of Latinos and others come from many sources. The bill:

- **Decimates crucial support for families**, through including tax changes that shift gains to wealthier households at the expense of lower-income families, and deep cuts to the Child Tax Credit, a tool that successfully reduces child poverty, and will now exclude as many as 17 million children, including 2.6 million US citizen kids in mixed-status families. The bill makes huge cuts in benefits for Medicaid recipients — who are among the lowest-income families in the country, and food support for families experiencing hunger.
- **Imposes harsh new tax burdens** that will increase the cost of living for the lowest income earners (those making under \$43,000) while millionaires will save thousands due to massive tax breaks.
- **Drives deep and widespread job losses** from the repeal of clean-energy credits, which produce millions in job losses (mostly in clean energy and construction).
- **Inflicts staggering economic harm through a huge increase in deportations**, fueled by a 300% increase in funding for federal immigration authorities and massive uptick in the surveillance of households, individuals and businesses.
- **Eviscerates consumer protections** for financial services, exposing families to predictable economic scams and fraud and imposing a new tax on remittances (money sent to family abroad).

These profound policy shifts are a betrayal of the promises made by Washington policymakers and will leave Latino families, as well as all lower-income households, with fewer resources and greater economic instability.

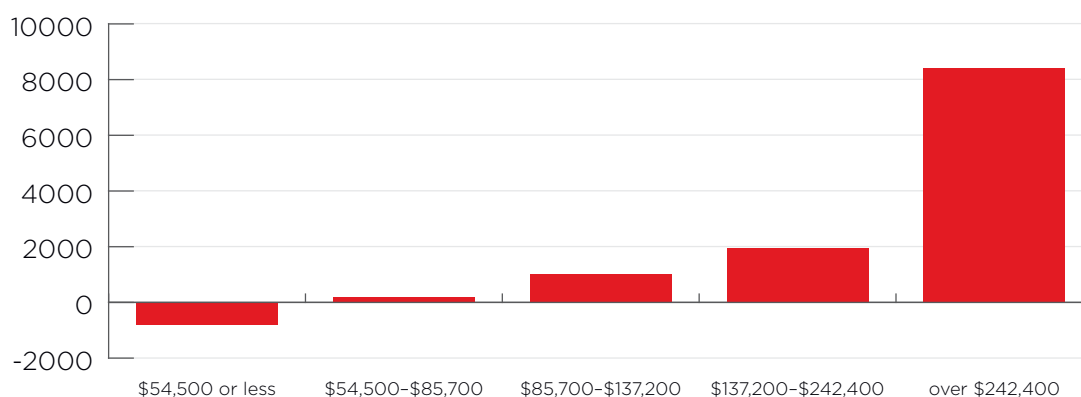


The Up-Shot: Wealthy households get the most from tax changes

While a Latino household earns a median income of \$62,800, a substantial proportion of Latino households (40%) [earn less than \\$50,000](#) and will bear the brunt of cuts to programs they depend on, while wealthier households get tax breaks.

- Those earning [\\$54,500 or less per year](#) **lose** 1.5% of their income — \$800 each year. The source of these losses? Cuts to Medicaid and nutrition assistance benefits. Additionally, families with one child will no longer qualify for the Child Tax Credit.
- Households earning between \$54,500 and \$85,700 will experience a modest gain of approximately \$200 per year. Changes to the tax formula will allow for a small gain; however, families with multiple children will need to earn more in order to qualify for the full Child Tax Credit.
- Meanwhile a household at the highest income quintile, earning over \$242,400, will see a gain of over \$8,400 per year due to the permanent extensions of the 2017 Tax Cuts and Jobs Act, and new provisions that provide tax breaks to the wealthy.

Average Annual Change in Resources per Household



Source: How the 2025 Reconciliation Act (Public Law 119-21) Will Affect the Distribution of Resources Available to Households | Congressional Budget Office. (2025, August 11). <https://www.cbo.gov/interactive/2025-reconciliation-act>.

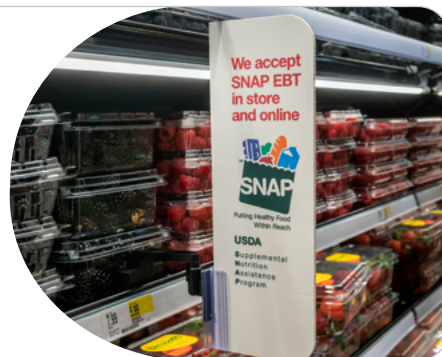
Working-class families foot the bill

Changes to the Child Tax Credit (CTC)

The Child Tax Credit, which has proven to be the most effective anti-poverty tool, includes new provisions that will increase the number of children excluded — leaving out [approximately 17 million children who will not qualify for the full credit](#). In addition, an estimated [2.6 million U.S. citizen children](#) living with one parent who lacks a Social Security number will not be eligible. Recent [analysis](#) shows the following:

- [44% of Latino children](#) will be excluded.
- A two-parent family with two children would need a minimum of \$48,000 in income to be eligible for the full credit.
- Small businesses, grocery stores and local communities will see devastating impacts as families who [use the CTC to cover every day needs like food, housing and child care](#) will lose this crucial tool.

Beyond the tax changes that shift money from working families to the wealthy, **the bill includes multiple provisions that specifically target programs and protections that Latino families rely on.**



Broader impacts on working-class and Latino populations

Beyond the tax changes that shift money from working families to the wealthy, the bill includes multiple provisions that specifically target programs and protections that Latino families rely on. These cuts compound economic harm, making it harder for families to access health care, afford basic necessities and protect themselves from financial predation.

- Cuts to Medicaid and nutrition services, such as the Supplemental Nutrition Assistance program (SNAP), along with work requirements and eligibility checks, will reduce access to benefits and disproportionately impact low-income Latino households.
- The [bill implements a 1% tax on remittance transactions](#) which reduces disposable income for Latino families sending funds abroad.
- The bill reduces the [Consumer Financial Protection Bureau's budget by roughly 45%](#) which will weaken oversight on payday loans, overdraft fees and predatory lending, disproportionately impacting Latino consumers.

Energy and household costs will increase and trigger job losses

The new law eliminates clean energy credits as early as September 30 of this year, getting rid of investments that keep costs low for families while creating massive job losses in growing sectors where Latinos are heavily employed. Latino households will be hit particularly hard by higher energy bills and fewer job opportunities in construction and manufacturing.

Household energy impacts

- [Repealing clean-energy tax credits](#) and shifting back to fossil fuels will drive increase electricity and energy costs. By 2030, it is estimated that annual household energy bills will be as much as \$400 higher, rising by 16% or more.
- Latino households in states with high wind/solar capacity, such as Texas and Arizona, will face steep localized energy cost hikes of \$400+ annually.
- Fewer clean alternatives will lead to [higher gas prices increasing by as much as 7%](#), contributing to higher home heating and cooking bills for households with gas appliances.
- Overall, average U.S. household energy costs would increase by as much as \$3,000 over the next 10 years.

Job losses in clean energy

- Removal of renewable energy tax credits could lead to approximately 830,000 job losses in clean energy sectors, disproportionately affecting Latino workers who are overrepresented in solar and wind installation jobs.
- This impacts energy efficiency tax credits that have created over 460,000 domestic jobs in manufacturing and construction.
- Elimination of these credits will eliminate roughly [100,000 full-time jobs](#) by 2040.

Construction & manufacturing jobs are threatened

- [1.75 million construction jobs](#) are vulnerable, amounting to \$148 billion in lost annual wages and benefits.
- [Latinos make up nearly a third](#) of all construction jobs and stand to be disproportionately impacted by job losses in clean energy and infrastructure projects.

Latino families power America's economy and deserve policies that reflect their contributions. This legislation penalizes working families by cutting back on supportive programs and increasing the cost of living. With these changes now law, Latino families and working-class communities need to understand the impacts to their families and their pocketbooks.