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SUEÑO INCOMPLETO: A HISTORY OF THE LATINO WEALTH GAP IN THE UNITED STATES



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ABOUT UNIDOS US

UnidosUS is a nonprofit, nonpartisan organization that serves as the nation's largest Hispanic civil rights and advocacy organization. Since 1968, we have challenged the social, economic, and political barriers that affect Latinos through our unique combination of expert research, advocacy, programs, and an Affiliate Network of more than 300 community-based organizations across the United States and Puerto Rico. We believe in an America where economic, political, and social progress is a reality for all Latinos, and we collaborate across communities to achieve it. For more information on UnidosUS, visit unidosus.org or follow us on Facebook, Instagram, LinkedIn, Threads and X.

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EXECUTIVE SUMMARY

LATINOS ARE CENTRAL to the present and future of the U.S. economy. They account for nearly one fifth of the population, drive the vast majority of new workforce growth, anchor key industries, and contribute more than $4.1 trillion annually to the U.S. gross domestic product, an economy larger than that of most countries in the world. Yet these contributions have not translated into proportional financial security for Latino households.

Today, the median Latino household holds less than one quarter of the wealth of white households, a gap that has persisted for more than three decades. In 1989, the median Latino household held about seven cents for every dollar of wealth held by white households. By 2022, that figure rose to 22 cents—a modest improvement that nonetheless reflects enduring inequality. Latino households are far less likely than white households to own high-value, appreciating assets such as homes, retirement accounts, and business equity, and more likely to rely on high-cost debt to meet basic needs.

This report shows that the Latino wealth gap is not the result of individual choices, cultural factors, or recent economic shocks. It is the cumulative outcome of policy decisions, made across generations and across systems, that limited Latinos' ability to convert work, residence, and education into lasting wealth.

Specifically, this report traces how Latino wealth has been shaped and constrained by five major interlocking policy systems that govern immigration, land and housing, labor markets, public benefits, and education. Together, these systems created unequal starting points, restricted access to appreciating assets, exposed Latino families to greater economic risk, and repeatedly disrupted the intergenerational transfer of wealth.

As Latinos continue to drive population growth and labor force participation, closing the wealth gap is a prerequisite for long-term economic stability and national prosperity for all.

Five Policy Systems That Shaped Latino Wealth

SYSTEM #1

IMMIGRATION POLICY AND FOREIGN RELATIONS

U.S. immigration law has functioned as a wealth-sorting system, determining who can access stable work, credit, mobility, and legal protections—the basic prerequisites for building and preserving wealth. Across history, Latino immigrants were often recruited during periods of labor demand and economic expansion, then excluded, criminalized, or deported during downturns.

Foreign policy priorities often shaped unequal pathways to citizenship and legal permanence, producing stark differences in economic trajectories across Latino subgroups. Historically, white European immigrants who entered without authorization faced minimal enforcement and were frequently granted amnesty or legal adjustment, while later Latino immigrants encountered expanded enforcement, limited relief, and far fewer pathways to permanent status.[1] Moreover, even within the Latino community, foreign policy has produced stark disparities. For instance, many Cuban refugees during the Cold War were better positioned to secure higher wages, access credit, purchase homes, and start businesses, while Mexican and Central American immigrants frequently faced temporary, delayed, or denied legal status, which constrained their job mobility, increased vulnerability to exploitation, and made long-term investments riskier. Today, millions of long-term residents remain in legal limbo, participating in the labor force but unable to fully participate in wealth-building systems. This results in lower lifetime earnings, lower homeownership rates, and weaker intergenerational wealth transfer.

SYSTEM #2

LAND LOSS AND BARRIERS TO HOMEOWNERSHIP

Homeownership has been the primary engine of wealth for most U.S. families, yet it has never operated on equal terms for Latinos. After the Treaty of Guadalupe Hidalgo, legal systems stripped many Mexican-descended families of land through costly litigation, discriminatory taxation, and fraudulent practices, removing a critical foundation for intergenerational wealth.

In the 20th century, redlining and race-based appraisal systems steered mortgage capital away from Latino neighborhoods, while urban renewal programs targeted those same neighborhoods for demolition and displacement. Even when Latino families became homeowners, exclusion from safe credit pushed many into high-cost contracts-for-deed arrangements and later into subprime loans, increasing foreclosure risk and slowing equity growth. Today, homes in majority-Latino neighborhoods remain undervalued, limiting appreciation and reinforcing wealth gaps even as homeownership rates rise.

SYSTEM #3

UNFAIR PAY AND JOB DISCRIMINATION

Latino workers have long faced labor market structures that generate economic value while suppressing wages and limiting protections. From early mining, railroad, and agricultural labor systems to modern subcontracting, gig work, and worker misclassification, employer practices have concentrated Latinos in low-wage, insecure jobs, which are often enabled or tolerated by policy.

Exclusions in labor law, weak enforcement, and declining access to collective bargaining reduced wages and limited benefits, including retirement coverage. As a result, even sustained employment often failed to translate into savings, retirement security, or upward mobility. Lower wages compounded over time, reducing the ability to purchase homes, invest in education, or withstand economic shocks, and reinforcing long-term wealth inequality.

SYSTEM #4

EXCLUSION FROM THE SOCIAL SAFETY NET

Public benefits are designed to prevent temporary setbacks, such as job loss or illness, from becoming permanent poverty and wealth loss. Yet eligibility rules, documentation requirements, and discretionary state and local implementation have repeatedly limited Latino families' access to these protections.

Over time, federal policy increasingly tied benefit access to immigration status, creating chilling effects that deterred even eligible mixed-status families from applying. During major crises, from the Great Depression to the COVID-19 pandemic, these exclusions

became especially consequential. While many white households used public support to stabilize and recover, Latino families were more likely to drain savings, sell assets, or take on high-cost debt. Temporary expansions of inclusive benefits, such as the 2021 Child Tax Credit, demonstrated how policy design could rapidly reduce poverty and protect assets, only for gains to reverse when exclusions returned.

SYSTEM #5

EDUCATION SEGREGATION AND ACCESS BARRIERS

Education has become increasingly central to economic mobility and wealth accumulation, yet Latino students have historically faced segregated and under-resourced schools, inadequate language support, and uneven access to higher education.

Lower quality K–12 education limited college readiness and completion, while rising costs and debt-based financing delayed homeownership, savings, and family formation. Even when Latinos completed college, disparities in labor market returns persisted, reflecting discrimination and occupational sorting. Over time, these educational barriers translated into lower lifetime earnings, reduced job stability, and weaker intergenerational wealth transfer.

Latinos are one of the youngest groups in the U.S. and are projected to comprise nearly 28 percent of the population by 2060. Their economic security will increasingly shape the nation's fiscal health, housing markets, labor force stability, and consumer demand. Persistent wealth inequality weakens economic growth, destabilizes communities, and limits the country's ability to respond to future crises.

Closing the Latino wealth gap is not a zero-sum proposition. Policies that expand access to stable legal status, fair wages, safe credit, education, and social protections strengthen the economic foundations of the entire country.

LATINOS ARE NOT A MONOLITH

Latino wealth outcomes vary by race, gender, immigration status, country of origin, and geography, and these differences reflect distinct policy pathways rather than differences in effort or aspiration. For example, Afro-Latinos face compounded discrimination in hiring, pay, and housing valuation, which is associated with lower incomes and higher poverty rates. Latinas experience persistent wage gaps and reduced access to employer benefits, which depresses retirement security over time. South Americans often accessed lawful status and earlier Cuban refugee cohorts resettlement support, which accelerated business formation and homeownership, while many Central American migrants with precarious or delayed status faced weaker wage growth and slower transitions to ownership. Dominican and Puerto Rican households in high-cost Northeastern markets encountered long histories of redlining and urban renewal, which limited ownership opportunities and equity gains. Regional variation also matters, since higher wages in some states coincide with housing markets that make wealth accumulation more difficult. Disaggregating these experiences shows which levers failed or succeeded for specific groups, where the same statute produced different outcomes, and how remedies should be targeted.

INSIDE THE REPORT: EVIDENCE, ANALYSIS, CASE STUDIES, AND POLICY RECOMMENDATIONS

The report connects laws, program design, and business practices to household wealth using historical research, policy analysis, and federal data to trace how wealth-building opportunities were expanded for some groups and restricted for others. Each section begins with present-day disparities, identifies the policies that produced them, and concludes with targeted, evidence-based actions. The analysis is disaggregated by race, gender, immigration status, and national origin where possible, which spotlights unequal effects within Latino communities. Paired historical and contemporary case studies show how earlier policy choices still shape household outcomes today.

INTRODUCTION

Latinos are central to the U.S. economy. They make up nearly one-fifth of the population, drive workforce growth,[2] power key industries,[3] and contribute an estimated $4.1 trillion to the U.S. gross domestic product, which equates to an economy larger than that of most countries in the world (Figure 1).[4] Latino entrepreneurship is growing faster than that of any other demographic group,[5] and Latino households have driven recent gains in homeownership, reaching nearly 10 million homeowners nationwide as of 2024.[6]

Despite their outsized contributions to the U.S. economy, these gains have not translated into proportional financial security for Latino households. While Latino labor, entrepreneurship, and consumer spending fuel economic growth, Latinos remain far less likely than white households to own high-value, appreciating assets, such as homes, retirement savings, and business equity.[7] **The Latino wealth gap** refers to this enduring disparity between Latino households and their white peers. Much of the wealth Latinos help create is held elsewhere, revealing a structural imbalance in how wealth is generated, protected, and passed on across generations.

This disparity is not new. In 1989, the median Latino household held just seven cents for every dollar of wealth held by white households.[8] More than three decades later, that figure has risen to only 22 cents. As of 2022, the median Latino household held approximately $62,000 in wealth, compared with $284,000 for white households.[9] This means that Latino families possessed less than one-fourth the wealth of their white counterparts.

The persistence of the Latino wealth gap shows that today's disparities cannot be explained by today's outcomes alone. To understand how wealth-building has been shaped over time, this report focuses on five policy areas that have most directly affected Latino communities: (1) restrictive immigration policies and foreign relations; (2) land loss and barriers to homeownership; (3) unfair pay and job discrimination; (4) exclusion from public benefits and the social safety net; and (5) education segregation and access barriers. Using historical research and data, we identify these policy levers and show how decisions across these areas repeatedly limited access to opportunity and wealth for Latinos across generations.

Lastly, this report builds upon important national conversations about how slavery,[10] racial discrimination,[11] Indigenous land dispossession,[12] and economic inequality[13] have shaped wealth inequality in the U.S. These histories are distinct but interconnected: Policies that limit wealth for one community weaken labor standards, housing markets, and public institutions for workers and families across racial and ethnic lines. As Latinos continue to drive population growth, labor force participation, and economic expansion, closing the wealth gap is not only a matter of equity, but a prerequisite for long-term prosperity for the country.

Figure 1. Latino Contributions to the U.S. Economy, 2022-2024

19%
Latino Share of U.S. Population in 2022

28%
Latino Share of U.S. Population by 2060

68%
Share of Latinos Participating in the U.S. Labor Force in 2022

3M
Workers Employed by Latino Businesses in 2022

44%
Latino Growth in Small Businesses, 2018-2023

$4.1T
U.S. Latino GDP in 2023

Source: Authors' analysis of the Latino GDP Project, U.S. Latino GDP Report 2025; UCLA LPPI Latino Data Hub, 2024; U.S. Small Business Administration, Small Business Facts: Hispanic Ownership Statistics 2024; UCLA LPPI, A Profile of the U.S. Latino Population, 2000-2020.

WHO ARE LATINOS?

Latinos are the largest and one of the most diverse ethnic groups in the U.S. They include people of many races, from over 20 different countries, with various immigration statuses and complex histories, shaped by colonization, migration, displacement, and settlement in the U.S.[14] Today's Latino population reflects this diversity, encompassing U.S.-born and immigrant communities, citizens and noncitizens, and households across every region of the country.

This diversity matters for understanding wealth. Latino economic outcomes are shaped not only by income and education, but also by how different aspects of identity—such as race, gender, and immigration status—intersect with policy. Differences in legal status shape access to government support;[15] racial perceptions influence exposure to discrimination;[16] and gender norms affect caregiving responsibilities and labor market opportunities,[17] producing wide variation in the pathways to wealth-building among Latinos. Throughout this report, we analyze Latino wealth outcomes with attention to these differences, recognizing that distinct groups have faced unequal barriers over time.

SPOTLIGHT:

LATINOS ARE NOT A MONOLITH

RACE DISPARITIES

Latino is an ethnicity that includes people of many races, shaped by Latin America's histories of Indigenous presence, Spanish colonization, and African enslavement.[18] In the U.S., this racial diversity matters for wealth. Even though Mexicans were legally classified as white under the 1848 Treaty of Guadalupe Hidalgo, many Latinos have faced discrimination based on appearance, language, and perceived foreignness.[19] These everyday racial perceptions, often referred to as "street race,"[20] frequently outweigh legal classifications and influence access to education, housing, and employment. Afro-Latinos face especially sharp disadvantages that are often hidden in aggregate data. Between 2000 and 2019, the Afro-Latino population more than doubled, yet by 2022 they had the lowest median household incomes among Latinos, with 19 percent living in poverty compared to 15 percent of all Latinos and 11 percent nationally.[21] These patterns show why race remains a critical factor in who can build and sustain wealth.

GENDER DISPARITIES

Despite being a growing share of the labor force, Latinas held nearly one-seventh the wealth of Latino men in 2022.[22] This gap reflects structural inequalities, including lower wages ($17 per hour compared with $20 for Latino men),[23] heavier caregiving responsibilities,[24] and reduced access to employer-provided benefits such as retirement plans or paid leave.[25] Over time, these constraints compound, leaving Latinas with fewer assets, lower savings, and greater vulnerability.

IMMIGRATION STATUS AND COUNTRY OF ORIGIN DISPARITIES

Wealth outcomes also vary widely by immigration pathway and national origin. Latino migration to the U.S. has occurred in distinct waves, shaped not only by job opportunities but also by displacement tied to U.S. political, military, and economic actions abroad.[26] Puerto Ricans, for example, migrate as U.S. citizens but under more than a century of territorial status that has limited economic opportunity on the island.[27] Many Mexican[28] and Central American migrants[29] by contrast were displaced by trade policies, economic restructuring, or armed conflict, often arriving with varying level of immigration statuses, legal protections, or resources. The first large Dominican migration followed the 1965 U.S. invasion of the Dominican Republic.[30] By contrast, many Cuban immigrants, especially those who arrived as Cold War refugees,[31] benefited from favorable U.S. policies, legal status, and financial assistance that supported faster resettlement and wealth-building.

GEOGRAPHIC DISPARITIES

Where Latino families live also shapes their ability to build wealth. Local housing markets, costs of living, and state policy choices play a major role. A comparison between California and Texas illustrates this clearly. In 2022, Latinos in California earned slightly more on average ($19 per hour vs. $17 in Texas) and had lower poverty rates.[32] Educational attainment was similar in both states.[33] Yet California's high housing costs sharply limit wealth-building: The median home value for Latino households was $450,000, compared with $150,000 in Texas.[34] As a result, homeownership, and with it the opportunity to build equity, is far more accessible to Latino families in lower-cost markets.

WORD BANK ON WEALTH TERMINOLOGY

ASSETS	Resources owned (home equity, vehicles, retirement savings, investments, business ownership).[37]
NET WORTH	Total assets minus debts.[38]
DEBT	Money owed (mortgages, credit card balances, student loans).[39]
HOUSEHOLD ECONOMIC WELL-BEING	Being able to cover basic needs and financial obligations while also having financial control, security, and satisfaction.[40]
WEALTH ACCUMULATION/ BUILDING	Growth of assets and investments over time.[41]
INTERGENERATIONAL WEALTH	Assets, resources, or financial advantages that parents or grandparents pass down to their children or grandchildren, helping them get a stable start in life and build their wealth.

WHAT IS WEALTH AND WHY IS IT IMPORTANT?

Wealth is typically measured as **net worth**, meaning the total value of what a household owns (assets) minus what it owes (debt).[35] **Assets** include home equity, savings, retirement accounts, business ownership, and investments, while **debts** include mortgages, student loans, credit card balances, and medical or auto debt.[36] Unlike income, which reflects earnings at a given moment, wealth captures long-term economic security and the ability to withstand financial shocks.

Wealth matters because it shapes freedom, stability, and opportunity for individuals, their families, and society as a whole. Individuals with wealth are better positioned to invest in their health, education, business ambitions, and homeownership, and to support their families through job loss, illness, or other economic shocks.[42] Over time, stable assets and financial security can be passed down to future generations, giving children and grandchildren a stronger starting point and greater capacity to build wealth of their own.[43] And when wealth is broadly shared across society, it supports a more resilient and inclusive economy. By contrast, widespread barriers to wealth-building have been shown to limit economic growth,[44] reduce consumer stability, and weaken democratic participation.[45] When large segments of the population are excluded from asset ownership, the consequences extend far beyond individual households, shaping the strength and long-term prosperity of the economy as a whole.[46]

WHAT IS THE "LATINO WEALTH GAP"?

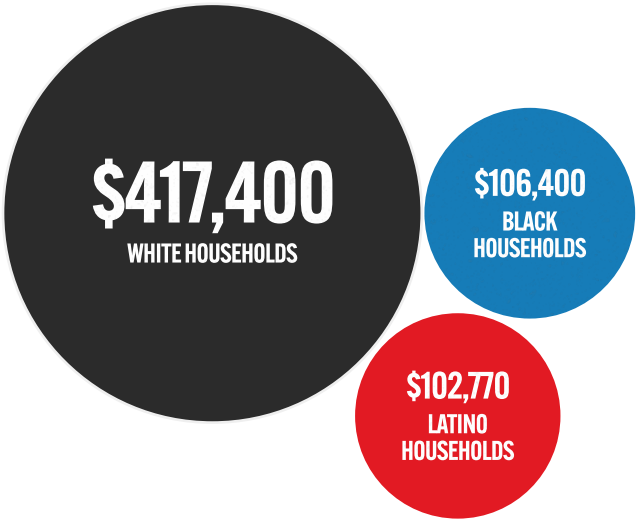
The Latino wealth gap reflects persistent differences in the assets Latino households own and the debts they carry compared to white households. While income and employment matter, wealth disparities are driven primarily by unequal access to high-value, appreciating assets —such as home equity, retirement savings, and business ownership—and greater exposure to high-cost, burdensome debt.

At first glance, Latino households appear to own many of the same types of assets as other racial and ethnic groups (Figure 2). Nearly all Latino households have transaction accounts, and a large share own vehicles. However, these are assets that generate little wealth over time. Checking and savings accounts yield minimal returns, and vehicles typically depreciate.[47] By contrast, the share of Latino households who own homes (51 percent) or retirement accounts (28 percent) are far less than white households. These are assets that tend to grow in value and anchor long-term and intergenerational wealth. And even when Latino families do own these assets, they tend to be of lower value: The median Latino-owned home is valued at $275,000, compared to $330,000 for white households, and Latino median retirement savings are nearly half that of white households.

Figure 2. Top Four Common Assets and Debt in Household Net Worth by Race and Ethnicity, 2022

ASSETS

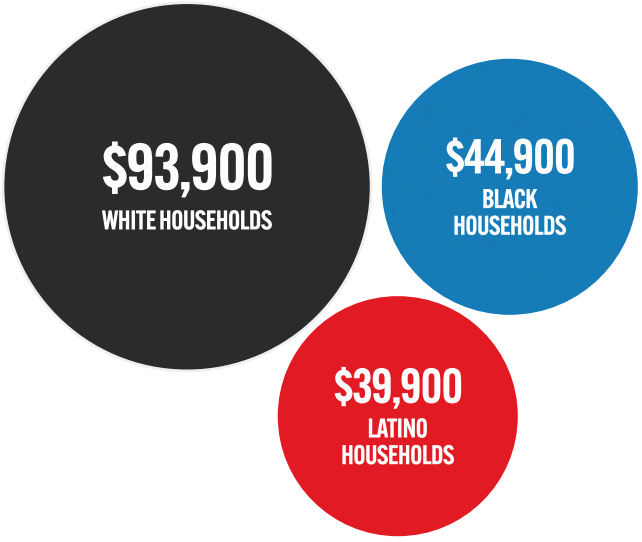
Total Assets, Median Value



	WHITE HOUSEHOLDS	BLACK HOUSEHOLDS	LATINO HOUSEHOLDS
TRANSACTIONS ACCOUNTS			
Median Value	$12,000	$2,110	$2,100
Share of Households	99%	97%	96%
VEHICLES			
Median Value	$29,000	$23,000	$25,000
Share of Households	91%	72%	78%
PRIMARY RESIDENCE			
Median Value	$330,000	$250,000	$275,000
Share of Households	73%	46%	51%
RETIREMENT ACCOUNTS			
Median Value	$100,000	$39,000	$55,600
Share of Households	62%	35%	28%

DEBTS

Total Debts, Median Value



	WHITE HOUSEHOLDS	BLACK HOUSEHOLDS	LATINO HOUSEHOLDS
CREDIT CARD DEBT			
Median Value	$3,000	$1,700	$1,700
Share of Households	42%	56%	56%
VEHICLE LOANS			
Median Value	$16,000	$16,000	$14,900
Share of Households	35%	33%	38%
HOME SECURED DEBT			
Median Value	$153,000	$111,000	$175,000
Share of Households	46%	33%	34%
EDUCATION LOANS			
Median Value	$25,000	$26,000	$13,000
Share of Households	20%	36%	15%

NOTE: White and Black refer to non-Hispanic or non-Latino populations.
Source: Author's analysis of the Federal Reserve, Survey of Consumer Finances, 2022.

Intergenerational wealth transfers amplify these disparities. Nearly 30 percent of white families report receiving an inheritance or significant financial gift, compared with just seven percent of Latino families, and when Latino households do receive inheritances, they tend to be smaller.[48] These gaps matter because intergenerational wealth shapes starting points: inherited assets can help families purchase homes, finance education, start businesses, or weather economic shocks without taking on high-cost debt.

In the absence of wealth-building assets and intergenerational support, Latino households are more likely to rely on debt to meet basic needs. This reliance often takes the form of higher-cost debt that drains resources rather than builds wealth. For example, 56 percent of Latino households carry credit card debt and 38 percent hold auto loans—both higher rates than white households—while they are less likely to hold wealth-building debt such as home-secured loans (34 percent; Figure 2). Although access to credit can support opportunity, these forms of debt typically carry higher interest rates and greater risk, limiting households' ability to build equity.[49] By contrast, white households are more likely to use debt to acquire appreciating assets, which compounds wealth over time.[50]

HOW TO READ THIS REPORT

This report is organized around five policy levers that have most directly shaped Latino wealth-building over time: (1) restrictive immigration policies and foreign relations; (2) land loss and barriers to homeownership; (3) unfair pay and job discrimination; (4) exclusion from public benefits and the social safety net; and (5) education segregation and access barriers. Each section examines one policy system across time to show how decisions made in different historical moments repeatedly reinforced similar barriers to asset accumulation for Latino communities.

All five sections are organized in the same way. Each starts with a snapshot of current disparities in that policy area, using key data to show how Latino communities are affected today. The section then looks back across history to highlight two or three major ways that the policy system limited wealth-building. Each section includes paired case studies, one from the past and one from the present, to put real faces to the data and show how earlier policies continue to shape the lives of Latino families today.

This report brings together historical research, policy analysis, and data to show how Latino wealth has been shaped over time. Where possible, the data are broken out by race, gender, immigration status, and country of origin to reflect the diversity of Latino experiences. Readers can move through the report from start to finish or focus on the sections most relevant to their work. Taken together, the sections show how connected policy systems created today's Latino wealth gap and where coordinated policy action could help expand wealth-building opportunities for everyone.

METHODOLOGY

This report combines historical research, policy analysis, and quantitative data to examine how Latino wealth-building opportunities have been shaped over time. Because nationally representative wealth surveys only became available in the late 1980s, we use a layered data approach to track the conditions associated with wealth accumulation—such as income, homeownership, educational attainment, and labor market participation—across earlier periods.

Our quantitative analysis draws on multiple federal data sources, including the U.S. Census, IPUMS USA, the Current Population Survey (CPS), the American Community Survey (ACS), and education data from the National Center for Education Statistics (NCES). Unless otherwise noted, all data refer to Latinos living in the 50 U.S. states; Latino communities actively living in U.S. territories, including Puerto Rico, are not included in this analysis.

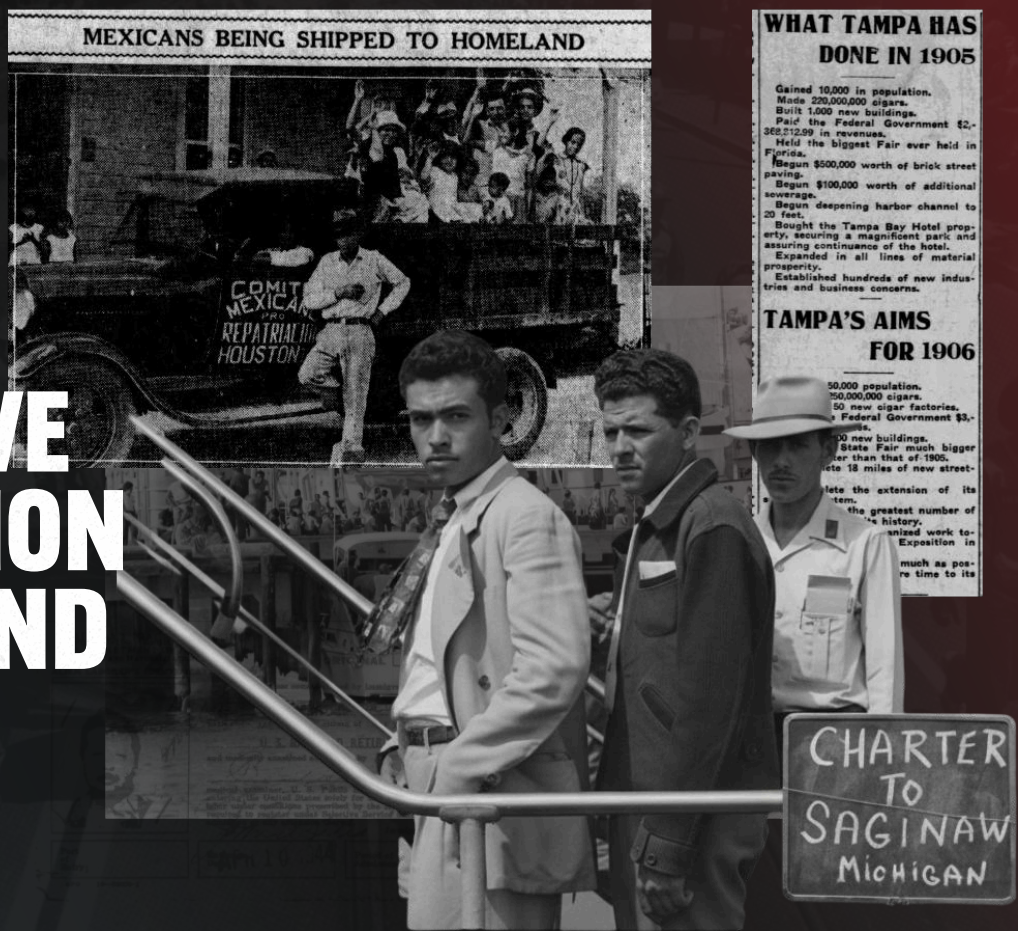
To identify Latino populations consistently across time, we rely on IPUMS methodologies that use country of birth, parental and grandparental birthplace, surnames, and household relationships for periods before the Census allowed self-identification as Latino in 1980.[51] This approach allows us to examine long-term trends in Latino economic conditions while accounting for changes in federal data collection.

Understanding how and for whom the Latino wealth gap has formed also requires moving beyond aggregate statistics to reveal the differences within Latino communities themselves. Where possible, data are disaggregated by race, gender, immigration status, and country of origin to reflect the diversity of Latino experiences and reveal unequal barriers within Latino communities.

Lastly, we developed case studies to complement the quantitative data. Our case studies are drawn from archival records, policy documents, and oral histories. For each case study we pair a historical individual with a contemporary individual, to connect past policy decisions to present-day wealth outcomes.

SECTION I

RESTRICTIVE IMMIGRATION POLICIES AND FOREIGN RELATIONS



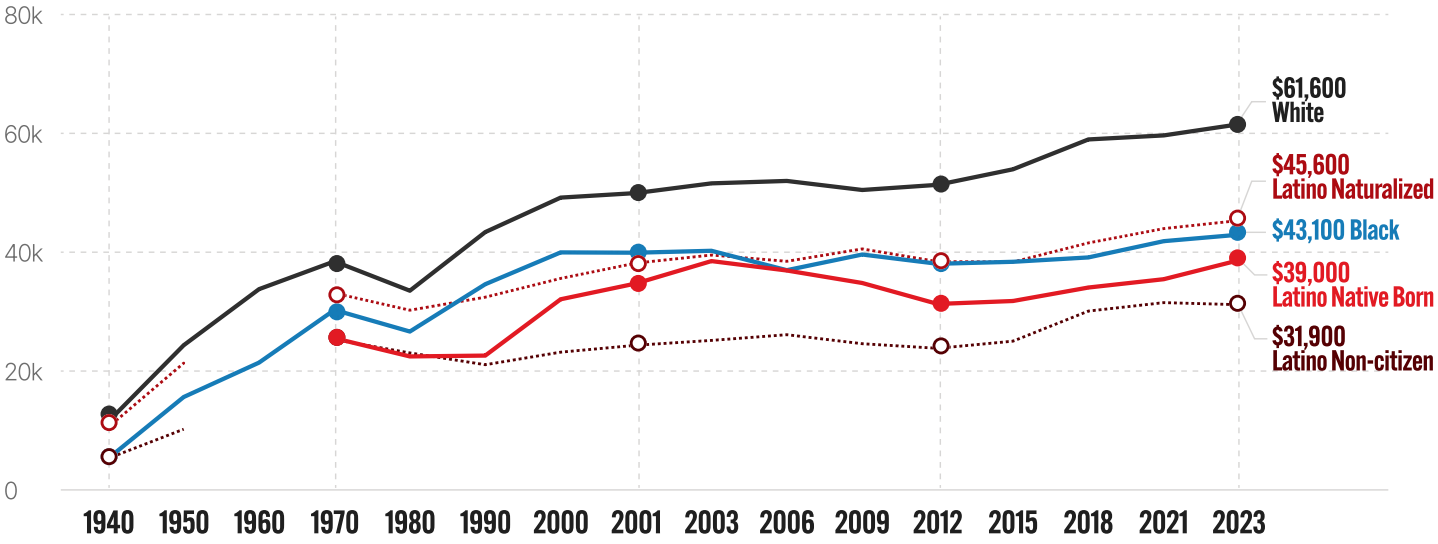
U.S IMMIGRATION LAW and foreign policy have long reflected national perceived interests. Yet in practice, they have often done so through unequal and discriminatory rules that structured who could fully belong, who remained precarious, and who was excluded from durable rights. For Latino communities, this translated into differential access to legal status and citizenship over time, which in turn shaped cumulative wealth outcomes: from wages and job mobility to homeownership, credit, business formation, and intergenerational assets.

Often shaped by the nation's purported geopolitical interests, U.S. immigration policy has constructed a legal hierarchy—citizen, lawful permanent resident, refugee/asylee, protected but temporary statuses, and unauthorized presence—that has consistently limited Latino access to secure work, mobility, credit, and protection from removal, thereby setting unequal starting points for wealth-building. Crucially, at several key junctures, Latinos were treated differently from similarly situated non-Latino groups, especially white European immigrants. Even among immigrants from Latin America, differences were prevalent with groups receiving either preferential access (e.g., Cold War–era Cuban adjustment) or restricted pathways (e.g., Central Americans and Dominicans), with long-run effects on earnings, homeownership, and intergenerational assets.

These policies influenced wealth-building for generations. Some communities were able to establish early footholds in employment and homeownership; others were pushed into cycles of temporary low-wage work or sudden displacement. This section examines how legal status, labor recruitment, and immigration enforcement created unequal starting points and how they continue to shape Latino wealth.

KEY HISTORICAL DATA

Figure 3. Latino Worker Median Income by Citizenship Status, Compared to White and Black Workers, 1940-2023



NOTE: Sample is restricted to individuals ages 16-64 with positive wage and salary income. All values are adjusted to 2024 dollars using the Census Bureau's composite Consumer Price Index series. 1960 citizenship data were not captured in the 1960 Census. **Source:** Authors' analysis of IPUMS USA; Census Bureau CPI data.

Income is a cornerstone for asset-building, and historical trends reveal persistent gaps by immigration status. Over nearly a century, Latino workers have earned less than white workers across all statuses, with noncitizens consistently at the bottom of the income scale. Naturalized Latino citizens have generally earned more than U.S.-born Latinos and noncitizens since the 1970s (Figure 3).

In fact, since 1970, Latino workers have seen the slowest income growth of all groups. Within the Latino community, U.S.-born Latinos saw a 33 percent increase in income between 1970 and 2023. Naturalized Latinos gained 27 percent but still earn more than their U.S.-born counterparts. Meanwhile, noncitizens, who made up a large share of Mexican, Central American, and Dominican workers, saw their incomes rise just 18 percent. These growth rates were generally smaller than white (37 percent) and Black (29 percent) over the same time period.

This section shows how these income gaps mirror the legal landscape Latino workers navigated: Mexicans moved through guest-worker programs, deportations, and shifting and often unequal access to full citizenship or legal status; Puerto Ricans migrated as citizens but were segregated to low-wage jobs; and many Cuban workers gained early footholds through refugee programs and easier access to lawful status beginning in the 1960s. However, Mexican, Central American and Dominican migrants saw far more limited legal pathways and heightened enforcement than their similarly situated non-Latino counterparts. These unequal starting points, and the policies that produced them, shape which Latino workers gain economic stability and build wealth, and which remain vulnerable.

KEY POLICY MEASURES

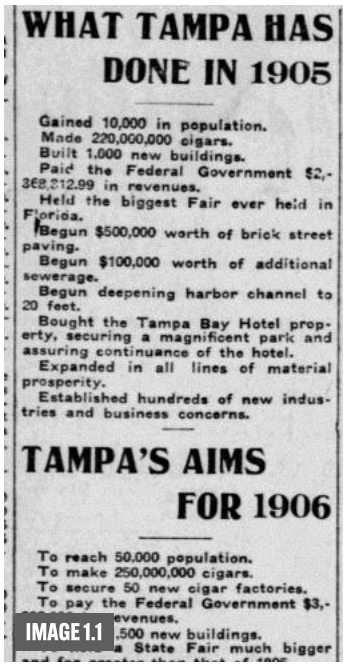
POLICY #1

LEGAL STATUS AND FOREIGN POLICY AS TOOLS OF INCLUSION AND EXCLUSION

Across two centuries, U.S. foreign policy and immigration law created a hierarchy of legal statuses, which determined who could access rights and economic support, and who would be structurally excluded from them. Because legal status shapes access to work, mobility, credit, and protection from deportation, these early classifications produced distinct economic trajectories for different Latinos.

Citizenship was one of the earliest tools the U.S. used to advance foreign policy goals. The federal government brought Mexicans and Puerto Ricans into the country through promises of citizenship, albeit only partially fulfilled. Policies governing acquisition of these territories protected U.S. access to land and labor but did not grant their residents full rights. After the **Treaty of Guadalupe Hidalgo (1848)**,[52] Mexicans living in the newly acquired Southwest were granted U.S. citizenship, but discriminatory state laws and practices took away many of those rights. In fact, the state often inhibited Indigenous and mixed-race Mexicans from voting, holding office, or legally defending their land.[53] These policies led to widespread land loss (see the housing section of this report), and closed off pathways to generational wealth for many.

After the Spanish–American War, the U.S. took control of Puerto Rico and later granted its residents U.S. citizenship through the **Jones Act of 1917**.[54] But the **Insular Cases (1901–1922)** classified the island as a territory that "belonged to" but was not fully part of the U.S.[55] This



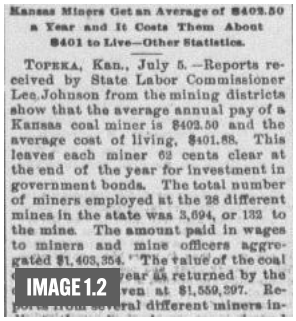
WHAT TAMPA HAS DONE IN 1905

Gained 10,000 in population.
Made 220,000,000 cigars.
Built 1,000 new buildings.
Paid the Federal Government $2,-368,212.99 in revenues.
Held the biggest Fair ever held in Florida.
Begun $500,000 worth of brick street paving.
Begun $100,000 worth of additional sewerage.
Begun deepening harbor channel to 20 feet.
Bought the Tampa Bay Hotel property, securing a magnificent park and assuring continuance of the hotel.
Expanded in all lines of material prosperity.
Established hundreds of new industries and business concerns.

TAMPA'S AIMS FOR 1906

To reach 50,000 population.
To make 250,000,000 cigars.
To secure 50 new cigar factories.
To pay the Federal Government $3,-
evenues.
,500 new buildings.
a State Fair much bigger

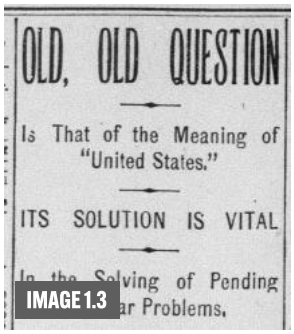
IMAGE 1.1



Kansas Miners Get an Average of $402.50 a Year and It Costs Them About $401 to Live—Other Statistics.

TOPEKA, Kan., July 5.—Reports received by State Labor Commissioner Lee Johnson from the mining districts show that the average annual pay of a Kansas coal miner is $402.50 and the average cost of living, $401.88. This leaves each miner 62 cents clear at the end of the year for investment in government bonds. The total number of miners employed at the 28 different mines in the state was 3,594, or 132 to the mine. The amount paid in wages to miners and mine officers aggregated $1,403,354. The value of the coal
year as returned by the
ven at $1,559,397. Re-
eral different miners in-

IMAGE 1.2



OLD, OLD QUESTION

Is That of the Meaning of "United States."

ITS SOLUTION IS VITAL

In the Solving of Pending
ar Problems.

IMAGE 1.3

IMAGE 1.1: Newspaper clipping outlines Tampa's 1905 accomplishments, including population gains, the number of cigars produced, new buildings built, the value of brick street paving, and sewerage investments, among other items, detailing its growth. The following section, "Tampa's Aims for 1906," outlines its objectives, which include a fivefold population increase, an additional 30 million cigars, and the construction of 50 new cigar factories within a year, with a focus on establishing the cigar industry as a central component of its goals. **Source:** "What Tampa Has Done in 1905," *The Tampa Tribune*, 4, December 31, 1905.

IMAGE 1.2: Newspaper clipping outlining the State Labor Commissioner Lee Johnson's findings on wage exploitation of miners in the 1890s. His report found that miners had about 62 cents to their name after factoring in the cost of living by the end of the year. The report also highlights the inflationary pressures that miners faced from using their "scrip" at company stores. **Source:** "Kansas Miners Get an Average of $402.50 a Year and It Costs Them About $401 to Live–Other Statistics," *The Leader Courier*, 3, July 7, 1898.

IMAGE 1.3: Newspaper clipping about whether U.S. law should be extended to Puerto Rico. The section argued that the Constitution does not apply to Puerto Rico because "United States" is interpreted as the "original thirteen states" and does not apply to "unorganized states and territories." **Source:** "Old, Old Question: Is That of the Meaning of 'United States,'" *The Wichita Eagle*, 8, February 8, 1900.

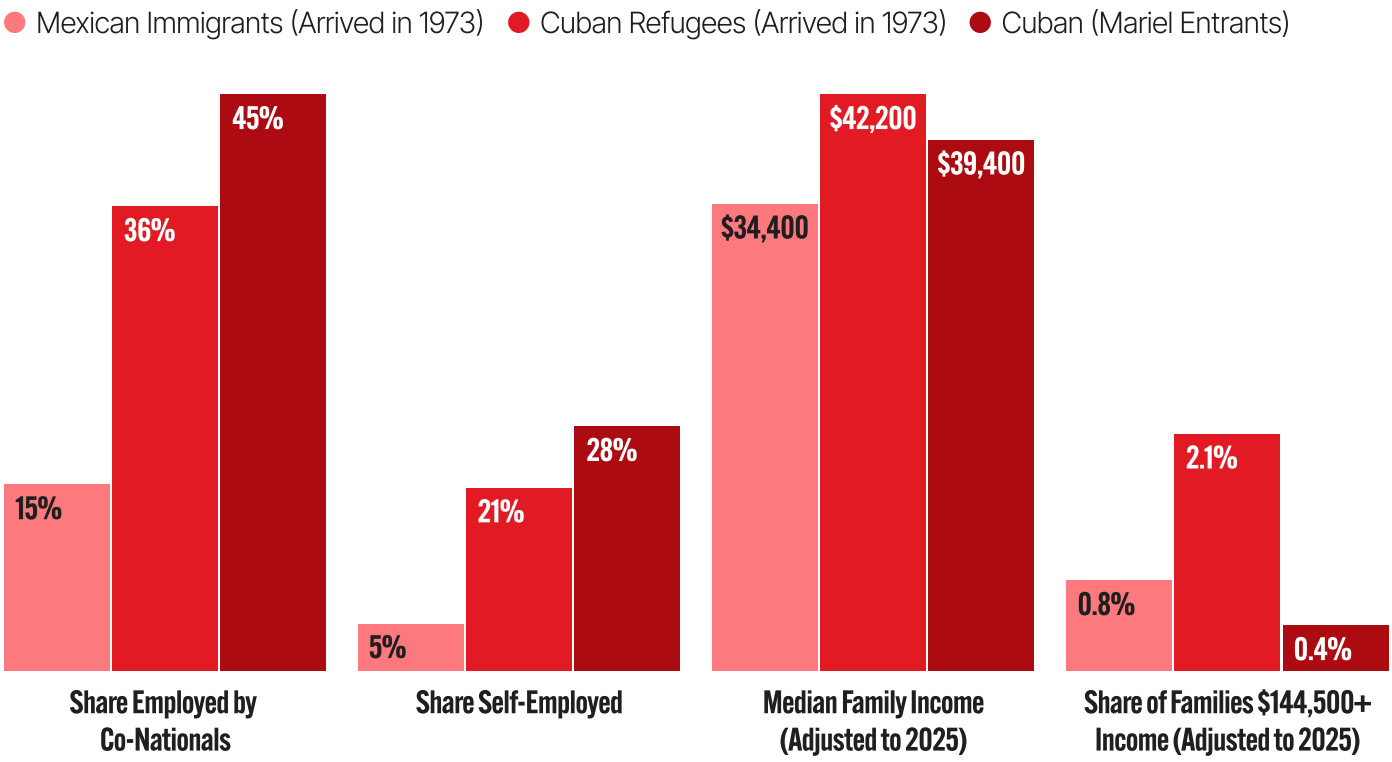
allowed federal control over land and industries while denying Puerto Ricans equal political representation and economic resources.[56] As a result, migration to the mainland became one of the few paths to improve economic opportunity.[57]

Cuban migration followed a different trajectory as a product of strong early business networks, unique trade networks, and exceptional federal support during the Cold War.[58] Beginning in the 1890s, the growing cigar industry drove Cuban migrants to Tampa and Key West in Florida.[59] Entrepreneurs such as Vicente Martínez Ybor and Ignacio Haya built cigar factories and worker communities that created early footholds in jobs, housing, and small-business ownership.[60]

Unlike other Latino groups, during the Cold War, Cubans benefited from U.S. programs that paired permanent residency with housing aid and business loans, fueling economic mobility. Thousands of professionals and business owners migrated from Cuba, fleeing Fidel Castro's revolutionary government.[61] Through the **Cuban Adjustment Act of 1966** and the **Cuban Refugee Program**, the federal government granted many Cubans migrants of the era quick access to permanent residency, along with housing assistance, job training, and small-business capital.[62] These benefits helped Cubans build a vibrant community-based economy and business network in Miami.[63] By the late 1980s, Cuban refugees in Miami were more than twice as likely to be self-employed as Mexican immigrants,[64] had real median family income of over $42,000, and were nearly three times more likely to reach real incomes above $144,500, compared to Mexican immigrants[65] (Figure 4).

Yet even within the Cuban community, these advantages varied. The more than 125,000 Cubans who arrived in the U.S. during the 1980 Mariel Boatlift (Mariel entrants) were more likely to come from working-class and non-white backgrounds.[66] U.S. employers and institutions widely discriminated against them, in part leading to lower earnings and more limited economic mobility (Figure 4).[67] While controlling for differences in age and educational attainment across Cuban cohorts would narrow these gaps, it does not fully account for the disadvantages faced by Mariel entrants.

Figure 4. Employment and Income Characteristics of Latinos, by Select Latino Subgroups, 1987



NOTE: Total sample size for Mexicans was 525, for Cuban refugees was 413, and for Cuban Mariel entrants was 400. Data for Mexican immigrants and Cuban refugees were collected in 1979, and data for Cuban Mariel Entrants were collected in 1986. **Source:** Alejandro Portes, "The Social Origins of the Cuban Enclave Economy of Miami: Table 2," Sociological Perspectives, 30, no. 4 (1987): 340-372, available online.


A Rewarding Project For U. S. Communities —

YOUR OPPORTUNITY TO HELP WORTHY CUBANS HELP THEMSELVES

— AND TO AID THE CAUSE OF FREEDOM EVERYWHERE —

Sponsors And Jobs Are Needed For

. . . courageous men, women, children who have fled their communist-controlled homeland

. . . individuals and families eager to earn their living in freedom . . . to regain their self-confidence, dignity, and pride in accomplishment

. . . people who have retained in adversity a delightful sense of humor, but who need job opportunities to restore the smiles with which they faced their own sunny world . . . before tyranny took over

CUBAN REFUGEES ARE GRATEFUL FOR HELPING HANDS IN THIS LAND OF FREEDOM — TO GUIDE THEM TOWARD THE OPPORTUNITIES FOR WHICH THEY ARE QUALIFIED.

How To Plan Your Sponsorship of Cuban Refugees

Ask full resettlement information from: J. Arthur Lanell, Deputy Director for Resettlement, Cuban Refugee Center, Freedom Tower, Miami 32, Florida.

NOTE:

(a) Refugee transportation costs to your city are paid by the U. S.

(b) There is now a "transition allowance" of $100 for families receiving public assistance in Miami who go to other cities. (For individuals, $60.)

(c) Should unforseen complications develop in the resettlement, U. S.-financed assistance, including medical care, is provided in the resettlement community at no cost to the sponsor.

Sponsor Cuban Refugees . . . FULFILL THEIR FAITH IN FREEDOM

CUBAN REFUGEE CENTER, Freedom Tower, MIAMI 32, FLORIDA

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE — SOCIAL SECURITY ADMINISTRATION

IMAGE 1.4



IMAGE 1.5

IMAGE 1.4: A flyer titled "A Rewarding Project for U.S. Communities: Your Opportunity to Help Worthy Cubans Help Themselves and to Aid the Cause of Freedom Everywhere" by the U.S. Department of Health, Education, and Welfare. The flyer is soliciting sponsors and jobs for Cuban refugees "who have fled their communist-controlled homeland." Unlike most Latino immigrants, Cubans were welcomed with resettlement assistance and job sponsorship. **Source:** "Cuban Theater in Miami: 1960-1980 - Exile and Survival," Cuban Heritage Collection, University of Miami Libraries, University of Miami, Coral Gables, Florida, accessed July 22, 2025, available online.

IMAGE 1.5: Photograph taken in 1972 of a stretch of Southwest 8th Street in Miami, better known as Calle Ocho, featuring Cuban-owned storefronts and the historic Tower Theatre. **Source:** "Photos Show a Deep Cuban History in Miami's Little Havana," *USA Today*, January 28, 2020, available online.

Migration from Central America surged during periods of civil war, political repression, and economic crisis—often in contexts shaped by U.S. involvement in the Cold War era. Unlike Cubans, these migrants did not have access to refugee programs. Instead, legal protections varied and were often uncertain and precarious.

The differences in immigration pathways between Nicaraguans on one hand, and Guatemalans and Salvadorans on the other, showcase how foreign policy and geopolitical interests shaped immigration policy, which in turn impacted the economic trajectories of different groups. The Reagan administration backed repressive right-wing governments in El Salvador and Guatemala while opposing Nicaragua's leftist Sandinista regime, and those geopolitical stances influenced asylum adjudication.[68] In practice, Salvadoran and Guatemalan asylum seekers were often framed as economic migrants.[69] Between 1984 and 1990, about one-quarter of the roughly 48,000 Nicaraguan asylum applications were approved, compared to just 2.6 percent of the 45,000 claims filed by Salvadorans and 1.8 percent of the 9,500 submitted by Guatemalans.[70] This left many Salvadoran and Guatemalan immigrants with unauthorized or precarious immigration status, limiting their access to employment and services.[71]

A lawsuit filed against the government arguing systemic bias against Salvadoran and Guatemalan immigrants culminated in the decision in *t* (1991), which granted the readjudication of asylum applications, work authorization, and protection from removal to roughly a quarter-million Salvadorans and Guatemalans who had entered by 1990.[72] Nicaraguans and Central Americans also had different treatments under the 1997 Nicaraguan Adjustment and Central American Act (NACARA). Congress created a direct path to lawful permanent residence for many Nicaraguans under section 202, while Salvadorans and Guatemalans were routed to NACARA section 203's "special-rule" cancellation tied to ABC registration and earlier asylum filings.[73] The experience of Central American migrants illustrates a broader pattern in U.S. immigration policy: Legal protections are often extended only temporarily and unevenly, shaping economic opportunity without resolving long-term insecurity.

The same logic of selective inclusion—expanding access to immigration status while withholding durable legal rights—continues today through programs such as Deferred Action for Childhood Arrivals (DACA). Created in 2012, DACA granted eligible undocumented youth temporary protection from deportation and work authorization,

but no pathway to permanent legal status.[74] Even in this limited form, DACA increased employment among undocumented youth by about 4 percentage points, added roughly 50,000 to 75,000 workers to the labor force, and raised annual earnings by $400 to $800 for lower-wage workers.[75] Yet DACA recipients remain in legal limbo, vulnerable to sudden policy reversal.

Today's income patterns reflect the long-term effects of unequal access to legal status and citizenship rights among Latino groups. For example, naturalized Cubans live in households with a median income of approximately $60,200, while noncitizen Central Americans earn only $52,000 (Figure 5). While other factors such as age and educational attainment impact these gaps, the legacy of these disparities is clear: Groups with earlier or more secure pathways to citizenship tend to have higher incomes, while those with limited or delayed access remain at an economic disadvantage.

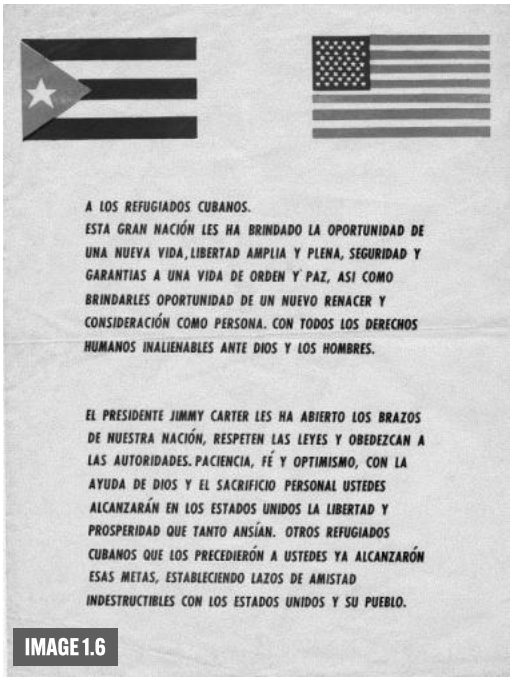
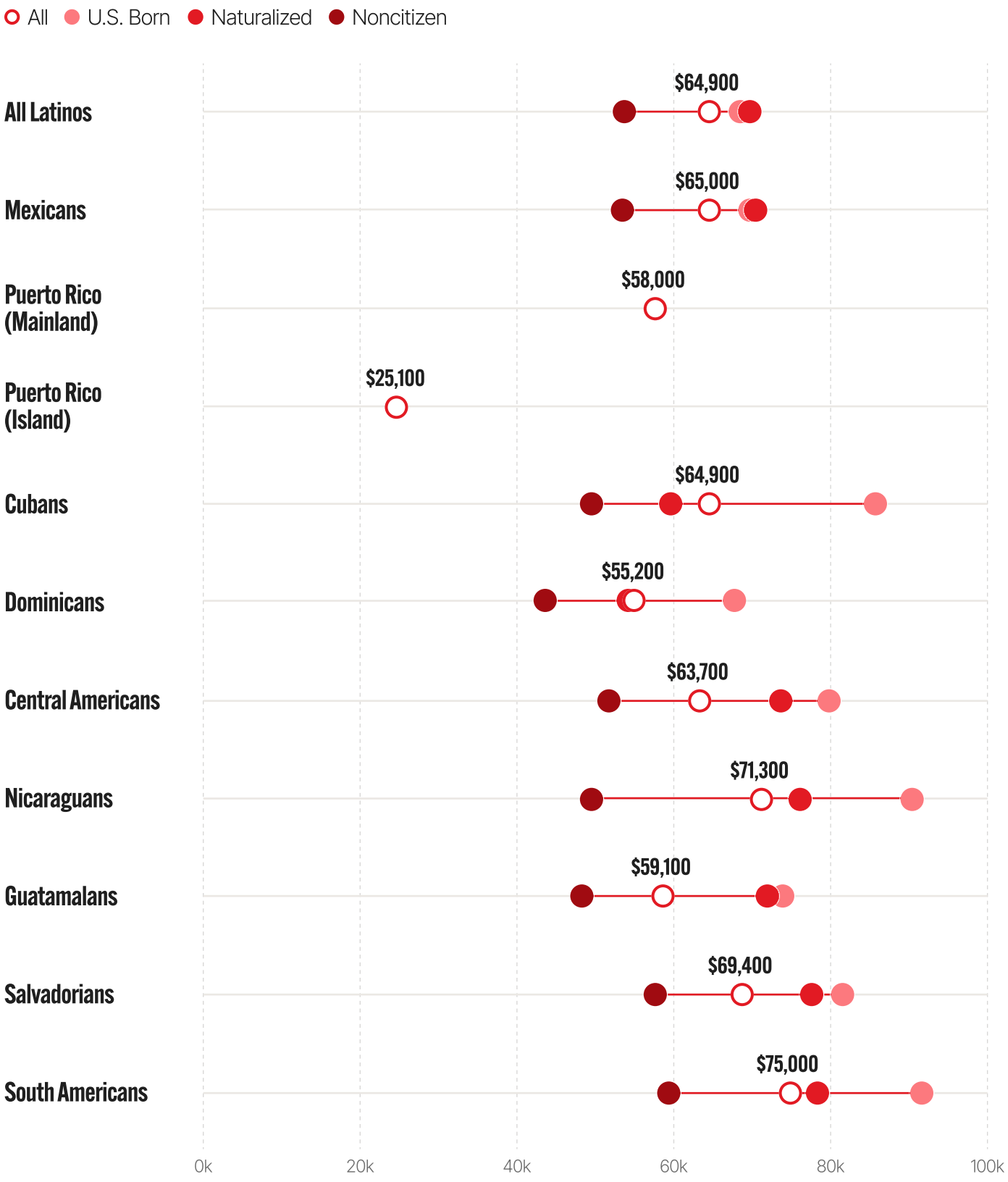


IMAGE 1.6: A flier distributed on behalf of President Jimmy Carter to Cuban refugees upon arrival to the U.S. during the Mariel Boatlift. The message, translated from Spanish: "President Jimmy Carter has opened the arms of our nation, respect the laws and obey the authorities...you will obtain in the U.S. the liberty and prosperity that you yearn for. Other Cuban refugees who preceded you have already reached those goals." **Source:** Mariel Boatlift flier, Florida Memory, State Archives of Florida, 1980, accessed November 3, 2025, available online.

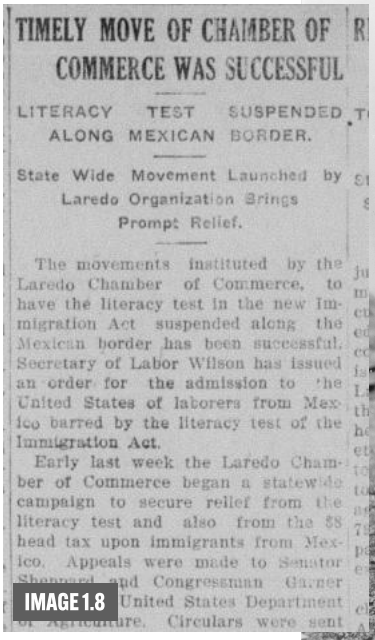


IMAGE 1.7: Photograph of the private refugee boats "Foxy Lady" and "Matilde" arriving at Pier B in Key West, Florida. Upon arrival, the passengers proceeded on foot to a temporary immigration processing site located at the Key West Latin Chamber of Commerce. **Source:** Dale M. McDonald, "'Foxy Lady' and 'Matilde' returning from Mariel, Cuba with refugees on board - Key West, Florida." Florida Memory, State Archives of Florida, 1980, accessed November 3, 2025, available online.

Figure 5. Median Household Income in the U.S., 2023 by Nativity/Citizenship and Latino Descent Group



NOTE: The aggregated data for Central Americans include all Spanish-speaking Central American countries. **Source:** UCLA LPPI, "Median Household Income in the United States, 2023, Compared by Latino Descent Groups; Nativity/Citizenship," LatinoDataHub.org; Mary Ana McKay, "From Living Arrangements to Internet Access, the Puerto Rico Community Survey Provides a Comprehensive Profile of Puerto Rico's People and Communities," U.S. Census Bureau, May 28, 2025, available online.



TIMELY MOVE OF CHAMBER OF COMMERCE WAS SUCCESSFUL

LITERACY TEST SUSPENDED ALONG MEXICAN BORDER.

State Wide Movement Launched by Laredo Organization Brings Prompt Relief.

The movements instituted by the Laredo Chamber of Commerce, to have the literacy test in the new Immigration Act suspended along the Mexican border has been successful. Secretary of Labor Wilson has issued an order for the admission to the United States of laborers from Mexico barred by the literacy test of the Immigration Act.

Early last week the Laredo Chamber of Commerce began a statewide campaign to secure relief from the literacy test and also from the $8 head tax upon immigrants from Mexico. Appeals were made to Senator Sheppard and Congressman Garner United States Department of Agriculture. Circulars were sent

IMAGE 1.8

IMAGE 1.8: Newspaper clipping about the Laredo Chamber of Commerce's statewide campaign to eliminate the literacy test and $8 tax along the Mexican border. Commercial organizations and banks made a case before the Immigration Bureau to "relieve the labor shortage upon the farms in the Southwest" and were successful in eliminating the literacy test. **Source:** "Timely Move of Chamber of Commerce was Successful: Literacy Test Suspended Along Mexican Border," *Laredo Weekly Times*, 10, May 27, 1917.

IMAGE 1.9: A photograph of Mexican railroad track workers in Utah (undated). **Source:** "Spanish Speaking Peoples in Utah," People of Utah Photograph Collection, Utah Department of Cultural & Community Engagement, available online.



IMAGE 1.9

POLICY #2

LABOR RECRUITMENT AND REGULATION AS ECONOMIC CONTROL

The U.S. government has the authority and right to regulate immigration and set the terms of entry into the labor market. However, this authority has historically been exercised in ways that enabled employers to draw heavily on Latino labor while limiting workers' stability and long-term security. During times of shortage, federal policy opened the door and actively recruited Latino workers. During downturns or political backlash, the same workers were pushed out, surveilled, or placed into temporary or undocumented status. Labor programs and enforcement campaigns worked together to keep Latino workers essential to the economy but rarely on secure economic footing.

Long before the U.S. built a formal immigration system, the federal government was already using its authority to selectively admit and exclude workers in ways that advantaged employers while constraining labor rights. **The Foran Act of 1885** banned foreign contract labor, a practice that had expanded rapidly due to the labor demands of the growing transcontinental railroad,[76] but employers quickly adapted through labor contractors and debt arrangements that preserved access to cheap labor (see worker discrimination section of this report).[77] This approach intensified in the early 20th century. **The Immigration Act of 1917** restricted low-wage immigration through literacy tests and fees,[78] then carved out an exemption for Mexican workers during World War I, creating the first U.S.–Mexico guest-worker program (1917–1921).[79] By admitting Latino workers temporarily without durable legal rights, federal policy met labor demand while embedding legal insecurity, creating an early model for wage suppression that persisted in later immigration policy.[80]

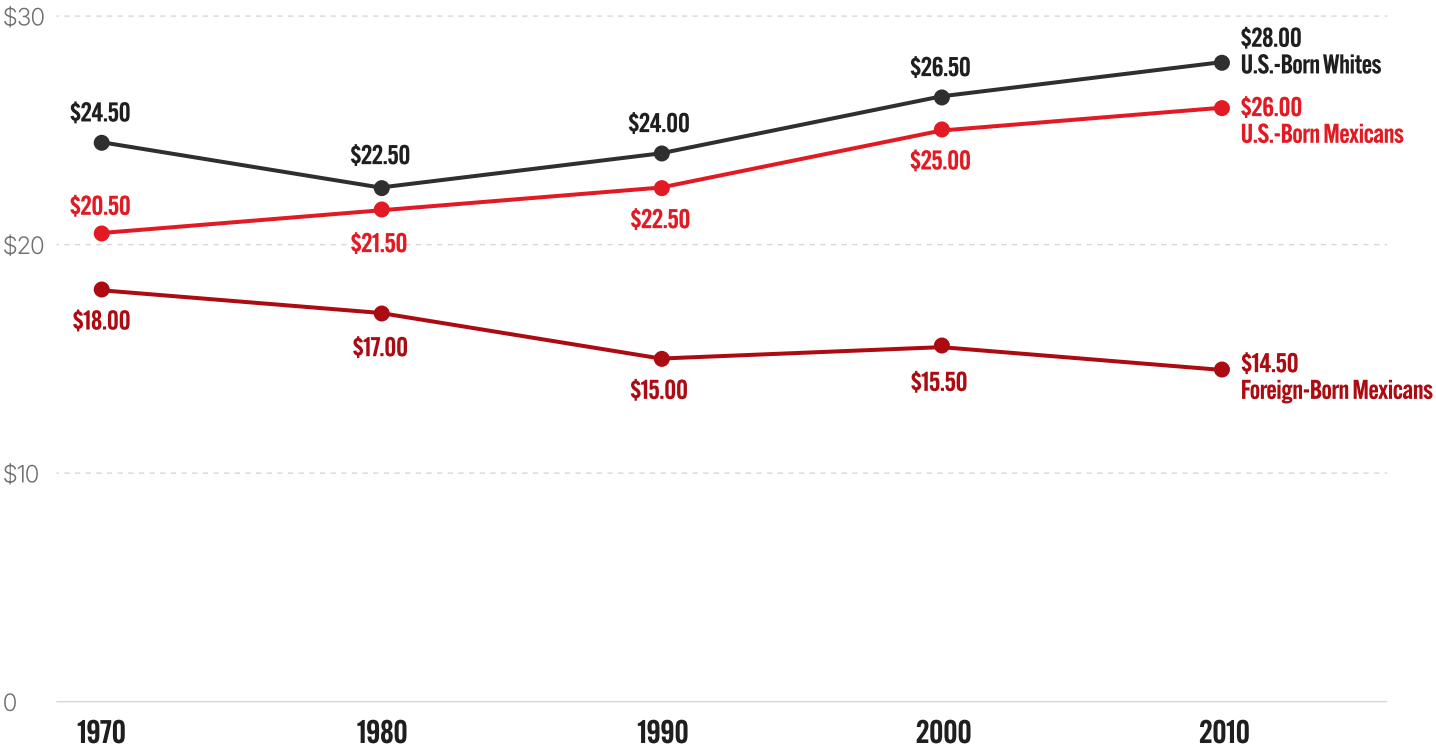
The Bracero Program (1942–1964) formalized a system in which millions of Mexican workers were recruited on short-term contracts that tied legal status to a single employer, limited mobility, and

made reporting abuse risky.[81] Braceros had almost no power to challenge poor housing conditions, wage theft, or abusive treatment because employers could cancel their contract and remove their status.[82] At the same time, employers routinely hired undocumented workers outside the program, reinforcing a dual labor system that depressed wages across the sector.[83] In fact, a 1950s study by the President's Commission on Migratory Labor found that cotton growers in Texas's Rio Grande Valley, where undocumented labor was common, paid workers $1 to $1.50 less per hour than elsewhere in the state, saving an estimated $5 million per 350,000 bales of cotton that year.[84]

Puerto Rican workers, who were U.S. citizens, were drawn into a parallel system through federally coordinated recruitment that funneled them into low-wage, tightly controlled jobs. As poverty and limited opportunity on the island deepened,[85] federal agencies coordinated large-scale recruitment of Puerto Ricans for jobs on the mainland U.S.[86] The U.S. War Manpower Commission managed the earliest waves during World War II, and by 1951 an extension of the **Wagner-Peyser Act** brought Puerto Rican labor recruitment under the Puerto Rico Employment Service, affiliated with the U.S. Employment Service.[87] On paper, these programs promised opportunity; in practice, they funneled Puerto Rican workers into low-paying domestic and factory jobs subject to extensive employer control, including mandatory wage deductions for housing and transportation and restrictions on where and how workers lived.[88] In New Jersey, contract workers at the Conte and Sons Packing Company worked 80–90 hours a week for $30, yet were left with only $6–$10 in take-home pay after deductions for meals, housing, airfare, and government-ordered remittances to dependents on the island.[89] Similarly, in Chicago, Puerto Rican women working in domestic service earned about $60 a month but faced mandatory deductions of $18–$20 for transportation and lodging.[90] Although citizenship gave Puerto Rican workers more exit options than Braceros,[91] both systems relied on constraint and replaceability to meet labor demand while limiting workers' economic power.

By the late 1970s and 1980s, the wartime programs that once brought Mexican and Puerto Rican workers through formal channels ended, but U.S. employers still relied on their labor.[92] The federal government ended the **Bracero Program in 1964**[93] and then imposed the first-ever visa caps on Mexico and the rest of the Americas through a process set forth in the **1965 Immigration and Nationality Act**, sharply restricting lawful entry.[94] These constraints contributed to a significant increase in undocumented migration from Mexico,[95] and by the 1980s the federal response was the **1986 Immigration Reform and Control Act (IRCA)**, which increased enforcement and legalized over 2.7 million undocumented immigrants, 70 percent of them Mexican.[96] Department of Labor research initially showed that hourly wages for workers legalized under IRCA increased by roughly 15 percent by 1992.[97] However, after accounting for overall economic conditions and workers' socioeconomic characteristics, subsequent studies suggest the true wage gain from legalization was closer to six percent, and that these benefits were smaller for newer migrants who had limited citizenship pathways.[98] IRCA's employer sanctions—penalties on employers for knowingly hiring undocumented workers—also backfired: Instead of curbing unauthorized employment, they increased discrimination against lawfully present Latinos,[99] encouraged employers to use subcontracting systems that hid violations,[100] and reduced Latino workers' relative earnings across agricultural and nonagricultural sectors—at a time when wages for non-Latino white workers were rising.[101] IRCA and subsequent enforcement measures entrenched a low-wage, undocumented labor system; as Figure 6 shows, real hourly wages for foreign-born Mexicans peaked at $18 in 1970 but declined to about $14.50 by 2010, as the undocumented population grew to over 11 million.[102]

Figure 6. Median Hourly Wages 1950-2010 (Adjusted to 2025 Dollars)



SOURCE: Author's analysis of U.S. Census IPUMS USA 1970 1%, 1980 5%, 1990 5%, 2000 1-year and ACS, 2010 1-year. Replicating and updating the analysis provided in Douglas S. Massey and Julia Gelatt, "What Happened to the Wages of Mexican Immigrants? Trends and Interpretations," Latino Studies 8, no. 3 (Fall 2010): 328-354, Figure 1, available online.



IMAGE 1.10: Photograph of Braceros during an inspection at the Monterrey Processing Center in Mexico (1956). **Source:** "Braceros Stand with Their Backs to the Wall and Stretch While an Official Examines Their Figures at the Monterrey Processing Center, Mexico," National Museum of American History, Leonard Nadel Photographs and Scrapbooks Collection, available online.

IMAGE 1.11: Puerto Rican migratory farmworkers board a chartered flight at Isla Grande Airport in San Juan, heading to the U.S. to begin work in Michigan's sugar beet fields before the June 20 deadline. In 1950, more than 3,000 Puerto Rican workers were transported on roughly 50 long-range flights, making it one of the largest organized airlifts at the time. **Source:** Ivan Roman, "Why Puerto Rican Migration to the U.S. Boomed After 1945," *History*, October 5, 2022, available online.

IMAGE 1.12: Photograph of Aaron Castañeda Gamez's Alien Laborer's Identification Card administered by the U.S. Department of Justice and Naturalization Service (1944). The identification card specifies approval for railroad track work and is signed by a medical examiner verifying that Castañeda Gamez passed a medical inspection and that he is "entering the United States solely for the purpose of engaging in labor." **Source:** Aaron Castañeda Gamez and US Department of Justice, "Identification Card," Bracero History Archive, available online.

Today, these patterns continue through modern temporary visa programs, which function similarly to old guest-worker systems. Employers in agriculture, landscaping, construction, hospitality, and food processing increasingly rely on H-2A and H-2B visas to bring in workers.[103] The H-2 program was established during WWII as an emergency farm labor program and formalized by the 1952 Immigration and Nationality Act, then split into the H-2A and H-2B programs in 1986. Originally, the program recruited thousands of Caribbean workers—primarily from Jamaica, Bahamas, and Barbados—to harvest sugar cane in Florida and work on farms along the Eastern Seaboard, operating in parallel to the Bracero program for Mexican workers.[104] However, today the vast majority of its visa-holders are laborers from Mexico and Central America.[105] Like the Bracero program, these visas provide a legal albeit temporary route to work, but they tie employees to a single employer, limit job mobility, and make it risky to report abuses or unsafe conditions.[106] Studies show that wages for H-2B positions are nearly 25 percent less than the average hourly wage for workers in the same occupation, and that employers in the top H-2B industries have likely stolen over $2.2 billion in wages between 2000 and 2024.[107]

Across more than a century, U.S. labor and immigration policy has systematically structured Latino workers' access to the economy through temporary, constrained, and revocable forms of inclusion. From early contract labor bans and the Bracero Program to Puerto Rican wartime recruitment, IRCA's enforcement regimes, and today's H-2 visa programs, federal policy repeatedly admitted Latino workers when their labor was needed while withholding durable legal protections. These policies did not merely respond to labor demand; they actively shaped a workforce that was legally precarious and economically dependent. The result is a labor system that has long relied on Latino workers to sustain key industries while constraining their wages, protections, and ability to build lasting wealth.

POLICY #3

ENFORCEMENT AND DEPORTATION AS INSTRUMENTS OF ECONOMIC LOSS

Immigration enforcement within the country has never been solely about controlling who gets to stay in the U.S.; it has repeatedly acted as an economic escape valve during downturns.[108] Large-scale deportations, repatriation[109] campaigns, and policing programs have been a critical economic tool for the federal government. The result has been not only fear and instability, but measurable losses in wealth and economic opportunity among the Latino communities most directly impacted.

The Great Depression marked the first major use of removal as a response to economic downturn. Between 1929 and 1936, local and federal officials organized **Mexican repatriation campaigns (1929–1936)** that forced or pressured hundreds of thousands of Mexicans and Mexican Americans to leave the country.[110] Estimates range from 355,000 to more than two million people, and roughly half were U.S. citizens.[111] The economic shock to Latino communities was immediate. In Los Angeles County, deposits at banks serving Mexican origin clients fell by about 40 percent within two months of mass removals in 1933.[112] Housing markets also absorbed the impact. A study of four million housing units across more than 900 cities found that homes previously occupied by Mexican origin families lost substantial value between 1930 and 1940.[113] On average, home values fell by 14 percentage points for every one percentage point decline in the local Mexican population.[114] For hundreds of thousands of U.S.-born citizens of Mexican origin who were "repatriated," instead of serving as a key source of wealth, these lost or under-valued homes were denied to future generations. Many of these homes were left vacant or shifted from owner-occupied to renter-occupied, signaling not just displacement for those directly repatriated, but a

broader loss of stability and wealth-building opportunities for entire neighborhoods.[115]

Far from stabilizing the economy, deportation campaigns during the Depression undermined housing markets in major cities and delayed recovery. Figure 7 models how construction activity, home values, and rents would have changed from 1930 to 1940 in the absence of Mexican repatriation. In El Paso, where roughly 14.5 percent of the Mexican population was expelled, the value of new construction would have been about 0.74 percentage points higher, median home values about a quarter of a percentage point higher, and median rents about 0.17 points higher without the removals. Cities such as San Antonio, Los Angeles, San Diego, and Phoenix show similar patterns. Taken together, these findings suggest that repatriation weakened local housing markets and slowed neighborhood recovery across multiple regions (Figure 7).



IMAGE 1.13

IMAGE 1.13: Newspaper clipping features a photograph of a truck carrying Mexican women, men, and children to the Mexican border. The section states that this is the third truck shipment from Houston and that the Mexican government is assisting in transporting them to their former homes. Source: "Mexicans Being Shipped to Homeland," *The Houston Chronicle*, 3, May 3, 1932.

Figure 7. Predicted Increase in Housing-Market Growth if the Mexican Repatriation Had Not Occurred (1930-1940)

CITY	PERCENTAGE POINT CHANGE IN MEXICAN POPULATION	PERCENTAGE POINT CHANGE IN CONSTRUCTION ACTIVITY	PERCENTAGE POINT CHANGE IN MEDIAN HOME VALUE	PERCENTAGE POINT CHANGE IN MEDIAN RENT
EL PASO, TX	-14.5%	0.74	0.24	0.17
SAN ANTONIO, TX	-5.2%	0.25	0.8	0.6
PUEBLO, CO	-2%	0.5	0.2	0.1
GARY, IN	-1.9%	0.6	0.2	0.1
LOS ANGELES, CA	-1.2%	0.2	0.1	0.1
SAGINAW, MI	-1.1%	0.5	0.2	0.1
SAN DIEGO, CA	-0.9%	0.4	0.1	0.1
PHOENIX, AZ	-0.8%	0.14	0.5	0.1
PASADENA, CA	-0.8%	0.4	0.1	0.1
PONTIAC, MI	-0.7%	0.2	0.1	0.0

SOURCE: Created by authors using analysis from Gustavo S. Cortes and Vinicios P. Sant'Anna, Send Them Back? The Real Estate Consequences of Repatriations (unpublished manuscript, University of Florida and MIT, October 24, 2024), Appendix B (pp. B.2–B.3) and Appendix C (pp. C.1–C.2), available online.



IMAGE 1.14: Photograph of Mexican and Mexican American families in Los Angeles waiting to board a train to Mexico in a mass departure/repatriation arranged by the County (1932). **Source:** Los Angeles Public Library, Herald Examiner Collection cited in Adrian Florido, "Mass Deportation May Sound Unlikely, But It's Happened Before," *NPR*, September 8, 2015, available online.

In the postwar era, enforcement continued to function as a lever for controlling Latinos. As more Mexican workers chose to bypass the Bracero Program in search of better pay and flexibility, federal authorities responded with large-scale deportation drives such as **Operation Wetback**.[116] More than one million people, mainly Mexican nationals, were expelled or pressured into "voluntary" departure.[117] Deportations disrupted families and local economies, while U.S. employers pushed for an expansion of Bracero contracts to replace the very workers who had been removed. Bracero recruitment peaked at 445,000 contracts by 1956,[118] underscoring how enforcement and recruitment worked in tandem: Removals disciplined the workforce and reinforced dependence on controlled, low-wage labor programs rather than building stable, rights-based employment.

At the turn of the century, the **Illegal Immigration Reform and Immigrant Responsibility Act (IIRIRA) of 1996** expanded the grounds for deportation, sped up removal procedures, and sharply limited relief options, especially for those who entered unlawfully and those people with older or minor criminal convictions.[119] Formal removals climbed from about 51,000 in 1995 to nearly 188,500 in 2000, and more than four out of five involved Mexican nationals.[120] For many families—most of them mixed-status—deportation meant losing not only a breadwinner, but also homes, vehicles, savings, and any equity they had begun to build, with consequences extending well beyond the individual removed.[121]

Over time, immigration enforcement became embedded in local policing, further entangling federal immigration policy with everyday community life. Programs such as the **Criminal Alien Program (CAP)**, **Secure Communities**, and **287(g) agreements** allowed local police to share fingerprints and arrest information directly with federal immigration databases. Between 2010 and 2013, although Mexicans made up between 39 and 59 percent of the noncitizen population, they accounted for nearly 80 percent of all removals, and noncitizens from Latin America overall comprised more than 95 percent of those removed, demonstrating how disproportionately immigration enforcement targeted Latino communities.[122]

These enforcement systems have had clear economic effects, particularly following the expansion of deportation priorities under **Executive Order 13768 in 2017.**[123] Deportation policies would not only impact individuals removed from the U.S., but also their U.S.-citizen relatives who stayed. In 2017, nearly 6.6 million U.S. citizens—adults and children—lived in households with at least one undocumented family member.[124] Deportation of undocumented immigrants in mixed-status families meant the loss of a primary earner, housing instability, and the erosion of savings and assets for U.S. citizen family members, deepening household economic insecurity.

In the years after these patterns first emerged, their effects only deepened. By 2022, the same dynamics documented in the late 2010s had intensified, revealing the broader, long-term economic toll on predominantly Latino mixed-status families across the country.[125] At the time, nearly 4.7 million mixed-status households—consisting of about 9.7 million U.S. citizens—relied in part on the earnings of undocumented family members; without those contributions, median household income could fall from about $75,500 to $39,000 (a decline of more than 48 percent).[126] Moreover, an estimated 5.5 million U.S.-born children lived in households with undocumented parents, and mass deportation could impose at least $116.5 billion in additional child-rearing costs on remaining caregivers and public systems.[127] Moreover, beyond these direct household losses, recent economic modeling estimates that large-scale deportation could also reduce real wages for U.S.-born workers by about 0.3 percent nationally in the long run, with even larger declines—between roughly 0.5 and 0.4 percent—in states such as California and Texas, states with the largest Latino populations.[128] Ultimately, large-scale removals result not only a significant loss of stability for these households but inevitably take a toll on local and regional economies.

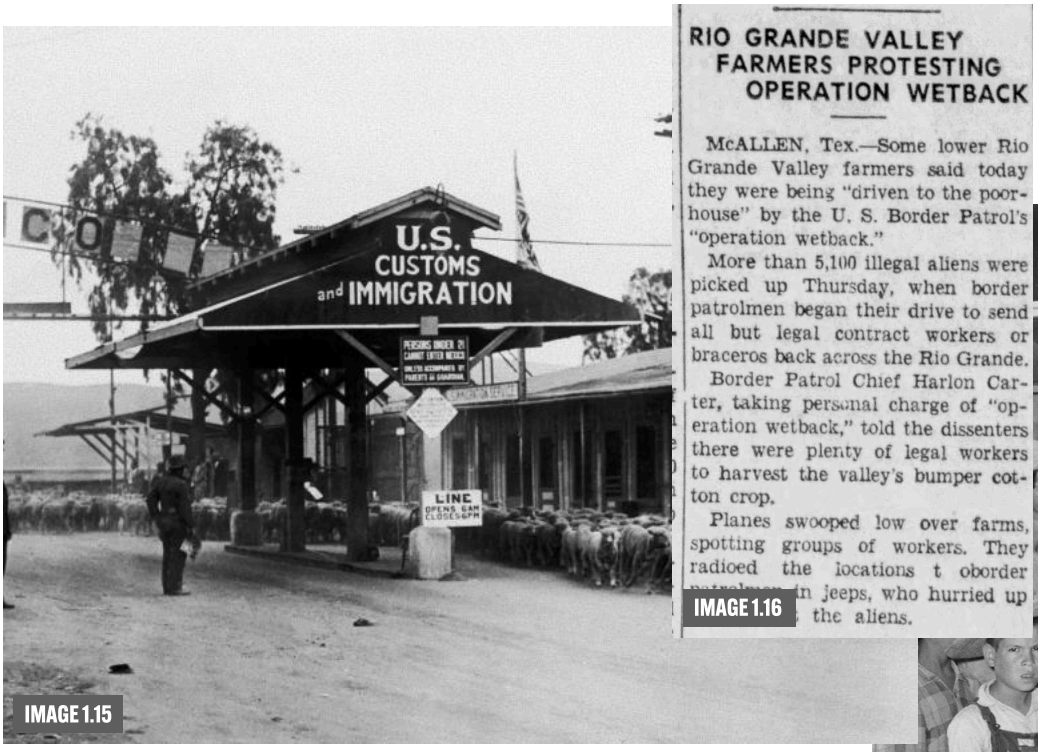


IMAGE 1.15

RIO GRANDE VALLEY FARMERS PROTESTING OPERATION WETBACK

McALLEN, Tex.—Some lower Rio Grande Valley farmers said today they were being "driven to the poor-house" by the U. S. Border Patrol's "operation wetback."

More than 5,100 illegal aliens were picked up Thursday, when border patrolmen began their drive to send all but legal contract workers or braceros back across the Rio Grande.

Border Patrol Chief Harlon Carter, taking personal charge of "operation wetback," told the dissenters there were plenty of legal workers to harvest the valley's bumper cotton crop.

Planes swooped low over farms, spotting groups of workers. They radioed the locations t oborder [illegible] jeeps, who hurried up [illegible] the aliens.

IMAGE 1.16



IMAGE 1.17

IMAGE 1.15: U.S. Customs and Immigration at the San Ysidro, California and Tijuana border (1925). **Source:** Tim Murphy, "The Border Patrol Is an Engine of Crisis—and Has Been Since the Beginning," *Mother Jones*, May 28, 2024, available online.

IMAGE 1.16: Newspaper section on Rio Grande Valley farmers opposing Operation Wetback for taking their labor. It detailed that "more than 5,100 illegal aliens were picked up Thursday" during a Border Patrol drive, demonstrating the sweeping scale of the operation. Border Patrol would fly planes low over farms to identify workers and radio their location to other officers on the ground, who would then quickly apprehend them. **Source:** "Rio Grande Valley Farmers Protesting Operation Wetback," *Beaver Dam Daily Citizen*, page 3, July 16, 1954.

IMAGE 1.17: Photograph of farmer worker men and their sons boarding a bus in the McAllen Detention Camp for deportation in Laredo, Texas (1953). **Source:** AR110-7-5-10, *Migrant workers in Rio Grande Valley. Texas AFL-CIO Mexican American Affairs Committee Records*, University of Texas at Arlington Libraries, Special Collections, 1953. This work is licensed under a Creative Commons Attribution-NonCommercial 4.0 International License, available online.

POLICY RECOMMENDATIONS

POLICY RECOMMENDATIONS

This section shows that immigration policy has played a significant role in shaping and defining wealth access for Latinos. For over a century, U.S. immigration law has determined who could access stable work, credit, mobility, and protection from removal, creating fundamentally unequal starting points for Latino wealth-building. At the same time, enforcement and deportation campaigns have repeatedly functioned as economic escape valves during downturns, stripping Latino immigrant households of earners, assets, and stability while undermining entire regional economies. No single reform can undo more than a century of compounding harm. Still, the evidence points to several concrete, policy-relevant actions that would expand and produce more equitable outcomes for Latinos.

01 REPLACE INDISCRIMINATE MASS DEPORTATIONS WITH TARGETED ENFORCEMENT.

This analysis demonstrates the significant and lasting impact of indiscriminate mass deportations—including the "repatriations" of the 1930s and "Operation Wetback" in the 1950s—on Latinos' ability to build wealth. Targeted enforcement that concentrates on the small proportion of immigrants convicted of violent crimes or who pose bona fide security threats is broadly supported by Americans, including Latinos, without producing enormous "collateral damage" on U.S. citizens and lawful permanent residents in mixed status families,[129] or on the local and regional economies in which they reside.

02 EXPAND LAWFUL PATHWAYS FOR LONG-TERM UNDOCUMENTED RESIDENTS.

Two thirds of the undocumented population have resided in the U.S. for a decade or more, and most work hard, are otherwise law-abiding, and have strong ties to their communities. But contrary to popular belief, current law does not provide avenues for them to obtain legal status. Federal policymakers have many options for helping these people to get right with the law, including by creating a broad-scale legalization program as recent reform efforts have proposed; establishing a statute of limitations for immigration offenses, which existed in one form or another for decades;[130] or updating the "registry date" in the Immigration and Nationality Act, as the House proposed in 2022.[131]

POLICY RECOMMENDATIONS

03 INCREASE LEGAL IMMIGRATION.

The best way to close "the back door" of unauthorized migration is to open "the front door" of legal immigration. However, current law—which hasn't been updated for a quarter-century—severely restricts the ability of our country to meet its economic needs through legal immigration or for American citizens or lawful residents to reunify with relatives who live abroad.[132] Bipartisan proposals to expand legal immigration have passed one chamber of Congress or another four times in recent years, only to die in the other body. It is long past time to modernize the legal immigration system.

04 PROTECT TEMPORARY WORKERS THROUGH WAGE STANDARDS AND PERMANENT RESIDENCY PATHWAYS.

While legal immigration is almost always a better option for workers than "guestworker" programs, to the extent that such programs are used they should better protect the rights of both domestic and foreign workers. Too often, temporary workers experience the same patterns of exploitation documented in historical guestworker systems. To avoid such exploitation—which also adversely affects domestic workers—temporary worker programs should allow greater job mobility, require full compliance with wage and hour laws and other labor protections, and bar from participation employers with records of labor violations.[133] Temporary workers should also have the opportunity to earn permanent legal status, including via a "bridge visa."[134] State and local governments should bolster these reforms by prohibiting immigration-related retaliation with clear enforcement mechanisms and establishing expedited processes within labor agencies to investigate and remedy employer threats and retaliation.[135]

CASE STUDIES

MASS REMOVAL AND FAMILY DISPLACEMENT



IMAGE 1.18

ACROSS U.S. HISTORY, immigration policy has regulated borders but also shaped whether Latino families can find stability, build wealth, and stay rooted in their communities. Deportation, repatriation, and exclusion have repeatedly upended people's lives, forcing them to abandon homes, jobs, and dreams in search of safety or survival. The following two case studies, separated by nearly a century, reveal how removal persists even as the laws and circumstances change. During the Great Depression, the Mexican repatriation campaigns pushed thousands of families like that of Emilia Castañeda de Valenciana out of the country. Nearly 100 years later, policies such as the "One Big Beautiful Bill Act" continued this pattern through mass deportations that uprooted families like that of Nory Santoy Ramos. Together, these stories show how immigration policy has turned times of hardship into loss for Latino families: disrupting education, livelihoods, and the ability to build and secure wealth in the U.S.

IMAGE 1.18: Photograph of some of the one thousand Mexican workers who were processed and deported from the McAllen Texas Detention Center on a daily basis (1950s). **Source:** AR110-7-5-8, *Bracero program, camp in south Texas; some of the one thousand Mexican citizens processed daily at McAllen, Texas detention center.* Texas AFL-CIO Mexican American Affairs Committee Records, University of Texas at Arlington Libraries, Special Collections, 1950–1952. This work is licensed under a Creative Commons Attribution-NonCommercial 4.0 International License, available online.

EMILIA CASTAÑEDA DE VALENCIANA AND THE IMPACT OF REPATRIATION[136]

Emilia Castañeda de Valenciana was born in 1926 in Los Angeles, California, to Mexican immigrant parents. Her father, a union stonemason and bricklayer from Ciudad Lerdo, Mexico, was well-respected in his trade, traveling across the country to meet the demand for new skyscrapers. Her mother, originally from San Luis Potosí, Mexico, arrived in 1916 as a domestic servant for a wealthy Mexican family. The family initially prospered, living in a duplex they owned in City Terrace, which Emilia remembered as "a United Nations" of neighbors, including Mexican, Asian, Black, Jewish, and Greek families.[137]

The Great Depression dismantled this stability. Her father lost his union job, and discrimination made finding new work difficult; as Emilia recalled, "a lot of the Mexicans weren't hired because the Anglos came first when there were jobs."[138] However, their lives unraveled after a trusted family friend who was supposed to make their mortgage payments stole the money, leading to the foreclosure of their home. Forced to rely on county social services, the family received welfare assistance. However, Emilia remembered that they "moved frequently in search of cheaper rent" and that clothes came so irregularly that she often wore shoes too small, which left lasting foot problems.[139] Amid this constant instability, tragedy struck again when her mother passed away from tuberculosis in 1934.

Faced with ongoing joblessness and dependence on relief, her father decided to repatriate himself and his children to Mexico. Emilia recalled, "He voluntarily wanted to leave because there was nothing here for him as far as having a job. He couldn't see that there were hopes of finding a job. He was tired of being on relief. He didn't want support. He wanted to earn his own living."[140]



IMAGE 1.19: Photograph of Emilia Castañeda with two dogs in Los Angeles, California (1945). **Source:** "Outspoken: A COPH Podcast," Department of History, Lawrence de Graaf Center for Oral and Public History, accessed August 3, 2025, available online.

Life in Mexico was marked by hardship and discrimination. Her father resumed work as a master craftsman, taking contracts across rural areas in the wake of agrarian reforms. Emilia recalled feeling out of place as an American-born child in Mexico and resented the labor-intensive rural lifestyle. She recalled, "That was a rough life. If they hadn't sent us to Mexico, we wouldn't have had to go through all these hardships. There was no reason for us to do this because we were American citizens."[141] By the age of 12, Emilia left school and began working as a live-in servant for a dairy-farming family, receiving room and board and minimal wages. Over the next several years, she moved frequently, staying with relatives or providing childcare and household labor for middle-class families in exchange for shelter.

In 1944, at the age of 18, Emilia returned to Los Angeles with the support of her godmother. She enrolled in night classes to relearn English, married, and had children. Reflecting on her experience, Emilia lamented that as a U.S.-born citizen, "something should have been done to keep the American citizens from being thrown out of the country," emphasizing that her forced relocation had caused suffering and loss of opportunity.[142]

THE CASE OF NORY SANTOY RAMOS AND ESTELA RAMOS BATEN

Nory Santoy Ramos was born in Guatemala and in 2016, at the age of eight, migrated to Los Angeles with her mother, Estela Ramos Baten. Estela fled Guatemala after being targeted by gang violence that left her fearing for her life and her child's safety. With just 200 quetzales, about U.S.$26, they began the long journey north, selling candy along the way to pay for food and shelter.[143]

After crossing the border near San Luis, Arizona, they were detained by U.S. Border Patrol, placed in removal proceedings, and released under supervision to live with relatives in Los Angeles while their asylum case was reviewed. Like thousands of other families caught in restrictive asylum policies, their claim was ultimately denied, leaving them in a state of legal uncertainty.

Despite this, Nory adapted quickly. She entered elementary school speaking only K'iche',[144] but learned English within months. Over several years, Los Angeles became their home. By 2025, she was preparing for her senior year at Miguel Contreras Learning Center, excelling academically, and running cross-country. She hoped to study fashion design at Santa Monica College. Estela worked as a seamstress in the city's garment district, piecing together long hours in low-wage work. Yet for a time, their life in Los Angeles represented stability and possibility: a small apartment in the Westlake neighborhood, a steady income, and the hope that education might open doors that had long been closed.

That sense of stability vanished in the summer of 2025, when the federal government passed the "One Big Beautiful Bill Act," which allocated $150 billion to mass deportations and border enforcement.[145] During a routine immigration check-in, Estela was informed that both she and



IMAGE 1.20: Photograph of Nory Santoy Ramos and Estela Ramos Baten.
Source: Jacob Soboroff and Kay Guerrero, "The Disappearance of Nory Santoy Ramos," *MSNBC*, September 2, 2025, available online.

Nory were subject to removal. Within days, they were taken into custody and deported to Guatemala.[146]

They arrived with nothing but the clothes on their backs. Estela managed to reach her eldest daughter in Los Angeles, who quickly arranged for relatives to meet them in Quetzaltenango.[147] There, Nory and Estela faced an unfamiliar landscape and a future clouded by uncertainty. As Nory stated, "...I told my mom I am going to be lost here because I don't know anyone. I pray every single day to be able to have an opportunity to go back."[148]

In the months that followed, Estela's health declined and she passed away on September 8, 2025, at the age of 45.[149] Left in the care of extended family, Nory struggled to rebuild a sense of home in a country she barely remembered. She missed her school, her teammates, her mother, and the life she had built in Los Angeles.[150] "Realizing that school just started and me not being there hurts me a lot," she stated, "It's my senior year, and I really miss everything."[151]

Her teacher in Los Angeles helped her re-enroll in the school district's virtual academy, sending her a laptop and coordinating with elected officials and nonprofits to improve Nory's internet access, providing some hope for the future.[152]

CASE STUDIES

ECONOMIC MIGRATION, LABOR EXPLOITATION, PRECARITY

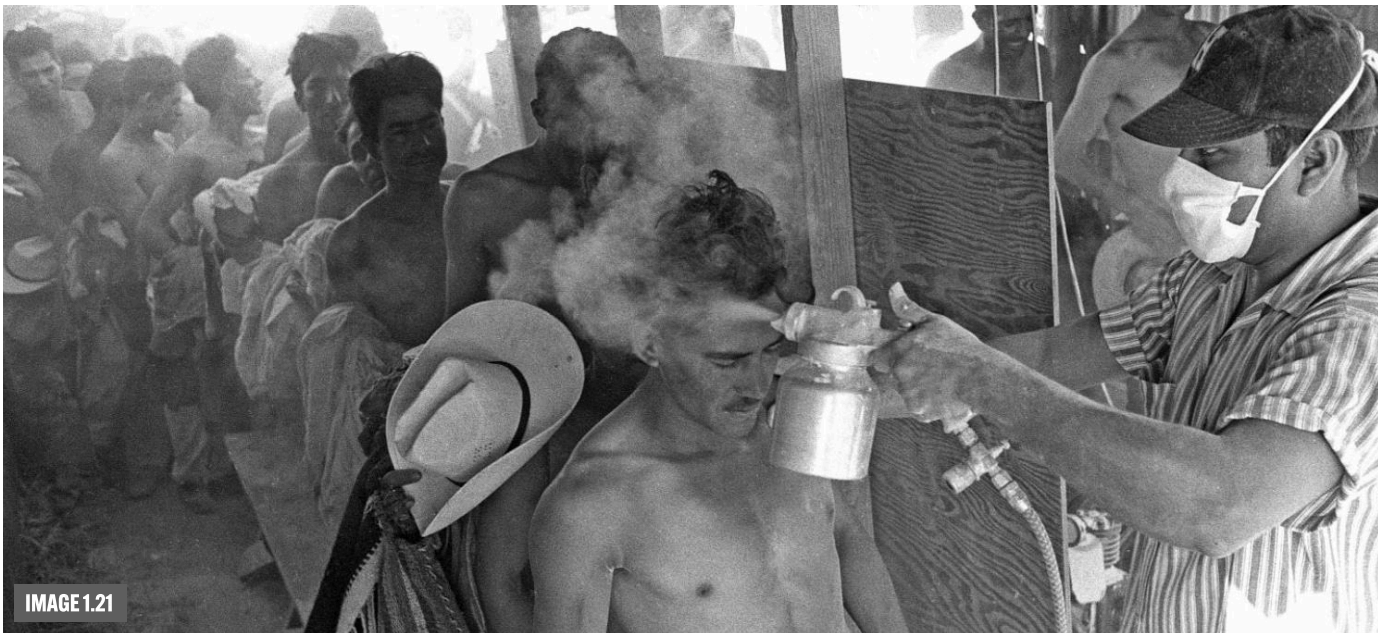


IMAGE 1.21

U.S. IMMIGRATION POLICY has shaped Latinos' access to fair labor and wages, creating systems that deny workers stability, rights, and opportunities to prosper. Throughout history, immigration law has been used to respond to labor needs, yet immigrant workers are subjected to exploitative and precarious work conditions and the constant threat of displacement. In the mid-20th century, the Bracero Program brought millions of Mexican men, like Juan Cossío, to the U.S. on temporary contracts to work as agricultural laborers with limited rights. Decades later, agricultural workers like Wilson Perez face similar experiences of labor inequality. The stories of Juan Cossío and Wilson Perez, although separated by decades, reveal how immigration policy shapes immigrant workers' conditions, opportunities, and employment decisions.

IMAGE 1.21: Photograph of Braceros being fumigated with DDT, the first modern insecticide, at the Hidalgo Processing Center in Texas (1956). DDT was initially used to combat malaria, typhus, and other insect-borne diseases during World War II and was later widely adopted in agriculture and other commercial applications in the 1940s. It was later banned in 1972 due to emerging scientific evidence of its side effects on wildlife and humans. **Source:** "A Masked Worker Fumigates a Bracero with Ddt at the Hidalgo Processing Center, Texas, While Others Wait in Line," National Museum of American History, Leonard Nadel Photographs and Scrapbooks Collection, available online.

JUAN COSSÍO AND THE PLIGHT OF BRACEROS IN THE SOUTHWEST[153]

Juan Cossío was born on January 11, 1932, in San Pedro del Gallo, Durango, México. His father died when he was only four years old, leaving his mother to raise and support the family. At just 14 years old, he started working alongside his mother and siblings on his family's small plot of land.

At 20 years old, Juan heard about the Bracero Program from the President's office at an ejido.[154] Juan's onboarding began with medical examinations at the Río Vista processing center in Socorro, Texas. There, he and other braceros were stripped, fumigated with pesticides, and subjected to invasive medical procedures.

His first contract sent him to Pecos, Texas, where he picked cotton for $0.05 to $0.06 per pound. There, he lived in a small room with three other workers in barracks. Only eight days after his arrival, Juan suffered severe food poisoning due to unsanitary conditions, and his medical costs were deducted from his wages, leaving him in debt.

Being a Bracero provided Juan with higher wages than in Mexico, but did not provide long-term financial security. Juan recalled, "well, we helped each other a lot; the calamity was gone. Because here, the five-dollar wage earned you a lot back in Mexico." Juan's contracts would last no more than three months at a time, and rehiring wasn't guaranteed. The costs of participating in the program fell heavily on him, as he had to cover transportation from his hometown to the contracting centers.

As a result, despite working from morning to night, Juan was unable to build savings. His wages supported his family in Durango including his mother, siblings, and, later, his wife and 15 children. He notes, "When I was a Bracero, everything went to support the family."

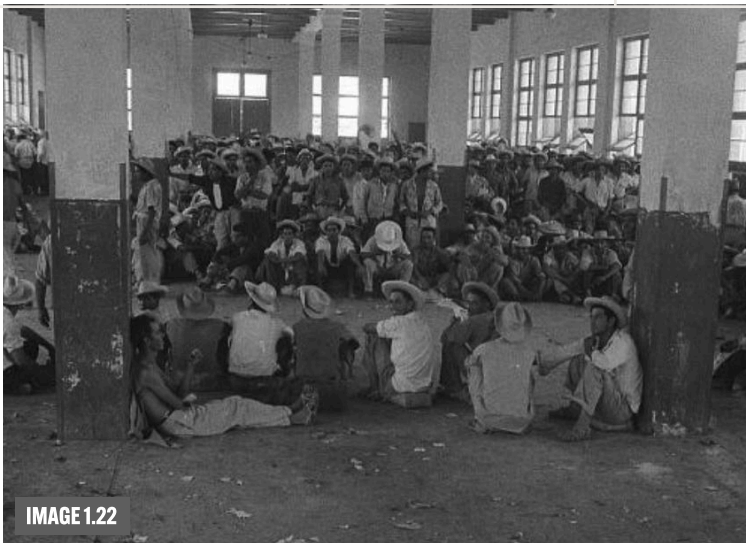


IMAGE 1.22: Photograph of Braceros at the Monterrey Processing Center in Mexico waiting to be processed and approved for entry into the U.S. (1956). **Source:** "Braceros Sit Inside a Building and Wait to Be Processed at the Monterrey Processing Center, Mexico," National Museum of American History, Leonard Nadel Photographs and Scrapbooks Collection, available online.

After the Bracero Program ended in 1964, Juan crossed into the U.S. without documentation to continue working in agriculture. As an undocumented immigrant, he faced risks of deportation and did not have the contract safeguards he had as a Bracero. Now undocumented, Juan experienced even less employment security, where minor issues, such as being three minutes late, nearly caused him to lose his job. Juan sent small amounts of money back to Mexico, but he didn't return until 1985. It wasn't until the 1986 amnesty that he became a resident, bringing six of his children with him to the U.S.

At 71, Juan reflected on his experiences as a Bracero. Although he could not build intergenerational wealth, he viewed his children's education as a lifelong inheritance. When asked why he decided to come to the U.S., Juan reflects, "Because of the crisis over there, the best way to resist [is to] change to a better life, right? A better future. And then for my children, to give it to them too. They grew up here, and they are already in school. School is a treasure for them; it is an inheritance for life that you give them."

WILSON PEREZ AND FARMWORKERS' FIGHT FOR JUSTICE[155]

Wilson Perez was born in Guatemala and is one of 10 siblings.[156] Although his father emphasized the importance of education, Wilson made the difficult decision to leave school because his family could not afford it. As the second-oldest sibling in his family, he felt responsible for providing his younger siblings with the educational opportunities he never had.

To support his family in Guatemala, Wilson immigrated to the U.S. in 2008. He initially arrived in North Carolina by a coyote. The coyote subjected Wilson to labor trafficking and demanded unreasonable payments, inflating the debt for immigration costs, and used threats of police arrest to control and confine him. After six months, Wilson managed to escape. He moved to Immokalee, Florida, where he found a welcoming community of fellow Guatemalans and other immigrants.

In Immokalee, Wilson began working in the tomato fields. One day while working, Wilson was sprayed with pesticides, causing an allergic reaction on the skin of his face and torso. When he asked his supervisor to stay home and recover, she said, "It seems that what you want to do is just not work... if you want to stay home, you can stay home. There's more people lined up to take your job." Despite feeling the toll of the pesticides, Wilson had little choice but to continue working, as he explains, "These conditions have been the norm, but you have to just deal with it because that was your job opportunity..."

When Wilson began working, farm laborers earned just 35 to 45 cents per 32-pound bucket of tomatoes, meaning they had to pick about 200 buckets to make $70 a day. This pay structure

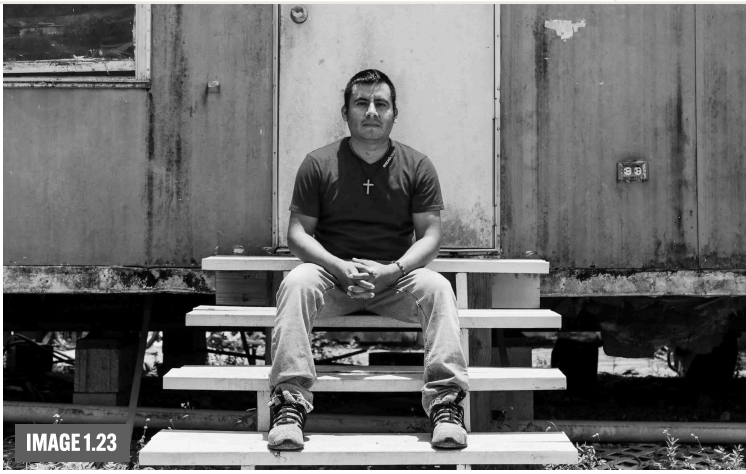


IMAGE 23: Photograph of Wilson Perez. **Source:** Patricia Mazzei, "Florida's Coronavirus Spike is Ravaging Migrant Farmworkers," *The New York Times*, June 18, 2020, available online

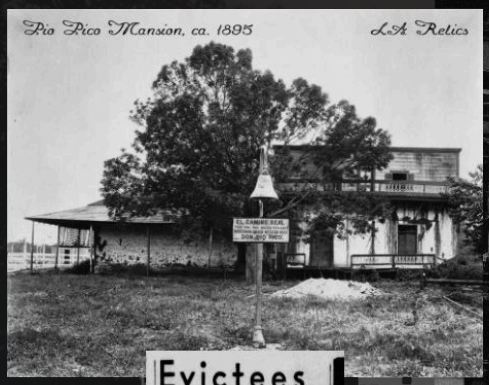
was especially punishing for workers with families, who left home before dawn and returned after dark, missing time with their children while paying for childcare.

The low wages forced many to live in overcrowded conditions with other workers. As Wilson explains, "You're not able to afford adequate housing for you and your family, so you have to go with something more affordable, like a trailer, which you often have to share with other workers."

While listening to the radio, Wilson heard an announcement from the Coalition of Immokalee Workers (CIW), a worker's rights organization, inviting people to get involved. He joined immediately. Soon after, he began hosting radio segments and became a staff member. "I decided to join because of the opportunity to continue to work with an organization that's doing amazing, beautiful work, but also because we know that there's a lot of work that continues that needs to be done, that there's still a lot of farmworkers that continue to face awful conditions," Wilson said.

Today, Wilson Perez continues his work with CIW, advocating for the rights and dignity of farm-workers. Wilson emphasizes the importance of consumers understanding "the process and the sacrifice that workers put into getting tomatoes and any other vegetables and fruits to get those to your table." Through his advocacy, Wilson ensures the fight for better farm worker conditions continues.

SECTION II



LAND LOSS AND HOMEOWNERSHIP BARRIERS

LAND AND HOUSING have historically determined access to security and wealth in the U.S. They determine where families can live, how stable their lives can be, and what kind of wealth they can pass on. For many white households, homeownership has been the central engine of middle-class security. For Latino families, however, that engine has never operated on equal terms.

Over more than a century, policy choices have shaped Latino access to land and housing at every stage of the wealth-building process. First came dispossession: After the Treaty of Guadalupe Hidalgo, legal battles stripped many Mexican-descended families of their ranchos and farms. Later, urban renewal programs devalued Latino neighborhoods, labeling them "hazardous" and clearing them for highways, stadiums, and cultural districts. Finally, unequal access to safe, affordable credit through redlining, contract-for-deed sales, subprime lending, and today's exclusion of many nonpermanent residents from FHA loans has made it harder for Latino households to buy homes, hold onto them in hard times, and fully benefit from rising values

This section traces how those layers of policy—1) dispossession, 2) devaluation, and 3) unequal credit—have shaped Latino homeownership over time. It shows how the cornerstone of American wealth has been built through systems that often treated Latino land and homes as sources of revenue, risk, or nuisance rather than as foundations for stability.

KEY HISTORICAL DATA

Figure 8. Homeownership Rates by Race and Ethnicity, 1910-2023

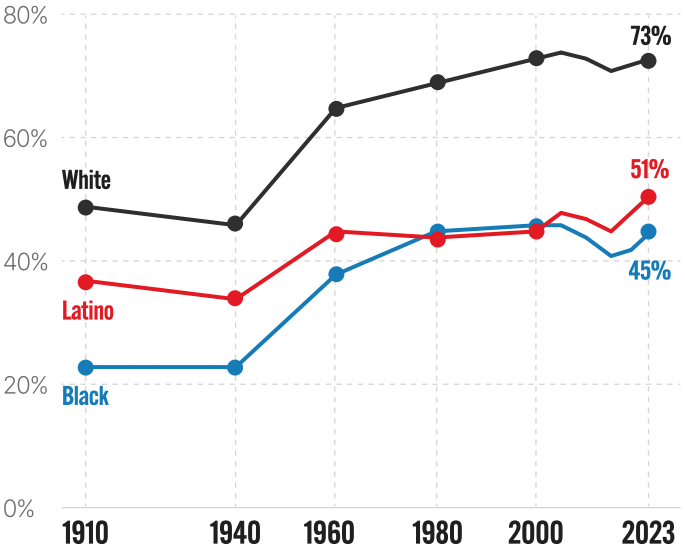
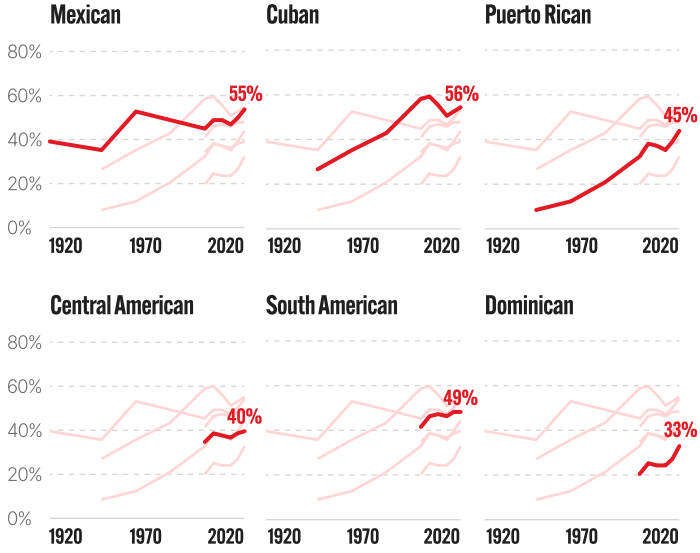


Figure 9. Latino Homeownership Rates, by Country of Origin, 1910-2023



SOURCE: Authors' analysis of U.S. Census IPUMS USA 1850 1%, 1910 1%, 1940 1%, 1960 5%, 1970 5%, 1980 5%, 2000 1-year ACS, 2010 1-year ACS, 2015 1-year ACS, 2019 1-year ACS, 2023 1-year ACS.

Home equity remains the single largest component of wealth for most U.S. families. Yet Latino households have faced barriers both to becoming homeowners and to reaping the full benefits of ownership. Across generations, Latinos have maintained some of the lowest homeownership rates in the country. As of the 1940s, about one in three Latino households owned their homes, compared to nearly half of white households. Even after steady gains, the gap remains large today: 51 percent of Latino households own homes compared to 73 percent of white households (Figure 8).

And the disparities continue within the Latino population. Mexican and Cuban households have some of the highest homeownership rates (55–56 percent), while Puerto Rican, Central American, and especially Dominican households experience much lower rates, with Dominican homeownership at just 33 percent (Figure 9). These differences reflect the distinct historical pathways each community navigated. Mexicans faced 19th-century land loss and 20th-century redlining;[157] Puerto Rican migrants encountered discrimination in both private markets and public housing systems;[158] Cuban communities built early footholds through employer-financed housing in Ybor City only to be later destabilized by redlining and urban renewal;[159] and Dominican households entered some of the most expensive and exclusionary housing markets in the country later in the century.[160] As the following sections demonstrate, these unequal starting points and the policies that produced them, continue to shape who has access to land, who builds equity, and who remains most vulnerable to property loss today.

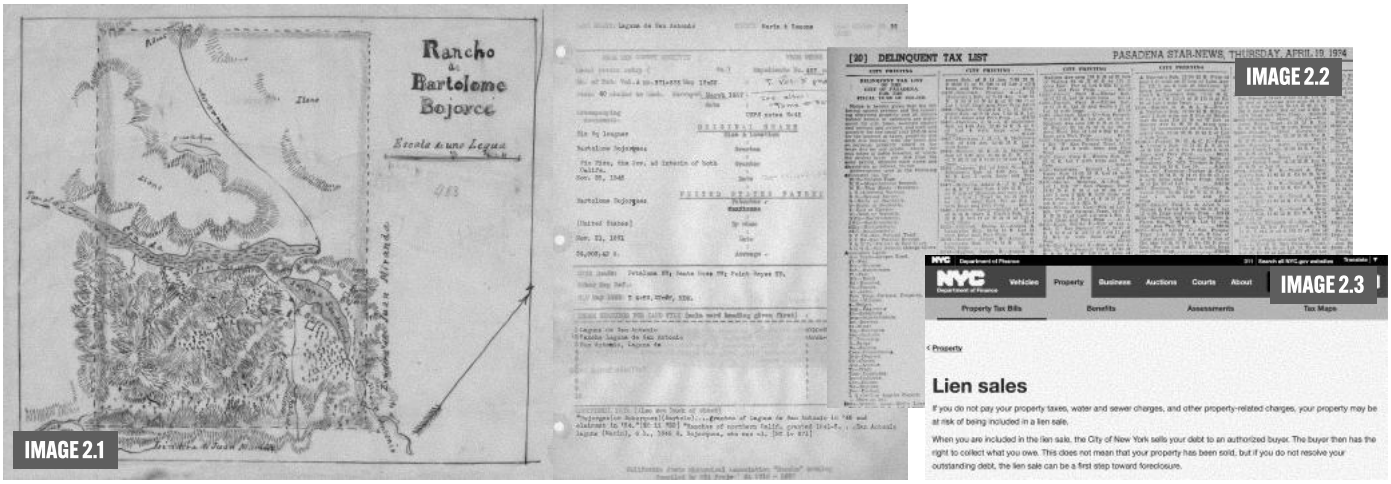


IMAGE 2.1: To the left, a hand-drawn map of Bartolome Bojorquez's Rancho Laguna de San Antonio, in Marin and Sonoma County, California (1844). To the right, California Land Commission grant record (1855) of Bartolome Bojorquez's Rancho Laguna de San Antonio, which was granted by Don Pio Pico, Governor of Mexican California, on November 5, 1845, before U.S. annexation. **Source:** *Arroyo de San Antonio Rancho.* California State Archives, California Secretary of State, Diseños Collection, diseño #483, available online. Source: CalState Monterey Bay Digital Commons, available online.

IMAGE 2.2: A 1934 newspaper page devoted entirely to a Delinquent Tax List, a legally required public notice naming property owners in Los Angeles County who had unpaid property taxes for the assessment year. Notices like this were published annually and were part of Depression-era tax enforcement processes, often signaling financial distress among households and businesses during the 1930s. **Source:** "Delinquent Tax List," *Pasadena Star-News*, 20, April 19, 1934.

IMAGE 2.3: The New York City Department of Finance website, which explains how tax lien sales work: When property owners fall behind on taxes or municipal charges (such as water and sewer bills), the city can sell that debt to a private investor, who then gains the right to collect on it. While the property itself is not directly sold, unresolved debt can escalate into foreclosure. **Source:** NYC Department of Finance, "Lien Sales," accessed November 10, 2025, available online.

KEY POLICY MEASURES

POLICY #1

PROPERTY LOSS THROUGH STATE REGULATION AND FISCAL POLICY

For more than two centuries, government policies have repeatedly shaped and often limited Latino property ownership. Time and time again, laws determined who qualified as a legitimate property owner, under what terms, and at what cost. What began as legal land disputes in the 1800s evolved into fiscal and regulatory systems that continue to shape Latino wealth today. Across generations, the pattern has stayed the same: laws and programs that promised protection instead created new ways to seize, tax, or devalue Latino-owned land and housing. These systems, designed to manage property, have been powerful drivers of the Latino wealth gap.

The roots of this pattern go back to the **Treaty of Guadalupe Hidalgo (1848)**, which ended the U.S.–Mexico War and promised to protect the property of Mexicans living in newly annexed territories.[161] In practice, federal and state legal systems undid these projections by turning ownership into a costly and bureaucratic battle. For instance, under the **California Land Commission** and the **New Mexico Court of Private Land Claims (1891–1904)**, Mexican families and their descendants, *Californios* and *Hispanos*, were forced to defend their land titles in English, hire lawyers they couldn't afford, and pay steep fees just to prove what they already owned.[162] Out of 248 land claims reviewed in New Mexico, the state approved only 82, returning less than two million of the more than 35 million acres originally held.[163] In California, *Californios* fared slightly better on paper, with the state approving 553 of the 813 claims.[164] But drought, discriminatory local taxes, and mounting debts made it impossible for many families to hold on to their properties.[165]

By the early 1900s, the impact was clear: Mexican-descended farm ownership fell from 39 percent in 1850 to just 16 percent by 1910.[166] That loss meant more than the disappearance of property; it meant the loss of political standing and future returns. As white settlers acquired these

lands through foreclosures and forced sales, property values soared across the Southwest.[167] For example, the 26,000-acre Rancho Los Alamitos in California sold for $1,500 in 1842 ($59,000 today) and was worth over $300,000 nearly 10 years later ($12.6 million today), an 800 percent increase in value.[168] This early collapse in Mexican U.S. landownership established a homeownership gap that endured well beyond the 20th century, helping explain why Latinos today remain less likely to own homes, accumulate housing equity, or benefit from the long-term appreciation of land.

Building on earlier legal dispossession, state and local governments in the early 20th century turned to fiscal mechanisms—property taxes, assessments, and public debt—to manage land, imposing costs that made Latino landownership increasingly unstable and vulnerable to loss. Across the country, new state laws gave cities authority to raise revenue through special assessments, which are charges on property owners meant to fund local improvements such as roads, sewers, and street lighting.[169] These measures expanded public infrastructure but also gave cities broad power to create and collect debt from homeowners. In California, the **Opening and Widening Act of 1903** and the **Improvement Act of 1911** formalized that authority, allowing local governments to issue bonds and levy property assessments for public works.[170] Los Angeles relied on these tools to fund rapid growth, particularly from Black and Latino communities in East and South Los Angeles.[171] When the Great Depression hit, thousands fell behind on payments.[172] Instead of offering relief, the city published delinquency lists, turning over unpaid debts to private bond companies that charged high interest rates for profit.[173] Many properties were eventually sold by the City at auction or transferred to municipal ownership.[174]

These dynamics persist today, though in less visible ways. Latino and Black homeowners are more likely to be over-assessed and overtaxed. A 2022 national study found that Latino and Black households pay about 11 percent more in property taxes than white households for homes of the same value,[175] pushing more families into delinquency and, ultimately, tax-debt foreclosure or forced sales.[176] Twenty-nine states allow local governments to sell property tax debt to private investors who can charge high interest or seize homes outright.[177] In New York City, a 2021 analysis by the Coalition for Affordable Homes found that the city was twice as likely to sell a tax lien to a private investor in majority-Latino neighborhoods as in majority-white areas.[178] These sales often displaced households: Nearly half of the family homes on the city's lien sale list in 2011 were sold within five years, compared with just 13 percent of all similar properties in Brooklyn during the same period.[179]

From the Californios who were taxed off their land in the 1800s, to the homeowners who lost their properties to tax sales during the Great Depression, to Latino families today who face inflated property assessments, the pattern has remained the same. At every stage, public systems meant to manage land and raise revenue have also drained wealth from the very communities they govern.

POLICY #2

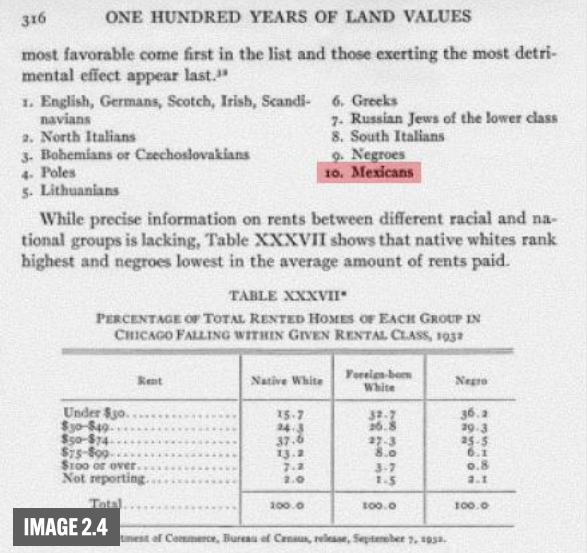
RACE AND ETHNICITY AS A VARIABLE IN PROPERTY VALUE

For nearly a century, public policy and private markets have treated race and ethnicity as a key component of land value. Beginning in the 1930s, the federal government redlined Latino communities, an appraisal process that linked whiteness to high value and Latino presence to financial risk.[180] This system traced back to Chicago economist Homer Hoyt's 1933 evaluation of land values in Chicago, which ranked racial and ethnic groups by their perceived impact on

property prices.[181] Hoyt placed Mexicans at the bottom and argued that neighborhoods lost value as more immigrants or people of color moved in.[182] When Hoyt became chief economist of the **Federal Housing Administration (FHA)**, these findings became government doctrine.[183] **The Home Owners' Loan Corporation (HOLC)**[184] and **FHA**[185] embedded this framework into race-coded maps that graded neighborhoods from ranked "A–Best," when they were predominantly white, and "D–Hazardous," if they were majority Black, Latino, or immigrant.[186] These racial and ethnic-based valuations shaped everything that followed. Modern appraisal and lending disparities are a direct legacy of these federal decisions. Banks, real estate firms, and insurers adopted HOLC maps, steering Latino families away from high-value areas and into underinvested neighborhoods.[187]

By the 1950s and 1960s, federal officials used the **Housing Act of 1949** and its **1954 amendments** to drive "urban renewal" and "slum clearance," targeting low-valued Latino neighborhoods for redevelopment.[188] Cities treated "redevelopment" as demolition, clearing entire neighborhoods to build highways, stadiums, universities, and cultural districts they believed would generate higher-value uses.[189] The consequences played out differently across cities and communities but followed the same underlying principle: Latino neighborhoods were marked as less valuable and public policy treated them accordingly.[190]

This pattern persists today: Homes in majority-Latino neighborhoods are systematically undervalued by local appraisal systems; they are roughly twice as likely to be undervalued compared to homes in majority-white neighborhoods (Figure 10).[191] When an appraisal comes in low, buyers often cannot secure full financing, which means sellers lose equity, sales fall through, or families must bring extra cash to close. Local governments reinforce these disparities through exclusionary zoning, which inflates the value of predominantly white neighborhoods while blocking Latino families from the high-opportunity areas where wealth grows fastest.[192] As a result, Latino homebuyers remain concentrated in lower-value neighborhoods with slower appreciation,[193] which reproduces the same disadvantage created by the HOLC federal maps nearly a century ago.



316 ONE HUNDRED YEARS OF LAND VALUES

most favorable come first in the list and those exerting the most detrimental effect appear last.[13]

1. English, Germans, Scotch, Irish, Scandinavians
2. North Italians
3. Bohemians or Czechoslovakians
4. Poles
5. Lithuanians
6. Greeks
7. Russian Jews of the lower class
8. South Italians
9. Negroes
10. Mexicans

While precise information on rents between different racial and national groups is lacking, Table XXXVII shows that native whites rank highest and negroes lowest in the average amount of rents paid.

TABLE XXXVII*

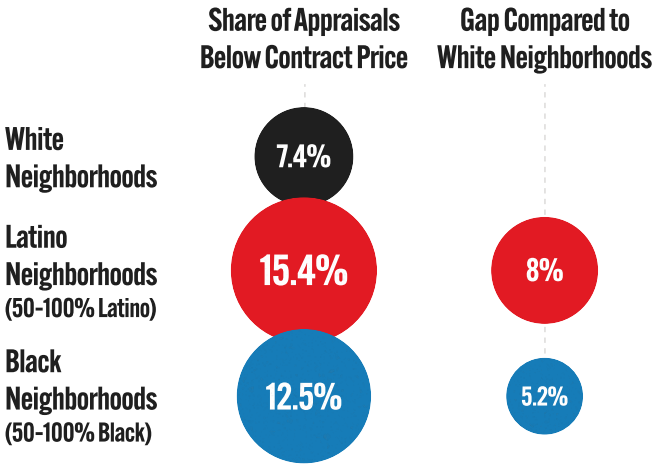
PERCENTAGE OF TOTAL RENTED HOMES OF EACH GROUP IN CHICAGO FALLING WITHIN GIVEN RENTAL CLASS, 1932

Rent	Native White	Foreign-born White	Negro
Under $30	15.7	32.7	36.2
$30–$49	24.3	26.8	29.3
$50–$74	37.6	27.3	25.5
$75–$99	13.2	8.0	6.1
$100 or over	7.2	3.7	0.8
Not reporting	2.0	1.5	2.1
Total	100.0	100.0	100.0

IMAGE 2.4

IMAGE 2.4: Excerpt from *Hundred Years of Land Values in Chicago* by Homer Hoyt, which ranked racial and national groups by their impact on land values, from least to most detrimental. In this, Hoyt ranks Mexicans as being the most detrimental to Chicago's land value. According to Hoyt, while the ranking may "be scientifically wrong from the standpoint of inherent racial characteristics, it registers an opinion or prejudice that is reflected in land values." **Source:** Homer Hoyt, *One Hundred Years of Land Values in Chicago: The Relationship of the Growth of Chicago to the Rise in its Land Values, 1830-1933,* (Chicago: The University of Chicago Press, 1933), 316, available online.

Figure 10. Share of Appraisals That Came in Below Contract Price, 2015-2020



NOTE: Neighborhoods are defined as census tracts, classified by the share of residents who are Latino or Hispanic, Black, or white (non-Hispanic) according to 2010 Census data. **Source:** Freddie Mac, Research Note: Racial and Ethnic Valuation Gaps in Home Purchase Appraisals (Washington, D.C.: Freddie Mac, 2021), available online.

The following case studies illustrate how these racial dynamics in property valuation and urban renewal policies translated into real-world displacement. Each example below shows how neighborhoods labeled "hazardous" or "blighted" by HOLC were targeted by local governments for clearance, infrastructure projects, or redevelopment. Taken together, they reveal similar patterns across geographies, from Los Angeles to New York City to Tampa, while showing how different Latino subgroups experienced these dynamics in distinct ways.

THE MEXICAN-AMERICAN NEIGHBORHOOD OF CHÁVEZ RAVINE IN LOS ANGELES, CA

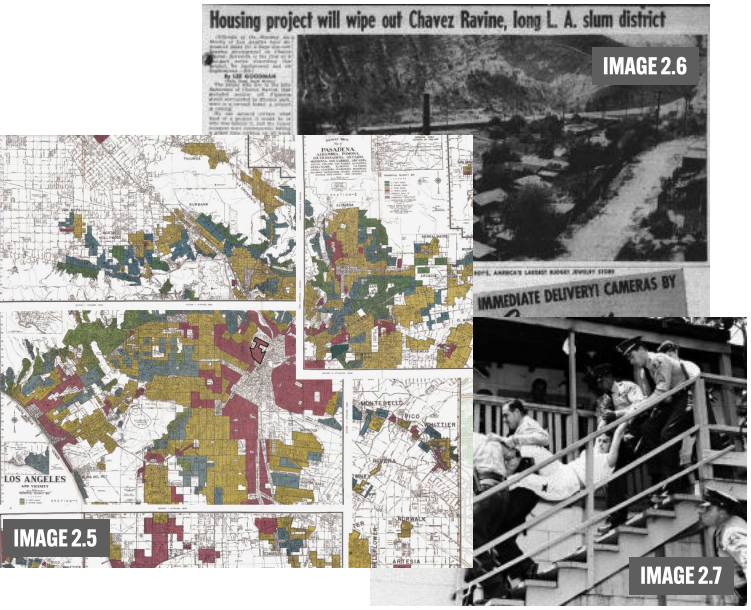


IMAGE 2.5: HOLC map of Los Angeles, CA 1934. This neighborhood in East Los Angeles—identified with a black border—received a D grade. **Source:** Mapping Inequality: Relining in New Deal American, "Los Angeles," accessed July 7, 2025, available online.

IMAGE 2.6: Newspaper clipping that reports on the proposed demolition of Chavez Ravine, a predominantly Mexican American community in Los Angeles, to make way for a public housing project. The article frames the neighborhood as a "slum district" and emphasizes urban redevelopment, citing poor living conditions and public health concerns. The image shows modest homes in Chavez Ravine. Residents were reported to be suspicious about being removed from their homes, with little or no compensation. **Source:** "Housing Project Will Wipe Out Chavez Ravine, Long L.A. Slum District," *Daily News*, 3, August 8, 1950.

IMAGE 2.7: Photograph of a family being evicted from their home in Chavez Ravine (1959). **Source:** Regional History Center cited in Nate Rogers, "'Stealing Home' Revisits Dodger Stadium's Nefarious Origins," *LA Times*, March 31, 2020, available online.

Long before federal redlining maps were drawn, Mexican residents in Los Angeles faced systematic housing discrimination that restricted where they could live.[194] Although Mexican Americans were legally classified as white, local governments, real estate agents, and banks routinely excluded them from "white-only subdivisions," concentrating Mexican families into a small number of neighborhoods.[195] And when federal appraisers mapped these Mexican communities in Los Angeles in the late 1930s, they were labeled "D–Hazardous," described as "blighted," "subversive," and occupied by "foreign families" working low-wage jobs.[196]

One of these neighborhoods was Chávez Ravine.[197] Despite decades of municipal disinvestment, including the absence of paved roads, public transit, and street lighting, the Ravine grew into a close-knit, self-built community of nearly 600 homes by the 1950s.[198]

However, after the passage of the Housing Act of 1949, Los Angeles targeted Chávez Ravine for a large new public-housing project under this law.[199] The city promised modern apartments for 10,000 residents, but many Mexican immigrant homeowners were ineligible for public housing because of federal citizenship rules.[200] The city began offering below-market buyouts and threatening to force sales through eminent domain if families didn't leave.[201]

When political backlash killed the public-housing plan a few years later, the city kept the land instead of returning it to residents.[202] In the late 1950s, Los Angeles struck a deal to turn it into the Dodger Stadium, and police removed the last families, leveling what remained of the neighborhood.[203] When the Stadium opened in 1962, it stood as a symbol of Los Angeles's modern ambitions and the erasure of a once-thriving Mexican American community.

THE PUERTO RICAN NEIGHBORHOOD OF SAN JUAN HILL IN NEW YORK CITY


IMAGE 2.8

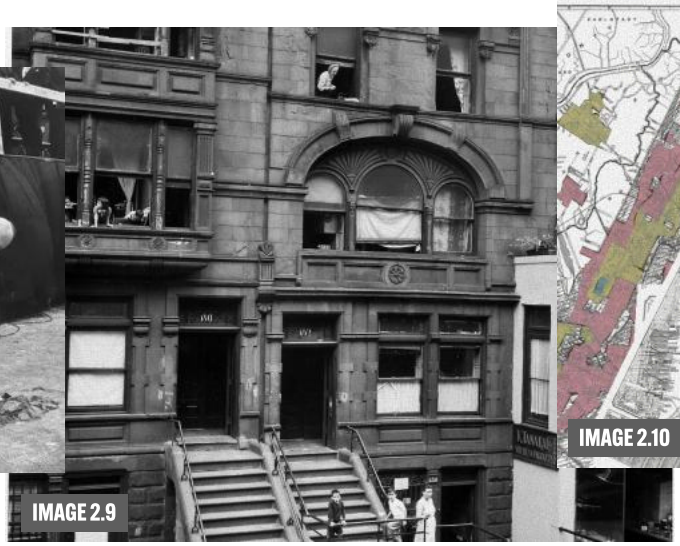


IMAGE 2.9

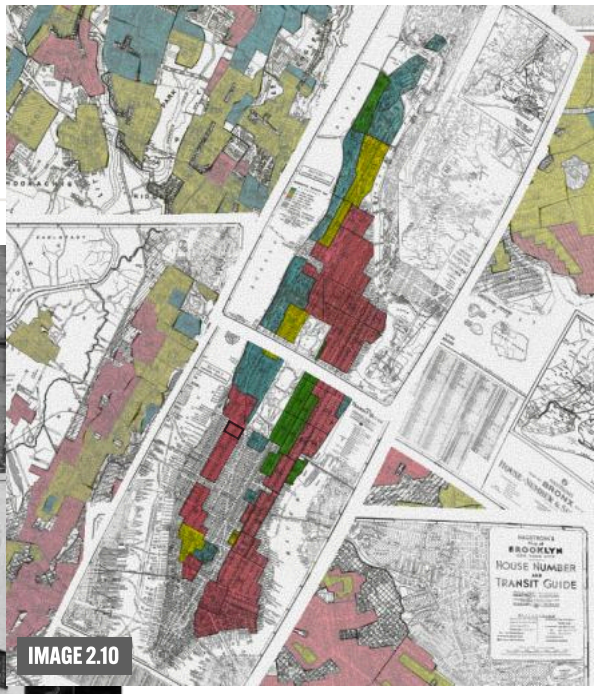


IMAGE 2.10

IMAGE 2.8: Photograph of the groundbreaking of Lincoln Square in 1959. President Eisenhower, right, and John D. Rockefeller III, left. **Source:** Eddie Hausner, *The New York Times*.

IMAGE 2.9: A residential building in San Juan Hill just before the city began clearing the neighborhood to construct Lincoln Center. The image shows everyday life in a dense, working-class community—children on stoops, neighbors at windows, and mixed-use storefronts—illustrating the vibrancy of the area that urban renewal labeled as "blighted." **Source:** A Lincoln Square building façade, 1956, NYC Parks Photo Archive.

IMAGE 2.10: HOLC map of New York City, Manhattan 1936. A neighborhood in East Harlem highlighted with a Black border. **Source:** Mapping Inequality: Relining in New Deal American, "Manhattan," accessed July 7, 2025, available online.

Starting in the 1930s, Puerto Ricans began migrating to New York City in large numbers and encountered a housing market that treated them as outsiders.[204] Landlords routinely refused to rent to Puerto Rican tenants, real estate brokers steered them away from white neighborhoods, and public officials openly described Puerto Ricans as a "problem population."[205] And when HOLC mapped New York in the late 1930s, it consistently graded Puerto Rican neighborhoods as "hazardous" to lenders,[206] describing them as a "formerly good residential district" now occupied by "relief families," "converted tenements," and "foreign-born families."[207]

One of the neighborhoods was the 1950s San Juan Hill on Manhattan's West Side. The neighborhood was a vibrant, working-class community of Puerto Rican, Black, and immigrant families, who lived in old, overcrowded tenements.[208]

In 1955, under Title I of the Housing Act of 1949, New York City planned for the demolition of 15 blocks of San Juan Hill to make way for a new cultural and educational complex that would become Lincoln Center, a new Fordham University campus, and high-end commercial development.[209] Officials promised to relocate displaced families to public housing in another neighborhood, but Puerto Ricans were routinely excluded due to "neighborhood composition" rules that required that new tenants needed to reflect the racial profile of the existing area.[210]

Community leaders protested the plan, holding marches, petitioning City Hall, and challenging the project in court.[211] But despite public pressure, the city broke ground in 1959, holding a nationally publicized ceremony attended by President Eisenhower.[212]

THE CUBAN NEIGHBORHOOD OF YBOR CITY IN TAMPA, FLORIDA

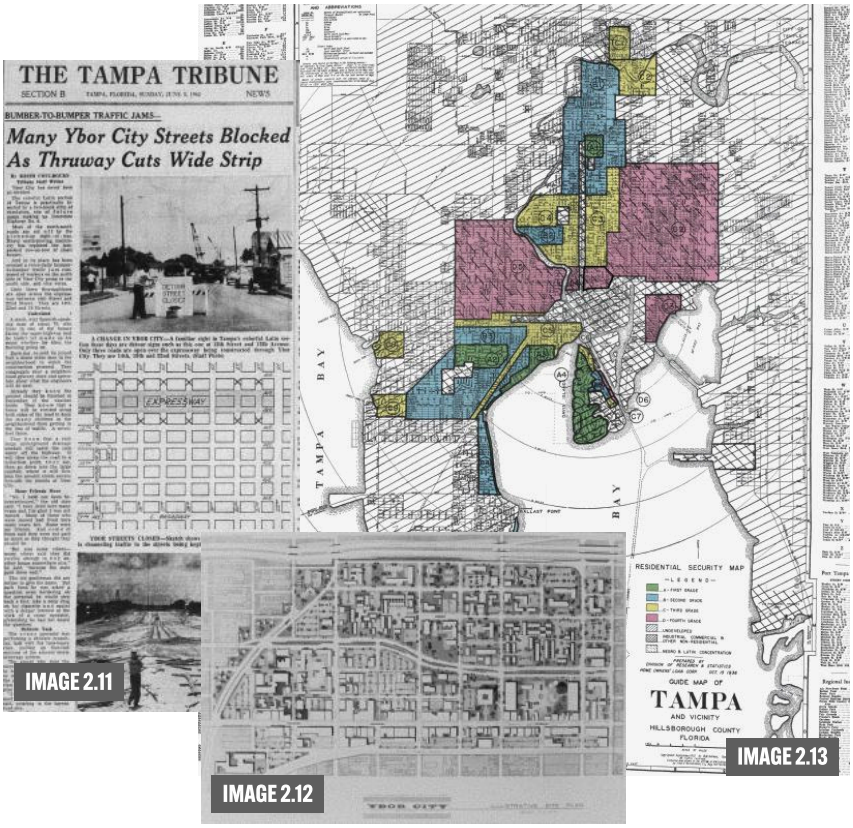


IMAGE 2.11: HOLC map of Tampa, FL 1936. Ybor City, Palmetto Beach, Tampa Heights, and West Tampa highlighted with a Black border. **Source:** Mapping Inequality: Relining in New Deal American, "Tampa," accessed July 7, 2025, available online.

IMAGE 2.12: Newspaper article reports on the sweeping impact of Interstate Highway No. 4 construction through Ybor City in Tampa, Florida. The new expressway sliced through the community, closing most north-south streets, and forcing the demolition of tightly packed homes. The article includes a photograph of a detour sign which became a common sight during those days, a photograph of what the streets look like under construction, and a sketch of a map showing the expressway construction site and closed streets. **Source:** "Many Ybor City Streets Blocked as Thruway Cuts Wide Strip," *The Tampa Tribune*, 1, June 3, 1962.

IMAGE 2.13: Map of the Ybor City Site Plan in 1965 for urban development by the Tampa Urban Renewal Agency. **Source:** Urban Renewal Agency, t Anthony P. "Tony" Pizzo Collection – Images, Image 147, available online.

In the late nineteenth century, Cuban entrepreneurs and cigar workers carved out a rare foothold in property ownership in Florida. Business leaders such as Vicente Martínez Ybor, Ignacio Haya, Serafín Sánchez, and Emilio Pons brought capital and industry networks that helped establish company towns in places like Ybor City, Tampa.[213] Unlike Latinos elsewhere, Cuban workers had early access to homeownership: Factory owners built homes and sold them to employees at affordable prices (between $750 and $1,000), and often with interest-free loans.[214]

Yet even this early success did not protect Ybor City. Federal housing officials mapped Tampa in the 1930s, characterizing Ybor City as "at risk for blight."[215] Even though the appraiser recognized the area's stable housing, transit access, and dense Cuban business network, they labelled it as 95 percent "Latin and Negro" and graded it "D– Hazardous."[216] In the early 1960s, the Tampa Urban Renewal Authority proposed a sweeping plan to "rehabilitate, clear, and redevelop slum areas," and to route the new Interstate 4 highway directly through Ybor and West Tampa.[217] They even floated a Spanish-style tourist attraction called the "Walled City," promising staged "bloodless bullfights" and "authentic fiesta entertainment."[218]

Nearly $9 million in federal funds were used to clear 170 acres and over 700 buildings.[219] Hundreds of long-established Cubans were displaced, often compensated far below fair market value.[220] Local businesses struggled immediately, as one grocer explained: "I have lost many customers who used to live out there... They buy on credit. And they come from within a block away."[221]

Residents fought to preserve what they could, protecting a few mutual aid society buildings and securing historic designation for some structures.[222] But by the 1970s, much of the land had been sold to Hillsborough Community College, erasing a vibrant center of Cuban working-class life.

POLICY #3

THE RACIALIZATION OF CREDIT AND CAPITAL

If federal land policies determined who could hold onto property, and racialized appraisal systems shaped what property was worthy of protection, then access to credit decided who could turn a home into lasting wealth. Across the 20th century, Latino families were systematically excluded from the mainstream lending systems that helped white households accumulate equity, refinance during hardship, and pass wealth forward. The consequence was not just uneven access to homeownership, but uneven access to the financial tools that sustain it.

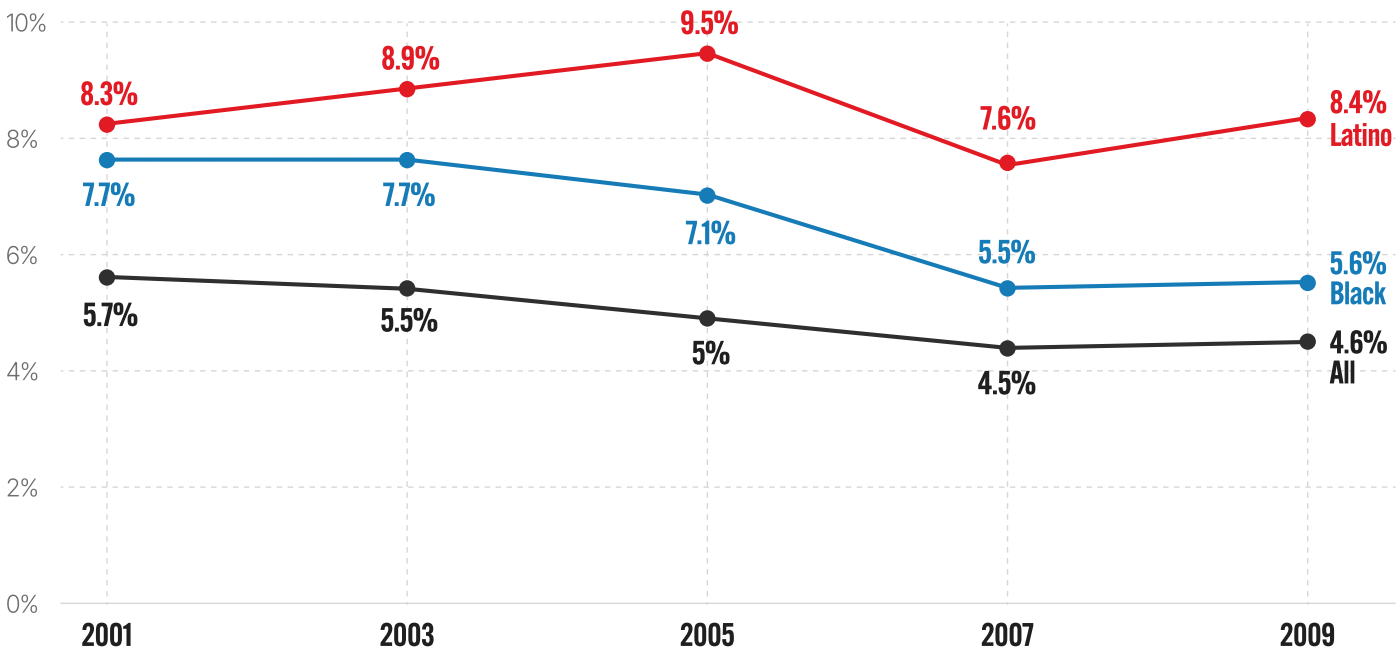
Because Latino neighborhoods had been redlined and labeled "hazardous," FHA-backed mortgages in the mid-20th century, which were the cheapest loans on the market, rarely flowed into Latino communities. Banks pointed to the same HOLC maps of "risk scores" that had already lowered neighborhood values.[223] As a result, even when Latino families managed to buy homes, they often had to rely on unconventional credit arrangements. A notable exception came in places like Ybor City, where, as shown and explained above, Cuban cigar workers gained homeownership through employer-provided financing. The contrast is instructive: When affordable credit was available, Latino homeownership flourished; when it wasn't, families took high-cost alternatives.

Starting in the mid-20th century, many Latino buyers, especially Mexican and Puerto Rican families, turned to contract-for-deed arrangements, a home purchase agreement in which the buyer makes payments directly to the seller but does not receive the property title until the debt is paid.[224] These contracts offered the appearance of ownership but denied buyers equity, legal protections, or ownership rights.[225] These deals mirrored the exploitative arrangements that targeted Black families in Chicago and Detroit, where an estimated 75 to 95 percent of Black homebuyers relied on contract sales in the 1950s and 1960s and paid more than 84 percent above market value.[226] Court records show that nonbank lenders steered Latino families into these predatory contracts as well, often disguising the discrimination by labeling applicants as "white" on paperwork.[227]

In the Southwest, especially Texas, these dynamics created entire shadow housing markets. This was most visible in "colonias" (unincorporated settlements), where families purchased land through private contracts.[228] Between 1989 and 2010, Texas saw more than 16,000 such land contracts (known as *contratos de compra-venta*), often with households earning less than $1,600 a month.[229] These contracts allowed families to acquire land quickly, but nearly half never resulted in a deed.[230] Even after the state increased oversight and pushed developers toward recorded deeds, land contracts remain a key route to ownership for low-income or undocumented households.[231]

By the early 2000s, Latino homeownership had reached historic highs, but discriminatory lending practices persisted beneath the surface. Latino borrowers were disproportionately targeted for subprime and adjustable-rate loans.[232] When the **Great Recession** hit, the impact was devastating. Latino households entered the downturn with fewer savings, concentrated in industries hit hardest, and tied to loans that reset to unaffordable payments.[233] By 2010, foreclosure rates among Latino homeowners had risen to 14 percent, more than double the rate for white households.[234] At the same time, contract-for-deed sales surged nationally during the recession,[235] reviving old patterns of high-risk financing in working-class Latino and Black neighborhoods (Figure 11).[236]

Figure 11. Percent of U.S. Owner-Occupied Homes with Contract Deeds, 2001-2009



Note: Due to the restructuring of the American Housing Survey and the elimination of certain survey questions, national data for contract deeds were only collected from 2001 to 2009 in the mortgage characteristics of owner-occupied units' portion of the survey. **Source:** U.S. Census Bureau American Housing Survey 2001–09, table 3-15, published by Ann Carpenter, Abram Lueders, and Chris Thayer, "Informal Homeownership Issues: Tracking Contract for Deed Sales in the Southeast," Community and Economic Development Department, Federal Reserve Bank of Atlanta 2,no. 17 (June 2017): 1-22, Table 1, available online.

These disparities persist in new forms today. A 2021 Pew survey found that over one third of Latino borrowers had used some form of alternative financing—private land contracts, rent-to-own agreements, or personal loans—to secure their home, compared with 19 percent of white and 23 percent of Black borrowers.[237] These loans carry nearly double the median interest rates of traditional mortgages but lack basic protections, since few states require public recording of them.[238]

Meanwhile, new federal and state policies have both opened and closed doors for Latino families. Programs like **Washington State's Covenant Homeownership Act (2023)** offer no-interest loans for down payments to first-time homebuyers who would have been racially discriminated against before the Fair Housing Act in 1968.[239] Yet exclusion continues at the federal level. In March 2025, the Federal Housing Finance Agency (FHFA) ended the **Government-Sponsored Enterprises' participation in Special Purpose Credit Programs (SPCPs)**, which opened lending opportunities to groups historically denied due to discrimination.[240] And in May 2025, the U.S. Department of Housing and Urban Development (HUD) revised **FHA rules to eliminate the "nonpermanent resident" category from Title I and II programs**, directly cutting off a vital path to homeownership. FHA financing, which accounted for nearly 30 percent of Latino home purchase in 2023, is now inaccessible to DACA recipients, asylum seekers, and other nonpermanent residents.[241]

Together, these trends show that the Latino wealth gap in housing is not simply a story of ownership. It is a story of who receives safe, affordable credit, who is pushed into high-cost alternatives, and who is forced to weather financial shocks with far fewer protections.

POLICY RECOMMENDATIONS

POLICY RECOMMENDATIONS

This section outlines how the Latino wealth gap in housing is a story of how laws, lending practices, and public policy have repeatedly devalued Latino property, restricted access to safe credit, and extracted wealth from Latino homeowners. From post-1848 land dispossession through redlining and urban renewal to predatory lending during the Great Recession, government and private actors have systematically undermined Latino families' ability to convert homeownership into lasting wealth. These dynamics are structural and long-standing, rooted in deliberate choices about who deserves property protection, whose neighborhoods merit investment, and who can access fair credit. No single reform can undo more than a century of compounding harm. Still, the evidence points to several concrete, policy-relevant actions that would expand pathways for Latinos.

01 EXPAND ACCESS TO AFFORDABLE HOUSING.

Homeownership is becoming increasingly out of reach as home prices rise and new for-sale housing production remains limited. These constraints narrow entry points into ownership, slowing Latino homeownership and long-term wealth building. Expanding both affordable rental housing and pathways to first-time homeownership would increase supply at the lower end of the market, ease price pressures, and strengthen wealth-building opportunities. The federal government should expand incentives for builders through a federal credit such as the one proposed by the Neighborhood Homes Investment Act, which would create a new tax incentive to finance the new construction or acquisition and rehabilitation of owner-occupied homes in distressed neighborhoods.[242] State governments should establish legislative frameworks to expand housing opportunities in higher-value areas—this could include upzoning, reduced parking requirements, streamlined approvals, and multi-family housing investments—with technical assistance and funding to support local adoption.[243]

POLICY RECOMMENDATIONS

02 EXPAND ACCESS TO CREDIT AND CAPITAL FOR FIRST-TIME HOMEOWNERSHIP.

If Latino families are to build wealth through homeownership, they must be able to access fair, affordable mortgage credit and the capital needed to enter the market. Yet federal lending systems continue to rely on traditional credit metrics and underwriting standards that often exclude renters with strong payment histories, self-employed workers, and multi-earner households. To level the playing field, state and federal policymakers should expand funding for housing counseling and financial education services—which served 175,344 Hispanic households in 2024[244]—to help first-generation buyers navigate credit systems and avoid predatory products;[245] modernize underwriting rules to incorporate positive rent reporting and more accurately assess nontraditional income streams;[246] rigorously enforce fair housing and equal credit laws;[247] and establish targeted, permanent downpayment and homeownership restoration programs modeled on Washington's Covenants Homeownership Account Act to expand equitable access to first-time homeownership and address long-standing racial wealth gaps.[248]

03 PROTECT HOMEOWNERSHIP LEGACY AND SAFEGUARD LATINO HOMEOWNERSHIP WEALTH.

If Latino families are to build lasting wealth through homeownership, state and federal policymakers must ensure that ownership is stable, transferable across generations, and able to appreciate fairly. Yet even when Latino families achieve homeownership, public systems often undermine their ability to retain and grow that wealth. Latino and Black homeowners are more likely to face property tax overassessment, increasing the risk of delinquency, forced sale, and intergenerational land loss. To reduce tax-driven instability, state policymakers should expand property tax relief programs such as circuit breakers—which limit tax burdens when they exceed a share of household income—to include all low- and middle-income homeowners and renters, regardless of age.[249] Policymakers should also invest in estate planning and heirs' property assistance to prevent involuntary loss through probate barriers or unclear title.[250] At the same time, federal and state governments must address longstanding appraisal and valuation inequities that continue to suppress equity growth in majority-Latino neighborhoods, echoing patterns established through redlining and urban renewal, by strengthening appraisal oversight, enforcing fair housing and equal credit laws, and creating transparent mechanisms to challenge biased valuations.[251] Finally, as climate disasters and aging housing stock threaten existing homeownership and housing stability, federal and state governments must ensure equitable access to rehabilitation financing, insurance recovery, and disaster-rebuilding programs.[252]

CASE STUDIES

LAND LOSS AND HOMEOWNERSHIP BARRIERS



IMAGE 2.14

IMAGE 2.14: Photograph of hotel Pico House, named after Pio Pico (1870). **Source:** *Exterior of the Pico House hotel in Los Angeles, ca. 1870,* University of Southern California, Libraries, USC Libraries Special Collections, California Historical Society, 1870, available online.

THE FOLLOWING TWO case studies, separated by more than 100 years, put the policy dynamics outlined in this section into focus. Don Pío Pico's story illustrates how, even for one of the most prominent Californios, landholding could be undone through a web of high-interest loans, legal fraud, and court decisions that privileged white creditors over Mexican landowners. Over a century later, the experience of homeowner Gisela Morales in Stockton, California, shows how similar forces reappeared through the Great Recession, which stripped away the hard-won home equity of working-class Latinos. Together, these stories show how property loss was produced not by a single bad policy or actor, but by the interaction of public and private systems that repeatedly saw Latino neighborhoods as places of risk and debt.

DON PÍO PICO AND FINANCIAL CRISIS OF CALIFORNIO LANDOWNERS

Born in 1801 under Spanish rule, Don Pío Pico was a Californio of African, Indigenous, and European descent, the last governor of Mexican California before U.S. annexation, and later an elite landowner in early U.S. California. Unlike many of his peers, Pico skillfully navigated the Anglo-American courts and land commission process to hold onto his estates. Still, even his shrewdness could not fully protect him from the racial and economic discrimination of the time.

Pico faced enormous financial challenges as the economic landscape shifted against Californios. After devastating natural disasters in the early 1860s decimated the cattle trade,[253] he, like many, took out a short-term mortgage. In 1855, Pico secured a $25,000 mortgage at a staggering three percent monthly interest from the San Francisco firm Pioche and Bayerque.[254] The mounting debt, coupled with legal fees and rising property taxes,[255] placed him in a precarious financial position.

To dig himself out of debt, Pico arranged a deal with his brother-in-law, Juan Forster, who took advantage of his financial desperation and limited English proficiency. Forster convinced Pico to sign a contract written only in English and defrauded him of his Rancho Santa Margarita property. The courts ruled in Forster's favor, reinforcing the systemic bias against Californios.[256]

Despite ongoing financial strain, Pico stayed active in business and civic life and even built the Pico House in 1869, then the most luxurious hotel in Southern California.[257] But after losing his appeal in the Forster case, he was forced to take out another mortgage, this time from E.W. Burr and Benjamin D. Dean of the Savings and Loan Society. Even after Pico repaid the loan, Burr and Dean sued him,



IMAGE 2.15: A photograph of Don Pio Pico with his wife, Maria Ignacia Alvarado, and two nieces, Maraneto Alvarado and Trinidad de la Guerra (before 1854). **Source:** C.C. Pierce, "Don Pio Pico, His Wife Maria Ignacia Alvarado, and Two Nieces, Maraneto Alvarado and Trinidad de la Guerra," Photographs, Huntington Digital Library, available online.

pushing him back into court and into yet another high-interest loan of $27,000 from their own bank.[258] His debt spiraled to more than $45,000 by 1874.[259] In 1880, Burr and Dean foreclosed, seizing Pico's property and selling the Pico House (worth $55,000) for only $16,000 and the Los Angeles Bank building for $6,500 to the Savings and Loan Society.[260]

Pico's final defeat came in *Pico v. Cohn*. In 1881, Bernard Cohn loaned him $62,000 at 10 percent monthly interest, using Rancho Paso de Bartolo as collateral.[261] Years later, Pico's interpreter admitted on his deathbed that he had been bribed, but the confession came too late: the State Supreme Court ruled against Pico in 1891.[262] By 1892, Pico had lost all remaining landholdings, was evicted from his last home, and died in 1894 with no wealth left.

Don Pío Pico's downfall illustrates how land loss among Californios was produced by a financial and legal system that systematically favored white creditors over Mexican landowners. High-interest lending, rising taxes, language barriers, and courts that discounted fraud claims combined to turn debt into a mechanism of dispossession. Even for one of the most prominent and politically experienced Californios, property rights proved fragile when legal and financial institutions were structured to extract land rather than protect ownership.

GISELA MORALES' HOUSING LOSS DURING THE GREAT RECESSION[263]

Gisela Morales and her husband bought a house in Stockton, California, for their family of six. At its peak, their home was worth $450,000, close to the statewide median home price at the time.[264] However, after the 2008 housing crash, it was worth $230,000. In comparison, the median California home price in 2008 was about $380,000.[265] Stockton had one of the highest foreclosure rates in the country and the largest home price decline of any California metro area.[266]

In 2005, Morales took out a subprime mortgage for $360,000. By then, nearly 20 percent of all new mortgages were subprime.[267] Like many borrowers, Morales and her husband believed they could afford the loans. As Grisela explained, "The economy was well, and my husband was working more than his regular 40 hours a week. At the time, we did have the money to make the payments." However, advertisements for these loans were misleading, explicitly promoting low interest rates without discussing higher reset rates.[268]

Two years later, their payments increased by nearly 50 percent just as her husband's work in construction dried up.[269] Desperate to save their home, they tried refinancing, but four different banks rejected them. They even offered their life savings, a $50,000 bid, but the bank refused to accept it. Unable to cover the $5,000 monthly payments, they fell behind on their mortgage.

After a failed short sale[270], they faced foreclosure. Walking through their empty house, Gisela sighed, "It feels like when we first walked in... worse now, because it's empty now and we know we can't come back to it."

For Gisela and millions of others, years of repayment lay ahead. Foreclosure would not only take their home, but would harm their financial well-being, causing their credit scores to plummet and the foreclosure information to remain on their credit report for seven years.[271] As Gisela reflects, "It's a sad experience. It's having something for years, and all of a sudden, not having it anymore."

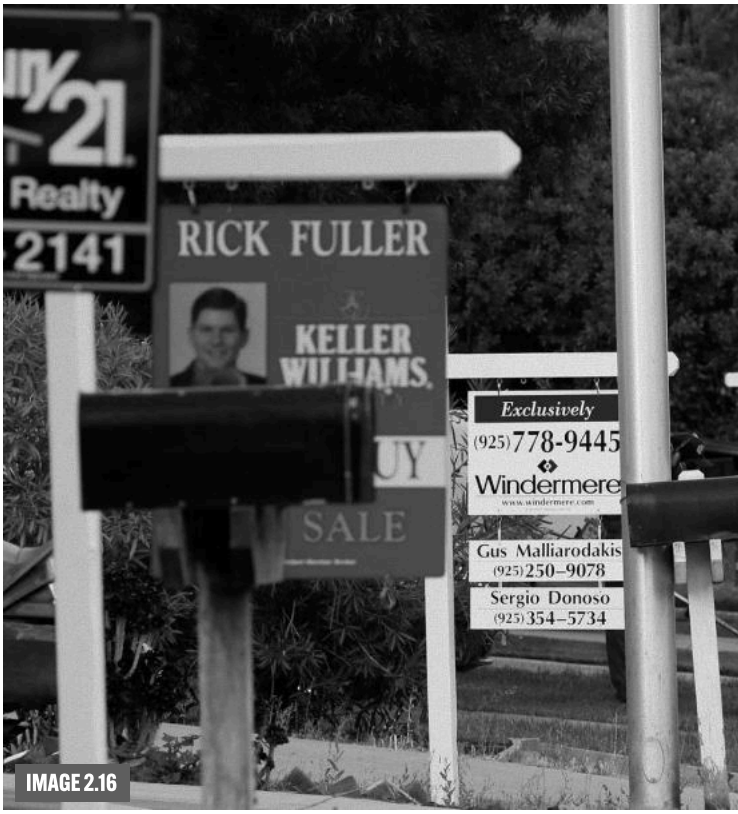


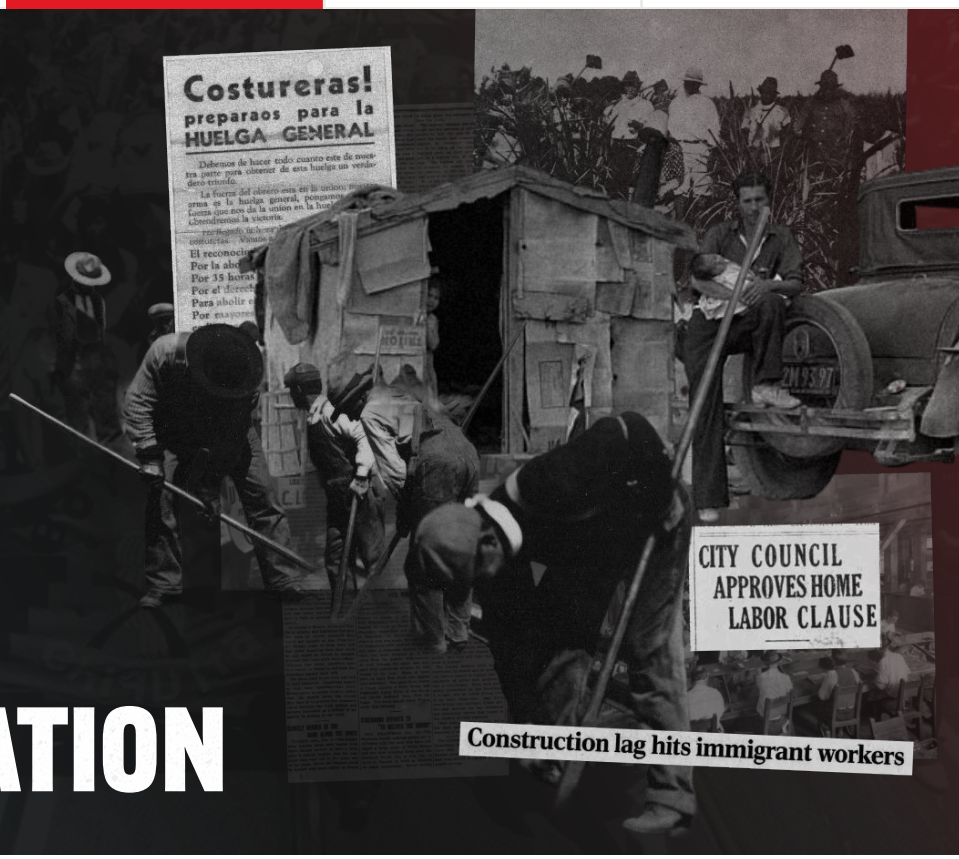
IMAGE 2.16

IMAGE 2.16: A photograph of homes along Catanzaro Way in Antioch, California display real estate signs after going into foreclosure in 2007.
Source: David Dayen, "An Enemy of the Wall Street Foreclosure Machine Is Running to Unseat a GOP Lawmaker in California," *The Intercept*, April 4, 2017, available online.

Gisela Morales's foreclosure reflects how Latino homeowners were disproportionately exposed to risky loan products and then denied relief when the housing market collapsed during the Great Recession. Subprime lending, weak consumer protections, and limited access to refinancing transformed economic downturns into permanent wealth losses. Her experience shows how modern housing finance systems, like earlier debt regimes, converted temporary income shocks into lasting dispossession, which erased years of home equity and reinforced existing wealth gaps.

SECTION III

UNFAIR PAY AND JOB DISCRIMINATION



THROUGHOUT U.S. HISTORY, the central barrier for Latino families hasn't been principally a lack of work, but rather how law and employer practices have structured their work to generate wealth for others but not the workers themselves. Labor policy has repeatedly sorted Latino workers into the lowest-wage and least-protected corners of the labor market, reflecting not only government choices but sustained pressure from business interests seeking to preserve access to low-cost, flexible labor. Starting in the mid-19th century, Mexican miners were paid up to 30 percent less than white miners for the same work and taxed as "foreigners" to fund local infrastructure that largely benefited white settlers.[272] In the early 20th century, railroad companies and agricultural employers paid Mexican workers in company scrip redeemable only at employer-owned stores, while wage theft, predatory pricing, and exploitative credit practices drained what little income they earned.[273] Similarly, Puerto Rican migrants recruited to sugar plantations in Hawai'i earned the lowest wages of any major ethnic group and were made dependent on employers for transportation, housing, and basic services.[274]

These arrangements did not disappear; they were reconfigured under a new governing economic framework. Since the 1970s, U.S. labor markets have been increasingly shaped by a neoliberal policy system that replaced the New Deal–era Keynesian approach, which had emphasized public investment, collective bargaining, and stronger labor standards.[275] Under neoliberalism, government policy increasingly prioritized deregulation, privatization, and globalized trade, and weakened the enforcement of labor protections.[276] Trade agreements and global supply chains offshored many stable, unionized blue-collar jobs, shifting production to lower-wage countries and narrowing pathways into secure employment in the U.S.[277]

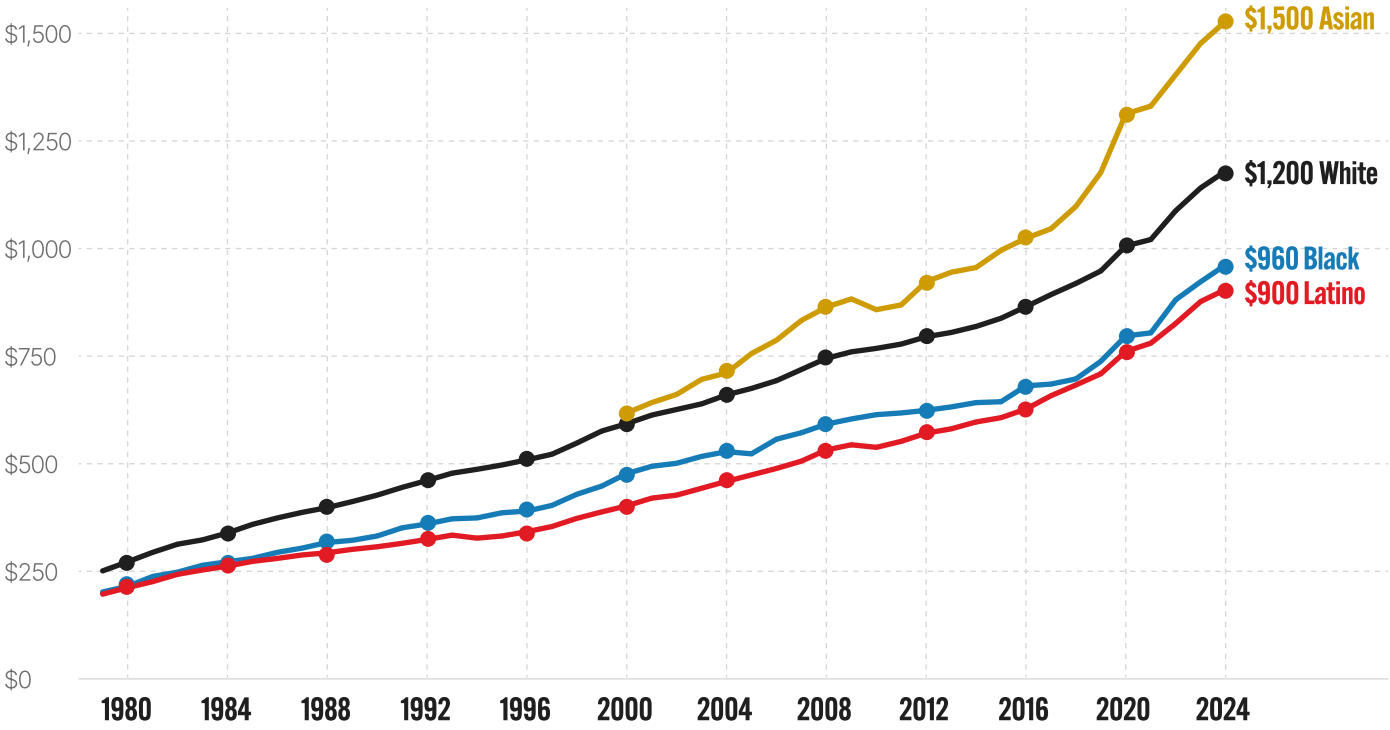
As these higher-quality jobs disappeared, Latino workers—already facing discrimination in hiring, promotion, and access to better positions[278]—were more likely to be channeled into the remaining segments of the labor market: lower-wage service, logistics, and gig-based work.[279] In these jobs, misclassification as "independent contractors" denied them core protections such

as minimum wage standards, benefits, and workplace safety.[280] These dynamics were intensified by the growing monopolization of outsourced and subcontracted labor markets, where a small number of staffing agencies and lead firms increasingly control hiring and job placement. In these contract-based labor markets, workers are formally employed by intermediaries but effectively competing for jobs governed by a limited set of powerful firms with the ability to suppress wages.[281] Because Latino workers are overrepresented in such sectors—such as janitorial services, construction labor, and call centers—they have been disproportionately exposed to and impacted by these unfair labor practices.[282]

Over time, these labor market inequalities compound in lower access to benefits, reduced retirement coverage and account balances, and fewer opportunities to convert work into lasting wealth. This section traces three recurring patterns in how unfair pay and workplace discrimination have shaped Latino wealth: **1) low-wage and contract work practices** have kept Latino workers productive but in low wages; **2) exclusion from bargaining rights and union protections** has limited their leverage to demand better pay and conditions; and **3) lack of public investment** has ensured that even as Latinos contribute to national growth, they receive a small share of its benefits.

KEY HISTORICAL DATA

Figure 12. Median Weekly Earnings of Full-Time Wage and Salary Workers (16+), by Race and Ethnicity, 1979-2024

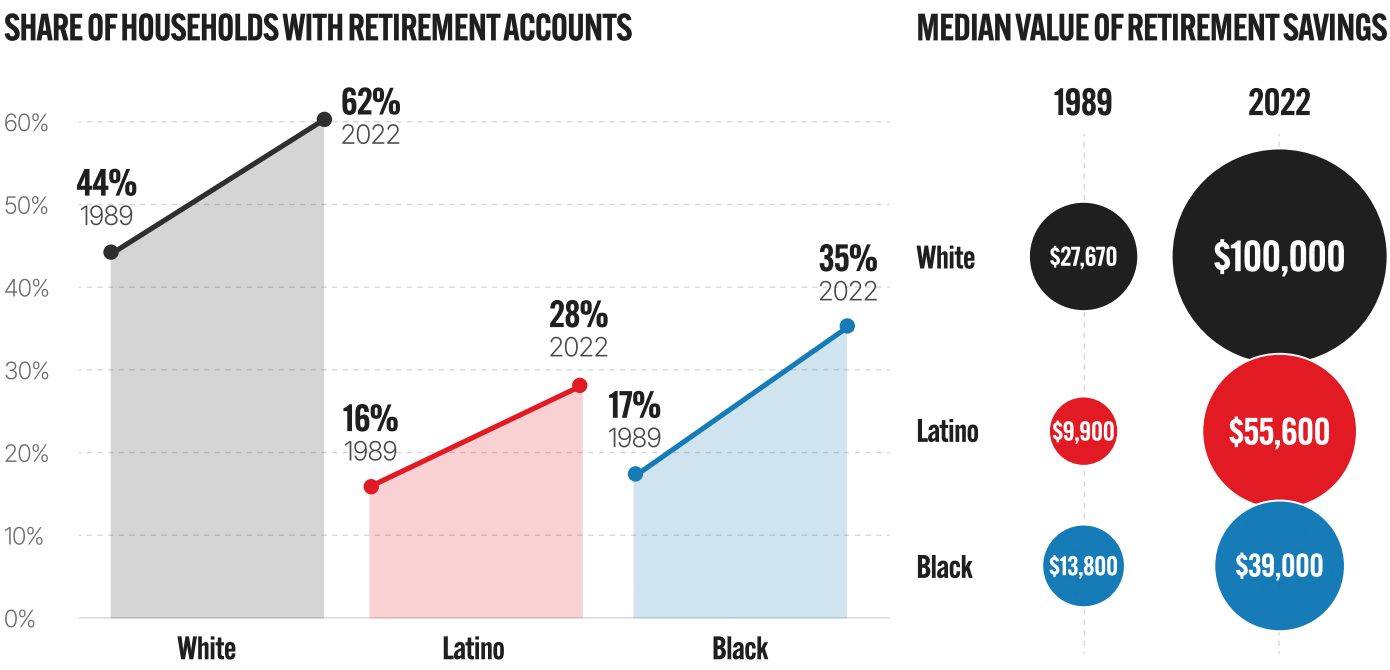


SOURCE: UCLA LPPI analysis of the Federal Reserve Bank of St. Louis, Current Population Survey (Household Survey), "Employed Full Time: Median Usual Weekly Nominal Earnings (Second Quartile): Wage and Salary Workers: 16 Years and Over, 1979 to 2024," available online.

Latino families rely heavily on wages for income, yet persistent pay gaps have limited their ability to build wealth. Latinos have long had among the highest labor force participation rates of any major racial or ethnic group. In 2023, 68 percent of Latinos ages 16 and older participated in the U.S. labor force, compared with 62 percent of white and 63 percent of Black adults, with participation highest among Latino men at about 75 percent.[283] Despite this engagement in the workforce, racial and ethnic disparities in earnings have remained a defining feature of the U.S. labor market for more than four decades (Figure 12). Latino workers have consistently earned less than white workers: In 1979, Latino full-time workers earned about 78 percent of white workers' pay ($194 vs. $248 per week), and by 2024 that ratio had barely budged, at about 77 percent ($902 vs. $1,177). Black workers follow a similar pattern of persistent disadvantage, while Asian workers moved from earnings comparable to white workers in 2000 to earning 30 percent more by 2024.

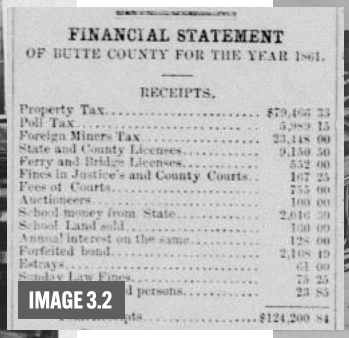
Latino workers are also disproportionately excluded from workplace retirement plans, a structural gap that drives racial disparities in household wealth. As of 2022, nearly two thirds of Latino workers (64 percent) were not covered by a workplace retirement plan, compared with 42 percent of white, 53 percent of Black, and 45 percent of Asian workers.[284] These gaps show up clearly in household savings: About two thirds of white families had some type of retirement account in 2022, but only 28 percent of Latino families and 35 percent of Black families did so (Figure 13). Among families with accounts, the median white household holds nearly twice as much in retirement savings as the median Latino household. These differences are not simply the result of individual choices; they reflect the fact that white workers are more likely to be in higher-paying, stable jobs with retirement plans and employer contributions, while Latino workers are concentrated in lower-wage work with fewer benefits, making it much harder to build long-term wealth.

Figure 13. U.S. Household Retirement Accounts 1989 to 2022, by Race and Ethnicity



NOTE: Values are adjusted to be given in 2022 dollars. **Source:** Board of Governors of the Federal Reserve System, "Survey of Consumer Finances, 1989 and 2022."


IMAGE 3.1



FINANCIAL STATEMENT
OF BUTTE COUNTY FOR THE YEAR 1861.

RECEIPTS.

Property Tax	$79,466 33
Poll Tax	3,289 15
Foreign Miners Tax	23,448 00
State and County Licenses	9,150 50
Ferry and Bridge Licenses	532 00
Fines in Justice's and County Courts	167 25
Fees of Courts	755 00
Auctioneers	100 00
School money from State	2,616 30
School Land sold	130 00
Annual interest on the same	128 00
Forfeited bond	2,108 19
Estrays	61 00
Similar Law Fines	75 25
[illegible] persons	23 85
[illegible]	$124,200 84

IMAGE 3.2

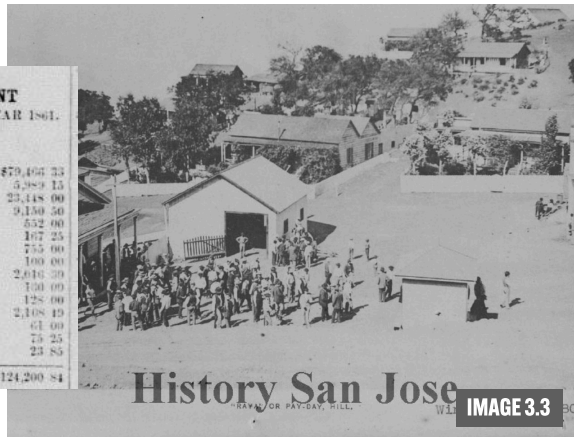


IMAGE 3.3

IMAGE 3.1: Two photographs of New Almaden miners (1885-1900). On the left is a photo of Wm. Doidge, a Cornish miner in work clothes with a pickaxe and bucket. On the right is a photo of Patricio Avila, a Mexican miner. He is dressed in work clothes, carrying a staff and a bucket. **Source:** *"Typical Cornish and Mexican Miners,"* Laurence E. Bulmore Collection, History San José, 1885-1900, available online.

IMAGE 3.2: An 1861 Financial Statement of Butte County highlights a $23,448.00 revenue from the Foreign Miner's Tax, making it the second largest source of revenue after the county's property tax. **Source:** "Financial Statement of Butte County for the Year 1861," *Chico Weekly Chronicle - Record, 2,* February 8, 1862.

IMAGE 3.3: Photograph of miners gathered in front of the New Almaden Quicksilver Mines office in California to collect their monthly pay (1880-1890). Mexican miners referred to pay day as "dia de raya" or "raja." The New Almaden Quicksilver Mining Company compensated workers in cash or with "boletos," tokens that could be exchanged for credit at the company store. **Source:** Winn-Bulmore, "Raya or Pay-Day at the Hill Office, New Almaden Quicksilver Mines," Laurence E. Bulmore Collection, History San José, 1880-1890, available online.

KEY POLICY MEASURES

POLICY #1

LOW-WAGE AND CONTRACT WORK PRACTICES

Latino workers have helped drive U.S. economic growth for more than a century, but employer practices and government policy have repeatedly structured their work as low-wage, insecure, and easily replaceable. From the mid-19th century forward, employers across key U.S. industries developed labor practices designed to minimize wages, reduce obligations to workers, and retain flexibility. These strategies were frequently reinforced, legalized, or left unchecked by government policy, particularly in sectors where Latino workers were heavily concentrated. Together, business incentives and policy choices produced a durable labor system in which Latino workers were essential to production but systematically excluded from the wages, stability, and benefits that allow work to build wealth.

From the earliest extractive industries, employer demands and public policy worked together to structure Latino labor as cheap, replaceable, and excluded from the rewards of economic growth. In the mining industry, Mexican laborers were essential to gold extraction in California and across the Southwest, yet white miners and mining interests increasingly portrayed Mexican and other non-white miners as "foreign" competitors whose labor threatened wages and profits.[285] That framing shaped policy outcomes. The Foreign Miners' Tax of 1850 imposed a monthly levy on noncitizen miners—often set at levels that exceeded their monthly earnings—while effectively exempting white and European miners.[286] Although framed as a regulatory and revenue-raising measure, the tax functioned as a tool of labor and economic extraction: It reduced the take-home pay of Mexican, Chinese, and Latin American miners, pushed many out of mining, and transferred their resources to local governments and white-dominated communities through public spending.[287] When lost workers disrupted gold production, lawmakers responded by reducing the tax rather than abandoning its underlying logic.[288]

Federal policy further restructured the industry in ways that concentrated ownership and profits

among white U.S. citizens while relegating Latino workers to low-paid wage labor. The General Mining Act of 1872 made it cheap and straightforward for U.S. citizens and firms to claim mineral-rich federal lands, accelerating the displacement of independent Mexican miners[289] and their incorporation as wage workers for U.S. companies.[290] Within this system, companies openly discriminated in pay, offering Mexican miners roughly $12.50 and 16 pounds of flour per month while white miners earned $30 to $70 plus room and board for the same work (Figure 14).[291] Together, these policies reflect a recurring pattern across industries in which employer demands and racialized ideas about belonging shaped labor rules that extracted value from Latino workers while shielding white workers and capital owners.

On sugar plantations in Hawai'i, Puerto Rican migrants were incorporated into a labor system that extended employer control far beyond the workplace, reinforcing low wages through dependency and political power. U.S. acquisition of Puerto Rico in 1898 was driven in part by commercial and agricultural interests seeking new markets, land, and labor supplies, and securing Puerto Rico as a territory enabled U.S.-based sugar companies to dominate the island's economy.[292] As land ownership concentrated in corporate hands and rural livelihoods collapsed, Puerto Rican workers were recruited to Hawai'i to meet plantation labor shortages under conditions that heavily favored employers.[293] Plantation owners paid Puerto Rican workers the lowest wages of any major ethnic group and tied access to housing, transportation, and basic services to continued employment, limiting workers' ability to leave abusive conditions or bargain for higher pay (Figure 14).[294] Territorial and federal authorities largely declined to intervene in plantation labor relations, framing these arrangements as necessary for economic stability and sugar production.[295]

In the late 19th and early 20th centuries, employer strategies and state policy expanded these extractive labor practices into railroad work, building contractor-based systems that kept Latino workers underpaid and dependent. Railroad companies paid Mexican track workers substantially less than white workers performing the same jobs: about 15 to 17 cents an hour in the 1890s, compared with 45 to 51 cents for Irish workers (Figure 14).[296] Federal policy did little to disrupt this arrangement. Although the 1885 Foran Act formally prohibited companies from directly recruiting and contracting immigrant wage-labor, railroads and other employers continued to rely on private labor contractors to recruit Latino crews, manage payroll, and shield firms from responsibility for wages, housing, and working conditions. In many camps, contractors paid workers in company-issued scrip rather than cash and deducted inflated charges for food, tools, and housing.[297] These practices left workers in chronic debt, allowing employers to reduce labor costs, externalize risk, and reduce accountability.

A parallel contractor system took hold in agriculture and continues today; growers increasingly turn to labor contractors to assemble crews, supervise work, and buffer farms from direct liability for wages and conditions. Mexican farmworkers repeatedly challenged these arrangements. As early as the 1920s, workers in California protested that contractors routinely shorted or withheld their pay,[298] and in 1928 cantaloupe pickers in the Imperial Valley went on strike not only for higher wages and better housing but also to abolish the contracting system.[299] Despite these challenges, the contractor model expanded rather than receded. In California, about one tenth of the state's predominantly Latino farm workforce was hired through contractors in 1983;[300] by 2023, roughly two thirds were.[301] Growers continue to outsource labor to third-party firms because of the cost savings these arrangements provide; since 2010, the weekly wages of contracted farmworkers have been consistently about one quarter lower than those of directly hired workers (Figure 15).[302]

Figure 14. Wage Rates for Latino Subgroups and White Workers in the U.S., 1850-1910

Mexicans, Tejanos, Californios, Hispanos, and Spanish

50-75¢ PER HUNDRED POUNDS OF COTTON	**15-17¢** PER HOUR	**$12.50** +16 POUNDS OF FLOUR PER MONTH
	Irish Railroad Track Workers: 45–51¢ per hour	White Miners: $30 to $70 a month (plus free room and board)
Cotton Picker — OKLAHOMA, 1907	Railroad Track Worker — TEXAS, 1890	Copper Miner — ARIZONA, 1850s

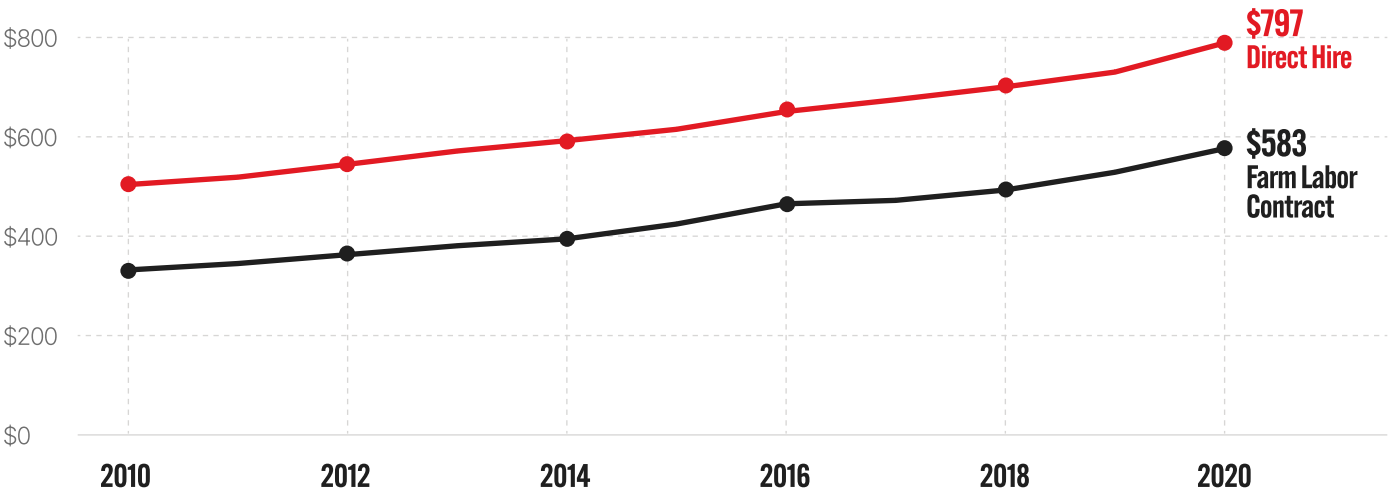
NOTE: As track and section hand workers, Mexicans earned about $1.50 to $1.75 per day (15 to 17 cents an hour) for a typical 10-hour workday in the 1890s. However, they were often required to pay for room and board from their employers, with $5.25 deducted from their salaries each week. **Source:** Michael M. Smith, "Beyond the Borderlands: Mexican Labor in the Central Plains, 1900–1930," Great Plains Quarterly (Fall 1981): 248, available online; Barbara A. Driscoll, The Tracks North: The Railroad Bracero Program of World War II (Austin, TX: CMAS Books, Center for Mexican American Studies, University of Texas at Austin, 1998), 21; Jeffery Marcos Garcílazo, Traqueros, 32; Joseph Franklin Park, The History of Mexican Labor in Arizona During the Territorial Period (thesis, The University of Arizona, 1917): 62, available online.

Puerto Ricans

6¢ PER HOUR	**8¢** PER HOUR
Chinese Workers: 7¢ per hour Japanese Workers: 7¢ per hour	Chinese Workers: 10¢ per hour Japanese Workers: 9¢ per hour
Plantation Workers — 1901	Plantation Workers — 1890

SOURCE: Sumner J. La Croix and Price Fishback, "Migration, Labor Market Dynamics, and Wage Differentials in Hawaii's Sugar Industry, 1901–1915," in Advances in Agricultural Economic History, vol. 1 (2000): 31–72, available online.

Figure 15. California Farmworker Weekly Wages by Employment Type (Direct-Hire vs. Farm Labor Contractor), 2010-2020

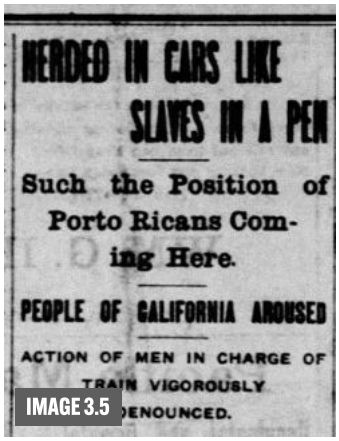


SOURCE: Rural Migration News, "California: FLC Employment Down and Wages Up in 2020," UC Davis, July 16, 2021, available online.

Over time, employment classification laws and weak enforcement extended this contractor logic beyond fields and rail lines into other sectors that employ large numbers of Latino workers, often in response to sustained pressure from employers seeking to preserve flexibility and reduce labor costs. For instance, in transportation, delivery, and logistics—industries with high Latino employment—platform-based companies have actively advocated for legal standards that classify workers as independent contractors rather than employees.[303] In California, companies responded to tighter state standards[304] by financing and promoting Proposition 22,[305] a 2020 ballot initiative that classified app-based drivers as independent contractors and restricted access to core labor protections. Under the broader banner of "independent work," 36 percent of U.S. workers now identify as independent, with Latinos, immigrants, and young adults ages 18 to 24 disproportionately represented in gig, contract, and temporary jobs.[306] These arrangements routinely produce sub-minimum wages and unpaid waiting time, while workers shoulder the costs of vehicles, fuel, maintenance, and payroll-taxes and do not have access to employer health insurance, paid leave, and unemployment insurance.[307] As in earlier contractor systems, these employment structures allow employers to retain control over work while remaining insulated from accountability.

Beyond these structural arrangements, Latino workers face direct discrimination throughout the labor market. Hiring audit studies—where researchers send matched résumés differing only in perceived race or ethnicity—consistently find that white applicants receive approximately 24 percent more callbacks than equally qualified Latino applicants, a pattern that has persisted for decades despite anti-discrimination laws.[308] And once in the workforce, surveys suggest that approximately half report having experienced workplace discrimination because of their identity[309] and 32 percent of Latinos report having experienced discrimination in equal pay and promotions.[310] Few file reports due to fear of retaliation and underenforcement, as the Equal Employment Opportunity Commission (EEOC), like the National Labor Relations Board, remains chronically underfunded and understaffed,[311] and penalties for employer discrimination and retaliation are too small to effectively deter violations.[312] As a result, direct discrimination compounds the wage suppression already produced by subcontracting, misclassification, and other structural arrangements, further limiting Latino workers' ability to build wealth through work.


IMAGE 3.4


HERDED IN CARS LIKE SLAVES IN A PEN

Such the Position of Porto Ricans Coming Here.

PEOPLE OF CALIFORNIA AROUSED

ACTION OF MEN IN CHARGE OF TRAIN VIGOROUSLY DENOUNCED.

IMAGE 3.5

IMAGE 3.4: Photograph of Puerto Rican sugar cane laborers in Hawaii (undated). **Source:** Images of Old Hawai'i, available online.

IMAGE 3.5: Newspaper article exposing the mistreatment of Puerto Rican laborers being transported under deceptive recruitment practices. Although they were not seized by force, these workers were enticed with false promises to board a steamship, only to endure grueling conditions. After eight days on a steamship, the laborers arrived on the mainland in New Orleans, where they were crammed into freight train cars without water for 12 hours. When they were provided with water, it was contaminated and caused illness. The train traveled through Tucson and Los Angeles before reaching San Francisco, where the two carloads of laborers were to be ferried by tugboat to a steamship, a tactic meant to prevent escapes. The article criticized the kidnapping of Puerto Ricans from their homeland and employers' "hope to profit by their helplessness" in the sugar cane industry. **Source:** "Herded in Cars Like Slaves in a Pen: Such the Position of Porto Ricans Coming Here," *The Honolulu Republican*, 1, December 22, 1900.

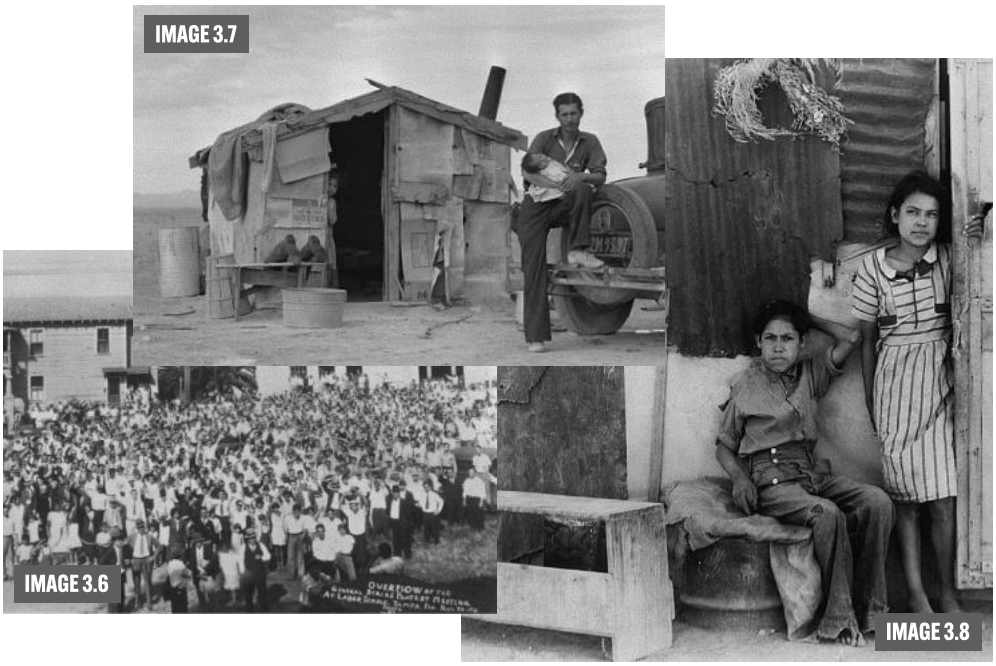


IMAGE 3.6: Photograph of the cigar makers' strike to save the lectors on November 28, 1931, in front of the local Ybor City Labor Temple in Tampa. The photograph contains a portion of the 7,000 laborers who participated in the strike. **Source:** USF Tampa Library, Special and Digital Collections, Tony Pizzo Collection cited in "The Cigar Strike of 1931: The Strike That Ended the Lector System," Tampa Historical, available online.

IMAGE 3.7: Photograph of a Mexican field worker holding a baby in front of his home in Imperial Valley, California (1937). **Source:** Dorothea Lange, "Migratory Mexican Field Worker's Home on the Edge of a Frozen Pea Field." Imperial Valley California, Imperial County," March 1937, available online.

IMAGE 3.8: Photograph of children of Mexican cotton laborers in Casa Grande, Arizona (1937). **Source:** Dorothea Lange, "Children of Mexican Cotton Laborers Casa Grande, Arizona," Casa Grande Pinal County, Arizona, May 1937, available online.

POLICY #2

LEGALIZED EXCLUSION FROM BARGAINING RIGHTS, UNIONIZING, AND BENEFITS

Across eras, U.S. labor law and employers have systematically excluded Latino workers from the protections that turn employment into economic security. Two mechanisms stand out: (1) statutory carveouts and weak standards in the sectors where Latinos are concentrated,[313] and (2) immigration and labor-control tools that employers and officials use to suppress organizing and bargaining. Together, these choices have kept Latino workers doing essential work under conditions that make it hard to turn wages into stability or wealth. This section documents how these two tools have repeatedly undermined Latino workers' ability to turn organizing into lasting gains.

The National Labor Relations Act of 1935 (NLRA) and the Fair Labor Standards Act of 1938 (FLSA)—the cornerstone of New Deal labor law—established key worker protections while explicitly excluding agricultural and domestic workers, industries where Latino and Black workers were heavily concentrated. The NLRA guaranteed the right to organize and bargain collectively, while the FLSA established a federal minimum wage and overtime protections; by design, however, neither statute applied to farm or domestic labor.[314] These exclusions left large shares of Latino and Black workers outside the core framework of federal labor protections and normalized lower labor standards in sectors critical to the U.S. economy. They reflected political compromises necessary to secure passage of New Deal legislation, including concessions to Southern lawmakers and agricultural interests that sought to preserve a low-wage, highly controllable labor force.[315] In practice, these carveouts signaled to employers that exploitative practices in agriculture would face little government oversight.[316] Agricultural employers openly described Mexican workers as valuable precisely because of their perceived "exploitability," portraying them as willing to accept low pay, unlikely to organize, and easily dismissed when work ended.[317] This seasonal, low-wage structure kept many Mexican families housing-insecure, moving from harvest to harvest with little opportunity to build savings or accumulate assets.[318] Government photographers and researchers in the 1930s through 1950s, including Dorothea Lange and Paul Schuster Taylor, documented informal labor camps where,

in the absence of enforceable labor standards, Latino families slept on dirt floors, cooked over open fires, and relied on unsafe water for daily needs, conditions that still appear in much of the agricultural workforce today.[319]

When Latino workers did gain partial access to collective bargaining rights or used local power to improve conditions, employers and public officials frequently turned to repression and immigration-related tools to roll back those gains. For instance, in Florida's Cuban cigar industry, factory jobs offered some of the best wages and most stable employment available to Latinos going into the 20th century,[320] and strong mutual aid and organizing traditions[321] helped Cuban workers win standardized pay, safer conditions, and pathways to homeownership.[322] However, because these gains rested more on local bargaining power than on robust legal protections, they were highly vulnerable to employer retaliation. For instance, when Cuban cigar workers in Ybor City joined a more activist union in 1931 to demand better unemployment relief and protest evictions, city officials and employers framed their organizing as communist "foreign subversion," police opened fire on a rally and arrested dozens, and manufacturers responded with a three-week lockout.[323] Employers then imposed loyalty pledges to "true Americanism," eliminated the long-standing lectura tradition that supported political education in the factories, and blacklisted roughly 30 percent of the cigar workforce.[324]

Similarly, New Deal reforms created uneven organizing openings that Latino and Latina workers tried to seize, even as immigration status and local enforcement left them exposed to retaliation. In 1933, thousands of mostly Mexican and Jewish women in Los Angeles garment shops used the National Industrial Recovery Act and emerging union protections to organize with the International Ladies' Garment Workers Union (ILGWU).[325] Through Spanish-language outreach and cross-ethnic organizing, they won contracts at more than 50 dress shops that guaranteed union-only hiring, weekly minimum pay, and a 35-hour workweek.[326]

A few years later, more than 12,000 Latino pecan shellers in San Antonio walked off the job to challenge starvation piece rates and dangerous conditions.[327] Under leaders like Emma Tenayuca and Luisa Moreno, they secured a wage increase and recognition of a CIO-affiliated union despite arrests, deportation threats, and police repression.[328] Agricultural and railroad workers also mounted dozens of strikes across California and the Southwest during the 1930s, but their exclusion from core New Deal labor protections enabled employers free to crush unions with violence, blacklists, and deportation threats.[329]

During World War II and after, the Bracero Program (1942–1964) institutionalized that vulnerability in federal policy by importing hundreds of thousands of Mexican guestworkers on temporary contracts and using them as strikebreakers, while the constant threat of deportation and easy replacement made collective action far riskier for all farmworkers.[330] Only after Bracero ended did unions such as United Farm Workers win major contracts that sharply raised wages and established new protections. Yet agriculture still stands out for low pay and pervasive abuse, with recent studies finding that roughly one in five farmworkers suffers minimum-wage violations.[331]

Contemporary labor and immigration policy continues to limit Latino workers' bargaining power by structuring work in ways that are easy to control and that make it hard to organize. In warehousing and logistics—industries with heavily Latino workforces—major employers can keep labor "flexible" by relying on subcontracting and temporary staffing arrangements that diffuse responsibility and make it harder for workers to bargain with the true decision-makers and employer.[332] At the same time, weak enforcement under the NLRA—driven by limited penalties and slow timelines,[333] as well as chronic underfunding and understaffing[334]—gives employers room to

delay bargaining. Immigration enforcement tools add another layer of leverage: Employers may misuse E-Verify checks, I-9 "self-audits," or threats of worksite enforcement to chill organizing and discipline workers, echoing the long-running "threat of removal" dynamic that constrained Bracero-era workers.[335] And in many states, "right-to-work"[336] laws further weaken collective bargaining by reducing unions' resources and bargaining strength; in states that adopted these laws, Latino unionization rates fell by about three percentage points (2013–2022), and Latino worker earnings dropped by nearly five percentage points.[337]

The cumulative impact of exclusionary labor policy shows up clearly in today's union landscape for Latino workers. As of 2022, fewer than nine percent of Latino workers belonged to a union, compared with 10 percent of white workers and nearly 12 percent of Black workers, even though the union wage premium is highest for Latinos (35 percent) (Figure 16).[338] These disparities matter because unions do more than raise wages or reduce job loss during economic downturns; they play a critical role in long-term economic security and wealth building. For instance, UCLA LPPI research during COVID-19 found that unionized Latinos faced a three-percentage-point-lower risk of unemployment than their nonunion counterparts.[339] Other research has shown that women and workers of color experience the largest gains in wages and benefits from union coverage, which can have measurable reductions in the racial wealth gap.[340] Yet current labor rules continue to restrict access to the very tools that most effectively translate Latino work into wealth.



IMAGE 3.9

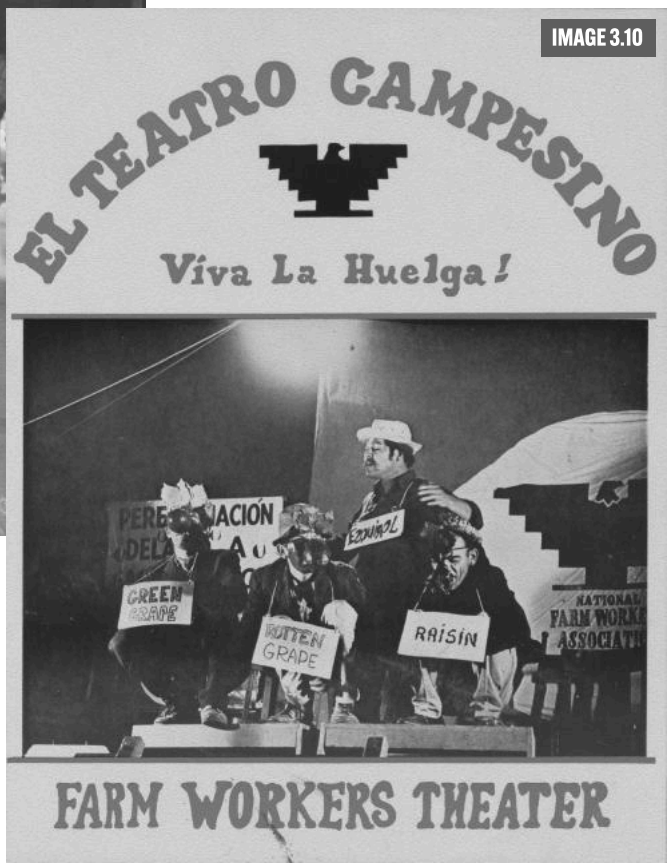
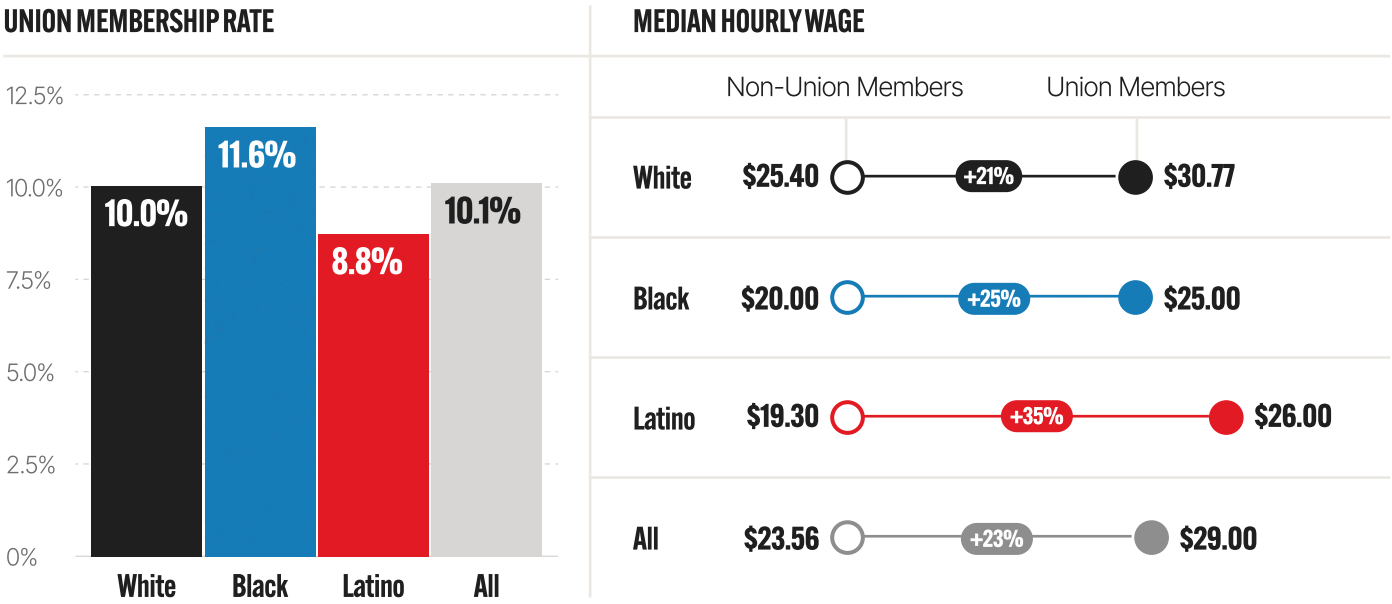


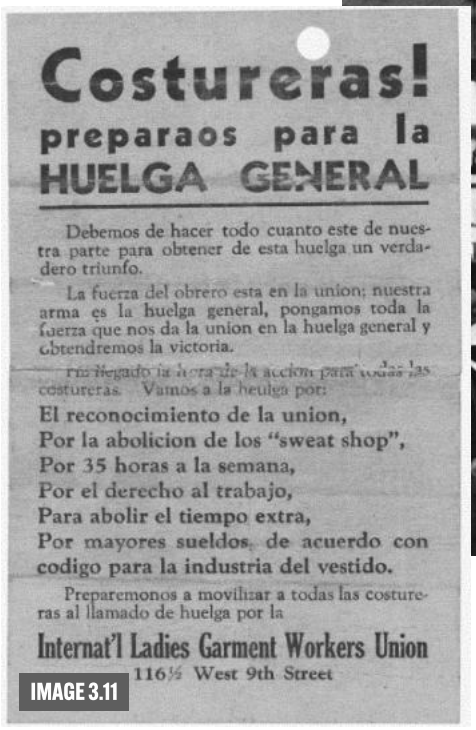
IMAGE 3.9: Photograph of pecan shellers on strike in front of the Southern Pecan Shelling Company (1938). **Source:** "Striking Pecan Shellers Picketing on the Sidewalk in Front of the Southern Pecan Shelling Company at 135 East Cevallos Street," San Antonio Light Photograph Collection, UTSA Special Collections, 1938, available online.

IMAGE 3.10: Poster of El Teatro Campesino, a farm worker theater that created plays to educate on farm worker struggles and unionization efforts during the Delano Grape Strike (1970). **Source:** El Teatro Campesino Viva La Huelga. California Revealed, Center for the Study of Political Graphs, Circa 1970, accessed July 22, 2025, available online.

Figure 16. Union Wage Premium of Median Hourly Earnings, by Race and Ethnicity, 2022



SOURCE: Frank Manzo IC and Robert Bruno, The Effects of "Right-to-Work" Regulations on Worker Earnings, Union Membership, and Labor Force Participation Across the United States (Illinois Economics Policy Institute, Project for Middle Class Renewal at University of Illinois Urbana-Champaign, September 2023), available online.



Costureras!
preparaos para la
HUELGA GENERAL

Debemos de hacer todo cuanto este de nuestra parte para obtener de esta huelga un verdadero triunfo.

La fuerza del obrero esta en la union; nuestra arma es la huelga general, pongamos toda la fuerza que nos da la union en la huelga general y obtendremos la victoria.

[illegible] costureras. Vamos a la huelga por:

El reconocimiento de la union,
Por la abolicion de los "sweat shop",
Por 35 horas a la semana,
Por el derecho al trabajo,
Para abolir el tiempo extra,
Por mayores sueldos, de acuerdo con codigo para la industria del vestido.

Preparemonos a movilizar a todas las costureras al llamado de huelga por la

Internat'l Ladies Garment Workers Union
116½ West 9th Street

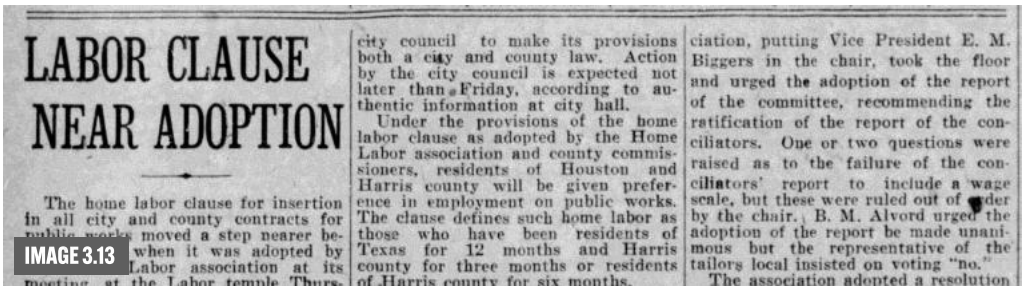
IMAGE 3.11



IMAGE 3.12

IMAGE 3.11: Spanish handbill from the International Ladies Garment Workers Union with striking points to build support for the 1933 dressmakers strike. The flyer demonstrates the bilingual organizing needed to mobilize Mexican garment workers. **Source:** National Archive at Riverside, California, Records of the National Labor Relations Board cited in Records of Rights, "Los Angeles Garment Workers Strike 1933," accessed July 18, 2025, available online.

IMAGE 3.12: Photograph of women working at a garment factory in Los Angeles (1928). **Source:** "Women Working at Sewing Machines in a Garment Factory in Los Angeles, ca. 1928," University of Southern California, Libraries, USC Libraries Special Collections, California Historical Society, 1928, available online.



LABOR CLAUSE NEAR ADOPTION

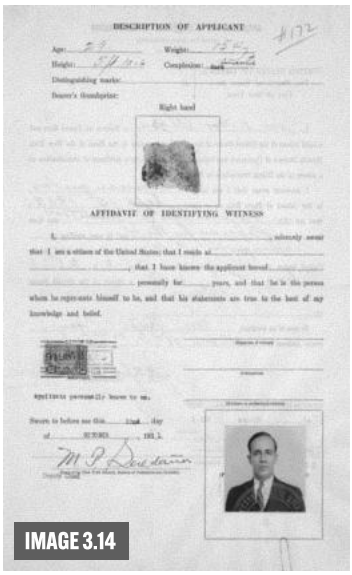
The home labor clause for insertion in all city and county contracts for public works moved a step nearer be- when it was adopted by Labor association at its meeting at the Labor temple Thurs-

city council to make its provisions both a city and county law. Action by the city council is expected not later than Friday, according to authentic information at city hall.

Under the provisions of the home labor clause as adopted by the Home Labor association and county commissioners, residents of Houston and Harris county will be given preference in employment on public works. The clause defines such home labor as those who have been residents of Texas for 12 months and Harris county for three months or residents of Harris county for six months.

ciation, putting Vice President E. M. Biggers in the chair, took the floor and urged the adoption of the report of the committee, recommending the ratification of the report of the conciliators. One or two questions were raised as to the failure of the conciliators' report to include a wage scale, but these were ruled out of order by the chair. B. M. Alvord urged the adoption of the report be made unanimous but the representative of the tailors local insisted on voting "no." The association adopted a resolution

IMAGE 3.13



DESCRIPTION OF APPLICANT

AFFIDAVIT OF IDENTIFYING WITNESS

IMAGE 3.14

IMAGE 3.13: Newspaper clipping that announced the near adoption of the home labor clause in Houston and Harris County. The local labor clauses in public works contracts added a residency-based preference for municipal and county contracts. Such policies, while framed as protections for local labor, often excluded Mexican migrant and newcomer workers from employment opportunities on publicly funded projects. Source: "Labor Clause Near Adoption," *The Houston Post*, 19, October 2, 1931.

IMAGE 3.14: A scan of an ID card application from the Records of the Offices of the Government of Puerto Rico in the U.S. (1931). The complexion description at the top of the document indicates that the applicant initially listed it as "white" but was later changed to "dark" by a clerk. Source: Records of the Offices of the Government in Puerto Rico in the United States, Archives of the Puerto Rican Diaspora, Centro de Estudios Puertorriqueños, Hunter College, CUNY cited in Lorrin Thomas, *Puerto Rican Citizen: History and Political Identity in Twentieth-Century New York City* (Chicago: The University of Chicago Press, 2010), 75, available online.

POLICY #3

UNEQUAL PUBLIC INVESTMENTS IN THE WORKFORCE

Federal program design and local gatekeeping have repeatedly steered public dollars away from Latino workers for over a century. Across relief programs, veterans' benefits, training initiatives, and small-business credit, eligibility rules and local discretion narrowed access and enabled private and public actors to divert capital away from Latino communities. Together, these choices have forced Latino workers and entrepreneurs to carry more risk and receive fewer public support.

During the 1929 Great Depression, Latino communities were not only hit hard by job losses and wage cuts, but were routinely pushed to the margins of the very relief and employment programs meant to stabilize workers in a collapsing economy. The downturn hit especially hard in places where Latinos were concentrated in volatile industries: In Detroit, four fifths of the Mexican population left between 1932 and 1933 after factories cut wages and shut down; and in Missouri, Kansas, and Texas, employers cut wages for more than 8,000 workers, 97 percent of whom were Latino.[341] Yet federal emergency work programs—such as the Public Works Administration and Civil Works Administration—often excluded Latinos through local rules that tightened eligibility through residency requirements.[342] In Houston, for example, business leaders successfully pressed for a "home labor clause" that restricted public works jobs to people who had lived in the city for at least six months.[343] The results were immediate: When the city opened a work camp that exchanged food and shelter for labor, not a single Mexican worker was among the first 150 people who registered, and only three of 104 families receiving food rations were Mexican.[344] Puerto Rican migrants faced a parallel pattern in New York City. As they entered a depressed labor market, Puerto Ricans experienced rising joblessness and encountered discrimination and language barriers when they sought assistance through federal relief and employment offices.[345] In response, Puerto Rican legislators set up an "Office of Employment and Identification" (OEI) in Manhattan to issue ID cards that would help Puerto Rican workers prove who they were and access jobs, amid discrimination that labeled them "foreign" or "colored."[346] However, fewer than 10 percent of Puerto Ricans in the city ever obtained the cards—evidence that paperwork alone couldn't overcome discrimination in a tight labor market.[347]

Similarly, education and training benefits that looked "universal" on paper often delivered smaller and slower returns for Latino veterans. The 1944 Servicemen's Readjustment Act (G.I. Bill) promised tuition and stipends, job placement, and low-interest loans for homes and businesses, but state and local actors frequently turned the promise into a bottleneck for the roughly 500,000 Latino men who served in World War II.[348] Veterans Administration offices would delay or inconsistently process tuition and living payments; school officials and counselors steered Latino veterans into shorter vocational tracks rather than four-year degrees; and lenders denied or limited mortgages, especially in higher-value, fast-appreciating neighborhoods, through discriminatory underwriting and neighborhood segregation.[349] Those barriers reduced educational completion, narrowed occupational pathways, and kept many Latino veterans out of the housing wealth boom that white veterans were more able to access.[350]

By 1960, Mexican American veterans did earn more than Mexican American nonveterans, but they still trailed white veterans across most occupations: about $7,175 versus $8,892 in professional jobs and $6,001 versus $7,502 in sales (Figure 17). Together, these practices routed Latino veterans into lower-paying jobs and, when they purchased homes, into neighborhoods with slower appreciation, which produced worse outcomes than white veterans.

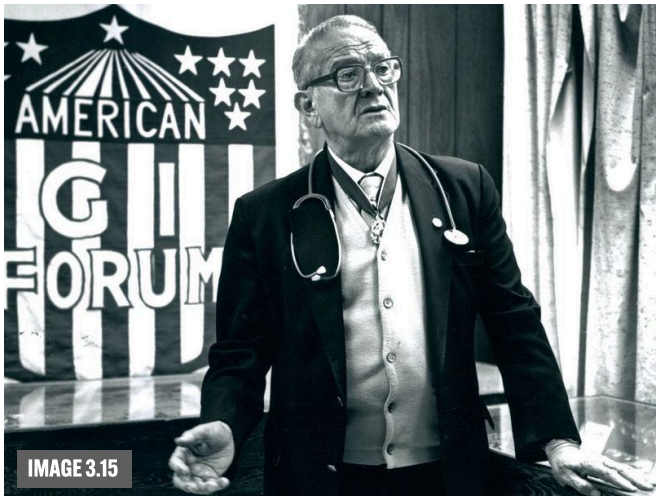


IMAGE 3.15: Portrait of Dr. Hector P. Garcia, a Mexican American physician and World War II veteran, who founded the American GI Forum in 1948 to confront discrimination and ensure fair access to hospital care, disability payments, and pensions for fellow veterans. Garcia continued advocating for veterans' rights and civil rights for decades, culminating in his receiving the Presidential Medal of Freedom for his lifelong commitment to justice. **Source:** "Dr. Hector P. Garcia Portrait," Texas A&M University-Corpus Christi, Dr. Hector P. Garcia Digital Exhibit, Texas A&M University-Corpus Christi Bell Library Special Collections and Archives, undated, available online.



IMAGE 3.16: Flyer that called Mexican American veterans to a community meeting in Taft, Texas to confront long-standing discrimination. The notice invited veterans to join local leaders in discussing urgent issues affecting their families, including hospital access, the military draft, bonus and pension inequities, and the segregation of neighborhood schools. **Source:** "The American GI Forum & Dr. Hector P. Garcia," accessed December 9, 2025, available online.

Figure 17. Annual Income of White and Mexican American Veterans and Nonveterans, by Occupational Group, 1960

Job Type	Mexican American		White	
	Veterans	Difference from Nonveterans	Veterans	Difference from Nonveterans
Professionals	$7,175	+$207	$8,892	+$453
Managers	$6,533	+$175	$8,762	–$716
Clerical	$5,089	+$967	$5,956	–$62
Sales	$6,001	+$1,222	$7,502	+$74
Craftsmen	$5,355	+$131	$6,421	+$6
Operatives	$4,807	+$490	$5,797	+$178
Service	$4,471	+$1,133	$5,584	+$185
Laborers	$4,891	+$1,225	$5,075	+$238
Overall		+$711		+$122

SOURCE: Analysis of analysis leverages 1% 1960 U.S Census conducted by Harley L. Browning, Sally C. Lopreato, and Dudley L. Poston, Jr., "Income and Veteran Status: Variation among Mexican Americans, Blacks, and Anglos," American Sociological Review 33 (1973): 74-85, Table 3, available online.

Decades of underinvestment in Latino workers—weak job supports, inadequate childcare policy, and uneven workforce-development systems—have since left them, especially Latinas, exposed when the economy is disrupted. This was most evident during the COVID-19 pandemic and recovery: Women across the labor market saw steep job losses but Latinas experienced the sharpest drop and slowest recovery. Latina labor force participation fell from 61 to 56 percent between late 2019 and late 2020 (nearly twice the drop for other women), and more than 40 percent of Latinas in leisure and hospitality (about 700,000 workers) lost their jobs in just two months.[351] Child care disruptions then extended those losses into a longer-term employment crisis. While many women reduced work because care options collapsed, Latinas were more likely than other women to be out of paid work specifically because of family care responsibilities. This disparity reflects policy design and job structure: Latinas were more likely to hold jobs that couldn't be done remotely, that offered less paid leave and schedule control, and that paid too little to make private child care workable.[352] In August 2020, about 16 percent of Latina women reported not working due to care responsibilities, compared to 11 percent of all women.[353] That gap persisted into early August 2022: 16 percent of Latinas were not working due to care responsibilities, compared to 11 percent of all women and 10 percent of white women.[354] Even as more Latinas returned to work, many re-entered the same low-wage, low-benefit jobs because training pathways, job sorting, and labor protections still had not improved.[355] That shows up in the distribution of work; as of 2024, Latinas were nine percent of the workforce but 32 percent of low-wage workers.[356]

The same pattern of underinvestment is now shaping who stands to lose most in the next economic transition: automation. In California, Latinos hold 52 percent of jobs in the occupations at highest risk of automation,[357] largely because Latino workers have been historically concentrated in sectors such as agriculture, construction, warehousing, and food service, which routinely rely on physically demanding and tightly monitored tasks.[358] These jobs are often precarious by design: They tend to offer lower wages, fewer benefits, and less schedule control, and are more likely to be structured through subcontracting, independent contractors, and temp agencies.[359] These arrangements echo a longer policy history described above, in which intermediaries were used to distance firms from responsibility for wages, safety, and long-term investment in workers. As automation expands, the risk isn't only outright job loss; it is hours cuts, wage suppression, and intensified work as technology is used to speed up production and track performance.[360] Without deliberate public and employer investment to manage this transition, Latino workers are again most likely to absorb its costs, deepening financial insecurity rather than sharing in the gains of technological change.

Similarly, small-business policy has relied heavily on banks as gatekeepers, and that structure has systematically limited how much public capital reaches Latino entrepreneurs. Congress created the Small Business Administration (SBA) in 1953 to channel subsidized credit and technical assistance to small firms, and lenders soon treated SBA guarantees as the main pathway to business loans.[361] Because access depends on bank relationships, collateral, and credit scores shaped by past inequality, Latino owners have received only a small share of flagship 7(a) and 504 loans, about two percent in 1980 to 12 percent in 2023 even as Latinos grew from six percent to nearly 20 percent of the U.S. population.[362] With limited institutional credit, more than 70 percent of Latino entrepreneurs rely on personal savings or family loans to start their businesses, exposing their household balance sheets to risks that better-capitalized white owners can often shift onto lenders.[363] These barriers are likely to grow because, as of March 2026, the SBA no longer accepts 7(a) and 504 loan applications from green

card holders and other non-U.S. citizens.[364] This financing gap will and continues to constrain business growth and perpetuates racial wealth disparities.

COVID-era emergency lending repeated these inequities by running relief through the same banking channels. The Paycheck Protection Program (PPP) was designed to keep small firms afloat, but banks steered fewer dollars into Latino communities. In California, businesses in predominantly Latino neighborhoods received only $367 in PPP loans per resident, compared with $666 in white neighborhoods and $670 in Asian neighborhoods.[365] And state-level surveys show that Latino-owned firms in California, Texas, and Arizona entered the recovery with less cash on hand and more unmet credit needs, which slowed hiring and rebuilding years after the pandemic.[366] Rather than leveling the playing field, this large federal program deepened long-standing disparities in access to capital and undermined one of the pathways for Latino wealth-building: business ownership.

Community-based lending and targeted refugee assistance in Miami illustrate how alternative financing models can overcome structural barriers and accelerate Latino wealth-building. For instance, Cuban-owned businesses in Miami flourished because community networks allowed them to bypass capital barriers. Early Cuban exiles arrived with skills and business experience but lacked U.S. collateral, so Cuban bankers and finance companies issued "character loans" of $10,000 to $30,000 based on reputation and prior business history in Cuba rather than property or credit scores.[367] These community-backed loans, combined with targeted refugee assistance, helped thousands of Cuban entrepreneurs to open shops, factories, and service firms, transforming Miami into a dense ethnic business enclave.[368] Sales and receipts of Cuban American–owned firms grew more than thirtyfold between the late 1960s and late 1990s.[369] Today, the Miami–Fort Lauderdale–West Palm Beach metro area has close to 60,000 Latino-owned businesses; they account for roughly 33 percent of the region's small businesses and over 93 percent of its small-business growth from 2017 to 2022.[370] This trajectory underscores how capital access, when decoupled from inequitable lending patterns, can unlock entrepreneurship as a pathway to Latino wealth.

POLICY RECOMMENDATIONS

POLICY RECOMMENDATIONS

This section shows that low pay and job insecurity for Latino workers are the result of interlocking employer practices and public policy choices. Labor policy has repeatedly sorted Latino workers into the lowest-wage and least-protected corners of the labor market, reflecting not only government choices but sustained pressure from business interests seeking to preserve access to low-cost, flexible labor. No single reform can undo more than a century of compounding harm. Still, the evidence points to several concrete, policy-relevant actions that would expand pathways for Latinos.

01 RAISE AND ENFORCE WAGE STANDARDS IN LOW-WAGE SECTORS.

Latino workers are consistently concentrated in low-wage jobs through contracting arrangements and carve-outs from labor standards, suppressing pay even as productivity rises. Federal and state governments should raise minimum wages to at least $17 per hour, index them automatically to inflation, strengthen overtime enforcement, and target industries where subcontracting, piece-rate pay, and off-the-clock work depress wages.[371] Estimates suggest that about 5,253,000 Latino workers, or 17 percent of all Latino wage-earning workers, would see an immediate benefit from the minimum wage increase.[372] Major employers should support these efforts by requiring all contractors and labor brokers to meet the company wage floor ($17 or higher local standards), implement timekeeping controls to prevent unpaid labor, and conduct regular wage audits.

02 CLOSE SUBCONTRACTING LOOPHOLES AND CLARIFY EMPLOYER ACCOUNTABILITY.

Subcontracting and misclassification systematically enable employers to evade labor standards—denying workers basic protections, suppressing wages, and undermining enforcement—while outsourcing responsibility to intermediaries. At the federal level, Congress should strengthen joint-employer liability under the FLSA and NLRA so that lead companies remain responsible for wages, overtime, retaliation, and collective bargaining obligations even when labor is subcontracted.[373] State legislatures should codify ABC tests for employee statuses to prevent employer misclassification

POLICY RECOMMENDATIONS

of workers as independent contractors.[374] Large employers should require contractors to meet company wage and labor standards, include transparent payroll and classification reporting in contracts, and mandate neutral third-party audits with enforceable penalties for violations.[375]

03 EXPAND WORKER PROTECTIONS AND STRENGTHEN COLLECTIVE BARGAINING ACCESS FOR ALL WORKERS.

U.S. labor law systematically excludes large segments of the workforce—especially domestic and agricultural workers—leaving many Latino workers without meaningful bargaining rights and basic protections. At the federal level, Congress should modernize the NLRA by extending collective bargaining and minimum labor standards to domestic and agricultural workers, and by expanding the statutory definition of employment to cover workers who are "subject to economic control," regardless of formal classification.[376] Congress should also advance comprehensive labor-law reform through measures such as the Protecting the Right to Organize (PRO) Act, which would increase financial penalties for employers who retaliate against workers for organizing, override state right-to-work laws that weaken unions, and streamline union certification and election procedures.[377] At the state level, policymakers should enact sectoral bargaining frameworks—such as industry standards boards—in occupations with historically low unionization rates among Latino workers and other workers of color.[378]

04 FUND AND MODERNIZE LABOR ENFORCEMENT TO DETER WAGE THEFT, CHILD LABOR VIOLATIONS, AND RETALIATION.

Labor protections do not improve outcomes when enforcement agencies lack the capacity to act quickly and deter repeat violations. At the federal level, Congress should substantially increase and stabilize funding for the National Labor Relations Board (NLRB) and the U.S. Department of Labor's Wage and Hour Division to expand investigator staffing, modernize data systems, shorten investigation timelines, and prioritize retaliation and repeat-offender cases.[379] Congress should also advance comprehensive enforcement reforms such as the Labor Enforcement to Securely (LET'S) Protect Workers Act of 2025, which would raise civil penalties for violations of laws related to child labor, minimum

POLICY RECOMMENDATIONS

wage and overtime, workplace health and safety, and farmworker protection; strengthen consequences for employer retaliation, including against workers who take family and medical leave; enhance enforcement tools under federal labor law; and close loopholes that allow employers to evade accountability for unsafe conditions and recordkeeping failures.[380] At the state level, policymakers strengthen enforcement through formal collaboration and strategic co-enforcement between labor agencies and worker organizations to better target high-violation industries and focus limited resources where they are most effective.[381]

05 ESTABLISH STATE-BACKED SMALL BUSINESS CAPITAL PROGRAMS THAT SUPPORT IMMIGRANT ENTREPRENEURS EXCLUDED FROM FEDERAL LOAN PROGRAMS.

Small business policy has historically relied on bank relationships, credit scores, and capital which have forced Latino business owners to rely on personal savings or family loans.[382] The SBA's Policy Notice 5000-876441 bars lawful permanent residents and other noncitizens from accessing SBA 7(a) and 504 loan programs.[383] This exclusion puts Latino small business creation, job growth, and economic vitality at risk. State policymakers should establish and fund permanent small business capital programs that offer low-cost and flexible capital, such as microloans, zero-interest loans, and grants, that are available to small business owners regardless of immigration status.[384]

CASE STUDIES

LABOR ORGANIZING AND WORKER RESISTANCE



IMAGE 3.17

ACROSS U.S. HISTORY, Latino workers have organized against low pay and unsafe conditions. The case studies that follow trace this arc over time. Luisa Moreno shows how Latino and immigrant workers built multiracial organizing power during the Great Depression, linking workplace demands to broader civil rights struggles. Michelle Valentin Nieves shows how these dynamics persist in today's logistics economy, shaped by surveillance, turnover, and aggressive anti-union tactics. Together, the stories show that worker resistance is constant, but lasting gains depend on labor policy that protects organizing.

IMAGE 3.17: Photograph of farm workers and United Farm Workers supporters assembled at the California State Capitol in Sacramento, marking the end of a 340-mile pilgrimage that began in Delano. **Source:** *Marches, Delano to Sacramento*. Walter P. Reuther Library, Archives of Labor and Urban Affairs, Wayne State University, Wayne State University Digital Collections, 1966, available online.

LUISA MORENO AND THE FIGHT FOR LATINO WORKER RIGHTS

Luisa Moreno, born Blanca Rosa Rodríguez López in Guatemala in 1907, emerged as one of the most influential Latina labor organizers in the U.S. during the Great Depression. Raised in a wealthy and politically connected family, Luisa's early life was defined by privilege as she was educated in Spanish and French, surrounded by servants, and exposed to upper-class circles.[385] Yet she rejected her family's elite expectations and ran away to Mexico City and later emigrated to New York in 1928 with her husband, artist Miguel Ángel de León.[386]

In Spanish Harlem, she experienced the economic hardship of working-class life. Forced to support her infant daughter and unemployed husband, Luisa labored as a seamstress in sweatshop conditions.[387] Her turn toward labor activism came after witnessing the death of a baby attacked by rats in a neighbor's apartment.[388]

By the early 1930s, Luisa had begun organizing groups of underserved women. She started with Latina seamstresses through La Liga de Costureras in Harlem, one of the first Latina-led mutual aid and labor collectives in the city, but soon expanded her work across racial, ethnic, and geographic lines.[389] In 1935, she joined the American Federation of Labor and was recruited by the Congress of Industrial Organizations (CIO), where she worked as a national organizer for the United Cannery, Agricultural, Packing, and Allied Workers of America (UCAPAWA).[390] In California and the Southwest, she mobilized Black, Mexican, and Central American women working in canneries and food processing plants.[391] In San Antonio, she supported the 1938 pecan shellers' strike, where over 10,000 Mexican American women walked off the job to protest wage cuts.[392] Her efforts were instrumental in securing union recognition, wage increases, and labor protections under New Deal programs.



IMAGE 3.18: Portrait of Luisa Moreno in Mexico City (1927). **Source:** Mireya Loza, "The Case of Luisa Moreno," *National Museum of American History*, March 30, 2018, available online.

Though targeted during the McCarthy era and deported to Guatemala in 1950, her legacy endures. In 1939, she co-founded El Congreso de Pueblos de Habla Española, the first national Latino civil rights assembly.[393] As its leading organizer and spokesperson, she convened over 1,000 delegates from across the U.S. to demand fair housing, education access, anti-discrimination laws, and protections against deportation.[394] By the 1940s, Luisa had become vice president of UCAPAWA and one of the highest-ranking Latinas in organized labor. [395] As she later declared, "They can never deport the strength and organization that has grown among our people."[396] Her work during the Great Depression laid the groundwork for a pan-Latino political identity that later powered the 1960s and 1970s Chicano and Puerto Rican rights movements.[397]

Luisa Moreno's organizing illustrates how Latino workers built collective power in the absence of robust legal protections. During the New Deal era, gains in wages and recognition depended on worker-led mobilization rather than durable enforcement mechanisms, leaving victories vulnerable to political backlash. Luisa's deportation during the McCarthy era underscores how immigration enforcement and political policing functioned as tools to dismantle labor organizing, even when workers had won material improvements. Her story shows that without protections linking labor rights to immigration status, civil liberties, and anti-retaliation enforcement, worker power remained fragile and reversible.

MICHELLE VALENTIN NIEVES AND THE MAKING OF A LABOR LEADER[398]

Michelle Valentine Nieves, born in Puerto Rico in the late 1970s, is a founding officer of the Amazon Labor Union. Michelle was raised in a working-class family, her father a handyman-carpenter and mother a seamstress and building services worker.[399] In 1984, Michelle's family migrated to New York after facing unemployment in Puerto Rico. For the first few months in New York, they were unhoused, but finally moved to a low-income apartment in East Harlem.

Before Amazon, Michelle worked in a corporate office for about four years. After an unexpected layoff left her financially vulnerable, Michelle took a job as an overnight packer at the JFK8 Amazon Fulfillment Center in Staten Island. She remembers how the company marketed the work environment as a place where "everyone look[ed] so cheerful, and it's about teamwork." However, her reality was starkly different, and from her perspective, workers were tracked like numbers, harassed over bathroom breaks, and worked to the point of injury.

Even before formally organizing, Michelle and her coworkers engaged in informal discussions about unfair write-ups, managerial abuse, and work frustrations. As an Amazon worker herself, Michelle was well equipped to speak and organize other workers, often facilitating sessions to hear about workers' concerns, ranging from wage issues to harassment. After over five years at JFK8, Michelle's wages were capped at $22.75 an hour, which she describes as an unlivable wage in New York.

During the COVID-19 pandemic, Michelle switched to the day shift, during which she met Derek Palmer, the former vice president of the Amazon Labor Union. After she had a heated argument with her manager one day, Derek encouraged her to join their organizing efforts. She became a founding



IMAGE 3.19: Photograph of Michelle Valentin Nieves. **Source:** Mark Satinoff, "Build Amazon Labor Union April 24 Rally! ALU: 'Vote Yes at LDJ5!," World Outlook, April 13, 2022, available online.

officer and was later appointed the Amazon Labor Union's first recording secretary. Amazon responded to the organizing drive at JFK8 with an estimated $11.4 million union-busting campaign. They brought in outside anti-union consultants, held thousands of mandatory "captive-audience" meetings where managers delivered anti-union messaging, and saturated the workplace with propaganda designed to discourage workers from supporting the union.

After the union's April 2022 victory—making JFK8 the first Amazon warehouse in the U.S. to unionize—Michelle saw the fight enter a new phase, as management continued to undermine the union through daily retaliation and disregard for protected rights. Now serving as vice president, she remains at Amazon as the union has grown to over 7,000 members, focused on building lasting institutional power for JFK8 workers.

Michelle Valentin Nieves's experience shows how contemporary labor law continues to place the burden of organizing on workers while granting employers wide latitude to delay, contest, and undermine unionization. Even after a historic election unionization win, weak enforcement and permissive rules around captive-audience meetings allowed Amazon to prolong bargaining and limit immediate gains.[400] Her story underscores a central policy lesson of this section: When labor law prioritizes employer flexibility over timely enforcement, even successful organizing can take years to translate into higher wages, safer conditions, and meaningful worker voice.

CASE STUDIES

ETHNIC ENCLAVES AND WORKER ENTREPRENEURSHIP



IMAGE 3.20

ETHNIC ENCLAVES like Ybor show how Latino workers and entrepreneurs used community institutions and networks to build mobility and wealth. In the late 19th century, Vicente Martínez Ybor created a company town that combined factories, housing, and mutual-aid institutions, anchoring Cuban cigar workers in a shared economic system. A generation later, Cesar Marcos Medina came of age in this environment as cigar workers lost leverage, using enclave networks to enter banking and small business. His path from a struggling neighborhood bakery to a national merger shows how a small number of Latinos converted enclave ties into large-scale enterprises, illustrating both the promise and limits of Latino entrepreneurship.

IMAGE 3.20: Photograph of workers in a cigar factory in Tampa, Florida (1900s). **Source:** Burgert Brothers, "Interior View of a Cigar Factory - Tampa, Florida," State Archives of Florida, Florida Memory, available online.

VICENTE MARTÍNEZ YBOR AND THE CUBAN CIGAR EMPIRE

Vicente Martínez Ybor was born in Valencia, Spain, in 1818 to a prominent, aristocratic family. At 14, his parents sent him to Cuba to avoid military service.[401] He first worked in a government position as a clerk but soon found opportunities in Havana's growing tobacco trade. By 17, he was working as a tobacco broker. As demand grew, Vicente moved from trading to manufacturing. His brand El Príncipe de Gales became popular[402] and by the 1850s, Vicente was one of Cuba's wealthiest cigar producers.

His success depended on Cuban trade with the U.S., but Spanish colonial policies undercut profits. Heavy taxes and tariffs—combined with U.S. duties on finished Cuban cigars in 1857—caused exports to collapse, costing workers jobs and firms profits.[403] These pressures pushed Vicente to support Cuban independence to reduce taxes and restrictions.[404]

In 1868, when the Ten Years' War for independence broke out, Vicente's support for the rebels forced him to flee Havana. He settled in Key West, Florida. The city's proximity to Cuba and duty-free U.S. trade made it an ideal location for cigar manufacturing. By the 1880s, his factory in Key West employed over 500 workers, with wages from $2 to $3.50 per day depending on skill and an annual production worth $600,000.[405]

After an 1886 fire destroyed Vicente's Key West factory, he sought a stable base in Tampa. Local leaders, including the Tampa Board of Trade, eager to attract industry, offered incentives such as reimbursing his land costs.[406] By late 1886, Vicente began building both a new factory and an industrial town, tying his profits to cigars and real estate. Through the Ybor City Land and Improvement Company, he and his partners

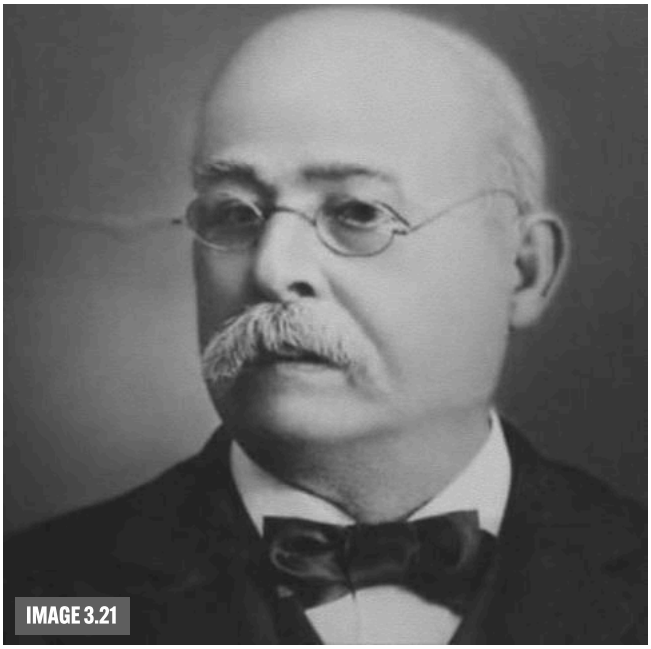


IMAGE 3.21: Photograph of Vicente Martinez-Ybor, founder of Ybor City in Tampa, Florida (undated). **Source:** "Vicente Martinez-Ybor," *Florida State Parks*, accessed December 9, 2025, available online.

invested over $250,000 in factories and infrastructure.[407] They offered land leases and pre-built factories to other cigar makers, creating a dense manufacturing cluster that shared labor and resources.

By the time of his death in 1896, Vicente had built an empire. His business stretched from warehouses in Havana, offices in New York and factories in Tampa. Ybor City had become a thriving immigrant community and industrial center.

Vicente's success shows that Latino entrepreneurship thrives when policy and institutions support stable markets, investment, and worker settlement. Trade and land policies shaped the profitability of cigar manufacturing, while local incentives enabled Vicente to build factories,housing, and infrastructure that anchored the workforce. His approach of combining trade, manufacturing, and worker benefits showed how immigrant entrepreneurs could transform economies and build wealth by linking business growth to the needs of their workforce.

CESAR MARCOS MEDINA, A LIFE IN YBOR CITY[408]

Cesar Marcos Medina was born in 1898 in Havana, Cuba, and migrated with his parents to Tampa's Ybor City in 1903. His father[409] was a cigar roller and later a lector,[410] and his mother a housewife. Growing up near Ninth Avenue, he saw both opportunity and hostility: He remembered signs that read, "No Cubans or dogs allowed," and recalled that they risked violence if they crossed 22nd Street.

As a teenager, Cesar entered the workforce out of necessity. At 15, he took a bookkeeping job at a cigar factory. From the office, he watched workers face harsh treatment and saw the tension between employers and the union: "The time came when the owner could not go to the second floor to inspect the workers, cause the unions would prohibit the owner to go up the steps to the galería...when you push somebody, the resentment is built there."

At 18, Cesar entered banking at the Bank of Ybor City, rising to head of the foreign department. By 1924, he was also keeping books for businesses, including his uncle's struggling Two Brothers Bakery. After buying a half interest, Cesar became a small business owner, navigating tight margins, fierce competition, and the new rules of Roosevelt's National Recovery Administration.[411]

Cesar's key move was differentiating in a crowded market. Breaking with tradition, he chose to sell American-style bread. After renaming the business Holsum Bakery Company in the 1940s, he grew it into Ybor City's second-largest bakery. In 1961, he merged with Continental Baking Company.

Cesar eventually moved from Ybor City to an apartment on Bayshore Boulevard, one of Tampa's most affluent neighborhoods. Reflecting on the move, he remarked, "What a wonderful country this is... two kids from Ybor City, whose fathers had nothing... now on the Bayshore in Tampa's most aristocratic neighborhood—where could that happen except in the United States?" Cesar went on to become president of the Pan American Commission of the Tampa Chamber of Commerce and chairman of the board at Centro Asturiano Hospital. He died in 1991 at age 92.



IMAGE 3.22: Photograph of Cesar Marcos Medina, resident of Ybor City and owner of Holsum Bakery Company (undated). **Source:** "Marcos Cesar Medina," Find a Grave, accessed August 8, 2025, available online.

Cesar's rise—from teenage bookkeeper to banker and bakery owner—shows how ethnic enclaves could still serve as ladders to Latino wealth. But his story also underscores a core policy dynamic: Enclave opportunity is shaped by the rules governing work, business, and access to credit. Cesar's success depended in part on entry into finance and management, which are pathways closed to many. Enclaves can incubate entrepreneurship, but durable, scalable wealth requires policies that dismantle discrimination and expand access to capital and business support.

SECTION IV

EXCLUSION FROM PUBLIC BENEFITS AND THE SOCIAL SAFETY NET

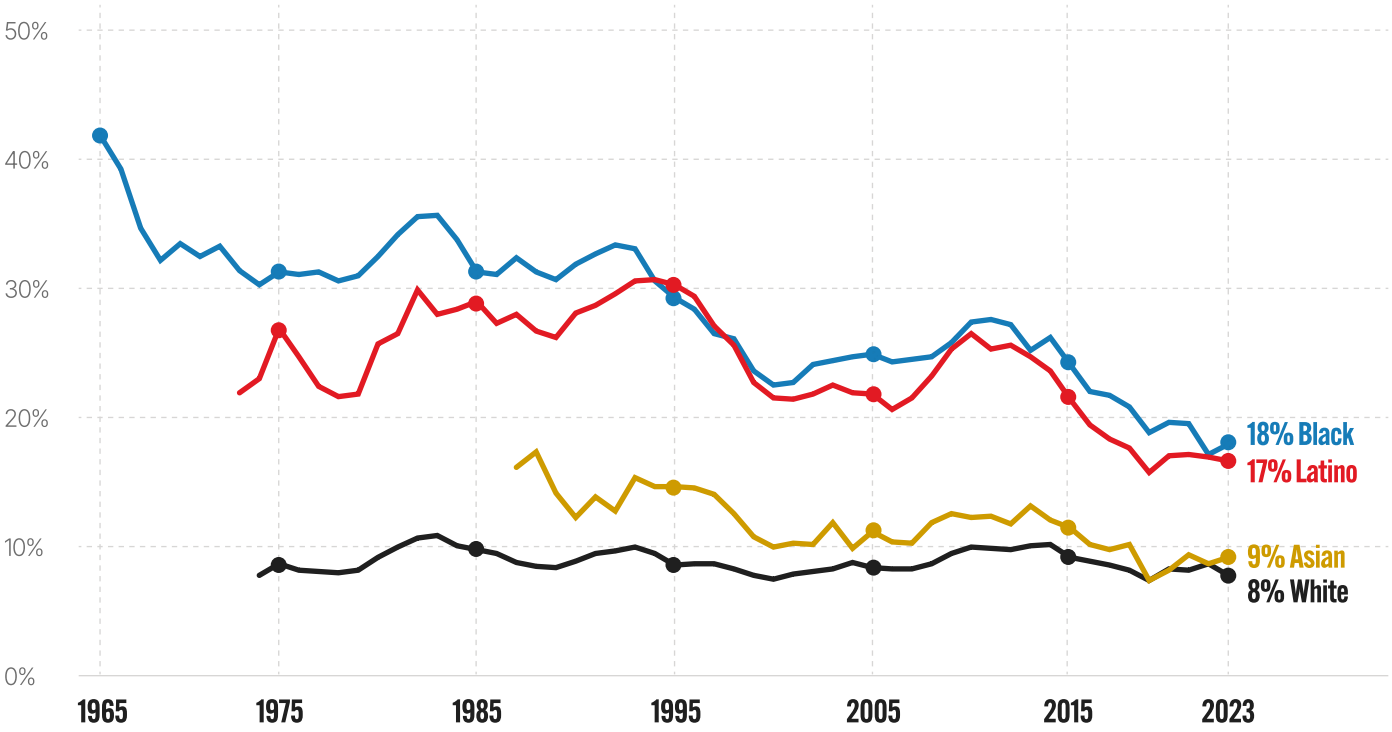


AT KEY MOMENTS, federal, state, and local officials built requirements into social benefit program rules or implemented them in ways that reduced Latino household eligibility, access, and uptake. When early New Deal designs helped create the modern social welfare system, they did not include explicit immigration requirements. However, the system also offered no guaranteed safeguards for access, allowing state and local relief administrators to set their own eligibility rules—such as residency or "character" tests—that disproportionately delayed, denied, and deterred Latino applicants.[412] Over time, federal welfare reforms made immigration documentation a standard part of eligibility screening for major social safety net programs, contributing to "chilling effects" or a reduction in the use of services in mixed-status Latino families.[413] This has set a precedent in contemporary government social investments[414] and emergency relief,[415] which continue to dissuade benefit use not only for Latino immigrants but also their U.S.-citizen children.

This section traces two recurring mechanisms through which social benefits have shaped the Latino wealth gap: **(1) immigration status and documentation rules** that make some Latino workers ineligible and deter eligible mixed-status families from applying; and **(2) crisis-response designs and frontline implementation practices** that have limited aid in the jobs and places where Latinos are most concentrated.

KEY HISTORICAL DATA

Figure 18. Official Poverty Rate by Race and Ethnicity, 1959-2023



NOTE: Data for Black individuals is unavailable for 1960-1965. **Source:** U.S. Census Bureau, Current Population Survey, 1960 to 2023 Annual Social and Economic Supplement (CPS ASEC).

Social safety-net programs are frequently designed to prevent temporary setbacks, such as job loss and illness, from becoming lasting poverty. Yet for Latino families, access to these protections has been unequal. Since 1959, poverty has declined across all groups, but racial and ethnic disparities have remained large and persistent (Figure 18). Poverty fell sharply from its peak in the 1960s, but Latino and Black poverty rates remain consistently higher than white rates, indicating that broad economic growth has not translated into equal protection from hardship. In 2023, the official poverty rate was about 17 percent for Latinos and 18 percent for Black individuals, compared with 8 percent for whites and 9 percent for Asians. These disparities are not the result of lack of employment, as Latinos have among the highest labor force participation rates of any racial or ethnic group (see Unfair Pay and Job Discrimination section).

Ultimately, accessing the safety net matters for wealth because when families can't reliably access unemployment, health, nutrition, or cash support, they are more likely to drain savings, take on debt, and fall behind on bills, which can turn short-term shocks into long-term setbacks. This section examines how eligibility rules, documentation requirements, and administrative barriers have shaped Latino families' ability to use the safety net to stabilize income and protect assets over time.

IMAGE 4.1



IMAGE 4.2

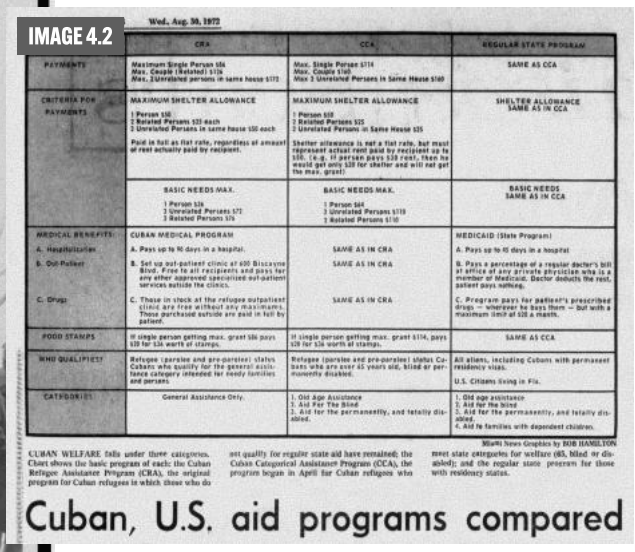

Cuban, U.S. aid programs compared

IMAGE 4.1: Photograph of Puerto Rican community members gather in a demonstration outside New York City Hall to advocate for their civil rights (1964). **Source:** Al Ravenna, "Puerto Ricans Demonstrate for Civil Rights at City Hall," New York City / World Telegram & Sun photo. New York, March 1964, available online.

IMAGE 4.2: Newspaper clipping that compares U.S. welfare programs available to Cuban refugees and U.S. citizens, breaking down differences between the Cuban Refugee Assistance (CRA) program, the newly introduced Cuban Categorical Assistance (CCA), and the regular state welfare program. It outlines differences in payments, shelter allowances, medical benefits, and food stamp eligibility. **Source:** "Cuban, U.S. Aid Programs Compared," *The Miami News*, 8, August 30, 1972

KEY POLICY MEASURES

POLICY #1

IMMIGRATION STATUS AND DOCUMENTATION RULES FOR BENEFIT ELIGIBILITY

Policymakers have historically used immigration and residency status to determine who can safely access forms of public support that stabilize families when income falls short. Across the last century, two patterns stand out: (1) When federal law left eligibility and intake to states and local offices, benefit systems often restricted access to Latinos through residency rules and immigration enforcement; and (2) When federal policy later standardized eligibility, it set lawful status requirements that excluded or deterred many mixed-status Latino households, including U.S. citizens. Together, these mechanisms have made Latinos susceptible to long-term poverty, destabilizing the next generation.

These dynamics fell especially hard on Latinos because of the group's size, growth, and position within the U.S. immigration system. Over the last half-century, Latinos became the fastest-growing share of the foreign-born population—rising from roughly 9 percent of immigrants in 1960 to more than half by 2023—meaning that policies tying public support to citizenship or lawful status disproportionately shaped a Latino households' access to stability.[416] This pattern is most visible among Mexican immigrants, the largest Latino subgroup. In 1910, only about 11 percent of Mexican-born residents in the U.S. were naturalized citizens.[417] By 1980, just 35 percent of eligible Mexican immigrants had become citizens, compared with 66 percent of the eligible foreign-born population overall.[418] That gap has persisted: As of 2023, only 34 percent of eligible Mexican immigrants were naturalized U.S. citizens, well below the 52 percent rate for all eligible immigrants.[419] As a result, policies that condition access to public benefits on citizenship or lawful status have had outsized and enduring effects on Latino families, including many U.S.-citizen children living in mixed-status households.

Against this demographic backdrop, early decisions about the structure of the U.S. welfare state shaped who could access public support. When the welfare state was built in the 1930s, federal policymakers largely left immigrant eligibility open: The Social Security Act's core provisions did not make citizenship a condition for Social Security or unemployment insurance; congressional reports clarified that work performed by "aliens" in the U.S. was included; and for decades, officials interpreted those rules to mean that even undocumented immigrants could be covered.[420] Therefore, between 1935 and 1971, no federal laws barred any noncitizens from major programs such as Social Security, unemployment insurance, Old Age Assistance (OAA), or Aid to Dependent Children (ADC), and when new federal assistance programs were created, the same general rule applied.[421]

However, exclusion was integrated through state and local discretion and administration of benefit programs. The federal government granted states broad authority over eligibility, enabling them to impose citizenship and state residency requirements. For instance, during the Great Depression and New Deal era, 25 states (plus Washington, DC) required citizenship to access OAA, and six states imposed additional requirements on noncitizens, mandating 10 to 25 years of state residency by 1939.[422] These policies disproportionately affected Latinos. By the 1940s, about 23 percent of Latinos in the U.S. were immigrants—second only to Asians, 34 percent of whom were foreign-born[423]—and Mexicans constituted the largest immigrant population in California, Arizona, New Mexico, and Texas.[424] Over time, however, many states retreated from explicit citizenship bans after recognizing that such restrictions did little to reduce public obligations or costs.[425] Instead, states increasingly repurposed previously used "state residency" rules to restrict access to public assistance.[426] By 1948, only Texas formally barred noncitizens from ADC, yet state residency requirements had become nearly universal.[427]

Forty states imposed one-year residency rules for public assistance and 46 states applied such requirements to OAA.[428] These policies effectively penalized newer Latino immigrants seeking aid and disadvantaged long-standing Latino seasonal workers whose transient lifestyles made it difficult to satisfy residency eligibility.[429]

Latino advocates and allies fought back against these exclusions as unconstitutional discrimination, arguing that denying benefits based on durational residency or immigration status violated the Equal Protection Clause. Those challenges helped overturn durational residency rules in *Shapiro v. Thompson* (1969) and strike down state limits on assistance for noncitizens in *Graham v. Richardson* (1971).[430] Still, the victories had limits: The Court barred states from creating their own immigrant-eligibility policies, while also underscoring that immigration policy is primarily federal. This left Congress room to later redefine eligibility nationwide in more restrictive ways.

Federal policy has increasingly made immigration status central to eligibility for many social safety net programs, limiting access and discouraging aid relief among all Latinos.[431] In practice, these rules created a "chilling effect" of fear and suspicion that led many Latinos—even citizens and legal residents who qualified—to avoid applying for help.[432] Scholars trace this shift to the mid-1960s, when major immigration policy changes unintentionally increased unauthorized migration[433] and it became overwhelmingly more Latino.[434] By 1970, there were approximately 9.6 million Latinos in the U.S., making up about 5 percent of the total population, and Latinos constituted 35 percent of all recent immigrant arrivals.[435] Political leaders began to frame welfare as part of the immigration problem, even though there wasn't any clear evidence of widespread "welfare use" by undocumented immigrants.[436] The first major federal exclusion came with Supplemental Security Income (SSI) in 1972, followed by federal rules that cut off Medicaid and Aid to Families with Dependent Children (AFDC)

for people without lawful status, which then expanded to food assistance and unemployment insurance (UI).[437] As these policies expanded, access became harder even for those who were eligible, as bureaucratic administrators of the benefits frequently treated being Latino as a proxy for "foreign" and "ineligible." For instance, in 1974, a San Antonio, Texas food-stamp advocate warned that caseworkers asked only people who appeared Mexican American whether they were "illegal," instead of applying the question uniformly.[438] A 1979 federal report found similar patterns in health settings: Latino patients were questioned more aggressively at hospital intake and denied care, even if they were U.S. citizens, if they couldn't immediately prove their status.[439] This made many families afraid to seek help, which is referred to as a "chilling effect" in public benefit access.[440]

In the decades since, federal policymakers have increasingly used immigration status to limit access to the social safety net, increasing hardship among U.S.-citizen children in mixed-status Latino households (Figure 19).[441] For instance, while the 1986 Immigration Reform and Control Act (IRCA) provided millions of undocumented immigrants a path to citizenship, those granted amnesty were subject to a five-year ban on benefits.[442] IRCA also further restricted noncitizens' access to social benefits by creating the Systematic Alien Verification for Entitlements (SAVE) Program, which verified the immigration status of noncitizen applicants for public benefits.[443] A decade later, the 1996 federal welfare reforms sharply restricted immigrant eligibility[444] for cash assistance,[445] food stamps,[446] Medicaid, State Children's Health Insurance Program (CHIP), and SSI.[447]

Recent federal policy has reinforced these barriers. Although the public charge rule has existed in U.S. immigration law since 1882,[448] the Trump administration's 2019 expansion fueled fears among mixed-status families that using programs like Medicaid or nutrition assistance could jeopardize future immigration applications.[449] Together these policies created differing sets of work history and residency requirements for lawful permanent residents, refugees, and asylum seekers,[450] which had measurable consequences on Latino financial security. Between 1995 and 2005, deep poverty (50 percent poverty threshold) among Latino children living in families with a noncitizen rose from 6 to 9 percent.[451] Among noncitizen Latino children, deep poverty increased even more sharply, from 8 to 15 percent. By contrast, deep poverty among white children remained roughly flat at about 2 percent. As of 2023, about 10 percent of Latino children were living in deep poverty, compared with 5 percent of white children.[452] And among Latino children with at least one immigrant parent, the deep poverty rate rose to 14 percent, underscoring the continued role of immigration status in shaping access to economic security.[453] These policy structures continue to shift more of the cost of hardship onto Latino families by reducing access to the very programs meant to prevent short-term shocks from becoming long-term poverty and wealth loss.

In contrast, we've seen that when federal policy has expanded eligibility, Latino children's economic security has improved. The 2021 American Rescue Plan's expanded Child Tax Credit was a notable outlier in federal policy, as it allowed many immigrant parents to claim the credit using an Individual Taxpayer Identification Number (ITIN) if their child had a Social Security number (SSN).[454] This widened access for mixed-status families and helped reduce Latino supplemental child poverty by half, from 15 percent in 2020 to 8 percent by 2021 (Figure 19).[455] And when that expansion ended, supplemental child poverty rebounded sharply, especially among Latino children, rising from about 8 to nearly 20 percent from 2021 to 2022, surpassing their 2020 rates (Figure 19). As of 2023, Latino children have the highest Supplemental Poverty Measure child poverty rate at 22 percent (Figure 19)456 and accounted for

35 percent of children in poverty,[457] even though 94 percent of Latino children are U.S.-born, and a majority live in working, two-parent households.[458] More recently, the 2025 One Big Beautiful Bill Act expanded the 2021 Child Tax Credit in dollar value, but reversed its most inclusive feature by reinstating Social Security number requirements for both the child and the claimant, which once again limits access for mixed-status families.[459]

IMAGE 4.3

Undocumented Aliens Not Reported To INS by Texas Welfare Workers

The Board of Directors of the Texas Department of Human Resources, (formerly the Texas Department of Public Welfare) has voted to end its former policy of requiring welfare workers to report undocumented aliens to the U.S. Immigration and Naturalization Service.

Under the former policy, welfare workers were required to report the names and locations of suspected undocumented aliens discovered in the course of administering the Food Stamps Program and the Aid to Families with Dependent Children Program (AFDC).

Anyone applying for AFDC or food stamps must prove that he or she is a citizen or lawful resident alien and must also indicate the residency status of all persons living in the same household.

Therefore, under the former policy, a person living in a household with one or more undocumented aliens could not apply for AFDC or food stamps without having the undocumented alien reported to the INS.

Undocumented aliens have never been eligible for food stamps or AFDC benefits, and the board's action does not change this rule. It simply ensures the confidentiality of disclosures made in applications for benefits.

Now, for example, a mother who is an undocumented alien may apply for benefits for her U.S. born children (though not for herself) without fear of being deported as a result.

The board's action therefore makes it more likely that all eligible needy children will receive benefits under these programs.

Federal statutes and administrative regulations and state statutes provide that such information is confidential in that it is to be used or directly

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The Agricul ministe Prograr the cour reverse states policy, and it directed the Department of Human Resources to change its policy.

The Department of Human Resources changed its policy soon after receiving this direction from the Department of Agriculture.

The new regulations repealing the former policy

Obituaries

CLIFF FORMAN

Cliff Forman, 88, 1715 14th Place, died Wednesday in Dallas.

Funeral services were to be held at 2 p.m. today at [illegible]tcher-Dickey [illegible] Chapel with

of Plano; a daughter, Mrs. Geoge R. Harris of Irving; two sisters, Mrs. Maggie Dooley and Mrs. Gerturde Painter, both of Plano; five grandchildren, and six great-grandchildren.

IMAGE 4.4

Courts asked to prevent hurtful cuts in welfare

Sacramento Bee

SAN FRANCISCO — Federal courts on both coasts are being asked to block welfare cuts that threaten to throw almost 1 million legal immigrants off the benefit rolls and into destitution this summer.

The lawsuits were filed Wednesday in San Francisco and New York as indigent noncitizens, unable to work because they are blind, over 65 or severely disabled, began receiving notices to prove their citizenship or lose their benefits, starting in July.

The change was mandated by the welfare reform act signed by President Clinton last August. The class-action lawsuits, covering 12 states

amounts to unconstitutional discrimination.

It also threatens widespread suffering, said lawyers in the San Francisco suit.

"This cut will be applied with a broad brush without any humanitarian exceptions," said Victor Hwang, an Asian Law Caucus lawyer representing California and Oregon plaintiffs drawn from the young, the old, the sick and the dying.

Hwang said the cutoff will remove the only buffer between most immigrant SSI recipients and "homelessness, starvation, illness and death."

Congress approved the welfare reform law, known formally as the

IMAGE 4.5

County Clarifies Alien Health Care Policy

BY CRAIG TURNER
Times Staff Writer

SANTA ANA — For an emotion-packed 2 1/2 hours Wednesday, Orange county supervisors listened to a parade of speakers tell them that the county's illegal aliens were being frightened away from needed medical care at UCI Medical Center because they believed that seeking treatment would lead to their deportation.

And when the hearing ended, the board unanimously agreed that county medical services and enforcement of federal immigration laws and independent

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sk force on illegal
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d's action would
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to enforce a regu-
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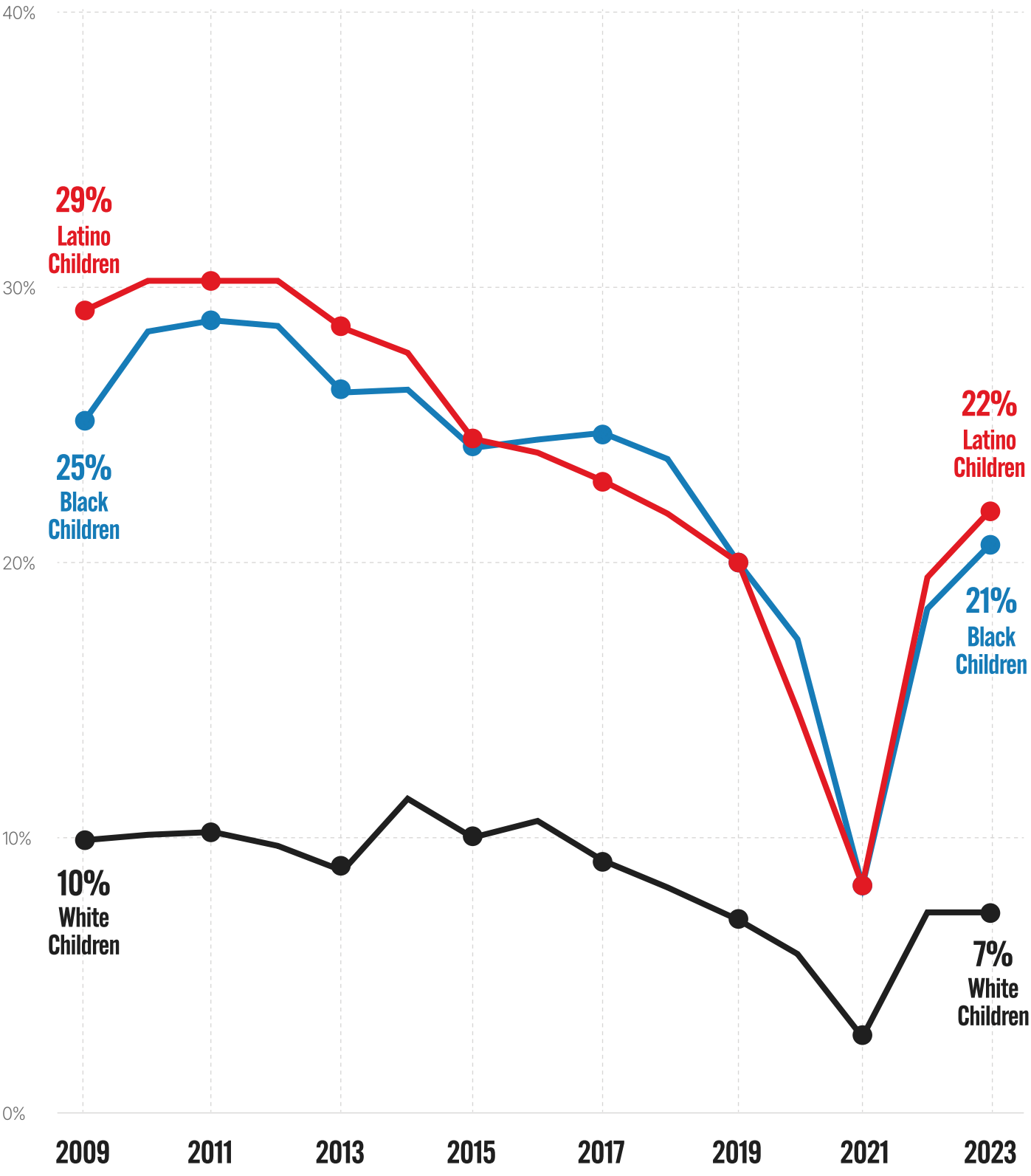
er to federal immi-

IMAGE 4.3: Newspaper clipping about the Texas Department of Human Resources Board of Directors voting to "end its former policy requiring welfare workers to report undocumented aliens to the U.S. Immigration and Naturalization Service." The previous policy for anyone applying for the Aid to Families with Dependent Children Program or for food stamps required them to prove their citizenship or lawful residency, along with the status of everyone in their household. Source: "Undocumented Aliens Not Reported to INS by Texas Welfare Workers," *Plano Daily Star-Courier*, 4, November 11, 1977.

IMAGE 4.4: Newspaper clipping discussing the fall out of the 1996 Personal Responsibility and Work Opportunity Reconciliation Act, which aimed to deter illegal immigration but also slashed welfare benefits for legal immigrants. Lawsuits were filed in San Francisco and New York to "block welfare cuts that threaten to throw almost 1 million legal immigrants off the benefit rolls and into destitution." The plaintiffs—elderly, disabled, and blind noncitizens—received notices that they would lose benefits if they did not prove their citizenship. Source: "Court Asked to Prevent Hurtful Cuts in Welfare," *The Capital Times*, 11, March 27, 1997.

IMAGE 4.5: Newspaper section on hearings before the Orange County Board of Supervisors about how undocumented immigrants in the county were avoiding necessary medical care at UCI Medical Center due to fears that seeking treatment would result in deportation. The fear came from word spreading about a state law requiring "all Medical applicants had [to be] screened by the U.S. immigration and Naturalization Service (INS) to qualify and receive services." The Orange County Board of Supervisors reached a unanimous decision affirming that county medical services should remain separate and independent from the enforcement of federal immigration laws. Source: "County Clarifies Alien Health Care Policy," *The Los Angeles Times*, 21, March 23, 1978.

Figure 19. Share of Children (under 18 years of age) in Poverty Based on the Supplemental Poverty Measure, by Race and Ethnicity, 2009 to 2023



NOTE: The Supplemental Poverty Measure (SPM) is a Census Bureau statistic that factors in noncash benefits, taxes, and necessary expenses, and uses poverty thresholds that vary by local housing costs and family size. **Source:** U.S. Census Bureau, Current Population Survey, 2010 to 2024 Annual Social and Economic Supplements (CPS ASEC).



IMAGE 4.6: A newspaper article highlighting the Emergency Relief Corporation's efforts to provide groceries to families in need. However, the City Business Manager noted that only one Black person and three Mexican individuals had received assistance. He claimed this was because Black residents were typically fed by their White employers, and that Mexican communities "take care of each other." **Source:** "Free Rations Issued to 103 Poor Families Here by Commissary," *The Houston Post*, 16, October 21, 1931.

IMAGE 4.7: A photograph of Afro-Cubans gathered at the Martí-Maceo Patio, home to the mutual aid society Sociedad La Unión Martí-Maceo (founded 1907). More than a social and recreational hub, the organization anchored relief efforts, providing support such as medical insurance and sick stipends and helping members weather hardships. **Source:** "A Night at the Martí-Maceo Patio,". *Tampa Through Time*, 1907, available online.

IMAGE 4.8: Newspaper clipping highlighting how 1,500 Mexicans from Los Angeles, who had lived for several years in the city, were being repatriated by the county to "relieve suffering caused by unemployment." **Source:** "1,500 Mexicans Leave U.S. for Homeland," *Wichita Falls Record News*, 1, July 8, 1932.

POLICY #2

CRISIS RESPONSE AND LATINO EXCLUSION FROM THE SAFETY NET

Across a century of crises, social-benefit policy has drawn sharp lines between whose losses the state will cushion and which households must absorb shocks on their own. Two patterns have consistently emerged: (1) program designs that exclude the jobs, territories, and statuses where Latinos are concentrated, and (2) local implementation rules and "deservingness" tests that ration aid further. As a result, white households more often used relief support to hold on to homes and savings, while Latino families more often drained their assets or took on debt to get through crises.

Federal legislation has built a two-tier social safety net through program design and implementation choices that systematically excluded or disadvantaged Latino households during times of crisis. For instance, during the New Deal, agricultural policy and social benefit law hard-wired exclusions into the new protections: The Agricultural Adjustment Act (AAA) directed subsidies to landowners,[460] ensuring that payments flowed to white farm owners while bypassing the predominantly Latino workforce in the fields, and the 1935 Social Security Act excluded agricultural and domestic workers from retirement benefits[461] and kept Puerto Rico outside Social Security until 1950, despite residents' U.S. citizenship.[462]

Discretionary casework practices added a powerful layer of gatekeeping to Depression-era relief. Local officials used residency rules, budget limits, and moral judgments about who was "deserving" to deny assistance to Latino families, even when they met formal eligibility standards.[463] This discrimination shows up both in the historical

personal testimonies and public spending data.

In Los Angeles County, officials explicitly framed Mexican families as undeserving of public support and used relief denial as a cost-cutting tool. In 1933, the county organized dozens of repatriation trains that removed more than 12,000 Mexican immigrants and U.S. citizens.[464] Mexican benefit recipients later reported that, despite being eligible for aid, they were told that if they did not accept repatriation, "no further welfare aid [would] be given" and their cases would be closed.[465] These practices were not isolated. Across U.S. cities, municipal budgets reflected systematic disinvestment in Mexican-origin communities. When the Mexican-origin share of a city's population increased by 10 percentage points, per-capita relief spending fell by $0.16, and the share of relief funded by public sources dropped by 7 percentage points.[466] In contrast, comparable increases in white European immigrant populations led cities to spend more on relief and rely more heavily on public funding.[467]

Similarly, in Tampa, local officials used limited and uneven relief to shape migration among Cuban families after the collapse of the cigar industry. [468] As one Cuban father explained, "I have no work in Tampa, and no hope of ever finding anything. The relief given here is very limited."[469] WPA-funded reports confirmed these accounts, describing Tampa as "less liberal" than cities such as Key West, Miami, and New York, effectively pushing Cuban families to leave.[470]

However, even in New York City, Puerto Rican families in Harlem faced limited and discriminatory access to assistance regardless of eligibility.[471] Racialized and xenophobic assumptions shaped relief administration in a neighborhood that was home to both a large Black population and a growing, mixed-race Puerto Rican corridor. Contemporary reports found that the average relief provided to Harlem families was about $28, roughly 25 to 30 percent less than the citywide average.[472] These disparities sparked a 1935 protest by more than 400 East Harlem residents.[473] City officials responded by creating the "Commission on Conditions in Harlem," but excluded Puerto Rican witnesses, effectively keeping their experiences of discrimination off the official record.[474]

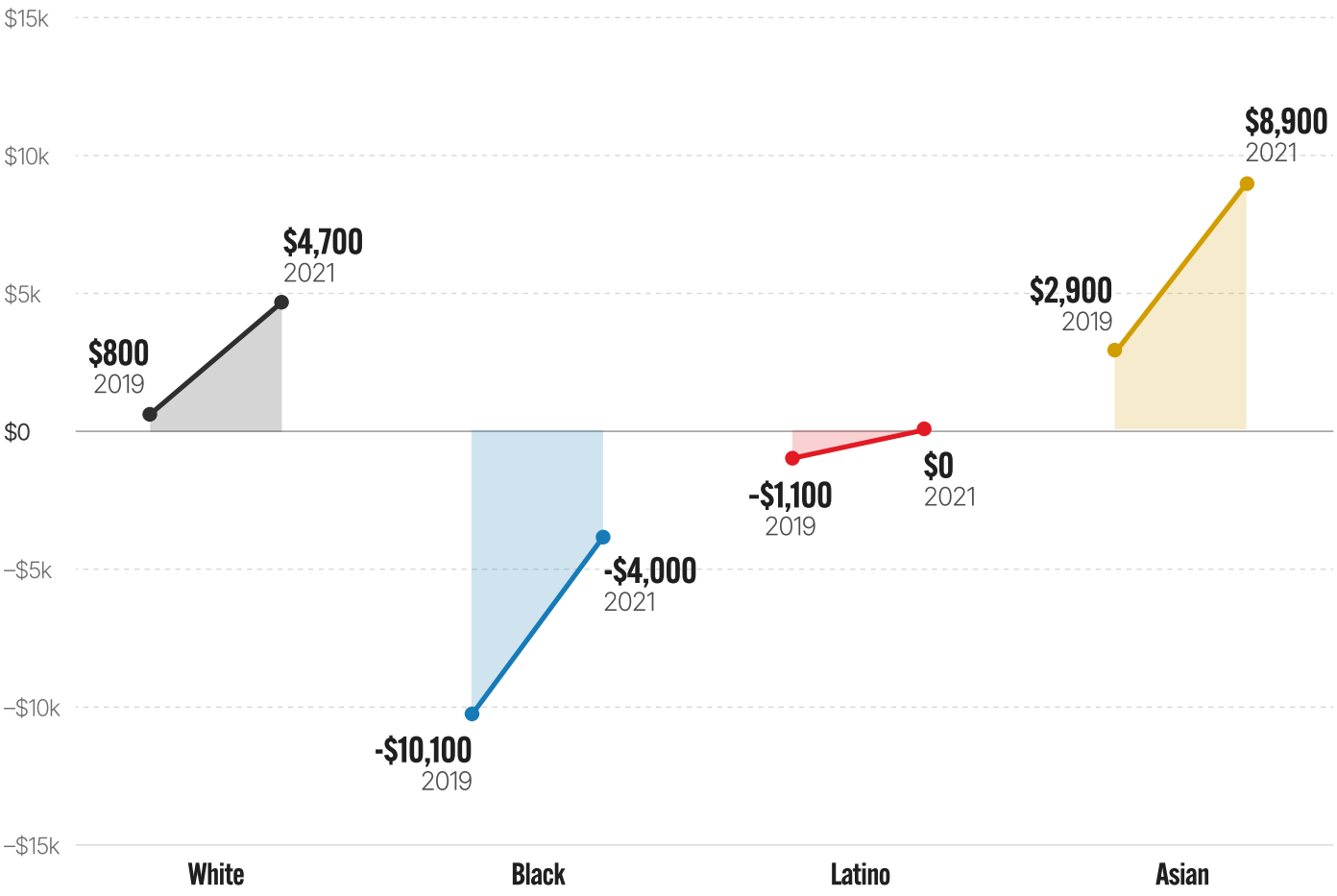
Nearly 100 years after the New Deal, pandemic-era relief again used the safety net to stabilize the broader economy while leaving Latino workers—who were already more likely to face job loss and unstable hours—with thinner protections and less access to emergency help. First, policymakers designated many jobs held by Latino workers as "essential" and required in-person work in warehouses, food-processing plants, farms, hospitals, and the service sector.[475] This concentrated exposure in Latino neighborhoods contributed to higher hospitalization and death rates, which were roughly 1.8 and 1.7 times higher, respectively, than for white people through May 2023.[476] At the same time, labor standards governing paid leave and job flexibility left Latino workers with weaker buffers: Only about 46 percent of Latino workers had paid sick days before COVID-19, compared with about 67 percent of white workers.[477] Taken together, these policy choices forced many Latino workers to either keep working or lose income—often without a strong safety net to fall back on—deepening both health risks and financial strain.[478]

Despite their disproportionate impact, many Latino families then struggled to access government support. Echoing Great Depression-era social investments, COVID-era cash and health programs layered immigration- and tax-status filters onto relief in ways that limited access for Latino households. Congress expanded Medicaid funding and created stimulus checks but conditioned the first round of payments on recipients having a work-authorized SSN, making mixed-status households ineligible if even one parent filed taxes through an ITIN.[479] This rule excluded millions of tax-paying immigrant families, even though the federal government provides

ITINs for them to pay taxes, and left many U.S.-citizen children and spouses of undocumented immigrants without relief.[480]

The clearest signal of how these choices affected Latino families is the change to the median net worth of the "poorest" U.S. households (the bottom 25 percent of each racial group) seen from 2019 to 2021 (Figure 20). These households are the most likely to lose work, least likely to have paid leave or health insurance, and least likely to have savings, so social benefits matter most to them.[481] Poorer Latino households moved from a median net debt of $1,100 in 2019 to exactly zero in 2021, meaning at least half of poor Latino families still had no wealth after two years of pandemic relief. Meanwhile, comparable white households increased their median wealth from $800 to $4,700, Asian households from $2,900 to $8,900, and Black households increased in net negative debt, from -$10,100 to -$4,700 (Figure 20).

Figure 20. Median Net Worth of Poorer Households, By Race and Ethnicity, December 2019 to December 2021



NOTE: Households are ranked by their wealth within each racial and ethnic group and divided into four groups (quartiles). "Poorer" households rank in the bottom 25 percentile. **Source:** Rakesh Kochhar and Mohamad Moslimani, "Wealth Surged in the Pandemic, but Debt Endures for Poorer Black and Hispanic Families," Pew Research Center, December 4, 2023, available online.

POLICY RECOMMENDATIONS

POLICY RECOMMENDATIONS

This section outlines how exclusion of Latino families from the social safety net has been produced through long-standing policy design choices that tie access to immigration status, employment formality, and discretionary local administration. These exclusions have repeatedly limited Latino families' ability to stabilize during crises and build assets into long-term economic security. No single reform can undo more than a century of compounding harm. Still, the evidence points to several concrete, policy-relevant actions that would expand pathways for Latinos.

01 RESTORE CHILD-CENTERED ELIGIBILITY IN FEDERAL TAX AND BENEFIT POLICY.

Federal safety-net policy has repeatedly excluded Latino U.S. citizen children in mixed-status families, adding undue hardship on the next generation. The 2021 expansion of the Child Tax Credit stands out as a rare exception that sharply reduced child poverty by allowing immigrant parents filing with ITINs to claim the credit for children with SSNs, but the 2025 Big Beautiful Bill Act reinstated the SSN requirements for all claimants.[482] To address Latino child poverty, federal policymakers should restore and permanentize the Child Tax Credit without SSN requirements for claimants, ensuring the U.S.-citizen Latino children are not penalized for having noncitizen parents. State policymakers should backstop federal child-centered policy by expanding or creating refundable state child credits and Earned Income Tax Credits (EITC) that reach children in mixed-status households.[483] Over 11 states have enacted child tax credits and over 31 EITC programs, but more should adopt these models and strategically expand eligibility to Latino immigrants, such as California's CalEITC and Colorado's state child tax credit, which allows filers to use ITINs.[484]

02 REDUCE CHILLING EFFECTS BY SEPARATING SAFETY-NET ACCESS FROM IMMIGRATION ENFORCEMENT.

Immigration-linked fear and documentation barriers impose "chilling effects" on benefit uptake, with mixed-status families disproportionately avoiding health care and nutrition programs due to enforcement concerns. Federal agencies

POLICY RECOMMENDATIONS

should codify clear firewalls between benefits enrollment and immigration enforcement and fund multilingual outreach and enrollment assistance to improve benefit access.[485] Similarly, state policymakers should enact statutory privacy safeguards, support community-based navigators trained in culturally competent enrollment, and restrict local caseworker discretion that enables bias-driven denial of benefits.[486]

03 DESIGN CRISIS-RESPONSE PROGRAMS THAT REACH WORKERS AND FAMILIES EXCLUDED FROM FEDERAL RELIEF.

Federal emergency aid frameworks have historically filtered relief through SSN, tax-filing, and employment-based eligibility rules, leaving undocumented and excluded workers and their families without support in downturns. State governments should maintain permanent excluded-worker or disaster cash-assistance programs with automatic triggers tied to economic or public-health emergencies, following precedents of about 12 states (including the District of Columbia) that have enacted state-level programs that provided temporary funds through unemployment insurance-like support to excluded workers during crises.[487]

04 EXPAND RETIREMENT SAVINGS SYSTEMS TO ADDRESS PERSISTENT RACIAL GAPS IN RETIREMENT AND EMERGENCY PREPAREDNESS.

Latino households have substantially lower retirement savings than white households, driven in part by limited access to employer-sponsored plans, lower incomes, and greater exposure to economic shocks.[488] Federal policymakers should expand enrollment and access to retirement by requiring major employers to create automatic Individual Retirement Accounts (IRAs) for the majority of Latino workers without access to employer plans.[489] State policymakers should continue to scale and adopt auto-IRA programs, with targeted outreach to Latino and low-wage worker industries with low retirement plan coverage.[490]

CASE STUDIES

INFORMAL WELFARE AND INSTITUTIONAL EXCLUSION



IMAGE 4.9

THESE TWO STORIES show how safety-net exclusion has repeatedly forced Latino communities to rely on informal care and mutual aid during crises. During the Great Depression, Sister Carmelita Bonilla responded to Puerto Rican families being turned away from public relief by building informal networks of shelter, food, translation, and advocacy. Nearly a century later, during the COVID-19 pandemic, elementary school teacher Yajaira Rangel filled a similar gap by supporting Latino students and families excluded from federal aid while her own household faced job loss and economic insecurity.

IMAGE 4.9: Photograph of men waiting in line to fill out unemployment forms in Imperial County, California (2020). **Source:** Mario Tama, Getty Images cited in Nicole Acevedo, "Covid-19's economic impact on Latino families is 'much worse' than expected, poll finds," NBC News, September 17, 2020, available online.

SISTER CARMELITA BONILLA AND THE INFORMAL WELFARE NETWORKS OF PUERTO RICAN BROOKLYN

Carmela Zapata Bonilla Marrero, known as Sister Carmelita, was born in Cabo Rojo, Puerto Rico, in 1907 to middle-class farmers. After her mother's death, she moved to Mayagüez at the age of 11, where she attended Catholic school and found her religious calling.[491] At just 16, she left Puerto Rico for the U.S. to join the Trinitarian Order in Georgia. In 1925, she was assigned to Order's Court Street Center in Brooklyn, NY, becoming the first Puerto Rican nun in the community.[492]

At first, Sister Carmelita's ministry served the diverse working-class families of Brooklyn's "Irishtown," a mix of Irish, Polish, Lithuanian, Chinese, and Filipino residents.[493] Over time, she turned her focus towards the growing number of Puerto Ricans in the city. These new arrivals, mostly working-class families, faced widespread exclusion from welfare and social programs. Sister Carmelita began providing translation and transportation to and from hospitals, welfare offices, and police stations. Reflecting on the 1930s, she later said, "I thought that it was my duty to save every Puerto Rican that I found—from anything...I remember seeing them on the sidewalk, with all their children, and their beds, and all their things—dispossessed. Then we had no welfare."[494]

Unlike earlier immigrant groups, Puerto Ricans in New York lacked an established church support network to address their unique language, spiritual, and social welfare needs.[495] Determined to act, Sister Carmelita accepted the key to a vacant building on Sand Street and converted it into a makeshift shelter for evicted families. And to support these families, she forged partnerships with local politicians and civic leaders.

"I was a friend of the politicians," she explained. "I used to ask them to please help me out, like when Thanksgiving came—*el día del pavo*—they used to give me two or three hundred dollars..."[496] Her open-door approach made the space one of the earliest informal welfare hubs for Puerto Rican Brooklynites.[497]

Sister Carmelita retired in the early 1970s due to declining health but remained a guiding figure in Brooklyn's Puerto Rican community.[498] Her legacy reflected the resilience and ingenuity of Latino women who built informal safety nets when the state failed to provide them.

Sister Carmelita's story shows how, in the Depression-era safety net, Latino families could be effectively shut out by relief. In response, she built an informal infrastructure that substituted for public aid: translating and advocating in welfare and health systems, opening a shelter for evicted families, and leveraging relationships with civic leaders to secure food and emergency support. Yet these interventions had costs as well: The informal infrastructure shifted the burden of relief from the state onto community members themselves, limiting the time and resources households could devote to building their own financial stability. Her case study connects directly to the section's broader pattern that when crisis-response programs and frontline implementation ration relief away from the places where Latinos are concentrated, communities are forced to rely on mutual aid, shifting the costs of the crisis onto Latino families.

YAJAIRA RANGEL AND THE CRISIS OF PANDEMIC TEACHING[499]

Yajaira Rangel was born in Acuña City, Mexico, and raised by her single mother in Texas. She is the eldest daughter of five children and is a first-generation college student. In 2020, she entered her first year of teaching second grade at a Title I elementary school. By March 2020, her life and those of her students were upended by the COVID-19 pandemic.

When the pandemic forced school closures after spring break in 2020, the district announced a shift to remote learning. Throughout the school year, Yajaira dedicated herself to providing aid to her students. In her role at the school, she helped coordinate food distribution to families and delivered school packets and gifts to students.

Yajaira often worked beyond her regular hours to prepare accommodations and lesson plans and made herself available to parents "no matter what time." When a student stopped attending class, she learned that the student's mother had lost her job and the family was experiencing device problems. Yajaira arranged one-on-one virtual meetings and, with a counselor, conducted a home visit to reassure them of her support. "I feel like that made her feel better, that made her have a sense of, 'Oh, okay, you know, everything's gonna be okay. People care about me. We're gonna get through this.'"

At the same time, her own family experienced economic instability. Her stepfather lost his job as a food distributor when restaurants closed and her brother's hours at an auto repair shop were reduced. This left Yajaira and her mother, a hospital worker, as sole providers.

When the federal government distributed stimulus checks, Yajaira's stepfather was ineligible because

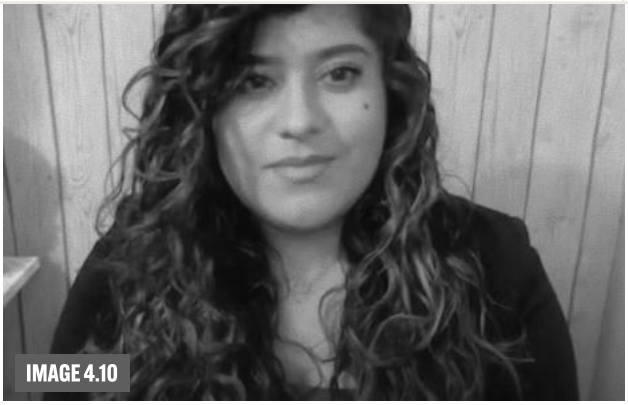


IMAGE 4.10: Photo of Yajaira Rangel. **Source:** The University of Texas Austin, Voces Oral History Center, "Yajaira Rangel," Voces of a Pandemic Collection, accessed on Dec 12, 2025, available online.

of his immigration status. The impact was both financial and psychological, she explained: "It was really hard on [him] not being able to provide at that moment for the family. I know that was a struggle for him.... I didn't know how hard it was gonna be for him to get another job."

As Yajaira's first year of teaching ended and the summer of 2020 began, she enrolled in professional development courses to improve her teaching skills the following semester. She prioritized "filling in a lot of gaps" in student learning resulting from summer break and the pandemic. Yajaira reflects that the pandemic "shined a light" on the essential, often unseen labor of teachers.

Yajaira Rangel's story shows how, in the pandemic-era safety net, Latino community advocates faced a double bind: Schools were asked to deliver essential services without the infrastructure to support it, while federal relief rules still excluded many mixed-status households. As classrooms moved online, Yajaira became a frontline crisis responder, adapting instruction, coordinating food distributions, and providing moral support. At the same time, her own household was absorbing economic shocks spurred by her stepfather's and brother's unemployment and her stepfather's exclusion from stimulus aid. Her case connects to this section's broader pattern: When crisis-response policy and program design fail to reach Latino households, the burden shifts to informal care networks to fill the gaps.

SECTION V



EDUCATION SEGREGATION AND ACCESS BARRIERS

EDUCATION POLICY HAS long been framed as a pathway to equal opportunity in the U.S. In practice, however, the education system has often operated through unequal and exclusionary rules that determined who received high-quality instruction and who was diverted into separate or under-resourced pathways. For Latino communities, these dynamics have structured educational attainment across generations, with direct consequences for earnings, job stability, and long-term wealth accumulation.

Across the 20th century and into the 21st, education has served as an important tool for economic security and upward mobility. For most of this period, Latino students were increasingly likely to attend segregated and under-resourced schools, face language-based exclusion, and encounter barriers to both entering and completing higher education. These patterns were shaped not only by local practices, but by federal and state policies that produced uneven enforcement of desegregation, ambiguous language-access mandates, and limited, increasingly debt-based support for Latino students in postsecondary education.

As education became an increasingly important tool for social mobility in the U.S., Latinos experienced unequal preparation for and constrained pathways into college and skilled employment. This section examines two interlocking practices: (1) how school segregation and language policy created unequal educational foundations; and (2) how barriers to accessing, financing, and completing higher education transformed those early disadvantages into persistent gaps in credentials, earnings, employment mobility, and intergenerational wealth.

KEY HISTORICAL DATA

Figure 21. Share of Adults (25+) with a Bachelor's Degree or Higher, by Race and Ethnicity, 1940-2023

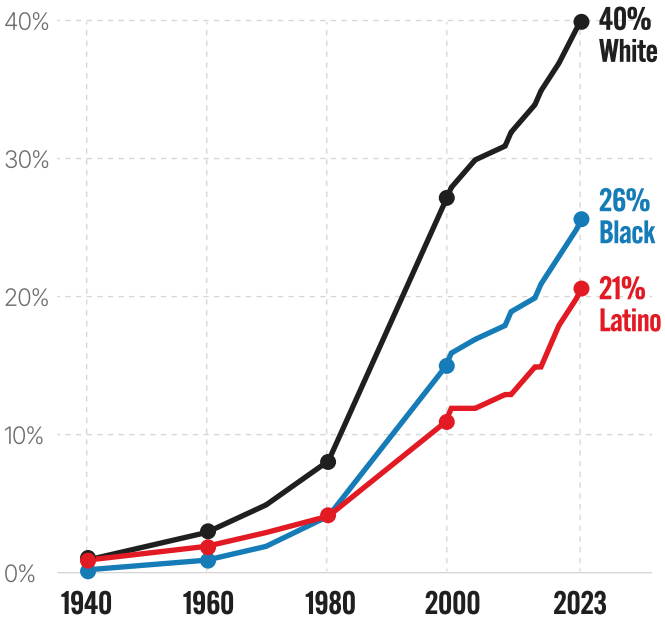
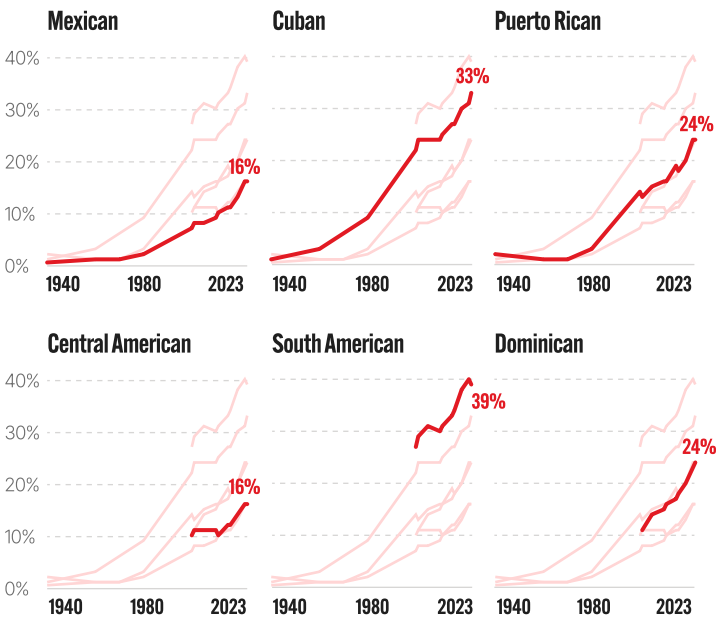


Figure 22. Percentage of Latino Adults (25+) with a Bachelor's Degree or Higher, by Country of Origin, 1940- 2023



SOURCE: Authors' analysis of U.S. Census IPUMS USA 1850 1%, 1910 1%, 1940 1%, 1960 5%, 1970 5%, 1980 5%, 2000 1-year ACS, 2010 1-year ACS, 2015 1-year ACS, 2019 1-year ACS, and 2023 1-year ACS.

Educational attainment plays a crucial role in who can access stable jobs, career pathways, and long-term wealth. Although attainment rose across all groups over the 20th century, Latino adults saw slower gains. While in the early 20th century Latinos and other Americans experienced widespread educational disparities (Figure 21), the War on Poverty and its major federal investments in education and the civil rights laws didn't reach Latinos equally.

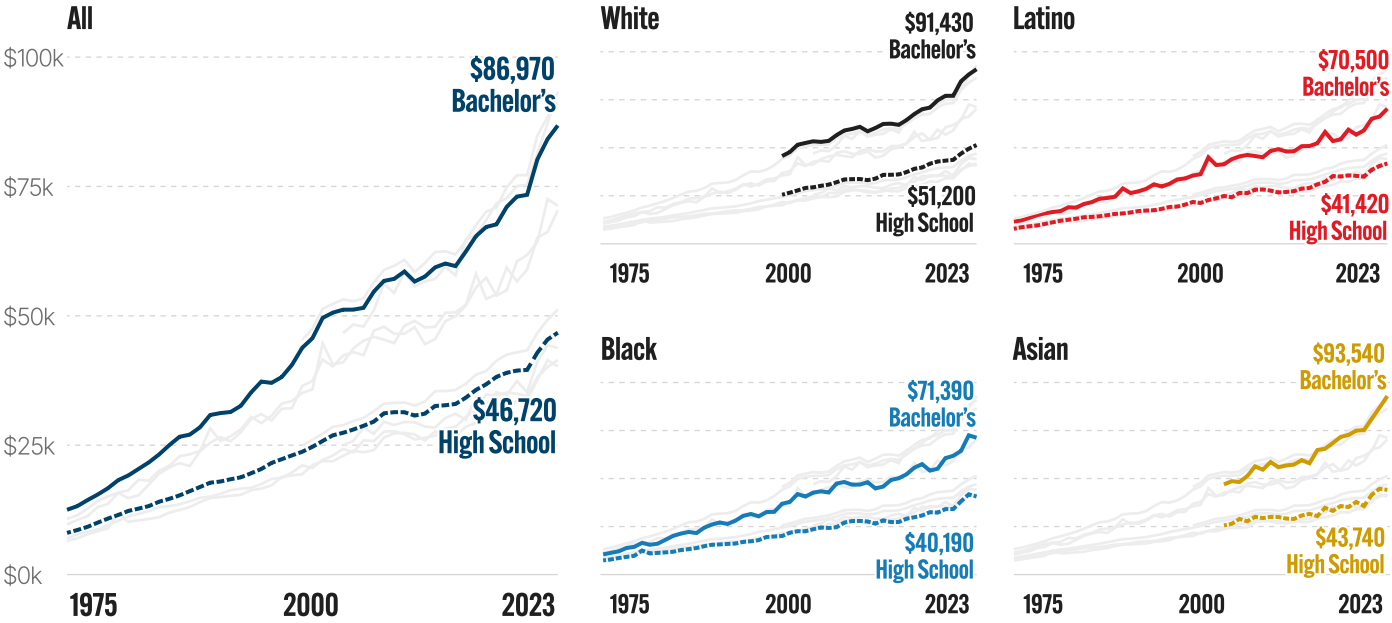
However, during the 1960s and accelerating after the 1980s, disparate access to well-resourced schools, effective language supports, and college-preparatory pathways widened the gap between Latinos and their peers (Figure 21).[500] White adults experienced the fastest growth in bachelor's degree attainment, while structural barriers limited comparable gains among Latino adults, producing sustained differences in educational outcomes across racial and ethnic groups. By 2023, roughly 39 percent of white adults ages 25 and older held a bachelor's degree or higher, compared with 25 percent of Black adults and just 20 percent of Latino adults (Figure 21).

Educational attainment has historically varied widely within the Latino population, largely because of differences in immigration histories and legal status. For Mexican, Puerto Rican, and Cuban adults—the three groups for which data are available as far back as the 1940s—bachelor's degree attainment initially hovered at similarly low levels, around 1 to 2 percent (Figure 22). Over time, their trajectories diverged: Cuban adults (many of whom were middle-class and benefitted from

refugee assistance) experienced a sharp and sustained increase in educational attainment beginning in the 1960s, while Puerto Rican adults (many of them agricultural and rural workers) saw more gradual gains that began to distinguish them from Mexican adults in the 1980s. By the early 2000s, these patterns had solidified, with roughly 22 percent of Cuban adults holding a bachelor's degree or higher, compared with about 14 percent of Puerto Rican adults and just 7 percent of Mexican adults. Starting in the 2000s, data for Central American, Dominican, and South American adults suggest different initial levels of educational attainment. Over time, attainment rose across all groups at broadly similar rates, meaning early gaps largely persisted. By 2023, these long-standing disparities remain across all six groups, ranging from 15–16 percent among Mexican and Central American adults, 22–23 percent among Dominican and Puerto Ricans, 31 percent among Cuban adults, and nearly 40 percent among South American adults (Figure 22).

As education became more strongly tied to income, disparities in Latino educational attainment produced larger wealth consequences. In the 1970s, Latino adults with a bachelor's degree earned nearly twice as much as those with only a high school diploma ($10,600 compared to $6,800) (Figure 23).[501] By 2023, that gap had grown substantially: Latino bachelor's degree holders earned about $70,500 annually, compared with $41,400 for high school graduates. Yet the returns to education have never been equal. White and Asian college graduates consistently earned the highest incomes—over $90,000 annually—while Latino and Black graduates earned the least, even with similar levels of education. Taken together, these trends show how the rising importance of education in the labor market has translated into lasting disparities in Latino earnings, wealth accumulation, and intergenerational mobility.

Figure 23. Mean Annual Income of Adults (18+), by Race, Ethnicity, and Educational Attainment, 1975-2023



SOURCE: U.S. Census Bureau, CPS Historical Time Series Tables, "Table A-3. Mean Earnings of Workers 18 Years and Over, by Educational Attainment, Race, Hispanic Origin, and Sex: 1975 to 2021," accessed January 28, 2026, available online.


IMAGE 5.1


IMAGE 5.2

IMAGE 5.1: Photograph of Lemon Grove Grammar School. The plaintiff of "The Lemon Grove Incident," Robert Alvarez, can be found in the third row at the far left. **Source:** Robert R. Alvarez, "The Lemon Grove Incident," *The Journal of San Diego History* 32, no. 2 (1986), available online.

IMAGE 5.2: Portrait of Felicitas and Gonzalo Mendez, the civil rights activists behind Mendez v. Westminster, the landmark case that led to the desegregation of California schools. **Source:** Caitlin Yoshiko Kandil, "Mendez vs. Segregation: 70 Years Later, Famed Case 'Isn't Just About Mexicans. It's About Everybody Coming Together,'" *LA Times Daily Plot*, April 17, 2016, available online.

KEY POLICY MEASURES

POLICY #1

UNEQUAL ACCESS TO PRIMARY AND SECONDARY EDUCATION

From the early 20th century through the present, Latino students have faced systematic educational exclusion through two overlapping mechanisms: racial and ethnic segregation, and the chronic federal failure to provide adequate language support. Government officials created separate, inferior schools for Mexican American children under the guise of educational intervention, and established language access mandates that it failed to fund or enforce. These dual forces—physical segregation into under-resourced schools and exclusion from effective language instruction—worked together to deny Latino students the educational foundation necessary for economic mobility.

State education officials and local school boards across the country routinely segregated Latinos through administrative and educational practices. As Mexican student enrollment increased in the early 20th century, school districts began creating separate "Mexican schools" or classrooms as an "educational intervention."[502] Officials claimed Mexican children required special English instruction, remedial education, or cultural "adjustment," even when many were U.S.-born and fluent in English.[503] These policies were widespread: A 1930 survey of Southwestern school districts found that roughly 85 percent of Mexican American children attended segregated schools or classrooms.[504] Far from providing added support, these separate facilities were consistently inferior—offering shorter school years, lower-paid teachers, overcrowded classrooms, and fewer academic resources—conditions that sharply limited educational attainment.[505] The consequences are evident in enrollment outcomes. While high school attendance was rising nationally during this period,[506] Mexican students remained largely excluded from secondary education. In Sugar

Land, Texas, for example, Mexican children made up nearly 60 percent of the elementary student body in the mid-1930s but less than 2 percent of enrolled eighth graders, illustrating how segregation functioned not as academic support but as a pipeline out of educational opportunity.[507]

Early legal victories against Mexican American school segregation achieved important but limited gains. Because Mexican Americans were legally classified as white, courts in the early 20th century ruled that school districts could not segregate them explicitly on the basis of race. In cases such as *Alvarez v. Lemon Grove* (California, 1931),[508] *Del Rio v. Salvatierra* (Texas, 1931),[509] *Delgado v. Bastrop ISD* (Texas, 1948),[510] and *Mendez v. Westminster* (California, 1946–1947),[511] judges held that separating Mexican-origin children violated state education law by denying equal treatment to "white" students. These decisions helped make California the first state to formally ban public school segregation[512] and informed the legal reasoning later adopted in *Brown v. Board of Education* (1954).[513]

In practice, however, school districts continued to segregate Mexican American students by shifting to language-based justifications. In *Cisneros v. Corpus Christi ISD* (Texas, 1970) the federal courts explicitly recognized Mexican Americans as an identifiable minority group and held that their segregation violated the Equal Protection Clause.[514] However, districts routinely assigned Spanish-speaking children to separate schools or classrooms ostensibly for English instruction or to address "educational needs," maintaining segregation without explicitly invoking race. For instance, Puerto Ricans remained increasingly racialized as foreign in the Northeast,[515] and continued to be segregated because of their language needs but provided minimal transitional support for learning English. This practice was challenged and found unlawful in the *Aspira Consent Decree* (1974).[516]

However, even as Latinos won legal rights in language access support, federal efforts to ensure language access were constrained by underfunding and political opposition, creating a second dimension of educational exclusion. The federal Bilingual Education Act of 1968—enacted as Title VII of Elementary and Secondary Education Act[517]—represented the first comprehensive federal intervention in the schooling of language minority students, but it was voluntary and severely underfunded from the start.[518] By 1972, despite an estimated 5 million children in need of language support, only 100,391 students nationally were enrolled in a Title VII-funded program, which was approximately 2 percent of those who needed services.[519] In 1974, *Lau v. Nichols* (U.S. Supreme Court) ruled that schools must provide "meaningful access" to education for students with limited English proficiency, but failed to explain what meaningful access meant.[520]

Therefore, chronic underfunding continued and was compounded by federal and state educational policy shifts. Throughout the 1980s and into the 2000s, the Reagan administration and subsequent Republican-led efforts worked to dismantle federal support for bilingual education.[521] In 1988, the administration lifted caps on funding for English-only programs, actively shifting resources away from bilingual instruction.[522] States followed suit: California (Prop 227) and Arizona (Prop 203) for instance passed ballot initiatives in the late 1990s and early 2000s that banned bilingual education outright,[523] creating English-immersion mandates despite research demonstrating that bilingual approaches produced superior outcomes.[524] This inadequacy in language support was compounded by systematic underrepresentation of Latinos in broader federal education programs. By the 1990s, enrolled Latinos were only 15 percent of nonmigrant students in Head Start, the country's largest early childhood development initiative, even though they made up about 30 percent of poor children nationally.[525] Similarly, Title I programs virtually excluded limited-English-

proficient students (the majority of whom were Latino) until 1994 reforms.[526] These shifts away had substantial economic consequences for Latino families. Research from this period showed that English proficiency directly affected earning power: In 1980, an immigrant shifting from speaking no English to speaking it well could expect their hourly wage to rise by roughly 14 percent.[527] Yet by the late 1990s, over a quarter of Spanish-speaking adults still spoke English "not well" or "not at all," meaning they faced significant wage penalties.[528] These rates were even higher in the West, where nearly three in 10 Latinos reported limited English proficiency.[529] By defunding the instructional approaches most likely to build English proficiency, these policy shifts effectively constrained Latino economic mobility.

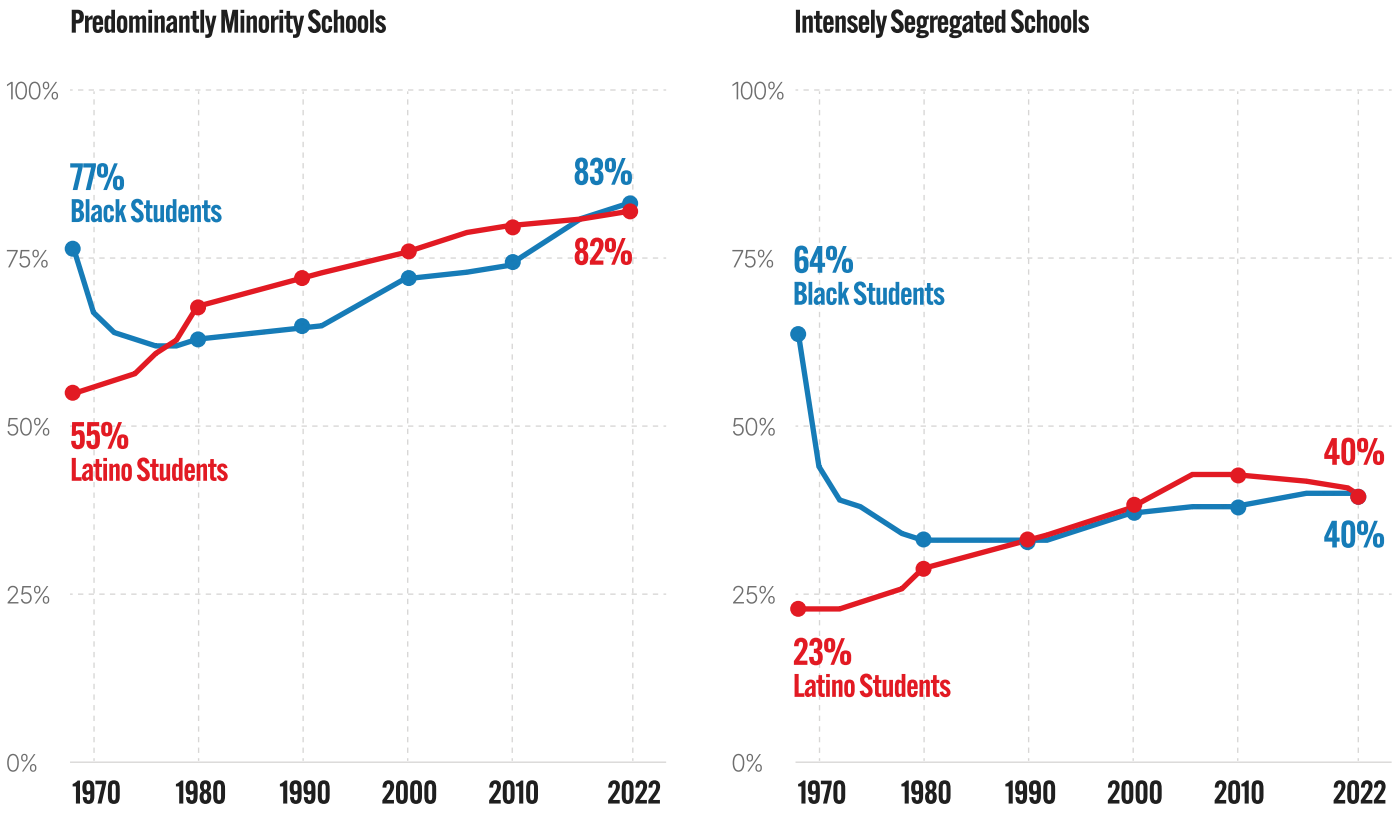
Federal disinvestment in language access and bilingual education has accelerated in the 21st century. The No Child Left Behind Act (NCLB) of 2001 eliminated the Office of Bilingual Education and Minority Languages Affairs and replaced the Bilingual Education Act (Title VII) with Title III's "Language Instruction for Limited English Proficient and Immigrant Students" program, fundamentally shifting federal focus from bilingualism to rapid English acquisition.[530] Moreover, NCLB's emphasis on standardized testing in English pushed many schools toward English-only instruction.[531] The Every Student Succeeds Act (ESSA) of 2015 replaced NCLB and restored protections for English learners, including requirements that states identify and support these students and track their academic progress.[532] However, the Trump administration used the Congressional Review Act to eliminate the ESSA regulations that would have required states to intervene in schools where English learners were consistently underperforming.[533] Furthermore, the Trump administration has moved to dismantle remaining protections entirely: It rescinded the 2015 Dear Colleague letter that outlined schools' legal obligations to English learners;[534] decimated the Office of English Language Acquisition by laying off nearly all staff;[535] proposed eliminating all Title III funding;[536] and ended Justice Department monitoring of school districts' English learner services.[537] These actions have left the future of federal civil rights enforcement for English learners deeply uncertain, even as the underlying laws—including Title VI of the Civil Rights Act—technically remained in place.[538]

Additionally, today, segregation has intensified for both Latino and Black students, with roughly 40 percent of each group attending intensely segregated, racially minority schools (Figure 24). While school segregation declined for Black students beginning in the 1970s, segregation for Latino students deepened. In 1968, 55 percent of Latino students attended predominantly minority schools and 23 percent were enrolled in intensely segregated schools; by 1980, those shares had risen to 68 percent and 29 percent, respectively, and continued to climb through the decade[539] (Figure 24). By 1988, Latino students were more likely than Black students to attend segregated schools. As of 2022, over 80 percent of Latino and Black students were studying in predominantly minority schools and 40 percent in intensely segregated schools. This pattern held across regions—from the Northeast, where large shares of Puerto Rican students remained concentrated in minority schools,[540] to the South and Midwest, where segregation of Mexican-origin students intensified rapidly[541] (Figure 25).

These dual forces—segregation and federal disinvestment in language support—worked in tandem to systematically disadvantage Latino students. Residential and education segregation practices clustered Latino students into racialized and under-resourced schools with fewer advanced courses, less experienced teachers, and weaker academic pipelines, while the absence of adequate bilingual instruction denied English learners the support for academic achievement. In the mid-1970s, Latino 13-year-olds lagged as much as two years behind white peers in math.[542] Although this gap has

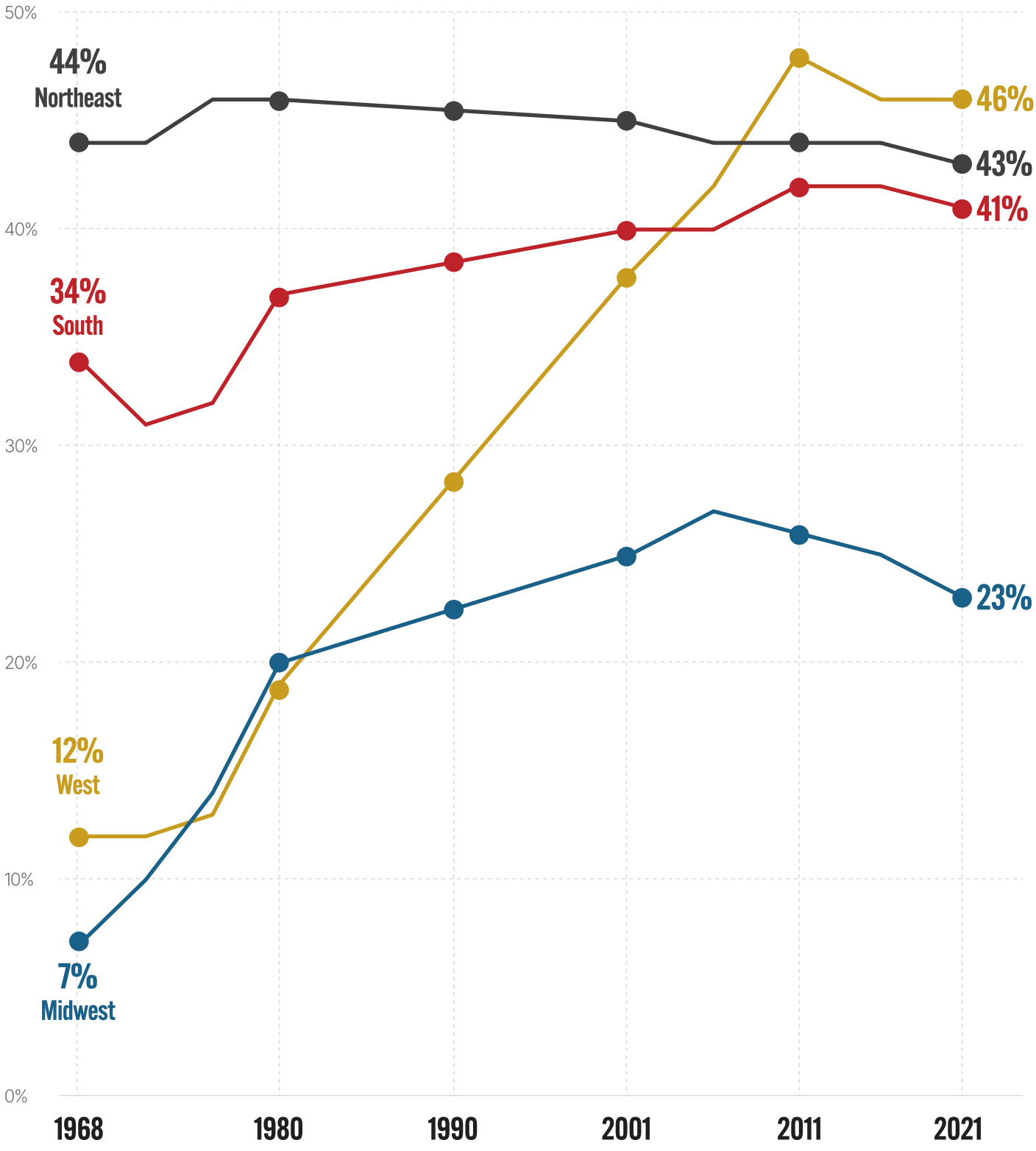
narrowed over time, it has not disappeared: As of 2012, Latino 13-year-olds scored only slightly above white 9-year-olds in math.[543] Such disparities in academic preparation have translated into lower rates of high school completion, reduced access to postsecondary education, and constrained entry into higher-paying occupations.[544] Taken together, the evidence shows how school segregation and language exclusion functioned as a cumulative wealth setback, which shaped lifetime earnings, job stability, and the ability of Latino families to build and pass on economic security across generations.

Figure 24. Share of Latino and Black Elementary and Secondary Public-School Students in Predominantly Minority and Intensely Segregated Schools, 1968–2022

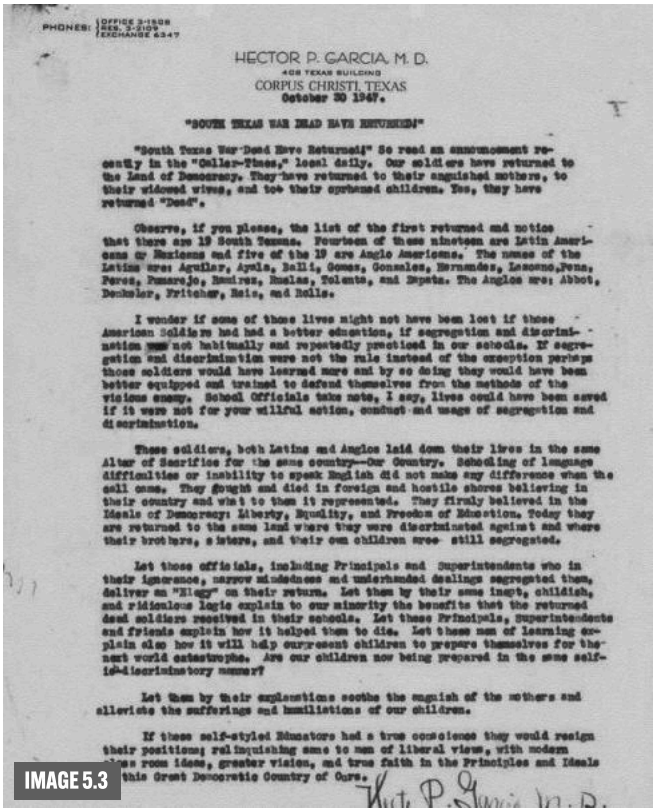


NOTE: Predominantly Minority Schools refers to schools with a 50–100 percent minority student body and Intensely Segregated Schools refers to schools with a 90–100 percent minority student body. **Source:** Gary Orfield, "Public School Desegregation in the United States, 1968–1980, Table 10. Percentage of Hispanic Students in Predominantly Minority and 90 to 100 Percent Minority Schools, 1968-80, and Table 1. Percentage of U.S. Black Students in Predominantly Minority and 90 to 100 Percent Minority Schools, 1968 – 80," Joint Center for Political Studies, Washington, DC, 1983: 4, 13, available online; National Center for Education Statistics," Table 216.50. Number and Percentage Distribution of Public Elementary and Secondary School Students, by Percentage of Enrollment of Students of Color in the School and Student's Racial/Ethnic Group: Selected Years, Fall 2000 Through Fall 2022," Digest of Education Statistics, U.S. Department of Education, accessed February 4, 2026, available online.

Figure 25. Share of Latino Elementary and Secondary Public-School Students in Intensely Segregated Schools by Region, 1968-2021



NOTE: Intensely Segregated Schools refers to schools with a 90–100 percent minority student body. **Source:** Gary Orfield, "Public School Desegregation in the United States, 1968 - 1980, Table 11. Percentage of Hispanic Students in Predominantly Minority and 90 to 100 Percent Minority Schools, by Region, 1968-80," Joint Center for Political Studies, Washington, DC, 1983: 14, available online; NCES CCD, Public Elementary/Secondary School Universe Survey Data, 2020-21, 2016-17, 2011-12, 2006-07, 2001-02; American Community Survey 2001, 2006, 2011, 2016, and 2021.



PHONES: OFFICE 3-1508 RES. 3-2109 EXCHANGE 6347

HECTOR P. GARCIA, M. D.
408 TEXAS BUILDING
CORPUS CHRISTI, TEXAS
October 30 1947.

"SOUTH TEXAS WAR DEAD HAVE RETURNED!"

"South Texas War Dead Have Returned!" So read an announcement recently in the "Caller-Times," local daily. Our soldiers have returned to the Land of Democracy. They have returned to their anguished mothers, to their widowed wives, and to their orphaned children. Yes, they have returned "Dead".

Observe, if you please, the list of the first returned and notice that there are 19 South Texans. Fourteen of these nineteen are Latin Americans or Mexicans and five of the 19 are Anglo Americans. The names of the Latins are: Aguilar, Ayala, Balli, Gomez, Gonzalez, Hernandez, Lezcano, Pena, Perez, Pumarejo, Ramirez, Ruelas, Tolenta, and Zapata. The Anglos are: Abbot, Denkeler, Fritcher, Reis, and Rolls.

I wonder if some of those lives might not have been lost if those American Soldiers had had a better education, if segregation and discrimination were not habitually and repeatedly practiced in our schools. If segregation and discrimination were not the rule instead of the exception perhaps those soldiers would have learned more and by so doing they would have been better equipped and trained to defend themselves from the methods of the vicious enemy. School Officials take note, I say, lives could have been saved if it were not for your willful action, conduct and usage of segregation and discrimination.

These soldiers, both Latins and Anglos laid down their lives in the same Altar of Sacrifice for the same country--Our Country. Schooling of language difficulties or inability to speak English did not make any difference when the call came. They fought and died in foreign and hostile shores believing in their country and what to them it represented. They firmly believed in the Ideals of Democracy: Liberty, Equality, and Freedom of Education. Today they are returned to the same land where they were discriminated against and where their brothers, sisters, and their own children are still segregated.

Let those officials, including Principals and Superintendents who in their ignorance, narrow mindedness and underhanded dealings segregated them, deliver an "Elegy" on their return. Let them by their same inept, childish, and ridiculous logic explain to our minority the benefits that the returned dead soldiers received in their schools. Let these Principals, Superintendents and friends explain how it helped them to die. Let these men of learning explain also how it will help our present children to prepare themselves for the next world catastrophe. Are our children now being prepared in the same self-id-discriminatory manner?

Let them by their explanations soothe the anguish of the mothers and alleviate the sufferings and humiliations of our children.

If these self-styled Educators had a true conscience they would resign their positions; relinquishing same to men of liberal views, with modern [illegible] room ideas, greater vision, and true faith in the Principles and Ideals [illegible] this Great Democratic Country of Ours.

Hector P. Garcia M. D.

IMAGE 5.3

IMAGE 5.3: A 1947 Letter by Dr. Hector P. Garcia, founder of the American GI Forum (AGIF). In it he speaks passionately about the importance of education and how ongoing segregation of Latinos has limited their opportunities. He points out the injustice of Latinos sacrificing their lives for a country that underinvested in their education. **Source:** "South Texas War Dead Have Returned," Dr. Hector P. Garcia Papers, Collection 5, Box 136, Folder 11. Special Collections and Archives, Mary and Jeff Bell Library, Texas A&M University-Corpus Christi, available online.

POLICY #2

DISCRIMINATION AND FINANCIAL BARRIERS TO HIGHER EDUCATION

Higher education now serves as one of the clearest routes to higher earnings and wealth, yet U.S. policymakers increasingly finance that route through household debt. As colleges raised tuition and grant aid failed to keep pace, policymakers shifted more financial risk onto students, especially those with less family wealth to absorb price increases, enrollment disruptions, or labor-market shocks. This shift has disproportionate consequences for Latino wealth-building: it turns education into a higher-stakes gamble, where Latino students are more likely to leave with debt that stands in the way of household savings and wealth accumulation.

Long before student debt became a widespread barrier—and even when financial aid was purportedly universal—Latinos faced discriminatory gatekeeping in the nation's earliest large-scale higher-education investments, limiting who could turn public benefits into degrees, higher earnings, and wealth. For example, after World War II, the GI Bill helped millions of veterans pursue college, but many Mexican American veterans encountered barriers that reduced both access and returns. Colleges and counselors often steered Latino veterans, like other Latino students, into lower-paying vocational tracks or blocked entry into four-year programs through coercion, quotas, and outright discrimination.[545] Administrative delays in tuition payments and living stipends made accessing educational opportunities hard.[546] As one Mexican American veteran recalled, "I went and applied for it, and I was starting to go to school... but under the GI Bill, they paid you not very often... a lot of fellas dropped out of school."[547] In response, Latino veterans organized through groups such as the American GI Forum to demand equal treatment in the VA-linked systems that controlled benefits and opportunity.[548]

Federal policymakers later expanded civilian access to higher education through the Higher Education Act (HEA) of 1965, which created grants and loan programs intended to open college to students from modest-income backgrounds.[549] Yet many Latino students entered this system at a disadvantage: early HEA investments disproportionately benefited students who were already positioned to attend college, but by the mid-1960s, Latino high school completion rates lagged far behind those of white students, and Latino enrollment in four-year colleges remained low well into the 1970s.[550] Moreover, the rapid expansion of standardized testing requirements created an additional gatekeeping mechanism that disadvantaged Latino students who had faced unequal K–12 preparation. For example, the number of colleges requiring the SAT or ACT surged from 300 in 1960 to over 1,800 by 1980.[551]

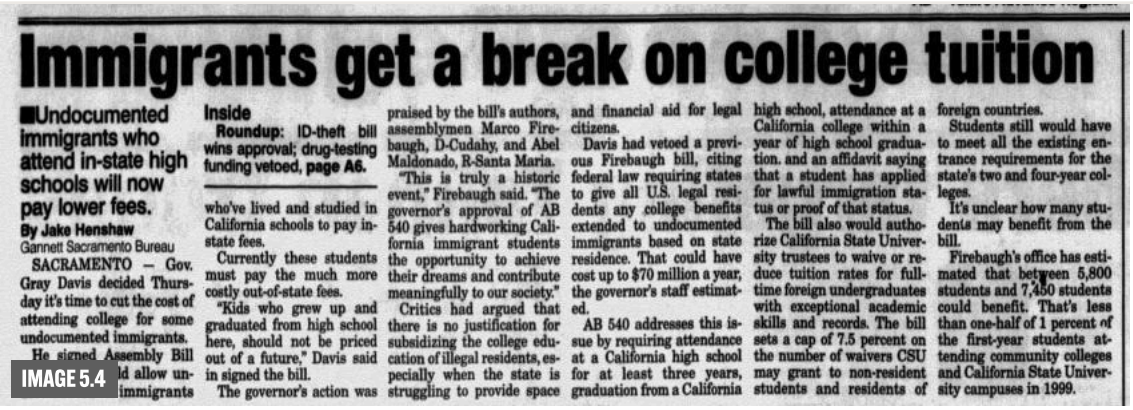
Together, these early experiences reveal a consistent pattern: Federal investments expanded opportunity in principle, yet in practice, unequal access, preparation, and delivery weakened Latinos' ability to convert public education benefits into stable credentials, earnings, and long-term wealth.

This unequal starting point became far more consequential as higher education shifted from a publicly funded benefit to a debt-based system.[552] As public colleges opened their doors wider to Black and Latino students through the 1960s and 1970s, federal and state policymakers simultaneously began retreating from funding higher education as a public good.[553] This timing meant that communities who had been systematically excluded during the era of free or low-cost public college were finally granted admission precisely when access now required taking on substantial debt. Since 1980, as Black and Latino enrollment expanded, net tuition revenue per student has increased in every state and more than doubled in most, marking a long-term retreat from public investment into individuals and families.[554] At the same time, need-based aid failed to keep pace: Whereas the Pell Grant covered roughly 80 percent of the total cost of attending a four-year public college in the mid-1970s, it now covers only about 30 percent of published costs at public four-year institutions.[555] States compounded this reverse by redirecting grant aid toward purportedly "merit-based" programs that disproportionately benefitted higher income, disproportionately leaving lower-income students, who are disproportionately Black and Latino,[556] to finance widening gaps through borrowing.[557]

As college became increasingly unaffordable and access barriers mounted, a predatory and underregulated for-profit college sector expanded to fill the gap. After 1972 HEA amendments made for-profit institutions eligible for Pell Grants and federal student loans,[558] the sector grew dramatically: Undergraduate enrollment in for-profits surged by over 600 percent between 1990 and 2012,[559] peaking at 12 percent of all undergraduate students[560] before declining to roughly 8 percent today.[561] This growth was driven predominantly by aggressive recruitment of low-income students and students of color. Between 2020 and 2025 alone, Latino undergraduate enrollment at for-profit institutions increased 62 percent and Black enrollment rose 42 percent.[562]

However, the growth of for-profit colleges has provided minimal educational value. Though they charged tuition comparable to or exceeding public institutions—averaging over $33,600 annually at four-year for-profits compared to roughly $27,100 at public universities[563]—they spent about 26 cents per student on instruction for every $1.13 that public institutions invest.[564] The results are predictable: Latino students at for-profit colleges completed programs at only 40 percent compared to 67 percent at public institutions,[565] and graduates experienced worse employment and earnings outcomes than peers from public colleges.[566] Despite federal requirements that for-profit programs demonstrate they prepare students for "gainful employment," enforcement has been inconsistent at best. Obama administration efforts to strengthen accountability were struck down in court or repealed by the Trump administration in 2019,[567] and recent accountability provisions in the 2025 One Big Beautiful Bill Act threaten to further weaken oversight.[568]

What began as unequal access to public investment ultimately became unequal exposure to debt: For Latino students, the retreat from public funding and the rise of for-profit colleges reshaped higher education access into a high-risk, debt-dependent pathway with lasting financial consequences. As tuition replaced public funding, loans became the primary mechanism through which Latino students accessed higher education.[569] Yet this debt-financed pathway proved especially precarious: Latino students faced multiple structural barriers—including



Immigrants get a break on college tuition

Undocumented immigrants who attend in-state high schools will now pay lower fees.

By Jake Henshaw
Gannett Sacramento Bureau

SACRAMENTO — Gov. Gray Davis decided Thursday it's time to cut the cost of attending college for some undocumented immigrants.

He signed Assembly Bill [illegible]ld allow undocumented immigrants who've lived and studied in California schools to pay in-state fees.

Currently these students must pay the much more costly out-of-state fees.

"Kids who grew up and graduated from high school here, should not be priced out of a future," Davis said in signed the bill.

The governor's action was praised by the bill's authors, assemblymen Marco Firebaugh, D-Cudahy, and Abel Maldonado, R-Santa Maria.

"This is truly a historic event," Firebaugh said. "The governor's approval of AB 540 gives hardworking California immigrant students the opportunity to achieve their dreams and contribute meaningfully to our society."

Critics had argued that there is no justification for subsidizing the college education of illegal residents, especially when the state is struggling to provide space and financial aid for legal citizens.

Davis had vetoed a previous Firebaugh bill, citing federal law requiring states to give all U.S. legal residents any college benefits extended to undocumented immigrants based on state residence. That could have cost up to $70 million a year, the governor's staff estimated.

AB 540 addresses this issue by requiring attendance at a California high school for at least three years, graduation from a California high school, attendance at a California college within a year of high school graduation. and an affidavit saying that a student has applied for lawful immigration status or proof of that status.

The bill also would authorize California State University trustees to waive or reduce tuition rates for full-time foreign undergraduates with exceptional academic skills and records. The bill sets a cap of 7.5 percent on the number of waivers CSU may grant to non-resident students and residents of foreign countries.

Students still would have to meet all the existing entrance requirements for the state's two and four-year colleges.

It's unclear how many students may benefit from the bill.

Firebaugh's office has estimated that between 5,800 students and 7,450 students could benefit. That's less than one-half of 1 percent of the first-year students attending community colleges and California State University campuses in 1999.

Inside
Roundup: ID-theft bill wins approval; drug-testing funding vetoed, **page A6.**

IMAGE 5.4

IMAGE 5.4: Newspaper article about Assembly Bill 540, which would allow undocumented students to pay in-state tuition and receive state-funded financial aid if they have lived in and graduated from high school in California, was signed into law in 2001. The law also requires "attendance at a California college within a year of high school graduation and an affidavit saying that a student has applied for lawful immigration status or proof of that status." Additionally, Assembly Bill 540 gave California State University the authority to "waive or reduce tuition rates for full-time foreign undergraduates with exceptional academic skills and records." **Source:** "Immigrants Get a Break on College Tuition," *Tulare Advance-Register*, 2, October 12, 2001.

attending part-time while working, enrolling in institutions with fewer support services, and navigating as first-generation students[570]—that puts them at higher risk of noncompletion.[571] Latinos have historically had lower graduation rates, only 52 percent compared to 67 percent of white students.[572] These lower completion rates had devastating financial consequences. A 2017 study found that 48 percent of Latino undergraduates who did not finish their program had defaulted on their student loans within 12 years, compared to 38 percent of white students, and rates were higher among for-profit graduates.[573] This pattern persists today: About 5.3 million Latinos now carry federal student loan debt,[574] with over 40 percent having experienced default over the past 20 years, compared to a third of white borrowers.[575] In effect, the policy transition transformed earlier exclusion into a new form of stratification, where Latino students had once been denied full access to public education benefits, they were now offered access conditional on debt.

For undocumented Latino youth, financial challenges are compounded by legal barriers. The 1996 PRWORA and IIRIRA barred undocumented students from federal aid, prompting a patchwork of state responses. As of January 2026, 22 states and Washington, DC have expanded in-state tuition access, while others such as Arizona, Georgia, and Alabama restricted or banned it entirely.[576] The introduction of DACA in 2012 provided work permits and temporary deportation relief, allowing recipients to secure better jobs and modest wage gains that could support education and family needs.[577] Yet without federal aid, permanent legal status, or protection from legal uncertainty, even DACA recipients remain structurally disadvantaged in translating education into lasting wealth, as racialized labor markets and exclusionary policies continue to limit upward mobility (see the section of this report on worker discrimination for more details).[578]

Ultimately, when education is financed through debt rather than public investment, its benefits erode, creating a persistent wealth drag for Latino households and reducing national economic returns.[579] Federal Reserve data show that student debt is strongly associated with delayed asset accumulation, finding that young adults with student loans are significantly less likely to own homes than comparable peers without debt, with the gap persisting well into their thirties.[580] For Latino borrowers, these delays compound existing homeownership gaps and household investments, creating downstream repercussions for international wealth. At scale, these household-level effects translate into broader economic costs. The Federal Reserve has linked widespread student debt to lower rates of small business formation, reduced geographic mobility, and slower household formation, all of which dampen long-run growth.[581]

POLICY RECOMMENDATIONS

POLICY RECOMMENDATIONS

This section outlined patterns that show that education policy has repeatedly failed to function as a reliable pathway to economic mobility for Latino students. Segregation, underinvestment in language access, rising college costs, and exclusionary financing structures have shifted educational risk onto families least able to absorb it, while allowing predatory actors and inequitable systems to persist. No single reform can undo more than a century of compounding harm. Still, the evidence points to several concrete, policy-relevant actions that would expand pathways for Latinos.

01 END SCHOOL SEGREGATION AND ELIMINATE FUNDING INEQUITIES THAT UNDERMINE LATINO STUDENTS' COLLEGE PREPARATION.

Since 1968, segregation has intensified for Latino students, with 55 percent attending predominantly minority schools rising to over 80 percent by 2022, and those attending intensely segregated schools rising from 23 percent to 40 percent. This trend has left Latino students concentrated in under-resourced schools (Figure 24). These inequities persist because of underfunding and in part due to limited federal civil rights enforcement: From March through September 2025, the Department of Education's Office for Civil Rights received over 9,000 student discrimination complaints but dismissed roughly 90 percent of resolved cases, leaving families without meaningful recourse when schools violate students' civil rights and schools without clear direction about legal compliance.[582] At the federal level, Congress should substantially increase Title I funding and restructure allocation formulas to ensure dollars are allocated by need and not state spending levels,[583] and restore adequate staffing and operations at the Office for Civil Rights so complaints can be appropriately reviewed.[584] At the state level, policymakers should focus on targeted desegregation efforts in school districts to reduce inequities in racial equity funding; this should include housing vouchers, affordable housing development, and employment opportunities in high-funded school districts.[585]

POLICY RECOMMENDATIONS

02 RESTORE AND STRENGTHEN ACCOUNTABILITY MEASURES FOR FOR-PROFIT COLLEGES TO PROTECT STUDENTS AND TAXPAYERS.

For-profit colleges systematically target Latino communities, yet deliver dramatically inferior outcomes. Only 40 percent of Latino students at for-profit colleges complete their programs compared to 67 percent at public institutions.[586] Further, despite charging higher tuition, for-profit colleges spend just 26 cents per student on instruction for every $1.13 public institutions invest.[587] At the federal level, Congress should codify the Gainful Employment rule for the purposes of receiving Title IV aid to prevent future rescission of for-profit regulation.[588] At the state level, policymakers should establish robust authorization and oversight systems for for-profit institutions that received state grant aid; this should include conducting regular audits of for-profit program outcomes and costs, and using enforcement authority to sanction institutions.[589] States could look to California, which has adopted institutional eligibility criteria requiring colleges that receive state grant aid to maintain student loan default rates below 15.5 percent, compared to the federal threshold of 30 percent.[590]

03 EXPAND TARGETED STUDENT DEBT RELIEF FOR NONCOMPLETERS AND DEFRAUDED BORROWERS.

Nearly half (48 percent) of Latino students who do not complete their programs default on student loans within 12 years, leaving them with debt but no credential or improved earnings.[591] This growing debt has significant financial consequences on the long-term financial health of Latino households. At the federal level, the Department of Education should provide automatic debt cancellation for borrowers who attended institutions that closed or lost accreditation, and expand relief eligibility for noncompleters who demonstrate financial hardship.[592] At the state level, policymakers should establish a state-level student tuition recovery fund for borrowers attending in-state institutions that engaged in fraud or closed abruptly.[593] And for states with funds, legislatures should ensure that funds are adequately funded and cover all college students.[594]

CASE STUDIES

SCHOOL SEGREGATION AND UNEQUAL PATHWAYS

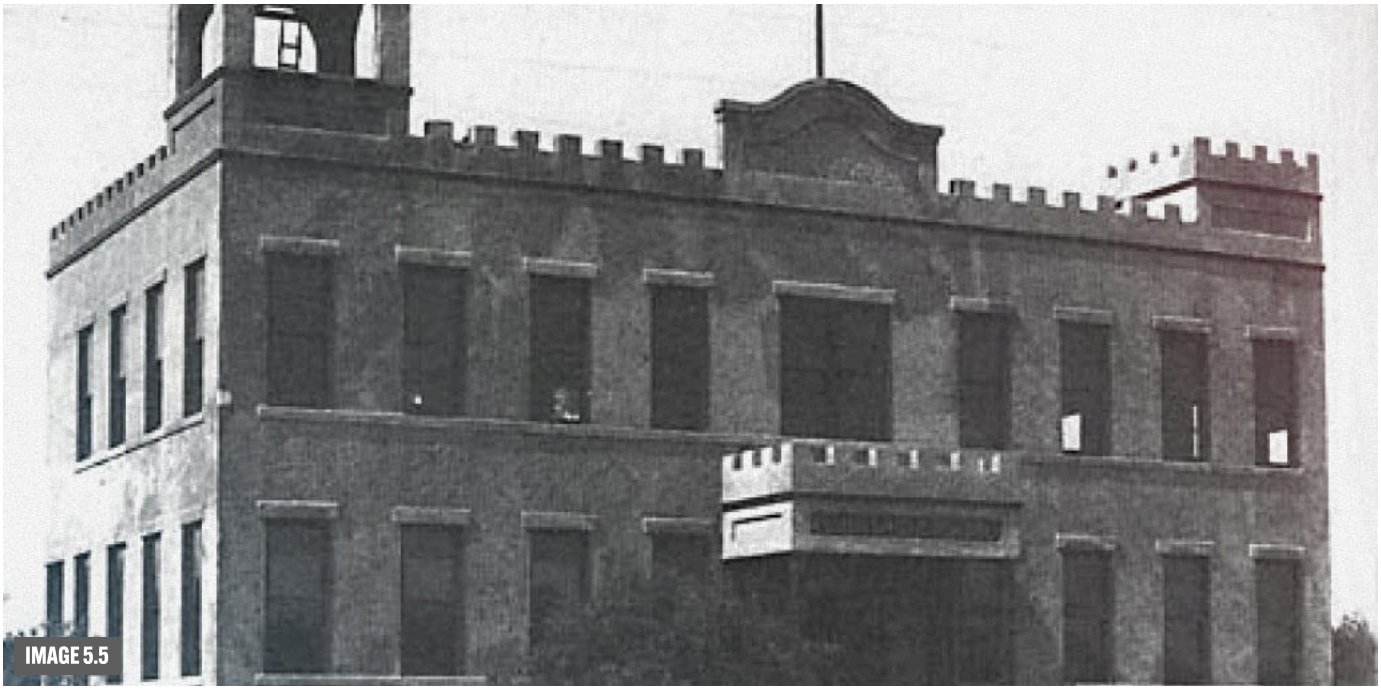


IMAGE 5.5

THE FOLLOWING CASE STUDIES of Susana Almanza and Petrona Dominguez Francisco illustrate how education policy shaped Latino life chances not only through formal rules, but through everyday practices inside schools, colleges, and public institutions. Spanning different generations and immigration contexts, their experiences show how segregation, language policy, academic tracking, and immigration status structured access to education and, in turn, shaped pathways into work, civic leadership, and wealth-building. Together, these stories demonstrate how unequal educational systems translated early disadvantage into long-term economic consequences, even as Latino students and families navigated, resisted, and at times transformed those constraints.

IMAGE 5.5: Photograph of Lemon Grove School (1905). **Source:** Robert R. Alvarez, "The Lemon Grove Incident," The Journal of San Diego History 32, no. 2 (1986), available online.

SUSANA ALMANZA[595]

Susana Almanza was born in 1952 and raised in East Austin, Texas. She first encountered unequal treatment in elementary school in the 1960s. She attended Palm School, a predominantly Latino school in Austin with mostly white teachers. The school enforced strict English-only policies that barred students from speaking Spanish; those who violated the rule were paddled or had their mouths washed out with soap. Susana witnessed Spanish-speaking classmates cry in confusion and fear, and she often intervened to translate or warn others.

In middle school, Susana saw how inequality persisted across different school environments. She was first assigned to University Junior High, a predominantly white, middle- to upper-class school on the University of Texas campus, where she experienced racism and lacked transportation from her neighborhood. Seeking a better environment, she transferred to Keeling Junior High, becoming the first Mexican American student at an all–African American school. There, teachers took an active interest in her success. When Martin Junior High opened in her community, Susana transferred again; there, she made the honor roll.

By high school, Susana clearly recognized disparities in educational quality across schools. She recalled that an "A was like a C plus" compared to grades earned by wealthier, white students. These inequities extended beyond coursework: Eligibility rules for extracurricular activities and student government—such as requiring a B average with no C's—effectively excluded many Latino and Black students. In response, Susana and her classmates organized walkouts to challenge these policies.

After graduating from high school, Susana applied for a college scholarship program at the East Austin Neighborhood Center to attend the



IMAGE 5.6: Photo of Susana Almanza, 2019. **Source:** Miguel Escoto, Hilltop Views, 2019, available online.

University of Texas. To her surprise, she was ineligible: "The counselors would not track you into the classes you need to take for higher English or chemistry...because they just figured you weren't going to go to college anyway," she recalled. Without her knowledge, she was placed in a "secretarial track." Since Susana's parents did not go to college, they did not realize that her counselors enrolled her into courses that did not prepare her for college.

Instead, Susana began working at the East Austin Neighborhood Center, where she was trained as a community organizer. She reflects, "I loved that everybody was caring for the community and that they were deeply involved in trying to make the community a better place." Susana now has over 30 years of experience as an environmental activist and has achieved numerous milestones: Director of PODER, member for the City of Austin's Planning Commission and Parks and Recreation Board, and member of the White House Environmental Justice Advisory Council. Susana continues to dedicate her career to achieving justice: "I don't want the next generation to live through indignities, and...the things that I experienced..."

Susana Almanza's story illustrates how segregation, language exclusion, and academic tracking operated as interlocking policy failures that limited Latino students' access to higher education. Although formal segregation was being challenged in the courts, Susana's experience shows how schools continued to sort Latino students into inferior educational pathways. Her exclusion from college was the result of institutional practices that weakened the education-to-wealth pipeline for an entire generation of Latinos.

PETRONA DOMINGUEZ FRANCISCO AND THE FIGHT FOR EDUCATIONAL ACCESS[596]

Petrona Dominguez Francisco was born in 1996 in San Pedro Soloma, Huehuetenango, Guatemala. Despite remembering little about her childhood, she recalled the poverty her family faced, shaped by the lasting effects of the 1960s civil war. When Dominguez was four, she and her mother joined her father in Oregon, who had secured employment at a farm nursery industry.

Adjusting to life in the U.S. brought new challenges for Dominguez. She recalls taking ESL classes, being featured in a local newspaper with her cousins for being the first Latinos to attend the school, and her peers often telling her to "go back to Mexico" and calling her a "wetback."

In high school, Dominguez's experiences with discrimination and exclusion became more direct. During a politics class, a classmate once commented, "All these illegal aliens. I don't know why they are complaining about getting a driver's license..." while staring at her. Comments like this stung, but at the time, she still didn't fully understand the impact her citizenship status had on her future. That changed during her senior year, when after a Federal Student Aid workshop, her parents explained to her that she was ineligible to apply.

In 2015, the rollout of Deferred Action for Childhood Arrivals (DACA) marked a turning point for Dominguez, offering her the chance to plan for a future she had long hoped for. She shared, "When I finally got that card, when I was finally able to get a job application... Once I was finally able to get my driver's license, that was the happiest thing in the world."



IMAGE 5.7: Photograph of Petrona Dominguez Francisco. **Source:** Hannah Kendall, "Confronting Fear, Confronting Identity," The Immigrant Story, July 10, 2020, available online.

With DACA providing her newfound stability, Dominguez turned her focus to education and activism. Dominguez enrolled at Portland Community College (PCC), where she connected with other undocumented students. The political climate of 2016 motivated Dominguez to organize; successfully advocating for PCC to become a sanctuary campus.[597] In 2017, when DACA was at risk of being rescinded, she led a rally outside of Portland's ICE building; in 2018, she joined Cosecha for an action in Washington, DC, and joined United We Dream sit-ins.

After years of organizing, Dominguez remained committed to building a future in service. In the fall of 2018, Dominguez transferred to Portland State University to pursue a bachelor's degree in social work. While studying full time, she financed her education by balancing multiple jobs and using an Individual Development Account, a personal savings account created by the nonprofit, the Adelante Mujeres.[598] Today, Dominguez is the Leadership & Advocacy Manager at Adelante Mujeres, supporting her community through civic leadership training, Know Your Rights education, and deportation preparedness.

Petrona Dominguez Francisco's story highlights how immigration status operates as gatekeeper to education and mobility. As she navigated K–12 schooling, federal restrictions on financial aid and work authorization initially barred her from higher education. The introduction of DACA did not eliminate these barriers, but it partially opened access, allowing Petrona to work legally, finance her education, and complete a bachelor's degree. Her experience shows that educational outcomes for immigrant Latino students hinge on shifting policy frameworks.

CONCLUSION

Today, the median Latino household holds just 22 cents for every dollar held by white households;[599] a disparity produced by interlocking systems of land loss, labor exploitation, educational segregation, safety-net exclusion, and restrictive immigration policy. As a result, economic gains for Latino families have often been fragile, easily reversed by crisis, and difficult to pass on across generations.

IMMIGRATION POLICY AND FOREIGN RELATIONS SHAPED WHICH LATINOS ARRIVED IN THE U.S., WHAT LEGAL STATUS THEY RECEIVED, AND WHETHER THEY COULD ACCESS ECONOMIC OPPORTUNITY.

U.S. territorial expansion and foreign intervention actively drove and shaped Latino migration. The 1848 Treaty of Guadalupe Hidalgo transferred Mexican territory and brought Mexican families under U.S. control. The acquisition of Puerto Rico as a colony concentrated land in mainland corporations that dominated sugar and coffee production. Cold War interventions in Guatemala, El Salvador, and Nicaragua destabilized governments and economies, pushing migration northward. Once here, legal status determined Latino economic opportunity. The government granted some groups citizenship or clear pathways: Mexicans legally became U.S. citizens through the 1848 treaty, and Cubans fleeing Castro received refugee status and resettlement support in the 1960s. But others faced barriers: Central Americans fleeing violence in the 1980s were denied asylum and left in legal limbo. Labor programs reinforced these hierarchies. The Bracero Program, Puerto Rican wartime recruitment, and H-2 visas brought workers when the economy needed them but prevented wealth building through wage suppression, systematic theft, and restrictions that blocked property ownership and business formation. When labor was no longer needed, deportation stripped wealth from families and communities. The 1930s repatriation, Operation Wetback program, and contemporary deportations today have removed hundreds of thousands of Latinos, shaping the lives of the nearly 4.7 million mixed-status households today,[600] forcing them to abandon homes and savings.

HOUSING AND LAND POLICY DETERMINED WHETHER LATINO FAMILIES COULD ACCESS PROPERTY AND CONVERT IT INTO LASTING INVESTMENTS.

Government regulation repeatedly made Latino ownership costly and insecure. After the 1848 Treaty of Guadalupe Hidalgo, Mexican descendants were forced to prove ownership through English-language legal proceedings that required expensive legal representation. When families could not pay discriminatory property taxes and mounting legal fees, foreclosures transferred land to white settlers. These fiscal tools persist today through property tax systems that over-assess Latino homeowners and push families toward tax sales. For those who retained or attained property, federal policy and private markets have treated Latino presence as a threat to value. Beginning in the 1930s, redlining maps

labeled Latino neighborhoods financially hazardous, blocking mortgages and freezing property values while white neighborhoods appreciated. Urban renewal projects and infrastructure development targeted Latino communities for clearance—displacing families in places such as Chavez Ravine in Los Angeles, San Juan Hill in New York, and Ybor City in Florida. And access to credit continued to determine who could build equity. FHA loans fueled postwar homeownership for white families while excluding Latino borrowers. When Latino families did purchase homes, they were often steered into contract-for-deed arrangements or subprime loans that stripped equity and, during the Great Recession, erased hard-won gains. Today, Latino homeownership remains about 22 percentage points below white rates, and families who do own hold less equity and have lower home values.

UNFAIR PAY AND WORKPLACE DISCRIMINATION PREVENTED LATINO WORKERS FROM CONVERTING LABOR INTO LONG-TERM ECONOMIC SECURITY.

Employer practices and government policy structured Latino work as low-wage, insecure, and easily replaceable through contractor systems, subcontracting, and carve-outs from labor standards that kept wages depressed. From 19th-century mining operations that paid Mexican workers a fraction of white miners' wages, to railroad companies that relied on labor contractors to evade accountability, to today's gig economy where misclassification denies core protections, these arrangements ensured that Latino workers remained productive but low-income. U.S. labor law compounded these disparities by excluding Latino workers from the bargaining rights and union protections that turn employment into economic security. The explicit exclusion of agricultural and domestic workers from New Deal labor protections, combined with immigration enforcement tools that employers used to suppress organizing, meant that Latino workers could rarely leverage collective power to demand better pay or benefits—leaving many without access to the retirement plans, health coverage, and wage gains that drive household wealth today. At the same time, public investment systems consistently underinvested in Latino workers and entrepreneurs. From Depression-era relief programs that imposed residency requirements to exclude Mexican workers, to delayed or denied GI Bill benefits for Latino veterans, to Small Business Administration loans that reached only a fraction of Latino-owned firms, these policies forced Latino families to shoulder greater economic risk while receiving less public support. Together, these patterns produced a labor system in which Latino workers fueled national growth but were denied the wages, protections, and support needed to build wealth.

SOCIAL BENEFIT POLICIES FURTHER LIMITED LATINO FAMILIES' ABILITY TO STABILIZE INCOMES DURING HARDSHIP.

Immigration status and documentation rules rendered many workers ineligible for benefits and discouraged eligible mixed-status families from applying. When the welfare state was built in the 1930s, federal law left eligibility to states, allowing states to impose citizenship requirements and local officials to deny relief through state and local residency rules. Later federal policy standardized these exclusions. The 1996 welfare reform law barred most legal immigrants from benefits for five years, and early pandemic stimulus checks excluded families where parents filed taxes with an Individual Taxpayer Identification Number, even when U.S.-citizen children qualified. These rules created a chilling effect, deterring eligible families from seeking help out of fear that doing so could

trigger immigration enforcement or jeopardize future legal status. Crisis-response programs also systematically excluded the jobs, sectors, and territories where Latinos were concentrated. New Deal agricultural subsidies flowed to landowners rather than farmworkers. Social Security initially excluded domestic and agricultural workers. During COVID-19, many essential Latino workers lost jobs but were denied unemployment benefits due to misclassification or faced barriers related to language and documentation. The result has been a safety net that has allowed some households to preserve savings during crises while Latino families drained assets or accumulated debt, deepening intergenerational wealth disparities.

EDUCATION POLICY SHAPED WHETHER THE NEXT GENERATION OF LATINOS COULD ACCESS PATHWAYS TO LONG-TERM ECONOMIC MOBILITY.

From the early 20th century, school districts segregated Latino children into separate "Mexican schools" with inferior resources and shorter school years, and even after courts struck down explicit racial segregation, districts continued separating students through language-based justifications. Federal efforts to support English learners never matched the scale of need: Bilingual education programs were voluntary and severely underfunded from the start—by 1972, Title VII reached only about 2 percent of eligible students. These programs were later dismantled through English-only mandates, funding caps, and the elimination of the Office of Bilingual Education in 2001. As a result, Latino students remained disproportionately concentrated in under-resourced, predominantly minority schools with inadequate language support, limiting academic preparation and access to college-preparatory pathways. These early disadvantages carried directly into higher education, where access increasingly depended on household debt rather than public investment. Even when federal aid was framed as universal, Latino veterans were steered into vocational tracks rather than four-year degrees after World War II. Further, as tuition rose after 1980 while grant aid failed to keep pace, Latino students—entering college with fewer family wealth buffers—became more reliant on loans. The retreat from public funding also fueled the growth of a predatory for-profit college sector that has aggressively recruited Latino students, charged higher tuition, delivered lower completion rates, and left borrowers with worse labor-market outcomes and elevated default risk. For undocumented and mixed-status students, these barriers have been compounded by federal restrictions on financial aid and work authorization, rendering higher education inaccessible or financially precarious even when academic persistence was high. Together, segregation and underinvestment in K–12 education along with debt-financed and predatory higher education pathways have transformed education from a vehicle of mobility into a source of long-term financial risk.

Understanding this history is essential for building an economy that works for everyone. Latinos now drive U.S. population growth, labor force participation, and economic expansion. They contribute $4.1 trillion to GDP and constitute nearly one fifth of the population.[601] When large segments of the population are excluded from wealth-building opportunities, the effects extend beyond individual households: They weaken consumer spending, limit business formation, reduce tax revenue, and undermine long-term economic growth.

History shows that policy created these disparities. Policy can begin to repair them. Through coordinated action across the five levers examined in this report, we can begin to redress these gaps. History has shown what happens when policy excludes, exploits, and extracts. Now it must guide us toward what becomes possible when policy is rebuilt on principles of shared prosperity.

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SECTION IV: EXCLUSION FROM PUBLIC BENEFITS AND THE SOCIAL SAFETY NET

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