

Issue Brief – Latinos and Social Welfare

I. Key Words:

- Temporary Assistance to Needy Families (TANF), Earned Income Tax Credit, Medicaid, Food Stamps, Child nutrition services, poverty, low income, net worth, high unemployment rate.

II. Description:

- Social welfare programs are government sponsored safety nets aimed at protecting and aiding families during tough economic times, yet meant to assist them before reaching poverty. Due to mainly high unemployment rates, foreclosures, and economic struggles Latinos tend to receive welfare benefits at proportionally higher rates. As the Latino population continues to grow at increasing levels, only through welfare reform that tackles the underlying socio-economic issues of impoverished Latino communities will this number begin to decline.

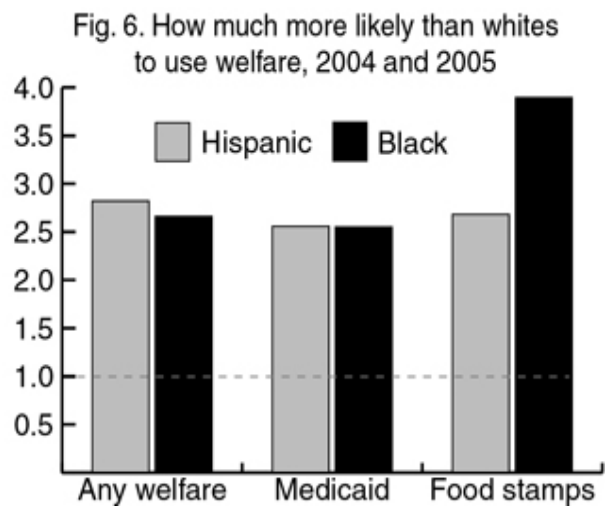
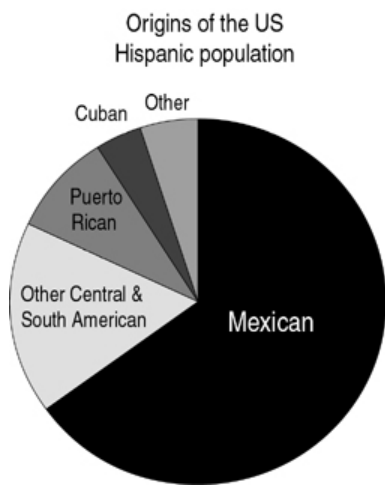
III. Key Points:

- Latinos were just 5% of the population in 1975, but now make up roughly 15% (growing from 11 million to 45 million). That influx resulted in a rise in poverty in America, however since it included mostly low-end labor.
- Latinos' per capita income is one half that of non-Hispanic whites.
- Latinos' household net-worth is less than one tenth non-Hispanic whites.
- In 2005, nearly a quarter of Latino families, 23 percent, lived in poverty (comparable to the rate of African Americans yet 2.6 times the rate of non-Hispanic whites)
- In 2004, Latinos had an unemployment rate of 7.6%, and were 50% more likely to be unemployed than whites.
- In 2004, 50% of Latino households used at least one form of welfare, compared to 47% African Americans and 18% non-Hispanic whites.

IV. Issue Brief:

In 1998 the total expenditure of “means-tested” social welfare programs – such as Temporary Assistance to Needy Families (TANF), Earned Income Tax Credit, Medicaid, Food Stamps, and Child nutrition services – in the United States, at both the Federal and State level, amounted to \$384 billion. Of this whole, 17 percent - or \$69 billion - went to recipients of Latino heritage. In comparison, African Americans received 28 percent – or \$105 billion – and Caucasians received 55 percent – or \$212 billion. Although the total allotment of welfare funds is significantly higher for Caucasians, the amount of Latino and African American recipients is proportionally higher in terms of their overall populace. Moreover,

because of their steady population boost, the proportion of Latinos receiving welfare benefits has been increasing over time while it has decreased in other groups. According to the Department of Health and Human Services, in 1985, 40.8 percent of adult recipients were Caucasian, 41.6 percent were African American, and only 13.6 percent were of Latino background. However, following welfare reform in the mid 1990's, the number of Latino welfare recipients jumped to 24.5 percent while the number of Caucasians and African-Americans dropped to 31 percent and 38 percent respectively.

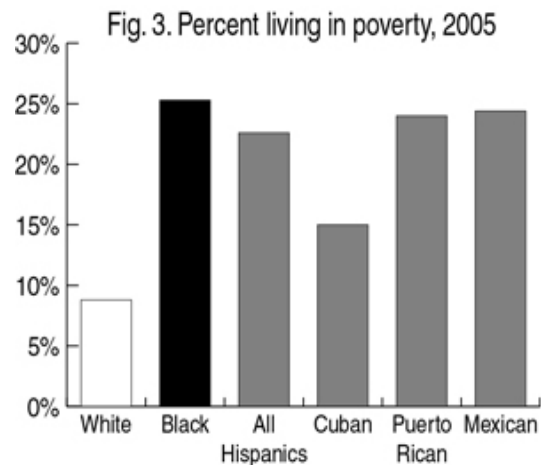
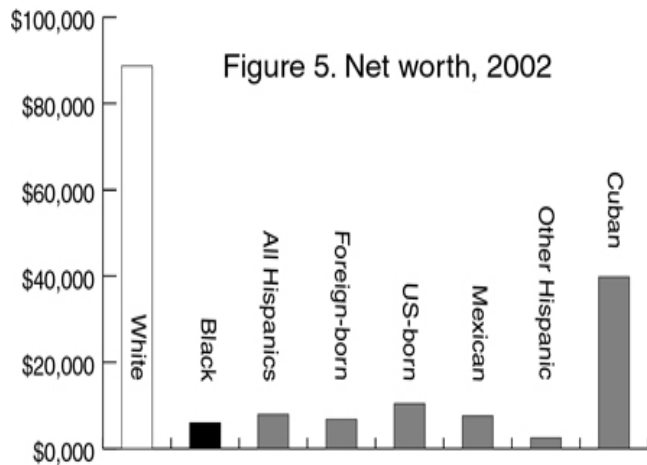


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In terms of its total population however, roughly 50 percent of all Latino households utilize at least one form of welfare, in contrast to 47 percent of African American households and 18 percent of Caucasian households. For instance, in 2005 food stamps were used overwhelmingly more by Latino households (13 percent) than Caucasian households (5 percent). Although similarities within the broader Latino context are present, it is also important to realize that specific ethnic groups within the Latino identity tend to receive more social welfare benefits than others. For example, whereas Puerto Ricans are four times more likely to use food stamps than Caucasians, Mexican-Americans are only three

times more likely. Similarly one must be mindful that illegal immigrants of Latino heritage do not fit into this category at all since they do not qualify for any welfare benefits.

The main reasons why Latinos receive welfare are high unemployment rates, as well low incomes. Nevertheless, when looking at the different levels of income and poverty rates, it is imperative yet again to keep in mind the differences found within subsets of the larger Latino group. For example, in 2002, the aggregate median net worth of all Latino households was \$7,932, or merely nine percent the median net worth of Caucasian households - \$88,651. However when you look at the median net worth of Latinos according to their origin, it's clear that Cuban Americans have a higher net worth than Mexican Americans and other Latinos.



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Moreover, Latinos who qualify for welfare tend to remain on the welfare rolls at higher rates than other ethnic groups because: 1) most Latinos who qualify are recent immigrants (or refugees) and face considerable barriers in terms of language, skills and education which make it harder to obtain jobs that pay more than assistance incomes, and 2) many immigrant families have lower education levels, lower income rates and larger families than U.S.-born residents, which makes the non-cash value of welfare assistance and benefits much more significant (Swarn, 1998). Although Latinos have slowly

been climbing up the socio-economic ladder, the huge influx in population that will come in the following years coupled with steady unemployment and poverty rates, will lead this demographic to continue to be in need of welfare services and benefits in the future. In order to change this welfare dependence by Latinos, socio-economic problems that are at the root of this issue need to be addressed by increasing employment rates and incomes as well as focusing on the education and development of Latino children so that future generations won't have to experience these same outcomes.

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VI. Websites:

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