



BARACK OBAMA: ENSURING OPPORTUNITY FOR LATINO FAMILIES IN THE 21ST CENTURY ECONOMY

It's work that reflects the character of this community in which so many people have come here with so little, but had big dreams, big hearts, and a thirst to succeed. A willingness to struggle and sacrifice so the next generation doesn't have to. It's the same reason my own father came here from Kenya so many years ago – in the hope that here in America, you can make it if you try. For centuries, those values – hard work, patriotism, faith and family – the values that have made the Hispanic community strong – have made America strong too.

- Barack Obama, National Council of La Raza Annual Conference, July 13, 2008

BARACK OBAMA: SUPPORTING LATINO FAMILIES

Barack Obama believes that every American family deserve the opportunity to not just get by, but to get ahead in our economy – to get an education, build a nest egg and provide a better life for their children. His economic plan is designed to restore broad-based, bottom up growth that will create millions of good new jobs and help raise incomes across the board.

A SMALL BUSINESS AGENDA THAT WILL HELP LATINO COMMUNITIES PROSPER

Latinos are entering the entrepreneurial market in record numbers. Hispanics constitute the largest minority business community and own 6.6 percent of all U.S. firms. Barack Obama's small business agenda will ensure that Latino small business owners continue to play a strong role in our economy.

Lower Health Care Costs with a new *Small Business Health Tax Credit*: Barack Obama understands that the skyrocketing cost of healthcare poses a serious competitive threat to America's small businesses.¹ Small businesses are the drivers of job growth in our economy, creating, on average, more than 2/3 of net new jobs each year.² Yet they face unique challenges in providing health care to their employees, including higher administrative costs³, lower bargaining power⁴, greater price volatility and fewer pooling options. On average, small firms pay 18% more for health premiums than their larger counterparts.⁵ And as health costs have risen, a growing number of small businesses have had to shed their healthcare plans. The recent decline in employer-based health care coverage is almost entirely attributable to the precipitous drop-off in coverage among small firms. The percent of smallest firms that offer health benefits fell from 57% in 2000 to 45% in 2007.⁶

¹ According to the National Federation of Independent Businesses, the cost of healthcare consistently ranks as the number one concern of small business owners. <http://www.inc.com/news/articles/2008/06/nfib.html>.

² U.S. Census, various years.

³ Small firms are charged administrative cost rates for health insurance that are three times higher than those charged to large firms – 27 versus 9 percent of total premium dollars. Congressional Budget Office, *CBO's Health Insurance Simulation Model: A Technical Description*. Washington, DC: CBO: October 2007, <http://www.cbo.gov/ftpdocs/87xx/doc8712/10-31-HealthInsurModel.pdf>

⁴ As a result, small businesses are unable to offer as much choice to their employees. Only one in five small firm workers has a choice of plans compared to nearly four in five workers in the largest firms. Kaiser Family Foundation, <http://www.kff.org/insurance/7672/sections/ehbs07-4-2.cfm>

⁵ Commonwealth Fund, 5/9/06.

⁶ Kaiser Family Foundation, 9/11/07.

Barack Obama will reduce the burden on small businesses in our economy by offering a new Health Tax Credit to small businesses that provide quality health care to their employees. This idea – which has been championed by Hillary Clinton – will help small businesses grow and create good jobs with health care here in the U.S.

The Obama Small Business Health Tax Credit will provide a refundable credit of up to 50% on premiums paid by small businesses on behalf of their employees. To be eligible for the credit, small businesses will have to offer a quality health plan to all of their employees, and cover a meaningful share of the cost of employee health premiums. The credit would be fully available to small firms, and would be phased out for medium-sized firms. It would also be phased out for small firms with high-income employees.

Under Obama's plan, small businesses will not be required to provide healthcare to their employees or contribute to the national exchange on their behalf. But with the new Obama Health Tax Credit, small businesses will have a strong incentive to offer high quality health care to their workers. For small firms that already offer health insurance, the Health Tax Credit will reward them and make it easier for them to continue providing coverage while remaining competitive. And for firms that do not currently offer health insurance, the Health Tax Credit will give them a generous new financial incentive to begin doing so.

Obama's Small Business Health Tax Credit will work alongside other aspects of his health care plan to lower costs and improve competitiveness for America's small businesses, including:

- **Providing access to a low-cost National Health Exchange:** The Obama health care plan will provide small businesses with new opportunities to buy low-cost, high quality health plans for their employees through a national exchange similar to what is offered to members of Congress. This exchange will allow small businesses to get the same benefits of spreading risk and administrative costs over a large pool that larger businesses currently enjoy.
- **Reducing volatility and lowering costs by offsetting the cost of catastrophic care:** The Obama plan will reimburse employer health plans for a portion of the catastrophic costs they incur above a threshold if they guarantee such savings are used to reduce the cost of workers' premiums. This reimbursement (often called reinsurance) is particularly important for small business plans, which can be overwhelmed by the costs of catastrophic expenditures for even a single employee. Through this provision, the Obama plan will reduce the volatility of premiums and help lower health costs for small employers and their employees.
- **Reduce costs throughout the health system through up-front investments in health IT, increased insurance market competition, and disease management:** The Obama plan will aggressively lower health costs by facilitating broad adoption of standards-based electronic health information systems, and other value-increasing innovations improving chronic care management, and increasing insurance market competition.

The additional cost of incorporating the new Small Business Health Tax Credit into Obama's his health care plan will be about \$6 billion per year. Obama will cover this cost by adopting new reforms to lower federal health care spending. First, Obama will create a pathway for generic biologic drugs, which will increase market competition and lower federal spending on prescription drugs accounting for a growing share of the overall drug market. [Shapiro, et.al 2/08; Express Scripts, 2/07; CBO 6/25/08]. Second, to ensure that his new Health Tax Credit does not increase the net cost of his health care plan, Senator Obama will dedicate a portion of savings from reducing disproportionate share hospital (DSH) payments, which can be significantly reduced and restructured in a reformed health system in which all Americans are covered.

Provide Tax Relief for Small Businesses and Start-Up Companies: Barack Obama will eliminate all capital gains taxes on investments in small and start-up businesses to encourage innovation and job creation. Obama will also support small business owners by providing a \$500 “Making Work Pay” tax credit to almost every worker in America. Self-employed small business owners pay both the employee and the employer side of the payroll tax, and this measure will reduce the burdens of this double taxation.

Increase Latino Access to Capital: Minority-owned businesses face challenges in accessing capital. For example in the Small Business Administration’s (SBA) main venture capital initiative, the Small Business Investment Company program, less than 2 percent of investment went to Latino-owned businesses. In order to increase their size, capacity, and ability to do business with the federal government, and to compete in the open market, minority firms need greater access to venture capital investment, as well as greater access to business loans. Barack Obama will strengthen Small Business Administration programs that provide capital to minority-owned businesses, support outreach programs that help minority business owners apply for loans, and work to encourage the growth and capacity of minority firms.

Create a National Network of Public-Private Business Incubators: Barack Obama will support entrepreneurship and spur job growth by creating a national network of public-private business incubators. Business incubators facilitate the critical work of entrepreneurs in creating start-up companies. They offer help designing business plans, provide physical space, identify and address problems affecting all small businesses within a given community, and give advice on a wide range of business practices, including reducing overhead costs. Obama will invest \$250 million per year to increase the number and size of incubators in disadvantaged communities throughout the country.

SUPPORT JOB CREATION

Hispanics have the highest labor force participation rate in the U.S., accounting for 13.7 percent of America’s workers, and including 8.7 million Hispanic women. However, many Latinos face barriers to good-paying jobs and lack the training necessary to achieve greater job opportunities. Barack Obama will make strategic investments in our workforce and our businesses to ensure continued job growth for all Americans.

Invest In a Clean Energy Economy and Create 5 Million New Green Jobs: Obama will invest \$150 billion over 10 years to advance the next generation of biofuels and fuel infrastructure, accelerate the commercialization of plug-in hybrids, promote development of commercial scale renewable energy, invest in low emissions coal plants, and begin transition to a new digital electricity grid. A principal focus of this fund will be devoted to ensuring that technologies that are developed in the U.S. are rapidly commercialized in the U.S. and deployed around the globe.

Invest in our Next Generation Innovators and Job Creators: Obama will create an Advanced Manufacturing Fund to identify and invest in the most compelling advanced manufacturing strategies. The Fund will have a peer-review selection and award process based on the Michigan 21st Century Jobs Fund, a state-level initiative that has awarded over \$125 million to Michigan businesses with the most innovative proposals to create new products and new jobs in the state.

Create a National Infrastructure Reinvestment Bank: Barack Obama will address the infrastructure challenge by creating a National Infrastructure Reinvestment Bank to expand and enhance, not supplant, existing federal transportation investments. This independent entity will be directed to invest in our nation’s most challenging transportation infrastructure needs. The Bank will receive an infusion of federal money, \$60 billion over 10 years, to provide financing to transportation infrastructure projects across the nation. These projects will create up to two million new direct and indirect jobs per year and stimulate approximately \$35 billion per year in new economic activity.

Invest in the Sciences: Barack Obama supports doubling federal funding for basic research and changing the posture of our federal government from being one of the most anti-science administrations in American history to one that embraces science and technology. This will foster home-grown innovation, help ensure the competitiveness of US technology-based businesses, and ensure that 21st century jobs can and will grow in America.

Make the Research and Development Tax Credit Permanent: Barack Obama wants investments in a skilled research and development workforce and technology infrastructure to be supported here in America so that American workers and communities will benefit. Obama wants to make the Research and Development tax credit permanent so that firms can rely on it when making decisions to invest in domestic R&D over multi-year timeframes.

Deploy Next-Generation Broadband: Barack Obama believes that America should lead the world in broadband penetration and Internet access. As a country, we have ensured that every American has access to telephone service and electricity, regardless of economic status, and Obama will do likewise for broadband Internet access. Obama believes we can get broadband to every community in America through a combination of reform of the Universal Service Fund, better use of the nation's wireless spectrum, promotion of next-generation facilities, technologies and applications, and new tax and loan incentives.

Create New Job Training Programs for Clean Technologies: The Obama plan will increase funding for federal workforce training programs and direct these programs to incorporate green technologies training, such as advanced manufacturing and weatherization training, into their efforts to help Americans, including millions of Latinos, find and retain stable, high-paying jobs. Obama will also create an energy-focused youth jobs program to invest in disconnected and disadvantaged youth.

Create Career Pathways for Workers to Move up the Ladder: Latino workers are concentrated in low-wage jobs and have difficulty moving up the career ladder. Barack Obama believes that all workers who want a job should not only be able to gain meaningful employment, but also be able to move up the career ladder to further support their families and serve as role models for their children. Obama has introduced legislation to help strengthen career ladders by first identifying regions and industries where career pathways are not fully developed and then establish public-private partnerships to lift up low-wage workers. Obama supports using the successful organized labor model of providing workers with additional skills and opportunities, and looks forward to working with organized labor to build more opportunities for low-income workers to reach economic security.

PROVIDE MIDDLE CLASS TAX RELIEF AND SUPPORT HIGHER WAGES

The Bush tax cuts give those who earn over \$1 million dollars a tax cut nearly 160 times greater than that received by middle-income Americans. At the same time, this administration has refused to tackle health care, education and housing in a manner that benefits the middle class. Barack Obama will restore fairness to the tax code, so that working Latino working families can receive much-needed relief from rising gas prices and health care and education costs.

Provide a "Making Work Pay" Tax Cut of \$1,000 for a couple – 95 percent of workers and their families would benefit: Obama will provide 150 million workers, including more than 14 million Hispanics, and their families the tax relief they need. Obama will create a new "Making Work Pay" tax cut of up to \$500 per worker, or \$1,000 per working family. The "Making Work Pay" tax cut will completely eliminate income taxes for 10 million Americans.

Create the American Opportunity Tax Credit of \$4,000: Only 12 percent of Hispanics eventually earn a bachelor's degree – compared with 33 percent of white students. The rising cost of college is a factor in this disparity. Barack Obama will make college affordable for all Americans by creating a new American

Opportunity Tax Credit. This fully refundable credit will ensure that the first \$4,000 of a college education is completely free for most Americans and will cover two-thirds the cost of tuition at the average public college or university. Obama will also ensure that the tax credit is available to families at the time of enrollment by using prior year's tax data to deliver the credit at the time that tuition is due, rather than a year or more later when tax returns are filed. Recipients of this credit will be required to conduct 100 hours of public service a year, either during the school year or over the summer months.

Simplify Tax Filings for Middle Class Americans: Obama will dramatically simplify tax filings so that millions of Americans will be able to do their taxes in less than five minutes. Obama will ensure that the IRS uses the information it already gets from banks and employers to give taxpayers the option of pre-filled tax forms to verify, sign and return. Experts estimate that the Obama proposal will save Americans up to 200 million total hours of work and aggravation and up to \$2 billion in tax preparer fees.

Eliminate Income Taxes for Seniors Making Less than \$50,000: Barack Obama will eliminate all income taxation of seniors making less than \$50,000 per year. This proposal will eliminate income taxes for 7 million seniors and provide these seniors with an average savings of \$1,400 each year. Under the Obama plan, 27 million American seniors will also not need to file an income tax return. For many seniors, this will eliminate the need to hire a tax preparer, resulting in even larger savings.

Expand the Earned Income Tax Credit: More than one-third of Hispanic households benefit from the Earned Income Tax Credit (EITC). Obama will increase the number of working parents eligible for EITC benefits, increase the benefits available to parents who support their children through child support payments, increase benefits for families with three or more children, and reduce the EITC marriage penalty, which hurts low-income families.

Raise the Minimum Wage: Latinos make up 12 percent of the total workforce, but more than 19 percent of Latinos would benefit from a minimum wage increase. Obama will raise the minimum wage to \$9.50 an hour by 2011 and index it to inflation to make sure that full-time workers can earn a living wage that allows them to raise their families and pay for basic needs such as food, transportation, and housing.

Fight for Pay Equity: For every \$1.00 earned by a man, the average woman receives only 77 cents. Hispanic women earn 57 cents for every dollar men earn. A recent study estimates it will take another 47 years for women to close the wage gap with men at Fortune 500 corporate offices. Obama believes the government needs to take steps to better enforce the Equal Pay Act, fight job discrimination, and improve child care options and family medical leave to give women equal footing in the workplace.

EDUCATION

Latinos are the fastest growing demographic in the U.S. and a very young population. However, data over the past decade shows that Hispanic educational attainment does not match that of non-Hispanics. Participation in all levels of education continues to be low, while dropout and retention rates are still high.

Expand Early Childhood Education: Early childhood education is critical to long-term success and development, yet Latino children are underrepresented in early childhood education programs. Obama has been a champion of early childhood education since his years in the Illinois legislature, where he led the effort to create the Illinois Early Learning Council. Obama has introduced a comprehensive "Zero to Five" plan to provide critical supports to young children and their parents by investing \$10 billion per year to create: Early Learning Challenge Grants to stimulate and help fund state "zero to five" efforts; quadruple the number of eligible children for Early Head Start and increase Head Start funding and improve quality and access for both; work to ensure all children have access to pre-school; provide affordable and high-quality child care that will promote child development and ease the burden on working families; and create a Presidential Early Learning Council to increase collaboration and program coordination across federal, state, and local levels.

Improve Our Schools: From the moment children step into a classroom, the single most important factor in determining their achievement is their teacher. Barack Obama values teachers and the central role that they play in education. To ensure competent, effective teachers in schools that are organized for success, Obama's K-12 plan will expand service scholarships to underwrite high-quality preparation for teachers who commit to working in underserved districts, support ongoing improvements in teacher education, provide mentoring for beginning teachers, create incentives for shared planning and learning time for teachers, and support career pathways in participating districts that provide ongoing professional development and reward accomplished teachers for their expertise. The Obama Career Ladder initiative will help eliminate teacher shortages in hard-to-staff areas and subjects, improve teacher retention rates, strengthen teacher preparation programs, improve professional development, and better utilize and reward accomplished teachers.

Reduce Dropout Rates: At 21 percent, the national Latino high school dropout rate is more than twice the national average. This includes a large number of recently arrived immigrants who face significant hurdles to receiving a quality education. Obama will address this problem by helping at-risk students before they get to high school, because the warning signs often occur well before high school. Obama will sign into law his "Success in the Middle Act," which will provide federal support to improve the education of middle school students in low-performing schools by requiring states to develop a detailed plan to improve student achievement, develop and utilize early identification data systems to identify those students most at-risk of dropping out and invest in proven strategies that reduce the number of drop outs. Obama will also establish a competitive grant process open to existing or proposed public/private partnerships or entities that are pursuing evidence-based models that have been proven to reduce dropouts – such as Diploma Plus or Teacher Advisor programs.

The DREAM Act: Giving Immigrant Children the Chance to Attend College: Under current law, students who were brought to the United States years ago as undocumented immigrant children and who have stayed and excelled in and out of school have no hope of attending college with affordable in-state tuition. Barack Obama has been a longtime supporter of the Development, Relief, and Education for Alien Minors (DREAM) Act, which would allow states to provide in-state college tuition to undocumented students who grew up in the United States, and would also provide a path for these students to earn legal permanent residency. Barack Obama is a cosponsor of the DREAM Act and wants to see it become law so every child can have access to a quality, affordable education.

Make College More Affordable: Only 11 percent of Latinos have a college degree, and 63 percent of Latinos in college receive some form of financial aid. Almost 70 percent of Latino college graduates leave college with debt. The average Latino graduate leaves college with \$11,500 in debt. Barack Obama will make college affordable for all Americans by creating a new American Opportunity Tax Credit. This fully refundable credit will ensure that the first \$4,000 of a college education is completely free for most Americans and will cover two-thirds of the cost of tuition at the average public college or university. Recipients of this credit will be required to conduct 100 hours of public service a year, either during the school year or over the summer months.

Fund Transitional Bilingual Education: Barack Obama believes that the federal government should be doing more to encourage transitional bilingual education. Federal spending on bilingual education is stagnating while the number of students who lack English proficiency is growing rapidly. Federal spending on bilingual education should at least keep pace with the expanding need. Obama will support development of appropriate assessments for English Language Learners, and programs that monitor the progress of students learning English and hold schools accountable for making sure these students graduate.

Promote Migrant Education Programs: Barack Obama believes that all students regardless of national origin deserve an equal opportunity to a high quality public education. He supports federal funding for migrant

education programs that ensure that all migrant students reach challenging academic standards and graduate with a high school diploma that prepares them for further learning and productive employment.

Support Hispanic-Serving Institutions (HSIs): HSIs enroll over 51 percent of all Hispanics pursuing higher education degrees. Obama is committed to strengthening and expanding eligible HSIs to increase capacity to serve Hispanic students.

COMPREHENSIVE IMMIGRATION REFORM

Barack Obama has played a leading role in crafting comprehensive immigration reform and believes that our broken immigration system can only be fixed by putting politics aside and offering a complete solution that strengthens our security while reaffirming our heritage as a nation of immigrants.

Bring People Out of the Shadows: America has always been a nation of immigrants. There are millions of people living in the shadows who would like to fully embrace our values and become full members of our democracy. For the millions living here illegally but otherwise playing by the rules, we must encourage them to come out of hiding and get right with the law. Barack Obama supports a system that allows undocumented immigrants who are in good standing to pay a fine, learn English, not commit crimes, and go to the back of the line for the opportunity to become citizens.

Improve Our Immigration System: Every year, a million people enter the country legally and another 500,000-800,000 people come illegally or illegally overstay their visas. The overwhelming majority of immigrants, both legal and undocumented, come to this country with the hope that hard work and sacrifice will secure a better life for their children. Barack Obama believes we must fix the dysfunctional bureaucracy to balance the needs of American workers and the U.S. economy. He also realizes the need to increase the number of people we allow into the country legally to a level that keeps families together and meets the demand for jobs that employers cannot fill.

Create Secure Borders: Barack Obama wants to preserve the integrity of our borders. He supports additional personnel, infrastructure and technology on the border and at our ports of entry. Obama believes we need additional Customs and Border Protection agents equipped with better technology and real-time intelligence.

PROTECT HOME OWNERSHIP

Only 49.5 percent of Latino families are homeowners, compared to the national average of 69 percent. Latinos are also more likely than other Americans to spend a significant proportion of their income on housing. Latino borrowers have been more likely to receive higher-rate loans than similarly situated white borrowers. And upper-income Latino women are nearly four times more likely to receive subprime loans than upper income white men. As a result, an estimated 8 to 10 percent of all African American and Latino families who received a home loan in 2005 will be affected by subprime foreclosures. Some estimates have reported that homeowners may lose upwards of \$164 billion, primarily from lost home equity.

Create Fund to Help Homeowners Avoid Foreclosures: Obama has called for the immediate creation of a \$10 billion Foreclosure Prevention Fund to help people refinance their mortgages and provide comprehensive supports to innocent homeowners. The fund will also assist individuals who purchased homes that are simply too expensive for their income levels by helping them sell their homes. The fund will help offset costs of selling a home, including helping low-income borrowers get additional time and support to pay back any losses from the sale of their homes and waiving certain state and local income taxes that result from an individual selling his home to avoid foreclosure. These steps will ensure that individuals who have to sell their homes will be able to quickly regain stable financial footing. The fund will be partially paid for by Obama's increased penalties on lenders who acted irresponsibly and committed fraud.

Create a New FHA Housing Security Program: One of the biggest problems associated with the crisis in the housing market is the decline in house values, which is putting people's mortgages underwater, meaning that their mortgage is worth more than their houses. Many people who find themselves in this situation simply walk away, worsening the foreclosure problem. Obama strongly supports the efforts of Senate Banking Committee Chair Chris Dodd (D-CT) to create a new Federal Housing Administration (FHA) program that will provide meaningful incentives for lenders to buy or refinance existing mortgages and convert them into stable 30-year fixed mortgages.

Create a New Mortgage Interest Tax Credit for Those Who Don't Itemize: Hispanic households had the largest gap in homeownership rates among all minority groups. Obama will ensure that middle-class Americans get the financial assistance they need to purchase or keep their own home by creating a 10 percent universal mortgage credit that gives tax relief to all Americans who have a home mortgage. This will, effectively, cut 10 percent off the interest rate paid by 10 million homeowners, most of whom earn under \$50,000 per year. This tax cut will provide direct relief to many homeowners who are struggling to maintain their mortgage payments.

Combat Mortgage Fraud and Predatory Subprime Loans: Barack Obama has been closely monitoring the subprime mortgage situation for years, and introduced comprehensive legislation nearly two years ago to fight mortgage fraud and protect consumers against abusive lending practices. Obama's STOP FRAUD Act provides the first federal definition of mortgage fraud, increases funding for federal and state law enforcement programs, creates new criminal penalties for mortgage professionals found guilty of fraud, and requires industry insiders to report suspicious activity. Obama will also create a Homeowner Obligation Made Explicit (HOME) score, which will provide potential borrowers with a simplified, standardized borrower metric (similar to APR) for home mortgages. The HOME score will allow Americans to easily compare various mortgage products and understand the full cost of the loan. The HOME score would also help borrowers understand their long-term obligations and would be required to include mandatory taxes and insurance.