California Budget & Policy Center

How Federal and State Budget Cuts Threaten Latinx Californians

Deep Cuts to Basic Needs Programs Threaten Latinx Communities' Health and Economic Security

August 2025 | By Hannah Orbach-Mandel and Edgar Ortiz

KEY TAKEAWAY

Federal budget cuts to essential services threaten to worsen long-standing inequities for Latinx Californians and immigrants, underscoring the urgent need for state leaders to protect communities through stronger investments and fairer tax policies.

Access to affordable health care, child care, housing, and food is necessary for all Californians to thrive. However, congressional members — with the support of all California Republican representatives — and the Trump administration have passed a federal budget that includes deep and harmful cuts to programs that provide health coverage, nutrition assistance, and other essential services. The significant cuts represent one of the largest transfers of wealth in the history of the United States, which helps fund huge tax giveaways for the wealthy and provide an unprecedented increase in funding for immigration enforcement.

These cuts are harmful for millions of Californians with low incomes who are already struggling to secure basic needs. Still, these proposals are especially devastating for Latinx Californians, who are the largest racial and ethnic

group in the state, yet continuously face significant disparities in areas such as health care access, earnings, rent burden, and access to child care due to historic ongoing racism and discrimination.

About This Report

This report was co-authored by Edgar Ortiz, Supervisory Policy Manager, Economic Justice, at the California Immigrant Policy Center.

The California Immigrant Policy Center (CIPC) is a constituent-based statewide immigrant rights organization with offices in Los Angeles, Sacramento, and Fresno. It is a leading immigrant rights institution in the state. CIPC advocates for policies that uphold the humanity of immigrants and refugees in California by transforming systems to achieve racial, social, and economic justice.

Latinx Californians Are Essential to California

It would not be an exaggeration to say that there is no California without Latinx Californians, who **make up the largest share — 40% — of racial and ethnic groups in California** and also comprise more than half of young Californians. As the population of Latinx Californians increases, so does their visibility and representation across all aspects of everyday life. Though they work across all industries, **Latinx Californians are disproportionately concentrated in industries that are notorious for low wages, limited workplace protections, lack of employer-provided benefits such as health insurance, and safety risks,** including construction, agriculture, retail trade, and other services (e.g., janitorial services). Latinx workers in these industries experience low pay and significant power imbalances that contribute to a high need for programs to support basic needs — many that have been significantly cut.

Key Terms

Medi-Cal

Medi-Cal is California's Medicaid program, which provides free or low-cost health coverage to over one-third of the state's population. The program serves individuals with modest incomes, including children, seniors, people with disabilities, and pregnant individuals.

CalFresh

CalFresh is California's Supplemental Nutrition Assistance Program (SNAP). CalFresh provides modest monthly assistance to over 5 million Californians with low incomes to purchase food.

CalWORKs

CalWORKs (California Work Opportunity and Responsibility to Kids) is California's name for the federal program Temporary Assistance for Needy Families (TANF). CalWORKs provides modest cash grants, employment assistance, and critical support services to children and families who are struggling to meet their basic needs.

Head Start

Head Start is a federal program that provides early childhood education and developmental services to low-income children.

WIC

WIC (Special Supplemental Nutrition Program for Women, Infants, and Children) is a federally funded program that provides food benefits, nutritional education, healthcare referrals, and community services to pregnant individuals, new parents, infants, and children under the age of 5.

Pell Grants

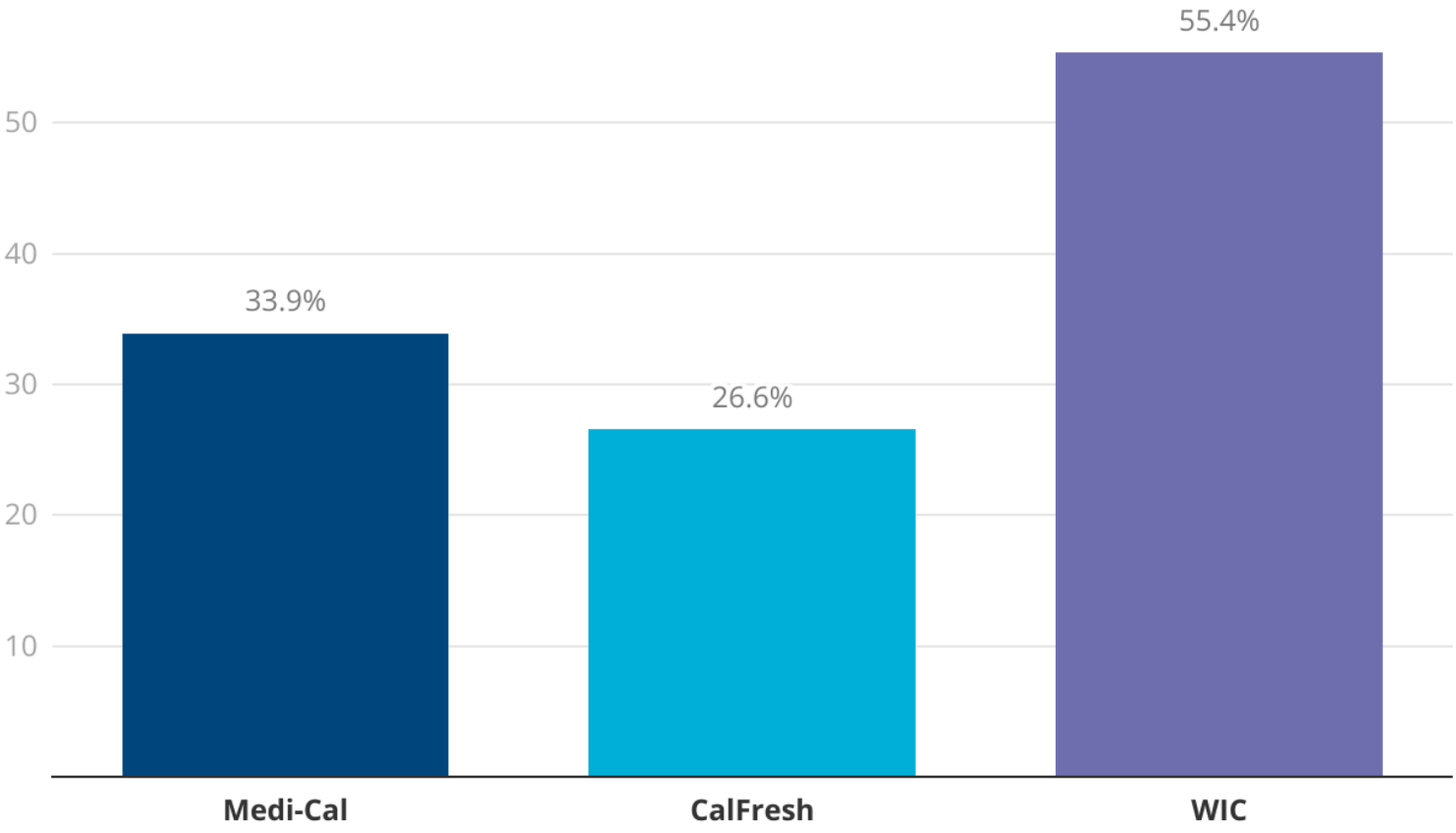
Pell Grants are federal aid dollars offered to undergraduate students from low-income households. Unlike loans, these grants *do not have to be repaid* except under certain circumstances.

What Are the Major Cuts That Will Impact Latinx Californians?

Latinx Californians have propelled California into being the fourth-largest economy in the world, yet many struggle to afford basic needs. The recently passed federal budget includes trillions in cuts to vital programs that support the health and well-being of millions of Latinx Californians. Programs like health care and food assistance help close decades of inequities that Latinx Californians have faced, but they are now facing severe funding cuts. At the same time, increased immigration enforcement actions that often target Latinx communities instill fear and threaten their safety and livelihoods.

Federal Programs Help Latinx Californians Counter Decades of Inequities to Improve Well-Being

Percentage of Latinx Californians That Utilize Public Assistance, 2019-2023



Note: Data are for Latinx Californians age 18 and over. WIC data is for Latinx women, while Medi-Cal and CalFresh data are for all Latinx Californians. The California Health Interview Survey (CHIS) data were downloaded from the online data portal, AskCHIS.

Source: UCLA Center for Health Policy Research, California Health Interview Survey

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Cuts to Medi-Cal and Other Health Care Programs Will Worsen Existing Disparities for Latinx Californians

Over 1 in 3 Latinx Californians (33.9%) are covered by Medi-Cal — California's Medicaid program — and this number is even higher for Latinas (42.1%). That means millions of Latinx people in the state rely on Medi-Cal for their health care. However, the federal budget act includes over $1 trillion in cuts to Medicaid over the next decade, which will result in California losing between $112 and $187 billion in health care funding.

At the state level, policymakers made significant cuts to Medi-Cal that reversed decades of progress toward affordable and accessible health care for all Californians. This includes freezing Medi-Cal enrollment for

undocumented Californians, who are majority Latinx, re-instituting an asset limit test that will lead to substantial coverage losses, and implementing a monthly premium for undocumented Californians and certain other groups of immigrants with low incomes who qualify for Medi-Cal. This unprecedented Medi-Cal premium is a cost that will not apply to any other Medi-Cal members, meaning certain immigrants will have to pay to access health care that is free for other Medi-Cal recipients.

- **Federal actions may result in 1 million Latinx Californians losing their health insurance.** These cuts, along with new burdensome red tape, will harm the health and well-being of millions of Californians, forcing them to make impossible choices between their health care and economic security.
- **Harmful provisions in the state budget targeting immigrants will only increase health inequities.** Health care coverage is already an area where Latinx Californians face large disparities. **Approximately 14% of Latinas and 19% of Latinos do not have health insurance, which are both the highest rates in the state for their respective gender.**

Latinx Californians' Ability to Afford Food and Other Necessities is Under Threat

Access to affordable food is critical for living healthy lives. **Over 1 in 4, or 27% of, Latinx Californians receive food assistance through CalFresh,** and almost 1 in 3, or 30%, of Latinas receive this assistance. Additionally, **over half — or 55% — of Latinas participate in WIC**, which helps ensure young children are healthy. Recent federal budget cuts slashed billions of dollars in funding for SNAP, resulting in CalFresh **losing between $1.7 billion and $3.7 billion annually in federal funding**, and will impose burdensome requirements on recipients of food assistance. Funding for WIC will be decided during the federal appropriations process and it is not yet certain whether the program will be funded at current levels.

- **New time limit expansions, cost-shifts to the state, cuts in benefit levels, and restrictions on some immigrants' eligibility for CalFresh will all directly harm the ability of many Latinx Californians to feed themselves and their families.** At least 2 in 5 Latinas and Latinos (42% and 41% respectively) are currently not able to afford enough food, and that is with CalFresh food assistance programs at their previous funding levels. With the state set to lose out on billions of dollars in funding for food assistance programs, Latinx Californians will face even steeper disparities in their ability to afford food for themselves and their families.
- **Only 72% of Latinas receive adequate prenatal care**, so the federal appropriations process will be critical in ensuring WIC's funding is preserved. Maintaining funding levels for WIC is crucial in helping to combat the disparities Latinas face in accessing adequate prenatal care.

Access to Affordable Child Care is Critical For Latinx Families

Child care is critical for both parents and children in California so that children can grow and learn and parents can stay employed or continue their education to support themselves and their families. However, the high cost of this care threatens to push families, especially those headed by Latinas, deeper into poverty. A Latina single mom in California with an infant and school-age child **spends over 70% of her income on child care** without access to a

state-subsidized program or Head Start — more than any other racial or ethnic group. A recent notice from the Department of Health and Human Services restricts certain immigrants' eligibility to access Head Start.

- **Restricting access to Head Start will take away an effective and affordable child care program for many Latinx Californians.** Latinx children are disproportionately eligible for subsidized child care; therefore, when the supply of affordable child care is reduced (which will happen with restrictions on who is eligible for Head Start), Latinx families are more likely to be burdened. The additional restrictions may also lead to a chilling effect, which can discourage qualified immigrants from enrolling due to distrust in government agencies that may not be able to protect their personal information. This could make it even harder for some Latinx Californians to afford sending their children to child care.



Federal Policy

The federal government plays a major role in shaping California's budget, economy, and the well-being of its people.

Explore Federal Resources

A Key Federal Program To Help Latinx Californians Afford College is Under Threat

All people in California — including Latinx Californians — should be able to afford higher public education and access career pathways so they can achieve economic security. Unfortunately, this is not the reality for the large majority of Latinx Californians. **Only 17% of Latinas, and just 14% of Latinos, have at least a Bachelor's degree**, which are the lowest percentages in the state, respectively. Research in 2021 found that despite comprising nearly 55% of students in K-12 education, Latinx students constituted only 43% of public higher education students. In addition, Latinx students graduate on-time at disproportionately lower levels across different institutions, ranging from 18% to 36% in California State Universities (CSU) and 51% to 53% in University of California (UC) institutions, which results in higher expenses due to the longer amount of time that students have to spend in order to graduate.

For Latinx Californians who are able to attend college, Pell Grants play a crucial role in helping them attend college. These **grants supported 40% of Latinx Californians, or over 400,000 students, in attending college** across the University of California, California State University, and California Community College systems. However, President

Trump has proposed significant cuts to higher education funding, which include reducing the maximum federal Pell Grant award, and his administration is actively dismantling the Department of Education.

- **Threats to higher education and Pell Grants could make it impossible for hundreds of thousands of Latinx Californians to afford going to college.** Pell Grants provide **an average financial aid award of about $4,500 per year**, which means that with in-state tuition at a California State University institution currently at $6,084 per year, Pell Grants cover almost three-quarters of the cost of tuition. These grants are awarded mainly to families with an annual income of less than $20,000, meaning they provide significant aid in helping students attend college. With higher education already being unaffordable for the vast majority of Latinx Californians, decreases in the financial aid that is available threatens the ability of Latinx Californians to access higher education.

Latinas Face Severe Housing Cost Burdens

Everyone needs an affordable and stable place to call home. While housing hardship is felt by renters across all races and ethnicities in California, **Black and Latinx renters are especially likely to struggle to afford to pay rent.** More than half (54%) of Latinas are rent burdened, and 27% are severely rent burdened. Federal housing programs support 920,437 people across the state, but are still unable to meet the growing demand from Californians at risk of losing their homes.

Additional federal threats to affordable housing and homelessness programs loom as the appropriations process gets underway. Proposed decreases to Housing and Urban Development funding could mean cuts to already underfunded programs for rental assistance, affordable housing, and community development.

- **Any cuts to federal housing programs would further jeopardize the stability of housing for Latinas, who already face severe housing insecurity.** Racial inequities in housing compound with other racial inequities Latinx Californians face in the state, which have resulted in **rent comprising over 50% of the median annual earnings** of Latinas in the state. Inequities Latinx renters face in the state harm their ability to maintain health, work, and dignified living conditions.

Latinx Californians Face Threats To Their Safety With Increased Immigration Enforcement

At the same time that all of these critical programs that help Latinx Californians survive are being cut, Latinx communities are coming under assault from unprecedented increases in immigration detention and enforcement. The federal budget act includes over $170 billion in unrestricted funding for immigration enforcement, with detrimental effects on families, communities, and the state's entire economy. This reign of terror has already resulted in workforce reductions and has targeted Latinx immigrants and citizens alike.

- **Restrictive and harsh immigration policies negatively impact how immigrants interact with public services and institutions** through a "chilling effect," result in negative health and financial outcomes, and harm key industries like housing, farming and food production, and caregiving.

- Racial profiling tactics are increasingly putting Latinx Californians in the crosshairs as they are targeted with more frequent and intense immigration enforcement operations, violating their human and civil rights.
- **This unprecedented increase in enforcement also negatively impacts US-born workers**: immigrants generate jobs for US-born workers directly as entrepreneurs and indirectly, as research has shown that for every 13 foreign-born workers who leave the labor force because of direct removals and the chilling effect of deportations, 10 US-born workers lose their jobs.

California's state leaders cannot stand by as the pain of these harmful federal policy choices radiates out across the state. State policymakers should commit to doing all they can to protect vulnerable Californians and ensure access to basic supports like health care and food assistance. This includes adopting common-sense reforms to the tax code, particularly corporate taxes, to raise the revenue needed to protect all Californians and vulnerable communities from deepening hardship.

Policy Recommendations

New, ongoing state revenue.

New, ongoing state revenue, particularly from corporations that will benefit the most from another round of Trump tax breaks. Without additional revenue, the state will be forced to make even deeper, painful cuts to critical programs supporting Latinx Californians like Medi-Cal and CalFresh. Revenue options include closing the water's edge loophole and implementing a graduated corporate tax rate so that profitable corporations stop paying zero or very little in taxes each year.

Increase funding for legal services to protect and support immigrants.

No individual should have to worry about not having some form of legal defense when they are confronted with the risk of being uprooted from their home and separated from their loved ones and neighbors. The existing levels of funding for legal services in California are insufficient to meet the profound and sustained threat that communities across the state are facing. State leaders must match legal service funding levels to meet the moment.

Continue to take legal action against the federal government.

Californians are facing a litany of threats from the federal government, from programs being cut off, to private tax and health care data being shared with immigration enforcement, to the direct kidnapping of community members. The state must implement a comprehensive legal strategy that defends the rights and safety of Californians.

Preserve, and where possible, restore access to health care.

In the near term, state leaders should preserve, and where possible, restore access to health care. This means avoiding additional cuts to Medi-Cal eligibility and prioritizing support for safety-net providers like community clinics and public hospitals that serve a large number of Medi-Cal enrollees and uninsured patients. In the longer term, **state policymakers should take action to increase health insurance coverage for Latinx people** to ensure that everyone has access to affordable, quality health care.

Expedite expanded access to food assistance.

Under the current timeline, undocumented individuals aged 55 and older would gain access to food benefits in October 2027. However, this commitment was at risk several times this year during budget negotiations. No one should ever have to worry about food insecurity. The state must work to expand access to food to all Californians regardless of status and age as soon as possible. Good nutrition contributes to positive developments in other areas of individuals' lives.

Accelerate efforts to make college more affordable for Californians.

While the state budget maintains current financial aid caseload levels, it does not address longstanding affordability issues, which may worsen as a result of federal actions and threats to Pell Grants. State leaders could revisit Cal Grant reform as they plan for future budgets to mitigate the harm coming from the federal government on college affordability and access.

Strong, sustained state investments to protect progress and meet urgent housing needs of communities across the state.

California has the resources to ensure ongoing funding for homelessness services and affordable housing development so that all Californians have a safe, stable place to call home. Focus should remain on funding and promoting real, compassionate solutions that aren't rooted in criminalization, discrimination, or further displacement of unhoused Californians. Proactive efforts can also ensure renters have the protections and resources they need to stay housed, especially during economic hardship or when federal supports are at risk.

Supported by the California Health Care Foundation (CHCF), which works to ensure that people have access to the care they need, when they need it, at a price they can afford. Visit chcf.org to learn more.

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