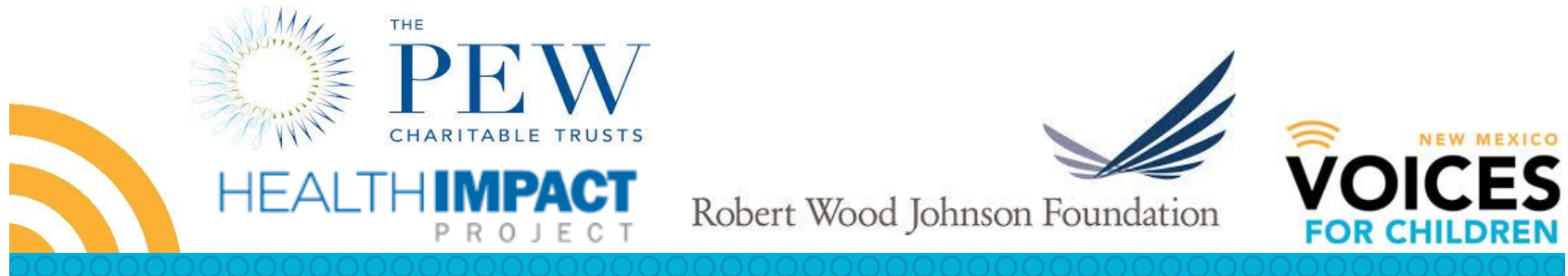


# A Health Impact Assessment of a Tax on Grocery Purchases in NM

Presented to the  
Legislative Health and Human Services Committee  
*November 18<sup>th</sup>, 2015*

Bill Jordan, Senior Policy Advisor/Governmental Relations  
Amber Wallin, KIDS COUNT Director



# We have the highest rate of child poverty

31% of our children live at or below the poverty level\*



\*\$23,850 for a family of four

Sources: *KIDS COUNT Data Book*, Annie E. Casey Foundation, 2015; *Map the Meal Gap*, Feeding America, 2015

# We have the 2nd highest rate of working families who are low income

42% of our working families are low income  
and 67% of jobs in NM pay low wages



Source: Working Poor Families Project calculations of 2013  
U.S. Census American Community Survey data

# Despite school meal programs, SNAP, and food banks many kids still don't get enough to eat

28% of New Mexico's children are 'food insecure'



# Highest rate of people who are persistent in looking for work, but can't find it

NM has the highest rate of long-term unemployment in the nation

45% of unemployed have been out of work for 27 weeks or more



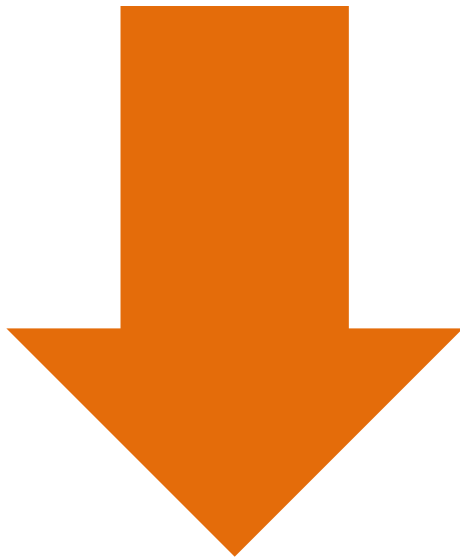
NM's long-term unemployed spend 43 weeks on average between jobs



The national average is 28 weeks

Source: Bureau of Labor Statistics, Current Population Survey

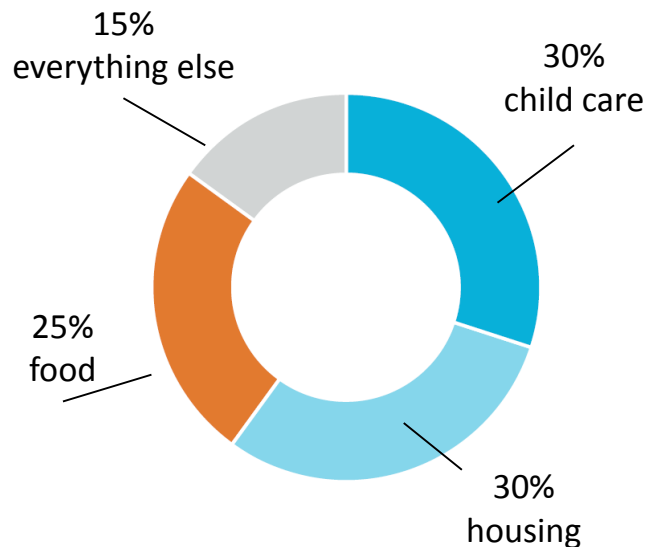
# New Mexico's job growth rate is the worst in the nation since the recession



In May 2015, we still had 20,000 fewer jobs than we did in May 2008

# Low-income families struggle to make ends meet

High-quality child care costs more than tuition at UNM and housing eats up a sizable chunk of family budgets

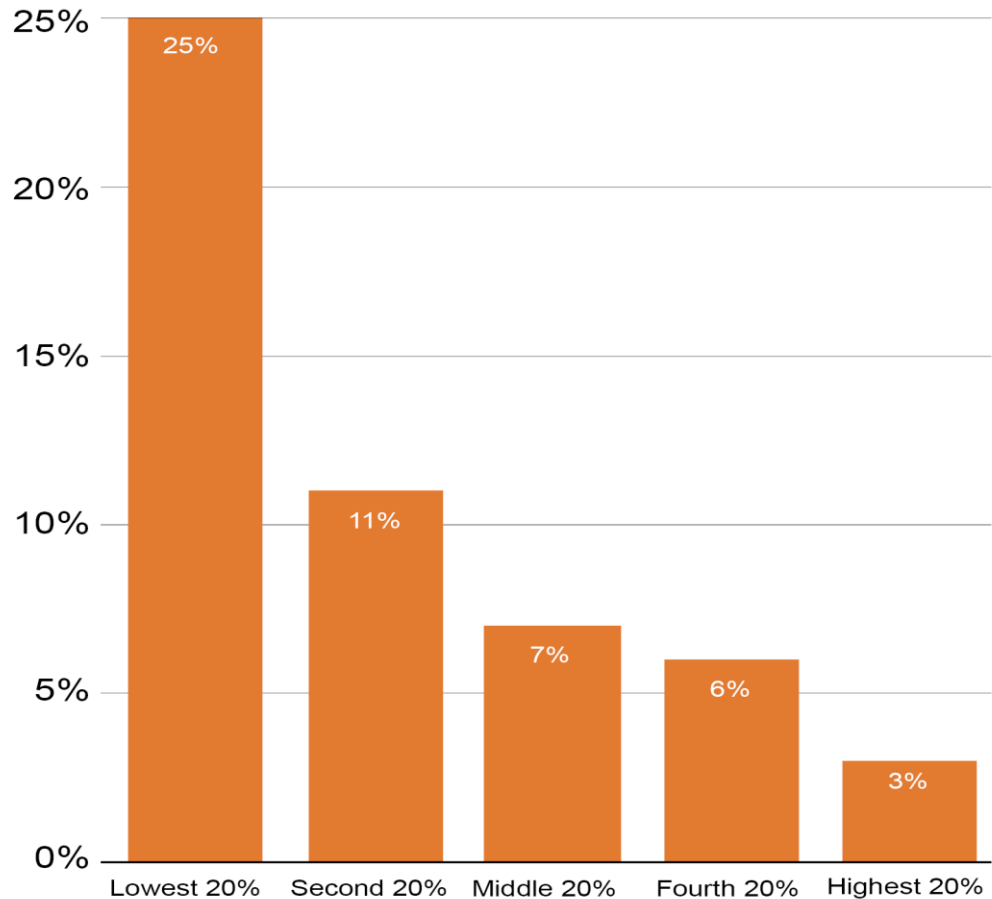


33% of children live in families that spend 30% or more on housing

A family of four spends 30% of their income on child care

# The lower your income, the higher the share that is spent on food

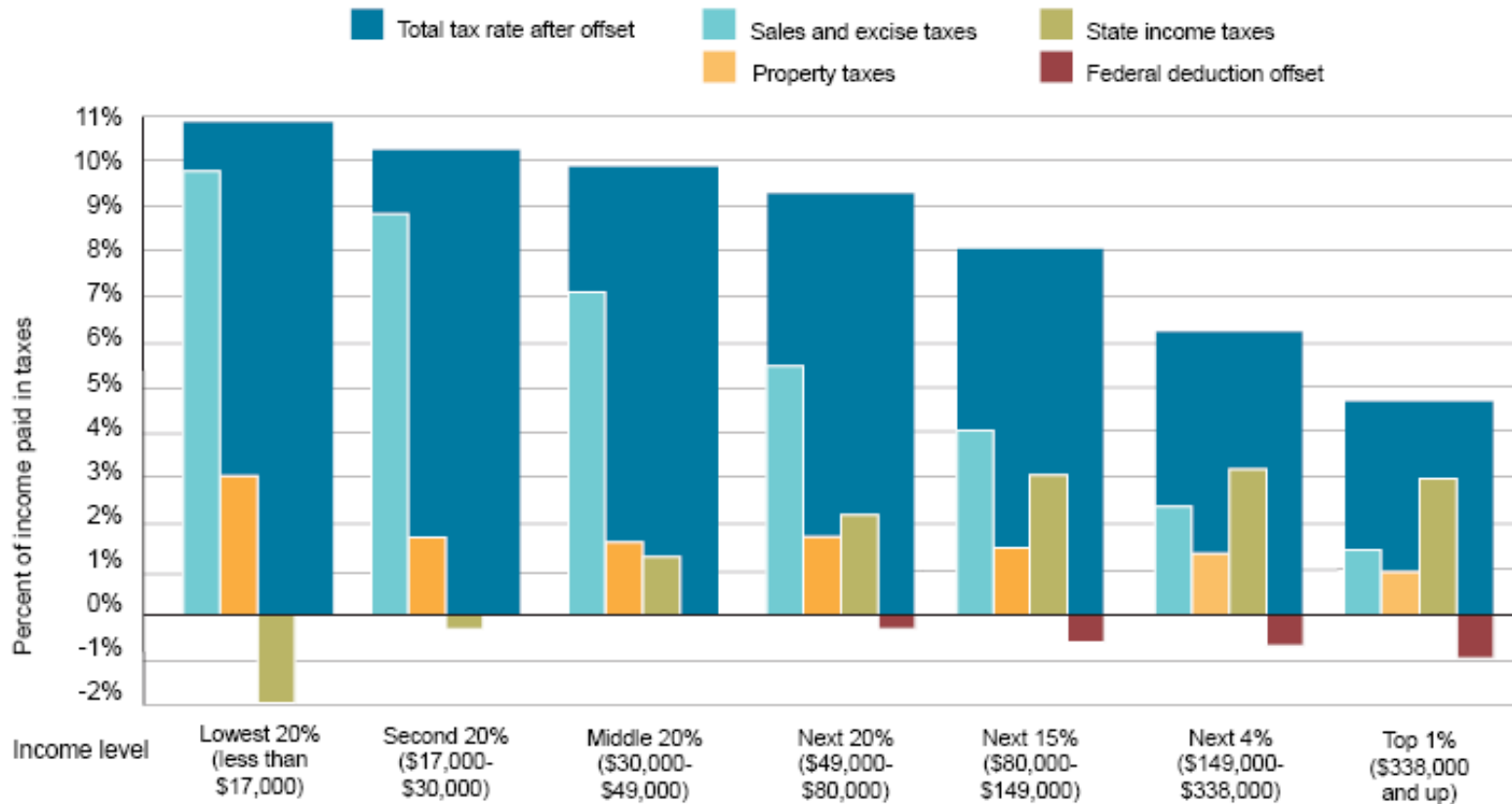
Percent of income spent on food by income quintile (2013)





# Our state and local tax systems ask the most of those who can afford it least

State and local taxes paid as a share of income (2015)



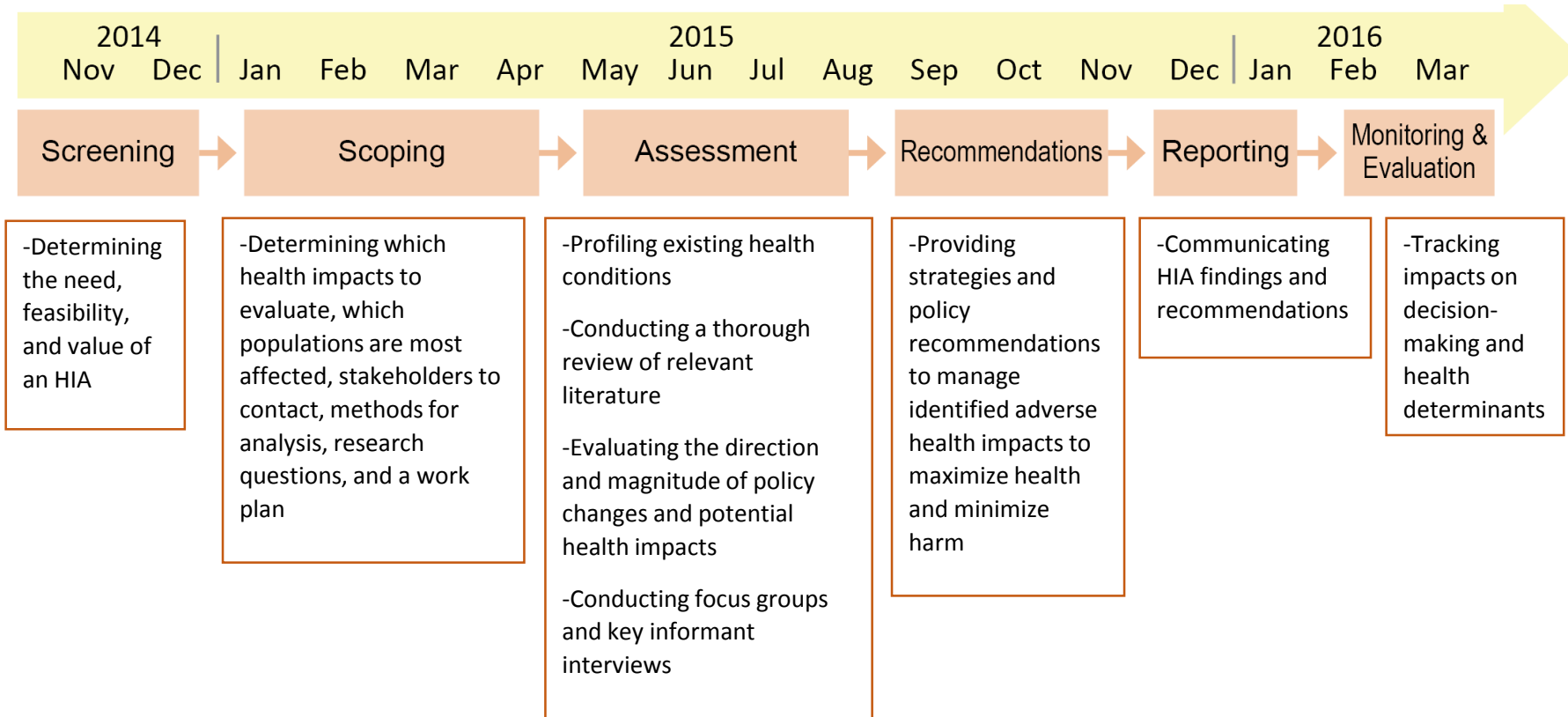
Source: *Who Pays?*, Institute on Taxation and Economic Policy, 2015

# What is a health impact assessment (HIA)?

*“A combination of **procedures, methods and tools** that **systematically judges** the potential, and sometimes unintended, **effects of a policy, plan, or project on the health of a population** and the distribution of those effects within the population. HIA identifies **appropriate actions to manage those effects.**” —*

National Research Council

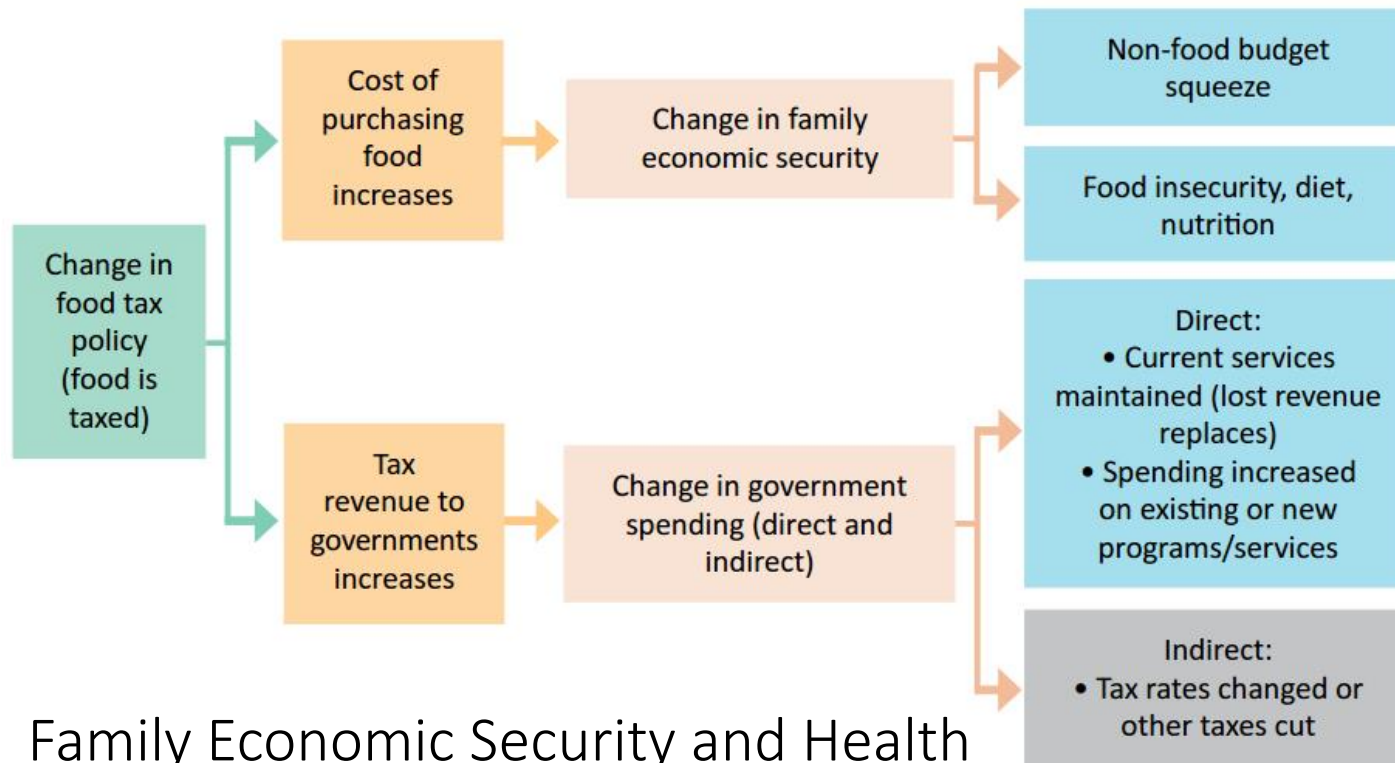
# An HIA on a food tax in New Mexico



# Assessment Methods

1. Literature review
2. Evaluation of existing conditions
3. Quantitative data analysis
4. Key stakeholder interviews
5. Focus groups

# Health determinants impact health

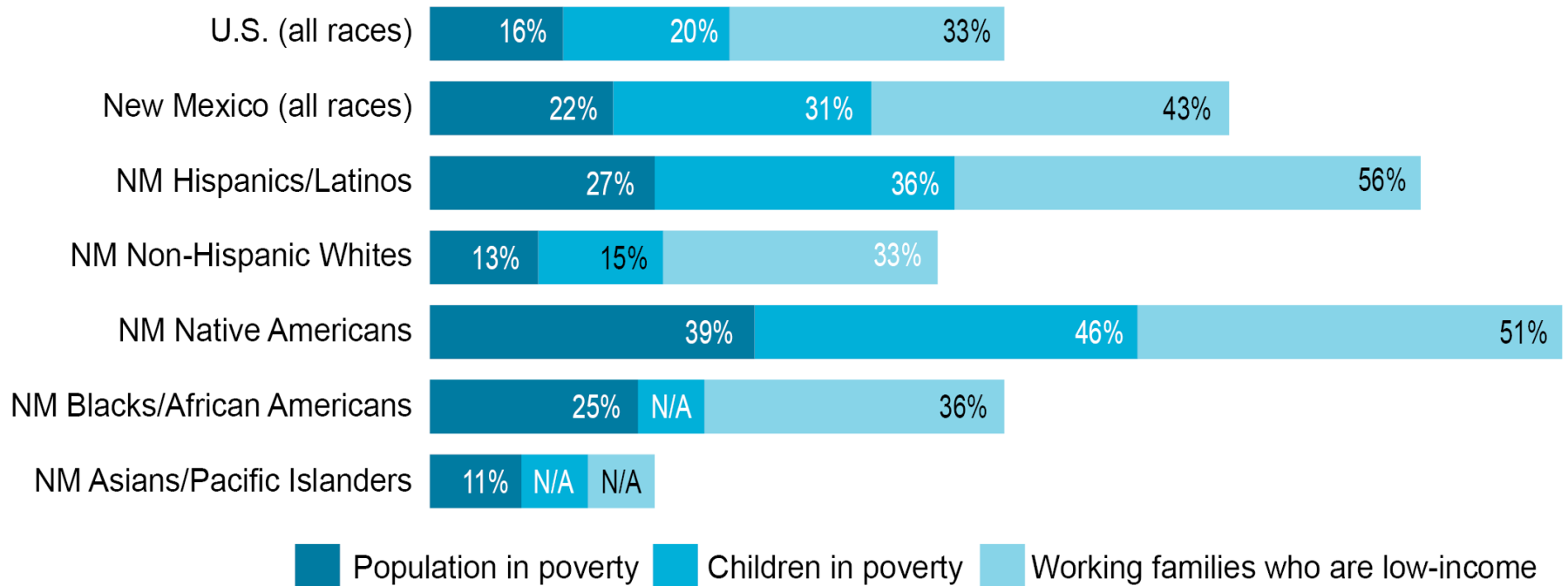


1. Family Economic Security and Health
2. Food, Diet, Nutrition and Health
3. Government Spending and Health

**Important Note:** NMVC did not analyze other potential tax changes besides the food tax

# New Mexicans are already in crisis

Percentage of adults and children in poverty and the rate of working families who are low income

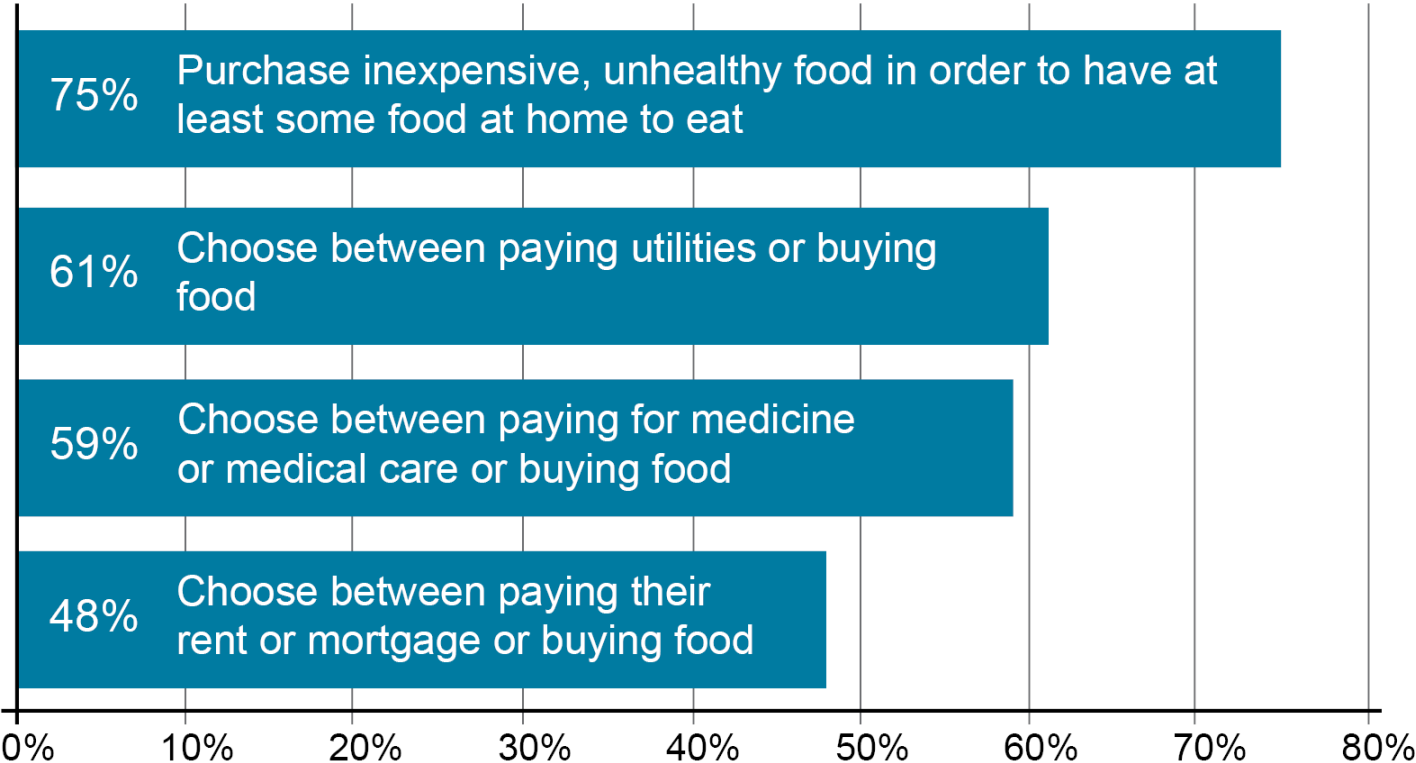


Source: US Census, American Community Survey, 2013



# Economic security impacts food choices

Many food-insecure New Mexicans already make tough choices



Source: NM Association of Food Banks Survey, and Feeding America, Map the Meal Gap, 2014

# Research on Economic Security & Health

## Income and Childhood Cognitive and Emotional Development

- Lower socio-economic status associated with a variety of health, cognitive, and emotional risk factors and negative health outcomes in children.
- Family income a strong predictor of multiple measures of childhood development and achievement.

## Income and Food Insecurity

- The cost of a healthy diet is \$1.50 more per person, per day than the cost of an unhealthy diet.
- Low incomes have been found to be among the strongest contributors to food insecurity.

## Income and Other Health Determinants

- Low-income groups can least afford health services and healthy food; poorest access to basic health services and opportunities for health improvement.
- Low-wage workers and their families are the most likely groups to slip through a *benefits and wage gap*.



# Stakeholder Feedback

*“\$25 doesn't seem like a lot until you don't have a dollar to your name. Then, it is a small fortune.”*

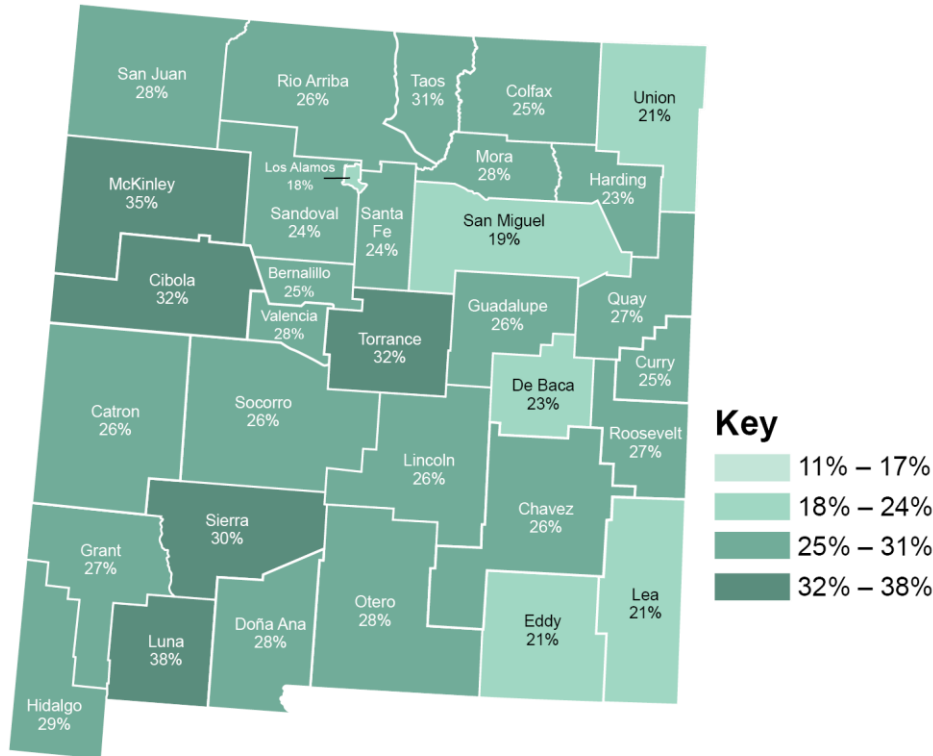
*--Hispanic community member, Albuquerque*

*“In the end, the people who we are going to punish with a tax on food are the ones who don't have very much and the ones who can least afford it; the ones who have the least are the ones who are going to pay the highest price.”*

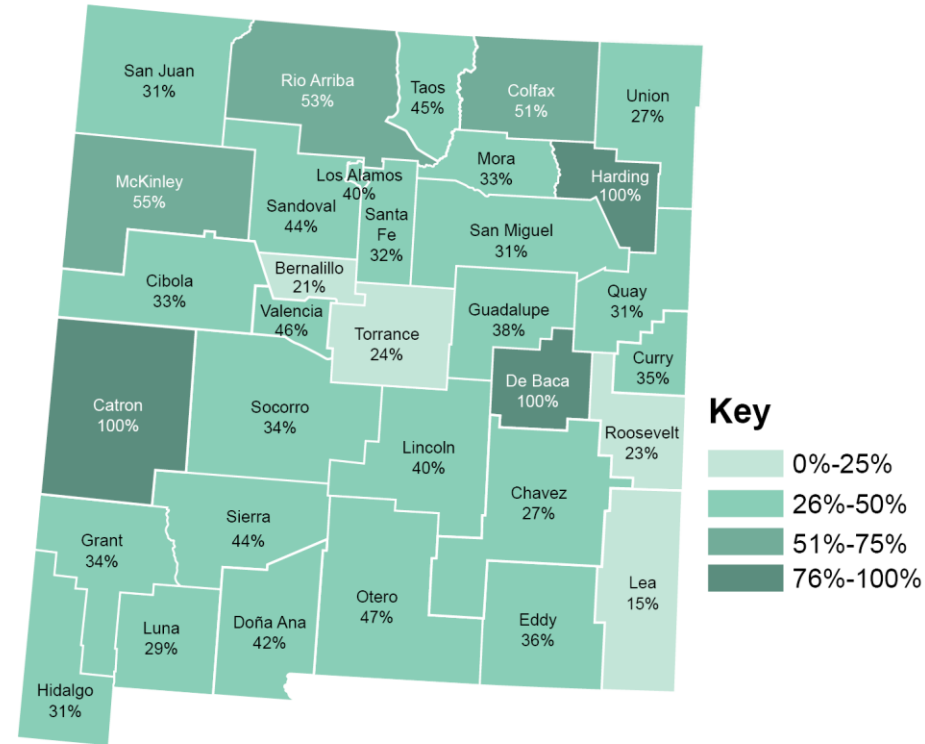
*--New Mexico food bank staff member*

# Food insecurity and access are major issues

Percentage of children who are food insecure (2013)



Percentage of the population with low access\* to a grocery store (2010)



\*Food access indicators for census tracts use 1/2-mile and 1-mile demarcations to the nearest supermarket for urban areas, 10-mile and 20-mile demarcations to the nearest supermarket for rural areas.

Sources: *Map the Meal Gap 2015*, Feeding America (child food insecurity); "Food Access Research Atlas Data File," U.S. Dept. of Agriculture, Economic Research Service, released August 2015 (food access)

# SNAP benefits are not adequate



of SNAP benefits are used within the  
**first half of the month**

Food-insecure New Mexicans miss, on average, **12 meals**  
per month



Very low-income New Mexicans spend  
**\$200 million**



a year on groceries **not using SNAP**

# Research on Food Insecurity & Health

## Food Prices, Food Choices, and Nutrition

- Cost of food impacts on healthy food choices—if costs go up, purchases decrease, and vice versa.
- Cost constraints force low-income families and pregnant mothers to decrease their intake of more costly meats, dairy, and fresh produce.

## Food Insecurity, Poverty and Obesity

- Increased cost of fresh fruits and vegetables is associated with obesity.
- Low-income groups often opt for foods that are made with refined grains or with additional sugars or fats because they are generally cheaper while also still filling.

## Other Health Outcomes Linked to Food Insecurity:

- Iron deficiency anemia
- Depression
- Lack of sleep and difficulty going to sleep
- Increased health care costs
- Low birth weight, pre-term birth
- Poorer developmental and educational outcomes in children

# Stakeholder Feedback

*“Without a doubt, families will buy cheaper and less nutritious food if the cost of food goes up.”*

*--B.J. Ciesielski, Executive Director, New Mexico Community Health Worker Association*

*“There is no place that nutrition doesn’t touch someone’s health status. If you can’t afford enough or enough healthy food, you have no stamina, it impacts your mental health, exacerbates chronic conditions, and makes every aspect of your life harder. It makes it even harder to get out of homelessness or poverty, to improve your life situation, and to combat mental and physical illnesses.”*

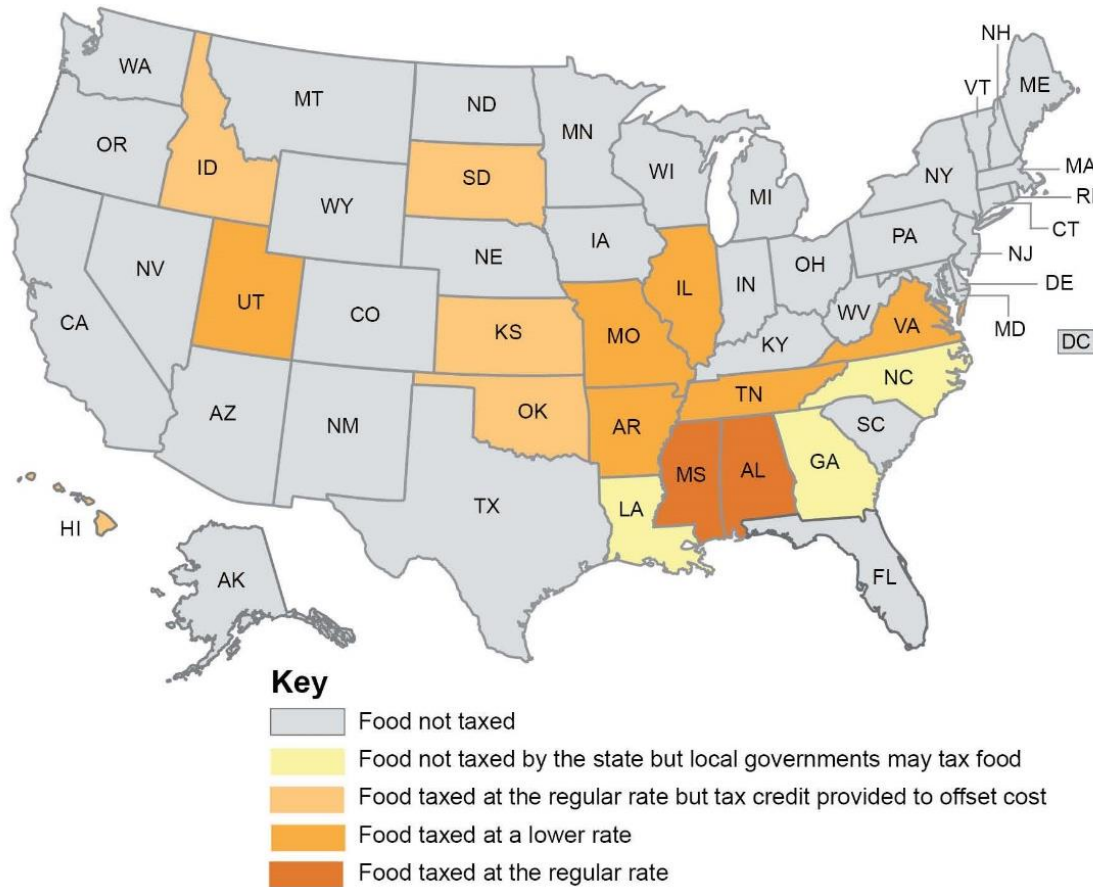
*--Jenny Metzler, Executive Director, Albuquerque Health Care for the Homeless*

*“At school, there are times when some of the kids can’t focus because they don’t get to eat dinner because their parents don’t have money for food. And because they didn’t eat well, they don’t sleep well, so they don’t even get to school on time. So they don’t even get to eat breakfast. So some of these kids don’t even get to eat at all at home. They eat at school, but sometimes only once a day.”*

*Native American community member, McKinley County*

# Most states do not tax food

State Food Tax Rates and Exemptions (2015)



Source: "State Sales Tax Rates and Food and Drug Exemptions," Federation of Tax Administrators, Jan. 1, 2015

# Research on Government Spending & Health

## Spending on Health Services

- Provide important opportunities for residents with few economic resources and significant social needs to have their health and social needs met.
- Use of primary and preventive health services contributes to the treatment of a number of chronic conditions and prevents related death and hospitalizations.

## Spending in Other Health Determinant Areas

- Strong public education systems and supports associated with a number of positive socio-emotional outcomes for children and later positive health outcomes as adults.
- Presence of public transportation, parks, and social and recreational facilities are also correlated with improved health outcomes.

## Spending through Tax Exemptions and Supplements

- Can increase income, help move families out of poverty, and contribute to improved health outcomes.

# Stakeholder Feedback

*“There is an economic case for improving the health of our communities. Challenging and addressing poverty upfront is much more cost effective than addressing it in long-term costs for public assistance and long-term social and health costs. Emergency [food assistance and health services] are very expensive. As a society, we have to pay for ill health one way or another. Investment up front is key. Why make a bad problem worse only to have to address it later? It doesn’t make sense.”*

*--Robert Nelson, Program Manager, Rio Grande Food Project*

*“I understand needing revenue, but food is not a luxury—  
it is a necessity for human beings.  
That should not be taxed in any way.”*

*--Hispanic community member, Doña Ana County*



# Food Tax HIA Findings

- Tax system regressivity ↑
- Food insecurity ↑
- Family economic security ↓
- Childhood risk factors ↑
- Nutrition-related chronic conditions ↑
- Mental health risk factors and stress ↑
- Need and demand for public assistance ↑
- Government revenues ↑
- Government spending on health: ↔
- *Overall*: Health ↓

# Primary Policy Recommendations

1. Do not tax food.
2. Generate revenue in ways that don't harm health or make the tax system even more regressive.

# Secondary Recommendations

1. Increase current state tax credits for low-income families with children.
  - Low-Income Comprehensive Tax Rebate, Working Families Tax Credit, a state Child Tax Credit
2. Increase and/or maximize programs that help to improve the diet- and nutrition-related health outcomes of vulnerable populations.
  - SNAP, at-risk meal programs, community eligibility for F/R lunches