RWJF mission: Building a Culture of Health in the U.S. where everyone has a fair and just opportunity to be healthy
More than half of state spending goes to education and health care

Even with an improved national economy, states are under numerous fiscal pressures

- All states, except Vermont, must balance their budgets
- 16 states require supermajority for tax increases
- Federal tax bill
  - 29 states minimal revenue gains, no change, or losses
  - Possible federal spending cuts
- 11 states have enacted large tax cuts since 2011

State tax cuts don’t generally lead to sustained economic growth

**Economic Growth: Kansas Lagged All Its Neighbors and U.S. After Cutting Taxes**

Growth in inflation-adjusted private-sector gross domestic product

<table>
<thead>
<tr>
<th>State</th>
<th>Growth Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>KS</td>
<td>5.4%</td>
</tr>
<tr>
<td>CO</td>
<td>16.7%</td>
</tr>
<tr>
<td>IA</td>
<td>12.4%</td>
</tr>
<tr>
<td>MO</td>
<td>5.4%</td>
</tr>
<tr>
<td>NE</td>
<td>9.7%</td>
</tr>
<tr>
<td>OK</td>
<td>8.9%</td>
</tr>
<tr>
<td>U.S.</td>
<td>11.4%</td>
</tr>
</tbody>
</table>

Note: Data cover fourth quarter 2012 (the quarter before the Kansas tax cuts took effect) to second quarter 2017 (the quarter in which the tax cuts were scaled back).

Source: Bureau of Economic Analysis, 2017
Large spending cuts during recessions may be bad for our health
Evidence is emerging on spending and health outcomes

- McCullough et al, AJPM 2017: Counties spending more on public welfare and sanitation (and community health care and public health) were more likely to be associated with being an “over-performing” county in County Health Rankings.

- Chetty et al, JAMA 2016: Communities with greater local government expenditures had less income-related inequality in life expectancy.

- Bradley et, Health Affairs 2016: States with higher ratios of social-to-health spending had improved health outcomes.

- Rigby et al, Health Affairs 2016: States with higher tax credits for poor residents had better health outcomes than those without.
Sales and income taxes are major sources of non-federal revenue

**FIGURE 1**

Total State General Revenue by Source
2014

<table>
<thead>
<tr>
<th>Source</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Transfers</td>
<td>31.65%</td>
</tr>
<tr>
<td>Sales taxes</td>
<td>23.67%</td>
</tr>
<tr>
<td>Charges and miscellaneous</td>
<td>18.51%</td>
</tr>
<tr>
<td>Individual income taxes</td>
<td>17.91%</td>
</tr>
<tr>
<td>Other taxes</td>
<td>5.60%</td>
</tr>
<tr>
<td>Corporate income taxes</td>
<td>2.67%</td>
</tr>
</tbody>
</table>

States depending less on income taxes (and more on sales taxes) have more regressive tax systems.

Source: Institute on Taxation and Economic Policy (ITEP)
An Earned Income Tax Credit (EITC) is progressive

- 24 states with refundable EITC
  - State credits are 5% to 85% of federal credit
- Average annual federal credit is $2,500
  - Median income of recipients is $14,118
  - 27.5 million families and individuals
- Improves economic and health outcomes
Investing in the fiscal health/population health nexus

Center on Budget and Policy Priorities, State Priorities Partnership, and Georgia Budget Policy Institute

• Improved understanding of how state budget and tax decisions affect
• State policymakers giving greater consideration to these health impacts
• Preservation or expansion of state investments in effective public programs
• Fair and sustainable tax systems that create health co-benefits.
• Intensive work in 10 states: CA, GA, KY, MA, NC, NJ, NM, OH, TX, WA
Role of health funders in fiscal (and social) policy

**Provide data to inform decision-making**
- CityHealthDashboard.org

**Explore the effects of social policies on health**
- PoliciesforAction.org

**Conduct analyses on policy reform proposals**
- Urban.org/features/safety-net-solid-ground

**Support multi-sector community development/health strategies**
- SparccATL.org

**Support non-lobbying advocacy on key policy issues**
- American Cancer Society Medicaid initiative
Place matters to well-being and opportunity – states

Georgia in bottom 50% on health outcome indicators

Health, Opportunity and Equity Initiative (HOPE)
National Collaborative for Health Equity, and Texas Tech University, Virginia Commonwealth University
Place matters – cities and neighborhoods

In Climbing Income Ladder, Location Matters
A study finds the odds of rising to another income level are notably low in certain cities, like Atlanta and Charlotte, and much higher in New York and Boston.

Salt Lake City – 11.5%
Atlanta – 4.0%

Race also matters to well-being and opportunity

Forsyth County

Forysth County

Social & Economic Factors

- High school graduation: 94%
- Some college: 79%
- Unemployment: 4.2%
- Children in poverty: 7%
  - % Children in Poverty (Black): 16%
  - % Children in Poverty (Hispanic): 28%
  - % Children in Poverty (White): 4%

Quitman County
Equity is essential

Equality

Equity
Equity can be achieved

**Principles**
- Policy is critical
- Everyone benefits
- Gaps must close

**Strategies**
- Build power
- Promote fairer tax systems
- Invest early
- Target resources
- Foster integration