

# A GOOD STATE BUDGET IS THE BEST MEDICINE

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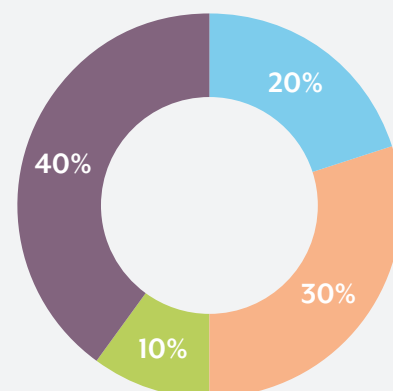
Policymakers can use the state budget to create a healthier Washington

## Overview

All Washingtonians should have opportunities to lead a healthy life, no matter who they are, where they live, or how much money they make. State policymakers have the ability to improve the health and well-being of Washington residents by making the right budget and tax decisions. Lawmakers, community health leaders, health care practitioners, and other individuals who influence health care and public health systems must think beyond investments in traditional health care services and providers, like health insurance and hospitals. Public health leaders should also consider how the state's investments in education, housing, and other socioeconomic and environmental factors can eliminate the barriers to a healthy life for Washingtonians. While access to health care plays an important role in influencing health outcomes, the conditions and circumstances in which people live, work, learn, and play are very influential in shaping how healthy they feel and how long they live.<sup>1</sup> Forty percent of health outcomes are driven by people's social and economic conditions (educational opportunities, employment circumstances,

## Socioeconomic factors and the physical environment account for half of a person's health outcomes

- **Social and economic factors**
  - » Education
  - » Employment
  - » Income
  - » Family and social support
  - » Community safety
- **Physical environment**
  - » Air and water quality
  - » Housing and transit
- **Health behaviors**
  - » Tobacco use
  - » Diet and exercise
  - » Alcohol and drug use
  - » Sexual activity
- **Clinical care**
  - » Access to care
  - » Quality of care



Source: County Health Rankings & Roadmaps

income, family and social support, and community safety) and another 10 percent are the result of the physical environment (air and water quality, housing, and transportation).<sup>2</sup> Socioeconomic and environmental factors are largely shaped by state and federal policy and budget decisions.

In the upcoming 2019 state legislative session, legislators have an opportunity to promote good health by advancing policies and making investments that enhance economic security, promote education and job readiness, and support healthy communities.

## **Budget and policy decisions in a wide variety of areas can promote good health**

In Washington, there is an opportunity to promote good health and respond to some of the inequities described on page 3. Legislators should implement sound policies and leverage the state budget to support programs beyond investments in health care. In order to improve the health and well-being of all Washingtonians, they should strengthen programs and policies that lift people out of poverty, increase access to quality education and affordable housing, and create clean and safe environments. Many policies that may not seem health-related on the surface can help build healthy communities and advance equity.

*“Legislators have an opportunity to promote good health by advancing policies and making investments that enhance economic security, promote education and job readiness, and support healthy communities.”*

For example, while minimum wage policies are traditionally considered economic policies, they can also be powerful tools for improving the well-being of workers and their families. One study found that states with an above-average minimum wage have lower rates of smoking and obesity compared to states with average minimum wages.<sup>3</sup> Another found higher wages led to less anxiety and depression for workers.<sup>4</sup> Here in Washington, the successful 2016 ballot initiative to increase the statewide minimum wage to \$13.50 per hour by 2020 will have widespread positive impacts on local economies, while also potentially improving the health of an estimated 730,000 working Washingtonians.



## WHILE OUR STATE LEADS THE WAY IN HEALTH COVERAGE, GOOD HEALTH REMAINS OUT OF REACH FOR MANY

Healthy people and communities are the building blocks of a prosperous Washington. Since the decision by legislators to expand Medicaid (Apple Health) in 2013, the state's uninsured rate rapidly dropped to 5.4 percent in 2016 from 14 percent in 2013.<sup>5</sup> However, a number of barriers prevent many Washington communities from experiencing good health, including economic instability and hardship; limited access to healthy, affordable food; and lack of exercise options in safe, walkable neighborhoods. Here's why good health remains out of reach for many residents:



**Communities of color experience greater barriers to good health.** People of color in Washington state are more likely to experience preventable illnesses. Blacks and American Indians have higher rates of Type 2 diabetes<sup>6</sup> and have shorter life expectancies.<sup>7</sup> Many of these barriers to health were created through, and continue to be perpetuated by, institutional and structural racism. For example, the residential segregation of Black communities has been linked to worse birth outcomes, greater exposure to air pollution, shorter life expectancies, and more. It also shapes access to and utilization of health care, as well as the quality of care at the neighborhood, health care system, provider, and individual level.<sup>8</sup>



**Children, seniors, people of color, and people with lower incomes in Washington are living in communities most negatively affected by climate change.**<sup>9</sup> Communities of color in Washington are disproportionately exposed to air pollution<sup>10</sup> and are more likely to live in communities with toxic pollution sites in need of cleanup.<sup>11</sup>



**Many Washingtonians do not have access to affordable housing.** More than half of Black, Latinx, American Indian, and people who identify as "other" or are mixed race spend over half of their income on rent.<sup>12</sup> People experiencing housing burdens are often forced to make financial tradeoffs that impact their health because they have fewer resources to spend on care.<sup>13</sup>



**Residents in rural communities often face more obstacles to good health and have poorer health outcomes than urban residents.** Rural Washingtonians have higher rates of diabetes, heart disease, and cancer and are more likely to have conditions go untreated because of the cost of care.<sup>14</sup> They also have more difficulty accessing health care because there are fewer health care professionals<sup>15</sup> and more limited public transportation options in rural communities.<sup>16</sup>



When policymakers apply a health lens to social, economic, and educational policies, they can help set more people on the path to improved health. This could include promoting policies and making investments that enhance:

## ECONOMIC SECURITY

- **Increasing income.** The federal Earned Income Tax Credit (EITC) provides low-paid workers with a boost to their incomes in the form of a tax refund. The EITC lifts more working families out of poverty than any other federal government program<sup>17</sup> and has been shown to have tremendous widespread benefits, including improved health for infants<sup>18</sup> and mothers.<sup>19</sup> The Working Families Tax Rebate is Washington state's version of the federal EITC program. Although the state legislature enacted the rebate in 2008, the program was suspended due to budget cuts during the Great Recession. Funding and modernizing the tax rebate would have positive ripple effects across the entire state. It would allow low-income workers to receive a matching credit from Washington state equal to a percentage of the benefit they receive from the federal EITC. In 2017, nearly half a million working Washingtonians would have qualified for the Working Families Tax Rebate; and Latinx people, Asian or Native Hawaiian/Pacific Islanders, and American Indians/Alaska Natives – the groups that often face the largest barriers to health – are estimated to be eligible for the largest rebate amounts.<sup>20</sup>
- **Promoting income security.** Protecting and strengthening government programs such as the Supplemental Nutrition Assistance Program (SNAP, known as Basic Food in Washington state) and the Temporary Assistance for Needy Families (WorkFirst in Washington), which help boost the economic security of workers and families, can play an essential role in promoting health. For example, while SNAP is intended to reduce hunger and food insecurity, it has also been shown to have long-lasting health benefits for program participants.<sup>21</sup> These benefits range from reducing the likelihood of lower birth weights and infant mortality, to improving childhood nutrition and cognitive development and learning.<sup>22</sup> SNAP provides food assistance to one in eight Washingtonians, helping more than 900,000 people get back on their feet while boosting health, nutrition, and children's learning.
- **Improving job quality.** Advancing policies that improve job quality for employees can play an instrumental role in the well-being of workers. Factors such as wages, benefits, and the predictability of work schedules can create better jobs and work-life balance. A recent study in the retail industry found that regular and predictable work schedules increased employee satisfaction, retention, and engagement, which can boost sales and productivity for employers.<sup>23</sup> And raising the overtime threshold to ensure more workers are eligible for overtime pay can protect workers who are working longer hours but have not seen their wages increase. Currently, most hourly workers are automatically eligible but only salaried workers earning less than \$23,660 are eligible.<sup>24</sup> This would impact many low- and middle-income workers in Washington whose wages have declined over the last 25 years.<sup>25</sup>

## EDUCATION AND JOB READINESS

- **Investing in early education.** Education is one of the most important determinants of long-term health, and a strong early childhood education is a critical first step to making sure every child has the opportunity to succeed in school and is on a path to a healthy life. People with more education live longer, are less likely to die from cancer or heart disease, have higher earnings, are less likely to be unemployed, and have better access to health care and insurance.<sup>26</sup>

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Children who participate in high-quality early childhood programs experience immediate and long-term health-related benefits.<sup>27</sup> Washington state wants 90 percent of kids to enter kindergarten prepared to learn. Yet in the 2017-18 school year, only 47 percent of Washington kindergarteners and 31 percent or less of Pacific Islander, American Indian, and Latinx students were kindergarten-ready.<sup>28</sup> Making critical investments in high-quality early education in Washington state can give children the tools they need to thrive.

- **Removing barriers to opportunity.** The opportunity gap (the systemic inequity in education that structurally disadvantages certain groups, such as students of color, low-income students, and students with disabilities), persists in Washington state’s K-12 system.<sup>29</sup> Investments in and outside the classroom, such as family involvement coordinators, guidance counselors, and other community resources, can remove barriers to success.
- **Promoting higher education.** Increasing educational attainment can yield positive, long-lasting outcomes. The life expectancy of people without a high school diploma has been getting shorter, and people without a college education are more likely to have poorer health.<sup>30</sup> Vocational training programs and career or technical education programs can be viable avenues for increasing the high school graduation rates of students who face greater barriers.<sup>31</sup> These vocational training programs can lead to education and employment after high school and higher lifetime earnings.<sup>32</sup>

## HEALTHY PEOPLE & COMMUNITIES

- **Building more affordable housing.** The mismatch in Washington state between the rapid rise in housing costs and slower wage growth – especially for workers with lower incomes – has made it more challenging for many Washingtonians to find affordable homes.<sup>33</sup> Insufficient affordable housing can have negative health impacts. Many families with lower incomes end up with substandard housing in unsafe, overcrowded neighborhoods with higher rates of poverty and fewer resources for healthier lifestyles, such as parks and bike paths.<sup>34</sup> Research has found that households struggling with housing costs are less likely to have a regular source of medical care and to get the medical treatment they need. As a result, children in these homes have poorer health, more behavioral problems, and do less well in school.<sup>35</sup> Investing in affordable housing in Washington state is essential for the health and well-being of our residents.

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- **Invest in healthy transportation options.** Safe and accessible transportation advances health and opportunity for residents. It’s how people get to school, work, the grocery store, and elsewhere. Investments in public

and active transportation (walking or biking) facilities, such as bike lanes, safe sidewalks, and crosswalks, create opportunities for people to get around safely and engage in physical activity. This can reduce obesity and the risk of chronic conditions such as diabetes and cardiovascular disease,<sup>36</sup> while also reducing car congestion and air pollution levels. Active transportation is especially important for low-income communities and communities of color in Washington who are less likely to own a car and who may not have streets safe for walking or biking. Policies and programs such as Complete Streets (streets that enable safe access for pedestrians, bicyclists, motorists, and transit riders of all ages and abilities)<sup>37</sup> and Safe Routes to School (to promote safe biking and walking),<sup>38</sup> as well as investments in public transportation and biking and walking infrastructure are essential.

### We must invest in stronger communities

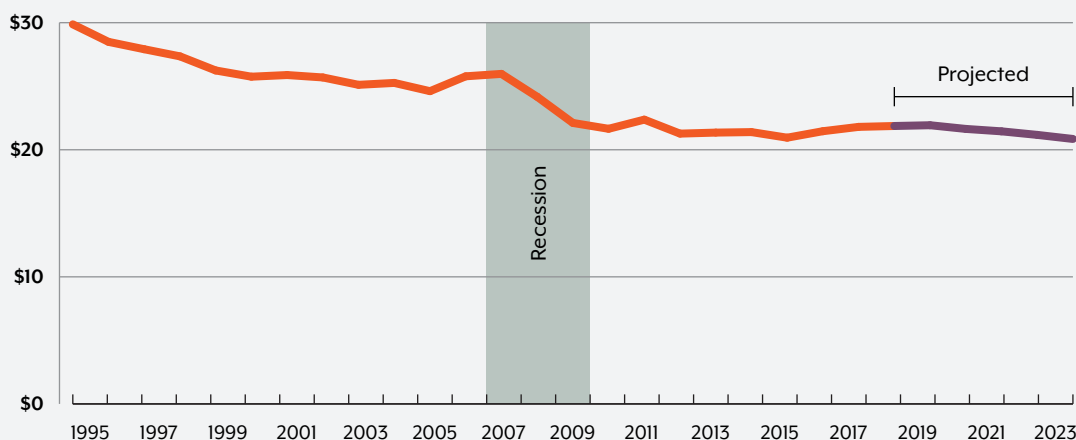
Creating opportunities for Washingtonians to lead healthier lives requires investments beyond traditional health care spending. It is essential to apply a health lens to our budget and to all of our state policies and investments, because health starts with where we live, learn, work, and play. Great schools, safe and vibrant communities, quality jobs, and programs that lift and keep people out of poverty both strengthen our economy and create opportunities for healthier Washingtonians.

To support these foundations of thriving communities, our state needs dependable resources that are equitable, sustainable, and adequate. Washington state revenues are still well below Recession levels, when adjusted for economic growth (Figure 1 on page 7). In a growing state with a strong economy, that

Figure 1.

## State revenues are below Recession levels

Washington state revenues adjusted for economic growth, FY 1995 - FY 2023, dollars in billions\*



Source: Budget & Policy Center calculations of data from U.S. Bureau of Economic Analysis and Washington State Economic and Revenue Forecast Council. \*State-only near general fund revenues, 2018 dollars, adjusted for growth in total state personal income.

is simply unacceptable – especially given the challenges we face with issues like homelessness and unaffordability in our communities.

We need bold, equitable revenue reforms to generate key resources for Washington state, which starts with cleaning up our worst-in-the-nation tax code. Low- and middle-income families in the state pay a far greater share of their incomes in state and local taxes – as much as six times more than the wealthiest pay.<sup>39</sup> Closing wasteful tax breaks, such as the one on capital gains (profits made from the sale of high-end financial assets), would help flip our tax code right-side up while providing our state with more revenue.

Cleaning up our tax code is an important first step in generating the resources we need. With these resources, lawmakers can take steps to create a budget that invests in the programs and policies that promote shared health and prosperity for all Washingtonians. Ultimately, they can help secure a brighter future for our state and its people.

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