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## Elizabeth Paulhus: We can do more for the poor

CHARLESTON, W.Va. -- Acting Gov. Tomblin should be applauded for speaking up for the thousands of families in West Virginia struggling to make ends meet during this tough economic time. In his State of the State address, he said, "We have hard working families who are struggling to pay the bills ... we need to do what we can to help ... every little bit helps."

Tomblin's proposed solution to help these hard working, struggling families is to reduce the food tax by 1 percent. This reduction will cost West Virginia about \$26 million each year in revenue.

At first glance, reducing the food tax looks like a good and beneficial idea. After all, the food tax is regressive. Families of all income levels pay the same rate of 3 percent when they purchase groceries.

However, this policy would not have a large impact on the budgets of many struggling families. Let's be generous and say that a family of four earning \$33,000 annually spends \$7,200 a year (\$600 a month) on food. Over the course of a year, this family would save only \$72 from a 1 percent reduction in the food tax. This comes out to far less than 1 percent of the family's income. That's a very small piece of the pie!

Families with lower incomes are likely to spend even less on groceries than the family above. They have less money to spend and likely receive some assistance from food stamps, WIC or school meals, all of which are non-taxable. Considering that nearly one in five West Virginians received food stamps in October 2010, many struggling families would gain very little from a 1 percent reduction in the food tax. The greatest benefit would go to families that have the resources to spend the most -- not the families hit hardest by the recession.

If Tomblin and other lawmakers want a more effective way to help West Virginia's struggling families, they might want to chew on the following policy options that provide a more targeted approach:

- Enact a refundable state Earned Income Tax Credit set at 10 percent of the federal credit. The family of four mentioned above would receive a credit of \$154, twice the amount of money saved from the lower food tax. Lower income families would benefit even more. A family of four earning \$22,000 would receive a credit of \$385.
- Provide grants to create and expand farmers' markets and community gardens in areas that lack access to fresh and healthy foods. Expand "farm to school" programs like the West Virginia Farm to School Project. These grants and programs promote economic activity and good health.
- Expand the State Children's Health Insurance Program to include families making as much as 300 percent of the federal poverty level (\$66,150 for a family of four). This would ensure better health for our state's children and would save families money.

Reducing the food tax by 1 percent would provide some measure of relief to struggling families. As Acting Gov. Tomblin said, "Every little bit counts." However, lawmakers have at their fingertips better ways to help West Virginia's families struggling to make ends meet. Let's hope they take these into consideration.

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