



Improving Access to Healthy Food

AB 152 (Fuentes)

March 2011

Issue

More than 20 percent of Californians (over 7 million) report that they are unable to afford the food they need – including many seniors and working parents whose budgets for food are squeezed by the economic downturn and slow recovery. Food banks across the state have experienced an unprecedented increase in requests, a need beyond anything seen in a generation. Meanwhile, low-income Californians find it difficult to purchase healthy foods such as fruits and vegetables because of both cost constraints and a lack of access in their community.

The CalFresh program (formerly known as food stamps) is meant to be the primary defense against hunger, with emergency food being a secondary defense. Unfortunately, California has the second lowest CalFresh participation rate in the nation. California’s low participation creates a hole in the government safety net, which combined with the lack of a state investment in emergency food, shifts the burden of providing emergency food to an already-stretched network of food banks. The State has a role to play in meeting people’s need for healthy food, along with the charitable sector and government at all levels.

Solution

AB 152 (Fuentes) will make more healthy food available to low-income Californians by creating a state emergency food assistance program for the purchase and distribution of healthy California-grown food to low-income communities and by providing a tax credit for California growers who donate fresh fruits and vegetables to California food banks.

State Emergency Food Assistance Program

California should create an emergency food assistance program, just as 38 states have already done. At a future time when funds become available, a state emergency food assistance program will allow California food banks to purchase and distribute a greater number of fruits, vegetables, and other healthy foods to low-income Californians. State emergency food assistance programs are intended to help fill the unmet need left by the federal Emergency Food Assistance Program (TEFAP), which can be unpredictable in both the amount and variety of food offered. A state program can add both predictability and stability in addition to supplementing the overall amount and variety of food.

The economic crisis has placed great strain on household budgets, especially working poor households who might not qualify for other forms of government assistance. State emergency food assistance programs have a dual and positive impact by providing food for families in need, who can then spend precious dollars on non-food items, creating valuable economic activity. Additionally, AB 152 would direct future state funding to in-state purchases, to benefit the agricultural and food sectors in California.

Peer State Investments in Emergency Food

State	Annual State Emergency Food Funding ¹	Food Insecure Households ²	Annual Expenditure Per Household	Food Stamp Participation Rate ³
Massachusetts	\$13 million	206,000	\$62	65%
New York	\$31 million	858,000	\$36	61%
Pennsylvania	\$18 million	557,000	\$32	76%
New Jersey	\$7 million	324,000	\$22	59%
Ohio	\$12 million	607,000	\$20	69%
Arizona	\$2 million	329,000	\$6	61%
Oregon	\$1 million	196,000	\$5	87%
Texas	\$1 million	1,409,000	\$0.71	55%
California	\$0	1,546,000	\$0	48%

Tax Credit for Fruit & Vegetable Crop Donations

AB 152 would increase access to fresh and healthy California-grown foods for low-income Californians by offering California growers a 10 percent tax credit for the wholesale value of fresh fruits and vegetables they donate to qualified California nonprofit organizations like food banks.

Increasing Fresh Produce Donations

California growers want to do their part to help low-income Californians eat more fresh healthy food. Several major California growers have indicated that a tax credit would make it easier for them to donate more fresh fruits and vegetables. California would be following the lead of several other states, including Arizona, Colorado, North Carolina, and Oregon that offer tax incentives to encourage fresh produce donations from growers to emergency food providers.

In Oregon, a similar tax credit has helped food pantries procure more diverse produce donations, from smaller growers in particular. In an official evaluation of the program, the Oregon Department of Agriculture concluded that the tax credit achieved its purpose of providing “an incentive for farmers to donate crops.... [W]ithout the incentive a few donations would still occur, but not at the same level as with the incentive.” The tax credit is not a boon for growers. Instead, the credit is a small incentive that will give growers money to reduce the costs of donating. Food banks compete with other ways that growers dispose of excess crops, and a tax credit helps tip the balance in favor of contributing this produce to food banks.

Low Cost, High Impact

A tax credit for crop donations would leverage a nominal state investment to supply an enormous amount of fresh, healthy food to low-income Californians. A state investment of \$1,000 in a tax credit would leverage a \$10,000 donation in wholesale-valued crops. For example, based on current prices, that means it could leverage the donation of over 17,000 pounds of cauliflower. This equals about \$17,000-worth of cauliflower at the retail price a family would pay in a grocery store. A \$1,000 tax credit is a minimal state investment, but the associated 17,000 pounds of fresh fruits and vegetables goes a long way in feeding low-income Californians, especially in communities with limited access to grocery stores.

Example: \$1,000 Tax Credit for Donated Cauliflower

Tax Credit Amount	\$1,000
Wholesale Value	\$10,000
Donated Food Value: Retail	\$17,057
Pounds Donated	17,142

Tax credits for fresh fruit and vegetable donations are a smart investment. Every dollar in credit leverages approximately 10-20 pounds of fresh healthy food for low-income Californians. Supporting access to healthy food for low-income communities pays dividends in reduced medical spending over the long run. The California Franchise Tax Board estimates the state tax loss at only \$300,000 in fiscal year 2011-12 and \$800,000 each year thereafter to provide this win-win-win credit for growers, food banks, and Californians in need.

Sources: ¹ Feeding America; ² USDA: Household Food Security in the United States; ³ USDA: State Food Stamp Participation Rates;

Food Insecure Household—At some time during the year, these households were uncertain of having, or unable to acquire, enough food for all their members because they had insufficient money or other resources.



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The California Association of Food Banks (CAFB) represents 41 community food banks working to build a well-nourished California.