

TESTIMONY OF
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Chairman Tester and members of the Committee, thank you for the opportunity to testify before you today. We are most grateful for your continued support of basic science like this, funded through the National Institutes of Health. My remarks today reflect my own views, not necessarily those of the NIH or Duke University.

The research that I will present to you carries a clear message: that when it comes to raising children to be independent citizens, we pay now, or we pay later. Let me explain. For 20 years we have studied the same group of 1400 people living in the mountains of western North Carolina. 350 of them are American Indian, from the Eastern Band of Cherokee Indians. The children whom we began to study in the 1990s have now grown into their 30s, and we are able to look at the long-term effects of investment in their health, education and welfare by the Tribe and the community. In particular, we are able to examine the long-term effects of an important decision made by the Tribe 20 years ago, when they opened a new casino on the Qualla Boundary, their home in North Carolina. Casino revenues were spent on tribal services including behavioral health, drug abuse prevention programs, health care, education, and social services. In addition, every enrolled citizen of the Tribe has each year received a proportion of the casino's profits.

Did the extra money that tribal families received (around \$4000 per person per year) have an effect on children's emotional and behavioral problems? We could answer the question with some confidence because we could compare children's emotional and behavioral problems before and after the income supplements began. We could also compare the Indian children with others, mainly Anglos, living in the surrounding counties. These, of course, were not tribal members and did not receive the supplementary family income from the casino. The focus of the study, funded by the National Institutes of Health, was on emotional and behavioral problems, and also on physical health and obesity, as well as school performance, crime, and education. We found that when Indian families lived above the poverty line, their children had relatively few problems and the added income made no difference. If families were so poor that even the income supplement did not raise them above the federal poverty line, their children had a lot of problems, which continued even when the families received additional income.

However, for families that hovered near poverty, the cash supplement that lifted them above the federal poverty line had a powerful effect in both the short and longer terms. Four years before the supplement, children in these families had high levels of anxiety, depression, and conduct problems; four years after the supplement began, levels were no higher than those of children who were never poor. Details can be found in an attached article from the Journal of the American Medical Association.

We have now followed these children into their 30s, and with the aid of economists Randall Akee of UCLA and Emilia Simeonova of Johns Hopkins University, we have shown that there were marked effects of the cash supplement in many areas of life, particularly for the youngest children. As adults, they used less alcohol and fewer drugs. They were less likely to commit minor crimes, and more likely to graduate from high school. Teen pregnancies were less common, and the IQ of this group, when measured at age 25, was a bit higher. Obesity, while high throughout the area, increased less after the supplement was introduced.

You may well think that the cost of investing \$4000 a year in a child or adolescent puts this sort of program out of the question. However, Akee and Simeonova have tracked the costs of the supplement against the savings in expenditures on crime, drug abuse and mental health treatment, and medical care. They have found that after the first four years, when the cost of the supplement exceeded the dollar value of the benefits, the value of the benefits relative to the costs has steadily increased. The attached diagram shows that by age 26, the latest age for which data are available, the benefits exceed the costs by a factor of three to one. For further details I would refer you to an article in the New York Times:

<http://opinionator.blogs.nytimes.com/2014/01/18/what-happens-when-the-poor-receive-a-stipend/?smid=fb-share>

We also include links to several academic papers describing the effects of the family income supplement.

Based on these data, we can choose to pay less now or pay more later. Our tax dollars can support poor families while their children are growing and developing. Or we can pay the higher costs of their lack of education, obesity, alcohol abuse, and crime in the health care and criminal justice systems and in loss of economic productivity down the road. Twenty years of research make the choice very clear.

I am happy to answer any questions or provide more information. Thank you for your attention.

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