

# The \$1.2 Billion Child Health Dividend



## How can we save money while improving the health and educational attainment of our nation's children? How can we boost workforce preparedness and help our economy thrive?

Ensuring adequate access to food (food security) among all families with young children can achieve these outcomes. The connection between food security and health outcomes is well documented, particularly for children.<sup>1</sup> Young children living in food-secure households are more likely to be in good physical health, meet developmental milestones, and are less likely to be hospitalized.<sup>2,3</sup> Children in food-secure households are more likely to thrive at home, school, and in their communities.

## Child and family health—a two generation perspective

Children live within the context of their families and experience the same hardships as the rest of the family. Though it is well-documented that parents frequently make tremendous sacrifices to ensure their children have enough to eat, the stress and anxiety of household food insecurity takes its toll on all family members.<sup>4,5,6</sup> Thus, it is not surprising that food insecurity puts children's health and development at risk through both direct biologic effects and indirect home environment effects.<sup>7,8</sup> For example, parental depression, which is experienced at higher rates by food-insecure caregivers, can disrupt 'serve and return' interactions with adults that infants and toddlers need for optimal development.<sup>9</sup>

Household food insecurity can be particularly damaging during early childhood, a crucial time for brain development. Research indicates chronic, unrelenting stress is toxic for children's development and can have lifelong effects on physical and mental health and cognitive and socio-emotional abilities.<sup>10</sup> On the other hand, well-nourished children are more likely to be spared the damage that toxic stress can do to developing brain architecture, and healthy caregivers are better able to raise healthier children.

Understanding the impacts of food insecurity on child and adult health and how they contribute to health care utilization, primary and secondary education success, and workforce preparedness and productivity is important for designing effective approaches to reduce and eventually eliminate food insecurity. Children hold the key to prosperous futures for us all, and eliminating food insecurity is one of the most cost-effective ways available to strengthen opportunities for all our nation's children.

## New evidence—high costs of food insecurity for families with young children

New research from Children's HealthWatch traced the child health-related costs of food insecurity among households with children in the areas of health care, special education, and work productivity.

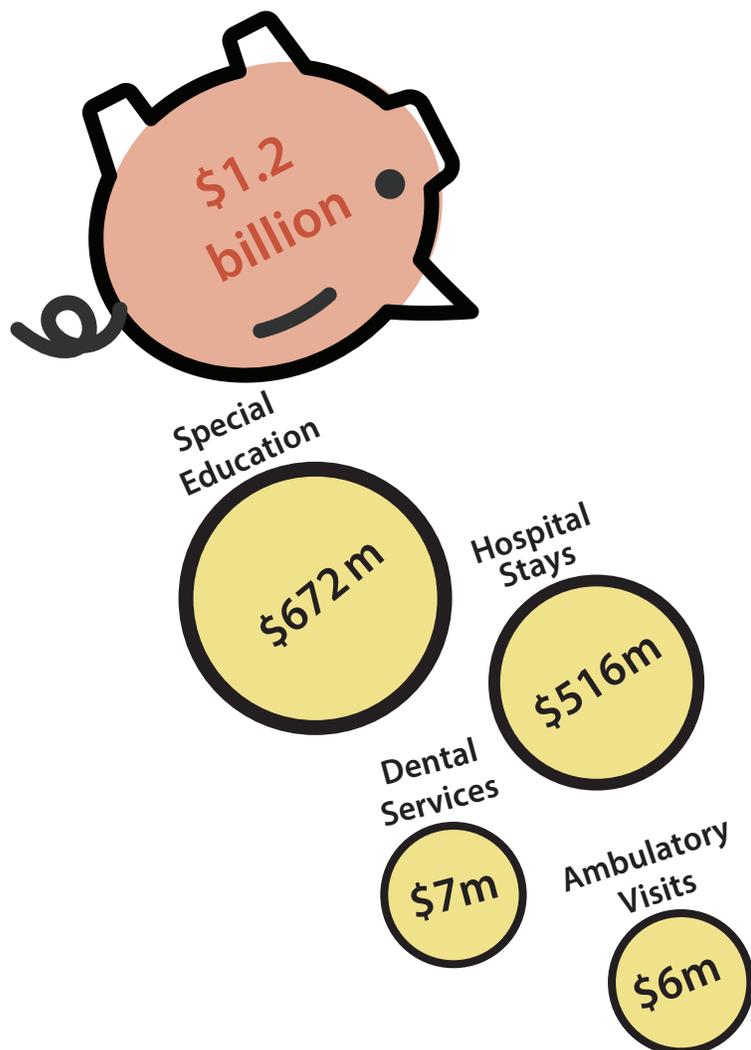
In 2014, the United States Department of Agriculture (USDA) estimated 19.9 percent of households with children under 6 in the US were food insecure.<sup>11</sup> Using information obtained through an in-depth review of peer-reviewed literature on food insecurity and its relationships to child health and development, Children's HealthWatch estimated child health care and education costs associated with food insecurity among families with young children were more than **\$1.2 billion** in 2015 dollars.\*

\*Costs based on data from 2012 and inflated to 2015 dollars.

The \$1.2 billion price tag for health-related costs of early childhood experiences of household food insecurity were estimated based on the following criteria:

- 1. Direct costs of treatment of children four years and younger, including hospital stays, ambulatory visits, and dental services, for specific disease or health conditions associated with household food insecurity.**
  - Estimated cost of hospital stays for children under age four associated with food insecurity was nearly \$516 million.
  - Estimated cost for dental services for young children whose fair or poor health status is associated with food insecurity was over \$7 million.
  - Estimated cost of ambulatory visits for young children whose fair or poor health status is associated with food insecurity was nearly \$6 million.
- 2. Direct costs of special education for children ages 3-4 years old for conditions associated with food insecurity were almost \$672 million.**

## Cost of Early Childhood Food Insecurity



These data build on a prior analysis of health-related costs of food insecurity across the lifespan.<sup>12</sup> This analysis sheds new light on the high costs of early childhood experiences of household food insecurity, yet it only reflects a fraction of the true costs attributable to food insecurity-related health conditions. While the literature addresses associations between food insecurity and some health conditions, many other health associations have not yet been researched. Moreover, these cost estimates are for children ages  $\leq 4$  years, comprising only 27% of all children (ages  $< 18$  years), and 6 percent of the total population in 2014.<sup>13</sup> Health-related costs of food insecurity in the remaining 94 percent of the population are not included.

## Policy solutions: Food is just one piece of the puzzle

Eradicating food insecurity among young children and their families begins with building up and strengthening critical federal food assistance programs like the Supplemental Nutrition Assistance Program (SNAP), the Special Supplemental Nutrition Program for Women, Infants, and Children (WIC), the Child and Adult Care Food Program (CACFP), and the Summer Food Service Program (SFSP).

However, significantly reducing hunger over the long term will require a multipronged response that recognizes the interrelatedness of multiple components of family budgets. This approach can include income, housing, and other strategies. For example, the Earned Income Tax Credit and Child Tax Credit help reduce poverty and support families as they move toward economic self-sufficiency. Safe, decent, affordable housing is a key foundation for stabilizing families and helping them be healthy and optimally productive.

## Food Assistance

### 1. Calculate Supplemental Nutrition Assistance Program (SNAP) benefits based on the Low Cost Food Plan

- Currently, maximum SNAP benefits are calculated using the Thrifty Food Plan, which was designed for temporary situations and is inadequate for providing nutritious foods necessary for living active, healthy lives. Changing the base for SNAP benefit calculation from the Thrifty Food Plan to the Low Cost Food Plan, which is more appropriate for a longer-term diet, has also been recommended by the Institute of Medicine.<sup>14</sup> By adopting the Low Cost Food Plan, SNAP benefit amounts would more accurately reflect the cost of foods needed to meet the USDA's Dietary Guidelines for Americans.<sup>15</sup>

### 2. Close WIC participation gaps by expanding outreach and eliminating barriers to participation among pregnant mothers and children 1 - 4 years old

- The latest USDA research on WIC participation rates estimates that, in 2012, overall only 63.1 percent of those eligible (pregnant and lactating mothers, infants, and children combined) received WIC.<sup>16</sup> The rates were highest among infants (85.1 percent), and

lowest among (53.4 percent) children ages 1 - 4 years. Actions that increase WIC participation (including reducing drop-out) among children 1 - 4 years old could reduce food insecurity, improve health outcomes, and lower health care costs among children in this age range.

- While 77 percent of eligible post-partum mothers received WIC in 2012, only 70.9 percent of eligible pregnant mothers did. Given the importance of prenatal nutrition for both mothers and their developing babies, increasing participation among pregnant mothers is a high priority.

### **3. Strengthen the Child and Adult Care Food Program (CACFP), a federal program providing reimbursement to a variety of settings, including early childhood/child care settings, for the provision of meals. This will provide millions of infants and young children with increased access to nutritious food**

- Increase reimbursement rates for meals.
- Allow three meals a day to be reimbursed for children in care for long hours.
- Improve area eligibility thresholds so child care settings in areas with elevated poverty levels have easier access to the program.
- Decrease administrative burdens and paperwork.

### **4. Enhance the reach of the Summer Food Service Program (SFSP) and provide low-income families with children an Electronic Benefits Transfer (EBT) card to purchase food during the summer**

- Enable more community-based organizations to participate in the Summer Food Service Program through area eligibility.
- Allow sites participating in CACFP and SFSP to streamline operations and feed children year round.
- Fund transportation grants to feed hard-to-reach children by offering innovative approaches to food distribution and mobile meals during the summer.
- Allow all Summer Food Service sites to serve a third meal to children who are in care for long hours.
- Provide Summer EBT cards to eligible families with children.

## **Economic Stability**

### **1. Implement or increase state Earned Income Tax Credits**

- The Earned Income Tax Credit (EITC) is a federal tax credit for low- and moderate-income working people that encourages and rewards work and offsets federal payroll and income taxes. States currently providing state EITCs should increase the credit in their state to levels that will lift families out of poverty and reduce economic hardships. States that currently do not have state EITCs should implement them.

### **2. Increase the minimum wage and index it to inflation**

- Increasing the minimum wage to an amount that is closer to the wage necessary for parents to be self-sufficient as they raise children will help stabilize low-income families' financial well-being and prevent downward economic mobility.

### **3. Eliminate cliff effects in family support programs**

- Effective coordination of program rules, provision of transition benefits, extension of the period over which income is averaged, elimination of the shelter cost cap in SNAP, and expansion of the medical deduction for assistance program eligibility are important steps in smoothing the transition out of public assistance. These steps support work and protect family health and well-being by preventing precipitous loss of assistance when income or assets increase.
- Providing universal child care and early education, and increased access to meals served in child care for all children, will help eliminate cliff effects that many families face when they no longer qualify for child care assistance.<sup>17</sup>

### **4. Create mechanisms for families to co-enroll in assistance programs**

- By horizontally integrating assistance programs, state and local agencies will be better able to provide services to families who may qualify for multiple programs.<sup>18</sup> Enabling families to co-enroll in programs rather than applying for each separately will help ensure they can access the assistance they need, and for which they are eligible, without unnecessary barriers. Such program integration can also reduce state administrative costs.

## **Housing**

### **5. Expand the supply of affordable housing**

- Increase funding for rental assistance, expand supply of affordable housing stock, and improve housing support systems to better ensure families are able to afford rent and other basic necessities, including food.
- Establish and support Housing Trust Funds funded through regularly available sources such as real estate transfer taxes or document recording fees—a proven approach to financing affordable housing.

## **Research**

### **6. Support continued research to determine the most cost-effective strategies for eradicating food insecurity**

- Further research simulating innovative policies to eliminate food insecurity is key to advancing and informing this conversation.

## Conclusion

Health and special education-related costs of food insecurity for households with young children in the US were estimated to total more than \$1.2 billion in 2015 dollars. The persistently high prevalence of food insecurity continues to drain resources from families, communities, and the U.S. economy. Key policy changes in a variety of areas could alleviate hardships and reduce costs, ultimately improving the future prosperity of all people in the US. Social infrastructures, including nutrition assistance programs and working-family tax credits, provide vital resources for reducing food insecurity and saving money. To make continued progress toward reaching this goal, however, key changes to assistance programs and wage structures must be put in place. Better, more coordinated responses to the needs of food-insecure caregivers and children, and those at high risk for food insecurity, are urgently needed. We must support ongoing adequate investments in education quality and job training, and promote living wage policies to make sustained progress. Eliminating food insecurity and improving the health of children now and in the future is consistent with acceptable standards of human dignity, and with all our aspirations for a prosperous future.

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**About Children's HealthWatch** Children's HealthWatch is a nonpartisan network of pediatricians, public health researchers, and children's health and policy experts. Our network is committed to improving children's health in America. We do that by first collecting data in urban hospitals across the country on infants and toddlers from families facing economic hardship. We then analyze and share our findings with academics, legislators, and the public. These efforts help inform public policies and practices that can give all children equal opportunities for healthy, successful lives.

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