

Overview

SB19-010 addresses the use of grant money for behavioral health care services at Colorado schools. The bill creates a new definition for behavioral health care, stating that it must constitute “services to prevent, identify and treat substance use disorders, substance misuse, and mental health disorders, including services to support social-emotional health.”

The bill adds a new provision that allows recipient schools to use grant money for behavioral health care services “including but not limited to screenings, counseling, therapy, referrals to community organizations, and training for students and faculty,” as well as contracting with community providers.

In the following analysis we will explain why SB19-010 is justified in terms of public economics. First, we will review the the costs that youth substance abuse and mental illness pose for Colorado, as well as the nation. Then, we will discuss how SB19-010 can mitigate such costs. In the following section, we will outline the market imperfections that keep potential clients from obtaining behavioral services. Finally, we will explain how SB19-010 can help students and their families overcome these barriers.

Analysis

Externalities

SB19-010 is justified on the grounds of public economics because it decreases the social costs - called negative externalities - associated with an emotionally unhealthy student body. Stated another way, behavioral counseling benefits our overall society through social cost reduction. Yet the value of these social benefits remains unclear to the average person. For example, the

quantitative social value of reduced substance abuse or mental illness is not readily apparent to the average student or their family.

In economic terms, this obscurity causes consumers to underestimate the service's overall value, therefore producing a socially suboptimal demand. Underestimation cannot be corrected by the market alone, given the lack of property rights or defined market transactions for such benefits. In such cases, it is the duty of the government to induce an efficient level of services through subsidization. We will now discuss the social benefits that counseling provides, first by discussing current societal costs, then how counseling would reduce their impact.

Currently, substance abuse costs the nation between \$600 and \$750 billion annually (Keeney & Manocchio 2017, NIDA 2017, NIDA 2018). While some of this figure accounts for lost work productivity, it also includes costs related to crime and health care. The former does not constitute a social cost, as lost wages impact only the substance user. The latter two factors, on the other hand, transfer cost burdens onto tax paying members of the population.

It is estimated that the City of Denver spends \$884 million annually on substance abuse through health care systems, social services, the criminal justice system, and education ("Substance Abuse"). In 2005, the burden of Colorado's state spending on substance abuse and addiction constituted 15.1% of the state budget, or \$443.12 inflation-adjusted per capita ("Shoveling Up II" 2009). A summary of these costs can be found in the Appendix. These figures constitute the costs imposed by all abusers, including students. While it is difficult to ascertain the share of costs that students generate, their actions nonetheless burden Colorado.

Along with substance abuse, mental illness generates social costs as well. The problem with tracking these costs is that they are often placed in the context of lost wages and work

productivity (Wang 2003, Ekman 2013). Such losses accrue only to the individual and therefore do not represent a negative externality.

Nonetheless, mental health disorders, including suicide, transfer costs to other members of society. Findings by Shepard et. al. (2016) suggest that the average suicide or suicide attempt generates \$44,062 in costs, inflation-adjusted, through emergency and inpatient hospitalization, ambulance transport, and medical investigation, as well as nursing home, physician, and follow-up care. These costs burden the individual, but also families, who must pay for such services after a suicide or suicide attempt, and other members of society, who pay taxes and insurance which help fund such services. Shepard et. al. also miss the emotional costs borne by those who knew the victim. Such a significant loss can reduce quality of life in relatives and significant others for long periods of time, sometimes culminating in their own suicides (Pompili 2013).

SB19-010 would reduce societal costs by impacting both substance abuse and mental health. Current literature suggests that behavioral counseling can reduce levels of substance abuse in students (Terry-McElrath et. al. 2005, Lohrmann et. al. 2005, Anderson & Moore 2009). The American Academy of Pediatrics also endorses school counseling over drug testing and other methods of substance abuse reduction (“AAP”, 2015). In the same publication, it is suggested that fewer than 10% of adolescents with a substance use disorder receive any treatment, and that “using limited resources to provide advice, counseling, and even on-site treatment of adolescents could both serve a preventive role and increase the number of adolescents who have their substance use disorders addressed.” Thus, the mitigation of substance abuse through school behavioral counseling would spread benefits across society.

Additionally, school behavioral counseling has been cited as an important factor in youth suicide prevention. For example, Aseltine et. al. found that a counseling intervention program, run on random samples of high school students in Georgia, Massachusetts and Connecticut, reduced the likelihood of a reported a suicide attempt in the past 3 months by 40%, when compared to their control group. Given that suicide is the second leading cause of death in the nation among youth ages 10 to 24, and the tenth leading cause in the nation overall, suicide prevention poses a large cost saving potential (“WISQARS” 2019).

Market Failure and Redistribution

The current situation poses additional unique considerations with respect to under-provision. Currently, the market for behavioral health services is limited for those who require it most. Students are rarely in a financial position to pay for their own behavioral counseling. Therefore, in situations where school behavioral counseling is not provided, they must rely on parents or guardians for necessary financing. Yet, students may feel uncomfortable asking for such treatment due to a perceived reaction by their parents or peers (Bathje 2011).

Parents are also subject to factors that reduce the provision of behavioral counseling. Like their children, some parents may have their own reluctance to provide such services due to cultural or individually held beliefs (*ibid.*)

Additionally, there are parents who simply cannot afford private behavioral services for their child (Rowan et. al. 2013). With respect to the latter point, it important for the government to intervene. In the context of human capital and externalities, the benefits which accrue to qualifying students through behavioral counseling are a worthy investment. Poorer families may be unable to finance such an investment, though, as the opportunity to borrow for such specific purposes is limited by eligible collateral.

SB19-010 would reduce this barrier through a form of indirect redistribution. The grant allocated in the bill generates a greater provision of school-sponsored counseling programs. Therefore, the cost burden of these services is reduced for students and their families. By subsidizing counseling programs through educational facilities, SB19-010 would reduce the financing barrier and the increase the utilization of behavioral health services.

Additionally, barriers constituted by social stigma and parental acceptance would be reduced as well. By expanding access to school counseling, students are less likely to require approval or financing by their parents. This would also increase service utilization, as students who feel restrained by these factors are provided an alternate route to behavioral health services.

Finally, the grant provided in SB19-010 would help reduce informational asymmetry. Some students do not enroll in counseling because they are unaware of the benefits that well-tested and established methods of counseling provide. If grant money is used for student education and outreach, these information gaps can be overcome.

Recommendation

Colorado currently runs the School Counselor Corps Grant Program, but it focuses on academic counselors rather than behavioral. Based on the information presented above, we believe that a similar program should be established for behavioral services. We similarly recommend that the General Assembly move forward with SB19-010. By providing behavioral health care services through schools, SB19-010 reduces some of the financial, social and educational barriers currently keeping students from enrolling. An increased provision of these services will help reduce societal costs in Colorado, as well as the nation.

Appendix

Colorado

Summary of State Spending on Substance Abuse and Addiction (2005)*

	State Spending by Category (\$000)	Spending Related to Substance Abuse			
		Amount (\$000)	Percent	As Percent of State Budget	Per Capita
Burden Spending		\$1,615,484.9		15.1	\$339.86
Justice	886,351.6	745,476.6		6.9	156.83
Adult Corrections	552,943.3	466,211.3	84.3		
Juvenile Justice	201,810.4	167,594.0	83.0		
Judiciary	131,597.8	111,671.3	84.9		
Education (Elementary/Secondary)	2,504,364.3	366,489.4	14.6	3.4	77.10
Health	953,329.3	289,982.2	30.4	2.7	61.01
Child/Family Assistance	284,174.0	161,258.3		1.5	33.92
Child Welfare	171,724.9	134,393.1	78.3		
Income Assistance	112,449.1	26,865.2	23.9		
Mental Health/Developmental Disabilities	49,850.7	19,459.4		0.2	4.09
Mental Health	27,597.5	16,980.6	61.5		
Developmental Disabilities	22,253.2	2,478.8	11.1		
Public Safety	101,909.9	24,573.1	24.1	0.2	5.17
State Workforce	1,784,431.3	8,245.9	0.5	0.1	1.73
Regulation/Compliance	3,825.7	3,825.7	100.0	0.0	0.80
Licensing and Control	3,619.7	3,619.7			
Collection of Taxes	206.0	206.0			
Prevention, Treatment and Research	54,086.1	54,086.1	100.0	0.5	11.38
Prevention	29,791.2	29,791.2			
Treatment	18,867.0	18,867.0			
Research	NA	NA			
Unspecified	5,427.9	5,427.9			
Total		\$1,673,396.6		15.6	\$352.04

Total State Budget	\$10,727 M
• Elementary and Secondary Education	\$2,504 M
• Substance Abuse and Addiction	\$1,673 M
• Medicaid	\$1,283 M
• Higher Education	\$1,750 M
• Transportation	\$607 M
Population	4.8 M

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