



Assessing Benefits and Costs of Prevention

Background

Substance misuse and substance use disorder have developed a pervasive and devastating burden on public expenditures. This figure makes the most conservative estimates and considers only the public burden and does not include individual costs, lost wages, lost productivity or loss of life. This report is the first of its kind and builds on several national studies that are widely accepted by the field of substance use prevention.

Only a small fraction of state and local funding is aimed at preventing substance use, while the overwhelming majority of spending goes toward the burden on public programs due to our failure to prevent and treat substance misuse and chemical dependency: these burdens include healthcare spending, Medicaid/Medicare, child welfare, income assistance, employee assistance, housing/homeless assistance, food/nutritional assistance, family assistance, education, mental health, developmental disabilities, public safety (law enforcement), adult corrections, juvenile justice, drug courts and criminal courts.

As the well-executed study *Shoveling Up II: The Impact of Substance Abuse on Federal, State and Local Budgets* explains, “for every dollar the federal and state governments spent on prevention and treatment, they spent \$59.83 shoveling up the consequences” of our failure to prevent and treat the problem. Almost three-fifths of federal and state spending on these issues goes toward healthcare since “untreated addiction causes or contributes to over 70 other diseases requiring hospitalization.”¹

For the purpose of this analysis, the term burden spending is defined in the following way:

Burden spending refers to public expenditures on federal, state, and local programs due to the costs of substance misuse and addiction (i.e., healthcare spending, Medicaid/Medicare, child welfare, income assistance, employee assistance, housing/homeless assistance, food/nutritional assistance, family assistance, education, mental health, developmental disabilities, public safety (law enforcement), adult corrections, juvenile justice, drug courts and criminal courts).

It is important to note that calculations in this report are subject to less than 0.03 percent rounding error as dollar values are rounded to the hundredth value. Having a credible estimate of local burden spending is useful in characterizing the nature and extent of the



problem and quantifying its impact on local fiscal policy. The benefits and costs of preventing or reducing substance use and substance use disorder can be expressed in terms of a reduction of burden spending. This, in turn, can be used as the basis for benefit: cost assessments of prevention efforts from the perspective of public finance.

For the purpose of estimating local burden spending, the CASA analysis provides some very useful results. The following estimates of the percent of total public spending that can be attributed to substance misuse and addiction are particularly useful:

- 9.6% of total federal expenditures¹
- 15.7% of total state expenditures¹
- 9.0% of total local expenditures¹

While federal, state and local budgets can vary considerably from year to year, the proportional allocation to specific categories of expenditure remains fairly stable and can serve as the basis for estimates over time.

Talking Points

- Public burden spending in Vermont was \$328M in 2021*
 - For every dollar invested in prevention in Vermont, \$7.03 in public burden spending is saved*
 - The return on investment for prevention dollars spent in Vermont is \$7.03*
 - \$7.03 in public burden spending (taxpayer dollars) is saved as a result of primary substance use prevention*
 - The cost benefit is \$1: -\$7.03*
 - The benefit cost is -\$7.03: \$1*
 - Prevention dollars are most effectively utilized at the local level
- *2021 YRBS results should be interpreted with caution due to implementation during the fall (off schedule from typical spring administration) and falling during the COVID-19 pandemic