

A Prevention Model for Reducing the Federal Debt While Doing Social Good

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The growing federal debt has become such a looming problem that President Obama appointed a National Commission on Fiscal Responsibility and Reform to tackle it. So far, the public discourse has focused on two seemingly necessary solutions that are scorned by certain populations—raising taxes and cutting current government programs. If instead, far more funds were put upfront to prevent problems before they arise, future spending would be reduced, along with the need for as many taxes hikes and program cuts. Spending now will pay off later, often in five to ten years, but sometimes helping far in the future, when budget concerns will, of course, continue. This prevention model is primarily associated with health care (it is cheaper to prevent than treat an illness), but it could be applied across diverse budget sectors. Here are some examples.

Research indicates that, in general, investing in primary and early intervention yields the best outcomes for those at risk, as well as the best savings, by avoiding the high cost of treating adults who acquire problems. A study by RAND concluded that “high-quality early childhood programs can keep children out of expensive special education programs; reduce the number of students who fail and must repeat a grade in school; increase high school graduation rates; reduce juvenile crime; reduce the number of youngsters who wind up on welfare as adults; increase the number of students who go to college; and help adults who participated in the programs as children get better jobs and earn higher incomes” (<http://www.rand.org/news/press.06/01.12.html> and <http://www.rand.org/pubs/monographs/MG341/> for full study). For example, a 2005 analysis found that early childhood programs for vulnerable populations would dramatically increase long term savings; by 2050 there would be an annual federal/state government budget savings of \$61 billion, a GDP increase of \$107 billion, and a crime related savings of about \$155 billion in 2004 dollars (http://www.epi.org/publications/entry/books_exceptional_returns/).

In education, preventing high school drop-outs could save in various ways. The GAO has identified the specific costs of dropping out of school: fewer employment opportunities, with resulting loss of tax revenue for government; greater tendency to engage in high-risk behaviors resulting in pregnancy, crime, and drug use; and drawing on social programs throughout one's lifetime (*"School Dropouts: The Extent and Nature of the Problem"* cited In http://educationnorthwest.org/webfm_send/497). Cutting high school dropout rates in half would increase government revenues annually by 45 billion dollars ("via extra tax revenues, reduced costs of public health, crime and justice, and decreased welfare payments"), with two thirds going to the Federal government (<http://www.cbcse.org/pages/posts/boosting-high-school-graduation-rates-would-save-u.s.-127000-per-new-graduate-researchers-find3.php>). Effective practices for reducing dropout rates have been found (http://ies.ed.gov/ncee/wwc/pdf/practiceguides/dp_pg_090308.pdf).

The annual total cost of crime's aftermath well exceeds \$1 trillion (http://papers.ssrn.com/sol3/papers.cfm?abstract_id=147911 ; 1999 figures). Though much goes toward state/local/private aspects, hundreds of billions go towards federal expenses, making it ripe for substantial savings. The Washington State Institute for Public Policy (<http://www.wsipp.wa.gov/rptfiles/09-00-1201.pdf>) and the Blueprints Model Programs at the Center for the Study and Prevention of Violence (<http://www.colorado.edu/cspv/blueprints/modelprograms.html>) have identified effective and cost-savings programs that lower adult and juvenile crime rates, violence, and recidivism. Plus, the work of the former is now being funded and successfully utilized by the Washington state government, leading them to begin funding prevention measures in other areas.

Funds can also be saved by providing safety net services for needy populations--such as food, housing, and counseling. For example, recent testimony by the United Tenants of Albany showed that providing housing and onsite services for the homeless resulted in cost savings by "lowering the use of expensive emergency services like shelters, hospitals, prisons and psychiatric centers" that typically serve this population (<http://webcache.googleusercontent.com/search?q=cache:oSDqIgyC63UJ:www.nysenate.gov/files/pdfs/Human%2520Services%2520C%2520Feb%252>

[010%25202010.pdf+%22prevention+model%22+%22deficit+reduction%22%22&cd=21&hl=en&ct=clnk&gl=us](#)). A Health and Human services report states that “..the total financial cost of drug use disorders to the United States is estimated to be 180 billion dollars annually....and for alcohol abuse ...184.6 billion dollars.” The report notes a cost savings ratio of 7:1 by doing treatment, saving mainly in “reduced cost of crime and increased employer earnings” (https://www.samhsa-gpra.samhsa.gov/CSAT/view/docs/SAIS_GPRA_CostOffsetSubstanceAbuse.pdf), though there are health care savings as well (*Prevention Can Save on Health Care Costs*; Center for Science in the public Interest). Also, there are other successful programs (<http://www.colorado.edu/cspv/blueprints/modelprograms.html> ; <http://download.ncadi.samhsa.gov/prevline/pdfs/SMA07-4298.pdf>).

The defense budget presents other possibilities. Armed conflicts are extremely costly in weaponry, personnel, injury, and collateral damage to civilians and infrastructure. The Carnegie Commission on Preventing Deadly Conflict has gathered evidence that many armed conflicts can be avoided using “preventive defense,” “preventive diplomacy,” and conflict prevention and management. (<http://www.wilsoncenter.org/subsites/ccpdc/pubs/ditch/ditch.htm>). Recent Congressional testimony by Lund and Schirch revealed that “cost ratios of prevention to war ranged from 1-1.3 to 1-479, an average of 1-59.” ([http://www.wilsoncenter.org/topics/docs/final%20Lund%20Schirch%20HASC%20statement%20 2_1.pdf](http://www.wilsoncenter.org/topics/docs/final%20Lund%20Schirch%20HASC%20statement%202_1.pdf)). Hundreds of billions of dollars could be saved by the U.S. if one major war or multiple U.S.-resourced civil conflicts were averted.

Studies demonstrate the cost savings of environmental management techniques such as pollution control, waste control, and energy conservation (<http://www.dcp2.org/pubs/DCP/43/Section/6264> ; <http://onlinepubs.trb.org/onlinepubs/tcrp/tsyn09.pdf> ; http://www.thirtypercentsolution.org/solution/EECC-Savings_Analysis-Jan-2009.pdf). Also, increased regulatory monitoring and technological improvements in industries should mean fewer oil spills and other environmental accidents, hence less spending on clean-up, repairs, and health care and economic aid for those effected. Preventive legislation like

Cap and Trade can reduce greenhouse gases/global warming, reducing later costs related to health care, water shortages, disruption of economic activity, and so on. Additionally, every dollar spent in disaster prevention and infrastructure saves \$7, on average, when the calamity strikes (“Rebuilding a Resilient Nation,” Stephen E. Flynn, Council on Foreign Relations).

Finally, there is health care, where we started, and where rising costs are enormous. In contrast to commonsense notions, research reviews conclude that there are only limited areas where medical prevention has reliably cut costs (<http://content.nejm.org/cgi/content/full/358/7/661> <http://www.rwjf.org/pr/product.jsp?id=48508>). However, behavioral interventions affecting health have proven effective and cost saving. A recent analysis found that changes in childhood wellness/exercise/nutrition, child rearing practices, safety promotion, public education, and community actions can result in a healthier America (see link at left of page:

http://www.rwjf.org/pr/product.jsp?id=66628&cid=XEM_1095291). For example, “end-of-life,” and ethics discussions, chronic and self-care management, and diabetes interventions could save, on average, \$50 billion annually, with a large majority being federal related (http://www.urban.org/uploadedpdf/411932_howwecanpay.pdf). An estimated \$200 billion could be saved annually by 2018 if current obesity levels were maintained (<http://healthcare.nationaljournal.com/2010/07/the-reform-law-and-the-deficit.php> ; see comments by Dr. Thorpe). And there are effective programs to do so. The state of California saved around \$4 billion annually over expected costs over the twenty year period it enacted an anti-smoking public education campaign and other policy changes (Prevention *Can* Save on Health Care Costs; Center for Science in the public Interest). Think what could be saved by the states and the federal government if this was done nationwide.

As a word of caution, the Coalition for Evidence-Based Policy has found that much research is not rigorous and thus government programs have been established based on invalid or insufficient evidence. Thus it will be important to start with rigorously tested best-practices programs, pilot test

less researched programs being considered, and to do regular evaluation of program effectiveness. Fortunately, though not looking specifically at the research cited here, the Coalition has analyzed well controlled studies showing that there are effective programs in many areas of work cited above (<http://evidencebasedprograms.org/wordpress/>). And there now exist many other databases referencing successful “evidence-based programs” in both areas covered here and otherwise (e.g., successful interventions in lowering pregnancies, hospital visits/some health and well being problems, unemployment and lower wages, drop-out rates/ disciplinary problems/academic difficulties/learning and developmental disabilities/non-preparedness for school, substance abuse, violent and criminal behavior/recidivism, psychopathology, welfare needs/homelessness, environmental problems like energy waste, and dysfunctional parenting/family and life skills) (<http://www.cscpb.org/evidinfo> , see documents linked at bottom of page; (<http://www.oregon.gov/DHS/mentalhealth/ebp/main.shtml>); see links at top of page; <http://prevention.psu.edu/links/index.html> see links to prevention research centers/institutes). Different entities differently determine what is “well-tested” and thus caveats just mentioned should be followed. But there are currently ample rigorously evaluated programs to move ahead. And the new area of “implementation science” will help this process (“research to translate evidence-based findings into common practice”;
http://www.fic.nih.gov/news/publications/global_health_matters/2010/04/10_implementation.htm).

Targeting funds for new prevention-oriented research could reveal new cost-saving and effective measures in any number of sectors. Cohen, Neumann, and Weinstein present a health care model that can be applied to other sectors (<http://content.nejm.org/cgi/content/full/358/7/661>). It involves identifying and utilizing with larger populations what works now and might in the future, and identifying programs that should be eliminated due to ineffectiveness and cost.

An important advantage of prevention is that the need for cutting current government programs solely for financial reasons would be reduced. Some program cuts would be made as a natural consequence of reduced need, not just to save money. Prevention also generates higher levels of welfare

and happiness: it is better not to get diabetes than to successfully treat it; to avoid an oil spill rather than clean it up; to stay out of prison rather than be rehabilitated; to not have a war.

Another factor in the equation is that obviously not all costs or programs are tied to the federal government and budget. Many are handled by the private sector or state and local governments. Thus, while costs will not be borne by the federal government, cost savings and positive effects on the debt will not accrue either. However, there are complex relationships between these sectors regarding program/budget/economic considerations, and there are still possibilities for debt reduction if the private/state/local government sectors also apply prevention. For example, private sector savings will benefit productivity and the general economy, with ramifications for the federal budget. Plus, more solvent states and cities will have lowered need for federal assistance. Besides the Washington state example above, Oregon now requires that significant funds spent by five state agencies must be effective and cost-saving, based on research, with one area being that of corrections (<http://www.oregon.gov/DHS/mentalhealth/ebp/main.shtml>). Youth rehabilitated at the state level will not be a future financial burden on the federal justice system either; and presumably other state prevention programs could similarly benefit the federal budget. Given some state deficits, initial outlays (even loans) by the federal government for prevention programs might induce their participation. Cayuga County in New York (http://www.childtrends.org/Files//Child_Trends-2010_04_01_RB_EBProgramsinAction.pdf) and Palm Beach County in Florida have also successfully utilized evidence based programs (<http://www.cscpbcc.org/evidinfo>).

Any proposal has downsides. For one, with fewer problems, less people will be needed to fix them, so jobs will be lost. (Of course, maintaining jobs to fix problems that need not be is not productive for the economy.) But new prevention jobs will be created, and efforts would be implemented over time, allowing for job relocation. Additionally, some sectors (like health care) may require extensive public education campaigns and “nudges” (Thaler and Sunstein) to induce preventive behavior (<http://books.google.com/books?id=dSJQn8egXvUC&dq=thaler+nudges&printsec=frontcover&source=bn&hl=en&ei=DVloTLytBoWFnQffz4mpAQ&sa=X>

[&oi=book_result&ct=result&resnum=5&ved=0CCUQ6AEwBA#v=onepage&q=thaler%20nudges&f=false](#)). Also, though not technically a downside, prevention savings stated here or otherwise can not be merely added to find a grand total, as it will result in some double counting (e.g., savings made by some childhood interventions will alleviate potential problems/preventions/savings later in life for some). However, many cost-savings analyses state that their figures are conservative because there are other indirect savings not calculated because they deviate from the direct effects in their area of analysis. Finally, political opposition will arise from those against initial outlays or those who have vested interests in fixing problems rather than preventing them. As with health care reform, accommodations with these interests may be required to pass legislation. We need a strong Commission, President, and Congress to implement a prevention model, but it should have appeal across the political and ideological spectrums (research indicates that opposed to some other ways tested, framing budgets in terms of prevention was very appealing;

http://www.frameworksinstitute.org/assets/files/budgets_taxes/BudgetsAndTaxesOunceOfPrevention.pdf). Perhaps the best hope lies in a diverse and vocal public which insists that government officials not lose an opportunity to lower tax increases and program cuts while still helping the budget situation.

There is no simple solution to the debt problem, but prevention can be a piece of the puzzle, perhaps a significant one, and with social benefits that alone are worth implementation (see the relevant article by Chris Norwood, who heads a health prevention institute, http://www.huffingtonpost.com/chris-norwood/prevention-aves-making-th_b_712304.html). Building over time, hundreds of billions of dollars can be saved or revenues added annually to the federal budget if there is sufficient up-front funding, widespread implementation of successful programs, a requirement for all budget areas to explore possibilities, and as funding designated for new research surely brings new areas for savings. Though a start, we will need far more, in many sectors, than the 15 billion dollars allotted over ten years to health care prevention (the “Prevention and Public Health Fund” of the new health care law). One Brookings study recommended spending \$133 billion over five years, principally in various

childhood programs (http://www.brookings.edu/papers/2007/01childrenfamilies_isaacs.aspx).

I end with a pitch for informed citizens to weigh in on ways to reduce the national debt--since experts and politicians have been unable to do so. I have spoken to Congressional aides and submitted the prevention model to the National Commission on Fiscal Responsibility and Reform, and I encourage others to call their Congressional representatives and submit their ideas to the Commission as well (commission@fc.eop.gov). It is time for President's debt commission and Congress to heed this call and investigate possibilities.

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