

Substance Use Disorder Treatment and Human Capital: Evidence from At-Risk Youth*

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Abstract

This paper provides evidence on the short- and long-run impacts of substance use disorder treatment programs on adolescents' human capital accumulation and labor market outcomes. Specifically, I study the effect of one of the most common types of substance use disorder treatment programs for adolescents—treatment center schools, which are residential substance use disorder treatment centers that have a school on site. This paper estimates the effect of treatment center schools on later education and labor market outcomes among at-risk adolescents—specifically, youths aged 12–16 years who have previously been detained in a juvenile detention center. This population is of particular interest because they are at high risk of substance use disorders and they represent a large share of the adolescents served by treatment center schools. Using individual-level administrative panel data from Texas and a matched difference-in-differences design, I find that treatment center schools have positive impacts on academic and labor market outcomes for at-risk adolescents. In the first two years following substance use disorder treatment initiation, treated students experience decreased chronic absenteeism (26.6% relative to the control group mean), decreased likelihood of being disciplined (28.1%), and decreased course fail rate (16.1%). I also find positive long-term impacts on college enrollment (11.7%) by age 20 and employment (2.7%) at ages 17–20. Heterogeneity analysis reveals that the positive impacts of treatment center schools are nearly universal across demographic characteristics.

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