From the National Association of School Psychologists:

What is the difference between a school psychologist and a school counselor?

School psychology training brings together the knowledge base of several disciplines, including child psychology and development and education with an emphasis on special education. In most states and training programs, school counseling does not include training or work with special education populations. In addition, most states require three years of graduate school training, including a 1200-hour internship, to become a credentialed school psychologist. In comparison, the Council for Accreditation of Counseling and Related Educational Programs (CACREP) indicates that accredited master’s degree programs in school counseling include a minimum of two years of full-time study, including 600 hours of supervised internship.

In the school setting, counselors typically work with the total school population regarding a variety of issues – family and academic problems, career planning, course schedules and problem solving around course selection and scheduling, etc. In some districts, elementary counselors in particular conduct groups regarding family changes, social skills, etc. With older students, they may also be involved in chemical dependency prevention and early intervention activities, crisis intervention, mental health counseling, etc.

School psychologists are typically funded through special education monies and often their first responsibility is to the population of students at risk for failure and who have identified disabilities. With these populations, their roles include assessment (comprehensive evaluations of disability and risk), consultation regarding instructional and behavioral interventions, and direct interventions including crisis prevention/intervention, individual and group counseling and skill training. In this latter role, school psychologists may overlap the duties of counselors and social workers, and often will work jointly with these other professionals by co-leading social skills groups and jointly serving on crisis support teams. Relative to counselors, school psychologists are more likely to have training in behavioral analysis, mental health screening and diagnosis, research methods (and application of research to classroom practices), and specific disability areas.

Training as a school psychologist will provide broader options both within and outside of school settings. School psychologists are often employed by other agencies in addition to schools – community mental health centers, pediatric departments of hospitals, corrections facilities, etc. Within school settings, there are growing opportunities for varied roles as a school psychologist as districts tap broader funding sources including grants, prevention and early intervention projects, etc. If direct counseling work with children is appealing, positions emphasizing this role are available to those trained as counselors, social workers, or school psychologists. If a broader range of activities is appealing – comprehensive evaluations of student needs, consultation with parents and teachers regarding achievement and behavior problems, training staff and parents as well as students to be more effective problem solvers and to better understand disability and risk issues, and perhaps conducting research in applied settings – then the field of school psychology might be the best option.

http://www.nasponline.org/about_sp/careerfaq.aspx#sp_counselor