

THE ECONOMIC IMPACT OF SUBSTANCE ABUSE

The cost of substance abuse and addiction is staggering—hitting state budgets hard.

- ▶ In 2005, state governments spent nearly 15 percent of their total budgets—nearly \$136 billion—on substance abuse and addiction, and their peripheral effects. This level of spending is second only to the amount spent on elementary and secondary education and is up from 13.3 percent of budgets in 1998.¹
- ▶ Of this amount, 35 percent goes toward corrections, while the remaining 65 percent is devoted to health care, education, child and family assistance, mental health and developmental disability programs, and public safety.¹
- ▶ Of the \$36.3 billion states spent in 2005 for adult corrections, including incarceration, probation and parole, 80.5 percent—or \$29.2 billion—was spent on offenders who are substance-dependent.¹
- ▶ In health care spending alone, substance abuse and addiction represent \$37 billion of state health care budgets, with more than 85 percent of these expenditures coming from the Medicaid program.¹



Alternative methods of managing substance abuse can pay off for states.

- ▶ The return on investment for states treating substance abuse is tremendous. For every dollar spent on treatment today, the future cost burden to the government can be reduced by \$12 or more in reduced drug-related crime, criminal justice expenses and health care costs.²
- ▶ Drug courts are an essential tool in successful outcomes for substance abusers in the justice system. As of June 2009, there were 2,038 fully operational drug courts across the country.³
- ▶ The recidivism rate for defendants convicted of drug possession is high—more than 50 percent. Researchers, however, find those who graduate from drug treatment court programs have lower recidivism rates, ranging from 2 percent to 20 percent.⁴

States' fiscal crises have simultaneously provided opportunities to develop new strategies for substance abuse programs and forced funding decreases for successful programs.

- ▶ In April 2009, New York lawmakers dismantled the state's strict 1970s-era drug laws by repealing many of the mandatory minimum sentences for low-level drug offenders and giving judges the authority to send first-time nonviolent offenders to treatment instead of prison. The legislation also expands drug treatment and other alternatives to incarceration, potentially diverting half the state's convicted drug offenders from prison.
- ▶ A radical proposal introduced in California to tax and regulate marijuana like alcohol could, if passed, generate an estimated \$1.38 billion annually in new revenue.⁵
- ▶ Kansas, which in recent years has shifted resources from incarceration to rehabilitation, was forced to eliminate 80 percent of the capacity in its substance-abuse treatment program for inmates, citing budget constraints.⁶

The Fiscal Impact of Substance Abuse and Addiction on State Programs

Cost of Substance Abuse and Addiction to State Programs ⁷			Per Capita Cost of Substance Abuse and Addiction to State Programs ⁷	
State or Territory	Percent of State Budget	Dollars in Millions	State or Territory	Dollars
Maine	26.9	\$1,180	District of Columbia	\$1,315.97
Massachusetts	21.8	4,502	Alaska	1,241.63
New York	21.1	13,132	Maine	892.89
New Mexico	20.9	1,346	Vermont	778.75
California	19.1	19	Connecticut	744.79
Vermont	18.4	486	Massachusetts	699.34
District of Columbia	18.3	765	New Mexico	688.64
New Hampshire	18.3	536	New York	680.19
North Carolina	17.6	4,227	Delaware	675.71
Kansas	17.4	1,194	Hawaii	585.62
Louisiana	17	1,376	Minnesota	536.87
Michigan	16.1	4,673	California	534.13
Florida	16	6,058	North Carolina	477.27
Pennsylvania	15.9	5,344	Michigan	462.88
Missouri	15.8	2,144	Maryland	459.23
Texas	15.8	6,400	New Jersey	433.25
Alaska	15.6	832	Kansas	432.05
Colorado	15.1	1,616	Pennsylvania	429.49
Minnesota	14.9	2,774	Washington	429.35
Connecticut	14.9	2,610	Wisconsin	429.11
Nevada	14.9	757	Ohio	423.84
Illinois	14.4	4,666	New Hampshire	407.52
Maryland	14.2	2,579	Oregon	394.98
Puerto Rico	14.2	1,261	West Virginia	387.58
Georgia	13.9	2,495	Missouri	366.94
Washington	13.4	2,746	Illinois	363.92
Montana	12.6	308	Nebraska	348.20
Nebraska	12	616	Wyoming	343.88
Delaware	12	577	Colorado	339.86
Idaho	11.9	358	Florida	334.88
Ohio	11.8	4,865	Montana	325.92
Oklahoma	11.8	999	Puerto Rico	321.12
New Jersey	11.7	3,780	Louisiana	320.83
Arizona	11.2	1,624	Virginia	311.21
Mississippi	11.2	812	Kentucky	304.50
Hawaii	11.1	753	Nevada	303.49
Alabama	10.8	1,142	Iowa	301.52
Iowa	10.2	899	Arkansas	300.85
Kentucky	9.8	1,281	Oklahoma	279.09
Wisconsin	9.6	2,384	Mississippi	278.96
Oregon	9.5	1,462	Texas	272.24
Virginia	9.4	2,379	Georgia	266.45
South Carolina	8.5	934	Arizona	263.28
Arkansas	8.5	846	Alabama	248.34
South Dakota	8.1	180	Idaho	244.74
West Virginia	5	705	South Dakota	230.23
Wyoming	4.3	177	South Carolina	216.18
Average	14.8	\$2,595	Average	\$420.49

Note: Five states did not participate in the survey: Indiana, North Dakota, Rhode Island, Tennessee, and Utah.

Source: The National Center on Addiction and Substance Abuse at Columbia University. "Shoveling Up II: The Impact of Substance Abuse on Federal, State and Local Budgets." May 2009. Available at <http://www.casacolumbia.org/absolutenm/articlefiles/380-ShovelingUpII.pdf>.

¹The National Center on Addiction and Substance Abuse at Columbia University. "Shoveling Up II: The Impact of Substance Abuse on Federal, State and Local Budgets." May 2009. Available at <http://www.casacolumbia.org/absolutenm/articlefiles/380-ShovelingUpII.pdf>.

²National Institute on Drug Abuse, National Institutes of Health. "Principles of Drug Addiction Treatment: A Research-Based Guide, National Institute on Drug Abuse." No. 00-4180, 2000.

³Bureau of Justice Assistance, Drug Court Clearinghouse Project. "Drug Courts—Facts and Figures." June 2009. www.ncjrs.gov/spotlight/drug_courts/facts.html. Accessed 10 September 2009.

⁴National Drug Court Institute. "Research Findings." <http://www.ndci.org/research>. Accessed 27 August 2009.

⁵Walters, Dan. "Legal pot could generate \$1.4 billion in revenue, tax board says." *Sacramento Bee*: July 15, 2009. Available at <http://www.sacbee.com/static/weblogs/capitolalert/latest/023910.html>. Accessed 3 September 2009.

⁶Vera Institute of Justice. "Fiscal Crisis in Corrections." July 2009. http://www.vera.org/files/The-fiscal-crisis-in-corrections_July-2009.pdf. Accessed 27 August 2009.

⁷State programs include justice, education, health, child family assistance, mental health/developmental disabilities, public safety, and state workforce.