



A statewide coalition of consumers, providers, educators, and advocates  
representing the voice for alcohol and drug abuse services

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## CADA Fact Sheet

### THE COST AND CONSEQUENCES OF UNTREATED SUBSTANCE ABUSE IN CALIFORNIA

“If you are concerned about public safety, address addiction.

If you are worried about the cost of government, address addiction.

If you are worried about abused children, homelessness, struggling families, address addiction.

If you are worried about economic productivity and prosperity, address addiction.

Drug and alcohol abuse is not the source of all problems, but it is a cancer in our communities that is sapping our resources and limiting our potential.” ... *Little Hoover Commission, 2004*

#### **Untreated substance abuse costs California taxpayers estimated \$58 billion annually**

These costs include lost productivity, incarceration, crime careers, drug abuse related illness, and premature death. In addition there are significant burdens on the foster care and welfare systems. The majority of the public resources are spent countering illegal drugs. However, at least half of the health cost and consequences, half of the violence and half of the economic losses are attributable to the abuse of alcohol, the drug that most of our children will abuse first.

To put this cost in perspective, \$58 billion is more than half of the state’s total \$101 billion budget for FY 08-09. It is greater than state spending on K-12 education and is greater than the combined cost of health and human services, higher education and corrections.

**One in four California families struggles with a loved one’s addiction to drugs or alcohol.** Neither drug use nor addiction discriminate, with rates the same across all groups. An estimated 3.3 million Californians abuse or are dependent on alcohol or other drugs, according to the Substance Abuse and Mental Health Services Administration (SAMHSA). In FY 2006/07, just 172,401 people were admitted to treatment, according to the Department of Alcohol and Drug Programs.

- **Only 5% of people who need treatment in California, received it in 2006/07**
- **Nearly 50% are parents.**
- **Over half came from the criminal justice system.**

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**Addiction is preventable treatable chronic disease.** The American Medical Association, National Institutes of Health, and other leading health authorities recognize and define alcohol and drug addiction as a preventable and treatable disease. Treatment works. Without appropriate treatment, individuals will relapse, as they do with other chronic diseases. Decades of research shows that addiction treatment is successful – at reducing drug use and arrests, and increasing employment, among other measures. As with sufferers of other chronic conditions, people with addiction problems have a treatment compliance rate (or “success rate”) of about one-third. From the 1994 CALDATA study to the 2008 UCLA cost-benefit analysis of Proposition 36, research documents that treatment works and saves tax dollars in California. This science should drive state alcohol and drug policy and budgets.

**Underfunding treatment reduces success and increases state spending.** When counties receive fewer funds, they provide less treatment and develop longer waiting lists. These results in higher arrest and incarceration rates – driving up more state spending and associated costs.

**Over-reliance on incarceration as a solution to substance abuse costs billions of taxpayer dollars.** California embarked on the largest expansion of a state prison system in US history during the 1980s, increasing the number of incarcerated nonviolent drug offenders *from 2,000 in 1980 to almost 45,000 in 1999 – a 25-fold increase in just 20 years.* The current cost of incarceration per prisoner per year is \$46,000. The resulting over-population crisis in the state’s prison system shows that if incarceration continues to be California’s primary response to substance abuse financial ruin will continue to be the result. A 2008 study of parole violations and revocations indicates that 35% of the state’s adult prison population is serving terms for drug offenses. An even higher percentage has underlying substance abuse problems. A 2006 UCLA study estimated that 42 percent of California inmates have a high need for alcohol treatment and 56 percent have a high need for drug treatment. These figures suggest that between one-fifth and one half of the \$10 billion CDCR budget is driven by substance abuse. Therefore, all appropriate substance abuse treatment protocols should be utilized and adequately funded to maximize recidivism prevention. This includes in-custody, post release and treatment as an intervention for technical parole violation (e.g. substance abuse). Community-based treatment should be expanded as it is a major component in recidivism prevention efforts.

**Treatment-instead-of-incarceration expands treatment access, reduces costs.** Treatment instead of incarceration reduces costs and enhances public safety by reducing drug-related crime and preserving jail and prison space for more serious offenders. Under California's laws allowing judges to send non-violent offenders to treatment instead of prison, 84,000 participants have received treatment and saved taxpayers *nearly \$2 billion* in incarceration costs.

**Non-prison sanctions for technical parole violations would also reduce costs.** California is the only state that incarcerates more people for parole violation each year than from court sentencing. Over 70,000 parolees who were returned to prison in 2007 (over 75% of the total number of parolees returned) were incarcerated for a technical violation – many for use of an illicit substance. The 2008 study of parole violations and revocation in California found that 35% of technical violations were related to drug use or sales. With regard to parole violations involving a new arrest, 25% of that group had committed Type I crimes – typically drug use or possession.

**An alcohol tax increase could protect treatment funding.** The alcohol tax in California has not been raised since 1991. An increase in the alcohol tax by 5 cents per drink would generate sufficient revenue to fund the state's existing treatment programs and could be used to meet the unmet needs for treatment that clearly exist in California. The alcohol tax would help pay for the \$8.3 Billion cost of alcohol abuse that is borne by government agencies in this state. This is similar to the current program of the fee on casino gambling to pay for the Gambling Addiction Program administered by the Dept. of Alcohol and Drug Programs.

Earlier this year, the Little Hoover Commission estimated total direct state expenditures for substance abuse treatment across all departments at \$1 billion. However the money is spent on duplicate administration, lack of coordination and without a unified focus or goal. While the current budget crisis requires immediate action, there is also an opportunity for restructuring and reform that will result in the state spending its substance abuse treatment funds more efficiently and effectively.

California cannot afford to continue to arrest and jail its way out of its substance abuse problems. The legislature needs to evaluate where duplication and inefficiency exist within state government and how tax revenues can best be used in supporting and improving community based AOD treatment.

The research on treatment effectiveness and the stark fiscal decisions facing the state compel the legislature to address untreated addiction and invest in AOD treatment.

For further information, please contact CADA at 916-329-7409

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