



## U.S. Department of Justice

National Drug Intelligence Center

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### **NATIONAL DRUG INTELLIGENCE CENTER RELEASES REPORT ON ECONOMIC IMPACT OF ILLICIT DRUG USE ON AMERICAN SOCIETY**

WASHINGTON – Illicit drug use in the United States is estimated to have cost the U.S. economy more than \$193 billion in 2007, according to a study produced and released today by the National Drug Intelligence Center (NDIC).

*The Economic Impact of Illicit Drug Use on American Society*, produced on behalf of the Office of National Drug Control Policy, estimates the economic impact of illicit drugs for calendar year 2007—the most recent year for which data are available.

“This study shows the economic cost of illicit drug use is significant,” said NDIC Director Michael F. Walther. “The study’s finding that the economic cost of illicit drug abuse totaled \$193 billion reveals that this nation’s drug problem is on par with other health problems.”

According to a 2008 study by the National Institute of Diabetes and Digestive and Kidney Diseases, diabetes costs the United States more than \$174 billion each year. The Centers for Disease Control and Prevention report that from 1995 to 1999, smoking accounted for at least \$157 billion annually in health-related economic costs.

The study, *The Economic Impact of Illicit Drug Use on American Society*, is the first comprehensive assessment of costs associated with drug use in almost a decade. The statistical findings presented in the study integrate economic costs in the three principal areas: crime, health, and productivity. Costs considered in each of these areas include:

- **Crime:** This includes criminal justice costs, crime victim costs, and other federal costs for activities including intelligence production, interdiction, source nation assistance, and research and development.
- **Health:** Specialty drug treatment costs, hospital and emergency room costs for non-homicide and homicide cases, insurance administration costs, and other health costs.
- **Productivity:** Labor participation costs (for those who are employed but are not as productive as they might be due to illicit drug use) and incapacitation costs attributable to specialty treatment, hospitalization, incarceration, premature mortality (non-homicide-related), and premature mortality (homicide-related).

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The study uses two alternative scenarios to estimate total economic costs. In the first scenario, known as the “base model,” costs associated with productivity lost to drug-induced incarceration and homicide are treated as productivity costs. In the second scenario, these elements are treated as crime costs. In the base model, productivity costs are the largest component of total costs to society. In the second scenario, crime costs are the largest component of total costs to society. Each scenario, however, results in the same estimate of \$193 billion as the total economic cost of illicit drug use.

In the base model, approximately \$120 billion—the majority of the economic cost—is attributable to productivity lost to illicit drug use. Crime costs total more than \$61 billion, and health costs total more than \$11 billion. Hospital and emergency department costs for non-homicide cases represent the largest portion of health costs.

Under the second scenario, crime is found to comprise the largest share of total costs at more than \$113 billion, while productivity costs are shown to be more than \$68 billion. This results from counting incarceration and homicide components of lost productivity as crime-related in this scenario.

A complete copy of *The Economic Impact of Illicit Drug Use on American Society* can be found at: <http://www.justice.gov/ndic/pubs44/44731/44731p.pdf>

The National Drug Intelligence Center’s mission is to provide strategic drug-related intelligence, document and computer exploitation support, and training assistance to the drug control, public health, law enforcement, and intelligence communities of the United States in order to reduce the adverse effects of drug trafficking, drug abuse, and other drug-related criminal activity. Additional information about NDIC, a component of the Department of Justice, can be found at: <http://www.justice.gov/ndic/>

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