



The Impact of Opioid Crisis on Public Financial Management

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DESCRIPTION

The White House assessment on the opioid crisis from the Council of Economic Advisers, which was published in November 2017, shows that past estimates of costs greatly overestimated the economic implications of the opioid crisis. When these losses were taken into account, the annual cost of the opioid crisis increased by roughly 600%. Crime laboratories are responsible for 270 million of the total 8 billion costs to the criminal justice system. However, laboratory spending has not increased quickly enough to keep up with the escalating demand for forensic science services. Previous to November 2017, it was anticipated that the national opioid problem will cost roughly 0.33% of GDP annually. The release of the White House report on the opioid crisis by the Council of Economic Advisers (CEA) indicates, however, that past assessment of expenses drastically underestimated the economic consequences of the opioid crisis by omitting the loss in productivity caused by drug overdose deaths. The anticipated overall annual cost of the opioid crisis increased by approximately 600% to 504 billion when these losses were taken into account, exceeding 2% of the country's Gross Domestic Product (GDP). In addition to previously documented direct expenditures for healthcare, including substance abuse treatment, and additional costs for policing, judges, prisons, and graves, the economic repercussions, as assessed by the loss in productivity, predominate the costs.

The CEA report only provides a high-level overview of the socioeconomic costs associated with opioid addiction. The costs of medical care, drug treatment, and effectiveness in the workplace are based on extensive research and robust estimating techniques. An estimated \$8 billion in costs are associated with the criminal justice system. The expenses of the criminal justice system, however, are based on back-of-the-envelope estimates of system-wide costs; they provide no guidance to jurisdictions on how to allocate limited resources to address the situation. Moreover, they offer a static perspective on the crisis, omitting the dynamic, aggravating severity of the issue. Although the \$504 billion in costs listed in the CEA report represents an approximate estimation of the yearly cost, the amount related to

the justice system represents just over 1.5% of the total and is given little attention in the report. In the current paper, we provide a more detailed analysis of one component of the consequences on the judicial system, the forensic science analysis, outlining the direct costs and the lost opportunities due to resources being redirected to the opioid problem. The purpose is to give policymakers a more comprehensive understanding of the social costs as they work to combat this situation.

Although the 8 billion in expenses to the justice system each year are modest when compared to the overall costs, the specific costs faced by the many sections of the justice system police, judges, laboratories, prisons, and correctional facilities substantial. We emphasize the effects felt by forensic crime laboratories, one component of the justice system. According to data on forensic crime laboratories for the 2016 year mentioned in the CEA report, the opioid epidemic increased these laboratories' costs by almost 270 million. However, laboratory spending did not expand quickly enough to keep up with the rise in demand for forensic science services. The opportunity cost of the opioid crisis is paid by the forensic crime laboratories, and it takes the form of money taken from other lab activities to pay for the rising demand for services in drug chemistry and toxicology. As the crisis worsens, there have been sharp increases in turnaround times in various areas of investigation. Recent patterns show that the most recent rise in drug overdose fatalities is due to the usage of synthetic opioids. We anticipated that as the use of synthetic opioids increased, the average cost of processing forensic investigations for narcotics, controlled substances, and toxicology would increase in the crisis states. But as a result of economies of scale, we discover that these average costs have been declining.

The growth in funds for the forensic laboratories is significantly behind the growth in costs in these areas. It appears that laboratories are diverting funds from other areas of investigation to cover costs in these crisis areas of inquiry in order to meet the increased demand for casework in narcotics, controlled substances, and toxicology. The result has been a significant rise in development cycles across the board and a sharp rise in the

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proportion of cases that are backlogged, delaying the delivery of justice in both drug-related and non-drug-related cases.

The fundamental presumptions underlying the distribution of spending on the judicial system are inconsistent with reality, but these flaws can be corrected by current research in the field of justice. The section that follows provides a brief overview of pertinent work in criminal law support structures, the cost structure, economies of scale, and other factors important for

analyzing the anticipated costs while updating the apportionment projections. The Council of Economic Advisers study of this dynamic, expanding problem adopts a static stance, in contrast to the CEA report, which covers just one year. Instead of concentrating on a target in the rear-view mirror, the resources needed to fight the opioid problem must be directed at a moving target. Estimates can be made for that dynamic target.