

The False Economic Promise of Marijuana Legalization in Pennsylvania

Despite the hype, marijuana legalization will result in **fewer jobs, more costs**, and significant **challenges for employers and families**.

The Economic Reality:

- Studies have indicated that **net business entry has remained unchanged after legalization** measures in other states.ⁱ
- **Past-month cannabis users were found to have a 35% higher incidence of missing work due to illness or injury** and a **70% higher incidence of “skipping” work** compared to non-users.ⁱⁱ
- Legalization in Pennsylvania is estimated to result in **\$20 million in additional private productivity losses** on an annual basis, related to absenteeism and other workplace issues.
- Studies have shown that **marijuana use is consistently associated with more serious forms of substance abuse**,ⁱⁱⁱ and **over 30% of cannabis users are estimated to have Cannabis Use Disorder**, which is a harmful addictive condition.^{iv}
- Legalization in Pennsylvania is estimated to result in **\$135 million in new public social costs** on an annual basis, related to substance abuse, crime-related issues, and homelessness.

Estimated Costs of Marijuana Legalization in Pennsylvania

Cost	Cost Type	Estimated Existing Cost in PA	Modeled increase	Estimated Cost of increase
Emergency healthcare services	Semi-public	\$501,600,000 ^v	17% ^{vi}	\$85,272,000
Substance use disorder programs	Public	\$44,700,000 ^{vii}	10% ^{viii}	\$4,470,000
Chronic homelessness	Public	\$80,833,216 ^{ix}	35% ^x	\$18,900,000
Substance-related DUIs	Public	\$128,102,574 ^{xi}	13% ^{xii}	\$16,653,335
Productivity losses	Private	\$974,000,000 ^{xiii}	2% ^{xiv}	\$19,494,000
Total		\$1.729 billion	9%	\$154,180,960

For more information about this research, please contact the Pennsylvania Small Enterprise Foundation at contact@pasmallenterprisefoundation.org.

- ⁱ Jason P. Brown, Elior Cohen, and Alison Felix, *Economic Benefits and Social Costs of Legalizing Recreational Marijuana*, Research Working Paper 23-10 (Kansas City, MO: Federal Reserve Bank of Kansas City, 2023; updated 2024), 22–26, <https://www.kansascityfed.org/documents/9825/rwp23-10browncohenfelix.pdf>.
- ⁱⁱ Kevin H. Yang et al., "Association of Marijuana Use With Workplace Absenteeism in the US, 2021–2022," *American Journal of Preventive Medicine* 66, no. 3 (March 2024): 400–408, <https://doi.org/10.1016/j.amepre.2023.10.016>.
- ⁱⁱⁱ See Michael T. Lynskey et al., "Escalation of Drug Use in Early-Onset Cannabis Users vs Co-twin Controls," *Journal of the American Medical Association* 289, no. 4 (January 2003): 427–433.
- ^{iv} Deborah S. Hasin et al., "Prevalence of Marijuana Use Disorders in the United States Between 2001–2002 and 2012–2013," *JAMA Psychiatry* 72, no. 12 (December 2015): 1235–1241.
- ^v A national estimate of \$13.2 billion is provided by Peterson, Cora, Mengyao Li, Likang Xu, et al. "Assessment of Annual Cost of Substance Use Disorder in US Hospitals." *JAMA Network Open* 4, no. 8 (2021). According to data from the U.S. Census Bureau, Pennsylvania is accounts for approximately 3.8% of the U.S. population. 3.8% of \$13.2 billion is \$501.6 million. See U.S. Census Bureau, *State Population Totals and Components of Change: 2020–2025*.
- ^{vi} Using cross-national state-level data, Brown, Cohen, and Felix (2023) observe a 17% increase in substance abuse disorders following state legalization measures. See *supra* note 1.
- ^{vii} Last year, Pennsylvania allocated approximately \$44.7 million for "Assistance to Drug and Alcohol Programs" in the 2025/26 state budget (Pennsylvania House Appropriations Committee, "2025/26 Executive Budget Briefing: Department of Drug and Alcohol Programs", <https://houseappropriations.com/Topic/2025-2026/824>).
- ^{viii} Using cross-national state-level data, Brown, Cohen, and Felix (2023) observe a 17% increase in substance abuse disorders following state legalization measures. See *supra* note 4. A 17% increase in substance abuse disorder prevalence is estimated here to result in a 10% increase in funding for substance abuse disorder programs in PA.
- ^{ix} Federal estimates from HUD place the total chronically homeless population in Pennsylvania at approximately 2,272 individuals based on point-in-time counts. See U.S. Department of Housing and Urban Development, *The 2024 Annual Homelessness Assessment Report (AHAR) to Congress, Part 1: Point-in-Time Estimates of Homelessness* (Washington, DC: HUD, December 2024), 16. Project HOME estimates the per person cost of chronic homelessness in PA to be \$35,578 per year in emergency services (including shelters, emergency rooms, and policing). See Project HOME. "Chronic Homelessness: Facts on Homelessness." Updated January 2026. <https://www.projecthome.org/news/chronic-homelessness-facts-homelessness>. This results in a total estimated cost of \$80,833,216.
- ^x Using cross-national state-level data, Brown, Cohen, and Felix (2023) observe a 35% increase in chronic homelessness following state legalization measures. See *supra* note 1.
- ^{xi} See McCollister, Kathryn E., Michael T. French, and others, "The Cost of Crime to Society: New Crime-Specific Estimates for Policy and Program Evaluation," *Drug and Alcohol Dependence* 108 (2011), Table 5, showing a cost per arrest for "Driving under the influence (no injury)" of about \$3,130. Pennsylvania Department of Transportation, "Impaired Driving" (Pa.gov), reported that Pennsylvania had 40,823 driving under the influence (DUI) arrests in 2023. This results in an estimated aggregate cost of \$128,102,574.
- ^{xii} Using cross-national state-level data, Brown, Cohen, and Felix (2023) observe a 13% increase in the total arrest rate following state legalization measures, driven primarily by increases in DUI and disorderly conduct arrests, specifically. See *supra* note 4.
- ^{xiii} Total productivity losses due to substance abuse in the U.S. are estimated to be \$25.65 billion. See Ghimire, Ramesh, Curtis Florence, and Gery Guy. "Productivity Losses from Substance Use Disorder in the United States in 2023." *American Journal of Preventive Medicine* (2025): <https://pubmed.ncbi.nlm.nih.gov/41364049/>. According to data from the U.S. Census Bureau, Pennsylvania is accounts for approximately 3.8% of the U.S. population. 3.8% of \$25.65 billion is \$974.7 million. See U.S. Census Bureau, *State Population Totals and Components of Change: 2020–2025*.
- ^{xiv} Research has identified a 2-3% reduction in aggregate earnings for male workers following the legalization of medical marijuana. See Joseph J. Sabia and Thanh Tam Nguyen, "The Effect of Medical Marijuana Laws on Labor Market Outcomes," *The Journal of Law and Economics* 61, no. 3 (August 2018): 361–396.