



COMPTROLLER GENERAL OF THE UNITED STATES
WASHINGTON, D.C. 20548

B-164031(2)

Dear Mr. Chairman:

This is our report on the substantial cost savings from the establishment of an alcoholism program for Federal civilian employees. Our study was made pursuant to your request of May 27, 1970.

Sincerely yours,

A handwritten signature in cursive script, reading "James P. Stacks", is positioned above the typed name of the Comptroller General.

Comptroller General
of the United States

The Honorable Harold E. Hughes, Chairman
Special Subcommittee on Alcoholism
and Narcotics
Committee on Labor and Public Welfare
United States Senate

COMPTROLLER GENERAL'S REPORT TO
SPECIAL SUBCOMMITTEE ON
ALCOHOLISM AND NARCOTICS, COMMITTEE
ON LABOR AND PUBLIC WELFARE
UNITED STATES SENATE

SUBSTANTIAL COST SAVINGS FROM
ESTABLISHMENT OF ALCOHOLISM PROGRAM
FOR FEDERAL CIVILIAN EMPLOYEES
B-164031(2)

D I G E S T

WHY THE REVIEW WAS MADE

The Chairman, Special Subcommittee on Alcoholism and Narcotics, Senate Committee on Labor and Public Welfare, asked the General Accounting Office (GAO) to make a study to determine the cost savings to the Government that might be brought about through a program aimed at identification, prevention, and treatment of alcoholism among Federal civilian employees.

The study was requested because of

- the Subcommittee's concern about the growing impact of alcoholism upon our society,
- strong congressional and public interest in this important health area,
- the Subcommittee's finding that treatment tied to employment personnel programs--under which alcoholism is dealt with in its early stages--had brought about recoveries at rates much higher than those in clinics and hospitals unrelated to such an environment,
- the cost savings achieved by private industry, as a result of alcoholism programs, and
- the existing potential for the Federal Government to implement, within its own administrative structure, a strong alcoholism program for its employees.

On August 10, 1970, the Senate passed a bill (S. 3835) that provides for a comprehensive Federal program for the prevention and treatment of alcohol abuse and alcoholism, including the development and maintenance of appropriate policies and services for Federal civilian employees.

FINDINGS AND CONCLUSIONS

Studies have shown that

- Alcoholism is a disease, and the alcoholic is a sick person.
- The alcoholic can be helped and is worth helping.
- Alcoholism is a public health problem and therefore is a public responsibility.
- There is no immunity to alcoholism conferred by background, position in life, profession or occupation, or sex. (See pp. 5 to 7.)

Alcoholism has been hidden and denied for so long that no one really knows how many people are suffering from it. Estimates of the number of alcoholics in the United States are among the most publicized--and challenged--statistics on alcoholism.

Therefore, in conducting its study, GAO relied on information provided by individuals in Federal agencies, State governments, and industry and by others who have studied the problem of alcoholism to arrive at estimates of the prevalence of alcoholism in the Federal Government, the costs incurred as a result thereof, and the cost savings that might result from an effective Government-wide alcoholism program.

GAO estimated the number of Federal civilian employees suffering from alcoholism (at various assumed rates of prevalence ranging from 4 to 8 percent of the work force) and the resulting employer costs to the Federal Government (based on a factor of about 25 percent of average annual salary) as follows:

| <u>Estimated prevalence of alcoholism among Federal civilian employees</u> | | <u>Estimated annual employer costs due to alcoholism (000,000 omitted)</u> |
|--|--|--|
| <u>Percent</u> | <u>Number of alcoholic employees</u> | |
| 4 | 112,000 | \$275 |
| 5 | 140,000 | 345 |
| 6 | 168,000 | 410 |
| 7 | 196,000 | 480 |
| 8 | 224,000 | 550 |

(See pp. 10 to 15.)

Authorities on alcoholism feel that about 54 of every 100 alcoholic employees would be likely to recover as a result of an employer's alcoholism program. Therefore the estimated annual employer costs being incurred by the Government among its civilian employees might be reduced by over 50 percent because of an alcoholism program. (See p. 16.)

Deducting the estimated cost to the Federal Government of such a program--\$15 million annually--the net cost savings would range from \$135 million to \$280 million annually. (See p. 19.)

An effective Government-wide alcoholism program, by helping reduce the number of alcoholics and problem drinkers in the total population, would also contribute to the economic and social benefits which the Federal Government and society as a whole would obtain from alcoholism programs in general. There would be reductions in--among other things--traffic accidents, crime, and the need for welfare and medical services attributable to the misuse of alcohol. (See p. 20.)

Finally, the program would attend to a part of one of the Nation's major health problems and, at the same time, would give a group of sick Federal employees a greater chance to recover and live decent lives.

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CHAPTER 1

INTRODUCTION

In response to a request dated May 27, 1970 (see app. III), from the Chairman, Special Subcommittee on Alcoholism and Narcotics, Senate Committee on Labor and Public Welfare, the General Accounting Office made a study to determine the cost savings to the U.S. Government which might be brought about through a program aimed at the identification, prevention, and treatment of alcoholism among Federal civilian employees.

In conducting the study we interviewed individuals in Federal agencies, State governments, industry, private foundations, and research groups and individuals who had studied the problem of alcoholism. We obtained from these individuals and their organizations such information as was available concerning the prevalence of alcoholism or problem drinking in the work force, the cost of the problem to employers, the effectiveness of alcoholism programs already implemented, and the cost savings realized as a result of such programs. We analyzed the information furnished to us with particular regard to its applicability to a Federal alcoholism program. A list of the individuals interviewed on various aspects of our study and their affiliations appears as appendix II.

The terms "alcoholic" and "problem drinker" are used interchangeably in this report, except where a specific distinction is made, because employer alcoholism programs are aimed at identifying and helping both types of employees.

ALCOHOLISM--WHAT IS IT?

According to the National Council on Alcoholism, a non-profit, voluntary health agency which was founded in 1944 and which is concerned with alcoholism and problem drinking:

- Alcoholism is a disease, and the alcoholic is a sick person.
- The alcoholic can be helped and is worth helping.
- Alcoholism is a public health problem and therefore is a public responsibility.

Various definitions of alcoholism and problem drinking have been set forth by authorities on the subject. Although a distinction between the two is important to a proper diagnosis of the problem and to establishing the treatment or remedial action required, either condition generally affects the job performance of the employee so afflicted.

The following definitions of "alcoholism" and "problem drinker" were included in the National Industrial Conference Board's report, "Company Controls for Drinking Problems," published in March 1970.

"Alcoholism: 'A highly complex illness.' It is a chronic disease characterized by repeated excessive drinking which interferes with the individual's health, interpersonal relations or economic functioning. If untreated, alcoholism becomes more severe and may be fatal. It may take several years to reach the chronic phase."

"Problem drinker: To management, a problem drinker is any employee whose drinking affects his work adversely. Regardless of whether a physician would classify the employee as an alcoholic, his drinking is hurting the company."

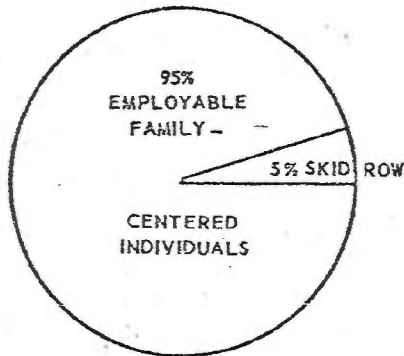
According to a 1969 publication by the Division of Alcohol Abuse and Alcoholism¹ of the National Institute of Mental Health, Department of Health, Education, and Welfare, experts have concluded that "how much one drinks may be far less important than when he drinks, how he drinks and why he drinks."

Although alcoholism was long regarded by most people--and still is by some--as an indication of a lack of will-power or as a weakness in character, the World Health Organization recognized it as a disease in 1951. The American Medical Association took similar action in 1956, as did the Department of Health, Education, and Welfare in 1966.

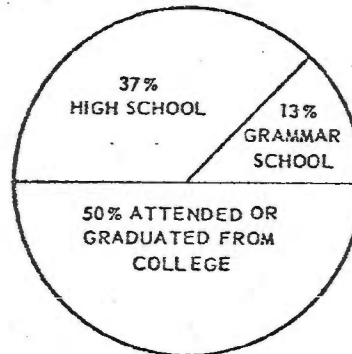
¹ Formerly the National Center for the Prevention and Control of Alcoholism.

KEY FACTS ABOUT ALCOHOLICS (note a)

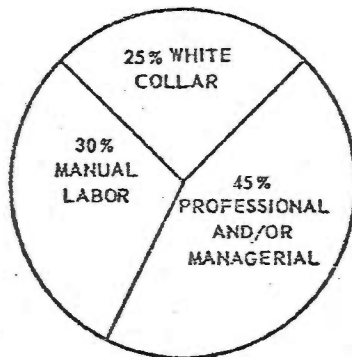
WHO ARE THEY?



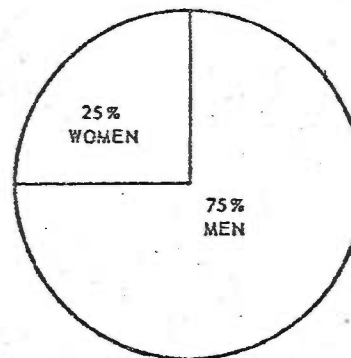
ARE THEY EDUCATED?



WHAT TYPE OF JOB DO THEY HOLD?



WHAT IS THEIR SEX?



^aData provided by an industrial firm interviewed in our study. The data was based on the firm's experience, on the results of studies made at several other firms, and on general information supplied by authorities on alcoholism.

How many are alcoholics?

Alcoholism has been hidden and denied for so long that no one really knows how many people are suffering from it. According to one authority on alcoholism who testified at a congressional hearing in May 1970 on the problem of alcoholism, there were over 9 million alcoholics in the United States.

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As indicated above, there is no immunity to alcoholism conferred by background, position in life, profession or occupation, or sex.

ESTABLISHMENT OF ALCOHOLISM PROGRAMS

Many of the largest companies in private industry and a growing number of State and local governments have established alcoholism programs for their employees. Company programs for alcoholics vary on the basis of the attitude of management, the extent of the drinking problem among employees, the location of the company or its facilities, and many other factors. Authorities on alcoholism agree that the earlier the recognition of symptoms of alcoholism, the greater the chances for successful treatment. The following elements generally are considered essential to an effective alcoholism program.

- Management recognition of alcoholism as a treatable disease and the establishment of a strong, well-publicized policy to help those who want to be helped, and management's known intent to deal sternly with those employees who refuse to seek or accept help and whose drinking continues to interfere with their job performance.
- Education of employees with respect to the employer's policy and program on alcoholism and to understanding and recognizing the symptoms of alcoholism.
- Training of supervisors in the identification of employees with drinking problems and methods of handling the situation and soliciting of employees' cooperation in accepting the help offered.
- Counseling and referral service--medical or psychiatric assistance--to assist employees through employer's facilities or through outside sources, such as Alcoholics Anonymous, private physicians and psychiatrists, alcoholism rehabilitation clinics, and religious organizations. ;

A few agencies and departments of the Federal Government have had limited alcoholism programs for several years, but until recently there had been no concerted effort to establish an overall program in the Federal Government, the Nation's largest employer.

In November 1967 the U.S. Civil Service Commission held a conference on drinking problems in which representatives of Federal agencies and experts on alcoholism from industry, organized labor, medicine, science, and education participated. The primary objectives of the conference were to explore the need and means for developing a practicable program to deal with employees who have drinking problems. In April 1968 the Commission published "The First Step," a report on the November 1967 conference on drinking problems. A subsequent report "The Key Step," published by the Commission in January 1969, contains a model program for Federal agencies to follow in combating problem drinking among their employees.

A bill to provide a comprehensive Federal program for the prevention and treatment of alcohol abuse and alcoholism (S. 3835) was introduced in the Senate on May 14, 1970. Title IV of the bill provides for the Civil Service Commission, in cooperation with the Secretary of the Department of Health, Education, and Welfare and other Federal agencies and departments, to be responsible for developing and maintaining appropriate policies and services for the prevention and treatment of alcohol abuse and alcoholism among Federal employees. This bill was passed by the Senate on August 10, 1970.

CHAPTER 2

ESTIMATED EMPLOYER COST SAVINGS

FROM ESTABLISHMENT OF ALCOHOLISM PROGRAM

FOR FEDERAL CIVILIAN EMPLOYEES

On the basis of information furnished and views expressed to us by various authorities in the field of alcoholism, we estimate that the prevalence of alcoholism among the 2.8 million civilian employees in the Federal work force at June 30, 1970, may be resulting in employer costs to the Federal Government that range from about \$275 million to \$550 million annually. We estimate also that the establishment of an effective Government-wide alcoholism program for Federal civilian employees, estimated to cost \$15 million annually, might reduce these costs by amounts ranging from about \$135 million to \$280 million. (See app. I.)

The basis for our estimates and the related views of some of the individuals we interviewed are discussed in the following sections of this report.

ESTIMATED PREVALENCE OF ALCOHOLISM AMONG FEDERAL EMPLOYEES

According to a 1969 publication of the Division of Alcohol Abuse and Alcoholism of the National Institute of Mental Health, Department of Health, Education, and Welfare, estimates of the number of alcoholics in the United States are among the most publicized--and challenged--statistics on alcoholism. The publication concludes that the actual number of alcoholics is unknown. A representative of the American Psychiatric Association (now the Acting Director of the Division of Alcohol Abuse and Alcoholism) stated in hearings before the Special Subcommittee on Alcoholism and Narcotics, Senate Committee on Labor and Public Welfare, on May 21, 1970, that a recent study had shown that there were over 9 million alcoholics (inclusive of many problem drinkers) in the United States.

There was a difference of opinion among those we interviewed as to the degree of prevalence of alcoholism in private industry and Government. There did not appear to be any disagreement, however, that the number of alcoholics was significant. There was also general agreement that sex and age were two of the more important factors in estimating the prevalence of alcoholism within large employed populations. This conclusion was also contained in a number of reports on sociological aspects of alcoholism that pointed out that the number of males afflicted greatly exceeded the number of females and that the prevalence of alcoholism increased significantly after the age of 35 years. These study reports also showed that other factors, such as ethnic background, social conditions, and work environment, were related to the incidence of alcoholism.

In a report issued in March 1968, the National Council on Alcoholism estimated that, as of January 1968, there were about 3.1 million alcoholics in the Nation's work force of 58.3 million in business, industry, and civilian government--or 5.3 percent of that work force. In estimating the number of alcoholics, the National Council divided the number of employees in the Nation's work force into three industrial categories--heavy, medium, and light--by average ages and male-female ratios. The estimated number of employees was based upon employment statistics published by the U.S. Bureau of Labor Statistics for the various categories of employers. The age and sex classifications were considered two of the major factors affecting variations in alcoholism within large employed populations. The details of the National Council's estimates are as follows:

| <u>Industrial category</u> | <u>Number of employees in Nation's work force</u> | <u>Average age</u> | <u>Percent of males</u> | <u>Estimated percent of employees with alcoholism</u> | <u>Estimated number of employees with alcoholism</u> |
|----------------------------|---|--------------------|-------------------------|---|--|
| Heavy | 11,074,000 | 40 years or over | 90 or more | 10.0 | 1,107,400 |
| Medium | 29,142,000 | 38 to 40 years | 60 to 89 | 5.9 | 1,719,378 |
| Light | 18,069,000 | 37 years or less | 59 or less | 1.5 | 271,035 |
| Total | <u>58,285,000</u> | | | | <u>3,097,813</u> |

Civil Service Commission estimates as of June 30, 1969, showed that Federal civilian employees consisted of about 2 million males (69 percent) and 900,000 females (31 percent). The estimates showed further that, of the male employees, about 1.1 million, or 54 percent, were between the ages of 35 and 54 years and that the average age for all Federal employees was 41.3 years.

After considering the average age and male-female ratio of Federal civilian employees, the National Council's Director of Labor and Management Services was of the view that the Federal Government could be classified in the medium industrial category and that, for the purpose of estimating the number of alcoholics, exclusive of problem drinkers, among Federal civilian employees, a 5.9-percent prevalence rate would be appropriate. It was also the Director's belief that inclusion of problem drinkers would significantly increase this rate of prevalence.

The editor of the Quarterly Journal of Studies on Alcohol, Rutgers Center of Alcohol Studies, Rutgers University, told us that, on the basis of the male-female ratio of Federal civilian employees and their average age, it was his opinion that the prevalence of alcoholism among Federal civilian employees would be between 4 and 5.5 percent. He said that the inclusion of problem drinkers in this group of employees would probably increase the number of employees to be included in an alcoholism program to between 6 and 8 percent of the Federal civilian work force.

A professor at Cornell University's New York State School of Industrial and Labor Relations, who was the author of many publications on alcoholism, advised us that, on the basis of the sex and age makeup of the Federal civilian work force, 4.5 percent would be a good starting point for estimating the number of alcoholics and problem drinkers.

We estimated the possible number of alcoholics among the 2.8 million Federal civilian employees at June 30, 1970, at various assumed rates of prevalence of alcoholism, ranging from 4 to 8 percent as shown below.

| <u>Assumed rates of prevalence of alcoholism</u> | <u>Estimated number of alcoholic employees</u> |
|--|--|
| 4.0% | 112,000 |
| 4.5 | 126,000 |
| 5.0 | 140,000 |
| 5.5 | 154,000 |
| 6.0 | 168,000 |
| 6.5 | 182,000 |
| 7.0 | 196,000 |
| 7.5 | 210,000 |
| 8.0 | 224,000 |

ESTIMATED ANNUAL EMPLOYER COSTS TO
FEDERAL GOVERNMENT DUE TO ALCOHOLISM

The March 1970 research report "Company Controls for Drinking Problems," published by the National Industrial Conference Board, listed, among others, the following direct and indirect loss areas that occur when a company tolerates alcoholism: absenteeism, accidents, bad decisions, discharges, dissension in work groups, early retirements, garnishments, lost sales, lowered worker efficiency and morale, overtime payments necessitated by absent workers, safety hazards, and unfavorable public relations in the community. As may be noted, some of the areas of loss are of an intangible nature and are not readily susceptible to cost measurement.

We were told by representatives of seven companies and four State agencies whom we interviewed that statistical data was not maintained on their employer costs attributable to the alcoholism problems of their employees. One company estimated that, over a period of 15 years, it was losing an amount equivalent to about 44 percent of the average salary of its alcoholic employees. The National Council on Alcoholism estimated that it costs employers an amount equivalent to about 25 percent of the average annual pay of each alcoholic employee. We were informed by a National Council official that absenteeism of an alcoholic employee was two to three times greater than that of the average nonalcoholic employee.

We inquired of nine representatives of private industry, universities, and State agencies as to their views on the reasonableness of the National Council's estimate of employer costs due to alcoholism.

In the opinion of the professor at Cornell University's School of Industrial and Labor Relations, previously referred to, the National Council's estimate of employer costs due to alcoholism--25 percent of average annual pay--was too low. He said that his studies had shown that, over a 5- to 8-year period, the production of an alcoholic employee had declined between 25 and 30 percent. In addition, he believed that the morale of the other employees working with the alcoholic was usually affected and resulted in a 5- to 10-percent

decline in their productivity. Of the eight remaining individuals, six thought that the National Council's estimate was conservative and two thought that the cost estimates might be a little high.

Since seven of the nine individuals whom we queried on this matter thought that the National Council's estimate of the annual cost of alcoholism to employers--25 percent of annual salary--was a conservative estimate, we used this factor in estimating the possible employer costs to the Federal Government due to alcoholism at prevalence rates ranging from 4 to 8 percent of the Federal civilian work force.

The following tabulation shows our estimates of (1) the number of Federal civilian employees suffering from alcoholism at various assumed rates of prevalence ranging from 4 to 8 percent of the work force and (2) the resulting employer costs to the Federal Government based on a factor of 25 percent of average annual salary.

| <u>Estimated prevalence of alcoholism among Federal civilian employees</u> | | <u>Estimated annual employer costs due to alcoholism (000,000 omitted)</u> |
|--|--------------------------------|--|
| <u>Percent</u> | <u>Number of employees</u> | |
| 4 | 112,000 | \$275 |
| 5 | 140,000 | 345 |
| 6 | 168,000 | 410 |
| 7 | 196,000 | 480 |
| 8 | 224,000 | 550 |

POTENTIAL REDUCTION IN ANNUAL EMPLOYER COSTS
THROUGH ALCOHOLISM PROGRAM

Not all employees suffering from alcoholism participate in their employers' alcoholism programs, and of those who do participate, not all are successfully treated. Some alcoholic employees deny having drinking problems and refuse to participate in their employers' programs; however, some of these same employees, because of the educational aspects of such programs, seek and obtain help from outside sources without referral by the employers.

We obtained, from authorities on alcoholism at the National Council on Alcoholism, the Rutgers University Center of Alcohol Studies, and Cornell University's School of Industrial and Labor Relations, Estimates of (1) the number of alcoholic employees likely to participate in employers' alcoholism programs, (2) the number of alcoholic employees likely to be treated successfully through such alcoholism programs, and (3) the number of alcoholic employees likely to seek and obtain help from outside sources without referral by the employers. Our analysis of these estimates showed that, on the average, for every 100 alcoholic employees in the work force.

--62 would be likely to participate in the employer's alcoholism program,

--40 would be likely to recover through participation in the program, and

--14, because of the educational aspects of the program, would be likely to recover with help obtained outside the employer's program.

On the basis of these estimates, about 54 of every 100 alcoholic employees would be likely to recover as a result of an employer's alcoholism program. Therefore the employer costs incurred because of alcoholism problems of the employees might be reduced by over 50 percent.

As shown in the tabulation on page 15, the estimated annual employer costs being incurred by the Federal Government due to alcoholism among its civilian employees range

from \$275 million to \$550 million at assumed rates of prevalence ranging from 4 to 8 percent of the work force. Therefore the potential reduction (about 54 percent) in these employer costs to the Federal Government because of an alcoholism program would range from about \$150 to \$295 million annually, exclusive of program costs. (See app. I.)

Estimated cost of an alcoholism program

The cost of an alcoholism program will vary according to the nature of the program. Major program elements include (1) informing all employees concerning the illness, (2) training of supervisors in identifying alcoholics and problem drinkers, (3) counseling and referral service, and (4) treating employees at clinics. There was general agreement among those interviewed as to the need for an alcoholism program to include information and training. There were differences of opinion with respect to the degree of counseling to be furnished by an employer, and to whether the employer should pay for the cost of employees' being treated at alcoholism clinics.

The Director of Labor and Management Services of the National Council was of the opinion that the responsibility of the employer in an alcoholism program should include informing employees, training supervisors, and referring employees to outside sources for treatment. Such outside sources would include Alcoholics Anonymous, alcoholism rehabilitation clinics, private physicians and psychiatrists, and religious organizations. The Director estimated that the cost of a program that provides a referral service without treatment would not exceed \$25,000 a year for each 5,000 employees in the work force and would average about \$5 a year for each employee in the work force.

The Director informed us that, under an alcoholism program which did not include treatment, the primary responsibilities of program personnel would relate to such functions as training, education, general administration, and evaluation of program results. It was his opinion that these responsibilities were similar to those of the employer's supervisory personnel.

He stated that, since supervisory costs normally fluctuate with the total employee population rather than with the number of problem employees, the National Council's estimate of the cost of an alcoholism program--\$5 a year for each employee in the work force--would fluctuate with changes in the total number of employees in the work force rather than with changes in the number of alcoholic employees.

We asked representatives of the seven companies included in our study to provide us with the costs incurred by them in operating their alcoholism programs. We were told that, because the services provided under the alcoholism programs were not distinguished, for accounting purposes, from the other services or functions provided by the medical and personnel departments, complete detailed cost data for the alcoholism programs was not available.

Some estimates of program costs and costs for certain program services were obtained from the seven companies to compare them with the National Council's estimate of the cost of an alcoholism program--\$5 a year for each employee in the work force.

The cost of one company's alcoholism program at one of its facilities employing 7,000 persons, which program did not provide for the employer to pay for the cost of treatment given to employees at clinics, was estimated at about \$30,000 annually, or about \$4.29 annually for each employee in the work force.

The estimated program costs of two companies which paid the costs of treatment of employees at psychiatric clinics showed a wide variance. For one company, the estimated program cost, on the basis of the average annual cost for each employee in the work force, was less than half of the \$5 estimate by the National Council. For the other company, the estimated average annual cost for each employee in the work force was slightly higher than \$5.

Since about 80 percent of the Federal civilian employees can now be treated for alcoholism under existing health and disability insurance plans, we have used the National Council's estimated cost of the alcoholism program--which

excludes treatment costs--for the purpose of estimating the cost of such a program for the Federal civilian employees. Our estimate, using the National Council's estimate of \$5 a year for each employee, is about \$15 million a year.

Net annual employer cost savings
from alcoholism program

As previously stated in this report, the potential reduction in employer costs to the Federal Government through an alcoholism program for its civilian employees would range from \$150 million to \$295 million annually, exclusive of program costs. After considering the estimated cost to the Federal Government of such an alcoholism program for its 2.8 million civilian employees at June 30, 1970--\$15 million annually--the net employer cost savings would range from \$135 million to \$280 million annually, at various assumed rates of prevalence of alcoholism (ranging from 4 to 8 percent), as shown below.

| <u>Estimated rates of prevalence of alcoholism</u> | <u>Potential annual reduction in employer costs</u> | <u>Estimated annual program cost</u> | <u>Net annual employer cost savings</u> |
|--|---|--|---|
| (000,000 omitted) | | | |
| 4 percent | \$150 | \$15 | \$135 |
| 5 " | 185 | 15 | 170 |
| 6 " | 220 | 15 | 205 |
| 7 " | 260 | 15 | 245 |
| 8 " | 295 | 15 | 280 |

CHAPTER 3

OTHER COST SAVINGS AND BENEFITS

FROM ALCOHOLISM PROGRAM

As pointed out in chapter 2, an effective Government-wide alcoholism program for Federal civilian employees might reduce employer costs by amounts ranging from about \$135 million to \$280 million annually. Such a program, by helping reduce the number of alcoholics and problem drinkers in the total population, would also contribute to the economic and social benefits which the Federal Government and society as a whole would obtain from alcoholism programs in general.

These benefits would be derived from reductions in, among other things, traffic accidents, crime, and the need for welfare and medical services attributable to the misuse of alcohol. Some indication of the magnitude of the potential cost savings to the Federal Government and society as a whole because of the reductions in the incidence of the above factors appears in the following sections of this chapter.

TRAFFIC ACCIDENTS

In a report of the National Institute of Mental Health, Department of Health, Education, and Welfare, issued in 1969, it was estimated that alcohol contributed to, or was associated with, 50 percent of the fatal motor vehicle accidents. On the basis of statistics published by the National Safety Council for 1969, this would mean that traffic accidents involving drivers, passengers, and pedestrians in which the misuse of alcohol was a factor, resulted in 28,000 fatalities. The report also stated that alcohol played a role in the numerous disabling injuries and extensive property damage resulting from traffic accidents.

CRIME

According to the Federal Bureau of Investigation Uniform Crime Reports for the United States for 1969, of a

total of about 5.8 million arrests--reported by law enforcement agencies representing a population of about 144 million--1.9 million arrests, or about 33 percent, were related to the misuse of alcohol. Of the 29 categories of offenses comprising the 5.8 million reported arrests, drunkenness was the largest single category, accounting for 1.4 million arrests, or about 24 percent. The costs of arrest, incarceration, and trial of these excessive drinkers have been estimated at many millions of dollars.

WELFARE AND MEDICAL

The Department of Health, Education, and Welfare, in a March 1970 report, estimated that the costs for hospital care and welfare costs for alcoholics and their families and dependents exceeded \$2 billion a year.

Representatives of the National Association of State Mental Health Program Directors, testifying before the Special Subcommittee on Alcoholism and Narcotics of the Senate Committee on Labor and Public Welfare on May 25, 1970, stated that, of the 1.5 million patients being treated under all State mental health programs, 400,000 to 500,000, or about 30 percent, were alcoholics.

Statistics furnished to us by the National Institute of Mental Health showed that, for fiscal year 1968, the estimated cost incurred by those engaged in the treatment and prevention of mental illness by means of direct service to the mentally ill was about \$3.8 billion. Although the Institute did not have a breakdown of costs showing the portion related to alcoholism, the statistics shown above, relating to the number of alcoholic patients being treated under State mental health programs--30 percent--would indicate that a significant part of the \$3.8 billion may have been related to alcoholism.

CHAPTER 4

CONCLUSION

Our study indicates that the establishment of an effective Government-wide alcoholism program for Federal civilian employees would more than pay for itself.

We have estimated that the prevalence of alcoholism among the 2.8 million civilian employees in the Federal work force at June 30, 1970, may be resulting in employer costs to the Federal Government that range from \$275 million to \$550 million annually. By establishing an effective Government-wide alcoholism program for Federal civilian employees, estimated to cost \$15 million annually, the Government might achieve employer cost savings estimated to range from \$135 million to \$280 million annually.

A Government-wide alcoholism program for Federal civilian employees, by helping reduce the number of alcoholics and problem drinkers in the total population, would also contribute to the economic and social benefits which the Federal Government and society as a whole would obtain from alcoholism programs in general. Such benefits would take the form of reductions in, for example, traffic accidents, crime, and the need for welfare and medical services attributable to the misuse of alcohol.

Finally, a program aimed at salvaging the alcoholic Federal employee would attend to a part of one of the Nation's major health problems and, at the same time, would give a group of sick Federal employees a greater chance to recover and live decent lives.

APPENDIXES

APPENDIX I

ESTIMATED EMPLOYER COST SAVINGS FROM ESTABLISHMENT OF ALCOHOLISM PROGRAM FOR FEDERAL CIVILIAN EMPLOYEES--

| (1) | (2) | (3) | (4) | (5) | (6) | (7) |
|--|---|---|--|--|---|---|
| Assumed rates of prevalence of alcoholism | Estimated number of alcoholic employees (note a) | Total annual pay of alcoholic employees (note b) | Estimated annual employer costs due to alcoholism (note c) | Potential reduction in annual employer costs through alcoholism program (note d) | Estimated cost of alcoholism program (note e) | Net annual employer cost savings from alcoholism program |
| (000,000 omitted) | | | | | | |
| 4.0% | 112,000 | \$1,100 | \$275 | \$150 | \$15 | \$135 |
| 4.5 | 126,000 | 1,235 | 310 | 165 | 15 | 150 |
| 5.0 | 140,000 | 1,370 | 345 | 185 | 15 | 170 |
| 5.5 | 154,000 | 1,510 | 380 | 205 | 15 | 190 |
| 6.0 | 168,000 | 1,645 | 410 | 220 | 15 | 205 |
| 6.5 | 182,000 | 1,785 | 445 | 240 | 15 | 225 |
| 7.0 | 196,000 | 1,920 | 480 | 260 | 15 | 245 |
| 7.5 | 210,000 | 2,060 | 515 | 280 | 15 | 265 |
| 8.0 | 224,000 | 2,195 | 550 | 295 | 15 | 280 |

^aComputed on the basis of about 2.8 million Federal civilian employees at June 30, 1970.

^bComputed on the basis of an average annual salary of \$9,800.

^cDerived on the basis of a loss factor of about 25 percent of annual pay (column 3) suggested by the National Council on Alcoholism.

^dAmount computed on the basis of about 54 percent of annual employer costs (column 4)--comprising (1) the estimated number of employees who would be successfully treated and rehabilitated through a Federal alcoholism program (40 percent) and (2) the estimated number of employees who, because of the educational aspects of the Federal alcoholism program, would seek and be helped from outside sources without referral by employer (14 percent). (See p. 16.)

^eComputed on the basis of cost estimate by the National Council on Alcoholism of about \$25,000 for every 5,000 employees, or about \$5 a year for each employee in the work force. (See p. 17.)

INDIVIDUALS INTERVIEWED IN
GENERAL ACCOUNTING OFFICE STUDY

FEDERAL AGENCIES:

| | |
|---|--|
| Department of Health, Education, and Welfare | Dr. Roger O. Egeberg Assistant Secretary for Health and Scientific Affairs |
| National Institute of Mental Health | Edward S. Sands, Special Assistant to the Chief, Division of Alcohol Abuse and Alcoholism |
| National Institutes of Health | Dr. John M. Lynch Occupational Health Officer |
| Social Security Administration | Dr. Lucius Leeper, Deputy Director, Employee Health Services |
| Civil Service Commission | Dr. John E. Baer, Assistant Director, Division of Occupational Health, Bureau of Retirement Insurance and Occupational Health |
| Department of Housing and Urban Development | Edward C. Williams, Director, Division of Personnel Services |
| Department of the Interior | Dr. Marjorie Cates, Medical Officer, Division of Health Services |
| National Aeronautics and Space Administration | Dr. Louis E. Arnoldi Medical Director |
| Post Office Department | Stanley K. Day, Program Manager, Bureau of Personnel |

STATE AGENCIES:

State of California
Department of Rehabilitation

Paul Wyatt, Program Analyst
Division of Alcoholism

State of Maryland
Department of Mental Hygiene

Mrs. Gertrude Nilsson, Coordinator, Division of Alcoholism Control

State of New York
Department of Mental Hygiene

Mrs. Mary M. Burgess, Coordinator of Alcohol Education, Division of Alcoholism

State of Pennsylvania
State Department of Health

Dr. J. Thomas Millington
Director, Division of Alcoholism Studies and Rehabilitation

PRIVATE INDUSTRY:

Consolidated Edison Company of New York

Dr. S. Charles Franco
Medical Director

Eastman Kodak Company
Rochester, New York

Dr. Gordon Hemmett
Medical Director

Equitable Life Assurance Society of the United States, New York, N.Y.

Dr. Luther Cloud
Medical Director

Hughes Aircraft Company
Los Angeles, California

Frank Huddleston, Manager of Employee Counseling and Corporate Industrial Relations

Kemper Insurance
Chicago, Illinois

Lewis F. Presnall, Director of Rehabilitation Services

McDonnell Douglas Corporation, St. Louis, Missouri

Robert T. Dorris, Administrator, Special Programs

PRIVATE INDUSTRY (continued):

Western Electric Company
New York, N.Y.

William B. Cowan, Medical
Administrator, Personnel
and Industrial Relations

NONPROFIT ORGANIZATIONS:

National Council on Alco-
holism, Inc.
New York, N.Y.

Ross A. Von Wiegand, Direc-
tor, Labor and Management
Services

North American Association
of Alcoholism Programs
Washington, D.C.

Mrs. Ruth Brock, Adminis-
trative Assistant to the
Executive Secretary

UNIVERSITIES:

Cornell University
Ithaca, New York

Dr. Harrison M. Trice, Pro-
fessor, New York State
School of Industrial and
Labor Relations

Rutgers Center of Alcohol
Studies, Rutgers Univer-
sity, New Brunswick,
New Jersey

Mark Keller, Editor
Quarterly Journal of Studies
on Alcohol

Social Research Group
George Washington Univer-
sity, Washington, D.C.

Dr. Don Cahalan, Coauthor
of American Drinking
Practices

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ROBERT O. HARRIS, STAFF DIRECTOR
 JOHN E. FORSTHIS, GENERAL COUNSEL

United States Senate

COMMITTEE ON
 LABOR AND PUBLIC WELFARE
 WASHINGTON, D.C. 20510

May 27, 1970

The Honorable Elmer B. Staats
 Comptroller General of the United States
 441 "G" Street, N.W.
 Washington, D. C. 20548

Dear Mr. Staats:

The growing impact of alcoholism upon our society has been a major concern of the Labor and Public Welfare Committee's Special Subcommittee on Alcoholism and Narcotics, which was created in May, 1969.

One of the most interesting and potentially significant findings of the Subcommittee during its initial period of operation has been the fact that treatment which is tied to employment personnel programs, where alcoholism is dealt with at a less advanced stage and with strong motivational tools, has brought about recovery rates which are much higher than those found in clinic and hospital settings which are unrelated to such an environment. This finding is especially important in light of the business cost savings which can be brought about by the implementation of such programs. I am enclosing a brief summary which my Subcommittee staff has prepared which expands upon these points somewhat along with printed materials which serve to provide further background information on this subject.

It is clear, in light of the medical expertise available within the Department of Health, Education and Welfare, that the government has the potential to implement a strong alcoholism personnel program within its own administrative structure. If it were clear that there was a sound economic basis, as well as a humanitarian basis, for taking such action, that fact would be of key importance to this Subcommittee in its legislative deliberations and would be of interest throughout the executive branch as well.

The Honorable Elmer B. Staats

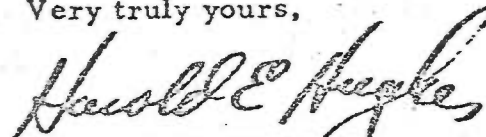
May 27, 1970

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Because of the strong Congressional and public interest in this important health area, I would like to request that a study be carried out to determine the cost savings which might be brought about in the civilian and military¹ branches of government through the implementation of such a program. It would be helpful if your office could designate a representative of the General Accounting Office to contact Mr. Wade Clarke, Counsel to the Subcommittee, for additional information concerning the areas which such a study might cover and the supportive information or assistance which non-profit organizations which have worked in this area might be in a position to provide.

Thank you for your consideration.

Very truly yours,



HAROLD E. HUGHES
Chairman, Special Subcommittee
on Alcoholism and Narcotics

HEH:no
Enclosures

¹GAO note: Request subsequently modified to exclude military branch of Government.