



## COAs AND ECONOMIC COSTS

by Alison Snow Jones



If supported by additional research, recent findings that parents' drinking results in increased child behavior prob-

lems (Jones, Salkever, and Miller, *Health Economics*, 1999) have important implications for estimates of costs associated with alcohol abuse and alcoholism. Specifically, existing estimates are likely to understate the true economic costs of alcoholism. This is because these estimates seldom include future costs to children of alcoholics (COAs) that can result when behavior problems during youth lead to poorer school performance, lower educational attainment and reduced job opportunities and wages later in life.

Some years ago, The National Institute on Drug Abuse and the National Institute on Alcohol Abuse and Alcoholism produced a comprehensive report documenting the *Economic Costs of Alcohol and Drug Abuse in the United States, 1992* (DHHS, 1998). This report provides a thorough enumeration of the annual costs of alcoholism and alcohol abuse to alcoholics/abusers and to society (\$148 billion).

Among the costs considered are health care costs, lost productivity due to absenteeism at work, crime, social welfare costs, motor vehicle crashes, and fire damage and control. All of these relate directly to the health and behavior of the alcoholic or addict. It is estimated that the largest component of costs attributable to alcoholism and alcohol abuse is lost productivity (70%).

Lost productivity includes such things as time lost from work due to drinking and time spent recovering from drinking. It also includes reduced productivity while on the job because of the consequences of drinking. Reductions in productivity are usually reflected in wage rates that are lower than an individual might otherwise be expected to receive if he or she were not alcoholic. These productivity losses translate into reduced household income in alcoholic homes and represent yet another important negative impact of alcoholism and alcohol abuse on families of alcoholics.

The finding that COAs may be at higher risk for behavior problems suggests that productivity losses due to alcohol may not accrue only to the alcoholic. Behavior problems are associated with poor school performance, truancy, repeating grades and dropping out of school. All of these have important implications for the child's future educational attainment, job opportunities, and wage rates. These, in turn, will have a negative impact on the future financial well being of the child and the child's future family.

Productivity losses have societal implications as well. For example, tax revenues are lowered when individuals with ability earn less than they are capable of earning because of problems that result from growing up in an alcoholic home.

Of course, there may also be more immediate costs associated with child behavior problems. Education costs will be higher for children who are truant, perform below grade, repeat grades, and disrupt classes because of the higher time inputs

required from teachers and other school officials to monitor and teach them. There may be legal costs for some of these children as they encounter the juvenile justice system frequently and repeatedly over many years. However, as with their alcoholic parents, the largest component of costs associated with COAs is likely to be lost productivity costs.

In an ideal world, information about the detrimental effect of parents' alcoholism on children's behavior would be sufficient to motivate increased public expenditures to prevent alcoholism, treat alcoholics, and provide interventions that target the children of alcoholics. In a less than ideal world, other arguments must often be advanced. To legislators and policy-makers, arguments based on economic consequences are often more persuasive, especially when intervention is likely to reduce immediate costs or increase future tax revenues.

For this reason, it is important for researchers who investigate the link between parents' drinking and children's well-being to be aware of the importance of this aspect of outcomes among COAs. Whenever possible, an economic analysis should be included in research protocols. Information about potential economic consequences, in combination with what is known about the detrimental influence of parents' drinking on children's well-being, should help efforts to motivate and shape policy aimed at protecting COAs.

*Alison Snow Jones, Ph.D., is a health economist and assistant professor at the Wake Forest University School of Medicine. Her research focuses on women's drinking, the effect of parents' drinking on children's health and behavior problems, and domestic violence.*