

Cost Analysis Worksheet

Determining the actual costs of drug and alcohol affected employees is difficult since the loss is buried in so many operating costs. It affects productivity, thus staffing and administrative costs. It affects accidents, thus workers comp, health benefits and liability insurance premiums. It affects turnover, thus administrative costs. It affects theft, equipment maintenance and property damage, thus asset replacement. And it affects performance and quality, thus increased administrative costs to deal with problems.

The following worksheet will help assess your costs in a general manner. Some indicators are estimates based on experience, others on hard data research. Listed in parenthesis is a suggested conservative average if you are unable to arrive at your own figure.

| Estimate of Annual Loss | | Example 60 employee company |
|--|-----------------|--|
| a. Estimated total number of employees affected by drugs or alcohol. (15-20% of total workforce) | _____ | 12 |
| b. Loss in productivity (\$6,500 per affected employee per year) {a x b} | \$ _____ | \$78,000 |
| c. Cost of increased benefit premiums/taxes due to drug and alcohol affected employees (10% of premium dollar paid) | \$ _____ | \$40,000 |
| d. Theft (50% of lost/missing tools and equipment) | \$ _____ | \$15,000 |
| e. Property damage, material wastage, quality problems | \$ _____ | ? |
| f. Administrative Costs - Increased supervisory time for poor performance, accident investigation, benefit claim processing, quality issues, recruitment and training for new employees, etc. (\$2,000 per affected employee) {a x f}. | \$ _____ | \$24,000 |
| g. Total Estimated Annual Loss | \$ _____ | \$147,000 |

| Cost of Program | | |
|---|----------|----------------|
| a. Total number of employees | _____ | 60 |
| b. Total First Year Cost. { x cost per employee per month based on employer size x 12} | \$ _____ | \$4,000 |

| Expected Savings in First Year | | |
|--|-----------------|-----------------|
| a. Total number of employees | _____ | 60 |
| b. EAP benefit (due to increased productivity, fewer accidents, etc. There is an average \$12.00 return for each dollar invested in EAP) {\$300 x a} | \$ _____ | \$18,000 |
| c. Employees intervened (assume only two in first year @ \$6,500 ea.) | \$ _____ | \$13,000 |
| d. Impact on theft, benefit premiums, asset damage, quality issues | \$ _____ | \$13,000 |
| e. Total Expected Savings | \$ _____ | \$44,000 |