A Policy Approach to Underage Drinking Prevention

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Underage Drinking: What’s the Problem?

- **5000 youth die annually** from alcohol related injuries stemming from underage drinking—the majority of which are non-traffic related (Moritsugu, 2007).
- Underage drinking has been shown to do **permanent damage to the developing brain** (Moritsugu, 2007).
- Underage drinking cost the state of North Carolina **$1.4 billion** in 2007 (PIRE, 2009).
- **Delaying the onset of drinking is a life span issue:**
  - 97% of alcohol dependant individuals drank before age 21 (SAMHSA, 2001).
  - Those who drink before age 15 are 4 times more likely than those who wait until 21 to become alcohol dependant.
  - The highest prevalence of alcohol dependence in the US population is in individuals ages 18-20 (Grant, 1997).
Environmental Prevention

• The public health model describes behaviors as a result of the interaction between agent, host and environment.
• The environment is the most easily manipulated of the three and where the agent and host interact so...
• If you can change the environment you alter the interaction between host and agent.
Why Policy?

• There are many ways we address problems in society so why choose to focus on policy?

  ▫ Because when a law, ordinance or “small p” policy is changed its impact is immediate and consequences follow

  ▫ It is hard to describe an environmental change as not being somehow related to a policy shift
Underage Drinking: Policy Tools

• In 2003 the Institute of Medicine/National Academy of Sciences issued a report commissioned by Congress titled Reducing Underage: A Collective Responsibility.

• Among the NAS/IOM report recommendations were an increase in the malt beverage tax and steps to reduce underage access to alcohol.
Research shows that two of the most effective underage drinking prevention strategies are increases in price and limiting availability to minors.

For North Carolina that translates to:
- Malt beverage tax
- Alcohol control
Malt Beverage Tax
Malt Beverage Tax

- Simple formula: As price increases consumption decreases
- Revenue generator: potential prevention/treatment funding source
- Effects two populations the most: alcohol dependent and underage drinkers
Why Beer?

- **Beer is commonly consumed in a destructive fashion:**
  - 60% of all beer is consumed in amounts of five or more drinks per day (Rogers, 1999).
  - Beer is the drink of choice in most cases of heavy drinking, binge drinking, drunk driving and underage drinking (Rogers, 1999).
  - Beer is the drink most commonly consumed by people stopped for alcohol-impaired driving or involved in alcohol-related crashes (NHII, 2003).
  - Beer is the underage drink of choice (Wechsler, 2000).
Beer Tax in North Carolina

- Last raised significantly in 1969

- The value today represents an erosion of over 80% in real dollar value

- Once again our state faces record budget shortfalls and program cuts to critical mental health and SA services, Medicaid, public works etc.
What the Beer Industry Says

- North Carolina is the 4th highest taxed state in the country
- The malt beverage tax will hurt micro breweries
- Increases in the tax will lead to job losses
- The beer tax is a regressive tax placing an unfair burden on the poor
- The tax was increased by more than 15% in 2009
The Other Side of The Story

- Fourth!!  Fourth!!  RELATIVE TO WHAT?!?!
  - Wyoming: 2 cents
  - Wisconsin: 6 cents
  - Colorado: 8 cents

- No it won’t. Micro breweries sell higher end beers and beer is taxed based on quantity (per gallon) not price. The brands taxed the most per dollar are cheap beers consumed primarily by underage and alcohol dependent individuals.
The Other Side of The Story, Continued

- Nope. A dollar not spent on alcohol goes to... bread, milk, coffee, mortgage, cars, etc.

- Regressive? Technically, sure. But the impact is very limited unless a person consumes mass quantities of beer.

- Fifteen percent OF WHAT?! Less than a penny per can. Leaving how much on the table?
Alcohol Control
The 21\textsuperscript{st} Amendment

- Ratified December 5, 1933
- Repealed the 18\textsuperscript{th} amendment (prohibition)
- Never ratified by North Carolina
- Set the stage for a “states rights” alcohol sales environment nationwide
What is Alcohol Control?

• There are two distinct types of alcohol distribution: license (open) and control (monopoly).

• All states regulate the distribution of alcohol to some extent, through licensing of outlets, limitations on hours of operation, taxation and policies.

• The single feature that distinguishes license from control states is that in the control states government takes ownership of the product at some point in the transaction cycle and, therefore, they become the exclusive sellers in a particular sector of the business.
Alcohol Beverage Control

• An effective state alcohol control system limits the physical and social damage caused by the misuse of alcohol and reduces the costs borne by citizens that result from abusive alcohol consumption.

• Control over alcohol sales provides the means to limit the availability of alcohol beverages in ways that can reduce consumption and other problem behaviors.
Alcohol Beverage Control in North Carolina

• A state/county system:
  ▫ The state Alcohol Beverage Control Commission purchases the spirits from distributors
  ▫ Counties then sell the spirits locally distributing revenue back to the state and local community based on state law (GS. 18b)
  ▫ Seven percent of revenue generated at the local level is mandated to go towards alcohol prevention and education
Control and Outlet Density

• In the six States surrounding and including North Carolina, three of which are control states and three of which are license states **Control states average 7 outlets** per 100k residents whereas **License States average 44 outlets** per 100k residents. That is over 6 times as many outlets (per capita) in license states as are in control states!

• **North Carolina has 6 outlets per 100,000 people and Kentucky has 105.** And higher outlet density (more outlets per 100k) is correlated with violence, crime, homicide, underage drinking traffic crashes and other such unhealthy and socially disruptive behaviors.
Control and State Revenue

- In the six States surrounding and including North Carolina, 3 of which are control states and 3 of which are license states, control states average $140,000 per 100k citizens in state liquor revenue compared to an average of only $52,000 per 100k citizens in state liquor revenue for license states.

- That equates to control states like North Carolina making nearly 3 times as much state revenue from liquor sales.
Control and Alcohol Consumption

- North Carolina ranks 48\textsuperscript{th} per capita in consumption per gallon and 6\textsuperscript{th} in revenue per gallon.

- South Carolina (a privatized state) by comparison, ranks 30\textsuperscript{th} in consumption per gallon and 26\textsuperscript{th} in revenue per gallon.
An Experiment

- Iowa: One of the few cases of spirits privatization from control occurred at the retail level with the state retaining control over the wholesale tier.

- This change was found to increase spirits consumption by 10% and overall consumption of alcohol by 5%.
Overall

• Control states consume **14% less spirits and 7% less alcohol per person aged 15 and older** while bringing in more than three times as much state revenue per gallon of alcohol sold as spirits.
What Privatization Proponents Say

- Alcohol control in North Carolina is antiquated and falling apart:
  - New Hanover: The ABC Board Chairman was making more than the Governor and his son was making almost as much
  - Mecklenburg: The Board staff was taken out to a lavish dinner by alcohol representatives
- Through the sale of alcohol outlet permits/licenses the state could generate significant revenue.
- Government is bad, private competition is good and drives innovation
The Other Side of The Story

- Although the current system may have flaws the value of control is undeniable. Science supports improving the current system, not privatization.

- While the sale of off premise permits would generate revenue, that revenue would largely be one time, while alcohol control generates three times more revenue on average than private sales.

- Government is often our last line of defense and in the case of alcohol the public good, not profit, should be our motivating force.
  - Government = support for the public good
  - Private alcohol sales = motivated by profit
In Summary: Beer Tax

- Beer tax has not been raised significantly since 1969

- The current malt beverage tax is worth 80% less than it was in 1969

- The 2009 tax increase has left more than $75 million on the table
In Summary: Alcohol Control

• Control states have significantly less alcohol consumption

• Government control = public safety
  ▫ 7% dedicated to alcohol prevention

• Private Sales of Alcohol = Profit based on consumption
Call to Action:
Most People Don’t Know “The Story”