

## IV. RESTRUCTURING THE NATIONAL DRUG CONTROL BUDGET

The President has committed the government to manage by results. Nowhere is the need for such management greater than in federal drug control programs, where coordinating the work of numerous drug control agencies can quickly become overwhelming. To bring results-oriented management to drug control efforts, the Administration proposes significantly restructuring the drug budget.

The National Drug Control Budget includes close to 50 budget accounts totaling \$19 billion for 2003. Recent independent analyses of these budgets commissioned by ONDCP<sup>2</sup>, as well as ongoing required reviews by department Inspectors General<sup>3</sup>, have identified significant weaknesses in these budget presentations. Many of these issues are associated with the drug budget methodologies used by agencies to estimate drug spending. Drug budget methodologies are imprecise and often have only a weak association with core drug control missions. The proposed budget reforms outlined in this chapter would provide a greater degree of accountability for federal drug control programs.

The basic shortcoming associated with the current drug budget is that much of the funding displayed does not represent real dollars in the President's Budget. Drug budget calculations are not transparent to the public, Executive Department officials, or the Congress. The drug budget generally does not represent funds that can be readily found in individual agency budget documents or accounting systems. Since the drug budget is a collection of estimates based on percentages of many accounts, it is an artificial construction. To correct this fundamental deficiency, the drug budget must be restructured to display actual funds found in the President's Budget. In recasting the drug budget in this way, the Administration proposes a new presentation, to be fully implemented as part of the FY 2004 budget cycle, which would have the following attributes:

- To the maximum extent possible, resources displayed in the drug budget would directly tie to identifiable line items displayed in the Budget of the President or agency budget justifications for Congress, accompanying the Budget.
- The account structure would include several agencies that already present 100 percent of their budgets as drug-related. This includes the Drug Enforcement Administration, ONDCP, the Defense Counterterrorism Central Transfer Account, the National Institute on Drug Abuse, and the Interagency Crime and Drug Enforcement Accounts (ICDE) of Treasury and Justice.

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<sup>2</sup> Patrick Murphy, Lynn E. Davis, Timothy Liston, David Thaler, and Kathi Webb, *Improving Anti-Drug Budgeting* (Santa Monica, CA: RAND, 2000).

<sup>3</sup> Office of National Drug Control Policy (ONDCP), *FY 1999 Accounting of Drug Control Funds* (Washington, DC: ONDCP, 2000). ONDCP, *FY 2000 Accounting of Drug Control Funds* (Washington, DC: ONDCP, 2001). These documents included reports from department Inspectors General regarding agency drug budget presentations. Both the FY 1999 and FY 2000 Accounting Reports were transmitted by ONDCP to the Congress, pursuant to 21 U.S.C. § 1704(d).

- Other agencies would report their drug funding as a combination of discrete line items from their existing sections of the President's Budget or the accompanying budget justifications presented to Congress. If a line item in an agency's budget had a strong association with drug control, then 100 percent of this line item would be included in the drug budget.
- The overall budget presentation would be further simplified by eliminating several supporting agencies from the drug budget tabulation. Only agencies with a primary drug law enforcement or demand reduction mission would be displayed in the drug budget. This change would limit the budget to those agencies or accounts that have been, or should be, the principal focus of drug control policy. Agencies with any of the following general characteristics would be excluded from the revised drug budget presentation:
  - Agencies where drug control activities are incident to their primary missions.
  - Agencies that mainly focus on the consequences associated with the activities of other primary counterdrug agencies would be excluded. This would include resources for detaining and incarcerating federal drug offenders. Of any of the proposed changes to the drug budget, this is the most significant, accounting for almost \$3 billion in funding. Although these are real costs to society, they do not factor into the core of drug law enforcement decisions made by national policymakers.
  - Treasury and Justice law enforcement agencies with primary missions not closely related to drug control would not be included in the revised budget. Although the activities of these bureaus provide an important contribution to the national drug control program, the primary vehicle for channeling drug funding to these agencies should be the ICDE accounts at Treasury and Justice, which fund the Organized Crime Drug Enforcement Task Forces program.
- Further, some agencies retained in the modified budget presentation have multi-mission programs, with drug control being an important, but not dominant, component of their overall budget. In order to implement fully this proposed drug budget presentation, the structure of budget accounts for these agencies may need to be revisited, in order to tie more closely drug funding reported for these agencies to account-level detail in the President's Budget. ONDCP, the Office of Management and Budget (OMB) and affected agencies will work together over the next year on ways of more closely associating drug control funding displayed in the drug budgets of these agencies, with accounts highlighted in the President's Budget.

The accompanying table provides a pro forma presentation of the proposed account structure for the revised national drug control budget for 2001 to 2003. This display is an example of how the new drug budget might appear, when this revised drug accounting system is fully implemented. This example should not be viewed as the final form of this proposal. In the coming months, after extensive discussions and consultation with agencies and the Congress, this revised core drug budget presentation may take a modified form. Under the current drug budget, 2003 funding is \$19.2 billion across close to 50 accounts. The revised budget for 2003 would be \$11.4 billion across only 15 accounts, an increase of \$0.4 billion over 2002.

**Pro Forma Proposed  
National Drug Control Budget**  
\$ Millions

<u>Agency/Account</u>	<u>FY 01</u>	<u>FY 02</u>	<u>FY 03</u>	<u>Change FY02-03</u>
Defense	970.4	847.6	848.9	1.3
Education (Safe & Drug-Free Schools)	644.3	679.3	644.3	(35.0)
Health and Human Services				
Substance Abuse & Mental Health Services Administration	2,175.0	2,305.8	2,371.0	65.2
National Institute on Drug Abuse <sup>1</sup>	783.6	890.9	948.5	57.6
Justice				
Drug Enforcement Administration	1,480.4	1,605.4	1,698.5	93.1
Interagency Crime & Drug Enforcement	325.2	338.6	362.1	23.5
Immigration & Naturalization Service	201.7	210.1	328.5	118.4
Office of Justice Programs	214.8	255.5	240.2	(15.3)
Office of National Drug Control Policy	502.1	533.3	523.1	(10.2)
State	279.3	859.0	883.2	24.2
Transportation (U.S. Coast Guard)	745.4	540.4	629.2	88.8
Treasury				
Customs Service	714.7	1,004.0	1,004.4	0.4
Interagency Crime & Drug Enforcement	103.2	107.6	107.6	0.0
Veterans Affairs	680.9	709.4	741.8	32.4
Other Presidential Initiatives <sup>2</sup>	3.5	53.0	58.0	5.0
<b>Total, Federal Drug Control Budget</b>	<b>\$9,824.6</b>	<b>\$10,939.9</b>	<b>\$11,389.3</b>	<b>\$449.4</b>

<sup>1</sup> FY 2003 funding levels may be increased through the National Institutes of Health's agency-wide transfer authority.

<sup>2</sup> For SBA's Drug-Free Workplace programs, \$3.5 million is included for FY 2001 and \$3.0 million is included for FYs 2002 and 2003. For Corporation for National Service's Parents Drug Corps program, this includes \$5 million for FY 2003. For COPS' Southwest Border Prosecutor initiative, this includes \$50 million for FYs 2002 and 2003.

The following section presents a department-by-department explanation of the principal modifications to the drug budget, as shown in the example pro forma table. This discussion provides a concise rationale for funding that continues to be displayed in the drug budget, as well as why certain accounts would be excluded from the new budget presentation.

### **Agriculture and Interior**

Drug control activities are incident to the primary missions of both the Departments of Interior and Agriculture. The proposed revised drug budget does not include these departments. Although excluded from the budget presentation, they would continue to be drug control agencies. ONDCP would monitor the drug control activities of Agriculture and Interior bureaus and intervene, as necessary, regarding any particular drug control funding matter that may affect their operations.

### **Defense**

Under the proposed budget, only funding for DoD's Counternarcotics Central Transfer Account (CTA) would be reported. Currently, the DoD budget presentation includes about \$150 million in Operations Tempo (OPTEMPO) funding for the Military Departments. Recent DoD Inspector General reports<sup>4</sup> on the DoD drug budget did not attest to the amounts represented by DoD as being associated with drug-related OPTEMPO. OPTEMPO funds are allocated directly to the Military Departments and are not accounted for through the DoD Counternarcotics CTA. Generally, in annual policy discussions associated with the DoD drug budget, the level of funding for OPTEMPO has not been a decision point for policymakers. It has been an estimate derived after other decisions on the Defense budget were concluded. Given the calculation and use of this budget statistic, ONDCP proposes dropping it from the drug budget.

### **Education**

The amount reported for Education under the proposed budget presentation is 100 percent of the following line items that are now part of funding appropriated for the Safe and Drug-Free Schools and Communities program: State Grants; and for National Programs – Federal Activities and Evaluation, School Coordinators, and Project Serv. (Also, in FY 2002, the Alcohol Use Reduction Program – \$25 million – is included in the drug budget. However, this funding non-recurs as part of the FY 2003 request.) The current drug budget methodology scores less than 100 percent of the National Programs portion of the program, since some of these discretionary activities are awarded for purposes that do not directly relate to drug control. In addition, a portion of Education's Program Administration account is included in the current drug budget to reflect the costs of administering the SDFSC program. Program administration funds are appropriated separately from the SDFSC program funds. The annual adjustment associated with SDFSC funds is about \$14 million and does not provide enough of an important distinction to policymakers to warrant this nuance in how Education funding is displayed.

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<sup>4</sup> ONDCP, *FY 1999 Accounting of Drug Control Funds*, p. C-7. ONDCP, *FY 2000 Accounting of Drug Control Funds*, p. C-7.

## Health and Human Services

Drug control funding presented for HHS would be limited to the Substance Abuse and Mental Health Services Administration (SAMHSA) and the National Institute on Drug Abuse (NIDA). All other HHS bureaus now reported as part of the national drug control budget would be excluded. These include the Administration for Children and Families (ACF), the Centers for Disease Control and Prevention (CDC), the Centers for Medicare and Medicaid Services (CMS), the Health Resources and Services Administration (HRSA), and the Indian Health Service. Drug control is not a primary activity of any of these HHS bureaus. Further, annual policy discussions regarding demand funding do not highlight resource levels for these agencies. For many of these HHS bureaus, the drug control funding that they report is an estimate that cannot be easily verified or reproduced. In addition, HHS Inspector General reviews of this funding for ACF, CDC, and CMS highlighted significant issues associated with drug control resources reported by these bureaus.<sup>5</sup>

Further, the proposed budget significantly modifies the way SAMHSA drug funding would be reported. The main component of the SAMHSA budget is the Substance Abuse Block Grant. This grant includes resources for adult alcohol treatment, which is not part of the national drug control program. Currently, about 71 percent of the \$1.8 billion Block Grant is scored as drug-related, based on a drug budget methodology that has not been updated or verified in recent years. The deficiencies in this drug budget estimate were also highlighted in Inspector General reviews of the SAMHSA drug budget.<sup>6</sup> Rather than continuing to rely on the current drug budget methodology, the proposed budget would display 100 percent of the Substance Abuse Block Grant and fully disclose that this figure includes adult alcohol treatment funding. Since the Block Grant is a unified program, policy decisions regarding budget levels cannot affect drug funding separately from alcohol funding. Given this, the program should be reviewed by ONDCP as a whole, rather than artificially separating out one component.

## Justice and the Judiciary

For the Department of Justice (DOJ), the revised budget presentation would be limited to the Drug Enforcement Administration, the Interagency Crime and Drug Enforcement (ICDE) account, the Immigration and Naturalization Service (INS), and key components of the Office of Justice Programs (OJP). Each of these components retained in the budget are briefly discussed below:

- **DEA and ICDE:** DEA is the government's principal drug law enforcement agency. The ICDE account funds the Organized Crime Drug Enforcement Task Forces program of the Department of Justice. Both of these accounts are currently scored as 100 percent drug-related. They would continue to be scored in their entirety under the new methodology.

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<sup>5</sup> ONDCP, *FY 1999 Accounting of Drug Control Funds*, pp. E16-E18, E42-E44. ONDCP, *FY 2000 Accounting of Drug Control Funds*, pp. E3-E4, E12-E14, E25-E27.

<sup>6</sup> ONDCP, *FY 1999 Accounting of Drug Control Funds*, pp. E26-E28. ONDCP, *FY 2000 Accounting of Drug Control Funds*, pp. E56-E57.

- **INS:** Drug funding displayed for INS would be simplified to an amount equal to what is now scored under the existing drug budget methodology for the Border Patrol and Inspections programs. Other INS activities currently scored in the drug budget would not be represented in the modified drug budget.
- **OJP:** The revised DOJ drug budget includes several drug control initiatives that are part of OJP. These include the Residential Substance Abuse Treatment program, the Drug Courts program, the ADAM program, the Underage Drinking Prevention program, the Juvenile Drug Prevention program, the Regional Information Sharing System, and the Weed and Seed program. All other current OJP programs, including the Byrne program, would be excluded from the revised drug budget presentation.

In FY 2003, the President's Budget proposes the creation of a new Justice Assistance Grant (JAG), as part of the COPS budget, which would combine the current Byrne grant program and the Local Law Enforcement Block Grant program. In terms of authorized and anticipated uses by local governments, the new combined JAG program would only be about 50 percent drug-related. Under the revised drug budget presentation, a basic principle is that either a budget line item is all in, or all out, of the drug budget. Given that a high proportion of this modified grant program is not related to drug control, JAG grants would not be included in the proposed revised drug budget.

Further, by far the largest adjustments in the proposed new presentation of the drug control budget are within DOJ. For FY 2003, the revised budget removes over \$5 billion for 10 bureaus or accounts. About \$3 billion of this funding is primarily associated with the incarceration and care of federal prisoners. As was previously discussed, these resources have been excluded from the budget based on the criterion that they are associated with the secondary consequences of the government's primary drug law enforcement and investigative activities, which are the focus of drug policy decision-making.

Also excluded from the budget presentation is funding associated with the Assets Forfeiture Fund program at both Justice and Treasury. For DOJ in FY 2003, this is \$430 million. The Assets Forfeiture Fund receives its revenue from the sale and forfeiture of assets that were involved in drug cases, as well as certain other kinds of crimes. However, the expenditure of these funds by federal law enforcement agencies is not specifically devoted to drug law enforcement. These resources generally enhance the law enforcement operations of the receiving agencies, and although there is a benefit for drug cases, it is ancillary.

Further, over \$400 million in drug control funding for the FBI has been excluded from the proposed presentation of the drug budget. Clearly, the FBI is a major federal law enforcement agency that has in the past played a significant role in drug investigations. The decision to exclude the Bureau from the budget presentation is largely prospective. DOJ and FBI have publicly indicated a change in priorities for the Bureau that could effect its level of participation in the national drug control program. To the extent that it would continue to be involved in a significant way in drug cases, drug control funding would be directed to the FBI through the Interagency Crime and Drug Enforcement (ICDE) account that funds OCDETF

investigations, which will continue to be part of the revised budget. In FY 2003, ICDE funding of over \$100 million is proposed for the FBI.

In addition to the various DOJ accounts excluded from the budget, the revised budget presentation would also exclude the \$921 million now scored in FY 2003 for the Federal Judiciary. The basis for excluding this funding is similar to the secondary consequences argument associated with many DOJ bureaus. Also, a significant separation of powers argument may be advanced. The Executive Department exercises no policy control over the funding levels proposed by the Federal Judiciary for any programs that may be connected to drug control.

## **Treasury**

Other than the Treasury ICDE account, the Customs Service is the only Treasury bureau that would be included in the revised drug budget, and the way the Customs budget is reported would be modified. Funding for the Customs Air and Marine program is a separate line item in the Customs budget. Under the current drug methodology, 95 percent of this funding is scored as drug-related. The revised methodology would capture 100 percent of this line item. Funding reported for the rest of the Customs Service would be calculated based on the current drug budget methodology. Most of this other funding is associated with the salaries and expenses of Inspectors in the Office of Field Operations and Special Agents with the Office of Investigations.

The Treasury Forfeiture Fund has been excluded from the revised budget presentation on the same basis as the Justice Assets Forfeiture Fund. Other Treasury bureaus, including the Bureau of Alcohol, Tobacco and Firearms (ATF), the Internal Revenue Service (IRS), and the Secret Service, have been excluded from the revised budget, given the subordinate nature of drug control to their primary law enforcement missions. Also, recent Treasury Inspector General reviews of drug budget methodologies raised issues concerning the drug budget calculations employed by some of these bureaus.<sup>7</sup> For example, ATF and Secret Service have had difficulties in documenting key aspects of their drug budget calculations in prior years. Further, although ATF and IRS would not be reflected separately in the new budget, their contributions to drug control would remain important through their participation in the OCDETF program and the funding they receive through the Treasury ICDE account.

## **Transportation**

Funding for the Coast Guard would continue to be reflected in the revised budget presentation at a level consistent with the current drug budget methodology for the Coast Guard. The other two Transportation bureaus now scored as part of the drug control budget – the Federal Aviation Administration (\$20 million in FY 2003) and the National Highway Traffic Safety Administration (\$32 million in FY 2003) would both be excluded from the new budget. Funding for these bureaus is minimal, and the principal missions of these agencies are not closely associated with the national drug control program.

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<sup>7</sup> ONDCP, *FY 2000 Accounting of Drug Control Funds*, pp. M5-M6, M76-M77.

## **Veterans Affairs**

Whether or not to include VA in the revised drug budget is problematic. The basic criterion for whether an account is in or out of the new budget is that the agency should be a first-tier drug control agency, performing a mission that is key to the federal drug control program. However, the VA drug budget is associated with the number of veterans who seek care through the Veterans Health Administration and present themselves as patients in need of drug treatment. The VA drug budget is heavily dependent on the demographic factors of eligible drug-dependent veterans who are entitled to this service. The VA drug budget, therefore, may not be easily affected by variables associated with explicit drug policy decisions. Although estimated drug control funding for VA is significant, the level of drug treatment resources within the VA has not been a central drug policy issue in recent years. Notwithstanding these considerations, after further consultations with VA, VA drug funding may be included in the modified drug budget. ONDCP intends to work with VA on this issue during the next several months.

## **Other Presidential Initiatives**

The revised drug budget presentation would include a category to aggregate other presidential funding priorities, highlighted in the President's Budget, but not captured within the other 14 drug budget accounts. The accompanying pro forma table displays funding of \$3.5 million in FY 2001 and \$3.0 million in FY 2002 and FY 2003 for the drug-free workplace initiative funded through the Small Business Administration. Also, this category includes funding of \$5 million proposed for the Parents Drug Corps initiative in FY 2003, and \$50 million in FY 2002 and FY 2003 for state and local Southwest Border Prosecutor Initiative. The items presented in this category may change from year-to-year, depending on the particular high-profile initiatives proposed in the budget.

## **Next Steps**

By narrowing the scope of the drug budget and presenting it in terms of real dollars, it will become a better tool for policymakers. Resource allocations will become part of the decision-making process, rather than information reported after decisions are made. In addition to being more accurate, the new drug control budget will focus on agencies and programs that produce measurable results. This will make it possible to improve accountability and, for the first time, will create a basis for comparing the results of supply and demand activities. This new budget structure also will provide the underpinnings of a system for moving resources to areas of maximum effectiveness.

During 2002, ONDCP will work closely with affected Departments and agencies, the Office of Management and Budget, and interested committees of the Congress, to formulate a revised drug budget presentation for the FY 2004 budget cycle consistent with the principles outlined here. This needed change will more fairly present the Federal Government's drug control funding proposals to the public.