

CSDP Research Report

Revising the Federal Drug Control Budget Report: Changing Methodology to Hide the Cost of the Drug War?

The Bush Administration is drastically overhauling the way in which the federal drug control budget is determined and presented. This new approach will hide some of the real costs of the drug war, especially the cost of prosecuting and incarcerating a record number of drug offenders. While the revision promises to eventually fix real problems that exist reporting on treatment spending, i.e. the current method overstates how much is actually spent on drug treatment, the planned revision may actually make reporting problems worse.

The New Drug Budget Accounting Will Cut in Half the Costs Reported to the Public of the Drug War

Over the last several decades the drug budget has dramatically increased. In 1969, \$65 million was spent by the Nixon administration on the drug war; in 1982 the Reagan administration

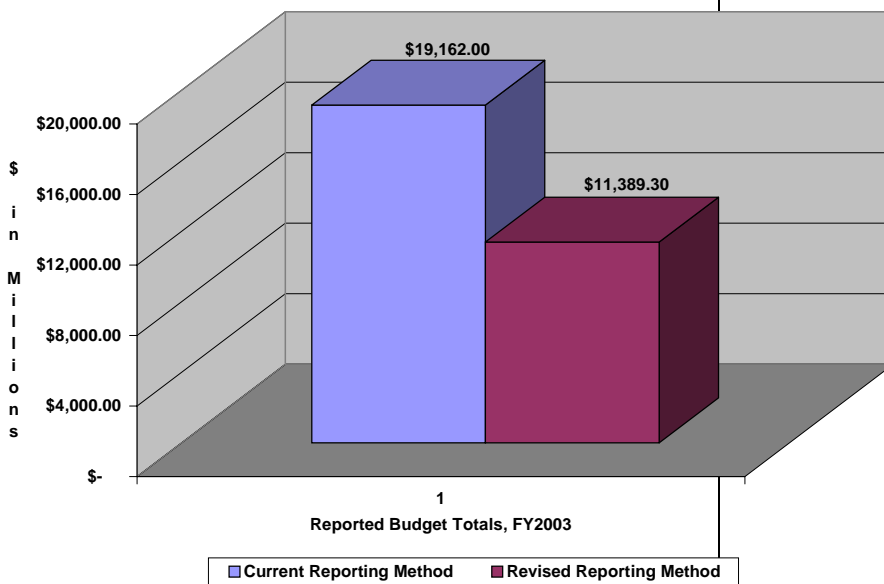
spent \$1.65 billion; and in 2000 the Clinton administration spent more than \$17.9 billion.¹ The federal drug budget is now approaching \$20 billion – for FY2003 the drug budget is \$19.18 billion.²

As the federal government returns to deficit spending, the country works its way through a recession, and expenditures for terrorism increase, the costs of the drug war - especially costs related to enforcement - have become a political liability. Under the new methodology, the federal drug budget reported to the American public would appear to be cut nearly in half, to \$11.39 billion.

The New Drug Budget Will Report Spending Less on Law Enforcement When Record Spending is Really Occurring

A consistent political issue in the drug budget is the ratio between law enforcement/military spending and treatment/prevention/education spending. Since the early 1980s there has been a more than two-to-one split in favor of law enforcement. Treatment, prevention, education and research have to divide one-third of the federal budget. Under the new reporting methods the ratio between military/law enforcement and treatment/prevention spending would be closer to even – 53/47. That ratio is an easy sound bite for the public to digest, and

FY2003 Federal Drug Control Budget - Current vs. Revised Reporting Method



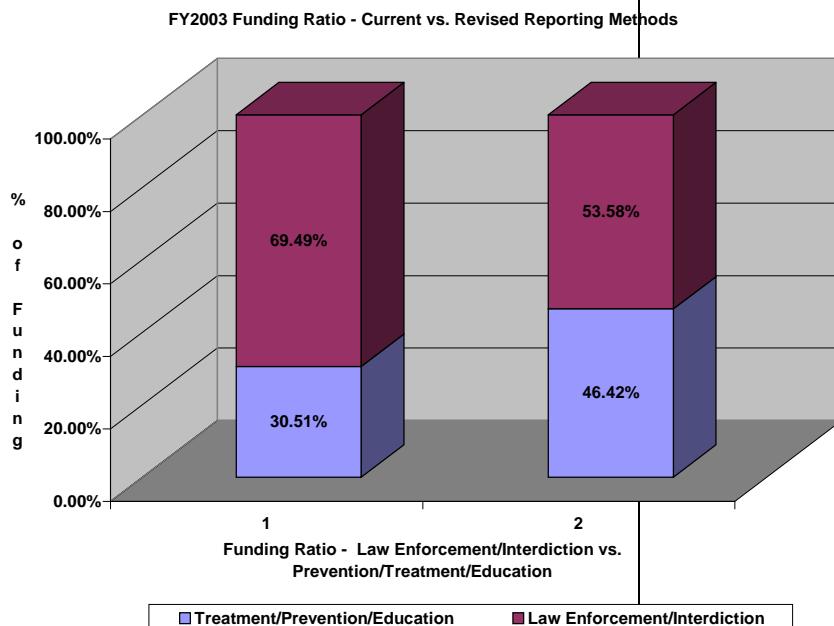
Common Sense for Drug Policy

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along with the budget's bottom line total is all that most in the general public pay attention to. The split is currently 70/30, as it has been for years now.



This magic change will occur at a time when there are record drug offenders behind bars – costing more and more each year to house – and while the drug war in Colombia and surrounding countries is escalating. Thus, the reality is there will be record spending for enforcement approaches but this will not be reflected in the budget. Various enforcement costs will not be included and treatment expenditures will be exaggerated.

Changes in Reporting of Bureau of Prisons, Other Department of Justice Programs, and Department of Defense Will Move More Than \$5 Billion Off Books

By far the largest adjustments in the proposed new presentation of the drug control budget are within DOJ. For FY2003, the revised budget would no longer report more than \$5 billion in 10 bureaus or accounts. The areas the drug budget would no longer report include incarceration costs and costs related to the prosecution of drug cases.³

The Drug Czar wants to exclude from his report the \$3 billion a year that the Bureau of Prisons

spends to house drug prisoners. US drug control policy emphasizes arrest and incarceration. There has been a record increase in drug offenders in federal prisons – drug offenders have been the primary source of federal prison growth.⁴ Incredibly, ONDCP claims that incarcerating drug offenders is not a primary cost of federal drug control policy.

Also on the enforcement side of the ledger, the revision allows the Defense Department to lower its reported drug control expenditures for FY2003 by \$150 million. This would add to an existing problem, as DoD already under-states their drug-control spending by omitting the cost of personnel, according to a

RAND Corporation review. RAND found: “The Department of Defense method of omitting certain personnel costs has the effect of underestimating the overall amount of funds for counter drug activities.”⁵ Under the new scheme DoD will be able to report an even lower amount by dropping certain programs and expenditures. Indeed, only appropriations that go to DoD’s Counternarcotics Central Transfer Account will be included in the drug budget. Other money spent from Operational Tempo (OPTEMPO) budget lines will no longer be reported. Thus, the problem of understating spending will be exacerbated.

Under the new approach to reporting, the law enforcement and military side of the ledger would appear to be reduced by more than \$5 billion in FY2003.

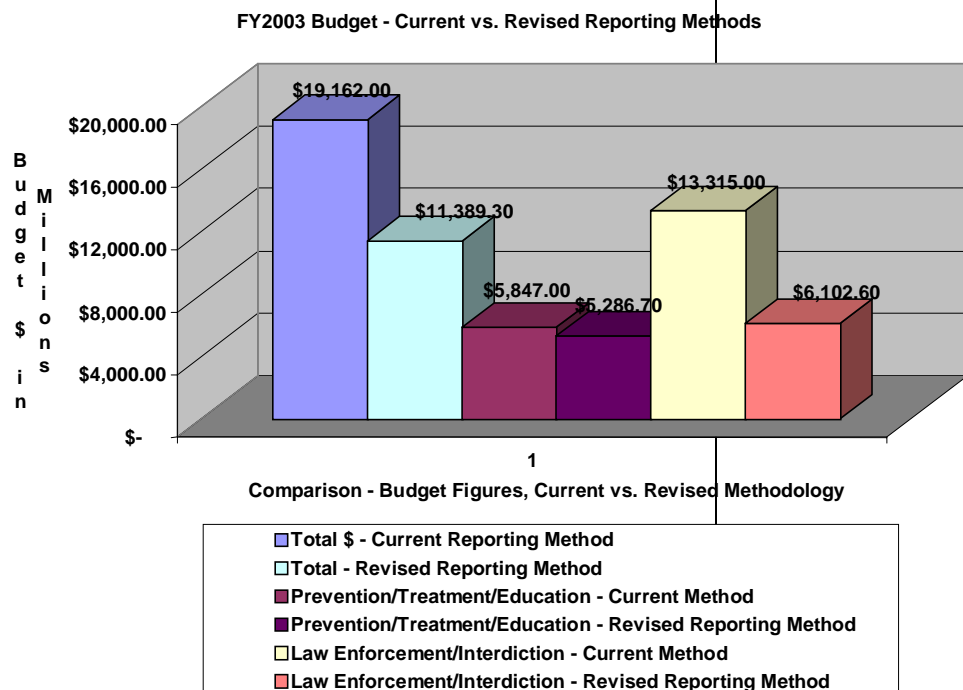
Reported SAMHSA Treatment Budget Will Seem to Increase By At More Than \$500 Million

At the same time as cutting the cost of enforcement, the new drug budget approach will expand the amount of spending reported for drug treatment by including hundreds of millions of dollars in alcohol treatment spending. By statute ONDCP is excluded from

dealing with alcohol and tobacco. Therefore the drug budget has not included alcohol treatment spending. Under the new reporting plan, SAMHSA's full substance abuse treatment block grant funding will be included in the drug treatment budget report, thereby increasing SAMHSA's reported contribution by more than \$500,000,000.⁶ A footnote will alert the public and policymakers that the treatment line includes alcohol.

"In three agencies, Education, Veterans, and SAMHSA, the methodologies produce inflated antidrug budgets, the cumulative effect of which is to inflate the overall FY 1998 antidrug budget of \$16 billion by over \$1 billion. The largest discrepancy emerges in the Department of Veterans Affairs. Including the other medical care costs for drug abuse patients inflates its budget by \$710 million, or 66 percent. As these three agencies focus on reducing the demand for drugs, the effect is that the ONDCP Director's antidrug budget in FY 1998 for these prevention and treatment programs was about 20 percent less than reported to the American public."⁸

ONDCP promises in its proposed revision that they plan to eventually overhaul the figures for these agencies. Yet the budget figures for these agencies presented in the restructured FY2003 budget aren't decreased; rather, they remain the same or show an increase from the official budget figures.



Recent polling indicates the public supports treatment spending – in fact a large majority supports spending on treatment instead of prison.⁷ The Drug Czar's new accounting method will give the appearance of bringing the drug budget in line with public opinion by minimizing reported prison cost and maximizing reported treatment expenditures.

Over-reporting of treatment spending is likely to worsen another problem noted by researchers. The RAND Corporation as well as an audit by the Inspector General has raised concerns over the accuracy of some agencies' reporting of treatment and prevention spending. RAND found that treatment/prevention spending was over-stated by at least \$1 billion a year. RAND noted that federal agencies spend much less on treatment than they report. According to the RAND study:

Time to Face the Real Costs of the Drug War – in Dollars and Human Terms – Not Hide Them

An honest drug budget report would face up to the shortcomings of current methodologies and recognize that the drug control budget report underestimates expenditures on military and law enforcement programs and overstates the amount spent on treating abuse. Rather than attempting to hide the costs of prosecuting the drug war and exaggerating the expenditures on drug treatment, the drug budget should be moving in the opposite direction. Revisions currently being planned by ONDCP will make inaccurate reporting worse, not better. The public and policy makers will falsely be led to believe that US drug strategy spends more on treating abuse and less on law enforcement than it really does.

The war on drugs is costly, not only in terms of the tens of billions spent annually but also in its human costs – over reliance on incarceration, destruction of families, record overdose deaths, rapid spread of blood-borne diseases, war in the Andean Region. We could keep making the same mistakes over and over again if the government tries to hide these costs. It is time to shed light on the real costs of current policy. The impact of the drug war and of drug abuse is too great to allow advocates of the current approach to not report information critical to sensible decision-making.

Copies of the drug control restructuring section of ONDCP's FY2003 Budget Summary, which was issued at the same time as the national strategy, are available as a PDF from www.csdp.org/research/ondcpbudgetextract.pdf The drug control budget document is over 2 megs, and available through ONDCP's website.

Also, a PDF copy of the federal drug control programs portion of the Presidential FY2003 budget document is available from www.csdp.org/research/bud32.pdf and also from the White House website.

Endnotes:

¹ US Congress, Hearings on Federal Drug Enforcement, Senate Committee on Investigations, 1975 and 1976 (1976); Office of National Drug Control Policy, National Drug Control Strategy, 1992: Budget Summary (Washington, DC: Executive Office of the President, 1992), p. 214; ONDCP, National Drug Control Budget Executive Summary, Fiscal Year 2002 (Washington, DC: Executive Office of the President, April 9, 2001), p. 2, Table 1.

² Federal Drug Control Programs, The Budget For Fiscal Year 2003 (Washington, DC: Executive Office of the President, 2002), pp. 379-380.

³ ONDCP, FY2003 Budget Summary (Washington, DC: Executive Office of the President, 2002), p. 19.

⁴ Over 80% of the increase in the federal prison population from 1985 to 1995 was due to drug convictions. Source: US Department of Justice, Bureau of Justice Statistics, Prisoners in 1996 (Washington DC: US Department of Justice, 1997). “Between 1984 and 1999, the number of defendants charged with a drug offense in U.S. district courts increased about 3% annually, on average, from 11,854 to 29,306.” Source: Scalia, John, US Dept. of Justice, Bureau of Justice Statistics, Federal Drug Offenders, 1999 with Trends 1984-99 (Washington, DC: US Dept. of Justice, August 2001), p. 7. “As a

result of increased prosecutions and longer time served in prison, the number of drug offenders in Federal prisons increased more than 12% annually, on average, from 14,976 during 1986 to 68,360 during 1999.” Source: Scalia, John, US Dept. of Justice, Bureau of Justice Statistics, Federal Drug Offenders, 1999 with Trends 1984-99 (Washington, DC: US Dept. of Justice, August 2001), p. 7.

⁵ Murphy, Patrick, Lynn E. Davis, et al., “Improving Anti-Drug Budgeting” (Santa Monica, CA: RAND Corp., 2000) p. xiv

⁶ Currently the federal drug budget counts 71% of SAMHSA’s substance abuse block grants to states for treatment as being for drugs. Under the new reporting plan more than \$500,000,000 of alcohol treatment money will be included in the federal drug budget report.

⁷ A recent Ridder/Braden opinion poll in the state of Colorado shows: 73% of voters believe we should decrease criminal penalties for possession of small quantities of drugs from a felony to a misdemeanor and spend the money saved on prisons to increase drug treatment and prevention. Source: Ridder/Braden, Inc., July 2001. More information: contact The Rocky Mountain Peace and Justice Center, POB 1156, Boulder, CO 80306, or see www.prison-moratorium.org. A recent Pew Poll showed that 74% of the nation believes the drug war has failed and can never succeed. Source: The Pew Research Center on the People and the Press, “74% Say Drug War Being Lost,” February 2001. In the last three election cycles the public has voted for reform fourteen times. California and Arizona have voted for treatment instead of prison for drug offenders. (CA Prop 36, 2000 election; AZ Prop 200 in 1996 and 1998 elections). Voters in Ohio, Florida and Michigan are likely to vote on this issue in 2002.

⁸ Murphy, Patrick, Lynn E. Davis, et al., “Improving Anti-Drug Budgeting” (Santa Monica, CA: RAND Corp., 2000) p. xiv, available from the web at <http://www.rand.org/publications/MR/MR1262/>