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FEDERAL DRUG CONTROL: PRESIDENT'S BUDGET REQUEST
FOR FISCAL YEAR 1988

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ABSTRACT

The President's budget for fiscal year 1988 asks for a total of \$3 billion for Federal programs to control or prevent the use of narcotics and other dangerous drugs. The core of this CRS report is a table comparing budget authority (BA) request, by agency, with actual BA for FY 1986 and estimated BA for FY 1987. Also included are various key documents illustrating the positions taken by Congressional critics of the request as well as the Administration's defenses. Finally, for a longer term perspective, there are graphs and a table showing drug budget trends since FY 1981.

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FEDERAL DRUG CONTROL: PRESIDENT'S BUDGET REQUEST FOR FY 1988

HIGHLIGHTS OF THE FY88 REQUEST

The fiscal year 1988 budget submitted to Congress on January 5, 1987, asks for a total of \$3 billion in budget authority for Federal programs and activities designed to prevent or control the use of narcotics and other dangerous drugs. This compares to an estimated \$3.9 billion to be obligated for the same purposes in fiscal year 1987.

The 1987 drug budget reflects the increases in appropriations for that year authorized by the Anti-Drug Abuse Act of 1986 (P.L. 99-570). These amounted to a total of approximately \$1.7 billion. Table 1 (below) shows budget authority (BA) requested for FY 1988, by agency, as compared with actual BA for FY 1986 and estimated BA for FY 1987. In the case of FY 1987, increased amounts authorized by the Anti-Drug Abuse Act are also indicated, as are the appropriations made pursuant to the Act under a separate title of an omnibus appropriations statute, P.L. 99-591. Further, a separate column shows how the FY87 budget would be revised by the President's FY88 requests, through rescissions or supplementals.

Since many of the increases authorized by the Anti-Drug Abuse Act were marked for presumably non-recurring expenditures, such as acquisitions or capital improvements, comparisons of the 1987 budget and the proposed 1988 budget should be made with caution.

A valid comparison of the 1987 budget and the 1988 request would require that the former be limited to the "regular" appropriations (contained in Title I of P.L. 99-591, the enacted resolution for continuing appropriations for FY 1987) plus the amount appropriated pursuant to the Anti-Drug Abuse Act (under Title II of P.L. 99-591) that was meant to be recurring. However, because of the unusual legislative history of the Anti-Drug Abuse Act and of the appropriations it authorized, there is uncertainty as to Congressional intent in a number of instances.

The principal decreases and increases proposed by the FY 1988 budget are as follows:

- Grants for State and local drug law enforcement, administered by the Office of Justice Assistance. The Anti-Drug Abuse Act authorizes \$230 million for three years, beginning with FY 1987; \$225 million were appropriated for FY 1987. The request contains no provision for continuing the program in FY 1988, noting that a "one-time infusion of funds will provide significant assistance to local drug enforcement efforts, so such grant funds will no longer be needed in 1988." 1/
- Drug-free Schools program, administered by the Department of Education. The Anti-Drug Abuse Act authorized a four-year program: \$200 million for FY 1987 and \$250 million for FY 1988 through FY 1990. The request allots the program \$100 million for FY 1988, the reduced amount reflecting--according to the Budget, "one-time, start-up costs and increased State and local participation." 1/
- Capital improvements. According to the Budget, approximately \$350 million of the FY 1987 budget were applied to "capital purchases made in 1987, which need not be repeated in 1988." 1/
- Drug Enforcement Administration (DEA). An increase of \$42 million over the enacted FY 1987 level of \$480 million (proposed to be revised to \$490 million).
- Prisons. An increase of \$42 million, over the enacted level for '87, for construction and operation (\$35 million over the proposed revision); and an increase of \$6 million for support of Federal prisoners in non-Federal institutions (\$3 million over the proposed revision).

1/ U.S. Executive Office of the President. Office of Management and Budget. Budget of the United States Government, FY 1988. Washington, U.S. Govt. Print. Off., 1987. P. 2-37.

- Foreign assistance for drug control (State Department, Bureau of International Narcotics Matters). A decrease of \$19 million from the enacted '87 level of \$118 million.
- Customs Service. A decrease of \$128 million from the enacted level for FY87 (\$553 million), \$75 million from the proposed revised level. The proposed revision for FY87 would entail a cut of \$53 million.
- Other law enforcement. Increases of approximately \$70 million for certain other law enforcement agencies, including \$15 million for the FBI, \$24 million for the U.S. Marshals, \$28 million for the U.S. Attorneys, and \$8 million for the Internal Revenue Service.
- Alcohol, Drug Abuse and Mental Health Administration programs for treatment and prevention. The additional amount authorized by the Anti-Drug Abuse Act--\$262 million--while included in the FY 1987 base, is two-year money. Thus, although the request appears to reduce the program by that amount, in fact perhaps as much as half of the total will be spent in FY 1988.
- Indian health services. According to the Office of Management and Budget, the other significant reduction reflected in the \$900 million difference between FY 1987 and FY 1988 is in the area of health services for Indians: approximately \$26 million in FY 1988 as compared to \$48 million in FY 1987.

CONGRESSIONAL REACTION AND ADMINISTRATION RESPONSE

The cuts contemplated by the President's drug control budget for FY 1988 have been criticized on Capitol Hill as inconsistent with stated Administration policies on the issue. Particularly controversial are the proposals to eliminate the State and local law enforcement grant program, to reduce the education grant program, and to scale down the Customs Service budget. The Chairman of the House Select Committee on Narcotics Abuse and Control, Representative Charles B. Rangel, takes issue with the Administration's view of some parts of the Anti-Drug Abuse Act as providing "one time seed money," arguing instead that they authorized a "down payment." 2/

2/ U.S. House of Representatives. Select Committee on Narcotics Abuse and Control. Narcotics Committee examines President's proposed budget cuts in face of dramatic increase in drug production. Press release, March 25, 1987 (100.1-20).

[See Appendix B: Analysis of the Administration's Explanation of its 1988 Drug Budget Request (by) the Select Committee on Narcotics Abuse and Control. (March, 1987)]

Administration officials respond to criticism of the requested budget by pointing to the general record of increases for drug control since 1980, and by arguing that the cuts are proposed where further spending would be either non-productive or inappropriate. The Director of the Office of Management and Budget, James C. Miller III, recently testified that since FY 1981 resources devoted to all Federal anti-drug efforts have grown by 220 percent in nominal dollars. He pointed out that in terms of outlays, as opposed to budget authority, the FY 1988 request proposes a total increase of approximately \$500 million (\$3.5 billion as opposed to \$3 billion in FY 1987). Stating that the only item he would "acknowledge as a real reduction" was the lack of a request for further funds for the State and local drug law enforcement grant program authorized by the Anti-Drug Abuse Act," he testified:

In this case, we have an honest difference of opinion with some Members of Congress over who ought to pay for local law enforcement operations. It is our view that programs which primarily benefit a local community should, in most cases, be paid for by that community. I would note that many of the grant programs funded in the 1970's by the Law Enforcement Assistance Administration (LEAA) were phased out for this very reason. In our view, there are few differences between the old LEAA grants and the newly-authorized State and local drug grants. It should also be noted that we never asked for these funds in the first place. Rather, it was Congress that added the program to the drug bill despite the Administration's objections. We don't believe it was a good use of Federal dollars then and we don't believe it is a good use of dollars now. 3/

[See Appendix A: Drug programs. Excerpt from The FY 1988 budget: assertions vs. facts. Also, Appendix C: Prepared statement of James C. Miller...before the Select Committee on Narcotics Abuse and Control.]

3/ Testimony before the Select Committee on Narcotics Abuse and Control, U.S. House of Representatives; March 25, 1987.

TABLE 1. Drug Abuse Prevention and Control: Budget Authority
for Federal Programs, FY 1986-FY 1988
(Millions of Dollars*)

Department of Justice	FY 1986		FY 1987			FY 1988	
		Anti-Drug Abuse Act (P.L. 99-570) authorization increases	Appropriations, P.L. 99-591 1/ Title I 2/	Title II 3/	Total	Proposed in President's FY 1988 Budget	President's FY 1988 Budget
LAW ENFORCEMENT							
DEA	388	60	420	60	480	490	522
FBI	99	2	107	2	109	109	124
Criminal Division	3	0	3	0	3	3	3
Tax Division	1.8	0	2	0	2	2	2
U.S. Attorneys	60	31	44	31	75	75	103
U.S. Marshals	52	17	43	17	60	62	84
Prisons	176	125 4/	157	125 4/	282	289	324
Support of Prisoners 5/	19	5	15	5	20	23	26
INS	1	0	1.3	0	1.3	1.3	1.3
OJP	14	235 6/	13	225	238	241	5
INTERPOL	0.2	0	0.2	0	0.2	0.2	0.2
Pres. Com. on Org. Crime	1.2	0	0	0	0	0	0

*All figures rounded except for those under \$2 million.

TABLE 1. Drug Abuse Prevention and Control: Budget Authority
for Federal Programs, FY 1986-FY 1988--Continued
(Millions of Dollars*)

FY 1986	FY 1987				FY 1988
	Anti-Drug Abuse Act (P.L. 99-570) authorization increases	Appropriations, P.L. 99-591 1/ Title I 2/ Title II 3/ Total		Proposed in President's FY 1988 Budget	President's FY 1988 Budget
LAW ENFORCEMENT--Continued					
Department of the Treasury					
Customs	380	185 7/ 0	406 147 8/ 64 0	553 500	425
IRS	64	0	64	64	72
ATF	8	0	9 0	9 8	8
Payments to Puerto Rico	0	0	0 8	8	0
Secret Service	0	5	0 5	5 0	0
Department of Transportation					
Coast Guard	401	128 9/ 0	422 128 9/ 1 0	550 552	560
FAA	0.6	0		1	0.7
Federal Highway	0	50			
Department of State					
INM	55	63	65 53	118	99
AID (Direct)	24	3	4 3	7	7
USIA	1	2	0 2	2	1

TABLE 1. Drug Abuse Prevention and Control: Budget Authority
for Federal Programs, FY 1986-FY 1988--Continued
(Millions of Dollars*)

FY 1986	FY 1987				FY 1988
	Anti-Drug Abuse Act (P.L. 99-570) authorization increases	Appropriations, P.L. 99-591 1/ <hr/> Title I 2/ Title II 3/ Total			Proposed in President's FY 1988 Budget
					President's FY 1988 Budget
LAW ENFORCEMENT--Continued					
Department of Agriculture					
Ag. Research Service	1.3	0	1.4	0	1.4
U.S. Forest Service	3	10	3	0	4
Department of the Interior					
Bureau of Land Management	1	0	1	0	1
Park Service	0.2	1	0.2	1	1.2
Bureau of Indian Affairs	15	21	15	12	19
Fish and Wildlife	1	0	1	0	1
Food and Drug Administration	1.6	0	1.6	0	1.6
					1.7

TABLE 1. Drug Abuse Prevention and Control: Budget Authority
for Federal Programs, FY 1986-FY 1988--Continued
(Millions of Dollars*)

FY 1986	FY 1987				FY 1988
	Anti-Drug Abuse Act (P.L. 99-570) authorization increases	Appropriations, P.L. 99-591 1/ <div>Title I 2/ Title II 3/ Total</div>			Proposed in President's FY 1988 Budget
					President's FY 1988 Budget
LAW ENFORCEMENT--Continued					
Department of Defense 10/ Direct Operating costs	70	73	73	73	75
Other appropriations	38	14	300	314	0
Judiciary 11/ Salaries and expenses	NA	0	12	12	NA
Defender Services	NA	0	18	18	NA
Jurors/ Commissioners					
Fees	NA	<u>7</u>	<u>7</u>	<u>7</u>	<u>NA</u>
Subtotal, Drug Law Enforcement	1,878	1,297	1,887	1,161	2,971
					2,468

TABLE 1. Drug Abuse Prevention and Control: Budget Authority
for Federal Programs, FY 1986-FY 1988--Continued
(Millions of Dollars*)

FY 1986	FY 1987				FY 1988	
	Anti-Drug Abuse Act (P.L. 99-570) authorization increases	Appropriations, P.L. 99-591 1/			Proposed in President's FY 1988 Budget	President's FY 1988 Budget
		Title I 2/	Title II 3/	Total		
DEMAND REDUCTION						
<u>PREVENTION</u>						
ADAMHA 12/	88	[] 13/	134	75	209	137
Department of Defense	63	0	70	0	70	72
Department of Education	3	200	0	200	200	100
Department of Labor	0.1	3	0	3	3	0
Bureau of Indian Affairs	0	4 14/	0	5	5	2
Action	10	6	10	3	13	10
White House Conference	0	5	0	5	5	0
Subtotal, Drug Abuse Prevention 165		[] 13/	214	291	505	321

TABLE 1. Drug Abuse Prevention and Control: Budget Authority
for Federal Programs, FY 1986-FY 1988--Continued
(Millions of Dollars*)

FY 1986	FY 1987				FY 1988
	Anti-Drug Abuse Act (P.L. 99-570) authorization increases	Appropriations, P.L. 99-591 1/			Proposed in President's FY 1988 Budget
		Title I 2/	Title II 3/	Total	
DEMAND REDUCTION--Continued					
<u>TREATMENT</u>					
Department of HHS					
ADAMHA 12/	117	124	177	301	124
Indian Health Service	24	26	22	48	26
Department of Defense	20	21	0	21	22
Bureau of Indian Affairs	0	0	5	5	0
Veterans Administration	67	70	10 15/	80	72
Subtotal, Drug Abuse Treatment	227	241	214	455	244
TOTAL, FEDERAL DRUG CONTROL	2,270	2,342	1,668	4,008	3,033

Sources: (1) National Drug Enforcement Policy Board. National and International Drug Law Enforcement Strategy.
January 1987. Appendix B, pp. 181-188.
(2) Office of Management and Budget.
(3) P.L. 99-570 and P.L. 99-591.
(4) Agency budget analysts.

INDEX OF ABBREVIATIONS

ADAMHA-Alcohol, Drug Abuse, and Mental Health Administration
ADMS-Alcohol, Drug Abuse, and Mental Health block grant
AID-Agency for International Development
BATF-Bureau of Alcohol, Tobacco, and Firearms
BOP-Bureau of Prisons
Crim Div-Criminal Division, Dept of Justice
Customs-US Customs Service
DEA-Drug Enforcement Administration
Dept of Ed-Department of Education
DOD-Department of Defense
DOJ-Department of Justice
DOL-Department of Labor
FAA-Federal Aviation Administration
FBI-Federal Bureau of Investigation
FDA-Food and Drug Administration
HHS-Department of Health and Human Services
INM-International Narcotics Matters
INS-Immigration and Naturalization Service
IRS-Internal Revenue Service
NIAAA-National Institute on Alcohol Abuse and Alcoholism
NIDA-National Institute on Drug Abuse
OJP-Office of Justice Program
Pres. Com. on Org. Crime-President's Commission on Organized Crime
Tax Div-Tax Division, Department of Justice
US Atty-US Attorneys
USCG-US Coast Guard
USDA-US Department of Agriculture
US Forest Svc-US Forest Service
US Marshal-US Marshals Service
VA-Veterans Administration

1/ Resolution for continuing appropriations, FY 1987. P.L. 99-591 superseded P.L. 99-500.

2/ Base appropriations for ongoing programs. In the case of multi-function agencies, amounts shown are estimates made -- by each agency -- of the portion of the agency's total budget authority that is (or will be) allocated to drug control activities.

3/ Added appropriations pursuant to Anti-Drug Abuse Act of 1987 (P.L. 99-570).

4/ \$97 million for construction; \$28 million for operation.

5/ Specifically, support of Federal prisoners in non-Federal institutions.

6/ \$230 million of the increase was earmarked for grants for State and local drug law enforcement; \$5 million, for a pilot prisoner capacity program.

7/ \$81 million for salaries and expenses; \$94 million for the Air Interdiction Program; \$10 million increase in the Customs Forfeiture Fund.

8/ \$44 million for salaries and expenses; \$93 million for the Air Interdiction Program; \$10 million increase in the Customs Forfeiture Fund.

9/ \$39 million for operating expenses; \$89 million for acquisition, construction, and improvement.

10/ The budget summary included in the strategy report recently issued by the National Drug Enforcement Policy Board (see "Sources," below) is footnoted as follows:

Numbers reflect the direct expenses incurred by DOD in providing assistance to drug law enforcement as a by-product of its training and readiness missions, plus appropriations directly for drug law enforcement missions in the following amounts: 1986--\$38M; 1987--\$314M. Value of other DOD aircraft and other major equipment provided, loaned, or procured for drug law enforcement, in addition to amounts listed above, equals \$138.65 million, in 1986 dollars.

Since 1985 DOD has computed direct and allocated (indirect) costs for the equivalent value of services for DOD support to drug law enforcement. Direct costs include operation and maintenance costs of military equipment support. Allocated costs include life cycle costs of equipment, amortization, capitalization, and other overhead. DOD rough order of magnitude estimates for allocated costs total \$82.7 million in 1985 and \$126.3 million in 1986. DOD support services for drug law enforcement are provided "incidental to military training and operations." Nearly all of this cost has been waived from reimbursement under the Economy Act since DOD derives "substantially equivalent training."

DOD 1986 costs are estimated from computed actual costs of \$52.3 million for the first three quarters of 1986.

11/ Estimates of the amount of the Judiciary Branch's base budget that is spent on the processing of drug law offenders are unavailable.

12/ Alcohol, Drug Abuse, and Mental Health Administration (Department of Health and Human Services). All of the research program of the National Institute on Drug Abuse is included under the prevention category. All of the ADMS block grant funds are included under "Treatment." Of funds appropriated in 1987, \$252 million is available for obligation through FY 88.

13/ The total additional amount authorized for ADAMHA activities related to both drug and alcohol abuse was \$241 million, with the following allocation specified:

Addition to ADMS block grant.....	6.0%
Special allotment for treatment and rehabilitation.....	70.5%
Transfer to Veterans Administration...	4.5%
Evaluation of treatment programs.....	1.0%
Office of Substance Abuse Prevention and high-risk (population) demonstration projects.....	18.0%

Since there is no specification of the distribution of the block grant increase (i.e., whether for prevention or treatment), and since the Office of Substance Abuse is also concerned with alcohol abuse, the ADAMHA authorization is not indicated in the table, which separates the prevention and treatment functions. The total authorization increase for ADAMHA--for both functions--was \$241 million; the appropriation was \$262 million, which included \$30 million for the research programs of the National Institute on Drug Abuse (NIDA) and the National Institute on Alcohol Abuse and Alcoholism (\$27 million for NIDA), and \$1 million for a study of the approach of private health insurers to costs incurred for the treatment of drug abuse.

14/ Authorization is for prevention (or treatment) of substance abuse in general.

15/ Transferred from ADAMHA as required by P.L. 99-570; available for obligation through FY 88.

*All figures rounded except for those under \$2 million.

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EIGHT YEAR SUMMARY AND GRAPHS

TABLE 2. Drug Abuse Prevention and Control: Federal Government
Budget Authority Summary, FY1981-FY1988

Chart 1. Drug Abuse Prevention and Control: Federal Government Budget
Authority, FY1981-FY1988 (Current Dollars)

Chart 2. Drug Abuse Prevention and Control: Federal Government
Budget Authority, FY1981-FY1988 (Constant Dollars)

TABLE 2. Drug Abuse Prevention and Control: Federal Government Budget Authority Summary, FY1981-FY1988
(Figures are in millions of dollars) 1/

	FY1981	FY1982	FY1983	FY1984	FY1985	FY1986	Enacted FY1987E	Revised 2/ FY1987E	Requested 2/ FY1988E
Drug Law Enforcement (Current \$)	\$859.5	\$1,079.4	\$1,272.8	\$1,596.0	\$1,838.4	\$1,877.8	\$3,004.2	\$2,971.3	\$2,468.1
(Constant 1981 \$)	\$859.5	\$1,012.4	\$1,147.3	\$1,386.8	\$1,539.7	\$1,534.2	\$2,381.2	\$2,355.1	\$1,887.0
Drug Demand Reduction (Current \$)	\$371.2	\$305.1	\$347.5	\$366.6	\$394.9	\$391.8	\$959.9	\$959.9	\$565.1
(Constant 1981 \$)	\$371.2	\$286.2	\$313.2	\$318.5	\$330.7	\$320.1	\$760.8	\$760.8	\$432.1
Drug Abuse Prevention (Current \$)	\$133.9	\$104.9	\$121.1	\$135.8	\$159.7	\$164.5	\$505.4	\$505.4	\$321.4
Drug Abuse Treatment (Current \$)	\$237.3	\$200.2	\$226.4	\$230.8	\$235.2	\$227.3	\$454.5	\$454.5	\$243.7
TOTAL, FEDERAL DRUG SUMMARY (Current \$)	\$1,230.7	\$1,384.5	\$1,620.2	\$1,962.6	\$2,233.3	\$2,269.6	\$3,964.1	\$3,931.2	\$3,033.2
(Constant 1981 \$)	\$1,230.7	\$1,298.5	\$1,460.5	\$1,705.4	\$1,870.4	\$1,854.3	\$3,142.0	\$3,116.0	\$2,319.1
OMB Implicit Price Deflator 3/ (1981=100)	100.00	106.62	110.94	115.08	119.40	122.40	126.16*	126.16*	130.79*

NOTES: 1/ Based on a table prepared by the Office of Management and Budget, included as "Appendix B" in: U.S. National Drug Enforcement Policy Board. National and International Drug Law Enforcement Strategy. Washington, U.S. Government Printing Office, January 1987. Pp. 181-188. (Supplemented by data provided by OMB.)

2/ President's FY1988 Budget.

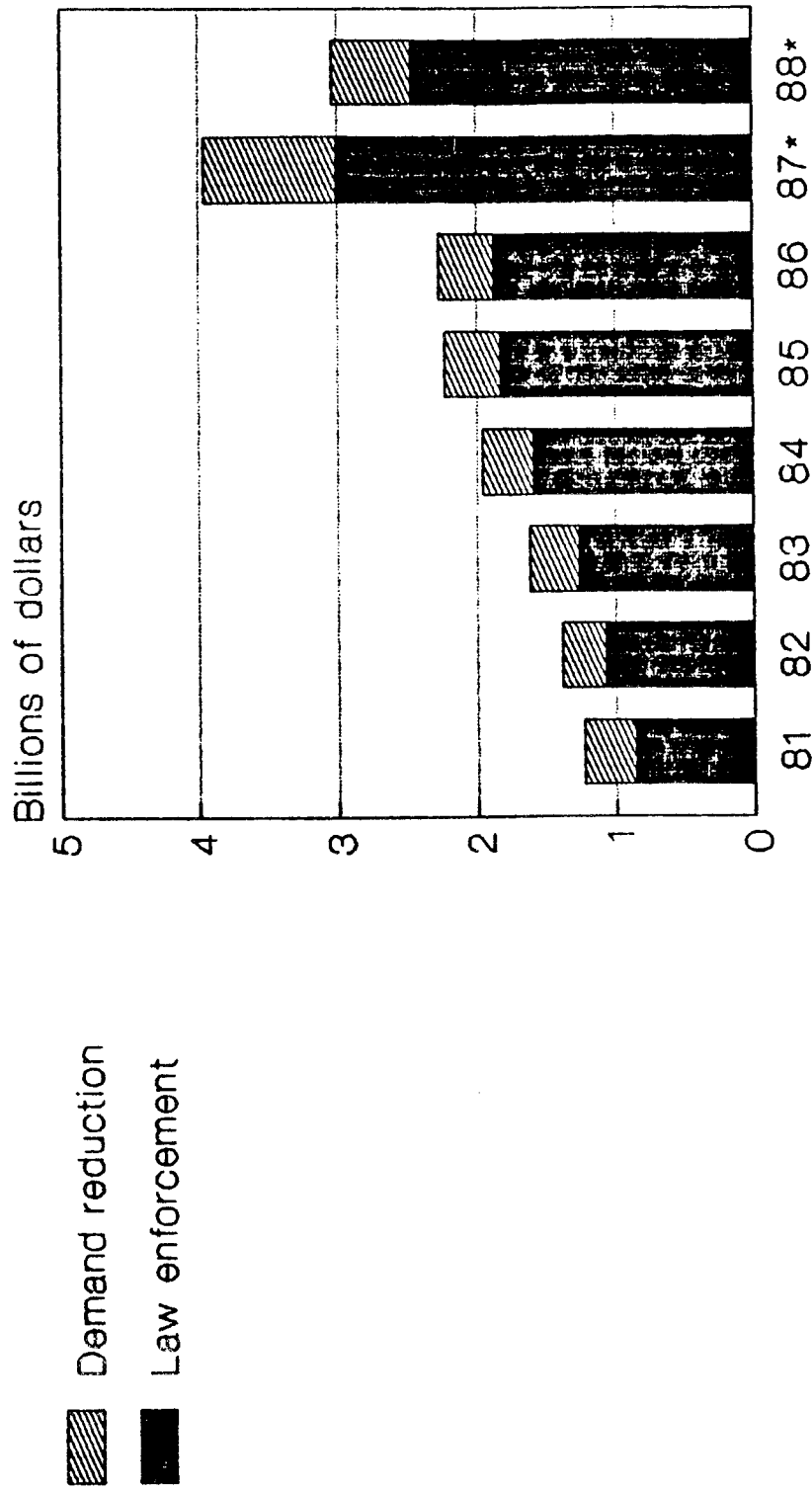
3/ Deflator for total non-defense outlays of the Federal Government as computed by the Office of Management and Budget (OMB).

* OMB projections.

Chart 1: Drug Abuse Prevention & Control

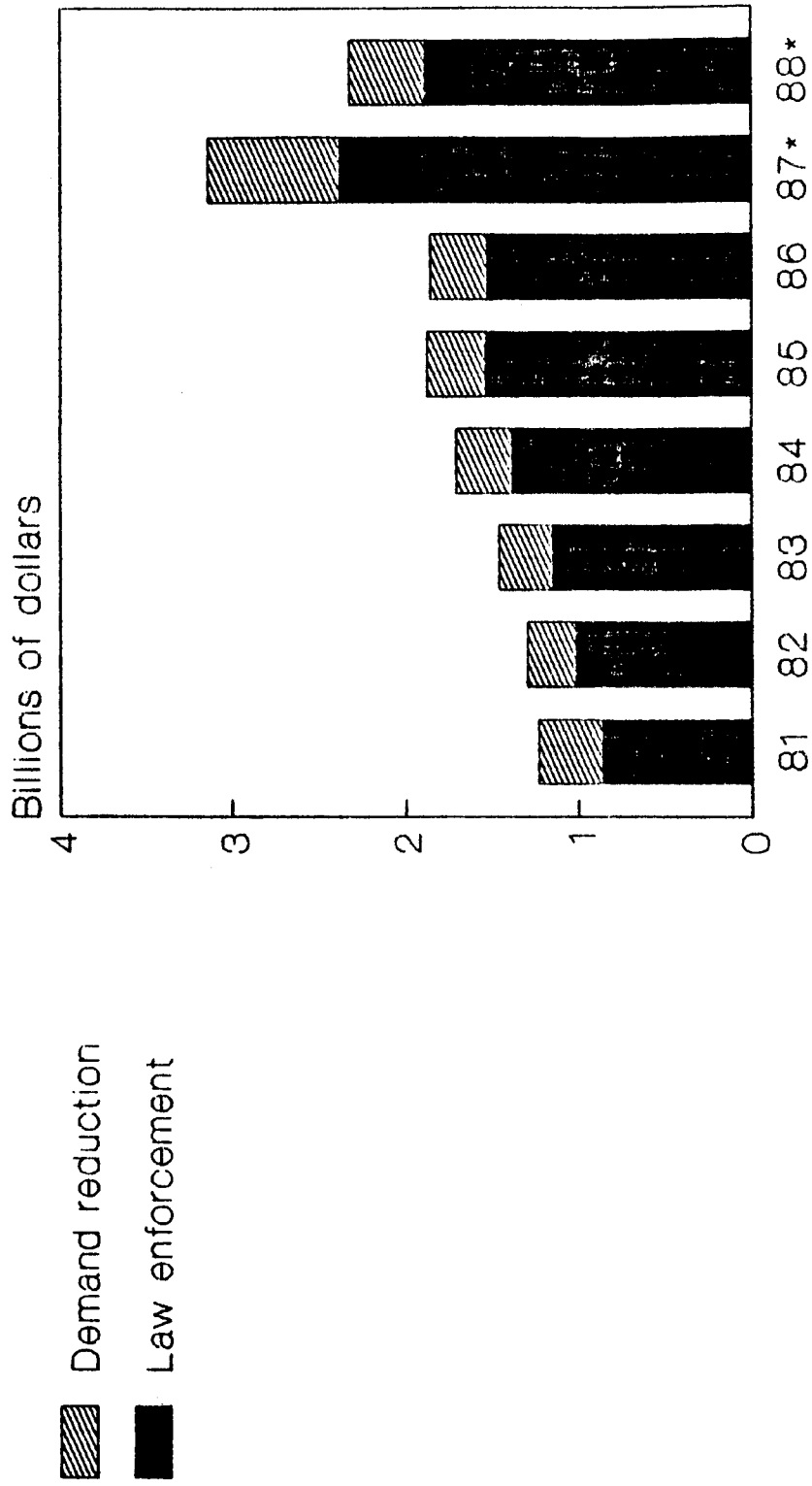
Budget Authority, FY81-88

(Current Dollars)



Source of basic data:
Office of Management and Budget

Chart 2: Drug Abuse Prevention & Control **Budget Authority, FY81-88** **(Constant 1981 Dollars)**



* Estimate

Source of basic data:
 Office of Management and Budget

APPENDIX A: DRUG PROGRAMS
EXCERPT FROM
THE FY1988 BUDGET: ASSERTIONS VS. FACTS
FISCAL YEAR 1988

U.S. Executive Office of the President
Office of Management and Budget
February 1987

DRUG PROGRAMS

Assertion: The President has proposed cutting funds for anti-drug programs.

Funding Summary (In millions of dollars)				
	<u>1986</u>	<u>1987</u>	<u>1988</u>	<u>1989</u>
Budget Authority	2270	3931	3033	3066
Outlays	2152	3020	3456	3261

Facts: The President is dedicated to fighting for a Drug-Free America. From the beginning of this Administration, the First Lady has served as a champion for this cause. Thanks to this strong support, resources for drug law enforcement have tripled between 1981 and 1988, while funding for prevention and treatment has increased by 52 percent. In just two years, from 1986 to 1988, overall drug spending has increased by 34 percent. Compared with 1987, the 1988 Budget requests funding for over 1,000 new drug investigators, prosecutors, and associated support staff, and will add approximately 800 new bed spaces to the Federal Prison System for drug violators.

Although much has been made of an apparent decline in drug funding in the President's 1988 Budget, in fact, total government spending, as measured in outlays, actually increases from 1987 to 1988, the years of the so-called cuts. Outlays for 1988 will be \$3,456 million, as compared to \$3,020 million in 1987 and \$2,152 million in 1986. The appearance of a funding reduction is created when one looks only at the bottom line budget authority, without understanding the details behind the numbers. Let us look at those details:

- o Over \$350 million provided by Congress in 1987 will purchase capital items, such as aircraft and the construction of intelligence centers, that simply do not need to be repeated year after year. Hence, this money is not requested in 1988.
- o The Budget proposes termination of a \$225 million drug enforcement grant program to State and local governments. This one-time infusion of 1987 funds can assist the governments in starting programs

and making initial purchases, but it need not become an on-going supply line. Congress added the grant program to the 1986 Anti-Drug Abuse Act over the objections of the Administration, which felt at the time that the activities envisioned by the grant were properly the responsibility of State and local governments to fund. Partially offsetting the need for this grant program, the Federal Government continues to share the proceeds generated by the asset forfeiture program, which in 1986 distributed \$24 million to State and local police departments and is expected to award \$28 million more to these agencies in 1987.

- o Over \$250 million of the HHS 1987 appropriation for drug abuse prevention and treatment will be spent over two years (1987 and 1988), but the entire amount is "scored" in 1987. Thus, the 1987-1988 decline is overstated by almost \$130 million.
- o Finally, the Department of Education grant program, funded at \$200 million in 1987, will be reduced to a level of \$100 million in 1988. A higher level is needed in the first year for start-up activities, such as planning expenses and materials, and these initial expenses need not be repeated.

To summarize, actual government outlays for drug programs are increasing in every year of this Administration. To suggest that the President has abandoned his commitment to combatting drug abuse is an assertion that simply ignores the facts.

**APPENDIX B: ANALYSIS OF THE ADMINISTRATION'S EXPLANATION
OF ITS 1988 DRUG BUDGET REQUEST**

**Select Committee on Narcotics Abuse and Control
U. S. House of Representatives
[March 1987]**

SELECT COMMITTEE ON NARCOTICS ABUSE AND CONTROL

Analysis of the Administration's Explanation of its 1988
Drug Budget Request

I Funding Trends

Administration Position*

Resources for drug law enforcement have tripled between 1981 and 1988, while funding for prevention and treatment has increased by 52 percent.

Comment

According to a 1985 GAO report prepared for the Select Committee, Federal expenditures for drug law enforcement from 1981 through 1985 increased about 51 percent after inflation. Most of this increase was due to internal reprogramming of resources by drug enforcement agencies such as Customs and Coast Guard. Some new funds were appropriated for drug enforcement. The major initiative was the Organized Crime Drug Enforcement (OCDE) program which the Administration proposed in 1982 and Congress supported. Other new spending, e.g. for Customs air and marine interdiction efforts, was added by Congress with no request from the Administration. During this period Congress also repeatedly rejected Administration requests to substantially reduce Customs personnel, including inspectors.

While there clearly have been significant increases for drug law enforcement, the Administration overstates these increases. Moreover, the most significant single increase came as a result of the Congress's initiative in passing the omnibus drug bill last year.

In the area of treatment and prevention, the GAO report noted above found that from 1981 through 1985 Federal spending for these programs declined 16 percent, an effective reduction of nearly 40 percent when inflation is taken into account.

Moreover, from 1980-1986, Federal support for State and local drug abuse treatment and prevention efforts dropped over 40 percent after inflation, even though the need for such services increased dramatically over the same time period.

Drug education programs received only \$3 million of the Department of Education's \$18 billion budget in 1986.

The Anti-Drug Abuse Act of 1986 added substantial new Federal funds for demand reduction programs and accounts for the vast portion of the treatment/prevention funding increases claimed by the Administration.

II Outlays v. Budget Authority

Administration Position*

Although much has been made of an apparent decline in drug funding in the President's 1988 Budget, in fact, total government spending, as measured in outlays, actually increases from 1987 to 1988, the years of the so-called cuts.

Comment

Budget authority is a better measure of program growth than outlays, which merely reflect the rate at which funds appropriated by Congress are spent. Budget authority establishes the size of the program. In terms of budget authority, the Administration's 1988 request is \$900 million below the 1987 level provided by Congress.

III Capital Equipment for Interdiction

Administration Position*

Over \$350 million provided by Congress in 1987 will purchase capital items, such as aircraft and the construction of intelligence centers, that simply do not need to be repeated year after year. Hence, this money is not requested in 1988.

Comment

This is true, but this view apparently assumes that the equipment provided in last year's drug bill is all that is needed to effectively combat the massive influx of drugs into our country. Just last week, however, Customs Commissioner William von Raab testified before the Select Committee that notwithstanding all the money and high technology equipment we have enlisted in our interdiction efforts through the omnibus law, it will be a number of years before we see any impact of these efforts on the availability of drugs on our street.

Moreover, the State Department's recently issued International Narcotics Control Strategy Report (INCSR) reports expanded production of opium, coca, and marijuana worldwide. For the next several years we can continue to expect bumper crops of illicit substances and more drugs than ever before to be smuggled into the United States

There can be little doubt that additional aircraft, radars, ships and other equipment are needed to buttress our interdiction efforts. Rather than developing a comprehensive interdiction strategy with the requests for resources to support it, the Administration proposes no additional spending.

IV State and Local Drug Enforcement Assistance

Administration Position*

The Budget proposes termination of a \$225 million drug enforcement grant program to State and local governments. This one-time infusion of 1987 funds can assist the governments in starting programs and making initial purchases, but it need not become an on-going supply line. Congress added the grant program to the 1986 Anti-Drug Abuse Act over the objections of the Administration, which felt at the time that the activities envisioned by the grant were properly the responsibility of State and local governments to fund. Partially offsetting the need for this grant program, the Federal Government continues to share the proceeds generated by the asset forfeiture program, which in 1986 distributed \$24 million to State and local police departments and is expected to award \$28 million more to these agencies in 1987.

Comment

Congress did not intend this program to be a "one-time infusion" of funds. Rather the program is authorized initially for three years.

The Federal Government has a clear responsibility to help State and local governments combat drug trafficking and drug-related crime. If our foreign policy cannot restrict the production of illicit drugs in source countries, and if our interdiction efforts cannot keep a significant amount of drugs off our streets and schoolyards, then the Federal Government must come to the assistance of State and local governments that are bearing the major responsibility of responding to drug traffic and abuse in America.

Sharing the proceeds of forfeiture with State and local agencies is one way to help them cope with the serious drug crime problems they face. It is not a substitute for this grant program, however. Forfeiture can be cumbersome and time consuming. State and local governments cannot plan programs on the uncertain and unpredictable recovery of forfeited assets. Nor is the scope of the asset sharing program at this time large enough to provide significant aid to States and localities.

V Treatment and Prevention

Administration Position*

Comment

Congress appropriated \$252 million for 1987 for expanded drug abuse treatment, prevention and research initiative by

the Department of Health and Human Services. These funds were made available through 1988.

The Administration has decided to allow only one-half of the additional funds Congress provided to be used to support new initiatives in the areas of drug abuse treatment, prevention and research. The remainder of the funds are to be used to support second year costs of the new programs funded.

In the omnibus drug bill, Congress was responding to a drug abuse emergency. To facilitate an orderly and productive expansion of Federal efforts, Congress allowed two years in which to spend funds for new treatment, prevention and research programs. Congress intended, however, that all--not just one-half--of these funds would be used for new initiatives. The Administration's decision is totally inconsistent with congressional intent and the spirit of the drug bill.

VI Drug Abuse Education

Administration Position*

The Department of Education grant program, funded at \$200 million in 1987, will be reduced to a level of \$100 million in 1988. A higher level is needed in the first year for start-up activities, such as planning expenses and materials, and these initial expenses need not be repeated.

Comment

Congress intended that this program would grow, not shrink. The drug bill authorized \$200 million for 1987, \$250 million for 1988 and \$250 million for 1989.

Witnesses have testified before our Committee that it makes little sense for State and local educational agencies to launch new and innovative drug education programs in our schools if Federal support will be cut in half after one year.

In addition, witnesses have refuted the notion that there are extensive start-up expenses associated with this program. Witnesses have said they expect to use funds for personnel costs associated with training and delivery of services and that such expenses would be recurring items, not one-time costs.

* Source for Administration position is a February 1987 OMB document entitled, "The FY 1988 Budget: Assertions vs. Facts"

APPENDIX C: PREPARED STATEMENT OF JAMES C. MILLER III, DIRECTOR
OFFICE OF MANAGEMENT AND BUDGET

Before the Select Committee on Narcotics Abuse and Control
U. S. House of Representatives
Washington, D.C.
March 25, 1987

With Accompanying Graphs

Mr. Chairman and Members of the Committee: It's an honor to have this opportunity to discuss with you the President's budget for FY 1988 as it relates to drug law enforcement and drug abuse prevention and treatment programs.

As you know, the President's budget must strike the difficult balance between reducing the deficit while maintaining, and in some cases increasing, Federal support for the core functions of Government. The drug programs contained in the FY 1988 budget clearly fall into this category of essential Government functions.

In recent weeks the Administration has been accused of weakening in its resolve to fight an all-out war against drugs. Nothing could be further from the truth.

From the President on down, every member of this Administration is totally committed to this war, and we're in it to win. As everyone in this room must surely know, the First Lady has devoted enormous amounts of her personal time and energy to persuading our Nation's young people to "say no" to drugs. The Attorney General and other members of the President's Cabinet have placed anti-drug programs among the highest priorities in their departments. Virtually the entire Cabinet meets once every month, in the forum of the National Drug Policy Board, to focus our attention on one single issue: how to improve in our fight against drugs. I believe that the Board is working well. Few other issues receive such continuing attention from so many cabinet officials. As a matter of fact, we expect an Executive Order to be signed very soon that will formally broaden the mandate of the Policy Board to encompass all drug related issues, including prevention and treatment, in addition to the drug law enforcement responsibilities enumerated in the enabling statute. And the President himself, in addition to providing moral inspiration and policy direction, has presided over the largest build-up of anti-drug resources our nation has ever experienced.

If I may say so, calling this Administration soft on drugs is an accusation that simply ignores the facts. Let me explain:

Since FY 1981, the first year of this Administration, resources devoted to drug enforcement, prevention, and treatment programs have grown by 220 percent in nominal dollars. That is, in FY 1987, the Federal Government will spend over three times as much on anti-drug programs as it did just six years ago. This growth has been concentrated in the high priority areas of investigations (up 185

percent), prosecutions (up 77 percent), interdictions (up 247 percent), corrections (up 263 percent), drug abuse prevention (up 277 percent), and drug abuse treatment (up 92 percent). Under the President's budget, it will spend even more in FY 1988!

The FY 1988 Budget requests a net increase of \$72 million for drug law enforcement program outlays over outlays for FY 1987. This will provide for:

- More than 400 new workyears for DEA's programs in investigations, intelligence, foreign operations, computer support, and technical support;
- Nearly 100 additional agent and support positions for the FBI's drug program;
- Approximately 500 new Federal litigators and support staff to prosecute drug traffickers;
- An increase of \$24 million for the U.S. Marshals' drug-related responsibilities of prisoner transportation and court security;
- The addition of approximately 800 new bed spaces to the Federal Prison System for drug violators; and
- Continued support for over 2,300 Treasury and Justice Department enforcement personnel allocated to the Southwest border as part of Operation Alliance. This special Operation, which is a product of the Drug Policy Board, will greatly increase the government's anti-drug presence along the Mexican border.

All of these items represent increases above what Congress provided for in FY 1987. Let me say once again, Administration-proposed spending for anti-drug programs, as measured in outlays, will actually be higher during FY 1988 than during FY 1987 (actually, \$3.5 billion in FY 1988 vs. \$3.0 billion in FY 1987).

There has been much growth from FY 1981 to FY 1987, the year of the much-heralded Anti-drug Bill. But the President's Budget for FY 1988 will continue, and in some cases even increase the high operating levels achieved in FY 1987. Those who do not understand Federal budgeting have concluded that the Administration is backing away from its commitment to the war on drugs. This perception is in error. During FY 1987 we will purchase five aerostats, deploy four E-2C aircraft, construct three command and control centers and one intelligence center, and add several hundred new law enforcement personnel to our drug enforcement effort. Every one of these FY 1987 enhancements

is fully supported in the FY 1988 Budget -- we're even adding 300 more enforcement personnel in FY 1988 on top of the 1987 increases.

And the activities in the President's budget are not limited to drug enforcement. The Budget proposes spending \$385 million in FY 1987 and the same amount in FY 1988 to expand State and local treatment capacity, improve and disseminate prevention models, and extend our knowledge of the causes of drug abuse. This represents a greater than 80 percent increase over FY 1986. By utilizing a two-year spending plan we will continue the momentum developed in FY 1987 by maintaining treatment, research, and prevention program levels at the elevated FY 1987 level.

The President's Budget also proposes an unprecedented Federal commitment to drug prevention in the nation's schools and communities. The Budget funds the new drug abuse education program for the duration of its three-year authorization -- at \$200 million in FY 1987, and \$100 million in each of the next two fiscal years. The \$200 million appropriated for FY 1987 will finance non-recurring costs such as planning and purchases of materials, as well as basic program operations. As in many Education programs that operate on a forward-funded cycle, considerable time will elapse between when funds are appropriated and when they are used at the local level. Local expenditures of Federal funds for drug education will be minimal in FY 1987 and will increase to a steady state level in FY 1988 and FY 1989. Thus, the FY 1988 request of \$100 million should not lead to cutbacks in local programs.

All this support for the drug program in the President's FY 1988 budget, and still the Administration is accused of cutting back on the drug war. Probably the best example of one such "reduction" -- not really a reduction at all -- is the large amount of money contained in the FY 1987 drug budget that will be spent on capital purchases. These purchases simply don't have to be repeated in 1988. The President said it best in his radio address this past Saturday. He said,

"A priority item in this year's budget is the continuation of our battle against the scourge of drug abuse. We have tripled spending on drug programs since 1981. In fact, last year [1987] we budgeted a large amount for the purchase of airplanes and the construction of certain facilities. Yet, this year, our budget was criticized for not asking for a repeat of these expenditures. Well, a lot of this spending on drug programs has been what accountants call capital costs,

and now that we have the equipment and facilities, we don't have to buy them every year. In other words, the car is bought, now all we have to do is buy the gas, change the oil, and make normal repairs. Ask any businessman, he'll tell you that the start-up costs are always the highest. Anyone who's moved into an old home and had to fix it up knows that the initial expenses are the worst."

And what are these capital purchases? Again, let me cite an example. The FY 1987 drug budget contains some \$58 million to buy five aerostats for the Southwest border. These are radar balloons that will be used to detect drug smuggling aircraft entering the United States from Mexico. These five aerostats, together with the one purchased in FY 1986, will provide full radar coverage of the entire U.S./Mexican border, and we simply don't need any more down there. Because the aerostats were budgeted entirely in FY 1987, none of the costs appear in the FY 1988 budget. This is not a "reduction" in our drug effort -- it is simply a function of Federal budgeting which shows the entire cost of a capital purchase in the first year. But because the FY 1988 budget for this item is lower than the FY 1987 budget -- by \$58 million in this instance (the cost of the aerostats) -- the Administration is accused of going soft on drugs.

Let me state it again. We have not reduced funding to any Federal drug program that we consider to be an effective use of tax-payer money. In fact, the only reduction from FY 1987 to FY 1988 that I would acknowledge as a real reduction is our decision not to repeat the State and local drug grant program that Congress created in FY 1987. In this case, we have an honest difference of opinion with some Members of Congress over who ought to pay for local law enforcement operations. It is our view that programs which primarily benefit a local community should, in most cases, be paid for by that community. I would note that many of the grant programs funded in the 1970's by the Law Enforcement Assistance Administration (LEAA) were phased out for this very reason. In our view, there are few differences between the old LEAA grants and the newly-authorized State and local drug grants. It should also be noted that we never asked for these funds in the first place. Rather, it was Congress that added the program to the drug bill despite the Administration's objections. We don't believe it was a good use of Federal dollars then and we do not believe it is a good use of dollars now. Our position on this funding has been clear and consistent. Why anyone should be surprised at this is completely beyond me.

But so much attention has been paid to this "reduction"

that a very important fact has gotten lost in the shuffle. And that fact is that the FY 1988 budget also proposes major increases in a number of drug programs, as I enumerated earlier.

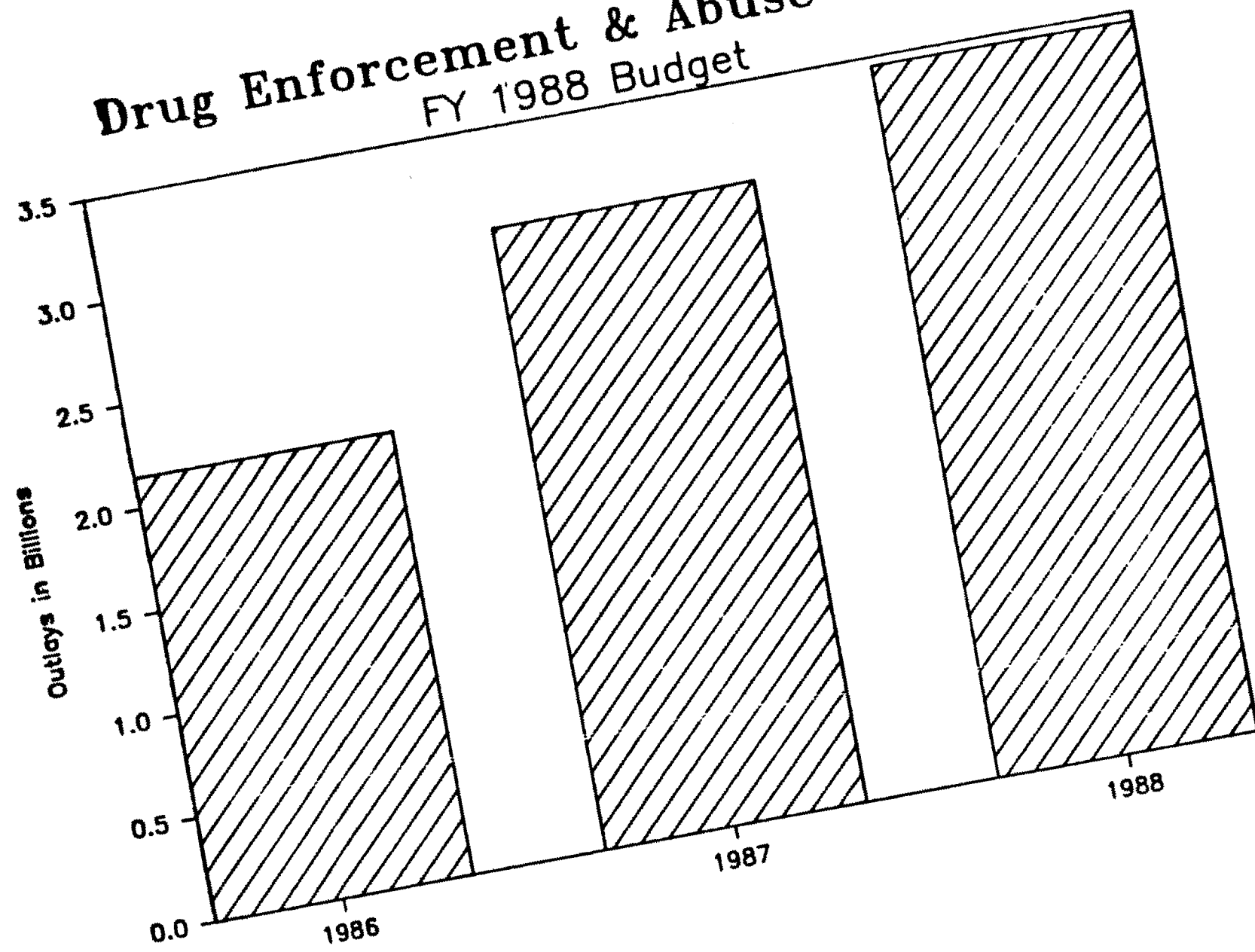
In conclusion, Mr. Chairman, I hope that you and your colleagues on the committee will recognize that winning the war against drugs is not necessarily directly correlated with spending ever increasing Federal dollars on anti-drug programs. The anti-drug fight should be a partnership -- the Federal Government, yes, but also State and local governments, schools, churches, unions, charitable organizations and, of course, families. That is, primarily, the message of the President's drug initiative of last year. Success on the drug battlefield depends on enlisting more institutions in our great struggle -- not seeking out and monopolizing every plausible anti-drug activity.

To reiterate, this Administration is committed to fighting the war on drugs -- and winning it. We have not lost our zeal, we have not cut and run. We believe that every dollar that can be used effectively in the drug effort has been requested in the FY 1988 budget.

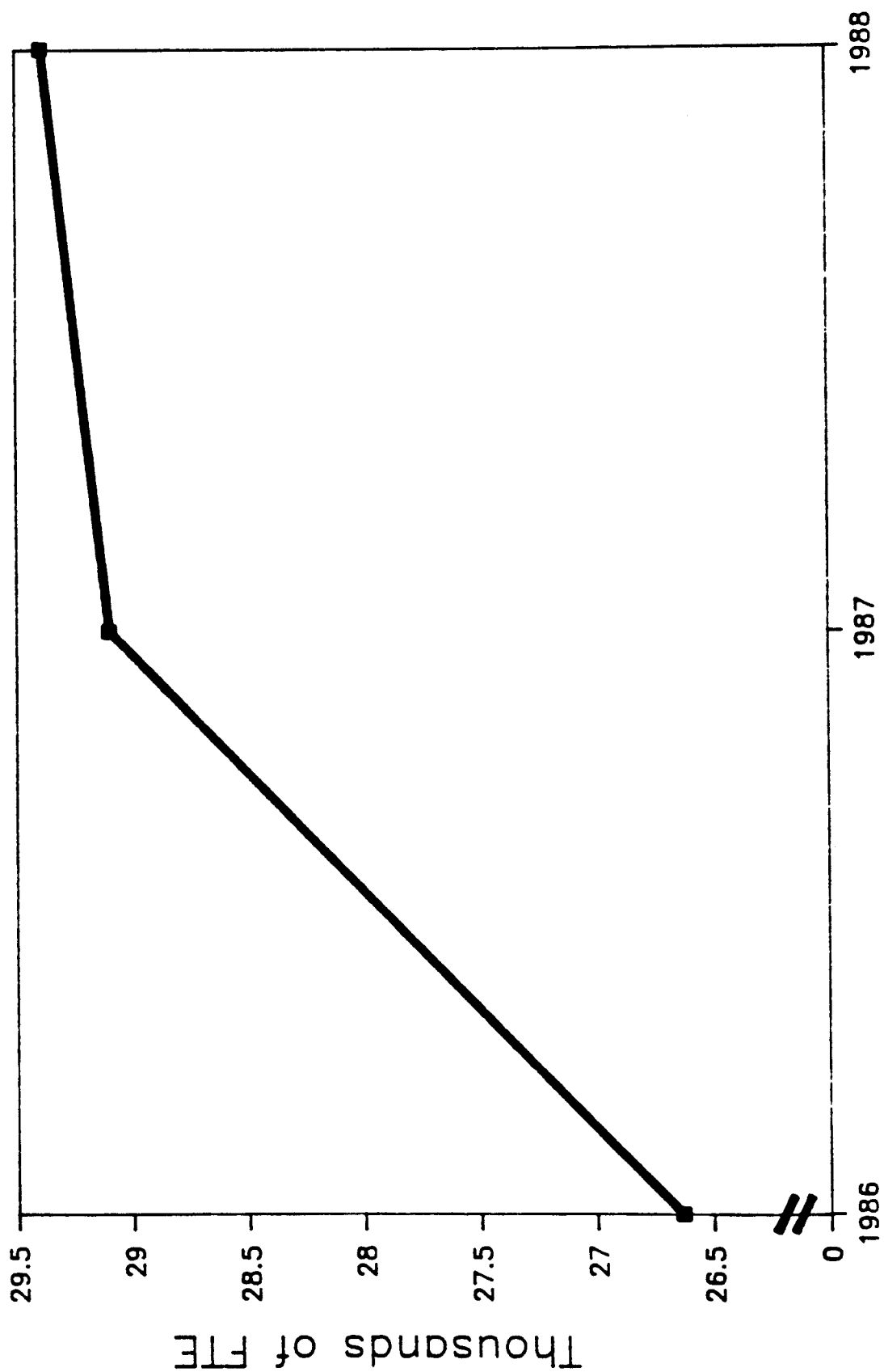
Mr. Chairman, that concludes my statement. I shall be happy now to address any questions you or other members of the committee might have.

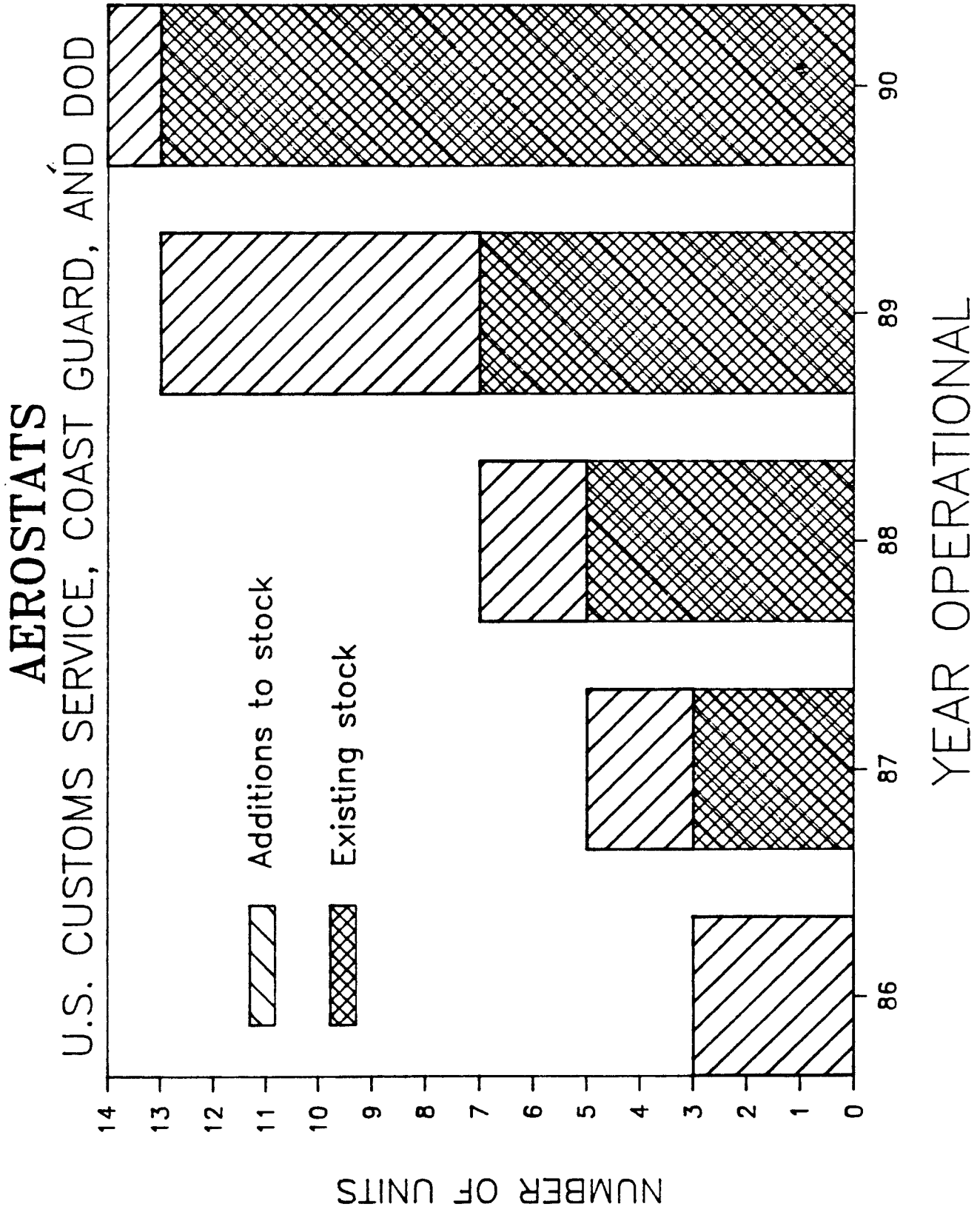
Drug Enforcement & Abuse Summary

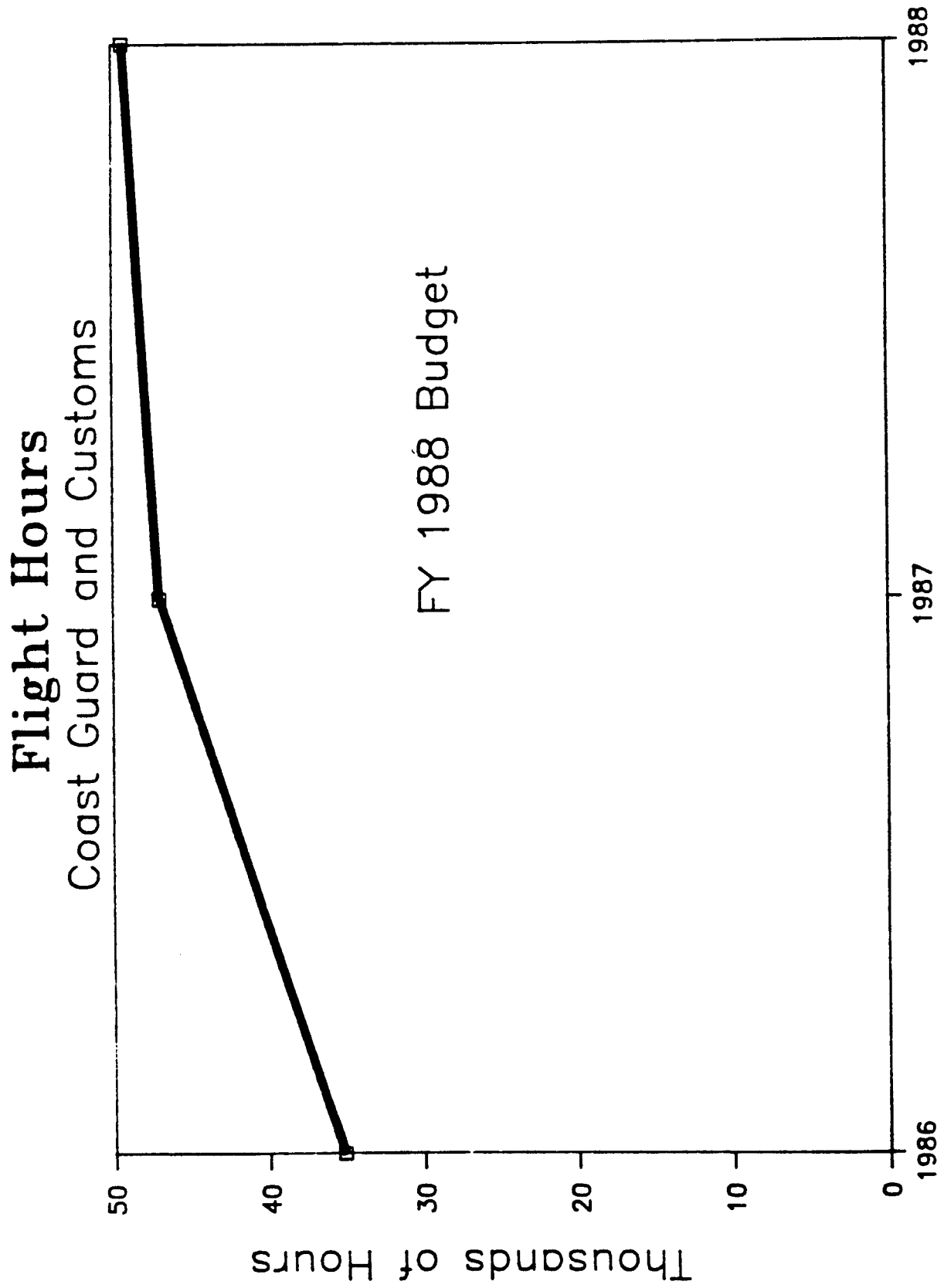
FY 1988 Budget



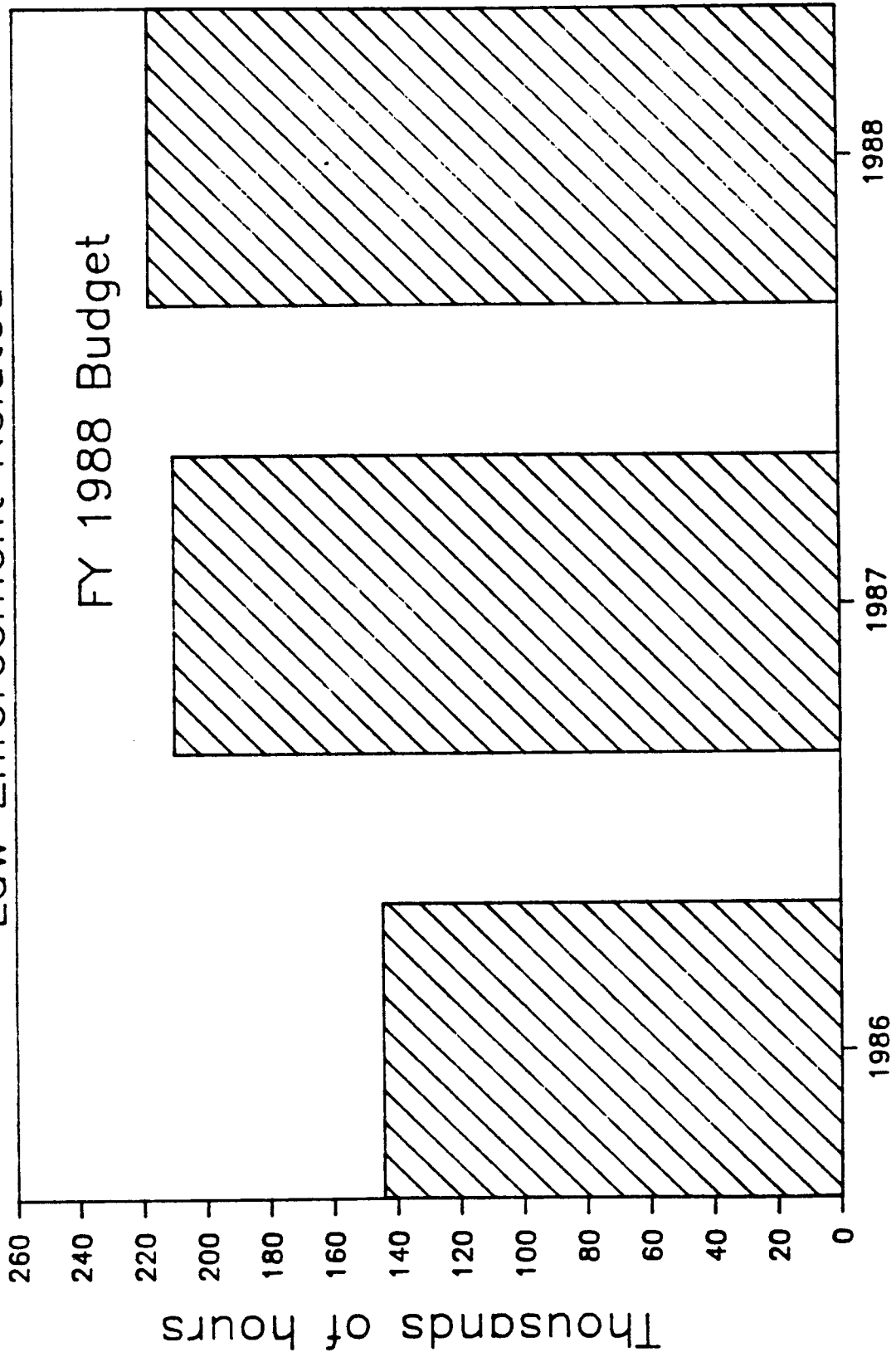
Drug Enforcement Personnel
DOJ, Customs, Coast Guard







U.S.C.G. Cutter Hours Law Enforcement Related



AIR ASSETS

U.S. CUSTOMS SERVICE, COAST GUARD AND DEFENSE
(Budget Authority in Millions)

	1986		1987		1988	
	Enacted Units	BA	Enacted Units	BA	Request Units	BA
CS - Customs Service						
CG - Coast Guard						
DD - Defense Department						
DETECTION ASSETS						
- P-3 Aircraft (CS)	4	15	4	13	4	13
- C-130 Aircraft (CG)	8	37	9	31	9	27
- E-2C Aircraft (CS & CG) (purchase DD)	---	---	4	15	4	19
- P-3 Modification w/360 radar (CS)	---	---	---	138	---	---
- CG C-130 Modification w/360 radar (DD)	---	---	1	19	---	---
- Aerostats (CS) (purchase DD)	3	13	10	13	10	24
- Aerostats (CG)	2	23	4	35	4	8
- Aircraft (DD)	45	NA	45	NA	45	NA
INTERCEPTION & TRACKING ASSETS						
- High Endurance Aircraft (CHETS) (CS)	8	2	8	5	8	6
- C-12 Marine Aircraft (CS)	1	5	6	17	6	4
- Cessna Citations (CS)	6	4	10	17	10	10
- Jet Aircraft (CG)	9	28	9	28	9	28
- Helicopters (CG)	34	59	42	61	42	22
APPREHENSION ASSETS						
- Black Hawk Helicopters (CS)	11	5	12	6	12	6
- US/Bahamas Task Force; -- High Speed Helicopters (CS)	---	---	3	9	3	9
- Helicopters (DD)	12	NA	12	NA	12	NA
OTHER RELATED ASSETS						
- CSI Centers (CS)	2	5	4	43	3	13
- General Operations (CS) (funds the following items): -- Twin Engine Aircraft	31	15	31	13	23	17
-- Single Engine Aircraft	9	---	9	---	8	---
-- Support Helicopters	13	---	13	---	9	---
-- King Air/Mohawk Aircraft	5	---	5	---	5	---

* Capital costs included in year appropriated, O&M costs included in all years assets are operated.

MARINE ASSETS

U.S. CUSTOMS SERVICE and U.S. COAST GUARD
(Budget Authority in millions)*

	1986		1987		1988	
	Enacted	BA	Enacted	BA	Request	BA
	Units		Units		Units	
CS - Customs Service						
CG - Coast Guard						
DETECTION ASSETS						
- Cutters (CG)	32	163	34	204	36	208
- Patrol Boats (CG)	52	32	52	19	52	19
- Seall Boats (CG)	221	6	221	6	221	6
- Marine Radar Vessels (CG)	34	2	35	2	35	2
INTERCEPTION ASSETS						
- Marine Interception Vsl (CS)	70	4	80	5	80	6
- Blue Lightning Vessels (CS)	40	1	40	3	40	3
OTHER ASSETS						
- Marine Utility Boats (CS)	46	1	63	1	63	1

* Capital costs included in year appropriated; O&M costs included in all years assets are operated.